

The HSBC Group

A brief history



HSBC 
The world's local bank

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Cover: A detail of some of the images displayed on the HSBC History Wall at the Group Head Office in London. A major work of art designed and built by Thomas Heatherwick Studio, the History Wall comprises nearly 4,000 images relating to HSBC's history around the world.

Below, left: The HSBC History Wall seen from the main entrance of the Group Head Office in London.

Centre: Postcard sent in 1903, showing the offices of The Hongkong and Shanghai Banking Corporation in Hong Kong. **Right:** Advertisement promoting business accounts, issued by Midland Bank in 1968.



Foreword

The HSBC Group has a remarkable history in banking and financial services. That history has left its mark and helped to make us what we are today — one of the leading organisations in the modern financial world.

HSBC's pride in its history is not a matter of nostalgia. Our experiences have shaped the Group's character and business approach. Our record of resilience, adaptability and innovation helps to explain why we have been able to succeed during times of rapid change. Likewise, our history explains why we believe in capital strength, strict cost control and in building long-term relationships with our customers. These factors are vital to our progress in meeting the challenges of the financial world of today and tomorrow.

Our business is based on confidence and trust. Our reputation for integrity — built amongst customers, shareholders and the wider community over generations — is paramount. Striving to observe the letter and the spirit of laws and regulations wherever we operate around the world is a deeply ingrained part of the HSBC character. We believe that the way a company behaves will be the defining competitive advantage of this century.

This brief history of the HSBC Group introduces the major events, decisions and personalities that have made us what we are today. I hope that you will enjoy it and find it illuminating and useful.

Sir John Bond
Group Chairman
December 2003



Below, left: Staff of the Imperial Bank of Persia's chief office in Tehran in 1934. **Centre:** The 1866 annual report of the Citizens' Savings Bank. The business later became part of the Republic National Bank of New York. **Right:** HSBC's hexagon symbol is installed at the top of the new Group Head Office at 8 Canada Square, London.



Introduction

Right: HSBC's Group Head Office at 8 Canada Square, London.

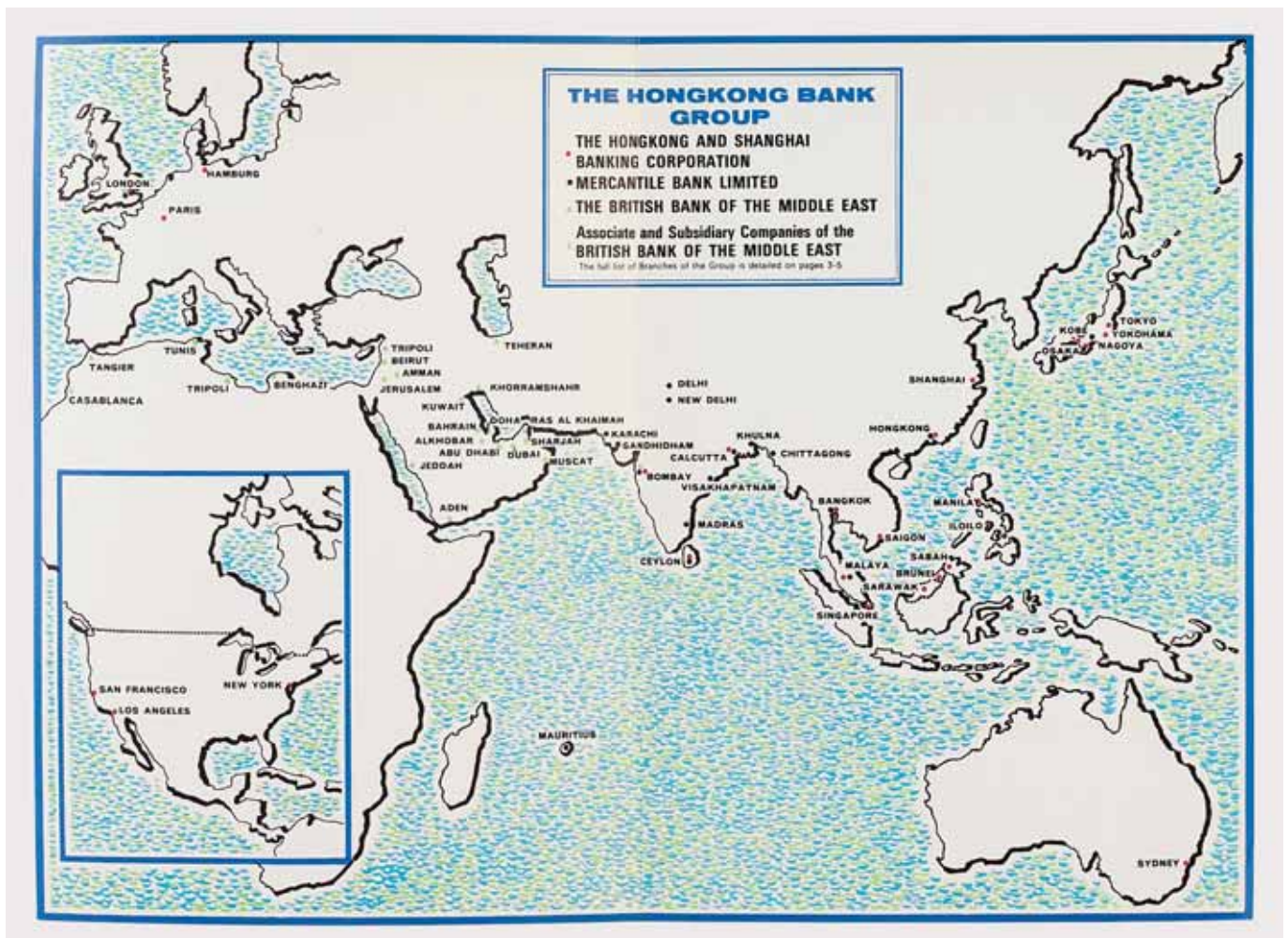
Below: Map showing the offices of the HSBC Group in 1965.

Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organisations in the world. HSBC's international network comprises over 9,500 offices in 79 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

Through an international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services: personal financial services; consumer finance; commercial banking; corporate, investment banking and markets; and private banking. At 30 June 2003, the Group's total assets amounted to US\$983 billion (£595 billion, HK\$7,663 billion). It has 218,000 employees and nearly 200,000 shareholders around the world.

Although the Group's holding company, HSBC Holdings plc, was formed as recently as 1991, many of its principal constituent companies opened for business over a century ago and have long experience in their home and international markets. The story of the growth and development of these companies is rich in variety and achievement, with an international pedigree that is unique in banking history.

This brief history describes the origins and evolution of the companies that make up the HSBC Group. The history concludes with a summary of the far-reaching changes in recent years that have given HSBC its special place in today's major financial markets.





The HSBC Group in the Asia-Pacific region

Beginnings, 1865

The HSBC Group's name is derived from The Hongkong and Shanghai Banking Corporation Limited, the founding member of the modern Group. The bank owed its origins to the business communities of the China coast in the 1860s. At that time, the finance of trade in the region was not well developed and most transactions were still handled by the European trading houses, or *hongs*, rather than by professional banks. By the early 1860s, local businessmen needed larger and more sophisticated facilities. In Hong Kong, in particular, business leaders required specialist banking services — preferably from a bank that was locally owned and managed.

Detail from a painting showing a view of the waterfront at Victoria West, Hong Kong, in about 1860, shortly before the founding of The Hongkong and Shanghai Banking Corporation in 1865.

The founding of the bank in 1865 answered this need. The new company was the inspiration of Thomas Sutherland, then the Hong Kong Superintendent of the Peninsular and Oriental

Steam Navigation Company, who produced a prospectus for a locally based bank operating on sound 'Scottish banking principles'. The prospectus attracted the support of a broad spectrum of Hong Kong interests, including American and Indian trading houses as well as European firms, and the initial capital of HK\$5 million was quickly taken up in Hong Kong, Shanghai and Calcutta. On this basis, the bank opened for business in Hong Kong on 3 March 1865. Then, as now, the bank's headquarters were at 1 Queen's Road. One month later, on 3 April 1865, the bank's Shanghai office opened for business. Initial response from customers in the two cities was favourable, both from the foreign business community and from the compradores, the influential Chinese intermediaries in charge of local staff and business dealings in the Chinese community.





The new bank's commitment to local ownership and management required a special arrangement for incorporation. Rather than operate under existing British or colonial regulations — which would have required a London head office — the bank's directors persuaded the Treasury in London to accept incorporation under a special Hong Kong ordinance. This allowed the bank to maintain a head office in Hong Kong without losing the privilege of issuing banknotes and holding government funds. In this way, the bank (which had started life under a local Companies Ordinance as the Hongkong and Shanghai Banking Company Limited) assumed the name The Hongkong and Shanghai Banking Corporation in December 1866. Thereafter, the bank's statutory framework remained basically unchanged until 1989, when registration under the Hong Kong Companies Ordinance was completed.

Early business and development

Soon after its formation in Hong Kong and Shanghai, the bank established a network of agents and branches around the world. Although that network reached as far as Europe and North America, the emphasis was placed on building up representation in China and the rest of the Asia-Pacific region.

