Interim Report as at 30 June 2013

HSBC Trinkaus

Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. to 30.06.2013	01.01. to 30.06.2012*	Change in %
Income statement in €m			
Operating revenues	366.5	386.0	–5.1
Net loan impairment and other credit risk provisions	5.2	–1.3	–
Administrative expenses	242.7	269.7	–10.0
Pre-tax profit	131.9	121.1	8.9
Tax expenses	43.4	40.0	8.5
Net profit	88.5	81.1	9.1
Ratios			
Cost efficiency ratio of usual business activity in %	63.9	69.2	–
Return on equity before tax in % (projected for the full year)	20.1	18.9	–
Net fee income in % of operating revenues	59.9	49.5	–
No. of employees at the reporting date	2,525	2,536	–0.4
Share information			
Average number of shares in circulation in million	28.1	28.1	0.0
Earnings per share in €	3.15	2.89	9.0
Share price at the reporting date in €	86.0	89.2	–3.6
Market capitalisation at the reporting date in €m	2,417	2,507	–3.6

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

	30.06.2013	31.12.2012	Change in %
Balance sheet figures in €m			
Total assets	22,956	20,048	14.5
Shareholders' equity	1,377	1,385	–0.6
Regulatory ratios			
Tier 1 in €m	1,186	1,193	–0.6
Regulatory capital in €m	1,522	1,535	–0.9
Risk-weighted assets in €m	9,763	9,238	5.7
Tier 1 ratio in %	12.2	12.9	–
Regulatory capital ratio in %	15.6	16.6	–

Letter from the Management Board

Ladies and Gentlemen,

HSBC Trinkaus generated an excellent result in the first half of 2013 with net profit of €80.5 million (H1 2012: €81.1 million). Owing to the change in provisions relating to the recognition of our pension obligations (IAS 19) as well as the impact of the Federal Labour Court (Bundesarbeitsgericht - BAG) ruling on employee's rights under certain remuneration programmes, the prior-year figures had to be adjusted (cf. explanations on page 19 f.).

Our client-oriented business model with the Private Banking, Commercial Banking, Global Banking and Markets as well as Asset Management segments has continued to prove itself against the backdrop of the unresolved European sovereign debt crisis and the weak economic trend worldwide.

Dr Olaf Huth left the Management Board of the Bank with effect from our Annual General Meeting on 4 June 2013. Dr Huth was responsible for the Private Banking business and will remain committed to HSBC Trinkaus as Member of the Advisory Board. Mr Andreas Schmitz has taken over responsibility for the segment. Furthermore, Mr Manfred Krause decided to resign as Management Board member responsible for the Commercial Banking segment with effect from 15 July 2013. We would like to thank both of them for the valuable work they each carried out for more than 20 years and for their excellent personal cooperation. Mr Stephen Price will be responsible in future as Member of the Executive Committee for the CMB business in Germany which we plan to expand further in this market, which is also important for the HSBC Group.

The following interim management report should be read in conjunction with our group management report for the 2012 financial year. The organisation, structure and strategic orientation still correspond to the statements made in the group management report.

Interim Management Report

General Economic Setting

The Eurozone remains in recession. The economic trend in the emerging markets has not come up to expectations and the economic indicators have also weakened. Germany's export-dependent economy has not been able to escape this trend. In contrast, there are signs of an upturn in domestic demand.

The financial sector continues to battle with low revenue growth and the current and future implementation of the growing regulatory requirements will involve significantly higher costs. There is still uncertainty over the regulatory framework and its implementation which is associated with limited planning certainty with regard to capital requirements, structures and finally also earnings opportunities for the banks.

Profitability

- Net interest income was down by €7.8 million, from €89.2 million in the comparable period of 2012, to €81.4 million, the result on the one hand of a decline in interest income from financial assets. Maturing bonds could only be replaced by bonds offering a comparable risk profile with far lower coupons in the current market environment. Low margins in the lending and deposit-taking business are also putting pressure on net interest income.

- After the net reversal of net loan impairment and other credit risk provisions of €1.3 million in the comparable period, there was a net charge of €5.2 million in the first half of 2013. This is attributable to the net addition of €4.0 million to individually assessed impairments and €1.2 million to collectively assessed impairments. Our conservative orientation is unchanged in relation to the assessment of risk provisions.

- There was a favourable improvement in net fee income of €28.5 million to €219.4 million (H1 2012: €190.9 million). At €124.3 million, revenues in the securities business, the key factor of success in our fee-based business, were €7.1 million higher than the prior-year figure (€117.2 million). Net fee income in our lending business grew substantially, from €6.9 million to €11.6 million, due not least to fees earned from the lead arrangement of large syndicated loans within the scope of our growth strategy in the corporate banking business. Net fee income from investment banking also rose significantly, from €1.3 million to €12.5 million, attributable mainly to supporting customers during fund raising transactions. Net fee income from alternative investments was also improved substantially, by €7.9 million to €9.2 million (H1 2012: €1.3 million). There was a slight decline in net fee income of €1.6 million from foreign exchange transactions and derivatives and of €2.1 million from the issuing and structuring business. Finally, net fee income from the international business and payments was almost unchanged.

- Net trading income declined substantially by €50.9 million to €61.4 million (H1 2012: €112.3 million), due above all to extraordinary items the previous year. Firstly, there was an extraordinary effect resulting from a subsequent increase in compensation in income from trading in equities and equity/index derivatives. Secondly, income from treasury operations was included in income from the fixed-income and interest rate derivatives business in the comparable period which could not be repeated in the first half of 2013 owing to the change in interest rates. Net trading income is still coming under pressure from weak client demand for trading-oriented retail products and certificates.

- Administrative expenses declined significantly by €27.0 million, from €269.7 million to €242.7 million. The prior-year figures had to be adjusted as a result of the change in the provisions relating to the recognition of pension obligations (IAS 19) (see explanations on page 19f.); the change in the provisions led to higher staff expenses in the comparable period of €0.9 million. A further adjustment had to be made to the prior-year figures on account of the impact of the BAG ruling (see explanations on page 19f.) resulting in a decline in staff expenses of €1.8 million in the comparable period. The decline in administrative expenses is largely the result of lower variable staff expenses as well as a reduction in the headcount compared to the previous year. The measures to reduce costs introduced the previous year are also reflected in the trend in other administrative expenses. On the other hand, compulsory contributions rose by €1.5 million resulting in a slight increase in other administrative expenses of €0.3 million on balance. The cost efficiency ratio therefore improved from 69.2% in the comparable period to 63.9% in the reporting period.

