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HSBC HOLDINGS PLC  
Form 6-K  
February 17, 2006

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 February, 2006

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- .....

17 February 2006

HSBC USA INC.  
2005 FULL YEAR RESULTS - HIGHLIGHTS \* \*\*

- Net income for the year ended 31 December 2005 was US\$976 million (US\$1,258 million in 2004). The 2005 results include the full year impact of the purchase of consumer finance assets, including private label credit cards from HSBC Finance Corporation in December 2004. \*\*\*
- Total revenues increased by 23 per cent to US\$4,974 million in 2005 (US\$4,060 million in 2004).
- Total deposits increased by 15 per cent to US\$91.8 billion at 31 December 2005 (US\$80.0 billion at 31 December 2004).

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- Total assets increased by 9 per cent to US\$153.9 billion at 31 December 2005 (US\$141.1 billion at 31 December 2004).
  - Tier 1 capital ratio of 8.25 per cent at 31 December 2005 compared to 8.34 per cent at 31 December 2004.
- 

\* HSBC USA Inc.'s primary subsidiary is HSBC Bank USA, National Association (the Bank), which is subject to supervision and examination by various U.S. regulators. The Bank was required to file periodic financial information (Call Report) for the year ending 31 December 2005 and this information is publicly available through U.S. government information resources. Given that this information is available in the public domain, HSBC USA Inc has elected to file this release.

\*\* Results are prepared in accordance with U.S. GAAP (generally accepted accounting principles). HSBC USA Inc. is an indirect wholly-owned subsidiary of HSBC Holdings plc (HSBC). HSBC's 2005 results are scheduled for release on 6 March 2006. Those results will be released under International Financial Reporting Standards (IFRS) and will describe HSBC's North American results, including HSBC USA Inc. and HSBC Finance Corporation, as well as HSBC's fully consolidated figures. Certain revenues and expenses related to inter-HSBC transactions are eliminated upon consolidation. See \*\*\* below.

\*\*\* The purchase of consumer finance assets, principally credit card receivables from prime customers, included an initial purchase premium of US\$639 million. US\$451 million of this initial purchase premium was amortized as a reduction to revenues in 2005. In addition, 2004 results included gains from the sale of credit card relationships to HSBC Finance Corporation of approximately US\$99 million. As part of the HSBC consolidation process, the amortization of US\$451 million and the US\$99 million gain are eliminated.

HSBC USA Inc. reported net income of US\$976 million for the year ended 31 December 2005, compared to US\$1,258 million for the year ended 31 December 2004. The reduction in pre-tax income from 2004 to 2005 of US\$434 million includes two meaningful inter-HSBC accounting events, both of which are eliminated upon consolidation. US\$451 million of pre-tax premium amortization costs were recorded in 2005 on the private label credit card portfolio purchased from HSBC Finance Corporation at year-end 2004. Also, 2004 results included gains from the sale of credit card relationships to HSBC Finance Corporation of approximately US\$99 million. These transactions comprise the most significant factors in the year-to-year reduction in pre-tax income. The addition of the private label credit card portfolio significantly increased year-over-year revenues,

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provisions for credit losses, and operating expenses.

Commenting on the results, Martin Glynn, President and Chief Executive Officer of HSBC USA Inc. said: "Results in 2005 were generally strong and surpassed expectations, due in part to a sound economy which led to very strong credit quality, particularly within our commercial lending portfolios. Strong revenue, loan, and deposit growth were also recorded within our core banking businesses, including Personal Financial Services, Commercial Banking and Private Banking. We were especially proud of the growth achieved with our small business customers as we were named the No. 1 Small Business Administration lender in New York State.

"Within North America, numerous initiatives are underway amongst the various HSBC affiliates. One of these involved the transfer of consumer finance assets, principally credit cards, from HSBC Finance Corporation to HSBC USA Inc. in late 2004 in order to realize funding benefits. The non-cash accounting amortization of the associated purchase premiums reduced reported results in HSBC USA Inc. in 2005. Looking forward, this amortization reduces significantly in 2006 and I anticipate this portfolio will contribute positively in the years ahead.

"We invested in our Corporate Investment Banking and Markets (CIBM) capabilities over the past two years as part of HSBC's strategic initiative to build this business. While this increased our expense base in 2005, it was gratifying to see a commensurate increase in trading revenues, which were up 37 per cent year over year. However, the flat yield curve did significantly constrain our growth in net interest income, particularly in the second half of the year.

