

## IMPORTANT NOTICE

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

**IMPORTANT:** You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular dated April 9, 2024 as supplemented by the preliminary pricing supplement dated April 9, 2024 following this page (the “**Preliminary Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Preliminary Offering Circular. In accessing the Preliminary Offering Circular, 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 ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES 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 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 PRELIMINARY OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Confirmation of your Representation:** In order to be eligible to view the following Preliminary Offering Circular or make an investment decision with respect to the securities, investors must be non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting this e-mail and accessing the following Preliminary Offering Circular, you shall be deemed to have represented to us (1) that you and any customers you represent are non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such Preliminary Offering Circular by electronic transmission.

You are reminded that the following Preliminary Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Preliminary Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Preliminary Offering Circular to any other person.

The materials relating to the offering 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 the offering be made by a licensed broker or dealer and any Joint Lead Manager (as described in the Preliminary Offering Circular) or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of Korea Ocean Business Corporation (“**Issuer**”) in such jurisdiction.

The Preliminary Offering Circular is for distribution only to persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**Relevant Persons**”). The Preliminary Offering Circular is directed only at Relevant Persons and must not be acted or relied upon by persons who are not Relevant Persons. Any investment or investment activity to which the Preliminary Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The following Preliminary Offering Circular 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 Issuer, the Joint Lead Managers nor any person who controls any of them nor any director, officer, employee nor agent of any

of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Offering Circular distributed to you in electronic format and the hard-copy version available to you upon request to the Joint Lead Managers.

For the avoidance of doubt, the Issuer's website does not form part of the Preliminary Offering Circular.

You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply via e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting this e-mail 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.

**PRELIMINARY PRICING SUPPLEMENT DATED APRIL 9, 2024**



**KOREA OCEAN BUSINESS CORPORATION**

(a statutory juridical corporation established under the laws of the Republic of Korea)

**Issue of U.S.\$ % Senior Unsecured Notes due 2027  
under the U.S.\$5,000,000,000 Medium Term Note Program**

THE NOTES TO WHICH THIS PRICING SUPPLEMENT RELATES (THE “NOTES”) HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, 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 REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES WILL BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S.

IN CONNECTION WITH THIS ISSUE, THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) 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 FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

*Joint Bookrunners and Joint Lead Managers*

**BNP PARIBAS  
J.P. Morgan**

**Crédit Agricole CIB**

**ING  
Standard Chartered Bank**

*Co-Manager*

**KB Securities**

The date of this pricing supplement is April , 2024.

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell securities and they is not a solicitation of an offer to buy securities in any jurisdiction where the offer or sale is not permitted.

**KOREA OCEAN BUSINESS CORPORATION**  
(a statutory juridical corporation established under the laws of the Republic of Korea)

**Issue of U.S.\$                      % Senior Unsecured Notes due 2027**  
**under the U.S.\$5,000,000,000 Medium Term Note Program**

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 program offering circular dated April 9, 2024 (the “**Offering Circular**”). This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

**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, “**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**EU Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**EU 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 EU 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**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 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.

The Notes have not been registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to either of Article 3 of the Prospectus Regulation or section 85 of the FSMA or supplement a prospectus pursuant to either of Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”)** – 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 Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

|     |   |   |
|-----|---|---|
| 1.  | Issuer:   | Korea Ocean Business Corporation                                      |
|     | LEI Code:   | 988400706OU5BSJ8ZG26  |
| 2.  | (i) Series Number:  | 3   |
|     | (ii) Tranche Number:  | 1   |
|     | (iii) Re-opening:   | No  |
| 3.  | Specified Currency or Currencies:   | United States Dollars (“U.S.\$”)                                      |
| 4.  | Aggregate Nominal Amount:   |   |
|     | (i) Series:   | U.S.\$  |
|     | (ii) Tranche:   | U.S.\$  |
| 5.  | (i) Issue Price:  | % of the Aggregate Nominal Amount                                     |
|     | (ii) Net proceeds:  | U.S.\$  |
|     | (iii) Use of proceeds:  | For general corporate purpose   |
| 6.  | (i) Specified Denominations:  | U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof |
|     | (ii) Calculation Amount:  | U.S.\$1,000   |
| 7.  | (i) Issue Date:   | , 2024  |
|     | (ii) Interest Commencement Date:  | , 2024  |
| 8.  | Maturity Date:  | , 2027  |
| 9.  | Interest Basis:   | % Fixed Rate  |
| 10. | Redemption/Payment Basis:   | Redemption at par   |
| 11. | Change of Interest Basis or Redemption/Payment Basis:                     | Not Applicable  |
| 12. | Put (other than Condition 8(d)(i))/Call Options:                          | Not Applicable  |
| 13. | (a) Status of the Notes:  | Senior  |
|     | (b) Date of the Issuer’s Board approval for the issues of Notes obtained: | January 17, 2024  |
| 14. | Listing:  | Singapore Exchange Securities Trading Limited                         |
| 15. | Method of distribution:   | Syndicated  |

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

|  |  |
|--|--|
| 16. Fixed Rate Note Provisions:  | Applicable   |
| (i) Rate of Interest:  | % per annum payable semi-annually in arrears   |
| (ii) Interest Payment Date(s):   | and in each year up to and including the Maturity Date subject to adjustment in accordance with the Modified Following Business Day Convention |
| (iii) Fixed Coupon Amount(s):  | U.S.\$ per Calculation Amount  |
| (iv) Broken Amount(s):   | Not Applicable   |
| (v) Day Count Fraction:  | 30/360   |
| (vi) Determination Date(s):  | Not Applicable   |
| (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: | None   |
| 17. Floating Rate Note Provisions:   | Not Applicable   |
| 18. Zero Coupon Note Provisions:   | Not Applicable   |
| 19. Index Linked Interest Note Provisions:   | Not Applicable   |
| 20. Dual Currency Note Provisions:   | Not Applicable   |

**PROVISIONS RELATING TO REDEMPTION**

|   |                                    |
|---|------------------------------------|
| 21. Issuer Call:  | Not Applicable                     |
| 22. Investor Put (other than Condition 8(d)(i)):  | Not Applicable                     |
| 23. Final Redemption Amount of each Note:   | U.S.\$1,000 per Calculation Amount |
| 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 8(e)): | U.S.\$1,000 per Calculation Amount |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

|  |   |
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| 25. Form of Notes:   | Registered Notes:<br><br>Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg |
| 26. Additional Financial Center(s) or other special provisions relating to Payment Dates:                                    | New York City, London, Seoul  |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): | Not Applicable  |

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|--|----------------|
| 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 |
| 29. Details relating to Installment Notes: amount of each installment, date on which each payment is to be made:   | Not Applicable |
| 30. Redenomination applicable:   | Not Applicable |
| 31. Other terms or special conditions:   | Not Applicable |

**DISTRIBUTION**

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|--|--|
| 32. (i) If syndicated, names of Managers:                                      | BNP Paribas, Crédit Agricole Corporate and Investment Bank, ING Bank N.V., Singapore Branch, J.P. Morgan Securities plc and Standard Chartered Bank (the “ <b>Joint Lead Managers</b> ”) |
|  | KB Securities Co., Ltd (the “ <b>Co-Manager</b> ”, together with the Joint Lead Managers, the “ <b>Managers</b> ”)   |
| (ii) Stabilizing Manager (if any):   | Each of the Joint Lead Managers appointed and acting in its capacity as stabilizing manager  |
| 33. If non-syndicated, name of relevant Dealer:                                | Not Applicable   |
| 34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | Not Applicable   |
| 35. Prohibition of sales to EEA retail investors:                              | Applicable   |
| 36. Prohibition of sales to UK retail investors:                               | Applicable   |
| 37. Additional selling restrictions:   | Not Applicable   |

**OPERATIONAL INFORMATION**

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|--|---|
| 38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable  |
| 39. Delivery:  | Delivery against payment  |
| 40. In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:       | Citicorp International Limited, 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong |
| 41. Additional Paying Agent(s) (if any):   | Not Applicable  |
| 42. ISIN:  |   |
| Common Code:   |   |

CUSIP:

**HONG KONG SFC CODE OF CONDUCT**

- |   |   |
|---|---|
| 43. Rebates:  | Not Applicable  |
| Contact email addresses of the Overall Coordinators where the underlying investor information in relation to omnibus orders should be sent: | dl.asia.syndicate@asia.bnpparibas.com<br>HKG-Syndicate@ca-cib.com<br>AsiaDebtSyndicate@asia.ing.com<br>Investor.info.hk.bond.deals@jpmorgan.com<br>synhk@sc.com |
| Marketing and Investor Targeting Strategy:  | Not different from the program OC   |

**LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Program of Korea Ocean Business Corporation.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.



## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Offering Circular referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorized signatory  
Name:  
Title:

## OFFERING CIRCULAR



# Korea Ocean Business Corporation

(a statutory juridical corporation established under the laws of the Republic of Korea)

## U.S.\$5,000,000,000 Medium Term Note Program

This offering circular (the “**Offering Circular**”) replaces and supersedes in its entirety the offering circular dated April 12, 2023. Any Notes (as defined below) issued under the Program (as defined below) on or after the date of this Offering Circular are issued subject to the provisions described herein.

Under this U.S.\$5,000,000,000 Medium Term Note Program (the “**Program**”), Korea Ocean Business Corporation (the “**Issuer**” or the “**Company**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

The Notes may be issued in bearer or registered form (respectively, “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Program will not exceed U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Summary of the Program” and any additional Dealer appointed under the Program from time to time by the Issuer (each a “**Dealer**” and together, the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**”) in connection with the Program and application will be made for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed, at or prior to the time of issue thereof, to be so listed on the Singapore Stock Exchange. Such permission will be granted when such Notes have been admitted for listing and quotation on the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the 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 that 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 and quoted on the Singapore Stock Exchange, will be submitted to the Singapore Stock Exchange before the date of listing of the Notes of such Tranche.

The Program provides that the Notes may be listed or admitted to trading on such other or further stock exchange(s) as may be agreed among the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

See “**Risk Factors**” for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws and, unless so registered, may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes will be offered and sold in “offshore transactions” to persons other than “U.S. persons” (each as defined in Regulation S under the Securities Act). See “*Subscription and Sale and Transfer and Selling Restrictions.*”

Bearer Notes 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and U.S. Treasury regulations promulgated thereunder.

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 (in the case of Notes intended to be listed on the Singapore Stock Exchange) a supplementary Offering Circular, if appropriate, will be submitted to the Singapore Stock Exchange and made available which will describe the effect of the agreement reached in relation to such Notes.

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Arranger

**J.P. Morgan**

Dealers

**BNP PARIBAS**  
**Crédit Agricole CIB**  
**ING**

**Citigroup**  
**HSBC**  
**J.P. Morgan**

**Standard Chartered Bank**

The date of this Offering Circular is April 9, 2024.

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issue and offering of the Notes, that the information contained or incorporated by reference in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions and that there are no other facts the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any information or the expression of any opinions or intentions in this Offering Circular misleading in any material respect. The Issuer accepts responsibility accordingly. Information provided in this Offering Circular with respect to Korea, its political status and economy has been derived from information published by the Korean government and other public sources, and the Issuer accepts responsibility only for the accurate extraction of information from such sources.

The Arranger and the Dealers have not separately verified all information contained or incorporated by reference in this Offering Circular. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Program or the Notes or their distribution. None of the Arranger or the Dealers accepts any responsibility for any acts or omissions of the Issuer or any other person (other than the relevant Dealers) in connection with the Program. To the fullest extent permitted by law, none of the Arranger or the Dealers accepts any responsibility or liability for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer and the Program or any other information provided by the Issuer in connection with the Program. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

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

No person is or has been authorized by the Issuer to give any information or to make any representation which is not contained in or which is not consistent with this Offering Circular or any other information supplied by or on behalf of the Issuer in connection with the Program or the Notes, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Program or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular 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 information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program 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 in this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular 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 Offering Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor any of the Dealers represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Japan, Korea, Singapore, Hong Kong and Switzerland. See “*Subscription and Sale and Transfer and Selling Restrictions*”.

The Arranger, the Dealers and the Agents have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Agents as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Program. To the fullest extent permitted by law, none of the Dealers, the Arrangers or the Agents accept any liability in relation to the information contained or incorporated by reference in this Offering Circular, any other information provided by the Issuer in connection with the Program or any other statement, made or purported to be made by an Arranger or a Dealer or any Agent or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger, each Dealer and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arranger, the Dealers or the Agents or any of their respective affiliates, directors or advisors undertakes to review the results of operations, financial condition or affairs of the Issuer or any of its affiliates during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Arranger, the Dealers or the Agents.

**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 U.S. Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. 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 in the Notes under any applicable laws. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. 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.

## U.S. INFORMATION

The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act (“**Regulation S**”).

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, as amended, and the regulations promulgated thereunder.

The distribution of this Offering Circular and the offer, sale or delivery of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. The Notes have not been and will not be registered under the Securities Act, and include Notes that are in bearer form that are subject to U.S. tax law requirements and limitations. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “*Subscription and Sale and Transfer and Selling Restrictions*” below.

## MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The applicable Pricing Supplement in respect of any Notes may include a legend entitled “EU 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, “**EU 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 “**EU 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 applicable 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 set out in 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.

## NOTICE TO EEA RETAIL INVESTORS

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors” or otherwise specifies “Prohibition of Sales to EEA Retail Investors” as “Applicable”, such 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 EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (“**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**EU 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 EU PRIIPs Regulation.

## NOTICE TO UK RETAIL INVESTORS

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors” or otherwise specifies “Prohibition of Sales to UK Retail Investors” as “Applicable”, such 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 (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 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**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 the domestic law of the UK by virtue of the EUWA (the “**UK Prospectus Regulation**”). 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 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.

## SINGAPORE INFORMATION

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE** – The Pricing Supplement in respect of any Notes may include a legend entitled “*Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”)*” which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore (the “**SFA**”). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of Section 309B(1)(a) of the SFA. Any such legend included in the relevant Pricing Supplement will constitute notice to “relevant persons” for purposes of Section 309B(1)(c) of the SFA.

## NOTICE TO CAPITAL MARKET INTERMEDIARIES AND 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 pursuant to this Program, 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 Hong Kong 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” (together, the “**OCs**”) for such 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 Dealers in respect of each offering of Notes under the Program.

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 such 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 such offering, such order is hereby deemed not to negatively impact the price discovery process in relation to such 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 CMI's). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to the 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 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. Details of any such rebate (where applicable) will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors on or prior to the launch of an offering of Notes under the Program. 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 CMI's 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 such offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such 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 such 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 such offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to such offering.

Prospective investors should be aware that certain information may be disclosed by CMI's (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 Dealers 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 such offering. Failure to provide such information may result in that order being rejected.

#### **NOTICE TO PERSONS IN THE UNITED KINGDOM**

This Offering Circular is for distribution only to persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (iii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). This Offering Circular is directed only at Relevant Persons and must not be acted or relied upon by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Circular relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

#### **KOREAN SELLING RESTRICTIONS**

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Notes have not been and will not be offered, sold or delivered, 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 Law of Korea and its Enforcement Decree), or to any other person for reoffering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute “forward-looking statements”, including statements regarding the Issuer’s expectations and projections for future operating performance and business prospects. The words “believe”, “expect”, “anticipate”, “estimate”, “project”, “will”, “aim”, “will likely result”, “will continue”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “should”, “will pursue” and similar expressions or variations of these expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer’s financial position and results, business strategy, plans and objectives of management for future operations, including development plans and objectives relating to the Issuer’s products and services, are forward-looking statements. Such forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or any third party) involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. Among the important factors that could cause some or all of those assumptions not to occur or cause the Issuer’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things, the Issuer’s ability to successfully implement its business strategy, the condition of and changes in the Korean, Asian or global economies, future levels of non-performing assets, the Issuer’s growth and expansion, changes in interest rates, changes in government regulations and strategies for maritime transport industry in Korea and in other jurisdictions where the Issuer may operate and competition in the maritime transport and ship financing industries. Additional factors that could cause the Issuer’s actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”. Any forward-looking statements contained in this Offering Circular speak only as of the date of this Offering Circular. Each of the Issuer and the Dealers expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organized 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 its 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 judgments against them obtained in courts outside Korea predicated upon civil liabilities of the Issuer or its directors and officers under laws other than Korean law, including any judgment predicated upon U.S. federal securities laws. The Issuer has been advised by Lee & Ko, its Korean counsel, that there is doubt as to the enforceability in Korea in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

## CERTAIN DEFINED TERMS AND CONVENTIONS

The Issuer has prepared this Offering Circular using a number of conventions that should be considered when reading the information contained in this Offering Circular. References to the “**Company**”, “**KOBC**” or the “**Issuer**” are to Korea Ocean Business Corporation, a statutory juridical entity established under the Korea Ocean Business Corporation Act, as amended (the “**KOBC Act**”) or the Korea Ocean Business Corporation and its consolidated subsidiaries collectively, indicated or as required by context. All references to “**FSS**” are to the Financial Supervisory Service of Korea, “**FSC**” are to the Financial Services Commission of Korea, “**MOF**” are to the Ministry of Oceans and Fisheries of Korea and “**MOEF**” are to the Ministry of Economy and Finance of Korea. References herein to “**Korea**” are to the Republic of Korea, and references to the “**Government**” are to the Government of Korea.



All references in this Offering Circular to “**U.S. dollars**”, “**dollars**”, “**US\$**” and “**\$**” refer to the currency of the United States of America, all references to “**Won**” and “**₩**” refer to the currency of Korea, all references to “**€**”, “**Euro**” and “**euro**” 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, and all references to “**Sterling**” and “**£**” refer to the currency of the United Kingdom. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. The Issuer maintains its accounts in Won. 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. See “*Exchange Rates*”.

Unless otherwise stated or the context otherwise requires, the financial data included in this Offering Circular are presented on a consolidated basis.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with the Korean equivalent of International Financial Reporting Standards (“**K-IFRS**”), which differ in certain significant respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States (“**U.S. GAAP**”). The Issuer has made no attempt to identify or quantify the impact of differences between K-IFRS and U.S. GAAP.

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing 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, stabilization may not necessarily occur. Any stabilization 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 cease 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 stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the publicly available English version of the most recently published audited consolidated annual financial statements and, if published later, the most recently published interim consolidated financial statements (if any) of the Issuer from time to time;
- (b) each relevant Pricing Supplement; and
- (c) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which 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 Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular.

The Issuer will, in connection with the listing and quotation of the Notes on the Singapore Stock Exchange, so long as the rules of the Singapore Stock Exchange so require, in the event of any material change which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of the Notes to be listed on the Singapore Stock Exchange.

If the terms of the Program are modified or amended in a manner that would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Issuer may from time to time issue Notes denominated in any currency, subject to the terms and conditions as set out herein. A summary of the terms and conditions of the Program and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer 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” below.

This Offering Circular and any supplement will only be valid for the issue of Notes in an aggregate nominal amount of the Notes which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed U.S.\$5,000,000,000 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 Program 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 THE PROGRAM

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

|                            |  |
|----------------------------|--|
| Issuer .....               | Korea Ocean Business Corporation (Legal Entity Identifier: 988400706OU5BSJ8ZG26)   |
| Description .....          | Medium Term Note Program   |
| Arranger.....              | J.P. Morgan Securities plc   |
| Dealers .....              | BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, ING Bank N.V., Singapore Branch, J.P. Morgan Securities plc and Standard Chartered Bank and any other Dealers appointed in accordance with the Program Agreement.   |
| Certain Restrictions ..... | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”) including the following restrictions applicable at the date of this Offering Circular. |

### **Notes with a maturity of less than one year:**

Notes having a maturity of less than one year from the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “*Subscription and Sale and Transfer and Selling Restrictions*”.

|  |   |
|--|---|
| Issuing and Paying Agent,<br>Transfer Agent and<br>Calculation Agent ..... | Citibank, N.A., London Branch   |
| Fiscal Agent and Registrar.....  | Citicorp International Limited  |
| Program Size .....   | Up to U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Program</i> ”) outstanding at any time. The Issuer may increase the amount of the Program in accordance with the terms of the Program Agreement. |
| Distribution .....   | Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.  |
| Currencies .....   | Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.   |

|                          |   |
|--------------------------|---|
| Redenomination .....     | The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.  |
| Maturities .....         | Such maturities as may be agreed between the Issuer and the relevant Dealer, 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.  |
| Issue Price .....        | Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par.   |
| Form of Notes .....      | The Notes will be issued in registered form or in bearer form as described in “ <i>Form of the Notes</i> .” Registered Notes will not be exchangeable for Bearer Notes and vice versa.  |
| Fixed Rate Notes .....   | 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 defined in “ <i>Terms and Conditions of the Notes</i> ”) as may be agreed between the Issuer and the relevant Dealer.  |
| Floating Rate Notes..... | <p>Floating Rate Notes will bear interest at a rate determined:</p> <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 governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series); or</li> <li>ii. on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>iii. on such other basis as may be agreed between the Issuer and the relevant Dealer, all as indicated in the applicable Pricing Supplement.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> |
| Index Linked Notes ..... | Payments 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 Dealer may agree, to the extent permitted by applicable law.   |

|  |   |
|--|---|
| 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 Dealer, will be payable on such 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 Dealer.  |
| 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 on such rates of exchange, as the Issuer and the relevant Dealer may agree.  |
| Zero Coupon Notes.....   | Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.   |
| Change of Control.....   | Upon the occurrence of a Change of Control, each holder of Notes will have the right to require the Issuer to redeem all or any part of such holder's Notes at a redemption price equal to 100% of the principal amount thereof plus accrued but unpaid interest, if any, to the date of redemption, as further described in Condition 8(d)(i).   |
| Redemption.....  | The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified installments, if applicable, or for taxation reasons or following an occurrence of a Change of Control or an Event of Default (each as defined in " <i>Terms and Conditions of the Notes</i> "), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders (as defined in " <i>Terms and Conditions of the Notes</i> ") upon giving notice to the Noteholders or the Issuer 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 Dealer. The applicable Pricing Supplement may provide that the Notes may be redeemable in two or more installments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. |
| Denomination of Notes.....   | The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such 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. Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Definitive IAI Registered Note will be U.S.\$500,000 or its approximate equivalent in other Specified Currencies.  |
| Taxation.....  | All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by a Tax Jurisdiction (as defined in " <i>Terms and Conditions of the Notes</i> "), subject as provided in Condition 9. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.  |

|                            |   |
|----------------------------|---|
| Certain Covenants .....    | The terms of the Notes will contain a negative pledge provision and certain other covenants, as further described in Condition 4.   |
| Cross Default.....         | The terms of the Notes will contain a cross default provision as further described in Condition 11.   |
| Status of the Notes.....   | The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured general obligations of the Issuer and will rank <i>pari passu</i> , without any preference among themselves and (except for certain obligations required to be preferred by applicable law) equally with all other unsecured (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.   |
| Listing.....               | Approval in-principle has been received from the Singapore Stock Exchange in connection with the Program and application will be made for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed, at or prior to the time of issue thereof, to be so listed on the Singapore Stock Exchange. For so long as any Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, such Notes, if traded on the Singapore Stock Exchange, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). 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. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed or admitted to trading and, if so, on which stock exchange(s). |
| Governing Law .....        | The Notes will be governed by, and construed in accordance with, New York law.  |
| Selling Restrictions ..... | There are restrictions on the offer, sale and transfer of the Notes in the United States of America, the EEA, the United Kingdom, Japan, Hong Kong, Singapore, Switzerland and Korea and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “ <i>Subscription and Sale and Transfer and Selling Restrictions.</i> ”  |



## FORM OF THE NOTES

The Notes of each Series 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 to non-U.S. persons in reliance on 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 Regulation D under the Securities Act.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”). While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, 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 Bearer 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 Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent (“**non-U.S. beneficial ownership certification**”).

On and after the date (the “**Exchange Date**”) which is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against non-U.S. beneficial ownership certification as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal 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 for definitive Bearer Notes is improperly withheld or refused. For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that a Temporary Bearer Global Note is exchanged for definitive Bearer Notes, the Issuer will appoint and maintain a paying agent in Singapore (the “**Singapore Paying Agent**”), where the definitive Bearer Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Temporary Bearer Global Note is exchanged for definitive Bearer Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Bearer Notes, including details of the Singapore Paying Agent.

Payments of principal, 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 further requirement for certification beyond the initial non-U.S. beneficial ownership certification as described above.

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, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Issuing and Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. In the case of definitive Bearer notes that are issued in exchange for any Permanent Bearer Global Notes, such exchange shall only be permitted if the issuance of definitive Bearer Notes are issued in integral multiples of the Specified Denomination. For these purposes, an “**Exchange**

**Event**” means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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 alternative clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form (provided that, in certain circumstances where the Notes are held through Euroclear and Clearstream, Luxembourg, such adverse tax consequences are the result of a change in, or amendment to, the laws and regulations (taxation or otherwise) of a Tax Jurisdiction). For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that a Permanent Bearer Global Note is exchanged for definitive Bearer Notes, the Issuer will appoint and maintain a Singapore Paying Agent, where the definitive Bearer Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Permanent Bearer Global Note is exchanged for definitive Bearer Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Bearer Notes, including details of the Singapore Paying Agent. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Issuing and Paying 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 Issuing and Paying 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 Issuing and Paying Agent.

The following legend will appear on all Bearer Notes that have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY U.S. 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 U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes.

Notes that 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, 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 and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons 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**”) who 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, the “**Registered Global Notes**”).

The Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (“DTC”) for the accounts of Euroclear and Clearstream, Luxembourg or (b) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in the 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 elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 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 Rule 144A Global Note 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 7(d)) as the registered holder of the Registered Global Notes. 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 on the relevant Record Date (as defined in Condition 7(d)) immediately preceding the due date for payment in the manner provided in that Condition.

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, an “**Exchange Event**” means that (a) an Event of Default has occurred and is continuing, (b) 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, (c) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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 (d) 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 (provided that, in certain circumstances where the Notes are held through Euroclear and Clearstream, Luxembourg, such adverse tax consequences are the result of a change in, or amendment to, the laws and regulations (taxation or otherwise) of a Tax Jurisdiction).

For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that a Registered Global Note is exchanged for definitive Registered Notes, the Issuer will appoint and maintain a Singapore Paying Agent, where the definitive Registered Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Registered Global Note is exchanged for definitive Registered Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Registered Notes, including details of the Singapore Paying Agent. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (d) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

## 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 and Clearstream, Luxembourg, 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.*”

## General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Issuing and Paying 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 which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note (as defined in “*Terms and Conditions of the Notes*”) held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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.

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.

Any reference herein to Euroclear, Clearstream, Luxembourg and/or DTC 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 Notes may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the terms and conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, 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.

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

## FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement that will be completed for each Tranche of Notes issued under the Program.

[Date]

### Korea Ocean Business Corporation

#### Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.\$5,000,000,000 Medium Term Note Program

**[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, “**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**EU Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**EU Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**EU 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 EU PRIIPs Regulation.] *[Include if the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Applicable”]*

**[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**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 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 if the Pricing Supplement specifies “Prohibition of Sales to UK Retail Investors” as “Applicable”]*

**[MIFID II PRODUCT GOVERNANCE/RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) 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, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); EITHER [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][non-advised sales][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. 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[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

**[UK MIFIR PRODUCT GOVERNANCE/RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPS) 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 retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”), and 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 UK domestic law by virtue of the EUWA (“UK MiFIR”); EITHER [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/and] portfolio management [./and][non-advised sales] [and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. 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 appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”)** – 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 Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded Investment Products]/[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>1</sup>

The Notes have not been registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the regulations thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to either of Article 3 of the Prospectus Regulation or section 85 of the FSMA or supplement a prospectus pursuant to either of Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

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 Offering Circular dated April 9, 2024. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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

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

<sup>1</sup> To be inserted if the Notes will be offered to investors in Singapore; for any Notes to be offered to Singapore investors, the Issuer to determine the classification of the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplements.]*

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | Korea Ocean Business Corporation  |
|    | LEI Code:  | 988400706OU5BSJ8ZG26  |
| 2. | (i) Series Number:   | [●]   |
|    | (ii) Tranche Number:   | [●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>   |
|    | (iii) Re-opening:  | [Yes/No] <i>[Specify terms of initial or eventual fungibility]</i>  |
| 3. | Specified Currency or Currencies:  | [●]   |
| 4. | Aggregate Nominal Amount:  |   |
|    | (i) Series:  | [●]   |
|    | (ii) Tranche:  | [●]   |
| 5. | (i) Issue Price:   | [●]% of the Aggregate Nominal Amount [plus accrued interest from [Issue Date] <i>(in the case of fungible issues only, if applicable)</i> ]   |
|    | (ii) Net proceeds: <i>(required only for listed issues)</i>  | [●]   |
|    | (iii) Use of proceeds:   | [●]   |
| 6. | (i) Specified Denominations: <i>(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)</i> | [●]   |
|    | (ii) Calculation Amount:   | [●]   |
| 7. | (i) Issue Date:  | [●]   |
|    | (ii) Interest Commencement Date:   | [●]   |
| 8. | Maturity Date:   | [Fixed rate – <i>specify date</i> ]<br><br>[Floating rate – Interest Payment Date falling in <i>specify months and year</i> ]   |
| 9. | Interest Basis:  | [[●]% Fixed Rate] <i>[[specify reference rate]<sup>2</sup> +/- [●]% Floating Rate]</i> [Zero Coupon] [Index Linked Interest] [Dual Currency Interest]<br><br><i>[specify other]</i> (further particulars specified below) |

<sup>2</sup> Parties to consider the various IBOR cessation dates and the maturity date of the Notes in selecting a Reference Rate.

10. Redemption/Payment Basis: [Redemption at par] [Dual Currency Redemption] [Partly Paid] [Installment] [specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put (other than Condition 8(d)(i))/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)]
13. (a) Status of the Notes: [Senior]
- [(b) Date of [the Issuer's Board] approval for the issues of Notes obtained:] [●] (N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes)
14. Listing: [Singapore Exchange Securities Trading Limited/specify other/None]<sup>3</sup>
15. Method of distribution: [Syndicated/Non-syndicated]

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

16. Fixed Rate Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●]% per annum [payable [annually/semi-annually/quarterly] in arrears] (If payable other than annually, consider amending Condition 6)
- (ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date [adjusted in accordance with [specify Business Day Convention]/[not adjusted]/[specify other]]
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Broken Amount(s): [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (vi) Determination Date(s): [●] in each year
- [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration. NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

<sup>3</sup> For SGX-ST listing: For drawdowns based on the April [9], 2024 offering circular, please note that if the Issuer's audited financials for FY2024 has since become available, this should be appended in full to the pricing supplement.



|     |   |  |
|-----|---|--|
| 17. | Floating Rate Note Provisions:  | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Specified Period(s)/Specified Interest Payment Dates:   | [●]  |
|     | (ii) Business Day Convention:   | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]              |
|     | (iii) Additional Business Center(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 Issuing and Paying Agent): | [●]  |
|     | (vi) Screen Rate Determination:   |  |
|     | – Reference Rate:   | [●] <i>(Either EURIBOR, SOFR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)</i>             |
|     | – Interest Determination Date(s):   | [●] <i>(Second day on which the T2 is open prior to the start of each Interest Period if EURIBOR)</i>  |
|     | – Relevant Screen Page:   | [●] <i>(In the case of EURIBOR, if not Reuters Page EURIBOR 01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i> |
|     | – SOFR Benchmark:   | [Not Applicable/Compounded Daily SOFR/SOFR Index] <i>(Only applicable where the Reference Rate is SOFR Benchmark)</i>  |
|     | – Compounded Daily SOFR:  | [Not Applicable/SOFR Lag/SOFR Observation Shift] <i>(Only applicable in the case of Compounded Daily SOFR)</i>   |
|     | – Lookback Days:  | [Not Applicable/[●] U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Lag)</i>   |
|     | – SOFR Observation Shift Days:  | [Not Applicable/[●] U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Observation Shift or SOFR Index)</i>                         |
|     | – SOFR Index <sub>Start</sub> :   | [Not Applicable/[●] U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Index)</i>   |
|     | – SOFR Index <sub>End</sub> :   | [Not Applicable/[●] U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Index)</i>   |

- (vii) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (viii) Margin(s): [ +/- ][●] % per annum
- (ix) Minimum Rate of Interest: [●] % per annum
- (x) Maximum Rate of Interest: [●] % per annum
- (xi) Day Count Fraction: [Actual/365, Actual/365 (Fixed), Actual/365 (Sterling), Actual/360, 30/360, 30E/360, Other] (See Condition 6 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 sub-paragraphs of this paragraph)
- (i) Accrual Yield: [●] % per annum
  - (ii) Reference Price: [●]
  - (iii) Any other formula/basis of determining amount payable: [●] (Consider applicable day count fraction if euro denominated)
  - (iv) Day Count Fraction in relation to Early Redemption Amount and Late Payment on Zero Coupon Notes: [Condition 8(e)(iii) and Condition 8(j) apply/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 sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
  - (ii) Calculation Agent responsible for calculating the interest due: [●]
  - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
  - (iv) Specified Period(s)/Specified Interest Payment Dates: [●]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Center(s): [●]
- (vii) Minimum Rate of Interest: [●]% per annum
- (viii) Maximum Rate of Interest: [●]% per annum
- (ix) Day Count Fraction: [●]
20. Dual Currency Note Provisions: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (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 sub-paragraphs 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 Note of [●] Specified Denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Higher 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 Issuing and Paying Agent*)

22. Investor Put (other than Condition 8(d)(i)): [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs 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 Note of [●] Specified Denomination
- (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 Issuing and Paying Agent)*
23. Final Redemption Amount of each Note: [Par/specify other]
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 8(e)): [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Registered Notes:
- Regulation S Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]

26. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/give details] (Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19(vi) relate)
27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (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: new forms of Global Note(s) may be required for Partly Paid issues.]
29. Details relating to Installment Notes: amount of each installment, date on which each payment is to be made: [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 Annex 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) Stabilizing Manager (if any): [Not Applicable/give names]
33. If non-syndicated, name of relevant Dealer: [●]
34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
35. Prohibition of sales to EEA retail investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)
36. Prohibition of sales to UK retail investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)

37. Additional selling restrictions: [Not Applicable/give details]
- (If Item 34 confirms that either TEFRA C or TEFRA D applies, then specify each of the selling restrictions and representations that should be complied with to ensure that the issuance of Notes is U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (i.e., TEFRA C) or U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (i.e., TEFRA D) compliant, as applicable)*

**OPERATIONAL INFORMATION**

38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

39. Delivery: Delivery [against/free of] payment

40. In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: [Not Applicable/give location]

41. Additional Paying Agent(s) (if any): [●]

42. ISIN: [●]

Common Code: [●]

CUSIP: [●]

*(insert here any other relevant codes such as CINS)*

**[HONG KONG SFC CODE OF CONDUCT<sup>4</sup>**

43. Rebates: [A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to [Bonds/Notes/Securities] 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 [Bonds/Notes/Securities] 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 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.]/[Not Applicable]

<sup>4</sup> For an MTN drawdown involving in-scope managers, parties may decide to have a preliminary Pricing Supplement which can be distributed to other CMIs and investors containing the relevant Hong Kong SFC Code of Conduct information. If no preliminary Pricing Supplement is available for the MTN drawdown, or for EU/UK PR-compliant programs, in-scope managers may consider other ways in which to facilitate compliance with paragraph 21 requirements (e.g. BBG messages, bilateral communications with investors, attaching a standalone “Notice to Investors” page to the front of any marketing materials).

- |     |   |   |
|-----|---|---|
| 44. | Contact email addresses of the Overall Coordinators where the 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] |
| 45. | Marketing and Investor Targeting Strategy:  | [If different from the program OC]  |

**[Listing Application**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Program of Korea Ocean Business Corporation.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.]

[Application will be made for the Notes to be recognized under the SGX Sustainable Fixed Income initiative on SGX-ST. There is no guarantee that such application for recognition under the SGX Sustainable Fixed Income initiative will be approved. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Notes will satisfy any investor’s expectations or requirements on its sustainability-related performance or impact. If approved, SGX-ST may remove the recognition from the Notes at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the SGX website.]<sup>5</sup>

**Responsibility**

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
 Duly authorized signatory  
 Name:  
 Title:

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8(b)), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trading on any stock exchange) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

<sup>5</sup> For SGX-ST listing – To include this paragraph if the Notes are green/social/sustainability Notes and the Issuer intends to apply for recognition under SGX’s Sustainable Fixed Income initiative.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes 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 or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon 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” for a description of the content of the Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes. Reference herein to “Condition” shall be to the Terms and Conditions set forth below.*

This Note is one of a Series (as defined below) of Notes issued by Korea Ocean Business Corporation (the “**Company**” or the “**Issuer**”) pursuant to the terms of the Agency Agreement (as defined below).

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

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (iv) 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 (as defined below) and the Coupons (as defined below) are issued pursuant to, and have the benefit of the agency agreement dated April 12, 2023 (as further amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) among the Company, Citibank, N.A., London Branch as the Issuing and Paying Agent, Transfer Agent and Calculation Agent and Citicorp International Limited as the Fiscal Agent and Registrar (collectively, including any successors thereto or additional such agent appointed pursuant to the terms of the Agency Agreement, the “**Agents**”).

Interest-bearing definitive Bearer Notes have (unless otherwise indicated in the applicable Pricing Supplement) interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in installments have receipts (“**Receipts**”) for the payment of the installments of principal (other than the final installment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note 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 to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.



Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts, and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) 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) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement are available for inspection during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of the Issuing and Paying Agent with prior written notice and satisfactory proof of holding. Copies of the applicable Pricing Supplement are obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of the Issuing and Paying Agent with prior written notice except that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used 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 or between the Terms and Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **1. FORM, DENOMINATION AND TITLE**

The Notes may be in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Except as provided in Condition 2, 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. The Notes of one Series may not comprise both Notes in bearer form and Notes in registered form.

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

This Note may be an Installment Note, a Dual Currency Redemption Note, a Partly Paid 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 Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons 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 Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon 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 in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream 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 the 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 any Agent 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.

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 that are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, as the case may be. References to DTC, Euroclear and/or Clearstream 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.

## **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, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial 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 authorized denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, 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 for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor’s nominee.

### **(b) Transfers of Registered Notes in Definitive Form**

Subject as provided in paragraphs (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 authorized denominations set out in the applicable Pricing Supplement. In order to effect any such transfer (i) the holder or holders must (A) 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 the Registrar or 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 authorized in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, 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 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, 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 Registrar or, as the case may be, 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 8, 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 (as defined below), 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 Schedule 6 to the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or 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, in which case the Transfer Certificate must be accompanied by a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 7 to 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 (A) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form and, in the case of (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; 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, Euroclear or Clearstream, 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;

“**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 OF NOTES**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (Certain Covenants)) unsecured obligations of the Issuer and rank pari passu among themselves and (except for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

### **4. CERTAIN COVENANTS**

#### **(a) Negative Pledge**

So long as any of the Notes of this Series remains outstanding, the Company will not itself, and will not permit any Principal Subsidiary (as defined below) to, create or permit to be outstanding any mortgage, charge, lien, pledge or other security interest (“**Security**”) upon the whole or part of its property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined below) (i) payment of any sum due in respect of any such International Investment Securities or (ii) any payment under any guarantee of any such International Investment Securities or (iii) any payment under any indemnity or other like obligation relating to any such International Investment Securities, without in any such case at the same time, according to the Notes of this Series and the Receipts and Coupons applicable thereto, either the same security as is granted to or is outstanding in respect of such International Investment Securities, guarantee, indemnity or other like obligation or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) passed at a meeting of the holders of Notes of this Series.

The foregoing shall not operate to restrict or prohibit the creation or existence of any Security consisting of a security interest solely in Receivables (as defined below) securing payment of interest or principal of, payment under any guarantee of, or payment under any indemnity relating to, any International Investment Securities issued by a wholly-owned Subsidiary (or another Person in which the Company or any Principal Subsidiary makes an investment and to which the Company or any Principal Subsidiary transfers Receivables and related assets).

#### **(b) Consolidation, Merger and Sale of Assets**

The Issuer, without the consent of the Noteholders, may consolidate with, or merge into, or sell, transfer, lease or convey its assets as an entirety or substantially as an entirety to any corporation; provided that (i) any successor corporation expressly assumes the applicable obligations of the Issuer under the Notes and the Agency Agreement (ii) after giving effect to the transaction, with respect to the Issuer or any such successor corporation, no Event of Default (as defined below) and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing and (iii) the Issuer has delivered to the Issuing and Paying Agent a certificate executed by a duly authorized officer of the Issuer and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if a supplemental agency agreement is required in connection with such transaction, such supplemental agency agreement comply with the Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with.

(c) **Provision of Information to Noteholders**

The Issuer covenants that for so long as any of the Notes are “restricted securities” within the meaning of Rule 144 under the Securities Act, it will, at any time when it is not subject to either the periodic reporting requirements of Section 13 or Section 15(d) of the Exchange Act or the requirements of Rule 12g3-2(b) thereunder, provide to any Noteholder or prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

(d) **Certain Definitions**

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

“**International Investment Securities**” means notes, debentures, bonds or investment securities of the Company or any Principal Subsidiary, as the case may be, which:

- (i) either are by their terms payable, or confer a right to receive payment, in any currency other than Won or are denominated in Won and more than 50% of the aggregate principal amount thereof is initially distributed outside Korea by or with the authorization of the Company or the relevant Principal Subsidiary, as the case may be; and
- (ii) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside Korea.

“**Person**” means any individual, corporation, company, firm, tribunal, undertaking, association, organization, partnership, joint venture, trust, limited liability company, unincorporated organization or government or any agency, instrumentality or political subdivision thereof; in each case whether or not being a separate legal entity.

“**Principal Subsidiary**” means:

- (i) any Subsidiary (as defined below) of the Company:
  - (A) whose net sales, as shown by the then latest audited financial statements or accounts (consolidated where applicable, but without intercompany adjustments for consolidation with the Company) of such Subsidiary, constitute at least 10% of the consolidated net sales of the Company as shown by the then latest audited consolidated accounts of the Company; or
  - (B) whose total assets, as shown by the then latest audited financial statements or accounts (consolidated where applicable, but without intercompany adjustments for consolidation with the Company) of such Subsidiary, constitute at least 10% of the total consolidated assets of the Company as shown by the then latest audited consolidated accounts of the Company;
- (ii) provided that:
  - (A) in the case of a Subsidiary acquired, or a company becoming a Subsidiary, after the end of the financial period to which the latest audited consolidated accounts of the Company relate, the reference to the then latest audited consolidated accounts of the Company for the purposes of the calculation above shall, until audited consolidated accounts of the Company for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Company adjusted to consolidate the last audited accounts (consolidated where applicable) of such Subsidiary in such accounts;
  - (B) if at any relevant time in relation to the Company or any Subsidiary in respect of which financial consolidation is relevant no consolidated accounts are prepared and audited, net sales and total assets of the Company and/or any such Subsidiary shall be determined on the basis of pro-forma consolidated accounts prepared for this purpose by the auditors for the time being of the Company;

- (C) if at any relevant time in relation to any Subsidiary no accounts are audited, its net sales and total assets (consolidated where applicable, but without intercompany adjustments for consolidation with the Company) shall be determined on the basis of pro-forma accounts (consolidated where applicable, but without intercompany adjustments for consolidation with the Company) of the relevant Subsidiary prepared for this purpose by the auditors for the time being of the Company; and
- (D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (1) above) are not consolidated with those of the Company, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro-forma consolidation of its accounts (consolidated where applicable, but without intercompany adjustments for consolidation with the Company) with the then latest consolidated audited accounts (determined on the basis of the foregoing) of the Company; or
- (E) any Subsidiary of the Company to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary.

“**Receivable**” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for such goods or services under terms that permit the purchase of such goods and services on credit.

“**Subsidiary**” means, at any particular time, (i) any person at least 50% of whose issued equity share capital (or equivalent) is then beneficially owned, by the Company, (ii) any person which is then directly or indirectly controlled by the Company or (iii) any subsidiary subject to consolidation with the Company’s financial statements under accounting principles generally accepted in Korea. For a person to be “**controlled**” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove a majority of the members of the board of directors or other governing body of that person or otherwise controls or has the power to control the affairs and policies of that person.

## 5. **REDENOMINATION**

### (a) **Redenomination**

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Issuing and Paying Agent, DTC, Euroclear and Clearstream and at least 30 days’ prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into Euro with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate (as defined below), rounded to the nearest Euro 0.01 if the conversion results in an amount involving a fraction of Euro 0.01, **provided that**, if the Issuer determines that the then market practice in respect of the redenomination into Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date (as defined below), they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Issuing and Paying Agent may approve) €0.01 and such other denominations as the Issuing and Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the “**Exchange Notice**”) that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (**provided that** such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Issuing and Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro 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 a Euro check;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date (as specified in the applicable Pricing Supplement), it will be calculated by applying the Rate of Interest to each Specified Denomination, 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 sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the applicable Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

**(b) Definitions**

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“**€**” and “**Euro**” means the lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the Treaty;



**“Redenomination Date”** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**“Treaty”** means the Treaty on the functioning of the European Union (signed in Rome on March 25, 1957), as amended from time to time.

## 6. INTEREST

### (a) Interest on Fixed Rate Notes

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 arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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 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.

If interest is required to be calculated for a period ending other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined below), 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.

In these Conditions:

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 6(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 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; and

- (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 a year of 360 days with 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 period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date divided by 365;
- (iv) if “**Actual/360 (Fixed)**” is specified in the applicable Pricing Supplement, the actual 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 divided by 360.

“**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 Determination 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, one cent.

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:

- (i) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (ii) 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
- (iii) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, unless the context otherwise requires, “**Business Day**” means a day which is either (1) in relation to any sum payable in a Specified Currency other than Euro, a day (other than a Saturday or Sunday) 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 center of the country of the relevant Specified Currency (if other than the country of the Paying Agent’s specified office) and in any Additional Business Center specified in the applicable Pricing Supplement and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in Euro, a day (other than a Saturday or Sunday) on which the real time gross settlement system operated by the Eurosystem (T2), or any successor system (the “**T2**”) is open.

**(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 arrears on either:

- (A) the Specified Interest Payment Date(s) (each an “**Interest Payment Date**”) 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 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 that 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 6(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 Conditions, unless the context otherwise requires, “**Business Day**” means a day which is either (1) in relation to any sum payable in a Specified Currency other than Euro, a day (other than a Saturday or Sunday) 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 center of the country of the relevant Specified Currency (if other than the country of the Paying Agent’s specified office) and in any Additional Business Center specified in the applicable Pricing Supplement and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in Euro, a day (other than a Saturday or Sunday) on which the 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 sub-paragraph (A), “**ISDA Rate**” for an Interest Period

means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the 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. and as amended and updated as at the Issue Date of the first Tranche of the Notes (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 (i) if the applicable Floating Rate Option is based on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

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

*(B) Screen Rate Determination for Floating Rate Notes (other than Floating Rate Notes referencing SOFR)*

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as EURIBOR in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) 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 (as specified in the applicable Pricing Supplement) as at 11:00 a.m. (Brussels time, in the case of EURIBOR) 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 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations

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 (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph; provided, however, that Condition 6(c) shall apply if the Issuer or its designee has determined that a Benchmark Transition Event (as defined in such Condition) has occurred and Benchmark Transition Event is specified in the applicable Pricing Supplement.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

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

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as SOFR Benchmark in the applicable Pricing Supplement, 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 6(d) as further specified hereon):

- (1) If 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:

$$\left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

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-xUSBD</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;

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

“**d<sub>0</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<sub>i-xUSBD</sub> applies.

(b) SOFR Observation Shift:

$$\left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

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;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

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

“**d<sub>0</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 d<sub>0</sub>, 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; 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 purpose of this Condition 6(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 provisions:

- (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 6(d) 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 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 6(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 6(d) 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;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement; 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 6(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 fifth 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 Event with respect to the then-current SOFR Benchmark;

“**SOFR Benchmark Transition Event**” means the occurrence of a Benchmark 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.

*(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.

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

The Issuing and Paying 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 Issuing and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, 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 sub-unit being rounded upwards or otherwise in accordance with applicable market convention.



**“Day Count Fraction”** means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (1) if **“Actual/365”** 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);
- (2) if **“Actual/365 (Fixed)”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (3) 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;
- (4) if **“Actual/360”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (5) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 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 D1 is greater than 29, in which case D2 will be 30;

- (6) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D2 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 D2 will be 30; and

- (7) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

Y1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D1 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

D1 will be 30; and

D2 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 D2 will be 30.

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

The 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 15 as soon as practicable after their determination but in no event later than the fourth London 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 15. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(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 6(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other 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 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.

**(vii) *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.

**(viii) *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.

**(ix) *Accrual of Interest***

Each Note (or in the case of the redemption of only part 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 Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 15.

**(c) *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 endeavors to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6(c)(ii) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6(c)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 6(c) 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 Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 6(c).

If (1) the Issuer is unable to appoint an Independent Adviser, or (2) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6(c)(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 6(c)(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 6(c)); 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 6(c)).

*(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 6(c) 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 of notice thereof in accordance with Condition 6(c)(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 6(c), neither the Calculation Agent nor any Paying Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 6(c) 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.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 6(c) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 15, 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 Calculation Agent and the Paying Agents a certificate signed by an authorized officer 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 6(c); 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.

Each of 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 Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 6(c), 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 6(c), 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, willful 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, willful 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 6(c)(i), Condition 6(c)(ii), Condition 6(c)(iii) and Condition 6(c)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 6(b)(ii) will continue to apply unless and until a Benchmark Transition Event has occurred.

(vii) *Definitions*

As used in this Condition 6(c):

“**Adjustment Spread**” means either (x) a spread (which may be positive, negative or zero) or (y) 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

- (B) if no such recommendation has been made, or in the case of an Alternative Rate, 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
- (C) if the Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognized 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 6(c)(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 6(c)(iv);

“**Benchmark Replacement Conforming Changes**” means, with respect to the Benchmark Amendments, 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) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Amendments 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 Amendments exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“**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 Noteholders using the Original Reference Rate,

provided that the Benchmark Transition Event shall be deemed to occur (i) 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, (ii) in the case of sub-paragraph (D) above, on the date of the prohibition of use of the Original Reference Rate and (iii) 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 Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination;

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

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 6(c)(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 (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

“**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 the Benchmark Amendments, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes (as defined herein) from time to time.

**(d) Benchmark Discontinuation (SOFR)**

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

**(i) Benchmark Replacement**

If the Issuer or its designee determines that a Benchmark Event (as defined herein) and its related Benchmark Replacement Date (as defined herein) have occurred on or prior to the Reference Time (as defined herein) with respect to the then-current Benchmark (as defined herein), the Benchmark Replacement (as defined herein) will replace the then-current Benchmark for all purposes relating to the applicable Notes in respect of all determinations on such date and all determinations on all subsequent dates.

**(ii) SOFR Benchmark Replacement Conforming Changes**

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make SOFR Benchmark Replacement Conforming Changes (as defined herein) 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 6(d). 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 6(d), 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 6(d):

**“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 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 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 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 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 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 SOFR 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;

**“SOFR 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 determines 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); and

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

## **7. 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 check in such Specified Currency drawn on, a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, 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 a Euro check.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

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

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (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 Bearer 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, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of installments of principal (if any) in respect of definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in paragraph (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 installment will be made in the manner provided in paragraph (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 the preceding paragraph. Each Receipt must be presented for payment of the relevant installment 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 five years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, two 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 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 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 Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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 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 Global Note in bearer form 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 against presentation or surrender, as the case may be, of such 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 Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and 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 installments of principal prior to the final installment) 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**”) 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 (i) a holder does not have a Designated Account or (ii) 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 check in the Specified Currency drawn on a Designated Bank (as defined below) and mailed by uninsured mail as soon as reasonably practicable after the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Registrar at the close of business on the Record Date (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 center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of installments of principal (other than the final installment) in respect of each Registered Note (whether or not in global form) will be made by a check 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 the purpose a day on which DTC and/or Euroclear and Clearstream, as applicable, are open for business) 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 installments of principal (other than the final installment) 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 installment 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 check 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.

None of the Issuer nor any of 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 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 DTC, Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, 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 10) is:

- (i) in relation to any sum payable in a Specified Currency other than Euro, a day (other than a Saturday or Sunday) 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 center of the country of the relevant Specified Currency (and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively);
- (ii) in relation to any sum payable in Euro, a day on which the T2 is open;
- (iii) a day (other than a Saturday or Sunday) 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) (A) in the case of any payment in respect of a Note in definitive form only, in the relevant place of presentation and (B) in any Additional Financial Center specified in the applicable Pricing Supplement; and/or
- (iv) 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 authorized or required by law or regulation to be closed in New York City or any Additional Financial Center specified in the applicable Pricing Supplement.