- Income from financial assets improved from €4.6 million to €12.2 million and is essentially the result of gains realised on the disposal of financial assets. The substantial increase versus the comparable period is due to the fact that write-downs on investments in the real estate sector were also included in the result the previous year.

- Net other income of €5.2 million (H1 2012: €–0.5 million) includes above all rental income from our property in Australia, which is set against interest expense from refinancing. The increase compared to the previous year is due essentially to lower expenses for the creation of provisions.

The asset situation

HSBC Trinkaus' total assets increased compared to the end of 2012 by €2.9 billion to €23.0 billion.

Customer accounts of €13.9 billion (31.12.2012: €11.9 billion) still represent our most important source of refinancing. Even though the increase is partially balance sheet date related, we regard the high level of deposits as a clear commitment on the part of our clients to our solid business policy and our high credit standing. As part of the HSBC Group, HSBC Trinkaus is still the highest rated private commercial bank in Germany with a 'AA- (Stable)' Fitch rating.

The increase in loans and advances to banks, from €1.6 billion to €2.1 billion, corresponds with the increase in deposits by banks, from €1.2 billion to €2.4 billion, and is essentially balance sheet date related. This was due above all to short-term deposits by other units of the HSBC Group which have also invested on a short-term basis.

Loans and advances to customers increased again, from €4.6 billion to €5.0 billion, clearly illustrating the success of our growth strategy in the corporate banking business.

Trading assets declined by €1.0 billion compared to 31 December 2012 to €7.3 billion. The decline is attributable essentially to bonds and other fixed-income securities as well as promissory note loans.

Shareholders' equity of €1,376.9 million is €8.4 million higher than the level as at 31 December 2012. The valuation reserve for financial instruments declined by €28.5 million to €132.1 million, while the valuation reserve for the remeasurement of the net pension obligation improved by €1.6 million to €–58.7 million. This is due above all to the change in accounting of pensions (see explanations on page 19 f.).

Furthermore, the dividend for the previous year of €70.3 million was distributed in the second quarter.

The financial position

The Bank's financial position is still characterised by excellent liquidity. The minimum regulatory requirements were exceeded by far with an average of 2.1 for the end-of-month positions. We continue to invest a substantial part of our surplus liquidity in eligible bonds issued by German federal states. At 15.6%, compared to 16.6% at the end of the year, the capital ratio was slightly lower owing to the increase in risk exposure as a result of our growth strategy (the Tier 1 ratio is 12.2% and contains no hybrid capital components). The Bank already fulfils the higher capitalisation requirements which will apply in the years ahead according to the new Basel III provisions and there is still adequate scope for further business expansion.

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 use the resulting yield opportunities. We regard counterparty, market and liquidity risk, operative and strategic risks and not least also 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 increasing 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, although declining market volumes and the persistently low level of interest rates represent a far more challenging environment.

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 2013 breaks down into the sectors listed below:

	30.06.2013		31.12.2012	
	in €m	in %	in €m	in %
Companies and self-employed professionals	10,657.3	40.1	10,523.8	40.1
Banks and financial institutions	10,629.5	40.0	9,975.7	38.0
Public sector	5,058.3	19.0	5,468.1	20.8
Employed private individuals	244.9	0.9	292.6	1.1
Total	**26,590.0**	**100.0**	**26,260.2**	**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:

	30.06.2013		31.12.2012	
	in €m	in %	in €m	in %
Rating categories 1–2	7,516.2	52.7	6,881.8	52.4
Rating categories 3–4	6,580.5	46.1	6,101.5	46.5
Rating category 5	171.8	1.2	145.2	1.1
Total	**14,268.5**	**100.0**	**13,128.5**	**100.0**

Market risk

The total market risk after the first six months of 2013 is as follows:

in €m	30.06.2013	31.12.2012
Interest rate risk	2.1	1.0
Credit spread risk	3.1	3.3
Currency risk	0.1	0.5
Equity/index risk	1.6	0.5
Commodities risk	0.1	0.0
Total potential market risk in the trading portfolio	**3.6**	**3.8**

The market risk potential is calculated for all market risk categories using a standardised internal model which we are constantly developing further. 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 2013

Thanks to the diversified business model and its strong capital base, HSBC Trinkaus is in the position to gain market shares in all segments in 2013 as well. We are keeping to the goal of expanding our business in the medium term, focusing on the significant expansion of the business with upper mid-market enterprises (‘MMEs’) and multinational corporate clients. Our integration into the global HSBC Group and the related international product and service ranges builds the decisive added value for all customer groups. Our corporate clients benefit from the fact that they are able to use our services in all of the world’s important national economies via HSBC Trinkaus and the HSBC Group network and manage them from Germany.

This enables them to meet the requirements of their global business, be it by keeping foreign currency accounts or through the local financing of business units abroad. The global expertise of local HSBC specialists and their skills in product development are available extensively to our clients in the Institutional Clients business. For example, direct access to the Group’s global trading books enables large volume transactions to be executed, managing customers’ risk exposures, and provides clients with investment opportunities in emerging and growth markets. Our Private Banking clients also benefit from the internationality of our business, for example via a fund investment in emerging markets products or keeping Chinese yuan accounts.

Further shifts in the global economy are to be expected over the next few years. According to an HSBC study, almost two thirds of the 30 strongest national economies will be countries which are emerging markets as of today in 2050, leading to a shift in economic power from West to East and from North to South. The growth in the emerging markets remains strong compared to the national economies of the Eurozone – despite the economic slowdown in some countries mentioned. It is therefore all the more important that the Eurozone states contain the crisis as soon as possible. We are expecting an operating profit more or less on the prior-year level for the 2013 financial year. This forecast is subject to the crisis in the Eurozone not coming to a critical head again and that a major slump in economic activity in Germany can be avoided, which would be associated with a considerable increase in risk provisioning.