"Our focus for 2006 will be to maintain strong revenue growth and increasingly leverage marketing initiatives to heighten awareness of the HSBC brand in the U.S. The national rollout of our Online Savings Account product offered at [www.hsbcdirect.com](http://www.hsbcdirect.com) is an example of such an effort to drive growth of the brand and add deposits. HSBC USA Inc. is well positioned to support the future financial requirements of our customers and generate increasingly positive financial results."

### Revenues

For the year ended 31 December 2005, total revenues (pre-provision) increased by US\$914 million, or 23 per cent, from US\$4,060 million to US\$4,974 million. The acquisition of the consumer finance assets, primarily the credit card portfolio, contributed largely to the increases (notwithstanding the premium amortization discussed above) in net interest income and in fee income (including both credit card and securitization fees).

Trading revenues increased 37 per cent compared with 2004, primarily in the CIBM businesses, driven partly by investment in HSBC's strategic expansion initiative and partly by favorable capital market conditions. These increases partially offset the effect of the flat yield curve, which significantly constrained HSBC USA Inc.'s ability to generate growth in net interest income, particularly in the second half of the year.

Growing levels of deposits in core banking businesses also contributed to

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increased revenues by providing lower cost funding to support asset growth. Residential mortgage banking revenue, including servicing fees net of impairment, origination gains, and related hedge costs, improved significantly over 2004.

### Operating Expenses

For the year ended 31 December 2005, operating expenses increased by US\$657 million, or 31 per cent, from US\$2,101 million to US\$2,758 million, which included a significant increase in support services received from HSBC affiliates, particularly in the fourth quarter. These include support from HSBC Finance Corporation (loan origination and servicing), HSBC Technology Services (information and technology services), and HSBC Markets USA (broker-dealer and support for CIBM). In addition, increased expenses were incurred for marketing and brand expansion initiatives, as well as expansion of retail lending and deposit activities through new products and new offices outside of New York State.

### Credit Quality and Provisions for Credit Losses

For the year ended 31 December 2005, the provision for credit losses increased by US\$691 million to US\$674 million, primarily related to growth in the consumer lending portfolios. The increase is mainly related to the credit card portfolio acquisition, but also reflects increases due to the impact of Hurricane Katrina and the changes in consumer bankruptcy laws. The commercial lending provision was lower than in 2004, reflecting the continued improvement in credit quality during 2005. Net charge-offs of US\$616 million for the year ended 31 December 2005 were primarily related to consumer loans.

### Capital Ratios

HSBC USA Inc.'s tier 1 capital to risk-weighted assets ratio was 8.25 per cent on 31 December 2005 compared to 8.34 per cent at 31 December 2004. Total capital to risk-weighted assets of 12.53 per cent on 31 December 2005 was unchanged compared to 31 December 2004.

Certain statements in this document are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in the company's filings with the Securities and Exchange Commission.

|                         |                      |                |
|-------------------------|----------------------|----------------|
| Media inquiries (U.K.): | Karen Ng             | 020 7991 0655  |
|                         | Richard Lindsay      | 020 7992 1555  |
| Media inquiries (USA):  | Kathleen Rizzo-Young | (716) 841-5003 |
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Investor inquiries: Patrick McGuinness 020 7992 1938

### About HSBC Bank USA, N.A.:

HSBC Bank USA, N.A. has nearly 400 branches in New York State, a network of branches in Florida and California and a number of branches in other states. Throughout the U.S., the bank serves more than 3 million individual and business customers with a full range of financial products and services. It is the principal subsidiary of HSBC USA Inc, one of the nation's largest bank holding companies by assets and an indirectly held, wholly owned subsidiary of HSBC North America Holdings Inc. For more information about HSBC Bank USA and its products and services visit <http://us.hsbc.com>.

