

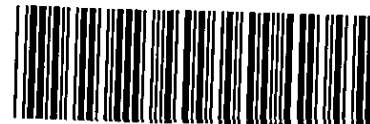
OS AA01Statement of details of parent law and other
information for an overseas company

Companies House

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

☒ What this form is NOT for
You cannot use this form to
an alteration of manner of
with accounting requirements

THURSDAY



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A05

05/07/2012

#262

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ① HSBC Investment Bank Holdings B V

UK establishment number B R 0 0 6 5 6 3

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state

**Part 2 Statement of details of parent law and other
information for an overseas company****A1 Legislation**

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

Legislation ② Netherlands Civil Code

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

③ Please insert the name of the
appropriate accounting organisation
or body

Name of organisation or body ③ International Financial Reporting Standards

A3 Accounts

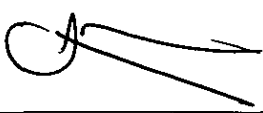
Accounts Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ①	International Financial Reporting Standards	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input type="checkbox"/> Yes	
Part 3 Signature		
	I am signing this form on behalf of the overseas company	
Signature	Signature  This form may be signed by Director, Secretary, Permanent representative	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Karen Lyon

Company name HSBC Bank plc

Address 8 Canada Square

Post town London

County/Region

Postcode E 1 4 5 H Q

Country

DX

Telephone 02079910585



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address

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DX 33050 Cardiff

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



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HSBC Investment Bank Holdings B.V.

Financial Statements

for the year ended 31 December 2011



A05	05/07/2012	#263
	COMPANIES HOUSE	
A27	23/06/2012	#175
	COMPANIES HOUSE	



HSBC Investment Bank Holdings B.V.

Incorporated in the Netherlands as a closed company
with limited liability and domiciled in England
Registered Office 8 Canada Square, London E14 4HF



KPMG Audit
Document to which our report dated

24 MAY 2012

also refers
Initials for identification purposes
KPMG Accountants N V

Financial Statements 31 December 2011

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Management report for the year ended 31 December 2011

HSBC Investment Bank Holdings B V (the 'Company'), incorporated in the Netherlands with limited liability, is registered and domiciled in England as an overseas company (with a statutory seat in Amsterdam) and wholly owned by HSBC Holdings B V, also incorporated in the Netherlands. Its ultimate parent company is HSBC Holdings plc, incorporated in England.

Principal activities

During the year ended 31 December 2011 HSBC Investment Bank Holdings B V (the 'Company') continued to be an investment holding company.

It is not anticipated that the activities of the Company will change significantly during 2012.

Overview of activities

During the year ended 31 December 2011, the Company received interest income of US\$8,668 thousand (2010 US\$3,692 thousand) on a loan to the parent company. The loan, with original maturity of June 2011, was extended for a further five years and at the same time re-priced at market rate, resulting in a year on year increase in interest income.

No dividends were received during the year (2010 US\$nil).

An impairment charge in respect of the Company's investment in HSBC Investment Services (Poland) Sp z o o ("HISP") of US\$846 thousand (2010 US\$nil) was recognised during the year.

Result

The net asset value of the Company as at 31 December 2011 was US\$1,174 million (2010 US\$1,169 million).

The results of the Company show a profit before tax of US\$8 million for the year (2010 US\$4 million).

Business outlook

At the present time, it is not anticipated that the financial income and expenses of the Company will change significantly during 2012.

Risk management

Being an investment holding company, the Company is subject to the risks of the performance of its subsidiaries which could result in impairment of these investments. The subsidiary HSBC Investment Services (Poland) Sp z o o ("HISP") which undertook corporate finance and advisory services, was affected by the adverse economic conditions in recent years and as a result is in the process of being liquidated. An impairment charge in respect of the Company's investment in HISP has been recognised of US\$846 thousand (2010 US\$nil).

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 13 on the financial statements.

