

Bank of Dongguan International Limited

REGULATORY DISCLOSURE STATEMENT

For the year ended 31 December 2025

(unaudited)

Bank of Dongguan International Limited
REGULATORY DISCLOSURE STATEMENT (Unaudited)

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A. Introduction

Purpose

The information contained in this document is for Bank of Dongguan International Limited ("the Bank") and is prepared in accordance with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

These banking disclosures are governed by the Bank's disclosure policy, which has been approved by the Board. 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 policies.

Basis of preparation

The Bank's Regulatory Disclosure Statement at 31 December 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR, including those under the Basel III final reform package which took effect on 1 January 2025, issued by the HKMA.

The approaches used in calculating the Bank's regulatory capital and risk-weighted assets ("RWA") are in accordance with the Banking (Capital) Rules ("BCR"). The Bank uses the standardized (credit risk) approach to calculate its credit risk for its non-securitization exposures. For counterparty credit risk, the Bank uses the standardized (counterparty credit risk) approach to calculate its default risk exposures and uses the standardized CVA approach to calculate the credit valuation adjustment ("CVA") risk capital charge. For market risk, the Bank uses the simplified standardized approach to calculate its market risk capital charge. For operational risk, the Bank uses the standardized approach to calculate its operational risk capital charge.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Relevant information can be found in the Regulatory Disclosures section of our website, <https://www.bodintl.com>

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B. Key prudential ratios

Template KM1: Key prudential ratios

The key prudential ratios and the comparative figures as at each reporting date are set out as below.

		(a)	(b)
		2025	2025
HK\$'000		31 Dec	30 Sep
	Regulatory capital (amount)		
1 & 1a	Common Equity Tier 1 (CET1)	619,119	718,112
2 & 2a	Tier 1	619,119	718,112
3 & 3a	Total capital	619,186	718,121
	RWA (amount)		
4	Total RWA	803,767	572,950
4a	Total RWA (pre-floor)	803,767	572,950
	Risk-based regulatory capital ratios (as a percentage of RWA)		
5 & 5a	CET1 ratio (%)	77.03%	125.34%
5b	CET1 ratio (%) (pre-floor ratio)	77.03%	125.34%
6 & 6a	Tier 1 ratio (%)	77.03%	125.34%
6b	Tier 1 ratio (%) (pre-floor ratio)	77.03%	125.34%
7 & 7a	Total capital ratio (%)	77.04%	125.34%
7b	Total capital ratio (%) (pre-floor ratio)	77.04%	125.34%
	Additional CET1 buffer requirements (as a percentage of RWA)		
8	Capital conservation buffer requirement (%)	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.387%	0.5%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.887%	3.0%
12	CET1 available after meeting the AI's minimum capital requirements (%)	66.54%	114.84%
	Basel III leverage ratio		
13	Total leverage ratio (LR) exposure measure	2,069,459	1,294,497
13a	LR exposure measure based on mean values of gross assets of SFTs	2,069,459	1,294,497
14, 14a & 14b	LR (%)	29.92%	55.47%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	29.92%	55.47%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)		
	Applicable to category 1 institution only:		
15	Total high quality liquid assets (HQLA)	N/A	N/A
16	Total net cash outflows	N/A	N/A
17	LCR (%)	N/A	N/A
	Applicable to category 2 institution only:		
17a	LMR (%) ¹	1,145.27%	11,218.25%

¹ The LMR disclosed above represent the arithmetic mean of the average value of its LMR for each calendar month within the quarter.

B. Key prudential ratios (continued)

Template KM1: Key prudential ratios (continued)

		(a)	(b)
		2025 31 Dec	2025 30 Sep
HK\$'000			
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)		
	Applicable to category 1 institution only:		
18	Total available stable funding	N/A	N/A
19	Total required stable funding	N/A	N/A
20	NSFR (%)	N/A	N/A
	Applicable to category 2A institution only:		
20a	CFR (%)	N/A	N/A

C. Overview of risk management and Risk-Weighted Amount (“RWA”)

Table OVA: Overview of risk management

The Bank's overall risk management framework focuses on identifying risks inherent from its business and managing the risks within the acceptable level as defined by the Bank's risk appetite for achieving its strategic objectives.

The Bank's risk governance structure covers 3 layers: the Board Directors and its specialized committees, the senior management and its specialized committees, the three lines of defence risk management functions.

The Bank has also put in place appropriate internal control systems to promote an appropriate internal control environment. During the year ended 2025 the Bank has fully complied with various key regulatory requirements, i.e. the CET 1 capital ratio, tier 1 capital ratio, total capital ratio, leverage ratio and liquidity maintenance ratio (“LMR”).

Risk Governance

In accordance with the Bank's corporate governance principles in respect of risk management, the Board is the highest authority of the Bank with ultimate responsibility for risk management. The Board has primary responsibility for formulating overall risk appetites, strategies and core risk management policies. The Board delegates Risk Committee (“RC”) which reinforces the Board and management's oversight in the risk management structure, process and policies. The Risk Management and Internal Control Committee (“RICC”), a functional committee for the Bank's risk oversight and perform review of risk limits, policies and procedures on a regular basis. The Risk Management Department is responsible for the Bank's risk management, including day-to-day independent monitoring the risk profile and compliance of management policies and limits of the Bank, ensuring that the aggregate risks are within acceptable levels.

Risk Management and Reporting Systems

The risk management process and management information reporting systems are in place to ensure material risks of the Bank are properly identified, measured, monitored and reported in different level of governance committee. Appropriate methodologies/techniques are adopted to support business development under Board approved risk appetite, together with evolving regulatory standards. Risk management systems of specific risk types are introduced, including policies with risk metrics and applicable limits are properly documented to ascertain compliance of internal and regulatory requirements.

C. Overview of risk management and Risk-Weighted Amount (“RWA”) (Continued)

Table OVA: Overview of risk management (continued)

Credit Risk

Credit risk is the risk of loss caused by borrower or counterparty who fails to fulfil its contractual obligations. It arises principally in loans and advances and debt securities in the Bank’s asset portfolio. Credit risk also exists in off-balance sheet financial arrangements such as loan commitments.

The Bank has established a set of credit risk management policies and procedures, and credit risk limits to manage and control credit risk that may arise. These policies, procedures and credit risk limits are regularly reviewed and updated to align with the business strategy and risk appetite.

Market Risk (including IRRBB)

Market risk is the risk of loss on assets and liabilities arising from adverse movement of market rates and prices. The Bank’s market risk is associated with its positions in trading and non-trading investment book. Currently, the Bank has minimal trading book business, while non-trading treasury book has debt securities held for investment purpose and surplus fund management. The Bank’s market risk exposure mainly arises from currency risk and interest rate risk.

The Bank operates its business by adopting a moderate market risk appetite to achieve a balance between risk and return. The objective of market risk management is to effectively manage its market risk originated from business activities and optimise capital allocation, which is commensurate with the Bank’s overall risk appetite and strategy.

Interest rate risk in the banking book (“IRRBB”) refers to impact to the Bank’s capital and earning arising from adverse movements in interest rates that affect the Bank’s banking book positions. The risk arises from the mismatches of repricing frequency of banking book assets and liabilities.

Liquidity Risk

Liquidity risk is the risk that the Bank may not be able to maintain sufficient funding to meet its financial obligations as they fall due. This may be caused by market disruption or liquidity squeeze whereby the Bank may only unwind specific exposures at significantly discounted values. The Bank adopts a prudent risk appetite in setting liquidity risk tolerance. Risk appetite is set in the form of liquidity risk limit and metrics.

C. Overview of risk management and Risk-Weighted Amount (“RWA”) (Continued)

Table OVA: Overview of risk management (continued)

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Since operational risk is inherent in all products, activities, processes, and systems, the Bank has developed, implemented, and maintained a robust operational risk management framework to ensure the operational risks are consistently and comprehensively identified, assessed, mitigated, controlled, monitored, and reported.

