Interim Report as at 30 September 2012

HSBC Trinkaus

Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. to 30.09.2012	01.01. to 30.09.2011	Change in %
Income statement in €m			
Operating revenues	574.6	516.5	11.2
Net loan impairment and other credit risk provisions	–1.4	–12.8	–89.1
Administrative expenses	397.1	367.2	8.1
Operating profit	178.9	162.1	10.4
Pre-tax profit	186.6	172.7	8.0
Tax expenses	62.0	57.2	8.4
Net profit for the year	124.6	115.5	7.9
Ratios			
Cost efficiency ratio of usual business activity in %	68.2	69.7	–
Return on equity before tax in % (projected for the full year)	19.4	18.9	–
Net fee income in % of operating revenues	51.1	57.3	–
No. of employees at the reporting date	2,543	2,566	–0.9
Share information			
Average number of shares in circulation in million	28.1	28.1	0.0
Earnings per share in €	4.43	4.11	7.9
Share price at the reporting date in €	88.00	86.98	1.2
Market capitalisation at the reporting date in €m	2,473	2,444	1.2

	30.09.2012	31.12.2011	Change in %
Balance sheet figures in €m			
Total assets	24,576	20,634	19.1
Shareholders' equity	1,381	1,311	5.4
Regulatory ratios			
Tier 1 in €m	1,111	1,100	1.0
Regulatory capital in €m	1,428	1,439	–0.7
Risk-weighted assets in €m	9,513	9,600	–0.9
Tier 1 ratio in %	11.7	11.5	–
Regulatory capital ratio in %	15.0	15.0	–

Letter from the Management Board

Ladies and Gentlemen,

After an unexpectedly strong economic trend in the first few months of the year, there are signs of a cyclical slowdown in Germany in the third quarter. The assessments of the current and future state of the German economy have deteriorated steadily in recent months. The recession in parts of the Eurozone and the weak growth in China, Brazil and India are making business increasingly more difficult for the German export industry.

Despite this challenging environment, HSBC Trinkaus succeeded in generating an impressive result in the first nine months. Operating profit improved by more than 10 % from €162.1 million in the comparable prior-year period to €178.9 million; pre-tax profit was up by around 8 % from €172.7 million to €186.6 million.

There is still considerable uncertainty in the banking market over the regulatory framework and its implementation. This continues to reduce planning certainty as regards capital and liquidity requirements as well as the banks' earnings opportunities.

Our stable and still successful business model, which is clearly oriented towards clients in the Private Banking, Corporate Banking and Institutional Clients segments and is supported by risk-sensitive trading, has continued to prove itself. Our close integration into the HSBC Group continues to provide our client-oriented strategy with significant support.

Profitability

The earnings components are as follows:

- Net interest income showed a very favourable trend with an increase of around 24 % versus the same period last year to €135.3 million. Alongside an increase in the volume of loans and advances to customers, this growth is also attributable to the further expansion of financial assets as a liquidity cushion. However, the trend towards declining margins continues, above all in the deposit business, but also in the lending business.

- Net loan impairment and other credit risk provisions recorded a net release of €1.4m in the first nine months (first nine months of 2011: net release of €12.8m). An addition to collectively assessed impairments was set against a more than compensatory release of individually assessed impairments. Our conservative orientation is unchanged in relation to the granting of loans and the assessment of default risks.

- The share of profit in associates of €–7.9 million (first nine months 2011: €0.4 million) is essentially the result of a write-down on an investment which was necessary on account of the changes unfolding in the regulatory environment of the investment.

- Net fee income declined from €296.1 million in the comparable prior-year period by just less than 1 % to €293.4 million. The number of securities transactions was disappointing in the first nine months. The decline in net fee income in the securities business from €187.0 million to €117.2 million is attributable essentially to the clear restraint exercised by customers on the capital markets. Net fee income from the issuing and structuring business showed a very favourable trend on the other hand with an increase of €5.1 million to €11.5 million. The bond issuing business (Debt Capital Markets) was particularly successful. Net fee income in Investment Banking declined by €10.7 million to €6.6 million while net fee income from the foreign exchange and derivatives business was improved by €10.6 million to

€60.9 million. We continue to benefit in this business from the close cooperation with the companies of the HSBC Group, with most of these transactions settled via their trading books.

