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HSBC HOLDINGS PLC  
Form 6-K  
October 27, 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 October, 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- .....

GRUPO FINANCIERO HSBC, S.A. DE C.V.  
THIRD QUARTER 2006 FINANCIAL RESULTS - HIGHLIGHTS

- Net income up 17.5 per cent to MXN4,327 million for the nine months ended 30 September 2006 (MXN3,683 million for the nine months ended 30 September 2005).
- Cost efficiency ratio of 61.3 per cent for the nine months ended 30 September 2006 (65.6 per cent for the nine months ended 30 September 2005).
- Return on equity of 20.3 per cent for the nine months ended 30 September 2006, (21.3 per cent for the nine months ended 30 September 2005).
- Net loans and advances to customers up MXN17.8 billion, or 14.0 per cent, to MXN144.8 billion at 30 September 2006 (MXN127.0 billion at 30 September 2005).
- Total assets up MXN32.5 billion, or 12.9 per cent, to MXN284.3 billion at 30 September 2006 (MXN251.8 billion at 30 September 2005).

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HSBC Mexico S.A. (the bank) is Grupo Financiero HSBC, S.A. de C.V.'s (the Group) primary subsidiary, and is subject to supervision by the Mexican Banking and Securities Commission. The bank is required to file periodic financial information for the year on a quarterly basis (in this case for the quarter ending 30 September 2006) and this information is publicly available. Given that this information is available in the public domain, Grupo Financiero HSBC, S.A. de C.V. has elected to file this release.

Results are prepared in accordance with Mexican GAAP (generally accepted accounting principles), with figures denominated in Mexican pesos (MXN). Comparative figures are presented on an actual basis, indexed to constant MXN as at 30 September 2006.

On 8 August 2006, HSBC Panama was sold by Grupo Financiero HSBC, S.A de C.V to HSBC Asia Holdings BV; therefore, Group results include HSBC Panama up until this date.

Grupo Financiero HSBC, S.A. de C.V. is a 99.74 per cent directly owned subsidiary of HSBC Holdings plc (HSBC).

Comment by Sandy Flockhart, President and Group Managing Director of Latin America and the Caribbean

"Grupo Financiero HSBC reported good results for the nine months ended 30 September 2006, with robust growth in revenues and net income driven by strong performance in the bank and in the insurance and pension funds management (Afore) subsidiaries. Total revenue was higher across all of our customer segments despite a decreasing interest rate environment and a highly competitive market. The growth in revenues for the first nine months of the year of 17.2 per cent surpassed the 9.5 per cent growth in expenses, which is in line with continued investment in our business.

"Since 2003 and through 30 September 2006, our consumer lending has increased 230 per cent through acquisition and organic growth and our business lending has also increased by 182 per cent. During the same period, spreads have been reduced by 777 and 399 basis points respectively due to competitive pressures. This is a strong indication that there is greater competition in the Mexican market, which has been beneficial to our customers and the economy as a whole.

"I am proud to announce that one of the main business magazines in Mexico, Expansion, named HSBC The Mexican Bank of the Year in 2006. This reflects HSBC's positive results, our solid position as a bank for Mexico's retail and business customers, and reaffirms our commitment to be the leading financial services institution in Mexico.

"Furthermore, HSBC Mexico was awarded fourth place overall in the second annual ranking of the most ethical and sustainable banks of Latin America as published by Latin Finance magazine. This represented an improvement for HSBC Mexico from fourteenth place last year to fourth place this year. HSBC Mexico also had the highest overall score of all Mexican banks mentioned. In terms of individual categories, for Latin America, HSBC Mexico ranked first in ethics, third in transparency and fourth in social responsibility.

"We look forward to a strong finish to the year as we continue to leverage our business and product opportunities and enhance our service standards for all our customers."

### Overview

For the nine months ended at 30 September 2006, Grupo Financiero HSBC's net income of MXN4,327 million was MXN644 million, 17.5 per cent, higher than the

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same period in 2005. These results were largely due to strong performances in the bank and insurance subsidiaries.

