

KEXIM Asia Limited

Report of the Directors and Audited Financial Statements

31 December 2025

KEXIM ASIA LIMITED

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KEXIM ASIA LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Kexim Asia Limited (the "Company") for the year ended 31 December 2025.

Principal activities

The Company is engaged in deposit taking, loan syndication, investment and the provision of financial services. There were no significant changes in the nature of the Company's principal activities during the year.

Recommended dividend

The directors recommend the payment of a final dividend of US\$462,692 (2024: US\$256,282) in respect of the year ended 31 December 2025.

Share capital

Details of the Company's share capital during the year are set out in note 22 to the financial statements.

Directors

The directors of the Company during the year and up to the date of this report are:

Executive directors

Chung Kyung Bin	(Appointed on 18 March 2026)
Kim Jandi	(Appointed on 30 September 2025)
Choi Eun Kyung	(Appointed on 29 January 2026)
Kim Juhong	(Resigned on 18 March 2026)
Cho Yeon Bum	(Resigned on 30 September 2025)
Choi You Jin	(Resigned on 29 January 2026)

Non-executive directors

Kim Semin	(Appointed on 13 January 2026)
Lee Sokhwan	(Resigned on 13 January 2026)
Lee Do Hyung	

Independent non-executive directors

Kang Seungjoong	(Appointed on 18 November 2025)
Leem Kun Il	(Resigned on 16 January 2026)

There being no provision to the contrary in the Company's Articles of Association, all existing directors shall remain in office.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of the Company's holding companies or fellow subsidiaries was a party during the year.

Permitted indemnity provision

At no time during the year and up to the date of this Report of the Directors, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

KEXIM ASIA LIMITED

REPORT OF THE DIRECTORS (continued)

Compliance with the Banking (Disclosure) Rules

The Company is required to comply with the Banking (Disclosure) Rules effective from 1 January 2007. The Banking (Disclosure) Rules set out the minimum standards for public disclosure which authorised institutions must make in respect of the statement of profit or loss, state of affairs and capital adequacy.

The directors are of the view that the financial statements, together with the attached unaudited supplementary information, fully comply with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance.

Events after the reporting period

Details of the Company's significant events after the reporting period are set out in note 29 to the financial statements.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....
Chung Kyung Bin
Chief Executive

Hong Kong
28 April 2026



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the member of KEXIM Asia Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of KEXIM Asia Limited (the "Company") set out on pages 6 to 52, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors and unaudited supplementary financial information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report (continued)
To the member of KEXIM Asia Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

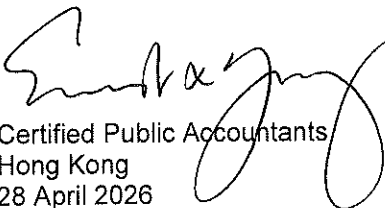
Independent auditor's report (continued)
To the member of KEXIM Asia Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is SIU, Chun Yue (practising certificate number: P08590).

A handwritten signature in black ink, appearing to be 'Siuk Yue', written over the printed name and date.

Certified Public Accountants
Hong Kong
28 April 2026

KEXIM ASIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 US\$	2024 US\$
Interest income	4	54,706,916	51,673,355
Interest expenses	4	<u>(40,720,340)</u>	<u>(41,135,461)</u>
Net interest income		<u>13,986,576</u>	<u>10,537,894</u>
Fee and commission income	5	69,380	385,893
Fee and commission expenses	5	<u>(58,271)</u>	<u>(51,988)</u>
Net fee and commission income		<u>11,109</u>	<u>333,905</u>
Net foreign exchange differences, net		120,915	(35,839)
Net gain on sales of debt investment securities at fair value through other comprehensive income	6	1,933,469	48,827
Other income		<u>15,083</u>	<u>33,120</u>
Operating income		16,067,152	10,917,907
Operating expenses	8	<u>(4,580,140)</u>	<u>(4,437,978)</u>
Operating profit		11,487,012	6,479,929
Net charge of impairment allowances	7	(427,062)	(583,677)
Net gain on disposal of loans and advances		<u>7,702</u>	<u>219,880</u>
PROFIT BEFORE TAX		11,067,652	6,116,132
Income tax	10	<u>(1,813,818)</u>	<u>(990,487)</u>
PROFIT FOR THE YEAR		<u>9,253,834</u>	<u>5,125,645</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Debt investment securities at fair value through other comprehensive income: net movement in fair value reserve	11	<u>2,814,995</u>	<u>3,352,654</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>2,814,995</u>	<u>3,352,654</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>12,068,829</u>	<u>8,478,299</u>

KEXIM ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 US\$	2024 US\$
ASSETS			
Cash and bank balances with banks and other financial institutions	17	31,989,351	37,357,945
Loans and advances to banks and other financial institutions	14	230,353,355	103,567,317
Loans and advances to customers	14	535,493,504	433,983,171
Debt investment securities	15	270,158,819	332,714,326
Deferred tax assets	12	434,841	912,521
Other assets	16	9,526,176	8,155,686
Property and equipment and right-of-use assets	13	<u>1,579,492</u>	<u>2,021,944</u>
TOTAL ASSETS		<u><u>1,079,535,538</u></u>	<u><u>918,712,910</u></u>
LIABILITIES			
Deposits and balances from banks and other financial institutions		90,140,001	112,930,124
Other liabilities	18	7,454,460	5,949,943
Certificate of deposits issued	19	255,660,918	176,928,104
Borrowings from the ultimate holding company	20	153,793,460	142,656,790
Borrowings from other financial institutions	21	379,701,806	299,356,726
Lease liabilities	13	1,484,447	1,802,000
Tax payable		<u>806,275</u>	<u>407,599</u>
TOTAL LIABILITIES		<u><u>889,041,367</u></u>	<u><u>740,031,286</u></u>
EQUITY			
Share capital	22	130,000,000	130,000,000
Reserves		<u>60,494,171</u>	<u>48,681,624</u>
TOTAL EQUITY		<u><u>190,494,171</u></u>	<u><u>178,681,624</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>1,079,535,538</u></u>	<u><u>918,712,910</u></u>

최경빈

.....
Chung Kyung Bin
Director

김잔디

.....
Kim Jandi
Director

KEXIM ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Notes	Share capital US\$	Fair value reserve US\$	Retained profits* US\$	Total US\$
At 1 January 2024		130,000,000	(6,262,099)	46,465,424	170,203,325
Profit for the year		-	-	5,125,645	5,125,645
Other comprehensive income	11	-	3,352,654	-	3,352,654
Total comprehensive income		-	3,352,654	5,125,645	8,478,299
At 31 December 2024 and 1 January 2025		130,000,000	(2,909,445)	51,591,069	178,681,624
Profit for the year		-	-	9,253,834	9,253,834
Other comprehensive income	11	-	2,814,995	-	2,814,995
Total comprehensive income		-	2,814,995	9,253,834	12,068,829
Dividends declared in respect of prior year and paid during the year	29	-	-	(256,282)	(256,282)
At 31 December 2025		<u>130,000,000</u>	<u>(94,450)</u>	<u>60,588,621</u>	<u>190,494,171</u>

* As at 31 December 2025, the Company has earmarked US\$3,148,216 (2024: US\$1,969,251) as regulatory reserve from retained profits. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained profits and in consultation with the Hong Kong Monetary Authority.

KEXIM ASIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 US\$	2024 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,067,652	6,116,132
Adjustments for:			
Interest expense on borrowings	4(b)	20,812,275	20,381,426
Interest expense on lease liabilities	4(b)	89,412	107,882
Net charge of impairment allowances on loans and advances	7	330,959	645,110
Net release of impairment allowances on debt investment securities	7	(17,298)	(53,642)
Net charge/(reversal) of impairment allowances on loan commitments	7	113,401	(7,791)
Net gain on disposal of debt investment securities	6	(1,933,469)	(48,827)
Net gain on disposal of loans and advances		(7,702)	(219,800)
Net loss on disposal of property and equipment	13	51	-
Depreciation	8(b)	1,132,894	1,073,019
Amortisation of intangible assets	8(c)	1,585	1,584
Operating cash flows before changes in working capital		31,589,760	27,995,093
Changes in working capital:			
Loans and advances to banks and other financial institutions		(126,898,325)	7,325,783
Loans and advances to customers		(101,721,303)	(126,488,001)
Debt investment securities		67,879,774	8,771,069
Other assets		(1,372,075)	(962,493)
Deposits and balances from banks and other financial institutions		(22,790,123)	8,157,191
Certificate of deposits issued		78,732,814	(36,219,207)
Other liabilities		1,253,283	(1,673,965)
Cash used in operations		(73,326,195)	(113,094,530)
Hong Kong profits tax paid		(1,495,967)	(427,618)
Net cash flows used in operating activities		<u>(74,822,162)</u>	<u>(113,522,148)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	13	<u>(10,273)</u>	<u>(229,456)</u>
Net cash flows used in investing activities		<u>(10,273)</u>	<u>(229,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings	25	419,634,467	613,262,933
Repayments of borrowings	25	(328,497,797)	(445,606,143)
Interest paid on borrowings	25	(20,329,362)	(20,940,362)
Principal portion of lease rentals paid	25	(997,773)	(899,680)
Interest portion of lease rentals paid	25	(89,412)	(107,882)
Dividend paid	29	(256,282)	-
Net cash flows generated from financing activities		<u>69,463,841</u>	<u>145,708,866</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,368,594)	31,957,262
Cash and cash equivalents at beginning of year		<u>37,357,945</u>	<u>5,400,683</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	<u><u>31,989,351</u></u>	<u><u>37,357,945</u></u>

31 December 2025

1. CORPORATE INFORMATION

KEXIM Asia Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. It is a deposit-taking company registered under the Banking Ordinance. It is engaged in the deposit-taking, loan syndication, investment and the provision of financial services. The registered office and principal place of business of the Company is Unit 2904, 29/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors, the ultimate holding company is The Export-Import Bank of Korea, which is incorporated in the Republic of Korea.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance ("HKCO"). The preparation of the financial statements has also made reference to the Guideline on the Application of the Banking (Disclosure) Rules and Corporate Governance of Locally Incorporated Authorised Institutions under the Supervisory Policy Manuals issued by the Hong Kong Monetary Authority ("HKMA").

