



Nippon Wealth Limited

Quarterly Financial Disclosure Statements

31 March 2020

Nippon Wealth Limited (the “Company”) is a restricted license bank incorporated in Hong Kong, its principal activities are the provision of wealth management services, insurance agency, securities dealing and securities advisory services.

In line with Part 2A of Banking (Disclosure) Rules, specific disclosures for the quarter ended 31 March 2020 are compiled and presented in this quarterly financial disclosure statements (“the statements”).

Part I: Overview of risk management and RWA

Template KM1: Key Prudential Ratios

In HK\$'000

		a	b	c	d	e
		31 Mar 2020 (Unaudited)	31 Dec 2019 (Unaudited)	30 Sep 2019 (Unaudited)	30 Jun 2019 (Unaudited)	31 Mar 2019 (Unaudited)
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	107,815	75,146	97,267	114,733	135,293
2	Tier 1	107,815	75,146	97,267	114,733	135,293
3	Total capital	107,815	75,146	97,267	114,733	135,293
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	114,136	69,003	77,313	83,043	89,877
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	94.4619%	108.9025%	125.8094%	138.1618%	150.5313%
6	Tier 1 ratio (%)	94.4619%	108.9025%	125.8094%	138.1618%	150.5313%
7	Total capital ratio (%)	94.4619%	108.9025%	125.8094%	138.1618%	150.5313%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical buffer requirement (%)	0.833%	1.553%	1.015%	1.958%	0.608%
10	Higher loss absorbency requirements (%) I applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total of AI-specific CET1 buffer requirements (%) (row 8 + row 9 + row 10)	3.333%	4.053%	3.515%	4.458%	3.108%
12	CET1 available after meeting the bank's minimum capital requirements (%)	82.6909%	96.4115%	113.8564%	125.2658%	138.9853%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	227,645	156,381	191,996	207,604	262,941
14	LR (%)	47.36%	48.05%	50.66%	55.27%	51.45%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category I institution only:					
15	Total high-quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR ratio (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR ratio (%)	160%	160%	159%	160%	160%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category I institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	-	-	-	-	-

The liquidity maintenance ratio is calculated as the arithmetic mean of each calendar month's average value on a Hong Kong office basis in accordance with rule 10(1)(a) of the Banking (Liquidity) Rules.

Part I: Overview of risk management and RWA - continued

Template OV1: Overview of RWA

The following table sets out the Risk-Weighted Assets (“RWA”) by risk type and its corresponding minimum capital requirements (i.e. 8% of RWA) as required by Hong Kong Monetary Authority (“HKMA”).

As the Company had been exempted by HKMA in writing for the calculation of market risk exposure since the reporting position of 31 March 2017, the Company calculated its market risk exposure annually in Part IV of Capital Adequacy Ratio return that was not reflected in Division A of Part I - Summary Certificate on Capital Adequacy Ratios to calculate its Capital Adequacy Ratio as at 31 March 2020.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 March 2020 In HK\$'000 (Unaudited)	31 December 2019 In HK\$'000 (Unaudited)	31 March 2020 In HK\$'000 (Unaudited)
1	Credit risk for non-Securitisation exposures	82,573	43,240	6,606
2	Of which STC approach	82,573	43,240	6,606
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR*	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM (CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme (“CIS”) exposures – LTA*	-	-	-
13	CIS exposures – MBA*	-	-	-
14	CIS exposures – FBA*	-	-	-
14a	CIS exposures – combination of approaches*	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA(including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	-	-	-
21	Of which STM approach	-	-	-
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	-	-	-
24	Operational risk	31,563	25,763	2,525
24a	Sovereign concentration risk*	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	Total	114,136	69,003	9,131

Point to note:

- (i) Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, “Not applicable” should be reported in the rows.

Part IIC: Leverage Ratio

Template LR2: Leverage Ratio ("LR")

		(a)	(b)
		HK\$ equivalent	
		31 Mar 2020	31 Dec 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	232,212	200,609
2	Less: Asset amounts deducted in determining Tier 1 capital	4,567	44,228
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	227,645	156,381
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	-	-

		(a)	(b)
		HK\$ equivalent	
		31 Mar 2020	31 Dec 2019
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	Off-balance sheet items	-	-
Capital and total exposures			
20	Tier 1 capital	107,815	75,146
20a	Total exposures before adjustments for specific and collective provisions	227,645	156,381
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	227,645	156,381
Leverage ratio			
22	Leverage ratio	47.36%	48.05%

Net FX position is included in item 1 total assets.

Part IID: Liquidity

As HKMA classified the Company as category II authorized institution, templates LIQ1 and LIQ2 are not applicable to it for financial disclosures as at 31 March 2020.

Part III: Credit Risk for Non-Securitisation Exposures

Template CR8 : RWA flow statements of credit risk exposures under IRB approach. The IRB approach is not applicable to the Company for calculating its credit risk exposures by using the above template.

Part IV: Counterparty Credit Risk

The Company does not incur a counterparty credit risk capital under Part 6A of the BCR, including the CVA capital charges and charges applied to exposures to CCPs as at 30 Sep 2019, template CCR7 under this Part IV is not applicable to the Company.

Part VI: Market Risk

Template MR2: RWA flow statements of market risk exposures under IMM approach is not applicable to the Company because its market risk exposures are compiled by STM approach yearly.

Quarterly Disclosure Statements and Statement of Compliance

The financial disclosure statements for the quarter ended 31 March 2020 is prepared in accordance with the requirements set out in Parts 2A and 2B of the Banking (Disclosure) Rules issued by the HKMA. The Company complied with all applicable disclosure requirements. For the purpose of compliance with the BDR, the Company has established a section on the Company's website.

Additional information relating to the Company's regulatory capital and other disclosures can be found in this section of the Company's website, accessible through the "Regulatory Disclosure" link on the home page of the Company's website at www.nipponwealth.com or at the following direct link:
<https://www.nipponwealth.com/regulatory-disclosures>.