

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC HOLDINGS PLC  
Form 6-K  
November 15, 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 November, 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- .....)

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

FORM 8-K

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PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: NOVEMBER 14, 2005

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COMMISSION FILE NUMBER 1-7436

HSBC USA INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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MARYLAND  
(STATE OF INCORPORATION)

13-2764867  
(IRS EMPLOYER IDENTIFICATION NUMBER)

452 FIFTH AVENUE, NEW YORK, NEW YORK  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

10018  
(ZIP CODE)

(212) 525-3735  
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))

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ITEM 7.01. REGULATION FD DISCLOSURE  
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Financial supplement pertaining to the financial results of HSBC Finance Corporation and HSBC USA Inc. for the quarter and nine months ended September 30, 2005. The information included in the financial supplement with respect to HSBC Finance Corporation and HSBC USA Inc. on a combined basis is presented on an International Financial Reporting Standards ("IFRS") basis. The information included in the financial supplement with respect to HSBC Finance Corporation is presented on a management basis and an IFRS management basis. IFRS basis is a non-GAAP financial measure that represents U.S. GAAP as adjusted in accordance with IFRS. Management basis is a non-GAAP financial measure derived from U.S. GAAP reported results that eliminates, among other things, mortgage and private label receivable transfers to HSBC Bank USA, N.A., an affiliate of HSBC Finance Corporation, and related intercompany activities, as well as the intercompany fees paid to HSBC Bank USA, N.A. as the originating lender for HSBC Finance Corporation's income tax refund anticipation loan program, and assumes that securitized receivables have not been sold and remain on our balance sheet. IFRS management basis is a non-GAAP financial measure that represents management basis as adjusted in accordance with IFRS.

This information shall not be deemed to be "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.

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ITEM 9.01. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS  
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- (a) Financial statements of businesses acquired.

Not applicable.

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(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

NO. EXHIBIT

99 Financial supplement.

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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 USA INC.  
(Registrant)

By: /s/ Joseph R. Simpson

Joseph R. Simpson  
Chief Accounting Officer

Dated: November 14, 2005

(LARGE HSBC LOGO)

HSBC Finance Corporation  
and  
HSBC USA Inc.

Supplement to the Forms 10-Q for the period ended September 30, 2005

November, 2005

Forward Looking Statements

THIS DOCUMENT, AND SUBSEQUENT DISCUSSION, CONTAINS CERTAIN FORWARD-LOOKING INFORMATION WITH RESPECT TO THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND BUSINESS OF HSBC HOLDINGS PLC, HSBC FINANCE CORPORATION, HSBC USA INC. AND HSBC NORTH AMERICA HOLDINGS INC. THIS INFORMATION REPRESENTS EXPECTATIONS OR BELIEFS CONCERNING FUTURE EVENTS AND IS SUBJECT TO UNKNOWN RISKS AND UNCERTAINTIES. THIS INFORMATION SPEAKS ONLY AS OF THE DATE ON WHICH IT IS PROVIDED. ADDITIONAL DETAILED INFORMATION CONCERNING IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY IS AVAILABLE IN THE HSBC HOLDINGS PLC ANNUAL REPORT, HSBC FINANCE CORPORATION ANNUAL REPORT ON FORM 10-K, AND HSBC USA INC. ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004. PLEASE FURTHER BE ADVISED THAT REGULATION FD PROHIBITS HSBC REPRESENTATIVES FROM ANSWERING CERTAIN, SPECIFIC QUESTIONS DURING THE Q&A SESSION.

## Basis of Reporting

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- o INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS") Prior to January 1, 2005, HSBC Holdings plc ("HSBC") reported results on a U.K. GAAP basis. The European Union has determined that all European listed companies will be required to prepare their consolidated financial statements using IFRSs by 2005. As a result, HSBC began reporting its financial results under IFRSs rather than U.K. GAAP with its release of interim financial results for the six months ended June 30, 2005.
  - o HSBC FINANCE CORPORATION - MANAGED BASIS (a non-GAAP financial measure) assumes that securitized customer loans have not been sold and remain on our balance sheet.
  - o HSBC FINANCE CORPORATION - MANAGEMENT BASIS In addition to managed basis reporting, we also monitor our operations and evaluate trends on a Management basis (a non-GAAP financial measure). Management basis reporting, in addition to the managed basis adjustments, assumes that the Mortgages and Private Label customer loans transferred to HSBC's U.S. banking subsidiary, HSBC Bank USA, N.A. ("HSBC Bank USA"), have not been sold and remain on the balance sheet, and that the funding facility with HSBC Bank USA as the originating lender for our taxpayer refund anticipation loan program is not in place. We also monitor our operations and evaluate trends on a management basis because the customer loan sales to HSBC Bank USA were conducted primarily to more appropriately fund prime customer loans within the HSBC Group and such customer loans continue to be managed and serviced by

