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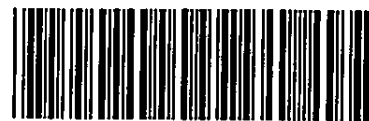
Statement of details of parent law and other information for an overseas company



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✓ 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 co
with accounting requirement

Part 1 Corporate company name

Corporate name of
overseas company ①

HSBC ASIA HOLDINGS B.V.

UK establishment
number

B R 016680

→ 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

Legislation ②

THE NETHERLANDS CIVIL CODE

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

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'	1 Please insert the name of the appropriate accounting organisation or body
Name of organisation or body 1	DUTCH LAW, INCLUDING DUTCH STANDARDS ON AUDITING	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input checked="" type="checkbox"/> 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	CLOE NADLAK
Company name	8 CANADA SQUARE
Address	HSBC BANK PLC 8 CANADA SQUARE
Post town	LONDON
County/Region	
Postcode	E14 5HQ
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

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
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



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

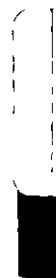
This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

NTM. *[signature]*

FC 31611

HSBC Asia Holdings B V.
Registered No 33296181

Financial statements for the year ended 31 December 2014



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01/05/2015
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Certified a true copy

[Signature]

.....
Director



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HSBC Asia Holdings B V.

Financial statements for the year ended 31 December 2014

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Financial statements for the year ended 31 December 2014

HSBC Asia Holdings B V

Management report for the the year ended 31 December 2014

HSBC Asia 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 Asia Holdings (UK) Limited, incorporated in England. Its ultimate parent company is HSBC Holdings plc, also incorporated in England.

Principal Activities

During the year ended 31 December 2014 the Company continued to be an investment holding company.

Review of the Company's business

The business is funded principally by its parent, HSBC Asia Holdings (UK) Limited.

The income statement and balance sheet provide the key performance indicators.

The reserves available for distribution at 31 December 2014 were US\$14,867 million (2013 US\$14,670 million).

Financial Performance

The performance and position of the Company for the year ended 31 December 2014 and the state of the Company's financial affairs at that date are set out on pages 4 to 33.

The net asset value of the Company as at 31 December 2014 amounts to US\$59,506 million (2013 US\$59,394 million).

The results of the Company show a profit before tax US\$5,779 million (2013 US\$6,951 million). The company received the following dividends from HSBC undertakings:

	2014 US\$000	2013 US\$000
Ordinary shares		
The Hongkong and Shanghai Banking Corporation	5,513,022	6,059,731
HSBC Bank Bermuda Limited	56,000	594,000
HSBC Software Development (India) Private Limited	21,334	-
HSBC Software Development (Malaysia) Sdn Bhd Limited	-	29,350
	5,590,356	6,683,081
Preference shares		
The Hongkong and Shanghai Banking Corporation	125,617	205,224
Associate		
HSBC Saudi Arabia Limited	22,081	25,605

The Company's principal subsidiary, The Hongkong and Shanghai Banking Corporation Limited, redeemed four issues of preference shares at a total nominal value of US\$1,385 million at par.

The Company invested US\$1,385 million in The Hongkong and Shanghai Banking Corporation Limited.

Dividends

The Company paid dividends to HSBC Asia Holdings (UK) Limited of US\$5,790 million on the ordinary shares.

HSBC Asia Holdings B V

Management report for the year ended 31 December 2014

Risk management

The principal risks and uncertainties facing the Company, together with its financial risk management objectives and policies, and an analysis of the exposure to such risks, are set out in Note 18 of the financial statements

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 financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 18 on the financial statements

The Company's exposures 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 capital or debt obtained from the parent or other group companies

Directors

The Directors who served during the year were as follows

Name	Appointed	Resigned
R J Hennity	1 October 2013	
I J Mackay	1 October 2013	
I MacKinnon	1 October 2011	
B J S Mathews	1 October 2013	
A C G Stangroome	24 September 2010	
G A Francis	01 September 2014	

Significant events since the end of the financial year

The Company received dividends of US\$27 million from HSBC Bank Bermuda Limited in February 2015 and \$1,837 million from The Hongkong and Shanghai Banking Corporation Ltd in March 2015

Future developments

No change in the Company's activities is expected in 2015

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

This report and the financial statements were approved by the Board of Directors on 25 March 2015

Signed on behalf of the Board of Directors
London, 25 March 2015



Director
B J S Mathews

HSBC Asia Holding B V

Financial statements for the year ended 31 December 2014

Income statement for the year ended 31 December 2014

	Notes	2014 US\$000	2013 US\$000
Interest income		1,457	2 496
Realised gain on redemption of preference shares		55,872	38 618
Dividend income from group companies		5,590,356	6 683 081
Dividend income from associated companies		22,081	25 605
Dividend income on preference shares		125,617	205 224
Foreign exchange gain/ (loss)		(14,047)	(3 866)
Other operating income		-	21
Total operating income		5,781,336	6 951 179
General & administrative expenses	4	(1,873)	4 284
Fixed assets written off		-	(12)
Expenses relating to investments		(269)	(4 088)
Total operating expenses		(2,142)	184
Operating profit		5,779,194	6,951 363
Profit before tax		5,779,194	6,951 363
Tax expense	5	(397)	(83 878)
Profit for the year attributable to shareholder		5,778,797	6 867 485

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B.V.

