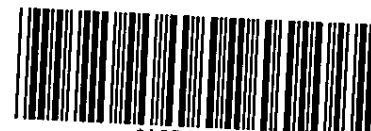


OS AA01Statement of details of parent law and other
information for an overseas company

Companies House

✓/001249/10
✓/001249/10✓ **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 reg
an alteration of manner of com
with accounting requirements

WEDNESDAY

A09 *A3E6VK42* 13/08/2014 #275
COMPANIES HOUSE**Part 1 Corporate company name**Corporate name of
overseas company ① HSBC INVESTMENT BANK HOLDINGS B VUK 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 audited② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

Legislation ② DUTCH CIVIL CODE

A2 Accounting principlesAccounts 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 A3③ Please insert the name of the
appropriate accounting organisation
or bodyName 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

☐ No Go to **Part 3 'Signature'**☒ 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 ●

INTERNATIONAL FINANCIAL REPORTING STANDARDS

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No☐ Yes**Part 3 Signature**

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

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

Company name

Address
HSBC BANK PLC

8 CANADA SQUARE

Post town
LONDON

County/Region

Postcode

E 1 4 5 H Q

Country

DX

Telephone



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

England and Wales

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Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

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The Registrar of Companies, Companies House,
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139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

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Belfast, Northern Ireland, BT2 8BG
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This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

HSBC INVESTMENT BANK HOLDINGS BV
Registered No BR006563

Financial Statements for the year ended 31 December 2013

HSBC 

HSBC INVESTMENT BANK HOLDINGS BV
Registered No BR006563

Financial Statements for the year ended 31 December 2013

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HSBC INVESTMENT BANK HOLDINGS BV

Management Report for the year ended 31 December 2013

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 2013 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 2014.

Overview of activities

During the year ended 31 December 2013, the Company received interest income of US\$12.4 million (2012: US\$14.1 million) on a loan to the parent company. The loan was repaid in November, with the subsequent funds distributed to the Company's parent, HSBC Holdings BV as return of share premium.

No dividends were received during the year (2012: US\$nil).

During the year, an impairment charge of US\$146.2 million (2012: US\$75.1 million) was recognised in respect of the Company's investment in HSBC Securities and Capital Markets (India) Pte Ltd, a wholly owned subsidiary of the Company.

Result

The net asset value of the Company as at 31 December 2013 was US\$92.7 million (2012: US\$1,109 million).

The results of the Company show a loss before tax of US\$133.7 million (2012: loss before tax of US\$61.1 million).

Business outlook

At the present time, it is not anticipated that the operating income and expenses of the Company will change significantly during 2014.

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 Securities and Capital Markets (India) Pte Ltd ("HSCI") was affected by the adverse economic conditions in recent years. An impairment charge in respect of the Company's investment in HSCI has been recognised of US\$146.2 million (2012: US\$75.1 million).

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, market and foreign currency 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.

HSBC INVESTMENT BANK HOLDINGS BV

Management Report for the year ended 31 December 2013

Directors

The Directors who served during the year were as follows

Director	Appointed	Resigned
D H Burnett	26 January 2011	
G Mattia	26 January 2011	
J H McKenzie	3 April 2002	28 March 2014
P J Reid	15 September 2003	

The Company has no Supervisory Board of Directors

Expected business developments

No change in the Company's activities is expected

Capital management

The Company is not subject to externally imposed capital requirements and is dependent on 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.


Significant events since the end of the financial year

There have been no significant events since the end of the financial year.

This report and the financial statements were approved by the Board of Directors on 18 July 2014.

