

# Fusion Bank

**Fusion Bank Limited**

**REGULATORY DISCLOSURE  
STATEMENT**

30 June 2021

(UNAUDITED)



## **FUSION BANK LIMITED**

### **UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION** **For the six months ended 30 June 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Introduction	1
Template KM1: Key prudential ratios	2
Template OV1: Overview of risk-weighted assets	3
Template CC1: Composition of regulatory capital	5
Template CC2: Reconciliation of regulatory capital to balance sheet	11
Table CCA: Main features of regulatory capital instruments	12
Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer	13
Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure	13
Template LR2: Leverage ratio	14
Template CR1: Credit quality of exposures	15
Template CR2: Changes in defaulted loans and debt securities	15
Template CR3: Overview of recognized credit risk mitigation	16
Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach	17
Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach	18
Counterparty Credit risk	19
Securitization exposures	19
Template MR1: Market risk under STM approach	19
International Claims	20
Loans and advances to customers	21
Off-balance Sheet Exposures (other than derivative transactions)	21
Overdue and rescheduled assets	21
Other Assets	21
Repossessioned Assets	21
Currency Risk	22
Mainland Activities	23
Asset under security	24
Glossary	25

# **FUSION BANK LIMITED**

## **UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021**

### **Introduction**

#### **Purpose**

The information contained in this document is for Fusion Bank Limited (“the Bank”), and prepared in accordance with the Banking (Disclosure) Rules (“BDR”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

This banking disclosure is governed by the Bank’s disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the regulatory disclosure statement is not required to be externally audited, the document has been subject to independent review in accordance with the Bank’s disclosure policy.

The numbers in this document are expressed in thousands of Hong Kong Dollars, unless otherwise stated.

#### **Basis of preparation**

The capital adequacy ratio (“CAR”) was compiled in accordance with the Banking (Capital) Rules (“BCR”) issued by the HKMA. In calculating the risk weighted assets, the Bank adopted the Standardized (Credit Risk) Approach and the Standardized (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the alternative approach communicated to HKMA pursuant to section 340 of the BCR.

#### **Basis of consolidation**

As of 30 June 2021, the Bank has a subsidiary that is included in the accounting scope of consolidation but not included in the regulatory scope of consolidation. Shenzhen Fusion Information Technology Services Co. Ltd., as the subsidiary that provides IT service to the Bank, has total assets and total equity of HK\$ 8,506,000 and HK\$ 2,623,000 respectively.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE

The following templates for the Bank show the standard disclosure templates specified by the HKMA in relation to the Pillar 3 disclosure required under the Banking (Disclosure) Rules.

Other Pillar 3 templates or tables not disclosed below either are not applicable to the Bank or have no reportable amount for the period.

#### a. Template KM1: Key prudential ratios

		As at 30 June 2021	As at 31 March 2021	As at 31 December 2020	As at 30 September 2020	As at 30 June 2020
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000 <sup>2</sup>
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	533,830	440,272	536,014	613,140	
2	Tier 1	533,830	440,272	536,014	613,140	
3	Total capital	534,383	440,620	536,388	613,650	
	<b>RWA (amount)</b>					
4	Total RWA	419,467	611,985	651,072	483,484	
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	127.26%	71.9%	82.3%	126.8%	
6	Tier 1 ratio (%)	127.26%	71.9%	82.3%	126.8%	
7	Total capital ratio (%)	127.40%	72.0%	82.4%	126.9%	
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	
9	Countercyclical capital buffer requirement (%)	1.0%	1.0%	1.0%	1.0%	
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	
11	Total AI-specific CET1 buffer requirements (%)	3.5%	3.5%	3.5%	2.5%	
12	CET1 available after meeting the AI's minimum capital requirements (%)	115.40%	60.0%	70.4%	114.9%	
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	2,882,070	1,842,676	1,021,894	736,303	
14	LR (%)	18.52%	23.9%	52.5%	83.3%	
	<b>Liquidity Maintenance Ratio (LMR)</b>					
17a	LMR (%) <sup>1</sup>	293.4%	758.1%	780.6%	596.9%	

Note 1: The LMR disclosed above represent the arithmetic mean of the average LMR of the 3 calendar months within each quarter respectively. The Bank is not required, under the Banking (Liquidity) Rules, to calculate Liquidity Coverage Ratio, Net Stable Funding Ratio, and Core Funding Ratio for its liquidity risk.

