



Livi Bank
Annual Report
2025

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Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended 31 December 2025 of Livi Bank Limited ('livi' or the 'Bank').

Business Review

livi aims to be recognised as the leading digital bank in Hong Kong with a unique digital offering, supported by our ecosystem partners. The Bank's goal is to achieve profitable and sustainable growth by creating innovative banking experiences that empower our customers.

In 2025, livi built on the momentum established in previous years and continued to expand its suite of revenue-generating products and services, strengthening its ability to meet the everyday financial needs of both small and medium enterprises ("SMEs") and individual customers. At the same time, the Bank further leveraged its technological strengths to expand its fintech solutions, reinforcing its competitiveness in a rapidly evolving digital financial landscape. These efforts have not only contributed to the Bank's financial performance for the year but have also laid a solid foundation for long-term and sustainable growth.

The year marked an important milestone for livi bank as we celebrated livi's fifth anniversary and achieved a full-year profit for the first time. This achievement reflects the Bank's disciplined growth strategy, the continued diversification of our revenue streams and our focus on maintaining operational efficiency.

As of 31 December 2025, total operating income reached HK\$327 million, representing a 49% increase for the year. Total operating expenses decreased by 28% to HK\$254 million. Net interest income reached HK\$232 million, representing an 8% growth. Total customer deposits amounted to HK\$3.5 billion, while loans to customers grew by 49% year-on-year to HK\$2.9 billion. The Bank recorded a profit of HK\$21 million for the year.

Full details of the results for the year ended 31 December 2025, and the state of the Company's affairs as at that date are set out within the financial statements.

Corporate Responsibilities

The Bank fully supports the development of fintech in Hong Kong and the enhancement of the overall customer experience

through innovation. The Bank is committed to driving transformation and maintaining high standards of governance, integrity and operational excellence. livi participates in the second cohort of the Generative Artificial Intelligence ("GenA.I.") in collaboration with the Hong Kong Monetary Authority and Cyberport and will continue to focus on the development of pioneering anti-fraud solutions to better detect and prevent scams.

The Bank also signed a memorandum of understanding to participate at the newly launched RegTech Innovation Lab which aims to accelerate the adoption of GenA.I. technologies for Anti-Money Laundering purposes across the region.

As part of livi's organisational values, the Bank places compliance as our top priority, ensuring that every product, service and process is designed and delivered with rigorous governance and regulatory discipline. Equally, livi places a strong emphasis on accountability and ownership in delivering responsible innovation and reliable customer service.

The team has earned multiple recognitions for its commitment to protecting customers against fraud, money laundering and cyber risks. Key achievements during the year include:

- **Diamond Tier Recognition** under the Cyber Security Staff Awareness Recognition Scheme 2025/26, awarded by the Hong Kong Internet Registration Corporation Limited (HKIRC) and ISACA China Hong Kong Chapter
- **Gold Award in the Best FinTech Solution** category at the Communications Association of Hong Kong (CAHK) STAR Awards
- **Top Contributors Award** from Cybersec Infohub, presented by the Digital Policy Office (DPO) and HKIRC
- **Merit Awards in the Professional Category** at the Cyber Attack and Defence Elite Training cum Tournament 2025, jointly organised by HKIRC, the DPO, and the Hong Kong Police Force Cyber Security and Technology Crime Bureau
- **Anti-Money Laundering Excellence Award** at the 2025 Bank Staff Recognition Ceremony, presented by the Hong Kong Police Force

Business Review

The Bank remains committed to serving its customers, supporting its business partners, and contributing to the community. The Bank continues to actively participate in the Hong Kong Association of Bank's ("HKAB") Digital Banking Committee, where it collaborates with industry peers to discuss issues relating to the growth of digital banking in Hong Kong and to raise awareness and trust on digital banking.

As a committed member of the HKAB Anti-Fraud Education Taskforce, livi strengthened its community outreach efforts by co-organising an anti-fraud workshop with partnering organisations including Hong Kong Police, which was attended by 100 elderly residents. Through these initiatives, livi is dedicated to building a safer, more informed, and scam-smart community.

Appreciation and Outlook

The Board extends its heartfelt appreciation to all members of the livi team, whose dedication, adaptability and customer-focused commitment, underpinned by strong collaboration, have driven the Bank's continued progress.

Looking ahead to 2026, livi will continue to refine and broaden our offerings with a focus on providing simpler, more accessible, and more resilient financial tools for the customers we serve. livi remains committed to exploring latest technologies thoughtfully and responsibly, ensuring that innovation supports real customer needs and contributes to a more inclusive financial ecosystem.

Board of Directors

Ms. CHONG Po Chun

Executive Director & Chief Executive

Ms. CHONG was appointed as Director and Chief Executive in May 2025. Prior to joining livi, she was General Manager of the Institutional Business Department of Bank of China (Hong Kong) Limited ("BOCHK"). With over 30 years of experience in the banking industry, she has held several senior positions at BOCHK. Ms. CHONG's previous roles have covered institutional business, global corporate, commercial and personal banking, enabling her to develop a strong understanding of the corporate banking and local market landscapes. She has a proven track record in leading strategic direction, risk management, and talent development while achieving business goals.

Ms. CHONG graduated from the University of Hong Kong with a Bachelor of Arts degree. She also obtained an Executive Master of Business Administration from the Chinese University of Hong Kong.

Mr. Arnold CHOW

Non-Executive Director

Mr. CHOW was appointed as a Director in June 2024. He is General Manager, Personal Banking Product Department of BOCHK, overseeing wealth and retail products of personal banking in Hong Kong across ultra-high-net-worth ("UHNW"), affluent, mass retail and business banking clients. His current capacity in BOCHK includes the regional oversight of product management across 9 Southeast Asia countries.

Mr. CHOW currently serves as Directors of BOCI-Prudential Trustee Limited, Joint Electronic Teller Services Limited ("JETCO"), EPS Company (Hong Kong) Limited and Bank of China (Hong Kong) Nominees Limited. In the past, he had served as committee members under Private Wealth Management Association as well as Investor and Financial Education Council of Securities and Futures Commission ("SFC").

Prior to joining BOCHK, Mr. CHOW had held senior executive positions in distribution, products and strategy in Hong Kong and Mainland China of HSBC Group. He started his career in Morgan Stanley (Asia) with focus in Hong Kong and Mainland capital markets.

Mr. CHOW holds a Bachelor's degree from the Faculty of Engineering, University of Hong Kong.

Mr. SUN Yanjun

Non-Executive Director

Mr. SUN was appointed as a Director in June 2025. He was a Group Director of Jardine Matheson Limited and Chairman of Jardine Matheson (China) Limited, with responsibility for supporting the Jardine Group's investment and business developments activities in Chinese mainland, Taiwan and Macau. He was a partner and co-head of China

at TPG Capital, leading private equity investments and facilitating business development efforts for TPG's global business units in China. Prior to TPG, he was managing director in Goldman Sachs' Principal Investment Area – the investment bank's private equity unit – responsible for Greater China investments.

Mr. SUN holds a Master of Business Administration from University of Michigan and a Bachelor of Economics from Renmin University of China.

Mr. LIU Hsiao En

Non-Executive Director

Mr. LIU was appointed as a Director in February 2025. He is the CEO of Food in DFI Retail Group, overseeing DFI's Food businesses across Hong Kong, Macau and Cambodia. With more than 24 years of diverse retail experience in mainland China and Taiwan, Mr. Liu has a deep understanding of consumer preferences and effective merchandising strategies. From 2004 to 2013, he served as DFI's Merchandise and Marketing Director for Wellcome Taiwan, where he honed his skills in these areas.

In his recent role at JD.com, Mr. Liu successfully integrated advanced technologies like big data and AI into the company's supply chain operations, generating deeper customer insights and translating them into actionable, data-driven strategies. Prior to that, he held senior positions at Meicai and Walmart China, further expanding his expertise in omnichannel retail strategies, merging online and offline customer experiences, and data-driven customer analysis.

Mr. Liu has a Bachelor of Business Administration in Fu-Jen Catholic University.

Mr. SHEN Jianguang

Non-Executive Director

Mr. SHEN was appointed as a Director in 2019. He is vice president and chief economist of JD Group. Previously he served as chief economist of Mizuho Securities Asia Limited and was senior economist at China International Capital Corporation and European Central Bank successively. Before that, he held economist positions at IMF, OECD and Central Bank of Finland, in addition to being a visiting scholar at PBOC. He participates in expert consultation meetings of major economic decision-making departments of the country.

Mr. SHEN is a visiting professor at the School of Economics of Fudan University, the School of International Economics of Fudan University, a standing member of China Society of Public Finance, a member of China Society for Finance & Banking, Executive President of Moganshan Institute and a member of the China Chief Economist Forum. He was offered postdoctoral fellowship in Economics at the Massachusetts Institute of Technology, holds a Doctorate and a Master's degree in Economics from the University of Helsinki, and obtained his Bachelor degree at Fudan University.

Board of Directors

Mr. Nicholas Robert SALLNOW-SMITH
Independent Non-Executive Director

Mr. SALLNOW-SMITH was appointed as a Director in 2019. He is an independent non-executive director of Wynn Macau Limited and a non-executive director of UCP Plc. He was chairman and an independent non-executive director of Link Asset Management Limited between 2007 and 2016, where he chaired the finance and investment, and nominations committees. He was chief executive of Hongkong Land Holdings Limited from 2000 to 2007, having served as finance director from 1998 to 2000, and was group treasurer of Jardine Matheson from 1993 to 1998. He began his career in London in Her Majesty's Treasury, and then held a number of financial positions before moving to Hong Kong.