In many of its branches and agencies in Asia, The Hongkong and Shanghai Banking Corporation was the pioneer of modern banking practices. From the outset, trade finance was a strong feature of its local and international business, an expertise that has been recognised throughout its history. Bullion and exchange businesses were also

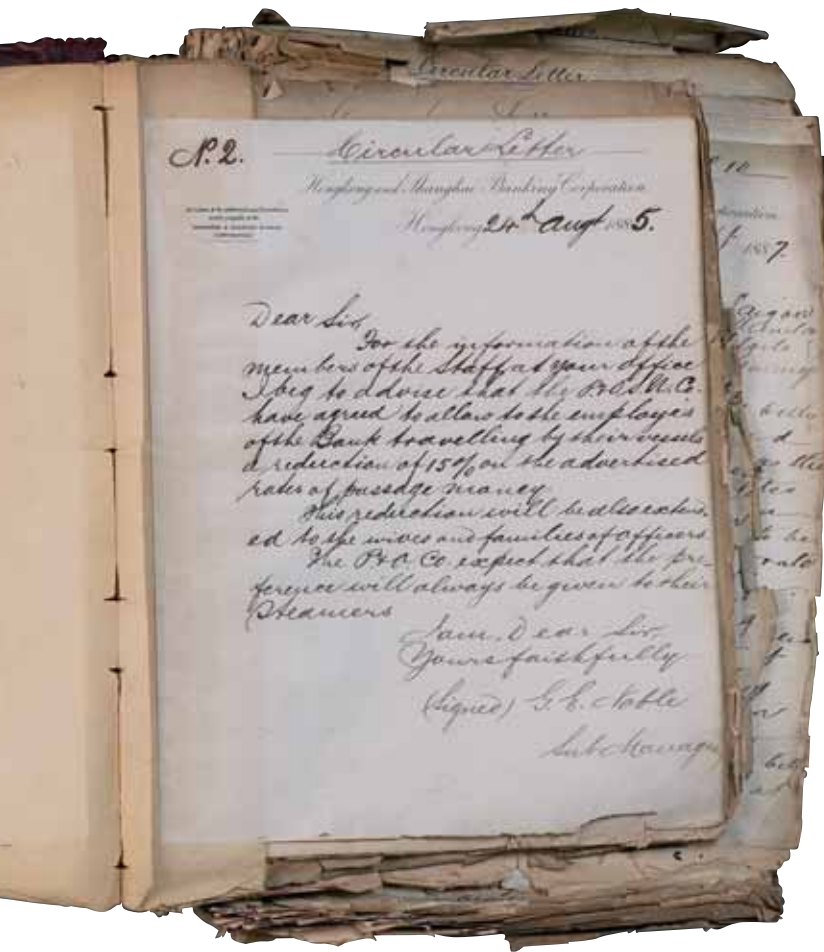
important in the early years. In Japan, where a branch was opened at Yokohama in 1866, the bank acted as an adviser to the government on banking and currency. In 1888, it was the first bank to be established in Thailand, where it printed the country's first banknotes. By 1900, the branch network in Asia extended to India (1867), the Philippines (1875) and Singapore (1877), and to cities in what are now Malaysia, Myanmar, Sri Lanka and Vietnam.

Left: Sir Thomas Jackson (1841-1915), a key figure in the early history of The Hongkong and Shanghai Banking Corporation.

In the 19th century, international banking of this kind required innovation and high levels of risk. The bank had its share of setbacks in its early years, including over-commitment to a number of local industrial ventures. From the mid-1870s, however, the bank renewed its focus on trade finance. Thomas Jackson, Chief Manager on three occasions between 1876 and 1902, dominated this period of the bank's growth and led it to become the foremost financial institution in Asia. In achieving this reputation, Jackson and his successors were supported by a distinctive cadre of managers and staff. These officers, many of whom had begun their careers with English or Scottish joint-stock banks, were trained in London before taking up appointments in Asia. On reaching the higher levels of management, the bank's officers could call on varied experience in the many different settings of the bank's operations.

The senior officers of The Hongkong and Shanghai Banking Corporation in 1870. The bank's first manager, Victor Kresser, is seated in the centre of the group.





Banker to Asian governments

The Hongkong and Shanghai Banking Corporation's international reputation in the late 19th and early 20th centuries owed much to its achievements in government finance. By the 1880s, it was acting as banker to the Hong Kong government and as sole or joint banker for British government accounts in China, Japan, Penang and Singapore. The issue of banknotes was also an important contribution to business services in all of the bank's areas of operation.

The outstanding example of the bank's role in government finance was its management of new loans for China. The bank handled China's first public loan — the 8 per cent Foochow loan of 1874 — and thereafter issued most of China's public loans. These issues included loans for railway construction and other infrastructure projects and, by 1910, the bank was the prime mover in the China Consortium, a multinational agency for loans to China.

Business in the early 20th century

After the shock and disruption that the First World War brought to international trade, The Hongkong and Shanghai Banking Corporation





looked forward to expansion in its Asian markets. The new head office at 1 Queen's Road (1935) and the new buildings at major branches such as Bangkok (1921), Manila (1922) and Shanghai (1923) reflected this confidence. In contrast, the political outlook in China grew increasingly uncertain and, in South-East Asia, the bank faced heavier competition from Dutch and French banks. Throughout the 1930s, in keeping with its long-standing connections with government finance in China, the bank took a leading part in efforts to stabilise the Chinese national currency.

In the Second World War, the majority of the bank's European staff became prisoners of war as the Japanese advanced through Asia. Those in Manchuria, Japan and Indo-China were repatriated, but most of those who failed to escape were interned. The Chief Manager, Sir Vandeleur Grayburn, and his designated successor, D C Edmondston, died while prisoners in Hong Kong. Meanwhile, in 1941, British regulators required that Arthur Morse, as Chairman of the bank's London Advisory Committee, should act as Chairman of the bank. Two years later, the London Committee was empowered to act as a Board of Directors and Morse was appointed to the dual role of Chairman and Chief Manager.

Far left: A bound volume of circulars sent to the branches by the head office of The Hongkong and Shanghai Banking Corporation in 1885. This page refers to staff passages and reductions arranged by the bank with P.&O. The bank's founder, Thomas Sutherland, was chairman of P.&O. at this time.

Left: A postcard view of the Queen's Road entrance to the head office building of The Hongkong and Shanghai Banking Corporation in 1915.

Below: View of the Bund in Shanghai in the late 1870s. The Hongkong and Shanghai Banking Corporation had moved from Nanking Road to premises on the Bund (second building from left) in 1873.



Right: The logo of Hang Seng Bank, introduced in 1954.

Below: The staff of the Calcutta branch of the Mercantile Bank in 1938. The branch had opened for business in 1855.

Post-war recovery

After the Second World War, in June 1946, the bank was able to restore its head office powers and functions to Hong Kong. In the immediate post-war period, the bank quickly took on a key role in the reconstruction of the Hong Kong economy. Its support for the skills and experience of newcomers to Hong Kong was especially vital to the upsurge in manufacturing in this period. As a result, the bank's total assets tripled to HK\$3.6 billion between 1940 and 1954.

In its other markets, however, the bank needed to make major readjustments. After the civil war in China, most of the mainland branches were closed between 1949 and 1955, leaving only the Shanghai office to continue its long and eventful service since 1865.

New alliances in Asian banking

The changes of the post-war period — the concentration on Hong Kong and the closure of the branches in mainland China — carried the risk that the bank was growing too narrow in its sphere of interests. Under Michael Turner's leadership between 1953 and 1962, the bank avoided the risk by diversifying its business in a series of acquisitions and alliances. These additions, which included the formation of The Hongkong and Shanghai Banking Corporation of California (see page 26) and the purchase of The British Bank of the Middle East (page 22), were to be the bank's first experience of working as a 'group' of companies.



In the Asia-Pacific region, key additions were the Mercantile Bank in 1959, a controlling interest in Hang Seng Bank Limited in 1965, and the formation of Wardley Limited in 1972. The Mercantile Bank, originally established as the Mercantile Bank of Bombay as early as 1853, had its own distinguished history in Asian banking. When its acquisition by The Hongkong and Shanghai Banking Corporation was completed in 1959, the Mercantile Bank was operating 35 branches, with an especially strong presence in the Indian sub-continent and Malaysia. The Mercantile's head office was transferred to Hong Kong in 1966, and its business was then gradually integrated into the larger Group.

Hang Seng Bank, in contrast, was a local Hong Kong bank established in 1933. The Hongkong and Shanghai Banking Corporation obtained a controlling interest in 1965, shortly after banks in Hong Kong had faced a brief period of crisis.





Left: Label from the first current account ledger used at the London office of The Hongkong and Shanghai Banking Corporation in 1865.

Below: A HK\$25 note issued by The Hongkong and Shanghai Banking Corporation in Yokohama, Japan, in 1866.



Hang Seng, under its own name and management, has since emerged with great success as the second largest bank incorporated in the Hong Kong Special Administrative Region.

Not all these alliances were in commercial banking. In 1972, a new wholly owned company, named Wardley Limited after the bank's original headquarters in Wardley House, was created to serve as a merchant banking subsidiary. Wardley later developed its own series of subsidiaries in financial centres throughout Asia. In 1981, it also acquired a controlling interest in Equator Holdings Limited, whose subsidiaries offer merchant and investment banking, trade and

advisory services in Africa. In 1995, as part of the Group's strategy of adopting a unified identity for its investment banking and capital markets activities (see page 33), the principal Wardley businesses were renamed and brought together as HSBC Investment Bank Asia Limited.

The Hongkong and Shanghai Banking Corporation continued to seek new opportunities for diversification in the emerging markets of the Asia-Pacific region. The globalisation of the economy in the 1980s and 1990s opened up financial markets that had previously been closed to foreign banks. In 1985, the bank obtained a banking licence in Australia and then established





Hongkong Bank of Australia Limited in the following year (now HSBC Bank Australia Limited). The bank took full ownership of this subsidiary in 1987 and also acquired a banking licence in New Zealand. In 1994, it was the first foreign bank to incorporate locally in Malaysia, forming Hongkong Bank Malaysia Berhad (now HSBC Bank Malaysia Berhad).

New directions in Asia-Pacific

The Group has extended its services on the mainland since the late 1970s, following the introduction of China's 'open door' economic policy and in support of the country's growing

international trade. In 1980, The Hongkong and Shanghai Banking Corporation opened a representative office in Beijing. More offices followed in China's other major cities and, in 1984, it became the first foreign bank since 1949 to be granted a banking licence, allowing the Shenzhen office to be upgraded to a full branch. In 1997 (the year in which the People's Republic of China resumed sovereignty over Hong Kong), HSBC was one of the first international banks to be given permission to conduct renminbi business in mainland China. By 2002, the Group had the largest office network of any international bank in China. This network has been supplemented by a series of strategic partnerships. In 2001, an 8 per cent share in the Bank of Shanghai was purchased and, in the following year, HSBC acquired a 10 per cent share in Ping An Insurance Company of China, the second largest life insurance operator in the country.

There has been major business growth in India. 2001 saw the opening of the only branch in the HSBC network that is open 365 days a year in Pune, western India, and, in the same year, HSBC was able to enter the insurance market in India for the first time. The Group has also pioneered the use of global resourcing centres to achieve a competitive advantage. Situated in Bangalore and

Opposite: Members of staff photographed outside the Kobe office of The Hongkong and Shanghai Banking Corporation in Japan in 1902.

Above: View of Raffles Place, Singapore, in about 1919. The offices of the Mercantile Bank are situated in the centre, at the far end of the square.

Left: The skyline of Sydney, featuring the top of HSBC Bank Australia's head office in George Street. HSBC Bank Australia was established as a subsidiary in 1986.

Right: Night view of the modern headquarters of The Hongkong and Shanghai Banking Corporation in the Hong Kong SAR.

Far right: Perspective view by William Walcott of the 1935 head office of The Hongkong and Shanghai Banking Corporation, designed by G L Wilson of Palmer and Turner.