Financial statements for the year ended 31 December 2014

Statement of comprehensive income for the year ended 31 December 2014

	Notes	2014	2013
		US\$000	US\$000
Profit for the year attributable to the shareholder		5,778,797	6 867 485
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Available-for-sale investments			
– Fair value gains transferred to profit for the year on disposal		(55,872)	(38 618)
– Change in fair value		24	1 296 757
Defined benefit plan actuarial gains/ (losses)		178,926	(139 345)
Other comprehensive income for the year net of income tax		123,078	1 118 794
Total comprehensive income for the year attributable to the shareholder		5,901,875	7 986 279

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B V

Financial statements for the year ended 31 December 2014

Balance sheet as at 31 December 2014

	Notes	2014 US\$000	2013 US\$000
ASSETS			
Cash and cash equivalents	7	56,908	82 393
Amounts due from HSBC undertakings	8	67,680	84 976
Loans and advances to HSBC undertakings	9	-	10,000
Financial investments in HSBC undertakings	10	3,865,144	5 250 120
Other receivables		-	1
Current tax assets		-	68
Investments in subsidiaries	11	55,406,312	54 021 312
Investments in associates	12	65,185	65 185
Retirement benefits	13	241,565	78 064
Total assets		59,702,794	59,592 119
LIABILITIES AND EQUITY			
Liabilities			
Amounts owed to HSBC undertakings	15	195,884	197 411
Other liabilities		-	148
Current tax liabilities	5	304	-
Accruals		351	180
Total liabilities		196,539	197,739
Equity			
Issued capital	14	27,381,743	31 043 550
Capital exchange reserve		(4,698,943)	(8 360 750)
Share premium		22,772,679	22 772 679
Available for sale reserve		(816,488)	(760 640)
Retained earnings		14,867,264	14 699 541
Total equity		59,506,255	59 394 380
Total equity and liabilities		59,702,794	59 592 119

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B V

Financial statements for the year ended 31 December 2014

Statement of cash flows for the year ended 31 December 2014

	Notes	2014	2013
		US\$000	US\$000
Cash flows from operating activities			
Profit before tax		5,779,194	6 951 363
Adjustment for			
- Non-cash items included in profit before tax	16	(40,446)	(41 312)
- Change in operating assets	16	27,297	90 825
- Change in operating liabilities	16	(1,504)	(1 831)
- Tax (paid)/received		(26)	(83 946)
Net cash generated from operating activities		<u>5,764,515</u>	<u>6 915,099</u>
Cash flows from investing activities			
Net cash outflow from additional investment in subsidiaries		(1,385,000)	(3,400,000)
Proceeds from redemption of preference shares		1,385,000	4 645 000
Return of capital from subsidiary		-	2 795
Net cash generated from investing activities		<u>-</u>	<u>1 247 795</u>
Cash flows from financing activities			
Issue of ordinary share capital		-	2 500 000
Dividends paid		(5,790,000)	(10,630,000)
Net cash used in financing activities		<u>(5,790,000)</u>	<u>(8 130 000)</u>
Net (decrease)/ increase in cash and cash equivalents		(25,485)	32,894
Cash and cash equivalents at 1 January		82,393	49 499
Cash and cash equivalents at 31 December		<u>56,908</u>	<u>82 393</u>

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B.V

Financial statements for the year ended 31 December 2014

Statement of changes in equity for the year ended 31 December 2014

	Ordinary Share Capital US\$000	Preference share capital US\$000	Capital exchange reserve US\$000	Share Premium US\$000	Available-for- sale fair value reserve US\$000	Retained earnings US\$000	Total equity US\$000
At 1 January 2014	28	31,043,522	(8,360,750)	22,772,679	(760,640)	14,699,541	59,394,380

Profit for the year attributable to the shareholder

Other comprehensive income (net of tax)

Change in fair value of available for sale preference shares

Fair value gains transferred to profit for the year on

derecognition

Defined benefit plan actuarial gains/(losses)

Total comprehensive income for the year attributable to the shareholder

Exchange movements

Ordinary shares issued

Dividends to shareholders

At 31 December 2014

	-	-	-	-	-	5,778,797	5,778,797
	-	-	-	-	(55,848)	178,926	123,078
	-	-	-	-	24	-	24
	-	-	-	-	(55,872)	-	(55,872)
	-	-	-	-	-	178,926	178,926
	-	-	-	-	(55,848)	5,957,723	5,901,875
	(3)	(3,661,804)	3,661,807	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	(5,790,000)	(5,790,000)
	25	27,381,718	(4,698,943)	22,772,679	(816,488)	14,867,264	59,506,255

Capital exchange reserve

The Capital Exchange Reserve is a legal requirement and is not distributable

Available for sale reserve

Based on legal requirements, the AFS reserve is not distributable until realised

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B.V.

