Interim Report as at 30 September 2010

HSBC Trinkaus

Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. – 30.09.2010	01.01. – 30.09.2009	Change in %
Income statement in €m			
Operating revenues	505.9	469.4	7.8
Net loan impairment and other credit risk provisions	1.3	11.5	−88.7
Administrative expenses	337.8	312.1	8.2
Operating profit	166.9	145.8	14.5
Pre-tax profit	161.6	131.7	22.7
Tax expenses	52.2	43.1	21.1
Net profit for the year	109.4	88.6	23.5
Ratios			
Cost:income ratio of usual business activity in %	67.5	68.5	–
Return on equity before tax in % (projected for the year as a whole)	20.8	18.4	–
Net fee income in % of operating revenues	57.3	56.1	–
No. of employees at the reporting date	2,371	2,265	4.7
Share information			
Average number of shares in circulation in million	26.8	26.1	2.7
Earnings per share in €	4.09	3.39	20.6
Share price at the reporting date in €	100.0	88.0	13.6
Market capitalisation at the reporting date in €m	2,810	2,297	22.3

	30.09.2010	31.12.2009	Change in %
Balance sheet figures in €m			
Total assets	21,035	18,729	12.3
Shareholders' equity	1,254	1,063	18.0
Regulatory ratios			
Tier 1 in €m	959	817	17.4
Regulatory capital in €m	1,336	1,160	15.2
Risk-weighted assets in €m	7,925	7,850	1.0
Tier 1 ratio in %	12.1	10.4	–
Regulatory capital ratio in %	16.9	14.8	–

Ladies and Gentlemen,

After the severe recession in 2009 the global economy continued to make a good recovery in the third quarter of this year. Germany has benefited in particular from this favourable trend as an export-oriented nation and significant economic growth is therefore to be assumed this year. As the Federal Government has created the basis for above-average growth in a global economic recovery with its dauntless labour market policy, Germany is again the driving force in the European economy. Domestic demand also appears to be benefiting from the positive sentiment in Germany.

Against this backdrop, HSBC Trinkaus was again able to present strong results. Operating profit for the first nine months of the financial year was increased by 14.5 % to € 166.9 million (first nine months of 2009: € 145.8 million). Pre-tax profit grew in the same period by 22.7 % from € 131.7 million to € 161.6 million. This performance is attributable to our stable and successful business model which, with its clear focus on our target groups "high net worth individuals", "corporate clients" and "institutional clients", supported by risk-aware trading, has proven itself in particular in these uncertain times. It shows that our reinforced growth strategy has started to translate into success. We were able to create a solid base for our growth strategy with our successful capital increase this summer. Our affiliation to the HSBC Group continues to reinforce our client-oriented approach.

Profitability

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

- Net interest income decreased by 10.8 % to € 97.0 million (2009: €108.8 million), mainly on account of the decline in deposit margins and volumes. In the lending business the effect of slightly lower volumes was more than compensated by higher margins. There was a moderate increase in interest income from financial assets.

- Net loan impairment and other credit risk provisions amounted to € 1.3 million (2009: € 11.5 million). The additions to individually assessed impairments decreased significantly, thanks to the cyclical recovery and our cautious management of default risks, while reversals were lower. We reduced collectively assessed impairments only slightly despite the improvement in the economic situation, thereby keeping to our conservative orientation with respect to the assessment of default risks.

- At € 289.7 million, net fee income was 10.0 % up on the prior-year result of € 263.3 million. An extraordinarily good performance in Investment Banking was mainly responsible for this increase. We benefited here in particular from accompanying equity capital markets transactions at large, listed companies. We were also able to increase 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. However, our transaction revenues suffered from lower orders.

- Net trading income grew by 15.7 % to € 107.7 million (2009: € 93.1 million), due essentially to gains on bold holdings and interest rate derivatives. The trend from the first half of the year continued in the quarter under review with falling interest rates and credits spreads and accompanying valuation gains. On the interest rate side, money market trading was able to achieve a favourable result owing to our still outstanding liquidity position. We also recorded growth in trading with equities and equity/index derivatives, our most important source of earnings in net trading income. Our retail products, in particular trading with knock-out products, made a significant contribution here. The business with discount and bonus certificates, which suffered the strongest decline the previous year, also benefited from growing demand. On the other hand, we reported valuation losses on derivatives in the banking book for hedging strategic interest rate positions.