Signed on behalf of the Board of Directors

London, 25 July 2014



D H Burnett
Director

HSBC INVESTMENT BANK HOLDINGS BV
Financial Statements

Statement of comprehensive income for the year ended 31 December 2013

	<i>Notes</i>	2013 US\$000	2012 US\$000
Interest income		12,422	14,116
Net trading income / (expense)		38	208
Fair value loss on derivatives		(1)	(21)
Foreign exchange gain / (loss)		61	(25)
Total operating income		12,520	14,278
General and administrative expenses		(8)	(11)
Impairment of investment in subsidiaries	8	(146,207)	(75,462)
Total operating expenses		(146,215)	(75,473)
Loss before tax		(133,695)	(61,195)
Tax expense	5	(3,017)	(3,886)
Loss for the year attributable to the shareholder		(136,712)	(65,081)
Total comprehensive income for the year attributable to the shareholder		(136,712)	(65,081)

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

HSBC INVESTMENT BANK HOLDINGS BV **Financial Statements**

Balance sheet as at 31 December 2013

	Notes	2013 US\$000	2012 US\$000
ASSETS			
Cash at bank and in hand		41,803	30,808
Loans and advances to HSBC undertakings	7	-	880,038
Prepayments and accrued income		38	208
Investments in subsidiaries	8	53,929	200,136
Deferred tax assets		1	2
Total assets		95,771	1,111,192
LIABILITIES AND EQUITY			
Liabilities			
Derivatives	9	28	27
Current tax liabilities		3,074	1,782
Accruals		7	9
Total liabilities		3,109	1,818
Equity			
Called up share capital	10	335	321
Capital exchange reserve		(75)	(61)
Share premium account		221,095	1,101,095
Retained earnings		(128,693)	8,019
Total equity		92,662	1,109,374
Total equity and liabilities		95,771	1,111,192

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

HSBC INVESTMENT BANK HOLDINGS BV
Financial Statements

Statement of cash flows for the year ended 31 December 2013

		2013	2012
	Notes	US\$000	US\$000
Cash flows from operating activities			
Profit / (Loss) before tax		(133,695)	(61,195)
Adjustments for			
– Non-cash items included in profit before tax	11	146,207	75,462
– Change in operating assets	11	880,208	(166)
– Change in operating liabilities	11	(1)	19
– Tax paid		(1,724)	(3,075)
Net cash generated from operating activities		890,995	11,045
Cash flows from investing activities			
Net cash outflow from acquisition of or additional investment in subsidiaries		-	(5,432)
Net cash used in investing activities		-	(5,432)
Cash flows from financing activities			
Return of share capital		(880,000)	-
Net cash used in financing activities		(880,000)	-
Net increase in cash and cash equivalents		10,995	5 613
Cash and cash equivalents at 1 January		30,808	25,195
Cash and cash equivalents at 31 December	11	41,803	30,808

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

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

Statement of changes in equity for the year ended 31 December 2013

	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 2013	321	(61)	1,101,095	8,019	1,109,374
Profit for the year attributable to the shareholder	-	-	-	(136,712)	(136,712)
Total comprehensive income for the year attributable to the shareholder	-	-	-	(136,712)	(136,712)
Exchange movements	14	(14)	-	-	-
Return of share capital ¹	-	-	(880,000)	-	(880,000)
At 31 December 2013	335	(75)	221,095	(128,693)	92,662
At 1 January 2012	315	(55)	1,101,095	73,100	1,174,455
Loss for the year attributable to the shareholder	-	-	-	(65,081)	(65,081)
Total comprehensive income for the year attributable to the shareholder	-	-	-	(65,081)	(65,081)
Exchange movements	6	(6)	-	-	-
At 31 December 2012	321	(61)	1,101,095	8,019	1,109,374

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

¹ On 27 November 2013, the Company made a distribution of US\$880m (2012 US\$nil) directly from its share premium account, to its sole shareholder, HSBC Holdings BV

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

HSBC INVESTMENT BANK HOLDINGS BV

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 consolidated financial statements. 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 4(a) of IFRS 10, 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

During 2013, the Company adopted a number of interpretations and amendments to standards which had an insignificant effect on the financial statements of the Company

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(g), 2(i) and 2(j)

(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(h))

(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

(f) Future accounting developments

In addition to the projects to complete financial instrument accounting, discussed below, the IASB is continuing to work on projects on revenue which could represent significant changes to accounting requirements in the future

Amendments issued by the IASB but not endorsed by the EU

During 2012 and 2013, the IASB issued various amendments to IFRS that are effective from 1 January 2014 and which are expected to have an insignificant effect on the financial statements of the Company

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

1 Basis of preparation (continued)

In November 2012, the IASB issued proposed amendments to IFRS9 in respect of classification and measurement. Since the final requirements for classification and measurement are uncertain, it remains impracticable to quantify the effect of IFRS 9 as at the date of the publication of these financial statements.