The Company's exposure to credit, liquidity and market risks are limited due to the nature of its business, which is predominantly investing in or financing of subsidiaries. These transactions are generally funded by way of equity from the parent company.

Capital management

The Company is not subject to externally imposed capital requirements and is supported by the HSBC Group to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholders' equity. It is HSBC's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.



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**Management report for the year ended
31 December 2011 (continued)**

Directors

The Directors who served during the year were as follows

D H Burnett

G Mattia

J H McKenzie

M M Moses (resigned on 25 January 2011)

P J Reid

The Company has no Supervisory Board of Directors

This report and the financial statements were approved by the Board of Directors on 21 May 2012

London, 21 May 2012

Signed on behalf of the Board of Directors



P J Reid

Director



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Financial Statements

Statement of comprehensive income for the year ended 31 December 2011

	Notes	2011 US\$000	2010 US\$000
Interest income		8,668	3,692
Fair value gain /(loss) on derivatives		45	(30)
Foreign exchange (loss)/gain		(29)	31
Total operating income		8,684	3,693
General and administrative expenses		(14)	(17)
Impairment of investment in subsidiary	8	(846)	-
Total operating expenses		(860)	(17)
Operating profit		7,824	3,676
Profit before tax		7,824	3,676
Tax expense	5	(1,884)	(896)
Profit for the year attributable to the shareholder		5,940	2,780
Total comprehensive income for the year attributable to the shareholder		5,940	2,780

The accompanying notes on pages 8 to 23 form an integral part of these financial statements



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Financial Statements (continued)**Balance sheet as at 31 December 2011**

	<i>Notes</i>	2011 US\$000	2010 US\$000
ASSETS			
Cash at bank and in hand		25,195	17,919
Loans and advances to HSBC undertakings	7	880,080	880,019
Investments in subsidiaries	8	270,166	271,012
Deferred tax assets		4	5
Total assets		1,175,445	1,168,955
LIABILITIES AND EQUITY			
Liabilities			
Amounts owed to HSBC undertakings		1	-
Derivatives	9	7	51
Current tax liabilities		973	380
Accruals		9	9
Total liabilities		990	440
Equity			
Called up share capital	10	315	325
Capital exchange reserve		(55)	(65)
Share premium account		1,101,095	1,101,095
Retained earnings		73,100	67,160
Total equity		1,174,455	1,168,515
Total equity and liabilities		1,175,445	1,168,955

The accompanying notes on pages 8 to 23 form an integral part of these financial statements



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Financial Statements (continued)***********Statement of cash flows for the year ended 31 December 2011**

	<i>Notes</i>	2011 US\$000	2010 US\$000
Cash flows from operating activities			
Profit before tax		7,824	3,676
Adjustments for			
– Non-cash items included in profit/(loss) before tax	11	846	-
– Change in operating assets	11	(61)	(2)
– Change in operating liabilities	11	(45)	30
– Tax paid		(1,288)	(1,757)
Net cash generated from operating activities		7,276	1,947
Net increase in cash and cash equivalents		7,276	1,947
Cash and cash equivalents at 1 January		17,919	15,972
Cash and cash equivalents at 31 December	11	25,195	17,919

The accompanying notes on pages 8 to 23 form an integral part of these financial statements



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Financial Statements (continued)**Statement of changes in equity for the year ended 31 December 2011**

	Called up share capital	Capital exchange reserve	Share premium	Retained earnings	Total equity
	US\$000	US\$000	US\$000	US\$000	US\$000
At 1 January 2011	325	(65)	1,101,095	67,160	1,168,515
Profit for the year attributable to the shareholder	-	-	-	5,940	5,940
Total comprehensive income for the year attributable to the shareholder	-	-	-	5,940	5,940
Exchange movements	(10)	10	-	-	-
At 31 December 2011	315	(55)	1,101,095	73,100	1,174,455
At 1 January 2010	351	(91)	1,101,095	64,380	1,165,735
Profit for the year attributable to the shareholder	-	-	-	2,780	2,780
Total comprehensive income for the year attributable to the shareholder	-	-	-	2,780	2,780
Exchange movements	(26)	26	-	-	-
At 31 December 2010	325	(65)	1,101,095	67,160	1,168,515