The Risk and Internal Control Committee is responsible for ensuring the effective implementation of the operational risk framework, conducting regular review of the operational risk management policy requiring the Board's approval. The Bank adopts a three line of defence model in its management of operational risk.

Stress Testing

Stress tests would be conducted regularly or on the basis of selective stressed scenarios with full consideration of the correlation of key risk factors associated with the Bank. It shall be done when there is an anticipation of a downturn in an industry or the overall economy, liquidity squeezes and adverse market developments or interest rate trends.

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C. Overview of risk management and Risk-Weighted Amount (“RWA”) (Continued)

Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31 December 2025 and 30 September 2025 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Dec 2025 HK\$'000	30 Sep 2025 HK\$'000	31 Dec 2025 HK\$'000
1	Credit risk for non-securitization exposures	699,204	470,087	55,936
2	Of which STC approach	699,204	470,087	55,936
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	-	-	-
6	Counterparty credit 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	N/A	N/A	N/A
12	Collective investment scheme (“CIS”) exposures – look-through approach / third-party approach	-	-	-
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
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	3,475	1,775	278
21	Of which STM approach	-	-	-
22	Of which IMA	-	-	-
22a	Of which SSTM approach	3,475	1,775	278
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A
24	Operational risk	101,088	101,088	8,087
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)	-	-	-

C. Overview of risk management and Risk-Weighted Amount (“RWA”) (Continued)

Template OV1: Overview of RWA (Continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Dec 2025 HK\$'000	30 Sep 2025 HK\$'000	31 Dec 2025 HK\$'000
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
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	803,767	572,950	64,301

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D. Linkages between financial statements and regulatory exposures

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following table shows the differences between the carrying values as reported in the Bank's financial statements as at 31 December 2025 following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

	As at 31 Dec 2025						(g)
	HK\$'000						
	(a)	(b)	(c)	(d)	(e)	(f)	
Carrying values as reported in published financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items					not subject to capital requirements or subject to deduction from capital
		subject to credit risk framework	subject to counterparty credit risk framework	subject to securitization framework	subject to market risk framework		
Assets							
Cash and balances with banks and central bank	247,290	247,290	-	-	-	-	-
Placement with banks	186,805	186,805	-	-	-	-	-
Loans and advances to customers	51,445	51,445	-	-	-	-	-
Investment securities	1,502,300	1,502,300	-	-	-	-	-
Property and equipment	44,071	44,071	-	-	-	-	-
Intangible asset	88,267	-	-	-	-	-	88,267
Other assets	37,498	37,498	-	-	-	-	-
Total assets	2,157,676	2,069,409	-	-	-	-	88,267

D. Linkages between financial statements and regulatory exposures (Continued)

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)

	As at 31 Dec 2025 HK\$'000						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statement	Carrying values under scope of regulatory consolidation	Carrying values of items				not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to securitization framework	subject to market risk framework	
Liabilities							
Deposits from Banks	856,986		-	-	-	-	856,986
Amount due to the ultimate holding company	7,459		-	-	-	-	7,459
Deposits from customers	541,383		-	-	-	-	541,383
Lease liabilities	18,863		-	-	-	-	18,863
Other payables and accruals	25,599		-	-	-	-	25,599
Total liabilities	1,450,290		-	-	-	-	1,450,290

D. Linkages between financial statements and regulatory exposures (Continued)

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following tables shows the main sources of differences between the carrying values in financial statements as at 31 December 2025 and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation:

		As at 31 Dec 2025 HK\$'000					
		(a)	(b)	(c)	(d)	(e)	(f)
		Total	Items subject to:				not subject to capital requirements or subject to deduction from capital
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework*	
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	2,157,676	2,069,409	-	-	-	88,267
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	2,157,676	2,069,409	-	-	-	88,267
4	Off-balance sheet amounts	500	50	-	-	-	-
5	<i>Differences due to consideration of provisions</i>	-	66	-	-	-	-
6	<i>Differences due to potential exposure for counterparty credit risk</i>	-	-	-	-	-	-
7	Exposure amounts considered for regulatory purposes	2,158,176	2,069,525	-	-	-	88,267

D. Linkages between financial statements and regulatory exposures (Continued)

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

(1) Templates LI1

Column (a) and (b) in template LI1 is identical as the Bank does not have any subsidiary.

(2) Template LI2

The differences between accounting values and amounts considered for regulatory purposes are mainly attributable to the difference in the reporting treatment for impairment allowances and off- balance sheet exposures for accounting and regulatory reporting purposes.

- The on-balance sheet exposure presented represents the carrying value after netting the impairment allowances, whereas for regulatory reporting, the exposure amount reported represents the carrying value after netting Stage 3 impairment allowances, but before deducting Stage 1 and Stage 2 impairment allowances.
- For regulatory reporting purposes, counterparty credit risk exposures consist of both the current exposures, and the potential exposures which are derived by applying the CCF to the notional amount of the contracts. The notional amount of the contracts is the amount of an off-balance sheet item adopted for financial reporting.

(3) Systems and controls to ensure that the valuation estimates are prudent and reliable

The Bank has established a governance structure and control framework for its fair value practices as performed by independent control units.

The control units have responsibility for the overall valuation process, including independent verification of valuation results from business activities and all other significant fair value measurements. Other specific controls include verification of observable inputs; valuation model review and validation; analysis and investigation of significant daily valuation movements; review of significant unobservable inputs and determine applicable valuation adjustments.

The Bank adopts various methodologies for valuation, which can be generally categorised into marking-to-market and marking-to-model approach. Marking-to-market approach refers to adopting readily available and observable market quotes for valuation. In case the market quotations are not available, alternative valuation techniques, including benchmarking or marking-to-model (e.g. discount cash flow, and option pricing model) will be employed. From fair value principle perspective, the Bank should maximize the use of readily available market quote for valuation purpose.

D. Linkages between financial statements and regulatory exposures (Continued)

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

(Continued)

– Derivatives

The fair value of forward exchange contracts is estimated either using broker quotes or by discounting future cash flows. Future cash flows are estimated based on management's best estimates of the amount it would receive or pay to terminate the contract at the end of reporting period taking into account current market conditions and the current credit worthiness of the counterparties. The discount rate used is a market rate for a similar instrument at the end of reporting period.

– Debt securities

Debt securities are valued based on quoted market prices from an exchange or dealer price quotation, where available.

D. Linkages between financial statements and regulatory exposures (Continued)

Template PV1: Prudent valuation adjustments

The breakdown of constituent elements of valuation adjustment is set out as below.

		As at 31 Dec 2025 HK\$'000							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	Mid-market value	-	-	-	-	-	-	-	-
3	Close-out costs	-	-	-	-	-	-	-	-
4	Concentration	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	Total adjustments	-	-	-	-	-	-	-	-

Prudent valuation adjustments (“PVA”) are made for financial instruments accounted for at fair value for the purpose of determining capital requirements, regardless of whether they are booked in the trading book or banking book and whether they are marked-to-market or marked-to-model. The Bank applies prudence and make appropriate adjustments to address valuation uncertainties when it arises. There was no valuation adjustment as at 31 December 2025.

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E. Composition of capital

Capital adequacy ratios were calculated in accordance with the Capital Rules issued by the HKMA. The Bank does not have any subsidiary.

