Interim Report as at 30 June 2010

HSBC Trinkaus

Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. – 30.06.2010	01.01. – 30.06.2009	Change in %
Income statement in €m			
Operating revenues	349.5	310.9	12.4
Net loan impairment and other credit risk provisions	2.0	0.1	> 100.0
Administrative expenses	228.1	204.9	11.3
Operating profit	119.4	105.9	12.7
Pre-tax profit	114.6	92.0	24.6
Tax expenses	36.6	30.0	22.0
Net profit for the year	78.0	62.0	25.8
Ratios			
Cost:income ratio of usual business activity in %	66.2	69.0	–
Return on equity before tax in % (projected for the full year)	23.1	19.2	–
Net fee income in % of operating revenues	56.2	55.5	–
No. of employees at the reporting date*	2,295	2,245	2.2
Share information			
Average number of shares in circulation in million	26.1	26.1	0.0
Earnings per share in €	2.99	2.31	29.4
Share price at the reporting date in €	110.0	86.0	27.9
Market capitalisation at the reporting date in €m	2,871	2,245	27.9

	30.06.2010	31.12.2009	Change in %
Balance sheet figures in €m			
Total assets	21,171.2	18,728.6	13.0
Shareholders' equity	1,076.4	1,062.5	1.3
Regulatory ratios			
Tier 1 in €m	799	817	−2.2
Regulatory capital in €m	1,178	1,160	1.6
Risk-weighted assets in €m	8,225	7,850	4.8
Tier 1 ratio in %	9.7	10.4	–
Regulatory capital ratio in %	14.3	14.8	–

Ladies and Gentlemen,

HSBC Trinkaus held up well in the first half of 2010 in a still challenging economic environment. The Bank remained on target for success and was able to achieve a favourable result.

The following interim management report should be read in conjunction with our group management report for 2009. The organisation, structure and strategic orientation of the Group still correspond to the statements made in the group management report.

Interim Management Report

Despite still operating in a difficult market environment, HSBC Trinkaus can look back on a stable and successful first half of 2010. Operating profit was up 12.7 % from € 105.9 million to € 119.4 million. Owing to lower write-downs on financial assets, pre-tax profit even rose by 24.6 %, even, from € 92.0 million to € 114.6 million. This gives a return on equity before tax of 23.1 % after 19.2 % in the prior-year period, showing that the Bank's earnings power is way above average in a sector comparison. We have therefore created a good starting base to successfully implement our new medium-term strategy which envisages further growth in all core lines of business. The € 150.6 million capital increase successfully carried out at the beginning of July, as a result of which our capital ratios have been improved further, will also serve this purpose. Overall, we can therefore report good profitability and strong capitalisation.

General economic setting

After the severe recession in 2009, the global economy has again been able to recover more quickly than most economists had still believed possible a year ago. Since Germany has benefited in particular from this favourable trend as an export-oriented nation, the federal government regards economic growth of 2 % this year as realistic.

In addition, with a dauntless labour market policy Germany has ensured above-average growth with respect to the upswing in the global economy. However, the favourable upturn in Germany is not stable as it is essentially dependent on the global economic trend. The still difficult situation on the international financial markets is hanging like a sword of Damocles over this positive trend overall in the first half of 2010. It is presumably due to the determined intervention by European governments and central banks that the substantial government deficits in particular of the Southern European states have not led to the disruption of the financial markets and therefore of the real economy. If the federal government's budgetary restraint is also taken into consideration, German economic growth remains susceptible to setbacks.

Report on profitability

The earnings components of the operating result can be summarised as follows:

- Net interest income was down 11.9 % from € 73.8 million the previous year to € 65.0 million. This was mainly the result of the decline in margins in the deposit-taking business owing to the lower level of interest rates. In the lending business the effect of lower volumes could not be fully offset by higher margins. There was a moderate increase in interest income from financial assets. We continued to invest our liquidity cushion in first-class financial assets.

- Net loan impairment and other credit risk provisions amounted to € 2.0 million (2009: € 0.1 million). In the period under review, we made net additions to individually assessed impairments of € 1.9 million. Our conservative stance is unchanged in relation to the assessment of default risks.

- At € 196.5 million, net fee income was 13.9 % up on the prior-year result of € 172.5 million. An extraordinarily good performance in Investment Banking was mainly responsible for this growth. We benefited here among other things from the successful accompaniment of two capital increases at large, listed companies. We were also able to improve our result considerably in the securities business, the key factor of success in our fee-based business, benefiting in particular from the increase in fee income for asset management products.