Events occurring after the balance sheet date

We announced our withdrawal from Luxembourg at the end of June. This was a very difficult decision for us to make, but reflects the strategic approach of concentrating our efforts on the German market. At the beginning of July, our two wholly-owned Luxembourg subsidiaries, HSBC Trinkaus & Burkhardt (International) SA and HSBC Trinkaus Investment Managers SA, sold their Private Banking activities and the Private Banking-related fund business to the Liechtenstein-based VP Bank Group (VP Bank), represented by the Luxembourg-based units VP Bank (Luxembourg) SA and VPB Finance SA. The withdrawal from Luxembourg will put pressure on the income statement in the second half of 2013 in the form of provisions for the discontinuation of these activities and will involve corresponding declines in revenues in future.

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 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 the Bank is continuing with its solid performance overall. We are therefore convinced that HSBC Trinkaus is well equipped to also master the challenges that lie ahead.

Düsseldorf, August 2013

The Management Board

Andreas Schmitz | Paul Hagen | Carola Gräfin v. Schmettow

Consolidated Balance Sheet

Assets in €m	Note	30.06.2013	31.12.2012*	01.01.2012*	Change in %**
Cash reserve		2,897.6	265.0	672.2	>100
Loans and advances to banks	(8)	2,125.5	1,551.2	2,502.7	37.0
Loans and advances to customers	(9)	4,973.2	4,554.3	3,835.7	9.2
Net loan impairment provision	(10)	–30.6	–25.2	–27.1	21.4
Trading assets	(11)	7,287.2	8,261.5	9,088.7	–11.8
Financial assets	(12)	5,294.5	5,068.3	4,164.7	4.5
Interests in associates		54.4	55.1	65.2	–1.3
Property, plant and equipment		86.4	80.6	79.3	7.2
Intangible assets		19.5	23.7	31.3	–17.7
Taxation recoverable		2.9	1.2	9.4	>100
current		2.9	1.2	8.6	>100
deferred		0.0	0.0	0.8	–
Other assets		245.7	212.1	213.1	15.8
Total assets		**22,956.3**	**20,047.8**	**20,635.2**	**14.5**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.
** Changes from 31 December 2012 to 30 June 2013

Liabilities in €m	Note	30.06.2013	31.12.2012*	01.01.2012*	Change in %**
Deposits by banks	(13)	2,413.5	1,219.5	832.8	97.9
Customer accounts	(14)	13,933.8	11,880.4	12,446.6	17.3
Certificated liabilities		10.0	10.0	10.0	0.0
Trading liabilities	(15)	4,394.6	4,721.9	5,309.5	−6.9
Provisions		135.5	136.6	103.0	−0.8
Taxation		64.2	65.8	48.4	−2.4
current		63.0	53.4	48.3	18.0
deferred		1.2	12.4	0.1	−90.3
Other liabilities		274.4	275.0	235.1	−0.2
Subordinated capital		353.4	353.4	353.4	0.0
Shareholders' equity		1,376.9	1,385.3	1,296.4	−0.6
Share capital		75.4	75.4	75.4	0.0
Capital reserve		356.5	354.3	363.2	0.6
Retained earnings		784.9	726.0	666.6	8.1
Valuation reserve for financial instruments		132.1	160.6	88.5	−17.8
Valuation reserve for the remeasurement of the net pension obligation		−58.7	−60.3	−30.4	−2.7
Valuation reserve from currency conversion		−1.8	−2.8	−2.8	−35.7
Net profit including profit brought forward		88.5	132.0	135.9	−33.0
Total equity and liabilities		**22,956.3**	**20,047.8**	**20,635.2**	**14.5**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.
** Changes from 31 December 2012 to 30 June 2013

Consolidated Statement of Comprehensive Income HSBC Trinkaus & Burkhardt

Consolidated income statement

in €m	Note	01.01. to 30.06.2013	01.01. to 30.06.2012*	Change in %
Interest income		116.5	132.6	– 12.1
Interest expense		35.1	43.4	– 19.1
Net interest income	(1)	81.4	89.2	– 8.7
Net loan impairment and other credit risk provisions	(2)	5.2	– 1.3	–
Share of profit in associates		0.2	– 7.0	–
Fee income		394.8	343.9	14.8
Fee expenses		175.4	153.0	14.6
Net fee income	(3)	219.4	190.9	14.9
Net trading income	(4)	61.4	112.3	– 45.3
Administrative expenses	(5)	242.7	269.7	– 10.0
Income from financial assets		12.2	4.6	> 100
Net other income	(6)	5.2	– 0.5	–
Pre-tax profit		**131.9**	**121.1**	**8.9**
Tax expenses		43.4	40.0	8.5
Net profit		**88.5**	**81.1**	**9.1**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Reconciliation from net income to comprehensive income

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012*
Net profit	88.5	81.1
Gains/losses after tax reclassified to the income statement	– 27.5	29.1
of which from financial instruments	– 28.5	29.6
of which from currency conversion	1.0	– 0.5
Gains/losses after tax not reclassified to the income statement	1.6	– 25.3
of which from the remeasurement of the net pension obligation	1.6	– 25.3
Total	62.6	84.9

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Earnings per share

in €	01.01. to 30.06.2013	01.01. to 30.06.2012*	Change in %
Undiluted earnings per share	3.15	2.89	9.0
Diluted earnings per share	3.15	2.89	9.0

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Consolidated statement of changes in equity

in €m	2013	2012*
Consolidated shareholders' equity as at 31.12. of the previous year	1,385.0	1,296.1
Retrospective adjustment	0.3	0.3
Consolidated shareholders' equity as at 01.01.	1,385.3	1,296.4
Distribution	−70.3	−70.3
Net profit	88.5	81.1
Gains/losses not recognised in the income statement	−25.9	3.8
Share-based compensation settled in the form of equity instruments	27.6	−3.7
Transfer of shares to employees in connection with share-based remuneration schemes	−28.3	−6.1
Consolidated shareholders' equity as at 30.06.	**1,376.9**	**1,301.2**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Consolidated cash flow statement

in €m	2013	2012
Cash and cash equivalents as at 01.01.	265.0	672.2
Cash flow from operating activities	2,726.0	−522.4
Cash flow from investing activities	−23.1	−24.2
Cash flow from financing activities	−70.3	−70.3
Cash and cash equivalents as at 30.06.	2,897.6	55.3

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.

