

Bank of Dongguan International Limited

INTERIM REPORT 2026

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

For the period ended 30 June 2026

(Expressed in Hong Kong dollars)

	Note	**6 months ended 30 Jun 2026 $'000**	6 months ended 30 Jun 2025 $'000
Interest income	3	35,797	12,065
Interest expense	3	(25,769)	(321)
Net Interest Income		**10,028**	11,744
Net fee and commission income	4	(529)	(873)
Net foreign exchange gain		411	(2)
Net gain from investment securities		368	–
Loss on disposal of fixed assets		(1)	–
Total operating income		**10,277**	10,869
Operating expenses	5	(73,490)	(47,153)
Operating profit before impairment losses		**(63,213)**	(36,284)
Allowance for ECL		(1,947)	(10)
Loss before taxation		**(65,160)**	(36,294)
Income tax	6	–	–
Loss for the period		**(65,160)**	(36,294)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Fair value change in debt instruments at fair value through other comprehensive income		(2,648)	–
– Allowance for ECL for debt instruments fair value through other comprehensive income		38	–
Total comprehensive income		(2,610)	–
Loss and total comprehensive income for the period		**(67,770)**	(36,294)

The accompanying notes form an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)

(Expressed in Hong Kong dollars)

	Note	**At 30 Jun 2026** **$'000**	At 31 Dec 2025 $'000
ASSETS			
Cash and balances with banks and central bank	7	226,659	247,290
Placement with banks	8	39,209	186,805
Loans and advances to customers	9	178,575	51,445
Investment securities	10	2,345,883	1,502,300
Property and equipment	11	33,302	44,071
Intangible assets	12	79,808	88,267
Other assets		39,385	37,498
Total assets		**2,942,821**	2,157,676
LIABILITIES			
Deposits from banks		1,288,788	856,986
Deposits from customers	13	936,566	541,383
Amount due to the ultimate holding company		6,954	7,459
Other payables and accruals		60,443	25,599
Lease liabilities	14	10,454	18,863
Total liabilities		**2,303,205**	1,450,290
CAPITAL AND RESERVES			
Share capital	15	1,000,000	1,000,000
Accumulated losses		(354,977)	(289,817)
Other reserve		(5,407)	(2,797)
TOTAL EQUITY		**639,616**	707,386
TOTAL EQUITY AND LIABILITIES		**2,942,821**	2,157,676

The accompanying notes form an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the period ended 30 June 2026

(Expressed in Hong Kong dollars)

	Note	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2025		**1,000,000**	**–**	**(166,267)**	**833,733**
Loss for the period		–	–	(36,294)	(36,294)
Other comprehensive income for the period		–	–	–	–
Total comprehensive income for the period		–	–	(36,294)	(36,294)
Balance at 30 June 2025 and 1 July 2025		**1,000,000**	**–**	**(202,561)**	**797,439**
Loss for the period		–	–	(87,256)	(87,256)
Other comprehensive income for the period		–	(2,797)	–	(2,797)
Total comprehensive income for the period		–	(2,797)	(87,256)	(90,053)
Balance at 31 December 2025 and 1 January 2026		**1,000,000**	**(2,797)**	**(289,817)**	**707,386**
Loss for the period		–	–	(65,160)	(65,160)
Other comprehensive income for the period		–	(2,610)	–	(2,610)
Total comprehensive income for the period		–	(2,610)	(65,160)	(67,770)
Balance at 30 June 2026		**1,000,000**	**(5,407)**	**(354,977)**	**639,616**

The accompanying notes form an integral part of these condensed interim financial statements.