## Basis of Reporting - continued

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- o MANAGEMENT BASIS - CONTINUED
 

us without regard to ownership. Furthermore, we also review operating results and make decisions about allocating resources such as employees on a management basis. When reporting on a management basis, net interest income, fee income and loan impairment charges are adjusted to include the activity associated with these customer loans transferred to HSBC Bank USA. Gains on sales and the related servicing fees are eliminated along with the funding facility fees paid to HSBC Bank USA. We believe that management basis information enables readers, investors and other interested parties to better understand the overall performance and related trends of our consumer finance business.
  - o HSBC FINANCE CORPORATION - IFRS MANAGEMENT BASIS (a non-GAAP financial measure) represents Management Basis plus IFRS adjustments.
  - o HSBC USA INC. - IFRS represents HSBC USA Inc. U.S. GAAP results plus IFRS adjustments.

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- o INTERNATIONAL ACCOUNTING STANDARDS ("IAS") LITE MANAGEMENT BASIS excludes application of: IAS 32, "Financial Instruments: Disclosure and Presentation;" IAS 39, "Financial Instruments: Recognition and Measurement;" and IFRS 4, "Insurance Contracts."

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HSBC Finance Corporation and HSBC USA Inc.  
Third Quarter 2005 Highlights - IFRS (A Non-GAAP Measure)

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- Strong underlying business performance supported by good credit experience, customer loan growth and expense trends
- Impacts of Hurricane Katrina ("Katrina") resulted in \$206 million (before tax) of incremental loan impairment charges and \$11 million (before tax) of foregone operating income in the quarter
- Expect higher bankruptcy loan impairment charges in the region of \$200 million (before tax) in the fourth quarter due to U.S. bankruptcy legislation, substantially covered by existing allowances
- Excluding impacts of Katrina, but including additional loan impairment charges for bankruptcy, combined profit for the period for HSBC Finance Corporation and HSBC USA Inc. increased 10% compared to Q3 04 and 4% on a year-to-date basis

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HSBC Finance Corporation and HSBC USA Inc.  
Profit For the Period - IFRS (A Non-GAAP Measure)

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(MILLIONS \$)

	Q3 05 IFRS	Q3 04 IAS Lite
Profit for the Period:		
HSBC Finance Corporation	\$ 388	\$ 517
HSBC USA Inc.	228	337
Sub-total	616	854
Profit for the Period related to transferred assets (1)	72	(99)
Combined Profit for the Period	688	755
Katrina impact, net of Tax Expense	139	--
Combined Profit for the Period, adjusted	\$ 827	\$ 755



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	Impairment Charges	Operating Income	Total Pre-tax
Consumer	\$ 125	\$ --	\$ 125
Cards	55	7	62
HSBC Finance Corporation	180	7	187
HSBC USA Inc.	26	4	30
Total Katrina Impact	\$ 206	\$ 11	\$ 217

- o Exposure
  - \$1.8 billion of managed customer loans
  - \$1.1 billion secured by Real Estate
  
- o Estimates of loan impairment charges will be refined as more information becomes available

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HSBC Finance Corporation

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HSBC Finance Corporation -Third Quarter 2005 Highlights  
IFRS Management Basis (A Non-GAAP Measure)

- o Strong underlying business performance
  
- o Expect higher bankruptcy loan impairment charges in the region of \$200 million (before tax) in the fourth quarter due to U.S. bankruptcy legislation, substantially covered by existing allowances
  
- o Adjusting for Katrina, but including additional loan impairment charges for bankruptcy, profit for the period increased 3% from Q3 04 and 6% year-to-date
  
