

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC HOLDINGS PLC  
Form 6-K  
May 16, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

For the month of May 2005

HSBC Holdings plc

42nd Floor, 8 Canada  
Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .....

-----  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 8-K  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: MAY 16, 2005

-----  
COMMISSION FILE NUMBER 1-8198

HSBC FINANCE CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

DELAWARE  
(STATE OF INCORPORATION)

86-1052062  
(IRS EMPLOYER IDENTIFICATION NUMBER)

2700 SANDERS ROAD, PROSPECT HEIGHTS, ILLINOIS  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

60070  
(ZIP CODE)

(847) 564-5000  
REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ( ) Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ( ) Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ( ) Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ( ) Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

-----  
ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION  
-----

Financial supplement pertaining to the financial results of HSBC Finance Corporation for the quarter ended March 31, 2005. The information shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise incorporated by reference into any filing pursuant to the Securities Act of 1933, as amended, or the Exchange Act except as otherwise expressly stated in such a filing.

-----  
ITEM 9.01. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS  
-----

(a) Financial statements of businesses acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

NO.  
---

EXHIBIT  
-----

99 Quarterly Financial Supplement for the quarter ended March 31, 2005.

# Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

SIGNATURE

---

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HSBC FINANCE CORPORATION  
(Registrant)

By: /s/ Patrick D. Schwartz

---

Patrick D. Schwartz  
Vice President-Deputy General  
Counsel-Corporate

Dated: May 16, 2005

EXHIBIT 99

HSBC FINANCE CORPORATION

QUARTERLY FINANCIAL SUPPLEMENT - MARCH 31, 2005

INDEX	PAGE NO.
-----	-----
Basis of Reporting.....	2
Consolidated Statements of Income - Owned Basis:	
Three Months.....	3
Receivables Analysis.....	5
Financial Highlights - Managed Basis:	
Three Months.....	6
Credit Quality/Credit Loss Reserves - Managed Basis.....	7
Reconciliations to GAAP Financial Measures:	
Revenues, Average Interest-Earning Assets and Net Interest Income:	
Three Months.....	8
Selected Financial Ratios.....	9
Credit Quality/Credit Loss Reserves:	
Two-Months-and-Over Contractual Delinquency.....	11
Quarter-to-Date Charge-offs, Net of Recoveries.....	11
Real Estate Charge-offs and REO Expense.....	13
Credit Loss Reserves.....	14
Nonperforming Assets.....	14

HSBC Finance Corporation

---

BASIS OF REPORTING

## Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

---

### NON-GAAP FINANCIAL MEASURES

---

This Quarterly Financial Supplement includes financial information which is presented on a non-GAAP basis as discussed below. Information included in this Quarterly Financial Supplement is intended to supplement and should not be considered a substitute for owned basis reporting. This Quarterly Financial Supplement should be read in conjunction with the owned basis information reported in our Quarterly Report on Form 10-Q.

See "Reconciliations to GAAP Financial Measures" for quantitative reconciliations of non-GAAP financial information to the equivalent owned basis GAAP financial information.

**MANAGED BASIS REPORTING** We monitor our operations and evaluate trends on a managed basis (a non-GAAP financial measure), which assumes that securitized receivables have not been sold and are still on our balance sheet. We manage and evaluate our operations on a managed basis because the receivables that we securitize are subjected to underwriting standards comparable to our owned portfolio, are serviced by operating personnel without regard to ownership and result in a similar credit loss exposure for us. In addition, we fund our operations, review our operating results, and make decisions about allocating resources such as employees and capital on a managed basis.

When reporting on a managed basis, net interest income, provision for credit losses and fee income related to receivables securitized are reclassified from securitization revenue in our owned statement of income into the appropriate caption. Additionally, charge-off and delinquency associated with these receivables are included in our managed basis credit quality statistics.

Debt analysts, rating agencies and others also evaluate our operations on a managed basis for the reasons discussed above and have historically requested managed basis information from us. We believe that managed basis information enables investors and other interested parties to better understand the performance and quality of our entire managed loan portfolio and is important to understanding the quality of originations and the related credit risk inherent in our owned and securitized portfolios. As the level of our securitized receivables falls over time, managed basis and owned basis results will eventually converge, and we will only report owned basis results.

**OPERATING RESULTS, PERCENTAGES AND RATIOS** Certain percentages and ratios have been presented on an operating basis and have been calculated using "operating net income", a non-GAAP financial measure. "Operating net income" is net income excluding certain nonrecurring items shown in the table below. These nonrecurring items are also excluded in calculating our operating basis efficiency ratios. We believe that excluding these nonrecurring items helps readers of our financial statements to better understand the results and trends of our underlying business. See our Annual Report for 2004 on Form 10-K for further discussion of these items.