Despite the challenging interest rate environment, net interest income (excluding the monetary position) was up MXN1,599 million to MXN13,191 million, a 13.8 per cent increase compared to same period in 2005. This increase reflects a solid performance in loans, concentrated in higher-yielding consumer lending, small and medium-sized business products and robust growth in low-cost customer deposits.

Fees and commissions performed well, increasing by 16.5 per cent versus the same period in 2005, reaching MXN6,576 million for the nine months ended 30 September 2006. These results were mainly driven by increased contributions from credit cards, membership programmes, mortgages, commercial lending, mutual funds, ATM fees as well as payments and cash management. Trading income was up 63.1 per cent to MXN1,541 million, over the same period the previous year. These strong results reflected the benefits of the Bank's successful strategic positioning and higher customer volumes.

Administrative expenses grew 9.5 per cent compared to the same period in 2005, reaching MXN13,072 million for the nine months ended 30 September 2006. The increase reflects continued investment in growing the business, training and developing our employees and the build-out of our branch and ATM infrastructure.

Loan impairment charges increased to MXN2,419 million for the first nine months of 2006, in line with targeted increases in consumer lending, particularly in credit cards and mortgages. The ratio of impaired loans to total loans improved to 2.6 per cent from 2.8 per cent for the first nine months of 2005. The reserve coverage on impaired loans continues to be strong at 153 per cent. The bank's capital adequacy ratio remains solid at 13.9 per cent.

By customer segment

During the third quarter of 2006, Personal Financial Services (PFS) saw continued growth in credit cards, mortgage lending and transaction-based fee income. Strong performance was driven by the launch of an innovative marketing campaign, Tu Cuenta Episodio IV, featuring a five per cent credit card cashback promotion. The campaign provided additional momentum to the continued success of 'Tu Cuenta', the first integrated financial services product of its kind offered locally, as it helped increase the credit card business and drive growth in low cost deposits.

Commercial Banking (CMB) enjoyed strong performance across all lines of business, largely as a result of successful restructuring and improved segmentation to better serve its client base. CMB benefited from volume expansion in the higher-yielding small- and medium-sized businesses (SME) and increased fees and commissions driven by payments and cash management transactions and Estimulo, our combined loan and overdraft product. During the third quarter, Estimulo Empresarial was launched for upper-end SMEs involving 11 different services, including a potential credit of up to MXN10 million. More than 60 new clients have been approved for the product, generating some MXN230 million in new loans.

Corporate, Investment Banking and Markets (CIBM) continued to increase profitability while strengthening its market position in part from HSBC's extensive international network for multinational companies. Payments and cash management and the trust businesses generated strong results in the third quarter. The Global Markets business generated higher revenues in money market trading and derivatives portfolio due to successful yield curve positioning and an increase in both interbank and customer-driven activity.

About HSBC

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Grupo Financiero HSBC, S.A. de C.V. is Mexico's fourth largest banking and financial services institution with 1,400 branches, 5,350 ATMs, 6.5 million customers and more than 23,000 employees. For more information, consult our website at [www.hsbc.com.mx](http://www.hsbc.com.mx).

Grupo Financiero HSBC, S.A. de C.V. is a 99.74 per cent directly owned subsidiary of HSBC Holdings plc. Headquartered in London, UK, the HSBC Group serves over 125 million customers worldwide through 9,500 offices in 76 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$1,738 billion at 30 June 2006, HSBC is one of the world's largest banking and financial services organisations.

Listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, with shares in HSBC Holdings plc held by around 200,000 shareholders in some 100 countries and territories. HSBC is marketed worldwide as 'the world's local bank'.

