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HSBC Finance Corporation

AFSA Conference
Fixed Income Investors

May 2005

This presentation, including the accompanying slides and subsequent discussion, contains certain forward-looking information with respect to the financial condition, results of operations and business of HSBC Holdings plc, and HSBC Finance Corporation. 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, and the HSBC Finance Corporation Annual Report on Form 10-K, each 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.

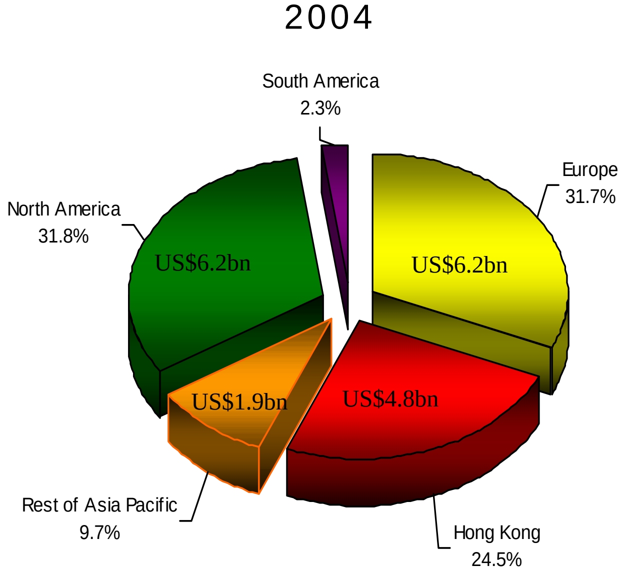
AGENDA

- Group Overview
- HSBC Finance Review
  - Financial Profile
  - Risk Management
- Integration Update
- U.S. Housing Market Review
- Legislative Update
- Issuance Plans

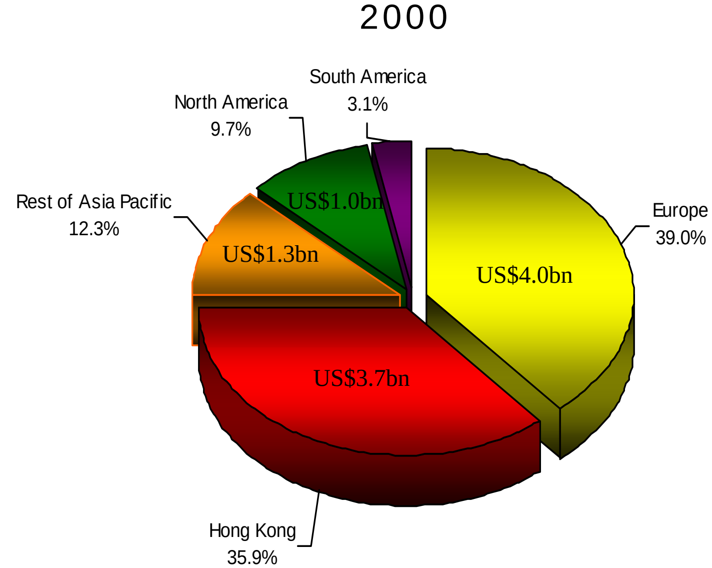
GROUP OVERVIEW

HSBC Group - Earnings Overview

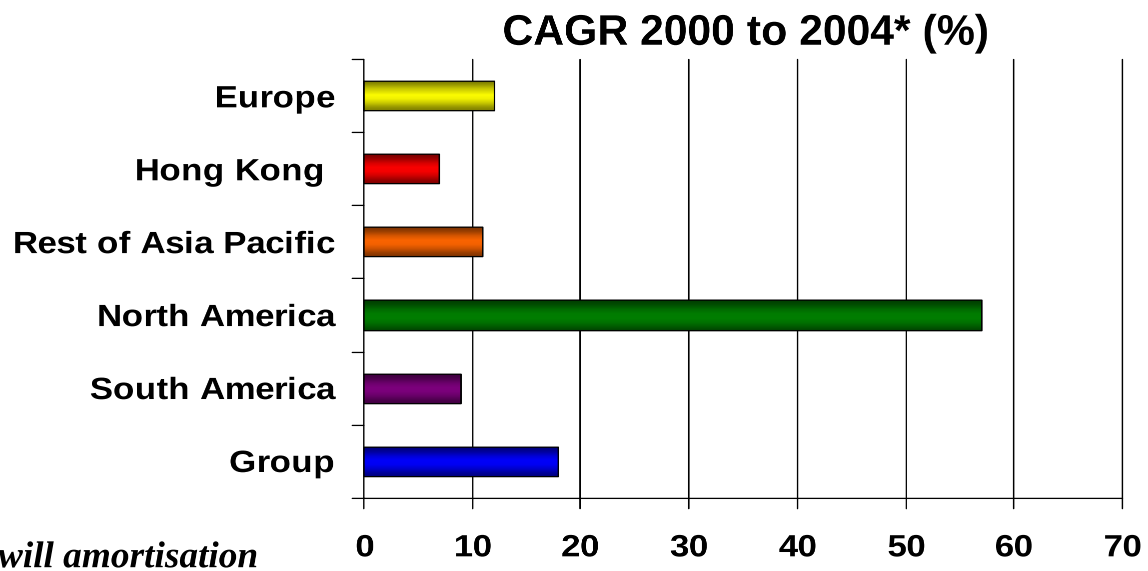
- Record 2004 Group earnings were more evenly distributed geographically



