



HSBC in North America

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Forward Looking Statements

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, HSBC Finance Corporation, HSBC USA Inc. and HSBC North America Holdings Inc., and HSBC Bank Canada. 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

- **International Financial Reporting Standards (“IFRS”)** 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 statement using IFRS by 2005. As a result, HSBC began reporting its financial results under IFRS rather than U.K. GAAP with its release of interim financial results for the six months ended June 30, 2005.
- **Managed Basis** (a non-GAAP financial measure) assumes that securitized receivables have not been sold and remain on our balance sheet.
- **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 receivables 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 receivable sales to HSBC Bank USA were conducted primarily to more appropriately fund prime receivables within the HSBC Group and such receivables continue to be managed and serviced by us without regard to ownership. Furthermore, we also review operating

Basis of Reporting *(cont'd)*

➤ ***Management Basis – continued***

results and make decisions about allocating resources such as employees on a management basis.

When reporting on a management basis, net interest margin, fee income and the provision for credit losses is adjusted to include the activity associated with these receivables 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 in its entirety.

➤ ***IFRS Management Basis*** (a non-GAAP financial measure) represents Management Basis plus IFRS adjustments.

➤ ***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.”

Agenda

- HSBC North America
- HSBC Finance Corporation
- HSBC USA Inc.
- HSBC Bank Canada
- Summary

HSBC North America Profile

- A top-ten U.S. bank holding company, with assets totaling \$373 billion at June 30, 2005
- More than 53,000 employees
- Over 60 million customers
- Operating in 46 states and across Canada
- H1 2005 pre-tax income of \$3.2 billion⁽¹⁾
- Comprised 30% of Group's profit before tax in H1 2005

⁽¹⁾ U.S. and Canada combined country figures, excluding Mexico, IFRS Basis

HSBC North America: Summary of Pre-tax Profits

(US\$ Millions, IFRS)

Pre-Tax Profits	H1 2005	H1 2004
United States		
PFS ⁽¹⁾	\$ 2,558	\$ 2,072
CMB	192	235
CIBM	199	447
Private Banking	59	48
Other	(149)	(21)
Total U.S.	\$ 2,859	\$ 2,781
Canada	376	249
Total U.S. & Canada	\$ 3,235	\$ 3,030
Growth %	6.8%	

U.S. and Canada combined country figures, excluding Mexico

⁽¹⁾ PFS segment includes Consumer Finance:

HSBC North America Brand



with **173** nationalities, new yorkers have some very different takes on **bling**.

in a world of differences you need a bank that does business on six continents.

▶ 1 800 975-HSBC (4722)
▶ us.hsbc.com

HSBC 
The world's local bank

Issued by HSBC Holdings plc



173 nationalities walk the streets of nyc.
(some more comfortably than others)

in a world of differences you need a bank
that does business on six continents.

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HSBC 
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Issued by HSBC Holdings plc

HSBC Finance Corporation (Household) Integration

- Integration is complete
 - Funding benefits are on track to be realized Group-wide
 - Non-funding cost saves achieved
 - Management integration complete

- Global Consumer Finance strategy launched
 - Have established approach to market, priority geographies and products
 - Implementation in process: U.S. teams assisting in launch of Card and CF initiatives
 - 117 secondments placed into/out of HSBC Finance to date

HSBC Finance Corporation

HSBC Finance Corporation Overview

- Established in 1878
- Recognized leader in U.S. consumer lending
 - Leading market share in all businesses
- Extensive customer base and distribution network
 - 58 million customers
 - Nationwide branch network, direct mail and e-commerce
 - Significant distribution through alliances and partnerships
- Consistent financial performance
 - Attractive margins and returns on a total and risk-adjusted basis
 - Disciplined and sustainable growth

