



WELAB BANK LIMITED

INTERIM REPORT 2025

WELAB BANK LIMITED

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A Chinese translation of Interim Report is available upon request. The report is also available, in English and Chinese, on the Bank's website at www.welab.bank.

WELAB BANK LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Sustained Profitability & Accelerating Growth

Welab Bank continues to outperform – achieving sustained profitability in the first half of 2025, solidifying our position as Hong Kong's leading AI-first digital bank. This milestone reflects our scalable and resilient business model, powered by relentless customer acquisition, prudent financial management, and innovative product offerings. Since its establishment, Welab Bank has consistently demonstrated the right way to scale a digital bank to profitability through disciplined operational efficiency, growth and effective risk management.

Our Winning Strategy – Thriving Amid Challenging Environments

Welab Bank achieved this breakthrough performance despite a dynamic and challenging macroeconomic environment. Hong Kong has observed a surge in bankruptcy petitions to a 10-year high in Q2 2025⁽ⁱ⁾, while unemployment increased to 3.5%⁽ⁱⁱ⁾, from previous lows of 2.8%. Consumer and capital market sentiment remained cautious with the ongoing uncertainty over global tariffs and high volatility over the Hong Kong Interbank Offered Rate (HIBOR) throughout H1 2025.

Against this backdrop, Welab Bank delivered a remarkable turnaround – from a HK\$174 million loss in H1 2024 to a HK\$2 million profit in H1 2025. This success is largely driven by a significant 66% increase in net revenue. Our strong fundamentals are also reflected in leading net interest margins (NIM) and net credit margins (NCM)^(iv) amongst both traditional and digital banks, underpinned by our strong credit strategy expertise.

We remain committed to responsible lending, as evidenced by a 3.7% year-on-year decrease in our retail loan 30+ day delinquency rate – significantly outperforming the broader market's 8.5% increase⁽ⁱⁱⁱ⁾. Our robust Capital Adequacy Ratio (CAR) of 21.2% and healthy Loan-to-Deposit Ratio (LDR) of 76% reflect our focus on efficient asset deployment and funding stability. Combined with a 40.3% year-on-year improvement in our cost-to-income ratio, these results highlight Welab Bank's financial efficiency and resilience, ensuring we remain well-positioned to navigate market volatility and capture emerging opportunities.

Key Highlights – H1 2025

- **Net Revenue Surge:** Net revenue grew to HK\$457 million, representing a 66% year-on-year increase.
- **Strong Net Interest Income (NII):** Achieved a robust NII of HK\$430 million, reflecting our effective interest rate management.
- **Net Interest Margin Expansion:** NIM increased by 55% from 6.9%^(v) to 10.7%^(v), significantly higher than the low single-digit NIMs typically seen in the market.
- **Leading Net Credit Margin:** The NCM of 7%^{(iv)(v)} underscores our disciplined credit management and supports strong risk-adjusted returns.
- **Customer Growth:** Total customers expanded by over 17% year-on-year, showcasing our growing footprint and deepening customer trust in our services.
- **Cost Efficiency:** Cost-to-income ratio improved by 40.3% year-on-year, notwithstanding the launch and development of several new lines of business where additional expenses are incurred ahead of corresponding revenue generation.

We are witnessing strong performance across several key areas, demonstrating the effectiveness of our strategic initiatives. The launch of our foreign exchange (FX) services, offering competitive pricing, drove substantial growth in FX deposits within six months. Our expanding wealth management offerings are resonating with customers, as evidenced by the significant growth in Assets Under Management (AUM) and enhanced customer investment confidence. Meanwhile, the exponential growth of our Mainland Chinese Visitor (MCV) customer base highlights the increasing appeal of Welab Bank's digitally-native financial solutions, which continue to attract and engage a diverse and growing user segment.

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Pioneering an AI-Driven Future of Finance

Welab Bank is charting a new course in digital banking by placing the diverse applications of Generative AI and AI Agents at the heart of our customer-centric strategy.

