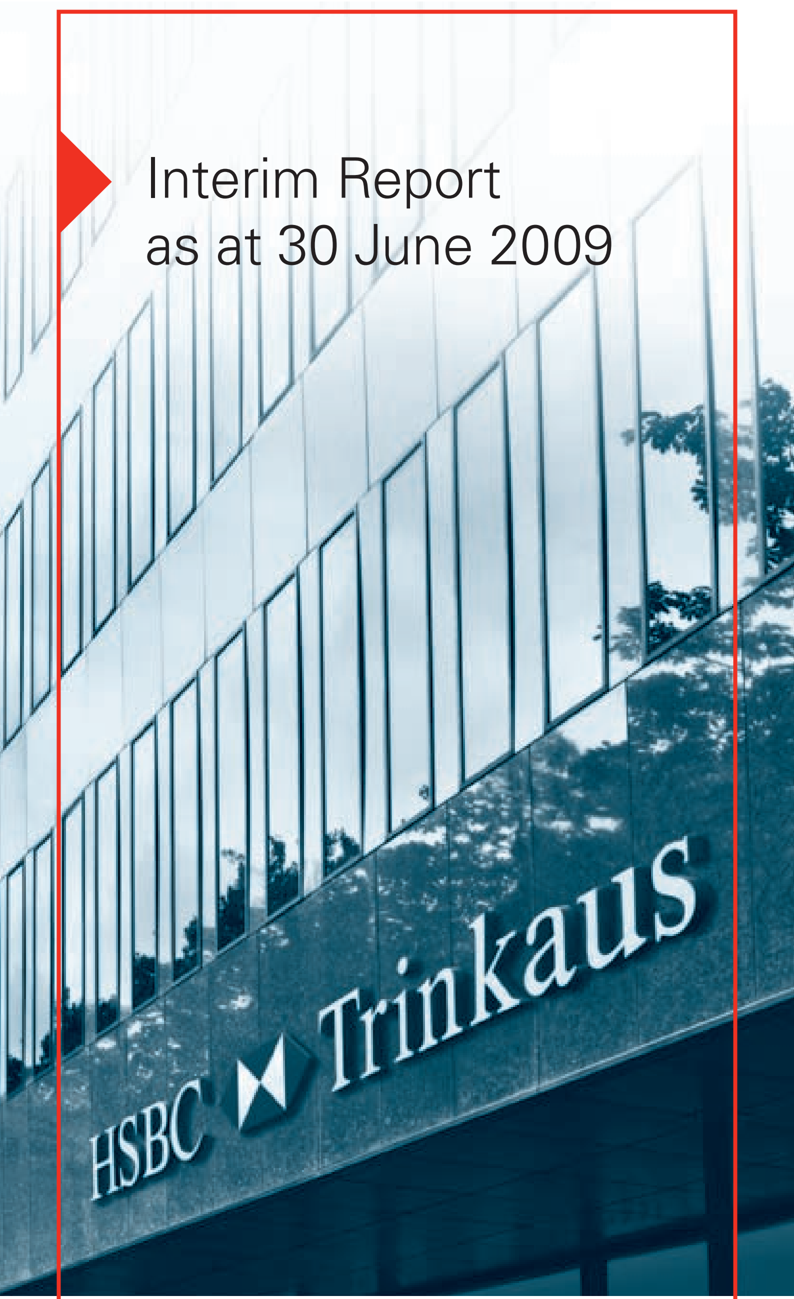
Interim Report as at 30 June 2009



HSBC Trinkaus

Financial Highlights of the HSBC Trinkaus & Burkhardt Group

	01.01. – 30.06.2009	01.01. – 30.06.2008	Change in %
Income statement in €m			
Operating revenues	310.9	306.5	1.4
Net loan impairment and other credit risk provisions	0.1	0.7	–85.7
Administrative expenses	204.9	204.4	0.2
Operating profit	105.9	101.4	4.4
Profit before taxes	92.0	101.2	–9.1
Tax expenses	30.0	31.7	–5.4
Net profit for the year	62.0	69.5	–10.8
Ratios			
Cost:income ratio of usual business activity in %	69.0	66.7	–
Return on equity before tax in % (projected for the year as a whole)	19.2	22.1	–
Net fee income in % of operating revenues	55.5	58.3	–
No. of employees at the reporting date	2,245	2,185	2.7
Share information			
Average number of shares in circulation in million	26.1	26.1	0.0
Earnings per share in €	2.31	2.66	–13.1
Share price at the reporting date in €	86.0	115.0	–25.2
Market capitalisation at the reporting date in €m	2,245	3,002	–25.2