- Net trading income grew by 33.3 % to € 78.9 million (2009: € 59.2 million). In net trading income from bonds and interest rate derivatives, this trend is due primarily to the market fluctuations in the first half of 2009 which led to considerable spread widening with corresponding valuation losses in trading with interest rate products. Although higher risk premiums were paid on individual bonds in the period under review as well, the trend from the previous quarter was outweighed by falling premiums and accompanying valuation gains. On the interest rate side, money market trading was also able to achieve a very favourable result again owing to our still outstanding liquidity position. We also recorded strong growth in trading with equities and equity/index derivatives, our most important source of earnings in net trading income, compared to the prior period. Our retail products, in particular trading with knock-out products, made a substantial contribution here. The discount and bonus certificate business, which suffered the strongest decline the previous year, also benefited from growing demand - albeit on a moderate level. On the other hand, we reported valuation losses on derivatives in the bank book for hedging strategic interest rate positions.

- Net other income, at € 6.0 million, was way below the prior-year level of € 11.5 million, due largely to non-recurring items the previous year.

- Administrative expenses were up 11.3 % to € 228.1 million (2009: € 204.9 million). The increase is due mainly to the implementation of our growth strategy, which is accompanied by both higher personnel and material expenses. The growth strategy involves - in contrast to the sector trend – taking on new employees in order to gain additional market shares and therefore broaden our revenue base. The resulting increase in administrative expenses is already now easily justified by corresponding higher revenues. Moreover, the improved result compared to the previous year also means higher performance-related remuneration. Finally, expenses to further improve working processes are also a cost driver, yet one that we consciously accept, as it enables us to create the conditions for the lasting success of our growth strategy. Despite these burdens, at 66.2 % the cost:income ratio as the main indicator of success for our banking business remains at the lower end of the adequate range for our business model of 65 % to 70 % as we succeeded in increasing revenues more than proportionately.

- The loss from financial assets of € 1.9 million was way below the loss of € 20.5 million recorded the previous year, which was largely influenced by value corrections in connection with the turmoil on the financial markets. Only isolated and minor write-downs on financial assets were required in the period under report.

Report on assets

Total assets increased compared to the end of 2009 by 13.0 % to € 21.2 billion. On the liabilities side, customer accounts of almost € 10.5 billion still represent our most important source of refinancing. This is testimony to the clients' clear commitment to the Bank, which is reflected not least in our sustained earnings power. We invest a large part of this liquidity in highly liquid ECB eligible bonds or promissory note loans.

Report on financial position

At € 1,076.4 million, shareholders' equity was 1.3 % higher than the figure of € 1,062.5 million at the end of the previous year despite the dividend payment in June this year. The valuation reserve for financial instruments increased 23.0 %, from € 108.6 million to € 133.6 million, as a result of the easing of the situation on the financial markets. In contrast, the actuarial profits and losses from pensions came to € -17.1 million (2009: € +2.2 million), mainly the result of the decline in the discount rate for the calculation of pension obligations.

There was a moderate decline in the capital ratio to 14.3 % after 14.8 % at the end of the year with Tier 1 capital excluding hybrid capital components accounting for 9.7 percentage points (2009: 10.4 % percentage points).

By carrying out the capital increase in July we were again able to significantly improve our capitalisation. The Bank's financial position is also still characterised by excellent liquidity. The minimum regulatory requirements in accordance with the Liquidity Ordinance (LiqV) were exceeded by far with an average of 1.89 for the end-of-month positions.

Principal opportunities and risks

Our risk management system is geared towards consciously accepting and controlling risk within the scope of the overall management of risks which are customary to banking operations in order to make use of the resulting yield opportunities. We regard counterparty, market and liquidity risk, operative and strategic risksand, not least, risks to our reputation as the principal risks of our banking business. Opportunities exist in both acquiring new clients and expanding existing client relationships and therefore a possible increase in revenues. Our aim is to continue to generate good net trading income through the targeted use of market fluctuations combined with an attractive product offer at the same time as strict limit discipline.

The risk management and risk reporting procedures described in the latest consolidated financial statements still correspond to the current conditions.

Counterparty risk

The maximum default risk after the first six months of 2010 breaks down into the sectors listed below:

	30.06.2010		31.12.2009	
	in €m	in %	in €m	in %
Banks and financial institutions	12,098.6	47.9	9,439.0	41.7
Companies and self-employed professionals	8,494.2	33.6	8,068.7	35.6
Public sector	4,326.7	17.1	4,797.2	21.2
Employed private individuals	341.6	1.4	348.9	1.5
Total	**25,261.1**	**100.0**	**22,653.8**	**100.0**

The quality of the loans and advances (including contingent liabilities and loan commitments) which are neither overdue nor impaired can be assessed on the basis of the following overview:

