# Livi Bank

## Unaudited Regulatory Disclosure Statement

For the period ended 31 March 2024

# LIVI BANK LIMITED

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## 1 Introduction

### Unaudited 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 31 March 2024, the Bank does not have any subsidiaries.

## 2 Key prudential ratios (KM1)

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

| | | (a) At 31 March 2024 HK$'000 | (b) At 31 December 2023 HK$'000 | (c) At 30 September 2023 HK$'000 | (d) At 30 June 2023 HK$'000 | (e) At 31 March 2023 HK$'000 |
|---|---|---|---|---|---|---|
| | **Regulatory capital (amount)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 998,069 | 1,035,366 | 1,106,005 | 240,493 | 378,816 |
| 2 | Tier 1 | 1,797,145 | 1,834,442 | 1,905,081 | 1,039,569 | 378,816 |
| 3 | Total capital | 1,816,873 | 1,854,410 | 1,923,223 | 1,059,690 | 396,323 |
| | **RWA (amount)** | | | | | |
| 4 | Total RWA[2] | 1,764,105 | 1,734,549 | 1,509,362 | 1,661,452 | 1,436,802 |
| | **Risk-based regulatory capital ratios (as a percentage of RWA)** | | | | | |
| 5 | CET1 ratio (%)[1] | 56.6% | 59.7% | 73.3% | 14.5% | 26.4% |
| 6 | Tier 1 ratio (%)[1] | 101.9% | 105.8% | 126.2% | 62.6% | 26.4% |
| 7 | Total capital ratio (%)[1] | 103.0% | 106.9% | 127.4% | 63.8% | 27.6% |
| | **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 (%) | 48.6% | 51.7% | 65.3% | 6.5% | 18.4% |
| | **Basel III leverage ratio** | | | | | |
| 13 | Total leverage ratio (LR) exposure measure | 4,970,105 | 5,033,391 | 5,039,770 | 3,978,292 | 3,821,588 |
| 14 | LR (%)[3] | 36.2% | 36.4% | 37.8% | 26.1% | 9.9% |
| | **Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)** | | | | | |
| | **Applicable to category 1 institution only:** | **NA** | **NA** | **NA** | **NA** | **NA** |
| 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] | 179.8% | 178.9% | 124.8% | 114.7% | 130.8% |
| | **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] Decrease in CET1%, Tier 1% and Total Capital % as of 31 March 2024 was mainly due to the increase in RWAs and operating loss for Q1 2024.
[2] Please refer to note 3 for the key drivers of total RWA.
[3] Please refer to note 4 for the key drivers of leverage ratio.
[4] The average LMR% in Q1 2024 stay flat as last quarter.
[#] The LMR disclosed above represents the arithmetic mean of the average value of the LMR for each calendar month within the quarter.

### 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 31 March 2024 HK$'000 | At 31 December 2023 HK$'000 | At 31 March 2024 HK$'000 |
| 1 | **Credit risk for non-securitization exposures** | **1,578,205** | **1,597,461** | **126,256** |
| 2 | Of which STC approach[1] | 1,578,205 | 1,597,461 | 126,256 |
| 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 risk**[2] | **–** | **3,175** | **–** |
| 21 | Of which STM approach | – | 3,175 | – |
| 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 risk**[3] | **185,900** | **133,913** | **14,872** |
| 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** | **1,764,105** | **1,734,549** | **141,128** |

[1] Decrease in credit risk for non-securitization exposures as of 31 March 2024 was mainly due to the decrease in loan exposure; partially offset by increase in financial investment exposure.
[2] No market risk exposures as of 31 March 2024 as the Bank is exempted from market risk capital charge.
[3] Increase in operational risk exposure was due to higher gross income than last quarter.

## 4 Leverage ratio (LR2)

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

| | | (a) At 31 March 2024 HK$'000 | (b) At 31 December 2023 HK$'000 |
|---|---|---|---|
| **On-balance sheet exposures** | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)[1] | 4,795,968 | 4,895,186 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (129,358) | (156,506) |
| 3 | **Total on-balance sheet exposures (excluding derivative contracts and SFTs)** | **4,666,610** | **4,738,680** |
| **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] | 3,232,231 | 3,146,788 |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | (2,909,008) | (2,832,109) |
| 19 | **Off-balance sheet items** | **323,223** | **314,679** |
| **Capital and total exposures** | | | |
| 20 | **Tier 1 capital**[3] | 1,797,145 | 1,834,442 |
| 20a | **Total exposures before adjustments for specific and collective provisions** | 4,989,833 | 5,053,359 |
| 20b | **Adjustments for specific and collective provisions** | (19,728) | (19,968) |
| 21 | **Total exposures after adjustments for specific and collective provisions** | 4,970,105 | 5,033,391 |
| **Leverage ratio** | | | |
| 22 | **Leverage ratio** | **36.2%** | **36.4%** |

1 Decrease in on-balance sheet exposures (excluding derivative and SFTs) mainly due to operating loss for the reporting period.
2 Increase in off-balance sheet exposure at gross notional amount was mainly due to the increase in loan commitment.
3 Decrease in Tier 1 capital was mainly due to the operating loss for the reporting period.

**Acronyms**

| | |
|---|---|
| AI | Authorised institution |
| ALCO | Asset and Liability Committee |
| AT1 | Additional tier 1 |
| Bank | Livi Bank Limited |
| BCR | Banking (Capital) Rules |
| BSC | Basic approach |
| CCF | Credit conversion factor |
| CCP | Central counterparty |
| 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 |
| SA-CCR | Standardised approach for counterparty credit risk |
| SEC-ERBA | Securitization external ratings-based approach |
| SEC-FBA | Securitization full back approach |
| SEC-IRBA | Securitization internal ratings-based approach |
| SEC-SA | Securitization standardised approach |
| SFT | Securities financing transaction |
| STC | Standardised (credit risk) approach |
| STM | Standardised (market risk) approach |

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