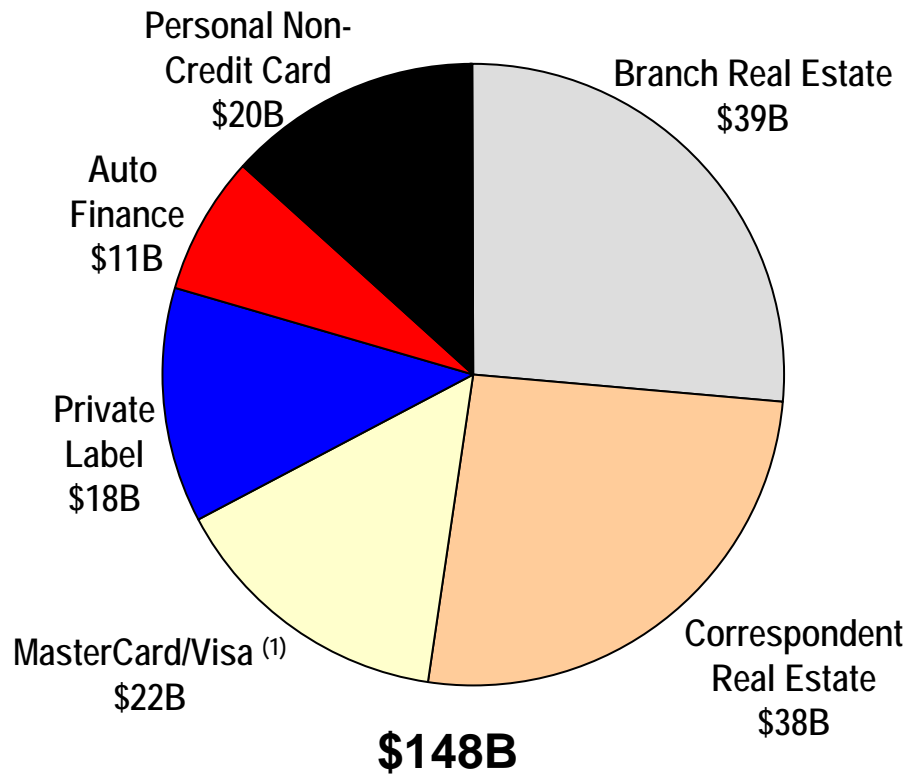
HSBC Finance Corporation: Characteristics of Business Model

- Centralized Approach to Business
- Sales Skill and Culture
- Partnering Skills and Culture
- Low Cost Producer
- Leading Technology
- Strong Marketing and Credit Management Analytics

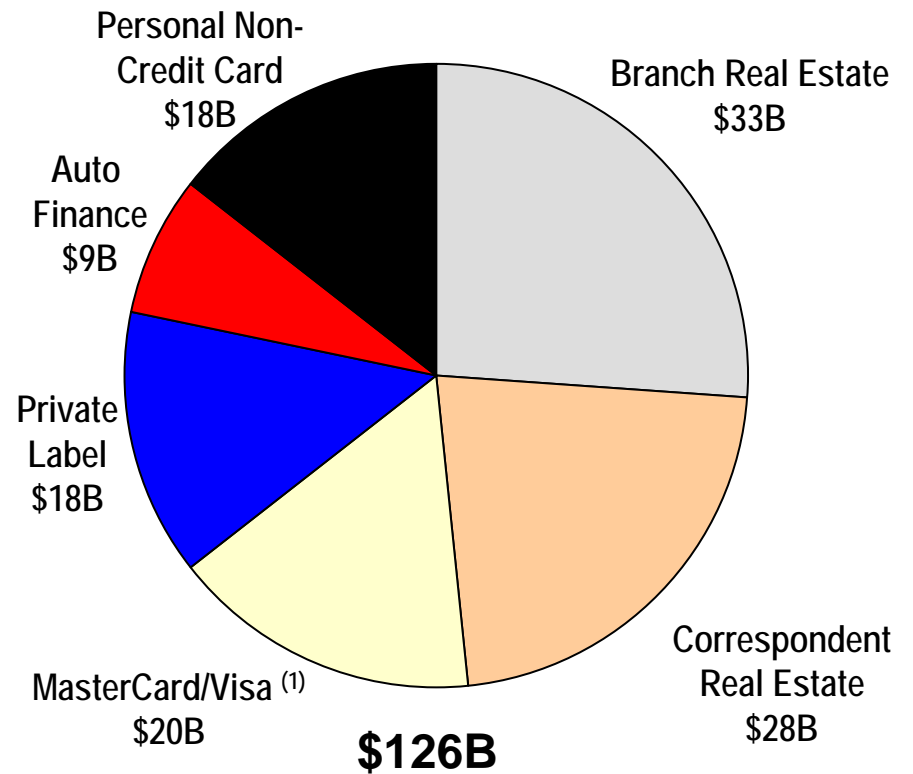
HSBC Finance Corporation: Summary of Receivables (Management Basis)

