



Livi Bank

Unaudited Regulatory Disclosure Statement

For the period ended
30 June 2023

LIVI BANK LIMITED

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1 Introduction

Unaudited Quarterly Regulatory Disclosure Statement

These Unaudited Regulatory Disclosure Statement should be read in conjunction with the 2023 Condensed Interim Financial Statements (“financial statements”). The financial statements and this Regulatory Disclosure Statement taken together comply 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 Basic Indicator Approach.

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

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2 Key prudential ratios (KM1)

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

	(a) At 30 June 2023 HK\$'000	(b) At 31 March 2023 HK\$'000	(c) At 31 December 2022 HK\$'000	(d) At 30 September 2022 HK\$'000	(e) At 30 June 2022 HK\$'000	
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	240,493	378,816	539,171	696,183	890,911
2	Tier 1	1,039,569	378,816	539,171	696,183	890,911
3	Total capital	1,059,690	396,323	554,646	708,607	898,619
RWA (amount)						
4	Total RWA ²	1,661,452	1,436,802	1,277,649	1,006,233	623,142
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%) ¹	14.5%	26.4%	42.2%	69.2%	143.0%
6	Tier 1 ratio (%) ¹	62.6%	26.4%	42.2%	69.2%	143.0%
7	Total capital ratio (%) ¹	63.8%	27.6%	43.4%	70.4%	144.2%
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 (%)	6.5%	18.4%	34.2%	61.2%	135.0%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	3,978,292	3,821,588	4,047,501	3,100,039	2,926,284
14	LR (%) ³	26.1%	9.9%	13.3%	22.5%	30.4%
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#}	114.7%	130.8%	154.6%	98.1%	114.5%
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% as of 30 June 2023 was mainly due to the increase in RWAs and operating loss for Q2 2023. Increase in Tier 1% and Total Capital % as of 30 June 2023 was due to the issuance of Additional Tier 1 in Q2 2023.

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

³ Increase in leverage ratio was driven by the increase in Tier 1 capital base as a result of Additional Tier 1 issuance in Q2 2023.

⁴ Decrease in average LMR was mainly due to the increase in qualifiable liability in Q2.

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

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

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

	(a)		(b)	(c)
	RWA		At 31 March 2023	Minimum capital requirements At 30 June 2023
	At 30 June 2023	At 30 June 2023		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 Credit risk for non-securitization exposures ¹	1,609,664	1,400,577	128,773	128,773
2 Of which STC approach	1,609,664	1,400,577	128,773	128,773
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	–	–	–	–
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	N/A
13 CIS exposures – MBA	N/A	N/A	N/A	N/A
14 CIS exposures – FBA	N/A	N/A	N/A	N/A
14a CIS exposures – combination of approaches	N/A	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 ²	163	1,225	13	13
21 Of which STM approach	163	1,225	13	13
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	N/A
24 Operational risk ³	51,625	35,000	4,130	4,130
24a Sovereign concentration risk	–	–	–	–
25 Amounts below the thresholds for deduction (subject to 250% RW)	–	–	–	–

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

	(a)	(b)	(c)
	RWA		Minimum capital requirements
	At 30 June 2023 HK\$'000	At 31 March 2023 HK\$'000	At 30 June 2023 HK\$'000
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	1,661,452	1,436,802	132,916

¹ Increase in credit risk for non-securitization exposures as of 30 June 2023 was mainly due to the increase in retail and small business loans portfolios.

² Decrease in market risk exposures was mainly due to less exposures in CNH denominated instruments.

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

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4 Composition of regulatory capital

a. Composition of regulatory capital (CC1)

The following table sets out a breakdown of the constituent elements of Total regulatory capital.

		(a)	(b)
		HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note 4b) (CC2)
At June 30 2023			
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,800,000	(3)
2	Retained earnings	(2,329,189)	(5)
3	Disclosed reserves	(2,995)	(6)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	N/A	N/A
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	CET1 capital before regulatory deductions	467,816	
CET1 capital: regulatory deductions			
7	Valuation adjustments	–	
8	Goodwill (net of associated deferred tax liabilities)	–	(1)
9	Other intangible assets (net of associated deferred tax liabilities)	227,323	(2)
10	Deferred tax assets (net of associated deferred tax liabilities)	–	
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	–	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

