Update of the Registration Document

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Contents

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document was filed with the *Autorités des Marchés Financiers* on 20 October 2006 in accordance with the article 212-13 of the AMF's General Regulation. It updates the Annual Report and Account filed with the *Autorité des Marchés Financiers* on 16 June 2006 under reference number D.06-0588. It may be used in support of a financial transaction when supplemented by a transaction note that has received approval from the *Autorité des Marchés Financiers*.

First half 2006 results

1. First half 2006 management report

HSBC France group results (legal perimeter)

The consolidated financial statements for the HSBC France group (legal structure) have been prepared in accordance with international financial reporting standards (IFRS) as defined in note 1 to the consolidated financial statements provided in this registration document update.
Consolidated profit before tax of the HSBC France group for the first half of 2006 amounted to €461 million, an increase of almost 12% compared with the same period of 2005. Net attributable profit came to €340.5 million compared with €369 million for the first half of 2005. The decrease was due in particular to a sharp rise in the tax charge, which was particularly low in 2005.
Total operating income rose by 3.3% to €1,330 million. Loan impairment charges were very low at €14 million, compared with a net reversal of €16 million in the first half of 2005. Operating expenses were down 0.7% to €880 million due to tight cost control. Operating profit was €450 million and the cost:income ratio 66%[1].
Consolidated shareholders' equity stood at €5.1 billion after payment of an interim dividend. The capital adequacy ratio stood at 9.86% against 9.67% at 31 December 2005, well above the minimum requirement.
Net profit reported by the parent company, HSBC France, totalled €397 million compared with €376 million in the first half of 2005.

Contribution of France to the HSBC Group financial results[2] (management perimeter)

The HSBC Group in France[2] reported excellent results in the first half of 2006. Profit before tax came to €452 million, an increase of more than 30% compared with the same period of 2005. Total operating income before loan impairment charges rose by more than 13% to €1,348 million, driven mainly by:

- Capital Markets, with the remarkable success of the three global platforms based in Paris (fixed-income derivatives, equity derivatives and European government bonds);
- Asset Management, driven by growth in both assets managed and net inflows;
- Private Banking, which enjoyed new momentum in net inflows coupled with growth in assets managed.

Thanks to strict cost control, operating expenses rose by only 1% to €883 million, including the cost of implementing the Strategic Plan and more particularly:

- the cost of the HUB IT project;
- continued high communication and marketing expenditure to promote rapid awareness of the brand name.

Operating profit was €449 million, an increase of 36% over the first half of 2005.

The comments below regarding the business segment results concern the management perimeter, i.e. the contribution of France to the HSBC Group's results.

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[1] *Based on IFRS financial statements in the format used by the HSBC Group, i.e. total operating expenses as a percentage of operating income".*

[2] *The comments concern the contribution of France to the HSBC Group's results, in UK GAAP:*
- *The French management perimeter includes the HSBC France group's French activities, and excludes results from entities that belong legally to HSBC France but are located outside France (mainly CMSL in the UK and HSBC France branch in Belgium) and the operating results of HSBC Paris Branch (branch of HSBC Bank plc).*
- *2006 interim figures are presented in accordance with the IFRSs applied by the HSBC Group.*

First half 2006 results (continued)

Business segment results

Personal Financial Services

During the first half, Personal Financial Services continued the commercial drive initiated in 2005 with the launching of some major advertising and marketing campaigns ahead of and accompanying the rebranding. The HSBC platform, that is the five banks in the HSBC France group operating under the HSBC brand since November 2005 (HSBC France, HSBC Hervet, HSBC UBP, HSBC Picardie and HSBC de Baecque Beau), achieved further growth in itsclient number, especially in its target segments.
The first half saw strong growth in new mortgage lending. Total loans outstanding grew by 25.4%, driven mainly by a 32.4% increase in mortgage loans. Sight deposits increased by 9.3% while the life insurance business continued apace, growing by 28% chiefly in unit-linked business.
Despite this strong commercial momentum, growth in operating income was affected by the tough competitive environment and trends in interest rates. However, the measurement at fair value of options related to home loan savings schemes, caused by IAS standards 32/39, had a positive impact on operating income.

Commercial Banking

Marketing campaigns and improvement in the commercial organisation led to strong business growth in Commercial Banking. Total loans outstanding increased by 14%, with growth in both medium/long-term loans (16.6%) and short-term facilities (10.4%).
In late May, a campaign to promote HSBC Business Solution, a package providing basic banking services, proved extremely successful. The first press and radio advertising campaign aimed at the commercial banking market took place from end May to end June. It will be renewed during the Autumn with the aim of developing awareness of the HSBC brand in France and promoting the strengths of the HSBC network for this customer segment, and particularly its international capability. In addition, the Internet service has also been enriched with a web import feature via Elys PC.
However, growth in operating income was affected by strong competition which put pressure on new lending margins.

Corporate, Investment Banking and Markets and Asset Management

The capital markets achieved strong growth, driven by the success of the various global platforms based in Paris (liquidity, structured equity and fixed-income derivatives), and especially the Structured Equity Derivatives Platform. Synergies with Commercial Banking continued, with the regional cash management centres winning new customers.
Growth in cross-border deals in various corporate banking activities, both financing and mergers & acquisitions, have enabled HSBC to maintain and consolidate its positions in the league tables and expand its presence among major French corporates.
Beyond HSBC's results in France, operating income generated by large French customers throughout the entire HSBC Group also improved sharply.

In Asset Management, assets managed rose by 4.3% to €69 billion. This growth was driven entirely by net inflows, which amounted to €3 billion in the first half, due to the success of alternative, equity and fixed-income products, thereby confirming the positive impact of the reorganisation completed early in the year.

Private Banking

With its restructuring now complete, Private Banking has embarked on a new growth momentum, reflected in a 6% increase in assets under management to €12.6 billion. An expanded product and service offering and the development of synergies with Personal Financial Services and Commercial Banking also contributed to revenue growth. The Private Banking network continues to expand, opening new offices in Lyon, Marseille and Bordeaux.

2. Consolidated financial statements as at 30 June 2006

Consolidated income statement for the half year to 30 June 2006

	Notes	6 months 30 June 2006 €m	6 months 30 June 2005 €m	12 months 31 December 2005 €m
Interest income		1,299	1,314	2,133
Interest expense		(948)	(728)	(1,389)
Net interest income		351	586	744
Fee income		614	562	1,112
Fee expense		(167)	(134)	(251)
Net fee income		447	428	861
Trading income		453	66	617
Net income from financial instruments designated at fair value		(5)	(1)	1
Gains less losses from financial investments		46	82	244
Dividend income		14	13	29
Other operating income		38	98	405
Net operating income before loan impairment charges and other credit risk provisions		1,344	1,272	2,901
Loan impairment (charges)/recoveries and other credit risk provisions		(14)	16	75
Net operating income		1,330	1,288	2,976
Employee compensation and benefits		(515)	(508)	(1,094)
General and administrative expenses		(324)	(331)	(651)
Depreciation of property, plant and equipment		(30)	(32)	(65)
Amortisation and impairment of intangible assets		(11)	(15)	(30)
Total operating expenses		(880)	(886)	(1,840)
Operating profit		450	402	1,136
Share of profit in associates and joint ventures		11	10	104
Profit before tax		461	412	1,240
Tax expense	5	(121)	(41)	(123)
Profit for the period		340	371	1,117
Profit attributable to shareholders		340	369	1,119
Profit attributable to minority interests		-	2	(2)
		€	€	€
Basic earnings per ordinary share	4	4.52	4.95	14.95
Diluted earnings per ordinary share	4	4.42	4.82	14.62
Dividend per ordinary share	4	4.00	3.74	5.19