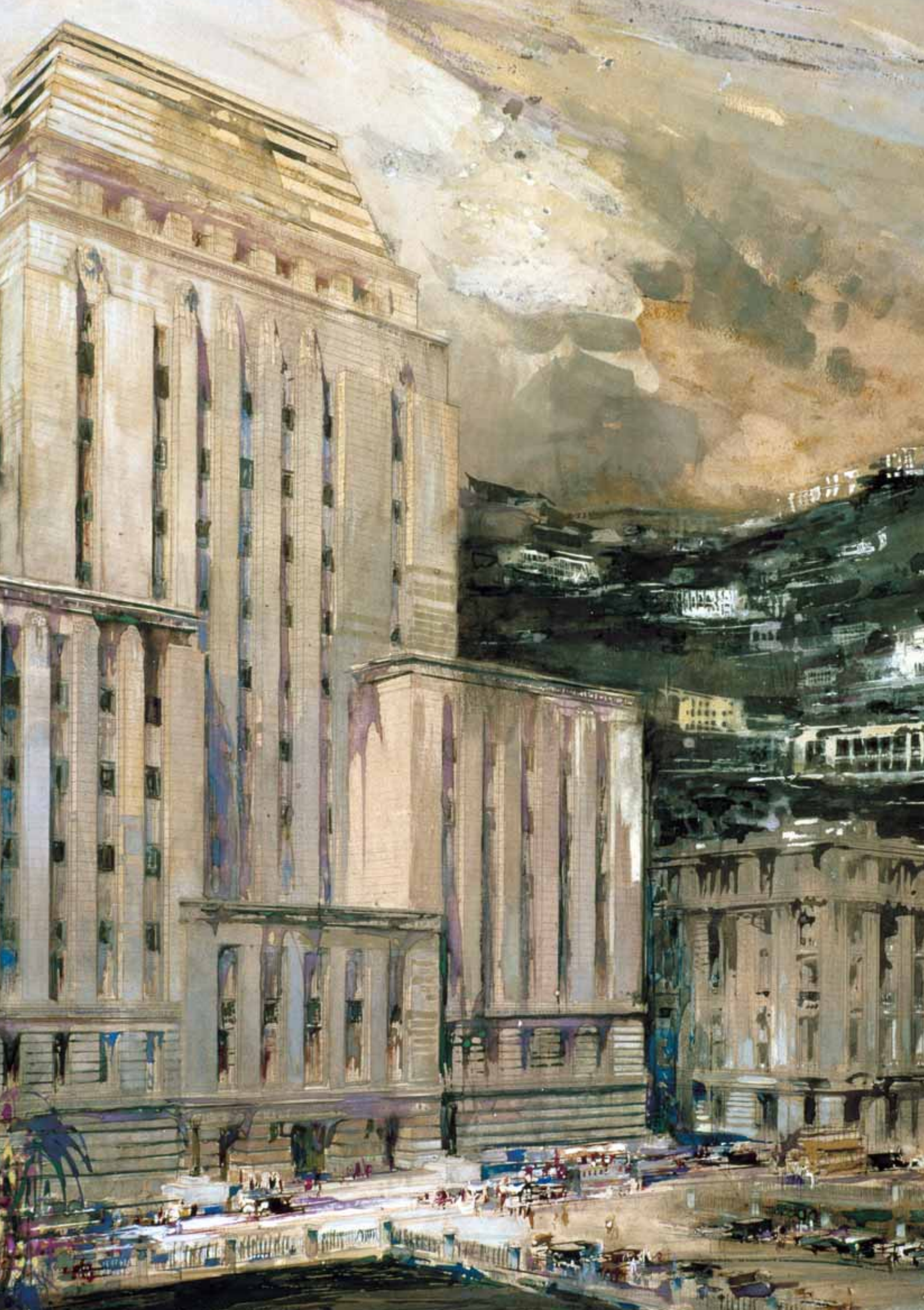


Hyderabad in India, in Guangzhou and Shanghai in China, and in Cyberjaya in Malaysia, these centres have allowed HSBC to utilise its worldwide reach and to improve services by conducting back office functions on an international basis.

In addition to investing in the emerging markets of China and India, the Group has also strengthened its businesses in other parts of the Asia-Pacific region. In Australia, the purchase of the NRMA Building Society in 2001 enhanced the personal financial services business of the bank. This was complemented a year later by the transfer of the corporate and trade finance business of the State Street Bank and Trust Company to HSBC Bank Australia.

The Hongkong and Shanghai Banking Corporation also maintained its commitment to its birthplace as a key strategic aim. The most visible demonstration of this was the bank's substantial investment in its striking head office building in the Hong Kong SAR, designed by Sir Norman Foster and officially opened in 1986. The bank was operating almost 200 branches in the Hong Kong SAR by the end of 2002, supported by an extensive network of ATMs, self-service banking centres and internet banking services. Three-quarters of the territory's adult population now hold personal accounts with the bank. Represented by the largest bank in the Hong Kong SAR and with a major presence on the mainland, HSBC maintains its position as one of the foremost financial institutions in the dynamic markets of the Asia-Pacific region.

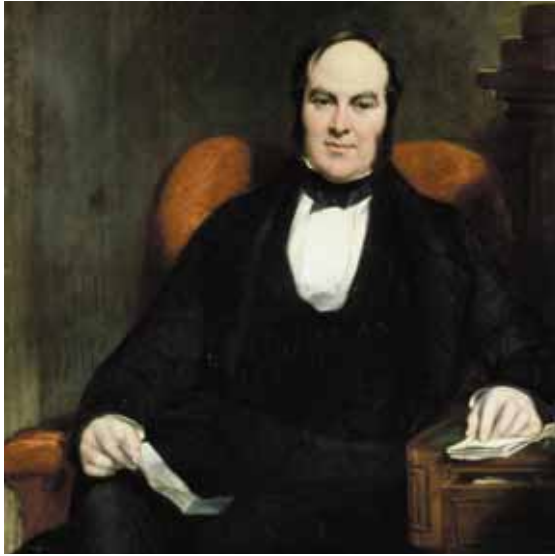




The HSBC Group in Europe

Right: Charles Geach, founder and first manager of Midland Bank in 1836.

Below: Extract from the deed of settlement establishing Midland Bank in August 1836.



The HSBC Group has maintained a presence in Europe since the opening of the London office of The Hongkong and Shanghai Banking Corporation in July 1865. However, through the acquisition of other banks and companies, the Group's history in this region can be traced back to the late 18th century. It was the acquisition of Midland Bank plc (now HSBC Bank plc) in 1992 which transformed HSBC's representation in Europe, placing it among the leading financial institutions in the world. The Group's position was consolidated still further with the acquisition of Crédit Commercial de France S.A. (now CCF S.A.) in France in 2000.

Origins of Midland Bank, 1836

Midland Bank, which opened for business in Union Street, Birmingham, in August 1836, was the inspiration of its first manager, Charles Geach. Having left a secure appointment at the Bank of England to take up the challenge of commercial banking, Geach had the business support and capital backing of leading merchants and manufacturers in Birmingham. The town and its region were the homeland of the Industrial Revolution and the new bank began business in a thriving but highly competitive local economy.

In the 1830s and 1840s, Midland occupied an important niche in Birmingham business, particularly in the discounting of bills of exchange for its customers. Links with local industrial and commercial concerns were especially strong and, by the 1850s, the bank's customers included railways, iron foundries and engineering concerns, utilities and municipal corporations. Midland established its first branches by acquiring Stourbridge Old Bank in 1851 and Nichols, Baker and Crane of Bewdley in 1862. Both firms had been pioneers of banking in the West Midlands: the origins of the Stourbridge bank can be traced back to 1762 and the Bewdley bank dated from 1777.





Acquisitions and development

In its first 50 years, Midland steadily enlarged its business in Birmingham and the surrounding region. From the 1880s, it expanded its customer base by opening new branches and by acquiring other banks. Its most important initiative was the decision to move into the wider national market. This was achieved in 1891 by the acquisition of the Central Bank of London (which gave Midland a seat in the London Clearing House) and, in 1898, by taking over the City Bank (which provided a London head office). By 1918, with deposits of £335 million, it ranked as the largest bank in the world. The key figure in this remarkable advance was Edward Holden, Managing Director from 1898 to 1908 and Chairman and Managing Director from 1908 until his death in 1919. He oversaw more than 20 bank amalgamations between 1891 and 1918, and opened new branches throughout England and Wales.

Holden also encouraged the development of Midland's international business; it was the first British bank to set up a foreign exchange department and, by 1919, it was acting as London bank to some 650 correspondent banks throughout the world. From 1907, these correspondents included The Hongkong and Shanghai Banking Corporation.

After the First World War, the leading British banks entered an agreement with the government that they would not attempt further amalgamations without Treasury approval. As a result, Midland turned its attention to expanding its branch network, adding new banking services, mechanising its systems (from 1928) and advertising its activities.



Above: The banking hall and counter of the Pall Mall branch of the London Joint Stock Bank in the 1850s, from a watercolour by E H Martineau. This bank became part of Midland in 1918.

Left: Bust of Sir Edward Holden, who led Midland Bank to become the biggest bank in the world by 1918.

Right: Illustration of Bewdley, Worcestershire in about 1890. The business of Midland Bank's branch (centre) can be traced back to the foundation of Nichols, Baker and Crane in 1777.

Below: The coat of arms blazon granted to Midland in 1952. The bank's motto is *vis unita fortior* — strength united is yet stronger.



Post-war recovery and international alliances

The ending of credit restrictions in 1958 brought renewed competition into British banking. Midland responded by extending its branch network and by introducing a series of innovative services, including personal loans (1958), personal cheque accounts (1958) and cheque cards (1966).

At the same time, the bank diversified its interests away from traditional commercial banking. Forward Trust, which was acquired in 1958, emerged as a leader in instalment finance, leasing

and factoring services. Midland's purchase in 1967 of a share in Montagu Trust, the owner of Samuel Montagu & Co. Limited, was the first association between a British clearing bank and a London merchant bank. Samuel Montagu, with its own distinguished history dating back to 1853, became a wholly owned subsidiary in 1974 and is now part of HSBC's private banking business. Further diversification followed in 1972, when Midland was the leading member of the consortium that acquired the Thomas Cook travel business. After becoming sole owner in 1977, Midland sold its interest in 1992, but the link is maintained by offering Thomas Cook services through the bank's branch network.



