

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

**Important: You must read the following before continuing.** The following applies to the Information Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING INFORMATION MEMORANDUM MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY ADDRESS IN THE UNITED STATES. ANY SUCH DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT AND TERMS AND CONDITIONS OF THE NOTES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE FOLLOWING INFORMATION MEMORANDUM.

**Confirmation of the Representation:** In order to be eligible to view this Information Memorandum or make an investment decision with respect to the securities, investors must be a non-U.S. person purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S. This Information Memorandum is being sent at your request and by accepting the electronic mail and accessing this Information Memorandum, you shall be deemed to have represented to us that you are not a U.S. person or acting for the account or benefit of a U.S. person (in each case as defined in Regulation S), the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Information Memorandum and any amendments and supplements thereto by electronic transmission.

You are reminded that this Information Memorandum has been delivered to you on the basis that you are a person into whose possession this Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Information Memorandum to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of securities under the Programme to which this Information Memorandum relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced broker or

dealer in that jurisdiction, such offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in the Information Memorandum) in such jurisdiction.

The Issuer may pay an Arranger or Dealer (each as defined in the Information Memorandum) a fee in respect of the Notes subscribed by it and may agree to reimburse the Arranger or Dealers for certain expenses incurred in connection with the Programme and the offer and sale of Notes.

The Arranger and Dealers and their respective affiliates are involved in a wide range of financial services and businesses, including securities trading and brokerage activities and providing commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services, out of which conflicting interests or duties may arise. In the ordinary course of these activities, each of the Arranger and Dealers or their respective affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the issue of Notes or the Programme.

Neither the Arranger nor any Dealer nor their related bodies corporate, and/or their directors, officers, employees or clients act as the adviser of or owe any fiduciary or other duties to any recipient of this Information Memorandum in connection with the Notes and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on the Arranger or any Dealer for financial, legal, taxation, accounting or investment advice or recommendations of any sort.

Persons contemplating purchasing the Notes should make their own decision as to the sufficiency and relevance for their purpose of the information contained in Information Memorandum and any other offering documentation in respect of the Notes, undertake their own independent investigation of the appropriateness of Notes for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary. Any investment decision should rely on that investigation and appraisal and not on this Information Memorandum.

### **Important Notice to Prospective Investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct**

Prospective investors should be aware that certain intermediaries in the context of certain offerings of the Notes (as defined in this Information Memorandum) pursuant to the Programme (as defined in this Information Memorandum), each such offering, a “CMI Offering”, including certain Dealers, may be “capital market intermediaries” (“CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“OCs”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

This Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers (as defined in this Information Memorandum) or any person who controls any Dealer or any director, officer, employee or agent of either of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from any of the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## **KDB Bank**

*(a statutory juridical entity established under The Korea Development Bank Act of 1953,  
as amended, in the Republic of Korea)*

**U.S.\$30,000,000,000**

### **Global Medium Term Note Programme**

#### **for the issue of Notes with a minimum maturity of one month**

*Under this U.S.\$30,000,000,000 Global Medium Term Note Programme (the “Programme”), The Korea Development Bank (the “Issuer” or the “Bank”) acting through its principal office in Korea, its Hong Kong Branch, its London Branch, its New York Branch, its Tokyo Branch, its Singapore Branch or any other overseas branch, as the case may be, may from time to time issue Medium Term Notes (the “Notes”) denominated in such currencies as may be agreed with the Purchaser(s) (as defined below). This Information Memorandum supersedes any previous Information Memorandum and supplements thereto. Any Notes to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.*

The Notes will have a minimum maturity of one month from the date of issue (except as set out herein) and, subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed U.S.\$30,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein). Notes may be issued in bearer or registered form (respectively “Bearer Notes” and “Registered Notes”).

The Notes may be issued on a continuing basis to one or more of the Dealers specified on pages 3 to 4 (each a “Dealer” and together the “Dealers”, which expression shall include any additional Dealer appointed under the Programme from time to time). Notes may also be issued to persons other than Dealers. Dealers and such other persons are referred to as “Purchasers”.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (“Official List”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or such Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “Terms and Conditions of the Notes”) of Notes will be set out in a pricing supplement (the “Pricing Supplement”) which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the date of listing of the Notes of such Tranche. The Issuer may also issue Notes listed on any alternative or additional stock exchange and may also issue unlisted Notes.

#### **Arranger**

**BNP PARIBAS**

#### **Dealers**

**ANZ**

**BNP PARIBAS**

**Citigroup**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**J.P. Morgan**

**Mirae Asset Securities Co., Ltd.**

**Morgan Stanley**

**National Australia Bank Limited**

**NOMURA**

**Standard Chartered Bank**

**UBS**

**Westpac Banking Corporation**

**Barclays**

**BofA Securities**

**Commonwealth Bank of Australia**

**Daiwa Capital Markets Singapore Limited**

**Goldman Sachs International**

**ING**

**KDB Asia Limited**

**Mizuho**

**MUFG**

**Natixis**

**Société Générale Corporate & Investment Banking**

**TD Securities**

**Wells Fargo Securities**

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the Issuer's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference (see "Documents Incorporated By Reference" on page 1). This Information Memorandum shall be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers (including any affiliate of any Dealer or any director, officer, employee or agent of any of them) as to the accuracy or completeness of the financial information contained in this Information Memorandum, or any other financial statements or any further information supplied by the Dealers or on their behalf, in each case, in connection with the Programme or the Notes. The Dealers (including any affiliate of any Dealer or any director, officer, employee or agent of any of them) accept no liability in relation to the financial or other information contained or incorporated by reference in this Information Memorandum or any other statements made or purported to be made by the Dealers or on their behalf or any further information supplied by the Dealers or on their behalf, in each case, in connection with the Issuer, the Programme or the Notes or their distribution. The Dealers (including any affiliate of any Dealer or any director, officer, employee or agent of any of them) accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Information Memorandum or any such statement or information. The statements made in this paragraph are without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other financial statements or further information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either the Issuer or any of the Dealers.

This Information Memorandum, any other financial statements and any further information supplied in connection with the Programme or the Notes are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either the Issuer or any of the Dealers that any recipient of this Information Memorandum or any other financial statements or any further information supplied in connection with the Programme or the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. None of this Information Memorandum, any other financial statements and any further information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers (including any affiliate of any Dealer or any director, officer, employee or agent of any of them) expressly do not undertake to review the financial condition or affairs of the Issuer or any of its subsidiaries during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Information Memorandum when deciding whether or not to purchase any of the Notes.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of the Notes in the United States, the European Economic Area (the “EEA”), the United Kingdom (the “UK”), Hong Kong, the Netherlands, Singapore, the Republic of Korea (“Korea” or the “Republic”), Japan and the People’s Republic of China (the “PRC”) (see “Subscription and Sale and Transfer and Selling Restrictions” on page 198).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See “Form of the Notes” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer (see “Subscription and Sale and Transfer and Selling Restrictions” on page 198).

*Singapore SFA Product Classification:* In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

None of the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market

price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or overallotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## **U.S. INFORMATION**

This Information Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs and Institutional Accredited Investors (each as defined under “Form of the Notes”) for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the “Code”) and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (“Rule 144A”) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under “Terms and Conditions of the Notes”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together, “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale and Transfer and Selling Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

## **MIFID II PRODUCT GOVERNANCE/TARGET MARKET**

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger

nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### **UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET**

The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 15 June 2012 (the “Deed Poll”) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remains outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of Korea. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Korea upon the Issuer or such persons, or to enforce judgements against them obtained in courts outside Korea predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Korean law, including any judgement predicated upon United States federal securities laws. The Issuer has been advised by Bae, Kim & Lee LLC, its counsel, that there is doubt as to the enforceability in Korea in original actions or in actions for enforcement of judgements of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

## CERTAIN DEFINED TERMS AND CONVENTIONS

In this Information Memorandum, references to “KRW”, “Won” and “₩” are to the currency of Korea, references to “CNY”, “Renminbi” and “RMB” are to the lawful currency of the People’s Republic of China (the “PRC”), references to “USD”, “\$”, “U.S.\$” and “U.S. dollars” are to United States dollars, references to “GBP”, “£” and “sterling” are to pounds sterling, references to “Yen” and “¥” are to Japanese Yen and references to “EUR”, “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references to the “Government” are to the national government of Korea. In addition, references to “PRC” or “China” are to the PRC and for geographical reference only (unless otherwise stated) exclude Taiwan, Hong Kong and Macau.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. The Issuer maintains its accounts in Won. For convenience, Won amounts in this Information Memorandum as at 31 December 2023 have been translated into U.S. dollars at the rate of ₩1,289.40 = U.S.\$1.00, the exchange rate based on the basic rate under the market average exchange rate system, provided by Seoul Money Brokerage Services, Ltd. between Won and U.S. dollars. However, such translations should not be construed as representations that the Won amounts have been, could have been or could in the future be converted into U.S. dollars at these or any other rates.

The Agency Agreement, the Deed of Covenant, the Deed Poll, the Notes, the Receipts and the Coupons (each as defined under “Terms and Conditions of the Notes”) and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, English law.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Information Memorandum may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Information Memorandum, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the section entitled "The Korea Development Bank" and other sections of this Information Memorandum. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this Information Memorandum, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Information Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operations may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to implement its strategy successfully;
- the Issuer's growth and expansion;
- future levels of non-performing loans;
- the adequacy of allowance for credit and investment losses;
- technological changes;
- interest rates;
- availability of funding and liquidity;
- the Issuer's exposure to market risks; and
- adverse market and regulatory conditions.

Any forward-looking statements contained in this Information Memorandum speak only as at the date of this Information Memorandum. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

## TABLE OF CONTENTS

	<b>Page</b>
DOCUMENTS INCORPORATED BY REFERENCE .....	1
DESCRIPTION OF THE PROGRAMME .....	2
SUMMARY OF TERMS AND CONDITIONS OF THE NOTES AND THE PROGRAMME .....	3
FORM OF THE NOTES .....	8
FORM OF PRICING SUPPLEMENT .....	13
TERMS AND CONDITIONS OF THE NOTES .....	28
USE OF PROCEEDS .....	78
EXCHANGE RATES .....	79
THE KOREA DEVELOPMENT BANK .....	80
DESCRIPTION OF THE BANK'S HONG KONG BRANCH .....	118
DESCRIPTION OF THE BANK'S LONDON BRANCH .....	119
DESCRIPTION OF THE BANK'S NEW YORK BRANCH .....	120
DESCRIPTION OF THE BANK'S TOKYO BRANCH .....	121
DESCRIPTION OF THE BANK'S SINGAPORE BRANCH .....	122
THE REPUBLIC OF KOREA .....	123
TAXATION .....	171
CERTAIN ERISA CONSIDERATIONS .....	196
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS .....	198
GENERAL INFORMATION .....	210

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (1) the most recently published financial statements of the Issuer from time to time;
- (2) all supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertaking described below given by it in the Programme Agreement (as defined in “Subscription and Sale and Transfer and Selling Restrictions” on page 198); and
- (3) the most recent annual report (including the shelf registration statement or post-effective amendment, as the case may be) filed with the United States Securities and Exchange Commission and other reports (including prospectus supplements) filed with the United States Securities and Exchange Commission since the most recent annual report (including the shelf registration statement or post-effective amendment, as the case may be),

save that any statement contained herein or in a document all or the relative portion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Additionally, the annual reports including audited financial statements of the Issuer which are deemed to be incorporated by reference in this Information Memorandum may also be obtained without charge at the Hong Kong Monetary Authority’s website at <https://vpr.hkma.gov.hk/eng/regulatory-resources/registers/register-of-ais-and-lros/info/200110>.

Website addresses in this Information Memorandum are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Information Memorandum.

Any unaudited financial statements incorporated by reference herein should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of the Issuer for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate the Issuer’s financial condition and results of operations.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Information Memorandum. In addition, such documents will be available from the principal office in London of Deutsche Bank AG, London Branch (the “Fiscal Agent”) for Notes listed on the SGX-ST.

The Issuer will, in connection with the listing and quotation of the Notes on the SGX-ST, so long as any Note remains outstanding and listed on such exchange, in the event of any material change in the condition of the Issuer which is not reflected in this Information Memorandum, prepare a supplement to this Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Information Memorandum, as so modified or amended, inaccurate or misleading, a new information memorandum will be prepared.

## DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer acting through its principal office in Korea, its Hong Kong Branch, its London Branch, its New York Branch, its Tokyo Branch, its Singapore Branch or any other overseas branch, as the case may be, may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Purchaser(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “Form of the Notes”.

This Information Memorandum and any supplement will only be valid for listing Notes on the SGX-ST in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$30,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

## SUMMARY OF TERMS AND CONDITIONS OF THE NOTES AND THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined or used in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meaning in this summary:*

<b>Issuer</b>	The Korea Development Bank, acting through its principal office in Korea, its Hong Kong Branch, its London Branch, its New York Branch, its Tokyo Branch, its Singapore Branch or any other overseas branch (as specified in the relevant Pricing Supplement).
<b>Arranger</b>	BNP Paribas
<b>Dealers</b>	Australia and New Zealand Banking Group Limited Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Commonwealth Bank of Australia (ABN 48 123 123 124) Crédit Agricole Corporate and Investment Bank Daiwa Capital Markets Singapore Limited Deutsche Bank AG, London Branch Goldman Sachs International The Hongkong and Shanghai Banking Corporation Limited ING Bank N.V., Singapore Branch J.P. Morgan Securities plc KDB Asia Limited Mirae Asset Securities Co., Ltd MUFG Securities EMEA plc Merrill Lynch International Mizuho Securities Asia Limited Morgan Stanley & Co. International plc National Australia Bank Limited, a company incorporated in Australia with limited liability (ABN 12 004 044 937) Natixis Nomura Singapore Limited Société Générale Standard Chartered Bank The Toronto-Dominion Bank UBS AG Hong Kong Branch, a company incorporated in Switzerland with limited liability Wells Fargo Securities International Limited

	Wells Fargo Securities, LLC Westpac Banking Corporation and any other Dealers appointed in accordance with the Programme Agreement.
<b>Fiscal Agent</b>	Deutsche Bank AG, London Branch.
<b>Transfer Agents</b>	Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg S.A. or, if so specified in the applicable Pricing Supplement, Deutsche Bank Trust Company Americas.
<b>Exchange Agent</b>	Deutsche Bank AG, London Branch.
<b>Registrar</b>	Deutsche Bank Trust Company Americas or, if so specified in the applicable Pricing Supplement, Deutsche Bank AG, Hong Kong Branch or Deutsche Bank Luxembourg S.A.
<b>CMU Lodging Agent</b>	Deutsche Bank AG, Hong Kong Branch.
<b>Paying Agents</b>	Deutsche Bank Luxembourg S.A., Deutsche Bank Trust Company Americas, the Fiscal Agent and the CMU Lodging Agent.
<b>Amount</b>	Up to U.S.\$30,000,000,000 (or its equivalent in other currencies as described under “Description of the Programme”) outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Description</b>	Continuously offered Global Medium Term Note Programme.
<b>Method of Distribution</b>	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies</b>	Subject to any applicable legal or regulatory restrictions, any currency as may be agreed between the Issuer and the relevant Purchaser(s).
<b>Maturities</b>	Such maturities (in excess of one month) as may be agreed between the Issuer and the relevant Purchaser(s), subject to such minimum or maximum maturities as may be allowed or required from time to time, by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price</b>	Notes may be issued at par or at a discount to, or premium over, par and either on a fully paid or partly paid basis.
<b>Fixed Rate Notes</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Purchaser(s).
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest at a rate determined either: <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency</li> </ul>

governed by an agreement incorporating the 2006 ISDA Definitions (published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Purchaser(s) (as indicated in the applicable Pricing Supplement).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Purchaser(s) for each Series of Floating Rate Notes.

In the event of the discontinuation of a reference rate applicable to a Series of Floating Rate Notes specified in the applicable Pricing Supplement, an alternative rate will be determined in the manner described in Condition 4(b)(ii)(B)(2) of the Terms and Conditions of the Notes.

**Index Linked Notes**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Pricing Supplement).

**Other Provisions in Relation to Floating Rate Notes and Index Linked Interest Notes**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Purchaser(s), will be payable on Interest Payment Dates and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Purchaser(s).

**Change of Interest Basis**

Notes may be converted from one Interest Basis to another in the Dual Currency Notes manner set out in the applicable Pricing Supplement.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based upon such rates of exchange, as the Issuer and the relevant Purchaser(s) may agree (as indicated in the applicable Pricing Supplement).

**Zero Coupon Notes**

Zero Coupon Notes may be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption**

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity



(other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the relevant Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Purchaser(s).

The applicable Pricing Supplement may provide that the Notes may be redeemable in two or more instalments in such amounts and on such dates and on such other terms as are indicated in such Pricing Supplement.

**Denominations of Notes**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Purchaser(s) save that (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, (ii) the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and (iii) the Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

**Redenomination**

The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro.

**Taxation**

All payments by the Issuer in respect of the Notes will be made without withholding or deduction for or on account of withholding taxes by any Tax Jurisdiction, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover amounts so deducted.

**Status**

The Notes will be direct, unconditional, unsecured and unsubordinated general obligations of the Issuer and will rank *pari passu* among themselves, without any preference one over the other by reason of priority of date of issue or currency of payment or otherwise, and at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights.

**Negative Pledge**

There will be a negative pledge pursuant to which the Issuer will undertake not to create or permit to subsist any mortgage, charge, encumbrance, pledge or other security interest upon the whole or any part of its assets to secure any indebtedness, or to secure any guarantee of indebtedness, unless the Notes shall be secured equally and rateably therewith, subject to certain exceptions as set out in Condition 3(b).

**Cross Default**

There will be a cross default in respect of External Indebtedness of the Issuer in an aggregate principal amount of U.S.\$10,000,000 or more. “External Indebtedness” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than Won — see Condition 8.

**Listing**

Approval in-principle has been received from the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

**Governing Law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

**Selling Restrictions**

There are restrictions on the sale of Notes and the distribution of offering material — see “Subscription and Sale and Transfer and Selling Restrictions” on page 198.

The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended) (“TEFRA D”) unless the Notes are issued other than in circumstances in which the Notes will not constitute registration required obligations under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable terms of such Notes as a transaction to which TEFRA is not applicable.

## FORM OF THE NOTES

The Notes of each Series (as defined below) will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

### **Bearer Notes**

Each Tranche of Bearer Notes will initially be represented by a temporary global note (a “Temporary Bearer Global Note”) which will be delivered prior to the original issue date of the Tranche to either (i) a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) or (ii) a sub-custodian for the Hong Kong Monetary Authority (“HKMA”) as operator of the Central Moneymarkets Unit Service (the “CMU Service”).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payment of principal and interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or Deutsche Bank AG, Hong Kong Branch (the “CMU Lodging Agent”) and (in the case of a Temporary Bearer Global Note delivered to a common depository for Euroclear and/or Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification it has received) to the Fiscal Agent.

On and after the date (the “Exchange Date”) which is 40 days after the date on which the Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (provided that if it is a Partly Paid Note all instalments of the subscription monies due before the date of such exchange have been paid) upon request as described therein (a) unless otherwise specified in the applicable Pricing Supplement or the Temporary Bearer Global Note, for interests in a permanent global note (a “Permanent Bearer Global Note” and, together with a Temporary Bearer Global Note, each a “Bearer Global Note”) without Coupons, Receipts or Talons or (b) if specified in the applicable Pricing Supplement or the Temporary Bearer Global Note and subject to such notice period as is specified in the Pricing Supplement or the Temporary Bearer Global Note, for definitive Bearer Notes, in each case against certification of beneficial ownership as required by U.S. Treasury regulations in accordance with the terms of the Temporary Bearer Global Note unless certification has already been given pursuant to the first sentence of the preceding paragraph. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

On and after the Exchange Date the holder of a Temporary Bearer Global Note will not be entitled to receive any payment of interest or principal thereon or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or definitive Bearer Note is improperly withheld or refused.

Payments of principal and interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) and save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, Receipts, Coupons and Talons attached upon either (i) not less than 60 days' written notice (a) in the case of Notes held by a Common Depository for Euroclear and/or Clearstream, Luxembourg, from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Fiscal Agent as described therein and/or (b) in the case of Notes held through the CMU Service, from the relevant account holders therein to the CMU Lodging Agent as described therein; or (ii) only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 8) has occurred and is continuing or (ii) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg, and in the case of Notes cleared through the CMU Service, the CMU Service, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form (provided that, where the Bearer Notes are held through Euroclear and/or Clearstream, Luxembourg, such adverse tax consequences are as a result of a change in, or amendment to, the laws or regulation in, or of, Tax Jurisdiction (as defined in Condition 7)). The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depository for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant account holders therein, may give notice to the Fiscal Agent or, as the case may be, the CMU Lodging Agent, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Fiscal Agent or, as the case may be, the CMU Lodging Agent, requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent or, as the case may be, the CMU Lodging Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all Coupons, Receipts and Talons:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, Receipts, Coupons or Talons and will not be entitled to capital gains treatment of any

gain on any sale, disposition or payment, redemption of principal in respect of such Bearer Notes, Receipts, Coupons or Talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a “Regulation S Global Note”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg or the CMU Service and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (“Institutional Accredited Investors”) and who execute and deliver an IAI Investment Letter (as defined in the Terms and Conditions of the Notes) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, each a “Registered Global Note”).

Registered Global Notes will either be deposited with (i) a custodian for, and registered in the name of a nominee of, the Depository Trust Company (“DTC”), (ii) a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement, or (iii) a sub-custodian for the HKMA as operator of the CMU Service, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“Definitive IAI Registered Notes”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “Subscription and Sale and Transfer and Selling Restrictions”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear, Clearstream, Luxembourg or the CMU Service, but transferees acquiring such Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “Subscription and Sale and Transfer and Selling Restrictions”. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d)) as the registered holder of the Registered Global Notes at the close of business day before the relevant due date.

None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register as the registered holder of the Registered Notes in definitive form at the close of business on the third business day before the relevant due date.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) the Issuer has been notified that in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, both Euroclear and Clearstream, Luxembourg, and in the case of Notes held through the CMU Service, the CMU Service, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for DTC or a nominee for a Common Depository for Euroclear and/or Clearstream, Luxembourg, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging Agent.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream, Luxembourg and the CMU Service, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "Subscription and Sale and Transfer and Selling Restrictions" on page 198.

## General

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes”), the Fiscal Agent or, as the case may be, the CMU Lodging Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number, a CUSIP and CINS number which are different from the common code, ISIN, CMU instrument number, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, Clearstream, Luxembourg and/or the CMU Service, each person (other than Euroclear, Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the Central Moneymarkets Unit Rules (“CMU Rules”) at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Issue Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes may be accelerated by the holder thereof in certain circumstances described in “Terms and Conditions of the Notes—Events of Default”. In such circumstances, where such Notes are still represented by a Global Note and a holder with Euroclear, Clearstream, Luxembourg, the CMU Service or the DTC of such Notes so represented and credited to his securities account gives notice that it wishes to accelerate such Notes, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of the Global Note, the Global Note will become void. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg, DTC and the CMU Service, under the terms of an amended and restated deed of covenant (as amended and/or supplemented and/or restated from time to time, the “Deed of Covenant”) dated 10 October 2014 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to

deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new Information Memorandum or a supplement to the Information Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note or Global Certificate is exchanged for definitive Notes. In addition, in the event that a Global Note or Global Certificate is exchanged for definitive Notes, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

#### **FORM OF PRICING SUPPLEMENT**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

*[Date]*

#### **THE KOREA DEVELOPMENT BANK**

**(acting through its [principal office in Korea]/[Hong Kong Branch]/[London Branch]/[New York Branch]/[Singapore Branch]/[Tokyo Branch]/[specify other overseas branch] Branch)  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$30,000,000,000 Global Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated [●] August 2024 (the “**Information Memorandum**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Information Memorandum.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Information Memorandum dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Information Memorandum dated [current date], save in respect of the Conditions which are extracted from the Information Memorandum dated [original date] and are attached hereto.]

**[MiFID II product governance / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID**



II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining the appropriate distribution channels.]

*[The following legend should be included where item 15 below is marked as “Applicable”.]*

**[PRIIPS REGULATION—PROHIBITION OF SALES TO EEA RETAIL INVESTORS]**—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[UK PRIIPs REGULATION—PROHIBITION OF SALES TO UK RETAIL INVESTORS]**—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or [(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or

<sup>1</sup> Legend to be included on front of the pricing supplement if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

[In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

1. Issuer: The Korea Development Bank, acting through its [principal office in Korea]/[Hong Kong Branch]/[London Branch]/[New York Branch]/[Singapore Branch]/[Tokyo Branch]/[(specify other overseas branch) Branch]
2. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
(i) Series: [ ]  
(ii) Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (i) Issue Price of Tranche: [ ]  
(ii) [Net Proceeds:] *(Required only for listed issues)* [ ]  
(iii) [Use of Proceeds:] [ ]
6. (i) Specified Denominations: [ ]  
*(N.B. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made. For Registered Global Notes, consider including language substantially to the*

<sup>2</sup> For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

*following effect (however, appropriate amendments should be made for different currencies) “EUR 100,000 and integral multiples of EUR 1,000 in excess thereof”)*

*(Note—where Bearer Notes with multiple denominations above U.S.\$200,000 or equivalent are being used the following sample wording should be followed:*

*“U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof up to and including U.S.\$399,000. No Notes in definitive form will be issued with a denomination above U.S.\$399,000.”)*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area or United Kingdom exchange; and (ii) only offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is not required to be published under the Prospectus Regulation the EUR100,000 minimum denomination is not required.)*

(ii) Calculation Amount

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations)*

7. (i) Issue Date:

[ ]

(ii) Interest Commencement Date:

[specify/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date:

*[Fixed rate—specify date/Floating rate—Interest Payment Date falling in or nearest to [specify month and year]]<sup>3</sup>*

9. Interest Basis:

[[ ] per cent. Fixed Rate]

[Specify Reference Rate] +/- [ ] per cent.

Floating Rate]

[Zero Coupon]

[Index Linked Interest]

[Dual Currency Interest]

[specify other]

(further particulars specified below)

<sup>3</sup> Note that for Hong Kong dollar and Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Listing: [Singapore/specify other/None]
14. Method of distribution: [Syndicated/Non-syndicated]
15. Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]  
*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] *(If payable other than annually, consider amending Condition 4)*
- (ii) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date, commencing on [ ]]/  
[specify other]  
*(N.B.: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): *(Applicable to Notes in definitive form)* [[ ] per Calculation Amount/As per Condition 4(a)(II)]
- (iv) Broken Amount(s): *(Applicable to Notes in definitive form)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/ As per Condition 4(a)(II)]
- (v) Day Count Fraction: [Actual/Actual (ICMA) or 30/360 or Actual/ 365 (Fixed) or [specify other]] [Not Applicable]<sup>4</sup>
- (vi) [Determination Date(s): [ ] in each year  
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long*

<sup>4</sup> Applicable if Condition 4(a)(I) is specified as being applicable in paragraph 16(viii).

or short first or last coupon. N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration.

N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))]

- (vii) Business Centre(s): [Hong Kong or [ ]]<sup>5</sup> [Not Applicable]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Condition 4(a)(I) applies/Condition 4(a)(II) applies. The Fiscal Agent will act as the Calculation Agent./None/Give details]
17. Floating Rate Note Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ] [*For the avoidance of doubt, Specified Interest Payment Dates are not subject to adjustment under (ii) below (Business Day Convention)*]<sup>6</sup>
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable<sup>7</sup>  
[specify other]]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(*Either EURIBOR, HIBOR, SONIA, SOFR Benchmark or other, although additional information is required if other—including fallback provisions in the Agency Agreement*)
  - Interest Determination Date(s): [ ]  
(*First day of each Interest Period if Hong Kong dollar HIBOR, the second day on which T2 is open prior to the start of each Interest Period if EURIBOR and the date which is “p” London Business Days prior to each Interest Payment Date in the case of SONIA*)

<sup>5</sup> Applicable if Condition 4(a)(II) is specified as being applicable in paragraph 16(viii).

<sup>6</sup> If Interest Amount is to be determined on an unadjusted basis, specify Interest Payment Dates and insert italicised wording.

<sup>7</sup> Only relevant if the Interest Amount is determined on an adjusted basis.

- Relevant Screen Page: [        ]  
*(In the case of EURIBOR, if not Reuters page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately; in the case of SONIA, [[Bloomberg Screen Page: SONCINDX] / see pages of authorised distributors for SONIA Compounded Index Rate] or [[Bloomberg Screen Page: SONIO/N Index] / SONIA Compounded Daily Reference Rate as applicable])*
- SOFR Benchmark: [Not Applicable/Compounded Daily SOFR/SOFR Index]  
*(Only applicable where the Reference Rate is SOFR)*
- Compounded Daily SOFR: [Not Applicable/SOFR Lag/SOFR Observation Shift]  
*(Only applicable in the case of Compounded Daily SOFR)*
- Lookback Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]  
*(Only applicable in the case of SOFR Lag)*
- SOFR Observation Shift Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)] which shall not be less than three U.S. Government Securities Business Days at any time and shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest), be no less than five U.S. Government Securities Business Days;  
*(Only applicable in the case of SOFR Observation Shift or SOFR Index)*
- SOFR Index<sub>start</sub>: [Not Applicable/[●] U.S. Government Securities Business Day(s)]  
*(Only applicable in the case of SOFR Index)*
- SOFR Index<sub>end</sub>: [Not Applicable/[●] U.S. Government Securities Business Day(s)]  
*(Only applicable in the case of SOFR Index)*
- SONIA Method: [SONIA Compounded Index Rate] / [SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag]] where “p” is: [specify number] London Business Days [being no less than 5 London Business Days]  
*(Only applicable where the Reference Rate is SONIA)*

- SONIA Fallback Screen Page: [[Bloomberg Screen Page: SONIO/N Index] / SONIA Compounded Daily Reference Rate as applicable]  
(Only applicable where the Reference Rate is SONIA - SONIA Compounded Index Rate)
- (vii) ISDA Determination:
- Floating Rate Option: [       ]
  - Designated Maturity: [       ]
  - Reset Date: [       ] (provided that such Reset Date shall not be less than five U.S. Government Securities Business Days prior to the Interest Payment Date unless expressly agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest))
- (viii) Margin(s): [+/-] [       ] per cent. per annum
- (ix) Minimum Rate of Interest: [       ] per cent. per annum
- (x) Maximum Rate of Interest: [       ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
(See Condition 4 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [       ]
18. Zero Coupon Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [       ] per cent. per annum
  - (ii) Reference price: [       ]
  - (iii) Any other formula/basis of determining amount payable: [       ]
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(f)(iii) applies/specify other]  
(Consider applicable Day Count Fraction if not U.S. dollar denominated)

19. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [give or annexe details]
- (ii) Calculation Agent: [ ]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Fiscal Agent): [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (v) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
20. Dual Currency Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annexe details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]



- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/ see Appendix]
- (iii) If redeemable in part:  
 (a) Minimum Redemption Amount: [ ]  
 (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
22. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/ see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
23. Final Redemption Amount: [[ ] per Calculation Amount/specify other/ see Appendix]
24. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(f)): [[ ] per Calculation Amount/specify other/ see Appendix]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. Form of Notes<sup>8</sup>: [Bearer Notes:  
 [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is

<sup>8</sup> [A subscription agreement substantially in the form set out in the Programme Agreement must be entered into if the Notes are to be issued pursuant to Rule 144A or Section 4(a)(2).]

exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]\*]

[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]

*\* (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Information Memorandum and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof up to and including U.S.\$399,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes)]*

[Registered Notes:

[Regulation S Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/held through the CMU Service]]

[Rule 144A Global Note (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/held through the CMU Service]

[Definitive IAI Registered Notes] (In the case of an issue with more than one Global Note or a combination of one or more Global Notes and Definitive IAI Notes, specify the nominal amounts of each Global Note and, if applicable, the aggregate nominal amount of all Definitive IAI Notes if such information is available)]

26. Additional Financial Centre(s) or other special provisions relating to Payment Day:

[Not Applicable/give details]

*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18(vi) relate)*

27. Talons for future Coupons or Receipts to be attached to Definitive Notes in bearer form (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
30. Redenomination applicable: Redenomination [not] applicable  
 [(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]  
 [(if Redenomination is applicable, specify the terms of the redenomination in an Annexe to the Pricing Supplement)]
31. Other terms or special conditions: [Not Applicable/*give details*]

**DISTRIBUTION**

32. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
 (ii) Date of [Subscription] Agreement: [ ]  
 (iii) Stabilisation Manager (if any): [Not Applicable/*give names*]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/*give names*]
34. U.S. Selling Restrictions<sup>9</sup> [Reg. S Category 2; TEFRA D /TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/*give details*]

**OPERATIONAL INFORMATION**

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, the CMU or DTC and the relevant identification number(s): [CMU Service/Not Applicable/*give name(s) and number(s)*]
37. Delivery: Delivery [against/free of] payment
38. Additional Paying Agent(s) (if any): [ ]
39. [In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:] [Not Applicable/Luxembourg/Hong Kong]

<sup>9</sup> Ensure that the level of disclosure contained in the Information Memorandum is appropriate in the case of Notes issued pursuant to Rule 144A or Section 4(a)(2):

40. [In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London]: [Not Applicable/Hong Kong]
41. Hong Kong Securities and Futures Commission Code of Conduct
- (i) Rebates: [[Not Applicable] / [A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI's otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]]
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide*] / [Not Applicable]
- (iii) Marketing and Investor Targeting Strategy: [*As indicated in the Offering Circular*] OR [*Describe if different from the programme Offering Circular*]
- ISIN: [ ]
- Common Code: [ ]
- CMU Instrument No.: [ ]
- LEI: [[549300ML2LNRZUCS7149] ([principal office/ London Branch/New York Branch/Tokyo Branch])] / [[9884008H9HW0YBMTJT20] (Hong Kong Branch)] / [[549300XPNL3J2VYAWN77] (Singapore Branch)]

*(insert here any other relevant codes such as a CMU instrument number, CUSIP and CINS codes)*

## **[RISK REGARDING BENCHMARK REGULATION REFORMS**

Interest rates and indices which are deemed to be or are used as “benchmarks” are the subject of recent international regulatory guidance and proposals for reform, particularly in the United Kingdom. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that apply from 30 June 2016 and 3 July 2016). The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international reforms, particularly in the United Kingdom or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international reforms, particularly in the United Kingdom, or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any other international reforms, particularly in the United Kingdom, in making any investment decision with respect to any Notes linked to or referencing a benchmark.] *(To be inserted in the case of a floating rate note issuance).*

## **[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$30,000,000,000 Global Medium Term Note Programme of The Korea Development Bank, acting through its [principal office in Korea]/[Hong Kong Branch]/[London Branch]/[New York Branch]/[Singapore Branch]/[Tokyo Branch]/[*(specify other overseas branch)*] Branch].

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.]

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

### *Duly authorised*

Notes may also be issued in such other form and on such other terms as the Issuer may from time to time agree with the relevant Purchaser(s). If the relevant Pricing Supplement relating to a Tranche of Notes specifies any modifications to the Terms and Conditions of the Notes as described below, it is envisaged that, to the extent that such modifications relate only to Conditions 1, 4, 5 (except Condition 5(b)), 6, 10, 12 (insofar as such Notes are not listed or admitted to trade on any stock exchange), 13 or 14, they will not necessitate the preparation of supplementary listing particulars. If the Terms and Conditions of the Notes are to be modified in any other respect, it is envisaged that supplementary listing particulars or, if appropriate, further listing particulars describing the modifications will be prepared.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Purchaser(s) at the time of issue but if not so permitted and agreed, such definitive Note will have endorsed upon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” above for the form of Pricing Supplements which will specify which terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by The Korea Development Bank (the “**Issuer**”) pursuant to the Agency Agreement (as defined below). The applicable Pricing Supplement (as defined below) will indicate whether the Issuer is acting in relation to the Notes through its principal office in Korea, its Hong Kong Branch, its London Branch, its New York Branch, its Singapore Branch, its Tokyo Branch or any other overseas branch.

References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts and the Coupons have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 24 August 2023 and made between the Issuer, Deutsche Bank AG, London Branch as issuing agent, fiscal agent and agent bank (the “**Fiscal Agent**” which expression shall include any successor as fiscal agent), Deutsche Bank AG, Hong Kong Branch as CMU lodging agent (the “**CMU Lodging Agent**”, which expression shall include any successor CMU lodging agent) and the other paying agents named therein (together with the Fiscal Agent and the CMU Lodging Agent, the “**Paying Agents**” which expression shall include any additional or successor paying agents), Deutsche Bank AG, London Branch as exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent) and Deutsche Bank Trust Company Americas (or, if so specified in the applicable Pricing Supplement, Deutsche Bank Luxembourg S.A.) as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). For the purposes of these Terms and Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

All of the Notes from time to time issued by the Issuer which are for the time being outstanding are hereinafter referred to as the “**Notes**” and the term “**Note**” is to be construed accordingly. As used herein, “**Series**” means each original issue of Notes together with any further issues expressed to form a single issue with the original

issue and the terms of which are (save for the Issue Date, the Interest Commencement Date and/or the Issue Price) otherwise identical (including whether or not the Notes are listed) and which are consolidated and form a single series and shall be deemed to include the temporary and permanent Global Notes and the definitive Notes of such Series and the expressions “**Notes of the relevant Series**” and “**holders of Notes of the relevant Series**” and related expressions shall be construed accordingly. As used herein, “**Tranche**” means all Notes of the same Series with the same Issue Date and Interest Commencement Date.

The Pricing Supplement in relation to this Note is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “**applicable Pricing Supplement**” are to the Pricing Supplement attached hereto or endorsed hereon.

The holders for the time being of the Notes (“**Noteholders**”), which expression shall, in relation to any Notes represented by a Global Note, be construed as provided in Condition 1, the holders of the Coupons (as defined below) appertaining to interest-bearing definitive Notes (the “**Couponholders**”), the holders of the Talons (as defined below) and the holders of the Receipts (as defined below) (the “**Receiptholders**”) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, which are binding on them.

Words and expressions defined in the Agency Agreement or defined or set out in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail. Copies of the Agency Agreement and the Pricing Supplement for the Notes of this Series are available from the specified office of each of the Paying Agents save that, in the case of any Pricing Supplement where the Note or Notes to which such Pricing Supplement relates are not listed on a stock exchange, such Pricing Supplement shall be available for inspection only, upon proof satisfactory to the relevant Paying Agent as to identity, by the holder of any Note to which such Pricing Supplement relates. The statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Agency Agreement.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of an amended and restated deed of covenant (as amended and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 10 October 2014 and a deed poll (as amended and/or supplemented and/or restated from time to time, the “**Deed Poll**”) dated 15 June 2012, each made by the Issuer. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below). Copies of the Deed of Covenant and Deed Poll may be obtained upon request during normal business hours from the specified offices of each of the Fiscal Agent, the Registrar and the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the “**Agents**”).

## **1 Form, Denomination and Title**

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement in the Specified Currency and Specified Denomination(s) and definitive Notes of this Series will be serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note, or an Index Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Pricing Supplement.



This Note may be an Index Linked Redemption Note, a Dual Currency Redemption Note, a Partly Paid Note, an Instalment Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with interest coupons for the payment of interest (“**Coupons**”) attached, and if applicable, talons for further Coupons (“**Talons**”) attached, unless it is a Zero Coupon Note in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. If it is a definitive Bearer Note redeemable in instalments, it is issued with receipts (“**Receipts**”) attached for the payment of instalments of principal prior to such Bearer Note’s stated maturity. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

Subject as set out below, title to the Bearer Notes, the Coupons and Receipts will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Coupon or Receipt and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out below.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or a subcustodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), each person (other than Euroclear, Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated, as between the Issuer and the holder of the Global Note, as a holder of such nominal amount of such Notes for all purposes other than for payment of principal (including premium (if any)) and interest on such Notes, the right to which shall be vested, as against the Issuer and any of the Paying Agents, solely in the bearer of the Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to its terms (and the expressions “**Noteholder**”, “**holder of Notes**” and related expressions shall be construed accordingly). Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant CMU Issue Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (“**CMU Accountholders**”) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

For so long as the Depository Trust Company (“**DTC**”) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of DTC, Euroclear, Clearstream, Luxembourg and the CMU Service, as the case may be. Any reference herein to DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Fiscal Agent.

## **2 Transfers of Registered Notes**

### **(a) Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee or sub-custodian for DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee or sub-custodian of DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, or to a successor of DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, or such successor's nominee or subcustodian.

### **(b) Transfers of Registered Notes in definitive form**

Subject as provided in Conditions 2(e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**(c) Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 5, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**(d) Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

**(e) Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
  - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
  - (B) to a person who is an Institutional Accredited Investor, together with, in the case of (ii), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an “**IAI Investment Letter**”); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. In the case of (i)(A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (i)(B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (I) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (II) such certification requirements will no longer apply to such transfers.

**(f) Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (ii) to a transferee who takes delivery of such interest through a Legended Note:
  - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(g) Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(h) Definitions**

In this Condition, the following expressions shall have the following meanings:

“**Distribution Compliance Period**” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“**Institutional Accredited Investor**” means “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

“**Legended Note**” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a Legend);

“**QIB**” means a qualified institutional buyer within the meaning of Rule 144A;

“**Regulation S**” means Regulation S under the Securities Act;

“**Regulation S Global Note**” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“**Rule 144A**” means Rule 144A under the Securities Act;

“**Rule 144A Global Note**” means a Registered Global Note representing Notes sold in the United States or to QIBs; and

“**Securities Act**” means the United States Securities Act of 1933, as amended.

### 3 Status and Negative Pledge

#### (a) Status

The Notes and the relative Coupons and Receipts are the direct, unconditional, unsubordinated and (subject to the provisions of Condition 3(b)) unsecured general obligations of the Issuer and will rank *pari passu* among themselves, without any preference one over the other by reason of priority of date of issue or currency of payment or otherwise, and at least equally with all other outstanding unsecured and unsubordinated obligations of the Issuer subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors’ rights.

#### (b) Negative Pledge

So long as any of the Notes of this Series remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any Encumbrance (as defined below) upon the whole or any part of its assets, present or future, to secure any indebtedness, or to secure any guarantee of indebtedness, unless the Notes, Receipts and Coupons of this Series shall be secured equally and rateably therewith, except that the Issuer may create or permit to arise or subsist:

- (i) any Encumbrance over promissory notes or other commercial paper discounted or otherwise provided as security to or issued by the Issuer where such Encumbrance is created in favour of The Bank of Korea in the normal operation of its discount facilities or its facilities for the funding of loans by the Issuer to customers of the Issuer; or
- (ii) any Encumbrance over any immovable property owned by the Issuer as security for the repayment by the Issuer to a tenant of that property of any security deposit paid by such tenant to the Issuer upon taking a tenancy or lease of that property; or
- (iii) any Encumbrance or any other agreement or arrangement having a similar effect arising in connection with a sale and repurchase transaction entered under TBMA/ISMA Global Master Repurchase Agreement or any other substantially similar repurchase agreement or arrangement of such kind entered into, or created, or arising in the ordinary course of business of the Issuer, provided that the amount of such transaction (when aggregated with the amount of any other such transactions) does not exceed 15 per cent. of the borrowing liabilities of the Issuer as set out in the latest audited non-consolidated balance sheet of the Issuer; or
- (iv) any Encumbrance over any loan or other indebtedness (the “**Loan Asset**”) denominated in one currency (the “**Denominated Currency**”) owed by a party (together with its subsidiaries, and related entities, the “**Secured Counterparty**”) to the Issuer, which is granted in favour of the Secured Counterparty in connection with (a) a loan or other indebtedness denominated in a currency other than the Denominated Currency of the Issuer or any of its subsidiaries or related entities owed to the Secured Counterparty (the “**Reciprocal Loan**”) and (b) the Issuer or any of

its subsidiaries or related entities having been granted the benefit of an Encumbrance over the Reciprocal Loan by the Secured Counterparty, and which transaction or arrangement described herein is commonly regarded as a parallel loan or back-to-back loan, provided that such transaction or arrangement is entered into in the ordinary course of business of the Issuer and the aggregate outstanding principal amount of the Loan Assets of the Issuer which are subject to such Encumbrance does not exceed 5 per cent. of the borrowing liabilities of the Issuer as set out in the latest audited non-consolidated balance sheet of the Issuer; or

- (v) any statutory liens arising in the ordinary course of the Issuer's business and not in connection with the borrowing or raising of money; or
- (vi) any Encumbrance arising or preference given under Korean law, applicable generally to corporations established under Korean law, by virtue of a failure by the Issuer to meet an obligation, provided that such Encumbrance does not subsist for more than 30 days; or
- (vii) any Encumbrance over any asset purchased by the Issuer (or documents of title thereto) or arising in connection with improvements to any asset of the Issuer as security for the unpaid balance of the purchase price thereof or costs of improvement thereto.

