



# Livi Bank

## Interim Report

### 2021

# LIVI BANK LIMITED

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### Chinese translation

A Chinese translation of Interim Report is available upon request. The report is also available, in English and Chinese, on the Bank's website at [www.livi.com](http://www.livi.com).



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## INDEPENDENT REVIEW REPORT

**To the board of directors of Livi Bank Limited**  
(Incorporated in Hong Kong with limited liability)

### Introduction

We have reviewed the interim financial statements set out on pages 2 to 11, which comprise the condensed statement of financial position of Livi Bank Limited (the "Bank") as at 30 June 2021 and the related condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the six-month period then ended, and other explanatory notes. The directors of the Bank are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on these interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

17 September 2021

# LIVI BANK LIMITED

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2021

	Notes	6 months ended 30 Jun 2021 HK\$'000	6 months ended 30 Jun 2020 HK\$'000
<b>Operating income</b>			
Interest income		2,625	12,445
Interest expense		(4,532)	(1,560)
<b>Net interest income/(expense)</b>	3	<b>(1,907)</b>	<b>10,885</b>
<b>Net fee and commission income</b>		<b>2,303</b>	<b>–</b>
<b>Net foreign exchange gains/(losses)</b>		<b>108</b>	<b>(73)</b>
<b>TOTAL OPERATING INCOME</b>		<b>504</b>	<b>10,812</b>
<b>Operating expenses</b>			
Staff costs		(107,181)	(88,672)
Legal and professional fees		(10,381)	(13,634)
Depreciation of equipment, furniture and fixtures		(11,768)	(10,738)
Amortisation of intangible assets		(32,844)	(18,773)
Depreciation of right-of-use assets		(7,605)	(7,605)
Other operating expenses		(138,519)	(56,517)
<b>TOTAL OPERATING EXPENSES</b>		<b>(308,298)</b>	<b>(195,939)</b>
<b>Net operating loss before net releases/(charges) of expected credit losses</b>		<b>(307,794)</b>	<b>(185,127)</b>
Net releases/(charges) of expected credit losses		(577)	128
<b>Loss for the period</b>		<b>(308,371)</b>	<b>(184,999)</b>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Financial assets at fair value through other comprehensive income ("FVOCI"):			
– Fair value changes		1	(133)
– Expected credit losses recognised/(released)		72	(33)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>73</b>	<b>(166)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(308,298)</b>	<b>(185,165)</b>

# LIVI BANK LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AT 30 JUNE 2021

	Notes	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
<b>Assets</b>			
Cash and balances with banks	4	116,090	191,611
Placements with banks	5	704,262	556,856
Financial investments	6	1,442,820	1,223,334
Loans and advances to customers	7	6,470	—
Equipment, furniture and fixtures	8	59,508	67,719
Intangible assets		224,676	201,946
Right-of-use assets		62,183	69,788
Prepayments, accrued interest and other assets		27,134	31,091
<b>TOTAL ASSETS</b>		<b>2,643,143</b>	<b>2,342,345</b>
<b>Liabilities</b>			
Customer deposits		920,255	320,382
Lease liabilities		61,169	67,968
Other liabilities and provisions		109,292	93,270
<b>TOTAL LIABILITIES</b>		<b>1,090,716</b>	<b>481,620</b>
<b>NET ASSETS</b>		<b>1,552,427</b>	<b>1,860,725</b>
<b>Equity</b>			
Share capital		2,500,000	2,500,000
Reserves		(947,573)	(639,275)
<b>TOTAL EQUITY</b>		<b>1,552,427</b>	<b>1,860,725</b>

