

HSBC HOLDINGS PLC
Form 6-K
May 12, 2008

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 May, 2008

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-.....).

FORM 6-K

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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-.....).

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CONFORMED

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION
WASHINGTON**

**,
D.C.**

**20549
FORM 10-
Q**

(Mark
One)

(QUARTERLY REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934)

For the quarterly period ended March 31, 2008

OR

(TRANSITION REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES
) AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-7436

HSBC USA Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State of
Incorporation
)

13-

2764867

(I.R.S. Employer Identification
No.)

452 Fifth Avenue

New York

New York

(Address of principal
executive offices)

10018

(Zip Code)

**(716) 841-
2424**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Y No
es —
X

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Non-accelerated Smaller reporting
accelerated filer _____ filer company _____
filer _____ X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Y No

es —
 X

At April 30, 2008, there were 707 shares of the registrant's Common Stock outstanding, all of which are owned by HSBC North America Inc.

HSBC USA Inc.

**F
Form 10-
Q**

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HSBC USA Inc.
CONSOLIDATED STATEMENT OF (LOSS) INCOME
 (UNAUDITED)

Three months ended March

**31,
 2008 2007**

(in millions)

Interest income:		
Loans	1,488	\$,442
Securities	302	288
Trading assets	158	141
Short-term investments	131	219
Other	83	32
Total interest income	2,162	2,122
Interest expense:		
Deposits	799	889
Short-term borrowings	99	71
Long-term debt	303	372

Total interest expense	1,201	1,332
Net interest income	961	790
Provision for credit losses	498	205
Net interest income after provision for credit losses.	463	585
Other revenues:		
Credit card fees	231	178
Trust income	33	23
Service charges.	55	53
Other fees and commissions	82	109
Trading (loss) revenue	(709)	137
Securities gains, net	84	21
HSBC affiliate income	54	47
Residential mortgage banking revenue	38	20
Gain (loss) on instruments at fair value and related derivatives	57	(1)
Other (loss) income	(6)	47
Total other revenues	(81)	634
Operating expenses:		
Salaries and employee benefits	310	338

Support services from HSBC affiliates	290	279
Occupancy expense, net	64	58
Other expenses	160	168
Total	824	843
operating expenses		
(Loss) income before income tax expense	(442)	376
Income tax (benefit) expense	(164)	103
Net (loss) income	\$ (278)	\$ 273

The accompanying notes are an integral part of the consolidated financial statements.

HSBC USA Inc.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	March 31, 2008	December 31, 2007
(in millions)		
Assets		
Cash and due from banks	\$ 3,527	\$ 3,567
Interest bearing deposits with banks	4,444	4,741
Federal funds sold and securities purchased under agreements to resell	13,748	13,677
Trading assets	39,206	37,036

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Securities available for sale	23,210	19,962
Securities held to maturity (fair value of \$2,935 million and \$2,945 million at March 31, 2008 and December 31, 2007, respectively)	2,863	2,891
Loans (includes \$1,797 million recorded under fair value option at March 31, 2008)	92,665	95,826
Less - allowance for credit losses	1,583	1,414
Loans, net	91,082	94,412
Properties and equipment, net	575	568
Intangible assets	511	534
Goodwill	2,701	2,701
Other assets	9,854	8,284
Total assets	\$ 191,721	\$ 188,373

Liabilities

Deposits in domestic offices:

Noninterest bearing	\$ 14,115	\$ 13,831
Interest bearing (includes \$1,818 million recorded under fair value option	73,162	68,237

at March 31, 2008)

Deposits in foreign offices:

Noninterest bearing	1,269	1,030
	31,596	33,072

Interest bearing Total deposits	120,142	116,170
Trading liabilities	18,718	16,253
Short-term borrowings	10,277	11,832
Interest, taxes and other liabilities	5,889	4,613
Long-term debt (includes \$3,476 million recorded under fair value option at March 31, 2008)	24,686	28,268
Total liabilities	179,712	177,136
Shareholders' equity		
Preferred stock	1,565	1,565
Common shareholder's equity:		
Common stock (\$5 par; 150,000,000 shares authorized; 707 and 706 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively)	-	-
Capital surplus	9,133	8,123
Retained earnings	1,713	1,901
Accumulated other comprehensive loss	(402)	(352)
Total common shareholder's equity	10,444	9,672

<i>Total shareholders' equity</i>	12,009	11,237
<i>Total liabilities and shareholders' equity</i>	\$ 191,721	\$ 188,373

The accompanying notes are an integral part of the consolidated financial statements.

HSBC USA Inc.

**CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY (UNAUDITED)**

	Three months ended March 31, 2008	2007
(in millions)		
<i>Preferred stock</i>		
Balance, January 1 and March 31,	\$1,565	\$ 1,690
<i>Common stock</i>		
Balance, January 1 and March 31,	-	-
<i>Capital surplus</i>		
Balance, January	8,123	8,124

1, Capital contribution from parent	1,010	1
Employee benefit plans and other	-	(3)
Balance, March 31,	9,133	8,122
<i>Retained earnings</i> Balance, January 1,	1,901	2,661
Adjustment to initially apply fair value option and fair value measurement accounting, net of tax	113	-
Net (loss) income	(278)	273
Cash dividends declared on preferred stock	(23)	(24)
Cash dividends declared on common stock	-	(305)
	1,713	2,605

Balance,
March
31,

*Accumulated
other
comprehensive
loss*

Balance, January 1,	(352)	(214)
---------------------------	--------------	-------

Net change in net unrealized losses on securities available for sale, net of tax	(21)	9
---	-------------	---

Net change in net unrealized (losses) gains on derivatives classified as cash flow hedges,	(39)	(25)
---	-------------	------

net
of
tax
Unrecognized
actuarial
gains,
transition
obligation
and
prior

service		
Unrecognized	8	9
actuarial		
gains,		
transition		
obligation		
and		
prior		
service		
costs		
relating		
to		
pension		
and		
postretirement		
benefits,		
net		
of		
tax		
Foreign	2	-
currency		
translation		
adjustments,		
net		
of		
tax		
Other	(50)	(7)
comprehensive		
loss,		
net		
of		
tax		
Balance,	(402)	(221)
March		
31,		
Total	\$2,009	\$ 12,196
shareholders'		
equity,		
March		
31,		
Comprehensive		
(loss)		
income		
Net	\$ (278)	\$ 273
(loss)		
income		
Other	(50)	(7)
comprehensive		
loss		

Comprehensive \$ (328) \$ 266
(loss)
income

The accompanying notes are an integral part of the consolidated financial statements.

HSBC USA Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,	
	2008	2007
(in millions)		
Cash flows from operating activities		
Net (loss) income	(\$78)	\$ 273
Adjustments to reconcile net income to net cash provided by (used in)		
operating activities:		
Depreciation, amortization and deferred taxes	(92)	31
Provision for credit losses	498	205
Net change in other assets and liabilities	(1,261)	(201)
Net change in loans held for sale	522	(586)
Net change in loans attributable to tax refund anticipation loans program:	(12,552)	(17,039)

Originations of loans		
Sales of loans to HSBC Finance Corporation, including premium	12,530	17,204
Net change in trading assets and liabilities	1,633	(1,533)
Net change in fair value of derivatives and hedged items	6	478
Net cash provided by (used in) operating activities	1,006	(1,168)
<i>Cash flows from investing activities</i>		
Net change in interest bearing deposits with banks	297	(1,390)
Net change in federal funds sold and securities purchased under resale agreements	(71)	(2,822)
Net change in securities available for sale:		
Purchases of securities available for sale	(5,492)	(2,308)
Proceeds from sales of securities available for sale	11	2,692
Proceeds from maturities of securities available for sale	2,200	725
Net change in securities held to maturity:		
Purchases of securities held to maturity	(125)	(58)

Proceeds from maturities of securities held to maturity	153	76
Net change in loans:		
Originations, net of collections	7,408	7,029
Loans purchased from HSBC Finance Corporation	(5,161)	(5,408)
Net cash used for acquisitions of properties and equipment	(24)	(21)
Other, net	75	4
Net cash used in investing activities	(729)	(1,481)
<i>Cash flows from financing activities</i>		
Net change in deposits	3,972	2,706
Net change in short-term borrowings	(1,555)	859
Net change in long-term debt:		
Issuance of long-term debt	365	910
Repayment of long-term debt	(4,086)	(1,778)
Capital contribution from parent	1,010	1
Other decreases in capital surplus	-	(3)
Dividends paid	(23)	(329)
Net cash (used in) provided by financing activities.	(317)	2,366
Net change in cash and due from banks	(40)	(283)
Cash and due from banks at beginning of period	3,567	3,359
	3,\$27	\$ 3,076

***Cash and due from
banks at end of
period***

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

HSBC USA Inc. and its subsidiaries is an indirect wholly owned subsidiary of HSBC North America Holdings Inc. (HNAH), which is an indirect wholly owned subsidiary of HSBC Holdings plc (HSBC). The accompanying unaudited interim consolidated financial statements of HSBC USA Inc. and its subsidiaries (collectively, HUSI), including its principal subsidiary, HSBC Bank USA, National Association (HBUS), have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, as well as in accordance with predominant practices within the banking industry. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal and recurring adjustments considered necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods have been made. These unaudited interim financial statements should be read in conjunction with HUSI's Annual Report on Form 10-K for the year ended December 31, 2007 (the 2007 Form 10-K). Certain reclassifications have been made to prior period amounts to conform to the current period presentations. The accounting and reporting policies of HUSI are consistent, in all material respects, with those used to prepare the 2007 Form 10-K, except for the impact of new accounting pronouncements summarized in Note 17 of these unaudited interim consolidated financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. Interim results should not be considered indicative of results in future periods.

Note 2. Trading Assets and Liabilities

Trading assets and liabilities are summarized in the following table.

