

HSBC to acquire Household

Household Condensed consolidated balance sheet	US\$ millions		HK\$ millions	
	As at 30 June 2002	As at 31 December 2001	As at 30 June 2002	As at 31 December 2001
Assets				
Cash	346.6	543.6	2,703	4,239
Investment securities	8,229.7	3,580.5	64,192	27,921
Receivables, net	82,133.0	79,263.5	640,637	618,097
Acquired intangibles, net	418.5	455.6	3,264	3,553
Goodwill	1,122.1	1,107.4	8,752	8,636
Properties and equipment, net	550.0	531.1	4,290	4,142
Real estate owned	456.7	398.9	3,562	3,111
Other assets	3,549.7	3,030.3	27,689	23,627
Total assets	96,806.3	88,910.9	755,089	693,326
Liabilities and shareholders' equity				
Debt				
- Deposits	5,611.8	6,562.3	43,772	51,173
- Commercial paper, bank and other borrowings	3,598.7	12,024.3	28,070	93,765
- Senior and Senior subordinated debt (with original maturities over one year)	73,269.4	56,823.6	571,501	443,110
Total debt	82,479.9	75,410.2	643,343	588,048
Insurance policy and claim reserves	1,037.2	1,094.5	8,090	8,535
Other liabilities	2,809.8	3,132.5	21,916	24,427
Total liabilities	86,326.9	79,637.2	673,349	621,010
Company obligated mandatorily redeemable preferred securities of subsidiary trusts	975.0	975.0	7,605	7,603
Preferred stock	843.2	455.8	6,577	3,554
Common shareholders' equity				
- Common stock	551.7	551.7	4,303	4,302
- Additional paid-in capital	2,058.3	2,030.0	16,055	15,830
- Retained earnings	9,597.3	8,837.5	74,859	68,915
- Accumulated other comprehensive income	(605.3)	(732.4)	(4,721)	(5,711)
Less: common stock in treasury	(2,940.8)	(2,843.9)	(22,938)	(22,177)
Total common shareholders' equity	8,661.2	7,842.9	67,558	61,159
Total liabilities and shareholders' equity	96,806.3	88,910.9	755,089	693,326
The Hong Kong dollar equivalent figures are for information only and are translated using the following closing rates:				
- HK\$/US\$			7.800	7.798

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Appendix 2 - Summary Financial Information of HSBC

The financial information in respect of HSBC contained in this Appendix 2 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. Full audited accounts for HSBC Holdings plc for the years ended 31 December 2001 and 31 December 2000 have been delivered to the Registrar of Companies and the auditors of HSBC Holdings plc have given reports under Section 235 of the Companies Act 1985 on such accounts, which were unqualified reports within the meaning of Section 237(2) or (3).

The following information is presented on a UK GAAP basis and is extracted from HSBC's 2002 Interim Report and 2001 Annual Report and Accounts.

HSBC Consolidated Profit & Loss Account	US\$ millions			HK\$ millions		
	Six months ended 30 June 2002	Year ended 31 December 2001	Year ended * 31 December 2000	Six months ended 30 June 2002	Year ended 31 December 2001	Year ended 31 December 2000
Interest receivable	14,229	35,261	37,746	110,972	275,036	294,117
Interest payable	(6,636)	(20,536)	(24,023)	(51,754)	(160,181)	(187,187)
Net interest income	7,593	14,725	13,723	59,218	114,855	106,930
Other operating income	5,510	11,163	10,850	42,972	87,071	84,543
Total operating income	13,103	25,888	24,573	102,190	201,926	191,473
Operating expenses	(7,146)	(14,605)	(13,577)	(55,732)	(113,919)	(105,792)
Goodwill amortisation	(396)	(799)	(510)	(3,088)	(6,232)	(3,974)
Operating profit before provisions	5,561	10,484	10,486	43,370	81,775	81,707
Provisions for bad and doubtful debts	(715)	(2,037)	(932)	(5,576)	(15,889)	(7,262)
Provisions for contingent liabilities and commitments	(3)	(649)	(71)	(23)	(5,062)	(553)
Loss from foreign currency redenomination in Argentina	(45)	(520)	0	(351)	(4,056)	0
Amounts written off fixed asset investments	(139)	(125)	(36)	(1,084)	(975)	(281)
Operating profit	4,659	7,153	9,447	36,336	55,793	73,611
Share of operating loss in joint ventures	(23)	(91)	(51)	(179)	(709)	(397)
Share of operating profit in associates	71	164	75	554	1,279	584
Gains/(losses) on disposal of:						
- investments	351	754	302	2,737	5,881	2,353
- tangible fixed assets	(1)	20	2	(8)	156	16
Profit on ordinary activities before tax	5,057	8,000	9,775	39,440	62,400	76,167
Tax on ordinary activities	(1,315)	(1,988)	(2,238)	(10,256)	0	(17,439)
Profit on ordinary activities after tax	3,742	6,012	7,537	29,184	62,400	58,728
Minority interests:						
- equity	(278)	(579)	(558)	(2,168)	(4,516)	(4,348)
- non-equity	(184)	(441)	(351)	(1,435)	(3,440)	(2,735)
Profit attributable to shareholders	3,280	4,992	6,628	25,581	54,444	51,645
Dividends	(1,929)	(4,467)	(4,010)	(15,044)	(34,843)	(31,246)
Retained profit	1,351	525	2,618	10,537	19,601	20,339

