

HSBC HOLDINGS PLC  
Form 6-K  
April 30, 2010

**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 April

**HSBC Holdings plc**

42<sup>nd</sup> 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-.....).

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30 April 2010

**GRUPO FINANCIERO HSBC, S.A. DE C.V.  
FIRST QUARTER 2010 FINANCIAL RESULTS - HIGHLIGHTS**

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Total operating income for the quarter ended 31 March 2010 was MXN5,324 million, up by MXN568 million or 11.9 per cent compared with MXN4,756 million for the same period in 2009.

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Net  
income for the quarter ended 31 March 2010 was MXN855 million, up by MXN57 million or 7.1 per cent compared with MXN798 million for the same period in 2009.

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Profit before tax for the quarter ended 31 March 2010 was MXN400 million, down by MXN281 million or 41.3 per cent compared with MXN681 million for the same period in 2009.

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Loan impairment charges for the first quarter of 2010 were MXN2,613 million, down by MXN2,138 or 45 per cent compared with MXN4,751 million for the same period in 2009.

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Net loans and advances to customers were MXN145.5 billion at 31 March 2010, down by MXN12.0 billion or 7.6 per cent compared with MXN157.5 billion at 31 March 2009. Total impaired loans as a percentage of gross loans and advances to customers improved to 4.2 per cent from 5.6 cent compared to 31 March 2009 and the coverage ratio was 149.2 per cent compared to 137.8 per cent at 31 March 2009.

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Time and demand deposits were MXN220.9 billion at 31 March 2010, down by MXN12.8 billion or 5.5 per cent compared with MXN233.7 billion at 31 March 2009.

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Return on equity was 7.2 per cent for quarter ended 31 March 2010, compared with 8.8 per cent for the same period in 2009.

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At 31 March 2010, the bank's capital adequacy ratio was 17.3 per cent. The tier 1 capital ratio was 13.5 per cent.

*HSBC Mexico S.A. (the Bank) is Grupo Financiero HSBC, S.A. de C.V.'s (Grupo Financiero HSBC) primary subsidiary company and is subject to supervision by the Mexican Banking and Securities Commission. The Bank is required to file financial information on a quarterly basis (in this case for the quarter ended 31 March 2010) 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).*

*Figures for the financial statements for 2009 have been reclassified for comparative purposes following changes in local accounting rules deployed in 2009.*

## Overview

The Mexican economy has shown strong signs of recovery during the first quarter of 2010 and GDP is forecast to grow by at least 3.6 per cent in 2010 compared to a contraction of 6.5 per cent in 2009.

The annual consumer price index rate

is forecast to increase to 5 per cent from 3.6 per cent in 2009. This is largely attributable, however, to an increase in taxes and public tariffs at the beginning of this year. As economic growth remains below economic capacity, the overnight interest rate, currently at 4.5 per cent, is forecast to remain stable until the fourth quarter of 2010. The Mexican peso has benefited from liquidity in international markets and positive interest rate differentials and consequently appreciated to 12.35 to the US dollar from 13.1 at the end of 2009.

During 2010, Grupo Financiero HSBC will focus on strengthening relationships with its customers while at the same time maintaining solid capitalization ratios, sound liquidity and disciplined expense control.

For the quarter ended 31 March 2010, Grupo Financiero HSBC's net income was MXN855 million, an increase of MXN57 million or 7.1 per cent compared to the same period in 2009. This increase is mainly driven by the decline in loan impairment charges and a lower taxation expense. This was partially offset by a decrease in trading income, net fee income, net interest income and an increase in administrative expenses.

Net interest income was MXN5,166 million, a decrease of MXN212 million or 3.9 per cent compared to the same period in 2009. This reduction was mainly driven by lower margins on customer deposits driven by decreased market interest rates, and lower consumer portfolio volumes, particularly credit cards.

Loan impairment charges at 31 March 2010 were MXN2,613 million, a decrease of MXN2,138 million or 45 per cent compared to the same period in 2009. This reduction is mainly due to lower portfolio volumes, particularly consumer loans, improved risk management and stronger collections operations. The decrease in loan impairment charges was achieved despite MXN233 million of additional reserve requirements resulting from local regulatory changes in the methodology for calculating provisions for consumer loans introduced in the third quarter of 2009.

Risk adjusted net interest income for the quarter ended 31 March 2010 was MXN2,553 million, up by MXN1,926 million or 307.2 per cent compared with MXN627 million in the same period in 2009.

