



Nippon Wealth Limited

Quarterly Financial Disclosure Statements

30 Sep 2018

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 30 September 2018 are compiled and presented in this quarterly financial disclosure statements (“the statements”).

Nippon Wealth Limited
Quarterly Financial Disclosure Statements
For the quarter ended 30 September 2018

Part I: Key Prudential Ratios, Overview of Risk Management and RWA

Template KM1: Key Prudential Ratios

In HK\$'000

		(a)	(b)	(c)	(d)	(d)
		30 Sep 2018 (Unaudited)	30 Jun 2018 (Unaudited)	31 Mar 2018 (Unaudited)	31 Dec 2017 (Unaudited)	30 Sep 2017 (Unaudited)
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	121,435	135,932	149,219	162,635	98,190
2	Tier 1	121,435	135,932	149,219	162,635	98,190
3	Total capital	121,435	135,932	149,219	162,635	98,190
	RWA (amount)					
4	Total RWA	107,248	88,339	84,901	85,351	72,446
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	113.2282%	153.8754%	175.7565%	190.5484%	135.5354%
6	Tier 1 ratio (%)	113.2282%	153.8754%	175.7565%	190.5484%	135.5354%
7	Total capital ratio (%)	113.2282%	153.8754%	175.7565%	190.5484%	135.5354%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	1.875%	1.875%	1.875%	1.25%	1.25%
9	Countercyclical capital buffer requirement (%)	0.330%	0.348%	0.287%	0.229%	0.333%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	2.205%	2.223%	2.162%	1.479%	1.583%

Nippon Wealth Limited
Quarterly Financial Disclosure Statements
For the quarter ended 30 September 2018

		(a)	(b)	(c)	(d)	(d)
		30 Sep 2018 (Unaudited)	30 Jun 2018 (Unaudited)	31 Mar 2018 (Unaudited)	31 Dec 2017 (Unaudited)	30 Sep 2017 (Unaudited)
12	CET1 available after meeting the AI's minimum capital requirements (%)	102.5852%	143.2144%	165.1565%	180.6314%	125.5144%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	254,435	226,110	261,844	297,288	229,572
14	LR (%)	47.73%	60.12%	56.99%	54.71%	42.77%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 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 (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%)	151.94%	142.60%	156.76%	156.29%	150.95%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 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.

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”).

The Company reports NIL market risk exposure for the position of 30 Sep 2018 because its calculation and reporting frequency has been changed from quarterly to yearly basis in accordance with HKMA’s exemption letter.

In HK\$’000

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2018 (Unaudited)	30 June 2018 (Unaudited)	30 Sep 2018 (Unaudited)
1	Credit risk for non-securitization exposures	85,073	67,439	6,806
2	Of which STC approach	85,073	67,439	6,806
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	-	-	-

Nippon Wealth Limited
Quarterly Financial Disclosure Statements
For the quarter ended 30 September 2018

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2018 (Unaudited)	30 June 2018 (Unaudited)	30 Sep 2018 (Unaudited)
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	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA	-	-	-
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	22,175	20,900	1,774
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	-	-	-

Nippon Wealth Limited
Quarterly Financial Disclosure Statements
For the quarter ended 30 September 2018

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2018 (Unaudited)	30 June 2018 (Unaudited)	30 Sep 2018 (Unaudited)
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	107,248	88,339	8,580
<i>Point to note:</i>				
<i>(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.</i>				

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)
		Amount
1	RWA as at end of previous reporting period – 30 Jun 2018	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
9	RWA as at end of reporting period – 30 Sep 2018	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 2018.

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

		(a)
		Amount
1	RWA as at end of previous reporting period – 30 Jun 2018	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
9	RWA as at end of reporting period – 30 Sep 2018	N/A

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
1	RWA as at end of previous reporting period – 30 Jun 2018	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
8	RWA as at end of reporting period – 30 Sep 2018	0	0	0	0	0	N/A

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

Part IIC: Leverage Ratio

Template LR2: Leverage Ratio (“LR”)

		(a)	(b)
		HK\$ equivalent	
		30 Sep 2018	30 Jun 2018
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	254,435	226,110
2	Less: Asset amounts deducted in determining Tier 1 capital	-	-
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	254,435	226,110
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	-	-
Exposures arising from SFTs			

Nippon Wealth Limited
Quarterly Financial Disclosure Statements
For the quarter ended 30 September 2018

		(a)	(b)
		HK\$ equivalent	
		30 Sep 2018	30 Jun 2018
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	121,435	135,932
20a	Total exposures before adjustments for specific and collective provisions	254,435	226,110
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	254,435	226,110
Leverage ratio			
22	Leverage ratio	47.73%	60.12%

Net FX position is included in item 1 total assets.

Part IID: Liquidity

As HKMA classified the Company as category II authorized institution, template LIQ1 is not applicable to it for financial disclosures as at 30 Sep 2018.

Quarterly Disclosure Statements and Statement of Compliance

The financial disclosure statements for the quarter ended 30 September 2018 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>.