These financial statements have been prepared under the historical cost convention, except for debt investment securities at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in United States dollars ("US\$") and all values are rounded to the nearest dollar except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following new and revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKAS 21 *Lack of Exchangeability*

The amendments did not have any impact on the financial position or financial performance of the Company.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Company has not applied the following revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Company is described below:

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Company is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Company's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investment securities at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

The Company measures debt investment securities at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Company's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (borrowings)

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Company measures its debt investment securities at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for Expected Credit Losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investment securities at fair value through other comprehensive income, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt investment securities are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the external credit ratings of the debt investment securities. In addition, the Company considers that there has been a significant increase in credit risk when credit rating of the respective debt investment securities falls below B-.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Repurchase and reverse repurchase transactions

Securities sold subject to a simultaneous agreement to repurchase these securities at a certain later date at a fixed price (repurchase agreement) are retained in the financial statements and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost. Securities purchased under agreements to resell (reverse repurchase agreements) are reported as receivables and are carried in the statement of financial position at amortised cost.

Repos or securities lending are initially recorded in the statement of financial position as cash collateral on securities lent and repurchase agreement at the actual amount of cash received from the counterparty. Financial assets given as collateral for repurchase agreements are not derecognised and are recorded as financial assets at fair value through profit or loss on the financial statement of financial position. Reverse repos or securities borrowing are initially recorded in the statement of financial position as cash collateral as securities borrowed and reverse repos at the actual amount of cash paid to the counterparty. Financial assets received as collateral under reverse repurchase agreements are not recognised on the statement of financial position. The difference between sale and repurchase price is recognised as interest income or interest expense over the life of the agreements using the effective interest method.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Property and equipment, and depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment is required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	3 years
Computer equipment	3 - 5 years
Furniture and fixtures	3 - 5 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms as follows:

Premises, properties and vehicles leased for own use Over the unexpired term of lease

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Interest income

Interest income for all interest-bearing financial instruments is recognised as it accrues using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For impaired loans, the accrual of interest income based on the original terms of the loans is discounted, but any increase in the present value of impaired loans due to the passage of time is reported as interest income.

Fee and commission income

Fee and commission income that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate calculation as noted above.

Other fee and commission income is recognised in the statement of profit or loss when the corresponding service is provided. Origination or commitment fees received by the Company which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If it is uncertain that a loan commitment will result in draw-down of a loan, then the related loan commitment fee is recognised as revenue on a straight-line basis over the commitment period. Arrangement fee income for loan commitment that the Company has not participated will be recognised as revenue from contracts with customers at a point in time when the performance obligation is satisfied upon entering of the loan agreement.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Net trading income

Net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and dividend income attributable to those financial instruments.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credit and any unused losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credit and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Foreign currencies

These financial statements are presented in United States dollars ("US\$"), which is the Company's functional currency. Foreign currency transactions recorded by the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in OCI or profit or loss is also recognised in OCI or profit or loss, respectively).

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividend proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Company has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provision for expected credit losses on in-scope financial instruments under HKFRS 9

The Company uses an expected credit loss model to calculate ECLs for in-scope financial instruments under HKFRS 9. For other financial instruments, the provision rates are based on the estimated probability of default of companies with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Company calibrates the model to adjust the expected credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the probability of default rates is adjusted. At each reporting date, the parameters are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. Further details are contained in note 14, 15, and 27 to the financial statements.

Recognition of deferred tax assets

Deferred tax assets on unused tax losses are recognised and the determination of the amount to be recognised requires significant management judgement. Deferred tax assets on unused tax losses are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

At 31 December 2025, net deferred tax assets of US\$434,841 (2024: US\$912,521) have been recognised in the Company's statement of financial position in respect of the accelerated tax depreciation, impairment allowances, changes of fair value of financial investments at fair value through other comprehensive income.

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NOTES TO FINANCIAL STATEMENTS

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4. INTEREST INCOME AND INTEREST EXPENSES

	2025 US\$	2024 US\$
(a) Interest income:		
Debt investment securities	12,419,989	13,950,066
Loans and advances to banks and other financial institutions	21,284,963	9,063,093
Loans and advances to customers	20,599,588	28,441,051
Fixed deposit	267,682	-
Others	134,694	219,145
	<u>54,706,916</u>	<u>51,673,355</u>
(b) Interest expenses:		
Deposits from banks and other financial institutions	19,818,653	20,646,153
Borrowings	20,812,275	20,381,426
Interest on lease liabilities	89,412	107,882
	<u>40,720,340</u>	<u>41,135,461</u>

All interest income derived from financial assets was calculated using effective interest rate method.

5. NET FEE AND COMMISSION INCOME

	2025 US\$	2024 US\$
(a) Fee and commission income		
<i>Revenue from contracts with customers</i>		
Arrangement fee	69,380	69,474
<i>Revenue from other sources</i>		
Origination and commitment fee	-	316,419
	<u>69,380</u>	<u>385,893</u>
(b) Fee and commission expenses		
Foreign exchange transaction fees	58,271	51,988
	<u>58,271</u>	<u>51,988</u>

6. NET GAIN ON SALES OF DEBT INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 US\$	2024 US\$
Net gain on sales of debt investment securities	<u>1,933,469</u>	<u>48,827</u>

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NOTES TO FINANCIAL STATEMENTS

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7. NET CHARGE OF IMPAIRMENT ALLOWANCES

	2025 US\$	2024 US\$
Loans and advances to banks and other financial institutions	112,286	46,150
Loans and advances to customers	218,673	598,960
Debt investment securities		
- At fair value through other comprehensive income	(11,376)	(53,465)
- At amortised cost	(5,922)	(177)
Loan commitments	<u>113,401</u>	<u>(7,791)</u>
	<u>427,062</u>	<u>583,677</u>

8. OPERATING EXPENSE

	2025 US\$	2024 US\$
(a) Staff costs (including directors' remuneration (note 9)):		
Salaries and other benefits	2,259,943	2,012,851
Contributions to Mandatory Provident Fund	<u>24,242</u>	<u>22,913</u>
	<u>2,284,185</u>	<u>2,035,764</u>
(b) Depreciation		
Depreciation of property and equipment (note 13)	130,570	124,611
Depreciation of right-of-use assets (note 13)	<u>1,002,324</u>	<u>948,408</u>
	<u>1,132,894</u>	<u>1,073,019</u>
(c) Amortisation of intangible assets	<u>1,585</u>	<u>1,584</u>
(d) Other operating expenses		
Rental rates	39,988	39,375
Auditor's remuneration	110,947	103,469
Legal and professional fee	294,346	463,900
Others	<u>716,195</u>	<u>720,867</u>
	<u>1,161,476</u>	<u>1,327,611</u>
	<u>4,580,140</u>	<u>4,437,978</u>

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9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 US\$	2024 US\$
Directors' fees	58,611	50,051
Other emoluments:		
Salaries, allowances, pension scheme contributions and benefits in kind	<u>413,790</u>	<u>429,083</u>
	<u>472,401</u>	<u>479,134</u>

10. INCOME TAX

Under the two-tiered profit tax rates regime, Hong Kong profits tax has been provided at the rate of 8.25% (2024: 8.25%) on estimated assessable profits of first HK\$ 2 million (2024: HK\$2 million) arising in Hong Kong during the year. The remainder of the assessable profits will continue to be taxed at 16.5% (2024:16.5%).

	Note	2025 US\$	2024 US\$
Current tax – Hong Kong Profits Tax			
Provision for the year		1,891,411	1,080,472
Under provision in prior years		3,233	2,128
Deferred tax	12	<u>(80,826)</u>	<u>(92,113)</u>
Total tax charge for the year		<u>1,813,818</u>	<u>990,487</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as below:

	2025 US\$	2024 US\$
Profit before tax	<u>11,067,652</u>	<u>6,116,132</u>
Tax at the statutory income tax rate of 16.5% (2024: 16.5%)	1,826,163	1,009,162
Tax effect of first HK\$2,000,000 assessable profits taxed at 8.25%	(21,165)	(21,136)
Tax effect of non-taxable income	(66,392)	(36,159)
Under provision in prior years	3,233	2,128
Others	<u>71,979</u>	<u>36,492</u>
Tax expense	<u>1,813,818</u>	<u>990,487</u>

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NOTES TO FINANCIAL STATEMENTS

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11. OTHER COMPREHENSIVE INCOME

	2025 US\$	2024 US\$
Changes in fair value during the year	5,114,051	4,725,349
Reversal of impairment allowances	(11,376)	(53,465)
Reclassification to profit or loss	(112,699)	(670,937)
Transfer OCI to profit or loss	(1,616,475)	24,773
Income tax effect (note 12)	<u>(558,506)</u>	<u>(673,066)</u>
Net movement in the fair value reserve during the year recognised in other comprehensive income	<u>2,814,995</u>	<u>3,352,654</u>

12. DEFERRED TAX ASSETS

The components of deferred tax assets recognised in the statement of financial position and the movements during the year are as follows:

	Notes	Accelerated tax depreciation US\$	Impairment allowances US\$	Fair value adjustments for debt investment securities at fair value through other comprehensive income US\$	Total US\$
At 1 January 2024		36,442	190,628	1,266,404	1,493,474
Recognised in profit or loss	10	(4,194)	96,307	-	92,113
Recognised in other comprehensive income	11	<u>-</u>	<u>-</u>	<u>(673,066)</u>	<u>(673,066)</u>
At 31 December 2024 and 1 January 2025		32,248	286,935	593,338	912,521
Recognised in profit or loss	10	10,361	70,465	-	80,826
Recognised in other comprehensive income	11	<u>-</u>	<u>-</u>	<u>(558,506)</u>	<u>(558,506)</u>
At 31 December 2025		<u>42,609</u>	<u>357,400</u>	<u>34,832</u>	<u>434,841</u>