	(a)	(b)
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 4b (CC2)
At 30 June 2023	HK\$'000	
19 Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20 Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
21 Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22 Amount exceeding the 15% threshold	N/A	N/A
23 of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24 of which: mortgage servicing rights	N/A	N/A
25 of which: deferred tax assets arising from temporary differences	N/A	N/A
26 National specific regulatory adjustments applied to CET1 capital	–	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	–	
26b Regulatory reserve for general banking risks	–	
26c Securitization exposures specified in a notice given by the MA	–	
26d Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e Capital shortfall of regulated non-bank subsidiaries	–	
26f Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27 Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28 Total regulatory deductions to CET1 capital	227,323	
29 CET1 capital	240,493	
AT1 capital: instruments		
30 Qualifying AT1 capital instruments plus any related share premium	799,076	(4)
31 of which: classified as equity under applicable accounting standards	799,076	
32 of which: classified as liabilities under applicable accounting standards	–	
33 <i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	
34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
35 of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements	–	

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

	(a)	(b)
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 4b (CC2)
At 30 June 2023	HK\$'000	
36 AT1 capital before regulatory deductions	799,076	
AT1 capital: regulatory deductions		
37 Investments in own AT1 capital instruments	–	
38 Reciprocal cross-holdings in AT1 capital instruments	–	
39 Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40 Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41 National specific regulatory adjustments applied to AT1 capital	–	
42 Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	
43 Total regulatory deductions to AT1 capital	–	
44 AT1 capital	799,076	
45 Tier 1 capital (T1 = CET1 + AT1)	1,039,569	
Tier 2 capital: instruments and provisions		
46 Qualifying Tier 2 capital instruments plus any related share premium	–	
47 <i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	–	
48 Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	
49 <i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	
50 Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	20,121	
51 Tier 2 capital before regulatory deductions	20,121	
Tier 2 capital: regulatory deductions		
52 Investments in own Tier 2 capital instruments	–	
53 Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54 Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

	(a)	(b)
	HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 4b (CC2)
At 30 June 2023		
54a Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	–	
55 Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56 National specific regulatory adjustments applied to Tier 2 capital	–	
56a Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	–	
57 Total regulatory adjustments to Tier 2 capital	–	
58 Tier 2 capital (T2)	20,121	
59 Total regulatory capital (TC = T1 + T2)	1,059,690	
60 Total RWA	1,661,452	
Capital ratios (as a percentage of RWA)		
61 CET1 capital ratio	14.5%	
62 Tier 1 capital ratio	62.6%	
63 Total capital ratio	63.8%	
64 Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.5%	
65 of which: capital conservation buffer requirement	2.5%	
66 of which: bank specific countercyclical capital buffer requirement	1.0%	
67 of which: G-SIB or D-SIB buffer requirement	0.0%	
68 CET1 (as a percentage of RWA) available after meeting minimum capital requirements	6.5%	
National minima (if different from Basel 3 minimum)		
69 National CET1 minimum ratio	N/A	N/A
70 National Tier 1 minimum ratio	N/A	N/A
71 National Total capital minimum ratio	N/A	N/A

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

	(a)	(b)
At 30 June 2023	HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 4b (CC2)
Amounts below the thresholds for deduction (before risk weighting)		
72		
Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	–	
73		
Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
74	N/A	N/A
Mortgage servicing rights (net of associated deferred tax liabilities)		
75	N/A	N/A
Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)		
Applicable caps on the inclusion of provisions in Tier 2 capital		
76		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	–	
77		
Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	–	
78		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79		
Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	N/A	N/A
Current cap on CET1 capital instruments subject to phase-out arrangements		
81	N/A	N/A
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82		
Current cap on AT1 capital instruments subject to phase-out arrangements	–	
83		
Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	–	
84		
Current cap on Tier 2 capital instruments subject to phase-out arrangements	–	
85		
Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	–	

The regulatory CET1 decreased in 1H 2023, mainly due to the operating loss for 1H 2023.

The regulatory Tier 1 capital increased, mainly due to the issuance of additional tier 1 capital in Q2 2023.

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

(Notes) to the Template:

(on elements where a more conservative definition has been applied in the BCR relative to that set out in the Basel III capital standards.)