**(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 9;
- (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 installments, the Installment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 8(e));  
and
- (vii) any premium and any other amounts 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 9.

**8. REDEMPTION AND PURCHASE**

**(a) Redemption at Maturity**

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

**(b) Redemption for Tax Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

- (i) the Issuer has or will become obligated to pay additional amounts as provided or referred to in Condition 9 in excess of any additional amounts the Issuer would be obligated to pay if payments (including payments of interest) with respect to the Notes were subject to the applicable tax rate effective on the date the first Tranche of the Notes of the relevant Series are issued as a result of any change in, expiration of or amendment to the laws or regulations of a Tax Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes of the relevant Series; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that (1) no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such additional amounts were a payment in respect of the Notes then due and (2) at the time of such notice of redemption is given, such obligation to pay such additional amounts remains in effect.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Issuing and Paying Agent (1) a certificate signed by an authorized officer of 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 (2) an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obligated to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 8(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issuing and Paying Agent and in the case of a redemption of Registered Notes, the Registrar (which notices shall be irrevocable and shall specify the date fixed for redemption),

redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (the "**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream and/or DTC in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

**(d) Change of Control; Redemption of the Notes only at the Option of the Noteholders (Investor Put)**

*(i) Change of Control*

Upon the occurrence of a Change of Control (as defined below), each Noteholder will have the right to require the Issuer to redeem all or any part of such Noteholder's Notes at a redemption price equal to 100% of the principal amount thereof plus accrued but unpaid interest, if any, to the date of redemption (the "**Change of Control Redemption Price**"). Within 30 days following a Change of Control, the Issuer shall cause the Issuing and Paying Agent to deliver a notice to each holder stating that (i) a Change of Control has occurred and that such holder has the right to require the Issuer to redeem such holder's Notes at the Change of Control Redemption Price; (ii) the redemption date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is delivered); and (iii) the procedures determined by the Issuer, consistent with the Notes and the Agency Agreement, that a Noteholder must follow in order to have its Notes redeemed.

“**Change of Control**” means the central government of Korea ceasing to own and control (directly or indirectly or in combination) at least 50.1% of the Company’s issued and outstanding voting shares.

(ii) *Redemption of the Notes only at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Pricing Supplement with respect to any Series of Notes, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days’ notice 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), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 8(d)(ii) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Note, the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by check, 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 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.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 11.

(e) **Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 11, each Note will be redeemed at the Early Redemption Amount calculated 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;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Installment 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 specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “**Amortized Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“**RP**” means the Reference Price;

“**AY**” means the Accrual Yield expressed as a decimal; and



“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes of the relevant Series to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

**(f) Installments**

Installment Notes will be redeemed in the Installment Amounts and on the Installment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) Partly Paid Notes**

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

**(h) Purchases**

The Issuer may at any time purchase Notes by tender (available to all Noteholders alike) or in the open market at any price. If the Issuer shall acquire any Notes, such acquisition shall not operate as or be deemed for any purpose to be a satisfaction of the indebtedness represented by such Notes unless and until such Notes are delivered to the Issuing and Paying Agent for cancellation and are canceled and retired by the Issuing and Paying Agent. The Issuer will not sell, and will cause its affiliates (as defined in paragraph (a)(1) of Rule 144 of the Securities Act) not to sell, any Notes as to which it or they hold or acquire any beneficial interest; provided that affiliates of the Issuer may sell Notes to the Issuer or to other such affiliates. Notes purchased or otherwise acquired by the Issuer may be held, resold or, at its discretion, surrendered to the Issuing and Paying Agent for cancellation.

**(i) Cancellation**

All Notes that are redeemed will forthwith be canceled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so canceled (together with all unmatured Receipts, Coupons and Talons canceled therewith) shall be forwarded to the Issuing and Paying Agent and cannot be reissued or resold.

**(j) Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 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 paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issuing and Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

## 9. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction 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 the relevant Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by holders of the Notes, Receipts or Coupons after such withholding or deduction will not be less than the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) to or on behalf of a holder of such Note, Receipt or Coupon who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of such holder being or having been connected with the relevant Tax Jurisdiction other than merely by holding such Note or receiving principal or interest in respect thereof; or
- (b) to or on behalf of a holder of such Note, Receipt or Coupon who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Issuer to make such a declaration or claim, such holder fails to do so; or
- (c) to or on behalf of a holder of such Note, Receipt or Coupon who presents a Note (where presentation is required) more than 30 days after the relevant date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30-day period; for this purpose the “**relevant date**” means:
  - (1) the due date for payment thereof; or
  - (2) if the full amount of the moneys payable on such date has not been received by the Issuing and Paying Agent or the Registrar, as the case maybe, on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15; or
- (d) to or on behalf of a holder of such Note, Receipt or Coupon who would have been able to avoid the withholding or deduction by the presentation (where presentation is required) of the relevant Note, Receipt or Coupon to, or otherwise accepting payment from, another paying agent in a Member State of the European Union; or
- (e) any combination of (a), (b), (c) or (d) above.

The obligation of the Issuer to pay additional amounts in respect of taxes, duties, assessments and governmental charges shall not apply to (i) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (ii) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal and interest in respect of the Notes, Receipts and Coupons; provided that, except as otherwise set forth in these Terms and Conditions and in the Agency Agreement, the Issuer shall pay all stamp or other similar duties, if any, which may be imposed by the relevant Tax Jurisdiction, the United States or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Notes or the Agency Agreement or as a consequence of the issuance of the first Tranche of the Notes of the relevant Series.

As used herein: “**Tax Jurisdiction**” means Korea or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Company becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts or Coupons through such jurisdiction.

## 10. PRESCRIPTION

The Notes (whether in bearer form or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

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 7(b) or any Talon that would be void pursuant to Condition 7(b).

## 11. EVENTS OF DEFAULT

The occurrence and continuance of any of the following events will constitute an event of default (“Event of Default”):

- (a) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 30 days;
- (b) default in the payment of all or any part of the principal of any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of seven days, whether at maturity, upon redemption or otherwise;
- (c) breach or failure to observe or perform any other of the covenants or agreements on the part of the Issuer contained in the Notes of the relevant Series for a period of 60 days after the date on which written notice specifying such default or breach, stating that such notice is a “Notice of Default” under the Notes of the relevant Series and demanding that the Issuer remedy the same, shall have been given to the Issuer, with a copy to the Issuing and Paying Agent and the Registrar, by the Noteholders of at least 10% in aggregate principal amount of the Notes of the relevant Series at the time outstanding;
- (d) any Debt (as defined below) of the Company in the aggregate outstanding principal amount of U.S.\$35,000,000 or more either (a) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Company or (b) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Company in respect of Debt of any other person not being honored when, and remaining dishonored after becoming, due and called; provided that, in the case of (a) above, if any such default under any such Debt shall be cured or waived, then the default under the Notes by reason thereof shall be deemed to have been cured and waived;
- (e) the entry of a decree or order for relief in respect of the Issuer by a court or administrative or other governmental agency or body having jurisdiction in the premises in an involuntary case under any applicable bankruptcy, insolvency, reorganization, rehabilitation, compulsory composition or other similar law in effect on the date of issuance of the first Tranche of the Notes or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Issuer to be bankrupt or insolvent, and continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (f) the commencement by the Issuer of a voluntary case under any applicable bankruptcy, insolvency, reorganization, rehabilitation, compulsory composition or other similar law in effect on the date of issuance of the first Tranche of the Notes or thereafter, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or for any substantial part of its property, or cease to carry on the whole or substantially the whole of its business, or make any general assignment for the benefit of creditors, or enter into any composition with its creditors, or take corporate action in furtherance of any such action.

If an Event of Default with respect to the Notes occurs and is continuing, the Noteholders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal amount (and premium, if any) of, and all accrued but unpaid interest on, all the Notes to be due and payable immediately, by a notice in writing to the Issuer at the office of the Issuing and Paying Agent, and upon such declaration, any such principal amount (and premium, if any) and interest shall become immediately due and payable. Upon such declaration, the Issuing and Paying Agent shall give notice thereof to the Issuer and to the Noteholders in writing. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer pays or deposits with the Issuing and Paying Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the Noteholders of more than 50% in aggregate principal amount of the Notes then outstanding by written notice thereof to the Issuer at the office of the Issuing and Paying Agent.

In this Condition, “**Debt**” means, with respect to any person as of any date of determination, without duplication, (i) all obligations, contingent or otherwise, of such person for borrowed money, (ii) all obligations of such person evidenced by bonds, notes or other similar instruments, (iii) all obligations of such person in respect of letters of credit or other similar instruments, (iv) all obligations of such person to pay the unpaid purchase price of any property or service, (v) all obligations secured by any mortgage, charge, pledge, encumbrance or other security interest (a “**Lien**”) on any property or asset of such person, whether or not such obligations are assumed by such person and (vi) all obligations of others guaranteed by such person to the extent of such guarantees and, for clauses (i) through (vi), which are denominated in a currency other than the currency of Korea and which has a final maturity of one year or more. The amount of Debt of any person as of any date of determination shall be the outstanding balance at such date of all unconditional obligations as described above, the maximum liability of such person for any such contingent obligations at such date and, in the case of clause (v), the lesser of the fair market value (as determined in good faith by the board of directors of such person) at such date of the property or asset of such person subject to a Lien securing the obligations of others and the amount of such obligations secured.

## **12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

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

## **13. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Issuing and Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or any other relevant authority; and

- (c) for so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**” or “**SGX-ST**”) and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, the Issuer will appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of 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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7(e). Any variation, termination, appointment or change with respect to any Paying Agent shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days’ prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

#### **14. EXCHANGE OF TALONS**

On and after the Interest Payment Date 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 the Issuing and Paying Agent or any other Paying Agent 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 10.

#### **15. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London and the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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 overseas) 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 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.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear, Clearstream and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear, Clearstream, and/or DTC for communication by them to the Noteholders and, in addition, for so long as any Notes are listed on a stock exchange 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. Any such notice shall be deemed to have been given to the Noteholders one day after the day on which the said notice was given to Euroclear, Clearstream and/or DTC.

Notices to be given by any Noteholder 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 Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Issuing and Paying Agent or the Registrar through Euroclear, Clearstream and/or DTC, as the case may be, in such manner as the Issuing and Paying Agent, the Registrar and Euroclear, Clearstream and/or DTC, as the case may be, may approve for this purpose.

## **16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than 10% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the quorum shall be one or more persons holding or representing in the aggregate not less than 75% in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing in the aggregate a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Issuing and Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of any of the provisions of the Notes, the Receipts, the Coupons, the Conditions or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Conditions or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any determination as to prejudice to the interests of the Noteholders pursuant to this Condition 16 shall be made by the Issuer, and the Issuing and Paying Agent shall not have any responsibility or liability whatsoever with respect to such determinations. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

## **17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **(a) Governing Law**

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the law of the State of New York.

### **(b) Submission to Jurisdiction**

To the fullest extent permitted by applicable law, the Issuer irrevocably submit to the non-exclusive jurisdiction of any federal or state court in the Borough of Manhattan, The City of New York, United States of America, in any suit, action or proceeding brought by any Noteholder, Receiptholder or Couponholder arising out of or based upon the Notes, the Receipts and/or the Coupons, and irrevocably agrees that all claims in respect of any such suit, action or proceeding may be determined in any such court. The Issuer irrevocably and to the fullest extent they are permitted to do so under applicable law waive any objection they may have to the laying of venue in any such court or the defense of an inconvenient forum to the maintenance of any such suit or proceeding to the extent permitted by applicable law. The Issuer hereby appoints the Law Debenture Corporate Services Inc., whose address as of the date hereof is 4th Floor, 400 Madison Avenue, New York, New York 10017, as their authorized agent (the “**Authorized Agent**,” which expression shall include any replacement authorized agent) upon whom process may be served in any such suit or proceeding set forth herein, it being understood that the designation and appointment of the Authorized Agent as such authorized agent shall become effective immediately without any further action on the part of the Issuer. The Issuer agrees to take any and all action as may be necessary, including the filing of any and all documents that may be necessary, to maintain such designation and appointment of the authorized agent in full force and effect. If for any reason the appointment of the Authorized Agent shall cease to be in force, the Issuer shall forthwith appoint a new agent to be the Authorized Agent and shall deliver to the Dealers and the Arranger a copy of the new Authorized Agent’s acceptance for that appointment within 30 days. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Issuer. The parties hereto each hereby waive any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to the Notes, the Receipts and/or Coupons.

### **(c) Waiver of immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defense and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

### **(d) Other documents**

In the Agency Agreement, the Issuer has submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or such other purposes as may be specified in the applicable Pricing Supplement.



## EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate, announced by Seoul Money Brokerage Services, Ltd., between Won and U.S. dollars and rounded to the nearest tenth of one Won. No representation is made that the Won or 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.

| <u>Year Ended December 31,</u> | <u>At End of<br/>Period</u> | <u>Average<br/>Rate<sup>(1)</sup></u> | <u>High</u> | <u>Low</u> |
|--------------------------------|-----------------------------|---------------------------------------|-------------|------------|
|                                |                             | <b>(Won per U.S.\$1.00)</b>           |             |            |
| 2018.....                      | 1,118.1                     | 1,100.3                               | 1,142.5     | 1,057.6    |
| 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    |
| October.....                   | 1,352.8                     | 1,350.7                               | 1,360.6     | 1,339.6    |
| November.....                  | 1,289.0                     | 1,310.4                               | 1,356.9     | 1,287.7    |
| December.....                  | 1,289.4                     | 1,304.0                               | 1,322.7     | 1,289.4    |
| 2024 (through April 8).....    | 1,351.8                     | 1,330.3                               | 1,353.0     | 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 (through April 8).....   | 1,351.8                     | 1,349.2                               | 1,353.0     | 1,346.8    |

*Source: Seoul Money Brokerage Services, Ltd.*

(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).

## RISK FACTORS

*Investing in the Notes involves risks and uncertainties. Prospective purchasers of the Notes are advised to review carefully all of the information contained elsewhere in this Offering Circular and should consider, in particular, the following risk factors before purchasing the Notes. The risks described below are not the only ones that may be relevant to the Issuer or the trading price of the Notes.*

### Risks Relating to Our Business

***We are a statutory juridical corporation, and as a public entity that serves as the policy arm of the Government's mandate to promote the competitiveness of Korean maritime transport industry, our activities are heavily regulated and the Government could cause us to pursue policy objectives that may be against our best commercial interests.***

The Government, as our controlling shareholder, appoints the non-standing directors on our board of directors as well as our president and influences the key management decisions of our operations. Although we have autonomy over our day-to-day operations, the Government exerts significant influence on our strategies, management, operations and budgets and may determine material policies affecting us. Furthermore, as we were established under the KOBC Act under the auspices of the MOF, we are subject to the rules and regulations thereunder and other acts governing us as well as the maritime transport industry, which is considered as the backbone industry for the Korean economy.

In addition, our public policy mandate requires us to undertake certain activities in furtherance of public policy considerations for the maritime transport industry as a whole, which may not be in our best commercial or financial interests. Although we carefully screen the candidates for our investment and guarantee support and take various preemptive risk management measures to maintain the financial health of our investments and assets, we may not be able to do so successfully or the Government's current and future policy initiatives may have an adverse effect on our business, financial condition and results of operations.

***Although the Government has provided and is expected to continue to provide support for the continual growth and development of domestic maritime transport industry, it may be susceptible to unexpected changes or withdrawal, which may adversely affect our ability to support the maritime transport industry or force us to alter our investment plans or current portfolio.***

As a statutory entity owned by the Government with the mandate to execute the Government's public policy objectives for maritime transport industry under the KOBC Act, our business objective is not the maximization of our profitability. Accordingly, we have experienced from time to time loss or deficit from certain of our projects and initiatives and have historically relied in conducting our businesses on significant capital injection and subsidies from the Government as well as its commitment to cover our losses. As of December 31, 2023, the cumulative amount of capital injection by the Government (including other Government-controlled and private entities) was Won 2.9 trillion. See "*Business – Government Support*".

While the Government has to date regularly provided financial support to us on a timely basis, the amount of capital contribution from the Government is subject to the ceiling of Won five trillion according to Article 5 of the KOBC Act, and an amendment, modification or repeal of the KOBC Act may further undermine the legal basis for such Government support. In addition, the actual capital contributions and other forms of financial support we receive from the Government are subject to prior authorization by the National Assembly of Korea as part of its budget approval process. Accordingly, there can be no assurance that the Government's support will continue and be provided on a timely basis in the future. The Government's inability to continue to provide financial support in the future or any decrease in such support could materially and adversely affect our ability to support the maritime transport industry or force us to alter our investment plans or current portfolio of investments.

*We have significant exposure to Korean maritime transport markets, which are highly dependent on domestic and global economic conditions and subject to significant fluctuations caused by economic downturns, geopolitical challenges, seasonality and others.*

We have made significant investments in both domestic and, to a lesser extent, international maritime transport markets in various forms including loans, guarantees, equity investments and others, and our investment return from such exposures depends heavily on a variety of factors affecting the industry, which are for the most part beyond our control. The profitability, volatility and cyclical nature of maritime transport industry have been historically affected by, among other things:

- global and regional economic and geopolitical events, including armed conflicts, terrorist activities, embargoes, strikes and trade wars;
- level of supply of and demand for commodities and industrial products worldwide and in certain key markets, such as China;
- developments in international trade, including imposition of tariffs, modification of trade agreements between states and other trade protectionism;
- fluctuations in currency exchange rates;
- prices of energy resources;
- environmental and other regulatory developments;
- changes in seaborne and other transportation patterns;
- changes in corporate structures of major players in global maritime transport industry, including mergers and acquisitions, bankruptcies, restructurings and alliances;
- changes in infrastructure and capabilities of ports and terminals;
- weather conditions;
- outbreaks of diseases, such as the COVID-19 pandemic; and
- development of digital platforms to manage operations and customer relations of shipping companies.

For our ship financing support business in particular, our performance specifically depends on volatility of freight earnings and underlying ship values, which are affected in turn by the level of supply and demand for individual vessel types, transportation needs for different cargo types and general economic trends. Declining freight rates and market values for ships may reduce the value of the collaterals provided for loans and our exposure to losses will increase, which may have a negative effect on our business, financial condition and results of operations.

As the global economic conditions continue to change, it remains difficult to predict their impact on domestic and global maritime transport industries as well as on the businesses of domestic shipping companies who are the beneficiaries of our investments and guarantees. If domestic shipping companies are unable to adequately predict and respond to global economic conditions, their businesses may be negatively impacted, which in turn could have a material adverse effect on our business, financial condition and results of operations.

***We are heavily invested in HMM Co., Ltd., the largest container transportation and shipping company in Korea, and our operating results and financial conditions may be negatively affected by its performance and any changes in its ownership structure.***

Since our establishment, we have provided financial support in various forms to HMM Co., Ltd. (“HMM”) as part of the Government’s mandate to stabilize and improve its operation and financial conditions. Prior to our establishment, one of our predecessor entities, Korea Shipping & Maritime Transportation, had extended credits to HMM in the total amount of Won 1.33 trillion consisting of equity investments, convertible bonds and bonds with warrants and ship financing support with respect to 15 of its vessels. Upon our establishment, we inherited the full amount of such credit from Korea Shipping & Maritime Transportation and also subsequently purchased HMM’s convertible bonds and bonds with warrants of Won 1.34 trillion over five occasions between October 2018 and April 2020. In October 2021, we exercised our right to convert Won 600 billion of our convertible bonds and bonds with warrants into common shares of HMM, becoming the second largest shareholder of HMM, after the Korea Development Bank (“KDB”). In October 2023, we additionally converted Won 500 billion of our convertible bonds and bonds with warrants into common shares of HMM. We have also provided other forms of support to HMM, including guarantees on debt commitments, subsidies for purchase of and conversion to eco-friendly vessels and facilities, investments in HMM’s terminal investment projects, subsidies for membership funds to join THE Alliance and container box lease financing, among others. As of December 31, 2023, we held 28.68% equity interest in HMM and our credits (including loans, guarantees, equity investments and others) extended to HMM since our establishment totaled Won 3.84 trillion as of such date.

The gains and losses from the valuation of our investments and shareholdings in HMM directly affect our operating results. For instance, we recognized Won 2.97 trillion of loss and Won 0.25 trillion of loss from the valuation of our investments in HMM in 2022 and 2023, respectively. Although an increase in operating results and share value of HMM may positively affect our results of operation and financial conditions, it may also have a negative impact in the case of a decrease in operating results and share value.

As of December 31, 2023, Government-controlled entities, including KDB, us and the Korea Credit Guarantee Fund, collectively owned a 60.8% interest in HMM. As of the date of this Offering Circular, there is no concrete sale procedure underway for the privatization of HMM, but if privatization is indeed implemented, such plan could include a divestiture of a significant portion of our interests in HMM and there can be no assurance that our business, financial condition and results of operations and/or the price of our Notes will not be adversely affected.

***We are exposed to contingent liabilities arising from guarantees extended to domestic shipping companies.***

We support domestic shipping companies to secure financing and/or refinancing by providing guarantees to their financial obligations. With our high credit rating backed by the Government, our guarantees can help to boost the credits of the borrowing shipping companies in the eyes of the third-party creditors and financial institutions and also enable them to secure more favorable financing terms, including lower interest rates. As of December 31, 2023, we extended debt guarantees of more than Won 1.8 trillion to 58 domestic shipping companies on a cumulative basis since our establishment.

Most of the shipping companies are required to pledge their ships as collaterals, and we typically provide guarantees that cover at least 95% of the underlying loan amount of the borrowing shipping companies. Any delinquency in payment obligations or default on the part of the borrowing shipping companies may force us to assume debts and fulfill payment obligations on behalf of such delinquent or defaulting borrowers, which may harm our operating results and financial conditions.

***Fluctuations in interest rates and foreign exchange rates may negatively affect our operating results and financial conditions.***

Interest rates in Korea have been subject to fluctuations in recent years. Between 2009 and 2019, the base interest rate set by the Bank of Korea, to which the market interest rates correlate, has fluctuated within a range of 1.25% and 3.25%. In March 2020, amid growing concerns over the COVID-19 pandemic, the Bank of Korea cut the base interest rate by 50 basis points to 0.75 per cent. and in May 2020 further to 0.50 per cent. However, as the pandemic began to recede and the economy showed some signs of recovery starting from the second half of 2021, the Bank of Korea gradually raised the base interest rate multiple times to reach a pre-pandemic level of 1.25% from August 2021 through January 2022. More recently, in response to rising levels of inflation in Korea as well as globally, the Bank of Korea again raised the base interest rate to 1.50% in April 2022, 1.75% in May 2022, 2.25% in July 2022, 2.50% in August 2022, 3.00% in October 2022, 3.25% in November 2022 and 3.50% in January 2023 in an effort to address rising consumer prices.

An increase in interest rates may adversely affect our business, financial condition and results of operations in various ways, including (i) an increase in our funding costs; (ii) an increased risk of delinquency or default on the borrowings we either directly loaned or extended guarantees for; and (iii) a decrease in the level of investment or business activities by shipping companies due to higher funding costs.

In addition, as many domestic shipping companies generate substantial portion of their revenues in foreign currencies including U.S. dollars, their operating results and financial conditions may be negatively affected by fluctuations in foreign exchange rates or volatility and unpredictability resulting therefrom, which in turn could negatively impact our operating results and financial conditions.

The impact of future fluctuations in interest rates and foreign exchange rates on our results of operations and financial conditions cannot be accurately predicted, and there can be no assurance that such fluctuations will not in the future have a material adverse effect on our results of operations and financial condition or our attempt to mitigate the adverse effects of such fluctuations will be successful.

***We were incorporated as a reorganized entity in July 2018 by combining three predecessor entities, and we have a limited operating history and unique business model, which make it difficult to evaluate our future prospects and the risks and challenges we may encounter.***

We were established in July 2018 by combining Korea Maritime Guarantee Insurance, Korea Shipping & Maritime Transportation and Korea Maritime Exchange Information Center with a unique policy mandate to enhance the competitiveness of maritime transport industry in Korea. We are the only entity in Korea with such mandate, and there are very few companies or institutions worldwide with mandate or business model comparable to ours. Investors should consider our business in light of the unique risks and challenges we may encounter as a relatively new enterprise with rare business model.

In addition, as a successor entity, we inherited all of the outstanding contracts and liabilities from the predecessor entities, and therefore may be subject to contingent liabilities associated with such contracts, liabilities and business activities of the predecessor entities.

***The maritime transport industry is highly competitive and subject to extensive government regulation and standards, international treaties and trade prohibitions and sanctions.***

The maritime transport industry is highly competitive with limited barriers to entry, especially in international trade lanes. Ocean carriers can shift vessels in and out of trade lanes or can charter vessels to manage capacity and meet customer demands. For example, in 2020 and 2021, in response to rising demand, several new carriers entered the China trade lane in competition with existing ocean carriers. The entry of a new competitor or the addition of new vessels or capacity by existing competition on any of the routes of the domestic shipping companies we invested in could negatively impact the scale and profitability of such domestic shipping companies as a result of a decline in cargo volumes and shipping rates. This could cause our beneficiary domestic shipping companies to become unable to pay interest, principal or other amounts due to us or other creditors, which will negatively affect our operating results and financial condition as well.

Furthermore, the maritime transport industry is subject to extensive government regulation and supervision that change from time to time and differ depending on the jurisdictions. Changes to applicable regulations may have an adverse effect on domestic shipping companies' ability to maintain their current level of business activities and profitability, and any violations of applicable laws, regulations, treaties or prohibitions could result in revocation or non-renewal of their licenses. Under the rapidly evolving environmental, economic and trading sanction laws, governments may seek to implement additional requirements on domestic shipping companies or force them to significantly modify their current business practices, which may increase both operating and compliance costs and even subject domestic shipping companies to fines, penalties and other sanctions. Although we closely and consistently monitor the regulatory developments applicable to domestic shipping companies, the changes could be unpredictable and beyond our control, and there can be no assurance that our efforts would be successful in preparing domestic shipping companies and Korean maritime transport industry for the anticipated change.

***The COVID-19 pandemic and any possible recurrence of other types of widespread infectious diseases and the governmental responses thereto may adversely affect our business.***

Our business could be adversely affected by health epidemics impacting the markets and industries in which we operate. The outbreak of communicable diseases such as COVID-19, H7N9 strain of flu, the H1N1 virus and MERS on a global scale has affected, and may also affect in the future, investment sentiment in Korea and globally, resulting in sporadic volatility in global capital markets and economies. In addition, the governmental responses including, but not limited to, travel bans, quarantines and lockdown of major cities and key ports and terminals worldwide, have caused, and may also cause in the future, a serious disruption in global supply capacity and cargo traffics while increasing operating expenses of shipping companies. Domestic shipping companies may also suffer from delays in and disruptions to their normal operations, which can negatively impact their operating results and financial conditions.

As a relief measure to mitigate the effects of COVID-19, we provided a cumulative amount of Won 530.2 billion of COVID-19 relief support as of December 31, 2023 in various forms, including by way of an extension of credit guarantees, purchase of bonds and remission of interests or other financial dues. As of December 31, 2023, we ceased to provide new relief support. Since our COVID-19 relief supports were pursuant to the Government's mandate to assist the strained financial conditions of domestic shipping companies during the height of the pandemic, they were not necessarily in our best commercial interests and we might not be able to recoup the investments even after the COVID-19 pandemic is over.

Since 2021, the Korean and global economies have showed signs of recovery from the pandemic recession in 2020, due largely to aggressive fiscal and monetary measures implemented by the governments. In addition, the Government and other governmental authorities across the world lifted most of the restrictions put in place to slow the spread of COVID-19 and, in May 2023, the World Health Organization declared that the COVID-19 pandemic was still ongoing but no longer represented a public health emergency. However, the risk remains that circumstances could deteriorate, for instance, with the spread of a new COVID-19 variant. In addition, rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated in many economies including Korea.

We are unable to accurately predict the impact that COVID-19 will continue to have on Korean shipping companies and maritime transport industry due to uncertainties, including the existence, severity and duration of future outbreaks and additional actions that may be taken by businesses and governmental authorities. To the extent the COVID-19 pandemic or an unrelated epidemic, pandemic or other health crisis adversely affects our business, it may also have the effect of heightening many of the other risks described in these risk factors relating to our business and industry, and the cumulative effects of these developments could have a material adverse effect on our business, results of operations, financial condition and prospects.

***Climate change and greenhouse gas restrictions may adversely affect the operating results of domestic shipping companies, which in turn could increase pressure on our efforts to subsidize transition to eco-friendly ships and facilities.***

In recent years, many governments and international governing bodies such as the International Maritime Organization (“**IMO**”) has adopted more stringent environmental standards and regulations applicable to maritime transport industry in response to ever-growing concerns over the environment and the increased environmental awareness. The evolving body of such international rules and standards includes adoption of emission cap and trade regimes, imposition of carbon taxes and provision of incentives or mandates to use renewable energy source, among others. Compliance with such measures may increase the operating and compliance costs of domestic shipping companies in terms of dedicating resources to evaluate and monitor the constantly evolving international regulatory regimes, acquiring or converting to new environment-friendly ship models or facilities, purchasing emission allowances or paying greenhouse gas emission taxes. The domestic shipping companies may also need to modify or forgo opportunities for international expansion or revenue growth.

As part of our efforts to assist the transition of domestic shipping companies to evolving international standards, we provide various forms of financial support to domestic shipping companies, including by way of ship financing support to acquire environment-friendly ships, special guarantee program with MOF and subsidies to the purchase price of a new eco-friendly ship, among others. See “*Business – Environment*”. As of December 31, 2023, we provided a total of Won 769 billion in investments, guarantees and subsidies to domestic shipping companies for their acquisition of or conversion to eco-friendly ships or facilities. As international efforts to curb climate change continue to increase, the pressure on us to provide necessary supports to domestic shipping companies may also increase.

***Our equity investments in domestic and international port authorities are subject to certain risks applicable to the operation of ports and terminals.***

As of December 31, 2023, we held 12.7% of ownership interests in each of the port authorities in Busan, Ulsan, Incheon and Yeosu as a result of the Government’s in-kind contribution of its interests in those port authorities in 2018. We also invested in port and logistics sector in Malaysia and Singapore, and the total amount of investment made by us in port authorities, terminals and logistics warehouses in Korea and worldwide was Won 180 billion in 2022 and Won 246 billion in 2023. The investments in port authorities, terminals and logistics warehouses therein involve long-term projects related to operation of ports and construction of necessary infrastructures and are heavily dependent on the policies of local governments of where they are located. The operation and profitability of ports and terminals are also closely related to volatility and cyclicity of global shipping and maritime transport industries, which have been historically affected by global economic conditions. Therefore, any changes in local government policies or global macroeconomic conditions may result in material adverse effects on operations or financial conditions of the port authorities, terminals and logistics warehouses we have invested in, which may in turn have an adverse effect on our business, financial condition and results of operations.

***We may not be successful in implementing new business strategies and project initiatives.***

As a policy arm of the Government with respect to maritime transport industry in Korea, we may enter into new business areas or undertake new types of project, subject to Government’s plans and approvals as well as the prevailing market conditions. Expanding the scope of our support and services or pursuing new business strategies may expose us to a number of additional risks and challenges and we may not be able to properly manage all investments and projects or make best use of our limited resources if we are overextended. Furthermore, the prospects of new initiatives may be uncertain, and they may end up being more difficult or costly to manage or less profitable than initially expected. If we are not successful in our new business endeavors, we may fail to recover our investments or expenditures, which together with associated opportunity costs, may have a material adverse effect on our business, financial condition and results of operations.

***Our business may be materially and adversely affected by legal claims and regulatory actions against us.***

We are subject to the risk of legal claims and regulatory actions in the ordinary course of our business, which may expose us to substantial monetary damages and legal costs, injunctive relief, criminal and civil penalties, sanctions against our management and employees, regulatory restrictions on our operations and significant reputational harm.

***Our risk management system may not be fully effective at all times.***

We preemptively monitor and manage our risk exposure through a centralized risk management and credit evaluation system using a variety of risk management strategies and techniques. Such strategies and techniques and the judgments accompanying their applications, however, cannot fully anticipate the economic and financial outcomes in all applicable market environments and may have limited effectiveness in times of significant market stress or other unforeseen circumstances in particular. Furthermore, our risk management strategies may not be effective in a difficult or less liquid market environment, as other market participants may be attempting to use the same or similar strategies as we are to deal with such market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants.

## **Risks Relating to Korea**

***Unfavorable financial and economic conditions in Korea and globally may have a material adverse impact on our asset quality, liquidity and financial performance.***

We are incorporated in Korea and substantially all of our operations and assets are located in Korea. As a result, our business and profits are subject to political, economic, legal and regulatory risks specific to Korea. The future of the Korean economy is subject to many factors beyond our control. In Korea, uncertainties remain as to the future directions of key macro- and microeconomic indicators such as exports, consumption, demand for business products and services, unemployment rates, debt service burden of households and businesses, general availability of credits and asset values of real estates.

In recent years, adverse conditions and volatility in international financial markets, fluctuations in oil, energy and commodity prices and general weakness of the global economy, mainly due to the COVID-19 pandemic and more recently due to Russia's invasion of Ukraine and ensuing sanctions against Russia and the escalated conflicts between Israel and Palestine, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has also fluctuated. Furthermore, as a result of adverse global and Korean economic conditions, there has been volatility in the stock prices of Korean companies in recent years. Future declines in the Korea Composite Stock Price 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 to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

Developments that could adversely affect Korea's economy in the future include the following:

- fiscal difficulties, political turbulence and increased sovereign default risks in select countries in Europe and the resulting adverse effects on the global financial markets;
- adverse change or increased volatility in macroeconomic indicators, including interest rates, inflation level, foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of U.S. Dollar, Euro or Japanese Yen or revaluation of the Renminbi), stock market indices and inflows and outflows of foreign capital;
- occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;



- continued volatility or deterioration in Korea's credit and capital markets;
- adverse developments in the economies of countries and regions that are Korea's important export markets (such as the United States, Europe, China and Japan or emerging market economies in Asia or elsewhere), as a result of economic and trade tensions between the United States and China;
- deterioration in economic or diplomatic relations between Korea and its major trading partners or allies, as a result of trading or territorial disputes or disagreements in foreign policy;
- substantial fluctuations in the market prices of Korean real estate market and uncertainties arising from construction companies' exposures to project financing loans;
- a continuing rise in the level of household debt and an increase in delinquency and credit default by retail or small- and medium-sized enterprise borrowers;
- a rise in unemployment or stagnation of real wages;
- an increase in social expenditures to support an ageing population or decreases in productivity due to shifting demographics;
- social and labor unrest;
- a decline in consumer confidence and a slowdown in consumer spending and corporate investments;
- a widening fiscal deficit from a decrease in tax revenues and an increase in the Government's expenditures for fiscal stimulus, unemployment compensation and other economic and social programs;
- political gridlock within the government or in the legislature, which prevents or disrupts timely and effective policy making;
- political scandal, including but not limited to, bribery, power abuse and illegal dealings by the government officials;
- investigation on chaebols and arrest of their senior management, which causes volatility of the Korean stock market and delays decision making of major businesses in Korea;
- laws, regulations or other government actions (financial, economic or otherwise) that fail to achieve desired policy objectives, produce adverse unintended consequences or otherwise constrain or distort sound economic activities;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues, including in respect of certain chaebols;
- any other developments that has a material adverse effect on the global or Korean economy, such geopolitical tensions (such as in the Middle East, the former republics of the Soviet Union and the Korean peninsula), an act of war, a terrorist act, a breakout of an epidemic or natural or man-made disasters; and
- 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) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets.

***Escalations in tensions between Korea and North Korea could have an adverse effect on us and the market value of the Notes.***

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of its missile tests in 2022, firing over 60 ballistic missiles, including eight intercontinental ballistic missiles. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017, in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- 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.

Since April 2018, North Korea has held a series of bilateral summit meetings with Korea and the United States to discuss peace and denuclearization of the Korean peninsula. At the end of July 2021, the inter-Korean communication lines were restored for the first time since June 2020, when North Korea severed all inter-Korean governmental communication, but days later, North Korea stopped answering routine calls from Korea in apparent protest of the joint U.S.-Korea military exercises scheduled for August 2021. Although in October 2021, North Korea began answering military and liaison office communication lines again, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact on the Korean economy and us. Despite some mixed signs of improved relationship between North Korea and Korea as well as the United States in recent years, North Korea has not ceased its missile testing, heightening tensions, and the outlook of discussions with North Korea remains uncertain.

North Korea's economy also faces severe challenges, including severe inflation and food shortages, which may further aggravate social and political tensions within North Korea. In addition, reunification of Korea and North Korea may suddenly occur in the future, which would entail significant economic commitment and expenditure by Korea that may outweigh any resulting economic benefits of reunification. Any further increase in tension or uncertainty relating to the military, political or economic stability in the Korean peninsula, including a breakdown of diplomatic negotiations over the North Korean nuclear program, occurrence of military hostilities, heightened concerns about the stability of North Korea's political leadership or its actual collapse, a leadership crisis, a breakdown of high-level contacts or accelerated reunification could have a material adverse effect on our business, financial condition and results of operations, as well as the credit rating for Korean issuers, including us, or for the Notes.

***There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances as well as accounting and corporate disclosure standards that differ from those in other jurisdictions.***

As we are a Korean company, there are risks associated with investing in our securities that are not typical for investments in securities of companies in other jurisdictions, including the U.S. and Europe. As a Korean company, we operate in a business and cultural environment that is different from that of other countries.

Under the Foreign Exchange Transaction Act of Korea, if the Government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance of Korea for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other transactions involving foreign exchange. In addition, if the Government determines it necessary on account of war, armed conflict, natural disaster or grave, sudden and significant changes in domestic or foreign economic circumstances or similar events or circumstances, it may temporarily suspend payment, receipt or performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Act of Korea applies (including suspension of payment and receipt of foreign exchange), impose an obligation to deposit, safe keep or sell precious metal or any means of payment to The Bank of Korea, a foreign exchange equalization fund, certain other governmental agencies or financial companies.

In addition, we prepare and present our financial statements in accordance with K-IFRS, which differs in material respects from accounting principles applicable to companies in certain other countries. We also will make public disclosure regarding other aspects of our business in accordance with the Act on the Management of Public Agencies and other laws applicable to us. These disclosure rules and practices differ in material respects from those applicable to companies in certain other countries. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public or non-public companies in other countries. In making an investment decision, investors must rely upon their own examination of our company, the terms of the Global Offering and the financial information contained in this Offering Circular.

***Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated in Korea. All of our directors are non-U.S. residents, and a substantial majority of our assets and the personal assets of our directors and executive officers are located outside the United States. As a result, when compared to a U.S. company, it may be more difficult for investors to effect service of process in the United States upon us, our directors or executive officers or to enforce against us, our directors or executive officers, judgments obtained in U.S. courts predicated upon civil liability provisions of the federal or state securities laws of the United States or similar judgments obtained in other courts outside Korea. There is doubt as to the enforceability in Korean courts, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the United States.

In Korea, the procedures and requirements for the recognition of foreign judgments are set forth in the Civil Procedure Act. Under Article 217(1) of the Civil Procedure Act, for a foreign judgment to be recognized by a Korean court: (1) the judgment must be final and conclusive, and the jurisdiction of the foreign court that rendered the judgment must be recognized under the principles of international jurisdiction, pursuant to the statutes or treaties of Korea, (2) the defendant must have been duly served with process (otherwise than by publication or similar means), in sufficient time to defend the proceeding or must have responded without having been served with process, (3) in light of the substance of such judgment and the procedures of the proceeding, recognition of the judgment shall not be contrary to the public policy of Korea and (4) judgments of the courts of Korea are accorded reciprocal treatment in the jurisdiction of the court which had issued such judgment or the requirements for the recognition of a foreign judgment in such jurisdiction are neither manifestly inequitable nor substantially different in material respects from the requirements above. For compulsory execution of the judgment rendered by a foreign court, Article 26 of the Civil Execution Act requires an execution judgment by a Korean court. A foreign judgment may not be enforceable in Korea if it does not meet the requirements set forth in the Civil Procedure Act and the Civil Execution Act.

## Risks Relating to the Notes

### *The Notes are not guaranteed by the Republic of Korea.*

The Notes are not the obligations of, or guaranteed by, the Republic of Korea. Although under the KOBC Act, the Government is allowed to guarantee the bonds we offer, it is not providing a guarantee with respect to the Notes. In addition, under the KOBC Act, the Government is under no legal obligation to maintain our solvency although it may choose to do so. Therefore, investors should not rely on the Government to fulfill our obligations under the Notes in the event we are unable to do so.

### *The Notes are unsecured obligations and the ability of the holder of the Notes to receive payments under the Notes may be compromised under certain circumstances.*

As the Notes are unsecured, they will be effectively subordinated to any existing and future secured debt incurred by us or our subsidiaries to the extent of the value of the assets securing any such secured debt. If we or our subsidiaries were unable to repay any of our respective secured indebtedness, the holders of such debt could proceed against the assets securing that debt and those assets would not be available to the holders of the Notes.

Furthermore, the Notes will be structurally subordinated to all indebtedness and other obligations of our subsidiaries. In the event of a bankruptcy, liquidation, rehabilitation or other winding-up proceedings of a subsidiary of ours, all of the creditors of that subsidiary, including trade creditors, will generally be entitled to be paid in full from the assets of such subsidiary before any of those assets are made available for distribution to us.

### *The Notes are subject to transfer restrictions.*

The Notes will be offered and sold pursuant to an exemption from registration under the United States and applicable state securities laws. Therefore, holders of the Notes may transfer or resell the Notes in the United States only in a transaction registered under, or exempt from, the registration requirements of the United States and applicable state securities laws, and investors may be required to bear the risk of investment for an indefinite period of time. For a further discussion of the transfer restrictions applicable to the Notes, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

### *The regulation or reform of certain benchmark rates may adversely affect the value of Notes linked to or referencing such benchmark rates.*

The Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. 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, 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) No. 2016/1011 (the “**EU Benchmarks Regulation**”) and Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”) apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK, respectively. The EU Benchmark Regulation and UK Benchmark Regulation could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, 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. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks.”

As an example of such benchmark reforms, on September 21, 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate,” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On September 13, 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (“**€STR**”) as the new risk-free rate for the euro area. The **€STR** was published for the first time on October 2, 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with **€STR** or an alternative benchmark.

Where the Interest Rate specified in the relevant Pricing Supplement is SOFR, if we determine that a Benchmark Transition Event and its related Benchmark Replacement Date has occurred, the then-current Benchmark will be replaced by a Benchmark Replacement (determined by us in accordance with the Terms and Conditions of the Notes) for all purposes relating to the relevant Floating Rate Notes in respect of all determinations on such date and for all determinations on all subsequent dates. We will have to exercise our discretion to determine (or to elect not to determine) a Benchmark Replacement and, if applicable, a Benchmark Replacement Adjustment, in a situation in which we are presented with a conflict of interest.

The use of a Benchmark Replacement may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the relevant Floating Rate Notes if the relevant benchmark remained available in its current form.

Any of the above changes or any other consequential changes to benchmarks as a result of EU, UK, or other international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the trading market for, value of and return on any Notes linked to such benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***The market continues to develop in relation to risk-free rates as a reference rate for Floating Rate Notes.***

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Secured Overnight Financing Rate (“**SOFR**”). This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, we may in future issue Notes referencing SOFR that differ materially in terms of interest determination when compared with the Notes.

In addition, the manner of adoption or application of SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes referencing SOFR. Similarly, if SOFR does not prove to be widely used in securities such as the Notes referencing SOFR, investors may not be able to sell such Notes referencing SOFR at all or the trading price of the Notes referencing SOFR may be lower than those of bonds linked to indices that are more widely used.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

***SOFR has a limited history.***

Publication of SOFR began in April 2018 and it therefore has a limited history. The future performance of SOFR may therefore be difficult to predict based on the limited historical performance. The level of SOFR during the term of the Notes may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR such as correlations, may change in the future.

Furthermore, the Interest Rate is only capable of being determined at the end of the relevant reference period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, if the Notes become due and payable as a result of an Event of Default under Condition 12 (Events of Default), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

***The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR.***

The New York Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SOFR.

***There is no existing trading market for the Notes and, therefore the Notes offer limited liquidity.***

The Notes when issued may constitute a new issue of securities for which there will be no existing trading market. Although the Dealers may make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice. No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the liquidity and market price of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including, among others:

- prevailing interest rates;
- our results of operations, financial condition and prospects;
- the rate of exchange between Won and the currency of the Notes;
- political and economic developments in and affecting Korea and other regions;
- the financial condition and stability of the Korean financial and other sectors; and
- the market conditions for similar securities.

## CAPITALIZATION

The following table sets forth the Company's consolidated capitalization (defined as the sum of long-term debt and owner's equity) as of December 31, 2023. The following table should be read in conjunction with "Selected Consolidated Financial Information of the Company" and the Company's audited consolidated financial statements and accompanying notes included elsewhere in this Offering Circular.

|   | <b>As of December 31, 2023</b> |
|---|--------------------------------|
|   | <b>(In billions of Won)</b>    |
| <b>Long-term debt:</b>                          |                                |
| Long-term borrowings.....                       | ₩ 2,762                        |
| <b>Equity:</b>                                  |                                |
| Capital stock .....                             | ₩ 3,134                        |
| Additional paid in other capital .....          | 211                            |
| Capital adjustments.....                        | (163)                          |
| Accumulated other comprehensive income.....     | 92                             |
| Retained earnings .....                         | 4,407                          |
| Total equity.....                               | 7,681                          |
| <b>Total capitalization<sup>(1)</sup> .....</b> | <b>₩10,443</b>                 |

(1) Sum of long-term debt (excluding current portions and discounts) and total equity.

There has been no material change in the capitalization of the Company since December 31, 2023.

## SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial data of the Company. This data should be read in conjunction with the financial statements of the Company and the notes thereto and other historical financial information included elsewhere in, or incorporated by reference into, this Offering Circular. The selected financial data as of and for the years ended December 31, 2022 and 2023 set forth below have been extracted from the audited annual consolidated financial statements of the Company included in this Offering Circular.

### Selected Statements of Financial Position Data

|                                   | As of December 31,   |         |
|-----------------------------------|----------------------|---------|
|                                   | 2022                 | 2023    |
|                                   | (In billions of Won) |         |
| Total assets.....                 | ₩11,783              | ₩12,446 |
| Total liabilities.....            | 4,394                | 4,764   |
| Total equity.....                 | 7,389                | 7,681   |
| Capital stock.....                | 2,994                | 3,134   |
| Total liabilities and equity..... | 11,783               | 12,446  |

### Selected Statement of Comprehensive Loss Data

|   | For the Year Ended December 31, |       |
|---|---------------------------------|-------|
|   | 2022                            | 2023  |
|   | (In billions of Won)            |       |
| Operating revenues.....                                     | ₩ 324                           | ₩ 385 |
| Operating expenses.....                                     | 2,141                           | 629   |
| <b>Operating income (loss)</b> .....                        | (1,817)                         | (243) |
| Non-operating revenues.....                                 | 1,839                           | 731   |
| Non-operating expenses.....                                 | 2,837                           | 502   |
| <b>Net income (loss) before income taxes</b> .....          | (2,814)                         | (14)  |
| Income tax expenses (benefits).....                         | (828)                           | (18)  |
| <b>Net income (loss) for the year</b> .....                 | ₩(1,986)                        | ₩ 4   |
| Other comprehensive income (loss), net of tax.....          | 71                              | 0     |
| <b>Total comprehensive income (loss) for the year</b> ..... | ₩(1,915)                        | ₩ 5   |
| Net income (loss) attributable to:                          |                                 |       |
| Owners of the Group.....                                    | (1,987)                         | 4     |
| Non-controlling interests.....                              | 0                               | -     |
| Net income (loss) for the year.....                         | ₩(1,986)                        | ₩ 4   |
| Total comprehensive income (loss) attributable to:          |                                 |       |
| Owners of the Group.....                                    | (1,916)                         | 5     |
| Non-controlling interests.....                              | 0                               | -     |
| Total comprehensive income (loss) for the year.....         | ₩(1,915)                        | ₩ 5   |

### Selected Statement of Cash Flows

|  | For the Year Ended December 31, |        |
|--|---------------------------------|--------|
|  | 2022                            | 2023   |
|  | (In billions of Won)            |        |
| Net cash provided by (used in) operating activities..... | ₩ 796                           | ₩(724) |
| Net cash provided by (used in) investing activities..... | (90)                            | (151)  |
| Net cash provided by (used in) financing activities..... | (482)                           | 752    |



## BUSINESS

### Overview

The Company is the flagship government-owned policy finance institution for domestic shipping companies that serves to implement the Government's strategy to enhance the competitiveness of the maritime transport industry of Korea. The Company is mandated to provide stable source of funding to Korean shipping companies and make various forms of investment to promote the overall growth and stability of the industry.

Established in July 2018 as a statutory entity that combines three predecessor entities of Korea Maritime Guarantee Insurance, Korea Shipping & Maritime Transportation and Korea Maritime Exchange Information Center pursuant to the KOBC Act under the auspices of the Five-Year Plan to Rebuild Maritime Transport Industry (the "**Five-Year Plan**"), the Company receives substantial financial support from the Government in the form of capital contributions and subsidies to undertake its operations. The Government exerts significant influence on the policies and operations of the Company through the MOF, the Company's primary regulator, and the MOEF, which together with the other government-controlled entities, including KDB, The Export-Import Bank of Korea ("**KEXIM**") and Korea Asset Management Corporation ("**KAMCO**"), owned 92.4% of the Company's equity as of December 31, 2023. The remaining 7.6% was owned by other private domestic shipping companies as of December 31, 2023. As a Government-controlled entity charged with executing public policy objectives, the Company's business objective is not the maximization of profitability and the scope of the Company's business is subject to extensive Government regulation.

The Company's principal business is to provide financial support to domestic shipping companies in order to stabilize the often strained financial conditions of Korean shipping companies and secure a steady supply of high-quality ships in operation. The Company also provides other ancillary non-financial support to domestic shipping companies and industry practitioners with a goal to improve the industry-wide competitiveness. The main businesses of the Company include the following:

- **Financial Support**, including (i) investments and guarantees in acquisition of new ships; (ii) sale and leaseback and debt guarantees on existing ships; (iii) container box lease financing support; and (iv) investments in shipping infrastructure including port authorities, terminals, logistics warehouses and port unloading facilities.
- **Non-Financial Support**, including (i) implementation of Government's National Mandatory Maritime System; (ii) implementation of Government's Certified Excellent Shipping Company and Shipper program; (iii) publication of freight charge and fare information and management of a call center for reporting unfair maritime market practice; (iv) hosting of maritime forums and conferences and training of maritime professionals; (v) publication of maritime transport market information; (vi) vessel value assessment services; and (vii) announcement and publication of shipping indexes.

The largest investment made by the Company to date is a total of Won 5.17 trillion of investments, loans, guarantees and subsidies extended to HMM, of which Won 1.33 trillion were inherited from Korea Shipping & Maritime Transportation, one of the Company's predecessor entities. Since its establishment to date, the Company has provided Won 3.84 trillion of support to HMM via purchase of bonds with warrants ("**BW**") and convertible bonds ("**CB**") issued by HMM, guarantees on HMM's debt commitments, subsidies to purchase of and conversion to eco-friendly vessels and facilities, investments in HMM's terminal investment projects, subsidies to HMM's membership funds to join THE Alliance, container box lease financing and others.

The Company's operating revenues amounted to Won 324 billion in 2022 and Won 385 billion in 2023. The Company recorded net income for the year of Won 4 billion in 2023 compared to net loss for the year of Won 1,986 billion in 2022. A large portion of the Company's operating revenues and expenses consist of gains or losses on valuation and disposal of financial instruments, which include gains or losses from the Company's holdings in securities issued by HMM. As of December 31, 2023, the Company had total assets of Won 12,446 billion and total equity of Won 7,681 billion.

## Government Ownership and Control

### *Background*

In response to the depressed market conditions faced by domestic shipping companies, as represented by the receivership against HMM in 2016 and the bankruptcy of Hanjin Shipping Co., Ltd. in 2017, the MOF in April 2018 announced the Five-Year Plan setting forth three policy goals to rebuild the maritime transport industry of Korea: (i) securing stable supply of cargo based on competitive services and freight rates; (ii) securing low-cost and high-efficiency vessels in sufficient numbers; and (iii) stabilizing domestic shipping companies' operations and financial conditions.

