



Livi Bank

Interim Report

2022

LIVI BANK LIMITED

CONTENTS

	Pages
INDEPENDENT REVIEW REPORT	1
UNAUDITED INTERIM FINANCIAL STATEMENTS	
Condensed statement of comprehensive income (unaudited)	2
Condensed statement of financial position (unaudited)	3
Condensed statement of changes in equity (unaudited)	4
Condensed statement of cash flows (unaudited)	5 – 6
Notes to condensed interim financial statements (unaudited)	7 – 14

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.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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 14, which comprise the condensed statement of financial position of Livi Bank Limited (the "Bank") as at 30 June 2022 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 fair 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

16 September 2022

LIVI BANK LIMITED

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2022

	Notes	6 months ended 30 Jun 2022 HK\$'000	6 months ended 30 Jun 2021 HK\$'000
Operating income			
Interest income		5,329	2,625
Interest expense		(9,429)	(4,532)
Net interest expense	3	(4,100)	(1,907)
Fee and commission income		8,853	4,250
Fee and commission expense		(6,343)	(1,947)
Net fee and commission income		2,510	2,303
Net foreign exchange gains		84	108
TOTAL OPERATING (LOSS)/INCOME		(1,506)	504
Operating expenses			
Staff costs		(138,166)	(107,181)
Legal and professional fees		(4,469)	(10,381)
Depreciation of property, plant and equipment		(19,771)	(19,373)
Amortisation of intangible assets		(48,812)	(32,844)
Other operating expenses		(140,925)	(138,519)
TOTAL OPERATING EXPENSES		(352,143)	(308,298)
Net operating loss before net charges of impairment losses		(353,649)	(307,794)
Net charges of impairment losses		(7,407)	(577)
LOSS FOR THE PERIOD		(361,056)	(308,371)
Other comprehensive income			
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		(2,373)	1
– Impairment losses (released)/recognised		(48)	72
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(2,421)	73
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(363,477)	(308,298)

LIVI BANK LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AT 30 JUNE 2022

	Notes	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
Assets			
Cash and balances with banks	4	440,467	1,362,654
Placements with banks	5	—	204,796
Financial investments	6	1,793,163	2,319,335
Loans and advances to customers	7	417,101	88,159
Property, plant and equipment	8	85,253	104,944
Intangible assets	9	239,223	235,990
Prepayments and other assets		68,290	34,918
TOTAL ASSETS		3,043,497	4,350,796
Liabilities			
Customer deposits		1,747,863	2,976,908
Lease liabilities		47,162	54,235
Other liabilities and provisions		118,338	126,042
TOTAL LIABILITIES		1,913,363	3,157,185
NET ASSETS		1,130,134	1,193,611
Equity			
Share capital	10	2,800,000	2,500,000
Reserves		(1,669,866)	(1,306,389)
TOTAL EQUITY		1,130,134	1,193,611

LIVI BANK LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2022

	Share capital HK\$'000	Accumulated losses HK\$'000	FVOCI reserve HK\$'000	Total HK\$'000
At 1 Jan 2021	2,500,000	(639,345)	70	1,860,725
Loss for the period	–	(308,371)	–	(308,371)
Change in fair value on financial assets at FVOCI	–	–	1	1
Impairment losses recognised	–	–	72	72
Total comprehensive loss for the period	–	(308,371)	73	(308,298)
At 30 Jun 2021	<u>2,500,000</u>	<u>(947,716)</u>	<u>143</u>	<u>1,552,427</u>
At 1 Jul 2021	2,500,000	(947,716)	143	1,552,427
Loss for the period	–	(358,352)	–	(358,352)
Change in fair value on financial assets at FVOCI	–	–	(530)	(530)
Impairment losses recognised	–	–	66	66
Total comprehensive loss for the period	–	(358,352)	(464)	(358,816)
At 31 Dec 2021	<u>2,500,000</u>	<u>(1,306,068)</u>	<u>(321)</u>	<u>1,193,611</u>
At 1 Jan 2022	2,500,000	(1,306,068)	(321)	1,193,611
Issue of shares	300,000	–	–	300,000
Loss for the period	–	(361,056)	–	(361,056)
Change in fair value on financial assets at FVOCI	–	–	(2,373)	(2,373)
Impairment losses released	–	–	(48)	(48)
Total comprehensive loss for the period	–	(361,056)	(2,421)	(363,477)
At 30 Jun 2022	<u>2,800,000</u>	<u>(1,667,124)</u>	<u>(2,742)</u>	<u>1,130,134</u>