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13. PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASES

	Owned assets				Right-of-use assets	Total US\$
	Leasehold improvements US\$	Computer equipment US\$	Furniture and fixtures US\$	Sub-total US\$	Premises and properties leased for own use US\$ (note)	
<u>At 31 December 2025</u>						
Cost:						
At 1 January 2025	495,535	631,582	110,802	1,237,919	4,030,474	5,268,393
Additions	-	7,632	2,641	10,273	748,432	758,705
Disposals	-	(4,056)	-	(4,056)	(533,349)	(537,405)
Termination of lease contracts	-	-	-	-	(216,098)	(216,098)
At 31 December 2025	<u>495,535</u>	<u>635,158</u>	<u>113,443</u>	<u>1,244,136</u>	<u>4,029,459</u>	<u>5,273,595</u>
Accumulated depreciation:						
At 1 January 2025	414,224	468,063	75,705	957,992	2,288,457	3,246,449
Charge for the year	37,825	74,297	18,448	130,570	1,002,324	1,132,894
Written back on disposals	-	(4,005)	-	(4,005)	(465,137)	(469,142)
Written back on termination of lease contracts	-	-	-	-	(216,098)	(216,098)
At 31 December 2025	<u>452,049</u>	<u>538,355</u>	<u>94,153</u>	<u>1,084,557</u>	<u>2,609,546</u>	<u>3,694,103</u>
Net carrying amount:						
At 31 December 2025	<u>43,486</u>	<u>96,803</u>	<u>19,290</u>	<u>159,579</u>	<u>1,419,913</u>	<u>1,579,492</u>
<u>At 31 December 2024</u>						
Cost:						
At 1 January 2024	396,036	520,225	92,202	1,008,463	3,381,925	4,390,388
Additions	99,499	111,357	18,600	229,456	869,331	1,098,787
Termination of lease contracts	-	-	-	-	(220,782)	(220,782)
At 31 December 2024	<u>495,535</u>	<u>631,582</u>	<u>110,802</u>	<u>1,237,919</u>	<u>4,030,474</u>	<u>5,268,393</u>
Accumulated depreciation:						
At 1 January 2024	366,710	408,913	57,758	833,381	1,560,831	2,394,212
Charge for the year	47,514	59,150	17,947	124,611	948,408	1,073,019
Written back on termination of lease contracts	-	-	-	-	(220,782)	(220,782)
At 31 December 2024	<u>414,224</u>	<u>468,063</u>	<u>75,705</u>	<u>957,992</u>	<u>2,288,457</u>	<u>3,246,449</u>
Net carrying amount:						
At 31 December 2024	<u>81,311</u>	<u>163,519</u>	<u>35,097</u>	<u>279,927</u>	<u>1,742,017</u>	<u>2,021,944</u>

Note: The Company leases certain of its office premises and staff quarters used in its operations. Leases for these assets are negotiated for terms ranging from one to five years (2024: one to five years).

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13. PROPERTY AND EQUIPMENT, RIGHT OF USE ASSETS AND LEASES (continued)

Movements of carrying amounts of lease liabilities

	2025 US\$	2024 US\$
At beginning of year	1,802,000	1,832,349
Additions	748,432	869,331
Accretion of interest	89,412	107,882
Payments	(1,087,185)	(1,007,562)
Disposal	<u>(68,212)</u>	<u>-</u>
At end of year	<u>1,484,447</u>	<u>1,802,000</u>
<i>Represented by:</i>		
Current	765,963	830,177
Non-current	<u>718,484</u>	<u>971,823</u>

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 31 December 2025 was 4.56% (2024: 4.44%) per annum.

Amounts recognised in profit or loss

	2025 US\$	2024 US\$
Depreciation expense of right-of-use assets	1,002,324	948,408
Interest expense on lease liabilities	<u>89,412</u>	<u>107,882</u>
	<u>1,091,736</u>	<u>1,056,290</u>

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14. LOANS AND ADVANCES

	2025 US\$	2024 US\$
<u>Loans and advances to banks and other financial institutions</u>		
Gross amount	230,604,133	103,705,809
Less: Impairment allowances		
- Stage 1	(250,778)	(138,492)
- Stage 2	-	-
- Stage 3	-	-
	<u>230,353,355</u>	<u>103,567,317</u>
<u>Loans and advances to customers</u>		
Gross amount	537,173,586	435,444,580
Less: Impairment allowances		
- Stage 1	(1,680,082)	(1,461,409)
- Stage 2	-	-
- Stage 3	-	-
	<u>535,493,504</u>	<u>433,983,171</u>
	<u>765,846,859</u>	<u>537,550,488</u>

Analysis of changes in the gross amount of loans and advances

	12-month ECLs	Lifetime ECLs		Total
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	US\$
At 1 January 2024	419,768,370	-	-	419,768,370
New financial assets originated	303,868,691	-	-	303,868,691
Financial assets that have been repaid	<u>(184,486,672)</u>	<u>-</u>	<u>-</u>	<u>(184,486,672)</u>
At 31 December 2024 and 1 January 2025	539,150,389	-	-	539,150,389
New financial assets originated	416,541,778	-	-	416,541,778
Financial assets that have been repaid	<u>(187,914,448)</u>	<u>-</u>	<u>-</u>	<u>(187,914,448)</u>
At 31 December 2025	<u>767,777,719</u>	<u>-</u>	<u>-</u>	<u>767,777,719</u>

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NOTES TO FINANCIAL STATEMENTS

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14. LOANS AND ADVANCES (continued)

Movement in impairment allowances

	12-month	Lifetime ECLs		Total US\$
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	
	US\$	US\$	US\$	
At 1 January 2024	954,790	-	-	954,790
New assets originated or purchased	1,062,463	-	-	1,062,463
Payments and assets derecognised	(449,518)	-	-	(449,518)
Movement due to change in credit risk	<u>32,166</u>	<u>-</u>	<u>-</u>	<u>32,166</u>
At 31 December 2024 and 1 January 2025	1,599,901	-	-	1,599,901
New assets originated or purchased	672,257	-	-	672,257
Payments and assets derecognised	(526,271)	-	-	(526,271)
Movement due to change in credit risk	<u>184,973</u>	<u>-</u>	<u>-</u>	<u>184,973</u>
At 31 December 2025	<u>1,930,860</u>	<u>-</u>	<u>-</u>	<u>1,930,860</u>

Provision for expected credit losses is assessed at the end of each reporting period by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 0.03% to 1.35% (2024: 0.03% to 2.02%) and the loss given default was estimated to range from 72.03% to 74.12% (2024: 73.05% to 74.07%).

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

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15. DEBT INVESTMENT SECURITIES

	Notes	2025 US\$	2024 US\$
Debt investment securities measured at:			
- fair value through other comprehensive income	(a)	250,152,634	292,751,341
- amortised cost	(b)	<u>20,006,185</u>	<u>39,962,985</u>
		<u>270,158,819</u>	<u>332,714,326</u>
(a) Debt investment securities measured at fair value through other comprehensive income:			
- Listed in Hong Kong		21,429,634	15,903,056
- Listed outside Hong Kong		<u>228,723,000</u>	<u>276,848,285</u>
		<u>250,152,634</u>	<u>292,751,341</u>
Issued by:			
Banks and other financial institutions		132,123,464	180,126,256
Corporate entities		<u>118,029,170</u>	<u>112,625,085</u>
		<u>250,152,634</u>	<u>292,751,341</u>
(b) Debt investment securities measured at amortised cost:			
- Listed outside Hong Kong		20,010,606	39,973,328
Less: Impairment allowances		<u>(4,421)</u>	<u>(10,343)</u>
		<u>20,006,185</u>	<u>39,962,985</u>
Issued by:			
Banks and other financial institutions		20,010,606	14,944,005
Corporate entities		<u>-</u>	<u>25,029,323</u>
		<u>20,010,606</u>	<u>39,973,328</u>

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15. DEBT INVESTMENT SECURITIES (continued)

(c) Movement in impairment allowances

Debt investment securities measured at fair value through other comprehensive income

	12-month	Lifetime ECLs		Total
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
At 1 January 2024	146,666	-	-	146,666
New assets originated or purchased	29,757	-	-	29,757
Payments and assets derecognised	(68,567)	-	-	(68,567)
Movement due to change in credit risk	<u>(14,655)</u>	<u>-</u>	<u>-</u>	<u>(14,655)</u>
At 31 December 2024 and 1 January 2025	93,201	-	-	93,201
New assets originated or purchased	37,990	-	-	37,990
Payments and assets derecognised	(39,302)	-	-	(39,302)
Movement due to change in credit risk	<u>(10,064)</u>	<u>-</u>	<u>-</u>	<u>(10,064)</u>
At 31 December 2025	<u>81,825</u>	<u>-</u>	<u>-</u>	<u>81,825</u>

Debt investment securities measured at amortised cost

	12-month	Lifetime ECLs		Total
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Total
	US\$	US\$	US\$	US\$
Balance at beginning of year	10,520	-	-	10,520
New assets originated or purchased	905	-	-	905
Movement due to change in credit risk	<u>(1,082)</u>	<u>-</u>	<u>-</u>	<u>(1,082)</u>
At 31 December 2024 and 1 January 2025	10,343	-	-	10,343
Payment and assets derecognised	(7,702)	-	-	(7,702)
Movement due to change in credit risk	<u>1,780</u>	<u>-</u>	<u>-</u>	<u>1,780</u>
At 31 December 2025	<u>4,421</u>	<u>-</u>	<u>-</u>	<u>4,421</u>

Provision for expected credit losses is assessed at the end of each reporting period by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 0.00% to 0.26% (2024: 0.02% to 0.18%) and the loss given default was estimated to be 45% (2024: 45%).