	30.06.2009	31.12.2008	Change in %
Balance sheet figures in €m			
Total assets	21,115.3	22,205.7	–4.9
Shareholders' equity	981.7	955.0	2.8
Regulatory ratios			
Tier 1 in €m	753	754	–0.1
Regulatory capital in €m	1,096	1,151	–4.8
Risk-weighted assets in €m	7,750	8,588	–9.8
Tier 1 ratio in %	9.7	8.8	–
Regulatory capital ratio in %	14.1	13.4	–

Ladies and Gentlemen,

HSBC Trinkaus held up well in the first half of 2009 in an extremely challenging economic environment. The Bank remained on target for success and was able to achieve a favourable result.

The following interim management report should be read in conjunction with our group management report for 2008. The organisation, structure and strategic orientation of the Group still correspond to the statements made in the group management report.

Interim Management Report

Despite still operating in a difficult market environment, HSBC Trinkaus can look back on a stable and successful first half of 2009. Operating profit was up by 4.4 % from € 101.4 million to € 105.9 million. However, the Bank was not completely able to escape the general market trend. Price losses with respect to individual financial assets meant that further moderate value adjustments were required, as a result of which profit before taxes declined by 9.1 % from € 101.2 million to € 92.0 million. This gives a return on equity before tax of 19.2 % after 22.1 % in the prior-year period, representing a good figure in a sector comparison. The Bank's Tier 1 ratio (excluding hybrid capital) increased to 9.7 % and the total capital ratio to 14.1 %. Overall, we can therefore report good profitability and strong capitalisation.

General Economic Setting

The global economy is being subjected to considerable pressure at present. Export-oriented companies appear to be particularly hard hit by the global recession. Owing to its major dependence on external trade as well as the rapid fall in demand on the export markets, Germany is affected by the crisis to a far greater extent than other mature industrial nations. The federal government is anticipating a decline in economic output of around 6 % this year. Should the forecast of a significant increase in unemployment from August this year be fulfilled, the propensity to consume is also likely to decline in Germany in 2010 at the latest. Nevertheless, Germany has a relatively solid core compared to other nations as its economic efficiency is by no means based on debt-financed excessive private consumption. This means that Germany has a good chance of benefiting relatively early on from an upturn in the global economy. The first classical economic indicators, such as the Ifo business confidence index, are already suggesting that the downswing in the key industries is coming to an end. The ECB's expansionary monetary policy and the government economic support programmes in the Federal Republic also appear to be having an effect on business activity and therefore stabilising the economy. However, even after the end of the recession, it is questionable whether the economy will recover rapidly and replicate its former performance in the medium term or rather stagnate on a low level for years to come.

Report on profitability

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

- Net interest income was up 16.6 % to € 73.8 million (2008: € 63.3 million). This increase is essentially the result of expanded bond holdings in the banking book where we increased our exposure in high grade new issues. On the other hand, the significant decline in the margin in the deposit business as a result of the lower level of interest rates could not be fully compensated for by a widening of the credit margin in the corporate loan book.

- Net loan impairment and other credit risk provisions amounted to € 0.1 million (2008: € 0.7 million). There was a net reversal of € 0.9 million with respect to individually assessed impairments. However, further additions of € 1.0 million were made to collectively assessed impairments in order to make adequate allowance for the general uncertainty with respect to the future economic situation. Our conservative stance is unchanged in relation to the assessment of default risks.

- At € 172.5 million, net fee income was only slightly lower than the prior-year result of € 178.6 million. Lower transaction-related securities commission, in particular in the equities business, was mainly responsible for this decline. In the real estate business, we benefited above all from the successful distribution of a closed-end real estate fund.

- There was a reduction in net trading income of 5.1 % to € 59.2 million (2008: € 62.4 million), due essentially to equity and equity/index derivatives trading. However, it is to be pointed out as positive here that we were able to expand our revenues and market shares in the certificates market. Significant spread widening in trading with interest products led to considerable valuation losses in respect of bonds. However, thanks to our excellent liquidity position we were able to more than compensate for this with a favourable performance in the money market business leading to an overall increase in the result in interest rate trading. We also increased earnings in the foreign exchange business and achieved valuation gains on derivatives held in the bank book for hedging strategic positions. The earnings power of our trading activities becomes clear in segment reporting.