- Net trading income improved significantly from €96.3m to €147.4m, due essentially to the extraordinary effect of a subsequent increase in compensation relating to a company merger in the second quarter of the year. On the other hand, the uncertainty on the capital markets and the significantly weaker customer demand associated with it are depressing the result in trading with share and index certificates with respect to both trading-oriented retail products and bonus and discount certificates. The result of the fixed income and interest rate derivatives business increased, though, by €34.1 million to €68.8 million. Money market trading in particular recorded an outstanding result owing to our comfortable liquidity position. Foreign exchange trading improved its result by €3.1 million to €9.6 million on account of the volatility of the US dollar primarily versus the euro. The result from derivatives in the bank book deteriorated by €0.8 million compared to the prior-year period to €–2.1 million.

- We already took up the HSBC Group's initiative and introduced a corresponding measure to improve operating efficiency in the previous quarter. As a result of the first steps being implemented, our workforce declined slightly to 2,543 as at 30 September 2012 after growing by more than 130 persons in 2011. The number of employees will continue to decline slightly in the months ahead as well. We already set up provisions of €18.5 million in the previous quarter for the adjustment measures resolved. The measures introduced to limit costs are already reflected in the trend in other administrative expenses which were reduced by €2.2 million compared to the first nine months of last year to €119.5 million.

- Income from financial assets improved by €3.0 million to €9.5 million. Write-downs on investments in the real estate sector were set against higher gains on disposal as well as write-ups on securities.

- Net other income of €4.6 million was way below the figure of €18.6 million recorded in the comparable period of last year. This decline is attributable on the one hand to the high one-time effects in the first nine months of 2011, including the sale of real estate in Germany. On the other hand, it was necessary to make higher provisions on balance for expected future charges.

The asset situation

Total assets stood at €24.6 billion as at 30 September 2012 and were up by around 19 % compared to 31 December 2011. Customer accounts, still our most important source of refinancing, were almost unchanged at €12.3 billion compared to 31 December 2011 (€12.4 billion). We still regard this as a clear commitment on the part of our clients to our solid business policy which is also reflected in our sustained earnings power and our "AA" rating last confirmed by Fitch in April 2012. The €3.7 billion increase in deposits by banks is balance sheet date-related. This increase is due above all to short-term deposits by other units of the HSBC Group which we have also invested on a short-term basis at the central bank and which is reflected in a €3.0 billion increase in the cash reserve. Shareholders' equity of €1,380.7 million is €70.2 million higher than the level as at 31 December 2011. The valuation reserve for financial instruments increased by €56.0 million to €118.1 million while the valuation reserve for actuarial profits and losses declined in the first nine months by €29.3 million to €–67.8 million as at 30 September 2012. This is attributable to the significant reduction of the technical interest rate used for the valuation of our pension commitments to 3.5 % compared to 5.0 % as at 31 December 2011. The dividend for the previous year of €70.3 million was also 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 again with an average of 1.9 for the end-of-month positions. We continue to invest a substantial part of our surplus liquidity in eligible bonds. HSBC Trinkaus' capital ratio stands at 15.0 % (31 December 2011: 15.0 %). Its tier 1 ratio is 11.7 % and contains no hybrid capital components. In addition to the fact that we already fulfil the higher capitalisation requirements which will apply in the years ahead according to the new Basel III provisions, there is adequate scope for further business expansion.

Outlook

HSBC Trinkaus has again proven in the first nine months that the diversified business model based on continuity and clear client orientation continues to pay off. We see the combination of traditional values such as trust, responsibility and sustainability with the international service capacity and capital strength of the HSBC Group as a global financial services provider as a guarantee for our success.

The volume of assets managed in German funds by our subsidiary Internationale Kapitalanlagegesellschaft mbH (HSBC INKA) exceeding the €100 billion mark in August this year serves as current proof of the success of our business model. Assets under administration have risen in German mutual and special funds alone by €18.9 billion since the beginning of the year. HSBC INKA has consistently been in first place among investment companies offering special securities funds in terms of net inflows since January 2011 (Source: BVI). This growth is attributable to both additional inflows from existing clients and the acquisition of new clients.