(\$B, IFRS Management Basis)

June 2005



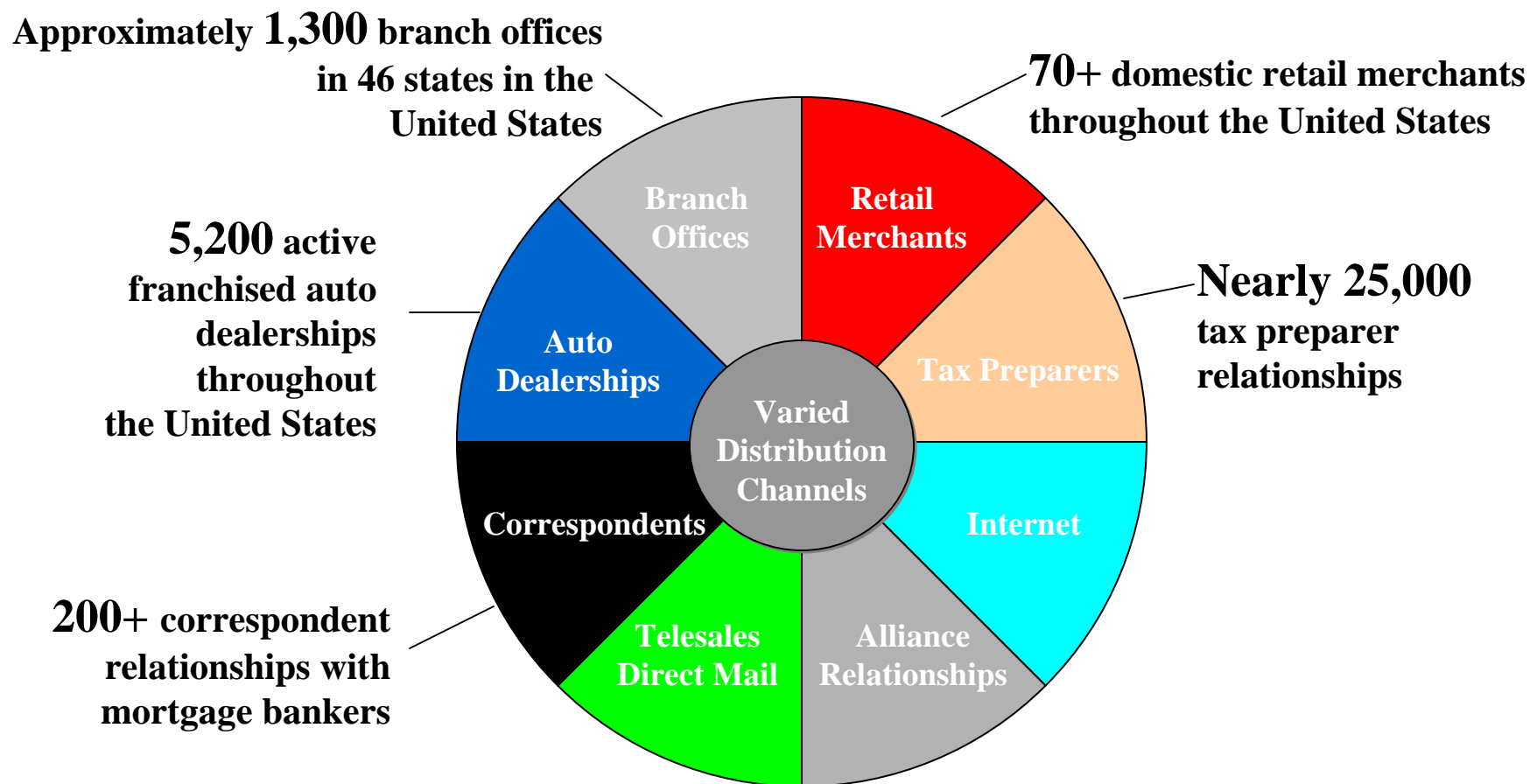
June 2004



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

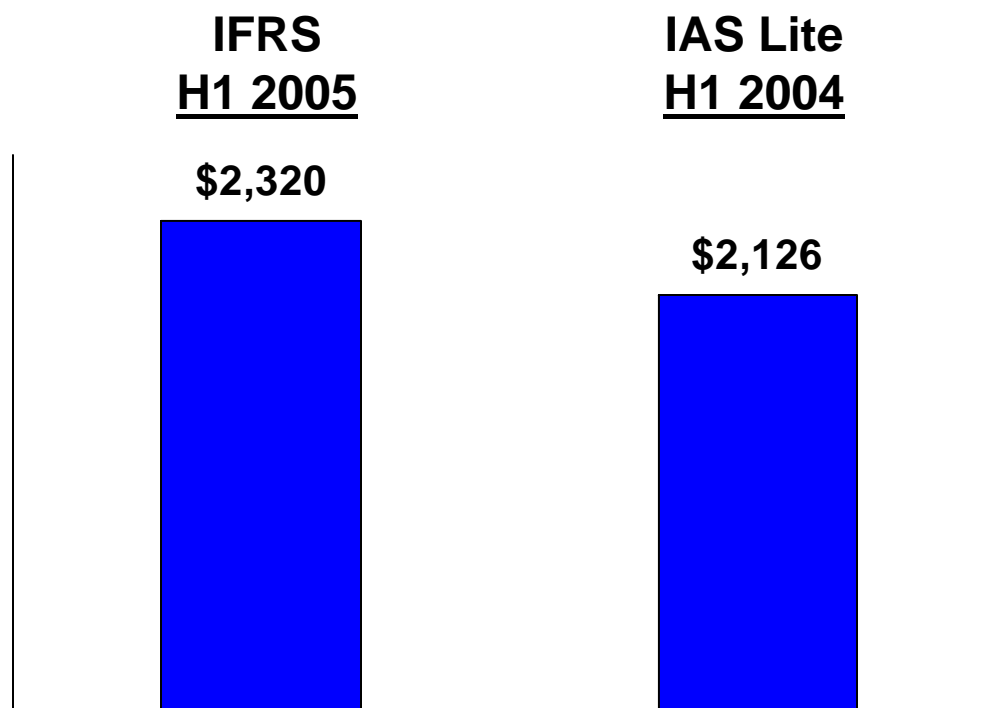
Source: HSBC Finance Corporation 8-K dated August 1, 2005

HSBC Finance Corporation: Distribution Channels



HSBC Finance Corporation: Financial Summary

Pre-Tax Net Income (US\$ Millions)