US$19,426m*



US$10,300m*



** Profit before tax excluding goodwill amortisation*

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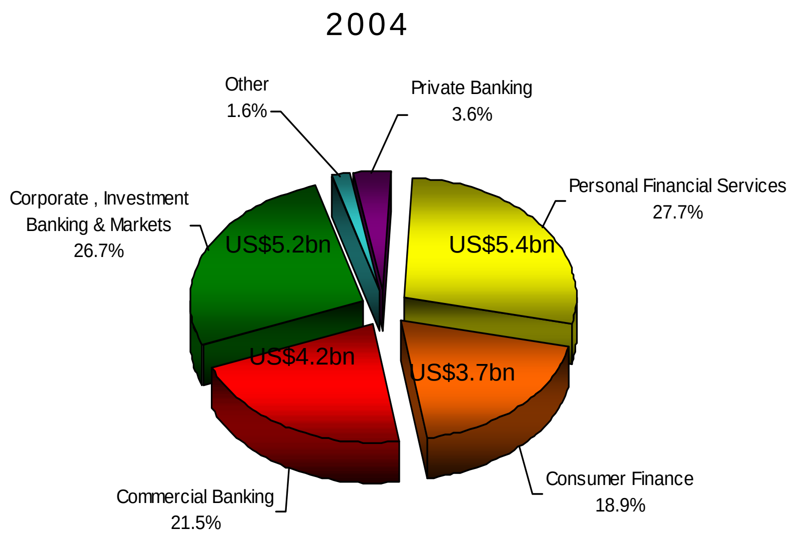
HSBC Group - Earnings Overview

- Consumer/Personal Financial/Private Banking increased from 34.8% to 50.2% of Group earnings



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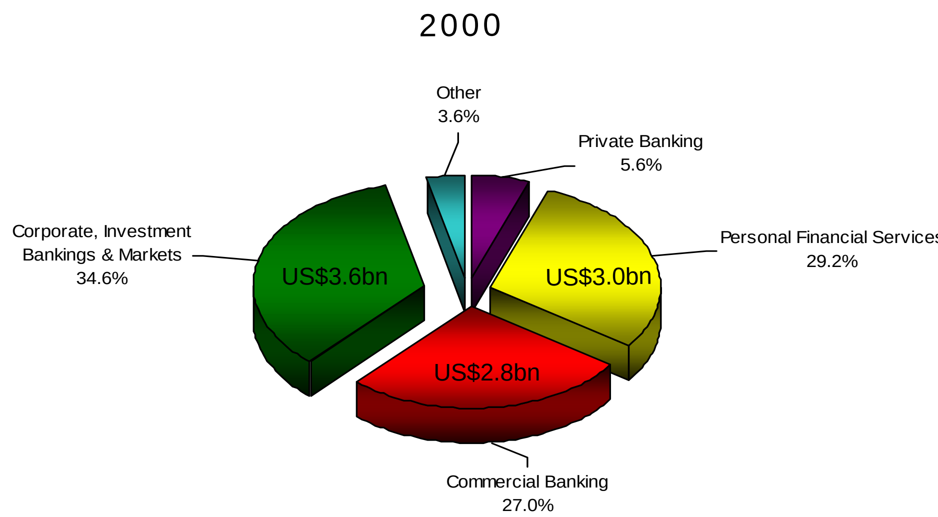

