

ORIX Asia Limited

**Interim Results**  
**30 September 2021**

**By Order of the Board:**



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PANG Hau Shu  
MANAGING DIRECTOR

**ORIX Asia Limited**  
**Unaudited statement of profit or loss**  
**For the six months ended 30 September 2021**

	<i>Note</i>	<i>2021</i>	<i>2020</i>
		US\$	US\$
Interest income calculated using the effective interest method	4(a)	10,793,587	12,415,134
Other interest income	4(a)	311	312
Interest expense	4(b)	(1,524,977)	(2,755,893)
<b>Net interest income</b>		<u>9,268,921</u>	<u>9,659,553</u>
Fee and commission income	5(a)	4,375,669	3,882,677
Fee and commission expense	5(b)	(733,748)	(1,094,282)
<b>Net fee and commission income</b>		<u>3,641,921</u>	<u>2,788,395</u>
Net trading gain/(loss)	6	382,986	(714,701)
Other operating income	7	1,182,675	1,145,895
		<u>1,565,661</u>	<u>431,194</u>
<b>Operating income</b>		14,476,503	12,879,142
<b>Operating expenses</b>	8	<u>(9,677,231)</u>	<u>(9,438,502)</u>
		4,799,272	3,440,640
Write back/(charge) of impairment losses on loans and advance	9	1,953,537	(198,272)
<b>Operating profit</b>		6,752,809	3,242,368
Net loss on disposal of assets		<u>(10,167)</u>	-
<b>Profit before taxation</b>		6,742,642	3,242,368
Income tax	10	<u>(1,114,100)</u>	<u>(531,693)</u>
<b>Profit for the period</b>		<u><u>5,628,542</u></u>	<u><u>2,710,675</u></u>

ORIX Asia Limited  
Unaudited statement of profit and loss and other  
comprehensive income  
For the six months ended 30 September 2021

	<i>Note</i>	2021 US\$	2020 US\$
<b>Profit for the period</b>		5,628,542	2,710,675
<b>Other comprehensive income</b>	11		
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investment securities at fair value through other comprehensive income (FVOCI):			
Change in fair value of FVOCI investment (non-recycling)		7,537	-
Exchange difference on translation of FVOCI investment (non-recycling)		(8,962)	44,459
		(1,425)	44,459
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Debt investment securities at FVOCI:			
Change in fair value of FVOCI investment (recycling)		(1,011)	(10,582)
<b>Other comprehensive income for the period, net of tax</b>		(2,436)	33,877
<b>Total comprehensive income for the period</b>		5,626,106	2,744,552

## ORIX Asia Limited

### Unaudited statement of financial position as at 30 September 2021

	<i>Note</i>	<i>30-9-2021</i> US\$	<i>31-3-2021</i> US\$
<b>Assets</b>			
Cash and balances with banks and other financial institutions	12	53,867,720	59,113,589
Trading assets	13	164,722	459,016
Loans and advances to customers	14(a)	462,792,623	475,206,353
Investment securities	15	23,945,227	23,977,429
Property and equipment	16	13,021,602	10,590,140
Deferred tax assets	17(b)	809,277	1,187,485
Other assets	18	11,874,038	13,181,217
<b>Total assets</b>		566,475,209	583,715,229
<b>Equity and liabilities</b>			
Deposits and balances from banks and other financial institutions	19(a)	106,212,421	101,748,889
Deposits from customers	19(b)	105,725,461	133,636,586
Deposits from fellow subsidiaries		38,934,954	39,032,608
Loan from ultimate holding company	20	11,615,440	11,742,390
Trading liabilities	21	26,528	4,970
Lease liabilities	23	12,678,738	10,125,665
Tax payable	17(a)	555,785	36,498
Other liabilities	22	4,180,716	6,468,563
<b>Total liabilities</b>		279,930,043	302,796,169
<b>Equity</b>			
Share capital	24	32,000,000	32,000,000
Reserves	25	254,545,166	248,919,060
<b>Total equity</b>		286,545,166	280,919,060
<b>Total equity and liabilities</b>		566,475,209	583,715,229

## **1 General information**

The Directors of ORIX Asia Limited (“the Company”) are pleased to present the unaudited interim results of the Company for the six months ended 30 September 2021.

The Company is a restricted licence bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 25th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

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 Basis of preparation and accounting policies**

Except as described below, the accounting policies and methods of computation used in the preparation of the 2022 interim financial statements are consistent with those used and described in the Company’s annual audited financial statements for the year ended 31 March 2021.

### **New and amended standards adopted by the Company**

The following amendments to accounting standards became applicable for the current reporting period, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Interest Rate Benchmark Reform – Phase 2, amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16

The amendments are related to (i) changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; (ii) hedge accounting; and (iii) disclosures. The amendments address the effects of the reform on an entity’s financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

There are no other HKFRSs or interpretations that are effective from 1 April 2021 or not yet effective that would be expected to have a material impact on the Company.

### **3 Financial review**

For the six months ended 30 September 2021, the Company recorded a pre-tax profit of US\$6.8 million, representing an increase of US\$3.5 million or 108% relative to the same period of last year. It was mainly due to write back of impairment losses in loan and advances increased by US\$2.2 million and increase in net trading gain by US\$1.1 million.

As at 30 September 2021, the Company's total assets amounted to US\$566.5 million, representing a decrease of US\$17.2 million or 3% over the last financial year as at 31 March 2021. Among this, loans and advances to customers decreased by US\$12.4 million and decrease in cash and balances with banks and other financial institutions by US\$5.2 million as compared with the last financial year.

#### 4 Interest income and interest expense

For the six months ended 30 September

(a) *Interest income*

	2021	2020
	US\$	US\$
<b>Interest income calculated using the effective interest method:</b>		
-Interest income on deposits to banks and financial institutions	713	6,480
-Interest income on loans and advances	10,702,351	12,217,325
-Interest income on unlisted debt securities	4,156	85,759
-Interest income on loans and advances to fellow subsidiaries	80,702	104,708
-Others	5,665	862
	10,793,587	12,415,134
<b>Other interest income:</b>		
-Amortisation of discounts on purchased lease and loan contracts	311	312
	10,793,898	12,415,446

The interest income above represents interest income on financial assets that are not measured at fair value through profit or loss.