Financial statements for the year ended 31 December 2014

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

	Ordinary Share Capital US\$000	Preference share capital US\$000	Capital exchange reserve US\$000	Share Premium US\$000	Available-for- sale fair value reserve US\$000	Retained earnings US\$000	Total equity US\$000
At 1 January 2013	27	29,725,998	(7 043 225)	20,272,679	(2 018,778)	18 601 401	59 538,102
Profit for the year attributable to the shareholder	-	-	-	-	-	6 867,485	6 867 485
Other comprehensive income (net of tax)	-	-	-	-	1,258 139	(139,345)	1 118 794
Change in fair value of available for sale preference shares	-	-	-	-	1 296 757	-	1,296 757
Fair value gains transferred to profit for the year on derecognition	-	-	-	-	(38 618)	-	(38 618)
Defined benefit plan actuarial gains/(losses)	-	-	-	-	-	(139 345)	(139,345)
Total comprehensive income for the year attributable to the shareholder	-	-	-	-	1 258,139	6,728 140	7 986 279
Exchange movements	1	1 317 524	(1,317,525)	-	-	-	-
Ordinary shares issued	-	-	-	2 500,000	-	-	2,500,000
Dividends to shareholders	-	-	-	-	-	(10 630 000)	(10 630 000)
At 31 December 2013	28	31,043,522	(8 360,750)	22,772,679	(760 640)	14,699,541	59,394 380

The accompanying notes on pages 10 to 33 form an integral part of these financial statements

HSBC Asia Holdings B.V

Notes to the Financial Statements

1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

HSBC Asia Holding B V (the Company) 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

There were no new standards adopted during the year ended 31 December 2014

(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) 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

(f) Future accounting developments

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

In May 2014, the IASB issued IFRS 15 'Revenue from Contracts with Customers'. The standard is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. IFRS 15 provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for obligations as they are satisfied. The standard should be applied retrospectively, with certain practical expedients available. The company is not impacted by this standard.

In July 2014, the IASB issued IFRS 9 'Financial Instruments', which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

The classification and measurement of financial assets will depend on the entity's business model for their management and their contractual cash flow characteristics and result in financial assets being at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss. In many instances, the classification and measurement outcomes will be similar to IAS 39, although differences will arise, for example, since IFRS 9 does not apply embedded derivative accounting to financial assets and equity securities will be measured at fair value through profit or loss or, in limited circumstances, at fair value through other comprehensive income. The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in population of financial assets measured at amortised cost or fair value compared with IAS 39. The classification of financial liabilities is essentially unchanged, except that, for certain liabilities measured at fair value, gains or losses relating to changes in the entity's own credit risk are to be included in other comprehensive income ('OCI').

Notes to the Financial Statements (continued)

1 Basis of preparation (continued)

(f) Future accounting developments (continued)

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12 month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the probability of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

Hedge accounting

The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between it and risk management strategy and permitting the former to be applied to a greater variety of hedging instruments and risks. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting.

The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the 1 January 2018 with no requirement to restate comparative periods. Hedge accounting is generally applied prospectively from that date.

The mandatory application date for the standard as a whole is 1 January 2018, but it is possible to apply the revised presentation for certain liabilities measured at fair value from an earlier date. It is not expected that IFRS 9 will have a significant impact on the Company.

Notes to 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 income statement 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 income statement 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 income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the same statement in which the related item appears.

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 end of the reporting period 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 end of the reporting period. 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.

Deferred tax relating to fair value re-measurements of available-for-sale investments, which are charged or credited directly to other comprehensive income, is also charged or credited to other comprehensive income and is subsequently recognised in the income statement when the deferred fair value gain or loss is recognised in the income statement.

Notes to 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 income statement

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 NLG 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 not distributable

(e) Subsidiaries and associates

The Company classifies investments in entities in which it controls as subsidiaries. The Company classifies investments in entities over which it has significant influence, and that are not subsidiaries, as associates

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 and associates are stated at cost less any impairment losses

(f) 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 loans are recognised when cash is advanced and are derecognised when the undertakings repay their obligations, or the loans 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

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(f) Financial assets and liabilities (continued)

Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently re-measured at fair value and changes therein are recognised in other comprehensive income.

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 directly attributable transaction costs. 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.

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 income statement.

Any impairment loss recognised in prior periods shall be reversed through the income statement 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) Employee benefits

Defined benefit plans

The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses, in calculating the Company's obligation in respect of the plan, are recognised immediately in equity via other comprehensive income.

Defined contribution plans

Whilst the Company is the official sponsor of certain defined contribution plans, the obligations for contributions to defined contribution plans are not recognised as an expense in the income statement as these are recognised in the income statement of the ultimate employing entity of the individuals concerned.

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(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.

(j) Share capital

Ordinary 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.

Preference share capital

The preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or when it is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

3 Employee compensation and benefits

None of the Directors received any remuneration for their services to the Company during the year (2013 US\$nil).

The Company has no employees and hence no staff costs (2013 US\$1.7 million).