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16. OTHER ASSETS

	2025 US\$	2024 US\$
Accrued interest receivable	8,844,843	7,504,944
Others	492,480	459,838
Intangible assets	<u>188,853</u>	<u>190,904</u>
	<u>9,526,176</u>	<u>8,155,686</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the impairment allowance was assessed to be minimal.

Intangible assets represent club debentures stated at cost less amortisation. For the purpose of impairment testing on club debentures, the recoverable amount has been determined based on its fair value less costs to sell, which is estimated based on prices quoted in the secondary market.

17. CASH AND BANK BALANCES WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025 US\$	2024 US\$
Bank balances	<u>31,989,351</u>	<u>37,357,945</u>

18. OTHER LIABILITIES

	2025 US\$	2024 US\$
Accrued interest payable	7,066,610	5,291,908
Other payables	<u>387,850</u>	<u>658,035</u>
	<u>7,454,460</u>	<u>5,949,943</u>

19. CERTIFICATE OF DEPOSITS ISSUED

	2025 US\$	2024 US\$
Certificate of deposits issued	<u>255,660,918</u>	<u>176,928,104</u>

As at 31 December 2025, the zero-coupon certificate of deposits were issued at discount thereafter until 9 September 2026 (2024: until 23 May 2025).

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20. BORROWINGS FROM THE ULTIMATE HOLDING COMPANY

	2025 US\$	2024 US\$
Short-term borrowings	<u>153,793,460</u>	<u>142,656,790</u>

At 31 December 2025, the short-term borrowings from the ultimate holding company bear interest at Term SOFR or EURIBOR and a spread of 0.33% to 0.63% per annum and are repayable in 2026 (2024: the short-term borrowings from the ultimate holding company bear interest at Term SOFR or EURIBOR and a spread of 0.35% to 0.45% per annum and are repayable in 2025).

21. BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS

	2025 US\$	2024 US\$
Short-term borrowings	229,701,806	50,000,000
Long-term borrowings	<u>150,000,000</u>	<u>249,356,726</u>
	<u>379,701,806</u>	<u>299,356,726</u>

At 31 December 2025, the short-term borrowing from other financial institutions bears interest at Term SOFR and a spread of 0.54% to 0.55% per annum and is repayable in 2026, and the long-term borrowing from other financial institutions bears interest at Term SOFR and a spread of 0.52% to 0.70% per annum and is repayable in 2027 and 2028 (2024: the short-term borrowing from other financial institutions bears interest at Term SOFR and a spread of 0.7% per annum and is repayable on 29 August 2025, and the long-term borrowing from other financial institutions bears interest at Term SOFR and a spread of 0.54% to 0.62% per annum and is repayable in 2026 and 2027).

22. SHARE CAPITAL

	2025		2024	
	Number of shares	HK\$	Number of shares	HK\$
Ordinary shares, issued and fully paid				
At beginning and end of year	<u>130,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>

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

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

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23. ASSETS PLEDGED AS SECURITY

The following assets have been pledged as collateral for own liabilities:

	2025 US\$	2024 US\$
Secured liabilities (included in deposits and balances from banks and other financial institutions and accrued interest payable)	<u>-</u>	<u>23,076,813</u>
Assets pledged:		
- Debt investment securities	<u>-</u>	<u>24,179,271</u>

These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

24. OFF-BALANCE SHEET EXPOSURES

Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	2025 US\$	2024 US\$
Loan commitments		
- with an original maturity of more than one year	<u>87,721,934</u>	<u>22,887,761</u>
Credit risk weighted amount	<u>35,008,774</u>	<u>11,407,167</u>

Contingent liabilities and commitments are credit-related instruments which include commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the customer default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

The risk weights used in the computation of credit risk weighted amounts range from 0% to 100% for contingent liabilities and commitments.

During the years ended 31 December 2025 and 2024, the movements in the impairment allowance for loan commitments are as follows:

	2025 US\$	2024 US\$
At beginning of year	35,567	43,358
Net charge/(reversal) of impairment allowances	<u>113,401</u>	<u>(7,791)</u>
At end of year	<u>148,968</u>	<u>35,567</u>

Provision for expected credit losses is assessed at the end of each reporting period by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 0.03% to 1.35% and the loss given default was estimated to be 72.03%. (2024: default applied ranged from 0.03% to 0.43%; loss given default: 71.65%).

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25. NOTES TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Borrowings US\$	Accrued interest payables (included in other liabilities) US\$	Lease liabilities US\$
At 1 January 2024	275,000,000	2,806,912	1,832,349
Changes from financing cash flows			
New borrowings	613,262,933	-	-
Repayment of borrowings	(445,606,143)	-	-
Interest paid of borrowings	(795,000)	(20,145,362)	-
Principal portion of lease rentals paid	-	-	(899,680)
Interest portion of lease rentals paid	-	-	(107,882)
Other changes			
New leases	-	-	869,331
Finance costs on lease liabilities	-	-	107,882
Interest expenses	151,726	20,229,700	-
At 31 December 2024 and 1 January 2025	442,013,516	2,891,250	1,802,000
Changes from financing cash flows			
New borrowings	419,634,467	-	-
Repayment of borrowings	(328,497,797)	-	-
Interest paid of borrowings	(11,492)	(20,317,870)	-
Principal portion of lease rentals paid	-	-	(997,773)
Interest portion of lease rentals paid	-	-	(89,412)
Other changes			
New leases	-	-	748,432
Disposal of lease liabilities	-	-	(68,212)
Finance costs on lease liabilities	-	-	89,412
Interest expenses	356,572	20,455,703	-
At 31 December 2025	<u>533,495,266</u>	<u>3,029,083</u>	<u>1,484,447</u>

Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 US\$	2024 US\$
Within financing cash flows	<u>1,087,185</u>	<u>1,007,562</u>

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26. MATERIAL RELATED PARTY TRANSACTIONS

The Company entered into the following material related party transactions:

Transactions with group companies

During the year, the Company entered into transactions with related parties in the ordinary course of its business including bank borrowing and off-balance sheet transactions. The Company has internal policies to control connected lending.

The amounts of related-party transactions during the year and outstanding balances at the end of the reporting period are set out below:

	2025 US\$	2024 US\$
Interest expense to the ultimate holding company	<u>(4,834,331)</u>	<u>(10,516,611)</u>
<i>Movement in borrowings from the ultimate holding company:</i>		
At beginning of year	142,656,790	185,000,000
New borrowings during the year	339,634,467	363,262,933
Repayments during the year	<u>(328,497,797)</u>	<u>(405,606,143)</u>
At end of year	<u>153,793,460</u>	<u>142,656,790</u>
<u>Remuneration for key management personnel (note 9)</u>		
	2025 US\$	2024 US\$
Short-term employee benefits	<u>472,401</u>	<u>479,134</u>

Loans to directors and bodies corporate controlled by them

There were no loans to directors of the Company, including loans to bodies controlled by them, pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

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27. FINANCIAL RISK MANAGEMENT

This section presents information about the Company's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments:

- **Credit risk:** Loss resulting from customer or counterparty default which arises on credit exposure in all forms, including settlement risk.
- **Market risk:** Risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Comprises currency risk, interest rate risk and other price risk.
- **Liquidity and funding risk:** Risk that the Company 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.
- **Operational risk:** Risk arising from matters such as non-adherence to systems and procedures or from frauds resulting in financial or reputation loss.

The Company has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and limits continually by means of reliable and up-to-date management and information systems. The Company continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. The internal auditors also perform regular audits to ensure compliance with the policies and procedures.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital.

(a) Credit risk management

This category includes credit and counterparty risk from loans and advances, issuer risk from the securities business, counterparty risk from trading activities and country risk. The Company identifies and manages this risk through its (a) target market definitions, (b) credit approval process, (c) post-disbursement monitoring and (d) remedial management procedures.

Corporate credit risk

The corporate lending is generally concentrated among highly rated customers. In addition to underwriting standards, the principal means of managing credit risk is the credit approval process. The Company has policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. The Company also has a review process that ensures the proper level of review and approval depending on the size of the facility and risk grading of the credit.

The Company undertakes ongoing credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The Risk Management Committee monitors overall portfolio risk as well as potential problem loans on a regular basis.

Credit risk for treasury transactions

The credit risk of the Company's treasury transactions is managed in the same way as the Company manages its corporate lending risk. The Company applies a risk grading to its counterparties and sets individual counterparty limits.

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27. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

Credit-related commitments

The risks involved in credit-related commitments and contingencies 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 collateral requirements as for customers applying for loans. The Company does not provide any other guarantees which would expose the Company to credit risk.

Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Company's total exposures. The Company's portfolio of financial instruments is diversified along geographic, industry and product sectors.

(i) Maximum exposure

The maximum exposure to credit risk at the end of the reporting period without taking into consideration of any collateral held or other credit enhancements is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. A summary of the maximum exposure before any impairment allowance is as follows:

	2025 US\$	2024 US\$
Cash and balances with banks and other financial institutions	31,989,351	37,357,945
Loans and advances to banks and other financial institutions	230,604,133	103,705,809
Loans and advances to customers	537,173,586	435,444,580
Debt investment securities	270,163,240	332,724,669
Loan commitments and other credit related commitments	<u>87,721,934</u>	<u>22,887,761</u>
	<u>1,157,652,244</u>	<u>932,120,764</u>

The above financial assets are classified as Stage 1 for measurement of ECLs at 31 December 2025 and 2024.

(ii) Credit quality of loans and advances

Loans and advances to banks and other financial institutions are only to counterparties with good credit standing. At 31 December 2025 and 2024, no loans and advances to banks and other financial institutions are impaired.

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(ii) Credit quality of loans and advances (continued)

The following table sets out information about the credit quality of loans and advances. The amounts in the table represent net carrying amount.