Net fee income was MXN2,060 million, a decrease of MXN483 million or 19 per cent compared to the same period in 2009. This decrease is mainly due to a reduction in credit card fees driven by lower portfolio volumes, lower transactional volumes from payments and cash management and a reduction in account management fees.

Trading income was MXN460 million, a decrease of MXN946 million or 67.3 per cent compared to the same period in 2009. This decrease is mainly driven by lower foreign exchange and debt instrument trading, partially offset by an increase in derivative trading.

Administrative expenses were MXN5,566 million, an increase of MXN709 million or 14.6 per cent compared to the same period in 2009. A large component of this increase is related to expenditure on infrastructure and technological projects and expenditure in relation to maintenance of the branch network.

The cost:efficiency ratio was 70.1 per cent for the quarter ended 31 March 2010, compared with 51.1 per cent for the same period in 2009.

Net other income was MXN642 million, a decrease of MXN140 million or 17.9 per cent compared to the same period in 2009. This decrease is mainly due to lower non recurring income from a special promotion

of VISA products in 2009 offset by a decrease in operating losses.

The performance of our non-banking subsidiaries, particularly HSBC Seguros, contributed positively to Grupo Financiero HSBC's quarterly results, reporting a net profit of MXN 342.8 million at 31 March 2010, an increase of 81.8 per cent compared with the same period in 2009. The

higher results were driven by growth in net premium income as a result of the launch of new products

during the second and third quarters

of 2009, lower claims particularly in individual life products, and higher investment income driven by increases in interest rate positions.

Net loans and advances to customers decreased MXN12.0 billion, or 7.6 per cent to MXN145.5 billion at 31 March 2010 compared to 31 March 2009. This decrease was largely a result of the economic slowdown in 2009, reduced risk appetite and more prudent credit origination criteria.

Total impaired loans decreased 31.4 per cent to MXN6,599 million at 31 March 2010 compared to 31 March 2009. This decrease is mainly due to a 51.4 per cent reduction in non-performing consumer loans. Total impaired loans as a percentage of gross loans and advances to customers improved to 4.2 per cent from 5.6 per cent at 31 March 2009.

Total loan loss allowances at 31 March 2010 were MXN9,847 million, a decrease of MXN3,411 million or 25.7 per cent compared to 31 March 2009.

The total coverage ratio (allowance for loan losses divided by impaired loans) was 149.2 per cent at 31 March 2010, compared to 137.8 per cent at 31 March 2009.

Total deposits decreased by MXN12.8 billion or 5.4 per cent to MXN225.2 billion at 31 March 2010 compared to 31 March 2009. Demand deposits were MXN121.9 billion, largely unchanged from 31 March 2009. US dollar demand deposits were lower as a consequence of the elimination of dollar cash transactions in our branch network in the first quarter 2009, offset by higher MXN peso demand deposits. Total time deposits decreased by MXN12.9 billion or 11.5 per cent principally as a result of lower money market deposits as funding requirements decreased in line with lower asset balances.

At 31 March 2010, the bank's capital adequacy ratio was 17.3

per cent compared to 12.4 per cent at 31 March 2009. The tier 1 capital ratio was 13.5

per cent compared to 9.7 per cent at 31 March 2009. This increase is a result of the MXN8,954 million capital injection received in the fourth quarter of 2009.

## **Business Highlights**

### **Personal Financial Services**

During the first quarter of 2010, Personal Financial Services (PFS) continued the implementation of the new business model in the branch network, focussing on increasing productivity and improving customer

service through the alignment of all service channels (ATMs, call centres, and internet banking).

As at 31 March 2010, the performing consumer loan portfolio decreased MXN 12.1 billion, or 30.2 per cent, to MXN28.0 billion compared to 31 March 2009. This trend is consistent within the banking industry where, to differing degrees, banks have reduced exposure and tightened credit origination criteria.

Improvements in the quality of the credit card portfolio were achieved through cautious underwriting criteria (targeting the internal customer base) and through the launch of targeted credit reactivation strategies. Monthly average purchases per active credit card increased by approximately 30 per cent, strengthening our purchasing volume market share.

During the month of March, the  
"Uno con Uno"

mortgage product was launched, aimed at providing customers with a competitive product while at the same time strengthening long-term customer relationships.