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

4 General and administrative expenses

	Note	2014 US\$000	2013 US\$000
Salaries and allowances		-	684
Compulsory social security contributions		-	34
Company staff – pension expense		-	1 053
International Staff (ISRBS) – pension expense	13	10,741	3 823
ISRBS reimbursements from group and associated companies	13	(9,384)	(10 383)
Total staff related expenses		<u>1,357</u>	<u>(4 789)</u>
Other administrative and office expenses		516	505
Total other administrative expenses		<u>516</u>	<u>505</u>
Total general & administrative expenses		<u>1,873</u>	<u>(4 284)</u>

The Company is the official employer and sponsor of the ISRBS, and it is Group policy that all payments made to the ISRBS and any other charges incurred by the Company in respect of the members will be reimbursed to the Company by the Group and associated entities where the members of the ISRBS have been seconded to

The pension expense is different from the recharges received from group and associated companies and these intra-year variations are not unusual and are caused by timing differences. Ultimately, there will have been no effective cost to the company in respect of the International Staff Retirement Benefits Scheme

Whilst the Company is the official sponsor of certain defined contribution plans, the obligations for contributions to these defined contribution plans are not recognised as an expense in the income statement and are recognised in the income statement of the employing entity of the individuals concerned

None of the Directors received any remuneration for their services to the Company during the year (2013 US\$nil)

Auditor's remuneration

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\$45 825 (2013 US\$48,184)

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

5 Tax expense

	2014 US\$000	2013 US\$000
Current tax		
UK Corporation tax		
- for this year	304	(68)
-adjustments in respect of prior years	93	-
Overseas tax		
- for this year	-	83,946
-adjustments in respect of prior years	-	-
Total tax charged to the income statement	397	83 878

The company migrated its tax residence from Netherlands to the UK on 1 October 2013

The UK corporation tax rate applying to the Company was 21.5 per cent (2013: 23.25 per cent)

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

	2014 US\$000	Percentage of overall profit before tax %	2013 US\$000	Percentage of overall profit before tax %
Profit before tax	5,779,194		6,951,363	
Taxation at UK corporation tax rate of 21.5% (2013: 23.25%)	1,242,527	21.5	1,616,192	23.3
Non-taxable income and gains	(1,245,694)	(21.6)	(1,616,627)	(23.3)
Permanent disallowables	3,471	0.1	3,108	0.0
Adjustments in respect of prior period liabilities	93	0.0	-	-
Effects of differences in tax rates	-	0.0	4,353	0.1
Other items	-	0.0	76,852	1.1
Total tax charged to the income statement	397	0.0	83 878	1.2

The main rate of corporation tax in the UK reduced from 23% to 21% on 1 April 2014 and will be further reduced to 20% on 1 April 2015. The reduction in the corporate tax rate to 20% was enacted through the 2013 Finance Act on 17 July 2013. It is not expected that the future rate reduction will have a significant effect to the company.

HSBC Asia Holdings B V

Notes to 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 2014	Available-for-sale securities	Loans and receivables	Financial assets and liabilities at amortised cost	Total
	US\$000	US\$000	US\$000	US\$000
Assets				
Cash at bank and in hand	-	-	56,908	56,908
Amounts due from HSBC undertakings	-	-	67,680	67,680
Loans and advances to HSBC undertakings	-	-	-	-
Financial investments in HSBC undertakings	3,865,144	-	-	3,865,144
Total financial assets	3,865,144	-	124,588	3,989,732
Total non-financial assets				55,713,062
Total assets				59,702,794
Liabilities				
Amounts due to HSBC undertakings	-	-	195,884	195,884
Accruals	-	-	351	351
Total financial liabilities	-	-	196,235	196,235
Total non-financial liabilities				304
Total liabilities				196,539

As at 31 December 2013	Available-for-sale securities	Loans and receivables	Financial assets and liabilities at amortised cost	Total
	US\$000	US\$000	US\$000	US\$000
Assets				
Cash at bank and in hand	-	-	82,393	82,393
Amounts due from HSBC undertakings	-	-	84,976	84,976
Loans and advances to HSBC undertakings	-	10,000	-	10,000
Financial investments in HSBC undertakings	5,250,120	-	-	5,250,120
Total financial assets	5,250,120	10,000	167,369	5,427,489
Total non-financial assets				54,164,630
Total assets				59,592,119
Liabilities				
Amounts due to HSBC undertakings	-	-	197,411	197,411
Accruals	-	-	180	180
Total financial liabilities	-	-	197,591	197,591
Total non-financial liabilities				148
Total liabilities				197,739

HSBC Asia Holdings B.V

Notes to the Financial Statements (continued)

7 Cash and cash equivalents

	2014	2013
	US\$000	US\$000
Short term deposits	55,767	82 100
Bank balances	1,141	293
Cash and cash equivalents	56,908	82 393

Cash and cash equivalents comprise cash and short time deposits which are immediately available at no additional break costs should the need arise

The short term deposits are due within three months and carry interest at 0.06%

8 Amounts due from group companies

	2014	2013
	US\$000	US\$000
Dividend receivable on preference shares	67,667	84 960
Amounts due from group companies	13	16
Amounts due from group companies	67,680	84 976

Amounts due from HSBC group companies are non-interest bearing amounts and the fair value is not significantly different to the carrying value on the balance sheet

9 Loans to group companies

	Maturity date	2014	2013
		US\$000	US\$000
HSBC Finance Corporation, USA	22/12/2014	-	5 000
HSBC Finance Corporation, USA	28/09/2015	-	5,000
Balance as at 31 December		-	10,000

The loans above were repaid during the year

HSBC Asia Holdings B.V

Notes to the Financial Statements (continued)

10 Financial investments in HSBC undertakings

Financial investments are designated as available-for-sale and are measured at fair value with movements in fair value recognised through other comprehensive income in the available-for-sale reserve

