

KDB's Roles & Economic Growth of Korea

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Urban Infra Forum

Chairman & CEO of KDB
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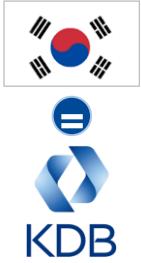
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Section 1

KDB Overview

Introduction

Credit Ratings






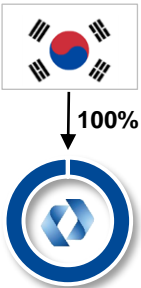
KDB's ratings have been historically on par with those of the Korea sovereign

| | | |
|-----------------------------------|-------------------------------------|--|
| Aa2 (Stable) MOODY'S | AA (Stable) S&P Global | AA- (Stable) FitchRatings |
|-----------------------------------|-------------------------------------|--|

Ownership Structure

Full and direct Ownership by the Korean Government

| |  KDB |  Korea Eximbank |  Industrial Bank of Korea |
|----------------------------|---|--|--|
| Gov. Direct Ownership | 100% | 76.4% | 59.5% |
| Credit Ratings (M / S / F) | Aa2 / AA / AA- | Aa2 / AA / AA- | Aa2 / AA- / AA- |
| Schedule B Eligibility* | Yes | Yes | No |



Notes:

Schedule B allows eligible government-backed institutions to register securities with the U.S. SEC through a simplified process, unlike the standard Schedule A used by most issuers.

Policy Mandates

- Support economic growth in Korea
- Promote industrial development and infrastructure expansion
- Act as a financial market stabilizer
- Drive financial innovation

Government Linkage

- Established in 1954 under the KDB Act
- The KDB Act, a Class 2 National Law legislated by the National Assembly, ranks directly below the Constitution (Class 1)
- KDB's Chairman appointed by the President of Korea

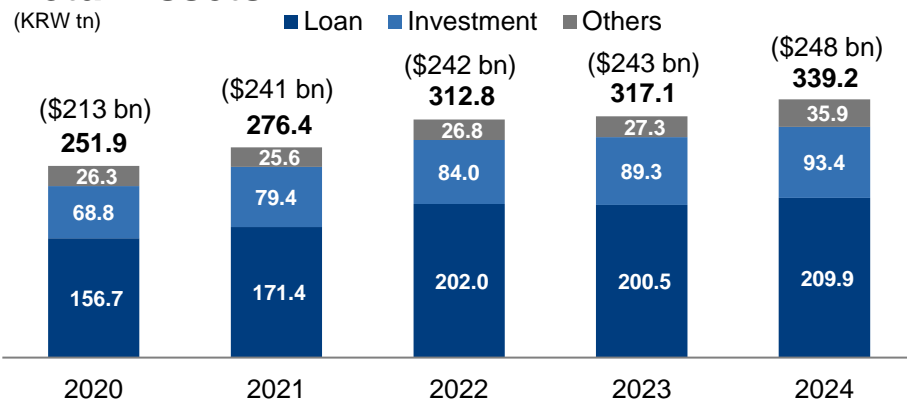
Government Guarantee

- Government responsible for maintaining KDB's solvency

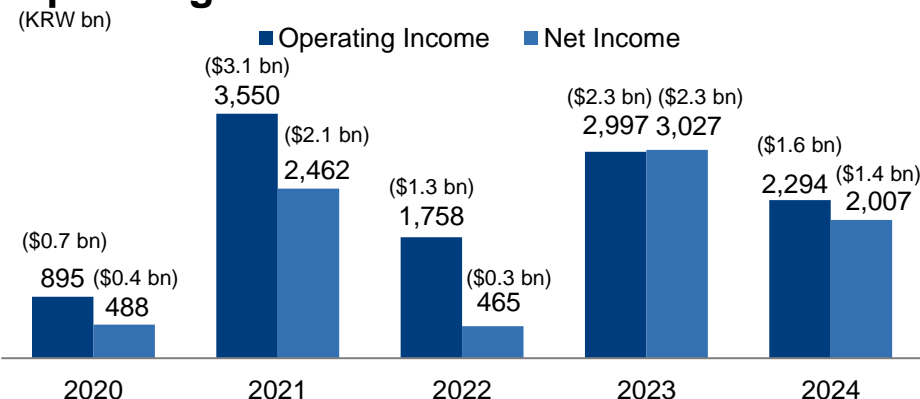
“The **annual net losses of KDB** shall be offset each year by the reserve, and if the reserve be insufficient, the **deficit shall be offset by the Government**” - Article 32 of the KDB Act

Financial Highlights

Total Assets (1)(2)(3)



Operating Performance (1)(3)



The Banker's Top 1000 World Bank (July 2024)

| Ranking | Bank |
|-----------|-------------------------------|
| 5 | JPMorgan Chase |
| 17 | Goldman Sachs |
| 46 | PNC |
| 76 | Korea Development Bank |
| 93 | Bank of New York Mellon |
| 135 | State Street Corp |

Global Credit Ratings

| S&P | Bank |
|------|---|
| AA | Korea Development Bank |
| AA- | Bank of New York Mellon |
| A+ | Morgan Stanley(Holdco) |
| A | State Street Corp, JPMorgan, PNC |
| A- | Bank of America, Truist, |
| BBB+ | Citigroup, Wells Fargo, Goldman Sachs(Holdco) |

Notes:

1. All figures are on a non-consolidated basis except for the Liquidity Coverage Ratio ("LCR"); LCRs are on a monthly average basis as at the end of each quarter
2. Loan assets include both loans measured at amortized cost and loans measured as fair value through profit or loss
3. FY2023 figures have been revised to reflect reclassification adjustments disclosed in the FY2024 audit report

Key Business Areas

Corporate Banking

- Provides funds to finance capex investments
- Complements commercial banking by the private sector

Project Finance

- Arranges and participates in roads, railroads, harbors, energy facilities and other infrastructure projects
- Leads Korean companies and financial institutions to expand their international business

On-lending Finance

- Provides long-term & low-interest loans to SMEs through intermediaries such as commercial banks and credit institutions
- Builds a collaborative system that promotes SME financing by the private sector

Corporate Restructuring

- Leads debt restructuring of financially troubled companies as the main creditor to perform market safety net functions
- Alleviates potential impact on the overall economy

Debt Capital Market

- Arranges debt offerings for potential issuers including underrated companies and medium-sized businesses
- Facilitates timely market stabilization

Private Equity

- Establishes and manages pooled funds as GP and provides tailored financial support to scale-up SMEs
- Supplies funds necessary for business realignment and corporate restructuring

Venture Capital

- Nurtures promising start-ups and companies with advanced technology through various means of financing
- Makes early stage investments to promote new growth industries

Trading

- Play as a market maker of the derivatives and FX markets of Korea
- Offer diverse derivatives and FX solutions for clients to help them hedge diverse financial risks they encounter

Section 2

KDB as Leading Force behind Korea's Economic Growth

KDB and Korea Economic Development Summary

Seoul, 2025

Korea Development Bank

“Greater KDB – Global Financial Leader
Growing in Tandem with Korea”

Seoul, 1951

| | 1950s | 1960s | 1970s | 1980s | 1990s | 2000s | Global Financial Crisis | 2010s | 2020 - |
|-------------------------------|--|--|--------------------|--|----------------|---|-------------------------|--|---|
| Agenda | Restore National Economy | Build Foundation for Rapid Growth | | Enhance Investment Banking Capabilities | | Overcome Economic Crisis | | Strengthen CIB Competitiveness & Corporate Restructuring | Overcome COVID19 & Promote New Growth Engines, New Policy Finance Initiative |
| Focus | Corporate Banking | | Investment Banking | | Policy Finance | | CIB, Globalization | PF-VC-New Policy Finance | |
| Roles | Finance economic development & nurture basic and export industries | Solidify development financing system & support growth of key industries | | Strengthen competitiveness of the economy & provide comprehensive financial services | | Reinforce policy banking roles Provide liquidity to revitalize the economy | | Stabilize markets through restructuring initiatives Lead advancement of Korean financial markets & enhance global banking network | Market Stabilization Invest in industries with high growth potential Fostering high-tech strategic industries |
| GDP per capita (nominal, BoK) | 1954: US\$ 69 1961: US\$ 84 | 1971: US\$ 293 1981: US\$ 1,918 | | 1991: US\$ 7,870 2001: US\$ 11,983 | | 2008: US\$ 22,241 | | 2014: US\$ 30,656 | 2024: US\$ 36,113 |

History : 1954 - 1961

Establishment of KDB & Laying the Groundwork for Development Finance

National Agenda & Economic Situation

- **Focus on rehabilitation of post-war economy**
 - Restoration of industrial facilities
 - Control spiraling inflation (PPI in 1955: 81.1%)
- **Relied heavily on foreign aids (US 2.1B during the period)**
 - *GDP per capita in 1954: US\$ 69 - one of the lowest in the world

KDB's Roles and Performance

- **KDB was initially established as a development finance institution**
 - Stabilization of the national economy
 - Contribution to industrial rehabilitation
- **Supported the agricultural and fisheries industries to stabilize living conditions**
- **Provided long-term financing to three key industries for economic rehabilitation: fertilizer, cement, and glass**
- **Between 1954~1961, KDB's credit balance increased by 14.3 times from KRW 0.7B to KRW 10.5B**

【 After Korean War (1953)】



【 Korea-U.S. Economic Aid Agreement (1961)】



History : 1962 - 1971

Building Foundation for Self-Sufficient Economy & Strengthening Development Financing

National Agenda & Economic Situation

- **Laying the foundation for a self-sufficient economy**
 - Five-Year Economic Development Plans (1st and 2nd)
 - Export-driven policies
- **Light industry-oriented economy**
 - *GDP per capita in 1971: US\$ 293