- Other operating income includes for the first time significant contributions from our real estate fund project in Australia. Net other income, at € 7.5 million, was way below the prior-year level of € 11.9 million, due largely to non-recurring items the previous year.

- Administrative expenses were up 8.2 % to € 337.8 million (2009: € 312.1 million), mainly reflecting the increase in the headcount to implement our growth strategy. Moreover, the improved result led to higher performance-related remuneration. At 67.5 %, the cost:income ratio remains within the adequate range for our business model of 65 % to 70 %.

- The loss from financial assets of € 1.6 million was way below the loss of € 22.3 million recorded the previous year, which had largely been 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.

The asset situation

Total assets were up 12.3 % compared to the end of 2009 at € 21.0 billion. Accounting for just less than 50 % of total assets, customer deposits still represent the bank's main source of refinancing. We regard this as a clear commitment on the part of our clients to our solid business policy, which is reflected not least in our sustained earnings power and our extraordinarily good rating. At € 1,253.7 million, shareholders' equity was 18.0 % up on the level at the end of 2009 (€ 1,062.5 million) due essentially to the € 150.6 million capital increase carried out in July. The valuation reserve for financial instruments increased in the first three quarters by € 29.5 million to € 138.1 million while in the same period actuarial losses resulting from the valuation of pension provisions stood at € 26.1 million, essentially the result of the decline in the level of interest rates.

The financial position

The bank's financial position is still characterised by excellent liquidity. The minimum regulatory requirements were more than doubled on average for the end-of-month positions. Customer accounts at € 10.5 billion – still our most important source of refinancing – were far higher than the year-end figure of € 9.1 billion. We continue to invest a substantial part of this liquidity in eligible bonds and promissory note loans issued by German federal states. HSBC Trinkaus' capital ratio stands at 16.9 % after 14.8 % at the end of the year. Its tier 1 ratio is 12.1 % and contains no hybrid capital components.

Outlook

The overall positive signals coming from the global economy on the one hand and the good position enjoyed by German companies on the other make us quite optimistic for the future. With its successful business model, HSBC Trinkaus sees itself as being in an ideal position in this environment. Our success is guaranteed by the combination 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. This combination is unique within the German banking landscape.

We want to use this position of strength in the years ahead to accelerate growth and increase market share significantly across all our operating divisions. The proceeds from the capital increase carried out this summer will also be used for this. Our processes and structures have already been geared towards this and are being constantly optimised. 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. In any case, we remain guided by the proven principle of growing with our customers, not with our risks.

Düsseldorf, November 2010

The Management Board

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

Consolidated Income Statement

in €m	Notes	01.01. – 30.09.2010	01.01. – 30.09.2009	Change in %
Interest income		146.9	183.9	–20.1
Interest expense		49.9	75.1	–33.6
Net interest income	(1)	97.0	108.8	–10.8
Net loan impairment and other credit risk provisions	(2)	1.3	11.5	–88.7
Share of profit in associates		0.4	0.5	–20.0
Fee income		486.1	430.0	13.0
Fee expenses		196.4	166.7	17.8
Net fee income	(3)	289.7	263.3	10.0
Net trading income	(4)	107.7	93.1	15.7
Administrative expenses	(5)	337.8	312.1	8.2
Income from financial assets		–1.6	–22.3	92.8
Net other income	(6)	7.5	11.9	–37.0
Pre-tax profit		**161.6**	**131.7**	**22.7**
Tax expenses		52.2	43.1	21.1
Net profit for the year		**109.4**	**88.6**	**23.5**
Profit/loss attributable to minority shareholders		0.0	1.6	–100.0
Profit/loss attributable to HSBC Trinkaus shareholders		109.4	87.0	25.7

Earnings per share

in €	01.01. – 30.09.2010	01.01. – 30.09.2009	Change in %
Basic earnings per share	4.09	3.39	20.6
Diluted earnings per share	4.09	3.39	20.6

Consolidated Income Statement – Quarterly Results

in €m	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Interest income	48.0	50.2	48.7	52.8
Interest expense	16.8	16.4	16.7	17.8
Net interest income	31.2	33.8	32.0	35.0
Net loan impairment and other credit risk provisions	–0.7	2.7	–0.7	11.4
Share of profit in associates	0.1	0.1	0.2	0.0
Fee income	142.3	176.4	167.4	146.5
Fee expenses	55.2	67.0	74.2	55.7
Net fee income	87.1	109.4	93.2	90.8
Net trading income	41.2	37.7	28.8	33.9
Administrative expenses	112.4	115.7	109.7	107.2
Income from financial assets	3.2	–5.1	0.3	–1.8
Net other income	3.9	2.1	1.5	0.4
Pre-tax profit	**55.0**	**59.6**	**47.0**	**39.7**
Tax expenses	17.8	18.8	15.6	13.1
Net profit for the year	**37.2**	**40.8**	**31.4**	**26.6**
Profit/loss attributable to minority shareholders	0.0	0.0	0.0	0.0
Profit/loss attributable to HSBC Trinkaus shareholders	37.2	40.8	31.4	26.6

