

# Investor Presentation

December 2025

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01

## Overview of KDB



## Brief Profile of KDB

|   |   |
|---|---|
| <b>Establishment</b>                        | <ul style="list-style-type: none"><li>Established in 1954 under the KDB Act</li><li>The KDB Act, a National Law legislated by the National Assembly, ranking directly below the Constitution</li><li>KDB's Chairman appointed by the President of Korea</li></ul>                     |
| <b>Policy Mandates</b>                      | <ul style="list-style-type: none"><li>Support economic growth in Korea</li><li>Promote industrial development and infrastructure expansion</li><li>Act as a financial market stabilizer</li><li>Drive financial innovation</li></ul>  |
| <b>Classification</b>                       | <ul style="list-style-type: none"><li>Sovereigns, Supranational and Agencies ("SSA")</li><li>National Development Finance Institution</li><li>Schedule B issuer (Sovereign Status) under the U.S. Securities and Exchange Commission ("SEC")</li></ul>                                |
| <b>Credit Ratings (M / S / F)</b>           | <ul style="list-style-type: none"><li>Aa2 (Stable) / AA (Stable) / AA- (Stable)</li><li>On par with the Korea sovereign (Aa2 (Stable) / AA (Stable) / AA- (Stable))</li></ul>   |
| <b>Institutional Framework</b>              | <ul style="list-style-type: none"><li>The Korean government (the "Government") is legally obligated to maintain KDB's solvency</li><li>Article 32 of the KDB Act stipulates the Government's statutory obligation to cover annual losses not absorbed by KDB's own reserves</li></ul> |
| <b>Capital</b>                              | <ul style="list-style-type: none"><li>KRW 26.9tn (USD 19.8bn) <sup>(1)(2)</sup></li><li>100% owned by the Government</li></ul>  |
| <b>Lending</b>                              | <ul style="list-style-type: none"><li>Outstanding loan amount: KRW 208.4tn (USD 153.6bn) <sup>(2)(3)</sup></li><li>Provides financial services and manage major industrial projects, in order to expedite industrial development and enhance the national economy</li></ul>           |
| <b>Total Assets</b>                         | <ul style="list-style-type: none"><li>KRW 340.8tn (USD 251.3bn) <sup>(2)(3)</sup></li></ul>   |
| <b>Basel III Common Equity Tier 1 ratio</b> | <ul style="list-style-type: none"><li>13.90% <sup>(4)</sup></li></ul>   |
| <b>Offices <sup>(5)</sup></b>               | <ul style="list-style-type: none"><li>Domestic Offices: 61 (head office, 60 branch offices)</li><li>Overseas Offices: 25 (12 branch offices, 7 subsidiaries, 6 representative offices)</li></ul>  |

**Notes:**

1. Paid-in capital on a non-consolidated basis, as of 30 June 2025

2. USD 1 = KRW 1,356.4 as of 30 June 2025

3. On a non-consolidated basis, as of 30 June 2025

4. On a consolidated basis, as of 30 June 2025

5. As of 30 June 2025

# Foundation of KDB's Sovereign Credit

## Integral Government Linkage

### Ratings on Par with the Sovereign

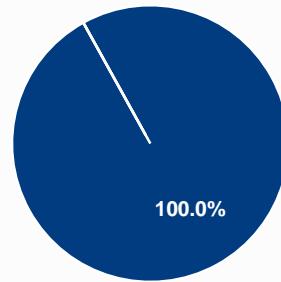
Moody's  
Aa2  
(Stable)

S&P Global  
AA  
(Stable)

Fitch Ratings  
AA-  
(Stable)

### 100% Government Ownership

Government



### Strong Government Oversight & Support

The government closely monitors and supports KDB's operations.

The government is legally required to maintain KDB's solvency.

Source: KDB; Moody's, S&P Global and Fitch Ratings

## Legal Framework : KDB Act

### Chairman & CEO appointed by the President

**Article 13:** "The Chairman shall be appointed by the President of the Republic of Korea"

### Executives appointed by the FSC

**Article 13:** "The Managing Director, Director and Auditor shall be appointed by the Chairman of the FSC."

### Government's approval on biz plan & budget

**Article 22:** KDB shall prepare a **business plan** every fiscal year and submit it to the FSC for approval"

**Article 30:** "KDB shall prepare and submit the **budget** for revenue and expenditures in each fiscal year and report to the FSC for approval prior to the beginning of the corresponding fiscal year."

### Government's guarantee to cover net losses

**Article 32 (Offset of Losses):** "The annual net losses of KDB shall be offset each year by the reserve, and if the reserve be insufficient, the **deficit shall be offset by the Government**.

The Government's offsetting of the losses in accordance with Paragraph 1 **may be implemented by granting general properties** as provided in Paragraph 3, Article 6 of the National Property Act, notwithstanding the provision of Article 55 of the same Act.

## Rating Agency Assessments

MOODY'S  
INVESTORS SERVICE

*... a nine-notch uplift for government support, reflecting our assessment of a government-backed level of support for the bank in times of need ... Our assessment of a government-backed level of support for the bank considers Article 32 of the KDB Act, under which the government is responsible for compensating the bank's losses if its reserves are insufficient; the government's 100% ownership of the bank; and the bank's important policy mandate to support Korea's key industries and growth sectors in high-tech.* (May 15, 2025)

S&P Global

*We see an almost certain likelihood that the Korean government would provide timely and sufficient extraordinary support to the bank in the event of financial distress. We therefore equalize the ratings on KDB with the sovereign ratings on Korea. We view KDB as a non-severable arm of the government, considering the bank's critical policy function. We also believe that such support is not subject to transition risk. We do not assign a stand-alone credit profile to KDB because we do not consider this to be a significant rating factor.* (August 27, 2025)

Fitch Ratings

*The GSR is equalised with the Long-Term IDR of Korea. This mainly reflects KDB's significant and longstanding policy role, supplemented by the sovereign's 100% direct ownership and de facto solvency guarantee. The bank provides credit to support major industrial developments, social infrastructure expansion and financial market stability as mandated by the KDB Act.* (Nov 3, 2025)

# Article 32 in detail: Capital Injection / Loss Compensation Mechanisms



*The government has been strengthening the bank's capital through pre-emptive capital injections to support policy financing and maintain stability of the financial system, regardless of the presence of deficits.*

| Tools                | Cash Contribution   | In-kind Contribution  | Concessions  |
|----------------------|---|---|--|
| Process              | <ul style="list-style-type: none"> <li>Pursuant to the National Finance Act, the Financial Services Commission prepares the new year's budget reflecting the bank's policy financing needs → National Assembly approves the budget in December</li> </ul> | <ul style="list-style-type: none"> <li>Pursuant to the State Property Act, a request is made to the Ministry of Strategy and Finance through the Financial Services Commission → Shares subject to in-kind contribution are appraised by an accounting firm → Approval is granted by the State Council → Presidential approval</li> </ul> | <ul style="list-style-type: none"> <li>Pursuant to Article 32 of the KDB Act, and as an exception to the National Property Act, the government may compensate for losses by granting general properties to KDB subject to deliberation of the State Council, → approval of the President → National Assembly approval</li> <li>However, in cases urgently necessary for the sound operation of KDB and the stabilization of financial system, National Assembly approval may be obtained ex post facto.</li> </ul> |
| Approval Authority   | <ul style="list-style-type: none"> <li>National Assembly</li> </ul>   | <ul style="list-style-type: none"> <li>Executive Branch</li> </ul>  | <ul style="list-style-type: none"> <li>Executive Branch with ex post facto National Assembly approval in cases requiring urgency</li> </ul>  |
| Institutions Covered | <ul style="list-style-type: none"> <li><b>KDB</b></li> <li>KEXIM</li> <li>IBK</li> <li>KHFC</li> <li>LH</li> </ul>  | <ul style="list-style-type: none"> <li>KIBO</li> <li>KODIT</li> <li>K-Sure</li> <li>KOSMES</li> </ul>   | <ul style="list-style-type: none"> <li><b>KDB</b></li> <li>KODIT</li> <li>K-Sure</li> <li>KOSMES</li> </ul>  |
| Legal Basis          | <p><sup>11</sup> if the reserve be insufficient, the <b>deficit shall be offset by the Government.</b><sup>12</sup></p>   | <p><sup>11</sup> if the reserve be insufficient, the <b>deficit shall be offset by the Government.</b><sup>12</sup></p>   | <p>“offsetting of the losses..... <b>may be implemented by granting general properties</b>”</p>  |

Source: Respective Founding Act of each institution

# Recent Developments : KDB's Expanding Policy Mandate

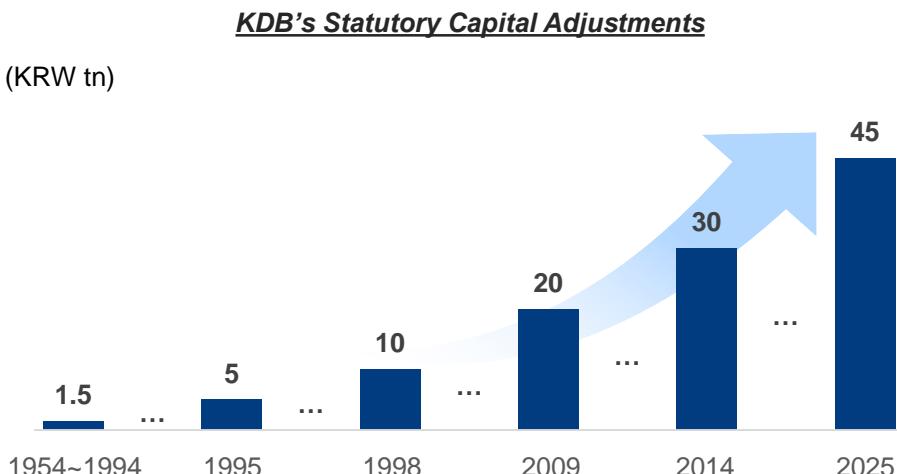


KDB Act Amendment Approved in the Korea's Cabinet Meeting (2 September, 2025)

## Amendment to the KDB Act

1

### Increase in KDB's Statutory Capital



**The Purpose of raising KDB's statutory capital to 45 trillion won is to provide the necessary funds to respond in a timely manner to policy finance demand, thereby supporting industrial development and promotion, the expansion of social infrastructure, regional development, financial market stability, and other areas that contribute to sustainable growth...**

**(Press Release, 17 July, 2025)**

2

### Installment of the 'High-Tech Strategic Fund' <sup>(1)</sup>

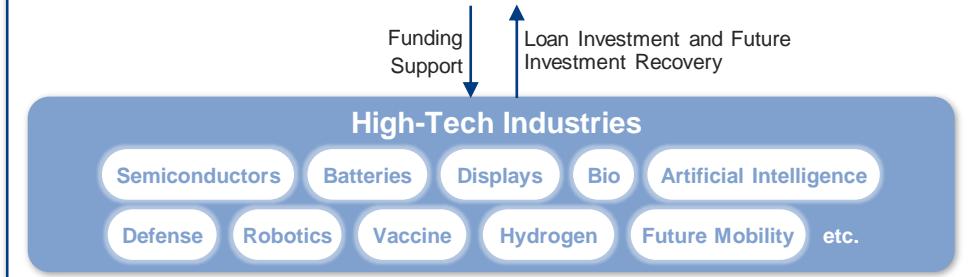
#### Overview of the High-Tech Strategic Fund



#### High-Tech Strategic Fund

**Max. KRW 75tn (c.USD 51.1bn<sup>(2)</sup>) for 5 years**

*A primary financial contributor to the National Growth Fund, a government-led investment vehicle targeting up to KRW 150tn to support growth-driving, high-tech industries*



