



WELAB BANK LIMITED

INTERIM REPORT 2026

WELAB BANK LIMITED

CONTENTS

	Pages
MANAGEMENT DISCUSSION AND ANALYSIS	3 – 5
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9 – 10
Notes to Condensed Consolidated Interim Financial Statements	11 – 24

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

Investing from Strength to Accelerate Future Growth

WeLab Bank delivered another period of strong revenue growth in the first half of 2026, revenue⁽ⁱ⁾ increasing 7.7% year-on-year to HK\$491.7 million, reflecting the scalability of our lending franchise and the broadening contribution of our deposit, wealth and foreign-currency businesses. As Hong Kong's AI-first digital bank, we continued to convert customer momentum into deeper, longer-lasting customer relationships and greater lifetime value while investing with discipline to extend our competitive advantage.

Lending delivered strong performance, with net interest income reaching HK\$465.9 million and annualized NIM remaining industry-leading at 10.2%. Interest expense decreased 10.3% year-on-year as the Bank deepened customer relationships, optimized its funding mix and continued to strengthen its deposit franchise. Gross fee and commission income was HK\$25.6 million, while wealth management and other fee-generating businesses offer significant potential to broaden the Bank's revenue base and support future growth.

The Bank continued to invest in AI capabilities, technology infrastructure, product innovation and customer growth opportunities during the period. These planned investments resulted in an adjusted loss after income tax of HK\$5.4 million for the first half of 2026, compared with an adjusted profit of HK\$4.3 million in the prior-year period. This result reflects a deliberate trade-off between growing revenue⁽ⁱ⁾ and customer activity and investing ahead of scale. These investments are front-loaded by design and consistent with our trajectory toward durable, full-cycle profitability. Key investment areas include AI capabilities, wealth and insurance distribution, stock trading, and e-commerce supply chain financing solutions, which are expected to broaden customer engagement and create future revenue streams. The Bank also increased investment across existing business lines, including higher marketing expenditure to further scale the franchise. Excluding approximately HK\$20.0 million of targeted growth investments, the Bank would have reported an adjusted profit of approximately HK\$14.6 million in the first half of 2026, demonstrating the earnings capacity of the underlying business.

Key Highlights – 1H 2026

Sustainable Revenue Growth:

- Revenue⁽ⁱ⁾ increased 7.7% year-on-year to HK\$491.7 million.
- Net interest income grew 8.4% year-on-year to HK\$465.9 million, maintaining an industry-leading net interest margin through disciplined pricing, effective funding management, and continued optimization of its asset mix.
- Gross fee and commission income was HK\$25.6 million. Wealth management and related fee-generating businesses represent an attractive growth opportunity for the Bank and are expected to contribute an increasing share of future revenue.

Resilient Asset Quality:

- Expected credit loss coverage remained prudent at approximately 4.9% of gross loans, providing a disciplined buffer against credit risk while the loan portfolio continued to grow.
- Stage 3 allowance ratio improved to 1.24% from 1.36% at the end of 2025.

WELAB BANK LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financials at a Glance

The tables below summarize the Bank's unaudited results for the six months ended 30 June 2026, with comparatives.

	1H 2026 HK\$'000	1H 2025 HK\$'000	YoY
Net interest income	465,877	429,874	8.4%
Revenue ⁽ⁱ⁾	491,743	456,685	7.7%
Adjusted operating expenses ⁽ⁱⁱ⁾	(312,728)	(288,306)	8.5%
Adjusted (loss)/profit after income tax ⁽ⁱⁱⁱ⁾	(5,367)	4,337	n.m. ⁽ⁱⁱⁱ⁾
	At 30 Jun 2026 HK\$'000	At 30 Jun 2025 HK\$'000	Change
Total assets	9,597,593	8,604,141	+11.5%
Gross loans and advances to customers	6,132,743	5,551,559	+10.5%
Deposits from customers	8,197,951	7,301,866	+12.3%

Building Diversified Growth Engines

Lending remains the foundation of the Bank's business model and continues to be the primary contributor to earnings and customer engagement. During the first half of 2026, gross loans and advances to customers grew to HK\$6.13 billion, an increase of 10.5% compared with HK\$5.55 billion as at 30 June 2025, while net interest income grew 8.4% year-on-year. This growth was achieved through disciplined risk selection, pricing optimization and continued enhancement of our proprietary credit capabilities.