Included in the above is interest income accrued on impaired financial assets of US\$ 201,768 (2020: US\$188,670) for the six months ended 30 September 2021.

(b) *Interest expense*

	2021	2020
	US\$	US\$
Interest expense on borrowings and deposits from fellow subsidiaries and borrowings from ultimate holding company	250,313	415,264
Interest expense on deposits from customers, banks and other financial institutions	1,077,936	2,149,386
Interest on lease liabilities (note 23)	196,728	191,243
	1,524,977	2,755,893

The interest expense above represents interest expense on financial liabilities that are not measured at fair value through profit or loss.

## 5 Fee and commission income and expenses

For the six months ended 30 September

### (a) Fee and commission income

	2021	2020
	US\$	US\$
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Credit-related fees and commissions	464,345	473,788
Management fee	3,911,324	3,408,889
	4,375,669	3,882,677
	4,375,669	3,882,677

### (b) Fee and commission expense

	2021	2020
	US\$	US\$
Brokerage fee expenses	733,748	992,282
Management fee expenses	-	102,000
	733,748	1,094,282
	733,748	1,094,282

The credit-related fee and commission income and the brokerage fee expenses to vendors are related to financial assets and liabilities not measured at fair value through profit and loss.

## 6 Net trading gain/(loss)

For the six months ended 30 September

	2021	2020
	US\$	US\$
Net gain/(loss) from currency derivatives	382,986	(714,701)
	382,986	(714,701)

## 7 Other operating income

For the six months ended 30 September

	2021	2020
	US\$	US\$
Net exchange (loss)/gain	(366,600)	136,274
Penalty income from early termination loans	411,903	419,334
Rental income	1,075,074	492,646
Others	62,298	97,641
	1,182,675	1,145,895
	1,182,675	1,145,895



## 8 Operating expenses

For the six months ended 30 September

	2021 US\$	2020 US\$
Staff costs		
– Salaries and other benefits	4,608,080	5,062,125
– Contributions to the Mandatory Provident Funds	213,648	254,898
Depreciation:		
– Owned property and equipment	298,520	290,859
– Right-of-use assets (note 23)	1,879,554	1,363,155
Other premises and equipment expenses	179,088	196,380
Advertising expenses	61,658	37,264
Auditor’s remuneration	182,875	186,228
General and administrative expenses	1,295,125	1,129,494
Debt collection expenses	111,085	169,747
Consultancy fee	221,610	269,959
Other professional fee	68,799	92,156
Others	557,189	386,237
	<u>9,677,231</u>	<u>9,438,502</u>

## 9 Impairment losses on financial instruments

For the six months ended 30 September

	2021 US\$	2020 US\$
Write back/(charge) of impairment losses on loans and advances (note 9(a))	1,944,600	(197,877)
Write back/(charge) of impairment losses on cash and balances with banks and other financial institutions (note 9(b))	8,937	(395)
Write back/(charge) to the statement of profit or loss	<u>1,953,537</u>	<u>(198,272)</u>

## 9 Impairment losses on financial instruments (continued)

### (a) Impairment losses on loans and advances

	2021 US\$	2020 US\$
Stage 3 ECL		
- New provisions	(691,186)	(2,430,255)
- Releases	795,836	1,252,782
- Recoveries	64,014	61,820
	<u>168,664</u>	<u>(1,115,653)</u>
Stage 1 and 2 ECL		
- New provisions	-	-
- Releases (Note)	1,775,936	917,776
	<u>1,775,936</u>	<u>917,776</u>
Write back/(charge) to the statement of profit or loss (note 9)	<u>1,944,600</u>	<u>(197,877)</u>

Note: The stage 1 and 2 ECL on loans and advances includes the stage 1 ECL on off-balance sheet exposures release of US\$1 (2020: charge of US\$407).

### (b) Impairment losses on cash and balances with banks and other financial institutions

	2021 US\$	2020 US\$
Stage 1 ECL		
- New provisions	-	(395)
- Releases	8,937	-
Write back/(charge) to the statement of profit or loss (note 9)	<u>8,937</u>	<u>(395)</u>

## 10 Income tax

For the six months ended 30 September

*Taxation in the statement of profit or loss represents:*

	2021 US\$	2020 US\$
<b>Current tax - Hong Kong Profits Tax</b>		
Provision for the period	735,892	404,799
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 17(b))	<u>378,208</u>	<u>126,894</u>
Income tax charge	<u><u>1,114,100</u></u>	<u><u>531,693</u></u>

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 September, 2020: 16.5%) of the estimated assessable profits for the six months ended 30 September, 2021.

## 11 Other comprehensive income

For the six months ended 30 September

### (a) Tax effects relating to each component of other comprehensive income

	2021			2020		
	Before-tax amount US\$	Tax benefit US\$	Net-of-tax amount US\$	Before-tax amount US\$	Tax expense US\$	Net-of-tax amount US\$
Equity investment securities at FVOCI:						
- Change in fair value of FVOCI investment	7,537	-	7,537	-	-	-
- Exchange difference on translation of FVOCI investment	(8,962)	-	(8,962)	44,459	-	44,459
Debt investment securities at FVOCI:						
- Change in fair value of FVOCI investment	(1,011)	-	(1,011)	(10,582)	-	(10,582)
Other comprehensive income	<u>(2,436)</u>	<u>-</u>	<u>(2,436)</u>	<u>33,877</u>	<u>-</u>	<u>33,877</u>

### (b) Reclassification adjustments relating to components of other comprehensive income

	2021 US\$	2020 US\$
<b>Investment securities:</b>		
Changes in fair value recognised during the period:		
- Equity investment securities at FVOCI (non-recycling)	7,537	-
- Debt investment securities at FVOCI (recycling)	(1,011)	(10,582)
Exchange difference on translation of FVOCI investment	(8,962)	44,459
Net deferred tax (charged)/credited to other comprehensive income	<u>-</u>	<u>-</u>
Net movement in the revaluation reserve and translation reserve during the period recognised in other comprehensive income	<u>(2,436)</u>	<u>33,877</u>

