

HSBC Securities (Japan) Limited

Financial Statements

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Balance sheet as at 31 December 2017

	2017 JPY m	2016 JPY m
<b>Assets</b>		
Cash and cash equivalents	32,932	26,435
Derivatives	1,419	910
Trade and other receivables	69,443	90,610
Financial investments	319,487	236,971
Reverse repurchase agreements - non trading	1,739,866	1,614,329
Property, plant and equipment	25	42
Deferred tax assets	71	47
Intangible assets	2	5
	<u>2,163,245</u>	<u>1,969,349</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Trade and other payables	394,422	321,078
Derivatives	847	882
Repurchase agreements - non trading	1,742,366	1,621,315
Accruals, deferred income and other liabilities	1,384	3,632
Current tax liabilities	224	1,012
	<u>2,139,243</u>	<u>1,947,919</u>
<b>Equity</b>		
Called up share capital	19,775	19,775
Retained earnings	4,227	1,655
	<u>24,002</u>	<u>21,430</u>
Total equity	<u>24,002</u>	<u>21,430</u>
Total liabilities and equity	<u>2,163,245</u>	<u>1,969,349</u>

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#### Income statement for the year ended 31 December 2017

	2017 JPY m	2016 JPY m
Interest income	15,355	7,529
Interest expense	(12,378)	(5,664)
<b>Net interest income</b>	<b>2,977</b>	<b>1,865</b>
Fee and commission income	4,254	4,627
Fee and commission expense	(286)	(412)
<b>Net fee income</b>	<b>3,968</b>	<b>4,215</b>
Net trading income	823	91
Other operating income	1,180	812
<b>Net operating income</b>	<b>8,948</b>	<b>6,983</b>
General and administrative expenses	(4,715)	(3,296)
<b>Total operating expenses</b>	<b>(4,715)</b>	<b>(3,296)</b>
<b>Profit before tax</b>	<b>4,233</b>	<b>3,687</b>
Tax expense	(1,600)	(1,237)
<b>Profit for the year</b>	<b>2,633</b>	<b>2,450</b>