	30.06.2010		31.12.2009	
	in €m	in %	in €m	in %
Rating category 1 – 2	5,650.0	52.2	5,113.9	51.7
Rating category 3 – 4	5,002.3	46.2	4,511.7	45.7
Rating category 5	178.0	1.6	255.1	2.6
Total	**10,830.3**	**100.0**	**9,880.7**	**100.0**

Market risk

The total market risk after the first six months of 2010 is as follows:

in €m	30.06.2010	30.12.2009
Interest rate transactions	2.6	2.9
Equity and index transactions	1.9	4.6
Foreign exchange transactions	0.4	0.2
Total potential market risk in the trading portfolio	**3.3**	**4.7**

The market risk potential is calculated for all market risk categories using a standardised internal model. To measure market risks in our trading book under normal market conditions we have been using a value-at-risk approach for many years. We understand value-at-risk to be the potential loss which will, with 99 % probability, not be exceeded within one trading day, assuming unaltered trading positions, in the event of an unfavourable market trend. By taking correlations into consideration the overall market risk potential is lower than the sum of the risks per risk category.

Outlook for 2010

The environment will remain divided in the coming months and into next year as well. On the one hand, our credit book is benefiting from the unexpectedly high rate of German economic growth. On the other, government budget deficits will remain a challenge for the bond markets and therefore also for us. But it is exactly in this situation that the strengths shown by HSBC Trinkaus come into their own more than ever. Our results are impressive evidence of the sustainability of our business model and how well it has proven itself in the crisis. It is still characterised by its clear orientation towards our target groups and is supported by risk-aware trading as well as the ability to adapt to market changes in time. Our success is guaranteed by the unique combination in the German banking landscape of the traditional values of the honourable businessman, such as trust, responsibility and sustainability, and the international service capacity and capital strength of a global financial services provider, the HSBC Group.

We would like to use this position of strength, the opportunities arising in the market as well as the close integration into the global network of the HSBC Group in the years ahead to accelerate growth and achieve a significant increase in market shares in all divisions. The proceeds from the capital increase carried out after the reporting date will also be used for this.

We want to expand our client base significantly and the Bank's product offering on a selective basis. In the Private Banking business, HSBC Trinkaus is in an excellent position to acquire new clients having come safely through the crisis. Our processes and structures have already been optimised accordingly. As regards the Corporate Banking business, the Bank will use the advantages of the global HSBC network for small and medium-sized customers to a greater extent to expand its market share. We see major business potential here in particular in the heavily export-oriented German market. For institutional clients, we offer the breadth and depth of HSBC's global trading books for sophisticated transactions. The goal is to grow organically by playing out our strengths.

In order to reach this goal, we also want to further increase the number of our employees. We are aware that this growth strategy can entail higher risks, but we also see greater opportunities for us. We are strong enough for organic growth and will become even stronger as a result of the capital increase. In any case, we remain guided by the proven principle of growing with our customers, not with our risks.

Report on business relationships with companies and persons defined as related parties

HSBC Trinkaus still has significant business relationships with other companies of the HSBC Group. The results of these business relationships are reflected above all in net fee income and net interest income. In the balance sheet, significant loans and advances to other HSBC units are set against liabilities to these units. A large number of trading positions are also entered into directly or hedged with the HSBC Group's affiliated companies. All transactions are concluded at normal market prices.

It can be seen that our Bank is continuing with its good performance overall. We are therefore convinced that HSBC Trinkaus is well equipped to master the challenges which lie ahead as well.

Düsseldorf, August 2010
The Management Board

Andreas Schmitz | Paul Hagen | Dr. Olaf Huth | Carola Gräfin v. Schmettow

Consolidated Income Statement

in €m	(Notes)	01.01. – 30.06.2010	01.01. – 30.06.2009	Change in %
Interest income		98.2	131.1	– 25.1
Interest expense		33.2	57.3	– 42.1
Net interest income	(1)	65.0	73.8	– 11.9
Net loan impairment and other credit risk provisions	(2)	2.0	0.1	> 100.0
Share of profit in associates		0.2	0.5	– 60.0
Fee income		318.7	283.5	12.4
Fee expenses		122.2	111.0	10.1
Net fee income	(3)	196.5	172.5	13.9
Net trading income	(4)	78.9	59.2	33.3
Administrative expenses	(5)	228.1	204.9	11.3
Income from financial assets		– 1.9	– 20.5	90.7
Net other income / expenses	(6)	6.0	11.5	– 47.8
Pre-tax profit		**114.6**	**92.0**	**24.6**
Tax expenses		36.6	30.0	22.0
Net profit for the year		**78.0**	**62.0**	**25.8**
Profit / loss attributable to minority shareholders		0.0	1.6	– 100.0
Profit / loss attributable to HSBC Trinkaus shareholders		78.0	60.4	29.4

Earnings per share

in €	01.01. – 30.06.2010	01.01. – 30.06.2009	Change in %
Basic earnings per share	2.99	2.31	29.4
Diluted earnings per share	2.92	2.26	29.4

26.1 million subscription rights were outstanding for the subscription of 2,007,693 new no-par value shares in the first half of 2010.