Our strategic commitment to AI integration is set to elevate operational efficiency and deliver hyperpersonalized customer experiences. We are deploying advanced AI solutions, including Generative AI and AI Agents, to fundamentally streamline internal workflows, thereby minimizing manual processes and reallocating employee focus to higher-value analytical work and strategic customer engagement. Concurrently, our approach to customer engagement is being revolutionized through hyper-personalization, leveraging AI to provide tailored financial insights, proactive recommendations, and timely investment intelligence. Such hyper-personalization will progressively extend to all customer communications, ensuring highly relevant information and ideas across our comprehensive suite of financial products. To sustain this momentum, we are also cultivating an AI-driven workforce, ensuring our team is equipped with evolving AI capabilities to maintain our competitive leadership.

Recognition & Momentum

Welab Bank is the first digital bank in Hong Kong to receive multiple prestigious accolades. These honours include “Best Digital Bank for Consumers – Hong Kong” by the Euromoney Awards for Excellence 2025 and “Best Digital Bank – Hong Kong” and “Best Bank for Financial Inclusion – Hong Kong” by the FinanceAsia Awards 2025, underscoring the Bank’s excellence in digital innovation and its steadfast commitment to financial inclusion.

Strategic Outlook & Forward-Looking Initiatives

Looking ahead, we anticipate a gradual but rocky recovery in macroeconomic conditions, with the US likely to lower funding costs, and an improving economy and capital market locally and in Mainland China. We are proactively monitoring these trends and will maintain a cautious approach to credit risk management, ensuring responsible lending practices and safeguarding asset quality.

In 2026, Welab Bank will focus on the following core pillars:

1. **Customer Acquisition:** Diversify our product suite, leverage AI to provide hyperpersonalized customer experience and enhance marketing strategy to expand our customer base.
2. **Operational Efficiency:** We are exploring diverse use cases for AI to drive operational efficiency, streamline workflows and enhance risk management.
3. **Investment in Technology:** We will continue investing in our core technology infrastructure, particularly in Generative AI, AI Agents and advanced analytic capabilities to maintain our competitive advantage as a leading digital bank.

Notes:

- (i) *Data extracted from the bankruptcy petition presented according to the Statistics on Compulsory Winding-up and Bankruptcy by the Official Receiver's Office.*
- (ii) *Census & Statistics Department. (2025, July 17). Unemployment rate stays at 3.5%.*
- (iii) *Based on analysis of industry reports and proprietary insights.*
- (iv) *NCM is calculated by subtracting the change in allowances for expected credit losses from net interest income, then dividing that result by the average amount of interest-earning assets.*
- (v) *The percentage is calculated on an annualized term.*

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited) FOR THE 6 MONTHS ENDED 30 JUNE 2025

	Note	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Interest income	5	543,282	511,224
Interest expense	5	(113,408)	(256,222)
Net interest income		429,874	255,002
Net fee and commission income	6	17,986	17,722
Other income		8,825	1,755
Other operating income		26,811	19,477
		456,685	274,479
Operating expenses	7	(290,609)	(292,610)
Finance costs on lease liabilities		(1,839)	(590)
Profit/(loss) before allowances for expected credit losses		164,237	(18,721)
Change in allowances for expected credit losses	8	(158,234)	(151,613)
Profit/(loss) before income tax		6,003	(170,334)
Income tax	9	(3,969)	(3,507)
Profit/(loss) after income tax		2,034	(173,841)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
– Changes in the fair value of financial assets at fair value through other comprehensive income ("FVOCI"), net of tax		281	–
Other comprehensive income, net of tax		281	–
Profit/(loss) and total comprehensive income		2,315	(173,841)

The notes on pages 10 to 21 form part of these unaudited condensed consolidated interim financial statements.

WELAB BANK LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited) AT 30 JUNE 2025

	Note	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Assets			
Balances with banks	10	579,643	444,547
Placements with banks	11	37,995	67,991
Financial investments	12	2,350,797	2,211,165
Loans and advances to customers	13	5,286,976	5,202,284
Amounts due from group companies	14	212	521
Property and equipment	15	805	2,344
Right-of-use assets	16	35,651	42,897
Intangible assets	17	63,487	63,593
Other assets	19	209,479	212,946
Deferred income tax assets		35,186	39,155
Tax recoverable		3,910	3,910
Total assets		8,604,141	8,291,353
Liabilities			
Deposits from customers	20	7,301,866	6,867,048
Lease liabilities		35,490	41,179
Other liabilities	21	227,063	348,435
Amounts due to group companies	14	6,773	6,360
Total liabilities		7,571,192	7,263,022
Equity			
Share capital	22	2,845,000	2,845,000
Reserves		(1,812,051)	(1,816,669)
Total equity		1,032,949	1,028,331
Total equity and liabilities		8,604,141	8,291,353

