

Fusion Bank

Fusion Bank Limited

**REGULATORY DISCLOSURE
STATEMENT**

**For the six months ended
30 June 2026**

(UNAUDITED)



FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

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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 (“the MA”).

This regulatory disclosure statement 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 (“HKD”), unless otherwise stated.

Basis of preparation

The capital adequacy ratio (“CAR”) was compiled in accordance with the Banking (Capital) Rules (“BCR”) of the Banking Ordinance. In calculating the risk-weighted assets (“RWA”), the Bank adopted the Standardized (Credit Risk) Approach (“STC approach”) and the Simplified Standardized Approach (“SSTM approach”) for credit risk and market risk respectively. For operational risk, the capital requirement is calculated under the standardized approach.

Basis of consolidation

As at 30 June 2026, 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., the subsidiary that provides IT service to the Bank, has total assets and total equity of HKD 9,343,000 and HKD 5,620,000 respectively.

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PILLAR 3 DISCLOSURE

The following templates for the Bank show the standard disclosure templates specified by the MA in relation to the Pillar 3 disclosure required under the BDR.

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

		(a)	(b)	(c)	(d)	(e)
		As at 30 June 2026	As at 31 March 2026	As at 31 December 2025	As at 30 September 2025	As at 30 June 2025
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	1,299,459	1,335,803	1,370,550	1,381,631	1,443,130
2 & 2a	Tier 1	1,299,459	1,335,803	1,370,550	1,381,631	1,443,130
3 & 3a	Total capital	1,335,651	1,363,504	1,392,402	1,392,453	1,453,532
	RWA (amount)					
4	Total RWA	6,767,304	5,975,008	5,071,036	4,442,192	3,749,952
4a	Total RWA (pre-floor)	6,767,304	5,975,008	5,071,036	4,442,192	3,749,952
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	19.2%	22.4%	27.0%	31.1%	38.5%
5b	CET1 ratio (%) (pre-floor ratio)	19.2%	22.4%	27.0%	31.1%	38.5%
6 & 6a	Tier 1 ratio (%)	19.2%	22.4%	27.0%	31.1%	38.5%
6b	Tier 1 ratio (%) (pre-floor ratio)	19.2%	22.4%	27.0%	31.1%	38.5%
7 & 7a	Total capital ratio (%)	19.7%	22.8%	27.5%	31.3%	38.8%
7b	Total capital ratio (%) (pre-floor ratio)	19.7%	22.8%	27.5%	31.3%	38.8%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.4%	0.4%	0.4%	0.4%	0.4%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	2.9%	2.9%	2.9%	2.9%	2.9%
12	CET1 available after meeting the AI's minimum capital requirements (%) ¹	11.7%	14.8%	19.5%	23.3%	30.8%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	19,019,564	17,519,684	16,262,306	14,167,803	12,005,059
13a	LR exposure measure based on mean values of gross assets of SFTs	18,856,812	17,519,684	16,262,306	14,167,803	12,005,059
14, 14a & 14b	LR (%)	6.8%	7.6%	8.4%	9.8%	12.0%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	6.9%	7.6%	8.4%	9.8%	12.0%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)			Not applicable		
16	Total net cash outflows			Not applicable		
17	LCR (%)			Not applicable		
	Applicable to category 2 institutions only:					
17a	LMR (%) ²	157.0%	181.2%	268.6%	247.5%	273.5%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institutions only:					
18	Total available stable funding			Not applicable		
19	Total required stable funding			Not applicable		
20	NSFR (%)			Not applicable		
	Applicable to category 2A institutions only:					
20a	CFR (%)			Not applicable		

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PILLAR 3 DISCLOSURE (CONTINUED)

a. Template KM1: Key Prudential Ratios (continued)

Note 1: CET1 available after meeting the AI's minimum capital requirements is calculated as the CET1 ratio less the sum of the 4.5% minimum CET1 requirement under BCR s3B and other CET1 capital required to meet the 8% minimum total capital requirements.

Note 2: 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 LCR, NSFR, and CFR for its liquidity risk.

An increase in total RWA (rows 4 & 4a) was driven by the growth in balance sheet, which has resulted from larger customer deposits. This also led to an increase in LR exposure (rows 13 & 13a).

Decrease in LMR (%) (row 17a) was mainly driven by an increase in qualifying liabilities as customer deposits maturing within 1 month increased during the period.

