

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC HOLDINGS PLC
Form 6-K
August 01, 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 August, 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: AUGUST 1, 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 and six months ended June 30, 2005. The information included in the financial supplement is presented on a managed basis, which is a non-GAAP financial measure that assumes that securitized receivables have not been sold and remain on our balance sheet.

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.

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.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

NO. EXHIBIT
--- -----

99 Quarterly Financial Supplement for the quarter ended June
30, 2005

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: August 1, 2005

EXHIBIT 99

HSBC FINANCE CORPORATION

QUARTERLY FINANCIAL SUPPLEMENT -- JUNE 30, 2005

INDEX -----	PAGE NO. -----
Basis of Reporting.....	2
Consolidated Statements of Income -- Owned Basis:	
Three Months.....	3
Six Months.....	5
Receivables Analysis.....	7
Financial Highlights -- Managed Basis:	
Three Months.....	8
Six Months.....	9
Credit Quality/Credit Loss Reserves -- Managed Basis.....	10
Reconciliations to GAAP Financial Measures:	
Revenues, Average Interest-Earning Assets and Net Interest Income:	
Three Months.....	11
Six Months.....	12
Selected Financial Ratios.....	13
Credit Quality/Credit Loss Reserves:	
Two-Months-and-Over Contractual Delinquency.....	14
Quarter-to-Date Charge-offs, Net of Recoveries.....	14
Real Estate Charge-offs and REO Expense.....	16
Credit Loss Reserves.....	17

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Nonperforming Assets..... 17

HSBC Finance Corporation

BASIS OF REPORTING

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 remain 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.

HSBC Finance Corporation

CONSOLIDATED STATEMENTS OF INCOME -- OWNED BASIS

THREE MONTHS

% CHANGE FROM

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

	THREE MONTHS ENDED			PRIOR	
	6/30/05	3/31/05	6/30/04	QTR.	YEAR
(DOLLARS ARE IN MILLIONS)					
Finance and other interest income.....	\$3,139	\$2,950	\$2,637	6.4%	19.0
Interest expense.....	1,104	1,062	707	4.0	56.2
NET INTEREST INCOME.....	2,035	1,888	1,930	7.8	5.4
Provision for credit losses.....	1,031	841	997	22.6	3.4
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	1,004	1,047	933	(4.1)	7.6
Other revenues:					
Securitization revenue.....	54	85	266	(36.5)	(79.7)
Insurance revenue.....	229	221	204	3.6	12.3
Investment income.....	33	33	30	--	10.0
Derivative income.....	76	260	124	(70.8)	(38.7)
Fee income.....	354	306	242	15.7	46.3
Taxpayer financial services income.....	18	243	6	(92.6)	100+
Other income.....	360	314	180	14.6	100.0
TOTAL OTHER REVENUES.....	1,124	1,462	1,052	(23.1)	6.8
Costs and expenses:					
Salaries and fringe benefits.....	526	497	457	5.8	15.1
Sales incentives.....	90	82	90	9.8	--
Occupancy and equipment expenses.....	82	87	77	(5.7)	6.5
Other marketing expenses.....	185	180	131	2.8	41.2
Other servicing and administrative expenses.....	143	258	198	(44.6)	(27.8)
Support services from HSBC affiliates.....	217	209	196	3.8	10.7
Amortization of acquired intangibles.....	83	107	79	(22.4)	5.1
Policyholders' benefits.....	116	122	93	(4.9)	24.7
TOTAL COSTS AND EXPENSES.....	1,442	1,542	1,321	(6.5)	9.2
Income before income tax expense.....	686	967	664	(29.1)	3.3
Income tax expense.....	214	341	231	(37.2)	(7.4)
NET INCOME.....	\$ 472	\$ 626	\$ 433	(24.6)%	9.0

3

HSBC Finance Corporation

SECURITIZATION REVENUE

THREE MONTHS ENDED		
6/30/05	3/31/05	6/30/04

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

(IN MILLIONS)

Net initial gains(1).....	\$ --	\$ --	\$ 22
Net replenishment gains(1).....	44	53	113
Servicing revenue and excess spread.....	10	32	131
	-----	-----	-----
Total.....	\$ 54	\$ 85	\$266
	=====	=====	=====

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

RECEIVABLES SECURITIZED

THREE MONTHS ENDED

	-----	-----	-----
	6/30/05	3/31/05	6/30/04
	-----	-----	-----
	(IN MILLIONS)		
Auto finance.....	\$--	\$--	\$300
MasterCard/Visa(1).....	--	--	500
Private label.....	--	--	190
	---	---	---
Total.....	\$--	\$--	\$990
	===	===	===