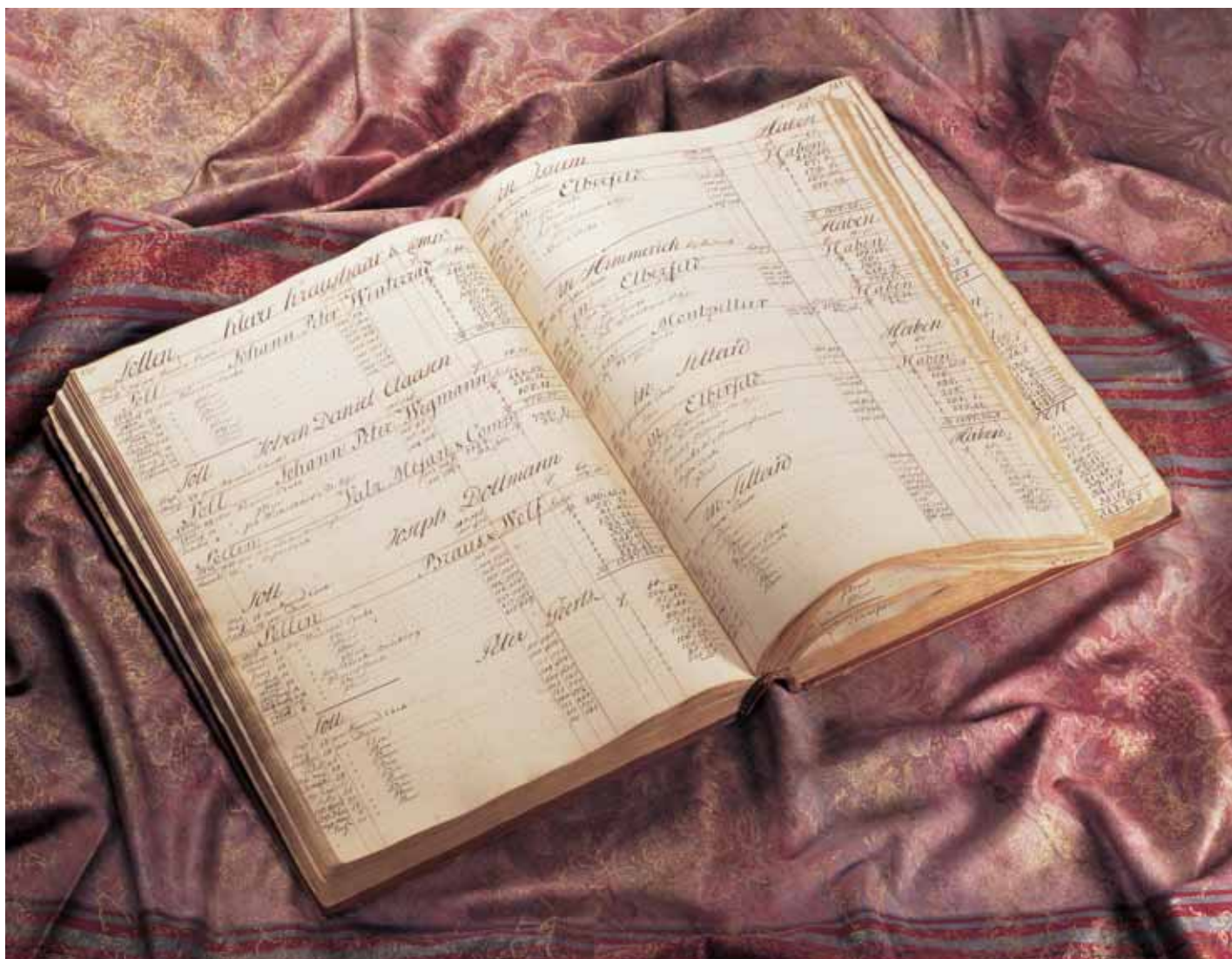
Until 1974, Midland's overseas business relied upon its traditional links with correspondent banks and, in the 1960s, membership of a number of consortia of European and international banks. From 1974, the emphasis switched, first to opening branches or representative offices in the major financial centres of the world and, second, to acquiring international subsidiaries. Of these initiatives, the purchase of a majority share in Crocker National of California, USA, in 1981 proved to be a serious setback to Midland's fortunes. After a series of heavy losses by the Californian bank, Midland took full ownership in 1985 and then sold Crocker to Wells Fargo the following year.

Midland Bank enjoyed greater success with investment in Germany, where the focus of activity was Trinkaus & Burkhardt KGaA, a private bank with a long history of its own. In 1785, Christian Gottfried Jaeger founded a trading company in Düsseldorf, which eventually passed to his nephew, Christian Gottfried Trinkaus. Trinkaus developed the firm into a bank and gave it his own name. In 1972, C G Trinkaus merged with the banking house Burkhardt & Co, which had been founded in Essen in 1841, and operations were extended to Luxembourg and Switzerland. Midland Bank acquired a controlling interest in 1980 and, today, as HSBC Trinkaus & Burkhardt KGaA, the company enjoys a leading position in both commercial and investment banking. Through the acquisition of Samuel Montagu & Co, Midland had also gained a majority share in Guyerzeller Bank AG (now HSBC Guyerzeller Bank AG) in Switzerland.



Left: The interior of Midland Bank's branch in Kendal in the 1890s. The wood panelling, stained glass and counter lamps were all typical features of branch premises during the 19th century and the first half of the 20th century.

Below: The first general ledger of Christian Gottfried Jaeger's trading house, established in Düsseldorf in 1785. The firm was the forerunner of HSBC Trinkaus & Burkhardt KGaA, the Group's principal subsidiary in Germany.



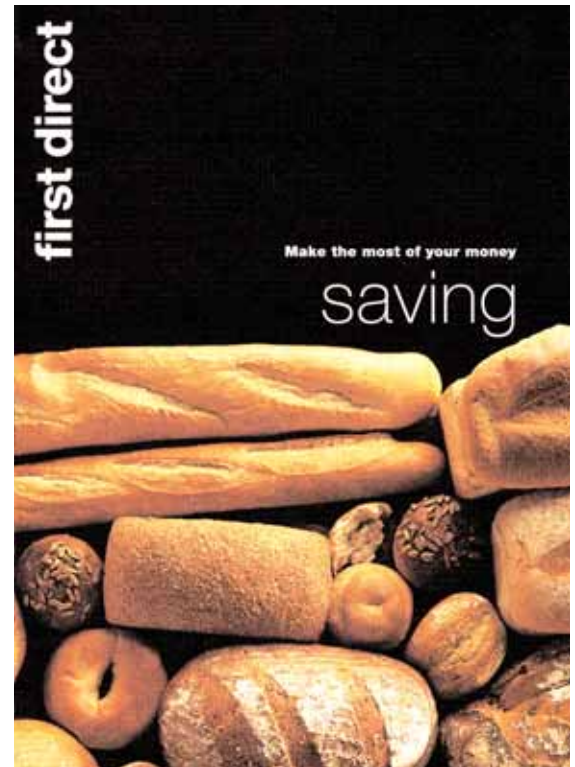
Right: Front cover of a marketing leaflet issued by First Direct, which had pioneered telephone banking in 1989.

Below: Night view of CCF's headquarters in Paris. The building was illuminated during 1994 as part of the bank's centenary celebrations.

Midland joins the HSBC Group

The Hongkong and Shanghai Banking Corporation acquired a 14.9 per cent equity interest in Midland Bank in 1987, and a strong working relationship developed. The most important innovation during this period was the launch of First Direct in 1989. First Direct pioneered the revolutionary concept of telephone banking, with a person-to-person service available 24 hours a day, 365 days a year. It now offers internet banking as well and serves more than one million customers. First Direct is today the most recommended bank in the United Kingdom.

In 1992, HSBC Holdings plc acquired full ownership of Midland Bank. It was one of the largest acquisitions in banking history, giving HSBC the major foothold in Europe that it needed to complement its existing business in Asia and the Americas. Midland was renamed HSBC Bank in 1999 as part of the adoption of the HSBC brand throughout the Group.



Origins of CCF, 1894

Ernest Mèjà and Benjamin Rossier founded Banque Suisse et Française at 27, rue Laffite, Paris, on 1 July 1894. They had previously worked together for Banque Fédérale S.A. and their new firm began by taking over the business of the Swiss bank's Paris branch. Mèjà remained as joint managing director of the bank with Rossier until his death in 1910. Rossier then continued to run the bank until his retirement in 1936. Both men's valuable contributions to the French economy were recognised when they were made chevaliers of the Légion d'honneur.

From its early days, Banque Suisse et Française took an active interest in commerce and industry. A successful working relationship was developed with the Paris department store Galeries Lafayette. The bank also helped fund the construction of the new Métropolitain underground system and the installation of public lighting in the capital. The early success of the business led to considerable expansion. The number of employees rose tenfold by the turn of the century, and the bank moved to larger headquarters at 20, rue La Fayette. From 1912, the bank began to develop a branch network, with 14 offices opening in Paris and a first provincial office in Lille. An office was also acquired in Marseilles when the business of Banque du Colombier was taken over in 1914.

The creation and development of CCF

In January 1917, the bank's shareholders approved a proposed merger with the Lyons-based Maison Aynard et Fils and Caisse de Crédit de Nice. Maison Aynard et Fils had started out as a drapers' company in the early 18th century, before turning to banking in 1858. Established in 1865, Caisse de Crédit de Nice had opened a number of branches along the Mediterranean coast and in Italy. The resulting business adopted the name Crédit Commercial de France (CCF). Two years later, the business of the Banque de Bordeaux was also acquired.

In 1922, the bank's central management and main services were transferred to 103, avenue des Champs-Élysées. Still the headquarters of the bank today, these former hotel premises offered a prestigious location from which CCF consolidated its standing on the French banking scene. The company continued to expand through the acquisition of other banks and, by the end of the decade, it had become the sixth largest bank in France.

In the 1960s, during the chairmanship of Jacques Merlin, CCF embarked upon a policy of considerable expansion, with the number of branches rising to more than 200. The bank's industrial affairs department and international department were also founded during this period. In 1979, the long-running advertising campaign, 'The Bank of success', was launched, which boosted the number of shareholders from 17,000 to 34,000. Three years later, the bank was nationalised by the French government but this decision was later reversed and CCF was privatised once again in 1987.

