2002

CCF

Annual Report and Accounts

The world's local bank

CCF

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Annual Report and Accounts 2002

Contents

CCF joined the HSBC Group in July 2000.

Headquartered in London, the HSBC Group is one of the largest banking and financial services organisations in the world. The Group's international network comprises over 9,500 branches and offices in 80 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

With listings on the London, Hong Kong, New York and Paris stock exchanges, shares in the Group's parent company, HSBC Holdings plc, are held by around 190,000 shareholders in some 100 countries and territories.

In 2002, HSBC's profit before tax was US$9,650 million and profit attributable was US$6,239 million. Total assets amounted to US$759,246 million.

Geographical breakdown of profit before tax:

Year ended 31 December 2002

	In US$ million	%
Europe	4,160	39.5
Hong Kong	3,710	35.3
Rest of Asia-Pacific	1,293	12.3
North America	1,384	13.2
South America	(34)	(0.3)
Profit before tax and goodwill amortisation	10,513	100.0
Goodwill amortisation	(863)	

Report of the Board of Directors to the Annual General Meeting of shareholders

CCF maintained profit growth in 2002 despite tough equity market conditions and economic uncertainty throughout the year.

During 2002, CCF continued to pursue its goal of becoming France's leading bank in its target markets, drawing on the resources of one of the world's largest banking and financial services groups, as well as on its own in-house talent and expertise. Corporate, Investment Banking and Markets have benefited fully from the integration with HSBC, which was a key strategic priority of the Group. With CCF, HSBC now ranks among the leaders in the European eurobond league tables, particularly for French and UK corporate issues. CCF has also improved its position in mergers and acquisitions, and in the primary equity markets. The benefits of integration are also beginning to flow through in asset management, private banking and retail banking.

Meanwhile, CCF continued to restructure its business activities and rationalise its organisational structure to improve efficiency and productivity.

Changes in structure

In retail banking, after the acquisition of Banque Hervet in 2001, CCF acquired 11 Banque Worms branches in France's major regional cities in July 2002 and, in early 2003, acquired two large branches in Paris to increase its network in high growth areas. CCF also merged its two wholly-owned online brokers, Webroker and Selectbourse, with the aim of offering a direct multichannel service to its customers.

CCF ended a number of partnerships during the year. This included the sale of its 50 per cent stake in Lixxbail to Crédit Lyonnais and its holding in CCF SEI to the SEI Group. It also sold holdings in a number of small private banking units, either because they were too small or because they were not majority controlled. These included a stake in Lombard Bank in Malta and eight specialised private banking branches in Italy.

In private banking, CCF has strengthened its position through the acquisition of HSBC Bank France SA and the minority interests in Banque du Louvre.

As part of its integration with HSBC, CCF merged with its subsidiary HSBC CCF Investment Bank (France), which handled CCF's merchant banking activities in Paris and London. CCF has also rationalised the structure of its business activities in France and Switzerland, and consolidated its UK activities within Charterhouse Management Services, with the aim of generating cost savings by reducing the number of separate companies in each business segment. CCF sold its London subsidiary HSIL, which specialises in asset management, property and privatisation funds, to HSBC Asset Management.

Results in 2002 of business managed by CCF

Net attributable profit for 2002 was €562 million, an increase of 8.6 per cent compared with 2001. After adjusting for major disposals and acquisitions[1] made during 2001 and 2002, the results of activities managed by other HSBC Group business units, and certain exceptional items[2], net attributable profit from businesses managed by CCF amounted to €498 million, up 4.6 per cent on 2001. This was despite a fall in equity investment profits, from €110 million in 2001 to just €27 million in 2002, as a result of the stock market decline.

Operating income amounted to €2,294 million, up 1.6 per cent on a comparable basis, despite the adverse impact of stock market conditions on some revenues.

In this difficult climate, operating costs were kept well under control at €1,594 million, an increase of just 1.5 per cent compared with 1.7 per cent in 2001. This was achieved by cutting back significantly on central overheads while maintaining strategic investment in key businesses, particularly retail banking.

Consequently, operating profit before provisions rose by 1.6 per cent, to €700 million.

1 *Unless otherwise stated, all figures refer to results of businesses managed by CCF. The principal adjustments to the published results are as follows:*
- *Integration of HSBC's euro zone branches (Spain, Italy, Belgium and the Netherlands), which have been managed by CCF since the end of 2000;*
- *Exclusion of results of UK businesses managed directly by HSBC (notably Framlington).*
  The figures have been restated in order to integrate:
- *The many changes in the scope of businesses managed by CCF in 2002 (acquisition of Banque Worms branches, disposal of Lixxbail and CCF SEI, acquisition of minority shareholders of Banque du Louvre, acquisition of HSBC Bank France SA) and in 2001 (acquisition of Banque Hervet and a holding in HSBC Private Banking Holdings (Suisse) SA, disposal of Crédit International d'Egypte, transfer of Banco CCF Brasil, several private banking subsidiaries, and various businesses in the UK to other HSBC entities);*
- *Some exceptional items (mainly capital gains and losses on the transfers mentioned, along with restructuring costs and provisions on contractual commitments granted to some subsidiaries' employees).*

2 *Principally capital gains on intra-group disposals, restructuring costs and provisions for liability commitments made to employees of certain subsidiaries.*

Report of the Board of Directors to the Annual General Meeting of shareholders (continued)

Tight control over risk led to a moderate specific provision charge of €68 million, giving a provisioning rate[1] of 0.22 per cent.

Shareholders'funds amounted to €3.3 billion after the year's transfer to retained earnings. This solid equity base allowed the company to make a €255 million capital reduction in the form of a share buyback. Tier one capital ratio remained high at 8.2 per cent, while return on equity, calculated on the basis of average shareholders' funds after the year's transfer to retained earnings, stood at 16.7 per cent on an accounting basis (compared with 15.1 per cent in 2001) and 14.5 per cent on a comparable basis (compared with 13.9 per cent in 2001).

Results of business activities

Retail and commercial banking

Among CCF's key activities, retail banking produced excellent results, with 6.3 per cent growth in operating income and 17.7 per cent growth in operating profit before provisions (on a comparable basis). Both the CCF retail network and the regional banking subsidiaries contributed to this growth, with operating profit before provisions up 9.8 per cent and 22.7 per cent respectively.

Growth in earnings was driven by a good commercial banking performance. The average loan book grew by 4.1 per cent compared with the previous year, and sight deposits by 8.1 per cent. Another contributory factor was a slight improvement in interest spreads. This performance reflects a dynamic commercial approach within the retail networks. They have succeeded in winning new customers thanks to a strengthened sales capability, the quality of CCF's multichannel offering and the success of new products developed with HSBC. The networks also continued to rationalise CCF's back office structures, pool their product ranges and upgrade their customer relationship management (CRM) systems, with the installation of a highly effective tool called Vision Homogène.

Through its integration with the HSBC Group, CCF now offers a unique service in France through the International Banking Centre, which manages contacts between the CCF network and the HSBC Group's offices throughout the world.

For retail customers, the Group offers HSBC *Premier*, an internationally uniform service for its most valuable personal customers. The multichannel offering has been expanded with a second generation telephone banking service, which provides stock market and bank account information by SMS. During 2002, CCF also launched Elysées Horizon, an innovative product combining the tax benefits offered by life insurance with flexible investment management based on investment horizon (1 to 30 years) and investor objectives (retirement, gift, capital growth).

As required by French banking legislation, CCF has appointed an ombudsman vested with broad powers, to promote voluntary settlement of disputes with its retail customers.

For business customers, Elys.PC, a domestic cash management service aimed at corporate treasurers, has proved extremely popular since its launch, attracting 7,000 customers in just eighteen months. CCF has also opened four regional treasury centres in Paris, Lille, Nice and Lyon to provide business customers of CCF branches with interest and exchange rate hedging products.

The banking subsidiaries, which are less exposed to the financial markets, delivered strong profit growth in 2002, supported by a dynamic commercial approach. Business lending was buoyant, with 10.9 per cent growth in new medium to long-term loans across all the regional banks. Retail lending also performed well, with a 16.4 per cent rise in mortgage loans.

Banque Hervet, which was acquired in March 2001, reported net earnings of €51 million. The bank's 2002 net earnings represent a return on investment of 10.0 per cent in its first full year as part of the CCF group. Société Marseillaise de Crédit continued its recovery, with 23.7 per cent growth in operating profit before provisions and a cost-income ratio of 66 per cent, compared with 108 per cent in 1998 when it was acquired by CCF. The integration of CCF's banking activities into the HSBC Group continued apace, with all regional banks adopting the endorsement "Member HSBC Group".

Corporate, Investment banking and Markets

Corporate, Investment banking and Markets reported 2.0 per cent growth in operating income and 6.9 per cent growth in operating profit before provisions (on a comparable basis), despite the difficult equity market conditions. The cost-income ratio for this business fell by almost 2 percentage points to 58.5 per cent. CCF's

1 *Not including Société Marseillaise de Crédit and Banque Hervet.*

excellent performance was driven by synergies with the HSBC Group, coupled with its own dynamic approach.

Corporate banking continued to grow, with operating income up 13.2 per cent in major corporate lending and 17.9 per cent in property lending. The boom in demand for cash management services also made a significant contribution to growth. Investments made over the past two years in international financing activities have begun to pay off in terms of new mandate flow, particularly in export prefinancing. However, international project finance was affected by the slowdown in the world economy.

Fixed income and forex capital market activities saw a decline in operating income of 6.1 per cent, and of 16.6 per cent in operating profit before provisions. Dealing performance has been affected by credit provisions which are likely to be reversed in 2003. Meanwhile CCF continued to play a crucial role in bolstering the HSBC Group's position in the euro markets generating stronger fee income. Having already improved its ranking from 22nd place in 1999 to 6th place in 2001, the Group has now moved up to 4th place in the 2002 euro corporate bonds league table.

HSBC together with CCF also ranks among the top five banks in forex products for large French corporates. The Group has enjoyed considerable success with FXall, the first e-commerce platform for foreign exchange products. In the fixed-income markets, HSBC, supported by CCF, is now a primary dealer in the sovereign debt of six countries. Lastly, CCF is the "exclusive supplier" of structured fixed-income products in all currencies to the entire HSBC Group.

Investment banking, which encompasses all equity-related activities – advisory services, brokerage and structured finance, achieved 8.6 per cent growth in operating income and 50.7 per cent in operating profit before provisions. This performance was driven by strong growth in income from mergers and acquisitions and structured finance which were up 31.3 per cent and 19.7 per cent respectively. This was despite the generally poor market conditions. HSBC's corporate finance team in France notably managed Europe's largest initial public offering of the year, for Autoroutes du Sud de la France (ASF). In this deal, CCF acted as adviser to the Government, global co-ordinator of the offering, lead manager and sole bookrunner for the global placement. It was also co-bookrunner for a € 570 million convertible bond issue made by the Accor Group. Other prime deals included advising Legrand on its LBO and PPR on its sale of Guilbert's business activities. This more than compensated for a 22 per cent contraction in revenues from equity brokerage. This area was affected by the slump in trading volumes. Furthermore, HSBC CCF Securities has been designated "supplier" of equity derivatives to the entire HSBC Group.

Group branches in the euro zone[1] reported a strong increase in banking revenues, reflecting the benefits of HSBC's pan-European strategy. However, operating profit before provisions fell by 6.9 per cent due to non-recurring costs in Spain and a decline in performance from private banking in Italy.

Asset management and Private banking

These business segments were hardest hit by the decline in the financial markets. However, CCF's asset management activities proved relatively resilient in this challenging climate. Operating income decreased by only 3.4 per cent and operating profit before provisions by 32 per cent. By contrast, assets under management increased by 12.6 per cent to €36.7 billion, excluding Framlington. New business amounted to €2.9 billion, while Group funds contributed a further €2.7 billion, more than offsetting a 4.4 per cent fall in asset values due to market effect.

HSBC Asset Management Europe increased its assets under management by 7.6 per cent to €26.5 billion. The successful development of new business in Italy made a contribution to this growth. As a result of some excellent performances, HSBC Asset Management Europe won Investir Magazine's gold medal for five-year performance in the retail banks category. Early 2003 saw the launch of Exaprime, a new range of horizon funds to be sold through the retail networks.

Sinopia, the HSBC Group's specialist in quantitative management, structured and guaranteed products, reported a 40.4 per cent rise in assets under management to €8.4 billion, which included the transfer of €1.3 billion of guaranteed return funds from HSBC London, Jersey and Hong Kong. It has also launched a number of new products and won Agefi's best seller award for its Alternatis fund.

Elysées Fonds, a reputed player in the French employee savings and share ownership market, enriched its offering with Elyséo, a "Fabius Law" product designed especially for small and medium sized

1 *CCF branches in Belgium, HSBC Bank plc branches in France, Spain, Italy, Belgium and the Netherlands.*

Report of the Board of Directors to the Annual General Meeting of shareholders (continued)

companies and the professions. The new product met with considerable success. Elysées Fonds has also completed its review of a new organisation structure that complies with the recent regulation issued by the *Conseil des Marchés Financiers* (2002.03).

CCF continues to reorganise its private banking activities which have suffered from adverse market conditions. Assets under management were down 14.5 per cent to €15.2 billion while operating income fell by 14.2 per cent and operating profit before provisions by 46 per cent. In 2001, CCF transferred the ownership of its private banking subsidiaries in Luxembourg, Monaco and Switzerland to HSBC Private Banking Holdings (Suisse) SA in exchange for a 13.4 per cent holding in its capital. It has now begun to restructure its private banking activities in France. The ultimate objective is to consolidate all four French private banking subsidiaries – Eurofin, Banque du Louvre, CCF BPI and HSBC Bank France SA – into a single entity which will become France's leading private bank with €12.5 billion in assets under management. In Belgium, Banque Dewaay, which has been 100 per cent owned by CCF since 2001, has been restructured and will now focus on private banking activities.

Portfolio activities

Private equity and equity investment operations, which delivered exceptionally good results in 2001, reported a significant drop in 2002. Operating profit before provisions fell from €143 million to €90 million and net profit from €110 million to €27 million. This was partly due to lower capital gains on Charterhouse's private equity portfolio and partly due to large write-downs on a few holdings, especially on insurance company stocks.

Excluding equity investment activities, operating profit before provisions rose by 11.6 per cent to €609 million, and net profit was up 28.7 per cent to €471 million.

In light of these results, the Board is proposing a dividend of €7.25 per share, an increase of 29.5 per cent over 2001. The total dividend payment will be €537 million, compared with €422 million for 2001. The dividend will be payable on 15 May 2003.

Lastly, at the Annual General Meeting of 8 April 2002, the shareholders approved a number of changes to the company's Articles of Association to bring them into line with the provisions of France's "New Economic Regulations" Act of 15 May 2001. After the AGM, the Board of Directors met and decided that it would not split the offices of Chairman and Chief Executive Officer and that Mr. Charles de Croisset would therefore continue as Chief Executive Officer for the remainder of his term as Chairman of the Board.

In the proposed resolutions, we are seeking the re-election of two existing Directors and the election of one new Director.

Proposed resolutions

Ordinary business

The purpose of the first resolution is to seek approval of the Company's annual financial statements for the year ended 31 December 2002, after hearing the reports of the Directors and Auditors.

The second resolution concerns the allocation of the year's net profit. The Board is proposing to pay €537,348,728.50 in dividends and to transfer €219,034,883.03 to retained earnings. The dividend will be payable on 15 May 2003.

The third resolution seeks approval of the consolidated financial statements for the year ended 31 December 2002, as required under Article L. 225-100 of the *Code de Commerce*.

The fourth resolution seeks approval of agreements governed by Article L. 225-38 of the *Code de Commerce*, after hearing the Auditors' report on those agreements.

In the fifth resolution, we are seeking ratification of the Board's co-option on 30 July 2002 of Mr. Igor Landau as Director to replace Mr. Bertrand Collomb, who has resigned.

In the sixth and seventh resolutions, we are proposing to re-elect Messrs. Stephen Green and Jean-Claude Jolain as Directors for a further term of four years.

In the eighth resolution, we are proposing to elect Mr. Jean-Claude Decaux as Director for a term of four years.

Special business

In the ninth resolution, we are seeking approval to alter Article 3 of the Company's Articles of Association concerning its corporate objects, in order to take account of the integration of the provisions of law no. 96-597 of 2 July 1996 into the *Code Monétaire et Financier*.

Powers (Tenth resolution)

This final resolution gives full powers to a bearer of an original, a copy or an extract of the Minutes of the AGM to complete any requisite legal formalities.

We trust that the proposed resolutions will meet with your approval.

Executive Management Committee on 31 December 2002

Senior Management

Charles de Croisset *Chairman and CEO, Executive Director of HSBC Holdings plc. Director of HSBC Bank plc.*
Age 59. Joined CCF in 1980, having previously held senior appointments in the French Civil Service and as adviser to several Ministers. Chairman of CCF since 1993.

Dominique Léger *Executive Director and Deputy CEO.*
Age 60. Joined CCF in 1994. "Maître de Requêtes" at the French Council of State, held several senior appointments in the French Civil Service and as Adviser to several Ministers from 1973 to 1981. Company Secretary and then Managing Director of Cégélec, part of the Alcatel Group, 1984-1994.

Samir Assaf *Senior Corporate Vice President, Treasury and Capital Markets, Securities.*
Age 42. Joined CCF in 1994. He held several posts as Head of Treasury and Forex, and Capital Markets. From 1988 to 1994, he held several managerial positions in the Financial Department of Total Group.

Christophe de Backer *Senior Corporate Vice President, Asset Management and Insurance.*
Age 40. Joined CCF Securities in 1991. He held several posts before being appointed Chairman and CEO of CCF Securities in September 1998.

Peter Boyles *Senior Corporate Vice President, Corporate, Investment Banking and Markets.*
Age 47. With CCF since 2000. Joined HSBC Group as an International Manager. He held several posts in the United Arab Emirates before moving to the Hong Kong SAR and Malaysia.

Antoine Cahuzac *Executive Vice President, Institutional and Corporate Banking.*
Age 48. Joined CCF in 1985. Head of Swaps, Options and Sales Services. Also headed CCF's Brokerage Company and Equity Capital Markets Operations. Previously, he held senior appointments at EDF and Société Générale d'Entreprise.

Patrick Careil *Chairman Banque Hervet, Coordination with Regional Banks.*
Age 55. Having previously held senior appointments in the French Civil Service and as Adviser to several Ministers, appointed Chairman and CEO of Banque Hervet in 1989. Chairman of Société Marseillaise de Crédit (SMC) 1997-1998.

Gilles Denoyel *Senior Corporate Vice President, Finance.*
Age 48. Joined CCF as Senior Vice President of Finance in 1996, then became Company Secretary in charge of Logistics and Operations. Was previously with the French Ministry of Finance.

Henri des Déserts *Senior Corporate Vice President, Private Banking.*
Age 54. Joined CCF in 1981. Head of International Private Banking since 1993. Managing Director of CCF Suisse from 1986 to 1993. Head of CCF International Branch from 1993 to 2000.

Pierre Herbin *Senior Corporate Vice President, CCF Retail Bank.*
Age 56. Joined CCF in 1972. Held several positions in Retail Services before taking charge of Crédit Commercial du Sud-Ouest in 1992. Head of CCF Retail Bank since 1999.

Francis Picard *Corporate Vice President, Real Estate.*
Age 64. Joined CCF in 1961. Head of Credit Department from 1982 to 1991. Head of Real Estate and Property Lending Department since 1961. Senior Vice President of several of CCF's French banking subsidiaries.

Michel Wohrer *Senior Corporate Vice President, Operations and IT.*
Age 49. Joined CCF in 1988. Between 1988 and 2000 held positions in Merger and Acquisitions, headed CCF's Brokerage Company before being named Head of Fixed Income and Capital Markets. Was previously with the French Ministry of Finance, where he held positions in the Treasury Department and with the Minister of Finance.

Executive Management Committee on 31 December 2002 (continued)

Members of the Executive Management Committee

Gérard de Bartillat	Chairman, Banque de Picardie
Jean Baudoin	Head of Risk Management
Jalil Berrada	Head of Information Technology
Raymond Bert	Chairman, Union de Banques à Paris
Loïc Bonnat	General Secretary Investment Banking and Markets
Catherine Bussery	Head of Compliance
Alain Cadiou	Head of Group Eurozone Audit
Patrick Cazalaa	Head of Corporate Finance
Johnny Crichton	Deputy Head of Risk Management
Didier Descamps	Chief Operating Officer, Markets *(as of January 2003)*
Joëlle Durieux	Managing Director, Erisa
Dominique Feutry	Head of Operations
Bernard Francisoud	Chairman, Crédit Commercial du Sud Ouest
Sylvie François	Head of Human Resources
Monique Frugier	Head of Management Accounting and Financial Controls
Pierre Jolain	Head of Professional Ethics
Gilberte Lombard	Company Secretary, Head of Financial Operations
Olivier Méric	CCF Retail Bank, Head of Marketing
Yves Meynial	Head of Eurozone Management Offices
François Morlat	General Secretary, Retail Bank
Chantal Nedjib	Head of Corporate Communications
Joseph Perez	Chairman, Société Marseillaise de Crédit
Tony Rhodes	Co-Head Debt Finance and Advisory, Global Head of Syndicated Finance and European Head of Debt Finance
Thierry Roland	Head of Treasury
Thibaud de Roux	Head of Fixed Income and Derivatives
Pierre Sorbets	Head of Financial Institutions
Cécile Teytaud	Head of Legal Department

Composition of the Board of Directors of CCF as of 25 March 2003

Charles de Croisset *Born in 1943*
Number of CCF shares held: 1. Joined CCF in 1980. 1986: Responsible for all CCF banking activities, appointed Group Executive Director in 1987. Appointed Chairman and Chief Executive Officer in 1993.

Main outside appointments:

Executive Director, HSBC Holdings plc. Director, HSBC Bank plc. Director, HSBC Guyerzeller Bank AG. Member of the Supervisory Board, SA des Galeries Lafayette. Member of the Supervisory Board, Euler & Hermès. Permanent representative of SRRE, Somarel. First elected to the Board of CCF: 1987. Last re-elected: 2001. Term ends: 2004. Appointed permanent representative of SRRE on the Board of Somarel in April 2002.

Dominique Léger *Born in 1942*
Number of CCF shares held: 1. Joined CCF in 1994. Master of Requests at the *Conseil d'Etat*. 1984 - 1994: Company Secretary, then Deputy General Manager of Cegelec (Alcatel Group). 1995: Appointed Deputy General Manager of CCF. 2000: Appointed Managing Director of the CCF group and Executive Director within the meaning of the French Banking Act.

Main outside appointments:

Director: Burelle SA. There were no changes in main outside appointments during 2002.

Patricia Bizien-Legay *Born in 1954*
Number of CCF shares held: 1. CCF employee. First elected to the Board of CCF: 2000. Term ends: 2004. There were no changes in main outside appointments during 2002.

Martin Bouygues *Born in 1952*
Number of CCF held: 1. Chairman and Chief Executive Officer, Bouygues Group.

Main appointments within the Bouygues Group:

Director, TF1. Chairman and Chief Executive Officer, SCDM. Director, Société de Distribution de l'Eau de la Côte d'Ivoire (SODECI). Director, Compagnie Ivoirienne d'Electricité. Director, Actiby. First elected to the Board of CCF: 2002. Terms ends: 2006. Elected to Board of CCF on 30 July 2002.

Evelyn Cesari *Born in 1949*
Number of CCF shares held: 1. CCF employee. First elected to the Board of CCF: 2000. Term ends: 2004. There were no changes in main outside appointments during 2002.

Jean-Antoine Chabannes *Born in 1938*
Number of CCF shares held: 1. Chairman, Groupe Société Suisse (France).

Main outside appointments:

Chairman, Erisa. Member of the Executive Committee, Fédération Française des Sociétés d'Assurance. Member of the Management Committee, Assemblée Plénière des Assurances de Personnes. Director, Seita. Director, Altadis. Director, Scor. Director, Creserfi. Director, Swiss Chamber of Commerce in France. First elected to the Board of CCF: 1988. Last re-elected: 1998. Term ends: 2004. Member of HSBC CCF's Audit Committee. There were no changes in main outside appointments during 2002.

William R. P. Dalton *Born in 1943*
Number of CCF shares held: 1. Chief Executive Officer, HSBC Bank plc. Executive Director, HSBC Holdings plc.

Main outside appointments:

Member of Governing Council, Centre for the Study of Financial Innovation. Vice-President, Chartered Institute of Bankers. Director, MasterCard International Inc. Director and Chairman, Young Enterprise Ltd. Director, Crimestoppers Trust. First elected to the Board of CCF: 2000. Last re-elected: 2001. Term ends: 2004. There were no changes in main outside appointments during 2002.

Composition of the Board of Directors of CCF as of 25 March 2003 (continued)

Paul Dubrule *Born in 1934*
Number of CCF shares held: 1. Member of the Executive Board, Accor. First elected to the Board of CCF: 1999. Last re-elected: 2001. Term ends: 2005. Member of CCF's Nomination and Remuneration Committee. Term of office as Director of Publications du *Nouvel Economiste* ended on 31 May 2002 and as Director of Sogebail on 24 May 2002.

Charles-Henri Filippi *Born in 1952*
Number of CCF shares held: 1. Joined CCF in 1987. 1998: Managing Director of the CCF group. 2001: Group General Manager and Global Head of Corporate and Institutional Banking of the HSBC Group.

Main outside appointments:

Director, HSBC Bank plc. CCF Representative, Seita. Director and Member of the Executive Committee, Altadis. First elected to the Board of CCF: 1998. Last re-elected: 2001. Term ends: 2004. There were no changes in main outside appointments during 2002.

Yves Fontaine *Born in 1945*
Number of CCF shares held: 1. CCF employee. First elected to the Board of CCF: 1997. Last re-elected: 2000. Term ends: 2004. There were no changes in main outside appointments during 2002.

Stephen Green *Born in 1948*
Number of CCF shares held: 1. Chairman, HSBC Investment Bank Holdings plc. Executive Director, HSBC Holdings plc.

Main outside appointments:

Director, Friends of the Archbishop of Canterbury's Anglican Communion Fund Inc. Director, Poplar Housing and Regeneration Community Association Limited. Director, St Paul's Cathedral Foundation. First elected to the Board of CCF: 2000. Last re-elected: 2001. Term ends: 2003. Member of CCF's Audit Committee. Member of CCF's Nomination and Remuneration Committee. There were no changes in main outside appointments during 2002.

Philippe Houzé *Born in 1947*
Number of CCF shares held: 1. Chairman and Chief Executive Officer, Monoprix SA. Co-Chairman of the Executive Board, Galeries Lafayette.

Main outside appointments:

Member of the Supervisory Board, Casino Guichard Perrachon. First elected to the Board of CCF: 1999. Last re-elected: 2001. Term ends: 2004. Member of CCF's Nomination and Remuneration Committee. There were no changes in main outside appointments during 2002.

Jean-Claude Jolain *Born in 1943*
Number of CCF shares held: 1. Chairman and Chief Executive Officer, Sagi.

Main outside appointments:

Director, Unibail. Director, Perexia. Chairman, UESL. Chairman and Chief Executive Officer, Ville Service Plus. First elected to the Board of CCF: 1987. Last re-elected: 2001. Term ends: 2003. Chairman of CCF's Audit Committee. Term of office as Director of Semidep, Efidis, Semavip, Semaest and Sogaris, and as SAGI's permanent representative on the Board of Conseil de Paris Expo – Porte de Versailles ended in 2002.

Igor Landau *Born in 1944*
Number of CCF shares held: 1. Chairman of the Executive Board (since 14 May 2002), Aventis. Chairman of the Supervisory Board, Aventis Pharma AG. Director, Rhone Poulence Rorer Inc. Director, Hoechst AG.

Main outside appointments:

Director, Cedep. Director, Essilor. Director, IDI. Director, Thomson. First elected to the Board of CCF: 2002. Term ends: 2004. Appointed Chairman of the Executive Board of Aventis on 14 May 2002, Director of Thomson on 17 September 2002 and Director of CCF on 30 July 2002. Term of office as Director of Rhodia ended on 25 October 2002, as Director of Rhône Poulenc Pharma on 26 July 2002, and as Director of Aventis Agriculture on 28 June 2002.

Jean-Charles Naouri *Born in 1949*
Number of CCF shares held: 1. Chairman, Euris.

Main outside appointments:

Chairman, Rallye. Chairman, Finatis. Director, Continuation Investments NV. Member of the Supervisory Board, Casino. Member of the Supervisory Board, Groupe Marc de Lacharrière (SCA). Managing Partner, Rothschild et Compagnie Banque. Manager, SCI Penthièvre. First elected to the Board of CCF: 1999. Last re-elected: 2001. Term ends: 2005. Appointed Manager of SCO Penthièvre on 7 January 2003. Term of office as Chief Executive Officer of Euris and Finatis ended on 7 June 2002 and as Director of Fimalac on 31 May 2002.

Marcel Roulet *Born in 1933*
Number of CCF shares held: 1.

Main outside appointments:

Chairman of the Supervisory Board, Gimar Finances SCA. Director, Thales. Director, Thomson. Director, Eurazeo. Director, France Telecom. First elected to the Board of CCF: 1996. Last re-elected: 2001. Term ends: 2005. Term of office as Director of Pages Jaunes (formely ODA) ended in April 2002 and as Director of ON-X in September 2002. Appointed Director of France Telecom in February 2003.

Gérard Turc *Born in 1962*
Number of CCF shares held: 1. CCF employee. First elected to the Board of CCF: 2000. Term ends: 2004. There were no changes in main outside appointments during 2002.

Rémi Vermeiren *Born in 1940*
Number of CCF shares held: 1. Chairman, KBC Bancassurance NV.

Main outside appointments:

Chairman of the Board of Directors, Ceskosiovenska Obchodni Banka AS. Director, San Paolo IMI. Director, Euronext. First elected to the Board of CCF: 1998. Last re-elected: 2001. Term ends: 2005. There were no changes in main outside appointments during 2002.

Director nominated for election at the Annual General Meeting of 14 May 2003:

Jean-Claude Decaux *Born in 1937*
Number of CCF shares held: 1. President of the Board and Managing Director, J.C. Decaux Holding. President of the Supervisory Board, J.C. Decaux SA.

Mr. Decaux created in 1964, the company J.C. Decaux which specialises in large billboard advertising, street furniture and advertising in public transport. He promoted the international expansion of the company which is now established in 90 countries and 3 700 towns. 60% of its sales are incurred abroad.

Main outside appointment :

Chairman of the Board of Directors, S.O.P.A.C.T.

Corporate governance

CCF has applied the standards of corporate governance as recommended in the Viénot reports I and II and the Bouton report since 1995. CCF's integration into the HSBC Group has not resulted in any changes to its corporate governance practices, with one exception. The Nomination and Remuneration Committee is no longer responsible for devising share option plans, as employees of the CCF group are now awarded HSBC options. The Remuneration Committee of HSBC Holdings is responsible for fixing the emoluments received by executive Directors of CCF, and CCF's Board of Directors authorises their payment. The composition of CCF's Board complies with the recommendations of the Bouton report in terms of independent directors, as half of all Board members are non-executive Directors having no special relationship with the company. However, two directors have been in office for more than twelve years.

Board of Directors

At 31 December 2002, the Board of Directors had 18 members, including:

- 2 executive Directors within the meaning of the French Banking Act;
- 3 Directors representing the HSBC Group, which owns 99.99 per cent of CCF;
- 9 independent non-executive Directors;
- 4 Directors elected by the employees in 2000 for a term of four years, in accordance with the provisions of the French law of 21 October 1986.

Three Directors are non-French nationals.

During 2002, there were various changes in the composition of the Board. Manfred Zobl stood down at the end of February 2002 and Bertrand Collomb stood down on 30 June 2002. At the proposal of the Nomination and Remuneration Committee, they were replaced respectively by Martin Bouygues and Igor Landau. Martin Bouygues was elected by the shareholders for a term of four years at their combined Ordinary and Extraordinary General Meeting of 30 July 2002. Igor Landau was co-opted by the Board at its meeting of the same date for a term corresponding to the remainder of his predecessor's term of office, ending in 2004.

Lastly, Mr. Dominique Léger, Executive Director and Deputy CEO of CCF, was appointed to the Board at the annual general meeting of 8 April 2002.

Board of Directors' internal rules

The Board of Directors first established its internal rules in 1996, which set out the principal duties of the Board and the rules for conducting Board meetings. At its meeting of 5 December 2001, the Board approved a revision to these rules in order to comply with HSBC Group standards. The new rules specify, *inter alia*, the duties, powers and responsibilities of the Audit Committee and the Nomination and Remuneration Committee.

Role of the Board of Directors in 2002

The Board of Directors met six times during 2002:

- 26 February 2002 (71.0 per cent attendance rate),
- 8 April 2002 (61.0 per cent attendance rate),
- 15 May 2002 (72.2 per cent attendance rate),
- 30 July 2002 (88.9 per cent attendance rate),
- 5 September 2002 (56.0 per cent attendance rate),
- 14 November 2002 (66.7 per cent attendance rate).

