

ORIX Asia Limited

Regulatory Disclosure Statement for the quarter ended 30 June 2019 (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, "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 2019 and for the three months ended 30 June 2019, 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.

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)
		30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	269,861,361	269,081,191	268,837,022	268,799,481	266,624,479
2	Tier 1	269,861,361	269,081,191	268,837,022	268,799,481	266,624,479
3	Total capital	277,895,279	277,488,924	277,459,661	277,747,078	275,778,051
RWA (amount)						
4	Total RWA	690,971,962	720,362,806	739,899,656	765,851,950	778,230,519
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	39.0553%	37.3536%	36.3343%	35.0981%	34.2603%
6	Tier 1 ratio (%)	39.0553%	37.3536%	36.3343%	35.0981%	34.2603%
7	Total capital ratio (%)	40.2180%	38.5207%	37.4996%	36.2664%	35.4366%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	2.4514%	2.4471%	1.8310%	1.8306%	1.8279%
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 (%)	4.9514%	4.9471%	3.7060%	3.7056%	3.7029%
12	CET1 available after meeting the AI's minimum capital requirements (%)	30.7180%	29.0208%	27.9996%	26.7664%	25.9365%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	705,447,465	734,624,570	754,173,682	776,412,560	789,291,858
14	LR (%)	38.25%	36.63%	35.65%	34.62%	33.78%
Liquidity Maintenance Ratio (LMR)- applicable to category 2 institution only:						
17a	LMR (%)	82.32%	74.99%	53.56%	55.94%	51.21%

C. Leverage Ratio

Template LR2: Leverage Ratio

The detailed composition of the Company's leverage ratio as at 30 June 2019 and 31 March 2019 is set out below.

		(a)	(b)
		HK\$'000	
		30 June 2019	31 Mar 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	5,534,617	5,777,764
2	Less: Asset amounts deducted in determining Tier 1 capital	(59,080)	(57,853)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	5,475,537	5,719,911
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)	2	2,468
5	Add-on amounts for PFE associated with all derivative contracts	20,135	20,227
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			
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	181,336	218,082
18	Less: Adjustments for conversion to credit equivalent amounts	(162,881)	(194,326)
19	Off-balance sheet items	18,455	23,756
Capital and total exposures			
20	Tier 1 capital	2,109,371	2,112,126
20a	Total exposures before adjustments for specific and collective provisions	5,514,129	5,766,362
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	5,514,129	5,766,362
Leverage ratio			
22	Leverage ratio	38.25%	36.63%

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 30 June 2019 and 31 March 2019 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Jun 2019 (USD)	31 Mar 2019 (USD)	30 Jun 2019 (USD)
1	Credit risk for non-securitization exposures	642,197,569	672,039,271	51,375,805
2	Of which STC approach	-	-	-
2a	Of which BSC approach	642,197,569	672,039,271	51,375,805
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	515,873	579,386	41,270
7	Of which SA-CCR*	-	-	-
7a	Of which CEM	515,873	579,386	41,270
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	398,425	446,513	31,874
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	47,932,323	47,350,753	3,834,586
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	72,228	53,117	5,778
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	72,228	53,117	5,778
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	690,971,962	720,362,806	55,277,757