Consolidated balance sheet at 30 June 2006

	Notes	**30 June 2006**	31 December 2005
		€m	€m
ASSETS			
Cash and balances at central banks		**1,361**	482
Items in the course of collection from othe banks		**1,221**	2,110
Trading assets	6	**42,833**	41,821
Derivatives	7	**20,930**	18,030
Loans and advances to banks		**24,151**	16,557
Loans an advances to customers		**42,367**	37,226
Financial investments	8	**4,843**	6,260
Interests in associates and joint ventures		**148**	174
Goodwill and intangible assets		**468**	461
Property, plant and equipment		**731**	733
Other assets		**2,282**	3,070
Deferred taxation		**-**	19
Prepayments and accrued income		**1,175**	1,157
Total assets		**142,510**	128,100
LIABILITIES AND EQUITY			
Liabilities			
Deposits by banks		**27,862**	20,494
Customer accounts		**37,304**	34,364
Items in the course of transmission to other banks		**1,081**	2,069
Trading liabilities		**30,534**	32,182
Financial liabilities designated at fair value	9	**281**	314
Derivatives	7	**20,731**	19,408
Debt securities in issue		**15,135**	9,912
Retirement benefit liabilities		**188**	202
Other liabilities		**1,584**	1,132
Current taxation		**163**	273
Accruals and deferred income		**1,283**	1,342
Provisions for liabilities and charges:			
– deferred tax		**26**	111
– other provisions		**151**	165
Subordinated liabilities		**790**	795
Total liabilities		**137,113**	122,763
Equity			
Called up share capital	11	**376**	376
Share premium account	11	**1,130**	1,125
Reserves, profit and losses	11	**3,868**	3,824
Total shareholder's equity	11	**5,374**	5,325
Minority interests	11	**23**	12
Total equity	11	**5,397**	5,337
Total equity and liabilities		**142,510**	128,100

First half 2006 results (continued)

Consolidated statement of recognised income and expense for the half year to 30 June 2006

	6 months	12 months
	30 June 2006	31 December 2005
	€m	€m
Available-for-sale investments :		
- valuation gains net of deferred tax	(6)	233
Cash flow hedges :		
- gains / (losses) taken to equity net of deferred tax	(128)	52
- transferred to income statement net of deferred tax	(59)	(173)
Exchange differences	(3)	4
Actuarial losses on post-employment benefits	10	(9)
	(186)	107
Profit for the period	340	1,117
Total recognised income and expense for the period	**154**	1,224

Consolidated cash flow statement for the half year to 30 June 2006

	Notes	**6 months** **30 June 2006**	6 months 30 June 2005	12 months 31 December 2005
		€m	€m	€m
Cash flows from operating activities				
Profit before tax		**461**	412	1 240
Adjustments for :				
- non-cash included in net profit	12	**(57)**	(42)	(18)
- change in operating assets	12	**(12,055)**	(7,639)	(1,468)
- change in operating liabilities	12	**15,875**	14,051	(894)
- elimination of exchange differences and transition adjustments		**(207)**	1,818	1,279
- net gain from investing activities		**(46)**	(82)	(243)
- share of profits in associates and joint ventures		**(12)**	(10)	(104)
- dividends received from associates		**34**	-	63
- tax paid		**(57)**	(25)	(160)
Net cash from/(used in) operating activities		**3,936**	8,483	(305)
Cash flow (used in)/from investing activities				
Purchase of financial investments		**(896)**	(2,161)	(2,808)
Proceeds from the sale of financial investments		**2,041**	2,799	4,938
Purchase of property, plant and equipment		**(28)**	(33)	(74)
Proceeds from the sale of property, plant and equipment		**-**	20	53
Purchase of intangible assets		**(9)**	(3)	(21)
Net cash outflow from acquisition of and increase in stake of subsidiaries		**-**	-	-
Net cash inflow from disposal of subsidiaries		**-**	-	92
Net cash outflow from acquisition of and increase in stake of associates		**-**	-	(25)
Proceeds from disposal of associates		**-**	-	4
Net cash (used in)/from investing activities		**1,108**	622	2,159
Cash flows (used in)/from financing activities				
Issue of ordinary share capital		**-**	-	35
Net purchases and sales of own shares for market-making purposes		**-**	-	-
Increase in non-equity minority interests		**-**	-	-
Subordinated loan capital issued		**-**	-	-
Subordinated loan capital repaid		**-**	(6)	(67)
Dividends paid to shareholders		**(110)**	(231)	(511)
Dividends paid to minority interests		**(1)**	-	(1)
Net cash (used in)/from financing activities		**(111)**	(237)	(544)
Net increase in cash and cash equivalents		**4,933**	8,868	1,310
Cash and cash equivalents at beginning of period		**16,959**	15,258	15,584
Effect of exchange rate changes on cash and cash equivalents		**(49)**	21	65
Cash and cash equivalents at end of period	12	**21,843**	24,147	16,959

First half 2006 results (continued)

1 Basis of preparation

(a) HSBC France has prepared these interim consolidated financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the EU and effective for HSBC France's reporting for the period ended 30 June 2006. IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting'.

The primary financial statements in this document are presented in accordance with IAS 1 'Presentation of Financial Statements'.

(b) The interim consolidated financial statements of HSBC France comprise the financial statements of HSBC France and its subsidiaries. Entities that are controlled by HSBC France are consolidated until the date control ceases. Subsidiaries acquired are consolidated from the date control is transferred to HSBC France.

The purchase method of accounting is used to account for the acquisition of subsidiaries by HSBC France. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange, together with costs directly attributable to that acquisition. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair value of HSBC France's share of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of HSBC France's share of the identifiable assets, liabilities and contingent liabilities of the business acquired, the difference is recognised immediately in the income statement.

All intra-HSBC France transactions are eliminated on consolidation.

The interim consolidated financial statements of HSBC France also include the attributable share of the results and reserves of joint ventures and associates, based on financial statements made up to dates not earlier than three months prior to 30 June.

(c) The preparation of financial information requires the use of estimates and assumptions about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the critical accounting policies where judgement is necessarily applied are those which relate to loan impairment, goodwill impairment and the valuation of financial instruments.

In the opinion of management, all normal and recurring adjustments considered necessary for a fair presentation of HSBC France's net income, financial position and cash flows for interim periods have been made.