The Company holds the following preference shares of The Hongkong and Shanghai Banking Corporation Limited, Hong Kong ("HBAP"), as follows

	Nominal Value	Dividend basis	2014 US\$000	2013 US\$000
Non-cumulative shares ¹	978,000	LIBOR + 1.85%	805,415	866,492
Non-cumulative shares ¹	375,000	LIBOR + 1.35%	275,737	303,739
Non-cumulative shares ¹	500,000	LIBOR + 1.25%	358,826	397,385
Non-cumulative shares ¹	1,000,000	LIBOR + 1.25%	717,652	794,770
Non-cumulative shares ¹	-	LIBOR + 1.30%	-	561,660
Non-cumulative shares ¹	250,000	LIBOR + 1.15%	175,001	194,892
Non-cumulative shares ¹	150,000	LIBOR + 1.15%	105,001	116,935
Cumulative shares ¹	200,000	LIBOR + 1.00%	150,186	159,957
Cumulative shares ¹	-	LIBOR + 1.15%	-	205,952
Cumulative shares ¹	-	LIBOR + 1.25%	-	317,874
Cumulative shares ¹	-	LIBOR + 1.25%	-	47,450
Cumulative shares ¹	200,000	LIBOR + 1.20%	157,969	166,365
Cumulative shares ²	1,050,000	LIBOR + 3.23%	1,119,357	1,116,649
Total	4,703,000		3,865,144	5,250,120

¹Irredeemable preference shares. Redemption is at the issuer's option, subject to 30 days' notice in writing to shareholders and with prior consent of the Hong Kong Monetary Authority.

²Redeemable preference shares. Redemption on or after 2 January 2019 is at the issuer's option, subject to 30 days' notice in writing to shareholders and with prior consent of the Hong Kong Monetary Authority. The maturity date of the redeemable preference shares is 2 January 2024.

The preference share dividend is paid annually as long as the retained profits of the issuer allows payment. As this has been the case in the past and anticipated in the future, the preference dividend is being accrued.

Amounts due from group companies (Note 8) includes accrued preference share dividends receivable on financial investments of US\$68 million (2013: US\$85 million).

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

10 Financial investments in HSBC undertakings (continued)

The movements in financial investments during the year were as follows

	2014	2013
	US\$000	US\$000
Balance as at 1 January	5,250,120	8 598 363
Additions	-	-
Disposals	(1,385,000)	(4 645 000)
Change in fair value	24	1 296 757
Balance as at 31 December	3,865,144	5 250,120

Fair values were determined using valuation techniques with observable inputs (Level 2). The fair value of financial investments in HSBC undertakings are estimated using a modelled security as a proxy for the preference shares as well as various pricing inputs. Pricing inputs include nominal yield curve, credit spread, and coupon information.

11 Investments in subsidiaries

The Company carries its investments in subsidiaries and affiliated companies at historical cost less provision for any impairment. Dividends are taken into the results of the Company as and when declared.

	2014	2013
	US\$000	US\$000
Cost		
At 1 January	54,073,847	50 676 642
Additions	1,385,000	3 400 000
Reduction in investments	-	(2,795)
At 31 December	55,458,847	54 073 847
Impairment		
At 1 January	(52,535)	(52,535)
Charge	-	-
At 31 December	(52,535)	(52 535)
Net carrying amount 31 December	55,406,312	54 021 312

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

11 Investments in subsidiaries (continued)

Additions of investments

The Company invested a further US\$1,385 million in The Hongkong Shanghai Banking Corporation

Impairment Testing

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

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

Evaluation of indicators of impairment was carried out by comparing carrying value to net asset value and, where there was an indicator of impairment, by comparing carrying value to recoverable amount

No impairment charge was recognised during the year (2013 US\$ nil)

The principal subsidiary undertakings of the Company at 31 December 2014 were

	Nature of business	Country	Ownership (% of equity)	
			2014	2013
HSBC Bank Bermuda Ltd	Banking	Bermuda	100%	100%
Credival Latinsul SA	Dormant	Uruguay	100%	100%
Dar Es Salaam Investment Bank	Investment Banking	Iraq	70.1%	70.1%
HSBC IM Pension Trust Ltd	Trust company	United Kingdom	100%	100%
HSBC Property (UK) Ltd	Property Holding	United Kingdom	100%	100%
HSBC Software Development (India) Private Ltd	Software & support	India	100%	100%
HSBC Software Development (Malaysia) Sdn Bhd	Software & support	Malaysia	100%	100%
The Hongkong and Shanghai Banking Corporation Ltd	Banking	Hong Kong SAR	100%	100%

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

12 Investments in associates

The Company carries its investments in associates at historical cost less provision for any impairment

The Company has the following investments in associates

	Nature of business	Country	Ownership (% of equity)	
			2014	2013
HSBC Saudi Arabia Ltd	Investment Banking	Saudi Arabia	49%	49.0%
SABB Takaful Company ¹	Insurance	Saudi Arabia	31%	31.0%

¹ (a further 1.5% is owned indirectly)

13 Employee benefits

Liability for defined benefit obligations

The Company makes contributions to one closed defined benefit plan, resident in Jersey, that provides pension benefits for employees upon retirement - the International Staff Retirement Benefits Scheme ("ISRBS")

In 2009, the Company became the official sponsor of the International Retirement Benefits Plan ("IRBP"), a defined contribution plan. The obligations for contributions are recognised by the employing entity of the individuals concerned.