Source: Ministry of Economy and Finance, Press Release

Notes:

1. Expected to take effect in end-2025

2. USD 1 = KRW 1,469.1 as of 2 December 2025

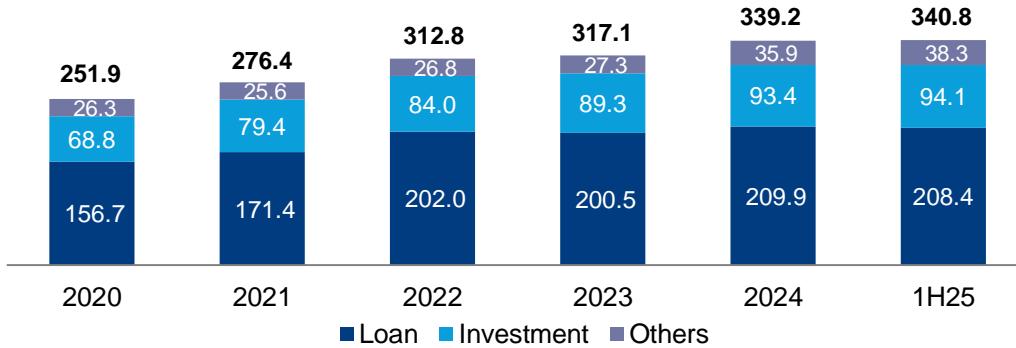
02

## Financial Highlights

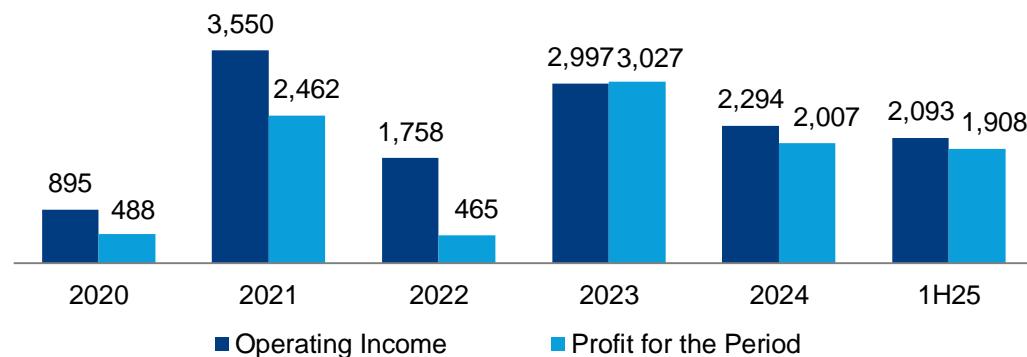


# Asset Quality & Profitability

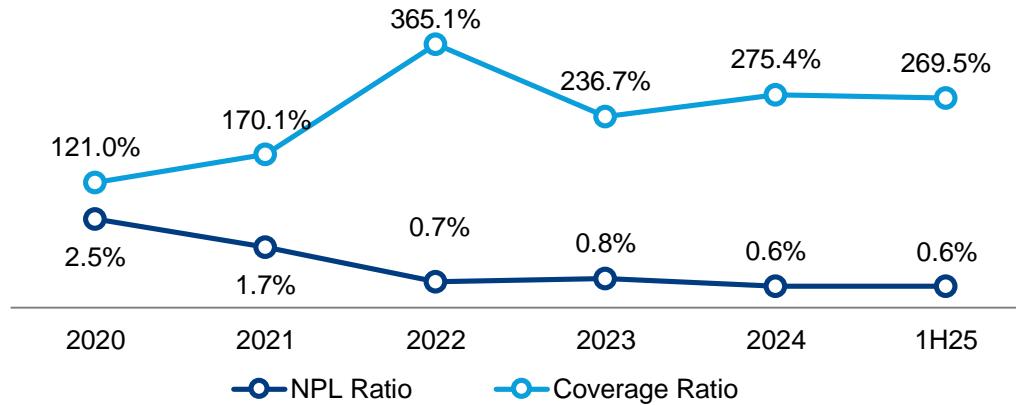
**Total Assets <sup>(1)(2)(4)</sup>**  
(KRW tn)



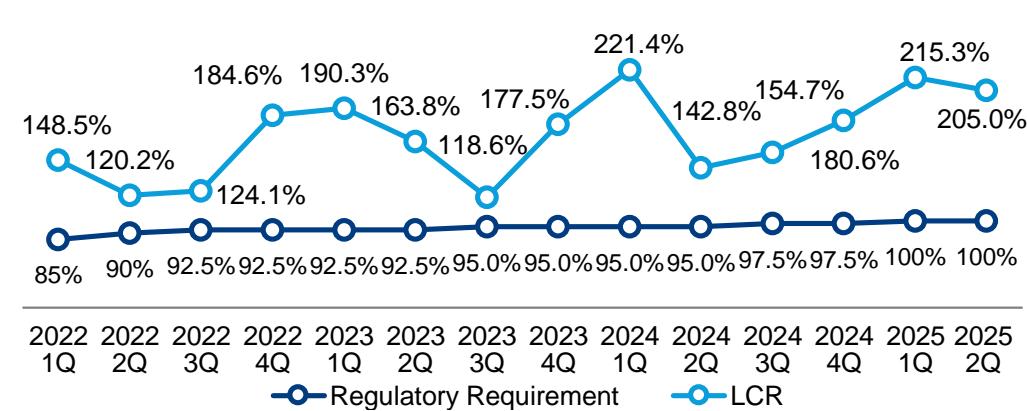
**Operating Performance <sup>(1)(4)</sup>**  
(KRW bn)



**NPL & Coverage Ratio <sup>(1)</sup>**



**Liquidity <sup>(1)(3)</sup>**



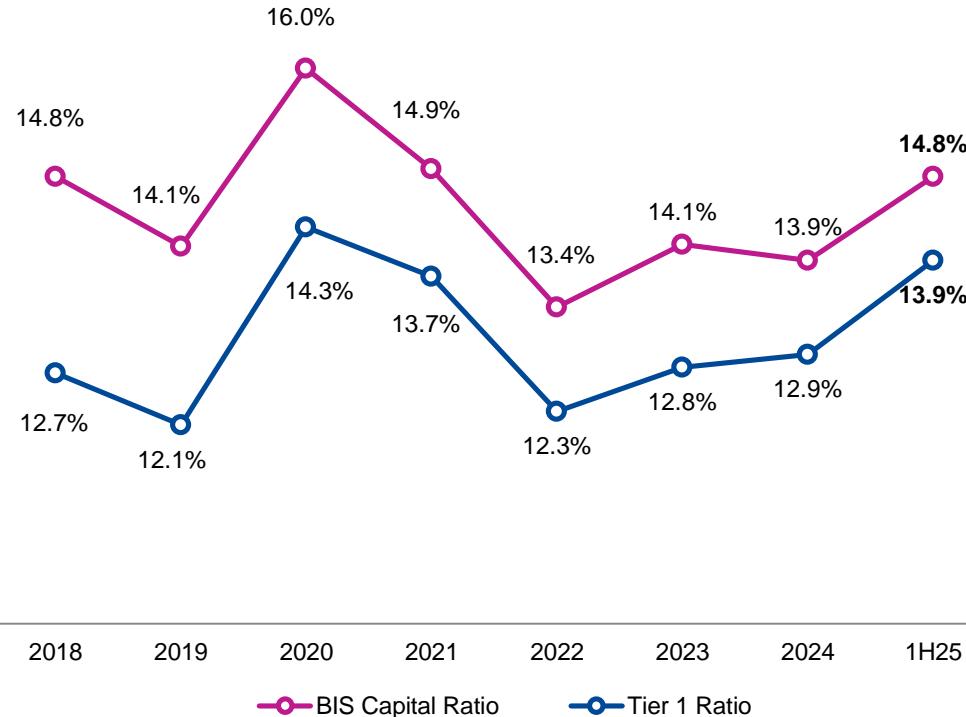
Source: KDB, The Financial Supervisory Service (FSS)

**Notes:**

1. All figures are on a non-consolidated basis except for the Liquidity Coverage Ratio ("LCR"); LCRs are on a monthly average basis as at the end of each year
2. Loan assets include both loans measured at amortized cost and loans measured as fair value through profit or loss
3. The Financial Services Commission will gradually increase the LCR regulatory requirement to 100% after temporarily easing it to 95% in the wake of the COVID-19 pandemic. The requirement increased from 97.5% in July 2024 to 100% in January 2025
4. FY2023 figures have been revised to reflect reclassification adjustments disclosed in the FY2024 audit report

# Capital Adequacy & Recapitalization

## Capital Adequacy <sup>(1)(2)</sup>



**BIS Capital Ratio and Tier 1 Capital Ratio remain at a healthy level** based on continued capital injections from the government as well as our recapitalization efforts.

Source: The Financial Supervisory Service (FSS)

Notes:

1. All Capital Adequacy ratios are on a consolidated basis
2. FY2023 BIS capital ratio has been revised to reflect calculation adjustments in risk-weighted assets disclosed in the FY2024 audit report
3. State-owned ship-financing specialized institution, establishment initiated by Ministry of Oceans and Fisheries
4. As of 30 November 2025

## Recapitalization Efforts

### 1 Regular Capital Injections by the Government

| Year                | Amount (KRW bn) | Related to  |
|---------------------|-----------------|---|
| 2010                | 10              | Facility Investment Fund  |
| 2013~2014           | 30              |   |
| 2015                | 2,055           | Corporate Investment Stimulus Program Facility Investment Fund, etc.                |
| 2016                | 308             |   |
| 2017                | 395             | Establishment of Korea Shipping and Maritime Transportation Co. <sup>(3)</sup> etc. |
| 2018                | 170             | Establishment of Growth Support Funds   |
| 2019                | 555             | Corporate restructuring purposes, etc.  |
| 2020                | 2,103           | Market Stabilization Program Fund, etc.   |
| 2021                | 1,121           | Market Stabilization Program Fund, etc.   |
| 2022                | 1,265           | Korean New Deal Fund, etc.  |
| 2023                | 775             | Sustaining Sound BIS Ratio, Growth Support Fund, etc.                               |
| 2024                | 2,390           | Expansion of Policy Finance Capacity, Innovative Growth Fund, etc.                  |
| 2025 <sup>(4)</sup> | 941             |   |

### 2 Issuance of Capital Securities

|  |  |  |   |  |
|--|--|--|---|--|
|  <b>KRW 700bn</b><br>4.850%<br>Tier 2<br>11/28/2033<br>Nov 2023 |  <b>KRW 380bn</b><br>4.460%<br>Tier 2<br>04/28/2030<br>Apr 2023 |  <b>KRW 420bn</b><br>4.610%<br>Tier 2<br>04/27/2033<br>Apr 2023 |  <b>KRW 50bn</b><br>5.310%<br>Tier 2<br>11/28/2029<br>Nov 2022 |  <b>KRW 450bn</b><br>5.410%<br>Tier 2<br>11/28/2032<br>Nov 2022 |
|--|--|--|---|--|