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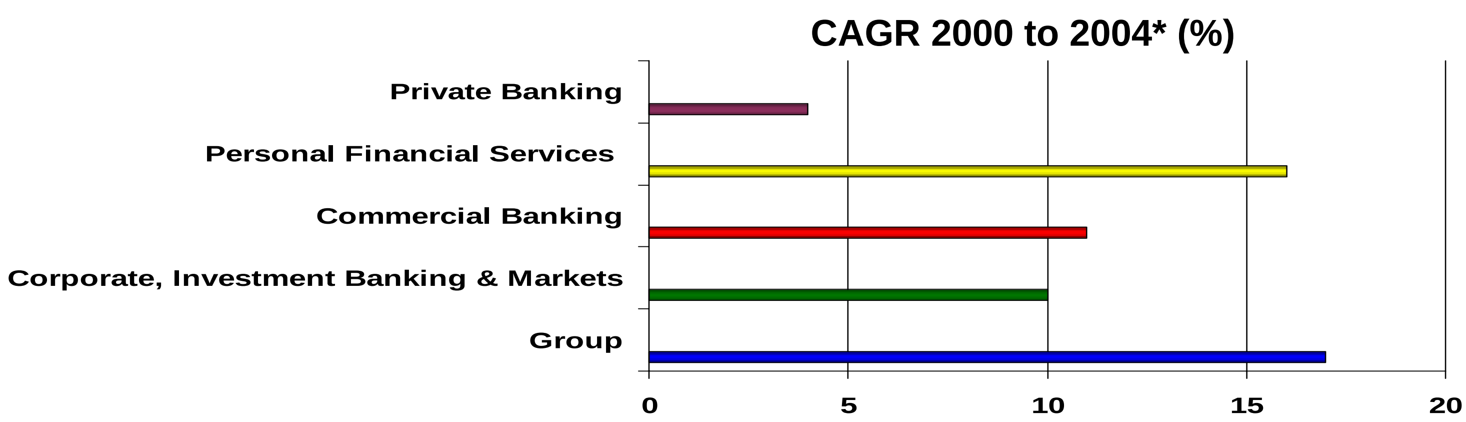

*** Profit before tax excluding goodwill amortisation***

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HSBC's 'Broadbrush' 25-year scenario

- Key economic areas will be:
  - NAFTA led by USA
  - China
- 50% of the increase in world demand will come from developing countries:
  - China, India, Mexico and Brazil
- Major opportunities within the diaspora of:
  - Chinese, Hispanic, Indian and many other expatriate communities

Drivers of Growth

- Geographic expansion
- Extending the range of services
- Leveraging Group skills
- Technology
- Strategic management of costs
- Brand value

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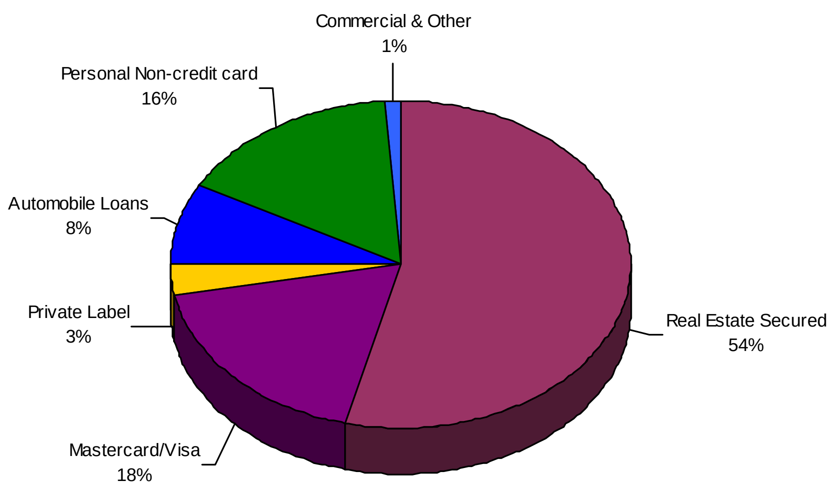
HSBC FINANCE REVIEW

HSBC Finance - Balance Sheet

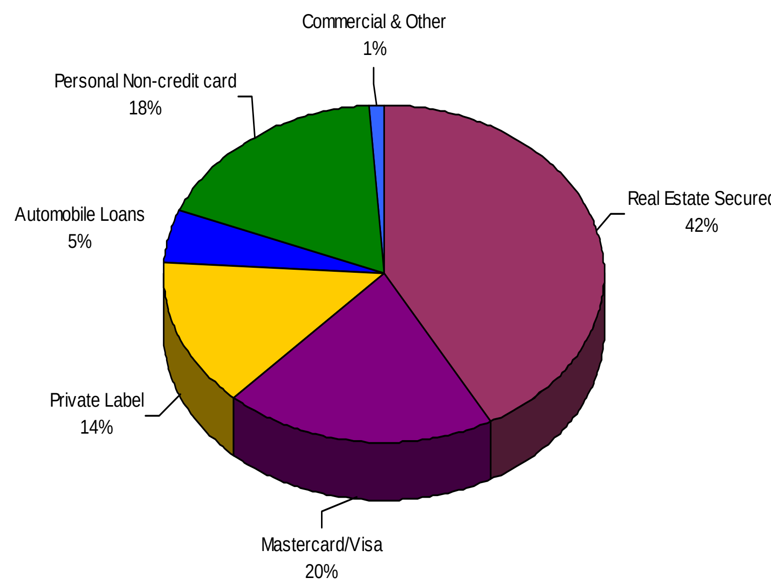
Managed Receivables Mix

2004



$121.0 Billion

2000



$87.6 Billion

HSBC Finance - Financial Review

Key Financials (US GAAP) - Managed Basis

	FULL YEAR 12/31/04	FULL YEAR 12/31/03 (Restated)	% Change	
Operating Net Income ($ Millions)[1]	$1,638	$1,770	(7.5%)	Worse
Net Income ($ Millions)	$1,940	$1,603	21.0%	Better
Receivable Growth	2.11%	10.31%	(79.5%)	Worse
Net Interest Margin	7.97%	8.60%	(7.3%)	Worse
Consumer Net Charge-offs[2]	4.61%	4.67%	1.3%	Better
Two-Months and Over Contractual Delinquency	4.24%	5.39%	21.3%	Better
Efficiency Ratio, Operating Basis[3]	42.90%	34.10%	(25.8%)	Worse