# LIVI BANK LIMITED

## CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2021

	Share capital HK\$'000	Accumulated losses HK\$'000	Financial assets at FVOCI reserve HK\$'000	Total HK\$'000
At 1 Jan 2020	2,500,000	(201,413)	80	2,298,667
Total comprehensive loss for the period	—	(184,999)	(166)	(185,165)
	<u>2,500,000</u>	<u>(386,412)</u>	<u>(86)</u>	<u>2,113,502</u>
At 30 Jun 2020	<u>2,500,000</u>	<u>(386,412)</u>	<u>(86)</u>	<u>2,113,502</u>
Total comprehensive income/(loss) for the period	—	(252,933)	156	(252,777)
	<u>—</u>	<u>(252,933)</u>	<u>156</u>	<u>(252,777)</u>
At 31 Dec 2020	<u>2,500,000</u>	<u>(639,345)</u>	<u>70</u>	<u>1,860,725</u>
At 1 Jan 2021	2,500,000	(639,345)	70	1,860,725
Total comprehensive income/(loss) for the period	—	(308,371)	73	(308,298)
	<u>—</u>	<u>(308,371)</u>	<u>73</u>	<u>(308,298)</u>
At 30 Jun 2021	<u>2,500,000</u>	<u>(947,716)</u>	<u>143</u>	<u>1,552,427</u>

# LIVI BANK LIMITED

## CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2021

	6 months ended 30 Jun 2021 HK\$'000	6 months ended 30 Jun 2020 HK\$'000
<b>Cash flows from operating activities</b>		
<b>Loss for the period</b>	<b>(308,371)</b>	<b>(184,999)</b>
<b>Adjustments for non-cash items:</b>		
Depreciation of right-of-use assets and equipment, furniture and fixtures	19,373	18,343
Amortisation of intangible assets	32,844	18,773
Net charges/(releases) of expected credit losses	577	(128)
Interest expense on lease liabilities	1,298	1,559
	<u>(254,279)</u>	<u>(146,452)</u>
<b>Changes in operating assets and liabilities</b>		
Decrease in placements with banks with an original maturity beyond three months	49,963	–
Decrease/(increase) in financial investments with an original maturity beyond three months	330,562	(99,683)
Increase in loans and advances to customers	(6,793)	–
Decrease/(increase) in prepayments, accrued interest and other assets	3,957	(1,571)
Increase/(decrease) in customer deposits	599,873	(224)
Increase in other liabilities and provisions	15,822	96,535
	<u>739,105</u>	<u>(151,395)</u>
<b>Net cash flows from/(used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of equipment, furniture and fixtures	(3,557)	(11,927)
Purchase of intangible assets	(55,574)	(61,367)
	<u>(59,131)</u>	<u>(73,294)</u>
<b>Net cash flows used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(8,097)	(7,486)
	<u>(8,097)</u>	<u>(7,486)</u>
<b>Net cash flows used in financing activities</b>		

# LIVI BANK LIMITED

## CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2021

	6 months ended 30 Jun 2021 HK\$'000	6 months ended 30 Jun 2020 HK\$'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	671,877	(232,175)
Cash and cash equivalents at beginning of period	978,601	2,194,601
<b>Cash and cash equivalents at end of period</b>	<b>1,650,478</b>	<b>1,962,426</b>



# LIVI BANK LIMITED

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2021

### 1. GENERAL INFORMATION

Livi Bank Limited is incorporated and operates a virtual banking business in Hong Kong after being granted the license by the HKMA on 27 March 2019. The address of the Bank's registered office is 28th floor, Oxford House, 979 King's Road, Quarry Bay, Hong Kong.

### 2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing the condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the financial statements for the year ended 31 December 2020.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The condensed interim financial statements are unaudited.

### 2.2 BASIS OF PREPARATION

The accounting policies applied in preparing these condensed interim financial statements are materially consistent with those applied in preparing the financial statements for the year ended 31 December 2020. The following revised accounting standard became effective from 1 January 2021. None of the revised accounting standard has a material impact on the condensed interim financial statements.

- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2*

### 3. NET INTEREST INCOME/(EXPENSE)

	6 months ended 30 Jun 2021 HK\$'000	6 months ended 30 Jun 2020 HK\$'000
Interest income from financial assets measured at amortised cost	2,584	8,117
Interest income from financial assets measured at FVOCI	41	4,328
Interest expense from financial liabilities measured at amortised cost	(3,234)	(1)
Interest expense on lease liabilities	(1,298)	(1,559)
Net interest income/(expense)	<u>(1,907)</u>	<u>10,885</u>

# LIVI BANK LIMITED

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2021

### 4. CASH AND BALANCES WITH BANKS

	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
Cash and balances with banks	116,109	191,642
Less: Allowances for expected credit losses	(19)	(31)
	<u>116,090</u>	<u>191,611</u>

### 5. PLACEMENTS WITH BANKS

	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
Placements with banks	704,406	556,959
Less: Allowances for expected credit losses	(144)	(103)
	<u>704,262</u>	<u>556,856</u>

### 6. FINANCIAL INVESTMENTS

	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
At FVOCI:		
Debt securities	953,190	499,999
Less: Fair value losses	(10)	(11)
	<u>953,180</u>	<u>499,988</u>
At amortised cost:		
Debt securities	489,735	723,488
Less: Allowances for expected credit losses	(95)	(142)
	<u>489,640</u>	<u>723,346</u>
	<u>1,442,820</u>	<u>1,223,334</u>

### 7. LOANS AND ADVANCES TO CUSTOMERS

	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
Loans and advances to customers	6,793	—
Less: Allowances for expected credit losses	(323)	—
	<u>6,470</u>	<u>—</u>

# LIVI BANK LIMITED

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2021

### 8. EQUIPMENT, FURNITURE AND FIXTURES

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Equipment, furniture and fixtures HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 Jan 2021	21,503	72,318	936	94,757
Additions	—	3,557	—	3,557
At 30 Jun 2021	21,503	75,875	936	98,314
<b>Accumulated depreciation</b>				
At 1 Jan 2021	4,776	21,898	364	27,038
Charge for the period	2,284	9,309	175	11,768
At 30 Jun 2021	7,060	31,207	539	38,806
<b>Net book value</b> At 30 Jun 2021	14,443	44,668	397	59,508
<b>Cost</b>				
At 1 Jan 2020	12,907	67,970	320	81,197
Additions	8,596	4,348	616	13,560
At 31 Dec 2020	21,503	72,318	936	94,757
<b>Accumulated depreciation</b>				
At 1 Jan 2020	820	3,943	59	4,822
Charge for the year	3,956	17,955	305	22,216
At 31 Dec 2020	4,776	21,898	364	27,038
<b>Net book value</b> At 31 Dec 2020	16,727	50,420	572	67,719

# LIVI BANK LIMITED

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2021

### 9. FAIR VALUE OF ASSETS AND LIABILITIES

#### Financial instruments measured at fair value – fair value hierarchy

	At 30 Jun 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>953,180</u>	<u>–</u>	<u>–</u>	<u>953,180</u>

  

	At 31 Dec 2020			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>499,988</u>	<u>–</u>	<u>–</u>	<u>499,988</u>

At 30 June 2021 and 31 December 2020, the Bank's financial assets and financial liabilities at amortised cost were primarily repayable within 12 months. The carrying amounts of these financial assets and financial liabilities approximated their fair values.

### 10. MATERIAL RELATED PARTY TRANSACTIONS

There were no significant changes to the nature of the related party transactions described in the 2020 financial statements that have a material effect on the financial position or performance of the Bank during the 6 months ended 30 June 2021. All related party transactions that took place in the 6 months ended 30 June 2021 were similar in nature to those disclosed in the 2020 financial statements.

### 11. CAPITAL COMMITMENTS

The Bank has the following outstanding capital commitments not provided for:

	At 30 Jun 2021 HK\$'000	At 31 Dec 2020 HK\$'000
Authorised and contracted for but not provided for	<u>3,018</u>	<u>7,344</u>

The above capital commitments mainly relate to commitments to purchase computer equipment and software.

# **LIVI BANK LIMITED**

## **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2021**

### **12. EVENTS AFTER THE REPORTING PERIOD**

There have been no events after the reporting date that would require disclosure in these financial statements.

Approved by the Board  
17 September 2021

Livi Bank Limited  
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