# Financial Statement Summary

## Independent Auditors' Report <sup>(1)</sup>

| Key Income Statement Items (KRW bn)                | 2020           | 2021           | 2022           | 2023 <sup>(2)</sup> | 2024           | 1H25           |
|--|----------------|----------------|----------------|---------------------|----------------|----------------|
| Interest Income                                    | 4,442          | 4,125          | 6,847          | 11,489              | 12,106         | 5,582          |
| Interest Expense                                   | (3,162)        | (2,467)        | (5,103)        | (9,928)             | (10,988)       | (5,040)        |
| <b>Net Interest Income</b>                         | <b>1,280</b>   | <b>1,659</b>   | <b>1,744</b>   | <b>1,562</b>        | <b>1,118</b>   | <b>542</b>     |
| Net Fees and Commission Income                     | 333            | 347            | 454            | 410                 | 488            | 263            |
| <b>Net Non-Interest Income</b>                     | <b>1,620</b>   | <b>3,555</b>   | <b>1,151</b>   | <b>1,457</b>        | <b>1,789</b>   | <b>1,866</b>   |
| <b>Total Income</b>                                | <b>2,900</b>   | <b>5,214</b>   | <b>2,895</b>   | <b>3,019</b>        | <b>2,907</b>   | <b>2,408</b>   |
| Provision for (Reversal of) Credit Losses          | 1,215          | 847            | 260            | (803)               | (244)          | (71)           |
| General and Administrative Expenses                | 789            | 816            | 876            | 824                 | 857            | 385            |
| <b>Operating Income</b>                            | <b>895</b>     | <b>3,550</b>   | <b>1,758</b>   | <b>2,997</b>        | <b>2,294</b>   | <b>2,093</b>   |
| Net Non-Operating Income (Expense)                 | (274)          | 105            | (1,165)        | 265                 | 147            | 488            |
| Profit before Income Tax                           | 621            | 3,655          | 593            | 3,262               | 2,441          | 2,582          |
| Tax Expenses and Loss from Discontinued Operations | 133            | 1,194          | 128            | 753                 | 434            | 673            |
| <b>Profit for the Period</b>                       | <b>488</b>     | <b>2,462</b>   | <b>465</b>     | <b>2,509</b>        | <b>2,007</b>   | <b>1,908</b>   |
| Key Balance Sheet Items (KRW bn)                   | 2020           | 2021           | 2022           | 2023                | 2024           | 1H25           |
| Cash and due from Banks                            | 10,529         | 11,976         | 11,539         | 8,660               | 12,996         | 12,488         |
| Loans  | 156,735        | 171,408        | 198,587        | 200,470             | 209,901        | 208,412        |
| <b>Total Assets</b>                                | <b>251,852</b> | <b>276,422</b> | <b>312,845</b> | <b>316,362</b>      | <b>339,221</b> | <b>340,869</b> |
| Deposits   | 45,879         | 52,792         | 68,327         | 65,898              | 66,101         | 68,544         |
| Borrowings   | 18,888         | 22,064         | 25,429         | 27,746              | 32,731         | 29,608         |
| Debentures   | 138,319        | 145,365        | 158,712        | 156,934             | 165,102        | 164,199        |
| <b>Total Liabilities</b>                           | <b>221,470</b> | <b>239,919</b> | <b>277,177</b> | <b>277,449</b>      | <b>296,296</b> | <b>296,021</b> |
| <b>Total Equity</b>                                | <b>30,383</b>  | <b>36,503</b>  | <b>35,668</b>  | <b>38,912</b>       | <b>42,925</b>  | <b>44,848</b>  |

Source: The Financial Supervisory Service (FSS)

Notes:

1. Financial data shown is based on non-consolidated basis

2. FY2023 figures have been revised to reflect reclassification adjustments disclosed in the FY2024 audit report

03

## Funding Activities & Track Record



# Foreign Currency Funding Activities

## 2<sup>nd</sup> Largest G2 Currency Issuer Among APAC SSA (1)

-  Diversified funding channels via public, PP, CP, bank loans
-  Providing liquidity across the curve
-  Stable secondary performance

| Rank | Issuer  | Issuance Amount (USD bn) |
|------|---|--------------------------|
| 1    | ADB   | 47.98                    |
| 2    |  KDB | 28.53                    |
| 3    | KEXIM   | 13.93                    |
| 4    | AIIB  | 12.94                    |
| 5    | DBJ   | 5.96                     |
| 6    | KHFC  | 5.49                     |
| 7    | JBIC  | 5.04                     |
| 8    | JFM   | 4.31                     |

-  2<sup>nd</sup> largest G2 currency bond issuer out of APAC SSA
-  5 benchmark offerings annually on average
-  Multiple funding currencies

## KDB's Funding Strategy

- 1 Establishing Benchmarks as a Renowned Global Bond Issuer**
  - ✓ Issuing large and highly liquid bonds, typically 2-3 benchmark USD / EUR bonds annually.
  - ✓ Paving the way for Korean issuers of various credit quality in the international capital markets as a leading benchmark issuer.
- 2 Expanding Funding Sources through tailor-made Private Placements**
  - ✓ Customizing private placements that meet ad hoc issuer-investor demand.
  - ✓ Providing flexibility in currency, structure and maturity.
- 3 Diversifying Investor Base through Additional Public Bond Issuance**
  - ✓ Capturing additional investors through public bond issuance in diverse currencies including GBP, AUD, CHF, etc.
  - ✓ Visiting markets regularly after inaugural issuance.
- 4 Securing Relationship-based Loans with Top Financial Institutions**
  - ✓ Maintaining and expanding relationship-based loans which provide a reliable backstop funding source during periods of market stress.
  - ✓ Demonstrating KDB's resilient funding capacity.

Source: Bloomberg, as of 2 December 2025

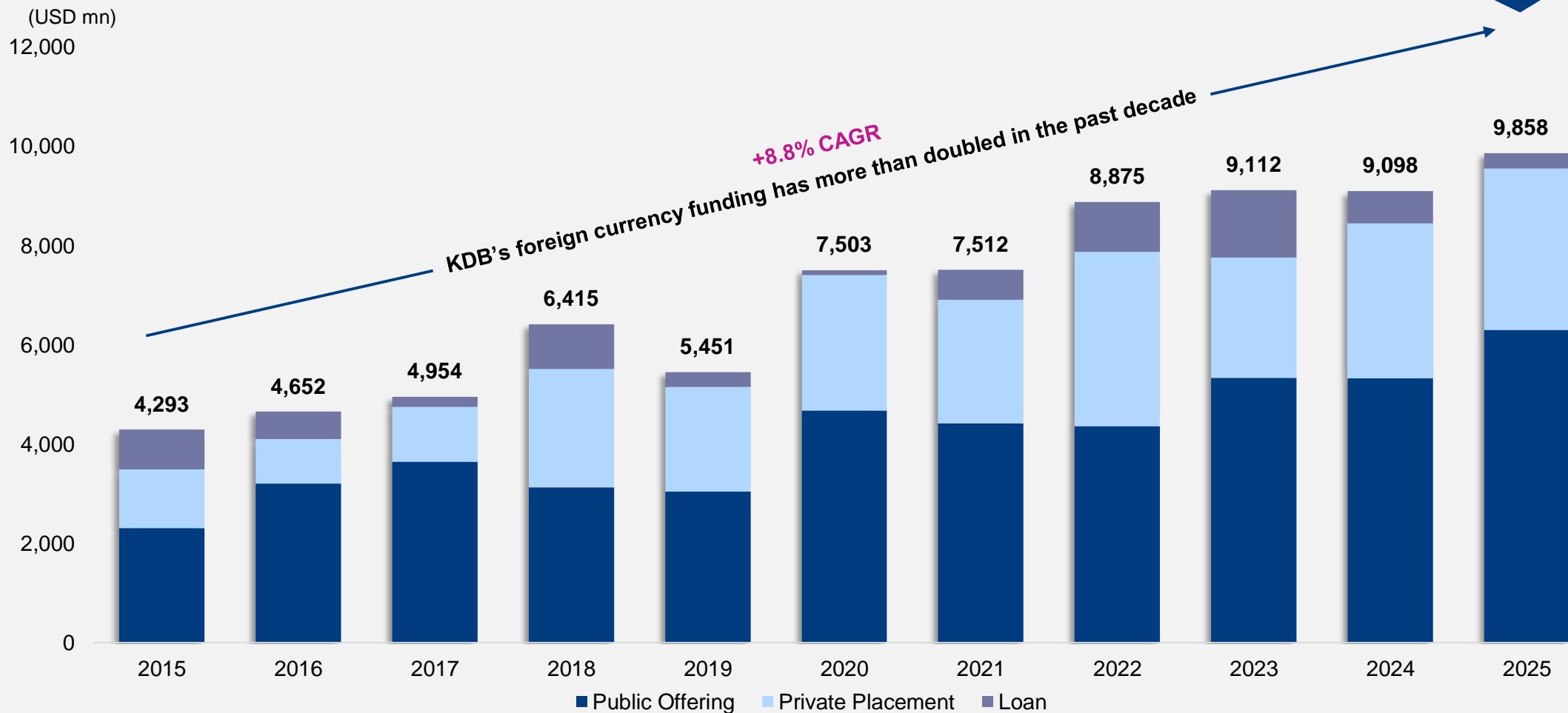
Notes:

1. 2024-2025YTD

# Foreign Currency Funding Track Record



## Active Foreign Currency Funding <sup>(1)</sup>



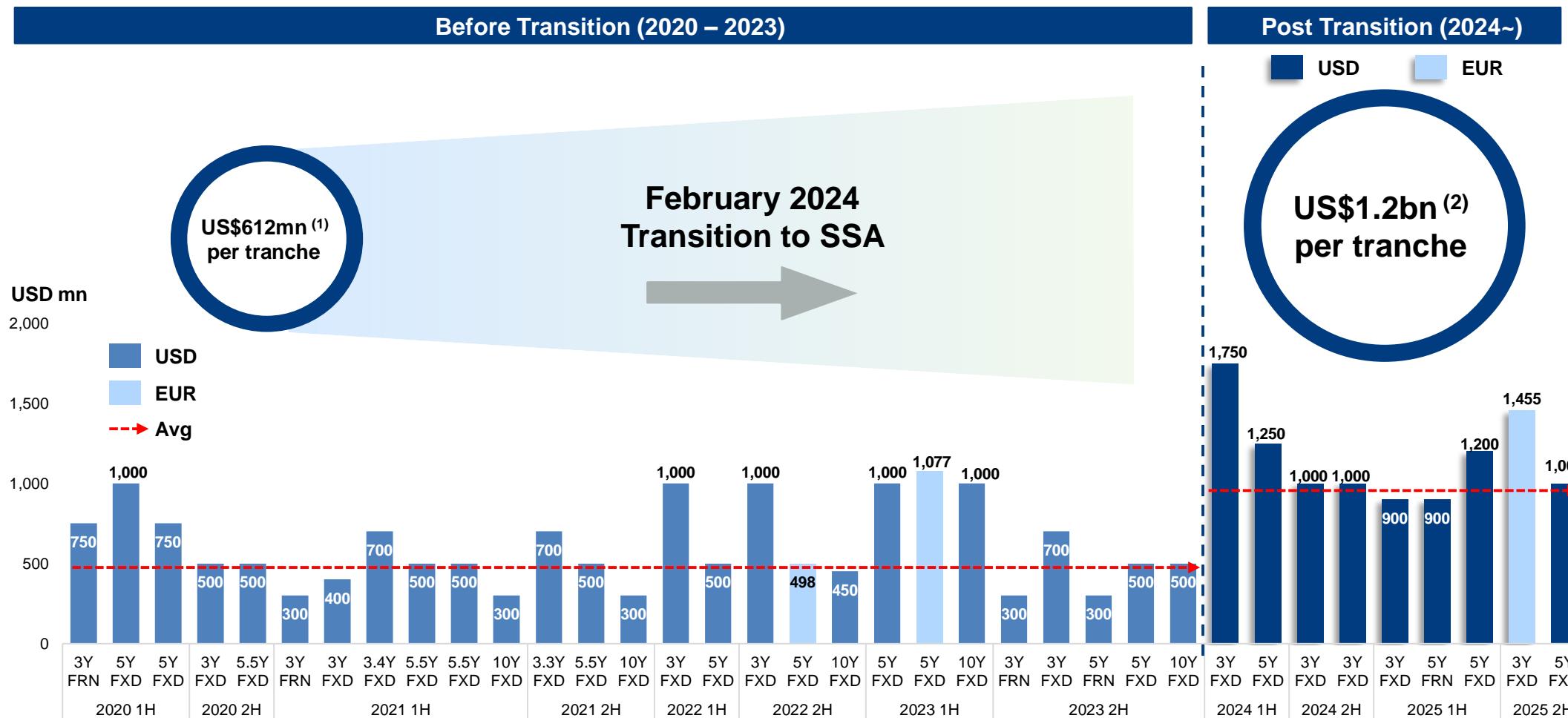
### Notes:

1. KDB, from January 2015 to November 2025

# Commitment to Liquidity

KDB will continue to maintain liquid benchmark curves

- Since transitioning to an SSA-style issuer in February 2024, KDB has seen stronger investor demand and improved orderbook quality.
- Continue issuing an average of 2 – 3 USD & EUR benchmarks annually.
- USD & EUR public bonds listed on various stock exchanges.
- Diversified orderbook with a broad investor base.



