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HSBC Holdings plc

Overseas Regulatory Announcement

The attached announcement has been released to the other stock exchanges on which HSBC Holdings plc is listed.

The Board of Directors of HSBC Holdings plc as at the date of this announcement are: D J Flint, S T Gulliver, S A Catz[†], L M L Cha[†], M K T Cheung[†], J D Coombe[†], Sir Jonathan Evans[†], J Faber[†], R A Fairhead[†], R Fassbind[†], J W J Hughes-Hallett[†], W S H Laidlaw[†], J P Lipsky[†], J R Lomax[†], I J Mackay, M M Moses and Sir Simon Robertson[†].

[†] Independent non-executive Director

Hong Kong Stock Code: 5

The following text is the English version of a news release issued in Germany by HSBC Trinkaus & Burkhardt AG, an 80.6% indirectly owned subsidiary of HSBC Holdings plc.

26 February 2014

HSBC TRINKAUS & BURKHARDT AG 2013 PRELIMINARY RESULTS

- Pre-tax profit of €219.1m (2012: €217.9m*)
- Net interest income down slightly to €165.8m (2012: €175.7m)
- Net fee income improved by €17.4m to €401.1m (2012: €383.7m)
- Administrative expenses declined by 1.8% to €486.2m (2012: €495.0m*)

Overview

Against the background of a generally difficult economic trend and regulatory framework, 2013 was a challenging year for HSBC Trinkaus and, as a result of the launch of the bank's revised strategic growth initiative, was also an eventful one. The foundations for positioning the bank as the 'Leading International Bank' in Germany were laid with the launch of its growth initiative in July 2013. This initiative seeks to expand the corporate banking client base (internationally oriented 'Mittel-stand' with annual turnover over €35m and large multinational corporate clients), strengthen the bank's position in the German capital markets, broaden the product range, while further expanding the global cooperation with the rest of the HSBC Group.

Against the backdrop of a stabilising economic activity in the eurozone, HSBC Trinkaus generated a pre-tax profit of €219.1m (2012: €217.9m*) in line with expectations. Net profit was €155.3m compared to €132.0m* in 2012. With the exception of Global Banking and Markets (GB&M) all segments reported an improved performance in 2013. GB&M results were lower due to the non-recurrence of extraordinary items in 2012.

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The core tier 1 ratio of 11.7%, slightly lower than at 31 December 2012, reflected an increase in risk weighted assets in line with the bank's growth strategy (31 December 2012: 12.9%). The bank exceeds current capital requirements under Basel III, and retains sufficient capital to facilitate further business expansion. HSBC Trinkaus, the HSBC Group's principal subsidiary in Germany, is rated 'AA- (Stable)' by Fitch Ratings.

Financial commentary

Net interest income fell by 5.6% to €165.8m (2012: €175.7m). The improvement in interest income earned on higher volumes in the lending business only partially offset the impact of lower margins earned on surplus funds and interest income from financial assets in the low interest rate environment.

There was a net loan impairment and other credit risk provisions charge of €10.9m in 2013 compared to €0.9m the previous year. The 2013 net charge reflected the combination of individually assessed impairments of €3.8m against a small number of exposures and a net charge of collectively assessed impairments of €7.2m, reflecting the growth in lending volumes.

Net fee income rose by 4.5% to €401.1m (2012: €383.7m). The Securities business made the largest contribution, on par with levels recorded for the previous year, despite difficult market conditions. Fee income in the lending business, driven by the bank's participation in a growing number of lead arrangements for large syndicated loans, improved by €8.7m to €23.0m (2012: €14.3m).

There was a significant decline in net trading income to €95.7m (2012: €161.8m), in line with expectations, as the prior year included the one-off income contribution relating to a company merger.