The Board of Directors reviewed the Group's quarterly, half-yearly and annual financial statements. It was advised regularly on the progress of CCF's integration into the HSBC Group and, in this respect, discussed a number of changes to the CCF group's business structure. Continuing the simplification and rationalisation process, the Board decided to consolidate within CCF the business activities previously conducted by three subsidiaries, HSBC CCF Investment Bank, Webroker and Selectbourse, its two online brokers. It also decided to rationalise CCF's interests in the United Kingdom by selling HSIL, a property asset and fund management company, to HSBC Asset Management.

The Board of Directors also discussed and voted in favour of several acquisition proposals, including 13 Banque Worms branches in Paris and the major regional cities, and HSBC Bank France, a private banking specialist. It also decided to dispose of its remaining interest in Lixxbail to Crédit Lyonnais.

The Board of Directors was regularly advised of progress in implementing various procedures internal to the HSBC Group, including the GSM (Group Standards Manual) and the FIM (Functional Instructions Manuals). Similarly, it was advised of progress made by the Compliance Division in implementing the new prevention of money laundering rules set out in the CRBF's regulations published in April 2002. Lastly, it was advised of developments in the bank's "know your customer" policies and control systems.

At its meeting of 30 July 2002, the Board decided to make a capital reduction in accordance with the resolution passed at the Extraordinary General Meeting of the same date. The reduction was made by way of a share buyback of 1,521,701 shares representing 2 per cent of the share capital, at a total cost of €255 million. The shares were then cancelled.

Special committees

Nomination and Remuneration Committee

Composition:

Chairman:

– Paul Dubrule (non-executive Director)	Appointed 1999 and 2003 as Chairman

Members:

– Philippe Houzé (non-executive Director)	Appointed 1999
– Stephen Green	Appointed 2000

The Nomination and Remuneration Committee makes recommendations to the Board regarding the nomination of candidates to fill vacancies on the Board of Directors, key succession planning, the remuneration of executive Directors and the grant of share options. It met twice during 2002. All members were present at the first meeting and two of the three members were present at the second. The following issues were discussed:

– proposals for the remuneration of executive Directors,

– proposals regarding the Board's appointment of two new Directors.

Audit Committee

Composition:

Chairman:

– Jean-Claude Jolain (non-executive Director)	Appointed 1992

Members:

– Jean Antoine Chabannes (non-executive Director)	Appointed 1992
– Stephen Green	Appointed 2000
– Marcel Roulet (non-executive Director)	Appointed 2003

The Audit Committee is principally responsible for examining the quarterly, half-yearly and annual financial statements submitted to the Board of Directors.

It also reviews the bank's internal and external control systems. In this respect, it expresses an opinion on the appointment or re-appointment of the statutory auditors, their fees and any other issues concerning their duties, and reviews their management letter together with any responses to it. The Committee undertakes a general review of the internal audit system and ensures that it operates in accordance with directives issued by the supervisory bodies and the regulations governing CCF. Lastly, in compliance with HSBC Group rules, once the Audit Committee has verified the accounting procedures used to prepare the financial statements, the Chairman of the Committee sends a letter of confirmation to the Chairman of the Audit Committee of HSBC Bank plc, CCF's direct shareholder.

In 2002, the Audit Committee met four times on 22 February, 14 May, 26 July and 13 November, in the presence of the statutory auditors and those CCF managers responsible for the issues discussed. The three members of the Committee attended all four meetings, with the exception of Stephen Green who was unable to attend the meeting of 14 May 2002.

At each meeting, the Committee reviewed the bank's credit risk, market risk, operational risk and principal legal and litigation risks. It also examined the Group Internal Auditor's report on the bank's internal control systems and the Compliance Division's report on the bank's compliance and prevention of money laundering systems. It reviewed the parent Company and consolidated financial statements, assisted by the statutory auditors who commented on the various options selected by the bank, using their management letter as a basis, particularly during the meetings devoted to drawing up the half-yearly and annual financial statements. The statutory auditors also raised the issue of the procedures used to certify the financial statements.

Corporate governance (continued)

At its meeting of 14 May 2002, the Audit Committee examined the annual report on internal controls, as required under the provisions of Regulation no. 97.02 of the French Banking Regulations Committee, and the annual report for 2001 submitted to the CMF on the organisation and operation of internal control systems for investment and investment-related services. The Committee also submitted a compliance report on the bank's "know your customer" policies to the CMF.

The Audit Committee receives a regular report on the quarterly compliance certificate. In addition, it conducted a detailed review of the new banking regulations concerning the prevention of money laundering. The system adopted by the CCF group to comply with the new rules was examined in depth during the meetings of 26 July and 14 November.

Lastly, the Audit Committee examined the Banking Commission's audit report and CCF's response.

The Chairman of the Audit Committee reported on the Committee's work at the Board meetings held on 26 February, 15 May, 30 July and 14 November 2002.

Remuneration of Directors and Senior Management

Directors' fees

At the Annual General Meeting of 7 April 1999, the maximum amount of Directors' fees payable each year was fixed at €426,850. At its meeting of the same date, the Board of Directors decided to allocate these fees as follows:

– All Directors receive an annual flat fee of €18,294 at the conclusion of the Annual General Meeting.

– The Chairman and those Directors who are members of the Audit Committee or Nomination and Remuneration Committee also receive an annual flat fee of €9,147.

Within the HSBC Group, it is customary for Directors representing HSBC on the Board of several different group companies to receive Directors' fees from only one of them. Following the Board's decision of 20 February 2001, this rule applies to four CCF Directors, Mr. de Croisset, Mr. Filippi, Mr. Green and Mr. Dalton, who will not receive Directors' fees in respect of their directorship of CCF with effect from the date of their co-optation onto the Board of another HSBC Group company.

Total Directors' fees paid in April 2002 in respect of 2001 amounted to €0.284 million against €0.335 million the previous year.

Executive Directors' remuneration

The remuneration of executive Directors is reviewed annually by the Board of Directors, based on the report of the Nomination and Remuneration Committee. It includes a fixed component and a variable component which is expressed in units. The number of units is fixed annually by the Board once the financial statements have been drawn up. The amount of the variable component is a function of operating profit before provisions, earnings per share and ROE, taking account of the economic climate, and a comparison against the budget and prior year results.

The following table shows the total emoluments, including all benefits in kind, payable to each Director in respect of 2002 by CCF and the companies it controls.

(in €)	*Directors' fees*[1]	*remuneration in 2002*	*Benefits in kind*	*Gross Total emoluments*
Executive Directors				
Charles de Croisset	3,500	786,194	18,551	808,245
Dominique Léger	7,077	624,126	15,209	646,412
Other Directors				
Patricia Bizien-Legay	18,294[2]	–	–	–
Martin Bouygues	9,147	–	–	–
Evelyn Césari	18,294	–	–	–
Jean-Antoine Chabannes	27,441	–	–	–
William R. P. Dalton	–	–	–	–
Paul Dubrule	27,441	–	–	–
Charles Henri Filippi	–	–	–	–
Yves Fontaine	18,294	–	–	–
Stephen K. Green	–	–	–	–
Philippe Houzé	27,441	–	–	–
Jean-Claude Jolain	27,441	–	–	–
Igor Landau	9,147	–	–	–
Jean-Charles Naouri	18,294	–	–	–
Marcel Roulet	18,294	–	–	–
Gérard Turc	18,294	–	–	–
Rémi Vermeiren	18,294	–	–	–

1 *For executive Directors of the Company, this figure refers to fees received in respect of their directorship of CCF and companies it controls.*
2 *Fees deposited into a trade union fund.*

The total amount of remuneration received in 2002 by Directors who have an employment contract with the company and who represent the employees amounted to €224,234.68.

The total amount of direct and indirect remuneration received in 2002 by members of the Executive Committee in office at 31 December 2002, including the executive Directors, amounted to €5,400,093.00.

Corporate governance (continued)

Auditors' fees paid in 2002 by the CCF group

(in € thousands)	*Audit assignment*	*Other assignments*	*Total*	*%*
KPMG	2,426	878	3,304	75.4
Cabinet Lainé	63	–	63	1.4
Deloitte	185	63	248	5.7
Ernst & Young[1]	82	–	82	1.9
PricewaterhouseCooper	170	–	170	3.9
Others	504	11	515	11.7
Total inclusive of recoverable VAT	3,430	952	4,382	100.0

1 *In 2002, Ernst & Young took over the business of BFA-Arthur Andersen.*

Audit fees paid to KPMG include the sum of €122,000 inclusive of the recoverable VAT (or €105,000 excluding VAT) in respect of services provided in the previous financial year.

For regulatory reasons specific to HSBC, non-audit fees include the sum of €404,000 inclusive of recoverable VAT (or approximately €350,000 excluding VAT) paid to KPMG in respect of interim review fees.

Total fees paid by the CCF group to KPMG in respect of the 2002 financial statements, within the meaning of French law, therefore amount to: €2,110,000 + €350,000 – €105,000 = €2,355,000.

Policy on sustainable development

Responsibility lies at the heart of our business

A sense of responsibility has always guided our business ethics, principles and practices. However, through public-sector authorities, international organisations, as well as non-governmental organisations and associations, society is now asking our industry to go one step further in recognizing its responsibilities.

Like HSBC, our parent company, we are keenly aware of our duties in view of the imbalances of the contemporary world. We set tremendous store by compliance with the laws, the principles of corporate governance and professional codes of conduct and by our relationships with our partners, customers and employees. We are also conscious that it has become vital to state the principles that we use to guide us. Aside from merely indicating the values cherished by CCF, this means thinking about new ways of improving our internal social policy, taking greater account of environmental priorities and forging more partnerships that significantly benefit society.

Furthermore, we are well aware that there are forms of progress in our businesses that represent advances for society, e.g. the launch of socially responsible investment funds, to which CCF contributed. There are also decision-making processes for lending that now factor in criteria relating to social utility and environmental impact, which affect long-term performance.

Broadly speaking, sustainable development represents an undeniable advance in financial services because it makes for a better understanding of risk management. By broadening our range of priorities and factoring in society's needs, we are working to sustain our performance in the long term. By adapting to the deep-seated changes in society, by taking them into account and understanding them and by reflecting them in its business activities and relationships with its customers and employees, CCF intends to join those companies that are seeking to promote sustainable development.

Charles de Croisset, *Chairman*

A Corporate Social Responsibility review to deliver information and action

Implementation of this strategy was overseen by a Corporate Social Responsibility (CSR) committee comprising a multi-disciplinary team (lending, human resources, asset management, purchasing, property, financial transactions, communications, etc.) to ensure an analysis of the relevant issues right across the group. The committee is chaired by the Executive Director and Deputy CEO.

The work performed by the CSR committee has underscored the current challenges facing CCF, as well as identifying the measures that need to be taken in priority. The CSR review represents the first stage in CCF's sustainable development strategy*. It was conducted primarily through a survey of the 14,000 employees of the CCF group.

This information-gathering exercise yielded innovative views and suggestions that enriched the committee's work concerning the definition of key performance indicators and, more generally, the priority measures that need to be taken.

In addition, CCF has set about drawing up indicators assessing its contribution to the protection of the environment. It completed the first stage of the process during 2002 with an evaluation of the bank's reporting capabilities through an audit by KPMG. The audit revealed a series of indicators based on which CCF will be able to inform the public reliably and transparently.

* *"Our social responsibility - 2002 review" covers the themes of socially responsible investing, ethical lending, compliance and business ethics, human resources, quality and CCF's commitment to the community.*
This brochure is available upon request from CCF's corporate communications.

Risk management within the CCF group

Credit risk

Credit risk management within the CCF group is the responsibility of the Credit and Market Risk Division. This division is completely independent from the operational units and, more particularly, has a right of veto over all lending decisions.

The Credit and Market Risk Division is responsible for objectively analysing and assessing all loan applications submitted by the operational units. There is no exception to this rule, which embraces group risks, counterparty risk associated with market operations, interbank risk, country risk, etc.

The Credit and Market Risk Division's responsibilities are the following:

- Assessing risks in:
  - decisions taken within the scope of its authority;
  - delegation of authority to the operational units;
  - presentation of loan applications to the Credit Committee, which meets four times a week and includes members of the Management Committee and key departmental heads.
- Reviewing and monitoring credit facilities through a dedicated department reporting to it, which uses databases specifically designed for this purpose.
- Identifying and monitoring non-performing loans. Beyond certain limits (USD50 million for new deals and USD100 million for renewals) the loans accepted by the Credit and Market Risk Division are transferred to HSBC Holdings plc for confirmation.

Market risk

A. Structural interest rate, exchange rate and liquidity exposure (excluding trading exposures)

A1. General policy

The primary objective in each of these fields is to manage all structural risks. Structural foreign currency translation is managed through a general policy of financing all assets in their currency of origin, a policy which is applied through all administrative procedures. Structural liquidity exposure is monitored through an analysis of each of the CCF group's commitments and active management of its long-term sources of funds.

Lastly, structural interest rate exposure is the responsibility of the Asset and Liability Management (ALM) department, which is simply a support function and does not run positions on its own account.

A2. Management and control systems

a *Foreign exchange exposure*

The CCF group's policy with regard to structural foreign currency translation exposure is highly conservative. It has set a zero limit for non-trading exposure and all operating procedures are determined accordingly. Structural foreign currency exposure is monitored by the financial control and internal control functions.

b *Liquidity management*

The CCF group's Treasury and ALM departments, which report to the CCF group Finance Division, are responsible for monitoring the group's liquidity position and for making recommendations to the Asset and Liability Management Committee (ALCO). Various stress tests are conducted to ensure that the group can weather even the most severe liquidity crisis.

Due to its robust financial structure, the CCF group has ready access to the capital markets and commands excellent financing terms.

c *Interest rate exposure*

The ALM department is responsible for monitoring and hedging the CCF group's structural interest rate and liquidity exposure.

The ALM department measures, on a standardised basis, the structural position of each unit with a material exposure. It also measures exposure on a consolidated basis in accordance with regulatory requirements.

The ALM department conducts regular simulations using various assumptions regarding the economy. In each case, net operating income is forecast over a period of several years. These simulations serve as a basis for the ALCO and the Liquidity Committee to determine the CCF group's maturity mismatching policy. This prudent policy is further reflected in different sets of management rules for each balance sheet item, depending on their commercial and financial characteristics.

The units concerned are then responsible for hedging their exposure so as to comply with the guidelines set by the parent company.

d *Asset and Liability Management Committee*

The ALCO meets once a month. It is chaired by a member of the Management Committee and includes other Management Committee members, the heads of the business units directly concerned, the CCF group's chief economist, the head of Capital Markets, the head of accounting and management control and the head of the Finance Division, who also acts as secretary to the Committee.

B. Trading exposures

B1. Risk management procedures

Market risk management for trading exposures is the responsibility of the Market Risks and Modelling Division. Responsibility may be delegated to the operating units provided they have the requisite human, technical and control resources, within a framework of limits set by a Management sub-committee known as the "Market Risks Committee". The limits themselves fall within CCF's "Global Mandate" through which HSBC Group sets global limits within CCF, should market risks fluctuate.

The Market Risks Committee, following guide lines set by the Market Risks and Modelling Division, determines the methodology used to measure the market risk and also sets market risk policy. One of the Division's responsibilities is to examine requests submitted by operating units and to set limits in the light of risks taken, quality of supervision, and future prospects in terms of growth, returns and profits. Joint agreement by both the Market risks Committee and the Market Risks and Modelling Division is necessary for major evolution of limits or tools.

The Market Risks and Modelling Division reports to the Management Committee and is also responsible for consolidating risks. The Division monitors the CCF group's large exposures on a daily basis. It oversees compliance with CCF group risk policy, and in particular compliance with operating limits, either using its own resources or through its correspondents in the various operating units. The Division also works in conjunction with the CCF group's Internal Audit department to verify procedures used to calculate and report the relevant information.

In accordance with HSBC rules, overall limits per type of risk have been set and are monitored and reported on a daily basis in London.

Each time they meet, the Board of Directors and Audit Committee are advised of any changes to the CCF group's risk policy or its major exposures, together with any material information pertaining to market risks and market risk management.

The Market Risks and Modelling Division translates approvals granted by the Market Risks Committee into operational limits (nominal amounts, number of contracts, sensitivity, stop-loss). Its controllers monitor exposures on a daily basis and consolidate risks.

B2. Risk measurement methodology

The internal market risk measurement model was introduced in 1998 for general interest rate exposure and foreign exchange exposure. It was extended to include equities exposure in July 1999, covering both general and specific risk, where each equity is treated as an independent risk factor.

The model is used to calculate Value at Risk (VAR) on these positions on a daily basis. It has been validated by the French Banking Commission for calculating regulatory capital requirements. At 31 December 2002, the model covered almost 95 per cent of these exposures for the CCF group as a whole.

A VAR model for specific interest rate risks has also been developed, but has not yet been submitted to the Banking Commission for validation.

Exposures not yet covered by the internal VAR model are measured using the standardised approach recommended by the Bank for International Settlements.

Risk management within the CCF group (continued)

B3. Profil, the internal risk measurement model

Profil calculates three types of risk measurement for all positions or books monitored:

– sensitivity to key risk factors to ensure that exposures do not breach the operational limits set;

– VAR for each entity (at all levels: book, activity, group);

– stress test outcomes.

From a functional standpoint, the system comprises three main components, namely:

– a database that stores, updates, imports and exports input data (instrument, position, market price) and results of calculations;

– a calculation engine;

– a database of the historical data required for VAR models which use simulations.

B4. Market risk measurement using Profil and the standardised method

a *Value at Risk (VAR)*

Value at Risk (VAR) is an estimation of the maximum potential loss that could arise over a given time horizon and to a given level of confidence. In accordance with regulations, CCF group calculates VAR on a ten-day time horizon and a 99 per cent confidence interval, which means that the maximum loss in any one ten-day period should not exceed the estimated VAR more than once in one hundred times.

The methods used are:

– historical VAR for all equities exposure, using equally-weighted three-year historical data;

– historical VAR for interest rate and currency options, using equally-weighted three-year historical data;

– parametric VAR for all other exposure, using equally-weighted eighteen-month variance and covariance matrices.

b *Standardised approach*

Market risks for entities which do not yet use Profil are measured using the BIS standardised approach, the key features of which are:

– Interest-rate exposure:

  – directional shock of 1 per cent for short-term rates (1-year maturity) to 0.6 per cent for long-term rates (10-year maturity);

  – breakdown into bands and zones to determine spread and yield curve risk.

– Currency exposure:

  – 8 per cent of the greater of total foreign currency assets or total foreign currency liabilities.

– Equities exposure:

  – 8 per cent of general market risk, plus specific risks ranging from 4 per cent (liquid securities, diversified positions) to 8 per cent.

B5. Results of the internal model:

The results of the internal model are presented below:

a *Value at Risk (VAR):*

The chart below shows historical VAR for exposures covered, calculated in accordance with the criteria described in paragraph 4.a. above, for the period 1 January 2002 - 31 December 2002.

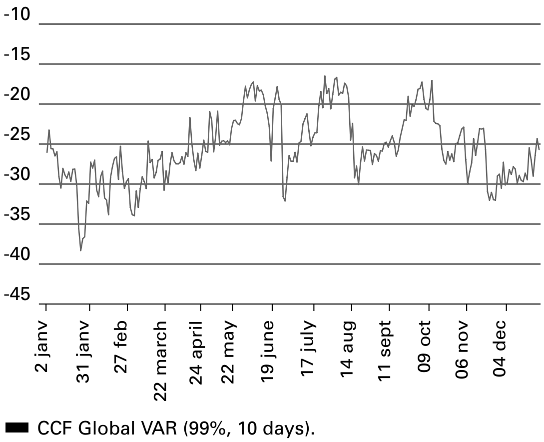
The maximum, minimum and average values over that period were as follows:

– average VAR: €27.3 million,

– minimum VAR: €18.3 million,

– maximum VAR: €40.1 million.

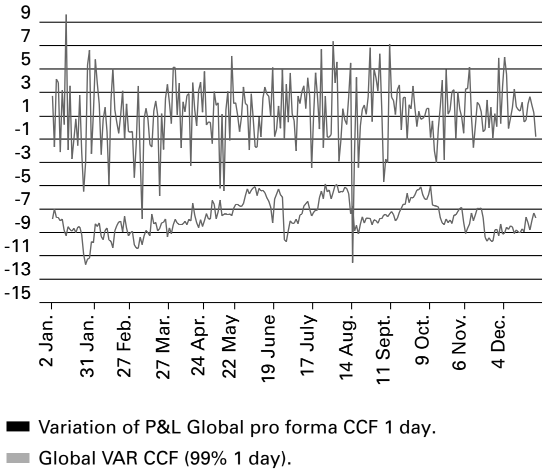
Trends CCF Globla VAR - January - December 2002
(in € million)



b *Back testing:*

The chart below presents our back testing results over the period 1 January 2002 to 31 December 2002. This ex post control procedure is based on 99 per cent, one-day VAR, compared with daily "pro forma" results calculated on the basis of actual changes in market prices on identical positions.

Back testing pro forma January - December 2002
(in € million)



c *Stress testing:*

During the year, our back testing revealed that estimated VAR was exceeded on our positions at 14 August, based on changes in market data between 14 August to 16 August (15 August was a bank holiday and market data was unavailable). This was caused by sharp upward movements in interest rates in the euro, US dollar and, to a lesser extent, sterling.

Profil conducts continuous stress tests to monitor potential losses. In addition, a monthly control is performed on the CCF group as a whole. Specific simulations are also performed at appropriate intervals in all units which are undergoing crisis or serious stress.

The Market Risks Committee determines which stress tests are to be used at the proposal of a group of specialists comprising heads of trading and controllers. Three different stress scenario are tested:

– Permanent scenarios covering all major risk factors and corresponding to shocks of 1-day duration with consequences lasting 50 years on average. These scenarios cover either isolated risk factors or combinations of several risk factors.

– Temporary scenarios attributable to currency, economic or political events. These are reviewed regularly in the light of current events.

– Local scenarios connected with a given market or type of instrument are applied when the need arises (in case of crisis or in response to the size of a given position).

The Market Risks Committee also sets maximum loss limits in stress situations.

At 31 December 2002, CCF group's main exposures resulting from these stress tests were as follows:

– Interest-rate exposure:

High overall sensitivity to a rise in euro and US dollar interest rates, predominantly on short-term maturities:

Euro: 300 bp rise in short rates: €(56) million 300 bp rise in short rates and 100 bp fall in long rates: €(72) million.

US$: 100 bp rise in medium-term rates: €(11) million.

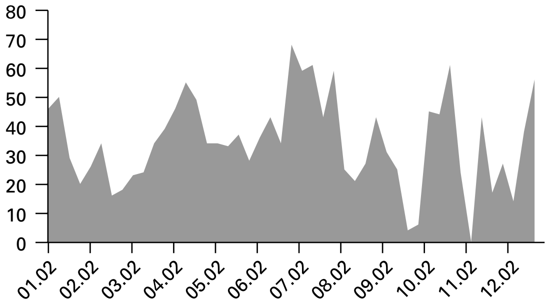
Exposure to movements in swaps/Treasury spreads:

French Treasury: 40 bp fall in swap spreads: €(7) million.

German Treasury: 40 bp rise in swap spreads: €(25) million.

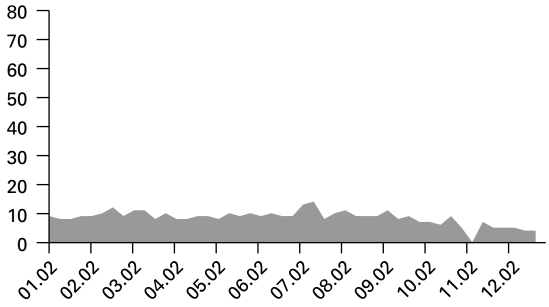
The following charts show movements during the year in main exposures under various stress scenarios.

Rise in short-term in euro rates
(en € millions)

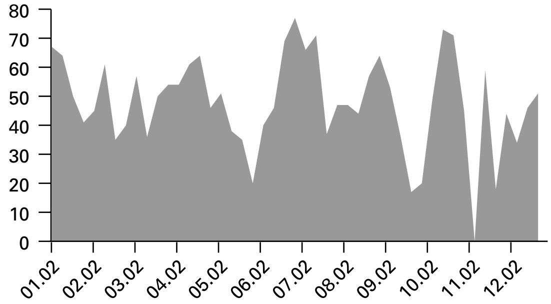


Risk management within the CCF group (continued)

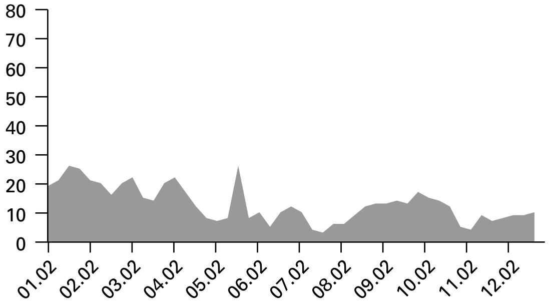
Rise in short-term sterling rates
(in € millions)



General rise in euro rates
(in € millions)



Rise in short-term dollar rates
(en € millions)



B6. Capital adequacy reporting:

The Banking Commission has audited the Profil internal model and authorised the CCF group to use it for reporting capital requirements for market risks and specific equity exposures. On completion of its audit and in light of the results of the back testing model (which tests the internal model's predictive capability), the Banking Commission has recommended applying the following multipliers:

3.5 in respect of the quality of the model for general risks;

4.5 in respect of the quality of the model for specific risks;

0 in respect of the back testing model (see paragraph 5b above).

Note that the minimum multipliers set by the BIS are 3 for general risks and 4 for specific risks (as part of an intermediary model).

VARs used to calculate capital requirements are the averages recorded over the past 60 days. For instruments not covered by Profil, the standardised CAD and BRI approaches are used in accordance with regulations.

The table below shows a breakdown of capital requirements for market risks (€ million):

	31.12.2002		31.12.2001	
	BRI	***CAD***	*BRI*	*CAD*
Internal model: . .	**102.4**	**102.4**	91.1	91.1
Foreign exchange risk	**3**	**3**	7.5	7.5
General interest rate risk	**86.6**	**86.6**	84.2	84.2
General equities risk	**18.8**	**18.8**	9.7	9.7
Netting effect	**(6)**	**(6)**	(10.3)	(10.3)
All-in risks:	**30**	**29**	56.7	54.7
Foreign exchange risk	**0.01**	**0.01**	0.1	0.1
General interest rate risk	**1.2**	**0.6**	3.6	2.0
Specific interest rate risk	**27.5***	**27.5***	50.8	50.8
General interest rate risk	**0.6**	**0.6**	1.4	1.4
Specific equities risk	**0.7**	**0.3**	0.8	0.4
	132.4	**131.4**	147.8	145.8

* *Capital requirements for specific interest rate risk measured using VAR (see paragraph B2) amounted to €15.5 million.*

Internal control

CCF group's businesses are organised in a network structure, which underpins the CCF group's flexibility and ability to create value. This type of structure requires a strong, centralised risk management system. To this end, the CCF group has implemented a structured internal control system as required by regulation 97-02 of the French Banking and Financial Regulations Committee.

This system is co-ordinated by CCF's group Eurozone Audit department (GEA). During 2002, the GEA continued to restructure and unify the audit function, which will be fully effective in 2003.

The GEA applies CCF group auditing standards and has the resources required to conduct its assignments at reasonable intervals, concentrating particularly on the more sensitive activities. During the 116 assignments conducted in 2002 in all group units, it focused on promoting compliance with the CCF group's stringent internal control standards and noted that its recommendations were accepted and acted on by the unit heads.

All CCF subsidiaries and business activities conducted directly within the parent company (retail banking, Corporate and Investment Banking, operations, etc.) have a team dedicated to internal controls and compliance. These teams report to management in the case of subsidiaries and to CCF's management divisions in the case of direct activities. They are responsible for operational risk management and compliance with regulations. A special emphasis is placed on the prevention of money laundering and their work is regularly reviewed by the subsidiaries' Audit Committees.

Each quarter, the Board of Directors' Audit Committee reviews the CCF group's internal control systems, based on a report submitted by the CCF group Head of Audit. In addition, as required by French banking regulations, the GEA reports annually to the Board of Directors' Audit Committee on the workings of the CCF group's internal control systems. This report is also sent to the French Banking Commission and to CCF group's Statutory Auditors.

Risk cover and regulatory ratios

A. Large exposures

The CCF group complies with the French Banking Commission's rules, which require the following:

- exposure to a group of clients deemed to have the same beneficial owner is limited to 25 per cent of net capital;
- the aggregate of individual exposures exceeding 10 per cent of net capital is limited to 8 times net capital. Thirteen groups had individual exposures exceeding 10 per cent of net capital at the end of 2002.

B. Loan loss provisions

At 31 December 2002, loan loss provisions represented 80.8 per cent of the CCF group's total doubtful and non-performing exposure.

C. Liquidity ratio

The CCF group's regulatory ratios reflect its good liquidity risk cover. The regulatory liquidity ratio, which measures the potential one month liquidity gap, averaged 128.0 per cent in 2002.

D. International solvency ratio (BIS ratio)

The CCF group's international solvency ratio (BIS ratio) was 8.6% at 31 December 2002, compared with a minimum requirement of 8 per cent. The CCF group's Tier One capital ratio was 8.2 per cent compared with a minimum requirement of 4 per cent.

Under the BIS definition, total CCF group capital amounted to €3.1 billion as at 31 December 2002, of which €3.0 billion in Tier One capital.

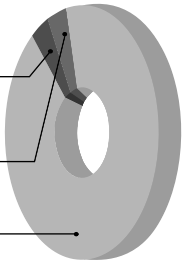
The corresponding risk-weighted assets totalled €36.1 billion, broken down as follows:

	(In € billion)
Credit risks, not including trading book	33.3
Trading book credit risks	1.5
Market risk	1.3

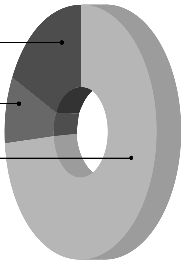
Risk management within the CCF group (continued)

Breakdown of risks

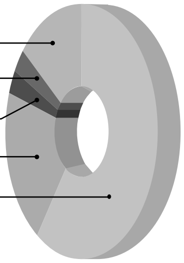
	%
Trading book specific risks and counterparty/settlement risks	4
Trading book market risks	4
Credit risks, not including trading book	92



	%
Equity	19
Foreign exchange	3
Interest rate	78



	%
Interbank	14
Other borrowers	3
Settlement / delivery	3
Eligible borrowers	20
Derivatives	60



Insurance and operational risk

The CCF group is covered by the worldwide insurance programme taken out by HSBC Holdings plc.

At 31 December 2002, this programme notably covered the following risks:

– global banking risk (embezzlement, fraud, damage to strong boxes and their contents);

– professional indemnity;

– directors' liability.

Sums insured (several millions of GBP) and excesses are in line with the group's assets and with general conditions in the insurance markets.

CCF and its subsidiaries are also insured under a group policy covering property damage (fire, explosion, flooding, terrorist attacks, natural disasters, etc.) and the ensuing loss of income. Buildings are insured for their replacement value.

CCF and its subsidiaries have taken out all the compulsory insurance policies required by law for their various business activities.

The parent company is responsible for selecting the group's insurance companies. It has a policy of strict monitoring of their solvency levels.

The total amount of insurance premiums paid by the CCF group for 2002 represented 0.3 per cent of net operating income.

Compliance

The compliance function was restructured in September 2001 to bring it into line with HSBC Group standards and with new legal requirements. Its resources and control systems were substantially strengthened during 2002. More particularly, a dedicated compliance officer was appointed in each of the Corporate and Investment Banking divisions' exposed lines of businesses. This led to a major improvement in procedures for preventing conflicts of interest and insider dealing.

Prevention of money laundering was the key priority in 2002. Other major compliance developments included:

- Implementation of formal procedures for analysing the risks to customers of new products launched by the group. A special committee was established at CCF group level for validating new products.
- Update of procedures for authorising and registering employees carrying out regulated activities.
- Strengthening of procedures regarding the bank's obligations as a distributor of collective investment schemes.

A strong focus was placed on training staff in the regulations governing investment and investment-related services, particularly those employees working in sensitive lines of business.

Prevention of money-laundering and terrorism financing

French and European regulations on money laundering and terrorism financing have been tightened up considerably. In April 2002, the French Banking Regulations Committee (CRBF) issued Regulation no. 2002-01, which places more stringent obligations on banks in terms of monitoring and controlling domestic and international cheques. Recent European legislation on terrorism requires banks to take specific measures to prevent the flow of funds to or from suspected terrorists and countries harbouring them, and to report all suspicious transactions to the relevant authorities.

During 2002, the CCF group took the measures required to implement these new regulations within the group. This led to the introduction of new procedures and information systems, including a dedicated database linked to the group's general customer database, and a system for monitoring accounts which warrant special attention from a money-laundering perspective. A new transaction monitoring system was also developed during 2002. The system monitors movements on all accounts designated as warranting special attention, with a view to suspending or freezing any suspicious transactions pending verification. It will become fully operational in 2003.

Regulatory developments in 2002

CRBF Regulation no. 2002-01

This regulation requires banks to take specific measures to monitor and control both inward and outward domestic and international cheques:

1. Systematic control of cheques issued by foreign banks, with a different percentage of cheques to be controlled depending upon the correspondent bank's geographical region. All foreign banks are first required to sign a written cash letter agreement.
2. Control of inward and outward domestic cheques according to criteria determined by the bank.

