

Fusion Bank

富融銀行有限公司

Fusion Bank Limited

(incorporated in Hong Kong with limited liability)

CONDENSED CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS (UNAUDITED)

30 JUNE 2025



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Interest income		184,743	139,208
Interest expense		(136,604)	(106,660)
Net interest income	3	48,139	32,548
Net fee and commission expenses	4	(734)	(1,174)
Net gain from financial assets measured at fair value through profit or loss ("FVTPL")		2,899	-
Other income	5	12,246	1,330
Operating expenses	6	(158,459)	(156,882)
Operating losses before impairment losses		(95,909)	(124,178)
Net charge of impairment allowance		(10,371)	(2,895)
Loss before income tax		(106,280)	(127,073)
Income tax credit	7	5	33
Loss after income tax		(106,275)	(127,040)
Other comprehensive loss			
Item that maybe reclassified subsequently to profit or loss			
Changes in the fair value of financial investments measured at fair value through other comprehensive income ("FVOCI"), net of tax		12,924	(88)
Exchange differences on translation		312	(187)
Total comprehensive loss for the period		(93,039)	(127,315)

The notes on pages 6 to 17 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2025

		As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
	<i>Notes</i>		
ASSETS			
Balances with central bank	9	242,437	236,024
Placements with and advances to banks	10	1,723,254	2,176,862
Investments in debt securities at amortized cost	11	116,243	753,695
Financial investments measured at FVOCI	12	8,033,501	3,807,499
Financial assets measured at FVTPL	13	202,899	-
Loans and advances	14	1,585,334	987,224
Right-of-use assets	15	19,959	5,681
Property and equipment	16	19,160	4,545
Intangible assets	17	17,324	23,060
Other deposits and receivables	18	11,793	18,401
Prepaid expenses		16,543	11,986
Deferred tax assets	8	1,097	1,056
TOTAL ASSETS		11,989,544	8,026,033
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	19	10,385,939	6,966,060
Accruals and other payables	20	127,274	307,282
Lease liabilities	15	22,307	5,628
TOTAL LIABILITIES		10,535,520	7,278,970
EQUITY			
Share capital	21	3,600,001	2,800,001
Accumulated losses		(2,179,832)	(2,073,557)
Reserves		33,855	20,619
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		1,454,024	747,063
TOTAL EQUITY		1,454,024	747,063
TOTAL LIABILITIES AND EQUITY		11,989,544	8,026,033

The notes on pages 6 to 17 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Share capital HK\$'000	Accumulated losses HK\$'000	Financial assets at FVOCI reserve HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
At 1 January 2024		2,800,001	(1,798,281)	-	-	(845)	1,000,875
Share-based payment		-	-	-	22,100	-	22,100
Currency translation differences		-	-	-	-	(274)	(274)
Other comprehensive income		-	-	(362)	-	-	(362)
Loss for the year		-	(275,276)	-	-	-	(275,276)
At 31 December 2024 and 1 January 2025		2,800,001	(2,073,557)	(362)	22,100	(1,119)	747,063
Capital contribution by the member	21	800,000	-	-	-	-	800,000
Currency translation differences		-	-	-	-	312	312
Other comprehensive income		-	-	12,924	-	-	12,924
Loss for the period		-	(106,275)	-	-	-	(106,275)
At 30 June 2025		3,600,001	(2,179,832)	12,562	22,100	(807)	1,454,024