- Net other income/expenses of € 11.5 million after € 2.0 million in the previous year was influenced by extraordinary items. These include the successful placement of a real estate fund as well as the sale of a building in Luxembourg. Income from financial assets is still influenced by further value corrections to equities, fund units and bonds. However, these essentially took place in the first quarter.

- Thanks to our strict cost discipline, administrative expenses remained almost constant at € 204.9 million (2008: € 204.4 million). We invested further in expanding our IT systems. The number of employees grew at a far slower pace compared to the previous years of 2.7 % as we want to limit administrative expenses in view of an uncertain forecast. At 69.0 %, the cost:income ratio, as the main indicator of success for our banking business, remains within the adequate range for our business model of 65 % to 70 %.

Report on assets

Total assets declined moderately compared to the end of 2008 by 4.9 % to € 21.1 billion. On the liabilities side, customer accounts remain our most important source of refinancing.

At € 981.7 million, shareholders' equity was 2.8 % higher than the figure of € 955.0 million at the end of the previous year, despite the dividend payment in June this year. The valuation reserve for financial instruments, which has risen by 54.9 % from € 47.5 million to now € 73.6 million, is to be pointed out in particular. This is due primarily to the stabilisation on the capital markets. In addition, the actuarial profits and losses from pensions improved by € 2.2 million (2008: € –5.3 million) due essentially to the positive performance of plan assets.

Report on financial position

The Bank's financial position is still characterised by excellent liquidity. The minimum regulatory requirements in accordance with the Liquidity Ordinance (LiqV) were exceeded by far with an average of 1.78 for the end-of-month positions. At € 11.3 billion, customer accounts were only slightly lower than the year-end level. We invest a substantial part of this liquidity in eligible bonds and promissory note loans issued among others by German federal states. The capital ratio increased to 14.1 % after 13.4 % at the end of the year, with Tier 1 capital excluding hybrid capital components accounting for 9.7 percentage points (2008: 8.8 percentage points).

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 make use of the resulting yield opportunities. We regard counterparty, market and liquidity risk, operating and strategic risks and not least 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 in a possible increase in revenues in light of the problems being experienced by some competitors in the market. Our aim is to continue to generate good net trading income through the targeted use of market fluctuations as well as an attractive product range, at the same time as strict limit discipline.

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 2009 breaks down into the sectors listed below:

	30.06.2009		31.12.2008	
	in €m	in %	in €m	in %
Banks and financial institutions	11,216.1	45.8	12,584.9	47.7
Companies and self-employed professionals	7,806.0	31.8	9,191.2	34.9
Public sector	5,160.8	21.0	4,278.3	16.2
Employed private individuals	354.6	1.4	311.2	1.2
Total	**24,537.5**	**100.0**	**26,365.6**	**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:

	30.06.2009		31.12.2008	
	in €m	in %	in €m	in %
Credit ratings 1–2	6,777.2	61.0	7,215.9	59.0
Credit ratings 3–4	4,153.7	37.3	4,906.1	40.1
Credit rating 5	190.8	1.7	106.2	0.9
Total	**11,121.7**	**100.0**	**12,228.2**	**100.0**

Market risk

The total market risk after the first six months of 2009 is as follows:

in €m	30.06.2009	30.12.2008
Interest rate transactions	2.5	2.9
Equity and index transactions	3.0	3.8
Foreign exchange transactions	0.3	0.0
Total potential market risk in the trading portfolio	**4.7**	**4.4**

The market risk potential is calculated for all market risk categories using a standardised internal model. For many years, we have been using a value-at-risk approach to measure market risks in our trading book under normal market conditions. 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. The value-at-risk was not exceeded on any day in the first half of 2009.

Outlook for 2009

The overall economic environment will remain a challenge for HSBC Trinkaus and the entire sector for the foreseeable future. The financial and economic crisis will most probably result in lasting changes to the financial world. But it is exactly in this market situation that the strengths shown by HSBC Trinkaus come into their own more than ever. Our stable business model has proven itself in these uncertain times in particular and will continue to form the basis for a successful business performance. It is still characterised by its clear orientation towards our target groups and is supported by risk-aware trading. In addition, as a member of the HSBC Group, we offer our clients the "best of both worlds", namely the continuity, professionalism and individuality of a private bank together with the international service capacity and capital strength of a global financial services provider.