Mr. SALLNOW-SMITH was convenor of the Hong Kong Association of Corporate Treasurers; a council member of the Treasury Markets Association; chairman of the Manpower Committee of the Hong Kong General Chamber of Commerce; chairman of the General Committee of The British Chamber of Commerce in Hong Kong; and a member of the Financial Reporting Council of Hong Kong. He is active in the community and was an executive committee member of the Hong Kong Youth Arts Foundation and a member of the Board of Governors of Hong Kong Philharmonic Society.

Mr. SALLNOW-SMITH was educated at Gonville & Caius College, Cambridge and the University of Leicester, and is a Fellow of the Association of Corporate Treasurers. He holds M.A. (Cantab) and M.A. (Soc. of Ed.) Degrees.

Mr. LIANG Yiming
Independent Non-Executive Director

Mr. LIANG was appointed as a Director in 2019. He has more than 25 years of financial services industry experience and more than 10 years of senior management experience taking

up supervisory roles and management responsibilities. He was a managing director and a management committee member of Huatai Financial Holdings (HK) Limited from 2014 to 2019, prior to that he was with Standard Chartered Bank, Shinsei Bank, JPMorgan etc. His expertise covers commercial and investment banking, derivatives products and financial securities trading, and asset management. He is a financial products innovator and expert in FinTech developments.

Mr. LIANG obtained a Bachelor of Science degree in Physics from University of Science and Technology of China, a Doctorate in Physics from University of California, San Diego and was a Postdoctoral Research Fellow at Lawrence Berkeley National Lab & UC Berkeley.

Ms. Barbara SHIU
Independent Non-Executive Director

Ms. SHIU was appointed as a Director in 2019. She is an independent non-executive Director of HKR International Limited. Ms. SHIU has over 35 years' experience in financial services and has held several senior positions in financial institutions, including the Bank of China group. She was the general manager of BOCHK in charge of the Operational Risk and Compliance Department when she retired in 2014. She was also the chairman of Hong Kong Securities Institute, a director of Hong Kong Deposit Protection Board and Financial Dispute Resolution Centre, a member of the International Advisory Committee of China Securities Regulatory Commission, a member of the Product Advisory Committee and Investor Education Advisory Committee of Securities and Futures Commission of Hong Kong as well as a member of risk management committee of Hong Kong Exchanges and Clearing Limited. Ms. SHIU also has a long record of public service in Hong Kong and is active in not-for-profit organisations.

Ms. SHIU obtained her BSc (Hons) and an MBA, from the University of Toronto.

Corporate Governance

The Bank is committed to maintaining high standards of corporate governance to safeguard the interests of all of its stakeholders. As a licensed bank in Hong Kong, Livi abides by the regulatory requirements set by the Hong Kong Monetary Authority (“HKMA”) and all relevant laws of Hong Kong, including the Personal Data (Privacy) Ordinance. With effective oversight and control, the Bank has complied with the provisions issued by the HKMA in the SPM Module CG-1 on “Corporate Governance of Locally Incorporated Authorised Institutions” throughout the year under review.

a) The Board of Directors

The Board is at the core of the Bank’s corporate governance framework and is responsible for supervising the management of business and affairs of the Bank with due regard to ensuring operational effectiveness and financial soundness, achieving sustained shareholder value and enhancing corporate governance. The Bank seeks to maintain in the Board an appropriate mix of skills, experience and diversity that are relevant to the Bank’s strategy, governance and business.

The Board provides strategic guidance and effective oversight of the Management. The Board authorises the Management to implement the strategies as approved by the Board, and the Management is responsible for day-to-day operations of the Bank and reports to the Board.

Upon appointment to the Board, Directors are provided with comprehensive training to ensure that they have thorough understanding of the Bank’s operations and governance policies, as well as their roles and responsibilities. Thereafter, Directors participate in regular training programmes that provide them with the opportunity to keep abreast of current trends and issues facing the Bank, while enabling them to update and refresh their skills and knowledge needed for the performance of their duties.

The Board recognises that conducting regular evaluation of its performance is essential to good corporate governance and board effectiveness. Following the evaluations of the Board, Board Committees and the individual Directors, actions were taken to identify and address areas requiring enhancement and attention going forward.

During the year, four Board meetings were held.

b) Board Committees

The Board has established and delegated the oversight of certain major functional areas to Board Committees to assist it in carrying out its duties and responsibilities. The Board has three standing Board Committees, namely Audit Committee, Board Risk Committee and Nomination and Remuneration Committee.

- **Audit Committee (“AC”)**

The AC assists the Board in meeting its responsibilities for the integrity of the Bank’s financial reporting including the effectiveness of the internal control and risk management systems and for monitoring the effectiveness and objectivity of internal and external auditors. The Internal Audit Department, which has direct access to the AC, is responsible for providing independent assurance regarding the existence of adequate and effective internal control environment adopted by the Bank. The remit of the AC concerns the whole of the Bank’s businesses and it has oversight responsibility for financial reporting, internal control and audit processes of the Bank. The AC has responsibility for overseeing the Bank’s whistleblowing policy.

The AC consists of five Directors, three of which including the Committee chairperson are INEDs. During the year, four AC meetings were held.

- **Board Risk Committee (“BRC”)**

The Board has, amongst other things, the responsibility to determine the Bank’s risk appetite and risk tolerances, and to ensure that the Bank establishes and maintains an appropriate and effective risk management framework.

The BRC provides advice and assists the Board in fulfilling such responsibilities. The BRC also assists the Board to discharge its duty to oversee, on an ongoing basis, the risk management framework and approve the risk metrics, and also advises the Board on risk-related issues and aspects as requested by the Board or, in the opinion of the BRC, require Board attention.

The BRC consists of five Directors, three of which including the Committee chairperson are INEDs. During the year, four BRC meetings were held.

- **Nomination and Remuneration Committee (“NRC”)**

The NRC is responsible for reviewing the selection procedures, standards and qualification of Directors and senior management of the Bank and making recommendations to the Board. When reviewing the selection of Directors, the NRC is required to evaluate the appropriate diversity of skills, backgrounds, knowledge and experience on the Board as well as consider the independence requirements for the appointment of INEDs. The NRC also reviews remuneration plans for Directors and senior management, putting forward recommendations to the Board and supervising the implementation plan. The NRC also assists the Board in fulfilling its oversight responsibility relating to human resources strategy, corporate culture etc.

As of the date of this report, the NRC consists of four Directors, three of which including the Committee chairperson are INEDs. During the year, two NRC meetings were held.

Corporate Governance

c) The Chief Executive (“CE”) and the Management Committee (“MC”)

The Board has delegated to the CE the authority to manage the day-to-day business and affairs of the Bank, subject to such specific delegations and limits that the Board makes from time to time. The CE may sub-delegate such authority and power to such members of the Management as he shall determine from time to time.

The MC is established by the Board under the CE to oversee other important business and controls, as well as day-to-day risk in the Bank on an on-going basis. The MC provides organisational direction on behalf of the Board and advises the Board on decisions and business matters ranging from strategy planning, policy and procedures and overall risk management.

Seven sub-committees have also been established by the MC and delegated with the authority to support the MC in discharging its functions, including Asset and Liability Committee, New Product Committee, Procurement Committee, Information Technology Committee, Risk Management & Internal Control Committee, Wealth Management Committee, and Data Governance Committee.

Risk

a) Overview

The Board of the Bank adopts a proactive and prudent approach to risk management, maintaining a robust framework for the identification, assessment, monitoring, and reporting of risks. This framework is dynamic and fosters a strong risk culture that adapts effectively to an evolving business environment.

Recognising that risk involves both threats and opportunities, the Bank understands that while risks cannot be entirely eliminated, they can be mitigated through effective management strategies. A comprehensive risk strategy is central to sustaining confidence within a prudent risk management framework. This includes conducting thorough assessments of potential exposures and implementing targeted measures to mitigate identified risks. The objective is to provide the Bank with an accurate and timely understanding of its risk landscape, enabling it to meet customer needs while preserving financial soundness.

As of 31 December 2025, the Board is satisfied that adequate systems and controls are in place regarding the Bank's risk profile and strategy. The internal control mechanisms within the risk management framework operated effectively throughout the financial year, successfully identifying, monitoring, managing, and controlling relevant risks.

b) Risk Strategy

The Board is responsible for setting the Bank's overall risk strategy and governance, ensuring a sound system of risk management and internal controls consistent with market practices and regulatory requirements. It regularly reviews

the adequacy of resources dedicated to the risk management framework and monitors the independence of the risk management function.

The Bank's strategy leverages data analytics and technology to enhance the accuracy and efficiency of risk assessment. Through predictive analytics, the Bank proactively identifies emerging risks and trends, enabling timely and informed responses.

Furthermore, the Bank invests in continuous training and professional development to strengthen risk awareness and management capabilities across all levels. Engagement with regulatory authorities remains a key priority, ensuring full compliance and adaptability to evolving regulatory expectations.

