



# **Nippon Wealth Limited**

Quarterly Financial Disclosure Statements

For the quarter ended 30 September 2017

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*For the quarter ended 30 September 2017*

Nippon Wealth Limited (the “Company”) is a restricted licence 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 30 September 2017 are compiled and presented in this quarterly financial disclosure statements (“the statements”).

## Part I: Overview of Risk Management and 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”).

The Company reports NIL market risk exposure for the position of 30 September 2017 because its calculation and reporting frequency has been changed from quarterly to yearly basis in accordance with HKMA’s exemption letter.

### Template OV1: Overview of RWA

		In HKD’000		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2017 (Unaudited)	30 Jun 2017 (Unaudited)	30 Sep 2017 (Unaudited)
1	Credit risk for non-securitization exposures	57,908	62,729	4,633
2	Of which STC approach	57,908	62,729	4,633
2a	Of which BSC approach	0	0	0
3	Of which IRB approach	0	0	0
4	Counterparty credit risk	0	0	0
5	Of which SA-CCR	0	0	0
5a	Of which CEM	0	0	0
6	Of which IMM(CCR) approach	0	0	0
7	Equity exposures in banking book under the market-based approach	0	0	0
8	CIS exposures – LTA	0	0	0

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		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2017 (Unaudited)	30 Jun 2017 (Unaudited)	30 Sep 2017 (Unaudited)
9	CIS exposures – MBA	0	0	0
10	CIS exposures – FBA	0	0	0
11	Settlement risk	0	0	0
12	Securitization exposures in banking book <sup>1</sup>	0	0	0
13	Of which IRB(S) approach – ratings-based method	0	0	0
14	Of which IRB(S) approach – supervisory formula method	0	0	0
15	Of which STC(S) approach	0	0	0
16	Market risk	0	0	0
17	Of which STM approach	0	0	0
18	Of which IMM approach	0	0	0
19	Operational risk	14,538	11,938	1,163
20	Of which BIA approach	14,538	11,938	1,163
21	Of which STO approach	0	0	0
21a	Of which ASA approach	0	0	0
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)	0	0	0
24	Capital floor adjustment	0	0	0
24a	Deduction to RWA	0	0	0
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	0	0	0
25	<b>Total</b>	<b>72,446</b>	<b>74,667</b>	<b>5,796</b>

N/A: Not applicable in the case of Hong Kong

<sup>1</sup> Of note, after entering into force of the revised securitization framework in January 2018, the following replacements in row 13, 14 and 15 should be made: (i) IRB(S) rating based method should be replaced by Securitization Internal Ratings-Based Approach (SEC-IRBA)\*; (ii) IRB(S) supervisory formula method should be replaced by Securitization External Ratings-Based Approach (SEC-ERBA)\*; and (iii) STC(S) should be replaced by Securitization Standardized Approach (SEC-SA)\*. A new row following row 15 (say, row 15a) may be added to cater for Securitization Fall-back Approach (SEC-FBA)\* where this is applicable. (\* all names and applicable approaches subject to the final amendments to the BCR)

### Part III: Credit Risk for Non-securitization Exposures

The Company reports N/A in template CR8 because its credit risk exposures are calculated and reported by STC approach instead.

Template CR8: RWA flow statements of credit risk exposures under IRB approach

		(a)
		<b>Amount</b>
<b>1</b>	<b>RWA as at end of previous reporting period</b> – 30 Jun 2017	N/A
2	Asset size	N/A
3	Asset quality	N/A
4	Model updates	N/A
5	Methodology and policy	N/A
6	Acquisitions and disposals	N/A
7	Foreign exchange movements	N/A
8	Other	N/A
<b>9</b>	<b>RWA as at end of reporting period</b> – 30 Sep 2017	N/A

### Part IV: Counterparty Credit Risk

The Company reports N/A in template CCR7 because it has no default risk exposure for return reporting and disclosure under IMM(CCR) approach as at 30 Sep 2017.

Template CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach

		(a)
		<b>Amount</b>
<b>1</b>	<b>RWA as at end of previous reporting period</b> – 30 Jun 2017	N/A
2	Asset size	N/A
3	Credit quality of counterparties	N/A
4	Model updates	N/A
5	Methodology and policy	N/A
6	Acquisitions and disposals	N/A
7	Foreign exchange movements	N/A
8	Other	N/A
<b>9</b>	<b>RWA as at end of reporting period</b> – 30 Sep 2017	N/A

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**Part VI: Market risk**

The Company reports N/A in template MR2 because its market risk exposures are compiled by STM approach instead.

Template MR2: RWA flow statements of market risk exposures under IMM approach

		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
<b>1</b>	<b>RWA as at end of previous reporting period – 30 Jun 2017</b>	0	0	0	0	0	N/A
2	Movement in risk levels	0	0	0	0	0	N/A
3	Model updates/changes	0	0	0	0	0	N/A
4	Methodology and policy	0	0	0	0	0	N/A
5	Acquisitions and disposals	0	0	0	0	0	N/A
6	Foreign exchange movements	0	0	0	0	0	N/A
7	Other	0	0	0	0	0	N/A
<b>8</b>	<b>RWA as at end of reporting period – 30 Sep 2017</b>	0	0	0	0	0	N/A

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The Company also reports its combined position as per the additional quarterly disclosures requirements of Part 2B of Banking (Disclosure) Rules.

Key Capital Ratios Disclosures

		30 Sep 2017	30 Jun 2017
		In HKD'000	In HKD'000
		(Unaudited)	(Unaudited)
(a) CET 1 capital ratio	= CET1 Capital / Total Risk-weighted Amount	= 98,190 / 72,446 = 135.5354%	= 104,322 / 74,667 = 139.7163%
(b) Tier 1 capital ratio	= Tier 1 Capital / Total Risk-weighted Amount	= 98,190 / 72,446 = 135.5354%	= 104,322 / 74,667 = 139.7163%
(c) Total capital ratio	= Total Capital / Total Risk-weighted Amount	= 98,190 / 72,446 = 135.5354%	= 104,322 / 74,667 = 139.7163%

		30 Sep 2017	30 Jun 2017
		In HKD'000	In HKD'000
		(Unaudited)	(Unaudited)
(d) Leverage ratio	= Tier 1 Capital / Total Exposures Measure	= 98,190 / 226,055 = 43.44%	= 104,322 / 253,901 = 41.09%

Total exposures included net FX position.

The Company did not have additional tier 1 capital and tier 2 capital as at 30 Sep 2017 and 30 Jun 2017.

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[Quarterly Disclosure Statements and Statement of Compliance](#)

The financial disclosure statements for the quarter ended 30 September 2017 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.