Template CC1: Composition of regulatory capital

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,000,000	[6]
2	Retained earnings	(289,817)	[7]
3	Disclosed reserves	(2,797)	[8]
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	707,386	
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)	88,267	[4]
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

E. Composition of capital (continued)

Template CC1: Composition of regulatory capital (continued)

As at 31 December 2025		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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 Bank 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	88,267	
29	CET1 capital	619,119	
	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)	619,119	
	Tier 2 capital: instruments and provisions		

E. Composition of capital (continued)

Template CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
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	67	[5] - [1] - [2] - [3]
51	Tier 2 capital before regulatory deductions	67	
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)	67	
59	Total regulatory capital (TC = T1 + T2)	619,186	
60	Total RWA	803,767	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	77.03%	
62	Tier 1 capital ratio	77.03%	
63	Total capital ratio	77.04%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.887%	

Bank of Dongguan International Limited
REGULATORY DISCLOSURE STATEMENT (Unaudited)

E. Composition of capital (continued)

Template CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.387%	
67	of which: higher loss absorbency requirement		
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	66.54%	
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	41,649	
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)	67	
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	8,740	
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	-	

E. Composition of capital (Continued)

Template CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis (HK\$'000)	Basel III basis (HK\$'000)
9	Other intangible assets (net of associated deferred tax liabilities)	88,267	88,267
	<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.		
10	Deferred tax assets (net of associated deferred tax liabilities)	-	-
	<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.		
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)	-	-
	<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 Bank 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.		

E. Composition of capital (continued)

Template CC1: Composition of regulatory capital (continued)

	Description	Hong Kong basis (HK\$'000)	Basel III basis (HK\$'000)
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)	-	-
	<p><u>Explanation</u></p> <p>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 Bank 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.</p>		
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)	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
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)	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
<p>Remarks:</p> <p>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.</p>			

E. Composition of capital (Continued)

Template CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements (as at 31 Dec 2025) HK\$'000	Under regulatory scope of consolidation (as at 31 Dec 2025) HK\$'000	Reference
Assets			
Cash and balances with banks and central bank	247,290	247,290	
<i>Of which: collective provision eligible for inclusion in Tier 2 capital</i>		-	[1]
Placement with banks	186,805	186,805	
<i>Of which: collective provision eligible for inclusion in Tier 2 capital</i>		(2)	[2]
Loan and advances to customers	51,445	51,445	
<i>Of which: collective provision eligible for inclusion in Tier 2 capital</i>		(64)	[3]
Investment securities	1,502,300	1,502,300	
Property and equipment	44,071	44,071	
Intangible asset	88,267	88,267	[4]
Other assets	37,498	37,498	
Total assets	2,157,676	2,157,676	
Liabilities			
Deposits from Banks	856,986	856,986	
Amount due to the ultimate holding company	7,459	7,459	
Deposits from customers	541,383	541,383	
Other payables and accruals	25,599	25,599	
<i>Of which: collective provision eligible for inclusion in Tier 2 capital</i>		1	[5]
Lease liabilities	18,863	18,863	
Total liabilities	1,450,290	1,450,290	
Shareholders' equity			
Share capital	1,000,000	1,000,000	
<i>Of which: amount eligible for CET1</i>		1,000,000	[6]
Accumulated losses	(289,817)	(289,817)	[7]
Other reserve	(2,797)	(2,797)	[8]
<i>Of which: Regulatory reserve for general banking risks</i>	-	-	
Total shareholders' equity	707,386	707,386	
Total equity and liabilities	2,157,676	2,157,676	

Bank of Dongguan International Limited
REGULATORY DISCLOSURE STATEMENT (Unaudited)

E. Composition of capital (Continued)

Table CCA: Main features of regulatory capital instruments

1	Issuer	Bank of Dongguan International Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	N/A
5	Basel III rules	N/A
6	Eligible at solo / group / solo and group	Solo
7	Instrument type	Ordinary shares
8	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	HKD1,000 million (as of 31 December 2025)
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	19-Aug-2021
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	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
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	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Bank of Dongguan International Limited
REGULATORY DISCLOSURE STATEMENT (Unaudited)

F. Leverage Ratio

Template LR2: Leverage Ratio

The detailed composition of the Bank's leverage ratio as at 31 December 2025 and 30 September 2025 is set out below.

		(a)	(b)
		HK\$'000	
		31 Dec 2025	30 Sep 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	2,157,742	1,336,100
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 securities 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	(66)	(5)
6	Less: Asset amounts deducted in determining Tier 1 capital	(88,267)	(41,698)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	2,069,409	1,294,397
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	-	-
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	500	1,000
20	Less: Adjustments for conversion to credit equivalent amounts	(450)	(900)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	-	-

F. Leverage Ratio (continued)

Template LR2: Leverage Ratio (continued)

		(a)	(b)
		HK\$'000	
		31 Dec 2025	30 Sep 2025
22	Off-balance sheet items (sum of rows 19 to 21)	50	100
Capital and total exposures			
23	Tier 1 capital	619,119	718,112
24	Total exposures (sum of rows 7, 13, 18 and 22)	2,069,459	1,294,497
Leverage ratio			
25 & 25a	Leverage ratio	29.92%	55.47%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
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	-	-
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)	2,069,459	1,294,497
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)	29.92%	55.47%

F. Leverage Ratio (Continued)

Template LR1: Summary comparison of accounting assets against leverage ratio

("LR") exposure measure

The reconciliation between the leverage exposure measure and the assets per the published financial statements of the Bank as at 31 December 2025 is set out below.

		As at 31 Dec 2025
		(a)
Item		Value under the LR framework HK\$'000
1	Total consolidated assets as per published financial statements	2,157,676
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	Adjustment for securitised 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)	-
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	50
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	-
12	Other adjustments	(88,267)
13	Leverage ratio exposure measure	2,069,459

G. Countercyclical Capital Buffer Ratio

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)

The following table set out the Countercyclical Capital Buffer Ratio of the Bank and the geographical breakdown of risk-weighted amounts in relation to private sector credit exposures as at 31 December 2025:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio HK\$'000	AI-specific CCyB ratio (%)	CCyB amount HK\$'000
1	Hong Kong SAR	0.500%	172,512		
	Sum		172,512		
	Total (including jurisdictions with zero JCCyB ratio)		222,850	0.387%	3,111

H. Credit Risk for non-securitization exposures

Table CRA: General information about credit risk

Credit risk arises from the possibility that a customer or counterparty in a transaction may default. Such risk may arise from the principally in loans and advances and investment securities undertaken by the Bank.

In managing its risk profile, the Bank has established a set of credit risk management policies and procedures, and credit risk limits to manage and control credit risk that may arise. These policies, procedures and credit risk limits are regularly reviewed and updated to align with the business strategy and risk appetite. It also takes into account the requirements of the Hong Kong Banking Ordinance and the recommendations on best practices, large exposures and provision requirements issued by the Hong Kong Monetary Authority.

The Board of Directors has delegated credit approval authorities to the Chief Executive who sub-delegated the same to the Chief Risk Officer. All credit facilities are approved within the delegated credit approval authorities. Credit exposures, limits and asset quality are monitored regularly by management and committees.

The Bank manages its credit risk within its approved framework by evaluating the creditworthiness of customer or counterparty, setting credit limits for customer groups and countries, and obtaining collaterals where appropriate. In evaluating the credit risk associated with an individual customer or counterparty, loan purpose, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining guarantees or acceptable collaterals from the customer or counterparty. Actual credit limits and exposures and asset quality are regularly monitored and controlled by management.

Credit risk control limits are set at different levels and dimensions. The Board approves the core control limits and delegates the Risk Management and Internal Control Committee to approve the detailed control limits. Risks, return and market conditions are considered in the limits setting. Active limit monitoring processes is undertaken.

H. Credit Risk for non-securitization exposures (Continued)

Table CRA: General information about credit risk (Continued)

Compliance reviews are conducted by an independent unit on an ongoing basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practices. The internal audit function of the Bank is an independent appraisal function set up with the primary objective of evaluating the internal control system to ensure the effective governance and risk management, compliance with laws and regulation, supervisory guidelines, market codes and standards as well as internal control policies.