Consolidated Income Statement – Quarterly Results

in €m	Q2 2010	Q1 2010	Q2 2009	Q1 2009
Interest income	50.2	48.0	60.9	70.2
Interest expense	16.4	16.8	23.3	34.0
Net interest income	33.8	31.2	37.6	36.2
Net loan impairment and other credit risk provisions	2.7	–0.7	–0.3	0.4
Share of profit in associates	0.1	0.1	0.3	0.2
Fee income	176.4	142.3	138.6	144.9
Fee expenses	67.0	55.2	57.8	53.2
Net fee income	109.4	87.1	80.8	91.7
Net trading income	37.7	41.2	35.7	23.5
Administrative expenses	115.7	112.4	102.6	102.3
Income from financial assets	–5.1	3.2	–6.7	–13.8
Net other income/expenses	2.1	3.9	2.8	8.7
Pre-tax profit	**59.6**	**55.0**	**48.2**	**43.8**
Tax expenses	18.8	17.8	15.0	15.0
Net profit for the year	**40.8**	**37.2**	**33.2**	**28.8**
Profit/loss attributable to minority shareholders	0.0	0.0	0.0	1.6
Profit/loss attributable to HSBC Trinkaus shareholders	40.8	37.2	33.2	27.2

Earnings per share

in €	Q2 2010	Q1 2010	Q2 2009	Q1 2009
Basic earnings per share	1.56	1.43	1.27	1.04
Diluted earnings per share	1.49	1.43	1.22	1.04

Consolidated Balance Sheet

Assets in €m	(Notes)	30.06.2010	31.12.2009	Change in %
Cash reserve		34.2	177.0	–80.7
Loans and advances to banks	(8)	2,921.4	2,429.4	20.3
Loans and advances to customers	(9)	2,991.8	2.687.5	11.3
Net loan impairment provision	(10)	–45.2	–42.9	5.4
Trading assets	(11)	11,717.0	10,005.7	17.1
Financial assets	(12)	3,140.1	3,126.1	0.4
Interests in associates		10.3	10.6	–2.8
Property, plant and equipment		81.9	83.3	–1.7
Intangible assets		40.0	44.1	–9.3
Taxation recoverable		4.3	13.0	–66.9
current		4.3	13.0	–66.9
deferred		0.0	0.0	0.0
Other assets		275.4	194.8	41.4
Total assets		**21,171.2**	**18,728.6**	**13.0**

Liabilities in €m	(Notes)	30.06.2010	31.12.2009	Change in %
Deposits by banks	(13)	2,845.5	2,697.6	5.5
Customer accounts	(14)	10,476.0	9,062.1	15.6
Certificated liabilities		10.0	10.0	0.0
Trading liabilities	(15)	6,041.4	5,196.7	16.3
Provisions		109.5	152.2	–28.1
Taxation		100.6	67.7	48.6
current		84.3	61.1	38.0
deferred		16.3	6.6	> 100.0
Other liabilities		133.3	95.3	39.9
Subordinated capital		378.4	384.4	–1.6
Shareholders' equity		1,076.4	1,062.5	1.3
Share capital		70.0	70.0	0.0
Capital reserve		208.6	216.9	–3.8
Retained earnings		740.1	654.7	13.0
Consolidated profit available for distribution in 2009		–	120.9	–
Profit 1.1. – 30.06.2010 incl. profit brought forward		57.7	–	–
Minority interests		0.1	0.1	0.0
Total equity and liabilities		**21,171.2**	**18,728.6**	**13.0**

Breakdown of consolidated shareholders' equity and subordinated capital

in €m	30.06.2010	31.12.2009
Share capital	70.0	70.0
Capital reserve	208.6	216.9
Retained earnings	740.1	654.7
of which: valuation reserve for financial instruments	133.6	108.6
of which: valuation reserve for actuarial profits and losses	–40.4	–23.3
of which: valuation reserve from currency conversion	–0.6	–0.2
Net profit including profit brought forward	57.7	120.9
Consolidated shareholders' equity	**1,076.4**	**1,062.5**
Subordinated liabilities	278.4	284.4
Participatory capital	100.0	100.0
Consolidated subordinated capital	**378.4**	**384.4**
Total	**1,454.8**	**1,446.9**