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PILLAR 3 DISCLOSURE (CONTINUED)

b. Template OV1: Overview of risk-weighted assets

The CAR of the Bank were calculated in accordance with the BCR. The Bank uses the following approaches to calculate its capital charge for:

- (a) credit risk: STC approach
- (b) market risk: SSTM approach; and
- (c) operational risk: standardized approach.

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".

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PILLAR 3 DISCLOSURE (CONTINUED)

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2026	As at 31 March 2026	As at 30 June 2026
		HKD'000	HKD'000	HKD'000
1	Credit risk for non-securitization exposures	6,398,523	5,689,801	511,882
2	Of which STC approach	6,398,523	5,689,801	511,882
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	-	-	-
5b	Of which specific risk-weight approach	-	-	-
5c	Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	-	-	-
6	Counterparty credit risk and default fund contributions	47,956	-	3,836
7	Of which SA-CCR approach	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
8a	Of which method for group 2b cryptoasset derivative contracts	-	-	-
9	Of which others	47,956	-	3,836
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	Not applicable		
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	53,625	42,494	4,290
13	CIS exposures – mandate-based approach	Not applicable		
14	CIS exposures – fall-back approach	Not applicable		
14a	CIS exposures – combination of approaches	Not applicable		
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	69,050	73,650	5,524
21	Of which STM approach	-	-	-
22	Of which IMA	-	-	-
22a	Of which SSTM approach	69,050	73,650	5,524
23	Capital charge for moving exposures between trading book and banking book	Not applicable		
24	Operational risk	198,150	169,063	15,852
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Output floor level applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	Not applicable		
28a	Deduction to RWA	-	-	-
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
29	Total	6,767,304	5,975,008	541,384

Increase in total RWA (row 29) was primarily attributed by a rise in credit risk RWA (rows 1, 2), which was mainly driven by the growth in customer loans during the period.

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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
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,600,001	(1)
2	Retained earnings	(2,317,452)	(2)
3	Disclosed reserves	26,989	
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	CET1 capital before regulatory deductions	1,309,538	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	10,079	(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	-	
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	Total regulatory deductions to CET1 capital	10,079	
29	CET1 capital	1,299,459	

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PILLAR 3 DISCLOSURE (CONTINUED)

c. 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
	AT1 capital: instruments		
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	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	AT1 capital before regulatory deductions	-	
	AT1 capital: regulatory deductions		
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	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	1,299,459	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
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)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	36,192	
51	Tier 2 capital before regulatory deductions	36,192	
	Tier 2 capital: regulatory deductions		
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 BCR §48(1)(g)	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	36,192	
59	Total regulatory capital (TC = T1 + T2)	1,335,651	
60	Total RWA	6,767,304	

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PILLAR 3 DISCLOSURE (CONTINUED)

c. 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
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	19.20%	
62	Tier 1 capital ratio	19.20%	
63	Total capital ratio	19.74%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.85%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.35%	
67	of which: higher loss absorbency requirement	0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.74%	
	National minima (if different from Basel 3 minimum)		
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
	Amounts below the thresholds for deduction (before risk weighting)		
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	-	
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
	Applicable caps on the inclusion of provisions in Tier 2 capital		
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	-	

Increase in total RWA (row 60) was primarily attributed by a rise in credit risk RWA which was mainly driven by the growth in customer loans.

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PILLAR 3 DISCLOSURE (CONTINUED)

c. Template CC1: Composition of regulatory capital (continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
	Other intangible assets (net of associated deferred tax liabilities)	10,079	10,079
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.		
	Deferred tax assets (net of associated deferred tax liabilities)	-	-
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.		
	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
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.		
	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
19	<u>Explanation</u> For the purpose of determining the total amount of significant 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 19 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 19 (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.		