The Bank also emphasises crisis management and business continuity planning to ensure operational resilience in unforeseen circumstances. By promoting customer awareness of risk management principles, the Bank supports informed and responsible financial decision-making.

c) Risk Operating Model

The Bank's risk governance framework is structured around the “Three Lines of Defense” model, ensuring independent oversight and accountability at each level.

- **First Line of Defense:** Business units act as the first line of defense and are accountable for the risks in their operations, including the daily identification, assessment, mitigation, and monitoring of those risks.
- **Second Line of Defense:** The independent risk management function establishes risk management policies, standards, and procedures, and provides analysis and metrics to support effective oversight.
- **Third Line of Defense:** An independent internal audit function that offers assurance on the effectiveness of the operational risk management framework, including evaluations of the First and Second Lines of Defense.

d) Risk Appetite

Risk Appetite defines the level and types of risk the Bank is willing to accept in pursuit of its strategic objectives. The Bank's approach encompasses governance roles and responsibilities, a defined methodology for setting, managing, and communicating risk appetite, and formal documentation within a Risk Appetite Statement. This ensures that the risk appetite is clearly articulated, cascaded across all business units, and aligned with strategic priorities.

Risk

e) Operational Risk Management Principles

1. People Risk Management

The Bank maintains a clear organisational structure with well-defined responsibilities and an effective personnel management framework. Employees are expected to comply with laws, regulations, and internal policies, and operational risk management principles are integrated into regular training programs and performance evaluations.

2. Internal Process Risk Management

Policies and procedures are in place to identify, assess, and control key operational risks. These are regularly reviewed to ensure compliance with legal and regulatory requirements. Comprehensive risk assessments are conducted before implementing new business initiatives or discontinuing existing ones, supported by post-implementation reviews. Outsourcing and third-party arrangements are governed by robust selection, performance monitoring, and compliance evaluation processes.

3. Technology Risk Management ("TRM")

The Bank operates a comprehensive technology and information risk management framework supported by strong governance and security controls. Cybersecurity measures are continuously monitored to detect unauthorised activities and safeguard data integrity. Regular risk assessments and system audits support continuous improvement. As a second-line function within the Risk Department, TRM is responsible for the independent oversight of technology-related risks.

4. Financial Crime Compliance (including Fraud Risk Management)

The Bank has embedded rigorous controls for financial crime compliance, including AML and fraud risk management. Risk assessments are performed for all new products and processes, supported by ongoing monitoring of risk indicators and trends. Advanced data-driven tools enable early detection of suspicious activity. The Financial Crime Compliance team, functioning within the second line of defense, leverages RegTech solutions such as biometric verification, digital footprint analysis, and network analytics to enhance fraud detection and prevention capabilities.

5. Operational Resilience and Business Continuity Management

A comprehensive operational resilience framework ensures the continuity of critical functions during disruptions. The Bank's Business Continuity Plan (BCP) is regularly updated and tested to reflect the institution's scale, complexity, and operating conditions. Regular impact assessments address potential threats such as fraud, regulatory changes, or supplier insolvency, ensuring disruptions are managed with minimal business impact.

f) Climate Risk

Climate change is increasingly recognised as a material source of financial risk for financial institutions. In alignment with the Hong Kong Monetary Authority's ("HKMA") guidance, the Bank has implemented a Climate Risk Management Framework to incorporate environmental considerations into governance, strategy, risk management, and disclosure practices.

Looking ahead, the Bank will continue to integrate climate risk considerations into strategic planning and the enterprise risk management framework as market conditions and regulatory expectations evolve.

g) Code of Conduct and Whistleblowing Policy

To uphold the highest standards of ethical conduct and professionalism, all employees are required to comply with the Bank's Code of Conduct, which outlines principles of integrity, compliance, and accountability. Regular communications reinforce adherence to these standards and ensure staff remain fully aware of their responsibilities.

To reinforce a strong culture of ethical conduct and sound corporate governance, the Bank has established a whistleblowing policy that encourages colleagues or third-parties to raise concerns regarding suspected improprieties or misconduct relating to the Bank through a well-defined and independent reporting channel. The Audit Committee ("AC") is responsible for overseeing the effectiveness of the whistleblowing arrangements and for reviewing matters reported under the policy. The policy aims to enable whistleblowers to report concerns with confidence, while ensuring that all reports are handled fairly, independently, and with appropriate confidentiality.

Financial Review

The state of the Bank's affairs as at 31 December 2025 are set out on pages 13 to 56 within the financial statements. Further details of the Bank's activities are set out in the Business Review of 2025 on pages 1 to 2.

The Directors do not recommend any payment of dividend in respect of the year under review.

Directors

a) The Directors serving during the financial year and up to the date of this report:

Mr. LIU Chenggang (Chairperson) (to 29.8.2025)
Mr. SUN Dawei (Chief Executive Officer) (to 28.5.2025)
Ms. CHONG Po Chun (Chief Executive Officer) (from 28.5.2025)
Mr. CHOO Peng Chee (to 11.2.2025)
Mr. Arnold CHOW
Mr. LIANG Yiming *
Mr. LIU Hsiao En (from 11.2.2025)
Ms. Anne O'RIORDAN (to 20.6.2025)
Mr. SUN Yanjun (from 20.6.2025)
Mr. Nicholas Robert SALLNOW-SMITH *
Mr. SHEN Jian Guang
Ms. Barbara SHIU *

*Independent Non-Executive Directors

There being no provision in the Bank's Articles of Association requiring the retirement by rotation of Directors, all existing Directors will continue in office.

b) Directors Service Contracts

No Director has a service contract with the Bank which is not determinable within one year without payment of compensation other than the normal statutory compensation.

c) Directors' rights to acquire shares or debentures

At no time during the year under review was the Bank a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

d) Directors' interests in transactions, arrangements and contracts

Save as disclosed in note 7 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Bank was a party during the year under review.

There are no financial, business, family or other material or relevant relationships between members of the Board.

e) Indemnity of Directors

The Directors have been indemnified individually by the Bank against all liabilities incurred by them to the extent permitted by the Bank's Articles of Association and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong. The Bank has also maintained insurance for the benefit of Directors against liability which may lawfully be insured by it.

Deposit Protection

livi is a member of the Deposit Protection Scheme. Eligible deposits taken by livi are protected by the scheme up to a limit of HK\$800,000 per depositor.

Place of Business

The Bank is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 28 Floor, Oxford House, 979 King's Road, Quarry Bay, Hong Kong.

Share Capital

There were no changes in the share capital of the Bank during the year under review.

Other Equity Instruments

There were no changes in other equity instruments of the Bank during the year under review, including the HK\$800 million undated non-cumulative subordinated Additional Tier 1 capital instruments issued in May 2023.

Major Share Ownership

The Bank is a wholly-owned subsidiary of Livi Holdings Limited, which is a joint venture among: BOC Hong Kong (Holdings) Limited, which holds a 49.91% interest; the Jardine Matheson Group (through JSH Virtual Ventures Holdings Limited) which holds a 26.36% interest; and Jingdong Technology Holding Co., Ltd (through JD New Orbit Technology (Hong Kong) Limited) which holds a 23.73% interest.

Debentures

No debentures were issued by the Bank during the year under review.

Equity-linked agreements

No equity-linked agreements were issued by the Bank during the year or subsisted at the end of the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Bank were entered into or existed during the financial year.

Related Party Transactions

Material related party transactions undertaken during the year under review are disclosed in note 27 to the financial statements.

Complex Structures

The Bank does not hold any structured entity as of the date of the financial statements.

Auditor

The financial statements for the year ended 31 December 2025 have been audited by Ernst & Young who will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for reappointment.

On behalf of the Board



CHONG PO CHUN
Director
26 March 2026

INDEPENDENT AUDITOR'S REPORT



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

To the member of LIVI BANK LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Livi Bank Limited (the "Bank") set out on pages 13 to 56, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Bank in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the member of LIVI BANK LIMITED

(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors and the Audit Committee for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the member of LIVI BANK LIMITED

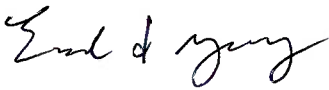
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is LEUNG, Chiu Yu (practising certificate number: P08012).



