

*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.*

12 May 2015

**HSBC TRINKAUS & BURKHARDT AG**  
**FIRST QUARTER 2015 RESULTS**  
**RESULTS IMPROVE SHOWING SUCCESSES OF GROWTH INITIATIVE**

- Pre-tax profit grew to €60.6m (Q1 2014: €57.0m)
- Operating revenues increased to €187.5m (Q1 2014: €174.30m)
- Net interest income of €43.6m (Q1 2014: €41.9m)
- Net fee income increased to €105.1m (Q1 2014: €93.2m)
- Administration expenses rose to €135.3m (Q1 2014: €126.6m )

## **Overview**

HSBC Trinkaus & Burkhardt AG ('the Bank') had a positive start to 2015. The growth initiative is progressing successfully, particularly in terms of further expansion of the commercial banking business. The Bank's strategy of becoming the 'Leading International Bank' in Germany has been effective, by expanding our product offering for internationally operating MMEs and multinational corporations, extending the range of our target clients and acquiring new clients. Our customers benefit from HSBC's special expertise, which lies in its global connectivity, primarily in growth markets.

In the first quarter of 2015, the Bank increased pre-tax profit by 6.3%, from €57.0m to €60.6m. Profit after tax amounted to €41.6m (Q1 2014: €38.3m), an increase of 8.6%. The Commercial Banking and Global Banking and Markets segments improved their results further as a result of volume-based growth in interest income in the lending business and high fee income from credit, foreign exchange and custody business. Global Asset Management benefited from higher revenues in the mutual and special fund business, while Global Private Banking results suffered from the ongoing low interest rate environment.

## HSBC Trinkaus & Burkhardt AG 2015 Q1 Results/2

The Bank maintains a strong and liquid balance sheet. The regulatory capital ratio of 12.4% (31 December 2014: 13.0%) reflects increased risk-weighted assets in line with the Bank's growth strategy. The tier 1 capital ratio is 10.0% (31 December 2014: 10.4%). 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 by 4.1% to €43.6m (Q1 2014: €41.9m). This increase was primarily due to the significant improvement in interest income based on higher client lending volumes. Interest income in the deposit-taking business and from financial assets remained under pressure due to the low interest rate policy pursued by the central banks.

Net loan impairment and other credit risk provisions were nil in the first quarter after a reversal of €0.8m in the comparable period of 2014. The Bank continues to have a conservative approach in relation to the assessment of default risks.

Net fee income rose by 12.8% to €105.1m (Q1 2014: €93.2m). The broader positioning of the Bank in customer-related interest and foreign exchange business met increased consulting and hedging needs due to movements in the currency markets. Fee income from securities transactions improved due to the positive momentum on the stock markets as well as the steady growth in volumes.

Net trading income was up 15.3% to €40.6m (Q1 2014: €35.2m).

Administrative expenses rose by 6.9%, from €26.6m to €35.3m. Higher costs were expected and are primarily due to a significant increase in staff numbers. The cost efficiency ratio declined slightly in the first three months to 69.0% versus 69.2% in the comparable period of 2014 as there was a stronger increase in income than in administrative expenses.

Income from financial assets declined from €8.3m to €4.2m essentially due to lower gains on the disposal of financial assets.

As at the balance sheet date, total assets amount to €26.3bn (31 December 2014: €22.2bn), an increase of 18.4%. Customer deposits of €14.4bn (31 December 2014: €13.1bn) are still the Bank's most important source of funding. They demonstrate our customers' trust in the

Bank's solid business model, the growth path we have embarked upon and our high credit standing.

## **Outlook**

The Bank will continue to implement the growth initiative started in mid-2013 and is forecasting further improvement in revenues and pre-tax profit for 2015. The Bank is expecting a significant increase in administrative expenses as a result of the increase in staff numbers, the expansion of the product offering and investment in IT systems. There is a risk that the expansion of customer lending might lead to higher loan losses and increased capital requirement because of higher risk-weighted assets.

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### **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 about 2,700 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 €26.3bn and €10.8bn 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 March 2015).

HSBC Trinkaus & Burkhardt's press releases can be found on the [www.hsbc.de](http://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 Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,670bn at 31 March 2015, HSBC is one of the world's largest banking and financial services organisations.

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