The capital exchange reserve is a legal reserve and therefore not distributable

No dividends were paid during 2011 (2010 Nil)

The accompanying notes on pages 8 to 23 form an integral part of these financial statements



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Notes on the Financial Statements

1 Basis of preparation

(a) Statement of compliance

HSBC Investment Bank Holdings B V has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU') and in accordance with Book 2, Title 9 of the Dutch Civil Code

IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the IFRS Interpretations Committee ('IFRIC') and its predecessor body

The Company is exempt from the requirement to prepare group financial statements by article 408 of Book 2 of the Netherlands Civil Code. All subsidiaries held by the Company are taken up within the consolidated financial statements of the ultimate parent company. Under the exemption provided by paragraph 10 of IAS 27, the Company does not prepare consolidated financial statements and, in lieu thereof, files with the Trade Register of the Chamber of Commerce in Amsterdam the audited annual group financial statements of HSBC Holdings Plc

The financial statements present information about the Company as an individual undertaking

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for financial assets and financial liabilities which are measured in accordance with notes 2(f), 2(h) and 2(i)

(c) Functional and presentation currency

The financial statements have been presented in US Dollars, which is the Company's functional currency

All amounts have been rounded to the nearest thousand unless otherwise stated

(d) Use of estimates and assumptions

The preparation of financial information requires the use of estimates and assumptions about future conditions. The use of available information and the application of judgement are inherent in the formation of estimates, actual results in the future may differ from estimates upon which financial information is prepared. Management believes that the Company's critical accounting policy where judgement is necessarily applied is the impairment of investments in subsidiaries (Note 2(g))

(e) Balance sheet presentation

The balance sheet has been prepared in order of liquidity to better reflect the nature of the Company as an investment holding company



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Notes on the Financial Statements (continued)

1 Basis of preparation (continued)

(f) Future accounting developments

At 31 December 2011, a number of standards and amendments to standards had been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2011. These new requirements have not yet been endorsed for use in the EU. Those which could have an impact on the Company's financial statements are discussed below.

Standards and amendments issued by the IASB but not endorsed by the EU

Standards applicable in 2013

In May 2011, the IASB issued IFRS 13 'Fair Value Measurement' ('IFRS 13'). This standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. IFRS 13 is required to be applied prospectively from the beginning of the first annual period in which it is applied. The disclosure requirements of IFRS 13 do not require comparative information to be provided for periods prior to initial application.

IFRS 13 establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. The standard clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions, and enhances disclosures about fair value measurement.

Based on an initial assessment, IFRS 13 is not expected to have a material impact on the Company's financial statements.

Standards applicable in 2015

In November 2009, the IASB issued IFRS 9 'Financial Instruments' ('IFRS 9') which introduced new requirements for the classification and measurement of financial assets. In October 2010, the IASB issued additions to IFRS 9 relating to financial liabilities. Together, these changes represent the first phase in the IASB's planned replacement of IAS 39 'Financial Instruments: Recognition and Measurement' ('IAS 39') with a less complex and improved standard for financial instruments.

Following the IASB's decision in December 2011 to defer the effective date, the standard is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. IFRS 9 is required to be applied retrospectively but prior periods need not be restated.

The second and third phases in the IASB's project to replace IAS 39 will address the impairment of financial assets measured at amortised cost and hedge accounting.

The IASB did not finalise the replacement of IAS 39 by its stated target of June 2011, and the IASB and the US Financial Accounting Standards Board have agreed to extend the timetable beyond this date to permit further work and consultation with stakeholders, including reopening IFRS 9 to address practice and other issues. Therefore, the Company remains unable to provide a date by which it plans to apply IFRS 9. However, based on an initial assessment, when the Company is able to apply IFRS 9 it is not expected to have a material impact on the Company's financial statements.