(1) Excludes $121 million decrease in net income relating to the adoption of FFIEC charge-off policies for our domestic private label and MasterCard/Visa receivables and the $423 million (after-tax) gain on the bulk sale of domestic private label receivables to an affiliate in 2004 and $167 million (after-tax) of HSBC acquisition costs and other merger related items incurred in March 2003

(2) The adoption of FFIEC charge-off policies for our domestic private label and MasterCard/Visa portfolios in December 2004 increased total consumer net charge-offs by $202 million (17 basis points) for the year ended December 31, 2004.

(3) Excludes gain on the bulk sale of domestic private label receivables to an affiliate and the adoption of FFIEC charge-off policies for our domestic private label and MasterCard/Visa receivables.

The above information includes non-GAAP financial measures and is provided for comparison of our operating trends only and should be read in conjunction with our owned basis GAAP financial information. Please refer to our Form 10-K for the period ended December 31, 2004 for a description of the adjustments made for non-GAAP information as well as quantitative reconciliations to GAAP basis financial information.

Managed Receivables Growth
(excluding sale of Private Label receivables to HSBC Bank USA)

($ millions)	2004	2003	Δ$	Δ%
Managed Receivables				
Real Estate Secured	$64.9	$ 51.4	$13.5	26.3%
Auto Finance	10.2	8.8	1.4	15.9
MasterCard/Visa	22.2	21.1	1.1	5.2
Private Label*	19.0	17.9	1.1	6.2
Personal Non-Credit Card	20.0	18.9	1.1	5.8
Commercial and Other	0.3	0.4	(0.1)	(25.0)
Total Managed Receivables	$136.6	$118.5	$18.1	15.3%

** HSBC Finance continues to own the underlying customer accounts and will originate all future receivables on behalf of HSBC Bank USA but will not hold the domestic private label receivables on its balance sheet*

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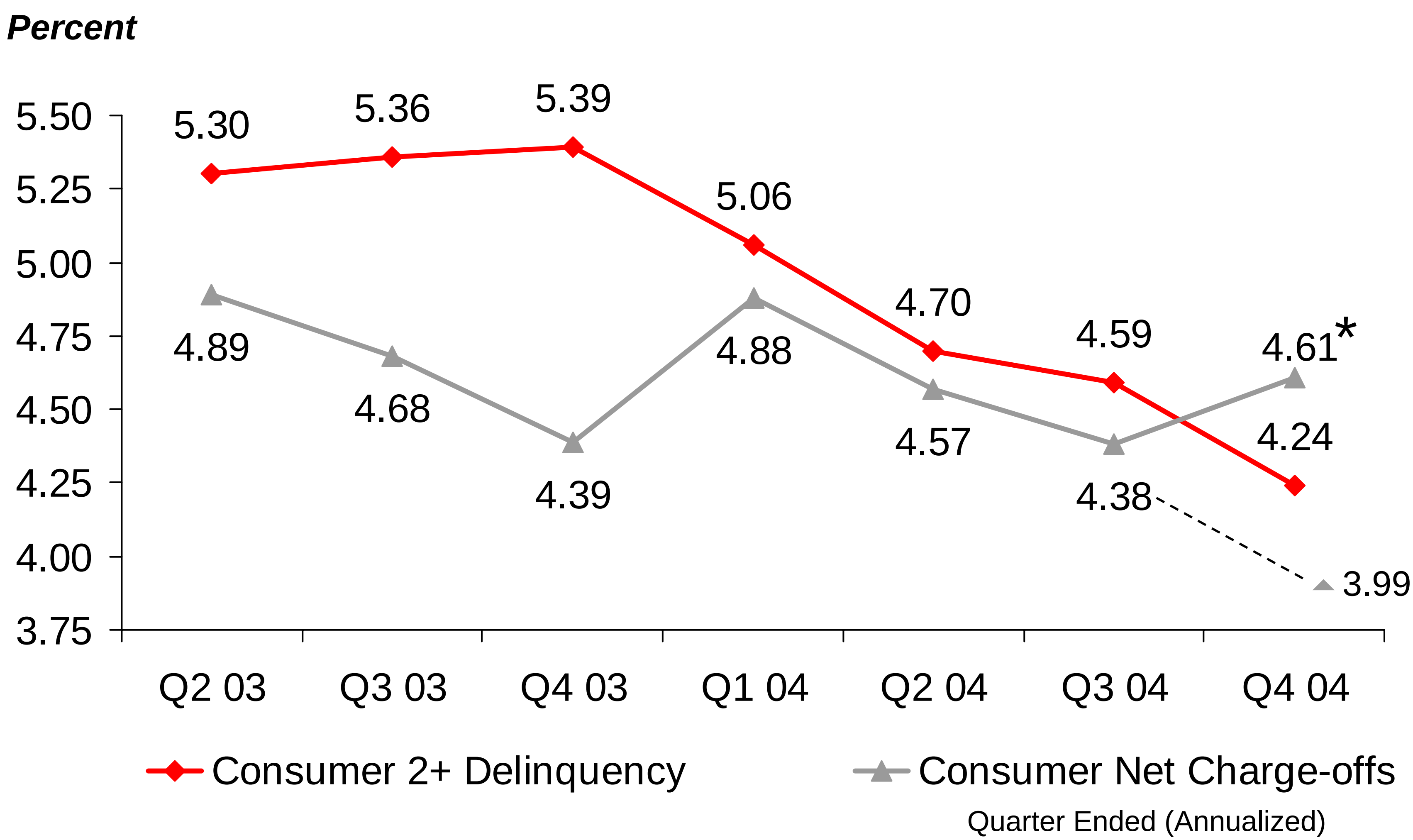
HSBC Finance Credit Quality - Managed Basis