During its five-year implementation period from 2018 to 2022, the Five-Year Plan brought about many positive outcomes, including, among others, new acquisitions of more than 116 ships, including more than 20 ultra-large container vessels, by domestic shipping companies, restructuring of maritime routes for domestic container carriers that increased operational efficiency, formation of K-Alliance and others.

### *Government Ownership*

Key to the implementation of the Five-Year Plan, the Company was established in July 2018 by combining three of the Company's predecessor entities of (i) Korea Maritime Guarantee Insurance, (ii) Korea Shipping & Maritime Transportation and (iii) Korea Maritime Exchange Information Center in July 2018 pursuant to the KOBC Act. As of December 31, 2023, the Government, represented by the MOF and the MOEF, and other state-controlled entities, including KDB, KEXIM and KAMCO, held 92.4% of the ownership interest of the Company.

### *Government Control and Regulation*

The Company's business operations and management are subject to strict regulation by the Government and are supervised and evaluated by different Government bodies, principally the MOF. In addition to working closely with the MOF in providing necessary support to various market participants in the maritime transport industry of Korea, the Company is also under the indirect purview of the MOEF, the Board of Audit and Inspection of Korea ("**BAI**") and the National Assembly, the main legislative body of Korea.

As the Company's primary regulator, the MOF is authorized to guide and supervise the Company's overall operations and management under the KOBC Act. The MOF is tasked to supervise the Company's long-term business plans, annual budgets, asset quality and capital adequacy levels and is authorized to require the Company to regularly report on material business and administrative matters such as accounting and internal audit results. The MOF is also entitled to evaluate the Company's performance and those of its management and, if necessary, may ask for improvement measures or impose disciplinary actions. Specifically, the Company's articles of incorporation require its president to enter into a management agreement with the MOF, which includes specific performance goals to be achieved during the term of the president, and to file a performance report every year. Furthermore, pursuant to the KOBC Act, the MOF approves the Company's plan for bond issuances and supervises the Company on matters related to its financing in order to maintain the soundness of financial structure and conditions of the Company.

Furthermore, under the Korea Ocean Business Corporation Supervision Regulations (the "**KOBC Supervision Regulations**"), the Minister of the MOF can also request the Company to implement various performance improvement measures, including but not limited to restructuring of the Company's operational systems, limitations on new investments and others, if the Company's capital adequacy ratio falls, or is expected to fall, below 8%. The KOBC Supervision Regulations also specify the mandatory management soundness ratio that the Company must keep at all times, as well as the standards by which the Company should allocate the level of their loan loss reserves.

The Company is audited on an ad hoc basis by the BAI which is an independent government agency that audits all governmental agencies and Government-controlled entities. Matters covered in the audit include a review of the Company's budget, an audit of its financial statements and an inspection of its business operations and performance. The BAI reports its audit results to the National Assembly and the President of Korea. The Company is also subject to inspections and investigations from time to time by the National Assembly pursuant to the Act on Inspection and Investigation of Government Administration of 1988, as amended.

## Government Support

As a statutory juridical entity controlled by the Government to support the maritime transportation industry of Korea, the Company receives support from the Government both financially and operationally. The KOBC Act provides for various forms of discretionary Government support to the Company, including:

- contribution by the Government of the Company's authorized capital of Won 5 trillion (Article 5). To date, the Government has contributed approximately Won 2.9 trillion to the Company, the majority of which is in the form of cash contribution with the rest in the form of in-kind capital contribution;
- commitment to offset any deficit arising from the Company's net losses that cannot be covered by its reserves (Article 12);
- guarantees in respect of the Company's repayment obligations on bonds issued by the Company (Article 15). To date, the Government has not provided any such guarantees pursuant to this Article; and
- special financial assistance or subsidies for the Company's implementation of those projects entrusted by the Government or non-profitable public service projects under the KOBC Act (Article 16).

As a result of the Government's in-kind contribution of its interests in port authorities in Busan, Ulsan, Incheon and Yeosu in 2018, the Company also held 12.7% of ownership interests in each of the port authorities as of the date of December 31, 2023.

## Support to Restructuring and Normalization of HMM

As of December 31, 2023, the total amount of the Company's credit (including loans, guarantees equity investments, subsidies and others) extended to HMM as part of the Company's policy to support the restructuring and normalization of HMM was approximately Won 5.17 trillion, of which Won 1.33 trillion was inherited from Korea Shipping & Maritime Transportation, one of the Company's predecessor entities.

As part of its policy to support HMM's restructuring effort, the Company had injected approximately Won 1.34 trillion into HMM during the period from October 2018 to April 2020 by purchasing BWs and CBs issued by HMM. The Company has also provided other forms of support to HMM, including guarantees on debt commitments, subsidies to purchase of and conversion to eco-friendly vessels and facilities, investments in HMM's terminal investment projects, subsidies to membership funds to join THE Alliance, container box lease financing and others. In particular, the Company's ship financing support for HMM to acquire 20 ultra-large containerships consisting of twelve 24,000 and eight 16,000 TEU-class container vessels ordered in 2018 played a critical role in helping HMM to turn profit for the first time in 2020 after a decade of slump and to significantly improve its operational efficiency with the introduction of low-cost and high-efficiency vessels. The following table presents a breakdown of cumulative support provided by the Company to HMM as of December 31, 2023 for the periods indicated.

|   | Amount            | Period     | Note  |
|---|-------------------|------------|---|
|   | (billions of Won) |            |   |
| <b>Support provided as Korea Shipping &amp; Maritime Transportation<sup>(1)</sup></b> |                   |            |   |
| Capital increase.....   | 104               | March 2017 | –   |
| Permanent CB/BW .....   | 600               | March 2017 | Fully converted to common shares of HMM on October 26, 2021 |
| Vessels.....  |                   |            |   |
| 10 S&LBs.....   | 150               | May 2017   | –   |
| 5 Very Large Crude Carriers .....   | 474               | April 2018 | –   |
|   | 1,328             |            |   |

|   | Amount            | Period                        | Note   |
|---|-------------------|-------------------------------|--|
|   | (billions of Won) |                               |  |
| <b>Support provided as KOBC</b>   |                   |                               |  |
| Permanent CB/BW .....   | 1,340             | October 2018 –<br>April 2020  | Invested over five occasions                         |
| Alliance funds.....   | 15                | April 2020                    | Fully repaid   |
| Vessels .....   |                   |                               |  |
| 12 24K-class vessels .....  | 767               | September 2019                | Guarantee on junior debts                            |
| 8 16K-class vessels .....   | 662               | April 2021                    | Guarantee on senior debts                            |
| 12 13K-class vessels .....  | 383               | October 2023                  | Subordinated loan                                    |
| Terminals   |                   |                               |  |
| HPNT <sup>(2)</sup> .....   | 50                | January 2019                  | Equity investments                                   |
|   | 120               | December 2022                 | Equity investments                                   |
| PSA <sup>(3)</sup> .....  | 20                | October 2020                  | Equity investments                                   |
| Container box leases.....   | 384               | August 2019 –<br>present      | Leases on 152,880 container boxes in total           |
| Eco-friendly facilities .....   | 78                | April 2019 –<br>December 2022 | 23 Scrubbers and 15 Ballast Water Management Systems |
| Vessel-disposal subsidies <sup>(4)</sup> .....                                      | 17                | October and<br>November 2018  | –  |
| Compensation for loss of National<br>Mandatory Maritime System <sup>(5)</sup> ..... | 3                 | May 2020 –<br>December 2022   | –  |
|   | 3,839             |                               |  |
| <b>Total</b> .....  | <b>5,167</b>      |                               |  |

- (1) All investments made by Korea Shipping & Maritime Transportation were comprehensively transferred to KOBC on July 5, 2018.  
(2) HMM PSA New-port Terminal Co., Ltd.  
(3) Port of Singapore Authority International  
(4) Subsidies provided to support disposal of old vessels and acquisition of new eco-friendly vessels  
(5) Compensation for loss resulting from using some of HMM-owned vessels as “national mandatory maritime ships”

With support from the Company, HMM recovered its credit rating from its previous default status in 2016 to investment grade in December 2021 and has turned profits for the first time in the second quarter of 2020 after recording operating losses every year since 2011. HMM has since recorded operating profit of Won 981 billion in 2020, Won 7,375 billion in 2021, Won 9,949 billion in 2022 and Won 584 in 2023, representing a successful leap from the previous operating loss of Won 559 billion in 2018 and Won 300 billion in 2019. The following table presents a history of annual operating result and financial condition of HMM on a consolidated basis before and after the Company’s involvement.

|  | 2010 <sup>(1)</sup> | Under creditors’ voluntary agreement |         |         | Under joint management by KDB and KOBC |         |        | KOBC Under management by KOBC |        |
|--|---------------------|--------------------------------------|---------|---------|--|---------|--------|-------------------------------|--------|
|  |                     | 2016                                 | 2017    | 2018    | 2019                                   | 2020    | 2021   | 2022                          | 2023   |
| (In billions of Won, except for percentages) |                     |                                      |         |         |  |         |        |                               |        |
| Revenue.....                                 | 8,124               | 4,585                                | 5,028   | 5,222   | 5,513                                  | 6,413   | 13,794 | 18,583                        | 8,400  |
| Operating profit (loss).....                 | 570                 | (833)                                | (407)   | (559)   | (300)                                  | 981     | 7,375  | 9,949                         | 584    |
| Operating profit margin ....                 | 7.0%                | (18.2%)                              | (8.1%)  | (10.7%) | (5.4%)                                 | 15.3%   | 53.5%  | 53.5%                         | 7.0%   |
| Retained earnings .....                      | 794                 | (1,513)                              | (2,718) | (3,589) | (4,477)                                | (4,444) | 834    | 10,629                        | 10,889 |
| Debt-to-equity ratio .....                   | 243%                | 362%                                 | 302%    | 296%    | 557%                                   | 455%    | 72%    | 25%                           | 20%    |
| Total asset .....                            | 8,872               | 4,398                                | 3,602   | 4,121   | 7,160                                  | 9,373   | 17,934 | 26,067                        | 25,713 |
| Credit rating .....                          | A                   | D                                    | BB0     | BB0     | BB0                                    | BB0     | BBB-   | BBB+                          | A-     |

- (1) HMM’s best performance prior to the management under the creditors’ voluntary agreement

Following an improvement in the financial performance of HMM, KDB, the largest shareholder of HMM, exercised its right to convert Won 300 billion of its convertible bonds into 60 million common shares of HMM in June 2021, and in December 2021 terminated the joint management of HMM with the Company. In October 2023, both KDB and the Company additionally exercised their rights to convert Won 500 billion and Won 500 billion of their respective convertible bonds and bonds with warrants into 100 million and 100 million common shares of HMM, respectively. As of December 31, 2023, KDB remained as the largest shareholder of HMM with 29.20% shares in HMM and the Company, the second largest shareholder of HMM with 28.68% interests, continued to hold the sole management right with respect to HMM.

The gains and losses from the valuation of the Company's investments and shareholdings in HMM directly affect the operating results of the Company. For instance, the Company recognized Won 2.97 trillion of loss and Won 0.25 trillion of loss from the valuation of its investments in HMM in 2022 and 2023, respectively. Furthermore, the Company received dividend income of Won 58.6 billion in 2022 and Won 117.1 billion in 2023 and plans to reinvest such dividend income and other profits from restructuring efforts of HMM into establishment of funds to support other small to medium-sized shipping companies in Korea.

## Business Operations

The Company is primarily engaged in providing financial support as well as other ancillary non-financial support to domestic shipping companies, including those mandated by the Government to promote the competitiveness of Korean maritime transport industry. The Company divides its operations into two main business segments: (i) Financial Support and (ii) Non-Financial Support.

### *Financial Support*

Since its inception in 2018 to December 31, 2023, the Company had provided financial support consisting of investments, guarantees, S&LB, debt guarantees, container box lease and various forms of subsidies in the amount of approximately Won 10.1 trillion to a total of 131 domestic shipping companies of varying size. The following table presents a breakdown of the Company's financial support by the size of the beneficiary Korean shipping companies as of December 31, 2023.

|  | Amount <sup>(4)</sup><br>(In billions of Won) | % of Total<br>Financial Support |
|--|---|---------------------------------|
| Large shipping companies <sup>(1)</sup> .....        | ₩4,616  | 45.6%                           |
| Medium-sized shipping companies <sup>(2)</sup> ..... | 4,396   | 43.4%                           |
| Small shipping companies <sup>(3)</sup> .....        | 1,109   | 11.0%                           |
| <b>Total</b> .....                                   | ₩10,121                                       | 100.0%                          |

(1) Shipping companies with Won 5 trillion or more in total assets

(2) Shipping companies that are not classified as large or small shipping companies

(3) Shipping companies that meet the asset and revenue criteria under the Framework Act on Small and Medium Enterprises

(4) Consisting of investments, guarantees, S&LB, debt guarantees, container box lease and various forms of subsidies

The following table presents a breakdown of the Company's revenue in 2022 and 2023.

|                                  | For the Year Ended December 31, |      |
|----------------------------------|---------------------------------|------|
|                                  | 2022                            | 2023 |
|                                  | (In billions of Won)            |      |
| Interest income .....            | ₩131                            | ₩155 |
| Fees and commission income ..... | 175                             | 184  |
| Dividend income .....            | 7                               | 7    |
| Other income .....               | 11                              | 39   |
| <b>Total</b> .....               | ₩324                            | ₩385 |

**Investments and Guarantees in Acquisition of New Ships:** The Company provides financial support in the forms of investment and guarantee to domestic shipping companies in their acquisition of new ships.

## Investments

The Company invested approximately Won 655 billion in 2022 and Won 780 billion in 2023 to support domestic shipping companies in their acquisition of newly built or used ships.

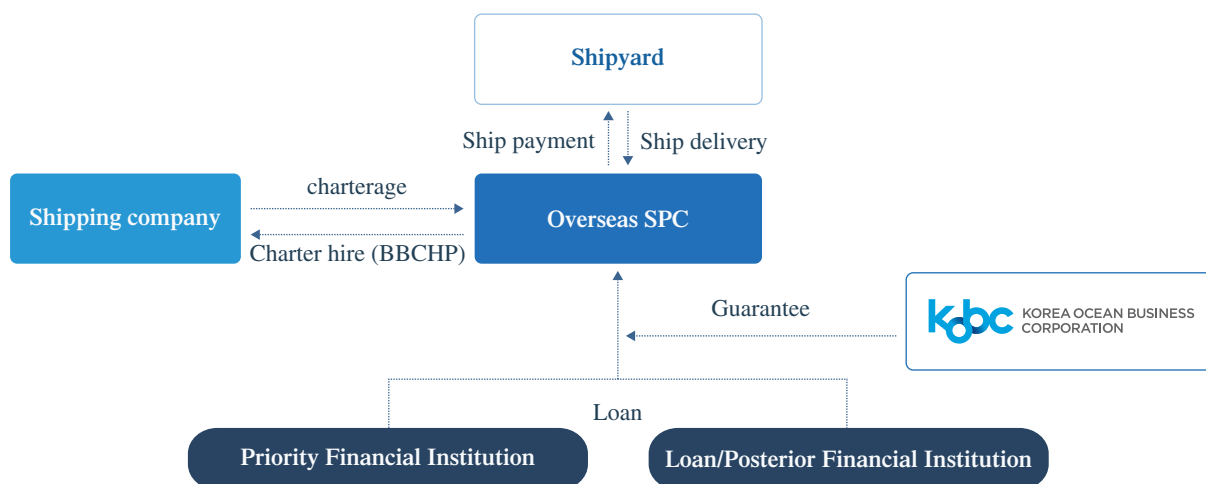
When selecting candidates for investment, the Company first engages in preliminary discussion with potential candidate and, if deemed eligible from such preliminary discussion, accepts formal investment application from such candidate. During its review process, the Company examines financial conditions as well as profitability of the candidate's business in details. If the candidate is considered to be eligible after such review, the Company and the candidate negotiate major terms of the investment, which are subsequently reviewed by Company's Investment Deliberation Committee. If approved by the Company's Investment Deliberation Committee, the parties then enter into formal investment agreements.

The amount of investment committed by the Company is dependent on various factors including the total value of the underlying ships, credit rating of the beneficiary shipping companies, present and/or future profitability of the beneficiary shipping companies' businesses and others, but usually amounts to at least 60% of the underlying ship value.

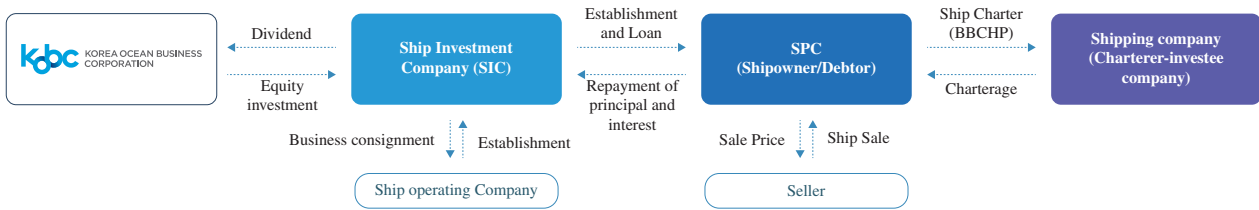
When investing in acquisition of new ships, the Company invests through an entity called the Ship Investment Company (the "SIC"), which is initially set up by a ship operating company but is counted as a consolidated subsidiary of the Company in most cases. The ship operating company usually owns only a nominal percentage of equity interest in the SIC and a separate asset custody company provides asset management support to the SIC while the Company either makes equity investments into the SIC or purchases bonds issued by the SIC. In return for its investments into the SIC, the Company receives dividend (in case of equity investments) or interest (in case of bond) income from the SIC.

The SIC makes a loan to a special purpose company ("SPC"), which is a wholly owned subsidiary of the SIC, and with the capital injected from SIC and/or third-party lenders, the SPC pays for and takes ownership of the ship from a shipyard (in the case of purchasing newly built ships) or a third-party seller (in the case of purchasing used ships) becoming the nominal owner of the ship as well as the borrower to the SIC and/or third-party lenders. The SPC then leases the ship to beneficiary shipping company and in return receives a certain amount of lease fees as well as installment for the full price of the ship during a set period of lease term. At the end of the lease term and upon full payment of the ship price by the beneficiary shipping company, the SPC transfers the ship ownership to the beneficiary shipping company, completing the purchase of a new ship by the beneficiary shipping company.

### Investing in Purchase of Newly Built Ships



## Investing in Purchase of Used Ships



### *Guarantees*

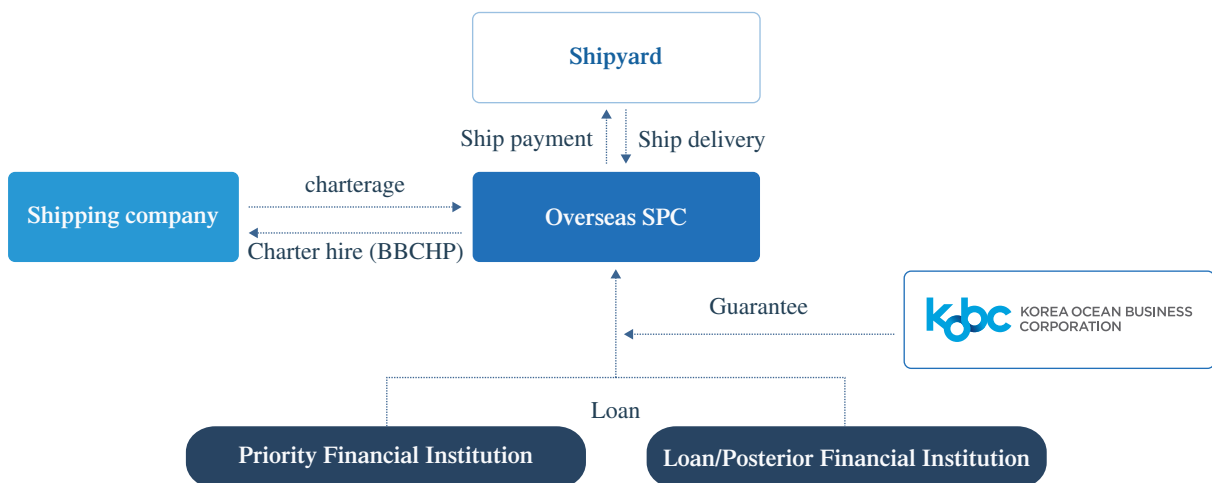
The Company also provides guarantee to support domestic shipping companies in their acquisition of newly built or used ships. The total amount of such guarantee provided by the Company was approximately Won 98 billion in 2022 and Won 228 billion in 2023.

When selecting candidates for guarantee, the Company first engages in preliminary discussion with potential candidate and, if deemed eligible from such preliminary discussion, accepts formal guarantee application from the candidate. During its review process, the Company examines the financial conditions as well as the profitability of the candidate's business in details. If the candidate is considered to be eligible after such review, the Company and the candidate negotiate major terms of the guarantee, which are subsequently reviewed by Company's Guarantee Deliberation Committee. If approved by the Company's Guarantee Deliberation Committee, the parties then enter into formal guarantee agreements.

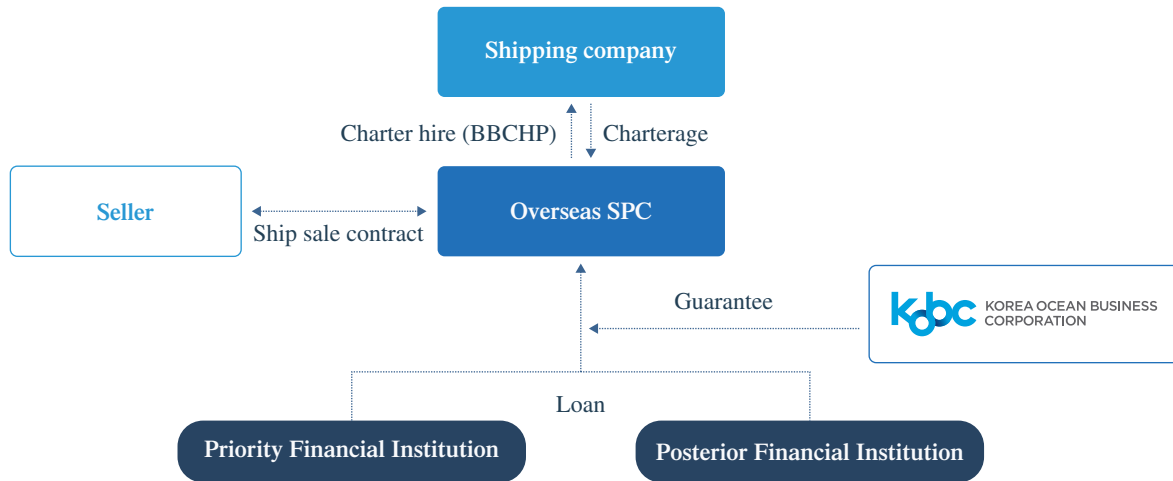
The Company typically provides guarantees in the amount that covers at least 95% of the underlying loan amount depending on the credit rating of the beneficiary shipping company.

In providing guarantee to support the acquisition of ships, an SPC becomes the nominal owner of the ship as well as the borrower of the loan from third-party lenders while the Company acts the guarantor for the SPC in exchange of certain guarantee commissions from the SPC. The SPC then leases the ship to beneficiary shipping company and in return receives a certain amount of lease fees as well as installment for the full price of the ship during a set period of lease term. At the end of the lease term and upon full payment of the ship price by the beneficiary shipping company, the SPC transfers the ship ownership to the beneficiary shipping company, completing the purchase of a new ship by the beneficiary shipping company.

## Guaranteeing Purchase of Newly Built Ships



## Guaranteeing Purchase of Used Ships



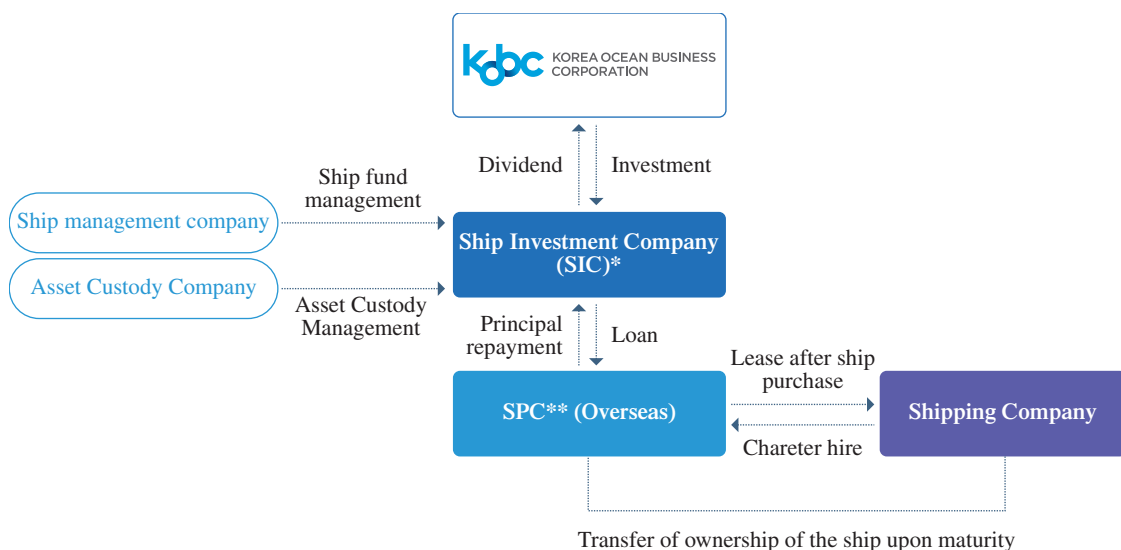
**Sale and Leaseback (“S&LB”) and Debt Guarantees on Existing Ships:** The Company provides additional liquidity support to Korean shipping companies through S&LB programs or debt guarantees with respect to the existing ships owned by the domestic shipping companies.

### *Sale and Leaseback Programs*

The Company’s investments into the existing ships owned by domestic shipping companies are conducted through its S&LB program consisting of two main forms of charter – Bare Boat Charter Hire Purchase (“**BBCHP**”) and Bare Boat Charter (“**BBC**”). The total amount of investment made by the Company through S&LB was approximately Won 246 billion in 2022 and Won 507 billion in 2023, and a total of 36 domestic shipping companies and 75 ships was subject to the program as of December 31, 2023 on a cumulative basis.

Under the BBCHP structure, the Company injects capital to an SIC in the form of either equity investment or bond purchase, which in return provides such investment and/or loan to an overseas SPC, which is a wholly-owned subsidiary of the SIC. The SPC then purchases a ship from a Korean shipping company and leases it back to the same shipping company for normal operation in exchange of certain amount of lease fees as well as installments for the full ship purchase price. The lease term usually does not exceed five years from the date of purchase by SPC, and at the end of the lease term and upon full payment of the purchase price by the shipping company, the ownership to the ship is transferred from the SPC to the shipping company, the original owner of the ship.

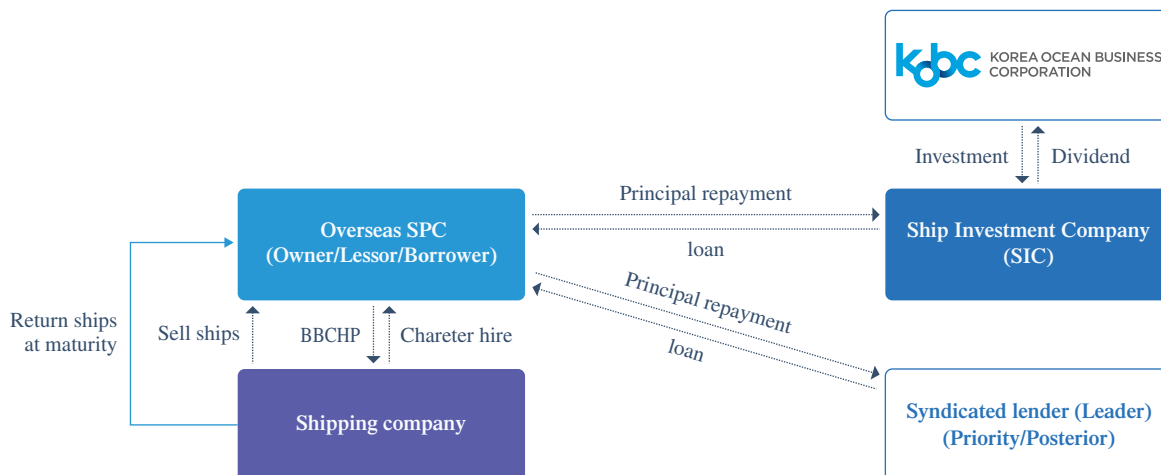
### S&LB (BBCHP)





The BBC structure is identical to the BBCHP structure except that the ownership to the ship remains with the SPC both during and after the end of the lease term. The SPC is thus entitled to receive a certain amount of lease fees only and, and at the end of the lease term, the shipping company should return the ship to the SPC. The amount of lease fee is usually determined in consideration of the prevailing market price for time charter rate and the level of expected operational expenses.

### S&LB (BBC)

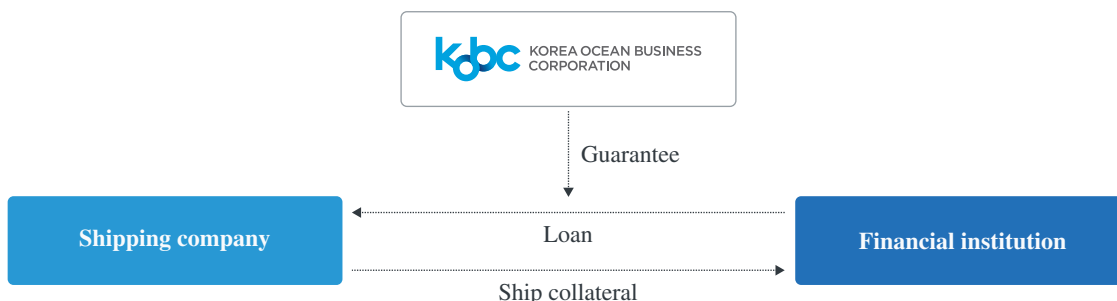


In furtherance of public policy considerations and the Government's broader objectives to prevent the ships of domestic shipping companies from being sold to foreign shipyards or lease companies at a bargain price in the period of economic downturn, the Company has so far acquired a total of 17 ships in BBC structure and plans to establish a subsidiary dedicated to securing additional ships of up to 50 ships by 2026.

### *Debt Guarantees*

Shipping companies are generally required to pledge their ships as collaterals for their borrowing from third-party financial institutions. In order to prevent such collateralized ships from being turned over to creditors in the event of default and to help domestic shipping companies to secure financing more easily and on more favorable financial terms, the Company provides debt guarantees that typically cover at least 95% of the underlying loan amount of the borrowing shipping companies. The amount of such guarantee provided by the Company was approximately Won 39 billion in 2022.

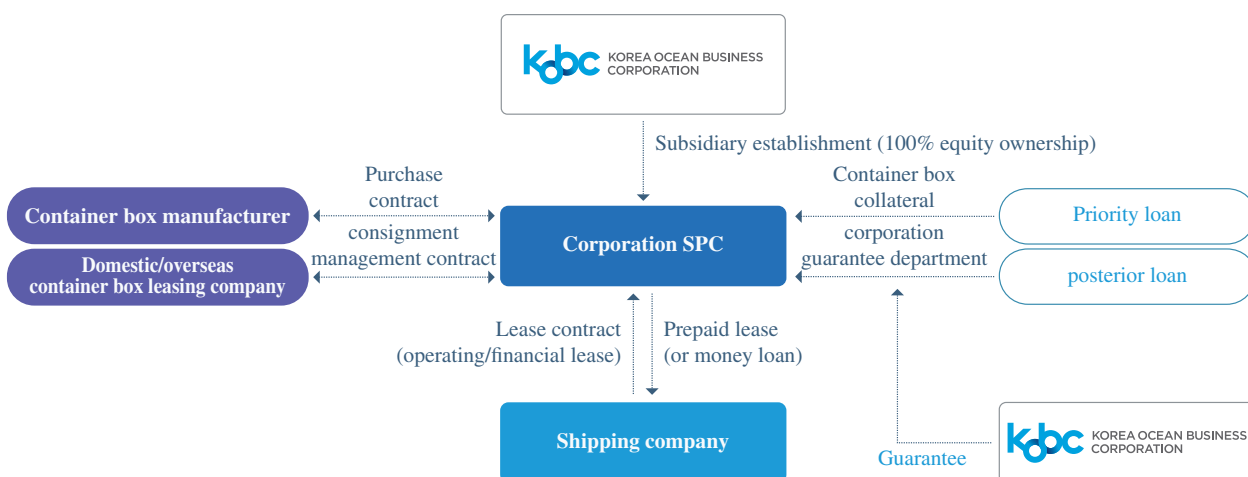
### Debt Guarantee



**Container Box Lease Program:** The Company helps to reduce financial and operational costs and uncertainties of Korean shipping companies by ensuring a stable supply of container boxes via its container box lease program. The total amount of investment made by the Company under its container box lease program was approximately Won 56 billion in 2022 and Won 13 billion in 2023, respectively.

Under its lease platform model, the Company utilizes an SPC, which is a wholly-owned subsidiary of the Company, as a direct contracting party in various types of agreements, including purchase agreements with container box manufacturers and consignment operating agreements with domestic and international container box leasing companies. The SPC secures funding from third-party financial institutions, and due to high credit rating of the Company, who acts as a guarantor for the SPC, the SPC is able to secure funding at low interest rates. Ultimately, by entering into lease agreements with the Company's SPC, domestic shipping companies can secure a large amount of container boxes at rates that are more favorable than the prices that they can get on their own and also often at shorter notice.

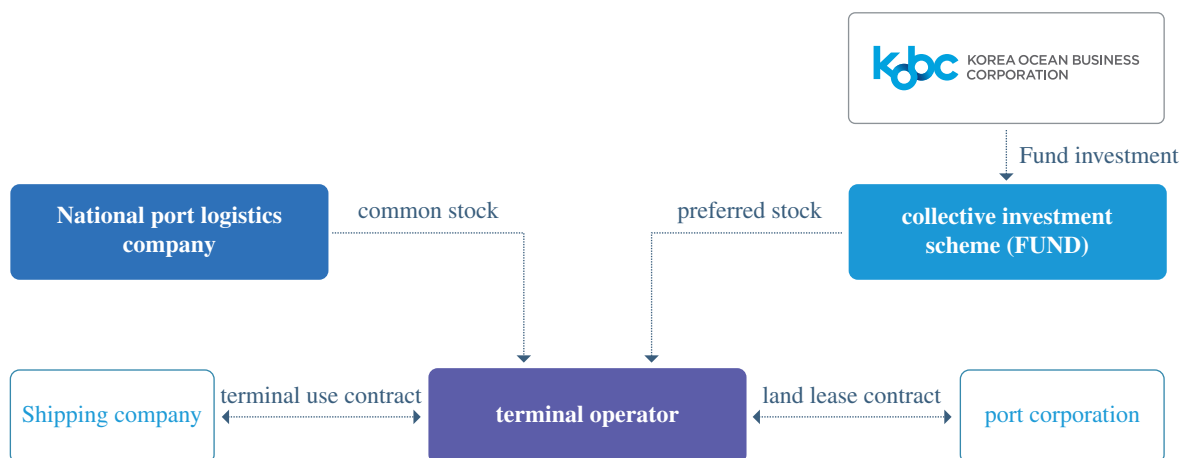
### Container Box Lease Program



**Investment in Port Authorities, Terminals and Logistics Warehouses:** The Company invests in various port authorities, terminals and logistics warehouses, including container yards and container freight stations, in Korea and worldwide, such as Malaysia and Singapore, in order to support Korean shipping companies and port operators to secure domestic and overseas logistics networks and to reinforce coordination with global terminal operators. The total amount of investment made by the Company in port authorities, terminals and logistics warehouses was Won 180 billion in 2022 and Won 246 billion in 2023.

When investing in port and logistics sector, the Company usually invests through an acquisition of beneficiary securities of a private project fund, which is formed for the purpose of investing in stocks, mezzanine securities, bonds of domestic and foreign port terminals and logistics warehouses.

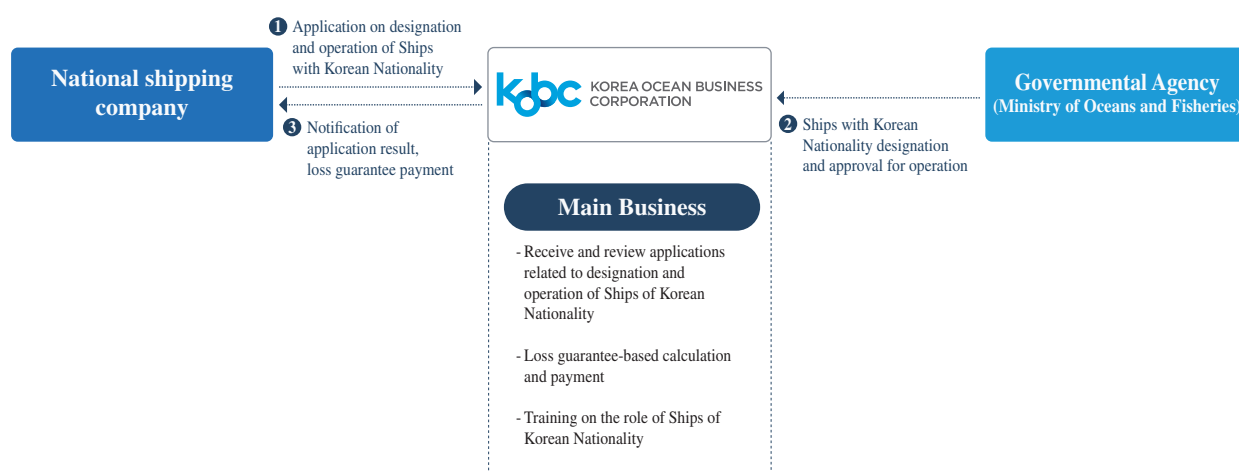
### Equity Investment in Port Authority



## Non-Financial Support

**National Mandatory Maritime System:** The Company supports the Government’s implementation of the Act on Maintaining Marine Transportation and Port Functions to Prepare for Emergencies, according to which at least 88 ships of domestic shipping companies are designated as the “national mandatory maritime ships” in order to ensure that a minimum number of ships are in operation per government mandate even in times of economic downturn or national emergency. The designated “national mandatory maritime ships” are committed to maintain operation at least for 320 days a year and also keep the number of their foreign crewmen onboard to below six at all times in exchange of government subsidies from the MOF as well as discounts on usage fees for certain port facilities. On behalf of the MOF, the Company accepts and reviews applications from domestic shipping companies for designation, calculates the amount of government subsidies to be distributed, executes the actual distribution of government subsidies to the selected shipping companies and provides training on the roles and responsibilities of “mandatory ships”. For the year ended December 31, 2023, the Company executed subsidies to a total of 88 ships designated as “national mandatory maritime ships”.

### National Mandatory Maritime System



**Certified Excellent Shipping Company and Shipper (“CESS”):** The Company accepts and reviews applications for CESS mark which is granted by the MOF and designed to promote cooperation and eliminate unfair maritime market practice among Korean shipping companies and shippers. The Company is the only certification center authorized by the MOF and has in place the CESS Certification Committee comprised of three committee members. The CESS Certification Committee evaluates the eligibility of CESS applicants and refers its review opinion to the MOF for final determination. The benefits to certified shipping companies and shippers include favorable interest rates for financing support, bonus points for government project biddings and discounts on port dues, among others.

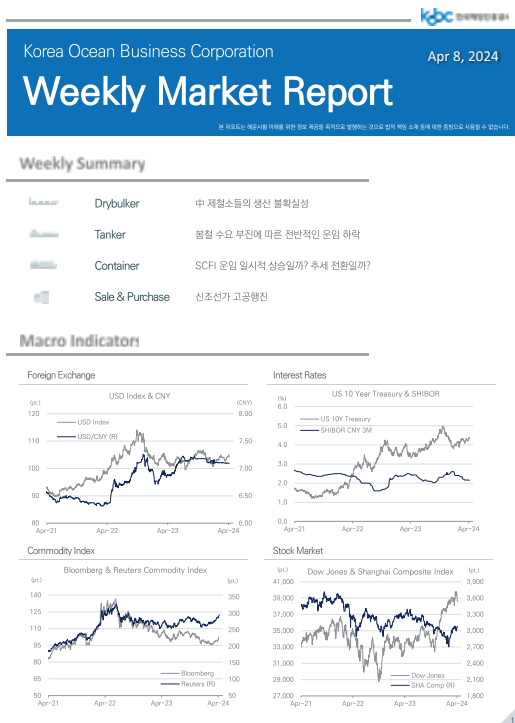
**Publication of Freight Charge and Fare Information and Call Center for Reporting of Unfair Maritime Market Practice:** Under the Port Management Information System (“PORT-MIS”), the Government requires certain shipping companies to post their freight charge and fare information on a quarterly basis in order to prevent unfair maritime market practice and excessive competition. Also, the PORT-MIS publicizes the information of common freight charges and fares that are levied on shipping companies. Entrusted by the MOF, the Company monitors the postings on PORT-MIS and also evaluates eligibilities of certain shipping companies for grant of waiver. All information on PORT-MIS is available to the public free of charge. In addition, together with the MOF, Korea Shipowners’ Association and Korea International Trade Association, the Company runs a call center for reports of unfair maritime market practices.

**Hosting of Maritime Forum and Conferences and Training of Maritime Professionals:** As part of its investment into Korean maritime transport industry, the Company also sponsors hosting of forums and conferences at which domestic and international experts, global maritime research institutes and financial institutions are invited to discuss industry trends and major developments in ship financing, maritime transport and shipbuilding sectors. The Company has hosted its annual KOBCC Maritime Conference every year since 2019.

Furthermore, the Company offers government-subsidized training programs targeting maritime port logistics professionals and also plans to collaborate with other educational institutes for the training of ship financing professionals via its self-funded training programs.

**Maritime Transport Market Information Provider:** The Company has built integrated maritime data base platform that provides the latest on maritime transport industry trends and other useful information. Such platform is easily accessible by the public via popular SNS channels such as Kakao Talk. The Company also publishes free daily, weekly, quarterly and yearly periodicals on market conditions as well as occasional in-depth market analysis reports on key topics in the industry.

### Maritime Data Base Platform



| KOB Drybulk Index                    |           |  |            |        | Today         | 08 Apr. 2024 |
|--------------------------------------|-----------|--|------------|--------|---------------|--------------|
| KOB Drybulk Composite Index (KDCI)   |           |  |            |        | 16,836        | ▼ 224        |
| Code                                 | Type      | Description                                | Weightings | Rate   | ▲/▼           | +/-          |
| MC1                                  | SAFR F/H  | Saldanha Bay - Qingdao (Voyage)            | -          | 18.06  | ▼             | 0.14         |
| MC2                                  | Pac R/V   | Port Hedland - Qingdao (Voyage)            | -          | 9.12   | ▼             | 0.11         |
| MC3                                  | SAFR F/H  | Richards Bay - Qingdao (Voyage)            | -          | 17.04  | ▼             | 0.14         |
| MC4                                  | Pac R/V   | Newcastle - Zhenzhou (Voyage)              | -          | 13.72  | ▼             | 0.20         |
| MC5                                  | ECSA F/H  | Tubao - Qingdao (Voyage)                   | -          | 24.20  | ▲             | 0.16         |
| MC6                                  | Brz R/V   | N.E. Asia - Brazil - N.E. Asia             | 25%        | 18,500 | ▼             | 75           |
| MC7                                  | Pac R/V   | N.E. Asia - Australia - N.E. Asia          | 40%        | 17,663 | ▼             | 787          |
| MC8                                  | T/A       | Europe - E.C America - Europe              | 10%        | 15,900 | ▼             | 163          |
| MC9                                  | ECSA F/H  | Europe - Brazil or Europe - N.E. Asia      | 15%        | 45,795 | ▼             | 18           |
| <b>KOB Capesize Index (U\$/Day)</b>  |           |  |            |        | <b>21,990</b> | <b>▼ 890</b> |
| MP1                                  | Invi R/V  | S.China - Indonesia - S.China              | 10%        | 12,710 | ▼             | 290          |
| MP2                                  | Pac-India | N.E. Asia - Australia - East India         | 10%        | 13,158 | ▼             | 204          |
| MP3                                  | Pac R/V   | N.E. Asia - NOPAC or Australia - N.E. Asia | 25%        | 13,536 | ▼             | 357          |
| MP4                                  | Brz R/V   | Spore - ECSA - East Asia                   | 15%        | 16,830 | ▼             | 179          |
| MP5                                  | CIS R/V   | Busan - CIS Russia - N.E. Asia             | 5%         | 14,777 | ▼             | 69           |
| MP6                                  | F/H       | Europe - E.C. America - East Asia          | 20%        | 23,443 | ▼             | 267          |
| MP7                                  | T/A       | Europe - E.C. America - Europe             | 15%        | 12,834 | ▼             | 204          |
| <b>KOB Panamax Index (U\$/Day)</b>   |           |  |            |        | <b>16,948</b> | <b>▼ 253</b> |
| MS1                                  | Pac R/V   | N.E. Asia - NOPAC or Australia - N.E. Asia | 25%        | 13,164 | ▼             | 52           |
| MS2                                  | F/H       | US Gulf - East Asia                        | 20%        | 21,729 | ▼             | 242          |
| MS4                                  | B/H       | N.E. Asia - US Gulf                        | 10%        | 9,068  | ▼             | 18           |
| MS5                                  | Pac-India | S.China - Indonesia - East India           | 15%        | 11,446 | ▼             | 12           |
| MS6                                  | Invi R/V  | S.China - Indonesia - China                | 15%        | 11,230 | ▼             | 97           |
| MS7                                  | T/A       | US Gulf - Europe                           | 15%        | 16,353 | ▼             | 268          |
| <b>KOB Supramax Index (U\$/Day)</b>  |           |  |            |        | <b>14,398</b> | <b>▼ 120</b> |
| MH1                                  | Inter Pac | N.E. Asia - S.E. Asia                      | 20%        | 8,972  | ▼             | 103          |
| MH2                                  | F/H       | P.G./WCI - East Asia                       | 20%        | 15,370 | ▼             | 5            |
| MH3                                  | Pac R/V   | S.China - S.E. Asia - N.E. Asia            | 20%        | 9,892  | ▼             | 87           |
| MH4                                  | CIS R/V   | Busan - CIS Russia - N.E. Asia             | 20%        | 11,334 | ▲             | 10           |
| MH5                                  | T/A       | Europe - E.C. America - Europe             | 20%        | 12,527 | ▲             | 2            |
| <b>KOB Handysize Index (U\$/Day)</b> |           |  |            |        | <b>11,619</b> | <b>▼ 37</b>  |

**Vessel Value Assessment Services:** The Company provides objective and credible ship valuation services to domestic shipping and ship financing companies on the value of their assets and collaterals. The Company utilizes independent and data-driven quantitative indices as well as professional panelists to secure objectivity and also regularly collaborates with other global maritime forecasting and strategic advisors such as Vessels Value and MSI for added technical expertise. The Company has MOUs in place with Vessels Value since February 2019 and MSI since May 2019.

**Announcement and Development of Shipping Indexes:** In order to better serve the needs of Korean shipping companies for more accurate freight fare indexes for container ship routes and drybulk ships, the Company developed KOB Container Composite Index (“KCCI”) and KOB Drybulk Composite Index (“KDCI”) in 2022 and 2020, respectively.

The KCCI is a weekly freight index that reflects the actual port traffic and freight charges on 13 routes departing to Asia, North America and Europe from Busan, Korea’s largest port on the country’s southeast coast. The Company publishes KCCI on its website every Monday at 2:00 pm and utilizes freight charge data provided by logistics companies and shipping companies registered with the Company for the index. The KCCI addresses the problems posed by traditional Shanghai Containerized Freight Index which is more centered on China departing cargo data and thus lacks accuracy for Korean shipping companies.

The KDCI is a daily freight index for 27 routes of four different ship sizes and is published on the Company’s website every day.

## Capital Adequacy and Asset Quality

The Company calculates its capital adequacy ratio by dividing its total capital by risk-weighted assets, which is similar to the calculation method used by banks. The Company's Risk Management Committee sets a target minimum capital adequacy ratio each year in light of the general economic conditions, which is generally higher than the minimum capital adequacy ratio statutorily required under the KOBC Supervision Regulations. As of December 31, 2023, the Company maintained capital adequacy ratio of 27.71%, which was significantly higher than the minimum capital adequacy ratio of 8.0% required under the KOBC Supervision Regulations.

|                                    | <b>As of December 31, 2023</b>                      |
|------------------------------------|---|
|                                    | <b>(In billions of Won, except for percentages)</b> |
| Total capital <sup>(1)</sup> ..... | 7,667   |
| Risk-weighted assets .....         | 27,672  |
| Capital adequacy ratio .....       | 27.71%  |

(1) Defined as a sum of common equity capital, other basic capital and supplementary capital.

In order to prevent a decline in the quality of its financial assets, the Company classifies its assets into five classes of normal, precautionary, substandard, doubtful and estimated loss, as Korean banks are generally required under the asset classification guidelines of the FSC. The amount of the Company's total exposure decreased from Won 13,303 billion in 2022 to Won 13,200 billion in 2023 while the ratio of the Company's non-performing assets, which refer to assets classified as substandard or below, to total assets was 0.24% and 0.0% as of December 31, 2022 and 2023, respectively.

|                                      | <b>As of December 31,<br/>2022</b>                  | <b>As of December 31,<br/>2023</b> |
|--------------------------------------|---|------------------------------------|
|                                      | <b>(In billions of Won, except for percentages)</b> |                                    |
| Normal .....                         | ₩13,271   | ₩13,200                            |
| Precautionary .....                  | -   | -                                  |
| Substandard .....                    | 13  | -                                  |
| Doubtful .....                       | -   | -                                  |
| Estimated Loss .....                 | 19  | -                                  |
| Total .....                          | <u>13,303</u>                                       | <u>13,200</u>                      |
| <b>NPL Ratio<sup>(1)</sup> .....</b> | <b>0.24%</b>  | <b>0.0%</b>                        |

(1) Refers to ratio of the Company's non-performing assets, which refer to assets classified as substandard or below, to its total assets

Pursuant to the KOBC Supervision Regulations, the Company also sets aside different levels of allowance based on the quality of the underlying financial asset and maintains the ratio of allowance for non-performing assets to non-performing assets at a level that is significantly higher than the minimum level of 100.0% required under the KOBC Supervision Regulation. The Company's ratio of allowance for non-performing assets to non-performing assets was 216% as of December 31, 2022.

|  | <b>As of December 31,<br/>2022</b>                  | <b>As of December 31,<br/>2023</b> |
|--|---|------------------------------------|
|  | <b>(In billions of Won, except for percentages)</b> |                                    |
| Non-performing assets .....  | ₩ 32  | ₩ -                                |
| Allowance for non-performing assets .....  | 70  | 29                                 |
| <b>Ratio of allowance for non-performing assets to<br/>non-performing assets .....</b> | <b>216%</b>   | <b>N/A</b>                         |

## Risk Management

The Company maintains an effective risk management process that is implemented across various functions and levels within the Company.

