# KDB ANNUAL REPORT 2025

KDB Korea Development Bank

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# KDB ANNUAL REPORT 2025

As Korea's leading policy finance institution, Korea Development Bank (KDB) has long stood as a steadfast pillar of the national economy and a catalyst for transformation, providing the essential capital to power industrial advancement while acting as a market stabilizer in times of crisis. In this capacity, KDB has grown in step with Korea's economic development.

As the world enters into a new era of transformation driven by shifting global dynamics, digitalization and decarbonization, KDB is leveraging its extensive financial expertise to support corporate innovation and lead the transition toward a new industrial paradigm.

Looking ahead, KDB will continue to strengthen its global competitiveness as it remains unwavering in its commitment to safeguard Korea's economic resilience. With a clear mission to foster the nation's next growth engines, KDB is committed to redefining tomorrow.

KDB Korea Development Bank

# Financial Highlights

## Summary Statement of Financial Position

(Unit: KRW billion, Consolidated basis)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| ASSETS | 384,622.2 | 372,581.1 | 12,041.1 | 3.2% |
| Cash & due from banks | 12,017.5 | 12,769.9 | (752.4) | (5.9%) |
| Securities | 117,496.2 | 109,986.1 | 7,510.1 | 6.8% |
| Loans | 233,090.3 | 224,779.9 | 8,310.4 | 3.7% |
| Other assets | 22,018.2 | 25,045.2 | (3,027.0) | (12.1%) |
| LIABILITIES | 335,030.5 | 328,571.4 | 6,459.1 | 2.0% |
| Deposits | 69,870.6 | 67,035.0 | 2,835.6 | 4.2% |
| Borrowings | 38,364.0 | 39,510.9 | (1,146.8) | (2.9%) |
| Bonds | 182,158.7 | 172,444.6 | 9,714.0 | 5.6% |
| Other liabilities | 44,637.2 | 49,580.9 | (4,943.7) | (10.0%) |
| EQUITY | 49,519.7 | 44,009.7 | 5,582.0 | 12.7% |
| Issued capital | 27,257.8 | 26,316.6 | 941.2 | 3.6% |
| Capital surplus | 726.6 | 803.5 | (76.8) | (9.6%) |
| Retained earnings | 18,705.8 | 13,444.1 | 5,261.7 | 39.1% |
| Capital adjustments | 213.1 | 213.6 | (0.5) | (0.2%) |
| Accumulated other comprehensive income | 2,395.4 | 2,763.1 | (367.7) | (13.3%) |
| Non-controlling interests | 293.1 | 468.9 | (175.8) | (37.5%) |

## Summary Statement of Income

(Unit: KRW billion, Consolidated basis)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net operating revenue | 3,698.9 | 3,010.6 | 688.3 | 22.9% |
| Net interest income | 2,010.4 | 2,018.0 | (7.7) | (0.4%) |
| Non-interest income | 1,688.5 | 992.6 | 695.9 | 70.1% |
| Provision for(reversal of) credit losses | 707.8 | (269.0) | 976.8 | 363.1% |
| G&A expenses | 1,116.9 | 1,072.1 | 44.9 | 4.2% |
| Operating income | 1,874.2 | 2,207.6 | (333.5) | (15.1%) |
| Non-operating Income | 5,179.3 | 465.0 | 4,714.3 | 1,013.9% |
| Income tax expenses | 1,823.9 | 525.9 | 1,298.0 | 246.8% |
| Profit for the year | 5,229.6 | 2,146.7 | 3,082.8 | 143.6% |

# KDB at a Glance

## Global Network

12 Branches

6 Representative Offices

7 Subsidiaries



## Credit Ratings

| Moody's | S&P | Fitch |
|---|---|---|
| Aa2 | AA | AA- |

*Equivalent to the sovereign ratings of the Republic of Korea

## Global Initiatives

UN Global Compact

Equator Principles

Green Climate Fund

International Development Finance Club

# KDB ANNUAL REPORT 2025

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KDB Korea Development Bank

# Message from the **Chairman & CEO**

### Dear valued clients and partners,

I would like to begin by expressing my sincere gratitude for your unwavering trust in and support for Korea Development Bank (KDB).

For the Korean economy, 2025 was marked by heightened uncertainty as global supply chains underwent further realignment amid the spread of geopolitical risks and the rise of protectionist and nationalistic policies worldwide. In the face of these challenges, KDB delivered meaningful outcomes across a broad range of business areas, helping secure Korea's future growth engines, particularly through continued support for the country's high-tech strategic industries and the launch of the National Growth Fund—a flagship initiative of the Korean government designed to bolster Korea's industrial competitiveness.

Throughout 2025, KDB deployed a total of KRW 96 trillion in financing, proactively supporting the growth of Korean industries and companies. The highlight of these efforts was the successful launch of the National Growth Fund, a KRW 150 trillion initiative to be disbursed over the next five years to propel the Korean economy into the future. As the Fund's managing institution, KDB established a dedicated in-house unit to provide comprehensive support for the Fund's operations, including identification and development of mega-projects eligible for financing.

These efforts were complemented by the Bank's continued commitment to enhancing Korea's overall competitiveness, with KRW 29.4 trillion channeled into semiconductors, AI, and other high-tech strategic sectors— up KRW 12 trillion from the previous year. In addition, we extended KRW 45.2 trillion to innovation-driven growth sectors, reaffirming our commitment to strengthening Korea's industrial competitiveness and expanding its venture and startup ecosystem.

Another key priority was reinforcing balanced regional development, which is essential to sustaining the long-term growth of the Korean economy. To address the structural concentration of economic activity in the Seoul metropolitan area, KDB supported the development of high-tech industries indigenous to regional areas and helped enhance the value-added capabilities of their key industries. We revamped and expanded our financing programs tailored to businesses located outside the capital region while continuing to establish regionally-focused VC and PE funds aimed at transforming regional economies into new drivers of national growth.

At the same time, KDB played an essential role in safeguarding the Korean economy. For instance, we began facilitating the restructuring of petrochemical companies facing a prolonged sector downturn as part of broader initiative to preserve the competitiveness of Korea's key industries amid mounting structural challenges. We also finalized the operational framework for market stabilization programs, including the Bond Market Stabilization Fund and the Corporate Bond/Commercial Paper Rollover Program.

On the international front, KDB further strengthened its market position, with overseas operations reaching USD 40 billion in total assets and USD 400 million in pre-tax profit. This represented more than simple expansion in scale; it was a meaningful milestone demonstrating our ability to fulfill our role as a national policy bank with greater stability and confidence.

These were significant achievements. However, 2026 is expected to present even greater challenges. Uncertainties surrounding oil prices, exchange rates, and other macroeconomic variables are likely to persist amid instability in the Middle East, while global competition for leadership in advanced industries will intensify further. Domestically, Korea's growth engines continue to lose momentum against structural headwinds stemming from demographic decline, population aging, and the weakening of regional economies resulting from excessive concentration of capital in metropolitan areas.

In response, KDB will focus on the following priorities in the coming year:

**First, we will concentrate our resources on ensuring the stable operation of the National Growth Fund as a platform for advancing Korea's economy to its next stage of development.**

The National Growth Fund aims to unlock the growth potential of Korea's regional economies and industries, and in doing so, enhance the global competitiveness of the country's advanced sectors. By focusing on mega-projects with significant industrial spillover effects, the Fund will support large-scale CAPEX financing for domestic companies, helping establish future growth engines that will drive Korea's economic expansion for decades to come. Moreover, we will provide customized financial solutions leveraging KDB's broad range of products and services, including direct investment and fund vehicles, to meet the diverse needs of our clients.

Together, these efforts will serve as a catalyst for productive finance to take root more firmly in Korea, stimulating growth across the broader industrial ecosystem and benefitting companies of all sizes, startups, infrastructure projects, and regional economies alike. We aim to achieve the Fund's KRW 150 trillion financing target ahead of schedule and deliver outcomes that exceed the scale of the original commitment.

**Second, we will continue strengthening the foundations of Korea's future growth.**

To this end, we plan to allocate a total of KRW 250 trillion over the next five years under KDB NEXT Korea Program, a comprehensive initiative designed to foster growth in the Korean economy that is tangible, substantive, and lasting. The Program is built upon four pillars: enhancing the competitiveness of high-tech strategic industries; supporting the successful operation of the National Growth Fund; expanding region-specific financing to promote balanced national development; and reinforcing key industrial sectors to strengthen overall economic stability.

In addition, as Korea's largest institutional VC investor, KDB will further expand its investments in the next generation of leading Korean companies. Building on our comprehensive support framework, offering tailored assistance at each stage of venture growth, we will help promising companies strengthen their business capabilities, attract follow-on investment, and secure scale-up financing. Furthermore, through our flagship VC platform, KDB NextRound, we will continue fostering networking opportunities among diverse stakeholders across the venture ecosystem, helping broaden and diversify Korea's innovation landscape.

With regard to regional development, KDB will dedicate significant resources to revitalizing local finance. In 2026, KRW 30 trillion will be directed toward provincial areas to strengthen local economies and expand support for strategically important industries and companies located outside metropolitan regions. In parallel, we will continue enhancing our financing programs tailored to regional businesses and industries while strengthening partnerships with local governments and private financial institutions to establish regionally focused fund vehicles that revitalize economic activity beyond the capital region.

**Third, we will ensure that KDB maintains a sustainable foundation to support its long-term growth.**

This will involve harnessing our ability as a strategic investor that bridges market gaps and provides risk capital to nationally important industries. We will expand the scale of our investments, contribute to the development of regional and global investment ecosystems, and secure additional capital capacity to maximize our investment impact.

At the same time, we will strive to enhance profitability across our capital markets and global businesses. To this end, we will continue strengthening our pipeline of quality transactions through rigorous assessment processes while reinforcing our leadership in overseas project finance and syndicated lending markets, thereby diversifying our sources of earnings. In addition, we will expand overseas business networks to broaden our presence in advanced financial markets and high-growth regions. These efforts will be accompanied by the strengthening of our existing global network through the formation and execution of market-specific strategies tailored to evolving local business environments.

Above all, KDB will remain committed to fulfilling its role as a market stabilizer and a pillar of the Korean economy. Through continuous improvements to internal work processes, including the adoption of AI applications and digital transformation initiatives, we will further strengthen our capacity to support Korea's sustainable and substantive growth.

Valued clients,

Guided by our new vision, "KDB: A Top-Tier Bank Completing a Global Korea," we will remain steadfast in our role as a policy finance institution that leads the nation's economic growth and supports its industries. We sincerely ask for your continued interest in and support for KDB in the years to come.

Thank you.

**Park, Sang Jin**
Chairman & CEO
Korea Development Bank

Park SangJin

# **Management** Profiles

## Chairman & CEO

Park, Sang Jin
Chairman & CEO

## Vice Chairman & COO

Lee, Bong Hee
Vice Chairman & COO

## Auditor

Kim, Jae Shin
Auditor

## Independent Directors

Jeon, Seung Cheol | Lee, Seungho | Kim, Woo Chan | Jeong, Seeun | Lee, Kyung Woo

## Board of Directors Executive Directors

Shin, Hey Sook
National Growth Fund Division

Yun, Tae Jeong
Innovation & Growth Banking Division

Shin, Seung Woo
Capital Market Division

Paik, Jun Young
Regional Development Division

Kim, Choon Ho
Corporate Banking Division

Oh, Jae Gyun
Global Business Division

Ahn, Seong Jin
Credit Review Division

Park, Chan Ho
Risk Management Division

Ko, Byung Kyoo
Planning & Administration Division

Choi, Hyuck Soo
Finance and Administrative Support Division

**KDB** strives to create values for the benefit of its stakeholders through a responsible and transparent management system which is made possible by its advanced governance.

# 2025 Year in Review

## 01

### Policy Financing to Support Korea's Economic Growth

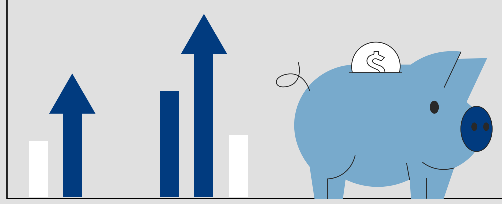
In 2025, as Korea's leading policy finance institution, Korea Development Bank (KDB) faithfully fulfilled its mandate to strengthen industrial competitiveness and stabilize financial markets amid heightened domestic and global uncertainties. Despite mounting economic pressures from geopolitical risks and supply chain shifts, KDB provided KRW 95.9 trillion in policy finance to bolster the national economy's resilience and lay the foundation for future growth. This proactive intervention exceeded KDB's initial target of KRW 80 trillion by KRW 15.9 trillion, demonstrating KDB's capacity to execute policy finance.

At the same time, KDB mitigated systemic financial risks by operating key market stabilization mechanisms, including the Bond Market Stabilization Fund and the Corporate Bond and Commercial Paper Rollover Support Program. Beyond liquidity injections, these initiatives preserved vital corporate funding channels and insulated the real economy from financial shocks. Ultimately, KDB's 2025 policy finance initiatives anchored the Korean economy's sustainable growth by championing high-tech strategic industries and reinforcing proactive crisis-response frameworks.

#### Supply Target and Performance in 2025

(Unit: Trillion KRW)

| | | |
|---|---|---|
| 80.0 | Exceeded + 15.9 | 95.9 |
| Target | | Performance |



## 02

### Investment in Innovative Venture Firms and Support for High-Tech Strategic Industries

In 2025, KDB prioritized revitalizing Korea's innovation and venture ecosystem and fostering high-tech strategic industries. As global industrial competition intensifies across technology-intensive sectors—including AI, semiconductors, biotech, robotics, and secondary batteries—the Bank expanded its targeted funding for high-growth-potential enterprises to secure the nation's future growth engines. KDB deployed KRW 45.2 trillion into innovation-driven growth sectors. This included KRW 29.4 trillion allocated to critical high-tech strategic fields such as semiconductors and AI—marking a KRW 12 trillion increase year on year—reinforcing national industrial competitiveness.

In venture investing, KDB enhanced lifecycle-tailored support through its flagship venture platforms: KDB NextRound, KDB NextONE, and NextRise. KDB NextRound, a market-driven investment-attraction platform that connects startups with institutional investors, has facilitated follow-on financing and scale-up opportunities for promising startups since its 2016 launch. In 2025, the platform hosted 73 investor relations rounds, enabling 104 companies to secure an aggregate of KRW 1.6 trillion in capital. Additionally, NextRise 2025 solidified its position as a premier open-innovation platform by bringing together domestic and global startups, large corporates, mid-sized enterprises, venture capital firms, and research institutions. The event drew over 23,000 participants and facilitated more than 3,700 investment and strategic business partnership meetings.

## 03

### Successful Launch of the National Growth Fund

A cornerstone achievement for KDB in 2025 was the successful launch of the National Growth Fund. Following the September 2025 amendment to the Korea Development Bank Act—which established the High-Tech Strategic Industry Fund—the National Growth Fund was officially launched in December 2025. As a large-scale policy finance platform, the fund aims to strengthen ecosystems across high-tech strategic industries, including AI and semiconductors, to secure Korea's growth engines for the next two decades. KDB plans to establish a KRW 75 trillion High-Tech Strategic Industry Fund as anchor capital, leveraging it to crowd in an additional KRW 75 trillion in private-sector investment. This will create a combined KRW 150 trillion vehicle to be deployed over the next five years to support companies in high-tech strategic industries, related infrastructure, value chains, and regional development initiatives.

To ensure robust operational governance, KDB established a dedicated organizational unit to oversee the formulation of strategic investments, support review processes, and develop IT infrastructure. Furthermore, the Bank structured a blended finance framework featuring government-backed subordinated tranches and KDB's upfront risk-sharing to mobilize private capital. This framework underscores a strategic shift: rather than displacing private investment, policy finance serves as an institutional catalyst that optimizes market-based risk-sharing structures and attracts private capital.


## 04

### Strengthening the Global Network and Business Base

As Korea's leading policy finance institution, KDB supports the overseas expansion of Korean companies and helps drive the globalization of Korean finance. As of the end of 2025, the Bank operated 25 overseas networks across 18 countries, comprising 12 overseas branches, seven local subsidiaries, and six representative offices. Through this network, KDB provides a broad range of global financial services, including corporate banking, investment banking, project finance, trade finance, and ship and aircraft finance. In 2025, KDB's overseas business recorded USD 40 billion in total assets and USD 400 million in pre-tax profit, further strengthening its stable earnings base as a global policy finance institution.

Leveraging its PF desks in major financial hubs—Singapore, New York, London, and Hong Kong—KDB expanded its syndicated loans and trade finance books while consistently onboarding prime international clients. The Bank also led the development of overseas PF business by participating in global infrastructure projects spanning data centers, roads and railways, the energy transition, LNG facilities, wind farms, and battery energy storage systems (BESS). In 2025, KDB closed 29 overseas PF deals totaling USD 4.21 billion. In ship and aircraft finance, the Bank expanded its portfolio, focusing on high-value, eco-friendly vessels and top-tier aircraft assets.


## 05

### Promoting Sustainable Management and Green Finance

As a policy finance institution committed to sustainable growth, KDB places ESG management and the expansion of green finance at the core of its corporate strategy. Operating under its statutory mandate under the Korea Development Bank Act to support the sustainable development of industry, the Bank continues to enhance its financial support framework for carbon neutrality, green growth, and social value creation. Serving as Korea's National Climate Bank, KDB targets four pivotal domains: energy transition, low-carbon transition, green materials/parts/equipment, and the broader green economy. This focused coverage systematically accelerates corporate eco-friendly transitions and the development of new growth industries.

KDB has set quantitative targets to provide KRW 154 trillion in green finance by 2030 and to increase the green portfolio to 28% of total commitment. In 2025, the Bank provided KRW 23.1 trillion in green finance across energy transition, low-carbon facility retrofits, the hydrogen economy, secondary batteries, and circular economy projects, reinforcing the foundation for achieving its targets. Through green-focused financial products such as KDB Carbon Spread and KDB Carbon Net Zero, KDB also expanded the supply of upfront risk capital for early-stage green ventures and accelerated low-carbon conversion pathways for carbon-intensive industries.

# Mission & Vision

As Korea's leading policy finance institution,
KDB has set a long-term growth direction for 2045 under the guiding principle of "KDB only & KDB best."
This long-term direction not only focuses on upgrading the competitiveness
of the nation's financial services and industrial systems, but also reflects the Bank's identity and vision.


## Mission

### Growth partner driving the future of Korea's economy and industries

KDB's mission reflects its role in fostering industrial development, supplying catalytic capital to the market, underpinning Korea's economic growth, and serving as a market stabilizer in times of economic crisis.

**A Growth Partner**

- This expression underscores that KDB's role extends beyond finance alone, positioning the Bank both as a partner in national development and as a trusted partner to the private sector.

## Vision

### KDB, the top-tier bank shaping Global Korea

KDB's vision reflects its aspiration to grow into a world-class financial institution that leads national industrial development and advances social value creation on the basis of a sustainable earnings structure.

**A Top-Tier Bank**

- This signifies KDB's ambition to grow into a bank equipped with world-leading capabilities across all areas.

## 6 Strategic Goals

### 3 Business Goals

1 Fostering industries that create future growth

2 Promoting regional growth for the nation's sustainable development

3 Maintaining market stability in response to economic crises

### 3 Internal Innovation Goals

1 Building an organizational framework defined by "KDB only, KDB best

2 Establishing a sustainable foundation for policy finance

3 Enhancing the competitiveness of its global operations

## The KDB Way

The KDB Way is a set of guiding principles shared by all KDB employees in pursuit of the Bank's vision.

01 We listen to the voice of clients.
02 We step out of our comfort zone and take on calculated challenges.
03 We work with external experts to find better ways.
04 We think ahead and move ahead.
05 We provide expert solutions.
06 We embrace change.
07 We communicate proactively and always take the initiative.
08 We find solutions without delay.
09 We embrace our role as a socially responsible bank.
10 We think digital.

## Management Goal

**Supporting Korea's next great advancement in economic and industrial growth as the K-Development Bank**

### Key Initiatives

**Securing Future Growth Engines**

1. Ensure the successful operation the National Growth Fund
   : Build a dedicated support organization; strengthen screening support; enhance IT infrastructure
2. Strengthen competitiveness in high-tech strategic industries, including AI
   : Advance Korea's AI competitiveness; foster national champion companies in future strategic fields
3. Expand regional finance for balanced national growth
   : Strengthen regional industrial bases; deliver KDB Only & KDB Best policy finance
4. Nurture SMEs and venture firms as future growth engines
   : Provide tailored financial and non-financial support by growth stage; foster K-unicorns
5. Advance the green & energy transition and industry upgrades
   : Scale green finance to advance carbon neutrality and green growth as the nation's K- Climate Bank

**Building a Sustainable Growth Foundation**

6. Expand overseas and IB operations to globalize K-finance
   : Secure new footholds (e.g., EU); provide diversified IB-driven financing solutions
7. Fulfill KDB's last-resort role in policy finance
   : Provide strong support amid uncertainty, including shifts in U.S. trade policy
8. Drive AX-based process innovation and capability building
   : Embed AI across all operations; accelerate digitalization to enhance productivity
9. Strengthen profitability and stability to support policy finance
   : Rebalance the asset mix and earnings structure to sustain policy finance capacity

Economic Security Risks and Rampant Protectionism

Heightened Carbon Neutrality Requirements

Insufficient Venture Ecosystem Foundations

Widening Regional Imbalances

# BUSINESS REVIEW



# Corporate Banking & Restructuring

**KDB Financing Volume in 2025**
(Unit : KRW trillion)

**95.9**
Total Amount

**57.0**
SME & ME Financing

**45.2**
Innovation Growth

## Corporate Banking

As Korea's leading corporate finance institution, KDB offers tailored financial solutions to corporate clients through a comprehensive range of financial products. At the same time, KDB also supports the sustainable growth of the Korean economy as a policy finance institution by supporting the competitiveness of Korean companies through various initiatives, such as advancing industrial transformation by developing high-tech and future-oriented strategic industries as well as addressing the financing needs associated with their overseas expansion.

### 2025 Review

In 2025, the new U.S. administration brought about rapid changes to the global trade environment, which included intensifying technology competition and the imposition of tariffs, resulting in heightened uncertainty for Korean companies. In response, KDB proactively formulated an array of financing support measures as Korea's leading policy finance institution to address the rapidly shifting global paradigm and actively promote higher value-added growth across Korea's industries.

KDB expanded the supply of policy funding through programs such as the Semiconductor CAPEX Special Program, strengthening the global competitiveness of key industries such as semiconductors, while promoting CAPEX investment to foster the growth of high-tech and future-oriented strategic industries, including biotechnology and AI. Furthermore, the Bank established the Key Industry Plus CAPEX Support Special Program and the Special Program for Crisis Response Support to facilitate the early recovery of tariff-impacted companies.

In addition, KDB is delivering specialized financial support to advance the marine sector through the Maritime Finance Center, which provides specialized financial support to foster Korea's shipbuilding and shipping industries. In 2025, KDB utilized the KDB Smart Ocean Shipping Fund to support the fleet expansion of Korean shipping companies with eco-friendly, high-value-added vessels, thus enhancing their competitiveness. The Bank also utilized the KDB Smart Ocean Infra Fund to support the buildout of next-generation maritime logistics infrastructure, including port terminals, logistics facilities, and port-adjacent logistics complexes.

**KDB Financing Volume**

(Unit : KRW trillion)

| | 2022 | 2023 | 2024 | **2025** |
|---|---|---|---|---|
| **Financing** | **81.6** | **86.5** | **87.9** | **95.9** |
| Large | 21.2 | 23.1 | 23.4 | 25.4 |
| Medium | 25.6 | 29.7 | 32.2 | 34.4 |
| Small | 23.7 | 22.5 | 21.5 | 22.6 |
| Other | 11.1 | 11.2 | 10.8 | 13.5 |

## Landmark Deals of 2025

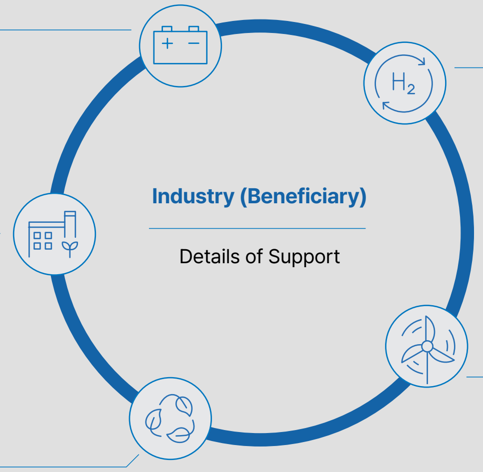
### Supporting companies' net zero goals and green restructuring through the industry and finance alliance program

**Overview**

- Built a long-term industry-finance collaboration mechanism to foster key growth industries and drive carbon neutrality initiatives, with a comprehensive approach that encompasses building resilient supply chains
- Supplied large sums of capital over an extended period to key growth sector businesses for their local and overseas CAPEX and carbon neutrality investments
- Supported the development of supply chains in the materials, parts, and equipment sectors through collaboration with market-leading companies, laying the groundwork for long-term industrial competitiveness

**SIGNIFICANCE**

- KDB's long-term, large-scale financial backing of companies for their entry into new business areas, as well as their carbon neutrality initiatives, has helped improve their business stability. At the same time, joint efforts carried out with industry leaders to develop reliable supply chains have contributed to enhancing Korea's mid- to long-term industrial competitiveness.




**Secondary Batteries(Company S)**
Secondary battery and green material business improvement
- KRW 1.5 trillion (5-year) partnership

**Semiconductors(Company S)**
M&As to capture global semiconductor market share
- USD 3 billion (5-year) partnership

Materials, parts, and equipment support
- Establishment of a KRW 100 billion fund

**Green Energy(H Group)**
Green energy (solar + hydrogen) industry growth
- KRW 5 trillion (5-year) partnership

**Carbon Reduction Equipment (6 companies, including Company S)**
Cement industry carbon neutrality initiative
- KRW 1 trillion (5-year) partnership

Execution of the 2nd Agreement
- KRW 1 trillion (5-year) extra supporting

**Submarine Cables for Wind Energy(Company L)**
Submarine cable industry growth for offshore wind power generation
- KRW 1 trillion (5-year) partnership

# Corporate Banking & Restructuring

KDB further enhanced the effectiveness of its financial support by drawing on its expertise in arranging acquisition finance and syndicated loans, while leveraging its extensive market network as well. Centered on the Industry-Finance Alliance Program, the Bank continued to provide comprehensive support across the broader industrial ecosystem by leading integrated collaboration both internally and externally, and by promoting win-win cooperation between large corporations and SMEs and mid-sized enterprises.

### Landmark Deals of 2025

#### Financial support for corporate restructuring through the Joint Council for Overseas M&A and Investments

**Overview**

- Completed set-up of the Joint Council for Overseas M&As and Investments in September 2019 to provide end-to-end support to Korean companies engaging in overseas M&As and investment activities.
- Participants: Policy finance institutions (KDB, KEXIM Bank, IBK), commercial banks (NongHyup), and national business associations
- Policy finance institutions and commercial banks: Joint support for overseas acquisitions and fundraising
- National business associations: Global deal sourcing and buyer-seller matching, offering regulatory recommendations
- Provided proactive support for CAPEX and business restructuring aimed at bolstering the competitiveness of key industries such as semiconductors, biotechnology, and displays

**Highlights**

Acquisition of Company — USD1.1billion

Overseas CAPEX investments — USD0.2billion

**Significance**

- KDB has actively contributed to capital investments in key future industries (e.g., secondary batteries, semiconductors), thereby upgrading the competitiveness of the local parts and materials industries.

### 2026 Plans

As a policy finance institution dedicated to fostering Korean industries and enterprises, KDB will continue to create new growth drivers amid domestic and global uncertainties by supporting the structural transformation of domestic industries and assisting companies to secure future growth engines.

Additionally, to foster AI, high-tech, and future-oriented strategic industries, KDB will enhance its collaboration efforts with the National Growth Fund to jointly engineer optimal financing structures. Furthermore, the Bank will contribute to the smooth implementation of business restructuring plans in traditional key industries, including petrochemicals, while addressing financing gaps as well. KDB remains dedicated to supporting Korea's sustainable growth by advancing the nation's green energy transition toward carbon neutrality and upgrading key industries to foster balanced growth.

With respect to the maritime sector, increased volatility in shipping and shipbuilding is expected due to slower growth in global seaborne trade and the effects of U.S. tariffs. Meanwhile, IMO environmental regulations are likely to continue.

In response, KDB will proactively foster a sustainable, next-generation maritime industry ecosystem through ample financial support to a wide range of Korean maritime companies, such as major shipbuilders, shipping firms, and equipment manufacturers.

In 2026, KDB will further strengthen its role as a bridge between industrial strategy and policy finance as it continues to play a pivotal role in advancing Korea's economic growth.

## Corporate Restructuring

Since the 1997 Asian financial crisis, KDB has become the unrivaled leader in Korea for investment banking and corporate restructuring. The global financial crisis of 2008 has resulted in a prolonged plateau in the global economic growth curve, as well as a jump in both the number and size of distressed businesses requiring a turnaround. In light of these challenges, the Bank has set an example with its principled and efficient corporate turnaround initiatives, which serve as a safety net to the national economy and the country's key industries.

### 2025 Review

KDB has made every effort as a policy finance institution to facilitate the efficient turnaround of distressed businesses. Specifically, the Bank has focused on the insolvencies of large corporate enterprises that can potentially have a tremendous impact on the national economy and, in doing so, has played an active role as a safety net and growth facilitator for Korean businesses.

In 2025, KDB contributed to strengthening Korea's framework for responding to large-scale corporate distress through proactive crisis management. As a structural downturn in the petrochemical sector loomed—driven by global oversupply and elevated oil prices—the Bank established a financing framework to support industry-wide, preemptive business portfolio restructuring and accelerate corporate turnarounds. At the same time, through policy coordination with the government, KDB proposed institutional enhancements and policy directions to establish a virtuous cycle for preemptive restructuring.

Additionally, KDB promoted efficient, situation-specific restructuring solutions tailored to each company's circumstances. One clear example of this was how the Bank supported the normalization of Taeyoung Engineering & Construction's PF project sites under corporate workout, thus laying the groundwork for the completion of their restructuring. Through consultations with the government, the Bank also helped establish an institutional framework to expand refund guarantee (RG) capacity for mid-sized shipbuilders by encouraging other financial institutions to participate in the program.

### 2026 Plans

In 2026, KDB will continue to play its role as a turnaround facilitator and market safety net, adhering to its long-held principles established over the years of experience in corporate restructuring.

The Bank will also leverage its accumulated expertise and human resources to encourage voluntary business realignments and support improvements to capital structure, thereby preventing insolvency and promoting business competitiveness through early engagement.

For distressed businesses, the Bank will implement swift and efficient restructuring procedures through cooperation with capital markets and relevant stakeholders to facilitate their successful recovery, which in turn will reinfuse vitality into the national economy and industrial ecosystem.

# Innovative Growth

**Policy Finance Capital in the Innovative Growth Sector**

**Policy Finance Capital**
(unit: KRW trillion)

774.9
Cumulative (2017~2025)

153.2
2025

**Number of Companies Supported**
(unit: thousand companies)

157.3
Cumulative (2017~2025)

92.1
2025

## Innovation & Growth Banking

### Establishing an Innovative Growth Platform

KDB serves as the secretariat to the Innovative Growth Policy Council, a collaborative initiative among four Korean government ministries[1] and eleven policy finance institutions[2] aimed at establishing a multilateral support system for the country's innovation and growth. In this role, KDB provides managerial support and serves as the primary communication channel among participating institutions.

To assist government ministries and financial institutions in identifying innovative growth sectors, KDB has established and operates the Common Criteria for Innovative Growth, a comprehensive framework that integrates the latest technology trends, industry developments, and government policies. The Bank also analyzes policy-financed support outcomes in innovative growth sectors and leverages these insights as reference materials for future financial policy development. In addition, through the Innovative Premier 1,000 Program, KDB provides comprehensive support to help high-potential SMEs and MEs advance to the next stage of growth.

1) Ministry of Economy and Finance, Financial Services Commission, Ministry of Trade, Industry and Energy, and Ministry of SMEs and Startups

2) Korea Development Bank, Industrial Bank of Korea, Export-Import Bank of Korea, Korea Credit Guarantee Fund, Korea Technology Finance Corporation, Korea Credit Information Services, Korea SMEs and Startups Agency, Korea Trade Insurance Corporation, Agriculture, Forestry and Fisheries Credit Guarantee Fund, Korea Growth Investment Corporation, and Korea Venture Investment Corporation

### 2025 Review

In January 2026, KDB completed the sixth edition of the Common Criteria for Innovative Growth to reflect the latest advancements in industries, technologies, and government policies, with the aim of fostering high-tech, strategic, and high-potential sectors. The Bank subsequently published the User Manual for the Sixth Revision of the Common Criteria for Innovative Growth, which incorporates more user-friendly terminology and examples than previous editions, enhancing user convenience and applicability. KDB also strengthened the infrastructure for the innovative growth support framework by reviewing item application data and distributing an integrated guide for item application.

**Annual Supply of Policy Finance Capital in the Innovative Growth Sector**
(Unit: KRW trillion, thousand companies)

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital | 25.6 | 36.9 | 44.8 | 69.2 | 86.5 | 101.5 | 119.7 | 137.5 | 153.2 | 774.9 |
| Companies | 29.3 | 38.6 | 43.4 | 62.7 | 68.4 | 74.7 | 81.1 | 86.6 | 92.1 | 157.3 |

* Figures include KDB, IBK, KEXIM, KCGF, KTFC, KOSME, K-SURE, KGIC, KB Kookmin Bank, Woori Bank, and NongHyup Bank (KOSME and K-SURE have been included since 2020; KGIC since 2021; KB Kookmin Bank and Woori Bank since 2023; and NongHyup Bank since 2024.)

In 2025, KDB also launched the Innovative Premier 1,000 Program, a collaborative initiative between the government and policy finance institutions. For its part, the Bank worked with 13 government ministries to select 509 innovative companies.

Furthermore, KDB assigned responsible branches of policy finance institutions to selected companies with capital needs, facilitating a total of KRW 3.1 trillion in financial support. The Bank also expanded non-financial support by hosting special sessions of KDB NextRound—the Bank's venture platform—for companies seeking investment attraction support.

### 2026 Plans

In 2026, Korea is expected to accelerate the development of national strategic industries, including AI and semiconductors, while structural realignment across industries is likely to gain pace amid the entrenchment of U.S.-led trade restrictions. Against this backdrop, policy finance is expected to play an increasingly important role in driving a major shift in Korea's economic growth paradigm.

As the control tower of the Innovative Growth Policy Council, KDB will continue to work closely with the government and policy finance institutions as well as with the private sector. Through these efforts, the Bank will continue to support innovative and high-potential industries, expand Korea's future growth engines, and play a pivotal role in fostering high-tech strategic industries.

To this end, KDB plans to prepare the seventh revision of the Common Criteria for Innovative Growth to promptly reflect the new administration's policy direction and the latest technology trends. The Bank will also reorganize its operating framework to ensure that financial support is efficiently directed to national strategic industries.

For the Innovative Premier 1,000 Program, KDB— in collaboration with 14 ministries—plans to select 500 companies in the second round during the first half of 2026, providing financial and non-financial support to approximately 1,000 companies in total. The Bank will also expand the scope of dedicated financial products to deliver more practical financial support and ensure the program's efficient operation.

**Financial Support under the Innovative Premier 1,000 Program**
(Units: cases, companies, KRW billion)

136cases | 73companies | KRW921.2billion

| | KDB | IBK | KEXIM | KCGF | KTFC | KGIC | Total |
|---|---|---|---|---|---|---|---|
| Support | 136 | 956 | 36 | 365 | 401 | 39 | 1,933 |
| Companies | 73 | 273 | 24 | 181 | 161 | 31 | 743* |
| Capital | 921.2 | 951.7 | 217.5 | 551.5 | 242.0 | 191.4 | 3,075.3 |

* The number of companies totaled 395 after adjusting for overlapping support among policy finance institutions.

# Innovative Growth

## Indirect Investment

KDB indirectly supports companies by providing them with funding customized to their particular stage of growth. This is done through private equity (PE) and venture capital (VC) vehicles managed by private fund managers. In response to the government's policy direction, the Bank established funds that included the Innovative Growth Fund, Corporate Restructuring Innovation Fund, and Regional Development Investment Fund. KDB has also pioneered various investment projects to secure future growth engines and diversify its profit base, and is currently leading the domestic VC market.

### 2025 Review

As of the end of 2025, KDB had pooled a total of KRW 66 trillion since launching its indirect investment operation in 2010. It is a major investor in Korea's fund market as a limited partner to 290 funds. The Bank is proud to be at the forefront of encouraging the adoption of an innovative investment culture, introducing market-oriented policy finance programs to stimulate market-driven venture capital, allowing more discretionary power and responsibility for fund managers, and promoting performance-driven fund management practices.

KDB actively establishes policy-driven funds to supply venture capital to cutting-edge industries, corporate restructuring, and balanced regional development. As of the end of 2025, the Bank had successfully formed policy-type funds totaling KRW 39.8 trillion and executed investments worth KRW 26 trillion, reinforcing its role as a key institutional investor in Korea's fund market and maintaining its alignment with government policy objectives.

In 2025, despite heightened political and economic uncertainties at home and abroad, KDB proactively advanced proprietary investment initiatives to address gaps in policy-driven funds, successfully raising KRW 1.4 trillion in new funds.

### 2026 Plans

In 2026, KDB will revamp existing policy funds—including its Innovative Growth Fund—to establish a National Growth Fund as well as other policy-driven funds, thereby contributing to the development of high-tech strategic industries.

Furthermore, the Bank will launch funds designated to activate the exit market and support scale-up financing, which will both enable a timely response to market demand and further expand its pump-priming role in areas facing venture capital shortfalls.

Through these efforts, KDB will continue to actively serve as Korea's leading institutional investor, helping create new growth momentum for the Korean economy in 2026 and beyond.

**Indirect Investment AUM in 2025**
(Units: funds, KRW billion)

**9,538**
AUM

**290**
No. of Funds

**54,065**
Fund Size

**17,466**
KDB Commitment

**12,381**
KDB Capital Contributions

## On-lending

On-lending is a market-friendly indirect policy finance mechanism that supplies long-term capital at favorable interest rates to underfinanced SMEs and MEs due to low credit ratings. KDB channels these funds through 25 commercial banks and specialized credit finance companies, which act as intermediary financial institutions. These intermediaries are responsible for beneficiary selection and loan execution.


* Commercial banks, regional banks, specialized credit finance companies

### 2025 Review

In 2025, KDB provided KRW 9.8 trillion in on-lending loans to 7,800 qualified SMEs and MEs, with a particular focus on underbanked businesses (92% SMEs, 58% regional companies, and 41% businesses rated below BBB0). This underscores KDB's unwavering commitment to fulfilling its role as a policy finance institution.

In 2025, to address the growing risk of regional economic decline—driven by the concentration of key industries in the Seoul metropolitan area and the weakening competitiveness of traditional industries outside the capital region—KDB expanded its Regional Economy Revitalization Special On-lending Program from KRW 1.70 trillion in 2024 to KRW 1.86 trillion in 2025 to support the growth of high-potential regional companies.

### 2026 Plans

In 2026, KDB plans to realign eligibility criteria across its on-lending products to better reflect the government's policy direction. To support Korea's leadership in high-tech strategic industries and strengthen competitiveness in future strategic sectors, the Bank will expand the beneficiary scope of its Materials, Parts, and Equipment & Strategic High-tech Industries Special On-lending Program to include companies engaged in the critical minerals, content, robotics, and defense industries.

In addition, for its Carbon Net-Zero Special On-lending Program—designed to foster SMEs manufacturing eco-friendly products, providing related services, and/or producing/distributing renewable energy—KDB will broaden eligibility to include environmental service providers and companies that are tenants of Smart Green Industrial Complexes.

By doing so, KDB's on-lending program will continue to support balanced regional development and strengthen industrial competitiveness in line with the government's SME and mid-sized company development policy.

**On-lending Loan Yearly Balance**
(Unit: KRW billion)

# Innovative Growth

### KDB NextRound Performance Highlights

873
IR Rounds Held

3,312 startups
Startups Participated

993 startups
Funded Startups

KRW 8.8 trillion
Total Investment Raised

## KDB NextRound

As a market-oriented policy finance institution, KDB has led Korea's effort to discover growth engines for its economy while promoting vitality and diversity of the country's venture investment ecosystem.

To this end, KDB operates KDB NextRound, a market-driven venture investment platform that connects venture firms with investors, and hosts NextRise, Korea's largest startup fair, every year since 2019, creating an open innovation platform linking startups with large corporations and mid-sized enterprises.

In tandem with this effort, the Bank has collaborated with industry and academic partners to build and finance a virtuous financial support cycle for the development, transfer, and commercialization of leading technologies, while also engaging in start-up incubation and acceleration activities through the KDB NextONE program.

### 2025 Review

#### Contributing to the Innovative Venture Ecosystem through the Market-driven KDB NextRound Platform

KDB NextRound is a market-driven startup investment platform that connects startups seeking investments with investors searching for investment targets. The Bank and its partners, which range from VCs and accelerators to government research institutes, have discovered promising startups and arranged for them a total of 873 IR rounds since the platform's launch in 2016. Through these rounds, 3,312 startups have had the opportunity to make their pitch to the Bank and its partners, of which 993 have successfully raised a total of KRW 8.8 trillion.

In addition to the regular IR rounds, KDB NextRound also holds industry-specific special rounds for mobility, healthtech, AI, deep tech, fintech, and other entities in diverse sectors to better meet the versatile demands of the market. To strengthen the regional venture ecosystem, KDB hosts regional rounds centered on venture hubs across the country, supporting the discovery of promising startups outside the Seoul metropolitan area and expanding the foundation for regional venture growth. It also supports the expansion of domestic startups beyond Korea's borders and the growth of the domestic start-up ecosystem by hosting global rounds in conjunction with VCs from overseas.

#### NextRound Online Platform Overview in 2025

Startup-themed contents 1,966 contents

(Units: members, contents)

| | Startups | Investors | Others | Total |
|---|---|---|---|---|
| Members by Type | 3,978 | 1,832 | 2,982 | 8,792 |

#### Operating the NextRound online platform (www.nextround.kr)

KDB launched its NextRound online platform in April 2021 as a digital space to connect venture startups and investors anytime and anywhere around the world. The platform allows startups to continuously present their business models, technological competitiveness, and other key information online, including video content. For VCs, the platform offers live broadcasts and VOD services of NextRound Live, along with a search feature that taps into its extensive database of startup profiles, thereby helping them efficiently source investment opportunities.

#### Successful Completion of NextRise 2025, Seoul

KDB hosted NextRise, Asia's largest global startup fair, which was held from June 26 to June 27, 2025. Organized jointly by KDB and four other organizations—the Korea International Trade Association, Korea Venture Business Association, Korea Venture Capital Association, and National Research Council of Science & Technology— NextRise is Asia's largest global startup fair. The event consists of conferences, exhibition booths, and 1:1 meetups to bring together participants across Korea's venture ecosystem, including medium to large-sized businesses, VCs, startups, research institutions, and support institutions. The event continues to develop by holding a range of new programs as side events and attracting a greater number of participants each year.

More than 23,000 visitors came to the fair in 2025, which included participants from 526 local and overseas startups. Global companies including LG, AWS, and Korean Air opened exhibition booths at the fair, as did many universities and several embassies based in Korea. Multinational companies such as Hyundai Motor Company, Google Cloud, and Anthropic, as well as industry experts, conducted a total of 63 seminars. More than 3,700 business meetings took place among 1,108 startups, 148 medium and large-sized businesses, and 117 VCs. Survey results showed that over 75% of participants at NextRise 2025 were willing to re-engage the following year across all programs, as they saw significant business achievements that included successful fundraising efforts and cooperation with other businesses and marketing achievements.

#### Accelerating the Growth of Startups via KDB NextONE

KDB continues to discover and incubate early-stage startups through the NextONE program, which was launched in July 2020. KDB NextONE provides business consulting, targeted mentoring, fundraising support, and business growth programs to deliver tangible assistance to early-stage startups. From the 1st to the 11th KDB NextONE iterations, a total of 165 startups have been supported financially, with a number of these same startups having successfully completed their funding rounds, achieved tangible business results, and contributed to the creation of new jobs.

# Innovative Growth

### Supporting Startups through Special Purpose Funds

KDB established and has been managing special-purpose funds to support the development of the Korean venture capital market and related companies. Since 2014, the Bank has set up a Global Partnership Fund Series (GPF I–V) amounting to KRW 744.5 billion to help innovative Korean startups advance into global markets and attract overseas investment. At the same time, the funds have fostered the qualitative growth of Korea's venture ecosystem by promoting international venture capital firms' entry into the domestic market. In addition, KDB had set up Open Innovation Funds totaling KRW 483.4 billion as of 2025 to expand investments in startups and support their ability to secure future growth engines through open innovation by spearheading technical/strategic collaboration efforts between large/mid-sized companies and startups.

### Supporting the Global Expansion of Promising K-startups through the KDB Global Venture Platform

In a bid to go further than merely supporting startups based mostly out of Korea, KDB established KDB Silicon Valley LLC, a venture investment subsidiary, in Silicon Valley in November 2021. As of the end of 2025, KDB Silicon Valley LLC had made both direct investments (6 startups, USD 21 million) and indirect investments (3 funds, USD 15 million). This entity will serve as the foundation for KDB to develop industry connections within the global start-up ecosystem, through which the Bank will actively support Korean startups on their journey to global expansion and unicorn status.

### Fostering a Venture Ecosystem in Korea's Southern Region

Through its Southern Investment Finance Center, KDB operates a regionally specialized venture platform and contributes to the revitalization of the southern venture ecosystem by supporting green and digital transition efforts, establishing and investing in regional fund-of-funds vehicles, and providing financing for regional development projects. Also, through KDB NextONE Busan and the V:Launch platform, KDB has hosted a total of 80 IR sessions, enabling 26 companies to raise KRW 218.8 billion in investment. Furthermore, KDB supported ecosystem revitalization and industrial transition in the southern part of the peninsula through the establishment of the 2025 Southern Region Growth Support Fund and Busan Future Industry Transition Fund I. Going forward, the Southern Investment Finance Center plans to functionally expand its existing three-pillar strategy—platforms, funds, and direct investment financing—into V:Formation, allowing it to provide closely tailored investment banking support across the full corporate life cycle and by company size for businesses based in the southern region.


### 2026 Plans

KDB will continue to advance initiatives aimed at developing and revitalizing the venture ecosystem in order to support the government's policy to foster high-tech strategic industries.

In 2026, KDB NextRound will host special rounds focused on high-tech strategic industries such as robotics, semiconductors, and AI, while continuing to operate regional rounds in areas outside the Seoul metropolitan area to contribute to the growth and foundation-building of regional venture ecosystems. Additionally, KDB intends to host global rounds centered on high-tech strategic industries at major international hubs, including Silicon Valley and Tokyo, as the Bank actively leverages its existing overseas funds and VC network to continue supporting Korean startups in attracting foreign investment and entering global markets.

Moreover, in 2026, KDB plans to establish new special purpose funds, including the Global Partnership Fund and Open Innovation Fund, to support the overseas expansion of domestic startups and the securing of their future growth engines, thus driving the qualitative advancement of Korea's venture ecosystem.

NextRise 2026, Seoul, the fair's eighth annual iteration, is scheduled to take place from June 18 to June 19, 2026 at COEX in Seoul, with members of both the domestic and international venture ecosystems invited to the event.

NextRise 2026, Seoul will provide open innovation opportunities for various actors in the venture ecosystem from around the world to collaborate and grow together, while supporting the acceleration of innovation in the venture ecosystem centered on the high-tech strategic industries such as AI. Through this and related efforts, we hope to play an important role in aiding the Korean startup ecosystem to realize a stronger global impact.

As the foundation of the KDB Venture Platform, KDB NextONE will continue to leverage KDB's accumulated expertise and resources, including NextRound, NextRise, and its global network, to maximize its impact this year.

Looking ahead, KDB will actively identify and support startups in promising sectors, including key strategic technologies, while strengthening support for the venture and startup ecosystem by promoting open innovation with large corporations so that startups can evolve into future growth drivers of the Korean economy. Building on these and other efforts, KDB will strive to further solidify its standing as Korea's leading financial institution, driving innovation-led growth.

# Innovative Growth

## National Growth Fund Division

Launched in December 2025, the National Growth Fund aims to strengthen the ecosystem of high-tech strategic industries, including AI and semiconductors, in response to intensifying global competition for technological leadership, and to secure Korea's growth engines for the next 20 years.

Korea Development Bank plans to establish a KRW 75 trillion High-Tech Strategic Industry Fund, taking on upfront risk and serving as a catalyst for an additional KRW 75 trillion in private capital, bringing the total to KRW 150 trillion. Over the next five years, the funds raised will be invested in companies operating in AI, semiconductors, and other high-tech strategic industries, as well as in related infrastructure and the broader industrial ecosystem.

### Establishment of the National Growth Fund Investment Strategy

**Fund Formation**

- KRW 75 trillion — **Private Capital**
  - Retail Investors
  - FI and Pension Funds
  - Corporates
- KRW 75 trillion — **High-Tech Strategic Industry Fund**

**Support Targets and Methods**

- **KRW 50 trillion** in direct/indirect investments: AI data center development
- **KRW 50 trillion** in infrastructure investment & financing: Energy highway
- **KRW 50 trillion** in loans:
  - Investmen
  - Financing for the bio Semiconductor sectors

**Mega Projects**

**Objectives**

- Foster high-tech industries and companies
- Promote venture and innovation growth
- Expand regional growth and job creation

**"Total solutions package, including regulations, taxation, fiscal support, finance, and talent development"**

### Amendment to the Korea Development Bank Act to Support High-Tech Strategic Industries

**Dec. 2025**

- **Government:** Partial amendment to the KDB Act came into effect

**Sep. 2025**

- **Government:** Promulgated the amendment to the KDB Act and announced the plan to establish and operate the KRW 150 trillion National Growth Fund
- **KDB:** Established a dedicated division for the High-tech Strategic Industry Fund

**Aug. 2025**

- **National Assembly:** Amendment to the KDB Act passed the National Assembly plenary session

**Jul. 2025**

- **KDB:** Established the Preparatory Committee for the High-tech Strategic Industry Fund
- **National Assembly:** Amendment to the KDB Act passed the plenary session of the National Policy Committee

**Mar. 2025**

- **Government:** Announced the Plan to Establish the High-tech Strategic Industry Fund to Strengthen Future-oriented Industrial Competitiveness
- **National Assembly:** Bipartisan secretaries of the National Policy Committee introduced a partial amendment to the KDB Act based on provisions to establish the High-tech Strategic Industry Fund


### 2025 Review

#### Amendment to the Korea Development Bank Act to Support High-Tech Strategic Industries

In March 2025, following the government's announcement of plans to establish the High-Tech Strategic Industry Fund to strengthen future industrial competitiveness, amendments to the Korea Development Bank Act were initiated to enable more proactive financial support for high-tech strategic industries and related businesses. With the amended law already in effect and a dedicated division for the High-Tech Strategic Industry Fund established at the end of 2025, KDB is raising a total of KRW 150 trillion for the National Growth Fund to support future strategic industries and the broader ecosystem, laying the foundation for Korea's next 20 years of growth.

#### Establishment of the National Growth Fund Investment Strategy

The KRW 150 trillion National Growth Fund consists of KRW 75 trillion from the High-Tech Strategic Industry Fund and KRW 75 trillion in private capital. The Fund is structured to allocate KRW 15 trillion to direct investments, KRW 35 trillion to indirect investments, KRW 50 trillion to infrastructure investment and financing, and KRW 50 trillion to loans. Funding will strategically be directed toward pan-government mega projects that are expected to generate substantial industrial spillover effects.

To ensure the stable management and investment of the High-Tech Strategic Industry Fund, KDB will contribute capital, while the government will participate in a subordinated tranche to catalyze private-sector participation. Financial institutions and pension funds will also be encouraged to participate in the National Growth Fund as part of a broader shift toward productive finance. KDB also plans to establish a public participation fund, allowing individual citizens to share in investment returns.

# Innovative Growth

## Implementation Priorities

**Targeting high-tech strategic industries as Korea's new growth engines over the next 20 years**

- **Eligible sectors** include high-tech strategic industrial technologies and national strategic technologies, such as AI and semiconductors

| | | | |
|---|---|---|---|
| AI | Semiconductors | Secondary Batteries | Display Pannels |
| Bio | Future Mobility | Robotics | Defense |
| Vaccines | Hydrogen | Core Minerals | K-content |

**Supporting the broader ecosystem comprising the value chain of high-tech strategic industries**

- Support will comprehensively cover both the **up/downstream sectors of high-tech strategic industries**, including R&D, SMEs and MEs, equipment and facility providers, infrastructure (e.g., energy), overseas expansion, and buyer's credit

**Promoting region-specific growth projects to address the risk of regional decline**

- Region-specific growth projects will be actively identified in consideration of **development strategies for Korea's five mega-regional economic zones and three special self-governing provinces**, with support provided in alignment with **regionally preferential policy** measures


## 2026 Plans

In 2026, the National Growth Fund plans to deploy more than KRW 30 trillion and respond proactively to market demand to maximize the Fund's initial impact. In particular, funding will strategically be directed toward pan-government mega projects that are expected to generate substantial industrial spillover effects.

### Loans

KDB plans to provide facility investment loans primarily for mega projects with significant industrial spillover effects. Through this, the Bank aims to promote shared growth across the entire value chain of high-tech strategic industries and to foster promising SMEs and MEs as future growth drivers. In addition, KDB plans to allocate more than 40% of the KRW 10 trillion lending target for the High-Tech Strategic Industry Fund in 2026 to regional companies and projects, supporting the government's regional economic revitalization policy.

### Investments

KDB plans to provide tailored financing solutions based on corporate demand by using a range of instruments, including direct investments and project funds, while also extending infrastructure finance to support the broader ecosystem of high-tech strategic industries. To ensure the timely deployment of capital from the High-Tech Strategic Industry Fund, the Bank is maintaining close communication with industry players and has already identified diverse funding needs from large corporates, MEs, SMEs, and regional businesses. In response, KDB plans to accelerate capital deployment. Separately, the Bank plans to establish a public participation fund to share with retail investors the investment returns generated by the National Growth Fund.

### 2026 National Growth Fund Support Plan

**Direct Investment**

KRW 3 trillion

KRW 1.5 trillion (Fund) + KRW 1.5 trillion (Private)

**Indirect Investment**

KRW 7 trillion

KRW 1.5 trillion (Fund) + KRW 5.5 trillion (Private)

**Infrastructure Investment & Financing**

KRW 10 trillion

KRW 2.0 trillion (Fund) + KRW 8.0 trillion (Private)

**Loans**

KRW 10 trillion

Fund

# Venture Finance

## Venture & Technology Banking

KDB's venture finance operations began in 1997 at the dawn of the venture ecosystem in Korea. Since then, it has been pioneering the venture investment market, identifying and nurturing promising venture startups and SMEs with the capital they need to grow. In recent years, the Bank has increased investments in promising tech firms, aligning with the government's strategy to cultivate innovative growth drivers for the national economy.

### 2025 Review

#### Supporting Promising Startups with Innovative Technologies

KDB continued to expand its investments in promising industry startups with innovative technologies to help foster future-oriented industries. In 2025, the Bank focused on startups in advanced technology fields that are expected to drive future growth, including high-tech strategic industries, and provided more than KRW 170 billion to 34 companies.

#### Fostering Innovative Companies through Stage-by-Stage Support

The Bank's commitment to fostering innovation drivers is evident in its approach to financing tech-driven startups from their nascent stages, guiding them through their growth phases with strategic follow-on investments. In 2025 alone, KDB invested more than KRW 82 billion in 18 early-stage startups in deep tech.

#### Strengthening External Collaboration to Support the Venture Ecosystem

To further advance its network for identifying promising ventures and enhance practical support for them, KDB entered into a series of MOUs in 2024 with the Korea Venture Business Association (KOVA), Korea's four major science & technology (S&T) institutes,* and Korea Electric Power Corporation (KEPCO), thus establishing a solid foundation for cross-sectoral collaboration.

| MOU Partners | Key Areas of Cooperation |
|---|---|
| **NST**<br>National Research Council of Science & Technology | Support for fundraising by science and technology-based startups, including technology transfer companies |
| **Four Major S&T Institutes**<br>Technology Holding Companies | Recommendation of companies with outstanding technologies and support for investment and financing |
| **KEPCO** | Support for innovative companies in new energy industries, including power grids and small modular reactors |

**KDB Support for Innovative Startups in 2025**

KRW 170 billion
Total Amount

34
Support Companies

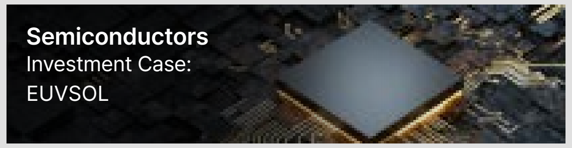
#### Supporting High-Tech Industries by Enhancing Sector Expertise

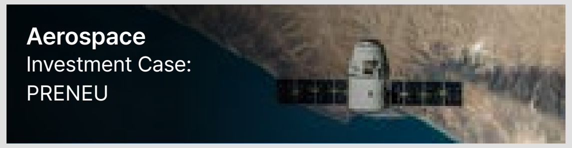
For the intensive development of high-tech strategic industries, the Bank assigned advanced equipment & parts and advanced chemical materials sectors to its two Venture Investment Banking Departments, thereby strengthening each department's sector-specific expertise and enabling a focused approach to investment reviews. Each department subsequently conducted comprehensive analyses of industry trends and technological developments within their respective sectors, leading to investments in 6 projects within the advanced equipment sector, including aerospace and semiconductors, as well as 2 projects in the advanced materials sector, such as secondary batteries and big data.

In addition, the Bank continued to foster the growth of technology-driven companies. In 2025, 5 companies in sectors such as cybersecurity and aerospace successfully completed their IPOs, establishing themselves as core market players.

**Investment Cases by Sector**
(Venture & Technology Banking)

Advanced equipment & parts




Advanced chemical materials sectors



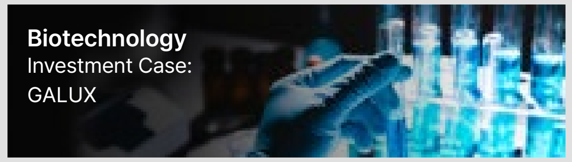
## Scale-up Banking

As global competition intensifies in innovative technology sectors such as AI, financial support that can proactively respond to the rapidly evolving innovation ecosystem is becoming increasingly important.

In alignment with the government's proactive startup nurturing policies, KDB is dedicated to investing in and providing financial support to companies on a growth trajectory. Focusing on the identification of future growth engines in key industrial sectors such as semiconductors, mobility, biotechnology, and content production, the Bank has put in place a robust expert screening system and tailored support programs to help promising ventures secure both technological prowess and market competitiveness.

**Investment Cases by Sector**
(Scale-up Banking))






# Venture Finance

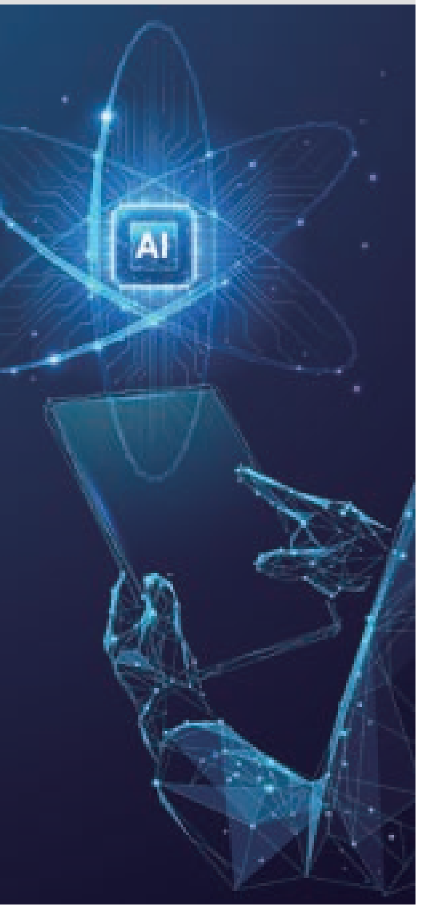
**KDB Seminars by Sector**

**Mobility Seminar**
May 13, 2025

Trends and outlook of the global mobility and AI industries

**Content Seminar**
Oct. 23, 2025

Current landscape of the content industry and changing trends driven by AI




## 2025 in Review

### Enhancing Sector Expertise and Hosting Industry Seminars

To further enhance investment efficiency, KDB deepened its analysis of market and technology trends across key growth sectors, including semiconductors and displays, electronics, telecommunications and content, mobility, and biotechnology. Based on these efforts, the Bank made 22 investments across several core sectors, including investments in a developer of enterprise AI solutions and a fabless company specializing in high-performance AI semiconductors. By linking accumulated sector expertise directly to its investment activities, KDB further strengthened its screening capabilities and tailored support.

Additionally, KDB organized seminars focusing on sectors with high market potential, such as AI, mobility, and biotechnology, in order to provide a forum for sharing the latest trends and technologies between industry experts and investors. This initiative facilitated the timely identification and investment in promising companies that align with each sector's distinct characteristics and pace of innovation, while close communication with the related ecosystem further bolstered startups' technological competitiveness and business viability.

### Active Investment to Reinvigorate Korea's Stagnant Venture Market

In 2025, KDB also maintained an active investment stance to foster high-tech industries and reinvigorate the domestic venture market. As a result, the Bank provided more than KRW 370 billion in investments and financing to 56 companies, helping high-growth venture firms navigate challenging funding conditions. By carefully selecting companies with both strong technological competitiveness and commercialization potential, KDB improved investment efficiency and helped revitalize the domestic venture ecosystem.

## 2026 Plans

In 2026, KDB will continue to strengthen collaboration with venture-related institutions to revitalize the venture ecosystem and enhance market vitality. By leveraging its domestic and overseas networks, including KDB NextRound, the National Growth Fund, and KDB Silicon Valley, the Bank will diversify its investment channels and actively identify promising venture companies with strong technological capabilities.

Furthermore, KDB will make preemptive investments in early-stage innovative startups with strong technological capabilities and business models to secure future growth engines. In response to global supply chain fragmentation, the Bank will not only expand investments in materials, parts, and equipment industries but also, as a reliable partner to startups, support their efforts to localize core technologies and develop new global markets, thereby helping high-tech strategic industries maintain a super gap.

In addition, KDB will further enhance its sector-specific investment capabilities to support the industrialization of startups and strengthen their global expansion. Through hybrid financing across the full corporate lifecycle—with a focus on startups in high-tech strategic sectors, including semiconductors and displays, bio & healthcare, mobility, next-generation communications, AI, deep tech, and climate and green tech—the Bank aims to foster future industrial champions.

KDB will also focus on supporting startups with strong potential, based on their core technologies, to become unicorns by making follow-on investments alongside existing investors. By collaborating with its domestic and international networks, the Bank plans to help Korean venture companies bolster their global competitiveness and expand into overseas markets.



# Project Finance

## Domestic Project Finance

KDB offers comprehensive financial solutions that encompass project finance (PF) advisory and arrangement services. For this, the Bank draws upon its extensive experience and capabilities in financing projects for social overhead capital (SOC), industrial plants (including those for power generation), natural resource development, and real estate development aimed at promoting balanced regional growth. Indeed, the Bank successfully arranged financing for the Incheon International Airport Expressway in 1995, the first PF initiative in Korea. Since then, KDB has maintained its pioneering role in Korean project finance, harnessing the creative resources of the private sector while also catalyzing long-term investments by financial institutions. Through these efforts, it has fulfilled its crucial role in policy finance, significantly contributing to expanding national SOC, improving power supply, and stimulating regional economies. At the same time, it has been instrumental in advancing Korea's financial sector.

### 2025 Review

Since arranging the nation's first PF transaction in 1995, KDB's robust track record has grown to 908 domestic PF arrangements totaling KRW 176 trillion as of the end of 2025.

In 2025, the Bank arranged KRW 6.9 trillion in financing for 34 domestic PF projects, including 11 SOC PFs and 23 regional development PFs, while also providing financial advisory services for 8 SOC PFs and 9 regional development PFs.

KDB's financial advisory and arrangement services for large-scale infrastructure PF projects helped revitalize the domestic PF market through initiatives such as the refinancing of the Gwangmyeong Expressway Project, the Daejang-Hongdae Metropolitan Railway PPP Project, and the Ui-Sinseol Urban Railway PPP Project. The Bank also reinforced its leadership in next-generation PF financing through financial advisory services for large-scale eco-friendly energy projects, including the 1.6 GW Incheon Offshore Wind Project and the Yongin Semiconductor Cluster Cogeneration Project.

In the regional development PF sector, KDB contributed to regional economic revitalization as an anchor player by financing projects such as the Gayang Ex-CJ Mill Office Complex Project and the Incheon Bupyeong Cheongcheon Data Center Development 2nd Project, while also providing financial advisory services for projects including the Wonju Data Center Development Project, the Ansan Sihwa Data Center Development Project, the Starfield Cheongna Project, and the Namsan Hilton Hotel Site Office Complex Development Project.