- o Customer loan growth of 19% year-over-year, with good organic growth
  
- o NIM (Net Interest Margin) compression consistent with the current market environment
  
- o Higher RAR (Risk Adjusted Revenue) driven by credit quality improvements and increased fee generation
  
- o Improved underlying credit results driven by stronger analytics, improved collections, portfolio mix and a favorable economy

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- Charge-offs down 100 bps compared to Q3 04
- 2+ delinquency down 80 bps from September 30, 2004
- o Improving expense trends

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HSBC Finance Corporation  
IFRS Management Basis (A Non-GAAP Measure)

-----  
(MILLIONS \$)

	----- Q3 05 IFRS -----	Q3 04 IAS Lite -----
Net Interest Income	\$ 2,973	\$ 2,839
Other Operating Income	614	692
	-----	-----
Total Operating Income	3,587	3,531
Loan Impairment Charges	1,430	1,392
Loan Impairment Charges, Katrina related	205	--
Operating Expenses	1,295	1,290
	-----	-----
Profit Before Tax	657	849
Tax Expense	233	306
	-----	-----
Profit for the Period	424	543
Katrina impact, net of Tax Expense	138	--
	-----	-----
Adjusted Profit for the Period	\$ 562	\$ 543
	=====	=====
Cost Efficiency Ratio	36.1%	36.5%
Expenses/Average Customer Loans	3.4%	4.0%

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HSBC Finance Corporation  
IFRS Management Basis (A Non-GAAP Measure)

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(MILLIONS \$)



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	Nine months ended September 30,	
	2005 IFRS	2004 IAS Lite
Net Interest Income	\$ 8,807	\$ 8,481
Other Operating Income	2,047	2,102
<b>Total Operating Income</b>	<b>10,854</b>	<b>10,583</b>
Loan Impairment Charges	3,751	3,890
Loan Impairment Charges, Katrina related	205	--
Operating Expenses	3,922	3,718
<b>Profit Before Tax</b>	<b>2,976</b>	<b>2,975</b>
Tax Expense	1,008	995
<b>Profit for the Period</b>	<b>1,968</b>	<b>1,980</b>
Katrina impact, net of Tax Expense	138	--
<b>Adjusted Profit for the Period</b>	<b>\$ 2,106</b>	<b>\$ 1,980</b>
Cost Efficiency Ratio	36.1%	35.1%
Expenses/Average Customer Loans	3.6%	4.0%

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HSBC Finance Corporation  
Key Ratios - Management Basis (A Non-GAAP Measure) (1)

	Q3 04	Q4 04 (2)	Q1 05	Q2 05	Q3 05
NIM	7.75%	7.57%	7.13%	7.10%	6.90%
RAR (3)	6.40%	6.52%	6.71%	6.51%	6.60%
ROMA (3)	0.84%	0.74%	1.32%	1.14%	0.80%

(1) Derived from U. S. GAAP reported results and adjusted to management basis as further described on pages 3 and 4.

(2) Excludes impact of initial FFIEC implementation.

(3) Excludes mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS 133. Q3 05 ROMA includes the impact of Katrina \$138 million net of tax expense).

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HSBC Finance Corporation  
Credit Quality - Management Basis (A Non-GAAP Measure) (1)

(LINE GRAPH)

	Q3 04 -----	Q4 04 -----	Q1 05 -----	Q2 05 -----	Q3 05 -----
Charge-Offs (2)	4.23%	3.84%	3.56%	3.25%	3.20%
RAR (3)	6.40%	6.52%	6.71%	6.51%	6.60%
2+ Delinquency	4.44%	3.95%	3.68%	3.59%	3.60%

(1) Derived from U.S. GAAP reported results and adjusted to management basis as further described on pages 3 and 4.

(2) Q4 04 excludes impact of initial FFIEC implementation.

(3) Excludes mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS 133.