A reconciliation of net income to operating net income follows:

THREE MONTHS ENDED		
-----		
3/31/05	12/31/04	3/31/04

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

	(IN MILLIONS)		
Net income.....	\$626	\$ 712	\$470
Gain on bulk sale of private label receivables, after-tax...	-	(423)	-
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	-	121	-
	-----	-----	-----
Operating net income.....	\$626	\$ 410	\$470
	=====	=====	=====

2

HSBC Finance Corporation

CONSOLIDATED STATEMENTS OF INCOME - OWNED BASIS

THREE MONTHS

	THREE MONTHS ENDED			% CHAN PR
	3/31/05	12/31/04	3/31/04	QTR.
	(DOLLARS ARE IN MILLIONS)			
Finance and other interest income.....	\$2,950	\$3,001	\$2,528	(1.7)
Interest expense.....	1,062	918	708	15.7
	-----	-----	-----	-----
NET INTEREST INCOME.....	1,888	2,083	1,820	(9.4)
Provision for credit losses.....	841	1,286	928	(34.6)
	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	1,047	797	892	31.4
	-----	-----	-----	-----
Other revenues:				
Securitization revenue.....	85	127	348	(33.1)
Insurance revenue.....	221	221	211	-
Investment income.....	33	30	41	10.0
Derivative income.....	260	263	52	(1.1)
Fee income.....	306	282	265	8.5
Taxpayer financial services income.....	243	8	206	100+
Other income.....	314	164	100	91.5
Gain on bulk sale of private label receivables.....	-	663	-	(100.0)
	-----	-----	-----	-----
TOTAL OTHER REVENUES.....	1,462	1,758	1,223	(16.8)
	-----	-----	-----	-----
Costs and expenses:				
Salaries and fringe benefits.....	497	472	485	5.3
Sales incentives.....	82	104	78	(21.2)
Occupancy and equipment expenses.....	87	86	83	1.2
Other marketing expenses.....	180	199	132	(9.5)
Other servicing and administrative expenses.....	258	209	226	23.4
Support services from HSBC affiliates.....	209	194	177	7.7
Amortization of acquired intangibles.....	107	85	116	25.9

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Policyholders' benefits.....	122	113	113	8.0
	-----	-----	-----	-----
TOTAL COSTS AND EXPENSES.....	1,542	1,462	1,410	5.5
	-----	-----	-----	-----
Income before income tax expense.....	967	1,093	705	(11.5)
Income tax expense.....	341	381	235	(10.5)
	-----	-----	-----	-----
NET INCOME.....	\$ 626	\$ 712	\$ 470	(12.1)
	=====	=====	=====	=====
Gain on bulk sale of private label receivables, after-tax.....	-	(423)	-	100.0
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	-	121	-	(100.0)
	-----	-----	-----	-----
Operating net income(1).....	\$ 626	\$ 410	\$ 470	52.7%
	=====	=====	=====	=====

-----

(1) Operating net income is a non-GAAP financial measure which is provided for comparison of our operating trends and should be read in conjunction with our owned basis GAAP financial information. See "Basis of Reporting" for a discussion on the use of non-GAAP financial information and "Reconciliations to GAAP Financial Measures" for quantitative reconciliations to the equivalent GAAP basis financial measure.

3

HSBC Finance Corporation

SECURITIZATION REVENUE

	THREE MONTHS ENDED		
	3/31/05	12/31/04	3/31/04
	(IN MILLIONS)		
Net initial gains(1).....	\$ -	\$ -	\$ 3
Net replenishment gains(1).....	53	69	120
Servicing revenue and excess spread.....	32	58	225
	---	---	---
Total.....	\$85	\$127	\$348
	===	====	=====

-----

(1) Net of our estimate of probable credit losses under the recourse provisions.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

RECEIVABLES SECURITIZED

	THREE MONTHS ENDED		
	3/31/05	12/31/04	3/31/04
(IN MILLIONS)			
Auto finance.....	\$ -	\$ -	\$ -
MasterCard/Visa(1).....	-	-	50
Personal non-credit card.....	-	-	-
Total.....	\$ -	\$ -	\$ 50

(1) MasterCard and Visa are registered trademarks of MasterCard International, Incorporated and VISA USA Inc., respectively.