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

HSBC Finance Corporation

CONSOLIDATED STATEMENTS OF INCOME -- OWNED BASIS

SIX MONTHS

SIX MONTHS ENDED

	-----	-----	-----
	6/30/05	6/30/04	% CHANGE
	-----	-----	-----

(DOLLARS ARE IN MILLIONS)

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Finance and other interest income.....	\$6,089	\$5,165	17.9%
Interest expense.....	2,166	1,415	53.1
	-----	-----	-----
NET INTEREST INCOME.....	3,923	3,750	4.6
Provision for credit losses.....	1,872	1,925	(2.8)
	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	2,051	1,825	12.4
	-----	-----	-----
Other revenues:			
Securitization revenue.....	139	614	(77.4)
Insurance revenue.....	450	415	8.4
Investment income.....	66	71	(7.0)
Derivative income.....	336	176	90.9
Fee income.....	660	507	30.2
Taxpayer financial services income.....	261	212	23.1
Other income.....	674	280	100+
	-----	-----	-----
TOTAL OTHER REVENUES.....	2,586	2,275	13.7
	-----	-----	-----
Costs and expenses:			
Salaries and fringe benefits.....	1,023	942	8.5
Sales incentives.....	172	168	2.4
Occupancy and equipment expenses.....	169	160	5.6
Other marketing expenses.....	365	263	38.8
Other servicing and administrative expenses.....	401	424	(5.4)
Support services from HSBC affiliates.....	426	373	14.2
Amortization of acquired intangibles.....	190	195	(2.6)
Policyholders' benefits.....	238	206	15.5
	-----	-----	-----
TOTAL COSTS AND EXPENSES.....	2,984	2,731	9.3
	-----	-----	-----
Income before income tax expense.....	1,653	1,369	20.7
Income tax expense.....	555	466	19.1
	-----	-----	-----
NET INCOME.....	\$1,098	\$ 903	21.6%
	=====	=====	=====

5

HSBC Finance Corporation

SECURITIZATION REVENUE

SIX MONTHS ENDED

6/30/05 6/30/04

(IN MILLIONS)

Net initial gains(1).....	\$ --	\$ 25
Net replenishment gains(1).....	97	233
Servicing revenue and excess spread.....	42	356

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Total.....	\$ 139	\$ 614
	=====	=====

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

RECEIVABLES SECURITIZED

	SIX MONTHS ENDED	
	6/30/05	6/30/04
	(IN MILLIONS)	
Auto finance.....	\$--	\$ 300
MasterCard/Visa.....	--	550
Private label.....	--	190
Total.....	\$--	\$1,040
	===	=====

6

HSBC Finance Corporation

RECEIVABLES ANALYSIS

END-OF-PERIOD RECEIVABLES

	6/30/05	3/31/05	6/30/04	% CHANGE FROM PRIOR	
				QTR.	YEAR
	(DOLLARS ARE IN MILLIONS)				
OWNED RECEIVABLES:					
Real estate secured.....	\$ 71,930	\$ 68,486	\$ 56,033	5.0%	28.4%
Auto finance.....	8,997	8,107	5,459	11.0	64.8
MasterCard/Visa.....	17,421	15,554	10,816	12.0	61.1
Private label(1).....	2,905	3,130	12,759	(7.2)	(77.2)
Personal non-credit card.....	17,255	16,608	14,019	3.9	23.1
Commercial and other.....	253	276	346	(8.3)	(26.9)
Total owned receivables.....	118,761	112,161	99,432	5.9	19.4

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

RECEIVABLES SERVICED WITH LIMITED RECOURSE:					
Real estate secured.....	--	73	176	(100.0)	(100.0)
Auto finance.....	1,819	2,175	3,877	(16.4)	(53.1)
MasterCard/Visa.....	4,752	6,140	9,345	(22.6)	(49.1)
Private label(1).....	--	--	4,723	--	(100.0)
Personal non-credit card.....	2,409	3,098	4,715	(22.2)	(48.9)
Total receivables serviced with limited recourse.....	8,980	11,486	22,836	(21.8)	(60.7)
MANAGED RECEIVABLES: (2)					
Real estate secured.....	71,930	68,559	56,209	4.9	28.0
Auto finance.....	10,816	10,282	9,336	5.2	15.9
MasterCard/Visa.....	22,173	21,694	20,161	2.2	10.0
Private label(1).....	2,905	3,130	17,482	(7.2)	(83.4)
Personal non-credit card(3).....	19,664	19,706	18,734	(.2)	5.0
Commercial and other.....	253	276	346	(8.3)	(26.9)
Total managed receivables.....	\$127,741	\$123,647	\$122,268	3.3%	4.5%

(1) On December 29, 2004, all domestic private label receivables were sold to HSBC Bank USA, N.A.