* The adoption of charge-off policies for MasterCard and Visa and domestic private label in accordance with the Uniform Retail Credit Classification and Account Management Policy issued by the Federal Financial Institutions Examination Council increased total consumer net charge-offs by 62 basis points during the quarter ended Dec 31, 2004

HSBC Finance - Interest Rate Risk

- Goal is to take very limited interest rate risk

- As of 12/31/04:
  - Market value of 1 bp move was $(0.8) million
  - An immediate 100bps increase on full balance sheet plus forecasted growth reduced net interest margin by ($274) million pre-tax

- Certain derivative hedges have received mark-to-market accounting
  - Re-instituting hedge accounting where possible for U.S. GAAP and IAS
  - All hedges provide economic protection
  - Cash flows on hedges unaffected by accounting designation

HSBC Finance - Liquidity Risk Management

- Three standard analyses are utilized by HSBC Finance to manage liquidity risk
  - Rolling 60 day funding plan identifies near term needs (updated daily)
  - Monthly funding plan covering the next 12 months (updated weekly)
  - Maximum Cumulative Outflow (MCO) analysis measures true cash flow risk
    - Monthly outflows for 12 months
    - Annual outflows for 5 years

- A comprehensive debt maturity profile is maintained to minimize rollover risk

	2005	2006	2007	2008	2009	Thereafter
Long Term Debt Maturities	$18.5	$12.2	$10.5	$10.3	$10.8	$23.1

($ millions)

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INTEGRATION UPDATE

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Update on Integration Effort

- Funding synergies are on track ($350 million cash funding savings realized in 2004)
- Expect HSBC to realize annual cash funding savings in excess of $1 billion per year over next few years
- U.K. functionally integrated into HSBC U.K. banking business
- Revenue expansion process continues
  - Credit Cards
  - Private Label
  - Insurance
  - Real Estate
- Name has been changed to reflect HSBC global brand
- Export of model

Integration Update: Affiliate Funding

- At 12/31/04, HSBC Finance had received $35.7 billion in HSBC related debt
  - $17.4 billion of receivables have been sold to or originated for HSBC Bank USA
  - $14.9 billion of debt and preferred stock issued to affiliates
  - $3.4 billion of debt issued to HSBC clients

- HSBC Finance received a $2.5 billion backup credit facility from HSBC Holdings plc

Integration Update: Leveraging HSBC Finance Model

- HSBC Finance represents 48% of the total Group customer base
- The finance model will be rolled out in key strategic markets:
  - Brazil
  - Mexico
  - Asia
- Key finance company capabilities:
  - Scaleable systems
  - Sophisticated analytical resources
  - Marketing skills
  - Management control

