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HSBC HOLDINGS PLC
Form 6-K
March 06, 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 March, 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-)

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: MARCH 6, 2006

COMMISSION FILE NUMBER 1-8198

HSBC FINANCE CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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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 year ended December 31, 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.

NO. EXHIBIT

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99 Quarterly Financial Supplement for the quarter and year ended December 31, 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: March 6, 2006

EXHIBIT 99

HSBC FINANCE CORPORATION

QUARTERLY FINANCIAL SUPPLEMENT -- DECEMBER 31, 2005

INDEX PAGE NO. Basis of Reporting... 2 Consolidated Statements of Income -- Owned Basis: Three Months... 3 Twelve Months... 5 Receivables Analysis... 7 Financial Highlights -- Managed Basis: Three Months... 8 Twelve 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 Twelve 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 Nonperforming Assets... 17

HSBC Finance Corporation

BASIS OF REPORTING

NON-GAAP FINANCIAL MEASURES

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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 Annual Report on Form 10-K.

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 have historically monitored our operations and evaluated 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. This is 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 and make decisions about allocating resources such as 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 related 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 fixed income investors have also historically evaluated 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 such investors and other interested parties to better understand the performance and quality of our entire 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.

OPERATING RESULTS, PERCENTAGES AND RATIOS Certain percentages and ratios have been presented on an operating basis and have been calculated using "operating net income", a non-GAAP financial measure. "Operating net income" is net income excluding certain nonrecurring items shown in the table below. These nonrecurring items are also excluded in calculating our operating basis efficiency ratios. We believe that excluding these nonrecurring items helps readers of our financial statements to better understand the results and trends of our underlying business. See our Annual Report for 2005 on Form 10-K for further discussion of these items.

A reconciliation of net income to operating net income follows:

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	12/31/05	9/30/05	12/31/04	12/31/05	12/31/04

	(IN MILLIONS)				
Net income.....	\$393	\$281	\$712	\$1,772	\$1,940
Gain on bulk sale of private label receivables, after-tax.....	--	--	(423)	--	(423)
Adoption of FFIEC charge-off policies for					

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domestic private label and MasterCard and Visa portfolios, after-tax.....	--	--	121	--	12
Operating net income.....	\$393	\$281	\$410	\$1,772	\$1,63

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HSBC Finance Corporation

CONSOLIDATED STATEMENTS OF INCOME -- OWNED BASIS

THREE MONTHS

	THREE MONTHS ENDED			% CHANGE FROM PRIOR	
	12/31/05	9/30/05	12/31/04	QTR.	YEAR
	(DOLLARS ARE IN MILLIONS)				
Finance and other interest income.....	\$3,725	\$3,402	\$3,001	9.5%	24.1
Interest expense:					
HSBC affiliates.....	206	222	130	(7.2)	58.5
Non-affiliates.....	1,221	1,017	788	20.1	54.9
NET INTEREST INCOME.....	2,298	2,163	2,083	6.2	10.3
Provision for credit losses.....	1,310	1,361	1,286	(3.7)	1.9
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	988	802	797	23.2	24.0
Other revenues:					
Securitization related revenue.....	31	41	127	(24.4)	(75.6)
Insurance revenue.....	239	229	221	4.4	8.1
Investment income.....	35	33	30	6.1	16.7
Derivative income (expense).....	(34)	(53)	263	(35.8)	(100+)
Fee income.....	469	439	282	6.8	66.3
Taxpayer financial services revenue (expense).....	17	(1)	8	100+	100+
Gain on receivable sales to HSBC affiliates....	105	99	677	6.1	(84.5)
Servicing fees from HSBC affiliates.....	106	102	13	3.9	100+
Other income.....	175	213	137	(17.8)	27.7
TOTAL OTHER REVENUES.....	1,143	1,102	1,758	3.7	(35.0)
Costs and expenses:					
Salaries and employee benefits.....	536	513	472	4.5	13.6
Sales incentives.....	108	117	104	(7.7)	3.8
Occupancy and equipment expenses.....	82	83	86	(1.2)	(4.7)
Other marketing expenses.....	170	196	199	(13.3)	(14.6)
Other servicing and administrative expenses....	235	149	209	57.7	12.4
Support services from HSBC affiliates.....	237	226	194	4.9	22.2
Amortization of intangibles.....	65	90	85	(27.8)	(23.5)
Policyholders' benefits.....	109	109	113	--	(3.5)
TOTAL COSTS AND EXPENSES.....	1,542	1,483	1,462	4.0	5.5

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Income before income tax expense.....	589	421	1,093	39.9	(46.1
Income tax expense.....	196	140	381	40.0	(48.6
NET INCOME.....	\$ 393	\$ 281	\$ 712	39.9%	(44.8
Gain on bulk sale of private label receivables, after-tax.....	--	--	(423)	--	100.0
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	--	--	121	--	(100.0
Operating net income (1).....	\$ 393	\$ 281	\$ 410	39.9%	(4.1

(1) Operating net income is a non-GAAP financial measure which is provided for comparison of our operating trends and should be read in conjunction with our owned basis GAAP financial information. 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.