(2) Managed basis reporting is a non-GAAP financial measure. See "Basis of Reporting" for a discussion on the use of non-GAAP financial information.

(3) Personal non-credit card receivables are comprised of the following:

6/30/05 3/31/05 6/30/04

(IN MILLIONS)

Domestic personal unsecured.....	\$10,942	\$10,736	\$ 9,787
Union Plus personal unsecured.....	387	426	576
Personal homeowner loans.....	4,395	4,390	4,556
Foreign unsecured.....	3,940	4,154	3,815
Total.....	\$19,664	\$19,706	\$18,734

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

FINANCIAL HIGHLIGHTS -- MANAGED BASIS (1)

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED						%
	6/30/05	(2)	3/31/05	(2)	6/30/04	(2)	QTR.
(DOLLARS ARE IN MILLIONS)							
Finance and other interest							
income.....	\$ 3,488	10.75%	\$ 3,391	10.78%	\$ 3,416	10.95%	2.
Interest expense.....	1,204	3.71	1,171	3.72	834	2.67	2.
	-----		-----		-----		-----
NET INTEREST INCOME.....	2,284	7.04%	2,220	7.06%	2,582	8.28%	2.
Provision for credit losses.....	1,083		871		1,145		24.
	-----		-----		-----		-----
NET INTEREST INCOME AFTER							
PROVISION FOR CREDIT LOSSES.....	\$ 1,201		\$ 1,349		\$ 1,437		(11.
	=====		=====		=====		=====
Other revenues:							
Insurance revenue.....	\$ 229		\$ 221		\$ 204		3.
Investment income.....	33		33		30		-
Fee income.....	428		397		440		7.
Securitization revenue.....	(217)		(308)		(436)		(29.
Derivative income.....	76		260		124		(70.
Taxpayer financial services							
income.....	18		243		6		(92.
Other income.....	360		314		180		14.
	-----		-----		-----		-----
TOTAL OTHER REVENUES.....	\$ 927		\$ 1,160		\$ 548		(20.
	=====		=====		=====		=====
Average managed receivables Real							
estate secured.....	\$ 70,217		\$ 66,562		\$ 54,398		5.
Auto finance.....	10,504		10,242		9,177		2.
MasterCard/Visa.....	22,066		21,928		20,212		.
Private label.....	3,017		3,227		17,362		(6.
Personal non-credit card.....	19,729		19,827		18,568		(.
Commercial and other.....	261		306		367		(14.
Purchase accounting fair value							
adjustments.....	153		184		347		(16.
	-----		-----		-----		-----
Average managed receivables.....	\$125,947		\$122,276		\$120,431		3.
Average noninsurance							
investments.....	3,106		2,927		3,728		6.
Other interest-earning assets.....	673		666		647		1.
	-----		-----		-----		-----
Average managed interest-earning							
assets.....	\$129,726		\$125,869		\$124,806		3.
	=====		=====		=====		=====
SELECTED FINANCIAL RATIOS:							
Return on average managed							
assets.....	1.30%		1.73%		1.23%		(24.
Efficiency ratio.....	42.84		43.59		40.43		(1.
Net interest margin.....	7.04		7.06		8.28		(.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Risk adjusted revenue.....	7.17	7.34	6.65	(2.
	=====	=====	=====	=====

(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.

8

HSBC Finance Corporation

FINANCIAL HIGHLIGHTS -- MANAGED BASIS(1)

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

SIX MONTHS

	SIX MONTHS ENDED				
	6/30/05	(2)	6/30/04	(2)	% CHANGE

(DOLLARS ARE IN MILLIONS)					
Finance and other interest income.....	\$ 6,879	10.77%	\$ 6,833	10.94%	.7%
Interest expense.....	2,375	3.72	1,677	2.68	41.6
	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	4,504	7.05%	5,156	8.26%	(12.6)
Provision for credit losses.....	1,954		2,326		(16.0)
	-----		-----		-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 2,550		\$ 2,830		(9.9)%
	=====		=====		=====
Other revenues:					
Insurance revenue.....	\$ 450		\$ 415		8.4%
Investment income.....	66		71		(7.0)
Fee income.....	825		901		(8.4)
Securitization revenue.....	(525)		(785)		(33.1)
Derivative income.....	336		176		90.9
Taxpayer financial services income.....	261		212		23.1
Other income.....	674		280		100+
	-----		-----		-----
TOTAL OTHER REVENUES.....	\$ 2,087		\$ 1,270		64.3%
	=====		=====		=====
Average managed receivables					
Real estate secured.....	\$ 68,390		\$ 53,281		28.4%