The second phase in the IASB's project to replace IAS 39 will address the impairment of financial assets. It is proposed to replace the 'incurred loss' approach to the impairment of financial assets carried at amortised cost in IAS 39 with an expected credit loss approach, and require that the expected credit loss approach be applied to other categories of financial instrument, including loan commitment and financial guarantees. The final requirements for impairment of financial assets are expected to be published in 2014.

The third phase of the project addresses general hedge accounting. Macro hedging is not included in the IFRS 9 project and will be considered separately. In November 2013, the IASB issued amendments to IFRS 9 in respect of the general hedge accounting requirements, transition and effective date. As a result of these amendments, it is confirmed that all phases of IFRS 9 (except for changes to the presentation of gains and losses for certain liabilities measured at fair value) must be applied from the same effective date. This effective date has not yet been set by the IASB but is not expected to be earlier than 1 January 2018. The revised hedge accounting requirements are applied prospectively and the Company is currently assessing the impact they may have on the financial statements.

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) Trading income

Trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with the related interest income, expense and dividends.

(d) 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.

2 Summary of significant accounting policies (continued)

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.

(e) 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.

(f) Subsidiaries

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

For the purpose of determining this classification, control is considered to be the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

(g) Financial assets and liabilities

Loans and advances to HSBC undertakings

Loans and advances to 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.

(h) 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.

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.

(i) 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'.

(j) 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.

(k) 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.

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

3 Employee compensation and benefits

None of the Directors received any remuneration for their services to the Company during the year (2012 US\$nil)

The Company has no employees and hence no staff costs (2012 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\$10,332 (2012 US\$9,904)

5 Tax expense

	2013	2012
	US\$000	US\$000
Current tax		
UK Corporation tax		
– for this year	3,074	3,527
Foreign exchange movements		
– adjustments in respect of prior years	(58)	357
	3,016	3,884
Deferred tax		
Origination and reversal of temporary differences	1	2
Total tax charged to the statement of comprehensive income	3,017	3,886

The UK corporation tax rate applying to the Company was 23.25 per cent (2012 24.5 per cent)

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

5 Tax expense (continued)

The tax charged to the statement of comprehensive income differs to the tax charge that would apply if all profits had been taxed at the UK corporation tax rate as follows

	2013	Percentage of overall loss before tax	2012	Percentage of overall profit before tax
	US\$000	%	US\$000	%
Profit before tax	(133,695)		(61,195)	
Taxation at UK corporation tax rate of 23.25% (2012 24.5%)	(31,084)	23.25	(14,993)	24.50
Adjustments in respect of prior period liabilities ¹	(58)	0.04	357	(0.58)
Deferred tax temporary differences not recognised/(previously not recognised)	-	-	(67)	0.11
Permanent disallowables	33,993	(25.43)	18,488	(30.21)
Chargeable gains	-	-	67	(0.11)
Other items	166	(0.12)	34	(0.06)
Total tax charged to the statement of comprehensive income	3,017	(2.26)	3,886	(6.35)

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

(I)

The UK Government announced that the main rate of corporation tax for the year beginning 1 April 2013 will reduce from 24% to 23% to be followed by a further 2% reduction to 21% for the year beginning 1 April 2014 and a further 1% reduction to 20% for the year beginning 1 April 2015. The reduction in the corporation tax rate to 23% was enacted through the 2012 Finance Act and this results in a weighted average rate of 23.25% for 2013 (2012 24.5%). The reductions to 21% and 20% that were announced in the 2012 Autumn Statement and 2013 Budget respectively became enacted through the 2013 Finance Act on 17 July 2013.