KDB's Roles and Performance

- **Expanded the scope of development financing**
 - Supported light industries to produce basic necessities
 - Funded infrastructure development (railroads, highways, waterworks)
 - * KDB played a key role by providing funds with government.
 - Financed national strategic projects: construction of housing and telecommunication networks in provincial areas, etc.
- **Increased issuance of KDB bonds**
 - KRW 0.5B in 1960 → KRW 13.8B in 1971
- **Reduced reliance on government borrowings**
 - 87% in the 50s → 30% in 1971

【 Gyeongbu Express Highway (1968-1970)】



History : 1972 - 1979

Rapid Economic Development & Starting Long-Term Industrial Finance

National Agenda & Economic Situation

- **Focus on nurturing heavy/chemical industries**
 - Five-Year Economic Development Plans (3rd and 4th)
 - Shift towards heavy/chemical industries
- **Rapid growth (1972-1979 avg GDP growth rate: 10.2%)**
 *GDP per capita in 1979: US\$ 1,752

KDB's Roles and Performance

- **Expanded long-term financing for key industries**
 - Focused on heavy/chemical industries
 - ex) First petrochemical complex (Ulsan) established in 1972
 First steel plant of POSCO built in 1973
 First shipyard of Hyundai constructed in 1974
- **Supplied funds for power generation infrastructures to foster heavy/chemical industries**
 - 1st nuclear power plant built in 1978
- **Issued the first foreign currency-denominated KDB bond(Eurobond) (US\$ 25M, 1976)**

【 Fostering heavy/chem industries in 1970s】



GDP Growth Rate by Sector (1972-1979)

| | | (in %) | | | | |
|-----------------|-----------------------|--------|------|------|------|-------------|
| | | 1972 | 1976 | 1977 | 1979 | Avg |
| GDP Growth Rate | | 6.5 | 13.5 | 11.8 | 8.4 | 10.2 |
| By Sector | Agriculture&Fisheries | 2.6 | 8.5 | 2.6 | 11.2 | 3.8 |
| | Mining | 12.5 | 21.4 | 15.7 | 8.6 | 17.6 |
| | Manufacturing | 13.2 | 22.8 | 15.8 | 9.4 | 18.3 |
| | Service | 7.5 | 9.1 | 9.8 | 7.4 | 8.5 |
| By Structure | Light Industries | 63.0 | 50.7 | 48.5 | 45.1 | 52.0 |
| | Heavy Industries | 37.0 | 49.3 | 51.5 | 54.9 | 48.0 |

Source: Bank of Korea

History : 1980 - 1989

Focus on Stable Growth & Advancing Long-Term Industrial Finance

National Agenda & Economic Situation

- **Focus on promoting stable growth and restructuring of major industries**
 - Excess capacity in the heavy and shipping industries weakened the nation's growth potential
- **Favorable economic condition were created due to the “three lows” : low exchange rates, interest rates, and oil price ('86~'89)**
- **First-ever current account surplus in 1986 (US\$ 5B)**
 - *GDP per capita in 1989: US\$ 5,990

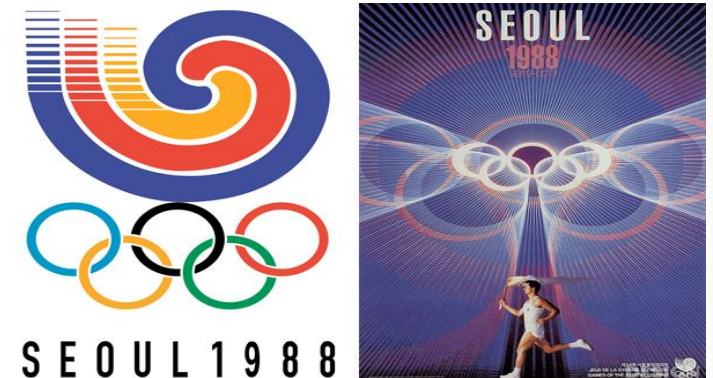
KDB's Roles and Performance

- **KDB increased its portfolio share of long-term financing for industrial restructuring**
 - Supported M&As in the heavy/shipping industries burdened with over-capacity
- **Privatization increased the roles and performance of commercial banks**
 - Nonetheless, KDB maintained high market share of industrial financing
- **Due to stronger local capital markets, source of funding shifted to domestic markets**
 - Proportion of intl' funding decreased from 20.7% in 1980 to 3.2% in 1989
 - * Due to a current account surplus and government restrictions on foreign borrowing, the share of foreign capital fell to 3.2%, however it rose to 12.7% in '96. (it has remained around 10% in the 2020s)

【 Export vehicles awaiting shipment (1980s)】



【 1988 Seoul Olympic 】



History : 1990 - 1996

Laying the Foundation for International & Investment Banking

National Agenda & Economic Situation

- **Focus on globalization of the economy**
 - Strengthened global competitiveness of industries
 - Financial liberalization, further opening up the financial market
- **Induced private capital into infrastructure development (PPP Act, 1994)**
 - *GDP per capita in 1996: US\$ 13,859

KDB's Roles and Performance

- **Expanded overseas network of KDB to facilitate globalization efforts**
 - ※ Tokyo (1991), Beijing (1992), Shanghai (1996), Singapore (1996)
- **Became the first issuer of Yankee bonds in Korea (1990)**
- **Started utilizing investment banking tools to finance high-tech industries more effectively**
- **Executed the first project finance deal in the domestic market (Incheon International Airport Expressway)**

【 Incheon International Airport (1992-2001) 】



【 High-tech Industry - Semiconductor 】



History : 1997 - 2013

Asian Financial Crisis (1997), Global Financial Crisis (2008) & Recovery

National Agenda & Economic Situation

- **Overcome the Asian financial crisis (1997) and global financial crisis (2008)**
 - Strengthen competitiveness of manufacturing and financial sectors through restructuring
 - Alleviate financial market strains while reinforcing economic recovery
- **Economic slowdown → Need to revitalize the growth engines**
 - *GDP per capita in 2008: US\$ 22,241

KDB's Roles and Performance

- **Led corporate restructuring of insolvent companies (1997)**
 - Engaged in large M&A transactions and led business turnarounds
 - Established the Corporate Restructuring Fund for distressed companies
- **Contributed to market recovery through proactive policy financing activities (2008)**
 - Participated in bond market normalization schemes to ease liquidity strains
 - Acted as a market safety net by leading the efforts to restructure and normalize troubled companies
- **Expanded funds supplied to SMEs and companies with advanced technologies**
 - Concentrated on IT and bio-technology sectors

Major Industrial Restructuring (1998)



【 Global Financial Crisis (2008) 】



History : 2014 - YTD

Paving the Path for Economic Advancement and Recovery from COVID-19

National Agenda & Economic Situation

- **Promoting economic growth**
 - Expansionary fiscal policy & economic stimulus to revive the slowing economy
 - Foster new growth drivers to create new business opportunities
 - **Market stabilization after COVID-19**
 - Ease the financial crunch in both the long and short-term money market
 - Alleviate investor concerns and reduce credit spread
- *GDP per capita in 2024: US\$ 36,113

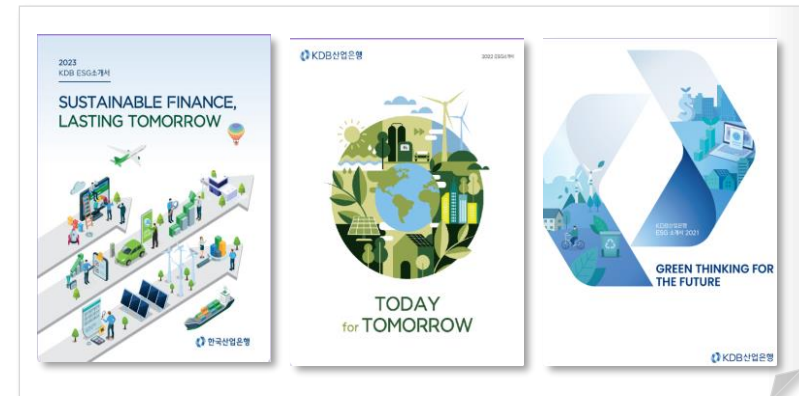
KDB's Roles and Performance

- **Led efforts to reinvigorate the national economy by promoting new growth engines**
 - Fully engaged in Techno Banking to enhance technology-based financing
 - Launched startup IR platforms (NextRound, NextRise) to facilitate venture capital market and foster economic growth
 - Established the groundwork for ESG-driven management, consistently enhancing the Bank's climate responses
- **Spearheaded market stabilization programs (2020)**
 - Led various programs: Bond Market Stabilization Fund, Corporate Liquidity Assistance Facility, Key Industry Stabilization Fund

【 NextRise 2023 】



【 KDB's ESG Annual Report 】



Section 3

KDB's Infrastructure Investment

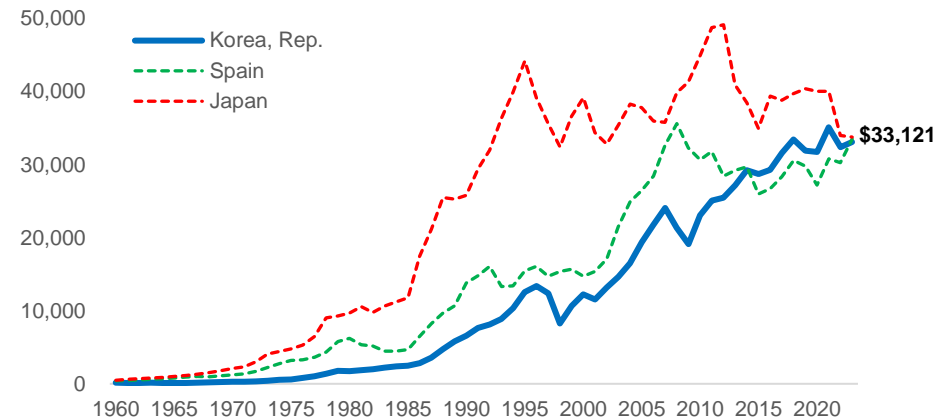
Economic Growth & Importance of Infrastructure

Infrastructure investment has served as a tool for economic stimulus.