Earnings per share

in €	Q1 2010	Q2 2010	Q3 2010	Q3 2009
Basic earnings per share	1.43	1.56	1.10	1.08
Diluted earnings per share	1.43	1.49	1.17	1.08

The capital increase carried out in the middle of the year has influenced the calculation for the second and third quarter. The successful completion of the capital increase results in no difference between basic and diluted earnings per share for the full year.

Consolidated Balance Sheet

Assets in €m	Notes	30.09.2010	31.12.2009	Change in %
Cash reserve		24.8	177.0	–86.0
Loans and advances to banks	(8)	2,727.1	2,429.4	12.3
Loans and advances to customers	(9)	2,952.3	2,687.5	9.9
Net loan impairment provision	(10)	–43.8	–42.9	2.1
Trading assets	(11)	11,683.0	10,005.7	16.8
Financial assets	(12)	3,347.7	3,126.1	7.1
Interests in associates		17.9	10.6	68.9
Property, plant and equipment		81.7	83.3	–1.9
Intangible assets		38.6	44.1	–12.5
Taxation recoverable		3.0	13.0	–76.9
current		3.0	13.0	–76.9
deferred		0.0	0.0	0.0
Other assets		202.5	194.8	4.0
Total assets		**21,034.8**	**18,728.6**	**12.3**

Liabilities in €m	Notes	30.09.2010	31.12.2009	Change in %
Deposits by banks	(13)	1,837.3	2,697.6	–31.9
Customer accounts	(14)	10,452.2	9,062.1	15.3
Certificated liabilities		10.0	10.0	0.0
Trading liabilities	(15)	6,752.6	5,196.7	29.9
Provisions		116.5	152.2	–23.5
Taxation		96.1	67.7	41.9
current		80.9	61.1	32.4
deferred		15.2	6.6	> 100.0
Other liabilities		137.9	95.3	44.7
Subordinated capital		378.4	384.4	–1.6
Shareholders' equity		1,253.7	1,062.5	18.0
Share capital		75.4	70.0	7.7
Capital reserve		353.9	216.9	63.2
Retained earnings		715.0	654.7	9.2
Consolidated profit available for distribution in 2009		–	120.9	–
Profit 01.01. – 30.09.2010 incl. profit brought forward		109.4	–	–
Minority interests		0.1	0.1	0.0
Total equity and liabilities		**21,034.8**	**18,728.6**	**12.3**

Breakdown of consolidated shareholders' equity and subordinated capital

in €m	30.09.2010	31.12.2009
Share capital	75.4	70.0
Capital reserve	353.9	216.9
Retained earnings	715.0	654.7
of which: valuation reserve for financial instruments	138.1	108.6
of which: valuation reserve for actuarial profits and losses	–49.4	–23.3
of which: valuation reserve from share-based remuneration	7.0	4.9
of which: valuation reserve from currency conversion	–1.0	–0.2
Net profit including profit brought forward	109.4	120.9
Consolidated shareholders' equity	**1,253.7**	**1,062.5**
Subordinated liabilities	278.4	284.4
Participatory capital	100.0	100.0
Consolidated subordinated capital	**378.4**	**384.4**
Total	**1,632.1**	**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	–65.3	–65.3
Capital increase	150.6	0.0
Net profit	109.4	88.6
Gains/losses not recognised in the income statement	–3.5	66.5
Effects of the change in minority interests	0.0	–1.6
Consolidated shareholders' equity as at 30.09.	**1,253.7**	**1,043.2**

Comprehensive income for the period

in €m	01.01. – 30.09.2010	01.01. – 30.09.2009
Net profit for the year	109.4	88.6
Gains/losses not recognised in the income statement	–3.5	66.5
of which from financial instruments	29.5	58.7
of which from actuarial results	–26.1	5.5
of which from share-based remuneration	–6.1	2.3
of which from currency conversion	–0.8	0.0
Total	**105.9**	**155.1**
Attributable to:		
Minority interests	0.0	1.6
HSBC Trinkaus shareholders	105.9	153.5