2 Accounting policies

The accounting policies adopted by HSBC France for this interim report are consistent with those described in the *Annual Report and Accounts 2005* with the exception of the accounting policy relating to financial guarantee contracts. 'Amendments to IAS 39 and IFRS 4 – Financial Guarantee Contracts' was adopted by HSBC France on 1 January 2006. HSBC France has retrospectively adopted the amendment in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

In accordance with the amendment, HSBC France accounts for certain types of financial guarantee contracts it issues as financial liabilities. Financial guarantee contracts are initially recognised at fair value and subsequently measured at the higher of the initial fair value less cumulative amortisation of fee income, determined in accordance with IAS 18 'Revenue', and, in the event HSBC France had to reimburse the holder for any loss incurred, the amount that would be recognised as a provision. The adoption of this amendment has no material impact on the consolidated financial statements of HSBC France.

4 Earnings and dividends per share

	30 June 2006	30 June 2005	31 Décember 2005
	€	€	€
Basic earnings per share	**4.52**	4.95	14.95
Diluted earnings per share	**4.42**	4.82	14.62
Dividends per share	**4.00**	3.74	5.19

Basic earnings per ordinary share was calculated by dividing the earnings of €340 million by the number of ordinary shares outstanding, excluding own shares held, of 75,237,930 (first half of 2005: earnings of €371 million and 74,802,146 shares; full year 2005: earnings of €1,119 million and 74,826,025 shares).

Diluted earnings per share was calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares (including share options outstanding not yet exercised), by the number of ordinary shares outstanding, excluding own shares held, plus the number of ordinary shares that would be issued on ordinary conversion of all the dilutive potential ordinary shares of 76,970,926 (first half of 2005 shares : 76,964,926 shares; full year 2005: 76,559,021 shares).

5 Tax expense

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Current tax	**100**	83	195
Deferred tax	**21**	(42)	(72)
Total charge for tax	**121**	41	123
Effective tax rate (per cent)	**26.2**	10.0	9.9

	30 June 2006		30 June 2005		31 December 2005	
	€m	%	€m	%	€m	%
Analysis of overall tax expense						
Tax at FR corporate tax rate	**159**	**34.43**	144	34.93	433	34,93
Impact of overseas profits in principal locations taxed at different rates	**-**		(1)		(6)	
Tax-free gains	**(1)**		(32)		(153)	
Other items including result for tax group integration	**(37)**		(70)		(151)	
Overall tax expense	**121**	**26.2**	41	10.0	123	9.9

In 2006, HSBC France and its subsidiary undertakings in France provided for French corporation tax at 34.43 per cent for short term (ST) and 8.26[1] per cent for long term (LT) (2005: (ST) 34.93 per cent and (LT) 15.72[1] per cent; 2007: (ST) 34.43 per cent, (LT) 1.72[1] per cent).

(1) Except property company securities and securities with cost price higher than EUR 22.8 million but lower than 5 per cent of capital, and securities from FCPR and SCR.

First half 2006 results (continued)

6 Trading assets

	30 June 2006	31 December 2005
	€m	€m
Trading assets		
– which may be repledged or resold by counterparties	**26,440**	25,748
– not subject to repledge or resale by counterparties	**16,393**	16,073
	42,833	41,821

	30 June 2006	31 December 2005
	€m	€m
Treasury and other eligible bills	**31,351**	27,031
Debt securities	**5,361**	4,914
Equity securities	**3,453**	3,901
Loans and advances to banks	**2,096**	3,997
Loans and advances to customers	**572**	1,978
	42,833	41,821

	Treasury and other eligible bills	Debt securities	Equity securities	Total
	€m	€m	€m	€m
Fair value at 30 June 2006				
Listed	**31,351**	**4,527**	**3,453**	**39,331**
Unlisted	**-**	**834**	**-**	**834**
	31,351	**5,361**	**3,453**	**40,165**
Fair value at 31 December 2005				
Listed	27,031	4,173	3,901	35,105
Unlisted	-	741	-	741
	27,031	4,914	3,901	35,846

7 Derivatives

Fair values of derivatives by product contract type

	30 June 2006					
	Assets			Liabilities		
	Trading	Hedging	Total	Trading	Hedging	Total
	€m	€m	€m	€m	€m	€m
Foreign exchange	**1,212**	**-**	**1,212**	**(1,309)**	**(9)**	**(1,318)**
Interest rate	**19,967**	**592**	**20,559**	**(19,276)**	**(589)**	**(19,865)**
Equities	**2,610**	**-**	**2,610**	**(2,998)**	**-**	**(2,998)**
Credit derivatives	**15**	**-**	**15**	**(16)**	**-**	**(16)**
Commodity and other	**-**	**-**	**-**	**-**	**-**	**-**
Gross total fair values	**23,804**	**592**	**24,396**	**(23,599)**	**(598)**	**(24,197)**
Netting			**(3,466)**			**3,466**
Total			**20,930**			**(20,731)**

	31 December 2005					
	Assets			Liabilities		
	Trading	Hedging	Total	Trading	Hedging	Total
	€m	€m	€m	€m	€m	€m
Foreign exchange	1,135	-	1,135	(1,222)	(2)	(1,224)
Interest rate	18,275	1,113	19,388	(19,487)	(734)	(20,221)
Equities	1,439	-	1,439	(1,895)	-	(1,895)
Credit derivatives	6	-	6	(6)	-	(6)
Commodity and other	-	-	-	-	-	-
Gross total fair values	20,855	1,113	21,968	(22,610)	(736)	(23,346)
Netting			(3,938)			3,938
Total			18,030			(19,408)

The definition of derivatives, HSBC France's use of derivatives , and the accounting policy and presentation of derivatives are as described in the *Annual Report and Accounts 2005.*

Trading Instruments

Contract amounts of derivatives held for trading purposes by product type

	30 June 2006	31 December 2005
	€m	€m
Foreign exchange	**100,184**	96,251
Interest rate	**2,351,245**	2,068,984
Equities	**78,626**	40,211
Credit derivatives	**509**	551
Commodity and other	**-**	-
	2,530,564	2,205,997

Derivatives valued using models with unobservable inputs

The amount that has yet to be recognised in the consolidated income statement relating to the difference between the fair value at initial recognition (the transaction price) and the amount that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

	30 June 2006	31 December 2005
	€m	€m
Unamortised balance at beginning of period	**30**	4
Deferral on new transactions	**23**	38
Recognised in the income statement during the period :		
– amortisation	**(16)**	(6)
– subsequent to observability	**(3)**	-
– maturity or termination	**-**	(3)
– exchange differences	**-**	(3)
Unamortised balance at end of period	**34**	30

First half 2006 results (continued)

Hedging instruments

Contract amounts of derivatives held for hedging purposes by product type

Cash flow hedge	30 June 2006 €m	31 December 2005 €m
Foreign exchange	**4**	4
Interest rate	**65,214**	80,918

Fair value hedge	30 June 2006 €m	31 December 2005 €m
Foreign exchange	**103**	108
Interest rate	**4,849**	2,968

These notional or contractual amounts of these instruments indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

Fair value hedges

The fair values of outstanding derivatives designated as fair value hedges at 30 June 2006 were assets of EUR 59 million and liabilities of EUR 26 million (31 December 2005: assets of EUR 33 million and liabilities of EUR 16 million).

Gains /(losses) arising from fair value hedges

	30 June 2006 €m	31 December 2005 €m
Gains/(losses) :		
– on hedging instruments	**21**	(4)
– on the hedged items attribuable to the hedged risk	**(22)**	(5)

At 30 June 2006, the amount reported in the income statement in respect of the ineffectiveness of fair value hedges was a loss of EUR 7 million (at 31 December 2005 : non significant).