4

HSBC Finance Corporation

RECEIVABLES ANALYSIS

END-OF-PERIOD RECEIVABLES

	3/31/05	12/31/04	3/31/04	% CHANGE FROM PRIOR	
				QTR.	YEAR
(DOLLARS ARE IN MILLIONS)					
OWNED RECEIVABLES:					
Real estate secured(1).....	\$ 68,486	\$ 64,820	\$ 52,440	5.7%	30.6%
Auto finance.....	8,107	7,544	4,936	7.5	64.2
MasterCard/Visa.....	15,554	14,635	10,788	6.3	44.2
Private label(2).....	3,130	3,411	11,759	(8.2)	(73.4)
Personal non-credit card.....	16,608	16,128	13,343	3.0	24.5
Commercial and other.....	276	317	384	(12.9)	(28.1)
Total owned receivables.....	112,161	106,855	93,650	5.0	19.8
RECEIVABLES SERVICED WITH LIMITED RECOURSE:					
Real estate secured.....	73	81	182	(9.9)	(59.9)
Auto finance.....	2,175	2,679	4,093	(18.8)	(46.9)
MasterCard/Visa.....	6,140	7,583	9,536	(19.0)	(35.6)

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Private label(2).....	-	-	5,261	-	(100.0)
Personal non-credit card.....	3,098	3,882	5,285	(20.2)	(41.4)
<hr/>					
Total receivables serviced with limited recourse.....	11,486	14,225	24,357	(19.3)	(52.8)
<hr/>					
MANAGED RECEIVABLES: (3)					
Real estate secured.....	68,559	64,901	52,622	5.6	30.3
Auto finance.....	10,282	10,223	9,029	.6	13.9
MasterCard/Visa.....	21,694	22,218	20,324	(2.4)	6.7
Private label(2).....	3,130	3,411	17,020	(8.2)	(81.6)
Personal non-credit card(4).....	19,706	20,010	18,628	(1.5)	5.8
Commercial and other.....	276	317	384	(12.9)	(28.1)
<hr/>					
Total managed receivables.....	\$123,647	\$121,080	\$118,007	2.1%	4.8%
<hr/>					

-----

- (1) Real estate secured receivable levels reflect sales to HSBC Bank USA, N.A. of \$.9 billion on March 31, 2004.
- (2) Private label receivable levels reflect the bulk sale of domestic private label receivables in December 2004 of \$12.2 billion (\$15.6 billion on a managed basis) to HSBC Bank USA, N.A.
- (3) Managed basis reporting is a non-GAAP financial measure. See "Basis of Reporting" for a discussion on the use of non-GAAP financial information.
- (4) Personal non-credit card receivables are comprised of the following:

	3/31/05	12/31/04	3/31/04
-----			
(IN MILLIONS)			
Domestic personal unsecured.....	\$10,736	\$10,725	\$ 9,659
Union Plus personal unsecured.....	426	474	640
Personal homeowner loans.....	4,390	4,582	4,580
Foreign unsecured.....	4,154	4,229	3,749
-----			
Total.....	\$19,706	\$20,010	\$18,628
=====			

-----



## Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

### REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED						%
	3/31/05	(2)	12/31/04	(2)	3/31/04	(2)	QT
	(DOLLARS ARE IN MILLIONS)						
Finance and other interest							
income.....	\$ 3,391	10.78%	\$ 3,601	10.64%	\$ 3,417	10.94%	(
Interest expense.....	1,171	3.72	1,050	3.10	843	2.70	1
NET INTEREST INCOME.....	2,220	7.06%	2,551	7.54%	2,574	8.24%	(1
Provision for credit losses.....	871		1,305		1,181		(3
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 1,349		\$ 1,246		\$ 1,393		=====
Other revenues:							
Insurance revenue.....	\$ 221		\$ 221		\$ 211		
Investment income.....	33		30		41		1
Fee income.....	397		437		462		(
Securitization revenue.....	(308)		(477)		(350)		(3
Derivative income.....	260		263		52		(
Taxpayer financial services income.....	243		8		206		1
Other income.....	314		164		100		9
Gain on bulk sale of private label receivables.....	-		663		-		(10
TOTAL OTHER REVENUES.....	\$ 1,160		\$ 1,309		\$ 722		(1
Average managed receivables							
Real estate secured.....	\$ 66,562		\$ 61,543		\$ 52,165		
Auto finance.....	10,242		10,052		8,902		
MasterCard/Visa.....	21,928		21,221		20,823		
Private label.....	3,227		17,858		17,471		(8
Personal non-credit card.....	19,827		19,593		18,857		
Commercial and other.....	306		321		391		(
Purchase accounting fair value adjustments.....	184		243		391		(2
Average managed receivables.....	\$122,276		\$130,831		\$119,000		(
Average noninsurance investments...	2,,927		3,889		5,313		(2
Other interest-earning assets.....	666		660		641		---
Average managed interest-earning assets.....	\$125,869		\$135,380		\$124,954		(
SELECTED FINANCIAL RATIOS:							
Return on average managed assets...	1.73%		1.87%		1.30%		(
Efficiency ratio.....	43.59		36.00		40.75		2
Net interest margin.....	7.06		7.54		8.24		(
Risk adjusted revenue.....	8.17		8.37		7.06		(
EXCLUDING NONRECURRING ITEMS/							

## Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

OPERATING BASIS:

Return on average managed assets...	1.73	1.07	1.30	6
Efficiency ratio.....	43.59	42.18	40.75	
Risk adjusted revenue.....	8.17	7.32	7.06	1
	=====	=====	=====	=====

-----

(1) Managed basis reporting is a non-GAAP financial measure. See "Basis of Reporting" for a discussion on the use of non-GAAP financial information and "Reconciliations to GAAP Financial Measures" for quantitative reconciliations to the equivalent GAAP basis financial measure.