LIVI BANK LIMITED

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE PERIOD ENDED 30 JUNE 2022

	6 months ended 30 Jun 2022 HK\$'000	6 months ended 30 Jun 2021 HK\$'000
Cash flows from operating activities		
Loss for the period	(361,056)	(308,371)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	19,771	19,373
Amortisation of intangible assets	48,812	32,844
Net charges of impairment losses	7,407	577
Interest expense on lease liabilities	1,024	1,298
	<u>(284,042)</u>	<u>(254,279)</u>
Changes in operating assets and liabilities		
Decrease in placements with banks with an original maturity beyond three months	195,000	49,963
(Increase)/decrease in financial investments	(213,308)	330,562
Increase in loans and advances to customers	(336,542)	(6,793)
(Increase)/decrease in prepayments and other assets	(33,372)	3,957
(Decrease)/increase in customer deposits	(1,229,045)	599,873
(Decrease)/increase in other liabilities and provisions	(7,704)	15,822
	<u>(1,909,013)</u>	<u>739,105</u>
Net cash flows (used in)/generated from operating activities	(1,909,013)	739,105
Cash flows from investing activities		
Purchase of equipment, furniture and fixtures	(80)	(3,557)
Purchase of intangible assets	(52,045)	(55,574)
	<u>(52,125)</u>	<u>(59,131)</u>
Net cash flows used in investing activities	(52,125)	(59,131)
Cash flows from financing activities		
Payment of lease liabilities	(8,097)	(8,097)
New shares issued	300,000	—
	<u>291,903</u>	<u>(8,097)</u>
Net cash flows generated from/(used in) financing activities	291,903	(8,097)

LIVI BANK LIMITED

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

		6 months ended 30 Jun 2022 HK\$'000	6 months ended 30 Jun 2021 HK\$'000
Net (decrease)/increase in cash and cash equivalents		(1,669,235)	671,877
Cash and cash equivalents at beginning of period		<u>2,469,783</u>	<u>978,601</u>
Cash and cash equivalents at end of period	11	<u>800,548</u>	<u>1,650,478</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2022

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 2021.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2021, 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 2021. The following revised accounting standards became effective from 1 January 2022. None of the revised accounting standard has a material impact on the condensed interim financial statements.

- | | |
|--|--|
| • Amendments to HKFRS 3 | <i>Reference to the Conceptual Framework</i> |
| • Amendments to HKAS 16 | <i>Property, Plant and Equipment: Proceeds before Intended Use</i> |
| • Annual Improvements to HKFRSs accompanying 2018-2020 | <i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples HKFRS 16, and HKAS 41</i> |

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

3. NET INTEREST EXPENSE

	6 months ended 30 Jun 2022 HK\$'000	6 months ended 30 Jun 2021 HK\$'000
Interest income from financial assets measured at amortised cost	3,229	2,584
Interest income from financial assets measured at FVOCI	2,100	41
Total interest income	<u>5,329</u>	<u>2,625</u>
Interest expense from financial liabilities measured at amortised cost	(8,405)	(3,234)
Interest expense on lease liabilities	(1,024)	(1,298)
Total interest expense	<u>(9,429)</u>	<u>(4,532)</u>
Net interest expense	<u>(4,100)</u>	<u>(1,907)</u>

4. CASH AND BALANCES WITH BANKS

	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
Cash and balances with banks – Stage 1	440,593	1,362,996
Less: Allowances for impairment losses – Stage 1	(126)	(342)
	<u>440,467</u>	<u>1,362,654</u>

5. PLACEMENTS WITH BANKS

	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
Placements with banks – Stage 1	–	204,803
Less: Allowances for impairment losses – Stage 1	–	(7)
	<u>–</u>	<u>204,796</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

30 JUNE 2022

6. FINANCIAL INVESTMENTS

	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
At FVOCI:		
Debt securities – Stage 1	1,698,124	1,990,048
Less: Revaluation losses	(2,914)	(541)
	<u>1,695,210</u>	<u>1,989,507</u>
At amortised cost:		
Certificate of deposits – Stage 1	98,074	329,872
Less: Allowances for impairment losses – Stage 1	(121)	(44)
	<u>97,953</u>	<u>329,828</u>
	<u><u>1,793,163</u></u>	<u><u>2,319,335</u></u>