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HSBC Finance Corporation  
IFRS Management Basis (A Non-GAAP Measure)

Customer Loans  
(MILLIONS \$)

	Sept 05	June 05	Sept 04	Sept 05 Increase/ (Decrease) ----- %	----- ----- -----
	-----	-----	-----	-----	-----
Branch Real Estate	\$ 40,345	\$ 39,081	\$ 34,462	3%	17
Correspondent Real Estate	42,774	38,049	29,484	12%	45
Real Estate Secured	83,119	77,130	63,946	8%	30
MasterCard/Visa (1)	22,605	22,192	20,520	2%	10
Private Label	18,706	18,014	17,959	4%	4

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Auto Finance	11,628	10,838	9,904	7%	17
Personal Non-credit Card	20,261	19,756	18,595	3%	9
Commercial and Other	41	72	142	(43)%	(71)
	-----	-----	-----	-----	-----
Total Customer Loans	\$156,360	\$148,002	\$131,066	6%	19
	=====	=====	=====	=====	=====

- (1) MasterCard is a registered trademark of MasterCard International, Incorporated and Visa is a registered trademark of VISA USA, Inc.

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HSBC Finance Corporation  
Third Quarter 2005 - Business Unit Highlights

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### RETAIL BRANCH CHANNEL (HFC/BENEFICIAL)

- o Good growth in Real Estate Secured products, up 17% year-over-year
  - Includes both near-prime and subprime segments
- o Continued focus on junior liens and cross selling
- o More granular pricing based on segmentation and risk
- o Solid growth in unsecured loans, driven by successful direct mail campaigns

### CORRESPONDENT/ WHOLESALE CHANNEL

- o Continued strong Real Estate Secured volumes; portfolio up 45% year-over-year
- o Expanded junior lien portfolio
- o Expanded distribution through diversifying flow originators
- o Enhanced market pricing segmentation
- o Continued improvement in origination expense ratio

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HSBC Finance Corporation  
Third Quarter 2005 - Business Unit Highlights

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### CREDIT CARD

- o Excellent quarter with strong profits, solid organic loan growth and good operating income growth

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- o Expanded net interest margin by growing non-prime book and repricing efforts
- o Strong growth in fee and other operating income due to growing portfolio and higher interchange
- o Underlying credit quality good
- o Risk adjusted revenue up sharply
- o Continued focus on non-prime card sectors
- o Pending Metris acquisition on track for a fourth quarter close

### PRIVATE LABEL

- o Signed two additional department store merchants, Neiman Marcus and Bon Ton stores
- o Growing commercial card capability including Office Max and Advanced Auto Parts
- o Continued strong merchant renewals
- o Overall credit quality strong based on continued improvements in front-end underwriting tools and collections management

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HSBC Finance Corporation  
Third Quarter 2005 - Business Unit Highlights

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### AUTO

- o Strong organic growth, principally in the near-prime portfolio
- o Benefit of mix shift is evident in results
- o Expanded distribution through direct channel
- o Optimized collections and active portfolio management

### INTERNATIONAL

#### CANADA

- o Customer loan growth strong
  - Branch network's strong growth led by secured and unsecured products
  - Growth initiatives in auto business and credit cards off to a good start
- o Continued branch expansion
- o Credit quality stable

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- o In response to difficult environment, focused on credit and loss mitigation
- o In retail branch, increased usage of risk-based pricing and proprietary analytics for risk management
- o Credit cards continued focus on risk-based pricing and credit line management

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HSBC USA Inc.

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HSBC USA Inc. - Third Quarter 2005 Highlights  
IFRS (A Non-GAAP Measure)

- 
- o Good core loan and deposit growth over 2004
    - Commercial loan growth of 20%
    - Total deposit growth of 17%
  - o Overall credit quality remains strong
  - o Adjusting for Katrina and non-recurring items in Q3 04, profit for Q3 05 increased 4%
    - Non-recurring items primarily relate to gain on affiliate sale and third party asset sale
    - 2005 results also impacted by private label purchase premium amortization
  - o Cost efficiency ratio increased from a year ago largely due to non-recurring items in 2004, effects of private label transfer and impacts of Corporate, Investment Banking and Markets (CIBM)

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HSBC USA Inc.  
IFRS (A Non-GAAP Measure)

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(MILLIONS \$)