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Notes on the Financial Statements (continued)

2 Summary of significant accounting policies

(a) Interest income and expense

Interest income and expense for all interest bearing financial instruments is recognised in 'Interest income' and 'Interest expense' in the statement of comprehensive income using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(b) Dividend income

Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

(c) Income Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the Company has a legal right to offset.



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Notes on the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(d) Foreign currencies

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the statement of comprehensive income

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined

In accordance with Book 2, Title 9 of the Dutch Civil Code, the EURO share capital of the Company has been restated into US Dollars using the relating EUR/USD year-end closing rate. The movements in exchange of the share capital remain within equity and are captured in the capital exchange reserve, which is a legal reserve and not distributable

(e) Subsidiaries

The Company classifies investments in entities in which it controls as subsidiaries

The Company's investments in subsidiaries are stated at cost less any impairment losses

(f) Financial assets and liabilities

Loans and advances to and amounts due from HSBC undertakings

Loans and advances to and amounts due from HSBC undertakings are those that have not been classified either as held-for-trading or designated at fair value. These assets are recognised when cash is advanced and are derecognised when the undertakings repay their obligations, or the assets are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses

Amounts owed to HSBC undertakings

Amounts owed to HSBC undertakings are recognised when cash is advanced or contractual arrangements are entered into. These liabilities are initially measured at fair value less any transaction costs that are directly attributable. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method

(g) Impairment of assets (other than financial assets)

The carrying amounts of the Company's investments in subsidiaries are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as the higher of the asset's fair value less costs to sell and its value in use

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Notes on the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Any impairment loss recognised in prior periods shall be reversed through the statement of comprehensive income if, and only if, there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(h) Derivatives

Derivatives are recognised initially, and are subsequently remeasured, at fair value. Fair values of exchange-traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models.

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

The method of recognising fair value gains and losses on derivatives depends on the risk exposure that is being managed. All gains and losses from changes in the fair value of the Company's total return swap derivative are recognised in the statement of comprehensive income within 'Fair value (loss) / gain on derivatives'. All gains and losses from changes in the fair value of the Company's foreign exchange derivatives used for managing foreign currency risk exposure, are recognised in the statement of comprehensive income in 'Foreign exchange gain'.

(i) Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Fair values of financial instruments may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data, where current prices or observable market data are not available.

Valuation techniques incorporate assumptions that other market participants would use in their valuations, including assumptions about interest rate yield curves, exchange rates, volatilities, and prepayment and default rates. Additional factors such as bid-offer spread, credit profile and model uncertainty are taken into account, as appropriate, when fair values are calculated using valuation techniques. Where a financial instrument has a quoted price in an active market and is part of a portfolio, the fair value of the portfolio is calculated as the product of the number of units and quoted price and no block discounts are made.

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(j) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds net of tax.

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Notes on the Financial Statements (continued)

Financial statements for the year ended 31 December 2010

3 Employee compensation and benefits

None of the Directors received any remuneration for their services to the Company during the year (2010 US\$nil)

The Company has no employees and hence no staff costs (2010 US\$nil)

4 General and administrative expenses

Auditor's remuneration

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code certain expenses including auditor's remuneration have been borne by HSBC Holdings plc and are therefore not charged in arriving at profit before tax. The amount incurred in respect of the audit of these financial statements was US\$10,016 (2010 US\$11,341)



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Handwritten initials, possibly 'NV', in dark ink.