During the first quarter of 2010, PFS continued to focus on improving the customer experience through redesigning sales and operations to facilitate product access through all distribution channels, maintaining time deposit market share and setting the foundations for demand deposits growth. As of March 2010 total average MXN peso deposits increased 2.1 per cent largely driven by a 5.4 per cent increase in time deposits as a result of the continuous promotion of our deposit products, offset a by a 1.6 per cent decrease in average MXN peso demand deposits.

## **Commercial Banking**

During the first quarter of 2010, Commercial Banking focused on increasing customer deposits and strengthening customer relationships. As a result average MXN peso total deposits increased 7.9 per cent driven by growth in customer time deposits. Additionally, in accordance with the strategy, CMB strengthened its presence in the States and Municipalities segment increasing average loan balances year on year.

CMB continued implementing pricing initiatives to business banking offerings making them more competitive.

Specialised

Business Banking service teams located in the branch network completed training to improve service to Business Banking customers and strengthen our position in this important segment.

## **Global Banking and Markets**

Global Markets had a positive start to the year. Balance Sheet Management achieved strong results through correct interest rate positioning and the sale of certain available for sale securities.

Grupo Financiero HSBC is currently ranked third in the Debt Capital Markets League Tables as at 31 March 2010. During the first quarter, the bank participated as both joint lead manager and bookrunner

in the majority of the main transactions, including the Pemex corporate bond issuance which was the largest issuance ever in the Mexican debt capital market.

Global Banking results were affected by lower loan portfolio volumes mainly due to loan prepayments, as well as lower spreads and fees. During the fourth quarter of 2009 and the first quarter of 2010, clients have increasingly accessed the bond markets as a means of obtaining lower cost funding. HSBC Global Markets has benefited from this trend and HSBC continues to hold a leading position in the bond market.

## About HSBC

Grupo Financiero HSBC, S.A. de C.V. is one of the leading financial groups in Mexico with 1,191 branches, 6,358 ATMs, approximately 7.7 million customer accounts and more than 19,200 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 99.99 per cent directly owned subsidiary of HSBC Holdings plc, and a member of the HSBC Group. With around 8,000 offices in 88 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa and assets of US\$2,364 billion at 31 December 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

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## Consolidated Balance Sheet

<i>Figures in MXN millions</i>	<b>GROUP</b>		<b>BANK</b>	
	<b>31 Mar 2010</b>	31 Mar 2009	<b>31 Mar 2010</b>	31 Mar 2009
<b>Assets</b>				
Cash and deposits in banks	<b>59,431</b>	86,319	<b>59,431</b>	85,749
Margin accounts	<b>3</b>	7	<b>3</b>	7
Investment in securities	<b>134,967</b>	121,451	<b>133,620</b>	121,040
Trading securities	<b>46,386</b>	76,932	<b>45,654</b>	76,857
Available-for-sale securities	<b>80,042</b>	35,510	<b>79,427</b>	35,174
Held to maturity securities	<b>8,539</b>	9,009	<b>8,539</b>	9,009
Repurchase agreements	<b>14</b>	770	<b>14</b>	749

Derivative transactions	<b>22,773</b>	44,535	<b>22,773</b>	44,535
Performing loans				
Commercial loans	<b>70,775</b>	77,041	<b>70,775</b>	77,041
Loans to financial intermediaries	<b>7,412</b>	8,690	<b>7,412</b>	8,690
Consumer loans	<b>28,008</b>	40,098	<b>28,008</b>	40,098
Mortgage loans	<b>19,769</b>	19,531	<b>19,769</b>	19,531
Loans to government entities	<b>22,832</b>	15,800	<b>22,832</b>	15,800
Total performing loans	<b>148,796</b>	161,160	<b>148,796</b>	161,160
Impaired loans				
Commercial loans	<b>1,648</b>	2,319	<b>1,648</b>	2,319
Consumer loans	<b>2,794</b>	5,750	<b>2,794</b>	5,750
Mortgage loans	<b>2,157</b>	1,554	<b>2,157</b>	1,554
Total impaired loans	<b>6,599</b>	9,623	<b>6,599</b>	9,623
Gross loans and advances to customers	<b>155,395</b>	170,783	<b>155,395</b>	170,783
Allowance for loan losses	<b>(9,847)</b>	(13,258)	<b>(9,847)</b>	(13,258)
Net loans and advances to customers	<b>145,548</b>	157,525	<b>145,548</b>	157,525
Other accounts receivable	<b>20,170</b>	18,252	<b>20,253</b>	17,927
Foreclosed assets	<b>211</b>	117	<b>211</b>	117
Property, furniture and equipment, net	<b>7,715</b>	6,616	<b>7,715</b>	6,606
Long-term investments in equity securities	<b>4,023</b>	3,322	<b>134</b>	149
Deferred taxes	<b>4,667</b>	3,254	<b>4,693</b>	3,278
Goodwill	<b>2,749</b>	2,749	-	-
Other assets, deferred charges and intangibles	<b>3,221</b>	2,374	<b>3,157</b>	2,334
<b>Total assets</b>	<b>405,492</b>	447,291	<b>397,552</b>	440,016