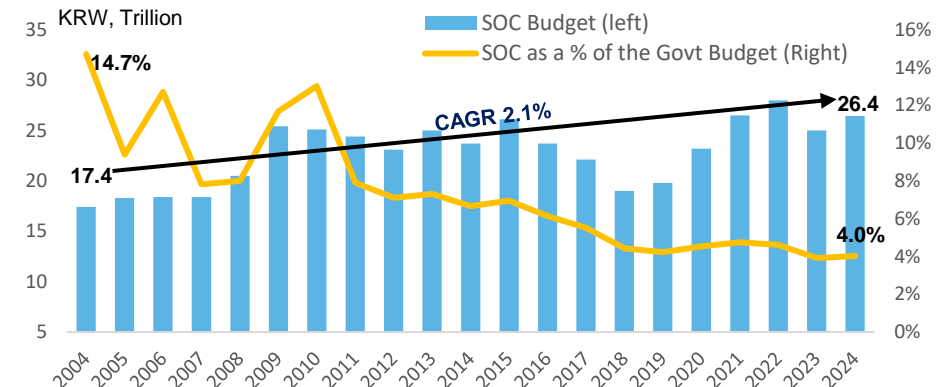
Roles and Effects of Infrastructure Investment

- **Effects of South Korea's infrastructure investment**
 - Lead rapid economic growth from 1950s to the 1980s
 - Contribute to discovering new growth drivers and expanding ESG initiatives.
- **Secondary effects of infrastructure investment**
 - Support other government policy objectives, such as transportation and power SOC investments facilitating housing development
- **Both domestic & int'l research support infrastructure investments**

GDP Per Capitas (1960~2023, OECD)



Korea's SOC Budget (2004~2024)



국회예산정책처
National Assembly Budget Office

“SOC fiscal investment has a strong impact on economic growth and job creation” - *National Assembly Budget Office(2016.11)*



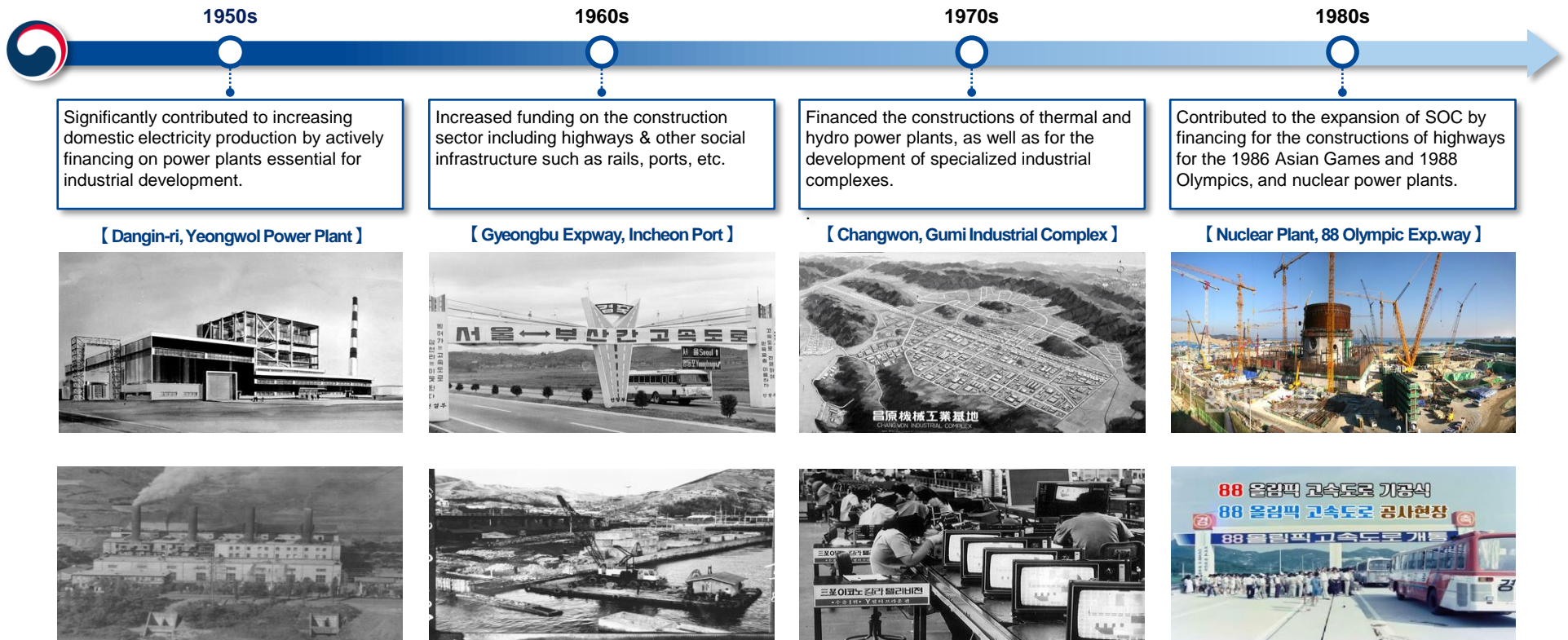
HM(UK) Treasury

“A 10% increase in public capital stock can raise GDP by 1~2%” - *HM(UK) Treasury, 『Build Back Better: our plan for growth』 (2021.3)*

KDB's Infrastructure Development History (1950s-1980s)

KDB's infrastructure financing supported Korea's industrial and economic development.

- (1950s) After the Korean War, the government focused on post-war reconstruction and supply of social infrastructure.
- (1960s) Government pursued industrial growth through construction of roads and ports, as well as expansion of power plants.
- (1970s) Specialized industrial complexes such as electronics, machinery and petrochemicals were established in key regional cities.
- (1980s) Government expanded transportation and communication networks and built nuclear powerplants to meet electricity demand.



KDB's Infrastructure Development History (1990s~Present)

KDB's infrastructure financing supported Korea's industrial and economic development.

- (1990s) The PPP Act* was first introduced in 1994 in Korea, but its initial outcome was much less successful than anticipated.
- (2000s) As the PPP system became stable and public authorities began accepting private sector proposals, infrastructure financing market grew.
- (2010s) Infrastructure financing has achieved qualitative growth, characterized by larger scale and longer-term investment structures.
- (2020s) Energy transition and digital infrastructure are rising as central pillars of the infrastructure market.

* Public-Private Partnership Act(1994): It provides a legal framework that enables the government to attract private sector capital and expertise to develop, construct, and operate infrastructure projects. Enacted in 1994, the Act has played a significant role in national infrastructure development.⁴



Since 1994, KDB has arranged PF transactions worth **US\$ 69B across 337 projects** in a wide range of sectors that cover transportation, power, energy, digital, social & environmental facilities, etc

KDB's Roles in Infrastructure Finance

1st stage : Formulation of PPP & Project Finance / KDB as a Moderator & Catalyst

1994-2000 : Introduction of PPP & Project Finance

- **Paradigm shift from government procurement to private participation**
 - With the enactment of PPP Act in 1994, private sector became a partner to share the risks and benefits with the public sector
 - Government provided sound regulatory environment and needed successful cornerstone in this new paradigm
- **Well-structured Project Finance* was key to securing private funding**
 - Financial institutions were unwilling to participate due to lack of experience

* A method of funding large-scale infrastructure and industrial projects based on their expected long-term cash flow

KDB's Roles : Moderator & Catalyst

- **KDB provided practical assistance for the government to implement statutory PPPs**
 - Moderated discussions to achieve a balanced allocation of functions between the public and private sectors
- **KDB pioneered the early PF market and syndication**
 - Contributed to the development of the PF syndication market in Korea
 - More financial institutions began to participate after witnessing the successful financial close of several flagship projects backed by KDB

【 Incheon Int'l Airport Expressway (1995) 】



- The First PPP project in Korea
- KDB as a Financial Advisor (FA) to the project owner & Mandated Lead Arranger (MLA) of KRW 1.3 trillion from 18 PF syndication members
 - ※ KDB's participation : KRW 295 billion
- Project Scale

(Unit : KRW billion)

| Total Cost | Total Funds Raised | | |
|-----------------|--------------------|--------------------|-------|
| | 2,098 | Government Funding | |
| Private Funding | | Debt | 1,300 |
| | | Equity | 440 |

KDB's Roles in Infrastructure Finance

2nd stage : Quantitative Growth of Infra PF Market / KDB as a Massive Funding Source

2001~2010 : Rapid Growth of Private Sector Participation

- **PPP stabilization boosted private sector interest**
 - Government introduced risk-sharing methods such as minimum revenue guarantee (MRG) and build-transfer-lease (BTL) scheme
 - Public authorities became open to accepting proposals from the private sector
- **Sufficient PPP pipeline with bankable returns in the PF market**
 - Larger-scale transportation projects were launched (roads, bridges, railways)
 - Social infra projects were initiated (schools, museums, libraries, dormitories)

KDB's Role : Massive Funding Source

- **KDB successfully arranged multiple mega-deals amounting to trillions of won in scale**
 - By providing stable long-term funding, KDB encouraged the private sector to actively initiate large-scale PPP projects
- **KDB pioneered fund markets to support infrastructure development**
 - KDB established KDB Infra in 2003, Korea's first infrastructure asset management company
 - Infrastructure funds launched by KDB Infra attracted long-term investors, such as insurers and pension funds, into the infrastructure market

【 Shinbundang Line(Gangnam-Jeongja, 2008) 】



- Facilitated the development of a core transit system, financing solely arranged by KDB
- KDB as an FI as well as FA to project owner & MLA of KRW 1.0 trillion from 10 PF syndication members

