Grupo Financiero HSBC

Financial information at 31 March 2012

1Q12

► **Press Release**

► **Quarterly Report**

► **First Quarter 2012**

Release date:
30 April 2012

30 April 2012

GRUPO FINANCIERO HSBC, S.A. DE C.V.
FIRST QUARTER 2012 FINANCIAL RESULTS – HIGHLIGHTS

- Net income before taxes for the first quarter of 2012 was MXN1,280m, an increase of MXN287m or 28.9% compared with MXN993m in the first quarter of 2011. The first quarter 2011 results were affected by restructuring expenses of MXN634m, a one off gain of MXN279m from the sale of an equity investment and the inclusion of the results of the Afore business which was sold in the third quarter of 2011. First quarter 2012 restructuring expenses were MXN314m. Excluding the effect of these items, net income before taxes was MXN1,594m, up by MXN320m or 25.1% compared to the first quarter of 2011.

- Net income for the first quarter of 2012 was MXN1,198m, an increase of MXN343m or 40.1% compared with MXN855m for the first quarter of 2011. Excluding the effect of the restructuring expenses, the one off gain on the sale of an equity investment in the first quarter of 2011 and the results of the Afore business sold in the third quarter of 2011, net income was MXN1,418m, up MXN346m or 32.3% compared to the first quarter of 2011.

- Total operating income, net of loan impairment charges, for the first quarter of 2012 was MXN6,747m, a decrease of MXN687m or 9.2% compared with MXN7,434m for the first quarter of 2011. Excluding the effect of the one off gain on the sale of an equity investment in the first quarter of 2011 and the sale of the Afore business in the third quarter of 2011, total operating income was MXN6,747m, a decrease of MXN262m or 3.7% compared to the first quarter of 2011.

- Loan impairment charges for the first quarter of 2012 were MXN1,654m, unchanged from that reported in the first quarter of 2011.

- Net loans and advances to customers were MXN179.6bn at 31 March 2012, an increase of MXN12.4bn or 7.4% compared with MXN167.2bn at 31 March 2011. Total impaired loans as a percentage of gross loans and advances improved to 2.6% compared with 2.7% at 31 March 2011. The coverage ratio (allowance for loan losses divided by impaired loans) was 222.2% compared with 197.7% at 31 March 2011.

- At 31 March 2012, deposits were MXN301.3bn, an increase of MXN41.6bn or 16.0% compared with MXN259.6bn at 31 March 2011.

- Return on equity was 10.5% for the first quarter of 2012 compared with 7.2% for the first quarter of 2011.

- At 31 March 2012, the bank's capital adequacy ratio was 14.7% and the tier 1 capital ratio was 11.4% compared with 14.4% and 10.9% respectively at 31 March 2011.

- On 29 March 2012, the bank paid a dividend of MXN1,400m representing MXN0.81 per share. On 30 March 2012, Grupo Financiero HSBC paid a dividend of MXN2,400m representing MXN0.94 per share.

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 2012) 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. HSBC Seguros, S.A. de C.V. Grupo Financiero HSBC (HSBC Seguros) is Grupo Financiero HSBC's insurance operations.

Results are prepared in accordance with Mexican GAAP (Generally Accepted Accounting Principles).

Overview

The outlook for the Mexican economy in 2012 remains positive. Latest trade figures suggest exports have regained momentum, largely as a result of improved US economic data. In addition, recent figures suggest that domestic demand continues to strengthen and inflation data is below expectations. The Mexican peso strengthened against the US dollar during the first quarter of 2012.

For the quarter ended 31 March 2012, Grupo Financiero HSBC's net income was MXN1,198m, an increase of MXN343m or 40.1% compared with the first quarter of 2011. Improved net income was mainly driven by lower administrative expenses, partially offset by lower trading income.

Net interest income was MXN5,310m, an increase of MXN96m or 1.8% compared with the first quarter of 2011. Higher net interest income was due to an increase in loan portfolio balances mainly in payroll and personal loans, which were partially offset by lower spread in credit card and payroll loans, and increased deposit volumes.

Loan impairment charges were MXN1,654m, unchanged from that reported in the first quarter of 2011. Given the increase in loan portfolio balances, this reflects enhanced pre-screening of new customers, robust collection strategies and an overall improvement in the domestic credit climate.

Net fee income was MXN1,504m, a decrease of MXN114m or 7.0% compared with the first quarter of 2011. This decrease was mainly due to the non-recurrence of fee income as a result of the sale of the Afore business in third quarter of 2011.

Trading income was MXN716m, a decrease of MXN499m or 41.1% compared with the first quarter of 2011. The decrease is mostly due to non-recurring large derivatives deals and the gain of MXN279m arising from the sale of one of our equity investments in the first quarter of 2011.

Administrative and personnel expenses were MXN5,475m, a decrease of MXN966m or 15.0% compared with the first quarter of 2011. Excluding the effect of the restructuring charges, which were MXN320m lower than those incurred in the first quarter of 2011, and the expenses of the Afore business which was sold in the third quarter of 2011, the decrease would have been MXN583m or 10.1% compared with the first quarter of 2011. This reduction is mainly driven by the effect of cost reduction initiatives in both regional and Mexico local operations, such as sale and lease back of branches, restructuring our regional operations, write-off of intangible assets and other rationalisation programmes.

The cost efficiency ratio was 65.2% for the quarter ended 31 March 2012, compared with 70.9% for the quarter ended 31 March 2011. Excluding the effect of the restructuring expenses, the one off gain on sale of an equity investment and the results of the Afore business sold in the third quarter of 2011, the cost efficiency ratio was 61.4% for the quarter ended 31 March 2012, compared with 66.3% for the quarter ended 31 March 2011.

The performance of non-banking subsidiaries contributed positively to Grupo Financiero HSBC's results, particularly HSBC Seguros, which reported net income before taxes of MXN524m for the first quarter of 2012, up 12.1% compared with the first quarter of 2011.

HSBC Seguros increased product sales, mainly in life products, which led to higher gross premiums, and in addition, investment income was higher compared to the same period in 2011. At 31 March 2012, the persistency ratio[1] (percentage of insurance policies remaining in force) increased to 11.1% from 10.4% at 31 March 2011.

Net loans and advances to customers increased by MXN12.4bn or 7.4% to MXN179.6bn at 31 March 2012 compared with 31 March 2011, driven by growth in both the commercial and consumer portfolios. Commercial portfolio growth is mainly due to higher lending to corporate clients and mid-market enterprises, while consumer portfolio growth was mainly driven by increased payroll and personal loans.

At 31 March 2012, total impaired loans increased by 2.9% to MXN5.0bn compared with 31 March 2011. A reduction in impaired consumer and mortgage loans was offset by an increase in impaired commercial loans, most of which arose from a single exposure. Total impaired loans as a percentage of total loans and advances to customers improved to 2.6% compared with 2.7% reported at 31 March 2011.

Total loan loss allowances at 31 March 2012 were MXN11.1bn, an increase of MXN1.5bn or 15.7% compared with 31 March 2011. The total coverage ratio (allowance for loan losses divided by impaired loans) was 222.2% at 31 March 2012 compared with 197.7% at 31 March 2011.

Total deposits were MXN301.3bn at 31 March 2012, an increase of MXN41.6bn or 16.0% compared with 31 March 2011. This is the result of increased sales efforts and targeted promotions, particularly for 'Inversion Express', 'Advance' and 'Premier' deposit products, as well as increases in payroll and commercial deposits.

At 31 March 2012, the bank's capital adequacy ratio was 14.7% compared with 14.4% at 31 March 2011. The tier 1 capital ratio was 11.4% compared with 10.9% at 31 March 2011.

On 29 March 2012, the bank paid a dividend of MXN1,400m representing MXN0.81 per share. On 30 March 2012, Grupo Financiero HSBC paid a dividend of MXN2,400m representing MXN0.94 per share.

[1] This ratio has been calculated on a cumulative basis over 5 years because the most significant insurance product is the T5, which has a maturity of 5 years.

Business highlights

Retail Banking and Wealth Management (RBWM)

RBWM reported growth in loans and deposits compared to 31 March 2011 and continues to benefit from a general improvement in credit quality of the portfolios. The increase in customer lending was driven mainly by payroll and personal loans as a result of a strong emphasis placed on targeted sales, utilising our customer relationship management capabilities.

Our branch operating model has evolved to minimise queues in branches and increase the use of our direct channels, while increasing customer satisfaction.

As part of our wealth management strategy, we are developing our Premier Relationship Managers to offer financial advisory services with the objective of increasing our existing customers' 'total relationship balance' and attracting new customers.

Commercial Banking

During the first quarter of 2012, Commercial Banking achieved a significant increase in deposits compared to 31 March 2011.

As part of our global strategy to capture international business opportunities, we have increased the promotion of products such as foreign exchange, trade and receivable finance.

In Business Banking, initiatives were launched to provide improvements in customer service, such as ATM loans disbursements, loan payments using alternative channels and sales campaigns through our recently established outbound call centre.

Additionally, we have been working on improving our products and processes based on the results of our 2011 Client Engagement Programme.

Global Banking and Markets

During the first quarter of 2012, our Debt Capital Markets business maintained its status as a leading underwriter in Mexico. It has placed and participated in bond issuances for a total transaction amount of MXN25,473m, including INFONAVIT, Mexichem, Ford Credit, Bladex, NR Finance and Bancomext.

Global Banking continues to grow average balances, particularly in client bank deposits which have reported a 41.7% increase in average balances compared to 31 March 2011.

During the first quarter of 2012, HSBC acted as Mandated Lead Arranger (Trustee, Hedge and Stand-by letter Provider) for the largest project financing in the Latin America wind renewable energy sector.

Sale of HSBC general insurance manufacturing to AXA Group

In March 2012, Grupo Financiero HSBC announced that it had entered into agreements to sell its general insurance manufacturing portfolio to AXA Group.

HSBC and AXA Group are working together to ensure a seamless transition with a target completion date in the second half of 2012, subject to normal regulatory approvals.

Grupo Financiero HSBC first quarter 2012 financial results as reported to HSBC Holdings plc, our ultimate parent company, under International Financial Reporting Standards (IFRS)

For the quarter ended 31 March 2012, on an IFRS basis, Grupo Financiero HSBC reported pre-tax profits of MXN2,124m, an increase of MXN528m or 33.1% compared with MXN1,596m in March 2011.

The lower profit reported under Mexican GAAP is largely due to lower loan impairment charges under IFRS as result of the different provisioning methodologies. A reconciliation and explanation between the Mexican GAAP and IFRS results is included with the financial statements of this document.

About HSBC

Grupo Financiero HSBC is one of the leading financial groups in Mexico with 1,066 branches, 6,201 ATMs, approximately eight and a half million total customer accounts and approximately 18,500 employees. For more information, visit www.hsbc.com.mx.

Grupo Financiero HSBC is a 99.99% directly owned subsidiary of HSBC Latin America Holdings (UK) Limited, which is a wholly owned subsidiary of HSBC Holdings plc and a member of the HSBC Group. With around 7,200 offices in over 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, the Middle East and Africa and with assets of US$2,556bn at 31 December 2011, HSBC is one of the world's largest banking and financial services organisations.

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Key Indicators

Grupo Financiero HSBC, S.A. de C.V.

	For the quarter ended at				
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
a) Liquidity	122.05%	112.60%	108.63%	104.84%	**98.05%**
Profitability					
b) ROE (Return over equity)	7.20%	6.28 %	9.47 %	(1.77)%	**10.49%**
c) ROA (Return over assets)	0.75 %	0.60 %	0.91 %	(0.17)%	**0.95 %**
Asset quality					
d) Impaired loans/total loans	2.74%	2.47%	3.55%	2.71%	**2.61%**
e) Coverage ratio	197.72 %	215.81%	158.35%	214.48%	**222.17%**
Capitalization					
f) Credit risk	22.70%	22.81%	22.34%	22.05%	**21.72%**
g) Credit and market risk operational	14.41%	13.98%	15.16%	15.26%	**14.71%**
Operating efficiency					
h) Expenses/Total Assets	5.63%	5.37%	4.67%	5.31%	**4.36%**
i) NIM	5.09%	5.02%	4.88%	4.71%	**4.86%**
Infrastructure					
Branches	1,147	1,078	1,079	1,067	**1,066**
ATM	6,361	6,134	6,062	6,195	**6,201**
Head Count	20,139	19,400	19,232	18,921	**18,564**

a) Liquidity = Liquid Assets / Liquid Liabilities.
Liquid Assets = Cash and deposits in banks + Trading securities + Available for sale securities
Liquid Liabilities = Demand deposits + Bank deposits and other on demand + Bank deposits and other short term liabilities
b) ROE = Annualized quarter net income / Average shareholders equity.
c) ROA = Annualized quarter net income / Average total assets.
d) Impaired loans balance at quarter end / Total loans balance at quarter.
e) Coverage ratio = Balance of provisions for loan losses at quarter end / Balance of impaired loans
f) Capitalization ratio by credit risk = Net capital / Credit risk weighted assets.
g) Capitalization ratio by credit and market risk operational = Net capital / Credit and market risk weighted assets.
h) Operating efficiency = Expenses / Total assets
i) NIM = Annualized net interest income / Average performing assets.
Performing assets = Cash and deposits in banks + Investments in securities +Repurchase agreements+ Derivatives operations + Performing loans.
The averages utilized correspond to the average balance of the quarter in study and the balance of the previous quarter.

Relevant Events

Reclassification

At the end of the period and as a result of a sell agreement of the business of Property and Casualties (P&C) corresponding to HBMX, we have proceed to classify the net value of the assets and liabilities of these branches in accordance with NIF C-15 "Impairment in the value of long-lived assets" as "held for sale".

In addition of the assets reclassified as "held for sale", Grupo Financiero HSBC also reclassifies the value of goodwill associated with the branches of P&C that has recorded in its accounting resulting from the acquisition of HSBC Seguros. The value of the goodwill reclassified was calculated based on the accounting proportional value that the P&C business represents of the total of book's value of HSBC Seguros. At this date this is the best estimation that HBMX has, but it will be updated in the next months for consider the fair value of HSBC Seguros as the indication of NIF C-8 "Intangible Assets".

B-6 Criteria

On October 5, 2011, the "Official Federation Journal" published a resolution that amended the criterion B-6 "Loans portfolio" of the General Dispositions Applicable to Credit Institutions for March 1st 2012. The most important change in this criterion is the classification of the restructured and renovated credits as in current or non current credits.

As a result of the application of this new criteria of classification, some loans that previously were classified as non-impaired at the moment of the restructure or the renovation, currently must be classify as impaired. Below is the value of the credits found in the above situation:

	Effect in the classification of restructured and renovated loans with the new criteria
Commercial loans	355,336,005
Credit Card	7,585,202
Consumer Loans	1,148,611
Mortgages	896,155
Total	364,965,973

Grupo Financiero HSBC has not determined the financial impact of the retrospective application with the new methodology for the previous year-end, although the administration has made every reasonable effort, has not been possible to obtain the historical information that the new criterion requires. Consequently, the consolidated financial statements include the information required by paragraph 11 of the NIF B-1 "Accounting changes and correction of errors"

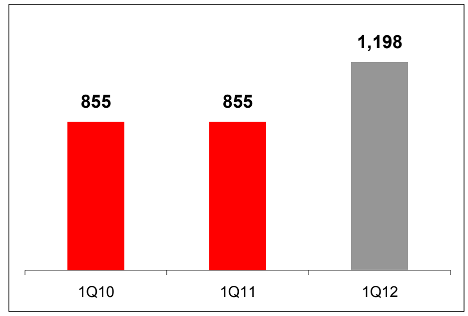
Income Statement Variance Analysis

Net Income

Net income for Grupo Financiero HSBC at 31 March 2012 was MXN1,198m, an increase of 40.1% compared with the same period of 2011.