Consolidated Income Statement Quarterly Results

In €m	Q2 2013	Q1 2013	Q2 2012*	Q1 2012*
Interest income	59.3	57.2	67.2	65.4
Interest expense	17.2	17.9	21.6	21.8
Net interest income	42.1	39.3	45.6	43.6
Net loan impairment and other credit risk provisions	5.3	–0.1	–2.2	0.9
Share of profit in associates	0.1	0.1	–7.0	0.0
Fee income	211.2	183.6	171.5	172.4
Fee expenses	93.6	81.8	75.4	77.6
Net fee income	117.6	101.8	96.1	94.8
Net trading income	35.1	26.3	67.8	44.5
Administrative expenses	125.6	117.1	143.1	126.6
Income from financial assets	5.9	6.3	2.1	2.5
Net other income	3.2	2.0	–4.2	3.7
Pre-tax profit	**73.1**	**58.8**	**59.5**	**61.6**
Tax expenses	24.0	19.4	20.0	20.0
Net profit	**49.1**	**39.4**	**39.5**	**41.6**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Earnings per share

in €	Q2 2013	Q1 2013	Q2 2012*	Q1 2012*
Undiluted earnings per share	1.75	1.40	1.41	1.48
Diluted earnings per share	1.75	1.40	1.41	1.48

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

Notes to the Consolidated Income Statement and the Consolidated Balance Sheet

This Interim Report for the HSBC Trinkaus Group as at 30 June 2013 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 2012 consolidated financial statements, apart from the following exceptions.

Owing to the mandatory changes to be applied retrospectively from the 2013 financial year in accordance with IAS 19 'Employee Benefits', the expected interest income from the plan assets is calculated taking into consideration the underlying interest rate of the defined benefit plan. The retrospective reduction in the return on plan assets increases staff expenses by around €0.9 million and improves the valuation reserve for the remeasurement of the net pension obligation by around €0.6 million in the first half of 2012. In the opening balance sheet as at 1 January 2012 and in the balance sheet as at 31 December 2012, respectively, retained earnings/profit brought forward were/was reduced by €8.1 million and €9.3 million, respectively, on the one hand and the valuation reserve for the remeasurement of the net pension obligation increased by €8.1 million and €9.3 million, respectively, on the other.

Furthermore, the amendments to IAS 19 'Employee benefits' lead to a change in the measurement of the provisions covering additional compensation under old-age part-time work agreements. The provision covering the additional compensation is no longer formed for the entire amount upon initial recognition of the provision, but is accumulated ratably up until the start of the inactive phase. The retrospective adjustment of the provision leads to an increase in staff expenses of around €0.1 million for the first half of 2012. In the opening balance sheet as at 1 January 2012 and in the balance sheet as at 31 December 2012, respectively, the provision was reduced by €0.4 million and €0.3 million, respectively, on the one hand and retained earnings were increased by €0.3 million and €0.2 million, respectively, on the other. Furthermore, the provision for deferred taxes was increased in the opening balance sheet as at 1 January 2012 and in the balance sheet as at 31 December 2012, respectively, by €0.1 million in each case.

Several of the terms used have also been changed with the amendment of IAS 19. For example, the term actuarial gains and losses has been used in relation to both the gross pension obligation and plan assets so far. This term now relates only to the effects of changed assumptions and estimates with respect to the measurement of the gross pension obligation and no longer to the deviation between the actual and expected income from the plan assets. We therefore use the new term 'Valuation reserve for the remeasurement of the net pension obligation' in shareholders' equity in this report in place of 'Valuation reserve for actuarial profits and losses' used to date.

The judgement of the German Federal Labour Court (BAG) of 18 January 2012, 10 AZR 612/10 (hereinafter referred to as BAG ruling), has led to a further retrospective adjustment in this financial report. As the BAG ruling was already taken into consideration in the 2012 consolidated financial statements, we refer to the 2012 Annual Report, Note 18, for a detailed explanation. The retrospective adjustment reduces staff expenses for the first half of 2012 by around €1.9 million.

The application of the new standard IFRS 13 'Fair value measurement' is mandatory as of the 2013 financial year. IFRS 13 establishes a single standard guideline for fair value measurement, including a definition of the term fair value and guidance on the methods which can be used to determine it. The application of the standard involves no major measurement changes for HSBC Trinkaus. The new disclosure requirements can be found in Note 16 ‘Fair value of financial instruments’.

Furthermore, the valuation reserves in the statement of comprehensive income are to be divided into two categories in accordance with the amendments to IAS 1. The valuation reserves from financial instruments and currency conversion belong to the category of valuation reserves which are reclassified to the income statement. The valuation reserve for the remeasurement of the net pension obligation is not reclassified to the income statement, on the other hand.

The interests reported as minority interests so far consist of a limited partner interest in a closed-end real estate fund which is fully consolidated in the consolidated financial statements. After a further legal examination in connection with considerations with regard to the future use of the real estate, it was ascertained that the control and all opportunities and risks associated with the limited partner share are not attributable to the holder of the limited partner interests, but to HSBC Trinkaus & Burkhardt AG. Consequently, we no longer report minority interests with immediate effect and have adjusted the comparative disclosures accordingly.

We have amended the disclosure of our security in the derivatives business. This has been reported under trading assets and liabilities, respectively, so far and is now reported under loans and advances to customers / banks and customer accounts / deposits by banks, respectively. Furthermore, we no longer report the securities repurchase and lending business under trading assets and liabilities, respectively, but under other loans and advances, in loans and advances to customers / banks, and under other liabilities, respectively, in customer accounts / deposits by banks. We have adjusted the prior-year figures.

All 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 with the exception of IFRS 9. We are currently examining the possible impact of implementing IFRS 9 on our consolidated financial statements.