**12 Cash and balances with banks and other financial institutions**

	30-9-2021 US\$	31-3-2021 US\$
Cash in hand	643	643
Balances with banks and authorised institutions and placements with banks	<u>53,966,251</u>	<u>59,221,056</u>
	<u>53,966,894</u>	<u>59,221,699</u>
Less: Impairment allowances - Stage 1 ECL	<u>(99,174)</u>	<u>(108,110)</u>
	<u>53,867,720</u>	<u>59,113,589</u>

**13 Trading assets**

	30-9-2021 US\$	31-3-2021 US\$
Positive fair values of derivatives (note 26(b))	<u>164,722</u>	<u>459,016</u>

**14 Loans and advances to customers**

*(a) Loans and advances to customers*

	30-9-2021 US\$	31-3-2021 US\$
Loans and advances to customers at amortised cost	132,187,854	128,382,657
Finance leases	<u>337,999,066</u>	<u>356,627,402</u>
Gross loans and advances to customers (note 14(c))	<u>470,186,920</u>	<u>485,010,059</u>
Less: Impairment allowances (note 14(b))		
- stage 3 ECL	(3,747,187)	(4,378,269)
- stage 1 and 2 ECL	(3,645,147)	(5,423,160)
Unearned discount on purchased lease and loan contracts	<u>(1,963)</u>	<u>(2,277)</u>
	<u>462,792,623</u>	<u>475,206,353</u>

## 14 Loans and advances to customers (continued)

### (b) Movement in impairment allowances on loans and advances

The following table show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	<i>30-9-2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>ECL</i>	<i>ECL</i>	<i>ECL</i>	<i>US\$</i>
	US\$	US\$	US\$	US\$
At 1 April 2021	4,323,435	1,099,725	4,378,269	9,801,429
Transfer to Stage 1	26,878	(26,878)	-	-
Transfer to Stage 2	(18,357)	18,357	-	-
Transfer to Stage 3	(463)	(180,742)	181,205	-
Net remeasurement of loss allowance (including exchange adjustments)	(1,785,272)	(281,748)	165,210	(1,901,810)
New financial assets originated or purchased	825,258	-	-	825,258
Financial assets that have been matured and repaid	(312,523)	(42,523)	(454,036)	(809,082)
Financial assets that have been disposed	-	-	-	-
Write-offs	-	-	(523,461)	(523,461)
At 30 September 2021	<u>3,058,956</u>	<u>586,191</u>	<u>3,747,187</u>	<u>7,392,334</u>
	<i>31-3-2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>ECL</i>	<i>ECL</i>	<i>ECL</i>	<i>US\$</i>
	US\$	US\$	US\$	US\$
At 1 April 2020	2,511,255	2,462,158	8,987,057	13,960,470
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(37,012)	37,012	-	-
Transfer to Stage 3	(16,486)	(269,614)	286,100	-
Net remeasurement of loss allowance (including exchange adjustments)	723,188	868,661	2,146,124	3,737,973
New financial assets originated or purchased	1,514,465	76,435	488,894	2,079,794
Financial assets that have been matured and repaid	(370,796)	(1,860,380)	(42,215)	(2,273,391)
Financial assets that have been disposed (note)	(1,179)	(214,547)	(7,371,498)	(7,587,224)
Write-offs	-	-	(116,193)	(116,193)
At 31 March 2021	<u>4,323,435</u>	<u>1,099,725</u>	<u>4,378,269</u>	<u>9,801,429</u>

Note: On 27 January 2021, a portfolio of finance leases of US\$9,921,236 was disposed to a fellow subsidiary and the ECL of US\$7,587,224 was derecognized.

## 14 Loans and advances to customers (continued)

### (c) Loans and advances to customers analysed by industry sector

The analysis of gross loans and advances to customers by industry sector is based on the categories and definitions used by the Hong Kong Monetary Authority (“HKMA”).

	<u>30-9-2021</u>		<u>31-3-2021</u>	
	<i>Gross loans and advances to customers US\$</i>	<i>% of gross loans and advances covered by collaterals</i>	<i>Gross loans and advances to customers US\$</i>	<i>% of gross loans and advances covered by collaterals</i>
<b>Gross loans and advances for use in Hong Kong</b>				
Industrial, commercial and financial:				
Property investment	66,202	100	95,169	100
Financial concerns	2,252,440	100	2,701,066	100
Wholesale and retail trade	6,887,362	71	3,416,916	48
Manufacturing	15,909,609	23	12,465,672	37
Transport and transport equipment	290,413,519	93	302,873,653	93
Others	68,463,009	78	68,457,353	74
Individuals:				
Loans and advances for the purchase of other residential properties	24,174	100	31,321	100
Others	15,975,228	91	17,073,862	92
	<u>399,991,543</u>	<u>87</u>	<u>407,115,012</u>	<u>88</u>
<b>Gross loans and advances for use outside Hong Kong</b>	<u>70,195,377</u>	<u>84</u>	<u>77,895,047</u>	<u>85</u>
Gross loans and advances to customers	<u><u>470,186,920</u></u>	<u><u>87</u></u>	<u><u>485,010,059</u></u>	<u><u>87</u></u>

## 14 Loans and advances to customers (continued)

### (c) Loans and advances to customers analysed by industry sector (continued)

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and ECL at stage 1,2 and 3 impairment allowances are as follows:

