



Interim Report as at
31 March 2010



HSBC  Trinkaus

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Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. – 31.03.2010	01.01. – 31.03.2009	Change in %
Income statement in €m			
Operating revenues	165.1	156.7	5.4
Net loan impairment and other credit risk provisions	-0.7	0.4	> 100.0
Administrative expenses	112.4	102.3	9.8
Operating profit	53.4	54.0	-1.1
Pre-tax profit	55.0	43.8	25.6
Tax expenses	17.8	15.0	18.7
Net profit for the year	37.2	28.8	29.2
Ratios			
Cost:income ratio of usual business activity in %	67.4	69.8	-
Return on equity before tax in % (projected for the year as a whole)	22.1	17.8	-
Net fee income in % of operating revenues	52.8	58.5	-
No. of employees at the reporting date*	2,287	2,237	2.2
Share information			
Average number of shares in circulation in million	26.1	26.1	0.0
Earnings per share in €	1.43	1.04	37.5
Share price at the reporting date in €	103.5	83.0	24.7
Market capitalisation at the reporting date in €m	2,701	2,166	24.7

	31.03.2010	31.12.2009	Change in %
Balance sheet figures in €m			
Total assets	21,978.0	18,728.6	17.3
Shareholders' equity	1,118.2	1,062.5	5.2
Regulatory ratios*			
Tier 1 in €m	810	817	-0.9
Regulatory capital in €m	1,179	1,160	1.6
Risk-weighted assets in €m	8,138	7,850	3.7
Tier 1 ratio in %	10.0	10.4	-
Regulatory capital ratio in %	14.5	14.8	-

* following confirmation of the balance sheet



Ladies and Gentlemen,

The financial sector is still experiencing one of the worst crises since 1929, although it is likely to have struck bottom. It is presumably thanks to the dauntless intervention by governments and central banks that the repercussions of the financial crisis could be dampened so far and that the overall economic trend in Europe and the USA is now pointing upwards again. It is to be hoped, but cannot yet be reliably ascertained, that this has also created a base for a lasting upswing. For example, economic growth in Germany turned out to be weaker than previously forecast in the first quarter of this year. Added to this is the fear that the positive impact of the economic support programmes implemented so far will weaken.

Despite this still challenging environment, HSBC Trinkaus generated a solid quarterly result in the first three months. There was strong growth in pre-tax profit of 25.6 % from € 43.8 million the previous year to € 55.0 million while operating profit of € 53.4 million was only € 0.6 million or 1.1 % below the good prior-year level of € 54.0 million. This growth is attributable firstly to market movements, since there were significant valuation losses on financial assets in the first quarter of 2009. The positive performance is also based on the bank's sustainable business model with its clear orientation towards our target groups of wealthy private clients, corporate clients and institutional clients supported by risk-aware trading.

Profitability

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

- Net interest income was down 13.8 % to € 31.2 million (Q1 2009: € 36.2 million) as expected. Improved margins in the credit business as well as higher interest income from financial assets were only able to partly offset the decline in deposit margins on account of the lower level of interest rates.

- As regards net loan impairment and other credit risk provisions, there was a net reversal of € 0.7 million, the result of several smaller reversals. This is testimony to HSBC Trinkaus' forward-looking and conservative management.
- Net fee income, at € 87.1 million, was down moderately compared to the previous year (€ 91.7 million) due above all to lower margins in foreign exchange trading. Although transaction volumes remained low in the securities business, the key factor of success in our fee-based business, we were nevertheless able to increase net fee income here slightly. This improvement is essentially the result of transactions with wealthy private clients.
- Net trading income was 75.3% higher at € 41.2 million after € 23.5 million the previous year. This performance was mainly attributable to the market distortions in the first quarter of 2009, while in the quarter under review net trading income was solid and not based on extraordinary effects. Significant spread widening in trading with interest products led to valuation losses the previous year. On the other hand, the trend observed in previous quarters continued in the quarter under review with lower risk premiums and associated valuation gains.
- The money market business also gave a favourable performance, albeit slightly weaker compared to the previous year's record, thanks to our still excellent liquidity position. We gave a satisfactory performance in trading with equities and equity/index derivatives, in particular with our trading-oriented retail products. There was also growing demand for discount and bonus certificates, which suffered the sharpest falls the previous year. We reported slight valuation losses on derivatives in the bank book for hedging strategic interest rate positions.
- Net other income, at € 3.9 million, was down on the prior-year level of € 8.7 million due largely to non-recurring items in the first quarter of 2009.

