

ZA Bank Limited

Interim Financial Disclosure Statements
For the six months ended
30 June 2025

ZA Bank Limited

Interim Financial Disclosure Statements

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ZA Bank Limited

Interim Financial Disclosure Statements

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2025 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000
Interest income	2	547,470	440,016
Interest expense	2	(249,982)	(232,399)
Net interest income		297,488	207,617
Fee and commission income		105,116	73,792
Fee and commission expense		(34,893)	(28,703)
Net fee and commission income		70,223	45,089
Net gain/ (loss) from other financial instruments		87,781	(11,722)
Other income		1,182	10,098
Operating expenses	3	(307,251)	(298,648)
Operating income/ (loss) before impairment losses		149,423	(47,566)
Credit impairment losses on loans and advances to customers		(98,201)	(63,002)
Credit impairment losses on other financial assets		(308)	1,310
Other impairment		(1,774)	-
Profit / (loss) before taxation		49,140	(109,258)
Taxation		-	-
Net profit / (loss) for the period		49,140	(109,258)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
- Changes in the fair value of debt instruments measured at FVOCI, net of tax		53,231	64,762
Total comprehensive income/ (loss) for the period		102,371	(44,496)

CONDENSED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
	Notes		
ASSETS			
Cash and balances with banks	4	1,838,310	2,201,264
Placements with and advances to banks	5	139,304	366,782
Loans and advances to customers	6	5,726,836	5,621,086
Investment securities measured at FVOCI	7	16,709,106	13,943,690
Intangible assets	8	21,654	28,203
Fixed assets	9	285	415
Other assets		209,134	174,750
Total assets		24,644,629	22,336,190
LIABILITIES			
Deposits and balances from banks		93,001	-
Repurchase agreement		860,000	600,000
Deposits from customers	10	21,099,610	19,399,414
Other accounts and accruals		447,060	293,964
Total liabilities		22,499,671	20,293,378
EQUITY			
Share capital	11	4,300,000	4,300,000
Reserves		16,868	(36,138)
Accumulated losses		(2,171,910)	(2,221,050)
Total equity		2,144,958	2,042,812
Total liabilities and equity		24,644,629	22,336,190

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Financial assets at FVOCI reserve	Share-based payment reserve	Accumulated losses	Total equity
Balance at 1 January 2024	4,100,000	(191,570)	30,558	(1,988,847)	1,950,141
Issue of ordinary shares	-	-	-	-	-
Net loss for the period	-	-	-	(109,258)	(109,258)
Share-based payment expenses	-	-	5,283	-	5,283
Other comprehensive income					
- Change in the fair value of debt instruments measured at FVOCI, net of tax	-	64,762	-	-	64,762
Balance at 30 June 2024 (unaudited)	4,100,000	(126,808)	35,841	(2,098,105)	1,910,928
Balance at 1 July 2024	4,100,000	(126,808)	35,841	(2,098,105)	1,910,928
Issue of ordinary shares	200,000	-	-	-	200,000
Net loss for the period	-	-	-	(122,945)	(122,945)
Share-based payment expenses	-	-	4,274	-	4,274
Other comprehensive income					
- Change in the fair value of debt instruments measured at FVOCI, net of tax	-	50,555	-	-	50,555
Balance at 31 December 2024 (audited)	4,300,000	(76,253)	40,115	(2,221,050)	2,042,812
Balance at 1 January 2025	4,300,000	(76,253)	40,115	(2,221,050)	2,042,812
Issue of ordinary shares	-	-	-	-	-
Net profit for the period	-	-	-	49,140	49,140
Share-based payment expenses	-	-	(225)	-	(225)
Other comprehensive income					
- Change in the fair value of debt instruments measured at FVOCI, net of tax	-	53,231	-	-	53,231
Balance at 30 June 2025 (unaudited)	4,300,000	(23,022)	39,890	(2,171,910)	2,144,958