Source: Bloomberg, as of 2 December 2025

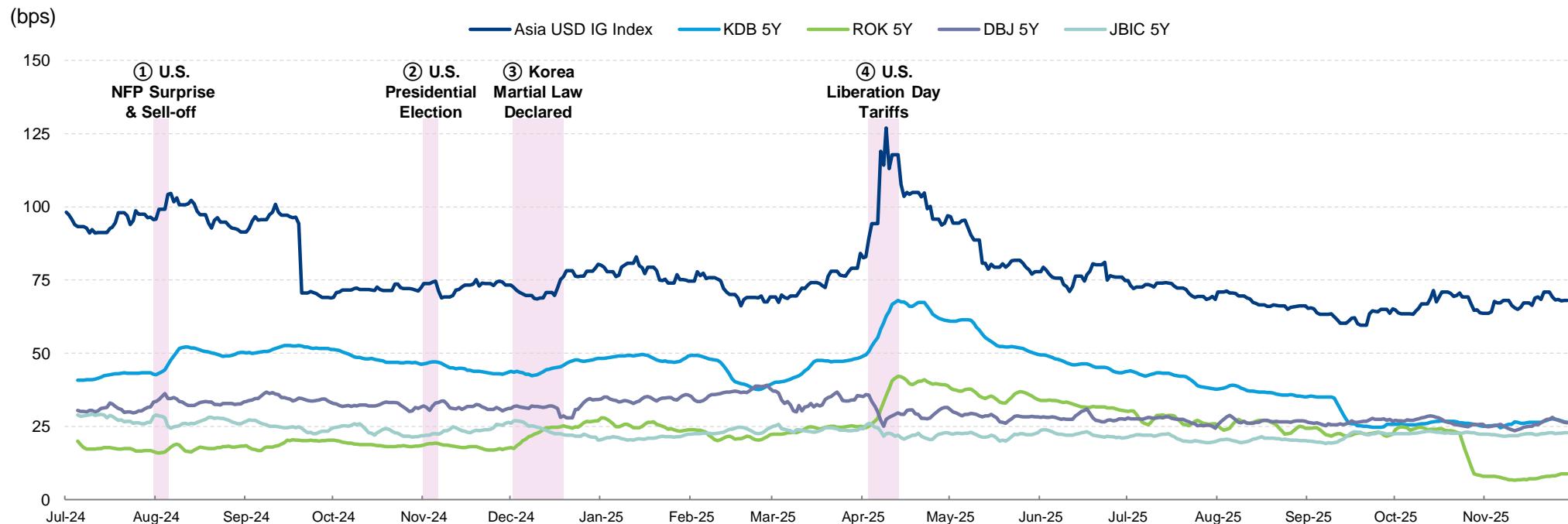
Notes:

1. Average tranche size between 2020-2023 for USD and EUR benchmark transactions
2. Average tranche size post SSA transition for USD and EUR benchmark transactions
3. FX Rate of the pricing date used otherwise specified

# KDB Bonds' Resilience to Market Volatility

KDB bonds have shown high stability amid increasingly volatile market conditions

## Strong Resilience In Secondary Performance Amid Market Volatility



KDB bonds have demonstrated **less spread**

**movements and greater resilience** compared to the Asia IG Index and similar SSAs, benefiting from deep liquidity and recognition as an SSA representative of the Korean Sovereign credit

|         | ① 2024 |       |       | ② 2024 |       |       | ③ 2024 |       |        | ④ 2025 |       |        |
|---------|--------|-------|-------|--------|-------|-------|--------|-------|--------|--------|-------|--------|
|         | (bps)  | Aug 1 | Aug 5 | Chg.   | Nov 1 | Nov 5 | Chg.   | Dec 3 | Dec 18 | Chg.   | Apr 2 | Apr 11 |
| KDB 5Y  | 42     | 50    | 8     | 47     | 47    | 0     | 45     | 46    | 1      | 50     | 69    | 19     |
| ROK 5Y  | 15     | 20    | 5     | 20     | 19    | -1    | 21     | 25    | 4      | 23     | 43    | 20     |
| Asia IG | 96     | 104   | 8     | 74     | 75    | 1     | 75     | 71    | -4     | 83     | 118   | 35     |

Source: Bloomberg, as of 30 November 2025

Notes:

1. 5-day moving average of 5 year on-the-run G-spreads for KDB, ROK, DBJ and JBIC

# Funding Target and Outstanding Funding Details

**USD10bn**

— **Funding target for** —  
**2025**

- We have reached our total funding target of USD 10bn equivalent in 2025. <sup>(1)</sup>
- We will continue to prioritize liquidity, transparency and diversification of funding sources – the core elements of KDB's funding strategy – as we solidify our position as an SSA issuer.

| Type of Funding Instruments      | FY2025 (Achieved) <sup>(2)</sup> | FY2024 (Achieved) |
|----------------------------------|----------------------------------|-------------------|
| Public Offerings                 | USD 6.3bn                        | USD 5.3bn         |
| SEC Registered                   | USD 4.0bn                        | USD 4.0bn         |
| GMTN <sup>(3)</sup>              | USD 1.8bn                        | USD 1.3bn         |
| AMTN                             | USD 0.5bn                        | -                 |
| Private Placement <sup>(3)</sup> | USD 3.3bn                        | USD 3.1bn         |
| Bank Loans                       | USD 300mn                        | USD 650mn         |
| <b>Total</b>                     | <b>USD 9.9bn</b>                 | <b>USD 9.1bn</b>  |

**Notes:**

1. Subject to market conditions and the bank's liquidity needs
2. KDB, as of 2 December 2025
3. Includes USD, EUR, GBP, etc., each converted at the time of pricing
4. Bloomberg, as of 2 December 2025

**Outstanding Bonds<sup>(4)</sup>**

KRW  
73.4%

**USD 122.1bn  
equivalent**

Foreign  
Currency  
26.6%

USD  
65.2%

**USD 32.4bn  
equivalent**

BRL  
10.3%

EUR  
10.2%

AUD  
2.8%

GBP  
2.3%

Others  
9.1%

Appendix 1:

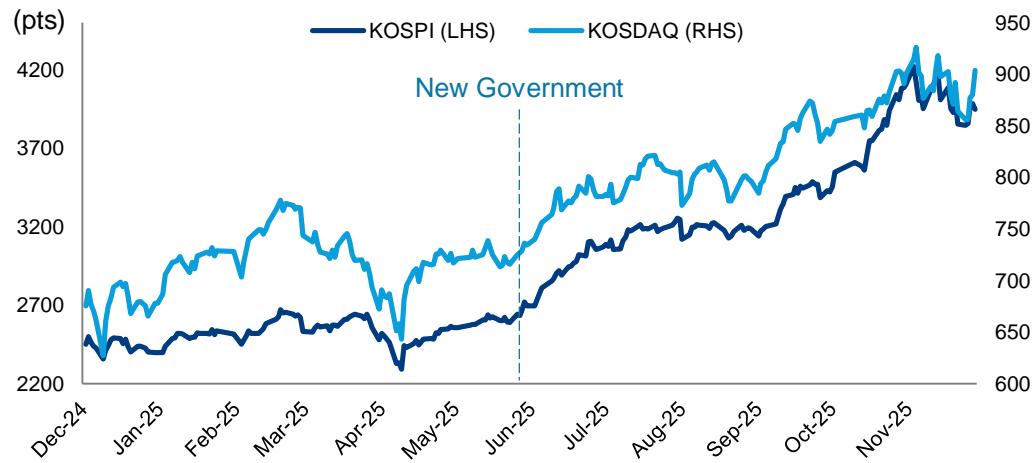
# Korean Economy



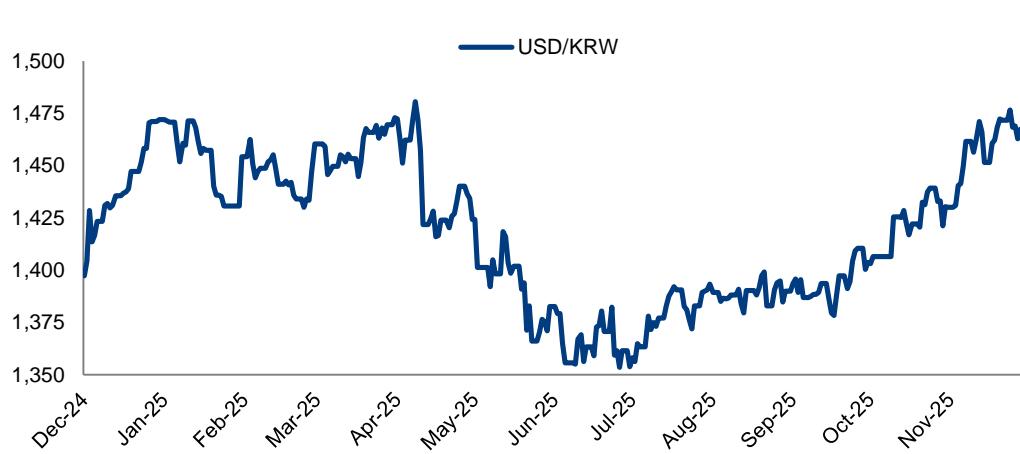
# Market Developments

Swift political stabilization, financial stability under the new government

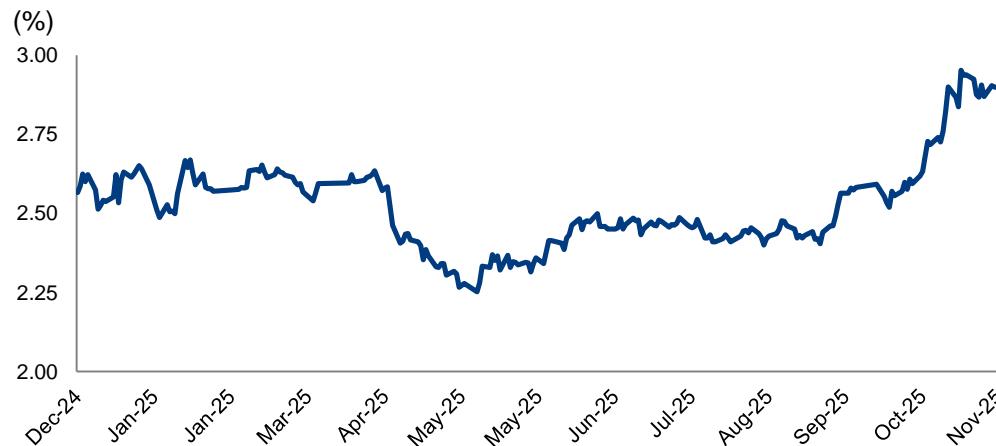
## KOSPI and KOSDAQ Indices



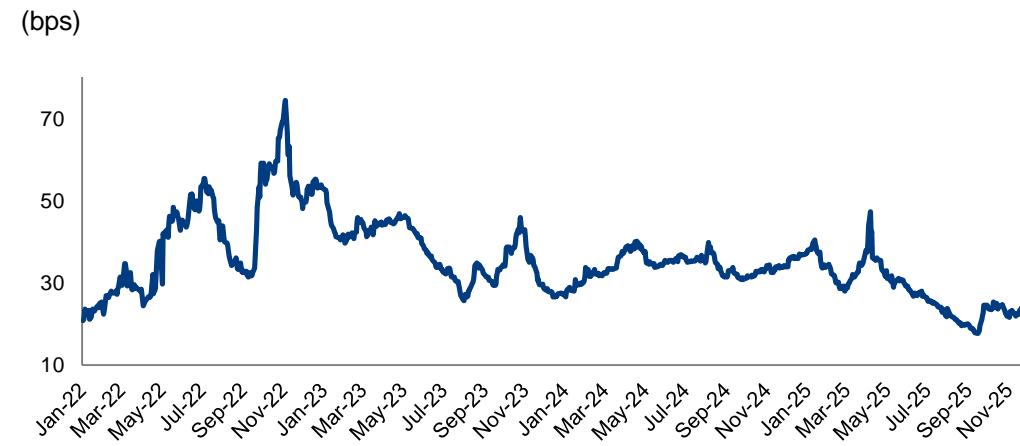
## USD/KRW FX Rate



## Korea Treasuries (KTB 3-year)



## Korea 5Y CDS Premium



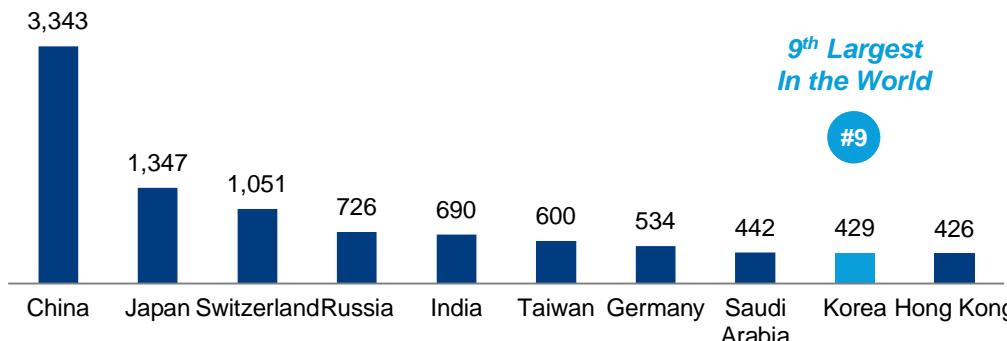
Source: Bloomberg, as of 30 November 2025

# Sound External Position

Korea's external soundness stands at record-high level despite global uncertainties

## FX Reserve in the World <sup>(1)</sup>

(USD bn)

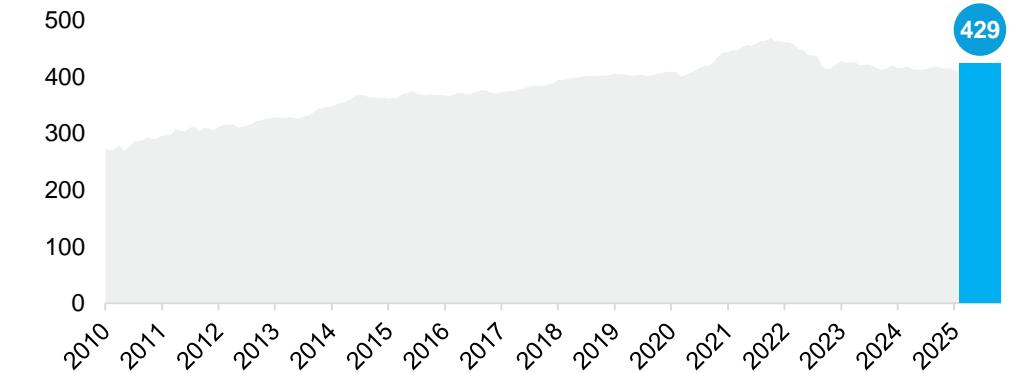


*9<sup>th</sup> Largest  
In the World*

#9

## FX Reserves Trends <sup>(1)</sup>

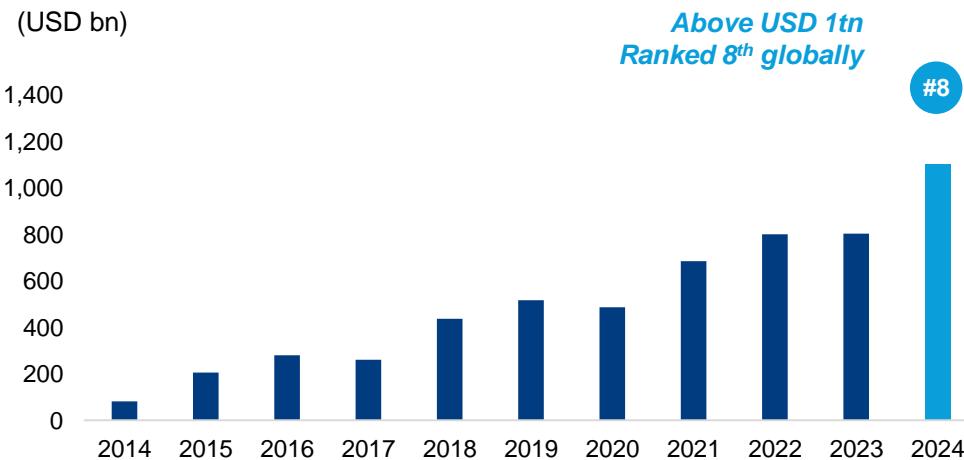
(USD bn)



*Well maintained above  
USD 400bn level*

## Net External Financial Assets Trends <sup>(2)</sup>

(USD bn)

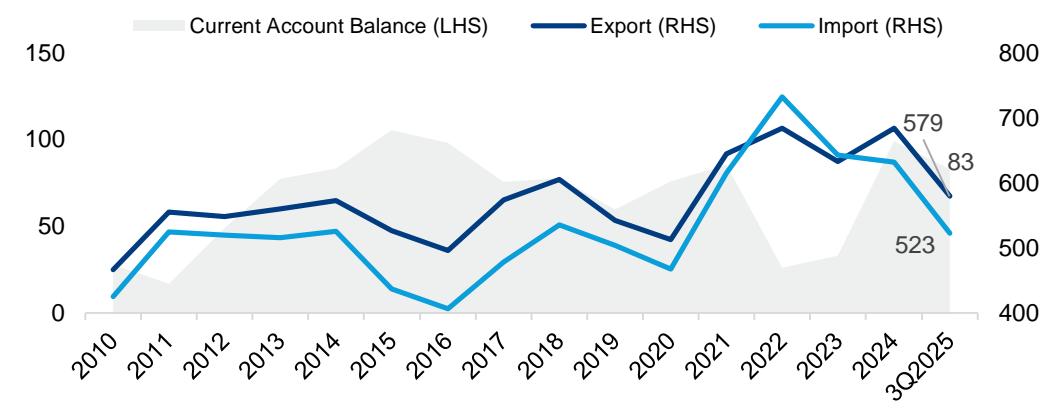


*Above USD 1tn  
Ranked 8<sup>th</sup> globally*

#8

## Export, Import and Current Account Surplus Trends <sup>(2)</sup>

(USD bn)



Source:

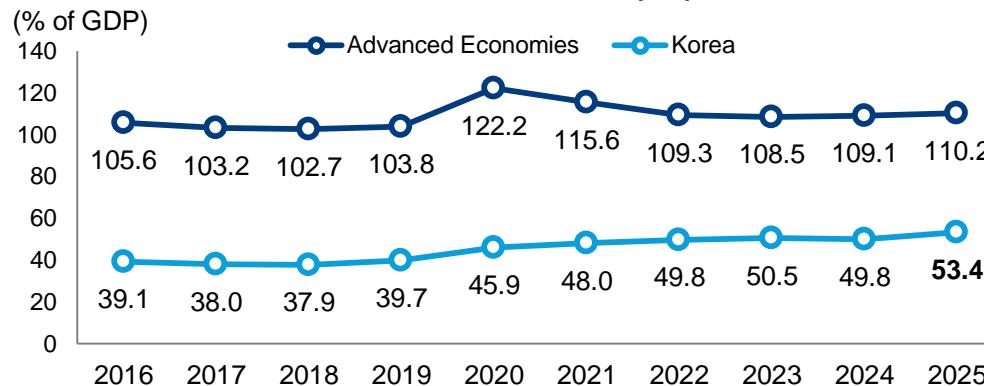
1. The Bank of Korea, as of October 2025

2. The Bank of Korea, KOSIS

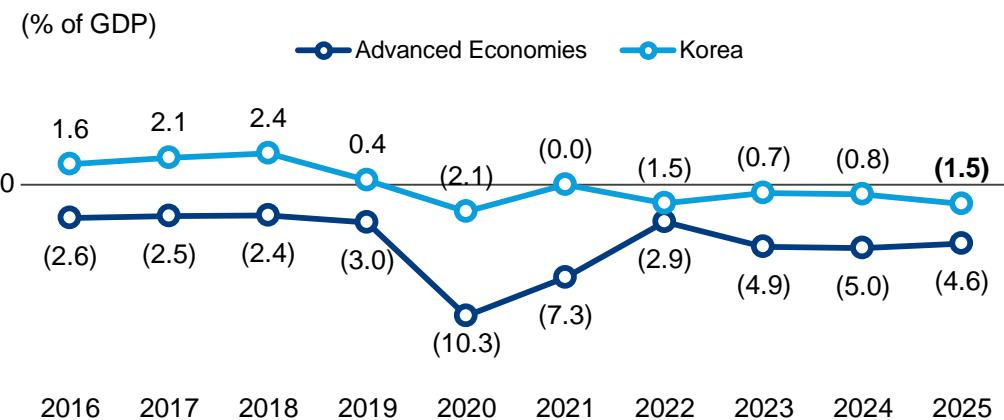
# Prudent Fiscal Management

Korea's fiscal management is considered highly successful in building a strong economy

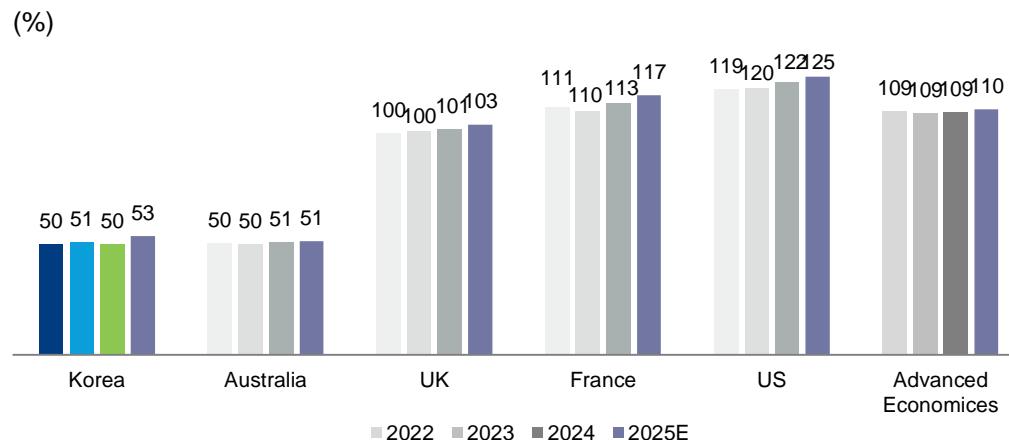
## General Government Gross Debt Trends (D2) <sup>(1)</sup>



## Fiscal Deficit <sup>(2)</sup> Trends



## Low General Government Gross Debt (2025) <sup>(1)</sup>



**Disclaimer:** Opinions expressed by Moody's, S&P and Fitch are solely the views of Moody's, S&P and Fitch, respectively, and are not meant to be representative.