In these Terms and Conditions:

“**Encumbrance**” means any mortgage, charge, encumbrance, pledge or other security interest.

#### **4 Interest**

##### **(a) Interest on Fixed Rate Notes**

- (I) In the case of Fixed Rate Notes where Condition 4(a)(I) is specified as being applicable in the applicable Pricing Supplement, the following provisions will apply instead of Condition 4(a)(II):

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

In these Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In these Terms and Conditions:

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Fixed Interest Period divided by 365; and
- (iv) if “Actual/360 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Fixed Interest Period divided by 360.

In these Terms and Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement

Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

- (II) In the case of Fixed Rate Notes where Condition 4(a)(II) is specified as being applicable in the applicable Pricing Supplement, the following provisions will apply instead of Condition 4(a)(I):

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in this Condition 4(a)(II), “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on the second business day before the beginning of each Fixed Interest Period (each an “**Interest Determination Date**”), calculate the amount of interest payable per Calculation Amount for the relevant Fixed Interest Period. The determination of the amount of interest payable per Calculation Amount by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Calculation Amount for each Fixed Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth business day thereafter. The amount of interest payable per Calculation Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 8, the accrued interest per Calculation Amount shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 4(a)(II) but no publication of the amount of interest payable per Calculation Amount so calculated need be made.



Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the actual number of days in the Fixed Interest Period concerned divided by 365, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 4(a)(II):

“**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Hong Kong dollar and Renminbi payments in Hong Kong and the Business Centre specified in the applicable Pricing Supplement, respectively; and

“**sub-unit**” means, with respect to Hong Kong dollars and Renminbi, the lowest amount of such currency that is available as legal tender in Hong Kong and the PRC, respectively.

**(b) Interest on Floating Rate Notes and Index Linked Interest Notes**

*(i) Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date

should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (1) London or (2) if the location of the office of the Fiscal Agent as specified in the applicable Pricing Supplement is not London, Hong Kong and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi shall be Sydney, Auckland or Hong Kong, respectively) or (2) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem, or any successor thereto (“**T2**”) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (A), “**ISDA Rate**”

for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA definitions as published by the International Swaps and Derivatives Association, Inc. (the “**ISDA definitions**”) and under which;

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate,” “Calculation Agent,” “Floating Rate Option,” “Designated Maturity,” “Euro-zone” and “Reset Date” have the meanings given to those terms in the ISDA definitions.

- (B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SOFR Benchmark or SONIA

- (1) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either;

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or any other such page as may replace that page on the relevant service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) (the “**Relevant Screen Page Rate**”) as at 11.00 a.m. (in the Relevant Financial Centre time) (the “**Specified Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (2) The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph; provided, however, that Condition 4(f) shall apply if Benchmark Transition Event is specified in the applicable Pricing Supplement and a Benchmark Transition Event (as defined in Condition 4(f)) has occurred.

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “SOFR Benchmark” will be determined based on Compounded Daily SOFR or SOFR Index, as follows (subject in each case to Condition 4(g) as further specified hereon):

- (1) If Compounded Daily SOFR (“Compounded Daily SOFR”) is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Period (where SOFR Lag is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the applicable Pricing Supplement:

(A) SOFR Lag:

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_{i-USBDD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR<sub>i-USBDD</sub>**” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

“**Lookback Days**” means such number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement, which shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest), be no less than five U.S. Government Securities Business Days;

“**d**” means the number of calendar days in the relevant Interest Period;

“**d<sub>o</sub>**” for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “**U.S. Government Securities Business Day “i**””); and

“**n<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “**i**” up to (but excluding) the following U.S. Government Securities Business Day for which  $SOFR_{i-xUSBD}$  applies.

(B) SOFR Observation Shift:

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “**i**”;

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Payment Date for such Interest Period, which shall be a minimum of five U.S. Government Securities Business Days, unless otherwise agreed with the Calculation Agent;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement, which shall not be less than three U.S. Government Securities Business Days at any time and shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest), be no less than five U.S. Government Securities Business Days;

“**d**” means the number of calendar days in the relevant SOFR Observation Period;

“**d<sub>o</sub>**” for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“**i**” means a series of whole numbers ascending from one to do, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a “**U.S. Government Securities Business Day “i**””); and

“**n<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant SOFR Observation Period, means the number of calendar days from (and including)

such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR<sub>i</sub> applies.

The following defined terms shall have the meanings set out below for the purpose of this Condition 4(b)(ii)(C)(1):

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**Reuters Page USDSOFR=**” means the Reuters page designated “USDSOFR=” or any successor page or service;

“**SOFR**” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or
- (iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 4(g) shall apply as specified in the applicable Pricing Supplement;

“**SOFR Determination Time**” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (2) If SOFR Index (“**SOFR Index**”) is specified in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left( \frac{SOFR Index_{End}}{SOFR Index_{Start}} - 1 \right) \times \left( \frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent.

(or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR Index**” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

- (A) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 4(b)(ii)(C)(1)(B) “SOFR Observation Shift,” and the term “SOFR Observation Shift Days” shall mean five U.S. Government Securities Business Days; or
- (B) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 4(g) shall apply as specified in the applicable Pricing Supplement;

“**SOFR Index<sub>End</sub>**” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the Interest Payment Date for such Interest Period (or in the final Interest Period, the Maturity Date);

“**SOFR Index<sub>Start</sub>**” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the first day of such Interest Period;

“**SOFR Index Determination Time**” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“**SOFR Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Payment Date for such Interest Period, which shall be a minimum of five U.S. Government Securities Business Days, unless otherwise agreed with the Calculation Agent;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement, which shall not be less than three U.S. Government Securities Business Days at any time and shall, unless otherwise agreed with the Calculation Agent (or such other person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest), be no less than five U.S. Government Securities Business Days; and

“**d<sub>c</sub>**” means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 4(b)(ii)(C):

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified, the second U.S. Government Securities Business Day prior to the last day of each Interest Period;

“**SOFR Administrator’s Website**” means the website of the Federal Reserve Bank of New York, or any successor source;

“**SOFR Benchmark Replacement Date**” means the date of occurrence of a Benchmark Transition Event with respect to the then-current SOFR Benchmark;

“**SOFR Benchmark Transition Event**” means the occurrence of a Benchmark Transition Event with respect to the then-current SOFR Benchmark; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(D) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SONIA

(1) **SONIA Compounded Index Rate:** Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SONIA and SONIA Compounded Index Rate is specified therein, the Rate of Interest for each Interest Period will, subject to Condition 4(f), be equal to the relevant SONIA Compounded Index Rate plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

For the purposes of this Condition 4(b)(ii)(D)(1):

“**SONIA Compounded Index Rate**” means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left( \frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left( \frac{365}{d} \right)$$

provided, however, that and subject to Condition 4(f), if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index<sub>START</sub> and SONIA Compounded Index<sub>END</sub>, the Rate of Interest shall be calculated for such Interest Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 4(b)(ii)(D)(2) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified in the applicable Pricing Supplement and the “Relevant Screen Page” shall be deemed to be the “SONIA Fallback Screen Page” as specified in the applicable Pricing Supplement,



where:

“*d*” means the number of calendar days in the relevant Observation Period;

“**London Business Day**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**Observation Period**” means, in respect of an Interest Period, the period from (and including) the date falling “*p*” London Business Days prior to the first day of such Interest Period (and the first Observation Period shall begin on and include the date which is “*p*” London Business Days prior to the Issue Date) and ending on (but excluding) the date which is “*p*” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “*p*” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“*p*” means, for any Interest Period the whole number specified in the applicable Pricing Supplement (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;

“**SONIA Compounded Index**” means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

“**SONIA Compounded Index**<sub>START</sub>” means, in respect of an Interest Period, the SONIA Compounded Index Value on the date falling “*p*” London Business Days prior to (i) the first day of such Interest Period, or (ii) in the case of the first Interest Period, the Issue Date;

“**SONIA Compounded Index**<sub>END</sub>” means the SONIA Compounded Index Value on the date falling “*p*” London Business Days prior to (i) in respect of an Interest Period, the Interest Payment Date for such Interest Period, or (ii) if the Notes become due and payable prior to the end of an Interest Period, the date on which the Notes become so due and payable; and

“**SONIA Compounded Index Value**” means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

- (2) **SONIA Compounded Daily Reference Rate:** Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SONIA and SONIA Compounded Daily Reference Rate is specified therein, the Rate of Interest for each Interest Period will, subject to Condition 4(f), be equal to the relevant SONIA Compounded Daily Reference Rate plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

For the purposes of this Condition 4(b)(ii)(D)(2):

“**SONIA Compounded Daily Reference Rate**” means, in respect of an Interest Period, the rate of return of a daily compound interest **investment** (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the

Calculation Agent on the Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

“**London Business Day**,” “**Observation Period**” and “**p**” have the meanings set out under Condition 4(b)(ii)(D)(1);

“**d**” is the number of calendar days in the relevant:

- (i) Observation Period where Observation Shift is specified in the applicable Pricing Supplement; or
- (ii) Interest Period where Lag is specified in the applicable Pricing Supplement;

“**d<sub>o</sub>**” is the number of London Business Days in the relevant:

- (i) Observation Period where Observation Shift is specified in the applicable Pricing Supplement; or
- (ii) Interest Period where Lag is specified in the applicable Pricing Supplement;

“**i**” is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

- (i) Observation Period where Observation Shift is specified in the applicable Pricing Supplement; or
- (ii) Interest Period where Lag is specified in the applicable Pricing Supplement;

“**n<sub>i</sub>**”, for any London Business Day “**i**”, means the number of calendar days from and including such London Business Day “**i**” up to but excluding the following London Business Day;

“**SONIA<sub>i</sub>**” means, in relation to any London Business Day the SONIA reference rate in respect of:

- (i) that London Business Day “**i**” where Observation Shift is specified in the applicable Pricing Supplement; or
- (ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling “**p**” London Business Days prior to the relevant London Business Day “**i**” where Lag is specified in the applicable Pricing Supplement; and

the “**SONIA reference rate**”, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or,

if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from such authorised distributors, as published on the Bank of England's Website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate).

(3) Subject to Condition 4(f), where SONIA is specified as the Reference Rate in the applicable Pricing Supplement and Condition 4(b)(ii)(D)(2) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or SONIA Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

- (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
- (B) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof), and

in each case, SONIA, shall be interpreted accordingly.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 4(f), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 8, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

*(iii) Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in

accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Whether or not a Minimum Rate of Interest or Maximum Rate of Interest is specified in the relevant Pricing Supplement, in no event shall the Rate of Interest (including any applicable Margin) be less than zero.

*(iv) Determination of Rate of Interest and calculation of Interest Amounts*

The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In these Terms and Conditions,

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (i) If “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

- (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 in which case  $D_2$  will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and  $D_2$  will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 12. For the purposes of this paragraph, the expression “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London or, if the Specified Currency is Renminbi, Hong Kong.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders,

the Receiptholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

**(d) Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

**(e) Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

**(f) Benchmark Discontinuation (General)**

*(i) Independent Adviser:*

If a Benchmark Transition Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(f)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with 4(f)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(f) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 4(f).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(f)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to Floating Rate Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest / determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Interest Determination Date. Where a different Margin or Maximum or Minimum Rate of Interest is to

be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(f)(i).

(ii) *Successor Rate or Alternative Rate:*

If the Independent Adviser, determines that:

- (a) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 4(f)); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 4(f)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply *without an Adjustment Spread*.

(iv) *Benchmark Amendments:*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(f) and the Independent Adviser, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(f)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4(f), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4(f) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.



In connection with any such variation in accordance with this Condition 4(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the Floating Rate Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(f) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 12, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

- (a) confirming (i) that a Benchmark Transition Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(f); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 4(f), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4(f), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 4(f)(i), Condition 4(f)(ii), Condition 4(f)(iii) and Condition 4(f)(iv), the Original Reference Rate and the fallback

provisions provided for in Condition 4(b)(i) will continue to apply unless and until a Benchmark Transition Event has occurred.

*(vii) Definitions*

As used in this Condition 4(f):

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) (in the case of a Successor Rate) is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (c) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(f)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Floating Rate Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 4(f)(iv).

“**Benchmark Transition Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Floating Rate Notes; or
- (e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

- (f) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Transition Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Transition Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(f)(i).

**“Original Reference Rate”** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Floating Rate Notes.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body. In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes (as defined herein) from time to time.

**(g) Benchmark Discontinuation (SOFR)**

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified in the applicable Pricing Supplement:

*(i) Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with

respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(ii) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, any of the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required to give effect to this Condition 4(g). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Agents (if required). Further, none of the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(g), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (A) will be conclusive and binding absent manifest error, (B) will be made in the sole discretion of the Issuer or its designee, as applicable, and (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) *Certain Defined Terms*

As used in this Condition 4(g):

“**Benchmark**” means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement;

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the

administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of:

- (1) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
- (2) the Benchmark Replacement Adjustment;

- (B) the sum of:

- (1) the ISDA Fallback Rate; and
- (2) the Benchmark Replacement Adjustment; or

- (C) the sum of:

- (1) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and
- (2) the Benchmark Replacement Adjustment;

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(A) in the case of sub-paragraph (A) or (B) of the definition of “Benchmark Transition Event,” the later of:

- (1) the date of the public statement or publication of information referenced therein; and
- (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of sub-paragraph (C) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**“designee”** means a designee as selected and separately appointed by the Issuer in writing;

**“ISDA Definitions”** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**“ISDA Fallback Adjustment”** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

**“ISDA Fallback Rate”** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**“Reference Time”** with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded Daily SOFR is specified as applicable hereon) or SOFR Index Determination Time (where SOFR Index is specified as applicable hereon), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

## **5 Redemption and Purchase**

### **(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as provided below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the Specified Currency on the Maturity Date.

### **(b) Redemption for tax reasons**

All the Notes of this Series, but not some only, may be redeemed at the option of the Issuer, at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days’ notice in accordance with Condition 12, to the holders of the Notes of this Series (which notice shall be irrevocable), at their Early Redemption Amount referred to in Condition 5(f), together (if appropriate) with interest (if any) accrued to the date fixed for redemption, if:

- (i) on the occasion of the next payment due under the Notes the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of Notes of this Series; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes of this Series then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

### **(c) Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having (unless otherwise specified in the applicable Pricing Supplement) given not more than 60 nor less than 30 days’ notice, in accordance with Condition 12, to the holders of the Notes of this Series (which notice shall be irrevocable), redeem all or some only of the Notes of this Series then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with accrued

interest. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of definitive Notes, the Notes to be redeemed will be selected individually by lot (in such place as the Fiscal Agent may approve and in such manner as the Fiscal Agent shall deem to be appropriate and fair) not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 12 not less than 30 days prior to such date. In the case of a partial redemption of Notes which are represented by a Global Note, the relevant interests in the Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC and/or the CMU Service (as appropriate).

**(d) Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of this Note giving (unless otherwise specified in the Pricing Supplement) to the Issuer in accordance with Condition 12 not more than 60 nor less than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) this Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If the Notes are in definitive form and held outside Euroclear, Clearstream, Luxembourg, DTC and the CMU Service, to exercise the right to require redemption of his Notes the holder of the Notes must deliver such Notes, in each case on any Business Day (as defined in Condition 6) falling within the notice period at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition. and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg, DTC or the CMU Service, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, DTC and the CMU Service (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC, the CMU Service or any depositary for them to the Fiscal Agent by electronic means or notice being given to the CMU Lodging Agent) in a form acceptable to Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and the CMU Lodging Agent from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, DTC and the CMU Service given by a holder of any Note pursuant to this



Condition 5(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5(d) and instead to declare such Note forthwith due and payable pursuant to Condition 8.

**(e) Purchases**

The Issuer may at any time purchase or otherwise acquire Notes of this Series in the open market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the Fiscal Agent for cancellation (together with (in the case of definitive Bearer Notes of this Series) any unmatured Coupons or Receipts attached thereto or purchased therewith). If purchases are made by tender, tenders must be made available to all holders of Notes of this Series alike.

**(f) Early Redemption Amounts**

For the purposes of Condition 5(b) and Condition 8, Notes will be redeemed at an amount (the “**Early Redemption Amount**”) determined as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount set out in, or determined in the manner set out in, the applicable Pricing Supplement or, if no such amount or manner is set out in the Pricing Supplement, at their nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (I) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (II) in the case of Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Pricing Supplement.

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(a), (b), (c) or (d) or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in this Condition 5(f)(iii) as though the references herein to the date fixed for redemption or the date upon which the Zero Coupon Note

becomes due and repayable were replaced by references to the date (the “**Reference Date**”) which is the earlier of:

- (1) the day on which all sums due in respect of the Zero Coupon Note up to that day are received by or on behalf of the holder of such Note; and
- (2) the day on which the Fiscal Agent has notified the holder thereof (either in accordance with Condition 12 or individually) of receipt of all sums due in respect thereof up to that date.

The calculation of the Amortised Face Amount in accordance with this Condition 5(f)(iii) will continue to be made, after as well as before judgement, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 4(c).

**(g) Cancellation**

All Notes redeemed, and all Notes purchased or otherwise acquired as aforesaid and surrendered to the Fiscal Agent for cancellation, shall be cancelled (together, in the case of definitive Notes, with all unmatured Coupons and Receipts presented therewith), and thereafter may not be re-issued or re-sold.

**(h) Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(f) above.

**(i) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition as amended by the applicable Pricing Supplement.

**6 Payments**

**(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland or Hong Kong, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (“**FATCA**”).

**(b) Presentation of definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Notes not held in the CMU Service will (subject as provided below) be made in the manner provided in Condition 6(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes not held in the CMU Service, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6(a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with Condition 6(a). Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note or Long Maturity Note in definitive bearer form not held in the CMU Service becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

In the case of definitive Bearer Notes held in the CMU Service, payment will be made at the direction of the bearer to the CMU Accountholders and such payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

**(c) Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, at the direction of the bearer to the CMU Accountholders, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note (in the case of a Bearer Global Note not lodged with the CMU Service) by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable or (in the case of a Bearer Global Note lodged with the CMU Service) on withdrawal of such Bearer Global Note by the CMU Lodging Agent, and in each such case, such record shall be prima facie evidence that the payment in question has been made.

**(d) Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business and in respect of Notes clearing through the DTC, a day on which DTC is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian

dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland or Hong Kong, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business and in respect of Notes clearing through the DTC, a day on which DTC is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note. Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Issuer to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement. In the case of Registered Note (whether or not in global form) held in the CMU Service, payment will be made at the direction of the registered holder to the CMU Accountholders and such payment shall discharge the obligations of the Issuer in respect of that payment.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**(e) General provisions applicable to payments**

The holder of a Global Note (if the Global Note is not lodged with the CMU Service) or the CMU Accountholder at the direction of the holder of a Global Note (if the Global Note is lodged with the CMU Service), shall be the only person entitled to receive payments in respect of Notes represented

by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or the CMU Service as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, DTC or the CMU Service, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(f) Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) any Additional Financial Centre specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland or Hong Kong, respectively) or (2) in relation to any sum payable in euro, any day on which T2 is open for the settlement of payments in Euro; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

**(g) Interpretation of principal and interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5(f)(iii));  
and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

**(h) Exchange of Talons**

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

**7 Taxation**

All payments of principal and/or interest in respect of the Notes, Receipts and Coupons of this Series will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined below) or any authority therein having power to tax, unless deduction or withholding of such tax is compelled by law. In that event the Issuer will pay such additional amounts as will result (after such deduction or withholding) in the receipt by the holders of the Notes, Receipts or Coupons of this Series of the amounts which would otherwise have been receivable (in the absence of such deduction or withholding), except that no such additional amount shall be payable in respect of any Note, Receipt or Coupon of this Series held or presented for payment:

- (a) by or on behalf of a holder who is subject to such tax in respect of such Note, Receipt or Coupon by reason of his being connected with a Tax Jurisdiction otherwise than merely by holding such Note, Receipt or Coupon or receiving principal or interest in respect thereof; or
- (b) by or on behalf of a holder (a) who is for Japanese tax purposes treated as a Japanese non-resident being a specially-related person (as defined in Article 6, paragraph 4 of the Special Taxation Measures

Act of Japan (Act No. 26 of 1957, as amended) (the “**Special Taxation Measures Act**”) of the Issuer, or (b) who fails to comply with the Japanese tax law requirements in respect of the exemption from such withholding or deduction; or

- (c) where the amount of interest on Notes issued by the Issuer acting through its Tokyo Branch is to be calculated by reference to certain indexes (as prescribed in the cabinet order relating to Article 6, paragraph 4 of the Special Taxation Measures Act) relating to the Issuer or a specially-related person of the Issuer; or
- (d) if the Note, Receipt or Coupon is held by, or by a third party on behalf of, a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its (or a fiduciary, settlor, member or shareholder, beneficiary of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) having some present or former connection with the applicable Tax Jurisdiction (including being or having been a citizen or resident of such Tax Jurisdiction or being or having been engaged in trade or business or present therein having or having had a permanent establishment therein) other than the mere holding of such Note, Receipt or Coupon; or
- (e) by or on behalf of a holder if the holder or beneficial owner would not be liable for or subject to such withholding or deduction by (i) making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so, or (ii) delivering a valid U.S. Internal Revenue Service Form W-8 or W-9 or any successor or substitute form to any withholding agent or any other person; or
- (f) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional payment on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or
- (g) by or on behalf of a holder which is or was a personal holding company, foreign personal holding company or passive foreign investment company with respect to the United States or a corporation that accumulates earnings to avoid United States federal income tax; or
- (h) if such tax is an estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment, or governmental charge; or
- (i) by or on behalf of a holder (i) which is or has been a “10 per cent. shareholder” of the obligor of the Note as defined in Section 871(h)(3) of the Code or any successor provisions, (ii) which is a bank (or being or having been so treated) that is receiving or is treated as receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business as described in Section 881(c)(3)(A) of the Code, or (iii) which is or has been a controlled foreign corporation within the meaning of section 957 of the Code that is related to the Issuer within the meaning of section 864(d)(4) of the Code; or
- (j) where such withholding or deduction is imposed pursuant to Sections 1471 through 1474 of the Code, U.S. Treasury regulations or administrative guidance promulgated thereunder or any law implementing an intergovernmental approach thereto; or
- (k) nor shall additional amounts be paid to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor of such fiduciary or partnership or beneficial owner would not have been entitled to such additional amounts had such beneficiary, settlor or beneficial owner been the holder of the Note.



As used herein:

- (i) The “**Relevant Date**” in relation to any Note, Receipt or Coupon means (A) the due date for payment thereof; or (B) (if the full amount of the monies payable on such date has not been received by the Fiscal Agent or the Registrar, as the case may be, on or prior to such due date) the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders of this Series in accordance with Condition 12 or individually; and
- (ii) “**Tax Jurisdiction**” means (A) Korea or any political subdivision or any authority thereof or therein having power to tax and (B) if the Issuer is acting through an overseas branch (as specified in the applicable Pricing Supplement) the jurisdiction relating to such overseas branch or any political subdivision or any authority thereof or therein having power to tax.

## 8 Events of Default

If any one or more of the following events (“**Events of Default**”) shall have occurred and be continuing:

- (a) default is made in any payment of principal or interest in respect of any of the Notes, Receipts or Coupons of this Series and such default continues for 14 days or more, in the case of principal, or 21 days or more, in the case of interest; or
- (b) default is made in the performance of any other covenant, condition or provision contained in the Notes of this Series and such default continues for 30 days or more after written notice thereof shall have been given to the Fiscal Agent or the Registrar, as the case may be, by the holder of any Note of this Series; or
- (c) any External Indebtedness (as defined below) of the Issuer in an aggregate principal amount of U.S.\$10,000,000 or more either (i) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or (ii) is not repaid at maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Issuer in respect of External Indebtedness of any other person is not honoured when due and called; or
- (d) Korea declares a moratorium on the payment of any External Indebtedness (including obligations arising under guarantees) of Korea or Korea becomes liable to repay prematurely any sums in respect of such External Indebtedness (including obligations arising under guarantees) as a result of a default under, or breach of the terms applicable to, such External Indebtedness or such obligations, or the international monetary reserves of Korea become subject to any Encumbrance (as defined in Condition 3(b)) or any segregation or other preferential arrangement (whether or not constituting an Encumbrance) for the benefit of any creditor or class of creditors; or
- (e) Korea ceases to Control (as defined below) (directly or indirectly) the Issuer or for any reason fails to provide the financial support to the Issuer stipulated as of the Issue Date of the Notes of this Series by Article 32 of The Korea Development Bank Act of 1953, as amended, (the “**KDB Act**”); or
- (f) the Issuer is adjudicated or found bankrupt or insolvent or any order is made by a competent court or administrative agency or any resolution is passed by the Issuer to apply for judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or a substantial part of its assets or the Issuer is wound up or dissolved or the Issuer ceases to carry on the whole or substantially the whole of its business;

the holder for the time being of any Note of this Series may give notice to the Fiscal Agent in accordance with Condition 12 that such Note is immediately due and repayable, whereupon such Note shall become

immediately due and repayable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, unless prior to such time all Events of Default in respect of the Notes of this Series shall have been cured.

The Issuer shall notify the holders of the Notes of this Series of the occurrence of an event under Condition 8(e) as soon as practicable thereafter in accordance with Condition 12 setting out details of the cessation or failure described in Condition 8(e).

For the purposes of this Condition:

“**Control**” means the acquisition or control of a majority of the voting share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

“**External Indebtedness**” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of Korea.

## **9 Prescription**

Claims for payment of principal in respect of the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of five years, and claims for payment of interest (if any) in respect of the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of two years, in each case from the Relevant Date (as defined in Condition 7) thereof, subject to the provisions of Condition 6. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6 above.

## **10 Replacement of Notes, Receipts and Coupons**

If any Note (including any Global Note), Receipt or Coupon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts or Coupons must be surrendered before replacements will be issued.

## **11 Meetings of Noteholders and Modification**

The Agency Agreement contains provisions for convening meetings of the holders of the Notes of this Series to consider matters affecting their interests, including modifications by Extraordinary Resolution of the Terms and Conditions of such Notes. The quorum for any meeting convened to consider a resolution proposed as an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of such Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of such Notes for the time being outstanding so held or represented, except that at any meeting, the business of which includes, *inter alia*, (i) modification of the Maturity Date of such Notes or reduction or cancellation of the nominal amount payable upon maturity or otherwise, or variation of the method of calculating the amount of principal payable on maturity or otherwise, (ii) reduction of the amount payable or modification of the payment date in respect of any interest in respect of such Notes or variation of the method of calculating the rate of interest in respect of such Notes, except as a result of any modification contemplated in Condition 4(f) or Condition 4(b)(iv), (iii) reduction of any Minimum Interest Rate and/or Maximum

Interest Rate, (iv) modification of the currency in which payments under such Notes and/or the Coupons appertaining thereto are to be made, (v) modification of the majority required to pass an Extraordinary Resolution or (vi) modification of the provisions of the Agency Agreement concerning this exception, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the nominal amount of such Notes for the time being outstanding. Any Extraordinary Resolution duly passed at any such meeting will be binding on all such Noteholders (whether or not they are present at such meeting) and on all Receiptholders and Couponholders relating to such Notes.

The Fiscal Agent may agree, without the consent of the holders of the Notes, Receipts or Coupons of this Series, to any modification to any of the provisions of the Agency Agreement or such Notes which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all such Noteholders, Receiptholders and Couponholders and, if the Fiscal Agent so requires, shall be notified to such Noteholders as soon as practicable thereafter in accordance with Condition 12.

## 12 Notices

- (a) All notices regarding Bearer Notes of this Series will be valid if published in one leading London daily newspaper (which is expected to be the *Financial Times*). Any notice published as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bearer Notes of this Series in accordance with this Condition.
- (b) All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address foreign) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.
- (c) Until such time as any definitive Notes are issued, there may, so long as all the Global Notes for this Series are held in their entirety on behalf of (i) Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted, in relation only to this Series, for such publication as aforesaid, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes of this Series and (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes of this Series on the third day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the persons shown in the relevant CMU Issue Position Report.
- (d) Notices or demands to be given or made by any holder of any Notes of this Series shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent or the Registrar (in the case of Registered Notes).

Whilst any Notes of this Series are represented by a Global Note, such notice or demand may be given or made by a holder of any of the Notes so represented to the Fiscal Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg and/or DTC and/or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging Agent in Hong Kong, as the case may be, in such manner as the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg and/or DTC and/or the CMU Service, as the case may be, may approve for this purpose.

### **13 Agents**

The names of the initial Agents and their initial specified offices in respect of this Series of Notes are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents and/or to approve any change in the specified office of any Agent, provided that it will, so long as any of the Notes of this Series is outstanding, maintain (i) a Fiscal Agent and a Registrar, (ii) if and so long as any Notes of this Series are listed on any stock exchange or other relevant authority, a Paying Agent (in the case of Bearer Notes) (which may be the Fiscal Agent) and a Transfer Agent (in the case of Registered Notes) having a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or other relevant authority), (iii) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City, and (iv) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**”), if the Notes are issued in definitive form, a Paying Agent in Singapore unless the Issuer obtains an exemption from the Singapore Exchange. Any such variation, termination, appointment or change shall only take effect (other than in the case of insolvency or of a Paying Agent failing to become or ceasing to be exempt from withholding pursuant to FATCA, when such termination or appointment, respectively, shall be of immediate effect) after not less than 30 days’ prior notice thereof shall have been given to the Noteholders of this Series in accordance with Condition 12 and provided further that neither the resignation nor removal of the Agent shall take effect, except in the case of insolvency as aforesaid, until a new Agent has been appointed. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d).

In acting under the Agency Agreement, the Agents will act solely as agents of the Issuer and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions for the indemnification of the Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

### **14 Further Issues**

The Issuer may from time to time without the consent of the relevant Noteholders, Couponholders or Receiptholders create and issue further Notes, having terms and conditions the same as the Notes of any Series, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes of any Series.

### **15 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any

Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgement or order.

## **16 Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **17 Governing Law and Jurisdiction**

The Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and any noncontractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed Poll, and the Deed of Covenant are governed by, and shall be construed in accordance with, the laws of England.

The Issuer irrevocably agrees for the benefit of the Noteholders, Receiptholders and Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts or the Coupons (including a dispute relating to any noncontractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed Poll, and/or the Deed of Covenant) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") (including any Proceeding relating to any noncontractual obligations arising out of or in connection with the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed Poll, and/or the Deed of Covenant) may be brought in the courts of England.

The Issuer irrevocably waives, to the fullest extent permitted by law, any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably agrees that a judgement in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer hereby appoints The Korea Development Bank, London branch (which is located at Floor 11 (West Side), 22 Bishopsgate, London EC2N 4BQ, United Kingdom, and the mailing address of which is Consolidation Centre Gate 1, Units 1-3, Manor Point, Manor Way, Borehamwood Hertfordshire, WD6

1EU, United Kingdom, Attention: General Manager) as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

In respect of any Proceedings, the Issuer hereby irrevocably consents to the giving of any relief and the issue of any process in connection with such Proceedings, including, without limitation, the making, enforcement or execution (against any assets whatsoever, irrespective of their uses or intended uses), of any order or judgement made or given in any such Proceedings, and, to the extent that the Issuer may in any jurisdiction claim for itself or its assets, or have attributed to it or its assets, any right of immunity on the grounds of sovereignty or otherwise from any legal action, suit or proceeding, the Issuer hereby irrevocably agrees not to claim and waives such immunity to the fullest extent permitted by law.

## Signatories

### **The Issuer**

#### **THE KOREA DEVELOPMENT BANK**

By:

Name: Chun, Hyun Soo

Title: Head of Global Funding Team

Treasury Department

The Korea Development Bank

### **The Fiscal Agent and the Exchange Agent**

#### **DEUTSCHE BANK AG, LONDON BRANCH**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

### **The Registrar, a Paying Agent and a Transfer Agent**

#### **DEUTSCHE BANK TRUST COMPANY AMERICAS**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

### **The other Registrar, the CMU Lodging Agent and a Transfer Agent**

#### **DEUTSCHE BANK AG, HONG KONG BRANCH**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**The other Registrar, a Transfer Agent and a Paying Agent  
DEUTSCHE BANK LUXEMBOURG S.A.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:



## **USE OF PROCEEDS**

The net proceeds from the sale of Notes will be used by the Issuer for its general operations, including the repayment of foreign currency obligations and the making of foreign currency loans.

## EXCHANGE RATES

The table below sets forth the market average exchange rates between Won and U.S. dollars, as announced by the Seoul Money Brokerage Services Ltd., for the last day of, and the average for, the periods indicated. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

<b>Period</b>	<b>At End of Period</b>	<b>Average Rate<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
2019 .....	1,157.8	1,165.7	1,218.9	1,111.6
2020 .....	1,088.0	1,180.1	1,280.1	1,082.7
2021 .....	1,185.5	1,144.4	1,199.1	1,083.1
2022 .....	1,267.3	1,292.0	1,436.6	1,185.5
2023 .....	1,289.4	1,305.4	1,360.6	1,219.3
2024 (through 22 August) .....	1,332.4	1,355.6	1,395.3	1,289.4
January .....	1,330.6	1,323.6	1,343.2	1,289.4
February .....	1,334.0	1,331.7	1,337.9	1,325.1
March .....	1,346.8	1,330.7	1,346.8	1,311.1
April .....	1,378.7	1,367.8	1,395.3	1,346.8
May .....	1,376.5	1,365.4	1,378.5	1,349.4
June .....	1,389.2	1,380.1	1,390.1	1,366.9
July .....	1,384.6	1,383.4	1,389.4	1,376.3
August (through 22 August) .....	1,332.4	1,362.5	1,380.1	1,332.0

*Source: Seoul Money Brokerage Services, Ltd.*

Note:

- (1) The average rate for each year is calculated as the average of the market average exchange rates on each business day during the relevant year (or portion thereof). The average rate for a month is calculated as the average of the market average exchange rates on each business day during the relevant month (or portion thereof).

## THE KOREA DEVELOPMENT BANK

### Overview

The Bank was established in 1954 as a government-owned financial institution pursuant to The Korea Development Bank Act, as amended, or the KDB Act. Since its establishment, the Bank has been the leading bank in the Republic with respect to the provision of long-term financing for projects designed to assist the nation's economic growth and development. The Government directly owns all of the Bank's paid-in capital. The Bank's registered office is located at 14, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, The Republic of Korea. The Bank's primary purpose, as stated in the KDB Act, the KDB Decree and the Bank's Articles of Incorporation, is to "furnish funds in order to expedite the development of the national economy". The Bank makes loans available to major industries for equipment, capital investment and the development of high technology, as well as for working capital.

As of 31 December 2023, the Bank had ₩203,067.3 billion of loans outstanding (including loans, call loans, domestic usance, bills of exchange bought, local letters of credit negotiation and loan-type suspense accounts pursuant to the applicable guidelines without adjusting for allowance for loan losses, present value discounts and deferred loan fees), total assets of ₩316,361.8 billion and total equity of ₩38,912.4 billion, as compared to ₩202,032.2 billion of loans outstanding, ₩312,845.3 billion of total assets and ₩35,668.4 billion of total equity as of 31 December 2022. In 2023, the Bank recorded interest income of ₩11,489.0 billion, interest expense of ₩9,927.5 billion and net income of ₩2,508.9 billion, as compared to ₩6,846.7 billion of interest income, ₩5,102.9 billion of interest expense and ₩465.0 billion of net income in 2022. See "*—Selected Financial Statement Data*".

Currently, the Government directly holds 100% of the Bank's paid-in capital. In addition to contributions to the Bank's capital, the Government provides direct financial support for the Bank's financing activities, in the form of loans or guarantees. The Government has the power to elect or dismiss the Bank's Chairman and Chief Executive Officer, members of the Bank's Board of Directors and Auditor. The Government may dismiss each such person if he/she (i) violates the KDB Act, an order issued thereunder, or the Articles of Incorporation or (ii) is unable to perform his/her duties due to physical or mental disability. The Chairman may be dismissed by the President of the Republic at the recommendation of the chairman of the Financial Services Commission. The Chief Executive Officer and members of the Board of Directors may be dismissed by the Financial Services Commission at the recommendation of the Chairman and the Auditor may be dismissed by the Financial Services Commission. There is no prescribed timeline for dismissal. Pursuant to the KDB Act, the Financial Services Commission has supervisory power and authority over matters relating to the Bank's general business including, but not limited to, capital adequacy and managerial soundness.

The Government supports the Bank's operations pursuant to Article 32 of the KDB Act. Article 32 provides that "the annual net losses of the Korea Development Bank shall be offset each year by the reserve, and if the reserve be insufficient, the deficit shall be replenished by the Government". As a result of the KDB Act, the Government is generally responsible for the Bank's operations and is legally obligated to replenish any deficit that arises if the Bank's reserve, consisting of its surplus and capital surplus items, is insufficient to cover the Bank's annual net losses. In light of the above, if the Bank had insufficient funds to make any payment under any of its obligations, including the debt securities and guarantees covered by this Information Memorandum, the Government would take appropriate steps, such as by making a capital contribution, by allocating funds or by taking other action, to enable the Bank to make such payment when due. The provisions of Article 32 do not, however, constitute a direct guarantee by the Government of the Bank's obligations under the debt securities or the guarantees, and the provisions of the KDB Act, including Article 32, may be amended at any time by action of the National Assembly.

In January 1998, the Government amended the KDB Act to:

- subordinate the Bank's borrowings from the Government to other indebtedness incurred in the Bank's operations;
- allow the Government to offset any deficit that arises if the Bank's reserve fails to cover its annual net losses by transferring Government-owned property, including securities held by the Government, to the Bank; and
- allow direct injections of capital by the Government without prior National Assembly approval.

The Government amended the KDB Act in May 1999 and the KDB Decree in March 2000, to allow the Financial Services Commission to supervise and regulate the Bank in terms of capital adequacy and managerial soundness.

In March 2002, the Government amended the KDB Act to enable the Bank, among other things, to:

- obtain low-cost funds from The Bank of Korea and from the issuance of debt securities (in addition to already permitted industrial finance bonds), which funds may be used for increased levels of lending to small- and medium-sized enterprises;
- broaden the scope of borrowers to which the Bank may extend working capital loans to include companies in the manufacturing industry, enterprises which are "closely related" to enhancing the corporate competitiveness of the manufacturing industry and leading-edge high-tech companies; and
- extend credits to mergers and acquisitions projects intended to facilitate corporate restructuring efforts.

In July 2005 and May 2009, the Government amended the KDB Act to provide that:

- the Bank's annual net profit, after adequate allowances are made for depreciation in assets, shall be distributed as follows:
  - 40% or more of the net profit shall be credited to reserve, until the reserve amounts equal the total amount of paid-in capital; and
  - any net profit remaining following the apportionment required under subparagraph (i) above shall be distributed in accordance with the resolution of the Bank's Board of Directors and the approval of the Bank's shareholders;
- accumulated amounts in reserve may be capitalised after offsetting any net losses; and
- any distributions made in accordance with paragraph (1)(ii) above may be in the form of cash dividends or dividends in kind, provided that any distributions of dividends in kind must be made in accordance with applicable provisions of the KDB Decree.

In February 2008, the Government further amended the KDB Act, primarily to transfer most of the Government's supervisory authority over the Bank from the Ministry of Economy and Finance to the Financial Services Commission.

In May 2009, the Government amended the KDB Act to facilitate the Bank's privatisation. The amendment provided for, among others:

- the preparation for the transformation of the Bank from a special statutory entity into a corporation, including the application of the Banking Act as applicable;

- the expansion of the Bank's operation scope that enables the Bank to engage in commercial banking activities, including retail banking (which was subsequently adjusted due to a change in the Government's decision to halt its plan for the Bank's privatisation and to consolidate and strengthen the Bank's public financing role, utilising the Bank's rich experience and expertise in public policy financing);
- the provision of government guarantees for the Bank's mid-to-long term foreign currency debt outstanding at the time of initial sale of the Government's stake in KDBFG (subject to the National Assembly's authorisation of the Government guarantee amount) and possible guarantees for the Bank's foreign currency debt incurred for the refinancing of such mid-to-long term foreign currency debt with the government guarantee during the period when the Government owns more than 50% of the Bank's shares; and
- the establishment of KDBFG and **KoFC** and application of the Financial Holding Company Act to KDBFG.

In May 2014, the Government and the National Assembly amended the KDB Act to streamline the financial policy roles among Government-owned banks and financial corporations in order to better respond systematically to rapidly changing domestic and international economic conditions by merging KDBFG and KoFC into the Bank. The amended KDB Act provides, among others, that:

- the Government will halt its plan for the Bank's privatisation;
- public policy financing will be consolidated and strengthened through the newly merged entity;
- the Bank will comprehensively succeed to the properties, rights and obligations of KDBFG and KoFC upon the consummation of the merger;
- the bonds issued by KDBFG and the policy bank bonds issued by the KoFC shall be deemed as the industrial financial bonds issued by the Bank;
- the business engaged in by KoFC in accordance with the Korea Finance Corporation Act or other laws and decrees will be continuously performed by the Bank; and
- the repayment of the principal of and interest on foreign currency debt (with an original maturity of one year or more at the time of issuance) incurred by KoFC and the Bank before this amended KDB Act comes into force shall be guaranteed by the Government at the time of initial sale by the Government of its equity interest in the Bank, subject to the approval by the National Assembly.

In May 2020, the Government amended the KDB Act in order to provide statutory grounds for the establishment of the Key Industry Stabilisation Fund to support businesses in certain key industries that face financial difficulties resulting from the COVID-19 pandemic.

## Capitalisation

As of 31 December 2023, the Bank's authorised capital was ₩30,000 billion and the Bank's capitalisation was as follows:

	<b>31 December 2023<sup>(1)</sup></b>
	<i>(billions of Won)</i>
Long-term debt <sup>(2)</sup> :	
Won currency borrowings .....	4,368.3
Industrial finance bonds .....	153,172.4
Foreign currency borrowings .....	4,668.4
Total long-term debt .....	<u>162,209.1<sup>(3)(4)</sup></u>
Capital:	
Paid-in capital .....	23,926.6
Capital surplus .....	2,468.7
Retained earnings <sup>(5)</sup> .....	10,358.8
Accumulated other comprehensive income .....	2,158.4
Total capital .....	<u>38,912.4</u>
Total capitalisation .....	<u><u>201,121.5</u></u>

### Notes:

- (1) Except as disclosed in this Information Memorandum, there has been no material adverse change in the Bank's capitalisation since 31 December 2023.
- (2) Defined as debt that has a maturity at issuance of one year or more.
- (3) The Bank has translated borrowings in foreign currencies into Won at the rate of ₩1,289.4 to U.S.\$1.00, which was the market average exchange rate, as announced by the Seoul Monetary Brokerage Services Ltd., on 29 December 2023.
- (4) As of 31 December 2023, the Bank had confirmed acceptances and guarantees totalling ₩10,804.7 billion under outstanding guarantees issued on behalf of its clients. See “—Financial Statements and the Auditors—Notes to Separate Financial Statements of 31 December 2023 and 2022—Note 40”.
- (5) Includes regulatory reserve for credit losses of ₩212.0 billion as of 31 December 2023. If the Bank's allowance for credit losses is deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for credit losses, which is shown as a separate item included in retained earnings. See “—Financial Statements and the Auditors—Notes to Separate Financial Statements of 31 December 2023 and 2022—Note 24”.

## Business

### *Purpose and Authority*

Since its establishment, the Bank has been the leading bank in the Republic in providing long-term financing for projects designed to assist the nation's economic growth and development.

Under the KDB Act, the KDB Decree and the Bank's Articles of Incorporation, the Bank's primary purpose is to “contribute to the sound development of the financial industry and the national economy by supplying and managing funds necessary for the development and promotion of industries, expansion of social infrastructure,

development of regions, stabilisation of the financial markets and facilitation of sustainable growth.” Since the Bank serves the public policy objectives of the Government, the Bank does not seek to maximise profits. The Bank does, however, strive to maintain a level of profitability to strengthen its equity base and support growth in the volume of its business.

Under the KDB Act, the Bank may:

- carry out activities necessary to accomplish the expansion of the national economy, subject to the approval of the Financial Services Commission;
- provide loans or discount notes;
- subscribe to, underwrite or invest in securities, subject to certain restrictions;
- guarantee or assume indebtedness;
- raise funds by accepting demand deposits and time and savings deposits from the general public, issuing securities, borrowing from the Government, The Bank of Korea or other financial institutions, and borrowing from overseas;
- execute foreign exchange transactions, including currency and interest swap transactions;
- provide planning, management, research and other support services at the request of the Government, public bodies, financial institutions or enterprises;
- manage and operate various funds established pursuant to Government-led initiatives; and
- carry out other businesses incidental to the foregoing (subject to the approval of the Financial Services Commission).