- Administrative expenses were up 9.8 % to € 112.4 million (Q1 2009: € 102.3 million). This increase reflected on the one hand a higher headcount as the bank looked to take advantage of growth opportunities, and increased allocated costs on the other. At 67.4 % the cost:income ratio remains within the adequate range for our business model of 65 % to 70 %.
- Income from financial assets came to € 3.2 million after a loss of € 13.8 million the previous year, which was largely due to value corrections in connection with the turmoil on the capital markets.

The asset situation

Total assets were up 17.3 % compared to the end of 2009 at € 22.0 billion. At around € 9.8 billion, customer deposits remain the bank's main source of finance. This is testimony to the clients' clear commitment to the bank, which is reflected not least in our sustained earnings power. HSBC Trinkaus invests a large part of this liquidity in highly liquid ECB eligible bonds or promissory note loans issued by German federal states.

The financial position

HSBC Trinkaus' capital ratio stands at 14.5 % after 14.8 % at the end of the year. Its Tier 1 ratio is 10.0 % and contains no hybrid capital components. At € 1,118.2 million, shareholders' equity was 5.2 % up on the level at the end of 2009 (€ 1,062.5 million). On the one hand, the growth is the result of increased profit for the quarter. On the other, it also includes the effects of the valuation of financial assets (€ 22.1 million) as well as the actuarial profits and losses from pensions and plan assets (€ -3.9 million). The bank's financial position is also still characterised by excellent liquidity. The minimum regulatory requirements were far exceeded with an average of 1.86 for the end-of-month positions.

Forecast


HSBC Trinkaus has come through the crisis safely so far thanks mainly to its conservative risk management and its client-focused strategy. The bank will continue to pursue its successful business strategy.

As a member of the HSBC Group, we offer our clients the continuity, professionalism and individuality of a private bank together with the international service capacity and capital strength of a global financial services provider. This unique combination puts HSBC Trinkaus in a good position to take advantage of market opportunities to generate growth. The bank will continue to aim at expanding its customer base and product offerings. In the Private Banking business, HSBC Trinkaus is in an excellent position to acquire new clients. 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. For institutional clients, HSBC Trinkaus offers the breadth and depth of the global trading books for sophisticated transactions.

HSBC Trinkaus is well placed for organic growth. Even given the tightening of the capital requirements, the bank will be able to increase its credit volume without lowering its credit standards. In doing so, HSBC Trinkaus will be guided by the proven principle of growing with its customers, not with its risks.

Düsseldorf, April 2010

The Management Board



Andreas Schmitz



Paul Hagen



Dr. Olaf Huth



Carola Gräfin v. Schmettow

This Interim Report fulfils the requirement of an interim management statement pursuant to Section 37x German Securities Trading Act (WpHG) and the interim reporting requirements as set out in IAS 34.

Consolidated Income Statement

in €m	(Notes)	01.01. – 31.03.2010	01.01. – 31.03.2009	Change in %
Interest income		48.0	70.2	-31.6
Interest expense		16.8	34.0	-50.6
Net interest income	(1)	31.2	36.2	-13.8
Net loan impairment and other credit risk provisions	(2)	-0.7	0.4	> 100.0
Share of profit in associates		0.1	0.2	-50.0
Fee income		142.3	144.9	-1.8
Fee expenses		55.2	53.2	3.8
Net fee income	(3)	87.1	91.7	-5.0
Net trading income	(4)	41.2	23.5	75.3
Administrative expenses	(5)	112.4	102.3	9.8
Income from financial assets		3.2	-13.8	> 100.0
Net other income/expenses	(6)	3.9	8.7	-55.2
Pre-tax profit		55.0	43.8	25.6
Tax expenses		17.8	15.0	18.7
Net profit for the year		37.2	28.8	29.2
Profit/loss attributable to minority shareholders		0.0	1.6	-100.0
Profit/loss attributable to HSBC Trinkaus shareholders		37.2	27.2	36.8

Earnings per share

in €	01.01. – 31.03.2010	01.01. – 31.03.2009	Change in %
Earnings per share	1.43	1.04	37.5
Undiluted earnings per share	1.43	1.04	37.5

As in the corresponding prior-year period, there were no option and conversion rights outstanding for the purchase of shares in the first quarter of 2010. There was therefore no calculable dilution effect.