The preparation of IFRS financial statements requires the management to provide assessments, assumptions and estimates. Areas in which this is necessary are the determination of the fair value of financial instruments, the impairment of financial instruments and other assets and the accounting of provisions as well as other obligations. These assumptions, estimates and assessments influence the reported amounts of assets and liabilities, as well as the income and expenses of the reporting period. The actual results may deviate from the management's assessment.

For greater clarity we basically report all amounts in € million. The figures have been rounded commercially, which may result in marginal deviations in the consolidated financial statements to hand within the scope of generating figures and calculating percentages.

1 Net interest income

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Interest income	116.5	132.6
from loans and advances to banks	8.3	14.9
Money market transactions	6.3	13.4
Other interest-bearing receivables	2.0	1.5
from loans and advances to customers	47.0	50.9
Money market transactions	4.4	7.2
Other interest-bearing receivables	42.6	43.7
from financial assets	61.2	66.8
Interest income	58.0	63.8
Dividend income	2.1	2.1
Income from subsidiaries	1.1	1.0
Interest expense	35.1	43.4
from deposits by banks	10.9	8.6
Money market transactions	0.7	3.6
Other interest-bearing deposits	10.2	5.0
from customer accounts	10.5	16.2
Money market transactions*	3.2	6.2
Other interest-bearing deposits	7.3	10.0
from securitised liabilities	0.2	0.2
from subordinated capital	8.7	8.7
Other*	4.8	9.7
Net interest income	81.4	89.2

* The effect of transferring the Global Markets refinancing result from net interest income to net trading income was reclassified within interest expenses from the line ‘from customer accounts/money market transactions’ into the line ‘Other’. The previous year’s figures were adjusted accordingly.

2 Net loan impairment and other credit risk provisions

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Additions	5.8	1.4
Reversals	0.5	2.2
Direct write-offs	0.0	0.0
Recoveries on loans and advances previously written off	0.1	0.5
Total	5.2	–1.3

3 Net fee income

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Securities transactions	124.3	117.2
Foreign exchange transactions and derivatives	38.8	40.4
Investment banking	12.5	1.3
Lending	11.6	6.9
Alternative investments	9.2	1.3
Issuing and structuring business	7.0	9.1
Payments*	6.6	6.6
International business*	4.7	4.9
Other fee-based business	4.7	3.2
Total	**219.4**	**190.9**

* According to management reporting, we reclassified the result from international payments, from international business to payments. The previous year's figures were adjusted accordingly.

4 Net trading income

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Equities and equity/index derivatives	22.9	60.8
Bonds and interest rate derivatives	33.6	46.6
Foreign exchange	3.8	6.3
Derivatives held in the banking book	1.1	– 1.4
Total	**61.4**	**112.3**

Interest and dividend income attributable to trading activities is included in net trading income.

5 Administrative expenses

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Staff expenses	150.7	177.8
Wages and salaries	127.2	156.2
Social security costs	14.6	14.0
Expenses for retirement pensions and other employee benefits	8.9	7.6
Other administrative expenses	80.2	79.9
Depreciation of property, plant and equipment and of intangible assets	11.8	12.0
Total	242.7	269.7

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

6 Net other income

in €m	01.01. to 30.06.2013	01.01. to 30.06.2012
Other operating income	12.1	16.1
Other operating expenses	6.9	16.9
Other operating income/expenses	**5.2**	**–0.8**
Other income	0.1	0.3
Other expenses	0.1	0.0
Other net income	**0.0**	**0.3**
Net other income	**5.2**	**–0.5**

The hedge result is reported as net income/expenses from the 2013 financial year. The comparable figures have been adjusted accordingly.

7 Segment reporting*

in €m	PB	CMB	GB&M	AM	Central/ Consoli-dation	Total
Net interest income						
30.06.2013	9.7	32.4	33.7	2.6	3.0	81.4
30.06.2012	14.1	32.5	32.6	3.4	6.6	89.2
Net loan impairment and other credit risk provisions						
30.06.2013	0.0	5.0	0.5	0.0	–0.3	5.2
30.06.2012	0.0	–1.2	–0.1	0.0	0.0	–1.3
Net interest income after net loan impairment and other credit risk provisions						
30.06.2013	9.7	27.4	33.2	2.6	3.3	76.2
30.06.2012	14.1	33.7	32.7	3.4	6.6	90.5
Share of profit in associates						
30.06.2013	0.0	0.0	0.2	0.0	0.0	0.2
30.06.2012	–0.9	–1.0	–4.1	–0.6	–0.4	–7.0
Net fee income						
30.06.2013	35.5	24.0	137.8	22.1	0.0	219.4
30.06.2012	34.9	19.4	123.0	21.9	–8.3	190.9
Operating trading income						
30.06.2013	2.5	3.0	53.4	1.3	0.1	60.3
30.06.2012	2.2	2.4	108.7	1.4	–1.0	113.7
Income after net loan impairment provision						
30.06.2013	47.7	54.4	224.6	26.0	3.4	356.1
30.06.2012	50.3	54.5	260.3	26.1	–3.1	388.1
Administrative expenses						
30.06.2013	35.3	33.1	152.9	15.6	5.8	242.7
30.06.2012	40.4	34.9	173.3	17.0	4.1	269.7
of which depreciation and amortisation						
30.06.2013	0.5	0.6	1.2	0.1	9.4	11.8
30.06.2012	0.6	0.4	4.7	0.1	6.2	12.0
Income from financial assets						
30.06.2013	2.1	2.5	9.4	1.1	–2.9	12.2
30.06.2012	0.9	1.0	4.3	0.6	–2.2	4.6
Income from derivatives in the banking book						
30.06.2013					1.1	1.1
30.06.2012					–1.4	–1.4
Net other income						
30.06.2013	2.4	0.4	2.3	0.2	–0.1	5.2
30.06.2012	1.2	1.4	6.5	0.9	–10.5	–0.5
Pre-tax profit						
30.06.2013	**16.9**	**24.2**	**83.4**	**11.7**	**–4.3**	**131.9**
30.06.2012	**12.0**	**22.0**	**97.8**	**10.6**	**–21.3**	**121.1**
Taxation						
30.06.2013	5.2	7.6	26.2	3.6	0.8	43.4
30.06.2012	3.7	6.9	30.7	3.3	–4.6	40.0
Net profit						
30.06.2013	**11.7**	**16.6**	**57.2**	**8.1**	**–5.1**	**88.5**
30.06.2012	**8.3**	**15.1**	**67.1**	**7.3**	**–16.7**	**81.1**

* Prior year's figures adjusted. The adjustments are explained on page 19 f.