(2) % Columns: comparison to average managed interest-earning assets, annualized.

6

HSBC Finance Corporation

-----

CREDIT QUALITY/CREDIT LOSS RESERVES - MANAGED BASIS(1)

TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY

AS A PERCENT OF MANAGED CONSUMER RECEIVABLES, EXCLUDES COMMERCIAL.	3/31/05	12/31/04	3/31/04
Real estate secured.....	2.64%	2.97%	3.89%
Auto finance.....	2.26	2.96	2.63
MasterCard/Visa.....	3.97	3.98	4.35
Private label.....	4.71	4.13	4.98
Personal non-credit card.....	9.16	9.30	10.36
	----	----	----
TOTAL.....	3.93%	4.24%	5.06%
	=====	=====	=====

QUARTER-TO-DATE CHARGE-OFFS, NET OF RECOVERIES

AS A PERCENT OF AVERAGE MANAGED CONSUMER RECEIVABLES, ANNUALIZED, EXCLUDES COMMERCIAL. 3/31/05

Real estate secured.....	.87%
Auto finance.....	5.82
MasterCard/Visa(2).....	6.56
Private label(2).....	4.18
Personal non-credit card.....	8.54
	----

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

TOTAL.....	3.65%
	====
Real estate charge-offs and REO expense as a percent of average managed real estate secured receivables.....	1.01%
	====

CREDIT LOSS RESERVES

	3/31/05	12/31/04	3/31/04
-----			
(IN MILLIONS)			
Reserves for managed receivables at beginning of quarter....	\$ 4,515	\$ 5,199	\$ 6,167
Provision for credit losses.....	871	1,305	1,181
Charge-offs, net of recoveries.....	(1,118)	(1,502)	(1,442)
Other, net.....	(26)	(487)	6
	-----	-----	-----
Reserves for managed receivables at end of quarter.....	\$ 4,242	\$ 4,515	\$ 5,912
	=====	=====	=====
Reserves as a percent of managed receivables.....	3.43%	3.73%	5.01%
	-----	-----	-----

NONPERFORMING ASSETS

	3/31/05	12/31/04	3/31/04
-----			
(IN MILLIONS)			
Nonaccrual managed receivables.....	\$3,387	\$3,558	\$3,726
Accruing managed receivables 90 or more days delinquent....	579	607	1,208
Renegotiated commercial loans.....	1	2	2
	-----	-----	-----
Total nonperforming managed receivables.....	3,967	4,167	4,936
Real estate owned.....	509	587	656
	-----	-----	-----
TOTAL NONPERFORMING ASSETS.....	\$4,476	\$4,754	\$5,592
	=====	=====	=====
Managed credit loss reserves as a percent of nonperforming managed receivables.....	106.9%	108.4%	119.8%
	-----	-----	-----

-----

(1) Managed basis reporting is a non-GAAP financial measure. See "Basis of Reporting" for a discussion on the use of non-GAAP financial information and "Reconciliations to GAAP Financial Measures" for quantitative reconciliations to the equivalent GAAP basis financial measure.

(2) The adoption of charge-off policies in accordance with the Uniform Retail

## Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Credit Classification and Account Management Policy issued by the Federal Financial Institutions Examination Council for our domestic private label and our MasterCard and Visa portfolios in December 2004 increased private label net charge-offs by \$197 million (442 basis points), MasterCard/Visa net charge-offs by \$5 million (10 basis points) and total consumer net charge-offs by \$202 million (62 basis points) during the quarter ended December 31, 2004.