U.S. HOUSING MARKET UPDATE

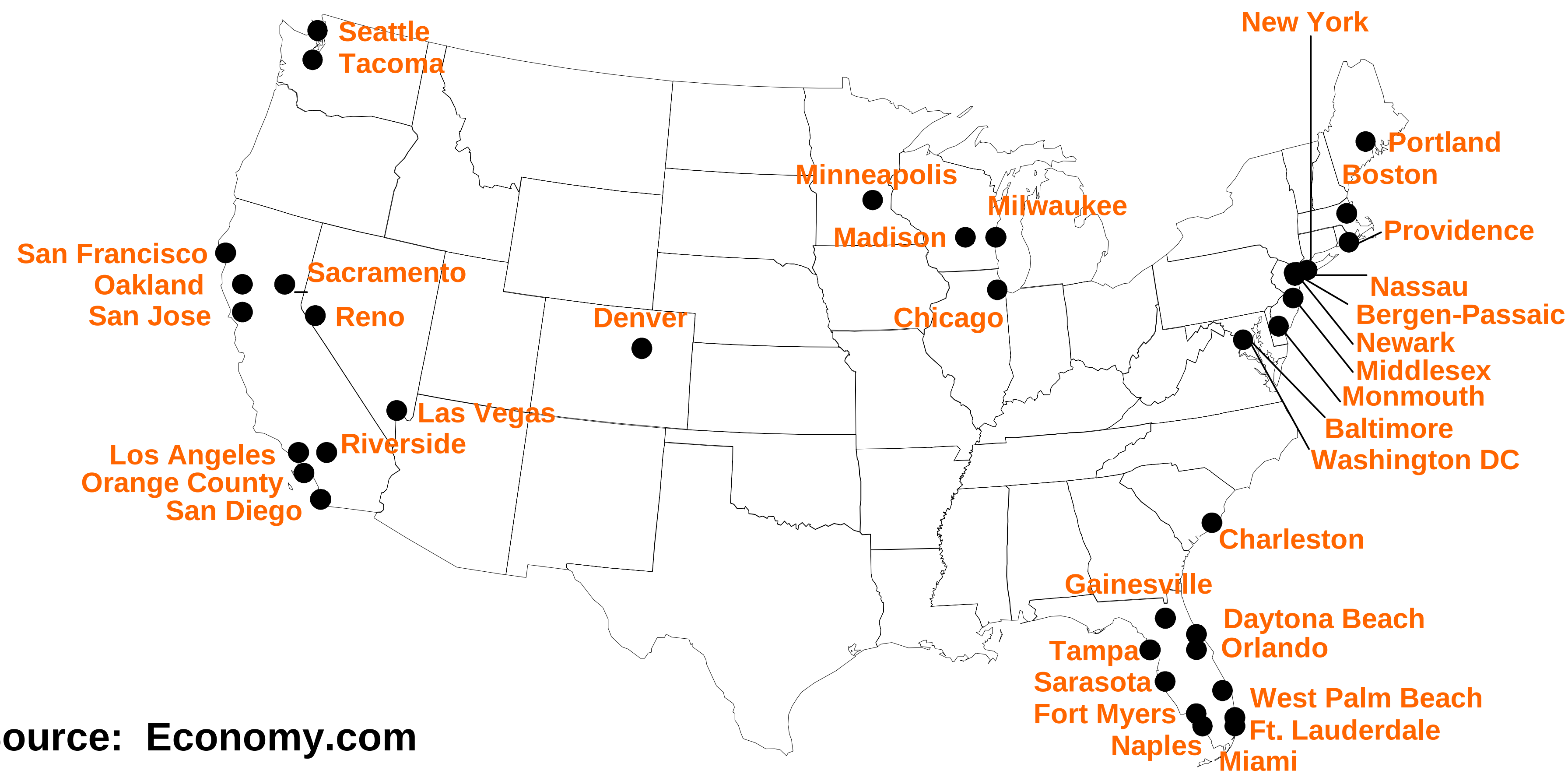
U.S. Housing Market

- Low interest rates, portfolio shifting and expansive lending over the last few years have produced unprecedented strength in the housing market
- As of third quarter of 2004, a number of metropolitan areas were probably over-valued by an average of 15-20% (based on Economy.com Housing Monitor Report). These areas include California, Florida and the northeastern states
- Affordability is key to housing market stability; materially higher interest rates could increase the likelihood of a price correction in markets experiencing economic stress
- Mitigating this is a strong economy and the fact that the risk is regional rather than national while our portfolios are geographically diversified

Source: Economy.com

U.S. Housing Markets

- The number of potentially over-valued markets continues to increase
- Difference between actual and expected median existing house price is more than 2 SD from historic average, 2004 Q3