CONDENSED CASH FLOW STATEMENT (unaudited)

For the period ended 30 June 2026

(Expressed in Hong Kong dollars)

	Note	**6 months ended 30 Jun 2026 $'000**	6 months ended 30 Jun 2025 $'000
Operating activities			
Loss before taxation		(65,160)	(36,294)
Adjustments for:			
Allowance for ECL		1,947	10
Interest income	3	(35,797)	(12,065)
Interest expense	3	25,611	–
Net foreign exchange gain		(411)	2
Depreciation of property and equipment	5(b)	11,839	10,705
Amortization of intangible assets	5(b)	9,172	–
Net gain from investment securities		(368)	–
Interest expense on lease liabilities	3	158	321
Loss on disposal of fixed assets		2	–
Operating cash flows before movements in working capital		(53,007)	(37,321)
Decrease/(increase) in other assets		1,020	(13,344)
Increase in loans and advances to customers		(129,042)	(110)
Decrease/(increase) in placement with banks		147,598	–
Increase in deposits from banks		431,802	–
Increase in deposits from customers		395,183	1,283
Decrease in other payables and accruals		(15,804)	(6,756)
Decrease in amount due to the ultimate holding company		(505)	–
Cash generated from/(used in) operations		777,245	(56,248)
Interest received		32,983	1
Interest paid		(9,830)	–
Net cash generated from/(used in) operating activities		800,398	(56,247)

CONDENSED CASH FLOW STATEMENT (unaudited)

For the period ended 30 June 2026

	Note	**6 months ended 30 Jun 2026 $'000**	6 months ended 30 Jun 2025 $'000
Investing activities			
Payment for purchase of property and equipment		(125)	(1,271)
Payment for purchase of intangible assets	12	(713)	–
Payment for purchase of investment securities		(1,341,209)	–
Proceeds from disposal and redemption of investment securities		530,214	–
Cash used in investing activities		(811,833)	(1,271)
Financing activities			
Interest element of lease rentals paid		(158)	(321)
Payment of principal portion of lease liabilities		(9,449)	(8,210)
Net cash used in financing activities		(9,607)	(8,531)
Net decrease in cash equivalents		(21,042)	(66,049)
Cash and Cash equivalents at beginning of period		247,290	767,558
Effects of exchange rate changes on cash and cash equivalents		411	(2)
Cash and Cash equivalents at end of period	7	226,659	701,507

The accompanying notes form an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General Information

Bank of Dongguan International Limited (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Basement, G/F, 1/F, 18-21/F, Bank of Dongguan Tower, 136 Des Voeux Road Central, Hong Kong.

The principal activities of the Bank are the provision of banking and related financial services.

The Bank's Interim Report should be read in conjunction with the Regulatory Disclosure Statement. The Bank's Interim Report and the Regulatory Disclosure Statement, taken together, comply with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance. The detailed disclosures required by the Banking (Disclosure) Rules are available in the section of Regulatory Disclosures on our website https://www.bodintl.com.

2 Basis of preparation

(a) Material accounting policies

The Interim Report for the period ended 30 June 2026 of the Bank have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed interim financial statements are presented in Hong Kong dollars and rounded to the nearest thousands, unless otherwise stated.

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Bank's audited financial statements for the year ended 31 December 2025, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards, HKASs and Interpretations (collectively "HKFRS Accounting Standards") except for the accounting policy changes that are expected to be reflected in 2026 annual financial statements. Details of any changes in the accounting policies are set out in note 2(b). The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2025.

The preparation of the condensed financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The critical accounting estimates and judgements made by management are the same as those disclosed in the audited financial statements for the year ended 31 December 2025.

The condensed interim financial statements contain condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Bank since the 2025 annual financial statements. The condensed financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed interim financial statements are unaudited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

2 Material accounting policies (Continued)

(b) Changes in accounting policies

The Bank has applied the following amendments for the first time for the current accounting period:

- Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial Instruments: Disclosures – Amendments to the classification and measurements of financial instruments*
- Annual improvements to HKFRS Accounting Standards – *Volume 11*

The amendments listed above did not have any material impact on this interim report for the current accounting period.