Note 2: There is no comparative information available prior to 30 September 2020.

Increase in CET1 ratio, Tier 1 ratio, and Total Capital ratio was mainly due to increase in capital funding from shareholder and decrease in operational risk capital charge.

Decrease in LR was mainly due to the increase in customer deposits in the second quarter of 2021, resulting in a higher exposure measure.

Decrease in LMR was due to increase in customer deposits in the second quarter of 2021.

## **FUSION BANK LIMITED**

### **UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021**

#### **1. PILLAR 3 DISCLOSURE (CONTINUED)**

##### **b. Template OV1: Overview of risk-weighted assets (“RWA”)**

The capital adequacy ratios of the Bank were calculated in accordance with Banking (Capital) Rules of the Banking Ordinance. The Bank uses the following approaches to calculate its capital charge for:

- (a) credit risk: Standardised (Credit Risk) Approach (“STC approach”)
- (b) market risk: Standardised (Market Risk) Approach (“STM approach”); and
- (c) operational risk: Alternative to the Basic Indicator Approach (“BIA approach”) pursuant to Section 340 of the Banking (Capital) Rules.

The disclosure on minimum capital requirement is made by multiplying the Bank’s RWA derived from the relevant calculation approach by 8%, not the Bank’s actual “regulatory capital”.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### c. Template OV1: Overview of risk-weighted assets (continued)

		RWA		Minimum capital requirements
		As at 30 June 2021	As at 31 March 2021	As at 30 June 2021
		HKD'000	HKD'000	HKD'000
1	Credit risk for non-securitization exposures	351,554	274,284	28,124
2	Of which STC approach	351,554	274,284	28,124
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR approach	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	-	-	-
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	39,475	58,638	3,158
21	Of which STM approach	39,475	58,638	3,158
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	-	-	-
24	Operational risk	28,438	279,063	2,275
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	<b>Total</b>	<b>419,467</b>	<b>611,985</b>	<b>33,557</b>

Decrease in total RWA was due to drop in foreign currency exposure in market risk capital charge and drop in projected income used in calculation of operational risk capital charge.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### c. Template CC1: Composition of regulatory capital

		(a)	(b)
		Amount HKD'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,175,001	(1)
2	Retained earnings	(597,432)	(2)
3	Disclosed reserves	-	
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	<b>CET1 capital before regulatory deductions</b>	577,569	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	43,739	(3)
10	Deferred tax assets (net of associated deferred tax liabilities)	-	
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	-	

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### h. Template CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HKD'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	<b>Total regulatory deductions to CET1 capital</b>	43,739	
29	<b>CET1 capital</b>	533,830	
	<b>AT1 capital: instruments</b>		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	-	
	<b>AT1 capital: regulatory deductions</b>		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	533,830	
	<b>Tier 2 capital: instruments and provisions</b>		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	553	
51	<b>Tier 2 capital before regulatory deductions</b>	553	



# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### h. Template CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HKD'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>Tier 2 capital: regulatory deductions</b>		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	553	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	534,383	
60	<b>Total RWA</b>	419,467	
	<b>Capital ratios (as a percentage of RWA)</b>		
61	<b>CET1 capital ratio</b>	127.26%	
62	<b>Tier 1 capital ratio</b>	127.26%	
63	<b>Total capital ratio</b>	127.40%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	3.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	1%	
67	of which: higher loss absorbency requirement	0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	115.40%	
	<b>National minima (if different from Basel 3 minimum)</b>		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### h. Template CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HKD'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	-	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

Increase in CET1 capital was due to more capital funding received from the sole shareholder.

