

**HSBC Securities (Japan) Limited**  
**Balance sheet at 31 December 2018**

	2018	2017
	JPY m	JPY m (Restated)
<b>Assets</b>		
Cash and cash equivalents	22,985	32,932
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	36,010	—
Derivatives	451	1,419
Trade and other receivables	63,304	69,443
Reverse repurchase agreement - non-trading	1,932,080	1,739,868
Financial investments	140,768	319,487
Current tax assets	291	—
Property, plant and equipment	66	25
Intangible assets	—	2
Deferred tax assets	72	71
<b>Total assets</b>	<b>2,196,027</b>	<b>2,163,245</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Trade and other payables	230,221	392,786
Repurchase agreement - non-trading	1,937,910	1,742,368
Derivatives	438	847
Accruals, deferred income and other liabilities	3,127	3,020
Current tax liabilities	—	224
<b>Total liabilities</b>	<b>2,171,696</b>	<b>2,139,243</b>
<b>Equity</b>		
Called up share capital	19,776	19,776
Retained earnings	4,556	4,227
<b>Total equity</b>	<b>24,331</b>	<b>24,002</b>
<b>Total liabilities and equity</b>	<b>2,196,027</b>	<b>2,163,245</b>

## Financial statements

### Income statement for the year ended 31 December 2018

	2018	2017
	JPY m	JPY m
Interest income	20,769	15,356
Interest expense	(19,210)	(12,378)
<b>Net interest income</b>	<b>1,559</b>	<b>2,977</b>
Fee and commission income	3,961	4,254
Fee and commission expense	(587)	(286)
<b>Net fee income</b>	<b>3,374</b>	<b>3,968</b>
Net trading income	718	823
Other operating income	935	1,180
<b>Net operating income</b>	<b>6,586</b>	<b>8,948</b>
General and administrative expenses	(3,974)	(4,715)
<b>Total operating expenses</b>	<b>(3,974)</b>	<b>(4,715)</b>
<b>Operating profit</b>	<b>2,612</b>	<b>4,233</b>
Profit before tax	2,612	4,233
Tax expense	(314)	(1,600)
<b>Profit for the year</b>	<b>2,298</b>	<b>2,633</b>