Source: Economy.com

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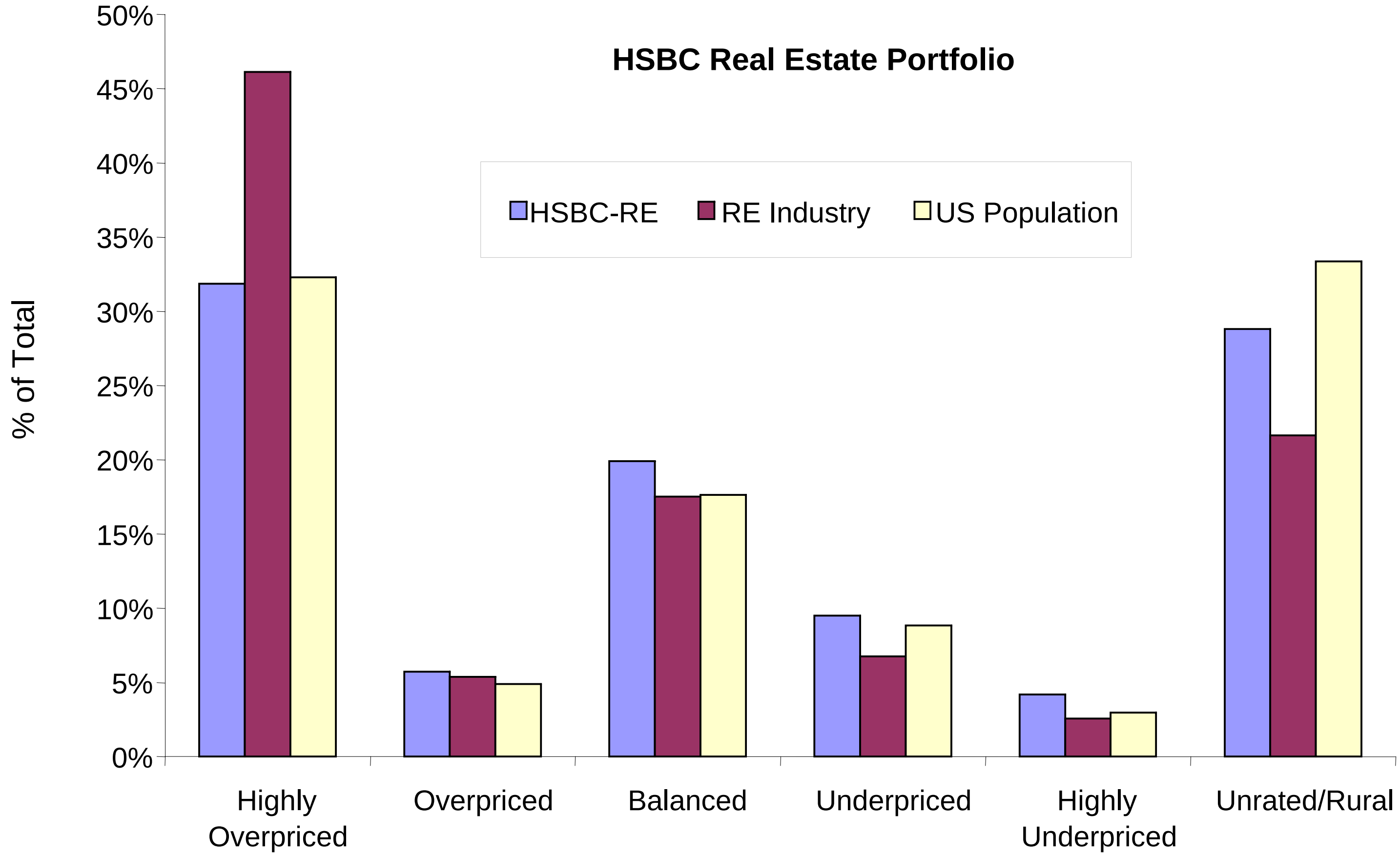
HSBC Finance - Real Estate Concentration

- However, HSBC Finance portfolio is not overly concentrated in these markets
- HSBC Finance concentration of real estate loans in potentially over-valued markets is consistent with the US population and better than the mortgage market due to geographic diversity



Housing Market designations 'Highly Overpriced, Overpriced, Balanced, Underpriced, Highly Underpriced' provided by Economy.com updated as of Q3 2004. HSBC Finance data as of Dec. 2004. Industry data based on a 5% sample from Equifax as of June 2004. Population from US Census 2000.

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LEGISLATIVE UPDATE

Bankruptcy Reform

- Short Term
  - We expect an increase in anticipatory filings
  - Increase should be somewhat less severe than the last wave of filings (2001)