The notes on pages 10 to 21 form part of these unaudited condensed consolidated interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
FOR THE 6 MONTHS ENDED 30 JUNE 2025**

		Reserve				
	Share capital HK\$'000 (Restated)	Employee share-based payment reserve HK\$'000 (Restated)	FVOCI reserve HK\$'000 (Restated)	Other reserve HK\$'000 (Restated)	Accumulated losses HK\$'000 (Restated)	Total HK\$'000 (Restated)
As at 1 January 2024	2,070,000	313,684	–	310,000	(2,195,720)	497,964
Issuance of shares	769,000	–	–	–	–	769,000
Loss for the period	–	–	–	–	(173,841)	(173,841)
Recognition of equity-settled share-based options	–	20,208	–	–	–	20,208
Acquisition of subsidiaries	–	–	–	(6,259)	–	(6,259)
Forfeiture/lapse of share awards	–	(556)	–	–	556	–
At 30 June 2024 and 1 July 2024	2,839,000	333,336	–	303,741	(2,369,005)	1,107,072
Issuance of shares	6,000	–	–	–	–	6,000
Loss for the period	–	–	–	–	(73,558)	(73,558)
Recognition of equity-settled share-based options	–	(11,507)	–	–	–	(11,507)
Forfeiture/lapse of share awards	–	(7,761)	–	–	7,761	–
Other comprehensive income	–	–	324	–	–	324
At 31 December 2024 and 1 January 2025	2,845,000	314,068	324	303,741	(2,434,802)	1,028,331
Profit for the period	–	–	–	–	2,034	2,034
Recognition of equity-settled share-based payment	–	2,303	–	–	–	2,303
Other comprehensive income	–	–	281	–	–	281
Forfeiture/lapse of share awards	–	(4)	–	–	4	–
At 30 June 2025	<u>2,845,000</u>	<u>316,367</u>	<u>605</u>	<u>303,741</u>	<u>(2,432,764)</u>	<u>1,032,949</u>

The notes on pages 10 to 21 form part of these unaudited condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited) FOR THE 6 MONTHS ENDED 30 JUNE 2025

	Note	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Cash flows from operating activities:			
Profit/(loss) for the period		6,003	(170,334)
Adjustments:			
Depreciation on property and equipment	7	906	4,498
Depreciation of right-of-use assets	7	7,246	8,764
Amortization of intangible assets	7	16,548	16,155
Loss on disposal of property and equipment		104	–
Finance cost on lease liabilities		1,839	590
Exchange differences, net		(657)	–
Non-cash share-based expenses		2,303	20,208
Change in allowances for expected credit losses	8	158,234	151,613
Changes in operating assets and liabilities			
Decrease/(increase) in placements with banks with original maturity beyond 3 months		36,000	(67,900)
(Increase)/decrease in loans and advances to customers		(244,095)	3,148
Decrease in amounts due from group companies		838	108,856
Decrease in other assets		4,767	8,436
Decrease in repurchase agreement at amortized cost		–	350,000
Increase in deposits from customers		432,100	3,800,192
Decrease in loan payables		–	(3,170,468)
Decrease in borrowings		–	(208,508)
(Decrease)/increase in other liabilities		(121,710)	13,315
Increase/(decrease) in amounts due to group companies		413	(154,136)
Tax paid		–	(2,716)
Net cash generated from operating activities		<u>300,839</u>	<u>711,713</u>
Cash flows from investing activities:			
Cash consideration from acquisition of subsidiaries		–	(6,259)
Purchase of property and equipment		–	(252)
Purchase of intangible assets		(16,442)	(8,706)
(Purchase of)/proceeds from financial investments		(247,281)	826,426
Net cash (used in)/generated from investing activities		<u>(263,723)</u>	<u>811,209</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited) (Continued)
FOR THE 6 MONTHS ENDED 30 JUNE 2025