The Bank has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(c) Condensed interim financial statements and statutory financial statements

The financial information relating to the year ended 31 December 2025 that is included in the condensed interim financial statements for the six months ended 30 June 2026 as comparative information does not constitute the Bank's statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

As the Bank is a private company, the Bank is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Bank's auditor has reported on those financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

3 Net interest income

	6 months ended 30 Jun 2026 $'000	6 months ended 30 Jun 2025 $'000
Interest income		
Interest income calculated using the effective interest method		
– Due from central bank	7	–
– Due from banks	75	12,065
– Placements with banks	1,670	–
– Loans and advances to customers	2,249	–
– Investment securities	31,796	–
Total	35,797	12,065
Interest expense		
– Deposits from banks	(16,449)	–
– Deposits from customers	(9,162)	–
– Interest expense on lease liabilities	(158)	(321)
Total	(25,769)	(321)
Net interest income	10,028	11,744

4 Net fee and commission income

	6 months ended 30 Jun 2026 $'000	6 months ended 30 Jun 2025 $'000
Fee and commission income		
– Remittances	159	–
– Loans	153	–
– Account services	713	–
– Others	72	2
Total	1,097	2
Fee and commission expense	(1,626)	(875)
Net fee and commission income	(529)	(873)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

5 Operating expenses

		6 months ended 30 Jun 2026 $'000	6 months ended 30 Jun 2025 $'000
(a)	**Staff costs**		
	Salaries, wages and other benefits	38,326	25,060
	Retirement benefit	2,998	1,872
		41,324	26,932
(b)	**Other items**		
	Depreciation charge (note 11(a))		
	– right-of-use assets	7,181	7,096
	– leasehold improvement	2,333	2,418
	– electronic equipment	2,325	1,191
		11,839	10,705
	Amortization charge		
	– Intangible assets (note 12)	9,172	–
		21,011	10,705
	Other operating expenses	9,350	7,969
	Building management fee and rates	1,793	1,507
	Auditors' remuneration	12	40
		11,155	9,516
		32,166	20,221

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

6 Income tax in the statement of profit or loss and other comprehensive income

	6 months ended 30 Jun 2026 $'000	6 months ended 30 Jun 2025 $'000
Current income tax	–	–
Deferred income tax	–	–
Actual income tax in profit or loss	–	–

Hong Kong profits tax is calculated at 16.5% (2025: 16.5%) of the estimated assessable profits. No provision for Hong Kong profits tax has been made in the financial statements as the Bank has no estimated assessable profits for the period.

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7 Cash and balances with banks and central bank

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
– Cash in hand	5,265	2,397
– Balances with central bank	125,606	83,075
– Due from banks	95,788	161,818
	226,659	247,290
Less: Allowance for ECL at stage 1	–	–
Net cash and balances with banks and central bank	226,659	247,290

8 Placement with banks

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
Gross placements with banks with originally maturity		
– On or less than 3 months	39,209	186,807
– more than 3 months or less than 12 months	–	–
	39,209	186,807
Less: Allowance for ECL at stage 1	–	(2)
Net placements with banks	39,209	186,805

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

9 Loans and advances to customers

(a) Loans and advances to customers

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
Gross loans and advances to customers	180,551	51,509
Less: Allowance for ECL		
– Stage 1 ECL	(1,976)	(64)
Total	178,575	51,445

10 Investment securities

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
Debt securities at fair value through other comprehensive income		
– at level 1	–	–
– at level 2	2,345,883	1,502,300
– at level 3	–	–
Total	2,345,883	1,502,300
Issued by:		
– Sovereigns	159,380	89,759
– Public Sector Entities	127,106	138,647
– Banks	1,595,164	995,391
– Corporates	464,233	278,503
Total	2,345,883	1,502,300

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

11 Property and equipment

(a) Reconciliation of carrying amount

	Right-of-use assets $'000	Electronic equipment $'000	Leasehold improvement $'000	Total $'000
Cost:				
At 1 January 2026	**70,766**	**23,037**	**25,639**	**119,442**
Others	–	(44)	(49)	(93)
Additions	1,040	125	–	1,165
Reclassifications	–	1,338	(1,338)	–
Write-off	(927)	(4)	–	(931)
At 30 June 2026	70,879	24,452	24,252	119,583
Accumulated depreciation:				
At 1 January 2026	**(54,260)**	**(6,952)**	**(14,159)**	**(75,371)**
Write-off	927	2	–	929
Others	–	–	–	–
Reclassifications	–	(717)	717	–
Charge for the period (note 5(b))	(7,181)	(2,325)	(2,333)	(11,839)
At 30 June 2026	(60,514)	(9,992)	(15,775)	(86,281)
Net book value:				
At 30 June 2026	10,365	14,460	8,477	33,302