Cash flow hedges

At 30 June 2006, the fair values of outstanding derivatives designated as cash flow hedges were assets of EUR 532 million and liabilities of EUR 573 million (at 31 December 2005: assets of EUR 1,080 million and liabilities of EUR 720 million).

Reconciliation of movements in the cash flow hedge reserve

	30 June 2006 €m	31 December 2005 €m
At beginning of period	**136**	257
Amounts recognised directly in equity during the period	**(196)**	81
Amounts removed from equity and included in the income statement for the period	**(90)**	(269)
Defferred tax	**98**	67
At end of period	**(52)**	136

The gains and losses on ineffective portions of such derivatives are recognised immediately in the income statement. At 30 June 2006, a loss of EUR 3 million was recognised due to hedge ineffectiveness (at 31 December 2005, a profit of EUR 2 millions).

Embedded derivatives : Home purchase savings

At 30 June 2006, derivatives embedded in home purchase saving products represented an asset of EUR 16.6 million (at 31 December 2005, a liability of EUR 40.7 million).

8 Financial Investments

	30 June 2006	31 December 2005
	€m	€m
Financial investments :		
– which may be pledged or resold by counterparties	**1,342**	2,862
– not subject to repledge or resale by counterparties	**3,501**	3,398
	4,843	6,260

	30 June 2006		31 December 2005	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	€m	**€m**	€m	€m
Treasury and other eligible bills :				
- available-for-sale	**1,882**	**1,882**	2,957	2,957
- held-to-maturity	**-**	**-**	-	-
Debt securities:				
- available-for-sale	**277**	**277**	266	266
- held-to-maturity	**-**	**-**	-	-
Equity securities :				
- available-for-sale	**2,684**	**2,684**	3,037	3,037
Total financial investments	**4,843**	**4,843**	6,260	6,260

	30 June 2006			
	Treasury and other eligible bills	**Debt securities available-for-sale**	**Equity securities**	**Total**
	€m	**€m**	**€m**	**€m**
Carrying amount				
Listed	**1,882**	**202**	**564**	**2,648**
Unlisted	**-**	**75**	**2,120**	**2,185**
	1,882	**277**	**2,684**	**4,843**

	30 June 2006	31 December 2005
	€m	€m
Remaining contractual maturities of total debt securities		
1 year or less	**39**	50
5 years or less but over 1 year	**100**	108
10 years or less but over 5 years	**70**	62
Over 10 years	**68**	46
	277	266

First half 2006 results (continued)

9 Financial liabilities designated at fair value

	30 June 2006	31 December 2005
	€m	€m
Deposits by banks and customer accounts	-	-
Liabilities to customers under investment contracts	-	-
Debt securities in issue	269	300
Subordinated liabilities	12	14
Preference shares	-	-
	281	314

10 Maturity analysis of assets and liabilities

The following is an analysis of assets and liabilities by remaining maturities at the balance sheet date for assets and liability line items that combine amounts expected to be recovered or settled in under one year, and after one year.

Trading assets and liabilities are excluded because they are not held for collection or settlement over the period of contractual maturity.

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	30 June 2006		
	Due in one year or less	Due in more than one year	Total
	€m	€m	€m
Assets			
Loans and advances to banks	23,462	689	24,151
Loans and advances to customers	23,707	18,660	42,367
Financial investments	788	4,055	4,843
Other financial assets	592	-	592
	48,549	23,404	71,953
Liabilities			
Deposits by banks	25,970	1,892	27,862
Customer accounts	35,836	1,468	37,304
Financial liabilities designated at fair value	91	190	281
Debt securities in issue	12,007	3,127	15,134
Other financial liabilities	602	7	609
Subordinated liabilities	-	790	790
	74,506	7,474	81,980

	31 December 2005		
	Due in one year or less	Due in more than one year	Total
	€m	€m	€m
Assets			
Loans and advances to banks	16,311	246	16,557
Loans and advances to customers	20,402	16,824	37,226
Financial investments	1,476	4,784	6,260
Other financial assets	1,123	9	1,132
	39,312	21,863	61,175
Liabilities			
Deposits by banks	19,494	1,000	20,494
Customer accounts	33,466	898	34,364
Financial liabilities designated at fair value	66	248	314
Debt securities in issue	7,496	2,416	9,912
Other financial liabilities	748	17	765
Subordinated liabilities	-	795	795
	61,270	5,374	66,644

11 Capital and reserves

The following table shows an analysis of the change in equity attribuable to equity holders of HSBC France.

	30 June 2006	30 June 2005	31 Décember 2005
	€m	€m	€m
Called-up share capital			
Balance at beginning of period	**376**	374	374
Capital increase	**-**	-	2
Balance at end of period	**376**	374	376
Share premium			
Balance at beginning of period	**1,125**	1,093	1,093
New share capital subscribed, net of costs	**5**	-	32
Balance at end of period	**1,130**	1,093	1,125

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Other reserves			
Balance at beginning of period	**3,824**	2,701	2,701
IFRS transition adjustment at 1 January 2005	**-**	377	377
Profit for the period attribuable to shareholders	**340**	370	1,119
Dividends	**(110)**	(231)	(511)
Exchange differences	**(3)**	4	4
Share-based payments	**9**	12	31
Actuarial gains and losses net of deferred tax	**10**	-	(9)
Available-for-sale investments net of deferred tax	**(6)**	84	233
Cash flow hedges net of deferred tax	**(187)**	79	(121)
Other movements	**(9)**	-	-
Balance at end of period	**3,868**	3,397	3,824
Capital (see above)	**376**	374	376
Share premium account (see above)	**1,130**	1,093	1,125
TOTAL SHAREHOLDERS' EQUITY AT END OF PERIOD	**5,374**	4,864	5,325

The following table shows an analysis of the changes in equity attributable to minority interests.

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Balance at beginning of period	**12**	13	13
Profit attribuable to minority interests	**-**	2	(2)
Dividends	**(1)**	(1)	(1)
Other movements	**12**	-	2
Balance at end of period	**23**	14	12

First half 2006 results (continued)

12 Notes on the cash flow statment

(a) Non-cash items included in profit and loss

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Depreciation and amortisation	**41**	47	96
Revaluation of investment property	**(3)**	-	-
Issue of share options	**9**	-	-
Loan impairment losses	**14**	(16)	(75)
Loan written off net of recoveries	**(109)**	(69)	(99)
Provisions charged	**(11)**	(15)	43
Provisions utilised	**3**	(11)	(17)
Impairment of financial investments	**(6)**	-	1
Accretion of discounts and amortisation of premiums	**5**	22	33
	(57)	(42)	(18)

(b) Change in operating assets

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Change in prepayments and accrued income	**(18)**	473	212
Change in net trading securities and net derivatives	**(4,128)**	(2,546)	3,290
Change in loans and advances to banks	**(3,494)**	(3,361)	1,335
Change in loans and advances to customers	**(5,049)**	(2,245)	(5,231)
Change in financial assets designated at fair value	**-**	-	-
Change in other assets	**634**	40	(1,074)
	(12,055)	(7,639)	(1,468)