The notes on pages 6 to 17 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Cash flows from operating activities			
Loss before income tax		(106,280)	(127,073)
Adjustments for:			
Interest income	3	(184,743)	(139,208)
Interest expense	3	136,604	106,660
Depreciation of property and equipment	6	3,797	7,960
Depreciation of right-of-use assets	6	8,172	5,321
Amortization expense	6	5,736	7,578
Changes in expected credit losses		10,371	2,895
Net gain from financial assets measured at FVTPL		(2,899)	-
Effect of exchange rate changes		(11,893)	(1,245)
Operating cash flows before changes in operating assets and liabilities		(141,135)	(137,112)
Changes in operating assets:			
(Increase)/Decrease in loans and advances		(594,823)	208,539
Increase in prepaid expenses		(4,557)	(5,638)
Increase in other deposits and receivables		(1,158)	(15,279)
Decrease in placements with and advances to banks with original maturity beyond three months		428,297	267,536
Changes in operating liabilities:			
Increase in deposits from customers		3,388,902	1,458,008
Increase in deposits from a related party		-	504
Increase in accruals and other payables		14,425	87,679
Interest received		79,852	53,065
Interest paid		(105,191)	(98,523)
Net cash flows generated from operating activities		3,064,612	1,818,779
Cash flows from investing activities			
Purchase of property and equipment		(14,470)	-
Purchase of intangible assets		(296)	-
Purchase of investment securities		(20,827,860)	(10,644,299)
Proceeds from maturity/sale of investment securities		16,872,613	9,012,343
Interest received		102,721	65,343
Net cash flows used in investing activities		(3,867,292)	(1,566,613)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<i>Note</i>	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
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Cash flows from financing activities			
Payments of principal of financial lease		(5,701)	(5,286)
Interest elements of lease payments		(436)	(250)
Capital contribution by the member	21	800,000	-
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Net cash flows generated from/(used in) financing activities		793,863	(5,536)
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Net change in cash and cash equivalents		(8,817)	246,630
Cash and cash equivalents at the beginning of the year		1,258,607	732,527
Effect of exchange rate changes on cash and cash equivalents		790	(170)
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Cash and cash equivalents at the end of the period	22	1,250,580	978,987
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The notes on pages 6 to 17 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. PRINCIPAL ACTIVITIES

Fusion Bank Limited (the “Bank”) is a limited liability company incorporated in Hong Kong. The address of its registered office is 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The principal activity of the Bank is the operation of digital bank.

The financial statements are presented in Hong Kong Dollar (“HKD”), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Fusion Bank Limited and its subsidiary (together the “Group”) has prepared its condensed interim financial statements in compliance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing the condensed interim financial statements, the significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the financial statements for the year ended 31 December 2024.

The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed interim financial statements are unaudited.

Basis of Preparation

The accounting policies applied in preparing these condensed consolidated interim financial statements are consistent with those applied in preparing the financial statements for the year ended 31 December 2024. There was no revised accounting standards became effective since 1 January 2025.

3. NET INTEREST INCOME

The table below presents interest income and expense by accounting classification. Interest income and expense are calculated using the effective interest method for financial assets and financial liabilities measured at amortized cost and FVOCI.

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Interest income		
Placements with and advances to banks	29,159	37,433
Investments in debt securities at amortized cost	6,328	85,300
Financial investments measured at FVOCI	108,076	4,149
Loans and advances	41,180	12,326
	184,743	139,208
Interest expense		
Deposits from customers	(136,168)	(105,976)
Lease liabilities (note 15)	(436)	(250)
Deposits from a related party (note 24)	-	(434)
	(136,604)	(106,660)
Net interest income	48,139	32,548

4. NET FEE AND COMMISSION EXPENSES

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Fee income	676	245
Bank charges	(117)	(109)
Other fees	(1,293)	(1,310)
Net fee and commission expenses	(734)	(1,174)

5. OTHER INCOME

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Net foreign exchange gain	11,893	1,245
Others	353	85
Total	12,246	1,330

6. OPERATING EXPENSES

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Staff costs	98,830	87,088
Directors' fees	1,095	1,095
Depreciation of property and equipment (note 16)	3,797	7,960
Depreciation of right-of-use assets (note 15)	8,172	5,321
Amortization of intangible assets (note 17)	5,736	7,578
Auditors' remuneration	1,238	1,141
Legal and professional fees	1,991	3,316
IT expenses	25,829	30,039
Premise expenses	4,132	4,067
Recruitment fee	116	248
Advertising and marketing expense	1,288	267
Others	6,235	8,762
Total	158,459	156,882