Consolidated statement of changes in equity

in €m	2010	2009
Consolidated shareholders' equity as at 1.1.	**1,062.5**	**955.0**
Distribution	–65.3	–65.3
Net profit	78.0	62.0
Gains/losses not recognised in the income statement (change in valuation reserves)	7.5	28.3
Result of the valuation of share-based remuneration	–6.3	3.3
Effects of the change in minority interests	0.0	–1.6
Consolidated shareholders' equity as at 30.06.	**1,076.4**	**981.7**

Comprehensive income for the period

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Net profit for the year	78.0	62.0
Gains/losses not recognised in the income statement	7.5	28.3
of which from financial instruments	25.0	26.1
of which from actuarial results	–17.1	2.2
of which from currency conversion	–0.4	0.0
Total	**85.5**	**90.3**
Attributable		
to minority interests	0.0	1.6
to HSBC Trinkaus shareholders	85.5	88.7

Consolidated cash flow statement

in €m	2010	2009
Cash and cash equivalents as at 1.1.	**177.0**	**139.5**
Cash flow from operating activities	–68.4	169.2
Cash flow from investing activities	–3.1	–1.6
Cash flow from financing activities	–71.3	–137.1
Cash and cash equivalents as at 30.06.	**34.2**	**170.0**

The cash flow statement calculated according to the indirect method shows the position and movements in cash and cash equivalents of the HSBC Trinkaus Group. Reported cash and cash equivalents correspond to the "Cash reserve balance sheet" item, which comprises cash in hand plus balances at central banks.

Notes to the Consolidated Income Statement and the Consolidated Balance Sheet

This interim report for the HSBC Trinkaus Group as at 30 June 2010 was drawn up in accordance with International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. The report takes particular account of the requirements of IAS 34 relating to interim financial reporting. Furthermore, the report satisfies the requirements of a half-year financial report pursuant to Section 37w German Securities Trading Act (WpHG). No review of the interim report was carried out by external auditors.

When drawing up this interim report including the comparable figures for the prior-year periods we applied the same accounting and valuation methods as in the 2009 consolidated financial statements.

On 12 November 2009, the IASB published the Standard IFRS 9, Financial Instruments. The aim of the standard is to completely revise the accounting of financial instruments in a three-part project and thus replace the standard IAS 39 applicable to date. IFRS 9 sets out the new requirements for the classification and measurement of financial assets and will have a substantial influence on HSBC Trinkaus' accounting. The adoption of the standard is mandatory for financial years starting on or after 1 January 2013. Early adoption is permitted for 2009 year-end financial statements. HSBC Trinkaus has not been able to make use of this option as the standard is still awaiting EU endorsement.

All other changes to standards, the early application of which we have dispensed with, are of no or only minor significance for our consolidated financial statements.

1 Net interest income

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Interest income	**98.2**	**131.1**
From loans and advances to banks	10.6	25.3
Money market transactions	8.6	21.8
Other interest-bearing receivables	2.0	3.5
From loans and advances to customers	36.4	57.9
Money market transactions	7.6	13.6
Other interest-bearing receivables	28.8	44.3
From financial assets	51.2	47.9
Interest income	48.8	45.9
Dividend income	1.7	1.3
Income from subsidiaries	0.7	0.7
Interest expense	**33.2**	**57.3**
From deposits by banks	9.6	11.9
Money market transactions	4.6	9.6
Other interest-bearing deposits	5.0	2.3
From customer accounts	14.5	34.1
Money market transactions	3.0	15.7
Other interest-bearing deposits	11.5	18.4
From securitised liabilities	0.2	0.2
From subordinated capital	8.9	11.1
Net interest income	**65.0**	**73.8**

2 Net loan impairment and other credit risk provisions

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Additions	3.6	2.9
Reversals	1.6	2.8
Direct write-offs	0.0	0.0
Recoveries on loans and advances previously written off	0.0	0.0
Total	**2.0**	**0.1**

3 Net fee income

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Securities transactions	122.9	114.6
Foreign exchange transactions and derivatives	26.6	30.3
Investment banking	18.4	2.1
Issuing and structuring business	7.3	5.8
Foreign business	6.7	6.4
Lending	5.2	3.1
Payments	3.1	3.1
Real estate	0.1	1.2
Other fee-based business	6.2	5.9
Total	**196.5**	**172.5**

4 Net trading income

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Equity and equity/index derivatives	45.2	37.6
Bonds and interest rate derivatives	32.8	12.2
Foreign exchange	3.8	5.0
Derivatives held in the banking book	–2.9	4.4
Total	**78.9**	**59.2**

Interest and dividend income attributable to trading activities – minus the corresponding refinancing interest - is included in net trading income.