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	–226.7	629.1
Cash flow from investing activities	–4.8	–3.7
Cash flow from financing activities	79.3	–137.1
Cash and cash equivalents as at 30.09.	**24.8**	**627.8**

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 September 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 and interpretations, 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. – 30.09.2010	01.01. – 30.09.2009
Interest income	**146.9**	**183.9**
From loans and advances to banks	15.3	34.5
Money market transactions	12.4	30.0
Other interest-bearing receivables	2.9	4.5
From loans and advances to customers	55.7	77.0
Money market transactions	11.1	17.8
Other interest-bearing receivables	44.6	59.2
From financial assets	75.9	72.4
Interest income	73.1	69.8
Dividend income	1.8	1.9
Income from subsidiaries	1.0	0.7
Interest expense	**49.9**	**75.1**
From deposits by banks	13.1	14.6
Money market transactions	7.0	11.1
Other interest-bearing deposits	6.1	3.5
From customer accounts	23.1	44.5
Money market transactions	5.1	20.4
Other interest-bearing deposits	18.0	24.1
From securitised liabilities	0.3	0.3
From subordinated capital	13.4	15.7
Net interest income	**97.0**	**108.8**

2 Net loan impairment and other credit risk provisions

in €m	01.01. – 30.09.2010	01.01. – 30.09.2009
Additions	5.4	14.8
Reversals	4.1	3.3
Direct write-offs	0.0	0.0
Recoveries on loans and advances previously written off	0.0	0.0
Total	**1.3**	**11.5**

3 Net fee income

in €m	01.01. – 30.09.2010	01.01. – 30.09.2009
Securities transactions	188.0	178.7
Foreign exchange transactions and derivatives	40.5	42.6
Investment banking	19.4	2.2
Issuing and structuring business	10.6	10.4
Foreign business	10.1	9.5
Other fee-based business	8.4	7.3
Lending	7.9	6.6
Payments	4.7	4.8
Real estate	0.1	1.2
Total	289.7	263.3

4 Net trading income

in €m	01.01. – 30.09.2010	01.01. – 30.09.2009
Equities and equity/index derivatives	55.4	50.9
Bonds and interest rate derivatives	48.6	32.7
Foreign exchange	7.3	3.5
Derivatives held in the banking book	–3.6	6.0
Total	107.7	93.1

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. – 30.09.2010	01.01. – 30.09.2009
Staff expenses	207.8	187.5
Wages and salaries	180.5	162.8
Social security costs	19.0	16.7
Expenses for retirement pensions and other employee benefits	8.3	8.0
Other administrative expenses	113.2	108.5
Depreciation of property, plant and equipment and of intangible assets	16.8	16.1
Total	337.8	312.1

6 Net other income / expenses

in €m	01.01. – 30.09.2010	01.01. – 30.09.2009
Other operating income	22.7	13.8
Other operating expenses	15.2	4.2
Net other operating income	**7.5**	**9.6**
Other income	0.1	2.3
Other expenses	–0.1	0.0
Other net income	**0.0**	**2.3**
Net other income	**7.5**	**11.9**