※ KDB's participation : KRW 200 billion

【 KDB Infra(2003) 】



- KDB Infra, a infrastructure market revitalizer and gap-filler for governmental needs
 - KDB Infra has committed over KRW 16 trillion in more than 300 projects

KDB's Roles in Infrastructure Finance

3rd stage : Qualitative Growth of Infrastructure Financing / KDB as an Active Financial Investor

2011-2020 : Robust Expansion of Infrastructure Investment

- **Market maturity and increased competition enhanced public benefits**
 - Government emphasized public benefits and maintained balances by lowering project IRR and risk-sharing support
- **Abundant liquidity continued to drive active private participation**
 - More diverse PPP projects were undertaken (ports, hospitals, sewage plants)
 - Infrastructure projects outside the PPP framework have been actively financed (independent power plants, industrial facilities)

KDB's Roles : Market Leader & Financial Investor

- **KDB provided long-term loans at competitive rates, enabling timely infrastructure development and reducing public sector burden**
 - Longer term financing expanded the pool of bankable projects (up to 30 years, previously 20 years)
 - Refinancing of existing projects under favorable conditions allowed both the private and public sectors to share the financial gains
- **KDB also participated as a financial investor (FI) in key projects**
 - Helped reduce the equity burden on the private sector and supported the evolution of FI-led PPP models

【 Seosan Solar Power/Energy Storage(2018) 】



- The largest solar power generation and energy storage system project in Korea at the time
- KDB as an FA to project owner & MLA of KRW 178 billion from 4 PF syndication members

※ KDB's participation : KRW 50 billion

【 Busan New Port Terminal(2015) 】



- Strengthened the competitiveness of Korea's world-class port by supporting facility automation
- KDB as an FI as well as FA to project owner & MLA of KRW 855 billion from 12 PF Syndication members

※ KDB's participation : KRW 26 billion

KDB's Roles in Infrastructure Finance

4th stage : New Infrastructure Development / KDB as a Pioneer & Global Player

2021- : Growing Focus on Energy Transition & Digital Infra

- Korea has achieved notable success in infrastructure development, leading to saturation in certain conventional sectors
 - Total of 853 projects amounting to KRW 146 trillion were executed, resulting in the robust construction of essential infrastructure
- Emergence of new infra sectors renewed the importance of policy financial institutions
 - Huge volume of investment required for energy transition, while the private sector remains risk-averse to invest in decarbonization

KDB's Role: Pioneer in Global Trends & Fast Growing Sectors

- KDB is bridging the funding gap in green energy infra development
 - KDB provides equity & mezzanine financing to reduce the financing risks and facilitate private sector investment
- KDB as an increasingly active player in the global PF Market
 - Domestic experiences reinforce expansion into global infra markets
 - KDB is actively building strong track records in digital infra and renewable energy

【 Future Energy Fund (2024) 】



- Provides risk capital in response to the growing financial demand for renewable energy
- KDB as an LP of KRW 0.3 trillion out of 1.3 trillion

【 U.S. Georgia Hyperscale Datacenter(2023) 】



- Expansion into the global market by participating in the rapidly growing datacenter industry
- KDB as an Underwriter of US\$ 400 million

※ KDB's participation : US\$ 180 billion

KDB's Roles in Infrastructure Finance

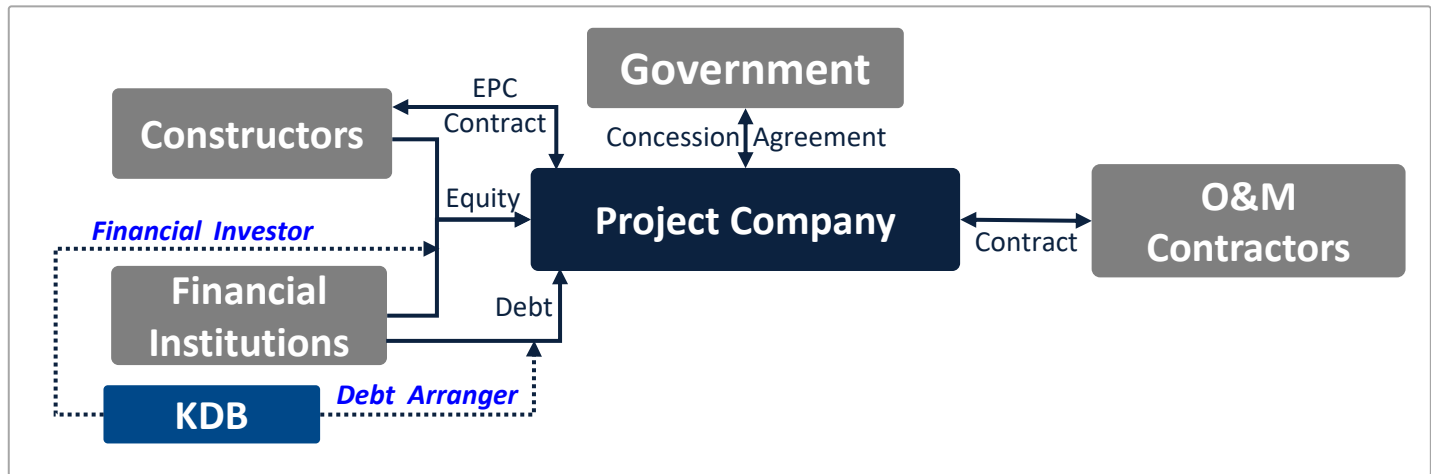
Major Infrastructure Projects arranged by KDB

(Unit : KRW billion)

| Year | Structure | Sector | Project Name | Total Cost | Government Funding | Private Funding | | |
|------|-----------|-------------|---|------------|--------------------|-----------------|-----------------|----------------------|
| | | | | | | Total Amount | Arranged Amount | Participation Amount |
| 1995 | PPP(BTO) | Road | Incheon International Airport Expressway | 2,098 | 358 | 1,740 | 1,300 | 295 |
| 1996 | PPP(BTO) | Road | Gwangju 2 nd Beltway | 303 | 113 | 189 | 135 | 20 |
| 2001 | PPP(BTO) | Road | Seoul Outer Ring Expressway | 1,925 | 524 | 1,401 | 900 | 70 |
| 2003 | PPP(BTO) | Road | Busan-Geoje Link Road | 2,271 | 630 | 1,941 | 1,105 | 220 |
| 2004 | PPP(BTO) | Railway | Incheon International Airport Railway | 4,635 | 1,136 | 3,499 | 3,310 | 500 |
| 2006 | PPP(BTL) | Environment | Gyeongju Sewer Pipeline | 106 | - | 106 | 106 | 21 |
| 2008 | PPP(BTL) | Social | Ulsan National Institute of Science and Technology | 257 | - | 257 | 252 | 50 |
| 2008 | PPP(BTO) | Bridge | Bukhang Bridge | 513 | 183 | 330 | 230 | 150 |
| 2013 | IPP | Power | Donghae Bukpyeong Coal-fired Power Plant | 2,152 | - | 2,152 | 1,552 | 87 |
| 2014 | IPP | Plant | Boryeong LNG Import Facility | 1,285 | - | 1,285 | 250 | 50 |
| 2014 | PPP(BTL) | Railway | Sosa-Wonsi Deouble-track Railway(Refinancing) | 1,830 | - | 1,830 | 1,638 | 40 |
| 2015 | PPP(BTL) | Social | Songdo Convention Center | 171 | - | 171 | 166 | 22 |
| 2018 | PPP(BTO) | Road | Guri-Pocheon Expressway(Refinancing) | 1,628 | - | 1,628 | 1,375 | 217 |
| 2019 | Other | Environment | Seokmun Waste Treatment Facility | 148 | - | 148 | 95 | 48 |
| 2019 | Other | Terminal | Gwangyang Port Coal Terminal and Storage Facility | 87 | - | 87 | 87 | 39 |
| 2020 | IPP | Plant | Boryeong LNG Import Terminal(Refinancing and Expansion) | 1,964 | - | 1,964 | 1,204 | 170 |
| 2023 | IPP | Plant | Jeonnam Offshore Wind Power | 821 | - | 821 | 200 | 200 |
| 2023 | PPP(BTO) | Road | Dongbu Arterial Road Undergrounding | 1,503 | 437 | 1,066 | 1,037 | 146 |
| 2023 | PPP(BTO) | Environment | Daejeon Water Treatment Plant Modernization | 1,282 | - | 1,282 | 1,128 | 437 |
| 2024 | PPP(BTO) | Environment | Pyeongtaek Tongbok Sewage Treatment | 323 | - | 323 | 281 | 132 |

KDB's Roles in Infrastructure Finance (Case)

Case 1. Gwangmyeong~Seoul Expressway (2018)



Project Overview

- BTO project for the construction and operation of a 20.2km expressway connecting Gwangmyeong and Seoul