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HSBC Finance Corporation

SECURITIZATION RELATED REVENUE

	THREE MONTHS ENDED		
	12/31/05	9/30/05	12/31/04
	(IN MILLIONS)		
Net initial gains(1).....	\$--	\$--	\$ --
Net replenishment gains(1).....	19	38	69
Servicing revenue and excess spread.....	12	3	58
Total.....	\$31	\$41	\$127

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

RECEIVABLES SECURITIZED

	THREE MONTHS ENDED		
	12/31/05	9/30/05	12/31/04
	(IN MILLIONS)		
Auto finance.....	\$ --	\$ --	\$ --
MasterCard/Visa(1).....	--	--	--
Private label.....	--	--	--

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Total.....	\$ --	\$ --	\$ --
	=====	=====	=====

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

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HSBC Finance Corporation

CONSOLIDATED STATEMENTS OF INCOME -- OWNED BASIS

TWELVE MONTHS

	TWELVE MONTHS ENDED		
	12/31/05	12/31/04	% CHANGE
	-----	-----	-----
	(DOLLARS ARE IN MILLIONS)		
Finance and other interest income.....	\$13,216	\$10,945	20.7%
Interest expense:			
HSBC affiliates.....	713	343	100+
Non-affiliates.....	4,119	2,800	47.1
NET INTEREST INCOME.....	8,384	7,802	7.5
Provision for credit losses.....	4,543	4,334	4.8
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	3,841	3,468	10.8
Other revenues:			
Securitization related revenue.....	211	1,008	(79.1)
Insurance revenue.....	918	839	9.4
Investment income.....	134	137	(2.2)
Derivative income.....	249	511	(51.3)
Fee income.....	1,568	1,091	43.7
Taxpayer financial services revenue.....	277	217	27.6
Gain on bulk sale of private label receivables.....	--	663	(100.0)
Gain on receivable sales to HSBC affiliates.....	413	39	100+
Servicing fees from HSBC affiliates.....	409	24	100+
Other income.....	652	544	19.9
TOTAL OTHER REVENUES.....	4,831	5,073	(4.8)
Costs and expenses:			
Salaries and employee benefits.....	2,072	1,886	9.9
Sales incentives.....	397	363	9.4
Occupancy and equipment expenses.....	334	323	3.4
Other marketing expenses.....	731	636	14.9
Other servicing and administrative expenses.....	785	868	(9.6)
Support services from HSBC affiliates.....	889	750	18.5
Amortization of intangibles.....	345	363	(5.0)
Policyholders' benefits.....	456	412	10.7

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TOTAL COSTS AND EXPENSES.....	6,009	5,601	7.3
	-----	-----	-----
Income before income tax expense.....	2,663	2,940	(9.4)
Income tax expense.....	891	1,000	(10.9)
	-----	-----	-----
NET INCOME.....	\$ 1,772	\$ 1,940	(8.7)%
	=====	=====	=====
Gain on bulk sale of private label receivables, after-tax...	--	(423)	100.0
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	--	121	(100.0)
	-----	-----	-----
Operating net income(1).....	\$ 1,772	\$ 1,638	8.2%
	=====	=====	=====

(1) Operating net income is a non-GAAP financial measure which is provided for comparison of our operating trends and should be read in conjunction with our owned basis GAAP financial information. 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.

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HSBC Finance Corporation

SECURITIZATION RELATED REVENUE

	TWELVE MONTHS ENDED	
	12/31/05	12/31/04
	(IN MILLIONS)	
Net initial gains(1).....	\$ --	\$ 25
Net replenishment gains(1).....	154	414
Servicing revenue and excess spread.....	57	569
	-----	-----
Total.....	\$211	\$1,008
	=====	=====

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

RECEIVABLES SECURITIZED

	TWELVE MONTHS ENDED	
	12/31/05	12/31/04
	(IN MILLIONS)	
Auto finance.....	\$ --	\$ --
MasterCard/Visa.....	--	550
Private label.....	--	190
	-----	-----

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Total..... \$ -- \$740
=====