7 Segment reporting

in €m	Private Banking	Corporate Banking	Institut. Clients	Global Markets	Central Divisions/ Consolidation	Total
Net interest income						
30.09.2010	8.4	37.6	1.8	2.3	46.9	97.0
30.09.2009	10.8	32.8	1.4	8.9	54.9	108.8
Net loan impairment and other credit risk provisions*						
30.09.2010	0.9	8.1	1.1	0.1	–8.9	1.3
30.09.2009	1.3	6.2	0.9	0.1	3.0	11.5
Share of profit in associates						
30.09.2010	0.0	0.0	0.0	0.0	0.4	0.4
30.09.2009	0.0	0.0	0.0	0.0	0.5	0.5
Net fee income						
30.09.2010	69.7	81.3	119.3	4.2	15.2	289.7
30.09.2009	60.6	71.8	115.6	1.3	14.0	263.3
Operative trading profit						
30.09.2010	0.0	–0.2	3.8	75.7	32.0	111.3
30.09.2009	0.0	–0.2	9.5	84.0	–6.2	87.1
Administrative expenses						
30.09.2010	54.4	64.7	76.5	41.1	101.1	337.8
30.09.2009	50.1	59.5	70.7	41.8	90.0	312.1
of which depreciation and amortisation						
30.09.2010	1.5	1.1	1.0	0.6	12.6	16.8
30.09.2009	1.3	0.9	0.5	0.5	12.9	16.1
Net other operating income/expenses						
30.09.2010	0.0	0.0	0.0	0.0	7.5	7.5
30.09.2009	0.0	0.0	0.0	0.0	9.6	9.6
Operating profit						
30.09.2010	**22.8**	**45.9**	**47.3**	**41.0**	**9.8**	**166.8**
30.09.2009	**20.0**	**38.7**	**54.9**	**52.3**	**–20.2**	**145.7**
Income from financial assets						
30.09.2010	0.0	0.0	0.0	0.0	–1.6	–1.6
30.09.2009	0.0	0.0	0.0	0.0	–22.3	–22.3
Income from derivatives in the banking book						
30.09.2010	0.0	0.0	0.0	0.0	–3.6	–3.6
30.09.2009	0.0	0.0	0.0	0.0	6.0	6.0
Net other non-operating income/expenses						
30.09.2010	0.0	0.0	0.0	0.0	0.0	0.0
30.09.2009	0.0	0.0	0.0	0.0	2.3	2.3
Pre-tax profit						
30.09.2010	**22.8**	**45.9**	**47.3**	**41.0**	**4.6**	**161.6**
30.09.2009	**20.0**	**38.7**	**54.9**	**52.3**	**–34.2**	**131.7**
Taxation						
30.09.2010	7.0	14.4	14.9	12.8	3.1	52.2
30.09.2009	6.3	12.4	17.6	16.7	–9.9	43.1
Net profit for the year						
30.09.2010	**15.8**	**31.5**	**32.4**	**28.2**	**1.5**	**109.4**
30.09.2009	**13.7**	**26.3**	**37.3**	**35.6**	**–24.3**	**88.6**

* inc. € 9.1 million consolidation (previous year: € 3.0 million)

The economic environment is characterised by an extraordinarily strong upswing in Germany and continuing uncertainty on account of the major indebtedness of individual states in the Eurozone. Against this backdrop, the Private Banking and Corporate Banking segments were able to continue to improve earnings in the third quarter compared to the first nine months of the previous year. However, Institutional Clients and Global Markets were not able to repeat the extremely good results reported the year before. Both segments had benefited in 2009 from the major refinancing requirements of many issuers on the capital market and from the falling level of interest rates. The cyclical recovery had a positive impact in particular on the bank's evaluation result of capital investments held in the Central Divisions.

The overall result in the first three quarters of 2010 underlines the bank's balanced business model. In a year-on-year comparison the business with high net worth private clients increased its revenues in particular from its asset management and securities activities and therefore made a substantial contribution to earnings growth after the difficult previous year. In the Corporate Banking business, declines in revenues in the fee-driven fixed-income business on account of market conditions were compensated by strong net fee income in the international business and from acting as a book-runner to a number of corporate capital issues. Higher margins led to an increase in net interest income in the lending business. Despite a strong increase in revenues in the asset management and equities business, the Institutional Clients segment was not able to fully make up for the declines in revenues in the fixed-income business.

Stronger revenues were generated in equity derivatives and equities trading. The bank's Treasury operations were again successful, but were not able to compensate for the declines in revenues resulting from the still low level of interest rates. The increase in administrative expenses throughout the bank is attributable primarily to the higher number of employees of now 2,371 in order to implement the bank´s growth strategy. The IT investments to improve the bank's competitive position as well as regulatory costs also led to higher administrative expenses. The participation of the bank's employees in the growth in earnings is also reflected in administrative expenses.

8 Loans and advances to banks

in €m	30.09.2010	31.12.2009
Current accounts	1,145.8	361.2
Money market transactions	1,450.0	1,923.8
of which overnight money	390.6	109.8
of which term deposits	1,059.4	1,814.0
Other loans and advances	131.3	144.4
Total	**2,727.1**	**2,429.4**
of which to domestic banks	1,625.1	1,442.0
of which to foreign banks	1,102.0	987.4

9 Loans and advances to customers

in €m	30.09.2010	31.12.2009
Current accounts	1,100.2	980.9
Money market transactions	599.8	620.9
of which overnight money	79.3	79.3
of which term deposits	520.5	541.6
Loan accounts	1,237.9	1,063.4
Other loans and advances	14.4	22.3
Total	**2,952.3**	**2,687.5**
of which domestic customers	1,869.3	1,933.0
of which foreign customers	1,083.0	754.5