**Domestic PF Arrangement Performance**
(Units: number of projects, KRW billion)

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Deals | 41 | 39 | 32 | 34 |
| Amount | 8,926.2 | 8,573.8 | 4,758.0 | 6,939.5 |

# Project Finance

### 2026 Plans

As Korea's leading policy finance institution, KDB will continue to actively support policy finance to build the nation's new growth foundation. Based on its accumulated PF market expertise, the Bank plans to expand productive finance by leveraging the National Growth Fund. Furthermore, it will support the development of a new national growth axis by backing the development of Arctic route infrastructure at Busan Port in preparation for the advent of the Arctic Route era.

In the energy sector, KDB plans to support the expansion of balanced national growth infrastructure and the revitalization of regional industrial ecosystems by developing port infrastructure supporting the timely build-out of offshore wind clusters. The Bank will also strengthen its standing as Korea's National Climate Bank and help drive an energy transition centered on renewable energy by supporting the expansion of an "energy highway," namely, heightened renewable energy capacity and advanced national power grids.

In the real estate sector, KDB will reinforce its role as a policy finance institution in stabilizing the market for traditional regional development projects. Moreover, it aims to lead in projects involving smart logistics centers, high-tech industrial complexes, data centers, and other digital transformation assets that support government initiatives to vitalize Korea's economy.

## Overseas Project Finance

Since its entry into the global PF market in 2003 with a dedicated team, KDB has built an international network supported by PF desks led by local talents in Singapore (2011), New York (2015), London (2016), and Sydney (2022). Building on this platform, the Bank had arranged a cumulative total of 293 overseas PF deals amounting to USD 29.9 billion as of the end of 2025. In addition, to strengthen its PF capabilities, KDB established dedicated overseas financial advisory teams in London in 2018 and Singapore in 2019, and delivered two financial advisory mandates in 2025.

### 2025 Review

In 2025, KDB successfully closed 29 overseas PF deals worth USD 4,206 million, as well as 29 ship and aircraft finance deals totaling USD 6,840 million.

Drawing on its network with leading global sponsors, KDB arranged financing totaling USD 1,415 million for eight new data center projects across key markets that included the United States, Australia, and the United Kingdom, further bolstering its track record in large-scale arrangements in the global PF market. The Bank also reinforced its presence in traditional infrastructure PF by arranging road and railway projects in Canada, New Zealand, and Australia.

**Overseas PF Arrangement Performance**
(Units: number of projects, KRW billion)

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Deals | 35 | 20 | 32 | 29 |
| Amount | 3,784 | 2,578 | 3,177 | 4,206 |

At the same time, KDB supported energy transition projects across diverse regions, including the Rio Grande LNG Train 4 & 5 Projects, the Venture Global CP2 Phase 1 Project, the Beehive 1,000 MWh BESS Project in the United States, the NeXtWind onshore wind repowering portfolio project in Europe, and the refinancing of the ADNOC Gas Pipeline Project in the Middle East.

Additionally, the Bank enhanced its portfolio of high-quality assets by expanding support for eco-friendly, high-value-added ship finance, including new LNG carrier builds, and by increasing portfolio financing for top-tier aircraft lessors.

Among the overseas PF projects in which KDB participated as an arranger in 2025, two deals—the Haweswater Aqueduct Resilience Programme in the UK and the NeXtWind Onshore Wind Repowering Portfolio Project in Germany—were selected as Deals of the Year by the noted global PF specialist journal PFI. Based on these achievements, KDB ranked 28th globally and 22nd in Asia-Pacific in PFI's league tables.

### 2026 Plans

KDB plans to strengthen its global PF competitiveness by establishing a phased development roadmap for its PF desks and further localizing and enlarging its overseas business franchise. To advance toward becoming a top-tier global bank, KDB will pursue more lucrative underwriting and syndication mandates for landmark overseas projects, maximize profitability through region-specific strategies, and expand its influence in the global PF market.

Furthermore, KDB will seek to broaden its business scope and build a sustainable earnings base by expanding arrangement and participation opportunities through investments in infrastructure funds managed by global asset managers, providing integrated financing for projects backed by stable cash flows, while also establishing a bridgehead for entry into new markets through non-resident ship and aircraft financing that offers both stability and profitability.

### Landmark Deals of 2025

#### Domestic SOC PF Deal

**Gwangmyeong Expressway Project**

On June 30, 2025, KDB entered into a refinancing agreement for a build-transfer-operate project to construct and operate a 20.2 km expressway connecting Gahak-dong, Gwangmyeong, Gyeonggi-do, and Banghwa-dong, Gangseo-gu, Seoul.

The project is a new north-south transport corridor in the western Seoul metropolitan area, developed under the implementation agreement for the Gwangmyeong-Seoul Expressway PPP Project between the Ministry of Land, Infrastructure and Transport, the competent authority, and Seoseoul Expressway Co., Ltd., the project company. The transaction was completed through close cooperation with the competent authority, including an agreement to extend the construction period and provide additional construction subsidies.

For this domestic transport infrastructure deal, which has a total project cost of KRW 1,903 billion and a total arranged amount of KRW 1,542.2 billion, KDB arranged KRW 1,254.4 billion in PF financing, thereby helping to reinvigorate the domestic private investment market and further reinforce the Bank's standing in the SOC PF market.

#### Overseas PF Deal

**NeXtWind Onshore Wind Repowering Portfolio Project**

On October 31, 2025, KDB entered into a financial agreement to support a project under which NeXtWind, backed by investors including Canada's public pension investment manager, the Public Sector Pension Investment Board (PSP Investments), will repower its onshore wind portfolio in Germany (repowering includes replacing and optimizing outworn turbines and related equipment) and pursue the acquisitions of new onshore wind farms. The transaction was facilitated through collaboration with highly creditworthy partners, including the Investment Management Corporation of Ontario (IMCO), an Ontario-based institutional investor, and Vestas, the world's largest supplier of offshore wind turbines, as well as with PSP Investments. For this global onshore wind portfolio repowering project, which has a total project cost of EUR 2.8 billion, KDB served as a mandated lead arranger and provided EUR 145 million in PF financing, further enhancing its standing in the global PF market.

# Global Business

## Global Expansion and Network Management

As Korea's leading policy finance institution, KDB has played a pivotal role in spearheading the globalization of the country's financial services and expanding its global footprint. Drawing on its extensive overseas network, KDB underpins the coordinated expansion of Korean financial institutions and businesses abroad as part of the government's policy objectives.

Based on financial capability accumulated from its longstanding participation in the international financial market, and a strong credit rating (AA) on par with that of the Republic of Korea, KDB offers both Korean and international clients a diverse range of corporate and investment banking (CIB) services, competing head-to-head with some of the world's most prominent banks.

Going forward, KDB will continue to offer diverse and comprehensive corporate banking services such as loans, arranging bond issuances, project finance, M&A, ship and aircraft finance, consulting, derivatives, and more. Based on this integrated financial platform, KDB will support the global expansion of Korean companies as it works toward its goal of becoming one of the top 20 global banks and emerging as a premier CIB house in Asia.

### 2025 Review

KDB seeks to secure a stable funding base and new revenue sources in the global market while serving as a gateway for Korean businesses expanding globally. As of 2025, the Bank was operating 25 overseas networks across 18 countries, with 12 overseas branches, 7 local subsidiaries, and 6 representative offices, and this number is only expected to grow. To strengthen its global business presence, KDB is expanding its specialized operating assets, such as ship and aircraft finance, private equity, and venture capital investments from each of its overseas networks, as well as enhancing its asset portfolio in promising, high-growth sectors.

KDB is also systematically broadening its external network through strategic cooperation with international organizations and overseas partner institutions. In 2025, the Bank deepened its collaboration efforts with global financial institutions by participating in the annual meetings of major international organizations, including EBRD and AIIB, where it shared business know-how and increased opportunities for cooperation. Furthermore, KDB strengthened its foundation for practical external collaboration through meetings with leading financial institutions such as Mizuho Financial Group, SMTB, and JBIC, as well as with diplomatic missions in Korea, including those of the UK and India. In addition, KDB published its UNGC Communication on Progress (CoP) and engaged in other global knowledge-sharing initiatives, which not only demonstrated its ESG achievements but also reinforced its international financial leadership.

**KDB Global Network in 2025**

18 Countries

25 Overseas Networks

12 Overseas Branches
7 Local Subsidiaries
6 Representative Offices

### 2026 Plans

In 2026, KDB will continue to build new overseas business networks to lay the groundwork for long-term growth. In particular, the Bank plans to establish a branch in Hanoi, Vietnam, securing a key business foothold in the high-growth Southeast Asian market.

Moreover, the Bank will pursue the scaling up and localization of its four major hubs—Singapore, London, Hong Kong, and New York—and expand local financial support for Korean companies venturing abroad, thereby reinforcing its role as a CIB financial hub and further expanding its overseas business assets.

## Global Investment Cooperation

Under the Korea-UAE Investment and Financial Sector Cooperation Follow-Up Action Plan established in January 2023, KDB serves as the exclusive channel to facilitate systematic and efficient execution of UAE-led investments in Korea.

Building on the Sovereign Partnership (SP) established between KDB and Mubadala, KDB operates the Investment Proposal Platform through which it introduces promising Korean investment opportunities to UAE investors. It also oversees a broader public-private investment cooperation platform that supports the government-level Investment Cooperation Committee and has played a pivotal role in organizing private-sector investment cooperation networks.

In 2025, KDB increased the scope of its cooperation beyond UAE investment institutions to include global investment institutions and their affiliates. At the same time, the Bank diversified its cooperation beyond investment collaboration to include technology cooperation with sovereign wealth fund subsidiaries and support for local market entry. Additionally, KDB has continued to identify investment proposals for UAE investors, arrange meetings with global investment institutions, and support government-related coordination.

### 2025 Review

In 2025, KDB successfully attracted significant UAE investment into Korea, establishing a leading example of cross-border sovereign investment cooperation. Over the past three years, in fact, the bank has also diversified its proposal formats beyond equity investment to include fund investments, technology collaborations, and bond investments, while expanding its deal-sourcing channels through partnerships with accounting firms, private equity firms, and industry associations. As a result, KDB's investment proposals have increased both in number and quality, with the Bank receiving high praise from the leaders of both countries for its role in promoting investment cooperation during the Korea-UAE summit in November.

### Key Activities in 2025

| | |
|---|---|
| March | Hosted an international investment cooperation network with institutions across Korea's financial and industrial sectors, sharing global investment trends and strengthening the foundation for cooperation |
| July | Launched a bio-focused sector network to share industry trends and discuss potential areas of cooperation |
| September | Held working-level discussions with visiting Mubadala officials on the extension of the Korea-UAE Sovereign Partnership, a review of the deal pipeline, and an introduction to the National Growth Fund |
| December | (UAE) Participated in Abu Dhabi Finance Week (ADFW) and met with the UAE's three major sovereign wealth funds—Mubadala, ADQ, and ADIA—to discuss ways to deepen cooperation.<br>(Saudi Arabia) Participated in the MOMENTUM development finance conference hosted by Saudi Arabia's National Development Fund (NDF), holding meetings with the NDF, PIF, and their affiliated institutions, as well as discussions on a potential MOU. |

# Global Business

## Cross-Border Finance

KDB's global corporate banking services offer syndicated loans and credit commitments to non-resident, non-Korean clients, both corporate and institutional. The Bank's loan origination and distribution desks in Asia-Pacific and Europe oversee investment grade and non-investment grade borrowers across the globe. In recent years, KDB, in cooperation with the Bank's global network, has broadened its product offerings, from plain vanilla loans to merger & acquisition financing, as well as fund facilities such as net asset value (NAV) financing and subscription line facilities.

### 2025 Review

KDB's global corporate banking offers syndicated loans and credit commitments to non-resident, non-Korean clients, both corporate and institutional. Our loan origination and distribution desks in Asia-Pacific and Europe oversee investment grade and non-investment grade borrowers across the globe. In recent years, KDB, in cooperation with our global network, has expanded our product offerings from plain vanilla loans to merger & acquisition financing as well as fund facilities such as Net Asset Value financing and subscription line facilities.

### 2026 Plans

By leveraging its extensive network around the world, KDB has achieved resilient growth in the Bank's overseas assets despite continued macroeconomic uncertainty and volatility across global markets.

## Trade Finance

KDB offers a comprehensive spectrum of trade finance services to Korean companies with import/export financing needs.

Its import finance products include usance letters of credit (L/Cs) facilitated through its overseas branches and a global correspondent banking network, as well as import payment loans that finance the payment for imported goods under a post-shipment remittance method with repayment due within one year.

In the export finance sector, the Bank accelerates the receipt of payment for goods through post-shipment export financing via both L/C and non-L/C transactions (DA, DP, OA). Additionally, KDB's pre-shipment financing via domestic L/Cs to suppliers of export commodities helps prompt trade activity.

Beyond traditional import and export finance, KDB also engages in financial institution (FI) trade finance operations to pursue new markets and revenue sources. These include interbank risk participation transactions that is intermediated by global banks, as well as trade finance backed by international financial institution guarantees for banks in emerging markets. More recently, the Bank has broadened its product offerings by expanding trade loan and forfaiting products for banks in emerging economies, thereby deepening financial support and bolstering engagement with emerging markets while simultaneously cultivating new business opportunities.

### 2025 Review

Korea's exports increased year on year, supported by solid performance in key export items such as semiconductors, ships, and automobiles, as well as a number of related sectors. Imports also grew, driven by export-related demand and steady energy imports. Against this backdrop, KDB handled USD 32.3 billion in trade finance in 2025, representing a 6.6% increase over the previous year.

KDB is not only expanding its global network by strengthening cooperative relationships with global banks through interbank risk participation transactions, but also increasing its direct trade finance for banks in emerging markets. In particular, in 2025, the Bank enhanced profitability and further widened the reach of Korean trade finance in global markets by providing trade finance funding for the first time to banks in Africa, Latin America, and Central Asia through collaboration with international financial institutions, thus further reinforcing KDB's role in the global trade finance market.

### 2026 Plans

The global economy is expected to post a growth rate roughly similar to that of 2025, as protectionist policies among major economies persist and geopolitical risks remain elevated. In Korea, its economy is projected to record modest growth, supported by a gradual recovery in domestic demand underpinned by expansionary fiscal policy. Exports are expected to maintain positive momentum in the IT sector, but overall export growth is likely to moderate amid uncertainty in the global trade environment, foreign exchange risk and prolonged low oil prices. Against this backdrop, KDB plans to actively expand its trade finance business in 2026 by strengthening collaboration with relationship managers covering import and export companies and broadening its corporate network, thereby boosting support for Korean companies' trade finance needs.

In the global trade finance section, the Bank will continue its efforts to bolster transaction volume by diversifying its correspondent banks and countries and broadening its product portfolio, with a particular focus on its flagship trade loans and interbank risk participation transactions. KDB also intends to further solidify its position as Korea's leading trade finance bank by actively offering a range of differentiated products, including collaborative transactions with international organizations and corporate risk participation, under which credit is extended to corporate clients.

Building on these efforts, KDB will seek to maintain a stable overseas financial network and expand its global trade finance asset base over the mid- to long-term, while also enhancing profitability and soundness by improving its foreign-currency liquidity management framework.

**Import/Export Trade Finance Supplied to Korean Companies by Year**
(Unit: USD billion)

Exports USD 15.9 billion

Imports USD 16.4 billion

Total USD 32.3 billion

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Total** | **37.2** | **36.5** | **26.6** | **30.3** | **32.3** |
| Exports | 19.8 | 17.6 | 11.1 | 14.8 | 15.9 |
| Imports | 17.4 | 18.9 | 15.5 | 15.5 | 16.4 |

# Capital Markets

### Capital Market Stabilization Programs
(unit : KRW trillion)

**39.9**
Cumulative Deployment
(Since 2020)

**25.8**
Available Capacity
(as of 2025)

**10**
Corporate Liquidity Support Vehicle

**4.4**
Fast-Track Corporate Bond Purchase Scheme

**7.4**
Corporate Bond & CP Purchase Program

**20**
Bond Market Stabilization Fund

## Debt Capital Market

As Korea's only bank licensed to underwrite corporate bonds, KDB has maintained its leadership in debt capital markets services by arranging and underwriting bond offerings both domestically and internationally. The Bank also provides comprehensive advisory services for structured finance transactions.

### 2025 Review

KDB's Debt Capital Markets Department operates various capital market stabilization programs for proactive crisis management. As of 2025, total available funds under these programs had reached KRW 41.8 trillion.

Specifically, KDB operates a proprietary corporate bond and commercial paper (CP) purchase program totaling KRW 7.4 trillion. Additionally, in conjunction with the government and other related institutions, it manages KRW 20 trillion for the Bond Market Stabilization Fund, KRW 4.4 trillion for the Fast-Track Corporate Bond Purchase Scheme, and KRW 10 trillion for the Corporate Liquidity Support Vehicle. Since 2020, KDB has cumulatively deployed KRW 39.9 trillion and, as of 2025, had retained KRW 25.8 trillion in available capacity, contributing to the stability of the bond market.

In addition to traditional securitization backed by standardized assets such as trade receivables, KDB broadened the range of eligible underlying assets for securitization, thereby supporting companies in securing new growth drivers. The Bank provided companies operating in high-tech strategic industries with diverse financing solutions as well, including corporate bond origination and structured finance.

KDB also provides funding support through the issuance of KDB High-Tech Strategic Industry & ESG P-CBOs (primary collateralized bond obligations), which securitize privately placed bonds issued by SMEs and MEs operating in high-tech strategic industries or ESG businesses. Through its QIB bond support program, the Bank also supports mid-sized enterprises in making their debut in the corporate bond market and in diversifying their funding sources through the capital markets.

In the international bonds segment, KDB maintained its leadership by successfully arranging major global bond issuances, including those for Korea National Oil Corporation, Korea Housing Finance Corporation, and Hanwha Energy USA Holdings Corporation. These accomplishments propelled the Bank to 9th place in Bloomberg's Korea International Bonds League Table (Public Offering), reaffirming its position as Korea's leading investment bank.

Moreover, KDB diversified its currency portfolio for bond origination and further strengthened its execution capabilities in the international bond market by leading KB Kookmin Bank's euro-denominated covered bond issuance and Korea Land & Housing Corporation's inaugural euro-denominated public bond offering.

### Landmark Deals of 2025

In April 2025, KDB successfully arranged the issuance of USD 400 million in global bonds, backed by its guarantee for Hanwha Futureproof, to support the Korean company's funding needs as it enters the United States. Structured as a three-year, single-tranche USD 400 million instrument, the transaction was sixfold oversubscribed—recording the highest orderbook multiple among guaranteed bond issuances over the past three years, despite a volatile macro backdrop marked by tariff announcements from the Trump administration. Reflecting strong demand from global investors, the deal was priced at a spread of +95 bps, tightening by approximately 35 basis points from the initial price guidance (IPG). Through this guaranteed bond issuance, which leveraged KDB's strong credit standing, the Debt Capital Markets Department successfully supported Korean companies' overseas expansion and the scaling-up of their eco-friendly businesses, while further reinforcing KDB's position as Korea's premier policy-driven investment bank.

| | |
|---|---|
| **Issue Size / Tenor** | USD 400 million / 3 years |
| **Issue Date** | April 23, 2025 |
| **Reoffer Spread/Yield** | U.S. Treasury Yield (3Y) + 95bps / 4.781% |
| **Coupon** | 4.750% |
| **Guarantor** | The Korea Development Bank |

### 2026 Plans

The Korean debt capital market outlook for 2026 remains mixed, shaped by both favorable and adverse factors. Supportive factors include an economic recovery driven by the semiconductor upcycle and anticipated large-scale foreign capital inflows following Korea's inclusion in the World Government Bond Index (WGBI) from April 2026, while downside risks include the Trump administration's tariff policies and foreign exchange volatility.

In 2026, KDB will continue operating its bond market stabilization programs to actively support low-credit-rated firms facing funding challenges. By doing so, the Bank will reinforce financial market stability and mitigate risks in the event of potential crises.

Furthermore, KDB plans to bolster its support for investment banking products tailored to each stage of business growth, thus expanding customized financing solutions by corporate size and business profile.

Although volatility in the international bond market has increased somewhat amid U.S. tariff policies and broader geopolitical risks, Korean bonds have remained resilient on the back of solid investor demand. Nonetheless, potential sources of renewed volatility remain, including a change in the Chair of the U.S. Federal Reserve, the U.S. Supreme Court ruling related to tariff measures, and the U.S. midterm elections.

Against this backdrop, KDB will further strengthen its global DCM capabilities to support the stable issuance of Korean international bonds. The Bank will also broaden its presence in global and cross-border primary markets through targeted marketing initiatives aimed at non-resident corporate clients.

# Capital Markets

## M&A

Since launching its M&A services in 1996, KDB has provided comprehensive, end-to-end M&A advisory services that encompass target company sourcing, company analysis, deal structuring, due diligence support, and transaction execution for both domestic and international clients.

To facilitate seamless M&A transactions, KDB arranges optimal capital structure and coordinates timely acquisition financing. Additionally, the Bank has established a dedicated M&A Desk in Hong Kong, the financial hub of Asia, to offer cross-border acquisition financing for APAC-based sponsors and advisory services for Korean companies pursuing cross-border M&A opportunities.

In recent years, KDB has further enhanced its M&A services by integrating pre-M&A consulting and post-merger integration (PMI) consulting through close collaboration with its M&A Consulting Department. This comprehensive package-based advisory service ensures clients receive strategic end-to-end solutions tailored to their unique transition requirements.

### 2025 Review

The Korean M&A market rebounded sharply in 2025 after transaction values had declined throughout 2024 amid a high-interest-rate environment and reduced liquidity that began in earnest in the second half of 2022. Supported by a rise in KRW trillion-scale landmark transactions arising from large companies' business portfolio realignment, the market recorded year-on-year growth of 82.8% in transaction value and 21.2% in deal volume, surpassing the previous record highs set in 2021 for both metrics.

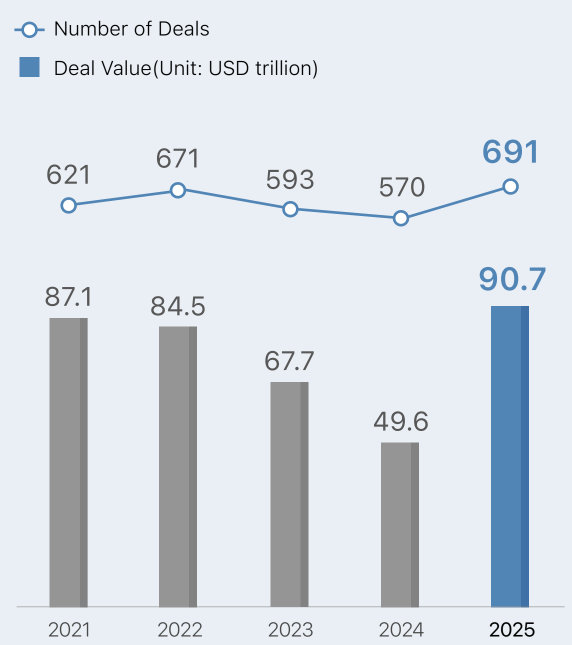
In 2025, the Bank successfully closed M&A transactions totaling KRW 3.3 trillion on a closed-deal basis, while supporting the improvement of Korean semiconductor companies' competitiveness through cross-border M&A. Furthermore, KDB carried out several significant transactions as a policy-driven investment bank, including M&A deals focused on creating new growth engines for SMEs and MEs involved in K-beauty and eco-friendly businesses. These efforts contributed to corporate growth and boosted the competitiveness of domestic industries.

### 2026 Plans

In 2026, higher interest rates across major economies, including the United States, are expected to persist, while tariff-related risks originating from the United States are likely to remain an ongoing source of uncertainty for the global economy. Nonetheless, M&A investment domestically and internationally is expected to continue, supported by carve-out transactions driven by strategic business portfolio adjustments and improving deal values, especially in the technology sector.

In response to this market environment, and aiming to foster long-term partnership growth with clients, KDB plans to offer proactive support focused on M&A for the vertical integration and horizontal consolidation of SMEs and MEs, as well as tailored advisory services for companies pursuing business restructuring. In addition, the Bank will strengthen strategic M&A support, including for the overseas expansion of Korean companies operating in strategic industries, through active collaboration with its Hong Kong M&A Desk and overseas partner advisors.

**Annual M&A Deal Value and Volume Trends**



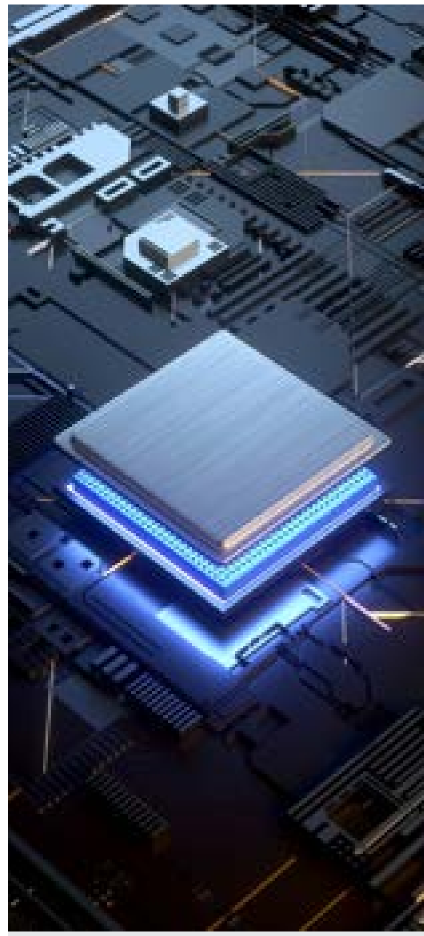

**Landmark Deals of 2025**

**Strengthening Korean Semiconductor Competitiveness**

The Bank assisted in the acquisition of Sun Fluoro System, a Japanese specialty synthetic resin company, by Now IB Capital, a Korean affiliate of Solbrain Group and a new technology finance firm. Specifically, KDB provided buy-side advisory services for a total transaction amount of KRW 250 billion and arranged KRW 60 billion in acquisition financing. This transaction earned the Bank a notable fee income and expanded its portfolio of high-quality assets. It was also significant because it supported a Korean semiconductor-related company in acquiring a Japanese parts, materials, and equipment manufacturer, which in turn has brought greater stability to Korea's semiconductor supply chain. The deal is especially noteworthy for enhancing the global competitiveness of a Korean company through an acquirer-friendly financing structure and policy-linked financial support.

**Continued Support for Global Scale-Up**

In 2024, KDB supported the growth of a promising K-beauty SME by advising on Goodai Global's simultaneous acquisition of controlling stakes in TIRTIR and LAKA Cosmetics, both of which specialize in skincare cosmetics branding and distribution. In 2025, the Bank successfully finalized Goodai Global's acquisition of a 100% stake in Serin Company by providing buy-side advisory services for a total transaction value of KRW 600 billion and arranging KRW 300 billion in financing. Through this transaction, KDB generated additional earnings while also helping to strengthen the global competitiveness of Korean K-beauty companies through diversification of product portfolios and overseas markets.



## Consulting

Since the Bank launched its consulting service in 2003, KDB has carried out a total of 924 consulting projects as of the end of 2025 across diverse fields, including business management, finance, ESG, corporate turnarounds, in-house consulting tasks, public services and development, and overseas projects. Today, the Bank delivers a differentiated one-stop service by leveraging its extensive database on industries and businesses while collaborating with IB departments specialized in investment, private equity, acquisition finance, and project finance.

### 2025 Review

In 2025, the business environment worsened due to a global economic slowdown and the intensification of nationalist economic policies by governments worldwide. Domestically, Korean companies also faced increased uncertainty in relation to sustainable management because of rising raw material costs fueled by persistent inflation and declining domestic consumption. In response, KDB's M&A Consulting Department drew on its accumulated consulting expertise and cross-functional collaborations to implement its consulting initiatives under two main strategic priorities: supporting government policies and enhancing consulting capabilities.

**Number of Projects Completed (2003-2025)**

(unit : cases)

924

# Capital Markets

Regarding government policy support, the Department provided management strategy consulting to venture firms such as Company N (drones) and Company D (secondary batteries) in line with the policy objective of fostering SMEs and venture businesses. The Bank also delivered integrated solutions including startup fundraising support, M&A feasibility reviews, and overseas expansion advisory services, thereby offering targeted support for the needs of SMEs and venture firms at different stages of growth. Additionally, to promote broader adoption of ESG management among Korean companies, KDB launched its own ESG consulting program and successfully completed ESG consulting for Company S, a mid-sized supplier of semiconductor manufacturing equipment within the supply chain of a large company, as the first beneficiary.

The Bank also enhanced the utility of its in-house-developed KDB ESG consulting platform by adding a new ESG checklist tab to support ESG-based investment decision-making and by uploading major ESG news articles. As part of its consulting upgrade initiatives, KDB carried out projects such as mid- to long-term management strategy consulting for Company D, a manufacturer of agricultural machinery and mobility products, and internal capability assessment consulting for Company S, a manufacturer of secondary battery equipment.

### 2026 Plans

In 2026, uncertainty in the industrial and economic environment is expected to continue, driven externally by increasing competition for dominance in high-tech strategic industries, stronger protectionism, security-first policies, and supply chain disruptions. Domestically, the Korean economy faces growing concerns of low growth amid a shrinking working-age population caused by low birth rates and an aging population, along with the rapid acceleration of AI transformation. In this context, Korean companies will need to respond strategically. To this end, KDB aims to expand its consulting role to help domestic key industries address current challenges, identify future growth sectors through support for advanced industries, enhance the competitiveness of Korean companies, and revitalize policy finance. Specifically, the Bank plans to actively offer consulting services related to pre- and post-M&A processes, grow its ESG consulting program, support Korean companies' overseas expansion, and provide management and growth strategy consulting for SMEs and venture firms.

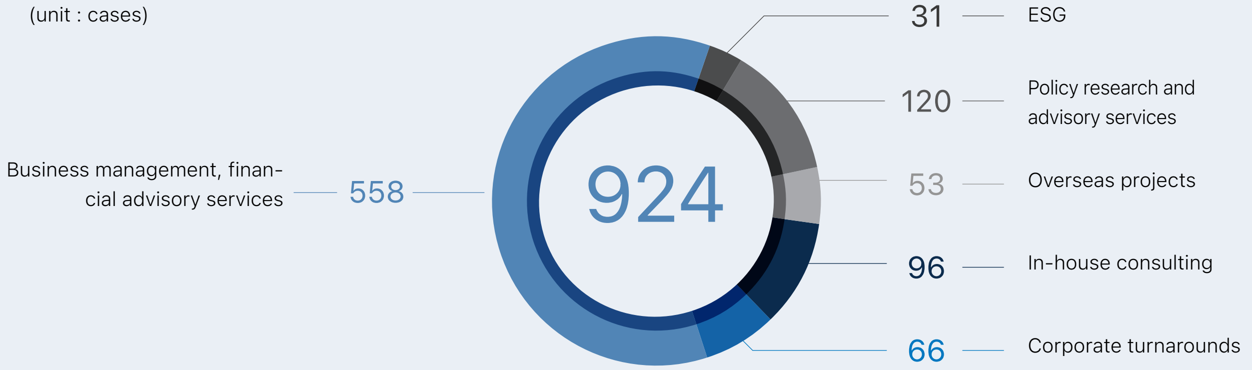
Despite the weakening momentum of ESG initiatives amid the spread of anti-woke policies in the U.S., global carbon reduction efforts, green transition initiatives, and ESG-related regulations—such as ESG disclosure requirements, supply chain due diligence, and carbon border adjustment mechanisms—continue to gain traction, necessitating consistent and proactive responses.

To align with these global trends, KDB will leverage its expertise in ESG consulting to support conglomerates in decarbonizing their supply chains. Furthermore, KDB will prioritize consulting services for venture companies, SMEs, and mid-sized enterprises, with a focus on the development of ESG management systems, formulating ESG action plans, and establishing carbon emission management systems.

Through these initiatives, KDB aims to bolster the export competitiveness and ESG readiness of Korean companies, thus positioning itself as a leading driver of sustainable growth in Korea.

**Number of Projects Completed by Sector (2003-2025)**

(unit : cases)




## Private Equity

Launched in January 2005, KDB's private equity fund (PE) initiative will mark its 21st anniversary in 2026. Over the past 21 years, the Bank has established a total of 36 funds and, as of the end of 2025, was managing 11 active funds (excluding liquidated ones) with a combined committed fund amount of KRW 2 trillion. As a policy finance institution, KDB has not only served as a catalyst for developing Korea's capital markets but has also accumulated a diverse range of investment experiences.

**5-Year Investment Performance of KDB's PE Department**

(Unit: USD billion)

**Annual Investment Amount**

USD291.0billion

| 2022 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| 184.6 | 390.4 | 242.6 | 451.5 | 291.0 |

**Fund Committed Amount**

USD4,368.4billion

| 2022 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| 4,226.9 | 3,055.7 | 3,676.3 | 4,247.5 | 4,368.4 |

### 2025 Review

Although the global economy slowed somewhat in 2025 amid uncertainty about U.S. tariff policies, the investment climate improved thanks to increased investment in advanced industries like AI.

Against this backdrop, KDB continued to invest approximately KRW 290 billion in five leading domestic and global companies while pursuing value-adding initiatives. In addition to making equity investments in companies operating in high-tech strategic industries, including Korea's leading robot manufacturer and the world's second-largest manufacturer of LNG plant components, the Bank also invested in leading K-beauty companies.

As a result, KDB delivered both healthy financial returns and policy-driven outcomes, with active value enhancement efforts for portfolio companies expected to boost recovery proceeds.

These successes were achieved by drawing on KDB's extensive investment expertise and broad branch network, thereby supporting the development of Korea's future strategic industries and balanced regional growth.

### 2026 Plans

KDB plans to further strengthen support for high-tech strategic industries and future-oriented strategic industries, including AI and semiconductors. Recently, the strong performance of Korean companies with super gap technological prowess in sectors such as semiconductors and secondary batteries, along with the global expansion of promising K-culture companies in food, beauty, and content, has been generating momentum not only in the domestic economy but also in the global economy.

In step with these trends, KDB plans to establish a new fund totaling KRW 500 billion in 2026 to invest in companies operating in 12 national strategic technology sectors and K-food-related industries.

Additionally, by actively leveraging its branch network, KDB will focus on nurturing high-quality SMEs and MEs located in regional areas, as they often face challenges in accessing quality capital markets due to a geographical disadvantage. At the same time, by attracting investments and providing IPO support, KDB aims not only to advance the nation's key industries but also to enhance its own profitability.

# Trading

## F/X & Derivatives Trading

Since pioneering the Korean F/X and derivatives market in the 1980s by building it from the ground up, KDB has remained a leader in this sector. Over the course of 30 years, the Bank has built up a depth of expertise in handling a wide range of products, from basic derivatives, such as F/X, swaps, and options, to more complex structured products. All the while, it has provided customized hedging solutions for its corporate clients. Today, KDB stands as the unrivaled derivatives house in Korea.

In 2021, KDB established a derivatives desk in London, commencing full-scale transactions with local British companies right away.

Subsequently, in 2025, KDB became the first Korean financial institution to execute an inflation swap with an international corporate client, showcasing its growing competitiveness in the global derivatives arena.

### 2025 Review

Despite a challenging domestic and global macro environment in 2025, KDB leveraged its extensive experience and deep pool of specialists to provide proactive hedging solutions for Korean corporate clients. By faithfully fulfilling its role as a market guardian, the Bank played a key role in stabilizing the domestic financial market amid the growing presence of global financial institutions.

First, KDB capitalized on its dominant position in the domestic currency swap market to attract swaps from foreign bond issuers, which were then supplied to foreign asset investors to meet their investment demand. In a market structure where supply remains limited despite sustained demand, the Bank efficiently matched supply and demand and offered clients competitive pricing, contributing to the virtuous cycle as the market maker in Korean currency swaps.

Second, KDB proactively supported government initiatives to improve the structure of the F/X market. Providing essential market liquidity as a leading KRW/USD bank, KDB received a Minister's Commendation from the Ministry of Economy and Finance for its role in revitalizing the direct KRW/CNY trading market. Furthermore, KDB provided critical FX risk hedging to national backbone industries—including shipbuilding, shipping, and heavy industries—to mitigate heightened exchange rate volatility.

Third, KDB strengthened its business base by pioneering both the overseas markets and e-trade markets. Through its London derivatives desk, the Bank secured long-term interest rate swaps and inflation swaps from local utility companies, including airports and port operators in the UK, thus establishing an open channel for future trading prospects.

Additionally, KDB executed its mandate as a policy finance institution by launching WTI hedging for all of Korea's airlines, facilitating the government's benchmark rate transition from CD to KOFR, and stabilizing carbon prices as a market maker in the emissions trading scheme (ETS). The Bank continues to reinforce its leadership by supplying liquidity to both the Seoul direct KRW/CNY market and the spot FX market.

### 2026 Plans

The global economy faces rising uncertainty, with recessionary pressures mounting due to U.S. tariff risks and China's prolonged property downturn. While the domestic economy expects growth driven by improved consumption and investment sentiment following fiscal expansion, downside risks to exports persist.

To navigate these challenges, KDB is committed to empowering Korean businesses and financial institutions by delivering timely, need-based products and services.





KDB's key priorities for its derivatives business in 2026 are as follows.

First, KDB is a staunch advocate of the government's economic policy direction. In line with the government's foreign exchange market liberalization initiative, the Bank will upgrade its systems for 24-hour FX market trading that is scheduled for July 2026, thereby enhancing accessibility for foreign investors during overnight hours. In connection with Korea's inclusion in the World Government Bond Index (WGBI), KDB will offer a one-stop service for non-residents investing in Korean securities and derivatives. The Bank will also actively support the full transition of the benchmark rate from CD to KOFR. At the same time, KDB will faithfully fulfill its role as a market maker in greenhouse gas emissions trading by providing policy consultation and advisory support to invigorate the domestic market.

Second, KDB will reinforce its competitiveness in derivatives sales by broadening its client base. Specifically, the Bank will aggressively address the derivatives demand from key export sectors such as shipbuilding (MRO; maintenance, repair, & overhaul) and power generation. It also plans to collaborate with the High-Tech Strategic Index Fund to provide derivative solutions that reduce funding costs. To support SMEs and MEs, KDB will enhance the functionality of KDB e-FX Pro, its electronic trading platform, offering enhanced F/X risk advisory services and tailored risk management support, thus enhancing the efficiency of its overall customer services.

In 2026, KDB will solidify its standing as Korea's premier derivatives house and the central hub for policy-driven trading, while continuing to expand its presence in global markets.

## Money Market & Capital Market Trading

KDB generates returns from investments of its surplus funds in securities at home and abroad. It is an active investor of corporate bonds issued by leading global companies, allowing it to elevate the presence of Korean investors on the global stage. Through close collaboration with overseas branches and subsidiaries, KDB is broadening its investment footprint in the global financial landscape.

Domestically, KDB's efforts extend beyond investing in KRW-denominated securities. Serving as the primary dealer of Korea Treasury Bonds (KTBs), the Bank facilitates smooth issuance and liquidity of KTBs in line with the government's initiative to modernize the KTB system.

### 2025 Review

Amid heightened financial market volatility in 2025, KDB further stabilized its portfolio by diversifying issuers and sovereign exposures while also increasing its allocations to floating-rate notes. At the same time, its monthly Securities Management Committee (SMC) rigorously monitored concentration risks across the foreign currency securities portfolios of both the Head Office and overseas operations by country, credit rating, and sector. Furthermore, KDB expanded its role as a primary dealer for Korea Treasury Bonds (KTBs) by launching inaugural market-making operations for KTB STRIPS and securing eligibility to participate in auctions for KRW-denominated Exchange Stabilization Bonds.

### 2026 Plans

In 2026, the Bank plans to further refine the sophistication of its securities investment system while simultaneously reinforcing its risk management framework.

KDB will continue to advance its portfolio management framework by leveraging AI-based corporate bond analytics to proactively detect credit risk and respond to market developments with greater agility. In addition, the Bank plans to introduce its own KTB trading platform to enhance the efficiency and stability of both KTB trading and market-making activities. KDB will also provide full direct and indirect support, in its capacity as a primary dealer, for the successful inclusion of KTBs in the FTSE World Government Bond Index (WGBI), which is scheduled to take place in April 2026.

As Korea's leading house, KDB will also maintain active market participation to improve the conditions for smooth bond issuance by domestic companies and faithfully fulfill its role as the primary dealer for government bonds, allowing the Bank to continuously contribute to the advancement of the KTB market.

# Pensions & Trusts

**Pension Assets Under Management**
(unit : KRW billion)

8,854
2025

+1.3%

8,741
2024

## Pensions

Since the introduction of retirement pension plans in Korea in December 2005, KDB has been actively involved in the retirement pension business as part of its commitment to providing a full spectrum of financial solutions tailored to the needs of its clients. KDB draws on its extensive expertise as a specialist in corporate banking to manage retirement funds effectively.

Korea's retirement pension market has experienced steep growth in recent years, reflecting widespread societal concern over post-retirement financial security amid an aging population and declining birthrates. This growth has been further buoyed by government policies aimed at promoting the private pension market as a complement to dwindling public pension funds. In line with these government directives, KDB—Korea's leading policy finance institution—has contributed to the stable expansion of the country's retirement pension market. In particular, the Bank leverages its strengths as a specialist in corporate finance to explore strategies for effectively addressing the corporate (defined benefit) retirement pension market while continuously enhancing its retirement pension business capabilities.

### 2025 Review

In 2025, Korea's retirement market witnessed growth that was driven by the government's active policy to promote the private pension market. In tandem with the market size growth, KDB's retirement pension assets under management grew by 1.3% year on year to reach KRW 8.9 trillion as of the end of 2025, ranking 14th among 43 Korean retirement pension operators in terms of AUM size.

### 2026 Plans

The retirement pension market has continued to grow each year, driven by government measures to promote private pensions, including expanded tax credits, coupled with rising public awareness of the need for retirement preparedness. This growth trajectory is expected to continue throughout 2026.

Notably, the retirement pension in-kind transfer system, which launched in earnest in 2024, is accelerating a market shift, with DC and IRP customers migrating toward institutions that offer diversified product lineups and superior returns. This systemic change is expected to fundamentally reshape the competitive landscape of the retirement pension market.

In 2026, KDB will proactively respond to evolving retirement pension regulations and frameworks as the Bank continues to strengthen its competitive edge by enhancing participant returns and convenience through closer marketing collaboration with branch relationship managers, expansion of high-quality product lineups, and upgrades to IT infrastructure.

While anchoring its DB-centered business strategy on its corporate client network, KDB also aims to bolster its DC and IRP services for retail customers by offering a broader range of high-yield products and sophisticated wealth management consulting. Through these initiatives, the Bank aims to achieve a sustained increase in its retirement pension reserves and fee income, thereby solidifying its revenue base and supporting the funding of policy finance.

## Trusts

Beginning with monetary trust services and subsequently broadening its business activities to include property trusts and custodial services, KDB has been actively involved in an array of trust services since 1989.

KDB's specific monetary trusts and property trust solutions (real estate-backed trusts, monetary receivables trusts) play a crucial role in facilitating stable liquidity management and efficient fundraising for corporate clients. For individual clients, the tax benefits of an unspecified money trust (pension trust) offer a compelling option for retirement planning. In addition, KDB plays a vital role in policy finance by acting as the custodian for policy funds and supporting the seamless financial operations of corporate clients as an agency bank for syndicated loans. The Bank is also advancing the digitization of trust services by implementing robotic process automation (RPA) across various processes.

### 2025 Review

As of the end of 2025, the total assets under management (AUM) of trusts in Korea amounted to KRW 1,142 trillion, continuing its growth trajectory with a 8.9% year-on-year increase.

In the money trust segment, AUM increased year on year as heightened domestic and global uncertainty reinforced investor preference for safe assets, driving demand for deposit-type trust products. Property trusts, which account for 69% of the domestic trust AUM, maintained steady growth over the previous year.

In the money trust segment, KDB expanded its product lineup by launching a new commercial paper-type short-term fund for the Public Pension Investment Pool. This allowed the bank to meet corporate demand for higher-yield term products tailored to the cash management needs of corporate clients.

In the property trust segment, KDB provides financing solutions for SMEs and MEs through a range of trust structures. Amid rising demand for structured financing from cyclical industries affected by the economic slowdown and early refinancing driven by the interest rate easing cycle, the Bank signed a total of 25 new contracts in 2025 and increased AUMs from the previous year, thereby supporting the smooth funding activities of corporate clients.

In the custody segment, KDB actively collaborated with internal and external stakeholders in the establishment and operation of policy funds, including the Innovative Growth Fund, resulting in the launch of 30 new underlying funds totaling KRW 5.7 trillion. Furthermore, by serving as custodian for the Bond Market Stabilization Fund and managing KRW 10.9 trillion in entrusted assets in a stable manner, the Bank contributed to financial market stability.

### 2026 Plans

KDB will continue to expand trust services aligned with its strengths in corporate financing. The Bank will provide money trust products in a timely manner to meet corporate demand for short-term cash management and to enhance funding opportunities by flexibly operating property trust services in response to changing market conditions. At the same time, drawing on its proven expertise as Korea's largest custodian bank for policy funds, including the Innovative Growth Fund, KDB will actively participate in new initiatives, including the establishment of new underlying funds under the National Growth Fund, as it continues to empower the Korean economy through its trust business.

**Total Trust AUM in Korea**
(Unit: USD trillion)

USD 1,142 trillion

| | 2023 | 2024 | Nov. 2025 |
|---|---|---|---|
| Money trusts | 312 | 305 | 351 |
| Property trusts | 708 | 744 | 791 |
| **Total** | **1,020** | **1,049** | **1,142** |

* Source: Korea Financial Investment Association (excluding retirement pensions)

**Total Trust AUM**
(Unit: USD trillion)

| | 2023 | 2024 | Nov. 2025 |
|---|---|---|---|
| **Money trusts** (avg. balance) | 2.5 | 3.7 | 3.6 |
| **Property trusts** (outstanding balance) | 21.5 | 19.8 | 20.1 |
| **Custody** (avg. balance) | 52.2 | 55.3 | 57.2 |

# SUSTAINABILITY REVIEW



# Asset-Liability Management

KDB proactively maintains control of its asset-liability management (ALM) as well as profit portfolios, adapting to the dynamic global financial and macroeconomic landscapes. In tandem with its growing size of operating assets, the Bank formulates integrated financial strategies that strike a balance across operations, procurement, and investment activities. The Asset Liability Committee (ALCO), which serves as the top decision-making body for the Bank-wide ALM practices, ensures the coherence of financial strategies through inter-departmental coordination

## KDB Bonds

Under the Korea Development Bank Act (KDB Act), KDB issues industrial finance bonds (KDB bonds) to secure the funds necessary for Korea's industrial development and support, the expansion of social infrastructure, regional economic development, financial market stabilization, and other initiatives aimed at promoting sustainable growth.

**Market Yields on Benchmark Bonds by Maturity**
(Unit: %, as of December 2025)


| | 1Y | 3Y | 5Y |
|---|---|---|---|
| Korea Treasury Bonds (KTBs) | 2.550 | 2.951 | 3.235 |
| KDB Bonds | 2.787 | 3.119 | 3.410 |
| Bank Debentures (AAA) | 2.816 | 3.205 | 3.495 |
| Corporate Bonds (AA-) | 3.143 | 3.459 | 3.783 |

**Import/Export Trade Finance Supplied to Korean Companies by Year**
(Unit: USD trillion)

| | Treasury & Municipal Bonds | Public Corporation Bonds | Monetary Stabilization Bonds | Bank Debentures | | Corporate Bonds | Others | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | KDB Bonds | | | |
| New Issuance (Ratio) | 233(22%) | 92(9%) | 89(8%) | 222(21%) | 55(5%) | 160(15%) | 275(25%) | 1,071(100%) |
| Outstanding Balance (Ratio) | 1,189(38%) | 456(15%) | 107(3%) | 406(13%) | 118(4%) | 456(15%) | 454(16%) | 3,068(100%) |

* Source: Infomax (KDB bonds based on listed bonds)

As of December 31, 2025

### KRW-DENOMINATED BONDS

In the first half of 2025, Korean bond yields remained on a downward trend as the Bank of Korea lowered the base rate in February and May. In the second half, however, yields moved higher amid expectations of an earlier-than-expected end to the rate-cut cycle and increased fund flows into the equity market. Market volatility was further amplified by a range of external factors, including the implementation of U.S. tariff measures and the rise in the KRW/USD exchange rate.

In 2025, KDB issued KRW 55.9 trillion of new KDB bonds, bringing the outstanding balance to KRW 118.9 trillion. Through flexible and stable issuance aligned with funding demand, the Bank secured the financial resources required to carry out its policy finance mandate.

As a policy bank governed by the KDB Act, KDB benefits from a government solvency guarantee, which stipulates that the government is responsible for keeping KDB solvent and covering its annual net loss. This provision equates the Bank's credit ratings with those of the government under Basel III standards, guaranteeing KDB's access to low-cost funding on par with government financing.

KDB bonds are classified as special bank debentures and, as of 2025, were the third-largest issued bonds in the Korean bond market, after KTBs and Monetary Stabilization Bonds (MSBs).

The yields on KDB bonds are widely used by market participants such as the Korea Financial Investment Association as a key benchmark rate in the Korean bond market, along with KTBs and MSBs.

### 2026 Plans

In 2026, KDB aims to improve funding efficiency through flexible maturity management, allowing it to proactively respond to increased bank capital supply, mitigate refinancing risks, and optimize funding costs. The Bank also plans to explore diverse KDB bond structures to minimize funding costs and diversify its investor base. By ensuring timely fundraising in compliance with internal and external regulatory requirements and closely monitoring financial market conditions, KDB will secure the stable resources required to fulfill its policy finance mandate and promote sustainable growth.

**Landmark Deals of 2025**

**FRN Issuance and Domestic ESG Bond Market Promotion**

In 2025, KDB issued KRW 1.1 trillion of floating rate notes (FRNs) linked to the Korea Overnight Financing Repo Rate (KOFR), continuing its efforts as a policy finance institution to help establish KOFR in the cash market.

In addition, KDB issued KRW 0.5 trillion of green bonds and KRW 1.0 trillion of social bonds in 2025. This green bond issuance was the largest ever by a domestic banking institution, contributing to the steady development of Korea's ESG bond market.

## FOREIGN CURRENCY-DENOMINATED BONDS

In 2025, despite a challenging market environment marked by heightened volatility stemming from domestic and external geopolitical risks, including the Trump administration's tariff policies, KDB successfully issued USD 9.86 billion in foreign-currency-denominated bonds (FC bonds) through close market monitoring and timely issuance. As a sub-sovereign, supranational, and agency (SSA) issuer in the international bond market, KDB successfully completed three global bond issuances targeting top-tier investors, further reinforcing its position as a benchmark issuer for Korean FC bonds.

KDB also diversified its funding currencies and captured low-cost funding opportunities through public and private offerings in alternative currencies, including AUD (Australian dollar, Green), GBP (British pound sterling), and BRL (Brazilian real), thus reducing overall funding costs. The Bank also attracted robust investor demand for its bonds in the international capital markets by successfully attracting high-quality investors across key regions, including the Americas and Europe.

Looking ahead to 2026, KDB—Korea's premier policy finance institution—aims to strengthen the perception of Korean bonds as a safe-haven asset and establish a strong benchmark for Korean issuers.

As Korea's leading bond issuer, KDB plans to continue issuing global bonds and multi-currency public and private offerings, thereby reinforcing global investor confidence in Korean bonds and broadening its investor base as a leading SSA issuer in Asia.

| | | | | | |
|---|---|---|---|---|---|
| Green Loan | July 2022 | MXN | 3,500 | 170 | TIIE+0.20% |
| | Oct. 2024 | BRL | 250 | 44 | 10.385% |
| | June 2025 | AUD | 250 | 161 | 4.145% |
| | | | 500 | 322 | 3m BBSW+0.76% |
| | Sep. 2022 | USD | 100 | 100 | SOFR+0.72% |
| | Sep. 2023 | EUR | 100 | 108 | Euribor+0.30% |
| | Sep. 2024 | USD | 100 | 100 | SOFR+0.49% |
| **Total** | | | | **3,208** | |

# DEPOSITS

KDB ensures an ample supply of policy funds by utilizing a wide range of deposit instruments to supplement funding from KDB bonds, which can be price-sensitive to market conditions. By securing a sufficient amount of funds through cost-efficient deposit and money market products, KDB is doing its utmost to diversify its funding risks and reduce funding costs, with the ultimate goal of more effectively supporting the growth of the Korean economy.

### 2025 Review

In 2025, bullish momentum in the Korean stock market absorbed market liquidity, as investor preference for equities and other alternative investment assets continued to increase, further intensifying competition among banks to attract deposits. Against this volatile financial landscape, KDB maintained an optimal deposit balance and secured stable funding by strategically streamlining its deposit product lineup, enhancing the convenience of contactless transaction services, while also dynamically adjusting interest rate policies in line with market developments. Key performance results are summarized below.

#### 2025 Key Performance Results Summary

Total KRW deposit balance as of year-end 2025:

KRW 49 trillion

KRW demand deposit balance as of year-end 2025:

KRW 15.8 trillion

Number of retail clients as of year-end 2025:

KRW 574,000 persons

- Enhanced customer convenience by strengthening the competitiveness of the deposit product lineup and establishing a paperless deposit service platform
- Solidified a foundation for greater customer retention (lock-in) by improving the convenience of digital channels

#### 2025 Deposit Balance

(Units: KRW trillion, 1,000 persons)

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| KRW Deposits | 39.7 | 43.1 | 55.6 | 51.5 | 48.2 | 49.0 |
| Corporate Deposits | 28.7 | 31.4 | 42.1 | 38.1 | 34.9 | 37.3 |
| Retail Deposits | 11.0 | 11.7 | 13.5 | 13.4 | 13.3 | 11.7 |
| Demand Deposits | 17.5 | 19.3 | 21.9 | 19.0 | 17.4 | 15.8 |
| Number of Retail Clients | 603 | 599 | 629 | 592 | 588 | 574 |

### 2026 Plans

In 2026, investor preference for investment assets is expected to continue increasing as the stock market remains active. In addition, following the increase in the deposit protection limit from KRW 50 million to KRW 100 million, effective September 1, 2025, competition among traditional financial institutions to attract deposits is also expected to intensify.

To ensure a stable funding base for policy finance amid this landscape, KDB is implementing strategic deposit attraction measures targeted at key deposit clients:

First, the Bank will continue attracting corporate deposits by leveraging its corporate finance expertise. At the same time, it will expand deposit services tailored for SMEs and MEs to diversify its funding structure beyond a reliance on large corporate clients and align with financial policies aimed at supporting smaller businesses.

Second, the Bank will focus on securing low-cost funding through demand deposits by advancing its digital transaction infrastructure and improving customer convenience. It will also enhance its lineup of digital deposit products, particularly for corporate clients, and offer competitive services to adapt to the evolving digital financial landscape.

#### Landmark Deals

**Relaunch of New Start KDB Bonds**

KDB diversified its deposit product lineup, including the relaunch of New Start KDB Bonds that were originally introduced in 2016, thereby strengthening funding stability. The Bank also managed funding rates in a stable manner to expand its earnings base. Through these efforts, KDB broadened the range of financial products available to customers beyond traditional deposits.

**Strengthening the Competitiveness of Deposit Operations**

KDB enhanced operational efficiency by launching a new digital counter system, expanding the use of electronic forms, and installing new monitors, thus laying the foundation for a paperless work environment. The Bank also strengthened the competitiveness of its digital channels by introducing new services and enhancing security, including the launch of a contactless account service for children and the adoption of an original/copy ID verification system.

# Risk Management

KDB maintains its stability by adeptly managing a range of risks associated with its business activities, grounded on the principles outlined below.

## Effective Risk Management by Specialized Councils

KDB operates an independent risk management system to ensure prompt and effective risk management decision-making. The Risk Management Committee (RMC) is the bank's highest supreme risk-related decision-making body, resolving important matters such as yearly risk management plans and total risk limits for the Bank. The RMC members are mainly comprised of independent directors with extensive experience and knowledge in finance and economic matters. Chaired by one of the independent directors, the committee is armed with a decision-making mechanism that ensures balanced views on critical risk management agenda. All agenda items resolved by the RMC are reported to the Board of Directors of the Bank.

In 2025, 7 RMC meetings were held, during which a total of 23 agenda items were presented for discussion to the committee. Major resolutions included the risk management plans for 2025 and the country's exposure management plans. Additionally, important risk management issues were reported, such as the results of integrated stress tests for the first and second half of 2025 and verification results for BIS risk-weighted assets as of the end of 2024, which were also communicated to the committee.

The Risk Management Council (Council) is composed of the Bank's division heads, and its roles and responsibilities include the monitoring of the Bank's constant risk variables and the coordination of operations, so that risks can be effectively managed within each operation unit. Following the limits set by the RMC, the Council discusses and distributes risks among divisions, setting limits for trading losses and F/X positions. In 2025, the Council convened 7 times, discussing the establishment of 2025 credit portfolio limits and the distribution of internal capital limits for the year.

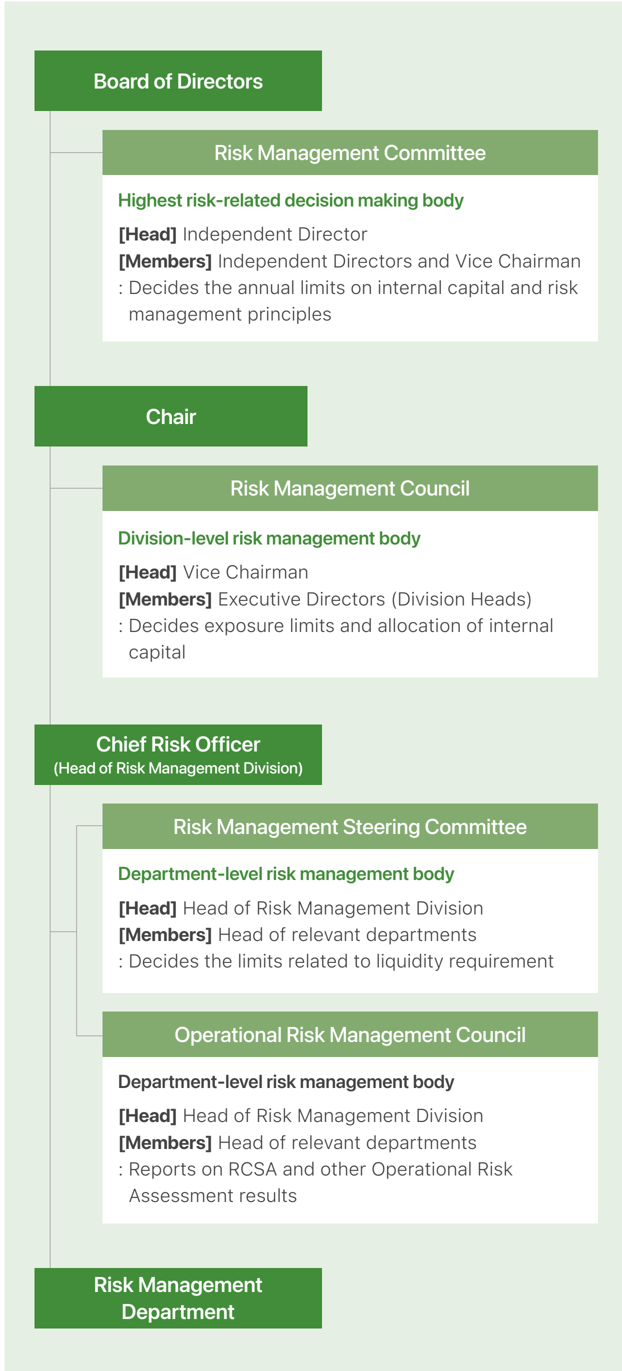
The Risk Management Steering Committee (Steering Committee) is comprised of the heads of relevant departments and was newly established in 2023 for effective risk management. The Steering Committee convened 7 times in 2025 to decide on, among other things, setting limits of operation under the Regulatory Liquidity Book for the management of liquidity.

The Operational Risk Management Council, consisting of the heads of relevant departments, was newly established in 2024 to ensure more focused management of the Bank's operational risk. The council convened 2 time in the second half of 2025 to report on RCSA and other operational risk assessment results.

### KDB Risk Management Principles

The KDB Risk Management Principles are centered on maintaining the soundness of the Bank's operations by effectively managing the various risks that arise in the ordinary course of business. The Principles are as follows:

- Risk must be managed across the Bank in a manner that is independent and comprehensive;
- Risk must be accurately identified, measured, and evaluated, and then properly managed;
- Risk must be maintained within a range where it can be balanced against rewards;
- Risk must be appropriately diversified to prevent concentration in specific categories;
- Risk must be managed within certain limits or guidelines to avoid overexposure




## KDB's Risk Management Methodologies

### Credit Rrisk

Credit risk refers to possible losses due to the failure of the counterparty to perform its contractual obligations including failure to (re)pay. The Bank manages credit risk both at the portfolio level and individual credit level. Portfolio management involves reducing credit concentrations and restructuring the portfolio to maximize profitability while taking into account the risk. This is done by setting limits based on credit ratings for each company, group, and industry to prevent overconcentration in specific sectors. To consider industry-specific risks, industry assessments are conducted every six months to provide industry ratings and directions for exposure management. Individual credit management involves monitoring the credit risk of individual companies through a credit review system consisting of credit officers, relationship managers, and credit review committees as the evaluation and decision-making body.

### Market Risk

Market risk refers to possible losses to the Bank's assets resulting from a fluctuation in interest rates, stock prices, F/X rates, and/or other variables. The Bank measures and manages possible losses in trading positions, including positions in securities and derivatives held for trading, due to negative movements in market indices. Moreover, the Bank classifies the severity of market swings into three stages—precautionary, alert, and serious stages—and operates Market Risk Contingency Plans appropriate for each of the three stages. The Bank also conducts stress tests to measure the potential scale of losses based on scenarios replicating significant fluctuations in major market indices over the last three years and by factoring in major events, such as the Global Financial Crisis of 2008.

### Interest Rate Risk

Interest rate risk refers to possible losses due to interest rate fluctuations that cause a decrease in net present value (NPV) or net interest income (NII) of rate-sensitive assets and an increase in interest expenses on rate-sensitive liabilities contained with¬in the Bank's accounts. The Bank manages interest rate risks mainly through the economic value of equity (EVE), but it does also employ net interest income (NII) as an auxiliary index. Since the end of 2019, the Bank has managed its interest rate risk by measuring interest rate risk in the banking book (IRRBB), report¬ing its IRRBB profile on a quarterly basis.

### Liquidity Risk

Liquidity risk is defined as the possibility of potential loss due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk soars when funding rates rise, or assets are sold below a normal price. The Bank uses Basel III's short-term liquidity regulation index with the liquidity coverage ratio (LCR), and a mid- to long-term liquidity regulation index with the net stable funding ratio (NSFR), to manage its liquidity risks and to meet regulatory requirements.

### Operational Risk

Operational risk refers to the potential for losses arising from internal processes, employees, systems, or external events. In 2024, KDB strengthened its operational risk management framework by adopting the Basel Principles for the Sound Management of Operational Risk (PSMOR). The Bank regularly evaluates residual operational risks through risk control self-assessments (RCSA). Following the adoption of PSMOR, new risk evaluation criteria, including third-party risk assessments, have been introduced and are now actively managed. To enhance resilience against potential business disruptions, KDB has established a business continuity plan (BCP) for its core operations and conducts annual mock drills to ensure the timely resumption of critical functions during an unplanned event.

## Management for Soundness of the Bank's Assets

The Bank categorizes the soundness of its assets as "normal," "precautionary," "substandard," "doubtful," or "estimated loss" based on an evaluation of the possibility of insolvency, and sets aside loan loss provisions according to the categorization of its assets. In addition, the Bank makes reasonable estimates of the probability of defaults as well as losses based on defaults, and sets aside adequate levels of loan loss provisions using the expected credit loss (ECL) impairment model in line with the In¬ternational Financial Reporting Standards 9.

The Bank constantly strives to minimize insolvencies by strengthening credit approval criteria based on asset soundness category and managing portfolio concentration. If assets are classified as non-performing, the Bank pursues measures to normalize business operations through corporate restructuring, or manages the assets through sales or write-offs.

### 2025 Review

Throughout 2025, KDB continued to strengthen its risk management framework to ensure the effective execution of policy finance amid external challenges, such as global trade disputes and the delayed recovery of domestic demand.

To begin, the Bank established a robust regulatory compliance framework, reflecting its characteristic volatility in Total Capital Ratio as a policy finance institution. Notably, the Bank improved capital adequacy through a government capital injection and secured policy financing capacity by proactively addressing external regulations, including obtaining an exemption under the Large Exposure Regulation regime.

Additionally, KDB conducted the first risk management status inspection of its financial subsidiaries, comprehensively overhauling the group-wide governance framework and reinforcing its risk response foundation.