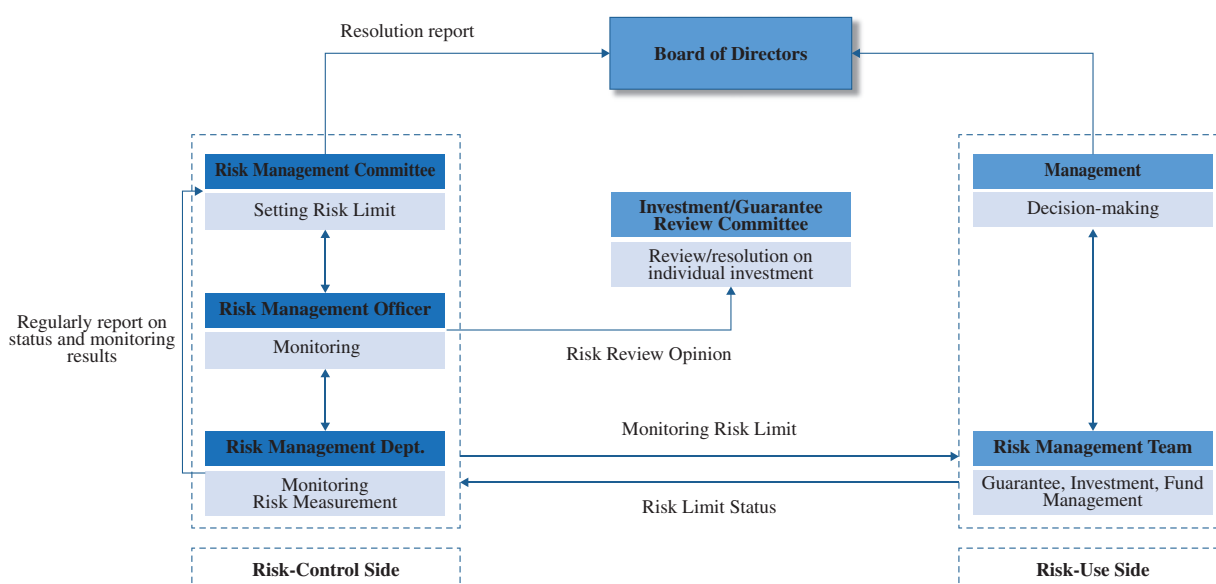
The overall responsibility of the Company's credit risk management rests with its Risk Management Committee, which was established by the board of directors of the Company. The Risk Management Committee meets regularly and reports directly to the board of directors of the Company and the Chairman of the Risk Management Committee is appointed by the board of directors of the Company.

In addition to the Risk Management Committee, the Company also maintains designated risk management personnel and departments that monitor the status on an ongoing basis.

As part of its risk management process, the Company maintains rigorous credit risk limits at both individual level for each project and collective level for all projects, assesses and analyzes credit and repayment capability of its investment or guarantee beneficiaries and constantly monitors profitability targets to maintain a healthy asset portfolio. For example, the Company implements a stress test methodology and has created stress test models for each of the Company's projects. By performing extensive simulations under the stress test methodology using a variety of assumptions relating to major macro-economic indicators such as probability of default and levels of interest rate and exchange rate, the Company tests the resilience and financial health of its assets under negative market conditions and other scenarios.

When undertaking a new investment or guarantee, the Company performs initial credit check based on investment or guarantee applications and required supporting documents. Following the initial credit check, the application undergoes a thorough and standardized credit assessment process with the individual risk management personnel, who screens the applicant and delivers its review opinion to Risk Management Committee and Investment/Guarantee Deliberation Committee. The Risk Management Committee sets a risk limit to the project under review while the Investment/Guarantee Deliberation Committee decides either to reject or approve the application. Ultimately, the application will be (i) approved and a credit limit will be set; (ii) rejected; or (iii) reconsidered after additional or supplemental documentation is provided to the Company.

### Risk Management Organization Chart



In 2023, the Company established the Foreign Exchange Risk Management Committee to effectively manage risks involved with foreign currencies. The Foreign Exchange Risk Management Committee consists of seven members, including the directors of the Company. The committee establishes the Company's foreign exchange risk management plan, determines the hedging ratio for foreign exchange rates, and evaluates the appropriateness of foreign exchange transactions.

## Properties

The Company's registered office and corporate headquarters are located at 38, Marine city 2-ro, Haeundae-gu, Busan, Korea. The Company also owns and leases additional office space and housing facilities for its employees in Busan and Seoul.

| Type   | Location | Size (m <sup>2</sup> )                      | Ownership Since/Effective Lease Term                              | Usage                                       |
|--------|----------|---|---|---|
| Owned  | Busan    | 26.86                                       | December 28, 2018   | Housing facility for employees              |
|        | Busan    | 29.02                                       |   |   |
|        | Busan    | 26.86                                       |   |   |
|        | Busan    | 39.29                                       |   |   |
|        | Busan    | 27.23                                       | December 23, 2020   |   |
|        | Seoul    | 28.80                                       |   |   |
|        | Busan    | 1,430.78                                    | January 22, 2015  | Leased to Korea Housing-Finance Corporation |
| Leased | Busan    | 4th Floor: 206.78                           | 4th Floor: From August 26, 2023 till July 10, 2028                | Headquarters                                |
|        |          | 5th Floor: 1,032.22                         |   |   |
|        |          | 6th Floor: 450,31                           |   |   |
|        |          | 7th Floor: 2,378.25                         |   |   |
|        |          |   | 6th Floor (Room 606 – 607): From July 11, 2023 till July 10, 2028 |   |
|        |          |   | 7th Floor: From July 11, 2023 till July 10, 2028                  |   |
|        | Seoul    | 197   | From July 1, 2023 till June 30, 2024 <sup>(1)</sup>               | Office space                                |
| Busan  | 84.92    | From October 27, 2023 till October 27, 2025 | Housing facility for Head Director                                |   |
| Busan  | 83.01    | From July 1, 2020 till July 15, 2024        | Housing facility for Head Director                                |   |
| Busan  | 84.97    | From August 25, 2023 till August 24, 2025   | Housing facility for officers and directors                       |   |
| Busan  | 84.48    | From August 20, 2021 till August 19, 2024   | Housing facility for officers and directors                       |   |

(1) The lease is subject to renewal upon expiration of the current lease term.

## Information Technology

The Company relies on its information technology (“IT”) systems for its daily operations, including billing and accounting, risk assessment and management, client service support and recordkeeping. The Company established and is in operation of a comprehensive information platform specialized in ship financing and adheres to strict government standards of data security and protection of personal data required under the applicable laws and regulations. All customer and ship financing related data and servers are subject to protection from security breaches through extensive security systems and firewall software. The Company continually upgrades its security systems for handling personal and other sensitive data relating to its customers and partners in order to minimize the risk of leakage of confidential customer information.

## Insurance

The Company maintains insurance to cover risks associated with the ordinary operation of its business, including fidelity guarantee coverage for its employees and liability insurance coverage for its directors and officers, as well as comprehensive fire damage insurance for its headquarters and offices. All of its policies are underwritten with reputable insurance providers in Korea and the Company is not delinquent on any of its insurance payments. The Company does not anticipate having any significant difficulties in renewing any of its material insurance policies.

## **Employees**

As of December 31, 2023, the Company had 165 regular employees and 31 contract employees.

Some of the Company's eligible employees are members of its labor union. The Company negotiates a collective bargaining agreement as well as a wage agreement on an annual basis with its labor union. The latest collective bargaining agreement came into effect in December 2023 for a two-year term. The collective bargaining agreement is automatically renewed every year unless a proposal for the revision of the agreement is submitted 30 days in advance of the expiration of the latest collective bargaining agreement. The collective bargaining agreement provides for, among other things, various employment benefits, the scope of union activities and negotiation procedures. The Company has not experienced any strikes, work stoppages, labor disputes or actions which affected the operation of any of the Company's businesses, and the Company considers its relations with its workforce to be generally good.

## **Legal Matters**

The Company is involved from time to time in legal proceedings arising in the ordinary course of its business, including claims and pending actions against the Company seeking damages or clarification of legal rights and regulatory inquiries regarding business practices.

The Company is not a party to any legal or administrative proceedings and no proceedings are known by the Company to be contemplated by governmental authorities or third parties, which, if adversely determined, may have a material adverse effect on the Company's results of operations or financial condition.

## **Consolidated Subsidiaries And Affiliates**

As of December 31, 2023, the Company held 28.68% of the outstanding shares of HMM, an affiliate of the Company.

The Company's consolidated subsidiaries as of December 31, 2023 were comprised of 80 SICs, 98 SPCs and one private equity fund established to support the Company's ship financing projects in Korea and Hong Kong and as part of the Company's risk management strategy to isolate potential financial risk involved with various financing projects.

For further description of the Company's subsidiaries, affiliates and related party transactions, see Note 1 of the notes to the audited financial statements of the Company as of and for the years ended December 31, 2022 and 2023 included elsewhere in the Offering Circular.

## **Environment**

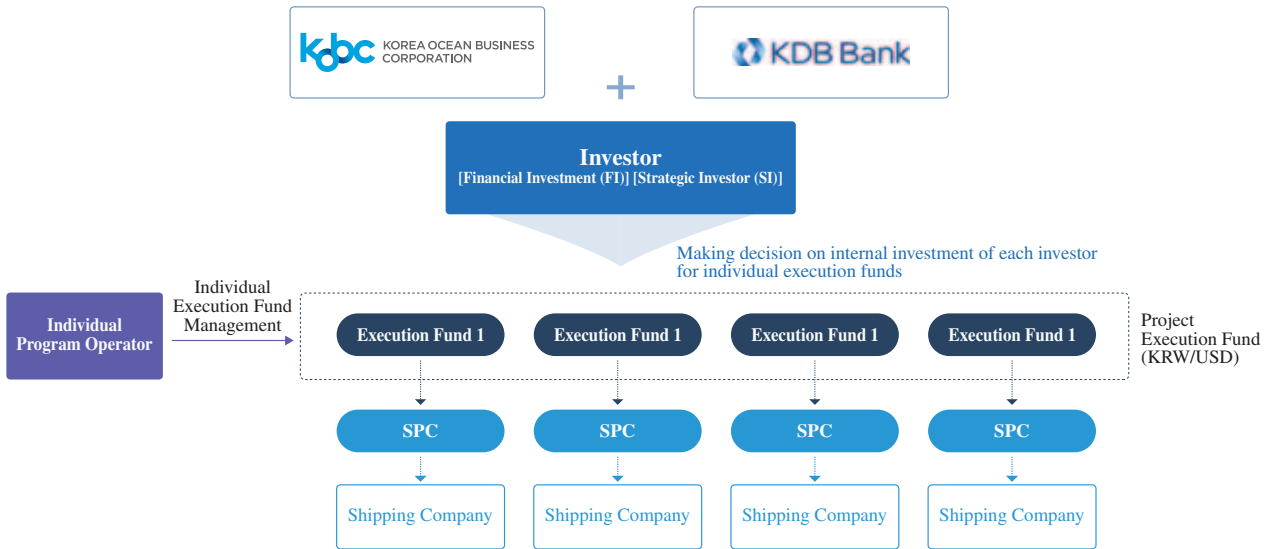
### ***Support to Acquire or Convert to Eco-friendly Ships and Facilities***

In response to ever-growing concerns over the environment and the increased environmental awareness that resulted in more stringent environmental standards and regulations by international governing bodies such as IMO, the Company provides various forms of investment, subsidy and guarantee to domestic shipping companies seeking to make transitions to more eco-friendly business models. As of December 31, 2023, the Company provided a total of approximately Won 769 billion in investments, guarantees and subsidies to domestic shipping companies to support their acquisition of or conversion to eco-friendly ships or facilities.

For supporting the acquisition of eco-friendly ships by domestic shipping companies, the Company provides subsidies in the amount of up to 10% of the purchase price of a new ship to eligible shipping companies who are trying to replace their aged ships with new eco-friendly ships. Furthermore, the Company runs a joint financing program with KDB whereby the Company and KDB as financial or strategic investors make joint investment decisions in managing project funds that provide financing to SPCs to support purchase of eco-friendly ships by domestic shipping companies.

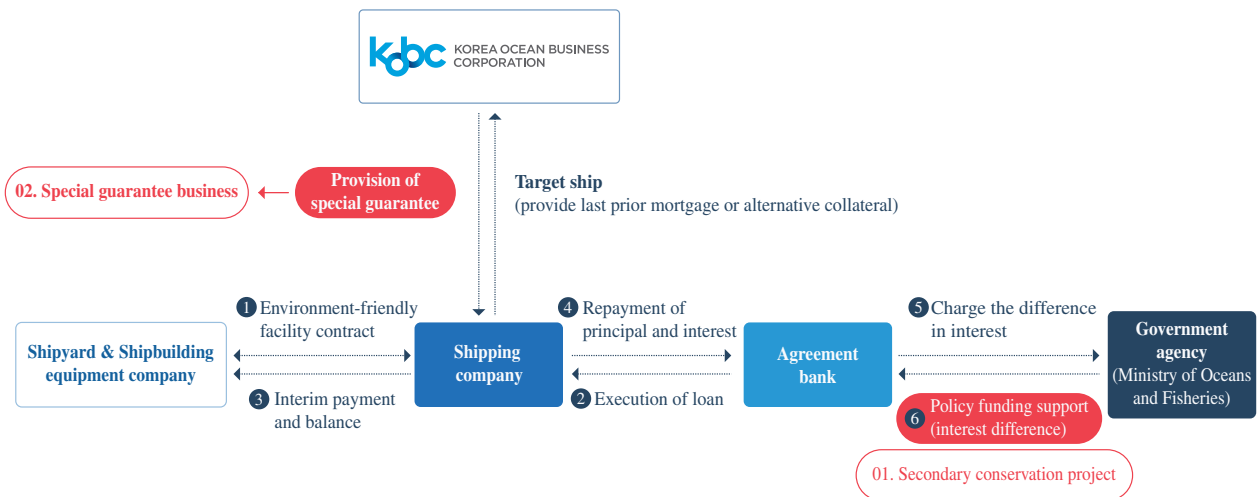


## Joint Financing with KDB



In addition to providing financing support for the purchase of new eco-friendly ships, the Company also runs a special guarantee program in collaboration with the MOF under which domestic shipping companies seeking to finance the conversion of their old facilities to certain eligible eco-friendly models can benefit from low interest rate which is usually lower by up to 2% compared to the prevailing market rate. In order to secure such lower interest rate, the Company collaborates with the MOF whereby the Company guarantees up to 100% of the borrower’s total loan commitment while the MOF compensates the financial institutions for the spread difference between the low interest rate offered to the borrower and the normal market rate. While most of the traditional guarantees involving shipping companies require the shipping companies to pledge their ships as collaterals, the guarantees provided by the Company under this special guarantor program usually do not require the posting of any collaterals, except in certain instances involving BBCHP.

## Special Guarantee Program with the MOF



## MANAGEMENT

The Company's articles of incorporation currently provide for one chief executive officer, one standing director, up to six non-standing directors and one auditor. Pursuant to the articles of incorporation, more than half of the members of the board of directors shall consist of non-standing directors. All non-standing directors are independent. The directors have terms of two years, with the exception of the president of the Company, whose term is for three years. The activities within the discretion of the board of directors are subject to applicable Korean laws, including the KOBC Act, as well as the Company's articles of incorporation and its internal regulations, and include establishing the budget, issuing debentures and amending the Company's articles of incorporation when necessary.

The president of the Company represents the Company, oversees its operations and thus administers most of the day-to-day business that is not specifically designated as a responsibility of the board of directors. The Company's president is responsible for the Company's overall management and must enter into a management contract with the Company pursuant to which the president must meet a certain minimum level of performance each year. Under the articles of incorporation of the Company, if the Minister of the MOF determines that the president's ability to perform its duties have been seriously impaired (due to reasons such as the president's violation of applicable laws or the Company's articles of incorporation, or the president's failure to diligently perform its duties), the Minister of the MOF may dismiss the president by way of a resolution of the Company's board of directors.

Under the articles of incorporation of the Company, an officer recommendation committee ("**Officer Recommendation Committee**") recommends a pool of presidential candidates. After deliberations on the recommended candidates, the Minister of the MOF appoints the Company's president.

The standing directors, who are appointed by the president of the Company, assist the president and serve as executive officers of the Company. The non-standing directors are appointed and removed by the Minister of the MOF from a pool of candidates recommended by the Officer Recommendation Committee. Each director is responsible for reviewing the proposed agenda and participating in the voting process.

Pursuant to the articles of incorporation of the Company or, if applicable, as mandated by applicable laws, the board of directors of the Company may establish resolution committees tasked to carry out various management functions. The Officer Recommendation Committee and the Risk Management Committee have been established pursuant to the articles of incorporation of the Company. The Company's board of directors does not currently maintain a remuneration committee and an audit committee.

Under the articles of incorporation of the Company, the board of directors of the Company may establish a risk management committee (the "**Risk Management Committee**") and the regulations on the Risk Management Committee require that such committee be composed of not less than three directors and that more than half of the committee members consist of non-standing directors. The Risk Management Committee is currently composed of one standing director and two non-standing directors. The Risk Management Committee is responsible for risk management involved with the businesses and operations of the Company and is charged with establishing risk management principles and internal policies, determining appropriate risk and exposure levels and monitoring and evaluating compliance with the overall risk management framework.

The Officer Recommendation Committee is responsible for the selection and recommendation of candidates to serve as the president, directors and auditor of the Company. The regulations on the operation of Officer Recommendation Committee require that such committee be composed of non-standing directors and members appointed by the board of directors, which must not be less than one third of the total members of the Committee. The regulations also provide for the Officer Recommendation Committee of five to ten members, not less than half of whom must be non-standing directors.

In 2022, the Company also established an ESG committee (the "**ESG Committee**") to carry out the Company's ESG strategies. The ESG Committee is currently composed of three board members.

The directors' address is 38 Marine City 2-ro, Haeundae-gu, Busan 48120, Korea. Summary biographical information regarding the Company's directors is set out below.

| <u>Name</u>          | <u>Age</u> | <u>Title</u>   | <u>Position Held Since</u> |
|----------------------|------------|--|----------------------------|
| Yang-Soo Kim .....   | 56         | Standing Director; President and Chief Executive Officer | August 2021                |
| Woo-Ho Kim .....     | 61         | Standing Director  | August 2022                |
| Ji-Woo Park.....     | 66         | Non-standing Director                                    | October 2023               |
| Byeong-Hee Lee ..... | 64         | Non-standing Director                                    | October 2023               |
| Young-Ran Shin.....  | 44         | Non-standing Director                                    | October 2023               |
| Sam-Dong Park.....   | 70         | Non-standing Director                                    | December 2022              |
| Sung-Min Hwang ..... | 54         | Standing Statutory Auditor                               | October 2023               |

*Yang-Soo Kim* has served as a standing director, acting president and chief executive officer of the Company since August 2021. He previously served as the vice minister of the MOF. Mr. Kim holds a Ph.D. in logistics from Incheon University and a master's degree in marine affairs from University of Washington.

*Woo-Ho Kim* has served as a standing director of the Company since August 2022. He previously served as the managing vice president at Korea Maritime Institute. Mr. Kim holds a Ph.D. in economics from Kyungpook National University and a master's degree in public policies from University of Birmingham.

*Ji-Woo Park* has served as a non-standing director of the Company since October 2023. Mr. Park is currently an outside director at Koryo Credit Information and previously served as the representative director of KB Capital. Mr. Kang holds a bachelor's degree from Sogang University and an M.B.A. from Aalto University School of Business.

*Byeong-Hee Lee* has served as a non-standing director of the Company since October 2023. Mr. Lee is currently an advisor on education policies at Office of Education in Gyeongsangnam-do and previously served as a member of the Local Counsel of Gyeongsangnam-do. Mr. Lee holds a master's degree in public administration from Changwon National University.

*Young-Ran Shin* has served as a non-standing director of the Company since October 2023. Ms. Shin is currently a professor at the Graduate School of Global Logistics at Korea Maritime & Ocean University. She previously served as a non-standing director of Busan Port Authority. Ms. Shin holds master's and doctorate degrees in shipping management from Korea Maritime & Ocean University.

*Sam-Dong Park* has served as a non-standing director of the Company since December 2022. Mr. Park is currently the chairman of the Life Sharing Foundation. He previously served as a member of the 10th and 11th Local Councils of Gyeongsangnam-do. Mr. Park holds a master's degree in public administration from Kyungnam University.

*Sung-Min Hwang* has served as a standing statutory auditor of the Company since October 2023. Mr. Hwang previously served as a standing statutory auditor for Gyeonggi Housing & Urban Development Corporation and KAMCO Ship Investment Management. Mr. Hwang holds a master's degree in media communication from Sungkyunkwan University.

### **Compensation of Directors and Executive Officers**

The aggregate remuneration paid and benefits in kind granted to the Company's directors and executive officers was Won 1.2 billion in 2023. As of December 31, 2023, no loans were granted by the Company to its directors and executive officers.

## REGULATION

The Company was established as a statutory juridical entity under the KOBC Act and is subject to the KOBC Act and the rules and regulations thereunder. The Company is also subject to all general rules and regulations applicable to corporations under the Commercial Code of Korea, unless otherwise provided for in the KOBC Act and the Act on the Management of Public Agencies (“MOPA”).

### The KOBC Act

Under the KOBC Act, the Company was established as a statutory juridical entity for the purposes of supporting Korean shipping companies with acquisition of vessels and securing access to liquidity; providing such services as necessary for the growth of the Korean maritime transport industry; and strengthening Korea’s competitiveness in the industry. In order to achieve these objectives, the KOBC Act allows the Company to undertake, among others, the following activities:

- investment in assets related to the shipping and port services sectors, such as vessels and terminals;
- provision of guarantees in relation to financial indebtedness incurred by a person engaged in the shipping and port services sectors (as defined in the KOBC Act) (i) for the purposes of acquiring the above-mentioned assets or (ii) which financial indebtedness has been secured by the above-mentioned assets;
- in circumstances where support for the shipping and port services sectors is necessary (such as economic or social emergencies), providing guarantees in relation to financial indebtedness extended by a “financial company, etc.” (as defined therein) under the Credit Guarantee Fund Act to a person engaged in the shipping and port services sectors (as defined in the KOBC Act);
- provision of tender guarantees and performance guarantees in relation to freight contracts entered into by a person engaged in the shipping and port services sectors (as defined in the KOBC Act);
- acquisition of, and intermediation with respect to, bonds and securities related to the shipping and port services sectors;
- acquisition, management, disposal and accepting delegations thereof concerning vessels, terminals and other assets related to the shipping and port services sectors;
- performing the functions of a specialized maritime industry supporting institution (as referred to in the KOBC Act);
- nurturing of professional talent in relation to shipping, port services and logistics;
- research and studies in relation to the above functions;
- performance of such functions as may be delegated to it by national, regional and other public institutions;
- provision of subsidies for persons engaged in the shipping and port services sectors (as defined in the KOBC Act) pursuant to government policies;

Other than the functions described above, the Company (by way of resolution of its board of directors) is permitted to provide finance or investment to corporate entities engaged in functions similar to the above.

Under the KOBC Act, the MOF is granted the power to direct and supervise the Company’s activities in accordance with the MOPA.

The Company (with the approval of the MOF) (as defined in the KOBC Act) may issue certain bonds for its business purposes in an aggregate principal amount not exceeding 400% of the sum of the Company's capital and reserve at any time. In order to proceed with such bond issuances, the Company must (prior to the occurrence of any bond issuances for the relevant year) (i) prepare a memorandum for all bond issuances proposed to take place in the relevant year (specifying such matters as use of proceeds, manner of issuance, aggregate principal amount, nominal value and interest rate for the bonds concerned) and (ii) have such memorandum approved by its board of directors as well as by the MOF. With the approval of its board of directors, the Company is able to raise finance or acquire assets as may be necessary for the performance of its functions. The Government may guarantee the repayment of the principal and interest on loans and bonds incurred or issued (as applicable) by the Company. For the avoidance of doubt, the Notes subject to this offering circular are not being guaranteed by the Government.

The Company's annual net losses for each fiscal year shall be debited to its reserve funds. If such reserve funds are not sufficient to cover the losses, the Government may assume the remaining losses.

## **Legislation Relating to the Operation and Management of the Company**

### ***The MOPA***

The KOBC Act stipulates that, for matters within the purview of the KOBC Act and the MOPA, such matters be governed by such legislation; and that, for all other matters, the regulations applicable to limited companies (as defined therein) under the Commercial Act be applied to the Company. As a non-classified public agency under the MOPA, the Company is required to publicly disclose many aspects of its affairs including, among others, the objectives of management, its budget and business plan, its financial statements and supplementary documents, status of personnel including directors and officers, its articles of incorporation, its bond register, its internal regulations and the minutes of the board of directors (but confidential information on the management provided for in the minutes of board of directors need not be disclosed to the public) and the audit report of its auditor.

### ***Regulations on Contractual Business of Non-Classified Public Agency***

Contracts entered into by the Company must conform to the Regulations on Contractual Business of Non-Classified Public Agency (the "**Regulations on Contractual Business**") determined by the MOEF in accordance with MOPA. According to the Regulations on Contractual Business, if it is deemed necessary for the business characteristics of non-classified public agencies or for fairness and transparency, or if there are any other inevitable reasons, a standard or procedure different from those set forth in the Regulations on Contractual Business may be newly established with the approval of the MOEF. For those matters not specified in the Regulations on Contractual Business, the laws relating to contracts entered into by the Government will be applied. In principle, contracts must be made through open bids, but if it is deemed necessary, nominated competitive bids or private contracts may also be made.

## TAXATION

### **Korean Taxation**

The information provided below does not purport to be a complete summary of currently applicable Korean tax law and practice. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisers.

The taxation of non-resident individuals and non-Korean corporations (“**Non-Residents**”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaties) 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 establishments in Korea are taxed in accordance with different rules.

#### *Income Tax and Corporation Tax on Interest*

Interest on the Notes paid to Non-Residents is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “**STTCL**”), provided that the Notes are “foreign currency denominated bonds” issued outside of Korea under the STTCL. The term “foreign currency denominated bonds” in this context is not defined under the STTCL. In this regard, the Korean tax authority issued an authoritative ruling to the effect that “Notes Issuance Facility, USCP, Euro CP and Banker’s Acceptance, etc.” are not treated as “foreign currency denominated bonds.”

If not exempt under the STTCL, the rate of income tax or corporation tax applicable to interest or any premium on the Notes, for a Non-Resident, is currently 14%. In addition, a tax surcharge, called a local income tax, is imposed at the rate of 10% of the income or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by applicable tax treaty, convention or agreement between Korea and the country of the recipient of the interest. The relevant tax treaties are discussed below. Effective July 1, 2012, in order to obtain the benefit of the reduced withholding tax rates available under the relevant tax treaties, a Non-Resident holder should submit an application for entitlement to reduced tax rate to the payor of the interest.

In order to obtain the benefit of a tax exemption available under applicable tax treaties, a Non-Resident holder should submit an application for exemption to the payor of the interest, together with a certificate of the Non-Resident holder’s tax residence issued by a competent authority of the Non-Resident holder’s residence country. The payor of the interest is required to submit the application for exemption together with the certificate of the Non-Resident holder’s tax residence to its district tax office no later than the ninth day of the month following the month in which the interest is paid. However, this requirement does not apply to exemptions under Korean tax law.

#### *Capital Gains Tax*

The Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident from the sale of Notes to another non-resident (other than to the other non-resident’s Permanent Establishment in Korea). In addition, capital gains earned by a Non-Resident from the transfer outside Korea of the Notes are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance.

In the absence of an applicable tax treaty or any other special tax laws reducing or eliminating the capital gains tax, the applicable rate of tax is the lower of 11% (including local income tax) of the gross realization proceeds (the “**Gross Realization Proceeds**”) and (subject to the production of satisfactory evidence of the acquisition cost and certain direct transfer cost of the relevant Notes) 22% (including local income tax) of the gain made. There is no provision under the relevant Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of securities of Korean companies.

The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from the tax under an applicable tax treaty, in the absence of the seller producing satisfactory evidence of his or her acquisition cost and certain direct transfer cost in relation to the Notes being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the Gross Realization Proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the relevant Korean tax authority no later than the tenth day of the month following the month in which the payment for the sale of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time technically subjects the purchaser or the withholding agent to penalties under Korean tax laws and a Non-Resident who is liable for payment of any Korean tax on gains, either as a seller of Notes or as a purchaser or the withholding agent who is obliged to withhold such tax, is subject to the Korean tax authorities seeking enforcement through attachment of, or other legal proceedings against, payments due to it from its Korean investments and to enforcement against the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

In addition, in order to obtain the benefit of a tax exemption available under applicable tax treaties, a Non-Resident holder should submit to the purchaser or the withholding agent an application for exemption, together with a certificate of the Non-Resident holder's tax residence issued by a competent authority of the Non-Resident holder's residence country. The purchaser or the withholding agent is required to submit the application for exemption together with the certificate of the Non-Resident holder's tax residence to its district tax office no later than the ninth day of the month following the month in which sale proceeds are paid. However, this requirement does not apply to exemptions under Korean tax law.

#### ***Inheritance Tax and Gift Tax***

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his or her death he or she was domiciled in Korea or had resided in Korea for at least 183 days immediately prior to his or her death and (b) all property located in Korea which passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed under similar circumstances as aforementioned at the time the gift is made. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% according to the value of the property and the identity of the parties involved. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under the 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. Prospective purchasers should consult their personal tax advisers regarding the consequences of the imposition of the Korean inheritance or gift tax.

#### ***Stamp Duty and Securities Transaction Tax***

No stamp, issue or registration duties will be payable in Korea by Non-Resident holders of Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Issuer. A securities transaction tax will not be imposed on the transfer of Notes.

#### ***Tax Treaties***

At the date of the Offering Circular, Korea has tax treaties with inter alia Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America under which the rate of withholding tax on interest is reduced, generally to between 5% and 16.5% (13.2% under the treaty with the United States) (including local income surtax), and the tax on capital gains is often eliminated (as it is generally under the treaty with the United States).

Each Non-Resident holder should enquire for himself whether he is entitled to the benefit of a tax treaty. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the Issuer a certificate as to his or her residence. In the absence of sufficient proof, the Issuer must withhold taxes in accordance with the above discussion.

### ***Withholding and Gross-up***

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL. However, in the event that the Issuer is required by law to make any withholding or deduction for or on account of any Korean taxes, the Issuer has agreed, subject to certain customary exceptions, to pay such additional amounts as may be necessary in order that the net amounts received by the Noteholder after such withholding or deduction shall equal the respective amounts received by the Noteholder in the absence of such withholding or deduction.

### **The Proposed Financial Transaction Tax (“FTT”)**

On February 14, 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has ceased to participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Under the Commission’s proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (each a “Clearing System” and together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arranger, any Dealer nor any other party to the Agency Agreement 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 Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.*

### Book-entry Systems

#### *DTC*

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the United States Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Issuing and Paying Agent on the due date for payment in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions.*"

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### ***Book-entry Ownership of and Payments in respect of DTC Notes***

The Issuer and may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Paying Agent, the Registrar, or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### ***Transfers of Notes Represented by Registered Global Notes***

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Issuing and Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Issuing and Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in the program agreement dated April 12, 2023, as amended, supplemented and/or restated from time to time (the “**Program Agreement**”), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes or, in the case of Definitive IAI Registered Notes, procure purchasers of Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*” above. In the Program Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Program and the issue of Notes under the Program and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may to the extent permitted by applicable laws and regulations engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilization activities are subject to certain prescribed time limits in certain jurisdictions.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer (as described in the Offering Circular) or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the issuer in such jurisdiction.

### **Certain Relationships**

Certain of the Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, various investment banking, commercial banking or advisory services in the ordinary course of business with the Issuer, its subsidiaries, jointly controlled entities, associated companies or affiliates, for which they have received and may in the future receive customary compensation. In the ordinary course of their various business activities, the Dealers or their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Program, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. The Dealers or their affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code – Important Notice to CMIIs (including private banks)**

This notice to CMIIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIIs, which require the attention and cooperation of other CMIIs (including private banks). Certain CMIIs may also be acting as OCs for the relevant 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 Dealers in respect of each offering of Notes under the Program.

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. CMIIs 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.

CMIIs are informed that, unless otherwise specified in the applicable Pricing Supplement, the marketing and investor targeting strategy for such offering may include 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 Offering Circular and/or the applicable Pricing Supplement.

CMIIs 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 CMIIs). CMIIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information should be provided to the 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. CMIIs should not place “X-orders” into the order book.

CMIIs 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.

CMIIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or as otherwise notified to prospective investors on or prior to the launch of an offering of Notes under the Program.

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 CMIIs.

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 Dealer(s) to categorize it as a proprietary order and apply the “proprietary orders” 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) are requested to provide the following underlying investor information, preferably in Excel Workbook format, 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;
- the unique identification number of 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 the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the 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 the OCs and/or any other third parties as may be required by the SFC Code, including to the Issuers, 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 such offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in such offering. The 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.

## **Selling Restrictions**

### ***United States of America***

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the Code) and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether U.S. Treasury regulation section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the Code) (the TEFRA C Rules) or U.S. Treasury regulation section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the Code) (the TEFRA D Rules) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer, sell or deliver 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 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 further Dealer appointed under the Program will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the 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.

Each issuance of Notes which are also Index Linked Interest Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant 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.

### *European Economic Area*

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors” or otherwise specifies “Prohibition of Sales to EEA Retail Investors” as “Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant 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 Offering Circular as completed by the pricing supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, 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 Directive 2014/65/EU (as amended, “**EU MiFID II**”); or (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 EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “**EU 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 EU PRIIPs Regulation.

If the applicable Pricing Supplement in respect of any Notes specifies “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 Program 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 this Offering Circular 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:

1. at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
2. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
3. at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

**provided that** no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU 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 “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

### *United Kingdom*

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors” or otherwise specifies “Prohibition of Sales to UK Retail Investors” as “Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant 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 Offering Circular as completed by the pricing supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, 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 European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (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 the domestic law of the UK by virtue of the EUWA (the “**UK Prospectus Regulation**”). 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 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.

If the applicable 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 Program 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 Offering Circular 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:

- (i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation; or
- (ii) at any time to fewer than 150 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
- (iii) at any time in any other circumstances falling within section 86 of the FSMA,

**provided that** no such offer of Notes referred to in in (i) to (iii) above 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 the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### ***Other UK regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) *No deposit-taking*: in relation to any Notes having 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:
    - A. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - B. 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) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (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) *General compliance*: 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.

### ***Japan***

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 “FIEA”) and, accordingly, each Dealer has represented and agreed that 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 or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### ***Singapore***

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant 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 Offering Circular 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.

## *Hong Kong*

Each Dealer has represented, warranted and agreed that:

1. it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the “SFO”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) 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(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
2. 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.

## *Korea*

The Notes have not been and will not be registered under the FSCMA. Accordingly, each Dealer severally but not jointly has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to or for the account or benefit of any Korean resident (as such term is defined in the Foreign Exchange Transactions Law of Korea and its Enforcement Decree), or to any other person for reoffering, resale or re-delivery, 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. Each Dealer severally but not jointly undertakes, and each further Dealer appointed under the Program will be required to undertake, to use commercially reasonable best measures as a Dealer in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

## *Switzerland*

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to supervision by any Swiss regulatory authority (e.g. the Swiss Financial Markets Supervisory Authority (“FINMA”)), and investors in the Notes will not benefit from protection or supervision by such authority.

## **General**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No action has been or will be taken in any jurisdiction by the Issuer or the Dealers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Notes or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

## **INDEPENDENT AUDITORS**

The consolidated financial statements of the Company as of and for the years ended December 31, 2022 and 2023 contained in this Offering Circular have been prepared in accordance with K-IFRS and have been audited by Nexia Samduk, independent auditors, as stated in their report appearing herein.

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**Korea Ocean Business Corporation and Subsidiaries**

Consolidated Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

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## **Independent Auditors' Report**

(Based on a report originally issued in Korean)

### **To the Shareholders and Board of Directors of Korea Ocean Business Corporation**

#### **Opinion**

We have audited the consolidated financial statements of Korea Ocean Business Corporation and subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

#### **Basis for Opinion**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

*Nexia Samduk*

Seoul, Korea  
March 25, 2024

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

# **Korea Ocean Business Corporation and Subsidiaries**

Consolidated financial statements  
December 31, 2023 and 2022

“The accompanying consolidated financial statements, including all footnotes and disclosures,  
have been prepared by, and are the responsibility of, the Group.”

**KIM YANG SOO**  
**President and Chief Executive Officer**  
**Korea Ocean Business Corporation**

**Address: 38, Marine city 2-ro, Haeundae-gu, Busan, Republic of Korea**  
**TEL: 051-795-1500**

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Financial Position  
As of December 31, 2023 and 2022

| (In Won)   | Notes    | 2023                        | 2022                      |
|--|----------|-----------------------------|---------------------------|
| <b>Assets</b>  |          |                             |                           |
| Cash and due from banks  | 5,28,31  | ₩ 1,033,699,697,477         | 990,901,168,721           |
| Financial assets   | 6,28,31  | 6,325,278,444,983           | 7,548,891,755,542         |
| Financial assets measured at FVTPL   |          | 3,821,550,501,877           | 5,339,706,769,508         |
| Financial assets measured at FVOCI   |          | 1,398,904,900,563           | 1,401,732,277,995         |
| Financial assets measured at amortized cost  |          | 1,089,631,443,274           | 784,921,028,992           |
| Financial guarantee assets   |          | 2,255,861,474               | 4,188,776,820             |
| Derivative assets  |          | 12,935,737,795              | 18,342,902,227            |
| Investments in associates  | 7        | 4,296,108,916,530           | 2,441,934,853,452         |
| Finance lease receivables  | 8,31     | 335,960,150,329             | 334,042,810,588           |
| Leased assets  | 9        | 404,169,743,759             | 424,311,446,007           |
| Investment property  | 10       | 7,506,823,703               | 7,715,093,606             |
| Property and equipment   | 11       | 7,910,987,112               | 5,000,346,250             |
| Intangible assets  | 12       | 7,425,593,822               | 7,182,936,909             |
| Other assets   |          | 27,655,985,595              | 22,965,522,522            |
| Net defined benefit assets   | 15       | 617,410,619                 | 1,185,743,284             |
| Current tax assets   |          | 954,245,218                 | 124,410                   |
| Other receivables  | 13,28,31 | 24,246,793,161              | 18,155,099,589            |
| Other assets   | 13       | 1,837,536,597               | 1,555,672,757             |
| Indemnity receivables  | 13,31    | -                           | 2,068,882,482             |
| <b>Total assets</b>  |          | <u>12,445,716,343,310</u>   | <u>11,782,945,933,597</u> |
| <b>Liabilities</b>   |          |                             |                           |
| Financial liabilities  | 14,28,31 | 3,297,440,360,536           | 2,874,968,325,430         |
| Borrowings   |          | 3,184,473,704,296           | 2,755,396,981,226         |
| Financial guarantee liabilities  |          | 46,539,803,120              | 118,064,723,048           |
| Derivative liabilities   |          | 1,327,742,888               | 997,446,578               |
| Lease liabilities  |          | 3,448,244,643               | 493,218,978               |
| Financial liabilities for non-controlling interests  |          | 61,650,865,589              | 15,955,600                |
| Other liabilities  |          | 1,467,315,086,872           | 1,518,853,744,852         |
| Provisions   | 16       | 2,764,569,374               | 2,073,698,366             |
| Current tax liabilities  |          | 32,618,935,308              | 29,637,526,223            |
| Deferred income tax liabilities  | 26       | 1,359,741,194,368           | 1,446,739,663,515         |
| Other payables   | 17,28    | 68,112,882,536              | 37,587,749,275            |
| Other liabilities  | 17       | 4,077,505,286               | 2,815,107,473             |
| <b>Total liabilities</b>   |          | <u>4,764,755,447,408</u>    | <u>4,393,822,070,282</u>  |
| <b>Equity</b>  |          |                             |                           |
| Capital stock  | 1,18     | 3,133,875,295,000           | 2,994,057,405,000         |
| Additional paid in other capital   | 18       | 211,155,473,486             | 63,514,950,344            |
| Capital adjustments  | 18       | (162,844,846,031)           | (162,844,846,031)         |
| Accumulated other comprehensive income   | 19       | 92,247,778,242              | 91,848,591,294            |
| Retained earnings  | 20       | 4,406,527,195,205           | 4,402,281,129,193         |
| <small>(Regulatory reserve for bad debts as of December 31, 2023 and 2022 is ₩41,262,294,327 and ₩67,855,527,658, respectively.<br/> Regulatory reserve for bad debts to be reserved as of December 31, 2023 and 2022 is nil.<br/> Expected reversal of regulatory reserve for bad debts as of December 31, 2023 and 2022 is ₩16,569,040,872 and ₩26,593,233,331, respectively.)</small> |          |                             |                           |
| <b>Total equity attributable to owners of the Group</b>  |          | 7,680,960,895,902           | 7,388,857,229,800         |
| <b>Non-controlling interests</b>   |          | -                           | 266,633,515               |
| <b>Total equity</b>  |          | <u>7,680,960,895,902</u>    | <u>7,389,123,863,315</u>  |
| <b>Total liabilities and equity</b>  |          | <u>₩ 12,445,716,343,310</u> | <u>11,782,945,933,597</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2023 and 2022

| <i>(In Won)</i>   | <u>Notes</u> | <u>2023</u>              | <u>2022</u>                |
|---|--------------|--------------------------|----------------------------|
| <b>Operating revenues</b>   |              |                          |                            |
| Investment income   | 21 ₩         | 385,166,298,764          | 324,012,480,530            |
| Interest income   |              | 155,395,359,296          | 131,184,973,534            |
| Fees and commission income  |              | 183,714,720,132          | 174,625,306,477            |
| Dividend income   |              | 7,193,633,554            | 7,011,053,508              |
| Gains on valuation and disposal of financial instruments  |              | 16,075,164,288           | 1,429,151,069              |
| Reversal of credit losses   |              | 21,705,830,155           | 8,704,891,591              |
| Reversal of other provision   |              | 98,691,529               | 676,768,406                |
| Other operating revenue   |              | 982,899,810              | 380,335,945                |
|   |              | <u>385,166,298,764</u>   | <u>324,012,480,530</u>     |
| <b>Operating expenses</b>   |              |                          |                            |
| Investment expense  | 22           | (590,744,169,802)        | (2,102,343,012,137)        |
| Interest expense  |              | (88,332,550,086)         | (71,495,198,029)           |
| Fees and commission expenses  |              | (5,849,788,677)          | (5,042,231,077)            |
| Depreciation of leased assets and others  |              | (26,143,807,832)         | (26,407,668,959)           |
| Losses on valuation and disposal of financial instruments   |              | (465,557,435,317)        | (1,977,387,392,339)        |
| Provision for credit losses   |              | (1,468,122,210)          | (20,546,788,137)           |
| Other operating expenses  |              | (3,392,465,680)          | (1,463,733,596)            |
| General and administrative expenses   | 23           | (37,875,930,225)         | (38,411,627,250)           |
|   |              | <u>(628,620,100,027)</u> | <u>(2,140,754,639,387)</u> |
| <b>Operating loss</b>   |              | (243,453,801,263)        | (1,816,742,158,857)        |
| <b>Non-operating revenues</b>   | 24           | 731,272,732,124          | 1,839,311,133,486          |
| <b>Non-operating expenses</b>   | 25           | (501,963,183,783)        | (2,836,735,734,450)        |
| <b>Net loss before income taxes</b>   |              | (14,144,252,922)         | (2,814,166,759,821)        |
| <b>Income tax benefits</b>  | 26           | (18,390,318,934)         | (827,850,768,221)          |
| <b>Net income (loss) for the year</b>   |              | 4,246,066,012            | (1,986,315,991,600)        |
| <i>(Adjusted net income (loss) for the year after reversal of regulatory reserve for bad debts for the years ended December 31, 2023 and 2022 are ₩20,815,106,884 and ₩(1,959,722,758,269), respectively)</i> |              |                          |                            |

*(Continued)*

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income, continued  
For the years ended December 31, 2023 and 2022

| <i>(In Won)</i>  | <u>Notes</u> | <u>2023</u>                 | <u>2022</u>                       |
|--|--------------|-----------------------------|-----------------------------------|
| <b>Other comprehensive income, net of tax</b>                        |              |                             |                                   |
| Items will not be reclassified to profit or loss                     |              |                             |                                   |
| Net loss on valuation of financial assets measured at FVOCI          | 19,26 ₩      | (2,069,496,375)             | (6,816,251,033)                   |
| Share of other comprehensive income of associates                    | 19,26        | 8,043,510,632               | 63,537,277,698                    |
| Remeasurements of defined benefit liabilities                        | 19,26        | (292,109,111)               | 327,027,063                       |
|  |              | <u>5,681,905,146</u>        | <u>57,048,053,728</u>             |
| Items that are or may be reclassified subsequently to profit or loss |              |                             |                                   |
| Share of other comprehensive loss of associates                      | 19,26        | (499,529,646)               | (314,194,546)                     |
| Exchange differences on translation of foreign operations            | 19,26        | (819,956,028)               | 1,111,794,654                     |
| Valuation gain (loss) on cash flow hedge                             | 19,26        | (3,963,232,524)             | 13,097,826,393                    |
|  |              | <u>(5,282,718,198)</u>      | <u>13,895,426,501</u>             |
|  |              | <u>399,186,948</u>          | <u>70,943,480,229</u>             |
| <b>Total comprehensive income (loss) for the year</b>                | <b>₩</b>     | <b><u>4,645,252,960</u></b> | <b><u>(1,915,372,511,371)</u></b> |
| <b>Net income (loss) attributable to:</b>                            |              |                             |                                   |
| Owners of the Group  |              | 4,246,066,012               | (1,986,514,287,447)               |
| Non-controlling interests  |              | -                           | 198,295,847                       |
| Net income (loss) for the year                                       |              | <u>4,246,066,012</u>        | <u>(1,986,315,991,600)</u>        |
| <b>Total comprehensive income (loss) attributable to:</b>            |              |                             |                                   |
| Owners of the Group  |              | 4,645,252,960               | (1,915,570,807,218)               |
| Non-controlling interests  |              | -                           | 198,295,847                       |
| Total comprehensive income (loss) for the year                       | <b>₩</b>     | <b><u>4,645,252,960</u></b> | <b><u>(1,915,372,511,371)</u></b> |
| <b>Earnings (losses) per share</b>                                   |              |                             |                                   |
| Basic and diluted earnings (losses) per share                        | 27 ₩         | <u>7</u>                    | <u>(3,359)</u>                    |

*The accompanying notes are an integral part of these consolidated financial statements.*

**Korea Ocean Business Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**

|   | Attributable to owners of the Group |                                  |                     |  |                     |                     | Total               |
|---|-------------------------------------|----------------------------------|---------------------|--|---------------------|---------------------|---------------------|
|   | Capital stock                       | Additional paid in other capital | Capital adjustments | Accumulated other comprehensive income | Retained earnings   | Subtotal            |                     |
| <b>(In Won)</b>   |                                     |                                  |                     |  |                     |                     |                     |
| <b>Balance at January 1, 2022</b>                           | ₩ 2,949,325,855,000                 | -                                | (163,406,253,071)   | 20,905,111,065                         | 6,388,795,416,640   | 9,195,620,129,634   | 9,195,696,825,101   |
| Net loss for the year                                       | -                                   | -                                | -                   | -                                      | (1,986,514,287,447) | (1,986,514,287,447) | (1,986,315,991,600) |
| Other comprehensive income                                  | -                                   | -                                | -                   | 70,943,480,229                         | -                   | 70,943,480,229      | 70,943,480,229      |
| Remeasurements of defined benefit liabilities               | -                                   | -                                | -                   | 327,027,063                            | -                   | 327,027,063         | 327,027,063         |
| Net loss on valuation of financial assets                   | -                                   | -                                | -                   | -                                      | -                   | -                   | -                   |
| Net loss on valuation of financial assets measured at FVOCI | -                                   | -                                | -                   | (6,816,251,033)                        | -                   | (6,816,251,033)     | (6,816,251,033)     |
| Share of other comprehensive income of associates           | -                                   | -                                | -                   | 63,223,083,152                         | -                   | 63,223,083,152      | 63,223,083,152      |
| Exchange differences on translation of foreign operations   | -                                   | -                                | -                   | 1,111,794,654                          | -                   | 1,111,794,654       | 1,111,794,654       |
| Valuation gain on cash flow hedge                           | -                                   | -                                | -                   | 13,097,826,393                         | -                   | 13,097,826,393      | 13,097,826,393      |
| <b>Total comprehensive loss</b>                             | -                                   | -                                | -                   | 70,943,480,229                         | (1,986,514,287,447) | (1,915,570,807,218) | (1,915,372,511,371) |
| Paid in capital increase                                    | 44,731,550,000                      | 63,514,950,344                   | 561,407,040         | -                                      | -                   | 108,807,907,384     | 108,807,907,384     |
| Acquisition and disposal of subsidiaries                    | -                                   | -                                | -                   | -                                      | -                   | -                   | (3,600)             |
| Annual Dividends  | -                                   | -                                | -                   | -                                      | -                   | -                   | (8,354,199)         |
| <b>Transaction with owners</b>                              | 44,731,550,000                      | 63,514,950,344                   | 561,407,040         | -                                      | -                   | 108,807,907,384     | 108,799,549,585     |
| <b>Balance at December 31, 2022</b>                         | ₩ 2,994,057,405,000                 | 63,514,950,344                   | (162,844,846,031)   | 91,848,591,294                         | 4,402,281,129,193   | 7,388,857,229,800   | 7,389,123,863,315   |
| <b>Balance at January 1, 2023</b>                           | ₩ 2,994,057,405,000                 | 63,514,950,344                   | (162,844,846,031)   | 91,848,591,294                         | 4,402,281,129,193   | 7,388,857,229,800   | 7,389,123,863,315   |
| Net income for the year                                     | -                                   | -                                | -                   | -                                      | 4,246,066,012       | 4,246,066,012       | 4,246,066,012       |
| Other comprehensive income                                  | -                                   | -                                | -                   | 399,186,948                            | -                   | 399,186,948         | 399,186,948         |
| Remeasurements of defined benefit liabilities               | -                                   | -                                | -                   | (292,109,111)                          | -                   | (292,109,111)       | (292,109,111)       |
| Net loss on valuation of financial assets                   | -                                   | -                                | -                   | -                                      | -                   | -                   | -                   |
| Net loss on valuation of financial assets measured at FVOCI | -                                   | -                                | -                   | (2,069,496,375)                        | -                   | (2,069,496,375)     | (2,069,496,375)     |
| Share of other comprehensive income of associates           | -                                   | -                                | -                   | 7,543,980,986                          | -                   | 7,543,980,986       | 7,543,980,986       |
| Exchange differences on translation of foreign operations   | -                                   | -                                | -                   | (819,956,028)                          | -                   | (819,956,028)       | (819,956,028)       |
| Valuation loss on cash flow hedge                           | -                                   | -                                | -                   | (3,963,232,524)                        | -                   | (3,963,232,524)     | (3,963,232,524)     |
| <b>Total comprehensive income</b>                           | -                                   | -                                | -                   | 399,186,948                            | 4,246,066,012       | 4,645,252,960       | 4,645,252,960       |
| Paid in capital increase                                    | 139,817,890,000                     | 147,640,523,142                  | -                   | -                                      | -                   | 287,458,413,142     | 287,458,413,142     |
| Acquisition and disposal of subsidiaries                    | -                                   | -                                | -                   | -                                      | -                   | -                   | (266,633,515)       |
| <b>Transaction with owners</b>                              | 139,817,890,000                     | 147,640,523,142                  | -                   | -                                      | -                   | 287,458,413,142     | 287,191,779,627     |
| <b>Balance at December 31, 2023</b>                         | ₩ 3,133,875,295,000                 | 211,155,473,486                  | (162,844,846,031)   | 92,247,778,242                         | 4,406,527,195,205   | 7,680,960,895,902   | 7,680,960,895,902   |

*The accompanying notes are an integral part of these consolidated financial statements.*

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2023 and 2022

| <i>(In Won)</i>  | <u>2023</u>              | <u>2022</u>              |
|--|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                |                          |                          |
| Net income (loss) for the year                             | ₩ 4,246,066,012          | (1,986,315,991,600)      |
| Adjustments  |                          |                          |
| Interest income  | (155,395,359,296)        | (131,184,973,534)        |
| Interest expense   | 88,332,550,086           | 71,495,198,029           |
| Income tax benefits  | (18,390,318,934)         | (827,850,768,221)        |
| Dividend income  | (7,193,633,554)          | (7,011,053,508)          |
| Loss of financial assets measured at FVTPL                 | 320,119,657,792          | 1,974,960,794,692        |
| Loss on conversion of financial assets measured at FVTPL   | 134,044,521,739          | -                        |
| Valuation loss (gain) on equity method                     | (674,209,925,390)        | 1,000,326,722,928        |
| Impairment loss of equity method                           | 448,360,054,889          | -                        |
| Loss (gain) on liquidation of subsidiaries                 | (22,502,478)             | 26,319,448               |
| Provision for (reversal of) credit losses on loan          | (20,307,533,496)         | 13,093,149,187           |
| Decrease of provision for insurance contract liabilities   | -                        | (1,171,149,522)          |
| Reversal for credit losses on financial guarantee          | (60,717,259)             | (318,925,019)            |
| Increase of other provision                                | 162,551,111              | 464,928,115              |
| Provision for credit losses on unused credit lines         | 133,136,397              | 252,402,495              |
| Fee income from payment guarantee                          | (39,601,833,656)         | (42,746,496,833)         |
| Gain on indemnity receivables                              | -                        | (18,955,182,342)         |
| Others   | (10,756,195)             | (172,324,263)            |
| Retirement benefit   | 1,043,967,047            | 1,090,663,158            |
| Depreciation of property and equipment                     | 1,577,690,885            | 1,711,366,036            |
| Depreciation of investment property                        | 208,269,903              | 208,268,023              |
| Amortization   | 2,604,786,647            | 739,417,816              |
| Depreciation of leased assets                              | 25,933,141,184           | 26,126,963,727           |
| Impairment loss on leased assets                           | 210,666,648              | 280,705,232              |
| Loss (gain) on foreign currency translation                | (18,425,003,732)         | 13,958,888,414           |
| Valuation gain on hedged item                              | (1,633,364,212)          | -                        |
| Valuation loss on derivatives                              | 330,296,310              | 997,446,578              |
| Loss (gain) on credit loss of derivatives                  | (2,593,587)              | 5,379,355                |
|  | <u>87,807,748,849</u>    | <u>2,076,327,739,991</u> |
| Change in operating assets and liabilities                 |                          |                          |
| Due from banks   | (183,812,920,849)        | 127,290,617,893          |
| Loan measured at FVTPL                                     | (429,498,659,874)        | (15,170,053,614)         |
| Loan measured at amortized cost                            | (290,188,918,312)        | 387,736,654,109          |
| Debt instruments measured at amortized cost                | 24,717,064,247           | 210,543,607,577          |
| Financial lease receivables                                | (1,168,052,702)          | (63,942,193,580)         |
| Other receivables  | -                        | 319,914,580              |
| Other assets   | (785,068,158)            | (46,942,643)             |
| Net defined benefit liabilities                            | (872,414,759)            | (1,699,738,158)          |
| Financial guarantee assets                                 | 1,896,322,152            | 5,794,227,437            |
| Financial guarantee liabilities                            | (33,405,999,674)         | 5,628,733,376            |
| Other payables   | 86,581,192,285           | 26,121,056,116           |
| Other liabilities  | (266,633,515)            | 351,703,815              |
| Provisions   | (3,107,196)              | (1,259,020,850)          |
|  | <u>(826,807,196,355)</u> | <u>681,668,566,058</u>   |
| Interest received  | 150,701,231,392          | 115,142,317,391          |
| Interest paid  | (80,662,109,756)         | (69,035,474,432)         |
| Dividends received   | 7,193,633,554            | 7,011,053,508            |
| Income taxes paid  | (66,554,260,419)         | (28,678,373,086)         |
| <b>Net cash provided by (used in) operating activities</b> | <u>(724,074,886,723)</u> | <u>796,119,837,830</u>   |

*(Continued)*



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements  
December 31, 2023 and 2022

| <i>(In Won)</i>  | <u>2023</u>              | <u>2022</u>              |
|--|--------------------------|--------------------------|
| <b>Cash flows from investing activities</b>  |                          |                          |
| Disposal of financial assets measured at FVOCI   | ₩ -                      | 10,000,000,000           |
| Acquisition of financial assets measured at amortized cost                                       | (20,000,000,000)         | -                        |
| Acquisition of investment in associates  | (277,207,040,871)        | (179,920,990,036)        |
| Decrease, dividends and disposal of investments in associates                                    | 149,005,180,313          | 129,833,522,559          |
| Acquisition of property and equipment  | (383,166,231)            | (91,770,500)             |
| Disposal or impairment of property and equipment   | 273,734,500              | -                        |
| Acquisition of intangible assets   | (2,848,433,560)          | (4,395,000,310)          |
| Acquisition of leased assets   | -                        | (45,809,103,944)         |
| Decrease (increase) of other receivables   | 70,000,000               | (60,000,000)             |
| <b>Net cash used in investing activities</b>   | <u>(151,089,725,849)</u> | <u>(90,443,342,231)</u>  |
| <b>Cash flows from financing activities</b>  |                          |                          |
| Increase of borrowings   | 442,258,004,188          | 123,681,460,290          |
| Repayment of borrowings  | (151,919,357,838)        | (433,256,626,561)        |
| Issuance of debentures   | 504,928,996,589          | -                        |
| Repayment of debentures  | (330,000,000,000)        | (280,000,000,000)        |
| Decrease of lease liabilities  | (819,821,063)            | (813,099,606)            |
| Increase of paid-in capital  | 287,458,413,142          | 108,807,907,384          |
| <b>Net cash provided by (used in) financing activities (Note 30)</b>                             | <u>751,906,235,018</u>   | <u>(481,580,358,493)</u> |
| <b>Effects from changes in foreign currency exchange rate for cash and cash equivalents held</b> | <u>(9,865,877,726)</u>   | <u>(9,800,649,996)</u>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                      | <u>(133,124,255,280)</u> | <u>214,295,487,110</u>   |
| <b>Cash and cash equivalents at the beginning of year</b>  | <u>708,037,892,943</u>   | <u>493,742,405,833</u>   |
| <b>Cash and cash equivalents at the end of year (Note 30)</b>                                    | <u>₩ 574,913,637,663</u> | <u>708,037,892,943</u>   |

*The accompanying notes are an integral part of these consolidated financial statements*

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements  
December 31, 2023 and 2022

**1. Summary of the Reporting Entity**

The accompanying consolidated financial statements comprise Korea Ocean Business Corporation (the “Company”) and subsidiaries (collectively the “Group”). General information of the Company and subsidiaries is stated below.