Description	At 30 June 2023	
	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9 Other intangible assets (net of associated deferred tax liabilities)	227,323	227,323

Explanation

As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (“MSRs”) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI’s financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 9 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

10 Deferred tax assets (net of associated deferred tax liabilities)	–	–
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Explanation

As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

Description	At 30 June 2023	
	Hong Kong basis HK\$'000	Basel III basis HK\$'000
18 Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–

Explanation

For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

19 Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–
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Explanation

For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

Description	At 30 June 2023	
	Hong Kong basis HK\$'000	Basel III basis HK\$'000
39 Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–

Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see (note re row 18) to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 39 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.

54 Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	–
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Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see (note re row 18) to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 54 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.

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4 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

Remarks:

The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

(Note:)

Cross-references 1 to 5 are referenced to Reconciliation of regulatory capital to balance sheet (CC2).

b. Reconciliation of regulatory capital to balance sheet (CC2)

	(a) Balance sheet as in published financial statements (At 30 June 2023) HK\$'000	(b) Under regulatory scope of consolidation (At 30 June 2023) HK\$'000	(c) Cross reference to (note) – 4a (CC1)
Cash and balances with banks	236,119	236,119	–
Placements with banks	147,617	147,617	–
Financial investments	1,480,487	1,480,487	–
Loans and advances to customers	1,750,485	1,750,485	–
Property, plant and equipment	56,058	56,058	–
Intangible assets	227,323	227,323	–
<i>of which: goodwill</i>	–	–	(1)
<i>of which: other intangible assets</i>	227,323	227,323	(2)
Prepayments and other assets	36,693	36,693	–
Total assets	3,934,782	3,934,782	–

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4 Composition of regulatory capital (continued)

b. Reconciliation of regulatory capital to balance sheet (CC2) (continued)

	(a) Balance sheet as in published financial statements (At 30 June 2023) HK\$'000	(b) Under regulatory scope of consolidation (At 30 June 2023) HK\$'000	(c) Cross reference to (note – 4a) (CC1)
Liabilities			
Customer deposits	2,524,790	2,524,790	–
Lease liabilities	31,747	31,747	–
Other liabilities and provisions	111,353	111,353	
Total liabilities	2,667,890	2,667,890	
Equity			
Share capital	2,800,000	2,800,000	–
<i>of which: amount eligible for CET1</i>	2,800,000	2,800,000	(3)
Other equity instruments – AT1 Loan	799,076	799,076	–
<i>Of which: amount eligible for Tier 1</i>	799,076	799,076	(4)
Reserves	(2,332,184)	(2,332,184)	–
<i>of which: Accumulated losses</i>	(2,329,189)	(2,329,189)	(5)
<i>of which: FVOCI reserve</i>	(2,995)	(2,995)	(6)
Total equity	1,266,892	1,266,892	
Total liabilities and equity	3,934,782	3,934,782	

c. 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.

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4 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) (continued)

(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)	HKD2,800 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)
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

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4 Composition of regulatory capital (continued)

c. 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

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4 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) (continued)

(ii) Perpetual non-cumulative capital securities

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 in the insolvency creditor hierarchy of the legal entity concerned).	<p>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.</p> <p>“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.</p>
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

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5 Macprudential supervisory measures

Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)

The following table sets out an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Bank's CCyB ratio.

At 30 June 2023

	(a)	(c)	(d)	(e)
Jurisdiction (J)	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio of AI	CCyB ratio of AI	CCyB amount of AI HK\$'000
1 Hong Kong	1.0%	1,862,212		
2 Mainland China	0%	1,798		
3 United States	0%	5,203		
4 Sum ¹		1,869,213		
5 Total²		1,869,213	1.00%	18,622

¹ This represents the sum of RWAs for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

² The total RWAs used in the computation of the CCyB ratio in row (3) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero.

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6 Leverage ratio

a. Summary comparison of accounting assets against leverage ratio exposure measure (LR1)

The following table reconciles the total assets in the published financial statements to the LR exposure measure.

At 30 June 2023	(a) Value under the LR framework HK\$'000
1 Total assets as per published financial statements	3,934,782
2 Adjustment for investments in banking, financial, insurance or commercial entities that are for accounting purposes but outside the scope of regulatory consolidation	–
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
4 Adjustments for derivative contracts	–
5 Adjustment for SFTs (i.e. repos and similar secured lending)	–
6 Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	270,833
6a Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(20,121)
7 Other adjustments	(207,202)
8 Leverage ratio exposure measure	3,978,292

Other adjustments mainly represent the intangible assets deducted in determining Tier 1 capital. These are excluded for deriving the leverage ratio exposure in accordance with the ‘Leverage Ratio Framework’ issued by the HKMA.