Loans and advances to banks and other financial institutions at amortised cost

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<u>At 31 December 2025</u>				
Pass	230,604,133	-	-	230,604,133
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Impairment allowances	<u>(250,778)</u>	<u>-</u>	<u>-</u>	<u>(250,778)</u>
Carrying amount	<u>230,353,355</u>	<u>-</u>	<u>-</u>	<u>230,353,355</u>
<u>At 31 December 2024</u>				
Pass	103,705,809	-	-	103,705,809
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Impairment allowances	<u>(138,492)</u>	<u>-</u>	<u>-</u>	<u>(138,492)</u>
Carrying amount	<u>103,567,317</u>	<u>-</u>	<u>-</u>	<u>103,567,317</u>

Loans and advances to customers at amortised cost

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<u>At 31 December 2025</u>				
Pass	537,173,586	-	-	537,173,586
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Impairment allowances	<u>(1,680,082)</u>	<u>-</u>	<u>-</u>	<u>(1,680,082)</u>
Carrying amount	<u>535,493,504</u>	<u>-</u>	<u>-</u>	<u>535,493,504</u>
<u>At 31 December 2024</u>				
Pass	435,444,580	-	-	435,444,580
Special mention	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Impairment allowances	<u>(1,461,409)</u>	<u>-</u>	<u>-</u>	<u>(1,461,409)</u>
Carrying amount	<u>433,983,171</u>	<u>-</u>	<u>-</u>	<u>433,983,171</u>

The Company classifies the loans and advances in accordance with the loan classifications system required to be adopted for reporting to the HKMA. As at 31 December 2025, there were no overdue or impaired loans and advances (2024: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

(iii) Credit quality of financial assets other than loans and advances

Credit risk of treasury transactions is managed in the same way as the Company manages its corporate lending risk and risk gradings are applied to the counterparties with individual counterparty limits set.

At the end of the reporting period, the credit quality of investments in debt investment securities analysed by designation of external credit assessment institutions is as follows.

Debt investment securities at amortised cost

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<u>At 31 December 2025</u>				
AA+ to AA-	14,982,434	-	-	14,982,434
A+ to A-	5,028,172	-	-	5,028,172
BBB+ to BBB-	-	-	-	-
Unrated	-	-	-	-
Impairment allowance	(4,421)	-	-	(4,421)
Carrying amount	<u>20,006,185</u>	<u>-</u>	<u>-</u>	<u>20,006,185</u>
<u>At 31 December 2024</u>				
AA+ to AA-	26,939,516	-	-	26,939,516
A+ to A-	5,036,828	-	-	5,036,828
BBB+ to BBB-	7,996,984	-	-	7,996,984
Unrated	-	-	-	-
Impairment allowance	(10,343)	-	-	(10,343)
Carrying amount	<u>39,962,985</u>	<u>-</u>	<u>-</u>	<u>39,962,985</u>

Debt investment securities at fair value through other comprehensive income

	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$
<u>At 31 December 2025</u>				
AA+ to AA-	67,327,790	-	-	67,327,790
A+ to A-	131,580,334	-	-	131,580,334
BBB+ to BBB-	51,244,510	-	-	51,244,510
Unrated	-	-	-	-
Carrying amount	<u>250,152,634</u>	<u>-</u>	<u>-</u>	<u>250,152,634</u>
<u>At 31 December 2024</u>				
AA+ to AA-	94,299,155	-	-	94,299,155
A+ to A-	177,886,601	-	-	177,886,601
BBB+ to BBB-	20,565,585	-	-	20,565,585
Unrated	-	-	-	-
Carrying amount	<u>292,751,341</u>	<u>-</u>	<u>-</u>	<u>292,751,341</u>

As at 31 December 2025, there were no overdue or impaired debt investment securities (2024: Nil).

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management

Market risk arises on all market risk sensitive financial instruments, including securities as well as from financial or structural positions. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce the Company's exposure to the volatility inherent in financial instruments.

The Risk Management Committee monitors market risk. The board articulates the interest rate view of the Company and decides on future business strategy with respect to interest rates. It also reviews and sets funding policy and ensures adherence to risk management objectives.

(i) Foreign currency risk

The Company is exposed to currency risks primarily arising from foreign exchange dealing and financial instruments that are not denominated in United States dollars ("US\$"). The major currencies giving rise to this risk are primary Euros ("EUR") and Hong Kong dollars ("HK\$"). Since HK\$ is pegged to US\$, the Company's exposure foreign currency risk in respect of the financial instruments denominated in HK\$ is considered to be minimal. To manage this risk, the Company ensures that the net exposure of financial instruments denominated in other currencies is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. All foreign currency positions are managed by the Managing Director within limits approved by the board.

(ii) Interest rate risk

The Company's interest rate positions arise from treasury and lending activities. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also related to positions from non-interest bearing liabilities including shareholders' funds and current accounts. Interest rate risk is managed by the Credit Committee, Risk Management Committee and Managing Director. The Company also uses interest rate swaps to manage interest rate risk.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

The following table indicates the effective interest rates for the relevant periods and the expected next dates (or maturity dates whichever are earlier) for interest-bearing assets and liabilities at the end of the reporting period.

	Effective interest rate	Total US\$	3 months or less US\$	Over 3 months to 1 year US\$	Over 1 year to 5 years US\$	Over 5 years US\$	Non- interest bearing US\$
<u>At 31 December 2025</u>							
Financial assets							
Cash and balances with banks and other financial institutions	2.42%	31,989,351	28,539,299	-	-	-	3,450,052
Loans and advances to banks and other financial institutions	5.19%	230,353,355	-	33,428,827	142,025,647	54,898,881	-
Loans and advances to customers	5.33%	535,493,504	15,839,697	71,577,289	261,005,370	187,071,148	-
Debt investment securities	1.92%	270,158,820	198,234,088	56,722,453	15,202,279	-	-
Financial assets included in other assets	-	9,111,088	-	-	-	-	9,111,088
Total financial assets		1,077,106,118	242,613,084	161,728,569	418,233,296	241,970,029	12,561,140
Financial liabilities							
Deposits and balances from banks and other financial institutions	4.27%	90,140,001	40,140,001	50,000,000	-	-	-
Certificate of deposits issued	4.32%	255,660,918	156,683,885	98,977,033	-	-	-
Financial liabilities included in other liabilities	-	6,634,713	-	-	-	-	6,634,713
Borrowings from the ultimate holding company	4.04%	153,793,460	153,793,460	-	-	-	-
Borrowings from other financial institutions	4.40%	379,701,806	379,701,806	-	-	-	-
Lease liabilities	4.56%	1,484,447	1,484,447	-	-	-	-
Total financial liabilities		887,415,345	731,803,599	148,977,033	-	-	6,634,713
Assets-liabilities gap and interest rate sensitivity gap			(489,190,515)	12,751,536	418,233,296	241,970,029	
<u>At 31 December 2024</u>							
Financial assets							
Cash and balances with banks and other financial institutions	1.21%	37,357,945	34,341,499	-	-	-	3,016,446
Loans and advances to banks and other financial institutions	5.68%	103,567,317	-	48,902,887	54,664,430	-	-
Loans and advances to customers	6.08%	433,983,171	-	64,971,038	198,381,825	170,630,308	-
Debt investment securities	2.09%	332,714,326	109,127,823	37,144,120	186,442,383	-	-
Financial assets included in other assets	-	7,755,879	-	-	-	-	7,755,879
Total financial assets		915,378,638	143,469,322	151,018,045	439,488,638	170,630,308	10,772,325
Financial liabilities							
Deposits and balances from banks and other financial institutions	4.94%	112,930,124	40,000,000	72,930,124	-	-	-
Certificate of deposits issued	4.91%	176,928,104	87,864,712	89,063,392	-	-	-
Financial liabilities included in other liabilities	-	5,295,942	-	-	-	-	5,295,942
Borrowings from the ultimate holding company	4.35%	142,656,790	142,656,790	-	-	-	-
Borrowings from other financial institutions	5.15%	299,356,726	299,356,726	-	-	-	-
Lease liabilities	4.44%	1,802,000	1,802,000	-	-	-	-
Total financial liabilities		738,969,686	571,680,228	161,993,516	-	-	5,295,942
Assets-liabilities gap and interest rate sensitivity gap			(428,210,906)	(10,975,471)	439,488,638	170,630,308	

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk management (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 (2024: 100) basis points in interest rates, with all other variables held constant, would increase/decrease the Company's profit after tax and retained profits by approximately US\$3,233,207 (2024: US\$1,604,233) respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 (2024: 100) basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Company at the end of the reporting period, the impact on the Company's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(c) Liquidity risk management

The purpose of liquidity management is to ensure there are sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Company's ability to meet any deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

Liquidity is managed on a daily basis by a senior manager under the direction of the management. The senior manager is responsible for ensuring that the Company has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment rate risk in case of a maturity gap, and monitoring local and international markets for the adequacy of funding and liquidity.

The Company manages liquidity risk by holding sufficient liquid assets (e.g., cash and bank balances and securities) of appropriate quality to ensure that short-term funding requirements are covered within prudent limits. The Company regularly stress tests its liquidity position.