	30-9-2021				
	<i>Gross loans and advances</i> US\$	<i>Impaired loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>ECL at Stage 3</i> US\$	<i>ECL at Stage 1 and 2</i> US\$
<b>Loans and advances for use in Hong Kong</b>					
Industrial, commercial and financial					
– Transport and transport equipment	290,413,519	4,828,722	2,999,244	1,959,925	2,353,223
– Others	68,463,009	294,289	271,363	294,707	805,218
	<u>68,463,009</u>	<u>294,289</u>	<u>271,363</u>	<u>294,707</u>	<u>805,218</u>
<b>Loans and advances for use outside HK</b>					
– Property investment	62,014,913	-	-	-	34,308
	<u>62,014,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,308</u>
	31-3-2021				
	<i>Gross loans and advances</i> US\$	<i>Impaired loans and advances</i> US\$	<i>Overdue loans and advances</i> US\$	<i>ECL at Stage 3</i> US\$	<i>ECL at Stage 1 and 2</i> US\$
<b>Loans and advances for use in Hong Kong</b>					
Industrial, commercial and financial					
– Transport and transport equipment	302,873,653	9,130,254	8,071,680	2,504,831	3,022,199
– Others	68,457,353	1,131,889	-	246,289	1,471,547
	<u>68,457,353</u>	<u>1,131,889</u>	<u>-</u>	<u>246,289</u>	<u>1,471,547</u>
<b>Loans and advances for use outside HK</b>					
– Property investment	63,998,521	-	-	-	16,730
	<u>63,998,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,730</u>



## 14 Loans and advances to customers (continued)

### (d) Non-bank Mainland China exposures

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA return of Mainland Activities. This analysis includes the exposures extended by the Company only.

	<u>30-9-2021</u>		<i>Total</i> US\$
	<i>On-balance</i> <i>sheet</i> <i>exposure</i> US\$	<i>Off-balance</i> <i>sheet</i> <i>exposure</i> US\$	
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,526	-	2,526
Other entities of local governments	2,676,343	-	2,676,343
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	7,836,083	322,731	8,158,814
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,054,501	-	2,054,501
	<u>12,569,453</u>	<u>322,731</u>	<u>12,892,184</u>
 Total assets after provision	 <u>566,475,209</u>		
 On-balance sheet exposures as percentage of total assets	 <u>2.22%</u>		

**14 Loans and advances to customers (continued)**

**(d) Non-bank Mainland China exposures (continued)**

	<u>31-3-2021</u>		<i>Total</i> US\$
	<i>On-balance</i> <i>sheet</i> <i>exposure</i> US\$	<i>Off-balance</i> <i>sheet</i> <i>exposure</i> US\$	
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	22,979	-	22,979
Other entities of local governments	3,218,615	-	3,218,615
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	13,250,036	326,235	13,576,271
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,335,424	-	4,335,424
	<u>20,827,054</u>	<u>326,235</u>	<u>21,153,289</u>
 Total assets after provision	 <u>583,715,229</u>		
 On-balance sheet exposures as percentage of total assets	 <u>3.57%</u>		

## 14 Loans and advances to customers (continued)

### (e) Geographical analysis of loans and advances to customers

		<i>30-9-2021</i>				
		<i>Gross loans and advances US\$</i>	<i>Loans and advances overdue for more than 3 months US\$</i>	<i>Impaired loans (Stage 3) US\$</i>	<i>ECL at Stage 3 US\$</i>	<i>ECL at Stage 1 and 2 US\$</i>
Hong Kong		467,315,325	5,192,414	7,044,819	3,747,187	3,626,083
Others		2,871,595	-	-	-	19,064
		<u>470,186,920</u>	<u>5,192,414</u>	<u>7,044,819</u>	<u>3,747,187</u>	<u>3,645,147</u>
		<i>31-3-2021</i>				
		<i>Gross loans and advances US\$</i>	<i>Loans and advances overdue for more than 3 months US\$</i>	<i>Impaired loans (Stage 3) US\$</i>	<i>ECL at Stage 3 US\$</i>	<i>ECL at Stage 1 and 2 US\$</i>
Hong Kong		481,690,669	10,786,500	12,976,957	4,370,156	5,380,396
Others		3,319,390	35,124	35,124	8,113	42,764
		<u>485,010,059</u>	<u>10,821,624</u>	<u>13,012,081</u>	<u>4,378,269</u>	<u>5,423,160</u>

The above geographical analysis is classified by the location of the borrowers after taking into account the transfer of risk. In general, risk transfer applies when a loan is guaranteed by a party situated in an area different from the counterparty.

**14 Loans and advances to customers (continued)**

*(f) Impaired, overdue and rescheduled assets*

*(i) Impaired (stage 3) loans and advances to customers*

	30-9-2021 US\$	31-3-2021 US\$
Gross impaired (stage 3) loans and advances to customers, net of net realisable value of collateral	7,044,819	13,012,081
Impairment allowance - stage 3 ECL (note 14(b))	(3,747,187)	(4,378,269)
	3,297,632	8,633,812
As a percentage of total loans and advances to customers		
Gross impaired (stage 3) loans and advances	1.50%	2.68%

Stage 3 ECL impairment allowance were made after taking into account the realisable value of collateral in respect of such loans and advances of US\$4,157,575 (31 March 2021: US\$8,731,331) for the Company. Collateral held by the Company mainly comprised of equipment, vehicles and cash on deposit with the Company.

**14 Loans and advances to customers (continued)**

*(f) Impaired, overdue and rescheduled assets (continued)*

*(ii) Overdue loans and advances to customers*

	<u>30-9-2021</u>		<u>31-3-2021</u>	
	<i>Amount</i>	<i>% of total</i>	<i>Amount</i>	<i>% of total</i>
	US\$	<i>advances to</i>	US\$	<i>advances to</i>
		<i>customers</i>		<i>customers</i>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:				
– six months or less but over three months	333,975	0.07%	335,106	0.07%
– one year or less but over six months	417,430	0.09%	1,181,649	0.24%
– over one year	4,441,009	0.94%	9,304,861	1.92%
	<u>5,192,414</u>	1.10%	<u>10,821,616</u>	2.23%
Current market value of collateral held against the covered portion of overdue loans and advances	<u>2,519,596</u>		<u>8,324,989</u>	
Covered portion of overdue loans and advances	<u>2,412,369</u>		<u>7,770,256</u>	
Uncovered portion of overdue loans and advances	<u>2,780,045</u>		<u>3,051,360</u>	
Individual impairment allowances made on loans and advances overdue for more than three months	<u>3,350,695</u>		<u>3,734,247</u>	

## 14 Loans and advances to customers (continued)

### (f) *Impaired, overdue and rescheduled assets (continued)*

#### (ii) *Overdue loans and advances to customers (continued)*

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid as at the end of the reporting period. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid as at the end of the reporting period. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit notice, and advised to the borrower for more than the overdue period in question.