CCF joins the HSBC Group

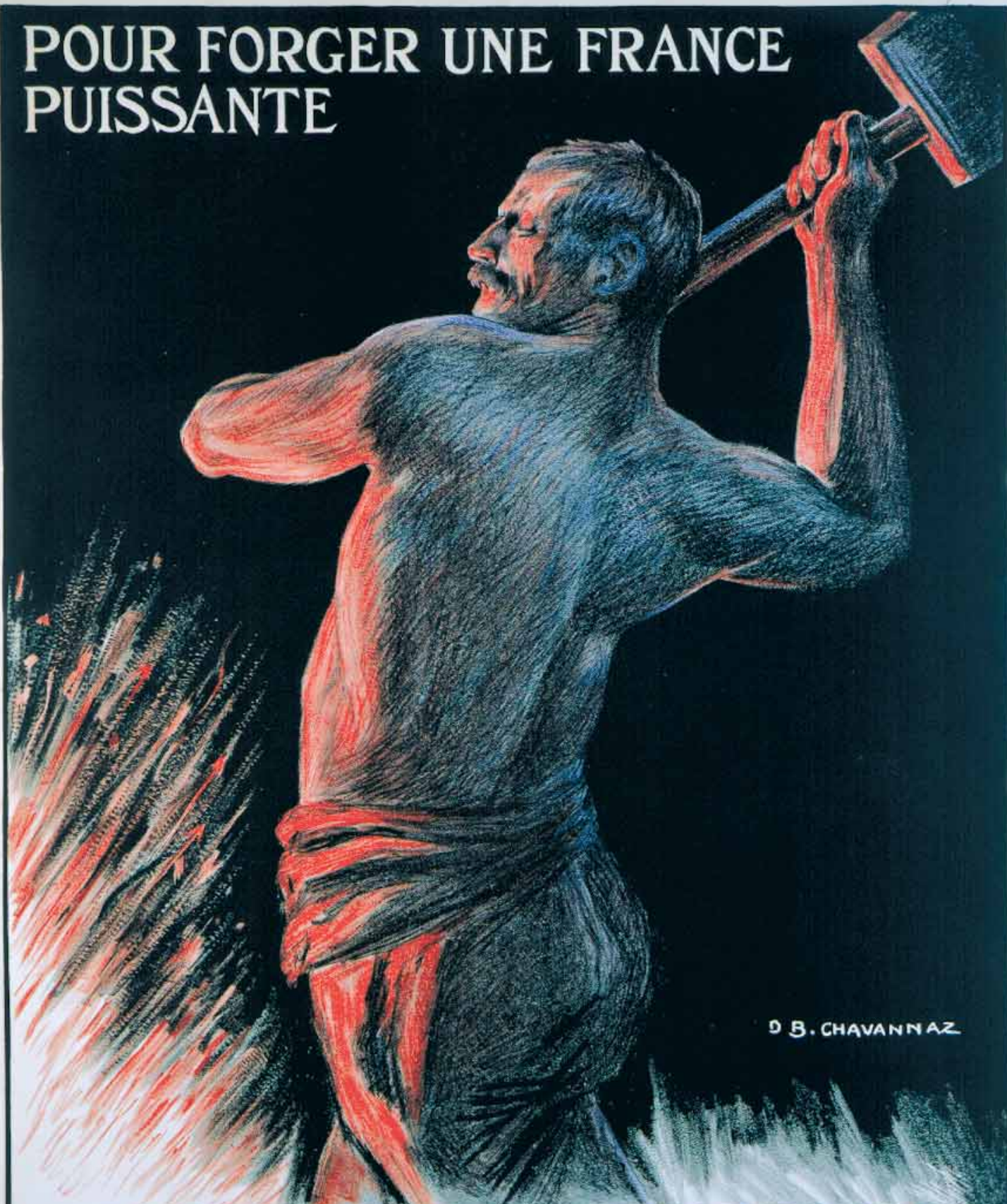
CCF was operating with 650 branches and assets of €69 billion by the end of the 20th century. In April 2000, HSBC Holdings plc announced its intention to acquire the bank and the deal was completed in July. That month, HSBC Holdings plc was listed on the Paris Stock Exchange for the first time. The acquisition has enabled HSBC to establish a strong position in one of the main European markets, and to build a strong platform in the euro zone. CCF has continued to expand with the purchase of Banque Pelletier (2000) and Banque Hervet (2001).

Below and overleaf:

CCF posters advertising liberation and reconstruction loans, which were issued in France following the end of the First World War.



POUR FORGER UNE FRANCE
PUISSANTE



D B. CHAVANNAZ

SOUSCRIVEZ A L'EMPRUNT

CRÉDIT COMMERCIAL
== DE FRANCE ==



Other European connections

HSBC can claim long experience of European markets in addition to the connections developed by Midland and CCF. The London office of The Hongkong and Shanghai Banking Corporation was opened within a few months of the bank's founding in 1865, and it continued to play a key role in business and management development. The bank was the first foreign bank to open branches in Lyons (1881) and Hamburg (1889). Both the Mercantile Bank and The British Bank of the Middle East also maintained London offices.

In other facets of its European business, The Hongkong and Shanghai Banking Corporation sought growth through the acquisition of existing businesses. In 1973, for example, the bank obtained a share in Antony Gibbs, the old-established London merchant bank, and took full ownership in 1980. The bulk of this business was later subsumed into the Group, but the insurance connection continues as HSBC Insurance Brokers Limited, one of the largest brokers in the Lloyd's of London market.

In 1971, The British Bank of the Middle East acquired a 20 per cent stake in The Cyprus Popular Bank Limited. This company had been founded in 1901 as the Popular Savings Bank of Limassol. HSBC has since increased its holding to 22 per cent and, in 1996, the marketing name was altered to Laiki Group.

In the 1980s, the deregulation of the London Stock Exchange — 'Big Bang' — gave banks the opportunity to enter new financial markets. In the case of The Hongkong and Shanghai Banking Corporation, this was achieved by the acquisition of James Capel & Co. Limited in 1986. Established in the 1770s, Capel provided access to capital markets and securities activities. This business was subsequently integrated into HSBC's investment banking business.



Far left: Headquarters of Laiki Group in Nicosia, Cyprus.

Left: Headquarters of HSBC Bank Malta p.l.c. in Valletta.

Below: Advertisement by HSBC Bank A.S. in Turkey, using the Group theme of the importance of local knowledge. The advertisement also shows money through the ages and features the bank's popular Advantage card.

In June 1999, HSBC acquired a majority shareholding in Malta's Mid-Med Bank p.l.c. (now HSBC Bank Malta p.l.c.), the largest commercial bank on the island. Two years later, HSBC Bank plc acquired Demirbank TAS, the fifth largest private bank in Turkey. This business has since been merged into HSBC Bank A.S., which had first entered the Turkish market in 1990. These developments have contributed to HSBC's strategy of building a strong, diversified representation throughout Europe.



The HSBC Group in the Middle East

When the Group acquired The British Bank of the Middle East in 1959, it gained entry to one of the most diverse and rapidly changing financial markets in the world. Its new subsidiary was among the largest and most experienced banking companies in the Middle East.

Origins, 1889

The British Bank of the Middle East, now called HSBC Bank Middle East Limited, was established in London in September 1889. Originally known as the Imperial Bank of Persia, the new company began life as banker to the imperial government of Persia. Earlier in 1889, Baron Julius de Reuter, a founder of the bank (and also the creator of Reuters), had obtained a 60-year banking concession from the Shah of Persia, which allowed the new bank to issue notes as well as to act as the state bank of Persia. Unusually for an overseas bank at that time, the Imperial Bank was also granted a Royal Charter by the British government.

Right: The official seal of the Imperial Bank of Persia. The lion and sun emblem also featured on the notes issued by the bank.

Below: Postcard of Tehran in 1938, showing the chief office of the Imperial Bank of Iran (formerly the Imperial Bank of Persia).



The Imperial Bank of Persia first opened for business in Tehran in late 1889. A year later, it took over the Persian business of the New Oriental Banking Corporation and, between 1890 and 1893, it opened seven branches elsewhere in the country. Initially, the bank was handicapped by the international weakness of silver — Persia's monetary standard — but, from 1896 until the First World War, the bank played an increasingly important role as the state bank and in the exchange markets. Commercial bank deposits grew steadily and, by the 1920s, the bank had opened 26 branches.

Diversification in the Middle East

In the 1930s and 1940s, political change in Persia transformed the outlook for the Imperial Bank. In 1930, for example, the issue of banknotes was transferred to Bank Melli Iran, which had recently been established as the Persian national bank. When the country changed its name to Iran, the Imperial Bank was renamed the Imperial Bank of Iran in 1935. Then, in 1949, foreign banks were required to transfer 55 per cent of their deposits to the Iranian state bank. Two years later, the bank's foreign exchange permit was withdrawn, leaving little option but to close the chief office in Tehran.

These momentous changes required the bank to remodel its strategy and reorganise its representation. The process was already under way in the early 1940s, when the Imperial Bank pioneered banking in the Gulf states. In this region, banking was to play a vital role in the development of the oil industry in the Middle East. Branches were opened in Kuwait (1942), Bahrain (1944), Dubai (1946) and Muscat (1948). Similarly, branches were opened in the cities of the 'fertile crescent' — Beirut (1946), Damascus (1947) and Amman (1949). This diversification throughout the Middle East was reflected in the change of name in 1949 to The British Bank of Iran and the Middle East. Following the withdrawal from Iran, in 1952 the bank obtained a new Royal Charter under the shorter name of The British Bank of the Middle East.

Regional expansion and Group alliances

The strategy of regional expansion was successfully maintained in the 1950s. By 1959, when the bank was acquired by the Group, it had added offices in Saudi Arabia, Aden, Libya, Sharjah, Qatar, Tunisia, Morocco and Abu Dhabi. From 1959, the bank was again represented in Iran but this return ended when the country's banks were nationalised in 1979.



Above: Portrait of Baron Julius de Reuter. He founded the Imperial Bank of Persia in 1889, having obtained a 60-year banking concession from the Shah of Persia.

Left: The coat of arms of The British Bank of the Middle East, granted in 1957.