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity

The following maturity profile is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Total US\$	Repayable on demand US\$	Within 1 month US\$	Over 1 month but within 3 months US\$	Over 3 months but within 1 year US\$	Over 1 year but within 5 years US\$	Over 5 years US\$	Undated US\$
<u>At 31 December 2025</u>								
Assets								
Cash and balances with banks and other financial institutions	31,989,351	8,989,351	23,000,000	-	-	-	-	-
Loans and advances to banks and other financial institutions	230,353,355	-	-	-	33,428,827	142,025,647	54,898,881	-
Loans and advances to customers	535,493,504	-	-	15,839,697	71,577,289	261,005,370	187,071,148	-
Debt investment securities	270,158,819	-	24,966,460	15,912,510	56,722,453	172,557,396	-	-
Deferred tax assets	434,841	-	-	-	-	-	-	434,841
Financial assets included in other assets	9,111,088	-	3,324,611	3,737,767	1,782,465	266,245	-	-
Non-financial assets included in other assets	415,088	-	-	-	-	-	-	415,088
Property and equipment and right-of-use assets	1,579,492	-	-	-	-	-	-	1,579,492
Total assets	1,079,535,538	8,989,351	51,291,071	35,489,974	163,511,034	575,854,658	241,970,029	2,429,421
Liabilities								
Deposits and balances from banks and other financial institutions	90,140,001	-	-	40,140,001	50,000,000	-	-	-
Certificate of deposits issued	255,660,918	-	19,561,967	137,121,918	98,977,033	-	-	-
Financial liabilities included in other liabilities	6,634,713	-	557,556	4,884,209	1,166,255	4,247	22,446	-
Non-financial liabilities included in other liabilities	819,747	-	-	-	-	-	-	819,747
Borrowings from the ultimate holding company	153,793,460	-	-	103,793,460	50,000,000	-	-	-
Borrowings from other financial institutions	379,701,808	-	-	-	229,845,398	149,856,408	-	-
Tax payable	806,275	-	-	-	806,275	-	-	-
Lease liabilities	1,484,447	-	84,031	131,798	550,135	718,483	-	-
Total liabilities	889,041,367	-	20,203,554	286,071,386	431,345,096	150,579,138	22,446	819,747
Total liquidity gap		8,989,351	31,087,517	(250,581,412)	(267,834,062)	425,275,520	241,947,583	

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(i) Analysis of assets and liabilities by remaining maturity (continued)

	Total US\$	Repayable on demand US\$	Within 1 month US\$	Over 1 month but within 3 months US\$	Over 3 months but within 1 year US\$	Over 1 year but within 5 years US\$	Over 5 years US\$	Undated US\$
<u>At 31 December 2024</u>								
Assets								
Cash and balances with banks and other financial institutions	37,357,945	37,357,945	-	-	-	-	-	-
Loans and advances to banks and other financial institutions	103,567,317	-	-	-	48,902,887	54,664,430	-	-
Loans and advances to customers	433,983,171	-	-	-	64,955,176	198,396,742	170,631,253	-
Debt investment securities	332,714,326	-	4,990,650	-	48,201,190	279,522,486	-	-
Deferred tax assets	912,521	-	-	-	-	-	-	912,521
Financial assets included in other assets	7,755,879	-	3,683,298	2,213,558	1,608,154	250,869	-	-
Non-financial assets included in other assets	399,807	-	-	-	-	-	-	399,807
Property and equipment and right-of-use assets	2,021,944	-	-	-	-	-	-	2,021,944
Total assets	918,712,910	37,357,945	8,673,948	2,213,558	163,667,407	532,834,527	170,631,253	3,334,272
Liabilities								
Deposits and balances from banks and other financial institutions	112,930,124	-	20,000,000	20,000,000	72,930,124	-	-	-
Certificate of deposits issued	176,928,104	-	-	87,864,712	89,063,392	-	-	-
Financial liabilities included in other liabilities	5,295,942	-	370,150	3,899,902	1,022,089	3,801	-	-
Non-financial liabilities included in other liabilities	654,001	-	-	-	-	-	-	654,001
Borrowings from the ultimate holding company	142,656,790	-	43,525,324	99,131,466	-	-	-	-
Borrowings from other financial institutions	299,356,726	-	-	-	50,000,000	249,356,726	-	-
Tax payable	407,599	-	-	-	407,599	-	-	-
Lease liabilities	1,802,000	-	82,637	152,068	595,472	971,823	-	-
Total liabilities	740,031,286	-	63,978,111	211,048,148	214,018,676	250,332,350	-	654,001
Total liquidity gap	37,357,945	(55,304,163)	(208,834,690)	(50,351,269)	282,502,177	170,631,253		

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk management (continued)

(ii) Analysis of liabilities by remaining maturity

The following maturity profile is based on gross undiscounted cash flows for the remaining period at the end of reporting period to the contractual maturity date.

	Gross nominal outflow US\$	Repayable on demand US\$	Within 1 month US\$	Over 1 month but within 3 months US\$	Over 3 months but within 1 year US\$	Over 1 year but within 5 years US\$	Over 5 years US\$	Indefinite US\$
<u>At 31 December 2025</u>								
Deposits and balances from banks and other financial institutions	91,252,412	-	-	40,684,631	50,567,781	-	-	-
Certificate of deposits issued	262,219,137	-	20,000,000	140,000,000	102,219,137	-	-	-
Financial liabilities included in other liabilities	6,634,713	-	557,556	4,884,209	1,166,255	4,247	22,446	-
Borrowings from the ultimate holding company	155,734,947	-	546,882	104,641,183	50,546,882	-	-	-
Borrowings from other financial institutions	402,019,114	-	2,148,133	2,029,016	240,773,440	157,068,525	-	-
Lease liabilities	1,484,447	-	84,031	131,798	550,135	718,483	-	-
	<u>919,344,770</u>	<u>-</u>	<u>23,336,602</u>	<u>292,370,837</u>	<u>445,823,630</u>	<u>157,791,255</u>	<u>22,446</u>	<u>-</u>
Unrecognised loan commitments	<u>87,721,934</u>	<u>-</u>	<u>43,000,000</u>	<u>-</u>	<u>3,156,594</u>	<u>41,565,340</u>	<u>-</u>	<u>-</u>
<u>At 31 December 2024</u>								
Deposits and balances from banks and other financial institutions	114,551,451	-	20,160,972	20,246,867	74,143,612	-	-	-
Certificate of deposits issued	181,192,311	-	-	90,000,000	91,192,311	-	-	-
Financial liabilities included in other liabilities	5,295,942	-	370,150	3,899,902	1,022,089	3,801	-	-
Borrowings from the ultimate holding company	144,149,224	-	44,156,944	99,688,744	303,536	-	-	-
Borrowings from other financial institutions	327,533,877	-	2,632,672	1,328,428	61,202,832	262,369,945	-	-
Lease liabilities	1,802,000	-	82,637	152,068	595,472	971,823	-	-
	<u>774,524,805</u>	<u>-</u>	<u>67,403,375</u>	<u>215,316,009</u>	<u>228,459,852</u>	<u>263,345,569</u>	<u>-</u>	<u>-</u>
Unrecognised loan commitments	<u>22,887,761</u>	<u>-</u>	<u>122,378</u>	<u>-</u>	<u>4,500,000</u>	<u>18,265,383</u>	<u>-</u>	<u>-</u>

(d) Operational risk management

Operational risk is the risk arising from failures in internal processes and supporting systems or from external events.

The Company has policies for each major area of operations, which are drawn up by experienced executives after taking into account the important factors affecting such transactions. Based on the policies, limits for overall and individual market risks are approved by the management.

Strict control is exercised to ensure due adherence to policies and limits. For this purpose, an internal audit system is in place to ensure that the directives of all authorities are implemented.

The Company attaches great importance to conducting its business in a safe and sound manner such that strict control is exercised at every level. Senior executives have been entrusted with the responsibility for particular areas of operations. They are well supported by experienced middle management and frontline staff. This system operates through the Company. The Managing Director is deeply involved in the affairs of the Company and is the final authority for all the major lending and administrative decisions.

31 December 2025

27. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management

The HKMA sets and monitors capital requirements for the Company as a whole. In implementing current capital requirements the HKMA requires the Company to maintain a prescribed ratio of total capital to total risk-weighted assets. The Company uses its internal gradings as the basis for risk weightings for credit risk. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

In addition to meeting the regulatory requirements, the Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The process of allocating capital to specific operations and activities is undertaken by Risk Management Committee and is reviewed regularly by the board of directors.

Consistent with industry practice, the Company monitors its capital structured on the basis of the capital adequacy ratio and there have been no material changes in the Company's policy on the management of capital during the year.

The capital adequacy ratios are computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance which became effective on 1 January 2007. The Company meets all of the de minimis exemption criteria for reporting market risk as set out in the Guideline "Maintenance of Adequate Capital Against Market Risks" issued by the HKMA and is not required to maintain capital against market risk. Hence, the Company is exempted from disclosing the adjusted capital adequacy ratio computed in accordance with the mentioned Guideline.

The Company has complied with all externally imposed capital requirements at each required reporting date throughout the years ended 31 December 2025 and 2024 and is well above the minimum required ratio set by the HKMA.

(f) Stress testing

Stress testing is an integral part of our risk management process, and includes both sensitivity analysis and scenario analysis. Stress testing is conducted at least once annually. This relates to regulatory and internal stress test over the whole portfolio and risk types. Every stress test is documented and results are discussed at the relevant risk committees.

31 December 2025

28. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value

The following table provides the fair value measurement hierarchy of the Company's financial instruments as at 31 December 2025 and 2024:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<u>At 31 December 2025</u>				
Assets				
Financial assets measured at fair value through other comprehensive income				
- Debt investment securities	-	<u>250,152,634</u>	-	<u>250,152,634</u>
<u>At 31 December 2024</u>				
Assets				
Financial assets measured at fair value through other comprehensive income				
- Debt investment securities	-	<u>292,751,341</u>	-	<u>292,751,341</u>

During the year, there was no transfers of financial instruments between Level 1, Level 2 and Level 3 (2024:Nil).

The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the year in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted debt investment securities are determined by quoted prices from brokers for identical assets.

Fair value of financial instruments carried at other than fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2025 and 2024, except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount US\$	Fair value US\$	Fair value measurements categorised into		
			Level 1 US\$	Level 2 US\$	Level 3 US\$
<u>At 31 December 2025</u>					
Debt investment securities					
measured at amortised cost	<u>20,010,606</u>	<u>19,988,000</u>	-	<u>19,988,000</u>	-
<u>At 31 December 2024</u>					
Debt investment securities					
measured at amortised cost	<u>39,973,328</u>	<u>39,691,420</u>	-	<u>39,691,420</u>	-

KEXIM ASIA LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. EVENTS AFTER THE REPORTING PERIOD

A final dividend of US\$462,692 for the year ended 31 December 2025 was proposed on 23 April 2026, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

30. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 April 2026.