Specific policies and measures to address different kinds of credit related activities are set out below:

Corporate credit risk

In addition to the credit underwriting standards, the principal means of managing credit risk is the credit approval process. The Bank has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. The Bank has approved limits for exposures to borrower and group of borrowers, regardless of whether the exposure is in the form of funded or non-funded basis, secured or clean basis. The Bank also has a control and monitoring process that ensures the proper level of review and approval depending on the size and type of the facility and risk grading of the counterparty.

Credit-related commitments

The risks involved in credit-related commitments and contingent liabilities are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collaterals requirements as for customers applying for loans.

H. Credit Risk for non-securitization exposures (Continued)

Table CRA: General information about credit risk (Continued)

Concentration of credit risk

Concentration of credit risk exists when financial exposures to particular types of assets, single counterparty and groups of linked counterparties, counterparties in specific economic or geographic, types of lending with similar characteristics whose aggregate exposure with a potential to incur losses that are sufficient to threaten the Bank's capital strength, earnings or undermine public confidence. The Bank is vigilant about credit risk concentration and has been setting various limits and established control systems to manage and guard against concentration risk.

Template CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on-and off-balance sheet exposures as at 31 December 2025:

		HK\$'000						
		(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		
1	Loans	-	484,061	66	-	66	-	483,995
2	Debt securities	-	1,512,767	-	-	-	-	1,512,767
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	Total	-	1,996,828	66	-	66	-	1,996,762

A default is considered to have occurred with regard to a particular borrower when either or both of the following events have taken place:

- a) Subjective default: Borrower is considered to be unlikely to pay its credit obligations in full, without taking action such as realising security (if held).
- b) Technical default: Borrower is more than 90 days past due on any credit obligation.

H. Credit Risk for non-securitization exposures (Continued)

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 the reductions in the defaulted exposures due to write-offs as 31 December 2025 respectively:

		(a)
		Amount HK'000
1	Defaulted loans and debt securities at end of the previous reporting (30 June 2025)	-
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	Defaulted loans and debt securities at end of the current reporting period (31 December 2025)	-

Table CRB: Additional disclosure related to credit quality of exposures

(1) Qualitative disclosures

The Bank adopts the following loan classifications following the Supervisory Policy Manual ("SPM") of HKMA:

Category	Definition
Pass	Loans where borrowers are current in meeting commitments and full repayment of interest and principal is not in doubt
Special Mention	Loans where borrowers are experiencing difficulties which may threaten the institution's position.
Substandard	Loans where borrowers are displaying a definable weakness that is likely to jeopardise repayment.
Doubtful	Loans where collection in full is improbable and the institution expects to sustain a loss of principal and/or interest after taking account of the net realisable value of security.
Loss	Loans which are considered uncollectible after exhausting all collection efforts such as realisation of collateral, institution of legal proceedings, etc.

H. Credit Risk for non-securitization exposures (Continued)

Table CRB: Additional disclosure related to credit quality of exposures (continued)

The accounting definition of impaired exposures and the regulatory definition of defaulted exposures are generally aligned. In general, loans and advances overdue for more than 90 days are considered impaired unless the Bank has objective evidence showing that facility is credit-impaired significantly impacting the expected future cash flows. Loans and advances repayable by regular instalments are classified as overdue when an instalment payment is past due and remains unpaid.

Under HKFRS 9, each credit exposure shall be classified into one of the three stages. Below states the requirements and our ways of identifications:

	Requirement	Our Identification
Stage 1	A loss allowance for a financial instrument should be measured at an amount equal to 12-month ECL if the credit risk on that financial instrument has not increased significantly since initial recognition	The contractual cash flow obligations of the facility is fulfilled and there is no objective evidence showing a significant increase in credit risk since initial recognition; or its contractual cash flow obligations is not fulfilled, but the facility is less than 30 days past due
Stage 2	A loss allowance for a financial instrument should be measured at an amount equaling to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition	The facility is 30 days past due; or its loan classification grade is "Special Mention"; or the Bank has any objective evidence showing a significant increase in credit risk since initial recognition
Stage 3	Lifetime ECL are recognized on the financial instrument if the credit risk of a financial instrument increases to the point that it is considered credit-impaired	The facility is 90 days past due; or the Bank has objective evidence showing that facility is credit-impaired significantly impacting the expected future cash flows. The loan classification grades of Stage 3 facilities are either "Substandard", "Doubtful" or "Loss"

It is possible for a customer who faces difficulty in repayment to look for an alternative arrangement from the Bank. In this instance, the Bank may consider restructuring the loan for the customer, provided that there are sufficient evidences showing that the original repayment arrangement is unsustainable under the borrower's worsened financial conditions, whereas these conditions are reasonably compatible with the repayment requirements under a re-arrangement. Therefore, before offering a restructured loan to a customer, there has to be an adequate assessment on the customer's long-term repayment ability and the feasibility of a reasonable restructuring arrangement. Restructured exposure will normally require an adverse classification under the loan classification system (i.e. substandard or doubtful).

H. Credit Risk for non-securitization exposures (Continued)

Table CRB: Additional disclosure related to credit quality of exposures (Continued)

(2) Breakdown of Credit Risk Exposures by Industry

The following table illustrates the breakdown of credit risk exposures by industry as at 31 December 2025:

	Amount HK\$'000
Bank	1,423,978
Financial Concerns	285,135
Others	278,715
Total	1,996,828

(3) Breakdown of Credit Risk Exposures by Geographical Areas

The following table illustrates the breakdown of credit risk exposures by geographical areas as at 31 December 2025:

	Amount HK\$'000
Hong Kong	852,009
Others	1,144,819
Total	1,996,828

(4) Breakdown of Credit Risk Exposures by Residual Maturity

The following table illustrates the breakdown of credit risk exposures by residual maturity as at 31 December 2025:

	Amount HK\$'000
No later than 1 year	1,086,686
1-5 years	908,142
Over 5 years	-
Total	1,996,828

H. Credit Risk for non-securitization exposures (Continued)

Table CRB: Additional disclosure related to credit quality of exposures (Continued)

(5) Impaired Exposures of Credit Risk Exposures

The bank does not have such exposures as at 31 December 2025.

(6) Aging Analysis of Accounting Past Due Exposures

The bank does not have such exposures as at 31 December 2025.

(7) Breakdown of Restructured Exposures

The bank does not have such exposures as at 31 December 2025.

Table CRC: Qualitative disclosures related to credit risk mitigation

In evaluating the credit risk associated with an individual customer or counterparty, loan purpose, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining guarantees and acceptable collaterals from the customer or counterparty. Meanwhile, the Bank did not enter into any bilateral netting arrangements during the year.

The extent of collateral coverage over the Bank's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include real estate property and pledged deposits. The Bank has put in place policies, which determine the types of acceptable collaterals for credit risk mitigation.

The relevant policies and procedures relating to the use of credit risk mitigation are established and approved by designated committee, in which guidelines and collateral valuation parameters are subject to regular review to ensure the effectiveness over credit risk management.

The Bank applies safe custodian of collaterals, regular revaluation and on-going monitoring. In particular, the Bank monitors the value of collateral on a regular basis with respect to the nature of collateral and market practice, and in accordance with internal policy and procedure.

Whilst the Bank's maximum exposure to credit risk is determined based on the carrying value of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collaterals, credit guarantees and other actions taken to mitigate the Bank's exposure.

H. Credit Risk for non-securitization exposures (Continued)

Table CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 31 December 2025:

		HK\$'000				
		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivatives contracts
1	Loans	483,995	-	-	-	-
2	Debt securities	1,440,999	71,768	-	71,768	-
3	Total	1,924,994	71,768	-	71,768	-
4	Of which defaulted	-	-	-	-	-

Note: Amounts reported under column (b1) represent exposures which have at least one recognized CRM (collateral, financial guarantees, or credit derivative contracts) associated with them.