The Group's subsidiaries had solid results during the year, particularly HSBC Mexico and the Insurance Company. This strong performance was mainly due to lower administrative expenses, partially offset by lower trading revenues.

Net Income
31 March 2012

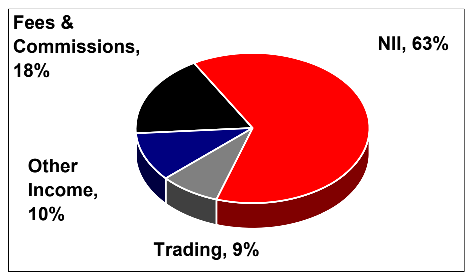


Total Operating Income

At 31 March 2012, the Group's total operating income, was MXN6,747m, a decrease of MXN687m (9.2%) compared with the first quarter of 2011.

Decreased total operating income is the result of lower trading, net fee and other operating income.

Revenue Distribution
31 March 2012



Net Interest Income

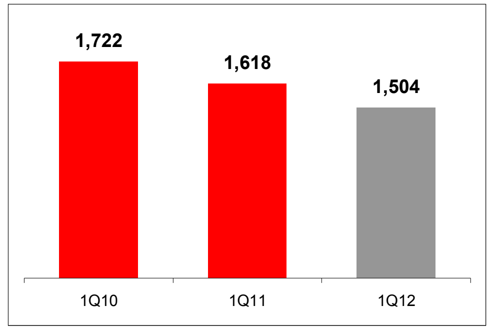
Net interest income for the quarter ended at 31 March 2012 increased to MXN5,310m, up MXN96m compared to the same period of 2011.

The increase in net interest income was mainly due to higher volumes in the loan portfolio, partially offset by higher interest expenses related to increased deposit volumes.

Non-interest Income

Non-interest income for the first quarter of 2012 was MXN3,091m; a decrease of MXN783m or 20.2% compared with results from the same period in 2011.

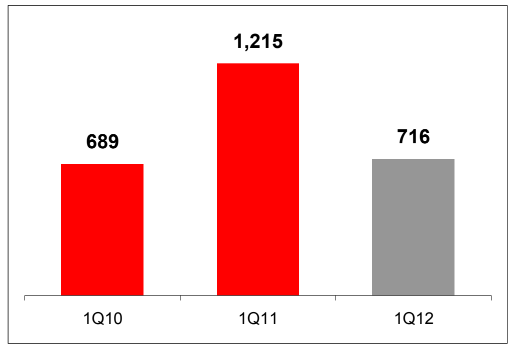
Group Fees & Commissions
31 March 2012



► Fee income

The Group's net fee income for the quarter ended at 31 March 2012 was MXN1,504m, a decrease of MXN114m or 7.0% compared with the same period in 2011. This reduction was mainly due to the non-recurrence of fee income as a result of the sale of the Afore business in third quarter of 2011. In addition, fee income related to the bank remained stable.

Trading Income
31 March 2012

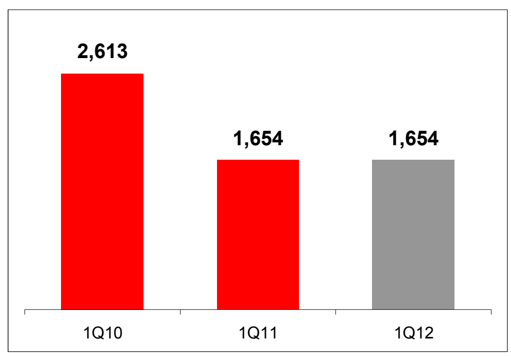


► Trading income

Trading income was MXN716m, which represents a decrease of MXN499m (41.1%) compared with the same period of 2011. Lower trading income was mainly due to non-recurring large derivatives deals and the gain arising from the sale of one of our equity investments in the first quarter of 2011.

The Group's non-interest income to total revenue ratio decreased from 42.6% at 31 March 2011 to 36.8% at 31 March 2012, driven by lower trading income.

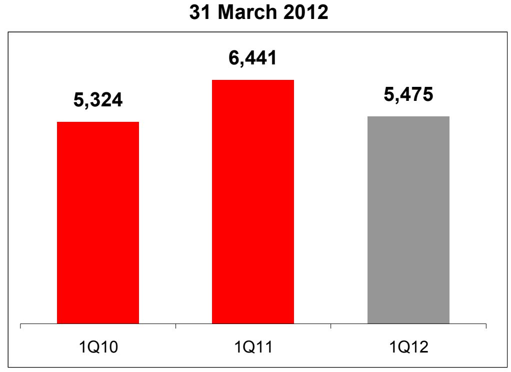
Loan Impairment Charges
31 March 2012



Loan Impairment Charges

At 31 March 2012, the Group's loan impairment charges were MXN1,654m, unchanged from that reported in the first quarter of 2011.

Administrative Expenses
31 March 2012



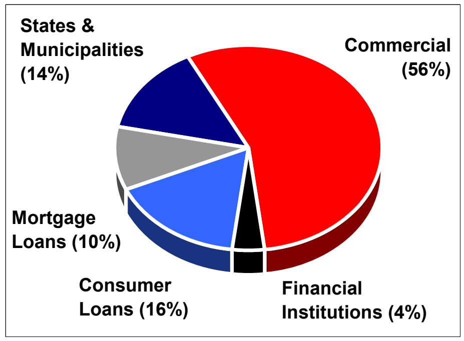
Administrative and Personnel Expenses

The Group's administrative and personnel expenses for the quarter ended at 31 March 2012 were MXN5,475m, a MXN966m or 15.0% decrease compared to the same period in 2011. Excluding the effect of the restructuring charges, which were MXN320m lower than those incurred in the first quarter of 2011, and the expenses of the Afore business which was sold in the third quarter of 2011, the decrease would have been MXN583m or 10.1% compared with the first quarter of 2011.

Balance sheet Variance Analysis

At 31 March 2012, the Group's total assets amounted MXN501,606m, which represents an increase of MXN31,732m or 6.8%, compared with the same period of 2011. This increase was driven by higher volumes in the net loan portfolio, mainly in commercial loans, as well as increased derivative transactions and repos.

Credit Portfolio Distribution
31 March 2012



Loan portfolio

The Group's performing loan portfolio balance amounted to MXN185,658m at 31 March 2012, an increase of 8.0% compared with 2011. This growth has been driven by higher commercial and consumer loan portfolios, which grew 14.2% and 13.6% respectively when compared to 31 March 2011.

► Commercial loans (including financial and government entities)

At 31 March 2012, the total commercial portfolio (including financial and government entities) increased 7.3% in comparison with the same period of 2011; mainly driven by commercial loan portfolio.

The commercial loan portfolio continues to report an important growth, up 14.2% compared to the same period of 2011, mainly driven by increased corporate portfolio. This growth is in line with the Bank's credit portfolio strategy in order to improve asset quality. The government loan portfolio decreased by MXN2,665m or 9.1% compared with the same period of 2011.

► Consumer loans

At March 2012, consumer loans increased 13.6% compared to the same period in 2011. This result is mainly due to sound personal loans and payroll portfolio performance which shows an increase of 74.6% over the same period in 2011.

Credit card balances were MXN15,056m, down 3.6% compared to the same period of the prior year. Auto loan portfolio was MXN2,939m, showing a decrease of 26.3% compared to the first quarter of 2011.

► Mortgage loans

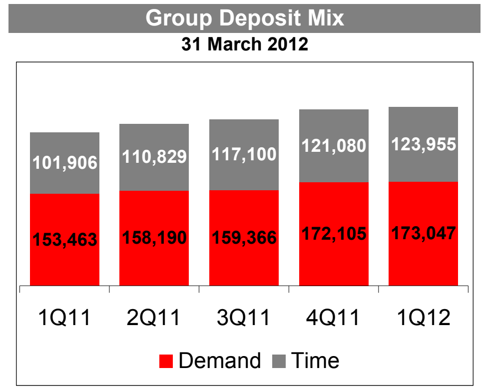
The mortgage loan portfolio increased MXN802m or 4.6% compared with the same period of the prior year. The increase reported during the first quarter of 2012 can be mostly explained by an improvement in mortgage loan origination according to the Group's asset quality criteria, as well as an increase in mortgage demand.

Asset quality

As of March 31 2012, the Group's impaired loan portfolio amounted to MXN4,977m, which represents an increase of MXN142m or 2.9% compared to the same period of 2011. This increase is mostly due to a single exposure. Still, the Group continues improving its credit profile through the actions implemented to improve asset quality.

Total impaired loans as a percentage of gross loans and advances to customers decreased to 2.6% compared with 2.7% reported at 31 March 2011. The coverage ratio (allowance for loan losses divided by impaired loans) at 31 March 2012 was 222.2%, compared to 197.7% reported at 31 March 2011. This increase in the coverage ratio is mainly the result of higher allowances for loan losses.

Deposits



The Group's total deposits at 31 March 2012 amounted to MXN301,271m, an increase of 16.0% compared to the one reported at 31 March 2011, as a result of the sale and promotion of collection products such as "Inversion Express", "Advance" and "Premier" deposit products, as well as a increases in payroll and commercial deposits.

HSBC's presence in the commercial sector continues presenting a positive trend, particularly in demand deposits.

► Demand deposits

At 31 March 2012, demand deposits were MXN173,047m, up 12.8% compared with the same period of 2011, mainly as result of higher payroll accounts and sale campaigns focused on product placement, in order to increase demand deposits volumes.

► Time deposits

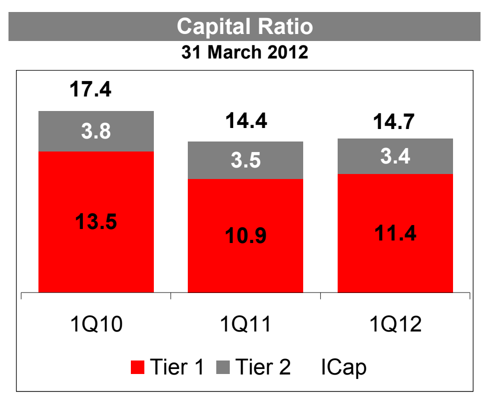
Total time deposits increased 21.6% compared to 31 March 2011, primarily as a result of actions focused on increasing balances of our time deposit products.

Shareholder's equity

At 31 March 2012, the Group's equity amounted to MXN45,227m, representing a decrease of 0.5% compared to the same period in 2011.

The banks equity was MXN39,131m, at 31 March 2012, up 10.5% compared to 31 March 2011.

Capital Adequacy Ratio



The Bank's capital adequacy ratio at 31 March 2012 was 14.7%, placing it well above the authorities' requirements. The Tier 1 capital ratio at the end of the reporting period is 11.4%.

In March 2012, the Grupo Financiero HSBC paid a dividend of MXN1,400m representing MXN0.81 per share.

Financial Situation, Liquidity and Capital Resources

HSBC's balance structure has maintained its liquidity. Cash and investments in securities represent 41.4% of total assets, 6.41 percentage points below than in the first quarter of 2011. Total assets were MXN501.6bn, up by MXN31.7bn in comparison with the same period of 2011. The loan portfolio is adequately diversified across segments, the bank's main credit exposures are with Mexican institutions with top counterparty credit quality and governmental institutions.

Financial Statements Grupo Financiero HSBC

Consolidated Balance Sheet

Figures in MXN millions at March 31, 2012 ***Grupo Financiero HSBC, S.A. de C.V.***

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Assets					
Cash and deposits in banks	53,879	53,637	55,376	51,224	**45,343**
Margin Accounts	50	8	-	27	**43**
Investments in Securities	170,573	171,648	162,441	176,919	**162,092**
Trading securities	36,473	36,865	36,876	50,308	**34,471**
Available-for-sale securities	119,390	119,913	110,467	111,164	**111,857**
Held to maturity securities	14,710	14,870	15,098	15,447	**15,764**
Repurchase agreements	362	7,774	7,668	5,749	**9,787**
Derivative transactions	25,379	28,633	50,979	42,906	**36,151**
Performing loans					
Commercial loans	127,399	131,523	128,354	135,196	**136,700**
Commercial entities	90,506	96,623	100,133	101,012	**103,356**
Loans to financial intermediaries	7,757	6,908	6,341	8,268	**6,873**
Loans to government entities	29,136	27,992	21,880	25,916	**26,471**
Consumer loans	26,948	28,613	29,101	29,302	**30,603**
Mortgages loans	17,553	17,834	17,828	18,058	**18,355**
Total performing loans	171,900	177,970	175,283	182,556	**185,658**
Impaired loans					
Commercial loans	1,721	1,330	3,366	2,027	**2,292**
Commercial entities	1,335	1,330	2,014	2,027	**2,292**
Financial entities	386	-	-	-	**-**
Loans to government entities	-	-	1,352	-	**-**
Consumer loans	1,260	1,324	1,256	1,234	**1,059**
Mortgages loans	1,854	1,850	1,839	1,821	**1,626**
Total non-performing loans	4,835	4,504	6,461	5,082	**4,977**
Loan portfolio	176,735	182,474	181,744	187,638	**190,635**
Allowance for loan losses	(9,560)	(9,720)	(10,231)	(10,900)	**(11,059)**
Net loan portfolio	167,175	172,754	171,513	176,738	**179,576**
Receivables	-	5,488	5,600	-	**-**
(-) less					
Provision for doubtful receivables	-	-	-	-	**-**
Total loan portfolio	167,175	178,242	177,113	176,738	**179,576**
Premium receivables	54	69	67	44	**71**
Accounts receivables from reinsurers and rebonding companies	222	209	186	243	**207**
Benefits to be received from trading operations	-	-	-	-	**-**
Other accounts receivable, net	28,800	32,804	30,916	29,287	**48,136**
Foreclosed assets	165	165	195	207	**204**
Property, furniture and equipment, net	8,799	8,205	8,074	8,080	**7,834**
Long term investments in equity securities	583	192	250	221	**155**
Long-term assets available for sale	188	2,500	186	189	**181**
Deferred taxes, net	5,741	5,454	5,508	6,504	**6,328**
Goodwill	2,696	1,172	1,172	1,173	**1,172**
Other assets, deferred charges and intangibles	5,208	4,298	5,135	4,066	**4,326**
Total Assets	469,874	495,010	505,266	503,577	**501,606**

Figures in MXN millions at March 31, 2012 Grupo Financiero HSBC, S.A. de C.V.