### ***Government Support and Supervision***

The Government owns directly all of the Bank’s paid-in capital. Since the Bank’s establishment, the Government has made capital contributions not only in cash but also in the form of shares of common stock of Government-affiliated entities. Recent examples include the Government’s contributions to the Bank’s capital of (i) ₩500 billion in cash and ₩55 billion in cash in March 2019 and September 2019, respectively, (ii) ₩451 billion in cash and ₩1,652 billion in cash in April 2020 and July 2020, respectively, (iii) ₩510 billion in cash and ₩611 billion in cash in January 2021 and May 2021, respectively, (iv) ₩392 billion in cash in March 2022, ₩308 billion in cash in July 2022 and ₩565 billion in the form of shares of common stock of Korea Land and Housing Corporation in December 2022, and (v) ₩435 billion in the form of shares of common stock of Korea Land and Housing Corporation in March 2023, ₩120 billion in cash in May 2023 and ₩220 billion in cash in October 2023.

Taking into account these capital contributions, as of 31 December 2023, the Bank’s total paid-in capital was ₩23,926.6 billion. See “—*Financial Statements and the Auditors—Notes to Separate Financial Statements of 31 December 2023 and 2022—Note 24*”. In March 2024, the Government contributed ₩2 trillion in the form of shares of common stock of Korea Land and Housing Corporation to the Bank’s capital. In April 2024 and in June 2024, the Government contributed ₩84 billion and ₩121 billion, respectively, in cash to the Bank’s capital.

In addition to capital contributions, the Government directly supports the Bank’s financing activities by:

- lending the Bank funds to on-lend;
- allowing the Bank to administer Government loans made from a range of special Government funds;
- allowing the Bank to administer some of The Bank of Korea’s surplus foreign exchange holdings; and

- allowing the Bank to receive credit from The Bank of Korea.

The Government also supports the Bank's operations pursuant to Articles 31 and 32 of the KDB Act. Article 31 provides that "40% or more of the annual net profit of the Korea Development Bank shall be transferred to reserve, until the reserve amounts equal the total amount of authorised capital" and that accumulated amounts in reserve may be capitalised. Article 32 provides that "the net losses of the Korea Development Bank shall be offset each fiscal year by the reserve, and if the reserve be insufficient, the deficit shall be replenished by the Government".

As a result of the KDB Act, the Government is generally responsible for the Bank's operations and is legally obligated to replenish any deficit that arises if the Bank's reserve, consisting of its surplus and capital surplus items, is insufficient to cover its annual net losses. In light of the above, if the Bank had insufficient funds to make any payment under any of its obligations, including the debt securities and the guarantees covered by this Information Memorandum, the Government would take appropriate steps, such as by making a capital contribution, by allocating funds or by taking other action, to enable the Bank to make such payment when due. The provisions of Article 32 do not, however, constitute a direct guarantee by the Government of the Bank's obligations under the debt securities or the guarantees, and the provisions of the KDB Act, including Article 32, may be amended at any time by action of the National Assembly.

The Government closely supervises the Bank's operations in the following ways:

- the Government has the power to elect or dismiss the Bank's Chairman and Chief Executive Officer, members of its Board of Directors and Auditor;
- within three months after the end of each fiscal year, the Bank must submit its financial statements for the fiscal year to the Financial Services Commission;
- the Financial Services Commission has broad authority to require reports from the Bank on any matter and to examine the Bank's books, records and other documents. On the basis of the reports and examinations, the Financial Services Commission may issue any orders deemed necessary to enforce the KDB Act;
- the Financial Services Commission must approve the Bank's operating manual, which sets out the guidelines for all principal operating matters;
- the Financial Services Commission may supervise the Bank's operations to ensure managerial soundness based upon the KDB Decree and the Bank Supervisory Regulations of the Financial Services Commission and may issue orders deemed necessary for such supervision; and
- the Bank may amend its Articles of Incorporation only with the approval of the Financial Services Commission.

The Bank has had its annual financial statements for years commencing 1998 audited by an external auditor. See "—Financial Statements and the Auditors" and "Experts".

Pursuant to the Bank's most recently approved programme of operations, the Bank expects to support the reform and restructuring of the Republic's economic and industrial structure, including financing of promising small- and medium-sized enterprises, providing export finance and encouraging investments in infrastructure necessary to promote consumer demand and industrial reorganisation.

The Bank also pays dividends on a regular basis to the Government. For fiscal years 2021, 2022 and 2023, the Bank paid to the Government dividends amounting to ₩833.1 billion, ₩164.7 billion and ₩878.1 billion, respectively.



## Selected Financial Statement Data

Unless specified otherwise, the information provided below is stated on a separate basis in accordance with Korean IFRS.

### *Consolidated Financial Statement Data*

The following table presents selected statements of financial position data regarding the Bank's assets, liabilities and shareholders' equity on a consolidated basis as of 31 December 2023 and 2022, which have been derived from its audited consolidated financial statements as of and for the years ended 31 December 2023 and 2022.

	As of 31 December	
	2022	2023
	<i>(billions of Won)</i>	
<b>Statements of Financial Position Data</b>		
Total Loans (measured at amortised cost) <sup>(1)</sup>	213,076.2	217,196.1
Total Borrowings <sup>(2)</sup>	266,914.2	266,741.1
Total Assets	352,605.4	346,830.5
Total Liabilities	315,780.0	307,921.1
Equity	36,825.4	38,909.4

Notes:

- (1) Gross amount, which includes loans for facility development, loans for working capital, loans for households, inter-bank loans, private loans, off-shore loan receivables, loans borrowed from overseas financial institutions, bills bought in foreign currencies, advance payments on acceptances and guarantees and other loans without adjusting for allowance for loan losses, present value discounts and deferred loan fees.
- (2) Total Borrowings include deposits, financial liabilities measured at fair value through profit or loss, borrowings and debentures.

### *Consolidated Income Statement Data*

The Bank's selected income statement data included in the following table have been derived from its audited consolidated financial statements as of and for the years ended 31 December 2023 and 2022.

	Year Ended 31 December	
	2022	2023
	<i>(billions of Won)</i>	
<b>Income Statement Data</b>		
Total Interest Income	8,080.6	12,831.8
Total Interest Expense	5,368.9	10,396.2
Net Interest Income	2,711.7	2,435.6
Operating Income	846.5	1,472.8
Non-operating Expense	(9,957.8)	(1,018.4)
Profit (Loss) before Income Taxes	(9,111.3)	454.3
Income Tax Benefit	(2,286.4)	(696.1)
Net Income (Loss)	(7,895.3)	3,478.6

### Separate Financial Statement Data

The following tables present selected separate financial information as of and for the years ended 31 December 2023 and 2022, which has been derived from the Bank's audited separate financial statements as of and for the years ended 31 December 2023 and 2022 included in this Information Memorandum. You should read the following financial statement data together with the financial statements and notes included in this Information Memorandum.

	As of 31 December	
	2022	2023
	<i>(billions of Won)</i>	
<b>Statements of Financial Position Data</b>		
Total Loans (measured at amortised cost) <sup>(1)</sup> .....	202,032.2	203,067.3
Total Borrowings <sup>(2)</sup> .....	253,937.5	252,497.3
Total Assets .....	312,845.3	316,361.8
Total Liabilities .....	277,176.9	277,449.4
Equity .....	35,668.4	38,912.4

Notes:

- (1) Gross amount, which includes loans for facility development, loans for working capital, loans for households, inter-bank loans, private loans, off-shore loan receivables, loans borrowed from overseas financial institutions, bills bought in foreign currencies, advance payments on acceptances and guarantees and other loans without adjusting for allowance for loan losses, present value discounts and deferred loan fees.
- (2) Total Borrowings include deposits, financial liabilities measured at fair value through profit or loss, borrowings and debentures.

As of 31 December 2023, the Bank's total assets increased by 1.1% to ₩316,361.8 billion from ₩312,845.3 billion as of 31 December 2022, primarily due to an increase in securities measured at fair value through profit or loss to ₩16,058.6 billion as of 31 December 2023 from ₩11,951.9 billion as of 31 December 2022, an increase in assets held for sale to ₩3,228.4 billion as of 31 December 2023 from nil as of 31 December 2022, an increase in other assets to ₩10,175.8 billion as of 31 December 2023 from ₩7,711.2 billion as of 31 December 2022, an increase in securities measured at amortised cost to ₩8,583.2 billion as of 31 December 2023 from ₩6,355.9 billion as of 31 December 2022 and an increase in loans measured at amortised cost to ₩199,981.8 billion as of 31 December 2023 from ₩198,045.6 billion as of 31 December 2022. The effects of such increases were offset in large part by a decrease in securities measured at fair value through other comprehensive income to ₩33,888.1 billion as of 31 December 2023 from ₩37,684.9 billion as of 31 December 2022, a decrease in cash and due from banks to ₩8,659.8 billion as of 31 December 2023 from ₩11,538.8 billion as of 31 December 2022, a decrease in derivative financial assets to ₩7,383.3 billion as of 31 December 2023 from ₩9,794.5 billion as of 31 December 2022 and a decrease in investments in subsidiaries and associates to ₩26,870.6 billion as of 31 December 2023 from ₩27,992.3 billion as of 31 December 2022.

As of 31 December 2023, the Bank's total liabilities increased by 0.1% to ₩277,449.4 billion from ₩277,176.9 billion as of 31 December 2022, primarily due to an increase in other liabilities to ₩12,100.4 billion as of 31 December 2023 from ₩6,993.7 billion as of 31 December 2022, an increase in borrowings to ₩27,745.6 billion as of 31 December 2023 from ₩25,429.2 billion as of 31 December 2022 and an increase in financial liabilities measured at fair value through profit or loss to ₩1,920.1 billion as of 31 December 2023 from ₩1,469.7 billion as of 31 December 2022, among others. The effects of such increases were mostly offset by a decrease in derivative financial liabilities to ₩7,654.9 billion as of 31 December 2023

from ₩11,317.0 billion as of 31 December 2022, a decrease in deposits to ₩65,897.7 billion as of 31 December 2023 from ₩68,326.7 billion as of 31 December 2022 and a decrease in debentures to ₩156,933.9 billion as of 31 December 2023 from ₩158,711.9 billion as of 31 December 2022.

As of 31 December 2023, the Bank's total equity increased by 9.1% to ₩38,912.4 billion from ₩35,668.4 billion as of 31 December 2022, primarily due to an increase in retained earnings to ₩10,358.8 billion as of 31 December 2023 from ₩7,222.2 billion as of 31 December 2022.

The Bank's selected income statement data included in the following table have been derived from its audited separate financial statements as of and for the years ended 31 December 2023 and 2022 included in this Information Memorandum.

	<b>Year Ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(billions of Won)</i>	
<b>Income Statement Data</b>		
Total Interest Income .....	6,846.7	11,489.0
Total Interest Expense .....	5,102.9	9,927.5
Net Interest Income .....	1,743.8	1,561.5
Operating Income .....	1,757.7	2,996.9
Profit before Income Taxes .....	592.7	3,261.7
Income Tax Expense .....	127.7	752.7
Net Income .....	465.0	2,508.9

### 2023

The Bank had net income of ₩2,508.9 billion in 2023 compared to ₩465.0 billion in 2022, on a separate basis. The principal factors for the increase in net income included:

- a reversal of impairment loss on investments in subsidiaries and associates of ₩562.6 billion in 2023 compared to an impairment loss on such investments of ₩1,168.6 billion in 2022, primarily due to an increase in the recoverable amount of the Bank's investment in Hanwha Ocean Co., Ltd. (formerly, Daewoo Shipbuilding & Marine Engineering Co., Ltd., or DSME), resulting from an increase in the fair value of such investment following its acquisition by the Hanwha Group;
- a reversal of provisions for credit losses of ₩802.6 billion in 2023 compared to provisions for credit losses of ₩260.4 billion in 2022, primarily due to a reversal of the Bank's loan loss allowances in 2023, which was in turn primarily due to a decrease in the Bank's expected credit losses resulting from a general improvement in the credit ratings of companies in the Korean shipbuilding sector to which the Bank provided loans, including Hanwha Ocean Co., Ltd., K Shipbuilding Co., Ltd. (formerly, STX Offshore & Shipbuilding) and Daehan Shipbuilding Co., Ltd.;
- a change in net foreign currency transaction gain (loss) to a net gain of ₩302.4 billion in 2023 from a net loss of ₩300.9 billion in 2022, which was primarily due to foreign currency fluctuations; and
- a change in net gain (loss) on securities measured at fair value through profit or loss to a net gain of ₩518.8 billion in 2023 from a net loss of ₩39.4 billion in 2022, which was primarily due to the stabilisation of interest rate levels in 2023 compared to 2022.

The above factors were partially offset by the following factors:

- an increase in income tax expense to ₩752.7 billion in 2023 from ₩127.7 billion in 2022, primarily due to an increase in profit before income taxes to ₩3,261.7 billion in 2023 from ₩592.7 billion in 2022;
- a change to a net loss on financial liabilities measured at fair value through profit or loss of ₩148.1 billion in 2023 from a net gain of ₩465.1 billion in 2022, primarily due to fluctuations in the interest rate levels of structured industrial finance debentures and structured deposits; and
- an increase in other non-operating expense to ₩314.3 billion in 2023 from ₩10.3 billion in 2022, primarily due to an increase in impairment loss on assets held for sale to ₩294.2 billion in 2023 from nil in 2022, which in turn mainly resulted from an increase in the impairment loss recognised on the Bank's shares of HMM Company Limited.

## 2022

The Bank had net income of ₩465.0 billion in 2022 compared to ₩2,461.8 billion in 2021, on a separate basis. The principal factors for the decrease in net income included:

- a change in net other operating income (expense) to a net expense of ₩349.8 billion in 2022 from a net income of ₩1,738.6 billion in 2021, primarily due to a change in net gain (loss) on disposal of loans measured at fair value through profit or loss to a net loss of ₩0.6 billion in 2022 from a net gain of ₩1,850.7 billion in 2021, which in turn was primarily due to the gains recognised in connection with the conversion of the Bank's convertible bonds issued by HMM Company Limited into common shares in 2021, which was not repeated in 2022; and
- an impairment loss on investments in subsidiaries and associates of ₩1,168.6 billion in 2022, primarily due to decreases in the recoverable amounts of the Bank's investments in HMM Company Limited, DSME and Hanjin KAL, each resulting from decreases in the fair value of such investments, compared to a reversal of impairment loss on investments in subsidiaries and associates of ₩363.1 billion in 2021.

The above factors were partially offset by the following factors:

- a decrease in income tax expense to ₩127.7 billion in 2022 from ₩1,193.5 billion in 2021, primarily due to a decrease in profit before income taxes to ₩592.7 billion in 2022 from ₩3,655.4 billion in 2021; and
- a decrease in provisions for credit losses to ₩260.4 billion in 2022 from ₩847.4 billion in 2021, primarily due to a decrease in expected credit losses in anticipation of an improvement in the overall asset quality of the Bank's loan portfolio resulting from a recovery from the COVID-19 pandemic.

### *Allowances for Loan Losses and Loans in Arrears*

The Bank establishes allowances for losses from problem loans, including guarantees and other extensions of credit, based on the length of the delinquent periods and the nature of the loans, including guarantees and other extensions of credit. Under K-IFRS 1109, the Bank establishes allowances for credit losses based on expected credit losses instead of incurred losses by assessing changes in expected credit losses and recognising such changes as impairment loss (or reversal of impairment loss) in profit or loss. The allowance required to be established with respect to a loan or receivable is the amount of the expected 12-month credit loss or the expected lifetime credit loss for the applicable loan or receivable, according to three stages of credit risk deterioration since initial recognition.

As of 31 December 2023, the Bank established allowances of ₩3,100.0 billion for loan losses, which was 22.4% lower than the allowances as of 31 December 2022 of ₩3,997.2 billion, primarily due to a decrease in

expected credit losses in light of an improvement in the credit ratings of certain shipbuilding companies to which the Bank extended loans. Allowances for loan losses under K-IFRS are recorded for loans based on expected credit losses, depending on whether there has been a significant increase in credit risk or a credit impairment since initial recognition and, if the Bank's allowances for loan losses are deemed insufficient for regulatory purposes, the Bank compensates for the difference by recording a regulatory reserve for loan losses within retained earnings. See “—Financial Statements and the Auditors—Notes to Separate Financial Statements of 31 December 2023 and 2022—Notes 3(27), 9(1), 24(4) and 24(5).”

Certain of the Bank's customers have restructured loans with their creditor banks. As of 31 December 2023, the Bank has provided loans of ₩811.0 billion for companies under workout, court receivership, court mediation and other restructuring procedures. As of 31 December 2023, the Bank had established allowances of ₩409.0 billion for loan losses with respect to such companies. The Bank cannot assure you that actual results of the credit loss from the loans to these customers will not exceed the allowances established.

The following table provides information on the Bank's loan loss allowances.

		As of 31 December 2022 <sup>(1)</sup>		As of 31 December 2023 <sup>(1)</sup>	
		Loan Amount	Loan Loss Allowances	Loan Amount	Loan Loss Allowances
		<i>(billions of Won)</i>			
Loan Classification . . . . .	Normal <sup>(2)</sup>	197,801.8	1,931.8	201,239.1	2,127.3
	Precautionary	2,944.3	1,213.0	412.3	77.1
	Substandard	572.0	274.8	624.1	223.6
	Doubtful	130.9	119.1	163.6	139.6
	Expected Loss	583.2	458.5	628.2	532.4
	Total	202,032.2	3,997.2	203,067.3	3,100.0

Notes:

- (1) These figures include loans for facility development, loans for working capital, loans for households, inter-bank loans, private loans, off-shore loan receivables, loans borrowed from overseas financial institutions, bills bought in foreign currencies, advance payments on acceptances and guarantees and other loans.
- (2) Includes loans guaranteed by the Government. Under Korean IFRS, the Bank establishes loan loss allowances for all loans including loans guaranteed by the Government.

As of 31 December 2023, the Bank's non-performing loans totalled ₩1,416.0 billion, representing 0.7% of the Bank's outstanding loans as of such date. Non-performing loans are defined as loans that are classified as substandard or below. On 31 December 2023, the Bank's legal reserve was ₩2,721.9 billion, representing 1.3% of the Bank's outstanding loans as of such date.

#### ***Loans to Financially Troubled Companies***

The Bank has credit exposure to a number of financially troubled Korean companies including HMM Company Limited (formerly, Hyundai Merchant Marine Co., Ltd.), HJ Shipbuilding & Construction Co., Ltd. (formerly, Hanjin Heavy Industries and Construction Co., Ltd.), Daehan Shipbuilding Co., Ltd., K Shipbuilding Co., Ltd. (formerly, STX Offshore & Shipbuilding), GM Korea Company and Taeyoung E&C. As of 31 December 2023, the Bank's credit extended to these companies totalled ₩9,961.4 billion, accounting for 3.1% of the Bank's total assets as of such date.

The following table shows the changes in credit exposure (including loans classified as substandard or below, guarantees and equity investments classified as estimated loss or below) extended to these companies as of the dates indicated:

Company	As of 31 December		Primary Reason for Change
	2022	2023	
	<i>(billions of Won)</i>		
Hanwha Ocean .....	7,954.9	—	No longer considered a financially troubled company subsequent to acquisition by Hanwha in May 2023
HMM Company Limited .....	7,265.7	6,549.4	Decrease due to conversion of convertible bonds into stocks and a decrease in the value of stocks
HJ Shipbuilding & Construction .....	996.5	1,195.7	Increase due to an increase in refund guarantees
Daehan Shipbuilding .....	859.9	977.2	Increase due to an increase in working capital loans
K Shipbuilding .....	659.4	645.2	Decrease due to a decrease in working capital loans
GM Korea Company .....	376.5	455.9	Increase due to an increase in the value of stocks
Taeyoung E&C .....	162.0	138.0	Decrease due to a decrease in commercial papers
Total .....	18,274.9	9,961.4	

As of 31 December 2023, the Bank established allowances of ₩0.7 billion for HMM Company Limited, ₩86.7 billion for HJ Shipbuilding & Construction, ₩99.7 billion for Daehan Shipbuilding, ₩31.9 billion for K Shipbuilding, none for GM Korea Company and ₩116.1 billion for Taeyoung E&C.

During 2015, DSME (now Hanwha Ocean Co., Ltd.), one of the largest shipbuilding and offshore construction companies in Korea, suffered from financial difficulties primarily due to significant losses incurred in connection with the construction of offshore plants resulting from a prolonged slowdown in the global shipbuilding industry. Since then, the Bank and The Export-Import Bank of Korea, together with certain other creditors, had provided various forms of financial support to DSME, including debt-to-equity swaps, extension of loans and other forms of liquidity support. In May 2023, Hanwha Group acquired newly issued shares of DSME through a paid-in capital increase, acquiring a 49.3% equity stake in DSME and thereby becoming its largest shareholder. Hanwha Group subsequently re-named DSME to Hanwha Ocean Co., Ltd. Since its acquisition by Hanwha Group, the Bank no longer considers Hanwha Ocean Co., Ltd. to be a financially troubled company.

In July 2016, HMM Company Limited executed a debt-to-equity swap with the Bank and other creditors, as part of its continued restructuring led by the Bank as its largest creditor, and affiliates of the Hyundai group reduced their shareholdings in HMM Company Limited, which resulted in the Bank becoming the largest shareholder of HMM Company Limited. In October 2018, the Bank injected ₩1 trillion in emergency aid into HMM Company Limited in order to normalise its operations by purchasing bonds with warrants and convertible bonds

issued by HMM Company Limited. The Bank also concurrently entered into an agreement to jointly manage HMM Company Limited together with Korea Ocean Business Corporation until December 2020, which was subsequently extended to January 2022. In June 2021, the Bank exercised its right to convert ₩300 billion of its convertible bonds into 60 million common shares of HMM Company Limited. Following an improvement in the financial performance of HMM Company Limited, the Bank ended its joint management of HMM Company Limited in January 2022, upon which Korea Ocean Business Corporation became its sole manager. The Bank and Korea Ocean Business Corporation are each pursuing the sale of the Bank's respective equity shares in HMM Company Limited. In July 2023, the Bank and Korea Ocean Business Corporation jointly announced a combined sale of an aggregate of approximately 38.9% of the equity interest in HMM Company Limited through a competitive bidding process. Although a consortium led by Harim Group was initially selected as the preferred bidder in December 2023, the Bank concluded the Bank's negotiations with them in February 2024 upon failure to reach an agreement on certain commercial issues. In May 2024, the Bank exercised the Bank's right to convert ₩50 billion of the Bank's convertible bonds into 10 million common shares of HMM Company Limited. In June 2024, the Bank exercised the Bank's right to convert ₩100 billion of the Bank's convertible bonds into 20 million common shares of HMM Company Limited. As of 24 June 2024, the Bank's equity stake in HMM Company Limited amounted to 30.9%.

In January 2019, HJ Shipbuilding & Construction Philippines, a subsidiary of HJ Shipbuilding & Construction at Subic Bay in the Philippines, declared bankruptcy and filed for corporate rehabilitation with a regional trial court following its failure to comply with loan obligations to its Philippine lenders. In March 2019, creditors in Korea (including the Bank) and lenders in the Philippines agreed on, and executed, a business normalisation plan including a debt-to-equity swap and capital reduction for HJ Shipbuilding & Construction, as a result of which the Bank became the largest shareholder of HJ Shipbuilding & Construction. In September 2021, creditors of HJ Shipbuilding & Construction (including the Bank) sold a 66.85% interest in the company to a consortium led by Dongbu Corporation.

K Shipbuilding has faced financial difficulties for the past several years due to prolonged slowdowns in the Korean shipbuilding and shipping industries. K Shipbuilding, which had filed for court receivership in May 2016 and executed debt-to-equity swaps with their creditors (including the Bank) in December 2016 under a rehabilitation plan through which the Bank increased its equity interest to 43.9% and became its largest shareholder, exited court receivership in July 2017. In November 2020, the Bank selected a consortium consisting of KH Investment and UAMCO., Ltd. as the preferred bidder for the sale of shares of K Shipbuilding. In July 2021, the consortium acquired a 97% interest in K Shipbuilding for ₩250 billion. In December 2021, the Bank terminated its creditor management of K Shipbuilding, and in December 2022, sold all of its equity stake in K Shipbuilding.

In January 2024, Taeyoung Engineering & Construction Co., or Taeyoung E&C, commenced workout procedures, pursuant to which its creditors, including the Bank, agreed to temporarily defer all of its debt payment obligations. Subsequently, the Bank, as the lead creditor, worked together with external consultants to evaluate Taeyoung E&C's ability to maintain its business and repay its loans. In April 2024, the Bank proposed a corporate improvement plan to restructure Taeyoung E&C based on such evaluation, which would involve debt-to-equity swaps and capital reductions, among others, and the creditors approved such corporate improvement plan, following which the Bank entered into an agreement with Taeyoung E&C to implement such plan.

In 2023, the Bank sold non-performing loans worth ₩271.7 billion to Kiwoom F&I Co., Ltd.

The Bank's large exposure to financially troubled companies in Korea means that the Bank is also exposed to financial difficulties experienced by the Bank's borrowers as a result of, among other things, adverse economic conditions in Korea and globally, which could disrupt the business, activities and operations of many of the

Bank's borrowers, which in turn could have an adverse impact on the ability of the Bank's borrowers to meet existing payment or other obligations to the Bank. For example, the recent COVID-19 pandemic resulted in significant global and domestic economic and financial disruptions, and had an especially direct negative impact on certain of the Bank's borrowers, among them the airline industry, which required significant liquidity following a sharp decline in aircraft traffic and a dramatic increase in the number of suspended flights due to entry restrictions imposed by many countries in response to COVID-19 during the course of the pandemic.

In April 2020, the Bank provided Asiana Airlines, a subsidiary of Kumho Asiana Group and the second-largest airline in Korea, with liquidity support in the aggregate amount of approximately ₩1.2 trillion, in the form of the provision of a credit line and an investment in its perpetual convertible bonds. The Bank's decision to take such measure was largely driven by a need to address Asiana Airlines' financial difficulties resulting from the negative impact of the COVID-19 pandemic on the airline industry, although the Bank had previously provided Asiana Airlines with liquidity support in similar amount and form in 2019 as well with the aim of enhancing its financial condition. In the fourth quarter of 2020, the Bank injected ₩0.3 trillion into Asiana Airlines through the Key Industry Stabilisation Fund, which was established by the Government to support businesses in certain key industries that faced financial difficulties resulting from the COVID-19 pandemic, in order to normalise its operations following the cancellation of plans by a consortium led by HDC Hyundai Development to acquire Asiana Airlines. In November 2020, the Bank signed an investment agreement with Hanjin KAL, the parent company of Korean Air Lines, to inject ₩800 billion (consisting of ₩500 billion through participation in a rights offering and ₩300 billion through purchase of exchangeable bonds) into Hanjin KAL in connection with Korean Air Lines' contemplated acquisition of a 63.9% stake in Asiana Airlines through a transaction valued at ₩1.8 trillion (the "Asiana Acquisition"), subsequent to which the Bank expects its equity interest in Hanjin KAL to amount to approximately 10.6%. In December 2020, Asiana Airlines' shareholders approved a 3-to-1 share capital reduction plan, which was aimed at offsetting part of Asiana Airlines' deficits and improving its capital structure. However, the consummation of the Asiana Acquisition currently remains subject to a number of factors, including uncertainties regarding approval of the Asiana Acquisition by the antitrust authorities of a number of jurisdictions, including Korean Air Lines' ability to meet the conditions imposed by certain jurisdictions that have granted conditional approvals. If the Asiana Acquisition is completed, Asiana Airlines would become Korean Air Lines' consolidated subsidiary. In addition, adverse economic conditions in Korea have prompted the Government in recent years to implement various emergency aid initiatives involving Korean banks, including the Bank, to provide liquidity assistance to a range of financially troubled companies. Such initiatives include, among others, the provision of new loans to financially troubled companies, extension of maturity dates for existing loans and suspension of interest payment obligations for an extended period of time. For example, in February 2024, the Government announced a financial support programme amounting to ₩75.9 trillion mostly aimed at helping small- and medium-sized enterprises overcome adverse economic conditions resulting from the prevailing high interest rate environment and expand their businesses into new industries, to which the Bank plans to contribute ₩25.8 trillion. The Bank's participation in such Government-led initiatives may lead the Bank to extend credit to financially troubled borrowers that the Bank would not otherwise extend, or offer terms for such credit that the Bank would not otherwise offer, in the absence of such initiatives. Furthermore, there is no guarantee that the financial condition and liquidity position of the Bank's financially troubled borrowers benefiting from such initiatives will improve sufficiently for them to service their debt on a timely basis, or at all. Accordingly, increases in the Bank's exposure to financially troubled borrowers resulting from such Government-led initiatives may have a material adverse effect on the Bank's financial condition and results of operations.

A deterioration in the financial condition of the Bank's borrowers, including those under workout, court receivership, court mediation or other restructuring procedures, could result in a deterioration in the quality of



the Bank's loan portfolio. This, in turn, could result in an increase in delinquency ratios, increased charge-offs and higher provisioning, as well as an increase in impairment losses on such loans, which could have a material adverse impact on the Bank's business, financial condition or results of operations.

## **Operations**

### ***Loan Operations***

The Bank mainly provides equipment capital loans, project loans and working capital loans to private Korean enterprises that undertake major industrial projects either directly or indirectly through on-lending. The loans generally cover over 50%, and in some cases as much as 100%, of the total project cost. Equipment capital loans include loans to major industries for development of high technology and for acquisition, improvement or repair of machinery and equipment. The Bank disburses loan proceeds in instalments to ensure that the borrower uses the loan for its intended purpose.

Before approving a loan, the Bank considers:

- the economic benefits of the project to the Republic;
- the extent to which the project serves priorities established by the Government's industrial policy;
- the project's operational feasibility;
- the loan's and the project's profitability; and
- the quality of the borrower's management.

The interest rate the Bank charges on the Bank's loans varies based on a number of factors, including the purpose of the loan, maturity date and the borrower's credit ratings. Certain loans bear interest at below market rates. Equipment capital loans generally have original maturities of three to five years, although the Bank occasionally makes equipment capital loans with longer maturities. Working capital loans usually mature within two years.

The Business Planning Department functions as the Bank's centralised policy-making and planning division with respect to its lending activities. The Business Planning Department formulates and revises its internal regulations on loan programmes as well as setting basic lending guidelines.

The Bank has multiple levels of loan approval authority, depending on the loan amount and other factors such as the availability of collateral or guarantee, debt repayment ability and business prospects. The Credit Review Committee, Division Credit Review Committee, Division Credit Review Sub-Committee, Credit Officer, Head of the Regional Head Office and General Manager each has authority to approve loans up to a specified amount. The amount differs depending on the type of loan and certain other factors, for example, whether a loan is collateralised or guaranteed.

The Bank's overall risk management policy is set by the Risk Management Committee. For detailed information regarding the Bank's risk management policy and procedures, see “—Financial Statements and the Auditors—Notes to Separate Financial Statements of 31 December 2023 and 2022—Note 49”.

The following table sets out, by currency and category of loan, the Bank's total outstanding loans:

	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(billions of Won)</i>	
<b>Loans<sup>(1)</sup></b>		
<b>Equipment Capital Loans</b>		
Domestic Currency . . . . .	60,391.6	61,149.1
Foreign Currency . . . . .	<u>11,661.1</u>	<u>11,861.3</u>
	72,052.7	73,010.4
<b>Working Capital Loans</b>		
Domestic Currency <sup>(2)</sup> . . . . .	69,906.9	69,497.3
Foreign Currency . . . . .	<u>15,702.2</u>	<u>17,458.0</u>
	85,609.2	86,955.4
Other Loans <sup>(3)</sup> . . . . .	<u>44,370.3</u>	<u>43,101.6</u>
<b>Total Loans</b> . . . . .	<u><u>202,032.2</u></u>	<u><u>203,067.3</u></u>

Notes:

- (1) Includes loans extended to affiliates.
- (2) Includes loans on households.
- (3) Includes inter-bank loans, private loans, off-shore loan receivables, loans borrowed from overseas financial institutions, bills bought in foreign currencies, advance payments on acceptances and guarantees and other loans.

As of 31 December 2023, the Bank had ₩203,067.3 billion in outstanding loans, which represents a 0.5% increase from ₩202,032.2 billion of outstanding loans as of 31 December 2022.

#### *Maturities of Outstanding Loans*

The following table categorises the Bank's outstanding equipment capital and working capital loans by their remaining maturities:

#### **Outstanding Equipment Capital and Working Capital Loans by Remaining Maturities<sup>(1)</sup>**

	<b>31 December</b>		<b>As % of</b>
	<b>2022</b>	<b>2023</b>	<b>31 December 2023 Total</b>
	<i>(billions of Won, except percentages)</i>		
Loans with Remaining Maturities of One Year or Less . . . . .	66,799.3	69,771.0	43.6
Loans with Remaining Maturities of More Than One Year . . . . .	<u>90,862.6</u>	<u>90,194.7</u>	<u>56.4</u>
<b>Total</b> . . . . .	<u><u>157,661.9</u></u>	<u><u>159,965.7</u></u>	<u><u>100.0</u></u>

Note:

- (1) Includes loans extended to affiliates.

### Loans by Industrial Sector

The following table sets out the total amount of the Bank's outstanding equipment capital and working capital loans, categorised by industry sector:

#### Outstanding Equipment Capital and Working Capital Loans by Industry Sector<sup>(1)</sup>

	31 December		As % of
	2022	2023	31 December 2023 Total
	<i>(billions of Won, except percentages)</i>		
Manufacturing . . . . .	69,869.7	72,985.3	45.6
Banking and Insurance . . . . .	37,855.0	38,223.0	23.9
Transportation . . . . .	10,868.0	10,493.9	6.6
Public Administration . . . . .	574.0	539.4	0.3
Electric, Gas and Water Supply Industry . . . . .	5,640.2	5,562.0	3.5
Others <sup>(2)</sup> . . . . .	32,855.1	32,162.2	20.1
Total . . . . .	157,661.9	159,965.7	100.0
Percentage increase (decrease) from previous period . . . . .	9.8%	1.5%	

Notes:

- (1) Includes loans extended to affiliates.
- (2) Includes wholesale and retail trade, real estate and leasing, and construction.

Industrial Bank of Korea was the Bank's single largest borrower as of 31 December 2023, accounting for 4.2% of the Bank's outstanding equipment capital and working capital loans. As of 31 December 2023, the Bank's five largest borrowers and 20 largest borrowers accounted for 9.9% and 19.7%, respectively, of the Bank's outstanding equipment capital and working capital loans.

The following table breaks down the equipment capital and working capital loans to the Bank's 20 largest borrowers outstanding as of 31 December 2023 by industry sector:

#### 20 Largest Borrowers by Industry Sector

	As % of 31 December 2023 Total Outstanding Equipment Capital and Working Capital Loans to the Bank's 20 Largest Borrowers
Manufacturing . . . . .	25.9
Banking and Insurance . . . . .	50.9
Transportation . . . . .	15.8
Electric, Gas and Water Supply Industry . . . . .	3.9
Others <sup>(1)</sup> . . . . .	3.5
Total . . . . .	100.0

Note:

- (1) Includes wholesale and retail trade, real estate and leasing, and construction.

The following table categorises the new loans made by the Bank by industry sector:

### New Loans by Industry Sector

	Year Ended 31 December		As % of
	2022	2023	Year Ended 31 December 2023 Total
	<i>(billions of Won, except percentages)</i>		
Manufacturing .....	34,686.9	40,217.9	49.9
Banking and Insurance .....	17,961.5	17,283.5	21.4
Transportation .....	3,799.3	4,249.5	5.3
Electric, Gas and Water Supply Industry .....	2,616.8	2,752.8	3.4
Public Administration .....	161.7	163.9	0.2
Others <sup>(1)</sup> .....	18,303.7	15,940.9	19.8
<b>Total</b> .....	<b>77,529.9</b>	<b>80,608.5</b>	<b>100.0</b>
Percentage increase (decrease) from previous period .....	(4.0)%	4.0%	

Note:

(1) Includes wholesale and retail trade, real estate and leasing, and construction.

### Loans by Categories

In addition to dividing its loans into equipment capital and working capital loans, the Bank classifies loans into several groupings, the most important being:

- industrial fund loans;
- on-lending loans;
- foreign currency loans;
- local currency loans denominated in foreign currencies;
- offshore loans in foreign countries; and
- government fund loans.

The following table sets out equipment capital and working capital loans by categories as of 31 December 2023:

	<b>Equipment Capital Loans<sup>(1)</sup></b>		<b>Working Capital Loans<sup>(1)</sup></b>	
	<b>31 December 2023</b>	<b>%</b>	<b>31 December 2023</b>	<b>%</b>
	<i>(billions of Won, except percentages)</i>			
Industrial fund loans . . . . .	55,189.0	75.6	54,711.8	62.9
On-lending loans . . . . .	2,520.7	3.5	14,086.3	16.2
Foreign currency loans . . . . .	7,809.5	10.7	1,618.1	1.9
Local currency loans denominated in foreign currencies . . . . .	0.8	0.0	16.9	0.0
Offshore loans in foreign currencies . . . . .	3,863.2	5.3	14,021.7	16.1
Government fund loans . . . . .	76.5	0.1	0.0	0.0
Overdraft . . . . .	0.0	0.0	59.6	0.1
Others <sup>(1)</sup> . . . . .	3,550.8	4.9	2,440.9	2.8
<b>Total . . . . .</b>	<b>73,010.4</b>	<b>100.0</b>	<b>86,955.4</b>	<b>100.0</b>

Note:

(1) Includes loans on households and loans extended to affiliates.

### ***Industrial Fund Loans***

Industrial fund loans are equipment capital and working capital loans denominated in Won to borrowers in major industries to finance equipment and facilities.

The Bank currently makes equipment capital industrial fund loans at floating or fixed rates for terms of up to 10 years and for up to 100% of the equipment cost being financed. The Bank makes working capital industrial fund loans at floating or fixed rates and in amounts constituting up to 40% of the borrower's estimated annual sales, excluding depreciation expenses.

### ***On-lending Loans***

On-lending is a form of indirect financing that involves intermediary financial institutions which on-lend the funds provided by the Bank to industrial borrowers and are responsible for repayment to the Bank. Most of the funds provided by the Bank through on-lending are ultimately lent to small- and medium-sized enterprises for their equipment purchases and working capital. The Bank explicitly sets detailed guidelines (including scope of borrowers, maturity and interest rates) for intermediary financial institutions to be followed when on-lending to the ultimate borrowers. The Bank monitors its exposure to, and the credit standing of, each financial institution to which the Bank lends. Borrowers do not apply directly to the Bank and may only apply for the Bank's on-lending loans through their regular bank or another bank of their choice. The intermediary bank appraises the financial and business situation of the applicant and generally assumes liability for repayment to the Bank. Although the processing of individual loans requires two formally separate loan approvals for each borrower, first by the intermediary bank and then by the Bank, the ultimate borrower need only apply to the intermediary bank for approval.

### ***Foreign Currency Loans***

The Bank extends loans denominated in U.S. dollars, Japanese Yen or other foreign currencies principally to finance the purchase of industrial equipment from abroad or the implementation of overseas industrial development projects by Korean companies. The Bank makes these loans at floating interest rates with original maturities, in the case of equipment capital foreign currency loans, of up to 10 years and, in the case of working capital foreign currency loans, of up to three years.

### ***Local Currency Loans Denominated in Foreign Currencies***

The Bank makes local currency loans denominated in foreign currencies for the same purposes, and to the same borrowers, as foreign currency loans. Although the Bank denominates the loans in foreign currency, the borrower receives and repays the loans in Won based on foreign exchange rates at the time of receipt and repayment. The Bank currently makes loans of this type at floating interest rates, with original maturities, in the case of equipment capital loans, of up to 10 years and, in the case of working capital loans, of up to three years.

### ***Offshore Loans in Foreign Currencies***

The Bank extends offshore loans in foreign currencies to finance:

- the purchase of industrial equipment and the implementation of overseas industrial projects by overseas subsidiaries and branches of Korean companies; and
- the overseas industrial development projects of foreign government entities, international organisations and foreign companies.

The Bank makes these loans at floating interest rates with original maturities, in the form of equipment capital foreign currency loans, generally of up to 10 years and, working capital foreign currency loans, generally of up to three years. However, longer maturities may be negotiated on an individual basis.

### ***Government Fund Loans***

The Bank makes government fund loans primarily to finance:

- water supply and drainage facilities;
- the Seoul subway system;
- freight terminal facilities;
- hospitals; and
- other facilities.

Government fund loans that are equipment capital loans require approval by the appropriate Government ministry. The Bank currently makes government fund loans in Won at floating interest rates with original maturities of 10 to 20 years.

### ***Other Loans***

The Bank also makes special purpose fund loans for particular industries or projects using funds lent to the Bank by the Government and foreign financial institutions. The Government funds that finance these loans include, among others:

- the Tourism Promotion Fund (hotel and resort projects);
- the Rational Use of Energy Fund (energy conservation projects and collective energy supply projects); and

- the Small- and Medium-sized Enterprises Promotion Fund (small- and medium-sized enterprises).

For further information relating to such loans, see “—Sources of Funds”.

### ***Guarantee Operations***

The Bank extends guarantees to its clients to facilitate their other borrowings and to finance major industrial projects. The Bank guarantees Won-denominated corporate debentures, local currency loans, and other Won liabilities and foreign currency loans from domestic and overseas Korean financial institutions and from foreign institutions. The KDB Act and the Bank’s Articles of Incorporation limit the aggregate amount of its industrial finance bond obligations and guarantee obligations. See “—Sources of Funds”.

The Bank generally obtains collateral valued in excess of the original guarantee. The Bank appraises the value of its collateral at least once a year. Depending on the borrower, the collateral may be industrial plants, real estate and/or marketable securities.

The following table shows the Bank’s outstanding guarantees:

	<b>Guarantees Outstanding</b>	
	<b>As of 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(billions of Won)</i>	
Acceptances . . . . .	220.4	179.8
Guarantees on local borrowing . . . . .	816.2	795.7
Guarantees on foreign borrowing . . . . .	7,828.8	9,793.3
Letter of guarantee for importers . . . . .	64.9	35.9
Total . . . . .	8,930.4	10,804.7

### ***Investments***

The Bank invests in a range of Korean private and Government-owned enterprises but the Bank will not take a controlling interest in a company unless the acquisition is necessary for the corporate restructuring of the company. Although generally a long-term investor, the Bank sells investments from time to time. In recent years, sales resulted principally from the Government’s privatisation programme, and the Bank expects to continue such sales in the future. The Government plans to sell its direct or indirect interest in certain private sector companies acquired during previous restructuring programmes, including Daewoo Engineering & Construction Co., Ltd., depending on market conditions. In accordance with such plan, the Bank expects to sell its equity holdings in certain private sector companies if favourable opportunities for sale arise. The Bank’s equity investments increased to ₩45,040.4 billion as of 31 December 2023 from ₩41,768.4 billion as of 31 December 2022.

The KDB Act and the Bank’s Articles of Incorporation provide that the cost basis of the Bank’s total equity investments may not exceed twice the sum of the Bank’s paid-in capital and the Bank’s reserve from profit. In addition, pursuant to the KDB Decree, the Bank may not acquire equity securities of a single company in excess of 15% of its entire voting shares. The 15% limit, however, does not apply to certain investments, including those in companies financed by capital contributions from the Government. As of 31 December 2023, the cost basis of the Bank’s equity investments subject to restriction under the KDB Act and its Articles of Incorporation

totalled ₩21,445.2 billion, equal to 39.9% of the Bank's equity investment ceiling. For a discussion of Korean accounting principles relating to the Bank's equity investments, see "—Financial Statements and the Auditors".

The following table sets out the Bank's equity investments by industry sector on a book value basis as of 31 December 2023:

	<b>Book Value as of 31 December 2023</b>
	<i>(billions of Won)</i>
<b>Equity Investments</b>	
Electric, Gas and Water Supply Industry .....	16,997.9
Construction .....	960.5
Banking and Insurance .....	12,275.8
Real Estate Business .....	9.3
Manufacturing .....	2,670.7
Transportation and Communication .....	3,925.0
Others .....	8,201.2
Total .....	<u>45,040.4</u>

As of 31 December 2023, the Bank held total equity investments, on a book value basis, of ₩680.8 billion in one of its five largest borrowers and ₩2,508.0 billion in three of its 20 largest borrowers. The Bank has not established a policy addressing loans to enterprises in which the Bank holds equity interests or equity interests in enterprises to which the Bank has extended loans.

