



Livi Bank

Unaudited Regulatory Disclosure Statement

For the period ended 30 September 2023

LIVI BANK LIMITED

Table of Contents

	Page
1 Introduction	1
2 Key prudential ratios (KM1)	2
3 Overview of risk-weighted amount ("RWA") (OV1)	3
4 Main features of regulatory capital instruments (CCA)	4
5 Leverage ratio (LR2)	7

LIVI BANK LIMITED

1 Introduction

Unaudited Quarterly Regulatory Disclosure Statement

This unaudited quarterly regulatory disclosure statement complies with the Banking (Disclosure) Rules (“Rules”) under section 60A of the Banking Ordinance and the disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

These banking disclosures are governed by the Bank’s disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the approach to determine the content, appropriateness and frequency of the disclosures, the approach to ensure the relevance and adequacy of the disclosures, and the internal control over the process for making the disclosures. The disclosures have been subject to independent review in accordance with the disclosure policy.

Prior period disclosures as required by the Banking (Disclosure) Rules are available on our website: www.livibank.com.

Basis of preparation and consolidation

The capital ratios were calculated in accordance with the Banking (Capital) Rules (“BCR”) of the Hong Kong Banking Ordinance. In calculating the risk weighted amounts, the Bank adopted the Standardized (Credit Risk) Approach and the Standardized (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

At 30 September 2023, the Bank does not have any subsidiaries.

LIVI BANK LIMITED

2 Key prudential ratios (KM1)

The following table sets out an overview of the Bank's key prudential ratios.

	(a) At 30 September 2023 HK\$'000	(b) At 30 June 2023 HK\$'000	(c) At 31 March 2023 HK\$'000	(d) At 31 December 2022 HK\$'000	(e) At 30 September 2022 HK\$'000	
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	1,106,005	240,493	378,816	539,171	696,183
2	Tier 1	1,905,081	1,039,569	378,816	539,171	696,183
3	Total capital	1,923,223	1,059,690	396,323	554,646	708,607
RWA (amount)						
4	Total RWA ²	1,509,362	1,661,452	1,436,802	1,277,649	1,006,233
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%) ¹	73.3%	14.5%	26.4%	42.2%	69.2%
6	Tier 1 ratio (%) ¹	126.2%	62.6%	26.4%	42.2%	69.2%
7	Total capital ratio (%) ¹	127.4%	63.8%	27.6%	43.4%	70.4%
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 (%)	1.0%	1.0%	1.0%	1.0%	1.0%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	3.5%	3.5%	3.5%	3.5%	3.5%
12	CET1 available after meeting the AI's minimum capital requirements (%)	65.3%	6.5%	18.4%	34.2%	61.2%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	5,039,770	3,978,292	3,821,588	4,047,501	3,100,039
14	LR (%) ³	37.8%	26.1%	9.9%	13.3%	22.5%
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	Total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
Applicable to category 2 institution only:						
17a	LMR (%) ^{#4}	124.8%	114.7%	130.8%	154.6%	98.1%
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
Applicable to category 1 institution only:						
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
Applicable to category 2A institution only:						
20a	CFR (%)	NA	NA	NA	NA	NA

¹ Increase in CET1%, Tier 1% and Total Capital % as of 30 September 2023 was due to the capital injection in September 2023; partially offset by the operating loss for Q3 2023.

² Please refer to note 3 for the key drivers of total RWA.

³ Increase in Leverage ratio was mainly due to the increase in Tier 1 capital.

⁴ Increase in average LMR% in Q3 2023 was mainly due to the increase in liquefiable asset in Q3 2023.

The LMR disclosed above represents the arithmetic mean of the average value of the LMR for each calendar month within the quarter.

LIVI BANK LIMITED

3 Overview of risk-weighted amount (“RWA”) (OV1)

The following table sets out an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.

	(a)	(b)	(c)
	RWA		Minimum capital requirements
	At 30 September 2023 HK\$'000	At 30 June 2023 HK\$'000	At 30 September 2023 HK\$'000
1 Credit risk for non-securitization exposures	1,451,374	1,609,664	116,110
2 Of which STC approach ¹	1,451,374	1,609,664	116,110
2a Of which BSC approach	–	–	–
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	–	–	–
7 Of which SA-CCR approach	–	–	–
7a Of which CEM	–	–	–
8 Of which IMM(CCR) approach	–	–	–
9 Of which others	–	–	–
10 CVA risk	–	–	–
11 Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12 Collective investment scheme (“CIS”) exposures – LTA	NA	NA	NA
13 CIS exposures – MBA	NA	NA	NA
14 CIS exposures – FBA	NA	NA	NA
14a CIS exposures – combination of approaches	NA	NA	NA
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 risk²	375	163	30
21 Of which STM approach	375	163	30
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)	NA	NA	NA
24 Operational risk³	57,613	51,625	4,609
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	1,509,362	1,661,452	120,749

¹ Decrease in credit risk for non-securitization exposure as of 30 September 2023 was mainly due to the decrease in loan exposures.

² Increase in market risk exposures was mainly due to increase in CNH net open position.

³ Increase in operational risk exposure was due to higher gross income than last quarter.