7

HSBC Finance Corporation

### RECONCILIATION TO GAAP FINANCIAL MEASURES

#### REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED 3/31/05			THREE MONTHS ENDED 12/31/04	
	OWNED	SERVICED WITH LIMITED RECOURSE (1)	MANAGED	OWNED	SERVICED WITH LIMITED RECOURSE (1)
(DOLLARS ARE IN MILLIONS)					
Finance and other interest					
income.....	\$ 2,950	\$ 441	\$ 3,391	\$ 3,001	\$ 600
Interest expense.....	1,062	109	1,171	918	132
	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	1,888	332	2,220	2,083	468
Provision for credit losses....	841	30	871	1,286	19
	-----	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES...	\$ 1,047	\$ 302	\$ 1,349	\$ 797	\$ 449
	=====	=====	=====	=====	=====
Other revenues:					
Securitization revenue.....	\$ 85	\$ (393)	\$ (308)	\$ 127	\$ (604)
Insurance revenue.....	221	-	221	221	-
Investment income.....	33	-	33	30	-
Fee income.....	306	91	397	282	155
Derivative income.....	260	-	260	263	-
Taxpayer financial services income.....	243	-	243	8	-
Other income.....	314	-	314	164	-
Gain on bulk sale of private label receivables.....	-	-	-	663	-
	-----	-----	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 1,462	\$ (302)	\$ 1,160	\$ 1,758	\$ (449)
	=====	=====	=====	=====	=====
Average receivables:					
Real estate secured.....	\$ 66,485	\$ 77	\$66,562	\$ 61,445	\$ 98
Auto finance.....	7,779	2,463	10,242	7,191	2,861
MasterCard/Visa.....	15,079	6,849	21,928	13,009	8,212
Private label.....	3,227	-	3,227	14,349	3,509
Personal non-credit card.....	16,332	3,495	19,827	15,671	3,922
Commercial and other.....	306	-	306	321	-

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Purchase accounting fair value adjustments.....	184	-	184	243	-
	-----	-----	-----	-----	-----
Average receivables.....	\$109,392	\$12,884	\$122,276	\$112,229	\$18,602
Average noninsurance investments.....	2,927	-	2,927	3,889	-
Other interest-earning assets.....	666	-	666	660	-
	-----	-----	-----	-----	-----
Average interest-earning assets.....	\$112,985	\$12,884	\$125,869	\$116,778	\$18,602
	=====	=====	=====	=====	=====
Net interest income as a percentage of average interest-earning assets.....	6.68%	10.31%	7.06%	7.13%	10.06%
	=====	=====	=====	=====	=====

THREE MONTHS ENDED 3/31/04

	OWNED	SERVICED WITH LIMITED RECOURSE (1)	MANAGED
	(DOLLARS ARE IN MILLIONS)		
Finance and other interest income.....	\$ 2,528	\$ 889	\$ 3,417
Interest expense.....	708	135	843
	-----	-----	-----
NET INTEREST INCOME.....	1,820	754	2,574
Provision for credit losses....	928	253	1,181
	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES...	\$ 892	\$ 501	\$ 1,393
	=====	=====	=====
Other revenues:			
Securitization revenue.....	\$ 348	\$ (698)	\$ (350)
Insurance revenue.....	211	-	211
Investment income.....	41	-	41
Fee income.....	265	197	462
Derivative income.....	52	-	52
Taxpayer financial services income.....	206	-	206
Other income.....	100	-	100
Gain on bulk sale of private label receivables.....	-	-	-
	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 1,223	\$ (501)	\$ 722
	=====	=====	=====
Average receivables:			
Real estate secured.....	\$51,976	\$ 189	\$ 52,165
Auto finance.....	4,511	4,391	8,902
MasterCard/Visa.....	11,129	9,694	20,823

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Private label.....	12,209	5,262	17,471
Personal non-credit card.....	13,115	5,742	18,857
Commercial and other.....	391	-	391
Purchase accounting fair value adjustments.....	391	-	391
	-----	-----	-----
Average receivables.....	\$93,722	\$25,278	\$119,000
Average noninsurance investments.....	5,313	-	5,313
Other interest-earning assets.....	641	-	641
	-----	-----	-----
Average interest-earning assets.....	\$99,676	\$25,278	\$124,954
	=====	=====	=====
Net interest income as a percentage of average interest-earning assets.....	7.30%	11.93%	8.24%
	=====	=====	=====

-----

(1) When reporting on a managed basis, finance and other interest income, interest expense, provision for credit losses and fee income related to securitized receivables are reclassified from securitization revenue in our owned statements of income into the appropriate caption.

8

HSBC Finance Corporation

-----

RECONCILIATION TO GAAP FINANCIAL MEASURES

SELECTED FINANCIAL RATIOS

	THREE MONTHS ENDED		
	3/31/05	12/31/04	3/31/04
	-----		
	(DOLLARS ARE IN MILLIONS)		
RETURN ON AVERAGE COMMON SHAREHOLDER'S EQUITY:			
Net income.....	\$ 626	\$ 712	\$ 470
Dividends on preferred stock.....	(18)	(18)	(18)
	-----	-----	-----
Net income available to common shareholders.....	\$ 608	\$ 694	\$ 452
Gain on bulk sale of private label receivables, after-tax.....	-	(423)	-
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	-	121	-
	-----	-----	-----
Operating net income available to common shareholders.....	\$ 608	\$ 392	\$ 452
	-----	-----	-----