Overall, KDB institutionalized stringent internal control standards that exceed regulatory requirements, reinforcing its ability to execute policy finance effectively in response to unforeseen economic conditions. By successfully meeting all key risk management targets, the Bank maintained financial stability throughout the year, demonstrating great resilience in a rapidly changing environment.

### 2026 Plans

In 2026, KDB will further enhance its risk management capabilities by refining its frameworks to proactively address regulatory changes and external risk factors, thereby ensuring the seamless execution of policy finance.

In addition to maintaining a stable BIS ratio—-a prerequisite for the smooth execution of policy finance—KDB will reinforce its management of key liquidity regulatory ratios, including the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The Bank will also strengthen asset soundness by closely monitoring indicators for distressed companies and maintaining adequate loan loss provisions.

KDB will actively support policy finance on the back of disciplined risk management that will remain aligned with the Bank's overall management plans, including the successful operation of the National Growth Fund and the rollout of the KDB NEXT KOREA program, in order to bolster the competitiveness of cutting-edge future strategic industries, including AI.

Furthermore, KDB will proactively manage risks arising from changes in the internal and external environment while maintaining sufficient loss-absorption capacity to prepare for the materialization of potential credit losses.



# IT & Digitalization

### 2025 Review

In 2025, the financial industry continued to transform business models on the back of digital technologies, led by the rapid adoption of generative AI, with major financial institutions worldwide accelerating the development and rollout of generative AI-powered services. To respond proactively to this shift, KDB continued with its Bank-wide process innovation efforts, a core priority of which was maximizing employee productivity through next-generation digital technologies under three key strategies: generative AI service upgrades, digitalized process innovation in corporate banking workflows, and a paperless workplace.

## Generative AI Service Upgrades

Throughout 2025, KDB upgraded its previously developed in-house generative AI services. The GenAI search service scope, which was confined to credit-related operations in the past, has now been expanded to include foreign exchange and deposits. While upgrading search speed and accuracy with the latest algorithms and models, the Bank also strengthened the foundation for broader service coverage by implementing more systematic data acquisition and loading.

Furthermore, KDB enhanced its AI-based news analytics service, which provides sentiment analysis, summarization, and keyword extraction for news related to corporate clients and the Bank. Coverage was not only expanded from existing corporate banking counterparties to include listed companies, but the range of media sources collected was further broadened as well.

## Process Innovation (Automation & Generative AI Adoption)

KDB continued to expand robotic process automation (RPA) to streamline repetitive work and improve execution efficiency. As a result, the Bank automated more than 150 processes, delivering an estimated annual productivity gain of approximately 200,000 hours. Beyond RPA, KDB continues to apply additional digital technologies as part of its ongoing process innovation drive.

## Paperless Workplace

To realize a Bank-wide paperless working environment, KDB benchmarked the best practices of peer institutions and designed a paperless model and system integration plan tailored to its specific needs. Through external consulting, the Bank benchmarked leading cases and completed requirements definition for an electronic document-based paperless system.

### 2026 Plans

In 2026, continued advances in generative AI are expected to accelerate business model innovation across the financial sector. KDB will deepen AI transformation (AX) and digital transformation (DX) to modernize ways of working and subsequently enhance productivity, enabling employees to focus on higher-value tasks that require professional judgment and expertise.

Going forward, KDB will continue to advance internal AX·DX initiatives with two strategic pillars in place: AI-driven process innovation and document/data digitalization with end-to-end process digitalization. Key priorities include incorporating generative AI into GenAI search, report drafting, AI agent development, and coding assistance, as well as continued process innovation such as the enhancement of RPA and the rollout of a Bank-wide paperless environment.

The in-house developed generative AI service will be upgraded in 2026 with the latest algorithms and models to further improve speed and accuracy, while the service coverage will be expanded across a broader set of internal domains. KDB will also continue pursuing several other process innovation initiatives, including the use of external generative AI tools to support the drafting of financial analysis reports.

In terms of implementing a Bank-wide paperless environment, KDB will commence full-scale system development based on the model and roadmap it established through the 2025 consulting and benchmarking of best practices. KDB will also accelerate digital transformation in corporate banking by strengthening remote (non-face-to-face) capabilities across core corporate lending processes and enhancing system interoperability to establish a more integrated, end-to-end digital corporate banking operation model.

Seen in the long term, KDB views digital transformation as an opportunity for a genuine transformation—a fundamental shift toward customer-centric thinking and operational excellence. In the future, KDB will continue to play a leading role in the digital transformation of corporate banking, delivering more advanced corporate finance services.

# Ethical Management

KDB has in place effective internal control measures designed to prevent financial malpractices and ensure compliance with a full range of legal and regulatory requirements, including anti-money laundering rules. As a public organization, the Bank regularly monitors and improves its anti-corruption measures and implements a variety of compliance programs to promote business ethics across the Bank's day-to-day operations. KDB also conducts customized training sessions for its employees to reinforce a workplace culture based on integrity and transparency.

**Major Compliance Management Programs**

| Compliance Programs | Main Contents |
|---|---|
| Responsibilities Map | Distribute responsibilities by function to executives, Operate a responsibilities fulfillment reporting system (Inspection and Report) |
| Compliance monitoring | Conducts monitoring on compliance reports, self-inspection reports from branches, and monthly compliance training outcomes |
| Preliminary compliance review | Conducts compliance reviews on internal regulations, terms and conditions, product disclosures, BoD agenda items, etc. |
| Anti-money laundering (AML) | Customer Due Diligence(CDD), Suspicious Transaction Report(STR), Currency Transaction Report(CTR) Know-Your-Employee(KYE) AML/CFT Risk Assessment |
| Sanction Compliance Program(SCP) | Monitors transactions with countries subject to economic sanctions (high-/medium-risk countries) and individuals targeted by economic sanctions, and collects standard sanctions compliance pledges |
| Financial investment and securities account report system | Requires employees to report on their financial investment activities to prevent them from using undisclosed information |
| Crypto-asset possession report system | Requires employees engaging in crypto-asset transactions to report their possession of crypto-asset biannually |
| Clean Report Center/ No Gift Campaign | Prohibits solicitation and acceptance of gifts exceeding specified amounts and establishes an organizational culture of integrity |
| Executive Pledge of Ethics | Mandates registered directors maintain integrity in job performance |
| Code of Conduct Pledge | Mandatory pledge of compliance with the KDB Employee Code of Conduct and the Anti-Graft Act by new recruits |
| Report Center for Power Tripping at work | Builds a reporting system for unfair demands or treatment of fellow employees or people outside the Bank |
| Whistleblowing system | Operation of whistleblower program |
| Report system for outside lecture requests | Requires employees to report outside lecture requests tied to their job function or influence |
| Compliance self-check system | Checks the compliance status of all employees biannually |
| Ethical training | Provides training to new employees, promoted employees, high-level management, and employees engaged in job functions vulnerable to corruption |

## 2025 Review

### Internal Control

On January 2, 2025, KDB adopted a Responsibilities Map to strengthen its internal control accountabilities in line with heightened regulatory expectations of the financial supervisory authorities. The Responsibilities Map clearly specifies the roles of the Chairman and executive officers by position, as well as the internal control management responsibilities associated with each key function. Six months later, on July 1, the Bank launched its Responsibilities Management System, completing the buildout of an internal control framework grounded in the Responsibilities Map. Under this framework, the Internal Control Council reviews and deliberates on the results of Bank-wide responsibilities fulfillment checks, after which it reports the outcomes to the Internal Control Committee and the Board of Directors, thereby ensuring the effective execution of internal control oversight.

### Ethical Management

In July 2025, KDB revamped its internal reporting channel into a Compliance Whistleblowing Program to encourage reporting and increase anonymity protections. The Bank also expanded the scope of its integrity commitments by extending Integrity Pledges—previously implemented for executives only—to department heads and above, thus reinforcing an anti-corruption and integrity-driven culture. In line with the government's policy to eradicate workplace power abuse, KDB strengthened its counseling and preventive measures as well, including the operation of a dedicated reporting center, and established prevention and remediation procedures, thereby fulfilling its social responsibilities as a public institution.

### Human Rights Management

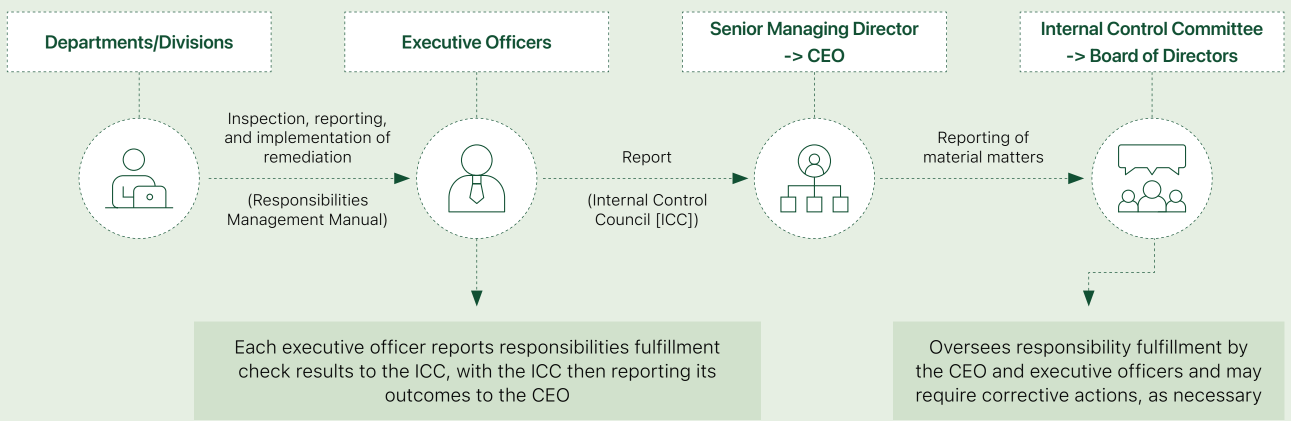
KDB's commitment to human rights, which is integral to its responsibility as a public organization, involves proactive management to prevent any violations in this area. Through annual human rights impact assessments, KDB identifies and addresses actual and potential human rights risks, underscoring its dedication to system improvement and risk mitigation.

### Anti-Money Laundering

In response to a strengthened regulatory environment, including supervisory authorities' revisions to operational rules, KDB has established and updated internal AML/CFT regulations and detailed operating standards. The Bank is also actively implementing preventive measures against money laundering and terrorist financing, including enhanced AML monitoring designed to detect and deter potential predicate offenses and other illicit activities that may harm the public.

In addition, KDB supports employees in obtaining professional AML certifications and offers a comprehensive suite of internal control training programs tailored to practical AML operations.

**Responsibilities Fulfillment Reporting Framework**




### Sanctions

To minimize sanctions-related risks, KDB became the first Korean financial institution to introduce a Sanctions Compliance Program (SCP) in 2022. The program was further enhanced in 2023 and, in 2024, the Bank focused on its stable and efficient operation.

In 2025, KDB further bolstered proactive sanctions risk management by expanding sanctions risk assessments across domestic branches and offices and reinforcing sanctions compliance training.

## 2026 Plans

In 2026, KDB will continue its efforts to build an internal control system grounded in accountability and integrity by improving the operational infrastructure of the Responsibilities Map framework and strengthening its conflict-of-interest prevention mechanisms.

It should be pointed out, however, that with financial misconduct incidents persisting across the industry, public expectations for enhanced ethical management—spanning anti-corruption, fair business practices, and integrity in operations—are set to rise.

In response, KDB will promote the full embedding of the Responsibilities Map across the Bank by stabilizing the Responsibilities Management System, while also continuing functional enhancements to ensure effective responsibility fulfillment checks. At the same time, the Bank will further heighten the effectiveness of internal control operations by conducting regular thematic inspections and drawing lessons from incidents at peer institutions.

To proactively mitigate any conflict of interest, bribery, and/or ethical violations, KDB will strengthen compliance with the Conflict of Interest Prevention Act, Anti-Graft Act, and Employee Code of Conduct. The Bank will also actively promote and enhance whistleblowing channels while expanding integrity training programs and awareness campaigns to solidify its commitment to anti-corruption and ethical governance.

With respect to human rights management, KDB will continue conducting human rights impact assessments while establishing a structured review process to assess the effectiveness of remediation procedures. The Bank will also intensify awareness campaigns to proactively prevent human rights infringements.

In AML operations, KDB will upgrade its AML system to adapt to the evolving financial landscape, particularly the rise of non-face-to-face transactions. These enhancements aim to minimize regulatory risks and optimize AML monitoring capabilities. Additionally, the Bank will revise AML standardization guidelines for overseas branches, ensuring a unified compliance framework across its global operations. Furthermore, through its SCP, KDB will continue to assess sanctions-related risks, provide advisory support, and strengthen employee training programs to mitigate sanctions compliance risks in the most effective way possible.

# Social Responsibility

KDB is committed to fostering a more compassionate and inclusive society under the vision of what it calls "extending a helping hand for a warmer world." To achieve this, KDB continuously carries out corporate social responsibility (CSR) initiatives across four key areas: love of neighbors, education, culture, and nation.

In 2025, KDB advanced its "love of neighbors" initiative through the Bank's Spring Blossom Festival, providing diverse cultural experiences to underserved communities with limited access to cultural benefits. The Bank also strengthened its ESG-oriented social responsibility by supporting emergency relief funding and volunteer activities to facilitate rapid recovery in areas affected by wildfires and torrential rainfall.

## Love of Neighbors

### Spring Blossom Festival

To mark KDB's 71st anniversary, the Bank hosted a Spring Blossom Festival in partnership with its affiliated community welfare centers. Over 230 residents and teachers from these affiliated centers were invited to enjoy a number of experiential programs and activities, as well as a wide range of food. Through this event, KDB broadened access to cultural experiences for underserved communities and reinforced the Bank's commitment to its "love of neighbors" by fostering hope and encouragement for the future.

Spring Blossom Festival

### Fundraising Charity Bazaar for People with Disabilities

In collaboration with the Samsung School for the Deaf, with which KDB has maintained a partnership since 1996, the Bank hosted a charity bazaar to raise funds for rehabilitation programs for people with disabilities. Donated items such as clothing and bags were sold to KDB employees and nearby office workers, alongside traditional food products such as rice cakes and sweet rice punch that were produced by a social enterprise comprised of Samsung School for the Deaf alumni. Proceeds were donated to support rehabilitation for hearing-impaired individuals and underprivileged children.

### KDB Helping Hands

KDB Helping Hands is designed to identify and support underserved and vulnerable groups that are in urgent need of financial assistance but remain outside the reach of existing welfare programs. In 2025, KDB delivered practical support through initiatives that included assistance for victims of crime, medical support for children with rare and intractable diseases, support for bereaved families of fallen police officers and firefighters, and support for youth preparing for independent living, thus putting the true meaning of "sharing" into practice for underprivileged communities.

### Kimchi Drive

Since 2008, KDB employees and executives' spouses have teamed up with volunteers from the Seoul Saemaul Association and other organizations as part of this initiative. Together, they prepare kimchi using locally sourced agricultural ingredients, distributing approximately 7,200 heads of kimchi to 2,000 underprivileged households across all 25 districts of Seoul, 40 welfare facilities, and nine affiliated partner institutions of KDB, delivering warmth and care to vulnerable families.

2025 Kimchi Drive

### Disaster Recovery Support and Volunteer Activities

To support the prompt recovery of areas affected by wildfires and torrential rainfall, KDB provided emergency relief funding and carried out numerous volunteer activities, including the preparation of relief kits (food and daily necessities) and on-site support for flood recovery efforts. Through these initiatives, the Bank contributed to strengthening the resilience and recovery of disaster-affected communities.


Disaster Recovery Support and Volunteer Activities

### Education

KDB helped address neglected areas of education by supporting career and academic guidance programs for low-income youth in local communities, as well as step-by-step financial education programs for adolescents with borderline intellectual functioning (BIF). KDB also supported a number of academic conferences and symposiums aimed at advancing Korea's financial and economic sectors, while promoting its corporate responsibilities as well.

### Culture

To ensure broader access to culture and the arts, KDB champions a range of *mecenat* initiatives, including sponsorship of traditional cultural arts and less-commercial performing arts. In 2025, KDB supported public-interest performances such as traditional productions, including *changgeuk* (Korean traditional opera), dance, and Korean classical orchestral performances, as well as an E-um Concert featuring artists with disabilities and a theater production aimed at improving social awareness of youth transitioning out of childcare facilities, thereby contributing to social integration through culture.

## Love of Nation

### "Let's Walk Together for ESG" Campaign

To mark Family Month, KDB organized a "Let's Walk Together for ESG" campaign. More than 1,000 employees and family members participated in a plogging activity around Yeouido Park, helping improve the local environment by collecting litter. Participants also took part in eco-friendly lifestyle programs—such as preparing snacks using renewable energy and trying out refill stations—giving them a practical opportunity to put ESG into practice in everyday life.


"Let's Walk Together for ESG" Campaign

### Support for Military Personnel

To boost the morale of military personnel serving in the Korean Army's 7th Infantry Division, with which KDB has signed a "one company-one unit" MOU, the Bank provided morale-boosting donations and supported exemplary soldiers who continue to fulfill their national defense duties with dedication under challenging conditions, while also contributing to the development of the military and local communities.

### Support for Independence Patriots

In honor of Korea's 80th anniversary of liberation, KDB paid tribute to the sacrifice of independence patriots who dedicated themselves to the country, along with their descendants. KDB supported 500 descendants of independence patriots by providing summer care packages (food and daily necessities) to help them stay healthy during the season.

# ESG REVIEW


## 2025 ESG Review

Established with the primary mandate of promoting sustainable growth, as stipulated in Article 1 of the Korea Development Bank Act, KDB is dedicated to fostering Korea's sustainable growth and enhancing social value. In order to support the government's carbon neutrality and green growth initiatives while upholding its social responsibility as a public institution, the Bank has been actively implementing sustainable finance measures and strengthening sustainability governance and management systems through the KDB Sustainable Management Framework.

KDB plays a pivotal role in advancing sustainability across many different industries by offering diverse financial instruments and services regarding green and social finance to Korean companies in their transition to promote sustainability management and governance. As Korea's National Climate Bank, KDB is at the forefront of the country's climate crisis response, supplying venture capital funds and long-term, large-scale capital to foster Korea's promising green industries and drive the switch towards a low-carbon, resilient economy.

In 2025, KDB supplied KRW 23.1 trillion in green finance to support several different fields, including energy transition and the development of the green materials, parts, and equipment industries. To further promote industrial decarbonization, the Bank also launched a Supply Chain Low-Carbonization Program for large corporate supply chains. In recognition of these efforts to expand green finance, KDB has received a number of government honors, including the Minister of Environment Award at the 2021 Outstanding Green Finance Company Awards, the Financial Services Commission Chairman's Award at the 2023 Korea Green Climate Awards, a Minister of Trade, Industry and Energy Commendation at the 2024 Hydrogen Day celebration, and a Minister of Foreign Affairs Commendation at the 2025 Korea Climate Management Awards.

To promote sustainability management in a systematic manner across the entire organization, KDB operates an ESG Committee under the Board of Directors that works alongside the ESG Steering Committee, which conducts pre-review of ESG Committee agenda items and coordinates interdepartmental matters. Within the ESG Steering Committee, four specialized subcommittees—Green Finance, Social Finance, Environmental & Social Responsibility Management, and ESG Disclosure—have been established to advance sustainable finance and sustainability management through close collaboration with relevant stakeholders.

## Sustainable Management

| | E Environment | S Social | G Governance |
|---|---|---|---|
| Internal Management Activities | **Environmentally Responsible Management**<br>Carbon Neutrality at Institutions | **Socially Responsible Management**<br>Social contribution, consumers, human rights | **Board of Directors**<br>Top decision-making body |
| | **Risk Management System**<br>Financed emissions monitoring and climate risk management | | **ESG Committee**<br>BOD subcommittee |
| Financing & Funding | **Green Financing**<br>Energy transition, low-carbon transition, green materials, parts, and equipment, climate-responsive society | **Supporting social finance**<br>Promoting balanced regional development, building infrastructure, and creating jobs | **ESG disclosure**<br>ESG Reporting |
| | Issuing green bonds | Issuing social bonds | |
| Future Direction | Serving as the National Climate Bank | Enhancing social value as a policy finance institution | Enhancing the foundation for sustainable management practices |



# 2025 Sustainable Finance Highlights

## GREEN FINANCE

### Promoting Green Finance as Korea's National Climate Bank

KDB is committed to fulfilling its role as Korea's National Climate Bank, leading the country's carbon neutrality and green growth initiatives. Pursuing its strategic direction in the industrial aspect, which is outlined in KDB's Green Finance Framework, the Bank aims to foster promising green industries and support the transition of traditional industries to low-carbon models.KDB follows its strategic direction in the financial aspect by absorbing early-stage risks and mobilizing green investments from the private sector through the provision of venture capital funds and long-term, large-scale capital.

In March 2024, in response to the Financial Services Commission (FSC)'s policy to expand climate finance, KDB established quantitative targets to be achieved by 2030. This includes supplying KRW 154 trillion in green finance from 2024 to 2030 and raising the proportion of green finance to 28% of its total financing by 2030. In 2024 alone, KDB provided KRW 23.1 trillion in green finance.

To maximize its potential impact, KDB has identified four key support areas for green financing: ① energy transition; ② low-carbon transition; ③ green materials, parts & equipment; and ④ a green economy.

### KDB Green Finance Framework

| | | | | |
|---|---|---|---|---|
| Goal | Leading Korea's carbon neutrality and green growth as the National Climate Bank | | | |
| Directives | Industry: Nurturing promising green industries & supporting low-carbon transition | | Finance: Absorbing early-stage risks & providing long-term, large-scale funding | |
| 2030 Quantitative Targets | Green Finance Supply (2024-2030): over KRW 154 trillion | | Share of Green Finance as a Percentage of Total Lending: 28% or higher | |
| Key Areas of Focus | Energy Transition | Low-Carbon Industrial Restructuring | Development of Green Materials, Parts & Equipment | Building an Eco-Friendly Society |
| Green-Specialized Financial Products (Facilities) | Funding Energy Transition | Funding Carbon Reduction | Funding a Low-Carbon Ecosystem | Funding an Eco-Friendly Society |
| | KDB Carbon Net Zero (Hydrogen Infrastructure, Offshore Wind Power) | KDB Carbon Spread (Carbon Reduction) | KDB Carbon Net Zero (Green Innovation Tech Firms) | |
| Work Process | **E&S Review**<br>Assessing environmental and social risks for large-scale development projects | **Green Eligibility Assessment**<br>Evaluating project alignment with K-Taxonomy and its contribution to sustainability goals | **Impact Measurement**<br>Measuring GHG emission reductions using certified methodologies | |
| Performance Management | Incorporating green finance performance into branch-level KPIs | | | |

■ Self-Funded Products
■ Climate Response Fund Products

To drive progress in these areas, KDB operates six green-specialized financial products, totaling KRW 6.5 trillion. Among them, blended finance products, such as KDB Carbon Spread and KDB Carbon Net Zero, were structured using funds from the government's Climate Response Fund and KDB's own resources. These products provide subordinated loans and venture capital funds to support early-stage green projects, the expansion of carbon-neutral infrastructure, and the development of green technologies.

Additionally, in 2025, KDB launched a Supply Chain Low-Carbonization Program to support the low-carbon transition of large corporate supply chain ecosystems in response to tightening global environmental regulations, providing a broad range of financial and non-financial services.

## Green Finance Product Highlights

### Blended Finance Products Comprising Governmental Climate Response Funds and the Bank's Own Resources

#### KDB Carbon Spread

Designed to support the low-carbon transition of high-emitting industries and foster newly emerging low-carbon industries, this product offers preferential interest rate benefits of up to 2.6%p, including an interest subsidy from the Ministry of Environment equivalent to 50% of the preferential rate, for large-scale retrofits of existing facilities or new facilities required to accelerate decarbonization.

In addition to the preferential interest rate benefits, the product is designed to fully cover the cost of third-party ex ante and ex post verification for facilities capable of reducing greenhouse gas (GHG) emissions and energy consumption, thereby reducing the cost burden on companies and enabling objective measurement of decarbonization outcomes.

**2025 Fund Size**

**KRW 2.5 trillion**

#### KDB Carbon Net Zero

This is a risk-absorbing venture capital product designed to support green businesses that deliver significant GHG reductions and broad spillover effects, yet remain in the early stages of technological and market development. Because early-stage green projects are more likely to face funding gaps when relying solely on private capital, the program was introduced to serve as a policy finance catalyst for private investment and help address financing blind spots.

Funded through the government's Climate Response Fund and KDB's own resources, the program supports offshore wind, hydrogen infrastructure, and green innovation technologies—and their related companies—through subordinated loans and investments.

**2025 Fund Size**

**KRW 122 billion**

## KDB's Financing for Green and Carbon-Neutral Businesses

**New & Renewable Energy**

**Leveraging its high-caliber know-how in PF to actively finance new & renewable energy power projects**

- Advised on and arranged project financing for a 50 MW onshore wind farm project in Korea (Jun. 2025)
- Advised on and arranged project financing for a 390 MW offshore wind farm project in Korea (Dec. 2025)

**Hydrogen Economy**

**Financing the creation of a hydrogen ecosystem (production, storage, distribution, and use)**

- Supported the construction and operation of an LNG power plant capable of hydrogen co-firing (May 2025)
- Supported the construction of and investment in a domestic hydrogen production plant (Oct. 2025)

**Low-Carbon Transition**

**Inducing the low-carbon transition of Korean companies by offering tailored financial products (e.g., KDB Carbon Spread)**

- Supported facility investment for low-carbon steel production using hydrogen-based direct reduced iron technology (May 2025)
- Supported facility investment to expand the use of alternative fuels in the cement industry (Aug. 2025)

**Secondary Batteries**

**Pioneering support for the Korean secondary batteries industry ecosystem**

- Supported the establishment of a new solid-state electrolyte production line for next-gen secondary batteries (Apr. 2025)
- Supported production facilities for automated manufacturing equipment for secondary battery components (May 2025)

**Waste Recycling**

**Facilitating a circular economy by financing the use of refuse-derived fuels (RDFs) and recycled resources**

- Supported the construction of a resource circulation facility for electronic waste shredding and separating processes (Apr. 2025)
- Supported the relocation and modernization of a public wastewater treatment facility (Sep. 2025)

### Enhancing External Collaboration Efforts for Green Finance

KDB actively participates in government-led green finance initiatives and is strengthening its external collaboration efforts to help promote green finance and build a broader green ecosystem.

In 2025, KDB participated in numerous policy initiatives, including the Financial Services Commission's discussions on introducing transition finance, the Climate Finance Platform Preparation Task Force, the Ministry of Environment's training program for green finance specialists, and consultative bodies for revising Korea's Green Taxonomy. Through active policy recommendations and other contributions, KDB supported the development of practical measures to promote green finance. Furthermore, the Bank held semiannual joint seminars with the Korea Environmental Industry & Technology Institute (KEITI) to discuss ways to promote green finance, including green bond issuances and support for climate technology.

## SOCIAL FINANCE

### Promoting Social Finance to Heighten Social Value

KDB fulfills its social responsibility as a policy finance institution through a diverse range of social finance offerings and services.

Benchmarking international best practices, including the International Capital Market Association (ICMA) Social Bond Principles, United Nations Sustainable Development Goals (SDGs), and KDB's own strategic directions, the Bank has identified five key areas for social financing: ○1 basic infrastructure; ○2 basic services; ○3 job creation; ○4 socioeconomic development & shared growth; and ○5 balanced regional development.

The Bank systematically tracks its performance in each of these areas, with KRW 23.2 trillion in cumulative support having been administered as of the end of 2025.

Going forward, once Korea's national classification system for social finance is firmly established, KDB will align its social financing framework with the new standards and boost its commitments related to social finance initiatives.

# 2025 Sustainable Management Highlights

## Strengthening Sustainability Governance

To establish and effectively implement its sustainability strategy, KDB launched an ESG Committee under its Board of Directors in November 2023. In March 2024, the Bank also established an ESG Steering Committee to facilitate the pre-review of the ESG Committee's agenda items and enhance cross-departmental collaboration. Under the ESG Steering Committee, and to ensure efficient execution, KDB formed four specialized subcommittees dedicated to: ① green finance; ② social finance; ③ environmental & social responsibility management; and ④ ESG disclosure.

In 2025, the ESG Committee met twice to review and submit seven key agenda items, including performance on ESG bond issuances and green finance supply. The ESG Steering Committee also met twice to discuss nine agenda items, while the four subcommittees held ad hoc meetings as needed to promote Bank-wide collaboration on a range of sustainability-related issues.

To share KDB's sustainable finance and sustainability management performance with internal and external stakeholders, the Bank publishes its KDB ESG Summary annually.

Going forward, KDB will continue to support the government's carbon neutrality and green growth policies while also fulfilling its social responsibility as a policy finance institution based on a sustainability governance framework centered on its ESG Committee.

## KDB ESG Committee

- Board of Directors
  - Risk Management Committee
    - Risk Management Council
    - Risk Management Steering Committee
  - ESG Committee
    - ESG Steering Committee
  - Chairman & CEO
  - Vice Chairman & COO
- ESG Steering Committee
  - Facilitator
  - Research & Studies
  - Green Finance Division
  - Social Finance Division
  - E&S Management Division
  - ESG Disclosure Division

## Eco-Friendly & Carbon-Neutral Management for Direct Emissions Reduction

To proactively support Korea's goal of achieving carbon neutrality by 2050, KDB has aligned its operations with government policies such as the *Guidelines for the Operation of Greenhouse Gas Target Management in the Public Sector* to implement carbon-neutral practices at an institutional level.

To this end, KDB's Internal Energy Conservation Committee is actively engaging in initiatives such as energy-saving campaigns and establishing plans to reduce energy consumption. In addition, to reinforce KDB's commitment to environmental sustainability, KDB Hanam Digital Square and KDB Academy have been installing and operating solar power systems.

Furthermore, under its goal to fully transition its business-use fleet of fossil fuel vehicles to green vehicles, including electric and hydrogen-powered cars, KDB had already completed transitioning 205, or 94.5%, out of 217 fossil fuel vehicles as of the end of 2025, with 63 charging stations in place (31 at headquarters, 9 at KDB Hanam Digital Square, and 23 at branch offices). Moving forward, KDB plans to expand the number of charging facilities at the branches it owns to further enhance zero-emission vehicle usage.

Solar power systems on the rooftops of KDB Hanam Digital Square

EV charging stations at KDB HQ

## ESG / GCF

### Overview

As Korea's representative accredited entity to the Green Climate Fund (GCF), headquartered in Korea, KDB has secured approval for three GCF projects totaling USD 265 million across five countries—Vietnam, Indonesia, the Philippines, Cambodia, and Laos. Ranking 5th worldwide among 161 accredited entities in private-sector project execution, KDB is supporting Korean companies' entry into climate markets in developing countries while also contributing to the Korean government's global climate agenda.

### 2025 in Review

In 2025, KDB launched the Cambodian Climate Financing Facility and the Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship, both of which demonstrated KDB's climate finance capabilities across loans, investments, and guarantees.

KDB also continued to advance its inaugural GCF project in Indonesia—Supporting Innovative Mechanisms for Industrial Energy Efficiency Financing in Indonesia with Lessons for Replication in other ASEAN Member States—through close cooperation with the Indonesian government and other stakeholders to address local climate finance needs.

In May 2025, KDB participated in the Korea-Malaysia ESG Forum, which was held in Malaysia, then Chair of ASEAN. At the forum, KDB introduced Korea's climate finance model and engaged in policy discussions with Malaysia's Minister of Environment and the Embassy of the Republic of Korea in Malaysia, further strengthening cooperation to support Korean financial institutions and companies seeking to enter the local climate market.

### 2026 Plans

In 2026, KDB will accelerate the implementation of its GCF-approved projects, expand partnerships with international organizations beyond the GCF, and diversify global climate finance sources. Through these and other related efforts, KDB will further strengthen its role as Korea's National Climate Bank.

Launch discussions for the Collaborative R&DB Programme for Promoting the Innovation of Climate Technopreneurship

Presentation on the Korean climate finance model at the Korea-Malaysia ESG Forum



# ESG Funding

### Issuance of KRW-denominated Green Bonds

In 2025, KDB issued a total of KRW 1.5 trillion in ESG bonds, including KRW 500 billion in KRW-denominated green bonds, the largest such issuance in the Korean banking sector under the Ministry of Environment's Korean Green Bond Guidelines. The issuance enhanced KDB's external credit standing, strengthened institutional safeguards against greenwashing, and supported environmentally sustainable projects, including the construction of secondary battery material production facilities, thereby contributing to the growth of Korea's domestic green bond market. In addition, KDB issued KRW 1 trillion in social bonds, providing financing to 109 job-creating companies.

To enhance transparency and foster the qualitative growth of Korea's ESG bond market, KDB publicly discloses detailed investor reports and third-party-audited assessments, including information on the allocation of ESG bond proceeds, through its official website and the Korea Exchange's ESG Bond Information Platform.

### Allocation of Proceeds from 2025 ESG Bonds

(Unit: KRW billion)

#### Green Bonds

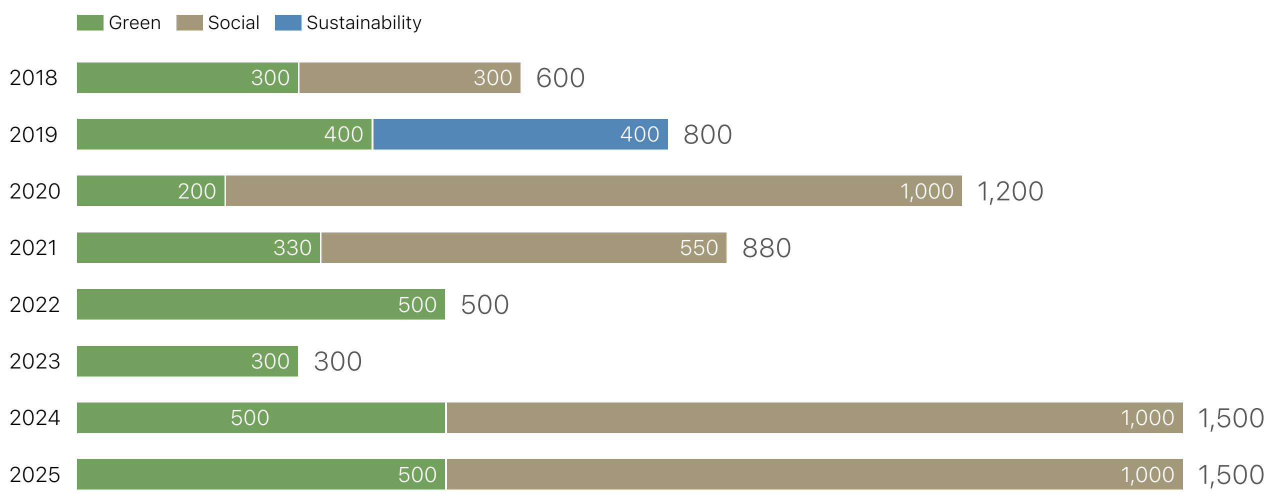
| Code | Issuance | Allocation |
|---|---|---|
| KR310208GFA8 | 5,000 | 5,000 |
| Proposed Areas of Support | | |
| Wind Power Material Production | | 700 |
| Energy Production | | 1,000 |
| Secondary Battery Material Production | | 3,300 |

#### Social Bonds

| Code | Issuance | Allocation |
|---|---|---|
| KR310210GF58 | 190.0 | 190.0 |
| KR310210GF59 | 220.0 | 220.0 |
| KR310210GF60 | 270.0 | 270.0 |
| KR310210GF61 | 130.0 | 130.0 |
| KR310210GF62 | 190.0 | 190.0 |
| Proposed Areas of Support | | |
| Job Creation Companies | | |

### KRW ESG Bond Issuance Track Record by Year

(Unit: KRW billion)



### Framework for Foreign Currency-Denominated Green Financing

In 2025, KDB upgraded and expanded its ESG framework under the KDB Sustainable Financing Framework to reflect the latest global market developments, incorporating sustainable finance principles established by the International Capital Market Association (ICMA) and the Loan Market Association (LMA). Eligibility criteria were also broadened in light of developments such as the revised EU Taxonomy, with KDB's existing green loan program incorporated into the framework. KDB plans to continue enhancing and expanding the framework in line with evolving global ESG trends.

### Issuance of Foreign Currency-Denominated Green Bonds

KDB has continuously issued green bonds since 2017. In March 2021, it diversified its ESG funding base by issuing Asia's first SEC-registered SOFR-based floating-rate global green bond, which was done in the amount of USD 300 million. Since then, KDB has continued to issue fixed- and floating-rate ESG bonds across public and private markets in U.S. dollars and other currencies. In May 2025, KDB issued AUD 750 million in green bonds to local investors in Australia and others, supporting green projects under the expanded KDB Sustainable Financing Framework.

### Funding by Foreign Currency Green Loans

To further diversify its ESG funding portfolio, KDB introduced its first USD 100 million green loan in September 2022 and raised an additional USD 100 million green loan in 2024. These green loans were subsequently matched to eligible green projects in accordance with the KDB Sustainable Financing Framework.

**4-Year FC ESG Funding Track Record**
(Unit: KRW million)

| Type | Issue Date | Currency | Amount | USD Equivalent | Coupon | Use of Proceeds |
|---|---|---|---|---|---|---|
| Green Bonds | Jan. 2021 | USD | 700 | 700 | 0.40% | Renewable Energy & Clean Transportation |
| | Mar. 2021 | USD | 300 | 300 | SOFR+0.25% | |
| | June 2021 | IDR | 1,424,800 | 100 | 4.80% | |
| | July 2021 | CHF | 200 | 218 | 0.17% | |
| | Oct. 2021 | USD | 20 | 20 | 2.85% | |
| | Oct. 2021 | USD | 700 | 700 | 0.75% | |
| | Mar. 2022 | BRL | 1,285 | 250 | 11.15% | |
| | Mar. 2022 | USD | 40 | 40 | 2.643% | |
| | Apr. 2022 | CHF | 225 | 241 | 0.940% | |
| | May 2022 | HKD | 390 | 50 | 3.45% | |
| | May 2022 | HKD | 169 | 22 | 3.60% | |
| | June 2022 | HKD | 349 | 45 | 4.20% | |
| | July 2022 | MXN | 3,500 | 170 | TIIE+0.20% | |
| | Oct. 2024 | BRL | 250 | 44 | 10.385% | |
| | June 2025 | AUD | 250 | 161 | 4.145% | |
| | | | 500 | 322 | 3m BBSW+0.76% | |
| Green Loans | Sep. 2022 | USD | 100 | 100 | SOFR+0.72% | |
| | Dec. 2023 | EUR | 100 | 108 | Euribor+0.30% | |
| | Sep. 2024 | USD | 100 | 100 | SOFR+0.49% | |
| **Total** | | | | **3,208** | | |





# FINANCIAL REVIEW

# Management's Discussion and Analysis

The 2025 financial statements prepared by KDB conform to the Korean International Financial Reporting Standards (K-IFRS). K-IFRS refers to Korea's adoption of the standards and interpretations released by the International Accounting Standards Board. The 2025 financial statements of KDB cover financial performance from January 1 to December 31 of the year, and the financial figures in this Management's Discussion & Analysis (MD&A), unless specified otherwise, are based on consolidated financial statements.

## 2025 Review

The global economy in 2025 remained more resilient than expected despite continued headwinds from U.S. tariff policies, China's prolonged property market downturn, and broader geopolitical uncertainty. The U.S. economic growth slowed to the 2%-range as consumer spending moderated despite sustained strength in AI-related investments. Europe recorded a modest recovery supported by tourism and improvements in investment, while China maintained growth of approximately 5.0%, balancing gains in manufacturing and retail sales against declines in fixed-asset investment.

The Korean economy reported a 1.0% year-on-year GDP growth, its weakest pace since the COVID-19 pandemic contraction of -0.7% in 2020. Infrastructure investment improved from the previous year amid growing semiconductor demand, while construction activity continued to weaken due to sluggish cumulative construction orders. While semiconductor exports remained strong, overall export growth slowed due to heightened uncertainty in global trade conditions stemming from U.S tariff policies. Although political uncertainty weighed on private consumption in the first half of 2025, consumption gradually recovered in the second half of the year, supported in part by fiscal stimulus measures, including government-issued consumption coupons.

Interest rates fell during the first half of 2025 amid slowing growth and uncertainty surrounding trade policies, but rebounded in the second half as expectations for policy rate cuts faded and demand for bond weakened. The USD/KRW exchange rate temporarily spiked to KRW 1,480 in April, driven by uncertainties around domestic political developments and U.S. tariff policies. Following the inauguration of the new government, the exchange rate declined to KRW 1,350 before climbing again toward the KRW 1,480 range by year-end. The renewed depreciation pressure on the Korean won was largely attributable to growing capital outflows into overseas equity and bond investments, which created structural demand for US dollars.

Under the new government's financial policy agenda centered on "productive finance" to support Korea's sustained economic growth and innovation, the Financial Services Commission announced a series of policy measures in September and October, including initiatives relating to the National Growth Fund, the easing of banking and insurance regulations, and the promotion of regional finance. These measures form a central pillar of the government's broader economic strategy, aimed at utilizing the National Growth Fund to strengthen Korea's advanced industries and their value chains, easing regulatory burdens to redirect bank lending toward more productive areas such as startups, and substantially expanding financing for regions outside the Seoul-metropolitan area.

As of September 2025, Korean banks reported cumulative net profits of KRW21.1 trillion, up KRW2.3 trillion from the same period last year, mainly driven by gains from FX and derivatives activities amid volatility in the USD/KRW exchange rate.

Against this backdrop, KDB continued to strengthen its policy financing role and strategic initiatives. During 2025, the Bank fully implemented the "Korea Rebound Program," introducing a financing program to support high-tech strategic industries. KDB also successfully launched the "High-Tech Fund," a public-side financing mechanism under the National Growth Fund framework, following months of preparation that included legislative support for the amendment of the KDB Act and the establishment of a dedicated organizational unit within the Bank.

As Korea's largest institutional VC investor, KDB further expanded financing for innovative companies while strengthening support for regional startups and venture ecosystem. These efforts included the establishment of a dedicated fund for the country's southern region and the expansion of V:Launch, KDB's region-specific VC platform. On the international front, KDB expanded its network through the establishment of its Frankfurt branch and reinforced global financial cooperation through the Korea-UAE Sovereign Investment Partnership and MOU signings with other major sovereign wealth funds.

In response to heightened domestic and international market volatility stemming from U.S. tariff policies, KDB activated the "Corporate Bonds and CP Market Stabilization Program" and launched the "Crisis Response Special Program," reaffirming its role as a market stabilizer. Internally, KDB continued to enhance operational efficiency and digital capabilities by upgrading its KDB GPT platform and introducing the KDB AI Agent for Financial Analysis across key business processes. The Bank also hosted the "Next 100 Forum" as part of its role as a think tank to support Korea's new industrial finance initiatives. In addition, the Bank strengthened its governance framework by enhancing accountability and internal control systems across the organization.

## 2026 Outlook

Global economic growth in 2026 is expected to remain broadly in line with 2025 levels, supported by AI and IT-led investment activity worldwide. The U.S. economy is forecasted to strengthen on the back of private sector-led AI investments and stimulative fiscal policy measures. Growth in the Euro area is likely to moderate despite gradual recovery in Germany and continued resilience in tourism, while China's economy is expected to slow amid persistent property sector weakness and trade tensions with the U.S.

The Korean economy is projected to strengthen, driven primarily by improving infrastructure-related construction activity, recovering private consumption, and base effects from 2025. Specifically, the renewed strength in private consumption is likely to continue as moderate inflation improves household real purchasing power. Construction activity is also anticipated to increase, supported by uptick in construction orders since the second quarter of 2024 and increased public spending for infrastructure projects. Semiconductor exports will remain a key driver of export growth, while capital investment in non-semiconductor sectors may recover more gradually amid still-subdued business sentiment.

Diminishing expectations of policy rate cuts and additional fiscal stimulus measures are likely to exert upward pressure on interest rates, although inflows associated with Korea's inclusion in the FTSE World Government Bond Index are expected to help limit further increases. The USD/KRW exchange rate may face downward pressure over the medium term due to expectations of Federal Reserve rate cuts and the introduction of the Reshoring Investment Account initiative. Nevertheless, geopolitical tensions and potential spillover effects from Japanese yen depreciation may add further uncertainty to the exchange rate.

Against the backdrop of the Korean economy, lending growth in the Korean banking sector is anticipated to grow especially in the corporate sector, in line with the government's productive finance agenda. Profitability for Korean banks may edge down with compression in net interest margins, while asset quality may slightly weaken amid rising delinquency rates associated with continued economic uncertainty. However, overall banking sector asset quality is expected to remain resilient, given low NPL ratios and substantial loss-absorption capacity accumulated since the COVID-19 pandemic.

In response to these structural and economic challenges, in addition to intensifying global technology race, prolonged low growth, and widening regional imbalances, KDB has set its 2026 strategic objective of becoming the "K-Development Bank" supporting Korea's economic and industrial transformation while delivering substantive growth.

To achieve this objective, KDB will first focus on the successful mobilization of the National Growth Fund. The Bank will strengthen the expertise of its dedicated National Growth Fund Division and accelerate investment pipelines to facilitate the timely deployment of capital to strategic industries. Second, KDB will continue to support the development of Korea's future growth engines.

Through its “Innovative Growth Program,” the Bank will strengthen financial support for AI and other advanced industries while expanding specialized financing programs and regional venture platforms to foster balanced national growth. In the SME and venture sector, KDB will increase investments in promising next-generation startups and for cultivating unicorn companies while also playing a greater role in establishing funds to revitalize scale-up and exit markets. Through these initiatives, KDB will remain committed to strengthening the venture capital recycling ecosystem and support the sustainable growth of Korea’s innovation economy.

Finally, KDB will ensure that it maintains a sustainable foundation to support its long-term growth. For this, the Bank will expand its global network through new strategic locations in Hanoi, Sydney, and Mumbai, strengthen underwriting capacity for large overseas transactions, and contribute to the globalization of Korea’s finance industry. At the same time, KDB will continue fulfilling its role as a market stabilizer by supporting corporate normalization efforts and expanding the “Preemptive Corporate Improvement Program” to facilitate timely intervention for companies facing early signs of financial distress. Internally, KDB will further integrate AI technologies into core workflows through continued enhancement of its KDB GPT platform and broader digital transformation initiatives. Through these efforts, KDB will seek to reinforce both profitability and financial stability, building the capabilities needed to drive Korea’s next phase of growth.

## Income Analysis

### Summary Statement of Income

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Net operating revenue | 3,698.9 | 3,010.6 | 688.3 | 22.9% |
| Net interest income | 2,010.4 | 2,018.0 | (7.7) | (0.4%) |
| Non-interest income | 1,688.5 | 992.6 | 695.9 | 70.1% |
| Provision for (reversal of) credit losses | 707.8 | (269.0) | 976.8 | 363.1% |
| G&A expenses | 1,116.9 | 1,072.1 | 44.9 | 4.2% |
| Operating income | 1,874.2 | 2,207.6 | (333.5) | (15.1%) |
| Non-operating Income | 5,179.3 | 465.0 | 4,714.3 | 1,013.9% |
| Income tax expenses | 1,823.9 | 525.9 | 1,298.0 | 246.8% |
| Profit for the year | 5,229.6 | 2,146.7 | 3,082.8 | 143.6% |

KDB recorded a profit of KRW 5,229.6 billion in 2025, up KRW 3,082.9 billion year-on-year, mainly due to gains in investments in associates, reversal of impairment losses in HMM Co.,Ltd(HMM) and equity-method gains from Korea Electric Power Co., Ltd.(KEPCO) and HMM.

Net operating revenue increased by KRW 688.3 billion year-on-year. Non-interest income increased compared to the previous year, which more than offset a 0.4% decrease in net interest income. Positive contributors of the increase of our non-interest income include partial divestment of Hanwha Ocean & HMM and a decrease in net loss on derivatives.

### Interest Income and NIM

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Interest-earning assets(Annual average balance) | 253,980 | 243,669 | +10,311 | +4.23% |
| Yield rate (%) | 4.19 | 4.88 | | (0.69%p) |
| Interest-bearing liabilities(Annual average balance) | 270,390 | 260,237 | +10,153 | +3.90% |
| Cost rate (%) | 3.65 | 4.26 | | (0.61%p) |
| NIM (%) | 0.31 | 0.33 | | (0.02%p) |

* Non-consolidated basis

Interest-earning assets increased by 4.23% to KRW 253,980 billion, and interest-bearing liabilities increased by 3.90% to KRW 270,390 billion. During the same period, yield rate and cost rate decreased by 0.69%p and 0.61%p to stand at 4.19% and 3.65%, respectively. As a result, the net interest margin for the year decreased by 0.02%p to 0.31%.

## Financial Statement

### Summarized Statement of Financial Position

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Assets | 384,622.2 | 372,581.1 | 12,041.1 | 3.2% |
| Cash & due from banks | 12,017.5 | 12,769.9 | (752.4) | (5.9%) |
| Securities | 117,496.2 | 109,986.1 | 7,510.1 | 6.8% |
| Loans | 233,090.3 | 224,779.9 | 8,310.4 | 3.7% |
| Other assets | 22,018.2 | 25,045.2 | (3,027.0) | (12.1%) |
| Liabilities | 335,030.5 | 328,571.4 | 6,459.1 | 2.0% |
| Deposits | 69,870.6 | 67,035.0 | 2,835.6 | 4.2% |
| Borrowings | 38,364.0 | 39,510.9 | (1,146.8) | (2.9%) |
| Bonds | 182,158.7 | 172,444.6 | 9,714.0 | 5.6% |
| Other liabilities | 44,637.2 | 49,580.9 | (4,943.7) | (10.0%) |
| Equity | 49,591.7 | 44,009.7 | 5,582.0 | 12.7% |
| Issued capital | 27,257.7 | 26,316.6 | 941.2 | 3.6% |
| Capital surplus | 726.6 | 803.5 | (76.8) | (9.6%) |
| Retained earnings | 18,705.8 | 13,444.1 | 5,261.7 | 39.1% |
| Capital adjustments | 213.1 | 213.6 | (0.5) | (0.2%) |
| Accumulated other comprehensive income | 2,395.4 | 2,763.1 | (367.7) | (13.3%) |
| Non-controlling interests | 293.1 | 468.9 | (175.8) | (37.5%) |

As of end of 2025, KDB’s assets amounted to KRW 384,622.2 billion, increased by 3.2% compared to the previous year. This was mainly attributable to an increase in loan volumes and securities. The increase reflected the Bank's effort to provide more liquidity to the economy through various programs, including high-tech strategic support program.

KDB's liabilities increased by 2.0% year-on-year to record KRW 335,030.5 billion, mainly attributable to increases in debts. The borrowings outstanding amounted to KRW 38,364.0 billion, decreased by 2.9% compared to 2024, and bond outstanding amount stood at KRW 182,158.7 billion at year-end, up 5.6% year-on-year. Borrowings increased as part of the efforts to diversify stable funding sources. Also, KDB issued more bonds during the year to enhance liquidity support for business growth and address sudden liquidity crunch.

KDB's total equity stood at KRW 49,519.7 billion, an 12.7% increase compared to the previous year. During the year, KDB received capital in KRW 941 billion, primarily allocated to semiconductor financing, green financing and export support-key areas alighted with Korea's strategic industrial priorities.

Accumulated other comprehensive income stood at KRW 2,395.4 billion, decreased by 13.3% compared to the previous year. It is mainly affected by Reclassification of valuation gain or loss on equity securities measured at FVOCI.

### Loans

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Corporate loans | 195,362 | 192,330 | 3,032 | 1.6 |
| Large enterprises | 171,920 | 167,847 | 4,073 | 2.4 |
| SMEs | 23,442 | 24,483 | (1,041) | (4.3) |
| Household loans | 122 | 148 | (26) | (17.5) |
| Public and others | 1,883 | 1,924 | (41) | (2.1) |
| **Total loans** | **197,367** | **194,402** | **2,965** | **1.5** |

* Non-consolidated basis

Total loans in 2025 recorded KRW 197,367 billion, up 1.5% from the previous year. Corporate loans, which accounted for the largest proportion of the total volume, rose by 1.6% year-on-year to KRW 195,362 billion, mainly attributable to a 2.4% increase in loans to large enterprises.

### Funding

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Deposits | 69,871 | 67,035 | 2,835.6 | 4.2% |
| Borrowings | 38,364 | 39,511 | (1,146.8) | (2.9%) |
| Bonds | 182,159 | 172,445 | 9,714.0 | 5.6% |

Compared to the last year, the deposits increased by 4.2% year-on-year, while borrowings decreased by 2.9%. Bond outstanding amounted to KRW 182,159 billion, a 5.6% increase from the previous year.

### Asset Quality

(Unit: KRW billion)

| | 2025 | 2024 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| Total credit | 197,367 | 194,402 | 2,965 | 1.5 |
| Normal | 195,257 | 192,665 | 2,592 | 1.3 |
| Precautionary | 567 | 573 | (6) | (0.9) |
| Sub-standard | 561 | 607 | (46) | (7.5) |
| Doubtful | 252 | 177 | 75 | 42.1 |
| Estimated loss | 730 | 380 | 350 | 92.2 |
| Sub-standard and below loans (NPL) | 1,543 | 1,164 | 379 | 32.6 |
| NPL Ratio | 0.78% | 0.60% | - | 0.18%p |
| Loan loss reserve | 3,697 | 3,205 | 492 | 15.3 |
| NPL coverage ratio | 239.59% | 275.43% | - | (35.84%p) |

* Non-consolidated basis

Total credit exposure as of the end of 2025 amounted to KRW 197,367 billion, up by KRW 2,964.6 billion or 1.5% year-on-year. As NPLs increased by 32.6% from the previous year, NPL Ratio increased to 0.78% in 2025 from 0.60% in 2024. Due to these effects, the NPL coverage ratio fell by 35.84%p.

## Capital Management

### Capital Adequacy Ratio and Tier 1 Ratio

(Unit: %)

| | 2025 | 2024 | Change (%p) |
|---|---|---|---|
| Capital adequacy ratio | 14.24 | 13.90 | +0.34%p |
| Tier 1 ratio | 13.40 | 12.89 | +0.51%p |

* The BIS capital adequacy ratio of KDB is well maintained above the minimum requirement of 11.5%.

KDB's BIS capital adequacy and Tier 1 ratios are calculated in accordance with BASEL III standards. As of FYE 2025, the corresponding ratios stood at 14.24% and 13.40%, up 0.34%p and up 0.51%p from the previous year, respectively.

# Independent Auditors' Report

## Based on a report originally issued in Korean

The Board of Directors and Shareholders
Korea Development Bank

**Opinion**

We have audited the accompanying consolidated financial statements of Korea Development Bank and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

**Basis for Opinion**

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

**Other Matter**

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Seoul, Korea
March 31, 2026

Nexia Samduk

This report is effective as of March 31, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.





Korea Development Bank and Subsidiaries

# Consolidated Statements of Financial Position

December 31, 2025 and 2024

| *(In millions of won)* | Notes | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and due from financial institutions | 4,40,48,49,52 | ₩ | 12,017,539 | 12,769,938 |
| Securities measured at FVTPL | 5,48,49,52 | | 29,927,777 | 26,872,342 |
| Securities measured at FVOCI | 6,40,48,49,52 | | 42,554,953 | 43,856,932 |
| Securities measured at amortized cost | 7,40,48,49,52 | | 11,930,378 | 10,706,942 |
| Loans measured at FVTPL | 8,48,49,52 | | 87,141 | 419,773 |
| Loans measured at amortized cost | 9,42,48,49,52 | | 233,003,135 | 224,360,150 |
| Derivative financial assets | 10,48,49,50,52 | | 11,073,100 | 13,879,682 |
| Investments in associates | 2,11,51 | | 33,083,113 | 28,549,878 |
| Property and equipment, net | 12,51 | | 1,086,528 | 1,055,257 |
| Investment property, net | 13,51 | | 148,526 | 150,108 |
| Intangible assets, net | 14,51 | | 628,721 | 664,051 |
| Net defined benefit assets | 21 | | 34,810 | 21,530 |
| Deferred tax assets | 38 | | 25,858 | 23,064 |
| Current tax assets | | | 328,759 | 69,413 |
| Other assets | 15,48,49,52 | | 8,691,892 | 9,182,074 |
| **Total assets** | | ₩ | 384,622,230 | 372,581,134 |
| **Liabilities** | | | | |
| Financial liabilities measured at FVTPL | 16,48,49,52 | ₩ | 1,892,399 | 2,389,246 |
| Deposits | 17,48,49,52 | | 69,870,635 | 67,034,983 |
| Borrowings | 18,48,49,52 | | 38,364,041 | 39,510,875 |
| Debentures | 19,48,49,52 | | 182,158,684 | 172,444,643 |
| Derivative financial liabilities | 10,48,49,50,52 | | 10,540,562 | 15,064,833 |
| Insurance contracts liabilities | 20 | | 16,087,117 | 16,838,420 |
| Reinsurance contract liabilities | 20 | | 13,028 | 10,301 |
| Provisions | 22 | | 977,083 | 845,705 |
| Deferred tax liabilities | 38 | | 5,026,633 | 3,168,761 |
| Current tax liabilities | | | 88,546 | 315,102 |
| Other liabilities | 23,48,49,52 | | 10,011,782 | 10,948,540 |
| **Total liabilities** | | | 335,030,510 | 328,571,409 |
| **Equity** | | | | |
| Issued capital | 24 | | 27,257,759 | 26,316,559 |
| Capital surplus | 24 | | 726,628 | 803,459 |
| Capital adjustment | 24 | | 213,133 | 213,644 |
| Accumulated other comprehensive income | 24 | | 2,395,362 | 2,763,097 |
| Retained earnings | 24 | | 18,705,783 | 13,444,106 |
| (Regulatory reserve for credit losses of ₩122,221 million and ₩109,931 million as of December 31, 2025 and 2024, respectively) | | | | |
| (Required provision for (reversal of) regulatory reserve for credit losses of ₩109,798 million and ₩12,290 million as of December 31, 2025 and 2024, respectively) | | | | |
| (Planned provision for (reversal of) regulatory reserve for credit losses of ₩109,798 million and ₩12,290 million as of December 31, 2025 and 2024, respectively) | | | | |
| **Total equity attributable to owners of the parent** | | | 49,298,665 | 43,540,865 |
| **Non-controlling interests** | 24 | | 293,055 | 468,860 |
| **Total equity** | | | 49,591,720 | 44,009,725 |
| **Total liabilities and equity** | | ₩ | 384,622,230 | 372,581,134 |

*See accompanying notes to the consolidated financial statements.*

## Korea Development Bank and Subsidiaries

# Consolidated Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

| *(In millions of won, except earnings per share information)* | Notes | | 2025 | 2024 |
|---|---|---|---|---|
| Interest income | 25 | ₩ | 12,372,469 | 13,555,804 |
| Interest expense | 25 | | (10,362,108) | (11,537,782) |
| **Net interest income** | | | 2,010,361 | 2,018,022 |
| Net fees and commission income | 26 | | 542,667 | 522,558 |
| Dividend income | 27 | | 377,438 | 449,834 |
| Gains on securities measured at FVTPL | 28 | | 770,802 | 760,048 |
| Gains (losses) on financial instruments measured at FVTPL | 29 | | 111,693 | (51,047) |
| Gains on securities measured at FVOCI | 30 | | 49,145 | 4,255 |
| Gains on securities measured at amortized cost | 31 | | 2,256 | 3,488 |
| Losses on derivatives | 32 | | (477,125) | (1,119,296) |
| Foreign currency transaction gains | 33 | | 781,081 | 1,128,160 |
| Other operating expense, net | 34 | | (469,430) | (705,361) |
| **Non-interest income, net** | | | 1,688,527 | 992,639 |
| **Provision for (reversal of) credit losses** | 35 | | 707,800 | (269,038) |
| **General and administrative expenses** | 36 | | 1,116,935 | 1,072,054 |
| **Operating income** | | | 1,874,153 | 2,207,645 |
| Gains related to investments in associates | 11 | | 5,231,577 | 486,886 |
| Other non-operating income | 37 | | 34,396 | 30,533 |
| Other non-operating expense | 37 | | (86,682) | (52,433) |
| **Non-operating income, net** | | | 5,179,291 | 464,986 |
| **Profit before income taxes** | | | 7,053,444 | 2,672,631 |
| **Income tax expense** | 38 | | 1,823,893 | 525,922 |
| **Profit for the year** | 24 | ₩ | 5,229,551 | 2,146,709 |

(Profit for the year adjusted for regulatory reserve for credit losses: ₩5,119,753 million and ₩2,134,419 million for the years ended December 31, 2025 and 2024, respectively)





## Korea Development Bank and Subsidiaries

# Consolidated Statements of Comprehensive Income, Continued

Years ended December 31, 2025 and 2024

| *(In millions of won, except earnings per share information)* | Notes | | 2025 | 2024 |
|---|---|---|---|---|
| **Other comprehensive income (loss) for the year, net of tax** | 24 | | | |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | | |
| Gains (losses) on securities measured at FVOCI | | ₩ | (378,175) | 301,288 |
| Share of other comprehensive income (loss) of associates | | | (313,919) | 837,841 |
| Exchange differences on translation of foreign operations | | | (46,888) | 398,909 |
| Valuation losses on cash flow hedge | | | (2,880) | (2,685) |
| Gains (losses) on hedges of net investments in foreign operations | | | 7,325 | (122,706) |
| Others | | | 482,233 | (533,481) |
| | | | (252,304) | 879,166 |
| **Items will not be reclassified to profit or loss:** | | | | |
| Gains (losses) on securities measured at FVOCI | | | 634,388 | (232,761) |
| Fair value changes on financial liabilities designated at fair value due to credit risk | | | 58 | (15,116) |
| Remeasurements of defined benefit liabilities | | | (6,806) | (25,177) |
| Share of other comprehensive income of associates | | | 122,573 | 233,506 |
| Exchange differences on translation of foreign operations | | | 1,942 | - |
| | | | 752,155 | (39,548) |
| | | | 499,851 | 839,618 |
| **Total comprehensive income for the year** | | ₩ | 5,729,402 | 2,986,327 |
| **Profit attributable to:** | | | | |
| Owners of the parent | 24 | ₩ | 5,214,955 | 2,119,100 |
| Non-controlling interests | | | 14,596 | 27,609 |
| Profit for the year | | ₩ | 5,229,551 | 2,146,709 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent | | ₩ | 5,652,648 | 2,979,758 |
| Non-controlling interests | | | 76,754 | 6,569 |
| Total comprehensive income for the year | | ₩ | 5,729,402 | 2,986,327 |
| **Earnings per share:** | | | | |
| Basic and diluted earnings per share (in won) | 39 | ₩ | 971 | 413 |

## Korea Development Bank and Subsidiaries

# Consolidated Statements of Changes in Equity

Years ended December 31, 2025 and 2024

| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(In millions of won)* | Issued capital | Capital surplus | Capital adjustment | Accumulated other comprehensive income | Retained earnings | Total | Non-controlling interests | Total equity |
| **Balance at January 1, 2024** | ₩ 23,926,559 | 892,373 | 214,482 | 3,011,226 | 11,094,344 | 39,138,984 | 288,541 | 39,427,525 |
| Profit for the year | - | - | - | - | 2,119,100 | 2,119,100 | 27,609 | 2,146,709 |
| Gains (losses) on securities measured at FVOCI | - | - | - | (838,426) | 906,229 | 67,803 | 724 | 68,527 |
| Share of other comprehensive loss of associates | - | - | - | 868,789 | 202,558 | 1,071,347 | - | 1,071,347 |
| Exchange differences on translation of foreign operations | - | - | - | 394,573 | - | 394,573 | 4,336 | 398,909 |
| Valuation gains (losses) on cash flow hedge | - | - | - | (2,693) | - | (2,693) | 8 | (2,685) |
| Losses on hedges of net investments in foreign operations | - | - | - | (122,706) | - | (122,706) | - | (122,706) |
| Remeasurements of defined benefit liabilities | - | - | - | (23,402) | - | (23,402) | (1,775) | (25,177) |
| Fair value changes on financial liabilities designated at fair value due to credit risk | - | - | - | (15,116) | - | (15,116) | - | (15,116) |
| Others | - | - | - | (509,148) | - | (509,148) | (24,333) | (533,481) |
| **Total comprehensive income (loss) for the year** | - | - | - | (248,129) | 3,227,887 | 2,979,758 | 6,569 | 2,986,327 |
| Dividends | - | - | - | - | (878,125) | (878,125) | - | (878,125) |
| Paid-in capital increase | 2,390,000 | (11,709) | - | - | - | 2,378,291 | - | 2,378,291 |
| Acquisition on / disposal of interest in subsidiaries while maintain control | - | (77,205) | (838) | - | - | (78,043) | 173,750 | 95,707 |
| **Transaction with owners** | 2,390,000 | (88,914) | (838) | - | (878,125) | 1,422,123 | 173,750 | 1,595,873 |
| **Balance at December 31, 2024** | ₩ 26,316,559 | 803,459 | 213,644 | 2,763,097 | 13,444,106 | 43,540,865 | 468,860 | 44,009,725 |
| **Balance at January 1, 2025** | ₩ 26,316,559 | 803,459 | 213,644 | 2,763,097 | 13,444,106 | 43,540,865 | 468,860 | 44,009,725 |
| Profit for the year | - | - | - | - | 5,214,955 | 5,214,955 | 14,596 | 5,229,551 |
| Gains (losses) on securities measured at FVOCI | - | - | - | (687,253) | 807,722 | 120,469 | 135,744 | 256,213 |
| Share of other comprehensive income of associates | - | - | - | (199,396) | (2,294) | (201,690) | 10,344 | (191,346) |
| Exchange differences on translation of foreign operations | - | - | - | (46,888) | - | (46,888) | 1,942 | (44,946) |
| Valuation losses on cash flow hedge | - | - | - | (2,427) | - | (2,427) | (453) | (2,880) |
| Gains on hedges of net investments in foreign operations | - | - | - | 7,325 | - | 7,325 | - | 7,325 |
| Remeasurements of defined benefit liabilities | - | - | - | (10,148) | - | (10,148) | 3,342 | (6,806) |
| Fair value changes on financial liabilities designated at fair value due to credit risk | - | - | - | 58 | - | 58 | - | 58 |
| Others | - | - | - | 570,994 | - | 570,994 | (88,761) | 482,233 |
| **Total comprehensive income (loss) for the year** | - | - | - | (367,735) | 6,020,383 | 5,652,648 | 76,754 | 5,729,402 |
| Dividends | - | - | - | - | (758,706) | (758,706) | - | (758,706) |
| Paid-in capital increase | 941,200 | (4,541) | - | - | - | 936,659 | - | 936,659 |
| Acquisition on / disposal of interest in subsidiaries while maintain control | - | (72,290) | (511) | - | - | (72,801) | (252,559) | (325,360) |
| **Transaction with owners** | 941,200 | (76,831) | (511) | - | (758,706) | 105,152 | (252,559) | (147,407) |
| **Balance at December 31, 2025** | ₩ 27,257,759 | 726,628 | 213,133 | 2,395,362 | 18,705,783 | 49,298,665 | 293,055 | 49,591,720 |





## Korea Development Bank and Subsidiaries

# Consolidated Statements of Cash Flows

Years ended December 31, 2025 and 2024

| *(In millions of won)* | | 2025 | 2024 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | ₩ | 5,229,551 | 2,146,709 |
| Adjustments for: | | | |
| Income tax expenses | | 1,823,893 | 525,922 |
| Interest income | | (12,372,469) | (13,555,804) |
| Interest expense | | 10,362,108 | 11,537,782 |
| Dividend income | | (377,438) | (449,834) |
| Gains on valuation of securities measured at FVTPL | | (836,471) | (748,832) |
| Losses (gains) on valuation of financial instruments designated at fair value through profit or loss | | (111,692) | 51,047 |
| Gains on securities measured at FVOCI | | (49,146) | (4,255) |
| Gains on securities measured at amortized cost | | (2,256) | (3,488) |
| Losses on valuation of loans measured at FVTPL | | 5,393 | 24,106 |
| Losses (gains) on valuation of derivatives | | (1,388,359) | 638,317 |
| Losses on fair value hedged items | | 1,243,975 | 815,077 |
| Gains on foreign exchange translation | | (794,013) | (1,096,426) |
| Losses (gains) on disposal of investments in associates | | (590,415) | 51,951 |
| Impairment losses on investments in associates | | 78,631 | 3,517,538 |
| Share of gains of associates | | (5,310,208) | (4,004,425) |
| Provision for loan loss allowance | | 911,680 | 53,909 |
| Reversal of credit losses for due from financial institutions | | (124) | (93) |
| Reversal of provision for payment guarantees | | (174,693) | (210,334) |
| Reversal of provision for unused commitments | | (37,112) | (65,757) |
| Increase (reversal) of provision for financial guarantees | | 4,303 | (43,053) |
| Increase (reversal) of provision for litigations | | (49) | 21,356 |
| Reversal of provision for restoration costs | | (1,126) | (388) |
| Reversal of other provisions | | (110) | (125) |
| Provision for (reversal of) credit losses for other assets | | 3,748 | (3,710) |
| Defined benefit costs | | 44,194 | 34,249 |
| Depreciation of property and equipment | | 119,606 | 106,281 |
| Losses on property and equipment | | 1,061 | 2,065 |
| Depreciation of investment property | | 4,463 | 4,782 |
| Amortization of intangible assets | | 55,821 | 67,778 |
| Losses on intangible assets | | 23,496 | 325 |
| Losses on share capital repayable on demand | | 50,316 | 138,572 |
| Losses on redemption of debentures | | - | 641 |
| | | (7,312,993) | (2,594,826) |
| Changes in operating assets and liabilities: | | | |
| Due from financial institutions | | (1,050,073) | 499,784 |
| Securities measured at FVTPL | | 1,016,797 | (2,888,856) |
| Loans measured at FVTPL | | 327,239 | 44,553 |
| Loans measured at amortized cost | | (7,623,137) | (4,899,224) |
| Derivative financial instruments | | (300,388) | (16,960) |
| Other assets | | 965,050 | 1,704,327 |
| Financial liabilities designated at FVTPL | | (37,548) | 140,952 |
| Deposits | | 2,941,021 | (2,187,225) |
| Insurance contracts liabilities | | (748,576) | 481,971 |
| Net defined benefit liabilities | | (63,535) | (50,774) |
| Provisions | | 353,828 | 3,131 |
| Other liabilities | | (1,137,301) | (2,646,674) |
| | | (5,356,623) | (9,814,995) |
| Income taxes paid | | (729,033) | (487,867) |
| Interest received | | 12,446,050 | 13,494,632 |
| Interest paid | | (10,123,022) | (11,186,501) |
| Dividends received | | 900,010 | 976,488 |
| **Net cash used in operating activities** | ₩ | (4,946,060) | (7,466,360) |

*(Continued)*

**Korea Development Bank and Subsidiaries**

# Consolidated Statements of Cash Flows, Continued

Years ended December 31, 2025 and 2024

| *(In millions of won)* | | 2025 | 2024 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Net decrease (increase) in securities measured at FVTPL | ₩ | (3,282,962) | 376,441 |
| Disposal of securities measured at FVOCI | | 14,301,792 | 13,674,523 |
| Acquisition of securities measured at FVOCI | | (13,534,668) | (10,975,374) |
| Redemption of securities measured at amortized cost | | 4,570,101 | 6,292,689 |
| Acquisition of securities measured at amortized cost | | (5,825,040) | (5,133,344) |
| Disposal of property and equipment | | 7,161 | 6,252 |
| Acquisition of property and equipment | | (77,577) | (51,324) |
| Disposal of intangible assets | | 8 | 2,918 |
| Acquisition of intangible assets | | (45,691) | (155,874) |
| Disposal of investment in associates | | 2,567,137 | 420,840 |
| Acquisition of investments in associates | | (890,741) | (850,428) |
| Net cash flows by the change of subsidiaries | | 23,649 | 19,123 |
| **Net cash provided by (used in) investing activities** | | (2,186,831) | 3,626,442 |
| **Cash flows from financing activities** | | | |
| Increase in financial liabilities designated at FVTPL | | - | 380,000 |
| Decrease in financial liabilities designated at FVTPL | | (346,334) | (123,351) |
| Increase in borrowings | | 57,818,295 | 61,981,012 |
| Decrease in borrowings | | (58,341,304) | (59,113,426) |
| Proceeds from issuance of debentures | | 125,500,585 | 118,601,817 |
| Repayment of debentures | | (116,978,520) | (114,361,425) |
| Decrease in lease liabilities | | (49,235) | (49,401) |
| Paid-in capital increase | | 936,659 | 378,511 |
| Dividends paid | | (758,706) | (878,125) |
| Decrease of non-controlling interests | | (595,056) | (109,285) |
| **Net cash provided by financing activities** | | 7,186,384 | 6,706,327 |
| **Effects from changes in foreign currency exchange rate for cash and cash equivalents held** | | (89,847) | 582,575 |
| **Net increase (decrease) in cash and cash equivalents** | | (36,354) | 3,448,984 |
| **Cash and cash equivalents at beginning of the year** | | 16,049,452 | 12,600,468 |
| **Cash and cash equivalents at end of the year** | ₩ | 16,013,098 | 16,049,452 |





**Korea Development Bank and Subsidiaries**

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 1. Reporting Entity

The accompanying consolidated financial statements comprise Korea Development Bank ("KDB" or the "Bank") and its subsidiaries (collectively referred as the "Group"). General information of the Bank and its subsidiaries is stated below.