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6 Leverage ratio (continued)

b. Leverage ratio (LR2)

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

	(a)	(b)	
	At 30 June 2023 HK\$'000	At 31 March 2023 HK\$'000	
On-balance sheet exposures			
1	On-balance sheet items (excluding derivative contracts and SFTs, but including collateral)	3,934,782	3,833,663
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(207,202)	(218,684)
3	Total on-balance sheet exposures (excluding derivative and SFTs)¹	3,727,580	3,614,979
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 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	–	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative	–	–
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	2,708,331	2,241,161
18	Less: Adjustments for conversion to credit equivalent amounts	(2,437,498)	(2,017,045)
19	Off-balance sheet items	270,833	224,116
Capital and total exposures			
20	Tier 1 capital³	1,039,569	378,816
20a	Total exposures before adjustments for specific and collective provisions	3,998,413	3,839,095
20b	Adjustments for specific and collective provisions	(20,121)	(17,507)
21	Total exposures after adjustments for specific and collective provisions	3,978,292	3,821,588
Leverage ratio			
22	Leverage ratio	26.1%	9.9%

¹ Increase in on-balance sheet exposures (excluding derivative and SFTs) was mainly due to the issuance of AT1 loan; partially offset by decrease in customer deposits and operating loss for Q2 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 issuance of AT1 loan; partially offset by the operating loss incurred during the reporting period.

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7 Credit risk for non-securitization exposures

a. Credit quality of exposures (CR1)

The following table sets out an overview of the credit quality of on- and off-balance sheet exposures.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Gross carrying amounts of			Of which ECL accounting provisions for credit losses on STC approach exposures	Of which ECL accounting provisions for credit losses on IRB approach exposures		Net values (a+b-c)
	Defaulted Exposures HK\$'000	Non-defaulted Exposures HK\$'000	Allowances/ Impairments HK\$'000	Allocated in regulatory category of specific provisions HK\$'000	Allocated in regulatory category of collective provisions HK\$'000		
At 30 June 2023							
1 Loans	8,712	1,779,369	30,587	8,301	22,286	–	1,757,494
2 Debt securities	–	1,485,115	189	–	189	–	1,484,926
3 Off-balance sheet exposures	–	2,708,331	8,378	–	8,378	–	2,699,953
4 Total	8,712	5,972,815	39,154	8,301	30,853	–	5,942,373

b. Changes in defaulted loans and debt securities (CR2)

The following table sets out information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs.

	(a) HK\$'000
1 Defaulted loans and debt securities at end of the previous reporting period (31 December 2022)	5,762
2 Loans and debt securities that have defaulted since the last reporting period	14,315
3 Returned to non-defaulted status	(223)
4 Amounts written off	(10,067)
5 Other changes	(1,075)
6 Defaulted loans and debt securities at end of the current reporting period (30 June 2023)	8,712

The defaulted loans increased during the first half of 2023 mainly due to the growth of retail loans exposures since the second half of 2022.

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7 Credit risk for non-securitization exposures (continued)

c. Overview of recognized credit risk mitigation (CR3)

The following table sets out the extent of credit risk exposures covered by different types of recognized CRM.

	(a)	(b1)	(b)	(d)	(f)
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
At 30 June 2023	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 Loans	1,757,494	–	–	–	–
2 Debt securities	1,484,926	–	–	–	–
3 Total	3,242,420	–	–	–	–
4 – <i>Of which defaulted</i>	8,712	–	–	–	–

Unsecured loans exposure increased as of 30 June 2023 mainly on retail portfolio.

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7 Credit risk for non-securitization exposures (continued)

d. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4)

The following table sets out the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.