5 ▸ Administrative expenses

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Staff expenses	139.8	125.5
Wages and salaries	121.5	109.4
Social security costs	12.8	11.5
Expenses for retirement pensions and other employee benefits	5.5	4.6
Other administrative expenses	77.3	68.7
Depreciation and amortisation of property, plant and equipment and of intangible assets	11.0	10.7
Total	228.1	204.9

6 ▸ Net other income / expenses

in €m	01.01. – 30.06.2010	01.01. – 30.06.2009
Other operating income	16.1	10.7
Other operating expenses	10.1	1.4
Other operating income/expenses	**6.0**	**9.3**
Other income	0.0	2.2
Other expenses	0.0	0.0
Other net income	**0.0**	**2.2**
Net other income/expenses	**6.0**	**11.5**

7 Segment reporting

in €m	Private Banking	Corporate Banking	Institutional Clients	Global Markets	Central Divisions/ Consolidation	Total
Net interest income						
30.06.2010	5.8	23.9	1.2	1.7	32.4	65.0
30.06.2009	7.3	22.0	0.8	8.2	35.5	73.8
Net loan impairment and other credit risk provisions*						
30.06.2010	0.7	5.4	0.8	0.0	–4.9	2.0
30.06.2009	0.8	3.9	0.8	0.1	–5.5	0.1
Share of profit in associates						
30.06.2010	0.0	0.0	0.0	0.0	0.2	0.2
30.06.2009	0.0	0.0	0.0	0.0	0.5	0.5
Net fee income						
30.06.2010	48.1	58.7	75.9	3.1	10.7	196.5
30.06.2009	38.8	49.7	76.2	0.9	6.9	172.5
Net trading income						
30.06.2010	0.0	–0.1	3.3	58.9	19.7	81.8
30.06.2009	0.0	–0.2	6.1	61.6	–12.7	54.8
Administrative expenses						
30.06.2010	36.4	44.8	49.9	29.5	67.5	228.1
30.06.2009	34.2	40.7	46.0	29.1	54.9	204.9
of which depreciation and amortisation						
30.06.2010	1.0	0.7	0.6	0.4	8.3	11.0
30.06.2009	0.8	0.6	0.3	0.4	8.5	10.6
Other operating income/expenses						
30.06.2010	0.0	0.0	0.0	0.0	6.0	6.0
30.06.2009	0.0	0.0	0.0	0.0	9.3	9.3
Operating profit						
30.06.2010	**16.8**	**32.3**	**29.7**	**34.2**	**6.4**	**119.4**
30.06.2009	**11.1**	**26.9**	**36.3**	**41.5**	**–9.9**	**105.9**
Income from financial assets						
30.06.2010	0.0	0.0	0.0	0.0	–1.9	–1.9
30.06.2009	0.0	0.0	0.0	0.0	–20.5	–20.5
Income from derivatives in the bank book						
30.06.2010	0.0	0.0	0.0	0.0	–2.9	–2.9
30.06.2009	0.0	0.0	0.0	0.0	4.4	4.4
Other net income						
30.06.2010	0.0	0.0	0.0	0.0	0.0	0.0
30.06.2009	0.0	0.0	0.0	0.0	2.2	2.2
Pre-tax profit						
30.06.2010	**16.8**	**32.3**	**29.7**	**34.2**	**1.6**	**114.6**
30.06.2009	**11.1**	**26.9**	**36.3**	**41.5**	**–23.8**	**92.0**
Taxation						
30.06.2010	5.2	10.1	9.3	10.7	1.3	36.6
30.06.2009	3.5	8.6	11.6	13.3	–7.0	30.0
Net profit for the year						
30.06.2010	**11.6**	**22.2**	**20.4**	**23.5**	**0.3**	**78.0**
30.06.2009	**7.6**	**18.3**	**24.7**	**28.2**	**–16.8**	**62.0**

* inc. € – 4.9 million consolidation (2009: € – 6.0 million)

Despite the debt crisis in several European states in the first half of this year, the Private Banking and Corporate Banking segments were able to further expand their prior-year results while Institutional Clients and Global Markets were not able to repeat the extraordinarily good results recorded the previous year. The business with institutional clients benefited in 2009 from the major refinancing requirements of many clients and banks on the money and capital market. The evaluation results of capital investments and the Bank's financial assets held in the Central Divisions developed more favourably compared to the previous year as a result of the easing of the crisis affecting the financial markets. The trend in the first half of 2010 therefore again demonstrates the Bank's balanced business model.

Despite the still uncertain market environment, the business with high net worth private clients improved its quarterly results thanks to higher revenues in particular from the securities and asset management business. It can therefore report substantial earnings growth for the first half of 2010 after the difficult previous year.