Despite this favourable competitive position, which we would like to use to increase market shares further in all divisions, depressive indicators for the future economic trend are now clearly identifiable in Germany as well.

Against the backdrop of the deterioration in the cyclical trend in Germany which is emerging, the recession in parts of the Eurozone and the weak growth in China, Brazil and India, it appears difficult to give a reliable valid forecast. As in the previous years we are expecting a weaker result in the fourth quarter of 2012 compared to the initial quarters, but are assuming that earnings will be on the prior-year level.

Düsseldorf, November 2012

The Management Board

Andreas Schmitz

Paul Hagen

Dr. Olaf Huth

Manfred Krause

Carola Gräfin v. Schmettow

Consolidated Balance Sheet

Assets in €m	Note	30.09.2012	31.12.2011	Change in %
Cash reserve		3,716.5	672.2	>100
Loans and advances to banks	(8)	1,937.7	1,857.6	4.3
Loans and advances to customers	(9)	4,457.9	3,717.2	19.9
Net loan impairment provision	(10)	–23.2	–27.1	–14.4
Trading assets	(11)	9,146.0	9,852.3	–7.2
Financial assets	(12)	4,912.9	4,164.7	18.0
Interests in associates		56.6	65.2	–13.2
Property, plant and equipment		82.9	79.3	4.5
Intangible assets		25.1	31.3	–19.8
Taxation recoverable		1.2	8.6	–86.0
current		1.2	8.6	–86.0
deferred		0.0	0.0	–
Other assets		262.0	213.1	22.9
Total assets		**24,575.6**	**20,634.4**	**19.1**

Liabilities in €m	Note	30.09.2012	31.12.2011	Change in %
Deposits by banks	(13)	4,491.3	749.6	>100
Customer accounts	(14)	12,311.1	12,413.3	–0.8
Certificated liabilities		10.0	10.0	0.0
Trading liabilities	(15)	5,521.6	5,426.0	1.8
Provisions		163.1	103.4	57.7
Taxation		68.9	55.6	23.9
current		64.5	48.3	33.5
deferred		4.4	7.3	–39.7
Other liabilities		275.5	212.5	29.6
Subordinated capital		353.4	353.4	0.0
Shareholders' equity		1,380.7	1,310.5	5.4
Share capital		75.4	75.4	0.0
Capital reserve		355.8	360.0	–1.2
Retained earnings		751.5	695.8	8.0
Valuation reserve for financial instruments		144.5	88.5	63.3
Valuation reserve for actuarial profits and losses		–67.8	–38.5	76.1
Valuation reserve from currency conversion		–3.4	–2.8	21.4
Net profit including profit brought forward		124.6	132.1	–5.7
Minority interests		0.1	0.1	0.0
Total equity and liabilities		**24,575.6**	**20,634.4**	**19.1**

Consolidated Income Statement

in €m	Note	01.01. to 30.09.2012	01.01. to 30.09.2011	Change in %
Interest income		196.2	169.9	15.5
Interest expense		60.9	60.6	0.5
Net interest income	(1)	135.3	109.3	23.8
Net loan impairment and other credit risk provisions	(2)	–1.4	–12.8	–89.1
Share of profit in associates		–7.9	0.4	–
Fee income		524.0	521.5	0.5
Fee expenses		230.6	225.5	2.3
Net fee income	(3)	293.4	296.0	–0.9
Net trading income	(4)	147.4	96.3	53.1
Administrative expenses	(5)	397.1	367.2	8.1
Income from financial assets		9.5	6.5	46.2
Net other income/expenses	(6)	4.6	18.6	–75.3
Pre-tax profit		**186.6**	**172.7**	**8.0**
Tax expenses		62.0	57.2	8.4
Net profit for the year		**124.6**	**115.5**	**7.9**
Profit/loss attributable to minority shareholders		0.0	0.0	–
Profit/loss attributable to HSBC Trinkaus shareholders		124.6	115.5	7.9

Earnings per share

in €	01.01. to 30.09.2012	01.01. to 30.09.2011	Change in %
Undiluted earnings per share	4.43	4.11	7.9
Diluted earnings per share	4.43	4.11	7.9