The allocation of the carrying amount of multi-secured exposures to different forms of recognized in columns (b), (d) and (f) is made by order of priority, starting with the form of recognized CRM expected to be called first in the event of loss, and within the limits of the carrying amount of the secured exposures.

Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach

Under the standardised approach for the calculation of credit risk within the Basel capital framework, banks are required to use credit assessments provided by external credit assessment institutions ("ECAIs"), recognized by the HKMA for the purposes of regulatory capital calculation, to determine the risk-weights of the banks' credit exposures.

Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings are the ECAIs that the Bank has used for the determination of risk weightings for the following classes of exposure:

- Sovereign;
- Multilateral development bank;
- Unspecified multilateral body;
- Bank;
- Public sector entity;
- Qualifying non-bank financial institution;
- Corporate

The mapping of ECAI ratings of the above seven classes of exposure to the risk weights under standardised approach follows the process as prescribed in Part 4 of the BCR. Where an exposure of debt securities has an issue-specific external credit assessment, such assessment will be used. In case there is no specific issue rating published by the ECAI, the issuer rating is applied to the senior unsecured claims of that issuer subject to the conditions prescribed by the BCR.

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H. Credit Risk for non-securitization exposures (Continued)

Template CR4: Credit risk exposures and effects of recognized credit risk mitigation –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 capital requirements under STC approach as at 31 December 2025:

		(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 HK\$'000	Off-balance sheet amount HK\$'000	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	RWA HK\$'000	RWA density
1	Sovereign exposures	173,026	-	173,026	-	-	0%
2	Public sector entity exposures	141,253	-	141,253	-	28,251	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	1,259,768	-	1,331,543	-	375,932	28%
4a	Qualifying non-bank financial institution exposures						-
5	Eligible covered bond exposures						-
6	General corporate exposures	331,637	500	259,862	50	151,589	58%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-	-	-	-
6b	Specialized lending	-	-	-	-	-	-
7	Equity exposures	-	-	-	-	-	-
7a	Significant capital investments in commercial entities	-	-	-	-	-	-
7b	Holdings of capital instruments issued by, and non- capital LAC liabilities of, financial sector entities	41,649		41,649		62,474	150%
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	-

H. Credit Risk for non-securitization exposures (Continued)

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

	Exposure classes	(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 HK\$'000	Off-balance sheet amount HK\$'000	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	RWA HK\$'000	RWA density
8	Retail exposures	1,010	-	1,010	-	1,010	100%
8a	Exposures arising from IPO financing	-	-	-	-	-	-
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	-	-	-	-	-	-
11	Other exposures	118,737	-	118,737	-	79,948	67%
11a	Cash and gold	2,397	-	2,397	-	-	0%
11b	Items in the process of clearing or settlement	1	-	1	-	-	0%
12	Total	2,069,478	500	2,069,478	50	699,204	34%

H. Credit Risk for non-securitization exposures (Continued)

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

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31 December 2025:

(HK\$'000)

1		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Sovereign exposures	173,026	-	-	-	-	-	173,026		
2		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Public sector entity exposures	-	141,252	-	-	-	-	141,252		
3		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Multilateral development bank exposures	-	-	-	-	-	-	-		
3a		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Unspecified multilateral body exposures	-	-	-	-	-	-	-		
4		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Bank exposures	548,783	626,022	-	156,738	-	-	-	-	1,331,543

H. Credit Risk for non-securitization exposures (Continued)

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

(HK\$'000)

4a		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	
5		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-	
6		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	General corporate exposures	49,140	-	115,560		44,598	550	50,064	-	-	259,912
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-		-	-	-	-	-	-
6b		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Specialized lending	-	-	-	-	-	-	-	-	-	
7		100%		250%		400%		Other		Total credit exposure amount (post-CCF and post-CRM)	
	Equity exposures			-		-		-		-	

H. Credit Risk for non-securitization exposures (Continued)

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

(HK\$'000)

		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	41,649	-	-	-	41,649

		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	-	-	1,010	-	1,010

		0%		Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	-	-	-	-

H. Credit Risk for non-securitization exposures (Continued)

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

(HK'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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

H. Credit Risk for non-securitization exposures (Continued)

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

(HK'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)
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)	-	-		-		-		-				-	-		-			-	-	-

H. Credit Risk for non-securitization exposures (Continued)

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

(HK'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)
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															-				-	-

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

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	70,249	-	48,846	118,735

H. Credit Risk for non-securitization exposures (Continued)

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

(HK'000)

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11 a	Cash and gold	2,397	-	-	2,397

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11 b	Items in the process of clearing or settlement	1	-	-	1

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

	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%	1,517,332	-	-	1,589,107
2	40-70%	344,073	-	-	272,298
3	75%	44,598	-	-	44,598
4	85%	500	500	10%	550
5	90- 100%	121,323	-	-	121,323
6	105-130%	-	-	-	-
7	150%	41,649	-	-	41,649
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1,250%	-	-	-	-
11	Total exposures	2,069,475	500	10.00%	2,069,525

I. Counterparty credit risk

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

Overview

The Bank management objective to counterparty credit risk is to ensure credit risk is properly managed and controlled within the general credit risk management framework. As a newly-established institution, the Bank adopts a relatively simple business model, with limited counterparty credit risk on debt securities arising from counterparty failure to perform obligation of transaction at settlement.

The Bank has in place a risk limit for monitoring and controlling the counterparty credit risk from related transactions. Additionally, the cash transactions in securities are typically settled on a delivery-versus-payment or payment-versus-payment basis for mitigating underlying counterparty credit risk.

As at 31 December 2025, the Banks did not have exposures associated with counterparty credit risk, including treasury transactions with failed settlement, which are not subject to applicable risk capital charge under the regulatory capital requirement.

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

The Bank does not have such exposures as at 31 December 2025.

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

The Bank does not have such exposures as at 31 December 2025.

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

The Bank does not have such exposures as at 31 December 2025.

Template CCR6: Credit-related derivatives contracts

The Bank does not have such exposures as at 31 December 2025.

Template CCR8: Exposures to CCPs

The Bank does not have such exposures as at 31 December 2025.

J. Securitization exposures

No securitization exposures as at 31 December 2025.

K. Market risk

Table MRA: Qualitative disclosures related to market risk

Overview

Market risk is the risk of loss on assets and liabilities arising from adverse movement of market rates and prices. The Bank's market risk is associated with its positions in trading and non-trading investment book. The trading book consists of the Bank's consolidated foreign exchange positions from customer activities, while non-trading treasury book has debt securities held for investment purpose and surplus fund management.

The Bank operates its business by adopting a moderate market risk appetite to achieve a balance between risk and return. The objective of market risk management is to effectively manage its market risk originated from business activities and optimize capital allocation, which is commensurate with the Bank's overall risk appetite and strategy.

Market Risk Management Framework

In accordance with the Bank's corporate governance principles in respect of risk management, the Board is the highest authority of the Bank with ultimate responsibility for risk management. The Board has primary responsibility for formulating overall risk appetites, strategies and core risk management policies. The Board delegates Risk Committee ("RC") which reinforces the Board and management's oversight in the risk management structure, process and policies. The Risk Management and Internal Control Committee ("RICC") is a functional committee for the Bank's market risk oversight and perform review of risk limits, policies and procedures on a regular basis. The Risk Management Department is responsible for the Bank's market risk management, including day-to-day independent monitoring the market risk profile and compliance of management policies and limits of the Bank, ensuring that the aggregate and individual market risks are within acceptable levels.