Wealth Management is emerging as an increasingly important driver of customer value and revenue diversification. Our GoWealth platform continued to gain momentum during the period, with assets under management increased by 97% year-on-year. Growth was supported by broader product offerings, stronger customer participation in mutual funds and further enhancement of digital advisory capabilities.

Cross-Border Banking and Foreign Currency continued to meet customer demand for international travel, cross-border spending, and foreign currency exposure. Our WeLab Global Wallet Debit Card proposition continued to gain traction during the first half. Multi-currency deposit balances grew by 87% since year-end, driven by increasing customer adoption of the Bank as their primary platform for foreign exchange transactions and international spending.

Advancing the AI-Native Bank

Building on our strategic AI partnership with Google, the Bank continued to deploy generative AI and AI agents across customer journeys, risk management, and internal operations. During the period, we expanded the use of AI loan agents to support straight-through processing, accelerate decision-making and improve customer experience. We also broadened the use of AI-powered tools for personalized customer engagement, workflow automation and underwriting support.

WELAB BANK LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Capital Strength and Funding for Growth

The Bank remains well capitalized and highly liquid, providing a solid foundation for future expansion. As at 30 June 2026, total equity stood at HK\$1.05 billion while total capital ratio remained at approximately 19.7%, comfortably above regulatory requirements.

WeLab Group completed a US\$220 million strategic financing, the largest digital-banking capital raise in Asia in 2025 with participation from investors including Prudential, Fubon Bank, the Hong Kong Investment Corporation, Allianz X and HSBC. The funding strengthens the Group's capital position and supports continued investment in AI, product innovation and regional expansion.

Recognition & Momentum

The Bank continued to receive recognition for innovation, resilience, and responsible banking.

During the period, the Bank received the Cybersec Infohub Top Contributor Award 2025/2026 for cybersecurity leadership and was recognized by the Hong Kong Police Force for excellence in financial crime prevention and scam interception.

These achievements reflect our commitment to building a trusted digital bank that combines innovation with strong governance, security, and customer protection.

Outlook

The Bank enters the second half of 2026 with strong business momentum, diversified growth engines and an increasingly AI-native operating model.

Our priorities remain clear:

1. **Product Development & Revenue Growth:** bring the second half pipeline to market, the offerings developed during the first half, deepen everyday-banking relevance, drive sustainable income growth and increase fee contributions from wealth-management and foreign-currency offerings.
2. **Operational Efficiency:** Further embed AI across customer acquisition, servicing, underwriting, operations and decision-making to enhance efficiency and unlock long-term operating leverage.
3. **Balance Sheet Strength:** Maintain a diversified funding base, disciplined risk management and strong capital and liquidity positions while pursuing sustainable growth opportunities.

Notes:

- (i) *Revenue refers to operating income before changes in allowances for expected credit losses.*
- (ii) *WeLab Bank presents adjusted figures as an additional financial measure which excludes the impact of non-cash share-based compensation expenses as it does not affect the net assets and liabilities or equity position of WeLab Bank. WeLab Bank believes that this financial measure provides more relevant information for understanding and evaluating its consolidated results of operations. These figures are not required by nor presented in accordance with HKFRS Accounting Standard but are presented to supplement the condensed consolidated interim financial statements, which are presented in accordance with HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").*
- (iii) *Not meaningful.*

WELAB BANK LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited) FOR THE 6 MONTHS ENDED 30 JUNE 2026

	Note	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Interest income	5	567,629	543,282
Interest expense	5	(101,752)	(113,408)
Net interest income		465,877	429,874
Net fee and commission income	6	19,697	17,986
Other income		6,169	8,825
Operating income before change in allowance for expected credit losses		491,743	456,685
Change in allowances for expected credit losses	7	(187,005)	(158,234)
Operating income		304,738	298,451
Operating expenses	8	(319,174)	(290,609)
Operating (loss)/profit		(14,436)	7,842
Finance costs on lease liabilities		(1,208)	(1,839)
(Loss)/profit before income tax		(15,644)	6,003
Income tax	9	3,831	(3,969)
(Loss)/profit after income tax		(11,813)	2,034
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”)		(1,670)	281
– Cash flow hedge: net movement in the hedging reserve		1,234	–
Other comprehensive income, net of tax		(436)	281
Total comprehensive income		(12,249)	2,315

The notes on pages 11 to 24 form part of these unaudited condensed consolidated interim financial statements.