CONDENSED CASH FLOW STATEMENT

	Notes	Six months ended 30 June 2025 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000
OPERATING ACTIVITIES			
Profit / (loss) before income tax		49,140	(109,258)
Adjustment for non-cash items and other adjustments included within income statements		(196,156)	(143,915)
Changes in operating assets		(144,407)	(292,822)
Changes in operating liabilities		2,077,852	6,062,614
Net cash inflow from operating activities		1,786,429	5,516,619
INVESTING ACTIVITIES			
Purchase of investment securities measured at FVOCI		(70,495,746)	(52,019,686)
Proceeds from disposal and maturity of investment securities at FVOCI		68,146,744	47,065,701
Payments for intangible assets	8	-	(1,104)
Purchase of fixed assets	9	(17)	(279)
Interest received from investment securities measured at FVOCI		47,788	48,578
Net cash (outflow) from investing activities		(2,301,231)	(4,906,790)
FINANCING ACTIVITIES			
Principal element of lease payments		(508)	(509)
Net cash (outflow) from financing activities		(508)	(509)
Net (decrease) / increase in cash and cash equivalents		(515,310)	609,320
Cash and cash equivalents as at 1 January		2,568,049	956,584
Effect of exchange rate changes on cash and cash equivalents		(75,123)	(4,890)
Cash and cash equivalents as at 30 June		1,977,616	1,561,014
Cash and cash equivalents comprise:			
- Cash and balances with banks		1,838,311	1,561,014
- Placements of bank deposits with original maturity 3 months or less		139,305	-
		1,977,616	1,561,014
Cashflows from operating activities include:			
Interest paid		(260,057)	(238,359)
Interest received		225,128	188,202

Notes to the unaudited financial disclosure statements

1. General information

(a) Review of activities

The Bank is among the first batch of banks to obtain digital banking license from the Hong Kong Monetary Authority ("HKMA") on 27 March 2019, and it was officially launched on 24 March 2020 with principal activities of providing banking and related financial services to its customers in Hong Kong. It is incorporated in Hong Kong as a limited company under the Hong Kong Companies Ordinance (Cap. 622) ("HKCO"). The address of its registered office is Unit 1301, Level 13, IT Street, Cyberport 3, 100 Cyberport Road, Hong Kong.

The Bank is a wholly-owned subsidiary of ZhongAn Financial Services Limited (the "parent company"). In accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), the Bank is jointly controlled entity of ZhongAn Online P&C Insurance Co., Ltd. (the "ZA Online", a company incorporated in the People's Republic of China and listed on the Main Board of the Stock Exchange of Hong Kong (the "Stock Exchange")) and Z Fin Limited ("Z FIN", formerly known as Sinolink Worldwide Holdings Limited which a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange)

First-ever Half-Year Profit

In the first half of 2025, ZA Bank achieved its first-ever interim net profit of approximately HK\$49 million. Core business momentum remained strong, with net revenue increasing by 82.1% year-on-year, driven by a 42.8% rise in net interest income and a 56% growth in fee income. Customer deposits expanded to over HK\$21.1 billion, while the Bank's total assets reached HK\$24.65 billion, marking a 10.3% increase from the end of last year. Our net interest margin remained solid at 2.38%.

Wealth Management Fuels Growth

The Bank's wealth management business delivered a strong performance in the first half of the year, with assets under management (AUM) from Invest users increasing by over 125% year-on-year. As Asia's first licensed bank to launch crypto trading service for Hong Kong retail investors in late 2024, we have been building a one-stop investment platform that seamlessly integrates traditional and digital assets, catering to the evolving needs of our users.

Advancing Digital Asset Development

ZA Bank continues to lead in regulated innovation within the digital asset space. To date, we have provided banking services to over 300 Web3 companies, including the majority of licensed virtual asset trading platforms in Hong Kong. We are also the first local digital bank to offer dedicated reserve asset custody services to sandbox participants issuing stablecoins. Looking ahead, we will continue to work closely with institutions to deepen collaboration, broaden digital asset use cases, and actively support Hong Kong's development as a global hub for digital asset innovation.