Notes on the Financial Statements (continued)

5 Tax expense

	2011	2010
	US\$000	US\$000
Current tax		
UK Corporation tax		
– on current year profit	2,280	1,030
Foreign exchange movements		
– prior year	(397)	(135)
	1,883	895
Deferred tax		
Original and reversal of temporary differences	1	1
	1,884	896

The UK corporation tax rate applying to the Company was 26.5 per cent (2010: 28 per cent)

The following table reconciles the tax expense

	2011	Percentage of overall profit before tax	2010	Percentage of overall profit before tax
	US\$000	%	US\$000	%
Taxation at UK corporation tax rate of 26.5% (2010: 28%)	2,074	26.5	1,030	28.0
Adjustments in respect of prior period liabilities ¹	(397)	(5.1)	(135)	(3.7)
Non-taxable income	-	-	-	-
Amounts not deductible for tax purposes	223	2.9	1	-
Other items	(16)	(0.2)	-	-
Tax expense	1,884	24.1	896	24.4

¹ Adjustments in respect of prior period liabilities consists entirely of foreign exchange on prior year tax balances

The UK Government announced that the main rate of corporation tax for the year beginning 1 April 2011 will reduce from 28% to 26%, to be followed by further reductions to reach 22% for the year beginning 1 April 2014. This results in a weighted average rate of 26.5% for 2011 (2010: 28%).



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Notes on the Financial Statements (continued)

6 Analysis of financial assets and liabilities by measurement basis

The following tables analyse the carrying amount of financial assets and liabilities by category as defined in IAS 39 and by balance sheet heading

As at 31 December 2011	Financial assets and liabilities held at fair value US\$000	Loans and receivables US\$000	Financial assets and liabilities at amortised cost US\$000	Total US\$000
Assets				
Cash at bank and in hand	-	-	25,195	25,195
Loans and advances to HSBC undertakings	-	880,080	-	880,080
Total financial assets	-	880,080	25,195	905,275
Total non-financial assets				270,170
Total assets				1,175,445
Liabilities				
Amounts owed to HSBC undertakings	-	-	1	1
Derivatives	7	-	-	7
Accruals	-	-	9	9
Total financial liabilities	7	-	10	17
Total non-financial liabilities				973
Total liabilities				990

As at 31 December 2010	Financial assets and liabilities held at fair value US\$000	Loans and receivables US\$000	Financial assets and liabilities at amortised cost US\$000	Total US\$000
Assets				
Cash at bank and in hand	-	-	17,919	17,919
Loans and advances to HSBC undertakings	-	880,019	-	880,019
Total financial assets	-	880,019	17,919	897,938
Total non-financial assets				271,017
Total assets				1,168,955
Liabilities				
Derivatives	51	-	-	51
Accruals	-	-	9	9
Total financial liabilities	51	-	9	60
Total non-financial liabilities				380
Total liabilities				440

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Notes on the Financial Statements (continued)**7 Loans and advances to HSBC undertakings**

	Nominal interest rate	Maturity date	2011	2010
			US\$000	US\$000
HSBC Holdings plc	LIBOR + 1.3%	30/06/2016	880,000	880,000
Accrued interest receivable			80	19
			<u>880,080</u>	<u>880,019</u>

The loan to HSBC Holdings plc had an original maturity date of 30 June 2011 and a nominal interest rate of LIBOR + 0.1%. On maturity, the loan was extended for a further five years and at the same time re-priced at market rate.

LIBOR is measured using 3 month US Dollar LIBOR.

The loans are denominated in US Dollars and the effective interest based on US Dollar LIBOR rates is accrued. The loans are carried at amortised cost. The nominal rate is equal to the effective rate of interest as there have been no fees charged on these loans.

The fair value of loans and advances to HSBC undertakings is not significantly different to the carrying value in the balance sheet.