K. Market risk (continued)

Table MRA: Qualitative disclosures related to market risk (continued)

Market Risk Measurement and Control

The Bank has in place a set of risk indicators and limits to identify, measure, monitor and control respective market risk exposures. Major indicators and limits include but are not limited to value-at-risk, stop-loss, risk sensitivities, open position, stress testing, and etc. The Bank's business units are required to manage market risk exposures for meeting business objectives within approved market risk appetite, indicators, and limits. Besides, the Bank has in place a framework for trading book and banking book classification, including classification rule, portfolio control, internal risk transfer and book switching mechanism. As at 31 December 2025, the Bank did not have any products which are deviated from presumptive list of trading instruments under regulatory definition.

The Bank has sought approval by the HKMA for adoption of Simplified Standardized Approach to measure its market risk capital charge, upon fulfillment of the exemption criteria set out in sections 22(1)(a) and (b) of the Banking (Capital) Rules.

Template MR3: Market risk under SSTM approach

		(a)	(b)	(c)	(d)
		Options			
		Outright products	Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)	-	-	-	-
2	Equity exposures (general and specific risk)	-	-	-	-
3	Commodity exposures	-	-	-	-
4	Foreign exchange (including gold) exposures	278	-	-	-
5	Securitization exposures	-			
6	Total	278	-	-	-

L. Credit Valuation adjustment risk

Table CVAA : Qualitative disclosures related to CVA risk

As at 31 December 2025, the Bank did not have exposures associated with credit valuation adjustment risk, and is not subject to applicable risk capital charge under the regulatory capital requirement.

Template CVA1 : CVA risk under reduced basic CVA approach

The Bank does not have such exposures as at 31 December 2025.

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M. Liquidity

Table LIQA: Liquidity risk management

Liquidity risk is the risk that the Bank is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured, or even secured basis at an acceptable price to fund actual or proposed commitments.

The purpose of liquidity risk management is to ensure the Bank maintains adequate level of liquidity and cash flows to meet all contractual obligations and financial commitments, to capitalize on opportunities for business expansion, and to comply with the statutory requirements for liquidity risk management, i.e. the Liquidity Maintenance Ratio.

The risk appetite for liquidity risk, and the Liquidity Risk Management Policy are reviewed by senior management and approved by the Board of Directors annually. The Board empowered the Asset and Liability Committee (“ALCO”) to oversee the Bank’s liquidity management and the ALCO meet regularly to review the liquidity reports, balance sheet structure, funding strategy and the need for any change in the policy.

The Bank measures liquidity through various risk measures, including the Liquidity Maintenance Ratios (“LMR”), and maturity mismatch ratio to identify emerging risk in liquidity risk positions and potential funding needs. Internal limits for these risk measures are established, with sufficient buffer to the regulatory minimum requirement to ensure the Bank’s compliance with the statutory requirement.

During the year, the Bank is required to maintain the LMR not less than 25%. As at 31 December 2025, the Bank maintained LMR ratio of 493.57%, which is well above the statutory requirement:

The table below shows the Bank’s concentration of sources of funding as at 31 December 2025:

	As percentage of total liabilities (excluding shareholders’ fund)
Deposits from banks	59.09%
Amount due to the ultimate holding company	0.51%
Deposits from customers	37.33%
Other payable and accruals	3.07%
Total	100%

As the Bank only commenced the business during the year, the Bank is developing its depositor bases and will strive to use customer deposits as the major source of funding, supplemented by interbank funding. For the resilience to liquidity stress, adequate cushions of unencumbered, high quality liquid assets are maintained for the bank to obtain funding to meet liquidity needs at all times.

M. Liquidity (Continued)

Table LIQA: Liquidity risk management (Continued)

Liquidity stress testing is a risk management tool for estimating risk exposure under stressed conditions arising from extreme but plausible market or macroeconomic movements. The Bank conducts stress testing through scenario analysis for assessing the impact to the Bank's cashflows and the Bank is required to maintain positive net cash flow under these stress scenarios.

The Bank maintains a Contingency Funding Plan ("CFP") that sets out its strategies and arrangements for addressing emergency situations. It contains a set of procedures and action plans to deal with liquidity stress events, with clearly established lines of responsibility and invocation and escalation procedures. In order to help identify emerging risk at an early stage and assess whether a potential liquidity problem is developing, a set of early warning indicators are monitored regularly. These indicators include qualitative and quantitative factors and involve the Bank's internal indicators as well as market indicators. If an emerging liquidity crisis is identified, ALCO will instruct necessary pre-emptive or remedial actions, including the execution of the CFP. Finance Department is responsible to update, review and test the plan annually to evaluate its effectiveness and operational feasibility in providing liquidity upon any crisis. The plan, being a part of liquidity risk management policy, is properly documented and reviewed at least annually by ALCO and duly approved by the Board of Directors.

M. Liquidity (Continued)

Table LIQA: Liquidity risk management (Continued)

The Bank's analysis of on- and off-balance sheet items by remaining maturity and resultant liquidity gaps as at 31 December 2025 is shown as follows:

HK\$'000	Total	Repayable on demand	Within 1 month	Over 1 month but within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Undated or overdue
Cash and balances with banks and central bank	247,290	247,290	-	-	-	-	-	-
Placement with banks	186,805	-	186,805	-	-	-	-	-
Loans and advances to customers	51,445	-	647	166	760	49,872	-	-
Investment securities	1,502,300	-	33,923	70,796	569,319	828,262	-	-
Property and equipment	88,267	-	-	-	-	-	-	88,267
Intangible asset	44,071	-	-	-	-	-	-	44,071
Other assets	37,498	-	788	1,852	2,307	6,308	-	26,243
Total on-balance sheet assets	2,157,676	247,290	222,163	72,814	572,386	884,442	-	158,581
Total off-balance sheet claims	-	-	-	-	-	-	-	-
Deposits from banks	856,986	-	111,420	-	745,566	-	-	-
Amount due to the ultimate holding company	7,459	7,459	-	-	-	-	-	-
Deposits from customers	541,383	53,106	269,870	144,719	73,688	-	-	-
Other payables and accruals	25,979	1,438	1,344	163	21,528	1,126	-	-
Lease liabilities	18,863	-	1,356	2,655	12,008	2,844	-	-
Total on-balance sheet liabilities	1,450,290	62,003	383,990	147,537	852,790	3,970	-	-
Off-balance sheet obligations	500	-	-	-	-	-	-	500
Contractual maturity mismatch		185,287	(161,827)	(74,723)	(280,404)	880,472	-	158,581
Cumulative contractual maturity mismatch		185,287	23,460	(57,263)	(331,667)	548,805	548,805	707,386

N. Interest rate risk in banking book

Table IRRBBA: Interest rate risk in banking book-risk management objectives and policies

Interest rate risk in banking book refers to the impact to the Bank's earnings and capital resulting from adverse movements in interest rates affecting the Bank's banking book positions. It primarily results from the mismatches in the repricing of interest bearing assets, liabilities, and off-balance sheet items in the banking book.

The framework adopted by the Bank to measure interest rate risk exposures arising from its banking book positions is consistent with the guidelines set out by the HKMA in its Supervisory Policy Manual on Interest Rate Risk in the Banking Book ("IRRBB"). From an earnings perspective, interest rate risk is the risk that the net income arising from future cash flows of a financial instrument will fluctuate because of changes in market interest rates. From an economic value perspective, interest rate risk is the risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on interest rate risk from both perspectives in the banking book. As such, the interest margins or net interest income ("NII") and the economic value of equity ("EVE") may increase or decrease as a result of such changes or in the event that unexpected movements arise.

Regular monitoring of IRRBB risk profile are prepared and presented for review by ALCO and Risk Committee. In determining the levels of interest rate risk, assessments are made on the levels of repricing risk with respect to interest rate movements. The interest rate impacts monitor through scenario analysis and stress testing at least on a quarterly basis.

Stress testing is conducted with reference to the six standardized interest rate shock scenarios as required by the HKMA. Both the changes in NII and EVE are measured and assessed.

The Internal Audit Department of the Bank periodically reviews the overall risk management framework on IRRBB, the methodologies and assumptions used.