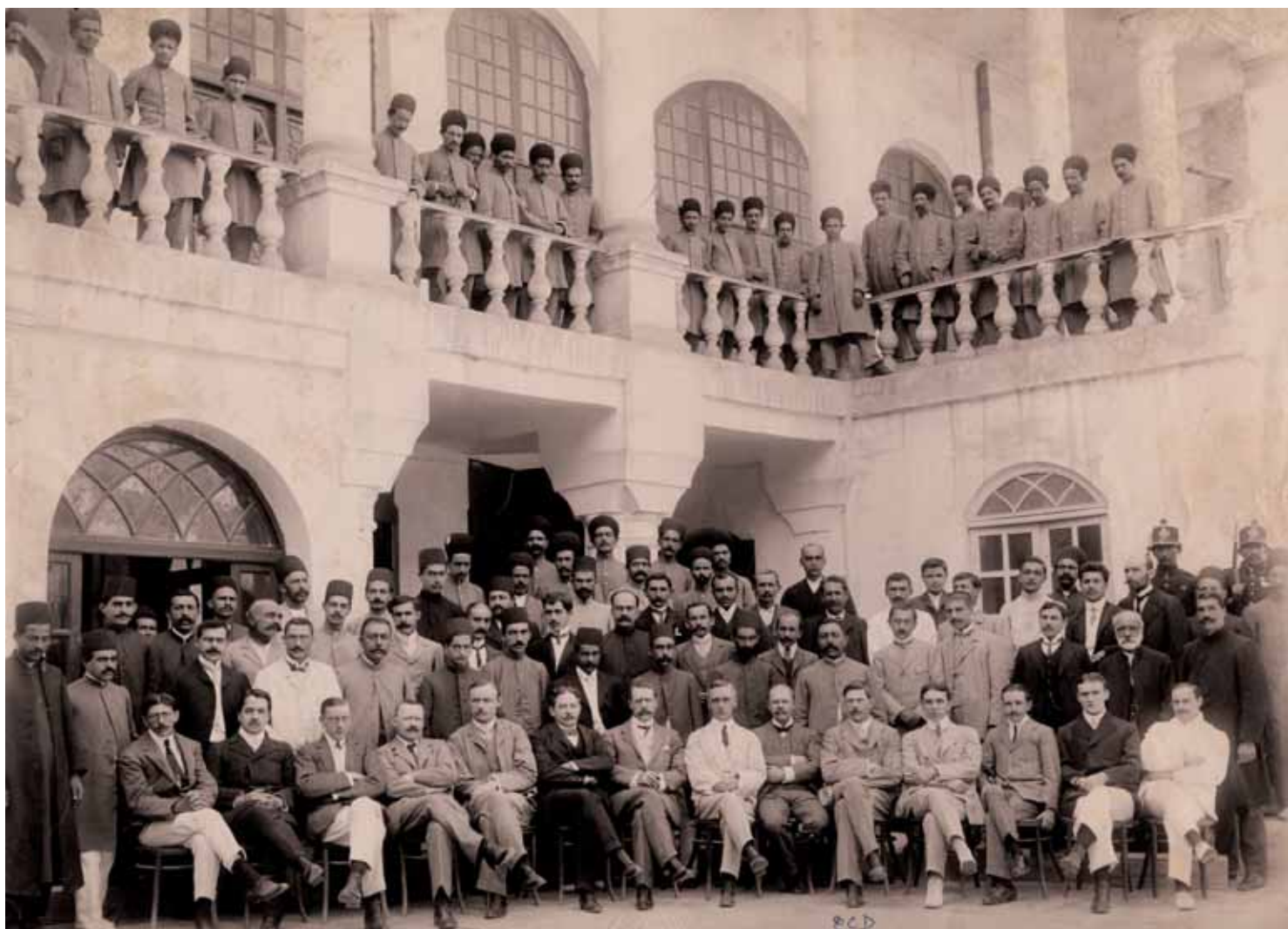


Above: A 1,000 toman note printed by the Imperial Bank of Persia in about 1890.

Right: An extract from a staff register of the Imperial Bank of Persia, noting officers' movements between branches in the 1920s.



Nationalisation of the banking industry was a continuing factor in the Middle East from the 1960s and, as a result, the bank ended its presence in Syria, Iraq, Aden and Libya. Elsewhere, and especially in the oil-rich economies of the Gulf, the bank reinforced its branch network or entered local banking alliances. In 1978, for instance, the bank's business in Saudi Arabia was transferred to a new bank, The Saudi British Bank, in which the Group took a 40 per cent shareholding. The Group also invested in the Hongkong Egyptian Bank S.A.E., which was established in 1982 and in which the Group took a 40 per cent share.



In 1994, the head office of The British Bank of the Middle East was transferred to Jersey and, in 1999, the bank was renamed HSBC Bank Middle East. The investment in the Egyptian subsidiary was increased to 90 per cent in 2001, and the bank was renamed HSBC Bank Egypt S.A.E. The British Arab Commercial Bank Limited (formerly UBAF Bank Limited) is another of HSBC's associated companies, in which Midland Bank became a shareholder in 1972.

HSBC has pioneered services and products in the region, building on its international capability and global reach. An innovative range of products, available through HSBC Amanah Finance, allows the Group to provide viable Islamic alternatives to conventional finance. With this range of interests, the Group is one of the leading banking and financial services organisations in the Middle East.

Above: Staff at the Tehran office of the Imperial Bank of Persia in about 1920.

Right: Members of staff at work in the offices of The Saudi British Bank, an associated company of the HSBC Group, established in Riyadh in 1978.



The HSBC Group in the Americas



Above: The former branch of The Hongkong and Shanghai Banking Corporation in San Francisco, where the bank has been represented since 1865.

Right: J P Wade Gard'ner, New York agent of The Hongkong and Shanghai Banking Corporation, at his desk in 1917. The bank had maintained a New York agency since 1880.

HSBC's interests in the Americas encompass both the mature market of North America and the emerging markets of South and Central America. In 1980, the Group purchased a 51 per cent interest in Marine Midland Banks, Inc, a leading regional bank with its headquarters in Buffalo, New York. This marked a major commitment to banking and financial services in North America,

leading to full ownership of Marine Midland in 1987. HSBC has built purposefully on these foundations, notably in its acquisition of Republic New York Corporation in 1999 and Household International, Inc. in 2003. Since the 1990s, the Group has also expanded its operations in the Americas through a series of purchases in South America and in Mexico.

Early links with North America

The Hongkong and Shanghai Banking Corporation already had lengthy experience in the North American markets. An agency was opened in San Francisco in 1865, the year of the bank's establishment. That office became a full branch in 1875 and, five years later, a branch was opened in New York City. It was not until the 1950s, however, that the bank considered operating its own subsidiary in the United States. The business potential of California was especially strong and, in 1955, a wholly owned subsidiary, The Hongkong and Shanghai Banking Corporation of California, was incorporated locally. By the 1970s, it had become clear that this subsidiary had only limited room for growth and the bank decided that a stake in a large existing American financial institution — Marine Midland Banks, Inc — offered more scope for expansion. The business of the Californian subsidiary was then wound down.





Origins, 1850

Marine Midland's history dates back to 1850, when the Marine Trust Company opened for business in Buffalo, New York. The bank was formed to finance the trade in grain between the Mid-West, the Great Lakes and the eastern seaboard. Over the next half century, New York State was transformed from an agrarian to a manufacturing economy. A network of railways was built, criss-crossing the state and bringing with it new business opportunities. An iron industry grew up, centred on Troy, and the harnessing of water power in Niagara led to the creation of electro-chemical and electro-metallurgical industries. Local banks sprang up to provide the financial services needed by these burgeoning industries, although state legislation prevented them from expanding throughout the state. By 1918, the board of Marine Midland, then known as Marine National Bank, was increasingly frustrated by these legislative restrictions and so voted to convert Marine into a state chartered trust company. This new state charter allowed Marine to merge with several Buffalo banks during the 1920s, becoming the first bank in the area to set up branches within the city limits.

Incorporation and banking affiliations

Under the leadership of the Rand family in the early 20th century, Marine became a statewide business and the largest banking operation within the state outside New York City. Further expansion became possible when, in October 1929, Marine was incorporated and listed on the New York Stock Exchange as Marine Midland Corporation (later known as Marine Midland Banks, Inc). The addition of Midland to the title

reflected the company's geographical extension into the 'midlands' of New York State by grouping together a number of banks within the state.

From 1929, Marine pioneered its role as a multi-bank holding company and, in all, almost 80 local banks became part of Marine Midland Corporation. Due to state law, these affiliated banks continued to operate as separate entities, each with their own capital, personnel and board of directors, but they operated with a common purpose through the central leadership of the Corporation. The oldest financial institution to join the group was the First Bank and Trust Company, founded in Utica in 1812.

Marine Midland's commercial and retail banking services continued to expand after the Second World War. Further acquisitions were made and were later grouped into 10 affiliate banks in New York State. These, in turn, were brought together to create a single subsidiary when the New York State legislature ended its century-old restriction on branch banking in 1976. The unified bank, named Marine Midland Bank, with total assets of US\$10.5 billion, was one of the largest banking amalgamations of its kind in the United States.

A US\$1 banknote issued by the Marine Bank in Buffalo in 1850.

Right: Senator Robert F Kennedy cuts the ribbon at the grand opening ceremony of the Republic National Bank of New York in 1966. The company became part of HSBC in 1999.

Opposite: A 1940s poster celebrating the service of staff who had been with Household for 25 years or more. The company was founded when Frank J Mackey (centre) began making personal cash loans in Minneapolis in 1878.

Below: An artist's impression of the new offices of the Marine Trust Company of Western New York in Buffalo in about 1960. The business was affiliated to the Marine Midland Corporation.

Marine Midland joins the HSBC Group

After becoming a wholly owned subsidiary in 1987, Marine Midland Banks, Inc (renamed HSBC Americas Inc. in 1995) concentrated on reorganising its operations to focus on core businesses. The bank's personal and commercial businesses have been enhanced by a string of acquisitions that have increased its market share. In 1996, the bank acquired the business of the East River Savings Bank. In 1997, the purchase of the Federal Savings and Loans Association of Rochester was completed and, in 1999, the branches of the First Commercial Bank of Philadelphia were added to the network. These acquisitions were complemented by the consolidation of the Group's activities in the region. The New York City branches of both Hang Seng Bank and The Hongkong and Shanghai Banking Corporation were transferred to Marine Midland Bank in 1995-96, as were the corporate banking unit of Midland Bank and Concord, the equipment leasing company.

Nationally, Marine Midland directed its efforts towards becoming a major competitor in selected financial services, including credit card provision, mortgage servicing, student lending and commercial finance. The bank's membership of the HSBC Group gave it an advantage over other regional banks, with its access to international markets, products and technology, which enhanced Marine's capabilities to serve its corporate



customers (especially in trade finance). Technology also boosted such services as drive-through banking and PC banking. In 1999, as part of the Group's worldwide adoption of the HSBC brand, Marine Midland Bank was renamed HSBC Bank USA, and the holding company HSBC Americas Inc. was renamed HSBC USA Inc.

Republic New York Corporation

Later in 1999, HSBC's representation in New York was substantially enhanced by the acquisition of Republic New York Corporation. The corporation's founder company, the Republic National Bank of New York, was the inspiration of Edmond J Safra and, when the bank opened for business in 1966, its initial capitalisation of US\$11 million was a record for a private commercial bank at that time. In the last quarter of the 20th century, Republic greatly expanded its activities in New York. In 1975, it merged with Kings-Lafayette Bank and then acquired Williamsburgh Savings Bank in 1987 and the Manhattan Savings Bank in 1990. When the company became part of HSBC, the united operations of Republic National Bank of New York and HSBC Bank USA created the third largest depository institution in New York State and tenth largest bank in the United States based on assets.

The acquisition of Household

The acquisition in March 2003 of the consumer finance company, Household International, Inc., significantly increased HSBC's business in North America. The transaction added national coverage in the United States for consumer lending, mortgage financing, credit cards and credit insurance, and marked the most significant change in the shape of HSBC in more than a decade.