#### (iii) *Rescheduled loans and advances to customers*

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Company. Rescheduled loans and advances to customers are stated net of any loans and advances to customers that have subsequently become overdue for over three months and reported as overdue loans and advances in note 14(f)(ii). The amount of rescheduled loans and advances to customers is not material as at 30 September 2021 and 31 March 2021.

#### (iv) *Overdue loans and advances to banks and other financial institutions*

There are no loans and advances to banks and other financial institutions which are overdue for more than three months as at 30 September 2021 and 31 March 2021.

#### (v) *Rescheduled loans and advances to banks and other financial institutions*

There are no rescheduled loans and advances to banks and other financial institutions as at 30 September 2021 and 31 March 2021.

#### (vi) *Other overdue assets*

There are no other assets which are overdue for more than three months as at 30 September 2021 and 31 March 2021.

### (g) *Repossessed assets*

	30-9-2021	31-3-2021
	US\$	US\$
Repossessed assets	1,040,148	3,727,938

**15 Investment securities**

	<i>30-9-2021</i> US\$	<i>31-3-2021</i> US\$
Investment securities measured at fair value through other comprehensive income-debt instruments	23,125,217	23,148,457
Investment securities designated as at fair value through other comprehensive income-equity instruments	<u>820,010</u>	<u>828,972</u>
	<u><u>23,945,227</u></u>	<u><u>23,977,429</u></u>

## 16 Property and equipment

	<i>Leasehold improvements</i> US\$	<i>Furniture and equipment</i> US\$	<i>Motor vehicles</i> US\$	<i>Other properties and office equipments leased for own use</i> US\$	<i>Total</i> US\$
<b>Cost:</b>					
At 1 April 2021	1,561,197	3,206,949	113,776	14,785,270	19,667,192
Additions (note)	-	649,649	-	4,001,886	4,651,535
Disposals	(24,614)	(57,197)	-	(74,433)	(156,244)
Exchange adjustment	-	-	-	(25,371)	(25,371)
At 30 September 2021	<u>1,536,583</u>	<u>3,799,401</u>	<u>113,776</u>	<u>18,687,352</u>	<u>24,137,112</u>
<b>Accumulated depreciation:</b>					
At 1 April 2021	831,029	2,826,830	28,444	5,390,749	9,077,052
Charge for the period	101,616	185,526	11,378	1,879,554	2,178,074
Disposals	(14,447)	(57,197)	-	(59,392)	(131,036)
Exchange adjustment	-	-	-	(8,580)	(8,580)
At 30 September 2021	<u>918,198</u>	<u>2,955,159</u>	<u>39,822</u>	<u>7,202,331</u>	<u>11,115,510</u>
<b>Net book value:</b>					
At 30 September 2021	<u>618,385</u>	<u>844,242</u>	<u>73,954</u>	<u>11,485,021</u>	<u>13,021,602</u>
<b>Cost:</b>					
At 1 April 2020	1,561,197	3,041,919	113,776	14,607,535	19,324,427
Additions	-	200,143	-	221,968	422,111
Disposals	-	(35,113)	-	-	(35,113)
Exchange adjustment	-	-	-	(44,233)	(44,233)
At 31 March 2021	<u>1,561,197</u>	<u>3,206,949</u>	<u>113,776</u>	<u>14,785,270</u>	<u>19,667,192</u>
<b>Accumulated depreciation:</b>					
At 1 April 2020	627,261	2,516,395	5,689	2,666,551	5,815,896
Charge for the year	203,768	345,548	22,755	2,740,500	3,312,571
Disposals	-	(35,113)	-	-	(35,113)
Exchange adjustment	-	-	-	(16,302)	(16,302)
At 31 March 2021	<u>831,029</u>	<u>2,826,830</u>	<u>28,444</u>	<u>5,390,749</u>	<u>9,077,052</u>
<b>Net book value:</b>					
At 31 March 2021	<u>730,168</u>	<u>380,119</u>	<u>85,332</u>	<u>9,394,521</u>	<u>10,590,140</u>

Note: For the six month ended 30 September 2021, additions to right-of-use assets were US\$4,001,886 (31 March 2021: US\$221,968). This amount primarily related to the capitalised lease payments payable under the new tenancy agreements.



## 17 Income tax in the statement of financial position

(a) *Current taxation in the statement of financial position represents:*

	30-9-2021 US\$	31-3-2021 US\$
Provision for Hong Kong Profits Tax (note 10)	735,892	684,900
Provisional Profits Tax paid	(180,107)	(648,402)
	555,785	36,498
Tax payable	555,785	36,498

(b) *Deferred tax assets recognised:*

The components of deferred tax assets recognised in the statement of financial position and the movements during the period/year are as follows:

	Depreciation in excess of related depreciation allowances US\$	Depreciation charge of right-of-use assets US\$	Bonus provision US\$	Credit loss allowance US\$	Total US\$
<b>Deferred tax arising from:</b>					
At 1 April 2020	57,722	122,803	229,830	820,622	1,230,977
Charged to statement of profit or loss	31,812	(122,803)	(44,554)	92,053	(43,492)
	89,534	-	185,276	912,675	1,187,485
At 31 March 2021 and 1 April 2021	89,534	-	185,276	912,675	1,187,485
Charged to statement of profit or loss (note 10)	(68,510)	-	(14,851)	(294,847)	(378,208)
	21,024	-	170,425	617,828	809,277
At 30 September 2021	21,024	-	170,425	617,828	809,277

## 18 Other assets

	30-9-2021 US\$	31-3-2021 US\$
Interest receivable	676,687	673,971
Amounts due from fellow subsidiaries	6,130,790	7,630,167
Deposits, prepayment and other receivables	5,066,561	4,877,079
	11,874,038	13,181,217
	11,874,038	13,181,217

**19 Deposits from customers and deposits and balances from banks and other financial institutions**

(a) *Deposits and balances from banks and other financial institutions:*

	30-9-2021 US\$	31-3-2021 US\$
Deposits and balances from banks	<u>106,212,421</u>	<u>101,748,889</u>

Included in deposits and balances of banks and other financial institutions were short-term and long-term debts of approximately US\$106 million (2021: US\$102 million) guaranteed by the ultimate holding company.