Efficiency Ratio

36.1%

34.4%

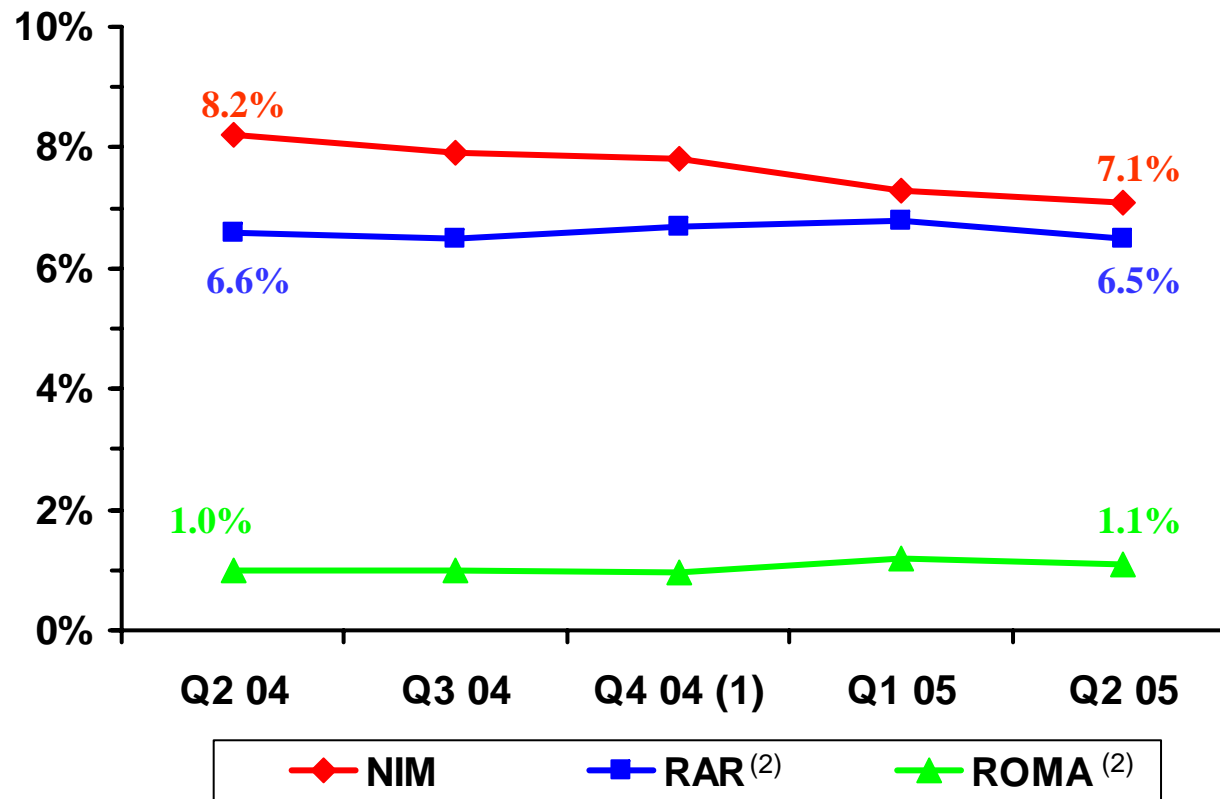
Expenses as % of Receivables

3.6%

3.9%

Footnote: Presented on IFRS Management (2005) and IAS Lite Management Basis (2004)
Source: HSBC Finance Corporation 8-K dated August 1, 2005

