ZA Bank

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ZA Bank Limited

Interim Financial Disclosure Statements

For the six months ended

30 June 2026

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 2026 (unaudited) HK$'000	Six months ended 30 June 2025 (unaudited) HK$'000
Interest income	2	515,449	547,470
Interest expense	2	(140,941)	(249,982)
Net interest income		374,508	297,488
Fee and commission income		193,762	105,116
Fee and commission expense		(70,349)	(34,893)
Net fee and commission income		123,413	70,223
Net gain/ (loss) from other financial instruments		76,285	87,781
Other income		3,994	1,182
Operating expenses	3	(444,140)	(307,251)
Operating profit before impairment losses		134,060	149,423
Credit impairment losses on loans and advances to customers		(63,845)	(98,201)
Net charge for impairment losses on other financial assets		395	(308)
Other impairment		-	(1,774)
Profit before income tax		70,610	49,140
Income tax		-	-
Net profit for the period		70,610	49,140
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
- Changes in the fair value of debt instruments measured at fair value changes through other comprehensive income ("FVOCI"), net of tax and impairment losses		(14,542)	53,231
Total comprehensive income for the period		56,068	102,371

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
ASSETS			
Cash and balances with banks	4	2,463,060	2,330,881
Placements with and advances to banks	5	219,457	89,189
Loans and advances to customers	6	5,217,097	5,554,332
Investment securities measured at FVOCI	7	18,308,420	16,546,429
Intangible assets	8	13,821	17,708
Fixed assets	9	2,322	1,413
Other assets		595,293	312,695
Total assets		26,819,470	24,852,647
LIABILITIES			
Repurchase agreement		600,000	-
Deposits from customers	10	23,338,340	22,244,947
Other accounts and accruals		685,110	473,453
Total liabilities		24,623,450	22,718,400
EQUITY			
Share capital	11	4,300,000	4,300,000
Reserves		29,184	38,021
Accumulated losses		(2,133,164)	(2,203,774)
Total equity		2,196,020	2,134,247
Total liabilities and equity		26,819,470	24,852,647

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 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 and impairment losses	-	53,231	-	-	53,231
Balance at 30 June 2025 (unaudited)	4,300,000	(23,022)	39,890	(2,171,910)	2,144,958
Balance at 1 July 2025	4,300,000	(23,022)	39,890	(2,171,910)	2,144,958
Issue of ordinary shares	-	-	-	-	-
Net loss for the period	-	-	-	(31,864)	(31,864)
Share-based payment expenses	-	-	2,805	-	2,805
Other comprehensive income					
- Change in the fair value of debt instruments measured at FVOCI, net of tax and impairment losses	-	18,348	-	-	18,348
Balance at 31 December 2025 (audited)	4,300,000	(4,674)	42,695	(2,203,774)	2,134,247
Balance at 1 January 2026	4,300,000	(4,674)	42,695	(2,203,774)	2,134,247
Issue of ordinary shares	-	-	-	-	-
Net profit for the period	-	-	-	70,610	70,610
Share-based payment expenses	-	-	5,705	-	5,705
Other comprehensive income					
- Change in the fair value of debt instruments measured at FVOCI, net of tax and impairment losses	-	(14,542)	-	-	(14,542)
Balance at 30 June 2026 (unaudited)	4,300,000	(19,216)	48,400	(2,133,164)	2,196,020

CONDENSED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2026 (unaudited) HK$'000	Six months ended 30 June 2025 (unaudited) HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		70,610	49,140
Adjustment for non-cash items and other adjustments included within income statements		(226,511)	(196,156)
Changes in operating assets		(9,599)	(144,407)
Changes in operating liabilities		1,904,476	2,077,852
Net cash from operating activities		1,738,976	1,786,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities measured at FVOCI		(65,212,962)	(70,495,746)
Proceeds from disposal and maturity of investment securities at FVOCI		63,795,415	68,146,744
Purchase of fixed assets	9	(1,377)	(17)
Interest received from investment securities measured at FVOCI		33,740	47,788
Net cash used in investing activities		(1,385,184)	(2,301,231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal and interest elements of lease payments		(403)	(508)
Net cash (used in)/ from financing activities		(403)	(508)
Net increase/ (decrease) in cash and cash equivalents		353,389	(515,310)
Cash and cash equivalents as at 1 January		2,420,074	2,568,049
Effect of exchange rate changes on cash and cash equivalents		(90,943)	(75,123)
Cash and cash equivalents as at 30 June		2,682,520	1,977,616
Cash and cash equivalents comprise:			
- Cash and balances with banks		2,463,061	1,838,311
- Placements with and advances to banks with original maturity of 3 months or less		219,459	139,305
		2,682,520	1,977,616
Cashflows from operating activities include:			
Interest paid		(170,520)	(260,057)
Interest received		212,405	225,128