**(1) Controlling company**

Korea Ocean Business Corporation was established on July 5, 2018 to support shipping companies with a stable supply of tonnage and secure liquidity and to provide service needed to growth of shipping industry. Issued capital of the Company as of December 31, 2023 is ₩3,133,875 million.

The shareholders of the Company as of December 31, 2023 are as follow:

| Shareholder                         | Number of shares | Ownership |
|-------------------------------------|------------------|-----------|
| Government of the Republic of Korea |                  |           |
| Ministry of Economy and Finance     | 249,297,013      | 39.77%    |
| Ministry of Oceans and Fisheries    | 69,164,626       | 11.03%    |
| Korea Development Bank              | 130,392,669      | 20.80%    |
| The Export-Import Bank of Korea     | 109,557,908      | 17.48%    |
| Others                              | 68,362,843       | 10.92%    |
|                                     | 626,775,059      | 100.00%   |

**(2) Consolidated subsidiaries**

1) The Company’s consolidated subsidiaries as of December 31, 2023 and 2022 are as follows:

| Subsidiaries  | Subsidiaries of subsidiaries               | Industry              | Country<br>(*1) | Ownership (%) |        |
|---|--|-----------------------|-----------------|---------------|--------|
|   |  |                       |                 | 2023          | 2022   |
| KOBC USA LLC  | -  | Investment            | USA             | 100.00        | -      |
| Korea Shipping Global No.1<br>Investment Company (*2) | Ship owner Investment CO<br>No.1 ~ 6 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Shipping Global No.2<br>Investment Company (*2) | Ship owner Investment CO<br>No.7 ~ 10 S.A. | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Shipping Global No.4<br>Investment Company (*2) | Ship owner Investment CO<br>No.12 S.A.     | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.2 Investment<br>Company (*2)           | Ocean Trinity SH No.2                      | Tonnage<br>investment | Korea           | -             | 100.00 |
| Korea Ocean No.4 Investment<br>Company (*2)           | Ocean Trinity SH No.4 S.A.                 | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.5 Investment<br>Company (*2)           | Ocean Trinity SH No.5 S.A.                 | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.6 Investment<br>Company (*2)           | Ocean Trinity SH No.6 S.A.                 | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.7 Investment<br>Company (*2)           | Ocean Trinity SH No.7 S.A.                 | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.8 Investment<br>Company (*2)           | Ocean Trinity SH No.4 S.A.                 | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.11<br>Investment Company (*2)          | Ocean Trinity SH No.11 S.A.                | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.12<br>Investment Company (*2)          | Ocean Trinity SH No.12 S.A.                | Tonnage<br>investment | Korea           | 100.00        | 100.00 |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. Summary of the Reporting Entity, continued

| Subsidiaries  | Subsidiaries of subsidiaries | Industry                                    | Country<br>(*1) | Ownership (%) |        |
|---|------------------------------|---|-----------------|---------------|--------|
|   |                              |   |                 | 2023          | 2022   |
| Korea Ocean No.14<br>Investment Company (*2)          | Ocean Trinity SH No.14 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.15<br>Investment Company (*2)          | Ocean Trinity SH No.15 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.16<br>Investment Company (*2)          | Ocean Trinity SH No.16 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.17<br>Investment Company (*2)          | Ocean Trinity SH No.17 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.18<br>Investment Company (*2)          | Ocean Trinity SH No.18 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.19<br>Investment Company (*2)          | Ocean Trinity SH No.19 S.A.  | Tonnage<br>investment                       | Korea           | -             | 100.00 |
| Korea Ocean No.20<br>Investment Company (*2)          | Ocean Trinity SH No.20 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.21<br>Investment Company (*2)          | Ocean Trinity SH No.21 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.22<br>Investment Company (*2)          | Ocean Trinity SH No.22 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.26<br>Investment Company (*2)          | Ocean Trinity SH No.26 S.A.  | Tonnage<br>investment                       | Korea           | -             | 100.00 |
| Korea Ocean No.28<br>Investment Company (*2)          | Ocean Trinity SH No.28 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.30<br>Investment Company (*2)          | Ocean Trinity SH No.30 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.31<br>Investment Company (*2)          | Ocean Trinity SH No.31 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.32<br>Investment Company (*2)          | Ocean Trinity SH No.32 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.33<br>Investment Company (*2)          | Ocean Trinity SH No.33 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.34<br>Investment Company (*2)          | Ocean Trinity SH No.34 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.35<br>Investment Company (*2)          | Ocean Trinity SH No.35 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.36<br>Investment Company (*2)          | Ocean Trinity SH No.36 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.37<br>Investment Company (*2)          | Ocean Trinity SH No.37 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Korea Ocean No.38<br>Investment Company (*2)          | Ocean Trinity SH No.38 S.A.  | Tonnage<br>investment                       | Korea           | 100.00        | -      |
| Ocean Business No.1<br>Ship Investment<br>Company(*2) | Ocean Trinity PO No.1 S.A.   | Tonnage<br>investment                       | Korea           | 100.00        | 100.00 |
| Ocean Business No.2<br>Ship Investment<br>Company(*2) | Ocean Trinity PO No.2 S.A.   | Tonnage<br>investment                       | Korea           | 100.00        | -      |
| Ocean Business No.3<br>Ship Investment<br>Company(*2) | Ocean Trinity PO No.3 S.A.   | Tonnage<br>investment                       | Korea           | 100.00        | -      |
| KOBC Container Leasing No.<br>1 Limited (*2)          | -                            | Shipping<br>container<br>rental<br>business | Hong Kong       | 100.00        | 100.00 |
| KOBC Container Leasing No.<br>2 Limited (*2)          | -                            | Shipping<br>container<br>rental<br>business | Hong Kong       | 100.00        | 100.00 |
| KOBC Container Leasing No.<br>3 Limited (*2)          | -                            | Shipping<br>container<br>rental<br>business | Hong Kong       | 100.00        | 100.00 |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. Summary of the Reporting Entity, continued

| Subsidiaries  | Subsidiaries of subsidiaries | Industry           | Country<br>(*1) | Ownership (%) |        |
|---|------------------------------|--------------------|-----------------|---------------|--------|
|   |                              |                    |                 | 2023          | 2022   |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 (*2) | KOSM Container Co., Ltd.     | Financial service  | Korea           | 100.00        | 100.00 |
| SBK-WASKA Private Equity Fund (*2)  | -                            | Financial service  | Korea           | 67.41         | -      |
| Orion Maritime Private Placement Special Asset Fund No.1                              | -                            | Financial service  | Korea           | 83.33         | -      |
| KSF Ocean Newbuilding Private Investment Trust No.3 (*2)                              | -                            | Financial service  | Korea           | 90.00         | -      |
| KSF No.1 Investment Company (*3)  | -                            | Tonnage investment | Korea           | -             | -      |
| KSF No.2 Investment Company (*3)  | -                            | Tonnage investment | Korea           | -             | -      |
| KSF No.7 Investment Company (*3)  | -                            | Tonnage investment | Korea           | -             | -      |
| KSF No.8 Investment Company (*3)  | -                            | Tonnage investment | Korea           | -             | -      |
| KSF No.9 Investment Company (*3)  | KSF Global No. 9 S.A.        | Tonnage investment | Korea           | -             | -      |
| KSF No.10 Investment Company (*3)   | KSF Global No. 10 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.11 Investment Company (*3)   | KSF Global No. 11 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.12 Investment Company (*3)   | KSF Global No. 12 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.14 Investment Company (*3)   | KSF Global No. 14 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.15 Investment Company (*3)   | KSF Global No. 15-1~2 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.16 Investment Company (*3)   | KSF Global No. 16 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.17 Investment Company (*3)   | KSF Global No. 17-1~2 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.19 Investment Company (*3)   | KSF Global No. 19 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.20 Investment Company (*3)   | KSF Global No. 20 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.21 Investment Company (*3)   | KSF Global No. 21 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.22 Investment Company (*3)   | KSF Global No. 22-1~2 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.23 Investment Company (*3)   | KSF Global No. 23 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.24 Investment Company (*3)   | KSF Global No. 24 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.25 Investment Company (*3)   | KSF Global No. 25-1~2 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.26 Investment Company (*3)   | KSF Global No. 26-1~5 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.27 Investment Company (*3)   | KSF Global No. 27-1~5 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.28 Investment Company (*3)   | KSF Global No. 28-1~3 S.A.   | Tonnage investment | Korea           | -             | -      |
| KSF No.29 Investment Company (*3)   | KSF Global No. 29 S.A.       | Tonnage investment | Korea           | -             | -      |
| KSF No.30 Investment Company (*3)   | KSF Global No. 30 S.A.       | Tonnage investment | Korea           | -             | -      |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

| Subsidiaries  | Subsidiaries of subsidiaries | Industry           | Country<br>(*1) | Ownership (%) |      |
|---|------------------------------|--------------------|-----------------|---------------|------|
|   |                              |                    |                 | 2023          | 2022 |
| KSF No.31 Investment Company (*3)                     | KSF Global No. 31 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.32 Investment Company (*3)                     | KSF Global No. 32 S.A.       | Tonnage investment | Korea           | -             | -    |
| International No.28 Investment Company (*3)           | -                            | Tonnage investment | Korea           | -             | -    |
| International No.30 Investment Company (*3)           | KMARIN NO. 30A S.A.          | Tonnage investment | Korea           | -             | -    |
| International No.32 Investment Company (*3)           | KMARIN NO. 32A S.A.          | Tonnage investment | Korea           | -             | -    |
| International No.34 Investment Company (*3)           | KMARIN NO. 34A~B S.A.        | Tonnage investment | Korea           | -             | -    |
| International No.35 Investment Company (*3)           | KMARIN NO. 35A S.A.          | Tonnage investment | Korea           | -             | -    |
| International No.37 Investment Company (*3)           | KMARIN NO. 37A~ C S.A.       | Tonnage investment | Korea           | -             | -    |
| Ocean New Building No. 1 Ship Investment Company (*3) | Ocean Trinity New No. 1 S.A. | Tonnage investment | Korea           | -             | -    |
| Ocean New Building No. 2 Ship Investment Company (*3) | Ocean Trinity New No. 2 S.A. | Tonnage investment | Korea           | -             | -    |
| GMF No.1 Ship Investment Company (*3)                 | -                            | Tonnage investment | Korea           | -             | -    |
| GMF No.2 Ship Investment Company (*3)                 | GMF CM No.1 S.A.             | Tonnage investment | Korea           | -             | -    |
| GMF No.3 Ship Investment Company (*3)                 | GMF SKR No.1~2 S.A.          | Tonnage investment | Korea           | -             | -    |
| GMF No.5 Ship Investment Company (*3)                 | GMF DM No.1 S.A.             | Tonnage investment | Korea           | -             | -    |
| GMF No.6 Ship Investment Company (*3)                 | GMF NS No.1~2 S.A.           | Tonnage investment | Korea           | -             | -    |
| GMF No.7 Ship Investment Company (*3)                 | GMF DB No.1~2 S.A.           | Tonnage investment | Korea           | -             | -    |
| GMF No.8 Ship Investment Company (*3)                 | GMF MY No.1~2 S.A.           | Tonnage investment | Korea           | -             | -    |
| GMF No.9 Ship Investment Company (*3)                 | GMF HY No.1~2 S.A.           | Tonnage investment | Korea           | -             | -    |

(\*1) The subsidiary's country is defined by its place of incorporation and sales.

(\*2) The Group invested directly in the subsidiary or in the beneficiary certificates issued by the subsidiary. Since the stake in the subsidiary exceeded the majority, it was judged to have control.

(\*3) The Group invested in bonds issued by subsidiaries. The stake in the subsidiary was judged to be dominant by comprehensively considering the degree of involvement of the consolidated entity in the subsidiary and the degree of exposure to variable profits, etc., although the stake in the subsidiary was less than a majority.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

2) Subsidiaries that are newly included in the consolidated financial statements and those that are excluded from the consolidated financial statements for the year ended December 31, 2023 are as follows:

|   | <u>Changes</u> | <u>Reasons for changes</u>   |
|---|----------------|------------------------------|
| Korea Ocean No.38 Investment Company                        | Newly included | New equity investment        |
| KSF No.24 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.25 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.26 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.27 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.28 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.29 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.30 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.31 Investment Company                                | Newly included | Subordinated bond investment |
| KSF No.32 Investment Company                                | Newly included | Subordinated bond investment |
| International No.37 Investment Company                      | Newly included | Subordinated bond investment |
| GMF No.5 Ship Investment Company                            | Newly included | Subordinated bond investment |
| GMF No.6 Ship Investment Company                            | Newly included | Subordinated bond investment |
| GMF No.7 Ship Investment Company                            | Newly included | Subordinated bond investment |
| GMF No.8 Ship Investment Company                            | Newly included | Subordinated bond investment |
| GMF No.9 Ship Investment Company                            | Newly included | Subordinated bond investment |
| SBK-WASKA Private Equity Fund                               | Newly included | New equity investment        |
| Orion Maritime Private Placement Special<br>Asset Fund No.1 | Newly included | New equity investment        |
| KSF Ocean Newbuilding Private Investment<br>Trust No.3      | Newly included | New equity investment        |
| KOBC USA LLC  | Newly included | New equity investment        |
| Korea Ocean No.2 Investment Company                         | Excluded       | Liquidation                  |
| Korea Ocean No.19 Investment Company                        | Excluded       | Liquidation                  |
| Korea Ocean No.26 Investment Company                        | Excluded       | Liquidation                  |
| GMF No.4 Ship Investment Company                            | Excluded       | Liquidation                  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

3) The financial information of investments in subsidiaries (based on consolidated financial statements of subsidiaries) as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   | December 31, 2023 |             |            |                   |                   |
|---|-------------------|-------------|------------|-------------------|-------------------|
|   | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| Korea Shipping Global No.1 Investment Company ₩ | 42,934,837        | 18,538,200  | 24,396,637 | 90,851,182        | 89,213,224        |
| Korea Shipping Global No.2 Investment Company   | 51,013,825        | 1,159,076   | 49,854,749 | 12,009,212        | 4,403,828         |
| Korea Shipping Global No.4 Investment Company   | 13,389,697        | 622,537     | 12,767,160 | 2,591,649         | 2,541,193         |
| Korea Ocean No.4 Investment Company             | 296               | 276         | 20         | 75,832            | 57,132            |
| Korea Ocean No.5 Investment Company             | 5,518,711         | 208,888     | 5,309,823  | 228,915           | 212,915           |
| Korea Ocean No.6 Investment Company             | 8,699,646         | 180,492     | 8,519,154  | 482,449           | 462,581           |
| Korea Ocean No.7 Investment Company             | 2,818,027         | 179,531     | 2,638,496  | 134,979           | 103,761           |
| Korea Ocean No.8 Investment Company             | 11,518,122        | 556,878     | 10,961,244 | 455,088           | 423,681           |
| Korea Ocean No.11 Investment Company            | 6,798,543         | 314,928     | 6,483,615  | 388,845           | 360,972           |
| Korea Ocean No.12 Investment Company            | 15,304,295        | 591,730     | 14,712,565 | 865,872           | 825,185           |
| Korea Ocean No.14 Investment Company            | 12,778,492        | 497,380     | 12,281,112 | 585,465           | 527,601           |
| Korea Ocean No.15 Investment Company            | 11,056,183        | 285,522     | 10,770,661 | 416,632           | 390,339           |
| Korea Ocean No.16 Investment Company            | 2,360,571         | 158,834     | 2,201,737  | 108,225           | 82,766            |
| Korea Ocean No.17 Investment Company            | 7,752,018         | 281,477     | 7,470,541  | 343,942           | 321,037           |
| Korea Ocean No.18 Investment Company            | 4,804,456         | 239,780     | 4,564,676  | 181,441           | 159,536           |
| Korea Ocean No.20 Investment Company            | 5,811,017         | 287,689     | 5,523,328  | 217,692           | 197,458           |
| Korea Ocean No.21 Investment Company            | 4,811,781         | 126,405     | 4,685,376  | 181,716           | 161,716           |
| Korea Ocean No.22 Investment Company            | 10,889,796        | 242,511     | 10,647,285 | 405,954           | 385,954           |
| Korea Ocean No.28 Investment Company            | 27,363,725        | 1,072,992   | 26,290,733 | 796,325           | 775,687           |
| Korea Ocean No.30 Investment Company            | 6,569,936         | 342,311     | 6,227,625  | 232,223           | 208,581           |
| Korea Ocean No.31 Investment Company            | 20,937,680        | 752,355     | 20,185,325 | 608,084           | 584,172           |
| Korea Ocean No.32 Investment Company            | 3,203,365         | 295,969     | 2,907,396  | 112,600           | 91,056            |
| Korea Ocean No.33 Investment Company            | 5,100,510         | 236,360     | 4,864,150  | 160,193           | 141,882           |
| Korea Ocean No.34 Investment Company            | 6,305,554         | 23,919      | 6,281,635  | 195,333           | 170,377           |
| Korea Ocean No.35 Investment Company            | 9,810,502         | 474,556     | 9,335,946  | 315,788           | 295,577           |
| Korea Ocean No.36 Investment Company            | 3,097,148         | 181,611     | 2,915,537  | 134,444           | 114,459           |
| Korea Ocean No.37 Investment Company            | 9,033,607         | 449,520     | 8,584,087  | 319,254           | 299,287           |
| Korea Ocean No.38 Investment Company            | 17,955,287        | 24,058      | 17,931,229 | 598,238           | 472,167           |
| Ocean Business No.1 Ship Investment Company     | 4,506,473         | 345,693     | 4,160,780  | 162,299           | 144,082           |
| Ocean Business No.2 Ship Investment Company     | 12,964,996        | 12,981,113  | (16,117)   | 399,160           | (16,217)          |
| Ocean Business No.3 Ship Investment Company     | 20,608,451        | 20,682,533  | (74,082)   | 763,894           | 62,689            |
| KSF No.1 Investment Company                     | 6,395,055         | 6,408,198   | (13,143)   | 376,833           | 10,835            |
| KSF No.2 Investment Company                     | 22,097,353        | 22,351,074  | (253,721)  | 969,766           | 14,752            |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

|  | December 31, 2023 |             |           |                   |                   |
|--|-------------------|-------------|-----------|-------------------|-------------------|
|  | Assets            | Liabilities | Equity    | Operating revenue | Net income (loss) |
| KSF No.7 Investment Company                      | ₩ 21,272,725      | 21,611,674  | (338,949) | 704,650           | -                 |
| KSF No.8 Investment Company                      | 8,077,017         | 8,093,982   | (16,965)  | 327,861           | 2,627             |
| KSF No.9 Investment Company                      | 27,590,072        | 27,588,201  | 1,871     | 862,970           | 443               |
| KSF No.10 Investment Company                     | 11,401,718        | 11,400,694  | 1,024     | 413,494           | 3,325             |
| KSF No.11 Investment Company                     | 12,808,917        | 12,807,511  | 1,406     | 458,878           | 37,358            |
| KSF No.12 Investment Company                     | 11,886,179        | 11,906,564  | (20,385)  | 424,969           | 30,333            |
| KSF No.14 Investment Company                     | 10,659,085        | 10,657,628  | 1,457     | 381,553           | 7,339             |
| KSF No.15 Investment Company                     | 28,747,714        | 28,876,329  | (128,615) | 983,619           | 3,625             |
| KSF No.16 Investment Company                     | 9,043,853         | 9,143,522   | (99,669)  | 387,537           | 11,281            |
| KSF No.17 Investment Company                     | 79,126,891        | 79,223,175  | (96,284)  | 1,789,800         | 127,018           |
| KSF No.19 Investment Company                     | 4,766,496         | 4,765,483   | 1,013     | 197,679           | 180               |
| KSF No.20 Investment Company                     | 15,522,668        | 15,606,691  | (84,023)  | 641,484           | 2,246             |
| KSF No.21 Investment Company                     | 54,592,562        | 54,949,523  | (356,961) | 4,483,728         | 83,661            |
| KSF No.22 Investment Company                     | 28,508,635        | 28,507,100  | 1,535     | 1,183,582         | 4,279             |
| KSF No.23 Investment Company                     | 12,666,136        | 12,701,102  | (34,966)  | 567,006           | 20,157            |
| KSF No.24 Investment Company                     | 30,845,535        | 30,844,321  | 1,214     | 1,239,034         | 464               |
| KSF No.25 Investment Company                     | 108,356,777       | 108,355,885 | 892       | 4,178,275         | 145               |
| KSF No.26 Investment Company                     | 160,505,863       | 160,504,912 | 951       | 5,090,285         | 205               |
| KSF No.27 Investment Company                     | 16,532,885        | 16,531,943  | 942       | 1,140,251         | 192               |
| KSF No.28 Investment Company                     | 18,996,550        | 18,995,454  | 1,096     | 564,166           | 346               |
| KSF No.29 Investment Company                     | 22,228,728        | 22,301,140  | (72,412)  | 487,596           | (73,162)          |
| KSF No.30 Investment Company                     | 20,188,655        | 20,301,426  | (112,771) | 293,117           | (113,521)         |
| KSF No.31 Investment Company                     | 17,624,066        | 17,638,657  | (14,591)  | 330,165           | (15,341)          |
| KSF No.32 Investment Company                     | 23,686,500        | 23,740,928  | (54,428)  | 113,261           | (55,178)          |
| International No.28 Investment Company           | 29,885,891        | 30,244,031  | (358,140) | 1,129,495         | 39,511            |
| International No.30 Investment Company           | 5,116,354         | 5,123,973   | (7,619)   | 195,501           | 578               |
| International No.32 Investment Company           | 5,109,539         | 5,111,913   | (2,374)   | 201,267           | 7,012             |
| International No.34 Investment Company           | 19,711,971        | 19,896,431  | (184,460) | 528,563           | 12,397            |
| International No.35 Investment Company           | 51,984,228        | 52,143,873  | (159,645) | 2,042,780         | (88,697)          |
| International No.37 Investment Company           | 85,004,644        | 85,044,120  | (39,476)  | 2,382,909         | (39,576)          |
| Ocean New Building No. 1 Ship Investment Company | 23,305,753        | 23,314,906  | (9,153)   | 656,684           | 27,432            |
| Ocean New Building No. 2 Ship Investment Company | 23,284,303        | 23,290,587  | (6,284)   | 700,126           | 64,246            |
| GMF No.1 Ship Investment Company                 | 19,426,149        | 19,646,053  | (219,904) | 752,409           | (219,932)         |
| GMF No.2 Ship Investment Company                 | 17,127,876        | 17,182,454  | (54,578)  | 616,179           | 29,856            |
| GMF No.3 Ship Investment Company                 | 15,221,266        | 15,221,328  | (62)      | 464,436           | 2,058             |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

|  | December 31, 2023 |             |             |                   |                   |
|--|-------------------|-------------|-------------|-------------------|-------------------|
|  | Assets            | Liabilities | Equity      | Operating revenue | Net income (loss) |
| GMF No.5 Ship Investment Company ₩   | 12,269,263        | 12,255,040  | 14,223      | 637,463           | 14,481            |
| GMF No.6 Ship Investment Company   | 10,840,227        | 10,966,714  | (126,487)   | 349,278           | (126,507)         |
| GMF No.7 Ship Investment Company   | 27,673,303        | 27,742,203  | (68,900)    | 483,053           | (68,920)          |
| GMF No.8 Ship Investment Company   | 19,567,882        | 19,682,099  | (114,217)   | 260,724           | (114,237)         |
| GMF No.9 Ship Investment Company   | 24,210,899        | 24,225,992  | (15,093)    | 401,704           | (15,112)          |
| KOBC Container Leasing No. 1 Limited   | 171,863,683       | 162,425,299 | 9,438,384   | 20,620,738        | 2,763,213         |
| KOBC Container Leasing No. 2 Limited   | 186,030,782       | 163,714,586 | 22,316,196  | 17,879,923        | 1,510,994         |
| KOBC Container Leasing No. 3 Limited   | 191,962,259       | 189,647,354 | 2,314,905   | 18,869,930        | 2,534,235         |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 | 14,261,224        | 88,695      | 14,172,529  | 479,942           | 416,883           |
| SBK-WASKA Private Equity Fund  | 175,717,139       | 15,970      | 175,701,169 | 6,177,235         | 6,039,191         |
| Orion Maritime Private Placement Special Asset Fund No.1                         | 14,660,965        | 14,929      | 14,646,036  | 374,306           | 348,301           |
| KSF Ocean Newbuilding Private Investment Trust No.3                              | 16,986,658        | 536         | 16,986,122  | 904,475           | 858,954           |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. Summary of the Reporting Entity, continued

|   | December 31, 2022 |             |            |                   |                   |
|---|-------------------|-------------|------------|-------------------|-------------------|
|   | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| Korea Shipping Global No.1 Investment Company | ₩ 42,760,487      | 18,701,225  | 24,059,262 | 59,217,272        | 56,638,205        |
| Korea Shipping Global No.2 Investment Company | 58,212,271        | 2,185,056   | 56,027,215 | 11,985,283        | 4,391,843         |
| Korea Shipping Global No.4 Investment Company | 11,803,225        | 620,885     | 11,182,340 | 2,504,086         | 2,456,967         |
| Korea Ocean No.2 Investment Company           | 11,405,134        | 359,864     | 11,045,270 | 483,293           | 466,781           |
| Korea Ocean No.4 Investment Company           | 2,424,389         | 290,142     | 2,134,247  | 120,999           | 104,999           |
| Korea Ocean No.5 Investment Company           | 6,089,377         | 208,875     | 5,880,502  | 268,988           | 252,988           |
| Korea Ocean No.6 Investment Company           | 9,185,335         | 180,487     | 9,004,848  | 645,293           | 485,293           |
| Korea Ocean No.7 Investment Company           | 3,343,436         | 178,020     | 3,165,416  | 150,820           | 121,861           |
| Korea Ocean No.8 Investment Company           | 12,677,952        | 671,844     | 12,006,108 | 490,281           | 461,077           |
| Korea Ocean No.11 Investment Company          | 7,733,563         | 315,093     | 7,418,470  | 426,714           | 398,705           |
| Korea Ocean No.12 Investment Company          | 17,076,671        | 591,729     | 16,484,942 | 937,626           | 910,126           |
| Korea Ocean No.14 Investment Company          | 14,267,859        | 481,438     | 13,786,421 | 633,018           | 635,123           |
| Korea Ocean No.15 Investment Company          | 11,564,650        | 247,070     | 11,317,580 | 448,959           | 419,397           |
| Korea Ocean No.16 Investment Company          | 2,731,689         | 133,669     | 2,598,020  | 120,264           | 89,690            |
| Korea Ocean No.17 Investment Company          | 8,687,536         | 280,114     | 8,407,422  | 374,788           | 356,519           |
| Korea Ocean No.18 Investment Company          | 5,269,169         | 277,828     | 4,991,341  | 209,601           | 189,172           |
| Korea Ocean No.19 Investment Company          | 5,836,013         | 350,452     | 5,485,561  | 256,574           | 236,236           |
| Korea Ocean No.20 Investment Company          | 6,523,102         | 261,105     | 6,261,997  | 240,151           | 219,574           |
| Korea Ocean No.21 Investment Company          | 5,151,903         | 126,405     | 5,025,498  | 198,432           | 178,432           |
| Korea Ocean No.22 Investment Company          | 11,471,809        | 242,511     | 11,229,298 | 427,179           | 407,179           |
| Korea Ocean No.26 Investment Company          | 5,338,130         | 167,160     | 5,170,970  | 195,326           | 175,326           |
| Korea Ocean No.28 Investment Company          | 30,691,498        | 986,058     | 29,705,440 | 886,042           | 864,530           |
| Korea Ocean No.30 Investment Company          | 7,383,037         | 364,122     | 7,018,915  | 253,890           | 232,760           |
| Korea Ocean No.31 Investment Company          | 23,119,785        | 737,165     | 22,382,620 | 664,691           | 642,899           |
| Korea Ocean No.32 Investment Company          | 3,891,438         | 292,354     | 3,599,084  | 130,943           | 109,092           |
| Korea Ocean No.33 Investment Company          | 5,737,167         | 213,314     | 5,523,853  | 177,097           | 159,537           |
| Korea Ocean No.34 Investment Company          | 7,116,644         | 24,489      | 7,092,155  | 215,109           | 190,765           |
| Korea Ocean No.35 Investment Company          | 11,315,307        | 472,981     | 10,842,326 | 193,099           | 118,335           |
| Korea Ocean No.36 Investment Company          | 3,622,312         | 179,535     | 3,442,777  | 46,753            | 25,034            |
| Korea Ocean No.37 Investment Company          | 10,150,185        | 449,378     | 9,700,807  | 105,034           | 52,395            |
| Ocean Business No.1 Ship Investment Company   | 5,445,096         | 289,270     | 5,155,826  | 190,763           | 171,327           |
| Ocean Business No.2 Ship Investment Company   | 14,541,761        | 14,527,207  | 14,554     | 387,615           | 14,454            |
| Ocean Business No.3 Ship Investment Company   | 22,774,602        | 22,887,682  | (113,080)  | 714,717           | (113,180)         |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

1. **Summary of the Reporting Entity, continued**

|  | December 31, 2022 |             |            |                   |                   |
|--|-------------------|-------------|------------|-------------------|-------------------|
|  | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| KSF No.1 Investment Company  | ₩ 7,361,983       | 7,385,961   | (23,978)   | 402,430           | (24,734)          |
| KSF No.2 Investment Company  | 23,370,366        | 23,638,840  | (268,474)  | 1,005,347         | (269,233)         |
| KSF No.7 Investment Company  | 21,273,589        | 21,612,538  | (338,949)  | 705,407           | (339,700)         |
| KSF No.8 Investment Company  | 8,900,628         | 8,920,221   | (19,593)   | 349,314           | (12,339)          |
| KSF No.9 Investment Company  | 31,972,753        | 31,971,324  | 1,429      | 986,959           | 436               |
| KSF No.10 Investment Company   | 12,489,387        | 12,491,688  | (2,301)    | 446,258           | (3,090)           |
| KSF No.11 Investment Company   | 14,701,233        | 14,737,185  | (35,952)   | 480,068           | (36,784)          |
| KSF No.12 Investment Company   | 13,738,301        | 13,789,020  | (50,719)   | 451,651           | (51,547)          |
| KSF No.14 Investment Company   | 12,373,067        | 12,378,949  | (5,882)    | 421,250           | (6,722)           |
| KSF No.15 Investment Company   | 34,271,098        | 34,403,338  | (132,240)  | 2,146,440         | (130,194)         |
| KSF No.16 Investment Company   | 10,117,832        | 10,228,782  | (110,950)  | 439,196           | (111,700)         |
| KSF No.17 Investment Company   | 20,469,552        | 20,692,854  | (223,302)  | 544,730           | (224,052)         |
| KSF No.19 Investment Company   | 5,806,850         | 5,806,018   | 832        | 143,671           | 83                |
| KSF No.20 Investment Company   | 17,325,389        | 17,411,657  | (86,268)   | 461,763           | (87,018)          |
| KSF No.21 Investment Company   | 62,229,889        | 62,670,510  | (440,621)  | 1,896,671         | (441,367)         |
| KSF No.22 Investment Company   | 30,713,422        | 30,716,166  | (2,744)    | 180,089           | (3,494)           |
| KSF No.23 Investment Company   | 13,295,099        | 13,350,222  | (55,123)   | 98,288            | (55,873)          |
| International No.28 Investment Company   | 31,623,439        | 31,996,261  | (372,822)  | 1,143,565         | (783,166)         |
| International No.30 Investment Company   | 6,200,405         | 6,197,335   | 3,070      | 228,796           | (5,332)           |
| International No.32 Investment Company   | 6,131,787         | 6,134,706   | (2,919)    | 227,986           | 11,338            |
| International No.34 Investment Company   | 6,328,388         | 6,505,671   | (177,283)  | 218,424           | (177,383)         |
| International No.35 Investment Company   | 17,562,698        | 17,614,052  | (51,354)   | 160,522           | (51,454)          |
| Ocean New Building No. 1 Ship Investment Company                                 | 25,873,436        | 25,910,021  | (36,585)   | 367,673           | (27,975)          |
| Ocean New Building No. 2 Ship Investment Company                                 | 25,805,442        | 25,832,286  | (26,844)   | 349,477           | (26,944)          |
| GMF No.1 Ship Investment Company   | 20,057,804        | 20,057,777  | 27         | 799,103           | (7,536)           |
| GMF No.2 Ship Investment Company   | 19,028,219        | 19,112,652  | (84,433)   | 649,570           | (57,241)          |
| GMF No.3 Ship Investment Company   | 18,773,969        | 18,776,089  | (2,120)    | 548,363           | (2,140)           |
| GMF No.4 Ship Investment Company   | 76,502,723        | 77,219,698  | (716,975)  | 1,979,090         | (716,995)         |
| KOBC Container Leasing No. 1 Limited   | 179,521,446       | 170,372,556 | 9,148,890  | 20,039,037        | 1,948,174         |
| KOBC Container Leasing No. 2 Limited   | 192,036,406       | 167,810,451 | 24,225,955 | 17,078,208        | 308,894           |
| KOBC Container Leasing No. 3 Limited   | 202,442,352       | 201,034,509 | 1,407,843  | 12,222,267        | 2,995,439         |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 | 16,867,379        | 107,265     | 16,760,114 | 833,956           | 768,193           |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

**2. Basis of Preparation**

**(1) Application of accounting standards**

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”), as prescribed in the Act on External Audits of Corporations Article 5-1(1) in the Republic of Korea.

**(2) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Financial instruments measured at fair value.
- Liabilities for defined benefit plans, which are recognized as net of the total present value of defined benefit obligations less the fair value of plan assets.

**(3) Basis of consolidation**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. When the Group evaluates its control over another entity, it considers the potential voting rights held by itself as well as the potential voting rights held by the other party.

Consolidated financial statements summarize the assets, liabilities, capital, income, expense and cash flows of the parent and subsidiaries on the same basis and the carrying amount of the investment of each subsidiary in the parent and the equity of the parent in each subsidiary are offset, intra-group balances, income and expenses, unrealized gain and loss and dividends resulting from intra-group transactions are fully eliminated. The revenues and expenses of the subsidiaries are included in the consolidated financial statements from the Group obtains control of the subsidiaries until lose it.

The financial statements of the parent and subsidiaries used in preparing the consolidated financial statements have the same reporting period end date. If the end of the reporting date of the parent company and subsidiary differ from each other, the subsidiary shall prepare the additional financial statements in such a way that the parent company can consolidate the subsidiary's financial information. If the subsidiary cannot practically apply, the parent uses the most recent financial statements of the subsidiary that adjusted the effect of significant transactions or events. In any case, the difference between the financial statement date of the subsidiary and the consolidated financial statements date does not exceed three months, and the length of the reporting period and the differences in the financial statement dates apply equally to each period.

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

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

Changes in the parent company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners.

If the parent loses control of the subsidiary, the Group derecognizes the assets and liabilities of the former subsidiary in the consolidated statement of financial position and recognizes the remaining investment in the previous subsidiary as a fair value when the entity ceases to have control. Investments in and receivables from subsidiaries are accounted for in accordance with K-IFRS and recognize gains or losses related to loss of control attributable to previous controlling interests.

2. **Basis of Preparation, continued**

**(4) Functional and presentation currency**

These consolidated financial statements are presented in Korean won (“₩”), which is the Group’s functional currency and the currency of the primary economic environment in which the Group operates.

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

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

Estimates and assumptions are continually evaluated and any change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only.

**(i) Uncertainty of assumptions and estimation**

The following are the key sources of estimation and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Details are disclosed in Note 4:

- Fair value of financial instruments
- Assessment of impairment
- Defined benefit liabilities
- Income tax expense

**(ii) Measurement of fair value**

The Group primarily uses observable inputs in the market where available for the measurement of financial instruments. The fair value of the financial instruments is classified into the following three-level hierarchy based on the inputs used in valuation technique.

- Level 1: Unadjusted quoted prices from accessible active markets of same assets and liabilities on measuring date
- Level 2: Directly or indirectly observable inputs except quoted prices of level 1
- Level 3: Unobservable inputs

When various inputs used to measure the fair value of assets and liabilities, the Group classifies entire fair value as the same level of input that the lowest in the fair value hierarchy. And the Group recognizes transfers between levels at the end of reporting period when events or changes in circumstances causing the transfers between levels have occurred.

**(6) Approval of issuance of consolidated financial statements**

The Group’s consolidated financial statements were approved for issue by the board of directors on March 12, 2024. It is expected to be finally approved at the shareholders' meeting on March 28, 2024.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

**3. Significant Accounting Policies**

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below.

**(1) Cash and cash equivalents**

Investment assets whose original maturities is three months or less from the date of acquisition is classified as cash and cash equivalents. Equity securities are excluded from cash equivalents but are included in cash equivalents if the redemption date is fixed and the period from acquisition date to redemption date is short-term such as preferred stock.

**(2) Non-derivative assets**

The Group recognizes a financial asset or a financial liability in its statements of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, a financial asset is measured at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are recognized to profit or loss immediately.

A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting. A regular way purchase or sale is a contract that purchases or sells financial assets in accordance with the terms and conditions of the delivery of the financial instrument within generally established period by the regulations or practices in the relevant market.

**(i) *Effective interest method***

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument including all the fees and points paid to or received from parties to the contract that are an integral part of the effective interest rate, including transaction costs, and all other premiums or discounts.

Interest income of debt instruments is recognized in the effective interest method except when the debt instruments are classified as financial assets measured at FVTPL.

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

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

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

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

3. **Significant Accounting Policies, continued**

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

The Group classifies financial assets as financial assets at fair value through other comprehensive income if they meet the following conditions: 1) debt instruments that are a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and consistent with representing solely payments of principal and interest on the principal amount outstanding or 2) equity instruments, not held for trading with the objective of generating a profit from short-term fluctuations in price or dealer's margin, designated as financial assets at fair value through other comprehensive income. After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gain and loss from changes in fair value, other than dividend income and interest income amortized using effective interest method and exchange differences arising on monetary items which are recognized directly in income as interest income or expense, are recognized as other comprehensive income in equity.

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

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

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

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

The Group defers LOF/LOCs associated with originating loans and LOCs that have future economic benefits. Loan balances are reported net of these LOF/LOCs. The deferred LOF/LOCs are amortized based on the effective interest rate method with the amortization recognized as adjustments to interest income.

***(v) Expected credit loss of financial assets***

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

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

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

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

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

**3. Significant Accounting Policies, continued**

The approach requires expected lifetime losses to be recognized from initial recognition of the financial assets. Under credit-impaired approach, the Group shall only recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

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

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

a) Considering forward-looking information

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

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

Forward looking information used in calculation of expected credit loss is derived after comprehensive consideration of a variety of factors including worst-case scenario and others.

b) Measuring expected credit losses on financial assets at amortized cost

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

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

① Individual assessment of impairment

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

② Collective assessment of impairment

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

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



3. **Significant Accounting Policies, continued**

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

***(vi) Derecognition of financial assets***

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

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

When the entire financial asset is derecognized, the difference between the total amount received, cumulative gain or loss previously recognized in other comprehensive income and the carrying amount of the asset is recognized in profit or loss.

Unless the entire amount of the financial asset is derecognized, the Group allocates the existing carrying amount of the financial asset to the part that is continuously recognized and no longer recognized, according to the extent of continuing involvement, based on the relative fair value of each part as of the transfer date. The difference between the amount received and the cumulative gain or loss recognized in other comprehensive income allocated to the portion removed, and the carrying amount allocated to the portion that is no longer recognized is recognized in profit or loss. Cumulative gain or loss recognized in other comprehensive income is allocated to the portion that is recognized continuously and no longer recognized based on the relative fair value of each portion.

***(vii) Offsetting***

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

**3. Significant Accounting Policies, continued**

**(3) Investments in associates**

Investments in associates are accounted using the equity method, except where the investments are classified as held for sale.

Associates are companies in which the Group has control or significant influence. When evaluating whether the Group has control or significant influence, the Group consider the existence and impact of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities.

The equity method report investments in associates at cost initially, and the Group's share of the changes in net assets of the investees after acquisition is added or subtracted to the investment assets. The Group's profit or loss includes the amount of the investor's portion of the net profit or loss of the investee. The other comprehensive income includes the amount of the investor's portion of the other comprehensive income of the investee.

Among the difference between the cost of the investment and the fair value of the identifiable assets and liabilities of the investee, the goodwill related to the subsidiary and the associate is included in the carrying amount of the investment and is not amortized. The portion of the net fair value of the identifiable assets and liabilities of the investee that exceeds the cost of the investment is included in the income when determining the portion of the net profit or loss of the subsidiary and associate in the period in which the investment is acquire. And accounting is conducted to adjust the Group's portion of net profit or loss of the associates after the acquisition.

The Group recognizes gains and losses only not related to the portion of associates in 'upward' or 'downward' transactions between the Group and its associates.

If the end of the reporting period of the subsidiaries and affiliates used for the application of the equity method is different from the end of the reporting period of the Group's financial statements, the effect of significant transactions or events between the reporting date of the Group's financial statements and the reporting date of the associates' financial statements is applied. In this case, the difference between the end of the period is less than three months, the difference between the length of the reporting period and the ending date of the reporting period is applied equally.

The Group adopts the same accounting policies for the same transactions and events that occur under similar circumstances. If the associates do not use the same accounting policies as the Group's for the same transactions and events in similar circumstances, the Group adjust the accounting policies of its associates as consistent with its when the Group uses the financial statements of associates in order to apply the equity method.

If the Group's portion of losses from associates is greater than or equal to the investment in associates, the Group ceases to recognize losses in excess of investment. Investments in associates are sum of carrying amount of investment for associates determined using equity method and long-term investment that practically constitute the net investment in the associates. After the Group's equity is reduced to zero, if the Group has a legal or constructive obligation or is required to make payments on behalf of its associates the Group only recognizes losses and liabilities up to that amount. If the subsidiary and associates report profits in the future, the Group resumes recognition of its interest in the share but recognizes only the excess of the unrecognized losses.

The Group applies K-IFRS 1028 'Investments in Associates and Joint Ventures' to determine whether it is necessary to recognize additional impairment losses on the net investment in associates. Goodwill, which is a part of the carrying amount of investments in associates, is not separately recognized and therefore is not tested for impairment. Instead, whenever an indication of impairment exists, the carrying amount of the investment is tested for impairment as a single asset by comparing to recoverable amount (the greater amount between net fair value and usage value). Impairment losses recognized in these circumstances are not allocated to any assets (including goodwill) that constitute the carrying amount of the associates, and all reversal of the impairment loss are recognized as the recoverable amount of these investments increases subsequently.

**3. Significant Accounting Policies, continued**

The Group ceases the use of the equity method from the date that the investment does not meet the definition of associates. If the remaining equity in the former subsidiary and associate is a financial asset, the residual equity is measured at fair value. The difference between fair value of the remaining equity, fair value of the consideration received as a result of a partial disposal of the equity in associates and difference in carrying amount of investment assets when the equity method is discontinued is recognized in profit or loss. When the equity method is discontinued, the Group accounts for all amounts recognized in other comprehensive income in the same manner as the investee directly disposed the related asset or liability.

**(4) Lease**

**(i) Lessee accounting**

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

① Right-of-use asset

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

② Lease liabilities

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

When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Group uses the Group's incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made.

Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in lease;
- Changes in in-substance fixed payments;
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised; or
- Changes in lease term.

③ Leases of low-value assets and short-term leases

The Group applies the recognition exemption for leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less). In these cases, lease payments are charged to profit or loss on a straight-line basis over the period of lease.

3. **Significant Accounting Policies, continued**

**(ii) Lessor accounting**

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

① Finance lease

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

② Operating lease

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

| Type               | Useful lives (years) | Depreciation method  |
|--------------------|----------------------|----------------------|
| Ship               | 3 ~ 8                | Straight-line method |
| Shipping container | 15                   | Straight-line method |

**(5) Property and equipment**

Property and equipment are initially measured at cost. The cost of a property and equipment includes costs that are directly attributable to the location and condition necessary to operate the asset in an intended manner by management, and costs that are estimated to be necessary to dismantle, remove, or recover the property.

The Group's property and equipment are recognised at the carrying amount at historical costs less accumulated depreciation and accumulated impairment in value.

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

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

Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in non-operating income (expense) in the statements of comprehensive income.

Useful lives of property and equipment are as follows:

| Type      | Useful lives (years) |
|-----------|----------------------|
| Building  | 40                   |
| Equipment | 5                    |
| Others    | 5                    |

The Group assesses residual value, economic life and depreciation method of its assets at each reporting date and adjusts these as change of estimates when necessary.

3. **Significant Accounting Policies, continued**

**(6) Investment property**

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to the amount of residual value less acquisition cost over estimated useful lives of 40 years.

The Group assesses residual value, economic life and depreciation method of its assets at each reporting date and adjusts these as change of estimates when necessary.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statements of comprehensive income in the period of de-recognition.

**(7) Intangible assets**

Intangible assets are recognised at the acquisition cost, and subsequently, the cost less accumulated depreciation and accumulated impairment is recognised as the carrying amount.

Amortization of intangible assets is calculated using the straight-line method over estimated useful lives of 4 years from when available. Residual value of intangible assets is zero ("0").

In case of intangible assets with finite lives, the Group assesses economic life and amortization method at each reporting date. Furthermore, the Group reviews intangible assets with indefinite useful lives to determine whether it is appropriate to consider these assets to have indefinite useful lives. If in the case the Group concludes an asset is not qualified to be classified as non-finite, prospective measures are taken to consider such an asset as finite.

**(i) Research & Development**

Expenditures for the research or the research stage of internal project are recognized as an expense when incurred. Expenditure at the development stage is recognized as an intangible asset when the Group can present both the technical feasibility of completing the asset, the intent and ability of the Group to use or sell the asset, the availability of the necessary resources, the future economic benefits of the intangible asset and the associated expenditure is measured reliably. And other development expenditures are recognized as an expense when incurred.

**(ii) Subsequent costs**

Subsequent costs are recognised in the carrying amount of assets if the probabilities future economic benefits associated with the assets will flow into the Group and any other expenditures are recognized as an expense when incurred include internally generated goodwill and brand name.

3. **Significant Accounting Policies, continued**

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

The Group tests for any evidence of impairment in assets and reviews whether the impairment has taken place by estimating the recoverable amount, at the end of each reporting period.

The recoverable amount is estimated for each individual asset or, if the recoverable amount of an individual asset cannot be estimated, for each cash-generating unit to which the asset belongs. The recoverable amount is the greater of the value in use and the net fair value. The value in use is calculated by discounting the expected future cash flows expected to be generated by the asset or cash-generating unit with an appropriate discount rate reflecting the time value and the current market's assessment of the unique risk.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced and that amount is recognized immediately in profit or loss.

**(9) Non-derivative liabilities**

The Group recognizes a financial liability in its statements of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, a financial liability is measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. In the case of a financial liability at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability are recognized to profit or loss immediately.

The Group classifies financial liabilities as financial liabilities at fair value through profit or loss, or other liabilities.

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

Any non-Derivative liabilities classified as held for trading or designated as financial liabilities at fair value through profit or loss is categorized under financial liabilities at fair value through profit or loss.