Decrease in Retained earnings was due to losses incurred in the first half of 2021.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### h. Template CC1: Composition of regulatory capital (continued)

##### Notes to the Template

	Description	Hong Kong basis	Basel III basis
	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	<b>43,739</b>	<b>43,739</b>
9	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	<b>-</b>	<b>-</b>
10	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	<b>-</b>	<b>-</b>
18	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	<b>-</b>	<b>-</b>
39	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### h. Template CC1: Composition of regulatory capital (continued)

Notes to the Template (continued)

	Description	Hong Kong basis	Basel III basis
	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	-
54	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### i. Template CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 30 June 2021	As at 30 June 2021	
<b>Assets</b>			
Cash and balances at central banks	1,154,295	1,154,295	
Placements with and advances to banks	809,479	808,042	
Investment assets at amortized cost	720,501	720,594	
Loans and advances to customers	1,190	1,190	
Prepaid expenses	18,614	16,634	
Other deposits and receivables	10,622	10,463	
Right-of-use assets	12,150	9,876	
Property, plant and equipment	63,285	63,285	
Intangible assets	43,739	43,739	(3)
Deferred tax assets	2,656	-	
Investment in subsidiary	-	11,685	
<b>Total assets</b>	<b>2,836,531</b>	<b>2,839,803</b>	
<b>Liabilities</b>			
Deposits from customers	1,736,538	1,736,538	
Amounts due to a fellow subsidiary	388,270	388,270	
Accruals	128,957	125,604	
Lease liabilities	14,259	11,822	
<b>Total liabilities</b>	<b>2,268,024</b>	<b>2,262,234</b>	
<b>Shareholders' equity</b>			
Paid-in share capital	1,175,001	1,175,001	
Of which: amount eligible for CET1	1,175,001	1,175,001	(1)
Of which: amount eligible for AT1	-	-	
Retained earnings	(606,494)	(597,432)	(2)
Accumulated other comprehensive income	-	-	
<b>Total shareholders' equity</b>	<b>568,507</b>	<b>577,569</b>	

As of 30 June 2021, increase in total assets and total liabilities was mainly driven by increase in customer deposits, resulting in larger balances placed with central bank and other banks.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### j. Table CCA: Main features of regulatory capital instruments

		Quantitative / qualitative information
1	Issuer	Fusion Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable
3	Governing law(s) of the instrument	Hong Kong Law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD1,175 million
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	1000 Shares 1 share: issued on 31 <sup>st</sup> Jul 2018 999 shares: issued on 1 <sup>st</sup> Aug 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

Information relating to the disclosure of the full terms and conditions of the Bank's capital instruments can be viewed on the website:  
<https://www.fusionbank.com/list.html?key=announcement>

**FUSION BANK LIMITED**

**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION**  
**For the six months ended 30 June 2021**

**1. PILLAR 3 DISCLOSURE (CONTINUED)**

**k. Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer**

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	1%	4,201		
2	Sum		4,201		
3	Total		4,201	1%	4,195

**l. Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure**

		(a)
	Item	Value under the LR framework (HKD'000 equivalent)
1	Total consolidated assets as per published financial statements	2,836,531
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	3,179
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	-
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	86,006
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments	(43,646)
8	<b>Leverage ratio exposure measure</b>	<b>2,882,070</b>

Increase in leverage ratio exposure measure was mainly due to increase in customer deposits over the quarter, which resulted in higher consolidated assets.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### m. Template LR2: Leverage Ratio

		As at 30 June 2021	As at 31 March 2021
		HKD'000	HKD'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	2,840,356	1,889,584
2	Less: Asset amounts deducted in determining Tier 1 capital	(43,739)	(46,571)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>2,796,617</b>	<b>1,843,013</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	1
5	Add-on amounts for PFE associated with all derivative contracts	-	4
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	<b>-</b>	<b>5</b>
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	<b>-</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	86,006	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	<b>Off-balance sheet items</b>	<b>86,006</b>	<b>-</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>533,830</b>	<b>440,272</b>
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>2,882,623</b>	<b>1,843,018</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>(553)</b>	<b>(342)</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>2,882,070</b>	<b>1,842,676</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>18.5%</b>	<b>23.9%</b>

Decrease in LR was mainly due to increase in customer deposits over the quarter, which resulted in a higher exposure measure.