Comprehensive income for the period

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Net profit for the year	124.6	115.5
Gains/losses not recognised in the income statement	26.1	–65.0
of which from financial instruments	56.0	–49.3
of which from actuarial results	–29.3	–16.0
of which from currency conversion	–0.6	0.3
Total	**150.7**	**50.5**
Attributable to:		
Minority interests	0.0	0.0
HSBC Trinkaus shareholders	150.7	50.5

Consolidated statement of changes in equity

in €m	2012	2011
Consolidated shareholders' equity as at 01.01.	1,310.5	1,289.7
Distribution	–70.3	–70.3
Capital increase	0.0	0.0
Net profit	124.6	115.5
Gains/losses not recognised in the income statement	26.1	–65.0
Share-based compensation settled in the form of equity instruments	–4.1	8.6
Transfer of shares to employees in connection with share-based remuneration schemes	–6.1	–5.0
Consolidated shareholders' equity as at 30.09.	1,380.7	1,273.5

Consolidated cash flow statement

in €m	2012	2011
Cash and cash equivalents as at 01.01.	**672.2**	**336.1**
Cash flow from operating activities	3,141.8	512.9
Cash flow from investing activities	–27.2	–50.5
Cash flow from financing activities	–70.3	–95.3
Cash and cash equivalents as at 30.09.	**3,716.5**	**703.2**

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 balance sheet item "Cash reserve", which comprises cash in hand plus balances at central banks.

Consolidated Income Statement Quarterly Results

in €m	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Interest income	65.4	67.2	63.6	59.9
Interest expense	21.8	21.6	17.5	25.0
Net interest income	43.6	45.6	46.1	34.9
Net loan impairment and other credit risk provisions	0.9	−2.2	−0.1	−0.5
Share of profit in associates	0.0	−7.0	−0.9	0.2
Fee income	172.4	171.5	180.1	173.2
Fee expenses	77.6	75.4	77.6	74.3
Net fee income	94.8	96.1	102.5	98.9
Net trading income	44.5	67.8	35.1	24.8
Administrative expenses	127.0	143.6	126.5	120.0
Income from financial assets	2.5	2.1	4.9	2.4
Net other income	3.7	−4.2	5.1	3.6
Pre-tax profit	**61.2**	**59.0**	**66.4**	**45.3**
Tax expenses	19.9	19.8	22.3	15.1
Net profit for the year	**41.3**	**39.2**	**44.1**	**30.2**
Profit/loss attributable to minority shareholders	0.0	0.0	0.0	0.0
Profit/loss attributable to HSBC Trinkaus shareholders	41.3	39.2	44.1	30.2

Earnings per share

in €	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Undiluted earnings per share	1.47	1.39	1.57	1.08
Diluted earnings per share	1.47	1.39	1.57	1.08

Notes to the Consolidated Income Statement and the Consolidated Balance Sheet

This Interim Report for the HSBC Trinkaus Group as at 30 September 2012 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 2011 consolidated financial statements.

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 IAS 19 and IFRS 9. We are currently examining the possible impact of implementing these two new provisions on our consolidated financial statements.

The preparation of IFRS financial statements requires the Management to make 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 reporting of assets and liabilities as well as income and expenses in the reporting period. The actual results can deviate from the Management's assessments.

For greater clarity all amounts are reported in millions of euros and commercially rounded. This may result in very small discrepancies in the calculation of totals and percentages in these consolidated financial statements.

1 Net interest income

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Interest income	196.2	169.9
from loans and advances to banks	19.9	16.9
Money market transactions	17.4	13.5
Other interest-bearing receivables	2.5	3.4
from loans and advances to customers	77.6	66.4
Money market transactions	10.0	12.3
Other interest-bearing receivables	67.6	54.1
from financial assets	98.7	86.6
Interest income	95.2	83.8
Dividend income	2.0	1.6
Income from subsidiaries	1.5	1.2
Interest expense	60.9	60.6
from deposits by banks	12.8	14.5
Money market transactions	4.3	9.0
Other interest-bearing deposits	8.5	5.5
from customer accounts	34.4	32.6
Money market transactions	20.6	12.6
Other interest-bearing deposits	13.8	20.0
from securitised liabilities	0.3	0.3
from subordinated capital	13.4	13.2
Net interest income	135.3	109.3