Financial liabilities classified as held for trading are as follows:

- If it is issued for the purpose of repurchasing in the short term
- At initial recognition, there is evidence that the most recent actual operation is for short-term gain and liabilities are part of a portfolio of jointly managed financial instruments
- Derivatives that are designated as hedging instruments and are not effective for hedging

Financial liabilities other than classified as held for trading can be designated as financial liabilities at fair value through profit or loss at initial recognition. Details are as follows:

- If it is designated as an item of recognized profit or loss, it is possible to eliminate or significantly reduce discrepancies of measurement or recognition if not designated.
- A financial liability is a component of a financial instrument set (a set of financial assets, financial liabilities or a combination of financial assets and financial liabilities) in accordance with the Group's documented risk management or investment strategy, is managed and evaluated on a fair value basis, and providing that information internally.
- Financial liability is part of an agreement that includes one or more embedded derivatives and the entire hybrid contract is classified as financial liabilities at fair value through profit or loss in accordance with K-IFRS 1109 "Financial Instruments".

Financial liabilities at fair value through profit or loss is measured as fair value and gains and losses on valuation recognized in profit or loss. For the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, the Group present this change in other comprehensive income. Meanwhile, transaction costs that are directly attributable to the issue of the financial liability are recognized to profit or loss immediately.

**3. Significant Accounting Policies, continued**

***(ii) Other liabilities***

Other liabilities are recognised subsequently at amortized costs and interest expense is recognized using the EIR.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument including all the fees and points paid to or received from parties to the contract that are an integral part of the effective interest rate, including transaction costs, and all other premiums or discounts.

***(iii) Derecognition of financial liabilities***

Financial liabilities are derecognized from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between payment cost and carrying amounts of financial liabilities are recognized as profit or loss.

***(iv) Interest rate benchmark reform***

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform only if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Additional changes are then handled by applying existing accounting policies.

**(10) Financial guarantee contracts**

In financial guarantee contracts, the issuer (the Group) must pay a specific amount to compensate for losses incurred to the holder due to the failure to pay on the payment due date by a specific debtor according to the initial or changed contract terms of the debt instruments.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the greater of the following:

- Provision for loss calculated in accordance with the K-IFRS 1109
- Initial recognition amount after deducting accumulated profits recognized in accordance with K-IFRS 1115

**(11) Employee benefits**

***(i) Short-term employee benefits***

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

3. **Significant Accounting Policies, continued**

***(ii) Retirement benefits***

The Group operates both defined benefit plans and defined contribution plans.

- Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. If the net value of the defined benefit obligation less the fair value of the plan assets is an asset, then the Group recognizes its assets at the present value of the economic benefits available.

The remeasurement elements of the net defined benefit liability are actuarial gains and losses, income from plan assets excluding the amount included in the net interest of the net defined benefit liability, and changes in the asset recognition cap effect excluding the amount included in the net interest of the net defined benefit liability, and is immediately recognized in other comprehensive income. The Company determines the net interest on the net defined benefit liability (assets) by multiplying the net defined benefit liability (assets) by the discount rate determined at the beginning of the annual reporting period, and changes in the net defined benefit liability (assets) due to contribution payments and salary payments during the reporting period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When an amendment or reduction of plans, the gain or loss resulting from the change or decrease in the benefits to the past service is immediately recognized in profit or loss. The branch recognizes the gain or loss on settlement when the settlement of defined benefit plans occurs.

- Defined contribution plans

The Group pays a fixed amount of contributions to a separate fund and contributions are recognized as expenses when employees provide service.

**(12) Provisions**

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and when determining the Group considers the unavoidable risks and uncertainties of the related event and circumstances. If the time value effect is important, the provision is evaluated as the present value of the expenditure expected to fulfil the obligation, and the discount rate is the pre-tax rate reflecting the current market's assessment of the inherent risk and the time value of the money. The risks reflected in the discount rate do not reflect the risks considered when estimating future cash flows. If there is sufficient and objective evidence that a future event will occur that will affect the amount of expenditure required to meet the present obligation, the amount of the provision is estimated based on such future events and expected disposal gain is not considered.

If it is probable that a third party will repay part or all of the expenditure required to settle the obligation, the repayment amount will be recognized and accounted for as a separate asset only when it is almost certain that the obligation will be reimbursed and the amount recognized as an asset cannot exceed the related provision.

At the end of each reporting period, the Group reviews the balance of the provision, adjusts it to reflect the best estimate, and if the probability of outflow of resources having economic benefits is no longer high, the related provision is reversed. Provisions are only used for expenditures related to initial recognition.



3. **Significant Accounting Policies, continued**

**(13) Foreign exchange**

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

Foreign currency differences arising on translation and at the time of the settlement of monetary assets and liabilities are recognised in profit or loss. When gains and losses arising from non-monetary items are recognized as other comprehensive income, the effects of exchange rate fluctuations included in the gains and losses are also recognized as other comprehensive income, and when they are recognized as profit or loss, the effects of exchange rate fluctuations are also recognized as profit or loss.

**(14) Paid in capital**

Common stock is classified as equity. Incremental costs directly attributable to equity transactions are deducted from equity as a net amount reflecting tax effects.

**(15) Recognition of revenue and expenses**

***(i) Financial income and financial expenses***

Financial income includes interest income from investments including financial assets and gains or losses on disposal of financial assets. Interest income is recognized in profit or loss using the effective interest method. Financial expenses include interest expense on borrowings.

**(16) Income tax expense**

Income tax expense consists of current tax and deferred tax and is recognized in profit or loss except which is directly recognized in other comprehensive income, equity or arises from business combinations.

***(i) Current tax***

Current tax is calculated based on taxable income for the year. Taxable income differs from profit or loss in the statements of comprehensive income because it excludes income and loss items that are added or deducted in other taxation periods and items that are not tax deducted from income before income taxes. Current tax liabilities related to current tax are calculated using tax rates enacted or substantively enacted.

***(ii) Deferred income tax***

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of the related assets and liabilities at the end of the reporting period.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and the carrying amount of the deferred income tax asset is reduced when there is no longer sufficient taxable income to arise to cover the benefits of the deferred income tax asset.

Deferred income tax assets and liabilities are measured using tax rates that are expected to be applied to the periods in which the asset is realized or the liability is settled, based on tax legislation enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities are off-set only if the assets and liabilities relate to income tax levied by the same tax authority and the Group has a legally enforceable right to off-set the related current income tax assets and liabilities, and intend to settle on a net basis. If an additional income tax expense is recognized as a result of dividend payments, the Group recognizes income tax expense when liabilities related to the payment of dividends recognized.

3. **Significant Accounting Policies, continued**

**(17) Earnings per share**

The Group represents its basic earnings per common share in the separate statements of comprehensive income. Basic earnings per share (EPS) is calculated by dividing net profit attributable to shareholders of the Group by the weighted average number of common shares outstanding during the reporting period.

**(18) Business combination of entities under common control**

The assets and liabilities acquired under business combinations under common control are recognised at the carrying amounts recognised previously in the financial statement. The difference between consideration transferred and carrying amounts of net assets acquired is recognised as part of capital adjustments.

**(19) Non-current assets held for sale**

If the carrying amount of a non-current asset or disposal asset group is expected to be mainly recovered through a sale transaction rather than continued use, it is classified as an asset to be sold. These conditions are considered to be satisfied only when the asset (or disposal asset group) must be immediately available for sale in its current state and is highly likely to be sold.

The Group measures the smaller of the carrying amount and the net fair of the asset(or assets and liabilities) just before the initial classification of assets held for sale. If the net fair value of an asset whose impairment was recognized at the time of initial classification falls, the impairment loss is immediately recognized as profit or loss, and if the net fair value increases, it is recognized as profit or loss by limiting the accumulated amount of impairment loss previously recognized. If a non-current asset is classified as an asset held for sale or part of a group of disposed assets, the asset is not amortized.

**(20) Hedge accounting**

Derivatives are initially recognized as fair value at the time of sign of the derivatives contract and are subsequently remeasured to fair value. Changes in the fair value of derivatives are accounted for differently depending on whether the derivatives are designated as hedging instruments and the character of the hedging instrument.

The Group designates the following hedging instruments for hedging relationship.

- Hedges against changes in fair value of recognised assets or liabilities or firm commitment (Fair value hedge)
- Hedges against changes in cash flows from recognised assets or liabilities or highly likely expected transactions (Cashflow hedge)
- Hedges of a Net Investment in a Foreign Operation (net investment risk hedge)

The Group documents the economic relationship between the hedging instrument and the hedged item, including whether the hedging instrument is expected to offset changes in the hedged item's cashflow at the time of the hedging commencement. In addition, the Group documents the purposes and strategies of risk management for carrying out hedging transactions.

- Fair value hedge

Changes in the fair value of derivatives designated as fair value hedge and that meet the applicable requirements are recognized in profit or loss, and changes in the fair value of the hedged item due to the hedging risk are also recognized in profit or loss. Both changes in the fair value of the hedging instrument and the hedged item due to the hedging risk are recognized in the statement of comprehensive income in profit or loss. Fair value hedging accounting is suspended if the entity no longer specifies a hedging relationship or if the hedging instrument is extinguished, sold, liquidated or exercised, or if it no longer meets the requirements for fair value hedge. The adjustment of the carrying amount of the hedged item due to the hedging risk is amortized from the date the hedging account is suspended and recognized as profit or loss.

**3. Significant Accounting Policies, continued**

- Cashflow hedge

Among changes in the fair value of derivatives that meet the application requirements by designating them as cash flow hedge, the effective part is recognized in other comprehensive income, and the ineffective part is recognized in the statement of comprehensive income immediately in profit or loss. The accumulated amount in the other comprehensive income is recognized in the statement of comprehensive income through profit or loss during the period in which the hedging entity's profit or loss is affected (e.g., at the time of occurrence of expected sales subject to hedging). If the hedging instrument is extinguished or sold, or if it no longer meets the application requirements of hedge accounting, Accumulated valuation gains and losses recognized in other comprehensive income are recognised in other comprehensive income accruals and are recognised in profit or loss when the expected transaction is recognised in the statement of comprehensive income. If the expected transaction is no longer expected, the accumulated gains or losses recognized in capital are immediately recognized in the statement of comprehensive income through profit or loss.

**(21) Changes of accounting policies and disclosure**

1) New and amended standards and interpretations adopted

The Group newly applied the following amended and enacted standards and interpretations for the annual period beginning on January 1, 2023. The nature and the impact of each new standard or amendment are described below:

i) K-IFRS 1001 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Judgement on materiality' revision – Accounting policy disclosure

IFRS Practice Statement 2 has been amended to define and disclose important accounting policies and provide guidelines for appliance the concept of importance. There is no significant impact on the consolidated financial statements due to this amendment.

ii) K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Error' – The Definition of Accounting estimates

This amendment defines accounting estimates and clarifies how they are distinguished from accounting changes. The impact on the consolidated financial statements is not significant due to this amendment.

iii) K-IFRS 1001 'Presentation of Financial Statements' - Disclosure of valuation gains or losses on financial liabilities subject to adjustment of exercise price

If all or part of a financial instrument subject to the adjustment of the exercise price in response to changes in the issuer's stock price is classified as a financial liability in accordance with paragraph (2) of K-IFRS 1032, paragraph 11 'Financial Instruments: Presentation', the amendment requires to disclose the valuation gains or losses incurred in the reporting period (limited to cases included in the current gains or losses).

iv) K-IFRS 1012 'Income Taxes' - Deferred Tax arising from a single transaction

This amendment adds to the requirement for an initial recognition exception of a transaction in which an asset or liability is recognized for the first time, a transaction that does not produce the same temporary difference to be added or deducted at the time of the transaction. There is no significant impact on the consolidated financial statements due to the amendment.

3. **Significant Accounting Policies, continued**

v) K-IFRS 1117 'Insurance Contracts' Enactment

K-IFRS 1117 'Insurance Contracts' replace K-IFRS 1104 'Insurance Contracts'. This enactment measures insurance liabilities by estimating all cash flows from insurance contracts, using discount rates reflecting assumptions and risks at the time of reporting, and recognizes income as accrual by reflecting the services (insurance) provided to the contractor for each fiscal year. In addition, investment factors (cancellation/expiration refund) paid to policyholders regardless of insurance cases are excluded from insurance income, and gains and losses on investment are displayed separately to enable information users to identify the source of profit or loss. This amendment has no significant impact on the consolidated financial statements.

vi) K-IFRS 1012 'Income tax' amendment - global minimum tax

The amendments include a mandatory provision that temporarily exempts deferred tax accounting for the global minimum tax and require additional disclosure of the firm's exposure information for Pillar 2 corporate taxes.

The Group applies a temporary relaxation of obligations on accounting for deferred tax due to the impact of the global minimum tax and accounts for it as corporate tax for the current period when it occurs. However, there is no current corporate tax effect for the current period as Korea's global minimum tax-related tax law takes effect on January 1, 2024. In addition, there is no enough information at the moment, so there is limit to estimating the monetary impact of the global minimum tax.

2) New standards and interpretations issued but not effective

As of the end of the reporting period, the date of implementation has not arrived, and the revised K-IFRS and interpretation statement that the Group did not apply early are as follows.

The Group did not early apply the following amendments and interpretations and is not expected to have a significant impact on the amount recognized in the Group's consolidated financial statements.

i) K-IFRS 1001 'Presentation of Financial Statements' amendment - Current/Non-current classification of liabilities  
This amendment was published in 2020 to clarify the requirements for the classification of liabilities' liquidity. The amendments will take effect in the fiscal year beginning on January 1, 2024 for the first time. The Group cannot determine the impact of the application of the amendments and is monitoring the revision process.

ii) The following amendments are not considered to have a material impact on the Group.

- Supplier Financial Agreements (K-IFRS 1007 'Statement of Cash Flows' and K-IFRS 1107 'Financial Instruments: Disclosure')
- Lease liabilities arising from sale and leaseback transactions (K-IFRS 1116 'Lease')
- Lack of exchangeability (K-IFRS 1021 'The effects of Changes in foreign Exchange Rates')

**4. Use of estimates and judgments**

The following are the key assumptions at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

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

The fair value of financial instruments which are not traded in active market is estimated by a valuation technique in principle requiring management's assumption on the expected future cash flows and discount rate. Based on major present market condition, the Group decides assumptions to apply and adapts various valuation techniques. Diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

**(2) Impairment assessment**

The Group assesses impairment on the basis of individual assessment or collective assessment and reflects the impairment on carrying amounts. Accuracy of provisions for credit losses is dependent upon estimation of expected cash flows of the borrower for individually assessed allowances of loans, and upon assumptions and methodology used for collectively assessed allowances for groups of loans.

**(3) Defined benefit liabilities**

The Group operates a defined benefit plan. Defined benefit liability is calculated by annual actuarial valuations as of the reporting date. The present value of the defined benefit obligation can vary depending on various factors that are determined by actuarial methods. The assumptions used to determine the defined benefit obligation include the discount rate and any changes in these assumptions will affect the carrying amount of the defined benefit obligation. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be incurred in settlement of the defined benefit obligation.

**(4) Income tax**

The Group have a number of different types of transactions and calculations that will uncertain the final tax value in the normal business. The Group recognized the future tax effects of current operations as the current and deferred tax. However, the ultimate income tax may not be consistent with the recognized assets and liabilities. Such differences may affect the current and deferred income tax assets and liabilities when the final tax effect is finalized.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

5. **Cash and Due from Banks**

Cash and due from banks as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                       | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| Due from banks in Korean won:         |                          |                          |
| Demand deposits                       | ₩ 108,994,335            | 314,637,544              |
| Time deposits                         | 365,990,952              | 523,695,921              |
| Other deposits                        | 190,649,306              | 803,036                  |
|                                       | <u>665,634,593</u>       | <u>839,136,501</u>       |
| Due from banks in foreign currencies: |                          |                          |
| Demand deposits                       | 211,679,832              | 127,380,015              |
| Time deposits                         | 150,827,992              | 18,930,698               |
| Other deposits                        | 5,557,280                | 5,453,955                |
|                                       | <u>368,065,104</u>       | <u>151,764,668</u>       |
|                                       | <u>₩ 1,033,699,697</u>   | <u>990,901,169</u>       |

(2) Restricted due from banks as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                 | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> | <u>Financial<br/>institution</u>          | <u>Reason for restriction</u>                                     |
|-----------------|------------------------------|------------------------------|---|---|
| Demand deposits | ₩ 46,588,521                 | 26,979,666                   | Busan Bank and<br>others                  | Cooperative fund for<br>low-interest loans, pledged<br>and others |
| Time deposits   | 126,640,258                  | 143,883,610                  | Industrial Bank<br>of Korea and<br>others | Cooperative fund for<br>low-interest loans, pledged<br>and others |
|                 | <u>₩ 173,228,779</u>         | <u>170,863,276</u>           |   |   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets**

(1) Financial assets measured at FVTPL

1) Financial assets measured at FVTPL as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                  | December 31, 2023 |               |
|----------------------------------|-------------------|---------------|
|                                  | Carrying amounts  | Fair value    |
| Corporate bonds                  | ₩ 6,593,063       | 6,593,063     |
| Privately placed corporate bonds | 483,934,833       | 483,934,833   |
| Equity instruments               | 3,286,571,133     | 3,286,571,133 |
| Beneficiary certificates         | 44,451,473        | 44,451,473    |
|                                  | ₩ 3,821,550,502   | 3,821,550,502 |

|                                  | December 31, 2022 |               |
|----------------------------------|-------------------|---------------|
|                                  | Carrying amounts  | Fair value    |
| Corporate bonds                  | ₩ 6,416,375       | 6,416,375     |
| Privately placed corporate bonds | 61,559,137        | 61,559,137    |
| Equity instruments               | 5,233,567,860     | 5,233,567,860 |
| Beneficiary certificates         | 38,163,398        | 38,163,398    |
|                                  | ₩ 5,339,706,770   | 5,339,706,770 |

2) Details of equity instruments as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023 |                  |                  |               |               |                  |
|--|-------------------|------------------|------------------|---------------|---------------|------------------|
|  | Interest rate     | Issuing date     | Maturity date    | Par value     | Fair value    | Carrying amounts |
| HMM Co., Ltd. convertible bond No. 194 (*) | 3.00%             | May 24, 2019     | May 24, 2049     | ₩ 50,000,000  | 195,713,244   | 195,713,244      |
| HMM Co., Ltd. convertible bond No. 195 (*) | 3.00%             | June 27, 2019    | June 27, 2049    | 100,000,000   | 391,688,733   | 391,688,733      |
| HMM Co., Ltd. convertible bond No. 196 (*) | 3.00%             | October 28, 2019 | October 28, 2049 | 330,000,000   | 1,290,995,676 | 1,290,995,676    |
| HMM Co., Ltd. convertible bond No. 197 (*) | 3.00%             | April 23, 2020   | April 23, 2050   | 360,000,000   | 1,408,173,480 | 1,408,173,480    |
|  |                   |                  |                  | ₩ 840,000,000 | 3,286,571,133 | 3,286,571,133    |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

(\*) Details of convertible bonds are as follows:

|  | Convertible right   | Call option of issuer   | Interest rate / Maturity date   |
|--|---|---|---|
| HMM Co., Ltd.<br>convertible bond<br>No. 194 | - Conversion period: May 24, 2020 ~ April 24, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares         | - Early redemption period: once every three months from May 24, 2024<br>- Early redemption price: per 10 billion won or principal     |   |
| HMM Co., Ltd.<br>convertible bond<br>No. 195 | - Conversion period: June 28, 2020 ~ May 26, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares          | - Early redemption period: once every three months from June 27, 2024<br>- Early redemption price: per 10 billion won or principal    | The interest rate of 3% is applied during five years from the issuing date and after that will be adjusted. The maturity date could be extended by the issuer's decision. |
| HMM Co., Ltd.<br>convertible bond<br>No. 196 | - Conversion period: October 29, 2020 ~ September 27, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 28, 2024<br>- Early redemption price: per 10 billion won or principal |   |
| HMM Co., Ltd.<br>convertible bond<br>No. 197 | - Conversion period: April 24, 2021 ~ March 22, 2050<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares       | - Early redemption period: once every three months from April 23, 2025<br>- Early redemption price: per 10 billion won or principal   |   |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

|   | December 31, 2022 |                  |                  |   |                      |                      |                      |
|---|-------------------|------------------|------------------|---|----------------------|----------------------|----------------------|
|   | Interest rate     | Issuing date     | Maturity date    |   | Par value            | Fair value           | Carrying amounts     |
| HMM Co., Ltd. convertible bond No. 192 (*)  | 3.00%             | October 25, 2018 | October 25, 2048 | ₩ | 200,000,000          | 781,030,430          | 781,030,430          |
| HMM Co., Ltd. bond with warrant No. 193 (*) | 3.00%             | October 25, 2018 | October 25, 2048 |   | 300,000,000          | 1,171,545,645        | 1,171,545,645        |
| HMM Co., Ltd. convertible bond No. 194 (*)  | 3.00%             | May 24, 2019     | May 24, 2049     |   | 50,000,000           | 195,380,895          | 195,380,895          |
| HMM Co., Ltd. convertible bond No. 195 (*)  | 3.00%             | June 27, 2019    | June 27, 2049    |   | 100,000,000          | 391,033,023          | 391,033,023          |
| HMM Co., Ltd. convertible bond No. 196 (*)  | 3.00%             | October 28, 2019 | October 28, 2049 |   | 330,000,000          | 1,288,781,911        | 1,288,781,911        |
| HMM Co., Ltd. convertible bond No. 197 (*)  | 3.00%             | April 23, 2020   | April 23, 2050   |   | 360,000,000          | 1,405,795,956        | 1,405,795,956        |
|   |                   |                  |                  | ₩ | <u>1,340,000,000</u> | <u>5,233,567,860</u> | <u>5,233,567,860</u> |

(\*) Details of convertible bonds and bond with warrants are as follows:

|   | Convertible right (or warrant)  | Call option of issuer  | Interest rate / Maturity date   |
|---|---|--|---|
| HMM Co., Ltd. convertible bond No. 192  | - Conversion period: October 25, 2019 ~ September 25, 2048<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 25, 2023<br>- Early redemption price: or per 10 billion won or principal |   |
| HMM Co., Ltd. bond with warrant No. 193 | - Exercise period: October 25, 2019 ~ September 25, 2048<br>- Exercise price: 5,000 won<br>- Exercise ratio: par value / adjusted exercise price on exercise date<br>- Underlying shares: HMM Co., Ltd. ordinary shares           |  |   |
| HMM Co., Ltd. convertible bond No. 194  | - Conversion period: May 24, 2020 ~ April 24, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares         | - Early redemption period: once every three months from May 24, 2024<br>- Early redemption price: per 10 billion won or principal        | The interest rate of 3% is applied during five years from the issuing date and after that will be adjusted. The maturity date could be extended by the issuer's decision. |
| HMM Co., Ltd. convertible bond No. 195  | - Conversion period: June 28, 2020 ~ May 26, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares          | - Early redemption period: once every three months from June 27, 2024<br>- Early redemption price: per 10 billion won or principal       |   |
| HMM Co., Ltd. convertible bond No. 196  | - Conversion period: October 29, 2020 ~ September 27, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 28, 2024<br>- Early redemption price: per 10 billion won or principal    |   |
| HMM Co., Ltd. convertible bond No. 197  | - Conversion period: April 24, 2021 ~ March 22, 2050<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares       | - Early redemption period: once every three months from April 23, 2025<br>- Early redemption price: per 10 billion won or principal      |   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

(2) Financial assets measured at FVOCI

1) Financial assets measured at FVOCI as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                    | December 31, 2023 |               |
|--------------------|-------------------|---------------|
|                    | Carrying amounts  | Fair value    |
| Stocks             | ₩ 1,350,278,863   | 1,350,278,863 |
| Equity instruments | 48,626,037        | 48,626,037    |
|                    | ₩ 1,398,904,900   | 1,398,904,900 |

|                    | December 31, 2022 |               |
|--------------------|-------------------|---------------|
|                    | Carrying amounts  | Fair value    |
| Stocks             | ₩ 1,350,278,863   | 1,350,278,863 |
| Equity instruments | 51,453,415        | 51,453,415    |
|                    | ₩ 1,401,732,278   | 1,401,732,278 |

2) Stocks and equity instruments as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Busan Port Authority                                       | ₩ 541,038,327     | 541,038,327       |
| Ulsan Port Authority                                       | 117,315,415       | 117,315,415       |
| Incheon Port Authority                                     | 490,839,177       | 490,839,177       |
| Yeosu Gwangyang Port Authority                             | 200,807,081       | 200,807,081       |
| Polaris Shipping Co., Ltd.<br>(perpetual convertible bond) | 48,626,037        | 51,453,415        |
| KM CARGO SERVICES SDN.BHD                                  | 278,863           | 278,863           |
|  | ₩ 1,398,904,900   | 1,401,732,278     |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

(3) Financial assets measured at amortized cost

1) Financial assets measured at amortized cost as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                   | December 31, 2023 |               |
|-----------------------------------|-------------------|---------------|
|                                   | Carrying amounts  | Fair value    |
| Employee loans                    | ₩ 88,518          | 82,855        |
| Less: Allowance for credit losses | (5,663)           |               |
|                                   | 82,855            | 82,855        |
| Financial loans                   | 20,000,000        | 19,995,500    |
| Less: Allowance for credit losses | (4,500)           |               |
|                                   | 19,995,500        | 19,995,500    |
| Ship financing receivables        | 984,053,650       | 981,016,896   |
| Less: Allowance for credit losses | (3,036,754)       |               |
|                                   | 981,016,896       | 981,016,896   |
| Corporate bonds                   | 88,653,500        | 88,536,192    |
| Less: Allowance for credit losses | (117,308)         |               |
|                                   | 88,536,192        | 88,536,192    |
| ₩                                 | 1,089,631,443     | 1,089,631,443 |
|                                   | December 31, 2022 |               |
|                                   | Carrying amounts  | Fair value    |
| Employee loans                    | ₩ 40,000          | 39,991        |
| Less: Allowance for credit losses | (9)               |               |
|                                   | 39,991            | 39,991        |
| Ship financing receivables        | 695,184,115       | 689,529,593   |
| Less: Allowance for credit losses | (5,654,522)       |               |
|                                   | 689,529,593       | 689,529,593   |
| Corporate bonds                   | 95,575,000        | 95,351,446    |
| Less: Allowance for credit losses | (223,554)         |               |
|                                   | 95,351,446        | 95,351,446    |
| ₩                                 | 784,921,030       | 784,921,030   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

2) Changes in allowance for loan losses for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023                                |                               |                     |             |
|--|-------------------------------------|-------------------------------|---------------------|-------------|
|  | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total       |
|  |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |             |
| Beginning balance                            | ₩ 3,601,613                         | -                             | 2,276,472           | 5,878,085   |
| Changes in beginning balance:                |                                     |                               |                     |             |
| Transfer to 12-month expected<br>credit loss | 2,276,472                           | -                             | (2,276,472)         | -           |
| Reversal of credit losses                    | (2,713,860)                         | -                             | -                   | (2,713,860) |
| Ending balance                               | ₩ 3,164,225                         | -                             | -                   | 3,164,225   |

|                           | 2022                                |                               |                     |             |
|---------------------------|-------------------------------------|-------------------------------|---------------------|-------------|
|                           | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total       |
|                           |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |             |
| Beginning balance         | ₩ 4,516,688                         | -                             | 4,437,433           | 8,954,121   |
| Reversal of credit losses | (895,964)                           | -                             | (2,160,961)         | (3,056,925) |
| Others                    | (19,111)                            | -                             | -                   | (19,111)    |
| Ending balance            | ₩ 3,601,613                         | -                             | 2,276,472           | 5,878,085   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

3) Changes in exposures of credit risk related to financial assets measured at amortized cost for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|  | 2023                                |                               |                     |               |
|--|-------------------------------------|-------------------------------|---------------------|---------------|
|  | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total         |
|  |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |               |
| Beginning balance                            | ₩ 777,342,445                       | -                             | 13,456,670          | 790,799,115   |
| Changes in beginning balance:                |                                     |                               |                     |               |
| Transfer to 12-month expected<br>credit loss | 13,456,670                          | -                             | (13,456,670)        | -             |
| Acquisition                                  | 534,747,810                         | -                             | -                   | 534,747,810   |
| Redemption                                   | (230,480,393)                       | -                             | -                   | (231,480,393) |
| Foreign currency translation                 | (1,270,864)                         | -                             | -                   | (1,270,864)   |
| Ending balance                               | ₩ 1,092,795,668                     | -                             | -                   | 1,092,795,668 |
|  |                                     |                               |                     |               |
|  | 2022                                |                               |                     |               |
|  | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total         |
|  |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |               |
| Beginning balance                            | ₩ 1,265,938,409                     | 86,734,412                    | 34,595,715          | 1,387,268,536 |
| Changes in beginning balance:                |                                     |                               |                     |               |
| Transfer to 12-month expected<br>credit loss | 38,318,303                          | (38,318,303)                  | -                   | -             |
| Acquisition                                  | 268,686,610                         | -                             | 3,762,193           | 272,448,803   |
| Redemption                                   | (796,591,901)                       | (48,416,109)                  | (24,901,238)        | (869,909,248) |
| Foreign currency translation                 | 1,289,770                           | -                             | -                   | 1,289,770     |
| Others                                       | (298,746)                           | -                             | -                   | (298,746)     |
| Ending balance                               | ₩ 777,342,445                       | -                             | 13,456,670          | 790,799,115   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

6. **Financial Assets, continued**

(4) Derivative assets

The derivative assets for hedging as of December 31, 2023 and 2022, are as follows (USD, in thousands of won):

|                                  | <u>Notional amount</u> |   | <u>Carrying amount<br/>(Fair value)</u> | <u>Valuation gain (loss)<br/>(*)</u> |
|----------------------------------|------------------------|---|---|--------------------------------------|
| Interest rate swaps              | USD 159,073,581        | ₩ | 12,939,620                              | (5,409,758)                          |
| Credit risk valuation adjustment |                        |   | (3,883)                                 | 2,594                                |
|                                  |                        | ₩ | <u>12,935,737</u>                       | <u>(5,407,164)</u>                   |

(\*) The valuation gains (or losses) on the interest rate swap were recognized in other comprehensive income as the cash flow hedge accounting has been adopted.

|                                  | <u>Notional amount</u> |   | <u>Carrying amount<br/>(Fair value)</u> | <u>Valuation gain (loss)<br/>(*)</u> |
|----------------------------------|------------------------|---|---|--------------------------------------|
| Interest rate swaps              | USD 216,024,538        | ₩ | 18,349,378                              | 17,812,873                           |
| Credit risk valuation adjustment |                        |   | (6,476)                                 | (5,505)                              |
|                                  |                        | ₩ | <u>18,342,902</u>                       | <u>17,807,368</u>                    |

(\*) The valuation gains (or losses) on the interest rate swap were recognized in other comprehensive income as the cash flow hedge accounting has been adopted.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. **Investments in Associates**

(1) Investments in associates as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| HMM Co., Ltd.   | ₩ 3,861,865,127          | 2,268,598,005            |
| IGIS UNCT Infra Fund  | 46,216,679               | 57,778,228               |
| KIAMCO New Build Promotion Special Asset<br>Private Investment Trust No.1 | 20,168,876               | 19,407,182               |
| Multi Asset KDB&KOBC Green Ocean Private<br>Investment Trust No.1         | 47,566,519               | 10,932,644               |
| Multi Asset KDB&KOBC Green Ocean Private<br>Investment Trust No.2         | 26,712,550               | 26,253,716               |
| KIAMCO KDB&KOBC Green Ocean Private<br>Investment Trust No.3              | 16,339,985               | -                        |
| Multi Asset K-Container Box General Private<br>Investment Trust Fund No.1 | 39,871,203               | 3,203,463                |
| Multi Asset K-Container Box General Private<br>Investment Trust Fund No.2 | 1,510,716                | -                        |
| KIAMCO Shipping Investment Private Investment<br>Trust No.3               | 77,100,036               | 15,956,662               |
| KIAMCO Shipping Investment Private Investment<br>Trust No.4               | 77,218,667               | 20,171,190               |
| KIAMCO Shipping Investment Private Investment<br>Trust No.5               | 62,526,664               | 19,633,700               |
| Andover DULC Private Equity Investment Trust<br>No.1                      | 19,011,837               | -                        |
| Others  | 59                       | 64                       |
|   | ₩ <u>4,296,108,918</u>   | <u>2,441,934,854</u>     |

(2) The market value of marketable investments in associates as of December 31, 2023 and 2022 are as follows (In thousands of won):

|               | <u>December 31, 2023</u> |                         | <u>December 31, 2022</u> |                         |
|---------------|--------------------------|-------------------------|--------------------------|-------------------------|
|               | <u>Market value</u>      | <u>Carrying amounts</u> | <u>Market value</u>      | <u>Carrying amounts</u> |
| HMM Co., Ltd. | ₩ 3,868,829,019          | 3,861,865,127           | 1,907,901,293            | 2,268,598,005           |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. **Investments in Associates, continued**

(3) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023                 |                       |  |                                       |                      |                                     |                      |
|--|----------------------|-----------------------|--|---------------------------------------|----------------------|-------------------------------------|----------------------|
|  | Beginning balance    | Acquisition /disposal | Valuation gain (loss) on equity method | Impairment loss on equity method (*1) | Dividends            | Share of other comprehensive income | Ending balance       |
| HMM Co., Ltd. (*2)(*3) ₩   | 2,268,598,005        | 1,490,000,000         | 655,776,354                            | (448,360,055)                         | (117,109,031)        | 12,959,854                          | 3,861,865,127        |
| IGIS UNCT Infra Fund   | 57,778,228           | (11,313,182)          | 1,713,289                              | -                                     | (1,961,656)          | -                                   | 46,216,679           |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1 | 19,407,182           | 27,715                | 2,195,773                              | -                                     | (1,781,508)          | 319,714                             | 20,168,876           |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1         | 10,932,644           | 36,547,679            | 1,611,216                              | -                                     | (1,164,265)          | (360,755)                           | 47,566,519           |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2         | 26,253,716           | -                     | 2,269,610                              | -                                     | (2,260,253)          | 449,477                             | 26,712,550           |
| KIAMCO KDB&KOBC Green Ocean Private Investment Trust No.3              | -                    | 16,486,487            | 624,955                                | -                                     | (340,911)            | (430,546)                           | 16,339,985           |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 | 3,203,463            | 38,786,849            | (633,914)                              | -                                     | (950,978)            | (534,217)                           | 39,871,203           |
| Multi Asset K-Container Box General Private Investment Trust Fund No.2 | -                    | 1,593,215             | 18,660                                 | -                                     | (49,673)             | (51,486)                            | 1,510,716            |
| KIAMCO Shipping Investment Private Investment Trust No.3               | 15,956,662           | 60,711,226            | 3,375,900                              | -                                     | (2,090,643)          | (853,109)                           | 77,100,036           |
| KIAMCO Shipping Investment Private Investment Trust No.4               | 20,171,190           | 56,231,064            | 3,681,825                              | -                                     | (2,278,272)          | (587,140)                           | 77,218,667           |
| KIAMCO Shipping Investment Private Investment Trust No.5               | 19,633,700           | 42,584,449            | 3,111,865                              | -                                     | (2,013,890)          | (789,460)                           | 62,526,664           |
| Andover DULC Private Equity Investment Trust No.1                      | -                    | 19,000,000            | 464,399                                | -                                     | (452,562)            | -                                   | 19,011,837           |
| Others   | 64                   | 1                     | (6)                                    | -                                     | -                    | -                                   | 59                   |
| ₩  | <u>2,441,934,854</u> | <u>1,750,655,503</u>  | <u>674,209,926</u>                     | <u>(448,360,055)</u>                  | <u>(132,453,642)</u> | <u>10,122,332</u>                   | <u>4,296,108,918</u> |

(\*1) The Group investigated an impairment indicators in accordance with K-IFRS 1028 due to the continuous decline in the share price of its associate HMM Co., Ltd. and recognized the impairment loss by calculating the recoverable amount in accordance with K-IFRS 1036.

(\*2) The Group acquired an additional 100,000,000 common shares of HMM by exercising the convertible right included in HMM Co., Ltd. No. 192 convertible bonds and the warrant included in HMM Co., Ltd. No 193 bond with warrant.

(\*3) The Group was trying to sell 197,590,859 common shares of HMM Co., Ltd. through an open bidding method during the current period, but as negotiations with the final selected preferred bidder broke down, the shares were classified as investments in associates using equity method in the same way as in the previous year according to the company's accounting policy related to the criteria for classifying non-current assets held for sale.



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7. Investments in Associates, continued

|  | 2022              |                       |  |                                      |                         |              |                                     |                |
|--|-------------------|-----------------------|--|--------------------------------------|-------------------------|--------------|-------------------------------------|----------------|
|  | Beginning balance | Acquisition /disposal | Valuation gain (loss) on equity method | Impairment loss on equity method (*) | Gain (loss) on disposal | Dividends    | Share of other comprehensive income | Ending balance |
| HMM Co., Ltd.  | ₩ 3,243,092,060   | -                     | 1,701,951,909                          | (2,705,264,835)                      | -                       | (58,554,515) | 87,373,386                          | 2,268,598,005  |
| Yuanta HPNT PEF  | 62,760,003        | (61,400,000)          | 2,068,417                              | -                                    | (1,428,420)             | (2,000,000)  | -                                   | -              |
| IGIS UNCT Infra Fund   | -                 | 57,242,727            | 1,113,309                              | -                                    | -                       | (577,808)    | -                                   | 57,778,228     |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1 | -                 | 19,728,671            | 426,725                                | -                                    | -                       | (642,655)    | (105,559)                           | 19,407,182     |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1         | -                 | 11,758,447            | (242,440)                              | -                                    | -                       | (633,349)    | 49,986                              | 10,932,644     |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2         | -                 | 27,079,920            | (60,574)                               | -                                    | -                       | (168,023)    | (597,607)                           | 26,253,716     |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 | -                 | 3,856,361             | (138,594)                              | -                                    | -                       | (113,792)    | (400,512)                           | 3,203,463      |
| KIAMCO Shipping Investment Private Investment Trust No.3               | -                 | 16,455,404            | 614,508                                | -                                    | -                       | (995,362)    | (117,888)                           | 15,956,662     |
| KIAMCO Shipping Investment Private Investment Trust No.4               | -                 | 20,521,673            | 792,148                                | -                                    | -                       | (995,362)    | (147,269)                           | 20,171,190     |
| KIAMCO Shipping Investment Private Investment Trust No.5               | -                 | 20,520,514            | 254,623                                | -                                    | -                       | (995,362)    | (146,075)                           | 19,633,700     |
| Others   | 413,581           | (19)                  | (413,498)                              | -                                    | -                       | -            | -                                   | 64             |
|  | ₩ 3,306,265,644   | 115,763,698           | 1,706,366,533                          | (2,705,264,835)                      | (1,428,420)             | (65,676,228) | 85,908,462                          | 2,441,934,854  |

(\*) The Group investigated an impairment indicators in accordance with K-IFRS 1028 due to the continuous decline in the share price of its associate HMM Co., Ltd. and recognized the impairment loss by calculating the recoverable amount in accordance with K-IFRS 1036.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. **Investments in Associates, continued**

(4) The financial information and ownership of investments in associates as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  |         |                 |                               | December 31, 2023 |               |                |                   |                   |       | Owner-ship (%) |
|--|---------|-----------------|-------------------------------|-------------------|---------------|----------------|-------------------|-------------------|-------|----------------|
|  | Country | Fiscal year end | Industry                      | ₩ Assets          | Liabilities   | Equity         | Operating revenue | Net income (loss) |       |                |
| HMM Co., Ltd.  | Korea   | December        | Shipping                      | 25,713,363,849    | 4,272,549,677 | 21,440,814,172 | 8,400,968,936     | 968,692,088       | 28.68 |                |
| IGIS UNCT Infra Fund (*)   | Korea   | December        | Financial investment business | 68,440,654        | 25,713        | 68,414,941     | 1,039,317         | 1,013,483         | 68.03 |                |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1 | Korea   | December        | Financial investment business | 80,736,680        | 61,175        | 80,675,505     | 9,018,919         | 8,783,090         | 25.00 |                |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1         | Korea   | December        | Financial investment business | 95,140,950        | 7,913         | 95,133,037     | 3,513,227         | 3,222,432         | 50.00 |                |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2         | Korea   | December        | Financial investment business | 53,429,927        | 4,826         | 53,425,101     | 4,728,903         | 4,539,220         | 50.00 |                |
| KIAMCO KDB&KOBC Green Ocean Private Investment Trust No.3              | Korea   | December        | Financial investment business | 32,695,673        | 15,704        | 32,679,969     | 1,601,794         | 1,249,910         | 50.00 |                |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 | Korea   | December        | Financial investment business | 79,766,951        | 24,545        | 79,742,406     | 2,219,597         | (1,267,933)       | 50.00 |                |
| Multi Asset K-Container Box General Private Investment Trust Fund No.2 | Korea   | December        | Financial investment business | 3,021,562         | 131           | 3,021,431      | 99,845            | 37,317            | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.3               | Korea   | December        | Financial investment business | 154,244,254       | 44,181        | 154,200,073    | 7,180,568         | 6,751,800         | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.4               | Korea   | December        | Financial investment business | 154,478,124       | 40,791        | 154,437,333    | 7,464,440         | 7,363,649         | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.5               | Korea   | December        | Financial investment business | 125,092,711       | 39,384        | 125,053,327    | 6,753,163         | 6,223,730         | 50.00 |                |
| Andover DULC Private Equity Investment Trust No.1(*)                   | Korea   | December        | Financial investment business | 20,263,876        | 263,876       | 20,000,000     | 260,959           | 245,711           | 95.00 |                |

(\*) Even though the Group's shareholding in the associates are more than 50%, these were classified as associates because the Group did not have control and had significant influence under the trust contract.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. Investments in Associates, continued

| December 31, 2022  |         |                 |                               |   |                |               |                |                   |                   |               |
|--|---------|-----------------|-------------------------------|---|----------------|---------------|----------------|-------------------|-------------------|---------------|
|  | Country | Fiscal year end | Industry                      | ₩ | Assets         | Liabilities   | Equity         | Operating revenue | Net income (loss) | Ownership (%) |
| HMM Co., Ltd. (*1)   | Korea   | December        | Shipping                      |   | 25,973,454,984 | 5,285,543,164 | 20,687,911,820 | 18,582,770,291    | 10,085,439,278    | 19.96         |
| IGIS UNCT Infra Fund (*2)  | Korea   | December        | Financial investment business |   | 85,042,299     | 31,952        | 85,010,347     | 2,730,423         | 2,209,263         | 68.03         |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1 | Korea   | December        | Financial investment business |   | 77,671,788     | 43,059        | 77,628,729     | 3,540,256         | 1,706,900         | 25.00         |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1         | Korea   | December        | Financial investment business |   | 21,868,181     | 2,893         | 21,865,288     | 1,770,043         | (484,881)         | 50.00         |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2         | Korea   | December        | Financial investment business |   | 52,514,880     | 7,449         | 52,507,431     | 483,689           | (121,149)         | 50.00         |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 | Korea   | December        | Financial investment business |   | 6,410,936      | 4,011         | 6,406,925      | 240,512           | (277,187)         | 50.00         |
| KIAMCO Shipping Investment Private Investment Trust No.3               | Korea   | December        | Financial investment business |   | 31,913,954     | 629           | 31,913,325     | 2,027,888         | 1,229,016         | 50.00         |
| KIAMCO Shipping Investment Private Investment Trust No.4               | Korea   | December        | Financial investment business |   | 40,343,164     | 785           | 40,342,379     | 2,036,373         | 1,584,296         | 50.00         |
| KIAMCO Shipping Investment Private Investment Trust No.5               | Korea   | December        | Financial investment business |   | 39,268,183     | 785           | 39,267,398     | 2,036,371         | 509,247           | 50.00         |

(\*1) Even though the Group's shareholding in HMM Co., Ltd. is less than 20%, the equity method is applied as the Group has a significant influence on the financial and business policies of HMM Co., Ltd. considering the Group's potential voting rights of HMM Co., Ltd.

(\*2) Even though the Group's shareholding in the associates are more than 50%, these were classified as associates because the Group did not have control and had significant influence under the trust contract.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. **Investments in Associates, continued**

(5) The relationship between the associates' financial information and carrying amount as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023             |               |                                   |                 |                 |
|--|------------------|---------------|-----------------------------------|-----------------|-----------------|
|  | Net assets       | Ownership (%) | The Company's share of net assets | Others          | Carrying amount |
| HMM Co., Ltd. (*1) (*2)  | ₩ 19,806,052,320 | 28.68         | 5,679,637,980                     | (1,817,772,853) | 3,861,865,127   |
| IGIS UNCT Infra Fund (*3)  | 68,414,941       | 68.03         | 46,542,684                        | (326,005)       | 46,216,679      |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1         | 80,675,505       | 25.00         | 20,168,876                        | -               | 20,168,876      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | 95,133,037       | 50.00         | 47,566,519                        | -               | 47,566,519      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | 53,425,101       | 50.00         | 26,712,550                        | -               | 26,712,550      |
| KIAMCO KDB&KOBC Green Ocean General Private Equity Investment Trust No. 3      | 32,679,969       | 50.00         | 16,339,985                        | -               | 16,339,985      |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | 79,742,405       | 50.00         | 39,871,203                        | -               | 39,871,203      |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 2      | 3,021,431        | 50.00         | 1,510,716                         | -               | 1,510,716       |
| KIAMCO Shipping Investment Private Investment Trust No.3                       | 154,200,074      | 50.00         | 77,100,036                        | -               | 77,100,036      |
| KIAMCO Shipping Investment Private Investment Trust No.4                       | 154,437,333      | 50.00         | 77,218,667                        | -               | 77,218,667      |
| KIAMCO Shipping Investment Private Investment Trust No.5                       | 125,053,327      | 50.00         | 62,526,664                        | -               | 62,526,664      |
| Andover DULC Private Equity Investment Trust No.1 (*3)                         | 20,000,000       | 95.00         | 19,000,000                        | 11,837          | 19,011,837      |

(\*1) The amount of the net assets of HMM Co., Ltd. reflects the effects such as adjustments on hybrid securities issued by HMM Co., Ltd.

(\*2) Others consist of the fair value adjustment incurred at the time of acquisition and impairment loss. As of December 31, 2023, it includes ₩1,335,888,318 thousand in fair value adjustments and ₩3,153,624,890 thousand in impairment losses recognized in accordance with the review of investment stocks of associates.

(\*3) In accordance with paragraph 19 of K-IFRS 1028, It was measured as fair value by selecting it as FVTPL without applying the equity method.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

7. **Investments in Associates, continued**

|  | 2022             |               |                                   |                 |                 |
|--|------------------|---------------|-----------------------------------|-----------------|-----------------|
|  | Net assets       | Ownership (%) | The Company's share of net assets | Others          | Carrying amount |
| HMM Co., Ltd. (*1) (*2)  | ₩ 18,006,440,085 | 19.96         | 3,594,085,441                     | (1,325,487,436) | 2,268,598,005   |
| IGIS UNCT Infra Fund (*3)  | 84,930,514       | 68.03         | 57,775,859                        | 2,369           | 57,778,228      |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1         | 77,628,729       | 25.00         | 19,407,182                        | -               | 19,407,182      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | 21,865,289       | 50.00         | 10,932,644                        | -               | 10,932,644      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | 52,507,432       | 50.00         | 26,253,716                        | -               | 26,253,716      |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | 6,406,925        | 50.00         | 3,203,463                         | -               | 3,203,463       |
| KIAMCO Shipping Investment Private Investment Trust No.3                       | 31,913,324       | 50.00         | 15,956,662                        | -               | 15,956,662      |
| KIAMCO Shipping Investment Private Investment Trust No.4                       | 40,342,379       | 50.00         | 20,171,190                        | -               | 20,171,190      |
| KIAMCO Shipping Investment Private Investment Trust No.5                       | 39,267,399       | 50.00         | 19,633,700                        | -               | 19,633,700      |

(\*1) The amount of the net assets of HMM Co., Ltd. reflects the effects such as adjustments on hybrid securities issued by HMM Co., Ltd.

(\*2) Others consist of the fair value adjustment incurred at the time of acquisition and impairment loss. As of December 31, 2022, it includes ₩1,380,591,251 thousand in fair value adjustments such as goodwill and ₩2,705,264,835 thousand in impairment losses recognized in accordance with the review of investment stocks of associates.