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RECEIVABLES ANALYSIS

END-OF-PERIOD RECEIVABLES

	12/31/05	9/30/05	12/31/04	% CHANGE FROM PRIOR	
				QTR.	YEAR
(DOLLARS ARE IN MILLIONS)					
OWNED RECEIVABLES:					
Real estate secured.....	\$ 82,826	\$ 78,130	\$ 64,820	6.0%	27.8%
Auto finance.....	10,704	10,137	7,544	5.6	41.9
MasterCard/Visa.....	24,110	18,974	14,635	27.1	64.7
Private label(1).....	2,520	2,777	3,411	(9.3)	(26.1)
Personal non-credit card.....	19,545	18,484	16,128	5.7	21.2
Commercial and other.....	208	220	317	(5.5)	(34.4)
Total owned receivables.....	139,913	128,722	106,855	8.7	30.9
RECEIVABLES SERVICED WITH LIMITED RECOURSE:					
Real estate secured.....	--	--	81	--	(100.0)
Auto finance.....	1,192	1,474	2,679	(19.1)	(55.5)
MasterCard/Visa.....	1,875	3,615	7,583	(48.1)	(75.3)
Private label(1).....	--	--	--	--	--
Personal non-credit card.....	1,007	1,670	3,882	(39.7)	(74.1)
Total receivables serviced with limited recourse.....	4,074	6,759	14,225	(39.7)	(71.4)
MANAGED RECEIVABLES: (2)					
Real estate secured.....	82,826	78,130	64,901	6.0	27.6
Auto finance.....	11,896	11,611	10,223	2.5	16.4
MasterCard/Visa.....	25,985	22,589	22,218	15.0	17.0
Private label(1).....	2,520	2,777	3,411	(9.3)	(26.1)
Personal non-credit card(3).....	20,552	20,154	20,010	2.0	2.7
Commercial and other.....	208	220	317	(5.5)	(34.4)
Total managed receivables.....	\$143,987	\$135,481	\$121,080	6.3%	18.9%

(1) On December 29, 2004, we sold \$12.2 billion of domestic private label receivables (\$15.6 billion on a managed basis) 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.

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

	12/31/05	9/30/05	12/31/04
(IN MILLIONS)			
Domestic personal unsecured.....	\$12,190	\$11,571	\$10,725
Union Plus personal unsecured.....	333	374	474
Personal homeowner loans.....	4,384	4,360	4,582
Foreign unsecured.....	3,645	3,849	4,229
Total.....	\$20,552	\$20,154	\$20,010

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HSBC Finance Corporation

FINANCIAL HIGHLIGHTS -- MANAGED BASIS (1)

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED						% FRO QTR.
	12/31/05	(2)	9/30/05	(2)	12/31/04	(2)	
(DOLLARS ARE IN MILLIONS)							
Finance and other interest							
income.....	\$ 3,933	10.88%	\$ 3,671	10.89%	\$ 3,601	10.64%	7.
Interest expense.....	1,502	4.15	1,331	3.95	1,050	3.10	12.
NET INTEREST INCOME.....	2,431	6.73%	2,340	6.94%	2,551	7.54%	3.
Provision for credit losses.....	1,358		1,338		1,305		1.
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 1,073		\$ 1,002		\$ 1,246		7.
Other revenues:							
Insurance revenue.....	\$ 239		\$ 229		\$ 221		4.
Investment income.....	35		33		30		6.
Fee income.....	510		497		437		2.
Securitization related revenue....	(95)		(217)		(477)		(56.
Derivative income (expense).....	(34)		(53)		263		(35.
Taxpayer financial services revenue (expense).....	17		(1)		8		100
Gain on receivable sales to HSBC							

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affiliates.....	105	99	677	6.
Servicing fees from HSBC				
affiliates.....	106	102	13	3.
Other income.....	175	213	137	(17.
	-----	-----	-----	-----
TOTAL OTHER REVENUES.....	\$ 1,058	\$ 902	\$ 1,309	17.
	=====	=====	=====	=====
Average managed receivables				
Real estate secured.....	\$ 81,332	\$ 74,369	\$ 61,543	9.
Auto finance.....	11,771	11,230	10,052	4.
MasterCard/Visa.....	24,248	22,536	21,221	7.
Private label.....	2,708	2,840	17,858	(4.
Personal non-credit card.....	20,324	19,944	19,593	1.
Commercial and other.....	217	234	321	(7.
Purchase accounting fair value				
adjustments.....	83	116	243	(28.
	-----	-----	-----	-----
Average managed receivables.....	\$140,683	\$131,269	\$130,831	7.
Average noninsurance				
investments.....	3,176	2,868	3,889	10.
Other interest-earning assets.....	686	680	660	.
	-----	-----	-----	-----
Average managed interest-earning				
assets.....	\$144,545	\$134,817	\$135,380	7.
	=====	=====	=====	=====
SELECTED FINANCIAL RATIOS:				
Return on average managed				
assets.....	1.01%	.75%	1.87%	34.
Efficiency ratio.....	42.40	43.86	36.00	(3.
Net interest margin.....	6.73	6.94	7.54	(3.
Risk adjusted revenue.....	6.81	7.34	8.37	(7.
	=====	=====	=====	=====

(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

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HSBC Finance Corporation

FINANCIAL HIGHLIGHTS -- MANAGED BASIS (1)