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Auto finance.....	10,373	9,040	14.7
MasterCard/Visa.....	21,997	20,517	7.2
Private label.....	3,122	17,416	(82.1)
Personal non-credit card.....	19,778	18,712	5.7
Commercial and other.....	283	379	(25.3)
Purchase accounting fair value adjustments.....	169	369	(54.2)
	-----	-----	-----
Average managed receivables.....	\$124,112	119,714	3.7
Average noninsurance investments.....	3,016	4,521	(33.1)
Other interest-earning assets.....	669	644	3.9
	-----	-----	-----
Average managed interest-earning assets.....	\$127,797	\$124,879	2.3%
	=====	=====	=====
SELECTED FINANCIAL RATIOS:			
Return on average managed assets.....	1.52%	1.26%	20.6%
Efficiency ratio.....	43.22	40.59	6.5
Net interest margin.....	7.05	8.26	(14.6)
Risk adjusted revenue.....	7.25	6.77	7.1
	-----	-----	-----

(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.

9

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.	6/30/05	3/31/05	6/30/04
Real estate secured.....	2.56%	2.64%	3.41%
Auto finance.....	2.69	2.26	3.03
MasterCard/Visa.....	3.77	3.97	4.21
Private label.....	4.91	4.71	4.81
Personal non-credit card.....	9.11	9.16	9.81
	----	----	----
TOTAL.....	3.85%	3.93%	4.70%
	=====	=====	=====

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

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

AS A PERCENT OF AVERAGE MANAGED CONSUMER RECEIVABLES, ANNUALIZED, EXCLUDES COMMERCIAL. 6/30/05

Real estate secured.....	.78%
Auto finance.....	3.68
MasterCard/Visa.....	6.49
Private label.....	4.36
Personal non-credit card.....	8.17

TOTAL.....	3.28%
	====
Real estate charge-offs and REO expense as a percent of average managed real estate secured receivables.....	.84%
	====

CREDIT LOSS RESERVES

	6/30/05	3/31/05	6/30/04

	(IN MILLIONS)		
Reserves for managed receivables at beginning of quarter....	\$4,242	\$4,515	\$5,912
Provision for credit losses.....	1,083	871	1,145
Charge-offs.....	(1,162)	(1,224)	(1,483)
Recoveries.....	134	106	116
Other, net.....	(16)	(26)	9
	-----	-----	-----
Reserves for managed receivables at end of quarter.....	\$4,281	\$4,242	\$5,699
	=====	=====	=====
Reserves as a percent of managed receivables.....	3.35%	3.43%	4.66%
	-----	-----	-----

NONPERFORMING ASSETS

	6/30/05	3/31/05	6/30/04

	(IN MILLIONS)		
Nonaccrual managed receivables.....	\$3,348	\$3,387	\$3,506
Accruing managed receivables 90 or more days delinquent....	537	579	1,134
Renegotiated commercial loans.....	1	1	2
	-----	-----	-----
Total nonperforming managed receivables.....	3,886	3,967	4,642

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Real estate owned.....	459	509	624
	-----	-----	-----
TOTAL NONPERFORMING ASSETS.....	\$4,345	\$4,476	\$5,266
	=====	=====	=====
Managed credit loss reserves as a percent of nonperforming managed receivables.....	110.2%	106.9%	122.8%

(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.

10

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED 6/30/05			THREE MONTHS	
	OWNED	SERVICED WITH LIMITED RECOURSE (1)	MANAGED	OWNED	SERVICED WITH LIMITED RECOURSE

	(DOLLARS ARE IN MILLIONS)				
Finance and other interest income.....	\$ 3,139	\$ 349	\$ 3,488	\$ 2,950	\$
Interest expense.....	1,104	100	1,204	1,062	
	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	2,035	249	2,284	1,888	
Provision for credit losses.....	1,031	52	1,083	841	
	-----	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 1,004	\$ 197	\$ 1,201	\$ 1,047	\$
Other revenues:					
Securitization revenue.....	\$ 54	\$ (271)	\$ (217)	\$ 85	\$
Insurance revenue.....	229	--	229	221	
Investment income.....	33	--	33	33	
Fee income.....	354	74	428	306	
Derivative income.....	76	--	76	260	
Taxpayer financial services income...	18	--	18	243	
Other income.....	360	--	360	314	
	-----	-----	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 1,124	\$ (197)	\$ 927	\$ 1,462	\$
Average receivables:					
Real estate secured.....	\$ 70,205	\$ 12	\$ 70,217	\$ 66,485	\$