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PILLAR 3 DISCLOSURE (CONTINUED)

c. Template CC1: Composition of regulatory capital (continued)

Notes to the Template (continued)

	Description	Hong Kong basis	Basel III basis
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)	-	-
	<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.		
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)	-	-
	<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

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

d. Template CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements As at 30 June 2026 HKD'000	Under regulatory scope of consolidation As at 30 June 2026 HKD'000	Cross reference to Template CC1 (b)
Assets			
Balances with central bank	235,651	235,651	
Placements with and advances to banks	1,913,722	1,908,651	
Financial investments measured at fair value through other comprehensive income ("FVOCI")	12,022,545	12,022,545	
Financial assets measured at fair value through profit or loss	319,863	319,863	
Loans and advances	4,211,421	4,211,421	
Prepaid expenses	14,792	14,576	
Other deposits and receivables	199,716	199,609	
Right-of-use assets	11,921	11,047	
Property, plant and equipment	13,532	11,814	
Intangible assets	10,079	10,079	(3)
Deferred tax assets	5	-	
Investment in subsidiary	-	11,685	
Total assets	18,953,247	18,956,941	
Liabilities			
Deposits from customers	16,831,509	16,831,509	
Repurchase agreements	237,625	237,625	
Accruals and other payables	566,946	565,518	
Lease liabilities	13,693	12,751	
Total liabilities	17,649,773	17,647,403	
Equity			
Share capital	3,600,001	3,600,001	
Of which: amount eligible for CET1	3,600,001	3,600,001	(1)
Of which: amount eligible for AT1	-	-	
Accumulated losses	(2,323,035)	(2,317,452)	(2)
Reserves	26,508	26,989	
Total equity	1,303,474	1,309,538	

As at 30 June 2026, increase in total assets and total liabilities was mainly driven by increase in customer deposits.

The increment in customer deposits led to increase in financial investments measured at FVOCI and loans and advances, offset by the decrease in balances with central banks. Other deposits and receivables increased was mainly due to an accounts receivable on unsettled redemption on debt securities.

On liabilities side, increase in accruals and other payables was mainly due to increment of debt securities unsettled purchase payables. Increase in repurchase agreements was mainly due to repurchase agreement transaction conducted during the period.

FUSION BANK LIMITED

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PILLAR 3 DISCLOSURE (CONTINUED)

e. Table CCA: Main features of regulatory capital instruments¹

		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	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 recognized in regulatory capital (currency in millions, as of most recent reporting date)	HKD3,600million
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	1000 Shares 1 share: issued on 31 st Jul 2018 999 shares: issued on 1 st 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	Not applicable
37	If yes, specify non-compliant features	Not applicable

¹ 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

REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

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

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
			HK\$'000		HK\$'000
1	Hong Kong SAR	0.5%	2,184,670		
2	Australia	1%	61		
3	Saudi Arabia	1%	1,788		
4	South Korea	1%	122,165		
5	Sum		2,308,684		
6	Total		3,464,010	0.35%	23,753

The geographical allocation of private sector credit exposures to the jurisdiction is determined based on the ultimate risk basis where the risk ultimately lies to the best of the knowledge and information obtained by the Bank.

Increase in RWA used in the computation of CCyB ratio was mainly driven by increase in marketable debt securities held.

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

		(a)
	Item	Value under the LR framework (HKD'000)
1	Total consolidated assets as per published financial statements	18,953,247
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	3,694
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	-
9	Adjustment for SFTs (i.e. repos and similar secured lending)	2,640
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	70,586
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(524)
12	Other adjustments	(10,079)
13	Leverage ratio exposure measure	19,019,564

Difference between the total balance sheet assets as reported in published financial statements and on-balance sheet exposures as stated in LR2 were mainly due to investments in subsidiaries that are consolidated for accounting purposes but outside the scope of regulatory consolidation and regulatory deduction.

Increase in total consolidated assets as per published financial statements (row 1) and leverage ratio exposure measure (row 13) was mainly due to the growth in balance sheet size which was driven by increase in customer deposits.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

h. Template LR2: Leverage Ratio

		(a)	(b)
		As at 30 June 2026	As at 31 March 2026
		HKD'000	HKD'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	18,766,726	17,514,005
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	-	-
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
4	Less: Adjustment for assets other than money received under SFTs that are recognized as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(46,923)	(36,445)
6	Less: Asset amounts deducted in determining Tier 1 capital	(10,079)	(11,681)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	18,709,724	17,465,879
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add-on amounts for PFE associated with all derivative contracts	-	-
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	-	-
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	237,138	-
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	2,640	-
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	239,778	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	705,862	542,163
20	Less: Adjustments for conversion to credit equivalent amounts	(635,276)	(487,947)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(524)	(411)
22	Off-balance sheet items (sum of rows 19 to 21)	70,062	53,805
Capital and total exposures			
23	Tier 1 capital	1,299,459	1,335,803
24	Total exposures (sum of rows 7, 13, 18 and 22)	19,019,564	17,519,684
Leverage ratio			
25 & 25a	Leverage ratio	6.8%	7.6%
26	Minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	Not applicable	
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables	74,386	-
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	237,138	-
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	18,856,812	17,519,684
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	6.9%	7.6%

For the key drivers of increase in on-balance sheet exposures (rows 1, 7) and increase in total exposures (rows 24, 30 & 30a), please refer to Template KM1 for details.