When possible, the Bank uses the prevailing market price of a security to determine the value of its interest. However, if no readily ascertainable market value exists for its holdings, the Bank records these investments at the cost of acquisition. With respect to its equity interests in enterprises in which the Bank holds more than 15% of interest, the Bank values these investments annually, with certain exceptions, on a net asset value basis when the investee company releases its financial statements. As of 31 December 2023, the aggregate value of the Bank's equity investments accounted for approximately 75.4% of their aggregate cost basis.

As part of the Bank's investment activities, the Bank underwrites straight and convertible bond issuances in Won for domestic corporations. The Bank also invests in municipal bonds, extending funds to municipalities at subsidised interest rates, mostly to finance water supply and drainage infrastructure projects.

#### ***Other Activities***

The Bank engages in a range of industrial development activities in addition to providing loans and guarantees, including:

- conducting economic and industrial research;
- performing engineering surveys;
- providing business analyses and managerial assistance; and
- offering trust services.



As of 31 December 2023, the Bank held in trust cash and other assets totalling ₩32,834.0 billion, and the Bank generated in 2023 trust fee income equalling ₩449.1 billion. As of 31 December 2022, the Bank held in trust cash and other assets totalling ₩28,806.9 billion, and the Bank generated in 2022 trust fee income equalling ₩181.9 billion. Pursuant to Korean law, the Bank segregates trust assets from its other assets; trust assets are not available to satisfy claims of its depositors or other creditors. Accordingly, the Bank accounts for its trust accounts separately from its banking accounts. However, if the Bank's trust operations fail to preserve the principal of its clients' trust assets, the Bank is responsible for covering the deficit either from previously established provisions in its trust accounts or by a transfer from its banking accounts. In 2022 and 2023, the Bank did not transfer any funds from its banking accounts to cover deficits in its trust accounts. Surplus funds generated by the trust assets may be deposited into the clients' accounts and earn interest. The Bank reflects trust fees earned by the Bank on its trust account management services as other operating revenues in the income statement of the banking accounts.

### Sources of Funds

In addition to its capital and reserves, the Bank obtains funds primarily from:

- borrowings from the Government;
- issuances of bonds in the domestic and international capital markets;
- borrowings from international financial institutions or foreign banks; and
- deposits.

All of the Bank's borrowings are unsecured.

### *Borrowings from the Government*

The Bank borrows from the Government's general purpose funds and its special purpose funds. General purpose loans generally are in Won and have fixed interest rates and maturities ranging from five to 20 years. The Bank incurs special purpose loans, principally from the Tourism Promotion Fund, the Rational Use of Energy Fund and the Small- and Medium-sized Enterprises Promotion Fund, in connection with specific projects the Bank finances. The Government links the interest rate and maturity of each special purpose borrowing to the terms of the financing the Bank provides for the specific project.

The following table sets out the Bank's Government borrowings as of 31 December 2023:

<b>Type of Funds Borrowed</b>	<b>As of 31 December 2023</b>
	<i>(billions of Won)</i>
General Purpose .....	77.6
Special Purpose .....	4,709.6
Total .....	<u>4,787.2</u>

### *Domestic and International Capital Markets*

The Bank issues industrial finance bonds both in Korea and abroad, some of which the Government directly guarantees. The Bank generally issues domestic bonds at fixed interest rates with original maturities of one to ten years.

The following table sets out the outstanding balance of the Bank's industrial finance bonds as of 31 December 2023:

<b>Outstanding Balance</b>	<b>As of 31 December 2023</b>
	<i>(billions of Won)</i>
Denominated in Won .....	116,321.8
Denominated in Other Currencies .....	43,168.1
Total .....	<u>159,489.9</u>

The KDB Act provides that the aggregate outstanding principal amount of the Bank's industrial finance bonds, other than those directly guaranteed or purchased by the Government, plus the aggregate outstanding amount of debt (including bonds and loans) guaranteed or purchased by the Bank, other than those excepted by the KDB Act, may not exceed 30 times the sum of the Bank's paid-in capital and the Bank's reserve from profit. As of 31 December 2023, the aggregate amount of the Bank's industrial finance bonds and guarantee obligations (including guarantee obligations relating to loans that had not been borrowed as of 31 December 2023) was ₩173,745.6 billion, equal to 21.6% of the Bank's authorised amount under the KDB Act, which was ₩805,813.2 billion.

In 2023, the Bank issued ₩54.5 trillion in Won-denominated industrial finance bonds and ₩11.9 trillion in industrial finance bonds denominated in other currencies. In 2024, the Bank is targeting to issue approximately ₩58 trillion in Won-denominated industrial finance bonds and approximately ₩15 trillion in industrial finance bonds denominated in other currencies, subject to change depending on its funding needs and market conditions.

#### ***Foreign Currency Borrowings***

The Bank borrows money from institutions, principally syndicates of commercial banks, outside the Republic in foreign currencies. The Bank frequently enters into related interest rate and currency swap transactions. The loans generally have original maturities of one to five years. As of 31 December 2023, the outstanding amount of the Bank's foreign currency borrowings was U.S.\$17.8 billion.

The Bank's long term and short term foreign currency borrowings increased to ₩22,934.4 billion as of 31 December 2023 from ₩20,820.6 billion as of 31 December 2022.

#### ***Deposits***

The Bank takes demand deposits and time and savings deposits from the general public. Time and savings deposits generally have maturities shorter than three years and bear interest at fixed rates. As of 31 December 2023, demand deposits held by the Bank totalled ₩1,896.3 billion and time and savings deposits held by the Bank totalled ₩57,060.8 billion.

## Debt

### Debt Repayment Schedule

The following table sets out the Bank's principal repayment schedule as of 31 December 2023:

#### Debt Principal Repayment Schedule<sup>(1)</sup>

Currency <sup>(2)(3)</sup>	Maturing on or before 31 December				
	2024	2025	2026	2027	Thereafter
	<i>(billions of Won)</i>				
Won .....	51,478.7	32,099.2	14,951.5	9,728.4	12,851.1
Foreign .....	31,216.8	10,791.1	10,021.1	3,707.7	10,365.9
Total Won Equivalent .....	<u>82,695.5</u>	<u>42,890.3</u>	<u>24,972.6</u>	<u>13,436.1</u>	<u>23,217.0</u>

Notes:

- (1) Excludes bonds sold under repurchase agreements and call money.
- (2) Borrowings in foreign currencies have been translated into Won at the market average exchange rates on 29 December 2023, as announced by the Seoul Money Brokerage Services Ltd.
- (3) The Bank categorises debt with respect to which it has entered into currency swap agreements by its repayment currency under such agreements.

The following table summarises, as of 31 December of the years indicated, the Bank's outstanding direct internal debt:

#### Direct Internal Debt

	<i>(billions of Won)</i>
2019 .....	97,087.8
2020 .....	113,091.4
2021 .....	115,318.8
2022 .....	126,854.0
2023 .....	121,108.9

The following table summarises, as of 31 December of the years indicated, the Bank's outstanding direct external debt:

#### Direct External Debt

	<i>(billions of Won)</i>
2019 .....	41,640.2
2020 .....	42,207.6
2021 .....	52,412.9
2022 .....	60,771.2
2023 .....	66,102.6

The following table sets out, by currency and the equivalent amount in U.S. dollars, the Bank's outstanding external bonds as of 31 December 2023:

### External Bonds

	Amount in Original Currency	Equivalent Amount in U.S. Dollars <sup>(1)</sup>
	<i>(millions)</i>	
U.S.\$ .....	U.S.\$24,733	24,733
Euro (EUR) .....	EUR2,400	2,655
New Zealand dollar (NZD) .....	NZD 140	89
Hong Kong dollar (HKD) .....	HKD 7,121	912
Chinese offshore renminbi (CNH) .....	CNH 8,845	1,241
Swiss franc (CHF) .....	CHF925	1,095
Brazilian real (BRL) .....	BRL 4,741	977
Australian dollar (AUD) .....	AUD 2,031	1,386
Great Britain Sterling (GBP) .....	GBP86	110
Norwegian Krone (NOK) .....	NOK 400	39
Indonesian Rupiah (IDR) .....	IDR1,295,000	84
Indian Rupee (INR) .....	INR3,713	45
Swedish Krona (SEK) .....	SEK1,410	141
Mexican Peso (MXN) .....	MXN 3,500	206
Thai Baht (THB) .....	THB4,580	134
Singapore dollar (SGD) .....	SGD63	48
Total .....		<u>U.S.\$33,894</u>

Note:

(1) Amounts expressed in currencies other than U.S.\$ are converted to U.S.\$ at the exchange rate announced by the Seoul Money Brokerage Services, Ltd. in effect on 29 December 2023.

For further information on the Bank's outstanding indebtedness, see "—Tables and Supplementary Information".

#### **Debt Record**

The Bank has never defaulted in the payment of principal or interest on any of its obligations.

#### **Overseas Operations**

The Bank operates overseas subsidiaries in Hong Kong, Dublin, Budapest, Sao Paulo, Tashkent, Jakarta and Mountain View. The subsidiaries engage in a variety of banking and merchant banking services, including:

- managing and underwriting new securities issues;

- syndicating medium and long-term loans;
- trading securities;
- trading in the money market; and
- providing investment management and advisory services.

The Bank currently maintains eleven branches in Tokyo, Shanghai, Singapore, New York City, London, Beijing, Guangzhou, Qingdao, Shenyang, Yangon and Hong Kong, and seven overseas representative offices in Frankfurt, Ho Chi Minh City, Abu Dhabi, Moscow, Sydney, Bangkok and Jakarta.

### Property

The Bank's head office is located at 14 Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Korea, a 35,996 square metre building completed in July 2001 and owned by the Bank. In addition to the head office, the Bank maintains 60 branches in major cities throughout the Republic, including 18 in Seoul. The Bank generally leases its domestic and overseas offices under long-term leases.

### Directors and Management; Employees

The Bank's Board of Directors has ultimate responsibility for management of its affairs. Under the KDB Act and the Bank's Articles of Incorporation, the Bank's Board of Directors is to consist of one Chief Executive Officer (who also serves as the Chairman of the Board of Directors), one Chief Operating Officer and not more than eight directors. Under the KDB Act, the President of the Republic appoints the Bank's Chief Executive Officer and Chairman of the Board of Directors upon the recommendation of the Chairman of the Financial Services Commission. The Financial Services Commission appoints all of the Bank's directors upon the recommendation of its Chief Executive Officer. Under the Bank's Articles of Incorporation, the Bank's executive directors serve for three-year terms and they may be re-appointed, and its independent non-executive directors serve for two-year terms and they may be re-appointed; provided, however, that the Bank's independent non-executive directors shall not serve more than one year for each reappointment and shall not serve more than five years consecutively.

Currently, the members of the Bank's Board of Directors are:

Position	Name	Expiration of Term
Chief Executive Officer and Chairman of the Board of Directors . . .	Seog Hoon Kang	6 June 2025
Chief Operating Officer and Vice Chairman of the Board of Directors . . . . .	Bock Kyu Kim	22 March 2026
Auditor . . . . .	Tae Hyun Joo	14 March 2024 <sup>(1)</sup>
Independent Non-executive Directors . . . . .	Seog Hwan Lee	27 September 2024
	Sam Mo Kang	27 September 2024
	Yong Hi Lee	2 April 2025
	Hee Rak Kim	28 January 2026
	Sun Key You	28 January 2026

Note:

(1) Although Tae Hyun Joo's term of office as auditor has expired, he is continuing his duties as auditor until the appointment of a successor, as permitted under the Korean Commercial Code.

As of 31 December 2023, the Bank employed 3,486 persons with 2,022 persons located in its Seoul head office.

## Tables and Supplementary Information

### A. External Debt of KDB

#### (1) External Bonds of KDB

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
USD	750,000,000	3.750	22 January 2014	22 January 2024*	750,000,000
USD	200,000,000	3.850	20 February 2014	20 February 2024*	200,000,000
USD	20,000,000	3.720	9 April 2014	9 April 2024*	20,000,000
USD	30,000,000	3.720	10 April 2014	10 April 2024*	30,000,000
USD	30,000,000	3.700	11 April 2014	11 April 2024*	30,000,000
USD	50,000,000	3.700	11 April 2014	11 April 2024*	50,000,000
USD	30,000,000	3.605	29 April 2014	29 April 2024*	30,000,000
USD	50,000,000	3.620	29 April 2014	29 April 2024*	50,000,000
USD	20,000,000	3.615	30 April 2014	30 April 2024*	20,000,000
USD	50,000,000	3.250	14 November 2014	14 November 2024	50,000,000
USD	50,000,000	2.730	6 February 2015	6 February 2027	50,000,000
USD	30,000,000	3.010	24 June 2015	24 June 2025	30,000,000
USD	50,000,000	3.376	9 July 2015	9 July 2025	50,000,000
USD	50,000,000	3.330	22 July 2015	22 July 2025	50,000,000
USD	50,000,000	3.200	6 August 2015	6 August 2025	50,000,000
USD	350,000,000	3.375	16 September 2015	16 September 2025	350,000,000
USD	400,000,000	3.375	16 September 2015	16 September 2025	400,000,000
USD	1,000,000,000	3.000	13 January 2016	13 January 2026	1,000,000,000
USD	50,000,000	2.690	30 March 2016	30 March 2026	50,000,000
USD	53,000,000	2.180	10 August 2016	10 August 2026	53,000,000
USD	500,000,000	2.000	12 September 2016	12 September 2026	500,000,000
USD	50,000,000	2.530	10 November 2016	10 November 2028	50,000,000
USD	50,000,000	3.088	17 January 2017	17 January 2027	50,000,000
USD	50,000,000	3.800	29 January 2018	29 January 2038	50,000,000
USD	50,000,000	4.100	19 March 2018	19 March 2048	50,000,000
USD	500,000,000	3.250	19 February 2019	19 February 2024*	500,000,000
USD	500,000,000	2.125	1 October 2019	1 October 2024	500,000,000
USD	750,000,000	1.750	18 February 2020	18 February 2025	750,000,000
USD	32,000,000	3M USD Libor+1.35	22 April 2020	22 October 2025	32,000,000
USD	30,000,000	3M USD Libor+1.30	22 April 2020	22 April 2024*	30,000,000
USD	50,000,000	3M USD Libor+1.30	28 April 2020	28 April 2025	50,000,000
USD	40,000,000	3M USD Libor+1.25	29 April 2020	29 April 2025	40,000,000
USD	50,000,000	3M USD Libor+1.20	7 May 2020	7 May 2025	50,000,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
USD	50,000,000	3M USD Libor+1.13	15 May 2020	15 May 2025	50,000,000
USD	500,000,000	1.250	3 June 2020	3 June 2025	500,000,000
USD	500,000,000	1.250	3 June 2020	3 June 2025	500,000,000
USD	500,000,000	0.800	27 October 2020	27 April 2026	500,000,000
USD	700,000,000	0.400	19 January 2021	19 June 2024	700,000,000
USD	500,000,000	0.800	19 January 2021	19 July 2026	500,000,000
USD	300,000,000	1.625	19 January 2021	19 January 2031	300,000,000
USD	100,000,000	0.470	29 January 2021	29 January 2024*	100,000,000
USD	100,000,000	3M USD Libor+0.17	26 February 2021	26 February 2024*	100,000,000
USD	400,000,000	0.400	9 March 2021	9 March 2024*	400,000,000
USD	300,000,000	SOFR+0.25	9 March 2021	9 March 2024*	300,000,000
USD	500,000,000	1.000	9 March 2021	9 September 2026	500,000,000
USD	50,000,000	0.645	15 March 2021	15 March 2024*	50,000,000
USD	50,000,000	0.590	26 March 2021	26 March 2024*	50,000,000
USD	300,000,000	2.000	1 April 2021	1 April 2031	300,000,000
USD	30,000,000	0.590	1 April 2021	1 April 2024*	30,000,000
USD	200,000,000	SOFR+0.29	18 May 2021	18 May 2025	200,000,000
USD	100,000,000	1.146	18 May 2021	18 May 2026	100,000,000
USD	100,000,000	1.035	18 June 2021	18 June 2026	100,000,000
USD	50,000,000	0.610	2 June 2021	2 June 2024*	50,000,000
USD	100,000,000	1.015	4 June 2021	4 December 2025	100,000,000
USD	100,000,000	1.145	4 June 2021	4 June 2026	100,000,000
USD	100,000,000	3M USD Libor+0.25	11 June 2021	11 June 2026	100,000,000
USD	50,000,000	0.710	8 July 2021	8 July 2024	50,000,000
USD	50,000,000	2.470	24 August 2021	24 August 2051	50,000,000
USD	50,000,000	0.710	19 August 2021	19 August 2024	50,000,000
USD	200,000,000	1.750	27 September 2021	27 September 2031	200,000,000
USD	50,000,000	0.700	2 September 2021	2 September 2024	50,000,000
USD	20,000,000	2.850	12 October 2021	12 October 2051	20,000,000
USD	20,000,000	2.925	18 October 2021	18 October 2051	20,000,000
USD	700,000,000	0.750	25 October 2021	25 January 2025	700,000,000
USD	500,000,000	1.375	25 October 2021	25 April 2027	500,000,000
USD	300,000,000	2.000	25 October 2021	25 October 2031	300,000,000
USD	20,000,000	2.870	19 November 2021	19 November 2051	20,000,000
USD	20,000,000	1.448	2 December 2021	2 December 2025	20,000,000
USD	38,000,000	1.950	25 January 2022	25 January 2027	38,000,000
USD	200,000,000	2.250	26 January 2022	26 January 2032	200,000,000
USD	750,000,000	2.000	24 February 2022	24 February 2025	750,000,000
USD	250,000,000	2.000	24 February 2022	24 February 2025	250,000,000
USD	500,000,000	2.250	24 February 2022	24 February 2027	500,000,000
USD	40,000,000	2.643	18 March 2022	18 March 2032	40,000,000
USD	50,000,000	SOFR+0.40	19 April 2022	19 April 2024*	50,000,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
USD	100,000,000	3.130	21 April 2022	21 April 2025	100,000,000
USD	20,000,000	3.050	29 April 2022	29 April 2024*	20,000,000
USD	50,000,000	3.170	13 May 2022	13 May 2024*	50,000,000
USD	50,000,000	3.400	18 May 2022	18 May 2027	50,000,000
USD	50,000,000	3.240	18 May 2022	18 November 2024	50,000,000
USD	300,000,000	3.125	7 June 2022	7 June 2025	300,000,000
USD	20,000,000	3.830	22 August 2022	22 February 2024*	20,000,000
USD	25,000,000	SOFR+0.48	17 August 2022	17 August 2024	25,000,000
USD	1,000,000,000	4.000	8 September 2022	8 September 2025	1,000,000,000
USD	450,000,000	4.250	8 September 2022	8 September 2032	450,000,000
USD	50,000,000	SOFR+1.00	14 October 2022	14 October 2027	50,000,000
USD	50,000,000	SOFR+1.005	17 October 2022	17 October 2027	50,000,000
USD	50,000,000	SOFR+0.995	17 October 2022	17 October 2027	50,000,000
USD	50,000,000	SOFR+1.00	19 October 2022	19 October 2027	50,000,000
USD	50,000,000	SOFR+1.03	26 October 2022	26 October 2027	50,000,000
USD	50,000,000	SOFR+1.03	27 October 2022	27 October 2027	50,000,000
USD	50,000,000	SOFR+1.03	28 October 2022	28 October 2027	50,000,000
USD	50,000,000	SOFR+0.75	3 November 2022	3 November 2025	50,000,000
USD	200,000,000	3.125	3 November 2022	7 June 2025	200,000,000
USD	20,000,000	SOFR+1.30	4 November 2022	4 November 2027	20,000,000
USD	130,000,000	5.450	21 November 2022	21 November 2028	130,000,000
USD	35,000,000	SOFR+1.30	22 November 2022	22 November 2027	35,000,000
USD	20,000,000	5.450	28 November 2022	28 November 2028	20,000,000
USD	20,000,000	SOFR+1.30	28 November 2022	28 November 2027	20,000,000
USD	20,000,000	SOFR+1.30	8 December 2022	8 December 2027	20,000,000
USD	200,000,000	SOFR+0.80	13 December 2022	13 November 2024	200,000,000
USD	60,000,000	SOFR+1.29	14 December 2022	14 December 2027	60,000,000
USD	20,000,000	5.050	19 December 2022	19 December 2024	20,000,000
USD	71,000,000	5.343	17 January 2023	17 January 2024*	71,000,000
USD	45,000,000	SOFR+0.50	2 February 2023	2 August 2024	45,000,000
USD	55,000,000	SOFR+0.60	3 February 2023	3 February 2025	55,000,000
USD	40,000,000	SOFR+0.95	10 February 2023	10 February 2028	40,000,000
USD	1,000,000,000	4.375	15 February 2023	15 February 2028	1,000,000,000
USD	1,000,000,000	4.375	15 February 2023	15 February 2033	1,000,000,000
USD	50,000,000	SOFR+0.75	16 February 2023	16 February 2026	50,000,000
USD	10,000,000	5.375	23 February 2023	23 August 2024	10,000,000
USD	50,000,000	5.250	27 February 2023	27 February 2025	50,000,000
USD	10,000,000	5.010	3 March 2023	3 March 2026	10,000,000
USD	20,000,000	5.500	7 March 2023	7 March 2025	20,000,000
USD	100,000,000	5.231	26 April 2023	26 April 2024*	100,000,000
USD	50,000,000	5.250	26 April 2023	26 April 2024*	50,000,000
USD	10,000,000	4.640	8 May 2023	8 May 2025	10,000,000
USD	40,000,000	SOFR+0.85	11 May 2023	11 May 2028	40,000,000
USD	20,000,000	5.200	24 May 2023	24 May 2024*	20,000,000



Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
USD	50,000,000	SOFR+0.80	5 June 2023	5 June 2026	50,000,000
USD	30,000,000	5.560	14 June 2023	14 June 2024	30,000,000
USD	50,000,000	SOFR+0.80	15 June 2023	15 June 2026	50,000,000
USD	100,000,000	5.630	16 June 2023	18 June 2024	100,000,000
USD	50,000,000	SOFR+0.80	20 June 2023	20 June 2026	50,000,000
USD	100,000,000	5.700	21 June 2023	21 June 2024	100,000,000
USD	23,000,000	5.650	22 June 2023	22 June 2024	23,000,000
USD	50,000,000	SOFR+0.82	26 June 2023	26 June 2026	50,000,000
USD	20,000,000	5.715	30 June 2023	30 June 2024	20,000,000
USD	30,000,000	5.860	12 July 2023	12 July 2024	30,000,000
USD	22,000,000	SOFR+0.80	12 July 2023	12 July 2024	22,000,000
USD	50,000,000	5.320	14 July 2023	14 July 2026	50,000,000
USD	300,000,000	SOFR+0.90	1 August 2023	1 August 2028	300,000,000
USD	50,000,000	5.240	2 August 2023	2 August 2026	50,000,000
USD	50,000,000	5.430	8 August 2023	8 August 2025	50,000,000
USD	50,000,000	5.250	11 August 2023	11 August 2026	50,000,000
USD	50,000,000	SOFR+0.55	18 August 2023	18 August 2025	50,000,000
USD	50,000,000	SOFR+0.55	18 August 2023	18 August 2025	50,000,000
USD	50,000,000	5.500	29 August 2023	29 August 2043	50,000,000
USD	75,000,000	SOFR+0.50	13 September 2023	13 March 2025	75,000,000
USD	30,000,000	SOFR+0.35	25 September 2023	25 September 2024	30,000,000
USD	300,000,000	SOFR+0.70	23 October 2023	23 October 2026	300,000,000
USD	700,000,000	5.375	23 October 2023	23 October 2026	700,000,000
USD	500,000,000	5.375	23 October 2023	23 October 2028	500,000,000
USD	500,000,000	5.625	23 October 2023	23 October 2033	500,000,000
USD	38,000,000	SOFR+0.70	31 October 2023	30 October 2026	38,000,000
USD	10,000,000	5.710	15 November 2023	15 November 2024	10,000,000
USD	33,000,000	SOFR+0.87	15 November 2023	15 November 2028	33,000,000
USD	21,000,000	5.780	29 November 2023	29 November 2024	21,000,000
USD	50,000,000	SOFR+0.87	29 November 2023	29 November 2028	50,000,000
USD	25,000,000	5.680	5 December 2023	5 December 2024	25,000,000
USD	100,000,000	5.680	12 December 2023	12 December 2024	100,000,000
USD	20,000,000	SOFR+0.55	20 December 2023	20 December 2024	20,000,000
USD	20,000,000	SOFR+0.79	20 December 2023	20 December 2028	20,000,000
USD	30,000,000	4.780	29 December 2023	29 August 2025	30,000,000
			Subtotal in Original Currency		USD24,791,000,000
			Subtotal in Equivalent Amount of Won <sup>(1)</sup>		₩31,965,515,400,000
NZD	27,000,000	2.600	1 June 2021	1 June 2031	27,000,000
NZD	27,000,000	2.600	9 June 2021	9 June 2031	27,000,000
NZD	27,000,000	2.600	16 June 2021	16 June 2031	27,000,000
NZD	29,000,000	3.000	8 October 2021	8 October 2031	29,000,000
NZD	30,000,000	5.450	27 January 2023	27 January 2028	30,000,000
			Subtotal in Original Currency		NZD140,000,000
			Subtotal in Equivalent Amount of Won <sup>(2)</sup>		₩114,303,000,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
HKD	390,000,000	2.053	8 November 2019	8 November 2024	390,000,000
HKD	243,000,000	2.214	26 November 2019	26 November 2024	243,000,000
HKD	160,000,000	2.100	25 March 2020	25 March 2025	160,000,000
HKD	250,000,000	3M Hibor+1.03	27 April 2020	27 April 2024*	250,000,000
HKD	200,000,000	0.740	1 September 2021	12 September 2025	200,000,000
HKD	390,000,000	3.450	10 May 2022	10 May 2029	390,000,000
HKD	169,000,000	3.600	12 May 2022	12 May 2029	169,000,000
HKD	390,000,000	2.675	8 June 2022	8 January 2024*	390,000,000
HKD	390,000,000	3.460	23 June 2022	23 January 2024*	390,000,000
HKD	349,000,000	4.200	28 June 2022	17 June 2032	349,000,000
HKD	260,000,000	3.100	15 July 2022	15 July 2024	260,000,000
HKD	264,000,000	3.615	28 July 2022	28 July 2024	264,000,000
HKD	390,000,000	3.510	16 August 2022	16 August 2024	390,000,000
HKD	320,000,000	4.150	23 September 2022	25 September 2025	320,000,000
HKD	466,000,000	4.600	18 January 2023	18 January 2024*	466,000,000
HKD	230,000,000	4.100	25 April 2023	25 April 2030	230,000,000
HKD	200,000,000	4.150	26 April 2023	26 April 2030	200,000,000
HKD	255,000,000	4.575	12 June 2023	12 June 2024	255,000,000
HKD	400,000,000	3.030	19 July 2023	19 July 2024	400,000,000
HKD	135,000,000	5.140	2 August 2023	2 August 2024	135,000,000
HKD	500,000,000	5.280	10 August 2023	10 August 2024	500,000,000
HKD	500,000,000	4.930	8 September 2023	8 September 2024	500,000,000
HKD	170,000,000	4.620	11 September 2023	11 September 2026	170,000,000
HKD	100,000,000	4.630	13 September 2023	13 September 2026	100,000,000
			Subtotal in Original Currency		HKD7,121,000,000
			Subtotal in Equivalent Amount of Won <sup>(3)</sup>		₩1,175,392,260,000
CNH	287,000,000	3.010	6 May 2020	6 May 2025	287,000,000
CNH	250,000,000	3.510	28 March 2022	28 March 2024*	250,000,000
CNH	150,000,000	3.550	7 April 2022	7 April 2024*	150,000,000
CNH	215,000,000	3.570	11 April 2022	11 April 2024*	215,000,000
CNH	200,000,000	3.570	12 April 2022	12 April 2024*	200,000,000
CNH	140,000,000	3.460	19 May 2022	19 May 2026	140,000,000
CNH	330,000,000	3.300	7 June 2022	7 June 2024	330,000,000
CNH	150,000,000	3.550	16 June 2022	16 June 2024	150,000,000
CNH	150,000,000	3.590	22 June 2022	15 June 2024	150,000,000
CNH	150,000,000	3.720	28 June 2022	15 June 2024	150,000,000
CNH	260,000,000	3.300	30 June 2022	20 June 2032	260,000,000
CNH	230,000,000	3.400	29 July 2022	29 July 2025	230,000,000
CNH	235,000,000	3.200	19 August 2022	19 August 2025	235,000,000
CNH	130,000,000	3.310	19 August 2022	19 August 2025	130,000,000
CNH	400,000,000	3.490	22 September 2022	22 September 2025	400,000,000
CNH	330,000,000	3.700	30 November 2022	30 November 2027	330,000,000
CNH	500,000,000	2.720	17 January 2023	17 January 2024*	500,000,000
CNH	670,000,000	2.770	18 January 2023	18 January 2024*	670,000,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
CNH	250,000,000	2.820	19 January 2023	19 January 2024*	250,000,000
CNH	250,000,000	3.410	19 January 2023	19 January 2026	250,000,000
CNH	250,000,000	3.510	19 January 2023	19 January 2026	250,000,000
CNH	600,000,000	2.700	25 April 2023	25 April 2024*	600,000,000
CNH	355,000,000	2.950	14 June 2023	14 June 2026	355,000,000
CNH	325,000,000	2.950	15 June 2023	15 June 2026	325,000,000
CNH	330,000,000	3.050	26 June 2023	26 June 2026	330,000,000
CNH	187,000,000	3.080	30 June 2023	30 June 2026	187,000,000
CNH	181,000,000	3.000	26 July 2023	26 July 2026	181,000,000
CNH	350,000,000	3.000	31 July 2023	31 July 2026	350,000,000
CNH	330,000,000	2.965	30 August 2023	30 August 2025	330,000,000
CNH	160,000,000	3.150	5 September 2023	5 September 2024	160,000,000
CNH	150,000,000	3.120	14 September 2023	14 September 2026	150,000,000
CNH	350,000,000	2.870	12 December 2023	12 December 2024	350,000,000
Subtotal in Original Currency					CNH8,845,000,000
Subtotal in Equivalent Amount of Won <sup>(4)</sup>					₩1,599,529,800,000
EUR	300,000,000	0.000	10 July 2019	10 July 2024	300,000,000
EUR	200,000,000	0.000	10 July 2019	10 July 2024	200,000,000
EUR	10,000,000	3M Euribor+0.70	12 December 2019	12 December 2024	10,000,000
EUR	500,000,000	2.625	8 September 2022	8 September 2027	500,000,000
EUR	50,000,000	2.810	13 October 2022	13 October 2026	50,000,000
EUR	50,000,000	2.810	14 October 2022	14 October 2026	50,000,000
EUR	100,000,000	3.180	19 October 2022	19 October 2026	100,000,000
EUR	100,000,000	3.180	19 October 2022	19 October 2026	100,000,000
EUR	750,000,000	3.375	23 May 2023	23 May 2028	750,000,000
EUR	250,000,000	3.375	September 2023	23 May 2028	250,000,000
EUR	90,000,000	3M Euribor+0.22	12 December 2023	12 December 2024	90,000,000
Subtotal in Original Currency					EUR2,400,000,000
Subtotal in Equivalent Amount of Won <sup>(5)</sup>					₩3,423,816,000,000
CHF	300,000,000	0.445	8 May 2020	8 May 2025	300,000,000
CHF	200,000,000	0.170	22 July 2021	22 July 2031	200,000,000
CHF	225,000,000	0.940	28 April 2022	28 April 2027	225,000,000
CHF	200,000,000	2.2225	24 July 2024	24 July 2026	200,000,000
Subtotal in Original Currency					CHF925,000,000
Subtotal in Equivalent Amount of Won <sup>(6)</sup>					₩1,412,308,500,000
BRL	562,500,000	10.865	10 December 2021	4 January 2024*	562,500,000
BRL	371,000,000	9.880	14 February 2022	20 February 2024*	371,000,000
BRL	506,000,000	10.480	3 March 2022	26 January 2024*	506,000,000
BRL	1,285,000,000	11.150	3 March 2022	4 March 2024*	1,285,000,000
BRL	517,500,000	10.410	8 March 2022	7 March 2024*	517,500,000
BRL	250,500,000	10.725	12 May 2022	13 May 2024*	250,500,000
BRL	253,000,000	10.750	13 May 2022	13 May 2024*	253,000,000
BRL	253,500,000	10.800	24 May 2022	24 May 2024*	253,500,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
BRL	245,000,000	8.820	13 December 2023	13 December 2025	245,000,000
BRL	496,500,000	9.000	20 December 2023	20 December 2024	496,500,000
	Subtotal in Original Currency				BRL 4,740,500,000
	Subtotal in Equivalent Amount of Won <sup>(7)</sup>				₩1,259,693,065,000
AUD	100,000,000	3.966	30 November 2016	30 November 2026	100,000,000
AUD	60,000,000	3.760	18 January 2018	18 January 2028	60,000,000
AUD	100,000,000	3M BBSW+0.78	29 August 2019	29 August 2024	100,000,000
AUD	400,000,000	3M BBSW+0.78	29 August 2019	29 August 2024	400,000,000
AUD	200,000,000	1.500	29 August 2019	29 August 2024	200,000,000
AUD	74,000,000	1.460	24 February 2020	24 February 2025	74,000,000
AUD	74,000,000	1.460	24 February 2020	24 February 2025	74,000,000
AUD	74,000,000	1.450	25 February 2020	25 February 2025	74,000,000
AUD	74,000,000	1.450	25 February 2020	25 February 2025	74,000,000
AUD	56,000,000	2.565	7 April 2021	1 April 2036	56,000,000
AUD	30,000,000	2.550	28 September 2021	28 September 2041	30,000,000
AUD	40,000,000	2.500	28 September 2021	28 September 2041	40,000,000
AUD	40,000,000	3M BBSW+0.70	28 September 2021	28 September 2031	40,000,000
AUD	60,000,000	2.550	30 September 2021	30 September 2036	60,000,000
AUD	50,000,000	2.780	18 October 2021	18 October 2041	50,000,000
AUD	30,000,000	3.190	26 November 2021	26 November 2041	30,000,000
AUD	50,000,000	3.240	30 November 2021	30 November 2041	50,000,000
AUD	28,000,000	3.040	8 February 2022	8 February 2032	28,000,000
AUD	30,000,000	3.000	17 March 2022	17 March 2027	30,000,000
AUD	40,000,000	5.550	23 June 2022	23 June 2032	40,000,000
AUD	27,000,000	4.030	10 August 2022	10 August 2027	27,000,000
AUD	30,000,000	5.060	27 January 2023	27 January 2033	30,000,000
AUD	30,000,000	4.090	21 April 2023	21 April 2026	30,000,000
AUD	30,000,000	5.050	26 April 2023	26 April 2033	30,000,000
AUD	70,000,000	3M BBSW + 0.905	28 April 2023	28 April 2028	70,000,000
AUD	37,000,000	5.100	28 April 2023	28 April 2033	37,000,000
AUD	30,000,000	5.000	15 May 2023	15 May 2033	30,000,000
AUD	60,000,000	6.340	2 November 2023	2 November 2033	60,000,000
AUD	40,000,000	6.310	2 November 2023	2 November 2033	40,000,000
AUD	35,000,000	6.120	28 November 2023	28 November 2038	35,000,000
AUD	32,000,000	6.150	8 December 2023	8 December 2038	32,000,000
	Subtotal in Original Currency				AUD2,031,000,000
	Subtotal in Equivalent Amount of Won <sup>(8)</sup>				₩1,787,442,480,000
IDR	680,000,000,000	6.000	22 January 2020	22 January 2025	680,000,000,000
IDR	615,000,000,000	6.000	23 January 2020	23 January 2025	615,000,000,000
	Subtotal in Original Currency				IDR1,295,000,000,000
	Subtotal in Equivalent Amount of Won <sup>(9)</sup>				₩108,262,000,000
INR	3,712,500,000	5.980	13 October 2021	13 October 2026	3,712,500,000
	Subtotal in Original Currency				INR3,712,500,000
	Subtotal in Equivalent Amount of Won <sup>(10)</sup>				₩57,543,750,000

Currency	Original Principal Amount	Interest Rate (%)	Issue Date	Maturity Date	Principal Amount Outstanding as of 31 December 2023
NOK	400,000,000	2.905	21 July 2015	21 July 2025	400,000,000
			Subtotal in Original Currency		NOK400,000,000
			Subtotal in Equivalent Amount of Won <sup>(11)</sup>		₩50,564,000,000
THB	1,500,000,000	1.580	14 January 2020	14 January 2025	1,500,000,000
THB	1,500,000,000	1.530	15 January 2020	15 January 2025	1,500,000,000
THB	1,580,000,000	1.170	3 March 2020	3 March 2025	1,580,000,000
			Subtotal in Original Currency		THB4,580,000,000
			Subtotal in Equivalent Amount of Won <sup>(12)</sup>		₩172,299,600,000
GBP	36,000,000	2.045	18 March 2022	18 March 2029	36,000,000
GBP	25,000,000	2.190	6 April 2022	6 April 2032	25,000,000
GBP	25,000,000	SONIA+0.45	15 January 2022	15 January 2024*	25,000,000
			Subtotal in Original Currency		GBP86,000,000
			Subtotal in Equivalent Amount of Won <sup>(13)</sup>		₩141,193,940,000
SGD	28,000,000	3.050	16 August 2022	28 June 2024	28,000,000
SGD	20,000,000	3.700	8 September 2023	8 September 2026	20,000,000
SGD	15,000,000	3.950	17 November 2023	15 November 2024	15,000,000
			Subtotal in Original Currency		SGD63,000,000
			Subtotal in Equivalent Amount of Won <sup>(13)</sup>		₩61,542,180,000
SEK	400,000,000	1.830	10 August 2017	10 August 2027	400,000,000
SEK	400,000,000	1.815	16 August 2017	16 August 2027	400,000,000
SEK	410,000,000	1.740	30 November 2017	30 November 2027	410,000,000
SEK	200,000,000	2.010	27 February 2018	27 February 2028	200,000,000
			Subtotal in Original Currency		SEK1,410,000,000
			Subtotal in Equivalent Amount of Won <sup>(14)</sup>		₩181,890,000,000
MXN	3,500,000,000	TIIE28+0.20	14 July 2022	9 July 2026	3,500,000,000
			Subtotal in Original Currency		MXN3,500,000,000
			Subtotal in Equivalent Amount of Won <sup>(16)</sup>		₩265,895,000,000
<b>Total External Bonds of KDB in Equivalent Amount of Won</b>					<b>₩43,777,190,975,000</b>

Notes:

\* Repaid on the respective maturity dates.

- (1) U.S. dollar amounts are converted to Won amounts at the rate of U.S.\$1.00 to Won 1,289.40, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (2) New Zealand dollar amounts are converted to Won amounts at the rate of NZD 1.00 to Won 816.45, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (3) Hong Kong dollar amounts are converted to Won amounts at the rate of HKD 1.00 to Won 165.06, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (4) Chinese offshore renminbi amounts are converted to Won amounts at the rate of CNH 1.00 to Won 180.84, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (5) Euro amounts are converted to Won amounts at the rate of EUR 1.00 to Won 1,426.59, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (6) Swiss franc amounts are converted to Won amounts at the rate of CHF 1.00 to Won 1,526.82, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (7) Brazilian real amounts are converted to Won amounts at the rate of BRL 1.00 to Won 265.73, the prevailing market rate on 29 December 2023.

- (8) Australian dollar amounts are converted to Won amounts at the rate of AUD 1.00 to Won 880.08, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (9) Indonesian rupiah amounts are converted to Won amounts at the rate of IDR 100.00 to Won 8.36, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (10) Indian Rupee amounts are converted to Won amounts at the rate of INR 1.00 to Won 15.50, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (11) Norwegian Krone amounts are converted to Won amounts at the rate of NOK 1.00 to Won 126.41, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (12) Thai Baht amounts are converted to Won amounts at the rate of THB 1.00 to Won 37.62, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (13) Great Britain Sterling amounts are converted to Won amounts at the rate of GBP 1.00 to Won 1,641.79, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (14) Singapore dollar amounts are converted to Won amounts at the rate of SGD 1.00 to Won 976.86, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (15) Swedish Krona amounts are converted to Won amounts at the rate of SEK 1.00 to Won 129.00, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.
- (16) Mexican Peso amounts are converted to Won amounts at the rate of MXN 1.00 to Won 75.97, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.

(2) *External Borrowings of KDB*

Lender	Classifications	Range of Interest Rate	Range of Years of Issue	Range of Years of Maturity	Principal Amount Outstanding as of 31 December 2023 <sup>(1)</sup>
		(%)			<i>(millions of Won)</i>
Mizuho and others	Bank loans from foreign funds	4.21~6.24	2022~2023	2024~2028	2,076,759
The Export-Import Bank of Korea	Exchange equalisation fund borrowings in foreign currencies	6.30~6.43	2014~2015	2024	23,931
Central Bank of the Republic of Uzbekistan and others	Off-shore short-term borrowings	5.05~5.80	2023	2024	2,185,972
China Development Bank and others	Off-shore long-term borrowings	2.42~6.18	2023	2024~2026	1,825,674
Others	Short-term borrowings in foreign currency	0.14~7.24	2023	2024	13,730,337
	Long-term borrowings in foreign currency	0.41~7.38	2021~2023	2024~2027	824,280
<b>Total External Borrowings of KDB</b>					<b>20,666,953</b>

Note:

- (1) Converted to Won amounts at the relevant market average exchange rates in effect on 29 December 2023 as announced by Seoul Money Brokerage Services, Ltd.

## B. Internal Debt of KDB

Title	Range of Interest Rates	Range of Years of Issue	Range of Years of Original Maturity	Principal Amounts Outstanding as of 31 December 2023
	(%)			<i>(millions of Won)</i>
<b>1. Bonds</b>				
Short-term Industrial Finance Bonds .....	3.50~4.15	2023	2024	6,220,109
Long-term Industrial Finance Bonds .....	0.96~7.05	2007~2023	2013~2053	110,101,634
<b>Total Bonds</b> .....	0.96~7.05	2007~2023	2013~2053	116,321,743
<b>2. Borrowings</b>				
Borrowings from the Ministry of Economy and Finance .....	3.23~3.31	2004~2012	2024~2032	77,629
Borrowings from Korea SMEs and Startups Agency .....	1.26~2.40	2016~2023	2024~2033	59,171
Borrowings from the Ministry of Culture, Sports and Tourism .....	1.48~2.73	2011~2023	2024~2035	3,080,914
Borrowings from Korea Energy Agency .....	1.00~1.75	2009~2023	2024~2043	256,472
Others <sup>(1)</sup> .....	0.10~3.41	2003~2023	2024~2044	1,312,996
<b>Total Borrowings</b> <sup>(2)</sup> .....				4,787,182
<b>3. Other Debt</b> <sup>(3)</sup> .....				30,095
Total Internal Floating Debt <sup>(4)</sup> .....				6,669,070
Total Internal Funded Debt <sup>(5)</sup> .....				114,469,950
<b>Total Internal Debt</b> .....				121,139,020

Notes:

- (1) Includes borrowings from local governments, The Bank of Korea, the petroleum enterprises support fund and others.
- (2) Consist of short term borrowings in the amount of ₩418,866 million and long term borrowings in the amount of ₩4,368,316 million.
- (3) Other debt includes bonds sold under repurchase agreements and call money.
- (4) Floating debt is debt that has a maturity at issuance of less than one year.
- (5) Funded debt is debt that has a maturity at issuance of one year or more.

### Financial Statements and the Auditors

The Government elects the Bank's Auditor who is responsible for examining the Bank's financial operations and auditing its financial statements and records. The present Auditor is Tae Hyun Joo, who was appointed by the Financial Services Commission for a three-year term on 15 March 2021. Although his term of office expired on 14 March 2024, he is continuing his duties as the Bank's Auditor until a successor is appointed, as permitted under the Korean Commercial Code.