As has already been the case since the first quarter of 2013, the structure of segment reporting corresponds to the new organisational structure of HSBC Trinkaus, which divides the Bank into the four global business lines Private Banking (PB), Commercial Banking (CMB), Global Banking and Markets (GB&M), Asset Management (AM) as well as Central. Private Banking is largely congruent with the private banking business to date, Commercial Banking is responsible for business with SME corporate clients. In addition to servicing large, international corporate clients and institutional clients, Global Banking and Markets is responsible for investment banking and global markets activities. Global Markets includes the origination, sales and trading activities for capital market products. The Asset Management business is now reported separately having been included in the private clients, corporate clients and institutional clients segments in previous years. Only regulatory and other costs and reconciliation items between the total of the four business lines and the overall amount in the respective sub-items of the income statement are essentially shown in Central.

Growing worries over the still weak economic trend in Europe and the emerging markets this year as well as the announcement by the Fed that it will possibly put a stop to the flood of money released by its monthly bond purchases by the middle of next year have led to major fluctuations in prices on equity and bond markets worldwide, in particular in the second quarter of this year. Despite the uncertainty and restraint shown by many market participants in association with this, HSBC Trinkaus was able to exceed the prior-year result, providing evidence of the continuing success of the growth strategy initiated in 2010 as well as the balanced nature of the business structure and stability of the Bank's client-oriented business model. There was favourable growth in the Private Banking, Commercial Banking and Asset Management segments. Excluding the prior-year revenues attributable to the subsequent increase in compensation in the wake of the merger of two companies, the Global Banking and Markets segment also reported a positive trend in earnings in the day-to-day operating business. The prior-year result in the Central segment came under pressure from provisions for future expenses.

In the Private Banking segment, higher revenues from asset and custody account management and from securities transactions were not able to fully offset the decline in net interest income in the deposit-taking business on account of the lower level of market interest rates. The positive impact of the growth strategy was also reflected in Commercial Banking, in particular in the growth in interest and fee income in the lending and international business. This was eaten up, though, by major declines in revenues in the deposit-taking business as a result of lower margins owing to the low level of market interest rates and by the increase in risk provisioning. Excluding the extraordinary revenues from the subsequent increase in compensation in the wake of the merger the previous year, the Global Banking and Markets segment was able to make up for the notable decline in revenues in the Treasury business, which benefited the previous year from falling market interest rates as a result of the surplus liquidity made available by the ECB, with major increases in revenues in Investment Banking from M&A transactions as well as from capital increases. Despite the difficult general setting, revenues in the Asset Management segment again reached the prior-year level.

The decline in administrative expenses in the Bank's four core segments compared to the previous year is the result of the cost-reducing impact of the restructuring measures to increase efficiency implemented the previous year and the lower performance-related remuneration this year, which more than compensate for the growth in regulatory costs in the Central segment and cost allocations for services availed from the HSBC Group.

8 Loans and advances to banks

in €m	30.06.2013	31.12.2012
Current accounts	791.8	400.0
Money market transactions	849.3	544.6
of which overnight money	64.8	73.2
of which term deposits	784.5	471.4
Other loans and advances	222.9	140.4
Security in the derivatives business	261.5	466.2
Total	**2,125.5**	**1,551.2**
of which domestic banks	401.7	178.3
of which foreign banks	1,723.8	1,372.9

We have amended the disclosure of our security in the derivatives business with banks. This has been reported under trading assets so far and is now reported under loans and advances to banks. Furthermore, we no longer report securities repurchase and lending transactions under trading activities, but under other loans and advances in loans and advances to banks. We have adjusted the prior-year figures.

9 Loans and advances to customers

in €m	30.06.2013	31.12.2012
Current accounts	1,362.3	1,104.8
Money market transactions	567.4	574.8
of which overnight money	50.8	77.0
of which term deposits	516.6	497.8
Loan accounts	2,419.0	2,374.7
Other loans and advances	144.0	138.3
Security in the derivatives business	480.5	361.7
Total	**4,973.2**	**4,554.3**
of which domestic customers	3,290.5	2,904.8
of which foreign customers	1,682.7	1,649.5

We have amended the disclosure of our security in the derivatives business with customers. This has been reported under trading assets so far and is now reported under loans and advances to customers. Furthermore, we no longer report securities repurchase and lending transactions under trading activities, but under other loans and advances in loans and advances to customers. We have adjusted the prior-year figures.

10 Net loan impairment and other credit risk provisions

in €m	30.06.2013	31.12.2012
Net loan impairment provision	30.6	25.2
Provisions for credit risks	4.0	4.1
Net loan impairment and other credit risk provisions	**34.6**	**29.3**

	Impairments/provisions					
	Individually assessed		Collectively assessed		Total	
in €m	2013	2012	2013	2012	2013	2012
As at 01.01	12.9	16.6	16.4	13.7	29.3	30.3
Reversals	0.5	2.2	0.0	0.0	0.5	2.2
Utilisation	0.0	0.9	0.0	0.0	0.0	0.9
Additions	4.6	0.0	1.2	1.4	5.8	1.4
Currency translation effects/transfers	0.0	0.0	0.0	0.0	0.0	0.0
As at 30.06	17.0	13.5	17.6	15.1	34.6	28.6

11 Trading assets

in €m	30.06.2013	31.12.2012
Bonds and other fixed-income securities	3,161.3	3,853.2
Equities and other non-fixed-income securities	885.1	807.9
Tradable receivables	1,575.4	1,770.9
Positive market value of derivatives	1,658.0	1,829.5
Derivatives in hedging relationships	7.4	0.0
Total	**7,287.2**	**8,261.5**

We have amended the disclosure of our security in the derivatives business. This has been reported under trading assets so far and is now reported under loans and advances to customers/banks. Furthermore, we no longer report securities repurchase and lending transactions under trading activities, but under other loans and advances in loans and advances to customers/banks. We have adjusted the prior-year figures.

