

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 2026



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Interest income		318,865	184,743
Interest expense		(203,179)	(136,604)
Net interest income	3	115,686	48,139
Net fee and commission expenses	4	(65)	(734)
Net gain from financial assets measured at fair value through profit or loss ("FVTPL")	5	5,500	2,899
Other income	6	14,726	12,246
Operating expenses	7	(165,349)	(158,459)
Operating losses before impairment losses		(29,502)	(95,909)
Net charge of impairment allowance		(24,413)	(10,371)
Loss before income tax		(53,915)	(106,280)
Income tax	8	(5)	5
Loss after income tax		(53,920)	(106,275)
Other comprehensive loss			
Item that may be 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		(20,237)	12,924
Currency translation differences		208	312
Total comprehensive loss for the period		(73,949)	(93,039)

The notes on pages 6 to 15 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2026

		As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
	Notes		
ASSETS			
Balances with central bank	9	235,651	411,945
Placements with and advances to banks	10	1,913,722	1,907,301
Investments in debt securities at amortized cost	11	-	30,103
Financial investments measured at FVOCI	12	12,022,545	10,378,046
Financial assets measured at fair value through profit or loss	13	319,863	296,824
Loans and advances	14	4,211,421	3,148,190
Prepaid expenses		14,792	9,298
Other deposits and receivables	15	199,716	5,944
Right-of-use assets	16	11,921	15,936
Property and equipment	17	13,532	15,627
Intangible assets	18	10,079	13,287
Deferred tax assets	19	5	5
TOTAL ASSETS		18,953,247	16,232,506
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20	16,831,509	14,717,876
Repurchase agreements		237,625	-
Accruals and other payables	21	566,946	119,094
Lease liabilities	16	13,693	18,113
TOTAL LIABILITIES		17,649,773	14,855,083
EQUITY			
Share capital	22	3,600,001	3,600,001
Accumulated losses		(2,323,035)	(2,269,115)
Reserves		26,508	46,537
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK		1,303,474	1,377,423
TOTAL EQUITY		1,303,474	1,377,423
TOTAL LIABILITIES AND EQUITY		18,953,247	16,232,506

The notes on pages 6 to 15 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 2026

		Share capital	Accumulated losses	Financial assets at FVOCI reserve	Share-based payment reserve	Exchange reserve	Total
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025		2,800,001	(2,073,557)	(362)	22,100	(1,119)	747,063
Capital contribution by the member	22	800,000	-	-	-	-	800,000
Share-based payment		-	-	-	16,100	-	16,100
Currency translation differences		-	-	-	-	431	431
Other comprehensive income		-	-	9,387	-	-	9,387
Loss for the year		-	(195,558)	-	-	-	(195,558)
At 31 December 2025 and 1 January 2026		3,600,001	(2,269,115)	9,025	38,200	(688)	1,377,423
Currency translation differences		-	-	-	-	208	208
Other comprehensive income		-	-	(20,237)	-	-	(20,237)
Loss for the period		-	(53,920)	-	-	-	(53,920)
At 30 June 2026		3,600,001	(2,323,035)	(11,212)	38,200	(480)	1,303,474

The notes on pages 6 to 15 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 2026

		For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
	Note		
Cash flows from operating activities			
Loss before income tax		(53,915)	(106,280)
Adjustments for:			
Interest income	3	(318,865)	(184,743)
Interest expense	3	203,179	136,604
Depreciation of property and equipment	7	3,506	3,797
Depreciation of right-of-use assets	7	4,054	8,172
Amortization expense	7	3,208	5,736
Changes in expected credit losses		24,413	10,371
Net gain from financial assets measured at FVTPL		(5,500)	(2,899)
Effect of exchange rate changes		(14,413)	(11,893)
Operating cash flows before changes in operating assets and liabilities		(154,333)	(141,135)
Changes in operating assets:			
Increase in loans and advances		(1,079,360)	(594,823)
Increase in prepaid expenses		(5,494)	(4,557)
Increase in other deposits and receivables		(36,936)	(1,158)
Decrease in placements with and advances to banks with original maturity beyond three months		339,977	428,297
Changes in operating liabilities:			
Increase in deposits from customers		2,120,673	3,388,902
Increase in repurchase agreements		237,138	-
Increase in accruals and other payables		24,381	14,425
Interest received		134,192	79,852
Interest paid		(209,403)	(105,191)
Net cash flows generated from operating activities		1,370,835	3,064,612
Cash flows from investing activities			
Purchase of property and equipment		(1,337)	(14,470)
Purchase of intangible assets		(53)	(296)
Purchase of investment securities		(13,785,076)	(20,827,860)
Proceeds from maturity/sale of investment securities		12,360,876	16,872,613
Interest received		221,178	102,721
Net cash flows used in investing activities		(1,204,412)	(3,867,292)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	<i>Note</i>	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Cash flows from financing activities			
Payments of principal of financial lease		(4,486)	(5,701)
Interest elements of lease payments		(345)	(436)
Capital contribution by the member	22	-	800,000
Net cash flows (used in)/generated from financing activities		(4,831)	793,863
Net change in cash and cash equivalents		161,592	(8,817)
Cash and cash equivalents at the beginning of the year		1,019,359	1,258,607
Effect of exchange rate changes on cash and cash equivalents		7,584	790
Cash and cash equivalents at the end of the period	23	1,188,535	1,250,580