Household International was first established in 1878, making it the oldest consumer finance company in the United States. It began life in a Minneapolis jewellery store when the bank's





Household Finance Corporation

Established 1878



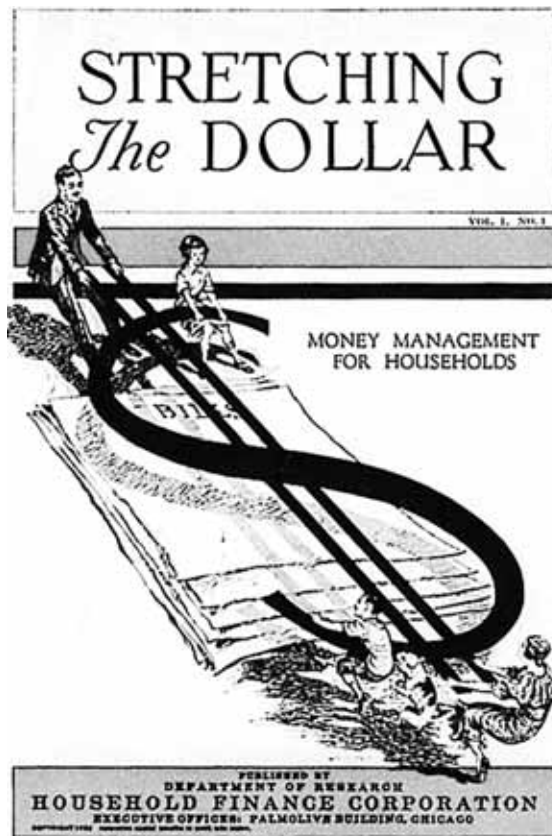
Twenty-five Year Club



✧ Twenty-five Years or more of Loyal Service ✧

Right: Front cover of a publication issued by the research department of Household in 1932.

Below: Alfonso Ottiz Mena and Don Luis Montes de Oca, founders of Bital, at the bank's annual festival in Mexico City in 1946.



founder, Frank J Mackey, offered the first unsecured personal loans to people of average means. In 1883, the first branch office was opened at St Paul, Minnesota.

The bank's early years were marked by strong growth and innovation. In 1894, a network of 14 branches had been established throughout the Mid-West and, to centralise operations, the bank moved its headquarters from Minneapolis to Chicago, Illinois. The young company was a pioneer in its field, introducing in 1898 the first monthly payment plan for customers to repay their outstanding loans. Following incorporation as Household Finance Corporation in the 1920s, the bank became the first consumer finance company to offer stock to the public and be listed on the New York Stock Exchange.

The third quarter of the 20th century saw Household diversify into merchandising, transportation and manufacturing, as well as the continued growth of its core business. The creation of Household Retail Services in the 1970s allowed the bank to expand into revolving credit to finance purchases. In 1973, selected retail banking services and loans were extended to the United Kingdom through the formation of HFC Bank.

In 1981, Household International, Inc. was incorporated as a holding company for the bank's diverse and international operations. Soon after, this strategic move was followed by extension into the card market as Household Credit Services,

later to become one of the largest Visa and MasterCard credit cards servers. In the late 1980s, Household returned its focus to its core strength in the consumer financial services by disposing of its merchandising, transportation and manufacturing businesses. Household's strong position in consumer finance was consolidated in February 1998 through the acquisition of Beneficial Corporation. This purchase, for a total of US\$8.7 billion, created one of the largest consumer finance and credit card businesses in the United States.

HSBC in Canada

The Hongkong and Shanghai Banking Corporation first gained a direct presence in Canada in 1981, when Hongkong Bank of Canada was established as a wholly owned subsidiary. The choice of Vancouver as the head office of the bank was in line with HSBC's special interest in the economies of the Pacific rim. The new subsidiary has grown both organically and through acquisition: purchases include Bank of British Columbia (1986), Lloyds Bank Canada (1990), ANZ Bank of Canada (1993), Barclays Bank of Canada (1996), and National Westminster Bank of Canada (1998). Within the Group, the business of Midland Bank Canada was transferred to Hongkong Bank of Canada in 1988, BBN James Capel Inc. was acquired in 1995, and the Marine Midland branches in Seattle and Portland joined the Canadian bank's network in 1996. By 1999, when it was renamed HSBC Bank Canada, the bank was operating a network of 116 branches. HSBC's acquisition of Household has given the Group an even older link with Canada. In 1928, the country's first chartered small loan firm, the Central Finance Corporation, was established. The firm was acquired by Household Finance Corporation in 1933 and was renamed HFC Canada. A second Canadian division of Household, HFC Retail Services, was established in 1978.





HSBC in Mexico

When, in November 2002, HSBC acquired Grupo Financiero Bital, S.A. de C.V. of Mexico, it added a major financial services group to its presence in North America. GFBital's founding member, Banco Internacional, S.A., had been established as a commercial banking operation in Mexico City on 20 August 1941. In December 1980, Banco Internacional merged with 11 other long-established banks in Mexico. The oldest bank in this amalgamation, Banco de Coahuila, had begun life in 1933.

The united bank, under the name of Banco Internacional and later Grupo Financiero Bital, developed nationwide banking, bonding and brokerage operations. It joined HSBC with a network of nearly 1,400 branches and six million customers, the largest personal customer base in Mexico.

HSBC in South America

Through its holdings in Marine Midland and Midland Bank, HSBC acquired offices in Central and South America that had been established in the 1960s and 1970s. From the 1990s, HSBC added to this representation with an ambitious programme of expansion in support of growing intra-regional and international trade flows.

In 1987, Midland Bank had taken a shareholding in Banco Roberts S.A. in Argentina. This interest passed to the Group and was increased to full ownership in August 1997, when the name was changed to HSBC Banco Roberts S.A. (now HSBC Bank Argentina S.A.). Banco Roberts had

begun life in Buenos Aires in 1903, and expanded its interests throughout the 20th century. In 1918, it acquired a corporate insurance organisation, the Imperial, renaming it La Buenos Aires Compañía Argentina de Seguros S.A. Other subsidiaries included Máxima S.A., launched in 1994, the second-largest private pension provider in the country, and Docthos S.A., founded in the late 1970s to provide pre-paid health care.

HSBC's presence in South America has been reinforced by a number of other acquisitions, adding to its varied range of interests throughout the Americas. In Chile, the Group's business was rationalised through a shareholding in Banco O'Higgins. The bank was founded in 1956, but parts of the business can trace their origins back to 1888. In January 1997, Banco O'Higgins merged with Banco de Santiago. Named Banco Santiago, the new bank became the largest privately owned commercial bank in Chile.

HSBC's largest presence in South America was established in March 1997, when Banco HSBC Bamerindus S.A. was set up to take over the assets, liabilities and subsidiaries of Banco Bamerindus do Brasil S.A. This bank had been established in 1952 as Banco Mercantil e Industrial do Paraná, with its head office in Curitiba and a branch in Itararé. Rapid expansion and diversification followed, with the bank having almost 1,300 branches by the time of its acquisition, plus significant insurance, leasing and securities businesses. The bank's corporate and regional operations are now located in São Paulo, where it has set up new business units dealing with vehicle finance and property. The bank's name was changed to HSBC Bank Brasil S.A.-Banco Múltiplo in 1999.

Left: The head office of Bital in Mexico City in the 1960s.

Below: Palácio Avenida, the headquarters of HSBC Bank Brasil S.A.-Banco Múltiplo in Curitiba. The business, which can be traced back to 1952, became part of the HSBC Group in 1997.

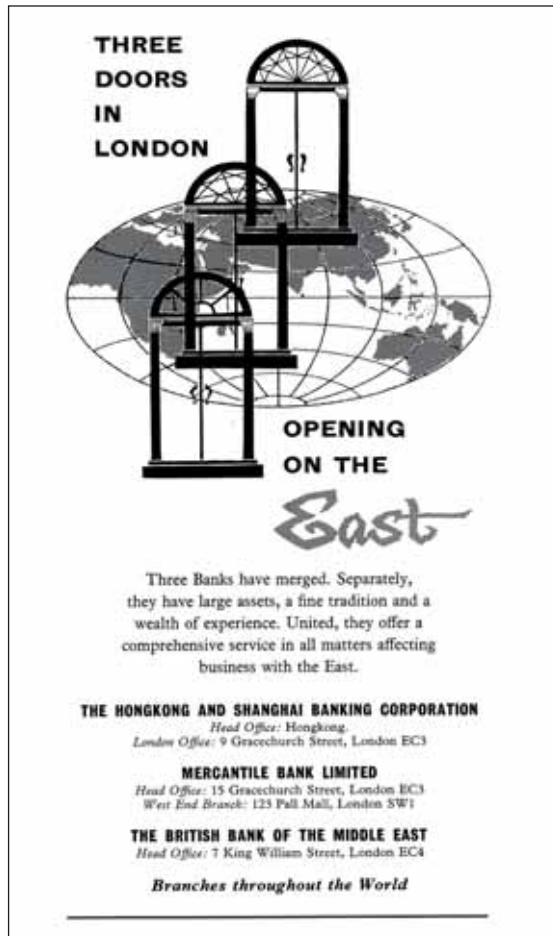


The making of the modern HSBC Group

Right: An advertisement from 1959 announcing The Hongkong and Shanghai Banking Corporation's acquisition of the Mercantile Bank and The British Bank of the Middle East.

Bottom right: Staff outside HSBC's branch in London's Chinatown. Previously part of The Hongkong and Shanghai Banking Corporation, this office joined HSBC Bank's UK network in 1999.

When The Hongkong and Shanghai Banking Corporation acquired the Mercantile Bank and The British Bank of the Middle East in 1959, it laid the foundations of today's HSBC Group. In these acquisitions and, by the later investment in Hang Seng Bank in 1965, the bank grew and diversified through subsidiary companies with their own experience and expertise.



In the late 1970s, this 'group' approach was a key factor in the strategy for expansion in markets where previously The Hongkong and Shanghai Banking Corporation was not well represented, particularly in North America and Europe. In the United States, this expansion centred on the purchase of a 51 per cent shareholding in Marine Midland Bank in 1980. This purchase, at a cost of US\$314 million, nearly doubled the Group's assets, from HK\$128 billion to HK\$243 billion. The remaining shares were purchased in December 1987, making Marine Midland the Group's principal subsidiary in the United States.