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Average common shareholder's equity.....	\$ 16,170	\$ 16,838	\$ 16,645
	-----	-----	-----
Return on average common shareholder's equity.....	15.04%	16.49%	10.86%
Return on average common shareholder's equity, operating basis.....	15.04	9.31	10.86
	=====	=====	=====
RETURN ON AVERAGE ASSETS:			
Net income.....	\$ 626	\$ 712	\$ 470
Operating net income.....	626	410	470
	-----	-----	-----
Average assets:			
Owned basis.....	\$131,954	\$134,316	\$119,388
Serviced with limited recourse.....	12,884	18,602	25,278
	-----	-----	-----
Managed basis.....	\$144,838	\$152,918	\$144,666
	-----	-----	-----
Return on average owned assets.....	1.90%	2.12%	1.57%
Return on average owned assets, operating basis.....	1.90	1.22	1.57
Return on average managed assets.....	1.73	1.87	1.30
Return on average managed assets, operating basis.....	1.73	1.07	1.30
	=====	=====	=====

9

HSBC Finance Corporation

	THREE MONTHS ENDED		
	3/31/05	12/31/04	3/31/04
	-----		
	(DOLLARS ARE IN MILLIONS)		
EFFICIENCY RATIO:			
Total costs and expenses less policyholders' benefits.....	\$ 1,420	\$ 1,349	\$ 1,297
	-----	-----	-----
Net interest income and other revenues less policyholders' benefits:			
Owned basis.....	\$ 3,228	\$ 3,728	\$ 2,930
Serviced with limited recourse.....	30	19	253
	-----	-----	-----
Managed basis.....	\$ 3,258	\$ 3,747	\$ 3,183
	-----	-----	-----
Gain on bulk sale of private label receivables.....	\$ -	\$ 663	\$ -
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios:			
Owned basis.....	-	151	-
Managed basis.....	-	107	-
	-----	-----	-----
Net interest income and other revenues less policyholders' benefits, excluding nonrecurring items:			
Owned basis.....	\$ 3,228	\$ 3,216	\$ 2,930
Serviced with limited recourse.....	30	(25)	253
	-----	-----	-----
Managed basis.....	\$ 3,258	\$ 3,191	\$ 3,183
	-----	-----	-----
Owned basis efficiency ratio.....	43.99%	36.14%	44.27%
Owned basis efficiency ratio, operating basis.....	43.99	41.95	44.27
Managed basis efficiency ratio.....	43.59	36.00	40.75
Managed basis efficiency ratio, operating basis.....	43.59	42.24	40.75

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

	=====	=====	=====
MANAGED BASIS RISK ADJUSTED REVENUE:			
Net interest income.....	\$ 2,220	\$ 2,551	\$ 2,574
Other revenues, excluding securitization revenue.....	1,468	1,786	1,072
Less: Net charge-offs.....	(1,118)	(1,502)	(1,442)
	-----	-----	-----
Risk adjusted revenue.....	\$ 2,570	\$ 2,835	\$ 2,204
Gain on bulk sale of private label receivables.....	-	(663)	-
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios.....	-	309	-
	-----	-----	-----
Risk adjusted revenue, excluding nonrecurring items.....	2,570	2,481	2,204
	-----	-----	-----
Average interest-earning assets.....	\$125,869	\$135,380	\$124,954
	-----	-----	-----
Managed basis risk adjusted revenue.....	8.17%	8.37%	7.06%
Managed basis risk adjusted revenue, operating basis.....	8.17	7.32	7.06
	=====	=====	=====

10

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES

	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY			QUARTER-TO-D NET OF	
	TWO-MONTHS- AND-OVER CONTRACTUAL DELINQUENCY	CONSUMER RECEIVABLES OUTSTANDING	TWO-MONTHS- AND-OVER CONTRACTUAL DELINQUENCY (1)	NET CHARGE-OFFS	AVER CONS RECEI
-----					
(DOLLARS ARE IN MILLIONS)					
MARCH 31, 2005					
OWNED:					
First mortgage.....	\$ 1	\$ 26	5.25%	\$ -	\$
Real estate secured.....	1,797	68,486	2.62	144	66
Auto finance.....	134	8,107	1.65	74	7
MasterCard/Visa.....	716	15,554	4.60	270	15
Private label.....	148	3,130	4.71	34	3
Personal non-credit card.....	1,433	16,608	8.63	334	16
	-----	-----	-----	-----	-----
Total.....	\$4,229	\$111,911	3.78%	\$ 856	\$108
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED					
RECOURSE:					
Real estate secured.....	\$ 10	\$ 73	13.70%	\$ 1	\$
Auto finance.....	98	2,175	4.51	75	2
MasterCard/Visa.....	146	6,140	2.38	90	6



Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Personal non-credit card.....	372	3,098	12.01	89	3
	-----	-----	-----	-----	-----
Total.....	\$ 626	\$ 11,486	5.45%	\$ 255	\$ 12
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 26	5.25%	\$ -	\$ -
Real estate secured.....	1,807	68,559	2.64	145	66
Auto finance.....	232	10,282	2.26	149	10
MasterCard/Visa.....	862	21,694	3.97	360	21
Private label.....	148	3,130	4.71	34	3
Personal non-credit card.....	1,805	19,706	9.16	423	19
	-----	-----	-----	-----	-----
Total.....	\$4,855	\$123,397	3.93%	\$1,111	\$121
	=====	=====	=====	=====	=====
DECEMBER 31, 2004					
OWNED:					
First mortgage.....	\$ 1	\$ 26	5.04%	\$ -	\$ -
Real estate secured.....	1,920	64,820	2.96	159	61
Auto finance.....	156	7,544	2.07	49	7
MasterCard/Visa.....	714	14,635	4.88	275	13
Private label.....	141	3,411	4.13	328	14
Personal non-credit card.....	1,401	16,128	8.69	316	15
	-----	-----	-----	-----	-----
Total.....	\$4,333	\$106,564	4.07%	\$1,127	\$111
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECURSE:					
Real estate secured.....	\$ 10	\$ 81	12.35%	\$ 1	\$ -
Auto finance.....	147	2,679	5.49	63	2
MasterCard/Visa.....	170	7,583	2.24	125	8
Private label.....	-	-	-	83	3
Personal non-credit card.....	461	3,882	11.88	103	3
	-----	-----	-----	-----	-----
Total.....	\$ 788	\$ 14,225	5.54%	\$ 375	\$ 18
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 26	5.04%	\$ -	\$ -
Real estate secured.....	1,930	64,901	2.97	160	61
Auto finance.....	303	10,223	2.96	112	10
MasterCard/Visa.....	884	22,218	3.98	400	21
Private label.....	141	3,411	4.13	411	17
Personal non-credit card.....	1,862	20,010	9.30	419	19
	-----	-----	-----	-----	-----
Total.....	\$5,121	\$120,789	4.24%	\$1,502	\$130
	=====	=====	=====	=====	=====

(1) Certain percentages may not recompute from the dollar figures presented due to rounding.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY			QUARTER-TO-DATE CHARGE-OFFS NET OF RECOVERIES	
	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY	CONSUMER RECEIVABLES OUTSTANDING	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY (1)	NET CHARGE-OFFS	AVERAGE CONSUMER RECEIVABLES
(DOLLARS ARE IN MILLIONS)					
MARCH 31, 2004					
OWNED:					
First mortgage.....	\$ 2	\$ 32	7.00%	\$ 1	\$ 34
Real estate					
secured.....	2,031	52,440	3.87	149	51,976
Auto finance.....	83	4,936	1.68	52	4,511
MasterCard/Visa.....	637	10,788	5.90	241	11,129
Private label.....	632	11,759	5.38	161	12,209
Personal non-credit card.....	1,286	13,344	9.64	366	13,115
	-----	-----	-----	-----	-----
Total.....	\$4,671	\$ 93,299	5.01%	\$ 970	\$ 92,974
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECOURSE:					
Real estate					
secured.....	\$ 18	\$ 182	10.05%	\$ 1	\$ 189
Auto finance.....	155	4,093	3.79	122	4,391
MasterCard/Visa.....	246	9,536	2.59	127	9,694
Private label.....	216	5,261	4.09	60	5,262
Personal non-credit card.....	645	5,285	12.20	162	5,742
	-----	-----	-----	-----	-----
Total.....	\$1,280	\$ 24,357	5.26%	\$ 472	\$ 25,278
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 2	\$ 32	7.00%	\$ 1	\$ 34
Real estate					
secured.....	2,049	52,622	3.89	150	52,165
Auto finance.....	238	9,029	2.63	174	8,902
MasterCard/Visa.....	883	20,324	4.35	368	20,823
Private label.....	848	17,020	4.98	221	17,471
Personal non-credit card.....	1,931	18,629	10.36	528	18,857
	-----	-----	-----	-----	-----
Total.....	\$5,951	\$117,656	5.06%	\$1,442	\$118,252
	=====	=====	=====	=====	=====

(1) Certain percentages may not recompute from the dollar figures presented due to rounding.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC Finance Corporation