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Liabilities					
Deposits	259,637	273,255	280,728	297,428	**301,271**
Demand deposits	153,463	158,190	159,366	172,105	**173,047**
Time deposits	101,906	110,829	117,100	121,080	**123,955**
Retail	100,753	109,114	115,035	119,297	**122,536**
Money market	1,153	1,715	2,065	1,783	**1,419**
Bank bonds outstanding	4,268	4,236	4,262	4,243	**4,269**
Bank deposits and other liabilities	19,921	30,161	28,927	32,536	**23,888**
On demand	3,827	3,950	-	5,866	**-**
Short term	14,607	24,744	27,243	24,923	**22,487**
Long term	1,487	1,467	1,684	1,747	**1,401**
Repurchase agreements	49,816	48,985	17,176	9,327	**12,637**
Stock Borrowing	-	2	4	4	**3**
Financial assets pending to be settled	1,440	-	-	-	**-**
Collateral Sold	9,215	10,292	12,095	17,704	**7,849**
Repurchase	4,575	5,524	5,422	6,046	**5,583**
Securities to be received in repo transactions	4,640	4,768	6,673	11,658	**2,266**
Derivative transactions	24,009	27,274	50,669	43,296	**34,969**
Technical reserves	9,829	9,836	9,968	10,284	**10,504**
Reinsurers	17	23	23	10	**20**
Other accounts payable	40,020	37,437	45,863	35,799	**54,578**
Income tax and employee profit sharing payable	1,236	1,162	1,996	1,780	**1,462**
Creditors for settlement of transactions	23,622	23,110	35,971	18,354	**37,409**
Sundry creditors and others accounts payable	15,162	13,165	7,896	15,665	**15,707**
Subordinated debentures outstanding	9,881	9,824	10,435	10,488	**10,153**
Deferred credits	641	610	590	522	**507**
Total Liabilities	424,426	447,699	456,478	457,398	**456,379**
Stockholder's Equity					
Paid in capital	32,673	32,673	32,673	32,673	**32,673**
Capital stock	5,111	5,111	5,111	5,111	**5,111**
Additional paid in capital	27,562	27,562	27,562	27,562	**27,562**
Capital Gains	12,764	14,627	16,105	13,495	**12,545**
Capital reserves	1,726	1,832	1,832	1,832	**1,832**
Retained earnings	11,368	11,262	11,262	8,849	**8,959**
Result from the mark-to-market of Available-for-sale securities	(1,277)	220	758	547	**683**
Result from cash flow hedging transactions	92	(270)	(467)	(243)	**(127)**
Net Income	855	1,583	2,720	2,510	**1,198**
Non-controlling interest	11	11	10	11	**9**
Total Stockholder's Equity	45,448	47,311	48,788	46,179	**45,227**
Total Liabilities and Capital	469,874	495,010	505,266	503,577	**501,606**

Figures in MXN millions at March 31, 2012 Grupo Financiero HSBC, S.A. de C.V.

	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
Memorandum Accounts	2,490,065	2,729,366	2,967,174	2,783,257	**2,794,342**
Proprietary position	2,399,634	2,633,899	2,870,275	2,687,313	**2,697,506**
Guarantees granted	16	16	14	14	**9**
Contingent assets and liabilities	115	95	95	-	**-**
Irrevocable lines of credit granted	17,185	16,909	19,193	22,425	**24,668**
Goods in trust or mandate	310,733	311,753	313,369	328,375	**348,119**
Trust	306,644	307,939	309,526	327,848	**347,489**
Mandate	4,089	3,814	3,843	527	**630**
Goods in custody or under administration	257,710	265,996	253,350	256,883	**288,199**
Collateral received by the institution	14,220	40,791	35,774	54,796	**55,443**
Collateral received and sold or delivered as guarantee	17,926	40,524	36,971	53,869	**53,144**
Values in deposit	53	53	53	53	**53**
Suspended interest on impaired loans	236	224	230	236	**239**
Recovery guarantees for issued bonds	45,011	36,649	34,191	35,383	**35,535**
Paid claims	5	14	56	61	**9**
Cancelled claims	1	2	24	24	**-**
Recovery claims	-	-	-	1	**-**
Responsibilities from bonds in force	3,623	3,614	3,416	3,552	**3,723**
Other control accounts	1,732,800	1,917,259	2,173,539	1,931,641	**1,888,365**

	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
Third party accounts	90,431	95,467	96,899	95,944	**96,836**
Clients current accounts	(24)	149	(169)	13	**100**
Custody operations	29,793	31,969	33,640	35,328	**36,268**
Transactions on behalf of clients	10,120	11,896	11,607	13,585	**12,406**
Third party investment banking operations, net	50,542	51,453	51,821	47,018	**48,062**

The present balance statement was prepared in accordance to the accounting principles for banking institutions, which are issued by the Mexican National Banking Commission as specified in Article 30 of the Law for Credit Institutions, of general observance and mandatory, applied in a consistent manner, this statement reflects all operations performed by the institution up to the date mentioned above, these operations were performed following healthy banking practice and following applicable legal and administrative requirements. The present statement has been approved by the Board of Directors under the responsibility of the signing officers.
Historical paid in capital of the Institution amounts to MXN 5,111 millions.
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LUIS PEÑA KEGEL	GUSTAVO CABALLERO GÓMEZ	ANDREW PAUL MCCANN	JUAN JOSÉ CADENA OROZCO
Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Consolidated Income Statement

Figures in MXN millions at March 31, 2012 **Grupo Financiero HSBC, S.A. de C.V.**

	For the quarter ending					*Year to date*	
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***	*31 Mar 2011*	***31 Mar 2012***
Interest Income	7,187	7,602	7,853	7,850	**7,932**	7,187	**7,932**
Earned premiums	601	621	647	589	**693**	601	**693**
Interest expense	(2,191)	(2,609)	(2,734)	(2,638)	**(2,813)**	(2,191)	**(2,813)**
Increase in technical reserves	(110)	14	(107)	(279)	**(223)**	(110)	**(223)**
Claims	(273)	(271)	(313)	(233)	**(279)**	(273)	**(279)**
Net interest income	5,214	5,357	5,346	5,289	**5,310**	5,214	**5,310**
Loan impairment charges	(1,654)	(1,548)	(1,548)	(1,987)	**(1,654)**	(1,654)	**(1,654)**
Risk adjusted net interest income	3,560	3,809	3,798	3,302	**3,656**	3,560	**3,656**
Fees and commissions receivable	2,050	1,826	2,077	2,084	**2,058**	2,050	**2,058**
Fees payable	(432)	(454)	(505)	(496)	**(554)**	(432)	**(554)**
Trading Income	1,215	678	598	772	**716**	1,215	**716**
Other operating income	1,041	1,421	1,584	484	**871**	1,041	**871**
Administrative and personnel expenses	(6,441)	(6,476)	(5,844)	(6,701)	**(5,475)**	(6,441)	**(5,475)**
Net operating income	993	804	1,708	(555)	**1,272**	993	**1,272**
Undistributed income from subsidiaries	-	17	18	(72)	**8**	-	**8**
Net income before taxes	993	821	1,726	(627)	**1,280**	993	**1,280**
Income tax and employee profit sharing tax	(315)	(409)	(725)	(853)	**(304)**	(315)	**(304)**
Deferred income tax	121	99	47	1,059	**165**	121	**165**
Income from ongoing operations	799	511	1,048	(421)	**1,141**	799	**1,141**
Discontinued operations	59	220	63	230	**57**	59	**57**
Non-controlling interest	(3)	(3)	26	(19)	**-**	(3)	**-**
Net income (loss)	855	728	1,137	(210)	**1,198**	855	**1,198**

"The consolidated income statement, with those of the other financial entities comprising the Group that are subject to consolidation, were prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Holding Company and the other financial entities comprising of that are subject to consolidation, up to the dates mentioned above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.
This consolidated income statement was approved by the Board of Directors under the responsibility of the following officers."
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HSBC

Consolidated Statement of Changes in Shareholder's Equity

Figures in MXN millions **Grupo Financiero HSBC, S.A. de C.V.**

From 1 January to 31st March 2012

	Paid in capital				Earned capital							
	Capital Stock	Advances for future capital increases	Shares Premiums	Subordinated debentures outstanding	Capital Reserves	Retained earnings	Surplus/ Deficit from securities	Cumulative effect of restatement	Results from holding non-monetary assets (Valuation of permanent investments)	Net income	Non-controlling interest	**Total Stock-holders Equity**
Balances at 01 January 2012	**5,111**	**-**	**27,562**	-	**1,832**	**8,849**	**304**	-	-	2,510	**11**	**46,179**
Movements Inherent to the Shareholders Decision												
Subscription of shares	-	-	-	-	-	-	-	-	-	-	-	-
Capitalization of retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Constitution of reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of result of prior years	-	-	-	-	-	2,510	-	-	-	(2,510)	-	-
Cash dividends	-	-	-	-	-	(2,400)	-	-	-	-	-	**(2,400)**
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total Movements Inherent to the Shareholders Decision	-	-	-	-	-	110	-	-	-	(2,510)	-	**(2.400)**
Movements for the Recognition of the Comprehensive Income												
Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
Net result	-	-	-	-	-	-	-	-	-	1,198	-	**1,198**
Result from valuation of available-for-sale securities	-	-	-	-	-	-	**136**	-	-	-	-	**136**
Result from cash flow hedging transactions	-	-	-	-	-	-	**116**	-	-	-	-	**116**
Results from holding non-monetary assets												
Others	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Total Movements Inherent for the Recognition of the Comprehensive Income	-	-	-	-	-	-	252	-	-	1,198	(2)	**1,448**
Balances at 31 March 2012	**5,111**	**-**	**27,562**	-	**1,832**	**8,959**	**556**	-	-	1,198	**9**	**45,227**

"The present statement of changes in stockholder's equity, with those of other financial entities comprising the Group that are subject to consolidation, was prepared in accordance with the accounting criteria for financial group holding companies issued by the national Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Holding Company and the financial entities comprising the group that are subject to consolidation, up to the dates mentioned above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.

The present statement of changes in stockholder's equity was approved by the Board of Directors under the responsibility of the following officers."

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LUIS PEÑA KEGEL	GUSTAVO CABALLERO GÓMEZ	ANDREW PAUL MCCANN	JUAN JOSÉ CADENA OROZCO
Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Consolidated Statement of Cash Flow

Figures in MXN millions — ***Grupo Financiero HSBC, S.A. de C.V.***
From 1 January to 31 March 2012

Net income	**1,198**
Adjustments for items not involving cash flow:	**2,412**
Gain or loss on appraisal of activities associated with investment & financing	-
Allowances for loan losses	-
Depreciation and amortization	525
Provisions	1,476
Income Tax and deferred taxes	138
Technical reserves	223
Discontinued operations	57
Undistributed income from subsidiaries	(7)
Changes in items related to operating activities:	
Memorandum accounts	(16)
Investment securities	15,860
Repurchase agreements	(4,038)
Stock borrowing	(1)
Derivative (assets)	6,755
Loan portfolio	(2,838)
Receivables	-
Foreclosed assets	2
Operating assets	(18,848)
Deposits	3,843
Bank deposits and other liabilities	(8,648)
Settlement accounts	-
Creditors repo transactions	3,310
Collateral sold or delivered as guarantee	(9,855)
Derivative (liabilities)	(8,327)
Subordinated debentures outstanding	(334)
Accounts receivables from reinsurers and coinsurers	107
Accounts receivables from premiums	196
Reinsurers and bonding	(29)
Other operating liabilities	16,416
Funds provided by operating activities	**(6,445)**
Investing activities:	
Acquisition of property, furniture and equipment	(399)
Intangible assets acquisitions	(247)
Others	-
Funds used in investing activities	**(646)**
Financing activities:	
Cash dividends	(2,400)
Decrease of Shares	-
Others	-
Funds used in financing activities	**(2,400)**
Increase/decrease in cash and equivalents	**(5,881)**
Adjustments to cash flow variations in the exchange rate and inflation levels	**-**
Cash and equivalents at beginning of period	**51,224**
Cash and equivalents at end of period	**45,343**

The present Consolidated Statement of Cash Flows, with those of other financial entities comprising the Group that are subject to consolidation, was prepared in accordance with the accounting criteria for financial group holding companies issued by the National Banking and Securities Commission based on Article 30 of the Law that Regulates Financial Groups, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the transactions carried out by the Holding Company and the financial entities comprising the group that are subject to consolidation, up to the dates mentioned above. Furthermore, these transactions were carried out and valued in accordance with sound banking practices and the applicable legal and administrative provisions.
This Consolidated Statement of Cash Flows, was approved by the Board of Directors under the responsibility of the following officers.
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Financial Statements HSBC Mexico, S.A.

Consolidated Balance Sheet

Figures in MXN millions at March 31, 2012 **HSBC Mexico, S.A. (Bank)**

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	31 Mar 2012
Assets					
Cash and deposits in banks	53,881	53,634	55,376	51,224	**45,345**
Margin Accounts	50	8	-	27	**43**
Investment in Securities	156,672	157,931	145,470	161,747	**147,606**
Trading securities	30,554	30,808	27,757	43,313	**28,435**
Available-for-sale securities	118,799	119,913	110,467	111,164	**111,857**
Held to maturity securities	7,319	7,210	7,246	7,270	**7,314**
Repurchase agreements	362	7,773	7,668	5,749	**9,787**
Derivative transactions	25,379	28,633	50,979	42,906	**36,151**
Performing loans					
Commercial loans	127,399	131,523	128,354	135,196	**136,700**
Commercial entities	90,506	96,623	100,133	101,012	**103,356**
Loans to financial intermediaries	7,757	6,908	6,341	8,268	**6,873**
Loans to government entities	29,136	27,992	21,880	25,916	**26,471**
Consumer loans	26,948	28,613	29,101	29,302	**30,603**
Mortgages loans	17,553	17,834	17,828	18,058	**18,355**
Total performing loans	171,900	177,970	175,283	182,556	**185,658**
Impaired loans					
Commercial loans	1,721	1,330	3,366	2,027	**2,292**
Commercial entities	1,335	1,330	2,014	2,027	**2,292**
Loans to financial intermediaries	386	-	-	-	**-**
Loans to government entities	-	-	1,352	-	**-**
Consumer loans	1,260	1,324	1,256	1,234	**1,059**
Mortgage Loans	1,854	1,850	1,839	1,821	**1,626**
Total non-performing loans	4,835	4,504	6,461	5,082	**4,977**
Total loan portfolio	176,735	182,474	181,744	187,638	**190,635**
Allowance for loan losses	(9,560)	(9,720)	(10,231)	(10,900)	**(11,059)**
Net loan portfolio	167,175	172,754	171,513	176,738	**179,576**
Receivables	-	5,488	5,600	-	**-**
(-) less					
Provision for doubtful receivables	-	-	-	-	**-**
Total loan portfolio	167,175	178,242	177,113	176,738	**179,576**
Other accounts receivable	28,839	32,887	30,948	29,335	**47,523**
Foreclosed assets	165	161	191	203	**201**
Property, furniture and equipment, net	8,795	8,205	8,073	8,080	**7,834**
Long term investments in equity securities	120	113	170	138	**143**
Long term assets available for sale	-	1	3	-	**-**
Deferred taxes	5,636	5,328	5,386	6,409	**6,224**
Other assets, deferred charges and intangibles	5,011	3,917	4,642	3,506	**4,083**
Total Assets	452,085	476,833	486,019	486,062	**484,516**