KDB's Role

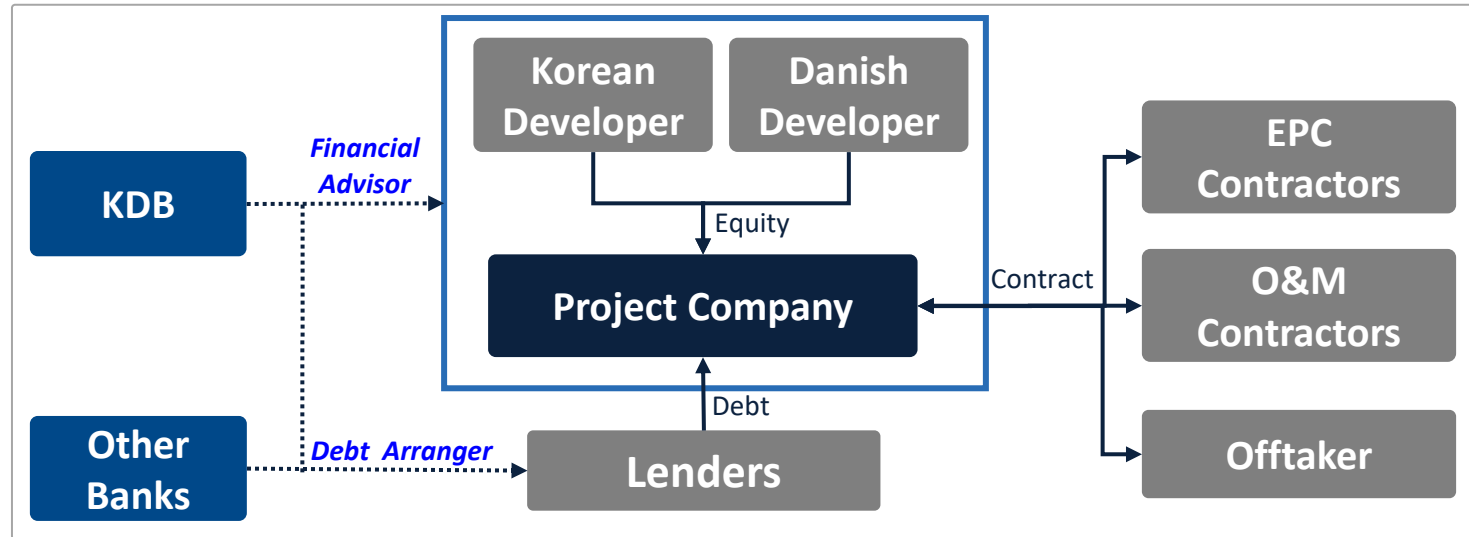
- Financial Investor through a fund → Securing decision-making rights and efficient project management as a shareholder
- Mandated Lead Arranger for long-term loans of KRW 1.1 trillion up to 30 years → Ensuring a stable financing structure for the project
 - KDB participated with KRW 20 billion as a Lender and KRW 80 billion as a Financial Investor

Significance

- Pass through metropolitan area → Alleviate traffic jam in Seoul and its suburbs
- Connectivity with surrounding roads → Form a new axis in the transportation network contributing to a balanced regional development

KDB's Roles in Infrastructure Finance (Case)

Case 2. Jeonnam Offshore Wind Power (2023)



Project Overview

- 99MW offshore wind farm off the coast of Shinan County in the southwest of Korea
 - Sponsored by a leading Korean Energy Company “S” and Danish Developer “C” specializing in renewable energy

KDB's Role

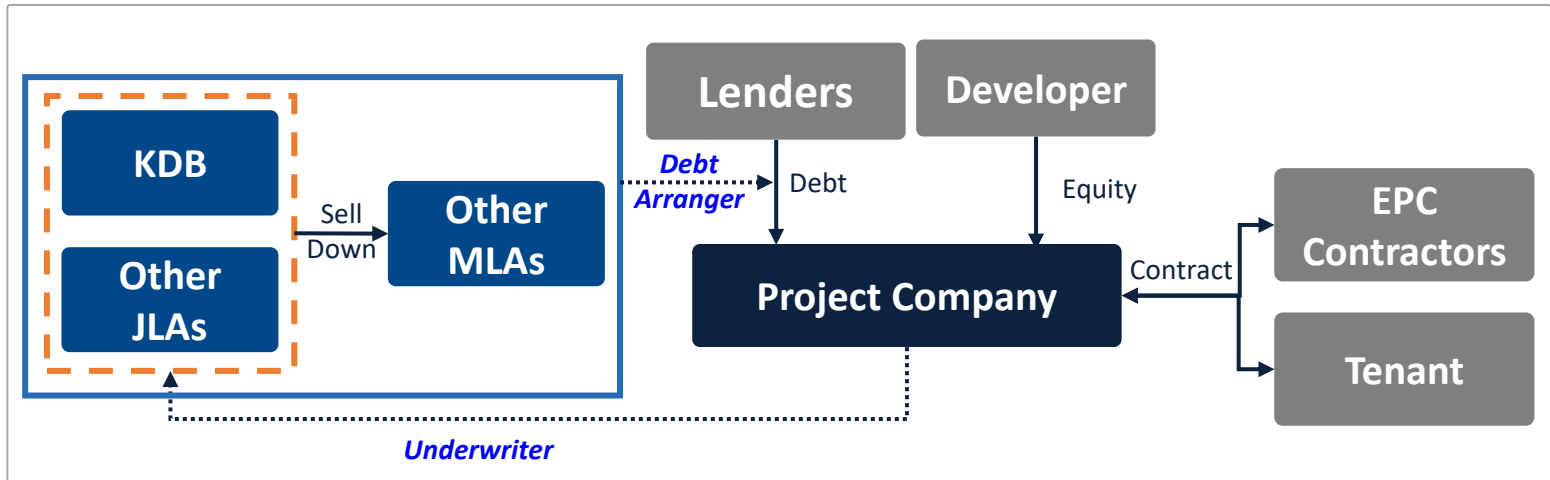
- KDB involved as a Financial Advisor and a Mandated Lead Arranger of KRW 200 billion out of KRW 582 billion
 - KDB participated with KRW 200 billion as a lender

Significance

- The first offshore wind project in Korea jointly sponsored by domestic and international private-sector entities
- KDB's contribution to the national energy transition policy

KDB's Roles in Infrastructure Finance (Case)

Case 3. U.S Georgia Hyperscale Datacenter (2023)



Project Overview

- 340MW data center in Georgia, U.S., developed and operated by a leading global private equity firm “B”

KDB's Role

- Initially arranged US\$ 400 million and subsequently sold down US\$ 220 million to other banks through general syndication
 - KDB participated with US\$ 180 million as a lender

Significance

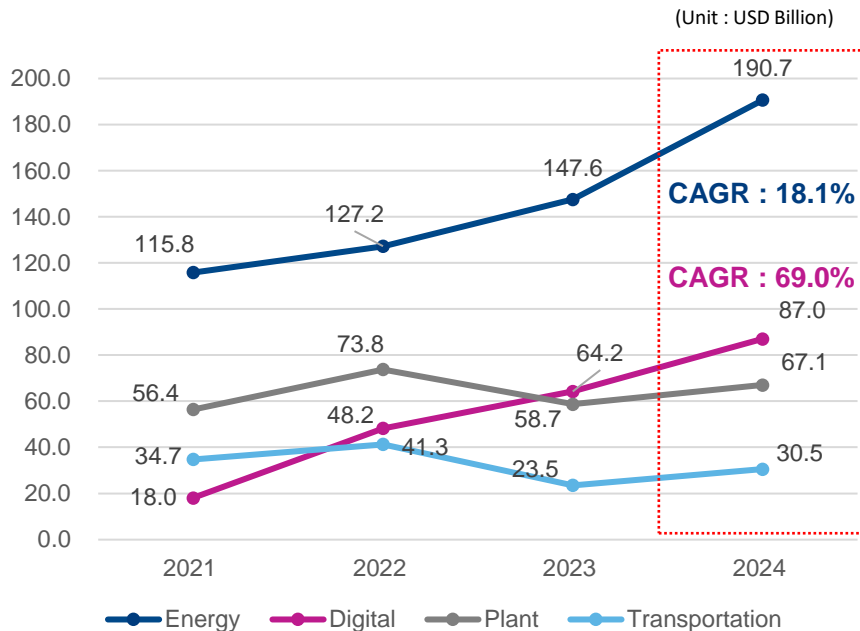
- KDB's strengthened presence in the global PF market by successfully performing as an underwriter that arranged massive volume

Infrastructure Finance in Global Market

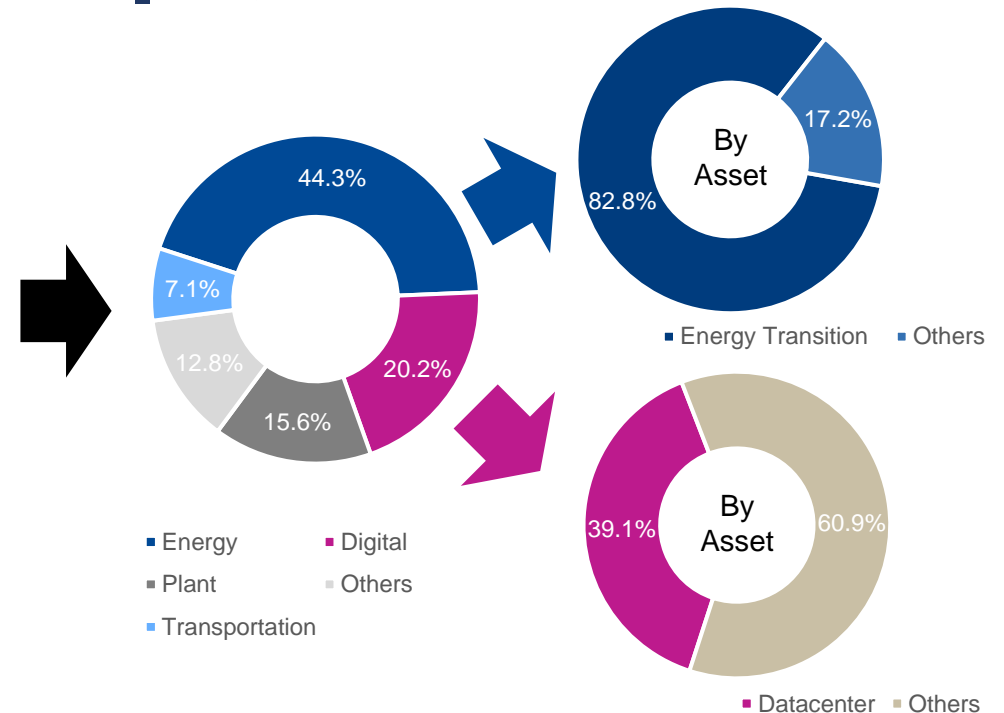
Growing Impact of Energy & Digital Infrastructure