French and European legislation

The European and French authorities regularly issue lists of countries and, since the events of 11 September 2001, persons or legal entities suspected of having terrorist connections. Banks must take special measures to freeze flows of funds to or from suspects appearing on the list and to report all accounts opened by them to the relevant authorities (the Treasury in France's case). The Treasury then advises the bank whether it may enter into a commercial relationship.

These lists are updated regularly. There are currently 31 in force, containing the names of 1,504 people suspected of having terrorist connections.

Implementation of new regulations within the CCF group

During 2002, the CCF group focused on creating the structure necessary to meet the new requirements. This led to the introduction of new procedures and information systems.

CCF group procedures

When CRBF Regulation no. 2002-01 came into force, CCF issued three instructions regarding new obligations in terms of vigilance and actions to be taken new provisions for monitoring domestic and international cheques, and specific measures to be taken to apply the provisions of the CRBF's regulation in the retail networks.

Compliance (continued)

Under Compliance department supervision, all group units were required to review their entire customer base to check for any names similar to those appearing on the suspected terrorist lists.

Information systems

Cheque monitoring and control system:
A new database contains all "sensitive" accounts which warrant special attention from a money laundering perspective, particularly in terms of cheques issued and received. It is linked to the customer database used by the relationship managers.

The Compliance department is responsible for defining sensitive accounts and for managing the database. Sensitive accounts include customers who have received funds from abroad from an anonymous source, customers in countries on the FATF's black list, accounts which have been subject to legal investigation or reported to Tracfin but not yet closed, and accounts which warrant special attention due to the nature of transactions (e.g. large amounts of cash paid in followed by the issue of cheques).

The database has been fully operational since November 2002.

Information systems designed to meet European and French regulatory requirements: Super and Embargo.
These regulations require banks to detect accounts opened by anyone suspected of having terrorist connections and to freeze the flow of funds in and out of these accounts.

In terms of detection, the CCF group has developed a database containing all names appearing on lists published by the European Union and/or the French Government. The database interacts permanently with CCF's customer database and flags all new relationships with persons or organisations which have the same or a similar name to any of those on the lists. An alert is sent to the branch concerned and to the Compliance department. The Compliance department has sole authority to manage the database and approve new relationships flagged by the system.

The database became operational in late August 2002. It has already flagged six names which have been reported to the French Treasury.

It became available to all CCF group units via the Compliance department's intranet site from January 2003. All employees will then be able to:

- obtain instant up-to-date information on the names of people or organisations subject to embargo or asset freeze,
- extract the entire database in the form of files for local use,
- look up and print relevant legislation online.

In terms of freezing suspicious funds from abroad, CCF uses a programme called CARL, which was first developed by the group in early 2000. In 2002, one suspicious transaction was reported to the French Treasury, but it was later confirmed that the beneficiary simply had the same name as a person on the embargo list.

Lastly, a new transaction monitoring system was developed during 2002. It filters all movements on designated sensitive accounts and suspends or freezes suspicious transactions pending verification. The software has been selected and the system is now being tested. It will be fully operational in June 2003.

Staff training

To support these anti-money-laundering measures, a major training campaign has been launched throughout the CCF group. The training package was updated in September 2002 and has been distributed to all local compliance officers.

During 2002, over 3,550 employees received training (more than 3,000 in the retail networks, 1,600 at CCF, 1,200 in the regional banks, 150 in the private banks, over 200 in asset management and 350 in corporate and investment banking).

Financial highlights

	2002	2001	% change	Restated figures [6] 2002	Restated figures [6] 2001	Restated figures [6] % change
CCF group						
Figures in € billion						
Total assets	**66.3**	67.4	- 1.7%	–	–	–
Group shareholders' funds, excluding minority interests [1]	**3.3**	3.5	- 6.9%	–	–	–
Customers accounts [2] [3] (including accrued interest)	**24.9**	24.5	+ 1.7%	–	–	–
Loans and advances to customers [2] (including accrued interest)	**28.6**	31.5	- 9.1%	–	–	–
Figures in € million						
Operating income	**2,336.8**	2,456.0	- 4.9%	**2,294.0**	2,258.7	+ 1.6%
Operating profit before provisions	**749.4**	828.9	- 9.6%	**699.7**	688.4	+ 1.6%
Profit before tax [5]	**769.7**	869.3	- 11.5%	**764.1**	755.7	+ 1.1%
Attributable net profit (excluding minority interests)	**561.6**	517.0	+ 8.6%	**498.4**	476.6	+ 4.6%
Earnings per share (excluding minority interest) [4]	**7.50**	6.89				

	2002	2001	% change			
CCF SA						
Figures in € billion						
Total assets	**54.2**	53.8	+ 0.8%	–	–	–
Share capital [1]	**0.4**	0.4	- 1.7%	–	–	–
Shareholders' funds [1]	**2.6**	2.6	- 0.4%	–	–	–
Figures in € million						
Operating income	**1,486.8**	1,162.3	+ 27.9%	–	–	–
Operating profit before provisions	**688.9**	432.6	+ 59.2%	–	–	–
Profit before tax	**640.9**	435.6	+ 47.1%	–	–	–
Net profit	**620.2**	542.7	+ 14.3%	–	–	–

1 *After appropriation of net profit for the financial year, excluding the reserve for general banking risks.*
2 *At 31 December each year.*
3 *Excluding certificates of deposit and medium-term negotiable notes.*
4 *Figures calculated on the basis of the average number of shares outstanding (excluding own shares held), i.e. 75,019,102 shares in 2001 and 74,928,199 shares in 2002.*
5 *Excluding minority interests.*
6 *See notes 3 and 35 of the consolidated financial statements.*

Main changes in the scope of consolidation from 2001

Consolidated for the first time in 2002

- Eleven branches acquired from Banque Worms
- HSBC Bank France SA

No longer consolidated in 2002

- HSIL, which was consolidated by Charterhouse UK (ECFH)
- Lombard Bank
- Lixxbail

Financial analysis

Discussion of the main items of the consolidated balance sheet

(after appropriation of net profit)

(in € billion)	2002	2001
Assets		
Loans and advances to banks	**12.0**	12.0
Treasury bills and other negotiable instruments	**9.8**	6.3
Loans and advances to customers	**28.6**	31.5
Prepayments, receivables from banks and other	**5.8**	4.4
Equity shares and debt securities	**6.6**	9.3
Fixed assets	**3.5**	3.9
Total	**66.3**	67.4
Liabilities		
Deposits by banks	**16.4**	20.7
Customer accounts	**24.9**	24.5
Accruals, payables to banks and other	**12.1**	8.9
Debt securities in issue	**8.1**	8.1
Subordinated liabilities	**1.1**	1.3
Reserve for general banking risks	**0.4**	0.4
Shareholders' funds – group	**3.3**	3.5
– Minority interests	**–**	–
Total	**66.3**	67.4

Consolidated balance sheet

(after appropriation of net profit for the year)

Total consolidated assets amounted to €66.3 billion as at 31 December 2002, compared with €67.4 billion as at 31 December 2001, a decrease of 1.6 per cent or €1.1 billion. The decrease was principally due to the divestment of Loxxia (€1.9 billion), offset by the first-time consolidation of HSBC Bank SA (€0.6 billion).

These movements mainly affected customer loans and advances on the assets side and deposits by banks on the liabilities side.

On the assets side, short-term funds and loans to banks remained broadly stable at €12 billion, with growth in DMTC trading activities offset by a decrease in interbank lending.

Treasury bills and other negotiable instruments increased by €3.5 billion to €9.8 billion. This sharp increase was driven by strong growth in DMTC trading activities and, more specifically, the extension of this trading platform to the German market.

Equity shares and debt securities amounted to €6.6 billion at the end of 2002 compared with €9.3 billion at the end of 2001, a decrease of 29 per cent. The change reflects the following contrasting trends:

– Bonds and other fixed-income securities managed by DMTC decreased by 43 per cent. The decrease concerned private issues and was principally due to the transfer of these trading activities to London during the year.

– Equities increased due to growth in HSBC CCF Financial Product's stock lending activities, while other equity activities declined.

Loans and advances to customers decreased by €2.9 billion to €28.6 billion at the of 2002, compared with €31.5 billion at the end of 2001 (see comments below).

On the liabilities side, deposits by banks amounted to €16.4 billion at 31 December 2002, against €20.7 billion one year earlier. The decrease of €4.3 billion was chiefly due to a contraction in interbank lending and a decrease in refinancing requirements over the period, in line with trends in Corporate & Investment Banking activity. The divestment of Loxxia accounted for €1 billion of the decrease.

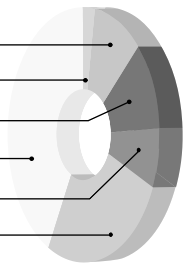
Total customer accounts were down 1.7 per cent to €24.9 billion from €24.5 billion at the end of 2001 (see comments below).

Debt securities in issue remained stable at €8.1 billion.

Shareholders' funds, after appropriation of net profit for the year, stood at €3.3 billion, a decrease of 6.9 per cent on the previous year (see comments below).

Breakdown of balance sheet and off balance sheet items by counterparty type.
At 31 December 2002 [1]

	%
Private customers	10.4
Small businesses	2.6
Other assets	11.3
Corporates	42.1
Government and central banks	7.6
Interbank	26.0

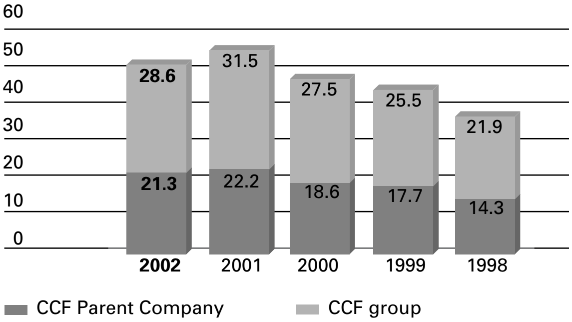


1 *Excluding trading securities.*

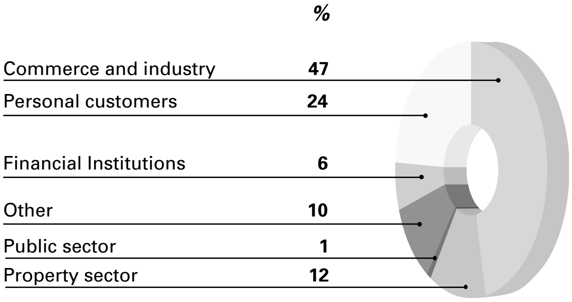
Loans and advances to customers

Gross customer loans, including reverse repo transactions, decreased by 9.1 per cent, to €28.6 billion compared with €31.5 billion at the end of 2001. After restatement for the divestment of Lixxbail (€1.9 billion at end 2001), the decrease was only 3.5 per cent.

Customer lending 1998 - 2002 (amounts oustanding at year end) (in € billions)



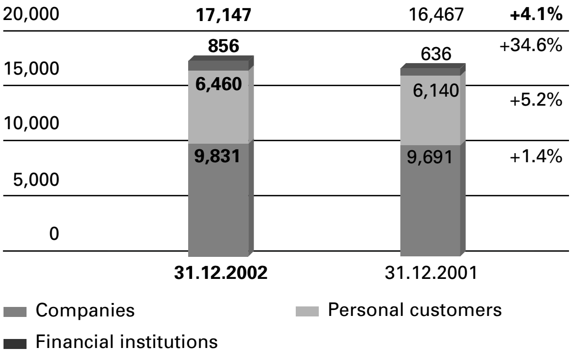
Segmental breakdowns of customer lending in 2002



Based on the average principal outstanding in the year, customer loans granted by CCF's branch networks in France rose by 4.1 per cent, due to sustained activity in the retail market.

Retail loans increased by 5.2 per cent to €6.5 billion, while loans to companies rose by 1.4 per cent to €9.8 billion.

Trends in customer loans at CCF branch network and French regional subsidiaries (average balance) (in € million)

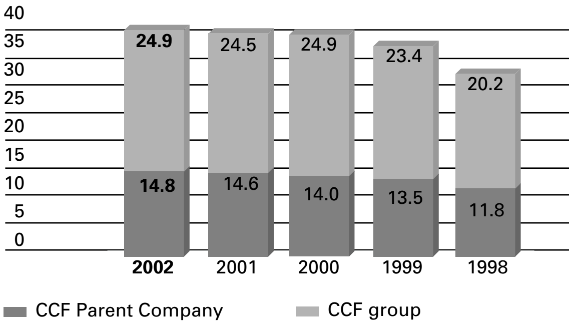


Customer accounts

Customer accounts including repo transactions amounted to €24.9 billion compared with €24.5 billion at the end of 2001.

Excluding repo transactions, customer accounts were up 5.9 per cent to €23.7 billion, compared with €22.4 billion at the end of 2001.

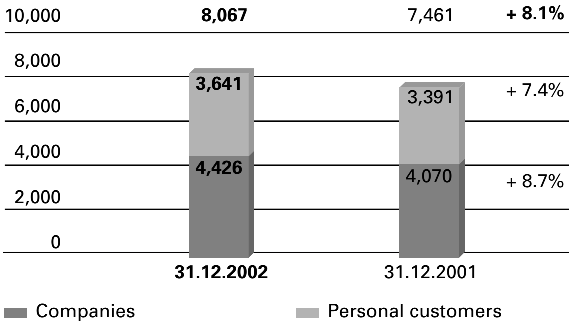
Customer lending 1998 - 2002 (excluding certificates of deposits, medium term notes and interest-bearing notes) (amounts oustanding at year end) (in € billion)



Financial analysis (continued)

Based on the average principal outstanding in the year, demand deposits taken by CCF's branch networks rose by 8.1 per cent in total. Business deposits rose by 8.7 per cent and retail deposits by 7.4 per cent.

Trends in customer deposits (average balance) (in € million)

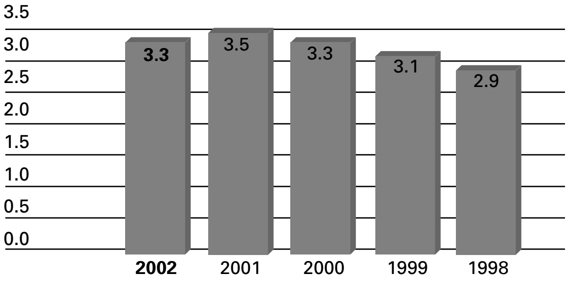


Shareholders' funds (after appropriation of net income)

Group shareholders' funds, after appropriation of net profit for the year, amounted to €3.3 billion compared with €3.5 billion at the end of 2001, a decrease of €0.2 billion.

The change was principally due to the capital reduction of €255 million made in September 2002 (see Note 23 of the consolidated financial statements) and the impact of distributing almost all the year's net profit.

Group shareholders' funds (after appropriation of profit for the year) (in € billion)



Consolidated profit and loss

Like the reported figures, these restated figures comply with the new presentation rules set out by the French National Accounting Board in Regulation CRC 00-04, applicable as at 1 January 2001.

In order to make a meaningful comparison with the previous year, the figures have been restated to eliminate the impact in both 2001 and 2002 of changes in the scope of consolidation and of certain exceptional expenses or income generated by integration into the HSBC Group (see notes 3 and 35 of the consolidated financial statements).

Restated figures	**2002**	2001	% change
(in € million)			
Operating income	**2,294.0**	2,258.7	+ 1.6%
Operating expenses and depreciation	**(1,594.3)**	(1,570.3)	+ 1.5%
Operating profit before provisions	**699.7**	688.4	+ 1.6%
Provisions for bad and doubtful debts	**27.8**	3.4	–
Operating profit after provisions	**727.5**	691.8	+ 5.2%
Share of operating profit in associates	**53.5**	61.3	–
Gains or losses on asset disposals	**(16.9)**	2.6	–
Profit before tax	**764.1**	755.7	+ 1.1%
Exceptional items	**1.4**	(42.3)	–
Corporation tax	**(208.6)**	(145.5)	–
Goodwill amortisation	**(35.1)**	(38.4)	–
Net change in reserve for general banking risks	**(18.1)**	(46.1)	–
Minority interests	**(5.3)**	(6.8)	–
Attributable net profit	**498.4**	476.6	+ 4.6%

Restated figures	**2002**	2001	% change
(in € million)			
Operating income	**2,336.8**	2,456.0	- 4.9%
Operating expenses and depreciation	**(1,587.4)**	(1,627.1)	- 2.4%
Operating profit before provisions	**749.4**	828.9	- 9.6%
Provisions for bad and doubtful debts	**33.8**	0.8	–
Operating profit after provisions	**783.1**	829.7	- 5.6%
Share of operating profit in associates	**16.3**	41.6	–
Gains or losses on asset disposals	**(29.7)**	(1.9)	–
Profit before tax	**769.7**	869.4	- 11.5%
Exceptional items	**67.7**	114.5	–
Corporation tax	**(212.9)**	(233.8)	–
Goodwill amortisation	**(40.2)**	(38.0)	–
Net change in reserve for general banking risks	**(18.1)**	(175.0)	–
Minority interests	**(4.5)**	(20.1)	–
Attributable net profit	**561.6**	517.0	+ 8.6%

Consolidated financial statements

Consolidated balance sheets 2002 - 2001 - 2000

ASSETS (in € thousands)	Notes	2002	2001	2000 [1]
Cash and balances at central banks		**1,757,541**	1,226,946	1,431,121
Treasury bills and other eligible bills	*6*	**9,847,801**	6,296,101	5,954,673
Loans and advances to banks	*4*	**10,197,390**	10,809,256	13,809,202
Loans and advances to customers	*5*	**28,607,297**	31,458,402	27,527,826
Debt securities	*6*	**3,631,489**	6,602,719	11,646,135
Equity shares	*6*	**3,001,979**	2,686,550	3,045,481
Other participating interests and long-term securities	*7*	**2,090,202**	1,836,986	1,121,661
Interests in associates		**98,850**	533,227	514,502
Intangible fixed assets	*8*	**101,488**	96,806	93,971
Tangible fixed assets	*9*	**634,178**	829,890	837,249
Other assets	*11*	**4,145,531**	2,533,438	4,079,098
Prepayments and accrued income	*12*	**1,589,783**	1,843,439	1,793,919
Goodwill	*13*	**581,643**	649,154	277,424
TOTAL ASSETS		**66,285,172**	67,402,914	72,132,262
MEMORANDUM ITEMS				
Financing commitments		**7,822,691**	6,187,544	5,527,402
Guarantees and endorsements		**6,640,090**	7,658,386	8,292,582
Securities commitments		**2,600,681**	1,284,787	3,093,543
– Financial instruments and other		**657,353,382**	748,300,280	580,307,963

Numbers in the notes column refer to the accompanying notes, which form an integral part of these consolidated financial statements.

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the* Conseil National de la Comptabilité *in regulation CRC 00-04, applicable as of 1 January 2001.*

Consolidated balance sheets 2002 - 2001 - 2000 *(continued)*

LIABILITIES (in € thousands)	Notes	2002 Before appropriation	2002 After appropriation[2]	2001 After appropriation	2000[1] After appropriation
Deposits by banks	14	**16,352,439**	**16,352,439**	20,664,232	24,762,212
Customer accounts	15	**24,929,105**	**24,929,105**	24,514,250	24,892,471
Debt securities in issue	16	**8,096,595**	**8,096,595**	8,125,455	9,045,554
Other liabilities	18	**8,782,071**	**9,319,420**	6,338,562	5,981,833
Accruals and deferred income	19	**2,128,366**	**2,128,366**	1,838,990	1,978,518
Negative goodwill	13	**1,365**	**1,365**	1,627	1,766
Provisions for liabilities and charges	17	**706,967**	**706,967**	775,066	926,326
Reserve for general banking risks	21	**378,620**	**378,620**	360,361	184,067
Subordinated liabilities	20	**1,101,766**	**1,101,766**	1,255,320	970,166
Called up share capital	22	**370,585**	**370,585**	377,048	374,445
Share premium account	23	**1,050,800**	**1,050,800**	1,144,332	1,128,390
Consolidated reserves, revaluation reserve, translation difference	23	**1,820,302**	**1,849,144**	2,007,671	1,886,514
Group share		**1,812,216**	**1,836,515**	1,979,744	1,931,973
Minority interests		**8,086**	**12,629**	27,927	54,541
Net profit for the year		**566,191**	**–**	–	–
Group share		**561,648**	**–**	–	–
Minority interests		**4,543**	**–**	–	–
TOTAL LIABILITIES		**66,285,172**	**66,285,172**	67,402,914	72,132,262
MEMORANDUM ITEMS					
Financing commitments		**105,107**	**105,107**	424,342	120,786
Guarantees and endorsements		**1,774,459**	**1,774,459**	2,657,491	2,309,064
Securities commitments		**2,255,191**	**2,255,191**	1,739,555	2,374,278

Numbers in the notes column refer to the accompanying notes, which form an integral part of these consolidated financial statements.

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the* Conseil National de la Comptabilité *in regulation CRC 00-04, applicable as of 1 January 2001.*
2 *Proposal of appropriation of results.*

Consolidated financial statements (continued)

Consolidated profit and loss accounts 2002 - 2001 - 2000 *(continued)*

Expenses in brackets (in € thousands)	*Notes*	**2002**	2001	2000 [1]
Interest and similar income	*28*	**2,808,427**	4,579,446	5,313,361
Interest and similar expense	*28*	**(1,833,253)**	(3,715,509)	(4,458,100)
Income from equity shares	*29*	**119,091**	78,493	59,386
Fees and commissions received	*30*	**1,072,782**	1,217,845	1,361,796
Fees and commissions paid	*30*	**(138,882)**	(196,802)	(133,176)
Dealing profits	*31*	**146,526**	208,166	215,269
Gains or losses on available-for-sale securities	*32*	**65,087**	174,390	69,537
Other operating income		**166,608**	204,957	117,357
Other operating expense		**(69,617)**	(95,005)	(66,561)
NET OPERATING INCOME		**2,336,769**	2,455,981	2,478,869
General operating expenses	*33*	**(1,483,567)**	(1,523,558)	(1,574,877)
Depreciation and amortisation	*34*	**(103,829)**	(103,558)	(100,218)
OPERATING PROFIT BEFORE PROVISIONS		**749,373**	828,865	803,774
Provisions for bad and doubtful debts	*10*	**33,776**	786	(26,570)
OPERATING PROFIT AFTER PROVISIONS		**783,149**	829,651	777,204
Share of operating profit in associates		**16,258**	41,594	40,426
Gains or losses on asset disposals	*36*	**(29,692)**	(1,905)	123,621
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**769,715**	869,340	941,251
Exceptional items	*37*	**67,650**	114,508	(144,185)
Corporation tax	*38*	**(212,936)**	(233,805)	(264,333)
Goodwill amortisation	*34*	**(40,150)**	(37,953)	(26,602)
Reserve for general banking risks		**(18,088)**	(174,951)	(54,847)
Minority interests		**(4,543)**	(20,102)	26,271
NET ATTRIBUTABLE PROFIT		**561,648**	517,037	477,555

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the* Conseil National de la Comptabilité *in regulation CRC 00-04, applicable as of 1 January.*

Notes to the consolidated financial statements

Group consolidation and accounting policies

1 Principal consolidation policies

The consolidated financial statements of the CCF group, whose parent company is a financial institution, are prepared in accordance with the current regulations of the French Accounting Regulations Committee (CRC), the opinions of the French National Accounting Board and the instructions of the French Banking Commission.

Effective 1 January 2001, the CCF group has applied CRC Regulation number 00-04 governing the presentation of financial statements for banks. Effective 1 January 2002, the CCF group has applied CRC Regulation number 2000-06 governing liabilities. This change on method did not have any impact on group financial statements.

The annual financial statements of consolidated foreign subsidiaries prepared in accordance with local accounting principals are restated for purposes of comparability, prior to consolidation to comply with Group accounting policies.

1.1 Consolidation criteria (see note 40)

Under CRC Regulation 99-07 governing consolidation of financial statements of French banks and financial institutions, the consolidated financial statements of CCF SA include those of its principal banking and non-banking subsidiaries whose total assets exceed €15 million.

a *Fully-consolidated companies*

Banks and financial institutions in which CCF SA directly or indirectly owns more than 50 per cent are fully consolidated. Full consolidation consists of aggregating in all assets and liabilities carried by the consolidated companies after elimination of intercompany items and profits, and of determining the value of the minority interests in net assets and earnings.

b *Companies accounted for under the equity method*

Companies in which CCF SA exercises significant influence are accounted for under the equity method. Significant influence is deemed to exist when CCF SA directly or indirectly owns 20-50 per cent of the capital. The equity method consists of accounting for the group's interest in the underlying net assets and results of the companies concerned, rather than the book value of their assets and liabilities and any dividends received.

c *Companies consolidated by the proportional method*

Companies that are jointly controlled by CCF SA are consolidated under the proportional method. Proportional consolidation consists of integrating in the CCF group's financial statements the balance sheet and income statement of the subsidiary prorated to the percentage of capital held by the parent company.

d *Non-consolidated companies*

Companies which meet the above criteria but which are not considered to be long-term investments are not consolidated. This is particularly the case for equity investments held with the intention of their subsequent divestment under structured financing arrangements.

Economic interest groupings and other special purpose entities created specifically to manage transactions on behalf of a company through the provision of assets, goods, services or capital, are not consolidated, provided that the financing granted to them is carried as an asset in the financial statements and this accounting treatment better reflects the substance of the transaction and the risks involved.

Finov, a special purpose securitisation vehicle, has not been consolidated as permitted by the interim measures set forth in Art. 51 (see note 25).

1.2 Year-end

All group companies are consolidated on the basis of their financial statements as at 31 December. For companies which do not have a 31 December year-end, interim financial statements are drawn up as of that date.

Notes to the consolidated financial statements (continued)

1 Principal consolidation policies *(continued)*

1.3 Accounting for acquisitions

Any difference between the acquisition cost of shares in a consolidated company and the net book value of the assets acquired is allocated as far as possible to identifiable assets and liabilities of the investee company, in order to reflect their fair value.

As permitted under the terms of opinion no. 97B of the French National Accounting Board, the fair values of recently acquired assets and liabilities may be revised, following detailed analysis, until the end of the first financial year after their acquisition. Any change in fair values entails a corresponding re-estimation of goodwill.

Any residual balance is recognised as goodwill or negative goodwill and amortised over a period of no more than 20 years in the case of goodwill and 10 years in the case of negative goodwill. The amortisation period may be modified if a deterioration in the investee company's financial position warrants an accelerated depreciation method.

1.4 Translation of foreign subsidiaries' assets and liabilities

Assets and liabilities denominated in foreign currencies are translated into euros at the year-end exchange rate.

Profit and loss items are translated at the average rate for the period (defined as the arithmetic average of month-end rates).

Equity accounts are maintained at the historical rates. Any translation differences are allocated to reserves.

1.5 Capital gains on internal disposals

Capital gains and losses arising on transactions between consolidated companies are eliminated as appropriate. However, property assets that have been revalued as a result of mergers or similar operations between consolidated companies are treated in accordance with French Banking Commission instructions applicable at the time of the operation. They are therefore carried at their revised value and a revaluation reserve has been established.

1.6 Restatement and reclassification of loan loss provisions

Flat-rate provisions made by foreign subsidiaries as a result of local fiscal or regulatory requirements are written back in the consolidated income statement account provided they are not intended to cover some specific risk.

The Group may also make provisions in the consolidated income statement account to cover exposure of foreign subsidiaries where they are unable to make such provisions in their own financial statements due to local restrictions.

1.7 Deferred tax

The deferred taxes resulting from timing differences between the book value of an asset or a liability and the tax value coming from consolidation restatements are carried on the consolidated balance sheet and income statement. The deferred tax asset arising on tax loss carryforwards is not recognised unless there is a strong probability of its recovery in the future.

Deferred tax is calculated on 100 per cent of the lease equalisation reserve.

All deferred tax items recognised in prior years are adjusted if there is a change in the applicable statutory tax rates.

2 Group accounting policies and valuation methods

2.1 Group accounting policies

The consolidated financial statements are prepared in accordance with the principles set forth by the French Banking Regulations Committee and the French Accounting Regulations Committee, the opinions of the French National Accounting Board and the instructions of the French Banking Commission. Any transactions which are not covered by these principles are treated in accordance with French generally accepted accounting principles.

2.1.1 Fixed assets

Fixed assets are valued at cost less accumulated depreciation or amortisation, except where such value is revised as a result of legal asset revaluations or, in the case of property assets, as a result of mergers between consolidated companies.

a *Depreciation and amortisation*

Land is not depreciated. Acquisition-related expenses on buildings are expensed in the year in which they occur, as are preliminary costs.

Fixed and intangible assets are depreciated or amortised over their estimated useful lives on a straight-line basis or, in the case of certain items of equipment, on an accelerated basis. Depreciation or amortisation periods are as follows:

– Buildings	25 to 75 years
– Fixtures and fittings	10 years
– Furniture and equipment	5 to 10 years
– Purchased goodwill	5 to 10 years
– Software purchased	3 to 5 years

b *Buildings acquired under loan guarantees*

Buildings acquired by CCF as a result of loan foreclosures are valued according to CCF's intent as to their continuing ownership.

- Buildings which the bank intends to sell in the short term are considered to be stock. Accordingly, they are not depreciated, but a provision for impairment may be established if necessary. They are posted to "other assets", and any provision is recorded under the heading "miscellaneous provisions".
- Buildings which the bank intends to hold on a long term basis and which have been let are treated as fixed assets and depreciated over the same period as other similar buildings used by the bank for its own operations. Pursuant to instructions issued by the French supervisory authorities, provisions have been established in cases where the market value of such assets is lower than their net book value.

2.1.2 Equity shares and debt securities

Pursuant to the provisions of CRC Regulation 00-02, equity shares and debt securities are classified into the following categories:

- trading securities
- available-for-sale securities
- held-to-maturity securities
- portfolio securities
- other long term securities
- interests in associates and other participating interests.

Notes to the consolidated financial statements (continued)

2 Group accounting policies and valuation methods *(continued)*

Specific accounting methods apply to each of these categories:

– Trading securities:

These are securities traded on a liquid market, which are bought or sold with the intention of reselling or repurchasing them in the near future. They may not be held for more than six months, except where the bank is acting as a market maker.

Trading securities are carried at cost (including accrued interest in the case of fixed interest securities). They are marked to market at the year-end and any unrealised gains or losses are recognised in the income statement.

– Available-for-sale securities:

Securities acquired for their yield, but held principally with the intention of reselling them in the relatively short term are considered to be available-for-sale.

On the acquisition date, they are recorded at cost (less accrued interest at the time of purchase in the case of fixed interest securities). At the year-end, they are valued on a line-by-line basis at the lower of cost or market value. In the case of equities, market value is the price on 31 December for listed securities and the anticipated resale price for unlisted securities. In the case of fixed interest securities, market value is the price quoted on the last working day of the year.

Actual or unrealised gains or losses on hedging instruments are recognised on a line-by-line basis, and a provision for impairment made where necessary.

– Held-to-maturity securities:

These are fixed interest securities acquired with the intention of holding them over the long term, in principle, until maturity.

They are carried at cost and any premium or discount is amortised over their residual life. A provision for impairment may be taken to cover counterparty risk.

Securities purchased for their yield or held for regulatory reasons by certain foreign subsidiaries or branches are classified as held-to-maturity securities.

– Portfolio securities:

Portfolio securities comprise investments purchased with the intention of realising a medium term capital gain, but with no intention of investing in the business on a long-term basis. This is notably the case for securities held as part of a venture capital business.

Portfolio securities are carried at the lower of cost or fair value, determined by taking account of the issuer's general prospects and the forecast holding period. The methods of determining fair value are described below.

– Other long term securities:

Other long term securities comprise equities and similar securities acquired with the intention of achieving a satisfactory return in the relatively long term by building an ongoing business relationship with the issuing company, but with no influence over its management.

These securities are accounted for on a line-by-line basis and they are carried at the lower of cost or fair value.

– Interests in related parties and other participating interests:

The category "interests in associates and other participating interests" regroups the securities held with a long-term intention (participating interests) and the securities of non-consolidated subsidiaries (interests in associates). They are valued at the lower of cost or fair value, determined as described below.

2 Group accounting policies and valuation methods *(continued)*

Fair value for portfolio securities, other long-term securities and other participating interests is determined on a multi-criteria approach, as follows:

- economic and financial appraisal of the company, based primarily on net asset value;
- market appraisal based on financial analysts' reports;
- share price performance for listed companies, taking account of any specific relationships existing between CCF and each of the companies concerned.

Gains or losses:

Gains or losses on disposal and movements in provisions are recorded on the income statement under "net gains on asset disposals", except for gains realised as part of restructuring operations, which are booked as exceptional items, and gains on the disposal of interests in associates, which are booked as operating income.

Presentation of securities in reported financial statements:

European Directive 86/635 concerning the standardisation of financial statement presentation of financial institutions in the European Union does not recognise the concept of intention as a basis for classifying securities. Classification of securities on the European Directive basis is reported in note 6.