Figures in MXN millions at March 31, 2012 **HSBC Mexico, S.A. (Bank)**

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Liabilities					
Deposits	260,297	274,106	281,464	298,119	**302,116**
Demand deposits	154,123	159,041	160,102	172,797	**173,892**
Time deposits	101,906	110,829	117,100	121,079	**123,955**
Retail	100,754	109,114	115,035	119,296	**122,536**
Money market	1,152	1,715	2,065	1,783	**1,419**
Bank bonds outstanding	4,268	4,236	4,262	4,243	**4,269**
Bank deposits and other liabilities	19,921	30,161	28,927	32,536	**23,888**
On demand	3,827	3,950	-	5,866	**-**
Short term	14,607	24,744	27,243	24,923	**22,487**
Long term	1,487	1,467	1,684	1,747	**1,401**
Repurchase agreements	54,392	54,509	22,598	15,373	**18,219**
Stock Borrowing	-	2	4	4	**3**
Financial assets pending to be settled	1,440	-	-	-	**-**
Collateral Sold	4,639	4,769	6,673	11,658	**2,227**
Repurchase	-	-	-	-	**-**
Securities to be received in repo transactions	4,639	4,769	6,673	11,658	**2,227**
Derivative transactions	24,009	27,274	50,669	43,296	**34,969**
Other accounts payable	41,452	38,743	46,680	34,572	**53,305**
Income tax and employee profit sharing payable	918	694	1,113	795	**1,079**
Contributions for future capital increases	2,013	2,013	2,013	-	**-**
Creditors for settlement of transactions	23,440	22,900	25,897	18,353	**36,703**
Sundry creditors and others accounts payable	15,081	13,136	17,657	15,424	**15,523**
Subordinated debentures outstanding	9,881	9,824	10,435	10,488	**10,153**
Deferred credits	639	606	587	520	**505**
Total Liabilities	416,670	439,994	448,037	446,566	**445,385**
Stockholder's Equity					
Paid in capital	25,605	25,605	25,605	27,618	**27,618**
Capital stock	5,087	5,087	5,087	5,261	**5,261**
Additional paid in capital	20,518	20,518	20,518	22,357	**22,357**
Capital Gains	9,807	11,231	12,374	11,875	**11,513**
Capital reserves	10,636	11,069	11,069	11,057	**9,657**
Retained earnings	131	(302)	(301)	(202)	**514**
Result from the mark-to-market of Available-for-sale securities	(1,277)	220	758	547	**683**
Result from cash flow hedging transactions	92	(270)	(467)	(243)	**(127)**
Net Income	225	514	1,315	716	**786**
Non-controlling interest	3	3	3	3	**-**
Total Stockholder's Equity	35,415	36,839	37,982	39,496	**39,131**
Total Liabilities and Capital	452,085	476,833	486,019	486,062	**484,516**

Figures in MXN millions at March 31, 2012 HSBC Mexico, S.A. (Bank)

Memorandum Accounts

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Guarantees granted	16	16	14	14	**9**
Contingent assets and liabilities	115	95	95	-	**-**
Irrevocable lines of credit granted	17,185	16,909	19,193	22,425	**24,668**
Goods in trust or mandate	310,733	311,753	313,370	328,375	**348,119**
Goods	306,644	307,939	309,527	327,848	**347,489**
Trusts	4,089	3,814	3,843	527	**630**
Goods in custody or under administration	252,599	260,885	248,240	251,772	**283,088**
Collateral received by the institution	14,220	40,791	35,774	54,796	**55,443**
Collateral received and sold or delivered as guarantee	13,346	34,990	31,561	47,829	**47,566**
Third party investment banking operations, net	50,542	51,453	51,821	47,018	**48,063**
Suspended interest on impaired loans	236	224	230	236	**239**
Other control accounts	1,724,155	1,908,613	2,171,910	1,919,501	**1,876,232**
	2,383,147	2,625,729	2,872,208	2,671,966	**2,683,426**

The present income statement was prepared in accordance to the accounting principles for banking institutions, which are issued by the Mexican National Banking Commission as specified in Articles 99, 101 and 102 of the Law for Credit Institutions, of general observance and mandatory, applied in a consistent manner, this statement reflects all operations performed by the institution up to the date mentioned above, these operations were performed following healthy banking practice and following applicable legal and administrative requirements. The present statement has been approved by the Board of Directors under the responsibility of the signing officers.
Historical paid in capital of the Institution amounts to MNX 3,461 millions.

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LUIS PEÑA KEGEL	GUSTAVO CABALLERO GÓMEZ	ANDREW PAUL MCCANN	JUAN JOSÉ CADENA OROZCO
Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Consolidated Income Statement

Figures in MXN millions at March 31, 2012 **HSBC Mexico, S.A. (Bank)**

	For the quarter ending					Year to date	
	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**	31 Mar 2011	**31 Mar 2012**
Interest income	7,017	7,430	7,651	7,643	**7,742**	7,017	**7,742**
Interest expense	(2,196)	(2,614)	(2,738)	(2,642)	**(2,818)**	(2,196)	**(2,818)**
Net interest income	4,821	4,816	4,913	5,001	**4,924**	4,821	**4,924**
Loan impairment charges	(1,654)	(1,548)	(1,548)	(1,987)	**(1,654)**	(1,654)	**(1,654)**
Risk adjusted net interest income	3,167	3,268	3,365	3,014	**3,270**	3,167	**3,270**
Fees and commissions receivable	1,841	1,882	1,926	2,001	**1,959**	1,841	**1,959**
Account management	120	126	121	120	**103**	120	**103**
Services	1,721	1,756	1,805	1,881	**1,856**	1,721	**1,856**
Fees payable	(328)	(349)	(386)	(386)	**(448)**	(328)	**(448)**
Trading Income	839	682	490	609	**607**	839	**607**
Foreign exchange	(556)	358	189	787	**(924)**	(556)	**(924)**
Securities trading, net	8	103	210	217	**31**	8	**31**
Repos	(8)	-	-	-	**(1)**	(8)	**(1)**
Swaps	691	245	31	373	**177**	691	**177**
Valuation off-shore agencies	50	131	170	(650)	**1,255**	50	**1,255**
Valuation for trading swaps	654	(28)	84	72	**108**	654	**108**
Valuation for FX options	-	(127)	(194)	(190)	**(39)**	-	**(39)**
Other operating income	1,124	1,607	1,582	802	**971**	1,124	**971**
Administrative and personnel expenses	6,477	6,619	5,935	6,861	**5,588**	6,477	**5,588**
Personnel expense	2,783	2,536	2,621	2,726	**2,413**	2,783	**2,413**
Administrative expense	2,920	3,296	2,924	3,297	**2,650**	2,920	**2,650**
Depreciation and amortization	774	787	390	838	**525**	774	**525**
Net operating income	166	471	1,042	(821)	**771**	166	**771**
Undistributed income from subsidiaries	9	9	17	(76)	**6**	9	**6**
Net income before taxes	175	480	1,059	(897)	**777**	175	**777**
Income tax	(41)	(277)	(334)	(761)	**(137)**	(41)	**(137)**
Deferred income tax	94	89	51	1,077	**146**	94	**146**
Net income before discontinued operations	228	292	776	(581)	**786**	228	**786**
Non-controlling interest	(3)	(3)	25	(18)	**-**	(3)	**-**
Net income (loss)	225	289	801	(599)	**786**	225	**786**

The present income statement was prepared in accordance to the accounting principles for banking institutions, which are issued by the Mexican National Banking Commission as specified in Articles 99, 101 and 102 of the Law for Credit Institutions of general observance and mandatory, applied in a consistent manner. This statement reflects all income and expenses derived from the operations performed by the Institution up to the date mentioned above. These operations were performed following healthy banking practice and following applicable legal and administrative requirements. The present statement has been approved by the Board of Directors under the responsibility of signing officers.
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LUIS PEÑA KEGEL	GUSTAVO CABALLERO GÓMEZ	ANDREW PAUL MCCANN	JUAN JOSÉ CADENA OROZCO
Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Consolidated Statement of Changes in Shareholder’s Equity

Figures in MXN millions **HSBC Mexico, S.A. (Bank)**

From 1 January to 31 March 2012

	Paid in capital				Earned Capital							
	Capital Stock	Advances for future capital increases	Shares Premium	Subordinated debentures outstanding	Capital Reserves	Retained earnings	Surplus/ Deficit from securities	Cumulative effect of restatement	Results from holding non-monetary assets	Net Income	Non-controlling interest	**Total stock-holder’s Equity**
Balances at January 31, 2012	5,261	-	22,357	-	11,057	(202)	304		-	716	3	**39,496**
Movements Inherent to the Shareholders Decision								-	-		-	**-**
Subscription of shares	-	-	-	-	-	-	-	-	-	-	-	**-**
Capitalization of retained earnings	-	-	-	-	-	-	-	-	-	-	-	**-**
Constitution of reserves	-	-	-	-	-	-	-	-	-	-	-	**-**
Transfer of result of prior years	-	-	-	-	-	716	-	-	-	(716)		**-**
Others	-	-	-	-		-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,400)		-	-	-	-	-	**(1,400)**
Total Movements Inherent to the Shareholders Decision	-	-	-	-	(1,400)	716	-	-	-	(716)	-	**(1,400)**
Movements for the Recognition of the Comprehensive Income												
Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	**-**
Net result	-	-	-	-	-	-	-	-	-	786	-	**786**
Result from valuation of available-for-sale securities	-	-	-	-	-	-	136	-	-	-	-	**136**
Result from cash flow hedging transactions	-	-	-	-	-	-	116	-	-	-	-	**116**
Results from holding non-monetary assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Others	-	-	-	-	-	-	-	-	-	-	(3)	**(3)**
Total Movements Inherent for the Recognition of the Comprehensive Income	-	-	-	-	-		252		-	786	(3)	**1,035**
Balances as at March 31, 2012	**5,261**	**-**	**22,357**	**-**	**9,657**	**514**	**556**	**-**	**-**	**786**	**-**	**39,131**

The present statement of changes in stockholder’s equity was prepared in accordance to the accounting principles for banking institutions which are issued by the Mexican National Banking Commission as specified in Articles 99, 101 y 102 of the Law for Credit Institutions of General Observance and Mandatory, applied in a consistent manner. This statement reflects all movements in capital accounts derived from the operations performed by the Institution up to the date mentioned above.
These operations were performed following healthy banking practices and following applicable legal and administrative requirements.
The present statement has been approved by the Board of Directors under the responsibility of the signing officers.
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LUIS PEÑA KEGEL	GUSTAVO CABALLERO GÓMEZ	ANDREW PAUL MCCANN	JUAN JOSÉ CADENA OROZCO
Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Consolidated Statement of Cash Flow

Figures in MXN millions
From 1 January to 31 March 2012 ***HSBC Mexico, S.A. (Bank)***

	31 Mar 2012
Net income	**786**
Adjustments for items not involving cash flow:	**1,986**
Depreciation and amortization	525
Provisions	1,476
Income Tax and deferred taxes	(9)
Undistributed income from subsidiaries	(6)
Changes in items related to operating activities:	
Memorandum accounts	(17)
Investment securities	14,392
Repurchase agreements	(4,038)
Derivative (assets)	6,756
Loan portfolio	(2,838)
Foreclosed assets	2
Operating assets	(18,186)
Deposits	3,995
Bank deposits and other liabilities	(8,648)
Creditors repo transactions	2,847
Stock borrowing	(1)
Collateral sold or delivered as guarantee	(9,431)
Derivative (liabilities)	(8,327)
Subordinated debentures outstanding	(334)
Other operating liabilities	18,193)
Income tax payable	(759)
Funds provided by operating activities	**6,394**
Investing activities:	
Acquisition of property, furniture and equipment	(280)
Intangible assets acquisitions	(577)
Funds used in investing activities	**(857)**
Financing activities:	
Cash dividend	(1,400)
Others	-
Funds used or provided by financing activities	**(1,400)**
Increase/decrease in cash and equivalents	**(5,879)**
Adjustments to cash flow variations in the exchange rate and inflation levels	**-**
Cash and equivalents at beginning of period	**51,224**
Cash and equivalents at end of period	**43,345**

The present Statement of Cash Flows was prepared in accordance to the accounting principles for banking institutions, which are issued by the Mexican National Banking Commission, as specified in Articles 99, 101 and 102 of the Law for Credit Institutions of general observance and mandatory, applied in a consistent manner. This statement reflects all movements in funds derived from the operations performed by the Institution up to the date mentioned above.
These operations were performed following healthy banking practice and following applicable legal and administrative requirements.
The present Statement of Cash Flows has been approved by the Board of Directors under the responsibility of signing the officers.
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Chief Executive Officer	Chief Financial Officer	Director of Internal Audit	Chief Accountant

Financial Instruments

Grupo Financiero HSBC, S.A. de C.V.

Figures in MXN millions at March 31, 2012

Investments in securities

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Government securities	30,471	28,622	26,600	42,107	**28,395**
Bank securities	2,352	3,265	2,345	2,402	**1,679**
Shares	337	313	2,945	1,538	**2,464**
Others	3,313	4,665	4,986	4,261	**1,933**
Trading securities	36,473	36,865	36,876	50,308	**34,471**
Government securities	112,216	112,768	102,764	108,236	**98,372**
Bank securities	108	-	-	-	**300**
Obligations and other securities	7,049	7,133	7,686	2,917	**13,176**
Shares	17	12	17	11	**9**
Available for sale securities	119,390	119,913	110,467	111,164	**111,857**
Special Cetes (net)	11,572	11,884	12,119	12,484	**12,794**
Bank securities	142	143	145	150	**153**
Corporate securities	2,996	2,843	2,834	2,813	**2,817**
Securities held to maturity	14,710	14,870	15,098	15,447	**15,764**
Total Financial Instruments	170,573	171,648	162,441	176,919	**162,092**

In the first quarter of 2012, investment in securities decreased by MXN14,827 million compared to the fourth quarter of 2011; mainly by decreasing government securities in MXN23,576 million.

Repos

Grupo Financiero HSBC, S.A. de C.V.

Figures in MXN millions at March 31, 2012

	31 Mar 2011	30 Jun 2011	30 Sep 2011	31 Dec 2011	**31 Mar 2012**
Repo's Government securities (credit)	48,101	47,523	17,031	9,044	**12,501**
Repo's Bank securities (credit)	1,441	968	-	-	**-**
Repo's Others securities (credit)	265	380	-	2	**-**
Valuation increase (decrease)	-	-	-	-	**-**
Accrued interest payable	9	114	145	281	**136**
Credit balance in repo agreements	49,816	48,985	17,176	9,327	**12,637**
Repurchase agreements in government securities	9,000	29,951	27,300	40,200	**51,000**
Accrued interest receivable	13	42	32	39	**49**
Debit balance repo securities agreements	9,013	29,993	27,332	40,239	**51,049**
Government securities	8,641	22,215	19,661	34,470	**41,242**
Interest in collateral delivered as guarantee	10	4	3	20	**20**
Total in collateral delivered as guarantee	8,651	22,219	19,664	34,490	**41,262**

Derivative Financial Instruments

HSBC Mexico, S.A. (Bank)

Figures in MXN millions at March 31, 2012

	Futures		Forwards Contracts		Options		Swaps		
	Asset position	*Liability position*	*Asset position*	*Liability position*	*Asset position*	*Liability position*	*Asset position*	*Liability position*	*Total (net)*
For trading									
Pesos	-	-	137,344	130,921	18,499	18,586	129,235	124,587	10,984
Foreign currency	-	-	125,566	129,851	23,474	23,466	190,663	195,165	(8,779)
Interest Rate	567	567	-	-	-	-	165,709	165,919	(210)
Total	**567**	**567**	**262,910**	**260,772**	**41,973**	**42,052**	**485,607**	**485,671**	**1,995**
For hedging									
Pesos	-	-	-	-	-	-	6,753	-	6,753
Foreign currency	-	-	-	-	-	-	-	6,813	(6,813)
Interest Rate	-	-	-	-	-	-	2,364	3,117	(753)
Total	-	-	-	-	-	-	**9,118**	**9,930**	**(813)**

Collateral Sold or delivered as guarantee

HSBC Mexico, S.A. (Bank)

Figures in MXN millions at March 31, 2012

Stock borrowing	*31 Mar 2011*	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
Cetes	-	560	237	643	**672**
Valuation increase (decrease)	-	-	-	-	-
Bonds	4,640	4,188	6,462	11,021	**1,551**
Valuation increase (decrease)	(1)	(2)	(26)	(6)	**4**
Shares	-	24	-	-	-
Valuation increase (decrease)	-	(1)	-	-	-
Total	4,639	4,769	6,673	11,658	**2,227**

Participation by Subsidiary

Grupo Financiero HSBC, S.A. de C.V.