- (Energy) Energy sector has traditionally accounted for the largest portion of the PF Infrastructure market and continues to grow, fueled by the ongoing energy transition trend
- (Digital) With the increasing number of digital projects such as datacenters and 5G infrastructure, digital sector has grown at an annual rate of 69% since 2021, becoming the second largest sector in PF infrastructure market

Global PF Loans(2021~2024)

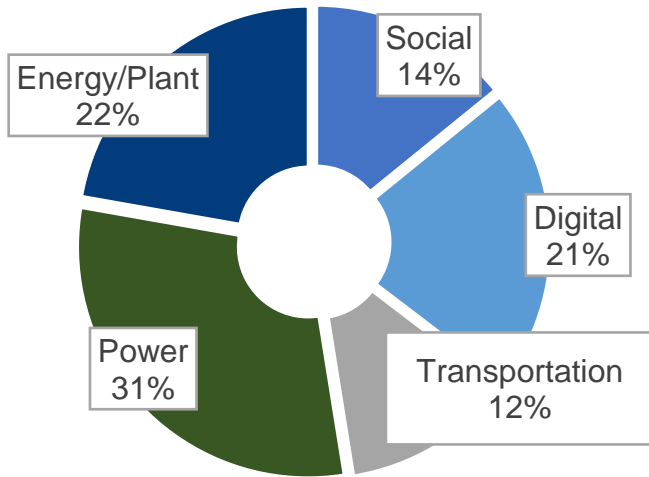


Analysis on 2024

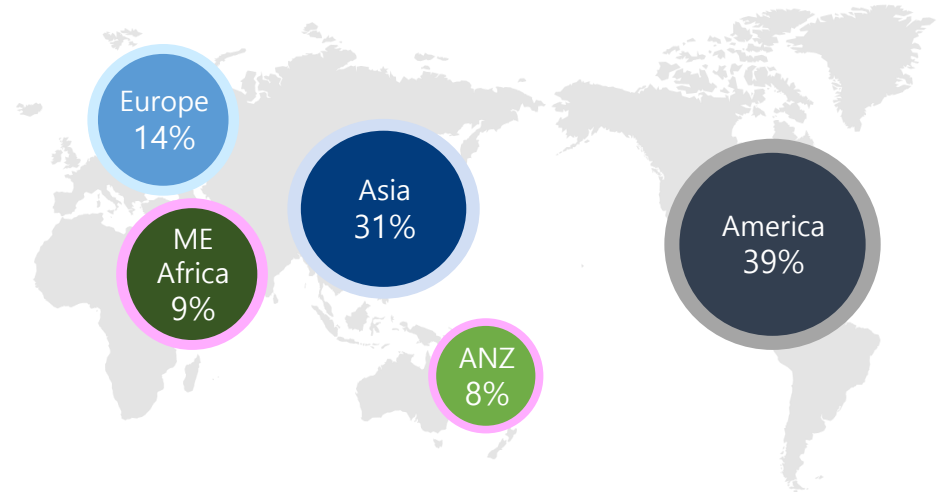


Infrastructure Finance in Global Market (KDB's Performance)

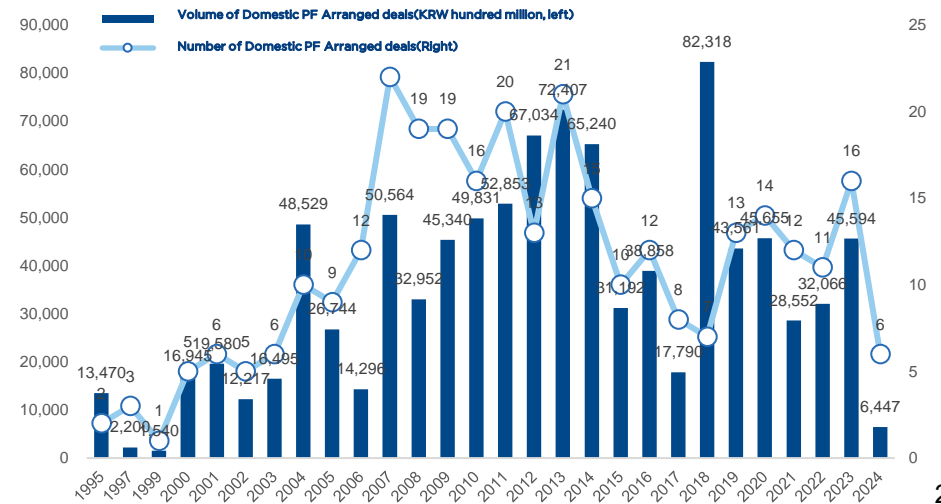
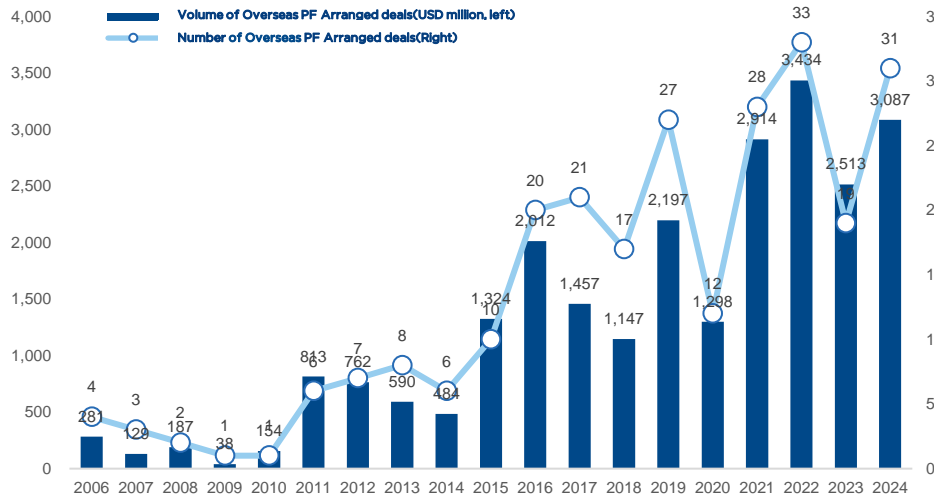
PF Deals by Sector (2022-2024)



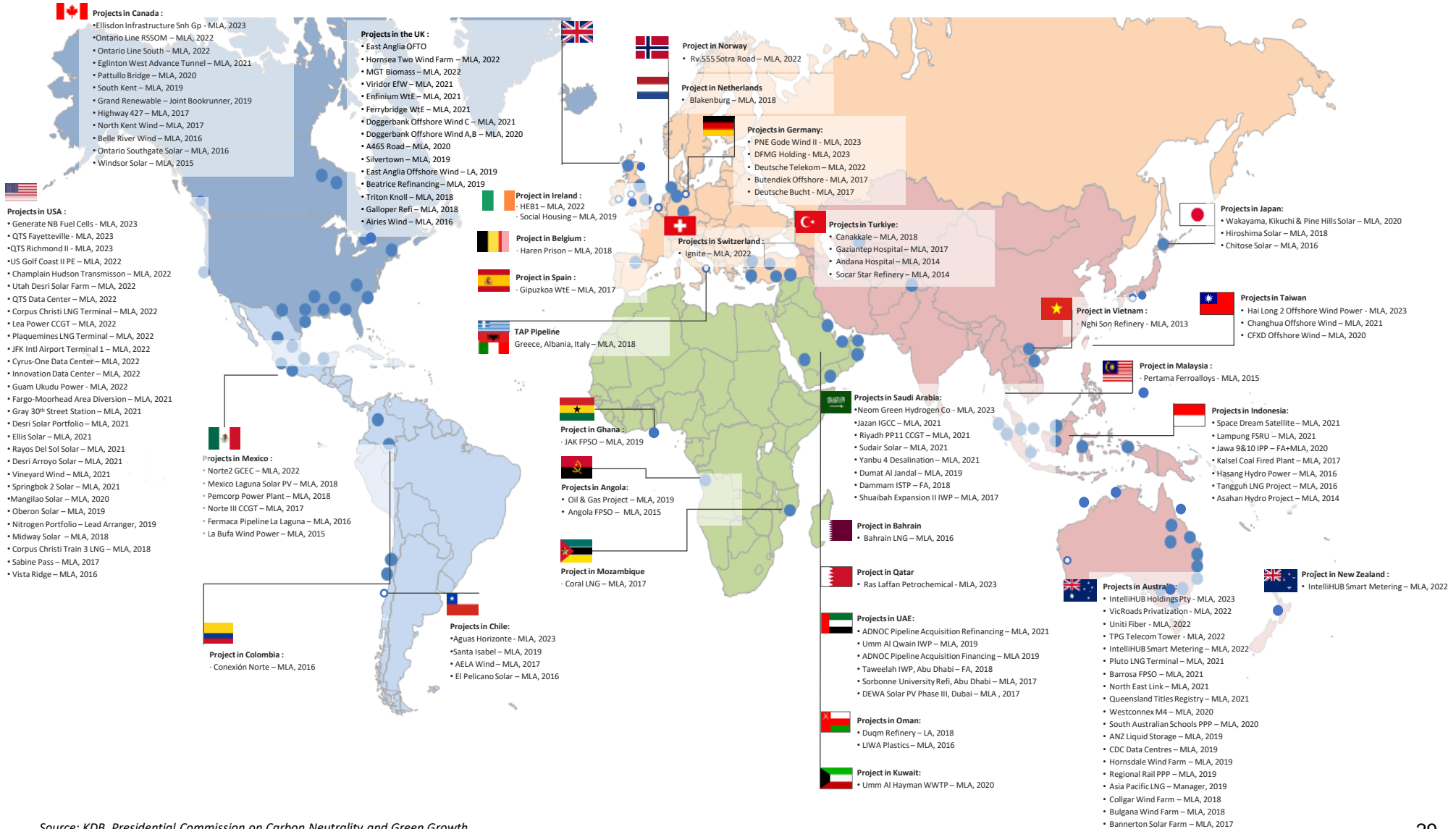
PF Deals by Region (2022-2024)