Consolidated Balance Sheet  
(continued)

<i>Figures in MXN millions</i>	<b>GROUP</b>		<b>BANK</b>	
	<b>31Mar 2010</b>	31 Mar 2009	<b>31Mar 2010</b>	31 Mar 2009
<b>Liabilities</b>				
Deposits	<b>225,206</b>	237,981	<b>225,481</b>	238,153
Demand deposits	<b>121,882</b>	121,758	<b>122,157</b>	121,930
Time deposits	<b>99,057</b>	111,951	<b>99,057</b>	111,951
Issued credit securities	<b>4,267</b>	4,272	<b>4,267</b>	4,272
Bank deposits and other liabilities	<b>11,955</b>	7,658	<b>11,955</b>	7,658
On demand	<b>2,245</b>	170	<b>2,245</b>	170
Short-term	<b>8,060</b>	5,731	<b>8,060</b>	5,731
Long-term	<b>1,650</b>	1,757	<b>1,650</b>	1,757
Repurchase agreements	<b>42,295</b>	76,581	<b>42,295</b>	76,560
Settlement accounts	<b>5,518</b>	-	<b>5,518</b>	-
Collateral sold	<b>11,539</b>	-	<b>11,539</b>	-
Derivative transactions	<b>24,886</b>	48,599	<b>24,886</b>	48,599
Other payable accounts	<b>24,874</b>	33,946	<b>24,645</b>	33,541

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Income tax and employee profit sharing payable	<b>1,201</b>	1,004	<b>1,124</b>	955
Sundry creditors and other accounts Payable	<b>23,673</b>	32,942	<b>23,521</b>	32,586
Subordinated debentures outstanding	<b>10,006</b>	6,216	<b>10,006</b>	6,216
Deferred credits	<b>830</b>	487	<b>830</b>	487
<b>Total liabilities</b>	<b>357,109</b>	411,468	<b>357,155</b>	411,214
<b>Equity</b>				
Paid in capital	<b>32,678</b>	21,466	<b>25,605</b>	15,883
Capital stock	<b>9,434</b>	8,210	<b>5,087</b>	4,272
Additional paid in capital	<b>23,244</b>	13,256	<b>20,518</b>	11,611
Other reserves	<b>15,702</b>	14,353	<b>14,789</b>	12,917
Capital reserves	<b>1,648</b>	1,648	<b>14,313</b>	14,314
Retained earnings	<b>13,136</b>	13,839	<b>136</b>	
Result from the Mark-to-Market of available-for-sale securities	<b>406</b>	(1,932)	<b>282</b>	(1,940)
Result from cash flow hedging transactions	<b>(343)</b>	-	<b>(343)</b>	-
Net income	<b>855</b>	798	<b>401</b>	543
Minority interest	<b>3</b>	4	<b>3</b>	2
Total equity	<b>48,383</b>	35,823	<b>40,397</b>	28,802
<b>Total liabilities and equity</b>	<b>405,492</b>	447,291	<b>397,552</b>	440,016

Consolidated Balance Sheet  
(continued)

**GROUP**

*Figures in MXN millions*  
**Memorandum accounts**

**31 Mar 2010**    31 Mar 2009

Guarantees granted	<b>25</b>	38
Contingent assets and liabilities	<b>128</b>	131
Irrevocable lines of credit granted	<b>14,013</b>	10,946
Goods in trust or mandate	<b>271,462</b>	190,490
Goods in custody or under administration	<b>238,131</b>	177,672
Collateral received by the institution	<b>26,071</b>	173,725
Collateral received and sold or delivered as guarantee	<b>30,896</b>	-
Third party investment banking operations, net	<b>39,564</b>	23,019
Amounts contracted in derivative operations	<b>970,458</b>	1,263,141
Integrated loan portfolio	<b>150,178</b>	181,767
Other control accounts	<b>424,624</b>	250,087
	<b>2,165,550</b>	2,271,016