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Auto finance.....	8,510	1,994	10,504	7,779	
MasterCard/Visa.....	16,626	5,440	22,066	15,079	
Private label.....	3,017	--	3,017	3,227	
Personal non-credit card.....	16,972	2,757	19,729	16,332	
Commercial and other.....	261	--	261	306	
Purchase accounting fair value adjustments.....	153	--	153	184	
	-----	-----	-----	-----	
Average receivables.....	\$115,744	\$10,203	\$125,947	\$ 109,392	\$1
Average noninsurance investments.....	3,106	--	3,106	2,927	
Other interest-earning assets.....	673	--	673	666	
	-----	-----	-----	-----	
Average interest-earning assets.....	\$119,523	\$10,203	\$129,726	\$ 112,985	\$1
Net interest income as a percentage of average interest-earning assets.....	6.81%	9.76%	7.04%	6.68%	
	=====	=====	=====	=====	=====

THREE MONTHS ENDED 6/30/04

	SERVICED WITH LIMITED		
	OWNED	RECOURSE (1)	MANAGED

	(DOLLARS ARE IN MILLIONS)		
Finance and other interest income.....	\$ 2,637	\$ 779	\$ 3,416
Interest expense.....	707	127	834
	-----	-----	-----
NET INTEREST INCOME.....	1,930	652	2,582
Provision for credit losses.....	997	148	1,145
	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 933	\$ 504	\$ 1,437
Other revenues:			
Securitization revenue.....	\$ 266	\$ (702)	\$ (436)
Insurance revenue.....	204	--	204
Investment income.....	30	--	30
Fee income.....	242	198	440
Derivative income.....	124	--	124
Taxpayer financial services income...	6	--	6
Other income.....	180	--	180
	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 1,052	\$ (504)	\$ 548
Average receivables:			
Real estate secured.....	\$ 54,220	\$ 178	\$ 54,398
Auto finance.....	5,197	3,980	9,177
MasterCard/Visa.....	10,913	9,299	20,212
Private label.....	12,249	5,113	17,362
Personal non-credit card.....	13,570	4,998	18,568
Commercial and other.....	367	--	367
Purchase accounting fair value adjustments.....	347	--	347
	-----	-----	-----
Average receivables.....	\$ 96,863	\$23,568	\$120,431
Average noninsurance investments.....	3,728	--	3,728
Other interest-earning assets.....	647	--	647
	-----	-----	-----

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Average interest-earning assets.....	\$101,238	\$23,568	\$124,806
Net interest income as a percentage of average interest-earning assets.....	7.63%	11.07%	8.28%
	=====	=====	=====

(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.

11

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

SIX MONTHS

	SIX MONTHS ENDED 6/30/05			SIX MONTHS ENDED 6/30/04	
	OWNED	SERVICED WITH LIMITED RECOURSE (1)	MANAGED	OWNED	SERVICED WITH LIMITED RECOURSE (1)

(DOLLARS ARE IN MILLIONS)					
Finance and other interest income.....	\$ 6,089	\$ 790	\$ 6,879	\$ 5,165	\$ 1,668
Interest expense.....	2,166	209	2,375	1,415	262
	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	3,923	581	4,504	3,750	1,406
Provision for credit losses....	1,872	82	1,954	1,925	401
	-----	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 2,051	\$ 499	\$ 2,550	\$ 1,825	\$ 1,005
Other revenues:					
Securitization revenue.....	\$ 139	\$ (664)	\$ (525)	\$ 614	\$ (1,399)
Insurance revenue.....	450	--	450	415	--
Investment income.....	66	--	66	71	--
Fee income.....	660	165	825	507	394
Derivative income.....	336	--	336	176	--
Taxpayer financial services income.....	261	--	261	212	--
Other income.....	674	--	674	280	--
	-----	-----	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 2,586	\$ (499)	\$ 2,087	\$ 2,275	\$ (1,005)