In Europe, The Hongkong and Shanghai Banking Corporation sought a partnership similar to its investment in Marine Midland. In 1981, its plans to acquire the Royal Bank of Scotland, countering a bid from Standard Chartered Bank, were thwarted when the UK Monopolies and Mergers Commission ruled against both bids. Six years later, however, the bank signalled its continuing interest in the major British banks when it purchased a 14.9 per cent interest in Midland Bank. A co-operation agreement between the bank and Midland allowed the two banks to consolidate and rationalise their international activities by reciprocal transfers of business as, for example, the transfer of Midland Bank Canada to Hongkong Bank of Canada in 1988.

The formation of HSBC Holdings plc in 1991, creating a holding company for the entire Group with its shares quoted in London and Hong Kong, showed that the Group viewed Europe, and the London market in particular, as a vital part of its future development. This strategy was made clear when, in March 1992, HSBC Holdings announced that it would make a recommended offer for full ownership of Midland. In late April Lloyds Bank, one of the other British clearing banks, indicated that it was also considering an offer for Midland. That possible offer was dropped shortly after HSBC announced its final offer in June 1992, valuing Midland at £3.9 billion. The offer became unconditional in July, lifting the Group's total assets from £86 billion in 1991 to over £170 billion in 1992.





Left: The Pudong district of Shanghai, China, where the HSBC Tower (left) was opened in 2000. The Group has been continuously represented in Shanghai since 1854, when the Chartered Mercantile Bank opened for business in the city.

Below: The banking counter of HSBC's office in Bangkok, Thailand, in 1998.

HSBC's acquisition of Midland created one of the largest financial organisations of its kind in the world. Attention now turned to integrating and consolidating the business of the enlarged Group. HSBC was especially keen to see a synergy of the interests of the major subsidiary companies. Treasury operations in London, New York and Tokyo were integrated and common standards in technology were introduced. Similarly, between 1992 and 1994, HSBC drew together its activities in merchant banking, securities and asset management, and then enhanced its private banking and securities custody business. In each of these areas of business, the enlarged Group benefited from a greater level of co-ordination and a commitment to effective technology and training. The results of these efforts were reflected in HSBC's performance, with profits attributable to shareholders increasing from £586 million in 1991 to more than £2,000 million in 1994.

An important result of the acquisition of Midland was the transfer in January 1993 of the Group's head office — but not that of The Hongkong and Shanghai Banking Corporation Limited — from Hong Kong to London to meet the requirements of the UK regulatory authorities. Although the Bank of England now became the lead regulator for HSBC Holdings, the banking subsidiaries continued to be regulated locally in their country of operation. HSBC's traditional concern for rapid





Above: The offices of the Republic New York Corporation at 452 Fifth Avenue, with the Empire State Building in the background.

Right: The Group's hexagon symbol was introduced as part of the new corporate identity of The Hongkong and Shanghai Banking Corporation in 1983. The hexagon was developed from the bank's traditional house flag: a white rectangle divided diagonally to produce a red hourglass shape. Like many other Hong Kong company flags that originated in the 19th century, the design was based on the cross of St Andrew.

decision-making and local accountability meant that the new Group Head Office in London provided only the essential central functions, such as strategic planning, human resource management, legal and company secretarial, and financial planning and control. In 1998, HSBC announced that these head office functions, together with most of the Group's London-based businesses and operations, would be relocated to a new headquarters building in London's Docklands district. The 45-storey tower, designed for HSBC by Foster and Partners, came into use in the autumn of 2002, and was officially opened in April 2003. The new building quickly brought advantages in communications, logistics and working conditions for some 8,000 HSBC staff.

In the late 1990s and early 2000s, HSBC vigorously developed its role as one of the world's leaders in banking and financial services. Its strategy of 'managing for value' emphasised the Group's unique balance of business and earnings between the older, mature economies and the faster-growing emerging markets. The creation of new subsidiaries in South America in 1997, for instance, extended HSBC's reach in emerging markets, as did the announcement of the acquisition of all of Lloyds TSB's onshore and offshore assets related to Brazil in 2003. The Group's commitment to these markets was also reflected in the increasing number of countries where HSBC was represented; this total has grown from 51 countries in 1991 to 79 in 2003.

In contrast, the acquisition in 1999 of Republic New York Corporation and Safrat Republic Holdings S.A. for US\$9.85 billion reinforced HSBC's presence in the highly developed markets of the United States, Switzerland and Luxembourg. The third-largest deposit-taking bank in the New York metropolitan area and a leading name in private banking, Republic matched HSBC's aim of delivering wealth management in key financial centres around the world. A further major investment in mature economies followed when HSBC announced in April 2000 a US\$11 billion recommended offer for Cr dit Commercial de France (CCF). Established in 1894, CCF brought into the Group a network of 650 branches in France and long experience of personal, corporate, investment and private banking, greatly strengthening HSBC's presence in the euro zone. These acquisitions and other initiatives contributed to a continuing improvement on HSBC's performance, in which profits attributable to shareholders grew from US\$4,318 million in 1998 to US\$6,239 million in 2002.

HSBC 
The world's local bank

HSBC has also sought wider access and recognition in international markets. In November 1998, it announced the adoption of a unified brand, using HSBC and its hexagon symbol nearly everywhere it operates, with the aim of enhancing recognition of the Group and its values by customers, shareholders and staff throughout the world. The branding initiative allowed HSBC to develop new services and products on a worldwide scale, all bearing the single Group identity. Launched in 2000, HSBC *Premier* provides round-the-clock international services for the Group's most valuable personal customers. The HSBC brand also proved its worth in a series of global marketing programmes and sponsorships. Since 2002, the HSBC identity has carried the strapline of 'The world's local bank', emphasising the Group's experience and understanding of a great variety of markets and cultures. The adoption of a single Group identity has simplified the task of consolidating and developing HSBC's role in the community. Through the HSBC Education Trust and other initiatives, the Group supports hundreds of educational projects and thousands of children around the world.

In 2001, HSBC also began its five-year 'Investing in Nature' programme, a partnership in environmental projects with Earthwatch, WWF and Botanic Gardens Conservation International.

Although HSBC's acquisitions and growth since 1992 had brought greater geographical balance to its representation in international finance, its position in North America did not yet match its prominence in Asian and European markets. As a platform for growth in that region, in 1999 shares in HSBC Holdings plc were listed on the New York Stock Exchange, adding to its listings on the London, Hong Kong and (from 2000) Paris stock exchanges. In parallel, HSBC's share structure was simplified by introducing a single class of ordinary shares denominated in US dollars.

Acquisitions were also essential to a larger role in North America. In 2002, HSBC acquired and recapitalised Grupo Financiero Bital in Mexico at a total cost of US\$1.9 billion. This new member of the Group was scheduled to change its name to Grupo Financiero HSBC, S.A. de C.V. in early 2004. In 2003, HSBC's purchase of Household International, Inc. added substantially to the Group's business and profile in the United States; Household's network of over 1,300 branches in 45 states provided consumer finance to 53 million customers. In October of the same year, HSBC announced its agreement to acquire the Bank of Bermuda in a transaction valued at US\$1.4 billion. This bank, founded in 1889, is recognised as the leading institution in Bermuda's local and international financial markets.

These important initiatives featured prominently in the Group's new strategic plan, 'Managing for growth', launched in the autumn of 2003. Building on HSBC's unique international franchise, the strategy seeks growth by a strong focus on the key customer groups of personal financial services; consumer finance; commercial banking; corporate, investment banking and markets; and private banking.

Today, with total assets of nearly US\$1,000 billion, HSBC occupies a leading position in the world of banking and finance. Its international network now spans six continents and serves almost 100 million customers worldwide. The Group is international in scope, reflecting the long and colourful history of its member companies in different markets around the world. This distinctive history and experience places HSBC in a strong position to meet the challenges of the rapidly changing financial and economic environment of the 21st century.



Above: Celebrations at the New York Stock Exchange to mark the listing of HSBC Holdings plc shares on 16 July 1999.

Left: One of a pair of bronze lions guarding the entrance to the HSBC Group Head Office in London. They are replicas of the lions that have been displayed outside the Hong Kong office since 1935. The Hong Kong lions are themselves replicas of the lions that were originally cast for the new Shanghai office in 1923.

Principal members of the HSBC Group

Company by date of entry into the HSBC Group (name in 2003) (name at entry into the Group)	Birthplace	Date of origin	Date of entry
The Hongkong and Shanghai Banking Corporation Limited <i>Hongkong and Shanghai Banking Company Limited</i>	Hong Kong	1865	1865
HSBC Bank Middle East Limited <i>The British Bank of the Middle East</i>	London	1889	1959
Hang Seng Bank Limited <i>Hang Seng Bank Limited</i>	Hong Kong	1933	1965
Laiki Bank <i>The Cyprus Popular Bank Limited</i>	Limassol	1901	1971
The Saudi British Bank <i>The Saudi British Bank</i>	Riyadh	1978	1978
HSBC Bank USA <i>Marine Midland Bank, N.A.</i>	Buffalo	1850	1980
HSBC Bank Canada <i>Hongkong Bank of Canada</i>	Vancouver	1981	1981
HSBC Bank Egypt S.A.E. <i>Hongkong Egyptian Bank S.A.E.</i>	Cairo	1982	1982
HSBC Bank Australia Limited <i>HongkongBank of Australia Limited</i>	Sydney	1986	1986
HSBC Bank plc <i>Midland Bank plc</i>	Birmingham	1836	1992
HSBC Trinkaus & Burkhardt KGaA <i>Trinkaus & Burkhardt KGaA</i>	Düsseldorf	1785	1992
HSBC Guyerzeller Bank AG <i>Bank Guyerzeller AG</i>	Zurich	1894	1992
HSBC Bank Malaysia Berhad <i>Hongkong Bank Malaysia Berhad</i>	Kuala Lumpur	1994	1994
HSBC Bank Brasil S.A.-Banco Múltiplo <i>Banco Bamerindus do Brasil S.A.</i>	Curitiba	1952	1997
HSBC Bank Argentina S.A. <i>Banco Roberts S.A.</i>	Buenos Aires	1903	1997
HSBC Bank USA <i>Republic New York Corporation</i>	New York	1966	1999
HSBC Republic Bank (Suisse) SA <i>Republic National Bank of New York (Suisse) SA</i>	Geneva	1988	1999
HSBC Bank Malta p.l.c. <i>Mid-Med Bank p.l.c.</i>	Valletta	1882	1999
CCF S.A. <i>Crédit Commercial de France S.A.</i>	Paris	1894	2000
HSBC Bank A.S. <i>Demirbank TAS</i>	Istanbul	1953	2001
Grupo Financiero Bital, S.A. de C.V. <i>Grupo Financiero Bital, S.A. de C.V.</i>	Mexico City	1941	2002
Household International, Inc. <i>Household International, Inc.</i>	Minneapolis	1878	2003

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