**(1) The parent company**

KDB, the parent company of the Group, was established on April 1, 1954, in accordance with *the Korea Development Bank Act* to finance and manage major industrial projects, in order to expedite industrial development and enhance the national economy.

The Bank is engaged in the banking industry under *the Korea Development Bank Act* and other applicable statutes, and in the fiduciary in accordance with *the Financial Investment Services and Capital Markets Act*.

Korea Finance Corporation (KoFC), the former ultimate parent company, and KDB Financial Group Inc. (KDBFG), the former immediate parent company, were established by spin-offs of divisions of the Bank as of October 28, 2009. KoFC and KDBFG were merged into the Bank, effective as of December 31, 2014. Issued capital is ₩27,257,759 million with 5,451,551,768 shares of issued and outstanding as of December 31, 2025. As of that date, 100% of the Bank's shares are owned by the Government of the Republic of Korea.

The Bank's head office is located in 14, Eunhaeng-ro, Yeouido-dong, Yeongdeungpo-gu, Seoul and its service network as of December 31, 2025, is as follows:

| | Domestic | | Overseas | | | |
|---|---|---|---|---|---|---|
| | Head Office | Branches | Branches | Subsidiaries | Representative offices | Total |
| KDB | 1 | 61 | 12 | 7 | 6 | 87 |

**(2) Consolidated subsidiaries**

The Group's equity ownership in its consolidated direct and indirect subsidiaries as of December 31, 2025 and 2024 are summarized as follows:

| Investor | Investee | Country | Industry | Fiscal year end | Ownership (%) 2025 | Ownership (%) 2024 |
|---|---|---|---|---|---|---|
| | **Subsidiaries:** | | | | | |
| KDB | KDB Asia Ltd. | Hong Kong | Finance | December | 100 | 100 |
| | KDB Ireland Ltd. | Ireland | Finance | December | 100 | 100 |
| | KDB Bank Uzbekistan Ltd. | Uzbekistan | Finance | December | 86.32 | 86.32 |
| | KDB Bank Europe Ltd. | Hungary | Finance | December | 100 | 100 |
| | Banco KDB Do Brazil S. A. | Brazil | Finance | December | 100 | 100 |
| | PT KDB Tifa Finance Tbk | Indonesia | Specialized Credit Finance | December | 77.5 | 84.65 |
| | KDB Silicon Valley LLC | USA | Finance | December | 100 | 100 |
| | KDB OCCASIO II, L.P. (*3) | Cayman Islands | Finance | December | 100 | 100 |
| | KDB Synergy, L.P. | Cayman Islands | Finance | December | 100 | 100 |
| | KDB Capital Corporation | Korea | Specialized Credit Finance | December | 99.92 | 99.92 |
| | KDB Biz Co., Ltd. | Korea | Service | December | 100 | 100 |
| | KDB Investment Co., Ltd. | Korea | Financial investment | December | 100 | 100 |
| | KDB Infrastructure Investment Asset Management Co., Ltd. | Korea | Asset management | December | 84.16 | 84.16 |

# Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

**1. Reporting Entity, Continued**

| Investor | Investee | Country | Industry | Fiscal year end | Ownership (%) 2025 | Ownership (%) 2024 |
|---|---|---|---|---|---|---|
| KDB | Korea Education Fund (*1) | Korea | Financial investment | Semi-annually | 50 | 50 |
| | Korea BTL Fund I (*1) | Korea | Financial investment | Semi-annually | 41.67 | 41.67 |
| | Korea Railroad Fund I (*1) | Korea | Financial investment | Semi-annually | 50 | 50 |
| | Principals and interests guaranteed trusts (*2) | Korea | Financial investment | December | - | - |
| | Principals guaranteed trusts (*2) | Korea | Financial investment | December | - | - |
| | KDB Life Insurance Co., Ltd. (*7) | Korea | Life Insurance | December | 99.69 | - |
| | KDB Consus Value Private Equity Fund (*7) | Korea | Financial investment | December | - | 75.95 |
| | KDB Asia Private Equity Fund (*3) | Korea | Financial investment | December | 65 | 65 |
| | KDB-IAP OBOR Private Equity Fund (*3) (*5) | Korea | Financial investment | December | 44.69 | 44.69 |
| | KDB Small Medium Mezzanine PEF (*3) | Korea | Financial investment | December | 73.34 | 73.34 |
| | Green Initiative 2nd Private Equity Fund (*3) (*5) | Korea | Financial investment | December | 42.25 | 42.25 |
| | Corporate Liquidity Assistance Agency Co., Ltd. | Korea | Financial investment | December | 100 | 100 |
| | KDB ESG 7TH INC. and 17 others (*4) | Korea | Financial investment | December | - | - |
| | KIAMCO Road Investment Private Fund Special Asset Trust 2 and 21 beneficiary certificates | Korea | Financial investment | December | - | - |
| | **Sub-subsidiaries:** | | | | | |
| KDB Capital Corporation | Vietnam Int'l Leasing Co., Ltd. | Vietnam | Finance | December | 81.65 | 81.65 |
| | Special money trust of Apache Golf Bond with Warrant | Korea | Financial investment | December | 100 | 100 |
| | KDBC Co-investment Private Equity Fund (*3) | Korea | Financial investment | December | 95 | 95 |
| | KDBC Jangbogo Private Equity Fund (*3) | Korea | Financial investment | December | 30.63 | - |
| KDB Consus Value Private Equity Fund | KDB Life Insurance Co., Ltd. (*6) (*7) | Korea | Finance | December | - | 98.26 |
| KDB Investment Co., Ltd. | KDB INVESTMENT PRIVATE EQUITY FUND NO.2 (*3) (*5) | Korea | Financial investment | December | - | 14.32 |
| | KDB Investment Global Healthcare Private Equity Fund I (*3) (*5) | Korea | Financial investment | December | 45.52 | 45.52 |
| Green Initiative 2nd Private Equity Fund | Green Eco 1st Limited. | Korea | Financial investment | December | 100 | 100 |
| | Greenstone No.2 Limited. | Korea | Financial investment | December | 100 | 100 |
| | Green Fuel 3rd Co., Ltd. | Korea | Financial investment | December | 100 | 100 |
| | Green Bio 4th Limited | Korea | Financial investment | December | 100 | 100 |
| | Green Air 5th Limited | Korea | Financial investment | December | 100 | - |





Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

**1. Reporting Entity, Continued**

(*1) The investee is an investment fund in which the Group has invested and which is managed by KDB Infrastructure Asset Management Co., Ltd. Although the Group does not hold a majority of the voting rights, it is significantly exposed to variable returns from the performance of the investee and has the ability to affect those returns through its power over the investee; accordingly, the investee is included in the scope of consolidation.
(*2) The trusts are included in the scope of consolidation because the Group has power over the trusts to control the financial and operating policies of the entity, and is exposed to variable returns through the contract for preservation of principal and interest or principal only.
(*3) Indirect ownership through subsidiaries is included.
(*4) The investees are established for the investor's business, or are structured entities that the investor has rights to obtain the majority of the benefits of the investee or retains the majority of the risks related to the investee. The investees are included in the scope of consolidation because the investor has power over the investees to control the financial and operating policies of the entity, exposure or rights to variable returns from its involvement with the investees and the ability to use its power over the investees to affect those returns.
(*5) Those entities have been consolidated even though the investor's ownership is not over 50%, because the investor, as an executive partner, has power over the investees to control the financial and operating policies of the entity, exposure or rights to variable returns from its involvement with the investees and the ability to use its power over the investees to affect those returns.
(*6) The parent company of the sub-subsidiary is a SPE, which is not separately disclosed in the consolidated financial statements.
(*7) During the current year, the investee was reclassified from an indirectly held subsidiary of KDB Consus Value Private Equity Fund to a directly held subsidiary of the Group.

**(3) Changes in subsidiaries**

Subsidiaries that are newly included in the consolidated financial statements and those that are excluded from the consolidated financial statements as of December 31, 2025 are as follows:

(i) Subsidiaries newly included in scope of consolidation as of December 31, 2025

| Reason | Subsidiaries |
|---|---|
| New investment | KIAMCO Infra Equity Investment Private Fund |
| ABCP line of credit and purchase commitment | KDB National Univ. Hospital 1st, Inc., M KDB First Inc., K Five 11th Co.,Ltd., KDB Advanced Strategy ESG 10TH Co.,Ltd., DS KDB 1ST INC., DB KDB 1ST INC., HANTU KDB 1ST INC., SN KDB 1ST Co., Ltd., Y KDB 1ST INC., KDB Advanced Power ESG 11th INC., KDB National Univ. Hospital 2nd, Inc. |

(ii) Subsidiaries excluded from scope of consolidation as of December 31, 2025

| Reason | Subsidiaries |
|---|---|
| Liquidation and others | KDB OCEAN VALUE-UP FUND NO. 4, K Five 10th Co.,Ltd., KDB Consus Value Private Equity Fund, Payletter KDB 1st Inc., KDB ESG 4TH INC., KDB ESG 5TH INC., KDB INVESTMENT PRIVATE EQUITY FUND NO.2, Property KDB 1st Inc. |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

1. **Reporting Entity, Continued**

**(4) Financial information of subsidiaries**

Financial information of subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Equity | Operating revenue | Net profit (loss) | Total comprehensive income (loss) |
| KDB Asia Ltd. | ₩ 5,396,217 | 4,441,782 | 954,435 | 407,078 | 64,599 | 50,423 |
| KDB Ireland Ltd. | 1,516,471 | 1,331,337 | 185,134 | 105,498 | 12,450 | 7,865 |
| KDB Bank Uzbekistan Ltd. | 1,572,175 | 1,266,291 | 305,884 | 142,102 | 75,133 | 100,514 |
| KDB Bank Europe Ltd. | 1,798,002 | 1,612,309 | 185,693 | 119,468 | 9,791 | 37,155 |
| Banco KDB Do Brazil S. A. | 786,092 | 647,784 | 138,308 | 177,907 | 9,928 | 22,527 |
| PT KDB Tifa Finance Tbk | 174,245 | 70,458 | 103,787 | 15,265 | 5,261 | (1,611) |
| KDB Silicon Valley LLC | 301,547 | 3,225 | 298,322 | 16,497 | 9,062 | 6,883 |
| KDB OCCASIO II, L.P. | 281,102 | 140 | 280,962 | 33,652 | 31,105 | 28,235 |
| KDB Synergy, L.P. | 228,968 | 28 | 228,940 | 19,472 | 16,516 | 15,070 |
| KDB Capital Corporation | 12,667,391 | 10,609,924 | 2,057,467 | 944,253 | 336,932 | 333,033 |
| KDB Biz Co., Ltd. | 7,721 | 4,611 | 3,110 | 32,408 | 80 | (369) |
| KDB Investment Co., Ltd. | 109,676 | 6,746 | 102,930 | 23,833 | 12,647 | 12,639 |
| KDB Infrastructure Investment Asset Management Co., Ltd. | 99,331 | 18,191 | 81,140 | 60,321 | 31,445 | 31,432 |
| Korea Education Fund | 52,107 | 13 | 52,094 | 2,962 | 2,370 | 2,370 |
| Korea BTL Fund I | 208,544 | 144 | 208,400 | 13,188 | 9,241 | 9,241 |
| Korea Railroad Fund I | 126,014 | 6 | 126,008 | 7,105 | 5,263 | 5,263 |
| Principals and interests guaranteed trusts | 197,226 | 191,431 | 5,795 | 6,579 | (642) | (642) |
| Principals guaranteed trusts | 201,811 | 194,936 | 6,875 | 8,710 | 6 | 6 |
| KDB Life Insurance Co., Ltd. | 17,204,539 | 16,795,492 | 409,047 | 1,652,794 | (111,937) | (130,808) |
| KDB Asia Private Equity Fund | 224,882 | 164 | 224,718 | 1 | 7,138 | 4,542 |
| KDB-IAP OBOR Private Equity Fund | - | 77,272 | (77,272) | - | (67,217) | (67,585) |
| KDB Small Medium Mezzanine PEF | 62,989 | - | 62,989 | 2,498 | 1,393 | 1,393 |
| Green Initiative 2nd Private Equity Fund | 1,395,777 | 660,515 | 735,262 | 860,704 | 2,843 | 2,341 |
| KDBC Co-investment Private Equity Fund | 80,104 | 46 | 80,058 | 8,597 | 6,518 | 6,518 |
| Corporate Liquidity Assistance Agency Co., Ltd. | 1,094,897 | 760 | 1,094,137 | 14,692 | 11,437 | 11,437 |
| KDB ESG 7TH INC. and 17 others | 1,623,664 | 1,785,768 | (162,104) | 56,756 | (13,994) | (13,994) |
| KIAMCO Road Investment Private Fund Special Asset Trust 2 and 21 beneficiary certificates | 2,387,677 | 6,513 | 2,381,164 | 134,656 | 57,126 | (129,498) |





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

1. Reporting Entity, Continued

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Assets | Liabilities | Equity | Operating revenue | Net profit (loss) | Total comprehensive income (loss) |
| KDB Asia (HK) Ltd. | ₩ 4,772,302 | 3,861,411 | 910,891 | 398,397 | 86,776 | 198,956 |
| KDB Ireland Ltd. | 1,451,315 | 1,274,047 | 177,268 | 104,690 | 13,336 | 37,879 |
| KDB Bank Uzbekistan Ltd. | 1,119,216 | 909,683 | 209,533 | 107,884 | 58,442 | 72,178 |
| KDB Bank Europe Ltd. | 1,576,690 | 1,428,151 | 148,539 | 124,478 | 10,345 | 7,833 |
| Banco KDB Do Brazil S. A. | 768,583 | 651,551 | 117,032 | 112,929 | 10,355 | (3,077) |
| PT KDB Tifa Finance Tbk | 187,549 | 76,978 | 110,571 | 15,676 | 5,542 | 14,484 |
| KDB Silicon Valley LLC | 154,757 | 2,318 | 152,439 | 5,950 | 1,022 | 21,644 |
| KDB OCCASIO II, L.P. | 216,086 | 19,201 | 196,885 | 19,917 | 18,443 | 41,624 |
| KDB Synergy, L.P. | 158,602 | 14,632 | 143,970 | 6,229 | 2,079 | 16,085 |
| KDB Capital Corporation | 11,107,710 | 9,342,988 | 1,764,722 | 887,013 | 243,108 | 246,504 |
| KDB Biz Co., Ltd. | 7,823 | 4,344 | 3,479 | 29,648 | 415 | (128) |
| KDB Investment Co., Ltd. | 95,332 | 4,281 | 91,051 | 9,975 | 3,797 | 3,759 |
| KDB Infrastructure Investment Asset Management Co., Ltd. | 81,990 | 15,033 | 66,957 | 43,136 | 20,295 | 20,152 |
| Korea Education Fund | 62,670 | 9 | 62,661 | 3,389 | 2,676 | 2,676 |
| Korea BTL Fund I | 244,602 | 168 | 244,434 | 14,769 | 10,165 | 10,165 |
| Korea Railroad Fund I | 138,295 | 6 | 138,289 | 7,677 | 5,400 | 5,400 |
| Principals and interests guaranteed trusts | 213,656 | 207,219 | 6,437 | 17,455 | 10,202 | 10,202 |
| Principals guaranteed trusts | 216,867 | 209,998 | 6,869 | 9,863 | 67 | 67 |
| KDB Consus Value Private Equity Fund | 17,763,900 | 17,705,401 | 58,499 | 1,772,177 | 20,573 | (621,923) |
| KDB Asia Private Equity Fund | 239,159 | 198 | 238,961 | 1 | 3,572 | 30,175 |
| KDB-IAP OBOR Private Equity Fund | 68,249 | 77,936 | (9,687) | - | (1,123) | (2,251) |
| KDB Small Medium Mezzanine PEF | 63,454 | 75 | 63,379 | 2,320 | (23,138) | (23,138) |
| Green Initiative 2nd Private Equity Fund | 1,331,309 | 641,097 | 690,212 | 620,498 | (16,524) | (14,642) |
| KDBC Co-investment Private Equity Fund | 52,964 | 111 | 52,853 | 49,841 | 38,074 | 38,074 |
| Corporate Liquidity Assistance Agency Co., Ltd. | 1,082,696 | - | 1,082,696 | 32,897 | 14,841 | 14,841 |
| KDB ESG 7TH INC. and 11 others | 1,267,556 | 1,416,507 | (148,951) | 53,596 | 9,729 | 9,729 |
| KIAMCO Road Investment Private Fund Special Asset Trust 2 and 21 beneficiary certificates | 2,195,916 | 1,437 | 2,194,479 | 149,061 | 130,294 | 130,297 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 2. Basis of Preparation

**(1) Application of accounting standards**
These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") enacted by the *Act on External Audit of Stock Companies, Article 5*. The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

**(2) Changes and disclosures of accounting policies**

***(i) New standards and amendments to existing standards adopted***
The Group has applied the following new standards and amendments to existing standards for the first time for the annual period beginning on January 1, 2025. The nature and the impact of each new standard or amendment are described below:

*Amendment of Korean IFRS No. 1021 "The Effects of Changes in Foreign Exchange Rates" and Korean IFRS No. 1101 "First-time Adoption of International Financial Reporting Standards" - Lack of exchangeability*
The amendments require the Group to determine a spot exchange rate when exchangeability is lacking, and to disclose information on the nature and financial effects of the currency not being exchangeable into the other currency, the spot exchange rate(s) used, the estimation process, and the risks to which the Group is exposed. These amendments do not have a material impact on the financial statements.

***(ii) New standards and interpretations, amendments to existing standarads issued but not effective***
The following new standards, interpretations and amendments to existing standards have been issued but not effective for annual reporting periods beginning after January 1, 2025, and the Group has not early adopted them.

*Amendment of Korean IFRS No. 1109 "Financial Instruments" and No. 1107 "Financial Instruments: Disclosures"*

Korean IFRS No. 1109 Financial Instruments and Korean IFRS No. 1107 Financial Instruments: Disclosures have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. These amendments do not have a significant impact on the financial statements.

These amendments:

· clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
· clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
· add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
· update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

*Korean IFRS Accounting Standards Annual Improvements Volume 11*

Annual Improvements to Korean IFRS - Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group does not expect the amendments to have a significant impact on the financial statements.

· Korean IFRS No. 1101 "First-time adoption of International Financial Reporting Standards": Hedge accounting by a first-time adopter
· Korean IFRS No. 1107 "Financial Instruments: Disclosures": Gain or loss on derecognition and implementation guidance
· Korean IFRS No. 1109 "Financial Instruments": Derecognition of lease liabilities and definition of transaction price
· Korean IFRS No. 1110 "Consolidated Financial Statements": Determination of a 'de facto agent'
· Korean IFRS No. 1007 "Statement of Cash Flows": Cost method



Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

## 2. Basis of Preparation, Continued

*Korean IFRS No. 1118 Presentation and Disclosures in Financial Statements*

Korean IFRS No. 1118 "Presentation and Disclosure in Financial Statements" replaces Korean IFRS No. 1001 "Presentation of Financial Statements". The new presentation requirements introduced in Korean IFRS No. 1118 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency. The standard should be applied for annual periods beginning on or after January 1, 2027, and earlier application is permitted. In accordance with the retrospective application requirements, comparative information for the year ended December 31, 2026, shall be restated under Korean IFRS No. 1118.

The Group has not yet adopted Korean IFRS No. 1118 and is in the process of determining the impact on the Group of applying Korean IFRS No. 1118. The Group has prepared a transition plan and is on track to report their first Korean IFRS No. 1118-compliant interim financial statements for the period ending March 31, 2027 and annual financial statements for the period ending December 31, 2027.

**(3) Basis of measurement**
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:
- Derivative financial instruments measured at fair value
- Financial instruments measured at fair value through profit or loss
- Available-for-sale financial instruments measured at fair value
- Fair value hedged financial instruments with changes in fair value, due to hedged risks, recognized in profit or loss
- Net defined benefit liabilities, which is recognized by subtracting the fair value of plan assets from the present value of defined benefit obligations.

**(4) Functional and presentation currency**
In preparing the Group's consolidated financial statements, transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. The Group's consolidated financial statements are presented in Korean won, which is also the Group's functional currency. The following entities of the Group have different functional currency from the presentation currency:

| Functional currency | Subsidiaries |
|---|---|
| USD | KDB Asia Ltd. |
| | KDB Ireland Ltd. |
| | KDB Asia Private Equity Fund |
| | KDB-IAP OBOR Private Equity Fund |
| | KDB Silicon Valley LLC |
| | KDB Occasio II, L.P. |
| | KDB Synergy, L.P. |
| UZS | KDB Bank Uzbekistan Ltd. |
| HUF | KDB Bank Europe Ltd. |
| BRL | Banco KDB Do Brazil S. A. |
| IDR | PT KDB Tifa Finance Tbk |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**2. Basis of Preparation, Continued**

**(5) Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with Korean IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management's estimates may differ from actual outcomes if management's estimates and assumptions based on management's best judgment at the reporting date are different from the actual environment.

Estimates and underlying assumptions are evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following are 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

***(i) Fair value of financial instruments***

Financial instruments measured at fair value through profit or loss and other comprehensive income are recognized at fair value, and all derivative instruments are measured at fair value. If the market for a financial instrument is not active, fair value is determined using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, referencing to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Financial instruments, which are not actively traded in the market and those with less transparent market prices, will have less objective fair values and require broad judgment on liquidity, concentration, uncertainty in market factors and assumptions in price determination and other risks.

Diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

***(ii) Credit losses allowance***

The Group tests impairment and recognizes loss allowances on financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income and recognizes provisions for payment guarantee, financial guarantee and unused commitments. Accuracy of allowances and provisions for credit losses is dependent upon estimation of expected cash flows of the borrower for individually assessed allowances of loans, and upon assumptions and methodology used for collectively assessed allowances for groups of loans, guarantees and unused loan commitments.

The Group incorporates macroeconomic scenario assumptions into the probability of default used in estimating collective allowance for credit losses. In this regard, the Group currently applies weightings of 75% and 25% to the downturn scenario and the severe scenario, respectively. If the weightings applied to the downturn and severe scenarios were changed to 80% and 20%, respectively, the allowance for credit losses and related items would decrease by ₩39.2 billion. Conversely, if the weightings were changed to 50% and 50%, respectively, the allowance for credit losses and related items would increase by ₩191.8 billion.

In addition, to proactively address the potential increase in credit risk upon the termination of the COVID-19 financial support programs, the Group reassessed the expected credit losses for borrowers whose repayments had been deferred or whose loan maturities had been extended under such programs, including through adjustments to the probability of default. As a result, the Group has recognized additional loss allowance of ₩628.2 billion for borrowers subject to the COVID-19 financial support programs.

Furthermore, in response to the heightened risk of credit deterioration in the petrochemical industry arising from global oversupply, the Group recalculated expected credit losses for borrowers in the petrochemical sector by adjusting the probability of default, in order to strengthen its loss-absorbing capacity. Accordingly, the Group recognized additional loss allowance of ₩571.6 billion for borrowers in the petrochemical industry during the current year.



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

2. Basis of Preparation, Continued

***(iii) Deferred taxes***

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax assets are recognized to the extent that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Actual income taxes in the future may not be identical to the recognized deferred tax assets and liabilities.

***(iv) Defined benefit liabilities***

The Group operates a defined benefit plan. Defined benefit liability is calculated by annual actuarial valuations as of the reporting date. In order to perform the actuarial valuations, assumptions for discount rates, future salary increases and others are required to be estimated. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature.

**(6) Approval date for the consolidated financial statements**

The consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2026, which will be submitted for approval to the shareholders' meeting to be held on March 31, 2026.

**3. Significant Accounting Policies**

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**(1) Basis of consolidation**

***(i) Subsidiaries and business combinations***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which controls ceases.

If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

For acquisitions meeting the definition of a business combination, the acquisition method of accounting is used. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any goodwill arising from initial consolidation is tested for impairment at least once a year and when a bargain purchase gain occurs, it is immediately recognized as the current profit. The acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities shall be recognised in accordance with Korean IFRS No. 1032 and Korean IFRS No. 1109.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets acquired, the difference is recognized directly in the consolidated statement of comprehensive income.

Intra-group balances, income and expenses, unrealized gain and loss and dividends resulting from intra-group transactions are fully eliminated

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it recognizes any investment retained at fair value and any surplus or deficit in profit or loss.

## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

**3. Significant Accounting Policies, Continued**

***(ii) Investments in associates***

Associates are all entities over which the Group has significant influence but not control. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. When the investors' share on the fair value of the associates' identifiable assets and liabilities exceeds acquisition cost of the associates' interest, the excess portion is recognized as the current profit for the year of acquisition.

The Group's share of its associates' post-acquisition profits or loss is recognized in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognized in reserves. When the Group's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further loss, unless it has incurred obligations or made payments on behalf of the associates. The carrying amount of equity method investments and the long-term interest that partially consists of investors' net investment are included in interest in the associate.

Unrealized gain and loss on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

***(iii) Acquisitions from entities under common control***

The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements. The difference between cash paid and acquired net assets are recorded in equity.

***(iv) Non-controlling interests***

Non-controlling interests in a subsidiary are accounted for separately from the parent's ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interests balance below zero.

***(v) Changes in the parent company's ownership interest***

Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. The difference between the consideration and the adjustments made to non-controlling interests is recognized directly in equity attributable to the owners of the parent company.

**(2) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities. The Group recognizes the CEO as the chief operating decision maker.





Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

3. Significant Accounting Policies, Continued

**(3) Foreign exchange**

***(i) Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of available for sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or in a qualifying cash flow hedge, which are recognized in other comprehensive income.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

***(ii) Foreign operations***

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

Unless the functional currency of foreign operations is in a state of hyperinflation, assets and liabilities of foreign operations are translated at the closing exchange rate at the end of the reporting period. Revenues and expenses on the statement of comprehensive income are translated at the exchange rates of the date of transaction. Foreign currency differences that arise from translation are recognized as other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation, and any adjustments in fair value to the carrying amounts of assets and liabilities due to such acquisition, are treated as assets and liabilities of the foreign operation. Therefore, such are expressed in the functional currency of the foreign operations and, alongside other assets and liabilities of the foreign operation, translated at the closing exchange rate.

In the case of the disposal of a foreign operation, cumulative amounts of exchange difference regarding the foreign operation, recognized separately from other comprehensive income, are re-categorized from assets to profit or loss as of the moment the disposal profit or loss is recognized.

***(iii) Foreign exchange of net investment in foreign operations***

Monetary items receivable from or payable to a foreign operation, with none or little possibility of being settled in the foreseeable future, are considered a part of the net investment in the foreign operation. Therefore, the exchange difference is recognized as comprehensive income or loss in the consolidated financial statement, and re-categorized to profit or loss as of the disposal of the related net investment.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 3. Significant Accounting Policies, Continued

**(4) Recognition and measurement of financial instruments**

***(i) Initial recognition***

The Group recognizes a financial asset or a financial liability in its consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

The Group classifies financial assets as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, or financial assets at amortized cost on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group classifies financial liabilities as financial liabilities at fair value through profit or loss, or financial liabilities at amortized cost.

At initial recognition, a financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

***(ii) Subsequent measurement***

After initial recognition, financial instruments are measured at amortized cost or fair value based on classification at initial recognition.

*Amortized cost*

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

*Fair value*

Fair values, which the Group primarily uses for the measurement of financial instruments, are the published price quotations based on market prices or dealer price quotations of financial instruments traded in an active market where available. These are the best evidence of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity in the same industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, fair value is determined either by using a valuation technique or independent third-party valuation service. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, referencing to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.



Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024
3. Significant Accounting Policies, Continued

The Group uses valuation models that are commonly used by market participants and customized for the Group to determine fair values of common over-the-counter ("OTC") derivatives such as options, interest rate swaps and currency swaps which are based on the inputs observable in markets. For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally used within the industry, or a value measured by an independent external valuation institution as the fair values if all or some of the inputs to the valuation models are not market observable and therefore it is necessary to estimate fair value based on certain assumptions.

If the valuation technique does not reflect all factors which market participants would consider in setting a price, the fair value is adjusted to reflect those factors. Those factors include counterparty credit risk, bid-ask spread, liquidity risk and others.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with economic methodologies applied for pricing financial instruments. Periodically, the Group calibrates the valuation technique and tests its validity using prices of observable current market transactions of the same instrument or based on other relevant observable market data.

***(iii) Derecognition***

Derecognition is the removal of a previously recognized financial asset or financial liability from the statement of financial position. The Group derecognizes a financial asset or a financial liability when, and only when:

*Derecognition of financial assets*

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or the financial assets have been transferred and substantially all the risks and rewards of ownership of the financial assets are also transferred, or all the risks and rewards of ownership of the financial assets are neither substantially transferred nor retained and the Group has not retained control. If the Group neither transfers nor disposes of substantially all the risks and rewards of ownership of the financial assets, the Group continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

If the Group transfers the contractual rights to receive the cash flows of the financial asset, but retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

*Derecognition of financial liabilities*

Financial liabilities are derecognized from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

***(iv) Offsetting***

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

**(5) Cash and cash equivalents**

Cash and cash equivalents comprise balances with original maturities of three months or less than three months' maturity from the date of acquisition that are subject to an insignificant risk of changes in their fair value, including cash on hand, deposits held at call with banks and other highly liquid short-term investments with original maturities of three months or less.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 3. Significant Accounting Policies, Continued

**(6) Non-derivative financial assets**

***(i) Financial assets at fair value through profit or loss***

Any non-derivative financial asset classified as held for trading or not classified as financial assets at fair value through other comprehensive income or financial assets measured at amortized cost is categorized under financial assets at fair value through profit or loss.

The Group may designate certain financial assets upon initial recognition as at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

After initial recognition, a financial asset at fair value through profit or loss is measured at fair value and gains or losses arising from a change in the fair value are recognized in profit or loss. Interest income and dividend income from financial assets at fair value through profit or loss are also recognized in profit or loss.

***(ii) Financial assets at fair value through other comprehensive income***

The Group classifies financial assets as financial assets at fair value through other comprehensive income if they meet the following conditions: 1) debt instruments that are a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and consistent with representing solely payments of principal and interest on the principal amount outstanding or 2) equity instruments, not held for trading with the objective of generating a profit from short-term fluctuations in price or dealer's margin, designated as financial assets at fair value through other comprehensive income.

After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gain and loss from changes in fair value, other than dividend income and interest income amortized using effective interest method and exchange differences arising on monetary items which are recognized directly in income as interest income or expense, are recognized as other comprehensive income in equity.

At disposal of financial assets at fair value through other comprehensive income, cumulative gain or loss is recognized as profit or loss for the reporting period. However, cumulative gain or loss of equity instrument designated as fair value through other comprehensive income are not recycled to profit or loss at disposal.

Financial assets at fair value through other comprehensive income denominated in foreign currencies are translated at the closing rate. Exchange differences resulting from changes in amortized cost are recognized in profit or loss, and other changes are recognized as equity.

***(iii) Financial assets measured at amortized cost***

A financial asset, which are held within the business model whose objective is to hold assets in order to collect contractual cash flows and consistent with representing solely payments of principal and interest on the principal amount outstanding, are classified as a financial asset at amortized cost. Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method after initial recognition and interest income is recognized using the effective interest method.



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. Significant Accounting Policies, Continued

**(7) Expected Credit Loss of Financial Assets**

The Group measures expected credit loss and recognizes loss allowance at the end of the reporting period for financial assets measured at amortized cost and fair value through other comprehensive income with the exception of financial asset measured at fair value through profit or loss.

The expected credit loss ("ECL") is the weighted average amount of possible outcomes within a certain range, reflecting the time value of money, estimates on the past, current and future situations, and information accessible without excessive cost of effort.

The Group uses the following three measurement techniques in accordance with K-IFRS:

- General approach: for financial assets and off-balance-sheet unused credit line that are not applied below two approaches
- Simplified approach: for receivables, contract assets and lease receivables
- Credit-impaired approach: for purchased or originated credit-impaired financial assets

The general approach is applied differently depending on the significance of the increase of the credit risk. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses at each reporting date.

The Group applies the simplified approach to 1) trade receivables and contract assets that do not have a significant financing component or 2) trade receivables, contract assets and lease receivables upon determining the Group's accounting policies as the application of the simplified approach. The approach requires expected lifetime losses to be recognized from initial recognition of the financial assets. Under credit-impaired approach, the Group shall only recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

The following non-exhaustive list of information may be relevant in assessing changes in credit risk:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the reporting date
- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally
- An actual or expected significant change in the operating results of the borrower
- Past due information

***(i) Forward-looking information***

The Group uses forward-looking information, when it determines whether the credit risk has increased significantly since initial recognition and measures expected credit losses.

The Group assumes the risk component has a certain correlation with the business cycle, and calculates the expected credit loss by reflecting the forward-looking information with macroeconomic variables on the measurement inputs.

Forward looking information used in calculation of expected credit loss is derived after comprehensive consideration of a variety of factors including scenario in management planning, worst-case scenario used for stress testing, third party forecast, and others.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. **Significant Accounting Policies, Continued**

***(ii) Measuring expected credit losses on financial assets at amortized cost***

The amount of the loss on financial assets at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The Group estimates expected future cash flows for financial assets that are individually significant (individual assessment of impairment).

For financial assets that are not individually significant, the Group collectively estimates expected credit loss by grouping loans with homogeneous credit risk profile (collective assessment of impairment).

*Individual assessment of impairment*

Individual assessment of impairment losses is calculated using management's best estimate on present value of expected future cashflows. The Group uses all the available information including operating cash flow of the borrower and net realizable value of any collateral held.

*Collective assessment of impairment*

Collective assessment of loss allowance involves historical loss experience along with incorporation of forward-looking information. Such process incorporates factors such as type of collateral, product and borrowers, credit rating, size of portfolio and recovery period and applies probability of default on a group of assets and loss given default by type of recovery method. Also, the expected credit loss model involves certain assumption to determine input based on loss experience and forward-looking information. These models and assumptions are periodically reviewed to reduce gap between loss estimate and actual loss experience.

The expected credit loss for financial assets measured at amortized cost is recognized as the loss allowance, and when the financial asset is determined to be irrecoverable, the carrying amount and loss allowance are decreased. If financial assets previously written off are recovered, the loss allowance is increased and the difference is recognized in the current profit or loss.

***(iii) Measuring expected credit losses on financial assets at fair value through other comprehensive income***

Measuring method of expected credit losses on financial assets at fair value through other comprehensive income is equal to the method of financial assets at amortized cost, except for changes in loss allowances that are recognized as other comprehensive income. Amounts recognized in other comprehensive income for sale or repayment of financial assets at fair value through other comprehensive income are reclassified to profit or loss.





Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. Significant Accounting Policies, Continued

**(8) Derivative financial instruments including hedge accounting**

Derivative financial instruments are initially recognised at fair value upon agreement of the contract and re-estimated at fair value subsequently. The recognition of profit or loss due to changes in fair value of derivative instruments is as stated below:

***(i) Hedge accounting***

Derivative financial instruments are accounted differently depending on whether hedge accounting is applied, and therefore, are classified into trading purpose derivatives and hedging purpose derivatives.

Upon the transaction of hedging purpose derivatives, two different types of hedge accounting are applied; a fair value hedge, and a cash flow hedge. A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. A cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge, and the method that will be used to assess the effectiveness of the hedging relationship.

*Fair value hedge*

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative is recognised in profit or loss in the statement of comprehensive income. Meanwhile, the change in the fair value of the hedged item, attributable to the risk hedged, is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss in the statement of comprehensive income. When the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged item recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the EIR.

*Cash flow hedge*

For designated and qualifying cash flow hedges, the effective portion of gain or loss on the hedging instruments is initially recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of comprehensive income. When the hedged cash flow affects the profit or loss in statement of comprehensive income, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line in profit or loss in the statement of comprehensive income. When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged forecasted transaction is ultimately recognised in the statement of comprehensive income. When a forecasted transaction is no longer expected to occur, the cumulative gain and loss that was reported in equity is immediately transferred to profit or loss in the statement of comprehensive income.

*Hedges of net investments in foreign operations*

The Group designates non-derivative financial instruments as hedging instruments for foreign currency risk arising from net investments in foreign operations and recognises the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge in other comprehensive income. The cumulative amounts recognised in other comprehensive income relating to both the foreign exchange differences arising on translation of the results and financial position of the foreign operation and the gain or loss on the hedging instrument that is determined to be an effective hedge of the net investment are reclassed from equity to profit or loss as a reclassification adjustment when the Group disposes of the foreign operation.

***(ii) Trading purpose derivatives***

For trading purpose derivatives transaction, changes in the fair value of derivatives are recognised in net income.

**(9) Day one profit or loss recognition**

For financial instruments classified as level 3 on the fair value level hierarchy measured using assess variables not observable in the market, the difference between the fair value at initial recognition and the transaction price (Day one profit or loss) is deferred and amortized using straight-line method until maturity.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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**3. Significant Accounting Policies, Continued**

**(10) Property and equipment**

The Group's property and equipment is recognized at the carrying amount as historical costs less accumulated depreciation and accumulated impairment in value. Historical costs include the expenditures directly related to the acquisition of assets.

Subsequent costs are recognized in the carrying amount of assets or, if appropriate, as separate assets if the probabilities future economic benefits associated with the assets will flow into the Group and the costs can be measured reliably; the carrying amount of the replaced part is derecognized. Furthermore, any other repairs or maintenances are charged to profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to the amount of residual value less acquisition cost over the following estimated useful lives:

| Type | Useful lives (years) |
|---|---|
| Buildings | 12 ~ 60 |
| Structure | 10 ~ 51 |
| Leasehold improvements | 4 |
| Vehicles | 4 |
| Equipment | 4 ~ 8 |
| Other properties | 2 ~ 40 |

Property and equipment are impaired when its carrying amount exceeds the recoverable amount. The Group assesses residual value and economic life of its assets at each reporting date and adjusts its useful life when necessary. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in non-operating income (expense) in the consolidated statement of comprehensive income.



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**3. Significant Accounting Policies, Continued**

**(11) Investment property**

The Group classifies property held for the purpose of rental income or benefits from capital appreciation as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the cost model is applied. Subsequent to initial recognition, an item of investment property is carried at its cost less any accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of de-recognition. Reclassification to or from other account is made if there is a change in use of corresponding investment property.

Depreciation of investment property is calculated using the straight line method over their estimated useful lives as follows:

| Type | Useful lives (years) |
|---|---|
| Buildings | 20 ~ 50 |
| Structure | 10 ~ 40 |

**(12) Intangible assets**

An intangible asset is recognized only when its cost can be measured reliably, and the probabilities future economic benefits from the asset will flow into the Group are high. Separately acquired intangible assets are recognized at the acquisition cost, and subsequently, the cost less accumulated depreciation and accumulated impairment is recognized as the carrying amount.

Intangible assets with finite lives are amortized over the 4-year to 30-year period of useful economic lives using the straight line method. At the end of each reporting period, the Group reviews intangible assets for any evidence that indicate impairment, and upon the presence of such evidence, the Group estimates the amount recoverable and recognizes the loss accordingly. Intangible assets are derecognized either when they have been disposed of or when the intangible assets are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. Furthermore, the Group reviews such intangible assets to determine whether it is appropriate to consider these assets to have indefinite useful lives. If in the case the Group concludes an asset is not qualified to be classified as non-finite, prospective measures are taken to consider such an asset as finite.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**3. Significant Accounting Policies, Continued**

**(13) Leases**

***(i) Lessee accounting***

The Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease. The Group elected not to apply the requirements to the short-term leases and low value assets.

*Right-of-use asset*

The right-of-use asset is measured at its cost less subsequent accumulated depreciation and accumulated impairment loss with adjustments reflected arising from remeasurements of the lease liability. The cost of the right-of-use asset comprise the amount of the initial measurement of the lease liability, any initial direct costs incurred by the lessee and any lease payments made at or before the commencement date, less any lease incentive received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis from the commencement date of the lease.

*Lease liabilities*

At the commencement date, the lease liability is measured at present value of the lease payments that are not paid at that date. 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, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Group uses the Group's incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made. In addition, the Group remeasures the lease liability to reflect any lease modification, changes in in-substance fixed lease payments, changes in the lease term, or changes in the assessment of a purchase option to acquire the underlying asset.

*Leases of low-value assets and short-term leases*

The Group does not apply the requirements of lessee accounting to short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**3. Significant Accounting Policies, Continued**

***(ii) Lessor accounting***

The classification of leases is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor.

*Finance lease*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases, and the Group presents them as a receivable at an amount equal to the net investment in the lease. Also, initial direct cost that includes directly and additionally incurred commission fee, legal expenses, and internal accrued costs are included in finance lease receivables. The Group accounts for lease payment by apportioning into finance lease receivables and interest revenue, and interest revenue is recognized using the EIR method on uncollected finance lease net investment.

*Operating lease*

A lease is classified as operating lease if it does not transfer substantially all the risks and rewards incidental to ownership, and the related asset is presented as acquisition cost less accumulated depreciation. Moreover, the minimum lease payment excluding guaranteed residual value is recognized as revenue on a straight line basis over the lease term. Initial direct costs incurred by lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term, and the depreciation policy for depreciable leased assets shall be consistent with the lessors' normal depreciation policy for similar assets.

**(14) Impairment of non-financial assets**

The Group tests for any evidence of impairment in assets and reviews whether the impairment has taken place by estimating the recoverable amount, at the end of each reporting period. The Group estimates the recoverable amount of each asset or a whole cash-generating unit unless it is possible to estimate the amount of the asset in that unit. The recoverable amount is the higher of the fair value less cost and value in use, of an asset. The Group recognizes the difference between the carrying amount and the recoverable amount of the asset as an impairment loss if the carrying amount exceeds the recoverable amount.

Any goodwill arising on the acquisition of a business is allocated to each cash-generating unit that is expected to gain the benefits of the synergy effect. Impairment on cash-generating unit deducts other assets in proportion to their carrying amounts after deducting the carrying amount of goodwill allocated in that unit. Impairment loss on goodwill cannot be reversed once it is recognized.

Except for impairment losses in respect of goodwill that are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. **Significant Accounting Policies, Continued**

**(15) Assets held for sale**
Non-current assets (or disposal groups) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. In order to be classified as held for sale, the asset (or disposal groups) must be available for immediate sale in its present condition and its sale must be highly probable. The assets (or disposal groups) that are classified as assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

The Group recognizes an impairment loss for any initial or subsequent write-down of an asset (or disposal groups) to fair value less costs to sell, and a gain for any subsequent increase in fair value less costs to sell, up to the cumulative impairment loss previously recognized.

Non-current assets that are classified as held for sale or part of a disposal group classified as held for sale are not depreciated (or amortized).

**(16) Non-derivative financial liabilities**
The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liability. The Group recognizes these financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

***(i) Financial liabilities measured at fair value through profit or loss***
Financial liabilities measured at fair value through profit or loss in the current year include financial liabilities held for trading and financial liabilities designated at FVTPL upon initial recognition. Financial liabilities and derivatives are classified as financial instruments held for trading if they are acquired for the purpose of repurchasing in the near future. Financial liabilities are classified as financial liabilities at FVTPL upon initial recognition, if the profit or loss from the liabilities indicates to be more purpose-appropriate to be recognized as profit or loss. Financial liabilities at FVTPL are designated at fair value in subsequent measurements, and any related un-realized profit or loss is recognized as profit or loss.





Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

3. **Significant Accounting Policies, Continued**

***(ii) Financial liabilities measured at amortized cost***
Financial liabilities measured at amortized cost are recognized at fair value less cost less transaction cost upon initial recognition, and subsequently at amortized costs. The difference between the proceeds (net of transaction cost) and the redemption value is recognized in the statement of comprehensive income over the periods of the liabilities using the EIR.

Fees paid on the establishment of a loan facility are recognized as transaction costs of the loan, if the probability that some or all of the facility will be drawn down is high. The amount is deferred until the financial liability would be withdrawn. If, however, there is not enough evidence to conclude a draw-down of some or all of the facility will occur, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

***(iii) De-recognition of financial liabilities***
A financial liability is de-recognized when the obligation under the liability is discharged, 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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

**(17) Employee benefits**
***(i) Short-term employee benefits***
Short-term employee benefits are employee benefits that are due to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

***(ii) Retirement benefits: defined contribution plans***
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group is no longer responsible for any foreseeable future liability after a certain amount or percentage of money is set aside for defined contribution plans. If the pension plan allows for early retirement, payments are recognized as employee benefits. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

***(iii) Retirement benefits: defined benefit plans***
The Group classifies all the pensions as defined benefit plans except defined contribution plans. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity similar to the terms of the related pension liability.

Remeasurements of the net defined benefit liabilities (assets), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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3. **Significant Accounting Policies, Continued**

**(18) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(19) Financial guarantees**

Financial guarantee contracts are contracts that require the issuer (the Group) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the original or changed terms of a debt instrument. Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given.

Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of:

- The amount determined in accordance with K-IFRS 1109 *'Financial Instruments'* and
- The initial amount recognized, less, when appropriate, cumulative amortization recognized in accordance with K-IFRS 1115 *'Revenue from Contracts with Customers'*.

**(20) Securities under resale or repurchase agreements**

Securities purchased under agreements to resell are recorded as other loans and receivables and the related interest from these securities is recorded as interest income; Securities sold under agreements to repurchase are recorded as borrowings, and the related interest from these securities is recorded as interest expense.

**(21) Insurance contract liabilities**

The main features of K-IFRS No.1117 are the measurement of current value of insurance liabilities, recognition of insurance revenue on an accrual basis, and separation of investment components from host insurance contract.

***i) Measurement of insurance liabilities***

Under K-IFRS No.1117, the Group estimates all cash flows from insurance contracts and measures the insurance liabilities using discount rate that reflects assumptions and risks at the reporting date. In details, the Group identifies a portfolio of insurance contracts that comprises contracts exposed to similar risks and managed together, then separates the contracts with similar profitability within the portfolio as groups of insurance contracts. The groups of insurance contracts are measured as the sum of the estimate of future cash flows (including cash flows related to policy loans and reflecting time value of money, etc.), risk adjustment, and the contractual service margin. With the adoption of K-IFRS No.1117, account of the contractual service margin will be introduced, which means unearned profit that would be recognized by providing insurance service in the future.

Meanwhile, reinsurance contracts mean insurance contracts issued by a reinsurance company to compensate claims arising from original insurance contracts issued by other insurance companies. The groups of insurance contracts also apply assumptions consistent with the groups of original insurance contracts when estimating the present value of future cash flows for the groups of insurance contracts ceded.

***ii) Recognition and measurement of financial performance***

Under K-IFRS No.1117, the Group recognizes insurance revenue on an accrual basis for services (insurance coverage) provided to the policyholder by each annual reporting period, excluding investment component (refunds due to termination and maturity) to be paid to the policyholder regardless of the insured event. In addition, net insurance income and net investment income are presented separately to enable users of the information to understand the sources of net income.

The Group also includes the time value of money, financial risk and effects of their fluctuations related to the group of insurance contracts and the Group should select accounting policy whether the insurance finance income or expenses for the periods are divided to profit or loss, or other comprehensive income.



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. Significant Accounting Policies, Continued

***iii) Measurement of insurance liabilities***

Under K-IFRS No. 1117, the Group measures insurance liabilities at their present value using a discount rate that reflects assumptions and risks at current point in time (the reporting date) and the valuation models to be applied are as follows.

Generally, the general model is applied to general life insurance contracts and the variable fee approach is applied to insurance contracts with direct participation features. Also, the premium allocation approach is used for reinsurance contracts and others with a guaranteed period of one year or less at the initial recognition date.

The groups of insurance contracts are measured as the sum of the estimate of future cash flows (including cash flows related to policy loans and reflecting time value of money, etc.), risk adjustment, and the contractual service margin. The future cash flows consist of insurance premiums received, contractual benefits, surrender values, policy loans and project costs, and are calculated on an accrual basis. Also, the future cash flows are basically calculated based on the 'calculation method of insurance premium and surrender values' and are estimated by applying optimal assumptions, e.g. surrender rate, loss ratio, ratio of project cost, policy loans, early withdrawal and others.

The risk adjustment for non-financial risk is a liability that adjusts estimates of the present value of future cash flows to reflect the compensation required for bearing the non-financial risk arising from the uncertain amount and timing of the cash flows. When calculating the risk adjustment for non-financial risk, the target risk is the risk that the amount and timing of cash flows from the insurance liability held may differ from the best estimate. The risk adjustment is divided into death, longevity, disability, illness, termination, and project cost, calculated at a 75% confidence level for each item, and the impact level for each uncertainty factor is applied. The Group does not subdivide the changes in risk adjustment into insurance service factors and insurance finance factors, but discloses them as insurance service results.

The Group's insurance contracts, such as those with fixed interest rate, interest rate-linked or variable features, are judged in accordance with the contractual terms that specify the cash flows to be provided to policyholders, and the changes in future cash flows arising from the exercise of discretion is classified as the adjustments to the contractual service margin.

To determine the discount rates at the date of initial recognition of a group of contracts, weighted-average discount rates over the period that contracts in the group are issued, which cannot exceed one year, may be used. The Group calculates deterministic and stochastic discount rates by referring to the monthly yield curve provided by the Financial Supervisory Service to the insurance company. The deterministic method uses a bottom-up approach by selecting treasury bond yields as a proxy for the risk-free interest rates among data observable in the market, while the stochastic method uses the Hull-White 1 Factor model.

## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
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**3. Significant Accounting Policies, Continued**

**(22) Equity**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Group repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or loss from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

.

Non–controlling interests refer to equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests consist of the minority interest net income calculated under K-IFRS 1103 '*Business Combinations'* at the date of the initial combination, and minority interest of changes in equity after the business combination.

**(23) Government subsidy**
Government subsidy without repayment obligation, which is used for the acquisition of certain assets, is accounted for as a deduction from the acquisition cost of the acquired assets. Such subsidy amount is offset against the depreciation or amortization of the acquired assets during such assets' useful life.

**(24) Interest income and expense**
Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest method measures the amortized costs of financial instruments and allocates the interest income or expense during the related period.

Upon the calculation of the effective interest rate, the Group estimates future cash flows by taking into consideration all contractual terms of the financial instrument, but not future credit loss. The calculation also reflects any fees or points paid or received, transaction costs and any related premiums or discounts. In the case that the cash flow and expected duration of a financial instrument cannot be estimated reliably, the effective interest rate is calculated by the contractual cash flow during the contract period.

Once an impairment loss has been recognized on a financial asset or a group of similar assets, subsequent interest income is recognized on the interest rate that was used to discount future cash flow for measuring the impairment loss.





## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

**3. Significant Accounting Policies, Continued**

**(25) Fees and commission income**
Fees and commission income and expense are classified as follows according to related regulations:

***(i) Fees and commission from financial instruments***
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. It includes those related to evaluation of the borrowers' financial status, guarantee, collateral, other agreements and related evaluation as well as business transaction, rewards for activities, such as document preparation and recording and setup fees incurred during issuance of financial liabilities. However, when financial instruments are classified as financial instruments at fair value through profit or loss, fees and commission are recognized as revenue upon initial recognition.

***(ii) Fees and commission from services***
Fees and commission income charged in exchange for services to be performed during a certain period of time such as asset management fees, consignment fees and assurance service fees are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan and K-IFRS 1109 *'Financial Instrument'* is not applied for the commitment, the related loan commitment fees are recognized as revenue proportionally to time over the commitment period.

***(iii) Fees and commission from significant transaction***
Fees and commission from significant transactions, such as trading stocks and other securities, negotiation and mediation activities for third parties, for instance business transfer and takeover, are recognized when transactions are completed.

**(26) Dividend income**
Dividend income is recognized upon the establishment of the Group's right to receive the payment.

**(27) Income tax expense**
Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss except to the extent that the tax arises from a transaction or event, which is recognized in other comprehensive income or directly in equity, or a business combination.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the reporting period when the assets are realized or the liabilities settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the income tax effects that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Subsidiaries calculate income tax based on their tax laws and report the amount as current income tax liability.

The Group recognizes deferred income tax liabilities for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes deferred income tax assets for all deductible temporary differences arising from investments in associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred income tax asset 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 the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are offset only if the Group has a legally enforceable right to offset the related current income tax assets and liabilities, and the assets and liabilities relate to income tax levied by the same tax authority and are intended to be settled on a net basis.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

3. **Significant Accounting Policies, Continued**

**(28) Accounting for trust accounts**
The Group, for the purpose of financial reporting, differentiates trust assets from identifiable assets according to the *Financial Investment Services and Capital Markets Act*. Furthermore, the Group receives trust fees from the application, management and disposal of trust assets, and appropriates such amounts for fees from trust accounts.

Meanwhile, in the case the fee from an unspecified principal or interests guaranteed money in trust does not meet the principal or interest amount, even after appropriating deficit with trust fees and special reserve, the Group fills in the remaining deficit in the trust account and appropriates such amounts for losses on trust accounts.

**(29) Regulatory reserve for credit losses**
When the total sum of allowance for possible credit losses under K-IFRS is lower than the amount prescribed in Article 29(1) of the *Regulations on Supervision of Banking Business*, the Group records the difference as a regulatory reserve for credit losses at the end of each reporting period.

In the case that the existing regulatory reserve for credit losses exceeds the amount needed to be set aside at the reporting date, the surplus may be reversed. Furthermore, in the case that undisposed deficit exists, a regulatory reserve for credit losses is saved from the time the undisposed deficit is disposed.

**(30) Earnings per share**
The Group represents its diluted and basic earnings per common share in the consolidated statement of comprehensive income. Basic earnings per share is calculated by dividing net profit attributable to shareholders of the Group by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting net profit attributable to common shareholders of the Group, considering dilution effects from all potential common shares, and the weighted average number of common shares outstanding.

**(31) Correction of errors**
Prior period errors shall be corrected by retrospective restatement in the first set of financial statements authorised for issue after their discovery except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.





Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

4. **Cash and Due from Financial Institutions**

(1) Cash and due from financial institutions as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Cash | ₩ | 1,002,611 | 736,430 |
| Due from financial institutions in Korean won: | | | |
| Due from Bank of Korea | | 1,269,733 | 1,236,493 |
| Due from others | | 1,384,376 | 1,162,121 |
| | | 2,654,109 | 2,398,614 |
| Due from financial institutions in foreign currencies/off-shores | | 8,360,819 | 9,634,894 |
| | ₩ | 12,017,539 | 12,769,938 |

(2) Restricted due from financial institutions as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Reserve deposit | ₩ | 1,498,380 | 2,664,190 |
| Others | | 1,255,801 | 383,121 |
| | ₩ | 2,754,181 | 3,047,311 |

The above amounts represent funds whose use is restricted due to requirements such as the statutory reserve deposits under the Bank of Korea Act and margin deposits related to derivative transactions.

(In millions of won)

5. **Securities Measured at FVTPL**

Details of securities in financial assets at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| | | Fair value (Carrying amounts) | Fair value (Carrying amounts) |
| Securities denominated in Korean won: | | | |
| Stocks | ₩ | 4,133,447 | 3,708,902 |
| Equity investments | | 3,473,478 | 2,729,361 |
| Beneficiary certificates | | 14,694,782 | 13,706,908 |
| Government and public bonds | | 3,004,301 | 2,993,743 |
| Financial bonds | | 551,598 | 505,632 |
| Corporate bonds | | 1,048,491 | 977,800 |
| Commercial papers | | 4,846 | 4,833 |
| Others | | 780,021 | 196,549 |
| | | 27,690,964 | 24,823,728 |
| Securities denominated in foreign currencies/off-shores: | | | |
| Stocks | | 73,538 | 40,449 |
| Equity investments | | 1,062,750 | 842,693 |
| Beneficiary certificates | | 936,490 | 1,020,281 |
| Debt securities | | 164,035 | 145,191 |
| | | 2,236,813 | 2,048,614 |
| | ₩ | 29,927,777 | 26,872,342 |

# Korea Development Bank and Subsidiaries

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**6. Securities Measured at FVOCI**

(1) Details of securities measured at FVOCI as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 Fair value (Carrying amounts) | December 31, 2024 Fair value (Carrying amounts) |
|---|---|---|---|
| Securities denominated in Korean won: | | | |
| Stocks and equity investments | ₩ | 14,596,526 | 13,846,785 |
| Government and public bonds | | 5,340,855 | 4,872,711 |
| Financial bonds | | 1,846,981 | 2,365,364 |
| Corporate bonds | | 3,934,566 | 5,550,866 |
| Others | | 945 | 1,301,822 |
| | | 25,719,873 | 27,937,548 |
| Securities denominated in foreign currencies/off-shores: | | | |
| Equity securities | | 47,548 | 37,009 |
| Debt securities | | 16,787,532 | 15,841,966 |
| | | 16,835,080 | 15,878,975 |
| Loaned securities | | - | 40,409 |
| | ₩ | 42,554,953 | 43,856,932 |

The Group designates equity instruments acquired through in-kind contributions, debt-to-equity swaps, and investments in ventures and small and medium-sized enterprises as financial assets measured at FVOCI. The fair value of equity securities disposed of during the current and prior years amounted to ₩2,122,141 million and ₩1,502,987 million, respectively. The realized gains on the disposal of such equity securities, which were reclassified to retained earnings, amounted to ₩1,114,099 million (pre-tax) and ₩1,231,598 million (pre-tax), respectively.