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Notes on the Financial Statements (continued)

8 Investments in subsidiaries

	2011	2010
	US\$000	US\$000
Cost		
At 1 January and 31 December	277,242	277,242
Impairment		
At 1 January	(6,230)	(6,230)
Charge	(846)	-
At 31 December	(7,076)	(6,230)
Net carrying amount 31 December	270,166	271,012

Impairment charge recognised

The impairment charge recognised during 2011 of US\$846 thousand (2010 US\$nil) was in respect of the Company's investment in HSBC Investment Services (Poland) Sp z o o ("HISP"), a wholly owned subsidiary of the Company, which is undergoing approval for liquidation

The Company's accounting policy for impairment of assets (other than financial assets) is described in Note 2(g)

On liquidation, the net asset value of HISP will be repaid to the Company via a dividend. The recoverable amount of HISP is therefore deemed to be the cash flows the Company expects to derive from the subsidiary on liquidation, and as such, is based on the net asset value after deducting any necessary costs of liquidation. On this basis, the recoverable amount is lower than the carrying value of the investment.

The principal subsidiary undertakings of the Company at 31 December 2011 were

Name of Undertaking	Class of Capital	Country of Incorporation	Ownership Percentage 2011	Ownership Percentage 2010
HSBC Investment Services (Poland) Sp z o o	Ordinary shares	Poland	100%	100%
HSBC Securities and Capital Markets (India) Pte Limited	Ordinary shares	India	100%	100%
HSBC Investment Company (Egypt) S A E	Ordinary shares	Egypt	59%	59%

Included in the cost of investment of subsidiaries is US\$268 million relating to HSBC Securities and Capital Markets (India) Pte Limited, a corporate finance advisory business. During the year the company generated an operating profit of US\$2 million. The carrying value of this subsidiary is therefore dependent on management forecasts of increasing profitability going forward. Should this not be realised there is a risk of impairment in the future.



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Notes on the Financial Statements (continued)

9 Derivatives

Fair values of derivatives

	2011 US\$000	2010 US\$000
Liabilities		
Total return swap	7	51

Notional contract amounts of derivatives

	2011 US\$000	2010 US\$000
Total return swap	1,700	1,700

Fair values are determined according to the following hierarchy

Level 1 – Quoted market price financial instruments with quoted prices for identical instruments in active markets

Level 2 – Valuation technique using observable instruments financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

Level 3 – Valuation technique using significant unobservable instruments financial instruments valued using valuation techniques where one or more significant inputs are unobservable

The total return swap is measured at fair value using Level 2 valuation techniques, which use observable inputs

The total return swap is linked to the value of shares in Sidham Finance and Investments (Private) Limited. The principle observable inputs were the net asset value from the published accounts of Sidham Finance and Investment (Private) Limited and the 12 month US Dollar LIBOR rate

10 Share capital

As at 31 December 2011, the share capital of the Company is made up as follows

Class of shares	Nominal value per share (EUR)	Number of authorised shares	Number of issued and fully paid shares	Issued share capital (EUR 000)	Issued share capital (US\$000)
Ordinary shares	50	20,000	4,866	243	315
				<u>243</u>	<u>315</u>

During 2011 no new ordinary shares were issued (2010: nil shares were issued)



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Notes on the Financial Statements (continued)

11 Notes on the statement of cash flows

	2011	2010
	US\$000	US\$000
Non-cash items included in profit before tax		
Impairment of investment in HSBC Investment Services (Poland) Sp. z o.o.	846	-
	<u>846</u>	<u>-</u>
Change in operating assets		
Change in loans and advances to HSBC undertakings	(61)	(2)
	<u>(61)</u>	<u>(2)</u>
Change in operating liabilities		
Change in amounts owed to HSBC undertakings	(1)	-
Change in derivatives	(44)	29
Change in accruals	-	1
	<u>(45)</u>	<u>30</u>
Cash and cash equivalents comprise		
Cash at bank with HSBC undertakings	25,195	17,919
	<u>25,195</u>	<u>17,919</u>
Interest and dividends		
Interest received	8,607	3,690



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Notes on the Financial Statements (continued)

12 Maturity analysis of assets and liabilities

The following is an analysis, by remaining contractual maturities at the balance sheet date, of asset and liability line items that represent amounts expected to be recovered or settled within one year, and after more than one year