Increase in gross amount of SFT assets (row 14), total exposures arising from SFTs (row 18) and quarter-end value of gross amount of SFT assets (row 29) were mainly due to repurchase agreement transaction conducted during the period.

Increase in off-balance sheet exposure at gross notional amount (row 19) and adjustments for conversion to credit equivalent amounts (row 20) were mainly due to increase in undrawn loan commitment.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

i. Template CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on-and off-balance sheet exposures. Loans included loans and advances to customers and related accrued interest receivables.

An exposure is defined as defaulted if

1. loans are past due for more than 90 days; or
2. no payment of principal or interest of debt securities for more than 30 days when falling due; or
3. any evidence showing that it is credit-impaired and its future cash flows are adversely impacted.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		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 (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
As at 30 June 2026		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
1	Loans	30,597	4,227,597	46,773	11,255	35,518	-	4,211,421
2	Debt securities	-	12,022,545	-	-	-	-	12,022,545
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	Total	30,597	16,250,142	46,773	11,255	35,518	-	16,233,966

j. 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 2026:

		(a)
		Amount HKD'000
1	Defaulted loans and debt securities at end of the previous reporting period	14,118
2	Loans and debt securities that have defaulted since the last reporting period	25,532
3	Returned to non-defaulted status	(152)
4	Amounts written off	(5,168)
5	Other changes	(3,733)
6	Defaulted loans and debt securities at end of the current reporting period	30,597

Other changes included the repayment of defaulted loans before written off.

k. Template CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized Credit Risk Mitigation ("CRM") as at 30 June 2026:

		(a)	(b)	(c)	(d)	(e)
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	1,879,297	2,332,124	-	1,970,446	-
2	Debt securities	10,595,590	1,426,955	-	1,426,955	-
3	Total	12,474,887	3,759,079	-	3,397,401	-
4	Of which defaulted	111	19,231	-	19,231	-

The increase in credit risk exposures associated with loans (rows 1a, b, d) and debt securities (rows 2a, b, d) are primarily attributable to the growth in loans to non-individual customers and marketable debt securities which are mainly issued by banks and other financial institutions.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

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

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30 June 2026:

HKD'000		(a)	(b)	(c)	(d)	(e)	(f)
		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	1,226,536	-	3,196,982	-	19	0%
2	Public sector entity exposures	213,168	-	213,168	-	42,633	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	10,091,908	-	10,274,917	-	2,884,603	28%
4a	Qualifying non-bank financial institution exposures	234,867	-	250,543	-	125,272	50%
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	3,811,309	204,820	3,046,648	20,482	2,142,681	70%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	2,008,321	-	1,809,635	-	1,218,783	67%
6b	Specialized lending	-	-	-	-	-	-
7	Equity exposures	11,685	-	11,685	-	29,213	250%
7a	Significant capital investments in commercial entities	-	-	-	-	-	-
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	-	-	-	-	-
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	-
8	Retail exposures	2,789,170	501,042	1,403,931	50,104	1,090,526	75%
8a	Exposures arising from IPO financing	-	-	-	-	-	-

FUSION BANK LIMITED

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For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

I. Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (continued)

	HKD'000	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
9	Real estate exposures	-	-	-	-	-	-
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9g	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-
10	Defaulted exposures	19,342	-	111	-	166	150%
11	Other exposures	107,803	-	107,803	-	83,410	77%
11a	Cash and gold	43	-	43	-	-	0%
11b	Items in the process of clearing or settlement	156,836	-	156,836	-	-	0%
12	Total	18,662,667	705,862	18,662,667	70,586	6,398,523	34%

The sequence applied to both on-balance sheet and off-balance sheet exposures is: provisioning, credit risk mitigation measures, and CCFs.