Securities are classified in the balance sheet according to their legal category:

- treasury bills and other negotiable instruments: all negotiable securities issued by central governments (T-bills and notes, bonds, etc.);
- bonds and other fixed revenue securities: all securities issued by private or public sector issuers, which are not eligible for central bank refinancing in their country of issue;
- shares and other variable revenue securities, including portfolio securities;
- participating interests other and long-term securities;
- interests in related parties;
- interests in associates.

Securities bought or sold under repurchase agreements:

Repurchase agreements recorded off balance sheet of individual companies result in securities being derecognised (in the case of sale) or recognised (in the case of purchase), and the resulting liability being recognised under contingent liabilities and commitments. However, insofar as the repurchase option is almost always exercised:

- capital gains or losses on disposal are eliminated, except in the case of trading securities;
- provisions are made in the same way as if the repurchase transaction had not taken place;
- consideration for repurchase agreements is recorded on an accruals basis, as is accrued interest.

"Buy and sell back" transactions are treated similarly.

"Delivered securities" repo transactions:

Temporary sales or purchases of securities governed under the regulations of Act no. 93-1444 of 31 December 1993, called "Delivered securities" have no impact on the composition and valorisation of the securities portfolio. From an accounting perspective, and in accordance with Article 5 of Regulation 89-07, the securities are treated as financing operations, the cash movement is matched either by a receivable or a debt. Revenues received or expenses incurred by the seller or buyer are booked as interest income or expense.

Securities bought or sold under repurchase agreements:

Repurchase transactions which do not fall within the provisions of Act no. 93-1444 are classified as securities bought or sold under repurchase agreements on the balance sheet. Their accounting treatment is the same as for the delivered securities repo transactions described above.

Notes to the consolidated financial statements (continued)

2 Group accounting policies and valuation methods *(continued)*

Securities borrowed or loaned against cash:

Securities borrowed or loaned against cash are treated in the same way as delivered securities repos transactions.

2.1.3 Provisions for bad and doubtful debts

Provisions for bad and doubtful debts recognised in the income statement are determined by the group each year in light of estimated potential losses and are based on an individual analysis of each loan concerned.

All loans are classified as bad and doubtful debts, even if secured by a guarantee, where there is a probability or certainty of total or partial non-recovery, or where amounts have been in arrears for more than three months in the case of most loans and operating leases, or more than six months in the case of property loans or leasing, or more than nine months in the case of local authority loans. Loans are also deemed to be at risk where legal proceedings are already in progress (e.g. receivership, court-ordered liquidation, personal bankruptcy, etc.), or where it is likely that the borrower will be unable to meet their obligations.

Loans to property developers are assessed on a case-by-case basis utilising various criteria, including the likely outcome of the project, the capacity of partners to contribute the necessary equity as well as their solvability. In this context, all interest on doubtful property loans booked as operating income is fully provided. Moreover, provisions are made against the principal outstanding are also based on a case-by-case assessment using various criteria, including the credibility of the project's intended sale price, its rental income potential, the soundness of the investor pool and the value of any guarantees received.

In compliance with standard banking practice, the bank establishes country risk provisions against exposure in certain countries generally considered by the banking industry as involving a high degree of risk.

In the income statement, provisions made or recovered, losses on unrecoverable debts and recoveries against debts written off are all recorded under the heading "provisions".

2.1.4 Provisions for pension and other post-retirement benefits

In France, retirement and pension payments are made on a pay-as-you-go basis by outside agencies to which the group contributes. Contributions are expensed as incurred.

Provisions for future expenses relating to employees no longer in active service are made in the income statement. Provisions are also made for future expenses relating to end-of-career bonuses and length of service awards for employees in active service.

2.1.5 Reserve for general banking risks

Pursuant to the provisions of regulations 90-02 and 91-01 of the French Banking Regulations Committee, CCF has constituted a reserve designed to cover general banking risks, and notably any potential additional contributions which may be required in the future under the terms of the AFB-AGIRC-ARRCO agreement of 13 September 1993 relating to the pension regimes of banking personnel.

In addition to these pension commitments, a charge may be made from time to time in the income statement to cover general banking risks related to the group's various activities.

2.1.6 Foreign exchange positions

With the exception of structural positions, which are valued at historical cost, all foreign currency positions are revalued at the year-end rate, and any resulting gains or losses are recognised as operating income or expense.

2.1.7 Forward currency transactions

Forward currency transactions outstanding at the year-end which are hedged by spot transactions are revalued at year-end spot rates. Premiums or discounts calculated when the transaction is entered into are booked the income statement on an accrual basis. Unhedged forward transactions and transactions hedged by futures are revalued at the forward rate prevailing for the remaining term.

2 Group accounting policies and valuation methods *(continued)*

2.1.8 Leasing

The results of leasing and rental companies are restated to take account the lease equalisation reserve, which corresponds to the difference between amortisation recognised for tax and accounting purposes.

Deferred tax is calculated on the full amount of the lease equalisation reserve.

Property transactions in which the CCF group is lessee are restated. The leased assets are capitalised as fixed assets and depreciated, and the corresponding liability is recognised.

2.1.9 Financial instruments

The CCF group trades actively in all new financial instruments, either on behalf of its customers or to hedge balance sheet items or for arbitrage purposes.

Accounting principles used differ depending on the instrument and whether the transaction was originated for hedging or trading purposes. However, certain general rules apply to all market positions, while others are specific to certain categories of instrument.

a *Foreign currency and interest-rate options:*

Options are two party contracts which grant the buyer the right to acquire or sell an asset or other financial instrument known as the "underlying" within a pre-determined period of time and at a price determined at the time the contract is originated. The buyer pays the seller a premium for the option.

CCF trades in interest-rate and foreign currency options. The accounting treatment for these instruments is identical.

At the origination of the options contract, the notional amount of the underlying is recognised as an off-balance sheet item.

For income and expenses, a distinction is made between hedging transactions and trading or arbitrage transactions:

- income and expense items related to hedging transactions are recognised symmetrically with those arising on the hedged item;
- in the case of trading transactions, positions are marked to market at the year-end. For transactions on an organised market or an equivalent market defined in Regulation CRB 88-02, changes in the value of the position are booked to the income statement either by means of margin calls or, in the case of unlisted options, directly by means of a mathematical calculation.

b *Index and equity options*

Index and equity options are entered into for trading purposes. Changes in the value of options outstanding at the year-end are booked directly to the income statement.

c *Interest-rate futures*

The accounting treatment is identical to that which is described above for options, and is in accordance with the French Banking Commission's instruction 94-04.

d *Currency and/or interest-rate swaps (swaps, FRAs)*

Pursuant to CRB Regulation 90-15, as amended by CRB Regulation 92-04, the accounting treatment for foreign currency and interest-rate swaps is dependant upon their purpose. These contracts are accounted for differently if their purpose is:

(i) to maintain isolated open positions in order to benefit from changes in interest rates, if and when they occur;

(ii) to hedge interest-rate risk on a specific item or homogeneous group of items, defined as such at the outset pursuant to Article 4 of CRB Regulation 88-02;

Notes to the consolidated financial statements (continued)

2 Group accounting policies and valuation methods *(continued)*

(iii) to hedge and manage the bank's structural interest-rate risk on all its assets, liabilities and off-balance sheet items, except for those transactions referred to in paragraphs 2 and 4;

(iv) to allow for specialised management of a trading book.

Accounting treatments differ depending on whether the transaction is entered into for hedging or trading purposes.

Gains or losses on instruments designed to hedge assets or liabilities are booked to the income statement on an accrual basis, unless the hedged items are themselves marked to market in the balance sheet. This applies in particular to swaps traded for Asset and Liability Management purposes.

Gains or losses on positions managed as part of a swap trading book are booked to the income statement at their present value, after deducting a percentage for counterparty risk and future management costs.

Trading transactions are marked to market on the day of the trade. The corresponding liability is recorded as an off-balance sheet item from the date of the trade to the value date. The value date generally corresponds to the date on which an exchange of monetary flows takes place that is normally booked to the balance sheet.

Notional amounts are recorded off balance sheet whether they are actually swapped or simply used as a benchmark.

Currency swaps which are not hedged by spot transactions are valued at the forward rate prevailing for the remainder of their term.

2.1.10 Recognition of income and expense

All income and expense is booked on an accrual basis, with the exception of dividend income and commissions, which are booked on a cash basis.

Long and short trading positions are generally valued at the mid-market price as listed on organised exchanges or by a market-making panel of banks. Certain highly specific derivatives, generally resulting from a combination of different plain-vanilla products, are valued by means of models which use market data but also take account of their reduced liquidity, the specific characteristics of which are unlikely to command mid-market prices.

Accrued interest is booked according to the legal rules applicable to each instrument. For instance, fixed-income securities are marked to market excluding accrued interest at the transaction date. Interest is booked for the period during which the bank holds the securities, i.e. from the date of delivery upon purchase to the date of delivery upon sale. In the Paris marketplace, three days elapse between the trade date and the delivery date for this type of instrument.

2.1.11 Exceptional items

All income and expenses which do not arise in the normal course of the group's ongoing ordinary activities are treated as exceptional items.

Accordingly, gains or losses arising from restructuring operations following CCF's integration with the HSBC group are booked as exceptional items. Gains or losses on other disposals of subsidiaries or equity interests are booked within group profit before tax.

2.2 Analysis by line of business

Key income statement aggregates are presented by line of business for analysis. In order to make meaningful comparisons from one year to the next, these figures are restated as described in note 3.

Ratios are also calculated for each line of business and in particular the cost income ratio and return on allocated capital.

2 Group accounting policies and valuation methods *(continued)*

2.2.1 Lines of business:

The presentation of results by line of business is based on the group's consolidated results.

The group's four key lines of business are:

a *Banking and distribution networks which encompasses three sub sections:*

- the CCF network;
- the regional banking subsidiaries;
- distribution which includes the specialised French subsidiaries (Elysées Factor, Netvalor, etc.).

b *Corporate and investment banking, which also comprises three sub sections:*

- corporate and institutional banking;
- capital markets ;
- equity and corporate finance.

c *Asset management and private banking, which comprises:*

- management of mutual funds and corporate employee savings plans in France and abroad;
- private banking in France and abroad .

d *Euro zone activities*

This category comprises the results of CCF group's branches abroad and HSBC Bank plc's branches in Europe which are managed by CCF (France, Spain, Italy, Belgium and the Netherlands).

Other activities principally comprise:

- proprietary investment activities (Nobel, centralised management of subsidiaries and CCF's interests in associated companies);
- transactions processing.

2.2.2. Determination of the key income statement aggregates:

These are presented according the following rules:

a *Operating income*

- CCF parent company profit centres.

  Value added over capital takes account of internal refinancing of capital according to the following rules:

  - in order to manage interest-rate risk, the Finance Division enters into hedging transactions in accordance with policies set by the Asset and Liability Management Committee; these hedging transactions are charged in full to the profit centres concerned by means of internal contracts;
  - each profit centre's treasury position, which is not already hedged by these internal contracts, is calculated daily and valued at the overnight money-market rate (plus a charge to cover the cost of liquidity).

  Return on allocated equity, calculated using the internal model (see c below), is included in operating income.

  Commission income is attributed to the profit centres in charge of the customer relationship and responsible for providing the service billed to the customer.

Notes to the consolidated financial statements (continued)

2 Group accounting policies and valuation methods *(continued)*

– Subsidiaries

The contribution of subsidiaries is calculated on the basis of the company's operating income, less dividends received from other consolidated companies, the return on their own capital and the cost of funding investments in consolidated subsidiaries, but adding return on allocated equity using the internal model.

b *Operating expenses and depreciation*

Expenses for each line of business include all costs attributable to it, and in particular:

- the full cost of processing customer transactions;
- a percentage of general overheads.

c *Return on allocated capital*

This item is included in operating income, operating profit before provisions and attributable net profit for each line of business, using the following internal allocation method:

- For counterparty risks, regulatory capital requirements are used as a basis for calculating weighted assets. However, actual allocation rates are generally higher than regulatory requirements (for Tier 1 capital), except where actual loss rates and customer loan quality justify the adoption of lower rates. Allocation rates take account of the following:
  - customer type (corporate, personal, etc.);
  - geographical location (capital allocation are over-weighted for credits granted in zones considered to be at risk);
  - loan type.
- For market risks, an internal model validated by the French Banking Commission is used, with the intention of covering 8 per cent of total capital (Tier 1, 2 and 3), three quarters of this amount being treated as Tier 1 capital for internal allocation purposes.
- For certain activities (notably advisory services, structured financing, mutual fund and securities management, and private banking), capital is allocated to cover operational risk, based on a multi-criteria approach established in conjunction with the lines of business concerned.
- Finally, capital is allocated to business segments involved in proprietary equity trading in order to cover any potential fall in value.

d *Attributable net profit*

Attributable net profit is calculated for each line of business, taking account of the above factors and assuming a theoretical tax charge at a normalised local rate for all restatements, specifically with respect to capital.

3 Presentation of financial statements

Main changes in the scope of consolidation in 2002 and definition of reported and restated figures

a *Reported figures*

The main changes in the scope of consolidation during 2002 were as follows:

Consolidated for the first time:

- Eleven branches acquired from Banque Worms;
- HSBC Bank France SA.

3 Presentation of financial statements *(continued)*

No longer consolidated:

- HSIL, which was consolidated by Charterhouse UK (ECFH);
- Lombard Bank;
- Lixxbail.

b *Restated figures*

Like the reported figures, these restated figures comply with the new presentation rules set out by the Conseil National de la Comptabilité in regulation CRC 00-04, applicable as of 1 January 2001.

In order to make a meaningful comparison with the previous year, the figures have been restated to eliminate the impact in both 2001 and 2002 of changes in the scope of consolidation and of certain exceptional expenses or income generated by integration into the HSBC Group.

The principal adjustments to the published results are as follows:

- 2001 figures are restated on a comparable basis with 2002;
- inclusion of all businesses managed by CCF:
  - integration of HSBC's euro zone branches and asset management subsidiaries which are managed by CCF but not consolidated;
  - exclusion of the results of CCF Athens, Framlington, Prime Corp and ECFH (Charterhouse UK), which are managed by other HSBC Group units;
- reclassification of HSBC Private Banking Holdings (Suisse) SA (PBSU) dividends and funding cost from net operating income to associated companies;
- exclusion of certain exceptional items:
  - provisions on contractual commitments granted to some employees;
  - capital gains or losses on disposal of subsidiaries made as part of CCF's integration with the HSBC Group;
  - principally CIE le Caire, CCF Luxembourg and CCF Brazil in 2001, HSIL and Banque Lombard in 2002;
  - exceptional items arising as a result of CCF's integration with the HSBC Group.

Application of the new accounting presentation rules to the profit and loss account

The *Conseil National de la Comptabilité* has introduced the following changes of accounting treatment, applicable as of 1 January 2001.

The CCF group has applied the provisions of CRC Regulation 00-04 since 1 January 2001. The financial statements for the year 2000 have been restated accordingly for purposes of comparability.

The main changes are as follows:

- capital gains or losses on securities are identified separately as "gains or losses on asset disposals", providing they are not part of an ongoing, ordinary business activity,
- miscellaneous provisions are reclassified according to their purpose under the various P&L headings (operating income, operating expenses, exceptional items and corporation tax,
- securities held as part of a venture capital business are reclassified as portfolio securities.

Notes to the consolidated financial statements (continued)

4 Loans and advances to banks

(in € million)	**2002**	2001	2000
Demand	**1,573.2**	1,456.0	2,069.0
Time	**8,593.5**	9,322.1	11,696.0
3 months or less	**6,450.4**	6,158.0	8,640.0
1 year or less but over 3 months	**1,415.9**	2,429.6	2,041.5
5 years or less but over 1 year	**572.6**	679.1	934.5
Over 5 years	**154.6**	55.4	80.0
Provisions for bad and doubtful debts	**(24.3)**	(45.8)	(76.5)
Loans and advances	**55.0**	77.0	120.7
TOTAL	**10,197.4**	10,809.3	13,809.2
Of which repo transactions (excluding accrued interest)	5,758.1	5,125.0	5,078.4
Of which subordinated advances (excluding accrued interest)	69.4	83.1	53.8

5 Loans and advances to customers

ANALYSIS BY LOAN TYPE

(in € million)	**2002**	2001	2000
Loans and advances to customers	**27,998.4**	29,263.5	25,613.3
Commercial loans and advances	**875.3**	1,064.4	1,077.9
Current accounts	**3,707.3**	4,080.1	3,561.3
Other	**23,415.8**	24,119.0	20,974.1
Leasing transactions	**608.9**	2,194.9	1,914.5
TOTAL	**28,607.3**	31,458.4	27,527.8
Loans and advances to personal customers	**6,782.1**	5,689.7	5 509.5
Loans and advances to non-bank financial institutions	**488.1**	674.5	661.1
Loans and advances to other corporate customers	**20,434.3**	23,516.9	20,554.8
Repo transactions	**722.9**	1,346.6	561.1
Accrued interest	**179.9**	230.7	241.3
TOTAL	**28,607.3**	31,458.4	27,527.8
Of which gross doubtful debts	1,175.0	1,491.6	1,332.7
Of which subordinated loans	143.2	125.0	118.2

ANALYSIS BY REMAINING MATURITY

(in € million)	**2002**	2001	2000
Demand	**4,762.6**	4,557.6	3,967.3
Time	**24,576.6**	27,639.5	24,235.2
3 months or less	**8,591.2**	11,090.0	9,338.3
1 year or less but over 3 months	**4,121.1**	4,296.9	3,966.7
5 years or less but over 1 year	**6,465.4**	6,500.0	6,427.4
Over 5 years	**5,398.9**	5,752.6	4,502.8
Provisions for bad and doubtful debts	**(911.8)**	(969.4)	(916.0)
Accrued interest	**179.9**	230.7	241.3
TOTAL	**28,607.3**	31,458.4	27,527.8

6 Treasury bills, debt securities and equity shares

ANALYSIS BY TYPE OF SECURITY (in € million)	2002 Net book value	2001 Net book value	2000[1] Net book value
Treasury bills and other eligible bills	**9,847.8**	6,296.1	5,954.7
– Trading securities	**8,737.3**	5,386.0	4,665.1
– Available-for-sale securities	**948.2**	754.3	515.9
– Held-to maturity securities	**141.6**	142.1	721.9
– Accrued interest	**20.7**	13.7	51.8
Debt securities	**3,631.5**	6,602.7	11,646.1
Trading securities	**2,074.0**	2,910.0	5,299.0
– Bonds and other listed securities	**1,253.1**	1,821.2	3,406.5
– Unlisted bonds, interbank market instruments and negotiable debt securities	**820.9**	1,088.8	1,892.5
Available-for-sale securities	**785.0**	2,768.0	5,581.8
– Bonds and other listed securities	**409.3**	938.9	1,028.7
– Unlisted bonds, money market instruments and negotiable debt securities	**375.7**	1,829.1	4,553.1
Held-to maturity securities	**739.2**	840.2	703.2
– Listed bonds	**355.6**	642.3	608.9
– Unlisted bonds, money market instruments and negotiable debt securities	**383.6**	197.9	94.3
Accrued interest	**33.3**	84.5	62.1
Equity shares	**3,002.0**	2,686.5	3,045.5
Trading securities	**1,526.1**	1,259.2	1,878.9
– Listed	**1,526.1**	1,255.8	1,878.9
– Unlisted and other variable-income securities		3.4	
Available-for-sale securities	**893.1**	776.6	921.7
– Listed	**41.9**	140.7	231.3
– Unlisted and other variable-income securities	**851.2**	635.9	690.4
Portfolio securities	**582.4**	650.3	244.9
– Unlisted	**268.0**	340.7	244.3
– Listed	**314.4**	309.6	0.6
Accrued income	**0.4**	0.4	–
TOTAL	**16,481.3**	15,585.3	20,646.3

1 *Securities held as part of a venture capital business have been reclassified as portfolio securities.*

Notes to the consolidated financial statements (continued)

6 Treasury bills, debt securities and equity shares *(continued)*

Analysis of treasury bills, other eligible bills and debt securities by remaining maturity

TYPE OF SECURITY (in € million)	**2002**	2001	2000
Treasury bills and other eligible bills			
1 year or less	**2,914.2**	2,002.4	1,772.2
5 years or less but over 1 year	**5,157.2**	2,748.6	2,603.9
Over 5 years	**1,755.7**	1,531.4	1,526.9
Accrued interest	**20.7**	13.7	51.7
TOTAL	**9,847.8**	6,296.1	5,954.7
Debt securities			
1 year or less	**1,937.2**	3,481.5	6,702.9
5 years or less but over 1 year	**984.6**	1,997.2	3,725.1
Over 5 years	**676.4**	1,040.8	1,153.5
Accrued interest	**33.3**	83.2	64.6
TOTAL	**3,631.5**	6,602.7	11,646.1

Estimated value of available-for-sale securities and portfolio securities

TYPE OF SECURITY (in € million)	**2002**	2001	2000
Treasury bills and other eligible bills	**950.5**	755.9	517.8
Debt securities	**785.8**	2,768.2	5,593.3
Equity shares	**1,629.5**	1,672.0	1,505.1
Total available-for-sale securities (excluding accrued income)	**3,365.8**	5,196.1	7,616.2

Additional information on securities provided under article 16 of regulation 90-01 of the French Banking Regulations Committee (CRBF 90-01)

Securities reclassified as at 31 December 2002

None.

Held-to-maturity securities sold as at 31 December 2002

Disposals amounted to €194 million in 2002.

Unamortised difference between acquisition price and redemption price of held-to-maturity securities

Not material.

7 Long term securities and other participating interests

a *Analysis by issuer type*

(in € million)	**2002**		2001		2000	
ISSUER TYPE	***Net book value***	***Estimated fair value (unaudited)***	*Net book value*	*Estimated fair value (unaudited)*	*Net book value*	*Estimated fair value (unaudited)*
– **Listed securities**	**185.4**	**233.9**	266.5	281.9	254.3	284.9
Banks	**68.7**	**105.8**	34.5	44.3	31.1	31.1
Other	**116.7**	**128.1**	232.0	237.6	223.2	253.8
– **Unlisted securities**	**1,895.8**	**1,932.3**	1,559.4	1,586.9	830.0	853.5
Banks	**776.5**	**777.0**	797.0	810.2	74.2	85.7
Other	**1,119.3**	**1,155.3**	762.4	776.7	755.8	767.8
– **Advances to property companies and accrued interest**	**9.0**	**9.0**	11.1	11.1	37.4	37.4
TOTAL	**2,090.2**	**2,175.2**	1,837.0	1,879.9	1,121.7	1,175.8

b *Movements in other participating interests and long-term securities*

(in € million)	**2002**
Cost at January 1 (excluding advances and accrued interest)	**1,972.5**
Movements during the year:	
Purchases	**580.9**
Disposals	**(207.7)**
Impact of translation differences and other	**(105.1)**
Other movements	**1.4**
Cost at December 31 (excluding advances and accrued interest)	**2,242.0**
Provisions at January 1 (excluding advances and accrued interest)	**(146.6)**
Movements during the year	
Provisions for the year	**(37.3)**
Recovery of provisions	**21.2**
Impact of translation differences and other	**0.0**
Other movements	**1.9**
Provisions at December 31 (excluding advances and accrued interest)	**(160.8)**
Advances to property companies and accrued interest	**9.0**
Net book value including advances and accrued interest	**2,090.2**

Notes to the consolidated financial statements (continued)

7 Long term securities and other participating interests *(continued)*

c *Companies in which the group's interest exceeded €30 million as of 31 December 2002 (net book value)*

(in million of currency units)	*Registered office*	*Consolidated shareholders' funds 2001*	*Consolidated net profit 2001*	***Net book value 2002***	*% holding*
– Crédit Lyonnais	Paris	€8,207.0	€812.0	**€32.6**	0.23
– Altadis	Madrid	€1,548.4	€380.2	**€50.0**	1.07
– HP WT Holding	Wilmington	US$13,953.0	US$408.0	**US$250.0**	5.0
– Merck Boringuen Holding	Wilmington	US$16,050.0	US$7,281.0	**US$300.0**	5.0
– Swiss Life (previously Rentenanstalt)*	Zurich	CHF4,982.0	CHF(115.0)	**CHF89.9**	1.8
– HSBC Private Banking Holdings (Suisse) SA	Geneva	CHF3,811.0	CHF405.0	**CHF995.9**	13.4
– HSBC Guyerzeller Bank AG	Geneva	CHF381.7	CHF42.9	**CHF72.9**	10.0
– Banian Investment UK	St-Hélier	Created in 2002		**GBP300.0**	19.0

* *The shareholders' funds and consolidated results in 2001 are those of Rentenanstalt whose shares were exchanged for Swiss Life Holding shares in 2002. The results in 2001 were the final published numbers.*

8 Intangible fixed assets

(in € million)	**2002**	2001	2000
Cost at 1 January	**249.3**	211.9	186.4
Movements during the year:			
Change in scope of consolidation, disposals, retirements and other movements	**(10.8)**	(9.3)	(20.4)
Acquisitions	**36.7**	46.7	45.9
Cost at 31 December	**275.2**	249.3	211.9
Amortisation and provisions at 1 January	**152.5**	117.9	103.1
Movements during the year:			
Change in scope of consolidation, disposals, retirements and other movements	**(12.8)**	(0.7)	(17.0)
Amortisation and provisions for the year	**34.0**	35.3	31.8
Amortisation and provisions at 31 December	**173.7**	152.5	117.9
Net book value at 31 December	**101.5**	96.8	94.0

9 Tangible fixed assets

(in € million)	**2002**	2001	2000
Cost at 1 January	**1,504.6**	1,439.9	1,200.1
Movements during the year:			
Change in scope of consolidation	**(161.3)**	38.8	57.5
Acquisitions	**61.6**	144.3	130.3
Disposals	**(71.1)**	(77.4)	(64.4)
Retirements and other movements	**(6.6)**	(41.0)	116.4 [2]
Cost at 31 December	**1,327.2**	1,504.6	1,439.9
Depreciation at 1 January	**674.7**	602.6	574.4
Movements during the year:			
Change in scope of consolidation	**(16.1)**	13.5	(5.7)
Depreciation and provisions for the year	**74.6**	93.4	64.2
Disposals, retirements and other movements	**(40.2)**	(34.8)	(30.2) [2]
Depreciation at 31 December	**693.0**	674.7	602.7
Net book value at 31 December	**634.2**	829.9	837.2
Land and buildings used by the group for operating purposes	**419.8**	405.8	434.2
Other land and buildings	**23.9** [1]	190.7	186.2
Other tangible fixed assets	**190.5**	233.4	216.8
Net book value at 31 December	**634.2**	829.9	837.2

1 *Change due to the disposal of HSIL: £99.9 million (€163.6 million).*
2 *At 31 December 2000, the CCF group adopted the recommended accounting treatment of capitalising leased assets in the balance sheet. The amount recorded at cost was €49.9 million, together with accumulated depreciation of €13.5 million.*

10 Provisions

(in € million)	*At 31.12.2001*	*Additions*	*Recoveries*	*Amounts written off*	*Other movements* [1]	***At 31.12.2002***
Provisions deducted directly from assets						
– Provisions against advances to banks and customers (excluding doubtful interest)	934.9	170.3	(70.9)	(145.1)	26.7	**915.9**
– Provisions for country risk	80.3	–	–	(38.3)	0.3	**42.3**
– Provisions for counterparty risk on securities held	15.3	0.2	–	(1.5)	(10.4)	**3.6**
Provisions recognised as liabilities						
– Provisions for contingent liabilities and litigation	246.1	43.8	(6.3)	(53.3)	7.3	**237.6**
TOTAL PROVISIONS	1,276.6	214.3	(77.2)	(238.2)	23.9	**1,199.4**

1 *"Other movements" include the impact of consolidation changes and exchange movements.*

Notes to the consolidated financial statements (continued)

10 Provisions *(continued)*

Net charge to profit and loss	2002
Net provisions for the year [1]	**23.9**
– Provisions against advances to banks and customers (excluding doubtful interest)	**(25.2)**
– Country risk	**38.3**
– Counterparty risk on securities held	**1.3**
– Provisions for contingent liabilities and litigation	**9.5**
Losses not covered by provisions	**–**
Recoveries of amounts written off	**9.9**
NET CREDIT TO PROFIT AND LOSS	**33.8**

1 *Including losses not covered by provisions.*

Exposure to sensitive countries (excluding short-term trade finance, including doubtful loans)

31 December 2002 (in € million)	*Banks*	*Corporates*	*Sovereign risk*	*Total*
ASIA				
Thailand	–	5.1	0.1	5.2
Indonesia	–	3.7	3.5	7.2
South Korea	6.2	0.1	21.7	28.0
Malaysia	–	55.3	0.1	55.4
Philippines	–	0.3	1.7	2.0
TOTAL EXPOSURE	**6.2**	**64.5**	**27.1**	**97.8**
PROVISIONS				**15.3**
RUSSIA	1.9	1.2	–	3.1
TOTAL EXPOSURE	**1.9**	**1.2**	**–**	**3.1**
PROVISIONS				**1.4**
BRAZIL	0.1	4.2	9.2	13.5
TOTAL EXPOSURE	**0.1**	**4.2**	**9.2**	**13.5**
PROVISIONS				**4.2**

Exposure to other sensitive countries (excluding short-term trade finance, including doubtful loans)

31 December 2002 (in € million)	*Banks*	*Corporates*	*Sovereign risk*	*Total*
Sub-Saharan Africa	3.6	54.9	10.2	68.7
South America (excluding Brazil) [1]	0.6	23.4	14.4	38.4
Eastern Europe (excluding Russia)	3.6	6.3	1.5	11.4
Asia (excluding Thailand, Indonesia, South Korea, Malaysia and the Philippines)	10.0	31.6	10.6	52.2
Middle East/North Africa	8.8	40.2	25.8	74.8
TOTAL EXPOSURE	**26.6**	**156.4**	**62.5**	**245.5**
PROVISIONS				**54.3**

1 *Of which exposure to Argentina: €9.2 million.*

11 Other assets

(in € million)	**2002**	2001	2000
Securities transaction settlement accounts	**707.5**	901.9	1,126.4
Deferred taxation (note 17)	**3.1**	32.0	31.5
Sundry debtors and other assets	**3,434.9**	1,599.5	2,921.2
TOTAL	**4,145.5**	2,533.4	4,079.1

12 Prepayments and accrued income

(in € million)	**2002**	2001	2000
Items in the course of collection from other banks	**592.2**	808.8	1,173.2
Other	**997.6**	1,034.6	620.7
TOTAL	**1,589.8**	1,843.4	1,793.9

13 Goodwill

GOODWILL (ASSETS)

Analysis by company

(in millions of currency units)	**2002**	2001	2000
Gross amount	**€823.0**	€856.6	€491.0
Main companies			
– Lixxbail	**–**	€45.1	€45.1
– Sinopia	**€48.0**	€49.3	€1.0
– Banque Hervet	**€285.4**	€281.4	–
– Framlington Group [1]	**GBP64.8**	GBP64.8	GBP64.8
– CCF Suisse Holding	**CHF50.4**	CHF50.4	CHF50.4
– Nobel	**€21.9**	€21.9	€21.9
– Union de Banques à Paris	**€11.1**	€11.1	€11.1
– Banque Chaix	**€10.2**	€10.2	€10.2
– ECFH - Holding company for Charterhouse group	**GBP23.5**	GBP23.5	GBP23.5
– Dewaay	**CHF40.3**	CHF40.3	CHF40.3
– CIE Cairo	**–**	–	EGP71.1
– SMC	**€9.5**	€9.5	€9.5
– Dewaay	**€60.2**	€60.2	–
Accumulated amortisation	**€241.4**	€207.4	€213.6
Net amount	**€581.6**	€649.2	€277.4

Analysis by amortisation period

(in € million)	**2002**	2001	2000
Goodwill written down over 10 years	**37.3**	38.4	104.3
Goodwill written down over 20 years	**544.3**	610.8	173.1
Net amount	**581.6**	649.2	277.4

NEGATIVE GOODWILL (LIABILITIES)

(in € million)	**2002**	2001	2000
Net amount	**1.4**	1.6	1.8

1 *The figure of GBP64.8 million corresponds to 100 per cent of the goodwill arising on the Framlington Group, CCF group's share being 51 per cent.*

Notes to the consolidated financial statements (continued)

14 Deposits by banks

Deposits by central banks and credit institutions

(in € million)	**2002**	2001	2000
Central banks	**–**	0.1	2.3
Credit institutions	**16,352.4**	20,664.1	24,759.9
Demand	**1,743.2**	1,949.6	4,599.2
Time	**14,547.0**	18,592.3	19,996.8
3 months or less	**10,727.2**	13,582.7	15,603.1
1 year or less but over 3 months	**2,887.4**	3,118.6	2,694.2
5 years or less but over 1 year	**501.6**	1,306.4	1,207.9
Over 5 years	**430.8**	584.6	491.6
Accrued interest	**62.2**	122.2	163.9
TOTAL	**16,352.4**	20,664.2	24,762.2
Including repo transactions	**3,000.6**	3,783.7	2,818.6

15 Customer accounts

Analysis by account type

(in € million)	**2002**	2001	2000
– Demand deposits	**13,074.9**	13,111.4	11,165.6
– Special regulated demand accounts	**2,784.4**	2,372.1	2,056.7
– Special regulated savings accounts	**2,480.8**	2,450.7	2,291.6
– Time deposits	**5,324.2**	4,351.6	5,634.5
– Interest-bearing notes and saving certificates [1]	**58.5**	118.5	66.5
TOTAL DEPOSITS (excluding repo transactions, including interest-bearing notes and saving certificates)	**23,722.8**	22,404.3	21,214.9
Total deposits (excluding interest-bearing notes and saving certificates)	**23,664.3**	22,285.8	21,148.4
Repo transactions	**1,046.8**	2,000.8	3,554.0
Accrued interest	**218.0**	227.6	190.1
TOTAL CUSTOMER ACCOUNTS	**24,929.1**	24,514.2	24,892.5

1 *Interest-bearing notes are booked under "debt securities in issue".*

Analysis by remaining maturity	**2002**	2001	2000
Demand	**15,859.3**	15,483.6	13,222.5
Time	**8,851.8**	8,803.0	11,480.0
3 months or less	**7,605.5**	6,679.8	8,430.9
1 year or less but over 3 months	**563.5**	1,014.0	1,980.9
5 years or less but over 1 year	**639.0**	968.9	760.9
Over 5 years	**43.8**	140.3	307.3
Accrued interest	**218.0**	227.6	190.0
TOTAL	**24,929.1**	24,514.2	24,892.5

16 Debt securities in issue

(in € million)	**2002**	2001	2000
Interest-bearing notes	**58.5**	118.5	66.5
Money market instruments and negotiable debt securities	**3,703.5**	5,368.7	5,847.4
Other debt securities in issue	**6.0**	83.6	116.0
Bonds	**4,082.7**	2,314.2	2,773.0
Accrued interest	**245.9**	240.5	242.7
TOTAL	**8,096.6**	8,125.5	9,045.6

Analysis of debt securities in issue by remaining maturity	**2002**	2001	2000
Debt securities in issue	**7,850.7**	7,885.0	8,802.9
1 year or less	**3,915.6**	4,887.0	5,299.5
5 years or less but over 1 year	**3,619.3**	2,555.0	3,143.2
Over 5 years	**315.8**	443.0	360.2
Accrued interest	**245.9**	240.5	242.7
TOTAL	**8,096.6**	8,125.5	9,045.6

17 Provisions for liabilities and charges

Provisions for deferred taxation

		Movements during the year		
(in € million)	**2002**	*Net charge* [1]	*Other movements* [2]	2001
– Deferred taxation liabilities (included in provisions for liabilities and charges)	**117.0**	33.1	(46.3)	130.2
– Deferred taxation benefits (see note 11)	**(3.1)**	(0.2)	29.1	(32.0)
Net deferred taxation provision	**113.9**	32.9	(17.2)	98.2
Analysis of net deferred taxation provision				
Timing differences	*93.1*			
Lease equalisation reserve	*22.8*			
Other items	*(2.0)*			
	113.9			

1 *Excluding losses on deferred taxation covered by provisions.*
2 *Including €11.6 million in net deferred taxation benefits arising on consolidation of the Hervet group.*

Other provisions for liabilities and charges

(in € million)	*Provisions for contingent liabilities and litigation*	*Other provisions*	*Total*
At 1 January 2002	246.1	529.0	775.1
Charge for the year	48.1	130.2	178.3
Recoveries	(59.8)	(127.2)	(187.0)
Other movements	3.1	(62.5)	(59.4)
At 31 December 2002	**237.5**	**469.5**	**707.0**

Notes to the consolidated financial statements (continued)

18 Other liabilities

(in € million)	**2002** **Before appropriation of net profit**	2001 *After appropration of net profit*	2000 *After appropration of net profit*
Securities transaction settlement accounts	**1,028.3**	1,050.5	534.0
Liabilities in respect of securities borrowed	**1,270.1**	308.7	1,620.4
Sundry creditors and other	**2,264.0**	1,915.8	2,271.7
Short positions in securities and securities received under repo transactions sold firm	**4,219.7**	3,063.6	1,555.7
TOTAL	**8,782.1**	6,338.6	5,981.8

19 Accruals and deferred income

(in € million)	**2002**	2001	2000
Items in course of transmission to other banks	**494.2**	579.3	758.5
Other	**1,634.2**	1,259.7	1,220.0
TOTAL	**2,128.4**	1,839.0	1,978.5

20 Subordinated liabilities

(in € million)	**2002**	2001	2000
Dated subordinated loan capital	**916.0**	1,044.7	698.1
of which			
– Issued by CCF	**866.0**	984.7	636.3
– Issued by subsidiaries	**50.0**	60.0	61.8
Participating notes and undated subordinated loan capital	**172.8**	192.1	249.6
of which			
– Issued by CCF	**166.1**	175.6	186.1
– Issued by subsidiaries	**6.7**	16.5	63.5
Accrued interest	**13.0**	18.5	22.5
TOTAL	**1,101.8**	1,255.3	970.2

SUBORDINATED BONDS AND NOTES ISSUED BY CCF

Subordinated notes issued by CCF in French francs or other currencies are redeemable, in the event of liquidation, only after waiver of all claims by other creditors, but before payment to holders of participating notes or equity shares.

