

HSBC Canada exits consumer finance

WINDING DOWN: Bank fails to find suitable buyer for business

TORONTO

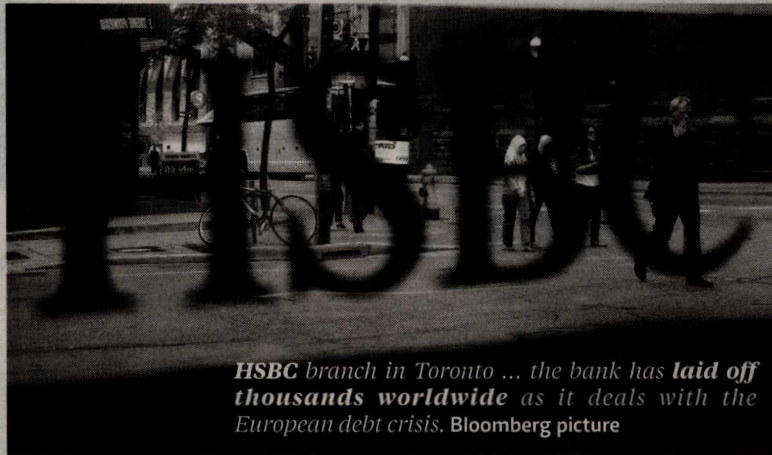
THE Canadian arm of HSBC Bank will wind down its consumer finance business and lay off about 500 employees after failing to find a buyer for the unit.

HSBC, which in September agreed to sell its Canadian retail brokerage to National Bank of Canada for C\$206 million (RM622 million), had also hoped to sell the consumer finance business as it focuses its Canadian business on capital markets, commercial and retail banking, and wealth management.

"Despite concerted efforts, a suitable buyer could not be found. Having exhausted all available alternatives, the appropriate steps are now being taken to wind down the business," said Lindsay Gordon, chief executive of HSBC Bank Canada.

London-based HSBC, which has the largest Canadian presence of any foreign lender, has laid off thousands worldwide as it deals with the European debt crisis.

The challenges in Europe and the impact of the 2008 financial crisis in



the US have prompted several foreign lenders to trim their presence in Canada.

Last year, Bank of America agreed to sell its US\$8.6 billion (RM25.8 billion) MBNA Canada credit card portfolio to Toronto-Dominion Bank. In 2010, Citigroup sold its US\$2 billion (RM6 billion) Canadian MasterCard business to Canadian Imperial Bank of Commerce.

HSBC Canada's consumer finance

business is the legacy business of Household International, which the bank acquired in 2003 and has already wound down in the US and UK. In Canada, it operates under the HSBC Finance banner on a standalone basis from HSBC Bank branches.

HSBC said the unit will shut offices and cease taking loan applications as soon as practical, but that the business will continue to service and collect its existing receivable loans. **Reuters**