Certified Public Accountants
Hong Kong
26 March 2026

LIVI BANK LIMITED

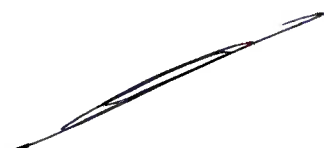
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Operating income			
Interest income		324,974	294,669
Interest expense		(92,942)	(80,603)
Net interest income	4	232,032	214,066
Fee and commission income		97,763	25,407
Fee and commission expense		(6,284)	(17,268)
Net fee and commission income	5	91,479	8,139
Other operating income/(loss)		3,437	(2,065)
TOTAL OPERATING INCOME		326,948	220,140
Operating expenses			
Staff costs	6	(118,049)	(138,000)
Legal and professional fees		(5,313)	(3,829)
Auditor's remuneration		(2,074)	(2,055)
Depreciation on property, plant and equipment	15	(10,096)	(25,807)
Amortisation of intangible assets	16	(30,791)	(81,013)
Impairment of intangible assets	16	(9,366)	–
Other operating expenses	8	(78,148)	(102,204)
TOTAL OPERATING EXPENSES		(253,837)	(352,908)
Net operating profit/(loss) before net charges of impairment losses		73,111	(132,768)
Net charges of impairment losses	9	(52,341)	(126,622)
PROFIT/(LOSS) BEFORE TAX		20,770	(259,390)
Income tax expense	10	–	–
PROFIT/(LOSS) AFTER TAX		20,770	(259,390)
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		5,469	(2,865)
– Impairment losses released		(35)	(4)
OTHER COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		5,434	(2,869)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		26,204	(262,259)


LIVI BANK LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Assets			
Cash and balances with banks	11	473,102	286,105
Placements with banks	12	315,234	378,111
Financial investments	13	3,259,004	3,207,149
Loans and advances to customers	14	2,885,086	1,942,703
Property, plant and equipment	15	22,891	10,318
Intangible assets	16	49,691	92,064
Prepayments and other assets		49,534	47,617
TOTAL ASSETS		7,054,542	5,964,067
Liabilities			
Customer deposits	17	3,474,868	2,916,738
Balances from banks		1,300,000	1,000,000
Repurchase agreements	18	400,000	200,000
Lease liabilities	19	18,004	12,352
Other liabilities and provisions		86,809	86,320
TOTAL LIABILITIES		5,279,681	4,215,410
NET ASSETS		1,774,861	1,748,657
Equity			
Share capital	20	3,792,000	3,792,000
Other equity instruments	22	799,076	799,076
Reserves		(2,816,215)	(2,842,419)
TOTAL EQUITY		1,774,861	1,748,657



Arnold Chow
Director



Chong Po Chun
Director

LIVI BANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital HK\$'000	Other equity instruments HK\$'000	Accumulated losses HK\$'000	FVOCI reserve HK\$'000	Total HK\$'000
At 1 January 2024	3,792,000	799,076	(2,581,546)	1,386	2,010,916
Loss for the year	–	–	(259,390)	–	(259,390)
Change in fair value on financial assets at FVOCI	–	–	–	(2,865)	(2,865)
Impairment losses released	–	–	–	(4)	(4)
Total comprehensive loss for the year	–	–	(259,390)	(2,869)	(262,259)
At 31 December 2024	3,792,000	799,076	(2,840,936)	(1,483)	1,748,657
At 1 January 2025	3,792,000	799,076	(2,840,936)	(1,483)	1,748,657
Profit for the year	–	–	20,770	–	20,770
Change in fair value on financial assets at FVOCI	–	–	–	5,469	5,469
Impairment losses released	–	–	–	(35)	(35)
Total comprehensive profit for the year	–	–	20,770	5,434	26,204
At 31 December 2025	3,792,000	799,076	(2,820,166)	3,951	1,774,861

LIVI BANK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Profit/(loss) for the year		20,770	(259,390)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	15	10,096	25,807
Amortisation of intangible assets	16	30,791	81,013
Impairment of intangible assets	16	9,366	–
Loss on disposal of property, plant and equipment		723	39
Loss on disposal of intangible assets		3,547	4,327
Net charges of impairment losses	9	52,341	126,622
Other income		–	(256)
Interest income		(133)	(24)
Interest expenses	4	343	903
		<u>127,844</u>	<u>(20,959)</u>
Changes in operating assets and liabilities			
Decrease in placements with banks with an original maturity beyond three months		–	100,000
Decrease/(increase) in financial investments with an original maturity beyond three months		7,378	(1,130,532)
Increase in loans and advances to customers		(992,054)	(494,965)
Increase in prepayments and other assets		(9,973)	(2,126)
Increase in customer deposits		558,130	725,547
Increase in balances from banks		300,000	649,962
Increase in repurchase agreements		200,000	–
Decrease in other liabilities and provisions		(475)	(28,238)
		<u>190,850</u>	<u>(201,311)</u>
Net cash flows generated from/(used in) operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(4,609)	–
Purchase of intangible assets	16	(1,331)	(930)
Receipt of license fee relating to a lease		5,849	515
		<u>(91)</u>	<u>(415)</u>
Net cash flows used in investing activities			
Cash flow from a financing activity			
Payment of lease liabilities		(12,706)	(13,982)
		<u>(12,706)</u>	<u>(13,982)</u>
Net cash flow used in a financing activity	23	(12,706)	(13,982)

LIVI BANK LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Net increase/(decrease) in cash and cash equivalents		178,053	(215,708)
Cash and cash equivalents at beginning of year		902,571	1,118,279
Cash and cash equivalents at end of year	23	1,080,624	902,571
Cash flows from operating activities included			
– Interest received		238,700	201,739
– Interest paid		90,603	80,579

Refer to note 18 for financial assets transferred to counterparty as collateral under repurchase agreements.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS 31 DECEMBER 2025

1. GENERAL INFORMATION

Livi Bank Limited (the “Bank”) operates a digital 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.

Information on the Bank’s structure is provided in note 21. Information on other related party relationships of the Bank is provided in note 27.

2.1 BASIS OF PREPARATION

The financial statements of the Bank have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for financial assets at FVOCI which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand unless otherwise stated.

(i) Standards, amendments and interpretations adopted during the year

The Bank has not adopted amendments to HKAS 21 Lack of Exchangeability, which is not applicable to the Bank in the current year’s financial statements. The Bank has not early adopted any other standard or amendment that has been issued but is not yet effective.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.1 BASIS OF PREPARATION (CONTINUED)

(ii) Issued but not yet effective standards, amendment and interpretation

The Bank has not applied the following revised HKFRS Accounting Standards that have been issued but are not yet effective in these financial statements.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial instruments ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

The Bank expects to adopt the amendments when they become effective. The amendments are not expected to have any significant impact on the Bank's financial statements.

2.2 MATERIAL ACCOUNTING POLICIES

(a) Functional currency

The financial statements are presented in Hong Kong dollars, which is the Bank's functional currency.

(b) Foreign currencies

Transactions in foreign currency are recorded at the rate of exchange on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities are measured at historical cost that are translated using the rate of exchange at the initial transaction date. Exchange differences are included in other comprehensive income or in profit or loss depending on where the gain or loss on the underlying item is recognised.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Financial instruments measured at amortised cost

Financial assets that are held to collect contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as placements with banks, are measured at amortised cost. In addition, all financial liabilities are measured at amortised cost. The Bank accounts for regular way purchased or acquired amortised cost financial instruments using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. They are normally derecognised when the rights to receive cash flows from the asset have expired. In the course of financing its business, the Bank enters into arrangements which involve the sale of securities with agreements to repurchase. Securities given as collateral for repurchase agreements are generally not derecognised from the statement of financial position since the Bank retains substantially all the risks and rewards of these securities. Amounts received under repurchase agreements are recognised as financial liabilities.

(ii) Financial assets measured at FVOCI

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise debt instruments. They are recognised on the trade date, that is, the date that the Bank commits to purchase the asset. They are subsequently remeasured at fair value and recognised in other comprehensive income until the assets are sold. They are normally derecognised when they are either sold or redeemed. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in profit or loss. Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

(d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Fair value measurement (continued)

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Bank has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised from the statement of financial position when and only when the obligation specified in the contract is discharged, cancelled or expires.

(f) Impairment of financial assets

The Bank recognises an allowance for Expected Credit Losses (“ECLs”) for all financial assets including balances and placements with banks, loans and advances to customers and debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of financial assets (continued)

General approach

Financial instruments are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

(h) Revenue recognition

Revenues are recognised when the promised services are delivered to the Banks' customers, in an amount that is based on the consideration the Bank expects to receive in exchange for those services when such amounts are not probable of significant reversal.

(i) Interest income and expense

Interest income for financial assets held at either FVOCI or amortised cost, and interest expense on all financial liabilities held at amortised cost are recognised in profit or loss using the effective interest method.

(ii) Fee and commission income and expense

Fee and commission income and expense results from transaction-based arrangements in which the service is charged a fee for the execution of transactions. Such revenues primarily arise from interchange fee and incentive income. Fee and commission income is recognised on trade date when the performance obligation is satisfied or is recognised based on the completed progress of the performance obligation over time, when applicable.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of items of property, plant and equipment to their residual values, if any, over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of the lease terms or 5 years
Computer equipment	3 – 5 years
Office equipment and furniture and fixtures	2 – 3 years

Residual values, useful lives and the depreciation method are reviewed annually.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal or retirement of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(j) Intangible assets

Intangible assets include both purchased and internally generated software and are stated at cost less accumulated amortisation and impairment losses.

Software is recognised when it is separable or arise from contractual or other legal rights, and it is probable that future economic benefits will flow to the Bank, the cost of which can be measured reliably. The cost of internally generated software comprises all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in the manner intended by management. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred.

Intangible assets with finite lives are amortised over the shorter of the license period or a useful life of 3 to 5 years and are subject to impairment testing (see impairment of non-financial assets).

(k) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash, balances with banks and Exchange Fund Bills which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate.

The Bank uses its incremental borrowing rate at the lease commencement date to calculate the present value of lease payments as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase, extend or terminate the underlying asset.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

The Bank as a lessor

Subleases are classified by reference to the right-of-use asset arising from the head lease. Where the sublease transfers substantially all of the risks and rewards incidental to the underlying right-of-use asset then it is accounted for as a finance lease. Otherwise, the sublease is accounted for as an operating lease. The net investment in the lease that arises from finance leases are subsequently measured at amortised cost.