Consolidated Balance Sheet  
(continued)**BANK***Figures in MXN millions***31 Mar 2010** 31 Mar 2009**Memorandum accounts**

Guarantees granted	<b>25</b>	38
Contingent assets and liabilities	<b>128</b>	131
Irrevocable lines of credit granted	<b>14,013</b>	10,946
Goods in trust or mandate	<b>271,462</b>	190,490
Goods in custody or under administration	<b>233,020</b>	749
Collateral received by the institution	<b>26,071</b>	173,725
Collateral received and sold or delivered as guarantee	<b>26,071</b>	-
Third party investment banking operations, net	<b>39,564</b>	23,019
Amounts contracted in derivative operations	<b>970,458</b>	1,263,141
Integrated loan portfolio	<b>150,178</b>	181,767
Other control accounts	<b>382,472</b>	389,527
	<b>2,113,462</b>	2,233,533

**Consolidated Income Statement**

<i>Figures in MXN millions</i>	<b>GROUP</b>		<b>BANK</b>	
	<b>31 Mar 2010</b>	31 Mar 2009	<b>31 Mar 2010</b>	31 Mar 2009
Interest income	<b>7,126</b>	8,750	<b>7,073</b>	8,657
Interest expense	<b>(1,960)</b>	(3,372)	<b>(1,915)</b>	(3,288)
Net interest income	<b>5,166</b>	5,378	<b>5,158</b>	5,369
Loan impairment charges	<b>(2,613)</b>	(4,751)	<b>(2,613)</b>	(4,751)
Risk-adjusted net interest income	<b>2,553</b>	627	<b>2,545</b>	618
Fees and commissions receivable	<b>2,336</b>	2,789	<b>2,104</b>	2,604
Fees payable	<b>(276)</b>	(246)	<b>(265)</b>	(257)
Trading income	<b>460</b>	1,406	<b>458</b>	1,404
Other operating income	<b>251</b>	180	<b>251</b>	180
Total operating income	<b>5,324</b>	4,756	<b>5,093</b>	4,549
Administrative and personnel expenses	<b>(5,566)</b>	(4,857)	<b>(5,523)</b>	(4,754)

Net operating income	(242)	(101)	(430)	(205)
Other income	894	1,125	958	1,135
Other expenses	(252)	(343)	(248)	(341)
Net other income	642	782	710	794
Net income before taxes	400	681	280	589
Income tax and employee profit sharing tax	(524)	(1,180)	(470)	(1,137)
Deferred income tax	618	1,096	589	1,083
Net income before subsidiaries	494	597	399	535
Undistributed income from subsidiaries	361	201	2	9
Income from ongoing operations	855	798	401	544
Minority interest	-	-	-	(1)
Net income	855	798	401	543

### Consolidated Statement of Changes in Shareholders' Equity

#### GROUP

	Capital contributed	Capital reserves	Retained earnings	Result from valuation of available-for-sale securities	Result from cash flow hedging transactions	Net income	Minority interest	Total equity
<i>Figures in MXN million</i>								
<b>Balances at 1 January 2010</b>	32,678	1,648	11,582	(76)	(400)	1,554	3	<b>46,989</b>
<b>Movements inherent to the shareholders' decision</b>								
Capitalisation of retained earnings	-	-	1,554	-	-	(1,554)	-	-
<b>Total</b>	-	-	<b>1,554</b>	-	-	<b>(1,554)</b>	-	<b>-</b>
<b>Movements for the recognition of the comprehensive income</b>								
Net income	-	-	-	-	-	855	-	<b>855</b>
Result from	-	-	-	482	-	-	-	<b>482</b>

valuation of available- for-sale securities								
Result from cash flow hedging transactions	-	-	-	-	57	-	-	57
<b>Total</b>	-	-	-	<b>482</b>	<b>57</b>	<b>855</b>	-	<b>1,394</b>
<b>Balances at 31 March 2010</b>	<b>32,678</b>	<b>1,648</b>	<b>13,136</b>	<b>406</b>	<b>(343)</b>	<b>855</b>	<b>3</b>	<b>48,383</b>