HSBC Finance Corporation: Key Ratios – Management Basis

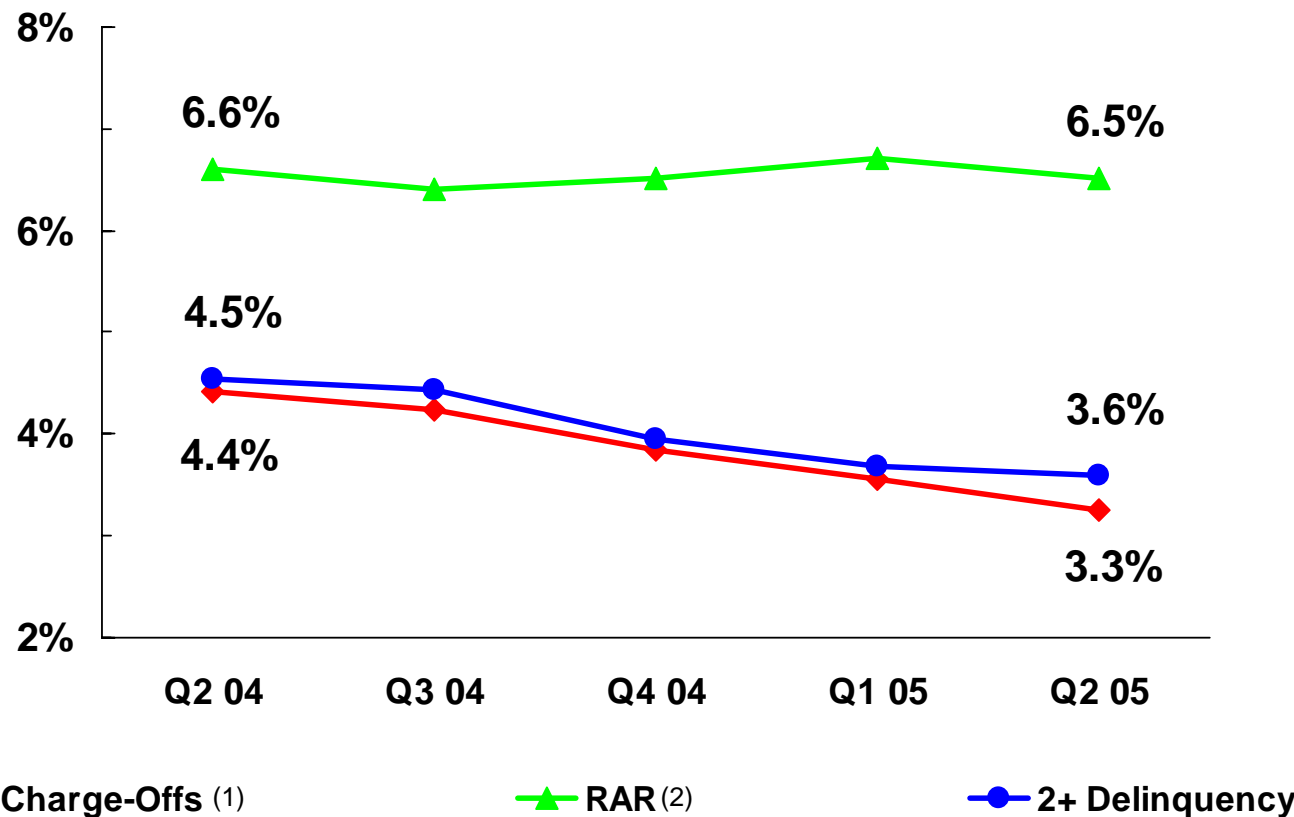


⁽¹⁾ Excludes impact of initial FFIEC implementation

⁽²⁾ Excludes mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under FAS 133

Source: HSBC Finance Corporation 8-K dated August 1, 2005

HSBC Finance Corporation: Credit Quality - Management Basis



(1) Q4 04 excludes impact of initial FFIEC implementation

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

Source: HSBC Finance Corporation 8-K dated August 1, 2005

Pending Metris Acquisition: A Strategic Opportunity

- Metris: approximately \$5.9B credit card receivables
 - Focus on near-prime credit card customers through direct mail and key partnerships
 - Turnaround well advanced, strong core competencies

- Strategic Fit
 - Augments HSBC's capabilities
 - Reinforces Scale

- Attractive Financial Metrics

HSBC USA Inc.

HSBC USA Inc.: Overview

- A top-ten U.S. bank, with assets of approximately \$144 billion at June 30, 2005
- More than 11,000 employees
- Approximately 3 million customers
- Operates in 7 states and the District of Columbia
- Distribution network includes over 400 branch financial centers
- H1 2005 pre-tax income of \$836 million⁽¹⁾

⁽¹⁾ U.S. GAAP, HSBC USA Inc.-10Q

HSBC USA Inc.: H1 2005

Personal Financial Services

- Organic growth strategy
- Pre-tax income increased 70% over H1 04
- Reinvigorated deposit growth
- Added approximately 500,000 new customers
- Embedding analytics and sales culture in retail branches
- Six de novo branches opened in metro New York and California, and one branch was acquired in New Jersey
- Introduced Envio Facil (Easy Send) in mid-June

Commercial Banking

- Expand middle market franchise leveraging HSBC's global capabilities
- Business expansion initiatives in Los Angeles, San Francisco, Boston and Miami
- Middle Market receivables increased 20% and deposits grew 6% over H1 04
- Small Business receivables increased 40% and deposits grew 18% over H1 04
- #1 SBA lender in New York

Note: U.S. GAAP Basis, HSBC USA Inc. – 10Q

HSBC USA Inc.: H1 2005 *(cont'd)*

Corporate, Investment Banking and Markets

- Pre-tax income decreased over H1 04
 - Flatter yield curve and weak capital markets affected revenue
- Continued investment program to build out CIBM capabilities
 - Recruitment across broad range of CIBM capabilities
 - Strengthened back office and support functions