(\*3) Others consists of the preferred distribution amount of type 1 beneficiary certificates etc. In accordance with the trust contract, the Group will first receive the amount applied with an annual conversion dividend rate of 3.7% of the investment trust paid to the beneficiary certificate as an investor in the type 1 beneficiary certificate.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

**8. Finance Lease Receivables**

(1) Finance lease receivables as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                   | December 31, 2023 | December 31, 2022 |
|-----------------------------------|-------------------|-------------------|
| Finance lease receivables         | ₩ 336,838,100     | 335,670,047       |
| Less: Allowance for credit losses | (877,950)         | (1,627,237)       |
|                                   | ₩ 335,960,150     | 334,042,810       |

(2) Gross investment in the lease and present value of minimum lease payment as of December 31, 2023 and 2022 are as follows (In thousands of won):

| Period                       | December 31, 2023             |  |
|------------------------------|-------------------------------|--|
|                              | Gross investment in the lease | Present value of minimum lease payment |
| Within 1 year                | ₩ 51,451,931                  | 50,482,554                             |
| Over 1 year through 2 years  | 50,625,451                    | 47,786,310                             |
| Over 2 years through 3 years | 61,601,814                    | 56,025,180                             |
| Over 3 years through 4 years | 55,810,251                    | 48,408,352                             |
| Over 4 years through 5 years | 141,360,944                   | 116,237,323                            |
| Over 5 years                 | 21,721,522                    | 17,898,381                             |
|                              | ₩ 382,571,913                 | 336,838,100                            |

| Period                       | December 31, 2022             |  |
|------------------------------|-------------------------------|--|
|                              | Gross investment in the lease | Present value of minimum lease payment |
| Within 1 year                | ₩ 45,866,475                  | 41,746,822                             |
| Over 1 year through 2 years  | 56,421,817                    | 50,628,445                             |
| Over 2 years through 3 years | 40,650,341                    | 35,204,488                             |
| Over 3 years through 4 years | 44,385,118                    | 38,082,661                             |
| Over 4 years through 5 years | 55,513,290                    | 48,498,028                             |
| Over 5 years                 | 140,248,569                   | 121,509,603                            |
|                              | ₩ 383,085,610                 | 335,670,047                            |

(3) Unearned finance income related to finance lease as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Gross investment in the lease                | ₩ 382,571,913     | 383,085,610       |
| Net investment in the lease                  |                   |                   |
| Present value of minimum lease payment       | 207,567,294       | 306,493,840       |
| Present value of unguaranteed residual value | 129,270,806       | 29,176,207        |
|  | 336,838,100       | 335,670,047       |
| Unearned finance income                      | ₩ 45,733,813      | 47,415,564        |

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8. **Finance Lease Receivables, continued**

(4) Changes in allowance for credit losses for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                         | 2023                                |                               |                     |           |
|-------------------------|-------------------------------------|-------------------------------|---------------------|-----------|
|                         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total     |
|                         |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |           |
| Beginning balance       | ₩ 1,627,237                         | -                             | -                   | 1,627,237 |
| Reversal of credit loss | (749,287)                           | -                             | -                   | (749,287) |
| Ending balance          | ₩ 877,950                           | -                             | -                   | 877,950   |

|                         | 2022                                |                               |                     |           |
|-------------------------|-------------------------------------|-------------------------------|---------------------|-----------|
|                         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total     |
|                         |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |           |
| Beginning balance       | ₩ 2,366,992                         | -                             | -                   | 2,366,992 |
| Reversal of credit loss | (739,755)                           | -                             | -                   | (739,755) |
| Ending balance          | ₩ 1,627,237                         | -                             | -                   | 1,627,237 |

(5) Changes in exposures of credit risk related to finance lease receivables for the years ended December 31, 2023 and 2022 is as follows (In thousands of won):

|                   | 2023                                |                               |                     |              |
|-------------------|-------------------------------------|-------------------------------|---------------------|--------------|
|                   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total        |
|                   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |              |
| Beginning balance | ₩ 335,670,047                       | -                             | -                   | 335,670,047  |
| Origination       | 33,887,988                          | -                             | -                   | 33,887,988   |
| Collection        | (32,719,935)                        | -                             | -                   | (32,719,935) |
| Ending balance    | ₩ 336,838,100                       | -                             | -                   | 336,838,100  |

|                   | 2022                                |                               |                     |              |
|-------------------|-------------------------------------|-------------------------------|---------------------|--------------|
|                   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total        |
|                   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |              |
| Beginning balance | ₩ 257,310,708                       | -                             | -                   | 257,310,708  |
| Origination       | 92,829,108                          | -                             | -                   | 92,829,108   |
| Collection        | (14,469,769)                        | -                             | -                   | (14,469,769) |
| Ending balance    | ₩ 335,670,047                       | -                             | -                   | 335,670,047  |

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December 31, 2023 and 2022

9. **Leased Assets**

(1) Leased assets as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                          |   | December 31, 2023  |                          |                    |
|--------------------------|---|--------------------|--------------------------|--------------------|
|                          |   | Acquisition cost   | Accumulated depreciation | Carrying amount    |
| Operating leased assets: |   |                    |                          |                    |
| Ships                    | ₩ | 150,377,890        | (64,192,685)             | 86,185,205         |
| Shipping container       |   | 384,774,940        | (66,790,401)             | 317,984,539        |
|                          | ₩ | <u>535,152,830</u> | <u>(130,983,086)</u>     | <u>404,169,744</u> |
|                          |   | December 31, 2022  |                          |                    |
|                          |   | Acquisition cost   | Accumulated depreciation | Carrying amount    |
| Operating leased assets: |   |                    |                          |                    |
| Ships                    | ₩ | 150,377,890        | (56,954,493)             | 93,423,397         |
| Shipping container       |   | 378,439,949        | (47,551,900)             | 330,888,049        |
|                          | ₩ | <u>528,817,839</u> | <u>(104,506,393)</u>     | <u>424,311,446</u> |

(2) Changes in leased assets for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                    |   | 2023               |                  |                     |                              |                    | Ending balance     |
|--------------------|---|--------------------|------------------|---------------------|------------------------------|--------------------|--------------------|
|                    |   | Beginning balance  | Impairment       | Depreciation        | Foreign currency translation | Others             |                    |
| Ships              | ₩ | 93,423,397         | -                | (7,238,192)         | -                            | -                  | 86,185,205         |
| Shipping container |   | 330,888,049        | (210,667)        | (18,694,949)        | 6,334,991                    | (332,885)          | 317,984,539        |
|                    | ₩ | <u>424,311,446</u> | <u>(210,667)</u> | <u>(25,933,141)</u> | <u>6,334,991</u>             | <u>(332,885)</u>   | <u>404,169,744</u> |
|                    |   | 2022               |                  |                     |                              |                    | Ending balance     |
|                    |   | Beginning balance  | Impairment       | Depreciation        | Foreign currency translation | Others             |                    |
| Ships              | ₩ | 101,057,692        | -                | (7,634,295)         | -                            | -                  | 93,423,397         |
| Shipping container |   | 326,756,871        | (280,705)        | (18,492,669)        | 24,143,025                   | (1,238,473)        | 330,888,049        |
|                    | ₩ | <u>427,814,563</u> | <u>(280,705)</u> | <u>(26,126,964)</u> | <u>24,143,025</u>            | <u>(1,238,473)</u> | <u>424,311,446</u> |

(3) Future minimum lease payments expected under leased assets as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                             | December 31, 2023    | December 31, 2022  |
|-----------------------------|----------------------|--------------------|
| Within 1 year               | ₩ 46,306,910         | 48,876,881         |
| Over 1 year through 5 years | 73,123,466           | 118,132,039        |
| Over 5 years                | -                    | -                  |
|                             | <u>₩ 119,430,376</u> | <u>167,008,920</u> |



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10. **Investment Property**

(1) Changes in investment property for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                          |   | 2023      |             |             |
|--------------------------|---|-----------|-------------|-------------|
|                          |   | Land      | Buildings   | Total       |
| Beginning balance        | ₩ | 1,015,776 | 6,699,317   | 7,715,093   |
| Depreciation             |   | -         | (208,269)   | (208,269)   |
| Ending balance           | ₩ | 1,015,776 | 6,491,048   | 7,506,824   |
| Acquisition cost         | ₩ | 1,015,776 | 8,330,756   | 9,346,532   |
| Accumulated depreciation |   | -         | (1,839,708) | (1,839,708) |

|                          |   | 2022      |             |             |
|--------------------------|---|-----------|-------------|-------------|
|                          |   | Land      | Buildings   | Total       |
| Beginning balance        | ₩ | 1,015,776 | 6,907,586   | 7,923,362   |
| Depreciation             |   | -         | (208,269)   | (208,269)   |
| Ending balance           | ₩ | 1,015,776 | 6,699,317   | 7,715,093   |
| Acquisition cost         | ₩ | 1,015,776 | 8,330,756   | 9,346,532   |
| Accumulated depreciation |   | -         | (1,631,439) | (1,631,439) |

(2) Recognized gain or loss related to investment property for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|                |   | 2023    | 2022    |
|----------------|---|---------|---------|
| Rental income  | ₩ | 125,280 | 39,481  |
| Rental expense |   | 371,543 | 255,528 |

(3) The fair value of investment property as of December 31, 2023 and 2022 are as follow (In thousands of won):

|           |   | December 31, 2023 |            | December 31, 2022 |            |
|-----------|---|-------------------|------------|-------------------|------------|
|           |   | Carrying amounts  | Fair value | Carrying amounts  | Fair value |
| Buildings | ₩ | 7,506,824         | 8,996,758  | 7,715,093         | 8,996,758  |

The fair value of the investment property is determined on the basis of average sale price of the sale agency and rental ratio. Additionally, fair value of investment property is classified as level 3 according to fair value hierarchy.

| Valuation technique | Unobservable inputs    | Effect of unobservable inputs to fair value                     |
|---------------------|------------------------|---|
| Sale price          | Comparable trade price | An increase in the selling price leads to a rise in fair value. |

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2023 and 2022

11. **Property and Equipment**

(1) Changes in property and equipment for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|                          |   | 2023     |           |             |             |                     |             |
|--------------------------|---|----------|-----------|-------------|-------------|---------------------|-------------|
|                          |   | Land     | Buildings | Equipment   | Others      | Right-of-use assets | Total       |
| Beginning balance        | ₩ | 729,646  | 2,740,210 | 323,875     | 641,261     | 565,353             | 5,000,345   |
| Acquisition              |   | -        | -         | 266,734     | 116,433     | 4,349,213           | 4,732,380   |
| Disposal or cancellation |   | (67,260) | (174,446) | -           | -           | (2,341)             | (244,047)   |
| Subsidy depreciation     |   | -        | -         | 17,802      | -           | -                   | 17,802      |
| Depreciation             |   | -        | (70,731)  | (158,688)   | (376,576)   | (989,498)           | (1,595,493) |
| Ending balance           | ₩ | 662,386  | 2,495,033 | 449,723     | 381,118     | 3,922,727           | 7,910,987   |
| Acquisition cost         | ₩ | 662,386  | 2,729,884 | 2,787,503   | 3,203,381   | 4,451,773           | 13,834,927  |
| Subsidy                  |   | -        | -         | (44,083)    | -           | -                   | (44,083)    |
| Accumulated depreciation |   | -        | (234,851) | (2,293,697) | (2,822,263) | (529,046)           | (5,879,857) |

|                          |   | 2022    |           |             |             |                     |             |
|--------------------------|---|---------|-----------|-------------|-------------|---------------------|-------------|
|                          |   | Land    | Buildings | Equipment   | Others      | Right-of-use assets | Total       |
| Beginning balance        | ₩ | 729,646 | 2,813,342 | 380,813     | 1,135,166   | 1,321,426           | 6,380,393   |
| Acquisition              |   | -       | -         | 86,819      | 4,952       | 183,357             | 275,128     |
| Disposal or cancellation |   | -       | -         | -           | -           | (24,704)            | (24,704)    |
| Others                   |   | -       | -         | -           | -           | 80,895              | 80,895      |
| Subsidy depreciation     |   | -       | -         | 16,398      | -           | -                   | 16,398      |
| Depreciation             |   | -       | (73,132)  | (160,155)   | (498,857)   | (995,621)           | (1,727,765) |
| Ending balance           | ₩ | 729,646 | 2,740,210 | 323,875     | 641,261     | 565,353             | 5,000,345   |
| Acquisition cost         | ₩ | 729,646 | 2,926,441 | 2,531,486   | 3,086,948   | 3,773,765           | 13,048,286  |
| Subsidy                  |   | -       | -         | (72,602)    | -           | -                   | (72,602)    |
| Accumulated depreciation |   | -       | (186,231) | (2,135,009) | (2,445,687) | (3,208,412)         | (7,975,339) |

(2) Details of right-of-use assets as of December 31, 2023 and 2022 are as follows (In thousands of won):

|           |   | December 31, 2023 |                          |                |
|-----------|---|-------------------|--------------------------|----------------|
|           |   | Acquisition cost  | Accumulated depreciation | Carrying value |
| Buildings | ₩ | 4,257,893         | (473,840)                | 3,784,053      |
| Vehicles  |   | 193,880           | (55,206)                 | 138,674        |
|           | ₩ | 4,451,773         | (529,046)                | 3,922,727      |

|           |   | December 31, 2022 |                          |                |
|-----------|---|-------------------|--------------------------|----------------|
|           |   | Acquisition cost  | Accumulated depreciation | Carrying value |
| Buildings | ₩ | 3,649,964         | (3,150,944)              | 499,020        |
| Vehicles  |   | 123,801           | (57,468)                 | 66,333         |
|           | ₩ | 3,773,765         | (3,208,412)              | 565,353        |

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11. **Property and Equipment, continued**

(3) Changes in right-of-use assets for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|           |   | 2023              |             |              |              |  |                |
|-----------|---|-------------------|-------------|--------------|--------------|--|----------------|
|           |   | Beginning balance | Acquisition | Depreciation | Cancellation |  | Ending balance |
| Buildings | ₩ | 499,020           | 4,227,353   | (939,979)    | (2,341)      |  | 3,784,053      |
| Vehicles  |   | 66,333            | 121,860     | (49,519)     | -            |  | 138,674        |
|           | ₩ | 565,353           | 4,349,213   | (989,498)    | (2,341)      |  | 3,922,727      |

|           |   | 2022              |             |              |              |        |                |
|-----------|---|-------------------|-------------|--------------|--------------|--------|----------------|
|           |   | Beginning balance | Acquisition | Depreciation | Cancellation | Others | Ending balance |
| Buildings | ₩ | 1,286,049         | 86,625      | (954,549)    | -            | 80,895 | 499,020        |
| Vehicles  |   | 35,377            | 96,732      | (41,072)     | (24,704)     | -      | 66,333         |
|           | ₩ | 1,321,426         | 183,357     | (995,621)    | (24,704)     | 80,895 | 565,353        |

(4) The amounts related to lease recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|  |   | 2023    | 2022   |
|--|---|---------|--------|
| Interest expenses on the lease liabilities     | ₩ | 72,156  | 16,141 |
| Expense relating to leases of low-value assets |   | 117,709 | 89,353 |

12. **Intangible Assets**

Changes in intangible assets for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|                           |   | 2023              |             |              |
|---------------------------|---|-------------------|-------------|--------------|
|                           |   | Development costs | Software    | Total        |
| Beginning balance         | ₩ | 5,341,071         | 1,841,866   | 7,182,937    |
| Acquisition               |   | 2,695,789         | 152,645     | 2,848,434    |
| Amortization              |   | (1,886,849)       | (717,938)   | (2,604,787)  |
| Others (Reclassification) |   | -                 | (990)       | (990)        |
| Ending balance            | ₩ | 6,150,011         | 1,275,583   | 7,425,594    |
| Acquisition cost          | ₩ | 15,252,421        | 3,169,325   | 18,421,746   |
| Accumulated amortization  |   | (9,102,410)       | (1,893,742) | (10,996,152) |

|                           |   | 2022              |             |             |
|---------------------------|---|-------------------|-------------|-------------|
|                           |   | Development costs | Software    | Total       |
| Beginning balance         | ₩ | 2,318,453         | 872,759     | 3,191,212   |
| Acquisition               |   | 3,211,107         | 1,183,893   | 4,395,000   |
| Amortization              |   | (188,489)         | (550,929)   | (739,418)   |
| Others (Reclassification) |   | -                 | 336,143     | 336,143     |
| Ending balance            | ₩ | 5,341,071         | 1,841,866   | 7,182,937   |
| Acquisition cost          | ₩ | 12,556,632        | 3,017,670   | 15,574,302  |
| Accumulated amortization  |   | (7,215,561)       | (1,175,804) | (8,391,365) |

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**13. Other Receivables, Other Assets and Indemnity receivables**

(1) Other receivables and other assets as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                            | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Other receivables          |                          |                          |
| Accounts receivable        | ₩ 1,312,775              | 787,231                  |
| Accrued interest           | 20,281,427               | 14,455,710               |
| Tenancy deposit            | 2,652,301                | 2,911,868                |
| Others                     | 290                      | 290                      |
|                            | <u>24,246,793</u>        | <u>18,155,099</u>        |
| Other assets               |                          |                          |
| Advance payments           | 1,672,810                | 1,406,219                |
| Prepaid expenses           | 88,600                   | 89,644                   |
| Value added tax refundable | 76,126                   | 59,810                   |
|                            | <u>1,837,536</u>         | <u>1,555,673</u>         |
|                            | <u>₩ 26,084,329</u>      | <u>19,710,772</u>        |

(2) Indemnity receivables as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Indemnity receivables (*)                 | ₩ -                      | 18,955,182               |
| Less: Allowance for indemnity receivables | -                        | (16,886,300)             |
|   | <u>₩ -</u>               | <u>2,068,882</u>         |

(\*) The amount paid in accordance with the insurance contract was recognized as indemnity receivables in 2022.

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14. **Financial Liabilities**

(1) Borrowings

Borrowings as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                       | Interest rate (%)                        |   | December 31, 2023    | December 31, 2022    |
|---------------------------------------|--|---|----------------------|----------------------|
| Borrowings in foreign currencies (*1) | 3M Term SOFR                             |   |                      |                      |
|                                       | + 0.80% ~ 0.85%                          | ₩ | 397,135,200          | 646,470,723          |
|                                       | 6.676%                                   |   | 25,788,000           | -                    |
|                                       | Compounded SOFR +<br>CAS + 1.90% ~ 2.80% |   | 499,240,369          | -                    |
|                                       |  |   | 922,163,569          | 646,470,723          |
| Debentures in Korean won              | 1.101% ~ 2.298%                          |   | 1,780,000,000        | 2,110,000,000        |
| Debentures in foreign currencies (*2) | 4.50%                                    |   | 385,186,636          | -                    |
|                                       | Compounded                               |   |                      |                      |
|                                       | SOFR + 0.97%                             |   | 103,152,000          | -                    |
|                                       |  |   | 2,268,338,636        | 2,110,000,000        |
| Less: Discount on bond issuance       |  |   | (6,028,501)          | (1,073,742)          |
|                                       |  | ₩ | <u>3,184,473,704</u> | <u>2,755,396,981</u> |

(\*1) Borrowings in foreign currencies include borrowings under the credit line commitment. The total credit line amount is USD 600,000,000, and unused credit line amount is USD 272,000,000.

(\*2) The carrying amount of debentures in foreign currencies includes the cumulative fair value adjustment of KRW (-)1,633,364 thousand, applying the fair value hedge accounting.

(2) Financial guarantee liabilities

1) Financial guarantee liabilities as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                |   | December 31, 2023 | December 31, 2022  |
|----------------|---|-------------------|--------------------|
| Loss allowance | ₩ | 8,716,780         | 8,602,991          |
| Adjustment (*) |   | 37,823,023        | 109,461,732        |
|                | ₩ | <u>46,539,803</u> | <u>118,064,723</u> |

(\*) If the initial recognition amount of financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 is greater than loss allowance for credit losses, the difference is adjusted.

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14. **Financial Liabilities, continued**

2) Changes in loss allowance related to financial guarantee contracts for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023                                |                               |                    |           |
|---|-------------------------------------|-------------------------------|--------------------|-----------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total     |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |           |
| Beginning balance                               | ₩ 8,602,991                         | -                             | -                  | 8,602,991 |
| Changes in financial guarantees liabilities (*) | 174,506                             | -                             | -                  | 174,506   |
| Reversal of credit loss                         | (60,717)                            | -                             | -                  | (60,717)  |
| Ending balance                                  | ₩ 8,716,780                         | -                             | -                  | 8,716,780 |

(\*) The amounts include changes of the loss allowance recognized as financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 at the initial recognition.

|   | 2022                                |                               |                    |           |
|---|-------------------------------------|-------------------------------|--------------------|-----------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total     |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |           |
| Beginning balance                               | ₩ 5,927,150                         | 776,724                       | -                  | 6,703,874 |
| Changes in beginning balance                    |                                     |                               |                    |           |
| Transfer to 12-month expected credit loss       | 776,724                             | (776,724)                     | -                  | -         |
| Changes in financial guarantees liabilities (*) | 1,109,667                           | -                             | -                  | 1,109,667 |
| Provision of credit loss                        | 789,450                             | -                             | -                  | 789,450   |
| Ending balance                                  | ₩ 8,602,991                         | -                             | -                  | 8,602,991 |

(\*) The amounts include changes of the loss allowance recognized as financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 at the initial recognition.

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Notes to the Consolidated Financial Statements, continued  
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14. **Financial Liabilities, continued**

3) Changes in exposures of credit risk related to financial guarantee contracts for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023                                |                               |                    |               |
|---|-------------------------------------|-------------------------------|--------------------|---------------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total         |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |               |
| Beginning balance   | ₩ 2,519,733,557                     | -                             | -                  | 2,519,733,557 |
| Changes in financial guarantees<br>contract                                   | (700,093,904)                       | -                             | -                  | (700,093,904) |
| Ending balance  | ₩ 1,819,639,653                     | -                             | -                  | 1,819,639,653 |
|   | 2022                                |                               |                    |               |
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total         |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |               |
| Beginning balance   | ₩ 2,476,546,597                     | 7,149,753                     | -                  | 2,483,696,350 |
| Changes in beginning balance:<br>Transfer to 12-month expected<br>credit loss | 7,149,753                           | (7,149,753)                   | -                  | -             |
| Changes in financial guarantees<br>contract                                   | 36,037,207                          | -                             | -                  | 36,037,207    |
| Ending balance  | ₩ 2,519,733,557                     | -                             | -                  | 2,519,733,557 |

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14. **Financial Liabilities, continued**

(3) Derivative liabilities

1) Derivative liabilities for trading as of December 31, 2023 is as follows (in thousands of won):

|   | December 31, 2023 |             | December 31, 2022 |             |
|---|-------------------|-------------|-------------------|-------------|
|   | Carrying amount   | Valuation   | Carrying amount   | Valuation   |
|   | (Fair value)      | gain (loss) | (Fair value)      | gain (loss) |
| Call options and Put options (*1)(*2) ₩ | -                 | -           | 997,447           | (997,447)   |

(\*1) As the call option has exercised, part of the shares of KTB Terminal Invest Professional Investment Type Private Trust No.41 held by the company was sold to HMM Co., Ltd.

(\*2) The Group has signed a call option and put option contract with HMM Co., Ltd. using the shares of KTB Terminal Invest Professional Investment Type Private Trust No.41 as the options' underlying asset. The Group is the put option buyer, and HMM Co., Ltd. is the call option buyer.

2) Derivative liabilities for Hedging as of December 31, 2023 is as follows (USD, in thousands of won):

|                        | December 31, 2023 |                              |                |
|------------------------|-------------------|------------------------------|----------------|
|                        | Notional amount   | Carrying amount (Fair value) | Valuation loss |
| Fair value hedge:      |                   |                              |                |
| Interest rate swap (*) | USD 150,000,000   | ₩ 1,327,743                  | (1,327,743)    |

(\*) The Group has signed an interest rate swap agreement with Citibank Korea to hedge the risk of fair value fluctuations caused by interest rates fluctuations of USD 150,000,000 of foreign debentures subject to fixed interest rates during the current period.

3) The gain (loss) on fair value hedged items and hedging as of December 31, 2023 and 2022, are as follows (In thousands of won):

|   | 2023        | 2022 |
|---|-------------|------|
| Fair value hedged item gain (loss)        | ₩ 1,633,364 | -    |
| Fair value hedging instrument gain (loss) | (1,327,743) | -    |
|   | ₩ 305,621   | -    |



Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2023 and 2022

14. **Financial Liabilities, continued**

(4) Lease liabilities

Changes in lease liabilities for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                     | 2023 |           |
|---------------------|------|-----------|
| Beginning balance   | ₩    | 493,219   |
| New lease contracts |      | 3,702,691 |
| Interest expense    |      | 72,156    |
| Lease payment       |      | (819,821) |
| Ending balance      | ₩    | 3,448,245 |
|                     |      |           |
|                     | 2022 |           |
| Beginning balance   | ₩    | 1,086,252 |
| New lease contracts |      | 140,028   |
| Interest expense    |      | 16,141    |
| Lease payment       |      | (813,100) |
| Others (*)          |      | 63,898    |
| Ending balance      | ₩    | 493,219   |

(\*) Changes caused by changes, cancellation, etc. of existing lease contracts

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15. **Net Defined Benefit Assets**

The Group operates a defined benefit plan and defined contribution plan. The plan assets are in trusts with Korea Investment & Securities Co., Ltd. and Woori Bank and others.

(1) Components of financial position due to the duty of Group related to the defined benefit plan as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Fair value of plan assets                   | ₩ 5,958,217       | 5,227,081         |
| Present value of defined benefit obligation | (5,340,807)       | (4,041,338)       |
| Net defined benefit assets                  | ₩ 617,410         | 1,185,743         |

(2) Changes in present value of defined benefit obligation for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023 |           |
|--|------|-----------|
| Beginning balance                              | ₩    | 4,041,338 |
| Current service costs                          |      | 1,090,666 |
| Interest expense                               |      | 205,666   |
| Payments from the plan                         |      | (441,734) |
| Remeasurements of defined benefit liabilities: |      | 444,871   |
| Changes in financial assumption                |      | 450,926   |
| Changes in demographic assumptions             |      | (1,522)   |
| Experience adjustment                          |      | (4,533)   |
| Ending balance                                 | ₩    | 5,340,807 |
|  | 2022 |           |
| Beginning balance                              | ₩    | 3,599,959 |
| Current service costs                          |      | 1,044,617 |
| Interest expense                               |      | 102,711   |
| Payments from the plan                         |      | (218,207) |
| Remeasurements of defined benefit liabilities: |      | (487,742) |
| Changes in financial assumption                |      | (888,638) |
| Experience adjustment                          |      | 400,896   |
| Ending balance                                 | ₩    | 4,041,338 |

(3) Changes in fair value of plan assets for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023 |           |
|---|------|-----------|
| Beginning balance                             | ₩    | 5,227,081 |
| Expected interest income                      |      | 268,945   |
| Contribution                                  |      | 850,000   |
| Payments from the plan                        |      | (435,900) |
| Remeasurements of defined benefit liabilities |      | 48,091    |
| Ending balance                                | ₩    | 5,958,217 |
|   | 2022 |           |
| Beginning balance                             | ₩    | 3,724,469 |
| Expected interest income                      |      | 106,403   |
| Contribution                                  |      | 1,650,000 |
| Payments from the plan                        |      | (218,207) |
| Remeasurements of defined benefit liabilities |      | (35,584)  |
| Ending balance                                | ₩    | 5,227,081 |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

15. **Net Defined Benefit Assets, continued**

(4) Fair value of plan assets as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                           | ₩ | December 31, 2023 |       | December 31, 2022 |       |
|---------------------------|---|-------------------|-------|-------------------|-------|
|                           |   | Amount            | Ratio | Amount            | Ratio |
| Cash and cash equivalents |   | 5,958,217         | 100%  | 5,227,081         | 100%  |

(5) The actuarial assumptions used as of December 31, 2023 and 2022 are as follows:

|                               | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Discount rate (*)             | 4.52%             | 5.34%             |
| Future salary increasing rate | 4.49%             | 4.04%             |

(\*) The market interest rate of AA+ rating non-guaranteed corporate bond considering expected retirement benefit schedule is applied.

(6) Weighted average maturity of defined benefit obligation as of December 31, 2023 and 2022 are 8.26 years and 8.36 years, respectively.

(7) Sensitivity analysis

Changes of present value of defined benefit liabilities as changes in principal assumptions as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                               | ₩ | December 31, 2023         |                           |
|-------------------------------|---|---------------------------|---------------------------|
|                               |   | 1% increase in assumption | 1% decrease in assumption |
| Discount rate                 |   | (389,513)                 | 447,544                   |
| Future salary increasing rate |   | 455,091                   | (402,485)                 |

|                               | ₩ | December 31, 2022         |                           |
|-------------------------------|---|---------------------------|---------------------------|
|                               |   | 1% increase in assumption | 1% decrease in assumption |
| Discount rate                 |   | (294,811)                 | 338,263                   |
| Future salary increasing rate |   | 346,837                   | (306,843)                 |

(8) The retirement benefit recognized as expense related to the defined contribution plan for year ended December 31, 2023 is ₩16,580 thousand.

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16. **Provisions**

(1) Provisions as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  |   | December 31, 2023 | December 31, 2022 |
|--|---|-------------------|-------------------|
| Provision for employee incentives (*1) | ₩ | 1,962,390         | 1,701,147         |
| Provision for restoration (*2)         |   | 416,640           | 120,149           |
| Provision for unused credit lines      |   | 385,539           | 252,402           |
|  | ₩ | <u>2,764,569</u>  | <u>2,073,698</u>  |

(\*1) The estimated incentives granting to employee according to management performance and evaluation are recognized as provision. These estimates are subject to change.

(\*2) The Group recognizes its restoration liabilities as present value of expenses incurred in restoring a rented building.

(2) Changes in provisions for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                                   |   | 2023              |                     |                  |
|-----------------------------------|---|-------------------|---------------------|------------------|
|                                   |   | Beginning balance | Increase (Decrease) | Ending balance   |
| Provision for employee incentives | ₩ | 1,701,147         | 261,243             | 1,962,390        |
| Provision for restoration         |   | 120,149           | 296,491             | 416,640          |
| Provision for unused credit lines |   | 252,402           | 133,137             | 385,539          |
|                                   | ₩ | <u>2,073,698</u>  | <u>690,871</u>      | <u>2,764,569</u> |
|                                   |   | 2022              |                     |                  |
|                                   |   | Beginning balance | Increase (Decrease) | Ending balance   |
| Provision for employee incentives | ₩ | 1,819,837         | (118,690)           | 1,701,147        |
| Provision for restoration         |   | 603,693           | (483,544)           | 120,149          |
| Lawsuit provision                 |   | 158,701           | (158,701)           | -                |
| Provision for unused credit lines |   | -                 | 252,402             | 252,402          |
|                                   | ₩ | <u>2,582,231</u>  | <u>(508,533)</u>    | <u>2,073,698</u> |

(3) Changes in provisions for unused credit lines for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                   |   | 2023              |                     |                |
|-------------------|---|-------------------|---------------------|----------------|
|                   |   | Beginning balance | Increase (Decrease) | Ending balance |
| Beginning balance | ₩ | 252,402           | -                   | 252,402        |
| Provision         |   | 133,137           | -                   | 133,137        |
| Ending balance    | ₩ | <u>385,539</u>    | <u>-</u>            | <u>385,539</u> |
|                   |   | 2022              |                     |                |
|                   |   | Beginning balance | Increase (Decrease) | Ending balance |
| Beginning balance | ₩ | -                 | -                   | -              |
| Provision         |   | 252,402           | -                   | 252,402        |
| Ending balance    | ₩ | <u>252,402</u>    | <u>-</u>            | <u>252,402</u> |

Korea Ocean Business Corporation and Subsidiaries  
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**17. Other Payables and Other Liabilities**

Other payables and other liabilities as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                          | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------|--------------------------|--------------------------|
| Other payables           |                          |                          |
| Security deposit         | ₩ 6,542,570              | 6,542,570                |
| (Present value discount) | (66,037)                 | (195,765)                |
| Accrued expense          | 14,633,391               | 5,681,420                |
| Accounts payable         | 527,700                  | 1,761,011                |
| Other deposit            | 45,314,482               | 23,155,192               |
| Others                   | 1,160,777                | 643,322                  |
|                          | <u>68,112,883</u>        | <u>37,587,750</u>        |
| Other liabilities        |                          |                          |
| Advance receipts         | 1,019,322                | 55,004                   |
| Unearned revenue         | 3,058,183                | 2,760,103                |
|                          | <u>4,077,505</u>         | <u>2,815,107</u>         |
|                          | <u>₩ 72,190,388</u>      | <u>40,402,857</u>        |

**18. Capital Stock and Capital Adjustments**

(1) Capital stock and capital adjustments as of December 31, 2023 and 2022 are as follows (Share, In thousands of won):

|                                  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------------|--------------------------|--------------------------|
| Number of authorized shares      | ₩ 1,000,000,000          | 1,000,000,000            |
| Par value per share (won)        | 5,000                    | 5,000                    |
| Number of issued shares          | 626,775,059              | 598,811,481              |
| Capital stock                    | <u>3,133,875,295</u>     | <u>2,994,057,405</u>     |
| Additional paid in other capital | 211,155,473              | 63,514,950               |
| Capital adjustments              |                          |                          |
| Other capital adjustment (*)     | (162,844,846)            | (162,844,846)            |
|                                  | <u>₩ (162,844,846)</u>   | <u>(162,844,846)</u>     |

(\*) The amount is the difference of the acquired net assets and the paid consideration as a result of business comprehensive succession of Korea Shipping and Maritime Transportation and Korea Maritime Guarantee Insurance Co., Ltd.

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**18. Capital Stock and Capital Adjustments, continued**

(2) Changes in capital stock, capital adjustments and additional paid in other capital as of December 31, 2023 and 2022 are as follows (Share, In thousands of won):

|                     |   | 2023                       |               |                                     |                             |
|---------------------|---|----------------------------|---------------|-------------------------------------|-----------------------------|
|                     |   | Number of<br>issued shares | Capital stock | Additional paid<br>in other capital | Other capital<br>adjustment |
| Beginning balance   | ₩ | 598,811,481                | 2,994,057,405 | 63,514,950                          | (162,844,846)               |
| Increase (Decrease) |   | 27,963,578                 | 139,817,890   | 147,640,523                         | -                           |
| Ending balance      | ₩ | 626,775,059                | 3,133,875,295 | 211,155,473                         | (162,844,846)               |

|                     |   | 2022                       |               |                                     |                              |                             |
|---------------------|---|----------------------------|---------------|-------------------------------------|------------------------------|-----------------------------|
|                     |   | Number of<br>issued shares | Capital stock | Additional paid<br>in other capital | Discount on<br>capital stock | Other capital<br>adjustment |
| Beginning balance   | ₩ | 589,865,171                | 2,949,325,855 | -                                   | (561,407)                    | (162,844,846)               |
| Increase (Decrease) |   | 8,946,310                  | 44,731,550    | 63,514,950                          | 561,407                      | -                           |
| Ending balance      | ₩ | 598,811,481                | 2,994,057,405 | 63,514,950                          | -                            | (162,844,846)               |

**19. Accumulated Other Comprehensive Income**

Changes of accumulated other comprehensive income for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   |   | 2023                 |                        |                      |                   |
|---|---|----------------------|------------------------|----------------------|-------------------|
|   |   | Beginning<br>balance | Increase<br>(Decrease) | Income tax<br>effect | Ending<br>balance |
| Net gain (loss) on valuation of<br>financial assets measured at FVOCI | ₩ | 8,418,258            | (2,827,376)            | 757,881              | 6,348,763         |
| Remeasurements of defined benefit<br>liabilities                      |   | (57,882)             | (396,782)              | 104,671              | (349,993)         |
| Share of other comprehensive<br>income of associates                  |   | 69,049,295           | 10,122,332             | (2,578,351)          | 76,593,276        |
| Exchange differences on translation<br>of foreign operations          |   | 952,127              | (1,115,830)            | 295,875              | 132,172           |
| Valuation gain (loss) on cash flow<br>hedge                           |   | 13,486,793           | (5,409,758)            | 1,446,525            | 9,523,560         |
|   | ₩ | 91,848,591           | 372,586                | 26,601               | 92,247,778        |

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19. **Accumulated Other Comprehensive Income, continued**

|  | 2022                 |                        |                      |                   |
|--|----------------------|------------------------|----------------------|-------------------|
|  | Beginning<br>balance | Increase<br>(Decrease) | Income tax<br>effect | Ending balance    |
| Net gain (loss) on valuation of financial assets measured at FVOCI ₩ | 15,234,509           | (9,559,704)            | 2,743,453            | 8,418,258         |
| Remeasurements of defined benefit liabilities                        | (384,909)            | 452,158                | (125,131)            | (57,882)          |
| Share of other comprehensive income of associates                    | 5,826,212            | 85,908,465             | (22,685,382)         | 69,049,295        |
| Exchange differences on translation of foreign operations            | (159,667)            | 1,515,642              | (403,848)            | 952,127           |
| Valuation gain (loss) on cash flow hedge                             | 388,966              | 17,812,873             | (4,715,046)          | 13,486,793        |
|  | ₩ <u>20,905,111</u>  | <u>96,129,434</u>      | <u>(25,185,954)</u>  | <u>91,848,591</u> |

20. **Retained Earnings**

(1) Composition of retained earnings as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023      | December 31, 2022    |
|--|------------------------|----------------------|
| Legal reserve (*)                      | ₩ 1,353,262,740        | 1,353,262,740        |
| Reserve for guarantees performance (*) | 1,353,262,740          | 1,353,262,740        |
| Regulatory reserve for bad debts       | 43,675,848             | 69,801,418           |
| Unappropriated retained earnings       | 1,656,325,868          | 1,625,954,232        |
|  | ₩ <u>4,406,527,196</u> | <u>4,402,281,130</u> |

(\*) In accordance with the Korea Ocean Business Corporation Act, in case of net income as a result of settlement, the Group must accumulate at least 20% of the net income as legal reserve at each settlement period until it reaches the capital under Article 5 of the same Act and accumulate at least 20% of the net income as reserve for guarantees performance at each settlement period until it reaches half of the capital under Article 5 of the same Act. The reserve can only be used to transfer to capital and preserve deficit.

(2) Regulatory reserve for bad debts

The Group's reserve for bad debts is calculated and disclosed in accordance with Article 6 in Regulation on Supervision of Korea Ocean Business Corporation ("the Regulation"). When the total sum of allowance for credit losses under K-IFRS is lower than the amount prescribed in the Regulation, the Group records the difference as regulatory reserve for bad debts at the end of each reporting period. In the case that the existing regulatory reserve for credit losses exceeds the amount needed to be set aside at the reporting date, the surplus may be reversed. Furthermore, in the case that undisposed deficit exists, regulatory reserve for bad debts is saved from the time the undisposed deficit is disposed.

1) Regulatory reserve for bad debts as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Regulatory reserve for bad debts                     | ₩ 41,262,295      | 67,855,528        |
| Planned reversal of regulatory reserve for bad debts | (16,569,041)      | (26,593,233)      |

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**20. Retained Earnings, continued**

2) Provision of reserve for bad debts and adjusted net income (loss) after reflecting reserve for bad debts for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  |   | 2023       | 2022            |
|--|---|------------|-----------------|
| Net income (loss) for the year   | ₩ | 4,246,066  | (1,986,315,992) |
| Reversal of regulatory reserve for bad debts   |   | 16,569,041 | 26,593,233      |
| Adjusted net income (loss) after regulatory reserve for bad debts                                    | ₩ | 20,815,107 | (1,959,722,759) |
| Adjusted basic and diluted earnings (loss) per share after regulatory reserve for bad debts (In Won) |   | 34         | (3,314)         |

**21. Investment Income**

Investment income for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   |   | 2023        | 2022        |
|---|---|-------------|-------------|
| Interest income   |   |             |             |
| Due from banks  | ₩ | 32,866,031  | 18,318,457  |
| Financial assets measured at FVTPL                        |   | 38,214,722  | 41,909,631  |
| Financial assets measured at FVOCI                        |   | 5,161,417   | 4,059,616   |
| Financial assets measured at amortized cost               |   | 48,787,889  | 51,391,872  |
| Finance lease receivables                                 |   | 21,816,462  | 14,413,278  |
| Others  |   | 8,548,838   | 1,092,120   |
|   |   | 155,395,359 | 131,184,974 |
| Fees and commission income                                |   |             |             |
| Guarantees fee  |   | 39,601,834  | 42,746,497  |
| Gain on Indemnity receivables                             |   | -           | 18,955,182  |
| Others  |   | 4,847,060   | 5,321,259   |
| Charter revenue   |   | 102,128,244 | 70,821,679  |
| Lease payment   |   | 37,137,582  | 36,780,689  |
|   |   | 183,714,720 | 174,625,306 |
| Dividend income   |   | 7,193,633   | 7,011,054   |
| Gain on valuation and disposal of financial instruments   |   |             |             |
| Gain on transaction of derivatives                        |   | 997,447     | -           |
| Gain on valuation of the hedged items                     |   | 1,633,364   | -           |
| Gain on valuation of financial assets measured at FVTPL   |   | 10,065,513  | 1,429,151   |
| Gain on transaction of financial assets measured at FVTPL |   | 3,378,841   | -           |
|   |   | 16,075,165  | 1,429,151   |
| Reversal of credit losses                                 |   |             |             |
| Financial assets measured at amortized cost               |   | 3,676,662   | 6,409,472   |
| Finance lease receivables                                 |   | 870,566     | 739,755     |
| Other receivables   |   | 16,892,775  | 19,865      |
| Provision for financial guarantees liabilities            |   | 112,844     | 364,650     |
| Provision for insurance contract liabilities              |   | -           | 1,171,150   |
| Provision for unused credit lines                         |   | 152,983     | -           |
|   |   | 21,705,830  | 8,704,892   |
| Reversal of other provision                               |   |             |             |
| Restoration liability                                     |   | 98,692      | 518,067     |
| Lawsuit liability   |   | -           | 158,701     |
|   |   | 98,692      | 676,768     |
| Other operating income                                    |   | 982,900     | 380,336     |
|   | ₩ | 385,166,299 | 324,012,481 |



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22. **Investment Expense**

Investment expense for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023          | 2022          |
|--|---------------|---------------|
| Interest expense   |               |               |
| Borrowings   | ₩ 35,785,858  | 12,978,825    |
| Debentures   | 50,527,126    | 38,869,194    |
| Others   | 2,019,566     | 19,647,179    |
|  | 88,332,550    | 71,495,198    |
| Fees and commission expenses                                 | 5,849,789     | 5,042,231     |
| Depreciation of leased assets                                | 26,143,808    | 26,407,669    |
| Losses on valuation and disposal of financial instruments    |               |               |
| Loss on valuation of financial assets measured at FVTPL      | 330,185,171   | 1,976,389,945 |
| Loss on conversion of financial assets measured at FVTPL (*) | 134,044,522   | -             |
| Loss on valuation of derivatives                             | 1,327,743     | 997,447       |
|  | 465,557,436   | 1,977,387,392 |
| Provision for credit losses                                  |               |               |
| Financial assets measured at amortized cost                  | 957,146       | 2,515,560     |
| Financial lease receivables                                  | 121,278       | -             |
| Other receivables  | 51,450        | 846,801       |
| Indemnity receivables  | -             | 16,886,300    |
| Financial guarantees   | 52,127        | 45,725        |
| Unused credit lines  | 286,121       | 252,402       |
|  | 1,468,122     | 20,546,788    |
| Other operating expense                                      | 3,392,465     | 1,463,734     |
|  | ₩ 590,744,170 | 2,102,343,012 |

(\*) The Group has exercised the convertible right included in HMM Co., Ltd. No. 192 convertible bonds and the warrant included in HMM Co., Ltd. No 193 bond with warrant. In this regard, the Group recognized loss on conversion of financial assets measured at FVTPL.

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**23. General and Administrative Expenses**

General and administrative expenses for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                           | 2023                | 2022              |
|---------------------------|---------------------|-------------------|
| Salaries                  | ₩ 13,876,966        | 12,815,578        |
| Retirement benefit        | 1,043,967           | 1,090,663         |
| Employee welfare benefits | 626,517             | 4,755,548         |
| Taxes and dues            | 3,001,080           | 2,782,150         |
| Fees and commission       | 2,733,754           | 4,002,608         |
| Service fee               | 5,941,196           | 4,748,544         |
| Event fee                 | 268,269             | 189,256           |
| Rental expenses           | 889,432             | 869,389           |
| Depreciation              | 1,577,691           | 1,711,367         |
| Amortization              | 2,604,787           | 739,418           |
| Others                    | 5,312,271           | 4,707,106         |
|                           | ₩ <u>37,875,930</u> | <u>38,411,627</u> |

**24. Non-Operating Revenues**

Non-operating revenues for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| Valuation gain on equity method                 | ₩ 674,843,845        | 1,707,221,639        |
| Gain on disposal of investments in subsidiaries | 29,413               | 1,397                |
| Foreign currency transaction gain               | 16,075,113           | 110,126,255          |
| Foreign currency translation gain               | 39,804,853           | 20,038,280           |
| Others  | 519,508              | 1,923,563            |
|   | ₩ <u>731,272,732</u> | <u>1,839,311,134</u> |

**25. Non-Operating Expense**

Non-operating expense for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| Impairment loss on investments using equity method  | ₩ 448,360,055        | 2,705,264,835        |
| Loss on disposal of subsidiaries                    | 6,911                | -                    |
| Valuation loss on equity method                     | 633,921              | 855,106              |
| Loss on disposal of investments using equity method | -                    | 1,428,420            |
| Foreign currency translation loss                   | 21,379,850           | 33,997,168           |
| Foreign currency transaction loss                   | 30,058,543           | 94,111,931           |
| Depreciation of investment property                 | 208,270              | 208,268              |
| Interest expense on lease liabilities               | 72,156               | 16,141               |
| Interest expense on security deposit                | 129,729              | 33,477               |
| Others  | 1,113,749            | 820,388              |
|   | ₩ <u>501,963,184</u> | <u>2,836,735,734</u> |

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26. **Income Tax Benefits**

(1) Income tax expenses (benefits) for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|   | 2023           | 2022          |
|---|----------------|---------------|
| Current income tax  | ₩ 66,745,434   | 49,002,284    |
| Adjustments for prior years (*)   | 1,836,116      | (6,823)       |
| Changes in deferred income tax due to temporary differences:  |                |               |
| Recognition of deferred income tax on increase or decrease of temporary difference for the current period | (86,998,469)   | (851,660,275) |
|   | (86,998,469)   | (851,660,275) |
| Income tax expenses that recognized directly to equity  |                |               |
| Other comprehensive income  | 26,601         | (25,185,954)  |
|   | 26,601         | (25,185,954)  |
|   | ₩ (18,390,318) | (827,850,768) |

(\*) Changes due to final income tax return are included.

(2) Net income before income taxes and income tax expenses (benefits) for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  | 2023           | 2022            |
|--|----------------|-----------------|
| Net income (loss) before income taxes                                | ₩ (14,144,253) | (2,814,166,760) |
| Income taxes calculated using enacted tax rates (*1)                 | (1,400,281)    | (309,558,344)   |
| Adjustments  |                |                 |
| Effect of recognition of unrecognized income tax in the past period: |                |                 |
| Changes in final tax return on the prior year                        | 1,836,116      | (6,824)         |
|  | 1,836,116      | (6,824)         |
| Income taxes on non-deductible losses and non-taxable income         | (3,507,955)    | (359,929)       |
| Effect of tax rate fluctuation                                       | (5,459,395)    | (83,578,180)    |
| Difference of tax rates and others                                   | (9,858,803)    | (434,347,491)   |
| Income tax benefits  | ₩ (18,390,318) | (827,850,768)   |
| Effective tax rate (*2)  | -              | -               |

(\*1) For the year 2023, it was calculated by applying the tax rate after the current period applied to the calculation of deferred tax assets (liabilities). For the year 2022, it was calculated by applying the legal tax rate stipulated in the enacted tax law.

(\*2) The Group did not calculate the average effective tax rate because the company has net loss for 2023 and 2022.



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26. **Income Tax Benefits, continued**

(4) Deferred income tax that recognized directly to equity for the year ended December 31, 2023 and 2022 is as follows (In thousands of won):

|   |   | 2023              |                     |                   |
|---|---|-------------------|---------------------|-------------------|
|   |   | Before tax effect | Income tax effect   | After tax effect  |
| Other comprehensive income:                                 |   |                   |                     |                   |
| Net loss on valuation of financial assets measured at FVOCI | ₩ | (2,827,377)       | 757,881             | (2,069,496)       |
| Remeasurements of defined benefit liabilities               |   | (396,780)         | 104,671             | (292,109)         |
| Share of other comprehensive income of associates           |   | 10,122,332        | (2,578,351)         | 7,543,981         |
| Exchange differences on translation of foreign operations   |   | (1,115,831)       | 295,875             | (819,956)         |
| Valuation gain (loss) on cash flow hedge                    |   | (5,409,758)       | 1,446,525           | (3,963,233)       |
|   | ₩ | <u>372,586</u>    | <u>26,601</u>       | <u>399,187</u>    |
|   |   | 2022              |                     |                   |
|   |   | Before tax effect | Income tax effect   | After tax effect  |
| Net gain on valuation of financial assets measured at FVOCI | ₩ | (9,559,704)       | 2,743,453           | (6,816,251)       |
| Remeasurements of defined benefit liabilities               |   | 452,158           | (125,131)           | 327,027           |
| Share of other comprehensive income of associates           |   | 85,908,465        | (22,685,382)        | 63,223,083        |
| Exchange differences on translation of foreign operations   |   | 1,515,642         | (403,848)           | 1,111,794         |
| Valuation gain (loss) on cash flow hedge                    |   | 17,812,873        | (4,715,047)         | 13,097,826        |
|   | ₩ | <u>96,129,434</u> | <u>(25,185,955)</u> | <u>70,943,479</u> |

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27. **Earnings (Losses) per Share**

(1) Diluted and basic earnings (losses) per share for the year ended December 31, 2023 and 2022 are equal because there is no potential dilutive instrument. Basic earnings (losses) per share for the years ended December 31, 2023 and 2022 are as follows (In won, share):

|  |   | 2023          | 2022                |
|--|---|---------------|---------------------|
| Net income (loss) for the year                         | ₩ | 4,246,066,012 | (1,986,315,991,600) |
| Weighted-average number of ordinary shares outstanding |   | 607,085,636   | 591,311,287         |
| Basic earnings (losses) per share                      | ₩ | 7             | (3,359)             |

(2) Weighted-average number of ordinary shares outstanding

|   | 2023                                     |      |  |
|---|--|------|--|
|   | Number of ordinary<br>shares outstanding | Days | Weighted-average<br>number of ordinary<br>shares outstanding |
| Beginning balance of ordinary<br>shares (a)                     | 598,811,481                              | 365  | 598,811,481  |
| Increased paid-in capital (b)<br>September 15, 2023             | 27,963,578                               | 108  | 8,274,155  |
| Weighted-average number of<br>ordinary shares outstanding (a+b) |  |      | <u>607,085,636</u>   |
|   | 2022                                     |      |  |
|   | Number of ordinary<br>shares outstanding | Days | Weighted-average<br>number of ordinary<br>shares outstanding |
| Beginning balance of ordinary<br>shares(a)                      | 583,865,171                              | 365  | 583,865,171  |
| Increased paid-in capital (b)<br>November 3, 2022               | 8,946,310                                | 59   | 1,446,116  |
| Weighted-average number of<br>ordinary shares outstanding (a+b) |  |      | <u>591,311,287</u>   |

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**28. Fair Value Hierarchy of Financial Instruments**

The Group classifies fair value of the financial instruments into the following three-level hierarchy:

- Level 1: Measure at quoted prices from active markets
- Level 2: Measure using valuation techniques where all significant inputs are observable market data
- Level 3: Measure using valuation techniques where one or more significant inputs are not based on observable market data

(1) The fair value hierarchy of financial instruments measured at fair value as of December 31, 2023 and 2022 is as follows (In thousands of won):

|                                    |   | December 31, 2023 |             |               |               |
|------------------------------------|---|-------------------|-------------|---------------|---------------|
|                                    |   | Level 1           | Level 2     | Level 3       | Total         |
| Financial assets                   |   |                   |             |               |               |
| Financial assets measured at FVTPL | ₩ | -                 | 490,527,896 | 3,331,022,606 | 3,821,550,502 |
| Financial assets measured at FVOCI |   | -                 | -           | 1,398,904,900 | 1,398,904,900 |
| Derivative assets                  |   | -                 | 12,935,737  | -             | 12,935,737    |
|                                    |   | -                 | 503,463,633 | 4,729,927,506 | 5,233,391,139 |
| Financial liabilities              |   |                   |             |               |               |
| Derivative liabilities             | ₩ | -                 | 1,327,743   | -             | 1,327,743     |
|                                    |   | December 31, 2022 |             |               |               |
|                                    |   | Level 1           | Level 2     | Level 3       | Total         |
| Financial assets                   |   |                   |             |               |               |
| Financial assets measured at FVTPL | ₩ | -                 | 67,975,512  | 5,271,731,258 | 5,339,706,770 |
| Financial assets measured at FVOCI |   | -                 | -           | 1,401,732,278 | 1,401,732,278 |
| Derivative assets                  |   | -                 | 18,342,902  | -             | 18,342,902    |
|                                    |   | -                 | 86,318,414  | 6,673,463,536 | 6,759,781,950 |
| Financial liabilities              |   |                   |             |               |               |
| Derivative liabilities             | ₩ | -                 | -           | 997,447       | 997,447       |

(2) There is no transfer of financial instrument measured at fair value between level 1 and level 2 for the years ended December 31, 2023 and 2022.