20 Subordinated liabilities *(continued)*

Details of the main subordinated bonds and notes issued are provided below:

Dated subordinated notes

(in € million)

Date of issue	*Maturity date*	*Interest rate type*	*Currency*	**2002**	2001	2000
22.08.1988	22.08.2001	Floating rate	FRF	**–**	–	76.2
18.06.1991	18.06.2001	Fixed rate	CHF	**–**	–	96.3
Other issues *		Fixed rate	BEF	**86.9**	184.3	185.5
12.08.1993	12.08.2005	Floating rate	USD	**76.9**	91.5	86.6
18.03.1994	18.03.2004	Floating rate	USD	**34.9**	41.6	39.3
25.03.1998	25.03.2008	Floating rate	FRF	**152.4**	152.4	152.4
15.12.2000	15.12.2015	Floating rate	EUR	**14.9**	14.9	–
19.12.2001	19.12.2011	Floating rate	EUR	**500.0**	500.0	–
Accrued interest				**8.7**	13.0	16.7
TOTAL CCF FRANCE ISSUES (including accrued interest)				**874.7**	997.7	653.0

* *Six issues were made between 1992 and 1993 with maturities staggered between February 2002 and March 2003.*

Participating notes, undated subordinated notes and bonds issued by CCF

Date of issue	*Type of issue*	*Reference date*	*Currency*	**2002**	2001	2000
04.06.1984	Participating notes [1]	130% TMO	FRF	**6.4**	6.4	6.4
22.07.1985	Undated subordinated notes [2]	TMO - 0.25	FRF	**18.0**	18.0	18.0
29.01.1993	Subordinated bonds	TF [3]	NLG	**14.5**	14.5	14.5
31.08.1993	Subordinated bonds	TF [3]	NLG	**2.3**	2.3	2.3
01.09.1993	Subordinated bonds	TF [3]	NLG	**4.6**	4.6	4.6
22.09.1993	Subordinated step-up floating rate notes	[4]	YEN	**80.1**	86.5	93.5
19.11.1993	Subordinated step-up floating rate notes	[4]	YEN	**40.2**	43.3	46.8
	Accrued interest			**2.2**	1.0	2.1
TOTAL CCF FRANCE ISSUES (including accrued interest)				**168.3**	176.6	188.2

1 *Following the 1990 share exchange offer and partial repurchase in 1999, the total amount of participating notes outstanding is €6.4 million. Moreover, these notes have reached their maximum remuneration of 130% of TMO since 1990, in accordance with their terms of issue.*
2 *These undated subordinated notes were partially retired following a cancellation in 1995. The amount outstanding fell from €91.4 million to €18 million.*
3 *Fixed rate subject to revision over time, based on 5-year Government bond yields.*
4 *Initially fixed rate then floating rate (Libor) plus a margin increasing over time.*

Notes to the consolidated financial statements (continued)

21 Reserve for general banking risks

(in € million)	**2002**	2001	2000
Risks arising from the AFB-AGIRC-ARRCO agreement of 13 September 1993 relating to the pension regimes of banking personnel [1]	**99.7**	102.7	104.5
Other general banking risks [2]	**278.9**	257.7	79.6
TOTAL	**378.6**	360.4	184.1

1 *The annual write-back covers contributions paid to the CRPB.*
2 *The annual charge is designed to cover general banking risks related to the group's various activities.*

22 Called up share capital

	2002		2001		2000	
(Nominal value of shares: €5)	***Number of shares outstanding***	***Amount (in € thousands)***	*Number of shares outstanding*	*Amount (in € thousands)*	*Number of shares outstanding*	*Amount (in € thousands)*
Amount at 1 January	**75,409,701**	**377,048**	74,888,902	374,445	73,868,858	369,344
– Exercise of share options	**229,066**	**1,145**	520,799	2,603	1,020,044	5,101
– Capital reduction	**(1,521,701)**	**(7,608)**	–	–	–	–
Amount at 31 December	**74,117,066**	**370,585**	75,409,701	377,048	74,888,902	374,445

Share options:
The exercise of all outstanding share options granted to executives, directors and officers of the company would lead to the issuance of 2,848,760 new shares, raising the total number of shares in issue to 76,965,826.

Voting rights:
The total number of voting rights at 31 December 2002 was 74,117,066 . There have no longer been any shares in issue carrying double voting rights since the cash offer and compulsory purchase made by HSBC Holdings plc.

23 Consolidated shareholders' funds

(in € million)	*Group interest*						
	Share capital	*Share premium account*	*Translation difference*	*Other consoli-dated reserves*	*Group share-holders' funds*	*Minority interests in consoli-dated reserves*	*Total group and minorities*
Balance at 31 December 2001 before appropriation of net profit	**377.0**	**1,144.3**	**0.2**	**1,884.8**	**3,406.3**	**14.4**	**3,420.7**
Appropriation of 2001 net profit	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2001 net profit	–	–	–	517.0	517.0	20.1	537.1
2001 dividend	–	–	–	(422.3)	(422.3)	(11.2)	(433.5)
Balance at 31 December 2001 after after appropriation of net profit	**377.0**	**1,144.3**	**0.2**	**1,979.5**	**3,501.0**	**23.3**	**3,524.3**
Capital reduction	(7.6)	(247.4)	–	–	(255.0)	–	(255.0)
Employee share offering	1.1	7.7	–	–	8.8	–	8.8
Merger with group companies	–	146.2	–	(146.2)	–	–	–
Translation difference	–	–	(27.8)	–	(27.8)	–	(27.8)
Provision (new regulations)	–	–	–	6.6	6.6	–	6.6
Change in minority interests	–	–	–	–	–	(15.2)	(15.2)
Balance at 31 December 2002 before appropriation of net profit	**370.5**	**1,050.8**	**(27.6)**	**1,839.9**	**3,233.6**	**8.1**	**3,241.7**
2002 net profit	**–**	**–**	**–**	**561.6**	**561.6**	**4.5**	**566.1**
Shareholders' funds	**370.5**	**1,050.8**	**(27.6)**	**2,401.5**	**3,795.2**	**12.6**	**3,807.8**

Legal reserve

At least one twentieth of the net profit for the year must be transferred to the legal reserve each year until it is equal to one tenth of the issued share capital. The legal reserve is not available for distribution.

Special long-term capital gains reserve

Distribution of this reserve would lead to an additional tax liability equal to the difference between taxation at the standard rate and taxation at the reduced rate.

Revaluation reserve (1976 legal revaluation of assets)

This reserve may be capitalised but may not be distributed or used to offset losses.

Other reserves

Amounts posted to reserves more than five years ago would be liable to tax if distributed.

Notes to the consolidated financial statements (continued)

24 Pension and other post-retirement benefits

(in € million)	**2002**	2001	2000
Pension commitments	**173.6**	204.9	188.4
– Reserve for general banking risks	**99.7**	102.7	104.5
– Provisions	**73.9** [2]	102.2 [1]	83.9
End-of-career bonuses and long-service awards	**64.8**	64.2	48.8
– Provisions	**64.8**	64.2 [1]	48.8
TOTAL	**238.4**	269.1	237.2

1 *The change in 2001 is principally due to the consolidation of Banque Hervet.*
2 *The decrease in provisions is principally due to the disposal of HSBC Specialist Investment Limited.*

a *Pension commitments*

Membership of AGIRC and ARRCO

An agreement entered into on 13 September 1993 by the AFB (Association of French Banks), ARRCO and AGIRC (French state pension schemes for employees and executives) set out the terms and conditions governing the French banks' membership of AGIRC and strengthening their membership of ARRCO. It does not alter the underlying principles of the pension regime for banking personnel, which is based on outside management of pay-as-you go schemes. However, the provisions of the agreement designed to safeguard the vested rights of active and retired personnel under the earlier regime could, under certain conditions and over a long period, ultimately require CCF to make additional payments to the pension funds concerned.

The potential liabilities arising from the agreement are included in the reserve for general banking risks set up in 1993, for CCF and its subsidiaries, with the exception of Société Marseillaise de Crédit and Banque Hervet, which have specific provisions in their own books.

Other pension commitments

In France, the CCF group's commitments in respect of end-of career bonuses and early retirement commitments are provided for in full.

b *End-of-career bonuses and long-service awards*

In France, the group's liability in respect of end-of-career bonuses and long-service awards amounted to €64.8 million at the end of December 2002. Future expenses in respect of this liability have been provided for in full since 2000.

25 Sovereign risks

In 1989, CCF securitised a substantial portion of its sovereign risks, transferring a pool of loans with a face value of USD1 billion to a special purpose vehicle called Financial Overseas Holding (Finov).

As part of the transaction, CCF granted Finov a 25-year loan of USD1 billion, with the principal and part of the interest secured by investment-grade assets.

Country risk has improved substantially since the transaction took place, leading to a significant increase in Finov's net asset value. Finov therefore repaid three quarters of the loan, i.e. USD750 million, well ahead of schedule, on 31 August 1992. CCF's exposure to Finov has therefore fallen to USD250 million.

Pursuant to the provisions of Article 51 of Regulation no. 99.07, CCF has undertaken to liquidate Finov within a maximum term of 5 years, and for reasons of prudence, has made a provision for the terminal loss based on the fair market value of assets and liabilities existing as of 31 December 2002.

26 Memorandum items

(in € million)	**2002**	2001	2000
FINANCING COMMITMENTS			
Commitments given			
– Financing commitments given to banks	**540.4**	445.9	777.8
– Financing commitments given to customers	**7,282.3**	5,741.7	4,749.5
TOTAL	**7,822.7**	6,187.6	5,527.3
Commitments received			
– Financing commitments received from banks	**105.1**	424.3	120.7
GUARANTEE COMMITMENTS			
Commitments given			
– Guarantees and endorsements given on behalf of banks	**704.7**	1,375.7	881.9
– Guarantees and endorsements given on behalf of customers	**5,935.4**	6,282.7	7,410.5
TOTAL	**6,640.1**	7,658.4	8,292.4
Commitments received			
– Guarantees and endorsements received from banks	**1,774.4**	2,657.5	2,309.0
SECURITIES COMMITMENTS			
Commitments given: securities to be delivered			
– New issue settlement accounts and other guarantees on the monthly settlement market and others	**2,255.2**	1,739.6	2,374.2
TOTAL	**2,255.2**	1,739.6	2,374.2
Commitments received: securities receivable			
– New issue settlement accounts and other guarantees on the monthly settlement market and others	**2,600.7**	1,284.8	3,093.5
TOTAL	**2,600.7**	1,284.8	3,093.5

Notes to the consolidated financial statements (continued)

27 Financial instruments

a *Forwards, futures and options*

	2002			2001		
(in € billion)	***Hedging***	***Trading***	***Total***	*Hedging*	*Trading*	*Total*
Forwards and futures . .	**25.5**	**545.8**	**571.3**	36.0	630.2	666.2
Transactions on organised markets . .	**–**	**48.7**	**48.7**	11.2	105.2	116.4
– fixed-income contracts	**–**	**47.6**	**47.6**	2.2	41.4	43.6
– currency contracts	**–**	**–**	**–**	9.0	63.2	72.2
– stock indices and equities . . .	**–**	**1.1**	**1.1**	–	0.6	0.6
Over-the-counter transactions	**25.5**	**497.1**	**522.6**	24.8	525.0	549.8
– interest rate futures .	**–**	**–**	1.9	93.4	95.3	–
– interest rate swaps . .	**20.8**	**454.9**	**475.7**	22.2	429.6	451.8
– currency swaps . . .	**4.7**	**41.9**	**46.6**	0.7	0.8	1.5
– others	**–**	**0.3**	**0.3**	–	1.2	1.2
Options	**0.5**	**85.5**	**86.0**	0.3	82.0	82.3
Transactions on recognised exchanges	**–**	**10.0**	**10.0**	–	13.3	13.3
Interest rate options . .	**–**	**5.9**	**5.9**	–	9.1	9.1
Currency options	**–**	**0.9**	**0.9**	–	0.9	0.9
Other options	**–**	**3.2**	**3.2**	–	3.3	3.3
Over-the-counter transactions	**0.5**	**75.5**	**76.0**	0.3	68.7	69.0
Caps and floors	**0.5**	**0.5**	**1.0**	0.3	47.9	48.2
Swaptions and options	**–**	**75.0**	**75.0**	–	20.8	20.8
TOTAL	**26.0**	**631.3**	**657.3**	36.3	712.2	748.5

b *Additional information concerning outstanding fixed-income contracts*

(in € billion)	**2002**	2001	2000
Specific hedging contracts	**17.4**	21.8	20.4
Macro hedging contracts	**3.4**	2.3	0.7
Specialised management of a trading book	**454.2**	522.9	362.1
Specific trading transactions	**0.6**	–	2.4

c *Financial instruments: residual maturity*

TOTAL	**2002**		
(in € billion)	***Under 1 year***	***1 to 5 years***	***Over 5 years***
Financial instruments:			
Currency	**41.4**	**7.4**	**1.1**
Fixed-income	**290.4**	**216.2**	**94.6**
Others	**5.0**	**1.2**	**–**

27 **Financial instruments** *(continued)*

d *Credit risk associated with financial instruments*

(in € million)	**2002**	2001
A – Contracts negotiated within the framework of master agreements and eligible for netting	**2,123.6**	1,797.8
a) Transactions with banks in OECD countries	**1,619.3**	1,381.6
b) Transactions with customers and with banks outside the OECD	**504.3**	416.2
B – Other contracts	**685.7**	834.0
a) Transactions with banks in OECD countries	**270.0**	308.2
– Interest rate contracts	**189.0**	226.2
– Currency contracts	**66.0**	82.0
– Equity contracts	**15.0**	–
b) Transactions with customers and with banks outside the OECD	**415.7**	525.8
– Interest rate contracts	**137.7**	144.3
– Currency contracts	**143.0**	343.3
– Equity contracts	**135.0**	38.2
TOTAL CREDIT RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS	**2,809.3**	2,631.8
Representing a weighted credit risk equivalent of:	**838.1**	808.9
FINANCIAL INSTRUMENTS – ACCRUED INTEREST RECORDED IN THE BALANCE SHEET		
– Assets	**327.0**	385.3
– Liabilities	**93.6**	466.1

28 **Interest rate spread**

(in € million)	**2002**	2001	2000
Interest and similar income			
– Banks	**744.4**	947.1	1,607.6
– Customers	**1,688.3**	1,966.2	1,888.9
– Leasing	**39.5** [1]	971.9	934.8
– Debt securities	**335.1**	691.0	881.2
– Others	**1.1**	3.2	0.9
TOTAL	**2,808.4**	4,579.4	5,313.4
Interest and similar expense			
– Banks	**(776.3)**	(1,412.5)	(2,150.9)
– Customers	**(629.1)**	(927.8)	(918.7)
– Leasing	**(15.0)** [1]	(848.1)	(820.6)
– Debt securities	**(408.0)**	(526.3)	(565.6)
– Others	**(4.9)**	(0.8)	(2.3)
TOTAL	**(1,833.3)**	(3,715.5)	(4,458.1)

1 *Impact of disposal of Lixxbail.*

Notes to the consolidated financial statements (continued)

29 Analysis of income from equity shares

(in € million)	**2002**	2001	2000
– Available-for-sale and portfolio securities	**25.2**	16.8	7.1
– Other participating interests and long-term securities	**93.9**	61.7	52.3
TOTAL	**119.1**	78.5	59.4

30 Analysis of fee income and commissions

(in € million)	**2002**	2001	2000
INCOME	**1,072.8**	1,217.8	1,361.8
Fees and commissions received from banking services	**425.5**	440.5	368.1
Customer accounts	**181.3**	230.3	246.3
Loans	**92.1**	42.2	0.4
Securities transactions	**35.3**	35.9	–
Bank cards	**83.2**	79.5	79.6
Import/export operations	**11.3**	5.7	–
Other fees and commissions	**22.3**	46.9	41.8
Fees and commissions received from financial transactions	**578.4**	709.9	943.1
Securities commitments	**31.5**	34.5	38.4
Brokerage activities	**112.0**	172.1	299.5
Custody services	**25.9**	40.8	459.5
Assets under management	**340.1**	379.2	–
Corporate finance business	**38.7**	35.6	89.2
Other fees and commissions	**30.2**	47.7	56.5
Fees and commissions received from insurance business	**68.9**	67.4	50.6
Insurance brokerage	**67.4**	67.4	50.6
Other fees and commissions	**1.5**	–	–
EXPENSE	**(138.9)**	(196.8)	(133.2)
Fees and commissions paid on banking services	**(96.0)**	(55.2)	(46.0)
Maintenance and rentals			
Brokerage business	**(39.3)**	(10.5)	(12.7)
Other fees and commissions	**(56.7)**	(44.7)	(33.3)
Fees and commissions paid on financial transactions	**(42.9)**	(141.6)	(87.2)
Other fees and commissions	**(42.9)**	(141.6)	(87.2)
TOTAL FEES AND COMMISSIONS	**933.9**	1,021.0	1,228.6

31 Dealing profits

(in € million)	**2002**	2001	2000
Trading securities	**66.6**	64.6	32.6
Foreign exchange transactions	**47.7**	25.1	24.5
Financial instruments	**32.2**	118.5	158.2
TOTAL	**146.5**	208.2	215.3

32 Gains and losses on available-for-sale securities

(in € million)	**2002**	2001	2000
Gains or losses on available-for-sale securities			
Capital gains	**(12.2)**	9.6	58.6
Provisions	**0.5**	2.3	0.9
Gains or losses on portfolio securities			
Capital gains	**104.9**	148.8	20.8
Provisions	**(28.1)**	13.7	(10.8)
TOTAL	**65.1**	174.4	69.5

33 Analysis of general operating expenses

(in € million)	**2002**	2001	2000
Personnel expenses			
Salaries and wages	**(882.0)**	(911.4)	(938.6)
Employee profit-sharing	**(31.6)**	(23.0)	(25.0)
Incentive plans	**(14.1)**	(11.5)	(9.8)
Sub-total personnel expenses	**(927.7)**	(945.9)	(973.4)
Other administrative expenses	**(555.9)**	(577.7)	(601.5)
TOTAL	**(1,483.6)**	(1,523.6)	(1,574.9)

34 Depreciation and amortisation

(in € million)	**2002**	2001	2000
Tangible and intangible fixed assets, excluding goodwill	**103.8**	103.6	100.2
TOTAL	**103.8**	103.6	100.2
Goodwill amortisation and movements in provisions	**40.2**	38.0	26.6

35 Segmental and geographical data

Analysis of restated data by business segment (see note 3: presentation of financial statements).

The figures shown below have not been audited.

Like the reported figures, these restated figures comply with the new presentation rules set out by the *Conseil National de la Comptabilité* in regulation CRC 00-04, applicable as of 1 January 2001.

In order to make a meaningful comparison with the previous year, the figures have been restated to eliminate the impact in both 2001 and 2002 of changes in the scope of consolidation and of certain exceptional expenses or income generated by integration into the HSBC Group.

Notes to the consolidated financial statements (continued)

35 Segmental and geographical data *(continued)*

The principal adjustments to the published results are as follows:

- 2001 figures are restated on a comparable basis with 2002.
- Inclusion of all businesses managed by CCF:
  - Integration of HSBC's euro zone branches and asset management subsidiaries which are managed by CCF but not consolidated;
  - Exclusion of the results of CCF Athens, Framlington, PrimeCorp and ECFH (Charterhouse UK), which are managed by other HSBC Group units.
- Reclassification of HSBC Private Banking Holdings SA (PBSU) dividends and funding cost from net operating income to associated companies.
- Exclusion of certain exceptional items:
  - Provisions on contractual commitments granted to some employees;
  - Capital gains or losses on disposal of subsidiaries made as part of CCF's integration with the HSBC Group, principally CIE le Caire, CCF Luxembourg and CCF Brazil in 2001, HSIL and Banque Lombard in 2002;
  - Exceptional items arising as a result of CCF's integration with the HSBC Group.

Operating profit before provisions			Change	
(in € million)	**2002**	2001	*Amount*	*%*
Retail and commercial banking	**434.7**	369.3	65.4	17.7
Corporate and investment banking	**166.4**	155.6	10.8	6.9
Asset management and private banking	**30.8**	51.6	(20.8)	(40.3)
Return on capital, investments and other activities	**67.7**	111.9	(44.2)	NS
TOTAL	**699.6**	688.4	11.2	1.6
Change in consolidation scope and other	**49.8**	140.5	(90.7)	NS
TOTAL REPORTED	**749.4**	828.9	(79.5)	(9.6)

Geographical analysis of reported figures	**2002**		
(in € million)	***Operating income***	***Operating profit before provisions***	***Total assets***
France	**2,711.4**	**1,187.1**	**74,645.6**
Rest of Europe	**303.8**	**200.4**	**4,127.9**
of which foreign branches	**15.2**	**5.5**	**2,051.7**
Eliminated items	**(678.4)**	**(638.1)**	**(12,488.3)**
TOTAL CONSOLIDATED	**2,336.8**	**749.4**	**66,285.2**

36 Gains or losses on asset disposals

(in € million)	**2002**	2001	2000
Gains or losses on held-to-maturity securities	**(0.9)**	(0.6)	0.4
Gains or losses on tangible and intangible fixed assets	**(2.3)**	0.4	–
Gains or losses on other participating interests and long-term securities	**(26.5)**	(1.7)	123.2
TOTAL	**(29.7)**	(1.9)	123.6

37 Exceptional items

(in € million)	**2002**	2001	2000
Deposit protection mechanism	**(2.1)**	(5.2)	(3.6)
Net restructuring effect [1]	**92.1**	161.4	39.1
Other [2]	**(22.4)**	(41.7)	(179.7)
TOTAL	**67.6**	114.5	(144.2)

1 *The net restructuring effect includes capital gains on disposals, offset by expenses incurred in closing or restructuring certain units.*

2 *Including:*

– *Provision for risks on CCF Middle East*	*–*	*(36.4)*	*–*

Given the exceptional circumstances which led to the discontinuation of business and closure of CCF Middle East, the bank considers that the provision taken to cover the risk of loss, estimated at €36.4 million, should be treated as an exceptional expense rather than an operating item of year 2001.

– *Provisions for stock option commitments made to employees of certain subsidiaries*	*(17.0)*	*(7.3)*	*(146.8)*

Stock option commitments made to employees of certain subsidiaries have generated a charge of €146.8 million in 2000, €7.3 million in 2001 and €17 million in 2002.

Given the high amounts involved and their exceptional nature, the provision has been treated as an exceptional item.

38 Corporation tax

(in € million)	**2002**	2001	2000
Current year tax	**179.6**	173.0	296.8
Standard rate	**169.2**	159.5	289.3
Reduced rate	**10.4**	13.5	7.5
Deferred taxation	**33.3**	60.8	(32.5)
TOTAL	**212.9**	233.8	264.3

The method used to calculate deferred taxation is described in paragraph 1.7. of note 1 to the consolidated financial statements.

Analysis of the effective tax rate	**2002**
Standard rate tax in France (including temporary surcharges)	**35.43%**
Impact of disposals (reduced rate and consolidation restatements)	**(2.73%)**
Results of associates	**(0.74%)**
Difference in standard tax rates applicable to foreign subsidiaries	**(3.54%)**
Permanent differences and other items	**(1.09%)**
Effective tax rate	**27.33%**

Notes to the consolidated financial statements (continued)

39 Litigation

The CCF group is currently involved in legal actions taking place in the United States, relating to banking operations and fiduciary loans.

At this stage, it is impossible to evaluate the outcome, but CCF believes it has a strong defence case.