The increase in total credit risk exposures (row 12) as at 30 June 2026 was mainly due to the following key drivers:

- Increase in total balance of marketable debt securities held leads to increases in bank exposures (row 4), qualifying non-bank financial institution exposures (row 4a) and general corporate exposures (row 6, 6a); on the other hand, decrease in the balance of Exchange Fund Bills and marketable debt securities issued by public sector entity leads to decrease in sovereign exposures (row 1) and public sector entity exposures (row 2).
- Increase in loans to non-individual customers results in increases in general corporate exposures (row 6) and retail exposures (row 8);
- Increase in items in the process of clearing or settlement (row 11b) due to debt securities redemption receivable in the process of settlement.
- The decrease in RWA density of other exposures (row 11 item f) was mainly due to certain exposures with lower risk weight.

FUSION BANK LIMITED

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For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

m. Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach

HKD'000

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)			
1	Sovereign exposures	3,196,888	94	-	-	-	-	3,196,982			
		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)			
2	Public sector entity exposures	-	213,168	-	-	-	-	213,168			
		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
3	Multilateral development bank exposures	-		-	-	-	-	-	-		
		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)			
3a	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-		
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
4	Bank exposures	3,935,827	5,360,539	-	978,551	-	-	-	-	10,274,917	
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
4a	Qualifying non-bank financial institution exposures	-	-	-	250,543	-	-	-	-	250,543	
		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)	
5	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-	
		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	275,836	-	481,213		1,417,148	725,912	167,021	-	-	3,067,130
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	90,395	-	354,903		1,364,337	-	-	-	-	1,809,635

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

m. Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

HKD'000

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	-	-	-	-	-	-	-	-	-
		100%		250%		400%		Other		Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures			11,685		-		-		11,685
		250%		400%		1250%		Other		Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities		-	-		-		-		-
		150%		250%		400%		Other		Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities		-	-		-		-		-
			150%			Other				Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates			-		-		-		-
		45%		75%		100%		Other		Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures		-	1,454,035		-		-		1,454,035
			0%			Other				Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing			-		-		-		-

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For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

m. Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

HKD'000

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9b	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9c	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9d	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9g	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9h	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9i	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9l	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9m	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9n	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9p	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

m. Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

HKD'000

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		-	111	-	111

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	77,312	-	30,491	107,803

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	43	-	-	43

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	156,836	-	-	156,836

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

m. Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

HKD'000

Exposure amounts and CCFs applied to off-balance sheet exposures, categorized based on risk bucket of converted exposures (STC version)

	Risk Weight*	(a)	(b)	(c)	(d)
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	13,169,722	-	0.0	13,169,722
2	40-70%	1,710,307	-	0.0	1,710,307
3	75%	2,821,079	501,042	0.1	2,871,183
4	85%	711,142	147,705	0.1	725,912
5	90- 100%	238,621	57,115	0.1	244,333
6	105-130%	-	-	0.0	-
7	150%	111	-	0.0	111
8	250%	11,685	-	0.0	11,685
9	400%	-	-	0.0	-
10	1250%	-	-	0.0	-
11	Total exposures	18,662,667	705,862		18,733,253
<i>Points to note:</i> * Weighting is based on off-balance sheet exposure (pre-CCF).					

The sequence applied to both on-balance sheet and off-balance sheet exposures is: provisioning, credit risk mitigation measures, and CCFs.

For the key drivers of increase in credit risk exposures amount, please refer to Template CR4 for details.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

n. Template CCR1: Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches

HKD'000		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	-	-		1.4	-	-
1a	CEM (for derivative contracts)	-	-		1.4	-	-
1b	Method for group 2b cryptoasset derivative contracts	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					239,778	47,956
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						47,956

Increase in CCR due to repurchase agreement transaction conducted during the period.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

o. Template CCR3: Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach

HKD'000		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
Exposure class	Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	239,778	-	-	-	-	-	-	-	-	239,778
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	Total	-	-	239,778	-	-	-	-	-	-	-	-	239,778

Increase in CCR due to repurchase agreement transaction conducted during the period.