(b) *Deposits from customers:*

	30-9-2021 US\$	31-3-2021 US\$
Time, call and notice deposits	<u>105,725,461</u>	<u>133,636,586</u>

**20 Loans from ultimate holding company**

The balance represents loans from the ultimate holding company bear interest at 0.5% per annum (31 March 2021: 0.4%), amounting to US\$11,615,440 (31 March 2021: US\$11,742,390). The loans are unsecured and repayable within three year (31 March 2021: within one year).

**21 Trading liabilities**

	30-9-2021 US\$	31-3-2021 US\$
Negative fair value of derivatives (note 26(b))	<u>26,528</u>	<u>4,970</u>

**22 Other liabilities**

	30-9-2021 US\$	31-3-2021 US\$
Interest payable	342,932	1,212,949
Amounts due to fellow subsidiaries	11,269	3,354
Other liabilities and accrued charges	<u>3,826,515</u>	<u>5,252,260</u>
	<u>4,180,716</u>	<u>6,468,563</u>

## 23 Lease liabilities

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the following reporting periods:

	30-9-2021		31-3-2021	
	<i>Present value of the minimum lease payments US\$</i>	<i>Total minimum lease payments US\$</i>	<i>Present value of the minimum lease payments US\$</i>	<i>Total minimum lease payments US\$</i>
Within 1 year	4,327,299	4,396,919	3,057,582	3,109,071
After 1 year but within 2 years	4,118,480	4,311,252	2,845,384	2,985,399
After 2 years but within 5 years	4,232,959	4,570,669	4,222,699	4,612,829
After 5 years	-	-	-	-
	<u>8,351,439</u>	<u>8,881,921</u>	<u>7,068,083</u>	<u>7,598,228</u>
	<u>12,678,738</u>	13,278,840	<u>10,125,665</u>	10,707,299
Less: total future interest expenses		<u>(600,102)</u>		<u>(581,634)</u>
Present value of lease liabilities		<u>12,678,738</u>		<u>10,125,665</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	30-9-2021 US\$	31-3-2021 US\$
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties and office equipment leased for own used, carried at depreciated cost (note 16)	<u>1,879,554</u>	<u>2,740,500</u>
	<u>1,879,554</u>	<u>2,740,500</u>
Interest on lease liabilities (note 4(b))	196,728	362,186
Expense relating to short-term leases	-	6,016

Note: The total financing cash outflow for the related lease rentals paid for the period ended at 30 September 2021 is US\$1,607,999 (for the year ended 31 March 2021: US\$3,119,703).

## 24 Share capital

	30-9-2021		31-3-2021	
	No. of shares	US\$	No. of shares	US\$
<b>Ordinary shares, issued and fully paid:</b>				
Ordinary shares	<u>16,000,000</u>	<u>32,000,000</u>	<u>16,000,000</u>	<u>32,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. For the year ended 31 March 2021 and for the period ended 30 September 2021, ordinary shares of HK\$10 and of US\$2 rank pari passu in all respects.

## 25 Reserves

(a)	Revaluation reserve/ (deficit) US\$	Translation reserve US\$	Retained profits US\$	Total US\$
<b>Balance at 1 April 2020</b>	21,760	63,481	246,329,136	246,414,377
<b>Change in equity for 2021</b>				
Profit for the year	-	-	3,250,808	3,250,808
Other comprehensive income:				
- Change in fair value in FVOCI investment (non-recycling)	(697,087)	-	-	(697,087)
- Exchange difference on translation of FVOCI investment	-	(26,362)	-	(26,362)
- Change in fair value in FVOCI investment (recycling)	(22,676)	-	-	(22,676)
Total comprehensive income for the year	<u>(719,763)</u>	<u>(26,362)</u>	<u>3,250,808</u>	<u>2,504,683</u>
<b>Balance at 31 March 2021</b>	(698,003)	37,119	249,579,944	248,919,060
<b>Change in equity for 2022</b>				
Profit for the period	-	-	5,628,542	5,628,542
Other comprehensive income:				
- Change in fair value in FVOCI investment (non-recycling)	7,537	-	-	7,537
- Exchange difference on translation of FVOCI investment	-	(8,962)	-	(8,962)
- Change in fair value in FVOCI investment (recycling)	(1,011)	-	-	(1,011)
Total comprehensive income for the period	<u>6,526</u>	<u>(8,962)</u>	<u>5,628,542</u>	<u>5,626,106</u>
<b>Balance at 30 September 2021</b>	<u>(691,477)</u>	<u>28,157</u>	<u>255,208,486</u>	<u>254,545,166</u>

## 25 Reserves (continued)

### (b) Nature and purpose of reserves

#### (i) Revaluation reserve

The revaluation reserve for investment securities measured at fair value through other comprehensive income comprises the cumulative net change in the fair value of investment securities measured at fair value through other comprehensive income until the financial assets are derecognised.

#### (ii) Regulatory reserve

The regulatory reserve is maintained to satisfy the provision of the Hong Kong Banking Ordinance for prudential supervision purpose to set aside amounts in respect of losses which the Company may incur on the loans and advances in addition to the impairment allowances made under HKFRS. As at 30 September 2021, a regulatory reserve of US\$ 0.68 million (31 March 2021: US\$nil) was earmarked in the retained profits and in consultation with the HKMA.

#### (iii) Translation reserve

The translation reserve comprises foreign exchange differences arising from the gain or loss of the equity instruments designated at fair value through other comprehensive income.

## 26 Derivatives

### (a) Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of outstanding transactions and do not represent amounts at risk. All derivatives are held for trading purpose.