**FUSION BANK LIMITED**

**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION**  
**For the six months ended 30 June 2021**

**1. PILLAR 3 DISCLOSURE (CONTINUED)**

**n. Template CR1: Credit qualities of exposures**

		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
As at 30 June 2021		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
1	Loans	-	1,201	(8)	-	(8)	-	1,193
2	Debt securities	-	720,746	(245)	-	(245)	-	720,501
3	Off-balance sheet exposures	-	86,006	-	-	-	-	86,006
4	<b>Total</b>	-	<b>807,953</b>	<b>(253)</b>	-	<b>(253)</b>	-	<b>807,700</b>

**o. Template CR2: Changes in defaulted loans and debt securities**

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as of 30 June 2021:

		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	-
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	<b>Defaulted loans and debt securities at end of the current reporting period</b>	-

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### p. Template CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognised Credit Risk Mitigation (“CRM”) as of 30 June 2021:

HKD'000		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	1,193	-	-	-	-
2	Debt securities	720,501	-	-	-	-
3	<b>Total</b>	721,694	-	-	-	-
4	Of which defaulted	-	-	-	-	-

Increase in credit exposures was mainly driven by increase in investments in EFBN and certificate of deposits.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### q. Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as of 30 June 2021:

HKD'000		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	1,704,279	-	1,704,279	-	-	0%
2	PSE exposures	-	-	-	-	-	0%
2a	Of which: domestic PSEs	-	-	-	-	-	0%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	978,878	86,006	978,878	86,006	239,033	22%
5	Securities firm exposures	-	-	-	-	-	0%
6	Corporate exposures	-	-	-	-	-	0%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	-	-	-	-	-	0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	1,193	-	1,193	-	901	76%
11	Residential mortgage loans	-	-	-	-	-	0%
12	Other exposures which are not past due exposures	111,620	-	111,620	-	111,620	100%
13	Past due exposures	-	-	-	-	-	0%
14	Significant exposures to commercial entities	-	-	-	-	-	0%
15	<b>Total</b>	<b>2,795,970</b>	<b>86,006</b>	<b>2,795,970</b>	<b>86,006</b>	<b>351,554</b>	<b>12%</b>

Increase in credit risk RWA was mainly due to increase in bank exposures, which was led by increase in deposits.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### r. Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

HKD'000

	Exposure class \ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	1,704,279	-	-	-	-	-	-	-	-	-	1,704,279
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	978,382	-	86,502	-	-	-	-	-	1,064,884
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	1,193	-	-	-	-	1,193
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	111,620	-	-	-	111,620
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>1,704,279</b>	<b>-</b>	<b>978,382</b>	<b>-</b>	<b>86,502</b>	<b>1,193</b>	<b>111,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,881,976</b>

Increase in credit exposures was mainly driven by the increase in investments in EFBN and certificate of deposits.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### s. Counterparty Credit risk

As of 30 June 2021 and 31 December 2020, the Bank does not have counterparty default risk exposure and credit-related derivative contracts.

#### t. Securitization exposures

As of 30 June 2021 and 31 December 2020, the Bank does not have any securitization exposures.

#### u. Template MR1: Market risk under STM approach

HKD'000		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	39,475
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	<b>Total</b>	<b>39,475</b>

Decrease in market risk RWA was mainly due to decrease in net CNY positions.

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### v. International Claims

The following illustrates the major country or geographical segment breakdown of international claims by types of counterparties which the Bank is required to disclose, of which constitute not less than 10% of the Bank's total international claims after taking into account any recognized risk transfer. International claims refers to the sum of the cross-border claims in all currencies and local claims in foreign currencies determined in accordance with the calculation methodology specified in completion instructions for the Return of International Banking Statistics (MA(BS)21A) and MA(BS)21B).

	Banks	Official Sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
June 30, 2021	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Developed Countries	217,934	-	-	-	217,934
Offshore Centres	230,940	-	-	-	230,940
of which: Hong Kong	145,571	-	-	-	145,571
Developing Asia and Pacific	341,879	-	-	613,185	955,064
of which: China	341,879	-	-	613,185	955,064

	Banks	Official Sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
December 31, 2020	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Developed Countries	97,157	-	-	-	97,157
Offshore Centres	309,695	107,674	-	34,243	451,612
of which: Hong Kong	309,695	107,674	-	34,243	451,612
Developing Asia and Pacific	387,820	-	-	426,482	814,302
of which: China	387,820	-	-	426,482	814,302

# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### w. Loans and advances to customers

The analysis of gross loans and advances to customers by industry sectors are based on the categories and definitions stated in the MA(BS)2A “Quarterly Analysis of Loans and Advances and Provisions”.