2 Net loan impairment and other credit risk provisions

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Additions	1.5	0.9
Reversals	2.4	13.7
Direct write-offs	0.0	0.1
Recoveries on loans and advances previously written off	0.5	0.1
Total	– 1.4	– 12.8

3 Net fee income

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Securities transactions	178.6	187.0
Foreign exchange transactions and derivatives	60.9	50.3
Foreign business	12.3	10.9
Issuing and structuring business	11.5	6.4
Lending	10.5	8.8
Investment Banking	6.6	17.3
Payments	5.0	4.8
Alternative Investments	3.1	4.9
Other fee-based business	4.9	5.6
Total	**293.4**	**296.0**

4 Net trading income

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Equities and equity/index-linked derivatives	71.1	56.4
Bonds and interest rate derivatives	68.8	34.7
Foreign exchange	9.6	6.5
Derivatives held in the banking book	–2.1	–1.3
Total	**147.4**	**96.3**

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 net trading income.

5 Administrative expenses

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Staff expenses	259.5	228.1
Wages and salaries	229.5	199.2
Social security costs	20.5	20.4
Expenses for retirement pensions and other employee benefits	9.5	8.5
Other administrative expenses	119.5	121.7
Depreciation of property, plant and equipment and of intangible assets	18.1	17.4
Total	397.1	367.2

6 Net other income

in €m	01.01. to 30.09.2012	01.01. to 30.09.2011
Other operating income	45.5	28.9
Other operating expenses	41.2	15.7
Other operating income	**4.3**	**13.2**
Other income	0.4	5.5
Other expenses	0.1	0.1
Other net income	**0.3**	**5.4**
Net other income	**4.6**	**18.6**

7 Segment reporting

in €m	Private Banking	Corporate Banking	Institut. Clients	Global Markets	Central Divisions / Consolidation	Total
Net interest income						
30.09.2012	7.3	52.2	2.9	4.8	68.1	135.3
30.09.2011	7.7	43.6	2.4	4.2	51.4	109.3
Net loan impairment and other credit risk provisions						
30.09.2012	0.5	9.0	1.2	0.0	–12.1	–1.4
30.09.2011	0.6	6.1	0.8	0.1	–20.4	–12.8
Share of profit in associates						
30.09.2012	0.0	0.0	0.0	0.0	–7.9	–7.9
30.09.2011	0.0	0.0	0.0	0.0	0.4	0.4
Net fee income						
30.09.2012	67.1	88.5	132.7	–0.7	5.8	293.4
30.09.2011	74.8	84.0	130.1	0.4	6.7	296.0
Operating trading income						
30.09.2012	0.0	–0.1	9.2	117.8	22.6	149.5
30.09.2011	0.0	–0.1	2.0	73.1	22.6	97.6
Administrative expenses						
30.09.2012	55.0	76.2	92.7	49.2	124.0	397.1
30.09.2011	57.2	74.7	87.2	40.1	108.0	367.2
of which depreciation and amortisation						
30.09.2012	1.3	1.2	0.7	0.8	14.1	18.1
30.09.2011	1.6	1.3	0.9	0.6	13.0	17.4
Other operating income						
30.09.2012	–0.2	0.0	0.0	0.0	4.5	4.3
30.09.2011	0.0	0.0	0.0	0.0	13.2	13.2
Operating profit						
30.09.2012	**18.7**	**55.4**	**50.9**	**72.7**	**–18.8**	**178.9**
30.09.2011	**24.7**	**46.7**	**46.5**	**37.5**	**6.7**	**162.1**
Income from financial assets						
30.09.2012	0.0	0.0	0.0	0.0	9.5	9.5
30.09.2011	0.0	0.0	0.0	0.0	6.5	6.5
Income from derivatives in the bank book						
30.09.2012	0.0	0.0	0.0	0.0	–2.1	–2.1
30.09.2011	0.0	0.0	0.0	0.0	–1.3	–1.3
Other net income						
30.09.2012	0.0	0.0	0.0	0.0	0.3	0.3
30.09.2011	0.0	0.0	0.0	0.0	5.4	5.4
Pre-tax profit						
30.09.2012	**18.7**	**55.4**	**50.9**	**72.7**	**–11.1**	**186.6**
30.09.2011	**24.7**	**46.7**	**46.5**	**37.5**	**17.3**	**172.7**
Taxation						
30.09.2012	5.8	17.4	16.0	22.8	0.0	62.0
30.09.2011	7.7	14.6	14.6	11.7	8.6	57.2
Net profit for the year						
30.09.2012	**12.9**	**38.0**	**34.9**	**49.9**	**–11.1**	**124.6**
30.09.2011	**17.0**	**32.1**	**31.9**	**25.8**	**8.7**	**115.5**