The Bank prepares its financial statements annually for submission to the Financial Services Commission, accompanied by an opinion of the Auditor. Although the Bank is not legally required to have financial statements audited by external independent auditors, an independent public accounting firm has audited its separate and consolidated financial statements commencing with such financial statements as of and for the year ended 31 December 1998. As of the date of this Information Memorandum, the Bank's external independent

auditor is Nexia Samduk, located at 12<sup>th</sup> Floor, S&S Building, 48 Ujeongguk-ro, Jongno-gu, Seoul 03145, Korea, which has audited the Bank's separate financial statements as of and for the years ended 31 December 2023 and 2022 included in this Information Memorandum.

The Bank's separate financial statements appearing in this Information Memorandum were prepared in conformity with Korean IFRS, as summarised in “—Financial Statements and the Auditors—Notes to Separate Financial Statements of *31 December 2023 and 2022*—Note 2”. These principles and procedures differ in certain material respects from generally accepted accounting principles in the United States.



## **DESCRIPTION OF THE BANK'S HONG KONG BRANCH**

The Bank opened its overseas branch in Hong Kong in April 2022 to provide commercial banking services to corporate customers, institutional investors, and financial institutions. The core businesses of the branch are corporate banking, treasury, securities and trade finance. The Bank's Hong Kong Branch had a total of 29 employees as of 30 June 2024, and the address of the branch is Suites 2009-2010, 20/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

### **Regulation of the Hong Kong Branch**

#### **Regulation under the laws of Hong Kong**

The Bank has been granted a restricted banking licence, effective 19 November 2021, by the Hong Kong Monetary Authority under the Banking Ordinance. The Hong Kong Monetary Authority is responsible for the authorisation, regulation and supervision of banking business and the business of taking deposits in Hong Kong.

#### **Regulation under Korean Law**

With the prior approval of the Minister of Finance and Economy, the Bank established its Hong Kong Branch in 2022. In 2008, the Ministry of Finance and Economy and the Ministry of Planning and Budget merged into the Ministry of Strategy and Finance (currently the Ministry of Economy and Finance) and the Ministry of Finance and Economy's authority to implement financial policies and to regulate the financial market was transferred to the Financial Services Commission. In addition to being subject to the laws and regulations of the host country, the Bank's Hong Kong Branch is also subject to the regulations and directives of the head of the Financial Supervisory Service. The Financial Supervisory Service, which is under the oversight of the Financial Services Commission, has the authority to approve and supervise the overseas branches of Korean banks since the legislation of the Regulation on Overseas Expansion of Financial Institutions in 2008. The overseas branches of Korean banks, in accordance with such guidelines, are required to conduct business activities in accordance with the report of establishment under Article 12(1) of the Regulation on Overseas Expansion of Financial Institutions.

## **DESCRIPTION OF THE BANK'S LONDON BRANCH**

The Bank opened its overseas branch in London, United Kingdom on 31 July 1997 to provide a full range of commercial banking services to corporate customers, institutional investors, and financial institutions. The core businesses of the branch are corporate banking, securities, derivatives, and treasury. The branch also services the Bank's branches in Korea and the Bank's clients in Korea for their foreign exchange operations, including but not limited to inward remittances and letters of credit. The Bank's London Branch had a total of 66 employees as of 30 June 2024, and the address of the branch is Floor 11 (West Side), 22 Bishopsgate, London EC2N 4BQ, United Kingdom.

### **Regulation of the London Branch**

#### **Regulation under the laws of England**

The Bank is registered with the Financial Conduct Authority ("FCA") and is dual regulated by the FCA and the Prudential Regulatory Authority ("PRA"). Both the FCA and PRA are independent organisations responsible for regulating financial services within the United Kingdom.

#### **Regulation under Korean Law**

With the prior approval of the Minister of Finance and Economy, the Bank established its London Branch in 1997. The Bank's London Branch is subject to the same Korean regulation on overseas branches of Korean financial institutions as the Bank's other overseas branches. See "Description of the Bank's Hong Kong Branch— Regulation under Korean Law."

## **DESCRIPTION OF THE BANK'S NEW YORK BRANCH**

The Bank opened its overseas branch in New York, United States on 1 April 1997 to engage in international banking transactions and provide financial services to customers in the United States. The core businesses of the branch are corporate banking, securities, and trade finance. The branch also services the Bank's branches in Korea and the Bank's clients in Korea for their foreign exchange operations, including but not limited to inward remittances and letters of credit. The Bank's New York Branch had a total of 43 employees as of 30 June 2024, and the address of the branch is 320 Park Avenue, New York, New York 10022.

### **Regulation of the New York Branch**

#### **Regulation under the laws of the United States**

The Bank is licenced by the Superintendent of Banks of the State of New York under the New York Banking Law. The Bank is examined by the New York State Department of Financial Services and the Board of Governors of the Federal Reserve System and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. The obligations of the Bank are not insured by the Federal Deposit Insurance Corporation.

#### **Regulation under Korean Law**

With the prior approval of the Minister of Finance and Economy, the Bank established its New York Branch in 1997. The Bank's New York Branch is subject to the same Korean regulation on overseas branches of Korean financial institutions as the Bank's other overseas branches. See "Description of the Bank's Hong Kong Branch—Regulation under Korean Law."

## **DESCRIPTION OF THE BANK'S TOKYO BRANCH**

The Bank opened its overseas branch in Tokyo, Japan on 22 October 1991 to engage in international banking transactions and provide financial services to customers in Japan. The core businesses of the branch are corporate banking, securities, and trade finance. The branch also services the Bank's branches in Korea and the Bank's clients in Korea for their foreign exchange operations, including but not limited to inward remittances and letters of credit. The Bank's Tokyo Branch had a total of 27 employees as of 30 June 2024, and the address of the branch is GranTokyo North Tower 36F, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo, Japan.

### **Regulation of the Tokyo Branch**

#### **Regulation under the laws of Japan**

The Bank is licenced by the Financial Services Agency ("FSA") under the Banking Act. FSA is a Japanese government agency and an integrated financial regulator responsible for overseeing banking, securities and exchange, and insurance sectors in order to ensure the stability of the financial system of Japan.

#### **Regulation under Korean Law**

With the prior approval of the Minister of Finance and Economy, the Bank established its Tokyo Branch in 1991. The Bank's Tokyo Branch is subject to the same Korean regulation on overseas branches of Korean financial institutions as the Bank's other overseas branches. See "Description of the Bank's Hong Kong Branch—Regulation under Korean Law."

## **DESCRIPTION OF THE BANK'S SINGAPORE BRANCH**

The Bank opened its overseas branch in Singapore on 6 August 1996 to meet the growing demands of customers in Southeast Asia. Its core businesses are corporate banking, fixed income investment, trade finance, and project finance. The Bank's Singapore Branch had a total of 71 employees as of 30 June 2024, and the address of the branch is 138 Market Street, #35-02/03 CapitaGreen, Singapore 048946.

### **Regulation of the Singapore Branch**

#### **Regulation under the laws of Singapore**

The Bank's Singapore Branch is licensed by Monetary of Authority of Singapore ("MAS") and is supervised and regulated by MAS. It is subject to the Banking Act and MAS Act applicable to a wholesale bank in Singapore.

#### **Regulation under Korean Law**

With the prior approval of the Minister of Finance and Economy, the Bank established its Singapore Branch in 1996. The Bank's Singapore Branch is subject to the same Korean regulation on overseas branches of Korean financial institutions as the Bank's other overseas branches. See "Description of the Bank's Hong Kong Branch—Regulation under Korean Law."

## THE REPUBLIC OF KOREA

### Land and History

#### *Territory and Population*

Located generally south of the 38th parallel on the Korean peninsula, The Republic of Korea covers about 38,000 square miles, approximately one-fourth of which is arable. The Republic has a population of approximately 51 million people. The country's largest city and capital, Seoul, has a population of about 10 million people.

#### *Map of the Republic of Korea*



#### *Political History*

Dr. Rhee Seungman, who was elected President in each of 1948, 1952, 1956 and 1960, dominated the years after the Republic's founding in 1948. Shortly after President Rhee's resignation in 1960 in response to student-led demonstrations, a group of military leaders headed by Park Chung Hee assumed power by coup. The military leaders established a civilian government, and the country elected Mr. Park as President in October 1963. President Park served as President until his assassination in 1979 following a period of increasing strife between the Government and its critics. The Government declared martial law and formed an interim government under Prime Minister Choi Kyu Hah, who became the next President. After clashes between the Government and its critics, President Choi resigned, and General Chun Doo Hwan, who took control of the Korean army, became President in 1980.

In late 1980, the country approved, by national referendum, a new Constitution, providing for indirect election of the President by an electoral college and for certain democratic reforms, and shortly thereafter, in early 1981, re-elected President Chun.

Responding to public demonstrations in 1987, the legislature revised the Constitution to provide for direct election of the President. In December 1987, Roh Tae Woo won the presidency by a narrow plurality, after opposition parties led by Kim Young Sam and Kim Dae Jung failed to unite behind a single candidate. In February 1990, two opposition political parties, including the one led by Kim Young Sam, merged into President Roh's ruling Democratic Liberal Party.

In December 1992, the country elected Kim Young Sam as President. The election of a civilian and former opposition party leader considerably lessened the controversy concerning the legitimacy of the political regime. President Kim's administration reformed the political sector and deregulated and internationalised the Korean economy.

In December 1997, the country elected Kim Dae Jung as President. President Kim's party, the Millennium Democratic Party (formerly known as the National Congress for New Politics), formed a coalition with the United Liberal Democrats led by Kim Jong Pil, with Kim Jong Pil becoming the first prime minister in President Kim's administration. The coalition, which temporarily ended before the election held in April 2000, continued with the appointment of Lee Han Dong of the United Liberal Democrats as the Prime Minister in June 2000. The coalition again ended in September 2001.

In December 2002, the country elected Roh Moo Hyun as President. President Roh and his supporters left the Millennium Democratic Party in 2003 and formed a new party, the Uri Party, in November 2003. On 15 August 2007, 85 members of the National Assembly, previously belonging to the Uri Party, or the Democratic Party, formed the United New Democratic Party, or the UNDP. The Uri Party merged into the UNDP on 20 August 2007. In February 2008, the UNDP merged back into the Democratic Party. In December 2011, the Democratic Party merged with the Citizens Unity Party to form the Democratic United Party, which changed its name to the Democratic Party in May 2013.

In December 2007, the country elected Lee Myung-Bak as President. He commenced his term in February 2008. In April 2018, the Korean prosecutor's office indicted former President Lee on 16 counts of corruption, including bribery, abuse of power, embezzlement and other irregularities. In October 2018, a Seoul district court sentenced him to 15 years of prison term, which decision he subsequently appealed. In October 2020, the Supreme Court ruled against such appeal and sentenced him to 17 years of prison term. Subsequently, he was granted a special pardon by President Yoon, the current president of the Republic, and was released from prison in December 2022.

In December 2012, the country elected Park Geun-hye as President. She commenced her term in February 2013. In March 2017, the Constitutional Court unanimously upheld a parliamentary vote to impeach President Park, triggering her immediate dismissal, for a number of constitutional and criminal violations, including violation of the Constitution and abuse of power by allowing her confidant to exert influence on state affairs and allowing senior presidential aides to aid in her extortion from companies. After a series of trials, former President Park was sentenced to a combined 22 years of prison term and a fine of ₩21.5 billion. In light of her deteriorating health, however, former President Park was granted a special pardon by President Moon, her successor, and was released from prison in December 2021.

A special election to elect a successor to former President Park was held in May 2017 and the country elected Moon Jae-in as President. His term, which commenced on 10 May 2017, ended on 9 May 2022.

In March 2022, the country elected Yoon Suk-yeol as President. His term commenced on 10 May 2022. The Yoon administration's key policy objectives include, among others, the following:

- mitigating the adverse effects of the COVID-19 pandemic on the Korean economy, including through the provision of relief packages in support of small businesses and the self-employed;
- stabilising the housing market by increasing the supply of new homes and reforming property-related tax regulations;
- pursuing economic prosperity by promoting private sector growth and supporting the semiconductor, artificial intelligence, battery and other strategic industries;
- pursuing the denuclearisation of the Korean Peninsula, enhancing Korea's core military capabilities and improving foreign relations and national security;
- pursuing enhanced environmental, social and corporate governance management, including through efforts to achieve carbon neutrality by reversing the previous administration's nuclear-phase out policy and combining renewable energy with nuclear power generation; and
- pursuing efficient management of the government through various measures, including the establishment of a digital platform and the relocation of presidential offices.

## **Government and Politics**

### ***Government and Administrative Structure***

Governmental authority in the Republic is centralised and concentrated in a strong presidency. The President is elected by popular vote and can only serve one term of five years. The President chairs the State Council, which consists of the President, the prime minister, the deputy prime ministers, the respective heads of Government ministries and the ministers of state. The President can select the members of the State Council and appoint or remove all other Government officials, except for elected local officials.

The President can veto new legislation and take emergency measures in cases of natural disaster, serious fiscal or economic crisis, state of war or other similar circumstances. The President must promptly seek the concurrence of the National Assembly for any emergency measures taken and failing to do so automatically invalidates the emergency measures. In the case of martial law, the President may declare martial law without the consent of the National Assembly; provided, however, that the National Assembly may request the President to rescind such martial law.

The National Assembly exercises the country's legislative power. The Constitution and the Public Official Election Act provide for the direct election of about 84% of the members of the National Assembly and the distribution of the remaining seats proportionately among parties winning more than five seats in the direct election or receiving over 3% of the popular vote. National Assembly members serve four-year terms. The National Assembly enacts laws, ratifies treaties and approves the national budget. The executive branch drafts most legislation and submits it to the National Assembly for approval.

The country's judicial branch comprises the Supreme Court, the Constitutional Court and lower courts of various levels. The President appoints the Chief Justice of the Supreme Court and appoints the other Justices of the Supreme Court upon the recommendation of the Chief Justice. All appointments to the Supreme Court require the consent of the National Assembly. The Chief Justice, with the consent of the conference of Supreme Court Justices, appoints all the other judges in Korea. Supreme Court Justices serve for six years and all other judges serve for ten years. Other than the Chief Justice, justices and judges may be reappointed to successive terms.



The President formally appoints all nine judges of the Constitutional Court, but three judges must be designated by the National Assembly and three by the Chief Justice of the Supreme Court. Constitutional Court judges serve for six years and may be reappointed to successive terms.

Administratively, the Republic comprises six provinces (Gyeonggi, Chungbuk, Chungnam, Jeonnam, Gyeongbuk and Gyeongnam), three special autonomous provinces (Jeju, Gangwon and Jeonbuk), one special city (Seoul), six metropolitan cities (Busan, Daegu, Incheon, Gwangju, Daejeon and Ulsan) and one special autonomous city (Sejong). From 1961 to 1995, the national government controlled the provinces and the President appointed provincial officials. Local autonomy, including the election of provincial officials, was reintroduced in June 1995.

***Political Parties***

The 22nd legislative general election was held on 10 April 2024 and the term of the National Assembly members elected in the 22nd legislative general election commenced on 30 May 2024. Currently, there are three major political parties: The Democratic Party of Korea, or the DPK, the People Power Party, or the PPP, and the Rebuilding Korea Party, or the RKP.

As of 22 August 2024, the parties control the following number of seats in the National Assembly:

	<u>DPK</u>	<u>PPP</u>	<u>RKP</u>	<u>Others</u>	<u>Total</u>
Number of seats .....	170	108	12	10	300

***Relations with North Korea***

Relations between the Republic and North Korea have been tense over most of the Republic’s history. The Korean War began with the invasion of the Republic by communist forces from the north in 1950, which was repelled by the Republic and the United Nations forces led by the United States. Following a military stalemate, an armistice was reached establishing a demilitarised zone monitored by the United Nations in the vicinity of the 38th parallel in 1953.

North Korea maintains a military force estimated at more than a million regular troops, mostly concentrated near the northern side of the demilitarised zone, and approximately 7.6 million reserves. The Republic’s military forces, composed of approximately 500,000 regular troops and 3.1 million reserves, maintain a state of military preparedness along the southern side of the demilitarised zone. In addition, the United States has maintained its military presence in the Republic since the signing of the armistice and currently has approximately 28,500 troops stationed in the Republic. The Republic and the United States share a joint command structure over their military forces in Korea. In October 2014, the United States and the Republic agreed to implement a conditions-based approach to the dissolution of their joint command structure at an appropriate future date, which would allow the Republic to assume the command of its own armed forces in the event of war on the Korean peninsula. Over the years, the Republic and the United States have entered into a series of Special Measures Agreements, or SMAs, which cover the Republic’s contribution to the cost of maintaining the U.S. military presence in the Republic. In March 2021, the Republic and the United States reached an agreement to enter into a new six-year SMA, under which the Republic would increase its share of the cost of the American military presence in the Republic, which became effective in September 2021 upon ratification by the National Assembly.

The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, since the death of Kim Jong-il in December 2011, there has been increased uncertainty with respect to the future of North Korea’s political leadership and concern regarding its

implications for political and economic stability in the region. Kim Jong-il's third son, Kim Jong-un, has assumed power as his father's designated successor.

In addition, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapons, ballistic missile and satellite programmes as well as its hostile military and other actions against Korea. Some of the significant incidents in recent years include the following:

- From time to time, North Korea has conducted ballistic missile tests. In February 2016, North Korea launched a long-range rocket in violation of its agreement with the United States as well as United Nations sanctions barring it from conducting launches that use ballistic missile technology. Despite international condemnation, North Korea released a statement that it intends to continue its rocket launch programme and it conducted a series of ballistic missile tests in 2016 and 2017. In response, the United Nations Security Council issued unanimous statements condemning North Korea and agreeing to continue to closely monitor the situation and to take further significant measures, and in December 2017, unanimously passed a resolution extending existing sanctions that were imposed on North Korea. Despite such actions, North Korea increased the frequency of its military actions since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite.
- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted three rounds of nuclear tests between October 2006 and February 2013. In January 2016, North Korea conducted a fourth nuclear test, claiming that the test involved its first hydrogen bomb. In September 2016, North Korea conducted a fifth nuclear test, claiming to have successfully detonated a nuclear warhead that could be mounted on ballistic missiles. In September 2017, North Korea announced that it successfully conducted its sixth nuclear test by detonating a hydrogen bomb designed to be mounted on an intercontinental ballistic missile, which resulted in increased tensions in the region and elicited strong objections worldwide. In response to such tests (as well as North Korea's long-range ballistic missile programme), the United Nations Security Council unanimously passed several rounds of resolutions condemning North Korea's actions and significantly expanding the scope of the sanctions applicable to North Korea, while the United States and the European Union also imposed additional sanctions on North Korea.
- In August 2015, two Korean soldiers were injured in a landmine explosion near the Korean demilitarised zone. Claiming the landmines were set by North Koreans, the Korean army re-initiated its propaganda programme toward North Korea utilising loudspeakers near the demilitarised zone. In retaliation, the North Korean army fired artillery rounds on the loudspeakers, resulting in the highest level of military readiness for both Koreas.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tension on the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact on the Republic's economy and the Bank.

Any further increase in tension, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between the Republic and North Korea or between the United States and North Korea break down or further military hostilities occur, could have a material adverse effect on the Republic's economy and the Bank. Over the longer term, reunification of the two Koreas could occur. Reunification may entail a significant economic commitment by the Republic.

### ***Foreign Relations and International Organisations***

The Republic maintains diplomatic relations with most nations of the world, most importantly with the United States with which it entered into a mutual defence treaty and several economic agreements. The Republic also has important relationships with Japan and China, its largest trading partners together with the United States.

The Republic belongs to a number of supranational organisations, including:

- United Nations;
- the International Monetary Fund, or the IMF;
- the World Bank;
- the Asian Development Bank, or the ADB;
- the Multilateral Investment Guarantee Agency;
- the International Finance Corporation;
- the International Development Association;
- the African Development Bank;
- the International Bank for Reconstruction and Development;
- the European Bank for Reconstruction and Development;
- the Bank for International Settlements;
- the World Health Organization, or the WHO;
- the World Trade Organization, or the WTO;
- the International Atomic Energy Agency, or the IAEA;
- the Inter-American Development Bank, or the IDB;
- the Organisation for Economic Co-operation and Development, or the OECD; and
- the Asian Infrastructure Investment Bank.

## The Economy

The following table sets forth information regarding certain of the Republic's key economic indicators for the periods indicated.

	As of or for the year ended 31 December				
	2019	2020	2021	2022	2023
	<i>(billions of dollars and trillions of Won, except percentages)</i>				
GDP Growth (at current prices) . . . . .	1.7%	0.9%	7.9%	4.6%	3.3% <sup>(7)</sup>
GDP Growth (at chained 2020 year prices) . . . . .	2.3%	(0.7)%	4.6%	2.7%	1.4% <sup>(7)</sup>
Inflation <sup>(1)</sup> . . . . .	0.4%	0.5%	2.5%	5.1%	3.6% <sup>(7)</sup>
Unemployment <sup>(2)</sup> . . . . .	3.8%	4.0%	3.7%	2.9%	2.7% <sup>(7)</sup>
Trade Surplus (Deficit) <sup>(3)</sup> . . . . .	38.9	44.9	29.3	(47.8)	(10.2) <sup>(7)</sup>
Foreign Currency Reserves . . . . .	\$ 408.8	\$ 443.1	\$ 463.1	\$ 423.2	\$ 420.1 <sup>(7)</sup>
External Liabilities <sup>(4)</sup> . . . . .	\$ 470.7	\$ 550.6	\$ 630.7	\$ 665.2	\$ 663.6 <sup>(7)</sup>
Fiscal Balance . . . . .	₩ (12.0)	₩ (71.2)	₩ (30.5)	₩ (64.6)	₩ (36.8) <sup>(7)</sup>
Direct Internal Debt of the Government <sup>(5)</sup> (as % of GDP <sup>(6)</sup> ) . . . . .	33.3%	39.3%	43.1%	46.2%	48.2% <sup>(7)</sup>
Direct External Debt of the Government <sup>(5)</sup> (as % of GDP <sup>(6)</sup> ) . . . . .	0.4%	0.5%	0.5%	0.5%	0.5% <sup>(7)</sup>

Notes:

- (1) Measured by the year-on-year change in the consumer price index with base year 2020, as announced by The Bank of Korea.
- (2) Average for year.
- (3) Derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.
- (4) Calculated under the criteria based on the sixth edition of the Balance of Payment Manual published by the International Monetary Fund in December 2010.
- (5) Does not include guarantees by the Government. See “—Debt—External and Internal Debt of the Government—Guarantees by the Government” for information on outstanding guarantees by the Government.
- (6) At chained 2020 year prices.
- (7) Preliminary.

Source: The Bank of Korea

### Worldwide Economic and Financial Difficulties

In recent years, the global financial markets have experienced significant volatility as a result of, among other things:

- the occurrence of severe health epidemics, including the COVID-19 pandemic;
- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken or may take in the future, such as the imposition of sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- interest rate fluctuations as well as perceived or actual changes in policy rates, or other monetary and fiscal policies set forth, by the U.S. Federal Reserve and other central banks;

- disruptions in the global supply chain for raw materials, natural resources, consumer goods, rare earth minerals, component parts and other supplies, including as a result of health epidemics, government policies and labour shortages;
- increased uncertainties in the global financial markets and industry, including difficulties faced by several banks in the United States and Europe;
- a deterioration in economic and trade relations between the United States and its major trading partners, including China;
- financial and social difficulties affecting many governments worldwide, in particular in Latin America and Europe;
- escalations in trade protectionism globally and geopolitical tensions in East Asia and the Middle East (including those resulting from the escalation of hostilities in the Middle East following the Israel-Hamas war);
- the slowdown of economic growth in China and other major emerging market economies;
- political and social instability in various countries in the Middle East, including Iran, Iraq, Syria and Yemen; and
- fluctuations in oil and commodity prices.

There has been significant volatility in global financial markets resulting from, among others, the COVID-19 pandemic, Russia's invasion of Ukraine and ensuing sanctions against Russia, the escalation of hostilities in the Middle East following the Israel-Hamas war, and more recently, difficulties faced by several banks in the United States and Europe, which has also led to significant volatility in the Korea Composite Stock Price Index in recent years. See “—The Financial System—Securities Markets”. Declines in the index and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies and banks to raise capital. Moreover, the value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has fluctuated widely. A depreciation of the Won generally increases the cost of imported goods and services and the required amount of the Won revenue for Korean companies to service foreign currency-denominated debt.

In light of the high level of interdependence of the global economy, any of the foregoing developments could have a material adverse effect on the Korean economy and financial markets. In addition, in the event of difficult conditions in the global credit markets or a deterioration of the global economy in the future, the Korean economy could be adversely affected and Korean banks may be forced to fund their operations at a higher cost or may be unable to raise as much funding as they need to support their lending and other activities.

In addition to the global developments, domestic developments that could lead to or contribute to a material adverse effect on the Korean economy include, among other things, the following:

- a slowdown in consumer spending and depressed consumer sentiment due to the outbreak of infectious diseases, such as the COVID-19 pandemic;
- increasing delinquencies and credit defaults by consumer and small- and medium-sized enterprise borrowers, which may occur due to, among others, the impact of the COVID-19 pandemic and the rise in interest rates;
- steadily rising household debt consisting of housing loans and merchandise credit, which increased to approximately Won 1,886.4 trillion as of 31 December 2023 from Won 843.2 trillion as of 31 December 2010, primarily due to increases in mortgage loans and purchases with credit cards;

- deterioration in economic or diplomatic relations between Korea and other countries resulting from territorial or trade disputes or disagreements in foreign policy;
- a substantial increase in the Government's expenditures for (i) fiscal stimulus measures to provide emergency relief payments to households and emergency loans to corporations in need of funding due to the COVID-19 pandemic and (ii) pension and social welfare programmes, due in part to an ageing population (defined as the population of people aged 65 years or older) that accounted for approximately 18.2% of the Republic's total population as of 31 December 2023, an increase from 7.2% as of 31 December 2000, and is expected to surpass 21.6% in 2026;
- decreases in the market prices of Korean real estate; and
- the occurrence of severe health epidemics that affect the livestock industry.

The spread of the COVID-19 pandemic since early 2020 had resulted in significant economic and financial disruptions in Korea. Although the Korean economy has mostly recovered from the COVID-19 pandemic, the outlook for the Republic's economy and its financial services sector in 2024 and for the foreseeable future remains uncertain due to the residual impact of the COVID-19 pandemic on the Korean and global economies and financial markets, fluctuations in oil and commodity prices, interest rates and exchange rates, rising inflationary pressures, higher unemployment, lower consumer confidence, stock market volatility, changes in fiscal and monetary policies, the ongoing military conflict involving Russia and Ukraine, difficulties faced by several banks in the United States and Europe, the escalation of hostilities in the Middle East following the Israel-Hamas war, and continued tensions with North Korea.

### ***Gross Domestic Product***

GDP measures the market value of all final goods and services produced within a country for a given period and reveals whether a country's productive output rises or falls over time. Economists present GDP in both current market prices and "real" or "inflation-adjusted" terms. In March 2009, the Republic adopted a method known as the "chain-linked" measure of GDP, replacing the previous fixed-base, or "constant" measure of GDP, to show the real growth of the aggregate economic activity, as recommended by the System of National Accounts 1993. GDP at current market prices values a country's output using the actual prices of each year, whereas the "chain-linked" measure of GDP is compiled by using "chained indices" linking volume growth between consecutive time periods. In March 2014, the Republic published a revised GDP calculation method by implementing the System of National Accounts 2008 and updating the reference year from 2005 to 2010 to align Korean national accounts statistics with the recommendations of the new international standards for compiling national economic accounts and to maintain comparability with other nations' accounts. The main components of these revisions include, among other things, (i) recognising expenditures for research and development and creative activity for the products of entertainment, literary and artistic originals as fixed investment, (ii) incorporating a wide array of new and revised source data such as the economic census, the population and housing census and 2010 benchmark input-output tables, which provide thorough and detailed information on the structure of the Korean economy, (iii) developing supply-use tables, which provide a statistical tool for ensuring consistency among the production, expenditure and income approaches to measuring GDP and (iv) recording merchandise trade transactions based on ownership changes rather than movements of goods across the national border. The Republic has updated the reference year from 2010 to 2015 in July 2019, and from 2015 to 2020 in June 2024, to better align Korean national accounts statistics with the recommendations of the previously implemented System of National Accounts 2008, to accurately reflect recent economic structural changes, and to maintain comparability with other countries' accounts.

The following table sets out the composition of the Republic's GDP at current market and chained 2020 year prices and the annual average increase in the Republic's GDP.

## Gross Domestic Product

	2019	2020	2021	2022	2023 <sup>(1)</sup>	As% of GDP 2023 <sup>(1)</sup>
<i>(billions of Won)</i>						
<b>Gross Domestic Product at Current</b>						
<b>Market Prices:</b>						
Private .....	1,022,456.7	984,088.0	1,046,772.2	1,139,397.2	1,197,566.9	49.9
Government .....	327,780.4	349,586.2	378,268.2	409,866.5	423,133.2	17.6
Gross Capital Formation .....	636,575.4	648,928.8	721,964.5	774,411.5	774,563.6	32.3
Exports of Goods and Services .....	755,863.2	712,542.3	874,074.3	1,052,553.6	996,865.6	41.5
Less Imports of Goods and Services .....	(702,081.5)	(636,678.7)	(799,166.2)	(1,052,447.3)	(990,452.9)	(41.2)
Statistical Discrepancy .....	0.0	0.0	0.0	0.0	(487.1)	0.0
Expenditures on Gross Domestic Product .....	2,040,594.3	2,058,466.5	2,221,912.9	2,323,781.5	2,401,189.4	100.0
Net Factor Income from the Rest of the World .....	16,609.8	16,943.8	23,413.6	28,055.4	42,128.6	1.8
Gross National Income <sup>(2)</sup> .....	2,057,204.1	2,075,410.3	2,245,326.5	2,351,837.0	2,443,318.1	101.8
<b>Gross Domestic Product at Chained 2020</b>						
<b>Year Prices:</b>						
Private .....	1,031,986.0	984,088.0	1,020,878.4	1,063,928.5	1,082,682.9	48.3
Government .....	332,258.6	349,586.2	369,293.7	384,235.8	389,091.8	17.3
Gross Capital Formation .....	643,841.6	648,928.8	675,845.0	676,282.5	681,957.7	30.4
Exports of Goods and Services .....	724,600.9	712,542.3	789,432.2	820,347.6	849,926.1	37.9
Less Imports of Goods and Services .....	(658,136.3)	(636,678.7)	(701,537.0)	(730,672.0)	(756,395.9)	(33.7)
Statistical Discrepancy .....	(748.6)	0.0	(489.4)	(842.9)	(886.5)	0.0
Expenditures on Gross Domestic Product <sup>(3)</sup> .....	2,072,982.4	2,058,466.5	2,153,422.9	2,212,158.9	2,243,220.4	100.0
Net Factor Income from the Rest of the World in the Terms of Trade .....	16,485.9	16,943.8	22,553.7	25,584.2	38,122.9	1.7
Trading Gains and Losses from Changes in the Terms of Trade .....	(17,145.8)	0.0	(21,620.0)	(94,623.4)	(91,400.4)	(4.1)
Gross National Income <sup>(4)</sup> .....	2,072,357.0	2,075,410.3	2,154,356.5	2,143,107.5	2,189,886.8	97.6
Percentage Increase (Decrease) of GDP over Previous Year:						
At Current Prices .....	1.7	0.9	7.9	4.6	3.3	
At Chained 2020 Year Prices .....	2.3	(0.7)	4.6	2.7	1.4	

Notes:

- (1) Preliminary.
- (2) GDP plus net factor income from the rest of the world is equal to the Republic's gross national income.
- (3) Under the "chain-linked" measure of GDP, the components of GDP will not necessarily add up to the total GDP.
- (4) Under the "chain-linked" measure of Gross National Income, the components of Gross National Income will not necessarily add up to the total Gross National Income.

Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector at current market prices:

**Gross Domestic Product by Economic Sector  
(at current market prices)**

	2019	2020	2021	2022	2023 <sup>(1)</sup>	As% of GDP 2023 <sup>(1)</sup>
	<i>(billions of Won)</i>					
Industrial Sectors: . . . . .	717,338.0	719,110.4	773,620.4	789,147.0	824,491.9	34.3
Agriculture, Forestry and Fishing . . . . .	30,749.6	32,481.6	36,998.4	33,656.4	34,325.0	1.4
Manufacturing, Mining and						
Quarrying . . . . .	539,992.2	530,768.1	585,053.1	617,557.4	617,134.7	25.7
Mining and Quarrying . . . . .	1,883.9	1,737.2	1,843.5	1,807.8	2,261.3	0.1
Manufacturing . . . . .	538,108.3	529,030.9	583,209.6	615,749.6	614,873.4	25.6
Electricity, Gas and Water Supply . . . . .	38,151.4	45,605.3	37,579.5	16,493.8	42,538.6	1.8
Construction . . . . .	108,444.8	110,255.4	113,989.4	121,439.4	130,493.6	5.4
Services: . . . . .	1,161,848.5	1,171,665.8	1,264,275.9	1,349,454.4	1,405,368.8	58.5
Wholesale and Retail Trade,						
Accommodation and Food Services . . . . .	226,821.5	214,871.3	227,253.6	248,366.2	265,510.1	11.1
Transportation and Storage . . . . .	71,042.4	66,603.8	82,702.3	95,655.6	94,378.8	3.9
Finance and Insurance . . . . .	103,072.5	110,016.4	124,021.2	136,404.4	138,566.4	5.8
Real Estate . . . . .	153,138.6	161,030.1	162,658.9	158,314.6	160,025.3	6.7
Information and Communication . . . . .	84,153.0	89,215.3	102,319.0	103,549.3	106,049.4	4.4
Business Activities . . . . .	151,040.4	156,652.6	166,098.7	177,636.8	186,753.6	7.8
Public Administration, Defence and						
Social Security . . . . .	123,791.6	129,850.9	138,688.7	149,078.6	155,208.6	6.5
Education . . . . .	91,337.2	90,436.1	96,862.5	101,581.8	103,917.0	4.3
Human Health and Social Work . . . . .	101,960.5	106,034.6	114,340.0	123,519.0	131,995.9	5.5
Cultural and Other Services . . . . .	55,490.8	46,954.8	49,330.9	55,348.1	62,963.6	2.6
Taxes Less Subsidies on Products . . . . .	161,407.8	167,690.3	184,016.7	185,180.2	171,328.7	7.1
Gross Domestic Product at Current Market						
Prices . . . . .	2,040,594.3	2,058,466.5	2,221,912.9	2,323,781.5	2,401,189.4	100.0
Net Factor Income from the Rest of the						
World . . . . .	16,609.8	16,943.8	23,413.6	28,055.4	42,128.6	1.8
Gross National Income at Current Market						
Price . . . . .	2,057,204.1	2,075,410.3	2,245,326.5	2,351,837.0	2,443,318.1	101.8

Note:

(1) Preliminary.

Source: The Bank of Korea



The following table sets out the Republic's GDP per capita:

**Gross Domestic Product per capita  
(at current market prices)**

	2019	2020	2021	2022	2023 <sup>(1)</sup>
GDP per capita (thousands of Won) .....	39,420	39,711	42,919	44,971	46,433
GDP per capita (U.S. dollar) .....	33,819	33,652	37,503	34,809	35,570
Average Exchange Rate (in Won per U.S. dollar) .....	1,165.7	1,180.1	1,144.4	1,292.0	1,305.4

Note:

(1) Preliminary.

Source: The Bank of Korea

The following table sets out the Republic's Gross National Income, or GNI, per capita:

**Gross National Income per capita  
(at current market prices)**

	2019	2020	2021	2022	2023 <sup>(1)</sup>
GNI per capita (thousands of Won) .....	39,741	40,038	43,372	45,514	47,248
GNI per capita (U.S. dollar) .....	34,094	33,929	37,898	35,229	36,194
Average Exchange Rate (in Won per U.S. dollar) .....	1,165.7	1,180.1	1,144.4	1,292.0	1,305.4

Note:

(1) Preliminary.

Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector:

**Gross Domestic Product by Economic Sector  
(at chained 2020 year prices)**

	2019	2020	2021	2022	2023 <sup>(1)</sup>	As% of GDP 2023 <sup>(1)</sup>
	<i>(billions of Won)</i>					
Industrial Sectors: .....	730,320.1	719,110.4	754,589.3	771,177.9	782,080.7	34.9
Agriculture, Forestry and Fishing .....	34,808.6	32,481.6	33,598.5	33,866.3	32,972.5	1.5
Manufacturing, Mining and Quarrying .....	541,638.8	530,768.1	565,269.6	579,036.4	588,841.5	26.2
Mining and Quarrying .....	1,794.5	1,737.2	1,974.8	1,785.3	1,808.5	0.1
Manufacturing .....	539,843.1	529,030.9	563,294.8	577,227.8	587,008.9	26.2
Electricity, Gas and Water Supply .....	43,128.9	45,605.3	46,403.2	48,020.4	46,648.8	2.1
Construction .....	110,743.8	110,255.4	109,318.0	110,254.8	113,617.9	5.1
Services: .....	1,176,689.5	1,171,665.8	1,222,603.2	1,269,070.6	1,295,453.4	57.7

	2019	2020	2021	2022	2023 <sup>(1)</sup>	As% of GDP 2023 <sup>(1)</sup>
	(billions of Won)					
Wholesale and Retail Trade,						
Accommodation and Food Services . . . .	224,177.1	214,871.3	219,693.4	231,974.4	228,939.2	10.2
Transportation and Storage . . . . .	77,008.3	66,603.8	73,634.5	82,748.1	92,818.6	4.1
Finance and Insurance . . . . .	100,167.6	110,016.4	117,411.7	120,645.5	121,705.1	5.4
Real Estate . . . . .	155,441.6	161,030.1	163,741.0	160,447.8	160,758.7	7.2
Information and Communication . . . . .	85,575.8	89,215.3	97,513.5	99,786.9	100,881.1	4.5
Business Activities . . . . .	156,315.5	156,652.6	159,603.6	163,453.3	166,386.4	7.4
Public Administration, Defence and						
Social Security . . . . .	126,186.1	129,850.9	134,868.3	139,003.2	142,043.4	6.3
Education . . . . .	91,935.7	90,436.1	95,484.0	98,708.1	99,515.9	4.4
Human Health and Social Work . . . . .	104,355.6	106,034.6	112,370.6	119,255.3	124,697.3	5.6
Cultural and Other Services . . . . .	56,331.6	46,954.8	48,282.6	52,244.1	56,119.8	2.5
Taxes Less Subsidies on Products . . . . .	165,787.9	167,690.3	176,230.4	172,134.2	164,486.4	7.3
Gross Domestic Product <sup>(2)</sup> . . . . .	2,072,982.4	2,058,466.5	2,153,422.9	2,212,158.9	2,243,220.4	100.0

Notes:

(1) Preliminary.

(2) Under the “chain-linked” measure of GDP, the components of GDP will not necessarily add up to the total GDP.

Source: The Bank of Korea

GDP growth in 2019 was 2.3% at chained 2020 year prices, as aggregate private and general government consumption expenditures increased by 3.3% and imports of goods and services decreased by 2.0%, which more than offset a decrease in gross domestic fixed capital formation by 2.1% and a decrease in exports of goods and services by 0.2%, each compared with 2018.

GDP in 2020 contracted by 0.7% at chained 2020 year prices, primarily due to a 4.6% decrease in private consumption expenditures and a 1.7% decrease in exports of goods and services, which were offset in significant part by a 3.3% decrease in imports of goods and services, a 5.2% increase in general government consumption expenditures and a 2.8% increase in gross domestic fixed capital formation, each compared with 2019. The contraction of the Republic’s GDP in 2020 was primarily due to the COVID-19 pandemic.

GDP growth in 2021 was 4.6% at chained 2020 year prices, as exports of goods and services increased by 10.8%, aggregate private and general government consumption expenditures increased by 4.2% and gross domestic fixed capital formation increased by 4.3%, which more than offset an increase in imports of goods and services by 10.2%, each compared with 2020.

GDP growth in 2022 was 2.7% at chained 2020 year prices, as aggregate private and general government consumption expenditures increased by 4.2% and exports of goods and services increased by 3.9%, which more than offset an increase in imports of goods and services by 4.2% and a decrease in gross fixed capital formation by 0.2%, each compared with 2021.

Based on preliminary data, GDP growth in 2023 was 1.4% at chained 2020 year prices, as exports of goods and services increased by 3.6%, aggregate private and general government consumption expenditures increased by 1.6% and gross domestic fixed capital formation increased by 1.4%, which was offset in significant part by a 3.5% increase in imports of goods and services, each compared with 2022.

Based on preliminary data, GDP growth in the first quarter of 2024 was 3.3% at chained 2020 year prices, primarily due to a 9.1% increase in exports of goods and services, a 1.0% increase in private consumption

expenditures, a 0.4% decrease in imports of goods and services and a 0.9% increase in gross domestic fixed capital formation, the effects of which were offset in part by a 0.5% decrease in general government consumption expenditures, each compared with the corresponding period of 2023.

## Principal Sectors of the Economy

### *Industrial Sectors*

The following table sets out production indices for the principal industrial products of the Republic and their relative contribution to total industrial production:

<b>Industrial Production</b> <b>(2020 = 100)</b>						
	<b>Index</b>					
	<b>Weight<sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023<sup>(2)</sup></b>
Industries .....	10,000.0	100.3	100.0	108.2	108.8	108.7
Mining and Manufacturing .....	9,555.0	100.3	100.0	108.2	108.8	108.7
Mining .....	23.0	70.2	100.0	94.2	95.8	113.9
Manufacturing .....	9,532.0	100.4	100.0	108.2	108.8	108.7
Food Products .....	485.9	96.3	100.0	111.7	114.0	109.3
Beverage Products .....	102.0	112.5	100.0	93.0	91.4	77.7
Tobacco Products .....	44.7	92.9	100.0	88.4	93.2	100.9
Textiles .....	110.6	121.2	100.0	104.3	100.4	82.1
Wearing Apparel, Clothing						
Accessories and Fur Articles .....	83.2	158.9	100.0	137.3	117.6	114.0
Tanning and Dressing of Leather,						
Luggage and Footwear .....	17.6	180.7	100.0	92.0	78.7	49.4
Wood and Products of Wood and Cork						
(Except Furniture) .....	31.0	94.0	100.0	80.4	89.5	94.5
Pulp, Paper and Paper Products .....	133.8	106.4	100.0	97.5	95.1	93.7
Printing and Reproduction of						
Recorded Media .....	43.9	119.4	100.0	109.4	129.3	117.7
Coke, hard-coal and lignite fuel						
briquettes and Refined Petroleum						
Products .....	354.5	107.0	100.0	98.4	101.9	104.3
Chemicals and Chemical Products ...	756.8	100.8	100.0	105.9	93.6	91.0
Pharmaceuticals, Medicinal Chemicals						
and Botanical Products .....	288.9	77.6	100.0	96.2	111.7	141.2
Rubber and Plastic Products .....	414.8	111.3	100.0	104.5	110.9	112.8
Non-metallic Minerals .....	213.6	110.9	100.0	107.6	96.4	84.8
Basic Metals .....	600.2	106.1	100.0	101.0	95.5	97.5
Fabricated Metal Products .....	495.9	114.3	100.0	83.7	82.7	93.4
Electronic Components, Computer,						
Radio, Television and Communication						
Equipment and Apparatuses .....	2,402.9	303.0	300.0	342.5	316.7	329.7

	Index Weight <sup>(1)</sup>	2019	2020	2021	2022	2023 <sup>(2)</sup>
Medical, Precision and Optical						
Instruments, Watches and Clocks . . . .	389.1	336.9	300.0	297.5	365.1	364.4
Electrical Equipment . . . . .	478.2	105.4	100.0	113.4	138.3	120.8
Other Machinery and Equipment . . . .	776.7	104.0	100.0	116.6	113.4	108.6
Motor Vehicles, Trailers and						
Semitrailers . . . . .	1,014.2	122.8	100.0	109.6	121.0	137.1
Other Transport Equipment . . . . .	144.1	98.4	100.0	93.3	108.0	103.1
Furniture . . . . .	43.1	90.2	100.0	72.9	64.1	52.8
Other Products . . . . .	106.3	107.0	200.0	233.0	340.0	244.0
Electricity, Gas . . . . .	445.0	103.0	100.0	104.9	107.5	103.5
Total Index . . . . .	10,000.0	100.3	100.0	108.2	108.8	108.7

Notes:

- (1) Index weights were established on the basis of an industrial census in 2020 and reflect the average annual value added by production in each of the classifications shown, expressed as a percentage of total value added in the mining, manufacturing and electricity and gas industries in that year.
- (2) Preliminary.