7. INCOME TAX CREDIT

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Current tax		
Hong Kong	–	–
Other jurisdictions	–	23
Deferred tax		
Hong Kong	–	–
Other jurisdictions	5	10
Income tax credit	5	33

8. DEFERRED TAX ASSETS

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Beginning balance	1,056	1,504
Amount recognized in income statement	5	(372)
Foreign exchange effect	36	(76)
Deferred tax assets	1,097	1,056

The Group recognized deferred tax assets in respect of unused tax losses arising from the operations of its subsidiary in Shenzhen.

9. BALANCES WITH CENTRAL BANK

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Balances with central bank (note 22)	242,437	236,024

10. PLACEMENTS WITH AND ADVANCES TO BANKS

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Balances with banks (note 22)	360,804	361,244
Placements with and advances to banks maturing within one month	551,394	670,526
Placements with and advances to banks maturing after one month but less than one year	811,178	1,145,246
Less: expected credit losses – stage I	(122)	(154)
Total	1,723,254	2,176,862

11. INVESTMENTS IN DEBT SECURITIES AT AMORTIZED COST

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Investments in debt securities at amortized cost		
Debt securities:		
Exchange Fund Bills	-	119,986
Certificates of deposit	-	321,323
Bonds	116,253	312,421
Less: expected credit losses – stage I	(10)	(35)
Total	116,243	753,695
Analyzed by type of issuer:		
Sovereign	-	146,717
Public Sector	-	119,804
Banks and other financial institutions	116,243	487,174
Total	116,243	753,695

12. FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Financial investments measured at FVOCI		
Debt securities:		
Exchange Fund Bills	1,410,004	1,560,212
Certificate of deposits	4,117,867	978,944
Bonds	2,505,630	1,268,343
Total	8,033,501	3,807,499
Analyzed by type of issuer:		
Sovereign	1,593,670	1,833,895
Public Sector	242,535	162,357
Banks and other financial institutions	5,290,596	1,618,030
Corporates	906,700	193,217
Total	8,033,501	3,807,499

13. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Investment funds	202,899	-
Total	202,899	-

14. LOANS AND ADVANCES

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Gross loans and advances	1,600,250	998,371
Less: expected credit losses		
- Stage 1	(4,703)	(2,879)
- Stage 2	(5,403)	(4,648)
- Stage 3	(4,810)	(3,620)
Total	1,585,334	987,224

15. LEASES

Amounts recognized in the condensed consolidated statement of financial position

The condensed consolidated statement of financial position shows the following amounts relating to leases:

	As of 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Right-of-use assets:		
Buildings	19,959	5,681
Lease liabilities:		
Current	9,556	5,074
Non-current	12,751	554
Total	22,307	5,628

Amounts recognized in the condensed consolidated statement of profit or loss and comprehensive income

The condensed consolidated statement of profit or loss and comprehensive income shows the following amounts relating to leases:

	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Depreciation charge of right-of-use assets		
Buildings (note 6)	8,172	5,321
Interest expense (note 3)	436	250