KDB's Overseas and Domestic PF Performance

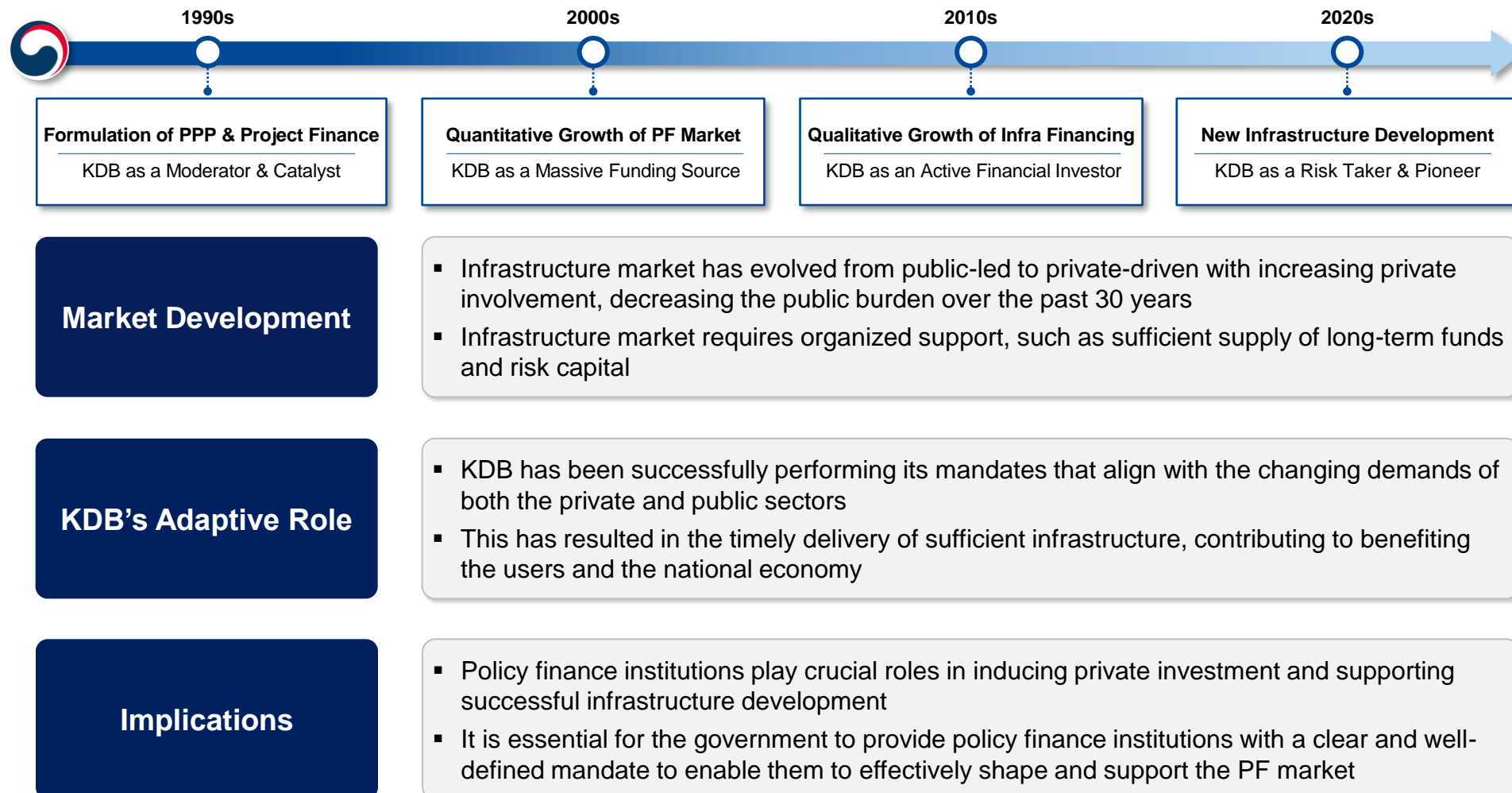


Infrastructure Finance in Global Market (KDB's Global Footprints)



Implications of KDB's Experience

Lesson learned : KDB exemplifies a successful mandate-driven policy finance model



Section 4

KDB's Roles in Advancing the Future

Global Trends of New Industrial Policy

With the emergence of new industrial policies, KDB's roles have become more important

Overview of New Industrial Policy

- Previously limited to developing countries, industrial policy is now being led and expanded by advanced economies.
- Aims to strengthen industrial competitiveness as well as achieving economic security
- Focus shifting from infant industry with comparative advantages to high-tech sectors

New Industrial Policies and Legislations in Major Countries

| Country | Policy & Legislation |
|---------|---------------------------------------|
| U.S. | Inflation Reduction Act(22.8) |
| | CHIPS and Science Act(22.8) |
| EU | European Chips Act(23.9) |
| | Critical Raw Materials Act(24.4) |
| | Net-Zero Industry Act(24.6) |
| Japan | Green Transformation Strategy(23.7) |
| | Economic Security Promotion Act(22.5) |

Note: () refers to the enactment or announcement date

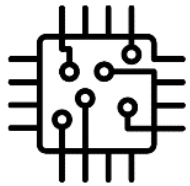
Situation in South Korea

- The U.S., EU and Japan are supporting high-tech industries through subsidies and tax incentives
- However, in Korea, fiscal support alone is insufficient, so there is a need for additional tools to complement it.
- To secure future growth, proactive investment in large-scale facilities and the provision of venture capital are essential

**KDB has a pivotal role
in addressing these challenges**

KDB's Core Roles for the Future

Role 1 : Fostering High-Tech Strategic Industries



- Support for High-Tech Strategic Industries

Role 2 : Promoting Regional Development



- KDB's support for Regional High-Tech Industries

Role 3 : Driving Innovation for Growth



- Two-Track Investment Approach
- Investment Record in Future Technology Startups

Role 4 : Powering the Climate Transition



- Green Finance & GCF Projects

Role 1 : Fostering High-Tech Strategic Industries

Support for High-Tech Strategic Industries

- KDB provides tailored loan packages to strengthen support for fostering future growth engines
- Plans to increase funding for High-Tech Strategic Industries over the next 3 years (**KRW 90T Loans, Up to KRW 10T Fund**)

KDB's 2025-2028 Lending Instruments & Commitment to Funds for high-techs

KRW 90 Trillion in Loans

Investment for Semiconductor manufacturing Facilities

Facility investment for high-tech strategic industries

Support for superiority-driven strategic industries

KRW 10 Trillion in Funds

Innovative Growth Fund

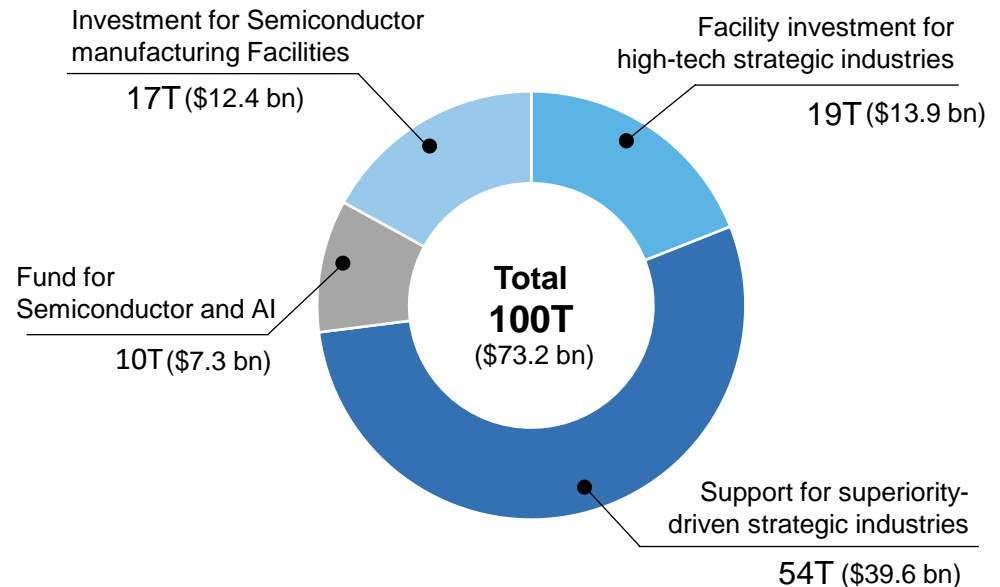
Semiconductor Ecosystem Fund

AI Korea Fund

Nuclear Sector Development Fund

Plan for the KRW 100T support initiative (2025-2028)

(Unit : KRW)