Source: The Bank of Korea; Korea National Statistical Office

Industrial production increased by 0.9% in 2019, primarily due to increased domestic consumption. Industrial production decreased by 0.3% in 2020, primarily due to decreased domestic consumption and exports resulting from the COVID-19 pandemic. Industrial production recovered and increased by 8.2% in 2021, primarily due to increased exports and domestic consumption. Industrial production increased by 0.6% in 2022, primarily due to increased exports and domestic consumption. Based on preliminary data, industrial production decreased by 0.1% in 2023, primarily due to decreased domestic consumption and exports.

### **Manufacturing**

The manufacturing sector increased production by 0.9% in 2019, primarily due to increased demand for consumer electronics products and electronic components (including semiconductors). The manufacturing sector decreased production by 0.4% in 2020, primarily due to decreased demand for automobiles. The manufacturing sector increased production by 8.2% in 2021, primarily due to increased demand for consumer electronics products, electronic components (including semiconductors) and machinery. The manufacturing sector increased production by 0.6% in 2022, primarily due to increased demand for electrical equipment and automobiles. Based on preliminary data, the manufacturing sector decreased production by 0.1% in 2023, primarily due to decreased demand for electrical equipment and electronic components.

*Automobiles.* In 2019, automobile production decreased by 1.9%, domestic sales volume recorded a decrease of 1.8% and export sales volume recorded a decrease of 2.0%, compared with 2018, primarily due to decreased domestic production of automobiles resulting mainly from partial strikes by unionised workers of automobile manufacturers, increased overseas production, decreased domestic demand for automobiles and decreased demand for automobiles in China. In 2020, automobile production decreased by 11.2% and export sales volume recorded a decrease of 21.4%, compared with 2019, primarily due to a general decline in global demand for automobiles caused by the COVID-19 pandemic, which outpaced a 4.7% increase in domestic sales volume from 2019 to 2020, primarily due to increased domestic demand for automobiles. In 2021, automobile production decreased by 1.3% and domestic sales volume recorded a decrease of 8.5%, compared with 2020,

primarily due to the global shortage of semiconductors amid the COVID-19 pandemic, but exports sales volume recorded an increase of 8.6% compared with 2020, primarily due to an increase in the market share of domestic automobile manufacturers in the global automotive market. In 2022, automobile production increased by 8.5% and exports sales volume recorded an increase of 12.7%, compared with 2021, primarily due to an increase in demand for Korean automobiles in the global automotive market as well as the gradual easing of the global shortage of automotive semiconductors in the second half of 2022, but domestic sales volume recorded a decrease of 3.2% compared with 2021, primarily due to the global shortage of automotive semiconductors during the first half of 2022. Based on preliminary data, in 2023, automobile production increased by 13.0%, exports sales volume recorded an increase of 20.3% and domestic sales volume recorded an increase of 3.3%, compared with 2022, primarily due to the continued easing of the global shortage of automotive semiconductors and increased global and domestic demand for environmentally-friendly automobiles.

*Electronics.* In 2019, electronics production amounted to ₩322,729 billion, a decrease of 11.7% from the previous year, and exports amounted to U.S.\$176.9 billion, a decrease of 19.7% from the previous year, primarily due to a significant decrease in semiconductor prices. In 2019, export sales of semiconductor memory chips constituted approximately 17.6% of the Republic's total exports. In 2020, electronics production amounted to ₩332,084 billion, an increase of 2.9% from the previous year, and exports of electronics amounted to U.S.\$183.5 billion, an increase of 3.7% from the previous year, primarily due to an increase in demand for semiconductors, computers and other electronic apparatuses. In 2020, export sales of semiconductor memory chips constituted approximately 19.5% of the Republic's total exports. In 2021, electronics production amounted to ₩368,407 billion, an increase of 10.9% from the previous year, and exports amounted to U.S.\$227.6 billion, an increase of 24.0% from the previous year, primarily due to an increase in demand for semiconductors, display panels, mobile devices, solid state drives and secondary cell batteries. In 2021, export sales of semiconductor memory chips constituted approximately 20.0% of the Republic's total exports. In 2022, electronics production amounted to ₩369,552 billion, an increase of 0.3% from the previous year, and exports amounted to U.S.\$233.2 billion, an increase of 2.5% from the previous year, primarily due to an increase in demand for semiconductors, display panels and secondary cell batteries. In 2022, export sales of semiconductor memory chips constituted approximately 19.1% of the Republic's total exports. Based on preliminary data, in 2023, electronics production amounted to ₩322,857 billion, a decrease of 12.6% from the previous year, and exports amounted to U.S.\$186.8 billion, a decrease of 19.9% from the previous year, primarily due to a decrease in demand for semiconductors, computers and other electronic apparatuses. In 2023, export sales of semiconductor memory chips constituted approximately 15.8% of the Republic's total exports.

*Iron and Steel.* In 2019, crude steel production totalled 71.4 million tons, a decrease of 1.5% from 2018, primarily due to adverse conditions in the construction and shipbuilding industries, and export sales volume of iron and steel products decreased by 0.2%, primarily due to continued restrictions on imports of steel products imposed by the United States, Canada and the European Union. In 2020, crude steel production totalled 67.1 million tons, a decrease of 6.0% from 2019, primarily due to adverse conditions in the construction and shipbuilding industries in light of the COVID-19 pandemic, and export sales volume of iron and steel products decreased by 5.0%, primarily due to a decrease in global demand for crude steel products resulting from the COVID-19 pandemic. In 2021, crude steel production totalled 70.4 million tons, an increase of 4.9% from 2020, primarily due to an increase in domestic demand for crude steel products following a gradual economic recovery from the COVID-19 pandemic, but export sales volume of iron and steel products decreased by 6.1%, primarily due to an increase in the price of steel products coupled with a decrease in global demand for crude steel products resulting from the COVID-19 pandemic. In 2022, crude steel production totalled 65.8 million tons, a decrease of 6.5% from 2021, primarily due to disruptions in supply chain resulting from the invasion of Ukraine by Russia and the temporary closure of steel production plants in Korea due to a typhoon during the course of 2022, and export sales volume of iron and steel products decreased by 5.3%, primarily due to a decrease in global demand for crude steel products resulting from the lingering effects of the COVID-19 pandemic and a

general slowdown of the global economy. Based on preliminary data, in 2023, crude steel production totalled 66.7 million tons, an increase of 1.4% from 2022, primarily due to the re-opening of steel production plants in Korea following the recovery from the damage caused by a typhoon during 2022, and export sales volume of iron and steel products increased by 6.5%, primarily due to an increase in demand for crude steel products from North America and Japan.

*Shipbuilding.* In 2019, the Republic's shipbuilding orders amounted to approximately 10 million compensated gross tons, a decrease of 23.1% compared to 2018, primarily due to decreased demand for container carriers and bulk carriers, which more than offset increased demand for LNG carriers. In 2020, the Republic's shipbuilding orders amounted to approximately 8 million compensated gross tons, a decrease of 20.0% compared to 2019, primarily due to the adverse conditions in the domestic and global shipbuilding industry resulting from the COVID-19 pandemic. In 2021, the Republic's shipbuilding orders amounted to approximately 17 million compensated gross tons, an increase of 112.5% compared to 2020, primarily due to increased demand for container carriers and LNG carriers. In 2022, the Republic's shipbuilding orders amounted to approximately 16 million compensated gross tons, a decrease of 5.9% compared to 2021, primarily due to a decrease in demand for oil tankers and container carriers. Based on preliminary data, in 2023, the Republic's shipbuilding orders amounted to approximately 10 million compensated gross tons, a decrease of 37.5% compared to 2022, primarily due to decreased demand for container carriers and LNG carriers.

### ***Agriculture, Forestry and Fisheries***

The Government's agricultural policy has traditionally focused on:

- grain production;
- development of irrigation systems;
- land consolidation and reclamation;
- seed improvement;
- mechanisation measures to combat drought and flood damage; and
- increasing agricultural incomes.

Recently, however, the Government has increased emphasis on cultivating profitable crops and strengthening international competitiveness as a result of the continued opening of the domestic agricultural market.

In 2019, rice production decreased 5.1% from 2018 to 3.7 million tons. In 2020, rice production decreased 5.4% from 2019 to 3.5 million tons. In 2021, rice production increased 11.4% from 2020 to 3.9 million tons. In 2022, rice production decreased 2.6% from 2021 to 3.8 million tons. In 2023, rice production decreased 2.6% from 2022 to 3.7 million tons. Due to limited crop yields resulting from geographical and physical constraints, the Republic depends on imports for certain basic foodstuffs.

The Government is seeking to develop the fishing industry by encouraging the building of large fishing vessels and modernising fishing equipment, marketing techniques and distribution outlets.

In 2019, the agriculture, forestry and fisheries industry increased by 3.9% compared to 2018, primarily due to an increase in farming and livestock production. In 2020, the agriculture, forestry and fisheries industry decreased by 5.8% compared to 2019, primarily due to a decrease in farming and livestock production. In 2021, the agriculture, forestry and fisheries industry increased by 5.2% compared to 2020, primarily due to an increase in farming and fisheries production. Based on preliminary data, in 2022, the agriculture, forestry and fisheries industry decreased by 1.0% compared to 2021, primarily due to a decrease in farming and fisheries production. Based on preliminary data, in 2023, the agriculture, forestry and fisheries industry decreased by 2.4% compared to 2022, primarily due to a decrease in farming and fisheries production.

### **Construction**

In 2019, the construction industry decreased by 2.6% compared to 2018, primarily due to a continued decrease in the construction of residential buildings. In 2020, the construction industry decreased by 1.3% compared to 2019, primarily due to a decrease in the construction of residential buildings. In 2021, the construction industry decreased by 1.9% compared to 2020, primarily due to a decrease in the construction of residential buildings. Based on preliminary data, in 2022, the construction industry increased by 0.7% compared to 2021, primarily due to an increase in the construction of commercial buildings. Based on preliminary data, in 2023, the construction industry increased by 2.7% compared to 2022, primarily due to an increase in commercial buildings.

### **Electricity and Gas**

The following table sets out the Republic's dependence on imports for energy consumption:

#### **Dependence on Imports for Energy Consumption**

	<b>Total Primary Energy Supply</b>	<b>Imports</b>	<b>Imports Dependence Ratio</b>
	<i>(millions of tons of oil equivalents<sup>(1)</sup>, except ratios)</i>		
2019 .....	297.6	284.8	95.7
2020 .....	285.5	271.2	95.0
2021 .....	300.5	284.8	94.8
2022 <sup>(2)</sup> .....	304.0	287.0	94.4
2023 <sup>(2)</sup> .....	297.5	279.4	93.9

Notes:

(1) Conversion to tons of oil equivalents was calculated based on energy conversion factors under the Energy Act Enforcement Decree as amended in July 2017.

(2) Preliminary.

Source: Korea Energy Economics Institute; Korea National Statistical Office

Korea has almost no domestic oil or gas production and depends on imported oil and gas to meet its energy requirements. Accordingly, the international prices of oil and gas significantly affect the Korean economy. Any significant long-term increase in the prices of oil and gas will increase inflationary pressures in Korea and adversely affect the Republic's balance of trade.

To reduce its dependence on oil and gas imports, the Government has encouraged energy conservation and energy source diversification emphasising nuclear energy. The following table sets out the principal primary sources of energy supplied in the Republic, expressed in oil equivalents and as a percentage of total energy consumption.

## Primary Energy Supply by Source

	Coal		Gas		Oil		Nuclear		Others <sup>(1)</sup>		Total	
	Quantity	(%)	Quantity	(%)	Quantity	(%)	Quantity	(%)	Quantity	(%)	Quantity	(%)
	<i>(millions of tons of oil equivalents<sup>(2)</sup>, except percentages)</i>											
2019	85,048	28.6	53,875	18.1	115,408	38.8	31,079	10.4	12,201	4.1	297,612	100.0
2020	75,983	26.6	53,915	18.9	107,970	37.8	34,119	12.0	13,525	4.7	285,512	100.0
2021	76,968	25.6	59,594	19.8	115,204	38.3	33,657	11.2	15,092	5.0	300,515	100.0
2022 <sup>(3)</sup>	75,869	25.0	59,176	19.5	114,675	37.7	37,500	12.3	16,734	5.5	303,954	100.0
2023 <sup>(3)</sup>	73,516	24.7	56,770	19.1	111,081	37.3	38,442	12.9	17,710	6.0	297,519	100.0

Notes:

- (1) Includes hydro-electric power, biofuels and waste-based energy, geothermal and solar power and heat.
- (2) Conversion to tons of oil equivalents was calculated based on energy conversion factors under the Energy Act Enforcement Decree as amended in July 2017.
- (3) Preliminary.

Source: Korea Energy Economics Institute; The Bank of Korea

The Republic's first nuclear power plant went into full operation in 1978 with a rated generating capacity of 587 megawatts. As of 31 December 2023, the Republic had 25 nuclear plants with a total estimated nuclear power installed generating capacity of 24,650 megawatts and three nuclear plants under construction.

In January 2023, the Government announced the Tenth Basic Plan of Long-Term Electricity Supply and Demand for the period from 2022 to 2036, which focuses on, among other things, (i) establishing a stable and safe source of energy supply for the long term, (ii) setting attainable goals for energy transition through a balanced mix of nuclear power and renewable energy, (iii) reducing greenhouse gas by cutting back on coal-fired generation, and (iv) diversifying the electricity market system and promoting fair competition in the renewable energy market. Furthermore, the Tenth Basic Plan includes the following implementation measures: (i) the previously suspended construction of two nuclear power units will be resumed, (ii) existing nuclear power plants will continue their operation, (iii) 28 coal-fired generation plants will be retired and converted to LNG fuel use by 2036, (iv) ammonia-coal and hydrogen-LNG co-firing will be introduced to reduce greenhouse gas, and (v) domestic renewable energy generation capacity will be expanded to 108.3 gigawatts by 2036. In May 2024, the Government revealed the working plan of the Eleventh Basic Plan of Long-Term Electricity Supply and Demand, with plans to release the final version at a later date in 2024. Such working plan, which covers the period from 2024 to 2038, includes (i) prioritisation of carbon-free power sources, with the goal of increasing the proportion of such sources to 70% of total energy generation by 2038, (ii) projections of renewable energy capacity increases (solar and wind energy capacity is projected to triple from 23 gigawatts in 2022 to 72 gigawatts by 2030, with the total renewable energy capacity projected to reach 120 gigawatts by 2038), and (iii) capacity for the addition of up to 4.2 gigawatts (3 units) of new large-scale nuclear power plants and 0.7 gigawatts (1 unit) of a new small modular reactor.

### **Services Sector**

In 2019, the service industry increased by 2.7% compared to 2018 as the health and social work sector increased by 9.0%, the professional, scientific and technical activities sector increased by 6.3% and the water supply, sewage, waste management and materials recovery sector increased by 4.8%, each compared with 2018. In 2020, the service industry decreased by 0.7% compared to 2019 as the arts, sports and recreation related services sector decreased by 31.9%, the accommodation and food service activities sector decreased by 17.9% and the transportation and storage sector decreased by 12.4%, each compared with 2019. In 2021, the service industry



increased by 8.8% compared to 2020 as the arts, sports and recreation related services sector increased by 18.8%, the information and communications sector increased by 14.6% and the transportation and storage sector increased by 11.9%, each compared with 2020. In 2022, the service industry increased by 11.6% compared to 2021 as the arts, sports and recreation related services sector increased by 48.5%, the transportation and storage sector increased by 30.5% and the accommodation and food services sector increased by 25.6%, each compared with 2021. Based on preliminary data, in 2023, the service industry increased by 4.8% compared to 2022 as the arts, sports and recreation related services sector increased by 9.8%, the membership organisations, repair and other personal services sector increased by 8.9% and the financial and insurance activities sector increased by 8.1%, each compared with 2022.

### *Prices, Wages and Employment*

The following table shows selected price and wage indices and unemployment rates:

	<b>Producer Price Index<sup>(1)</sup></b>	<b>Increase (Decrease) Over Previous Year</b>	<b>Consumer Price Index<sup>(1)</sup></b>	<b>Increase (Decrease) Over Previous Year</b>	<b>Wage Index<sup>(1)(2)</sup></b>	<b>Increase (Decrease) Over Previous Year</b>	<b>Unemploy ment Rate<sup>(1)(3)</sup></b>
	<i>(2015=100)</i>	<i>(%)</i>	<i>(2020=100)</i>	<i>(%)</i>	<i>(2015=100)</i>	<i>(%)</i>	<i>(%)</i>
2019 .....	103.5	0.0	99.5	0.4	116.2	2.3	3.8
2020 .....	103.0	(0.5)	100.0	0.5	115.5	(0.6)	4.0
2021 .....	109.6	6.4	102.5	2.5	123.5	6.9	3.7
2022 .....	118.8	8.4	107.7	5.1	130.7	5.8	2.9
2023 .....	120.7	1.6	111.6	3.6	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>	2.7

Notes:

- (1) Average for the year.
- (2) Nominal wage index of average earnings in the manufacturing industry.
- (3) Expressed as a percentage of the economically active population.
- (4) Not available.

Source: The Bank of Korea; Korea National Statistical Office

In 2019, the inflation rate decreased to 0.4%, primarily due to decreases in the prices of agricultural and livestock products and oil. In 2020, the inflation rate increased to 0.5%, primarily due to increases in agricultural and livestock product prices. In 2021, the inflation rate increased to 2.5%, primarily due to increases in agricultural and livestock product prices and oil prices. In 2022, the inflation rate increased to 5.1%, primarily due to increases in agricultural and livestock product prices and oil prices. Based on preliminary data, in 2023, the inflation rate decreased to 3.6%, primarily due to a slower rate of increase in the prices of agricultural and livestock products and oil. Based on preliminary data, the inflation rate was 3.0% in the first quarter of 2024.

In 2019, the unemployment rate remained constant at 3.8%. In 2020, the unemployment rate increased to 4.0%, primarily due to the COVID-19 pandemic. In 2021, the unemployment rate decreased to 3.7%, reflecting a gradual recovery of the Korean economy from the COVID-19 pandemic. In 2022, the unemployment rate decreased to 2.9%, reflecting a gradual recovery of the Korean economy from the COVID-19 pandemic. Based on preliminary data, in 2023, the unemployment rate decreased to 2.7%, primarily due to an increase in the number of workers employed in the service industry. Based on preliminary data, the unemployment rate was 3.3% in the first quarter of 2024.

From 1992 to 2009, the economically active population of the Republic increased by approximately 24.8% to 24.3 million, while the number of employees increased by approximately 23.7% to 23.5 million. The economically active population over 15 years old as a percentage of the total over-15 population has remained between 61% and 65% over the past decade. Literacy among workers under 50 is almost universal. As of 31 December 2023, the economically active population of the Republic was 29.2 million and the number of employees was 28.4 million.

The following table shows selected employment information by industry and by gender:

	2019	2020	2021	2022	2023
	<i>(all figures in percentages, except as indicated)</i>				
Labour force (in thousands of persons) .....	27,123	26,904	27,273	28,089	28,416
Employment by Industry:					
Agriculture, Forestry and Fishing .....	5.1	5.4	5.3	5.4	5.3
Mining and Manufacturing .....	16.4	16.3	16.1	16.1	15.7
S.O.C & Services .....	78.5	78.3	78.6	78.5	79.0
Electricity, Transport, Communication and Finance ...	11.7	11.8	12.3	12.4	12.5
Business, Private & Public Service and Other Services .....	37.4	38.0	38.6	39.0	39.4
Construction .....	7.4	7.5	7.7	7.6	7.4
Wholesale & Retail Trade, Hotels and Restaurants ...	22.0	21.0	20.0	19.6	19.6
Total Employed .....	100.0	100.0	100.0	100.0	100.0
Employment by Gender:					
Male .....	57.0	57.2	57.0	56.7	56.1
Female .....	43.0	42.8	43.0	43.3	43.9
Total Employed .....	100.0	100.0	100.0	100.0	100.0

Source: The Bank of Korea

Pursuant to certain amendments to the Labor Standards Act that became effective on 1 July 2018, the maximum working hours of employees have been reduced from 68 hours per week to 52 hours per week, and the number of special industries that are exempt from restrictions on maximum working hours will be significantly reduced. This new maximum working hours restriction under the amended Labor Standards Act is in effect for workplaces with 300 or more workers from 1 July 2018, and has been extended to workplaces with 50 or more but fewer than 300 workers from 1 January 2020, and has been further extended to workplaces with five or more but fewer than 50 workers from 1 July 2021.

Labour unrest in connection with demands by unionised workers for better wages and working conditions and greater job security occurs from time to time in the Republic. Some of the significant incidents in recent years include the following:

- In May 2019, unionised bus drivers launched a nationwide strike seeking higher wages and increased manpower in time for the 52-hour work week that was implemented in July 2019.
- In September 2019, unionised workers at GM Korea went on full strike, the first in more than 20 years, demanding higher wages and protesting against GM Korea's restructuring plans.

- In October and November 2019, several thousand members of the National Railroad Workers' Union went on full strike demanding a normalisation of wages and requesting the hiring of additional personnel.
- In October, November and December 2020, unionised workers at GM Korea went on partial strikes during wage and collective agreement negotiations.
- In November and December 2020, unionised workers at Kia went on partial strikes demanding higher wages, performance-based incentives and other benefits.
- In November and December 2021, unionised workers at Hankook Tire & Technology, one of Korea's largest tyre makers, went on a full strike demanding higher wages and performance-based incentive payments.
- In 2021, unionised workers at CJ Logistics, one of Korea's largest freight transportation companies, went on a series of partial strikes and demonstrations, demanding higher wages commensurate with increases in parcel delivery fees.
- In June and November 2022, unionised truck drivers across various industries went on nationwide strikes demanding that a minimum pay system based on freight rates be made permanent and expanded in scope.
- In 2022, subcontracted workers of Daewoo Shipping and Marine Engineering went on a full strike demanding higher wages.
- In September 2023, the National Railroad Workers' Union went on strike demanding improved pay and working conditions and an expansion of the KTX bullet train services.
- In November 2023, unionised Seoul subway workers went on strike in protest of the city-run Seoul Metro's bid to downsize its workforce.
- In early 2024, thousands of doctors went on strike to protest the Government's plans to increase the number of medical school admissions, and to demand higher pay and reductions in their workload, among others.

Actions such as these by labour unions may hinder implementation of the labour reform measures and disrupt the Government's plans to create a more flexible labour market. Although much effort is being expended to resolve labour disputes in a peaceful manner, there can be no assurance that further labour unrest will not occur in the future. Continued labour unrest in key industries of the Republic may have an adverse effect on the economy.

In 1997, the Korean Confederation of Trade Unions organised a political alliance, which led to the formation of the Democratic Labor Party in January 2000. The Democratic Labor Party merged with The New People's Participation Party and changed its name to The Unified Progressive Party, or the UPP, in December 2011. In October 2012, the UPP split and seven UPP members of the National Assembly and their supporters formed a new party, the Progressive Justice Party, which changed its name to the Justice Party in July 2013. In December 2014, the Constitutional Court ordered the dissolution of the UPP and the removal of the party's five lawmakers from the National Assembly for violating the Republic's Constitution after certain of its members were convicted of trying to instigate an armed rebellion and supporting North Korea. In the legislative general election held on 13 April 2016, the Justice Party won six seats in the National Assembly, and the members-elect began their four-year terms on 30 May 2016. As of 31 December 2023, the Justice Party held six seats in the National Assembly.

## ***Population and Birthrate***

The following table shows the population and birthrate of the Republic:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Population (in thousands of persons) . . . . .	51,850	51,829	51,639	51,439	51,325
Birthrate (percentage) <sup>(1)</sup> . . . . .	0.918	0.837	0.808	0.778	0.720 <sup>(2)</sup>

Notes:

(1) Represents the average number of children a woman gives birth to over her lifetime.

(2) Preliminary.

*Source: Ministry of the Interior and Safety; Korea National Statistical Office*

Both the population and birthrate in the Republic have been declining in recent years, with the population decreasing by 1.0% from 2019 to 2023, and the birthrate decreasing by 21.6% from 2019 to 2023.

## **The Financial System**

### ***Structure of the Financial Sector***

The Republic's financial sector includes the following categories of financial institutions:

- The Bank of Korea;
- banking institutions;
- non-bank financial institutions; and
- other financial entities, including:
  - financial investment companies;
  - credit guarantee institutions;
  - venture capital companies; and
  - miscellaneous others.

To increase transparency in financial transactions and enhance the integrity and efficiency of the financial markets, Korean law requires that financial institutions confirm that their clients use their real names when transacting business. The Government also strengthened confidentiality protection for private financial transactions.

In July 2007, the Korean National Assembly passed the Financial Investment Services and Capital Markets Act, or the FSCMA, under which various industry-based capital markets regulatory systems were consolidated into a single regulatory system. The FSCMA, which became effective in February 2009, expands the scope of permitted investment-related financial products and activities through expansive definitions of financial instruments and function-based regulations that allow financial investment companies to offer a wider range of financial services, as well as strengthening investor protection and disclosure requirements.

Prior to the effective date of the FSCMA, separate laws regulated various types of financial institutions depending on the type of the financial institution (for example, securities companies, futures companies, trust business companies and asset management companies) and subjected financial institutions to different licencing

and ongoing regulatory requirements (for example, under the Securities and Exchange Act, the Futures Trading Act and the Indirect Investment Asset Management Business Act). By applying one uniform set of rules to financial businesses having the same economic function, the FSCMA attempts to improve and address issues caused by the previous regulatory system under which the same economic function relating to capital markets-related business were governed by multiple regulations. To this end, the FSCMA categorises capital markets-related businesses into six different functions as follows:

- investment dealing (trading and underwriting of financial investment products);
- investment brokerage (brokerage of financial investment products);
- collective investment (establishment of collective investment schemes and the management thereof);
- investment advice;
- discretionary investment management; and
- trusts (together with the five businesses set forth above, the Financial Investment Businesses).

Accordingly, all financial businesses relating to financial investment products are classified as one or more of the Financial Investment Businesses described above, and financial institutions are subject to the regulations applicable to their relevant Financial Investment Businesses, irrespective of what type of financial institution it is. For example, under the FSCMA, derivative businesses conducted by securities companies and future companies are subject to the same regulations, at least in principle.

The banking business and the insurance business are not subject to the FSCMA and will continue to be regulated under separate laws; provided, however, that they are subject to the FSCMA if their activities involve any Financial Investment Businesses requiring a licence based on the FSCMA.

### ***Banking Industry***

The banking industry comprises commercial banks and specialised banks. Commercial banks serve the general public and corporate sectors. They include nationwide banks, regional banks and branches of foreign banks. Regional banks provide services similar to nationwide banks, but operate in a geographically restricted region. Branches of foreign banks have operated in the Republic since 1967 but provide a relatively small proportion of the country's banking services. As of 31 December 2023, there were six nationwide banks, six regional banks, three internet-only banks and 34 foreign banks with branches operating in the Republic.

Specialised banks meet the needs of specific sectors of the economy in accordance with Government policy; they are organised under, or chartered by, special laws. Specialised banks include (i) The Korea Development Bank, (ii) The Export-Import Bank of Korea, (iii) Industrial Bank of Korea, (iv) SuHyup Bank and (v) NongHyup Bank. The Government has made capital contributions to three of these specialised banks as follows:

- **The Korea Development Bank:** the Government owns directly all of its paid-in capital and has made capital contributions since its establishment in 1954. Recent examples include the Government's contributions to its capital of ₩555 billion in 2019, ₩2,103 billion in 2020, ₩1,121 billion in 2021, ₩1,265 billion in 2022 and ₩775 billion in 2023. Taking into account these capital contributions, its total paid-in capital was ₩23,927 billion as of 31 December 2023.
- **The Export-Import Bank of Korea:** the Government owns, directly and indirectly, all of its paid-in capital and has made capital contributions since its establishment in 1976. Recent examples include the Government's contributions to its capital of ₩56 billion in 2019, ₩578 billion in 2020, ₩299 billion in 2021, ₩25 billion in 2022 and ₩2,000 billion in 2023. Taking into account these capital contributions, its total paid-in capital was ₩14,773 billion as of 31 December 2023.

- Industrial Bank of Korea:** the Government directly owned 59.5% of its total shares (including common and preferred shares) as of 31 December 2023. The Government had owned all of the issued share capital of Industrial Bank of Korea until 1994, but the Government’s minimum share ownership requirement was repealed in 1997, and the Government has since periodically adjusted its ownership percentage in Industrial Bank of Korea through transactions involving the purchase and sale of its common shares. In 2019, Industrial Bank of Korea issued an aggregate of 17,178,164 new common shares to the Government for a total of ₩225 billion in cash. In 2020, Industrial Bank of Korea issued an aggregate of 161,507,381 new common shares to the Government for a total of ₩1,266 billion in cash. In November 2020, Industrial Bank of Korea acquired from the Government and cancelled an aggregate of 44,847,038 perpetual preferred shares that it had previously issued to the Government. In May 2021, Industrial Bank of Korea issued and sold 5,636,227 new ordinary shares to the Government for an aggregate consideration of ₩49 billion in cash. Taking into account such transactions, its total paid-in capital was ₩4,211 billion as of 31 December 2023.

The economic difficulties in 1997 and 1998 caused an increase in Korean banks’ non-performing assets and a decline in capital adequacy ratios of Korean banks. From 1998 through 2002, the Financial Services Commission amended banking regulations several times to adopt more stringent criteria for non-performing assets that more closely followed international standards.

The following table sets out the total loans (including loans in Won and loans in foreign currencies) and non-performing assets of Korean banks as of the dates indicated.

	<b>Total Loans</b>	<b>Non-Performing Assets<sup>(1)</sup></b>	<b>Percentage of Total</b>
	<i>(trillions of Won)</i>		<i>(percentage)</i>
31 December 2019 .....	1,980.6	15.3	0.8
31 December 2020 .....	2,171.7	13.9	0.6
31 December 2021 .....	2,371.9	11.8	0.5
31 December 2022 .....	2,532.4	10.1	0.4
31 December 2023 <sup>(2)</sup> .....	2,629.0	12.5	0.5

Notes:

(1) Assets classified as substandard or below.

(2) Preliminary.

Source: Financial Supervisory Service

In 2019, these banks posted an aggregate net profit of ₩13.9 trillion, compared to an aggregate net profit of ₩15.6 trillion in 2018, primarily due to losses on investments in subsidiaries and associates in 2019 compared to gains on investments in subsidiaries and associates in 2018, which more than offset decreased loan loss provisions. In 2020, these banks posted an aggregate net profit of ₩12.1 trillion, compared to an aggregate net profit of ₩13.9 trillion in 2019, primarily due to increased loan loss provisions. In 2021, these banks posted an aggregate net profit of ₩16.9 trillion, compared to an aggregate net profit of ₩12.1 trillion in 2020, primarily due to the significant amount of gains recognised by The Korea Development Bank in connection with the exercise of its right to convert its convertible bonds issued by HMM Company Limited into common shares, which took place in June 2021, and to a lesser extent, increased net interest income and decreased loan loss provisions. In 2022, these banks posted an aggregate net profit of ₩18.5 trillion, compared to an aggregate net profit of ₩16.9 trillion in 2021, primarily due to increased net interest income reflecting the rise in interest rates during 2022. Based on preliminary data, in 2023, these banks posted an aggregate net profit of ₩21.3 trillion,

compared to an aggregate net profit of ₩18.5 trillion in 2022, primarily due to an increase in net interest income, which was offset in part by an increase in loan loss provisions.

### ***Non-Bank Financial Institutions***

Non-bank financial institutions include:

- savings institutions, including trust accounts of banks, mutual savings banks, credit unions, mutual credit facilities, community credit cooperatives and postal savings;
- life insurance institutions; and
- credit card companies.

As of 31 December 2023, 79 mutual savings banks, 22 life insurance institutions, which include joint venture life insurance institutions and wholly-owned subsidiaries of foreign life insurance companies, and eight credit card companies operated in the Republic.

### ***Money Markets***

In the Republic, the money markets consist of the call market and markets for a wide range of other short-term financial instruments, including treasury bills, monetary stabilisation bonds, negotiable certificates of deposits, repurchase agreements and commercial paper.

### ***Securities Markets***

On 27 January 2005, the Korea Exchange was established pursuant to the now repealed Korea Securities and Futures Trading Act by consolidating the Korea Stock Exchange, the Korea Futures Exchange, the KOSDAQ Stock Market, Inc., or the KOSDAQ, and the KOSDAQ Committee of the Korea Securities Dealers Association, which had formerly managed the KOSDAQ. There are three major markets operated by the Korea Exchange: the KRX KOSPI Market, the KRX KOSDAQ Market, and the KRX Derivatives Market. The Korea Exchange has two trading floors located in Seoul, one for the KRX KOSPI Market and one for the KRX KOSDAQ Market, and one trading floor in Busan for the KRX Derivatives Market. The Korea Exchange is a joint stock company with limited liability, the shares of which are held by (i) financial investment companies that were formerly members of the Korea Futures Exchange or the Korea Stock Exchange and (ii) the stockholders of the KOSDAQ. Currently, the Korea Exchange is the only stock exchange in Korea and is operated by membership, having as its members Korean financial investment companies and some Korean branches of foreign financial investment companies.

The Korea Exchange publishes the Korea Composite Stock Price Index every ten seconds, which is an index of all equity securities listed on the Korea Exchange. The Korea Composite Stock Price Index is computed using the aggregate value method, whereby the market capitalisations of all listed companies are aggregated, subject to certain adjustments, and this aggregate is expressed as a percentage of the aggregate market capitalisation of all listed companies as of the base date, 4 January 1980.

The following table shows the value of the Korea Composite Stock Price Index as of the dates indicated:

30 December 2019	2,197.7
31 January 2020	2,119.0
28 February 2020	1,987.0
31 March 2020	1,754.6
29 April 2020	1,947.6
29 May 2020	2,029.6
30 June 2020	2,108.3
31 July 2020	2,249.4
31 August 2020	2,326.2
29 September 2020	2,327.9
30 October 2020	2,267.2
30 November 2020	2,591.3
30 December 2020	2,873.5
29 January 2021	2,976.2
26 February 2021	3,013.0
31 March 2021	3,061.4
30 April 2021	3,147.9
31 May 2021	3,203.9
30 June 2021	3,296.7
30 July 2021	3,202.3
31 August 2021	3,199.3
30 September 2021	3,068.8
29 October 2021	2,970.7
30 November 2021	2,839.0
30 December 2021	2,977.7
28 January 2022	2,663.3
28 February 2022	2,699.2
31 March 2022	2,757.7
29 April 2022	2,695.1
31 May 2022	2,685.9
30 June 2022	2,332.6
29 July 2022	2,451.5
31 August 2022	2,472.1
30 September 2022	2,155.5
31 October 2022	2,293.6
30 November 2022	2,472.5
29 December 2022	2,236.4
31 January 2023	2,425.1
28 February 2023	2,412.9
31 March 2023	2,476.9



28 April 2023 .....	2,501.5
31 May 2023 .....	2,577.1
30 June 2023 .....	2,564.3
31 July 2023 .....	2,632.6
31 August 2023 .....	2,556.3
27 September 2023 .....	2,465.1
31 October 2023 .....	2,278.0
30 November 2023 .....	2,535.3
28 December 2023 .....	2,655.3
31 January 2024 .....	2,497.1
29 February 2024 .....	2,642.4
29 March 2024 .....	2,746.6
30 April 2024 .....	2,692.1
31 May 2024 .....	2,636.5
28 June 2024 .....	2,797.8
31 July 2024 .....	2,770.7

Over the years, liquidity and credit concerns and volatility in the global financial markets have led to fluctuations in the stock prices of Korean companies. In recent years, there was significant volatility in the stock prices of Korean companies due to deteriorating market conditions domestically and abroad. The index was 2,707.7 on 22 August 2024.

### ***Supervision System***

The Office of Bank Supervision, the Securities Supervisory Board, the Insurance Supervisory Board and all other financial sector regulatory bodies merged in January 1999 to form the Financial Supervisory Service. The Financial Services Commission acts as the executive body over the Financial Supervisory Service. The Financial Services Commission reports to, but operates independently of, the Prime Minister's office.

The Ministry of Economy and Finance focuses on financial policy and foreign currency regulations. The Bank of Korea manages monetary policy focusing on price stabilisation.

### ***Deposit Insurance System***

The Republic's deposit insurance system insures amounts on deposit with banks, non-bank financial institutions, securities companies and life insurance companies.

Since January 2001, deposits at any single financial institution are insured only up to ₩50 million per person regardless of the amount deposited.

The Government excluded certain deposits, such as repurchase agreements, from the insurance scheme, expanded the definition of unsound financial institutions to which the insurance scheme would apply and gradually increased the insurance premiums payable by insured financial institutions.

### **Monetary Policy**

#### ***The Bank of Korea***

The Bank of Korea was established in 1950 as Korea's central bank and the country's sole currency issuing bank. A seven-member Monetary Policy Committee, chaired by the Governor of The Bank of Korea, formulates and controls monetary and credit policies.

Inflation targeting is the basic system of operation for Korean monetary policy. The consumer price index is used as The Bank of Korea's target indicator. To achieve its established inflation target, the Monetary Policy Committee of The Bank of Korea determines and announces the "Bank of Korea Base Rate", the reference rate applied in transactions such as repurchase agreements between The Bank of Korea and its financial institution counterparts. The Bank of Korea uses open market operations as its primary instrument to keep the call rate in line with the Monetary Policy Committee's target rate. In addition, The Bank of Korea is able to establish policies regarding its lending to banks in Korea and their reserve requirements.

### ***Interest Rates***

On 30 November 2017, The Bank of Korea raised its policy rate to 1.5% from 1.25%, which was further raised to 1.75% on 30 November 2018, in response to signs of inflationary pressures and the continued growth of the global and domestic economy. The Bank of Korea lowered its policy rate to 1.5% from 1.75% on 18 July 2019 and to 1.25% from 1.5% on 16 October 2019 to address the sluggishness of the global and domestic economy. On 16 March 2020, The Bank of Korea further lowered its policy rate to 0.75% from 1.25%, which was further lowered to 0.5% on 28 May 2020, in response to deteriorating economic conditions resulting from the COVID-19 pandemic. However, as the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021. The Bank of Korea raised its policy rate from 0.50% to 0.75% on 26 August 2021, 1.00% on 25 November 2021, 1.25% on 14 January 2022, 1.50% on 14 April 2022, 1.75% on 26 May 2022, 2.25% on 13 July 2022, 2.50% on 25 August 2022, 3.00% on 12 October 2022, 3.25% on 24 November 2022 and 3.50% on 13 January 2023 in response to rising levels of household debt and inflationary pressures.

With the deregulation of interest rates on banks' demand deposits on 2 February 2004, The Bank of Korea completed the interest rate deregulation based upon the "Four-Stage Interest Rate Liberalisation Plan" announced in 1991. The prohibition on the payment of interest on ordinary checking accounts was, however, maintained.

### ***Money Supply***

The following table shows the volume of the Republic's money supply:

	<b>31 December</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(billions of Won)</i>				
Money Supply (M1) <sup>(1)</sup> .....	952,922.8	1,197,828.9	1,372,336.6	1,236,983.3	1,246,196.4
Quasi-money <sup>(2)</sup> .....	1,960,686.8	2,002,006.8	2,241,351.0	2,521,252.2	2,658,356.2
Money Supply (M2) <sup>(3)</sup> .....	2,913,609.6	3,199,835.7	3,613,687.6	3,758,235.5	3,904,552.6
Percentage Increase Over Previous Year .....	7.9%	9.8%	12.9%	4.0%	3.9%

Notes:

(1) Consists of currency in circulation and demand and instant access savings deposits at financial institutions.

(2) Includes time and instalment savings deposits, marketable instruments, yield-based dividend instruments and financial debentures, excluding financial instruments with a maturity of more than two years.

(3) Money Supply (M2) is the sum of Money Supply (M1) and quasi-money.

Source: The Bank of Korea

### *Exchange Controls*

Authorised foreign exchange banks, as registered with the Ministry of Economy and Finance, handle foreign exchange transactions. The ministry has designated other types of financial institutions to handle foreign exchange transactions on a limited basis.

Korean laws and regulations generally require a report to either the Ministry of Economy and Finance, The Bank of Korea or authorised foreign exchange banks, as applicable, for issuances of international bonds and other instruments, overseas investments and certain other transactions involving foreign exchange payments.

In 1994 and 1995, the Government relaxed regulations of foreign exchange position ceilings and foreign exchange transaction documentation and created free Won accounts which may be opened by non-residents at Korean foreign exchange banks. The Won funds deposited into the free Won accounts may be converted into foreign currencies and remitted outside Korea without any governmental approval. In December 1996, after joining the OECD, the Republic freed the repatriation of investment funds, dividends and profits, as well as loan repayments and interest payments. The Government continues to reduce exchange controls in response to changes in the world economy, including the new trade regime under the WTO, anticipating that such foreign exchange reform will improve the Republic's competitiveness and encourage strategic alliances between domestic and foreign entities.

In September 1998, the National Assembly passed the Foreign Exchange Transactions Act, which became effective in April 1999 and has subsequently been amended numerous times. In principle, most currency and capital transactions, including, among others, the following transactions, have been liberalised:

- the investment in real property located overseas by Korean companies and financial institutions;
- the establishment of overseas branches and subsidiaries by Korean companies and financial institutions;
- the investment by non-residents in deposits and trust products having more than one year maturities; and
- the issuance of debentures by non-residents in the Korean market.

To minimise the adverse effects from further opening of the Korean capital markets, the Ministry of Economy and Finance is authorised to introduce a variable deposit requirement system to restrict the influx of short-term speculative funds.

The Government has also embarked on a second set of liberalisation initiatives starting in January 2001, under which ceilings on international payments for Korean residents have been eliminated, including overseas travel expenses, overseas inheritance remittances and emigration expenses. Overseas deposits, trusts, acquisitions of foreign securities and other foreign capital transactions made by residents and the making of deposits in Korean currency by non-residents have also been liberalised. In line with the foregoing liberalisation, measures will also be adopted to curb illegal foreign exchange transactions and to stabilise the foreign exchange market.

Effective as of 1 January 2006, the Government liberalised the regulations governing "capital transactions". The regulations provide that no regulatory approvals are required for any capital transactions. The capital transactions previously subject to approval requirements are now subject only to reporting requirements.

In January 2010, the Financial Supervisory Services released FX Derivative Transactions Risk Management Guideline to prevent over-hedging of foreign exchange risk by corporate investors. According to the guideline as amended in October 2023, if a corporate investor, other than a financial institution or a public enterprise, wishes to enter into a currency forward, currency option, foreign exchange swap or currency swap agreement with a bank, the bank is required to verify whether the corporate investor's assets, liabilities or contracts face foreign exchange risks that could be mitigated by a currency forward, currency option, foreign exchange swap or currency swap agreement. In addition, the bank is required to ensure that the corporate investor's risk hedge ratio, which is the ratio of the aggregate notional amount to the aggregate amount of risk, does not exceed 100%.

### **Foreign Exchange**

The following table shows the exchange rate between the Won and the U.S. dollar (in Won per U.S. dollar) as announced by the Seoul Money Brokerage Services, Ltd. as of the dates indicated:

	<b>Won/U.S. Dollar Exchange Rate</b>
31 December 2019 .....	1,157.8
31 January 2020 .....	1,183.5
28 February 2020 .....	1,215.9
31 March 2020 .....	1,222.6
29 April 2020 .....	1,225.2
29 May 2020 .....	1,239.4
30 June 2020 .....	1,200.7
31 July 2020 .....	1,191.4
31 August 2020 .....	1,185.1
29 September 2020 .....	1,173.5
30 October 2020 .....	1,133.4
30 November 2020 .....	1,104.4
31 December 2020 .....	1,088.0
29 January 2021 .....	1,114.6
26 February 2021 .....	1,108.4
31 March 2021 .....	1,133.5
30 April 2021 .....	1,119.4
31 May 2021 .....	1,116.0
30 June 2021 .....	1,130.0
30 July 2021 .....	1,147.4
31 August 2021 .....	1,164.4
30 September 2021 .....	1,184.9
29 October 2021 .....	1,171.7
30 November 2021 .....	1,193.4
31 December 2021 .....	1,185.5
28 January 2022 .....	1,202.4
28 February 2022 .....	1,202.7
31 March 2022 .....	1,210.8
29 April 2022 .....	1,269.4
31 May 2022 .....	1,245.8
30 June 2022 .....	1,299.4
29 July 2022 .....	1,304.0
31 August 2022 .....	1,347.5
30 September 2022 .....	1,434.8
31 October 2022 .....	1,419.3
30 November 2022 .....	1,331.5
30 December 2022 .....	1,267.3
31 January 2023 .....	1,228.7
28 February 2023 .....	1,317.4
31 March 2023 .....	1,303.8
28 April 2023 .....	1,339.9

	<b>Won/U.S. Dollar Exchange Rate</b>
31 May 2023 .....	1,322.2
30 June 2023 .....	1,312.8
31 July 2023 .....	1,280.0
31 August 2023 .....	1,321.4
27 September 2023 .....	1,344.8
31 October 2023 .....	1,352.8
30 November 2023 .....	1,289.0
29 December 2023 .....	1,289.4
31 January 2024 .....	1,330.6
29 February 2024 .....	1,334.0
29 March 2024 .....	1,346.8
30 April 2024 .....	1,378.1
31 May 2024 .....	1,376.5
28 June 2024 .....	1,389.2
31 July 2024 .....	1,384.6

During the period from 2 January 2008 through 16 April 2009, the value of the Won relative to the U.S. dollar declined by approximately 29.9%, due primarily to adverse economic conditions resulting from liquidity and credit concerns and volatility in the global credit and financial markets and repatriations by foreign investors of their investments in the Korean stock market. The exchange rate between the Won and the U.S. dollar has fluctuated since then. In recent years, the value of the Won relative to the U.S. dollar fluctuated significantly, due primarily to the impact of the COVID-19 pandemic, the invasion of Ukraine by Russia and the ensuing sanctions against Russia, the escalation of hostilities in the Middle East following the Israel-Hamas war and the widening difference in policy rates between the United States and the Republic, among others. The market average exchange rate was Won 1,332.4 to U.S.\$1.00 on 22 August 2024.