	30-9-2021	31-3-2021
	US\$	US\$
Currency derivatives		
– Forwards and futures	257,500,000	257,500,000

### (b) Fair values and credit risk weighted amounts of derivatives

	30-9-2021			31-3-2021		
	Fair value		Credit risk weighted amount	Fair value		Credit risk weighted amount
	Assets	Liabilities		Assets	Liabilities	
	US\$	US\$	US\$	US\$	US\$	US\$
Currency derivatives	164,722	(26,528)	1,179,114	459,016	(4,970)	606,804

## 26 Derivatives (continued)

### (b) Fair values and credit risk weighted amounts of derivatives (Continued)

The tables above give the notional amounts, fair value and credit risk weighted amounts of derivative transactions. The fair value is calculated for the purposes of deriving the credit risk weighted amounts. These are assessed in accordance with the Banking (Capital) Rules.

The Company did not enter into any bilateral netting arrangements during the period/year and accordingly these amounts are shown on a gross basis.

### (c) Remaining life of derivatives

The following table provides an analysis of the notional amount of derivatives of the Company by relevant maturity grouping based on the remaining periods to settlement at the end of reporting period.

	30-9-2021 US\$	31-3-2021 US\$
Currency derivatives		
- Notional amounts with remaining life of one year or less	<u>257,500,000</u>	<u>257,500,000</u>

## 27 Contingent liabilities and commitments

### Contingent liabilities and commitments to extend credit

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	30-9-2021 US\$	31-3-2021 US\$
Trade-related contingencies	322,731	326,258
Other commitments		
- with an original maturity of under one year or which are unconditionally cancellable	<u>11,042,070</u>	<u>17,959,005</u>
	<u>11,364,801</u>	<u>18,285,263</u>

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the clients default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

The credit risk weighted amount arising from trade-related contingencies as at 30 September 2021 is US\$64,546 (31 March 2021: US\$65,252).

## 28 International claims

The Company analyses international claims by exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. The transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Those areas which contribute 10% or more of the aggregate international claims are as follows:

	<i>30-9-2021</i>				
	<i>Non-bank private sector</i>				
	<i>Banks</i>	<i>Official</i>	<i>Non-bank</i>	<i>Non-financial</i>	<i>Total</i>
US\$	sector	financial	private sector	US\$	
	US\$	institutions	US\$	US\$	US\$
Developed countries	24,778,753	-	-	901,614	25,680,367
Offshore centres	732,376	-	954,319	666,289	2,352,984
– of which: Hong Kong	732,276	-	954,319	124,587	1,811,282
Developing Asia Pacific	19,355,575	-	-	2,722,070	22,077,645
– of which: China	-	-	-	2,722,070	2,722,070
	<u>44,866,704</u>	<u>-</u>	<u>954,319</u>	<u>4,289,973</u>	<u>50,110,996</u>

  

	<i>31-3-2021</i>				
	<i>Non-bank private sector</i>				
	<i>Banks</i>	<i>Official</i>	<i>Non-bank</i>	<i>Non-financial</i>	<i>Total</i>
US\$	sector	financial	private sector	US\$	
	US\$	institutions	US\$	US\$	US\$
Developed countries	19,954,318	-	-	912,968	20,867,286
Offshore centres	594,905	-	1,178,506	697,013	2,470,424
– of which: Hong Kong	594,905	-	1,178,506	164,777	1,938,188
Developing Asia Pacific	25,673,217	-	-	3,145,653	28,818,870
– of which: China	-	-	-	3,145,653	3,145,653
	<u>46,222,440</u>	<u>-</u>	<u>1,178,506</u>	<u>4,755,634</u>	<u>52,156,580</u>

## 29 Currency risk

The Company's foreign currency positions arise from foreign exchange transactions. All foreign currency positions are managed by the treasury department within limits approved by the Board.

The Company seeks to match closely its foreign currency denominated assets with corresponding liabilities in the same currencies. The Company also uses foreign currency forward contracts to manage foreign currency risk.

The net positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position in all foreign currencies.

	<i>30-9-2021</i>		
	<i>USD equivalents</i>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	507,667,855	58,216,156	565,884,011
Spot liabilities	(202,807,055)	(53,225,315)	(256,032,370)
Forward purchases	-	-	-
Forward sales	(257,472,263)	-	(257,472,263)
Net long non-structural position	<u>47,388,537</u>	<u>4,990,841</u>	<u>52,379,378</u>
	<i>31-3-2021</i>		
	<i>USD equivalents</i>		
	<i>HK dollars</i>	<i>Japanese Yen</i>	<i>Total</i>
Spot assets	528,365,821	59,961,196	588,327,017
Spot liabilities	(224,239,951)	(55,737,858)	(279,977,809)
Forward purchases	-	-	-
Forward sales	(256,978,057)	-	(256,978,057)
Net long non-structural position	<u>47,147,813</u>	<u>4,223,338</u>	<u>51,371,151</u>

The Company does not have any structural position as at 30 September 2021 (31 March 2021: nil).



### 30 Liquidity maintenance ratio

	<i>Six months ended 30-9-2021</i>	<i>Six months ended 30-9-2020</i>	<i>Year ended 31-3-2021</i>
Average liquidity maintenance ratio	<u>276.55%</u>	<u>164.68%</u>	<u>259.45%</u>

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalize on opportunities for business expansion. To manage liquidity risk, the Company has established a liquidity risk management policy (“the policy”) which is reviewed by management and approved by the Directors. The policy is reviewed at least annually.

The Company measures liquidity through the statutory Liquidity Maintenance Ratios (“LMR”), unsecured connected lending exposures and maturity mismatch ratio against internal and/or regulatory requirements.

Management closely monitors the liquidity of the Company on a daily basis to ensure that the liquidity structure of Company’s assets, liabilities and commitments can meet its funding needs and that the statutory liquidity ratio is always complied with. The Company’s average LMR for the year was well above the statutory minimum requirement of 25%.

The average LMR is the simple average of each calendar month’s average LMR, computed on the solo basis, which is the basis of computation agreed with the HKMA and has been computed in accordance with the Banking (Liquidity) Rules.