WELAB BANK LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited) AT 30 JUNE 2026

	Note	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Assets			
Balances with banks	10	625,761	615,003
Placements with banks	11	–	154,999
Financial investments	12	2,740,301	2,722,140
Derivative financial instruments		1,626	–
Loans and advances to customers	13	5,831,778	5,621,776
Amounts due from group companies	14	4,003	2,841
Property and equipment	15	2,750	1,480
Right-of-use assets	16	21,400	28,503
Intangible assets	17	56,669	53,756
Other assets	19	263,469	240,001
Deferred income tax assets		45,926	42,095
Tax recoverable		3,910	3,910
Total assets		9,597,593	9,486,504
Liabilities			
Deposits from customers	20	8,197,951	8,107,898
Lease liabilities		22,956	29,891
Other liabilities	21	302,548	290,352
Amounts due to group companies	14	19,374	15,796
Total liabilities		8,542,829	8,443,937
Equity			
Share capital	22	2,923,000	2,905,000
Reserves		(1,868,236)	(1,862,433)
Total equity		1,054,764	1,042,567
Total equity and liabilities		9,597,593	9,486,504

The notes on pages 11 to 24 form part of these unaudited condensed consolidated interim financial statements.

WELAB BANK LIMITED
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
FOR THE 6 MONTHS ENDED 30 JUNE 2026**

		Reserve					
	Share capital HK\$'000	Employee share-based payment reserve HK\$'000	FVOCI reserve HK\$'000	Hedging reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 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 and expiry of share awards	–	(4)	–	–	–	4	–
At 30 June 2025 and 1 July 2025	2,845,000	316,367	605	–	303,741	(2,432,764)	1,032,949
Issuance of shares (Note 22)	60,000	–	–	–	–	–	60,000
Loss for the period	–	–	–	–	–	(61,984)	(61,984)
Recognition of equity-settled share-based payment	–	10,588	–	–	–	–	10,588
Other comprehensive income	–	–	1,014	–	–	–	1,014
Forfeiture/lapse and expiry of share awards	–	(14,043)	–	–	–	14,043	–
At 31 December 2025 and 1 January 2026	2,905,000	312,912	1,619	–	303,741	(2,480,705)	1,042,567
Issuance of shares (Note 22)	18,000	–	–	–	–	–	18,000
Loss for the period	–	–	–	–	–	(11,813)	(11,813)
Recognition of equity-settled share-based payment	–	6,446	–	–	–	–	6,446
Other comprehensive income	–	–	(1,670)	1,234	–	–	(436)
At 30 June 2026	<u>2,923,000</u>	<u>319,358</u>	<u>(51)</u>	<u>1,234</u>	<u>303,741</u>	<u>(2,492,518)</u>	<u>1,054,764</u>

The notes on pages 11 to 24 form part of these unaudited condensed consolidated interim financial statements.

WELAB BANK LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited) FOR THE 6 MONTHS ENDED 30 JUNE 2026

	Note	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Cash flows from operating activities:			
(Loss)/profit before income tax		(15,644)	6,003
Adjustments:			
Depreciation on property and equipment	8	573	906
Depreciation of right-of-use assets	8	7,103	7,246
Amortization of intangible assets	8	14,238	16,548
Loss on disposal of property and equipment		—	104
Finance cost on lease liabilities		1,208	1,839
Exchange differences, net		(965)	(657)
Non-cash share-based expenses		6,446	2,303
Net changes on cash flow hedges reclassified to profit or loss		72	—
Change in allowances for expected credit losses	7	187,005	158,234
Changes in operating assets and liabilities			
Decrease in placements with banks with original maturity beyond three months		—	36,000
Increase in loans and advances to customers		(398,234)	(244,095)
(Increase)/decrease in amounts due from group companies		(1,626)	838
(Increase)/decrease in other assets		(21,859)	4,767
Increase in deposits from customers		83,508	432,100
Increase/(decrease) in other liabilities		11,305	(121,710)
Increase in amounts due to group companies		3,574	413
Net cash (used in)/generated from operating activities		<u>(123,296)</u>	<u>300,839</u>
Cash flows from investing activities:			
Purchase of property and equipment		(1,843)	—
Purchase of intangible assets		(17,151)	(16,442)
Proceeds from/(purchase of) financial investments		678,280	(247,281)
Net cash generated from/(used in) investing activities		<u>659,286</u>	<u>(263,723)</u>