Award-Winning Innovation and Security Leadership

Following two consecutive wins of The Asset Triple A Digital Awards' "Virtual Bank of the Year – Retail Banking" award, we were named "NextGen Digital Bank of the Year" this year, further reinforcing our leadership position in digital finance. We were also honoured with "Best Digital Bank" and "Best Retail Crypto Services" at the International Finance Awards, recognising our strengths in fintech innovation and digital asset services. With an innovative, simple and functional design that combines outstanding user experience with robust security, we were awarded the 2025 iF Design Award from Germany, highlighting our strengths in fintech and user experience. In data privacy, our strong commitment was recognised with the "Privacy-Friendly Awards 2025 – Outstanding Gold Award" from The Office of the Privacy Commissioner for Personal Data. In the area of financial security, our proprietary real-time transaction monitoring system, XDecision, processes over 600,000 risk assessments daily, with 90% completed within 0.2 seconds. By leveraging intelligent detection of high-risk transactions and real-time optimisation of monitoring rules, we were recognised with the "Award for Real-Time Monitoring", the "Anti-Scam Excellence Award for Digital Banks (Silver)", and the "Outstanding STR Case Award" at the Bank Staff Recognition Ceremony organised by the Hong Kong Police Force.

Notes to the unaudited financial disclosure statements

1. General information (continued)

(a) Basis of preparation

The accounting policies adopted in the preparation of the interim financial disclosure statements are consistent with those used in the preparation of the Bank's audited financial statements for the year ended 31 December 2024 except for the adoption of the HKFRSs and HKASs issued up to 30 June 2025 which are pertinent to the Bank's operations and relevant to these interim financial disclosure statements.

The unaudited interim financial disclosure statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank's annual financial statements for the year ended 31 December 2024.

The preparation of unaudited interim financial disclosure statements requires management to exercise its judgment and make estimates and assumptions in the process of applying the Bank's accounting policies and reporting amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. The significant judgments made by management were the same as those applied to the annual financial statements for the year ended 31 December 2024.

The financial information relating to the year ended 31 December 2024 that is included in the unaudited interim financial disclosure statements for the six months ended 30 June 2025 as comparative information does not constitute the Bank's statutory annual financial statements for the year ended 31 December 2024 but is derived from the audited financial statements for the year ended 31 December 2024. Further information related to the audited financial statements for the year ended 31 December 2024 disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies and has not done so.

The Bank's auditor has reported on the audited financial statements for the year ended 31 December 2024. The auditor's report was unqualified; did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

Notes to the unaudited financial disclosure statements

2. Net interest income

(a) Interest income

	Six months ended 30 June 2025 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000
Interest income arising from:		
- financial assets measured at amortized cost ("AC")	245,817	211,559
- financial assets measured at FVOCI	301,653	228,457
	547,470	440,016

(b) Interest expense

	Six months ended 30 June 2025 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000
Interest expense arising from:		
- financial liabilities measured at AC	249,972	232,383
- lease liabilities	10	16
	249,982	232,399

3. Operating expenses

	Six months ended 30 June 2025 (unaudited) HK\$'000	Six months ended 30 June 2024 (unaudited) HK\$'000
Employee benefit expense	201,354	198,046
Legal and professional fees	9,651	7,584
Depreciation and amortisation expense	5,650	6,901
Other operating expense	90,596	86,117
	307,251	298,648

Notes to the unaudited financial disclosure statements

4. Cash and balances with banks

	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Cash on hand	95	95
Balances with central bank	1,383,406	1,870,931
Balances with other banks	454,810	330,240
Less: expected credit loss allowances – stage 1	(1)	(2)
	<u>1,838,310</u>	<u>2,201,264</u>

As at 30 June 2025, there were no impaired, overdue or rescheduled balances with banks (31 December 2024: nil).

5. Placements with and advances to banks

	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Placements with and advances to banks maturing within one month	139,305	366,783
Less: expected credit loss allowances – stage 1	(1)	(1)
	<u>139,304</u>	<u>366,782</u>

As at 30 June 2025, there were no impaired, overdue or rescheduled placements with and advances to banks (31 December 2024: nil).