10 Net loan impairment and other credit risk provisions

in €m	30.09.2010	31.12.2009
Net loan impairment provision	43.8	42.9
Provisions for credit risks	5.6	6.8
Net loan impairment and other credit risk provisions	49.4	49.7

	Impairments/provisions					
	Individually assessed		Collectively assessed		Total	
in €m	2010	2009	2010	2009	2010	2009
As at 01.01.	32.7	20.2	17.0	8.0	49.7	28.2
Reversals	2.0	3.3	2.1	0.0	4.1	3.3
Utilisation	1.5	0.0	0.0	0.0	1.5	0.0
Additions	3.6	10.8	1.8	4.0	5.4	14.8
Currency translation/transfers	–0.1	0.0	0.0	0.0	–0.1	0.0
As at 30.09.	32.7	27.7	16.7	12.0	49.4	39.7

11 Trading assets

in €m	30.09.2010	31.12.2009
Bonds and other fixed-income securities	4,452.5	4,839.7
Equities and other non-fixed-income securities	915.4	832.4
Tradable receivables	2,131.0	1,917.2
Positive market value of derivatives	2,700.0	1,992.6
Reverse repos	1,092.5	72.3
Securities lending	1.4	0.3
Security in the derivatives business	388.9	346.6
Derivatives in hedging relationships	0.0	0.2
Derivatives held in the banking book	1.3	4.4
Total	11,683.0	10,005.7

12 Financial assets

in €m	30.09.2010	31.12.2009
Bonds and other fixed-income securities and interest rate derivatives	2,799.1	2,567.4
Equities	28.3	29.8
Investment certificates	123.2	145.3
Promissory note loans	295.1	277.3
Interests in subsidiaries	102.0	106.3
Total	3,347.7	3,126.1

13 ▸ Deposits by banks

in €m	30.09.2010	31.12.2009
Current accounts	1,058.0	563.5
Money market transactions	594.1	1,961.3
of which overnight money	74.9	11.9
of which term deposits	519.2	1,949.4
Other liabilities	185.2	172.8
Total	**1,837.3**	**2,697.6**
of which domestic banks	496.8	741.5
of which foreign banks	1,340.5	1,956.1

14 ▸ Customer accounts

in €m	30.09.2010	31.12.2009
Current accounts	7,054.6	5,686.8
Money market transactions	3,060.7	3,040.4
of which overnight money	484.0	346.4
of which term deposits	2,576.7	2,694.0
Savings deposits	43.6	33.6
Other liabilities	293.3	301.3
Total	**10,452.2**	**9,062.1**
of which domestic customers	7,826.4	6,193.1
of which foreign customers	2,625.8	2,869.0

15 ▸ Trading liabilities

in €m	30.09.2010	31.12.2009
Negative market value of derivatives	3,475.3	2,452.9
Promissory note loans, bonds, certificates and warrants	2,994.8	2,637.1
Delivery obligations arising from securities sold short	40.4	17.7
Repos	0.0	0.0
Securities lending	4.7	11.4
Security in the derivatives business	228.8	74.4
Derivatives in hedging relationships	8.6	3.2
Total	6,752.6	5,196.7

16 Derivatives business

in €m	Nominal amounts with a residual maturity of Up to 1 year	1–5 years	More than 5 years	Total	Positive Market value
Interest rate transactions					
30.09.2010	5,661	17,128	9,340	32,129	1,366
31.12.2009	10,413	15,908	11,769	38,090	942
Foreign exchange transactions					
30.09.2010	31,673	1,853	69	33,595	676
31.12.2009	25,921	1,402	14	27,337	398
Equity/index-related transactions					
30.09.2010	6,378	2,369	568	9,315	103
31.12.2009	4,329	1,594	96	6,020	198
Total					
30.09.2010	**43,712**	**21,350**	**9,977**	**75,039**	**2,145**
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	30.09.2010	31.12.2009
Interest rate transactions	2.1	2.9
Equity and index transactions	3.7	4.6
Foreign exchange transactions	0.6	0.2
Overall market risk potential	**5.8**	**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	30.09.2010	31.12.2009
Contingent liabilities on guarantees and indemnity agreements	1,373.9	1,569.2
Irrevocable loan commitments	3,749.5	3,290.2
Total	**5,123.4**	**4,859.4**

Key Dates

March 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

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