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Cash flows from financing activities:		
Principal element of lease payment	(5,689)	(12,411)
Interest element of lease payment	(1,839)	(590)
Proceeds from the issuance of shares	–	769,000
Decrease in amounts due to group companies	–	(41,854)
Net cash (used in)/generated from financing activities	(7,528)	714,145
Net change in cash and cash equivalents	29,588	2,237,067
Cash and cash equivalent at the beginning of the period	2,681,819	778,158
Effect of foreign exchange rate changes on cash and cash equivalent, net	3,354	–
Cash and cash equivalent at the end of period	2,714,761	3,015,225
Analysis of balances of cash and cash equivalents		
Balances with banks	579,731	846,225
Placement with banks with original maturity within three months	38,000	–
Financial investments with original maturity within three months	2,097,030	2,169,000
	2,714,761	3,015,225
Cash flows from operating activities include:		
Interest received	533,239	510,538
Interest paid	(143,844)	(208,960)

The notes on pages 10 to 21 form part of these unaudited condensed consolidated interim financial statements.

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

1 General information

Welab Bank Limited (the “Bank”) is a limited liability company incorporated in Hong Kong. The principal activities of the Bank together with its subsidiaries (collectively the “Group”) are to provide banking and related financial services. The Group provide products and services including savings and time deposits, debit card payments, loans and advances, wealth management and is also engaged in the online consumer technology lending business by extending credit directly to borrowers through its direct-to-consumer lending services in Hong Kong.

The Bank’s registered office is 23rd Floor, K11 Atelier King’s Road, 728 King’s Road, Quarry Bay, Hong Kong.

The immediate holding company of the Bank is Welab Capital Limited, which is incorporated in Hong Kong. The intermediate holding company of the Bank is Welab Venture Business Limited, which is incorporated in the Cayman Islands. The ultimate holding company of the Bank is Welab Holdings Limited, which is incorporated in the British Virgin Islands.

2 Basis of preparation

The condensed consolidated interim financial statements have been prepared in compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The information set out in this Interim Report does not constitute statutory financial statements.

The preparation of the condensed consolidated interim financial statements in conformity with HKAS34 requires management to make judgements, estimates and assumptions that affect the application of accounting 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 consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Annual Report 2024.

These condensed consolidated interim financial statements should be read in conjunction with the Annual Report 2024, which has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They do not include all of the information required for a complete set of financial statements prepared in accordance with HKAS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The condensed consolidated interim financial statements are unaudited.

3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those described in the Group’s Annual Report 2024.

For the 6 months ended 30 June 2025, there were no new standards or amendments to standards that had a material effect on these condensed consolidated interim financial statements.

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

4 Compliance with the Banking (Disclosure) Rules

These condensed consolidated interim financial statements and Regulatory Disclosure Statement fulfill the disclosure requirements in accordance with the Banking (Disclosure) Rules.

5 Interest income and expense

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Interest income from:		
Loans and advances to customers	508,486	448,699
Balances and placements with banks	1,608	2,679
Financial investments	32,782	59,102
Others	406	744
	<hr/>	<hr/>
Interest income from financial assets not measured at fair value through profit or loss ("FVPL")	543,282	511,224
Interest expense on:		
Deposits from customers	(113,408)	(101,103)
Borrowings	—	(2,767)
Loan payables	—	(152,352)
	<hr/>	<hr/>
Interest expense from financial liabilities not measured at FVPL	(113,408)	(256,222)
	<hr/>	<hr/>
Net interest income	<u>429,874</u>	<u>255,002</u>

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

6 Net fee and commission income

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Fee and commission income	22,331	21,277
Less: Fee and commission expense	(4,345)	(3,555)
Net fee and commission income	<u>17,986</u>	<u>17,722</u>

7 Operating expenses

	Note	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Employee benefits			
– Salaries and other short-term employee benefits		95,026	95,710
– Pension		2,703	2,450
– Share-based compensation		2,303	20,208
Premises and equipment expenses excluding depreciation			
– Rental of other premises		124	98
– Others		1,785	2,603
Depreciation on property and equipment	15	906	4,498
Depreciation on right-of-use assets	16	7,246	8,764
Loss on disposal of property and equipment		104	–
Amortization of intangible assets	17	16,548	16,155
Auditor's remuneration			
– Statutory audit		1,295	1,122
– Other services		108	525
Software licensing and IT costs		63,426	58,795
Legal and professional fees		503	2,448
Other operating expenses		98,532	79,234
		<u>290,609</u>	<u>292,610</u>