40 List of consolidated companies

Fully consolidated companies	*Country*	*Main line of business*	CCF group interest **2002**	2001	2000
RETAIL AND COMMERCIAL BANKING					
Banque Alcyon	France	Bank	**100.0%**	100.0%	–
Banque Chaix	France	Bank	**100.0%**	100.0%	100.0%
Banque de Baecque Beau	France	Bank	**100.0%**	100.0%	–
Banque de Picardie	France	Bank	**100.0%**	100.0%	100.0%
Banque de Savoie	France	Bank	**98.2%**	98.2%	98.2%
Banque Dupuy, de Parseval	France	Bank	**100.0%**	100.0%	100.0%
Banque Hervet	France	Bank	**100.0%**	100.0%	
Banque Marze	France	Bank	**100.0%**	100.0%	100.0%
Banque Pelletier	France	Bank	**100.0%**	100.0%	100.0%
Compagnie Financière de la Garonne	France	Bank	**–**	–	100.0%
Compagnie Financière Iles-du-Rhône	France	Holding company	**100.0%**	100.0%	100.0%
Compagnie Interbancaire de Développement (CID)	France	Service company	**100.0%**	100.0%	100.0%
Crédit Commercial du Sud-Ouest	France	Bank	**100.0%**	100.0%	100.0%
Elyfact Participation	France	Financial company	**–**	–	100.0%
Elymans	France	Financial company	**–**	–	100.0%
Elysées Factor	France	Financial company	**66.0%**	66.0%	66.0%
Hervet Mathurins	France	Property company	**100.0%**	100.0%	–
Lixxbail	France	Leasing company	**–**	50.0%	50.0%
Marly Courtage	France	Broker	**100.0%**	100.0%	–
Marly Gestion	France	Investment company	**100.0%**	100.0%	–
Netvalor	France	Financial company	**100.0%**	100.0%	100.0%
Société Anonyme Professionnelle de Crédit	France	Bank	**100.0%**	100.0%	100.0%
Société Immobilière et Foncière Savoisienne	France	Property company	**98.2%**	98.2%	98.2%
Société Marseillaise de Crédit (Groupe)	France	Bank	**100.0%**	100.0%	100.0%
Sofimurs	France	Property leasing company	**100.0%**	100.0%	–
Sté Immobilière de la Région Rhône-Alpes	France	Service company	**98.2%**	98.2%	98.2%
Union de Banques à Paris	France	Bank	**100.0%**	100.0%	100.0%

40 List of consolidated companies *(continued)*

Fully consolidated companies	*Country*	*Main line of business*	CCF group interest **2002**	2001	2000
CORPORATE AND INVESTMENT BANKING					
Auxilia	France	Service company	**100.0%**	100.0%	100.0%
Crédit International d'Egypte . .	Egypt	Bank	**–**	–	93.3%
Credival Latinsul	Brazil	Investment company	**–**	–	100.0%
Finance et participation	Luxembourg	Holding company	**100.0%**	100.0%	100.0%
Foncière Elysées	France	Property company	**100.0%**	100.0%	100.0%
Groupe Brésil	Brazil	Bank	**–**	–	100.0%
Hôtelière Haussmann	France	Property company	**100.0%**	100.0%	100.0%
HSBC CCF Financial Products	France	Financial company	**100.0%**	100.0%	–
HSBC CCF Investment Bank .	France	Bank	**–**	100.0%	100.0%
HSBC CCF Leasing	France	Financial company	**100.0%**	100.0%	100.0%
HSBC CCF Securities	France	Financial company	**100.0%**	100.0%	100.0%
Immobiliaria Jose Abascal 45, SA	Spain	Service company		100.0%	100.0%
Immobilier Elybail	France	Financial company	**100.0%**	100.0%	100.0%
Immobilière Bauchard	France	Property company	**100.0%**	–	–
Société Financière et Mobilière	France	Financial company	**100.0%**	100.0%	100.0%
Société Immobilière Malesherbes-Anjou	France	Property company	**100.0%**	100.0%	100.0%
ASSET MANAGEMENT AND INSURANCE					
CCF Holdings Ltd	United Kingdom	Financial company	**100.0%**	100.0%	100.0%
CCF & Partners Asset Management Ltd	United Kingdom	Financial company	**100.0%**	100.0%	100.0%
CCF Capital Management Europe	France	Asset management	**100.0%**	100.0%	100.0%
CCF Capital Management FCP 1	France	Asset management	**–**	100.0%	100.0%
CCF Capital Management FCP 2	France	Asset management	**–**	100.0%	100.0%
CCF Capital Management Monde	France	Asset management	**100.0%**	100.0%	100.0%
Exatis Financial Adviser Europe (EFAE)	France	Asset management	**100.0%**	100.0%	100.0%
Elysées-Fonds	France	Service company	**51.0%**	51.0%	51.0%
Elysées Gestion	France	Financial company	**100.0%**	100.0%	100.0%
Framlington Group PLC	United Kingdom	Financial company	**51.0%**	51.0%	51.0%
Framlington Holdings Ltd	United Kingdom	Financial company	**51.0%**	51.0%	51.0%
HSBC AME France (FCP) . . .	France	Financial company	**100.0%**	100.0%	100.0%
HSBC Asset Management Europe	France	Asset management	**100.0%**	100.0%	100.0%
HSBC CCF Asset Management	France	Financial company	**100.0%**	100.0%	100.0%
IDF 10	France	Asset management	**100.0%**	100.0%	100.0%
IDF 9	France	Financial company	**–**	100.0%	100.0%
Sinopia Asset Management . .	France	Financial company	**99.9%**	99.9%	61.0%
Sinopia Financial Services	France	Financial company	**99.9%**	99.9%	61.0%
Sinopia Société de Gestion . . .	France	Service company	**99.9%**	99.9%	61.0%
Vernet Valor	France	Financial company	**100.0%**	100.0%	100.0%

Notes to the consolidated financial statements (continued)

40 List of consolidated companies *(continued)*

Fully consolidated companies	*Country*	*Main line of business*	CCF group interest **2002**	2001	2000
PRIVATE BANKING					
Banque du Louvre (Groupe)	France	Bank	**100.0%**	88.9%	83.3%
Banque Eurofin	France	Bank	**68.0%**	68.0%	65.2%
CCF Banque Privée Internationale	France	Bank	**100.0%**	100.0%	100.0%
CCF Holding Suisse	Switzerland	Financial company	**100.0%**	100.0%	100.0%
CCF Finance Moyen-Orient	Lebanon	Financial company	**–**	–	100.0%
CCF Holding Liban	Lebanon	Investment company	**–**	–	100.0%
CCF Immos	Switzerland	Mortgage bank	**–**	100.0%	–
CCF Luxembourg	Luxembourg	Bank	**–**	–	100.0%
CCF Monaco	Monaco	Bank	**–**	–	100.0%
CCF Suisse SA	Switzerland	Bank	**–**	–	100.0%
Compagnie de Gestion du Patrimoine	France	Bank	**100.0%**	100.0%	–
Delosfin SA	France	Investment company	**67.9%**	67.9%	65.2%
Eurofin Capital Partners (ECP)	France	Investment company	**67.5%**	67.5%	64.8%
Eurofin Assurance SA	France	Insurance broker	**67.9%**	67.9%	65.1%
Eurofin Gestion SA	France	Asset managment	**68.0%**	68.0%	65.2%
Finanziaria Francial	Italy	Financial company	**–**	–	100.0%
Groupe Dewaay	Belgium	Bank	**100.0%**	100.0%	74.9%
Groupe Primecorp	France	Financial company	**–**	100.0%	57.2%
Handelsfinanz CCF Bank	Switzerland	Bank	**–**	–	100.0%
Handelsfinanz International	Bahamas	Bank	**–**	–	100.0%
HSBC Bank France SA	France	Bank	**100.0%**	–	–
SCI Triangle d'or	France	Property company	**68.0%**	68.0%	65.2%
Société de Financement International du CCF S.A.	Switzerland	Financial company	**100.0%**	100.0%	100.0%

40 List of consolidated companies *(continued)*

Fully consolidated companies	*Country*	*Main line of business*	CCF group interest **2002**	2001	2000
OTHERS					
Auxim	France	Investment company	**–**	–	100.0%
Charterhouse (ECFH Group)	United Kingdom	Financial company	**100.0%**	100.0%	100.0%
Charterhouse Management Service Limited	United Kingdom	Investment company	**100.0%**	–	–
Finimmo	France	Investment company	**100.0%**	100.0%	100.0%
Nobel	France	Investment company	**100.0%**	100.0%	100.0%
Participaciones y Financiacion, SA	Spain	Service company	**100.0%**	100.0%	100.0%
Société Parisienne de Participations	France	Investment company	**100.0%**	100.0%	100.0%
Société Française et Suisse (SFS)	France	Holding company	**100.0%**	100.0%	100.0%
Teaside Business SA	France	Bank	**–**	–	100.0%
Cedarstead	United States	Investment company	**–**	59.2%	56.8%
Equity Finance	France	Venture capital company	**36.0%**	40.6%	42.5%
Erisa	France	Insurance company	**50.0%**	50.0%	50.0%
Erisa Iard	France	Insurance company	**50.0%**	50.0%	–
Financière d'Uzès	France	Financial company	**34.0%**	34.0%	34.0%
Financo	France	Financial company	**–**	25.0%	25.0%
Lombard Bank Malta Plc	Malta	Bank	**–**	21.7%	21.7%
Myriade	France	Investment company	**–**	49.0%	–
Pennel Finance	France	Financial company	**–**	40.2%	40.2%
Quilter & Co (ex-CCF Foster and Braithwaite Ltd)	United Kingdom	Financial company	**–**	–	25.0%

Notes to the consolidated financial statements (continued)

Additions	*Year*
Banque Pelletier	2000
CCF Charterhouse Leasing	2000
Compagnie Financière de la Garonne	2000
Credival Latinsul	2000
Immobilier Elybail	2000
Teaside Business	2000
Alcyon	2001
Banque de Baecque Beau	2001
Banque Hervet	2001
CCF Immos	2001
Compagnie de Gestion du Patrimoine	2001
Erisa Iard	2001
Hervet Mathurins	2001
HSBC CCF Financial Products	2001
Marly Courtage	2001
Marly Gestion	2001
Myriade	2001
Sofimurs	2001
Charterhouse Management Services Limited	2002
HSBC Bank France SA	2002
Immobilière Bauchard	2002
11 Bank Worms agencies	2002
HSIL, consolidated in the accounts of Charterhouse UK (ECFH) in February 2002, has not been consolidated since June 2002	2002

Exits	*Year*
Banque Accord	2000
Banque Harwanne	2000
CCF Change 1	2000
Ecp	2000
Elyfim	2000
Eurimob	2000
Excofipar	2000
Finaver	2000
Finely	2000
Holding Eurofin	2000
Ilva	2000
Imi	2000
Immobilière Bauchart	2000
Immobilière Castellana SA	2000
Neuilly Saint Paul	2000
SAS Saussaies Haussmann	2000
Serdac	2000
Sofidep	2000
Ugt	2000
Auxim	2001
Brésil	2001
CCF Finance Moyen-Orient	2001
CCF Holding Liban	2001
CCF Luxembourg	2001
CCF Monaco	2001
CCF Suisse	2001
Cie Le Caire	2001
Compagnie Financière de la Garonne et de l'Adour	2001
Credival Latinsul	2001
Elyfact Participations	2001
Elymans	2001
Finanzaria Francial	2001
Handelsfinanz CCF Bank	2001
Handelsfinanz International Ltd	2001
Pennel	2001
Quilter	2001
Teaside Business	2001
CCF Immos	2002
Lombard Bank	2002
Financo	2002
Myriade	2002
Cedarstead	2002
Lixxbail	2002
HSIL, consolidated in the accounts of Charterhouse UK (ECFH) in February 2002, has not been consolidated since June 2002	2002

Change in consolidation method
None.

Change of name
Compagnie Suisse et Française => Société Française et Suisse.

Merger
HSBC CCF Investment Bank with CCF France,
Immobiliaria Jose Abascal 45, SA with Participaciones y Financiacion, SA,
Primecorp with CCF Holding Suisse,
IDF 9 with IDF 10,
CCF Capital Management FCP 1 with IDF 10,
CCF Capital Management FCP 2 with IDF 10.

Parent company financial statements

Balance sheets 2002 - 2001 - 2000

ASSETS (in € thousands)	**2002**	2001	2000 [1]
Cash and balances at central banks	**1,461,587**	893,894	1,166,466
Treasury bills and other eligible bills	**9,462,795**	5,752,772	5,588,562
Loans and advances to banks	**10,568,045**	12,401,253	14,490,549
Loans and advances to customers	**21,256,865**	22,240,685	18,608,554
Debt securities	**3,177,991**	6,247,286	11,385,594
Equity shares	**118,108**	125,667	1,380,988
Other participating interests and long-term securities	**1,137,110**	164,131	162,536
Interests in associates	**2,925,975**	2,940,245	1,977,733
Intangible fixed assets	**71,339**	61,757	56,745
Tangible fixed assets	**333,444**	368,049	353,409
Other assets	**2,569,351**	1,584,747	3,201,252
Prepayments and accrued income	**1,131,508**	1,021,450	1,313,130
TOTAL ASSETS	**54,214,118**	53,801,936	59,685,518
MEMORANDUM ITEMS			
Financing commitments	**6,865,703**	5,347,706	4,899,680
Guarantees and endorsements	**6,501,558**	7,609,117	7,670,627
Securities commitments	**2,481,795**	1,121,509	2,835,250
Financial instruments and other (notional principal)	**688,453,914**	750,936,473	579,134,301

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the Conseil National de la Comptabilité in regulation CRC 00-04, applicable as of 1 January 2001.*

Balance sheets 2002 - 2001 - 2000 *(continued)*

LIABILITIES	**2002**		2001	2000[1]
(in € thousands)	***Before appropriation***	***After appropriation***[2]	*After appropriation*	*After appropriation*
Deposits by banks	**19,151,791**	**19,151,791**	22,042,771	26,403,549
Customer accounts	**14,776,770**	**14,776,770**	14,620,007	14,026,069
Debt securities in issue	**7,866,342**	**7,866,342**	7,545,411	8,754,664
Other liabilities	**6,119,238**	**6,656,587**	4,414,743	5,212,622
Accruals and deferred income	**1,815,659**	**1,815,659**	1,123,727	1,682,940
Provisions for liabilities and charges	**198,981**	**198,981**	165,139	215,700
Reserve for general banking risks	**74,700**	**74,700**	74,700	56,406
Subordinated liabilities	**1,043,023**	**1,043,023**	1,174,438	841,229
Called up share capital	**370,585**	**370,585**	377,048	374,445
Share premium account	**1,050,800**	**1,050,800**	1,144,333	1,128,390
Reserves	**957,966**	**957,966**	956,126	956,200
Special tax-allowable reserves	**31,879**	**31,879**	27,322	17,230
Retained earnings	**136,171**	**219,035**	136,171	16,074
Net profit for the year	**620,213**	–	–	–
TOTAL LIABILITIES	**54,214,118**	**54,214,118**	53,801,936	59,685,518
MEMORANDUM ITEMS				
Financing commitments	**879,622**	**879,622**	1,046,494	48,800
Guarantees and endorsements	**1,631,805**	**1,631,805**	4,385,010	2,796,832
Securities commitments	**2,144,926**	**2,144,926**	1,566,376	2,095,478

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the Conseil National de la Comptabilité in regulation CRC 00-04, applicable as of 1 January 2001.*
2 *Proposal of appropriation of results.*

Parent company financial statements (continued)

Profit and loss accounts 2002 - 2001 - 2000 *(continued)*

(in € thousands)	**2002**	2001	2000 [1]
Interest and similar income	**2,129,754**	2,898,144	3,741,253
Interest and similar expense	**(1,678,756)**	(2,473,219)	(3,282,681)
Income from equity shares	**520,370**	279,802	129,543
Fees and commissions received	**473,527**	412,825	475,715
Fees and commissions paid	**(75,336)**	(64,526)	(81,934)
Dealing profits	**76,636**	112,057	35,878
Gains or losses on available-for-sale securities	**(3,876)**	(12,254)	9,148
Other operating income	**56,151**	24,691	42,565
Other operating expense	**(11,707)**	(15,268)	(27,572)
NET OPERATING INCOME	**1,486,763**	1,162,252	1,041,915
General operating expenses	**(735,639)**	(670,128)	(644,921)
Depreciation and amortisation	**(62,273)**	(59,486)	(56,107)
OPERATING PROFIT BEFORE PROVISIONS	**688,851**	432,638	340,887
Provisions for bad and doubtful debts	**(1,583)**	(10,656)	3,301
OPERATING PROFIT AFTER PROVISIONS	**687,268**	421,982	344,188
Gains or losses on disposals	**(46,322)**	13,579	84,673
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**640,946**	435,561	428,861
Exceptional items	**(2,753)**	165,597	(99,638)
Corporation tax	**(13,425)**	(36,068)	(38,356)
Net recovery from the reserve for general banking risks	**(4,555)**	(22,439)	(3,565)
NET ATTRIBUTABLE PROFIT	**620,213**	542,651	287,302

1 *The 2000 figures have been restated to take account of the new presentation rules set out by the Conseil National de la Comptabilité in regulation CRC 00-04, applicable as of 1 January 2001.*

Statement of reported net profit and movements in shareholders' funds and the reserve for general banking risks

(Commission des Opérations de Bourse Recommendation - Bulletin no. 79, February 1979)

(in € thousands)	**31.12.2002**	31.12.2001	31.12.2000
NET PROFIT FOR THE YEAR			
– Total	**620,212.8**	542,651.3	287,301.6
– Per share (in euros)[1 2]	**8.37**	7.20	3.84
(based on number of shares outstanding at year end, excluding own shares held)			
MOVEMENTS IN SHAREHOLDERS' FUNDS AND THE RESERVE FOR GENERAL BANKING RISKS			
(excluding special tax-allowable provisions)			
– Change in revaluation difference	**(112.0)**	(100.7)	(109.0)
– Transfer to reserves and change in retained earnings	**82,864.1**	120,356.9	(19,742.9)
– Change in revaluation reserve and special tax-allowable reserves	**6,132.2**	9,860.3	2,922.3
– New shares issued upon exercise of stock options	**8,845.4**	18,547.5	40,893.6
– Capital reduction	**(255,037.1)**	–	–
– Integration of Charterhouse, Webroker and Selectbourse	**146,569.8**	–	–
CHANGE IN SHAREHOLDERS' FUNDS	**(10,737.6)**	148,664.0	23,964.0
– Per share (in euros)[1]	**(0.2)**	2.0	0.3
(based on number of shares outstanding at year end, excluding own shares held)			
PROPOSED DIVIDEND			
– Gross	**537,348.7**	422,294.3	307,044.5
– Per share (in euros)[1]	**7.25**	5.60	4.10

1 *Number of shares outstanding at year end (excluding own shares held): 74,117,066 in 2002, 75,409,701 in 2001 and 74,888,902 in 2000.*

2 *Based on the weighted average number of shares outstanding (excluding own shares held), net earnings per share amounts to €8.28 for 2002 (74,928,199 shares), €7.23 for 2001 (75,019,102 shares) and €3.86 for 2000 (74,365,694 shares).*

Parent company financial statements (continued)

Appropriation of net profit

(article 295 of Decree no. 67-236, 23 March 1967)

(in € thousands)	**31.12.2002**	31.12.2001	31.12.2000
Sums available for distribution			
– Retained earnings	**136,171**	16,074	183,182
Sub-total	**136,171**	16,074	183,182
– Net profit for the year	**620,213**	542,651	287,302
TOTAL (a)	**756,384**	558,725	470,484
Appropriation of income	(Proposal)		
– Dividends	**537,349**	422,294	307,045
– Legal reserve	**–**	260	–
– Transfer to legal reserve in respect of long-term capital gains	**–**	–	510
– Special long-term capital gains reserve	**–**	–	146,855
TOTAL (b)	**537,349**	422,554	454,410
RETAINED EARNINGS (a - b)	**219,035**	136,171	16,074

Five-year highlights

(articles 133 and 148 of the decree of 23 March 1967 on commercial companies)

(in € thousands)	**2002**	2001	2000	1999	1998
Share capital at year end					
Called up share capital	**370,585** [1]	377,048 [2]	374,445 [2]	369,344 [3]	277,423
Number of shares outstanding	**74,117,066**	75,409,701	74,888,902	73,868,858	72,790,957
Nominal value of shares in euros	**5**	5	5	5	5
Results of operations for the year					
Gross operating income	**3,727,332**	3,748,256	4,708,415	4,583,748	4,298,861
Profit before tax, depreciation and provisions	**729,661**	659,241	358,957	485,425	431,597
Profit after tax, depreciation and provisions	**620,213**	542,651	287,302	237,589	209,590
Per share data (in €)					
Profit after tax, but before depreciation and provisions	**€10.0**	€8.3	€4.2	€6.0	€5.5
Profit after tax, depreciation and provisions	**€8.4**	€7.2	€3.8	€3.2	€2.9
Dividend paid per ordinary share, eligible as of 1 January	**€7.25**	€5.6	€4.1	€2.2	€1.4
Employees (France)					
Number of employees [4]	**6,742** [8]	6,313	6,282 [7]	5,998 [6]	6,244
Average number of employees (excluding employees available) [5]	**6,345**	–	–	–	–
Salaries and wages	**269,528**	236,672	224,556	215,374	216,247
Employee benefits	**112,008**	104,433	98,006	98,413	101,129
Payroll and other taxes	**30,923**	22,176	20,838	19,888	19,464
Incentive schemes and/or employee profit-sharing plan	**22,396**	17,369	20,199	12,135	10,092

1 *Capital reduction of €7.6 million pursuant to cancellation of own shares and capital increase of €1.1 million pursuant to the exercise of share options.*

2 *Capital increases pursuant to the exercise of share options.*

3 *The share capital was converted on the basis of a nominal value of €5 per share. The impact of adjusting the nominal value of the shares to €5 was deducted from reserves. Other capital increases pursuant to the exercise of share options and employee share offerings, and a capital reduction pursuant to cancellation of own shares.*

4 *Banking status' employees, registered as at 31 december of each year.*

5 *Of which 3,025 executives and 3,320 non executives.*

6 *Figures for 1999 are not comparable with those of 1998, due to the spin-off into a separate subsidiary of some of Charterhouse France's corporate lending activities on 1 January 1999 and the disposal of DOT's securities business.*

7 *Figures for 2000 are not comparable with those of 1999, due to the disposal of the electronic payments systems business and the integration of HSBC Bank plc Paris Branch employees.*

8 *Figures for 2002 are not comparable with those of 2001, due to the integration within CCF of HSBC Investment Bank, Selectbourse, Webroker and eleven Banque Worms branches.*

9 *Based on previous year's profits.*

Parent company financial statements (continued)

List of equity shares and debt securities held at 31 December 2002

Held-to maturity, available-for-sale and trading securities

(in € thousands)

A – Held-to-maturity securities	**563,370**
Debt securities	**563,370**
Treasury bills and other eligible bills	–
Other public sector securities	100,289
Money market instruments	–
Negotiable certificates of deposit	–
Negotiable medium-term notes	15,244
Bonds and similar	440,373
Accrued interest	7,464
B – Available-for-sale and trading securities	**1,766,290**
Debt securities	**1,648,182**
Treasury bills and other eligible bills	50,185
Other public sector securities	897,967
Money market instruments	–
Commercial paper	–
Negotiable certificates of deposit	243,925
Negotiable medium-term notes	–
Asset-backed securities	–
Bonds and similar	430,471
Negotiable medium-term notes issued by banks	–
Accrued interest	25,634
Equity shares	**118,108**
Equity shares and similar	95,587
Mutual fund units	22,521
TOTAL HELD-TO-MATURITY, AVAILABLE-FOR-SALE AND TRADING SECURITIES	**2,329,660**

List of equity shares and debt securities held at 31 December 2002 *(continued)*

Interests in associates, other participating interests and long-term securities

(in € thousands)

A – Other participating interests and long-term securities	**1,137,110**
Securities listed on a recognised French exchange	36,200
Unlisted French securities	53,777
Foreign securities listed on a recognised French exchange	3,476
Foreign securities listed elsewhere	50,111
Unlisted foreign securities	993,546
Accrued income	–
B – Interests in associates	**2,925,975**
Listed French securities	–
Unlisted French securities	1,511,206
Listed foreign securities	–
Unlisted foreign securities	1,414,638
Accrued income	131
TOTAL INTERESTS IN ASSOCIATES, OTHER PARTICIPATING INTERESTS AND LONG-TERM SECURITIES	**4,063,085**

Parent company financial statements (continued)

Interests in subsidiaries and associates at 31 December 2002

(as required under articles 247 and 295 of the 23 March 1967 decree on commercial companies)

Companies	*Business*	*Share capital*	*Reserves + retained earnings before appropriation of net profit*	*Ownership interest %*
(In thousand of currency units)				
A – Data concerning companies whose book value exceeds 1% of CCF's share capital				
1 – Subsidiaries (over 50%)				
Banque Hervet 1, place de la Sous-Préfecture - 18000 Bourges	Bank	€16,805	€143,535	97.90
CCF Holding (Suisse) 1, place Longemalle - Geneva (Suisse)	Financial co.	CHF186,041	CHF226,035	100.00
Crédit Commercial du Sud Ouest 17, allée James Watt - Parc Chemin-Long 33700 Mérignac	Bank	€11,649	€34,063	99.84
Société Française et Suisse 64, rue Galilée - 75008 Paris	Holding company	€45,658	€(5,417)	100.00
Société Parisienne de Participations 64, rue Galilée - 75008 Paris	Holding company	€72,282	€8,917	100.00
Banque de Savoie 6, bd du Théâtre - 73000 Chambéry	Bank	€6,606	€18,515	98.19
CCF Banque Privée Internationale 121, avenue des Champs-Elysées 75008 Paris	Bank	€15,245	€20,997	100.00
Banque de Picardie 3, rue de la Sous-Préfecture - 60200 Compiègne	Bank	€6,007	€18,095	100.00
Union des Banques à Paris 22, place de la Madeleine - 75008 Paris	Bank	€51,709	€34,552	99.43
HSBC CCF Asset Management Group 4, place de la Pyramide - 92800 Puteaux	Financial co.	€47,990	€110,636	97.92
Finance et Participations 32, bd Royal - L2449 Luxembourg	Holding company	€38,198	€(12,542)	100.00
Nobel 64, rue Galilée - 75008 Paris	Investment company	€128,468	€89,407	100.00

1 *Loans, advances and guarantees granted outside the framework of normal banking business.*
2 *Net operating income in the case of banks.*

Book value of securities held		Loan and advances granted by CCF[1]	Guarantees given by CCF[1]	Prior-year sales[2]	Prior-year net profit or loss	Dividends received by CCF in the last financial year	Comments
Cost	Net						
€518,000	€518,000	–	–	€160,874	€66,040	€16,727	–
€633,138	€633,138	–	–	CHF78,791	CHF80,683	–	–
€12,996	€12,996	–	–	€51,746	€9,515	€6,169	–
€48,380	–	–	–	€2,302	€(40,256)	–	–
€82,727	€82,727	–	–	€4,290	€83,897	–	–
€25,088	€25,088	–	–	€39,363	€14,693	–	–
€17,189	€17,189	–	–	€18,364	€7,045	€6,400	–
€18,939	€18,939	–	–	€20,104	€4,749	€3,916	–
€105,123	€105,123	–	–	€152,094	€33,740	€15,837	–
€126.172	€126,172	–	–	€44,433	€34,843	€24,464	Deposit
€38,197	€29,781	–	–	–	€4,122	–	–
€207,647	€207,647	–	–	€37,190	€17,830	€6,022	–

Parent company financial statements (continued)

Companies	*Business*	*Share capital*	*Reserves + retained earnings before appropriation of net profit*	*Ownership interest %*
(In thousand of currency units)				
HSBC CCF Leasing 39, rue Bassano - 75008 Paris	Financial co.	€13,050	€13,049	100.00
Société Financière et Mobilière 103, avenue des Champs Elysées - 75008 Paris	Financial co.	€40,000	€46,864	100.00
ECFH European Corporate Finance Holding 8, avenue Marie-Thérèse - L-2132 Luxembourg	Holding company	GBP144,450	GBP16,018	100.00
Cie Financière des Iles-du-Rhône 64, rue Galilée - 75008 Paris	Holding company	€15,494	€119,413	99.48
Foncière Elysées SA 103, avenue des Champs-Elysées - 75008 Paris	Property co.	€14,043	€24,598	100.00
HSBC CCF Securities 103, avenue des Champs-Elysées - 75008 Paris	Financial co.	€12,626	€14,666	100.00
Vernet Expansion 14, rue Vernet - 75008 Paris	Holding company	€5,458	€(652)	100.00
Société Immobilière Malesherbes Anjou 103, avenue des Champs Elysées - 75008 Paris	Property co.	€13,412	€6,519	100.00
Charterhouse Management Services Ltd 8, Canada Square - London - United Kingdom	Investment company	GBP232,522	GBP10,000	100.00
Elyfinance Corporation BV P.O. Box 2838-1077 - Amsterdam - Holland	Holding company	€9,076	€(8,773)	100.00
Eurimob 64, rue Galilée - 75008 Paris	Service company	€8,362	€(13,751)	100.00

1 *Loans, advances and guarantees granted outside the framework of normal banking business.*
2 *Net operating income in the case of banks.*

Book value of securities held: *Cost*	*Net*	*Loan and advances granted by CCF* [1]	*Guarantees given by CCF* [1]	*Prior-year sales* [2]	*Prior-year net profit or loss*	*Dividends received by CCF in the last financial year*	*Comments*
€9,045	€9,045	–	–	€(12,712)	€(1,534)	–	including special tax-allowable reserves
€84,053	€84,053	–	–	€6,133	€3,042	–	–
€293,657	€293,657	–	–	GBP187,988	GBP190,017	€371,368	of which €292,095 deposit
€119,108	€119,108	–	–	€17,793	€19,181	–	–
€44,476	€40,341	–	–	€1,764	€1,802	–	–
€55,988	€55,988	–	–	€37,996	€(4.677)	€7,698	–
€5,519	€4,930	–	–	€3	€(33)	–	–
€49,386	€49,386	–	–	€7,977	€(1,766)	–	–
€387,318	€387,318	–	–	GBP25,179	GBP29,911	–	–
€9,076	€300	–	–	€12	€4	–	as 31.12.2001
€8,362	–	–	–	–	€(177)	–	–

Parent company financial statements (continued)

Companies	Business	Share capital	Reserves + retained earnings before appropriation of net profit	Ownership interest %
(In thousand of currency units)				
2 – Associated companies (10-50%)				
Immobilier Elybail 15, rue Vernet - 75008 Paris	Financial co.	€14,550	€696	50.00
Erisa 15, rue Vernet - 75008 Paris	Insurance company	€65,000	€158,758	33.85
Erisa Iard 15, rue Vernet - 75008 Paris	Insurance company	€7,500	€(973)	49.98
Financière Groupe Dewaay SA 18, Boulevard Royal - 2449 Luxembourg	Financial co.	€18,600	€21,907	25.09
Aurel Leven 29, rue de Berri - 75008 Paris	–	€11,461	€11,167	14.57
Banian Invesments U.K. 22, Grenville Street, St Helier, Jersey JE4 8PX Channel Islands	–	GBP902,000	GBP373	19.00
Inter Pacific Bank Wisma MetropolitanII 8 and 9 floor Jalan jenderal Surdiman 12920 Jakarta (Indonesia)	Bank	IDR206,875,000	–	12.14
B – Aggregate data concerning companies whose book value does not exceed 1% of CCF's share capital				
1 – Subsidiaries not included in paragraph 1				
a) French Subsidiaries (aggregated)	–	–	–	–
b) Foreign subsidiaries (aggregated)	–	–	–	–
2 – Associated companies not included in paragraph 2				
a) French Subsidiaries (aggregated)	–	–	–	–
b) Foreign subsidiaries (aggregated)	–	–	–	–

1 *Loans, advances and guarantees granted outside the framework of normal banking business.*
2 *Net operating income in the case of banks.*

Book value of securities held: Cost	Book value of securities held: Net	Loan and advances granted by CCF [1]	Guarantees given by CCF [1]	Prior-year sales [2]	Prior-year net profit or loss	Dividends received by CCF in the last financial year	Comments
€7,273	€7,273	–	–	€4,447	€2,051	–	–
€18,883	€18,883	–	–	€1,160,085	€10,499	€1,963	–
€3,727	€3,080	–	–	€15,499	€(281)	–	–
€68,750	€68,750	–	–	€788	€(2,779)	–	–
€4,756	–	–	–	€(270)	€(291)	–	–
€461,184	€461,184	–	–	–	–	€7,301	–
€16,122	€477	–	–	–	–	–	–
€3,053	€1,085	–	–	–	–	€20	–
€1,960	€1,694	–	–	–	–	€7,285	–
€102,316	€89,457	–	–	–	–	€2,273	–
€590,482	€585,212	–	–	–	–	€40,251	–

Summary of business activities of CCF's principal subsidiaries

COMPANIES	COMMENTS *(In € thousands)*	*Total assets* 2002	*Total assets* 2001	*Shareholders' funds** 2002	*Shareholders' funds** 2001	*Attributable net profit* 2002	*Attributable net profit* 2001	*CCF's percentage holding* 2002	*CCF's percentage holding* 2001
Retail and commercial banking									
Banque Hervet **	Banque Hervet is principally involved in retail banking for personal and business customers. In 2002, net operating income rose by 7.2 per cent to €199 million. Growth was driven by a rise in fee income from banking services, in both the personal and business segments, coupled with a strong increase in mortgage lending. The launch of new products, particularly account packages, helped improve the product penetration rate. Almost one business customer in four now uses the bank's remote banking services. Operating costs were kept under strict control, registering a decrease of 1.3 per cent. The cost-income ratio therefore fell to 66 per cent, an improvement of 5.7 percentage points on the previous year. Net profit was up 41.3 per cent to €51.3 million. To promote its new image as a member of the HSBC Group and its new byline "Your local bank". Banque Hervet launched a billboard campaign in the major regional cities of central France during February and March 2003, preceded by local press advertising.	**4,647,083**	4,818,005	**255,054**	235,817	**51,292**	36,318	**100.0**	100.0
Société Marseillaise de Crédit **	SMC continued its recovery in 2002, focusing principally on regional businesses and high net worth individuals. Net operating income was up 8 per cent, driven largely by growth in life insurance and new lending (up 11 per cent and 22 per cent respectively). Operating costs remained stable, resulting in a 23.7 per cent increase in operating profit before provisions and a significant improvement in the cost-income ratio from 70 percent to 66 per cent. In 2003, SMC plans to recruit approximately one hundred new young employees, launch a special "Opteam" training programme and embark on a project to computerise its commercial functions. These actions should put SMC back on the road to growth, having completed its reorganisation and restructuring.	**3,392,453**	3,593,609	**226,019**	168,579	**50,310**	33,330	**100.0**	100.0

COMPANIES	COMMENTS *(In € thousands)*	*Total assets*		*Shareholders' funds**		*Attributable net profit*		*CCF's percentage holding*	
Retail and commercial banking *(continued)*		**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
UBP	UBP's core business is retail banking in the Paris region. Its main areas of focus are SMEs, entrepreneurs and personal customers. During 2002, drawing on its newly strengthened commercial capability, UBP was able to broaden its business franchise and increase the sale of banking services in both the personal segment, through the development of new secure investment products, and in the business segment, through the effective sale and distribution of employee savings products. Net operating income rose by 10.5 per cent to €152 million, driven by growth in both personal and business lending (up 9.2 per cent and 5.7 per cent respectively) and a good performance in sight deposits. Tight control over operating costs and risks led to 21 per cent growth in operating profit before provisions. Net attributable profit amounted to €35 million, a further rise on the previous year.	**1,890,316**	2,061,132	**101,810**	86,258	**33,742**	31,004	**100.0**	100.0
CCSO	Net operating income was up 6.5 per cent on 2001. A strong commercial drive resulted in new growth in customer assets and fee income despite the poor economic and market conditions. Meanwhile, operating costs were kept under control and operating profit before provisions therefore rose by 14.4 per cent. Combined with a very low provision charge, these factors resulted in a 15.5 per cent increase in net profit to €9.5 million.	**728,337**	659,159	**52,275**	49,127	**9,514**	8,239	**100.0**	100.0
Banque de Picardie	Banque de Picardie had a good year in 2002, delivering 20 per cent growth in net profit. This performance was due to a significant improvement in cost control following the major commercial and administrative reorganisation undertaken during 2000-2001, coupled with a 2.9 per cent increase in net operating income.	**232,752**	251,710	**24,102**	24,122	**4,749**	3,955	**100.0**	100.0
Banque de Savoie	Banque de Savoie turned in a good performance in 2002, beating its ambitious targets. Net operating income was up 7.5 per cent to €39.5 million, supported by the development of new customer relationships. Growth in operating costs was contained to just 1.7 per cent. Combined with a prudent lending policy, these factors led to an improvement in the cost-income ratio for the fifth consecutive year, to 65 per cent. Operating profit before provisions was up 19.4 per cent to €13.9 million.	**754,156**	766,467	**29,514**	22,720	**14,693**	7,575	**98.2**	98.2

Summary of business activities of CCF's principal subsidiaries (continued)