(c) Change in operating liabilities

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Change in accruals and deferred income	**(59)**	(530)	(431)
Change in deposits by banks	**7,368**	13,678	(493)
Change in customer accounts	**2,940**	1,922	2,902
Change in debt securities in issue	**5,223**	332	(907)
Change in financial liabilities designated at fair value	**(33)**	318	313
Change in other liabilities	**436**	(1,669)	(2,278)
	15,875	14,051	(894)

(d) Cash and cash equivalents comprise

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Cash and balances at central banks	**1,361**	377	482
Items in the course of collection from other banks	**1,221**	1,176	2,110
Loans and advances to banks of one month or less	**18,135**	23,358	14,035
Treasury bills, other bills and certificates of deposit less than three months	**2,210**	336	2,401
Less : items in the course of transmission to other banks	**(1,081)**	(1,100)	(2,069)
	21,846	24,147	16,959

13 Contingent liabilities and contractual commitments

	30 June 2006	31 December 2005
	€m	€m
Contract amounts		
Contingent liabilities :		
Guarantees and irrevocable letters of credit pledged as collateral security	**6,719**	7,551
Other contingent liabilities	**68**	87
	6,787	7,638
Commitments :		
Documentary credits and short-term trade-related transactions	**334**	345
Undrawn note issuing and revolving underwriting facilities	**247**	42
Undrawn formal standby facilities, credit lines and other commitments to lend :		
– 1 year and under	**4,923**	2,207
– over 1 year	**11,887**	12,168
	17,391	14,762

The above table discloses the nominal principal amounts of third party off-balance sheet transactions.

The contract amounts of contingent liabilities and commitments represent the amounts at risk should contracts be fully drawn upon and the client defaults. The total of the contract amounts is not representative of future liquidity requirements. Where irrevocable offers to extend credit are made in customer mailing programmes, commitments are calculated using management's best estimate of response rates incorporating appropriate historical experience.

14 Segment analysis

HSBC France operates mainly in France. HSBC France manages its business in the following customer groups : Personal Financial Services, Commercial Banking, Corporate, Investment Banking and Markets, Private Banking. Subsidies received from HSBC Bank plc, impairment of goodwill and Insurance activities are the main items included in "Other".

HSBC France's operations include a number of support services and head office functions. The costs of these services and functions are allocated to business lines, where it is appropriate, on a systematic and consistent basis. In addition, there are a number of income and expenses items , charged between customer groups.

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Operating income before loan impairment			
Personal Financial Services	**484**	437	911
Commercial Banking	**345**	350	705
Corporate, Investment Banking and Markets	**467**	359	782
Private Banking	**56**	43	90
Other	**(4)**	-	1
Total France	**1,348**	1,189	2,489
Activities outside France	**(3)**	111	439
Group reporting differences	**-**	(28)	(27)
Total legal	**1,345**	1,272	2,901
Profit before tax			
Personal Financial Services	**109**	69	180
Commercial Banking	**83**	110	218
Corporate, Investment Banking and Markets	**247**	146	337
Private Banking	**13**	11	46
Other	**-**	10	(21)
Total France	**452**	346	760
Activities outside France	**1**	97	487
Group reporting differences	**8**	(31)	(7)
Total legal	**461**	412	1,240

First half 2006 results (continued)

	30 June 2006	31 December 2005
	€m	€m
Total assets		
Personal Financial Services	**14,565**	14,675
Commercial Banking	**10,440**	11,140
Corporate, Investment Banking and Markets	**115,994**	100,745
Private Banking	**902**	964
Other	**609**	576
	142,510	128,100

	30 June 2006	31 December 2005
Cost to acquire property, plant and equipment		
Personal Financial Services	**12**	26
Commercial Banking	**10**	21
Corporate, Investment Banking and Markets	**5**	11
Private Banking	**1**	1
Other	**-**	-
	28	59
Cost to acquire intangibles		
Personal Financial Services	**4**	7
Commercial Banking	**3**	8
Corporate, Investment Banking and Markets	**2**	6
Private Banking	**-**	1
Other	**-**	-
	9	22

15 Litigation

Since 2001, the HSBC France group has been involved in legal actions taking place in the United States. The allocation of jurisdiction to the courts involved is still fiercely contested. Furthermore, the management considers the outcome of these legal actions will have no material impact on the financial position of the group. HSBC France is yet studying all solutions which would end most of these actions.

16 Related party transactions

Transactions with other related parties of the HSBC Group

Transactions detailed below include amounts due to/from HSBC France and fellow subsidiaries of HSBC Holdings plc.

	30 June 2006	31 December 2005
	€m	€m
Amounts due from joint ventures and associates :		
– subordinated	**28**	28
– unsubordinated	**-**	-
	28	28
Amounts due to joint ventures and associates	**-**	-

	30 Juin 2006	31 December 2005
	€m	€m
Assets		
Trading assets	**1,215**	1,158
Derivatives	**5,855**	3,953
Loans and advances to banks	**4,040**	2,551
Loans and advances to customers	**52**	80
Financial investments	**973**	1,052
Other assets	**665**	1,724
Prepayments and accrued income	**6**	6
Liabilities		
Deposits by banks	**11,104**	9,214
Customer accounts	**472**	742
Trading liabilities	**1,344**	1,051
Derivatives	**6,248**	5,255
Other liabilities	**232**	373
Accruals and deferred income	**63**	47
Subordinated liabilities	**650**	650

	30 June 2006	30 June 2005	31 December 2005
	€m	€m	€m
Income statement			
Interest income	**55**	38	95
Interest expense	**182**	73	173
Fee income	**4**	8	13
Fee expense	**52**	40	60
Gains less losses from financial investments	**-**	-	161
Other operating income	**1**	20	44
Dividend income	**-**	-	11
General and administrative expenses	**16**	12	29

17 Investments

The table below shows the changes, since 1st January 2006, in the legal perimeter published in the *2005 Annual Report* .

Consolidated companies	***Country***	***Consolidation Method (*)***	***Main line of business***	***HSBC France group interest***	
				2006	**2005**
Additions					
Beau Soleil Limited Partnership	Hong Kong	FC	Financial company	85.0%	-
SPV Air China	France	FC	Other	100.0%	-
Mergers					
HSBC Investments absorbed HSBC FCP (France)	France	FC	Financial company	100.0 %	100.0 %
HSBC France absorbed Société Parisienne de Participations	France	FC	Investment company	100.0 %	100.0 %
Change of name					
HSBC Halbis Partner (ex Finanpar 18)	France	FC	Investment company	100.0 %	100.0 %
HSBC FCP2 (ex Foncapi SAS)	France	FC	Financial company	100.0 %	100.0 %

First half 2006 results (continued)

Change in group interest

Byron Equilibre	France	FC	Insurance broker	99.9%	96.7%
Delosfin SA	France	FC	Investment company	99.8%	96.6%
Eurofin Assurance SA	France	FC	Insurance broker	99.7%	96.5%
Eurofin Capital Partners (ECP)	France	FC	Investment company	91.5%	96.1%
HSBC Private Bank France	France	FC	Bank	99.9%	96.7%
HSBC Republic Assurance SARL	France	FC	Insurance broker	99.9%	96.7%
LGI	Luxembourg	FC	Wealth management	99.9%	96.7%
Louvre Gestion	France	FC	Financial company	99.9%	96.7%
Octogone immobilier	France	FC	Holding company	99.9%	96.7%
SCI Triangle d'or	France	FC	Holding company	99.9%	96.7%

* FC : Full consolidation

3. Statutory Auditors' Review Report on the first half-year financial information for 2006

To the Shareholders,

In our capacity of statutory auditors of HSBC France S.A. and in accordance with the requirements of article L. 232-7 of the French Commercial Law (Code de commerce), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of 2006 for the period 1st January 2006 to 30 June 2006;
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the EU applicable to interim financial information.