WELAB BANK LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited) (Continued)
FOR THE 6 MONTHS ENDED 30 JUNE 2026

	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Cash flows from financing activities:		
Principal element of lease payment	(6,935)	(5,689)
Interest element of lease payment	(1,208)	(1,839)
Proceeds from the issuance of shares	18,000	—
Net cash generated from/(used in) financing activities	9,857	(7,528)
Net change in cash and cash equivalents	545,847	29,588
Cash and cash equivalents at the beginning of the period	1,668,948	2,681,819
Effect of foreign exchange rate changes on cash and cash equivalents, net	5,089	3,354
Cash and cash equivalents at the end of period	2,219,884	2,714,761
Analysis of balances of cash and cash equivalents		
Balances with banks	625,861	579,731
Placement with banks with original maturity within three months	—	38,000
Financial investments with original maturity within three months	1,594,023	2,097,030
	2,219,884	2,714,761
Cash flows from operating activities include:		
Interest received	564,017	533,239
Interest paid	(96,024)	(143,844)

The notes on pages 11 to 24 form part of these unaudited condensed consolidated interim financial statements.

WELAB BANK LIMITED

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 Bank together with its subsidiaries (collectively the “Group”) are principally engaged in the online consumer technology lending business by extending credit directly to borrowers through its direct-to-customer lending services and the provision of banking and related financial services as a digital bank 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 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 2025.

These condensed consolidated interim financial statements should be read in conjunction with the Annual Report 2025, which has been prepared in accordance with HKFRS Accounting Standards. They do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards. 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 2025, except for the accounting policy applicable to derivative financial instruments during the period.

The Group holds derivative financial instruments to manage interest rate risk exposure. Derivative financial instruments are initially and subsequently measured at fair value with changes therein recognized in other comprehensive income. The Group designates derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve within equity. The effective portion that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognized immediately in profit or loss.

WELAB BANK LIMITED

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

3 Accounting policies (Continued)

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through other comprehensive income to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognized in accordance with the above policy. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through other comprehensive income to profit or loss.

For the 6 months ended 30 June 2026, there were no new standards or amendments to standards that had a material effect on the condensed consolidated interim financial statements.

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 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Interest income from:		
Loans and advances to customers	529,109	508,486
Financial investments	36,617	32,782
Balances and placements with banks	1,557	1,608
Others	346	406
Interest income from financial assets not measured at fair value through profit or loss ("FVPL")	567,629	543,282
Interest expense on:		
Deposits from customers	(101,752)	(113,408)
Interest expense from financial liabilities not measured at FVPL	(101,752)	(113,408)
Net interest income	465,877	429,874

6 Net fee and commission income

	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Fee and commission income	25,645	22,331
Less: Fee and commission expense	(5,948)	(4,345)
Net fee and commission income	19,697	17,986

WELAB BANK LIMITED

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

7 Change in allowances for expected credit losses

	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Loans and advances to customers	188,232	159,402
Balances with banks	3	(7)
Placements with banks	(1)	(4)
Financial investments	3	31
Loan commitments	63	(88)
Other assets	(1,295)	(1,100)
	<u>187,005</u>	<u>158,234</u>

8 Operating expenses

	Note	6 months ended 30 June 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Employee benefits			
– Salaries and other short-term employee benefits		101,267	95,026
– Pension		2,641	2,703
– Share-based compensation		6,446	2,303
Premises and equipment expenses excluding depreciation			
– Rental of other premises		212	124
– Others		2,410	1,785
Depreciation on property and equipment	15	573	906
Depreciation on right-of-use assets	16	7,103	7,246
Loss on disposal of property and equipment		–	104
Amortization of intangible assets	17	14,238	16,548
Auditor's remuneration			
– Statutory audit		1,541	1,295
– Other services		–	108
Software licensing and technology costs		65,348	63,426
Legal and professional fees		1,154	503
Other operating expenses		<u>116,241</u>	<u>98,532</u>
		<u>319,174</u>	<u>290,609</u>