Movements in retirement benefits

	2014	2013	2012	2011	2010
	US\$000	US\$000	US\$000	US\$000	US\$000
Present value of defined benefits obligations	1,399,742	1,367,425	1,229,854	1,063,544	1,144,363
Present value of plan assets	1,641,307	1,445,489	1,444,552	1,303,812	1,065,630
Total retirement benefits	(241,565)	(78,064)	(214,698)	(240,268)	78,733

HSBC Asia Holdings B V.

Notes to the Financial Statements (continued)

13 Employee benefits (continued)

Movements in the liability for defined benefit obligations recognised in the balance sheet

	2014	2013	2012	2011	2010
	US\$000	US\$000	US\$000	US\$000	US\$000
Liability for defined benefit obligations at 1 January	1,367,424	1 229 854	1 063 544	1 144 363	1 124 856
Movements in exchange	(84,564)	37 502	48 393	(6 261)	(48 020)
Employee contributions	988	1 129	1 247	1 593	1 711
Actual benefits payments made	(72,840)	(58 853)	(55 864)	(47,810)	(44,605)
Expense recognised in the income statement (see below)	71,682	64 658	69 239	85 201	81 394
Other comprehensive income	117,052	93 135	103 295	(113 542)	29 027
Liability for defined benefit obligations at 31 December	1,399,742	1 367 425	1 229 854	1 063 544	1 144 363

Movements in the plan assets

	2014	2013	2012	2011	2010
	US\$000	US\$000	US\$000	US\$000	US\$000
Fair value of plan assets at 1 January	1,445,489	1 444 552	1 303 812	1 065 630	980 994
Movements in exchange	(98,632)	33 732	57 197	(5 646)	(41 864)
Employee contributions	988	1,129	1 247	1,593	1,711
ISRBS employer contributions	9,384	10,383	47 069	16 197	16 737
Actual benefits payments made	(72,840)	(58 854)	(55 864)	(47 810)	(44,605)
Expected return on plan assets (see below)	60,940	60 757	52 534	59 919	50 626
Other comprehensive income	295,978	(46,210)	38 557	213 929	102 031
Fair value of plan assets at 31 December	1,641,307	1 445 489	1 444 552	1 303 812	1,065 630

Expense recognised in the income statement

	2014	2013
	US\$000	US\$000
Current service costs	11,427	10 975
Interest on obligation	57,439	51 379
Administration costs and taxes	2,816	2 304
	71,682	64 658
Expected return on plan assets	(60,940)	(60 757)
	10,742	3 901

Categories of plan assets

	2014	2013
	US\$000	US\$000
Equities	85,431	84 913
Bonds	1,560,902	754 367
Property	48,941	58 621
Other	(53,967)	547 588
Total plan assets	1,641,307	1 445 489

HSBC Asia Holdings B.V.

Notes to the Financial Statements (continued)

13 Employee benefits (continued)

Pension assumptions

<i>Assumptions as at 31 December</i>	2014	2013
Inflation	3.30%	3.60%
Salary increases	1.75%	1.75%
Pension increases	3.30%	3.60%
Discount rate	3.50%	4.30%
Expected return on assets	4.20%	4.30%
Medical trend rate	n/a	n/a
Mortality table – males	65%S1PMA_L	65%S1PMA_L
Mortality table – females	75%S1PFA_L	75%S1PFA_L

* with core CMI 2013 improvements and a 1.25% long term rate

Estimated contributions and benefit payments in next financial year

In 2015, the estimated company contributions are \$8,263 thousand and the estimated employee contributions are \$861 thousand. The estimated benefits payments are expected to be \$60,118 thousand.

The effect of changes in key assumptions on the ISRBS pension scheme

	2014	2013
	US\$000	US\$000
Change in defined benefit obligation at year-end from a 25bps increase in discount rate	61,004	61,991
Increase in defined benefit obligation from each additional year of longevity assumed	39,753	34,715

HSBC Asia Holdings B.V

Notes to the Financial Statements (continued)

14 Share capital

Share capital and share premium

As at 31 December 2014, the share capital of the Company is made up as follows (the issued share capital has been stated net of capital exchange reserve)

Class of shares	Nominal value per share (EUR)	Number of authorised Shares	Number of issued shares	Issued share capital (EUR'000)	Issued share capital (USD'000)
Ordinary shares	50	500	405	20	22
Preference A	1 000	27 000 000	17 180 000	17 180 000	15,681,046
Preference B	1 000	1 000 000	886 041	886 041	793,715
Preference C	1 000	1 000 000	175 000	175 000	199,972
Preference D	1 000	1 000 000	1 000 000	1 000 000	1,280,800
Preference E	1 000	2 000 000	1 000 000	1 000 000	1,284,100
Preference F	1 000	2 000 000	250 000	250 000	327,375
Preference G	1 000	2 000 000	1 400 000	1 400 000	2,199,400
Preference H	1 000	1 000 000	650 000	650 000	916,370
Balance as at 31 December			22,541,446	22,541,061	22,682,800