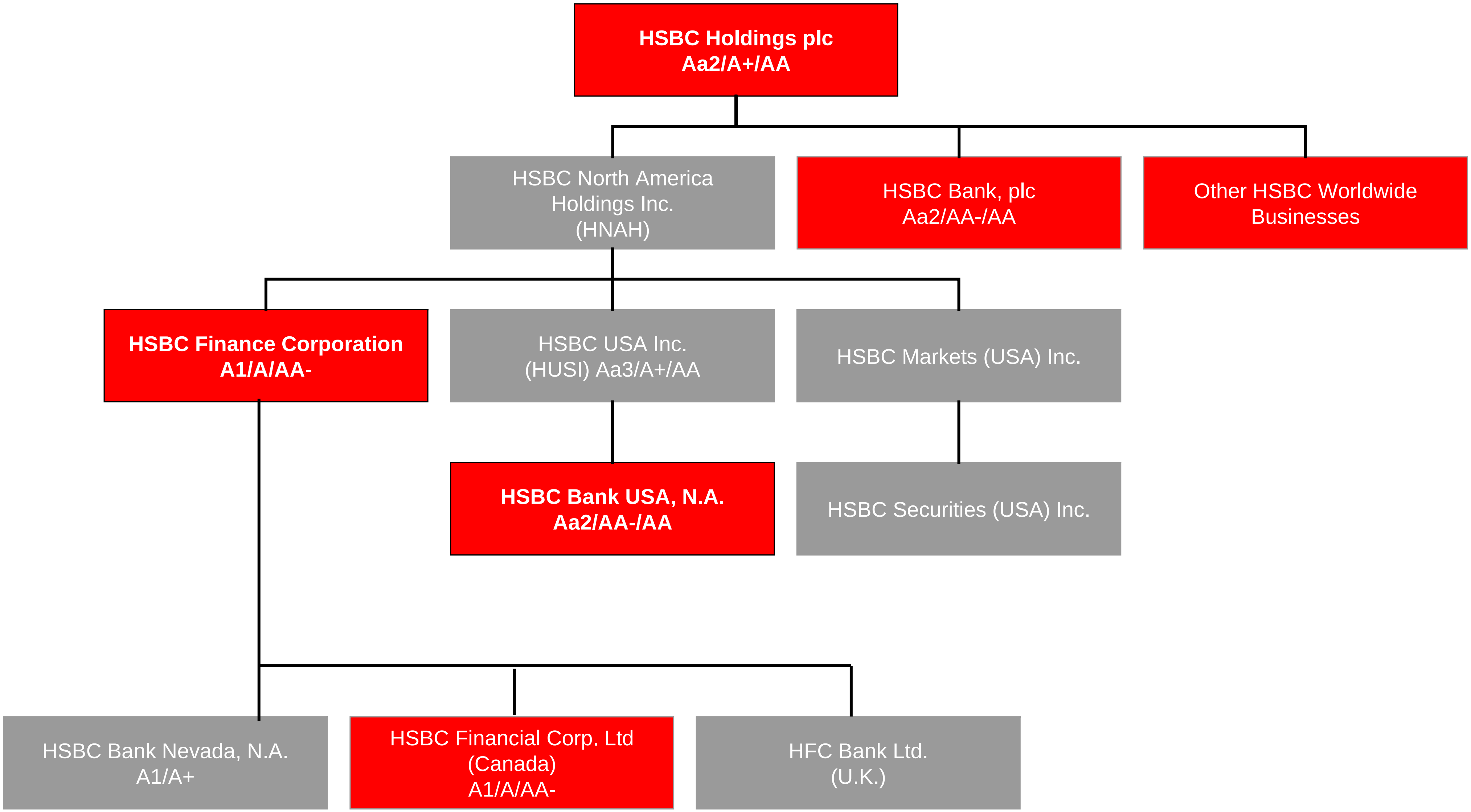
- Longer Term
  - Should improve unsecured performance
  - Inability of consumers to get complete discharge of unsecured debt may impact their ability to pay on secured borrowings

National Sub Prime Lending Reform

- A national sub prime lending bill has been introduced in the U.S. House of Representatives
- Hearings are anticipated in the House in 2005
- HSBC Finance supports federal legislation to eliminate predatory lending
  - Underwriting standards have been consistently applied across HSBC Finance
  - Processes and procedures are in place to support a national standard

ISSUANCE PLANS

Legal Entity Structure



Group Ratings

Entity	Senior	Subordinated	Tier I
HSBC Holdings plc [(1) (3)]	Aa2/A+/AA	Aa3/A/AA-	A2/A-/A+
HSBC Bank plc	Aa2/AA-/AA	Aa3/A+/AA-	A1/A/AA-
HSBC Finance Corporation [(4) (5)]	A1/A/AA-	A2/A-/A+	–
HSBC Bank USA, N.A. [(2) (3)]	Aa2/AA-/AA	Aa3/A+/AA-	–

Source: Moodys/S&P/Fitch

(1) Moody's raised senior and subordinated debt ratings on July 6, 2004

(2) Moody's raised senior and subordinated debt ratings on July 7, 2004

(3) Fitch raised senior and subordinated debt ratings on August 16, 2004

(4) Fitch raised senior debt ratings on December 8, 2004

(5) Moody's changed to a positive outlook on December 13, 2004

Size of Current HSBC Programs

- **Both HSBC Finance and HSBC Group represent a significant percentage of the Lehman Indices**

Index	HSBC Finance	HSBC Group
Aggregate*	.3%	.4%
Corporate	1.7	2.2
Finance	4.3	5.5

**** As of 5/12/05***

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2005 Funding Plans
($ in billions)

	Secured/ABS		Term Unsecured	
	Issued YTD	Remaining	Issued YTD	Remaining
HSBC Finance*	0	8-10	9.0	16-18
HSBC Bank USA	0	0	0.1	5-7
Total	0	8-10	9.1	21-25

* ***Excludes affiliate funding***

SUMMARY

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SUMMARY

- HSBC Finance's fundamental business strategies have not changed
- Credit quality has improved significantly
- Quality and transparency of earnings is strong
- Funding synergy targets are being achieved and the integration is delivering promised results
- Group funding requirements are increasing but issuance is well coordinated and managed on a global basis
- The Finance Model is an important element of the Group's long term strategy