The trust our clients place in the Bank is an important factor for success. HSBC Trinkaus is therefore aiming to continue to expand its market shares in the clearly defined target groups "wealthy private clients", "corporate clients" and "institutional clients" this year. We focus primarily here on the existing customer base in order to master the difficult times which lie ahead of us together on a partnership basis.

Thanks to its conservative stance within the framework of a proven business model and its integration into HSBC's financially sound and profitable global network, the Bank believes it is well prepared for the challenges of this year. As these will arise in particular in the corporate business in the second half of the year, we are paying far greater attention to our credit book. Under the condition that the Bank remains untroubled by major losses in the lending business, a solid, albeit slightly lower operating profit is to be expected for 2009 overall. The pressure resulting from financial assets should ease slightly thanks to the government measures introduced to stabilise the capital markets.

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 other HSBC units are set against liabilities to these units. A large number of trading positions are also entered into directly or hedged with the Group's affiliated companies. All transactions are concluded at normal market prices.

It can be seen that the Bank is continuing with its good performance overall. We are therefore convinced that HSBC Trinkaus is also well equipped to master the challenges which lie ahead.

Düsseldorf, August 2009
The Management Board

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

Consolidated Income Statement

in €m	Note	01.01. – 30.06.2009	01.01. – 30.06.2008	Change in %
Interest income		131.1	197.9	–33.8
Interest expense		57.3	134.6	–57.4
Net interest income	(1)	73.8	63.3	16.6
Net loan impairment and other credit risk provisions	(2)	0.1	0.7	–85.7
Share of profit in associates		0.5	0.2	> 100.0
Fee income		283.5	305.9	–7.3
Fee expenses		111.0	127.3	–12.8
Net fee income	(3)	172.5	178.6	–3.4
Net trading income	(4)	59.2	62.4	–5.1
Administrative expenses	(5)	204.9	204.4	0.2
Income from financial assets		–20.5	–0.2	> 100.0
Net other income/expenses	(6)	11.5	2.0	> 100.0
Profit before taxes		**92.0**	**101.2**	**–9.1**
Tax expenses		30.0	31.7	–5.4
Net profit for the year		**62.0**	**69.5**	**–10.8**
Profit/loss attributable to minority shareholders		1.6	0.0	100.0
Profit/loss attributable to HSBC Trinkaus shareholders		60.4	69.5	–13.1

Earnings per share

in €	01.01. – 30.06.2009	01.01. – 30.06.2008	Change in %
Earnings per share	2.31	2.66	–13.1
Undiluted earnings per share	2.31	2.66	–13.1

As in the corresponding prior-year period, there were no option and conversion rights outstanding for the purchase of shares in the first half of 2009. There was therefore no calculable dilution effect.

Consolidated Income Statement Quarterly Results

in €m	Q2 2009	Q1 2009	Q2 2008	Q1 2008
Interest income	60.9	70.2	101.3	96.6
Interest expense	23.3	34.0	66.3	68.3
Net interest income	37.6	36.2	35.0	28.3
Net loan impairment and other credit risk provisions	–0.3	0.4	–0.5	1.2
Share of profit in associates	0.3	0.2	0.2	0.0
Fee income	138.6	144.9	150.1	155.8
Fee expenses	57.8	53.2	61.5	65.8
Net fee income	80.8	91.7	88.6	90.0
Net trading income	35.7	23.5	28.9	33.5
Administrative expenses	102.6	102.3	105.1	99.3
Income from financial assets	–6.7	–13.8	0.8	–1.0
Other income	2.8	8.7	1.2	0.8
Profit before taxes	**48.2**	**43.8**	**50.1**	**51.1**
Tax expenses	15.0	15.0	15.2	16.5
Net profit for the year	**33.2**	**28.8**	**34.9**	**34.6**
Profit/loss attributable to minority shareholders	0.0	1.6	0.0	0.0
Profit/loss attributable to HSBC Trinkaus shareholders	33.2	27.2	34.9	34.6