### Consolidated Statement of Changes in Shareholders' Equity

#### BANK

<i>Figures in MXN millions</i>	Capital contributed	Capital reserves	Retained earnings	Result from valuation of available-for-sale securities (160)	Result from cash flow hedging transactions (400)	Net income 136	Minority interest 3	<b>Total equity 39,497</b>
<b>Balances at 1 January 2010</b>	<b>25,605</b>	<b>14,313</b>	-					

#### Movements inherent to the shareholders' decision

Transfer of result of prior years	-	-	136	-	-	(136)	-	-
<b>Total</b>	-	-	<b>136</b>	-	-	<b>(136)</b>	-	-

#### Movements for the recognition of the

#### comprehensive income

Net income	-	-	-	-	-	401	-	<b>401</b>
Result from valuation of available- for-sale securities	-	-	-	442	-	-	-	<b>442</b>
Result from cash	-	-	-	-	57	-	-	<b>57</b>

flow hedging transactions								
<b>Total</b>	-	-	-	<b>442</b>	<b>57</b>	<b>401</b>	-	<b>900</b>
<b>Balances at 31 March 2010</b>	<b>25,605</b>	<b>14,313</b>	<b>136</b>	<b>282</b>	<b>(343)</b>	<b>401</b>	<b>3</b>	<b>40,397</b>

## Consolidated Statement of Cash Flows

### GROUP

Figures in MXN millions

31 Mar 2010

<b>Net income</b>	<b>855</b>
<b>Adjustments for items not involving cash flow:</b>	<b>1,547</b>
Gain or loss on appraisal of activities associated with investment & financing	(959)
Allowances for loan losses	2,621
Depreciation and amortisation	340
Income Tax and deferred taxes	(94)
Undistributed income from subsidiaries	(361)
<b>Changes in items related to operating activities:</b>	
Investment securities	(7,330)
Repurchase agreements	1,579
Derivative (assets)	2,189
Loan portfolio	1,344
Foreclosed assets	(46)
Operating assets	(12,460)
Deposits	(13,332)
Bank deposits and other liabilities	(12,901)
Creditors repo transactions	17,794
Collateral sold or delivered as guarantee	5,235
Derivative (liabilities)	(2,246)
Subordinated debentures outstanding	(215)
Other operating liabilities	10,149
<b>Funds provided by operating activities</b>	<b>(10,240)</b>
<b>Investing activities:</b>	
Acquisition of property, furniture and equipment	(529)
Intangible assets acquisitions	(524)
<b>Funds used in investing activities</b>	<b>(1,053)</b>
<b>Financing activities:</b>	
Increase/decrease in cash and equivalents	<b>(8,891)</b>
Cash and equivalents at beginning of period	<b>68,322</b>
<b>Cash and equivalents at end of period</b>	<b>59,431</b>

**Consolidated Statement of Cash Flows****BANK***Figures in MXN millions***31 Mar 2010**

<b>Net income</b>	<b>401</b>
Adjustments for items not involving cash flow	
:	<b>1,882</b>
Gain or loss on appraisal of activities associated with investment & financing	(958)
Allowances for loan losses	2,621
Depreciation and amortisation	340
Income Tax and d	
ferred taxes	(119)
Undistributed income from subsidiaries	(2)
<b>Changes in items related to operating activities:</b>	
Investment securities	(7,313)
R	
epurchase agreements	1,579
Derivative (assets)	2,248
Loan portfolio	1,344
Foreclosed assets	(46)
Operating asset	
s	(12,630)
Deposits	(13,243)
Bank deposits and other liabilities	(12,901)
Creditors repo transactions	17,751
Collateral sold or delivered as guarantee	5,235
Derivative	
(liabilities)	(2,246)
Subordinated debentures outstanding	(215)
Other	
operating	
liabilities	10,342
<b>Funds provided by operating activities</b>	<b>(10,095)</b>
<b>Investing activities:</b>	
Acquisition of p	
roperty, furniture and equipment	(529)
I	
ntangible assets	
acquisitions	(550)
<b>Funds used in investing activities</b>	<b>(1,079)</b>
<b>Financing activities:</b>	
Increase/	<b>(8,891)</b>
decrease	

in cash and equivalents	
Cash and equivalents	
at beginning of period	<b>68,322</b>
Cash and equivalents	
at end of period	<b>59,431</b>

**Differences between Mexican GAAP and International Financial Reporting Standards (IFRS)**

***Grupo Financiero HSBC***

HSBC Holdings plc, the parent of Grupo Financiero HSBC S.A. de C.V. reports its results under International Financial Reporting Standards (IFRSs). Set out below is a reconciliation of the results of Grupo Financiero HSBC S.A. de C.V. from Mexican GAAP to IFRS for the three months to 31 March 2010 and an explanation of the key reconciling items.