(2) Changes in carrying amounts of securities measured at FVOCI for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Beginning balance | ₩ | 43,856,932 | 44,284,307 |
| Acquisition | | 13,534,668 | 12,975,154 |
| Disposal | | (12,925,193) | (12,425,574) |
| Change due to amortization | | 67,288 | 62,094 |
| Change in fair value | | (504,264) | (1,153,974) |
| Reclassification | | (1,390,877) | (1,694,454) |
| Foreign exchange differences | | (85,653) | 1,767,811 |
| Others | | 2,052 | 41,568 |
| Ending balance | ₩ | 42,554,953 | 43,856,932 |





Korea Development Bank and Subsidiaries

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December 31, 2025 and 2024

(In millions of won)

**6. Securities Measured at FVOCI, Continued**

(3) Changes in gross carrying amounts of securities measured at FVOCI (excluding equity instruments) for the years ended December 31, 2025 and 2024 are as follows:

| 2025 | | 12-month expected credit loss | Lifetime expected credit loss: Non credit-Impaired | Lifetime expected credit loss: Credit-impaired | Total |
|---|---|---|---|---|---|
| Beginning balance | ₩ | 28,472,255 | 199,061 | - | 28,671,316 |
| Transfer to non credit-impaired debt securities | | (134,550) | 134,550 | - | - |
| Transfer to credit-impaired debt securities | | (34,065) | 34,065 | - | - |
| Transfer to 12-month expected credit loss | | 9,973 | (9,973) | - | - |
| Issuance or purchase of financial assets | | 2,822,591 | (31,705) | - | 2,790,886 |
| Disposal | | (2,943,835) | - | - | (2,943,835) |
| Foreign currency translation | | (116,523) | (3,232) | - | (119,755) |
| Others | | (488,991) | 312 | - | (488,679) |
| Ending balance | ₩ | 27,586,855 | 323,078 | - | 27,909,933 |

| 2024 | | 12-month expected credit loss | Lifetime expected credit loss: Non credit-Impaired | Lifetime expected credit loss: Credit-impaired | Total |
|---|---|---|---|---|---|
| Beginning balance | ₩ | 28,440,536 | 265,517 | - | 28,706,053 |
| Transfer to non credit-impaired debt securities | | (48,633) | 48,633 | - | - |
| Transfer to credit-impaired debt securities | | (37,119) | 37,119 | - | - |
| Issuance or purchase of financial assets | | 1,232,152 | (146,076) | - | 1,086,076 |
| Disposal | | (3,450,022) | - | - | (3,450,022) |
| Foreign currency translation | | 1,755,126 | 8,790 | - | 1,763,916 |
| Others | | 565,306 | (13) | - | 565,293 |
| Ending balance | ₩ | 28,457,346 | 213,970 | - | 28,671,316 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

6. **Securities Measured at FVOCI, Continued**

(4) Changes in the loss allowance of securities measured at FVOCI (excluding equity instruments) for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit losses | | |
| | | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 18,982 | 1,921 | 76,427 | 97,330 |
| Transfer to 12-month expected credit loss | | 126 | (126) | - | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired debt securities | | (1,305) | 1,305 | - | - |
| Provision for (reversal of) loss allowance | | (666) | (59) | 134 | (591) |
| Write-off | | - | - | (50,000) | (50,000) |
| Disposal | | (3,019) | - | - | (3,019) |
| Foreign currency translation | | (252) | (4) | (441) | (697) |
| Others | | 2,475 | (511) | (6,324) | (4,360) |
| Ending balance | ₩ | 16,341 | 2,526 | 19,796 | 38,663 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit losses | | |
| | | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 16,382 | 1,266 | 74,017 | 91,665 |
| Transfer to 12-month expected credit loss | | - | - | - | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired debt securities | | (406) | 406 | - | - |
| Provision for (reversal of) loss allowance | | (1,787) | 219 | 143 | (1,425) |
| Disposal | | (968) | - | - | (968) |
| Foreign currency translation | | 1,053 | 5 | 1,759 | 2,817 |
| Others | | 4,708 | 25 | 508 | 5,241 |
| Ending balance | ₩ | 18,982 | 1,921 | 76,427 | 97,330 |

(5) Dividend income from securities measured at FVOCI for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Dividend income recognized from assets held as of the end of the reporting period | ₩ | 150,155 | 127,532 |
| Dividend income recognized from assets removed during the reporting period | | - | - |
| | ₩ | 150,155 | 127,532 |





Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

7. **Securities Measured at Amortized Cost**

(1) Securities measured at amortized cost as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | |
|---|---|---|---|
| | | Amortized cost (Carrying amounts) | Fair value |
| Securities denominated in Korean won: | | | |
| Government and public bonds | ₩ | 3,076,344 | 3,076,344 |
| Financial bonds | | 2,722,616 | 2,721,965 |
| Corporate bonds | | 3,428,926 | 3,420,570 |
| Others | | 523 | 523 |
| | | 9,228,409 | 9,219,402 |
| Securities denominated in foreign currencies: | | | |
| Debt securities | | 2,714,177 | 2,439,776 |
| | | 11,942,586 | 11,659,178 |
| Less: | | | |
| Loss allowance | | (12,208) | |
| | ₩ | 11,930,378 | 11,659,178 |

| | | December 31, 2024 | |
|---|---|---|---|
| | | Amortized cost (Carrying amounts) | Fair value |
| Securities denominated in Korean won: | | | |
| Government and public bonds | ₩ | 3,492,235 | 3,492,235 |
| Financial bonds | | 2,015,084 | 2,014,623 |
| Corporate bonds | | 2,823,742 | 2,813,025 |
| Others | | 5,523 | 5,523 |
| | | 8,336,584 | 8,325,406 |
| Securities denominated in foreign currencies: | | | |
| Debt securities | | 2,382,782 | 2,106,662 |
| | | 10,719,366 | 10,432,068 |
| Less: | | | |
| Loss allowance | | (12,424) | |
| | ₩ | 10,706,942 | 10,432,068 |

(2) Changes in gross carrying amounts of securities measured at amortized cost for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit loss | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 10,613,366 | 106,000 | - | 10,719,366 |
| Transfers | | (39,902) | 39,902 | - | - |
| Net increase (decrease) | | 1,285,123 | (61,902) | - | 1,223,221 |
| Ending balance | ₩ | 11,858,587 | 84,000 | - | 11,942,587 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit loss | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 11,597,693 | 106,000 | - | 11,703,693 |
| Transfers | | (34,700) | 34,700 | - | - |
| Net increase (decrease) | | (949,627) | (34,700) | - | (984,327) |
| Ending balance | ₩ | 10,613,366 | 106,000 | - | 10,719,366 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**7. Securities Measured at Amortized Cost**

(3) Changes in the loss allowance on securities measured at amortized cost for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit loss | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 12,424 | - | - | 12,424 |
| Net increase (decrease) | | 918 | (1,134) | - | (216) |
| Ending balance | ₩ | 13,342 | (1,134) | - | 12,208 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit loss | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 16,012 | - | - | 16,012 |
| Net increase (decrease) | | (3,588) | - | - | (3,588) |
| Ending balance | ₩ | 12,424 | - | - | 12,424 |



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**8. Loans Measured at FVTPL**

(1) Loans measured at FVTPL as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | |
|---|---|---|---|
| | | Amortized cost | Fair value (Carrying amounts) |
| Loans in Korean won: | | | |
| Privately placed corporate bonds | ₩ | 95,130 | 87,141 |
| Loans in foreign currencies/off-shores: | | | |
| Privately placed corporate bonds | | 3,386 | - |
| | ₩ | 98,516 | 87,141 |

| | | December 31, 2024 | |
|---|---|---|---|
| | | Amortized cost | Fair value (Carrying amounts) |
| Loans in Korean won: | | | |
| Privately placed corporate bonds | ₩ | 378,250 | 419,773 |
| Loans in foreign currencies/off-shores: | | | |
| Privately placed corporate bonds | | 3,400 | - |
| | ₩ | 381,650 | 419,773 |

(2) Gains (losses) on loans measured at FVTPL for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Transaction gains (losses) on loans measured at FVTPL | | | |
| Transaction gains | ₩ | 1,562 | 4,126 |
| Transaction losses | | (20,131) | (6,796) |
| | | (18,569) | (2,670) |
| Valuation gains (losses) on loans measured at FVTPL | | | |
| Valuation gains | | 4,800 | 2,534 |
| Valuation losses | | (10,194) | (26,639) |
| | | (5,394) | (24,105) |
| | ₩ | (23,963) | (26,775) |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**9. Loans Measured at Amortized Cost**

(1) Loans measured at amortized cost and allowance for loan losses as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | |
|---|---|---|---|
| | | Amortized cost (Carrying amounts) | Fair value |
| Loans in Korean won: | | | |
| Loans for working capital | ₩ | 70,823,164 | 69,919,023 |
| Loans for facility development | | 70,561,015 | 68,963,210 |
| Loans for households | | 149,342 | 145,193 |
| Inter-bank loans | | 2,862,424 | 2,633,569 |
| Others | | 2,073 | 2,073 |
| | | 144,398,018 | 141,663,068 |
| Loans in foreign currencies: | | | |
| Loans | | 39,195,669 | 39,221,050 |
| Inter-bank loans | | 6,064,387 | 6,041,915 |
| Off-shore loans | | 24,898,104 | 24,622,418 |
| | | 70,158,160 | 69,885,383 |
| Other loans: | | | |
| Bills bought in foreign currency | | 3,436,100 | 3,400,668 |
| Advances for customers on acceptances and guarantees | | 87,051 | 10,997 |
| Privately placed corporate bonds | | 3,725,705 | 3,807,465 |
| Credit card loans | | 110,698 | 110,285 |
| Others | | 14,890,967 | 14,722,456 |
| | | 22,250,521 | 22,051,871 |
| | | 236,806,699 | 233,600,322 |
| Add/Less: | | | |
| Allowance for loan losses | | (3,826,036) | |
| Present value discount | | (9,295) | |
| Deferred loan origination costs and fees | | 31,465 | |
| Valuation adjustment for fair value hedges | | 302 | |
| | ₩ | 233,003,135 | 233,600,322 |



## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**9. Loans Measured at Amortized Cost, Continued**

| | | December 31, 2024 | |
|---|---|---|---|
| | | Amortized cost (Carrying amounts) | Fair value |
| Loans in Korean won: | | | |
| Loans for working capital | ₩ | 70,723,977 | 69,919,488 |
| Loans for facility development | | 67,342,346 | 66,344,939 |
| Loans for households | | 190,524 | 186,445 |
| Inter-bank loans | | 2,877,322 | 2,703,920 |
| Others | | 31,525 | 31,519 |
| | | 141,165,694 | 139,186,311 |
| Loans in foreign currencies: | | | |
| Loans | | 38,940,927 | 38,842,891 |
| Inter-bank loans | | 6,535,358 | 6,512,248 |
| Off-shore loans | | 23,023,191 | 22,838,878 |
| | | 68,499,476 | 68,194,017 |
| Other loans: | | | |
| Bills bought in foreign currency | | 2,821,174 | 2,723,534 |
| Advances for customers on acceptances and guarantees | | 16,592 | 2,278 |
| Privately placed corporate bonds | | 4,130,659 | 4,115,590 |
| Credit card loans | | 106,715 | 106,400 |
| Others | | 10,712,799 | 10,596,732 |
| | | 17,787,939 | 17,544,534 |
| | | 227,453,109 | 224,924,862 |
| Add/Less: | | | |
| Allowance for loan losses | | (3,105,555) | |
| Present value discount | | (9,729) | |
| Deferred loan origination costs and fees | | 21,929 | |
| Valuation adjustment for fair value hedges | | 396 | |
| | ₩ | 224,360,150 | 224,924,862 |

(2) Changes in allowance for loan losses for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit losses | | |
| | | 12-month expected credit loss | Non credit-impaired | Credit-Impaired | Total |
| Beginning balance | ₩ | 760,087 | 1,086,653 | 1,258,815 | 3,105,555 |
| Transfer to 12-month expected credit loss | | 657,388 | (638,579) | (18,809) | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired loans | | (191,835) | 404,641 | (212,806) | - |
| Transfer to credit-impaired loans | | (31,399) | (94,240) | 125,639 | - |
| Provision for (reversal of) loss allowance | | 1,300,464 | 32,833 | (421,617) | 911,680 |
| Write-offs | | - | - | (19,980) | (19,980) |
| Recovery | | - | - | 22,379 | 22,379 |
| Sale | | (182) | (3,876) | (117,068) | (121,126) |
| Debt-to-equity swap | | - | - | (41,653) | (41,653) |
| Foreign currency translation | | 4,310 | 3,675 | 3,687 | 11,672 |
| Others | | (7,603) | (8,056) | (26,832) | (42,491) |
| Ending balance | ₩ | 2,491,230 | 783,051 | 551,755 | 3,826,036 |

Korea Development Bank and Subsidiaries

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December 31, 2025 and 2024

(In millions of won)

**9. Loans Measured at Amortized Cost, Continued**

| | 2024 | | | |
|---|---|---|---|---|
| | | Lifetime expected credit losses | | |
| | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ 641,530 | 1,255,023 | 1,456,589 | 3,353,142 |
| Transfer to 12-month expected credit loss | 36,993 | (36,863) | (130) | - |
| Transfer to lifetime expected credit losses: | | | | |
| Transfer to non credit-impaired loans | (178,715) | 193,006 | (14,291) | - |
| Transfer to credit-impaired loans | (54,736) | (90,228) | 144,964 | - |
| Provision for (reversal of) loss allowance | 232,550 | (201,184) | 22,543 | 53,909 |
| Write-offs | - | - | (51,004) | (51,004) |
| Recovery | - | - | 52,255 | 52,255 |
| Sale | (406) | (14,142) | (254,565) | (269,113) |
| Debt-to-equity swap | - | - | (48,175) | (48,175) |
| Foreign currency translation | 23,486 | 6,189 | 19,813 | 49,488 |
| Others | 59,383 | (25,148) | (69,182) | (34,947) |
| Ending balance | ₩ 760,085 | 1,086,653 | 1,258,817 | 3,105,555 |

(3) Changes in gross carrying amounts of loans measured at amortized cost for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | | Lifetime expected credit losses | | |
| | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ 183,289,812 | 39,583,190 | 1,819,771 | 224,692,773 |
| Transfer to 12-month expected credit loss | 13,422,326 | (12,658,881) | (763,445) | - |
| Transfer to lifetime expected credit losses: | | | | |
| Transfer to non credit-impaired loans | (20,631,701) | 20,931,057 | (299,356) | - |
| Transfer to credit-impaired loans | (3,261,701) | (639,574) | 3,901,275 | - |
| Issuance or purchase of financial assets | 7,719,045 | (242,590) | 1,946,862 | 9,423,317 |
| Write-offs | - | - | (19,980) | (19,980) |
| Sale | (53,416) | (22,288) | (129,566) | (205,270) |
| Debt-to-equity swap | - | - | (41,653) | (41,653) |
| Foreign currency translation | (1,748,687) | 2,621,331 | (70,596) | 802,048 |
| Others | (732,928) | 35,002 | (54,457) | (752,383) |
| Ending balance | ₩ 178,002,750 | 49,607,247 | 6,288,855 | 233,898,852 |





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Notes to the Consolidated Financial Statements

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(In millions of won)

9. Loans Measured at Amortized Cost, Continued

| | 2024 | | | |
|---|---|---|---|---|
| | | Lifetime expected credit losses | | |
| | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ 177,287,157 | 35,186,729 | 2,312,007 | 214,785,893 |
| Transfer to 12-month expected credit loss | 1,497,643 | (1,493,668) | (3,975) | - |
| Transfer to lifetime expected credit losses: | | | | |
| Transfer to non credit-impaired loans | (5,234,921) | 5,407,193 | (172,272) | - |
| Transfer to credit-impaired loans | (96,066) | (282,232) | 378,298 | - |
| Issuance or purchase of financial assets | 995,553 | (94,146) | (17,292) | 884,115 |
| Write-offs | - | - | (26,478) | (26,478) |
| Sale | (111,071) | (98,569) | (12,056) | (221,696) |
| Foreign currency translation | 8,189,196 | 601,353 | 23,541 | 8,814,090 |
| Others | 762,321 | 356,530 | (662,002) | 456,849 |
| Ending balance | ₩ 183,289,812 | 39,583,190 | 1,819,771 | 224,692,773 |

(4) Gains (losses) on loans measured at amortized cost for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Provision for allowance for loan losses | ₩ (911,680) | (53,909) |
| Gains (losses) on disposal of loan | 7,833 | (8,937) |
| | ₩ (903,847) | (62,846) |

(5) Changes in net deferred loan origination costs and fees for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Beginning balance | ₩ 21,929 | 5,393 |
| New deferral | 12,590 | 16,085 |
| Amortization | (3,054) | 451 |
| Ending balance | ₩ 31,465 | 21,929 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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**10. Derivative Financial Instruments**

The Group's derivative financial instruments consist of trading derivatives and hedging derivatives, depending on the nature of each transaction. The Group enters into hedging derivative transactions mainly for the purpose of hedging risk related to changes in fair values of the underlying assets and liabilities and future cash flows.

The Group enters into trading derivative transactions such as futures, forwards, swaps and options for arbitrage transactions by speculating on the future value of the underlying asset. Trading derivative transactions include contracts with the Group's clients and its liquidation position.

For the purpose of hedging the exposure to the variability of fair values and future cash flows of funds in Korean won by changes in interest rate, the Group mainly uses interest swaps or currency swaps. The main counterparties are foreign financial institutions and local banks. In addition, to hedge the exposure to the variability of fair values of bonds in foreign currencies by changes in interest rate or foreign exchange rate, the Group mainly uses interest swaps or currency swaps.

The Group applies net investment hedge accounting by designating non-derivative financial instruments as hedging instruments and any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.



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# Notes to the Consolidated Financial Statements

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(In millions of won)

**10. Derivative Financial Instruments, Continued**

(1) The notional amounts outstanding for derivative contracts and the carrying amounts of the derivative financial instruments as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | |
|---|---|---|---|---|
| | | | Carrying amounts | |
| | | Notional amounts | Assets | Liabilities |
| Trading purpose derivative financial instruments: | | | | |
| Interest rate | | | | |
| Futures | ₩ | 1,258,737 | - | - |
| Forwards | | 2,700,000 | 62,660 | 87,030 |
| Swaps | | 401,132,501 | 1,119,466 | 1,520,250 |
| Options | | 28,915,449 | 311,126 | 592,332 |
| | | 434,006,687 | 1,493,252 | 2,199,612 |
| Currency | | | | |
| Futures | | 30,732 | - | - |
| Forwards | | 80,941,105 | 2,341,624 | 796,076 |
| Swaps | | 167,182,666 | 6,136,065 | 6,892,636 |
| Options | | 1,110,236 | 3,649 | 5,045 |
| | | 249,264,739 | 8,481,338 | 7,693,757 |
| Stock | | | | |
| Futures | | 6,246 | - | - |
| Options | | 89,419 | 75,981 | 3,836 |
| | | 95,665 | 75,981 | 3,836 |
| Commodities | | | | |
| Options | | 155,934 | 1,701 | 1,688 |
| Allowance and other adjustments | | - | (71,078) | (2,191) |
| | | 683,523,025 | 9,981,194 | 9,896,702 |
| Hedging purpose derivative financial instruments: | | | | |
| Interest rate | | | | |
| Swaps | | 47,824,053 | 87,797 | 159,835 |
| Currency (*) | | | | |
| Forwards | | 2,491,200 | - | 33,867 |
| Swaps | | 16,534,378 | 1,004,371 | 452,705 |
| | | 19,025,578 | 1,004,371 | 486,572 |
| Allowance and other adjustments | | - | (262) | (2,547) |
| | | 66,849,631 | 1,091,906 | 643,860 |
| | ₩ | 750,372,656 | 11,073,100 | 10,540,562 |

(*) The expected maximum period for which derivative contracts, applied the cash flow hedge accounting, are exposed to risk of cash flow fluctuation is until August 28, 2029.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**10. Derivative Financial Instruments, Continued**

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | | Carrying amounts | |
| | | Notional amounts | Assets | Liabilities |
| Trading purpose derivative financial instruments: | | | | |
| Interest rate | | | | |
| Futures | ₩ | 389,316 | - | - |
| Forwards | | 1,120,000 | 694 | 101,248 |
| Swaps | | 387,459,594 | 1,164,115 | 1,796,545 |
| Options | | 23,679,084 | 279,721 | 543,144 |
| | | 412,647,994 | 1,444,530 | 2,440,937 |
| Currency | | | | |
| Forwards | | 92,367,067 | 4,056,500 | 1,954,621 |
| Swaps | | 165,698,856 | 8,094,275 | 9,319,180 |
| Options | | 512,687 | 8,736 | 3,184 |
| | | 258,578,610 | 12,159,511 | 11,276,985 |
| Stock | | | | |
| Options | | 3,132 | 259 | - |
| Allowance and other adjustments | | - | (12,781) | (1,804) |
| | | 671,229,736 | 13,591,519 | 13,716,118 |
| Hedging purpose derivative financial instruments: | | | | |
| Interest rate (*) | | | | |
| Swaps | | 48,593,914 | 127,621 | 236,291 |
| Currency | | | | |
| Forwards | | 1,698,495 | - | 135,052 |
| Swaps | | 11,953,267 | 160,577 | 980,338 |
| | | 13,651,762 | 160,577 | 1,115,390 |
| Allowance and other adjustments | | - | (35) | (2,966) |
| | | 62,245,676 | 288,163 | 1,348,715 |
| | ₩ | 733,475,412 | 13,879,682 | 15,064,833 |

(*) The expected maximum period for which derivative contracts, applied the cash flow hedge accounting, are exposed to risk of cash flow fluctuation is until August 28, 2029.





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

10. Derivative Financial Instruments, Continued

(2) The notional amounts outstanding for the hedging instruments by period as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 years | Over 5 years | Total |
| Interest rate: | | | | | | | |
| Swaps | ₩ | 2,404,733 | 931,521 | 7,716,140 | 29,028,322 | 7,743,337 | 47,824,053 |
| Currency: | | | | | | | |
| Swaps | | 805,797 | 884,002 | 7,235,035 | 8,677,364 | 1,423,380 | 19,025,578 |

The average hedge ratio of the hedging instruments owned by the Bank is 100%, and the average fixed interest rate is 3.02%.

| | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 years | Over 5 years | Total |
| Interest rate: | | | | | | | |
| Swaps | ₩ | 307,230 | 4,944,736 | 10,136,648 | 25,236,324 | 7,968,976 | 48,593,914 |
| Currency: | | | | | | | |
| Swaps | | 602,300 | 913,027 | 2,699,909 | 8,008,524 | 1,428,002 | 13,651,762 |

The average hedge ratio of the hedging instruments owned by the Bank is 100%, and the average fixed interest rate is 3.19%.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**10. Derivative Financial Instruments, Continued**

(3) Details of the balances of the hedging instruments by risk type as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | | Balances | | |
| | Notional amounts | Assets | Liabilities | Changes in fair value for 2025 |
| Cash flow hedge accounting: | | | | |
| Currency risk: | | | | |
| Swaps | ₩ 134,858 | - | 36,483 | (19,043) |
| Fair value hedge accounting: | | | | |
| Interest rate risk: | | | | |
| Swaps | 47,824,053 | 87,797 | 159,835 | 328,511 |
| Currency risk | | | | |
| Forwards | 2,491,200 | - | 33,867 | (90,446) |
| Swaps | 16,399,520 | 1,004,371 | 416,222 | 923,682 |
| | 18,890,720 | 1,004,371 | 450,089 | 833,236 |
| | 66,714,773 | 1,092,168 | 609,924 | 1,161,747 |
| | ₩ 66,849,631 | 1,092,168 | 646,407 | 1,142,704 |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | | Balances | | |
| | Notional amounts | Assets | Liabilities | Changes in fair value for 2024 |
| Cash flow hedge accounting: | | | | |
| Interest rate risk: | | | | |
| Swaps | ₩ 58,800 | - | - | (2,044) |
| Currency risk | | | | |
| Forwards | 82,754 | - | 15,916 | (10,993) |
| Swaps | 122,298 | - | 17,439 | (10,971) |
| | 205,052 | - | 33,355 | (21,964) |
| | 263,852 | - | 33,355 | (24,008) |
| Fair value hedge accounting: | | | | |
| Interest rate risk: | | | | |
| Swaps | 48,535,114 | 127,621 | 236,291 | 252,401 |
| Currency risk | | | | |
| Forwards | 1,615,741 | - | 139,136 | (106,372) |
| Swaps | 11,830,969 | 160,577 | 962,899 | (856,396) |
| | 13,446,710 | 160,577 | 1,082,035 | (962,768) |
| | 61,981,824 | 288,198 | 1,318,326 | (710,367) |
| | ₩ 62,245,676 | 288,198 | 1,351,681 | (734,375) |





Korea Development Bank and Subsidiaries
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**10. Derivative Financial Instruments, Continued**

(4) Details of the balances of the hedged items by risk type as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amounts | | Adjustments from fair value hedge accounting | | Changes in fair value for 2025 | Cash flow hedge reserves |
| | Assets | Liabilities | Assets | Liabilities | | |
| Cash flow hedge accounting: | | | | | | |
| Currency risk | | | | | | |
| Securities measured at FVOCI | 46,501 | - | - | - | - | 3,478 |
| Fair value hedge accounting: | | | | | | |
| Interest rate risk | | | | | | |
| Securities measured at FVOCI | 7,176,728 | - | 104,276 | - | 138,146 | - |
| Loans | 65,269 | - | 302 | - | 280 | - |
| Debentures | - | 39,377,722 | - | (353,047) | (437,915) | - |
| Other liabilities (Deposits, etc.) | - | 123,323 | - | (19,705) | (4,072) | - |
| | 7,241,997 | 39,501,045 | 104,578 | (372,752) | (303,561) | - |
| Currency risk | | | | | | |
| Securities measured at FVTPL | 406,763 | - | 15,483 | - | 15,483 | - |
| Securities measured at FVOCI | 647,262 | - | 67,579 | - | 42,916 | - |
| Securities measured at amortized cost | 714,252 | - | 21,459 | - | 21,459 | - |
| Debentures | - | 15,667,797 | - | 1,168,346 | (911,199) | - |
| Borrowings | - | 337,845 | - | (12,230) | - | - |
| | 1,768,277 | 16,005,642 | 104,521 | 1,156,116 | (831,341) | - |
| | 9,010,274 | 55,506,687 | 209,099 | 783,364 | (1,134,902) | - |
| | ₩ 9,056,775 | 55,506,687 | 209,099 | 783,364 | (1,134,902) | 3,478 |

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**10. Derivative Financial Instruments, Continued**

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amounts | | Adjustments from fair value hedge accounting | | Changes in fair value for 2024 | Cash flow hedge reserves |
| | Assets | Liabilities | Assets | Liabilities | | |
| Cash flow hedge accounting: | | | | | | |
| Interest rate risk | | | | | | |
| Debentures | ₩ - | 58,800 | - | - | - | 1,045 |
| Currency risk | | | | | | |
| Securities measured at FVOCI | 88,448 | - | - | - | - | 4,787 |
| | 88,448 | 58,800 | - | - | - | 5,832 |
| Fair value hedge accounting: | | | | | | |
| Interest rate risk | | | | | | |
| Securities measured at FVOCI | 7,589,106 | - | (2,447) | - | (10,845) | - |
| Loans | 24,015 | - | 393 | - | 403 | - |
| Debentures | - | 40,711,955 | - | (868,944) | (265,708) | - |
| Other liabilities (Deposits, etc.) | - | 122,084 | - | (24,359) | 3,247 | - |
| | 7,613,121 | 40,834,039 | (2,054) | (893,303) | (272,903) | - |
| Currency risk (*) | | | | | | |
| Securities Measured at FVTPL | 302,192 | - | 22,904 | - | 22,904 | - |
| Securities measured at FVOCI | 578,390 | - | 80,198 | - | 61,091 | - |
| Securities Measured at Amortized Cost | 445,125 | - | 71,335 | - | 59,247 | - |
| Debentures | - | 11,376,831 | - | 527,750 | 828,917 | - |
| | 1,325,707 | 11,376,831 | 174,437 | 527,750 | 972,159 | - |
| | 8,938,828 | 52,210,870 | 172,383 | (365,553) | 699,256 | - |
| | ₩ 9,027,276 | 52,269,670 | 172,383 | (365,553) | 699,256 | 5,832 |

(5) Details of hedge ineffectiveness arising from fair value hedge accounting recognized in profit or loss from derivatives for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Interest rate risk | ₩ 24,951 | (20,502) |
| Currency risk (*) | 1,894 | 9,391 |
| | ₩ 26,845 | (11,111) |

(*) Firm commitments, etc designated as hedged items are excluded.





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(In millions of won)

**10. Derivative Financial Instruments, Continued**

(6) Details of the effects of cash flow hedge accounting that have affected the statement of comprehensive income for the years ended December 31, 2025 and 2024 is as follows:

| | 2025 | | |
|---|---|---|---|
| | Change in the value of the hedging instrument recognized in other comprehensive income | Hedge ineffectiveness recognized in profit or loss (*) | Amount reclassified from other comprehensive income to profit or loss (*) |
| Interest rate risk and currency risk | ₩ (19,043) | - | (1,045) |

(*) Recognized in gains or losses related to hedging purpose derivatives.

| | 2024 | | |
|---|---|---|---|
| | Change in the value of the hedging instrument recognized in other comprehensive income | Hedge ineffectiveness recognized in profit or loss (*) | Amount reclassified from other comprehensive income to profit or loss (*) |
| Interest rate risk and currency risk | ₩ (24,101) | 93 | (837) |

(*) Recognized in gains or losses related to hedging purpose derivatives.

(7) Details of hedged items related to net investments hedge in foreign operations as of and for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | |
|---|---|---|
| | Changes in fair value | Other comprehensive income (loss) for hedges of net investments in foreign operations |
| Currency (foreign exchange risk) | ₩ (32,404) | (251,593) |

| | 2024 | |
|---|---|---|
| | Changes in fair value | Other comprehensive income (loss) for hedges of net investments in foreign operations |
| Currency (foreign exchange risk) | ₩ 166,721 | (283,996) |

(8) Details of hedging instruments related to net investments hedge in foreign operations as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Carrying amount | Changes in fair value for 2025 | Change in the value of the hedging instrument recognized in other comprehensive income for 2025 | Hedge ineffectiveness recognized in profit or loss for 2025 |
| Debentures in foreign currencies | ₩ 1,323,666 | 32,404 | 32,404 | - |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Carrying amount | Changes in fair value for 2024 | Change in the value of the hedging instrument recognized in other comprehensive loss for 2024 | Hedge ineffectiveness recognized in profit or loss for 2024 |
| Debentures in foreign currencies | ₩ 1,324,680 | (166,721) | (166,721) | - |

# Korea Development Bank and Subsidiaries

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December 31, 2025 and 2024

(In millions of won)

**11. Investments in Associates**

(1) Changes in investments in associates for the years ended December 31, 2025 and 2024 are as follows:

| 2025 | | January 1, 2025 | Acquisition / transfer | Disposal / transfer | Share of profit (loss) (*1) | Impairment loss (*2) | Share of other comprehensive income (loss) | Dividends | Others | December 31, 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Korea Electric Power Co., Ltd. | ₩ | 13,133,921 | - | - | 2,811,665 | - | (48,544) | (44,993) | (1,956) | 15,850,093 |
| Korea Tourism Organization | | 265,783 | - | - | 12,062 | - | 159 | - | - | 278,004 |
| HMM Co., Ltd. | | 5,240,667 | 1,399,680 | (696,198) | 1,513,718 | 32,676 | (182,010) | (178,320) | (294,177) | 6,836,036 |
| Hanwha Ocean Co., Ltd. | | 1,698,773 | - | (488,475) | 191,295 | - | 13,188 | - | 101,932 | 1,516,713 |
| GM Korea Company | | 474,733 | - | - | 74,458 | (78,157) | 14,875 | - | 1,512 | 487,421 |
| Korea Infrastructure Fund II | | 239,369 | - | (8,631) | 11,160 | - | - | (9,281) | - | 232,617 |
| Korea Ocean Business Corporation | | 1,761,521 | - | - | 167,202 | - | (37,177) | - | 1,753 | 1,893,299 |
| HANJIN KAL | | 677,042 | - | - | 18,253 | - | 1,136 | (2,542) | (853) | 693,036 |
| Korean Air Lines Co., Ltd. | | 413,667 | - | - | 23,520 | - | 116 | (9,180) | (636) | 427,487 |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | 46,089 | - | - | 11,492 | - | 1,237 | - | 463 | 59,281 |
| Others | | 4,596,313 | 890,741 | (829,684) | 475,383 | (33,150) | (17,188) | (240,190) | (35,099) | 4,809,126 |
| | ₩ | 28,549,878 | 2,290,421 | (2,022,988) | 5,310,208 | (78,631) | (254,208) | (484,506) | (227,061) | 33,083,113 |

(*1) Due to the suspension of the recognition of equity method losses during the year, the unrecognized share of changes in equity amounted to ₩1,133 million for the year. As of the end of the reporting period, the cumulative unrecognized losses amounted to ₩2,074 million.

(*2) For the year ended December 31, 2025, the Group recognized a reversal of impairment losses amounting to ₩32,676 million due to an increase in recoverable amount resulting from an increase in fair value of the shares held by the Group for HMM Co., Ltd., and impairment losses amounting to ₩78,157 million due to a decrease in recoverable amount resulting from a decrease in fair value of the shares held by the Group for GM Korea Company. The Group recognized impairment losses amounting to ₩33,150 million due to a decrease in recoverable amount resulting from a decrease in fair value of the assets held for Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1, and 9 other companies, and their recoverable amount is ₩7,395,791 million as of December 31, 2025.





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**11. Investments in Associates, Continued**

| 2024 | | January 1, 2024 | Acquisition / transfer | Disposal / transfer | Share of profit (loss) (*1) | Impairment loss (*2) | Share of other comprehensive income (loss) | Dividends | Others | December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Korea Electric Power Co., Ltd. | ₩ | 11,794,643 | - | - | 1,148,926 | - | (511) | - | 190,863 | 13,133,921 |
| Korea Tourism Organization | | 267,118 | - | - | 413 | - | (1,748) | - | - | 265,783 |
| HMM Co., Ltd. (*3) | | 3,932,440 | 1,696,500 | - | 2,326,156 | (3,612,010) | 1,036,928 | (140,840) | 1,493 | 5,240,667 |
| Hanwha Ocean Co., Ltd. | | 1,496,742 | - | - | 83,659 | 114,150 | 4,066 | - | 156 | 1,698,773 |
| GM Korea Company | | 213,857 | - | - | 281,622 | (3,012) | (17,734) | - | - | 474,733 |
| Korea Infrastructure Fund II | | 230,115 | - | (441) | 18,289 | - | - | (8,594) | - | 239,369 |
| Korea Ocean Business Corporation | | 1,682,199 | - | - | (91,021) | - | 170,343 | - | - | 1,761,521 |
| HANJIN KAL | | 629,955 | - | - | 52,313 | - | (594) | (2,119) | (2,513) | 677,042 |
| Korean Air Lines Co., Ltd. | | 384,701 | - | - | 41,247 | - | (3,726) | (9,179) | 624 | 413,667 |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | - | 54,719 | - | (8,211) | - | (17,980) | - | 17,561 | 46,089 |
| Others | | 4,319,186 | 795,709 | (420,529) | 151,031 | (16,666) | 23,526 | (310,558) | 56,614 | 4,598,313 |
| | ₩ | 24,950,956 | 2,546,928 | (420,970) | 4,004,424 | (3,517,538) | 1,192,570 | (471,290) | 264,798 | 28,549,878 |

(*1) There were no unrecognized share of changes in equity due to the suspension of the recognition of equity method losses for the year ended December 31, 2024. As of December 31, 2024, the cumulative unrecognized losses amounted to ₩941 million.

(*2) During the year ended December 31, 2023, the Group selected the Pan Ocean-JKL consortium as the preferred bidder on December 18, 2023, for the sales of shares held by the Group for HMM Co., Ltd., and the shares of HMM Co., Ltd. were classified as assets held for sale. However, as negotiations regarding the sale of shares with the Pan Ocean-JKL consortium fell through on February 7, 2024, the shares were retrospectively reclassified to the investments in associates from the date they were initially classified as assets held for sale for the year ended December 31, 2024.

(*3) For the year ended December 31, 2024, the Group recognized impairment losses amounting to ₩3,612,010 million due to a decrease in recoverable amount resulting from the decrease in fair value of the shares held by the Group for HMM Co., Ltd., a reversal of impairment losses amounting to ₩114,150 million due to an increase in value in use resulting from the increase in fair value of the shares held by the Group for Hanwha Ocean Co., Ltd., and impairment losses amounting to ₩3,012 million due to a decrease in recoverable amount resulting from the decrease in fair value of the shares held by the Group for GM Korea Company. The Group recognized impairment losses amounting to ₩16,666 million, based on objective evidence of the impairment, such as a decrease in the recoverable amount due to a decrease in the fair value of assets held for Blue Ocean Corporate's Financial Stabilization Private Equity Fund No.1, and 7 other companies. Recoverable amount is ₩7,516,980 million as of December 31, 2024.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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**11. Investments in Associates, Continued**

(2) The market value of marketable investments in associates as of December 31, 2025 and 2024 are as follows:

| | | Market value | | Carrying amounts | |
|---|---|---|---|---|---|
| | | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 |
| Korea Electric Power Co., Ltd. | ₩ | 9,970,304 | 4,235,267 | 15,850,093 | 13,133,921 |
| HMM Co., Ltd. | | 6,849,735 | 5,248,540 | 6,836,036 | 5,240,667 |
| Hanwha Ocean Co., Ltd. | | 5,309,461 | 2,231,222 | 1,516,713 | 1,698,773 |
| HANJIN KAL | | 875,706 | 532,486 | 693,036 | 677,042 |
| Korean Air Lines Co., Ltd. | | 276,010 | 276,622 | 427,487 | 413,667 |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | 60,054 | 82,420 | 59,281 | 46,089 |

(3) The key financial information of associates invested and ownership ratios as of and for the years ended December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Country | Fiscal year end | Industry | | Assets | Liabilities | Equity | Operating revenue | Profit (loss) for the year | Total compre-hensive income (loss) | Owner-ship (%) |
| Korea Electric Power Co., Ltd. | Korea | December | Electricity generation | ₩ | 254,927,457 | 205,604,513 | 49,322,944 | 97,429,346 | 8,666,656 | 8,521,423 | 32.90 |
| Korea Tourism Organization | Korea | December | Culture and tourism administration | | 1,215,382 | 361,222 | 854,160 | 870,695 | 50,741 | 51,105 | 43.58 |
| HMM Co., Ltd. | Korea | December | Shipping | | 33,563,133 | 6,991,856 | 26,571,277 | 10,891,443 | 1,878,732 | 1,402,346 | 35.42 |
| Hanwha Ocean Co., Ltd. (*1) | Korea | December | Manufacturing | | 20,140,914 | 13,965,907 | 6,175,007 | 12,783,512 | 1,245,922 | 1,266,487 | 15.25 |
| GM Korea Company (*1) | Korea | December | Manufacturing | | 10,060,573 | 4,215,823 | 5,844,750 | 12,612,875 | 436,926 | 524,135 | 17.02 |
| Korea Infrastructure Fund II | Korea | December | Financial investment | | 962,547 | 148,741 | 813,806 | 83,943 | 73,212 | 73,212 | 26.67 |
| Korea Ocean Business Corporation | Korea | December | Financial investment | | 14,949,037 | 6,253,986 | 8,695,051 | 606,098 | 803,710 | 625,005 | 20.80 |
| HANJIN KAL (*1) | Korea | December | Holding company | | 4,140,659 | 716,531 | 3,424,128 | 298,362 | 159,182 | 147,461 | 10.65 |
| Korean Air Lines Co., Ltd. (*1) | Korea | December | Air passenger transportation | | 50,406,072 | 38,946,974 | 11,459,098 | 25,225,542 | 647,273 | 631,094 | 3.32 |
| TAEYOUNG ENGINEERING & CONSTRUCTION (*2) | Korea | December | Construction | | 4,127,053 | 3,484,163 | 642,890 | 2,174,484 | 95,829 | 109,608 | 11.49 |

(*1) Although the Group holds less than 20% of equity shares, the Group has significant influence as the Group has a right to appoint members of the investee's Board of Directors. Therefore, the investee is classified as an associate.

(*2) Although the ownership interest is less than 20%, the Group, as the main creditor bank, has initiated management procedures under which the Group is designated as the managing institution and is able to participate in the financial and operating policies of the investee; accordingly, the Group is considered to have significant influence and the investee is classified as an associate.





Korea Development Bank and Subsidiaries

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(In millions of won)

**11. Investments in Associates, Continued**

| | December 31, 2024 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Country | Fiscal year end | Industry | | Assets | Liabilities | Equity | Operating revenue | Profit (loss) for the year | Total compre-hensive income (loss) | Owner-ship (%) |
| Korea Electric Power Co., Ltd. | Korea | December | Electricity generation | ₩ | 246,807,795 | 205,444,962 | 41,362,833 | 93,398,896 | 3,621,968 | 4,070,175 | 32.90 |
| Korea Tourism Organization | Korea | December | Culture and tourism administration | | 1,186,637 | 374,191 | 812,446 | 883,749 | 17,147 | (3,064) | 43.58 |
| HMM Co., Ltd. | Korea | December | Shipping | | 33,848,562 | 5,993,018 | 27,855,544 | 11,700,224 | 3,782,129 | 6,946,998 | 33.73 |
| Hanwha Ocean Co., Ltd. (*1) | Korea | December | Manufacturing | | 17,843,809 | 12,980,459 | 4,863,350 | 10,776,005 | 528,213 | 568,324 | 19.50 |
| GM Korea Company (*1) | Korea | December | Manufacturing | | 9,904,378 | 4,593,449 | 5,310,929 | 14,337,105 | 2,198,818 | 2,084,697 | 17.02 |
| Korea Infrastructure Fund II | Korea | December | Financial investment | | 958,001 | 118,877 | 839,124 | 104,545 | 97,646 | 97,646 | 26.67 |
| Korea Ocean Business Corporation | Korea | December | Financial investment | | 13,718,841 | 5,657,223 | 8,061,618 | 500,210 | (437,522) | 173,900 | 20.80 |
| HANJIN KAL (*1) | Korea | December | Holding company | | 4,207,158 | 893,997 | 3,313,161 | 292,157 | 512,176 | 467,614 | 10.58 |
| Korean Air Lines Co., Ltd. (*1) | Korea | December | Air passenger transportation | | 47,012,066 | 36,048,874 | 10,963,192 | 17,870,718 | 1,381,858 | 1,279,328 | 3.32 |
| TAEYOUNG ENGINEERING & CONSTRUCTION (*2) | Korea | December | Construction | | 4,323,924 | 3,796,725 | 527,199 | 2,686,174 | 66,804 | 31,449 | 11.64 |

(*1) Although the Group holds less than 20% of equity shares, the Group has significant influence as the Group has a right to appoint members of the investee's Board of Directors. Therefore, the investee is classified as an associate.

(*2) Although the ownership interest is less than 20%, the Group, as the main creditor bank, has initiated management procedures under which the Group is designated as the managing institution and is able to participate in the financial and operating policies of the investee; accordingly, the Group is considered to have significant influence and the investee is classified as an associate.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**12. Property and Equipment**

Changes in property and equipment for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | January 1, 2025 | Acquisition/ depreciation | Disposal | Reclassifi-cation, etc. | Foreign exchange differences | Others | December 31, 2025 |
| Acquisition cost: | | | | | | | |
| Land | ₩ 372,464 | 231 | - | 61 | (4) | (124) | 372,628 |
| Buildings and structures | 805,359 | 8,503 | (2,613) | 2,648 | 455 | 4,847 | 819,199 |
| Leasehold improvements | 51,031 | 3,799 | (803) | 2,157 | (727) | - | 55,457 |
| Vehicles | 20,565 | 663 | (176) | - | 33 | (262) | 20,823 |
| Equipment | 144,414 | 15,593 | (30,812) | (1,238) | 1,378 | 10 | 129,345 |
| Construction in progress | 11,334 | 20,957 | - | (17,704) | 145 | (35) | 14,697 |
| Right-of-use assets | 215,504 | 89,915 | (61,511) | 4,913 | (542) | 712 | 248,991 |
| Others | 273,576 | 27,830 | (4,169) | 3,960 | 88 | 5 | 301,290 |
| | 1,894,247 | 167,491 | (100,084) | (5,203) | 826 | 5,153 | 1,962,430 |
| Accumulated depreciation: (*) | | | | | | | |
| Buildings and structures | 322,088 | 23,824 | (1,873) | 204 | 163 | 4,243 | 348,649 |
| Leasehold improvements | 42,380 | 4,022 | (558) | - | (692) | - | 45,152 |
| Vehicles | 15,127 | 1,575 | (141) | - | 8 | (204) | 16,365 |
| Equipment | 125,231 | 8,126 | (30,335) | (455) | 683 | 5 | 103,255 |
| Right-of-use assets | 102,298 | 63,974 | (55,153) | 5,324 | (179) | - | 116,264 |
| Others | 223,734 | 18,085 | (3,804) | - | 18 | 52 | 238,085 |
| | 830,858 | 119,606 | (91,864) | 5,073 | 1 | 4,096 | 867,770 |
| Accumulated impairment losses: | | | | | | | |
| Land | 3,023 | - | - | - | - | - | 3,023 |
| Buildings and structures | 2,849 | - | - | - | - | - | 2,849 |
| Construction in progress | 1,047 | - | - | - | - | - | 1,047 |
| Others | 1,213 | - | - | - | - | - | 1,213 |
| | 8,132 | - | - | - | - | - | 8,132 |
| | ₩ 1,055,257 | 47,885 | (8,220) | (10,276) | 825 | 1,057 | 1,086,528 |

(*) The amounts include government grants.





## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**12. Property and Equipment, Continued**

| | | 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | January 1, 2024 | Acquisition/ depreciation | Disposal | Reclassifi-cation, etc. | Foreign exchange differences | Others | December 31, 2024 |
| Acquisition cost: | | | | | | | |
| Land | ₩ 349,806 | 2,959 | (56) | 19,750 | 5 | - | 372,464 |
| Buildings and structures | 740,091 | 5,354 | - | 59,227 | 687 | - | 805,359 |
| Leasehold improvements | 49,477 | 310 | (281) | 1,309 | 216 | - | 51,031 |
| Vehicles | 19,099 | 2,038 | (1,550) | 847 | 131 | - | 20,565 |
| Equipment | 137,212 | 4,541 | (2,365) | 3,646 | 1,380 | - | 144,414 |
| Construction in progress | 5,505 | 18,254 | - | (12,423) | (2) | - | 11,334 |
| Right-of-use assets | 195,654 | 46,633 | (39,319) | 1,265 | 11,231 | 40 | 215,504 |
| Others | 225,860 | 17,868 | (398) | 29,669 | 562 | 15 | 273,576 |
| | 1,722,704 | 97,957 | (43,969) | 103,290 | 14,210 | 55 | 1,894,247 |
| Accumulated depreciation: (*) | | | | | | | |
| Buildings and structures | 288,946 | 25,894 | - | 6,997 | 251 | - | 322,088 |
| Leasehold improvements | 39,797 | 3,189 | (196) | - | (408) | (2) | 42,380 |
| Vehicles | 14,289 | 1,803 | (1,308) | 231 | 112 | - | 15,127 |
| Equipment | 116,434 | 8,035 | (2,325) | 2,197 | 946 | (56) | 125,231 |
| Right-of-use assets | 76,698 | 52,981 | (32,474) | 287 | 5,093 | (287) | 102,298 |
| Others | 193,185 | 14,379 | (395) | 16,027 | 418 | 120 | 223,734 |
| | 729,349 | 106,281 | (36,698) | 25,739 | 6,412 | (225) | 830,858 |
| Accumulated impairment losses: | | | | | | | |
| Land | 3,023 | - | - | - | - | - | 3,023 |
| Buildings and structures | 2,887 | - | - | (38) | - | - | 2,849 |
| Construction in progress | 1,214 | (167) | - | - | - | - | 1,047 |
| Others | - | 1,213 | - | - | - | - | 1,213 |
| | 7,124 | 1,046 | - | (38) | - | - | 8,132 |
| | ₩ 986,231 | (9,370) | (7,271) | 77,589 | 7,798 | 280 | 1,055,257 |

(*) The amounts include government grants.

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

## 13. Investment Property

Changes in investment property for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | January 1, 2025 | Acquisition/ depreciation/ impairment | Reclassification, etc. | December 31, 2025 |
| Acquisition cost: | | | | | |
| Land | ₩ | 72,690 | - | (3) | 72,687 |
| Buildings and structures | | 164,066 | - | 12,111 | 176,177 |
| | | 236,756 | - | 12,108 | 248,864 |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | 81,745 | 4,463 | 9,227 | 95,435 |
| Accumulated impairment losses: | | | | | |
| Land | | 1,204 | - | - | 1,204 |
| Buildings and structures | | 3,699 | - | - | 3,699 |
| | | 4,903 | - | - | 4,903 |
| | ₩ | 150,108 | (4,463) | 2,881 | 148,526 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | January 1, 2024 | Acquisition/ depreciation/ impairment | Reclassification, etc. | December 31, 2024 |
| Acquisition cost: | | | | | |
| Land | ₩ | 80,191 | - | (7,501) | 72,690 |
| Buildings and structures | | 151,369 | - | 12,697 | 164,066 |
| | | 231,560 | - | 5,196 | 236,756 |
| Accumulated depreciation: | | | | | |
| Buildings and structures | | 76,328 | 4,782 | 635 | 81,745 |
| Accumulated impairment losses: | | | | | |
| Land | | 1,204 | - | - | 1,204 |
| Buildings and structures | | 3,661 | - | 38 | 3,699 |
| | | 4,865 | - | 38 | 4,903 |
| | ₩ | 150,367 | (4,782) | 4,523 | 150,108 |

The fair value of the Group's investment property, as determined on valuation by an independent appraiser, amounts to ₩200,913 million and ₩201,779 million as of December 31, 2025 and 2024, respectively. Additionally, fair value of investment in property is classified as level 3 according to the fair value hierarchy in Note 48.





Korea Development Bank and Subsidiaries

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## 14. Intangible Assets

Changes in intangible assets for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | January 1, 2025 | Acquisition | Disposal | Reclassification | Amortization | Impairment loss | Foreign exchange differences | Others | December 31, 2025 |
| Goodwill | ₩ | 365,931 | - | - | - | - | (20,950) | (826) | (90) | 344,065 |
| Customer-Related Intangible Assets | | 118,440 | - | - | - | (14,025) | - | - | - | 104,415 |
| Membership | | 20,984 | 279 | (1) | - | - | (57) | (10) | (47) | 21,148 |
| Others | | 158,696 | 45,419 | - | (2,107) | (41,796) | (2,496) | 1,382 | (5) | 159,093 |
| | ₩ | 664,051 | 45,698 | (1) | (2,107) | (55,821) | (23,503) | 546 | (142) | 628,721 |

| | | 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | January 1, 2024 | Acquisition | Disposal | Reclassification | Amortization | Impairment loss | Foreign exchange differences | Others | December 31, 2024 |
| Goodwill | ₩ | 234,498 | 130,369 | - | - | - | - | 1,064 | - | 365,931 |
| Customer-Related Intangible Assets | | 84,046 | - | - | 44,695 | (10,301) | - | - | - | 118,440 |
| Membership | | 18,582 | 1,375 | (1,102) | 2,087 | - | (180) | 222 | - | 20,984 |
| Others | | 110,881 | 24,130 | (1,961) | 81,995 | (57,477) | - | 1,118 | 10 | 158,696 |
| | ₩ | 448,007 | 155,874 | (3,063) | 128,777 | (67,778) | (180) | 2,404 | 10 | 664,051 |

## 15. Other Assets

Other assets as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Accounts receivable | ₩ | 3,249,012 | 4,400,198 |
| Unsettled domestic exchange receivables | | 2,544,002 | 1,933,905 |
| Accrued income | | 1,740,943 | 1,814,524 |
| Guarantee deposits | | 603,074 | 518,365 |
| Trade accounts receivables | | 100,590 | 104,368 |
| Inventories | | 110,538 | 94,490 |
| Prepaid expenses | | 43,071 | 52,414 |
| Advance payments | | 61,875 | 58,441 |
| Financial guarantee asset | | 30,421 | 49,409 |
| Reinsurance contract assets | | 219,933 | 2,710 |
| Others | | 91,280 | 245,030 |
| | | 8,794,739 | 9,273,854 |
| Allowance for credit losses | | (90,629) | (86,087) |
| Present value discount | | (12,218) | (5,693) |
| | ₩ | 8,691,892 | 9,182,074 |

(*) The carrying amounts of financial assets included in other assets above amounted to ₩8,268,042 million and ₩8,820,768 million as of December 31, 2025 and 2024, respectively, and their fair value amounted to ₩8,196,810 million and ₩8,744,774 million as of December 31, 2025 and 2024, respectively.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**16. Financial Liabilities Designated at Fair Value Through Profit or Loss**

(1) Financial liabilities designated at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Debentures | ₩ | 1,376,712 | 1,806,079 |
| Deposits | | 515,687 | 583,167 |
| | | 1,892,399 | 2,389,246 |

Changes in fair value of structured debentures and deposits which hedge accounting are applied, are recognized in profit or loss, but structured debentures with no hedge accounting applied to, are measured at amortized costs. Therefore, such structured debentures and deposits, not subject to hedge accounting, have been designated at FVTPL to eliminate mismatch in measurements of accounting profit and loss.

(2) The difference between the carrying amount and contractual cash flow amount of financial liabilities designated at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Carrying amount | ₩ | 1,892,399 | 2,389,246 |
| Contractual cash flow amount | | 2,388,074 | 2,787,200 |
| Difference | ₩ | (495,675) | (397,954) |

**17. Deposits**

Deposits as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| | | Amortized cost (Carrying amounts) | Fair value | Amortized cost (Carrying amounts) | Fair value |
| Deposits in Korean won: | | | | | |
| Demand deposits | ₩ | 82,203 | 82,203 | 104,124 | 104,124 |
| Time and savings deposits | | 47,238,612 | 47,245,686 | 46,234,563 | 46,301,946 |
| Certificates of deposit | | 418,495 | 418,315 | 505,159 | 505,223 |
| | | 47,739,310 | 47,746,204 | 46,843,846 | 46,911,293 |
| Deposits in foreign currencies: | | | | | |
| Demand deposits | | 1,933,458 | 1,934,738 | 1,405,784 | 1,404,800 |
| Time and savings deposits | | 9,256,286 | 9,271,651 | 7,696,290 | 7,659,153 |
| Certificates of deposit | | 10,424,099 | 10,455,029 | 10,078,401 | 10,103,964 |
| | | 21,613,843 | 21,661,418 | 19,180,475 | 19,167,917 |
| Off-shore deposits in foreign currencies: | | | | | |
| Demand deposits | | 517,482 | 517,482 | 1,010,662 | 1,010,662 |
| | ₩ | 69,870,635 | 69,925,104 | 67,034,983 | 67,089,872 |



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**18. Borrowings**

(1) Borrowings as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Minimum interest rate (%) | Maximum interest rate (%) | | Amortized cost | Fair value |
| Borrowings in Korean won | - | 3.53 | ₩ | 5,890,205 | 5,832,660 |
| Borrowings in foreign currencies | - | 5.86 | | 22,037,048 | 22,013,011 |
| Off-shore borrowings in foreign currencies | 1.72 | 5.00 | | 2,052,998 | 2,049,719 |
| Share capital repayable on demand | - | - | | 1,624,813 | 1,624,813 |
| Others | 0.70 | 4.45 | | 6,763,353 | 6,762,146 |
| | | | | 38,368,417 | 38,282,349 |
| Deferred borrowing costs | | | | (4,376) | |
| | | | ₩ | 38,364,041 | |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Minimum interest rate (%) | Maximum interest rate (%) | | Amortized cost | Fair value |
| Borrowings in Korean won | - | 4.51 | ₩ | 6,344,492 | 6,272,347 |
| Borrowings in foreign currencies | 0.40 | 6.91 | | 22,772,395 | 22,726,164 |
| Off-shore borrowings in foreign currencies | 2.25 | 5.32 | | 3,524,014 | 3,508,632 |
| Share capital repayable on demand | - | - | | 1,861,596 | 1,861,596 |
| Others | 0.43 | 5.68 | | 5,014,086 | 4,993,300 |
| | | | | 39,516,583 | 39,362,039 |
| Deferred borrowing costs | | | | (5,708) | |
| | | | ₩ | 39,510,875 | |

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# Notes to the Consolidated Financial Statements

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(In millions of won)

**18. Borrowings, Continued**

(2) Borrowings in Korean won before adjusting for deferred borrowing costs as of December 31, 2025 and 2024 are as follows:

| Lender | Classification | Annual interest rate (%) | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|---|
| The Bank of Korea | Bank of Korea aggregate credit ceiling loans | 1 | ₩ | 220,717 | 330,451 |
| Ministry of Finance and Economy | Borrowings from government fund (*) | 1.94 ~ 2.10 | | 47,473 | 62,184 |
| Korea SMEs and Startups Agency | Borrowings from small and medium enterprise promotion fund | 1.44 ~ 2.64 | | 72,837 | 64,390 |
| Ministry of Culture, Sports and Tourism | Borrowings from tourism promotion fund | 0.35 ~ 1.56 | | 2,908,102 | 2,946,821 |
| Korea Energy Agency | Borrowings from fund for rational use of energy | 0.25 ~ 1.75 | | 329,045 | 280,245 |
| Local governments | Borrowings from local small and medium enterprise promotion fund | 0.50 ~ 2.80 | | 16,505 | 19,160 |
| Others | Borrowings from petroleum enterprise fund | 0.00 ~ 3.53 | | 2,295,526 | 2,641,241 |
| | | | ₩ | 5,890,205 | 6,344,492 |

(*) Borrowings from government funds are subordinated borrowings.