Deferred taxation

The following tables show the deferred tax assets recognised in the balance sheet and the related amounts recognised in the statement of comprehensive income, other comprehensive income and directly in equity.

	2013 US\$000	2012 US\$000
IFRS conversion	1	2
	2013 US\$000	2012 US\$000
At 1 January	2	4
Income statement	(1)	(2)
At 31 December	1	2

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

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 2013

	Financial assets and liabilities held at fair value	Loans and receivables	Other financial assets and liabilities at amortised cost	Total
	US\$000	US\$000	US\$000	US\$000
Assets				
Cash at bank and in hand	-	-	41,803	41,803
Loans and advances to HSBC undertakings	-	-	-	-
Prepayments and accrued income	-	-	38	38
Total financial assets	-	-	41,841	41,841
Total non-financial assets				53,930
Total assets				95,771
Liabilities				
Derivatives	28	-	-	28
Accruals	-	-	7	7
Total financial liabilities	28	-	7	35
Total non-financial liabilities				3,074
Total liabilities				3,109

As at 31 December 2012

	Financial assets and liabilities held at fair value	Loans and receivables	Other financial assets and liabilities at amortised cost	Total
	US\$000	US\$000	US\$000	US\$000
Assets				
Cash at bank and in hand	-	-	30,808	30,808
Loans and advances to HSBC undertakings	-	880,038	-	880,038
Prepayments and accrued income	-	-	208	208
Total financial assets	-	880,038	31,016	911,054
Total non-financial assets				200,138
Total assets				1,111,192
Liabilities				
Derivatives	27	-	-	27
Accruals	-	-	9	9
Total financial liabilities	27	-	9	36
Total non-financial liabilities				1,782
Total liabilities				1,818

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

7 Loans and advances to HSBC undertakings

	Nominal interest rate	Maturity date	2013	2012
			US\$000	US\$000
HSBC Holdings plc	N/A	N/A	-	880 000
Accrued interest receivable			-	38
			<u>-</u>	<u>880,038</u>

The loan to HSBC Holdings plc and accrued interest were repaid on the 27th November 2013

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 fair value of loans and advances to HSBC Holdings plc at 31 December 2012 was US\$898 million. Fair values were determined using valuation techniques with observable inputs (Level 2). The fair value of loans and advances to from HSBC undertakings are estimated using a modelled security as a proxy for the loan as well as various pricing inputs. Pricing inputs include nominal yield curve, credit spread, and coupon information.

8 Investments in subsidiaries

	2013	2012
	US\$000	US\$000
Cost		
At 1 January	281,471	277,242
Additions	-	6,500
Disposals	-	(2,271)
At 31 December	<u>281,471</u>	<u>281,471</u>
Impairment		
At 1 January	(81,335)	(7,076)
Charge	(146,207)	(75,462)
Disposals	-	1,203
At 31 December	<u>(227,542)</u>	<u>(81,335)</u>
Net carrying amount 31 December	<u>53,929</u>	<u>200,136</u>

Explanation of additions and disposals

There were no additions or disposals during the year.

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8 Investments in subsidiaries (continued)

Impairment charge recognised

An impairment of US\$146, 207 thousand was recognised in HSBC Securities and Capital Markets (India) Pte Limited during 2013 (2012 US\$75,105 thousand)

The balance in the prior year also includes and impairment in HSBC Investment Services (Poland) Sp z o o ("HISP") of US\$357 thousand

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

Subsidiary	2013			2012		
	Carrying value	Discount rate	Nominal growth rate beyond initial cash flow projections	Carrying value	Discount rate	Nominal growth rate beyond initial cash flow projections
	at 31 December 2013			at 31 December 2012		
	US\$m		%	US\$m		%
HSBC Securities and Capital Markets (India) Pte Limited	52,804	17.5	14.1	199,011	16.3	14.0
Total	52,804			199,011		

The process of identifying and evaluating impairment is inherently uncertain because it requires significant management judgement in making a series of estimations, the results of which are highly sensitive to the assumptions used. The impairment review represents management's best estimate of the factors below.