Administrative expenses reduced by €8.8m to €486.2m (2012: €495.0m*). The reduction in staff expenses reflected the non-recurrence of the restructuring expenses included the previous year relating to the changes made to improve operating efficiencies. The 2013 administrative expenses included costs and write-downs of assets in connection with the decision taken to withdraw from business in Luxembourg. The cost efficiency ratio in 2013 improved to 67.9% (2012: 69.4%*).

Income from financial assets improved by €7.2m to €16.3m (2012: €9.1m) reflecting an increase in net gains on the disposal of financial assets.

Total assets at 31 December 2013 of €19.8bn were marginally lower than the prior year (2012: €20.0bn). Customer deposits at €12.2bn (2012: €11.9bn*), 61.6% of total assets, remain the bank's most important source of funding, reflecting our clients' confidence in HSBC Trinkaus' business philosophy and good credit standing.

Outlook

2014 is expected to be a challenging year for HSBC Trinkaus. Through the planned expansion of its business and the improving economic conditions, revenues are intended to grow. However, as part of its strategic initiative, 2014 will see a significant investment in the expansion of the workforce, investment in the IT infrastructure, opening of four further branches in Dortmund, Hannover, Mannheim and Nuremberg as well as the expansion of the Cologne branch which will increase costs considerably.

** Prior year's figures restated. The adjustments to the prior-year figures had to be made in accordance with IFRS and are the result of a change in the reporting of pension plans (IAS 19) as well as changes in the balance sheet*

The final business results for 2013 are scheduled to be published on 30 April 2014.

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Note to editors:

HSBC Trinkaus & Burkhardt AG

HSBC Trinkaus is a commercial bank which draws on its tradition of over 228 years as a trusted advisor to its clients. As one of the country's leading banks, it is also part of the HSBC Group, one of the world's largest banking and financial services organisations. The strength of the bank is its international connectivity. This is characterised by its detailed knowledge of the international markets, mainly the emerging markets, and its global network. Germany is one of the HSBC Group's priority growth markets.

With more than 2,500 employees, HSBC Trinkaus can be found in seven locations in Germany, in addition to the head office in Düsseldorf, and has access to the global network of HSBC. With total assets of €19.8bn and €149.2bn in funds under management and administration, HSBC Trinkaus is the HSBC Group's principal subsidiary in Germany and is rated 'AA- (Stable)' by Fitch Ratings. The bank's central target groups are corporate, institutional, and wealthy private clients. (Figures as at 31 December 2013.)

HSBC Trinkaus' press releases can be found on the www.hsbc Trinkaus.de homepage under 'Press'.

HSBC Trinkaus
Consolidated figures according to International Financial Reporting Standards
(IFRS)

1. Balance sheet figures in €m	2013	2012	Change in %
Loans and advances to customers	4,857.6	4,554.3	6.7
Trading assets	6,753.6	8,261.5	- 18.3
Customer accounts	12,219.1	11,880.4*	2.9
Trading liabilities	4,099.9	4,721.9	- 13.2
Shareholders' equity	1,453.7	1,385.2*	4.9
Total assets	19,809.7	20,047.8	- 1.2
2. Income statement in €m			
Net interest income	165.8	175.7	- 5.6
Net loan impairment and other credit risk provisions	10.9	0.9	>100.0
Net fee income	401.1	383.7	4.5
Net trading income	95.7	161.8	- 40.9
Administrative expenses	486.2	495.0*	-1.8
Pre-tax profit	219.1	217.9*	0.6
Net profit for the year	155.3	132.0*	17.7
3. Ratios			
Return on equity before tax in %	16.5	17.1	-
Cost efficiency ratio of usual business activity in %	67.9	69.4*	-
Funds under management and administration in €bn	149.2	150.3	- 0.7
Tier 1 ratio** in %	11.7	12.9	-
Total capital ratio** in %	14.7	16.6	-
* Prior year's figures adjusted. The adjustments to the prior-year figures had to be made in accordance with IFRS and are the result of a change in the reporting of pension plans (IAS 19) as well as changes of presentation in the balance sheet			
** After allocation to reserves.			

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