### Consolidated Balance Sheet

Figures in MXN millions	GROUP		BANK	
	30Sep06	30Sep05	30Sep06	30Sep05
<b>Assets</b>				
Cash and deposits in banks	54,373	50,248	54,372	48,045
Investment in securities	49,787	51,108	49,219	49,218
Trading securities	11,889	4,945	11,322	4,252
Available for sale securities	33,973	42,080	33,973	40,884
Held to maturity securities	3,925	4,083	3,924	4,082
Securities and derivative operations	779	272	774	258
Repurchase agreements	137	95	133	81
Derivative transactions	642	177	641	177
Performing loans				
Commercial loans	51,437	45,786	51,437	40,448
Loans to financial intermediaries	5,227	5,308	5,227	5,215
Consumer loans	33,486	20,423	33,486	18,656
Mortgage	19,232	19,347	9,232	14,489
Loans to government entities	37,477	37,722	37,477	37,722
Loans to Fobaproa or IPAB	-	968	-	968
Total performing loans	146,859	129,554	146,859	117,498
Impaired loans				
Commercial loans	1,347	1,793	1,347	1,746
Consumer loans	1,459	698	1,459	688
Mortgage	1,073	1,160	1,073	1,094
Immediate collection, remittances and other	23	32	23	32
Total impaired loans	3,902	3,683	3,902	3,560
Gross loans and advances to customers	150,761	133,237	150,761	121,058
Allowance for loan losses	(5,984)	(6,274)	(5,984)	(6,119)
Net loans and advances to customers	144,777	126,963	144,777	114,939
Other accounts receivable	22,622	9,931	22,487	8,965
Foreclosed assets	55	456	55	412
Property, furniture and equipment, net	5,648	5,226	5,641	4,998
Long-term investments in equity				

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securities	2,854	2,112	173	179
Deferred taxes	176	1,307	140	1,180
Goodwill	2,599	3,254	-	-
Other assets, deferred charges and intangibles	626	949	600	732
Total assets	284,296	251,826	278,238	228,926

Liabilities	BANK		GROUP	
	30Sep06	30Sep05	30Sep06	30Sep05
Deposits	201,300	198,189	202,907	185,945
Demand deposits	116,263	110,479	117,870	105,922
Time deposits	80,777	87,710	80,777	80,023
Bonds	4,260	-	4,260	-
Bank deposits and other liabilities	10,036	7,199	10,036	7,112
Short-term	7,953	4,994	7,953	4,907
Long-term	2,083	2,205	2,083	2,205
Settlement accounts	-	-	-	-
Securities and derivative transactions	7,081	3,045	7,077	3,030
Repurchase agreements	29	90	25	75
Loans with collateral	7,052	2,955	7,052	2,955
Other accounts payable	33,263	15,699	33,061	14,285
Income tax and employee profit sharing payable	1,309	402	1,277	325
Sundry creditors and others accounts payable	31,954	15,297	31,784	13,960
Subordinated debentures outstanding	2,203	2,676	2,203	2,284
Deferred credits	9	16	9	3
Total liabilities	253,892	226,824	255,293	212,659
Equity				
Paid in capital	20,300	20,300	12,798	10,549
Capital stock	7,764	7,764	3,857	3,576
Additional paid in capital	12,536	12,536	8,941	6,973
Other reserves	10,102	4,699	10,146	5,715
Capital reserves	828	648	8,980	4,686
Retained earnings	12,650	7,811	-	-
Deficit from the mark to market of available for sale securities	-	-	68	235
Result from translation				

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of foreign operations	-	(4)	-	12
Cumulative effect of restatement	(3,771)	(3,771)	(3,438)	(3,383)
Gains on non-monetary asset valuation				
Valuation of fixed assets	-	-	1,273	1,273
Valuation of permanent investments	(3,932)	(3,668)	(146)	(146)
Net income	4,327	3,683	3,409	3,038
Minority interest in capital	2	3	1	3
Total equity	30,404	25,002	22,945	16,267
Total liabilities and equity	284,296	251,826	278,238	228,926

GROUP  
30Sep06 30Sep05

Memorandum Accounts

Transactions on behalf of third parties	103,384	86,322
Customer current accounts	24	(3)
Customer banks	5	-
Settlement of customer securities and documents	19	(3)
Customer securities	82,407	66,639
Customer securities in custody	82,401	65,202
Pledged customers securities and documents	6	1,437
Transactions on behalf of customers	2,302	2,629
Customer repurchase transactions	2,302	2,629
Other transactions on behalf of customers	18,651	17,057
Investment on behalf of customers, net	18,651	17,057
Other memorandums accounts	322,310	458,981
Investment of the SAR funds	3,540	3,337
Integrated loan portfolio	156,436	124,461
Other memorandum accounts	162,334	331,183
Transactions for the Group's own accounts	688,264	405,024
Accounts for the Group's own registry	688,156	405,018
Guarantees granted	51	60
Irrevocable lines of credit granted	5,623	3,290
Goods in trust or mandate	78,211	68,391
Goods in custody or under administration	82,668	63,495
Amounts committed in transactions with Fobaproa	155	481
Amounts contracted in		