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

TWELVE MONTHS

TWELVE MONTHS ENDED

	12/31/05	(2)	12/31/04	(2)	% CHANGE
--	----------	-----	----------	-----	----------

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		(DOLLARS ARE IN MILLIONS)			
Finance and other interest income.....	\$ 14,483	10.83%	\$ 13,928	10.83%	4.0%
Interest expense.....	5,207	3.89	3,671	2.86	41.8
	-----	-----	-----	-----	-----
NET INTEREST INCOME.....	9,276	6.94%	10,257	7.97%	(9.6)
Provision for credit losses.....	4,650		4,522		2.8
	-----		-----		-----
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	4,626		\$ 5,735		(19.3)%
	=====		=====		=====
Other revenues:					
Insurance revenue.....	\$ 918		\$ 839		9.4%
Investment income.....	134		137		(2.2)
Fee income.....	1,831		1,836		(.3)
Securitization related revenue (expense)....	(837)		(2,004)		(58.2)
Derivative income.....	249		511		(51.3)
Taxpayer financial services revenue.....	277		217		27.6
Gain on receivable sales to HSBC affiliates.....	413		702		(41.2)
Servicing fees from HSBC affiliates.....	409		24		100+
Other income.....	652		544		19.9
	-----		-----		-----
TOTAL OTHER REVENUES.....	\$ 4,046		\$ 2,806		44.2%
	=====		=====		=====
Average managed receivables					
Real estate secured.....	\$ 73,120		\$ 56,462		29.5%
Auto finance.....	10,937		9,432		16.0
MasterCard/Visa.....	22,694		20,674		9.8
Private label.....	2,948		17,579		(83.2)
Personal non-credit card.....	19,956		18,986		5.1
Commercial and other.....	255		354		(28.0)
Purchase accounting fair value adjustments.....	134		319		(58.0)
	-----		-----		-----
Average managed receivables.....	\$130,044		\$123,806		5.0%
Average noninsurance investments.....	3,018		4,203		(28.2)
Other interest-earning assets.....	676		650		4.0
	-----		-----		-----
Average managed interest-earning assets.....	\$133,738		\$128,659		3.9%
	=====		=====		=====
SELECTED FINANCIAL RATIOS:					
Return on average managed assets.....	1.19%		1.33%		(10.5)%
Efficiency ratio.....	43.16		41.02		5.2
Net interest margin.....	6.94		7.97		(12.9)
Risk adjusted revenue.....	7.18		7.30		(1.6)
	-----		-----		-----

(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.

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CREDIT QUALITY/CREDIT LOSS RESERVES -- MANAGED BASIS(1)

TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY

AS A PERCENT OF MANAGED CONSUMER RECEIVABLES, EXCLUDES COMMERCIAL.	12/31/05	9/30/05	12/31/04
Real estate secured.....	2.72%	2.51%	2.97%
Auto finance.....	2.76	2.67	2.96
MasterCard/Visa(2).....	3.52	4.13	3.98
Private label.....	5.43	5.22	4.13
Personal non-credit card.....	9.54	9.36	9.30
	----	----	----
TOTAL.....	3.89%	3.87%	4.24%
	=====	=====	=====

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

AS A PERCENT OF AVERAGE MANAGED CONSUMER RECEIVABLES, ANNUALIZED, EXCLUDES COMMERCIAL.	12/31/05
Real estate secured.....	.66%
Auto finance.....	4.40
MasterCard/Visa(3).....	7.85
Private label(3).....	5.60
Personal non-credit card.....	7.59

TOTAL.....	3.31%
	=====
Real estate charge-offs and REO expense as a percent of average managed real estate secured receivables.....	.78%
	=====

CREDIT LOSS RESERVES

	12/31/05	9/30/05	12/31/04
	(IN MILLIONS)		
Reserves for managed receivables at beginning of quarter....	\$ 4,571	\$ 4,281	\$ 5,199
Provision for credit losses.....	1,358	1,338	1,305
Charge-offs.....	(1,297)	(1,185)	(1,632)
Recoveries.....	134	133	130
Other, net.....	(30)	4	(487)
	-----	-----	-----
Reserves for managed receivables at end of quarter.....	\$ 4,736	\$ 4,571	\$ 4,515
	=====	=====	=====
Reserves as a percent of managed receivables.....	3.29%	3.37%	3.73%
	-----	-----	-----

NONPERFORMING ASSETS

	12/31/05	9/30/05	12/31/04
--	----------	---------	----------

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	(IN MILLIONS)		
Nonaccrual managed receivables.....	\$3,709	\$3,541	\$3,558
Accruing managed receivables 90 or more days delinquent.....	642	604	607
Renegotiated commercial loans.....	--	--	2
Total nonperforming managed receivables.....	4,351	4,145	4,167
Real estate owned.....	510	462	587
TOTAL NONPERFORMING ASSETS.....	\$4,861	\$4,607	\$4,754
Managed credit loss reserves as a percent of nonperforming managed receivables.....	108.8%	110.3%	108.4%

- (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) In December 2005, we completed the acquisition of Metris which included receivables of \$5.3 billion. Excluding the receivables from the Metris acquisition from this calculation, our consumer delinquency ratio for our MasterCard/Visa portfolio was 3.79% and total consumer delinquency was 3.95%.
- (3) The adoption of charge-off policies in accordance with the Uniform Retail Credit Classification and Account Management Policy issued by the Federal Financial Institutions Examination Council for our domestic private label (excluding retail sales contracts at our consumer lending business) and our MasterCard and Visa portfolios in December 2004 increased private label net charge-offs by \$197 million (442 basis points), MasterCard/Visa net charge-offs by \$5 million (10 basis points) and total consumer net charge-offs by \$202 million (62 basis points) during the quarter ended December 31, 2004.