FUSION BANK LIMITED
**REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026**
PILLAR 3 DISCLOSURE (CONTINUED)

p. Template CCR5: Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
HKD'000	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	237,138	-
Domestic sovereign debt	-	-	-	-	-	239,778
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	237,138	239,778

Increase in CCR due to repurchase agreement transaction conducted during the period.

q. Template CCR6: Credit-related derivatives contracts

As at 30 June 2026, the Bank does not have any credit-related derivatives contracts.

r. Template CCR8: Exposures to CCPs

As at 30 June 2026, the Bank does not have any exposures to CCPs.

s. Securitization exposures

As at 30 June 2026, the Bank does not have any securitization exposures.

t. Template MR3: Market risk under SSTM approach

		(a)	(b)	(c)	(d)
			Options		
HKD'000		Outright products	Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)	2,604	-	-	-
2	Equity exposures (general and specific risk)	-	-	-	-
3	Commodity exposures	-	-	-	-
4	Foreign exchange (including gold) exposures	2,920	-	-	-
5	Securitization exposures	-			
6	Group 2a cryptoasset exposures	-			-
7	Total	5,524	-	-	-

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

u. Template ENC: Asset encumbrance

	(a)	(c)	(d)
HKD'000	Encumbered assets	Unencumbered assets	Total
Financial assets	239,778	14,258,617	14,498,395
Loans and advances	-	4,211,421	4,211,421
Non-financial assets	-	247,125	247,125
Total assets	239,778	18,717,163	18,956,941

For the key drivers of movements, please refer to Template CC2 for details.

Increase in encumbered assets due to repurchase agreement transaction conducted during the period.

v. International Claims

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 the completion instructions for the Return of International Banking Statistics (MA(BS)29A and MA(BS)29B). Only major geographical segment constituting not less than 10% of the Bank's total international claims after taking into account any recognized risk transfer are disclosed.

	Banks HKD'000	Official Sector HKD'000	Non-bank private sector		Total HKD'000
			Non-bank financial institutions HKD'000	Non- financial private sector HKD'000	
As at 30 June 2026					
Developed Countries	3,670,928	-	-	-	3,670,928
Offshore Centres	732,857	394,209	529,509	98,568	1,755,143
Developing Asia and Pacific	4,713,205	94	270,405	3,886,993	8,870,697
of which: China	2,074,795	94	103,676	3,700,978	5,879,543

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

	As at 30 June 2026 HKD'000
Commitments that are unconditionally cancellable without prior notice	<u>705,862</u>
RWA	<u><u>55,845</u></u>

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

x. Loans and advances to customers

I. Sector Information

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”.

	Gross loans and advances to customers HKD'000	% of gross loans and advances to customers covered by collateral or other security
As at 30 June 2026		
<u>Industrial, commercial and financial</u>		
Property development	2,306	90%
Financial concerns	1,711	80%
Wholesale and retail trade	2,006,641	56%
Manufacturing	188,671	71%
Transport and transport equipment	186,457	75%
Recreational activities	6,054	80%
Information technology	94,344	65%
Others	678,751	74%
<u>Individuals</u>		
Others	846,300	0%
<u>Trade Finance</u>	235,884	0%
Gross loans and advances for use in Hong Kong	4,247,119	46%

The analysis of impaired loans and advances, overdue loans and advances, specific provisions and collective provisions for industry sectors which constitute not less than 10% of the Bank's total amount of loans and advances to customers are disclosed.

	Impaired loans and advances to customers HKD'000	Overdue loans and advances to customers HKD'000	Specific provisions HKD'000	Collective provisions HKD'000
As at 30 June 2026				
<u>Industrial, commercial and financial</u>				
Wholesale and retail trade	12,335	12,335	3,353	16,439
Others	11,091	11,091	3,065	5,242
<u>Individuals</u>				
Others	4,070	1,354	3,962	6,519

II. Geographical Areas

Loans and Advances are exposures of counterparties based on the location of the counterparties after taking into account any risk transfer. The risk transfers have been made if the loans and advances are guaranteed by a party in a geographical area which is different from that of the counterparty. Only major geographical segments constitute not less than 10% of the Bank's total amount of loans and advances to customers after taking into account any recognized risk transfer are disclosed.

	Gross loans and advances to customers HKD'000	Impaired loans and advances to customers HKD'000	Overdue loans and advances to customers HKD'000	Specific provisions HKD'000	Collective provisions HKD'000
As at 30 June 2026					
Hong Kong	4,247,086	28,893	26,177	10,715	35,373

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

x. Loans and advances to customers (continued)

III. Overdue loans and advances to customers

	Overdue loans and advances to customers HKD'000	% of gross loans and advances to customers
As at 30 June 2026		
Overdue more than 3 months but not more than 6 months	19,041	0.45%
Overdue more than 6 months but not more than one year	1,397	0.03%
Overdue more than one year	5,739	0.14%
	<u>26,177</u>	0.62%
Covered portion of overdue loans and advances to customers	21,347	
Uncovered portion of overdue loans and advances to customers	<u>4,830</u>	
	<u>26,177</u>	
Specific provisions in respect of loans and advances overdue for more than 3 months	<u>8,038</u>	

Covered portion of overdue loans and advances to customers represents the guaranteed amount under the SME Financing Guarantee Scheme administered by HKMC Insurance Limited.