In the measurement of IRRBB, the Bank applies the following key assumptions required by the HKMA's Supervisory Policy Manual on Interest Rate Risk management:

- Non-maturity deposits ("NMDs") refer to current and saving deposits that are without specific maturity. The Bank places NMD at the earliest repricing date on which the interest rate can be adjusted to determine the impact of IRRBB.

N. Interest rate risk in banking book (Continued)

Table IRRBBA: Interest rate risk in banking book-risk management objectives and policies (continued)

- Cash flows of the retail term deposits and retail fixed rate loans are subject to early redemption or early prepayment risk which the customers have options, if exercised, that will alter the timing of cash flows. In the case of the term deposits, customers may have options to withdraw their deposit before the scheduled date; and for the fixed rate loan, customers may have options to prepay the loan. Given early termination penalty is levied on deposit early uplift or loan prepayment, the Bank do not expect significant impact on these options to the timing of the cash flows.
- Same set of assumptions are applied for both internal monitoring and regulatory reporting purposes. For EVE sensitivity calculation, commercial margins and spread components have been included in the cash flows used in the computation and discounted by risk free rate. The Bank applies the methodology prescribed in IR-1 for aggregating the exposure across different major currencies comprising HKD, USD and any other foreign currency that accounts for 5% or more of the Bank's total on-balance sheet interest rate-sensitive position in all currencies.

Template IRRBB1: Quantitative information on interest rate risk in banking book

The table provides information on the change in EVE and change in NII over the next 12 months under each of the prescribed interest rate shock scenario in respect of the Bank's interest rate exposures arising from banking book position as at 31 December 2025.

(HK\$ Million)		Δ EVE	Δ NII
		31 December 2025	31 December 2025
1	Parallel up	28	(1)
2	Parallel down	1	1
3	Steepener	5	
4	Flattener	11	
5	Short rate up	19	
6	Short rate down	4	
7	Maximum	28	1
	Period	31 December 2025	
8	Tier 1 capital	619	

The Bank only commenced its operation in August 2025 and thus no comparative information is available.

O. Remuneration

Table REMA: Remuneration Policy

(a) Remuneration Principles

The Bank has established a Remuneration Policy to support its talent strategy objectives and to provide a sound remuneration management framework. The Policy is designed to reinforce career development and remuneration allocation as key incentives, enabling employees to contribute effectively to the Bank's development goals within its risk management framework. It also seeks to maximize employee engagement, initiative, and creativity.

This Policy is formulated in accordance with the applicable laws and regulations of Hong Kong and the Hong Kong Monetary Authority Supervisory Policy Manual CG 5 "Guideline on a Sound Remuneration System".

The Bank adopts the following principles in its remuneration practices:

- Safeguard the fundamentals, reward diligence, penalize indolence, and balance development.
- Remuneration shall be determined by position, with performance as the primary consideration, while ensuring fairness.
- Remuneration shall be based on value contribution, aligning the interests of the Bank with those of its employees, and linking employee income to both individual performance and the overall interests of the Bank.
- Coverage shall extend to all employees, with emphasis placed on management, business functions, significant responsibility, and key core positions.
- Remuneration levels shall be commensurate with operating results after adjustment for risk costs.
- Employee behavior that supports the Bank's risk management framework, corporate values and culture, and sustainable financial strength shall be encouraged; remuneration shall appropriately reflect any individual misconduct.
- Short-term incentives shall be coordinated with long-term incentives.
- A remuneration management system shall be established based on position value, individual competence, performance contribution, and responsibility, effectively balancing incentive and restraint, and maximizing human resource efficiency under the premise of compliance and risk control.

O. Remuneration (Continued)

Table REMA: Remuneration Policy (Continued)

(b) Fixed and Variable Remuneration

The Bank considers employees' responsibilities, grade, role, and conduct, and appropriately balances between fixed and variable remuneration, to ensure the effectiveness of the Bank's risk control and compliance with prudent operational requirements.

In principle, the proportion of variable remuneration relative to total remuneration shall increase progressively with the employee's grade and responsibilities. Accordingly, the proportion of variable remuneration for senior management and personnel in key positions shall be higher than that of other employees, while avoiding the following situations:

- The fixed remuneration component is set at an unduly low level, resulting in:
 - Insufficient ability to attract and retain employees with the requisite skills, knowledge, and professional competence to perform specific functions; or
 - Rendering the performance-based remuneration component effectively non-discretionary, or materially impairing the exercise of discretion in respect of performance-based remuneration.
- The level of variable remuneration is set at such a level as to induce employees to assume excessive risk.

(c) Remuneration Governance

The Bank has established a Nomination and Remuneration Committee comprising three Directors. The Committee is chaired by an Independent Non-Executive Director, and the majority of its members are Independent Non-Executive Directors. The Committee is responsible for assisting the Board in the management and oversight of the Bank's overall human resources and remuneration policies, including the remuneration packages of Directors, senior management, and key personnel, and conducts regular reviews thereof.

1. Senior Management

This category includes senior executives and managers designated by the Bank who are responsible for overseeing overall strategy, major activities, or significant business operations, and whose duties involve assuming material risks or representing the Bank in undertaking material risks. It includes the Bank's Chief Executive, Alternate Chief Executive, Deputy Chief Executive and other management personnel designated by the Bank based on the actual circumstances.

2. Key Personnel

This category comprises Managers as defined under Section 2 of the Banking Ordinance, heads of the Bank's departments, and proprietary traders vested with significant authority.

O. Remuneration (Continued)

Template REM1: Remuneration awarded during the financial year

2025

HK'000

Remuneration amount and quantitative information			Senior management	Key personnel
1	Fixed remuneration	Number of employees	5	10
2		Total fixed remuneration	5,376	12,086
3		Of which: cash-based	5,376	12,086
4		Of which: deferred	-	-
5		Of which: share of other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	5	10
10		Total variable remuneration	2,751	5,310
11		Of which: cash-based	2,751	5,310
12		Of which: deferred	393	530
13		Of which: share of other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total remuneration		8,127	17,396

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O. Remuneration (Continued)

Template REM2: Special payments

2025
 HK\$'000

		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management	-	-	-	-	-	-
2	Key personnel	-	-	-	-	-	-

Template REM3: Deferred remuneration

2025
 HK\$'000

		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Senior management					
2	Cash	393	-	-	-	-
3	Shares	-	-	-	-	-
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Key personnel					
7	Cash	530	-	-	-	-
8	Shares	-	-	-	-	-
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	Total	923	-	-	-	-

Remarks: The Bank commenced operations in August 2025, accordingly, no comparative figures for the year ended 31 December 2024 are presented in the "Remuneration" section.

P. Operational Risk

Table ORA: General Information on operational risk framework

The Board has the ultimate responsibility for operational risk management. By overseeing the effectiveness of the operational risk management framework (ORMF) through its roles and functions as follows:

- Ensure development and maintenance of a positive risk culture to support the whole risk management system including operational risk management.
- Approve and review periodically the key operational risk management policies and the Risk Appetite Statement and risk limits for operational risk, and
- Review operational risk management reports and evaluate the effectiveness and appropriateness of the ORMF, and ensure the establishment of clear lines of management responsibility and accountability such that there is an appropriate independence / segregation of duties between the operational risk management function, business units, and support functions

The Risk and Internal Control Committee is responsible for implementing the operational risk management policies, and framework approved by the Board of Directors, and bears ultimate responsibility to the Board for the day-to-day management of operational risk. Its main responsibilities include

- Developing, periodically reviewing, and supervising the implementation of operational risk management policies, procedures and submitting periodic reports to the Board on the overall operational risk situation;
- Having a comprehensive understanding of the overall status of the Bank's operational risk management, especially major operational risk events or projects;
- Clearly defining the operational risk management accountabilities of departments and ensuring the proper functioning of the operational risk management framework;
- Ensuring that sufficient human and technical resources are devoted for operational risk management such that the bank's activities are conducted by qualified staff with the necessary experience, technical capabilities and access to resources;

The Bank adopts a three line of defence model in its management of operational risk:

1. Business unit management function (first line of defence)

- Accountable on a day-to-day basis for identifying, managing, and reporting operational risks specific to its department.
- Responsible for establishing appropriate controls to mitigate inherent operational risks, including business specific policies and procedures, and assessing their effectiveness.
- Responsible for monitoring and reporting the department's key risk indicators and ensuring their adherence to the established escalation triggers, and
- Reporting any operational loss events and control deficiencies.