Notes to the unaudited financial disclosure statements

1. General information

(a) Review of activities

The Bank licensed by the Hong Kong Monetary Authority ("HKMA") on 27 March 2019, is one of the first batch of digital banks in Hong Kong and it was officially launched on 24 March 2020 with principal activities of providing banking and related financial services to its customers. 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"). During the period from 1 January 2023 to 14 August 2023, the Bank was a subsidiary of ZhongAn Online P&C Insurance Co., Ltd. ("ZA Online"), incorporated in the People's Republic of China and listed on the Main Board of the Stock Exchange of Hong Kong. From 14 August 2023, the Bank is a jointly controlled entity of ZA Online and Z Fin Limited (former name: Sinolink Worldwide Holdings Limited), incorporated in Bermuda and listed on the Main Board of the Stock Exchange of Hong Kong.

Sustained profitability and continuous growth driven by core earnings

Delivering steady, resilient results, ZA Bank's first half 2026 performance underscores the progressive strength and sustainability of its business model. Net profit increased to nearly 1.5-fold of the same period last year, reaching HKD 70.6 million, and sustained the upward earnings trajectory established since the Bank first achieved profitability. This healthy momentum was anchored by solid core growth: net interest margin (NIM) expanded to 2.99% and non-interest income broadened with 76% growth in net fee and commission income, reflecting disciplined balance sheet management, strong operational execution, and long-term business viability.

Record high non-interest income powered by wealth management

Wealth management propositions helped driving the net fee and commission income to a record HKD 123.4 million in first half of 2026. The Bank cemented its leading position in digital wealth management by becoming the first digital bank in Hong Kong to launch the Cross-boundary Wealth Management Connect (Southbound Scheme) alongside business banking investment services. These milestone rollouts expand our investment ecosystem across retail and business segments, anchoring a diversified revenue base.

Asia-Leading, Hong Kong's Best Digital Bank

Our drive to redefine digital banking received standout regional acclaim in the first half of 2026. ZA Bank swept three major titles namely Digital Bank of the Year, Neo Bank of the Year, and Digital Asset Solution of the Year at The Asset's Triple A Digital Awards 2026, affirming our position as a leading digital bank in Asia. In particular, the regional Digital Bank of the Year recognition underscores our competitive edge and shows we outperform established traditional banks and their digital offerings. It is our fourth consecutive year of recognition in the awards programme, reinforcing confidence in our strategy and our ability to build long-term user trust as "The future bank for now."

Notes to the unaudited financial disclosure statements

1. **General information** (continued)

(b) 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 2025 except for the adoption of the amendments to HKFRSs issued up to 30 June 2026 which are pertinent to the Bank's operations and relevant to these interim financial disclosure statement.

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 2025.

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 2025.

The financial information relating to the year ended 31 December 2025 that is included in the unaudited interim financial disclosure statements for the six months ended 30 June 2026 as comparative information does not constitute the Bank's statutory annual financial statements for the year ended 31 December 2025 but is derived from the audited financial statements for the year ended 31 December 2025. Further information related to the audited financial statements for the year ended 31 December 2025 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 2025. 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 2026 (unaudited) HK$'000	Six months ended 30 June 2025 (unaudited) HK$'000
Interest income arising from:		
- financial assets measured at amortized cost ("AC")	215,142	245,817
- financial assets measured at FVOCI	300,307	301,653
	515,449	547,470

(b) Interest expense

	Six months ended 30 June 2026 (unaudited) HK$'000	Six months ended 30 June 2025 (unaudited) HK$'000
Interest expense arising from:		
- financial liabilities measured at AC	140,925	249,972
- lease liabilities	16	10
	140,941	249,982