Despite the support measures for financially-strapped Eurozone states announced by the ECB, the prospects for economic growth in Europe, but also for the entire global economy, remain dampened. This continues to make companies uncertain over future developments. Against this backdrop, the continuity of the quarterly results this year provides evidence of the balanced business structure and stability of the bank's client-oriented business model. The success of the bank's growth strategy which got under way in the 2010 financial year and was continued last year is reflected in the strong growth in earnings in the Corporate Banking segment. The business with institutional clients defied the difficult general setting and was able to further improve on its prior-year result while earnings in the business with high net worth private clients declined significantly owing to the restraint still being exercised by many private clients with respect to trading activity. The improvement in earnings in the Global Markets segment was attributable mainly to the subsequent increase in compensation relating to the merger of two companies. In the Central Divisions the decline in the share of profit in associates and in other operating income/expenses was based on the write-down on an investment which was necessary on account of the unfolding changes in the regulatory requirements and on provisioning measures for future charges, while high proceeds from the sale of a property were recorded in other net income the previous year.

The successful implementation of the growth strategy in the Corporate Banking business was reflected in particular in the continuous expansion of interest and fee income in the lending and foreign business in association with higher revenues from increased sales of foreign exchange products and from the generation of new fixed income business. In the Institutional Clients segment notable revenue growth was achieved with the sale of fixed income products as well as in client-driven net trading income. This more than compensated for the high proceeds from capital increases generated the previous year and the significant increase in costs as a result of the introduction of a new clearing system for securities settlement costs. There were significant declines in revenues in the Private Banking segment mainly in the securities transaction business as a result of the restraint being exercised by many private investors on the financial markets. In the Global Markets segment strong revenue growth in the Treasury business was able to make up for weaker results in equity derivatives trading.

The first successes of the measures to limit the increase in costs in all segments of the bank which were introduced last year and consistently continued this year can be seen in the decline in administrative expenses from quarter to quarter excluding one-time effects and profit-related remuneration. The slight reduction in the workforce required for this in the first nine months of this year compared to the end of last year will continue in the fourth quarter and lead to additional cost reductions in 2013. The one-off expense of €18.5 million towards the end of the second quarter for the adjustment measures required in this context is mainly responsible for the strong increase in administrative expenses in the bank's Central Divisions.

8 Loans and advances to banks

in €m	30.09.2012	31.12.2011
Current accounts	1,057.3	409.9
Money market transactions	693.2	1,230.8
of which overnight money	112.6	76.6
of which term deposits	580.6	1,154.2
Other loans and advances	187.2	216.9
Total	**1,937.7**	**1,857.6**
of which domestic banks	589.1	375.7
of which foreign banks	1,348.6	1,481.9

9 Loans and advances to customers

in €m	30.09.2012	31.12.2011
Current accounts	1,374.0	1,153.6
Money market transactions	605.5	742.1
of which overnight money	79.8	124.1
of which term deposits	525.7	618.0
Loan accounts	2,452.4	1,803.0
Other loans and advances	26.0	18.5
Total	**4,457.9**	**3,717.2**
of which domestic customers	2,785.3	2,331.2
of which foreign customers	1,672.6	1,386.0

10 Net loan impairment and other credit risk provisions

in €m	30.09.2012	31.12.2011
Net loan impairment provision	23.2	27.1
Provisions for credit risks	3.8	3.2
Net loan impairment and other credit risk provisions	27.0	30.3

	Impairments/provisions					
	Individually assessed		Collectively assessed		Total	
in €m	2012	2011	2012	2011	2012	2011
As at 01.01.	16.6	40.3	13.7	14.5	30.3	54.8
Reversals	2.4	11.8	0.0	1.9	2.4	13.7
Utilisation	2.4	11.7	0.0	0.0	2.4	11.7
Additions	0.2	0.9	1.3	0.0	1.5	0.9
Currency translation/ transfers	0.0	0.0	0.0	0.0	0.0	0.0
As at 30.09.	12.0	17.7	15.0	12.6	27.0	30.3