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Average receivables:					
Real estate secured.....	\$ 68,346	\$ 44	\$ 68,390	\$ 53,098	\$ 183
Auto finance.....	8,144	2,229	10,373	4,854	4,186
MasterCard/Visa.....	15,853	6,144	21,997	11,021	9,496
Private label.....	3,122	--	3,122	12,229	5,187
Personal non-credit card.....	16,652	3,126	19,778	13,342	5,370
Commercial and other.....	283	--	283	379	--
Purchase accounting fair value adjustments.....	169	--	169	369	--
	-----	-----	-----	-----	-----
Average receivables.....	\$112,569	\$11,543	\$124,112	\$ 95,292	\$24,422
Average noninsurance investments.....	3,016	--	3,016	4,521	--
Other interest-earning assets.....	669	--	669	644	--
	-----	-----	-----	-----	-----
Average interest-earning assets.....	\$116,254	\$11,543	\$127,797	\$100,457	\$24,422
Net interest income as a percentage of average interest-earning assets.....	6.75%	10.07%	7.05%	7.47%	11.51%
	=====	=====	=====	=====	=====

(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.

12

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

SELECTED FINANCIAL RATIOS

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	6/30/05	3/31/05	6/30/04	6/30/05	6/30/04

	(DOLLARS ARE IN MILLIONS)				
RETURN ON AVERAGE COMMON SHAREHOLDER'S EQUITY:					
Net income.....	\$ 472	\$ 626	\$ 433	\$ 1,098	\$ 903
Dividends on preferred stock.....	(19)	(18)	(18)	(37)	(36)
	-----	-----	-----	-----	-----
Net income available to common shareholders.....	\$ 453	\$ 608	\$ 415	\$ 1,061	\$ 867
	-----	-----	-----	-----	-----

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Average common shareholder's equity.....	\$ 16,671	\$ 16,170	\$ 17,160	\$ 16,421	\$ 16,903
	-----	-----	-----	-----	-----
Return on average common shareholder's equity.....	10.87%	15.04%	9.67%	12.92%	10.26%
	=====	=====	=====	=====	=====
RETURN ON AVERAGE ASSETS:					
Net income.....	\$ 472	\$ 626	\$ 433	\$ 1,098	\$ 903
	-----	-----	-----	-----	-----
Average assets:					
Owned basis.....	\$134,834	\$131,954	\$117,467	\$133,394	\$118,428
Serviced with limited recourse.....	10,203	12,884	23,568	11,543	24,422
	-----	-----	-----	-----	-----
Managed basis.....	\$145,037	\$144,838	\$141,035	\$144,937	\$142,850
Return on average owned assets.....	1.40%	1.90%	1.47%	1.65%	1.52%
Return on average managed assets.....	1.30	1.73	1.23	1.52	1.26
	=====	=====	=====	=====	=====
EFFICIENCY RATIO:					
Total costs and expenses less policyholders' benefits.....	\$ 1,326	\$ 1,420	\$ 1,228	\$ 2,746	\$ 2,525
	-----	-----	-----	-----	-----
Net interest income and other revenues less policyholders' benefits: Owned basis.....					
Serviced with limited recourse.....	\$ 3,043	\$ 3,228	\$ 2,889	\$ 6,271	\$ 5,819
	-----	-----	-----	-----	-----
Managed basis.....	52	30	148	82	401
	-----	-----	-----	-----	-----
Owned basis efficiency ratio.....	\$ 3,095	\$ 3,258	\$ 3,037	\$ 6,353	\$ 6,220
Managed basis efficiency ratio.....	43.58%	43.99%	42.51%	43.79%	43.39%
	-----	-----	-----	-----	-----
	42.84	43.59	40.43	43.22	40.59
	=====	=====	=====	=====	=====
MANAGED BASIS RISK ADJUSTED REVENUE:					
Net interest income.....	\$ 2,284	\$ 2,220	\$ 2,582	\$ 4,504	\$ 5,156
Other revenues, excluding securitization revenue and derivative income.....	1,068	1,208	860	2,276	1,879
Less: Net charge-offs.....	(1,028)	(1,118)	(1,367)	(2,146)	(2,809)
	-----	-----	-----	-----	-----
Risk adjusted revenue.....	\$ 2,324	\$ 2,310	\$ 2,075	\$ 4,634	\$ 4,226
Average interest-earning assets.....	\$129,726	\$125,869	\$124,806	\$127,797	\$124,879
	-----	-----	-----	-----	-----
Managed basis risk adjusted revenue.....	7.17%	7.34%	6.65%	7.25%	6.77%
	-----	-----	-----	-----	-----