Consolidated Balance Sheet

Assets in €m	(Notes)	31.03.2010	31.12.2009	Change in %
Cash reserve		157.4	177.0	-11.1
Loans and advances to banks	(8)	5,151.2	2,429.4	> 100.0
Loans and advances to customers	(9)	2,959.2	2,687.5	10.1
Net loan impairment provision	(10)	-42.2	-42.9	1.6
Trading assets	(11)	10,169.5	10,005.7	1.6
Financial assets	(12)	3,217.2	3,126.1	2.9
Interests in associates		10.2	10.6	-3.8
Property, plant and equipment		82.6	83.3	-0.8
Intangible assets		41.7	44.1	-5.4
Taxation recoverable		14.0	13.0	7.7
current		14.0	13.0	7.7
deferred		0.0	0.0	0.0
Other assets		217.2	194.8	11.5
Total assets		21,978.0	18,728.6	17.3

Liabilities in €m	(Notes)	31.03.2010	31.12.2009	Change in %
Deposits by banks	(13)	4,851.4	2,697.6	79.8
Customer accounts	(14)	9,759.6	9,062.1	7.7
Certificated liabilities		10.0	10.0	0.0
Trading liabilities	(15)	5,522.2	5,196.7	6.3
Provisions		121.7	152.2	-20.0
Taxation		86.7	67.7	28.1
current		70.6	61.1	15.6
deferred		16.1	6.6	> 100.0
Other liabilities		123.7	95.3	29.8
Subordinated capital		384.4	384.4	0.0
Shareholders' equity		1,118.2	1,062.5	5.2
Share capital		70.0	70.0	0.0
Capital reserve		215.3	216.9	-0.7
Retained earnings		691.7	654.7	5.6
Consolidated profit available for distribution		-	120.9	-
Profit 01.01.2010 – 31.03.2010 incl. profit brought forward		141.2	-	-
Minority interests		0.1	0.1	0.0
Total equity and liabilities		21,978.0	18,728.6	17.3

Breakdown of consolidated shareholders' equity and subordinated capital

in €m	31.03.2010	31.12.2009
Share capital	70.0	70.0
Capital reserve	215.3	216.9
Retained earnings	691.7	654.7
of which: valuation reserve for financial instruments	130.7	108.6
of which: valuation reserve for actuarial profits and losses	-27.2	-23.3
of which: valuation reserve from currency conversion	-0.3	-0.2
Net profit including profit brought forward	141.2	120.9
Consolidated shareholders' equity	1,118.2	1,062.5
Subordinated liabilities	284.4	284.4
Participatory capital	100.0	100.0
Consolidated subordinated capital	384.4	384.4
Total	1,502.6	1,446.9

Consolidated statement of changes in equity

in €m	2010	2009
Consolidated shareholders' equity as at 01.01.	1,062.5	955.0
Distribution	0.0	0.0
Net profit	37.2	27.2
Gains/losses not recognised in the income statement (change in valuation reserves)	18.1	-14.9
Share-based compensation settled in the form of equity instruments	6.8	4.3
Transfer of shares to employees in connection with share-based remuneration schemes	-6.4	-3.1
Consolidated shareholders' equity as at 31.03.	1,118.2	968.5

Reconciliation from net income to comprehensive income

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Net profit for the year	37.2	28.8
Gains/losses not recognised in the income statement	18.1	-15.0
of which from financial instruments	22.1	-13.2
of which from actuarial results	-3.9	-1.8
of which from currency conversion	-0.1	0.0
Comprehensive income	55.3	13.8
Attributable to:		
Minority interests	0.0	1.6
HSBC shareholders	55.3	12.2

Consolidated cash flow statement

in €m	2010	2009
Cash and cash equivalents as at 01.01.	177.0	139.5
Cash flow from operating activities	-18.3	44.1
Cash flow from investing activities	-1.3	-1.1
Cash flow from financing activities	0.0	-8.0
Cash and cash equivalents as at 31.03.	157.4	174.5