At 30 June 2023	(a) Exposures pre-CCF and pre-CRM		(c) Exposures post-CCF and post-CRM		(e) RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
<i>Exposure classes</i>						
1 Sovereign exposures	1,379,070	–	1,379,070	–	11,967	1%
2 PSE exposures	51,732	–	51,732	–	10,346	20%
2a – Of which: domestic PSEs	51,732	–	51,732	–	10,346	20%
2b – Of which: foreign PSEs	–	–	–	–	–	–
3 Multilateral development bank exposures	–	–	–	–	–	–
4 Bank exposures	330,489	–	330,489	–	101,845	31%
5 Securities firm exposures	–	–	–	–	–	–
6 Corporate exposures	169,670	–	169,670	–	116,024	68%
7 CIS exposures	–	–	–	–	–	–
8 Cash items	–	–	–	–	–	–
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10 Regulatory retail exposures	1,717,801	2,708,331	1,717,801	2,708,331	1,288,351	75%
11 Residential mortgage loans	–	–	–	–	–	–
12 Other exposures which are not past due exposures	81,131	–	81,131	–	81,131	100%
13 Past due exposures	–	–	–	–	–	–
14 Significant exposures to commercial entities	–	–	–	–	–	–
15 Total	3,729,893	2,708,331	3,729,893	2,708,331	1,609,664	43%

Credit risk exposures increased as of 30 June 2023 mainly due to the increase in regulatory retail exposures driven from loans and advances to customers.

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7 Credit risk for non-securitization exposures (continued)

e. Credit risk exposures by asset classes and by risk weights – for STC approach (CR5)

The following table sets out a breakdown of credit risk exposures by asset classes and by risk weights (corresponding to the classification of exposures according to the approaches used).

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
											Total credit risk exposures amount (post CCF and post CRM)
At 30 June 2023											
Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
Exposure class	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 Sovereign exposures	1,319,237	–	59,833	–	–	–	–	–	–	–	1,379,070
2 PSE exposures	–	–	51,732	–	–	–	–	–	–	–	51,732
2a – Of which: domestic PSEs	–	–	51,732	–	–	–	–	–	–	–	51,732
2b – Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3 Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–
4 Bank exposures	–	–	211,334	–	119,155	–	–	–	–	–	330,489
5 Securities firm exposures	–	–	–	–	–	–	–	–	–	–	–
6 Corporate exposures	–	–	–	–	107,292	–	62,378	–	–	–	169,670
7 CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8 Cash items	–	–	–	–	–	–	–	–	–	–	–
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–	–	–	–	–	–
10 Regulatory retail exposures	–	–	–	–	–	1,717,801	–	–	–	–	1,717,801
11 Residential mortgage loans	–	–	–	–	–	–	–	–	–	–	–
12 Other exposures which are not past due exposures	–	–	–	–	–	–	81,131	–	–	–	81,131
13 Past due exposures	–	–	–	–	–	–	–	–	–	–	–
14 Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
15 Total	1,319,237	–	322,899	–	226,447	1,717,801	143,509	–	–	–	3,729,893

Credit risk exposures increased as of 30 June 2023 mainly due to the increase in regulatory retail exposures driven from loans and advances to customers.

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8 Counterparty credit risk

As of 30 June 2023, the Bank does not have counterparty default risk exposure and credit-related derivative contracts.

9 Market risk

a. Market risk under STM approach (MR1)

The following table sets out the components of the market risk capital requirements calculated using the standardized (market risk) approach (STM approach).

At 30 June 2023		(a) RWA HK\$'000
Outright product exposures		
1	Interest rate exposures (general and specific risk)	–
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures ¹	163
4	Commodity exposures	–
Option exposures		
5	Simplified approach	–
6	Delta-plus approach	–
7	Other approach	–
8	Securitization exposures	–
9	Total	163

¹ The change in foreign exchange exposures was mainly due to the increase in CNY net open position.

10 International claims

International claims are on-balance sheet exposures of counterparties based on the location of those counterparties after taking into account the transfer of risk.

Recognized risk transfer refers to the reduction of exposure to a particular country by an effective transfer of credit risk to a different country. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

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10 International claims (continued)

International claims on individual countries or segments, after risk transfer, amounting to 10% or more of the aggregated international claims are shown as below:

	<i>Banks</i>	<i>Official sector</i>	<i>Non-bank financial institution</i>	<i>Non-financial private sector</i>	<i>Total</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2023					
Offshore centres					
– of which Hong Kong	177,669	–	–	52,202	229,871
Developing Asia and Pacific					
– of which China	119,811	59,679	2,090	1,128	182,708
At 31 December 2022					
Offshore centres					
– of which Hong Kong	61,663	–	–	1,111	62,774
Developing Asia and Pacific					
– of which China	263,574	39,481	3,255	–	306,310