(o) Provisions and commitments

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation, with its carrying amount reflecting the present value of those cash flows, where the effect of discounting is material.

The commitment is any legal obligation to potentially make or receive cash payments or transfer cash. Commitments are not recognised in the financial statements. Disclosure is made unless the probability of settlement is remote.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

The Bank operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance ("MPFSO") for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The assets of the MPF Scheme are held separately from those of the Bank in an independently administered fund. The employees are entitled to receive 100% of the Bank's employer contributions upon retirement, early retirement or termination of employment after completing 10 years of service. In addition to the Bank's employer mandatory contributions, employees with 3 to 9 years of service are entitled to receive the Bank's employer voluntary contributions at a scale ranging from 30% to 90% upon termination of employment for reasons other than summary dismissal. All the Bank's employer contributions received by employees are subject to the MPFSO.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Related parties

A party is considered to be related to the Bank if:

- (I) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Bank;
 - (ii) has significant influence over the Bank; or
 - (iii) is a member of the key management personnel of the Bank or of a parent of the Bank;

Or

- (II) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Bank are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Bank are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
 - (vi) the entity is controlled or jointly controlled by a person identified in (I);
 - (vii) a person identified in (I) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Leases – Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in its leases and therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank "would have to pay", which requires estimation when no observable rates are available (such as for a subsidiary that does not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(ii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2025 was approximately HK\$2,835,050,000 (2024: HK\$2,945,739,000). Further details are contained in note 10 to the financial statements.

(iii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Bank uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the existing market conditions as well as forward-looking estimates at the end of each reporting period. The assessment of the risk of default and expected loss rates is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

(iv) Capitalisation of intangible assets

Capitalised software and work-in-progress are intangible assets developed with external parties. Management exercises judgement in determining that the intangible asset meets the criteria to be capitalised as intangible assets in accordance with applicable accounting framework. Management also exercises judgement in determining the proportion of costs that are directly attributable to the development of intangible assets.

(v) Impairment of capitalised software and work-in-progress

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an impairment is required, the recoverable amount is determined based on value-in-use calculations prepared using management's assumptions and estimates.

(vi) Amortisation of intangible assets and depreciation on property, plant and equipment

Amortisation and depreciation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement.

4. NET INTEREST INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income from financial assets measured at amortised cost	256,025	206,749
Interest income from financial assets measured at FVOCI	68,949	87,920
Total interest income calculated using the effective interest rate method	<u>324,974</u>	<u>294,669</u>
Interest expense on financial liabilities measured at amortised cost	(92,599)	(79,700)
Interest expense on lease liabilities	(343)	(903)
Total interest expense	<u>(92,942)</u>	<u>(80,603)</u>
Net interest income	<u>232,032</u>	<u>214,066</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

5. NET FEE AND COMMISSION INCOME

	2025 HK\$'000	2024 HK\$'000
Services transferred at a point in time		
- Payment	602	8,378
- Insurance	5,178	6,705
- Loan	2,665	1,020
- FinTech Solutions	7,205	–
- Others	1,131	1,315
Services transferred over time		
- Loan	272	483
- FinTech Solutions	80,710	7,506
Fee and commission income	<u>97,763</u>	<u>25,407</u>
Less: fee and commission expense	<u>(6,284)</u>	<u>(17,268)</u>
Net fee and commission income	<u>91,479</u>	<u>8,139</u>

6. STAFF COSTS

	2025 HK\$'000	2024 HK\$'000
Salaries and bonuses	111,437	131,065
Pension costs – defined contribution plans	2,175	2,728
Others*	4,437	4,207
Total staff costs	<u>118,049</u>	<u>138,000</u>

* Includes shareholders' recharges for secondment staff

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

7. DIRECTORS' REMUNERATION

Directors are also the key management personnel of the Bank. Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Directors' fee		
– Directors' emoluments	1,800	1,800
– Directors' retirement benefits	–	–
Other emoluments		
– Salaries and short-term employee benefits	4,931	4,558
– Pension scheme contributions	283	–
	<u>7,014</u>	<u>6,358</u>

8. OTHER OPERATING EXPENSES

	2025 HK\$'000	2024 HK\$'000
Information technology expenses*	62,601	82,827
Business transactional expenses	7,062	9,952
Others	8,485	9,425
Other operating expenses	<u>78,148</u>	<u>102,204</u>

* Includes the expenses incurred for software development including user acceptance testing and system interface testing not qualified for capitalisation.

9. NET CHARGES OF IMPAIRMENT LOSSES

	2025 HK\$'000	2024 HK\$'000
Cash and balances with banks and placements with banks	24	15
Financial investments		
at FVOCI	(35)	(4)
at amortised cost	145	345
Loans and advances to customers (Note 14)	49,671	125,968
Other assets	2,340	3,715
Loan commitments	196	(3,417)
Net charges of impairment losses	<u>52,341</u>	<u>126,622</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Bank has available tax losses brought forward from prior years to offset the assessable profits generated during the year.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate to the tax expense at the effective tax rate, is as follows:

	2025		2024	
	HK\$'000	%	HK\$'000	%
Profit/(loss) before tax	<u>20,770</u>		<u>(259,390)</u>	
Taxable profit/(loss) at the statutory tax rate	3,427	16.5	(42,799)	(16.5)
Estimated tax effect of non-deductible expenses	9,084	43.7	18,357	7.1
Estimated tax effect of unrecognised temporary differences	5,753	27.7	18,364	7.1
Estimated tax effect of tax losses not recognised	–	–	6,078	2.3
Estimated tax effect of tax losses utilised from prior years	<u>(18,264)</u>	<u>(87.9)</u>	<u>–</u>	<u>–</u>
Tax charge at the effective rate	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Deferred tax assets and liabilities recognised

The deferred tax liabilities recognised in the statement of financial position for depreciation allowances and financial investment revaluation gains is HK\$66,000 and HK\$84,000 (2024: HK\$82,000 and HK\$0), and the deferred tax assets recognised for allowances for impairment losses is HK\$150,000 (2024: HK\$82,000).

Deferred tax assets and liabilities not recognised

The Bank had tax losses arising in Hong Kong of approximately HK\$2,835,050,000 (2024: HK\$2,945,739,000) that are available indefinitely for offsetting against its future taxable profits. The Bank also had deductible temporary differences arising from allowance of impairment losses and financial investment revaluation losses of HK\$35,656,000 and HK\$0, respectively (2024: HK\$65,830,000 and HK\$32,000, respectively). Deferred tax assets have not been recognised in respect of these tax losses and deductible temporary differences as there is not sufficient evidence that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

11. CASH AND BALANCES WITH BANKS

	2025 HK\$'000	2024 HK\$'000
Cash and balances with banks – Stage 1	473,217	286,188
Less: Allowances for impairment losses – Stage 1	(115)	(83)
	<u>473,102</u>	<u>286,105</u>

12. PLACEMENTS WITH BANKS

	2025 HK\$'000	2024 HK\$'000
Placements with banks – Stage 1	315,279	378,164
Less: Allowances for impairment losses – Stage 1	(45)	(53)
	<u>315,234</u>	<u>378,111</u>

As of 31 December 2025, the gross carrying amount, including accrued interest, of placements with banks amounted to HK\$315,311,000 (2024: HK\$378,209,000).

13. FINANCIAL INVESTMENTS

	2025 HK\$'000	2024 HK\$'000
At FVOCI:		
Debt securities – Stage 1	2,093,702	2,422,319
Add: Revaluation gains/(losses)	3,770	(1,699)
	<u>2,097,472</u>	<u>2,420,620</u>
At amortised cost:		
Certificate of deposits – Stage 1	1,162,090	786,942
Less: Allowances for impairment losses – Stage 1	(558)	(413)
	<u>1,161,532</u>	<u>786,529</u>
	<u>3,259,004</u>	<u>3,207,149</u>

As of 31 December 2025, the allowance for impairment losses of debt securities at FVOCI – Stage 1 amounted to HK\$181,000 (2024: HK\$215,000).

As of 31 December 2025, the gross carrying amount, including accrued interest, of financial investments at amortised cost amounted to HK\$1,168,197,000 (2024: HK\$791,718,000).