16. PROPERTY AND EQUIPMENT

	Office Equipment HK\$'000	Furniture and Fixtures HK\$'000	Computer Equipment HK\$'000	Leasehold Improvements HK\$'000	Total HK\$'000
At 1 January 2024					
Cost	62,602	3,027	20,182	27,102	112,913
Accumulated depreciation	(41,783)	(2,120)	(16,713)	(27,102)	(87,718)
Net book value at 1 January 2024	20,819	907	3,469	-	25,195
Net book value at 1 January 2024	20,819	907	3,469	-	25,195
Depreciation charges	(17,050)	(599)	(2,828)	-	(20,477)
Foreign exchange effects	(165)	(5)	(3)	-	(173)
Net book value at 31 December 2024	3,604	303	638	-	4,545
At 31 December 2024					
Cost	22,328	3,014	20,165	26,999	72,506
Accumulated depreciation	(18,724)	(2,711)	(19,527)	(26,999)	(67,961)
Net book value at 31 December 2024 and 1 January 2025	3,604	303	638	-	4,545
Net book value at 1 January 2025	3,604	303	638	-	4,545
Additions	57	599	3,006	14,754	18,416
Write-off	(12,968)	(1,675)	(1,824)	(26,376)	(42,843)
Adjustments-accumulated depreciation	12,968	1,675	1,824	26,376	42,843
Depreciation charges (note 6)	(2,529)	(204)	(654)	(410)	(3,797)
Foreign exchange effects	1	(5)	-	-	(4)
Net book value at 30 June 2025	1,133	693	2,990	14,344	19,160
At 30 June 2025					
Cost	9,495	1,949	21,364	15,437	48,245
Accumulated depreciation	(8,362)	(1,256)	(18,374)	(1,093)	(29,085)
Net book value at 30 June 2025	1,133	693	2,990	14,344	19,160

17. INTANGIBLE ASSETS

	Software HK\$'000
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At 1 January 2024	
Cost	74,687
Accumulated amortization	(51,891)
<hr/>	
Net book value at 1 January 2024	22,796
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Net book value at 1 January 2024	22,796
Additions	16,571
Amortization charges	(16,307)
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Net book value at 31 December 2024	23,060
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At 31 December 2024	
Cost	91,258
Accumulated amortization	(68,198)
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Net book value at 31 December 2024 and 1 January 2025	23,060
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Net book value at 1 January 2025	23,060
Amortization charges (note 6)	(5,736)
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Net book value at 30 June 2025	17,324
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At 30 June 2025	
Cost	91,258
Accumulated amortization	(73,934)
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Net book value at 30 June 2025	17,324
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18. OTHER DEPOSITS AND RECEIVABLES

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Rental and other deposits	9,890	9,783
Accounts receivable on unsettled trade	-	7,931
Other amounts receivable	1,903	687
Total	11,793	18,401

19. DEPOSITS FROM CUSTOMERS

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Saving deposits	884,509	429,024
Term deposits	9,501,430	6,537,036
Total	10,385,939	6,966,060

20. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Staff compensation and benefits accruals	37,793	29,452
IT costs accruals	18,792	24,408
Accruals for fixed assets purchase	3,946	-
Accruals for intangible assets purchase	2,556	2,852
Account payable on unsettled trade	-	198,083
Other amounts payable	64,187	52,487
Total	127,274	307,282

21. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Issued and fully paid		
At 1 January 2024, 31 December 2024 and 1 January 2025	1,000	2,800,001
Capital contribution by the member	-	800,000
At 30 June 2025	1,000	3,600,001

22. CASH AND CASH EQUIVALENTS

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Balances with central bank (note 9)	242,437	73,475
Balances with banks (note 10)	360,804	196,177
Placements with and advances to banks with original maturity less than three months	647,339	709,335
Total	1,250,580	978,987

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	Level 2 HK\$'000	Total HK\$'000
At 30 June 2025		
Financial investments measured at FVOCI		
Debt securities	8,033,501	8,033,501
Financial assets measured at FVTPL		
Investment funds	202,899	202,899
Total	8,236,400	8,236,400
At 31 December 2024		
Financial investments measured at FVOCI		
Debt securities	3,807,499	3,807,499
Total	3,807,499	3,807,499

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded 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.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using 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 fair 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 year end due to short-term nature.

24. MATERIAL RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

Fellow subsidiaries	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Operating expenses	12,661	14,431
Other related party	For the six months ended 30 June 2025 HK\$'000	For the six months ended 30 June 2024 HK\$'000
Interest expenses (note 3)	-	434

(ii) Balances with related parties

As at 30 June 2025 and 31 December 2024, the Bank has the following balances with related parties.

Fellow subsidiaries	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Accruals and other payables	(7,794)	(17,174)