**Notes:**

1. General government gross debt which consists of all liabilities that require payments of interest and/or principal, including debt liabilities in the form of SDRs (Special Drawing Rights), currency and deposits, debt securities, loans, insurance, pensions, standardized guarantee schemes, and other accounts payable, Fiscal Monitor (IMF), as of Oct 2025

2. General government net lending/borrowing calculated as revenue minus total expenditure

## Confidence in Korea's Creditworthiness

**MOODY'S**

**Aa2**

June 2025

“(...) the additional supplementary budgets will be manageable given **key fiscal metrics remain within median bounds** for similarly rated sovereigns ...”

**S&P Global**

**AA**

April 2025

“(...) We expect Korea's **economic competitiveness and strong external balance sheet** to steady sovereign credit support in challenging global economic conditions...”

**FitchRatings**

**AA-**

June 2025

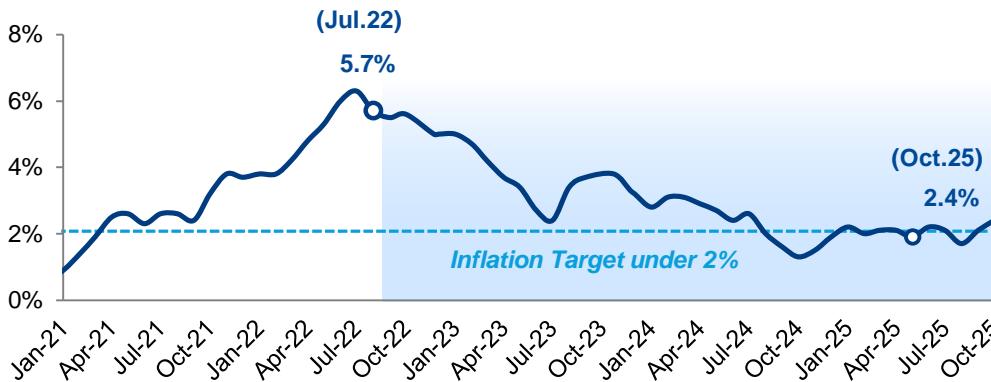
“(...) We believe **the sovereign's 'AA-/Stable rating can accommodate a modest near-term rise in fiscal support**, all else being equal...”

# Strong Macroeconomic Fundamentals

On the back of a healthy labor market, inflation is well-managed and sentiment improving

## Well-Managed Inflation Rate at 1~2% Level <sup>(1)</sup>

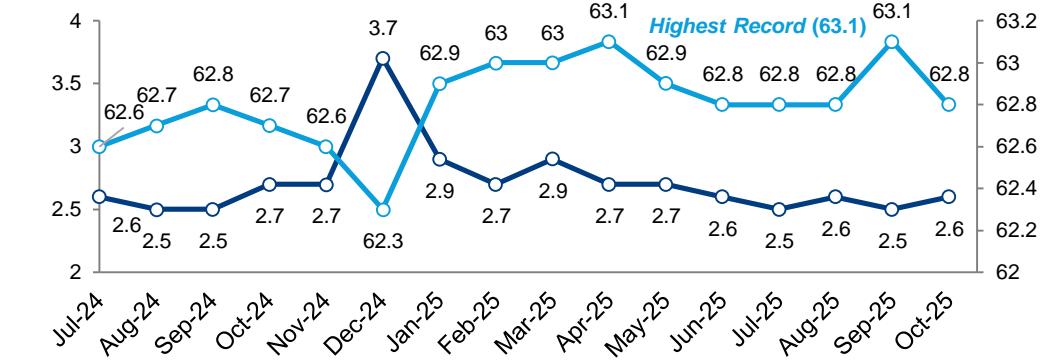
(%, YoY)



## Strong Labor Market <sup>(1)</sup>

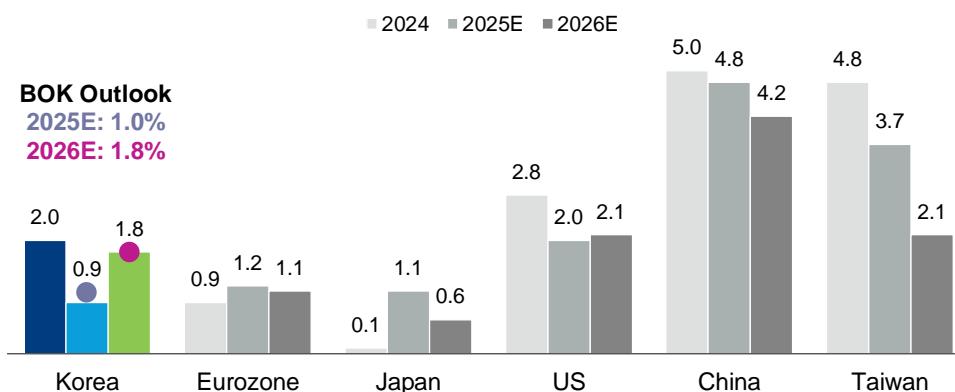
(%)

Unemployment Rate (LHS) Employment Rate (RHS)



## Robust GDP Growth <sup>(2)</sup>

(%)



Source:

1. The Bank of Korea, as of Oct 2025

2. IMF World Economic Outlook and The Bank of Korea Indigo Book, as of November 2025, Real GDP basis

3. KOSIS. Index as higher than 100 defined as more consumers/corporates gave positive responses on sentiment than those who gave negative response, and lower than 100 as vice versa.

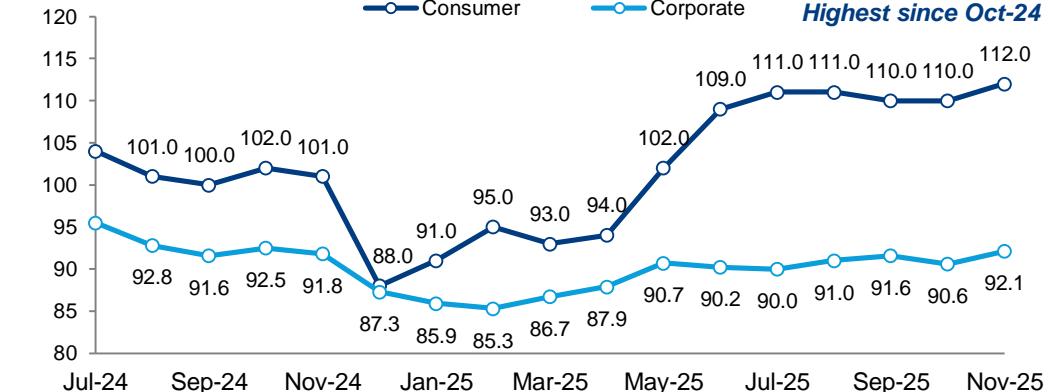
## Consumer and Corporate Sentiment Recovering <sup>(3)</sup>

(Sentiment Index)

Consumer

Corporate

Highest since Oct-24

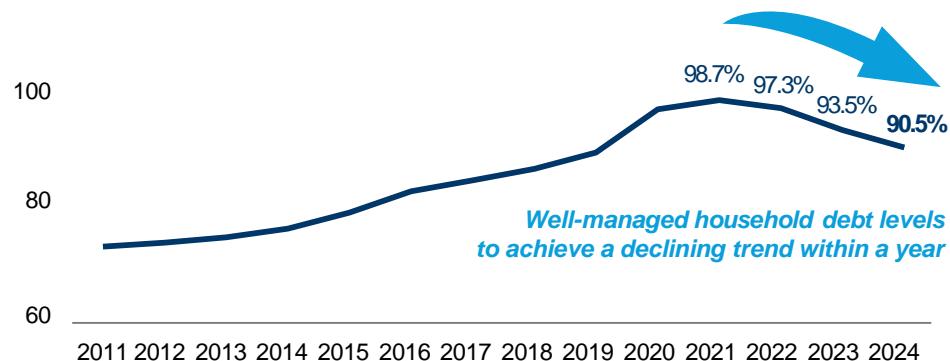


# Pre-emptive Management of Risk Factors

Potential risk factors associated with household debt are being well managed

## Household Debt Trend <sup>(1)</sup>

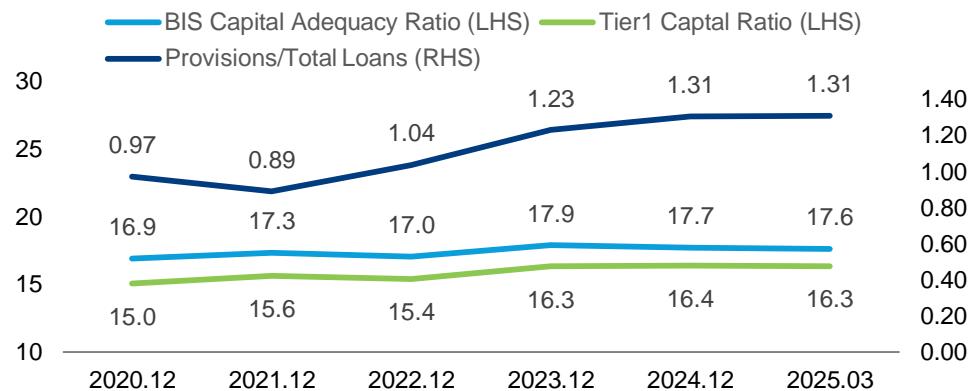
(Household Debt to GDP, %)



*Well-managed household debt levels to achieve a declining trend within a year*

## Bank's Risk Buffers and Prudential Efforts <sup>(2)</sup>

(LHS: %, RHS: x-times)



## Strengthened Household Debt Management <sup>(3)</sup>

### FSC's June 27 Real Estate Policy Package : Key Responses

- **Stricter LTV Rules:** Adjust LTV ratios to curb excessive mortgage lending
- **Enhanced DSR Management:** Expand DSR stress tests and strengthen ability-to-repay assessments
- **Promotion of Fixed-Rate Loans:** Encourage fixed and amortized products to reduce interest rate risk
- **Aggregate Loan Control:** Overall caps on household loan growth and set targets for financial institutions
- **Restrictions on Speculative Borrowing:** Limit additional loans for multi-home owners

## BOK Statement on Monetary Policy Decision on November 2025 <sup>(4)</sup>

*“The Board will continue to conduct monetary policy in order to stabilize consumer price inflation at the target level over the medium-term horizon as it monitors economic growth while paying attention to financial stability”*