*Figures in MXN millions*

31Mar  
2010

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Differences arising from:

Valuation of pensions and post retirement healthcare benefits	20
w	
Acquisition costs relating to long-term investment contracts	(10)
w	
Deferral of fees received and paid on the origination of loans	21
Recognition and provisioning for loan impairments	360
w	
Purchase accounting adjustments	(6)
w	
Recognition of the present value in-force of long-term insurance contracts	6
w	
Other	(249)
w	
<b>HSBC México net income under IFRS</b>	997
<b>US dollar equivalent (millions)</b>	78
Add back tax expense	310
<b>HSBC México profit before tax under IFRS</b>	1,307
<b>US dollar equivalent (millions)</b>	102
<i>Exchange rate used for conversion</i>	12.8

w  
Net of tax at 30 per cent.

**Summary of key differences between Grupo Financiero's results as reported under Mexican GAAP and IFRS**

IFRS adjustments are calculated in accordance with HSBC Group accounting policies.

**Valuation of pensions and post retirement healthcare benefits  
Mexican GAAP**

Obligations are recognised in the Income Statement are based on actuarial computations of the present value of those obligations using the projected unit credit method and real interest rates. Unrecognised past service costs are amortised on an estimated service life of the employees.

**IFRS**

Obligations are recognised in the Income Statement are based on actuarial computations of the present value of those obligations using the projected unit credit method. Actuarial gains and losses are recognised in stockholders equity as they arise. Unrecognised past service cost are recognised in the Income Statement as they arise.

**Acquisition costs of long-term investment contracts  
Mexican GAAP**

All costs related to the acquisition of long-term investment contracts are expensed as they are incurred.

**IFRS**

Incremental costs relating to the acquisition of long-term investment contracts are deferred and amortised over the expected life of the contract.

## **Fees paid and received on origination of loans**

### **Mexican GAAP**

All fees received on loan origination are deferred and amortised over the life of the loan using straight line method. This policy was introduced from 1 January 2007; previous to this all fees were recognised up front.

### **IFRS**

Fees and expenses received or paid on origination of a loan that are directly attributable to the origination of that loan are accounted for under the effective interest rate method over the expected life of the loan. This policy has been in effect since 1 January 2005.

## **Loan impairment charges**

### **Mexican GAAP**

Loan impairment charges are calculated following the rules issued by the Mexican Ministry of Finance and the National Banking and Securities Commission. Such rules establish authorised methodologies for determining the amount of provision for each type of loan.

### **IFRS**

Impairment losses on collectively assessed loans are calculated as follows:

.

When appropriate empirical information is available, the Bank utilises roll rate methodology. This methodology employs statistical analysis of historical data and experience of delinquency and default to estimate the amount of loans that will eventually be written off as a result of events occurring before the balance sheet date which the Bank is not able to identify on an individual loan basis, and that can be reliably estimated.

.

In other cases, loans are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss.

Impairment losses on individually assessed loans are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying value.

## **Purchase accounting adjustments**

Purchase accounting adjustments arose from the valuation of assets and liabilities on acquiring Grupo Financiero Bital in November 2002 under IFRS. Under Mexican GAAP, a different valuation methodology is applied.

## **Recognition of present value of in-force long-term life insurance contracts**

### **Mexican GAAP**

The present value of future earnings is not recognised. Premiums are accounted for on a received basis and reserves are calculated in accordance with guidance as set out by the Insurance Regulator (Comisión Nacional de Seguros y Fianzas).

### **IFRS**

A value is placed on insurance contracts that are classified as long-term insurance business and are in-force at the balance sheet date. The present value of in-force long-term insurance business is



determined by discounting future earnings expected to emerge from business currently in force using appropriate assumptions in assessing factors such as recent experience and general economic conditions. This information is provided by RNS  
The company news service from the London Stock Exchange

END

**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: 30 April, 2010