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derivative operations	517,396	259,897
Securities in custody	3,937	4,165
Other contingent obligations	115	5,239
Repurchase/resale agreements		
Securities receivable under repos	42,010	44,825
(less) Repurchase agreements	41,899	44,813
	111	12
Reverse repurchase agreements	2,302	14,537
(less) Securities deliverable under repos	2,305	14,543
	(3)	(6)

BANK

Memorandum Accounts	30Sep06	30Sep05
Guarantees granted	51	60
Other contingent obligations	115	5,239
Irrevocable lines of credit granted	5,623	3,290
Goods in trust or mandate	78,211	68,391
Goods in custody or under administration	82,668	63,495
Third party investment banking operations, net	18,651	17,057
Amounts committed in transactions with Fobaproa	155	481
Amounts contracted in derivative operations	517,396	259,897
Investments of retirement savings system funds	3,540	3,337
Integrated loan portfolio	156,436	124,461
Other control accounts	162,333	331,182
	1,025,179	876,890
Securities receivable under repos	39,705	42,206
(less) Repurchase agreements	(39,597)	(42,184)
	108	22
Reverse repurchase agreements	-	11,907
(less) Securities deliverable under repos	-	(11,924)
	-	(17)

Consolidated Income Statement

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Figures in MXN millions	GROUP		BANK	
	30Sept06	30Sept05	30Sept06	30Sept05
Interest income	20,388	19,897	19,602	19,171
Interest expense (-)	(7,197)	(8,305)	(6,921)	(8,021)
Monetary position (margin), net	(473)	(150)	(440)	(112)
Net interest income	12,718	11,442	12,241	11,038
Loan impairment charges (-)	(2,419)	(1,121)	(2,389)	(1,117)
Risk adjusted net interest income	10,299	10,321	9,852	9,921
Fees and commissions receivable	7,365	6,323	6,609	5,626
Fees payable	(789)	(678)	(761)	(647)
Trading income	1,541	945	1,536	937
Total operating income	18,416	16,911	17,236	15,837
Administrative and personnel expenses (-)	(13,072)	(11,935)	(12,252)	(11,057)
Net operating income	5,344	4,976	4,984	4,780
Other income	1,540	1,078	1,435	1,054
Other expenses (-)	(833)	(777)	(829)	(768)
Net income before taxes	6,051	5,277	5,590	5,066
Income tax and employee profit sharing tax	(1,595)	(1,186)	(1,502)	(1,102)
Deferred income tax	(704)	(860)	(677)	(860)
Net income before subsidiaries	3,752	3,231	3,411	3,104
Undistributed income from subsidiaries	575	531	(2)	13
Income from ongoing operations	4,327	3,762	3,409	3,117
Discontinued and extraordinary operations, and changes in accountable policies, net	-	(79)	-	(79)
Net income	4,327	3,683	3,409	3,038

Statement of Changes in Shareholder's Equity



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GROUP

Figures in millions of pesos

	Capital contributed	Statutory reserves	Retained earnings	Result from foreign currency transactions	Deficit in restatement of stock holders' equity	Net income	Minority interest
Balances as of 31Dec05	20,300	648	7,812	(7)	(7,485)	5,093	2
Movements inherent to the shareholders decision							
Capitalisation of retained earnings	-	-	5,093	-	-	(5,093)	-
Other movements	-	180	(255)	-	-	-	-
Total	-	180	4,838	-	-	(5,093)	-
Movements for the recognition of the comprehensive income							
Net income	-	-	-	-	-	4,327	-
Result from foreign currency transactions	-	-	-	7	-	-	-
Cumulative effect of restatement	-	-	-	-	1	-	-
Gains on non-monetary asset valuation	-	-	-	-	(219)	-	-
Total	-	-	-	7	(218)	4,327	-
Balances as of 30Sep06	20,300	828	2,650	-	(7,703)	4,327	2