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

14. LOANS AND ADVANCES TO CUSTOMERS

	2025 HK\$'000	2024 HK\$'000
Loans and advances to customers	2,943,061	2,038,070
Less: Allowances for impairment losses	(57,975)	(95,367)
	2,885,086	1,942,703

Reconciliation of allowances for impairment losses and gross amount for loans and advances to customers is as follows:

	2025			
Allowances for impairment losses	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2025	47,105	17,082	31,180	95,367
Transfer to Stage 1	656	(656)	–	–
Transfer to Stage 2	(12,442)	12,442	–	–
Transfer to Stage 3	(571)	(140)	711	–
Changes arising from transfer of stage	(17,645)	(5,779)	70,191	46,767
Net charge for the year*	7,964	(10,694)	6,444	3,714
Write-offs	–	–	(93,627)	(93,627)
Recoveries	–	–	6,564	6,564
Changes in model**	1,461	(2,850)	579	(810)
At 31 December 2025	26,528	9,405	22,042	57,975
Charge to profit or loss (Note 9)				49,671

	2025			
Gross loans and advances to customers	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2025	1,880,552	121,529	35,989	2,038,070
Transfer to Stage 1	1,018	(1,018)	–	–
Transfer to Stage 2	(121,319)	121,319	–	–
Transfer to Stage 3	(76,278)	(17,927)	94,205	–
Net change in exposures	1,111,242	(110,779)	(1,845)	998,618
Write-offs	–	–	(93,627)	(93,627)
At 31 December 2025	2,795,215	113,124	34,722	2,943,061

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

14. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2024			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Allowances for impairment losses				
At 1 January 2024	20,524	11,472	19,041	51,037
Transfer to Stage 1	1,306	(1,261)	(45)	–
Transfer to Stage 2	(4,511)	4,663	(152)	–
Transfer to Stage 3	(677)	(586)	1,263	–
Changes arising from transfer of stage	(2,193)	7,149	38,099	43,055
Net charge for the year*	20,054	(9,054)	54,933	65,933
Write-offs	–	–	(89,758)	(89,758)
Recoveries	–	–	8,120	8,120
Changes in model**	12,602	4,699	(321)	16,980
At 31 December 2024	47,105	17,082	31,180	95,367
Charge to profit or loss (Note 9)				125,968

	2024			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross loans and advances to customers				
At 1 January 2024	1,587,005	17,317	20,421	1,624,743
Transfer to Stage 1	1,452	(1,403)	(49)	–
Transfer to Stage 2	(25,459)	25,629	(170)	–
Transfer to Stage 3	(52,765)	(4,649)	57,414	–
Net change in exposures	370,319	84,635	48,131	503,085
Write-offs	–	–	(89,758)	(89,758)
At 31 December 2024	1,880,552	121,529	35,989	2,038,070

* The balance comprises net charge for new loans and advances to customers originated, brought forward loans and advances to customers without stage transfer and loans and advances to customers derecognised or repaid.

** Resulted from the model enhancement in the context of actual loss experience.

As of 31 December 2025, the gross carrying amount, including accrued interest, of loans and advances to customers amounted to HK\$2,950,264,000 (2024: HK\$2,047,310,000).

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Office equipment and furniture and fixtures HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost					
At 1 January 2025	21,503	76,237	936	42,099	140,775
Additions	–	4,609	–	18,783	23,392
Disposals	(9,568)	(5,434)	(197)	(42,099)	(57,298)
At 31 December 2025	11,935	75,412	739	18,783	106,869
Accumulated depreciation					
At 1 January 2025	21,187	72,794	936	35,540	130,457
Charge for the year	316	2,848	–	6,932	10,096
Disposals	(9,568)	(4,711)	(197)	(42,099)	(56,575)
At 31 December 2025	11,935	70,931	739	373	83,978
Net book value					
At 31 December 2025	–	4,481	–	18,410	22,891
Cost					
At 1 January 2024	21,503	83,506	936	82,989	188,934
Additions	–	–	–	365	365
Disposals	–	(7,269)	–	(41,255)	(48,524)
At 31 December 2024	21,503	76,237	936	42,099	140,775
Accumulated depreciation					
At 1 January 2024	18,006	69,899	936	58,343	147,184
Charge for the year	3,181	10,125	–	12,501	25,807
Disposals	–	(7,230)	–	(35,304)	(42,534)
At 31 December 2024	21,187	72,794	936	35,540	130,457
Net book value					
At 31 December 2024	316	3,443	–	6,559	10,318

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

16. INTANGIBLE ASSETS

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

	Software HK\$'000
Cost	
At 1 January 2025	498,320
Additions	1,331
Disposals	(17,732)
At 31 December 2025	<u>481,919</u>
Accumulated amortisation	
At 1 January 2025	406,256
Amortisation for the year	30,791
Impairment for the year	9,366
Disposals	(14,185)
At 31 December 2025	<u>432,228</u>
Net book value	
At 31 December 2025	<u>49,691</u>
Cost	
At 1 January 2024	526,259
Additions	930
Disposals	(28,869)
At 31 December 2024	<u>498,320</u>
Accumulated amortisation	
At 1 January 2024	349,785
Amortisation for the year	81,013
Disposals	(24,542)
At 31 December 2024	<u>406,256</u>
Net book value	
At 31 December 2024	<u>92,064</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

17. CUSTOMER DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Savings accounts	826,439	527,049
Time deposits	2,648,429	2,389,689
	<u>3,474,868</u>	<u>2,916,738</u>

18. TRANSFERS OF FINANCIAL ASSETS

The following table analyses the carrying amount of the financial assets transferred to counterparty as collateral under repurchase agreements that do not qualify for derecognition and their associated financial liabilities:

	2025		2024	
	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000	Carrying amount of transferred assets HK\$'000	Carrying amount of associated liabilities HK\$'000
Repurchase agreements	<u>403,605</u>	<u>400,000</u>	<u>201,863</u>	<u>200,000</u>

19. LEASE RECEIVABLES AND LEASE LIABILITIES

The Bank is the lessor for leases of property.

	2025 HK\$'000	2024 HK\$'000
Year 1	–	5,716
Present value of lease payment receivable	<u>–</u>	<u>5,716</u>

Maturity profile of lease liabilities

	2025 HK\$'000	2024 HK\$'000
Within one year	747	12,352
After one year but within five years	15,202	–
More than five years	2,055	–
Lease liabilities	<u>18,004</u>	<u>12,352</u>
Current	747	12,352
Non-current	<u>17,257</u>	<u>–</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

19. LEASE RECEIVABLES AND LEASE LIABILITIES (CONTINUED)

Movements of carrying amounts of lease liabilities as at 31 December 2025 and 31 December 2024:

	HK\$'000
At 1 January 2024	25,431
Accretion of interest	903
Payments	(13,982)
At 31 December 2024 and 1 January 2025	12,352
New leases	18,015
Accretion of interest	343
Payments	(12,706)
At 31 December 2025	<u>18,004</u>

Amounts recognised in the statement of comprehensive income for the years ended 31 December 2025 and 31 December 2024:

	2025 HK\$'000	2024 HK\$'000
Depreciation expense of right-of-use assets	6,932	12,501
Interest expense on lease liabilities	343	903
Expense relating to short-term leases	282	–
Total amount recognised in profit or loss	<u>7,557</u>	<u>13,404</u>

The Bank had total cash outflows for lease of HK\$12,706,000 in 2025 (2024: HK\$13,982,000).

The Bank had income from license fee relating to a lease of HK\$133,000 in 2025 (2024: HK\$24,000).

20. SHARE CAPITAL

	2025		2024	
	Number of shares	Share capital HK\$'000	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid:				
At 1 January	3,792,000,000	3,792,000	3,792,000,000	3,792,000
Issuance of shares	–	–	–	–
At 31 December	<u>3,792,000,000</u>	<u>3,792,000</u>	<u>3,792,000,000</u>	<u>3,792,000</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

21. GROUP INFORMATION

Holding company

The immediate and ultimate holding company of the Bank is Livi Holdings Limited which owns 100% of the Bank's ordinary shares.

Entities with significant influence over the Bank

The ordinary shares of the immediate holding company are owned by BOC Hong Kong (Holdings) Limited (49.9%) (2024: 49.9%), JSH Virtual Ventures Holdings Limited (26.4%) (2024: 26.4%) and JD New Orbit Technology (Hong Kong) Limited (23.7%) (2024: 23.7%). The shareholders of the immediate holding company of the Bank are considered as the entities with significant influence over the Bank.

22. OTHER EQUITY INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Undated non-cumulative subordinated Additional Tier 1 capital securities	799,076	799,076

In May 2023, the Bank issued HK\$800 million undated non-cumulative subordinated Additional Tier 1 capital securities. The capital securities are perpetual securities in respect of which there is no fixed redemption date and are not callable within the first 5 years. They have an initial rate of distribution of 9.80% per annum payable in arrears which may be cancelled at the sole discretion of the Bank.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

23. CASH AND CASH EQUIVALENTS

(a) Analysis of balances of cash and cash equivalents

	2025 HK\$'000	2024 HK\$'000
Cash and balances with banks	473,217	286,188
Placements with banks with original maturity within three months	315,279	378,164
Financial investments with original maturity within three months	292,128	238,219
	<u>1,080,624</u>	<u>902,571</u>

(b) Reconciliation with the statement of financial position

	2025 HK\$'000	2024 HK\$'000
Cash and balances with banks	473,102	286,105
Placements with banks	315,234	378,111
Financial investments	3,259,004	3,207,149
Amounts shown in the statement of financial position	<u>4,047,340</u>	<u>3,871,365</u>
Less: Amounts with original maturity of beyond three months	(2,967,434)	(2,969,343)
Add: Allowances for impairment losses	718	549
Cash and Cash equivalents in the statement of cash flows	<u>1,080,624</u>	<u>902,571</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

23. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financial activities are liabilities for which cash flows were, or future cash flows will be, classified in the Bank's cash flow statements as cash flows from financial activities.