Group Subsidiaries at March 31, 2012

	Shares owned by subsidiaries	Participation Percentage	Number of Shares owned by HSBC Group
HSBC México, S.A.	1,730,319,756	99.99%	1,730,243,530
HSBC Seguros, S.A. de C.V.	392,200	99.99%	392,199
HSBC Fianzas, S.A.	759,985,454	97.22%	738,877,715
HSBC Casa de Bolsa, S.A. de C.V.	264,068,221	99.99%	264,068,217
HSBC Global Asset Management (México), S.A. de C.V.	1,000	99.90%	999
HSBC Servicios, S.A. de C.V.	480,100	99.99%	480,099
Total	**2,755,246,731**		**2,734,062,759**

Trading income

HSBC Mexico, S.A. (Bank)

Figures in MXN millions at March 31, 2012

	For the quarter ending…					*Year to date*	
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***	*31 Mar 2011*	***31 Mar 2012***
Valuation	640	190	158	(373)	**1,445**	640	**1,445**
Derivatives	1,080	(303)	344	(499)	**1,271**	1,080	**1,271**
Repos	-	-	-	-	**-**	-	**-**
Debt Securities	(333)	386	31	(154)	**128**	(333)	**128**
Foreign Exchange	(107)	107	(217)	280	**46**	(107)	**46**
Buying and Selling Instruments	199	492	332	982	**(838)**	199	**(838)**
Foreign Currency	(462)	243	293	685	**(1,002)**	(462)	**(1,002)**
Derivatives	439	8	(298)	191	**(15)**	439	**(15)**
Repos	-	-	-	-	**(1)**	-	**(1)**
Shares	(6)	(6)	(21)	20	**(1)**	(6)	**(1)**
Debt Securities	228	247	358	86	**181**	228	**181**
Total	839	682	490	609	**607**	839	**607**

Loan Portfolio

Grupo Financiero HSBC, S.A. de C.V.

By type of currency

Figures in MXN millions at 31 March 2012

	Commercial or Business Activity	*Financial Intermediaries*	*Government Entities*	*Consumer Loans*	*Mortgage Loans*	*Total*
Performing Loan Portfolio						
Pesos	78,955	6,593	25,034	30,603	16,914	158,099
US Dollars	24,401	280	1,437	-	-	26,118
Udis Banxico	-	-	-	-	1,441	1,441
Total	**103,356**	**6,873**	**26,471**	**30,603**	**18,355**	**185,658**
Non Performing Loans Portfolio						
Pesos	1,592	-	-	1,059	1,413	4,064
US Dollars	696	-	-	-	4	700
Udis Banxico	4	-	-	-	209	213
Total	**2,292**	**-**	**-**	**1,059**	**1,626**	**4,977**

Ratings HSBC México, S.A.

HSBC Mexico, S.A. (Bank)

	Moody's	Standard & Poor's	Fitch
Global scale ratings			
Foreign currency			
Long term	-	BBB	A-
Long term deposits	Baa1		
Short term	P-2	A-3	F1
Local Currency			
Long term obligations	A2	BBB	A
Long term deposits	A2	BBB	-
Short term	P-1	A-3	F1
BFSR (Moody's)	C-	-	-
Individual / Support rating (Fitch)	-	-	C / 1
National scale / Local currency			
Long term	Aaa.mx	mxAAA	AAA (mex)
Short term	MX-1	mxA -1+	F1+ (mex)
Outlook	Stable	Stable	Stable
Last update	26-Apr-12	20-May-11	16-Ago-11

Loan Portfolio Grading

HSBC Mexico, S.A. (Bank)

Figures in MXN millions at March 31, 2012

		Allowance for Loan Loses by type of loan			
	Total loan portfolio	Commercial loans	Consumer loans	Mortgages loans	Total reserves
Exempted from rating	8,781				
Graded	206,531				
Risk A	**93,541**	**476**	**36**	**43**	**555**
Risk A-1	60,300	177	36	43	256
Risk A-2	33,241	299	0	0	299
Risk B	**104,113**	**4,132**	**2,006**	**127**	**6,265**
Risk B-1	62,114	1,183	1,268	127	2,578
Risk B-2	35,757	2,004	738	0	2,742
Risk B-3	6,242	945	0	0	945
Risk C	**6,771**	**1,227**	**641**	**482**	**2,350**
Risk C-1	5,978	908	641	482	2,031
Risk C-2	793	319	0	0	319
Risk D	**1,363**	**158**	**948**	**4**	**1,110**
Risk E	**743**	**699**	**51**	**29**	**779**
Total	**215,312**	**6,692**	**3,682**	**685**	**11,059**
Less:					
Constituted Reserves					**11,059**
Surplus					**0**

The figures related to the rating and constitution of reserves correspond to those at the last day of the balance sheet date, as at March 31, 2012.

The loan portfolio is graded according to the rules for lending portfolios issued by the Secretaría de Hacienda y Crédito Público (SHCP – Mexican Government's Secretary of Public Lending) and to the methodology established by the CNBV (Mexican Banking and Securities National Committee), and if it is the case, according to the internal methodology authorized by the CNBV. The methodology distinguishes the qualification of the borrower and based on this determines the one related to operation, for the commercial portfolio and excluding States and Municipalities in which the Institution applied the new Methodology since September 2011 based on CNBV provisions. For the consumer portfolio and mortgage is made based on the "General Regulations Applicable to Credit Institutions" issued by the CNBV, specifically using the standard methodology.

As at March 2012, the increase in loan loss reserves charged to Income Statement was MXN1,654 millions. In the other hand, MXN1,108 millions were related to write offs and MXN222 millions were related to debt forgiveness.

Non – Performing Loans

HSBC Mexico, S.A. (Bank)

Figures in MXN millions

	At the quarter ending				
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
Initial Balance of Impaired Loans	5,344	4,835	4,504	6,461	**5,082**
Increases	4,217	2,094	4,382	2,739	**2,435**
Transfer of current loans to past due status	4,217	2,094	4,382	2,739	**2,435**
Decreases	4,726	2,426	2,425	4,118	**2,540**
Restructurings	106	64	106	117	**88**
Liquidated credits	2,134	1,591	1,649	1,748	**1,564**
Charged in cash	516	278	357	398	**353**
Foreclosed assets	11	8	35	28	**6**
Write-offs	-	-	-	-	**-**
Sale of portfolio	1,607	1,305	1,257	1,322	**1,205**
Transfer to performing loan status	2,490	769	759	2,268	**836**
FX revaluations	4	(2)	89	15	**(62)**
Final Balance of Impaired Loan	4,835	4,504	6,461	5,082	**4,977**

Deferred Taxes

Grupo Financiero HSBC, S.A. de C.V.

Figures in MXN millions at March 31, 2012

	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
Loan loss reserves	5,001	5,077	5,181	5,618	**5,800**
Valuation of securities	244	(98)	(200)	(58)	**(162)**
Fiscal loss	67	11	6	8	**6**
Other reserves	687	866	796	1,309	**877**
PTU Payable	132	54	80	111	**137**
Foreclosed assets	120	134	165	190	**202**
Other	208	185	194	193	**188**
Differences in rates of fixed assets	112	69	144	6	**168**
Fiscal result UDIS-Banxico	(830)	(844)	(858)	(873)	**(888)**
Total Deferred Taxes	5,741	5,454	5,508	6,504	**6,328**

Funding, Loans and Investments in Securities

HSBC Mexico, S.A. (Bank)

Funding and bank loans – Average Interest rates

	At the quarter ending				
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
MXN pesos					
Funding	2.31%	2.43%	2.44%	2.40%	**2.50%**
Bank and other loans	5.51%	5.27%	5.10%	5.10%	**5.09%**
Foreign currency					
Funding	0.08%	0.08%	0.06%	0.08%	**0.06%**
Bank and other loans	0.64%	0.62%	0.68%	0.66%	**0.75%**
UDIS					
Funding	0.25%	0.30%	0.34%	0.29%	**0.29%**

Long Term Debt

HSBC Mexico, S.A. (Bank)

HSBC Mexico, S.A. has long term non-convertible subordinated debentures. These instruments pay monthly interest at a rate equivalent to the average 28-day TIIE (interbank rate) of the previous month.

Figures in historic MXN millions

Instrument	*Issue Date*	*Amount*	*Currency*	*Interest payable*	*Amount in circulation*	*Rate*
		MXN millions			*MXN millions*	
INTENAL 03	24-NOV-2003	2,200	MXN	8	2,208	25-NOV-2013
HSBC 08	30-SEP-2008	1,818	MXN	5	1,823	20-SEP-2018
HSBC 08-2	18-DEC-2008	2,272	MXN	8	2,280	10-DEC-2018
HSBC 09D(USD300)[1]	26-JUN-2009	3,840	USD	2	3,842	28-JUN-2019
		10,130		**23**	**10,153**	

[1] Expressed in local currency at issuance date FX rate.

HSBC México, S.A., has also issued long term certified marketable securities listed in the Mexican Stock Exchange.

Figures in historic MXN millions

Instrument	*Issue Date*	*Amount*	*Currency*	*Interest payable*	*Amount in circulation*	*Maturity Date*
		MXN millions			*MXN millions*	
Certified Marketable Securities	10-MAY-2006	4,220	MXN	49	4,269	27-APR-2016
		4,220		**49**	**4,269**	

Capital

Grupo Financiero HSBC, S.A. de C.V.

Grupo Financiero HSBC

Grupo Financiero HSBC S.A. de C.V., net income in 2011, figure that was audited by Despacho KPMG Cárdenas Dosal, S.C., was MXN2,510 million.

On March 30, 2012, the Board Directors authorized a dividend payment of $0.9392 per share for each of the 2,555,351,034 shares outstanding. The total amount paid by the Group was MXN 2,400.

The capital stock is included in the amount of MXN 5,111 million, represented by 2,555,351,034 shares.

Subsidiaries Grupo Financiero HSBC

HSBC Mexico, S.A.

HSBC Mexico, S.A., net income in 2011, figure that was audited by Despacho KPMG Cárdenas Dosal, S.C., was MXN716 million.

On October, 2011 one notice was published in accordance to the agreement of the Board meeting, a dividend of $0.809099009096675 shall be paid per share for each one of the 1,730,319,756 shares. Such dividend was paid on one disbursement on March 29 of 2012.

The capital stock increased to MXN 3,461 million representing 1,730’319,756 shares.

Capital Ratio

HSBC Mexico, S.A. (Bank)

Figures in MXN millions at March 31, 2012

	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***
% of assets subject to credit risk					
Tier 1	17.14%	17.56%	17.07%	16.96%	**16.75%**
Tier 2	5.56%	5.25%	5.27%	5.09%	**4.97%**
Total regulatory capital	22.70%	22.81%	22.34%	22.05%	**21.72%**
% of assets subject to credit, market risk and operational risk					
Tier 1	10.88%	10.77%	11.58%	11.74%	**11.34%**
Tier 2	3.53%	3.22%	3.58%	3.52%	**3.37%**
Total regulatory capital	14.41%	13.98%	15.16%	15.26%	**14.71%**
Tier 1	31,577	33,694	34,610	34,441	**33,785**
Tier 2	10,245	10,065	10,688	10,343	**10,035**
Total regulatory capital	41,822	43,759	45,298	44,784	**43,820**
RWA credit risk	184,191	191,870	202,792	203,092	**201,719**
RWA market risk	68,617	83,414	57,667	51,923	**57,610**
RWA operational risk	37,379	37,704	38,298	38,454	**38,552**
RWA credit and market risk	290,187	312,988	298,757	293,469	**297,881**

With a capital ratio above 10%, HSBC Mexico, S.A. is classified in category I, according to the General Standards referred in article 134 Bis from the Financial Institutions Law and according to the General Standards principles for financial institutions issued by the Mexican Banking and Securities Commission referred in article 220.

Other Operating Income (Expenses)

Grupo Financiero HSBC, S.A. de C.V.

Figures in MXN millions at March 31, 2012

	For the quarter ending					*Year to date*	
	31 Mar 2011	*30 Jun 2011*	*30 Sep 2011*	*31 Dec 2011*	***31 Mar 2012***	*31 Mar 2011*	***31 Mar 2012***
Loans to employees	36	35	34	39	**34**	36	**34**
Recoveries	282	251	668	245	**144**	282	**144**
Credit portfolio recoveries	226	166	160	139	**173**	226	**173**
Result of Foreclosed assets	8	1	11	58	**6**	8	**6**
Property sales	-	604	9	-	**7**	-	**7**
Other items of income(expenses)	683	559	749	135	**536**	683	**536**
Other income (expenses) arising from op. Insurance and Bonding	78	80	87	87	**86**	78	**86**
Monetary position result	3	(1)	10	14	**5**	3	**5**
Other losses	(275)	(274)	(144)	(233)	**(120)**	(275)	**(120)**
Total Other Operating Income (expenses)	1,041	1,421	1,584	484	**871**	1,041	**871**

► Other items of income (expenses) are integrated by expense reimbursements, profits from property sales, furniture and equipment, management services, updates and other.

Related Party Transactions

Grupo Financiero HSBC, S.A. de C.V.

In the normal course of its operations, the HSBC Group carries out transactions with related parties and members of the Group. According to the policies of the Group, all loan operations with related parties are authorized by the Board and they are negotiated with market rates, guarantees and overall standard banking practices.

The balance of the transactions carried out as of March 31, 2012 is shown below:

Figures in MXN millions

	Bank	**Brokerage house**	**Mutual funds manage ment**	**Services**	**Group**	**Insurance**	**Bonding**	**Total**
Balance Sheet								
Cash and deposits in banks	-	720	-	2	97	9	16	844
Demand deposits	(844)	-	-	-	-	-	-	(844)
Repurchase agreements (assets)	-	5,582	-	-	-	-	-	5,582
Repurchase agreements (liabilities)	(5,582)	-	-	-	-	-	-	(5,582)
Sundry debtors (assets)	242	5	11	22	-	59	-	339
Sundry creditors (liabilities)	(78)	(7)	(91)	(1)	-	(161)	(1)	(339)
Long Term investments in equity securities	-	-	-	-	-	-	-	-
Long-term assets available for sale	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**(6,262)**	**6,300**	**(80)**	**23**	**97**	**(93)**	**15**	**-**

P&L								
Payable commissions	(1)	-	(109)	-	-	(3)	-	(113)
Receivable commissions	99	14	4	-	-	-	-	117
Discontinued operations	-	-	-	-	-	-	-	-
Interest income	-	6	-	-	-	-	-	6
Interest expense	(6)	-	-	-	-	-	-	(6)
Repos	(64)	-	-	-	-	-	-	(64)
Reverse repos	-	64	-	-	-	-	-	64
Earned premiums	-	-	-	-	-	63	-	63
Administrative and personnel expenses	(63)	-	-	-	-	-	-	(63)
Administrative services	(71)	(40)	(26)	-	-	(158)	(1)	(296)
Undistributed income from subsidiaries	-	-	-	-	-	-	-	-
Other income	214	-	-	76	-	2	-	292
Total	**108**	**44**	**(131)**	**76**	**-**	**(96)**	**(1)**	**-**

Information on Customer Segment and Results

Grupo Financiero HSBC, S.A. de C.V.