(3) Borrowings and off-shore borrowings in foreign currencies before adjusting for deferred borrowing costs as of December 31, 2025 and 2024 are as follows:

| Lender | Classification | Annual interest rate (%) | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|---|
| Mizuho and others | Bank loans from foreign funds | 2.44 ~ 4.93 | ₩ | 2,894,882 | 2,798,873 |
| Bank of New York Mellon, London and others | Off-shore short-term borrowings | 1.72 ~ 5.40 | | 783,012 | 1,802,827 |
| China Development Bank and others | Off-shore long-term borrowings | 2.07 ~ 5.00 | | 1,269,986 | 1,721,187 |
| Others | Short-term borrowings in foreign currencies | 0.00 ~ 5.29 | | 16,414,193 | 18,639,540 |
| | Long-term borrowings in foreign currencies | 0.10 ~ 5.86 | | 2,727,973 | 1,333,982 |
| | | | ₩ | 24,090,046 | 26,296,409 |



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**19. Debentures**

Debentures as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Minimum interest rate (%) | Maximum interest rate (%) | | Amortized cost (Carrying amounts) | Fair value |
| Debentures in Korean won: | | | | | |
| Debentures | 0.98 | 6.6 | ₩ | 126,405,787 | 126,470,856 |
| Discount on debentures | | | | (130,439) | |
| Valuation adjustment for fair value hedges | | | | (234,040) | |
| | | | | 126,041,308 | |
| Debentures in foreign currencies: | | | | | |
| Debentures | 0.8 | 32.05 | | 32,397,439 | 34,257,454 |
| Discount on debentures | | | | (41,875) | |
| Valuation adjustment for fair value hedges | | | | 241,143 | |
| | | | | 32,596,707 | |
| Off-shore debentures: | | | | | |
| Debentures | 0.17 | 13.42 | | 22,763,769 | 23,769,111 |
| Discount on debentures | | | | (51,314) | |
| Valuation adjustment for fair value hedges | | | | 808,214 | |
| | | | | 23,520,669 | |
| | | | ₩ | 182,158,684 | 184,497,421 |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Minimum interest rate (%) | Maximum interest rate (%) | | Amortized cost (Carrying amounts) | Fair value |
| Debentures in Korean won: | | | | | |
| Debentures | 0.98 | 7.31 | ₩ | 121,315,121 | 122,226,287 |
| Discount on debentures | | | | (183,201) | |
| Valuation adjustment for fair value hedges | | | | (120,391) | |
| | | | | 121,011,529 | |
| Debentures in foreign currencies: | | | | | |
| Debentures | 0.75 | 11.24 | | 29,840,301 | 30,907,953 |
| Discount on debentures | | | | (41,686) | |
| Valuation adjustment for fair value hedges | | | | (444,832) | |
| | | | | 29,353,783 | |
| Off-shore debentures: | | | | | |
| Debentures | 0.17 | 11.21 | | 21,912,153 | 22,276,988 |
| Discount on debentures | | | | (56,870) | |
| Valuation adjustment for fair value hedges | | | | 224,048 | |
| | | | | 22,079,331 | |
| | | | ₩ | 172,444,643 | 175,411,228 |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**20. Insurance Liabilities**

(1) Details of insurance contract liabilities and reinsurance contract assets (liabilities) by portfolio as of December 31, 2025 and 2024, are as follows:

< Direct insurance >

| | | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | General model | | | Variable fee approach | | |
| Classification | Portfolio | | Best estimate liability | Risk adjustment | Contractual service margin | Best estimate liability | Risk adjustment | Contractual service margin |
| Non-Par | Dividend death | ₩ | 108,444 | 622 | 2,347 | - | - | - |
| | Non-dividend death | | 1,653,500 | 65,903 | 292,651 | - | - | - |
| | Dividend health | | 36,738 | 532 | 565 | - | - | - |
| | Non-dividend health | | 2,357,300 | 48,843 | 18,544 | - | - | - |
| | Dividend pension | | 1,333,220 | 5,863 | 1,320 | - | - | - |
| | Non-dividend pension | | 12,486 | 23 | 429 | - | - | - |
| | Dividend others | | 2,186 | - | - | - | - | - |
| | Non-dividend others | | - | - | - | - | - | - |
| Indirect-Par | Dividend death | | - | - | - | - | - | - |
| | Non-dividend death | | 1,943,071 | 57,269 | 38,528 | - | - | - |
| | Dividend health | | - | - | - | - | - | - |
| | Non-dividend health | | 401,842 | 4,478 | 39,797 | - | - | - |
| | Dividend pension | | 1,132,710 | 3,055 | 12,592 | - | - | - |
| | Non-dividend pension | | 5,167,675 | 19,570 | 140,913 | - | - | - |
| | Asset-linked pension | | 184,973 | 408 | 3,022 | - | - | - |
| | Dividend others | | 314 | - | - | - | - | - |
| | Non-dividend others | | - | - | - | - | - | - |
| Direct-Par | Variable death | | - | - | - | 215,058 | 3,484 | 26,539 |
| | Variable health | | - | - | - | - | - | - |
| | Variable pension | | - | - | - | 548,189 | 6,349 | 195,766 |
| | Variable others | | - | - | - | - | - | - |
| | | ₩ | 14,334,459 | 206,566 | 550,708 | 763,247 | 9,833 | 222,305 |





## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**20. Insurance Liabilities, Continued**

| | | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | General model | | | Variable fee approach | | |
| Classification | Portfolio | | Best estimate liability | Risk adjustment | Contractual service margin | Best estimate liability | Risk adjustment | Contractual service margin |
| Non-Par | Dividend death | ₩ | 114,413 | 636 | 2,962 | - | - | - |
| | Non-dividend death | | 1,316,867 | 52,199 | 355,007 | - | - | - |
| | Dividend health | | 40,506 | 538 | 1,103 | - | - | - |
| | Non-dividend health | | 2,272,517 | 47,807 | 167,077 | - | - | - |
| | Dividend pension | | 1,398,700 | 5,884 | 898 | - | - | - |
| | Non-dividend pension | | 22,166 | 25 | 646 | - | - | - |
| | Dividend others | | 2,589 | - | - | - | - | - |
| | Non-dividend others | | - | - | - | - | - | - |
| Indirect-Par | Dividend death | | - | - | - | - | - | - |
| | Non-dividend death | | 1,980,034 | 55,432 | 46,836 | - | - | - |
| | Dividend health | | - | - | - | - | - | - |
| | Non-dividend health | | 388,228 | 4,482 | 54,935 | - | - | - |
| | Dividend pension | | 1,260,342 | 2,821 | 12,941 | - | - | - |
| | Non-dividend pension | | 6,130,623 | 15,568 | 127,365 | - | - | - |
| | Asset-linked pension | | 199,371 | 331 | 2,205 | - | - | - |
| | Dividend others | | 326 | - | - | - | - | - |
| | Non-dividend others | | - | - | - | - | - | - |
| Direct-Par | Variable death | | - | - | - | 204,307 | 3,086 | 1,332 |
| | Variable health | | - | - | - | - | - | - |
| | Variable pension | | - | - | - | 444,617 | 8,961 | 91,738 |
| | Variable Others | | - | - | - | - | - | - |
| | | ₩ | 15,126,682 | 185,723 | 771,975 | 648,924 | 12,047 | 93,070 |

< Reinsurance contract >

| | | December 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|---|
| Portfolio | | Best estimate liability | Risk adjustment | Contractual service margin | Best estimate liability | Risk adjustment | Contractual service margin |
| Death | ₩ | 196,045 | 7,701 | 16,185 | (38,016) | 7,984 | 32,742 |
| Health | | (9,574) | 2,621 | (6,074) | (4,766) | 29,386 | (34,922) |
| | ₩ | 186,471 | 10,322 | 10,111 | (42,782) | 37,370 | (2,180) |

# Korea Development Bank and Subsidiaries

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**20. Insurance Liabilities, Continued**

(2) Changes in insurance contract liabilities for the years ended December 31, 2025 and 2024 are as follows:

| 2025 | Liability for remaining coverage: Excluding loss component | Liability for remaining coverage: Loss Component | Liability for incurred claims | Insurance contract liabilities (assets) |
|---|---|---|---|---|
| 1. Opening balance: | | | | |
| (1) Insurance contract assets | ₩ - | - | - | - |
| (2) Insurance contract liabilities | 15,858,860 | 45,227 | 934,332 | 16,838,419 |
| | 15,858,860 | 45,227 | 934,332 | 16,838,419 |
| 2. Insurance revenue | (541,556) | - | - | (541,556) |
| 3. Insurance service expenses: | | | | |
| (1) Incurred claims and insurance service expenses | - | (2,466) | 386,806 | 384,340 |
| (2) Amortization of insurance acquisition cash flows | 98,442 | - | - | 98,442 |
| (3) Changes in fulfilment cash flows in the liability for incurred claims | - | - | (12,063) | (12,063) |
| (4) Losses and reversals of losses on onerous contracts | - | 49,571 | - | 49,571 |
| | 98,442 | 47,105 | 374,743 | 520,290 |
| 4. Investment components | (2,047,054) | - | 2,047,054 | - |
| 5. Insurance service result (2+3+4) | (2,490,168) | 47,105 | 2,421,797 | (21,266) |
| 6. Insurance finance income or expenses | | | | |
| (1) Profit or loss | 636,083 | 1,322 | 30,267 | 667,672 |
| (2) Other comprehensive income | (587,082) | - | (12) | (587,094) |
| | 49,001 | 1,322 | 30,255 | 80,578 |
| 7. Cash flows: | | | | |
| (1) Premiums received | 1,999,942 | - | - | 1,999,942 |
| (2) Insurance acquisition cash flows | (263,531) | - | - | (263,531) |
| (3) Incurred claims paid and other insurance service expenses paid | - | - | (2,547,026) | (2,547,026) |
| | 1,736,411 | - | (2,547,026) | (810,615) |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Insurance contract assets | - | - | - | - |
| (2) Insurance contract liabilities | 15,154,103 | 93,655 | 839,360 | 16,087,118 |
| | ₩ 15,154,103 | 93,655 | 839,360 | 16,087,118 |





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

20. Insurance Liabilities, Continued

| 2024 | Liability for remaining coverage: Excluding loss component | Liability for remaining coverage: Loss Component | Liability for incurred claims | Insurance contract liabilities (assets) |
|---|---|---|---|---|
| 1. Opening balance: | | | | |
| (1) Insurance contract assets | ₩ - | - | - | - |
| (2) Insurance contract liabilities | 15,346,456 | 25,113 | 967,603 | 16,339,172 |
| | 15,346,456 | 25,113 | 967,603 | 16,339,172 |
| 2. Insurance revenue | (545,164) | - | - | (545,164) |
| 3. Insurance service expenses: | | | | |
| (1) Incurred claims and insurance service expenses | - | (1,759) | 361,452 | 359,693 |
| (2) Amortization of insurance acquisition cash flows | 83,107 | - | - | 83,107 |
| (3) Changes in fulfilment cash flows in the liability for incurred claims | - | - | (25,495) | (25,495) |
| (4) Losses and reversals of losses on onerous contracts | - | 20,748 | - | 20,748 |
| | 83,107 | 18,989 | 335,957 | 438,053 |
| 4. Investment components | (2,183,222) | - | 2,183,222 | - |
| 5. Insurance service result (2+3+4) | (2,645,279) | 18,989 | 2,519,179 | (107,111) |
| 6. Insurance finance income or expenses | | | | |
| (1) Profit or loss | 481,573 | 1,125 | 33,064 | 515,762 |
| (2) Other comprehensive income | 956,282 | - | 783 | 957,065 |
| | 1,437,855 | 1,125 | 33,847 | 1,472,827 |
| 7. Cash flows: | | | | |
| (1) Premiums received | 2,051,397 | - | - | 2,051,397 |
| (2) Insurance acquisition cash flows | (331,568) | - | - | (331,568) |
| (3) Incurred claims paid and other insurance service expenses paid | - | - | (2,586,297) | (2,586,297) |
| | 1,719,829 | - | (2,586,297) | (866,468) |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Insurance contract assets | - | - | - | - |
| (2) Insurance contract liabilities | 15,858,861 | 45,227 | 934,332 | 16,838,420 |
| | ₩ 15,858,861 | 45,227 | 934,332 | 16,838,420 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**20. Insurance Liabilities, Continued**

(3) Changes in reinsurance contract assets (liabilities) which the Group does not apply the premium allocation approach for the years ended December 31, 2025 and 2024 are as follows

| | 2025 | | | |
|---|---|---|---|---|
| | Liability for remaining coverage | | | |
| | Excluding loss recovery component | Loss recovery component | Liability for incurred claims | Reinsurance contract assets (liabilities) |
| 1. Opening balance: | | | | |
| (1) Reinsurance contract assets | ₩ (8,985) | 2,153 | 9,411 | 2,579 |
| (2) Reinsurance contract liabilities | (37,507) | 5,671 | 21,535 | (10,301) |
| | (46,492) | 7,824 | 30,946 | (7,722) |
| 2. Reinsurance service expenses | (44,915) | - | - | (44,915) |
| 3. Reinsurance revenue: | | | | |
| (1) Possible recoveries on incurred claims and incurred reinsurance service expenses | - | (203) | 42,611 | 42,408 |
| (2) Changes in fulfilment cash flows in the liability for incurred claims | - | - | (18,397) | (18,397) |
| (3) Recognition and reversal of loss recovery component | - | 5,140 | - | 5,140 |
| | - | 4,937 | 24,214 | 29,151 |
| 4. Investment components | (76,769) | - | 76,769 | - |
| 5. Reinsurance service result (2+3+4) | (121,684) | 4,937 | 100,983 | (15,764) |
| 6. Reinsurance finance income or expenses | | | | |
| (1) The effect of changes in default risk of reinsurers | 109 | - | 13 | 122 |
| (2) Profit or loss | (239) | 129 | 477 | 367 |
| (3) Other comprehensive income | (10,032) | - | (24) | (10,056) |
| | (10,162) | 129 | 466 | (9,567) |
| 7. Cash flows: | | | | |
| (1) Reinsurance premiums paid | 298,102 | - | - | 298,102 |
| (2) Recoveries from reinsurer | - | - | (58,144) | (58,144) |
| | 298,102 | - | (58,144) | 239,958 |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Reinsurance contract assets | 199,097 | 7,340 | 13,496 | 219,933 |
| (2) Reinsurance contract liabilities | (79,333) | 5,549 | 60,756 | (13,028) |
| | ₩ 119,764 | 12,889 | 74,252 | 206,905 |





Korea Development Bank and Subsidiaries

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(In millions of won)

| | 2024 | | | |
|---|---|---|---|---|
| | Liability for remaining coverage | | | |
| | Excluding loss recovery component | Loss recovery component | Liability for incurred claims | Reinsurance contract assets (liabilities) |
| 1. Opening balance: | | | | |
| (1) Reinsurance contract assets | ₩ (2,690) | 1,955 | 13,416 | 12,681 |
| (2) Reinsurance contract liabilities | (41,326) | 1,746 | 12,003 | (27,577) |
| | (44,016) | 3,701 | 25,419 | (14,896) |
| 2. Reinsurance service expenses | (27,597) | - | - | (27,597) |
| 3. Reinsurance revenue: | | | | |
| (1) Possible recoveries on incurred claims and incurred reinsurance service expenses | - | (226) | 30,747 | 30,521 |
| (2) Changes in fulfilment cash flows in the liability for incurred claims | - | - | (638) | (638) |
| (3) Recognition and reversal of loss recovery component | - | 4,196 | - | 4,196 |
| | - | 3,970 | 30,109 | 34,079 |
| 4. Investment components | (17,820) | - | 17,820 | - |
| 5. Reinsurance service result (2+3+4) | (45,417) | 3,970 | 47,929 | 6,482 |
| 6. Reinsurance finance income or expenses | | | | |
| (1) The effect of changes in default risk of reinsurers | 414 | - | (9) | 405 |
| (2) Profit or loss | (1,190) | 153 | 398 | (639) |
| (3) Other comprehensive income | (5,857) | - | 101 | (5,756) |
| | (6,633) | 153 | 490 | (5,990) |
| 7. Cash flows: | | | | |
| (1) Reinsurance premiums paid | 49,575 | - | - | 49,575 |
| (2) Recoveries from reinsurer | - | - | (42,892) | (42,892) |
| | 49,575 | - | (42,892) | 6,683 |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Reinsurance contract assets | (8,984) | 2,153 | 9,411 | 2,580 |
| (2) Reinsurance contract liabilities | (37,507) | 5,671 | 21,535 | (10,301) |
| | ₩ (46,491) | 7,824 | 30,946 | (7,721) |

### Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**20. Insurance Liabilities, Continued**

(4) Changes in components of insurance contract liabilities for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | Present value of estimated future cash flow | Risk adjustment for non-financial risks | Contractual service margin | Insurance contract liabilities (assets) |
| 1. Opening balance: | | | | |
| (1) Insurance contract assets | ₩ - | - | - | - |
| (2) Insurance contract liabilities | 15,775,605 | 197,769 | 865,045 | 16,838,419 |
| | 15,775,605 | 197,769 | 865,045 | 16,838,419 |
| 2. Changes related to future services: | | | | |
| (1) Changes in estimates adjusting contractual service margin | 276,684 | 8,706 | (285,390) | - |
| (2) Losses on onerous contracts and reversals | 44,604 | 887 | - | 45,491 |
| (3) Effects of new contracts | (250,652) | 20,938 | 233,793 | 4,079 |
| | 70,636 | 30,531 | (51,597) | 49,570 |
| 3. Changes related to current services: | | | | |
| (1) Contractual service margin recognized in profit or loss to reflect services provided | - | - | (68,757) | (68,757) |
| (2) Changes in risk adjustments for non-financial risks | - | (12,184) | - | (12,184) |
| (3) Changes in risk adjustments for non-financial risks_Incurred claims | - | 71 | - | 71 |
| (4) Experience adjustment | 22,095 | - | - | 22,095 |
| | 22,095 | (12,113) | (68,757) | (58,775) |
| 4. Changes related to past services | | | | |
| (1) Changes in fulfilment cash flows in the liability for incurred claims | (12,276) | 213 | - | (12,063) |
| | (12,276) | 213 | - | (12,063) |
| 5. Insurance service result (2+3+4) | 80,455 | 18,631 | (120,354) | (21,268) |
| 6. Insurance finance income or expenses | | | | |
| (1) Profit or loss | 639,351 | - | 28,321 | 667,672 |
| (2) Other comprehensive income | (587,094) | - | - | (587,094) |
| | 52,257 | - | 28,321 | 80,578 |
| 7. Cash flows: | | | | |
| (1) Premiums received | 1,999,942 | - | - | 1,999,942 |
| (2) Insurance acquisition cash flows | (263,531) | - | - | (263,531) |
| (3) Incurred claims paid and other insurance service expenses paid | (2,547,026) | - | - | (2,547,026) |
| | (810,615) | - | - | (810,615) |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Insurance contract assets | - | - | - | - |
| (2) Insurance contract liabilities | 15,097,704 | 216,400 | 773,012 | 16,087,116 |
| | ₩ 15,097,704 | 216,400 | 773,012 | 16,087,116 |





### Korea Development Bank and Subsidiaries

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(In millions of won)

**20. Insurance Liabilities, Continued**

| | 2024 | | | |
|---|---|---|---|---|
| | Present value of estimated future cash flow | Risk adjustment for non-financial risks | Contractual service margin | Insurance contract liabilities (assets) |
| 1. Opening balance: | | | | |
| (1) Insurance contract assets | ₩ - | - | - | - |
| (2) Insurance contract liabilities | 15,567,456 | 188,669 | 583,047 | 16,339,172 |
| | 15,567,456 | 188,669 | 583,047 | 16,339,172 |
| 2. Changes related to future services: | | | | |
| (1) Changes in estimates adjusting contractual service margin | (3,682) | 4,541 | (859) | - |
| (2) Losses on onerous contracts and reversals | 20,041 | 109 | - | 20,150 |
| (3) Effects of new contracts | (345,125) | 17,501 | 328,222 | 598 |
| | (328,766) | 22,151 | 327,363 | 20,748 |
| 3. Changes related to current services: | | | | |
| (1) Contractual service margin recognized in profit or loss to reflect services provided | - | - | (71,049) | (71,049) |
| (2) Changes in risk adjustments for non-financial risks | - | (12,749) | - | (12,749) |
| (3) Changes in risk adjustments for non-financial risks_Incurred claims | - | 52 | - | 52 |
| (4) Experience adjustment | (18,619) | - | - | (18,619) |
| | (18,619) | (12,697) | (71,049) | (102,365) |
| 4. Changes related to past services | | | | |
| (1) Changes in fulfilment cash flows in the liability for incurred claims | (25,142) | (353) | - | (25,495) |
| | (25,142) | (353) | - | (25,495) |
| 5. Insurance service result (2+3+4) | (372,527) | 9,101 | 256,315 | (107,111) |
| 6. Insurance finance income or expenses | | | | |
| (1) Profit or loss | 490,079 | - | 25,683 | 515,762 |
| (2) Other comprehensive income | 957,065 | - | - | 957,065 |
| | 1,447,144 | - | 25,683 | 1,472,827 |
| 7. Cash flows: | | | | |
| (1) Premiums received | 2,051,397 | - | - | 2,051,397 |
| (2) Insurance acquisition cash flows | (331,568) | - | - | (331,568) |
| (3) Incurred claims paid and other insurance service expenses paid | (2,586,297) | - | - | (2,586,297) |
| | (866,468) | - | - | (866,468) |
| 8. Closing balance (1+5+6+7): | | | | |
| (1) Insurance contract assets | - | - | - | - |
| (2) Insurance contract liabilities | 15,775,605 | 197,770 | 865,045 | 16,838,420 |
| | ₩ 15,775,605 | 197,770 | 865,045 | 16,838,420 |

Korea Development Bank and Subsidiaries

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(In millions of won)

**20. Insurance Liabilities, Continued**

(5) The total amount recognized as insurance finance income or expenses, the amount recognized as other comprehensive income among insurance finance income or expenses, and investment gains or losses on assets for the years ended December 31, 2025 and 2024, are as follows.

| | | 2025 | 2024 |
|---|---|---|---|
| 1. Gains (losses) from the investments | | | |
| (1) Profit or loss | | | |
| 1) Interest income | ₩ | 371,982 | 558,577 |
| 2) Evaluation and transaction gains and losses | | 9,893 | (111,816) |
| 3) Other investment gains and losses | | 211,872 | 14,288 |
| | | 593,747 | 461,049 |
| (2) Other comprehensive income | | (587,343) | 320,633 |
| | | 6,404 | 781,682 |
| 2. Insurance finance income or expenses recognized in | | | |
| (1) Profit or loss | | (667,672) | (515,762) |
| (2) Other comprehensive income | | 587,094 | (957,065) |
| | | (80,578) | (1,472,827) |
| 3. Reinsurance finance income or expenses recognized in: | | | |
| (1) Profit or loss | | 489 | (234) |
| (2) Other comprehensive income | | (10,056) | (5,756) |
| | | (9,567) | (5,990) |
| 4. Total financial gains or losses | ₩ | (83,741) | (697,135) |



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(In millions of won)

**21. Net Defined Benefit Liabilities (Assets)**

(1) Details of net defined benefit liabilities (assets) as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Present value of defined benefit obligation | ₩ | 563,745 | 528,170 |
| Fair value of plan assets | | (600,718) | (551,136) |
| Net defined benefit liabilities (assets) | | (36,973) | (22,966) |
| Liabilities for other long-term employment benefits | | 2,163 | 1,436 |
| | ₩ | (34,810) | (21,530) |

(2) Changes in net defined benefit liabilities (assets) and liabilities for other long-term employment benefits for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) | Liabilities for other long-term employment benefits |
| Beginning balance | ₩ | 528,170 | (551,136) | (22,966) | 1,436 |
| Current service costs | | 44,994 | - | 44,994 | 66 |
| Interest expense (income) | | 20,325 | (21,125) | (800) | 24 |
| Remeasurements of defined benefit liabilities: | | | | | |
| Demographic assumption | | 6,497 | - | 6,497 | 152 |
| Financial assumption | | (14,394) | 2,760 | (11,634) | 73 |
| Return on plan assets | | - | 497 | 497 | - |
| Experience adjustment | | 13,538 | 109 | 13,647 | 373 |
| | | 5,641 | 3,366 | 9,007 | 598 |
| Payments from the plan | | (35,845) | 46,635 | 10,790 | (91) |
| Reclassification, etc. | | (133) | - | (133) | - |
| Contribution to the plan | | - | (75,863) | (75,863) | - |
| Others | | 593 | (2,595) | (2,002) | 130 |
| Ending balance | ₩ | 563,745 | (600,718) | (36,973) | 2,163 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) | Liabilities for other long-term employment benefits |
| Beginning balance | ₩ | 468,523 | (544,916) | (76,393) | 900 |
| Current service costs | | 38,036 | - | 38,036 | 50 |
| Interest expense (income) | | 20,154 | (23,941) | (3,787) | 21 |
| Remeasurements of defined benefit liabilities: | | | | | |
| Demographic assumption | | 539 | - | 539 | 5 |
| Financial assumption | | 23,509 | 2,961 | 26,470 | 24 |
| Return on plan assets | | - | 811 | 811 | 190 |
| Experience adjustment | | 7,645 | - | 7,645 | - |
| | | 31,693 | 3,772 | 35,465 | 219 |
| Payments from the plan | | (37,645) | 39,130 | 1,485 | (114) |
| Reclassification, etc. | | 7,948 | (9,078) | (1,130) | - |
| Contribution to the plan | | - | (19,224) | (19,224) | - |
| Others | | (539) | 3,121 | 2,582 | 360 |
| Ending balance | ₩ | 528,170 | (551,136) | (22,966) | 1,436 |

**Korea Development Bank and Subsidiaries**

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**21. Net Defined Benefit Liabilities (Assets), Continued**

(3) Fair value of plan assets for each type as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| | | Quoted market prices | Unquoted market prices | Quoted market prices | Unquoted market Prices |
| Equity securities | ₩ | 67 | - | 1,577 | - |
| Debt securities | | 39,856 | - | 23,650 | - |
| Due from financial institutions | | - | 549,458 | - | 516,968 |
| Others | | 10,750 | 587 | 8,408 | 533 |
| | ₩ | 50,673 | 550,045 | 33,635 | 517,501 |

(4) Defined benefit costs recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Current service costs | ₩ | 44,994 | 38,036 |
| Interest expense, net | | (800) | (3,787) |
| | ₩ | 44,194 | 34,249 |

(5) The principal actuarial assumptions used as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Discount rate (%) | 2.40 ~ 7.30 | 3.20 ~ 7.30 |
| Future salary increasing rate (%) | 3.33 ~ 8.00 | 3.64 ~ 5.50 |

(6) The present value sensitivity of defined benefit obligation as changes in principle actuarial assumptions as of December 31, 2025 is as follows:

| | Sensitivity | |
|---|---|---|
| | 1% increase in assumption | 1% decrease in assumption |
| Discount rate | 7.81% decrease | 9.00% increase |
| Future salary increasing rate | 9.04% increase | 7.99% decrease |

(7) The weighted average duration of defined benefit obligation is 8.75 years and 8.97 years as of December 31, 2025 and 2024, respectively. Reasonable estimation of expected contributions to the plans for the next reporting period is ₩6,090 million.



**Korea Development Bank and Subsidiaries**

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**22. Provisions**

(1) Provisions as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Provision for payment guarantees | ₩ | 249,360 | 434,989 |
| Provision for unused commitments | | 288,910 | 328,488 |
| Provision for financial guarantees | | 11,739 | 7,436 |
| Provision for litigations | | 51,650 | 50,352 |
| Provision for restoration costs | | 20,360 | 18,798 |
| Provision for contributions to the High Tech Strategic Industry Fund ("High-Tech Fund") | | 339,446 | - |
| Other provision | | 15,618 | 5,642 |
| | ₩ | 977,083 | 845,705 |

(2) Changes in provision for payment guarantees for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit losses | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 215,589 | 190,182 | 29,218 | 434,989 |
| Transfer to 12-month expected credit loss | | 35,558 | (20,520) | (15,038) | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (367) | 404 | (37) | - |
| Transfer to credit-impaired exposures | | (136) | (525) | 661 | - |
| Reversal of payment guarantees | | (107,629) | (54,687) | (12,377) | (174,693) |
| Foreign currency translation | | 557 | (11,309) | (184) | (10,936) |
| Ending balance | ₩ | 143,572 | 103,545 | 2,243 | 249,360 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Lifetime expected credit losses | | |
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 230,442 | 317,136 | 44,524 | 592,102 |
| Transfer to 12-month expected credit loss | | 25,360 | (25,353) | (7) | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (31,313) | 31,331 | (18) | - |
| Transfer to credit-impaired exposures | | (978) | (314) | 1,292 | - |
| Reversal of payment guarantees | | (9,490) | (162,576) | (38,268) | (210,334) |
| Foreign currency translation | | 1,568 | 29,958 | 21,695 | 53,221 |
| Ending balance | ₩ | 215,589 | 190,182 | 29,218 | 434,989 |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**22. Provisions, Continued**

(3) Changes in provision for unused commitments for the years ended December 31, 2025 and 2024 are as follows:

**2025**

| | | | Lifetime expected credit losses | | |
|---|---|---|---|---|---|
| | | 12-month expected credit loss | Non credit-impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 48,563 | 204,154 | 75,771 | 328,488 |
| Transfer to 12-month expected credit loss | | 85,218 | (73,143) | (12,075) | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (40,488) | 42,905 | (2,417) | - |
| Transfer to credit-impaired exposures | | (2,840) | (1,311) | 4,151 | - |
| Provision for (reversal of) unused commitments | | 37,881 | (15,687) | (59,306) | (37,112) |
| Foreign currency translation | | (2,022) | (402) | (39) | (2,463) |
| Others | | (2) | - | - | (2) |
| Ending balance | ₩ | 126,310 | 156,516 | 6,085 | 288,911 |

**2024**

| | | | Lifetime expected credit losses | | |
|---|---|---|---|---|---|
| | | 12-month expected credit loss | Non credit-impaired | Credit-Impaired | Total |
| Beginning balance | ₩ | 19,700 | 350,789 | 11,419 | 381,908 |
| Transfer to 12-month expected credit loss | | 14,905 | (14,898) | (7) | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (23,938) | 24,464 | (526) | - |
| Transfer to credit-impaired exposures | | - | (2,130) | 2,130 | - |
| Provision for (reversal of) unused commitments | | 29,209 | (157,610) | 62,644 | (65,757) |
| Foreign currency translation | | 8,709 | 3,539 | 111 | 12,359 |
| Others | | (22) | - | - | (22) |
| Ending balance | ₩ | 48,563 | 204,154 | 75,771 | 328,488 |



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

22. Provisions, Continued

(4) Changes in provision for financial guarantees for the years ended December 31, 2025 and 2024 are as follows:

**2025**

| | | | Lifetime expected credit losses | | |
|---|---|---|---|---|---|
| | | 12-month expected credit loss | Non credit-Impaired | Credit-impaired | Total |
| Beginning balance | ₩ | 2,923 | 3,162 | 1,351 | 7,436 |
| Transfer to 12-month expected credit loss | | - | - | - | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (1,746) | 1,746 | - | - |
| Transfer to credit-impaired exposures | | - | (3,362) | 3,362 | - |
| Provision for (reversal of) financial guarantee | | 754 | 3,713 | (164) | 4,303 |
| Ending balance | ₩ | 1,931 | 5,259 | 4,549 | 11,739 |

**2024**

| | | | Lifetime expected credit losses | | |
|---|---|---|---|---|---|
| | | 12-month expected credit loss | Non credit-Impaired | Credit-Impaired | Total |
| Beginning balance | ₩ | 3,125 | 42,043 | 5,321 | 50,489 |
| Transfer to 12-month expected credit loss | | - | - | - | - |
| Transfer to lifetime expected credit losses: | | | | | |
| Transfer to non credit-impaired exposures | | (260) | 260 | - | - |
| Transfer to credit-impaired exposures | | - | (14) | 14 | - |
| Provision for (reversal of) financial guarantee | | 58 | (39,127) | (3,984) | (43,053) |
| Ending balance | ₩ | 2,923 | 3,162 | 1,351 | 7,436 |

## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(In millions of won)

**22. Provisions, Continued**

(5) Changes in provision for litigation, provision for restoration costs and other provision for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | Provision for litigations | Provision for restoration costs | Provision for contributions to High-Tech Fund (*) | Other provisions |
| Beginning balance | ₩ | 50,352 | 18,798 | - | 5,642 |
| Increase (reversal) of provision | | 1,271 | (1,292) | 339,446 | (325) |
| Provision used | | 10 | (347) | - | - |
| Foreign exchange differences | | 16 | (2) | - | 59 |
| Others | | 1 | 3,203 | - | 10,242 |
| Ending balance | ₩ | 51,650 | 20,360 | 339,446 | 15,618 |

(*) Pursuant to Article 29-7 of the Korea Development Bank Act, the Group established the High Tech Strategic Industry Fund ("High-Tech Fund") in 2025. In accordance with the agreement entered with the High-Tech Fund, the Group plans to make contributions up to a total amount of ₩350,000 million for the period from January 1, 2026 to December 31, 2027. In relation to this contribution agreement, the Group recognized a provision to reflect its obligation as of the reporting date. The provision was measured at present value by discounting the expected future cash outflows for the contributions using a discount rate based on the interest rate of Industrial Financial Debentures. As a result, the provision recognized as of December 31, 2025 amounted to ₩339,446 million, which was recognized as loss for the year ended December 31, 2025.

| | | 2024 | | |
|---|---|---|---|---|
| | | Lawsuit provision | Restoration provision | Other provision |
| Beginning balance | ₩ | 319 | 17,851 | 33,321 |
| Increase (reversal) of provision | | 21,356 | (388) | (125) |
| Provision used | | 23 | (734) | - |
| Foreign exchange differences | | (2) | 12 | 6 |
| Others | | 28,656 | 2,057 | (27,560) |
| Ending balance | ₩ | 50,352 | 18,798 | 5,642 |

(6) Provision for payment guarantees and financial guarantee
Confirmed acceptances and guarantees, unconfirmed acceptances and guarantees and bills endorsed are not recognized on the statement of financial position, but are disclosed as off-statement of financial position items in the notes to the financial statements. The Group provides a provision for such off-statement of financial position items, applying a Credit Conversion Factor ("CCF") and provision rates under the Group's expected credit loss model, and records the provision as a reserve for expected credit losses on acceptances and guarantees.

In the case of financial guarantee contracts, when the amount calculated using the same method as above is greater than the initial amount less amortization of fees recognized, the difference is recorded as provision for financial guarantee.

(7) Provision for unused commitments
The Group records a provision for a certain portion of unused credit lines which is calculated using a CCF as provision for unused commitments applying provision rates under the Group's expected credit loss model.





## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(In millions of won)

**22. Provisions, Continued**

(8) Provision for litigations
As of December 31, 2025, the Group is involved in 49 lawsuits as a plaintiff and 50 lawsuits as a defendant related to operating activities. The aggregate amounts of claims as a plaintiff and a defendant amounted to ₩52,448 million and ₩55,584 million, respectively. The Group provided a provision against contingent loss from pending lawsuits as of December 31, 2025. Additional losses may be incurred depending on the result of pending lawsuits.

Major lawsuits in progress as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Contents | | Amounts | Status of lawsuit |
| Plaintiff: | | | | |
| Hana Bank | Claim for transaction amount | ₩ | 6,164 | 1st trial in progress |
| SK Securities Co., Ltd. and Water Bridge Partners Corporation | Claim for damages | | 7,000 | 1st trial in progress |
| Defendant: | | | | |
| Shinhan Bank and Woori Bank | Claim for damages | | 31,711 | 1st trial ruled in favor of the Group; 2nd trial ruled partially against the Group, 3rd trial in progress |
| One individual | Claim for cancellation of pledge | | 8,610 | 1st and 2nd trial ruled in favor of the Group; 3rd trial in progress |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Contents | | Amounts | Status of lawsuit |
| Plaintiff: | | | | |
| Hanil Engineering & Construction Co., Ltd | Appeal against the confirmed decision on Investigation | ₩ | 16,900 | 1st trial in progress |
| SK Securities Co.,Ltd. and Water Bridge Partners Corporation | Claim for damages | | 7,000 | 1st trial in progress |
| Defendant: | | | | |
| 257 individuals including Mr. Kang | Claim for wage | | 41,853 | 1st trial in progress |
| Shinhan Bank and Woori Bank | Claim for damages | | 31,711 | 1st trial ruled in favor of the Group; 2nd trial ruled partially against the Group |
| Dongbu Corporation | Claim for objection of request (participation to support) | | 19,658 | 1st trial in progress |
| One individual | Claim for cancellation of pledge | | 8,610 | 1st trial ruled in favor of the Group; 2nd trial in progress |

(9) Other provision
The Group recognized other provision as a reserve for other miscellaneous purpose.

(10) Other contingency
As of December 31, 2025, the Fair Trade Commission is conducting an investigation into whether domestic financial institutions, including the Korea Development Bank, engaged in any unfair collusive practices in connection with the auctions of Korea Treasury Bonds. At present, the outcome of the investigation cannot be predicted.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

## 23. Other Liabilities

Other liabilities as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Accounts payable | ₩ | 3,167,215 | 4,372,555 |
| Lease liabilities | | 171,295 | 140,983 |
| Accrued expense | | 3,387,638 | 3,148,552 |
| Advance receipts | | 7,119 | 8,926 |
| Unearned income | | 167,207 | 180,805 |
| Deposits withholding tax | | 70,287 | 76,013 |
| Guarantee money received | | 1,016,712 | 1,498,986 |
| Foreign exchanges payable | | 22,956 | 23,229 |
| Domestic exchange payable | | 254,332 | 255,049 |
| Borrowing from trust accounts | | 1,584,520 | 947,785 |
| Financial guarantee liability | | 34,299 | 32,230 |
| Trade payable | | 62,541 | 40,786 |
| Others | | 166,010 | 315,840 |
| | | 10,112,131 | 11,041,739 |
| Present value discount | | (100,349) | (93,199) |
| | ₩ | 10,011,782 | 10,948,540 |

The carrying amount of financial liabilities included in other liabilities above amounted to ₩9,675,253 million and ₩10,451,521 million as of December 31, 2025 and 2024, respectively, and their fair value amounted to ₩9,766,868 million and ₩10,550,792 million as of December 31, 2025 and 2024, respectively.

(2) Details of lease liabilities as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | |
|---|---|---|---|---|
| | | Face value | Discount | Carrying amounts |
| Real estate | ₩ | 162,737 | (37,832) | 124,905 |
| Vehicles | | 8,462 | (1,145) | 7,317 |
| Others | | 96 | (11) | 85 |
| | ₩ | 171,295 | (38,988) | 132,307 |

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | Face value | Discount | Carrying amounts |
| Real estate | ₩ | 131,117 | (29,305) | 101,812 |
| Vehicles | | 9,325 | (622) | 8,703 |
| Others | | 541 | (34) | 507 |
| | ₩ | 140,983 | (29,961) | 111,022 |

Total cash payments for lease liabilities are ₩49,235 and ₩49,401 million for the years ended December 31, 2025 and 2024, respectively, and cash payments for the interest portion of the lease liabilities are ₩4,291 and ₩4,669 million for the years ended December 31, 2025 and 2024, respectively.



Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

## 24. Equity

(1) Issued capital
The Group is authorized to issue up to 6,000 million shares of common stock and has 5,451,551,768 shares and 5,263,311,768 shares issued as of December 31, 2025 and 2024, respectively, and outstanding with a total par value (₩5,000 of par value per share) of ₩27,257,759 million and ₩26,316,559 million as of December 31, 2025 and 2024, respectively. Due to the Group's paid-capital increase, total number and par value of the shares increased in 2025.

(2) Capital surplus
Capital surplus as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Paid-in capital in excess of par value | ₩ | 17,598 | 22,138 |
| Surplus from capital reduction | | 47,973 | 47,973 |
| Share of capital surplus of associates | | 122,810 | 122,810 |
| Other capital surplus | | 538,247 | 610,538 |
| | ₩ | 726,628 | 803,459 |

(3) Capital adjustments
Capital adjustments as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Share of capital adjustment of associates | ₩ | 220,936 | 220,936 |
| Other capital adjustment | | (7,803) | (7,292) |
| | ₩ | 213,133 | 213,644 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**24. Equity, Continued**

(4) Accumulated other comprehensive income
(i) Accumulated other comprehensive income as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Gains (losses) on securities measured at FVOCI: | | | |
| Valuation gains (losses) on securities measured at FVOCI (before tax) | ₩ | (254,814) | 399,343 |
| Loss allowance for securities measured at FVOCI (before tax) | | 38,663 | 97,330 |
| Income tax effect | | (86,901) | (112,472) |
| | | (303,052) | 384,201 |
| Share of other comprehensive income of associates: | | | |
| Share of other comprehensive income of associates (before tax) | | 2,359,269 | 2,623,821 |
| Income tax effect | | (489,020) | (554,177) |
| | | 1,870,249 | 2,069,644 |
| Exchange differences on translation of foreign operations: | | | |
| Exchange differences on translation of foreign operations (before tax) | | 471,555 | 516,581 |
| Income tax effect | | (31,939) | (30,076) |
| | | 439,616 | 486,505 |
| Valuation gains on cash flow hedge: | | | |
| Valuation gains on cash flow hedge (before tax) | | 3,145 | 5,832 |
| Income tax effect | | (1,577) | (1,837) |
| | | 1,568 | 3,995 |
| Gains (losses) on hedges of net investments in foreign operations: | | | |
| Gains (losses) on hedges of net investments in foreign operations (before tax) | | (251,593) | (283,996) |
| Income tax effect | | 49,897 | 74,975 |
| | | (201,696) | (209,021) |
| Remeasurements of defined benefit liabilities: | | | |
| Remeasurements of defined benefit liabilities (before tax) | | 65,044 | 74,883 |
| Income tax effect | | (18,146) | (17,837) |
| | | 46,898 | 57,046 |
| Fair value changes on financial liabilities designated at fair value due to credit risk: | | | |
| Valuation gains on financial liabilities designated at fair value due to credit risk (before tax) | | 79,886 | 78,613 |
| Income tax effect | | (21,969) | (20,754) |
| | | 57,917 | 57,859 |
| Others: | | | |
| Others (before tax) | | 497,250 | (121,678) |
| Income tax effect | | (13,388) | 34,546 |
| | | 483,862 | (87,132) |
| | ₩ | 2,395,362 | 2,763,097 |





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

24. Equity, Continued

(ii) Changes in accumulated other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | January 1, 2025 | Increase (Decrease) | Tax Effect | December 31, 2025 |
| Valuation gains (losses) on securities measured at FVOCI | ₩ | 384,201 | (712,824) | 25,571 | (303,052) |
| Share of other comprehensive income of associates | | 2,069,644 | (264,553) | 65,158 | 1,870,249 |
| Exchange differences on translation of foreign operations | | 486,505 | (45,025) | (1,864) | 439,616 |
| Valuation gains (losses) on cash flow hedge | | 3,995 | (2,687) | 260 | 1,568 |
| Gains (losses) on hedges of net investments in foreign operations | | (209,021) | 32,403 | (25,078) | (201,696) |
| Remeasurements of defined benefit liabilities | | 57,046 | (9,839) | (309) | 46,898 |
| Fair value changes on financial liabilities designated at fair value due to credit risk | | 57,859 | 1,273 | (1,215) | 57,917 |
| Others | | (87,132) | 618,928 | (47,934) | 483,862 |
| | ₩ | 2,763,097 | (382,324) | 14,589 | 2,395,362 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | January 1, 2024 | Increase (Decrease) | Tax Effect | December 31, 2024 |
| Valuation gains (losses) on securities measured at FVOCI | ₩ | 1,222,627 | (1,137,465) | 299,039 | 384,201 |
| Share of other comprehensive income of associates | | 1,200,855 | 1,192,570 | (323,781) | 2,069,644 |
| Exchange differences on translation of foreign operations | | 91,932 | 453,424 | (58,851) | 486,505 |
| Valuation gains (losses) on cash flow hedge | | 6,688 | (3,659) | 966 | 3,995 |
| Gains (losses) on hedges of net investments in foreign operations | | (86,315) | (166,720) | 44,014 | (209,021) |
| Remeasurements of defined benefit liabilities | | 80,448 | (32,284) | 8,882 | 57,046 |
| Fair value changes on financial liabilities designated at fair value due to credit risk | | 72,975 | (20,538) | 5,422 | 57,859 |
| Others | | 422,016 | (691,777) | 182,629 | (87,132) |
| | ₩ | 3,011,226 | (406,449) | 158,320 | 2,763,097 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**24. Equity, Continued**

(5) Retained earnings

In accordance with the *Korea Development Bank Act,* the Group is required to appropriate at least 40% of net income as a legal reserve. This reserve can be transferred to paid-in capital or offset an accumulated deficit.

In accordance with the *Korea Development Bank Act*, the Group offsets an accumulated deficit with reserves. If the reserve is insufficient to offset the accumulated deficit, the Government of the Republic of Korea is responsible for the deficit.

Retained earnings as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Legal reserve | ₩ | 4,528,319 | 3,725,456 |
| Voluntary reserve | | | |
| Regulatory reserve for credit losses (*) | | 122,221 | 109,931 |
| Unappropriated retained earnings | | 14,055,243 | 9,608,719 |
| | ₩ | 18,705,783 | 13,444,106 |

(*) Regulatory reserve for credit losses in the separate financial statements, in accordance with *Regulations on Supervision of Banking Business 29(1) and (2),* amounts to ₩72,552 million and ₩77,581 million as of December 31, 2025 and 2024, respectively.

(6) Regulatory reserve for credit losses

The Group is required to provide regulatory reserve for credit losses in accordance with *Regulation on Supervision of Banking Business 29(1) and (2)*. The details of regulatory reserve for credit losses are as follows:

(i) Regulatory reserve for credit losses as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Beginning balance | ₩ | 122,221 | 109,931 |
| Planned provision for (reversal of) regulatory reserve for credit losses | | 109,798 | 12,290 |
| Ending balance | ₩ | 232,019 | 122,221 |

(ii) Required provision for (reversal of) regulatory reserve for credit losses and profit after adjusting regulatory reserve for credit losses for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Profit for the year | ₩ | 5,229,551 | 2,146,709 |
| Required amount of reversal of (provision for) regulatory reserve for credit losses | | (109,798) | (12,290) |
| Profit after adjusting regulatory reserve for credit losses | ₩ | 5,119,753 | 2,134,419 |
| Earnings per share after adjusting regulatory reserve for credit losses (in won) | ₩ | 951 | 416 |



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**25. Net Interest Income**

Net interest income for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Interest income: | | | |
| Due from financial institutions | ₩ | 348,117 | 338,274 |
| Securities measured at FVTPL | | 176,487 | 159,561 |
| Securities measured at FVOCI | | 1,163,122 | 1,245,314 |
| Securities measured at amortized cost | | 414,179 | 428,670 |
| Loans measured at FVTPL | | 9,797 | 15,134 |
| Loans measured at amortized cost | | 10,260,767 | 11,368,851 |
| | | 12,372,469 | 13,555,804 |
| Interest expense: | | | |
| Financial liabilities measured at FVTPL | | 103,603 | 111,053 |
| Deposits | | 2,070,574 | 2,474,791 |
| Borrowings | | 1,489,500 | 1,852,065 |
| Debentures | | 6,698,431 | 7,099,873 |
| | | 10,362,108 | 11,537,782 |
| | ₩ | 2,010,361 | 2,018,022 |

**26. Net Fees and Commission Income**

Net fees and commission income for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Fees and commission income: | | | |
| Loans and deposits commissions | ₩ | 148,553 | 158,555 |
| Underwriting and investment consulting commissions | | 141,766 | 139,147 |
| Brokerage and agency commissions | | 10,490 | 8,868 |
| Trust and retirement pension plan commissions | | 37,101 | 37,995 |
| Fees on asset management | | 2,859 | 2,519 |
| Other fees | | 306,567 | 258,576 |
| | | 647,336 | 605,660 |
| Fees and commission expenses: | | | |
| Brokerage and agency fees | | 20,024 | 15,244 |
| Other fees | | 84,645 | 67,858 |
| | | 104,669 | 83,102 |
| | ₩ | 542,667 | 522,558 |

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**27. Dividend Income**

Dividend income for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Securities measured at FVTPL | ₩ | 227,283 | 322,308 |
| Securities measured at FVOCI | | 150,155 | 127,526 |
| | ₩ | 377,438 | 449,834 |

**28. Gains (Losses) on Securities Measured at FVTPL**

Gains (losses) related to securities measured at FVTPL for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains on securities measured at FVTPL: | | | |
| Gains on redemption | ₩ | 22,060 | 20,082 |
| Gains on sale | | 439,570 | 393,237 |
| Gains on valuation | | 1,298,928 | 1,099,784 |
| | | 1,760,558 | 1,513,103 |
| Losses on securities measured at FVTPL: | | | |
| Losses on redemption | | 13 | 203 |
| Losses on sale | | 244,465 | 160,188 |
| Losses on valuation | | 745,269 | 592,657 |
| Purchase related expense | | 9 | 7 |
| | | 989,756 | 753,055 |
| | ₩ | 770,802 | 760,048 |

**29. Gains (Losses) on Financial Liabilities Measured at FVTPL**

Gains (losses) related to financial liabilities measured at FVTPL for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains on financial liabilities measured at FVTPL: | | | |
| Gains on redemption | ₩ | 5,723 | - |
| Gains on valuation | | 113,235 | 61,852 |
| | | 118,958 | 61,852 |
| Losses on financial liabilities measured at FVTPL: | | | |
| Losses on redemption | | 1,692 | 704 |
| Losses on valuation | | 5,573 | 112,195 |
| | | 7,265 | 112,899 |
| | ₩ | 111,693 | (51,047) |





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**30. Gains (Losses) on Securities Measured at FVOCI**

Gains (losses) related to securities measured at FVOCI for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains on securities measured at FVOCI: | | | |
| Gains on redemption | ₩ | 458 | 2,367 |
| Gains on sale | | 70,082 | 43,138 |
| Reversal of impairment losses | | 3,794 | 6,614 |
| | | 74,334 | 52,119 |
| Losses on securities measured at FVOCI: | | | |
| Losses on sale | | 21,986 | 42,675 |
| Impairment losses | | 3,203 | 5,189 |
| | | 25,189 | 47,864 |
| | ₩ | 49,145 | 4,255 |

**31. Gains (Losses) on Securities Measured at Amortized Cost**

Gains (losses) related to securities measured at amortized cost for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains on securities measured at amortized cost: | | | |
| Gains on sale | ₩ | - | 25 |
| Reversal of impairment losses | | 2,415 | 4,154 |
| | | 2,415 | 4,179 |
| Losses on securities measured at amortized cost: | | | |
| Losses on sale | | - | 3 |
| Impairment losses | | 159 | 688 |
| | | 159 | 691 |
| | ₩ | 2,256 | 3,488 |

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**32. Gains (Losses) on Derivatives**

Gains (losses) on derivatives for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains (losses) on trading purpose derivatives: | | | |
| Gains on trading purpose derivatives: | | | |
| Interest rate | ₩ | 3,712,283 | 4,530,039 |
| Currency | | 16,008,797 | 19,843,953 |
| Stock | | 4,361 | 1,657 |
| Commodities | | 1,701 | - |
| Gains on adjustment of derivatives | | 12,268 | 4,514 |
| | | 19,739,410 | 24,380,163 |
| Losses on trading purpose derivatives: | | | |
| Interest rate | | 3,575,632 | 4,507,375 |
| Currency | | 16,605,480 | 19,326,753 |
| Stock | | 61,203 | 23,933 |
| Commodities | | 1,688 | - |
| Losses on adjustment of derivatives | | 2,092 | 10,610 |
| | | 20,246,095 | 23,868,671 |
| | | (506,685) | 511,492 |
| Gains (losses) on hedging purpose derivatives: | | | |
| Gains on hedging purpose derivatives: | | | |
| Interest rate | | 657,062 | 464,675 |
| Currency | | 1,411,862 | 202,880 |
| Commodities | | 640 | 2,597 |
| Gains on adjustment of derivatives | | 68 | 277 |
| | | 2,069,632 | 670,429 |
| Losses on hedging purpose derivatives: | | | |
| Interest rate | | 267,847 | 146,233 |
| Currency | | 525,269 | 1,338,152 |
| Commodities | | 2,293 | 1,333 |
| Losses on adjustment of derivatives | | 689 | 422 |
| | | 796,098 | 1,486,140 |
| | | 1,273,534 | (815,711) |
| Gains (losses) on fair value hedged items: | | | |
| Gains on fair value hedged items: | | | |
| Gains on valuation | | 331,970 | 573,756 |
| Gains on redemption | | 334,050 | 227,081 |
| | | 666,020 | 800,837 |
| Losses on fair value hedged items: | | | |
| Losses on valuation | | 1,468,392 | 1,238,893 |
| Losses on redemption | | 441,602 | 377,021 |
| | | 1,909,994 | 1,615,914 |
| | | (1,243,974) | (815,077) |
| | ₩ | (477,125) | (1,119,296) |

In relation to cash flow hedges, no gains or losses arising from hedge ineffectiveness were recognized in the consolidated statement of comprehensive income for the current year. During the prior year, gains of ₩93 million were recognized.





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**33. Foreign Currency Transaction Gains (Losses)**

Foreign currency transaction gains (losses) for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Gains (losses) on foreign exchange transactions: | | | |
| Gains on foreign exchange transactions | ₩ | 1,231,419 | 803,136 |
| Losses on foreign exchange transactions | | (1,244,350) | (771,402) |
| | | (12,931) | 31,734 |
| Gains (losses) on foreign exchange translations: | | | |
| Gains on foreign exchange translations | | 12,715,840 | 28,404,777 |
| Losses on foreign exchange translations | | (11,921,828) | (27,308,351) |
| | | 794,012 | 1,096,426 |
| | ₩ | 781,081 | 1,128,160 |

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## 34. Other Operating Income (Expense)

Other operating income (expense) for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Other operating income: | | | |
| Insurance income (*) | ₩ | 585,463 | 620,335 |
| Gains on sale of loans | | 30,827 | 57,786 |
| Gains on disposal of loans measured at FVTPL | | 1,562 | 4,126 |
| Gains on valuation of loans measured at FVTPL | | 4,800 | 2,534 |
| Gains on sale of investments in associates | | 678,862 | 9,845 |
| Gains on share capital repayable on demand | | 70,313 | 37,563 |
| Reversal of provisions | | 1,412 | 420 |
| Others | | 1,212,949 | 976,637 |
| | | 2,586,188 | 1,709,246 |
| Other operating expense: | | | |
| Insurance expense (*) | | 1,371,266 | 1,140,619 |
| Losses on sale of loans | | 22,994 | 66,723 |
| Losses on disposal of loans measured at FVTPL | | 20,131 | 6,796 |
| Losses on valuation of loans measured at FVTPL | | 10,194 | 26,639 |
| Losses on sale of investments in associates | | 88,447 | 61,795 |
| Losses on share capital repayable on demand | | 120,629 | 176,135 |
| Increase of provisions | | 126 | 21,543 |
| Losses on redemption of debentures | | - | 641 |
| Credit guarantee fund salary | | 237,220 | 229,909 |
| Foreign security contributions | | 15,585 | 11,547 |
| Contributions on High Tech Strategic Industry Fund | | 339,446 | - |
| Others | | 829,580 | 672,260 |
| | | 3,055,618 | 2,414,607 |
| | ₩ | (469,430) | (705,361) |

(*) Insurance finance income, expenses and others are included. (Note 20)





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## 35. Provision for (Reversal of) Credit Losses

Provision for (reversal of) credit losses for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Provision for loan loss allowance | ₩ | 911,680 | 53,909 |
| Provision for credit loss of other manufacturing-related assets | | 2,039 | 287 |
| Provision for (reversal of) credit loss of other assets | | 1,708 | (3,997) |
| Provision for (reversal of) credit loss of due from financial institutions | | (125) | (93) |
| Reversal of payment guarantees | | (174,693) | (210,334) |
| Reversal of unused commitments | | (37,112) | (65,757) |
| Provision for (reversal of) financial guarantee provision | | 4,303 | (43,053) |
| | ₩ | 707,800 | (269,038) |

## 36. General and Administrative Expenses

General and administrative expenses for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Payroll costs: | | | |
| Short-term employee benefits | ₩ | 532,430 | 503,356 |
| Long-term employee benefits | | 62 | 85 |
| Defined benefit costs | | 36,460 | 28,792 |
| Defined contribution costs | | 6,090 | 8,724 |
| | | 575,042 | 540,957 |
| Depreciation and amortization: | | | |
| Depreciation of property and equipment | | 102,445 | 90,945 |
| Amortization of intangible assets | | 55,821 | 67,778 |
| | | 158,266 | 158,723 |
| Other: | | | |
| Employee welfare benefits | | 57,330 | 53,504 |
| Rent expenses | | 7,904 | 6,777 |
| Taxes and dues | | 49,308 | 46,527 |
| Advertising expenses | | 20,188 | 20,741 |
| Others | | 248,897 | 244,825 |
| | | 383,627 | 372,374 |
| | ₩ | 1,116,935 | 1,072,054 |

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## 37. Other Non-Operating Income and Expense

Other non-operating income and expense for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Other non-operating income: | | | |
| Interest income of non-financial business | ₩ | 1,391 | 714 |
| Gain on disposal of property and equipment | | 2,280 | 908 |
| Reversal of impairment loss of property and equipment | | - | 167 |
| Rental income on investment property | | 10,494 | 10,005 |
| Gain on disposal of intangible assets | | 7 | 166 |
| Reversal of impairment loss of intangible assets | | - | 5 |
| Others | | 20,224 | 18,568 |
| | | 34,396 | 30,533 |
| Other non-operating expense: | | | |
| Interest expense of non-financial business | | 154 | 105 |
| Loss on disposal of property and equipment | | 3,340 | 1,926 |
| Impairment loss of property and equipment | | - | 1,213 |
| Depreciation of investment property | | 4,463 | 4,782 |
| Loss on disposal of intangible assets | | - | 311 |
| Impairment loss of intangible assets | | 23,503 | 185 |
| Donations | | 11,900 | 19,630 |
| Others | | 43,322 | 24,281 |
| | | 86,682 | 52,433 |
| | ₩ | (52,286) | (21,900) |





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## 38. Income Tax Expenses

(1) Income tax expenses for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Current income tax (*) | ₩ | 242,775 | 406,452 |
| Changes in deferred income taxes on temporary differences | | 1,855,078 | 358,940 |
| Income tax recognized directly to equity: | | | |
| Other comprehensive income (controlling interest) | | 14,589 | 158,320 |
| Other comprehensive income (non-controlling interests) | | 355 | (73) |
| Retained earnings (including non-controlling interests) | | (288,904) | (397,717) |
| Income tax expenses: | ₩ | 1,823,893 | 525,922 |

(*) Includes changes arising from final tax returns and others.

(2) Analysis of relationship between profit before income taxes and income tax expense for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Profit before income taxes | ₩ | 7,053,444 | 2,672,631 |
| Income taxes calculated using enacted tax rates | | 837,397 | 765,671 |
| Adjustments: | | | |
| Non-deductible losses and tax-free gains | | (219,588) | (31,825) |
| Non-recognition effect of deferred income taxes | | 140,946 | (192,802) |
| Net adjustments for prior years | | (54,100) | (64,458) |
| Consolidation adjustments | | 823,759 | (26,256) |
| Tax rate change effect | | 195,233 | - |
| Global minimum tax | | 5,238 | - |
| Others | | 95,008 | 75,592 |
| | | 986,496 | (239,749) |
| Income tax expenses | ₩ | 1,823,893 | 525,922 |
| Effective tax rate (%) | | 25.86 | 19.68 |

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**38. Income Tax Expenses, Continued**

(3) Changes in income tax expense (benefit) recognized directly to equity for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | | | |
|---|---|---|---|---|---|
| | December 31, 2025 | | January 1, 2025 | | |
| | Amounts before tax | Tax effect | Amounts before tax | Tax effect | Changes in tax effect |
| Gains (losses) on securities measured at FVOCI | ₩ (216,151) | (86,901) | 496,673 | (112,472) | 25,571 |
| Share of other comprehensive income (loss) of associates | 2,359,269 | (489,020) | 2,623,821 | (554,177) | 65,157 |
| Exchange differences on translation of foreign operations | 471,555 | (31,939) | 516,581 | (30,076) | (1,863) |
| Gains (losses) on valuation of cash flow hedge | 3,145 | (1,577) | 5,832 | (1,837) | 260 |
| Gains (losses) on hedges of net investments in foreign operations | (251,593) | 49,897 | (283,996) | 74,975 | (25,078) |
| Remeasurements of defined benefit liabilities | 65,044 | (18,146) | 74,883 | (17,837) | (309) |
| Fair value changes on financial liabilities designated at fair value due to credit risk | 79,886 | (21,969) | 78,613 | (20,754) | (1,215) |
| Others | 497,250 | (13,388) | (121,678) | 34,546 | (47,934) |
| | ₩ 3,008,405 | (613,043) | 3,390,729 | (627,632) | 14,589 |

Income tax benefit recognized directly to retained earnings amounting to ₩288,904 million is the tax effect of realized income amounting to ₩1,094,332 million from disposal of equity securities measured at FVOCI.

| | 2024 | | | | |
|---|---|---|---|---|---|
| | December 31, 2024 | | January 1, 2024 (*) | | |
| | Amounts before tax | Tax effect | Amounts before tax | Tax effect | Changes in tax effect |
| Gains (losses) on securities measured at FVOCI | ₩ 496,673 | (112,472) | 1,634,138 | (411,511) | 299,039 |
| Share of other comprehensive income (loss) of associates | 2,623,821 | (554,177) | 1,431,251 | (230,396) | (323,781) |
| Exchange differences on translation of foreign operations | 516,581 | (30,076) | 63,157 | 28,775 | (58,851) |
| Gains (losses) on valuation of cash flow hedge | 5,832 | (1,837) | 9,491 | (2,803) | 966 |
| Gains (losses) on hedges of net investments in foreign operations | (283,996) | 74,975 | (117,276) | 30,961 | 44,014 |
| Remeasurements of defined benefit liabilities | 74,883 | (17,837) | 107,167 | (26,719) | 8,882 |
| Fair value changes on financial liabilities designated at fair value due to credit risk | 78,613 | (20,754) | 99,151 | (26,176) | 5,422 |
| Others | (121,678) | 34,546 | 570,099 | (148,083) | 182,629 |
| | ₩ 3,390,729 | (627,632) | 3,797,178 | (785,952) | 158,320 |

Income tax benefit recognized direct to retained earnings amounting to ₩397,717 million is the tax effect of realized income amounting to ₩1,506,504 million from disposal of equity securities measured at FVOCI.





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**38. Income Tax Expenses, Continued**

(4) Changes in temporary differences and deferred tax assets (liabilities) for the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | January 1, 2025 | Increase/ decrease | December 31, 2025 | Deferred tax assets (liabilities) |
| Temporary differences from recognized deferred tax assets and liabilities: | | | | |
| Derivatives | ₩ (576,736) | (1,100,223) | (1,676,959) | (461,164) |
| Investments in associates | (10,455,462) | (530,867) | (10,986,329) | (3,573,941) |
| Securities measured at FVOCI | (146,586) | (17) | (146,603) | 105 |
| Impairment losses on debt securities | 65,933 | (2,165) | 63,768 | 17,536 |
| Impairment losses on equity securities | 79,979 | (4,676) | 75,303 | 18,577 |
| Others | 1,162,823 | (4,025,590) | (2,862,767) | (1,001,888) |
| | (9,870,049) | (5,663,538) | (15,533,587) | (5,000,775) |
| Temporary differences from unrecognized deferred tax assets and liabilities: | | | | |
| Investments in associates and others | 1,269,667 | 630,356 | 1,900,023 | - |
| | ₩ (11,139,716) | (6,293,894) | (17,433,610) | (5,000,775) |
| Undisposed accumulated deficit | ₩ - | - | - | - |

| | 2024 | | | |
|---|---|---|---|---|
| | January 1, 2024 | Increase/ decrease | December 31, 2024 | Deferred tax assets (liabilities) |
| Temporary differences from recognized deferred tax assets and liabilities: | | | | |
| Derivatives | ₩ (291,269) | (285,467) | (576,736) | (152,325) |
| Investments in associates | (8,359,723) | (2,095,739) | (10,455,462) | (3,147,911) |
| Securities measured at FVOCI | (146,066) | (520) | (146,586) | 108 |
| Impairment losses on debt securities | 65,933 | - | 65,933 | 17,406 |
| Impairment losses on equity securities | 77,077 | 2,902 | 79,979 | 19,031 |
| Others | 1,378,157 | (215,334) | 1,162,823 | 117,994 |
| | (7,275,891) | (2,594,158) | (9,870,049) | (3,145,697) |
| Temporary differences from unrecognized deferred tax assets and liabilities: | | | | |
| Investments in associates and others | 2,253,148 | (983,481) | 1,269,667 | - |
| | ₩ (9,529,039) | (1,610,677) | (11,139,716) | (3,145,697) |
| Undisposed accumulated deficit | ₩ - | - | - | - |

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## 38. Income Tax Expenses, Continued

(5) Deferred income tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current income tax liabilities and assets, and they relate to income tax levied by the same tax authority and they intend to settle current income tax liabilities and assets on a net basis.

(6) Global Minimum Corporate Tax Act

The Group applies the temporary exception under Korean IFRS No. 1012 Income Taxes and does not recognize deferred tax assets or liabilities related to the Pillar Two legislation, nor does it disclose information related to deferred taxes.

Under the legislation related to the Global Minimum Tax, the parent company is required to pay top-up tax, in the Republic of Korea or the jurisdictions in which its subsidiaries operate, on the profits of subsidiaries that are taxed at an effective tax rate of less than 15 percent. Based on an assessment of the impact of the relevant legislation, the Group has included current income tax expense related to Pillar Two amounting to ₩5,238 million in its income tax expense for the current year. The estimated annual effective tax rate may change due to various factors, including tax incentives received by subsidiaries and adjustments to accounting profit or loss for the calculation of GloBE income as required under applicable laws in subsequent periods. Accordingly, the current income tax expense related to Pillar Two is subject to estimation uncertainty.



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## 39. Earnings per Share

(1) Basic earnings per share

The Group's basic earnings per share for the years ended December 31, 2025 and 2024 are computed as follows:

(i) Basic earnings per share

| | | 2025 | 2024 |
|---|---|---|---|
| Profit for the year (in won) | ₩ | 5,229,550,840,090 | 2,146,708,756,555 |
| Profit attributable to non-controlling interests (in won) | | 14,596,169,353 | 27,608,833,446 |
| Profit attributable to ordinary shareholders of the Parent Company (A) (in won) | | 5,214,954,670,737 | 2,119,099,923,109 |
| Weighted-average number of ordinary shares outstanding (B) | | 5,369,755,198 | 5,129,882,260 |
| Basic earnings per share (A/B) (in won) | ₩ | 971 | 413 |

(ii) Weighted-average number of ordinary shares outstanding

| | 2025 | | |
|---|---|---|---|
| | Number of ordinary shares | Days | Cumulative shares |
| Number of ordinary shares outstanding at the beginning of the year (A) | 5,263,311,768 | 365 | 1,921,108,795,320 |
| Increased paid-in capital (B) | 13,000,000 | 302 | 3,926,000,000 |
| Increased paid-in capital (C) | 31,100,000 | 275 | 8,552,500,000 |
| Increased paid-in capital (D) | 77,640,000 | 213 | 16,537,320,000 |
| Increased paid-in capital (E) | 22,200,000 | 184 | 4,084,800,000 |
| Increased paid-in capital (F) | 18,900,000 | 154 | 2,910,600,000 |
| Increased paid-in capital (G) | 17,994,000 | 120 | 2,159,280,000 |
| Increased paid-in capital (H) | 7,406,000 | 92 | 681,352,000 |
| Cumulative shares (I = A+B+C+D+E+F+G+H) | | | 1,959,960,647,320 |
| Weighted-average number of ordinary shares outstanding (I/365) | | | 5,369,755,198 |

| | 2024 | | |
|---|---|---|---|
| | Number of ordinary shares | Days | Cumulative shares |
| Number of ordinary shares outstanding at the beginning of the year (A) | 4,785,311,768 | 366 | 1,751,424,107,088 |
| Increased paid-in capital (B) | 400,000,000 | 278 | 111,200,000,000 |
| Increased paid-in capital (C) | 16,800,000 | 246 | 4,132,800,000 |
| Increased paid-in capital (D) | 24,200,000 | 210 | 5,082,000,000 |
| Increased paid-in capital (E) | 37,000,000 | 154 | 5,698,000,000 |
| Cumulative shares (F = A+B+C+D+E) | | | 1,877,536,907,088 |
| Weighted-average number of ordinary shares outstanding (F/366) | | | 5,129,882,260 |

(2) Diluted earnings per share

Diluted and basic earnings per share for the years ended December 31, 2025 and 2024 are equal because there is no potential dilutive instrument.

Korea Development Bank and Subsidiaries

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(In millions of won)

## 40. Pledged Assets

(1) Assets pledged by the Group as collateral as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Cash and due from financial institutions (*1) | ₩ | 20,697 | - |
| Securities (*2) | | 7,186,173 | 7,178,527 |
| Others (*3) | | 39,123 | 12,738 |
| | ₩ | 7,245,993 | 7,191,265 |

(*1) Pledged as collateral for bidding deposits and others.
(*2) Pledged as collateral for bidding deposits, bonds sold under repurchase agreements, borrowings, and others.
(*3) Property and equipment and others are pledged as collateral for borrowings and new business.

(2) Fair value of collateral available to sell or repledge, regardless of debtor's default as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| | | Fair value of collateral | Fair value of collateral sold or repledged | Fair value of collateral | Fair value of collateral sold or repledged |
| Securities | ₩ | 11,499,750 | - | 7,303,830 | - |

## 41. Guarantees and Commitments

Guarantees and commitments as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Confirmed acceptances and guarantees: | | | |
| Acceptances in foreign currency | ₩ | 187,187 | 213,116 |
| Guarantees for bond issuance | | 3,051,785 | 2,618,645 |
| Guarantees for loans | | 408,867 | 468,067 |
| Letter of guarantee | | 52,303 | 42,741 |
| Guarantees for on-lending debt | | 1,353 | 1,440 |
| Others | | 8,354,430 | 8,451,124 |
| | | 12,055,925 | 11,795,133 |
| Unconfirmed acceptances and guarantees: | | | |
| Letter of credit | | 2,188,866 | 2,058,033 |
| Others | | 3,785,169 | 4,992,307 |
| | | 5,974,035 | 7,050,340 |
| Commitments: | | | |
| Commitments on loans | | 60,155,949 | 55,719,449 |
| Others | | 9,583,067 | 11,774,864 |
| | | 69,739,016 | 67,494,313 |
| | ₩ | 87,768,976 | 86,339,786 |



Korea Development Bank and Subsidiaries

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## 42. Leases

(1) Finance leases
Details of finance lease receivables of the Group as lessor as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | |
|---|---|---|---|---|
| | | Finance lease receivables in Korean won | Finance lease receivables in foreign currency | Total |
| Within 1 year | ₩ | 631,819 | 142,277 | 774,096 |
| Over 1 year through 5 years | | 2,103,321 | 252,469 | 2,355,790 |
| Over 5 years | | 788 | 18,288 | 19,076 |
| Gross investment in the lease | | 2,735,928 | 413,034 | 3,148,962 |
| Unearned finance income | | (335,206) | (43,670) | (378,876) |
| Net investment in the lease (*) | ₩ | 2,400,722 | 369,364 | 2,770,086 |
| Contingent rent recognized in the current profit or loss | ₩ | - | - | - |

(*) Finance lease receivables are included in loans measured at amortized cost on the consolidated statements of financial position.

| | | December 31, 2024 | | |
|---|---|---|---|---|
| | | Finance lease receivables in Korean won | Finance lease receivables in foreign currency | Total |
| Within 1 year | ₩ | 590,259 | 170,739 | 760,998 |
| Over 1 year through 5 years | | 1,955,498 | 228,739 | 2,184,237 |
| Over 5 years | | 187 | - | 187 |
| Gross investment in the lease | | 2,545,944 | 399,478 | 2,945,422 |
| Unearned finance income | | (324,707) | (39,946) | (364,653) |
| Net investment in the lease (*) | ₩ | 2,221,237 | 359,532 | 2,580,769 |
| Contingent rent recognized in the current profit or loss | ₩ | - | - | - |

(*) Finance lease receivables are included in loans measured at amortized cost on the consolidated statements of financial position.