	Lease liabilities HK\$'000
At 1 January 2024	25,431
Changes from financing cash flows	
Principal portion of lease payments	(13,079)
Interest element on lease liabilities	(903)
Total changes from financing cash flows	<u>(13,982)</u>
Other changes:	
Interest expense on lease liabilities	903
At 31 December 2024 and 1 January 2025	<u>12,352</u>
Changes from financing cash flows	
Principal portion of lease payments	(12,363)
Interest element on lease liabilities	(343)
Total changes from financing cash flows	<u>(12,706)</u>
Other changes:	
Interest expense on lease liabilities	343
New leases	18,015
At 31 December 2025	<u><u>18,004</u></u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

24. EXPECTED MATURITY OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered, realised or settled.

	2025		
	Less than or equal to twelve months HK\$'000	More than twelve months HK\$'000	Total HK\$'000
Assets			
Cash and balances with banks	473,102	–	473,102
Placements with banks	315,234	–	315,234
Financial investments	3,128,433	130,571	3,259,004
Loans and advances to customers	966,123	1,918,963	2,885,086
Property, plant and equipment	–	22,891	22,891
Intangible assets	–	49,691	49,691
Prepayments and other assets	39,880	9,654	49,534
	<u>4,922,772</u>	<u>2,131,770</u>	<u>7,054,542</u>
Liabilities			
Customer deposits	3,474,868	–	3,474,868
Balances from banks	1,300,000	–	1,300,000
Repurchase agreements	400,000	–	400,000
Lease liabilities	747	17,257	18,004
Other liabilities and provisions	86,809	–	86,809
	<u>5,262,424</u>	<u>17,257</u>	<u>5,279,681</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

24. EXPECTED MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

	2024		
	Less than or equal to twelve months	More than twelve months	Total
	HK\$'000	HK\$'000	HK\$'000
Assets			
Cash and balances with banks	286,105	–	286,105
Placements with banks	378,111	–	378,111
Financial investments	2,955,275	251,874	3,207,149
Loans and advances to customers	797,614	1,145,089	1,942,703
Property, plant and equipment	–	10,318	10,318
Intangible assets	–	92,064	92,064
Prepayments and other assets	40,260	7,357	47,617
	<u>4,457,365</u>	<u>1,506,702</u>	<u>5,964,067</u>
Liabilities			
Customer deposits	2,916,738	–	2,916,738
Balances from banks	1,000,000	–	1,000,000
Repurchase agreements	200,000	–	200,000
Lease liabilities	12,352	–	12,352
Other liabilities and provisions	86,320	–	86,320
	<u>4,215,410</u>	<u>–</u>	<u>4,215,410</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

25. FINANCIAL INSTRUMENTS BY CATEGORY

The following table analyses financial assets and financial liabilities as presented in the statement of financial position by HKFRS 9 classifications.

Financial assets

	2025		
	Financial assets at FVOCI HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Cash and balances with banks	–	473,102	473,102
Placements with banks	–	315,234	315,234
Financial investments	2,097,472	1,161,532	3,259,004
Loans and advances to customers	–	2,885,086	2,885,086
Accrued interest and other assets	–	39,532	39,532
	<u>2,097,472</u>	<u>4,874,486</u>	<u>6,971,958</u>

	2024		
	Financial assets at FVOCI HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Cash and balances with banks	–	286,105	286,105
Placements with banks	–	378,111	378,111
Financial investments	2,420,620	786,529	3,207,149
Loans and advances to customers	–	1,942,703	1,942,703
Accrued interest and other assets	–	38,180	38,180
	<u>2,420,620</u>	<u>3,431,628</u>	<u>5,852,248</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

25. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at amortised cost	
	2025 HK\$'000	2024 HK\$'000
Customer deposits	3,474,868	2,916,738
Balances from banks	1,300,000	1,000,000
Repurchase agreements	400,000	200,000
Lease liabilities	18,004	12,352
Other liabilities	77,425	78,316
	<u>5,270,297</u>	<u>4,207,406</u>

26. FAIR VALUE OF ASSETS AND LIABILITIES

Financial instruments measured at fair value – fair value hierarchy

Financial assets

	2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	1,715,846	381,626	–	2,097,472

	2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Debt securities at FVOCI	2,123,801	296,819	–	2,420,620

For financial assets and liabilities not carried at fair value on the financial statements, the Bank has ascertained their fair values were the reasonable approximation of the carrying amounts at year end.

There are no transfers between Level 1 and Level 2 during the year ended 31 December 2025 and 31 December 2024.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

27. RELATED PARTY TRANSACTIONS

- (a) The Bank had the following material transactions with entities of significant influence over the Bank during the year.

	Notes	2025 HK\$'000	2024 HK\$'000
Interest income		2,695	2,519
Interest expense		3,720	4,605
Fee income	(iv)	91,065	14,399
Fee expense		1,179	1,335
Other income	(i)	7,934	515
Operating expenses	(ii)	<u>22,307</u>	<u>16,626</u>

Outstanding balances with entities of significant influence over the Bank:

	Notes	2025 HK\$'000	2024 HK\$'000
Cash and balances with banks		41,785	48,549
Placements with banks		32,691	–
Prepayments and other assets	(iii)	7,237	7,667
Balances from banks		1,300,000	1,000,000
Other liabilities	(iii)	18,516	17,042
Other equity instruments		<u>800,000</u>	<u>800,000</u>

- (i) Other income related to license fee and out of pocket expenses.
(ii) Operating expenses relate to services received including information technology and staff cost.
(iii) The outstanding balances are unsecured and non-interest bearing.
(iv) Fee income is related to the service to the related company, which was charged at a predetermined agreed fee.

- (b) Key management personnel remuneration

Key management personnel of the Bank are directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Bank. Their remunerations are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and short-term employee benefits	17,528	17,217
Pension scheme contributions	<u>637</u>	<u>468</u>
	<u>18,165</u>	<u>17,685</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Loans to a director

Particulars of an amount due from a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2025 HK\$'000	2024 HK\$'000
Aggregate amount of relevant transactions outstanding at year end	—	—
Maximum aggregate amount of relevant transactions outstanding during the year	—	22

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank's principal financial instruments comprise cash and balances with banks, placements with banks, financial investments and loans and advances to customers. The Bank has various other financial liabilities such as customer deposits, balances from banks, repurchase agreements, lease liabilities and other liabilities, which arise directly from its operations.

The main risks arising from the Bank's financial instruments are market risk, interest rate risk, liquidity risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk management

Market risk is the risk of loss in the Bank's on- and off- balance sheet positions resulting from adverse movements in market prices and rates. The Bank manages market risk according to the Bank's risk appetite and pre-defined strategy, supported by a well-established risk management regime and related measures.

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional units perform their duties and responsibilities to manage the Bank's market risk. Risk Management Department is the unit primarily responsible for managing market risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the market risk profile and compliance of internal policies and limits.

The Bank has established indicators and limits to identify, measure, monitor and control market risk. These limits are subject to appropriate internal approval and are monitored regularly.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk management (continued)

The Bank's major foreign currency exposures include USD and RMB. The following table is the foreign currency position of the Bank prepared in accordance with the HKMA Return "MA(BS)6: Return of Foreign Currency Position":

	2025		2024	
	USD HK\$ Million	RMB HK\$ Million	USD HK\$ Million	RMB HK\$ Million
Net long/(short) position	919	(13)	611	1

At 31 December 2025, if HKD had strengthened/weakened 5% against RMB with all other variables held constant, the Bank would have made an additional gain/loss of HK\$643,000 (2024: an additional loss/gain of HK\$68,883). Under the linked exchange rate system, USD is considered to have limited currency risk.

Interest rate risk management

Interest rate risk means the risk to the Bank's earnings and economic value arising from movements in interest rates and term structures of the Bank's asset and liability position. The major types of interest rate risk exposed to the Bank are:

- Gap risk: changes in the interest rates on instruments of different maturities;
- Basis risk: imperfect correlation between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics; and
- Option risk: exercise of interest rate option derivatives or optional elements embedded in assets, liabilities and/or off-balance sheet instruments which could alter the level and timing of corresponding cash flows.

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional units perform their duties and responsibilities to manage the Bank's interest rate risk. Risk Management Department is the main responsible unit in managing interest rate risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the interest rate risk profile and compliance of internal policies and limits.

The Bank sets up indicators and limits to identify, measure, monitor and control interest rate risk. These limits are subject to appropriate internal approval and are monitored regularly.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk management (continued)

Change in Net Interest Income (“ Δ NII”) and Economic Value of Equity (“ Δ EVE”) assess the impact of interest rate movement on the Bank’s net interest income and Tier 1 capital respectively. The methods and assumptions used for the calculation of Δ NII and Δ EVE are in accordance with the HKMA’s Supervisory Policy Manual IR-1 Interest Rate Risk in the Banking Book. The following table illustrates the impact of a 200 and 250 point parallel rate shock up/down of the yield curves on the Bank’s earnings and economic value of equity.

	Increase / (Decrease) in Net Interest Income over the next 12 months		Increase / (Decrease) in Economic Value of Equity	
	2025	2024	2025	2024
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
200 basis point parallel rate shock up of yield curves:				
HK Dollar	(14)	(12)	(13)	(12)
US Dollar	14	7	(5)	(6)
250 basis point parallel rate shock up of yield curves:				
RMB	(2)	–	(2)	–
200 basis point parallel rate shock down of yield curves:				
HK Dollar	14	12	12	10
US Dollar	(14)	(7)	5	6
250 basis point parallel rate shock down of yield curves:				
RMB	2	–	2	–

Liquidity risk management

Liquidity risk is defined as the risk that the Bank does not have available sufficient financial resources, in the short, medium or long term, to meet its obligations, or can only access those resources at excessive cost.

