

ORIX Asia Limited

Regulatory Disclosure Statement for the quarter ended 31 December 2020 (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 2020 and for the quarter ended 31 December 2020, 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 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	277,285,739	279,238,284	276,518,273	274,981,905	271,283,398
2	Tier 1	277,285,739	279,238,284	276,518,273	274,981,905	271,283,398
3	Total capital	283,767,340	284,112,829	282,854,991	282,128,878	278,688,636
RWA (amount)						
4	Total RWA	566,644,151	577,620,497	592,223,926	622,557,718	644,015,393
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	48.9347%	48.3429%	46.6915%	44.1697%	42.1237%
6	Tier 1 ratio (%)	48.9347%	48.3429%	46.6915%	44.1697%	42.1237%
7	Total capital ratio (%)	50.0786%	49.1868%	47.7615%	45.3177%	43.2736%
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 (%)	0.9878%	0.9868%	0.9856%	0.9848%	1.9662%
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 (%)	3.4878%	3.4868%	3.4856%	3.4848%	4.4662%
12	CET1 available after meeting the AI's minimum capital requirements (%)	40.5786%	39.6867%	38.2615%	35.8177%	33.7735%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	588,670,388	582,829,767	605,971,461	621,548,476	651,881,065
14	LR (%)	47.10%	47.91%	45.63%	44.24%	41.62%
Liquidity Maintenance Ratio (LMR)- applicable to category 2 institution only:						
17a	LMR (%)	378.92%	245.20%	84.15%	127.99%	100.67%

C. Leverage Ratio

Template LR2: Leverage Ratio

The detailed composition of the Company's leverage ratio as at 31 December 2020 and 30 September 2020 is set out below.

		(a)	(b)
		HK\$'000	
		31 Dec 2020	30 Sep 2020
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	4,540,573	4,498,691
2	Less: Asset amounts deducted in determining Tier 1 capital	(12,767)	(14,887)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	4,527,806	4,483,804
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)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	19,963	19,959
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	19,963	19,959
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	148,573	124,758
18	Less: Adjustments for conversion to credit equivalent amounts	(132,499)	(111,065)
19	Off-balance sheet items	16,074	13,693
Capital and total exposures			
20	Tier 1 capital	2,149,741	2,164,348
20a	Total exposures before adjustments for specific and collective provisions	4,563,843	4,517,456
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	4,563,843	4,517,456
Leverage ratio			
22	Leverage ratio	47.10%	47.91%

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 2020 and 30 September 2020 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Dec 2020 (USD)	30 Sep 2020 (USD)	31 Dec 2020 (USD)
1	Credit risk for non-securitization exposures	518,013,054	526,835,606	41,441,044
2	Of which STC approach	-	-	-
2a	Of which BSC approach	518,013,054	526,835,606	41,441,044
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	515,000	515,000	41,200
7	Of which SA-CCR*	N/A	N/A	N/A
7a	Of which CEM	515,000	515,000	41,200
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	415,863	398,263	33,269
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	49,569,188	49,871,628	3,965,535
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	(1,868,954)	-	(149,516)
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	(1,868,954)	-	(149,516)
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	566,644,151	577,620,497	45,331,532

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.