12 Financial assets

in €m	30.06.2013	31.12.2012
Bonds and other fixed-income securities and interest rate derivatives	4,864.8	4,612.9
Equities and other non-fixed-income securities	39.1	38.9
Investment certificates	87.9	80.2
Promissory note loans	202.9	235.6
Investments	99.8	100.7
Total	**5,294.5**	**5,068.3**

13 Deposits by banks

in €m	30.06.2013	31.12.2012
Current accounts	1,554.3	561.5
Money market transactions	585.4	402.4
of which overnight money	21.7	22.9
of which term deposits	563.7	379.5
Other liabilities	81.2	90.9
Security in the derivatives business	192.6	164.7
Total	**2,413.5**	**1,219.5**
of which domestic banks	568.5	367.1
of which foreign banks	1,845.0	852.4

We have amended the disclosure of our security in the derivatives business with banks. This has been reported under trading liabilities so far and is now reported under deposits by banks. Furthermore, we no longer report securities repurchase and lending transactions under trading liabilities, but under other liabilities in deposits by banks. We have adjusted the prior-year figures.

14 Customer accounts

in €m	30.06.2013	31.12.2012
Current accounts	9,731.7	8,163.3
Money market transactions	3,777.6	3,394.9
of which overnight money	1,250.0	750.0
of which term deposits	2,527.6	2,644.9
Savings deposits	60.2	53.6
Other liabilities	364.3	268.6
Total	**13,933.8**	**11,880.4**
of which domestic customers	10,772.1	8,885.8
of which foreign customers	3,161.7	2,994.6

We have amended the disclosure of our security in the derivatives business with customers. This has been reported under trading liabilities so far and is now reported under other liabilities in customer accounts. Furthermore, we no longer report securities repurchase and lending transactions under trading liabilities, but under other liabilities in customer accounts. We have adjusted the prior-year figures.

15 Trading liabilities

in €m	30.06.2013	31.12.2012
Negative market value of derivatives	2,155.7	2,408.3
Promissory note loans, bonds, certificates and warrants	2,157.7	2,195.2
Delivery obligations arising from securities sold short	26.0	41.5
Derivatives in hedging relationships	50.5	70.4
Derivatives held in the banking book	4.7	6.5
Total	**4,394.6**	**4,721.9**

We have amended the disclosure of our security in the derivatives business. This has been reported under trading liabilities so far and is now reported under customer accounts/deposits by banks. Furthermore, we no longer report securities repurchase and lending transactions under trading liabilities, but under other liabilities in customer accounts/deposits by banks. We have adjusted the prior-year figures.

Other Notes

16 Fair value of financial instruments

The fair value of a financial instrument is defined according to IFRS as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assessments by the management are necessary when calculating the fair value. The areas for which management decisions are necessary to a significant extent are identified, documented and reported to senior management within the scope of valuation controls and the monthly reporting cycles.

Management assessments are only required to a minor extent to determine the fair values of financial instruments whose prices are quoted in an active market. Similarly, only a small number of subjective measurements or assessments are necessary for financial instruments which are measured using models that are typical for the industry and whose input parameters all originate from active markets.

The necessary measure of subjective measurement and assessment by the management is more important for those financial instruments that are measured using special and complex models and where some input parameters at least are not observable. The selection and application of appropriate parameters, assumptions and model techniques must be assessed by the management.

Remeasurements are an integral part of the process for determining the fair value that forms the basis for assessments. These take into consideration in particular the measurement of credit and model risk, as well as taking reasonable account of market liquidity.

There were no major changes to the methods used to calculate the fair value compared to 31 December 2012.

Based on the short maturity of large parts of the receivables and liabilities in the business with customers and banks, the difference between the fair value and book value with respect to these items is often insignificant. The following table shows the differences between book values and fair values.

in €m	30.06.2013		31.12.2012	
Liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Customer accounts (from the measurement of long-term promissory note loans borrowed)	13,933.8	13,970.4	11,880.4	11,926.3
Certificated liabilities	10.0	9.0	10.0	8.7
Subordinated capital	353.4	393.2	353.4	410.7

As in the previous year, the book values of the contingent liabilities of €1,806.6 million (2012: €1,805.6 million) and irrevocable loan commitments of €5,417.8 million (2012: €5,253.7 million) equate to the fair values.

The following table shows the financial instruments for which no price is quoted on an active market and whose fair value cannot be determined reliably. These financial instruments are measured at cost. They are mainly holdings in partnerships or unlisted public limited companies.

in €m	30.06.2013	31.12.2012
	Book value	Book value
Partnerships	15.3	15.7
Holdings in unlisted public limited companies	38.2	38.2
Total	53.5	53.9

No holdings in these companies were sold in the reporting period/year (2012: €0.0 million) and there are no plans to sell any holdings at present either.

The following overview lists items measured at fair value on the basis of the method used to calculate the fair value:

Measurement method	Active market	Internal model with		Measured at cost	Total
30.06.2013 in €m		observable parameters	non-observable parameters		
Trading assets	**1,945.6**	**5,341.6**	**0.0**	**0.0**	**7,287.2**
Bonds and other fixed-income securities	1,026.7	2,134.6	0.0	0.0	3,161.3
Equities and other non-fixed-income securities	884.8	0.3	0.0	0.0	885.1
Tradable receivables	0.0	1,575.4	0.0	0.0	1,575.4
Positive market value of derivatives	34.1	1,623.9	0.0	0.0	1,658.0
Derivatives in hedging relationships	0.0	7.4	0.0	0.0	7.4
Financial assets	**2,113.2**	**3,127.8**	**0.0**	**53.5**	**5,294.5**
Bonds and other fixed-income securities	1,950.0	2,914.8	0.0	0.0	4,864.8
Equities and other non-fixed-income securities	29.0	10.1	0.0	0.0	39.1
Investment certificates	87.9	0.0	0.0	0.0	87.9
Promissory note loans	0.0	202.9	0.0	0.0	202.9
Investments	46.3	0.0	0.0	53.5	99.8

Measurement method	Active market	Internal model with		Measured at cost	Total
30.06.2013 **in €m**		**observable parameters**	**non-observable parameters**		
Trading liabilities	40.0	4,267.4	87.2	0.0	4,394.6
Promissory note loans, bonds, certificates and warrants	0.0	2,072.5	85.2	0.0	2,157.7
Delivery obligations arising from securities sold short	17.6	8.4	0.0	0.0	26.0
Negative market value of derivatives	22.4	2,131.3	2.0	0.0	2,155.7
Derivatives in hedging relationships	0.0	50.5	0.0	0.0	50.5
Derivatives held in the banking book	0.0	4.7	0.0	0.0	4.7

For some financial instruments, quoted prices are used as fair values (so-called level 1). The fair values of other financial instruments are measured using the Bank's own internal measurement models. These models allow all parameters included on the market to be observed (so-called level 2).