	Due within one year	Due after more than one year	Total
As at 31 December 2011	US\$000	US\$000	US\$000
Assets			
Loans and advances to HSBC undertakings	80	880,000	880,080
	<u>80</u>	<u>880,000</u>	<u>880,080</u>
Liabilities			
Amounts owed to HSBC undertakings	1	-	1
Derivatives	7	-	7
Accruals	<u>9</u>	<u>-</u>	<u>9</u>
	<u>17</u>	<u>-</u>	<u>17</u>
As at 31 December 2010			
Assets			
Loans and advances to HSBC undertakings	880,019	-	880,019
	<u>880,019</u>	<u>-</u>	<u>880,019</u>
Liabilities			
Derivatives	51	-	51
Accruals	<u>9</u>	<u>-</u>	<u>9</u>
	<u>60</u>	<u>-</u>	<u>60</u>



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Notes on the Financial Statements (continued)

13 Risk Management

Systems and procedures are in place in the HSBC Group to identify, control and report on the major risks associated with financial instruments which include credit, liquidity and market risk. A Risk Management Meeting of the Group Management Board, chaired by the Group Chief Risk Officer, is held each month (except August) to address asset, liability and risk management issues for the HSBC Group. The Risk Management Meeting sets processes and limits to be applied by HSBC subsidiaries, including HSBC Investment Bank Holdings B V. Exposure to these risks is monitored by HSBC Holdings plc's Asset and Liability Committee.

Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to meet an obligation under a contract.

Maximum exposure to credit risk

	2011 US\$000	2010 US\$000
Cash at bank and in hand	25,195	17,919
Loans and advances to HSBC undertakings	880,080	880,019
	<u>905,275</u>	<u>897,938</u>

Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows.

Cash flows payable by the Company under financial liabilities by remaining contractual maturities

At 31 December 2011

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years
Amounts owed to HSBC undertakings	1	-	-	-
Derivatives	7	-	-	-
Accruals	-	9	-	-
Total	<u>8</u>	<u>9</u>	<u>-</u>	<u>-</u>

At 31 December 2010

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years
Derivatives	51	-	-	-
Accruals	-	9	-	-
Total	<u>51</u>	<u>9</u>	<u>-</u>	<u>-</u>

Derivatives have been included in the 'on demand' time bucket, and not by contractual maturity, because these financial instruments are typically held for short periods of time.

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Notes on the Financial Statements (continued)**13 Risk Management (continued)****Market Risk**

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will reduce income values. Exposure to these risks arises from short-term cash balances and funding positions with HSBC undertakings. The objective of the Company's risk management strategy is to reduce exposure to these risks and minimise volatility in economic income, cash flows and distributable reserves. The principal tool for managing this is sensitivity analysis of changes in profit before tax to future changes in the exchange rates or interest rate.

Foreign currency risk

The Company has no significant exposure to foreign currency risk on assets and liabilities that are denominated in a currency other than the US Dollar.

Interest rate sensitivity analysis

The Company held US\$905 million (2010 US\$897 million) in variable rate net assets. If all other variables are held constant the effect of a 100 basis points increase/(decrease) in LIBOR on these net assets would be an increase/(decrease) of profit before tax of US\$9.0 million (2010 US\$9.0 million) and after tax of US\$6.7 million (2010 US\$6.5 million).

14 Related party transactions**Balances with related parties**

	Notes	2011 US\$000	2010 US\$000
Assets			
Cash at bank and in hand ¹		25,195	17,919
Loans and advances to HSBC undertakings ²	7	880,080	880,019
Investments in subsidiaries ³	8	270,166	271,012
Total related party assets		1,175,441	1,168,950
Liabilities			
Amounts owed to HSBC undertakings ²		1	-
Accruals ¹		9	9
Total related party liabilities		10	9

¹ These balances are with other related parties comprising of other HSBC Group Companies which are neither a parent nor subsidiary of the Company.

² These balances are with HSBC Holdings plc, the ultimate parent of the Company.

³ These balances are with subsidiaries of the Company.