Earnings per share

in €	Q2 2009	Q1 2009	Q2 2008	Q1 2008
Earnings per share	1.27	1.04	1.33	1.33
Undiluted earnings per share	1.27	1.04	1.33	1.33

Consolidated Balance Sheet

Assets in €m	(Note)	30.06.2009	31.12.2008	Change in %
Cash reserve		170.0	139.5	21.9
Loans and advances to banks	(8)	3,082.1	2,979.7	3.4
Loans and advances to customers	(9)	3,579.3	4,082.6	–12.3
Net loan impairment provision	(10)	–21.3	–21.4	–0.5
Trading assets	(11)	10,979.0	12,482.6	–12.0
Financial assets	(12)	2,869.4	2,118.8	35.4
Interests in associates		10.1	10.1	0.0
Property, plant and equipment		76.7	81.1	–5.4
Intangible assets		51.9	56.0	–7.3
Taxation recoverable		2.1	17.5	–88.0
current		2.1	13.0	–83.8
deferred		0.0	4.5	–100.0
Other assets		316.0	259.2	21.9
Total assets		**21,115.3**	**22,205.7**	**–4.9**

Liabilities in €m	(Note)	30.06.2009	31.12.2008	Change in %
Deposits by banks	(13)	2,839.5	2,709.1	4.8
Customer accounts	(14)	11,333.0	11,592.8	–2.2
Certificated liabilities		10.0	10.0	0.0
Trading liabilities	(15)	5,222.1	6,152.9	–15.1
Provisions		111.9	117.4	–4.7
Taxation		103.4	85.1	21.5
current		95.8	81.5	17.5
deferred		7.6	3.6	> 100.0
Other liabilities		126.8	108.2	17.2
Subordinated capital		386.9	458.7	–15.7
Shareholders' equity		981.7	955.0	2.8
Share capital		70.0	70.0	0.0
Capital reserve		216.9	218.5	–0.7
Retained earnings		613.2	566.8	8.2
Consolidated profit available for distribution in 2008		–	99.7	–
Profit 01.01.2009 – 30.06.2009 including profit brought forward		81.6	–	–
Minority interests		0.0	16.5	–100.0
Total equity and liabilities		**21,115.3**	**22,205.7**	**–4.9**

Breakdown of consolidated shareholders' equity and subordinated capital

in €m	30.06.2009	31.12.2008
Share capital	70.0	70.0
Capital reserve	216.9	218.5
Retained earnings	613.2	566.8
of which: valuation reserve for financial instruments	73.6	47.5
of which: valuation reserve for actuarial profits and losses	–22.1	–24.3
Net profit including profit brought forward	81.6	99.7
Consolidated shareholders' equity	**981.7**	**955.0**
Subordinated liabilities	286.9	322.9
Participatory capital	100.0	135.8
Consolidated subordinated capital	**386.9**	**458.7**
Total	1,368.6	1,413.7

Consolidated statement of changes in equity

in €m	2009	2008
Consolidated shareholders' equity as at 01.01.	955.0	968.7
Distribution	–65.3	–65.3
Net profit	62.0	69.5
Gains/losses not recognised in the income statement (change in valuation reserves)	28.3	–52.4
Share-based compensation settled in the form of equity instruments	6.5	4.1
Transfer of shares to employees in connection with share-based remuneration schemes	–3.2	–2.8
Effects of the change in minority interests	–1.6	0.0
Other effects	0.0	0.0
Consolidated shareholders' equity as at 30.06.	981.7	921.8

Comprehensive income for the period

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Net profit for the year	62.0	69.5
Gains/losses not recognised in the income statement	28.3	–52.4
of which from financial instruments	26.1	–47.1
of which from actuarial results	2.2	–5.3
Total	**90.3**	**17.1**
Attributable to:		
Minority interests	1.6	0.0
HSBC Trinkaus shareholders	88.7	17.1

Consolidated cash flow statement

in €m	2009	2008
Cash and cash equivalents as at 01.01.	**139.5**	**332.3**
Cash flow from operating activities	169.2	–208.6
Cash flow from investing activities	–1.6	–0.9
Cash flow from financing activities	–137.1	–65.3
Cash and cash equivalents as at 30.06.	**170.0**	**57.5**

The cash flow statement calculated according to the indirect method shows the position and movements in cash and cash equivalents of the HSBC Trinkaus Group. Reported cash and cash equivalents correspond to the "Cash reserve balance sheet" item, which comprises cash in hand plus balances at central banks.