13

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES

Two-Months-and-Over
Contractual Delinquency

Quarter-to-Date Ch
Net of Recove

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

	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)					
JUNE 30, 2005					
OWNED:					
First mortgage.....	\$ 1	\$ 24	6.24%	\$ --	\$ 24
Real estate secured....	1,841	71,930	2.56	137	70,205
Auto finance.....	187	8,997	2.08	56	8,510
MasterCard/Visa.....	722	17,421	4.14	288	16,626
Private label.....	143	2,905	4.91	33	3,017
Personal non-credit card.....	1,525	17,255	8.84	330	16,972
	-----	-----	-----	-----	-----
Total.....	\$4,419	\$118,532	3.73%	\$ 844	\$115,354
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECOURSE:					
Real estate secured....	\$ --	\$ --	--%	\$ --	\$ 12
Auto finance.....	104	1,819	5.72	41	1,994
MasterCard/Visa.....	114	4,752	2.40	70	5,440
Personal non-credit card.....	266	2,409	11.04	73	2,757
	-----	-----	-----	-----	-----
Total.....	\$ 484	\$ 8,980	5.39%	\$ 184	\$ 10,203
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 24	6.24%	\$ --	\$ 24
Real estate secured....	1,841	71,930	2.56	137	70,217
Auto finance.....	291	10,816	2.69	97	10,504
MasterCard/Visa.....	836	22,173	3.77	358	22,066
Private label.....	143	2,905	4.91	33	3,017
Personal non-credit card.....	1,791	19,664	9.11	403	19,729
	-----	-----	-----	-----	-----
Total.....	\$4,903	\$127,512	3.85%	\$1,028	\$125,557
	=====	=====	=====	=====	=====
MARCH 31, 2005					
OWNED:					
First mortgage.....	\$ 1	\$ 26	5.25%	\$ --	\$ 26
Real estate secured....	1,797	68,486	2.62	144	66,485
Auto finance.....	134	8,107	1.65	74	7,779
MasterCard/Visa.....	716	15,554	4.60	270	15,079
Private label.....	148	3,130	4.71	34	3,227
Personal non-credit card.....	1,433	16,608	8.63	334	16,332
	-----	-----	-----	-----	-----
Total.....	\$4,229	\$111,911	3.78%	\$ 856	\$108,928
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECOURSE:					
Real estate secured....	\$ 10	\$ 73	13.70%	\$ 1	\$ 77
Auto finance.....	98	2,175	4.51	75	2,463
MasterCard/Visa.....	146	6,140	2.38	90	6,849
Personal non-credit card.....	372	3,098	12.01	89	3,495
	-----	-----	-----	-----	-----
Total.....	\$ 626	\$ 11,486	5.45%	\$ 255	\$ 12,884

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 26	5.25%	\$ --	\$ 26
Real estate secured....	1,807	68,559	2.64	145	66,562
Auto finance.....	232	10,282	2.26	149	10,242
MasterCard/Visa.....	862	21,694	3.97	360	21,928
Private label.....	148	3,130	4.71	34	3,227
Personal non-credit card.....	1,805	19,706	9.16	423	19,827
	-----	-----	-----	-----	-----
Total.....	\$4,855	\$123,397	3.93%	\$1,111	\$121,812
	=====	=====	=====	=====	=====

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

14

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY			QUARTER-TO-DATE	
	-----			NET OF REC	
	TWO-MONTHS- AND-OVER CONTRACTUAL DELINQUENCY	CONSUMER RECEIVABLES OUTSTANDING	TWO-MONTHS- AND-OVER CONTRACTUAL DELINQUENCY (1)	NET CHARGE-OFFS	AVERAG CONSUME RECEIVAB

(DOLLARS ARE IN MILLIONS)

JUNE 30, 2004

OWNED:					
First mortgage.....	\$ 2	\$ 29	5.57%	\$ --	\$ 3
Real estate secured....	1,897	56,033	3.39	142	54,22
Auto finance.....	116	5,459	2.12	40	5,19
MasterCard/Visa.....	631	10,816	5.83	270	10,91
Private label.....	638	12,759	5.00	155	12,24
Personal non-credit card.....	1,250	14,019	8.92	359	13,57
	-----	-----	-----	-----	-----
Total.....	\$4,534	\$ 99,115	4.57%	\$ 966	\$ 96,18
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECOURSE:					
Real estate secured....	\$ 21	\$ 176	11.87%	\$ --	\$ 17