In accordance with professional standards applicable in France, we have also verified the information given in the half-year management report commenting the condensed half-year consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense, on the 9 October 2006

KPMG Audit
Department of KPMG S.A.

Fabrice Odent
Partner

Paris, on the 9 October 2006

BDO Marque & Gendrot

Joël Assayah
Partner

Risk management

As at 30 June 2006, the exposure to credit risk, the credit quality, the impaired loans and VaR of market operations concerning the HSBC France group are indicated below.

- **Crédit risk**

Maximum exposure to credit risk excluding collateral held or other credit enhancements

(in millions of euros)	**30 June 2006** ***Maximum exposure***
Items in course of collection from other banks	**1,221**
Trading assets	**39,380**
– treasury & other similar bills	**31,351**
– debt securities	**5,361**
– loans and advances	**2,668**
Derivatives	**20,930**
Loans and advances to banks	**24,151**
Loans and advances to customers	**42,367**
Financial investments	**2,159**
– treasury and other similar bills	**1,882**
– debt securities	**277**
Other assets	
– endorsements and acceptances	**8**
– other	**2,144**
Off-balance sheet	
– financial guarantees and other credit related contingent liabilities	**6,787**
– loan commitments and other credit related commitments	**17,391**
Total	**156,538**

(in millions of euros)	31 December 2005 *Maximum exposure*
Items in course of collection from other banks	2,110
Trading assets	37,920
– treasury & other similar bills	27,031
– debt securities	4,914
– loans and advances	5,975
Derivatives	18,030
Loans and advances to banks	16,557
Loans and advances to customers	37,226
Financial investments	3,223
– treasury and other similar bills	2,957
– debt securities	266
Other assets	
– endorsements and acceptances	19
– other	2,778
Off-balance sheet	
– financial guarantees and other credit related contingent liabilities	7,637
– loan commitments and other credit related commitments	14,762
Total	140,262

Credit quality

Loans and advances

(in millions of euros)	**30 June 2006** *Loans and advances to customers*	*Loans and advances to banks*
Gross loans and advances:		
– not impaired	**41,940**	**24,151**
– impaired	**1,256**	**1**
	43,196	**24,152**

(in millions of euros)	31 December 2005 *Loans and advances to customers*	*Loans and advances to banks*
Gross loans and advances:		
– not impaired	36,824	16,556
– impaired	1,323	3
	38,147	16,559

Distribution of not impaired loans and advances by facility grade, at 30 June 2006

(in millions of euros)	**At 30 June 2006** *Loans and advances to customers*	*Loans and advances to banks*
Grade 1 – low risk	**590**	**10,344**
Grade 2 – satisfactory risk	**663**	**8,328**
Grade 3 – fair risk	**40,131**	**5,121**
Grade 4 – watch list	**96**	**358**
Grade 5 – sub-standard but not impaired	**460**	**–**
Total	**41,940**	**24,151**

(in millions of euros)	At 31 December 2005 *Loans and advances to customers*	*Loans and advances to banks*
Grade 1 – low risk	213	6,227
Grade 2 – satisfactory risk	567	5,304
Grade 3 – fair risk	35,432	4,936
Grade 4 – watch list	97	89
Grade 5 – sub-standard but not impaired	515	-
Total	36,824	16,556

Netting of assets and liabilities

An amount of EUR 11 billion of financial assets which is subject to a legally enforceable right of set-off against a financial liability is not presented on the balance sheet net as there is no intention for settlement to take place on a net basis or simultaneously.

Risk management (continued)

(in millions of euros)	**At 30 June 2006** Book value	Amounts for which HSBC has a legally enforceable right to offset [1]	Net total credit risk
Derivatives	**20,930**	**(11,005)**	**9,925**

(in millions of euros)	At 31 December 2005 Book value	Amounts for which HSBC has a legally enforceable right to offset [1]	Net total credit risk
Derivatives	18,030	(11,047)	6,983

[1] Against financial liabilities with the same counterparties.

Impaired loans

Impaired loans by industry sector

(in millions of euros)	**At 30 June 2006** Gross loans and advances to customers	Gross loans by industry sector as a % of total Gross loans
Personal	**284**	**23**
Corporate	**957**	**76**
Financial	**15**	**1**
Total impaired loans and advances to customers	**1,256**	**100**

(in millions of euros)	At 31 December 2005 Gross loans and advances to customers	Gross loans by industry sector as a % of total Gross loans
Personal	295	22
Corporate	979	74
Financial	49	4
Total impaired loans and advances to customers	1,323	100

Movement in allowance accounts for total loans and advances

(in millions of euros)	**Half-year ended 30 June 2006** Individually assessed	Collectively assessed	Total
At 1 January	**(834)**	**(89)**	**(923)**
Utilised provisions reversed	**115**	**-**	**115**
Release of allowances no longer required	**135**	**31**	**166**
(New) allowances	**(150)**	**(41)**	**(191)**
Exchange, changes in scope of consolidation and other movements	**4**	**-**	**4**
At 30 June 2006	**(730)**	**(99)**	**(829)**

(in millions of euros)	Year ended 31 December 2005 Individually assessed	 Collectively assessed	 Total
At 1 January (including IFRS 32 and 39 adjustments)	(995)	(114)	(1,109)
Utilised provisions reversed	100	-	100
Release of allowances no longer required	246	37	283
(New) allowances	(232)	(19)	(251)
Exchange, changes in scope of consolidation and other movements	47	7	54
At 31 December 2005	(834)	(89)	(923)

Impairment allowances against loans and advances to customers

(in %)	**30 June 2006**	31 December 2005
Total impairment allowances to gross lending [1]		
Individually assessed impairment allowances	**2.09**	2.47
Collectively assessed impairment allowances	**0.28**	0.26
Specific provision	**-**	-
Total	**2.37**	2.73

1 Net of reverse repo transactions and settlement accounts.

Net loan impairment charge/(release) and other credit risk provision

(in millions euros)	**Half-year ended 30 June 2006** ***Total***	Year ended 31 December 2005 *Total*
Individually assessed impairment allowances		
New allowances	**150**	232
(Release) of allowances no longer required	**(135)**	(246)
Recoveries of amounts previously written off	**(6)**	-
	9	(14)
Collectively assessed impairment allowances		
New allowances	**41**	19
(Release) of allowances no longer required	**(31)**	(37)
Recoveries of amounts previously written off	**–**	–
	10	**(18)**
Total charge / (release) for impairment losses	**19**	(32)
– bank	**-**	(3)
– customer	**19**	(29)
Other credit risk provisions	**(5)**	(43)
Cost of risk	**14**	(75)
Customer charge for impairment losses as a percentage of closing gross loans and advances	**0.04%**	0.07%
Total balances outstanding		
Non-performing loans	**1,256**	1,326
Impairment allowances	**829**	923
Gross loans and advances	**43,196**	54,706
Total allowances cover as a percentage of non-performing loans and advances	**66.0%**	69.6%

Risk management (continued)

The decrease of the ratio of Provisions/Non performing loans during the 1st half 2006 is mainly due to the reduction of provisions by SMC and HSBC Hervet thanks to the improvement of their credit environment and due to the amounts written off of loans with 100% coverage, as no loss had been booked in 2005 because of a change in IT system.