The Bank’s liquidity risk management objective is to effectively manage the liquidity of on- and off-balance sheet items with reasonable cost based on the liquidity risk appetite to achieve sound operation and sustainable profitability. The Bank builds and maintains deposits and obtains funding from the interbank market where necessary to diversify the funding source. The Bank has also formulated a contingency funding plan that is tested regularly.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk management (continued)

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional departments or units perform their duties and responsibilities to manage the Bank's liquidity risk. Risk Management Department is the unit primarily responsible for managing liquidity risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the liquidity risk profile and compliance of internal policies and limits.

The Bank has established indicators and limits to identify, measure, monitor and control liquidity risk. These limits are subject to appropriate internal approval and are monitored regularly.

The maturity profile of the financial liabilities of the Bank at the end of the reporting year, based on the contractual undiscounted payments, is as follows:

	2025				
	Repayable on demand	Within 3 months	3-12 months	Over 12 months	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Customer deposits	835,102	2,210,764	460,584	–	3,506,450
Balances from banks	1,300,139	–	–	–	1,300,139
Repurchase agreements	–	400,000	–	–	400,000
Lease liabilities	–	25	1,282	18,478	19,785
Other liabilities	4,063	54,238	–	–	58,301
	<u>2,139,304</u>	<u>2,665,027</u>	<u>461,866</u>	<u>18,478</u>	<u>5,284,675</u>
	2024				
	Repayable on demand	Within 3 months	3-12 months	Over 12 months	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Customer deposits	545,668	2,148,679	251,155	–	2,945,502
Balances from banks	1,000,394	–	–	–	1,000,394
Repurchase agreements	–	200,000	–	–	200,000
Lease liabilities	–	3,495	9,141	–	12,636
Other liabilities	6,389	54,799	–	–	61,188
	<u>1,552,451</u>	<u>2,406,973</u>	<u>260,296</u>	<u>–</u>	<u>4,219,720</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk Management

Credit risk management is to maximise the Bank's risk-adjusted rate of return by properly controlling the Bank's credit risk exposure.

Credit risk is the potential loss due to the failure of a counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures may exist throughout the lending, trading and investment activities of the Bank, including both on- and off-balance sheet transactions. The credit risk management and control of the Bank are centrally managed by a credit risk management team, which reports regularly to the Chief Risk Officer, Chief Executive, Board Risk Committee and/or Board of Directors.

The Bank formulates policies and procedures to identify, measure, assess, monitor, control, and report on credit risk; development of which are based on robust assessment of the Bank's business activities, strategies and risk appetite. Credit policies cover identified material risks (both financial and non-financial) and comply with regulatory guidelines and statutory requirements. These guidelines are reviewed and enhanced regularly in response to market changes, statutory requirements and effectiveness of risk management processes.

Risk Management Department is responsible for implementing the credit risk strategy approved by the Board Risk Committee and developing policies and procedure for identifying, measuring, monitoring and controlling credit risk in all the Bank's credit activities.

The maximum exposure of the Bank's financial assets equals to the amount disclosed in the statement of financial position.

For cash and balances with banks, inter-bank placements and investments in debt instruments issued by sovereigns, banks and corporates, credit risk arises from potential default of the counterparties. To limit and control the risk exposure therein, the Bank's policy limits placing such funds to the selected sovereigns and financial institutions with strong credit ratings by international-rating agencies. Over 90% (31 December 2024: over 90%) of debt securities investment were rated with a grading of A3 or above based on the credit rating of Moody's.

For loans and advances to customers, the Bank adopts loan classification criteria which divides credit assets into five categories with reference to the HKMA's guidelines, as below:

"Pass" represents loans where the borrower is current in meeting its repayment obligations and full repayment of interest and principal is not in doubt.

"Special Mention" represents loans where the borrower is experiencing difficulties which may threaten the Bank's recoverability of the loan principal and interest. Ultimate loss is not expected at this stage but could occur if adverse conditions persist.

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk Management (continued)

“Substandard” represents loans where the borrower displays a definable weakness that is likely to jeopardise repayment. The Bank is relying heavily on available security. This would include loans where some loss of principal or interest is possible after taking account of the “net realisable value” of security, and rescheduled loans where concessions have been made to a customer on interest or principal such as to render the loan “non-commercial” to the Bank.

“Doubtful” represents loans where collection in full is improbable and the Bank expects to sustain a loss of principal and/or interest, taking into account the net realisable value of the collateral.

“Loss” represents loans which are considered uncollectible after exhausting all collection efforts such as realisation of collateral, institution of legal proceedings, etc.

Loans and advances with a specific repayment date are classified as overdue when respective principal or interest remains unpaid on due dates.

Loans and advances repayable by regular instalments are classified as overdue when an instalment payment remains unpaid on due dates.

Loans and advances repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment not been made per instruction; or when outstanding individual loans and advances have remained in excess over the approved credit limit but have not been rectified on time nor been given excess approval by the Bank.

Loans and advances are considered as default when single or multiple events taken place have adversely impaired the estimated future cash flows of the borrower or counterparty. For exposures already past due for more than 90 days or that the borrower is unlikely to repay in full their obligations to the Bank, they will be classified as credit-impaired and classified as Stage 3 accordingly, with lifetime expected credit losses to be recognised.

Evidence that a particular loan or advance is credit-impaired include observable data about the following events:

- Significant financial difficulty faced by the borrower, either caused by macro economic environment or own operating conditions;
- Repayment of principal and/or interest been overdue and net realisable value of security is insufficient to cover the payment of principal and accrued interest;
- Serious deficiencies in loan repayment foreseen, such as default, death, bankruptcy or liquidation of the borrower or guarantor, or if the borrower’s whereabouts are unknown;
- Failure to honour repayment per terms and conditions under restructured loans.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk Management (continued)

Gross loans and advances to customers before impairment allowances and loan commitments are analysed by internal credit grade and stage classification as follows:

	2025			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
On-balance sheet exposure				
Pass	2,795,215	96,526	–	2,891,741
Special mention	–	16,598	–	16,598
Substandard or below	–	–	34,722	34,722
Impairment allowances	(26,528)	(9,405)	(22,042)	(57,975)
Loans and advances to customers	<u>2,768,687</u>	<u>103,719</u>	<u>12,680</u>	<u>2,885,086</u>
Off-balance sheet exposure				
Pass	268,412	–	–	268,412
Impairment allowances	(948)	–	–	(948)
Loan commitments	<u>267,464</u>	<u>–</u>	<u>–</u>	<u>267,464</u>
	2024			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
On-balance sheet exposure				
Pass	1,880,552	100,000	–	1,980,552
Special mention	–	21,529	–	21,529
Substandard or below	–	–	35,989	35,989
Impairment allowances	(47,105)	(17,082)	(31,180)	(95,367)
Loans and advances to customers	<u>1,833,447</u>	<u>104,447</u>	<u>4,809</u>	<u>1,942,703</u>
Off-balance sheet exposure				
Pass	417,978	–	–	417,978
Impairment allowances	(752)	–	–	(752)
Loan commitments	<u>417,226</u>	<u>–</u>	<u>–</u>	<u>417,226</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2025

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk Management (continued)

In accordance with HKFRS 9, the Bank applies management overlays (also referred to as management judgmental adjustments) to the model-driven expected credit loss (ECL) allowance where the outputs of the ECL models are assessed as not fully capturing the prevailing credit risk profile of individual exposures, portfolios, or segments as at the reporting date. These overlays are designed to address model limitations, emerging credit risk factors, or risks and uncertainties that are not adequately reflected in the underlying model assumptions, including late-arising information with a high degree of estimation uncertainty. Management overlays are temporary in nature and are subject to established governance processes, including senior management review, independent challenge, and ongoing monitoring.

The overlay incorporates management's judgment that current portfolio performance may not fully reflect the existing economic environment in Hong Kong and that there continues to be a potential risk of a material rise in default cases.

Judgmental Macroeconomic Adjustments	2025 HK\$ Million	2024 HK\$ Million
SME	6	14
Retail	—	6
Total	<u>6</u>	<u>20</u>

29. LOAN COMMITMENTS

At 31 December, the Bank had the following outstanding commitments:

	2025 HK\$'000	2024 HK\$'000
Loan commitments which are unconditionally cancellable	<u>268,412</u>	<u>417,978</u>

LIVI BANK LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) 31 DECEMBER 2025

30. CAPITAL MANAGEMENT

The Bank considers share capital, other equity instruments and other reserves attributable to equity holders of the Bank as its capital. The Bank's primary objectives when managing its capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to secure access to finance at reasonable cost.

The HKMA sets capital requirements for the Bank. In implementing current capital requirements, the HKMA requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted amount. The Bank calculates its capital adequacy ratios in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Bank actively and regularly reviews and manages its capital structure to maintain a balance between maximising return on capital with higher borrowing level, and the advantages of a higher capital level, and adjusts the capital level and structure in light of changes in economic conditions and business opportunities. The Bank engaged in banking activities is regulated by the HKMA. The capital management function is undertaken by the Asset and Liability Committee and is reviewed regularly by the Board of Directors.

31. CAPITAL COMMITMENTS

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

	2025 HK\$'000	2024 HK\$'000
Authorised and contracted for but not provided for	—	2,021

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

32. EVENTS AFTER THE REPORTING DATE

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

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2026.

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