Consolidated Income Statement by Customer Segment

The consolidated income statement by customer segment includes Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB) and Global Banking and Markets (GBM). The following is a brief description of the customer segments:

Retail Banking and Wealth Management (RBWM) – retail banking operations focusing on the individual by offering a the complete spectrum of financial needs from checking/deposits accounts to credit cards, personal and auto loans, and mortgages, among others.

Commercial Banking (CMB) – CMB covers all small and medium sized companies by offering lending in Mexican Pesos and other currencies, lines of credit for working capital, export financing, in addition to trade services, fiduciary and other financial services, among others.

Global Banking and Markets (GBM) – This segment includes product lines directed towards large, multinational corporations and consists of treasury and custody services, corporate finance advising, risk administration, trade services, and money market and capital investments.

The consolidated incomes statement information condensed by segments as of 31 March 2012 is shown below:

Figures in MXN millions at March 31, 2012

	Year to date at 31 March 2012			
(MXN millions)	**RBWM**	**CMB**	**GBM**	**Total**
Net Interest Income	3,360	1,470	480	5,310
Provision for Loan Loss	1,056	(236)	834	1,654
Net Interest Income adjusted	**2,304**	**1,706**	**(355)**	**3,656**
Fees and Commissions, net	886	385	233	1,504
Trading Income	121	48	547	716
Other operation income	700	107	64	871
Total Revenue	**4,011**	**2,246**	**490**	**6,747**
Administrative Expenses	3,287	1,498	690	5,475
Operating Income	**724**	**748**	**(200)**	**1,272**
Undistributed income from subsidiaries	5	2	1	8
Profit Before Taxes	**729**	**751**	**(200)**	**1,280**
Taxes	116	119	(97)	139
Net Income before discontinued operations	**613**	**631**	**(103)**	**1,141**
Discontinued operations	57	0	0	57
Minority Shareholders	0	0	0	0
Participated Net Income	**670**	**631**	**(103)**	**1,198**

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

Grupo Financiero HSBC

HSBC Holdings plc, the ultimate parent of Grupo Financiero HSBC, reports its results under International Financial Reporting Standards (IFRS). Set out below is a reconciliation of the results of Grupo Financiero HSBC from Mexican GAAP to IFRS for the three months ended 31 March 2012 and an explanation of the key reconciling items.

Figures in MXN millions	31 Mar 2012
Grupo Financiero HSBC – Net Income Under Mexican GAAP	**1,198**
Differences arising from:	
Valuation of pensions and post retirement healthcare benefits ♦	24
Deferral of fees received and paid on the origination of loans	12
Recognition and provisioning for loan impairments ♦	495
Purchase accounting adjustments ♦	(3)
Recognition of the present value in-force of long-term insurance contracts ♦	3
Other ♦	(137)
Net income under IFRS	**1,592**
US dollar equivalent (millions)	**123**
Add back tax expense	532
Profit before tax under IFRS	**2,124**
US dollar equivalent (millions)	**164**
Exchange rate used for conversion	**12.97**

♦ Net of tax at 30%.

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

Valuation of defined benefit pensions and post retirement healthcare benefits
Mexican GAAP
Defined benefit pension costs and the present value of defined benefit obligations are calculated at the reporting date by the schemes' actuaries using the Projected Unit Credit Method and real interest rates.

IFRS
Defined benefit pension costs and the present value of defined benefit obligations are calculated at the reporting date by the schemes' actuaries using the Projected Unit Credit Method. The net charge to the income statement mainly comprises the current service cost, plus the unwinding of the discount rate on plan liabilities, less the expected return on plan assets, and is presented in operating expenses. Past service costs are charged immediately to the income statement to the extent that the benefits have vested, and are otherwise recognised on a straight-line basis over the average period until the benefits vest. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

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

Fees paid and received on the origination of loans
Mexican GAAP
From 1 January 2007, loan origination fees are required to be deferred and amortised over the life of the loan on a straight line basis. Prior to 2007, loan origination 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 using 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 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 loans 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.

Risk Management

Risk management in Financial Group HSBC involves compliance with the norms and regulations on risk management included within the CNBV requirements, as well as with norms established by the Group on a worldwide level whose ultimate objective is to generate value for its shareholders while maintaining a conservative risk profile.

Fundamental to carry out this work is the recognition of the essential precepts for an efficient and integral risks management, including quantifiable risks (credit, market and liquidity), as well as non-quantifiable, operational risk (technological and legal), under the sights that the basic processes of identifying, measuring, monitoring, limiting, controlling and disclosure will be satisfied.

Bank's Risk management framework in their main subsidiaries, begins with the Council Administration, whose main responsibility is the approval of objectives, alignment and policies relative to the topic, such as the determination of risk exposure limits which are supported by the ALCO and RMC committees.

Assets and Liabilities Committee (ALCO)

This committee meets monthly, chaired by the CEO and Group General Manager and having the Group Executive Directors as members. These Directors are the heads of the bank's main business lines (RBWM, CMB, and GBM), and support areas like Treasury, Finance, Balance Management, Planning and Economic Capital.

ALCO is the main vehicle to achieve the objectives of an adequate assets and liabilities management. It has the following objectives:

- To provide strategic direction and assure the tactical monitoring of a structure balance that fulfils the objectives within the pre-established risk parameters.
- To identify, monitor, and control all relevant risks, including information generated by RMC.
- To disseminate the information that required to make decisions.
- General review of funds sources and destinations.
- To determine the most likely environment for the bank's assets and liabilities along with contingency scenarios to be used in planning activities.
- To evaluate rates, price alternatives and portfolio mixes.
- To review and take on the responsibility for: assets and liabilities distribution and maturity dates; interest margin size and position; liquidity levels and economic profit.

Local Assets and Liabilities Committees, as Mexico, report directly to the Group Finance Department in London as a way to strengthen the decision making process.

Risk Management Committee (RMC)

This committee also meets monthly, reporting to the Management Board and Asset and Liabilities Committee (ALCO).

The Risk Management Committee has three external members – one of them serving as President, so independent opinions and regulatory compliance is achieved. Internally, the member areas are: Executive Direction, Risks Management, CMB, GBM, RBWM, Finance, Audit, Treasury, Global Markets, Planning, Economic Capital, Legal and the Liquidity, Market and Subsidiaries Risks Management areas.

The main objectives of this committee are to:

- Develop mechanisms to identify actual and potential risks.
- Value material risk and its potential impact to the bank.
- Provide advanced solutions to improve risk exposure or mitigate specific and relevant risks.
- Develop a clear mapping of risk exposure and tendencies in the credit, market, and other risk areas, including potential change of the business strategy.
- Manage relevant, contingency, and mitigation risks along with consolidated report risk to be presented in the ALCO.

- Track market, credit, and other relevant risks. Additionally, review and approve objectives, operation, and control procedures along with risk tolerance based on market conditions.

Market Risk Management

Qualitative Information

Description of the qualitative aspects related to the Integral Management of Risks processes:

Market risk management at HSBC consists of identifying, measuring, monitoring, limiting, controlling, reporting and revealing the different risks the institution is facing.

The Board of Directors includes a Risk Committee that manages risk and ensures the operations to be executed in accordance with the objectives, policies and procedures for prudent risk management, as well as within the specific global limits set out by the Board.

Market risk is defined as "the risk that the rates and market prices on which the Group has taken positions – interest rates, exchange rates, stock prices, etc.- will oscillate in an adverse way to the positions taken, there by causing losses for the Group", that is to say, the potential loss derived from changes in the risk factors will impact the valuation or the expected results of assets and liabilities operations or will cause contingent liabilities, such as interest rates, exchange rates, and price indices, among others.

The main market risks the Group is facing can be classified as follows:

- **Foreign exchange or currency risk. -** This risk arises in the open positions on different currencies to the local currency, which generates an exposure to potential losses due to the variation of the corresponding exchange rates.
- **Interest rate risk. -** Arises from asset and liability operations (real nominal or notional), with different expiration dates or re-capitalization dates.
- **Risk related to shares. -** This risk arises from maintaining open positions (purchase or sale) with shares or share-based instruments, causing an exposure to changes in share prices and the instruments based on these prices.
- **Volatility risk. -** Arises in the financial instruments that contain options, in such a way that the price (among others factors) depends on the perceived volatility in the underlying price of the option (interest rates, actions, exchange rate, etc.).
- **Basic or margin risk. -** This risk arises when an instrument is utilized for hedging and each one of them is valuated with different rate curves (for example, a government bond hedged with a by-product of inter-bank rates) so that its market value may differ from each other, generating an imperfect hedge.
- **Credit Spread risk. -** This is the risk that mark-to-market value of a corporate bond, inter-bank bond or sovereign debt in foreign currency, decreases due to changes in the credit quality perception of the issuer.

Main elements of the methodologies employed in the management of market risks:

HSBC has decided to use Value at Risk (VaR) and the "Present Value of a Basis Point "(PVBP) in order to identify and quantify Market Risk. Both measures are monitored daily, based on market risk exposure limits set by the Board of Directors and marking-to-market all trading positions.

Value at Risk (VaR)

VaR is a statistical measure of the worst probable loss in a portfolio because of changes in the market risk factors of the instruments for a given period of time; therefore the calculation of VaR implies the use of a confidence level and a time horizon. VaR is obtained by Historical Simulation through full valuation, considering 500 historical daily changes on market risk factors. The Board of Directors has determined a confidence level of 99% with a holding period of one working day, therefore the VaR level becomes the maximum likely loss in a day with a 99% confidence level.

Present value of a Basis Point (PVBP) and Forward PVBP (F-PVBP)

PVBP is a measure of market risk exposure arising from movements in interest rates. This measure illustrates the potential loss by movements of a basis point in interest rates involved with the pricing of financial assets and liabilities, by re-valuating the whole position exposed to interest rates.

Forward PVBP (F-PVBP) aims to measure the effect of movements in interest rates on the financial instruments exposed to them. This way, F-PVBP assumes the scenario of an increase of one basis point in the implied forward rates from the curve.

Spread over yield risk

Spread over yield risk is understood as the possible adverse fluctuation in the market value of positions in financial instruments quoted with an over yield (Mexican floating government bonds), arising from market fluctuations in this risk factor.

Basis Risk

Basis / Spread risk is a term used to describe the risk arising from the move of a market (by its internal factors) against other markets. Basis risk increases when an instrument is used to hedge another one and these two instruments are priced with different interest rate curves

These differences arise because of the diverse features between the markets, among them:

- Regulation
- Each Market Restrictions
- Calendars
- Market Conventions (term basis in interest rates)
- Others

Credit Spread Risk (CSO1)

Credit spread risk or CS01 is used to describe the risk of holding private sector issued securities in the trading books that can change in value as a function of changes in the perceived creditworthiness of the respective issuer.

This market perceived credit quality of those corporate bonds is reflected in a spread over the risk free rate for those securities. HSBC uses limits to manage and control the corporate spread risk on its trading books.

Vega or implied volatility risk

HSBC takes positions on instruments that are price sensitive to changes in market implied volatilities such as interest rate and foreign exchange options. Vega limits are used to control the risk against changes in market implied volatilities.

Extreme Conditions Tests (Stress Test)

These are models that take into account extreme values that sporadically occur, therefore they are highly improbable according to probability distributions assumed for the market risk factors, but if these extreme events occur could generate moderate to severe impacts. The generation of stress scenarios in HSBC, for the analysis of the sensitivity of positions and their risk exposure to interest rates, is carried out by considering hypothetical scenarios. Both negative and positive changes in interest rates are considered in order to fully measure the impact on the different portfolios.

Besides this calculus, a linear extrapolation is done using the Forward PVBP based on hypothetical extreme scenarios (assuming that the portfolio is completely linear) to compare both results and obtain portfolio's implied convexity. Also stress test is done in foreign exchange and equity positions.

Validation and Calibration Methods for Market Risk models:

Aiming to timely detect any decrease in the forecasting quality of the model, automatic data loading systems are used, in such a way that no manual feeding is required. Besides, in order to prove the reliability of the VaR calculation model, a back testing is carried out, which consists of evaluating that the maximum forecasted losses do not exceed, in average, the established confidence level, contrasting the P&L should had been generated if the portfolio had remained constant during the VaR's forecast horizon.

In the PVBP case, this is compared with the portfolios' sensitivity to market quotes. The obtained results had shown that the models are reliable. Also, with the purpose to reinforce the validation and verification of the risk factors, we design a selected set of matrices showing that risk factors' behavior are in line with the predominant financial market prices and consistent with the previous day values.

Applicable portfolios:

For a detail and accurate portfolio management, HSBC Mexico Market Risk Management Department, use the international standards (IAS) and local standards (local GAAP) to obtain an effective market risk management. The division between accounting schemes has strict control and every portfolio is perfectly well suited and identified in each accounting standard. This division allows calculating any market risk measure (sensitivity measures, potential loss measures and stress test) in sub portfolios in line with the accounting.

The Market Risk management calculates the VaR and the PVBP for the total Bank portfolio and for the specific "Accrual" and "All Trading" portfolios.

The VaR is calculated for each one of the mentioned portfolios and is also itemized by risk factors (Interest Rates, Exchange Rates, Interest Rates volatilities, FX volatilities, Credit Spread and Equities).

The PVBP risk is presented by interest rate and portfolio subdivision (Accrual, Trading Desk and BST).

According to the International Accounting Standards 39 (IAS), the "MMT" portfolio (Money Market Trading) and BST (Balance Sheet Trading) should be part of the "All Trading" portfolio for market VaR calculation, but it has to be part of the "Accrual" portfolio for PVBP calculation.

The stress tests are carried out for the Bank's portfolio and for the "All Trading" and "Accrual" portfolios. Besides a special stress test for Available for Sale Securities (AFS) and for Hedging Securities (CFH and FVH) is carried out.

Quantitative Information

Below, the market VaR and the Bank's PVBP will be presented and their subdivisions in the "All Trading" and "Accrual" portfolios for the first quarter of 2012 (millions of dollars).

The following VaR and PVBP limits belongs to the latest updating Limit Mandate of Market Risk previously approved both by the Board and for the Risk Committee.

Value at Risk of Global Market (VaR) (Considering all Risk Factors)						
	Bank		All Trading **		Accrual	
	Average 1Q12	Limits*	Average 1Q12	Limits*	Average 1Q12	Limits*
Combined	21.40	38.00	3.62	18.00	18.61	35.00
Interest Rate	14.20	40.00	3.37	N/A	12.38	35.00
Credit Spread	10.90	22.00	0.92	4.00	10.12	22.00
FX	0.51	7.00	0.51	7.00	N/A	N/A
Volatility IR	0.09	4.50	0.09	N/A	0.00	1.00
Volatility FX	0.18	2.00	0.18	2.00	N/A	N/A
Equities	0.05	2.50	0.05	2.50	N/A	N/A

** Includes Trading Desk, BST, MMT, Strategic FX & Equity

Value at Risk of Global Market (VaR) (Last quarter comparison)					
	30-Dec-11	30-Mar-12	Limits*	Average 4Q11	Average 1Q12
HBMI	**13.15**	**24.44**	38.00	13.77	21.40
Accrual	**11.43**	**22.01**	35.00	11.99	18.61
All Trading	**2.30**	**2.96**	18.00	2.89	3.62

** Absolute Value*

N/A = Non Aplicable

The Bank's VaR at the end of 1Q12 change 85.86% versus the previous quarter. During the quarter the VaR remained under the limits.