Notes to the Consolidated Income Statement and the Consolidated Balance Sheet

This Interim Report for the HSBC Trinkaus Group as at 30 June 2009 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 2008 consolidated financial statements.

All changes to standards, the early application of which we have dispensed with, are of no or only minor significance for our consolidated financial statements.

1 Net interest income

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Interest income	**131.1**	**197.9**
From loans and advances to banks	25.3	68.7
Money market transactions	21.8	61.0
Other interest-bearing receivables	3.5	7.7
From loans and advances to customers	57.9	95.9
Money market transactions	13.6	28.1
Other interest-bearing receivables	44.3	67.8
From financial assets	47.9	33.3
Interest income	45.9	30.3
Dividend income	1.3	1.3
Income from subsidiaries	0.7	1.7
Interest expense	**57.3**	**134.6**
From deposits by banks	11.9	26.4
Money market transactions	9.6	18.7
Other interest-bearing deposits	2.3	7.7
From customer accounts	34.1	96.3
Money market transactions	15.7	45.4
Other interest-bearing deposits	18.4	50.9
From securitised liabilities	0.2	0.2
From subordinated capital	11.1	11.7
Net interest income	**73.8**	**63.3**

2 Net loan impairment and other credit risk provisions

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Additions	2.9	2.5
Reversals	2.8	1.7
Direct write-offs	0.0	0.0
Recoveries on loans and advances previously written off	0.0	0.1
Total	**0.1**	**0.7**

3 Net fee income

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Securities transactions	114.6	119.2
Foreign exchange transactions and derivatives	30.3	28.4
Foreign business	6.4	6.7
Issuing and structuring business	5.8	7.5
Payments	3.1	2.9
Lending	3.1	2.1
Investment banking	2.1	1.9
Real estate	1.2	0.0
Other fee-based business	5.9	9.9
Total	172.5	178.6

4 Net trading income

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Equities and equity/index derivatives	37.6	48.5
Bonds and interest rate derivatives	12.2	10.8
Foreign exchange	5.0	3.1
Derivatives in the bank book	4.4	0.0
Total	59.2	62.4

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

5 Administrative expenses

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Staff expenses	125.5	126.9
Wages and salaries	109.4	111.9
Social security costs	11.5	11.0
Post-employment benefits	4.6	4.0
Other administrative expenses	68.7	67.9
Depreciation of property, plant and equipment and of intangible assets	10.7	9.6
Total	204.9	204.4

6 Net other income/expenses

in €m	01.01. – 30.06.2009	01.01. – 30.06.2008
Other operating income	10.7	3.1
Other operating expenses	1.4	1.1
Net other operating income and expenses	**9.3**	**2.0**
Net other non-operating income	2.2	0.0
Net other non-operating expenses	0.0	0.0
Net other non-operating income and expenses	**2.2**	**0.0**
Other income	11.5	2.0