In the Corporate Banking business, lower net fee income in the fixed income business on account of market conditions was more than offset by high net fee income in the investment banking and international business and stronger net interest income in the lending business exclusively as a result of higher margins. On the other hand, in the Institutional Clients segment stronger revenues in the asset management and equities business were only able to partly make up for lower revenues in the fixed income business. Global Markets was again successful, although it was not able to reach the exceptionally high prior-year result again. While the extraordinarily high revenues recorded the previous year could not be repeated in money market trading owing to the still low level of interest rates as expected, equities and equity derivatives trading exceeded the strong prior-year revenues.

The increase in administrative expenses throughout the Bank can be explained mainly by regulatory costs, the number of employees rising to the current level of 2,295, increases in performance-related remuneration as a result of the growth in earnings as well as higher IT costs for improving the Bank's future competitive position.

8 Loans and advances to banks

in €m	30.06.2010	31.12.2009
Current accounts	540.6	361.2
Money market transactions	2,218.1	1,923.8
of which overnight money	844.2	109.8
of which term deposits	1,373.9	1,814.0
Other loans and advances	162.7	144.4
Total	**2,921.4**	**2,429.4**
of which to domestic banks	1,800.0	1,442.0
of which to foreign banks	1,121.4	987.4

9 Loans and advances to customers

in €m	30.06.2010	31.12.2009
Current accounts	1,120.2	980.9
Money market transactions	686.7	620.9
of which overnight money	80.0	79.3
of which term deposits	606.7	541.6
Loan accounts	1,161.5	1,063.4
Other loans and advances	23.4	22.3
Total	**2,991.8**	**2,687.5**
of which to domestic banks	1,970.3	1,933.0
of which to foreign banks	1,021.5	754.5

10 ▸ Net loan impairment and other credit risk provisions

in €m	30.06.2010	31.12.2009
Net loan impairment provision	45.2	42.9
Provisions for credit risks	6.1	6.8
Net loan impairment and other credit risk provisions	**51.3**	**49.7**

	Impairments/provisions					
	Individually assessed		Collectively assessed		Total	
in €m	2010	2009	2010	2009	2010	2009
Situation 01.01.	**32.7**	**20.2**	**17.0**	**8.0**	**49.7**	**28.2**
Reversals	1.6	2.8	0.0	0.0	1.6	2.8
Utilisation	0.4	0.0	0.0	0.0	0.4	0.0
Additions	3.5	1.9	0.1	1.0	3.6	2.9
Currency translation/transfers	0.0	0.0	0.0	0.0	0.0	0.0
Situation 30.06.	**34.2**	**19.3**	**17.1**	**9.0**	**51.3**	**28.3**

11 ▸ Trading assets

in €m	30.06.2010	31.12.2009
Bonds and other fixed-income securities	4,729.3	4,839.7
Equities and other non-fixed-income securities	881.7	832.4
Tradable receivables	1,640.4	1,917.2
Positive market value of derivatives	2,701.3	1,992.6
Reverse repos	1,130.0	72.3
Securities lending	0.0	0.3
Security in the derivatives business	628.9	346.6
Derivatives in hedging relationships	3.7	0.2
Derivatives held in the banking book	1.7	4.4
Total	**11,717.0**	**10,005.7**

12 ▸ Financial assets

in €m	30.06.2010	31.12.2009
Bonds and other fixed-income securities and interest rate derivatives	2,598.4	2,567.4
Equities	27.7	29.8
Investment certificates	125.4	145.3
Promissory note loans	285.9	277.3
Investments	102.7	106.3
Total	**3,140.1**	**3,126.1**

13 Deposits by banks

in €m	30.06.2010	31.12.2009
Current accounts	833.0	563.5
Money market transactions	1,800.4	1,961.3
of which overnight money	1,380.4	11.9
of which term deposits	420.0	1,949.4
Other liabilities	212.1	172.8
Total	**2,845.5**	**2,697.6**
of which domestic banks	730.0	741.5
of which foreign banks	2,115.5	1,956.1

14 Customer accounts

in €m	30.06.2010	31.12.2009
Current accounts	7,170.0	5,686.8
Money market transactions	2,947.7	3,040.4
of which overnight money	592.7	346.4
of which term deposits	2,355.0	2,694.0
Savings deposits	43.5	33.6
Other liabilities	314.8	301.3
Total	**10,476.0**	**9,062.1**
of which domestic customers	7,614.6	6,193.1
of which foreign customers	2,861.4	2,869.0

15 Trading liabilities

in €m	30.06.2010	31.12.2009
Negative market value of derivatives	3,199.5	2,452.9
Promissory note loans, bonds, certificates and warrants	2,740.0	2,637.1
Delivery obligations arising from securities sold short	33.3	17.7
Repos	0.0	0.0
Securities lending	2.3	11.4
Security in the derivatives business	59.3	74.4
Derivatives in hedging relationships	7.0	3.2
Total	**6,041.4**	**5,196.7**