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

8 Change in allowances for expected credit losses

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Loans and advances to customers	159,402	151,677
Balances with banks	(7)	35
Placements with banks	(4)	10
Financial investments	31	(6)
Other assets	(1,100)	(226)
Expected credit loss provision on loan commitments	(88)	123
	<u>158,234</u>	<u>151,613</u>

9 Income tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

	6 months ended 30 June 2025 HK\$'000	6 months ended 30 June 2024 HK\$'000 (Restated)
Current income tax	—	8,501
Deferred income tax	3,969	(4,994)
Income tax expense	<u>3,969</u>	<u>3,507</u>

10 Balances with banks

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Balances with central bank	306,308	367,513
Balances with banks	273,423	77,129
Less: Expected credit losses allowances	(88)	(95)
	<u>579,643</u>	<u>444,547</u>

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

11 Placements with banks

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Placements with banks with original maturity of three months or less when acquired	38,000	32,000
Placements with banks with an original maturity beyond three months but less than one year	–	36,000
Less: Expected credit losses allowances	(5)	(9)
	<u>37,995</u>	<u>67,991</u>

12 Financial investments

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
At amortized cost		
Bank and corporate debt securities	337,299	6,019
Less: Expected credit losses allowances	(25)	(31)
	<u>337,274</u>	<u>5,988</u>
At FVOCI		
Exchange fund bills	1,496,366	2,143,116
Treasury bills	517,157	62,061
	<u>2,013,523</u>	<u>2,205,177</u>
	<u>2,350,797</u>	<u>2,211,165</u>

Note: The financial investments with original maturity within three months amounting to HK\$2,097,030,000 (At 31 December 2024: HK\$2,205,177,000) as at 30 June 2025.

13 Loans and advances to customers

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Gross loans and advances to customers	5,551,559	5,462,770
Less: Expected credit losses allowances		
– Stage1	(169,872)	(180,647)
– Stage2	(24,704)	(27,069)
– Stage3	(70,007)	(52,770)
	<u>5,286,976</u>	<u>5,202,284</u>

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

14 Amounts due from/to group companies

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Amounts due from group companies		
Due from the ultimate holding company ¹	–	427
Due from the intermediate holding company ²	148	58
Due from the immediate holding company ³	64	36
	<u>212</u>	<u>521</u>
Amounts due to group companies		
Due to the ultimate holding company ⁴	151	925
Due to fellow subsidiaries ⁵	6,622	5,435
	<u>6,773</u>	<u>6,360</u>

Notes:

1. The amounts due from the ultimate holding company at 2024 year-end were unsecured, interest free, denominated or settled in HK\$ with no fixed repayment terms.
2. The amounts due from intermediate holding company are unsecured, interest free, denominated or settled in HK\$ with no fixed repayment terms.
3. The amounts due from immediate holding company are unsecured, interest free, denominated or settled in HK\$ with no fixed repayment terms.
4. The amounts due to ultimate holding company are unsecured, interest free, denominated or settled in HK\$ with no fixed repayment terms.
5. The amounts due to fellow subsidiaries are unsecured, interest free, denominated or settled in HK\$ with no fixed repayment terms.

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)
(Continued)

15 Property and equipment

	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 January 2024	21,897	28,991	1,653	52,541
Additions	—	542	—	542
Write-off	—	(7)	—	(7)
	<u>21,897</u>	<u>29,526</u>	<u>1,653</u>	<u>53,076</u>
At 31 December 2024	21,897	29,526	1,653	53,076
Accumulated depreciation				
At 1 January 2024	(17,588)	(24,673)	(524)	(42,785)
Charge for the year	(4,309)	(3,314)	(331)	(7,954)
Write-off	—	7	—	7
	<u>(21,897)</u>	<u>(27,980)</u>	<u>(855)</u>	<u>(50,732)</u>
At 31 December 2024	(21,897)	(27,980)	(855)	(50,732)
Net book value				
At 31 December 2024	<u>—</u>	<u>1,546</u>	<u>798</u>	<u>2,344</u>
Cost				
At 1 January 2025	21,897	29,526	1,653	53,076
Additions	—	—	—	—
Disposal	—	—	(1,653)	(1,653)
	<u>21,897</u>	<u>29,526</u>	<u>—</u>	<u>51,423</u>
At 30 June 2025	21,897	29,526	—	51,423
Accumulated depreciation				
At 1 January 2025	(21,897)	(27,980)	(855)	(50,732)
Charge for the period	—	(741)	(165)	(906)
Disposal	—	—	1,020	1,020
	<u>(21,897)</u>	<u>(28,721)</u>	<u>—</u>	<u>(50,618)</u>
At 30 June 2025	(21,897)	(28,721)	—	(50,618)
Net book value				
At 30 June 2025	<u>—</u>	<u>805</u>	<u>—</u>	<u>805</u>