## **Balance of Payments and Foreign Trade**

### ***Balance of Payments***

Balance of payments figures measure the relative flow of goods, services and capital into and out of the country as represented in the current balance and the capital balance. The current balance tracks a country's trade in goods and services and transfer payments and measures whether a country is living within its income from trading and investments. The capital balance covers all transactions involving the transfer of capital into and out of the country, including loans and investments. The overall balance represents the sum of the current and capital balances. An overall balance surplus indicates a net inflow of foreign currencies, thereby increasing demand for and strengthening the local currency. An overall balance deficit indicates a net outflow of foreign currencies, thereby decreasing demand for and weakening the local currency. The financial account mirrors the overall balance. If the overall balance is positive, the surplus, which represents the nation's savings, finances the overall deficit of the country's trading partners. Accordingly, the financial account will indicate cash outflows equal to the overall surplus. If, however, the overall balance is negative, the nation has an international deficit which must be financed. Accordingly, the financial account will indicate cash inflows equal to the overall deficit.

The following table sets out certain information with respect to the Republic's balance of payments:

### Balance of Payments<sup>(1)</sup>

Classification	2019	2020	2021	2022 <sup>(4)</sup>	2023 <sup>(4)</sup>
	<i>(millions of dollars)</i>				
Current Account .....	59,676.1	75,902.2	85,228.2	25,828.6	35,488.2
Goods .....	79,812.1	80,604.8	75,730.9	15,620.0	34,092.4
Exports <sup>(2)</sup> .....	556,667.9	517,909.3	649,475.2	694,324.1	645,048.1
Imports <sup>(2)</sup> .....	476,855.8	437,304.5	573,744.3	678,704.1	610,955.7
Services .....	(26,845.3)	(14,670.1)	(5,286.7)	(7,253.1)	(25,660.0)
Income .....	12,856.0	13,486.9	19,444.9	20,347.1	31,605.3
Current Transfers .....	(6,146.7)	(3,519.4)	(4,660.9)	(2,885.4)	(4,549.5)
Capital and Financial Account .....	58,857.6	80,996.4	78,335.3	27,063.2	32,435.2
Capital Account .....	(169.3)	(386.3)	(155.3)	0.7	42.3
Financial Account <sup>(3)</sup> .....	59,026.9	81,382.7	78,490.6	27,062.5	32,392.9
Net Errors and Omissions .....	(479.9)	5,866.8	(6,582.3)	1,233.2	(3,137.6)

Notes:

- (1) Figures are prepared based on the sixth edition of the Balance of Payment Manual published by International Monetary Fund in December 2010 and implemented by the Government in December 2013. In December 2018, The Bank of Korea revised the Republic's balance of payments information to capture new economic activities and reflect the changes in raw data.
- (2) These entries are derived from trade statistics and are valued on a free on board basis, meaning that the insurance and freight costs are not included.
- (3) Includes borrowings from the IMF, syndicated bank loans and short-term borrowings.
- (4) Preliminary.

Source: The Bank of Korea

Based on preliminary data, the current account surplus in 2022 decreased to U.S.\$25.8 billion from the current account surplus of U.S.\$85.2 billion in 2021, primarily due to a decrease in surplus from the goods account, the effect of which was offset in part by a decrease in deficit from the current transfers account and an increase in surplus from the income account. Based on preliminary data, the current account surplus in 2023 increased to U.S.\$35.5 billion in 2023 from the current account surplus of U.S.\$25.8 billion in 2022, primarily due to an increase in surplus from the goods account, as well as an increase in surplus from the income account, the effects of which were offset in part by an increase in deficit from the services account. Based on preliminary data, the Republic recorded a current account surplus of U.S.\$16.8 billion in the first quarter of 2024, which represented a change from the current account deficit of U.S.\$6.0 billion in the corresponding period of 2023, primarily due to a change from a deficit to a surplus from the goods account and a decrease in deficit from services account, the effects of which were offset in part by a decrease in surplus from the income account.

### Foreign Direct Investment

Since 1960, the Government has adopted a broad range of related laws, administrative rules and regulations that provide a framework for the conduct and regulation of foreign investment activities. In September 1998, the Government promulgated the Foreign Investment Promotion Act, or the FIPA, which replaced previous foreign direct investment related laws, rules and regulations, to promote inbound foreign investments by providing incentives to, and facilitating investment activities in the Republic by, foreign nationals. The FIPA prescribes, among others, procedural requirements for inbound foreign investments, incentives for foreign investments such as tax reductions, and requirements relating to designation and development of foreign investment target regions. The Government believes that providing a stable and receptive environment for foreign direct investment will accelerate the inflow of foreign capital, technology and management techniques.

The following table sets forth information regarding annual foreign direct investment in the Republic for the periods indicated.

### Foreign Direct Investment

	2019	2020	2021	2022	2023 <sup>(2)</sup>
	<i>(billions of dollars)</i>				
Contracted and Reported Investment					
Greenfield Investment <sup>(1)</sup> .....	15.9	14.5	18.1	22.3	23.5
Merger & Acquisition .....	7.4	6.2	11.4	8.1	9.2
Total .....	23.3	20.7	29.5	30.4	32.7
Actual Investment .....	13.4	11.4	18.6	18.2	18.8

Notes:

(1) Includes building new factories and operational facilities.

(2) Preliminary.

Source: Ministry of Trade, Industry and Energy

In 2022, the contracted and reported amount of foreign direct investment in the Republic increased to U.S.\$30.4 billion from U.S.\$29.5 billion in 2021, primarily due to an increase in foreign investment in the manufacturing sector to U.S.\$12.5 billion in 2022 from U.S.\$5.0 billion in 2021.

Based on preliminary data, in 2023, the contracted and reported amount of foreign direct investment in the Republic increased to U.S.\$32.7 billion from U.S.\$30.4 billion in 2022, primarily due to an increase in foreign investment in the services sector to U.S.\$17.8 billion in 2023 from U.S.\$16.6 billion in 2022.

The following table sets forth information regarding the source of foreign direct investment by region and country for the periods indicated:

### Foreign Direct Investment by Region and Country

	2019	2020	2021	2022	2023
	<i>(billions of dollars)</i>				
North America					
U.S.A. ....	6.8	5.3	5.3	8.7	6.1
Others .....	1.7	3.5	1.6	5.8	6.5
	8.6	8.8	6.9	14.5	12.6
Asia					
Japan .....	1.4	0.8	1.2	1.5	1.3
Hong Kong .....	1.9	1.1	0.6	0.4	1.2
Singapore .....	1.3	2.3	4.2	3.2	2.7
China .....	1.0	2.0	1.9	1.5	1.6
Others .....	1.0	0.4	1.2	0.5	1.8
	6.6	6.6	9.1	7.1	8.6
Europe					
Netherlands .....	1.7	0.6	1.0	4.9	1.1
England .....	2.1	0.7	0.8	0.6	3.6
Germany .....	0.4	0.5	2.8	0.5	0.2
France .....	0.1	0.2	0.2	0.2	1.2
Others .....	3.1	2.8	8.0	1.9	3.7
	7.4	4.8	12.8	8.1	9.8
Other regions and countries .....	0.7	0.5	0.7	0.8	1.7
Total .....	23.3	20.7	29.5	30.4	32.7

Source: Ministry of Trade, Industry and Energy

### Trade Balance

Trade balance figures measure the difference between a country's exports and imports. If exports exceed imports the country has a trade balance surplus while if imports exceed exports the country has a deficit. A deficit, indicating that a country's receipts from abroad fall short of its payments to foreigners, must be financed, rendering the country a debtor nation. A surplus, indicating that a country's receipts exceed its payments to foreigners, allows the country to finance its trading partners' net deficit to the extent of the surplus, rendering the country a creditor nation.



The following table summarises the Republic's trade balance for the periods indicated:

### Trade Balance

	Exports <sup>(1)</sup>	As % of GDP <sup>(2)</sup>	Imports <sup>(1)</sup>	As % of GDP <sup>(2)</sup>	Balance of Trade	Exports as % of Imports
	<i>(billions of dollars, except percentages)</i>					
2019 .....	542.2	31.0%	503.3	28.7%	38.9	107.7%
2020 .....	512.5	29.4%	467.6	26.8%	44.9	109.6%
2021 .....	644.4	33.2%	615.1	31.7%	29.3	104.8%
2022 .....	683.6	38.0%	731.4	40.7%	(47.8)	93.5%
2023 <sup>(3)</sup> .....	632.4	34.4%	642.6	34.9%	(10.2)	98.4%

Notes:

- (1) These entries are derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.
- (2) At current market prices.
- (3) Preliminary.

Source: The Bank of Korea; Korea Customs Service

The Republic, due to its lack of natural resources, relies on extensive trading activity for growth. The country meets virtually all domestic requirements for petroleum, wood and rubber with imports, as well as much of its coal and iron needs. Exports consistently represent a high percentage of GDP and, accordingly, the international economic environment is of crucial importance to the Republic's economy. See "—The Economy—Worldwide Economic and Financial Difficulties".

The following tables give information regarding the Republic's exports and imports by major commodity groups:

### Exports by Major Commodity Groups (C.I.F.)<sup>(1)</sup>

	As % of 2019		As % of 2020		As % of 2021		As % of 2022		As % of 2023	
	2019	Total	2020	Total	2021	Total	2022	Total	2023 <sup>(2)</sup>	Total <sup>(2)</sup>
	<i>(billions of dollars, except percentages)</i>									
Foods & Consumer Goods .....	8.2	1.5	8.6	1.7	9.8	1.5	10.4	1.5	10.8	1.7
Raw Materials and Fuels .....	48.8	9.0	32.1	6.3	51.4	8.0	75.1	11.0	62.7	9.9
Petroleum & Derivatives .....	41.3	7.6	24.7	4.8	38.8	6.0	63.3	9.3	52.4	8.3
Others .....	7.5	1.4	7.4	1.4	12.6	2.0	11.8	1.7	10.3	1.6
Light Industrial Products .....	34.2	6.3	32.4	6.3	35.3	5.5	35.2	5.1	33.4	5.3
Heavy & Chemical Industrial Products .....	451.0	83.2	439.3	85.7	547.9	85.0	563.0	82.4	525.5	83.1
Electronic & Electronic Products .....	171.4	31.6	178.5	34.8	221.8	34.4	224.2	32.8	181.1	28.6
Chemicals & Chemical Products .....	67.4	12.4	66.6	13.0	91.9	14.3	98.0	14.3	86.5	13.7
Metal Goods .....	44.1	8.1	39.6	7.7	52.6	8.2	55.3	8.1	49.8	7.9
Machinery & Precision Equipment .....	67.6	12.5	63.4	12.4	70.9	11.0	70.9	10.4	72.6	11.5
Transport Equipment .....	87.7	16.2	77.6	15.1	94.2	14.6	98.4	14.4	118.3	18.7
Passenger Cars .....	40.5	7.5	35.6	6.9	44.3	6.9	51.7	7.6	68.3	10.8
Ship & Boat .....	19.5	3.6	19.2	3.7	22.4	3.5	17.6	2.6	20.9	3.3
Others .....	27.7	5.1	22.8	4.4	27.5	4.3	29.2	4.3	29.1	4.6
Others .....	12.7	2.3	13.6	2.7	16.6	2.6	16.1	2.4	17.2	2.7
Total .....	542.2	100.0	512.5	100.0	644.4	100.0	683.6	100.0	632.4	100.0

Notes:

(1) These entries are derived from customs clearance statistics. C.I.F. means that the price of goods includes insurance and freight costs.

(2) Preliminary.

Source: The Bank of Korea; Korea Customs Service

### Imports by Major Commodity Groups (C.I.F.)<sup>(1)</sup>

	As % of 2019		As % of 2020		As % of 2021		As % of 2022		As % of 2023	
	2019	Total	2020	Total	2021	Total	2022	Total	2023 <sup>(2)</sup>	Total <sup>(2)</sup>
<i>(billions of dollars, except percentages)</i>										
Industrial Materials and Fuels .....	254.0	50.5	206.3	44.1	302.6	49.2	393.8	53.8	328.4	51.1
Crude Petroleum .....	70.3	14.0	44.5	9.5	67.0	10.9	106.0	14.5	86.2	13.4
Mineral .....	21.7	4.3	21.4	4.6	33.3	5.4	31.3	4.3	27.1	4.2
Chemicals .....	47.0	9.3	46.4	9.9	60.4	9.8	70.2	9.6	64.8	10.1
Iron & Steel Products .....	19.8	3.9	15.2	3.3	22.2	3.6	22.7	3.1	21.3	3.3
Non-ferrous Metal .....	12.0	2.4	11.7	2.5	18.4	3.0	19.5	2.7	15.9	2.5
Others .....	83.2	16.5	67.1	14.3	101.3	16.5	144.1	19.7	113.1	17.6
Capital Goods .....	164.9	32.8	177.1	37.9	212.8	34.6	228.9	31.3	211.4	32.9
Machinery & Precision Equipment .....	50.7	10.1	57.9	12.4	70.0	11.4	68.6	9.4	66.1	10.3
Electric & Electronic Machines .....	100.4	20.0	105.1	22.5	127.6	20.7	144.8	19.8	129.3	20.1
Transport Equipment .....	11.6	2.3	11.9	2.5	13.0	2.1	13.2	1.8	13.7	2.1
Others .....	2.1	0.4	2.3	0.5	2.2	0.4	2.3	0.3	2.3	0.4
Consumer Goods .....	84.5	16.8	84.2	18.0	99.6	16.2	108.7	14.9	102.7	16.0
Cereals .....	6.9	1.4	7.1	1.5	8.9	1.4	11.3	1.5	9.8	1.5
Goods for Direct Consumption .....	22.2	4.4	22.3	4.8	25.7	4.2	29.0	4.0	27.5	4.3
Consumer Durable Goods .....	34.5	6.9	34.9	7.5	42.2	6.9	42.8	5.9	40.7	6.3
Consumer Nondurable Goods .....	20.9	4.2	20.0	4.3	22.8	3.7	25.6	3.5	24.7	3.8
Total .....	503.3	100.0	467.6	100.0	615.1	100.0	731.4	100.0	642.6	100.0

Notes:

(1) These entries are derived from customs clearance statistics. C.I.F. means that the price of goods includes insurance and freight costs.

(2) Preliminary.

Source: The Bank of Korea; Korea Customs Service

In 2019, the Republic recorded a trade surplus of U.S.\$38.9 billion. Exports decreased by 10.4% to U.S.\$542.2 billion in 2019 from U.S.\$604.9 billion in 2018, primarily due to a significant decrease in semiconductor prices. Imports decreased by 6.0% to U.S.\$503.3 billion in 2019 from U.S.\$535.2 billion in 2018, primarily due to a decrease in oil prices, which also led to decreased unit prices of other major raw materials.

In 2020, the Republic recorded a trade surplus of U.S.\$44.9 billion. Exports decreased by 5.5% to U.S.\$512.5 billion in 2020 from U.S.\$542.2 billion in 2019, primarily due to a slowdown of the global economy resulting from the COVID-19 pandemic. Imports decreased by 7.1% to U.S.\$467.6 billion in 2020 from U.S.\$503.3 billion in 2019, primarily due to a decrease in oil prices, which also led to decreased unit prices of other major raw materials, as well as decreased domestic consumption, which were mainly attributed to the COVID-19 pandemic.

In 2021, the Republic recorded a trade surplus of U.S.\$29.3 billion. Exports increased by 25.7% to U.S.\$644.4 billion in 2021 from U.S.\$512.5 billion in 2020, primarily due to a recovery of the global economy from the COVID-19 pandemic. Imports increased by 31.5% to U.S.\$615.1 billion in 2021 from U.S.\$467.6 billion in 2020, primarily due to an increase in domestic consumption as well as an increase in oil prices, which also led to increased unit prices of other major raw materials.

In 2022, the Republic recorded a trade deficit of U.S.\$47.8 billion. Exports increased by 6.1% to U.S.\$683.6 billion in 2022 from U.S.\$644.4 billion in 2021, primarily due to an improvement in the domestic economic conditions of the Republic's major trading partners. Imports increased by 18.9% to U.S.\$731.4 billion in 2022 from U.S.\$615.1 billion in 2021, primarily due to an increase in energy and commodity prices, which also led to increased unit prices of other major raw materials.

Based on preliminary data, in 2023, the Republic recorded a trade deficit of U.S.\$10.2 billion. Exports decreased by 7.5% to U.S.\$632.4 billion in 2023 from U.S.\$683.6 billion in 2022, primarily due to a deterioration in the domestic economic conditions of the Republic's major trading partners and a downturn in the semiconductor industry. Imports decreased by 12.1% to U.S.\$642.6 billion in 2023 from U.S.\$731.4 billion in 2022, primarily due to a decrease in energy and commodity prices, which also led to decreased unit prices of other major raw materials.

Based on preliminary data, the Republic recorded a trade surplus of U.S.\$9.0 billion in the first quarter of 2024. Exports increased by 8.3% to U.S.\$163.8 billion in the first quarter of 2024 from U.S.\$151.2 billion in the corresponding period of 2023, primarily due to an improvement in the domestic economic conditions of the Republic's major trading partners. Imports decreased by 11.1% to U.S.\$154.7 billion in the first quarter of 2024 from U.S.\$174.0 billion in the corresponding period of 2023, primarily due to a decrease in oil prices, which also led to decreased unit prices of other major raw materials.

The following table sets forth the Republic's exports trading partners:

<b>Exports</b>										
	As % of 2019		As % of 2020		As % of 2021		As % of 2022		As % of 2023 <sup>(1)</sup>	
	2019	Total	2020	Total	2021	Total	2022	Total	2023 <sup>(1)</sup>	Total <sup>(1)</sup>
<i>(millions of dollars, except percentages)</i>										
China .....	136,202.5	25.1	132,565.4	25.9	162,913.0	25.3	155,789.4	22.8	124,817.7	19.7
United States .....	73,343.9	13.5	74,115.8	14.5	95,902.0	14.9	109,765.7	16.1	115,696.3	18.3
Japan .....	28,420.2	5.2	25,097.7	4.9	30,061.8	4.7	30,606.3	4.5	29,000.6	4.6
Hong Kong .....	31,912.9	5.9	30,653.8	6.0	37,467.1	5.8	27,651.2	4.0	25,193.6	4.0
Singapore .....	12,768.0	2.4	9,828.4	1.9	14,148.5	2.2	20,205.4	3.0	18,752.0	3.0
Vietnam .....	48,177.7	8.9	48,510.6	9.5	56,728.5	8.8	60,963.7	8.9	53,479.5	8.5
Taiwan .....	15,666.3	2.9	16,465.4	3.2	24,285.3	3.8	26,198.2	3.8	20,178.8	3.2
India .....	15,096.3	2.8	11,937.3	2.3	15,603.3	2.4	18,870.1	2.8	17,949.6	2.8
Indonesia .....	7,650.1	1.4	6,312.9	1.2	8,550.3	1.3	10,215.9	1.5	9,140.2	1.4
Mexico .....	10,927.0	2.0	8,241.0	1.6	11,290.2	1.8	12,654.2	1.9	12,222.0	1.9
Australia .....	7,890.6	1.5	6,188.5	1.2	9,750.5	1.5	18,753.0	2.7	17,791.4	2.8
Germany .....	8,685.7	1.6	9,576.1	1.9	11,109.9	1.7	10,067.7	1.5	10,317.1	1.6
Others <sup>(2)</sup> .....	145,491.4	26.8	133,005.1	26.0	166,590.0	25.9	181,844.0	26.6	177,687.0	28.1
<b>Total .....</b>	<b>542,232.6</b>	<b>100.0</b>	<b>512,498.0</b>	<b>100.0</b>	<b>644,400.4</b>	<b>100.0</b>	<b>683,584.8</b>	<b>100.0</b>	<b>632,225.8</b>	<b>100.0</b>

Notes:

(1) Preliminary.

(2) Includes more than 200 countries and regions.

The following table sets forth the Republic's imports trading partners:

	<b>Imports</b>									
	As % of 2019		As % of 2020		As % of 2021		As % of 2022		As % of 2023 <sup>(1)</sup>	
	2019	Total	2020	Total	2021	Total	2022	Total	2023 <sup>(1)</sup>	Total <sup>(1)</sup>
	<i>(millions of dollars, except percentages)</i>									
China .....	107,228.7	21.3	108,884.6	23.3	138,628.1	22.5	154,576.3	21.1	142,857.3	22.2
Japan .....	47,580.9	9.5	46,023.0	9.8	54,642.2	8.9	54,711.8	7.5	47,656.5	7.4
United States .....	61,878.6	12.3	57,492.2	12.3	73,213.4	11.9	81,784.7	11.2	71,272.0	11.1
Saudi Arabia .....	21,840.6	4.3	15,979.6	3.4	24,271.3	3.9	41,640.3	5.7	32,762.5	5.1
Qatar .....	13,036.6	2.6	7,562.1	1.6	11,611.1	1.9	16,567.2	2.3	14,998.9	2.3
Australia .....	20,608.2	4.1	18,707.1	4.0	32,918.0	5.4	44,929.4	6.1	32,823.0	5.1
Germany .....	19,936.9	4.0	20,680.9	4.4	21,996.3	3.6	23,614.9	3.2	23,611.2	3.7
Kuwait .....	10,771.1	2.1	5,827.9	1.2	8,253.9	1.3	12,401.9	1.7	9,659.0	1.5
Taiwan .....	15,717.7	3.1	17,837.0	3.8	23,485.8	3.8	28,274.6	3.9	24,370.6	3.8
United Arab Emirates .....	8,991.1	1.8	5,692.7	1.2	7,318.7	1.2	15,492.8	2.1	16,422.8	2.6
Indonesia .....	8,819.8	1.8	7,594.7	1.6	10,725.1	1.7	15,734.9	2.2	12,145.9	1.9
Malaysia .....	9,279.9	1.8	8,892.6	1.9	10,456.2	1.7	15,249.1	2.1	15,237.1	2.4
Others <sup>(2)</sup> .....	157,652.8	31.3	146,458.4	31.3	197,573.3	32.1	226,391.8	31.0	198,755.3	30.9
<b>Total .....</b>	<b>503,342.9</b>	<b>100.0</b>	<b>467,632.8</b>	<b>100.0</b>	<b>615,093.4</b>	<b>100.0</b>	<b>731,369.7</b>	<b>100.0</b>	<b>642,572.1</b>	<b>100.0</b>

Notes:

(1) Preliminary.

(2) Includes more than 200 countries and regions.

Source: The Bank of Korea; Korea Customs Service

In recent years, the value of the Won relative to the U.S. dollar and Japanese Yen has fluctuated widely, in particular due to the impact of the COVID-19 pandemic, the invasion of Ukraine by Russia and the ensuing sanctions against Russia, the escalation of hostilities in the Middle East following the Israel-Hamas war and the widening difference in policy rates between the United States and the Republic, among others. See “—*The Economy—Worldwide Economic and Financial Difficulties*”. An appreciation of the Won against the U.S. dollar and Japanese Yen increases the Won value of the Republic's export sales and diminishes the price-competitiveness of export goods in foreign markets in U.S. dollar and Japanese Yen terms, respectively. However, it also decreases the cost of imported raw materials in Won terms and the cost in Won of servicing the Republic's U.S. dollar and Japanese Yen denominated debt. In general, when the Won appreciates, export dependent sectors of the Korean economy, including automobiles, electronics and shipbuilding, suffer from the resulting pressure on the price-competitiveness of export goods, which may lead to reduced profit margins and loss in market share, more than offsetting a decrease in the cost of imported raw materials. If the export dependent sectors of the Korean economy suffer reduced profit margins or a net loss, it could result in a material adverse effect on the Korean economy.

Since the Government announced its plans to pursue free trade agreements, or FTAs, in 2003, the Republic has entered into FTAs with key trading partners. The Republic has had bilateral FTAs in effect with Chile since 2004, Singapore since 2006, India since 2010, Peru since 2011, the United States since 2012, Turkey since 2013, Australia since 2014, Canada, China, New Zealand and Vietnam since 2015, Colombia since July 2016, the United Kingdom since January 2021, Israel and Cambodia since December 2022 and Indonesia since January 2023. The Republic is currently in negotiations with a number of other key trading partners. In addition, the Republic has had regional FTAs in effect with the European Free Trade Association since 2006, the

Association of Southeast Asian Nations since 2009, the European Union since 2011, with each of Panama, Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua since 2021 and with the Regional Comprehensive Economic Partnership since 2022, and is currently negotiating additional regional FTAs. The Republic and Turkey have completed revisions to their bilateral FTA, which became effective in August 2018. The Republic and the United States have also completed revisions to their bilateral FTA, which became effective in January 2019.

### ***Non-Commodities Trade Balance***

The Republic had non-commodities trade deficits of U.S.\$20.1 billion in 2019 and U.S.\$4.7 billion in 2020, and non-commodities trade surpluses of U.S.\$9.5 billion in 2021 and U.S.\$10.2 billion in 2022. Based on preliminary data, the Republic had a non-commodities trade surplus of U.S.\$1.4 billion in 2023.

### ***Foreign Currency Reserves***

The foreign currency reserves are external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs and for other related purposes. The following table shows the Republic's total official foreign currency reserves:

	<b>Total Official Reserves</b>				
	<b>31 December</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(millions of dollars)</i>				
Gold .....	4,794.8	4,794.8	4,794.8	4,794.8	4,794.8
Foreign Exchange <sup>(1)</sup> .....	397,876.1	430,117.2	438,319.2	399,043.1	395,643.3
Total Gold and Foreign Exchange .....	402,670.9	434,912.0	443,114.0	403,837.9	400,438.1
Reserve Position at IMF .....	2,792.9	4,815.3	4,634.9	4,489.5	4,627.8
Special Drawing Rights .....	3,352.4	3,370.8	15,369.5	14,836.3	15,082.1
Total Official Reserves .....	408,816.1	443,098.1	463,118.4	423,163.7	420,147.9

Note:

(1) More than 95% of the Republic's foreign currency reserves are comprised of convertible foreign currencies.

Source: *The Bank of Korea; International Monetary Fund*

The Government's foreign currency reserves increased to U.S.\$262.2 billion as of 31 December 2007 from U.S.\$8.9 billion as of 31 December 1997, primarily due to continued balance of trade surpluses and capital inflows. In 2008, the Government's foreign currency reserves decreased, falling to U.S.\$201.2 billion as of 31 December 2008, partially as a result of the Government's use of the foreign currency reserve to provide foreign currency liquidity to Korean financial institutions. The Government's foreign currency reserves increased to U.S.\$408.8 billion as of 31 December 2019, U.S.\$443.1 billion as of 31 December 2020 and U.S.\$463.1 billion as of 31 December 2021, primarily due to continued trade surpluses and capital inflows. The Government's foreign currency reserves decreased to U.S.\$423.2 billion as of 31 December 2022 and U.S.\$420.1 billion as of 31 December 2023, however, primarily in relation to the depreciation of the Won against the U.S. dollar. The amount of the Government's foreign currency reserve was U.S.\$412.8 billion as of 31 May 2024.

## Government Finance

The Ministry of Economy and Finance prepares the Government budget and administers the Government's finances.

The Government's fiscal year commences on 1 January. The Government must submit the budget, which is drafted by the Minister of Economy and Finance and approved by the President of the Republic, to the National Assembly not later than 90 days prior to the start of the fiscal year and may submit supplementary budgets revising the original budget at any time during the fiscal year.

2022 budgeted revenues increased by 14.8% to ₩517.7 trillion from ₩450.9 trillion in 2021, led by an increase in budgeted tax revenues (including taxes on income, profits and capital gains as well as taxes on goods and services). 2022 budgeted expenditures and net lending increased by 8.6% to ₩571.8 trillion from ₩526.3 trillion in 2021, led by increases in budgeted expenditures on recovery from the COVID-19 pandemic (including support for small businesses) and revitalisation of the economy. The 2022 budget anticipated a ₩54.1 trillion budget deficit.

2023 budgeted revenues increased by 13.7% to ₩588.6 trillion from ₩517.7 trillion in 2022, led by an increase in budgeted tax revenues (including taxes on income, profits and capital gains). 2023 budgeted expenditures and net lending increased by 5.2% to ₩601.6 trillion from ₩571.8 trillion in 2022, led by increases in budgeted expenditures on revitalisation of the economy. The 2023 budget anticipated a ₩13.1 trillion budget deficit.

2024 budgeted revenues decreased by 2.6% to ₩573.3 trillion from ₩588.6 trillion in 2023, led by a decrease in budgeted tax revenues (including taxes on income, profits and capital gains). 2024 budgeted expenditures and net lending increased by 2.7% to ₩617.7 trillion from ₩601.6 trillion in 2023, led by increases in budgeted expenditures on revitalisation of the economy. The 2024 budget anticipated a ₩44.4 trillion budget deficit.

Beginning in March 2020, the National Assembly approved a series of supplementary budgets as part of the Government's efforts to mitigate adverse effects on the Korean economy resulting from the COVID-19 pandemic. See "*—The Economy—Worldwide Economic and Financial Difficulties*". These supplementary budgets, which amounted to ₩66.8 trillion in 2020, ₩49.8 trillion in 2021 and ₩78.9 trillion in 2022, have been some of the largest of their kind drawn up in response to an outbreak of an infectious disease in Korea. The supplementary budgets have been funded through the issuance of treasury bonds by the Government, The Bank of Korea's unappropriated surplus and other surplus funds available to the Government, among others.

Any significant increase in additional spending measures may lead to a budget deficit for 2024, which could result in a deterioration in the Government's fiscal position and an increase in borrowings.

The following table shows consolidated Government revenues and expenditures:

### Consolidated Central Government Revenues and Expenditures

	Actual					Budget		
	2019	2020	2021	2022	2023 <sup>(1)</sup>	2022	2023	2024 <sup>(1)</sup>
	<i>(billions of Won)</i>							
Total Revenues	443,853	446,628	537,619	588,332	543,586	517,701	588,577	573,261
Current Revenues	441,148	443,694	534,999	585,325	539,887	514,696	584,672	569,507
Total Tax Revenues	363,005	360,129	422,182	479,384	432,989	424,050	486,573	459,643
Taxes on income, profits and capital gains	155,736	148,622	184,509	232,319	196,253	180,740	236,860	203,425
Social security contributions	69,550	74,583	78,104	83,444	88,918	80,666	86,116	92,329
Tax on property	15,474	22,735	31,392	27,696	25,311	28,047	27,815	24,149
Taxes on goods and services	98,614	91,047	99,840	105,828	97,008	106,738	107,760	110,503
Taxes on international trade and transaction	7,882	7,059	8,227	10,324	7,288	8,735	10,724	8,907
Other tax	15,748	16,084	20,110	19,773	18,211	19,124	17,299	20,330
Non-Tax Revenues	78,143	83,565	112,818	105,941	106,898	90,646	98,099	109,864
Operating surpluses of departmental enterprise sales and property income	29,345	33,571	56,664	47,459	42,537	34,628	36,492	41,432
Administration fees & charges and non-industrial sales	10,181	9,929	10,865	11,434	12,428	11,402	12,470	13,357
Fines and forfeits	22,554	23,583	26,993	28,276	29,752	25,501	27,816	30,829
Contributions to government employee pension fund	13,523	13,876	14,918	16,348	18,149	16,633	18,480	20,322
Current revenue of non-financial public enterprises	2,540	2,606	3,378	2,425	4,032	2,483	2,842	3,925
Capital Revenues	2,705	2,934	2,620	3,007	3,700	3,006	3,905	3,754
Total Expenditures and Net Lending	455,850	517,781	568,113	652,902	580,354	571,814	601,629	617,664
Total Expenditures	436,698	489,966	538,034	622,997	559,707	546,446	584,587	593,643
Current Expenditures	387,100	455,098	502,191	585,593	523,270	506,262	545,493	553,669
Expenditure on goods and service	60,196	79,460	88,144	89,759	90,389	94,814	94,966	98,053
Interest payment	13,837	14,452	15,431	18,481	22,362	17,928	21,726	24,968
Subsidies and other current transfers	309,575	357,295	395,826	473,661	405,733	389,599	424,353	425,078
Current expenditure of non-financial public enterprises	3,492	3,891	2,790	3,692	4,785	3,922	4,449	5,570
Capital Expenditures	49,598	34,868	35,842	37,404	36,437	40,184	39,094	39,974
Net Lending	19,152	27,815	30,079	29,905	20,647	25,369	17,042	24,021

Note:

(1) Preliminary.

Source: Ministry of Economy and Finance; The Bank of Korea; Korea National Statistical Office

The consolidated Government account consists of a General Account, Special Accounts (including a non-financial public enterprise special account) and Public Funds. The Government segregates the accounts of certain functions of the Government into Special Accounts and Public Funds for more effective administration and fiscal control. The Special Accounts and Public Funds relate to business type activities, such as economic development, road and railway construction and maintenance, monopolies, and communications developments and the administration of loans received from official international financial organisations and foreign governments.

Revenues derive mainly from national taxes and non-tax revenues. Taxes in Korea can be roughly classified into the following types:

- income tax and capital gains tax,
- property tax,
- value-added tax,

- customs duty tax, and
- other taxes.

Income tax and capital gains tax are imposed on income derived from labour, business operation and ownership of assets and profits derived from capital appreciation. Income tax and capital gains tax, depending on the type of taxpayer, can be further classified into corporate income tax and individual income tax. Property tax is imposed on exchange or ownership of property and includes inheritance tax and gift tax. Value-added tax is imposed on value added to goods and services. Customs duty tax is imposed on imported goods. Other taxes include tax on certain securities transactions and a stamp tax for certain documents.

Expenditures include general administration, national defence, community service, education, health, social security, certain annuities and pensions and local finance, which involves the transfer of tax revenues to local governments.

For 2019, the Republic recorded total revenues of ₩443.9 trillion and total expenditures and net lending of ₩455.9 trillion. The Republic had a fiscal deficit of ₩12.0 trillion in 2019.

For 2020, the Republic recorded total revenues of ₩446.6 trillion and total expenditures and net lending of ₩517.8 trillion. The Republic had a fiscal deficit of ₩71.2 trillion in 2020.

For 2021, the Republic recorded total revenues of ₩537.6 trillion and total expenditures and net lending of ₩568.1 trillion. The Republic had a fiscal deficit of ₩30.5 trillion in 2021.

For 2022, the Republic recorded total revenues of ₩588.3 trillion and total expenditures and net lending of ₩652.9 trillion. The Republic had a fiscal deficit of ₩64.6 trillion in 2022.

Based on preliminary data, the Republic recorded total revenues of ₩543.6 trillion and total expenditures and net lending of ₩580.4 trillion in 2023. The Republic had a fiscal deficit of ₩36.8 trillion in 2023.

## **Debt**

The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2022 amounted to approximately ₩1,044.0 trillion, an increase of 9.9% over the previous year.

The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2023 amounted to approximately ₩1,102.1 trillion, an increase of 5.6% over the previous year.

The Ministry of Economy and Finance administers the national debt of the Republic.



### *External and Internal Debt of the Government*

The following table sets out, by currency and the equivalent amount in U.S. dollars, the estimated outstanding direct external debt of the Government as of 31 December 2023:

#### **Direct External Debt of the Government**

	<b>Amount in Original Currency</b>	<b>Equivalent Amount in U.S. Dollars<sup>(1)</sup></b>
	<i>(millions)</i>	
U.S.\$ .....	6,025.0	6,025.0
Euro (EUR) .....	2,150.0	2,378.8
<b>Total</b> .....		<u>8,403.8</u>

Note:

(1) Amounts expressed in currencies other than U.S.\$ are converted to U.S.\$ at the arbitrage rate announced by the Seoul Money Brokerage Services, Ltd. in effect on 29 December 2023.

The following table summarises, as of 31 December of the years indicated, the outstanding direct internal debt of the Republic:

#### **Direct Internal Debt of the Government**

	<i>(billions of Won)</i>
2019 .....	690,524.1
2020 .....	808,941.0
2021 .....	927,865.2
2022 .....	1,021,574.4
2023 .....	1,080,844.4

The following table sets out all guarantees by the Government of indebtedness of others:

#### **Guarantees by the Government**

	<b>31 December</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(billions of Won)</i>				
Domestic .....	14,760.0	12,490.0	10,930.0	10,620.0	10,460.0
External <sup>(1)</sup> .....	—	—	—	—	—
<b>Total</b> .....	<u>14,760.0</u>	<u>12,490.0</u>	<u>10,930.0</u>	<u>10,620.0</u>	<u>10,460.0</u>

Note:

(1) Converted to Won at foreign exchange banks' telegraphed transfer selling rates to customers or the market average exchange rates in effect on 31 December of each year.

For further information on the outstanding indebtedness, including guarantees, of the Republic, see “—Tables and Supplementary Information”.

### ***External Liabilities***

The following tables set out certain information regarding the Republic’s external liabilities calculated under the criteria based on the sixth edition of the Balance of Payment Manual published by the International Monetary Fund in December 2010 and implemented by the Government in December 2013. Under BPM6, in particular, prepayments received in connection with the construction of ships are excluded from the external liabilities.

	<b>31 December</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023<sup>(1)</sup></b>
	<i>(billions of dollars)</i>				
Long-term Liabilities .....	335.3	390.6	465.6	498.8	527.4
General Government .....	91.2	119.4	144.4	156.1	170.8
Monetary Authorities .....	14.4	15.0	35.9	25.1	22.5
Banks .....	104.4	112.2	128.1	146.5	147.6
Other Sectors .....	125.2	144.0	157.2	171.1	186.5
Short-term Liabilities .....	135.5	160.1	165.1	166.5	136.2
General Government .....	1.6	2.1	1.6	1.2	1.6
Monetary Authorities .....	10.9	10.8	9.7	4.7	3.9
Banks .....	102.0	122.0	124.3	129.2	101.9
Other Sectors .....	21.0	25.2	29.6	31.3	28.8
Total External Liabilities .....	<u>470.7</u>	<u>550.6</u>	<u>630.7</u>	<u>665.2</u>	<u>663.6</u>

Note:

(1) Preliminary.

### ***Commitments to Assume Treasury Obligations***

The Government may, if deemed necessary for recovery from disasters and calamities, make commitments to assume treasury obligations to the extent resolved by the National Assembly each fiscal year. In such cases, such commitments shall be executed in accordance with the procedures for spending reserve funds within general accounts. As of 8 September 2023, such commitments assumed by the Government amounted to ₩0.2 trillion.

### ***Debt Record***

The Government has always paid when due the full amount of principal of, interest on, and amortisation of sinking fund requirements of, all of its indebtedness.

## Tables and Supplementary Information

### A. External Debt of the Government

#### (1) External Bonds of the Government

Series	Issue Date	Maturity Date	Interest Rate (%)	Currency	Original Principal Amount	Principal Amount Outstanding as of 31 December 2023
2005-001	2 November 2005	3 November 2025	5.625	USD	400,000,000	400,000,000
2014-001	10 June 2014	10 June 2044	4.125	USD	1,000,000,000	1,000,000,000
2014-002	10 June 2014	10 June 2024	2.125	EUR	750,000,000	750,000,000
2017-001	19 January 2017	19 January 2027	2.750	USD	1,000,000,000	1,000,000,000
2018-001	20 September 2018	20 September 2028	3.500	USD	500,000,000	500,000,000
2018-002	20 September 2018	20 September 2048	3.875	USD	500,000,000	500,000,000
2019-001	19 June 2019	19 June 2029	2.500	USD	1,000,000,000	1,000,000,000
2019-002	19 June 2019	19 June 2024	2.000	USD	500,000,000	500,000,000
2020-001	16 September 2020	16 September 2030	1.000	USD	625,000,000	625,000,000
2020-002	16 September 2020	16 September 2025	0.000	EUR	700,000,000	700,000,000
2021-001	15 October 2021	15 October 2026	0.000	EUR	700,000,000	700,000,000
2021-002	15 October 2021	15 October 2031	1.750	USD	500,000,000	500,000,000
Total External Bonds in Original Currencies						
				USD		6,025,000,000
				EUR		2,150,000,000
Total External Bonds in Equivalent Amount of Won(1)				(₩)		10,835,803,500,000

Note:

- (1) U.S. dollar amounts are converted to Won amounts at the rate of U.S.\$1.00 to ₩1,289.4, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd. Euro amounts are converted to Won amounts at the rate of EUR 1.00 to ₩1,426.6, the market average exchange rate in effect on 29 December 2023, as announced by Seoul Money Brokerage Services, Ltd.

#### (2) External Borrowings of the Government

None.

### B. External Guaranteed Debt of the Government

None.

### C. Internal Debt of the Government

Title	Range of Interest Rates	Range of Years of Issue	Range of Original Maturity	Principal Amounts Outstanding as of 31 December 2023
	(%)			(billions of Won)
<b>1. Bonds</b>				
Interest-Bearing Treasury Bond for Treasury Bond Management Fund . . . . .	0.750-5.750	2006-2023	2024-2072	998,003.4
Interest-Bearing Treasury Bond for National Housing I . . . . .	1.00-2.00	2019-2023	2024-2029	81,624.2
Interest-Bearing Treasury Bond for National Housing II . . . . .	0.0-3.0	2014-2020	2024-2030	2.4
Interest-Bearing Treasury Bond for National Housing III . . . . .	—	—	—	0
Non-interest-Bearing Treasury Bond for Contribution to International Organisations <sup>(1)</sup> . . . . .	0	1968-1985	—	9.4
Total Bonds . . . . .				<u>1,079,639.4</u>
<b>2. Borrowings</b>				
Borrowings from The Bank of Korea . . . . .	—	—	—	0
Borrowings from the Sports Promotion Fund . . . . .	1.870-3.665	2022-2023	2024-2025	960.0
Borrowings from The Korea Foundation Fund . . . . .	—	—	—	0
Borrowings from the Labor Welfare Promotion Fund . . . . .	3.665-3.975	2023	2024	50.0
Borrowings from Korea Technology Finance Corporation . . . . .	3.135-3.585	2022	2024	195.0
Borrowings from the Credit Guarantee Fund for Agriculture, Forestry and Fisheries Suppliers . . . . .	—	—	—	0
Borrowings from the Government Employees' Pension Fund . . . . .	—	—	—	0
Borrowings from the Film Industry Development Fund . . . . .	—	—	—	0
Borrowings from the Korea Credit Guarantee Fund . . . . .	—	—	—	0
Borrowings from the Housing Finance Credit Guarantee Fund . . . . .	—	—	—	0
Borrowings from the Korea Infrastructure Credit Guarantee Fund . . . . .	—	—	—	0
Total Borrowings . . . . .				<u>1,205.0</u>
Total Internal Funded Debt . . . . .				<u>1,080,844.4</u>

Note:

(1) Interest Rates and Years of Original Maturity not applicable.