BANK

Figures in millions of pesos

	Capital contributed	Statutory reserves	Retained earnings	Unrealised loss from valuation of available-for- sale securities	Result from foreign currency transactions	Deficit in restatement of stock- holders' equity	inc
Balances as of 31Dec05	12,516	4,583	-	269	11	(2,255)	4,

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Movements inherent to the shareholders decision							
Transfer of result of prior years	-	-	4,199	-	-	-	(4
Other movements	-	4,199	(4,199)	-	-	-	-
Total	-	4,199	-	-	-	-	(4
Movements for the recognition of the comprehensive income							
Net income	-	-	-	-	-	-	3,
Unrealised loss from valuation of available for sale securities	-	-	-	(207)	-	-	-
Cumulative effect of restatement	282	198	-	6	-	(51)	(51)
Others	-	-	-	-	(11)	(5)	(5)
Total	282	198	-	(201)	(11)	(56)	3,
Balances as of 30Sep06	12,798	8,980	-	68	-	(2,311)	3,

Consolidated Statement of Changes in Financial Position

GROUP

Figures in MXN millions	30Sep06	30Sep05
Operating activities		
Net income	4,327	3,683
Items included in operations not requiring (providing) funds:		
Profit from mark-to-market valuations	(1,541)	(885)
Allowances for loan losses	2,419	1,121
Depreciation and amortisation	641	630
Deferred taxes	704	860
Undistributed income from subsidiaries, net	(575)	(531)
Total operating items not requiring funds	1,648	1,195
Changes in items related to operations:		
Decrease in deposits:	(15,795)	8,839
Increase in loan portfolio	(10,894)	(10,534)
Decrease/(increase) in securities and derivative transactions, net	9,996	(1,608)
Decrease in financial instruments	2,280	2,844
Other accounts receivable	2,726	340
Funds provided by operating activities	(11,687)	(119)

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Financing activities:		
Subordinated debentures outstanding	(434)	(59)
Increase/(decrease) in bank and other loans	2,916	(2,252)
Funds used or provided in financing activities	2,482	(2,311)
Investing activities:		
Increase in property, furniture and equipment, net	(239)	(556)
Increase in deferred charges or credits, net	1,314	201
Other investment activities	(8)	3
Funds used in investing activities	1,067	(352)
(Decrease)/increase in cash and equivalents	(2,163)	2,096
Cash and equivalents at beginning of period	56,536	48,152
Cash and equivalents at end of period	54,373	50,248

BANK

Figures in MXN millions	30Sep06	30Sep05
Operating activities		
Net income	3,409	3,038
Items included in operations not requiring (providing) funds:		
Profit from mark to market valuations	(338)	(76)
Allowance for loan losses	2,389	1,117
Depreciation and amortisation	618	606
Deferred taxes	677	860
Undistributed income from subsidiaries, net	2	(8)
Value loss estimation for foreclosed assets	229	-
	3,577	2,499
Changes in operating accounts:		
Decrease in retail deposit and money desk	1,917	7,626
Increase/(decrease) in bank deposits and other liabilities	2,985	(2,340)
Increase in loan portfolio	(22,679)	(7,480)
Decrease in financial instruments	9,965	545
Decrease in other receivable and payable accounts, net	4,070	296
Funds provided by operations	(3,742)	(1,353)
Financing activities:		
Subordinated debentures outstanding	(65)	(611)
Funds used or provided by financing activities	(65)	(611)
Investing activities:		
Increase in property, furniture and equipment and long-term investments	(880)	(1,220)
(Increase)/decrease in deferred credits	(185)	60
(Increase) in loans to employees	78	-
Funds used in investing activities	(987)	(1,160)
Increase/(decrease) in cash and equivalents	2,192	2,413
Cash and equivalents at beginning of period	52,180	45,632
Cash and equivalents at end of period	54,372	48,045

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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: 27 October, 2006