*(…)*

*“Regarding financial stability, it is necessary to remain cautious about risks associated with housing prices in Seoul and its surrounding areas, with household debt, and the impact of heightened exchange rate volatility”*

**27 November, 2025**

### Source:

1. Financial Services Commission(FSC)
2. NICE Investors Service Data Book. Korean policy bank and commercial bank (combined)
3. FSC announcement. June 2025
4. The Bank of Korea, November 2025

Appendix 2:

# Sustainability Strategy



# KDB's Sustainability Initiatives and Activities

KDB the designated Climate Bank of Korea

KDB is committed to aligning its business strategy with sustainability, focusing on enhancing both ecological and economic resilience in Korea

## 1 Purpose and Role

- Contributes to Korea's sustainable growth and overall sustainability

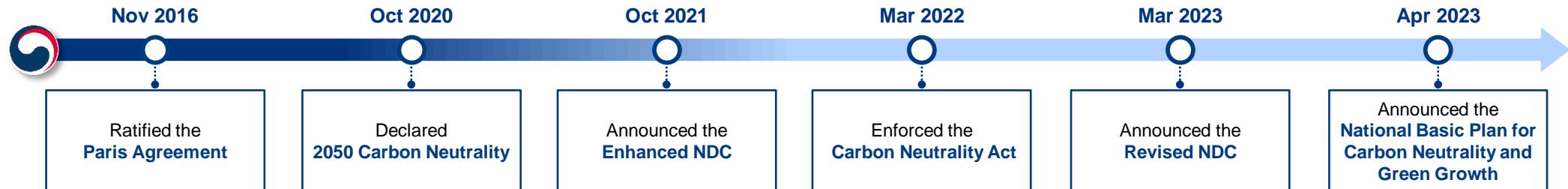
## 2 Transition to Low Carbon Economy

- Focuses on **facilitating** the transition to a low economy
- Aligns with **Long-Term Growth** Direction to ensure success and innovation

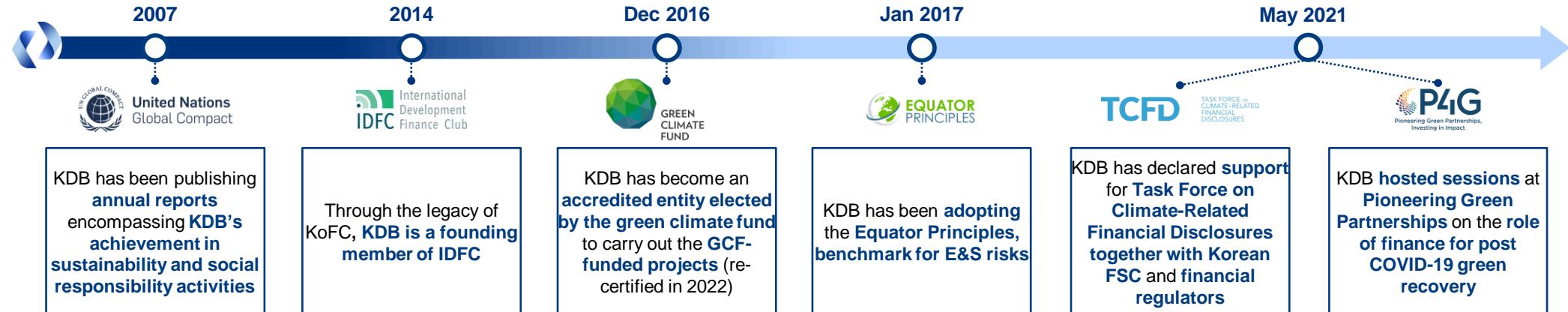
## 3 Sustainable Management Framework

- Integrates **ESG principles** through a governance framework
- Mobilizes capital via diverse financing products and offers **advisory services for responsible practices**

### Key milestones for South Korea



### KDB's ESG Landmark



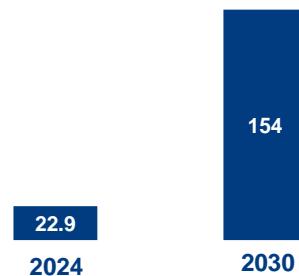
Source: KDB, Investor Newsletter, Presidential Commission on Carbon Neutrality and Green Growth

# KDB's Sustainability Initiatives and Activities

## KDB's Leadership in Promoting Sustainability in Korea and Beyond



### Green Financing supply (KRW tn)



KDB aims to increase the share of green finance over total loan to 28% by 2030



### KDB Sustainable Management Governance

#### Board of Directors

##### Climate Risk Management

##### Risk Management Committee

##### Risk Management Council

##### Risk Operation Committee

##### Sustainable Management

##### ESG Committee

##### CEO

##### Vice Chairman & COO

##### ESG Operation Committee



### Credit Review & Risk Management



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Member of Equator Principles Association (2017, first in Korea) and Implementation of Equator Principle-Aligned E&S Risk Management Process

KDB has declared support for Task Force on Climate-Related Financial Disclosures together with Korean FSC and financial regulators

## ACTIVITIES

### 1 Loans

#### CAPEX support mainly through green finance products, social finance sector-targeted products

- **Carbon Reduction:** Up to 2.6% preferential interest rate and 50% subsidy for large-scale low-carbon renovations/new facilities
- **Low-carbon Ecosystem:** Supports projects in 18 green economic activities (K taxonomy), including solar panel manufacturing and EV battery production

### 2 Investment

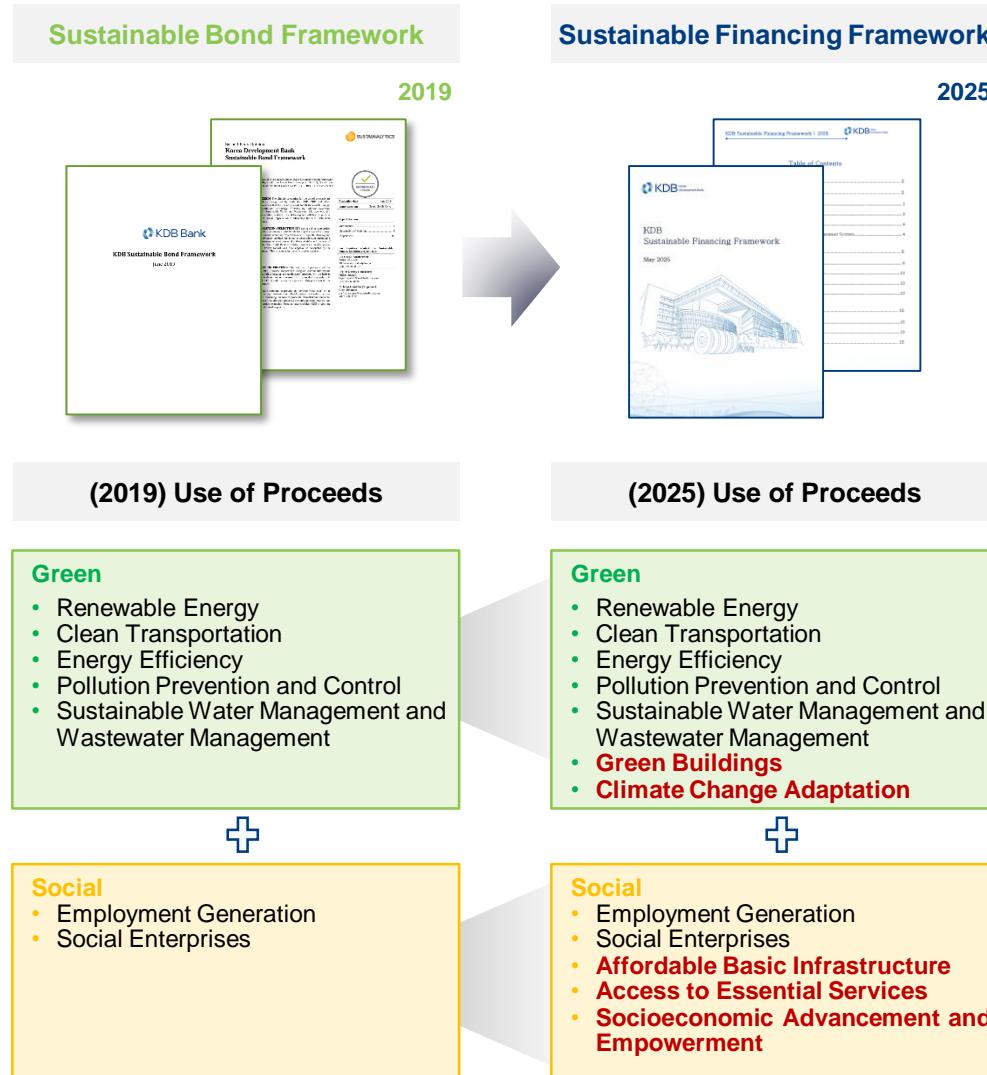
- **NextRound Platform:** Conducted 800 investment rounds, enabling 3,009 startups to pitch, with 889 raising a total of KRW 7.2 trillion
- **Innovative Companies Program:** Supports Korea's 1,000 Innovative Companies Program, facilitating KRW 29.2 trillion for SMEs and MEs

### 3 Others

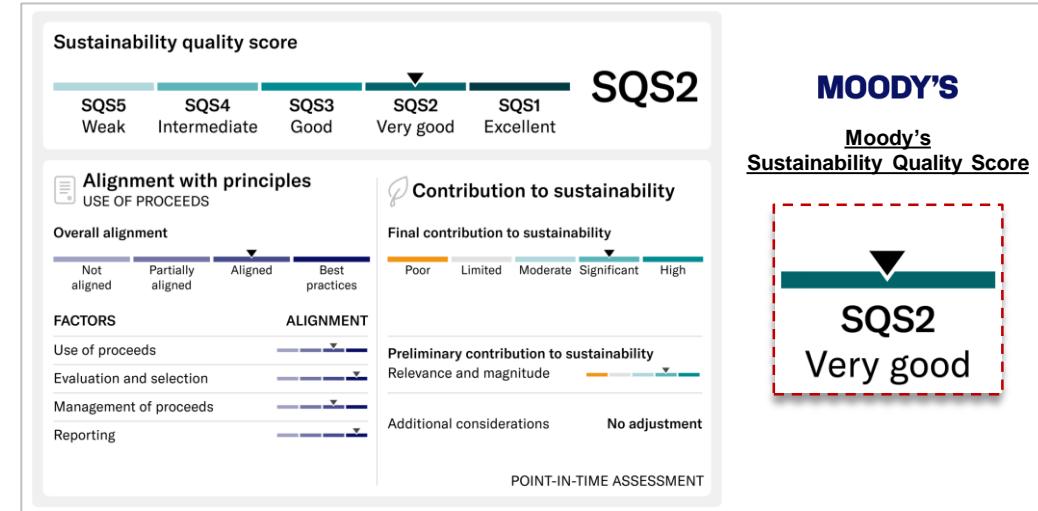
- **Self-assessment Tools:** Offer analysis of ESG measures tailored to each company, with differential weighting based on industry characteristics
- **5-Step ESG Scoring System:** Introduce a scoring system for detailed calculation of corporate ESG scores
- **ESG Consulting:** Provide consulting services to corporate clients to enhance ESG capacity and address regulations/reporting requirements

# KDB's Sustainable Financing Framework

## KDB Sustainable Financing Framework



## KDB's 2025 Sustainable Financing Framework SPO



## Management of Proceeds

### Management

- The proceeds will be managed by KDB's Treasury Department
- Upon confirmation of the eligible projects for allocation, the Treasury Department will record the proceeds in the internal information system in accordance with the financing schedule of the respective eligible projects. These eligible projects will then be earmarked as allocated to the proceeds

### Unallocated Proceeds

- If the proceeds are not fully allocated, the Treasury Department will periodically inquire with the business units with regard to the drawdown of funds to the eligible projects
- Pending allocation, the proceeds may be invested in cash, cash equivalents and/or marketable securities, in accordance with our cash management policies

# KDB's Allocation & Impact Report

## KDB's Effort to Meet Global Standards of Sustainable Financing

### Annual Allocation & Impact Report

- KDB has published investor newsletter annually containing information on the allocation of the proceeds and resulting environmental/ social impact
- In 2025, KDB engaged a third party to provide the verification report of investor newsletter

### USD1.5bn equivalent outstanding balance of KDB green bonds issued in foreign currencies (as of Dec 31, 2024)

- KDB has produced the following results by allocating proceeds of green bonds into eligible projects:
  - ✓ **1,720 tCO<sub>2</sub> e / USD 1mn** annual amount of tCO<sub>2</sub> e avoided per USD1mn of KDB share
  - ✓ **2,432 GWh / year** the expected total energy production per year under KDB share
  - ✓ **4.5mn** the estimated annual amount of tCO<sub>2</sub> e avoided under KDB share
  - ✓ **874,907** the number of electric vehicles annually manufactured under KDB share

### Featured Projects



GLOBAL  
M&A DEAL  
OF THE  
YEAR

PFI  
AWARDS  
2022

- KDB provided GBP 53mn facility loan for the Hornsea 2 offshore wind farm in the North Sea and 89km away from Yorkshire Coast, fully operational since August 2022.