- **Market risk**

Value at Risk (VaR)

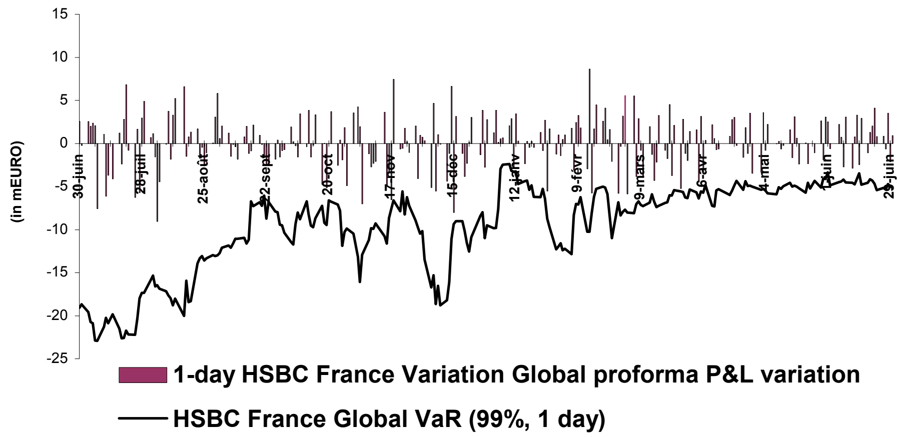
The one-day VaR, which is extrapolated from ten-day VaR, both trading and non-trading, for Global Markets was as follows:

(in millions of euros)	*Total*
At 30 June 2006	**5.2**
At 31 December 2005	9.5

(in millions of euros)	*Average*	*Minimum*	*Maximum*
2006	**6.1**	**2.4**	**12.9**
2005	13.7	5.6	22.9

Pro forma Back testing June 2005 – June 2006

(in millions of euros)



Total trading VaR by risk type

(in millions of euros)	*Foreign Exchange*	*Interest rate trading*	*Equity*	*Total*
At 30 June 2006	**0.19**	**5.18**	**0.52**	**4.47**
At 31 December 2005	0.24	7.59	0.50	7.,34
Average				
2006	**0.28**	**6.24**	**0.99**	**5.61**
2005...	0.29	11.07	1.17	12.03
Minimum				
2006...	**0.01**	**2.75**	**0.12**	**2.36**
2005...	0.14	3.60	0.28	4.47
Maximum				
2006...	**0.64**	**13.08**	**2.31**	**11.87**
2005...	0.47	21.58	3.73	22.39

Positions taken with trading intent – VaR by risk type

(in millions of euros)	*Foreign Exchange*	*Interest rate trading*	*Equity*	*Total*
At 30 June 2006	**0.19**	**3.84**	**0.52**	**4.21**
At 31 December 2005	0.24	7.42	0.50	7.17
Average				
2006	**0.28**	**4.97**	**0.99**	**5.24**
2005	0.29	10.71	1.17	11.67
Minimum				
2006	**0.01**	**2.95**	**0.12**	**2.31**
2005	0.14	3.52	0.28	4.39
Maximum				
2006	**0.64**	**10.52**	**2.31**	**11.20**
2005	0.47	20.49	3.73	21.30

Positions taken without trading intent – VaR by risk type

(in millions of euros)	*Foreign Exchange*	*Interest rate trading*	*Equity*	*Total*
At 30 June 2006	**–**	**0.26**	**–**	**0.26**
At 31 December 2005	–	0.17	–	0.17
Average				
2006	**–**	**0.37**	**–**	**0.37**
2005	–	0.36	–	0.36
Minimum				
2006	**–**	**0.05**	**–**	**0.05**
2005	–	0.08	–	0.08
Maximum				
2006	**–**	**0.67**	**–**	**0.67**
2005	–	1.09	–	1.09

Capital requirements with respect to market risks break down as follows (millions of euros):

	30 June 2006		31 December 2005	
	BRI	***CAD***	*BRI*	*CAD*
Internal Model:	**55.5**	**55.5**	**114.7**	**114.7**
Foreign exchange risk	2.9	2.9	3.0	3.0
General interest-rate risk	57.8	57.8	124.7	124.7
General equities risk	18.9	18.9	8.7	8.7
Netting effect	(24.1)	(24.1)	(21.7)	(21.7)
Standard Methods:	**62.7**	**62.7**	**63.2**	**63.2**
Foreign exchange risk	0.12	0.11	0.05	0.05
General interest-rate risk	0.22	0.20	0.12	0.08
Specific interest-rate risk	57.0	57.0	60.6	60.6
General equities risk	0.0	0.0	0.0	0.0
Specific equities risk	5.4	5.4	2.5	2.5
Total	**118.2**	**118.2**	**178.0**	**177.9**

Recent developments

New products and services are frequently offered to the customers of the HSBC France group. Information is available on the group's websites, and particularly in the press releases that can be viewed on the www.hsbc.fr website.

There has been no significant deterioration or change affecting the issuer's or its subsidiaries' financial situation or outlook since 30 June 2006, the date of the last audited and published financial statements.

The main events since 30 June 2006 are:

- **HSBC REIM (France) offers a new tranche of units in Elysées Pierre, its commercial property investment fund (SCPI), the fourth in three years – 5 July 2006**
  After the success of its previous tranches, HSBC REIM (France) is offering investors a fourth tranche of 93,000 units in Elysées Pierre for the total sum of €50 million. This will bring Elysées Pierre's total capitalisation to €440 million based on the latest issue price.
  The previous tranche was a tremendous success and closed six months ahead of schedule. The new tranche will be open from 3 July 2006 to 30 June 2007, unless closed early, at an issue price of €540. On a forecast 2006 dividend of €31 per share, the fund offers a yield of 5.7%.
  Elysées Pierre's investment policy is designed to:
  - guarantee investors a high quality property portfolio refocusing on large office or retail properties principally in Paris and the Paris region;
  - spread risk and provide access to a more stable class of investments given the size achieved by the SCPI.

  If the proposed new legislation on real estate collective investment vehicles (OPCI) is passed, investors will be asked to approve the conversion of Elysées Pierre into an OPCI to provide them with improved liquidity and optimum tax treatment depending on their personal position.