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HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

REVENUES, AVERAGE INTEREST-EARNING ASSETS AND NET INTEREST INCOME

THREE MONTHS

	THREE MONTHS ENDED 12/31/05			THREE MONTHS ENDED 12/31/04	
	OWNED	SERVICED WITH LIMITED REOURSE (1)	MANAGED	OWNED	SERVICED WITH LIMITED REOURSE (1)
Finance and other interest income.....	\$ 3,725	\$ 208	\$ 3,933	\$ 3,402	\$ 3,402
Interest expense.....	1,427	75	1,502	1,239	1,239

(DOLLARS ARE IN MILLIONS)

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NET INTEREST INCOME.....	2,298	133	2,431	2,163	
Provision for credit losses.....	1,310	48	1,358	1,361	
NET INTEREST INCOME AFTER PROVISION for CREDIT LOSSES.....	\$ 988	\$ 85	\$ 1,073	\$ 802	\$
Other revenues:					
Securitization related revenue.....	\$ 31	\$ (126)	\$ (95)	\$ 41	\$
Insurance revenue.....	239	--	239	229	
Investment income.....	35	--	35	33	
Fee income.....	469	41	510	439	
Derivative income (expense).....	(34)	--	(34)	(53)	
Taxpayer financial services revenue (expense).....	17	--	17	(1)	
Gain on receivable sales to HSBC affiliates.....	105	--	105	99	
Servicing fees from HSBC affiliates...	106	--	106	102	
Other income.....	175	--	175	213	
TOTAL OTHER REVENUES.....	\$ 1,143	\$ (85)	\$ 1,058	\$ 1,102	\$
Average receivables:					
Real estate secured.....	\$ 81,332	\$ --	\$ 81,332	\$ 74,369	\$
Auto finance.....	10,420	1,351	11,771	9,585	1,
MasterCard/Visa.....	21,143	3,105	24,248	18,442	4,
Private label.....	2,708	--	2,708	2,840	
Personal non-credit card.....	19,023	1,301	20,324	17,904	2,
Commercial and other.....	217	--	217	234	
Purchase accounting fair value adjustments.....	83	--	83	116	
Average receivables.....	\$134,926	\$5,757	\$140,683	\$123,490	\$ 7,
Average noninsurance investments.....	3,176	--	3,176	2,868	
Other interest-earning assets.....	686	--	686	680	
Average interest-earning assets.....	\$138,788	\$5,757	\$144,545	\$127,038	\$ 7,
Net interest income as a percentage of average interest-earning assets.....	6.62%	9.24%	6.73%	6.81%	9

THREE MONTHS ENDED 12/31/04

	SERVICED WITH LIMITED		
	OWNED	RECOURSE (1)	MANAGED
	(DOLLARS ARE IN MILLIONS)		
Finance and other interest income.....	\$ 3,001	\$ 600	\$ 3,601
Interest expense.....	918	132	1,050
NET INTEREST INCOME.....	2,083	468	2,551
Provision for credit losses.....	1,286	19	1,305
NET INTEREST INCOME AFTER PROVISION for CREDIT LOSSES.....	\$ 797	\$ 449	\$ 1,246
Other revenues:			
Securitization related revenue.....	\$ 127	\$ (604)	\$ (477)
Insurance revenue.....	221	--	221
Investment income.....	30	--	30

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NET INTEREST INCOME.....	8,384	892	9,276	7,802	2,455
Provision for credit losses....	4,543	107	4,650	4,334	188
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES.....	\$ 3,841	\$ 785	\$ 4,626	\$ 3,468	\$ 2,267
Other revenues:					
Securitization related					
revenue.....	\$ 211	\$ (1,048)	\$ (837)	\$ 1,008	\$ (3,012)
Insurance revenue.....	918	--	918	839	--
Investment income.....	134	--	134	137	--
Fee income.....	1,568	263	1,831	1,091	745
Derivative income.....	249	--	249	511	--
Taxpayer financial services					
revenue.....	277	--	277	217	--
Gain on receivable sales to					
HSBC affiliates.....	413	--	413	702	--
Servicing fees from HSBC					
affiliates.....	409	--	409	24	--
Other income.....	652	--	652	544	--
TOTAL OTHER REVENUES.....	\$ 4,831	\$ (785)	\$ 4,046	\$ 5,073	\$ (2,267)
Average receivables:					
Real estate secured.....	\$ 73,097	\$ 23	\$ 73,120	\$ 56,303	\$ 159
Auto finance.....	9,074	1,863	10,937	5,785	3,647
MasterCard/Visa.....	17,823	4,871	22,694	11,575	9,099
Private label.....	2,948	--	2,948	13,029	4,550
Personal non-credit card.....	17,558	2,398	19,956	14,194	4,792
Commercial and other.....	255	--	255	354	--
Purchase accounting fair					
value adjustments.....	134	--	134	319	--
Average receivables.....	\$120,889	\$ 9,155	\$130,044	\$101,559	\$22,247
Average noninsurance					
investments.....	3,018	--	3,018	4,203	--
Other interest-earning					
assets.....	676	--	676	650	--
Average interest-earning					
assets.....	\$124,583	\$ 9,155	\$133,738	\$106,412	\$22,247
Net interest income as a					
percentage of average					
interest-earning assets.....	6.73%	9.74%	6.94%	7.33%	11.04%