KEXIM ASIA LIMITED

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

31 December 2025

(a) Capital and capital adequacy

The Banking (Capital) (Amendment) Rules 2012 and 2013, effective on 1 January 2013 and 30 June 2013 respectively, signify the Basel III requirements in Hong Kong.

	2025	2024
Capital ratio:		
Common Equity Tier 1 ("CET1") capital ratio	18.83%	21.93%
Tier 1 Capital Ratio	18.83%	21.93%
Total Capital Ratio	<u>19.37%</u>	<u>22.40%</u>

The components of total capital before and after deductions are shown below:

	2025 US\$	2024 US\$
CET1 Capital:		
CET1 Capital instruments	130,000,000	130,000,000
Retained earnings	60,588,621	51,591,069
Disclosed reserves	<u>(211,106)</u>	<u>(3,595,985)</u>
CET1 Capital before deductions	190,377,515	177,995,084
Regulatory deductions to CET1 capital:		
Regulatory reserve for general banking risks	(3,148,216)	(1,969,251)
Net deferred tax assets	(400,010)	(319,184)
Intangible Assets	<u>(222,689)</u>	<u>(223,232)</u>
Total CET1 Capital	186,606,600	175,483,417
Additional Tier 1 ("AT1") Capital	<u>-</u>	<u>-</u>
Total Tier 1 ("T1") Capital	<u>186,606,600</u>	<u>175,483,417</u>
Tier 2 ("T2") Capital		
Qualifying Tier 2 capital instruments plus any related share premium	-	-
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	<u>5,314,288</u>	<u>3,708,262</u>
Total T2 Capital	<u>5,314,288</u>	<u>3,708,262</u>
Total Capital	<u>191,920,888</u>	<u>179,191,679</u>

The capital adequacy ratios were calculated in accordance with the Banking (Capital) Rules (the "Capital Rules"). In accordance with the Capital Rules, the Company has adopted the "Basic Approach" for the calculation of the risk-weighted assets for credit risk, and the "Basic Indicator Approach" for the calculation of operational risk. The Company has been exempted under section 22(1) of the Banking (Capital) Rules from the calculation of market risk under section 17.

CET1 capital instruments represents US\$130,000,000 (2024: US\$130,000,000) issued and fully paid ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31 December 2025

(a) Capital and capital adequacy (continued)

Expected credit loss is maintained to cover potential impairment losses for a group of financial assets with similar credit risk characteristics where the Company determines that no objective evidence of impairment exists for an individually assessed financial asset.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's regulatory capital disclosures will be published by using the standard disclosure templates, as specified by the HKMA under the "Regulatory Disclosures - December 2025" link on the home page of the Company's website at <https://www.koreaexim.go.kr/ea/HPHYEA015M01>.

(b) Countercyclical capital buffer ratio

	2025	2024
Countercyclical Capital Buffer Ratio	<u>0.530%</u>	<u>0.616%</u>

The relevant disclosures pursuant to section 16FG of the Banking (Disclosure) Rules for this period can be found on our website accessible through the "Regulatory Disclosures – December 2025" link on the home page of the Company's website at <https://www.koreaexim.go.kr/ea/HPHYEA015M01>.

(c) Liquidity maintenance ratio ("LMR")

	2025	2024
Average LMR for the year	<u>202.73%</u>	<u>348.74%</u>

LMR was compiled in accordance with the Banking (Liquidity) Rules issued by the HKMA with effect from 1 January 2015 for the implementation of the Basel III capital framework.

The average LMR is computed as the arithmetic mean of the average value of the LMR for each calendar month as reported in the liquidity position return submitted for the year.

(i) Approach to liquidity risk management

The Company's approach to liquidity risk management is based on the building blocks of governance by framework, oversight by risk management committees, and internal control policies that define specific risk methodologies. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined.

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(d) Leverage ratio

	2025	2024
Leverage ratio	<u>16.67%</u>	<u>18.77%</u>

The leverage ratio was compiled in accordance with the Leverage Ratio Framework issued by the HKMA.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's leverage position disclosures will be published by using the standard disclosure templates, as specified by the HKMA under the "Regulatory Disclosures - December 2025" section on Parent Bank's website <https://www.koreaexim.go.kr/ea/HPHYEA015M01>.

(e) Segmental information by class of business

All the principal operations of the Company are located in Hong Kong.

The Company's activities comprise two classes of business: securities and commercial banking. The securities business includes investment holding and commercial banking activities include trade finance and the advance of loans.

	2025 US\$	2024 US\$
Operating income before operating expenses and impairment losses:		
Securities business	3,175,341	2,844,877
Commercial banking	<u>12,891,812</u>	<u>8,073,030</u>
	<u>16,067,153</u>	<u>10,917,907</u>
Operating assets:		
Securities business	271,953,218	335,891,440
Commercial banking	772,875,914	541,878,318
Unallocated assets	<u>34,706,406</u>	<u>40,943,152</u>
	<u>1,079,535,538</u>	<u>918,712,910</u>

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(e) Segmental information by class of business (continued)

Loans and advances to customers

(i) By industry sectors

Loans and advances to customers analysed by the coverage of collateral and the impairment allowance is as follows:

	Gross loans and advances US\$	% of gross loans and advances covered by collateral US\$	General provisions US\$	Specific provisions US\$
<u>At 31 December 2025</u>				
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
- Wholesale and retail trade	23,991,753	-	209,210	-
- Finance companies and others	<u>22,600,963</u>	<u>-</u>	<u>16,981</u>	<u>-</u>
Loans and advances for use in Hong Kong	46,592,716	-	226,191	-
Loans and advances for use outside Hong Kong	<u>490,580,870</u>	<u>-</u>	<u>1,453,891</u>	<u>-</u>
Gross loans and advances to customers	<u><u>537,173,586</u></u>	<u><u>-</u></u>	<u><u>1,680,082</u></u>	<u><u>-</u></u>
<u>At 31 December 2024</u>				
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
- Wholesale and retail trade	14,000,000	-	86,594	-
- Finance companies and others	<u>9,000,000</u>	<u>-</u>	<u>2,125</u>	<u>-</u>
Loans and advances for use in Hong Kong	23,000,000	-	88,719	-
Loans and advances for use outside Hong Kong	<u>412,444,580</u>	<u>-</u>	<u>1,372,690</u>	<u>-</u>
Gross loans and advances to customers	<u><u>435,444,580</u></u>	<u><u>-</u></u>	<u><u>1,461,409</u></u>	<u><u>-</u></u>

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(e) Segmental information by class of business (continued)

Loans and advances to customers (continued)

(ii) By geographical areas

	Gross loans and advances US\$	General provisions US\$	Specific provisions US\$
<u>At 31 December 2025</u>			
Korea	190,866,281	(783,758)	-
Developing Asia and Pacific	107,556,072	(209,786)	-
Developed countries	81,338,641	(185,209)	-
Developing Africa and Middle East	45,924,128	(65,244)	-
Offshore countries	<u>111,488,464</u>	<u>(436,085)</u>	-
	<u>537,173,586</u>	<u>(1,680,082)</u>	-
<u>At 31 December 2024</u>			
Korea	224,254,817	(784,756)	-
Developing Asia and Pacific	86,660,065	(142,306)	-
Developed countries	32,910,841	(140,385)	-
Developing Africa and Middle East	-	-	-
Offshore countries	<u>91,618,857</u>	<u>(393,962)</u>	-
	<u>435,444,580</u>	<u>(1,461,409)</u>	-

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk.

KEXIM ASIA LIMITED

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(e) Segmental information by class of business (continued)

Loans and advances to banks and financial institutions

(i) By industry sectors

Loans and advances to banks and financial institutions analysed by the coverage of collateral and the impairment allowance is as follows:

	Gross loans and advances US\$	% of gross loans and advances covered by collateral US\$	General provisions US\$	Specific provisions US\$
<u>At 31 December 2025</u>				
Loans and advances for use outside Hong Kong	<u>230,604,133</u>	<u>-</u>	<u>250,778</u>	<u>-</u>
<u>At 31 December 2024</u>				
Loans and advances for use outside Hong Kong	<u>103,705,809</u>	<u>-</u>	<u>138,492</u>	<u>-</u>

(ii) By geographical areas

	Gross loans and advances US\$	General provisions US\$	Specific provisions US\$
<u>At 31 December 2025</u>			
Developing Latin America and Caribbean	29,956,827	(7,093)	-
Developing Asia and Pacific	35,905,104	(50,422)	-
Developed countries	25,000,000	(6,031)	-
Offshore countries	66,273,233	(143,907)	-
Developing Africa and Middle East	<u>73,468,969</u>	<u>(43,325)</u>	<u>-</u>
	<u>230,604,133</u>	<u>(250,778)</u>	<u>-</u>
<u>At 31 December 2024</u>			
Developing Asia and Pacific	18,426,208	(25,920)	-
Developed countries	9,992,548	(2,350)	-
Offshore countries	26,344,267	(65,641)	-
Developing Africa and Middle East	<u>48,942,786</u>	<u>(44,581)</u>	<u>-</u>
	<u>103,705,809</u>	<u>(138,492)</u>	<u>-</u>

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk.

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(f) Overdue and rescheduled advances to customers

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end. As at 31 December 2025 and 2024, there were no overdue and rescheduled loans and advances.