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 31 March 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 takes into consideration the requirement of an interim management statement pursuant to Section 37x 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. – 31.03.2010	01.01. – 31.03.2009
Interest income	48.0	70.2
From loans and advances to banks	6.0	17.2
Money market transactions	5.1	14.9
Other interest-bearing receivables	0.9	2.3
From loans and advances to customers	17.7	31.9
Money market transactions	3.6	7.6
Other interest-bearing receivables	14.1	24.3
From financial assets	24.3	21.1
Interest income	23.9	20.9
Dividend income	0.2	0.0
Income from subsidiaries	0.2	0.2
Interest expense	16.8	34.0
From deposits by banks	4.0	7.8
Money market transactions	2.7	6.4
Other interest-bearing deposits	1.3	1.4
From customer accounts	8.2	21.1
Money market transactions	2.2	10.2
Other interest-bearing deposits	6.0	10.9
From securitised liabilities	0.1	0.1
From subordinated capital	4.5	5.0
Net interest income	31.2	36.2

2 ▶ Net loan impairment and other credit risk provisions

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Additions	0.0	3.1
Reversals	0.7	2.7
Direct write-offs	0.0	0.0
Recoveries on loans and advances previously written off	0.0	0.0
Total	-0.7	0.4

3 ▶ Net fee income

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Securities transactions	60.5	59.7
Foreign exchange transactions and derivatives	9.3	15.8
Investment banking	3.9	1.0
Issuing and structuring business	3.7	4.5
Foreign business	3.3	3.2
Lending	2.3	1.4
Payments	1.5	1.5
Other fee-based business	2.6	4.6
Total	87.1	91.7

4 ▶ Net trading income

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Bonds and interest rate derivatives	22.9	1.6
Equities and equity/index derivatives	16.0	17.6
Foreign exchange	3.9	3.2
Derivatives in the bank book	-1.6	1.1
Total	41.2	23.5

Interest and dividend income attributable to trading activities – shown as the difference between the interest and dividend revenues of trading positions and the corresponding refinancing interest – is included in trading profit.

5 ▶ Administrative expenses

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Staff expenses	68.2	62.0
Wages and salaries	59.3	53.9
Social security costs	6.3	5.8
Expenses for retirement pensions and other employee benefits	2.6	2.3
Other administrative expenses	38.4	34.6
Depreciation of property, plant and equipment and of intangible assets	5.8	5.7
Total	112.4	102.3

6 ▶ Net other income / expenses

in €m	01.01. – 31.03.2010	01.01. – 31.03.2009
Other operating income	7.4	7.5
Other operating expenses	3.5	1.3
Net other operating income and expenses	3.9	6.2
Net other non-operating income	0.0	2.5
Net other non-operating expenses	0.0	0.0
Net other non-operating income and expenses	0.0	2.5
Net other income/expenses	3.9	8.7