11 Loans and advances to customers and banks

a. Sector information

	Outstanding balance	As at 30 June 2023			
		Impaired advances to customers	Balance covered by collateral / other security	Collective provision	Specific provision
Gross loans and advances for use in Hong Kong	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Individuals					
– Other private purposes	1,643,334	8,346	–	20,068	7,951
Industrial, commercial and financial					
– Property development	15,988	–	–	216	–
– Property investment	3,800	–	–	22	–
– Wholesale and retail trade	89,759	–	–	1,005	–
– Transport and transport equipment	1,951	–	–	28	–
– Manufacturing	2,850	–	–	25	–
– Other	22,624	–	–	506	–
Gross loans and advances to customers	1,780,306	8,346	–	21,870	7,951

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11 Loans and advances to customers and banks (continued)

a. Sector information (continued)

Gross loans and advances for use in Hong Kong	As at 31 December 2022				
	Outstanding balance HKD'000	Impaired advances to customers HKD'000	Balance covered by collateral / other security HKD'000	Collective provision HKD'000	Specific provision HKD'000
Individuals					
– Other private purposes	1,315,657	5,601	–	9,094	5,333
Industrial, commercial and financial					
– Wholesale and retail trade	2,802	–	–	38	–
Gross loans and advances to customers	1,318,459	5,601	–	9,132	5,333

b. Overdue advances to customers

Gross advances to customers which have been overdue with respect to either principal or interest for period of:

	At 30 June 2023		At 31 December 2022	
	HK\$'000	% of total loans and advances	HK\$'000	% of total loans and advances
6 months or less but over 3 months	6,515	0.37%	4,730	0.36%
1 year or less but over 6 months	–	–	–	–
over 1 year	–	–	–	–
	<u>6,515</u>	<u>0.37%</u>	<u>4,730</u>	<u>0.36%</u>
Rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months:	<u>692</u>	<u>0.04%</u>	<u>242</u>	<u>0.02%</u>

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12 Repossessed assets

The Bank does not hold any repossessed assets as of 30 June 2023 and 31 December 2022.

13 Mainland activities

	At 30 June 2023			At 31 December 2022		
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
(i) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	-	-	-	-	-	-
(ii) Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,128	-	1,128	1,175	-	1,175
(iv) Other entities of central government not reported in item (i) above	-	-	-	-	-	-
(v) Other entities of local governments not reported in item (ii) above	-	-	-	-	-	-
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-	-	-
(vii) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-	-	-	-
Total	1,128	-	1,128	1,175	-	1,175
Total assets after provision	3,927,088			4,092,592		
On-balance sheet exposures as percentage of total assets	0.03%			0.03%		

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14 Off-balance sheet exposures

Contingent liabilities and commitments

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Contractual or notional amounts		
Direct credit substitutes	–	–
Transaction-related contingencies	–	–
Trade-related contingencies	–	–
Forward asset purchases	–	–
Forward forward deposits placed	–	–
Other commitments:		
which are not unconditionally cancellable:		
with original maturity of not more than one year	–	–
with original maturity of more than one year	–	–
which are unconditionally cancellable	2,708,331	1,911,469
	<u>2,708,331</u>	<u>1,911,469</u>
Credit risk weighted amount	<u>–</u>	<u>–</u>

Increase in off-balance sheet exposures was mainly for loan & advances to customers.

15 Asset under security

The Bank does not have any secured liabilities and assets used as security as of 30 June 2023.

16 Foreign exchange risk

The currency risk arising from the Bank's operations for those individual currencies which each constitute more than 10% of the total net positions in all foreign currencies are as follows:

	At 30 June 2023		At 31 December 2022	
	<i>US Dollars</i> HK\$'000	<i>Chinese Renminbi</i> HK\$'000	<i>US Dollars</i> HK\$'000	<i>Chinese Renminbi</i> HK\$'000
Spot assets	173,664	131,812	130,325	73,447
Spot liabilities	(1,993)	(132,018)	(270)	(84,002)
Forward purchases	–	49	–	–
Forward sales	–	–	–	–
Net long/(short) non-structural position	<u>171,671</u>	<u>(157)</u>	<u>130,055</u>	<u>(10,555)</u>

The Bank does not have structural FX position as of 30 June 2023 and 31 December 2022.

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		
ECAI	External Credit Assessment Institutions		
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		

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