7. LOANS AND ADVANCES TO CUSTOMERS

	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
Loans and advances to customers	426,980	92,148
Less: Allowances for impairment losses		
– Stage 1	(8,380)	(3,186)
– Stage 2	(407)	(163)
– Stage 3	(1,092)	(640)
	<u>417,101</u>	<u>88,159</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Office equipment, furniture and fixtures HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost					
At 1 Jan 2022	21,503	78,709	936	89,881	191,029
Additions	–	80	–	–	80
At 30 Jun 2022	21,503	78,789	936	89,881	191,109
Accumulated depreciation					
At 1 Jan 2022	9,343	40,771	668	35,303	86,085
Charge for the period	2,283	9,761	122	7,605	19,771
At 30 Jun 2022	11,626	50,532	790	42,908	105,856
Net book value At 30 Jun 2022	<u>9,877</u>	<u>28,257</u>	<u>146</u>	<u>46,973</u>	<u>85,253</u>
Cost					
At 1 Jan 2021	21,503	72,318	936	89,881	184,638
Additions	–	6,391	–	–	6,391
At 31 Dec 2021	21,503	78,709	936	89,881	191,029
Accumulated depreciation					
At 1 Jan 2021	4,776	21,898	364	20,093	47,131
Charge for the year	4,567	18,873	304	15,210	38,954
At 31 Dec 2021	9,343	40,771	668	35,303	86,085
Net book value At 31 Dec 2021	<u>12,160</u>	<u>37,938</u>	<u>268</u>	<u>54,578</u>	<u>104,944</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

9 INTANGIBLE ASSETS

The Bank recognised intangible assets which included separately acquired software and systems developed with external parties.

	Software HK\$'000
Cost	
At 1 Jan 2022	361,752
Additions	<u>52,045</u>
At 30 Jun 2022	<u>413,797</u>
Accumulated amortisation	
At 1 Jan 2022	125,762
Amortisation for the period	<u>48,812</u>
At 30 Jun 2022	<u>174,574</u>
Net book value	
At 30 Jun 2022	<u><u>239,223</u></u>
Cost	
At 1 Jan 2021	252,434
Additions	<u>109,318</u>
At 31 Dec 2021	<u>361,752</u>
Accumulated amortisation	
At 1 Jan 2021	50,488
Amortisation for the period	<u>75,274</u>
At 31 Dec 2021	<u>125,762</u>
Net book value	
At 31 Dec 2021	<u><u>235,990</u></u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

10 SHARE CAPITAL

	At 30-Jun-22 No. of ordinary shares	At 31-Dec-21	At 30-Jun-22 HK\$'000	At 31-Dec-21 HK\$'000
Issued and fully paid:				
At the beginning of the period/year	<u>2,500,000,000</u>	<u>2,500,000,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Shares issued	<u>300,000,000</u>	<u>–</u>	<u>300,000</u>	<u>–</u>
At the end of the period/year	<u><u>2,800,000,000</u></u>	<u><u>2,500,000,000</u></u>	<u><u>2,800,000</u></u>	<u><u>2,500,000</u></u>

11 CASH AND CASH EQUIVALENTS

(a) Analysis of balances of cash and cash equivalents

	At 30 Jun-22 HK\$'000	At 30 Jun-21 HK\$'000
Cash and balances with banks	440,593	116,109
Placements with banks with an original maturity within three months	–	584,369
Exchange Fund Bills with an original maturity within three months	<u>359,955</u>	<u>950,000</u>
	<u><u>800,548</u></u>	<u><u>1,650,478</u></u>

(b) Reconciliation with the statement of financial position

	At 30 Jun-22 HK\$'000	At 30 Jun-21 HK\$'000
Cash and balances with banks	440,467	116,090
Placements with banks	–	704,262
Financial investments	<u>1,793,163</u>	<u>1,442,820</u>
Amounts shown in the statement of financial position	2,233,630	2,263,172
Less: Amounts with an original maturity of beyond three months	(1,433,329)	(612,915)
Add: Allowances for impairment losses	<u>247</u>	<u>221</u>
Cash and cash equivalents in the statement of cash flows	<u><u>800,548</u></u>	<u><u>1,650,478</u></u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

12. FAIR VALUE OF ASSETS AND LIABILITIES

Financial instruments measured at fair value – fair value hierarchy

	At 30 Jun 2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>1,506,019</u>	<u>189,191</u>	<u>–</u>	<u>1,695,210</u>

	At 31 Dec 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	<u>1,698,081</u>	<u>291,426</u>	<u>–</u>	<u>1,989,507</u>

At 30 June 2022 and 31 December 2021, 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.

13. MATERIAL RELATED PARTY TRANSACTIONS

There were no significant changes to the nature of the related party transactions described in the 2021 financial statements that have a material effect on the financial position or performance of the Bank during the 6 months ended 30 June 2022.

14. LOAN COMMITMENTS

At the reporting date, the Bank had the following outstanding commitments:

	At 30-Jun-22 HK\$'000	At 31-Dec-21 HK\$'000
Loan commitments which are unconditionally cancellable	<u>1,220,096</u>	<u>690,565</u>

LIVI BANK LIMITED

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) 30 JUNE 2022

15. CAPITAL COMMITMENTS

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

	At 30 Jun 2022 HK\$'000	At 31 Dec 2021 HK\$'000
Authorised and contracted for but not provided for	<u>24,524</u>	<u>11,962</u>

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

16. EVENTS AFTER THE REPORTING PERIOD

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

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 September 2022.

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

© Livi Bank Limited. All Rights Reserved.