The above outstanding balances arose in the ordinary course of business and are on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

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Notes on the Financial Statements (continued)

15 Events after the balance sheet date

15 Events after the balance sheet date

In May 2012, the Company's board approved a further investment of US\$2.5 million in HSBC Securities and Capital Markets (India) Private Limited. Further injections totalling US\$5.5 million are expected to be invested in HSBC Securities and Capital Markets (India) Private Limited by the end of December 2013, subject to consideration and approval by the board.

16 Capital management

In line with HSBC Group policy, the Company maintains a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Company recognises the impact on shareholder returns of the level of equity capital employed and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity. The Company is not subject to externally imposed capital requirements.

An annual Group capital plan is prepared and approved by the Board of HSBC Holdings plc. The Company manages its own capital within the context of the plan, which determines an appropriate amount and mix of capital required to support planned business growth. As part of HSBC's capital management policy, capital generated in excess of planned requirements is returned to shareholders, normally by way of dividends.

The Company defines capital as total equity, the components of which are set out in the balance sheet.

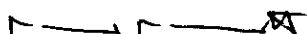
17 Parent undertaking

The Company's immediate parent company is HSBC Holdings B V, which is incorporated in the Netherlands as a close company with limited liability and registered and domiciled in England. The Company's ultimate parent company is HSBC Holdings plc, which is incorporated in England with limited liability under the UK Companies Act.

The accounts of the Company are consolidated within the HSBC Holdings plc financial statements, which are prepared in accordance with International Financial Reporting Standards. Copies of the financial statements of HSBC Holdings plc may be obtained from its registered office as stated below, or from the Group's web site, www.hsbc.com.

HSBC Holdings plc
8 Canada Square
London, E14 5HQ

London, 21 May 2012
Board of Directors



D H Burnett



J H McKenzie




G Mattia

P J Reid



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Supplementary data

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Statutory rules as to appropriation of profits

According to Article 12 of the Company's Articles of Association, profits are at the disposition of the General Meeting of Shareholders

Proposed appropriation of result

Management proposes to carry forward within retained earnings the result for the year ended 31 December 2011

Report of the Auditors

The Report of the Auditors is set forth on the following page



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Handwritten initials, possibly 'MS', in dark ink.

Auditor's report

Independent auditor's report

To the Board of Directors of HSBC Investment Bank Holdings B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of HSBC Investment Bank Holdings B.V., Amsterdam, which comprise the balance sheet as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the balance sheet of HSBC Investment Bank Holdings B.V. as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

AMSTELVEEN

KPMG ACCOUNTANTS N.V.

F.M. van den Wildenberg RA



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Independent Auditor's report

To The Board of Directors of HSBC Investment Bank Holdings B V

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 December 2011 of HSBC Investment Bank Holdings B V, Amsterdam as set out on pages 4 to 23, which comprise the statement of financial position as at 31 December 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

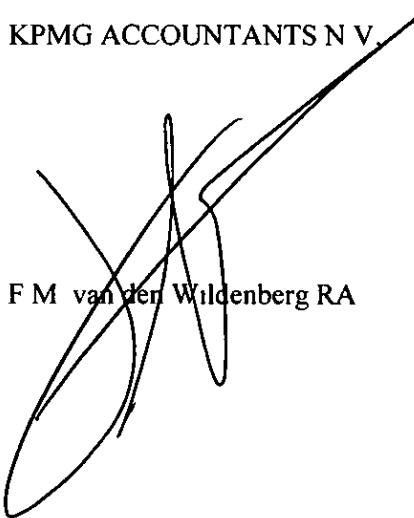
In our opinion, the financial statements give a true and fair view of the financial position of HSBC Investment Bank Holdings B V as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2 393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2 392 sub 1 at b - h has been annexed Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2 391 sub 4 of the Netherlands Civil Code

Amstelveen, 24 May 2012

KPMG ACCOUNTANTS N V.



F M van der Wildenberg RA