COMPANIES	COMMENTS *(In € thousands)*	*Total assets*		*Shareholders' funds**		*Attributable net profit*		*CCF's percentage holding*	
Retail and commercial banking *(continued)*		**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Banque Chaix	Thanks to an aggressive commercial approach, Banque Chaix delivered strong growth in both lending and deposits (up 5.8 per cent and 6.5 per cent respectively). The cost-income ratio dropped to 49.4 per cent due to an improvement in margins. Net operating income was up 7.1 per cent to €65.4 million, while operating profit before provisions rose by 10.6 per cent to €33.1 million.	**1,029,108**	1,014,673	**73,473**	73,066	**18,181**	17,196	**100.0**	100.0
Banque Marze	2002 was a good year for Banque Marze. Customer assets rose by 9.3 per cent and the loan book by 6 per cent. Net fee income was relatively unaffected by trends in market conditions, rising by 5.2 per cent. On this basis, net operating income rose by 5.7 per cent while the cost-income ratio improved by 1.6 percentage points to 58.2 per cent. Net profit was up 24.3 per cent.	**145,707**	147,818	**9,834**	9,859	**2,359**	1,897	**100.0**	100.0
Banque Pelletier	Banque Pelletier is a regional bank based in Dax in south west France. During 2002, it successfully developed its offering for individual entrepreneurs, with 28.1 per cent growth in lending to this target segment. Personal lending was up 10.2 per cent, while life insurance business amounted to €11.6 million, well beyond the bank's targets. Net operating income therefore rose by 6 per cent to €10.7 million.	**189,373**	202,210	**9,243**	7,326	**3,088**	1,914	**100.0**	100.0
Banque Dupuy, de Parseval	Banque Dupuy, De Parseval delivered excellent results in 2002. Focusing mainly on the business market, net operating income rose by 11.2 per cent to €32.4 million. Costs remained under tight control, leading to a significant improvement in the cost-income ratio, to 61.4 per cent. Net profit was up 29.5 per cent on 2001.	**431,730**	414,702	**20,177**	15,156	**6,498**	5,021	**100.0**	100.0
Netvalor	In 2002, Netvalor consolidated its role as a major player in online consumer credit, with an estimated market share of almost 30 per cent. The 123crédit.com site enjoyed strong growth in the number of visitors. New lending grew by 92.5 per cent to €133.4 million, one third of which came from its various partnerships. Netvalor broke even at the operating profit before provisions level for the first time ever in 2002 and incurred a net loss, after provisions, of €6.8 million.	**173,287**	83,356	**16,111**	10,806	**(6,819)**	(6,696)	**100.0**	100.0

COMPANIES	COMMENTS *(In € thousands)*	*Total assets*		*Shareholders' funds**		*Attributable net profit*		*CCF's percentage holding*	
Retail and commercial banking *(continued)*		**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Elysées Factor	CCF's factoring specialist, Elysées Factor, continued to grow in a relatively quiet market in 2002. Net operating income was up 8 per cent to €8.8 million while operating profit before provisions fell by 32 per cent to €2.0 million due to an increase in structural costs aimed at improving the customer management process. A strong commercial drive should ensure robust growth in business in 2003.	**153,400**	155,360	**5,568**	5,069	**701**	499	**66.0**	66.0
Corporate and Investment banking and Markets									
HSBC CCF Securities France (SA)	HSBC CCF Securities turned in a very creditable performance in equity broker age amid a very difficult market climate. It consolidated on its market share in French midcaps and continued to place a strong focus on distributing its pan-European product. The equity derivatives business showed considerable resilience in a difficult environment and continued its integration with the HSBC Group, by becoming the Group's European trading platform.	**1,590,711**	1,508,895	**40,209**	40,207	**(4,677)**	7,701	**100.0**	100.0
Asset management and Private banking									
HSBC Asset Management (Europe) SA	HSBC AME (SA) is one of HSBC AM's major world business units, covering the whole of continental Europe. Growth in business with institutional clients was encouraging, driven by the launch of products tailored to today's market environment. In terms of distribution, the Exaprime range of flexible investment funds has given the CCF retail networks a foothold in the long-term investment markets. Despite continued difficult market conditions, assets managed and distributed rose by 7.6 per cent while net operating income was down 3.2 per cent to €53.8 million.	**71,855**	65,536	**39,799**	36,253	**7,577**	6,354	**100.0**	100.0
Framlington Group **	2002 was another difficult year for the investment industry worldwide. Despite this, Framlington managed to develop its market presence, recruiting two of the UK's hightest profile managers and, in July, launched a new high net worth private client business. The strength of Framlington continues to come from the diversity of its product range and quality of its management team. Though it is inevitably geared to the fortunes of world stock markets, Framlington continues to deliver strong profits, GBP 8.7 million in 2002, and remains well placed to capitalise on its current market position.	**55,507**	77,410	**27,254**	22,003	**10,405**	21,339	**51.0**	51.0

Summary of business activities of CCF's principal subsidiaries (continued)

COMPANIES	COMMENTS *(In € thousands)*	*Shareholders' Total assets*		*Attributable funds**		*CCF's percentage net profit*		*holding*	
Asset management and Private banking *(continued)*		**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Sinopia **	During 2002, Sinopia became the HSBC Group's specialist in quantitative management, guaranteed and structured products. Its alternative investment range has proved extremely popular with both institutional clients and distribution networks. Sinopia has also strengthened its international position, particularly in Asia, launching the first guaranteed return fund through the HSBC network. Assets under management grew sharply thanks to Sinopia's high quality management team, rising by 40.4 per cent.	**280,619**	437,200	**46,004**	50,352	**3,925**	7,078	**99.9**	99.9
Erisa	Amid strong volatility in the financial markets, Erisa reported 4 per cent growth in premium income, to €1.2 billion. Assets under management rose by 6 per cent, to €7.9 billion, supported by excellent new business inflows, particularly in the wealth management range and conventional life insurance. However, despite these good results, net profit slid to €10.5 million compared with €21.6 million in 2001, as Erisa was forced to take a writedown against its equities book in spite of taking measures to limit the financial impact of the market slump.	**8,283,925**	7,741,193	**213,259**	196,611	**10,499**	21,593	**50.0**	50.0
Elysées Fonds	Elysées Fonds is a highly-reputed player in the employee savings market, covering the entire value chain from legal and administrative structuring to account management, transaction processing, financial management and reporting. Elysées Fonds capitalised on France's new "Fabius law" to develop Elyséo, a range of packaged solutions for very small businesses, SMEs and the professions, sold through CCF's retail networks. Assets under management were down 4.5 per cent due to negative market impact.	**19,362**	16,904	**10,865**	10,691	**328**	698	**51.0**	51.0
CCF - Banque Privée Internationale	CCF Banque Privée Internationale showed strong resilience to the poor economic climate, supported by its banking activities. The asset management business was affected by the difficult market conditions. Net profit, after tax and dividends, was down 6.8 per cent on the previous year.	**914,480**	1,014,735	**36,242**	35,083	**7,045**	7,559	**100.0**	100.0
Banque du Louvre **	Banque du Louvre focuses on institutional and wealthy private clients. It ranked fourth out of sixty companies in the 2003 institutional asset management league tables drawn up by Amadeis. Business was affected in 2002 by the slump in the financial markets. However, net operating income amounted to €39.0 million and the bank remained highly profitable.	**75,959**	76,487	**38,082**	36,037	**9,124**	14,490	**100.0**	88.9

COMPANIES	COMMENTS *(In € thousands)*	*Total assets*		*Shareholders' funds**		*Attributable net profit*		*CCF's percentage holding*	
Asset management and private banking *(continued)*		**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Eurofin **	For the second consecutive year, Eurofin suffered badly in the tough economic climate. However, the impact was relatively contained and profits were down only moderately compared with 2001. Customer assets were down due to trends in the financial markets. Eurofin is therefore developing its advisory business while seeking to improve the quality of its services and responsiveness, and offer tailored solutions. 2003 will be difficult and Eurofin plans to take further measures to consolidate its business activities.	**289,025**	300,453	**51,782**	50,575	**10,156**	11,468	**68.0**	68.0
HSBC Bank France SA **	In 2002, HSBC Bank France continued to refocus on private banking under the HSBC Republic brand. Acquired via a UK subsidiary wholly-owned by CCF, HSBC Republic has strengthened its customer relationships by offering a broad range of financial services. A large capital reduction contributed to a decrease in results. Net operating income amounted to €29.5 million compared with €40.3 million in 2001.	**566,584**		**108,308**		**14,739**		**100.0**	
Dewaay **	In a difficult economic climate, Dewaay continued to attract new clients and was therefore able to preserve its private banking assets under management.	**325,423**	464,796	**32,485**	33,286	**(279)**	9,037	**100.0**	100.0
Own investments									
SFS	The sharp fall in the markets, which particularly affected insurance stocks, had a serious impact on the securities portfolio and led to some major writedowns.	**116,738**	107,955	**40,241**	44,266	**(40,256)**	(4,042)	**100.0**	100.0
Foncière Elysées SA	In 2002, despite the fall in net profit, Foncière Elysées reported a satisfactory performance in its various activities and subsidiaries, together with a revaluation of some assets. However, unlike the previous year, it did not receive any dividends from its subsidiaries in 2002. In 2002, Foncière Elysées provided further support for the development of its subsidiary Immobilier Elybail, by paying up the remaining 50 per cent outstanding on Immobilier Elybail's rights issue, amounting to €5.6 million. This performance reflects the group's overall policy in the property market, which consists of developing its property leasing activities with major customers, and maintaining and developing its property management services.	**50,716**	47,165	**38,640**	33,775	**1,802**	4,865	**100.0**	100.0

Summary of business activities of CCF's principal subsidiaries (continued)

COMPANIES	COMMENTS *(In € thousands)*	*Total assets* 2002	2001	*Shareholders' funds** 2002	2001	*Attributable net profit* 2002	2001	*CCF's percentage holding* 2002	2001
Own investments *(continued)*									
Immobilier Elybail	This company provides property leasing for the group's large corporate customers. First founded in 2000, growth has continued apace since then. Over the three-year period to end 2002, cumulative new lending amounted to €515 million: €98 million in 2000, €195 million in 2001 and €222 million in 2002. This growth has resulted in a significant increase in net profit and shareholders' funds.	**409,686**	215,611	**15,245**	8,916	**2,051**	827	**100.0**	100.0
Nobel	Nobel is a holding company for the group's group's own investments. Its investment strategy focuses principally on mid caps and private equity funds. Despite the tough stock market conditions, Nobel produced a comfortable profit in 2001, supported by its highly selective investment approach.	**303,196**	301,408	**217,876**	204,567	**17,830**	19,331	**100.0**	100.0

* *Comprising share capital + reserves + RGBR.*
** *Consolidated data.*

Investment policy

1998

- Acquisition by CCF Holding Suisse of 74.9 per cent of Banque Dewaay in Belgium.
  Cost: CHF66 million.
- Creation of Primecorp, 10 per cent-owned by CCF Luxembourg and 41 per cent by CCF Holding Suisse.
  Cost: USD4.9 million.
- Acquisition of BHF Bank's 50 per cent holding in ECFH, raising CCF's holding in Charterhouse plc. to 100 per cent.
  Cost: GBP118.8 million.
- Subscription to the rights issue made by CCF Charterhouse SA (formerly Banque Hydro Energie) in exchange for the transfer of the investment banking activities previously conducted by CCF and its specialist subsidiaries Charterhouse, SFM, CCF Securities and Finely.
  Cost: FFr2.7 billion.
- Acquisition by CCF Charterhouse SA of 26 per cent of investment company Aurel.
  Cost: FFr24.7 million.
- Acquisition of 50.8 per cent of Banque du Louvre, including 50.6 per cent via two UK subsidiaries, CCF CEHL and CCF Partners Assets.
  Cost: FFr168.2 million.
- Acquisition by Banque Chaix of Société Marseillaise de Crédit (SMC).
  Cost: FFr10 million.
- Acquisition by SPP of 25 per cent of Financo.
  Cost: FFr75 million.
- Subscription to the rights issue made by CCF Holding Suisse.
  Cost: CHF50 million.
- Acquisition by CCF Holding Suisse of 21.33 per cent of Lombard Bank of Malta.
  Cost: CHF4.8 million.
- Disposal of CCF's holding in Interbail on the occasion of the takeover bid made by Sophia.
  Proceeds: FFr66.7 million.

1999

- Acquisition of 23 per cent of Banque de Picardie via a cash offer followed by a squeeze-out made by CSF, a subsidiary of CCF. Banque de Picardie is now a wholly-owned subsidiary of CCF.
  Cost: FFr65 million.
- Acquisition of MMA's 45 per cent holding in Elymans, giving CCF a 96 per cent interest in Loxxia via Elymans and SPP.
  Cost: FFr183.8 million.
- Creation of Netvalor, wholly-owned by SPP.
  Cost: FFr56 million via a partial call on capital.
- Creation of Webroker, wholly-owned by CCF.
  Cost: FFr35 million.
- Creation of Selectbourse, 80 per cent-owned by CCF Securities.
  Cost: FFr15 million (first investment tranche).
- Acquisition of BNE's shares in Crédit International d'Egypte, raising CCF's holding to 75 per cent.
  Cost: FFr113 million.
- Acquisition by CCF Charterhouse plc of 95 per cent of Themis Investment Mgt Ltd.
- Acquisition by CCF Holding Suisse of 33 per cent of Gesconsult.
- Increase in CCF's holding in Banque Eurofin to 74 per cent via CCF Banque Privée International, in exchange for the transfer of CCF-BPI's "resident" customer portfolio.
  Cost: FFr85 million.
- Acquisition of 1 per cent of Crédit Lyonnais on the occasion of its privatisation.
  Cost: FFr572 million.
- Disposal of CCF's holding in BHF Bank on the occasion of the cash offer made by ING.
  Proceeds: FFr515 million.
- Acquisition by CSF of 2 per cent of Rentenanstalt from UBS.
  Cost: CHF227 million.
- Acquisition of 3 per cent of Crédit Logement.
  Cost: FFr5 million.
- Tender of Seita shares under the share exchange offer and reinvestment in Altadis shares, giving CCF a 1 per cent holding.
  Net additional cost: FFr328 million.

Investment policy (continued)

2000

- Acquisition of Banque Pelletier by Compagnie Financière de la Garonne et de l'Adour.
  Cost: €18.3 million (FFr120 million).
- Rights issue made by Compagnie Financière de la Garonne et de l'Adour to recapitalise Banque Pelletier.
  Cost: €27 million (FFr46 million).
- Rights issue made by Compagnie Financière des Iles-du-Rhône, a holding company owning 98 per cent of SMC, to pay the French government the additional acquisition price for SMC.
  Cost in 2000: €58.4 million (FFr383 million).
- Pooling of the leasing activities of CCF and Crédit Lyonnais through a merger of their respective subsidiaries Loxxia and Slibail. CCF owns 50 per cent of the new group via Elymans and Société Parisienne de Participations.
- Rights issue made by Webroker, a subsidiary of CCF.
  Cost: €6.5 million (FFr42.6 million).
- Capital increase made by Netvalor following a final call on unpaid capital.
  Cost: €7.6 million (FFr50.6 million).
- Disposal of Charterhouse Securities in London to ING as part of CCF's integration into the HSBC Group.
  Proceeds: GBP127.4 million (FFr1.3 billion).
- Increase in CCF's holding in Banque du Louvre from 50.8 per cent to 83.3 per cent via three subsidiaries, CCF Holding (Suisse) SA, CCF Partners Asset Management and CCF Charterhouse European Holding.
  Cost in 2000: €40.4 million (FFr265 million).
- Creation of Compagnie de Gestion de Patrimoine (CGP), owned by CCF Holding Suisse SA.
  Cost: €15 million (FFr98.40 million).
- Creation of Be-Partner, wholly-owned by HSBC CCF Asset Management Group.
  Cost: €5 million (FFr32.5 million).
- Creation of a joint venture called CCF-SEI Investments by HSBC CCF Asset Management Group, a subsidiary of the CCF group, and SEI.
  Cost: €1 million (FFr6.6 million).
- Disposal of CCF's 33.4 per cent holding in Banque Harwanne.
  Proceeds: €17 million (FFr111.4 million).
- Disposal of CCF's 26.5 per cent holding in Accord.
  Proceeds: €13.6 million (FFr88.9 million).
- Disposal of CCF's 44.9 per cent holding in Sofidep.
  Proceeds: €4.3 million (FFr28.5 million).

2001

- Acquisition of 97.9 per cent of Banque Hervet.
  Cost: €518 million.
- Transfer of Crédival Latinsul to HSBC South America BV.
  Proceeds: €276.2 million.
- Disposal of CCF's 93.3 per cent holding in Crédit International d'Egypte to Crédit Agricole Indosuez.
  Proceeds: €62.8 million.
- Disposal of CCF's 33.3 per cent holding in Gesconsult and 2.6 per cent holding in Finconsult to their respective partners.
  Proceeds: €3.4 million.
- Acquisition of HSBC Securities (France) SA.
  Cost: €39.6 million.
- Transfer of CCF Italy's corporate finance, treasury and private banking activities to HSBC Republic Italy.
  Proceeds: €2.2 million.
- Acquisition by CCF Holding Suisse of the remaining 42.76 per cent minority interests in Primecorp.
  Cost: €13.1 million.
- Acquisition by CCF of the remaining 25.1 per cent minority interests in Banque Dewaay.
  Cost: €68.7 million.

- Disposal to the KBL group of Teaside Business SA, which owned a building in the Principality of Monaco.
  Proceeds: €35.1 million.
- Transfer of CCF's private banking activities in Switzerland (Handelsfinanz Geneva and CCF Switzerland), Monaco and Luxembourg, together with Handelsfinanz Nassau, to HSBC Private Banking Holdings (Switzerland) SA (PBSU), in exchange for shares in PBSU, and acquisition of 17.5 per cent of HSBC Guyerzeller Bank AG SA (HGZB).

  Cost: €364 million (excluding PBSU shares received).
- Disposal of the 20.3 per cent holding in Quilter Holdings Group owned by CCF Holdings (UK) to Morgan Stanley.
  Proceeds: €53.2 million.
- Acquisition by HSBC CCF AMG of the shares in Sinopia owned by KBC Group, BBVA Group and Mellon Group, raising its holding from 60.4 per cent to 76.7 per cent, launch of a simplified cash offer and squeeze-out for the remaining shares still owned by the general public.
  Cost: €61.6 million.
- Acquisition of shares issued by Euroclear Holding on the occasion of the merger between Euroclear and Sicovam.
  Cost: €15.9 million.
- Subscription to the rights issue made by the Lafarge group on the occasion of its bid for Blue Circle and payment of a scrip dividend.
  Cost: FFr11.8 million.
- Acquisition by Malherbes Anjou of the Avenue II property complex located in Nanterre.
  Cost: €39.8 million.
- Acquisition by CCF Partners Asset Management Ltd. and CCF Charterhouse European Holding Ltd. of the shares in Banque du Louvre owned by the employees, raising CCF's holding to 86.5 per cent.
  Cost: €7 million.

2002

- Disposal of 50 per cent stake in Lixxbail (formerly Loxxia) to Crédit Lyonnais.
  Proceeds: €160 million.
- Disposal of 25 per cent stake in Financo to Crédit Mutuel de Bretagne.
  Proceeds: €12.6 million.
- Subscription to the rights issue made by Netvalor.
  Cost: €10 million.
- Disposal of HSIL, a subsidiary specialising in the management of property assets, property funds and privatisation funds, to HSBC Asset Management.
  Proceeds: €220.5 million.
- Disposal of 21.74 per cent stake in Lombard Bank.
  Proceeds: €8.25 million.
- Disposal of CCF Immo, a mortgage lending subsidiary.
  Proceeds: CHF5 million.
- Disposal of 49 per cent stake in Myriade, an investment company.
  Proceeds: CAD28.69 million.
- Subscription to rights issue made by Erisa Iard.
  Cost: €1.84 million.
- Disposal of Cedel International shares to Deutsche Börse.
  Proceeds: €46.64 million.
- Acquisition of HSBC Republic Bank France SA by CSML.
  Cost: €325 million.
- Disposal of CCF SEI Investment to SEI Investment Company.
  Proceeds: €0.2 million.
- Subscription to capital increase made by Immobilier Elybail following a call for the remaining unpaid capital.
  Cost: €5.50 million.
- Disposal of CCF Eurozone Italy (8 Italian branches) to Banca Immobiliare.
  Proceeds: €1.2 million.
- Subscription by SFS to rights issue made by Swiss Life.
  Cost: €8.81 million.

CCF group offices

CCF's main offices are located on the Champs-Elysées, the "Ile-de-France" sites, "Cœur Défense" and "Collines Sud" at La Défense, "Avenue II" at Nanterre and the information processing centre at Lognes.

CCF also has a network of 217 branches and offices throughout France, including 102 in Paris and the suburbs.

The group's principal regional banks in France are:

Banque Chaix (south east France): 65 branches

Banque Dupuy, de Parseval (south east France): 44 branches

Banque Hervet (Paris region and central France): 86 branches

Banque Marze (south east France): 10 branches

Banque Pelletier (south west France): 11 branches

Banque de Picardie (northern France): 17 branches

Banque de Savoie (Rhône-Alpes region): 55 branches

Crédit Commercial du Sud Ouest (south west France): 55 branches

Société Marseillaise de Crédit: 158 branches

Union de Banques à Paris (Paris region): 55 branches

Exceptional events and litigation

The CCF group is currently involved in legal actions taking place in the United States, relating to investment operations and fiduciary loans. Although we cannot predict the outcome of these law suits, the CCF group does not believe that they will have a material impact on its financial statements.

To the best of the Company's knowledge, there are no other exceptional events, legal actions or arbitration procedures pending which might have a material adverse impact on the assets, financial position or earnings of the company or the Group to which it belongs.

Other legal documents relating to the Annual General Meeting of shareholders

Agreements governed by Article L 225-38 of the New Code of Commerce

Article L. 225-38 of the New Code of Commerce requires that any agreement entered into directly or indirectly between a company and one of its directors or senior executives, or between a company and one of its shareholders owning at least 5 per cent of the share capital, must be approved by the Board of Directors and the shareholders. It also prohibits certain types of agreement between those parties, such as loans or guarantees.

The following agreement, subject to the provisions of article L. 225-38 of the New Code of Commerce, was submitted to the Board of Directors for approval during 2002.

Agreement between CCF and one of its subsidiaries

Agreement to grant Société Française et Suisse a financial subsidy of €62.9 million to restore its subsidiary to financial health. The subsidy is subject to a "better fortunes" clause, which requires Société Française et Suisse to repay CCF a sum equal to 50 per cent of its net profits, if any, in the financial years 2003 and 2004.

In addition, three agreements governed by Article L. 225-38 of the New Code of Commerce entered into during 2001 by CCF and its direct 99.99 per cent shareholder, HSBC Bank plc. Paris Branch, remained in full force and effect during 2002. These were a "pooling of resources" agreement designed to provide the parties with various services relating to their activities at cost, an agreement for the provision of services covering various activities and a group tax relief agreement.

Auditors' report on the annual financial statements of CCF SA

Year ended 31 December 2002

Dear Shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we have examined the financial statements of CCF SA for the year ended 31 December 2002, as attached to this report, and conducted the specific investigations required by law.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position, assets and liabilities as of 31 December 2002, and of the results of its operations for the year then ended, in accordance with French rules and accounting principles.

Specific investigations

We also performed the specific investigations required by law, in accordance with the professional standards applied in France.

We have no comments concerning the fairness of the information given in the Board of Directors' report and other documents sent to the shareholders, and its consistency with the financial statements.

As required by law, we verified that the statutory disclosures regarding holdings and voting rights have been made in the Board of Directors' report.

Paris-La Défense and Paris, 27 February 2003

The Statutory Auditors

Cabinet Alain Lainé
Represented by Alain Lainé

KPMG Audit
Department of KPMG SA
Represented by Fabrice Odent

Other legal documents relating to the Annual General Meeting of shareholders (continued)

Auditors' report on the consolidated financial statements of the CCF group

Year ended 31 December 2002

Dear Shareholders,

In accordance with the terms of our appointment at the Annual General Meeting, we have examined the consolidated financial statements of the CCF group for the year ended 31 December 2002, as attached to this report.

The consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position, its assets and liabilities as of 31 December 2002, and of the results of its operations for the year then ended, in accordance with French rules and accounting principles.

We also verified the information concerning the management of the group given in the Board of Directors' report. We have no comment as to its fairness or its consistency with the consolidated financial statements.

Paris-La Défense and Paris, 27 February 2003

The Statutory Auditors

Cabinet Alain Lainé
Alain Lainé
Partner

KPMG Audit
Department of KPMG SA
Fabrice Odent
Partner

Year ended 31 December 2002

To the Shareholders of CCF,

As statutory auditors of CCF, we present below our special report on regulated related party transactions.

Agreements authorised during the year

In accordance with article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of the transactions previously authorised by your Board of Directors.

We have no obligation to perform any specific procedures aimed at identifying other transactions that may exist. Our only obligation is to present to you the main characteristics and provisions of the transactions of which we have been informed, without commenting as to their usefulness or appropriateness. For the purpose of approving these transactions, it is your responsibility, in accordance with article 92 of the Decree of 23 March 1967, to assess the benefits arising from these transactions.

With Société Française et Suisse

Under the terms of an agreement between CCF and its wholly-owned subsidiary, Société Française et Suisse (SFS), CCF has granted SFS a financial subsidy of €62,900,000 to restore it to financial health. The subsidy is subject to a "better fortunes" clause, which requires SFS to repay CCF a sum equal to 50 per cent of its net profits, if any, in the financial years 2003 and 2004.

Agreements approved in prior years which remain in full force and effect

In accordance with the provisions of the Decree of 23 March 1967, we have been advised that the following agreements, which were approved in prior financial years, remained in full force and effect during 2002.

With HSBC Bank plc Paris Branch

Three agreements have been entered into by CCF and its direct shareholder of 99.99 per cent, HSBC Bank plc Paris Branch:

- A groupwide service agreement for the purpose of rendering services to its members at cost concerning diverse activities of the two entities: back-office payments, back-office treasury, credit risk management, and euro zone management. The agreement amounted to €1.7 million in 2002.
  - Service level agreement issued by CCF to HSBC Bank plc Paris Branch concerning:
  - services related to back-office payment processing activities,
  - services related to back-office treasury activities,
  - services related to front-office activities,
  - services related to client account administration,
  - services related to the control of counterparty risk,
  - services related to credit activity.

Other legal documents relating to the Annual General Meeting of shareholders (continued)

Payment for the services rendered is equal to the cost incurred by CCF in providing the services. The agreement is valid for an indeterminate period. The agreement amounted to €0 in 2002.

– Tax integration agreement between HSBC Bank plc Paris Branch, the Company at the head of the group tax integration, and CCF: this agreement allows for the tax savings realised each year by the tax integration group (deficit or other), that are not used by the member companies in deficit, to be available for CCF after deducting the amounts already paid by HSBC Bank plc Paris Branch to other members of the Group. The agreement amounted to €51.1 million in 2002.

We conducted our work in accordance with professional standards in France; those standards require that we perform procedures to verify that the information provided to us has been accurately derived from the related underlying documents.

Paris-La Défense and Paris, 27 February 2003

The Statutory Auditors

Cabinet Alain Lainé
Alain Lainé
Partner

KPMG Audit
Department of KPMG SA
Fabrice Odent
Partner

Annual General Meeting of 14 May 2003 – Resolutions adopted

Ordinary business

First resolution

Having heard and considered the report of the Directors and the general report of the Auditors for the year ended 31 December 2002, and voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby approve the Company's financial statements for that year as presented, together with the business operations reflected therein and summarised in the reports.

Second resolution

Voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby approve the following proposed distribution of net profit for the year:

Net profit for the year	€620,212,813.75
Plus retained profits	€136,170,797.78
Total sum available for distribution	€756,383,611.53
To be distributed as follows:	
Dividend of €7.25 per share to be paid to the shareholders	€537,348,728.50
Retained profits	€219,034,883.03

The dividend will be paid on 15 May 2003, after deduction of the interim dividend of €5.40 per share (plus a tax credit of €2.70) voted by the Board of Directors on 14 November 2002 and paid in respect of shares in issue as of that date.

The shareholders duly note that dividends paid in respect of the three previous financial years were as follows:

Year	Net dividend per share	Tax credit
1999	€2.20	€1.10*
2000	€4.10	€2.05**
2001	€5.60	€2.80***
2002	€7.25	€3.625****

* *The 2000 French Finance Act provides that, in certain cases, the tax credit used in 2000 is equal to 40 per cent of the dividend paid rather than 50 per cent.*

** *The 2001 French Finance Act provides that, in certain cases, the tax credit used in 2001 is equal to 25 per cent of the dividend paid rather than 50 per cent.*

*** *The 2002 French Finance Act provides that, in certain cases, the tax credit used in 2002 is equal to 15 per cent of the dividend paid rather than 50 per cent.*

**** *The 2003 French Finance Act provides that, in certain cases, the tax credit used in 2003 is equal to 10 per cent of the dividend paid rather than 50 per cent.*

Third resolution

Having heard and considered the report of the Directors and the general report of the Auditors for the year ended 31 December 2002, and voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby approve the consolidated financial statements for that year as presented.

Fourth resolution

Having heard and considered the special report of the Auditors on agreements governed by Article L. 225-38 of the Code of Commerce, and voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby approve the agreements described therein under the conditions referred to in Article L. 225-40 of said Code.

Fifth resolution

Voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby ratify the Board's co-optation on 30 July 2002 of Mr. Igor Landau as Director to replace Mr. Bertrand Collomb, who has resigned. Mr. Landau's term of office will run for the remainder of the term of his predecessor, that is until the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2003.

Sixth resolution

Voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby re-elect Mr. Stephen Green, whose term of office has come to an end, as Director for a further term of four years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2006.

Seventh resolution

Voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby re-elect Mr. Jean-Claude Jolain, whose term of office has come to an end, as Director for a further term of four years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2006.

Annual General Meeting of 14 May 2003 – Resolutions adopted (continued)

Eighth resolution

Voting under the quorum and majority conditions required to transact ordinary business, the shareholders hereby elect Mr. Jean-Claude Decaux as Director for a term of four years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2006.

Special business

Ninth resolution

Voting under the quorum and majority conditions required to transact special business, the shareholders hereby resolve to alter Article 3 of the Articles of Association as follows, to take account of the integration of the provisions of law no. 96-597 of 2 July 1996 into the French Monetary and Finance Code:

Article 3 – Corporate object

The company's corporate object is the transaction in all countries of any and all banking, finance, lending, guarantee, trading, brokerage or fee-earning business together with the provision of any and all investment services and related services within the meaning of Articles L.321-1 and L.321-2 of the Monetary and Finance Code and, more generally, to conduct within the limits permitted by law any and all commercial, industrial or agricultural transactions, whether involving property or securities, and to provide any and all services directly or indirectly connected with or which may facilitate the achievement of the foregoing object.

Tenth resolution

The shareholders resolve to confer full powers on a bearer of an original, a copy or an abstract of the Minutes of this meeting for the purpose of completing any formalities required by law.

Information on CCF and its share capital

Information on the Company

Name
CCF, new name of Crédit Commercial de France, approved at the AGM of 8 April 2002 (16th resolution adopted to alter Article 2 of the Articles of Association) and effective as of 3 June 2002 pursuant to the decision of the Board of Directors at its meeting of 8 April 2002.

Date of incorporation
1894.

Registered office
103, avenue des Champs-Elysées, 75008 Paris.

Legal form
Société Anonyme incorporated under the laws of France, governed notably by the French Companies Act of 24 July 1966. The Company is a credit institution and authorised bank, and as such is also governed by the French Banking Act of 24 January 1984 (no. 84-46).

Term
The Company's term ends on 30 June 2043, unless previously wound up or extended.

Corporate object (Article 3 of the Articles of Association)
The Company's corporate object is the transaction in all countries of any and all banking, finance, lending, guarantee, trading, brokerage or fee-earning business together with the provision of any and all investment services and related services within the meaning of Articles L. 321-1 and L. 321-2 of the Monetary and Finance Code, and more generally, to conduct within the limits permitted by law any and all commercial, industrial or agricultural transactions, whether involving property or securities, and to provide any and all services directly or indirectly connected with or which may facilitate the achievement of the foregoing object.

Trade and Companies Register and APE code
Paris B 775 670 284 - APE 8902.

Consultation of documents concerning the Company
103, avenue des Champs-Elysées, 75008 Paris.

Financial year
From 1 January to 31 December.

Information on CCF and its share capital (continued)

Distribution of profits
A minimum of 5 per cent of the net profit for the year, less any prior year losses, is transferred to the legal reserve until such time as it has reached one tenth of the Company's share capital and at any time after that should it fall back below the minimum requirement.

The balance, plus any retained earnings, less any sums which the shareholders deem expedient to transfer to new or existing reserves or to retained earnings, comprises the profit available for distribution among the shareholders.

However, except in the event of a reduction of the Company's share capital, no distribution may be made if total shareholders' funds are or would as a result become lower than the amount of the Company's share capital plus any non-distributable reserves.

By way of derogation to the provisions of this article, sums may be transferred to a special employee profit-sharing reserve, as provided for by law.

Shareholders' meetings
Meetings are open to all shareholders. They are convened and transact business in accordance with the provisions of the law and regulations in force and effect from time to time. All shareholders owning at least one share are entitled to attend and participate in shareholders' meetings either in person or by proxy.

Form of shares
All fully paid up shares are in registered form. They are registered on an individual securities account under the terms and conditions provided for by law.

Voting rights
Each fully paid up share entitles the holder to one vote.

Transfer of shares
The shares are freely transferable.

Custodian and financial service
CCF.

Information on the share capital

At 31 December 2002, the share capital amounted to €370,585,330 divided into 74,117,066 fully paid up shares, each with a nominal value of €5.