Private Banking

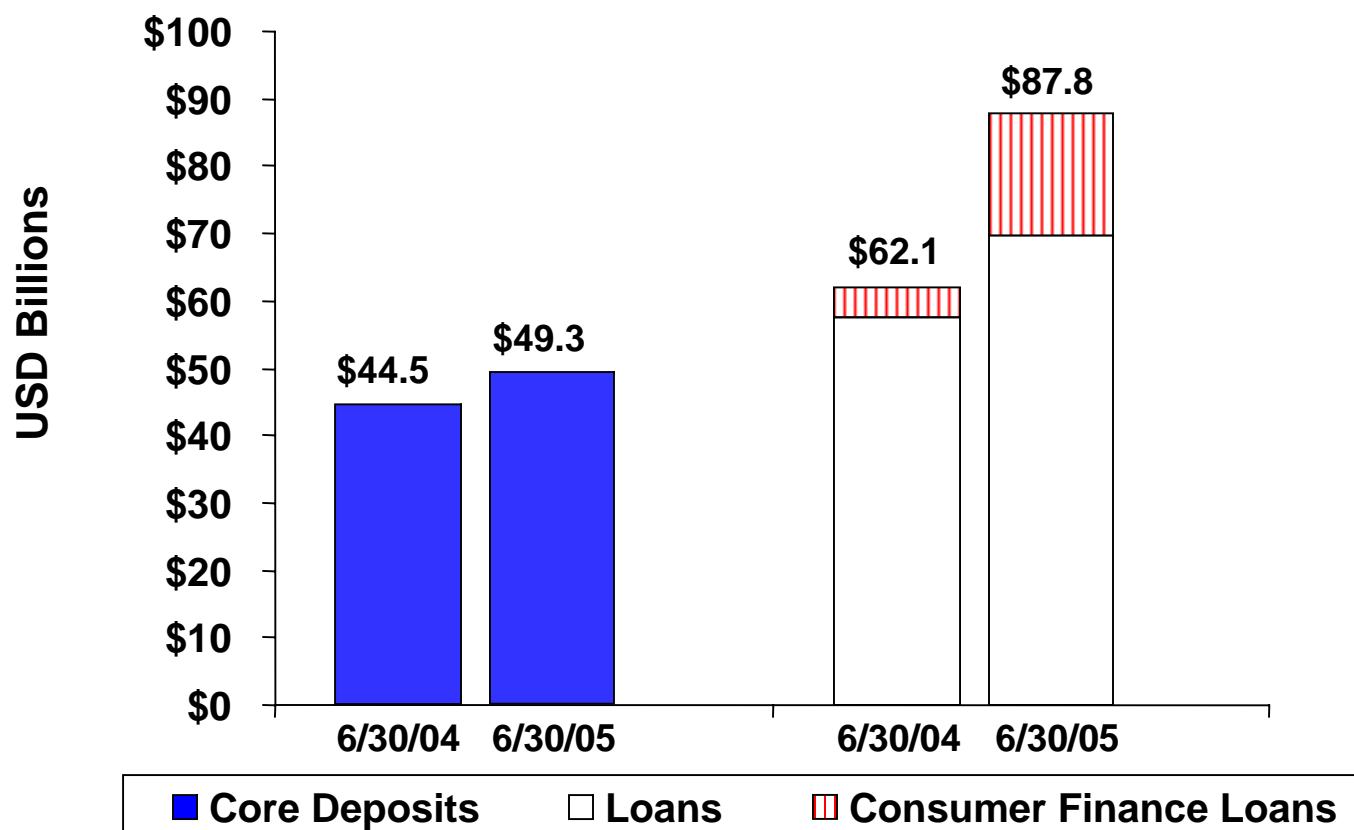
- Pre-tax income increased 17% (excluding one-time gains)
- Wealth & Tax Advisory opened a new office in Philadelphia
- Consolidating back office in Miami to service all of Americas

Note: U.S. GAAP Basis, HSBC USA Inc. – 10Q

HSBC USA Inc.: Deposit and Loan Growth

(\$ Billions, U.S. GAAP)

- Core deposits up 11% over H1 04
- Loans up 41% over H1 04 (up 21% excluding transferred assets)



HSBC Bank Canada

HSBC Bank Canada: Overview

- Founded in 1981
- 13 acquisitions, but primarily organic growth
- Largest international bank, 7th largest overall in Canada
- 170 offices, approximately 6,000 employees and over 1 million customers
- Total assets of CAD\$ 47 billion
- Multi-channel (branch, ATM, internet, telephone)
- Strong market share in Asian banking, trade finance, British Columbia, and mid-market commercial
- Strong financial performance

HSBC Bank Canada: H1 2005 Highlights

Personal Financial Services (PFS)

- Pre-tax income increased 21% over H1 04
- Personal loan growth of 22% over H1 04.
- A strategic alliance with Bank of Montreal (BMO) gives HBCA the 3rd largest ATM network in Canada
- Conversion of the MasterCard portfolio from BMO to HSBC Finance
- Household Finance in Canada successfully re-branded to HSBC Finance
- Launched indirect auto business

Commercial Banking (CMB)

- Pre-tax income increased 38% over H1 04
- Commercial loan growth of 15% over H1 04
- CMB pipeline is very robust, including domestic, NAFTA and inward referrals from HSBC Group
- Growth strategy in Alberta Province
- Payments and Cash Management (PCM) build-out of Canadian and NAFTA product and service capabilities

Note: Canadian GAAP

HSBC in North America: Summary

- Scale
- Diversified
- Well Positioned
- Focused on Execution