The Bank's average VaR for the end of 1Q12 change 55.41% versus prior quarter. During the quarter the average VaR was within the limits.

Comparison of Market VaR vs. Net capital

Below a chart comparing the market VaR versus net capital is presented for December 30th, 2011 and March 30th, 2012 (in millions of dollars).

Market VaR vs. Net Capital Comparison *Net Capital in million Dollars*		
	30-Dec-11	30-Mar-12
Total VaR*	13.77	21.40
Net Capital **	3,237.19	3,420.95
VaR / Net Capital	0.43%	0.63%

** The Bank's quarterly VaR average in absolute value*

*** The Bank's Net Capital at the close of the quarter*

The average market VaR represents 0.63% of the net capital in 1Q12.

Present Value for 1bp (PVBP) for Mexican Pesos Rates					
	30-Dec-11	30-Mar-12	Limits*	Average 4Q11	Average 1Q12
Bank	**0.017**	**(0.769)**	1.650	(0.005)	(0.482)
Accrual	**0.069**	**(0.672)**	1.250	0.019	(0.303)
Trading Desk	**(0.015)**	**(0.011)**	0.450	0.023	(0.054)
Balance Sheet Trading	**(0.036)**	**(0.086)**	0.210	(0.048)	(0.125)

** Absolute Value* NA = Non Aplicable

The bank's MXN Rate PVBP for 1Q12 change -4623.53% versus previous quarter. Bank's average PVBP for 1Q12 change 9540.00% versus previous quarter.

Present Value for 1bp (PVBP) for USD Rate					
	30-Dec-11	30-Mar-12	Limits*	Average 4Q11	Average 1Q12
Bank	**(0.123)**	**(0.235)**	0.300	(0.114)	(0.189)
Accrual	**(0.118)**	**(0.230)**	0.300	(0.105)	(0.199)
Trading Desk	**(0.017)**	**(0.017)**	0.100	(0.017)	(0.007)
Balance Sheet Trading	**0.012**	**0.013**	0.070	0.008	0.017

** Absolute Value* NA = Non Aplicable

The bank's USD Rate PVBP for 1Q12 change 91.06% versus previous quarter. Bank's average PVBP for 1Q12change 65.79% versus previous quarter.

Present Value for 1bp (PVBP) for UDI Rates					
	30-Dec-11	30-Mar-12	Limits*	Average 4Q11	Average 1Q12
Bank	**(0.099)**	**(0.085)**	0.300	(0.087)	(0.098)
Accrual	**(0.063)**	**(0.060)**	0.225	(0.063)	(0.063)
Trading Desk	**(0.025)**	**(0.012)**	0.100	(0.012)	(0.023)
Balance Sheet Trading	**(0.012)**	**(0.013)**	0.050	(0.012)	(0.013)

** Absolute Value* NA = Non Aplicable

Bank's UDI Rate PVBP for 1Q12 change -14.14% versus prior quarter. Bank's average PVBP for 1Q12 varied 12.64% versus previous quarter

Liquidity Risk

Qualitative Information

Liquidity risk is generated by gaps in the maturity of assets and liabilities of the institution. The liabilities considering the customer deposits, both current and time deposit accounts, have different maturities than the assets considering the loan portfolios and the investment in securities.

HSBC has implemented liquidity ratio limits, both in local currency and in U.S. dollars. These liquidity ratios are calculated at least monthly and compared with the limits approved by the Asset and Liability Committee and confirmed by the HSBC Group. Additionally, the institution conducts a review of the cash commitments and the requirements of major customers to diversify funding sources.

HSBC has implemented a methodology for measuring the risk of liquidity based on cash flow projections with different maturities and liquidity scenarios.

The institution has developed and implemented since 2003 a Liquidity Contingency Plan that defines the potential contingency levels, the officers responsible for the plan, the steps to be followed in each different scenario and the alternate sources of funding the institution would have available. The plan is reviewed and approved by the local ALCO at the beginning of each year.

Quantitative Information

The institution presented at end of the quarter expected cash flows under the major stressed scenario of USD$2,677m in the 7 days term; USD$2,339m in the 1 month term and USD$1,622m in 3 months; obtaining as a result positive cumulative net in all cases.

Along the quarter, average level was USD$3,462m in the 7 days term USD$2,480m in 1 month term and USD$1,618m in 3 months term. Compared versus previous quarter, liquidity position changed due to a liquid assets reclassification in the context of Basel 3 and an increase in non core deposits in the stressed scenario.

Credit Risk

Qualitative Information

Besides periodically monitoring the credit portfolio, HSBC Mexico (HBMX) develops implements and monitors credit risk models and tools for credit risk management. The main objective of this type of management is to have good information on the quality of the portfolio to take opportunistic measures to reduce the potential losses due to credit risk, complying at the same time with the policies and standards of the Group, Basel II and the CNBV.

Credit risk is defined as the risk that a client or counterpart can not or does not want to comply with a commitment celebrated with a member or members of the Group, i.e. the potential loss due to the lack of payment from a client or counterpart. For the correct measurement of credit risk, HSBC has credit risk measurement methodologies, as well as advanced information systems.

In general, the methodologies separate the client risk (probability that a client will default to his/her payment commitments: Probability of Default) from the transaction risk (risk related with the structure of the credit, including principally the value and type of guarantees).

In addition, HSBC Mexico has developed policies and procedures that include the different stages of the credit process: evaluation, authorization, origination, control, monitoring and recovery.

The system MRC (Credit Provision Module) was implemented in 4Q07 in order to improve the functionality of the grading system (SICAL). The “Matriz de Calificación” is still being applied to the commercial portfolio. This model is the core element of the regulatory risk grading process. The “Matriz de Calificación” determines the client grade with the analysis of three fundamental areas: payment capacity, payment experience and operational situation. The credit grade is obtained by adjusting the client grade based on the date of the financial statements, the level of support from shareholders and the type and value of guarantees, among others. Both grades, the client and the credit one, can go from 1 to 10, being 1 the minimum risk and 10 the maximum.

Based on the approval given by the CNBV, the “Matriz de Calificación” is used to calculate regulatory credit provisions based on the client risk, MRC (formerly SICAL) is used for the calculations. The internal client risk grade obtained from MRC is mapped to the regulatory one. The regulatory grades of the commercial portfolio can go from A to E.

The calculation of the regulatory provisions for the consumer and mortgage portfolio is done separately, and is based to “Disposiciones de Carácter General Aplicables a las Instituciones de Crédito, publicated by CNBV”, which used the general methodology.

With the objective of establishing a better infrastructure for credit risk management and measurement for the commercial portfolio, a risk evaluation tool is used: Moody’s Risk Advisor (MRA), which permits a deeper evaluation of the credit quality of clients based on their qualitative and financial information.

HSBC Mexico has developed eight models for assessing credit risk of customers of commercial portfolio with annual sales up to USD$700m. These models were implemented in October 2010 and were developed based on a statistical analysis of the different economic activities that resulted in four major segments, which in turn were subdivided by annual turnover level, greater and less than MXN100m.

It is important to note that these models were reviewed and approved by experts in models development of HSBC Group Head Office.

In addition to the aforementioned models, HSBC Mexico has implemented the following global models that were developed by HSBC Group Head Office.

- A model for global customers to assess the corporate counterparties with annual sales equal or above to USD $700 millones (GLCS).
- Another one to assess Bank Financial Institutions (RAfBanks)
- And eleven more, were implemented to assessing Non-Banking Financial Institutions (NBFIs).

The implementation of the abovementioned models was done along with the customers risk grading framework, known as Customer Risk Rating (CRR), which contemplates 23 levels, 21 of them are for performing customers and 2 for defaulted customers. The framework includes a direct correspondence to Probabilities of Default to each CRR and permits a more granular measurement of the customer´s credit quality.

Regarding to the Loss Given Default (LGD) estimation, which represents the economic loss as a percentage of the Exposure at Default that HSBC Mexico will face at the time a customer defaults, HSBC Mexico developed a local model for assessing the Middle Market Enterprises and corporate customers, which was implemented in February 2011. In addition, for Bank Financial Institutions HSBC Mexico implemented (June 2010) a model developed by Group HSBC Head Office.

For Exposure at Default (EaD) estimation, HSBC México also developed a model for Middle Market Enterprises and corporate customers, which was implemented in October 2010. Besides the Exposure at Default estimation for Banking Financial Institutions is based on the guidelines established by the Group HSBC.

Locally developed models to estimate the Loss Given Default and Exposure at Default described above, were reviewed and approved by experts in model development of the HSBC Group Head Office.

In the second half of 2006 a risk-adjusted return model, which measures the profitability of each customer relationship, was introduced. During 1Q11 a new version were implemented.

Also, as part of the credit risk management and measurement infrastructure, HSBC Mexico has a system to manage, control and monitor the commercial credit approval process known as Approval Workflow (SIPAC). With this system the status of a credit application can be consulted in any stage of the credit process. For corporate banking the Credit Approval and Risk Management (CARM) system is used.

In addition, and with the objective of enhancing the management of guarantees of the commercial portfolio, a system was implemented in 2006, "Garantías II". Finally, it is important to comment that HSBC Mexico also has a system that controls the limits and utilization of credit facilities since their origination, "Líneas III".

The efficiency evaluation of the origination models for the consumer and mortgage portfolio is done periodically: the population being evaluated is compared to the one used in the development of the models, that the model can distinguish clients with good behavior form those with bad, and that the model continues assigning high scores to clients with a low risk. If a low efficiency is detected in a model, it is recalibrated or replaced.

Within the retail credit risk management activities, a several metrics about portfolio profiles and performance are reported on a monthly basis. These reports are divided by product and include general statistics of the portfolio as delinquent status, vintages analysis, and origination strategies, expected loss, among others. The expected loss approach adopted of the Credit Cards and Mortgages portfolios was developed under the Basel 2 Internal Rating Based approach. The rest of the portfolios adopted a bi dimensional framework that associates a Probability of Default and a Loss Given Default to every loan.

Quantitative information

The Expected Loss of the cards, mortgage and other retail portfolio as at March 31st, 2012 is MXN 4,919.5 millions of pesos, which represents the 9.6% of Total Balance performing, showing a decrease of MXN 309.1 millions of pesos (5.9%) in comparison with previous quarter wherein the Expected Loss represented the 10.5% of Total Balance.

The Expected Loss of the commercial portfolio as at March 31st, 2012 is MXN 7,627.0 millions of pesos, showing an increase of MXN 2,260.2 millions of pesos (42.1%) compared to the figure reported in the previous quarter. Of this increase, a total of MXN 1,476.8 million pesos (27.5%) correspond to the modification in the internal rules of the treatment of distressed restructuring debt, while the remaining MXN 783.4 million pesos (14.6%) are due to natural movements in the commercial portfolio.

Operational Risk

Qualitative Information (including Legal and Technological Risk)

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

In order to manage these risks, a central specialized unit has been established; and a group of middle managers within the business & support units has also been appointed to functionally report to this Unit and are responsible for spreading the Group's operational risk management framework. They both operate according to the policies, procedures, processes and methodologies approved by the Risk Management Committee which are documented in manuals and instruction books as a complement to the Group's operational risk management and internal control framework.

The corporate governance structure which supports the Operational Risk function relies on the Operational Risk and Internal Control Committee (ORICC) and the Operational Risk Management Group, both sub-committees of the Risk Management Committee, which together are responsible for the fulfillment of applicable norms and regulations in force as well as to understand the institution's risk profile, to establish risk management priorities, assess the strategies and mitigation plans and monitor the evolution of operational risks' behavior and their mitigants.

An 8th annual assessment exercise took place during 2011 in order to identify and re-assess relevant operational risks throughout HSBC Mexico. The methodology applied during this exercise was reinforced based upon the Group's new Operational Risk Management Framework. As part of this exercise, relevant identifiable risks were denominated, described and classified into fifhteen categories: Compliance, Fiduciary, Legal, Information, Accounting, Tax, External Fraud, Internal Fraud, People, Political, Physical, Business Continuity, Systems, Operations and Project.

Technological Risk

HSBC México Technology Services (HTS) area keeps a continuous technological risk assessment in adherence to the local laws and regulations and their internal policies, attending the baselines of the local authorities and group's guidelines, between them, those related to the development of methodologies and installation of standard infrastructure, the above as stated on their Technology Functional Instruction Manual (IT FIM).

Interlaced to their operation schemes, HTS also is aligned to the statements within another manual and procedures, between them, the Operations Functional Instruction Manual (OPS FIM), the above due HTS acts as the entity that supplies technology and services for all bank channels and their business lines.

Inside their corporate governance framework, HSBC follow up the matters and requirements made for the local authority throughout their compliance area, where one of their main accountabilities is to keep a continuous review of the assessed risk as well as, the monitoring to comply with the local regulations.

The HTS keeps within their strategic plan a pillar that is related to regulatory matters.

Major methods/methodologies used on the assessment of technological risk are:

I. Throughout agile, secure and reliable Governance structure, focused on maintain an adequate technological risk control and response capabilities for all bank services that are offered throughout the different distribution channels. Risk is managed at the higher level committees: HTS Steering Committee, Risk Management Committee (RMC), Operational Risk & Internal Control Committee (ORICC) and Operational Risk Management Group (ORMG).

II. Keeping updated and testing the different case scenarios analyzed on their Businesses Continuity Plan (BCP) and related Disaster Recovery Plan (DRP), for those events that require reinstate their operation on alternate sites.

III. Performing Risk Based Control Assessments (RCA).

IV. The management of Information Technology Projects using a group standard tool called Risk Based Project Management (RBPM).

V. Performing Risk Management activities with the active involvement of a specialized Business Risk and Control Managers (BRCM's), including but not limited to operational risk, internal, external and regulatory audit management.

VI. Throughout metrics and dashboards as tools that allow the measurement of the main goals defined within the strategic plans, which in overall refer to systems availability, the compliance on time and quality of major projects and budget, those measurements are reviewed on different forums and committees for decisions making.

Legal Risk

To manage and mitigate legal risk, in terms of financial loss, penalties and / or reputational damage that has been given detailed attention to the following risks identified as typical of the legal function:

- Contractual Risk, which is the risk that the rights and/or obligations within a contractual relationship are defective, and includes: misrepresentation, documentation, unintended consequences, unintended breach, enforceability and external factors.

- Dispute Risk, which is made up of the risks that HSBC is subject to when it is involved in or managing a potential or actual dispute, and includes: exposure and management of disputes.
- Legislative Risk, which is the risk that HSBC fails to adhere to the laws of the jurisdictions in which it operates, and includes: compliance with laws and change of law.
- Non-Contractual Rights Risk, which is the risk that HSBC's assets are not properly owned or are infringed by others or the infringement by a Group member of another party's rights, and includes: infringement, ownership rights and legal responsibility.

