LIVI BANK LIMITED

Unaudited Quarterly Regulatory Disclosure Statement
For the quarter ended 30 September 2021

LIVI BANK LIMITED

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1 Introduction

Unaudited Quarterly Regulatory Disclosure Statement

This Unaudited Quarterly Regulatory Disclosure Statement complies with the Banking (Disclosure) Rules under section 60A of the Hong Kong Banking Ordinance.

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 alternative approach communicated to HKMA pursuant to section 340 of the BCR.

As of 30 September 2021, 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 30 September 2021 HK$'000	(b) At 30 June 2021 HK$'000	(c) At 31 March 2021 HK$'000	(d) At 31 December 2020 HK$'000	(e) At 30 September 2020 HK$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	1,142,433	1,327,751	1,507,219	1,658,779	1,795,049
2	Tier 1	1,142,433	1,327,751	1,507,219	1,658,779	1,795,049
3	Total capital	1,145,134	1,328,532	1,507,219	1,658,779	1,795,049
	RWA (amount)					
4	Total RWA[2]	1,070,732	754,526	810,285	1,185,981	1,532,150
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)[1]	106.7%	176.0%	186.0%	139.9%	117.2%
6	Tier 1 ratio (%)[1]	106.7%	176.0%	186.0%	139.9%	117.2%
7	Total capital ratio (%)[1]	106.9%	176.1%	186.0%	139.9%	117.2%
	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 (%)	98.7%	168.0%	178.0%	131.9%	109.2%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	2,577,645	2,426,218	2,293,632	2,140,400	2,056,222
14	LR (%)	44.3%	54.7%	65.7%	77.5%	87.3%
	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 (%)[3 #]	121.7%	210.4%	201.7%	464.3%	1,664.7%
	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 30 September 2021 was mainly due to decrease in capital base resulting from operating loss incurred in Q3 2021.
2 Please refer to note 3 for the key drivers of total RWA changes.
3 Decrease in LMR was mainly due to more corporate exposures in Q3 2021.

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 amounts (“RWA”) (OV1)

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 30 September 2021 HK$'000	At 30 June 2021 HK$'000	At 30 September 2021 HK$'000
1	**Credit risk for non-securitization exposures**	**1,023,494**	**708,976**	**81,880**
2	Of which STC approach[1]	1,023,494	708,976	81,880
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	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**	**9,638**	**7,950**	**771**
21	Of which STM approach	9,638	7,950	771
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**	**37,600**	**37,600**	**3,008**
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**	**1,070,732**	**754,526**	**85,659**

[1] Increase in credit risk for non-securitization exposures as of 30 September 2021 was mainly due to more corporate exposures.

4 Leverage ratio (LR2)

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

		(a) At 30 September 2021 HK$'000	(b) At 30 June 2021 HK$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)[1]	2,770,831	2,643,143
2	Less: Asset amounts deducted in determining Tier 1 capital	(226,778)	(223,895)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**2,544,053**	**2,419,248**
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-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**	**–**	**–**
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	362,929	77,509
18	Less: Adjustments for conversion to credit equivalent amounts	(326,636)	(69,758)
19	**Off-balance sheet items**	**36,293**	**7,751**
Capital and total exposures			
20	**Tier 1 capital**[2]	1,142,433	1,327,751
20a	**Total exposures before adjustments for specific and collective provisions**	2,580,346	2,426,999
20b	**Adjustments for specific and collective provisions**	(2,701)	(781)
21	**Total exposures after adjustments for specific and collective provisions**	2,577,645	2,426,218
Leverage ratio			
22	**Leverage ratio**	**44.3%**	**54.7%**

1 Increase in on-balance sheet exposures (excluding derivative and SFTs) was in line with the growth in customer deposits.
2 Decrease in Tier 1 capital was mainly due to operating loss incurred during the reporting period.

Acronyms

AI	Authorised institution
Bank	Livi Bank Limited
BCR	Banking (Capital) Rules
BSC	Basic approach
CCP	Central counterparty
CCR	Counterparty credit risk
CEM	Current exposure method
CET1	Common equity tier 1
CIS	Collective investment scheme
CVA	Credit valuation adjustment
D-SIB	Domestic systematically important authorised institution
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
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look through approach
MBA	Mandate-based approach
N/A	Not applicable
PFE	Potential future exposure
RW	Risk-weight
RWA	Risk-weighted asset/risk-weighted amount
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