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# Notes to the Consolidated Financial Statements
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**42. Leases, Continued**

(2) Operating leases
Future minimum lease receivables under non-cancellable operating leases as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Within 1 year | ₩ | 7,910 | 3,895 |
| Over 1 year through 5 years | | 8,438 | 4,095 |
| | ₩ | 16,348 | 7,990 |
| Contingent rent recognized in the current loss | ₩ | - | - |

(3) Cancellable lease
Cancellable lease as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Cancellable financial lease | ₩ | 5,568 | 5,351 |
| Allowance for credit losses | | (4,436) | (3,787) |
| | ₩ | 1,132 | 1,564 |

(4) Advanced payment for leased assets
The amount of capital paid for new leases that the Group enters into before the commencement of lease term as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Advanced payment for leased assets | ₩ | 14,676 | 16,600 |
| Allowance for credit losses | | - | - |
| | ₩ | 14,676 | 16,600 |

(5) Leasehold deposits
The Group withholds collateral money received from the lessees as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Leasehold deposits | ₩ | 631,618 | 623,916 |





Korea Development Bank and Subsidiaries
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**43. Trust Accounts**

(1) Details of significant assets and liabilities arising from transactions with trust accounts as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Accrued trust fees | ₩ | 8,824 | 10,287 |
| Borrowings from trust accounts | | 1,388,077 | 853,510 |
| Accrued interest on deposits | | 2,305 | 3,269 |

(2) Transactions with trust accounts for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Fees on trust accounts | ₩ | 33,709 | 34,519 |
| Interest expenses of borrowings from trust accounts | | 31,728 | 52,506 |

**44. Related Party Transactions**

(1) The Group's related parties as of December 31, 2025 are as follows:

| Classification | Corporate name |
|---|---|
| Parent Company | Government of the Republic of Korea (*) |
| Associates | Korea Electric Power Co., Ltd., Korea Tourism Organization, Korea Real Estate Board, GM Korea Company, HMM Co., Ltd., HANJIN KAL, Korean Air Lines Co., Ltd., Hanwha Ocean Co., Ltd., Korea Ocean Business Corporation, TAEYOUNG ENGINEERING & CONSTRUCTION and 13 others, Keistone Value Investment 2nd Private Equity Fund and 107 others, Hana K-New Deal Unicorn Fund and 136 others |
| Others | Key management personnel |

(*) In accordance with the exemption provisions for disclosures relating to the government and government-related entities under Korean IFRS No. 1024, "Related Party Disclosures," not all transactions, commitments, receivables, and payables with the government and government-related entities are included in the Group's disclosures.

Korea Development Bank and Subsidiaries

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December 31, 2025 and 2024

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**44. Related Party Transactions, Continued**

(2) Significant balances with related parties as of December 31, 2025 and 2024 are as follows:

| | Account | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|
| Associates: | | | | |
| Korea Electric Power Co., Ltd. | Securities | ₩ | 174,870 | 192,138 |
| | Loans | | 308,582 | 335,939 |
| | Allowances for loan losses | | (643) | (903) |
| | Derivative financial assets | | 1,006 | 2,350 |
| | Other assets | | 7,260 | 5,152 |
| | Deposits | | 87,076 | 116,622 |
| | Borrowings | | - | 1,454 |
| | Derivative financial liabilities | | 519,179 | 650,949 |
| | Other liabilities | | 52,560 | 51,157 |
| | Other provisions | | 86 | 157 |
| HMM Co., Ltd. | Securities | | - | 1,269,495 |
| | Loans | | 42,244 | 84,977 |
| | Allowances for loan losses | | (140) | (572) |
| | Other assets | | 123 | 2,272 |
| | Deposits | | 536,470 | 883,000 |
| | Other liabilities | | 34,328 | 30,038 |
| HANJIN KAL | Loans | | - | 428,891 |
| | Allowances for loan losses | | - | (2,636) |
| | Other assets | | - | 529 |
| | Deposits | | - | 2,000 |
| | Other liabilities | | 337 | 344 |
| Korean Air Lines Co., Ltd. | Loans | | 1,319,696 | 2,425,714 |
| | Allowances for loan losses | | (3,640) | (27,726) |
| | Derivative financial assets | | 2,673 | 10,235 |
| | Other assets | | 42,864 | 8,880 |
| | Deposits | | 1,157,341 | 2,106,944 |
| | Derivative financial liabilities | | 73,087 | 154,167 |
| | Other liabilities | | 102,393 | 67,252 |
| | Other provisions | | 192 | 5,493 |
| Korea Ocean Business Corporation | Securities | | 82,905 | 62,304 |
| | Other assets | | 612 | 481 |
| | Other liabilities | | 175 | 203 |
| Hanwha Ocean Co., Ltd. | Securities | | 64 | 64 |
| | Loans | | 2,610,851 | 2,838,142 |
| | Allowances for loan losses | | (35,854) | (90,160) |
| | Derivative financial assets | | 48,650 | 339,872 |
| | Other assets | | 8,082 | 9,141 |
| | Deposits | | 29,508 | 9,807 |
| | Borrowings | | 74,972 | 5,136 |
| | Derivative financial liabilities | | 5,782 | - |
| | Other liabilities | | 14,318 | 13,865 |
| | Other provisions | | 77,668 | 138,484 |



Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

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**44. Related Party Transactions, Continued**

| | Account | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Associates: | | | |
| TAEYOUNG ENGINEERING & CONSTRUCTION | Loans | 168,216 | 179,000 |
| | Allowances for loan losses | (12,983) | (17,856) |
| | Other assets | 836 | - |
| | Deposits | 77,776 | 57,505 |
| | Other liabilities | 1,301 | 728 |
| | Other provisions | 9,429 | 40,336 |
| Others | Securities | 19,954 | 17,353 |
| | Loans | 101,997 | 418,933 |
| | Allowances for loan losses | (1,417) | (18,853) |
| | Derivative financial assets | - | 8,677 |
| | Other assets | 6,135 | 8,138 |
| | Deposits | 494,299 | 478,254 |
| | Other liabilities | 2,190 | 3,196 |
| | Other provisions | 128 | 40,441 |

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# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**44. Related Party Transactions, Continued**

(3) Significant profit or loss arising from transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

| | Account | | 2025 | 2024 |
|---|---|---|---|---|
| Associates: | | | | |
| Korea Electric Power Co., Ltd. | Interest income | ₩ | 23,332 | 25,125 |
| | Dividend income | | 44,993 | - |
| | Reversal of allowance for loan losses | | 260 | 179 |
| | Fees and commission income, other income | | 201,213 | 77,973 |
| | Interest expenses | | (4,513) | (9,786) |
| | Other operating expenses | | (254,433) | (682,464) |
| HMM Co., Ltd. | Interest income | | 3,965 | 22,084 |
| | Dividend income | | 178,320 | 140,840 |
| | Reversal of allowance for loan losses | | 432 | 203 |
| | Fees and commission income, other income | | 49,918 | 3,274 |
| | Interest expenses | | (45,722) | (16,846) |
| | Other operating expenses | | (24,188) | (89,348) |
| HANJIN KAL | Interest income | | 6,601 | 11,626 |
| | Dividend income | | 2,542 | 2,119 |
| | Reversal of allowance for loan losses | | 2,636 | 507 |
| | Fees and commission income, other income | | 15 | 30 |
| | Interest expenses | | (55) | (109) |
| | Other operating expenses | | (18,773) | (18,883) |
| Korean Air Lines Co., Ltd. | Interest income | | 59,040 | 198,210 |
| | Dividend income | | 9,180 | 9,180 |
| | Reversal of allowance for loan losses | | 24,086 | 6,508 |
| | Fees and commission income, other income | | 182,674 | 104,844 |
| | Interest expenses | | (45,921) | (105,080) |
| | Other operating expenses | | (149,318) | (308,689) |
| Korea Ocean Business Corporation | Interest income | | 3,422 | 3,166 |
| | Fees and commission income, other income | | 917 | 464 |
| | Interest expenses | | - | (222) |
| | Other operating expenses | | (65) | (1,016) |
| Hanwha Ocean Co., Ltd. | Interest income | | 99,595 | 100,644 |
| | Reversal of allowance for loan losses | | 54,306 | 56,410 |
| | Fees and commission income, other income | | 112,614 | 868,116 |
| | Interest expenses | | (1,301) | (9,322) |
| | Other operating expenses | | (96,688) | (77,827) |





Korea Development Bank and Subsidiaries

Notes to the Consolidated Financial Statements

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44. Related Party Transactions, Continued

| | Account | | 2025 | 2024 |
|---|---|---|---|---|
| Associates: | | | | |
| TAEYOUNG ENGINEERING & CONSTRUCTION | Interest income | ₩ | 5,902 | 10,320 |
| | Reversal of allowance for loan losses | | 4,872 | 98,818 |
| | Fees and commission income, other income | | 30,908 | - |
| | Interest expenses | | (252) | (374) |
| | Other operating expenses | | - | (40,337) |
| Others | Interest income | | 8,906 | 18,285 |
| | Dividend income | | 189,276 | 290,838 |
| | Reversal of allowance for loan losses | | 74 | 116,677 |
| | Fees and commission income, other income | | 9,766 | 21,422 |
| | Interest expenses | | (5,765) | (8,787) |
| | Provision for loan losses | | (494) | (18,351) |
| | Other operating expenses | | (5,798) | (48,701) |

(4) Details of guarantees and commitments to the related parties as of December 31, 2025 and 2024 are as follows:

| | Account | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|---|
| Associates: | | | | |
| Korean Air Lines Co., Ltd. | Confirmed acceptances and guarantees | ₩ | 258,282 | 227,666 |
| | Loan commitments | | 153,000 | 454,224 |
| Hanwha Ocean Co., Ltd. | Confirmed acceptances and guarantees | | 4,267,333 | 3,729,088 |
| | Unconfirmed acceptances and guarantees | | 1,710,321 | 2,583,277 |
| | Loan commitments | | 3,985,215 | 1,779,609 |
| Others | Loan commitments | | 1,797,328 | 403,113 |
| | | ₩ | 12,171,479 | 9,176,977 |

(5) Significant lending transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | Beginning | Loan | Collection | Ending |
| Associates: | | | | | |
| Korea Electric Power Co., Ltd. | ₩ | 335,939 | 377,244 | (404,601) | 308,582 |
| HMM Co., Ltd. | | 84,977 | 548 | (43,281) | 42,244 |
| HANJIN KAL | | 428,891 | 9,545 | (438,436) | - |
| Korean Air Lines Co., Ltd. | | 2,425,714 | 985,928 | (2,091,946) | 1,319,696 |
| Hanwha Ocean Co., Ltd. | | 2,838,142 | 169,825 | (397,116) | 2,610,851 |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | 179,000 | - | (10,784) | 168,216 |
| Others | | 239,933 | 88,520 | (226,457) | 101,996 |
| | ₩ | 6,532,596 | 1,631,610 | (3,612,621) | 4,551,585 |

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**44. Related Party Transactions, Continued**

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Beginning | Loan | Collection | Ending |
| Associates: | | | | | |
| Korea Electric Power Co., Ltd. | ₩ | 328,097 | 210,478 | (202,636) | 335,939 |
| HMM Co., Ltd. | | 123,682 | 4,191 | (42,896) | 84,977 |
| HANJIN KAL | | 447,774 | 7,784 | (26,667) | 428,891 |
| Korean Air Lines Co., Ltd. | | 1,482,916 | 1,974,550 | (1,031,752) | 2,425,714 |
| Hanwha Ocean Co., Ltd. | | 1,468,780 | 1,437,779 | (68,417) | 2,838,142 |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | - | 209,000 | (30,000) | 179,000 |
| Others | | 183,911 | 239,626 | (183,604) | 239,933 |
| | ₩ | 4,035,160 | 4,083,408 | (1,585,972) | 6,532,596 |

(6) Significant borrowing transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | Beginning | Borrowing | Repayment | Ending |
| Associates: | | | | | |
| Korea Electric Power Co., Ltd. | | 1,454 | - | (1,454) | - |
| Hanwha Ocean Co., Ltd. | | 5,136 | 75,196 | (5,360) | 74,972 |
| | ₩ | 6,590 | 75,196 | (6,814) | 74,972 |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | Beginning | Borrowing | Repayment | Ending |
| Associates: | | | | | |
| Korea Electric Power Co., Ltd. | | 1,801 | - | (347) | 1,454 |
| Hanwha Ocean Co., Ltd. | | - | 6,296 | (1,160) | 5,136 |
| | ₩ | 1,801 | 6,296 | (1,507) | 6,590 |

(7) Equity-related transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | |
|---|---|---|---|
| | | Investment | Withdrawal and others |
| Associates: | | | |
| HMM Co., Ltd. | | 1,399,680 | 696,198 |
| Hanwha Ocean Co., Ltd. | | - | 488,475 |
| Others | | 560,718 | 328,939 |
| | ₩ | 1,960,398 | 1,513,612 |

| | | 2024 | |
|---|---|---|---|
| | | Investment | Withdrawal and others |
| Associates: | | | |
| HMM Co., Ltd. | | 1,696,500 | - |
| TAEYOUNG ENGINEERING & CONSTRUCTION | | 54,719 | - |
| Others | | 425,769 | 357,937 |
| | ₩ | 2,176,988 | 357,397 |



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44. Related Party Transactions, Continued

(8) Details of compensation to key management personnel for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Short-term employee benefits | ₩ | 6,933 | 4,385 |
| Post-employment benefits | | 666 | 295 |
| | ₩ | 7,599 | 4,680 |

(9) As of December 31 2025 and 2024, the Group has neither pledged any collateral to, nor received any collateral from, related parties.

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**45. Disclosure of Interests in Other Entities**

(1) Commitments of financial support for consolidated structured entities
The contractual commitments offered by the Group to the consolidated structured entities as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Associates:** | | |
| Corporate Liquidity Assistance Agency Co.,Ltd. (*) | ₩ - | 560,000 |
| SPKDB 1ST INC. (*) | 25,830 | 19,500 |
| K-Five 10th Securitization Specialty Co., Ltd. (*) | - | 20,000 |
| KDB ESG 4TH INC. (*) | 31,000 | 121,000 |
| KDB ESG 5TH INC. (*) | 20,000 | 126,500 |
| KDB ESG 6TH INC. (*) | 95,000 | 105,000 |
| KDB ESG 7TH INC. (*) | 49,500 | 49,500 |
| PROPERTY KDB 1ST INC. (*) | - | 30,000 |
| ENMKDB 1ST INC. (*) | 50,000 | 50,000 |
| KDB CUTTING-EDGE STRATEGY ESG 8TH INC. (*) | 206,900 | 206,900 |
| KDB Advanced Strategy ESG Jegucha Co.,Ltd. (*) | 252,600 | 252,600 |
| KDB Advanced Strategy ESG 10TH Co.,Ltd. (*) | 177,100 | - |
| KDB Advanced Power ESG 11th INC. (*) | 195,200 | - |
| Payletter KDB 1st Inc. (*) | 24,000 | 30,000 |
| M KDB First Inc. (*) | 18,900 | - |
| KDB National Univ. Hospital 1st, Inc. (*) | 50,000 | - |
| KDB National Univ. Hospital 2nd, Inc. (*) | 60,000 | - |
| K Five 11th Co.,Ltd. (*) | 20,000 | - |
| DS KDB 1ST INC. (*) | 18,000 | - |
| DB KDB 1ST INC. (*) | 68,000 | - |
| HANTU KDB 1ST INC. (*) | 37,800 | - |
| SP KDB 1ST INC. (*) | 19,500 | - |
| Y KDB 1ST INC. (*) | 14,800 | - |
| | ₩ 1,434,130 | 1,571,000 |

(*) The Group made a commitment on loans for consolidated structured entities. According to the commitment, the Group guarantees loan to a subsidiary when the subsidiary has insufficient working capital.

(2) Nature and scope of interests in unconsolidated structured entities
Details of unconsolidated structured entities as of December 31, 2025 and 2024 are as follows:

| Type | Characteristics and objective | Financing method |
|---|---|---|
| Investment funds and investment trusts (*1) | Investment and distribution | Equity investment and fund operations, etc. |
| Real estate finance (*2) | Real estate development and infrastructure investment, etc. | Equity investment and credit reinforcement, etc. |
| Asset-backed securitization | Securitization of underlying assets | Issuance of ABL and ABCP, etc. |
| Shipping and acquisition finance | Providing funds for acquisition of corporate or ships | Equity investment and fund operations, etc. |

(*1) PEF, investment association, beneficiary certificate, etc.
(*2) SPC, PF, SOC, etc.





## Korea Development Bank and Subsidiaries

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**45. Disclosure of Interests in Other Entities, Continued**

(3) Nature of related risks
The carrying amount of and maximum exposure to loss from interests in unconsolidated structured entities as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Investment funds and investment trusts | Real estate finance | Asset-backed securitization | Shipping and acquisition finance | Others | Total |
| Assets: | | | | | | |
| Securities | ₩ 13,908,415 | 229,998 | 59,369 | 208 | 625 | 14,198,615 |
| Loans | 1,507,371 | 7,092,643 | 711,440 | 3,396,314 | 5,047,999 | 17,755,767 |
| Derivatives | 526 | 217 | 84 | - | - | 827 |
| Others | 11,614 | 61,719 | 867 | 4,930 | 22,331 | 101,461 |
| | 15,427,926 | 7,384,577 | 771,760 | 3,401,452 | 5,070,955 | 32,056,670 |
| Liabilities: | | | | | | |
| Provisions | 191 | 2,275 | 70 | 1,312 | 8,130 | 11,978 |
| Financial guarantees | - | - | 294 | - | 286 | 580 |
| Derivatives | 3,860 | 84 | 13,033 | - | 47,348 | 64,325 |
| Others | 19,272 | 6,480 | 12 | 163 | 2,128 | 28,055 |
| | 23,323 | 8,839 | 13,409 | 1,475 | 57,892 | 104,938 |
| Granting of credit and other commitments | 4,018,297 | 974,141 | 63,830 | 410,253 | 323,906 | 5,790,427 |
| Maximum exposure to loss (*) | ₩ 19,446,223 | 8,358,718 | 835,590 | 3,811,705 | 5,394,861 | 37,847,097 |

(*) Maximum exposure to loss is calculated by summarizing related assets (after adjusting impairment loss on securities, allowance for loan losses, etc.), granting of credit and other commitments.

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Investment funds and investment trusts | Real estate finance | Asset-backed securitization | Shipping and acquisition finance | Others | Total |
| Assets: | | | | | | |
| Securities | ₩ 13,040,699 | 258,441 | 19,410 | 12,192 | 375 | 13,331,117 |
| Loans | 1,461,337 | 8,357,246 | 825,851 | 2,276,908 | 3,891,426 | 16,812,768 |
| Derivatives | 10,185 | - | 10,510 | 81 | - | 20,776 |
| Others | 10,620 | 71,218 | 1,147 | 4,055 | 22,271 | 109,311 |
| | 14,522,841 | 8,686,905 | 856,918 | 2,293,236 | 3,914,072 | 30,273,972 |
| Liabilities: | | | | | | |
| Provisions | 262 | 3,457 | 89 | 355 | 10,480 | 14,643 |
| Financial guarantees | - | - | 551 | - | - | 551 |
| Derivatives | 23,305 | 372 | 4,912 | - | 56,796 | 85,385 |
| Others | 23,394 | 8,151 | 3 | 362 | 738 | 32,648 |
| | 46,961 | 11,980 | 5,555 | 717 | 68,014 | 133,227 |
| Granting of credit and other commitments | 175,836 | 1,039,165 | 114,000 | 75,508 | 1,136,427 | 2,540,936 |
| Maximum exposure to loss (*) | ₩ 14,698,677 | 9,726,070 | 970,918 | 2,368,744 | 5,050,499 | 32,814,908 |

(*) Maximum exposure to loss is calculated by summarizing related assets (after adjusting impairment loss on securities, allowance for loan losses, etc.), granting of credit and other commitments.

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# Notes to the Consolidated Financial Statements

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## 46. Statements of Cash Flows

(1) Cash and cash equivalents in the consolidated statements of cash flows as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Cash and due from financial institutions: | | | |
| Cash and foreign currencies | ₩ | 1,002,611 | 736,430 |
| Due from financial institutions in Korean won | | 2,654,109 | 2,398,614 |
| Due from financial institutions in foreign currencies / off-shores | | 8,360,819 | 9,634,894 |
| | | 12,017,539 | 12,769,938 |
| Less: Restricted due from financial institutions, others | | (2,011,734) | (961,537) |
| Add: Financial instruments reaching maturity within three months from date of acquisition | | | |
| Securities measured at FVTPL | | | |
| Government and public bonds | | 6,887 | - |
| Loans measured at amortized cost: | | | |
| Call loans | | 4,300,040 | 2,802,236 |
| Inter-bank loans | | 1,700,366 | 1,438,815 |
| | | 6,000,406 | 4,241,051 |
| | | 6,007,293 | 4,241,051 |
| Cash and cash equivalents | ₩ | 16,013,098 | 16,049,452 |

(2) Significant transactions not involving cash flows for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Decrease in loans due to write-offs | ₩ | 19,980 | 51,004 |
| Increase in securities measured at FVOCI due to debt-to-equity swap and others | | 2,052 | 41,568 |
| Increase in securities measured at FVOCI due to in-kind equity | | - | 1,999,780 |
| Increase in investments in associates due to debt-to-equity swap, etc | | - | 1,751,219 |
| Decrease in accumulated other comprehensive income due to securities valuation | | (582,512) | (1,137,465) |
| Transfer from securities measured at FVOCI to investments in associates | | 1,399,680 | - |
| Transfer from property and equipment to investment property | | 2,881 | (4,523) |
| Recognition of right-of-use assets and lease liabilities | | 89,915 | 46,633 |



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## 46. Statements of Cash Flows, Continued

(3) Changes in liabilities arising from financing activities for the years ended December 31, 2025 and 2024 are as follows:

| 2025 | | Beginning | Cash flows from financing activities | Foreign exchange differences | Changes in fair value | Others | Ending |
|---|---|---|---|---|---|---|---|
| Financial liabilities designated at FVTPL | ₩ | 2,389,246 | (346,334) | - | (77,729) | (72,784) | 1,892,399 |
| Borrowings | | 37,649,280 | (523,009) | (156,076) | - | (230,967) | 36,739,228 |
| Debentures | | 172,444,643 | 8,522,065 | (277,505) | 1,282,523 | 186,958 | 182,158,684 |
| Lease liabilities | | 111,022 | (49,235) | - | - | 70,520 | 132,307 |
| Share capital repayable on demand | | 1,861,596 | (284,261) | - | 50,316 | (2,838) | 1,624,813 |
| | ₩ | 214,455,787 | 7,319,226 | (433,581) | 1,255,110 | (49,111) | 222,547,431 |

| 2024 | | Beginning | Cash flows from financing activities | Foreign exchange differences | Changes in fair value | Others | Ending |
|---|---|---|---|---|---|---|---|
| Financial liabilities designated at FVTPL | ₩ | 1,920,061 | 256,649 | - | 12,533 | 200,003 | 2,389,246 |
| Borrowings | | 32,135,674 | 2,867,586 | 2,645,179 | - | 841 | 37,649,280 |
| Debentures | | 163,205,745 | 4,240,392 | 4,212,973 | 657,941 | 127,592 | 172,444,643 |
| Lease liabilities | | 112,537 | (39,477) | - | - | 37,962 | 111,022 |
| Share capital repayable on demand | | 1,907,987 | (184,102) | - | 138,572 | (861) | 1,861,596 |
| | ₩ | 199,282,004 | 7,141,048 | 6,858,152 | 809,046 | 365,537 | 214,455,787 |

## 47. Transfers of Financial Instruments

Details of financial assets and liabilities related to repurchase agreements and loaned securities that do not qualify for derecognition as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| Characteristics of transactions | | Carrying amounts for transferred assets | Carrying amounts for related liabilities | Carrying amounts for transferred assets | Carrying amounts for related liabilities |
| Repurchase agreements | ₩ | 820,068 | 470,948 | 520,000 | 47,181 |
| Loaned securities | | - | - | 40,409 | 175,036 |
| | ₩ | 820,068 | 470,948 | 560,409 | 222,217 |

The Group has repurchase agreements and securities lending arrangements. In the case of repurchase agreements, the Group sells securities with an agreement to repurchase them at a fixed price. For securities lending arrangements, although legal title to the securities is transferred, the securities are required to be returned at the end of the lending period. As the Group retains substantially all of the risks and rewards of ownership of the securities, the securities continue to be recognized in full.

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# Notes to the Consolidated Financial Statements

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**48. Fair Value of Financial Assets and Liabilities**

The Group classifies and discloses fair value of the financial instruments into the following three-level hierarchy:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as level 1.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as level 2.
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are based on unobservable market data are classified as level 3.

(1) Fair value hierarchy of financial instruments measured at fair value

(i) The fair value hierarchy of financial instruments measured at fair value as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Securities measured at FVTPL | ₩ | 3,940,189 | 2,481,149 | 23,506,439 | 29,927,777 |
| Securities measured at FVOCI | | 6,681,500 | 22,444,676 | 13,428,777 | 42,554,953 |
| Loans measured at FVTPL | | - | - | 87,141 | 87,141 |
| Derivative financial assets | | - | 11,062,397 | 10,703 | 11,073,100 |
| | ₩ | 10,621,689 | 35,988,222 | 37,033,060 | 83,642,971 |
| Financial liabilities: | | | | | |
| Financial liabilities measured at FVTPL | ₩ | - | 1,892,399 | - | 1,892,399 |
| Derivative financial liabilities | | - | 10,510,186 | 30,376 | 10,540,562 |
| | ₩ | - | 12,402,585 | 30,376 | 12,432,961 |

| | | December 31, 2024 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Securities measured at FVTPL | ₩ | 3,690,892 | 1,820,313 | 21,361,137 | 26,872,342 |
| Securities measured at FVOCI | | 5,763,741 | 23,611,172 | 14,482,019 | 43,856,932 |
| Loans measured at FVTPL | | - | - | 419,773 | 419,773 |
| Derivative financial assets | | - | 13,832,999 | 46,683 | 13,879,682 |
| | ₩ | 9,454,633 | 39,264,484 | 36,309,612 | 85,028,729 |
| Financial liabilities: | | | | | |
| Financial liabilities measured at FVTPL | ₩ | - | 2,389,246 | - | 2,389,246 |
| Derivative financial liabilities | | - | 15,044,324 | 20,509 | 15,064,833 |
| | ₩ | - | 17,433,570 | 20,509 | 17,454,079 |





## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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**48. Fair Value of Financial Assets and Liabilities, Continued**

(ii) Changes in the fair value of financial instruments measured at fair value and classified as level 3 of the fair value hierarchy for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | January 1, 2025 | Profit or loss (*1) | Other comprehensive income (loss) | Acquisition / Issue | Sale / Settlement | Transfer (*2) | Others | December 31, 2025 |
| Financial assets: | | | | | | | | | |
| Securities measured at FVTPL | ₩ | 21,361,137 | 711,948 | - | 2,874,280 | (1,455,399) | 18,728 | (4,255) | 23,506,439 |
| Securities measured at FVOCI | | 14,482,019 | - | 474,266 | 656,603 | (563,297) | (1,621,776) | 962 | 13,428,777 |
| Loans measured at FVTPL | | 419,773 | (5,393) | - | 1,000 | (328,239) | - | - | 87,141 |
| Derivatives financial assets | | 46,683 | 8,880 | - | - | (44,915) | - | 54 | 10,702 |
| | ₩ | 36,309,612 | 715,435 | 474,266 | 3,531,883 | (2,391,850) | (1,603,048) | (3,239) | 37,033,059 |
| Financial liabilities: | | | | | | | | | |
| Derivatives financial liabilities | ₩ | 20,509 | 9,446 | - | - | - | - | 421 | 30,376 |

| | | 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | January 1, 2024 | Profit or loss (*1) | Other comprehensive income (loss) | Acquisition / Issue | Sale / Settlement | Transfer (*2) | Others | December 31, 2024 |
| Financial assets: | | | | | | | | | |
| Securities measured at FVTPL | ₩ | 19,539,289 | (87,183) | - | 2,596,003 | (1,063,657) | (269,793) | 646,478 | 21,361,137 |
| Securities measured at FVOCI | | 14,899,336 | - | (39,169) | 2,322,234 | (100,283) | (2,608,180) | 8,081 | 14,482,019 |
| Loans measured at FVTPL | | 488,432 | (24,106) | - | 7,000 | (52,149) | - | 596 | 419,773 |
| Derivatives financial assets | | 592 | 49,393 | - | - | (314) | - | (2,988) | 46,683 |
| | ₩ | 34,927,649 | (61,896) | (39,169) | 4,925,237 | (1,216,403) | (2,877,973) | 652,167 | 36,309,612 |
| Financial liabilities: | | | | | | | | | |
| Derivatives financial liabilities | ₩ | 43,717 | (23,208) | - | - | - | - | - | 20,509 |

(*1) Of the amounts recognized in profit or loss, the gains or losses related to assets and liabilities held by the Group as of December 31, 2025 and 2024 amounted to ₩580,100 million and ₩381,716 million, respectively.

(*2) Transfers into or out of level 3 of the fair value hierarchy occurred due to the change in the availability of observable market data.

(iii) Changes in deferred day one profit or loss for the years ended December 31, 2025 and 2024 are as follows:

| | | 2025 | 2024 |
|---|---|---|---|
| Beginning balance | ₩ | 2,829 | 3,219 |
| New deferral | | (74,766) | - |
| Amortization | | 7,223 | (390) |
| Ending balance | ₩ | (64,714) | 2,829 |

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**48. Fair Value of Financial Assets and Liabilities, Continued**

(iv) Valuation techniques and inputs used in the fair value measurement of financial instruments measured at fair value and classified as level 2 of the fair value hierarchy as of December 31, 2025 and 2024 are as follows:

| | Valuation techniques | Inputs |
|---|---|---|
| Securities measured at FVTPL: | | |
| Equity securities | Net asset value approach | Underlying asset price |
| Debt securities | Discounted cash flow method | Discount rate |
| Securities measured at FVOCI: | | |
| Equity securities | Net asset value approach | Underlying asset price |
| Debt securities | Discounted cash flow method | Discount rate |
| Derivatives financial assets: | | |
| Interest rate swaps<br>Currency forwards and swaps<br>Currency options<br>Commodities options | Discounted cash flow method, Black-Scholes model, Modified Black model, Formula model | Discount rate, Exchange rate, Volatility, Commodity index, etc. |
| Financial liabilities measured at FVTPL: | | |
| Debentures | Discounted cash flow method | Discount rate |

(v) Valuation techniques and quantitative information about unobservable inputs used in the fair value measurement of financial instruments measured at fair value and classified as level 3 of the fair value hierarchy as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | |
|---|---|---|---|
| | Valuation techniques | Unobservable inputs | Range (%) |
| Securities measured at FVTPL | | | |
| Equity securities | Discounted cash flow method, Comparable Company Analysis, Net asset value method, etc. | Discount rate | 4.35 ~ 9.80 |
| | | Fluctuation in property disposal price | - |
| | | Liquidation value | - |
| | | Volatility | 14.43 ~ 42.44 |
| Securities measured at FVOCI | | | |
| Equity securities | Discounted cash flow method, Comparable Company Analysis, Net asset value method, etc. | Growth rate | - |
| | | Discount rate | 6.80 ~ 13.90 |
| | | Interest rate volatility | 0.46 ~ 0.70 |
| Loans measured at FVTPL | | | |
| Convertible bonds, etc. | LSMC, Binomial model | Volatility | 10.12 ~ 38.85 |
| Derivatives financial assets | | | |
| Interest rate swaps | Hull-White Two-Factor model | Volatility | (10) ~ 10 |
| Stock index options | Discounted cash flow method, Comparable Company Analysis, Net asset value method, Binomial Tree(T-F) | Volatility | 22.25 ~ 63.99 |



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**48. Fair Value of Financial Assets and Liabilities, Continued**

| | December 31, 2024 | | |
|---|---|---|---|
| | Valuation technique | Unobservable inputs | Range (%) |
| Securities measured at FVTPL | | | |
| Equity securities | Discounted cash flow method, Comparable Company Analysis, Net asset value method, etc. | Discount rate | 4.87 ~ 10.32 |
| | | Fluctuation in property disposal price | - |
| | | Liquidation value | - |
| | | Volatility | 18.36 ~ 56.61 |
| Securities measured at FVOCI | | | |
| Equity securities | Discounted cash flow method, Comparable Company Analysis, Net asset value method, etc. | Growth rate | - |
| | | Discount rate | 6.01 ~ 16.03 |
| | | Volatility | 29.90 ~ 32.22 |
| | | Interest rate volatility | 0.47 ~ 0.73 |
| Loans measured at FVTPL | | | |
| Convertible bonds, etc. | LSMC, Binomial model | Volatility | 18.76 ~ 35.92 |
| Derivatives financial assets | | | |
| Interest rate swaps | Hull-White | Volatility | 0.68 ~ 0.85 |
| | Two-Factor model | Correlation coefficient | (70) ~ 100 |
| Stock index options | Discounted cash flow method, Comparable Company Analysis, Net asset value method, Binomial Tree(T-F) | Volatility | 25.71 ~ 26.97 |

## 48. Fair Value of Financial Assets and Liabilities, Continued

(2) Fair value hierarchy of financial instruments measured at amortized cost

(i) The Group's policies for measuring fair value of financial instruments at amortized costs are as follows:

- Cash and due from financial institutions: Fair value of cash is considered equivalent to the carrying amount. In the case of due from financial institutions on demand, which do not have a set maturity and can be realized instantly, the carrying amount is a close estimate of the fair value and is assumed so. In the case of other ordinary due from financial institutions, the cash flow discount method is used to estimate the fair value.
- Securities measured at amortized cost: The fair value of securities measured at amortized cost is computed by widely accepted appraisal agencies upon request.
- Loans measured at amortized cost: The fair value of loans measured at amortized cost is the expected future cash flows, reflecting premature redemption ratio, discounted by the market interest rate, adjusted by a spread sheet considering the probability of default. Exceptions to this method include loans with credit line facilities, loans with a maturity of three months or less left and impaired loans, which the Group assumes the carrying amount as the fair value.
- Deposits: The fair value of deposits is computed using the discounted cash flow method. However, for deposits, whose cash flows cannot be estimated reasonably, the Group assumes the carrying amount as the fair value.
- Borrowings: The fair value of industrial financial debentures is computed using the discounted cash flow method by the Group's Fair Value Evaluation System. However, for borrowings including call money whose contractual maturity is three months or less, the Group assumes the carrying amount as the fair value.
- Debentures: The fair value of industrial financial debentures is computed using the discounted cash flow method by the Group's Fair Value Evaluation System.
- Other financial assets and liabilities: The fair value of other financial assets and liabilities is computed using the discounted cash flow method. However, in cases cash flow cannot be estimated reasonably, the Group assumes the carrying amount as the fair value.

(ii) The fair value hierarchy of financial instruments measured at amortized costs as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Cash and due from financial institutions (*) | ₩ | 10,005,805 | 2,011,734 | - | 12,017,539 |
| Securities measured at amortized cost | | 3,076,344 | 8,582,834 | - | 11,659,178 |
| Loans measured at amortized cost (*) | | - | 4,310,247 | 229,290,075 | 233,600,322 |
| Other financial assets (*) | | - | 5,430,019 | 2,766,791 | 8,196,810 |
| | ₩ | 13,082,149 | 20,334,834 | 232,056,866 | 265,473,849 |
| Financial liabilities: | | | | | |
| Deposits (*) | ₩ | - | 2,534,423 | 67,390,681 | 69,925,104 |
| Borrowings (*) | | - | 6,794,918 | 31,487,431 | 38,282,349 |
| Debentures | | - | 184,497,421 | - | 184,497,421 |
| Other financial liabilities (*) | | - | 3,142,028 | 6,624,840 | 9,766,868 |
| | ₩ | - | 196,968,790 | 105,502,952 | 302,471,742 |

(*) For financial instruments classified as level 2 of the fair value hierarchy, the carrying amounts are disclosed as fair value, as they are considered to be a reasonable approximation of the fair value.



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48. Fair Value of Financial Assets and Liabilities, Continued

| | | December 31, 2024 | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Cash and due from financial institutions (*) | ₩ | 11,808,402 | 961,536 | - | 12,769,938 |
| Securities measured at amortized cost | | 3,492,235 | 6,939,833 | - | 10,432,068 |
| Loans measured at amortized cost (*) | | - | 2,824,286 | 222,100,576 | 224,924,862 |
| Other financial assets (*) | | - | 6,106,040 | 2,638,734 | 8,744,774 |
| | ₩ | 15,300,637 | 16,831,695 | 224,739,310 | 256,871,642 |
| Financial liabilities: | | | | | |
| Deposits (*) | ₩ | - | 2,519,586 | 64,570,286 | 67,089,872 |
| Borrowings (*) | | - | 5,837,551 | 33,524,488 | 39,362,039 |
| Debentures | | - | 175,411,228 | - | 175,411,228 |
| Other financial liabilities (*) | | - | 4,427,433 | 6,123,359 | 10,550,792 |
| | ₩ | - | 188,195,798 | 104,218,133 | 292,413,931 |

(*) For financial instruments classified as level 2 of the fair value hierarchy, the carrying amounts are disclosed as fair value, as they are considered to be a reasonable approximation of the fair value.

(iii) Valuation technique and input(s) used in the fair value measurement of financial instruments measured at amortized cost as of December 31, 2025 and 2024 are as follows:

| | Valuation technique | Input(s) |
|---|---|---|
| Level 2 | | |
| Financial assets: | | |
| Securities measured at amortized cost | Discounted cash flow method | Discount rate |
| Financial liabilities: | | |
| Debentures | Discounted cash flow method | Discount rate |
| Level 3 | | |
| Financial assets: | | |
| Loans measured at amortized cost | Discounted cash flow method | Credit spread, Other spread, Prepayment rate |
| Other financial assets | Discounted cash flow method | Other spread |
| Financial liabilities: | | |
| Deposits | Discounted cash flow method | Other spread |
| Borrowings | Discounted cash flow method | Other spread |
| Other financial liabilities | Discounted cash flow method | Other spread |

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### 49. Categories of Financial Assets and Liabilities

Categories of financial assets and liabilities as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | Cash and cash equivalents | Financial instruments measured at FVTPL | Financial instruments designated at FVTPL | Financial instruments measured at FVOCI | Financial instruments designated at FVOCI | Financial instruments measured at amortized cost | Hedging purpose derivative instruments | Total |
|---|---|---|---|---|---|---|---|---|
| Financial assets: | | | | | | | | |
| Cash and due from financial institutions | ₩ 10,005,805 | - | - | - | - | 2,011,734 | - | 12,017,539 |
| Securities measured at FVTPL | 6,887 | 29,920,890 | - | - | - | - | - | 29,927,777 |
| Securities measured at FVOCI | - | - | - | 27,909,934 | 14,645,019 | - | - | 42,554,953 |
| Securities measured at amortized cost | - | - | - | - | - | 11,930,378 | - | 11,930,378 |
| Loans measured at FVTPL | - | 87,141 | - | - | - | - | - | 87,141 |
| Loans measured at amortized cost | 6,000,406 | - | - | - | - | 227,002,729 | - | 233,003,135 |
| Derivative financial assets | - | 9,981,194 | - | - | - | - | 1,091,906 | 11,073,100 |
| Other financial assets | - | - | - | - | - | 8,268,042 | - | 8,268,042 |
| | ₩ 16,013,098 | 39,989,225 | - | 27,909,934 | 14,645,019 | 249,212,883 | 1,091,906 | 348,862,065 |
| Financial liabilities: | | | | | | | | |
| Financial liabilities measured at FVTPL | ₩ - | - | 1,892,399 | - | - | - | - | 1,892,399 |
| Deposits | - | - | - | - | - | 69,870,635 | - | 69,870,635 |
| Borrowings | - | - | - | - | - | 38,364,041 | - | 38,364,041 |
| Debentures | - | - | - | - | - | 182,158,684 | - | 182,158,684 |
| Derivative financial liabilities | - | 9,896,702 | - | - | - | - | 643,860 | 10,540,562 |
| Other financial liabilities | - | - | - | - | - | 9,675,253 | - | 9,675,253 |
| | ₩ - | 9,896,702 | 1,892,399 | - | - | 300,068,613 | 643,860 | 312,501,574 |



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### 49. Categories of Financial Assets and Liabilities, Continued

| December 31, 2024 | Cash and cash equivalents | Financial instruments measured at FVTPL | Financial instruments designated at FVTPL | Financial instruments measured at FVOCI | Financial instruments designated at FVOCI | Financial instruments measured at amortized cost | Hedging purpose derivative instruments | Total |
|---|---|---|---|---|---|---|---|---|
| Financial assets: | | | | | | | | |
| Cash and due from financial institutions | ₩ 11,808,401 | - | - | - | - | 961,537 | - | 12,769,938 |
| Securities measured at FVTPL | - | 26,872,342 | - | - | - | - | - | 26,872,342 |
| Securities measured at FVOCI | - | - | - | 28,671,316 | 15,185,616 | - | - | 43,856,932 |
| Securities measured at amortized cost | - | - | - | - | - | 10,706,942 | - | 10,706,942 |
| Loans measured at FVTPL | - | 419,773 | - | - | - | - | - | 419,773 |
| Loans measured at amortized cost | 4,241,050 | - | - | - | - | 220,119,100 | - | 224,360,150 |
| Derivative financial assets | - | 13,591,519 | - | - | - | - | 288,163 | 13,879,682 |
| Other financial assets | - | - | - | - | - | 8,820,768 | - | 8,820,768 |
| | ₩ 16,049,451 | 40,883,634 | - | 28,671,316 | 15,185,616 | 240,608,347 | 288,163 | 341,686,527 |
| Financial liabilities: | | | | | | | | |
| Financial liabilities measured at FVTPL | ₩ - | - | 2,389,246 | - | - | - | - | 2,389,246 |
| Deposits | - | - | - | - | - | 67,034,983 | - | 67,034,983 |
| Borrowings | - | - | - | - | - | 39,510,875 | - | 39,510,875 |
| Debentures | - | - | - | - | - | 172,444,643 | - | 172,444,643 |
| Derivative financial liabilities | - | 13,716,118 | - | - | - | - | 1,348,715 | 15,064,833 |
| Other financial liabilities | - | - | - | - | - | 10,451,521 | - | 10,451,521 |
| | ₩ - | 13,716,118 | 2,389,246 | - | - | 289,442,022 | 1,348,715 | 306,896,101 |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**50. Offsetting of Financial Assets and Liabilities**

Details of financial instruments subject to enforceable master netting agreements or similar agreements as of December 31, 2025 and 2024 are as follows:

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the statement of financial position | | |
| | Gross amounts of recognized financial asset | Gross amounts of recognized financial liabilities set off in the statement of financial position | Net amounts of financial assets presented in the statement of financial position | Financial instruments | Cash collateral received | Net amounts |
| Derivative financial assets (*) | ₩ 11,073,100 | - | 11,073,100 | 7,753,138 | 175,320 | 3,144,642 |
| Unsettled spot exchange receivables (*) | 2,886,017 | - | 2,886,017 | 2,884,260 | - | 1,757 |
| Unsettled domestic exchange receivables | 4,527,670 | 1,983,668 | 2,544,002 | - | - | 2,544,002 |
| Security pledged as collateral for repurchase agreements | 820,068 | - | 820,068 | 470,948 | - | 349,120 |
| Bonds purchased under repurchase agreements | 4,953,562 | - | 4,953,562 | 4,953,562 | - | - |
| Receivables from securities transaction | 95,297 | - | 95,297 | 95,297 | - | - |
| | ₩ 24,355,714 | 1,983,668 | 22,372,046 | 16,157,205 | 175,320 | 6,039,521 |

| | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the statement of financial position | | |
| | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off in the statement of financial position | Net amounts of financial liabilities presented in the statement of financial position | Financial instruments | Cash collateral pledged | Net amounts |
| Derivative financial liabilities (*) | ₩ 10,540,562 | - | 10,540,562 | 4,960,802 | 373,217 | 5,206,543 |
| Unsettled spot exchange payables (*) | 2,887,696 | - | 2,887,696 | 2,884,279 | - | 3,417 |
| Unsettled domestic exchange payables | 2,238,000 | 1,983,668 | 254,332 | - | - | 254,332 |
| Repurchase agreements | 470,948 | - | 470,948 | 470,948 | - | - |
| Payables from securities transaction | 71,607 | - | 71,607 | 71,607 | - | - |
| | ₩ 16,208,813 | 1,983,668 | 14,225,145 | 8,387,636 | 373,217 | 5,464,292 |

(*) For the derivatives covered by the ISDA derivative contracts, all contracts are settled and the net amount of derivative contracts is measured and paid based on the liquidation value if the counterparty files for bankruptcy or has any credit issues.



Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
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(In millions of won)

**50. Offsetting of Financial Assets and Liabilities, Continued**

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the statement of financial position | | |
| | Gross amounts of recognized financial asset | Gross amounts of recognized financial liabilities set off in the statement of financial position | Net amounts of financial assets presented in the statement of financial position | Financial instruments | Cash collateral received | Net amounts |
| Derivative financial assets (*) | ₩ 13,879,682 | - | 13,879,682 | 9,922,782 | 62,644 | 3,894,256 |
| Unsettled spot exchange receivables (*) | 4,172,135 | - | 4,172,135 | 4,171,639 | - | 496 |
| Unsettled domestic exchange receivables | 4,246,146 | 2,312,241 | 1,933,905 | - | - | 1,933,905 |
| Security pledged as collateral for repurchase agreements | 520,000 | - | 520,000 | 47,181 | - | 472,819 |
| Bonds purchased under repurchase agreements | 1,734,467 | - | 1,734,467 | 1,734,467 | - | - |
| Loaned securities | 40,409 | - | 40,409 | 40,409 | - | - |
| Receivables from securities transaction | 4,206 | - | 4,206 | 4,206 | - | - |
| | ₩ 24,597,045 | 2,312,241 | 22,284,804 | 15,920,684 | 62,644 | 6,301,476 |

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the statement of financial position | | |
| | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off in the statement of financial position | Net amounts of financial liabilities presented in the statement of financial position | Financial instruments | Cash collateral pledged | Net amounts |
| Derivative financial liabilities (*) | ₩ 15,064,833 | - | 15,064,833 | 8,517,220 | 293,318 | 6,254,295 |
| Unsettled spot exchange payables (*) | 4,172,384 | - | 4,172,384 | 4,171,639 | - | 745 |
| Unsettled domestic exchange payables | 2,567,290 | 2,312,241 | 255,049 | - | - | 255,049 |
| Repurchase agreements | 47,181 | - | 47,181 | 47,181 | - | - |
| Payables from securities transaction | 16,102 | - | 16,102 | 16,102 | - | - |
| | ₩ 21,867,790 | 2,312,241 | 19,555,549 | 12,752,142 | 293,318 | 6,510,089 |

(*) For the derivatives covered by the ISDA derivative contracts, all contracts are settled and the net amount of derivative contracts is measured and paid based on the liquidation value if the counterparty files for bankruptcy or has any credit issues.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**51. Operating Segments**

(1) The Group has seven reporting segments, as described below, which are the Group's strategic business units. They are managed separately because each business requires different technology and marketing strategies. The following summary describes general information about each of the Group's reporting segments:

| Segments | | General information |
|---|---|---|
| Bank industry | Corporate finance | Provides trading services and loans to corporate customers |
| | Investment finance | Provides consulting services to corporate such as capital finance, restructuring, etc. |
| | Asset management | Provides asset management services to individual and corporate customers |
| | Others | Any other segment not mentioned above |
| Insurance | | Subsidiaries that conduct insurance business (KDB Life Insurance Co., Ltd.) |
| Overseas | | Subsidiaries located in foreign countries |
| Other subsidiaries | | Subsidiaries except for overseas subsidiaries and subsidiaries conducting insurance business |

(2) Operating income (loss) from external customers and intersegment transactions for the years ended December 31, 2025 and 2024 are as follows:

**2025**

| | Bank industry | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Corporate finance | Investment finance | Asset management | Others | Insurance | Overseas | Other subsidiaries | Adjustment | Total(*) |
| Operating income (loss) from external customers | ₩ 289,281 | 1,524,265 | 36,436 | (382,758) | (121,908) | (14,661) | 543,498 | - | 1,874,153 |
| Operating income (loss) from intersegment transactions | 401,811 | (614,721) | - | 906,541 | 22,319 | 245,874 | (11,987) | (949,837) | - |
| | ₩ 691,092 | 909,544 | 36,436 | 523,783 | (99,589) | 231,213 | 531,511 | (949,837) | 1,874,153 |

(*) Profit from discontinued operations is not included.

**2024**

| | Bank industry | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Corporate finance | Investment finance | Asset management | Others | Insurance | Overseas | Other subsidiaries | Adjustment | Total(*) |
| Operating income (loss) from external customers | ₩ 1,925,133 | 263,950 | 49,863 | (399,013) | (112,582) | 55,973 | 424,322 | - | 2,207,646 |
| Operating income (loss) from intersegment transactions | 68,231 | 574,016 | - | (188,063) | 146,308 | 173,570 | 40,633 | (814,695) | - |
| | ₩ 1,993,364 | 837,966 | 49,863 | (587,076) | 33,726 | 229,543 | 464,955 | (814,695) | 2,207,646 |

(*) Profit from discontinued operations is not included.





## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**51. Operating Segments, Continued**

(3) Income and losses by operating segment for the years ended December 31, 2025 and 2024 are as follows:

**2025**

| | Bank industry | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Corporate finance | Investment finance | Asset management | Others | Insurance | Overseas | Other subsidiaries | Adjustment | Total (*3) |
| Net interest income (expense) | ₩ 1,478,225 | (576,652) | 2,085 | 202,379 | 371,982 | 286,765 | 256,294 | (10,717) | 2,010,361 |
| Non-interest income (expense) | | | | | | | | | |
| Income (expense) related to securities (*1) | 87,443 | 424,357 | - | 54,809 | 54,377 | 41,665 | 221,997 | (62,373) | 822,275 |
| Other non-interest income (expense) | 259,400 | 1,166,715 | 43,630 | 483,199 | (507,349) | 9,918 | 227,208 | (828,513) | 854,208 |
| | 346,843 | 1,591,072 | 43,630 | 538,008 | (452,972) | 51,583 | 449,205 | (890,886) | 1,676,483 |
| Provision for loan losses and others (*2) | (594,739) | (18,704) | - | 5,430 | (12,052) | (24,488) | (2,971) | (48,232) | (695,756) |
| General and administrative expenses | (539,237) | (86,172) | (9,279) | (222,034) | (6,547) | (82,647) | (171,017) | (2) | (1,116,935) |
| Operating income (loss) | ₩ 691,092 | 909,544 | 36,436 | 523,783 | (99,589) | 231,213 | 531,511 | (949,837) | 1,874,153 |

**2024**

| | Bank industry | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Corporate finance | Investment finance | Asset management | Others | Insurance | Overseas | Other subsidiaries | Adjustment | Total (*3) |
| Net interest income (expense) | ₩ 1,652,276 | (592,763) | 16,053 | 42,499 | 377,922 | 237,917 | 281,638 | 2,480 | 2,018,022 |
| Non-interest income (expense) | | | | | | | | | |
| Income (expense) related to securities (*1) | 293,996 | 313,002 | - | 143,489 | (93,536) | 35,734 | 140,230 | (58,366) | 774,549 |
| Other non-interest income (expense) | 342,068 | 1,269,793 | 43,083 | (538,357) | (243,601) | 26,133 | 152,104 | (772,493) | 278,730 |
| | 636,064 | 1,582,795 | 43,083 | (394,868) | (337,137) | 61,867 | 292,334 | (830,859) | 1,053,279 |
| Provision for loan losses and others (*2) | 237,726 | (71,267) | - | (399) | 1 | (1,409) | 30,061 | 13,685 | 208,398 |
| General and administrative expenses | (532,702) | (80,799) | (9,273) | (234,308) | (7,060) | (68,832) | (139,078) | - | (1,072,053) |
| Operating income (loss) | ₩ 1,993,364 | 837,966 | 49,863 | (587,076) | 33,726 | 229,543 | 464,955 | (814,695) | 2,207,646 |

(*1) Income related to securities is composed of gains (losses) on securities measured at FVTPL, securities measured at FVOCI and securities measured at amortized cost.

(*2) Provision for loan losses and others comprises provision (reversal) for loan losses, provision (reversal) for derivative credit risks, gains (losses) on sales of loans, and increase (reversal) of provision.

(*3) Profit from discontinued operations is not included.

# Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
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(In millions of won)

**51. Operating Segments, Continued**

(4) Geographical revenue information about the Group's operating segments for the years ended December 31, 2025 and 2024 and the geographical non-current asset information as of December 31, 2025 and 2024 are as follows:

| | | Revenues (*1) | | Non-current assets (*2) | |
|---|---|---|---|---|---|
| | | **2025** | **2024** | **December 31, 2025** | **December 31, 2024** |
| Domestic | ₩ | 49,770,517 | 69,477,626 | 34,744,705 | 30,270,317 |
| Overseas | | 3,894,510 | 3,819,817 | 202,183 | 148,977 |
| | ₩ | 53,665,027 | 73,297,443 | 34,946,888 | 30,419,294 |

(*1) Revenues consist of interest income, fees and commission income, dividend income, income related to securities, foreign currency transaction gain, gain on derivative, other operating income and provision for loan losses.
(*2) Non-current assets consist of investments in associates, property and equipment, investment properties and intangible assets.





Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

**52. Risk Management**

**(1) Introduction**

***(i) Objectives and principles***

The Group's risk management aims to maintain financial soundness and effectively manage various risks pertinent to the nature of the Group's business. The Group has set up and fulfilled policies to manage risks timely and effectively. Pursuant to the policies, the Group's risks shall be
- managed comprehensively and independently,
- recognized timely, evaluated exactly and managed effectively,
- maintained to the extent that the risks balance with profit,
- diversified appropriately to avoid concentration on specific segments,
- managed to prevent excessive exposure by the setting up and managing of tolerance limits and guidelines.

***(ii) Risk management strategy and process***

The Group's risk management business is separated into two different stages; the 'metrification stage,' in which risks are estimated and monitored, and the 'integration stage,' in which information gained during the risk management process is integrated and used in management strategies. Risk management is recognized as a key component of the Group's management, and seeks to change from its previously adaptive and limited role to more leading and comprehensive role.

Furthermore, the Group focuses on consistent communication among different departments in order to establish a progressive consensus on risk management.

***(iii) Risk management governance***

*Risk Management Committee*

The Group's Risk Management Committee (the "Committee"), which is a committee under the Board of Directors, is composed of three or more directors. The Committee serves as the highest decision-making body with respect to risk management and is responsible for deliberating and resolving on key matters related to risk management, including the establishment of the Group's overall risk management policies, the evaluation of the Group's capital adequacy and related management framework, and the setting of country-specific exposure limits.

*The CEO of the Bank and the head of Risk Management Segment*

The CEO of the Bank, according to the policies of risk management, performs his or her role to manage and direct risk management in order to sustain efficiency and internal control. The head of the Risk Management Segment is responsible for supervising the overall administration of the Group's risk management business and providing risk-related information to members of the board of directors and the Group's management.

*Risk Management Policy Committee*

The Group's Risk Management Policy Committee is composed of the leaders of all business segments and exercises its role to decide important matters relating to the Group's portfolio including allocating internal capital limits by segment and setting exposure limits by industry within the scope that Risk Management Committee regulated.

*Operational Risk Management Council*

Established under the Risk Management Council, the Operational Risk Management Council is comprised of the heads of relevant departments. The Operational Risk Management Council deliberates and resolves on matters such as the setting of operating limits for liquidity regulatory management books, and performs a preliminary review of matters to be resolved by the Risk Management Policy Committee.

*Operational Risk Management Deliberation Council*

Established under the Risk Management Council, the Operational Risk Management Deliberation Council is a consultative body composed of the heads of relevant departments. The Council deliberates and resolves on matters related to the establishment and amendment of key policies concerning operational risk, and performs a preliminary review of matters related to operational risk that are to be resolved by the Risk Management Policy Committee.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 52. Risk Management, Continued

***(iv) Performance of risk management committee***

The Risk Management Committee performs comprehensive reviews of matters related to risk management and deliberates key decisions of the Board of Directors. For the year ended December 31, 2025, the key activities of the Risk Management Committee were as follows:

- Major decision
  - Risk management plan for 2025
  - Contingency funding plan for 2025
  - Setting of exposure limits by country for 2025
- Major reporting matters
  - Result of ex-post validation of credit rating system and default rates, and verification of risk measurement factors for internal purposes
  - Setting of credit portfolio limits for 2025
  - Allocation of internal capital limits for 2025
  - Resolution of Credit Committee for the fourth quarter of 2024
  - Results of verification of the adequacy of individually assessed loan loss allowance for 2024
  - Proposal to approve an increase in the exposure limit ratio for large, affiliated groups with a consolidated credit rating of A0 or higher
  - Proposal on the management of exposure limits in connection with an increase in the RG limit of a specific counterparty
  - Results of the integrated stress testing for the first half of 2025
  - Plan to improve the credit rating model for non-externally audited companies
  - Results of verification of risk-weighted assets for the BIS capital ratio as of December 31, 2024
  - Resolution of Credit Committee for the second quarter of 2025
  - Results of the integrated stress testing for the second half of 2025
  - Result of operation of corporate credit rating system in 2025
  - Resolution of Credit Committee for the third quarter of 2025
  - Plan for additional provisioning for loan losses related to companies in the petrochemical industry
  - Results of the business continuity plan (BCP) simulation exercises for 2025
  - Results of the internal capital adequacy assessment for 2025

***(v) Improvement of risk management system***

For the continuous improvement of risk management, financial soundness and capital adequacy, the Group performs the following:

- Continuous improvement of Basel
  - Improvements in the internal capital adequacy assessment system, in line with the guidelines set by the Financial Supervisory Service (FSS) in 2008, to manage capital adequacy more effectively
  - Improvements in the credit assessment system on Low Default Portfolio (LDP)
  - Elaboration of risk measuring criteria including credit risk parameters and measurement logics
  - Development of the application system for timely calculation of LCR and NSFR
  - Rebuilding the Corporate Credit Rating System (approved by Financial Supervisory Services on October 26, 2017)
  - Establishment of the system to calculate Basel Interest Rate Risk in the Banking Book coming to domestic in September 2018
  - Establishment of the system to comply with the amended regulation relating to risk-weighted assets under Basel III in December 2020
  - Development of system related to Fundamental Review of the Trading Book (FRTB) under Basel III in August 2022
  - Development of system related to operational risk under Basel III in September 2022



Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 52. Risk Management, Continued

- Expansion of risk management infrastructure
  - Establishment of the RAPM system to reflect risks to the Group's business and support decision-making upon management, and application of performance assessment at the branch level since 2010
  - Enforcement of risk management related to irregular compound derivatives and validation of the derivative pricing model developed by the Group's Front Office
  - Establishment of IFRS 9 accounting system to calculate loan loss allowances under IFRS 9 in March 2017 and, since then, run of IFRS 9 accounting system in January 2018

***(vi) Risk management reporting and measuring system***

The Group endeavours consistently to objectively and rationally measure and manage all significant risks considering the characteristics of operational areas, assets and risks. In relation to reporting and measurement, the Group has developed application systems as follows:

| Application system | Approach | Completion date | Major function |
|---|---|---|---|
| Corporate Credit Rating System | Logit Model | Jan. 2017 | Rebuilding the Corporate Credit Rating System |
| Market Risk Management System | Murex FRTB | Sep. 2022 | Calculation of regulatory and internal capital based on FRTB SA<br>Stress Test |
| Interest/Liquidity Risk Management System | In-house | May 2019 | Calculation of interest risk, liquidity risk, etc. |
| Operational Risk Management System | Standardized Approach | Sep. 2022 | Calculation of operation risk, RCSA, KRI, management of loss events, etc |
| BIS Capital Ratio Calculation/Credit Risk Measurement System | Fermat<br>RaY | Sep. 2006<br>Dec. 2013 | Calculate equity, credit risk-weighted assets and credit risk, etc. |
| Loan Loss Allowance Calculation System | IFRS 9 | Mar. 2017 | Expected loss model |

***(vii) Response to Basel***

The Korean financial authorities have implemented Basel II since January 2008, and adopted the Standardized Approach and the Foundation Internal Ratings-Based Approach.

In conformity with the implementation roadmap of Basel II, the Group obtained the approval to use the Foundation Internal Ratings-Based Approach on credit risk from the FSS in July 2008 and has applied the approach since late June 2008. The Group applies the Standardized Approach on market risks and operational risks.

The Group completed the Basel III standard risk management system in preparation of the adoption of the Basel III regulations announced on December 1, 2013. Starting from 2013 year-end, the BIS capital adequacy ratio has been measured in accordance to the Basel III regulations.

Responding to the requirement of the financial authorities, the Group recognizes interest rate risk, liquidity risk, credit bias risk and reputational risk as well as Pillar I risks (credit risk, market risk and operational risk). Since 2015, the Group has responded to Pillar II regulations including additional capital requirements based on comprehensive assessment on the Bank's risk management level. In addition, from the end of 2015, the Group has applied the uniform standards for the public announcement of financial business for Basel compliance.

The Group completed revised standards such as capital requirements for banks' investments in funds in 2017, capital requirements for securitization in 2018, and the Standardised Approach for measuring counterparty credit risk (SA-CCR) in 2019.

To comply with the amended regulation relating to risk-weighted assets under Basel III, the Group completed the consultation and the development of the relevant systems and the amended regulation has been applied since the calculation of the BIS ratio at the end of 2020.

The Group completed IT consulting and system development related to the revised Market Risk Regulation (FRTB) and Operational Risk Regulation under Basel III during the second half of 2022.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**52. Risk Management, Continued**

***(viii) Internal capital adequacy assessment process***

Internal capital adequacy assessment process is defined as the process that the Group aggregates significant risks, calculates its internal capital, compares the internal capital with the available capital and assesses its internal capital adequacy. The internal capital adequacy report including the assessment results at the end of the year is prepared and reported to the Risk Management Policy Committee.

- Internal capital adequacy assessment

For the internal capital adequacy assessment, the Group calculates its aggregated internal capital by evaluating all significant risks and available capital considering the quality and components of capital and then assesses the internal capital adequacy by comparing the aggregated internal capital with the available capital.

In addition, the Group conducts stress testing on a periodic basis, at least semi-annually, to assess potential vulnerabilities under crisis situations, and uses the results in, among others, its internal capital adequacy assessment. For this purpose, the Group assumes four stages of macroeconomic conditions—baseline, downturn, severe and stagflation—and assesses capital adequacy under each scenario, thereby establishing response measures to enhance risk management preparedness for potential crisis situations.

- Goal setting of internal capital management

The Group sets up and manages an internal capital limit on an annual basis, through the approval of the Risk Management Committee, to maintain internal capital adequacy by managing internal capital (integrated risks) within the extent of available capital.

The prior year's internal capital, analysis of domestic and foreign environment changes in the current year, and the direction and size of operations are all reflected in the goal setting of internal capital management to calculate the integrated internal capital scale. Moreover, Bank for International Settlements (BIS) capital adequacy ratio and risk appetite are taken into consideration in the goal setting of internal capital management.

- Allocation of internal capital

The Group's Risk Management Committee approves entire internal capital, and the Risk Management Policy Committee allocates the capital to each segment and department, considering the extent of possible risk faced and size of operations. The allocated internal capital is monitored regularly and managed using various management methods. The results of monitoring and managing the allocated internal capital are reported to the Risk Management Committee. In case of any material changes in the Group's business plan or risk operation strategy, the Group adjusts the allocations elastically.

- Composition of internal capital

Internal capital comprises all the significant risks of the Group and is composed of quantifiable and non-quantifiable risks. Quantifiable risks refer to risks that are measured quantitatively based on objective data using established methodologies, including reasonable models. Such quantifiable risks comprise credit risk, market risk, interest rate risk, liquidity risk, credit concentration risk, and foreign currency settlement risk. Non-quantifiable risks refer to risks for which it is difficult to objectively quantify the level of risk due to the absence of appropriate measurement methodologies or the lack of relevant data. Such non-quantifiable risks comprise strategy risk, reputation risk, and residual risks related to asset securitization and credit risk mitigation.