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* - Figures for 2000 have not been restated to reflect the adoption of UK Financial Reporting Standard 19 "Deferred Tax".

The Hong Kong dollar equivalent figures are for information only and are translated using the following average rates:

- HK\$/US\$	7.799	7.800	7.792
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HSBC to acquire Household

HSBC

Consolidated balance sheet

	<i>US\$ millions</i>		<i>HK\$ millions</i>	
	<i>As at 30 June 2002</i>	<i>As at 31 December 2001</i>	<i>As at 30 June 2002</i>	<i>As at 31 December 2001</i>
Assets				
Cash and balances at central banks	5,561	6,185	43,376	48,231
Items in the course of collection from other banks	5,894	5,775	45,973	45,033
Treasury bills and other eligible bills	19,255	17,971	150,189	140,138
Hong Kong SAR Government certificates of indebtedness	8,986	8,637	70,091	67,351
Loans and advances to banks	100,965	104,641	787,526	815,990
Loans and advances to customers	342,057	308,649	2,668,045	2,406,845
Debt securities	172,792	160,579	1,347,778	1,252,195
Equity shares	8,710	8,057	67,938	62,828
Interests in joint ventures	144	292	1,123	2,277
Interests in associates	1,042	1,056	8,128	8,235
Other participating interests	47	120	367	936
Intangible fixed assets	15,111	14,564	117,866	113,570
Tangible fixed assets	13,988	13,521	109,106	105,437
Other assets	44,363	38,632	346,031	301,251
Prepayments and accrued income	7,420	7,566	57,876	59,000
Total assets	746,335	696,245	5,821,413	5,429,317
Liabilities				
Hong Kong SAR currency notes in circulation	8,986	8,637	70,091	67,351
Deposits by banks	61,455	53,640	479,349	418,285
Customer accounts	470,778	449,991	3,672,068	3,509,030
Items in the course of transmission to other banks	4,112	3,798	32,074	29,617
Debt securities in issue	28,683	27,098	223,727	211,310
Other liabilities	86,642	72,623	675,808	566,314
Accruals and deferred income	7,707	7,149	60,115	55,748
Provisions for liabilities and charges:				
- deferred taxation	1,181	1,057	9,212	8,242
- other provisions	3,292	3,883	25,677	30,280
Subordinated liabilities:				
- undated loan capital	3,517	3,479	27,433	27,129
- dated loan capital	12,199	12,001	95,152	93,584
Minority interests:				
- equity	2,253	2,210	17,573	17,233
- non-equity	4,352	4,291	33,946	33,461
Called up share capital	4,725	4,678	36,855	36,479
Reserves	46,453	41,710	362,333	325,254
Shareholders' funds	51,178	46,388	399,188	361,733
Total liabilities	746,335	696,245	5,821,413	5,429,317

The Hong Kong dollar equivalent figures are for information only and are translated using the following closing rates:
 -HK\$/US\$

7.800

7.798