(g) International claims

International claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate international claims are shown as follows:

	Bank US\$	Official sector US\$	Non-bank financial institutions US\$	Non-financial private sector US\$	Others US\$	Total US\$
<u>At 31 December 2025</u>						
Developed countries	80,466,511	-	-	108,349,936	-	188,816,447
Offshore centres	97,469,111	-	-	133,550,019	-	231,019,130
Developing Latin America and Caribbean	30,462,974	-	-	-	-	30,462,974
Developing Africa and Middle East	106,376,477	-	-	73,422,053	-	179,798,530
Developing Asia-Pacific	44,462,345	-	-	410,482,688	-	454,945,033
Of which:						
- China	2,958,230	-	-	19,995,757	-	22,953,987
- South Korea	5,283,509	-	-	287,148,154	-	292,431,663
	<u>359,237,418</u>	<u>-</u>	<u>-</u>	<u>725,804,696</u>	<u>-</u>	<u>1,085,042,114</u>
<u>At 31 December 2024</u>						
Developed countries	101,035,056	-	-	61,419,282	-	162,454,338
Offshore centres	32,267,507	-	-	127,142,003	-	159,409,510
Developing Africa and Middle East	71,500,205	-	-	34,024,758	-	105,524,963
Developing Asia-Pacific	45,428,373	-	-	453,952,325	-	499,380,698
Of which:						
- China	2,844,350	-	-	4,736,783	-	7,581,133
- South Korea	23,908,959	-	-	363,080,102	-	386,989,061
	<u>250,231,141</u>	<u>-</u>	<u>-</u>	<u>676,538,368</u>	<u>-</u>	<u>926,769,509</u>

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(h) Currency risk

The following table indicates the concentration of currency risk at the end of the reporting period defined by the Banking (Disclosure) Rules (expressed in millions of Hong Kong dollars).

	United States Dollars	Euro	Renminbi	Total
<u>At 31 December 2025</u>				
Spot assets	8,229	154	-	8,383
Spot liabilities	<u>(8,254)</u>	<u>(147)</u>	<u>-</u>	<u>(8,401)</u>
Net long / (short) position	(25)	7	-	(18)
Net structural position	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<u>At 31 December 2024</u>				
Spot assets	6,822	338	-	7,160
Spot liabilities	<u>(6,834)</u>	<u>(333)</u>	<u>-</u>	<u>(7,167)</u>
Net long / (short) position	(12)	5	-	(7)
Net structural position	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>

(i) Non-bank Mainland China exposure

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the "Return of Mainland Activities".

Types of counterparties	On-balance sheet exposure US\$	Off-balance sheet exposure US\$	Total exposure US\$
<u>At 31 December 2025</u>			
1 Central government, central government-owned entities and their subsidiaries and joint ventures	-	-	-
2 Local governments, local government-owned entities and their subsidiaries and joint ventures	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	-	8,000,000	8,000,000
4 Other entities of central government not reported in item 1 above	-	-	-
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>4,931,000</u>	<u>-</u>	<u>4,931,000</u>
Total	<u>4,931,000</u>	<u>8,000,000</u>	<u>12,931,000</u>
Total assets after provisions	<u>1,082,894,000</u>		
On-balance sheet exposures as percentage of total assets	<u>0.46%</u>		

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(i) Non-bank Mainland China exposure (continued)

Types of counterparties	On-balance sheet exposure US\$	Off-balance sheet exposure US\$	Total exposure US\$
<u>At 31 December 2024</u>			
1 Central government, central government-owned entities and their subsidiaries and joint ventures	-	-	-
2 Local governments, local government-owned entities and their subsidiaries and joint ventures	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	21,092,000	-	21,092,000
4 Other entities of central government not reported in item 1 above	-	-	-
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	4,737,000	-	4,737,000
Total	<u>25,829,000</u>	<u>-</u>	<u>25,829,000</u>
Total assets after provisions	<u>921,775,000</u>		
On-balance sheet exposures as percentage of total assets	<u>2.80%</u>		

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(j) Additional disclosures on credit risk management

(i) Capital requirements

The capital requirements on each class of exposures calculated under the Basic (Credit Risk) Approach at the end of the reporting period can be analysed as follows:

	2025 US\$	2024 US\$
Sovereign	-	145,133
Unspecified Multilateral Body	1,218,519	-
Bank	14,613,728	7,385,164
Corporate	57,786,375	52,289,355
Non-capital LAC liabilities	1,068,040	1,203,495
Other exposure which are not past due	301,337	301,508
Past due	-	-
	<u>74,987,999</u>	<u>61,324,655</u>
Total capital requirements for on-balance sheet exposures		
Other commitments	2,807,102	912,573
Interest rate contracts	-	-
Exchange rate contracts	-	-
Default risk exposures	-	386,868
CVA under standardized method	-	-
	<u>2,807,102</u>	<u>1,299,441</u>
Total capital requirements for off-balance sheet exposures		
	<u>77,795,101</u>	<u>62,624,096</u>

The above represents the capital requirements based on 8% of risk weighted assets and does not reflect the capital actually held.

(ii) Capital charge

The capital charge for operational risk calculated in accordance with the basic indicator approach at the end of the reporting period is:

	2025 US\$	2024 US\$
Capital charge for operational risk	<u>1,475,192</u>	<u>1,379,696</u>

(iii) Credit risk mitigation

Risk management policies are in place to mitigate credit risk. Maximum available limit is set on exposure on country and concentration risk.

The concentration exposure limit is the total credit limit to a specific borrower. The country limit is established to each country taking into consideration of sovereign risk and expected frequency of transactions with the Company.

Both limits shall be within the concentration limit of the parent company.

(iv) Market risk

The Company has been exempted by the HKMA under section 22(1) of Banking (Capital) Rules from the calculation of market risk under section 17 of Banking (Capital) Rules.

31 December 2025

(k) Corporate governance

The Company is committed to high standards of corporate governance, and has fully complied throughout the year with the guideline in the Supervisory Policy Manual CG 1 "Corporate Governance of Locally Incorporated Authorised Institutions" issued by the HKMA.

Board committees

The board of directors has established a number of committees including the Credit Committee and Risk Management Committee.

Credit Committee

The Credit Committee is responsible for assisting the Board to formulate the Company's risk appetite and strategies for managing the credit risk. It is also responsible for the implementation and maintenance of the Company's credit risk management framework. It also participates in evaluating large credit applications and making credit decisions. The Committee comprised the Deputy Managing Director and the Senior Manager.

Risk Management Committee

The Risk Management Committee is responsible for reviewing all risks assumed in the course of business. Its review covers, but is not limited to, the market, liquidity, credit, country, legal, reputational, strategic and operational risks as well as the limits, policies and procedures designed to mitigate these risks. It also reviews the risks outstanding and controls over, new products proposed.

The Risk Management Committee is coordinated by the Deputy Managing Director who reports to the Managing Director and to the ultimate holding company. The responsibilities of the Risk Management Committee include:

- Understand fully the nature of risks considered significant to the Company and to ensure that the necessary steps are taken to identify, measure and control these risks;
- Ensure that appropriate policies and procedures, controls, and risk monitoring systems are in place and that accountability and lines of authority are set out clearly and well communicated;
- Establish and communicate guidelines and standards for managing the Company's risks;
- Implement strategies in a manner that limits risks associated with the Company's business and ensures compliance with laws and regulations;
- Oversee the asset and liability structure of the Company and ensure that the Company has sufficient liquidity to meet its short-term funding needs; and
- Construct, implement, and oversee strategies to ensure they are consistent with the Asset/Liability Management objectives. The strategies should take into consideration the economic, competitive and regulatory conditions.

31 December 2025

(I) Senior management compensation and benefits

The below disclosures are in compliance with the guideline in Part 3 (Disclosure on remuneration) of the HKMA Supervisory Policy Manual CG-5 "Guideline on a Sound Remuneration System".

(1) Design and implementation of the remuneration system

The Company has a small establishment in Hong Kong with around 20 staff. Since all the management are expatriates sent by the Export-Import Bank of Korea (the "Parent Bank") as a government bank in Seoul, all staff's remuneration packages follow the South Korean government guidance. All their remuneration packages are overseen by the Payroll & Welfare Team under the Human Resources Department from the Parent Bank according to its remuneration policy. At year-end, the Payroll & Welfare Team reviews the aggregate performance and the material terms of the year-end incentive awards granted to the eligible employee.

This remuneration policy at Group level has included essential elements including structure of remuneration, measurement of performance for variable remuneration and alignment payouts to the time horizon of risks.

Senior management is defined as those persons who are responsible for oversight of the Company's strategy or activities and/or those of the Company's material business lines. Key Personnel are defined as individual employees whose duties or activities in the course of their employment involve the assumption of material risk or taking on of material exposures on behalf of the Company. For the year ended 31 December 2025, the Company does not have any staff considered as Key Personnel.

(2) Aggregate quantitative information on remuneration for senior management and Key Personnel for the year ended 31 December 2025 are as follows:

(i) Amount of remuneration for 2025 and 2024 are all fixed remuneration:

	2025		2024	
	Non-deferred US\$	Number of beneficiaries	Non-deferred US\$	Number of beneficiaries
The value of remuneration awards for the financial year ended				
Senior management				
Fixed remuneration:				
Cash-based	<u>472,401</u>	<u>7</u>	<u>479,134</u>	<u>8</u>

Management of the Company are not entitled to any shares or share-linked instrument as variable remuneration.

- (ii) There was no deferred remuneration during 2025 (2024: Nil);
- (iii) There was no deferred remuneration awarded during 2025 being paid out and reduced through performance adjustment (2024: Nil);
- (iv) There was no guaranteed bonuses awarded during 2025 (2024: Nil); and
- (v) No senior management or key personnel has been awarded with new sign-on or severance payment during 2025 (2024: Nil).

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(m) Pillar 3 Regulatory Disclosures

The Pillar 3 regulatory disclosures for this year which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found on the Company's website accessible through the "Regulatory Disclosures - December 2025" link on the home page of the Company's website at <https://www.koreaexim.go.kr/ea/HPHYEA015M01>.