### HSBC USA Inc. - Summary

|                                            | Quarter ended |          |          | Year en |
|--------------------------------------------|---------------|----------|----------|---------|
|                                            | 31            | 31       | 31       | De      |
|                                            | December      | December | December | De      |
| Figures in US\$ millions                   | 2005          | 2004     | 2005     |         |
| <b>Revenue and Earnings</b>                |               |          |          |         |
| Total Revenues (Pre-Provision)             | 1,256         | 1,025    | 4,974    |         |
| Pre-tax income                             | 312           | 436      | 1,542    |         |
| Net income                                 | 196           | 269      | 976      |         |
| <b>Performance ratios (%)</b>              |               |          |          |         |
| Return on average common equity            | 6.7           | 12.6     | 8.8      |         |
| Net yield on average earning assets        | 2.1           | 2.4      | 2.3      |         |
| Cost:income ratio                          | 59.4          | 59.7     | 55.4     |         |
| Other operating income to total income     | 40.9          | 31.7     | 38.4     |         |
| <b>Credit information</b>                  |               |          |          |         |
| Non-accruing loans at end of period        |               |          | 241      |         |
| Commercial net charge-offs                 | 21            | 10       | 4        |         |
| Consumer net charge-offs                   | 183           | 24       | 612      |         |
| Allowance available for credit losses      |               |          |          |         |
| - Balance at end of period                 |               |          | 846      |         |
| - As a per centage of non-accruing loans   |               |          | 351.0 %  |         |
| - As a per centage of loans outstanding    |               |          | 0.9 %    |         |
| <b>Average balances</b>                    |               |          |          |         |
| Assets                                     | 152,509       | 127,741  | 147,176  | 1       |
| Loans                                      | 89,741        | 69,985   | 87,898   |         |
| Deposits                                   | 88,663        | 77,194   | 85,523   |         |
| Common equity                              | 10,697        | 8,289    | 10,603   |         |
| <b>Capital ratios (%) at end of period</b> |               |          |          |         |

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|                                              |        |
|----------------------------------------------|--------|
| Leverage ratio                               | 6.51   |
| Tier 1 capital to risk-weighted assets       | 8.25   |
| Total capital to risk-weighted assets        | 12.53  |
| Assets under administration at end of period |        |
| Funds under management                       | 27,883 |
| Custody accounts                             | 26,093 |
| Total assets under administration            | 53,976 |

| Figures in US\$ millions                               | Quarter ended          |                        | Year                   |
|--------------------------------------------------------|------------------------|------------------------|------------------------|
|                                                        | 31<br>December<br>2005 | 31<br>December<br>2004 | 31<br>December<br>2005 |
| Interest income                                        |                        |                        |                        |
| Loans                                                  | 1,253                  | 851                    | 4,630                  |
| Securities                                             | 231                    | 218                    | 882                    |
| Trading assets                                         | 82                     | 51                     | 275                    |
| Short-term investments                                 | 109                    | 53                     | 310                    |
| Other interest income                                  | 9                      | 5                      | 32                     |
| Total interest income                                  | 1,684                  | 1,178                  | 6,129                  |
| Interest expense                                       |                        |                        |                        |
| Deposits                                               | 572                    | 282                    | 1,771                  |
| Short-term borrowings                                  | 71                     | 32                     | 276                    |
| Long-term debt                                         | 299                    | 164                    | 1,019                  |
| Total interest expense                                 | 942                    | 478                    | 3,066                  |
| Net interest income                                    | 742                    | 700                    | 3,063                  |
| Provision (credit) for credit losses                   | 198                    | (24 )                  | 674                    |
| Net interest income, after provision for credit losses | 544                    | 724                    | 2,389                  |
| Other revenues                                         |                        |                        |                        |
| Trust income                                           | 22                     | 25                     | 87                     |
| Service charges                                        | 52                     | 55                     | 210                    |
| Other fees and commissions                             | 217                    | 84                     | 698                    |
| Securitization revenue                                 | 15                     | -                      | 114                    |
| Other income                                           | 56                     | 50                     | 237                    |
| Residential mortgage banking revenue (expense)         | 24                     | (14 )                  | 64                     |
| Trading revenues                                       | 127                    | 99                     | 395                    |
| Security gains, net                                    | 1                      | 26                     | 106                    |
| Total other revenues                                   | 514                    | 325                    | 1,911                  |
| Operating expenses                                     |                        |                        |                        |
| Salaries and employee benefits                         | 274                    | 234                    | 1,052                  |
| Occupancy expense, net                                 | 48                     | 52                     | 182                    |
| Support services from HSBC affiliates                  | 269                    | 129                    | 919                    |
| Other expenses                                         | 155                    | 198                    | 605                    |
| Total operating expenses                               | 746                    | 613                    | 2,758                  |

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|                    |     |     |       |
|--------------------|-----|-----|-------|
| Pre-tax income     | 312 | 436 | 1,542 |
| Income tax expense | 116 | 167 | 566   |
| Net income         | 196 | 269 | 976   |