6. Loans and advances to customers

	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Gross loans and advances to customers	6,007,819	5,860,750
Less: expected credit loss allowances		
- Stage 1	(65,727)	(58,123)
- Stage 2	(16,693)	(11,194)
- Stage 3	(198,563)	(170,347)
	<u>5,726,836</u>	<u>5,621,086</u>

Notes to the unaudited financial disclosure statements

7. Investment securities measured at FVOCI

	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Debt securities	16,709,106	13,943,690

8. Intangible assets

	Software HK\$'000	Total HK\$'000
Cost:		
At 1 January 2024	70,310	70,310
Additions	1,104	1,104
Exchange	(93)	(93)
At 31 December 2024 (audited)	71,321	71,321
Additions	-	-
Write-offs	(1,774)	(1,774)
Exchange	96	96
At 30 June 2025 (unaudited)	69,643	69,643
Accumulated amortisation:		
At 1 January 2024	31,236	31,236
Amortisation for the year	11,915	11,915
Exchange	(33)	(33)
At 31 December 2024 (audited)	43,118	43,118
Amortisation for the period	4,820	4,820
Exchange	51	51
At 30 June 2025 (unaudited)	47,989	47,989
Net book value at 31 December 2024 (audited)	28,203	28,203
Net book value at 30 June 2025 (unaudited)	21,654	21,654

During 2025, the bank has reassessed the useful economic life for the capitalised software to reflect the period over which the assets are expected to be available for use by the bank. The bank has recorded a decrease in software of HK\$1,774,000.

Notes to the unaudited financial disclosure statements

9. Fixed assets

	Equipment HK\$'000	Total HK\$'000
Cost:		
At 1 January 2024	6,478	6,478
Additions	387	387
At 31 December 2024 (audited)	6,865	6,865
Additions	17	17
At 30 June 2025 (unaudited)	6,882	6,882
Accumulated depreciation:		
At 1 January 2024	6,046	6,046
Depreciation for the year	404	404
At 31 December 2024 (audited)	6,450	6,450
Depreciation for the period	147	147
At 30 June 2025 (unaudited)	6,597	6,597
Net book value at 31 December 2024 (audited)	415	415
Net book value at 30 June 2025 (unaudited)	285	285

10. Deposits from customers

	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Saving deposits	9,931,400	6,786,969
Time deposits	11,168,210	12,612,445
	21,099,610	19,399,414

Notes to the unaudited financial disclosure statements

11. Share capital

	As at 30 June 2025 (unaudited) Shares	As at 31 December 2024 (audited) Shares	As at 30 June 2025 (unaudited) HK\$'000	As at 31 December 2024 (audited) HK\$'000
Ordinary shares Fully Paid	4,300,000,000	4,300,000,000	4,300,000	4,300,000

On 12 August 2024, the Bank issued 200,000,000 ordinary shares, to the parent company at HK\$200,000,000 for cash. All the cash was paid up on the date of issuance. No ordinary shares were issued for the six months ended 30 June 2025.

12. Fair value estimation

The following tables present the carrying value of the Bank's financial assets and financial liabilities recognized at fair value on a recurring basis, classified according to the fair value hierarchy.

	Level 2	Total
At 30 June 2025 (unaudited)		
Investment securities measured at FVOCI		
- Debt securities	16,709,106	16,709,106
	<u>16,709,106</u>	<u>16,709,106</u>
At 31 December 2024 (audited)		
Investment securities measured at FVOCI		
- Debt securities	13,943,690	13,943,690
	<u>13,943,690</u>	<u>13,943,690</u>

There were no significant transfers of financial assets or liabilities between different levels of fair value hierarchy classifications.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1. Independent price verification is performed by Risk Management Department.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter debt securities) is determined using non-public quoted price or valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For financial assets and financial liabilities not carried at fair value on the financial statements, the Bank has ascertained that their fair values were the reasonable approximation of the carrying amounts at period end due to short-term nature or repricing of variable rate instruments.

Notes to the unaudited financial disclosure statements

13. Dividends

No dividend was paid or proposed for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

14. Comparative figures

Certain comparative figures in the financial statements have been reclassified to conform with current period's presentation.