	OWNED	SERVICED WITH LIMITED RECOURSE	MANAGED
(DOLLARS ARE IN MILLIONS)			
REAL ESTATE CHARGE-OFFS AND REO EXPENSE:			
THREE MONTHS ENDED MARCH 31, 2005			
Real estate charge-offs and REO expense.....	\$ 168	\$ 1	\$ 169
Average real estate secured receivables.....	66,485	77	66,562
	-----	----	-----
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	1.01%	-	1.01
	=====	====	=====
THREE MONTHS ENDED DECEMBER 31, 2004			
Real estate charge-offs and REO expense.....	\$ 179	\$ 1	\$ 180
Average real estate secured receivables.....	61,445	98	61,543
	-----	----	-----
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	1.17%	-	1.17
	=====	====	=====
THREE MONTHS ENDED MARCH 31, 2004			
Real estate charge-offs and REO expense.....	\$ 212	\$ 1	\$ 213
Average real estate secured receivables.....	51,976	189	52,165
	-----	----	-----
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	1.63%	-	1.63
	=====	====	=====

(1) Certain percentages may not recompute from the dollar figures presented due to rounding.

13

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

	OWNED	SERVICED WITH LIMITED RECOURSE	MANAGED
(DOLLARS ARE IN MILLIONS)			
CREDIT LOSS RESERVES:			
THREE MONTHS ENDED MARCH 31, 2005			

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Reserves for receivables at beginning of quarter.....	\$ 3,625	\$ 890	\$ 4,
Provision for credit losses.....	841	30	
Charge-offs, net of recoveries.....	(863)	(255)	(1,
Other, net.....	(22)	(4)	
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,581	\$ 661	\$ 4,
	=====	=====	=====
Receivables.....	\$112,161	\$11,486	\$123,
Credit loss reserves as a percent of receivables.....	3.19%	5.75%	3
	-----	-----	-----
THREE MONTHS ENDED DECEMBER 31, 2004			
Reserves for receivables at beginning of quarter.....	\$ 3,953	\$ 1,246	\$ 5,
Provision for credit losses.....	1,286	19	1,
Charge-offs, net of recoveries.....	(1,127)	(375)	(1,
Other, net.....	(487)	-	(
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,625	\$ 890	\$ 4,
	=====	=====	=====
Receivables.....	\$106,855	\$14,225	\$121,
Credit loss reserves as a percent of receivables.....	3.39%	6.26%	3
	-----	-----	-----
THREE MONTHS ENDED MARCH 31, 2004			
Reserves for receivables at beginning of quarter.....	\$ 3,793	\$ 2,374	\$ 6,
Provision for credit losses.....	928	253	1,
Charge-offs, net of recoveries.....	(970)	(472)	(1,
Other, net.....	2	4	
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,753	\$ 2,159	\$ 5,
	=====	=====	=====
Receivables.....	\$ 93,650	\$24,357	\$118,
Credit loss reserves as a percent of receivables.....	4.01%	8.86%	5
	-----	-----	-----
NONPERFORMING ASSETS:			
MARCH 31, 2005			
Nonaccrual receivables.....	\$ 2,956	\$ 431	\$ 3,
Accruing receivables 90 or more days delinquent.....	499	80	
Renegotiated commercial loans.....	1	-	
	-----	-----	-----
Total nonperforming receivables.....	3,456	511	3,
Real estate owned.....	509	-	
	-----	-----	-----
Total nonperforming assets.....	\$ 3,965	\$ 511	\$ 4,
	=====	=====	=====
Credit loss reserves as a percent of nonperforming receivables.....	103.6%	-	10
	-----	-----	-----
DECEMBER 31, 2004			
Nonaccrual receivables.....	\$ 3,012	\$ 546	\$ 3,
Accruing receivables 90 or more days delinquent.....	507	100	
Renegotiated commercial loans.....	2	-	
	-----	-----	-----
Total nonperforming receivables.....	3,521	646	4,
Real estate owned.....	587	-	
	-----	-----	-----
Total nonperforming assets.....	\$ 4,108	\$ 646	\$ 4,
	=====	=====	=====
Credit loss reserves as a percent of nonperforming receivables.....	103.0%	-	10
	-----	-----	-----
MARCH 31, 2004			
Nonaccrual receivables.....	\$ 3,003	\$ 723	\$ 3,
Accruing receivables 90 or more days delinquent.....	876	332	1,

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Renegotiated commercial loans.....	2	-	
	-----	-----	-----
Total nonperforming receivables.....	3,881	1,055	4,
Real estate owned.....	656	-	
	-----	-----	-----
Total nonperforming assets.....	\$ 4,537	\$ 1,055	\$ 5,
	=====	=====	=====
Credit loss reserves as a percent of nonperforming receivables.....	96.7%	-	11
	-----	-----	-----

14

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:  
Name: P A Stafford  
Title: Assistant Group Secretary  
Date: 16 May 2005