| Figures in US\$ millions                               | 31    | Quarter ended | 30        |
|--------------------------------------------------------|-------|---------------|-----------|
|                                                        | March | June          | September |
|                                                        | 2005  | 2005          | 2005      |
| Interest income                                        |       |               |           |
| Loans                                                  | 1,049 | 1,136         | 1,192     |
| Securities                                             | 210   | 215           | 225       |
| Trading assets                                         | 59    | 60            | 73        |
| Short-term investments                                 | 49    | 70            | 83        |
| Other interest income                                  | 6     | 9             | 9         |
| Total interest income                                  | 1,373 | 1,490         | 1,582     |
| Interest expense                                       |       |               |           |
| Deposits                                               | 327   | 396           | 476       |
| Short-term borrowings                                  | 52    | 67            | 87        |
| Long-term debt                                         | 219   | 242           | 258       |
| Total interest expense                                 | 598   | 705           | 821       |
| Net interest income                                    | 775   | 785           | 761       |
| Provision for credit losses                            | 107   | 170           | 199       |
| Net interest income, after provision for credit losses | 668   | 615           | 562       |
| Other revenues                                         |       |               |           |
| Trust income                                           | 23    | 22            | 21        |
| Service charges                                        | 52    | 53            | 52        |
| Other fees and commissions                             | 145   | 144           | 192       |
| Securitization revenue                                 | 44    | 25            | 30        |
| Other income                                           | 72    | 83            | 25        |
| Residential mortgage banking revenue (expense)         | 23    | (13 )         | 31        |
| Trading revenues                                       | 96    | 35            | 137       |
| Security gains, net                                    | 23    | 64            | 17        |
| Total other revenues                                   | 478   | 413           | 505       |
| Operating expenses                                     |       |               |           |
| Salaries and employee benefits                         | 266   | 254           | 257       |
| Occupancy expense, net                                 | 42    | 43            | 49        |
| Support services from HSBC affiliates                  | 218   | 218           | 213       |
| Other expenses                                         | 128   | 169           | 154       |
| Total operating expenses                               | 654   | 684           | 673       |
| Pre-tax income                                         | 492   | 344           | 394       |
| Income tax expense                                     | 176   | 131           | 142       |
| Net income                                             | 316   | 213           | 252       |

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| Figures in US\$ millions                                                        | At 31<br>December<br>2005 | At 31<br>December<br>2004 |
|---------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>Assets</b>                                                                   |                           |                           |
| Cash and due from banks                                                         | 4,441                     | 2,682                     |
| Interest bearing deposits with banks                                            | 3,001                     | 2,776                     |
| Federal funds sold and securities purchased<br>under resale agreements          | 4,568                     | 3,126                     |
| Trading assets                                                                  | 21,220                    | 19,815                    |
| Securities available for sale                                                   | 17,764                    | 14,655                    |
| Securities held to maturity                                                     | 3,171                     | 3,881                     |
| Loans                                                                           | 90,342                    | 84,947                    |
| Less - allowance for credit losses                                              | 846                       | 788                       |
| Loans, net                                                                      | 89,496                    | 84,159                    |
| Properties and equipment, net                                                   | 538                       | 594                       |
| Intangible assets, net                                                          | 463                       | 352                       |
| Goodwill                                                                        | 2,694                     | 2,697                     |
| Other assets                                                                    | 6,503                     | 6,313                     |
| Total assets                                                                    | 153,859                   | 141,050                   |
| <b>Liabilities</b>                                                              |                           |                           |
| Deposits in domestic offices                                                    |                           |                           |
| - Non-interest bearing                                                          | 9,695                     | 7,639                     |
| - Interest bearing                                                              | 57,911                    | 50,069                    |
| Deposits in foreign offices                                                     |                           |                           |
| - Non-interest bearing                                                          | 320                       | 248                       |
| - Interest bearing                                                              | 23,889                    | 22,025                    |
| Total deposits                                                                  | 91,815                    | 79,981                    |
| Trading account liabilities                                                     | 10,710                    | 12,120                    |
| Short-term borrowings                                                           | 7,049                     | 9,874                     |
| Interest, taxes and other liabilities                                           | 4,732                     | 4,370                     |
| Long-term debt                                                                  | 27,959                    | 23,839                    |
| Total liabilities                                                               | 142,265                   | 130,184                   |
| <b>Shareholders' equity</b>                                                     |                           |                           |
| Preferred stock                                                                 | 1,316                     | 500                       |
| Total common shareholders' equity                                               |                           |                           |
| - Common stock * (\$5 par; 150,000,000 shares<br>authorized; 706 shares issued) | -                         | -                         |
| - Capital surplus                                                               | 8,118                     | 8,418                     |
| - Retained earnings                                                             | 2,172                     | 1,917                     |
| - Accumulated other comprehensive (loss) income                                 | (12 )                     | 31                        |
| Total common shareholders' equity                                               | 10,278                    | 10,366                    |
| Total shareholders' equity                                                      | 11,594                    | 10,866                    |
| Total liabilities and shareholders' equity                                      | 153,859                   | 141,050                   |



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\* Less than \$500,000.

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: 17 February, 2006