The notes on pages 6 to 15 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 2025.

The condensed interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, 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 2025. There was no revised accounting standards became effective since 1 January 2026.

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 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Interest income		
Placements with and advances to banks	22,511	29,159
Investments in debt securities at amortized cost	310	6,328
Financial investments measured at FVOCI	180,474	108,076
Loans and advances	115,570	41,180
	318,865	184,743
Interest expense		
Deposits from customers	(202,230)	(136,168)
Lease liabilities (note 16)	(329)	(436)
Other	(620)	-
	(203,179)	(136,604)
Net interest income	115,686	48,139

4. NET FEE AND COMMISSION EXPENSES

	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Fee income	1,549	676
Bank charges	-	(117)
Other fees	(1,614)	(1,293)
Net fee and commission expenses	(65)	(734)

5. NET GAIN FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
<u>Mandatorily measured at fair value</u>		
Investment funds	5,500	2,899
Total	5,500	2,899

6. OTHER INCOME

	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Net foreign exchange gain	14,413	11,893
Others	313	353
Total	14,726	12,246

7. OPERATING EXPENSES

	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Staff costs	100,439	98,830
Directors' fees	1,095	1,095
Depreciation of property and equipment (note 17)	3,506	3,797
Depreciation of right-of-use assets (note 16)	4,054	8,172
Amortization of intangible assets (note 18)	3,208	5,736
Auditors' remuneration	1,456	1,238
Legal and professional fees	2,013	1,991
IT expenses	35,301	25,829
Premise expenses	1,758	4,132
Others	12,519	7,639
Total	165,349	158,459

8. INCOME TAX

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year. There were no significant changes to the income tax rates described in the 2025 financial statements.

The income tax expense of the Group is analysed as follows:

	For the six months ended 30 June 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Current income tax	5	-
Deferred income tax (note 19)	-	(5)
Total	5	(5)

9. BALANCES WITH CENTRAL BANK

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Balances with central bank (note 23)	235,651	411,945

10. PLACEMENTS WITH AND ADVANCES TO BANKS

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Balances with banks (note 23)	315,278	437,414
Placements with and advances to banks maturing within one month	711,410	593,610
Placements with and advances to banks maturing after one month but less than one year	887,184	876,528
Less: expected credit losses – stage I	(150)	(251)
Total	1,913,722	1,907,301

11. INVESTMENTS IN DEBT SECURITIES AT AMORTIZED COST

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Investments in debt securities at amortized cost		
Debt securities:		
Bonds	-	30,105
Less: expected credit losses – stage I	-	(2)
Total	-	30,103
Type of issuer:		
Banks and other financial institutions	-	30,103
Total	-	30,103

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

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Financial investments measured at FVOCI		
Debt securities:		
Exchange Fund Bills	988,375	1,723,824
Certificate of deposits	6,275,784	5,007,371
Bonds	4,758,386	3,646,851
Total	12,022,545	10,378,046
Type of issuer:		
Sovereign	988,375	1,723,824
Public Sector	212,729	359,999
Corporates	522,702	334,411
Banks and other financial institutions	10,298,739	7,959,812
Total	12,022,545	10,378,046

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

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Mandatorily measured at fair value		
Investment funds	319,863	296,824
Total	319,863	296,824

14. LOANS AND ADVANCES

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Gross loans and advances to customers	4,258,194	3,175,773
Less: expected credit losses		
- Stage 1	(31,751)	(18,913)
- Stage 2	(3,767)	(2,326)
- Stage 3	(11,255)	(6,344)
Total	4,211,421	3,148,190

15. OTHER DEPOSITS AND RECEIVABLES

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Rental and other deposits	3,563	3,559
Accounts receivable on unsettled trade transactions	156,836	-
Other amounts receivable	39,317	2,385
Total	199,716	5,944