**(2) Credit Risk**

***(i) Concept***

Credit risk can be defined as potential loss resulting from the refusal to perform obligations or default of counterparties. More generally, it is used to refer to the possibility of loss from engaged bonds that cannot be redeemed properly or from substitute payments.





Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**52. Risk Management, Continued**

***(ii) Approach to credit risk management***

*Summary of credit risk management*

The Group regards credit risk as the most significant risk area in its business operations, and accordingly, closely monitors its credit risk exposure. The Group manages both credit risks at portfolio level and at individual credit level. At portfolio level, the Group reduces credit concentration and restructures the portfolio in such a way to maximize profitability considering the risk level. To avoid credit concentration on a particular sector, the Group manages credit limits by client, group, and industry. The Group also resets exposure management directives for each industry by conducting an industry credit evaluation twice a year.

At the individual credit level, the credit officer (CO), the relationship manager (RM) and the Credit Review Committee manage each borrower's credit risk.

*Post management and insolvent borrower management*

The Group monitors the borrower's credit rating from the date of the loan to the date of the final collection of debt consistently and inspects the borrower's status frequently to prevent the generation of new bad debts and to stabilize the number of debt recoveries.

In addition, an early warning system is operated to spot borrowers that are highly likely to be insolvent. The early warning system provides financial information, financial transaction information, public information and market information of the borrower, and such information is used by the RM and the CO to monitor and manage changes in the borrower's credit rating.

A borrower that is likely to be insolvent is classified as an early warning borrower, depending on the level of insolvency risk. The Group sets up a specific and applicable stabilization plan for such a borrower considering the borrower's characteristics. Furthermore, sub-standard borrowers are classified as insolvent borrowers, and are managed intensively by the Group, which takes legal proceedings, disposals or corporate turnaround measures if necessary.

*Classification of asset soundness and provision of allowance for loss*

Classification of asset soundness is fulfilled by the analysis and assessment of credit risk. The classification is used in order to provision an appropriate allowance, prevent further occurrences of insolvent assets and promote the normalization of existing insolvent assets to enhance the stabilization of asset operations.

Based on the Financial Supervisory Regulations of the Republic of Korea, the Group has established standards and guidelines on the classification of asset soundness, according to the Forward-Looking Criteria (FLC), which reflects not only the borrower's past records of repayment but also their future debt repayment capability.

In conformity with these standards, the Group classifies the soundness of its assets as "normal", "precautionary", "substandard", "doubtful", or "estimated loss" and differentiates the coverage ratio by the level of classification.

Details of loans by credit rating as of December 31, 2025 and 2024 are as follows:

< Corporate >

| | | December 31, 2025 | | | |
|---|---|---|---|---|---|
| | | | 12-month | Lifetime expected credit losses | |
| | | Carrying amounts | expected credit loss | Non credit-impaired loans | Credit-impaired loans |
| AAA ~ BBB1 | ₩ | 206,186,266 | 172,127,512 | 33,290,008 | 768,746 |
| BBB2 ~ CCC | | 29,604,480 | 12,466,811 | 16,232,059 | 905,610 |
| Below CC | | 375,594 | - | 54,216 | 321,378 |
| | ₩ | 236,166,340 | 184,594,323 | 49,576,283 | 1,995,734 |

Korea Development Bank and Subsidiaries

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## 52. Risk Management, Continued

| December 31, 2024 | | Carrying amounts | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired loans | Lifetime expected credit losses: Credit-impaired loans |
|---|---|---|---|---|---|
| AAA ~ BBB1 | ₩ | 191,370,726 | 170,202,319 | 21,165,646 | 2,761 |
| BBB2 ~ CCC | | 33,987,958 | 14,012,494 | 18,913,074 | 1,062,390 |
| Below CC | | 1,170,029 | 5,986 | 16,700 | 1,147,343 |
| | ₩ | 226,528,713 | 184,220,799 | 40,095,420 | 2,212,494 |

< Non-corporate >

| December 31, 2025 | | Carrying amounts | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired loans | Lifetime expected credit losses: Credit-impaired loans |
|---|---|---|---|---|---|
| Grade 1~ Grade 6 | ₩ | 615,612 | 603,709 | 11,875 | 28 |
| Grade 7~ Grade 8 | | 7,967 | 2,803 | 5,052 | 112 |
| Grade 9~ Grade 10 | | 16,781 | 177 | 5,641 | 10,963 |
| | ₩ | 640,360 | 606,689 | 22,568 | 11,103 |

| December 31, 2024 | | Carrying amounts | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired loans | Lifetime expected credit losses: Credit-impaired loans |
|---|---|---|---|---|---|
| Grade 1~ Grade 6 | ₩ | 893,405 | 881,925 | 11,319 | 161 |
| Grade 7~ Grade 8 | | 14,109 | 4,010 | 9,183 | 916 |
| Grade 9~ Grade 10 | | 16,882 | 897 | 6,142 | 9,843 |
| | ₩ | 924,396 | 886,832 | 26,644 | 10,920 |

Details of payment guarantees (including financial guarantees) and unused commitments by credit rating as of December 31, 2025 and 2024 are as follows:

< Corporate >

| December 31, 2025 | | Exposures | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired exposures | Lifetime expected credit losses: Credit-impaired exposures |
|---|---|---|---|---|---|
| Unused commitments: | | | | | |
| AAA ~ BBB1 | ₩ | 56,118,773 | 48,966,513 | 7,152,259 | - |
| BBB2 ~ CCC | | 3,987,631 | 2,224,135 | 1,638,101 | 125,395 |
| Below CC | | - | - | - | - |
| | ₩ | 60,106,404 | 51,190,648 | 8,790,360 | 125,395 |
| Payment guarantees (including financial guarantees): | | | | | |
| AAA ~ BBB1 | ₩ | 15,141,802 | 9,180,630 | 5,961,172 | - |
| BBB2 ~ CCC | | 2,846,650 | 1,930,821 | 895,072 | 20,757 |
| Below CC | | 41,508 | - | - | 41,508 |
| | ₩ | 18,029,960 | 11,111,451 | 6,856,244 | 62,265 |



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52. Risk Management, Continued

| December 31, 2024 | | Exposures | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired exposures | Lifetime expected credit losses: Credit-impaired exposures |
|---|---|---|---|---|---|
| Unused commitments: | | | | | |
| AAA ~ BBB1 | ₩ | 49,852,500 | 45,509,139 | 4,343,361 | - |
| BBB2 ~ CCC | | 5,801,297 | 3,467,387 | 2,285,478 | 48,432 |
| Below CC | | 397 | - | - | 397 |
| | ₩ | 55,654,194 | 48,976,526 | 6,628,839 | 48,829 |
| Payment guarantees (including financial guarantees): | | | | | |
| AAA ~ BBB1 | ₩ | 8,146,202 | 7,357,184 | 789,018 | - |
| BBB2 ~ CCC | | 11,082,422 | 5,223,047 | 5,842,792 | 16,583 |
| Below CC | | 50,885 | - | - | 50,885 |
| | ₩ | 19,279,509 | 12,580,231 | 6,631,810 | 67,468 |

< Non-corporate >

| December 31, 2025 | | Exposures | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired exposures | Lifetime expected credit losses: Credit-impaired exposures |
|---|---|---|---|---|---|
| Unused commitments: | | | | | |
| Grade 1~ Grade 6 | ₩ | 49,546 | 49,468 | 9 | 69 |
| Grade 7~ Grade 8 | | - | - | - | - |
| Grade 9~ Grade 10 | | - | - | - | - |
| | ₩ | 49,546 | 49,468 | 9 | 69 |

| December 31, 2024 | | Exposures | 12-month expected credit loss | Lifetime expected credit losses: Non credit-impaired exposures | Lifetime expected credit losses: Credit-impaired exposures |
|---|---|---|---|---|---|
| Unused commitments: | | | | | |
| Grade 1~ Grade 6 | ₩ | 65,255 | 64,923 | 247 | 85 |
| Grade 7~ Grade 8 | | - | - | - | - |
| Grade 9~ Grade 10 | | - | - | - | - |
| | ₩ | 65,255 | 64,923 | 247 | 85 |

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# Notes to the Consolidated Financial Statements

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## 52. Risk Management, Continued

***(iii) Measurement methodology of credit risk***

Pursuant to Basel III, the Group selects the measurement methodology of credit risk considering the complexity of measurement, measurement factors, estimating methods and others. Measurement approaches are divided into Standardized Approach and Internal Ratings-Based Approach.

*Standardized Approach (SA)*

In the case of the Standardized Approach, the risk weights are applied according to the credit rating assessed by External Credit Assessment Institution (ECAI). Risk weights in each credit rating are as follows:

| Credit rating | Corporate | Country | Bank |
|---|---|---|---|
| AAA ~ AA- | 20.0% | 0.0% | 20.0% |
| A+ ~ A- | 50.0% | 20.0% | 30.0% |
| BBB+ ~ BBB- | 75.0% | 50.0% | 50.0% |
| BB+ ~ BB- | 100.0% | 100.0% | 100.0% |
| B+ ~ B- | 150.0% | 100.0% | 100.0% |
| Below B- | 150.0% | 150.0% | 150.0% |
| Unrated | 100.0% (*) | 100.0% | Rating based on due diligence |

(*) In case of small and medium-sized business, 85.0% is applied.

In addition to OECD country credit ratings, the Bank uses credit ratings assigned by Korea Credit Rating Co., Ltd., NICE Credit Rating Co., Ltd., and Korea Investors Service, which are eligible credit rating agencies designated by FSS. The Group applies the individual credit rating based on the relevant loan and the same borrower's senior unsecured exposure, and where the risk weight of the individual or obligor credit rating is higher than that of an unrated exposure (100%), the higher risk weight is applied; where multiple credit ratings are available, the higher of the two lowest risk weights is applied in accordance with the second-best criterion.

Korea Development Bank and Subsidiaries

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*Internal Ratings-Based Approach (IRB)*

To use the Internal Ratings-Based Approach, a bank must be approved by the FSS and should also meet the requirement pre-set by the FSS.

In relation to Basel II that has been adopted domestically as of January 2008, the Group gained approval from the FSS to use the Foundation Internal Ratings-Based Approach in July 2008. The Group has calculated credit risk-weighted assets using the approach since late June 2008.

*Measurement method of credit risk-weighted asset*

The Group calculates credit risk-weighted assets of corporate exposures and asset securitization exposures using the Foundation Internal Ratings-Based Approach as of December 31, 2025.

The Standardized Approach is applied to country exposures, public institution exposures and bank exposures permanently and applied to overseas subsidiary and the Group's branch pursuant to prior consultation with the FSS.

<Approved measurement method>

| Measurement method | | Exposure |
|---|---|---|
| Standardized Approach | Permanent SA | - Countries, public institutions, banks and equity |
| | SA | - Overseas subsidiaries and branches, and other assets, retail, residential mortgage, commercial properties |
| Foundation Internal Ratings-Based Approach | | - Large, small and medium enterprises and asset securitization (at each credit level) |
| Application of IRB by phase | | - Special corporate lending, non-residence and others |

The mitigated effect of credit risks reflects the related policies which consider eligible collateral and guarantees. The Group calculates the credit risk-weighted assets using the capital adequacy ratio.

Upon the calculation of credit risk-weighted assets for derivatives, the Group takes into consideration the set-off effects of transactions under legally enforceable rights to set-off to calculate exposures.

Korea Development Bank and Subsidiaries

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## 52. Risk Management, Continued

*Credit rating model*

The results of credit rating are presented as grades through an assessment of the debt repayment capacity that the principal and interest of debt securities or loans are redeemed while complying with contractual redemption schedule.

Using the Group's internal credit rating model, the Group classifies debtors' credit rating into 14 grades (AAA~D). To distinguish the difference between credits in the same grade, the Group uses 20 stages as auxiliaries to 14 grades.

The Group's regular credit rating process is carried out once a year and in the case of the change of debtor's credit condition, the credit rating is frequently adjusted as necessary to retain the adequacy of credit rating.

The results of credit rating are applied to various areas such as discrimination of loan processes, loan limit, loan interest rate, post loan management standard process, credit risk measurement, and allowance for loan losses assessment.

*Credit rating process control structure*

According to the Principle of Checks and Balances, the Group has established the credit rating process control structure by which the credit rating system operates appropriately.

- Independent assessment of credit rating: The Group's business segment (RM) and credit rating assessment segment (SRO) are independently operated.
- Independent control of credit rating system: The control of credit rating system including the development of credit rating model is independently implemented by the Group's Risk Management Department.
- Independent verification of credit rating system: Credit rating system is independently verified by Risk Validation Team of the Financial Planning Department.
- Internal audit of credit rating process: Credit rating process is audited by the Group's internal audit department.
- Role of the Board of Directors and the Group's management: Major issues relating to credit rating process are approved by the Board of Directors and are regularly monitored by the Group's top management.

The Group reviews debt serviceability based on a credit analysis when handling loans. Depending on the results, credit loan preservation is adjusted as necessary using such methods as interest rate preservation due to credit risk.

The Group evaluates the value of the collateral, performing ability and legal validity of the guarantee at the initial acquisition. The Group re-evaluates the provided collateral and guarantees regularly for them to be reasonably preserved.

For guarantees, the Group demands a corresponding written guarantee according to loan handling standards and the guarantor's credit rating is independently calculated when in conformance with the credit rating endowment method.

The quantification of the extent to which collateral and other credit enhancements mitigate credit risk of impaired financial assets as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 (*) |
|---|---|---|---|
| Securities measured at FVTPL | ₩ | 8,654 | - |
| Securities measured at FVOCI | | - | - |
| Loans measured at amortized cost | | 1,917,211 | 1,648,075 |
| Other assets | | 3,087 | 4,274 |

(*) Certain prior-year note disclosures have been revised due to changes in the collateral amounts used in calculating credit risk mitigation effects. (The credit risk mitigation effects before the revision were ₩75,472 million for securities measured at FVOCI, ₩2,399,831 million for loans measured at amortized cost, and ₩7,811 million for other assets.)





Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

## 52. Risk Management, Continued

### (iv) *Credit exposure*

Credit exposure by region as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | | Korea | Hong Kong | Ireland | Uzbekistan | Brazil | Hungary | UK | US | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Due from financial institutions (excluding due from BOK) | ₩ | 1,582,040 | 68,109 | 339 | 12 | - | 230,230 | 51,794 | 4,423,159 | 3,168,952 | 9,524,635 |
| Securities measured at FVOCI: | | | | | | | | | | | |
| Bonds (excluding government bonds) | | 7,507,789 | 583,189 | 46,932 | - | 457,825 | 194,856 | 883,572 | 6,043,101 | 5,397,490 | 21,114,754 |
| Securities measured at amortized cost: | | | | | | | | | | | |
| Bonds (excluding government bonds) | | 2,824,423 | - | - | - | 76,464 | - | 286,823 | 677,463 | 443,865 | 4,309,038 |
| Loans | | 169,883,387 | 1,893,221 | 1,344,697 | 611,415 | 757,472 | 800,913 | 2,341,224 | 10,035,955 | 57,797,826 | 245,466,110 |
| Derivative financial assets | | 443,483 | 28,603 | - | - | 1,813 | 8 | 45,362 | 57,901 | 515,788 | 1,092,958 |
| Other financial assets | | 5,763,209 | 61,557 | 435 | 2,003 | 13,858 | 21,415 | 3,092 | 5,880 | 5,644,439 | 11,515,888 |
| | | 188,004,331 | 2,634,679 | 1,392,403 | 613,430 | 1,307,432 | 1,247,422 | 3,611,867 | 21,243,459 | 72,968,360 | 293,023,383 |
| Commitments | | 45,452,434 | 626,881 | 264,487 | 46,704 | - | 113,062 | 1,125,473 | 4,921,281 | 7,605,627 | 60,155,949 |
| Guarantees (including financial guarantees) | | 16,751,625 | 954 | - | 55,451 | - | 55,346 | - | 1,118,342 | 48,243 | 18,029,961 |
| | | 62,204,059 | 627,835 | 264,487 | 102,155 | - | 168,408 | 1,125,473 | 6,039,623 | 7,653,870 | 78,185,910 |
| | ₩ | 250,208,390 | 3,262,514 | 1,656,890 | 715,585 | 1,307,432 | 1,415,830 | 4,737,340 | 27,283,082 | 80,622,230 | 371,209,293 |

| December 31, 2024 | | Korea | Hong Kong | Ireland | Uzbekistan | Brazil | Hungary | UK | US | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Due from financial institutions (excluding due from BOK) | ₩ | 1,388,436 | 45,842 | 158 | 6,885 | 576 | 329,693 | 21,812 | 5,511,894 | 3,436,846 | 10,742,142 |
| Securities measured at FVOCI: | | | | | | | | | | | |
| Bonds (excluding government bonds) | | 11,179,096 | 537,657 | 29,678 | - | 445,790 | 85,810 | 813,989 | 6,361,687 | 4,447,706 | 23,901,413 |
| Securities measured at amortized cost: | | | | | | | | | | | |
| Bonds (excluding government bonds) | | 4,493,019 | - | - | - | 84,413 | - | 293,862 | 606,770 | 263,892 | 5,741,956 |
| Loans | | 168,591,185 | 2,332,787 | 1,137,065 | 771,726 | 432,004 | 439,998 | 2,104,409 | 12,537,607 | 54,558,858 | 242,905,639 |
| Derivative financial assets | | 243,449 | - | - | - | - | - | 1,230 | 182 | 45,981 | 290,842 |
| Other financial assets | | 5,558,268 | 18,478 | 174 | 1,240 | 16,005 | 20,235 | 2,843 | 6,688 | 5,789,882 | 11,413,813 |
| | | 191,453,453 | 2,934,764 | 1,167,075 | 779,851 | 978,788 | 875,736 | 3,238,145 | 25,024,828 | 68,543,165 | 294,995,805 |
| Commitments | | 45,241,083 | 435,258 | 70,544 | 15,519 | - | 46,772 | 582,339 | 4,415,576 | 4,912,358 | 55,719,449 |
| Guarantees (including financial guarantees) | | 18,224,213 | 1,085 | - | 57,613 | - | 63,365 | - | 828,844 | 104,389 | 19,279,509 |
| | | 63,465,296 | 436,343 | 70,544 | 73,132 | - | 110,137 | 582,339 | 5,244,420 | 5,016,747 | 74,998,958 |
| | ₩ | 254,918,749 | 3,371,107 | 1,237,619 | 852,983 | 978,788 | 985,873 | 3,820,484 | 30,269,248 | 73,559,912 | 369,994,763 |

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**52. Risk Management, Continued**

Credit exposure by industry as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | | |
|---|---|---|---|---|---|---|
| | | Manufacturing | Service | Others | Household | Total |
| Due from financial institutions (excluding due from BOK) | ₩ | 73,517 | 7,376,359 | 2,074,759 | - | 9,524,635 |
| Securities measured at FVOCI: | | | | | | |
| Bonds (excluding government bonds) | | 2,259,183 | 13,835,302 | 5,020,269 | - | 21,114,754 |
| Securities measured at amortized cost: | | | | | | |
| Bonds (excluding government bonds) | | 540,443 | 2,131,581 | 1,637,014 | - | 4,309,038 |
| Loans | | 91,426,070 | 126,580,165 | 27,394,570 | 65,305 | 245,466,110 |
| Derivative financial assets | | - | 1,092,958 | - | - | 1,092,958 |
| Other assets | | 359,344 | 1,198,486 | 9,958,058 | - | 11,515,888 |
| | | 94,658,557 | 152,214,851 | 46,084,670 | 65,305 | 293,023,383 |
| Commitments | | 25,720,940 | 27,960,815 | 6,474,189 | 5 | 60,155,949 |
| Guarantees (including financial guarantees) | | 15,394,378 | 2,496,109 | 139,474 | - | 18,029,961 |
| | | 41,115,318 | 30,456,924 | 6,613,663 | 5 | 78,185,910 |
| | ₩ | 135,773,875 | 182,671,775 | 52,698,333 | 65,310 | 371,209,293 |

| | | December 31, 2024 | | | | |
|---|---|---|---|---|---|---|
| | | Manufacturing | Service | Others | Household | Total |
| Due from financial institutions (excluding due from BOK) | ₩ | 142,765 | 8,527,313 | 2,072,064 | - | 10,742,142 |
| Securities measured at FVOCI: | | | | | | |
| Bonds (excluding government bonds) | | 3,217,780 | 14,940,895 | 5,742,738 | - | 23,901,413 |
| Securities measured at amortized cost: | | | | | | |
| Bonds (excluding government bonds) | | 865,127 | 3,257,094 | 1,619,735 | - | 5,741,956 |
| Loans | | 91,585,906 | 122,937,016 | 28,297,133 | 85,584 | 242,905,639 |
| Derivative financial assets | | - | 290,842 | - | - | 290,842 |
| Other assets | | 382,881 | 1,019,491 | 10,011,441 | - | 11,413,813 |
| | | 96,194,459 | 150,972,651 | 47,743,111 | 85,584 | 294,995,805 |
| Commitments | | 24,934,681 | 26,165,673 | 4,619,089 | 6 | 55,719,449 |
| Guarantees (including financial guarantees) | | 16,654,005 | 2,462,438 | 163,066 | - | 19,279,509 |
| | | 41,588,686 | 28,628,111 | 4,782,155 | 6 | 74,998,958 |
| | ₩ | 137,783,145 | 179,600,762 | 52,525,266 | 85,590 | 369,994,763 |





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**52. Risk Management, Continued**

Credit exposures of debt securities by credit rating as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | |
|---|---|---|---|---|---|
| | | | 12-month expected credit loss | Lifetime expected credit losses | |
| | | Carrying amounts | | Non credit-impaired | Credit-impaired |
| AAA ~ BBB1 | ₩ | 39,288,673 | 38,709,748 | 578,925 | - |
| BBB2 ~ CCC | | 563,847 | 563,847 | - | - |
| Below CC | | - | - | - | - |
| | ₩ | 39,852,520 | 39,273,595 | 578,925 | - |

| | | December 31, 2024 | | | |
|---|---|---|---|---|---|
| | | | 12-month expected credit loss | Lifetime expected credit losses | |
| | | Carrying amounts | | Non credit-impaired | Credit-impaired |
| AAA ~ BBB1 | ₩ | 38,815,923 | 38,388,514 | 427,409 | - |
| BBB2 ~ CCC | | 570,754 | 520,688 | 50,066 | - |
| Below CC | | 4,005 | 4,005 | - | - |
| | ₩ | 39,390,682 | 38,913,207 | 477,475 | - |

**52. Risk Management, Continued**

**(3) Capital management activities**

***(i) Capital adequacy***

The FSS approved the Group's use of the Foundation Internal Ratings-Based Approach in July 2008. The Group has been using the same approach when calculating credit risk-weighted assets since the end of June 2008. The equity capital ratio and equity capital according to the standards of the Bank for International Settlements are calculated for such disclosure. The equity capital ratio and equity capital are calculated on a consolidated basis. In conformity with the Banking Act, which is based on the implementation of Basel III on December 2013, the regulatory capital is divided into the following two categories.

*Tier 1 capital (Common Equity Tier 1 + Additional Tier 1 capital)*

- Common Equity Tier 1

Regulatory capital that represents the most subordinated claim in liquidation of the Group, takes the first and proportionately greatest share of any losses as they occur, and which principal is never repaid outside of liquidation meets the criteria for classification as common equity, including capital stock, capital surplus, retained earnings, and accumulated other comprehensive income as common equity Tier 1.

- Additional Tier 1 capital

Capital stock and capital surplus related to issuance of capital securities that are subordinated, have non-cumulative and conditional dividends or interests, and have no maturity or step-up conditions.

*Tier 2 capital (Supplementary Tier 2 capital)*

Regulatory capital that fulfils supplementary capital adequacy requirements, and includes subordinated debt with maturities over 5 years and allowance for loan losses in conformity with external regulatory standards and internal standards.

## Korea Development Bank and Subsidiaries

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**52. Risk Management, Continued**

The BIS capital adequacy ratio and capital in accordance with Basel III standards as of December 31, 2025 and 2024 are as follows:

*BIS capital adequacy ratio*

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Equity capital based on BIS (A): | | | |
| Tier 1 capital: | | | |
| Common Equity Tier 1 | ₩ | 48,048,986 | 42,581,473 |
| Additional Tier 1 capital | | - | - |
| | | 48,048,986 | 42,581,473 |
| Tier 2 capital | | 3,012,753 | 3,350,097 |
| | ₩ | 51,061,739 | 45,931,570 |
| Risk-weighted assets (B): | | | |
| Credit risk-weighted assets | ₩ | 343,812,618 | 316,077,185 |
| Market risk-weighted assets | | 3,877,254 | 3,246,288 |
| Operational risk-weighted assets | | 10,818,653 | 11,020,728 |
| | ₩ | 358,508,525 | 330,344,201 |
| BIS capital adequacy ratio (A/B): | | 14.24% | 13.9% |
| Tier 1 capital ratio: | | 13.4% | 12.89% |
| Common Equity Tier 1 ratio | | 13.4% | 12.89% |
| Additional Tier 1 capital ratio | | - | - |
| Tier 2 capital ratio | | 0.84% | 1.01% |

*Equity capital based on BIS*

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Tier 1 capital (A): | | | |
| Common Equity Tier 1 | | | |
| Capital stock | ₩ | 27,257,759 | 26,316,559 |
| Capital surplus | | 1,339,610 | 1,355,849 |
| Retained earnings | | 17,776,473 | 12,768,402 |
| Accumulated other comprehensive income | | 2,668,993 | 2,992,380 |
| Common stock deductibles | | (993,849) | (851,717) |
| | | 48,048,986 | 42,581,473 |
| Tier 2 capital (B): | | | |
| Allowance for doubtful accounts, etc. | | 1,023,975 | 939,461 |
| Qualified capital securities | | 2,244,000 | 2,678,000 |
| Non-qualified capital securities | | - | - |
| Additional stock deductibles | | (255,222) | (267,364) |
| | | 3,012,753 | 3,350,097 |
| Equity capital (A+B) | ₩ | 51,061,739 | 45,931,570 |





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**52. Risk Management, Continued**

**(4) Market risk**

***(i) Concept***

Market risk is defined as the possibility of potential loss resulting from fluctuations in interest rates, foreign exchange rates and the price of stocks and commodities. Trading position is exposed to risks, such as interest rate, stock price, and foreign exchange rate, etc. Non-trading position is mostly exposed to interest rates. Accordingly, the Group classifies market risks into those exposed from trading position or those exposed from non-trading position.

***(ii) Market risks of trading positions***

*Management method on market risks arising from trading positions*

In response to the full implementation of Basel III market risk regulations, the Group has been calculating and managing market risk capital in accordance with the Standardized Approach under Basel III since January 2023. The Standardized Approach under Basel III measures market risk by three components: sensitivity risk, default risk and residual risk. Sensitivity risk measures the market risk by five risk classes, which are general interest rate, credit spread, equity, foreign exchange and commodity. Default risk quantifies losses in the event of a default that exceeds normal market price fluctuations. Lastly, residual risk quantifies risk that cannot be measured by sensitivity risk and default risk. These components are then simply added together to calculate the total required capital.

The Group sets total limit of market risk based on annual business plan, risk appetite and others and monitors Market risk limit of each trading department on a daily basis.

***Capital Requirements for Market risk***

The Group's capital requirements for market risk as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Sensitivity risk: | ₩ | | |
| General interest rate | | 114,448 | 99,656 |
| Credit spread | | 139,098 | 134,099 |
| Equity | | 291 | 252 |
| Foreign exchange (FX) | | 42,649 | 14,443 |
| Commodity | | 1,090 | 555 |
| | | 297,576 | 249,005 |
| Default risk | | 7,186 | 5,978 |
| Residual risk | | 5,418 | 4,720 |
| | ₩ | 310,180 | 259,703 |

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**52. Risk Management, Continued**

***(iii) Market risks of non-trading positions***

*Management method on market risks arising from non-trading positions*
The most critical market risk that arises in non-trading position is the interest rate risk. Interest rate risk is defined as the likely loss resulting from the unfavorable fluctuation of interest rate in the Group's financial condition and is measured by IRRBB (Interest Rate Risk in Banking Book), △EVE (change in Economic Value of Equity) and △NII (change in Net Interest Income).

△EVE represents fluctuations in the economic value of equity capital that may occur due to changes in interest rates affecting the present values of assets, liabilities and off-balance sheet items. △NII represents changes in net interest income that may occur over a certain period of time (e.g. one year) in the future due to changes in interest rates.

The Group's Risk Management Committee sets and manages interest rate risk limits on a yearly basis and interest rate risk is monthly measured and monitored.

△EVE and △NII of the Group's non-trading positions as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| △EVE | ₩ | 845,068 | 1,547,321 |
| △NII | | 457,987 | 636,243 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**52. Risk Management, Continued**

**(iv) *Foreign currency risk***

Outstanding balances by currency with significant exposure as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | USD | EUR | JPY | GBP | Others | Total |
| Financial assets: | | | | | | | |
| Cash and due from financial institutions | ₩ | 7,419,615 | 402,500 | 138,874 | 47,635 | 1,320,319 | 9,328,943 |
| Securities measured at FVTPL | | 2,006,844 | 153,949 | 6,152 | 26,633 | 43,236 | 2,236,814 |
| Securities measured at FVOCI | | 13,643,573 | 1,262,846 | 724,942 | - | 1,203,720 | 16,835,081 |
| Securities measured at amortized cost | | 2,382,892 | 230,919 | - | - | 100,366 | 2,714,177 |
| Loans | | 67,323,053 | 5,933,620 | 3,664,575 | 1,414,042 | 3,639,037 | 81,974,327 |
| Derivative financial assets | | 1,165,674 | 74,084 | 3,439 | 292,962 | 52,820 | 1,588,979 |
| Other financial assets | | 2,718,401 | 65,618 | 57,929 | 6,314 | 134,433 | 2,982,695 |
| | | 96,660,052 | 8,123,536 | 4,595,911 | 1,787,586 | 6,493,931 | 117,661,016 |
| Financial liabilities: | | | | | | | |
| Financial liabilities designated at FVTPL | | 268,306 | - | - | - | - | 268,306 |
| Deposits | | 19,974,859 | 461,563 | 577,943 | 464 | 1,116,497 | 22,131,326 |
| Borrowings | | 26,223,436 | 1,148,909 | 2,921,774 | 28,596 | 1,239,053 | 31,561,768 |
| Debentures | | 38,951,287 | 4,859,702 | 566,208 | 1,064,306 | 10,675,872 | 56,117,375 |
| Derivative financial liabilities | | 1,739,496 | 143,269 | 4,340 | 296,161 | 62,525 | 2,245,791 |
| Other financial liabilities | | 2,855,883 | 86,866 | 58,669 | 23,505 | 675,369 | 3,700,292 |
| | | 90,013,267 | 6,700,309 | 4,128,934 | 1,413,032 | 13,769,316 | 116,024,858 |
| Net financial position | ₩ | 6,646,785 | 1,423,227 | 466,977 | 374,554 | (7,275,385) | 1,636,158 |

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**52. Risk Management, Continued**

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | USD | EUR | JPY | GBP | Others | Total |
| Financial assets: | | | | | | |
| Cash and due from financial institutions | ₩ 8,428,968 | 365,000 | 100,813 | 25,884 | 1,417,890 | 10,338,555 |
| Securities measured at FVTPL | 1,860,616 | 120,803 | 2,149 | 21,004 | 44,042 | 2,048,614 |
| Securities measured at FVOCI | 13,284,041 | 876,453 | 611,946 | - | 1,106,534 | 15,878,974 |
| Securities measured at amortized cost | 2,093,677 | 209,304 | - | - | 79,801 | 2,382,782 |
| Loans | 66,386,694 | 5,367,061 | 3,110,368 | 1,280,518 | 3,377,991 | 79,522,632 |
| Derivative financial assets | 1,774,644 | 63,397 | 9,916 | 245,797 | 98,798 | 2,192,552 |
| Other financial assets | 2,504,011 | 60,157 | 47,511 | 3,741 | 1,078,598 | 3,694,018 |
| | 96,332,651 | 7,062,175 | 3,882,703 | 1,576,944 | 7,203,654 | 116,058,127 |
| Financial liabilities: | | | | | | |
| Financial liabilities designated at FVTPL | 271,713 | - | - | - | - | 271,713 |
| Deposits | 18,287,172 | 574,605 | 516,103 | 500 | 812,756 | 20,191,136 |
| Borrowings | 27,317,217 | 891,901 | 2,401,495 | 18,418 | 1,664,029 | 32,293,060 |
| Debentures | 39,924,853 | 2,643,535 | 271,509 | 543,055 | 8,050,162 | 51,433,114 |
| Derivative financial liabilities | 2,800,132 | 86,723 | 3,689 | 262,150 | 56,343 | 3,209,037 |
| Other financial liabilities | 2,752,928 | 74,346 | 44,268 | 5,307 | 1,255,401 | 4,132,250 |
| | 91,354,015 | 4,271,110 | 3,237,064 | 829,430 | 11,838,691 | 111,530,310 |
| Net financial position | ₩ 4,978,636 | 2,791,065 | 645,639 | 747,514 | (4,635,037) | 4,527,817 |





## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

**52. Risk Management, Continued**

**(5) Liquidity risk management**

***(i) Concept***

Liquidity risk is defined as the possibility of potential loss due to a temporary shortage in funds caused by a maturity mismatch or an unexpected capital outlay. Liquidity risk soars when funding rates rise, assets are sold below a normal price, or a good investment opportunity is missed.

***(ii) Approach to liquidity risk management***

The Group manages its liquidity risks as follows:

*Allowable limit for liquidity risk*

- The allowable limit for liquidity risk sets LCR, NSFR and mid- to long-term foreign currency fund management ratio
- The management standards with regards to the allowable limit for liquidity risk should be set using separate and stringent set ratios in accordance with the FSS guidelines.

<Measurement Methodology>

- LCR: (High quality liquid assets / Total net cash outflows over the next 30 calendar days) X 100
- NSFR: (Available Stable Funding / Required Stable Funding) X 100
- Mid- to long-term foreign currency fund management ratio: (Foreign currency funding being repaid after 1 year / Foreign currency lending being collected after 1 year) X 100

*Early warning indicator*

To identify prematurely and cope with worsening liquidity risk trends, the Group has set up 15 indexes such as the "Foreign Exchange Stabilization Bond CDS Premium," and measures the trend monthly, weekly and daily as a means for establishing the allowable liquidity risk limit complementary measures.

*Stress-Test analysis and contingency plan*

- The Group evaluates the effects on the liquidity risk and identifies the inherent flaws. In the case where an unpredictable and significant liquidity crisis occurs, the Group executes risk situation analysis quarterly based on crisis specific to the Group, market risk and complex emergency, and reports to the Risk Management Committee for the purpose of the Group's solvency securitization.
- The Group established detailed contingency plan to manage the liquidity risks at every risk situation.

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**52. Risk Management, Continued**

***(iii) Analysis on remaining contractual maturity of financial instruments***

Remaining contractual maturity analysis for non-derivative financial instruments as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Financial assets: | | | | | | | |
| Cash and due from financial institutions | ₩ | 9,016,780 | 844,625 | 1,302,702 | 817,050 | 5 | 11,981,162 |
| Securities measured at FVTPL | | 2,451,962 | 19,164 | 2,637,808 | 4,991,283 | 19,352,602 | 29,452,819 |
| Securities measured at FVOCI | | 877,733 | 749,524 | 3,190,610 | 13,201,908 | 24,765,239 | 42,785,014 |
| Securities measured at amortized cost | | 294,232 | 926,648 | 3,548,077 | 6,353,347 | 846,049 | 11,968,353 |
| Loans | | 17,332,986 | 22,066,895 | 75,400,473 | 90,325,329 | 27,255,375 | 232,381,058 |
| Other financial assets | | 6,113,390 | 136,209 | 76,379 | 131,631 | 2,228,197 | 8,685,806 |
| | ₩ | 36,087,083 | 24,743,065 | 86,156,049 | 115,820,548 | 74,447,467 | 337,254,212 |
| Financial liabilities: | | | | | | | |
| Financial liabilities designated at FVTPL | ₩ | 618,474 | 137,595 | 659,717 | 208,307 | 268,306 | 1,892,399 |
| Deposits | | 28,070,416 | 16,405,651 | 21,053,616 | 4,115,693 | 287,412 | 69,932,788 |
| Borrowings | | 6,185,407 | 9,363,253 | 12,992,972 | 7,135,551 | 2,548,048 | 38,225,231 |
| Debentures | | 8,396,437 | 11,746,542 | 61,450,102 | 92,787,331 | 9,139,358 | 183,519,770 |
| Other financial liabilities | | 5,204,244 | 3,432,062 | 133,252 | 658,541 | 6,360,219 | 15,788,318 |
| | ₩ | 48,474,978 | 41,085,103 | 96,289,659 | 104,905,423 | 18,603,343 | 309,358,506 |

| | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Financial assets: | | | | | | | |
| Cash and due from financial institutions | ₩ | 9,952,066 | 590,911 | 1,358,384 | 778,788 | 5 | 12,680,154 |
| Securities measured at FVTPL | | 2,508,157 | 69,725 | 1,610,316 | 4,416,496 | 18,230,148 | 26,834,842 |
| Securities measured at FVOCI | | 1,278,162 | 1,100,611 | 3,805,992 | 12,293,303 | 24,440,678 | 42,918,746 |
| Securities measured at amortized cost | | 189,683 | 858,740 | 3,330,853 | 5,491,956 | 840,867 | 10,712,099 |
| Loans | | 14,820,454 | 23,431,598 | 78,311,910 | 83,552,217 | 23,169,316 | 223,285,495 |
| Other financial assets | | 6,928,668 | 72,053 | 76,944 | 156,394 | 2,016,684 | 9,250,743 |
| | ₩ | 35,677,190 | 26,123,638 | 88,494,399 | 106,689,154 | 68,697,698 | 325,682,079 |
| Financial liabilities: | | | | | | | |
| Financial liabilities designated at FVTPL | ₩ | 692,242 | 177,966 | 845,385 | 401,940 | 271,713 | 2,389,246 |
| Deposits | | 26,145,333 | 15,160,588 | 20,060,206 | 5,336,021 | 316,117 | 67,018,265 |
| Borrowings | | 7,183,633 | 11,038,297 | 11,090,906 | 7,192,276 | 788,467 | 37,293,579 |
| Debentures | | 7,507,475 | 10,451,918 | 53,681,585 | 93,159,184 | 8,400,331 | 173,200,493 |
| Other financial liabilities | | 5,507,612 | 2,844,741 | 110,568 | 627,608 | 5,543,339 | 14,633,868 |
| | ₩ | 47,036,295 | 39,673,510 | 85,788,650 | 106,717,029 | 15,319,967 | 294,535,451 |





Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(In millions of won)

**52. Risk Management, Continued**

Remaining contractual maturity analysis for derivative financial instruments as of December 31, 2025 and 2024 are as follows:

*Net settlement of derivative financial instruments*

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Trading purpose derivatives: | | | | | | | |
| Currency | ₩ | 2,823 | - | - | - | - | 2,823 |
| Interest rate | | (21,294) | (3,763) | (513,791) | (559,832) | 138,782 | (959,898) |
| Hedging purpose derivatives: | | | | | | | |
| Interest rate | | 31,689 | 302,005 | 841,144 | 2,387,797 | 1,084,674 | 4,647,309 |
| | ₩ | 13,218 | 298,242 | 327,353 | 1,827,965 | 1,223,456 | 3,690,234 |

| | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Trading purpose derivatives: | | | | | | | |
| Currency | ₩ | (99,897) | (120,452) | (200,518) | - | - | (420,867) |
| Interest rate | | 55,197 | 30,359 | (325,499) | (403,754) | 1,077,807 | 434,110 |
| Hedging purpose derivatives: | | | | | | | |
| Interest rate | | 36,090 | 250,330 | 841,971 | 2,130,959 | 1,295,726 | 4,555,076 |
| | ₩ | (8,610) | 160,237 | 315,954 | 1,727,205 | 2,373,533 | 4,568,319 |

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**52. Risk Management, Continued**

*Gross settlement of derivative financial instruments*

| | | December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Trading purpose derivatives: | | | | | | | |
| Currency | | | | | | | |
| Inflow | ₩ | 55,188,947 | 26,026,292 | 71,694,409 | 125,531,890 | 9,012,551 | 287,454,089 |
| Outflow | | 55,223,648 | 26,005,811 | 71,011,422 | 124,916,837 | 9,156,847 | 286,314,565 |
| Hedging purpose derivatives: | | | | | | | |
| Currency | | | | | | | |
| Inflow | | 1,033,124 | 1,994,915 | 12,006,909 | 20,238,459 | 4,634,253 | 39,907,660 |
| Outflow | | 1,544,987 | 2,497,720 | 14,451,405 | 22,354,967 | 4,452,044 | 45,301,123 |
| Total inflow | ₩ | 56,222,071 | 28,021,207 | 83,701,318 | 145,770,349 | 13,646,804 | 327,361,749 |
| Total outflow | ₩ | 56,768,635 | 28,503,531 | 85,462,827 | 147,271,804 | 13,608,891 | 331,615,688 |

| | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Within 1 month | 1~3 months | 3~12 months | 1~5 Years | Over 5 years | Total |
| Trading purpose derivatives: | | | | | | | |
| Currency | | | | | | | |
| Inflow | ₩ | 67,729,953 | 38,553,043 | 66,563,517 | 122,988,092 | 6,762,347 | 302,596,952 |
| Outflow | | 67,573,873 | 38,576,699 | 66,061,685 | 122,136,515 | 6,868,720 | 301,217,492 |
| Hedging purpose derivatives: | | | | | | | |
| Currency | | | | | | | |
| Inflow | | 1,258,709 | 1,810,835 | 3,446,651 | 19,785,822 | 4,827,946 | 31,129,963 |
| Outflow | | 1,537,626 | 1,756,289 | 3,820,878 | 21,966,411 | 4,721,907 | 33,803,111 |
| Total inflow | ₩ | 68,988,662 | 40,363,878 | 70,010,168 | 142,773,914 | 11,590,293 | 333,726,915 |
| Total outflow | ₩ | 69,111,499 | 40,332,988 | 69,882,563 | 144,102,926 | 11,590,627 | 335,020,603 |

In the case of guarantees and commitments provided by the Group, although such guarantees and commitments have contractual maturities, the Group is required to make payment immediately upon a request for payment by the counterparty. The composition of off-balance-sheet items as of December 31, 2025 and 2024 are as follows:

| | | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| Guarantees | ₩ | 18,029,960 | 18,845,473 |
| Commitments | | 69,739,016 | 67,494,313 |
| | ₩ | 87,768,976 | 86,339,786 |



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52. Risk Management, Continued

**(6) Insurance risk management**

***(i) Overview***

Insurance risk refers to the risk of potential economic losses arising from insurance contracts due to various actuarial risk factors associated with life insurance.

Insurance risk exposure is categorized as follows:

- Mortality risk: The risk of potential economic losses arising from an increase in the mortality rate of insured persons.
- Longevity risk: The risk of potential economic losses arising from a decrease in the mortality rate of insured persons.
- Disability and illness risk: The risk of potential economic losses arising from an increase in the incidence rates of disability and morbidity covered under insurance policies.
- Termination risk: The risk of potential economic losses arising from changes in policyholder option exercise rates or the exercise of legal rights by policyholders.
- Expense risk: The risk of potential economic losses arising from changes in future expense levels related to insurance contracts, including variations resulting from inflation.
- Catastrophic risk: The risk of potential economic losses arising from extreme and exceptional events not otherwise captured in mortality risk, such as pandemics or large-scale accidents.

***(ii) Management and measurement of insurance risk***

The objective of insurance risk management is to ensure stable profitability and maintain soundness by identifying potential economic losses that may arise from insurance contracts due to various risk factors and managing such risks in an efficient manner. Insurance risk management is governed by internal regulations, including the Risk Management Policy and detailed rules for insurance risk.

Based on these policies, the Group manages insurance risk through various analyses, including the analysis of loss ratios by distribution channel, product and coverage, the analysis of insurance claim payment patterns, and the management of risk retention levels and reinsurance cession ratios.

***(iii) Concentration of insurance risk and reinsurance policies***

The Group currently sells insurance contracts providing coverage for a wide range of benefits, including death, disability, hospitalization, surgery, diagnosis and indemnity medical expenses. In addition to offering a diversified product portfolio, the Group mitigates insurance risk and reduces risk concentration through the use of reinsurance. Reinsurance is also utilized with the objective of enhancing the efficiency of capital management by applying advanced risk management techniques.

Reinsurance cession policies are managed separately for new business and in-force contracts. The reinsurance management function analyses reinsurance arrangements, including the scope of cession, retention limits, profitability and capital adequacy, in consultation with relevant departments, based on internal regulations such as the “Reinsurance Operating Policy” and the “Reinsurance Risk Management Strategy.”

Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**52. Risk Management, Continued**

The maximum exposure to insurance risk by insurance type, which the Group considers to be significant, as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | | Insurance contract liabilities | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|
| General insurance | | | | |
| Death | ₩ | 3,828,808 | (203,747) | 3,625,061 |
| Health | | 2,849,732 | 6,953 | 2,856,685 |
| Pension | | 7,859,983 | - | 7,859,983 |
| Variables | | 773,082 | - | 773,082 |
| Others | | 2,500 | - | 2,500 |
| | ₩ | 15,314,105 | (196,794) | 15,117,311 |

| December 31, 2024 | | Insurance contract liabilities | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|
| General insurance | | | | |
| Death | ₩ | 3,519,581 | 30,032 | 3,549,613 |
| Health | | 2,754,078 | (24,621) | 2,729,457 |
| Pension | | 9,035,831 | - | 9,035,831 |
| Variables | | 660,971 | - | 660,971 |
| Others | | 2,914 | - | 2,914 |
| | ₩ | 15,973,375 | 5,411 | 15,978,786 |

The Group's maximum exposure to insurance risk by country in which insurance coverage is provided, as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | | Insurance contract liabilities | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|
| Domestic | ₩ | 15,314,105 | (196,794) | 15,117,311 |
| Overseas | | - | - | - |
| | ₩ | 15,314,105 | (196,794) | 15,117,311 |

| December 31, 2024 | | Insurance contract liabilities | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|
| Domestic | ₩ | 15,973,375 | 5,411 | 15,978,786 |
| Overseas | | - | - | - |
| | ₩ | 15,973,375 | 5,411 | 15,978,786 |



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52. Risk Management, Continued

The Group's maximum exposure to insurance risk by participation feature of insurance contracts, as of December 31, 2025 and 2024 are as follows:

| December 31, 2025 | Insurance contract liabilities | | | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|---|
| | With participation features | Without participation features | Variables | | |
| ₩ | 2,623,684 | 11,917,337 | 773,082 | (196,794) | 15,117,309 |

| December 31, 2024 | Insurance contract liabilities | | | Reinsurance contract liabilities (assets) | Total |
|---|---|---|---|---|---|
| | With participation features | Without participation features | Variables | | |
| ₩ | 2,826,754 | 12,485,651 | 660,970 | 5,411 | 15,978,786 |

***Reinsurance policy and status***

The Group establishes its reinsurance operating strategy after assessing its appropriateness based on underlying assets, the level of insurance risk and reinsurance costs. The reinsurance operating strategy is formulated and managed to include, among other matters, the objectives of reinsurance transactions, risk retention and reinsurance cession plans, retention limits, and the criteria for selecting reinsurers and reinsurance brokers.

## Korea Development Bank and Subsidiaries

# Notes to the Consolidated Financial Statements

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(In millions of won)

**52. Risk Management, Continued**

***(iv) Sensitivity analysis of insurance risk***

The Group manages insurance risk by performing sensitivity analysis on the fulfilment cash flows, based on loss ratio, expense ratio, discount rate, and others which are considered to have significant influence on uncertainty of future cash flow and timing arising from insurance contracts.

Results of the sensitivity analysis for direct insurance contracts as of December 31, 2025 and 2024 are as follows:

**December 31, 2025**

| Risk Variance | Shock level (*1) | | Participation Features | Baseline amount: Fulfillment Cashflow | Baseline amount: CSM | Variance amount: Fulfillment Cashflow (*3) | Variance amount: CSM | Impact on profit or equity (before tax): Profit or loss (*2) | Impact on profit or equity (before tax): OCI |
|---|---|---|---|---|---|---|---|---|---|
| Baseline amount | | Direct | With | ₩ 2,508,915 | 16,823 | - | - | - | - |
| | | | Without | 11,197,311 | 533,884 | - | - | - | - |
| | | | Variables | 768,519 | 222,305 | - | - | - | - |
| | | | | ₩14,474,745 | 773,012 | - | - | - | - |
| | | | Cession | (122,542) | (10,111) | - | - | - | - |
| | | | Net amount | ₩14,352,203 | 762,901 | - | - | - | - |
| Mortality rate | 3.27% increase | Direct | With | ₩ 2,502,649 | 19,639 | (6,266) | 2,816 | 3,984 | (534) |
| | | | Without | 11,222,785 | 523,513 | 25,473 | (10,371) | (16,228) | 1,125 |
| | | | Variables | 768,994 | 221,758 | 475 | (548) | 73 | - |
| | | | | ₩14,494,428 | 764,910 | 19,682 | (8,103) | (12,171) | 591 |
| | | | Cession | (129,830) | (9,923) | (7,288) | 188 | 4,923 | 2,177 |
| | | | Net amount | ₩14,364,598 | 754,987 | 12,394 | (7,915) | (7,248) | 2,768 |
| Disability/illness (fixed compensation / actual expense compensation) | 3.40% increase (fixed) 2.62% increase (actual expense) | Direct | With | ₩ 2,509,774 | 16,172 | 859 | (652) | (249) | 41 |
| | | | Without | 11,292,204 | 503,966 | 94,893 | (29,918) | (69,857) | 4,882 |
| | | | Variables | 769,389 | 221,462 | 871 | (843) | (28) | - |
| | | | | ₩14,571,367 | 741,600 | 96,623 | (31,413) | (70,134) | 4,923 |
| | | | Cession | (127,816) | (18,419) | (5,274) | (8,308) | 9,691 | 3,891 |
| | | | Net amount | ₩14,443,551 | 723,181 | 91,349 | (39,721) | (60,443) | 8,814 |
| Lapse rate (increase) | 9.16% increase | Direct | With | ₩ 2,508,733 | 17,043 | (182) | 220 | 1,331 | (1,369) |
| | | | Without | 11,334,665 | 461,302 | 137,354 | (72,582) | (50,763) | (14,009) |
| | | | Variables | 778,047 | 213,502 | 9,528 | (8,803) | (725) | - |
| | | | | ₩14,621,445 | 691,847 | 146,700 | (81,165) | (50,157) | (15,378) |
| | | | Cession | (123,405) | (19,748) | (864) | (9,637) | 8,490 | 2,011 |
| | | | Net amount | ₩14,498,040 | 672,099 | 145,836 | (90,802) | (41,667) | (13,367) |
| Lapse rate (decrease) | 9.16% decrease | Direct | With | ₩ 2,509,076 | 16,612 | 161 | (211) | (1,347) | 1,397 |
| | | | Without | 11,046,145 | 647,505 | (151,166) | 113,621 | 23,161 | 14,384 |
| | | | Variables | 761,050 | 229,038 | (7,469) | 6,732 | 736 | - |
| | | | | ₩14,316,271 | 893,155 | (158,474) | 120,142 | 22,550 | 15,781 |
| | | | Cession | (121,634) | (7,627) | 908 | 2,484 | (5,193) | 1,801 |
| | | | Net amount | ₩14,194,637 | 885,528 | (157,566) | 122,626 | 17,357 | 17,582 |
| Expense ratio (level / inflation) | 2.62% increase (level) 0.26%p increase (inflation) | Direct | With | ₩ 2,511,296 | 14,912 | 2,381 | (1,912) | (780) | 311 |
| | | | Without | 11,230,605 | 515,010 | 33,294 | (18,874) | (16,209) | 1,789 |
| | | | Variables | 770,405 | 220,626 | 1,886 | (1,679) | (207) | - |
| | | | | ₩14,512,306 | 750,548 | 37,561 | (22,465) | (17,196) | 2,100 |
| | | | Cession | (122,542) | (14,497) | - | (4,386) | 2,484 | 1,902 |
| | | | Net amount | ₩14,389,764 | 736,051 | 37,561 | (26,851) | (14,712) | 4,002 |





Korea Development Bank and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2025 and 2024
(In millions of won)
52. Risk Management, Continued

**December 31, 2024**

| Risk Variance | Shock level (*1) | | Participation Features | Baseline amount: Fulfillment Cashflow | Baseline amount: CSM | Variance amount: Fulfillment Cashflow (*3) | Variance amount: CSM | Impact on profit or equity (before tax): Profit or loss (*2) | Impact on profit or equity (before tax): OCI |
|---|---|---|---|---|---|---|---|---|---|
| Baseline amount | | Direct | With | ₩ 2,713,341 | 17,903 | - | - | - | - |
| | | | Without | 11,669,633 | 754,071 | - | - | - | - |
| | | | Variables | 656,069 | 93,070 | - | - | - | - |
| | | | | ₩15,039,043 | 865,044 | - | - | - | - |
| | | | Cession | 36,486 | 2,180 | - | - | - | - |
| | | | Net amount | ₩15,075,529 | 867,224 | - | - | - | - |
| Mortality rate | 3.27% increase | Direct | With | ₩ 2,706,897 | 19,213 | (6,444) | 1,310 | 5,443 | (309) |
| | | | Without | 11,706,126 | 719,176 | 36,494 | (34,895) | (1,530) | (69) |
| | | | Variables | 657,852 | 92,967 | 1,782 | (102) | (1,680) | - |
| | | | | ₩15,070,875 | 831,356 | 31,832 | (33,687) | 2,233 | (378) |
| | | | Cession | 18,666 | 17,552 | (17,820) | 15,372 | 553 | 1,895 |
| | | | Net amount | ₩15,089,541 | 848,908 | 14,012 | (18,315) | 2,786 | 1,517 |
| Disability/illness (fixed compensation / actual expense compensation) | 3.40% increase (fixed) 2.62% increase (actual expense) | Direct | With | ₩ 2,714,201 | 17,256 | 860 | (648) | (229) | 17 |
| | | | Without | 11,752,848 | 672,516 | 83,216 | (81,555) | (2,754) | 1,093 |
| | | | Variables | 657,205 | 92,720 | 1,136 | (350) | (786) | - |
| | | | | ₩15,124,254 | 782,492 | 85,212 | (82,553) | (3,769) | 1,110 |
| | | | Cession | 8,567 | 26,758 | (27,919) | 24,579 | 740 | 2,601 |
| | | | Net amount | ₩15,132,821 | 809,250 | 57,293 | (57,974) | (3,029) | 3,711 |
| Lapse rate (increase) | 9.16% increase | Direct | With | ₩ 2,712,191 | 18,623 | (1,151) | 720 | 1,686 | (1,255) |
| | | | Without | 11,784,496 | 671,354 | 114,864 | (82,717) | (21,901) | (10,245) |
| | | | Variables | 669,287 | 81,213 | 13,217 | (11,857) | (1,361) | - |
| | | | | ₩15,165,974 | 771,190 | 126,930 | (93,854) | (21,576) | (11,500) |
| | | | Cession | 37,167 | (5,042) | 681 | (7,222) | 5,947 | 595 |
| | | | Net amount | ₩15,203,141 | 766,148 | 127,611 | (101,076) | (15,629) | (10,905) |
| Lapse rate (decrease) | 9.16% decrease | Direct | With | ₩ 2,714,487 | 17,180 | 1,145 | (723) | (1,708) | 1,285 |
| | | | Without | 11,543,227 | 860,877 | (126,405) | 106,806 | 8,360 | 11,239 |
| | | | Variables | 642,462 | 105,375 | (13,608) | 12,305 | 1,303 | - |
| | | | | ₩14,900,176 | 983,432 | (138,868) | 118,388 | 7,955 | 12,524 |
| | | | Cession | 35,538 | 3,457 | (948) | 1,277 | (1,153) | 824 |
| | | | Net amount | ₩14,935,714 | 986,889 | (139,816) | 119,665 | 6,802 | 13,348 |
| Expense ratio (level / inflation) | 2.62% increase (level) 0.26%p increase (inflation) | Direct | With | ₩ 2,715,932 | 15,876 | 2,591 | (2,028) | (787) | 224 |
| | | | Without | 11,702,283 | 722,197 | 32,651 | (31,874) | (1,287) | 510 |
| | | | Variables | 657,686 | 91,960 | 1,617 | (1,109) | (507) | - |
| | | | | ₩15,075,901 | 830,033 | 36,859 | (35,011) | (2,581) | 734 |
| | | | Cession | 36,486 | 1,151 | - | (1,029) | 334 | 695 |
| | | | Net amount | ₩15,112,387 | 831,184 | 36,859 | (36,040) | (2,247) | 1,429 |

(*1) This sensitivity analysis relates to the residual coverage component. The level of shocks applied to actuarial assumptions is based on the supervisory standards for the calculation of risk adjustment (confidence level of 75%).
(*2) The impact on profit or loss represents the increase in the best estimate liability that gives rise to a loss as a result of changes in assumptions, to the extent that such increase exceeds the carrying amount of the insurance contract margin.
(*3) No shocks were applied to the risk adjustment included in the fulfilment cash flows.

## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(In millions of won)

**52. Risk Management, Continued**

***(v) Claims development tables***

The Group assesses the adequacy of insurance reserves by analyzing the development of estimated insurance claims over time for each accident year. Claims development of direct insurance contracts as of December 31, 2025 and 2024 are as follows:

**2025**

| Accident year | | 1 year | 2 years | 3 years | 4 years | 5 years | | Total |
|---|---|---|---|---|---|---|---|---|
| Estimated claim payments undiscounted | | | | | | | | |
| FYD-4 | ₩ | 177,247 | 37,767 | 5,526 | 2,104 | 988 | ₩ | 223,632 |
| FYD-3 | | 171,955 | 42,470 | 5,102 | 2,774 | - | | 222,301 |
| FYD-2 | | 177,152 | 40,637 | 5,265 | - | - | | 223,054 |
| FYD-1 | | 179,239 | 43,091 | - | - | - | | 222,330 |
| FYD | | 187,028 | - | - | - | - | | 187,028 |
| | ₩ | 892,620 | 207,886 | 27,161 | 12,355 | 4,745 | ₩ | 1,144,767 |
| Total gross cumulative claim payments | ₩ | 892,621 | 163,965 | 15,893 | 4,878 | 988 | ₩ | 1,078,345 |
| Difference between estimated final loss and claim payments | | - | 43,920 | 11,267 | 7,478 | 3,757 | | 66,422 |
| Discount effect | | | | | | | | (1,604) |
| Risk adjustment for non-financial risks | | | | | | | | 2,580 |
| Other adjustment | | | | | | | | - |
| Unpaid claim payment and others | | | | | | | | 771,962 |
| **Liability for incurred claims book value** | | | | | | | ₩ | 839,359 |

**2024**

| Accident year | | 1 year | 2 years | 3 years | 4 years | 5 years | | Total |
|---|---|---|---|---|---|---|---|---|
| Estimated claim payments undiscounted | | | | | | | | |
| FYD-4 | ₩ | 173,723 | 38,117 | 4,817 | 2,166 | 659 | ₩ | 219,482 |
| FYD-3 | | 177,014 | 37,726 | 5,524 | 2,072 | - | | 222,336 |
| FYD-2 | | 171,636 | 42,377 | 4,984 | - | - | | 218,997 |
| FYD-1 | | 176,554 | 40,246 | - | - | - | | 216,800 |
| FYD | | 174,413 | - | - | - | - | | 174,413 |
| | ₩ | 873,340 | 197,995 | 25,676 | 10,394 | 3,656 | ₩ | 1,111,061 |
| Total gross cumulative claim payments | ₩ | 873,340 | 158,466 | 15,325 | 4,238 | 659 | ₩ | 1,052,028 |
| Difference between estimated final loss and claim payments | | - | 39,530 | 10,351 | 6,156 | 2,997 | | 59,034 |
| Discount effect | | | | | | | | (1,463) |
| Risk adjustment for non-financial risks | | | | | | | | 2,296 |
| Other adjustment | | | | | | | | - |
| Unpaid claim payment and others | | | | | | | | 874,466 |
| **Liability for incurred claims book value** | | | | | | | ₩ | 934,332 |



## Korea Development Bank and Subsidiaries
# Notes to the Consolidated Financial Statements
December 31, 2025 and 2024

(In millions of won)

**52. Risk Management, Continued**

***(vi) Credit risk of insurance contract***

Concentration of reinsurance arrangements by reinsurer, based on reinsurers' credit ratings and ceded reinsurance premiums as of December 31, 2025 is as follows:

| Reinsurance company | Credit rating | Ratio |
|---|---|---|
| Partner Re | AA- | 59.47% |
| RGA | AA- | 20.51% |
| Korean Re | A+ | 13.92% |
| Pacific Life Re | AA- | 2.19% |
| SCOR | A+ | 1.69% |
| Swiss Re | AA- | 1.41% |
| Gen Re | AA+ | 0.77% |
| Munich Re | AA | 0.03% |
| Arch Re | AA- | 0.01% |
| | | 100% |

Details of reinsurers by credit rating category as of December 31, 2025 and 2024 are as follows:

**December 31, 2025**

| | | AA- and above | A+ ~ A- | BBB+ and below | Others | Total |
|---|---|---|---|---|---|---|
| Financial assets: | | | | | | |
| Ceded insurance assets | ₩ | 26,415 | (230,162) | - | - | (203,747) |
| Ceded insurance liabilities | | (4,059) | 11,012 | - | - | 6,953 |
| | ₩ | 22,356 | (219,150) | - | - | (196,794) |

**December 31, 2024**

| | | AA- and above | A+ ~ A- | BBB+ and below | Others | Total |
|---|---|---|---|---|---|---|
| Financial assets: | | | | | | |
| Ceded insurance assets | ₩ | 29,924 | 108 | - | - | 30,032 |
| Ceded insurance liabilities | | 2,387 | (27,008) | - | - | (24,621) |
| | ₩ | 32,311 | (26,900) | - | - | 5,411 |

# Organization

| Division | Center | Regional Head Office | Department |
|---|---|---|---|
| 10 | 8 | 8 | 65 |

**Auditor**
- Audit Department

**Board of Directors**
- Board-affiliated Committee

**Chairman & CEO**
- Chief Executive Committee

**Chief Consumer Officer(CCO)**
- Financial Consumer Protection Department

**Vice Chairman & COO**

- Secretariat
- Public Relations Department

**Chief Compliance Officer**
- Compliance Department
- Legal Affairs Department

**Chief Information Security Officer(CISO)**
- Information Security Department

**National Growth Fund Division**
- Fund Management Department
- Loan Operations Department
- Investment Operations Department
- Credit Review Service Department

**Innovation & Growth Banking Division**
- Indirect Financing Department
- Policy Fund Financing Department
- KDB NextRound Department

Venture Finance Center
- Venture Investment Banking Department I
- Venture Investment Banking Department II

**Capital Market Division**
- Debt Capital Markets Department
- M&A Consulting Department
- Private Equity Department

Project Finance Center
- Project Finance Department I
- Project Finance Department II
- Project Finance Department III

**Regional Development Division**
- Regional Development Support Department

Maritime Finance Center
- Maritime Finance Department I
- Maritime Finance Department II

Southern Investment Finance Center
- Regional Corporate Support Center
- Southeast Investment Finance Center
- Southwest Investment Finance Center

Regional Head Office
- Gangnam, Gangbuk, Gyeongin, Jungbu, Chungcheong, Honam, DaeguGyeongbuk, Southeast
- Domestic Branches

**Corporate Banking Division**
- KDB Alliance Center
- Corporate Banking Department I
- Corporate Banking Department II
- Corporate Banking Department III
- Corporate Banking Department IV

Corporate Turnaround & Restructuring Center
- Corporate Restructuring Department I
- Corporate Restructuring Department II
- Investment Management Department

**Global Business Division**
- Global Business Department
- Global Financial Cooperation Center
- Trade Finance Department
- F/X & Derivatives Trading Department
- Global Securities Trading Department
- Global Network Branches

**Credit Review Division**
- Credit Review Department I
- Credit Review Department II
- Credit Rating Department

Pension&Trust Business Center
- Pension Business Department
- Trust Department

**Risk Management Division**
- Risk Management Department
- Loan Review Department
- Operations Department

IT & AI Center
- AI & Digital Transformation Department
- Information Systems Department
- Core Banking System Department
- e-Banking System Department

**Planning & Administration Division**
- Planning Department
- Personnel Department
- Business·Investment Planning Department
- ESG Planning Department

KDB Future Strategy Research Institute
- Future Strategy Development Department
- Industry & Technology Research Center
- Development Finance Research Center

**Finance and Administrative Support Division**
- Financial Planning Department
- Treasury Department
- Deposit Planning Department
- Personnel Department
- Security Control Department

# Global Network



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- REPRESENTATIVE OFFICES
- SUBSIDIARIES

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