16 Derivatives business

in €m	Nominal amounts by residual duration Up to 1 year	1–5 years	More than 5 years	Total	Positive market values
Interest rate transactions					
30.06.2010	5,499	16,955	9,205	31,659	1,227
31.12.2009	10,413	15,908	11,769	38,090	942
Foreign exchange transactions					
30.06.2010	26,728	1,905	69	28,702	712
31.12.2009	25,921	1,402	14	27,337	398
Equity/index-related transactions					
30.06.2010	4,529	1,923	569	7,021	287
31.12.2009	4,050	1,594	96	5,740	198
Total					
30.06.2010	**36,756**	**20,783**	**9,843**	**67,382**	**2,226**
31.12.2009	**40,384**	**18,904**	**11,879**	**71,167**	**1,538**

Deals with both positive and negative market values are taken into account in the determination of the nominal amounts. The stated positive market values of deals represent the replacement values that may arise in the event of the default of all OTC counterparties, regardless of their individual credit rating. The values consist of current interest, foreign currency and equity/index-related deals which include a settlement risk as well as corresponding market price risks. No account is taken of netting agreements. As there is no counterparty risk on exchange-traded products and short positions, the market values of these products are not shown. Owing to the intensive cooperation in the Global Markets segment, we focus in the derivatives business on transactions with other HSBC units.

17 ▸ Contingent liabilities and other obligations

in €m	30.06.2010	31.12.2009
Contingent liabilities on guarantees and indemnity agreements	1,623.0	1,569.2
Irrevocable loan commitments	3,399.6	3,290.2
Total	5,022.6	4,859.4

18 ▸ Material events occurring after the balance sheet date

HSBC Trinkaus & Burkhardt AG successfully completed the capital increase at the beginning of July. New shares were issued at a ratio of 1 to 13, in other words a total of 2,007,693 shares, at a price of € 75.00 per share. € 5.4 million is attributable to share capital and € 145.2 million to the capital reserve. Within the scope of the capital increase, HSBC has increased its stake to 80.4% (previously 78.6%) while Landesbank Baden-Württemberg has reduced its stake to 18.9% (previously 20.3%).

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Düsseldorf, August 2010
The Management Board

Andreas Schmitz | Paul Hagen | Dr. Olaf Huth | Carola Gräfin v. Schmettow

Key Dates

11 November 2010	Interim Report as at 30 September 2010
April 2011	Results Press Conference
May 2011	Interim Report as at 31 March 2011
7 June 2011	Annual General Meeting
August 2011	Interim Report as at 30 June 2011
November 2011	Interim Report as at 30 September 2011

Locations

Düsseldorf Head Office
P.O. Box 10 11 08
40002 Düsseldorf
Königsallee 21/23
40212 Düsseldorf
Phone: +49 211 910-0
Fax: +49 211 910-616

Branches
Baden-Baden
P.O. Box 10 05 27
76486 Baden-Baden
Maria-Viktoria-Straße 2
76530 Baden-Baden
Phone: +49 7221 9386-0
Fax: +49 7221 26753

Berlin
Joachimstaler Straße 34
10719 Berlin
Phone: +49 30 88581-0
Fax: +49 30 8819304

Frankfurt am Main
Private Banking
P.O. Box 17 05 62
60079 Frankfurt am Main
Guiollettstraße 24
60325 Frankfurt am Main
Phone: +49 69 71903-0
Fax: +49 69 71903-33

Corporate Banking
Taunusanlage 1
60329 Frankfurt am Main
Phone: +49 69 71903-0
Fax: +49 69 71903-32

Investment Banking
Taunusanlage 1
60329 Frankfurt am Main
Phone: +49 69 71903-0
Fax: +49 69 71903-747

Hamburg
P.O. Box 30 54 05
20317 Hamburg
Gänsemarkt 45
20354 Hamburg
Phone: +49 40 35614-0
Fax: +49 40 346557

Munich
P.O. Box 10 14 12
80088 Munich
Karl-Scharnagl-Ring 7
80539 Munich
Phone: +49 89 229016-0
Fax: +49 89 297412

Stuttgart
P.O. Box 10 48 41
70042 Stuttgart
Königstraße 26
70173 Stuttgart
Phone: +49 711 22890-0
Fax: +49 711 22890-43

HSBC Trinkaus & Burkhardt (International) SA
P.O. Box 579
L-2015 Luxembourg
8, rue Lou Hemmer
L-1748 Luxembourg-Findel
Phone: +352 471847-1
Fax: +352 471847-2555

www.hsbctrinkaus.de

PEFC™

Ein Glück für unseren Wald.