Sector classification	As at 30 June 2021	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral or other security
	HK\$'000	
Loans and advances for use in Hong Kong		
Individuals		
- Others	1,198	-
<b>Total</b>	<b>1,198</b>	<b>-</b>

There were no impaired nor overdue loans and advances as at 30 June 2021 (31 December 2020: nil). No specific provision was made as at 30 June 2021 (31 December 2020: nil). The collective provision provided as at 30 June 2021 was HKD 8,000 (31 December 2020: nil).

#### Geographical Areas

	Gross loans and advances to customers	Impaired loans and advances to customers	Overdue loans and advances to customers	Specific provisions	Collective provisions
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,198	-	-	-	(8)

There were no loans and advances to customers as of 31 December 2020.

#### x. Off-balance Sheet Exposures (other than derivative transactions)

The Bank engaged a forward-forward deposit with Shanghai Pudong Development Bank of HK\$ 86,006,000 with credit risk RWA of HK\$ 17,201,000 as at 30 June 2021 (31 December 2020: nil).

#### y. Overdue and rescheduled assets

There were no impaired nor overdue nor rescheduled assets, including loans and advances to customers, loans and advances to banks and other assets as at 30 June 2021 and 31 December 2020.

#### z. Other Assets

No other assets has been overdue as of 30 June 2021 and 31 December 2020.

#### aa. Repossessed Assets

The Bank does not hold any repossessed assets as of 30 June 2021 and 31 December 2020.

**FUSION BANK LIMITED****UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION  
For the six months ended 30 June 2021****1. PILLAR 3 DISCLOSURE (CONTINUED)****bb. Currency Risk**

The Bank is exposed to foreign exchange risk, primarily United States dollar (“USD”) and Chinese renminbi (“CNY”). The exposure is considered immaterial.

The Bank’s exposure to foreign currency risk at the end of the reporting period, expressed in Hong Kong dollar, was as follows:

**CURRENCY RISK**

	<b>CNY HKD'000</b>	<b>USD HKD'000</b>
<b>As at 30 June 2021</b>		
Spot Assets	318,156	403,590
Spot Liabilities	(290,370)	(391,374)
Forward Purchases	-	-
Forward Sales	-	-
Net long/(short) position	27,786	12,216
Structural Positions	11,685	-
	<b>CNY HKD'000</b>	<b>USD HKD'000</b>
<b>As at 31 December 2020</b>		
Spot Assets	81,096	53,918
Spot Liabilities	(27,420)	(17,541)
Forward Purchases	-	-
Forward Sales	-	-
Net long/(short) position	53,676	36,377
Structural Positions	8,687	-



# FUSION BANK LIMITED

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

### 1. PILLAR 3 DISCLOSURE (CONTINUED)

#### cc. Mainland Activities

The following illustrates the disclosure the Bank is required to make under the prevailing Return of Mainland Activities (MA(BS)20) in respect of its Non-bank Mainland China exposures.

<u>Type of counterparties</u>	As of 30 June 2021		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HKD'000	HKD'000	HKD'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	11,685	-	11,685
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	11,685	-	11,685

**FUSION BANK LIMITED**

**UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION**  
**For the six months ended 30 June 2021**

**1. PILLAR 3 DISCLOSURE (CONTINUED)**

**cc. Mainland Activities (continued)**

<u>Type of counterparties</u>	<b>As of 31 December 2020</b>		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HKD'000	HKD'000	HKD'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	8,687	-	8,687
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	8,687	-	8,687

**dd. Assets under security**

The Bank does not have any secured liabilities and assets used as security as of 30 June 2021 and 31 December 2020.

## FUSION BANK LIMITED

### UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION For the six months ended 30 June 2021

#### Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AT1	Additional Tier 1
BSC	Basic Approach
CCR	Counterparty Credit Risk
CCF	Credit Conversion Factor
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
EFBN	Exchange Fund Bills and Notes
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Banks
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMM	Internal Models Method
IRB	Internal Ratings-Based
JCCyB	Jurisdiction Countercyclical Buffer
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look-through Approach
MBA	Mandate-Based Approach
NSFR	Net Stable Funding Ratio
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk)
STM	Standardized (Market Risk)