(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 related revenue in our owned statements of income into the appropriate caption.

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SELECTED FINANCIAL RATIOS

	THREE MONTHS ENDED			TW
	12/31/05	9/30/05	12/31/04	12
	(DOLLARS ARE IN MILLIO			
RETURN ON AVERAGE COMMON SHAREHOLDER'S EQUITY:				
Net income.....	\$ 393	\$ 281	\$ 712	\$
Dividends on preferred stock.....	(21)	(25)	(18)	
Net income available to common shareholders.....	\$ 372	\$ 256	\$ 694	\$
Gain on bulk sale of private label receivables, after-tax...	--	--	(423)	
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios, after-tax.....	--	--	121	
Operating net income available to common shareholders.....	\$ 372	\$ 256	\$ 392	\$
Average common shareholder's equity.....	\$ 17,932	\$ 16,973	\$ 16,838	\$
Return on average common shareholder's equity.....	8.30%	6.03%	16.49%	
Return on average common shareholder's equity, operating basis.....	8.30	6.03	9.31	
	=====	=====	=====	=====
RETURN ON AVERAGE ASSETS:				
Net income.....	\$ 393	\$ 281	\$ 712	\$
Operating net income.....	393	281	410	
Average assets:				
Owned basis.....	\$150,644	\$141,765	\$134,316	\$1
Serviced with limited recourse.....	5,757	7,779	18,602	
Managed basis.....	\$156,401	\$149,544	\$152,918	\$1
Return on average owned assets.....	1.04%	.79%	2.12%	
Return on average owned assets, operating basis.....	1.04	.79	1.22	
Return on average managed assets.....	1.01	.75	1.87	
Return on average managed assets, operating basis.....	1.01	.75	1.07	
	=====	=====	=====	=====
EFFICIENCY RATIO:				
Total costs and expenses less policyholders' benefits.....	\$ 1,433	\$ 1,374	\$ 1,349	\$
Net interest income and other revenues less policyholders' benefits:				
Owned basis.....	\$ 3,332	\$ 3,156	\$ 3,728	\$
Serviced with limited recourse.....	48	(23)	19	
Managed basis.....	\$ 3,380	\$ 3,133	\$ 3,747	\$
Gain on bulk sale of private label receivables.....	--	--	(663)	
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios:				
Owned basis.....	--	--	151	
Managed basis.....	--	--	107	
Net interest income and other revenues less policyholders' benefits, excluding nonrecurring items:				
Owned basis.....	\$ 3,332	\$ 3,156	\$ 3,216	\$
Serviced with limited recourse.....	48	(23)	(25)	
Managed basis.....	\$ 3,380	\$ 3,133	\$ 3,191	\$

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Owned basis efficiency ratio.....	43.01%	43.54%	36.19%	
Owned basis efficiency ratio, operating basis.....	43.01	43.54	41.95	
Managed basis efficiency ratio.....	42.40	43.86	36.00	
Managed basis efficiency ratio, operating basis.....	42.40	43.86	42.28	
	=====	=====	=====	=====
MANAGED BASIS RISK ADJUSTED REVENUE:				
Net interest income.....	\$ 2,431	\$ 2,340	\$ 2,551	\$
Other revenues, excluding securitization related revenue as well as the mark-to-market on derivatives which do not qualify as effective hedges and ineffectiveness associated with qualifying hedges under SFAS No. 133.....	1,193	1,185	1,786	
Less: Net charge-offs.....	(1,163)	(1,052)	(1,502)	
	-----	-----	-----	-----
Risk adjusted revenue.....	\$ 2,461	\$ 2,473	\$ 2,835	\$
Gain on bulk sale of private label receivables.....	--	--	(663)	
Adoption of FFIEC charge-off policies for domestic private label and MasterCard and Visa portfolios.....	--	--	309	
	-----	-----	-----	-----
Risk adjusted revenue, excluding nonrecurring items.....	\$ 2,461	\$ 2,473	\$ 2,481	\$
	-----	-----	-----	-----
Average interest-earning assets.....	\$144,545	\$134,817	\$135,380	\$1
	-----	-----	-----	-----
Managed basis risk adjusted revenue.....	6.81%	7.34%	8.37%	
Managed basis risk adjusted revenue, operating basis.....	6.81	7.34	7.32	
	-----	-----	-----	-----