Level 2 equity instruments comprise for the most part plain vanilla options or single barrier options. The former are measured by means of a Black-Scholes approach (binomial process), while the latter are evaluated using an approximate valuation approach. The following observable market parameters – underlying spot, underlying volatility, underlying dividends and interest rate – are included in these models.

Level 2 transactions in interest rate instruments are generally valued using the discounted cash flow method or the Black-Scholes approach. The necessary parameters are also observable on the market.

Financial instruments in the amount of €1.2 million were transferred from level 1 to level 2 (2012: €0.0 million) in the reporting period. Vice versa, financial instruments in the amount of €20.2 million were transferred from level 2 to level 1 (2012: €98.4 million).

The liquidity of the relevant markets is a particular criterion for transfers from level 1 to level 2 and vice versa. The liquidity is assessed on the basis of trading volume, pricing frequency, price variation and a price's bid/offer spread.

Additionally, the fair value of some financial instruments is calculated using valuation models, where at least one of the parameters used cannot be observed on the market (so-called level 3). These instruments include among others equity certificates on two or more underlyings (multi underlying certificates) or currency-hedged certificates (quanto certificates), which can be measured in an analytical Black-Scholes approach. As a rule, the parameters for the correlation between the individual underlyings or the underlying and the foreign currency are not observable on the market.

In the reporting period, the volume of level 3 financial instruments amounted to €87.2 million (2012: €64.9 million).

30.06.2013 in €m	Fair value	Valuation method	Significant non-observable parameters (Level 3)	Range of uncertainty interval	
Trading liabilities					
Asian options	20.0	Analytical Black-Scholes approach	Volatility	0.3	–0.3
Equity/currency-hedged certificates	67.2	Analytical Black-Scholes approach	Correlation between the underlyings	0.3	–0.3

The portfolio of level 3 financial instruments developed as follows in the reporting period/year:

in €m	Trading assets	Financial assets	Trading liabilities	Total
01.01.2013	**6.4**	**0.0**	**58.5**	**64.9**
Changes in the carrying amount	0.0	0.0	1.9	1.9
recognised in the income statement	0.0	0.0	1.9	1.9
recognised directly in equity	0.0	0.0	0.0	0.0
Purchases	0.0	0.0	0.0	0.0
Issuance	0.0	0.0	60.8	60.8
Sales	0.0	0.0	11.0	11.0
Maturities	6.4	0.0	23.0	29.4
Transfers to level 3	0.0	0.0	0.0	0.0
Transfers out of level 3	0.0	0.0	0.0	0.0
30.06.2013	**0.0**	**0.0**	**87.2**	**87.2**

The range of the uncertainty level is determined for correlation-dependent certificates, for the measurement of which a correlation which is not observable on the market is required, by shifting the estimated correlation by +0.1% and –0.1%, respectively. Both the equity/equity correlations and the equity/FX correlations are shifted equally. The range with respect to long-term volatility is determined from the shift in the volatility of the underlyings. The deviation of the volatility can amount to up to +/–2%.

17 Day-1 profit or loss

Financial assets in Global Markets measured on the basis of an internal model, where at least one key measurement parameter is unobservable on the market, can be subject to a day-1 profit or loss. The day-1 profit or loss is determined as the difference between the theoretical price and the price actually traded.

The day-1 profit or loss developed as follows during the reporting period:

in €m	2013	2012
As at 01.01.	**0.9**	**2.2**
New business	1.5	0.9
Day-1 profit or loss recognised in the income statement	–0.8	–1.6
of which positions closed out	–0.2	–1.6
of which matured transactions	–0.6	0.0
of which observable market parameters	0.0	0.0
As at 30.06	**1.6**	**1.5**

18 Derivatives business

in €m	Nominal amounts with a residual maturity of: Up to 1 year	1–5 years	Over 5 years	Total	Positive market values
Interest rate transactions					
30.06.2013	5,648	10,921	8,468	25,037	979
31.12.2012	6,183	12,464	8,934	27,581	1,220
Foreign exchange transactions					
30.06.2013	33,186	1,995	173	35,354	366
31.12.2012	31,633	1,238	463	33,334	355
Equity/index-based transactions					
30.06.2013	4,332	2,350	58	6,740	6
31.12.2012	3,005	2,151	116	5,272	20
Total					
30.06.2013	**43,166**	**15,266**	**8,699**	**67,131**	**1,351**
31.12.2012	**40,821**	**15,853**	**9,513**	**66,187**	**1,595**

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.

19 Contingent liabilities and other obligations

in €m	30.06.2013	31.12.2012
Contingent liabilities on guarantees and indemnity agreements	1,806.6	1,805.6
Irrevocable loan commitments	5,417.8	5,253.7
Total	**7,224.4**	**7,059.3**

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 2013

The Management Board

Andreas Schmitz | Paul Hagen | Carola Gräfin v. Schmettow

Key Dates

12 November 2013
Interim Report as at 30 September 2013

March 2014
Results Press Conference

May 2014
Interim Report as at 31 March 2014

June 2014
Annual General Meeting

August 2014
Interim Report as at 30 June 2014

12 November 2014
Interim Report as at 30 September 2014

Imprint

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Overall production
mpm media process management GmbH, Mainz

Layout
Ogilvy & Mather Advertising GmbH, Düsseldorf

Printed by
SD Service-Druck GmbH & Co. KG, Neuss

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