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

16 Right-of-use assets

The Group has lease contracts for office premises with lease terms generally up to 4 years. Lease payments are agreed upfront except for renewal periods whereby the lease payments are subject to prevailing market rates. Extension options are currently not included in the lease term.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

	HK\$'000
At 1 January 2024	13,820
Additions	43,894
Depreciation	(14,065)
Reassessment	(752)
	<hr/>
At 31 December 2024 and 1 January 2025	42,897
Depreciation	(7,246)
	<hr/>
At 30 June 2025	35,651
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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

17 Intangible assets

The Group recognizes intangible assets which include separately acquired software developed with external third parties and fellow subsidiaries.

	HK\$'000
Cost	
At 1 January 2024	136,882
Additions	27,972
Disposal	(1,773)
	<hr/>
At 31 December 2024 and 1 January 2025	163,081
Additions	16,442
	<hr/>
At 30 June 2025	179,523
	<hr/> <hr/>
Accumulated amortization	
At 1 January 2024	69,804
Charge for the year	
– Amortization	31,457
Disposal	(1,773)
	<hr/>
At 31 December 2024 and 1 January 2025	99,488
Charge for the period	
– Amortization	16,548
	<hr/>
At 30 June 2025	116,036
	<hr/> <hr/>
Net book value	
At 31 December 2024	63,593
	<hr/> <hr/>
At 30 June 2025	63,487
	<hr/> <hr/>

WELAB BANK LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

18 Investment in subsidiaries

Particulars of the Bank's subsidiaries as at 30 June 2025 are set out below:

Company Name	Place of incorporation	Issued capital	Interest held	Principal activities
<i>Directly owned:</i>				
Welab Crest Limited	British Virgin Islands	US\$13,648,670	100%	Investment holding
<i>Indirectly owned:</i>				
Welend Limited	Hong Kong	HK\$410,000,000	100%	Money lending

19 Other assets

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Prepayments	86,395	105,210
Rental and other deposits	26,988	26,791
Other receivables	96,096	80,945
	<u>209,479</u>	<u>212,946</u>

20 Deposits from customers

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Savings accounts	861,411	536,404
Time deposits	6,440,455	6,330,644
	<u>7,301,866</u>	<u>6,867,048</u>

WELAB BANK LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

21 Other liabilities

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Accruals	71,190	106,538
Interest payables	40,577	71,013
Advance receipts from customers	52,811	41,503
Others	62,107	128,851
Expected credit loss provision on loan commitments	378	530
	<u>227,063</u>	<u>348,435</u>

22 Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2024	2,070,000,001	2,070,000
Issuance of shares	<u>775,000,000</u>	<u>775,000</u>
At 31 December 2024, 1 January 2025 and 30 June 2025	<u>2,845,000,001</u>	<u>2,845,000</u>

WELAB BANK LIMITED

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited) (Continued)

23 Off-balance sheet exposures

The following is a summary of the contractual amounts of loan commitments:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Loan commitments which are unconditionally cancellable	<u>254,261</u>	<u>457,855</u>

The loan commitments which are unconditionally cancellable represent the undrawn portion of the revolving credit facilities granted to customers.

24 Material related party transactions

There were no significant changes to the nature of the related party transactions described in 2024 Annual Report that have a material impact on the financial position or performance of the Group for the 6 months ended 30 June 2025. All related party transactions that took place in the 6 months ended 30 June 2025 were similar in nature to those disclosed in the 2024 Annual Report. Transactions between the Bank and its subsidiaries have been eliminated on consolidation.

25 Comparative figures

As a result of the application of the Hong Kong Accounting Guideline 5 (Revised) "Merger Accounting for Common Control Combinations", certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the period ended 30 June 2024.

26 Interim Report 2025 and statutory accounts

The information in this Interim Report 2025 is unaudited and does not constitute statutory accounts. The Interim Report 2025 was approved by the Board of Directors on 25 September 2025.