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HSBC Finance Corporation

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES

	Two-Months-and-Over Contractual Delinquency			Quarter-to-Date Net of Reco	
	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)					
DECEMBER 31, 2005					
OWNED:					
First mortgage.....	\$ 2	\$ 21	8.41%	\$ --	\$ 21
Real estate secured.....	2,257	82,826	2.72	134	81,332
Auto finance.....	250	10,704	2.34	89	10,420
MasterCard/Visa.....	884	24,110	3.66	422	21,143
Private label.....	137	2,520	5.43	38	2,708
Personal non-credit card...	1,836	19,545	9.40	361	19,023
	-----	-----	-----	-----	-----
Total.....	\$5,366	\$139,726	3.84%	\$1,044	\$134,647
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED					

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RECURSE:					
Real estate secured.....	\$ --	\$ --	--%	\$ --	\$ --
Auto finance.....	79	1,192	6.63	40	1,351
MasterCard/Visa.....	30	1,875	1.60	54	3,105
Personal non-credit card...	125	1,007	12.41	25	1,301
	-----	-----	-----	-----	-----
Total.....	\$ 234	\$ 4,074	5.74%	\$ 119	\$ 5,757
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 2	21	8.41%	\$ --	\$ 21
Real estate secured.....	2,257	82,826	2.72	134	81,332
Auto finance.....	329	11,896	2.76	129	11,771
MasterCard/Visa.....	914	25,985	3.52	476	24,248
Private label.....	137	2,520	5.43	38	2,708
Personal non-credit card...	1,961	20,552	9.54	386	20,324
	-----	-----	-----	-----	-----
Total.....	\$5,600	\$143,800	3.89%	\$1,163	\$140,404
	=====	=====	=====	=====	=====
SEPTEMBER 30, 2005					
OWNED:					
First mortgage.....	\$ 1	\$ 22	6.04%	\$ --	\$ 23
Real estate secured.....	1,961	78,130	2.51	140	74,369
Auto finance.....	212	10,137	2.09	78	9,585
MasterCard/Visa.....	846	18,974	4.46	288	18,442
Private label.....	145	2,777	5.22	38	2,840
Personal non-credit card...	1,696	18,484	9.18	358	17,904
	-----	-----	-----	-----	-----
Total.....	\$4,861	\$128,524	3.78%	\$ 902	\$123,163
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED					
RECURSE:					
Real estate secured.....	\$ --	\$ --	--%	\$ --	\$ --
Auto finance.....	98	1,474	6.65	46	1,645
MasterCard/Visa.....	87	3,615	2.41	56	4,094
Personal non-credit card...	191	1,670	11.44	48	2,040
	-----	-----	-----	-----	-----
Total.....	\$ 376	\$ 6,759	5.56%	\$ 150	\$ 7,779
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 22	6.04%	\$ --	\$ 23
Real estate secured.....	1,961	78,130	2.51	140	74,369
Auto finance.....	310	11,611	2.67	124	11,230
MasterCard/Visa.....	933	22,589	4.13	344	22,536
Private label.....	145	2,777	5.22	38	2,840
Personal non-credit card...	1,887	20,154	9.36	406	19,944
	-----	-----	-----	-----	-----
Total.....	\$5,237	\$135,283	3.87%	\$1,052	\$130,942
	=====	=====	=====	=====	=====

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

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CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

	TWO-MONTHS-AND-OVER CONTRACTUAL DELINQUENCY			QUARTER-TO-DATE	
	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)					
DECEMBER 31, 2004					
OWNED:					
First mortgage.....	\$ 1	\$ 26	5.04%	\$ --	\$ 2
Real estate secured.....	1,920	64,820	2.96	159	61,44
Auto finance.....	156	7,544	2.07	49	7,19
MasterCard/Visa.....	714	14,635	4.88	275	13,00
Private label.....	141	3,411	4.13	328	14,34
Personal non-credit card...	1,401	16,128	8.69	316	15,67
	-----	-----	-----	-----	-----
Total.....	\$4,333	\$106,564	4.07%	\$1,127	\$111,69
	=====	=====	=====	=====	=====
SERVICED WITH LIMITED RECURSE:					
Real estate secured.....	\$ 10	\$ 81	12.35%	\$ 1	\$ 9
Auto finance.....	147	2,679	5.49	63	2,86
MasterCard/Visa.....	170	7,583	2.24	125	8,21
Private label.....	--	--	--	83	3,50
Personal non-credit card...	461	3,882	11.88	103	3,92
	-----	-----	-----	-----	-----
Total.....	\$ 788	\$ 14,225	5.54%	\$ 375	\$ 18,60
	=====	=====	=====	=====	=====
MANAGED:					
First mortgage.....	\$ 1	\$ 26	5.04%	\$ --	\$ 2
Real estate secured.....	1,930	64,901	2.97	160	61,54
Auto finance.....	303	10,223	2.96	112	10,05
MasterCard/Visa.....	884	22,218	3.98	400	21,22
Private label.....	141	3,411	4.13	411	17,85
Personal non-credit card...	1,862	20,010	9.30	419	19,59
	-----	-----	-----	-----	-----
Total.....	\$5,121	\$120,789	4.24%	\$1,502	\$130,29
	=====	=====	=====	=====	=====