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

11 Property and equipment (Continued)

(a) Reconciliation of carrying amount (Continued)

	Right-of-use assets $'000	Electronic equipment $'000	Leasehold improvement $'000	Total $'000
Cost:				
At 1 January 2025	70,254	10,756	24,175	105,185
Others	152	(131)	–	21
Additions	360	2,432	1,464	4,256
Transfer from other assets	–	9,980	–	9,980
At 31 December 2025	70,766	23,037	25,639	119,442
Accumulated depreciation:				
At 1 January 2025	(39,889)	(3,707)	(9,267)	(52,863)
Others	–	44	–	44
Charge for the year	(14,371)	(3,289)	(4,892)	(22,552)
At 31 December 2025	(54,260)	(6,952)	(14,159)	(75,371)
Net book value:				
At 31 December 2025	16,506	16,085	11,480	44,071

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
Properties leased for own use, carried at depreciated cost	9,987	16,212
Equipment, carried at depreciated cost	378	294
	10,365	16,506

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

11 Property and equipment (Continued)

(b) Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 30 Jun 2026	At 30 Jun 2025
	$'000	$'000
Depreciation charge of right-of-use assets by class of underlying asset (note 5(b))		
Properties leased for own use	7,093	7,059
Equipment	88	37
	7,181	7,096
Interest on lease liabilities	158	321

12 Intangible assets

	2026	2025
	$'000	$'000
Cost:		
At 1 January	91,287	–
Additions	713	62,618
Transfer from other assets	–	28,669
At 30 June 2026 / 31 December 2025	92,000	91,287
Accumulated amortisation:		
At 1 January	3,020	–
Amortisation charge for the period / year (note 5(b))	9,172	3,020
At 30 June 2026 / 31 December 2025	12,192	3,020
Net book value:		
At 30 June 2026 / 31 December 2025	79,808	88,267

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

13 Deposits from customers

	At 30 Jun 2026 $'000	At 31 Dec 2025 $'000
Current and saving accounts	261,402	66,274
Time deposits	674,237	475,109
Others	927	–
	936,566	541,383

14 Lease liabilities

The following table shows the remaining contractual maturities of the Bank's lease liabilities at the end of the current period and prior reporting period:

	At 30 Jun 2026		At 31 Dec 2025	
	Present value of the minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within 1 year	9,799	9,889	16,019	16,231
After 1 year but within 2 years	460	472	2,797	2,802
After 2 years but within 5 years	195	197	47	47
After 5 years	–	–	–	–
	655	669	2,844	2,849
	10,454	10,558	18,863	19,080
Less: total future interest expenses		(104)		(217)
Present value of lease liabilities		10,454		18,863

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

15 Share capital

(a) Components of the Bank's capital

The opening and closing balances of each component of the Bank's equity and a reconciliation between these amounts are set out in the statement of changes in equity.

(b) Issued share capital

	At 30 Jun 2026		At 31 Dec 2025	
	No. of shares	**$'000**	No. of shares	$'000
Ordinary shares, issued:				
At 30 June 2026 and 31 December 2025	1,000,000,000	1,000,000	1,000,000,000	1,000,000

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Bank do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

16 Material related party transactions

(a) Transactions with other related parties

During the period, the Bank entered into the following material related party transactions:

Balances of asset and liabilities with the ultimate holding company at 30 June 2026 & 31 December 2025 are set out below:

	At 30 Jun 2026	At 31 Dec 2025
	$'000	$'000
Placement with ultimate holding company	–	62,269
Deposits from ultimate holding company	1,169,044	856,986
Amount due to ultimate holding company	6,954	7,459

Income and expenses from transactions with the ultimate holding company during the period are set out below:

	6 months ended	6 months ended
	30 Jun 2026	30 Jun 2025
	$'000	$'000
Interest expense to ultimate holding company	15,929	–
Interest income from ultimate holding company	180	12,065

17 Approval of interim financial statements

The interim financial statements was approved and authorised for issued by the Board of Directors on 18 August 2026.