The Board of Directors empowered the Asset and Liability Management Committee (“ALCO”) to formulate, review, and update the policy from time to time in order to oversee the Company in managing its liquidity.

ALCO is responsible for the implementation and maintenance of the overall risk management framework relating to balance sheet structure, market risks and funding and liquidity management across the Company’s banking business. Monthly meeting will be conducted.

Liquidity stress testing is a risk management tool for estimating risk exposure under stressed conditions arising from extreme but plausible market or macroeconomic movements. The Company conducts stress testing through scenario analysis for (i) Liquidity Ratio and (ii) Maturity Mismatch Ratio.

Other monitoring measures:

(i) Treasury Department prepares Daily Liquidity Ratio Projection Report to forecast up to 7 days liquidity ratio on daily basis, which reflects a more realistic liquidity position for monitoring and considering the necessity of funding arrangement promptly.

(ii) Regarding unsecured lending to connected companies, Treasury Department daily projects the ratio against capital base and Accounting Department monitors the ratio on daily basis.

### 30 Liquidity maintenance ratio (continued)

Other monitoring measures:(continued)

(iii) Regarding cash flow projections, Projection of Cash Flow Report for coming four months is prepared by Treasury Department, for establishing financial plans and recognizing the timing and amount of fund raising that aligns strategic objectives.

(iv) Liquidity related issues, strategies, internal risk limits and stress testing results are reported in monthly ALCO meetings and documented in meeting minutes.

### 31 Capital and capital adequacy

	<i>30-9-2021</i>	<i>31-3-2021</i>
<b>Capital ratio:</b>		
Common Equity Tier 1 (“CET1”) Capital Ratio	53.73%	51.60%
Tier 1 Capital Ratio	53.73%	51.60%
Total Capital Ratio	54.57%	52.62%

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules. 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 six month ended 30 September 2021, market risk arising from the Company’s trading book is 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.

### 31 Capital and capital adequacy (continued)

The components of total capital before and after deductions are shown below:

	30-9-2021 US\$	31-3-2021 US\$
<b>CET1 Capital:</b>		
CET1 Capital instruments	32,000,000	32,000,000
Retained earnings	255,208,486	249,579,944
Disclosed reserves	(663,320)	(660,884)
	<hr/>	<hr/>
CET1 Capital before deductions	286,545,166	280,919,060
<b>Regulatory deductions to CET1 capital:</b>		
Regulatory reserve for general banking risks	680,573	-
Net deferred tax assets	809,277	1,187,485
	<hr/>	<hr/>
<b>Total CET1 Capital</b>	285,055,316	279,731,575
<b>Additional Tier 1 (“AT1”) Capital</b>	<hr/> -	<hr/> -
<b>Total Tier 1 (“T1”) Capital</b>	<hr/> 285,055,316	<hr/> 279,731,575
<b>Tier 2 (“T2”) Capital</b>		
Qualifying Tier 2 capital instruments plus any related share premium	-	-
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	4,424,987	5,531,365
	<hr/>	<hr/>
<b>Total T2 Capital</b>	<hr/> 4,424,987	<hr/> 5,531,365
<b>Total Capital</b>	<hr/> <hr/> 289,480,303	<hr/> <hr/> 285,262,940

To comply with the Banking (Disclosure) Rules (“BDR”), all additional information in relation to the Company’s regulatory capital disclosures will be published by using the standard disclosure templates as specified by the HKMA under “Regulatory Disclosures” section on the Company’s website (<http://www.orix.com.hk>).

### 32 Leverage ratio

The leverage ratio was compiled in accordance with the Leverage Ratio Framework issued by the HKMA.

	<i>30-9-2021</i>	<i>31-3-2021</i>
Leverage ratio	<u>49.84%</u>	<u>47.66%</u>

For the purposes of compliance with the BDR, information in relation to the Company’s regulatory leverage ratio disclosures will be published by using the standard disclosure templates as specified by the HKMA under “Regulatory Disclosures” section on the Company’s website (<http://www.orix.com.hk>).

### 33 Countercyclical capital buffer ratio

The countercyclical capital buffer (“CCyB”) was compiled in accordance with the CCyB ratio framework issued by the HKMA.

	<i>30-9-2021</i>	<i>31-3-2021</i>
CCyB ratio	<u>0.9910%</u>	<u>0.9904%</u>

For the purposes of compliance with the BDR, the Company’s risk-weighted amounts in relation to each jurisdiction in which the Company has private sector credit exposures and the applicable JCCyB ratio for each jurisdiction that is relevant to the calculation of the Company’s CCyB ratio are as follows:

<i>Jurisdiction</i>	<u><i>30-9-2021</i></u>		<u><i>31-3-2021</i></u>	
	<i>Total risk-weighted amount US\$</i>	<i>JCCyB ratio</i>	<i>Total risk-weighted amount US\$</i>	<i>JCCyB ratio</i>
Hong Kong SAR	460,584,668	1%	473,075,922	1%
China	2,722,070	0%	3,137,540	0%
Curacao	19,594	0%	19,594	0%
Japan	901,614	0%	912,968	0%
Macau SAR	26,925	0%	37,811	0%
Samoa	63,292	0%	74,554	0%
West Indies UK	431,891	0%	400,277	0%
Total across countries	<u>464,750,054</u>		<u>477,658,666</u>	

### **33 Countercyclical Capital Buffer Ratio (continued)**

To comply with the BDR, information in relation to the Company's regulatory CCyB ratio disclosures will be published by using the standard disclosure templates as specified by the HKMA under "Regulatory Disclosures" section on the Company's website (<http://www.orix.com.hk>).

### **34 Interim disclosure statement and statement of compliance**

This interim financial disclosure statement for the six months ended 30 September 2021 is the Interim Disclosure Statement of the Company prepared in accordance with the requirements set out in the Banking (Disclosure) Rules issued by the HKMA. The Company has fully complied with such disclosure requirements.

*Should there be any inconsistencies between the English and Chinese versions, the English version shall prevail.*