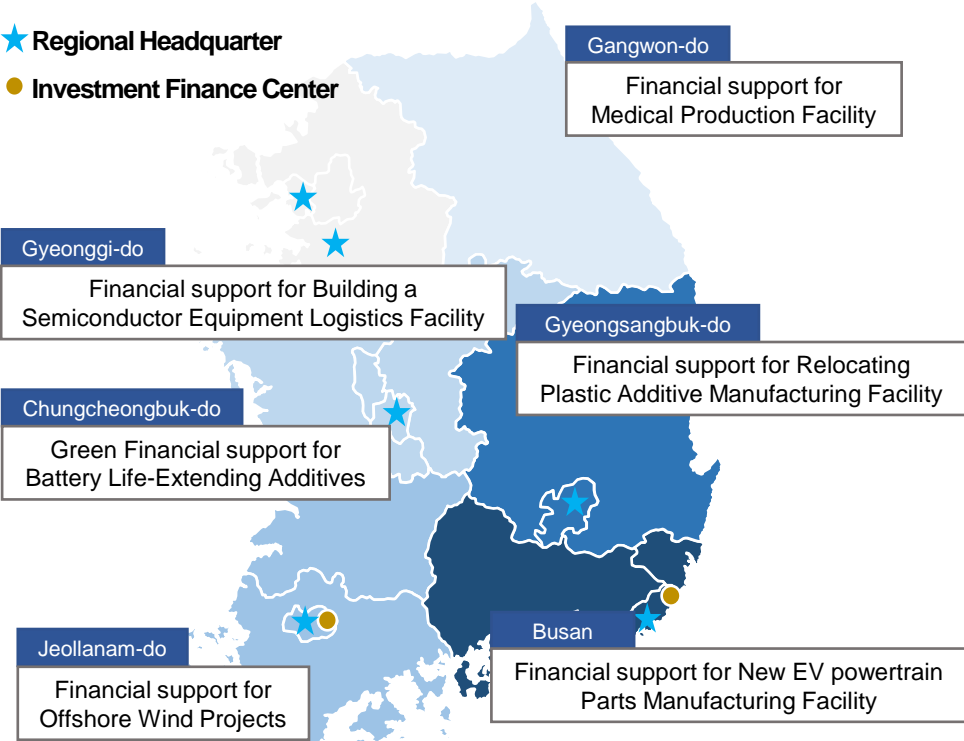


Role 2 : Promoting Regional Development

KDB's Support for Regional High-Tech Industries

- Support for local infrastructure and local specialized industries through 40 regional branches, excluding Seoul branches
- 'Regional Revitalization Investment Fund'(KRW 1.5T by 2028) to support the expansion of industrial infrastructure in non-capital regions

Financial Support for Specialized Local Industries



Regional Revitalization Investment Fund Project*

- Danyang**:
 - KRW 113B for cable car project
- Gumi**:
 - KRW 123B for workforce housing facilities
- Yeosu**:
 - KRW 1.4T for LNG storage project
- Gyeongju**:
 - KRW 771B for hydrogen fuel plant project

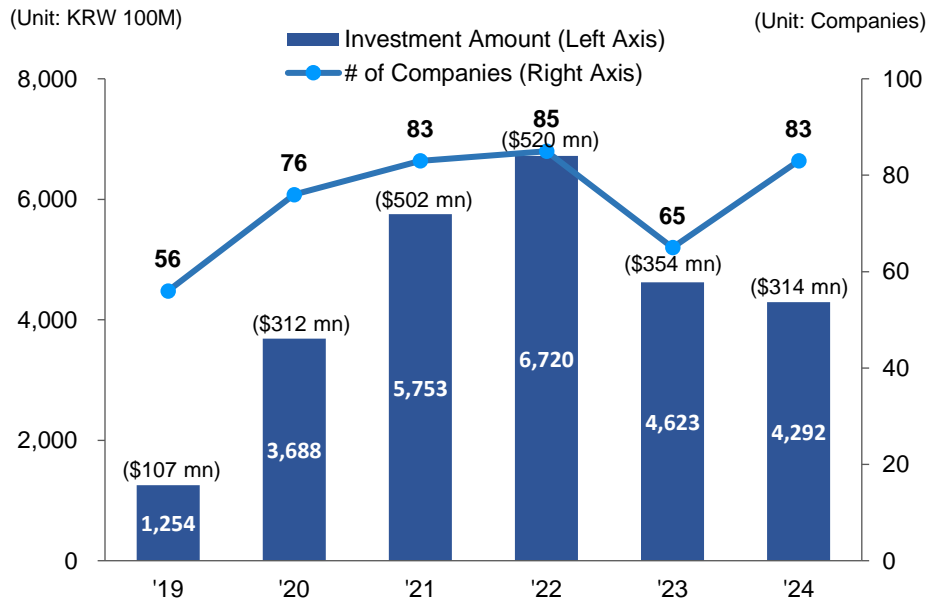
*A fund designed to promote private-led development projects in non-capital regions

Role 3: Driving Innovation for Growth

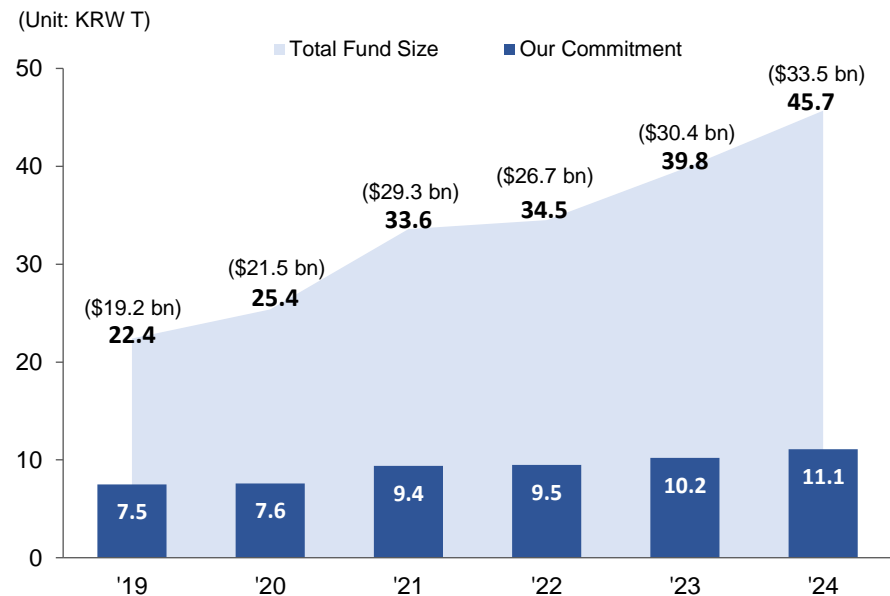
KDB's Two-Track Investment Approach

- KDB pursues two main investment strategies: direct equity investment and indirect fund commitment
- Direct investment focuses on future-oriented strategic industries, supporting 1,970 companies from 1998 to 2024 with a cumulative amount of KRW 5.2T
- Indirect investment operates through fund-of-funds, positioning KDB as Korea's leading anchor LP since 2010
- As of end-2024, 266 funds are under management, with KRW 45.7T raised and KRW 11.1T committed by KDB

New Venture Investments (Direct)



Total Fund Size & Our Commitment (Indirect)



Role 3: Driving Innovation for Growth

Investment Record in Future Technology Startups

- Focus on nurturing future technology startups - AI, biopharma, space and mobility industries
- Invested KRW 450B in 70 AI companies, KRW 31B in 6 space companies, and KRW 550B in 80 biopharma companies (2020~2024)

Generative AI & AI Chips

Biopharma

Space

Mobility

| AI Chips | AI Chips | Med Devices | Surgical Tools | Satellite | Radar |
|---|--|---|--|--|--|
|  <p>FuriosaAI</p> |  <p>Rebellions</p> |  <p>Nventric</p> |  <p>LivsMed</p> |  <p>Nara Space Technology</p> |  <p>HJWAVE</p> |
| AI Platforms | Robotics | Cancer Drugs | Stem Cell | Rocket | Lidar |
|  <p>Written Technologies</p> |  <p>Syscon Robotics</p> |  <p>1ST Biotherapeutics</p> |  <p>NEXEL</p> |  <p>Perigee Aerospace</p> |  <p>SOS LAB</p> |

Role 4: Powering the Climate Transition

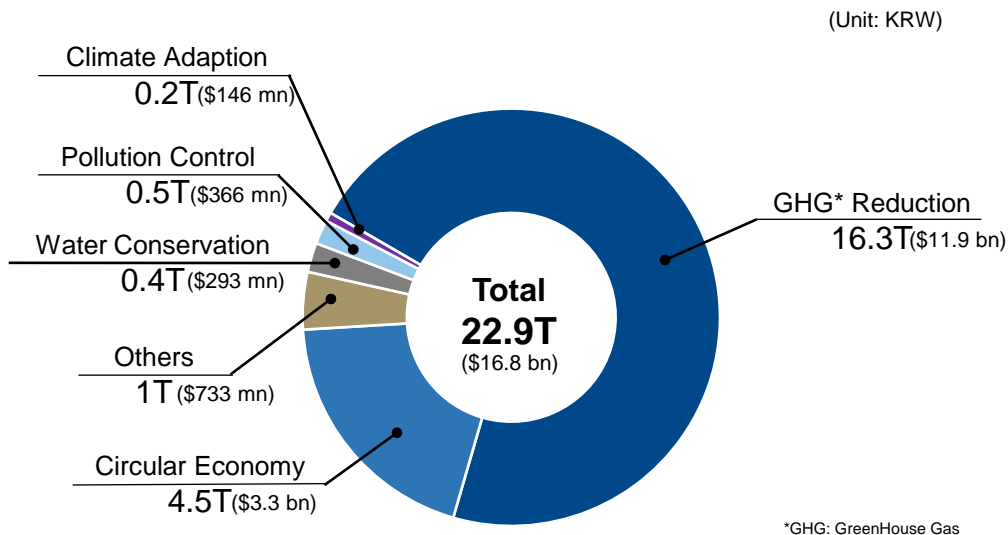
Green Finance & GCF Projects

- Allocation of KRW 22.9T in loans in 2024 to support green economic activities, including Greenhouse Gas(GHG) Reduction, Climate Adaptation, Water Conservation, Pollution Control, and Circular Economy
- Accredited by the UN's Green Climate Fund (GCF*) since 2016 to support climate mitigation and adaptation projects in developing countries

* A financial institution established under the UN, through which developed countries raise funds to support climate change mitigation and adaptation efforts in developing countries. GCF is located in Songdo, Incheon, South Korea

** KDB is the first domestic institution in Korea to be accredited by the GCF

Green Finance Performance (2024)



Key GCF Collaborative Projects



Energy Efficiency Improvement Project for the Indonesian Industrial Sector
(October 2022)



Climate Finance Support Project for Cambodia (March 2024)



Climate Tech Companies' Expansion Support Program into Southeast Asia
(July 2024)



Thank you