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Auto finance.....	167	3,877	4.31	76	3,98
MasterCard/Visa.....	217	9,345	2.32	115	9,29
Private label.....	202	4,723	4.28	59	5,11
Personal non-credit card.....	587	4,715	12.45	151	4,99
Total.....	\$1,194	\$ 22,836	5.23%	\$ 401	\$ 23,56
MANAGED:					
First mortgage.....	\$ 2	\$ 29	5.57%	\$ --	\$ 3
Real estate secured....	1,918	56,209	3.41	142	54,39
Auto finance.....	283	9,336	3.03	116	9,17
MasterCard/Visa.....	848	20,161	4.21	385	20,21
Private label.....	840	17,482	4.81	214	17,36
Personal non-credit card.....	1,837	18,734	9.81	510	18,56
Total.....	\$5,728	\$121,951	4.70%	\$1,367	\$119,75

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

15

HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

	OWNED	SERVICED WITH LIMITED RECOURSE	MANAGED
(DOLLARS ARE IN MILLIONS)			
REAL ESTATE CHARGE-OFFS AND REO EXPENSE:			
THREE MONTHS ENDED JUNE 30, 2005			
Real estate charge-offs and REO expense.....	\$ 147	\$ --	\$ 14
Average real estate secured receivables.....	70,205	12	70,21
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	.84%	--	.8
THREE MONTHS ENDED MARCH 31, 2005			
Real estate charge-offs and REO expense.....	\$ 168	\$ 1	\$ 16
Average real estate secured receivables.....	66,485	77	66,56
Real estate charge-offs and REO expense as a percentage of			

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

average real estate secured receivables(1).....	1.01%	--	1.0
	=====	====	=====
THREE MONTHS ENDED JUNE 30, 2004			
Real estate charge-offs and REO expense.....	\$ 200	\$ --	\$ 20
Average real estate secured receivables.....	54,220	178	54,39
	-----	----	-----
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	1.47%	--	1.4
	=====	====	=====

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

16

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 JUNE 30, 2005			
Reserves for receivables at beginning of quarter.....	\$ 3,581	\$ 661	\$ 4,242
Provision for credit losses.....	1,031	52	1,083
Charge-offs, net of recoveries.....	(844)	(184)	(1,028)
Other, net.....	(12)	(4)	(16)
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,756	\$ 525	\$ 4,281
Receivables.....	\$118,761	\$ 8,980	\$127,741
Credit loss reserves as a percent of receivables.....	3.16%	5.85%	3.33%
	-----	-----	-----
THREE MONTHS ENDED MARCH 31, 2005			
Reserves for receivables at beginning of quarter.....	\$ 3,625	\$ 890	\$ 4,515
Provision for credit losses.....	841	30	871
Charge-offs, net of recoveries.....	(863)	(255)	(1,118)
Other, net.....	(22)	(4)	(26)
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,581	\$ 661	\$ 4,242
Receivables.....	\$112,161	\$11,486	\$123,647
Credit loss reserves as a percent of receivables.....	3.19%	5.75%	3.43%
	-----	-----	-----
THREE MONTHS ENDED JUNE 30, 2004			
Reserves for receivables at beginning of quarter.....	\$ 3,753	\$ 2,159	\$ 5,912

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Provision for credit losses.....	997	148	1,
Charge-offs, net of recoveries.....	(965)	(402)	(1,
Other, net.....	10	(1)	
	-----	-----	-----
Reserves for receivables at end of quarter.....	\$ 3,795	\$ 1,904	\$ 5,
Receivables.....	\$ 99,432	\$22,836	\$122,
Credit loss reserves as a percent of receivables.....	3.82%	8.34%	4
	-----	-----	-----
NONPERFORMING ASSETS:			
JUNE 30, 2005			
Nonaccrual receivables.....	\$ 3,008	\$ 340	\$ 3,
Accruing receivables 90 or more days delinquent.....	482	55	
Renegotiated commercial loans.....	1	--	
	-----	-----	-----
Total nonperforming receivables.....	3,491	395	3,
Real estate owned.....	459	--	
	-----	-----	-----
Total nonperforming assets.....	\$ 3,950	\$ 395	\$ 4,
Credit loss reserves as a percent of nonperforming receivables.....	107.6%	--	11
	-----	-----	-----
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
	-----	-----	-----
JUNE 30, 2004			
Nonaccrual receivables.....	\$ 2,833	\$ 673	\$ 3,
Accruing receivables 90 or more days delinquent.....	849	285	1,
Renegotiated commercial loans.....	2	--	
	-----	-----	-----
Total nonperforming receivables.....	3,684	958	4,
Real estate owned.....	624	--	
	-----	-----	-----
Total nonperforming assets.....	\$ 4,308	\$ 958	\$ 5,
Credit loss reserves as a percent of nonperforming receivables.....	103.0%	--	12
	-----	-----	-----

17

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

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

By:

Name: P A Stafford

Title: Assistant Group Secretary

Date: 1 August 2005