

The following text is the English version of a news release issued in Germany by HSBC Trinkaus & Burkhardt AG, an 80.7% indirectly owned subsidiary of HSBC Holdings plc.

5 March 2015

HSBC TRINKAUS & BURKHARDT AG
2014 PRELIMINARY RESULTS
GROWTH INITIATIVE SHOWS GOOD PROGRESS TO DATE

- Pre-tax profit of €13.6m (2013: €19.1m)
- Operating revenues of €86.7m (2013: €703.0m)
- Net interest income grew to €174.7m (2013: €165.8m)
- Net fee income declined slightly to €89.7m (2013: €401.1m)

Overview

2014 was again a challenging year for HSBC Trinkaus & Burkhardt ('the Bank') due to overall economic trends and the regulatory framework. The growth initiative launched in mid-2013 nevertheless progressed successfully and according to plan. The five additional corporate banking branches in Dortmund, Hanover, Cologne, Mannheim and Nuremberg were put into operation and were able to gain further business volume and market share. The lending business in particular improved significantly, bucking the general market trend. The growth initiative is aimed at expanding the client base in the corporate banking business (internationally oriented MMEs with an annual turnover of over €35m and large multinational corporate clients), developing a more comprehensive product offering, stronger global cooperation with the HSBC Group and an adjusted appetite for risk in order to become the leading international bank in Germany.

In line with the forecast, the Bank was able to generate pre-tax profit of €13.6m (2013: €19.1m) which was almost at the prior-year level. Net profit came to €146.5m

(2013: €155.3m). In the Commercial Banking segment, major improvements in revenues completely offset higher costs as a result of the growth initiative. Meanwhile, revenues declined at Global Banking and Markets, Global Asset Management and Global Private Banking due to the market environment and the withdrawal from Luxembourg.

At 13.0% (14.7% at the end of 2013), the regulatory capital ratio was slightly lower as a result of higher capital requirements under CRD IV and increased risk-weighted assets in line with the Bank's growth strategy. The tier 1 capital ratio is 10.4% (11.7%), putting the Bank in a strong capital position for further growth. HSBC Trinkaus & Burkhardt AG, the HSBC Group's principal subsidiary in Germany, is rated 'AA- (Stable)' by Fitch Ratings.

Financial commentary

Net interest income increased, thanks to the success of the growth initiative, by 5.4% to €174.7m (2013: €165.8m). Interest income in the lending business improved substantially in particular, while interest income in the deposit business and from financial assets remained under major pressure due to the low interest rate policy pursued by the central banks.

After net loan impairment and other credit risk provisions of €10.9m the previous year, this item came to €4.0m in the 2014 financial year. There was a €0.7m reversal of individually assessed impairments, while the collectively assessed impairment charge was €4.7m, above all as a result of the increased lending volume.

Net fee income declined slightly by 2.8% to €389.7m (2013: €401.1m), reflecting the continuing restraint shown by the Bank's clients on the capital markets, in particular in the securities business, and the discontinuation of Private Banking and fund administration in Luxembourg. On the other hand, there was a significant improvement in net fee income to €28.7m (2013: €23.0m) in the lending business as a result of the growth initiative.

Net trading income was up 12.1% to €107.3m (2013: €95.7m).

Administrative expenses were 1.6% higher at €494.0m (2013: €486.2m), reflecting above all the significant increase in the workforce during the financial year. Increased costs as a result of the growth initiative could not be compensated by lower expenses due to the withdrawal from Luxembourg in the comparable period. Adjusted for prior year's expenses in Luxembourg, administrative expenses are up by 20.4%. Overall, the cost efficiency ratio stands at 69.4% (2013: 67.9%).

Income from financial assets improved by €7.3m to €23.6m (2013: €16.3m) and is essentially the result of gains from the disposal of financial assets.

As at the balance sheet date total assets amount to €22.2bn (31 December 2013: €19.8bn), an increase of 12.0%. Customer deposits are still our most important source of funding and at €3.1bn (2013: €2.2bn) account for 59.0% of total assets. They demonstrate the appreciation on the part of the Bank's clients of our solid business model, the growth path we have embarked upon and our high credit standing.

Outlook

The optimistic sentiment among German companies and a consumer-friendly domestic economy offer a good basis for further growth in 2015. At the same time, the extremely low level of interest rates is putting notable pressure on the earnings situation and further statutory and regulatory provisions are leading to significantly higher costs at the Bank. Stronger revenues and pre-tax profit are expected overall, despite a further rise in administrative expenses due to the increase in the headcount and investments in the IT infrastructure as well as higher risk provisioning requirements as a result of the expansion of the lending portfolio.

The final business results for 2014 are scheduled to be published on 21 April 2015.

Media enquiries to Steffen Pörner on +49 211 910-1664 or at steffen.poerner@hsbc.de

Notes to editors:

1. HSBC Trinkaus & Burkhardt AG

HSBC Trinkaus & Burkhardt AG is a leading client-oriented commercial bank with 230 years of experience. It is part of the globally-operating HSBC Group. With more than 2,650 employees the Bank can be found in 12 locations in Germany, in addition to the head office in Duesseldorf, and has access to the network of the HSBC Group, one of the world's largest banks. At the same time Germany is one of the most important growth markets upon which the HSBC Group concentrates. HSBC Trinkaus & Burkhardt's particular strength lies in the comprehensive servicing of its clients, its detailed knowledge of the international markets, mainly the emerging markets, as well as its global network which helps clients grasp international opportunities. HSBC Trinkaus & Burkhardt AG, the HSBC Group's principal subsidiary in Germany, is rated 'AA- (Stable)' by Fitch Ratings. The bank has total assets of €22.2bn and €193.6bn in funds under management and administration. The bank's central target groups are corporate clients, institutional clients and high net worth private clients (all figures as at 31 December 2014)

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

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,634bn at 31 December 2014, the HSBC Group is one of the world's largest banking and financial services organisations.

ends/all