No ordinary shares or preference shares were issued during the year (2013 1 ordinary share, no preference shares issued)

Preference shares classes A through G carry the following rights

- At liquidation or redemption, the shareholders are entitled to receive a preferential distribution equal to the GBP equivalent of the nominal value converted into GBP at the exchange rate prevailing on the date of issue of the relevant shares ("liquidation value")
- Preference shares carry a share premium. At liquidation or redemption the shareholders of these preference shares are entitled to receive the balance of the share premium reserve attached to such preference shares converted into GBP at the exchange rate prevailing on the date of issue of the relevant shares
- The liquidation value of these preference shares as at year-end is GBP 14,575 million (2013 GBP 14,575 million), with a USD equivalent of US\$22,718 million (2013 US\$24,094 million)
- In case dividends are declared on the ordinary shares, the preference shares carry a preferential non-cumulative dividend based on the liquidation value at a rate of LIBOR + 2% where LIBOR is the rate quoted for a 6-month GBP deposit on the first business day of the year

The holders of preference shares are entitled to a dividend on the preference shares with the maximum dividend calculated above. The holders of ordinary shares are entitled to receive dividends only when the Preference dividend has been paid in full. All ordinary and preference shares rank equally with regard to voting rights.

Repurchase of Preference Shares

No preference share repurchases have been conducted during the year

HSBC Asia Holdings B V

Notes to the Financial Statements (continued)

15 Amounts owed to HSBC undertakings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings

	Due	Interest	2014 US\$000	2013 US\$000
Current liabilities				
Loan from Credival Latinsul SA	undated	none	195,631	195 631
Amounts due to group companies	undated	none	253	1 780
Balance as at 31 December			195,884	197,411

The interest-free loan with Credival Latinsul SA is on demand and has been provided in anticipation and advance of the liquidation of this subsidiary. The carrying value of the subsidiary in the books of the Company is not materially different to the amount of the loan. Once the liquidation process has been completed the loan will be repaid and the capital returned to the Company.

16 Notes on the statement of cash flows

	2014 US\$000	2013 US\$000
Non-cash items included in profit before tax		
Fixed assets written off	-	12
Depreciation of fixed assets	-	5
Pension costs	15,426	(2 711)
Net gain on investments in Equity instruments	(55,872)	(38 618)
	(40,446)	(41,312)
Change in operating assets		
Change in amounts due from HSBC undertakings	17,296	90 577
Change in loans and advances to HSBC undertakings	10,000	-
Change in prepayments and accrued income	-	15
Change in other receivables	1	233
	27,297	90 825
Change in operating liabilities		
Change in amounts owed to HSBC undertakings	(1,527)	1 780
Change in accruals	171	70
Change in other liabilities	(148)	(3,681)
	(1,504)	(1 831)
Cash and cash equivalents comprise		
Cash at bank with HSBC undertakings	56,908	82 393
Interest and dividends		
Interest received	1,457	2,496
Dividends received	5,612,437	7 004 438

HSBC Asia Holdings B.V

Notes to the Financial Statements (continued)

17 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 2014	US\$000	US\$000	US\$000
Assets			
Cash at bank and in hand	56,908	-	56,908
Amounts due from HSBC undertakings	67,680	-	67,680
Loans and advances to HSBC undertakings	-	-	-
Financial investments in HSBC undertakings	-	3,865,144	3,865,144
Total financial assets	124,588	3,865,144	3,989,732
Total non-financial assets	-	55,713,062	55,713,062
Total assets	124,587	59,578,206	59,702,794
Liabilities			
Amounts owed to HSBC undertakings	-	195,884	195,844
Accruals	351	-	351
Total financial liabilities	351	195,884	196,235
Total non-financial liabilities	-	304	304
Total liabilities	351	196,188	196,539
As at 31 December 2013			
Assets			
Cash at bank and in hand	82 393	-	82 393
Amounts due from HSBC undertakings	84 976	-	84 976
Loans and advances to HSBC undertakings	5 000	5 000	10 000
Financial investments in HSBC undertakings	-	5 250 120	5 250 120
Total financial assets	172 369	5 255 120	5 427 489
Total non-financial assets	-	54 164,630	54 164 630
Total assets	172 369	59 419 750	59 592 119
Liabilities			
Amounts owed to HSBC undertakings	1 780	195 631	197 411
Accruals	180	-	180
Total financial liabilities	1 960	195,631	197 591
Total non-financial liabilities	-	148	148
Total liabilities	1 960	195 779	197 739

HSBC Asia Holdings B.V

Notes to the Financial Statements (continued)

18 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 Asia 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

	2014 US\$000	2013 US\$000
Cash at bank and in hand	56,908	82,393
Amounts due from HSBC undertakings	67,680	84,976
Loans and advances to HSBC undertakings	-	10,000
Financial investments in HSBC undertakings	3,865,144	5,250,120
Employee benefits	241,565	78,064
	4,231,297	5,505,553

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 2014

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years
Amounts due to HSBC undertakings	253	-	-	-	195,631
Accruals	264	87	-	-	-
Total	517	87	-	-	195,631

At 31 December 2013

US\$000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years
Amounts due to HSBC undertakings	1,780	-	-	-	195,631
Accruals	95	85	-	-	-
Total	1,875	85	-	-	195,631

The balances in the table above may not agree directly with those in the Company's balance sheet as the table incorporates, on an undiscounted basis, all cash flows relating to principal and all future coupon payments.