P. Operational Risk (continued)

Table ORA: General Information on operational risk framework (continued)

2. Operational risk management function (second line of defence)

- Developing policies and procedures for managing operational risk from a bank-wide perspective.
- Promoting continuous support and improvement of operational risk management function cross all departments of the Bank.
- Overseeing the overall operational events reporting and handling process and provide general oversight in accordance with the ORM Policy as well as Incident Reporting Procedures applicable to the Bank.
- Maintaining regular operational risk reports (including Key Risk Indicator, Operational Loss Event, Risk Control and self-assessment reports) for reporting operational risk matters to the senior management, and Headquarter for review.
- Maintaining operational loss data for calculation of operational risk capital requirements.
- Working alongside other relevant departments responsible for managing any material risks that threaten the delivery of critical operations and for coordinating business continuity planning, outsourcing activities and other relevant risk management frameworks to strengthen the operational resilience across the bank.
- Designing and providing operational risk management training to all staff on a timely and periodic basis to instill risk awareness, and advise the business units on operational risk management issues such as the deployment of operational risk tools.
- Liaising with internal and external audit to facilitate audit related issues.

3. Internal Audit (third line of defence)

Internal Audit Department, which does not have direct management of operational risk, shall perform the audit to ensure the departments' compliance with the Operational Risk Management Policy, and also review and comment the effectiveness of the operational risk management framework.

P. Operational Risk (continued)

Table OR2: Business indicator and business indicator components breakdown

For operational risk, the Bank has been granted by HKMA under section 324(3)(b) of the Banking (Capital) Rules to use the alternative method for calculating its operational risk capital charge before the Bank has been in operation for 18 months. The operation risk capital charge adopted for the alternative method is developed with reference to the financial projection for the first 2 years of the Bank's operations. Thus the information to be disclosed under OR2 is not available and the table is not shown until the Bank start calculating its operational risk capital charge with reference to the general approach.

Table OR3: Minimum operational risk capital requirement

The table below disclosed operational risk capital requirement of the Bank as at 31 December 2025:

HK\$'000		(a)
1	Business indicator component (BIC)	8,087
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	8,087
4	Total RWA for operational risk	101,088

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Q. Asset Encumbrance

Table ENC: Asset encumbrance

The table below provide the amount of encumbered and unencumbered assets as at 31 December 2025:

	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total
HK\$'000			
Cash and balances with banks and central bank	-	247,290	247,290
Placement with banks	-	186,805	186,805
Loans and advances to customers	-	51,445	51,445
Investment securities	-	1,502,300	1,502,300
Property and equipment	-	44,071	44,071
Intangible assets	-	88,267	88,267
Other assets	-	37,498	37,498

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R. Off-balance sheet exposures (other than derivative transactions)

HK\$'000	As at 31 Dec 2025	
	Notional amount	RWA
Direct credit substitutes	-	-
Transaction-related contingencies	-	-
Trade-related contingencies	-	-
Note issuance and revolving underwriting facilities	-	-
Forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed and asset sales with recourse	-	-
Other commitments	-	-
- Which are unconditionally cancellable	500	43
- With an original maturity of not more than one year	-	-
- With an original maturity of more than one year	-	-
Total	500	43

S. International Claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer with the use of credit risk mitigants (which include guarantees, collateral and credit derivatives). In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only countries constituting 10% or more of the aggregate international claims after taking into account any recognized risk transfer are disclosed.

HK' 000	31/12/2025					Total claims
	Banks	Official sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
<u>Counterparty country/ jurisdiction</u>						
Developed countries	226,612	188	-	-	-	226,800
Offshore centres	105,567	-	-	14,475	-	120,042
Developing Africa and Middle East	295,265	-	-	-	-	295,265
Developing Asia and Pacific	1,084,446	105	-	125,614	-	1,210,165
-of which: Mainland China	983,618	105	-	125,614	-	1,109,337

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T. Loans and advances

(a) Sector information

As at 31 Dec 2025 HK\$'000	Outstanding balance	Balance covered by collateral/ other security
Gross loans and advances for use in Hong Kong		
– Manufacturing	50,000	-
– Wholesale and retail trade	500	-
– Individuals	1,009	-
Total	51,509	-

The amount of impaired and overdue advances to customers and expected credit loss provision for industry sectors which constitute not less than 10% of the Bank's total advances to customers are as follows:

As at 31 Dec 2025 HK\$'000	Impaired advances to customers	Overdue > 3 months advances to customers	Stage 3 expected credit loss provision	Stage 1 & 2 expected credit loss provision
– Manufacturing	-	-	-	-

(b) Geographical information

The following table shows the gross loans and advances to customers by country or geographical area in accordance with the location of counterparties after taking into account any risk transfers. Risk transfers in relation to loans and advances to customers means that the loans and advances are guaranteed by a person different from that of the customer. Major geographical segment constitutes not less than 10% of the Bank's total amount of loans and advances to customers after taking into account any recognized risk transfer is as follow.

As at 31 Dec 2025 HK\$'000	Gross loans and advances to customers	Impaired loans and advances to customers	Overdue loans and Advances to customers	Specific provisions	Collective provisions
Hong Kong	51,509	-	-	-	64
Total	51,509	-	-	-	64

U. Overdue and rescheduled assets

- (a) There were no rescheduled assets as at 31 December 2025.
- (b) There were no repossessed assets held as at 31 December 2025.
- (c) There were no loans and advances to customers nor advances to bank which were overdue for over 3 months as at 31 December 2025

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V. Non-bank mainland exposures

The table below summaries the non-bank Mainland China exposure of the Bank categorised by types of counterparties:

HK\$'000		As at 31 Dec 2025		
		On-balance sheet exposure	Off-balance sheet exposure	Total
(1)	Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	44,598	-	44,598
(2)	Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
(3)	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
(4)	Other entities of central government not reported in part (1) above	-	-	-
(5)	Other entities of local governments not reported in part (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	81,016	-	81,016
(7)	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total		125,614	-	125,614
Total assets after provisions		2,164,704		
On-balance sheet exposures as percentage of total assets		5.8%		

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W. Currency Concentration

The net non-structural position or net structural position in a particular foreign currency is disclosed when the position in that currency constitutes 10% or more of the total net position or total net structural position in all foreign currencies respectively. The net option position is calculated in the basis of the delta-weighted position of all foreign currency option contracts.

HK'000	USD	RMB	Other foreign currencies	Total
Spot assets	781,959	432,224	-	1,214,183
Spot liabilities	(798,380)	(429,325)	-	(1,227,705)
Forward purchases	-	-	-	-
Forward sales	-	-	-	-
Net options position	-	-	-	-
Net long/(short) non-structural position	(16,421)	2,899	-	(13,522)

There were no foreign currency structural positions as at 31 December 2025.

X. Segmental Information

The Bank only commenced its business in August 2025 and the Bank operates as a single unit in the initial phase of the operations, i.e. only one reportable segment, and all the Bank's business is booked in Hong Kong. Therefore, no additional reportable segment and geographical information were present.

Y. Assets used as Security

The Bank did not have any secured liabilities and assets used as security as at 31 December 2025.