***D. Internal Guaranteed Debt of the Government***

Title	Range of Interest Rates  (%)	Range of Years of Issue	Range of Years of Original Maturity	Principal Amounts Outstanding as of 31 December 2023  (billions of Won)
<b>1. Bonds of Government-Affiliated Corporations</b>				
Korea Deposit Insurance Corporation .....	—	—	—	0
Korea Student Aid Foundation .....	1.07-5.48	2011-2023	2024-2043	9,980.0
Key Industry Stabilisation Fund .....	1.08-2.19	2020-2021	2024-2025	<u>480.0</u>
Total Internal Guaranteed Debt .....				<u><u>10,460.0</u></u>

***E. Others***

*Commitments to Assume Treasury Obligations*

The Government may, if deemed necessary for recovery from disasters and calamities, make commitments to assume treasury obligations to the extent resolved by the National Assembly each fiscal year. In such cases, such commitments shall be executed in accordance with the procedures for spending reserve funds within general accounts. As of 8 September 2023, such commitments assumed by the Government amounted to ₩0.2 trillion.

## TAXATION

### General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

### Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a holder. This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme and the relevant Pricing Supplement may contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with initial purchasers of Notes at their initial offering price that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate or gift tax laws). In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, U.S. citizens or lawful permanent residents living abroad, persons required for U.S. federal income tax purposes to accelerate the recognition of any items of gross income with respect to the Notes as a result of such income being recognised on an applicable financial statement, or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes. A “Non-U.S. Holder” means a beneficial owner of Notes that is neither a U.S. Holder nor a partnership.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal

income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and Korea (the “Treaty”) all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

*Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.*

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### **U.S. Federal Income Tax Characterisation of the Notes**

The characterisation of a Series or Tranche of Notes may be uncertain and will depend on the terms of those Notes. The determination of whether an obligation represents debt, equity or some other instrument or interest is based on all the relevant facts and circumstances. Depending on the terms of a particular Series or Tranche of Notes, the Notes may not be characterised as debt for U.S. federal income tax purposes despite the form of the Notes as debt instruments. There may be no statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Notes that are anticipated to be issued under the Programme or of instruments similar to the Notes. As a consequence, it may be unclear how a Series or Tranche of Notes should be properly characterised for U.S. federal income tax purposes. Further possible characterisations, if applicable, may be discussed in the relevant Pricing Supplement or any information memorandum or series information memorandum.

No rulings will be sought from the U.S. Internal Revenue Service (“IRS”) regarding the characterisation of any of the Notes issued hereunder for U.S. federal income tax purposes. Each holder should consult its own tax adviser about the proper characterisation of the Notes for U.S. federal income tax purposes, and the consequences to the holder of acquiring, owning or disposing of the Notes.

The following summary applies to Notes that are properly treated as debt for U.S. federal income tax purposes.

### **Taxation of U.S. Holders**

#### **Payments of Interest**

##### ***General***

Interest on a Note, whether payable in U.S. dollars or a currency other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount — General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes, reduced by the allocable amount of amortisable bond premium, subject to the discussion below. Interest paid by the Issuer on the Notes and original issue discount (“OID”), if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States.

### ***Effect of Korean Withholding Taxes***

As discussed in “— Korean Taxation”, under current law, payments of interest and OID on the Notes to foreign investors may be subject to Korean withholding taxes. For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of Korean taxes withheld by the Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the Korean tax authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain complex limitations, a U.S. Holder generally may be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Korean or other non-U.S. income taxes withheld by the Issuer (not in excess of any applicable tax treaty rate). Interest generally will constitute “passive category income” for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of Korean or other non-U.S. withholding taxes.

### ***Pre-Issuance Accrued Interest***

If a portion of the price paid for a Note is attributable to an amount of interest accrued prior to the date the Note is issued (the “pre-issuance accrued interest”), the Issuer intends to treat a portion of the first interest payment on the Notes equal to the amount of the pre-issuance accrued interest as a nontaxable return of the pre-issuance accrued interest. This discussion assumes that the first interest payment on Notes with pre-issuance accrued interest will be so treated, and references to interest in the remainder of this discussion exclude pre-issuance accrued interest. This discussion assumes that in determining the issue price of a Note, there will be excluded an amount equal to the pre-issuance accrued interest. Pre-issuance accrued interest not included in income should not form part of any amortisable bond premium (as described below under “– Notes Purchased at a Premium”). A U.S. Holder’s tax basis in a Note will be reduced by any nontaxable return of pre-issuance accrued interest. This discussion does not otherwise address the treatment of pre-issuance accrued interest, and U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest, including in the case of foreign currency Notes, the potential recognition of exchange gain or loss upon receipt of amounts otherwise treated as a nontaxable return of pre-issuance accrued interest.

## **Original Issue Discount**

### ***General***

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments the applicable Pricing Supplement may describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a “Short-Term Note”), will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for



each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "—Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

### ***Acquisition Premium***

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

### ***Short-Term Notes***

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case

of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

### ***Market Discount***

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments. For this purpose, the stated redemption price at maturity (as defined above) is reduced by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

### ***Variable Interest Rate Notes***

Notes that provide for interest at variable rates ("Variable Interest Rate Notes") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if

(a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An “objective rate” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable

Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

### ***Notes Purchased at a Premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note

will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount — Election to Treat All Interest as Original Issue Discount".

#### ***Election to Treat All Interest as Original Issue Discount***

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount — General," with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under "Notes Purchased at a Premium") or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments having market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### **Purchase, Sale and Retirement of Notes**

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount — Market Discount" or "Original Issue Discount — Short-Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any Korean or other non-U.S. tax imposed on a sale or disposition. Moreover, the creditability non-U.S. taxes imposed on disposition gains of U.S. Holders is subject to significant, complex and evolving limitations and therefore such taxes may not be creditable for U.S. federal income tax purposes. Prospective purchasers should consult their tax advisers as to the U.S. federal income tax implications (including creditability, deductibility and determination of the amount realised and any applicable limitations) of any Korean or other non-U.S. taxes imposed on disposition gains in their particular circumstances.

## **Foreign Currency Notes**

### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### ***OID***

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### ***Market Discount***

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

### ***Bond Premium***

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

### ***Sale or Retirement***

As discussed above under “— Purchase, Sale and Retirement of Notes”, a U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note, in each case as determined in U.S. dollars. U.S. Holders should consult their tax advisers about how to account for proceeds received on the sale or retirement of Notes that are not paid in U.S. dollars.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) on the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

### ***Disposition of Foreign Currency***

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### **Occurrence of a Benchmark Event for Floating Rate Notes Linked to or Referencing a Benchmark Rate**

If a Benchmark Event (as defined in the Terms and Conditions of the Notes) occurs, a U.S. Holder holding Floating Rate Notes linked to or referencing a benchmark rate, including EURIBOR and any other IBOR, may be deemed to exchange such Floating Rate Notes for new notes under Section 1001 of the Code, which may be taxable to such U.S. Holder. However, Treasury Regulations provide that in certain circumstances, the replacement of a benchmark rate with a qualifying reference rate would not result in a deemed exchange under Section 1001 of the Code. U.S. Holders should consult their tax advisers regarding the potential consequences of a Benchmark Event.

### **Reportable Transactions**

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or

trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases generally is imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

## **Taxation of Non-U.S. Holders**

### *U.S. Notes*

Payments of interest (including OID, if any) made to a Non-U.S. Holder on a Note issued by the Issuer's New York branch (a "U.S. Note") will be subject to U.S. withholding tax at a rate of 30 per cent. of the gross amount, unless eligible for one of the exceptions described below. Subject to the discussion of backup withholding and FATCA below, withholding of U.S. federal income tax generally will not be required with respect to payments of interest on a U.S. Note made to a Non-U.S. Holder, provided that:

- the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all of the class of the Issuer's stock that is entitled to vote;
- the Non-U.S. Holder is not a "controlled foreign corporation" that is related to the Issuer (actually or constructively);
- the income from the U.S. Notes held by the Non-U.S. Holder is not effectively connected with the conduct of a trade or business within the United States;
- the Non-U.S. Holder is not a bank whose receipt of interest on the U.S. Notes is described in Section 881(c)(3)(A) of the Code; and
- the Non-U.S. Holder provides the applicable withholding agent a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form) (and any required certification and/or form is provided by any intermediary through which such Non-U.S. Holder holds the U.S. Notes). Special certification rules apply to certain Non-U.S. Holders that are pass-through entities rather than individuals.

If a Non-U.S. Holder cannot satisfy the requirements of the portfolio interest exemption described above (the "Portfolio Interest Exemption"), payments of interest on a U.S. Note made to such Non-U.S. Holder will be subject to a 30 per cent. withholding tax unless the beneficial owner of the U.S. Note provides the Issuer or its agent, as the case may be, with a properly executed:

- IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or successor form) claiming an exemption from withholding or reduced rate of tax under an applicable tax treaty (a "Treaty Exemption"); or
- IRS Form W-8ECI (or successor form) stating that interest paid on the U.S. Note is not subject to withholding tax because it is effectively connected with the conduct of a U.S. trade or business of the beneficial owner, each form to be renewed periodically as required by the Treasury Regulations.

If interest on a U.S. Note is effectively connected with the conduct of a U.S. trade or business of the beneficial owner, the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certification requirements discussed above are satisfied), generally will be subject to United States federal income tax on such interest on a net income basis in the same manner as if it were a U.S. person unless an applicable income tax treaty provides otherwise. In addition, if such Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 per cent. (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to adjustments. For this purpose, interest on a U.S. Note will be included in such corporation's earnings and profits.



Subject to the discussion of backup withholding and FATCA below, no withholding of United States federal income tax will be required with respect to any gain realised by a Non-U.S. Holder upon the sale, exchange or other disposition (including a retirement or redemption) of a U.S. Note.

In general, a Non-U.S. Holder will not be subject to United States federal income tax on gain realised on the sale, exchange or other disposition (including a retirement or redemption) of a U.S. Note unless (a) the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case the Non-U.S. Holder will be subject to United States federal income tax on any gain recognised, which may be offset by certain United States source losses, at a flat rate of 30 per cent. (except as otherwise provided by an applicable income tax treaty), or (b) such gain is effectively connected with the Non-U.S. Holder's U.S. trade or business, in which case the Non-U.S. Holder will be taxed in the same manner as discussed above with respect to effectively connected interest. Any amounts received on the sale, exchange or other disposition of a U.S. Note that are attributable to accrued interest will be treated as such.

### ***Non-U.S. Notes***

The following three paragraphs describe certain U.S. federal income tax considerations for Non-United States Persons relating to Notes issued by the Issuer outside of its New York Branch. ("Non-U.S. Notes"). Subject to the discussion of backup withholding and FATCA below, no withholding of U.S. federal income tax will be required with respect to payments of interest made to a Non-U.S. Holder on a Non-U.S. Note.

If a Non-U.S. Holder is engaged in a United States trade or business and interest received on a Non-U.S. Note is effectively connected with the conduct of this trade or business, the Non-U.S. Holder will be subject to tax on the interest received on the Non-U.S. Note on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. If the Non-U.S. Holder is a corporation, any effectively connected income may also be subject to a branch profits tax at a rate of 30 per cent. (or such lower rate as may be specified by an applicable income tax treaty).

A Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain realised upon a sale or other disposition of a Non-U.S. Note unless the gain is effectively connected with the conduct of a trade or business within the United States (and, under certain income tax treaties, if this gain is attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder); or, if the Non-U.S. Holder is an individual and holds the Non-U.S. Note as a capital asset, unless he is present in the United States for 183 days or more in the taxable year of disposition, meets certain other conditions, and is not eligible for relief under an applicable income tax treaty.

Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of owning Notes.

### ***Fungible Issue***

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

## **Backup Withholding and Information Reporting**

In general, payments of principal, interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. U.S. Holders should consult their tax advisers regarding the application of these rules and any other reporting obligations that may apply to the ownership or disposition of the Notes, including requirements related to certain “specified foreign financial assets”.

Payments of principal, and interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary to a holder of a Note that is not a U.S. Holder will not be subject to backup withholding tax and information reporting requirements if appropriate certification (IRS Form W-8BEN or some other appropriate form) is provided by the holder to the payor and the payor does not have actual knowledge that the certificate is false.

## **FATCA Withholding**

Certain provisions of U.S. law, commonly known as FATCA, impose reporting requirements and a withholding tax of 30 per cent. on (i) certain U.S. source payments, (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends, and (iii) certain payments by foreign financial institutions (“foreign passthru payments”) made to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Korea) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide for (i) the repeal of the withholding tax applicable to payments of gross proceeds from the sale or retirement of a U.S. Note and (ii) the extension of the date on which withholding applies to foreign passthru payments to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. FATCA withholding in respect of foreign passthru payments is generally not required for “obligations” that are not treated as equity for U.S. federal income tax purposes unless such obligations are issued or materially modified after the date that is six months after the date on which the final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register (the “grandfathering date”). However, if Non-U.S. Notes are issued on or before the grandfathering date, and additional Non-U.S. Notes (as described under “Terms and Conditions of the Notes — Further Issues”) that are not distinguishable from these Non-U.S. Notes are issued after the expiration of the grandfather period and are subject to withholding under FATCA, then withholding agents may treat all Non-U.S. Notes, including the grandfathered Non-U.S. Notes, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **Korean Taxation**

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-resident corporations (“non-residents”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-residents without a permanent establishment in Korea are taxed in the manner described below. Non-residents with permanent establishment in Korea are taxed in accordance with different rules.

### **Tax on Interest**

In principle, interest paid to a non-resident by a Korean company is subject to withholding of Korean income and corporation tax unless exempted by relevant laws or tax treaties.

The Special Tax Treatment Control Law (the “STTCL”) exempts interest payment on notes denominated in a foreign currency (excluding payment to a Korean corporation, permanent establishments of non-Korean corporations in Korea, or resident individual) from Korean income and corporation tax, provided that the notes are issued outside of Korea. The local income tax referred to below is also therefore eliminated.

Accordingly, if not exempt under this STTCL, interest payment on the Notes will be subject to withholding of Korean income or corporation tax at the rate of 14.0 per cent. for a non-resident. In addition, local income tax will be imposed at the rate of 10.0 per cent. of the income or corporation tax (raising the rate of total tax to 15.4 per cent.).

Tax is withheld by the payer of the interest. In principle, Korean law entitles the withholding taxpayer and the withholding tax obligator who have suffered the incorrect withholding of Korean tax to recover from the Government any part of the Korean tax withheld in case the withholding tax obligator pays Korean tax withheld by the 10th day of the month following the month in which the interest was paid and submits the payment statement to a relevant tax office by the end of February of the next year from the interest payment date.

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the resident country of the recipient of the income. The relevant tax treaties are discussed below.

### **Tax on Capital Gains**

Korean tax laws currently exclude from Korean taxation gains made by a non-resident without a permanent establishment in Korea from the sale of the Notes to other non-residents (unless the sale is to the non-resident’s permanent establishments in Korea). In addition, capital gains earned by non-residents with or without permanent establishments in Korea from the transfer of Notes taking place outside Korea are currently exempt from taxation by virtue of STTCL, provided that the issuance of the Notes is deemed to be a foreign issuance under the STTCL.

In the absence of an applicable tax treaty or any other special tax laws reducing or eliminating capital gains tax, the applicable rate of capital gains tax is the lower of 11.0 per cent. (including local income tax) of the gross realisation proceeds (the “Gross Realisation Proceeds”) or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Korean securities) 22.0 per cent. (including local income tax) of the capital gains earned. The capital gain is calculated as the Gross Realisation Proceeds less the acquisition cost and certain direct transaction costs. There is no provision under relevant

Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributing to sales of Korean securities. Unless the seller can claim the benefit of an exemption of tax under an applicable tax treaty or in the absence of the seller producing satisfactory evidence of its acquisition cost in relation to the Korean securities being sold, the purchaser or the securities company, as applicable, must withhold an amount equal to 11.0 per cent. (including local income tax) of the Gross Realisation Proceeds. Any withheld tax must be paid no later than the 10th day of the month following the month in which the payment for the purchase of the relevant Korean securities occurred. Failure to timely transmit the withheld tax to the Korean tax authorities technically subjects the purchaser or the securities company to penalties under Korean tax law.

### **Inheritance Tax and Gift Tax**

Korean inheritance tax is imposed upon (1) all assets (wherever located) of the deceased if at the time of death the deceased was domiciled in Korea or had resided in Korea continuously for at least 183 days immediately prior to his/her death and (2) all property located in Korea which passes on death (irrespective of the domicile or the residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the tax rate varies from 10.0 per cent. to 50.0 per cent. according to the value of the relevant property and the identity of the persons involved. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift.

### **Stamp Duty and Securities Transaction Tax**

No stamp, issue or registration duties will be payable in Korea by the holders of the Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea. No securities transaction tax will be imposed upon the transfer of the Notes.

### **Tax Treaties**

At the date of this Information Memorandum, Korea has tax treaties with, inter alia, Algeria, Australia, Austria, Bangladesh, Belgium, Brazil, Bulgaria, Canada, China, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Islamic Republic of Iran, Israel, Italy, Japan, Kingdom of Nepal, Kingdom of Saudi Arabia, Kuwait, Kazakhstan, Luxembourg, Malaysia, Malta, Mexico, Mongolia, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Papua New Guinea, the Philippines, Poland, Portuguese Republic, Republic of Albania, Republic of Azerbaijan, Republic of Belarus, Republic of Chile, Republic of Croatia, Republic of Estonia, Republic of Fiji, Republic of Iceland, Republic of Latvia, Republic of Lithuania, Republic of South Africa, Republic of Venezuela, Romania, Russia, Singapore, the Slovak Republic, Spain, Sri Lanka, State of Qatar, Sweden, Switzerland, Thailand, Tunisia, Turkey, Ukraine, the Union of Myanmar, United Arab Emirates, the United Kingdom, the United States of America, Uzbekistan, Lao People's Democratic Republic, Sultanate of Oman, Hashemite Kingdom of Jordan, Republic of Slovenia, Vietnam, Gabon, Brunei, Bahrain, Ecuador, Uruguay, Colombia, Kyrgyz, Panama, Peru, Hong Kong, Tajikistan, Serbia, Georgia, Turkmenistan, Republic of Kenya and Federal Democratic Republic of Ethiopia. Under these treaties, the rate of withholding tax generally is reduced to 5.0 per cent. to 15.0 per cent. and the tax on capital gains is often eliminated.

Each holder of the Notes should consult with its tax adviser as to whether it is entitled to the benefit of a tax treaty with Korea. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest or

capital gains to submit to the payer or purchaser, as the case may be, proof sufficient to establish the party's eligibility for tax benefits. In the absence of sufficient proof, the payer or the purchaser, as the case may be, must withhold tax at the normal rates.

Furthermore, in order for a non-resident to claim the benefit of a tax rate reduction or tax exemption on certain Korean source income (such as interest or capital gains) under an applicable tax treaty, Korean tax law requires such non-resident (or its agents) to submit an application (for reduced withholding tax rate, "application for entitlement to reduced tax rate," and in the case of exemptions from withholding tax, "application for tax exemption," along with a certificate of tax residency of such non-resident issued by a competent authority of the non-resident's country of tax residence) as the beneficial owner of such Korean source income ("BO application"), provided that if such tax exemption is being sought to be applied to an amount that is Won 1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made, is Won 1 billion or more), in addition to the certificate of tax residence issued by a competent authority of the non-resident holder's residence country, it will also be required to submit the names and addresses of all of the members of board of directors, the identities and shareholding percentages of all of shareholders (provided that if there are more than 100 shareholders, the non-resident holder may instead provide a statement showing the total number of shareholders and aggregate investment amount from each country), and audit reports for the most recent three years submitted to the country of residence (or, if the entity has been in existence for less than three years, audit reports since incorporation). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) ("OIV"), a beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO application to such OIV, which must submit an OIV report and a schedule of beneficial owners (and the BO applications collected from each beneficial owner, in case of the application for tax exemption) to the withholding agent prior to the payment date of such income. As one of the exceptions, effective from 1 January 2022, an OIV is deemed to be a beneficial owner of the Korean source income if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established; and (ii) the Korean source income is eligible for the treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV's residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax Law or Individual Income Tax Law. In the case of a tax exemption application, the withholding agent is required to submit such applications (together with the applicable OIV report in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income. However, this requirement does not apply to tax exemptions under Korean tax law such as the STTCL.

### **United Kingdom Taxation**

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice, which may not be binding on HMRC, in each case as at the latest practicable date before the date of this Information Memorandum, relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules apply. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any Noteholders are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

### **Payment of Interest on the Notes Issued by the Issuer Acting Otherwise than Through its London Branch**

Payments of interest on the Notes by the Issuer that do not have a United Kingdom source may be made without withholding or deduction for or on account of United Kingdom income tax.

### **Payment of Interest on the Notes Issued by the Issuer Acting Through its London Branch**

Payments of interest on the Notes by the Issuer that have a United Kingdom source may be made without deduction or withholding for or on account of United Kingdom income tax, provided the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the “Act”) and the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of the Act.

Payments of interest on the Notes by the Issuer that have a United Kingdom source may also be made without deduction of or withholding on account of United Kingdom income tax provided that the Issuer is a company for United Kingdom tax purposes and the Notes are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Act. The SGX-ST is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Singapore in accordance with provisions corresponding to those generally applicable in European Economic Area states and are admitted to trading on the Main Board of the SGX-ST. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax whether or not the Issuer is or continues to be a bank within the meaning of section 991 of the Act and whether or not the interest is paid in the ordinary course of its business.

Interest payable on the Notes that has a United Kingdom source may also be paid without withholding or deduction on account of United Kingdom income tax where interest on the Notes is paid by a company and, at the time the payment is made, the company reasonably believes that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest payable on the Notes that has a United Kingdom source may also be paid without withholding or deduction on account of United Kingdom income tax where the Notes have a maturity of less than 365 days and are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Notes form part of a borrowing with a total term of more than 364 days.

In all other cases, an amount must generally be withheld from payments of interest on the Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20.00 per cent.), subject to the availability of other reliefs under United Kingdom domestic law. Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **PRC Taxation**

The holders of Notes denominated in RMB (the “RMB Notes”), who are not resident in the PRC for PRC tax purposes, will not be subject to withholding tax, income tax or any other taxes or duties imposed by any

governmental authority in the PRC in respect of the RMB Notes or any repayment of principal and payment of interest made thereon.

### **Singapore Taxation**

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”) and the Monetary Authority of Singapore (“MAS”) in force as at the date of this Information Memorandum, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s) or hold a specified licence) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealers or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

### **Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act 1947 of Singapore (the “Income Tax Act”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immoveable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 24 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) early redemption fee and redemption premium from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

### **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will generally not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 109 (“FRS 109”) or Singapore Financial Reporting Standards (International) 9 (“SFRS(I) 9”) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on “Adoption of FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes”.

### **Adoption of FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes**

Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under 34AA of the Income Tax Act should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

### **Japanese Taxation**

*The following is a general description of certain Japanese tax aspects of the Notes and does not purport to be a comprehensive description of the tax aspects of the Notes. Prospective purchasers should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive. Prospective purchasers are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation.*



*Prospective purchasers should note that the Japanese tax treatment with respect to certain types of Notes, including but not limited to Index Linked Interest Notes, is not clear. Accordingly the actual Japanese tax treatment of certain types of Notes may be different from the treatment described below. Further, the statements below are based on current tax laws and regulations in Japan and current tax treaties executed by Japan all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any beneficial owner of the Notes or any person purchasing, selling or otherwise dealing in the Notes or any tax implication arising from the purchase, sale or other dealings in respect of the Notes.*

### **Capital Gains, Inheritance and Gift Taxes, Stamp Tax and Other Similar Taxes**

Gains derived from the sale outside Japan of Notes (whether issued by the Issuer acting through its Tokyo Branch or other branch of the Issuer) by a non-resident of Japan or a non-Japanese corporation, or from sale within Japan of Notes by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan are in general not subject to Japanese income or corporate taxes.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired Notes issued by the Issuer as legatee, heir or donee from an individual.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable in Japan by holders in connection with the issue of the Notes.

### **Interest with respect to Notes issued by the Issuer acting otherwise than through its Tokyo Branch**

Under Japanese tax laws currently in effect the payment of interest in respect of Notes issued by the Issuer acting otherwise than through its Tokyo Branch to a non-resident of Japan or to a non-Japanese corporation in accordance with the terms and conditions of Notes will not be subject to any Japanese income or corporation taxes payable by withholding. Furthermore, such payment will not be subject to any other Japanese income or corporation taxes otherwise than by way of withholding unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and payment of the interest is attributable to the business of the non-resident or non-Japanese corporation carried on in Japan through such permanent establishment.

### **Interest and Redemption Gain with respect to Notes issued by the Issuer acting through its Tokyo Branch**

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest and the redemption gain, which is the positive difference between the acquisition price of such interest-bearing Notes of the holder and the amount which the holder receives upon redemption of such interest-bearing Notes (the "redemption gain"), where such Notes are issued by the Issuer acting through its Tokyo Branch outside Japan and payable outside Japan ("Tokyo Branch Notes"). It is not intended to be exhaustive and holders of Tokyo Branch Notes and prospective investors are recommended to consult their tax advisers as to their exact tax position.

Interest payments on Tokyo Branch Notes paid to an individual resident of Japan, to a Japanese corporation (except for (i) a Japanese designated financial institution described in Article 6, paragraph 11 of the Special Taxation Measures Act of Japan (the "Special Taxation Measures Act") which has complied with the requirements under that paragraph and (ii) a public corporation, a financial institution or a financial instruments business operator, etc., as provided in Article 3-3, paragraph 6 of the Special Taxation Measures Act which receives the interest payments through its payment handling agent in Japan and complies with the requirement

for tax exemption under that paragraph), or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a specially-related person (as defined in Article 6, paragraph 4 of the Special Taxation Measures Act) of the Issuer will be subject to deduction in respect of Japanese income tax at a rate of 15 per cent. of the amount of such interest.

If the recipient of interest on Tokyo Branch Notes is a non-Japanese individual resident or a non-Japanese corporation with no permanent establishment within Japan, or a non-Japanese individual resident or a non-Japanese corporation with a permanent establishment within Japan but where the receipt of the interest under Tokyo Branch Notes is not attributable to the business carried on within Japan by the recipient through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if such recipient complies with certain requirements, inter alia:

- (i) if the relevant Tokyo Branch Notes are held through a certain participant in an international clearing organisation such as DTC, Euroclear and Clearstream, Luxembourg or a certain financial intermediary prescribed by the Special Taxation Measures Act and the relevant cabinet order there-under (together with the relevant ministerial ordinance and other regulation thereunder, the “Law”) (each, a “Participant”), the requirement that such recipient provides, at the time of entrusting a Participant with the custody of the relevant Tokyo Branch Notes, certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the “Interest Recipient Information”), and to advise the Participant if such non-Japanese individual resident or non-Japanese corporation ceases to be so exempted (including the case where it became a specially-related person of the Issuer) and that the Issuer prepares and files a certain confirmation prescribed by the Law (the “Interest Recipient Confirmation”) in a timely manner based upon the Interest Recipient Information communicated through the Participant; and
- (ii) if the relevant Tokyo Branch Notes are not held by a Participant, the requirement to submit to the relevant paying agent a written application for tax exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a “Written Application for Tax Exemption”), together with certain documentary evidence, and that the Issuer files the Written Application for Tax Exemption so received with the competent local tax office in a timely manner.

However, such payment of interest will be subject to Japanese withholding tax, if:

- (a) the amount of interest on Tokyo Branch Notes is calculated or determined on the basis of or by reference to certain indications including the amount of profit, revenue, assets and distribution of surplus, distribution of profit and other similar distributions of the Issuer or of any of its specially-related persons, as provided in Article 3-2-2, paragraph 8 of the cabinet order (such Tokyo Branch Notes being referred to as the “Taxable Linked Notes”); or
- (b) the recipient of interest on Tokyo Branch Notes is an individual non-resident of Japan or a non-Japanese corporation who or which is a specially-related person of the Issuer.

Failure to comply with such requirements described above will result in the withholding by the Issuer of income tax at the rate of 15 per cent. unless any lower rate is applicable under the relevant tax treaty between Japan and another country.

If the recipient of interest on Tokyo Branch Notes is a non-Japanese individual resident or a non-Japanese corporation with a permanent establishment within Japan and the receipt of interest under Tokyo Branch Notes is attributable to the business of such non-Japanese individual resident or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to 15 per cent. withholding tax by the Issuer; provided, however, that (i) Tokyo Branch Notes should not be Taxable Linked Notes, (ii) the

recipient should not be a specially related person of the Issuer, and (iii) the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out above are complied with. Otherwise, it may result in the withholding by the Issuer of income tax at the rate of 15 per cent. The amount of such interest will be aggregated with the recipient's other Japanese source income which is subject to Japanese taxation and will be subject to normal income tax or corporate tax, as appropriate.

If any recipient of interest on Tokyo Branch Notes who is an individual resident of Japan, or a Japanese corporation (other than Japanese banks, Japanese insurance companies, Japanese securities companies or other Japanese financial institutions falling under certain categories prescribed by the relevant cabinet order under Article 3-3, paragraph 6 of the Special Taxation Measures Act (each, a "specified financial institution") or a Japanese public corporations designated by the relevant law which comply with the requirement as referred to below), receives payments of interest through certain payment handling agents in Japan (each a "Japanese payment handling agent"), income tax at the rate of 15 per cent. will be withheld by the Japanese payment handling agent rather than the Issuer. As the Issuer is not in a position to know in advance the recipients' status, the recipient of interest falling within this category should inform the Issuer through a paying agent of its status in a timely manner. Failure to so inform may result in double withholding. Individual holders of Tokyo Branch Notes being residents of Japan who receive interest under Tokyo Branch Notes through a Japanese payment handling agent will be taxed in Japan on such interest after netting particular loss and/or gain separately from his/her other income by filing a tax return; provided, however, that such individual holders may choose not to file such tax return, in which case the aforementioned withholding would be the final Japanese tax for such individual holders. In the case of other recipients who are Japanese corporations falling under the category referred to in the beginning of this paragraph, the amount of interest received by any such recipient will be included in such recipient's gross income and subject to normal corporate tax.

If the recipient of interest on Tokyo Branch Notes is a Japanese bank, a Japanese insurance company, a Japanese securities company, or any other Japanese financial institution falling under certain categories prescribed by the relevant cabinet order under Article 6, paragraph 11 of the Special Taxation Measures Act, (each, a "designated financial institution") and the requirements concerning the Interest Recipient Information and the Interest Recipient Confirmation or the Written Application for Tax Exemption as set out above are complied with, no income tax will be imposed, either by way of withholding or otherwise, but the recipient will be subject to normal corporate tax with respect to such interest.

If the recipient of interest on Tokyo Branch Notes is a Japanese public corporation, or a specified financial institution, that keeps its Tokyo Branch Notes deposited with, and receives the interest through, a Japanese payment handling agent with custody of Tokyo Branch Notes (the "Japanese custodian") and such recipient submits through such Japanese custodian to the competent tax authority the report prescribed by the Law, no income tax will be levied, by way of withholding or otherwise, on the full amount of interest, but if the recipient is a specified financial institution, the recipient will be subject to normal corporation tax with respect to such interest. However, since the Issuer is not in a position to know in advance the recipient's withholding tax exemption status, the recipient of interest falling within this category should inform the Issuer through a paying agent of its status in a timely manner. Failure to so notify the Issuer may result in the withholding by the Issuer of 15 per cent. income tax.

If the recipient of interest who is an individual resident of Japan or a Japanese corporation (except for a designated financial institution which complies with the requirements described in paragraph above) receives interest not through a Japanese payment handling agent, income tax at the rate of 15 per cent. will be withheld by the Issuer.

If the recipient of the redemption gain with respect to Tokyo Branch Notes is an individual who is a resident of Japan or a Japanese corporation, such redemption gain will not be subject to any withholding tax. If the recipient of the redemption gain with respect to Tokyo Branch Notes is an individual who is a resident of Japan, such redemption gain after netting particular loss and/or gain will be subject to 15 per cent. income tax separately from his/her other income by filing a tax return. On the other hand, if the recipient of the redemption gain with respect to Tokyo Branch Notes is a Japanese corporation, such redemption gain will be included in the recipient's gross income and subject to normal corporate tax.

If the recipient of the redemption gain with respect to interest-bearing Tokyo Branch Notes is not a specially-related person of the Issuer and a non-Japanese individual resident or a non-Japanese corporation having no permanent establishment within Japan, or a non-Japanese individual resident or a non-Japanese corporation having a permanent establishment within Japan but the receipt of such redemption gain is not attributable to the business carried on within Japan by such non-Japanese individual resident or non-Japanese corporation through such permanent establishment, no income tax or corporate tax is payable with respect to such redemption gain. If the receipt of such redemption gain with respect to interest-bearing Tokyo Branch Notes is attributable to the business of any such non-Japanese individual resident or non-Japanese corporation carried on within Japan through a permanent establishment maintained by it within Japan, such redemption gain will not be subject to any withholding tax but will be aggregated with the recipient's other Japanese source income which is subject to Japanese taxation and subject to normal income tax or corporate tax, as appropriate.

### **Special Additional Withholding Tax for Reconstruction from the Great East Japan Earthquake**

Where there is a reference to a withholding tax rate of 15 per cent. in the foregoing descriptions, for withholding tax due and payable until 31 December 2037, the applicable rate of withholding tax will be 15.315 per cent., due to the imposition of special additional withholding tax of 0.315 per cent. (or 2.1 per cent. of 15 per cent.) to secure funds for reconstruction from the Great East Japan Earthquake. There will also be a special additional tax imposed upon normal income tax and corporate tax, as referred to in the foregoing descriptions, for a certain period.

### **Hong Kong Taxation**

#### ***Withholding Tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

#### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, an authorised institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no prospectus involving the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Notes by the Issuer is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

### ***Stamp Duty***

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the “SDO”)).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

Notwithstanding the above, no stamp duty is payable on the transfer of a regulatory capital security (as defined in Section 17A of the IRO).

With effect from 1 August 2021, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

## CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or provisions under any other federal, State, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

### General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

### Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Notes by an ERISA Plan with respect to which the Issuer or a Dealer is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labour has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide limited relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Notes should not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

None of the Issuer, the Registrar, the Agents, the Dealers, the Arranger, or any of their respective affiliates (each, a “Transaction Party”, and collectively, the “Transaction Parties”) is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of Notes by any Plan.

In addition, each purchaser of the Notes that is a Plan, including any fiduciary purchasing the Notes on behalf of a Plan or who represents the Plan with respect to such purchase, will be deemed to have represented by its purchase of the Notes that none of the Transaction Parties has provided advice with respect to the acquisition of the Notes by the Plan.

### **Representation**

Accordingly, by acceptance of a Note or any beneficial interest therein, each purchaser and subsequent transferee of a Note or any beneficial interest therein will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Note or any beneficial interest therein constitutes assets of any Plan or (ii) (A) the acquisition, holding and disposition of the Notes or any beneficial interest therein by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws and (B) no Transaction Party has provided any investment advice or recommendation to the Plan or any fiduciary or other person making a decision to purchase the Notes on behalf of the Plan in connection with the acquisition of the Notes by the Plan.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.



## **SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS**

The Dealers have, in an amended and restated Programme Agreement dated 15 June 2012 (as amended and/or supplemented from time to time, the “Programme Agreement”), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of the Notes under the Programme.

### **Important Notice to CMIs (including private banks) pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct**

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Information Memorandum and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed

decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

### **Transfer Restrictions**

**As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.**

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest

from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (f) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY

AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE

COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “Form of the Notes”.

The IAI Investment Letter will State, among other things, the following:

- (a) that the Institutional Accredited Investor has received a copy of the Information Memorandum and such other information as it deems necessary in order to make its investment decision;
- (b) that the Institutional Accredited Investor understands that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Information Memorandum and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (d) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts’ investment for an indefinite period of time;
- (e) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (f) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire
- (g) Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on

behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder. The applicable terms of the Notes will identify whether TEFRA D applies or whether TEFRA is not applicable.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”), each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each other Purchaser will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in the Deed Poll to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Each issuance of Dual Currency Notes or Index Linked Notes shall be subject to such additional United States selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

## **Prohibition of Sales to UK Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer (severally, and not jointly) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms contained in the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as ‘Not Applicable’, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “UK Prospectus Regulation” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Prohibition of Sales to EEA Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer (severally, and not jointly) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the final terms contained in the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.



If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as ‘Not Applicable’, in relation to each member state of the European Economic Area (each, a “Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

## **Japan**

- (i) In respect of Notes issued by the Issuer acting otherwise than through its Tokyo Branch:

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

- (ii) In respect of Notes issued by the Issuer acting through its Tokyo Branch:

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has

represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

In addition, the Notes will be subject to requirements under the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the “Special Taxation Measures Act”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell, as part of the distribution pursuant to the Programme Agreement at any time, to, or for the benefit of any person other than a beneficial owner that is, (i) for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special relationship with the Issuer as described in Article 6, paragraph 4 of the Special Taxation Measures Act or (ii) a Japanese financial institution designated in Article 6, paragraph 11 of the Special Taxation Measures Act.

### **Korea**

The Notes may not be offered, delivered or sold directly or indirectly in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Act of Korea and the regulations thereunder), or to others for re-offering or resale directly or indirectly in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **The Netherlands**

If the final terms (or Pricing Supplement, as the case may be) in respect of a Tranche of Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme in respect of such Notes will be required to represent and agree, that the Notes (or any interest therein) are not and may not, directly or indirectly, be

offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Information Memorandum nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Regulation, provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions in the Netherlands provided that each such Note has a minimum denomination in excess of EUR 100,000 (or the equivalent thereof in non-Euro currency) and subject to compliance with the relevant requirements under the PRIIPs Regulation.

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*; the “SCA”)) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

*Singapore SFA Product Classification:* In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **People’s Republic of China**

Each Dealer has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People’s Republic of China.

## General

Each Dealer has represented and agreed, and each other Purchaser will be required to represent and agree, that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have responsibility therefor. If a jurisdiction requires that an offering of Notes be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business. The Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

## GENERAL INFORMATION

### 1 Authorisation

The establishment and update of the Programme and the issue of Notes under the Programme have been duly authorised by the approval of the Governor of the Bank of Korea dated 30 July 1996. The update of the Programme has been duly authorised by the internal approval of the Issuer dated 3 July 2024. However, further internal authorisations are required prior to the issue of Notes under the Programme.

A report with the Minister of Economy and Finance of Korea will be required for each Tranche of the Notes in an amount exceeding U.S.\$50 million with a maturity exceeding one year.

No other governmental approval is necessary for the issue of any Notes in Korea or for their sale and purchase in the secondary market outside Korea.

### 2 Listing of Notes on the SGX-ST

Approval in-principle has been received from the SGX-ST for permission to deal in, and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or such Notes.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note or Global Certificate is exchanged for definitive Notes. In addition, in the event that a Global Note or Global Certificate is exchanged for definitive Notes, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

### 3 Significant or Material Change

Save as disclosed in the Information Memorandum, there has been no significant change in the financial or trading position of the Issuer or its subsidiaries taken as a whole since 31 December 2023 and there has been no material adverse change in the financial position or prospects of the Issuer or its subsidiaries taken as a whole since 31 December 2023.

### 4 Documents on display and available for inspection

Copies of the following documents may be inspected at the registered office of the Issuer and at the specified office of the Fiscal Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date hereof and throughout the life of the Programme:

- (i) the KDB Act, the Enforcement Decree and the By-Laws (in English);
- (ii) the audited financial statements of the Issuer (in English) as of and for each of the financial years ended 31 December 2022 and 2023;

- (iii) the most recently available financial statements of the Issuer and the most recently available unaudited interim financial statements (if any) of the Issuer (in English);
- (iv) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the Deed Poll;
- (v) this Information Memorandum;
- (vi) any future prospectuses, offering circulars, information memoranda and supplements (including Pricing Supplements save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer, or the Fiscal Agent, as the case may be, as to the identity of such holder) to this Information Memorandum and the documents incorporated therein by reference; and
- (vii) in the case of a syndicated issue of listed Notes, the subscription agreement (or equivalent document).

## **5 Auditor**

Tae Hyun Joo was appointed as the current statutory auditor of the Issuer on 15 March 2021. The business address of Tae Hyun Joo is 14 Eunhaeng-ro, Youngdeungpo-gu, Seoul 07242, Korea.

As of the date hereof, the external auditor of the Bank is Nexia Samduk, located at 12F, S&S Building, 48 Ujeongguk-ro, Jongno-gu, Seoul 03145, Korea.

## **6 Litigation**

There are no nor have there been any legal or arbitration proceedings including any such proceedings which are pending or threatened of which the Issuer is aware which may have or have had during the 12 months prior to the date hereof a significant effect on the financial position of the Issuer and its subsidiaries taken as a whole.

## **7 Clearing Systems**

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The appropriate Common Codes for each issue allocated by Euroclear and Clearstream, Luxembourg will be contained in the relevant Pricing Supplement. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The Issuer may also apply to have the Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN, Common Code and the CMU instrument number, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

**DEALERS**

<p><b>Australia and New Zealand Banking Group Limited</b> 22/F, Three Exchange Square 8 Connaught Place Central Hong Kong</p>	<p><b>Barclays Bank PLC</b> 1 Churchill Place London E14 5HP United Kingdom</p>	<p><b>BNP Paribas</b> 63/F, Two International Finance Centre 8 Finance Street Central Hong Kong</p>	<p><b>Citigroup Global Markets Limited</b> Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom</p>	<p><b>Commonwealth Bank of Australia</b> Level 21, Darling Park Tower 1 201 Sussex Street Sydney NSW 2000 Australia</p>
<p><b>Crédit Agricole Corporate and Investment Bank</b> 30/F Two Pacific Place 88 Queensway Hong Kong</p>	<p><b>Daiwa Capital Markets Singapore Limited</b> 7 Straits View Marina One East Tower #16-05 &amp; #16-06 Singapore 018936</p>	<p><b>Deutsche Bank AG, London Branch</b> 21 Moorfields London EC2Y 9DB United Kingdom</p>	<p><b>Goldman Sachs International</b> Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom</p>	<p><b>The Hongkong and Shanghai Banking Corporation Limited</b> Level 17 HSBC Main Building 1 Queen's Road Central Hong Kong</p>
<p><b>ING Bank N.V., Singapore Branch</b> 1 Wallich Street #12-01 Guoco Tower Singapore 078881</p>	<p><b>J.P. Morgan Securities plc</b> 25 Bank Street Canary Wharf London E14 5JP United Kingdom</p>	<p><b>KDB Asia Limited</b> Suite 2005 – 2009 20/F Two International Finance Centre 8 Finance Street Central Hong Kong</p>	<p><b>MUFG Securities EMEA plc</b> Ropemaker Place 25 Ropemaker Street London EC2Y 9AJ United Kingdom</p>	<p><b>Mirae Asset Securities Co., Ltd.</b> East Tower 26, Eulji-ro 5-gil Jung-gu Seoul 04539 Korea</p>
<p><b>Merrill Lynch International</b> 2 King Edward Street London EC1A 1HQ United Kingdom</p>	<p><b>Mizuho Securities Asia Limited</b> 14-15/F., K11 Atelier 18 Salisbury Road Tsim Sha Tsui, Kowloon Hong Kong</p>	<p><b>Morgan Stanley &amp; Co. International plc</b> 25 Cabot Square Canary Wharf London E14 4QA United Kingdom</p>	<p><b>National Australia Bank Limited</b> #20-02, 12 Marina View Asia Square Tower 2 Singapore 018961</p>	<p><b>Natixis</b> 30, avenue Pierre Mendès-France 75013 Paris France</p>
<p><b>Nomura Singapore Limited</b> 10 Marina Boulevard #36-01 Marina Bay Financial Centre Tower 2 Singapore 018983</p>	<p><b>Société Générale</b> 29, boulevard Haussmann 75009 Paris France</p>	<p><b>Standard Chartered Bank</b> One Basinghall Avenue London EC2V 5DD United Kingdom</p>	<p><b>The Toronto-Dominion Bank</b> 60 Threadneedle Street London EC2R 8AP United Kingdom</p>	<p><b>UBS AG Hong Kong Branch</b> 52nd Floor Two International Finance Centre 8 Finance Street Central Hong Kong</p>
<p><b>Wells Fargo Securities International Limited</b> 33 King William Street London EC4R 9AT United Kingdom</p>	<p><b>Wells Fargo Securities, LLC</b> 550 South Tryon Street 5th Floor Charlotte, North Carolina 28202 USA</p>	<p><b>Westpac Banking Corporation</b> 275 Kent Street Sydney NSW 2000 Australia</p>		

**REGISTERED OFFICE OF THE ISSUER**

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<sup>1</sup> Unless otherwise specified in the applicable Pricing Supplement, Deutsche Bank Trust Company Americas will act as Registrar.

<sup>2</sup> Unless otherwise specified in the applicable Pricing Supplement, Deutsche Bank AG, Hong Kong Branch and Deutsche Bank Luxembourg S.A. will act as Transfer Agent.



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