7 ▶ Segment reporting

in €m	Private Banking	Corporate Banking	Institut. Clients	Global Markets	Central Divisions/Consolidation	Total
Net interest income						
31.03.2010	3.0	12.5	0.6	0.7	14.4	31.2
31.03.2009	3.5	11.1	0.4	4.1	17.1	36.2
Net loan impairment and other credit risk provisions*						
31.03.2010	0.3	2.6	0.4	0.0	-4.0	-0.7
31.03.2009	0.4	1.9	0.5	0.1	-2.5	0.4
Share of profit in associates						
31.03.2010	0.0	0.0	0.0	0.0	0.1	0.1
31.03.2009	0.0	0.0	0.0	0.0	0.2	0.2
Net fee income						
31.03.2010	21.6	24.2	34.0	2.0	5.3	87.1
31.03.2009	19.8	26.4	38.6	-0.1	7.0	91.7
Operative trading profit						
31.03.2010	0.0	-0.1	3.6	23.9	15.4	42.8
31.03.2009	0.0	-0.1	2.3	33.6	-13.4	22.4
Administrative expenses						
31.03.2010	17.4	20.6	24.6	13.6	36.2	112.4
31.03.2009	17.2	20.5	23.6	15.0	26.0	102.3
of which depreciation and amortisation						
31.03.2010	0.4	0.3	0.2	0.1	4.8	5.8
31.03.2009	0.5	0.3	0.2	0.2	4.5	5.7
Net other operating income and expenses						
31.03.2010	0.1	0.0	0.0	0.0	3.8	3.9
31.03.2009	0.0	0.0	0.0	0.0	6.2	6.2
Operating profit						
31.03.2010	7.0	13.4	13.2	13.0	6.8	53.4
31.03.2009	5.7	15.0	17.2	22.5	-6.4	54.0
Income from financial assets						
31.03.2010	0.0	0.0	0.0	0.0	3.2	3.2
31.03.2009	0.0	0.0	0.0	0.0	-13.8	-13.8
Income from derivatives in the bank book						
31.03.2010	0.0	0.0	0.0	0.0	-1.6	-1.6
31.03.2009	0.0	0.0	0.0	0.0	1.1	1.1
Net other non-operating income and expenses						
31.03.2010	0.0	0.0	0.0	0.0	0.0	0.0
31.03.2009	0.0	0.0	0.0	0.0	2.5	2.5
Pre-tax profit						
31.03.2010	7.0	13.4	13.2	13.0	8.4	55.0
31.03.2009	5.7	15.0	17.2	22.5	-16.6	43.8
Taxation						
31.03.2010	2.2	4.3	4.2	4.2	2.9	17.8
31.03.2009	1.7	4.8	5.5	7.2	-4.2	15.0
Net profit for the year						
31.03.2010	4.8	9.1	9.0	8.8	5.5	37.2
31.03.2009	4.0	10.2	11.7	15.3	-12.4	28.8

* including € -4.1 million consolidation (previous year: € -2.8 million)

The segment reporting shows how the situation on the markets has eased compared to the prior-year quarter which was still characterised by significant spread widening, putting pressure on portfolios held in the bank's Central Divisions. Private Banking was able to improve its result in the more favourable market environment again. Corporate Banking, Institutional Clients and Global Markets were not able to repeat the extremely good results reported the previous year. The easing of the crisis on the financial markets was reflected positively in particular in the evaluation result of capital investments reported under net trading income and in the bank's financial assets held in the Central Divisions.

The Private Banking business was able to increase revenues from securities and asset management transactions significantly owing to many investors no longer exercising restraint. In the Corporate Banking business, declines in revenues in the fee-dominated fixed income and foreign exchange business were almost offset by higher net fee income in investment banking and in the international business as well as by an increase in net interest income in the lending business as a result of higher margins. The Institutional Clients business was only able to offset lower revenues from the generation and placement of bond issues and from foreign exchange transactions in part with higher revenues in the client-oriented trading business. In addition to the good equity and equity derivatives trading revenues, Global Markets was able to generate a very favourable Treasury result, but it did not reach the extraordinarily high prior-year level.

The increase in administrative expenses throughout the bank can be explained in particular by higher accruals for performance-related remuneration as a result of the increase in earnings, regulatory costs and contributions as well as IT costs for improving the bank's future competitive position.

8 ▶ Loans and advances to banks

in €m	31.03.2010	31.12.2009
Current accounts	931.1	361.2
Money market transactions	4,082.2	1,923.8
of which overnight money	2,699.3	109.8
of which term deposits	1,382.9	1,814.0
Other loans and advances	137.9	144.4
Total	5,151.2	2,429.4
of which to domestic banks	3,830.5	1,442.0
of which to foreign banks	1,320.7	987.4

9 ▶ Loans and advances to customers

in €m	31.03.2010	31.12.2009
Current accounts	1,232.6	980.9
Money market transactions	671.1	620.9
of which overnight money	90.7	79.3
of which term deposits	580.4	541.6
Loan accounts	1,036.5	1,063.4
Other loans and advances	19.0	22.3
Total	2,959.2	2,687.5
of which domestic customers	2,047.4	1,933.0
of which foreign customers	911.8	754.5