Nominal long-term growth rate this growth rate reflects GDP and inflation for the countries within which the subsidiary operates. The rates are based on IMF forecast growth rates as these rates are regarded as the most relevant estimate of likely future trends. The rates used for 2012 and 2013 do not exceed the long-term growth rate for the countries within which the subsidiary operates, and

Discount rate the discount rate used to discount the cash flows is based on the cost of capital assigned to each subsidiary, which is derived using a Capital Asset Pricing Model ('CAPM'). The CAPM depends on inputs reflecting a number of financial and economic variables including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. In addition, for the purposes of testing subsidiaries for impairment, management supplements this process by comparing the discount rates derived using the internally generated CAPM with cost of capital rates produced by external sources. Externally-sourced cost of capital rates are used where, in management's judgement, those rates reflect more accurately the current market and economic conditions. For 2012 and 2013, internal costs of capital rates were consistent with externally-sourced rates, and

Management's judgement in estimating the cash flows the future cash flows of each subsidiary are sensitive to the cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data in future years, however, the cash flow forecasts necessarily and appropriately reflect management's view of future business prospects at the time of the assessment.

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8 Investments in subsidiaries (continued)

When this exercise demonstrates that the expected cash flows of a subsidiary have declined and/or that its cost of capital has increased, the effect is to reduce the subsidiary's estimated recoverable amount. If this is lower than the carrying value of the subsidiary, a charge for impairment will be recognised in the Company's statement of comprehensive income for the year.

The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. In the event of a significant deterioration in economic and credit conditions compared with those reflected by management in the cash flow forecasts for the subsidiaries, a material adjustment to a subsidiary's recoverable amount may occur which may result in the recognition of an impairment charge in the statement of comprehensive income.

HSBC Securities and Capital Markets (India) Pte Limited

The net asset value of the HSBC Securities and Capital Markets (India) Pte Limited ("HSCI") is US\$24.7m in deficit of the Company's cost of investment indicating impairment.

Management's valuation, based on 5 year cash flows, using the discount rate of 17.5% and the growth rate for the India of 14.1% indicated a value in use of HSCI of US\$52.8m. The cost of investment is US\$146.2m in excess of the value in use.

Based on this valuation, management recognised an impairment in HSCI for US\$146.2m.

Sensitivity to key assumptions for investment in HSBC Securities and Capital Markets (India) Pte Limited

Based on management's value in use calculation for its investment in HSCI, the Company has recognised an impairment of US\$146.2 million (2012: US\$75.4m). Changes to the key assumptions used in the value in use calculation would have the following impact on the impairment recognised:

Key assumptions	Change in assumption	Impact on impairment
Discount rate	+/- 10 basis points	(US\$1,434m) / US\$1,659m
Nominal growth rate	+/- 10 basis points	US\$1,420m / (US\$1,339m)

The principal subsidiary undertakings of the Company at 31 December 2013 were:

Name of Undertaking	Class of Capital	Country of Incorporation	Ownership Percentage 2013	Ownership Percentage 2012
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%
HSBC Securities (Philippines) Inc	Ordinary shares	Philippines	100%	100%

HSBC INVESTMENT BANK HOLDINGS BV **Financial Statements**

9 Derivatives

Fair values of derivatives

	2013 US\$000	2012 US\$000
Liabilities		
Total return swap	28	27

Notional contract amounts of derivatives

	2013 US\$000	2012 US\$000
Total return swap	1,700	1,700

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 2013, the share capital of the Company is made up as follows

Class of shares	Nominal value per share	Number of authorised shares	Number of issued and fully paid shares	Issued share capital	Issued share capital
	(EUR)			(EUR 000)	(US\$000)
Ordinary shares	50	20,000	4,866	243	335
				<u>243</u>	<u>335</u>

During 2013 no new ordinary shares were issued (2012 nil shares were issued)