3. Operating expenses

	Six months ended 30 June 2026 (unaudited) HK$'000	Six months ended 30 June 2025 (unaudited) HK$'000
Employee benefit expense	227,625	201,354
Legal and professional fees	16,530	9,651
Depreciation and amortisation expense	4,783	5,650
Other operating expense	195,202	90,596
	444,140	307,251

Notes to the unaudited financial disclosure statements

4. Cash and balances with banks

	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Cash on hand	90	90
Balances with central bank	1,522,355	1,573,124
Balances with other banks	940,616	757,668
Less: expected credit loss allowances – stage 1	(1)	(1)
	2,463,060	2,330,881

As at 30 June 2026, there were no overdue or rescheduled balances with banks (31 December 2025: nil).

5. Placements with and advances to banks

	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Placements with and advances to banks maturing within one month	219,459	89,192
Less: expected credit loss allowances – stage 1	(2)	(3)
	219,457	89,189

As at 30 June 2026, there were no overdue or rescheduled placements with and advances to banks (31 December 2025: nil).

6. Loans and advances to customers

	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Gross loans and advances to customers	5,488,358	5,808,972
Less: expected credit loss allowances		
- Stage 1	(58,884)	(62,183)
- Stage 2	(13,030)	(18,439)
- Stage 3	(199,347)	(174,018)
	5,217,097	5,554,332

Notes to the unaudited financial disclosure statements

7. Investment securities measured at FVOCI

	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Debt securities	18,308,420	16,546,429

8. Intangible assets

	Software HK$'000	Total HK$'000
Cost:		
At 1 January 2025	71,321	71,321
Additions	-	-
Impairment	(1,774)	(1,774)
Exchange differences	113	113
At 31 December 2025 (audited)	69,660	69,660
Additions	-	-
Exchange differences	96	96
At 30 June 2026 (unaudited)	69,756	69,756
Accumulated amortisation:		
At 1 January 2025	43,118	43,118
Amortisation for the year	8,780	8,780
Exchange differences	54	54
At 31 December 2025 (audited)	51,952	51,952
Amortisation for the period	3,922	3,922
Exchange differences	61	61
At 30 June 2026 (unaudited)	55,935	55,935
Net book value at 31 December 2025 (audited)	17,708	17,708
Net book value at 30 June 2026 (unaudited)	13,821	13,821

Notes to the unaudited financial disclosure statements

9. Fixed assets

	Equipment HK$'000	Total HK$'000
Cost:		
At 1 January 2025	6,865	6,865
Additions	1,418	1,418
Write off	(39)	(39)
At 31 December 2025 (audited)	8,244	8,244
Additions	1,377	1,377
At 30 June 2026 (unaudited)	9,621	9,621
Accumulated depreciation:		
At 1 January 2025	6,450	6,450
Depreciation for the year	420	420
Write off	(39)	(39)
At 31 December 2025 (audited)	6,831	6,831
Depreciation for the period	468	468
At 30 June 2026 (unaudited)	7,299	7,299
Net book value at 31 December 2025 (audited)	1,413	1,413
Net book value at 30 June 2026 (unaudited)	2,322	2,322

10. Deposits from customers

	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Saving deposits	13,945,826	11,181,031
Time deposits	9,392,514	11,063,916
	23,338,340	22,244,947

Notes to the unaudited financial disclosure statements

11. Share capital

	As at 30 June 2026 (unaudited) Shares	As at 31 December 2025 (audited) Shares	As at 30 June 2026 (unaudited) HK$'000	As at 31 December 2025 (audited) HK$'000
Ordinary shares Fully Paid	4,300,000,000	4,300,000,000	4,300,000	4,300,000

No ordinary shares were issued for the six months ended 30 June 2026.

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 2026 (unaudited)		
Investment securities measured at FVOCI		
- Debt securities	18,308,420	18,308,420
	18,308,420	18,308,420
At 31 December 2025 (audited)		
Investment securities measured at FVOCI		
- Debt securities	16,546,429	16,546,429
	16,546,429	16,546,429

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 2026 (six months ended 30 June 2025: nil).