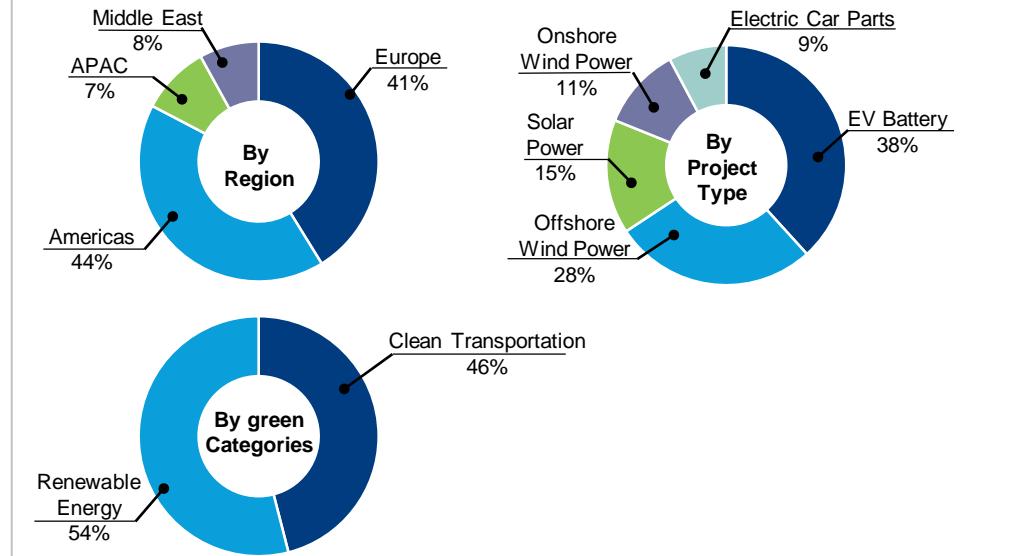


### LG Energy Solution "Power Today. Preserve Tomorrow" Michigan, Inc.

- KDB approved USD 350mn facility loan to LG Energy Solution Michigan, a subsidiary of LG Energy Solution, for expansion of its secondary battery production facility for EVs in Michigan.



### Use of proceeds – Green Bonds



### tCO<sub>2</sub>e Avoided by the Green Portfolio under KDB Share

| Category             | KDB Share<br>(USDmn) | Estimated tCO <sub>2</sub> e<br>Avoided<br>(tCO <sub>2</sub> e/year) | tCO <sub>2</sub> e Avoided <sup>(1)</sup><br>(tCO <sub>2</sub> e/USD1mn) |
|----------------------|----------------------|--|--|
| Renewable Energy     | 1,594                | 1,063,652  | 667  |
| Clean Transportation | 1,009                | 3,414,692  | 3,383  |
| <b>Total</b>         | <b>2,603</b>         | <b>4,478,344</b>   | <b>1,720</b>   |

### Renewable Energy/ EVs Production under KDB Share



**2,432 GWh/year**  
Expected Energy Production



**874,907**  
Annual Production of EVs

#### Notes:

1. Weighted average tCO<sub>2</sub> e Avoided among the projects

# KDB's ESG Bond Issuance



Regular Green, Social, and Sustainability Bond Issuer Since the Inaugural Issue in 2017

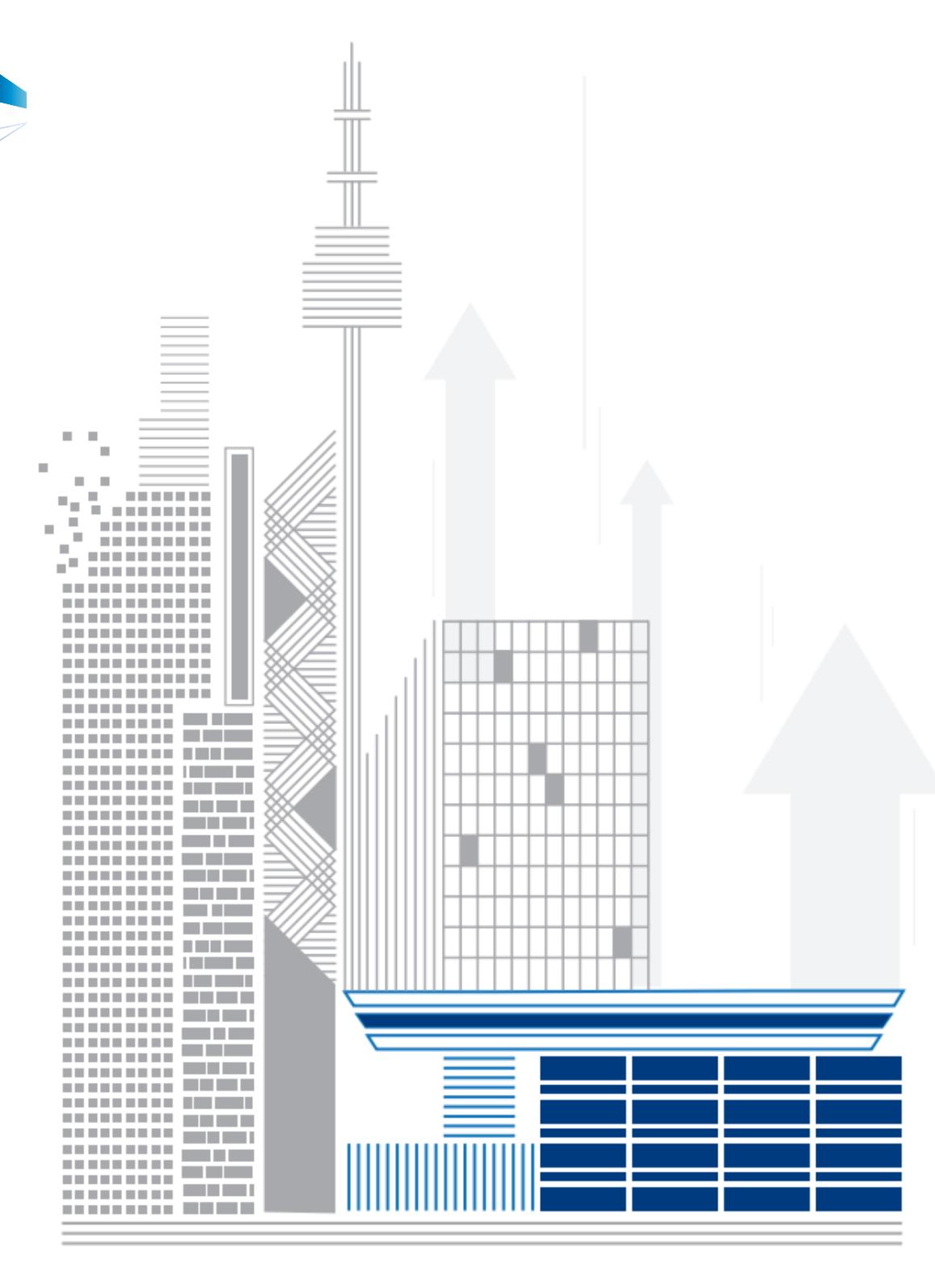
| Issue Year | Bond                    | Total Issue Size <sup>(1)</sup> | # of issue | Use of Proceeds  |
|------------|-------------------------|---------------------------------|------------|--|
| 2025       | Green                   | USD488mn <sup>(2)</sup>         | 2          | Green: Renewable energy and clean transportation-related projects  |
|            | Green / Social          | KRW 1,500bn                     | 6          | Green: Secondary battery and wind power generation facilities<br>Social: Job Creation  |
| 2024       | Green / Social          | KRW 1,500bn                     | 5          | Green: Secondary battery projects, clean transportation projects, resource circulation<br>Social: Job creation                           |
|            | Green                   | USD 44mn                        | 1          | Green: Renewable energy and/or clean transportation related projects   |
| 2023       | Green                   | KRW 300bn                       | 1          | Clean transportation (EV battery) projects; and carbon capture utilization & storage project   |
| 2022       | Green                   | KRW 500bn                       | 2          | Renewable energy and/or clean transportation (EV battery) related projects   |
|            |                         | USD 818mn                       | 7          | Renewable energy production facilities and/or other eligible categories  |
| 2021       | Green / Social          | KRW 880bn                       | 5          | Green: Project for construction of solar power generation facilities; and rail-roads<br>Social: COVID-19 Pandemic Support (SMEs & SOHOs) |
|            | Green                   | USD 2,037mn                     | 6          | Renewable energy and/or clean transportation (EV battery) related projects   |
| 2020       | Green / Social          | KRW 1,200bn                     | 4          | Green: Solar power generation facilities; and rail-roads<br>Social: COVID-19 Pandemic Support (SMEs & SOHOs)                             |
|            | Social                  | USD500mn                        | 1          | COVID-19 Pandemic Support (SMEs & SOHOs)   |
| 2019       | Social / Sustainability | KRW 800bn                       | 3          | Social: Job creation<br>Sustainability: Renewable energy related projects and job creation   |
|            | Green                   | USD 555mn                       | 1          | Renewable energy related projects  |
| 2018       | Green / Social          | KRW 600bn                       | 2          | Green: Solar power generation facilities; and rail-roads<br>Social: Job creation   |
| 2017       | Green                   | USD 300mn                       | 1          | Renewable energy related projects  |
|            | Accumulated             | USD 4,742mn<br>KRW 7,280bn      | 19<br>28   |  |

Source: KDB, as of 2 December 2025

Notes:

1. USD 1 = KRW 1,470.0 as of 31 December 2024

2. AUD 1 = USD 0.65 as of 5 June 2025 (Issue date)

A large, semi-transparent graphic on the left side of the slide features a stylized city skyline composed of various building types and heights. Overlaid on this are several large, light-gray arrows pointing upwards, suggesting growth or progress. The colors used are mostly shades of gray and blue.

# Thank you

**Korea Development Bank**

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Seoul 07242, Republic of Korea

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