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	Q3 05 IFRS	Q3 04 IAS Lite
	-----	-----
Net Interest Income	\$ 766	\$ 693
Other Operating Income	412	371
	-----	-----
Total Operating Income	1,178	1,064
Loan Impairment Charges	186	17
Loan Impairment Charges, Katrina related	26	--
Operating Expenses	597	499
	-----	-----
Profit Before Tax	369	548
Tax Expense	141	211
	-----	-----
Profit for the Period	228	337
Katrina impact, net of Tax Expense	19	--
	-----	-----
Adjusted Profit for the Period	\$ 247	\$ 337
	=====	=====
Cost Efficiency Ratio	50.7%	46.9%

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HSBC USA Inc.  
IFRS (A Non-GAAP Measure)

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(MILLIONS \$)

	Nine months ended September 30,	
	2005 IFRS	2004 IAS Lite
	-----	-----
Net Interest Income	\$ 2,347	\$ 2,021
Other Operating Income	1,127	1,023
	-----	-----
Total Operating Income	3,474	3,044
Loan Impairment Charges	497	(7)
Loan Impairment Charges, Katrina related	26	--
Operating Expenses	1,786	1,545
	-----	-----
Profit Before Tax	1,165	1,506
Tax Expense	441	539
	-----	-----
Profit for the Period	724	967
Katrina impact, net of Tax Expense	19	--
	-----	-----

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Adjusted Profit for the Period	\$ 743	\$ 967
	=====	=====
Cost Efficiency Ratio	51.4%	50.8%

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HSBC USA Inc.  
Third Quarter 2005 - Business Unit Highlights

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### PERSONAL FINANCIAL SERVICES (PFS)

- o Good core loan and deposit growth
- o On-line savings product being launched
- o Mortgage results improved on strong retail origination volumes and increased value of servicing rights
- o Expanded customer service initiatives and established new distribution channels, including 12 branch openings year to date
- o Introduced HSBC Premier Investor, a high yield branch-based deposit product, which added over \$1 billion since Q3 04
- o Expanded in niche markets (Chinese market campaign and Embassy banking business)

### COMMERCIAL BANKING (CMB)

- o Expansion of small business relationships added loans of \$450 million and deposits of \$1.3 billion since Q3 04. Continue to be the #1 SBA lender in New York state.
- o Loan growth from new geographic markets (e.g. Los Angeles, San Francisco, Boston, Miami and Philadelphia)
- o Added commercial real estate relationship managers in West Coast and downstate New York, which added loans of \$1.0 billion and deposits of over \$450 million since Q3 04

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HSBC USA Inc.  
Third Quarter 2005 - Business Unit Highlights

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### PRIVATE BANKING (PB)

- o Strong operating income growth from Q3 04 and improved balance sheet mix; loan growth of 24%
- o Increasing rates provided opportunity for deposit growth

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- o Restructured Latin America business and established a global market management team to better serve clients

### CORPORATE. INVESTMENT BANKING AND MARKETS (CIBM)

- o Interest rate and yield curve pressures significantly reduced Money Market and Balance Sheet Management income. Other operating income, particularly in areas where investment has been made, such as global markets trading, improved.
- o Business investment strategy remains on course supported by financial and client results. Cost build out mostly completed as platforms are largely in place and benefits realization phase ongoing.
- o Improved overall liquidity from Global Transaction Banking deposit gathering initiatives
- o Successfully priced the first two MBS whole loan deals and the first agency CMO deal
- o Won integrated NAFTA Payments and Cash Management mandate for major corporate client in Logistics sector, an industry first

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### APPENDIX

#### RECONCILIATION TO GAAP FINANCIAL MEASURES HSBC FINANCE CORPORATION INCOME STATEMENT IFRS MANAGEMENT BASIS

	THREE MONTHS ENDED 9/30/05			Thre
(DOLLARS ARE IN MILLIONS)	OWNED BASIS	IFRS MANAGEMENT BASIS ADJUSTMENTS	IFRS MANAGEMENT BASIS	Owned Basis
Net interest income	\$ 2,163	\$ 810	\$ 2,973	\$ 1,
Other operating income	1,102	(488)	614	1,
<b>TOTAL OPERATING INCOME</b>	<b>\$ 3,265</b>	<b>\$ 322</b>	<b>\$ 3,587</b>	<b>\$ 3,</b>
Loan impairment charges	1,181	249	1,430	1,
Loan impairment charges, Katrina related	180	25	205	
Operating expenses	1,483	(188)	1,295	1,
<b>Profit before tax</b>	<b>421</b>	<b>236</b>	<b>657</b>	



