

ORIX Asia Limited
Regulatory Disclosure Statement for the quarter ended 31 December 2023 (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-subsiary 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 2023 and for the quarter ended 31 December 2023, 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 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	299,083,665	299,244,090	297,232,231	295,203,683	292,681,876
2	Tier 1	299,083,665	299,244,090	297,232,231	295,203,683	292,681,876
3	Total capital	303,259,005	303,264,840	301,297,403	299,312,576	296,992,343
RWA (amount)						
4	Total RWA	488,825,206	474,147,198	477,799,890	479,195,886	504,390,677
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	61.1842%	63.1121%	62.2085%	61.6039%	58.0267%
6	Tier 1 ratio (%)	61.1842%	63.1121%	62.2085%	61.6039%	58.0267%
7	Total capital ratio (%)	62.0383%	63.9601%	63.0593%	62.4614%	58.8813%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.9886%	0.9897%	0.9893%	0.9876%	0.9855%
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 (%)	3.4886%	3.4897%	3.4893%	3.4876%	3.4855%
12	CET1 available after meeting the AI's minimum capital requirements (%)	52.0383%	53.9601%	53.0593%	52.4614%	48.8813%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	509,492,438	495,900,205	500,159,431	502,843,072	524,978,077
14	LR (%)	58.70%	60.34%	59.43%	58.71%	55.75%
Liquidity Maintenance Ratio (LMR)- applicable to category 2 institution only:						
17a	LMR (%)	112.28%	112.27%	98.19%	97.07%	198.65%

C. Leverage Ratio

Template LR2: Leverage Ratio

The detailed composition of the Company's leverage ratio as at 31 December 2023 and 30 September 2023 is set out below.

		(a)	(b)
		HK\$'000	
		31 Dec 2023	30 Sep 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	3,941,857	3,837,930
2	Less: Asset amounts deducted in determining Tier 1 capital	(25,739)	(25,530)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	3,916,118	3,812,400
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)	1,039	1,987
5	Add-on amounts for PFE associated with all derivative contracts	43,914	43,990
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	Total exposures arising from derivative contracts	44,953	45,977
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	202,555	231,820
18	Less: Adjustments for conversion to credit equivalent amounts	(182,299)	(208,638)
19	Off-balance sheet items	20,256	23,182
Capital and total exposures			
20	Tier 1 capital	2,337,130	2,342,274
20a	Total exposures before adjustments for specific and collective provisions	3,981,327	3,881,559
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	3,981,327	3,881,559
Leverage ratio			
22	Leverage ratio	58.70%	60.34%

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 2023 and 30 September 2023 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Dec 2023 (USD)	30 Sep 2023 (USD)	31 Dec 2023 (USD)
1	Credit risk for non-securitization exposures	435,379,105	420,204,447	35,975,618
2	Of which STC approach	-	-	-
2a	Of which BSC approach	435,379,105	420,204,447	34,830,328
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	1,142,950	1,172,066	91,436
7	Of which SA-CCR approach	1,142,950	1,172,066	91,436
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	929,388	952,050	74,351
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	51,373,763	51,818,635	4,109,901
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	488,825,206	474,147,198	39,106,017

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.