7 Segment reporting

in €m	Private Banking	Corporate Banking	Institutional Clients	Global Markets	Central Divisions/ Consolidation	Total
Net interest income						
30.06.2009	7.3	22.0	0.8	8.2	35.5	73.8
30.06.2008	7.0	21.9	2.1	2.6	29.7	63.3
Net loan impairment and other credit risk provisions*						
30.06.2009	0.8	3.9	0.8	0.1	–5.5	0.1
30.06.2008	0.6	3.5	0.4	0.1	–3.9	0.7
Share of profit in associates						
30.06.2009	0.0	0.0	0.0	0.0	0.5	0.5
30.06.2008	0.0	0.0	0.0	0.0	0.2	0.2
Net fee income						
30.06.2009	38.8	49.7	76.2	0.9	6.9	172.5
30.06.2008	44.3	46.0	75.3	3.2	9.8	178.6
Operating trading profit						
30.06.2009	0.0	–0.2	6.1	61.6	–12.7	54.8
30.06.2008	0.0	–0.2	2.6	54.8	5.2	62.4
Administrative expenses						
30.06.2009	34.2	40.7	46.0	29.1	54.9	204.9
30.06.2008	32.9	38.6	46.2	27.4	59.3	204.4
of which depreciation and amortisation						
30.06.2009	0.8	0.6	0.3	0.4	8.5	10.6
30.06.2008	0.8	0.5	0.4	0.3	7.7	9.7
Net other operating income and expenses						
30.06.2009	0.0	0.0	0.0	0.0	9.3	9.3
30.06.2008	0.0	0.0	0.0	0.0	2.0	2.0
Operating profit						
30.06.2009	**11.1**	**26.9**	**36.3**	**41.5**	**–9.9**	**105.9**
30.06.2008	**17.8**	**25.6**	**33.4**	**33.1**	**–8.5**	**101.4**
Income from financial assets						
30.06.2009	0.0	0.0	0.0	0.0	–20.5	–20.5
30.06.2008	0.0	0.0	0.0	0.0	–0.2	–0.2
Income from derivatives in the bank book						
30.06.2009	0.0	0.0	0.0	0.0	4.4	4.4
30.06.2008	0.0	0.0	0.0	0.0	0.0	0.0
Net other non-operating income and expenses						
30.06.2009	0.0	0.0	0.0	0.0	2.2	2.2
30.06.2008	0.0	0.0	0.0	0.0	0.0	0.0
Profit before taxes						
30.06.2009	**11.1**	**26.9**	**36.3**	**41.5**	**–23.8**	**92.0**
30.06.2008	**17.8**	**25.6**	**33.4**	**33.1**	**–8.7**	**101.2**
Taxation						
30.06.2009	3.5	8.6	11.6	13.3	–7.0	30.0
30.06.2008	5.6	8.2	10.7	10.6	–3.4	31.7
Net profit for the year						
30.06.2009	**7.6**	**18.3**	**24.7**	**28.2**	**–16.8**	**62.0**
30.06.2008	**12.2**	**17.4**	**22.7**	**22.5**	**–5.3**	**69.5**

* including € –6.0 million consolidation (2008: € –4.7 million)

The Global Markets, Institutional Clients and Corporate Banking segments again managed to improve on their good results recorded the previous year despite the global financial market and economic crisis, while the Private Banking segment was not able to repeat its prior-year result due to this unfavourable general setting. The impact of the financial market crisis was seen in particular in the Bank's negative income from financial assets held in the Bank's Central Divisions.

The Institutional Clients segment was extremely successful compared to the previous year in the business with issues and the distribution and trading of fixed-interest securities, which was able to more than compensate for the loss of revenues in the asset management and equities business. The Corporate Banking segment managed to increase net fee income compared to the previous year, above all from foreign exchange transactions and investment banking as well as from the origination and placement of bonds. There was a significant reduction in net interest income from corporate clients' sight deposits on account of lower margins as a result of the market interest rate cuts by the ECB, despite a strong increase in volumes. However, this was compensated for by the strong increase in net interest income in the lending business which was also exclusively the result of higher margins. The Global Markets segment managed to more than compensate for the reduction in revenues in trading with equity derivatives on account of the market environment with the extremely profitable money market and foreign exchange transactions in the Treasury business. On the other hand, the Private Banking business was only able to partly make up for the major decline in revenues in the securities business on account of the restraint shown by many investors as a result of the difficult market conditions with higher revenues in the real estate business.

Thanks to strict cost discipline and the adjustment of profit-related remuneration to the decline in the overall result, administrative expenses throughout the Bank were almost unchanged compared to the previous year.

8 Loans and advances to banks

in €m	30.06.2009	31.12.2008
Current accounts	570.8	865.6
Money market transactions	2,364.6	2,049.6
of which overnight money	987.7	0.0
of which term deposits	1,376.9	2,049.6
Other loans and advances	146.7	64.5
Total	**3,082.1**	**2,979.7**
of which domestic banks	2,362.8	1,768.0
of which foreign banks	719.3	1,211.7

9 Loans and advances to customers

in €m	30.06.2009	31.12.2008
Current accounts	1,658.0	1,481.2
Money market transactions	720.1	1,023.3
of which overnight money	104.1	190.8
of which term deposits	616.0	832.5
Loan accounts	1,182.9	1,573.5
Other loans and advances	18.3	4.6
Total	**3,579.3**	**4,082.6**
of which domestic customers	2,824.1	2,902.4
of which foreign customers	755.2	1,180.2

10 ▸ Net loan impairment and other credit risk provisions

in €m	30.06.2009	31.12.2008
Net loan impairment provision	21.3	21.4
Other credit risk provisions	7.0	6.8
Net loan impairment and other credit risk provisions	**28.3**	**28.2**