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Tax expense	140	93	233	
PROFIT FOR THE PERIOD	\$ 281	\$ 143	\$ 424	\$
Katrina impact, net of tax expense	--	138	138	
ADJUSTED PROFIT FOR THE PERIOD	\$ 281	\$ 281	\$ 562	\$
COST EFFICIENCY RATIO:				
Total operating expenses	\$ 1,483	\$ (188)	\$ 1,295	\$ 1,
Policyholders' benefits	(109)	109	--	
Total operating expenses, excluding policyholders' benefits	1,374	(79)	1,295	1,
Net interest income and other operating income	3,265	322	3,587	3,
Policyholders' benefits	(109)	109	--	
Net interest income and other operating income, excluding policyholders' benefits	\$ 3,156	\$ 431	\$ 3,587	\$ 2,
COST EFFICIENCY RATIO	43.5%	--	36.1%	4
ADJUSTED PROFIT FOR THE PERIOD GROWTH:				
Profit for the period	\$ 281	\$ 281	\$ 562	\$
IFRS management basis profit for the period growth:				
9/30/05 compared to 9/30/04			3%	

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RECONCILIATION TO GAAP FINANCIAL MEASURES  
HSBC FINANCE CORPORATION INCOME STATEMENT  
IFRS MANAGEMENT BASIS

(DOLLARS ARE IN MILLIONS)	NINE MONTHS ENDED 9/30/05			Owned Basis
	OWNED BASIS	IFRS MANAGEMENT BASIS ADJUSTMENTS	IFRS MANAGEMENT BASIS	
Net interest income	\$ 6,086	\$ 2,721	\$ 8,807	\$ 5,
Other operating income	3,688	(1,641)	2,047	3,
TOTAL OPERATING INCOME	\$ 9,774	\$ 1,080	\$ 10,854	\$ 9,
Loan impairment charges	3,053	698	3,751	3,
Loan impairment charges, Katrina related	180	25	205	
Operating expenses	4,467	(545)	3,922	4,

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Profit before tax	2,074	902	2,976	1,
Tax expense	695	313	1,008	
PROFIT FOR THE PERIOD	\$ 1,379	\$ 589	\$ 1,968	\$ 1,
Katrina impact, net of tax expense	--	138	138	
ADJUSTED PROFIT FOR THE PERIOD	\$ 1,379	\$ 727	\$ 2,106	\$ 1,
COST EFFICIENCY RATIO:				
Total operating expenses	\$ 4,467	\$ (545)	\$ 3,922	\$ 4,
Policyholders' benefits	(347)	347	--	(
Total operating expenses, excluding policyholders' benefits	4,120	(198)	3,922	3,
Net interest income and other operating income	9,774	1,080	10,854	9,
Policyholders' benefits	(347)	347	--	(
Net interest income and other operating income, excluding policyholders' benefits	\$ 9,427	\$ 1,427	\$ 10,854	\$ 8,
COST EFFICIENCY RATIO	43.7%	--	36.1%	4
ADJUSTED PROFIT FOR THE PERIOD GROWTH:				
Profit for the period	\$ 1,379	\$ 727	\$ 2,106	\$ 1,
IFRS management basis profit for the period growth:			6%	

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RECONCILIATION TO GAAP FINANCIAL MEASURES  
HSBC FINANCE CORPORATION  
MANAGEMENT BASIS

	THREE MONTHS ENDED	
	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
	(DOLLARS ARE IN MILLIONS)	
RETURN ON AVERAGE ASSETS:		
Profit for the period:		
Owned basis	\$ 281	\$ 325
Management basis adjustments	31	26
Management basis	\$ 312	\$ 351
Adjusted profit for the period:		
Owned basis	\$ 281	\$ 325