LIVI BANK LIMITED

4 Main features of regulatory capital instruments (CCA)

The full terms and conditions of the Bank's capital instruments can be found in the Regulatory Disclosures section of our website, www.livibank.com.

(i) Ordinary Shares

1	Issuer	Livi Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD3,792 Million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	21 March 2019 (300,000,000) 24 May 2019 (2,200,000,000) 29 April 2022 (300,000,000) 21 September 2023 (992,000,000)
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated capital securities mentioned in (ii) of the main features table
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

LIVI BANK LIMITED

4 Main features of regulatory capital instruments (CCA) (continued)

(ii) Perpetual non-cumulative capital securities

1	Issuer	Livi Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	Additional Tier 1
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Additional Tier 1 loan (the "AT1 Loan")
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD799 Million
9	Par value of instrument	HKD800 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	5 May 2023
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Early Repayment Date: 5 May 2028
16	Subsequent call dates, if applicable <i>Coupons / dividends</i>	Any Interest Payment Date thereafter
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.8 per cent per annum payable in arrears five years after the Drawdown Date and every five years thereafter
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A

LIVI BANK LIMITED

4 Main features of regulatory capital instruments (CCA) (continued)

(ii) Perpetual non-cumulative capital securities (continued)

35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	In the case of a winding-up of the Borrower, claims against the Borrower in respect of the AT1 Loan shall be subordinated to the claims of all Relevant Creditors. Accordingly, in the case of a winding-up of the Borrower, claims in respect of the AT1 Loan will only be satisfied after the claims of Relevant Creditors. "Relevant Creditors" means any depositors, general creditors of the Borrower and any subordinated creditors of the Borrower (including any creditors in respect of Tier 2 capital instruments) other than those whose claims are expressed to rank pari passu or junior to the claims of Bank of China (Hong Kong) Limited under the AT1 Loan.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

LIVI BANK LIMITED

5 Leverage ratio (LR2)

The following table sets out a detailed breakdown of the components of the LR denominator.

	(a)	(b)	
	At 30 September 2023 HK\$'000	At 30 June 2023 HK\$'000	
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) ¹	4,947,278	3,934,782
2	Less: Asset amounts deducted in determining Tier 1 capital	(190,868)	(207,202)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	4,756,410	3,727,580
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	–	–
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 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	–	–
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 ²	3,015,020	2,708,331
18	Less: Adjustments for conversion to credit equivalent amounts	(2,713,518)	(2,437,498)
19	Off-balance sheet items	301,502	270,833
Capital and total exposures			
20	Tier 1 capital ³	1,905,081	1,039,569
20a	Total exposures before adjustments for specific and collective provisions	5,057,912	3,998,413
20b	Adjustments for specific and collective provisions	(18,142)	(20,121)
21	Total exposures after adjustments for specific and collective provisions	5,039,770	3,978,292
Leverage ratio			
22	Leverage ratio	37.8%	26.1%

¹ Increase in on-balance sheet exposures (excluding derivative and SFTs) due to the capital injection in September; partially offset by the operating loss for Q3 2023.

² Increase in off-balance sheet exposure at gross notional amount was mainly due to the increase in retail loan exposures.

³ Increase in Tier 1 capital was mainly due to the capital injection in September.

LIVI BANK LIMITED

Acronyms

AI	Authorised institution	SA-CCR	Standardised approach for counterparty credit risk
ALCO	Asset and Liability Committee	SEC-ERBA	Securitization external ratings-based approach
AT1	Additional tier 1	SEC-FBA	Securitization full back approach
Bank	Livi Bank Limited	SEC-IRBA	Securitization internal ratings-based approach
BCR	Banking (Capital) Rules	SEC-SA	Securitization standardised approach
BSC	Basic approach	SFT	Securities financing transaction
CCF	Credit conversion factor	STC	Standardised (credit risk) approach
CCP	Central counterparty	STM	Standardised (market risk) approach
CCR	Counterparty credit risk		
CCyB	Countercyclical capital buffer		
CEM	Current exposure method		
CET1	Common equity tier 1		
CIS	Collective investment scheme		
CRM	Credit risk mitigation		
CVA	Credit valuation adjustment		
D-SIB	Domestic systematically important authorised institution		
DTAs	Deferred tax assets		
EL	Expected loss		
FBA	Fall-back approach		
G-SIB	Global systematically important authorised institution		
HKMA	Hong Kong Monetary Authority		
IMM	Internal models approach		
IMM (CCR)	Internal models (counterparty credit risk) approach		
IRB	Internal ratings-based approach		
JCCyB	Jurisdictional countercyclical capital buffer		
LAC	Loss-absorbing Capacity		
LCR	Liquidity Coverage Ratio		
LMR	Liquidity Maintenance Ratio		
LR	Leverage Ratio		
LTA	Look through approach		
MBA	Mandate-based approach		
MSRs	Mortgage servicing rights		
N/A	Not applicable		
PFE	Potential future exposure		
PRC	People's Republic of China		
PSE	Public sector entity		
RW	Risk-weight		
RWA	Risk-weighted asset/risk-weighted amount		
S	Securitization		

Livi Bank Limited
28/F, Oxford House, 979 King's Road,
Quarry Bay, Hong Kong
www.livibank.com

© Livi Bank Limited. All Rights Reserved.