- **HSBC France launches its first "HSBC International Club" with HSBC Bank plc, UK to provide SMEs with improved international business support – 7 September 2006**
  French business leaders tend to find the "Anglo-Saxon" market complicated due to its different legal, banking and regulatory practices. HSBC has therefore designed an innovative service – the HSBC International Club UK – to help them develop their business in the United Kingdom by providing support and assistance in building up business and banking relationships. The service capitalises on the HSBC Group's strong presence in France and the United Kingdom, where it has 700 and 1,740 branches respectively.

  The HSBC International Club UK is based on unique partnerships with UBIFRANCE, the governmental business support agencies and the FBCCI (Franco British Chamber of Commerce and Industry). Through these arrangements, the HSBC France network can provide SMEs with a selection of services required for them to break into new markets (e.g. hotline for setting up a business operation, market analysis for product launches, events and meetings, etc.) and build up a business network.

  The service is also supported by an internal organisation structure and banking services to make access to the UK market easier:
  - Local experts specialising in business relationships: 1,400 business advisers in the UK and 600 in France with expertise in the different types of financing in the two countries will provide their knowledge and practical experience in both markets. They will also draw on the expertise of specialists in cash management and trade services based in both countries.

- A coordinated approach between the two countries: the International Banking Centers will centralise and analyse enquiries about setting up bank accounts in the two countries, resulting in a faster response to finding contacts and local information.
- Specific banking services:
  . receivables financing services, particularly through HSBC Invoice Finance, a factoring company operating in both countries;
  . tailored financing and dedicated services to franchisors and franchisees;
  . mobility solutions for employees of businesses.

Members of the HSBC International Club UK will have access to all these services at advantageous rates.
Through this practical approach to SMEs, which forms part of the bank's strategic plan, HSBC France aims to become banker to the 10,000 French SMEs that trade with the UK. In the coming months, the service will be extended to other countries where the Group has a strong presence.

- **HSBC France unveils its ambitions in the Toulouse area - 26 September 2006**

  On 26 September, HSBC France unveiled its new look in the Toulouse area, rebranding eight Société Marseillaise de Crédit branches as HSBC and inaugurating a new branch at Toulouse-Blagnac right opposite the airport.
  These branches come under the umbrella of a newly-created regional division headed by Yann Le Brusq, which has almost 90 employees and a total of eleven branches, including seven in Toulouse, one in Carcassonne, one in Mazamet, one in Castelnaudary and one in Auterive.
  HSBC France thus becomes a leading bank in the Toulouse area.
  The rebranding and branch expansion will provide retail and business customers in the area with a steadily increasing range of products and services. The aim is to capitalise on the group's size and unique international position to make the full offering available as quickly as possible.
  Expatriates are already able to open accounts at distance in some thirty countries throughout the world. This is a unique advantage in a city driven by international business and particularly its aerospace industry.
  An adviser dedicated to British customers has also been hired to facilitate banking relations for the large English-speaking community in the area and to improve service for this client group with its highly specific needs.
  Apart from rolling out the product range, other initiatives have already been taken to strengthen the bank's local presence, including recruiting ten new employees to HSBC France. In addition, further branches will be added to the network through to 2008.

Responsible person for the registration document and additional information and Responsible persons for auditing the financial statements

Responsible person for the registration document and additional information

- Name of the responsible person
  Charles-Henri Filippi, Chairman and Chief Executive Officer

- Statement by the responsible person

Having taken all reasonable steps for this purpose, I hereby certify that the information provided in this update of the Registration Document is, to the best of my knowledge, true and accurate and there are no omissions that could impair its significance.

I have obtained a completion letter from the Statutory Auditors, in which they confirmed that they have verified the information relating to the financial situation and to the statutory financial statements contained in this update, and that they also have conducted a general reading of this document.

Paris, 20 October 2006

Chairman and CEO, Charles-Henri Filippi

Responsible persons for auditing the financial statements

Incumbents	Date first appointed	Date re-appointed	Date term ends
KPMG Represented by Fabrice Odent 1, cours Valmy 92923 Paris la Défense Cedex	2001	2006 (2)	2012
BDO Marque & Gendrot (1) Represented by Joël Assayah 7, rue Ernest Renan 92130 Issy-Les-Moulineaux	2005	2006 (2)	2012
Alternates			
Gérard Gaultry 1, cours Valmy 92923 Paris la Défense Cedex	2001	2006 (2)	2012
Patrick Giffaux (1) 25, quai Carnot 92210 Saint-Cloud	2005	2006 (2)	2012

(1) Appointed by the General Meeting held on 17 May 2005 following the resignation of RSM Salustro Reydel from its function of incumbent Statutory Auditor and of Benoît Reydel from his function of alternate Statutory Auditor due to the merger of RSM Salustro Reydel with KPMG.

(2) Re-appointed by the General Meeting held on 17 May 2006.

Cross-reference table

Requirements under Annex 11 to European regulation 809/2004	**Pages in the Annual Report and Accounts filed with AMF on 16 June 2006 under reference number D06-0588**	**Pages in this update**
1. Persons responsible	173	32
2. Statutory auditors	173	32
3. Risk factors	42-54	24-29
4. Information about the issuer		
4.1. History and development of the company	156	-
5. Business overview		
5.1. Principal activities	2-7	3-5
5.2. Principal markets	2-7	3-5, 19-20
6. Organisational structure		
6.1. Brief description of the group	inside cover, 2-7, 130-145	-
6.2. Issuer's relationship with other group entities	-	-
7. Trend information	171-172	30
8. Profit forecasts or estimates	-	-
9. Administrative, management and supervisory bodies and senior management		
9.1. Administrative and management bodies	8-19	-
9.2. Administrative and management bodies - conflicts of interests	15	-
10. Major shareholders		
10.1. Control over the issuer	23, 160	-
10.2. Arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control	-	-
11. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
11.1. Historical financial information	55	-
11.2. Financial statements	56-135	6-22
11.3. Auditing of historical annual financial information	122, 150	-
11.4. Age of latest financial information	56	
11.5. Interim and other financial information	n.a.	
11.6. Legal and arbitration proceedings	52	20
11.7. Significant change in the issuer's financial or trading position	171	30
12. Material contracts	157	-
13. Third-party information and statements by experts and declarations of any interest	-	-
14. Documents on display	156	34

Cross-reference table (continued)

The following information is provided for reference:

- Consolidated financial statements for the year ended 31 December 2005 and the Statutory Auditors' report on the consolidated financial statements, presented on pages 60-126 and 154 of the Annual Report and Accounts filed with the AMF on 16 June 2006 under reference number D.06-0588;
- Consolidated financial statements for the year ended 31 December 2004 and the Statutory Auditors' report on the consolidated financial statements, presented on pages 50-91 and 123-124 of the Annual Report and Accounts filed with the AMF on 29 June 2005 under reference number D.05-0952;
- Consolidated financial statements for the year ended 31 December 2003 and the Statutory Auditors' report on the consolidated financial statements, presented on pages 50-91 and 121-122 of the Annual Report and Accounts filed with the AMF on 14 June 2004 under reference number D.04-0930.

The chapters of Annual Reports and Accounts not mentioned above are either of no interest to investors or are covered in another section of this update.

These documents are available at the www.hsbc.fr website or on the *Autorité des Marchés Financiers*' website www.amf-france.org.

Any person requiring additional information on the HSBC France group may, without commitment, request documents by mail:

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