	Impairments and other credit risk provisions Individually assessed		Collectively assessed		Total	
in €m	2009	2008	2009	2008	2009	2008
As at 01.01.	**20.2**	**19.1**	**8.0**	**4.6**	**28.2**	**23.7**
Reversals	2.8	1.5	0.0	0.0	2.8	1.7
Utilisation	0.0	0.1	0.0	0.0	0.0	0.1
Additions	1.9	0.3	1.0	2.0	2.9	2.5
Currency translation/ transfers	0.0	0.2	0.0	0.0	0.0	0.2
As at 30.06.	**19.3**	**18.0**	**9.0**	**6.6**	**28.3**	**24.6**

11 ▸ Trading assets

in €m	30.06.2009	31.12.2008
Bonds and other fixed-income securities	5,019.8	6,945.4
Equities and other non-fixed-income securities	433.3	383.7
Tradable receivables	1,646.5	2,001.6
Positive market value of derivatives	2,190.8	2,758.2
Reverse repos	1,422.6	72.3
Securities lending	5.7	2.1
Security in the derivatives business	260.3	319.3
Total	**10,979.0**	**12,482.6**

12 ▸ Financial assets

in €m	30.06.2009	31.12.2008
Bonds and other fixed-income securities and interest rate derivatives	2,443.9	1,720.1
Equities	20.7	21.4
Investments	119.8	142.6
Promissory note loans	173.8	127.6
Interests in subsidiaries	111.2	107.1
Total	**2,869.4**	**2,118.8**

13 Deposits by banks

in €m	30.06.2009	31.12.2008
Current accounts	807.1	625.3
Money market transactions	1,862.1	1,869.5
of which overnight money	1,052.4	26.4
of which term deposits	809.7	1,843.1
Other liabilities	170.3	214.3
Total	**2,839.5**	**2,709.1**
of which domestic banks	710.4	858.0
of which foreign banks	2,129.1	1,851.1

14 Customer accounts

in €m	30.06.2009	31.12.2008
Current accounts	7,216.3	6,064.5
Money market transactions	3,715.1	5,066.4
of which overnight money	645.3	685.8
of which term deposits	3,069.8	4,380.6
Savings deposits	28.6	12.9
Other liabilities	373.0	449.0
Total	**11,333.0**	**11,592.8**
of which domestic customers	8,594.3	8,707.4
of which foreign customers	2,738.7	2,885.4

15 Trading liabilities

in €m	30.06.2009	31.12.2008
Negative market value of derivatives	2,646.2	3,190.8
Promissory note loans, bonds, certificates and warrants	2,459.6	2,852.4
Short sales	54.9	39.5
Repos	0.0	0.0
Securities lending	12.4	20.9
Security in the derivatives business	48.8	47.2
Derivatives in the bank book	0.2	2.1
Total	**5,222.1**	**6,152.9**

16 Derivatives business

in €m	Nominal amounts with a residual maturity of: Up to 1 year	1–5 years	More than 5 years	Total	Positive market value
Interest rate transactions					
30.06.2009	9,513	16,088	12,458	38,059	958
31.12.2008	11,985	20,208	13,955	46,148	884
Foreign exchange transactions					
30.06.2009	26,634	1,703	14	28,351	613
31.12.2008	30,180	3,051	54	33,285	1,231
Equity and index transactions					
30.06.2009	5,236	2,144	112	7,492	60
31.12.2008	5,970	2,300	244	8,514	108
Total					
30.06.2009	**41,383**	**19,935**	**12,584**	**73,902**	**1,631**
31.12.2008	**48,135**	**25,559**	**14,253**	**87,947**	**2,223**

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 Contingent liabilities and other obligations

in €m	30.06.2009	31.12.2008
Contingent liabilities on guarantees and indemnity agreements	1,556.0	1,747.5
Irrevocable loan commitments	3,031.9	3,489.2
Total	4,587.9	5,236.7

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 2009
The Management Board

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

Key Dates

12 November 2009	Interim Report as at 30 September 2009
April 2010	Results Press Conference
May 2010	Interim Report as at 31 March 2010
8 June 2010	Annual General Meeting
August 2010	Interim Report as at 30 June 2010
November 2010	Interim Report as at 30 September 2010

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