Policies are designed, controls and procedures to identify, measure and manage legal risk in order to avoid financial losses and operational errors. The specific risk mitigation is sought are:

- Contractual Risk, the contract being entered into on the basis of representations which are misleading, false or incomplete, the relationship not being properly documented; documentation being incomplete; or documentation not being properly maintained or recorded; contractual provisions being at variance with the intention of the parties, being uncertain or otherwise inadequate or binding relationships arising from documentation intended to be non-binding; insufficient business understanding of or adherence to a contract; rights of recourse are restricted or limited or there is no effective or fair dispute resolution procedure; or the contract being unenforceable in accordance with its terms; and the contract being subject to challenge due to external factors or parties to the contract having remedies outside the terms of the contract.
- Dispute Risk, to be exposed to greater disputes and appropriate steps not being taken to resolve a potential or actual dispute.
- Legislative Risk, to fail complying with applicable laws; and the potential or actual introduction of restrictive or onerous legislation; or new legislation being introduced which is not anticipated, identified or reacted to on a timely basis.
- Non-Contractual Rights Risk, The infringement the rights of third parties or its rights being infringed by others; HSBC's assets not being properly owned or protected, or the ownership of such assets otherwise being potentially open to challenge; and be held to be legally responsible as a matter of general law.

Furthermore, institutional policies have been fulfilled, procedures necessary to Operational Risk and Internal Control have been established, legal audits have been conducted, estimating potential losses from adverse judgments has been carried out and an historical database on judicial decisions including causes and costs has been set up.

Quantitative Information (including Legal and Technological Risk)

From the 8th Operational Risk assessment exercise carried out in 2011 and with all changes and updates performed during 1Q12; there are 459 risks identified and assessed as relevant and 1,334 controls applicable for them.

The institution holds an Operational Risk historical database since 2007, in which operational losses incidents are registered. Furthermore, the loss reporting threshold for individualized losses is of USD 10,000, where minor events are aggregated in a single record.

Year to date total amount of Operational Losses in 2012, are USD 10.18m.

Both event types are recorded in the ad-hoc corporate system platform specifically designed for the management of operational risk and record of operational losses.

Treasury Policies

HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC (HSBC Mexico) has three specific objectives in Treasury activities:

1. To fulfil the needs of our client base, mainly being Corporate and Institutional, and in some lesser degree Commercial clients.
2. Provide hedges for HSBC Mexico from interest rate, foreign exchange and liquidity risks. The latter as a part of its normal commercial activity.
3. Positioning and Market Maker activities.

All of the aforementioned is implemented in compliance with limits established by local regulating entities and with the high control standards from HSBC Group.

Dividends Policy

Grupo HSBC (including HSBC Mexico) does not have a fixed dividend policy. The decision to decreet or no to make payment of dividends is determined by the shareholder assembly and the Board of Directors, such decision is based on the reinvestment and capitalization needs.

Paid Dividends

The frequency of the dividends paid by the Bank in the last four periods and the dividend decreted per share has been the following:

- During 2007, no dividend was paid.
- On 2 April 2008, the Board of Directors authorized a dividend payment for MXN2.8328 per share for the 1,235,526,706 outstanding shares.
- Based on the authorization granted by the Board of Directors on 30 March 2009, on 31 March 2009 a dividend payment was made for MXN0.81133657 per share for the 1,235,526,706 outstanding.
- Based on the authorization granted by the Board of Directors on 29 October 2010 a dividend payment was made for MXN1.22497679421977 per share for the 1,643,363,189 outstanding shares.
- Based on the authorization granted by the Board of Directors, on 18 March 2011 a dividend payment was made for MXN1.09531478619484 per share for the 1,643,363,189 outstanding shares.
- Based on the authorization granted by the Board of Directors, on 29 March 2012 a dividend payment was made for MXN0.809099009096675 per share for the 1,730,319,756 outstanding shares.

Internal Control

The Management is responsible of the internal control in HSBC and for reviewing its effectiveness. Procedures have been developed to prevent the disposal or non authorized use of assets in order to maintain adequate accounting registers and to generate trustful financial information for internal use or for its publication. Such processes have been designed to manage risk and not to eliminate it; therefore they can only provide a reasonable safeguard against material deviations, errors, losses or frauds.

The key procedures that the Management has established have been designed to facilitate the effectivity of HSBC's internal controls and include the following:

- A clear due diligence has been established, supported by a detailed definition of authority limits enhancing effective operational controls. Responsibility is delegated through writings with instructions clearly defined, including transactional ranges. Appropriate information is considered to determine the level of authority as well as the approach of such responsibility granted in individual basis; this is accomplished through the implementation of monitoring and reporting procedures, adequate segregation of functions and a management structure designed to control responsibility limits. In summary, the administrative board authorises the CEO (Chief Executive Officer) to delegate faculties to the rest of the Managers who receive the appropriate authority to develop their activities.

- The administrative board in each of its meetings receives briefs about financial information, the development of business, management of key personnel and drafts copies of each committee reunion held. The administrative board also receives presentations of key business areas and of any other relevant affairs that have been requested.

- The systems and procedures that exist in HSBC to identify, manage and inform about relevant risks include: credit, changes in market prices of financial instruments, liquidity, operation errors, law or normativity infringements, non authorized activities and fraud. The exposure to such risks is supervised by the Assets and Liabilities Committee (ALCO) and by the Executive Committee. The Risk Management Committee (RMC), chaired by an external member of the Administrative Board, is celebrated in a monthly basis. In the RMC, assets and liabilities affairs are discussed. Each subsidiary holds individual RMCs that are discussed in HSBC's RMC.

- New procedures have been established in order to identify new risks arising from changes in market place practices as well as from client behaviour, which can increase risk exposure to losses or to reputation damage in HSBC's.

- Strategic plans are prepared for each client segment, product group and main support areas. In such manner, operational plans are prepared. These plans are approved annually and revised periodically, establishing key initiatives for our businesses and their possible financial effects.

- Responsibility on the financial performance, capital expenditure, budget exercise, credit risk and market risk are delegated with certain limits to the Management. Additionally, risk management policies are established by the Administrative Board for the following risk areas: credit risk, market risk, liquidity risk, operation risk, information technology risk, insurance risk, accounting risk, fiscal risk, legal risk, human resources risk, reputational risk, acquisition risk, and business risk.

- Internal audit supervises the effectivity of the internal control structure. Internal audit tasks are focused in supervising the areas that represent the higher risks for HSBC, to determine such areas, risk assessments take place. The head of this functions reports to the Audit Committee.

- The Management is responsible to assure that recommendations given by the internal audit area are implemented in the stipulated time; confirmation of implementations is handed to internal audit. The Management must also confirm in annual basis to internal audit that measures have been taken to implement recommendations given by an external author or the regulator.

- The Audit Committee revises periodically the effectiveness of Internal Control and also informs the Administrative Board about the latter. Among the main processes used by the committee in its revisions are: periodical reports of the heads of key risks, annual revision of the performance of internal control against key HSBC indicators, quarterly confirmations that no significant losses have taken place, contingency or uncertainty caused by deficiencies of the internal controls, internal audit reports, external audit reports and regulatory reports.

- The Management, through the Audit Committee, realizes an annual review of the effectivity of the internal control, which covers key financial, operational and compliance indicators as well as the effectiviy of the risk management system. The Audit Committee receives periodically information about measures taken by the Administrative Board to correct or resolve any weakness or error detected through the operation of HSBC's internal control.

Corporate Sustainability (CSR)

We believe that being a sustainable bank involves several commitments; from a business perspective, it implies a sustainable growth in the long run which is based on a trustworthy relationship with our clients and stakeholders. This perspective implies reducing as much as possible our environmental impact as well as promoting the positive development of the communities where we operate.

Sustainability is achieved through a strategy based on three pillars:

1. Economic: Aligning with the principles of Ecuador considering the environmental impact on the group's investments.
2. Environment: Caring for our carbon footprint and promoting a sustainable culture within our organization.
3. Social: Supporting educational, community and environmental projects which promote positive development within the communities where we operate and employee participation (volunteering programs). To note, HSBC has a global policy of investing 0.5% of its PBT in the communities where it operates. Additionally, in Mexico, we are investing an incremental. 0.13%. For each car or life insurance policy sold, HSBC Mexico is giving $8 pesos to the “Green Project - HSBC Insurance”.

2012 is a challenging year not only to grow our business but also to consolidate our community investment and our flagship programs. Our current flagship programs are:

- Education: "Just raise your hand”, a partnership with Lazos and Ara Foundations which seeks to improve the educational quality and avoid students desertions in underserved public schools.
- Community: "Attention and Prevention of Lonely Children and Teenage Migrants" in alliance with Save the Children, The Hunger Project and DIF.
- Environment: “Green Project - HSBC Insurance” and giving continuity to the Climate Champions Global Program we launched a new flagship program - “Take Care of our Environment”.

Our Community Investment fund comes from 2 different sources: PBT and Client Contributions (ATM’s) summing up a total of $83,000,000 pesos for 2012. To note, 83% of this budget is invested by HSBC.

1. <u>Sustainable Finance</u>

Climate Business

During this first quarter, CS has been working with CMB in the development of a Climate Business Plan. As a result, several meetings with different stakeholders such as NAFIN (Mexican Development Bank) and the International Finance Corporation have been held. For perspective, these stakeholders will provide support such as preferential guarantees and training.

We expect to deliver the Business Plan in the following quarter.

2. <u>Community Investment</u>

“Just raise your hand”

During the second stage of “Just raise your hand” in 2012, HSBC will be benefiting 8 new schools and 1,497 underserved students with volunteering activities, values education, teachers training and infrastructure improvements. Additionally, we will continue to support the other 9 schools we started sponsoring during the 2010-2011 school term except for the infrastructure improvements.

As of March 2012, we have had 25 volunteering activities in the 17 “HSBC Schools” and we started the infrastructure improvements that will be concluded in June. To note, this has been possible thanks to the alliance with Ara Foundation, who is financing 50% of the infrastructure improvements costs. Additionally, during this year we have the goal of finding 1,226 scholarship sponsors among clients and colleagues and we have currently found 163 representing 14% of our goal.

Zippy's Friends

Zippy's Friends is a program that helps young children from 1st and 2nd grades develop their emotional health.

The second phase of the program started in November, benefiting 822 children and 29 teachers and will finish in July 2012. At the moment, the biggest success has been reported in the "Mariano Escobedo" school located in Tijuana, Baja California, where children are regularly exposed to extreme situations, due to the insecurity and violence lived in the city. For example, two 7 year old kids where left orphan because of domestic violence and drug trafficking issues, but this children have been able to cope with this situation and have learned to express what they feel and to find positive solutions.

Attention and Prevention of Lonely Children and Teenage Migrants

We continue to work with the communities of San Mateo Ozolco, Suchiate, Huixtla, Tijuana, and header Atzalan Calpan, which have high migration rates, benefiting over 6,500 persons with educational, recreational and sport activities and by empowering them so they can have better opportunities.

Transportation
An agreement with the airlines Areomexico and Volaris has been established and they will be giving us both free tickets and discounts in order to fly back home more than 500 children during 2012. As of March, we have all ready flown 47 kids safely back home.

Mentoring / Volunteering
In cooperation with Save the Children, we will start a volunteering program with HSBC employees in Puebla. The volunteers will carry out different activities throughout the year, with the aim of getting to know the kids of San Mateo Ozolco primary school, and spending time with them. They will also serve as "mentors" for the children, as they will be giving them advice and financial orientation.

Scholarship Program
The main objective of the scholarship program is to provide financial support for unaccompanied migrant children and adolescents, to continue with their studies and prevent dropout. Around 400 scholarships were authorized for primary, secondary and high school kids, plus 50 scholarships for university students.
390 children have opened their accounts and they received their first deposit in January. The beneficiaries will receive $ 800 pesos per month over a period of 12 months.

The Hunger Project
During 2012, we will start working on a new pilot project, different from Save the Children and the DIF, which tackles the problem of lack of opportunities and as a result migration, from the root. This model will be developed by The Hunger Project foundation and consists on rebuilding the social network through the empowerment of the community.

ATM's

Since January we started the first campaign of the year which will be raising funds for our flagship program "Just raise your hand". As of March, we have raised a total of $3,131,481. This first campaign will finish in April in order to start the Bécalos Campaign in May.

Future First

For the first bid cycle of 2012, we proposed two SOS and three NON SOS projects that will help 1,121 children in Mexico City, Jalisco, Puebla and Tijuana with a budget of $147,500 USD. Nevertheless, the Future First Committee will have to send their approval in June.

"Take Care of our Environment"

In December of 2011, the HSBC Climate Partnership program came to an end. This was a five year program with a global investment of 100 million dollars. Of the 2,500 Climate Champions that were part of the world wide program, a total of 145 were from Mexico.

Thus, in January 2012, a new program – "Take Care of Our Environment" - was launched and will provide continuity to the bank's investment and the results obtained at local level.

"Green Project – HSBC Insurance"

During 2012 we will continue to support our "Urban Forests" program through reforestation and forestry sanitation activities at the "Bosque de Chapultepec", "Chipinque" and "Bosque de la Primavera" parks, as well as our "Disaster Program".

3. Stakeholder Engagement
As of March 2012, we have involved 1,072 colleagues in community, education and environment programs as following:

Toy Drive "Colectón"

939 volunteers participated in activities such as communication, collecting and packing toys equivalent to 13,720 volunteering work time hours.

Take Care of our Environment

Giving continuity to the Climate Partnership Global Program, 50 climate champions attended the "Alternare" centre in Michoacan to realize community work and create a new "green working group", who will then serve as mentor for all the new environmental leaders.

Junior Achievement: More than Money & Climate Entrepreneurs

90 volunteers became trained for teaching financial education for children in 9 elementary schools of Mexico City and Toluca; 152 volunteers became trained for teaching environmental education and Climate Change for 1,200 elementary school children in 10 different cities.
Additionally, 26 new wives of HSBC's directors will be teaching financial education to more than 390 children in 5 different schools in Mexico City.

Earth Hour

As every year, HSBC Mexico participated in the Earth Hour initiative switching off the main tower and projecting the 60+ symbol from inside to outside. We also had the participation of the HSBC dance group, as well as other dance companies who performed traditional "Aztec" dances, related to the environment and a choir who sang typical Mexican songs. The main event took place at the HSBC Tower in Mexico City and other buildings participated as well: Toluca, Leon, Guadalajara, Tijuana, and Monterrey. To note, more than a 100 employees participated in the event.

Chipinque National Park

Monterrey started this year with an environmental activity – reforestation and soil improvement with organic material - at the Chipinque National Park, involving 30 HSBC employees and their families.

4. People and Diversity

Social Inclusion

In alliance between Corporate Sustainability and Human Resources, HSBC Mexico is hiring people with disabilities through Manpower Foundation A.C., FHADI I.A.P., Colabore A.C. and Fundación Teletón. At the moment, 37 candidates that have been hired, and we have had 3 "sensibilization" sessions throughout the year.

5. Awards and Recognition

In 2012 HSBC Mexico was awarded for 7th consecutive year for being a Socially Responsible Company, by the CEMEFI (Centro Mexicano para la Filantropía).

HSBC Mexico was also awarded the distinction of Inclusive Company: "Gilberto Rincón Gallardo". Margarita Zavala, First Lady of Mexico and President of DIF, gave the distinction to 38 institutions. To note, HSBC was the only bank to receive this award.

6. Communication

During this quarter, the Corporate Sustainability Department gained 37 free press releases with an estimated value of $696,787 pesos.

7. Conclusions

We are off to a great start in 2012. We continue to focus our Community Investment by strengthening our flagship programs; this has helped us develop further our stakeholder engagement. Thanks to these campaigns that involve not only our staff, but also our clients, we are being able to provide an added value to our customers, giving them the option of participating in socially responsible and environmentally friendly projects.

HSBC Mexico seeks to maintain a balance between environment, society and profits by establishing long term relationships with our customers. We are certain this will ensure our success in the long term.

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