WELAB BANK LIMITED

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

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 2026 HK\$'000	6 months ended 30 June 2025 HK\$'000
Current income tax	—	—
Deferred income tax	(3,831)	3,969
Income tax (credit)/expense	<u>(3,831)</u>	<u>3,969</u>

10 Balances with banks

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Balances with central bank	292,951	302,805
Balances with banks	332,910	312,295
Less: Expected credit losses allowances	<u>(100)</u>	<u>(97)</u>
	<u>625,761</u>	<u>615,003</u>

11 Placements with banks

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Placements with banks with original maturity of three months or less when acquired	—	155,000
Less: Expected credit losses allowances	<u>—</u>	<u>(1)</u>
	<u>—</u>	<u>154,999</u>

WELAB BANK LIMITED

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

12 Financial investments

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
At amortized cost		
Sovereign, bank and corporate debt securities	191,449	255,386
Less: Expected credit losses allowances	(2)	(5)
	<u>191,447</u>	<u>255,381</u>
At FVOCI		
Sovereign debt securities	224,932	—
Exchange fund bills and notes	1,619,615	1,826,027
Treasury bills	704,307	640,732
	<u>2,548,854</u>	<u>2,466,759</u>
	<u>2,740,301</u>	<u>2,722,140</u>

Note: The financial investments with original maturity within three months amounting to HK\$1,594,023,000 (At 31 December 2025: HK\$898,848,000) as at 30 June 2026.

13 Loans and advances to customers

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Gross loans and advances to customers	6,132,743	5,921,965
Less: Expected credit losses allowances		
– Stage1	(188,891)	(180,830)
– Stage2	(35,855)	(38,786)
– Stage3	(76,219)	(80,573)
	<u>5,831,778</u>	<u>5,621,776</u>

WELAB BANK LIMITED

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

14 Amounts due from/to group companies

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Amounts due from group companies		
Due from ultimate holding company ¹	3,658	2,617
Due from intermediate holding company ²	245	154
Due from immediate holding company ³	100	70
	<u>4,003</u>	<u>2,841</u>
Amounts due to group companies		
Due to ultimate holding company ⁴	—	816
Due to fellow subsidiaries ⁵	19,374	14,980
	<u>19,374</u>	<u>15,796</u>

Notes:

1. The amounts due from ultimate holding company are unsecured, interest free and have no fixed repayment terms.
2. The amounts due from intermediate holding company are unsecured, interest free and have no fixed repayment terms.
3. The amounts due from immediate holding company are unsecured, interest free and have no fixed repayment terms.
4. The amounts due to ultimate holding company are unsecured, interest free and have no fixed repayment terms.
5. The amounts due to fellow subsidiaries are unsecured, interest free and have no fixed repayment terms.

WELAB BANK LIMITED

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

15 Property and equipment

	At 30 June 2026			
	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 January 2026	21,897	30,686	–	52,583
Additions	–	1,843	–	1,843
At 30 June 2026	21,897	32,529	–	54,426
Accumulated depreciation				
At 1 January 2026	(21,897)	(29,206)	–	(51,103)
Charge for the period	–	(573)	–	(573)
At 30 June 2026	(21,897)	(29,779)	–	(51,676)
Net book value				
At 30 June 2026	–	2,750	–	2,750
	At 31 December 2025			
	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 January 2025	21,897	29,526	1,653	53,076
Additions	–	1,160	–	1,160
Disposal	–	–	(1,653)	(1,653)
At 31 December 2025	21,897	30,686	–	52,583
Accumulated depreciation				
At 1 January 2025	(21,897)	(27,980)	(855)	(50,732)
Charge for the year	–	(1,226)	(165)	(1,391)
Disposal	–	–	1,020	1,020
At 31 December 2025	(21,897)	(29,206)	–	(51,103)
Net book value				
At 31 December 2025	–	1,480	–	1,480

WELAB BANK LIMITED

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 recognized and the movements during the period.