16. 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 2026 HK\$'000	As at 31 December 2025 HK\$'000
Right-of-use assets:		
Buildings	11,921	15,936
Lease liabilities:		
Current	8,816	9,327
Non-current	4,877	8,786
Total	13,693	18,113

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 2026 HK\$'000	For the six months ended 30 June 2025 HK\$'000
Depreciation charge of right-of-use assets		
Buildings (note 7)	4,054	8,172
Interest expense (note 3)	329	436

17. 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 2025					
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 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
Depreciation charges	(2,920)	(375)	(1,202)	(2,870)	(7,367)
Foreign exchange effects	4	(4)	-	33	33
Net book value at 31 December 2025	745	523	2,442	11,917	15,627
At 31 December 2025					
Cost	9,509	1,952	21,371	15,478	48,310
Accumulated depreciation	(8,764)	(1,429)	(18,929)	(3,561)	(32,683)
Net book value at 31 December 2025 and 1 January 2026	745	523	2,442	11,917	15,627
Net book value at 1 January 2026	745	523	2,442	11,917	15,627
Additions	1,337	-	-	-	1,337
Depreciation charges (note 7)	(373)	(137)	(520)	(2,476)	(3,506)
Foreign exchange effects	6	-	-	68	74
Net book value at 30 June 2026	1,715	386	1,922	9,509	13,532
At 30 June 2026					
Cost	10,876	1,956	21,391	15,567	49,790
Accumulated depreciation	(9,161)	(1,570)	(19,469)	(6,058)	(36,258)
Net book value at 30 June 2026	1,715	386	1,922	9,509	13,532

18. INTANGIBLE ASSETS

	Software HK\$'000
At 1 January 2025	
Cost	91,258
Accumulated amortization	(68,198)
Net book value at 1 January 2025	23,060
Net book value at 1 January 2025	23,060
Additions	788
Amortization charges	(10,561)
Net book value at 31 December 2025	13,287
At 31 December 2025	
Cost	89,978
Accumulated amortization	(76,691)
Net book value at 31 December 2025 and 1 January 2026	13,287
Net book value at 1 January 2026	13,287
Amortization charges (note 7)	(3,208)
Net book value at 30 June 2026	10,079
At 30 June 2026	
Cost	89,978
Accumulated amortization	(79,899)
Net book value at 30 June 2026	10,079

19. DEFERRED TAX ASSETS

Deferred tax is recognised in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax credits in accordance with HKAS 12 "Income Taxes". The major components of deferred tax assets/(liabilities) recorded in the balance sheet, and the movements during the period are as follows:

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Beginning balance	5	1,056
Amount recognized in income statement	-	(1,107)
Foreign exchange effect and others	-	56
Deferred tax assets	5	5

20. DEPOSITS FROM CUSTOMERS

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Saving deposits	2,639,250	1,355,892
Term deposits	14,192,259	13,361,984
Total	16,831,509	14,717,876

21. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Staff compensation and benefits accruals	32,335	28,888
IT costs accruals	38,713	22,441
Accruals for fixed assets purchase	130	130
Accruals for intangible assets purchase	386	439
Account payable on unsettled trade transactions	423,524	-
Others	71,858	67,196
Total	566,946	119,094

22. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Issued and fully paid		
At 1 January 2025	1,000	2,800,001
Capital contribution by the member	-	800,000
At 31 December 2025, 1 January 2026 and 30 June 2026	1,000	3,600,001

23. CASH AND CASH EQUIVALENTS

	As at 30 June 2026 HK\$'000	As at 31 December 2025 HK\$'000
Balances with central bank (note 9)	235,651	411,945
Balances with banks (note 10)	315,278	437,414
Placements with and advances to banks with original maturity less than three months	637,606	170,000
Total	1,188,535	1,019,359

24. 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 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
At 30 June 2026			
Financial investments measured at FVOCI			
- Debt securities	988,375	11,034,170	12,022,545
Financial assets measured at FVTPL			
- Investment funds	-	319,863	319,863
Total	988,375	11,354,033	12,342,408
At 31 December 2025	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial investments measured at FVOCI			
- Debt securities	1,723,824	8,654,222	10,378,046
Financial assets measured at FVTPL			
- Investment funds	-	296,824	296,824
Total	1,723,824	8,951,046	10,674,870

During the periods, there were no transfers of instruments between Level 1 and Level 2 or transfer into or out of Level 3.

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.

25. MATERIAL RELATED PARTY TRANSACTIONS

There were no significant changes in the related party transaction described in 2025 annual report that have a material impact on the financial position or performance of the Group in the six months ended 30 June 2026. All related party transactions that took place in the six months ended 30 June 2026 were of similar nature to those disclosed in the 2025 annual report.