	March 31, December 31,	
	2008	2007
(in millions)		
Trading assets:		
U.S.	\$ 163	\$ 460
Treasury		

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U.S. Government agency	3,500		3,009
Asset backed securities	3,172		2,942
Corporate bonds	1,146		1,296
Other securities	6,199		5,830
Precious metals	7,164		8,788
Fair value of derivatives	17,862		14,711
Total	\$ 39,206	\$	37,036
Trading liabilities:			
Securities sold, not yet purchased	\$ 2,073	\$	1,444
Payables for precious metals	2,587		1,523
Fair value of derivatives	14,058		13,286
Total	\$ 18,718	\$	16,253

At March 31, 2008 and December 31, 2007, the fair value of derivatives included in trading assets have been reduced by \$4.6 billion and \$3.6 billion, respectively, of amounts recognized for the obligation to return cash collateral received under master netting agreements with derivative counterparties, consistent with the reporting requirements of FASB Staff Position No. FIN 39-1, Amendment of FASB Interpretation No. 39 (FSP FIN 39-1).

At March 31, 2008 and December 31, 2007, the fair value of derivatives included in trading liabilities have been reduced by \$9.8 billion and \$5.6 billion, respectively, of amounts recognized for the right to reclaim cash collateral paid under master netting agreements with derivative counterparties, consistent with the reporting requirements of FSP FIN 39-1.

Note 3. Securities

At March 31, 2008 and December 31, 2007, HUSI held no securities of any single issuer (excluding the U.S. Treasury, U.S. Government agencies and U.S. Government sponsored enterprises) with a book value that exceeded 10% of shareholders' equity. The amortized cost and fair value of the securities available for sale and securities held to maturity portfolios are summarized in the following tables.

March 31, 2008	Amortized Cost	Gross		Fair Value
		Unrealized Gains	Unrealized Losses	
(in millions)				
Securities available for sale:				
U.S.	\$ 506	\$ 2	\$ -	\$ 508
Treasury				
U.S. Government sponsored enterprises (1)	13,907	144	(192)	13,859
U.S. Government agency issued or guaranteed	3,927	49	(16)	3,960
Obligations of	683	2	(14)	671
U.S.				
states and political subdivisions				

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Asset backed securities	1,461	1	(185)	1,277
Other domestic debt securities	2,674	2	(140)	2,536
Foreign debt securities	377	1	(4)	374
Equity securities	25	-	-	25
Total	\$ 23,560	\$ 201	\$ (551)	\$ 23,210
Securities held to maturity:				
U.S. Government sponsored enterprises (1)	\$ 1,870	\$ 65	\$ (13)	\$ 1,922
U.S. Government agency issued or guaranteed	519	31	-	550
Obligations of	247	12	-	259
U.S.				
states and political subdivisions				
Other domestic debt securities	179	1	(24)	156
Foreign debt securities	48	-	-	48
Total	\$ 2,863	\$ 109	\$ (37)	\$ 2,935

December 31, 2007	Amortized Cost	Gross		Fair Value
		Unrealized Gains	Unrealized Losses	
(in millions)				
Securities available for sale:				
U.S.	\$ 1	\$ -	\$ -	\$ 1
Treasury				
U.S. Government sponsored enterprises (1)	11,141	60	(271)	10,930
U.S. Government agency issued or guaranteed	3,193	13	(34)	3,172
Obligations of	668	3	(3)	668
U.S.				
states and political subdivisions				
Asset backed securities	1,563	2	(72)	1,493
Other domestic debt securities	2,649	15	(25)	2,639
Foreign debt securities	1,036	1	(3)	1,034
Equity securities	25	-	-	25
Total	\$ 20,276	\$ 94	\$ (408)	\$ 19,962
Securities held to maturity:				
U.S. Government sponsored enterprises (1)	\$ 1,862	\$ 42	\$ (22)	\$ 1,882
U.S. Government agency issued or guaranteed	528	24	(1)	551
Obligations of	255	14	-	269
U.S.				
states and political subdivisions				
Other domestic debt securities	176	1	(4)	173
Foreign debt securities	70	-	-	70
Total	\$ 2,891	\$ 81	\$ (27)	\$ 2,945

(1) Includes primarily mortgage backed securities issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC).

Gross unrealized losses and related fair values, classified as to the length of time the losses have existed, are summarized in the following tables.

	One Year or Less			Greater Than One Year		
	Number	Gross	Aggregate	Number	Gross	Aggregate
March 31, 2008	of Unrealized		Fair Value	of Unrealized		Fair Value
	Securities	Losses	of Securities	Losses	of	
			Investment		Investment	
(\$ in millions)						
Securities available for sale:						
U.S. Treasury	1	\$ -	\$ -	-	\$ -	-
U.S. Government sponsored enterprises (1)	429	(63)	2,489	135	(129)	3,329
U.S. Government agency issued or guaranteed Obligations of U.S. states and	28	(1)	37	183	(15)	740

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