10 ▶ Net loan impairment and other credit risk provisions

in €m	31.03.2010	31.12.2009
Net loan impairment provision	42.2	42.9
Provisions for credit risks	6.8	6.8
Net loan impairment and other credit risk provisions	49.0	49.7

in €m	Impairments/provisions					
	Individually assessed		Collectively assessed		Total	
	2010	2009	2010	2009	2010	2009
As at 01.01.	32.7	20.2	17.0	8.0	49.7	28.2
Reversals	0.7	2.7	0.0	0.0	0.7	2.7
Utilisation	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.0	2.1	0.0	1.0	0.0	3.1
Currency translation/transfers	0.0	0.0	0.0	0.0	0.0	0.0
As at 31.03.	32.0	19.6	17.0	9.0	49.0	28.6

11 ▶ Trading assets

in €m	31.03.2010	31.12.2009
Bonds and other fixed-income securities	4,749.8	4,839.7
Equities and other non-fixed-income securities	744.5	832.4
Tradable receivables	1,712.0	1,917.2
Positive market value of derivatives	2,249.8	1,992.6
Reverse repos	280.1	72.3
Securities lending	0.0	0.3
Security in the derivatives business	427.2	346.6
Derivatives in hedging relationships	2.3	0.2
Derivatives in the bank book	3.9	4.4
Total	10,169.5	10,005.7

12 ▶ Financial assets

in €m	31.03.2010	31.12.2009
Bonds and other fixed-income securities and interest rate derivatives	2,681.0	2,567.4
Equities	23.3	29.8
Investment certificates	127.9	145.3
Promissory note loans	278.9	277.3
Interests in subsidiaries	106.1	106.3
Total	3,217.2	3,126.1

13 ▶ Deposits by banks

in €m	31.03.2010	31.12.2009
Current accounts	1,047.8	563.5
Money market transactions	3,626.3	1,961.3
of which overnight money	2,960.3	11.9
of which term deposits	666.0	1,949.4
Other liabilities	177.3	172.8
Total	4,851.4	2,697.6
of which domestic banks	2,144.5	741.5
of which foreign banks	2,706.9	1,956.1

14 ▶ Customer accounts

in €m	31.03.2010	31.12.2009
Current accounts	6,486.8	5,686.8
Money market transactions	2,946.6	3,040.4
of which overnight money	484.0	346.4
of which term deposits	2,462.6	2,694.0
Savings deposits	40.8	33.6
Other liabilities	285.4	301.3
Total	9,759.6	9,062.1
of which domestic customers	7,048.4	6,193.1
of which foreign customers	2,711.2	2,869.0

15 ▶ Trading liabilities

in €m	31.03.2010	31.12.2009
Negative market value of derivatives	2,709.6	2,452.9
Promissory note loans, bonds, certificates and warrants	2,725.3	2,637.1
Delivery obligations arising from securities sold short	19.6	17.7
Securities lending	22.9	11.4
Security in the derivatives business	38.4	74.4
Derivatives in hedging relationships	6.4	3.2
Total	5,522.2	5,196.7

Other Notes

16 ▶ Derivatives business

in €m	Nominal amounts with a residual maturity of			Total	Market value
	Up to 1 year	1–5 years	More than 5 years		
Interest rate transactions					
31.03.2010	7,201	16,524	10,192	33,917	1,005
31.12.2009	10,413	15,908	11,769	38,090	942
Foreign exchange transactions					
31.03.2010	27,566	1,420	2	28,988	511
31.12.2009	25,921	1,402	14	27,337	398
Equity and index transactions					
31.03.2010	5,108	1,771	264	7,143	255
31.12.2009	4,050	1,594	96	6,020	198
Total					
31.03.2010	39,875	19,715	10,458	70,048	1,771
31.12.2009	40,663	18,904	11,879	71,446	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 ▶ Market risk

in €m	31.03.2010	31.12.2009
Interest rate transactions	2.2	2.9
Equity and index transactions	5.9	4.6
Foreign exchange transactions	0.3	0.2
Overall market risk potential	7.8	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. Taking correlations into consideration, the overall market risk potential is lower than the sum of the risks per risk category.

18 ▶ Contingent liabilities and other obligations

in €m	31.03.2010	31.12.2009
Contingent liabilities on guarantees and indemnity agreements	1,590.4	1,569.2
Irrevocable loan commitments	3,498.9	3,290.2
Total	5,089.3	4,859.4

Key Dates

8 June 2010

Annual General Meeting

12 August 2010

Press Conference

Interim Report as at 30 June 2010

11 November 2010

Interim Report

as at 30 September 2010



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