IV. Rescheduled loans and advances

The rescheduled loans and advances to customers (excluding those which have been overdue for over three months and reported in section III above) are disclosed as follows:

	Rescheduled loans and advances to customers HKD'000	% of gross loans and advances to customers
As at 30 June 2026		
Rescheduled but not overdue	1,903	0.04%

FUSION BANK LIMITED**REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026****PILLAR 3 DISCLOSURE (CONTINUED)****y. Loans and advances to banks**

No loans and advances to banks have been overdue or rescheduled as at 30 June 2026.

z. Other Assets

HKD'000

As at 30 June 2026

Loan interest receivable

Overdue more than 3 months but not more than 6 months	810
Overdue more than 6 months but not more than one year	95
Overdue more than one year	778

aa. Rescheduled Assets

HKD'000

As at 30 June 2026

Loan interest receivable

Rescheduled but not overdue	18
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bb. Repossessed Assets

As at 30 June 2026, the Bank does not have any repossessed assets.

cc. Currency Risk

The Bank is exposed to foreign exchange risk, primarily United States dollar ("USD") and Chinese Renminbi ("RMB"). The exposure is considered immaterial.

The Bank's exposure to foreign currency risk, expressed in Hong Kong dollar("HKD"), was as follows:

As at 30 June 2026

	RMB	USD
	HKD'000	HKD'000
Spot Assets	1,049,689	6,722,504
Spot Liabilities	(1,045,762)	(5,325,248)
Forward Purchases	15,591	37,641
Forward Sales	(785)	(8,234)
Net long/(short) position	18,733	1,426,663
Structural Positions	11,685	-

The Bank's structural FX positions as at 30 June 2026 represents investment in a subsidiary denominated in RMB.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

PILLAR 3 DISCLOSURE (CONTINUED)

dd. Mainland Activities

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

Type of counterparties	As at 30 June 2026		Total
	On-balance sheet exposure	Off-balance sheet exposure	
	HKD'000	HKD'000	HKD'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures	15,676	-	15,676
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	299,824	-	299,824
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1,629,027	-	1,629,027
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	1,347,684	-	1,347,684
Total	3,292,211	-	3,292,211
Total assets after provision	19,020,808		
On-balance sheet exposures as percentage of total assets	17.31%		

ee. Assets under security

As at 30 June 2026, the Bank does not have any secured liabilities and assets used as security.

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AI	Authorized Institution
AT1	Additional Tier 1
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BI	Business Indicator
BSC	Basic
CAR	Capital Adequacy Ratio
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CUSIP	Committee on Uniform Securities Identification Procedures
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
DTA	Deferred Tax Asset
ECL	Expected Credit Loss
EL	Expected Loss
FBA	Fall-Back Approach
FVOCI	Fair value through other comprehensive income
G-SIB	Global Systemically Important Banks
HKD	Hong Kong Dollar
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMA	Internal Models Approach
IMM(CCR)	Internal Models (Counterparty Credit Risk)
IRB	Internal Ratings-Based
ISIN	International Securities Identification Number
JCCyB	Jurisdiction Countercyclical Capital Buffer
LAC	Loss-absorbing Capability
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
MSR	Mortgage Servicing Right
NSFR	Net Stable Funding Ratio

FUSION BANK LIMITED

REGULATORY DISCLOSURE STATEMENT For the six months ended 30 June 2026

Glossary (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
OBS	Off-balance Sheet
PFE	Potential Future Exposure
PRC	People's Republic of China
RMB	Chinese Renminbi
RW	Risk Weight
RWA	Risk Weighted Amount
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)
SSTM	Simplified Standardized
T1	Tier 1 Capital
T2	Tier 2 Capital
TC	Total Regulatory Capital
the Bank	Fusion Bank Limited
the MA	Hong Kong Monetary Authority
USD	United States Dollar