Authorities to increase the share capital

	With pre-emptive rights	Without pre-emptive rights
Issue of shares for cash or by capitalising reserves		
– Date of authority	8 April 2002	–
– Expiry date	8 April 2007	–
– Maximum nominal amount	€120 million	–
Issue of shares to employees		
– Date of authority	–	8 April 2002
– Expiry date	–	8 April 2004
– Maximum nominal amount	–	€10 million

Information on CCF and its share capital (continued)

Movements in share capital

	2002			2001		
	Number of shares	***Share capital in euros*** [2]	***Share premium in euros***	*Number of shares*	*Share capital in euros* [2]	*Share premium in euros*
At 1 January	**75,409,701**	**377,048,505**	**–**	74,888,902	374,444,510	–
Issue of shares to employees	**–**	**–**	**–**	–	–	–
Exercise of share options [1]	**229,066**	**1,145,330**	**7,700,064.02**	520,799	2,603,995	15,943,471.73
Reduction of share capital by cancellation of own shares held	**1,521,701**	**7,608,505**	**247,428,582.60**	–	–	–
At 31 December	**74,117,066**	**370,585,330**	**–**	75,409,701	377,048,505	–

	2002	2001
1 *Of which :*	*4,200 shares issued at €32.78*	*625 shares issued at €33.69*
	2,170 shares issued at €34.00	*29,000 shares issued at €34.00*
	25,326 shares issued at €35.52	*488,174 shares issued at €35.52*
	193,370 shares issued at €37.05	*1,000 shares issued at €37.05*
	4,000 shares issued at €142.50	*2,000 shares issued at €81.71*

2 *The share capital was converted into euros on 17 February 1999.*

2000			1999			1998		
Number of shares	*Share capital in euros* [2]	*Share premium in euros*	*Number of shares*	*Share capital in euros*	*Share premium in euros*	*Number of shares*	*Share capital in French francs*	*Share premium in French francs*
73,868,858	369,344,290	–	72,790,957	363,954,785	–	72,798,046	1,819,951,150	–
–	–	–	551,211	2,756,055	35,172,774	303,031	7,575,775	105,454,811
1,020,044	5,088,220	35,793,432.82	695,211	3,476,055	19,448,247.13	429,880	10,747,000	77,802,500
–	–	–	168,521	842,605	8,600,142.33	740,000	18,500,000	225,034,304.32
74,888,902	374,444,510	–	73,868,858	369,344,290	–	72,790,957	1,819,773,925	–

2000	1999	1998
18,000 shares issued at €25.31 (FFr166)	*41,600 shares issued at €25.31 (FFr166)*	*40,360 shares issued at FFr138*
29,150 shares issued at €33.69 (FFr221)	*138,605 shares issued at €33.69 (FFr221)*	*57,100 shares issued at FFr166*
103,994 shares issued at €32.78 (FFr215)	*476,406 shares issued at €32.78 (FFr215)*	*316,620 shares issued at FFr221*
550,500 shares issued at €34.00 (FFr223)	*9,600 shares issued at €34.00 (FFr223)*	*9,400 shares issued at FFr215*
62,000 shares issued at €35.52 (FFr233)	*12,000 shares issued at €35.52 (FFr233)*	*2,400 shares issued at FFr223*
124,000 shares issued at €37.05 (FFr243)	*12,000 shares issued at €37.05 (FFr243)*	*4,000 shares issued at FFr243*
34,600 shares issued at €73.48 (FFr482)	*2,500 shares issued at €73.48 (FFr482)*	
97,800 shares issued at €81.71 (FFr536)	*2,500 shares issued at €81.71 (FFr536)*	

Information on CCF and its share capital (continued)

Share options

Pursuant to the authorities granted on 13 May 1992, 7 May 1997 and 29 April 1998, and the ensuing Board resolutions, share options have been granted to managers and Directors of the Company, as follows:

Year	*Allocation*	*Exercise price*		*Options outstanding on 31.12.2002*	*Expiry date*
1993	541,000	FFr 221	€33.69	100	2003
1994	645,000	FFr 215	€32.78	10,800	2004
1995	675,000	FFr 223	€34.00	56,130	2005
1996	696,000	FFr 233	€35.52	96,500	2006
1997	715,000	FFr 243	€37.05	360,630	2007
1998	728,000	FFr 482	€73.48	673,400	2008
1999	909,000	FFr 536	€81.71	794,700	2009
2000	909,000	–	€142.50	856,500	2010

The maximum number of CCF shares that may be issued pursuant to the exercise of share options is 2,848,760, which would raise the total number of €5 nominal shares in circulation to 76,965,826.

Ownership of share capital and voting rights at 31 December 2002

HSBC Bank plc has owned 99.99 per cent of the share capital and voting rights since 31 October 2000. This percentage has not varied since then. HSBC Bank plc is a wholly-owned subsidiary of HSBC Holdings plc, a company quoted in London, Hong Kong, New York and Paris.

Changes in ownership of share capital

	1999		1998	
	Percentage of voting rights	*Percentage of share capital*	*Percentage of voting rights*	*Percentage of share capital*
1. Shareholders represented on the Board of Directors and the International Consultative Committee				
1.1 Shareholders owning at least 5 per cent of the share capital or voting rights:				
– Groupe Société Suisse d'Assurance Générale sur la Vie Humaine	19.6	14.5	15.0	10.0
– ING +BHF	19.0	19.1	9.1	7.6
– Groupe KBC Bancassurance + KBL	16.8	18.8	9.1	7.6
– Groupe Mutuelle du Mans Assurance	–	–	10.4	7.7
– Taiyo Mutual Life Insurance Cy	5.3	3.6	5.0	3.7
1.2 Other French shareholders	2.9	1.8	8.0	5.4
1.3 Other foreign shareholders	–	–	5.2	5.2
2. Other shareholders closely related to the CCF group				
– CCF own shares	–	–	–	0.2
– Employees	4.0	3.0	3.1	2.8
3. Identified French and foreign institutional shareholders	19.4	23.6	34.8	45.5
4. Float	13.0	15.6	9.4	11.9
TOTAL	100.0	100.0	100.0	100.0

Dividend and payout policy

	2002	2001	2000	1999	1998	1997
Number of shares at 31 December	**74,117,066**	75,409,701	74,888,902	73,868,858	72,790,957	72,798,046
Average number of shares outstanding during the year	**74,928,199**	75,019,102	74,365,694	72,917,088	72,776,339	71,654,719
EPS [1]	**€7.50**	€6.89	FFr42.11 €6.42 [2]	FFr40.42 €6.16	FFr28.82 €4.39	FFr22.11 €3.41
Net dividend	**€7.25**	€5.60	€4.10	€2.20	€1.40	FFr6.70
Dividend + tax credit	**€10.875**	€8.40	FFr40.34 €6.15	FFr21.64 €3.30	FFr13.77 €2.10	FFr10.05 €1.53
Payout [3]	**95.6%**	74.7%	64.3%	35.70%	31.8%	30.3%

1 *Calculated on the weighted average number of shares outstanding after deducting own shares held.*
2 *Based on reported figures. On a restated basis and excluding exceptional items, EPS would have been €6.65.*
3 *Dividend paid as a percentage of reported earnings.*

At the Annual General Meeting held on 14 May 2003, the Board proposed a net dividend of €7.25 per €5 nominal share, which corresponds to a gross dividend of €10.875 including the tax credit.

Dividends which are not claimed within five years of the payment date lapse and become the property of the French Treasury.

Employees, remuneration, share offering and incentive schemes

Employees at 31 December 2002

	2002 [1]	2001 [1]	2000 [1]	1999 [1]	1998 [1]
Total CCF France (excluding those seconded to branches)	**6,669**	6,230	6,130	5,825	6,163
Total foreign branches	**82**	91	227	434	390
Total CCF	**6,751**	6 321	6,357	6,259	6,553
Total CCF group	**13,797**	14,071	13,583	13,429	11,719 [2]

1 *Staff – Full-time equivalent.*
2 *Excluding Société Marseillaise de Crédit.*

2001/2002 Employment Report

The following report contains the information required under Article L. 225-102.1, alinea 4 of the Code of Commerce, completed by the decree 2002.221 of 20 February 2002.

The comments below are based on the number of registered employees not weighted with part-time jobs.

Increase in headcount for the third consecutive year

– 2002 headcount: 6,771 employees, an increase of 6.8 per cent or 431 employees on 2001. The number of employees with management status rose by 15.9 per cent in 2002.

– New employees: 483 new permanent employees joined the group in 2002 after two years of heavy recruitment. 92 new contract staff joined the group in 2002.

– Departures: resignations accounted for 39 per cent of total departures in 2002.

Further rise in percentage of management staff

– Increase in percentage of management staff and women managers:

  – Over three years, the number of management grade employees has risen by 23.0 per cent. The number of non-management grade employees has decreased by 4 per cent.

  – Women managers account for 19.3 per cent of employees.

Employment conditions

The annual number of working hours is 1,592. This reduction in annual working hours has been effected partly through a reduction in weekly working hours and partly through the grant of additional days leave.

At 31 December 2002, 604 employees worked part-time under the flexible working agreements signed by CCF.

During 2002, an early retirement plan was introduced and 37 employees took early retirement under the plan during the year.

At 31 December 2002, CCF employed 170 disabled workers.

Employee relations and collective bargaining agreements

During 2002, two new pay agreements were signed covering 2001 and 2002. In addition, the provisions of the agreement on the reduction in working hours concerning time savings accounts were also revised during the year.

Major negotiations began concerning the issues of sexual equality, employment of the disabled and support for employees during times of organisational change.

Pay

In 2001 and 2002, pay agreements signed by CCF covered the following:

– minimum increases for the lowest paid employees;

– performance-related increases awarded on merit;

– bonuses for achieving or exceeding individual qualitative and quantitative targets.

The ratio between average management pay and average non-management pay is 2:1.

Training

In 2002, CCF provided over 170,000 hours of training for 3,369 employees, representing 4.23 per cent of total payroll costs.

A training programme designed to develop managerial skills has been established. The programme is aimed at all senior managers and defines the broad strategic guidelines for their jobs. All "managers of managers" in the CCF group completed the training programme during 2002. In 2003 and beyond, CCF plans to extend the programme to encompass the next management level down.

The purpose of the programme is to foster understanding of the group's corporate culture, to strengthen managerial skills in leading organisational change and to develop synergies between business activities and subsidiaries.

Overtime, temporary staff and sub-contracting

The euro project came to an end in 2002, leading to a significant reduction in overtime, employment of temporary staff and recourse to sub-contracting.

Health and safety

CCF has established Health & Safety at Work Committees covering all its activities in France. These Committees are endowed with resources above the minimum required by law, particularly in terms of inspections of the group's premises.

During 2002, a risk assessment report was drawn up and presented to CCF's management and the staff representative bodies.

Absenteeism

Maternity leave: up 5.7 per cent on 2001.

Sick leave: no change on 2001.

Occupational accident leave: down 2.5 per cent on 2001.

Employees, remuneration, share offering and incentive schemes (continued)

Staff welfare

The total amount of funds paid to the central and local works councils increased by 7.5 per cent to €1,729,029. The amount of the subsidy paid to the mutual insurance fund increased by 6.8 per cent to €785,108.

Employee share offering

Each year since 1993, CCF has made an employee share offering open to current employees of CCF, former employees who are members of the employee share ownership plan and employees of French subsidiaries in which CCF owns over 51 per cent.

In 2002 as in 2001, HSBC maintained the principle of making an annual employee share offering, in the same way as CCF has done in the past. The 2002 offering ran from 5 to 24 June 2002, with payment made on 30 July 2002. The key terms and conditions were as follows:

– offering of HSBC shares open to current employees of CCF, former employees who are members of the employee share ownership plan, and employees of French subsidiaries in which CCF owns over 51 per cent;

– an offer price of €10.5638 per share, calculated as in the previous year by applying a 20 per cent discount to the average HSBC share price quoted during the twenty trading sessions preceding 31 May 2002, the date on which the Remuneration Committee of HSBC Holdings plc decided to make the offering.

CCF employees with at least six months service were offered the opportunity of investing the following sums:

– their employee profit-sharing entitlement;

– their incentive scheme entitlement;

– their own personal funds up to the maximum permitted by law.

The share offering took place by way of a mutual fund, the H Fund, forming part of the group or Company employee share ownership plan. Employees took up a total of 2,542,180 HSBC shares, representing a total capital amount of €26.86 million. Since HSBC's takeover of CCF, the assets of the H Fund are now invested in HSBC shares, on the decision of the Fund's Supervisory Board.

Incentive schemes

Profit-sharing and incentive plan agreements

Two new profit-sharing and incentive plan agreements were signed on 27 June 2001 for a term of three years, covering 2001, 2002 and 2003. Under the agreements, the profit-sharing entitlement and incentive awards are combined: the profit-sharing component is calculated as a function of CCF France's restated operating profit before provisions and the incentive component by reference to growth in CCF France's restated operating profit before provisions [1].

Profit-sharing agreement

The profit-sharing entitlement is calculated using an alternative method to the standard method applicable under ordinary law. It is equal to 8 per cent of the contribution made by CCF's activities in France, determined as restated operating profit before provisions less various provisions and a theoretical tax charge. Under the alternative method, the profit-sharing entitlement may not exceed 5 per cent of CCF France's reported net profit.

1 *Restated operating profit before provisions is restated to deduct items which do not directly concern CCF France's activities:*
- *capital gains or losses on asset disposals and changes in provisions against available-for-sale securities, equity investments and investments in consolidated subsidiaries other than those involved in capital markets activities, and excluding income from sales of money market funds;*
- *results of foreign branches;*
- *dividends received from consolidated companies and their cost of financing.*

Incentive agreement

The incentive payment is based on a pre-defined scale, which is a function of the growth rate of CCF France's restated operating profit before provisions. 50 per cent is allocated equally among eligible employees, pro rata to the duration of their employment with the Company during the year and, in the case of part-time employees, pro rata to their working hours. 50 per cent is allocated among the employees in proportion to their annual gross salary during the year, up to a maximum of three times the Social Security ceiling.

Change from 1998 to 2002

(in € millions)	**2002**	2001	2000	1999	1998
Incentive scheme	**5.34**	4.57	4.57	8.38	4.57
Profit-sharing	**14.28**	12.49	12.78	11.88	7.45
of which standard method	**–**	1.46	1.33	–	–
of which alternative method	**14.28**	11.03	11.44	11.88	7.45
Total amount paid	**19.62**	17.06	17.35	20.26	12.03

Share option policy

Pursuant to the authority granted by the shareholders at the Annual General Meeting of 22 July 1987, renewed at the Annual General Meetings of 13 May 1992 and 7 May 1997, the Board of Directors established a policy of awarding share options each year to the executive Directors and senior managers of CCF. At the proposal of the Nomination and Remuneration Committee, the Board gradually extended the share option policy with a view to retaining key employees and encouraging value creation. In 2000, the number of beneficiaries was 502 compared with 331 in 1999.

Since 2001, following CCF's integration into the HSBC Group, CCF no longer awards CCF share options as employees can now participate in the share option plan offered by the HSBC Group (part B) in the form of a French sub-plan which complies with the legal and fiscal regulations applicable in France. 1,026 employees were awarded HSBC share options in 2001, and 1,398 in 2002.

Employees, remuneration, share offering and incentive schemes (continued)

Options awarded:

Date of Annual General Meeting authority	13.5.1992	13.5.1992	13.5.1992	13.5.1992
Date of Board meeting	4.5.1993	23.6.1994	22.6.1995	9.5.1996
Total number of options awardedof which to members of the Management Committee (current composition)	541,000 214,000	645,000 263,000	675,000 261,000	696,000 297,000
Total number of beneficiaries	93	116	114	125
Number of Management Committee beneficiaries	24	26	28	29
First exercise date	4.5.1995	23.6.1996	22.6.1997	9.5.1998
Expiry date	4.5.2003	23.6.2004	22.6.2005	9.5.2006
Exercise price	FFr221 (€33.69)	FFr215 (€32.78)	FFr223 (€34.00)	FFr233 (€35.52)
Discount to average quoted share price	5%	5%	5%	5%
Number of options exercised at 31.12.2002	513,200	612,800	594,870	587,500
Number of options lapsed	27,700	21,400	24,000	12,000
Number of options outstanding	100	10,800	56,130	96,500

* *Executive Committee.*
** *Discount to HSBC offer price of €150 per share.*

7.5.1997	7.5.1997	7.5.1997	7.5.1997
7.5.1997	29.4.1998	7.4.1999	12.4.2000
715,000 305,000	728,000 321,000	909,000 312,000	909,000 161,000*
127	199	331	502
29	31	29	10*
7.6.2000	7.6.2000	7.6.2000	1.1.2002
7.5.2007	29.4.2008	7.4.2009	12.4.2010
FFr243 (€37.05)	FFr482 (€73.50)	€81.71	€142.50**
5%	5%	5%	5%
334,370 20,000 360,630	37,100 17,500 673,400	102,300 12,000 794,700	4,000 48,500 856,500

Employees, remuneration, share offering and incentive schemes (continued)

Key regulations governing share option plans

The regulations governing all share option plans still in force and effect were approved by the Board of Directors at its meeting of 7 May 1997.

However, under these regulations, option holders were entitled to exercise all their outstanding share options during the period of HSBC's public offer for CCF in 2000, with the exception of those awarded in 2000, which were not exercisable before the close of the Offer. In view of the adverse tax effects, for both beneficiaries and CCF, that would have resulted from a breach of the lock-up period required under Article 163 bis C of the French General Tax Code, HSBC offered option holders the benefit of a liquidity contract in the CCF shares issued upon exercise of their options during the Offer period, subject to two undertakings:

- not to sell the CCF shares issued upon exercise of their options on terms likely to incur a tax or social security cost to CCF;
- to sell to or exchange with HSBC all CCF shares issued upon exercise of their options at the end of the lock-up period.

The liquidity contract set out the terms and conditions on which CCF employees undertook to sell or exchange their CCF shares, depending on the year in which the options were awarded.

- Options awarded before 1996 and from 1997 to 2000: upon expiry of the lock-up period or upon exercise of the options if later, beneficiaries will exchange all the CCF shares issued pursuant to the exercise of their options for a number of ordinary HSBC shares determined using the ratio applicable to the Offer, adjusted for any changes in the share capital of either HSBC or CCF.
- Options granted in 1996: beneficiaries irrevocably committed to one or other of the following two options:
  - upon expiry of the lock-up period or upon exercise of the options if later, to exchange all the CCF shares issued pursuant to the exercise of their options for a number of ordinary HSBC shares determined using the ratio applicable to the Offer, being 13 HSBC shares for one CCF share, adjusted for any changes in the share capital of either HSBC or CCF;
  - on 28 September 2001, to sell to HSBC all CCF shares issued pursuant to the exercise of their options for a price consistent with the Offer price and determined according to a formula which takes account of CCF's average operating profit in the eight consecutive calendar quarters ending in June 2001.

Special report

Information required under the "New Economic Regulations" Act on share options awarded in 2002

Since its integration into the HSBC Group in July 2000, CCF has ceased to award options to employees and executive Directors of the CCF group.

Information on CCF options exercised by executive Directors

None of CCF's Executive Directors exercised any CCF options during 2002.

Information on CCF options held by the 10 employees who exercised the greatest number of options during 2001

	Total options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Total options exercised by 19 employees (of which 13 equally)	88,000	36.99	09.05.1996 and 07.05.1997	09.05.2006 and 07.05.2007

Options granted by subsidiaries to their employees

Several of CCF's French subsidiaries have established their own share option plans. However, in order to comply with the regulations governing HSBC, CCF decided to cease this practice in 2001, with the exception of two subsidiaries which were granted special dispensation. These were therefore the only two subsidiaries to have awarded share options during 2001. In 2002, only Banque Eurofin awarded options under the special dispensation granted by CCF.

No executive Director of CCF or member of CCF's Executive Committee holds options in the CCF group's subsidiaries.

Banque du Louvre

	Options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Options exercised by executive Directors in 2002:				
G. Dard	3,900	68.65	31.03.1999	31.03.2009
H. Riché	3,900	68.65	31.03.1999	31.03.2009
Total options exercised by eight employees	9,800	68.65	31.03.1999	31.03.2009

Banque Eurofin

	Options awarded	*Exercise price € per share*	*Date of award*	*Expiry date*
Options awarded to Executive Directors in 2002:				
A. Beauvy	2,500	100	07.10.2002	07.10.2012
Total options awarded to the ten employees who received the greatest number of options	26,500	100	07.10.2002	07.10.2012

No options were exercised during 2002.

Employees, remuneration, share offering and incentive schemes (continued)

Banque Chaix

No executive Directors of Banque Chaix exercised any Banque Chaix options during 2002.

	Options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Total options exercised by seven employees	5,050	88.73	28.10.1997	28.01.2003

Banque Dupuy, de Parseval

	Options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Options exercised by executive Directors in 2002:				
A. Gros	500	32.01	03.03.1997	03.06.2002
Ph. Dupuis	1,100	–	–	–
H. Dupuis	1,000	–	–	–
Total options exercised by six employees	2,400	–	–	–

Crédit Commercial du Sud Ouest (CCSO)

No executive Directors of CCSO exercised any CCSO options during 2002

	Options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Total options exercised by three employees and former employees of CCSO (still employed by the CCF group)	6,375	80.49	01.10.1996	01.04.2002

Union de Banques à Paris (UBP)

	Options exercised	*Exercise price € per share*	*Date of award*	*Expiry date*
Options exercised by Executive Directors in 2002:				
R. Bert (CCF)	4,500	19.06	03.07.1997	03.01.2003
J.F. Le Treis	3,250	–	–	–
C. de Bonneval	1,000	–	–	–
Total options exercised by 12 employees (of which 4 equally) and former employees of UBP (still employed by the CCF group)	16,800	–	–	–

Recent developments and outlook

CCF 2002 results highlights

Further profit growth despite a difficult economic and financial environment.

Tighter control over costs and risks, while maintaining investment in strategic businesses.

Excellent performance in Retail and Commercial Banking, particularly the regional banks.

Further growth in Corporate, Investment banking and Markets, with continued progress in corporate banking and an excellent performance in corporate finance.

Equity-related activities depressed by difficult market conditions, but still delivered positive operating results.

Earnings up for the nineteenth consecutive year

Net attributable profit for 2002 was €562 million, an increase of 8.6 per cent compared with 2001. After adjusting for major disposals and acquisitions [1] made during 2001 and 2002, the results of activities managed by other HSBC Group business units, and certain exceptional items [2], net attributable profit from businesses managed by CCF amounted to €498 million, up 4.6 per cent on 2001. This was despite a fall in equity investment profits, from €110 million in 2001 to just €27 million in 2002, as a result of the stock market decline.

Operating income amounted to €2,294 million, up 1.6 per cent on a comparable basis, despite the adverse impact of stock market conditions on some revenues.

In this difficult climate, operating costs were kept well under control at €1,594 million, an increase of just 1.5 per cent compared with 1.7 per cent in 2001. This was achieved by cutting back significantly on central overheads while maintaining strategic investment in key businesses, particularly retail banking.

Consequently, operating profit before provisions rose by 1.6 per cent, to €700 million.

Tight control over risk led to a moderate specific provision charge of €68 million, giving a provisioning rate of 0.22 per cent.

Shareholders' funds amounted to €3.3 billion after the year's transfer to retained earnings. Tier one capital ratio remained high at 8.2 per cent, while return on equity, calculated on the basis of average shareholders' funds after the year's transfer to retained earnings, stood at 16.7 per cent on an accounting basis (compared with 15.1 per cent in 2001) and 14.5 per cent on a comparable basis (compared with 13.9 per cent in 2001).

1 *Unless otherwise stated, all figures refer to results of businesses managed by CCF. The principal adjustments to the published results are as follows:*
- *Integration of HSBC's euro zone branches (Spain, Italy, Belgium and the Netherlands), which have been managed by CCF since the end of 2000;*
- *Exclusion of results of UK businesses managed directly by HSBC (notably Framlington).*

The figures have been restated in order to integrate:
- *the many changes in the scope of businesses managed by CCF in 2002 (acquisition of Banque Worms branches, disposal of Lixxbail and CCF SEI, acquisition of minority shareholders of Banque du Louvre, acquisition of HSBC Bank France SA) and in 2001 (acquisition of Banque Hervet and a holding in HSBC Private Banking Holdings (Suisse) SA, disposal of Crédit International d'Egypte, transfer of Banco CCF Brasil, several private banking subsidiaries, and various businesses in the UK to other HSBC entities);*
- *some exceptional items (mainly capital gains and losses on the transfers mentioned, along with restructuring costs and provisions for employees commitments granted to some subsidiaries' employees).*

2 *Principally capital gains on intra-group disposals, restructuring costs and provisions for liability commitments made to employees of certain subsidiaries.*

Recent developments and outlook (continued)

Outlook

Following its acquisition by the HSBC Group in 2000, CCF drew up a business plan setting out the broad outlines of its expansion plans for 2002-2005.

CCF is now the HSBC Group's spearhead in France and the euro zone. Its goal is to become the French leader in its target markets by combining a customer-focused approach with the strengths of one of the world's biggest banking and financial services groups.

In 2003, CCF intends to increase its market share in target customer segments through a differentiated offering, more effective cross-selling and a strong commercial drive.

In Retail and Commercial Banking, and more particularly its wealthier clientele, which gives CCF a unique positioning, the bank will focus on developing its multichannel offering. The creation of a single online trading platform is an excellent illustration of this strategy. CCF also has a major competitive strength in HSBC Premier International Services, a premium service providing access to branches of the HSBC Group around the world.

For business customers, CCF will focus on developing cross-selling and synergies between the different business activities (e.g. cash management, markets, asset management, employee savings and insurance).

In the regional banks, the aim is to improve profitability while maintaining control over costs, through more effective distribution of innovative financial products and developing products designed especially for SMEs and the professions (e.g. employee savings plans and leasing). In organisational terms, the emphasis will be placed on harnessing synergies between CCF and the regional banks and between the regional banks themselves.

CCF is also in the process of upgrading its commercial systems, more specifically by reorganising its front offices and developing new customer relationship management (CRM) tools. The aim is to standardise procedures and systems across the different networks.

In corporate, investment banking and markets, CCF aims to become a leading bank in its target customer segments, which are major corporates, institutional investors and banks. This will be achieved primarily by developing cross-selling and synergies between the origination businesses (cash management, trade services, markets) and the distribution businesses. This approach will be supported by a stronger commercial drive with a growing number of customers, through the creation of new business units dedicated to relationships with the 150 major clients for which CCF is responsible. Market share gains will also be achieved through the launch of new products currently being developed, and the designation of CCF as the HSBC Group's centre of expertise in areas such as structured trade services, trading of euro products and all structured derivatives, and euro-clearing. These actions will be supported by the introduction of new global CRM and credit analysis tools.

In asset management, CCF will continue its expansion in continental Europe from its base in France. The employee savings business will be reorganised to separate the fund management activities from the account services activities, in line with developments in regulatory requirements. Meanwhile, Elysées Fonds will work closely with Erisa to enrich the product offering, particularly in employee savings plans, with the launch of HSBC CCF Epargne Entreprise.

In private banking, the main focus in 2003 will be on merging CCF's four French private banking subsidiaries, Eurofin, Banque du Louvre, CCF BPI and HSBC Bank France SA. The objective is to create the leading private bank in France.

These goals will be facilitated by integrating CCF's systems with those of HSBC. CCF will gradually migrate to HUB, the Group's universal banking system, which in time will lead to major cost savings and revenue synergies. HUB will be rolled out in several stages, starting with Banque de Picardie during 2004-2005, for retail accounts and basic banking transactions for business customers. It will then be used by UBP, upgraded to include new functions for business customers together with a basic CRM system. The third stage will take place in 2006-2007, during which HUB will be rolled out to the whole of CCF, with all the features required to handle major corporate accounts, together with a more comprehensive CRM system.

In 2003, CCF intends to pursue its strategic goals while respecting its financial targets in a difficult economic environment.

Persons responsible for the reference document and for auditing the financial statements

Persons responsible for the reference document

– Chairman and Chief Executive Officer.

– Statutory Auditors.

Declaration of persons responsible for the reference document

To the best of our knowledge, the information provided in this document is true and accurate, and contains all the facts required for investors to form a judgement on the Company's assets, operations, financial position, earnings and prospects, and contains no omissions of a material nature liable to impair its significance.

Charles de Croisset, Chairman and Chief Executive Officer

As the statutory auditors of CCF and pursuant to Regulation no. 98-01 of the Commission des Opérations de Bourse, we have verified the information relating to the financial statements included in this reference document in accordance with the professional standards applied in France.

This reference document is the responsibility of Mr. Charles de Croisset, Chairman and Chief Executive Officer. Our role is to express an opinion on the fairness of the financial information contained therein.

We conducted the procedures we considered necessary, in accordance with the professional standards applied in France, to assess the fairness of the information related to the financial statements included in the reference document and to verify its consistency with the financial statements audited by us. We also verified all other information contained in the reference document in order to identify any material inconsistencies with the information relating to the financial statements and to report any apparent material misstatement of information that we may have uncovered based on the knowledge we have gained of the Company during the course of our engagement. The reference document does not include any forward-looking information for which there is a specific procedure in place.

Accordingly, we were not required to review any assumptions or related estimates made by senior management.

We have audited the parent company and the consolidated financial statements for the years ended 31 December 2000, 2001 and 2002, approved by the Board of Directors, in accordance with the professional standards applied in France. We expressed an unqualified opinion on those financial statements. Our report on the financial statements for the year ended 31 December 2001 was modified to include an "emphasis of matter" paragraph relative to changes in the presentation of annual and consolidated financial statements for banks, and to the amount and nature of consolidated exceptional items.

We have audited the consolidated financial statements for the year ended 31 December 2002, approved by the Board of Directors, in accordance with the professional standards applied in France. We expressed an unqualified opinion on those financial statements.

Based on our investigations, we have no comments to make as to the fairness of the financial information presented in this reference document.

Paris-La Défense and Paris, 2 June 2003

The Statutory Auditors

Cabinet Alain Lainé
Represented by Alain Lainé
Partner

KPMG Audit
Department of KPMG SA
Represented by Fabrice Odent
Partner

Names and addresses of Statutory Auditors	*Date first appointed*	*Date reappointed*	*Date term ends*
Incumbents			
Cabinet Alain Lainé Represented by Alain Lainé 2, rue du Colonel Moll 75017 Paris	2002	–	2008
KPMG Represented by Fabrice Odent 1, cours Valmy 92923 Paris-La Défense Cedex	2001	–	2007
Alternates			
Jean Autissier 2, rue du Colonel Moll 75017 Paris	2002	–	2008
Gérard Gaultry 1, cours Valmy 92923 Paris-La Défense Cedex	2001	–	2007

Cross-reference table between Commission des Opérations de Bourse requirements and pages in the CCF annual report

Network of offices

RETAIL BANK AND DISTRIBUTION

FRANCE

CCF
217 branches
103, avenue des Champs-Elysées
75419 Paris Cedex 08
Telephone: 33 1 40 70 70 40
Facsimile: 33 1 40 70 70 09
Web: www.ccf.com

Banque Chaix
65 branches
Pierre-Marie Bonaccorsi
43, cours Jean-Jaurès
84000 Avignon
Telephone: 33 4 90 27 27 27
Facsimile: 33 4 90 27 27 01

Banque Dupuy, de Parseval
44 branches
Alain Gros
10, rue du Général-de-Gaulle
34200 Sète
Telephone: 33 4 67 46 29 30
Facsimile: 33 4 67 74 36 54

Banque Hervet
86 branches
Patrick Careil
127, avenue Charles-de-Gaulle
92204 Neuilly-sur-Seine Cedex
Telephone: 33 1 46 40 90 00
Facsimile: 33 1 46 40 90 05

Banque Marze
10 branches
Jacques Couleru
Avenue de Roqua - BP 76
07205 Aubenas Cedex
Telephone: 33 4 75 87 49 10
Facsimile: 33 4 91 13 33 16

Banque Pelletier
11 branches
Jean-François Lorin
Cours Julia Augusta
40100 Dax
Telephone: 33 4 75 87 49 10
Facsimile: 33 5 58 56 88 80

Banque de Picardie
17 branches
Benoît d'Audiffret
3, rue de la Sous-Préfecture
60200 Compiègne
Telephone: 33 3 44 38 73 00
Facsimile: 33 3 44 38 73 21

Banque de Savoie
55 branches
Joël Biaudet
6, boulevard du Théâtre
73000 Chambéry
Telephone: 33 4 79 33 93 10
Facsimile: 33 4 79 33 91 04

Crédit Commercial du Sud-Ouest
55 branches
Bernard Francisoud
17, allée James Watt
33700 Mérignac
Telephone: 33 5 56 13 72 72
Facsimile: 33 5 56 34 47 91

Société Marseillaise de Crédit
158 branches
Joseph Perez
75, rue Paradis
13006 Marseille
Telephone: 33 4 91 13 33 33
Facsimile: 33 4 91 13 33 16

Union de Banques à Paris
55 branches
Raymond Bert
17-19, place Etienne Pernet
75015 Paris
Telephone: 33 1 45 30 44 44
Facsimile: 33 1 45 30 44 77

CCF Change
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