HSBC INVESTMENT BANK HOLDINGS BV **Financial Statements**

11 Notes on the statement of cash flows

	2013	2012
	US\$000	US\$000
Non-cash items included in profit before tax		
Impairment of investments	146,207	75,462
	<u>146,207</u>	<u>75,462</u>
Change in operating assets		
Change in loans and advances to HSBC undertakings	880,038	42
Change in prepayments and accrued income	170	(208)
	<u>880,208</u>	<u>(166)</u>
Change in operating liabilities		
Change in amounts owed to HSBC undertakings	-	(1)
Change in derivatives	1	20
Change in accruals	(2)	-
	<u>(1)</u>	<u>19</u>
Cash and cash equivalents comprise		
Cash at bank with HSBC undertakings	<u>41,803</u>	<u>30 808</u>
Interest and dividends		
Interest received	12,460	14,158

HSBC INVESTMENT BANK HOLDINGS BV **Financial Statements**

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 2013	US\$000	US\$000	US\$000
Assets			
Cash at bank and in hand	41,803	-	41,803
Loans and advances to HSBC undertakings	-	-	-
Prepayments and accrued income	38	-	38
	<u>41,841</u>	<u>-</u>	<u>41,841</u>
Liabilities			
Derivatives	28	-	28
Accruals	7	-	7
	<u>35</u>	<u>-</u>	<u>35</u>
As at 31 December 2012			
Assets			
Cash at bank and in hand	30,808	-	30,808
Loans and advances to HSBC undertakings	38	880,000	880,038
Prepayments and accrued income	208	-	208
	<u>31,054</u>	<u>880,000</u>	<u>911,054</u>
Liabilities			
Derivatives	27	-	27
Accruals	9	-	9
	<u>36</u>	<u>-</u>	<u>36</u>

HSBC INVESTMENT BANK HOLDINGS BV

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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

	2013 US\$000	2012 US\$000
Cash at bank and in hand	41,803	30,808
Loans and advances to HSBC undertakings	-	880,038
	41,803	910,846

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 2013

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years
Derivatives	28	-	-	-
Accruals	-	7	-	-
Total	28	7	-	-

At 31 December 2012

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years
Derivatives	27	-	-	-
Accruals	-	9	-	-
Total	27	9	-	-

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.

HSBC INVESTMENT BANK HOLDINGS BV

Financial Statements

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 net assets of US\$41 million (2012 US\$910 million) that are sensitive to interest rate movements. 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\$0.41 million (2012 US\$9.1 million) and after tax of US\$0.32 million (2012 US\$6.9 million).

14 Related party transactions

Balances with related parties

	Notes	2013 US\$000	2012 US\$000
Assets			
Cash at bank and in hand ¹		41,803	30,808
Loans and advances to HSBC undertakings ²	7	-	880,038
Investments in subsidiaries ³	8	53,929	200,136
Total related party assets		95,732	1,110,982
Liabilities			
Accruals ¹		7	9
Total related party liabilities		7	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.

HSBC INVESTMENT BANK HOLDINGS BV

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15 Events after the balance sheet date

There have been no significant post balance sheet events

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.

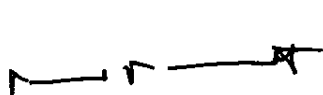
17 Parent undertaking

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

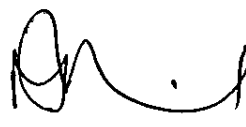
London, 25 July 2014
Board of Directors



D H Burnett



G Mattia



P J Reid

HSBC INVESTMENT BANK HOLDINGS BV
Supplementary data

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 2013

Report of the Auditors

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

HSBC INVESTMENT BANK HOLDINGS BV
Independent Auditor's Report to the Member of HSBC Investment Bank Holdings
B.V. 31 December 2013

Report on the financial statements

We have audited the accompanying financial statements 2013 of HSBC Investment Bank Holdings B V , Amsterdam, which comprise the balance sheet as at 31 December 2013, 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 these 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 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 Company'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 Company'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 2013 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 report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management 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, 2014
KPMG Accountants N V

C C J Segers RA