	HK\$'000
At 1 January 2025	42,897
Depreciation	<u>(14,394)</u>
At 31 December 2025 and 1 January 2026	28,503
Depreciation	<u>(7,103)</u>
At 30 June 2026	<u><u>21,400</u></u>

WELAB BANK LIMITED

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 2025	163,081
Additions	<u>20,265</u>
At 31 December 2025 and 1 January 2026	183,346
Additions	<u>17,151</u>
At 30 June 2026	<u><u>200,497</u></u>
Accumulated amortization	
At 1 January 2025	99,488
Charge for the period	
– Amortization	<u>30,102</u>
At 31 December 2025 and 1 January 2026	129,590
Charge for the period	
– Amortization	<u>14,238</u>
At 30 June 2026	<u><u>143,828</u></u>
Net book value	
At 31 December 2025	<u><u>53,756</u></u>
At 30 June 2026	<u><u>56,669</u></u>

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 2026 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 2026 HK\$'000	At 31 December 2025 HK\$'000
Prepayments	113,208	105,200
Rental and other deposits	26,970	26,836
Other receivables	123,291	107,965
	<u>263,469</u>	<u>240,001</u>

20 Deposits from customers

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Savings accounts	788,725	677,974
Time deposits	7,409,226	7,429,924
	<u>8,197,951</u>	<u>8,107,898</u>

WELAB BANK LIMITED

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

21 Other liabilities

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Accruals	78,641	116,409
Interest payables	68,509	62,781
Advance receipts from customers	50,343	49,479
Expected credit loss provision on loan commitments	635	572
Others	104,420	61,111
	<u>302,548</u>	<u>290,352</u>

22 Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2025	2,845,000,001	2,845,000
Issuance of shares	<u>60,000,000</u>	<u>60,000</u>
At 31 December 2025 and 1 January 2026	2,905,000,001	2,905,000
Issuance of shares (Note)	<u>18,000,000</u>	<u>18,000</u>
At 30 June 2026	<u>2,923,000,001</u>	<u>2,923,000</u>

Note: During the period, a total of 18,000,000 ordinary shares have been issued for a total consideration of HK\$18,000,000.

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

23 Fair value estimation

Valuation process

Valuation of financial assets and liabilities held at fair value are subject to a review independent of the business. For those financial assets and liabilities whose fair value is determined by reference to externally quoted prices, an assessment is made against external market data. Financial instruments held at fair value in the statement of financial position have been classified into a valuation hierarchy that reflects the significance of the inputs used in the fair value measurements.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

The fair values of other financial assets and liabilities are determined in accordance with generally accepted pricing models such as discounted cash flow analysis using observable and/or unobservable inputs.

In addition, for financial reporting purposes, fair value measurements are categorized into levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at 30 June 2026 and 31 December 2025, the Group's financial assets and liabilities are measured at amortized cost, except for financial assets at FVOCI and derivative financial instruments which have been measured at fair value. Based on management's estimation, the carrying amounts of these financial assets and liabilities approximate their fair values.

WELAB BANK LIMITED

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

23 Fair value estimation (Continued)

The following table provides an analysis of financial instruments carried at fair value:

As at 30 June 2026				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial investments measured at FVOCI	2,548,854	–	–	2,548,854
Derivatives financial instruments (Note)	–	1,626	–	1,626
	<u>2,548,854</u>	<u>1,626</u>	<u>–</u>	<u>2,550,480</u>
As at 31 December 2025				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial investments measured at FVOCI	2,466,759	–	–	2,466,759
	<u>2,466,759</u>	<u>–</u>	<u>–</u>	<u>2,466,759</u>

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

Note: During the period, the Bank entered into forward rate agreements (“FRAs”) with its ultimate holding company as part of its interest rate risk management strategy. The FRAs are designated as cash flow hedging instruments. As at 30 June 2026, the outstanding notional amount of the FRAs was HK\$1,800,000,000.

24 Off-balance sheet exposures

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

	At 30 June 2026 HK\$'000	At 31 December 2025 HK\$'000
Loan commitments which are unconditionally cancellable	<u>379,646</u>	<u>328,470</u>

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

WELAB BANK LIMITED

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

25 Material related party transactions

Except for the transactions disclosed in Note 23, there were no significant changes to the nature of the related party transactions described in the 2025 Annual Report that had a material impact on the financial position or performance of the Group during the six months ended 30 June 2026. Transactions between the Bank and its subsidiaries have been eliminated on consolidation.

26 Subsequent events

In July and August 2026, a total of 28,000,000 ordinary shares were issued by the Bank to Welab Capital Limited after the period end for a total consideration of HK\$28,000,000.

27 Interim Report 2026 and statutory accounts

The information in this Interim Report 2026 is unaudited and does not constitute statutory accounts. The Interim Report 2026 was approved by the Board of Directors on 17 September 2026.