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

RECONCILIATION TO GAAP FINANCIAL MEASURES

CREDIT QUALITY/CREDIT LOSS RESERVES (CONTINUED)

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	OWNED	SERVICED WITH LIMITED RECOURSE	MANAGED
(DOLLARS ARE IN MILLIONS)			
REAL ESTATE CHARGE-OFFS AND REO EXPENSE:			
THREE MONTHS ENDED DECEMBER 31, 2005			
Real estate charge-offs and REO expense.....	\$ 158	\$--	\$ 158
Average real estate secured receivables.....	81,332	--	81,332
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	.78%	--	.7%
THREE MONTHS ENDED SEPTEMBER 30, 2005			
Real estate charge-offs and REO expense.....	\$ 163	\$--	\$ 163
Average real estate secured receivables.....	74,369	--	74,369
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	.88%	--	.8%
THREE MONTHS ENDED DECEMBER 31, 2004			
Real estate charge-offs and REO expense.....	\$ 179	\$ 1	\$ 180
Average real estate secured receivables.....	61,445	98	61,543
Real estate charge-offs and REO expense as a percentage of average real estate secured receivables(1).....	1.17%	--	1.1%

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

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 DECEMBER 31, 2005			
Reserves for receivables at beginning of quarter.....	\$ 4,220	\$ 351	\$ 4,571
Provision for credit losses.....	1,310	48	1,358
Charge-offs, net of recoveries.....	(1,044)	(119)	(1,163)
Other, net.....	35	(65)	(30)
Reserves for receivables at end of quarter.....	\$ 4,521	\$ 215	\$ 4,736
Receivables.....	\$139,913	\$ 4,074	\$143,987

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Credit loss reserves as a percent of receivables.....	3.23%	5.28%	3

THREE MONTHS ENDED SEPTEMBER 30, 2005			
Reserves for receivables at beginning of quarter.....	\$ 3,756	\$ 525	\$ 4,
Provision for credit losses.....	1,361	(23)	1,
Charge-offs, net of recoveries.....	(902)	(150)	(1,
Other, net.....	5	(1)	

Reserves for receivables at end of quarter.....	\$ 4,220	\$ 351	\$ 4,
Receivables.....	\$128,722	\$ 6,759	\$135,
Credit loss reserves as a percent of receivables.....	3.28%	5.19%	3

THREE MONTHS ENDED DECEMBER 31, 2004			
Reserves for receivables at beginning of quarter.....	\$ 3,953	\$ 1,246	\$ 5,
Provision for credit losses.....	1,286	19	1,
Charge-offs, net of recoveries.....	(1,127)	(375)	(1,
Other, net.....	(487)	--	(

Reserves for receivables at end of quarter.....	\$ 3,625	\$ 890	\$ 4,
Receivables.....	\$106,855	\$14,225	\$121,
Credit loss reserves as a percent of receivables.....	3.39%	6.26%	3

NONPERFORMING ASSETS:			
DECEMBER 31, 2005			
Nonaccrual receivables.....	\$ 3,533	\$ 176	\$ 3,
Accruing receivables 90 or more days delinquent.....	621	21	
Renegotiated commercial loans.....	--	--	

Total nonperforming receivables.....	4,154	197	4,
Real estate owned.....	510	--	

Total nonperforming assets.....	\$ 4,664	\$ 197	\$ 4,
Credit loss reserves as a percent of nonperforming receivables.....	108.8%	--	10

SEPTEMBER 30, 2005			
Nonaccrual receivables.....	\$ 3,273	\$ 268	\$ 3,
Accruing receivables 90 or more days delinquent.....	563	41	
Renegotiated commercial loans.....	--	--	

Total nonperforming receivables.....	3,836	309	4,
Real estate owned.....	462	--	

Total nonperforming assets.....	\$ 4,298	\$ 309	\$ 4,
Credit loss reserves as a percent of nonperforming receivables.....	110.0%	--	11

DECEMBER 31, 2004			
Nonaccrual receivables.....	\$ 3,012	\$ 546	\$ 3,
Accruing receivables 90 or more days delinquent.....	507	100	
Renegotiated commercial loans.....	2	--	

Total nonperforming receivables.....	3,521	646	4,
Real estate owned.....	587	--	

Total nonperforming assets.....	\$ 4,108	\$ 646	\$ 4,
Credit loss reserves as a percent of nonperforming receivables.....	103.0%	--	10

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: P A Stafford

Title: Assistant Group Secretary

Date: 06 March, 2006