

**ORIX Asia Limited**

**Regulatory Disclosure Statement for the quarter ended 31 December 2021 (unaudited)**

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## **A. Introduction**

### **Purpose**

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

### **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.

### **Basis of preparation**

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

During the year ended 31 March 2021 and for the quarter ended 31 December 2021, 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(1)(a) and (b) of the Banking (Capital) Rules. Hence, the Company was exempted from the calculation of market risk.

## B. Key prudential ratios

### Template KM1: Key prudential ratios

The key prudential ratios and the comparative figures as at each reporting date are set out as below.

(USD)		(a)	(b)	(c)	(d)	(e)
		31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>Regulatory capital (amount)</b>						
1	Common Equity Tier 1 (CET1)	287,059,311	285,055,316	283,017,569	279,731,575	277,285,739
2	Tier 1	287,059,311	285,055,316	283,017,569	279,731,575	277,285,739
3	Total capital	291,463,943	289,480,303	287,567,203	285,262,940	283,767,340
<b>RWA (amount)</b>						
4	Total RWA	520,908,091	530,504,371	547,045,000	542,160,870	566,644,151
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	55.1075%	53.7329%	51.7357%	51.5957%	48.9347%
6	Tier 1 ratio (%)	55.1075%	53.7329%	51.7357%	51.5957%	48.9347%
7	Total capital ratio (%)	55.9530%	54.5670%	52.7674%	52.6159%	50.0786%
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.9898%	0.9910%	0.9915%	0.9904%	0.9878%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.4898%	3.4910%	3.4915%	3.4904%	3.4878%
12	CET1 available after meeting the AI's minimum capital requirements (%)	46.453%	45.0670%	43.0673%	43.1159%	40.5786%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	532,916,880	571,903,669	582,110,555	586,963,802	588,670,388
14	LR (%)	53.87%	49.84%	48.62%	47.66%	47.10%
<b>Liquidity Maintenance Ratio (LMR) - applicable to category 2 institution only:</b>						
17a	LMR (%)	121.91%	209.58%	343.52%	329.53%	378.92%

## C. Leverage Ratio

### Template LR2: Leverage Ratio

The detailed composition of the Company's leverage ratio as at 31 December 2021 and 30 September 2021 is set out below.

		(a)	(b)
		HK\$'000	
		31 Dec 2021	30 Sep 2021
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	4,110,734	4,407,674
2	Less: Asset amounts deducted in determining Tier 1 capital	(12,002)	(11,596)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>4,098,732</b>	<b>4,396,078</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	2,087	1,698
5	Add-on amounts for PFE associated with all derivative contracts	43,972	44,283
6	Gross-up for collateral provided in respect of derivative contracts 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-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	<b>46,059</b>	<b>45,981</b>
<b>Exposures arising from SFTs</b>			
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	<b>Total exposures arising from SFTs</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	105,206	88,452
18	Less: Adjustments for conversion to credit equivalent amounts	(94,311)	(79,356)
19	<b>Off-balance sheet items</b>	<b>10,895</b>	<b>9,096</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>2,238,488</b>	<b>2,218,585</b>
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>4,155,686</b>	<b>4,451,155</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>-</b>	<b>-</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>4,155,686</b>	<b>4,451,155</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>53.87%</b>	<b>49.84%</b>

## D. 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 31 December 2021 and 30 September 2021 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Dec 2021 (USD)	30 Sep 2021 (USD)	31 Dec 2021 (USD)
1	Credit risk for non-securitization exposures	467,132,729	477,855,928	37,370,618
2	Of which STC approach	-	-	-
2a	Of which BSC approach	467,132,729	477,855,928	37,370,618
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	1,165,899	1,179,114	93,272
7	Of which SA-CCR approach	1,165,899	1,179,114	93,272
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	945,575	958,600	75,646
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme (“CIS”) exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization 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)*	N/A	N/A	N/A
24	Operational risk	51,663,888	50,510,729	4,133,111
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	520,908,091	530,504,371	41,672,647

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.