11 Trading assets

in €m	30.09.2012	31.12.2011
Bonds and other fixed-income securities	4,159.7	4,312.0
Equities and other non-fixed-income securities	696.7	561.1
Tradable receivables	1,728.2	1,892.5
Positive market value of derivatives	2,053.3	2,321.0
Reverse repos	72.4	118.5
Securities lending	3.6	0.9
Security in the derivatives business	432.1	644.2
Derivatives in hedging relationships	0.0	0.0
Derivatives held in the banking book	0.0	2.1
Total	9,146.0	9,852.3

12 Financial assets

in €m	30.09.2012	31.12.2011
Bonds and other fixed-income securities and interest rate derivatives	4,476.4	3,768.9
Equities	39.8	40.2
Investment certificates	61.9	73.9
Promissory note loans	235.4	180.9
Investments	99.4	100.8
Total	4,912.9	4,164.7

13 Deposits by banks

in €m	30.09.2012	31.12.2011
Current accounts	1,395.2	598.8
Money market transactions	3,014.4	66.2
of which overnight money	13.3	0.0
of which term deposits	3,001.1	66.2
Other liabilities	81.7	84.6
Total	**4,491.3**	**749.6**
of which domestic banks	725.7	200.3
of which foreign banks	3,765.6	549.3

14 Customer accounts

in €m	30.09.2012	31.12.2011
Current accounts	8,486.8	7,671.7
Money market transactions	3,465.0	4,385.1
of which overnight money	668.9	817.2
of which term deposits	2,796.1	3,567.9
Savings deposits	48.6	40.8
Other liabilities	310.7	315.7
Total	**12,311.1**	**12,413.3**
of which domestic customers	9,189.6	9,152.3
of which foreign customers	3,121.5	3,261.0

15 Trading liabilities

in €m	30.09.2012	31.12.2011
Negative market value of derivatives	2,684.8	2,769.4
Promissory note loans, bonds, certificates and warrants	2,673.2	2,425.1
Delivery obligations arising from securities sold short	14.4	73.1
Repos	0.0	0.0
Securities lending	5.2	9.0
Security in the derivatives business	73.6	107.4
Derivatives in hedging relationships	64.2	39.5
Derivatives held in the banking book	6.2	2.5
Total	**5,521.6**	**5,426.0**

Other Notes

16 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					
30.09.2012	6,346	11,250	9,201	26,797	1,245
31.12.2011	7,610	14,372	10,844	32,826	1,266
Foreign exchange transactions					
30.09.2012	41,207	297	180	41,684	456
31.12.2011	30,304	1,744	487	32,535	652
Equity/index-related transactions					
30.09.2012	5,109	2,470	385	7,964	57
31.12.2011	4,205	1,638	944	6,787	34
Total					
30.09.2012	**52,662**	**14,017**	**9,766**	**76,445**	**1,758**
31.12.2011	**42,119**	**17,754**	**12,275**	**72,148**	**1,952**

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	30.09.2012	31.12.2011
Interest rate risk	0.8	1.0
Credit spread risk	3.5	2.7
Equity/index risk	0.2	0.1
Currency risk	0.7	0.8
Commodities risk	0.1	0.0
Overall market risk potential	**3.4**	**2.7**

The market risk potential is calculated for all market risk categories using a standardised internal model. To measure market risk in our trading book under normal market conditions we have been using for many years a value-at-risk approach. 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.

18 Contingent liabilities and other obligations

in €m	30.09.2012	31.12.2011
Contingent liabilities on guarantees and indemnity agreements	1,797.4	1,746.1
Irrevocable loan commitments	5,422.1	5,156.4
Total	**7,219.5**	**6,902.5**

Key Dates

6 March 2013
Results Press Conference

15 May 2013
Interim Report as at 31 March 2013

4 June 2013
Annual General Meeting

22 August 2013
Interim Report as at 30 June 2013

12 November 2013
Interim Report as at 30 September 2013

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