

ORIX Asia Limited

Regulatory Disclosure Statement for the quarter ended 30 June 2018(unaudited)

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Regulatory Disclosure Statement

For the quarter period ended 30 June 2018

(unaudited)

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1. Introduction

Purpose

The information contained in this document is for ORIX Asia Limited ("the Company") to comply with the Banking (Disclosure) Rules.

Basis of preparation

The Company has adopted the "basic approach" for the calculation of the risk-weighted assets for credit risk, "current exposure method" for the calculation of counterparty credit risk and "basic indicator approach" for the calculation of operational risk.

During the year ended 31 March 2018 and for the quarter ended 30 June 2018, market risk arising from the Company's trading book was minimal. The Company has been granted exemption by the HKMA as it can fulfil the exemption criteria set out in sections 22(l)(a) and (b) of the Banking (Capital) Rules. Hence, the Company was exempted from the calculation of market risk.

Principal activities

The Company primarily provides lease financing and instalment loans to industrial, commercial and personal customers. It also engages in debt and equity investment activities.

The Company is registered as a restricted licence bank under the Hong Kong Banking Ordinance and is an approved seller/servicer of HKMC Insurance Limited, a wholly-subsiidiary of the Hong Kong Mortgage Corporation Limited.

2. Key Capital Ratios

Capital Adequacy Ratio (solo basis)

	Reference	30-Jun-2018 (USD)	31-Mar-2018 (USD)
Capital base and risk-weighted assets			
-Common Equity Tier 1 Capital	[A]	266,624,479	264,285,046
-Tier 1 Capital	[B]	266,624,479	264,285,046
-Total Capital	[C]	275,778,051	273,862,369
-Total Risk Weighted Assets	[D]	778,230,519	811,330,203
Capital Adequacy Ratio			
-Common Equity Tier 1 Capital Ratio	[A]/[D]	34.2603%	32.5743%
-Tier 1 Capital Ratio	[B]/[D]	34.2603%	32.5743%
-Total Capital Ratio	[C]/[D]	35.4366%	33.7547%

Leverage Ratio (combined)

	Reference	30-Jun-2018 (USD)	31-Mar-2018 (USD)
Capital measure and exposure measure			
-Tier 1 Capital	[B]	266,624,479	264,285,046
-Total exposure measure	[E]	789,291,858	828,359,964
Leverage Ratio			
	[B]/[E]	33.78%	31.90%

3. Overview of risk management and Risk-Weighted Amount (“RWA”)

Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30 June 2018 and 31 March 2018 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30-Jun-2018 (USD)	31-Mar-2018 (USD)	30-Jun-2018 (USD)
1	Credit risk for non-securitization exposures	731,732,393	765,517,869	58,538,591
2	Of which STC approach			
2a	Of which BSC approach	731,732,393	765,517,869	58,538,591
3	Of which IRB approach			
4	Counterparty credit risk	970,825	1,183,053	77,666
5	Of which SA-CCR			
5a	Of which CEM	553,387	667,978	44,271
6	Of which IMM(CCR) approach			
7	Equity exposures in banking book under the market-based approach			
8	CIS exposures – LTA			
9	CIS exposures – MBA			
10	CIS exposures – FBA			
11	Settlement risk			
12	Securitization exposures in banking book			
13	Of which IRB(S) approach – ratings-based method			
14	Of which IRB(S) approach – supervisory formula method			
15	Of which STC(S) approach			
16	Market risk			
17	Of which STM approach			
18	Of which IMM approach			
19	Operational risk	46,108,880	45,200,729	3,688,710
20	Of which BIA approach	46,108,880	45,200,729	3,688,710
21	Of which STO approach			
21a	Of which ASA approach			
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)			
24	Capital floor adjustment			
24a	Deduction to RWA	581,579	571,448	46,526
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	581,579	571,448	46,526
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			
25	Total	778,230,519	811,330,203	62,258,441

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