Notes to the Financial Statements (continued)

18 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 sensitivity analysis

The Company is exposed to foreign currency risk on assets and liabilities that are denominated in a currency other than the US Dollar. The currency giving rise to this risk is Sterling which amounted to a US\$242 million asset (2013 US\$78 million asset).

The Company's profit before tax would decrease by US\$12.7 million, profit after tax by US\$10 million (2013 US\$4 million decrease, profit after tax US\$3.1 million decrease) if the Sterling foreign exchange rate weakened by 5 per cent relative to the US dollar.

Foreign currency rate sensitivity analysis has been performed on the net assets foreign exchange risk exposure as at the reporting date. An upward/downward movement in the USD/GBP rate of 5 per cent has been assumed. If all other variables are held constant, the information above presents the likely impact on the Company's profit.

Interest rate sensitivity analysis

The Company held net assets of US\$4,759 million (2013 US\$6,180 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\$47.6 million (2013 US\$61.8 million) and after tax of US\$37.4 million (2013 US\$47.4 million).

HSBC Asia Holdings B V.

Notes to the Financial Statements (continued)

19 Related party transactions

Balances with related parties

	Notes	2014 US\$000	2013 US\$000
Assets			
Cash at bank and in hand ¹		56,908	82 393
Amounts due from HSBC undertakings ²		67,680	84 976
Loans and advances to HSBC undertakings ¹		-	10 000
Financial investments ²	10	3,865,144	5 250 120
Investments in subsidiaries ²	11	55,406,312	54,021 312
Employee benefits ³	13	241,565	78,064
Total related party assets		59,637,609	59 526 865
Liabilities			
Amounts owed to HSBC undertakings ²		195,884	197,411
Total related party liabilities		195,884	197 411

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 subsidiaries of the Company

³ The International Staff Retirement Benefit Scheme entered into swap transactions with HSBC to manage the inflation and interest rate sensitivity of the liabilities and selected assets. At 31 December 2014, the gross notional value of the swaps was US\$1.9 billion (2013: US\$1.8 billion) and the swaps had a net negative fair value of US\$106 million to the scheme (2013: positive US\$353 million).

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.

Further explanations of material related party transactions are below.

Investments in subsidiaries - Details of changes in investments in subsidiaries are set out in Note 11.

Other related party transactions

Dividends received

The company received the following dividends from HSBC undertakings:

	2014 US\$000	2013 US\$000
Ordinary shares		
The Hongkong and Shanghai Banking Corporation	5,513,022	6 059 731
HSBC Bank Bermuda Limited	56,000	594 000
HSBC Software Development (India) Private Limited	21,334	-
HSBC Software Development (Malaysia) Sdn Bhd Limited	-	29 350
	5,590,356	6 683,081
Preference shares		
The Hongkong and Shanghai Banking Corporation	125,617	205,224
Associate		
HSBC Saudi Arabia Limited	22,081	25 605

HSBC Asia Holdings B V.

Notes to the Financial Statements (continued)

20 Related party transactions (continued)

Dividends paid

Dividends of US\$5,790 million were paid during the year to its parent company HSBC Asia Holdings (UK) Limited (2013 US\$ 10,630 million)

21 Contingent liabilities and guarantees

There were no contingent liabilities at 31 December 2014 (2013 US\$nil)

22 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.

23 Parent undertaking

The Company's immediate and ultimate holding companies are HSBC Asia Holdings (UK) and HSBC Holdings plc respectively.

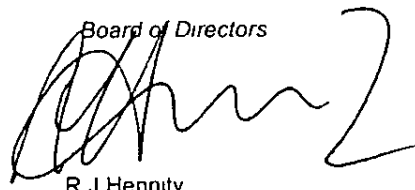
HSBC Holdings plc is incorporated in England with limited liability under the UK Companies Act.

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 March 2015

Board of Directors



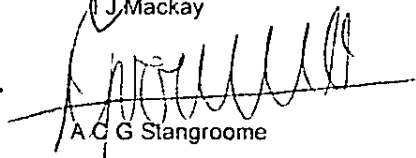
R J Hennity



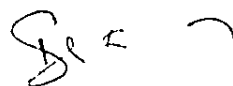
B J S Mathews



I J Mackay



A C G Slangroome



I MacKinnon



G A Francis

HSBC Asia Holdings B V

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

Events after the balance sheet date

The Company received dividends of US\$27 million from HSBC Bank Bermuda Limited in February 2015 and \$1,837 million from The Hongkong and Shanghai Banking Corporation Ltd in March 2015

Proposed appropriation of result

Management proposes to carry forward within retained profits the result for the year 2014

Report of the Auditor

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

Independent auditor's report

To the Board of Directors of HSBC Asia Holdings B.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of HSBC Asia Holdings B.V., Amsterdam, which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors 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, the Board of Directors 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 the Board of Directors 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 Asia Holdings B.V. as at 31 December 2014 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, March 2015

KPMG Accountants N.V.

C.C.J. Segers RA