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Management basis adjustments	31	26
Derivative adjustments	43	(34)
	-----	-----
Management basis adjusted for derivatives	\$ 355	\$ 317
	-----	-----
Average assets:		
Owned basis	\$ 141,765	\$ 124,512
Management basis adjustments	28,452	26,282
	-----	-----
Management basis	\$ 170,217	\$ 150,794
	-----	-----
Return on average owned assets	.8%	1.0%
Return on average management assets	.7	.9
Return on average management assets, adjusted for derivatives	.8	.8
	=====	=====
MANAGED BASIS RISK ADJUSTED REVENUE:		
Net interest income	\$ 2,340	\$ 2,550
Other operating income, excluding securitization revenue and the mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS No. 133	1,185	916
Less: Net charge-offs	(1,052)	(1,363)
	-----	-----
Risk adjusted revenue	\$ 2,473	\$ 2,103
	-----	-----
Management basis adjustments:		
Net interest income	\$ 339	\$ 51
Other operating income, excluding securitization revenue and the mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS No. 133	(89)	(5)
Less: Net charge-offs	(158)	(2)
	-----	-----
Risk adjusted revenue, management basis adjustments	\$ 92	\$ 44
	-----	-----
Management basis:		
Net interest income	\$ 2,679	\$ 2,601
Other operating income, excluding securitization revenue and the mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS No. 133	1,096	911
Less: Net charge-offs	(1,210)	(1,365)
	-----	-----
Risk adjusted revenue, management basis	\$ 2,565	\$ 2,147
	-----	-----
Average interest-earning assets:		
Managed basis	\$ 134,817	\$ 129,497
Management basis adjustments	20,806	4,719
	-----	-----
Management basis	\$ 155,623	\$ 134,216
	-----	-----
Managed basis risk adjusted revenue	7.3%	6.5%
Management basis risk adjusted revenue	6.6	6.4
	=====	=====
NET INTEREST INCOME:		
Net interest income:		

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Owned basis	\$ 2,163	\$ 1,969
Management basis adjustments	516	632
	-----	-----
Management basis	\$ 2,679	\$ 2,601
	-----	-----
Average interest-earning assets:		
Owned basis	\$ 127,038	\$ 107,955
Management basis adjustments	28,585	26,261
	-----	-----
Management basis	\$ 155,623	\$ 134,216
	-----	-----
Owned basis net interest margin	6.8%	7.3%
Management basis net interest margin	6.9	7.8
	=====	=====

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RECONCILIATION TO GAAP FINANCIAL MEASURES  
HSBC FINANCE CORPORATION  
MANAGEMENT BASIS

	THREE MONTHS ENDED	
	SEPTEMBER 30, 2005	SEPTEMBER 30, 2004
	-----	-----
	(DOLLARS ARE IN MILLIONS)	
CONSUMER NET CHARGE-OFF RATIO:		
Consumer net charge-offs:		
Owned basis	\$ 902	\$ 969
Management basis adjustments	308	396
	-----	-----
Management basis	\$ 1,210	\$ 1,365
	-----	-----
Average consumer receivables:		
Owned basis	\$ 123,163	\$ 102,821
Management basis adjustments	28,579	26,266
	-----	-----
Management basis	\$ 151,742	\$ 129,087
	-----	-----
Owned basis consumer net charge-off ratio	2.9%	3.8%
Management basis consumer net charge-off ratio	3.2	4.2
	=====	=====
TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY RATIO:		
Consumer 2+ delinquency:		
Owned basis	\$ 4,861	\$ 4,702
Management basis adjustments	830	1,117
	-----	-----
Management basis	\$ 5,691	\$ 5,819
	-----	-----
Consumer receivables:		
Owned basis	\$ 128,524	\$ 106,130
Management basis adjustments	27,631	25,037
	-----	-----
Management basis	\$ 156,155	\$ 131,167
	-----	-----

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Owned basis consumer 2+ delinquency ratio	3.8%	4.4%
Management basis consumer 2+ delinquency ratio	3.6	4.4
	=====	=====

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RECONCILIATION TO GAAP FINANCIAL MEASURES  
 HSBC FINANCE CORPORATION CUSTOMER LOANS  
 IFRS MANAGEMENT BASIS

(DOLLARS ARE IN MILLIONS)	AS AT SEPTEMBER 30, 2005			As at June 30, 2005		
	OWNED	IFRS MANAGEMENT BASIS	IFRS MANAGEMENT BASIS	Owned	IFRS Management Basis	IFRS Management Basis
	BASIS	ADJUSTMENTS	BASIS	Basis	Adjustments	Basis
Branch real estate	\$ 40,236	\$ 109	\$ 40,345	\$ 39,091	\$ (10)	\$ 39,081
Correspondent real estate	37,894	4,880	42,774	32,839	5,210	38,049
Real estate secured	78,130	4,989	83,119	71,930	5,200	77,130
MasterCard/Visa (1)	18,974	3,631	22,605	17,421	4,771	22,192
Private label	2,777	15,929	18,706	2,905	15,109	18,014
Auto finance	10,137	1,491	11,628	8,997	1,841	10,838
Personal non-credit card	18,484	1,777	20,261	17,255	2,501	19,756
Commercial and other	220	(179)	41	253	(181)	72
<b>TOTAL CUSTOMER LOANS</b>	<b>\$128,722</b>	<b>\$ 27,638</b>	<b>\$ 156,360</b>	<b>\$118,761</b>	<b>\$ 24,241</b>	<b>\$ 148,002</b>

(1) MasterCard is a registered trademark of MasterCard International, Incorporated and Visa is a registered trademark of VISA USA, Inc.

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RECONCILIATION TO GAAP FINANCIAL MEASURES  
 HSBC USA INC. INCOME STATEMENT  
 IFRS

(DOLLARS ARE IN MILLIONS)	THREE MONTHS ENDED 9/30/05			Thre
	OWNED BASIS	IFRS ADJUSTMENTS	IFRS	Owned Basis
Net interest income	\$ 761	\$ 5	\$ 766	\$ 6
Other operating income	505	(93)	412	3
<b>TOTAL OPERATING INCOME</b>	<b>\$ 1,266</b>	<b>\$ (88)</b>	<b>\$ 1,178</b>	<b>\$ 1,0</b>

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Loan impairment charges	173	13	186	
Loan impairment charges, Katrina related	26	--	26	
Operating expenses	673	(76)	597	4
Profit before tax	394	(25)	369	5
Tax expense	142	(1)	141	2
PROFIT FOR THE PERIOD	\$ 252	\$ (24)	\$ 228	\$ 3
Katrina impact, net of tax expense	--	19	19	
Non-recurring items, net of tax expense	--	--	--	
ADJUSTED PROFIT FOR THE PERIOD	\$ 252	\$ (5)	\$ 247	\$ 3
COST EFFICIENCY RATIO:				
Total operating expenses	\$ 673	\$ (76)	\$ 597	\$ 4
Net interest income and other operating income	1,266	(88)	1,178	1,0
COST EFFICIENCY RATIO	53.2%	--	50.7%	45
ADJUSTED PROFIT FOR THE PERIOD GROWTH:				
Profit for the period	\$ 252	\$ (5)	\$ 247	\$ 3
IFRS profit for the period growth: 9/30/05 compared to 9/30/04			4%	
NINE MONTHS ENDED 9/30/05				
(DOLLARS ARE IN MILLIONS)	OWNED BASIS	IFRS ADJUSTMENTS	IFRS	Owned Basis
Net interest income	\$ 2,321	\$ 26	\$ 2,347	\$ 2,0
Other operating income	1,397	(270)	1,127	9
TOTAL OPERATING INCOME	\$ 3,718	\$ (244)	\$ 3,474	\$ 3,0
Loan impairment charges	450	47	497	
Loan impairment charges, Katrina related	26	--	26	
Operating expenses	2,012	(226)	1,786	1,4
Profit before tax	1,230	(65)	1,165	1,5
Tax expense	450	(9)	441	5
PROFIT FOR THE PERIOD	\$ 780	\$ (56)	\$ 724	\$ 9
Katrina impact, net of tax expense	--	19	19	
Non-recurring items, net of tax expense	--	--	--	
ADJUSTED PROFIT FOR THE PERIOD	\$ 780	\$ (37)	\$ 743	\$ 9
COST EFFICIENCY RATIO:				
Total operating expenses	\$ 2,012	\$ (226)	\$ 1,786	\$ 1,4
Net interest income and other operating income	3,718	(244)	3,474	3,0

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COST EFFICIENCY RATIO

54.1%

--

51.4%

49

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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: 14 November 2005