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28. **Fair Value Hierarchy of Financial Instruments, continued**

(3) Details of valuation technique and input variable used in the fair value measurement categorized within level 2 of the fair value hierarchy of financial instruments as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                    |   | 2023        |   |                               |
|------------------------------------|---|-------------|---|-------------------------------|
|                                    |   | Amount      | Valuation technique                                 | Input variable                |
| Financial assets                   |   |             |   |                               |
| Financial assets measured at FVTPL | ₩ | 490,527,896 | Discounted cash flow method,<br>Net asset valuation | Discount rate,<br>Asset Price |
| Derivative assets                  |   | 12,935,737  | Discounted cash flow method                         | Discount rate                 |
| Financial liabilities              |   |             |   |                               |
| Derivative liabilities             |   | 1,327,743   | Discounted cash flow method                         | Discount rate                 |
|                                    |   | 2022        |   |                               |
|                                    |   | Amount      | Valuation technique                                 | Input variable                |
| Financial assets                   |   |             |   |                               |
| Financial assets measured at FVTPL | ₩ | 67,975,512  | Discounted cash flow method                         | Discount rate                 |
| Derivative liabilities             |   | 18,342,902  | Discounted cash flow method                         | Discount rate                 |

(4) The Group's policies for measuring fair value of financial instruments at amortized costs are as follows:

| Classification          | Method of measuring fair value   |
|-------------------------|--|
| Cash and due from banks | The fair value of cash is considered equivalent to the carrying amount. As due from banks is mostly consist of short-term instruments, the carrying amount is assumed as the fair value. |
| Loans                   | The fair value of the loans is estimated as present value of cash flow expected to receive.  |
| Borrowings              | As the carrying amount is considered a close estimate of the fair value, the carrying amount is assumed as the fair value.   |



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28. **Fair Value Hierarchy of Financial Instruments, continued**

(5) The fair value hierarchy of financial instruments that are not measured but disclosed at fair value as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                    | December 31, 2023 |                      |                      |                      |
|------------------------------------|-------------------|----------------------|----------------------|----------------------|
|                                    | Level 1           | Level 2              | Level 3              | Total                |
| Financial assets                   |                   |                      |                      |                      |
| Cash and due from banks            | ₩ -               | 1,033,699,697        | -                    | 1,033,699,697        |
| Financial assets at amortized cost | -                 | -                    | 1,089,631,443        | 1,089,631,443        |
| Other receivables                  | -                 | -                    | 24,246,793           | 24,246,793           |
|                                    | <u>-</u>          | <u>1,033,699,697</u> | <u>1,113,878,236</u> | <u>2,147,577,933</u> |
| Financial liabilities              |                   |                      |                      |                      |
| Borrowings                         | -                 | -                    | 922,163,569          | 922,163,569          |
| Debentures                         | -                 | -                    | 2,262,310,135        | 2,262,310,135        |
| Other financial liabilities        | -                 | -                    | 61,650,866           | 61,650,866           |
| Other payables                     | -                 | -                    | 68,112,883           | 68,112,883           |
|                                    | <u>₩ -</u>        | <u>-</u>             | <u>3,314,237,453</u> | <u>3,314,237,453</u> |
|                                    |                   |                      |                      |                      |
|                                    | December 31, 2022 |                      |                      |                      |
|                                    | Level 1           | Level 2              | Level 3              | Total                |
| Financial assets                   |                   |                      |                      |                      |
| Cash and due from banks            | ₩ -               | 990,901,169          | -                    | 990,901,169          |
| Financial assets at amortized cost | -                 | -                    | 784,921,030          | 784,921,030          |
| Other receivables                  | -                 | -                    | 18,155,099           | 18,155,099           |
| Indemnity receivables              | -                 | -                    | 2,068,882            | 2,068,882            |
|                                    | <u>-</u>          | <u>990,901,169</u>   | <u>805,145,011</u>   | <u>1,796,046,180</u> |
| Financial liabilities              |                   |                      |                      |                      |
| Borrowings                         | -                 | -                    | 646,470,723          | 646,470,723          |
| Debentures                         | -                 | -                    | 2,108,926,258        | 2,108,926,258        |
| Other financial liabilities        | -                 | -                    | 15,956               | 15,956               |
| Other payables                     | -                 | -                    | 37,587,750           | 37,587,750           |
|                                    | <u>₩ -</u>        | <u>-</u>             | <u>2,793,000,687</u> | <u>2,793,000,687</u> |

Korea Ocean Business Corporation and Subsidiaries  
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29. **Related Party Transactions**

(1) Related parties as of December 31, 2023 and 2022 are as follows:

| December 31, 2023   |   |
|---|---|
| Classification  | Corporate name  |
| Companies that have an influence on the Group:<br>Significant influence companies | Government of the Republic of Korea,<br>Korea Development Bank  |
| Companies that the Group has an influence on:<br>Associates (*)                   | HMM Co., Ltd., IGIS UNCT Infra Fund, KIAMCO New Build Promotion Special Asset Private Investment Trust No.1, KIAMCO Shipping Investment Private Investment Trust No.3, KIAMCO Shipping Investment Private Investment Trust No.4, KIAMCO Shipping Investment Private Investment Trust No.5, Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1, Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2, Multi Asset K-Container Box General Private Equity Investment Trust No. 1, Multi Asset K-Container Box General Private Equity Investment Trust No. 2, KIAMCO KDB&KOBC Green Ocean General Private Equity Investment Trust No. 3, Andover DULC Private Equity Investment Trust No.1 |

(\*) Subsidiaries of associates are not disclosed.

| December 31, 2022   |  |
|---|--|
| Classification  | Corporate name   |
| Companies that have an influence on the Group:<br>Significant influence companies | Government of the Republic of Korea,<br>Korea Development Bank   |
| Companies that the Group has an influence on:<br>Associates (*)                   | HMM Co., Ltd., IGIS UNCT Infra Fund, KIAMCO New Build Promotion Special Asset Private Investment Trust No.1, KIAMCO Shipping Investment Private Investment Trust No.3, KIAMCO Shipping Investment Private Investment Trust No.4, KIAMCO Shipping Investment Private Investment Trust No.5, Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1, Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2, Multi Asset K-Container Box General Private Equity Investment Trust No. 1 |

(\*) Subsidiaries of associates are not disclosed.

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29. **Related Party Transactions, continued**

(3) Significant financing transactions with related parties for the years ended December 31, 2023 and 2022 are as follows. The transactions with subsidiaries of HMM Co., Ltd. are included (In thousands of won):

| Related parties  | Interest receipts | Other Receipts | Fees and commission Receipts | Paid-in capital increase | Stock purchase / liquidation | Capital reduction with compensation | Dividends   | Total        |
|--|-------------------|----------------|------------------------------|--------------------------|------------------------------|-------------------------------------|-------------|--------------|
| Significant influence companies:   |                   |                |                              |                          |                              |                                     |             |              |
| Korea Development Bank   | 279,787           | -              | -                            | -                        | -                            | -                                   | -           | 279,787      |
| ₩  | 279,787           | -              | -                            | -                        | -                            | -                                   | -           | 279,787      |
| Associates:  |                   |                |                              |                          |                              |                                     |             |              |
| HMM Co., Ltd.  | ₩ 34,370,947      | 139,465,565    | (3,975,560)                  | 191,150,473              | -                            | -                                   | 117,109,031 | 478,120,456  |
| IGIS UNCT Infra Fund   | -                 | -              | -                            | -                        | -                            | 11,313,182                          | 1,961,656   | 13,274,838   |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No. 1        | -                 | -              | -                            | (5,266,071)              | -                            | 5,238,356                           | 1,781,508   | 1,753,793    |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | -                 | -              | -                            | (36,547,679)             | -                            | -                                   | 1,164,265   | (35,383,414) |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | -                 | -              | -                            | -                        | -                            | -                                   | 2,260,253   | 2,260,253    |
| KIAMCO KDB&KOBC Green Ocean General Private Equity Trust No.3                  | -                 | -              | -                            | (5,812,019)              | (10,674,468)                 | -                                   | 340,911     | (16,145,576) |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | -                 | -              | -                            | (38,890,007)             | -                            | 94,233                              | 959,903     | (37,835,871) |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 2      | -                 | -              | -                            | -                        | (1,593,215)                  | -                                   | 49,673      | (1,543,542)  |
| KIAMCO SHIPPING General Private Equity Trust No. 3                             | -                 | -              | -                            | (60,711,226)             | -                            | -                                   | 2,090,643   | (58,620,583) |
| KIAMCO SHIPPING General Private Equity Trust No. 4                             | -                 | -              | -                            | (56,231,064)             | -                            | -                                   | 2,278,272   | (53,952,792) |
| KIAMCO SHIPPING General Private Equity Trust No. 5                             | -                 | -              | -                            | (42,584,449)             | -                            | -                                   | 2,013,890   | (40,570,559) |
| Andover DULC Private Equity Investment Trust No. 1                             | -                 | -              | -                            | -                        | (19,000,000)                 | -                                   | 452,562     | (18,547,438) |
| ₩  | 34,370,947        | 139,465,565    | (3,975,560)                  | (54,892,042)             | (31,267,683)                 | 16,545,771                          | 132,462,567 | 232,809,565  |

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29. **Related Party Transactions, continued**

| Related parties  | 2022                     |                              |                   |                |                           |                          |                              |                                     |            |               |
|--|--------------------------|------------------------------|-------------------|----------------|---------------------------|--------------------------|------------------------------|-------------------------------------|------------|---------------|
|  | Loans and repayment (*1) | Borrowing and repayment (*2) | Interest receipts | Other receipts | Interest and fees Payment | Paid-in capital increase | Stock purchase / liquidation | Capital reduction with compensation | Dividends  | Total         |
| Significant influence companies:   |                          |                              |                   |                |                           |                          |                              |                                     |            |               |
| Government of the Republic of Korea  | ₩ -                      | -                            | -                 | -              | -                         | 29,999,995               | -                            | -                                   | -          | 29,999,995    |
| Korea Development Bank   | -                        | (278,766,849)                | 117,456           | 15,000,000     | (5,937,472)               | -                        | -                            | -                                   | -          | (269,586,865) |
|  | ₩ -                      | (278,766,849)                | 117,456           | 15,000,000     | (5,937,472)               | 29,999,995               | -                            | -                                   | -          | (239,586,870) |
| Associates:  |                          |                              |                   |                |                           |                          |                              |                                     |            |               |
| HMM Co., Ltd.  | ₩ 516,567,157            | -                            | 43,466,844        | 135,287,871    | (3,988,931)               | 24,796,011               | -                            | -                                   | 58,554,515 | 774,683,467   |
| Yuanta HPNT PEF (*3)   | -                        | -                            | -                 | -              | -                         | -                        | 61,400,000                   | -                                   | 2,000,000  | 63,400,000    |
| IGIS UNCT Infra Fund   | -                        | -                            | -                 | -              | -                         | -                        | (60,000,000)                 | 2,757,273                           | 577,808    | (56,664,919)  |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1         | -                        | -                            | -                 | -              | -                         | -                        | (19,728,671)                 | -                                   | 642,655    | (19,086,016)  |
| KIAMCO SHIPPING General Private Equity Trust No. 3                             | -                        | -                            | -                 | -              | -                         | -                        | (16,455,404)                 | -                                   | 995,362    | (15,460,042)  |
| KIAMCO SHIPPING General Private Equity Trust No. 4                             | -                        | -                            | -                 | -              | -                         | -                        | (20,521,673)                 | -                                   | 995,362    | (19,526,311)  |
| KIAMCO SHIPPING General Private Equity Trust No. 5                             | -                        | -                            | -                 | -              | -                         | -                        | (20,520,514)                 | -                                   | 995,362    | (19,525,152)  |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | -                        | -                            | -                 | -              | -                         | -                        | (11,758,447)                 | -                                   | 633,349    | (11,125,098)  |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | -                        | -                            | -                 | -              | -                         | -                        | (27,079,920)                 | -                                   | 168,023    | (26,911,897)  |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | -                        | -                            | -                 | -              | -                         | -                        | (3,856,361)                  | -                                   | 113,792    | (3,742,569)   |
|  | ₩ 516,567,157            | -                            | 43,466,844        | 135,287,871    | (3,988,931)               | 24,796,011               | (118,520,990)                | 2,757,273                           | 65,676,228 | 666,041,463   |

(\*1) Receivable and repayment amount are included.

(\*2) Payable and repayment amount are included.

(\*3) Those entities are excluded from related parties in 2022

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29. **Related Party Transactions, continued**

(3) Details of outstanding balances with related parties arising from the transactions as of December 31, 2023 and 2022 are as follow (In thousands of won):

| December 31, 2023      |                                    |               |
|------------------------|------------------------------------|---------------|
| Related parties        | Classification                     | Amount        |
| Korea Development Bank | Time deposits in Korean won        | ₩ 25,000,000  |
|                        | Accrued interest                   | 625,297       |
|                        | Accrued expense                    | 318,445       |
| HMM Co., Ltd.          | Financial assets measured at FVTPL | 3,286,571,133 |
|                        | Accrued interest                   | 3,891,837     |
|                        | Accrued expense                    | 780,142       |

| December 31, 2022      |                                    |               |
|------------------------|------------------------------------|---------------|
| Related parties        | Classification                     | Amount        |
| Korea Development Bank | Time deposits in Korean won        | ₩ 25,000,000  |
|                        | Accrued expense                    | 171,852       |
| HMM Co., Ltd.          | Financial assets measured at FVTPL | 5,233,567,860 |
|                        | Accrued interest                   | 6,715,890     |
|                        | Derivative liabilities             | 997,447       |
|                        | Accrued expense                    | 766,771       |

(4) Significant transactions with related parties for the years ended December 31, 2023 and 2022 are as follows. The transactions with subsidiaries of HMM Co., Ltd. are included (In thousands of won):

|                        |   | 2023              |                    |                    |                            |
|------------------------|---|-------------------|--------------------|--------------------|----------------------------|
|                        |   | Interest income   | Interest expenses  | Lease income       | Fees and commission income |
| Korea Development Bank | ₩ | 846,510           | -                  | -                  | -                          |
| HMM Co., Ltd.          |   | 34,336,140        | (4,792,494)        | 173,909,217        | 21,278,811                 |
|                        | ₩ | <u>35,182,650</u> | <u>(4,792,494)</u> | <u>173,909,217</u> | <u>21,278,811</u>          |

|                        |   | 2022              |                     |                    |                            |                              |
|------------------------|---|-------------------|---------------------|--------------------|----------------------------|------------------------------|
|                        |   | Interest income   | Interest expenses   | Lease Income       | Fees and commission income | Fees and commission expenses |
| Korea Development Bank | ₩ | 117,456           | (5,685,871)         | -                  | -                          | (251,600)                    |
| HMM Co., Ltd.          |   | 58,159,944        | (4,755,702)         | 135,231,667        | 1,391,190                  | -                            |
|                        | ₩ | <u>58,277,400</u> | <u>(10,441,573)</u> | <u>135,231,667</u> | <u>1,391,190</u>           | <u>(251,600)</u>             |

Korea Ocean Business Corporation and Subsidiaries  
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29. **Related Party Transactions, continued**

(5) Details of payment guarantees provided by the Group to the related parties as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   |                     | December 31, 2023                           |                      |
|---|---------------------|---|----------------------|
| Classification                              | Provided to         | Credit providers                            | Amounts              |
| Financial guarantees for shipbuilding       | NURINURI S.A.       | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 72,521,819           |
|   | GAONGAON S.A.       | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 72,521,819           |
|   | GARAMGARAM S.A.     | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
|   | MIRMIR S.A.         | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
|   | HANBADAHANBADA S.A. | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
|   | RAONRAON S.A.       | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
|   | DAONDAON S.A.       | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
|   | HANULHANUL S.A.     | STANDARD CHARTERED BANK (HONG KONG) LIMITED | 74,481,869           |
| Financial guarantees for scrubber equipment | HMM Co., Ltd.       | Shinhan Bank, Hana Bank                     | 32,157,541           |
|   |                     |   | <u>₩ 624,092,393</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

29. **Related Party Transactions, continued**

| December 31, 2022                           |                        |   |                        |
|---|------------------------|---|------------------------|
| Classification                              | Provided to            | Credit providers  | Amounts                |
| Financial guarantees for shipbuilding       | Meritz Taurus 1 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | ₩ 64,725,125           |
|   | Meritz Taurus 2 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,719,996             |
|   | Meritz Taurus 3 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,713,857             |
|   | Meritz Taurus 4 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,937,318             |
|   | Meritz Taurus 5 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,573,603             |
|   | Meritz Taurus 6 S.A.   | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,573,603             |
|   | MA Taurus D1-4319 S.A. | Mirae Assets Securities Co., Ltd.                                     | 64,721,240             |
|   | MA Taurus D2-4321 S.A. | Mirae Assets Securities Co., Ltd.                                     | 64,687,125             |
|   | MA Taurus D3-4323 S.A. | Mirae Assets Securities Co., Ltd.                                     | 64,663,501             |
|   | MA Taurus S1-2288 S.A. | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | MA Taurus S2-2290 S.A. | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | MA Taurus S3-2292 S.A. | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | GARAMGARAM S.A.        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | HANBADAHANBADA S.A.    | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | RAONRAON S.A.          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | MIRMIR S.A.            | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | DAONDAON S.A.          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | HANULHANUL S.A.        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | NURINURI S.A.          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 78,984,631             |
|   | GAONGAON S.A.          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 78,984,631             |
| Financial guarantees for scrubber equipment | HMM Co., Ltd.          | Shinhan Bank, Hana Bank   | 41,265,473             |
|   |                        |   | ₩ <u>1,484,737,422</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

29. **Related Party Transactions, continued**

(6) Implementation agreement of competitiveness enhancement plan with HMM Co., Ltd.

The Company signed an agreement to enhance the competitiveness of HMM Co., Ltd., and the main contents of the agreement are as follows:

|                                    | <u>Contents</u>   |
|------------------------------------|---|
| Agreement implementer              | Korea Ocean Business Corporation and HMM Co., Ltd.  |
| Main contents of agreement         | <ol style="list-style-type: none"> <li>1. General rules <ul style="list-style-type: none"> <li>- Objectives</li> <li>- Definition of terms</li> </ul> </li> <li>2. Contents of support for strengthening competitiveness <ul style="list-style-type: none"> <li>- Support for strengthening competitiveness</li> <li>- Cooperation of the company</li> </ul> </li> <li>3. Competitiveness Secure <ul style="list-style-type: none"> <li>- Management of HMM. Co., Ltd.</li> <li>- Operation of advisory group and management recommendation committee</li> <li>- Dispatch of cooperative officers</li> <li>- Prior consultation and prior report items</li> <li>- Information submission of management plan</li> <li>- Submission of executive evaluation results</li> <li>- Treatment of executives</li> <li>- Management improvement</li> </ul> </li> <li>4. Implementation and termination of the agreement <ul style="list-style-type: none"> <li>- Inspection of contract performance</li> <li>- Effect of agreement</li> <li>- Termination and cancellation of agreement</li> </ul> </li> <li>5. Others <ul style="list-style-type: none"> <li>- Change of agreement</li> <li>- Interpretation of agreement</li> <li>- Competent court</li> <li>- Responsibilities of Korea Ocean Business Corporation and HMM Co., Ltd.</li> <li>- Others</li> </ul> </li> </ol> |
| Period of agreement implementation | <p>From December 29, 2023 to December 31, 2024</p> <p>The agreement termination date is automatically extended for one year if neither party gives written notice of termination of the contract three months prior to the end of the period.</p>   |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

29. **Related Party Transactions, continued**

(7) Collateral provided to or received from related parties

There is no collateral provided or provided to any related party for the years ended December 31, 2023 and 2022.

(8) Compensation for the key management

The Group judged registered executive officers, non-registered executive officers, internal auditors and chief managers of each business department as key management personnel who have significant authority and responsibility for the planning, operating and controlling of business activities. Details of compensation to key management personnel for 2023 and 2022 are as follows (In thousands of won):

|                                  | 2023               | 2022             |
|----------------------------------|--------------------|------------------|
| Short-term employee compensation | ₩ 1,219,131        | 1,023,400        |
| Retirement benefit               | 51,557             | 60,742           |
|                                  | ₩ <u>1,270,688</u> | <u>1,084,142</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

30. **Statements of Cash Flows**

(1) The details of cash and cash equivalents as of December 31, 2023 and 2022 are as follows (In thousands of won):

|   |   | 2023                 | 2022               |
|---|---|----------------------|--------------------|
| Cash  | ₩ | -                    | -                  |
| Deposits in Korean won  |   | 665,634,593          | 839,136,501        |
| Deposits in foreign currencies  |   | 368,065,104          | 151,764,668        |
|   |   | <u>1,033,699,697</u> | <u>990,901,169</u> |
| Less: Restricted due from bank  |   | (173,228,779)        | (170,863,276)      |
| Due from banks with a maturity of three months or more at acquisition |   | (285,557,280)        | (112,000,000)      |
|   | ₩ | <u>574,913,638</u>   | <u>708,037,893</u> |

(2) Significant transactions not involving cash and cash equivalents for the years ended December 31, 2023 and 2022 are as follows (In thousands of won):

|  |   | 2023          | 2022      |
|--|---|---------------|-----------|
| Reclassification from insurance liabilities to financial guarantee liabilities             | ₩ | -             | 3,725,738 |
| Reclassification from financial assets measured at FVTPL to investments in associates      |   | 1,490,000,000 | -         |
| Reclassification from Indemnity receivables to financial assets measured at amortized cost |   | 18,955,182    | -         |

(3) Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follow (In thousands of won):

|                   |   | 2023                 |                      |                     |                   |                         |                      |
|-------------------|---|----------------------|----------------------|---------------------|-------------------|-------------------------|----------------------|
|                   |   | Non-cash flow change |                      |                     |                   |                         |                      |
|                   |   | Beginning            | Cash flow            | Increase (decrease) | Interest expense  | Change of exchange rate | Ending balance       |
| Borrowings        | ₩ | 2,755,396,981        | 465,267,643          | (1,633,364)         | 817,973           | (35,375,529)            | 3,184,473,704        |
| Lease liabilities |   | 493,219              | (819,821)            | 3,702,691           | 72,156            | -                       | 3,448,245            |
| Security deposit  |   | 6,346,805            | -                    | -                   | 129,728           | -                       | 6,476,533            |
|                   | ₩ | <u>2,762,237,005</u> | <u>464,447,822</u>   | <u>2,069,327</u>    | <u>1,019,857</u>  | <u>(35,375,529)</u>     | <u>3,194,398,482</u> |
|                   |   | 2022                 |                      |                     |                   |                         |                      |
|                   |   | Non-cash flow change |                      |                     |                   |                         |                      |
|                   |   | Beginning            | Cash flow            | Increase (decrease) | Interest expense  | Change of exchange rate | Ending balance       |
| Borrowings        | ₩ | 3,346,670,409        | (621,965,188)        | -                   | 32,625,949        | (1,934,188)             | 2,755,396,982        |
| Lease liabilities |   | 1,086,252            | (813,100)            | 203,885             | 16,182            | -                       | 493,219              |
| Security deposit  |   | 6,313,328            | -                    | -                   | 33,477            | -                       | 6,346,805            |
|                   | ₩ | <u>3,354,069,989</u> | <u>(622,778,288)</u> | <u>203,885</u>      | <u>32,675,608</u> | <u>(1,934,188)</u>      | <u>2,762,237,006</u> |

31. **Risk Management**

**(1) Objectives**

Risk management aims to maintain our management stability by effectively managing risks that may arise in management activities. Risk management is regulated by the following principles.

- Risk is managed comprehensively and independently
- Risk is managed to balance benefits
- Risk is accurately recognized, measured, assessed and properly managed
- Risks are appropriately distributed to prevent bias
- Allowance limits are set and managed to prevent excessive risk exposure

**(2) Risk management policy and strategy**

The types of risks the Company can be exposed to include credit, market, liquidity and operational risks. The Group supports to realize profits reliably through the recognition, measurement, evaluation, control, monitoring and reporting of significant risks. The Group recognizes and measures various risks quickly and accurately and manages them at an appropriate level so that the Group can efficiently respond to internal and external risk factors in a rapidly changing financial environment.

**(3) Risk management organization**

Risk management organization consists of the board of directors, the risk management committee, risk management council, the risk management officer, the risk management department and the department conducting risk management. The Group's risk management system quantifies various risks and manages them at an appropriate level to efficiently respond to internal and external risk factors and supports them to be used for efficient management decisions. The company is also striving to communicate throughout the company to spread the risk management culture.

***(i) The risk management committee***

The risk management committee oversees risk management activities such as effective supervision of risks arising from the management, establishes risk management policies and delegates to the board of directors the authority to make decisions related to risks and business decisions that involve risks. The risk management committee consists of one non-standing director and two standing directors.

***(ii) Risk Management Council***

Risk Management Council is operated as an affiliated organization that supports decision-making by the Risk Management Committee and plays a major consultation and coordination role between the control organization and the field department on risk management work. The Risk Management Council consists of one chairperson and five members.

***(iii) Exchange Risk Management Committee***

An organization to deliberate on important matters related to exchange risk management, it is responsible for deliberating on the exchange risk management plan and the legality of foreign exchange transactions involving foreign exchange risks. The Exchange Risk Management Committee consists of no more than seven members including the chairperson.

***(iv) The risk management officer***

The risk management officer reviews and analyzes the operation of risk limits, operates a risk management system, and timely provides risk management information to the risk management committee and the Company's management. Currently, the risk management team leader is assigned as the risk management officer.

***(v) The risk management general department***

The risk management department integrally operates risk management tasks, manages and supports the committee, analyzes the Group's enterprise risk, prepares internal and external reporting, establishes and maintains a risk management system. The department manages capital adequacy, asset soundness, liquidity, and credit limit, and establishes and distributes each type of risk limits. The department monitors the Group's risk management, prepares and reports its risk analysis reports. The department develops and operates key indicators for risk management, implements and reports crisis analysis and stress testing, and disseminates risk management culture.

31. **Risk Management, continued**

*(vi) The risk management department*

The department conducting risk management performs its risk management tasks such as reviewing and monitoring of various risk limits allocated to business units.

**(4) Risk management procedures**

The Group's risk management procedures consist of identifying, measuring, analysing, monitoring, controlling and reporting its risks. Details of activities of each procedure are as follows:

*(i) Identification*

The identification procedures recognize the risks arising from the Group's business activities as type of guarantee, credit, market, interest rate, liquidity and operational risk.

*(ii) Measuring*

The measuring procedures measure and manage the risk exposures arising from guarantees, credit, market, interest rate and operational risks recognized as the Group's significant risks in accordance with the supplementary 2 in the Group's supervisory regulation.

*(iii) Analysis*

The analysis procedures collect the information of the Group's enterprise risk management status and analyse the impact on the Group.

*(iv) Monitoring and controlling*

In order to avoid, accept, transfer, or mitigate risks, the monitoring and controlling procedures set an appropriate level of risk limit, monitoring whether the limit is exceeded, and adjusting the limit if necessary.

*(v) Reporting*

The reporting procedures periodically report the monitoring results of the risk factors and countermeasures to the risk management committee and management.

**(5) Setting and managing of risk limits**

*(i) Set up of risk capital*

Based on the Group's capital, set the total amount of risk capital reflecting risk propensity and approve it by the Risk Management Committee.

*(ii) Risk capital allocation*

Allocate and manage the risk capital by each division, the allocation of risk capital for each division manages it within the limits allocated by the risk management committee calculating the integrated risk considering the correlation.

*(iii) Risk capital limit management*

Each department primarily monitors the use of risk capital and the general manage department monitors the management of limit in terms of company-wide integrated risk and establishes a quarterly reporting system to the risk management committee.

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2023 and 2022

31. **Risk Management, continued**

**(6) Capital management**

The Group complies with the capital adequacy standard by maintaining at least 8% of the ratio of risk-weighted assets to equity capital (hereinafter referred to as the "BIS capital ratio") under the supervisory regulations of the Korea Ocean Business Corporation.

The Group calculate risk-weighted assets by integrating our credit, market, and operating risks, evaluate the adequacy of our holdings by comparing them with equity capital, and establish and operate internal management procedures to maintain an appropriate level of equity capital ratio. BIS capital ratio and equity capital are calculated based on consolidated financial statements.

According to the supervisory regulations of the Korea Ocean Business Corporation, the equity capital of the consolidated entity is classified into common capital, other equity capital, and supplementary capital.

- Basic capital: the sum of common capital and other basic capital stock, common capital includes capital, additional paid in other capital, capital adjustment, retained earnings, accumulated other comprehensive income, and other basic capital includes capital securities and additional paid in other capital.

- Complementary capital: includes not more than 1.25% of credit risk-weighted assets, such as provisions accumulated for assets classified as normal or important.

Risk-weighted assets refer to the size of an asset that reflects the amount of risk that the company must bear, including the risks inherent in the asset and the risks of loss due to internal processes and external events. Based on the supervisory regulations of the Korea Ocean Business Corporation, risk-weighted assets by risk are calculated and used to calculate BIS capital ratio.

BIS capital ratio for the year ended December 31, 2023 and 2022 are as follows (In thousands of won):

|                                     | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------|--------------------------|--------------------------|
| Equity capital                      |                          |                          |
| Common capital stock                | ₩ 7,662,764,241          | 7,367,001,757            |
| Other capital stock                 | -                        | -                        |
| Basic capital                       | <u>7,662,764,241</u>     | <u>7,367,001,757</u>     |
| Complementary capital stock         | <u>4,094,921</u>         | <u>8,996,211</u>         |
|                                     | <u>7,666,859,162</u>     | <u>7,375,997,968</u>     |
| <br>                                |                          |                          |
| Total risk-weighted asset           |                          |                          |
| Total credit risk-weighted asset    | 14,248,314,836           | 10,615,505,497           |
| Total market risk-weighted asset    | 9,102,314,330            | 11,564,674,943           |
| Total operating risk-weighted asset | 4,322,085,514            | 6,050,957,317            |
|                                     | ₩ <u>27,672,714,680</u>  | <u>28,231,137,757</u>    |
| BIS capital ratio                   | <u>27.71%</u>            | <u>26.13%</u>            |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

(7) Matters concerning risk management by type

(i) *Credit risk*

a) Outline of credit risk

Credit risk is the risk (unexpected loss) that exceeds estimated loss if a counterparty fails to meet its contractual obligations or goes into defaults.

b) Measure and management of credit risk

The Group's management soundness ratio calculation standard requires the Group to calculate the Credit risk by applying risk reflect weights that the type of asset, the credit rating of the counterparty, the effect of credit mitigation through collateral and guarantee and so on. The Group evaluate the domestic counterparty's credit rating through a qualified credit rating institute.

Assets exposed to credit risk include deposits, securities, and others whose value or profit or loss is fluctuated due to bankruptcy or default of counterparty.

To manage credit risk, the Group set limits such as loss limits, operational limits, Risk management department regularly monitors and reports to the committee whether each department abide by these limits.

c) Maximum exposure to credit risk

1) Maximum exposure to credit risk as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                     | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------------|--------------------------|--------------------------|
| Due from banks                      | ₩ 1,033,699,697          | 990,901,169              |
| Financial assets measured at FVTPL  | 3,821,550,502            | 5,339,706,770            |
| Financial assets measured at FVOCI  | 48,904,900               | 51,732,278               |
| Financial assets at amortized costs | 1,089,631,443            | 784,921,029              |
| Derivative assets                   | 12,935,737               | 18,342,902               |
| Financial lease receivables         | 335,960,150              | 334,042,811              |
| Indemnity receivables               | -                        | 2,068,882                |
| Other receivables                   | 24,246,793               | 18,155,100               |
|                                     | <u>₩ 6,366,929,222</u>   | <u>7,539,870,941</u>     |

2) Maximum exposure to credit risk related to off-balance accounts as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                      | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Financial guarantees | ₩ 1,819,639,653          | 2,935,979,802            |
| Unused credit lines  | 559,759,527              | 58,626,627               |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

d) Credit risk mitigation by collateral and other credit enhancements

The quantification of the extent to which collateral and other credit enhancements mitigate credit risk as of December 31, 2023 and 2022, are as follows (In thousands of won):

|   | December 31, 2023      |                        |  |
|---|------------------------|------------------------|--|
|   | Exposures              | Credit risk mitigation | Exposures after credit risk mitigation |
| Due from banks                              | ₩ 1,033,699,697        | -                      | 1,033,699,697                          |
| Financial assets measured at FVTPL          | 3,821,550,502          | 225,725,931            | 3,595,824,571                          |
| Financial assets measured at FVOCI          | 48,904,900             | -                      | 48,904,900                             |
| Financial assets measured at amortized cost | 1,089,631,443          | 750,795,391            | 338,836,052                            |
| Derivative assets                           | 12,935,737             | -                      | 12,935,737                             |
| Financial lease receivables                 | 335,960,150            | 134,127,887            | 201,832,263                            |
| Other assets                                | 24,246,793             | -                      | 24,246,793                             |
|   | <u>₩ 6,366,929,222</u> | <u>1,110,649,209</u>   | <u>5,256,280,013</u>                   |
|   | December 31, 2022      |                        |  |
|   | Exposures              | Credit risk mitigation | Exposures after credit risk mitigation |
| Due from banks                              | ₩ 990,901,169          | -                      | 990,901,169                            |
| Financial assets measured at FVTPL          | 5,339,706,770          | 55,644,390             | 5,284,062,380                          |
| Financial assets measured at FVOCI          | 51,732,278             | -                      | 51,732,278                             |
| Financial assets measured at amortized cost | 790,799,106            | 533,395,871            | 257,403,235                            |
| Derivative assets                           | 18,349,378             | -                      | 18,349,378                             |
| Financial lease receivables                 | 335,670,047            | 120,030,072            | 215,639,975                            |
| Indemnity receivables                       | 18,955,182             | 2,068,882              | 16,886,300                             |
| Other assets                                | 18,155,767             | -                      | 18,155,767                             |
|   | <u>₩ 7,564,269,697</u> | <u>711,139,215</u>     | <u>6,853,130,482</u>                   |

e) Credit quality of loans and others

1) Credit quality is classified based on external credit grades as follows:

|         | External credit rate |
|---------|----------------------|
| Grade 1 | Risk free            |
| Grade 2 | AAA                  |
| Grade 3 | AA+ ~ BBB-           |
| Grade 4 | Below BB+ or unrated |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

- 2) The gross carrying amount of financial assets and other assets by credit risk grade as of December 31, 2023 and 2022 are as follows (In thousands of won):

<Loans measured at FVTPL>

|         | December 31, 2023                   |                               |                    |                    |
|---------|-------------------------------------|-------------------------------|--------------------|--------------------|
|         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    |                    |
|         |                                     | Non-credit<br>impaired        | Credit<br>impaired | Total              |
| Grade 1 | ₩ -                                 | -                             | -                  | -                  |
| Grade 2 | -                                   | -                             | -                  | -                  |
| Grade 3 | 26,897,787                          | -                             | -                  | 26,897,787         |
| Grade 4 | 457,037,046                         | -                             | -                  | 457,037,046        |
|         | ₩ <u>483,934,833</u>                | <u>-</u>                      | <u>-</u>           | <u>483,934,833</u> |

|         | December 31, 2022                   |                               |                    |                   |
|---------|-------------------------------------|-------------------------------|--------------------|-------------------|
|         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    |                   |
|         |                                     | Non-credit<br>impaired        | Credit<br>impaired | Total             |
| Grade 1 | ₩ -                                 | -                             | -                  | -                 |
| Grade 2 | -                                   | -                             | -                  | -                 |
| Grade 3 | -                                   | -                             | -                  | -                 |
| Grade 4 | 61,559,137                          | -                             | -                  | 61,559,137        |
|         | ₩ <u>61,559,137</u>                 | <u>-</u>                      | <u>-</u>           | <u>61,559,137</u> |

<Indemnity receivables>

|         | December 31, 2023                   |                               |                    |          |
|---------|-------------------------------------|-------------------------------|--------------------|----------|
|         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    |          |
|         |                                     | Non-credit<br>impaired        | Credit<br>impaired | Total    |
| Grade 1 | ₩ -                                 | -                             | -                  | -        |
| Grade 2 | -                                   | -                             | -                  | -        |
| Grade 3 | -                                   | -                             | -                  | -        |
| Grade 4 | -                                   | -                             | -                  | -        |
|         | ₩ <u>-</u>                          | <u>-</u>                      | <u>-</u>           | <u>-</u> |

|         | December 31, 2022                   |                               |                    |                   |
|---------|-------------------------------------|-------------------------------|--------------------|-------------------|
|         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    |                   |
|         |                                     | Non-credit<br>impaired        | Credit<br>impaired | Total             |
| Grade 1 | ₩ -                                 | -                             | -                  | -                 |
| Grade 2 | -                                   | -                             | -                  | -                 |
| Grade 3 | -                                   | -                             | -                  | -                 |
| Grade 4 | -                                   | -                             | 18,955,182         | 18,955,182        |
|         | ₩ <u>-</u>                          | <u>-</u>                      | <u>18,955,182</u>  | <u>18,955,182</u> |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

<Loans measured at amortized cost>

|                   |                                     | December 31, 2023             |                    |             |  |
|-------------------|-------------------------------------|-------------------------------|--------------------|-------------|--|
|                   |                                     | Lifetime expected credit loss |                    |             |  |
|                   | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total       |  |
| Grade 1           | ₩ -                                 | -                             | -                  | -           |  |
| Grade 2           | -                                   | -                             | -                  | -           |  |
| Grade 3           | 192,980,261                         | -                             | -                  | 192,980,261 |  |
| Grade 4           | 788,119,490                         | -                             | -                  | 788,119,490 |  |
|                   | ₩ 981,099,751                       | -                             | -                  | 981,099,751 |  |
| December 31, 2022 |                                     |                               |                    |             |  |
|                   |                                     | Lifetime expected credit loss |                    |             |  |
|                   | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total       |  |
| Grade 1           | ₩ -                                 | -                             | -                  | -           |  |
| Grade 2           | -                                   | -                             | -                  | -           |  |
| Grade 3           | -                                   | -                             | -                  | -           |  |
| Grade 4           | 620,368,692                         | 13,296,277                    | -                  | 633,664,969 |  |
|                   | ₩ 620,368,692                       | 13,296,277                    | -                  | 633,664,969 |  |

<Other receivables at amortized cost>

|                   |                                     | December 31, 2023             |                    |            |  |
|-------------------|-------------------------------------|-------------------------------|--------------------|------------|--|
|                   |                                     | Lifetime expected credit loss |                    |            |  |
|                   | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |  |
| Grade 1           | ₩ 66,576                            | -                             | -                  | 66,576     |  |
| Grade 2           | 10,949,945                          | -                             | -                  | 10,949,945 |  |
| Grade 3           | 3,925,584                           | -                             | -                  | 3,925,584  |  |
| Grade 4           | 9,304,688                           | -                             | -                  | 9,304,688  |  |
|                   | ₩ 24,246,793                        | -                             | -                  | 24,246,793 |  |
| December 31, 2022 |                                     |                               |                    |            |  |
|                   |                                     | Lifetime expected credit loss |                    |            |  |
|                   | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |  |
| Grade 1           | ₩ -                                 | -                             | -                  | -          |  |
| Grade 2           | 3,536,990                           | -                             | -                  | 3,536,990  |  |
| Grade 3           | 5,262,740                           | -                             | -                  | 5,262,740  |  |
| Grade 4           | 9,356,037                           | -                             | -                  | 9,356,037  |  |
|                   | ₩ 18,155,767                        | -                             | -                  | 18,155,767 |  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

<Debt instruments at FVOCI>

|         |                                     | December 31, 2023             |                    |            |  |
|---------|-------------------------------------|-------------------------------|--------------------|------------|--|
|         |                                     | Lifetime expected credit loss |                    |            |  |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |  |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |  |
| Grade 2 | -                                   | -                             | -                  | -          |  |
| Grade 3 | -                                   | -                             | -                  | -          |  |
| Grade 4 | 48,904,900                          | -                             | -                  | 48,904,900 |  |
|         | ₩ 48,904,900                        | -                             | -                  | 48,904,900 |  |

|         |                                     | December 31, 2022             |                    |            |  |
|---------|-------------------------------------|-------------------------------|--------------------|------------|--|
|         |                                     | Lifetime expected credit loss |                    |            |  |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |  |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |  |
| Grade 2 | -                                   | -                             | -                  | -          |  |
| Grade 3 | -                                   | -                             | -                  | -          |  |
| Grade 4 | 51,732,278                          | -                             | -                  | 51,732,278 |  |
|         | ₩ 51,732,278                        | -                             | -                  | 51,732,278 |  |

<Debt instruments at amortized cost>

|         |                                     | December 31, 2023             |                    |             |  |
|---------|-------------------------------------|-------------------------------|--------------------|-------------|--|
|         |                                     | Lifetime expected credit loss |                    |             |  |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total       |  |
| Grade 1 | ₩ -                                 | -                             | -                  | -           |  |
| Grade 2 | 19,995,500                          | -                             | -                  | 19,995,500  |  |
| Grade 3 | 2,992,350                           | -                             | -                  | 2,992,350   |  |
| Grade 4 | 85,543,842                          | -                             | -                  | 85,543,842  |  |
|         | ₩ 108,531,692                       | -                             | -                  | 108,531,692 |  |

|         |                                     | December 31, 2022             |                    |            |  |
|---------|-------------------------------------|-------------------------------|--------------------|------------|--|
|         |                                     | Lifetime expected credit loss |                    |            |  |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |  |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |  |
| Grade 2 | -                                   | -                             | -                  | -          |  |
| Grade 3 | 83,400,000                          | -                             | -                  | 83,400,000 |  |
| Grade 4 | 12,175,000                          | -                             | -                  | 12,175,000 |  |
|         | ₩ 95,575,000                        | -                             | -                  | 95,575,000 |  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

< Financial lease receivables >

|         |                                     | December 31, 2023             |                    |             |
|---------|-------------------------------------|-------------------------------|--------------------|-------------|
|         |                                     | Lifetime expected credit loss |                    |             |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>Impaired        | Credit<br>impaired | Total       |
| Grade 1 | ₩ -                                 | -                             | -                  | -           |
| Grade 2 | -                                   | -                             | -                  | -           |
| Grade 3 | 182,130,903                         | -                             | -                  | 182,130,903 |
| Grade 4 | 153,829,247                         | -                             | -                  | 153,829,247 |
|         | ₩ 335,960,150                       | -                             | -                  | 335,960,150 |

|         |                                     | December 31, 2022             |                    |             |
|---------|-------------------------------------|-------------------------------|--------------------|-------------|
|         |                                     | Lifetime expected credit loss |                    |             |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total       |
| Grade 1 | ₩ -                                 | -                             | -                  | -           |
| Grade 2 | -                                   | -                             | -                  | -           |
| Grade 3 | 335,670,047                         | -                             | -                  | 335,670,047 |
| Grade 4 | -                                   | -                             | -                  | -           |
|         | ₩ 335,670,047                       | -                             | -                  | 335,670,047 |

- 3) Exposure to credit risk for payment guarantee contracts by credit risk grade as of December 31, 2023 and 2022 are as follows (In thousands of won):

|         |                                  | December 31, 2023             |                     |   |
|---------|----------------------------------|-------------------------------|---------------------|---|
|         |                                  | Lifetime expected credit loss |                     |   |
|         | 12-month expected<br>credit loss | Non-credit-<br>impaired       | Credit-<br>impaired |   |
| Grade 1 | ₩ -                              | -                             | -                   | - |
| Grade 2 | -                                | -                             | -                   | - |
| Grade 3 | 1,022,547,009                    | -                             | -                   | - |
| Grade 4 | 797,092,644                      | -                             | -                   | - |
|         | ₩ 1,819,639,653                  | -                             | -                   | - |

|         |                                  | December 31, 2022             |                     |   |
|---------|----------------------------------|-------------------------------|---------------------|---|
|         |                                  | Lifetime expected credit loss |                     |   |
|         | 12-month expected<br>credit loss | Non-credit-<br>impaired       | Credit-<br>impaired |   |
| Grade 1 | ₩ -                              | -                             | -                   | - |
| Grade 2 | -                                | -                             | -                   | - |
| Grade 3 | 2,171,533,153                    | -                             | -                   | - |
| Grade 4 | 764,446,649                      | -                             | -                   | - |
|         | ₩ 2,935,979,802                  | -                             | -                   | - |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

- 4) Exposure to credit risk for unused credit lines by credit risk grade as of December 31, 2023 and 2022 are as follows (In thousands of won):

|         |   | December 31, 2023                |                               |                     |
|---------|---|----------------------------------|-------------------------------|---------------------|
|         |   | 12-month expected<br>credit loss | Lifetime expected credit loss |                     |
|         |   |                                  | Non-credit-<br>impaired       | Credit-<br>impaired |
| Grade 1 | ₩ | -                                | -                             | -                   |
| Grade 2 |   | -                                | -                             | -                   |
| Grade 3 |   | 452,702,024                      | -                             | -                   |
| Grade 4 |   | 107,057,503                      | -                             | -                   |
|         | ₩ | <u>559,759,527</u>               | <u>-</u>                      | <u>-</u>            |
|         |   | December 31, 2022                |                               |                     |
|         |   | 12-month expected<br>credit loss | Lifetime expected credit loss |                     |
|         |   |                                  | Non-credit-<br>impaired       | Credit-<br>impaired |
| Grade 1 | ₩ | -                                | -                             | -                   |
| Grade 2 |   | -                                | -                             | -                   |
| Grade 3 |   | 22,417,027                       | -                             | -                   |
| Grade 4 |   | 36,209,600                       | -                             | -                   |
|         | ₩ | <u>58,626,627</u>                | <u>-</u>                      | <u>-</u>            |

f) Credit risk concentration by industry

Credit risk concentration by industry of debt instruments and others as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  |   | December 31, 2023                          |                       |               |                      |                      |
|--|---|--|-----------------------|---------------|----------------------|----------------------|
|  |   | Government<br>and public<br>administration | Financial<br>services | Manufacturing | Service business     | Total                |
| Due from banks                           | ₩ | -  | 1,033,699,697         | -             | -                    | 1,033,699,697        |
| Financial assets<br>measured at<br>FVTPL |   | -  | -                     | -             | 3,821,550,502        | 3,821,550,502        |
| Financial assets<br>measured at<br>FVOCI |   | -  | -                     | -             | 48,904,900           | 48,904,900           |
| Financial assets at<br>amortized cost    |   | -  | 19,995,500            | -             | 1,069,635,943        | 1,089,631,443        |
| Derivative assets                        |   | -  | 12,935,737            | -             | -                    | 12,935,737           |
| Finance lease<br>receivables             |   | -  | -                     | -             | 335,960,150          | 335,960,150          |
| Indemnity<br>receivables                 |   | -  | -                     | -             | -                    | -                    |
| Other receivables                        |   | 66,576                                     | 10,646,659            | -             | 13,533,558           | 24,246,793           |
|  |   | <u>66,576</u>                              | <u>1,077,277,593</u>  | <u>-</u>      | <u>5,289,585,053</u> | <u>6,366,929,222</u> |
| Financial<br>guarantees                  |   | -  | -                     | -             | 1,819,639,653        | 1,819,639,653        |
| Unused credit<br>lines                   |   | -  | -                     | -             | 559,759,527          | 559,759,527          |
|  |   | <u>-</u>                                   | <u>-</u>              | <u>-</u>      | <u>2,379,399,180</u> | <u>2,379,399,180</u> |
|  | ₩ | <u>66,576</u>                              | <u>1,077,277,593</u>  | <u>-</u>      | <u>7,668,984,233</u> | <u>8,746,328,402</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

|  | December 31, 2022                          |                       |               |                  |                |
|--|--|-----------------------|---------------|------------------|----------------|
|  | Government and<br>public<br>administration | Financial<br>services | Manufacturing | Service business | Total          |
| Due from banks                           | ₩ -  | 990,901,169           | -             | -                | 990,901,169    |
| Financial assets<br>measured at<br>FVTPL | -  | 6,416,375             | -             | 5,333,290,395    | 5,339,706,770  |
| Financial assets<br>measured at<br>FVOCI | -  | -                     | -             | 51,732,278       | 51,732,278     |
| Financial assets at<br>amortized cost    | -  | -                     | -             | 790,799,106      | 790,799,106    |
| Derivative assets                        | -  | 18,349,378            | -             | -                | 18,349,378     |
| Finance lease<br>receivables             | -  | -                     | -             | 335,670,047      | 335,670,047    |
| Indemnity<br>receivables                 | -  | -                     | -             | 18,955,182       | 18,955,182     |
| Other receivables                        | 1,495,017                                  | 3,382,724             | -             | 13,278,026       | 18,155,767     |
|  | 1,495,017                                  | 1,019,049,646         | -             | 6,543,725,034    | 7,564,269,697  |
| Financial<br>guarantees                  | -  | -                     | -             | 2,935,979,802    | 2,935,979,802  |
| Unused credit<br>lines                   | -  | -                     | -             | 58,626,627       | 58,626,627     |
|  | -  | -                     | -             | 2,994,606,429    | 2,994,606,429  |
|  | ₩ 1,495,017                                | 1,019,049,646         | -             | 9,538,331,463    | 10,558,876,126 |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

g) Credit risk concentration by country

Credit risk concentration by country of financial instruments and payment guarantee contracts as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                                    |   | December 31, 2023     |                   |                       |
|------------------------------------|---|-----------------------|-------------------|-----------------------|
|                                    |   | Korea                 | Others            | Total                 |
| Due from banks                     | ₩ | 1,033,699,697         | -                 | 1,033,699,697         |
| Financial assets measured at FVTPL |   | 3,805,594,439         | 15,956,063        | 3,821,550,502         |
| Financial assets measured at FVOCI |   | 48,626,037            | 278,863           | 48,904,900            |
| Financial assets at amortized cost |   | 1,089,631,443         | -                 | 1,089,631,443         |
| Derivative assets                  |   | 12,935,737            | -                 | 12,935,737            |
| Finance lease receivables          |   | 335,960,150           | -                 | 335,960,150           |
| Other receivables                  |   | 24,246,793            | -                 | 24,246,793            |
|                                    |   | <u>6,350,694,296</u>  | <u>16,234,926</u> | <u>6,366,929,222</u>  |
| Financial guarantees               |   | 1,819,639,653         | -                 | 1,819,639,653         |
| Unused credit lines                |   | 559,759,527           | -                 | 559,759,527           |
|                                    |   | <u>2,379,399,180</u>  | <u>-</u>          | <u>2,379,399,180</u>  |
|                                    | ₩ | <u>8,730,093,476</u>  | <u>16,234,926</u> | <u>8,746,328,402</u>  |
|                                    |   | December 31, 2022     |                   |                       |
|                                    |   | Korea                 | Others            | Total                 |
| Due from banks                     | ₩ | 990,901,169           | -                 | 990,901,169           |
| Financial assets measured at FVTPL |   | 5,339,706,770         | -                 | 5,339,706,770         |
| Financial assets measured at FVOCI |   | 51,453,415            | 278,863           | 51,732,278            |
| Financial assets at amortized cost |   | 790,799,106           | -                 | 790,799,106           |
| Derivative assets                  |   | 18,349,378            | -                 | 18,349,378            |
| Finance lease receivables          |   | 335,670,047           | -                 | 335,670,047           |
| Indemnity receivables              |   | 18,955,182            | -                 | 18,955,182            |
| Other receivables                  |   | 18,155,767            | -                 | 18,155,767            |
|                                    |   | <u>7,563,990,834</u>  | <u>278,863</u>    | <u>7,564,269,697</u>  |
| Financial guarantees               |   | 2,935,979,802         | -                 | 2,935,979,802         |
| Unused credit lines                |   | 58,626,627            | -                 | 58,626,627            |
|                                    |   | <u>2,994,606,429</u>  | <u>-</u>          | <u>2,994,606,429</u>  |
|                                    | ₩ | <u>10,558,597,263</u> | <u>278,863</u>    | <u>10,558,876,126</u> |

(ii) ***Operational risk***

Operational risk refers to incur losses due to improper or inadequate internal procedures, personnel and systems, or external events. The Group measures the operating risk based on supervisory regulations of the Korea Ocean Business Corporation. As of December 31, 2023 and 2022, the amount of operation risk is ₩4,322,085,514 thousands and ₩6,050,957,317 thousands, respectively.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

*(iii) Market risk*

a) Outline of market risk

Market risk means the possibility of a loss due to a decline in the value of an asset caused by fluctuations in market prices such as stock prices, interest rates, and exchange rates.

b) Measure and management of market risk

Market risk is measured according to the Group's management soundness ratio standard. The market risk is calculated by dividing financial assets held-for-trading, exchange-traded derivatives, assets and liabilities denominated in foreign currency into risk items by risk factors. The total market risk as of December 31, 2023 and 2022 amount to ₩9,102,314,330 thousands and ₩11,564,674,943 thousands, respectively.

c) Sensitivity analysis about risk factors such as interest rate and others

Sensitivity analysis analyse the changes in the market price of the underlying assets due to changes of risk factors. The Group's change of solvency amount is affected by interest rate, stock price and exchange rate. (In thousands of won):

|                               | December 31, 2023 |                |
|-------------------------------|-------------------|----------------|
|                               | 100bp increase    | 100bp decrease |
| Increase (decrease) of income | ₩ (85,230,136)    | 85,230,136     |
| Increase (decrease) of equity | (3,551,832)       | 3,551,832      |
|                               | December 31, 2022 |                |
|                               | 100bp increase    | 100bp decrease |
| Increase (decrease) of income | ₩ (103,818,282)   | 103,818,282    |
| Increase (decrease) of equity | (3,715,871)       | 3,715,871      |

*(iv) Interest rate risk*

a) Outline of interest rate risk

Interest rate risk refers to the risk that the net asset value decreases due to the economic loss caused by the future market interest rate fluctuation and the maturity structure of assets and liabilities.

b) Measure and management of interest rate risk

The Group calculates interest rate VaR, interest rate gap, duration gap, etc. to measure the sensitivity of our economic value due to interest rate fluctuations.

In addition, interest rate risk is managed stably by estimating interest rate sensitivity reflecting the capital raising plan.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

31. **Risk Management, continued**

(v) ***Liquidity risk***

a) Outline of interest liquidity risk

Liquidity risk refers to confront of insolvency due to shortage of funds such as unexpected outflow, or danger to get loss due to the procurement of high interest funds, adverse sale of securities for solving the shortage of funds.

b) Measure and management of liquidity risk

Liquidity risk is managed through the won liquidity ratio and the foreign currency liquidity ratio. The Group measures the liquidity ratio of won and foreign currency every month and estimate the liquidity ratio reflecting the financing plan to manage liquidity risk stably.

c) The remaining maturity structure of financial liabilities as of December 31, 2023 and 2022 are as follows (In thousands of won):

|                        | December 31, 2023     |                       |                     |                      |                      |                      |
|------------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|
|                        | Less than<br>3 months | Less than<br>6 months | Less than<br>1 year | Less than<br>5 years | More than<br>5 years | Total                |
| Borrowings             | ₩ 199,985,701         | -                     | 809,805,513         | 1,135,545,743        | 1,039,136,747        | 3,184,473,704        |
| Lease liabilities      | -                     | -                     | 23,342              | 3,424,903            | -                    | 3,448,245            |
| Off-balance accounts:  |                       |                       |                     |                      |                      |                      |
| Derivative instruments | -                     | -                     | 2,424,282           | 11,843,080           | -                    | 14,267,362           |
| Financial guarantees   | 1,152,233             | 11,386,870            | 47,795,316          | 1,650,299,146        | 109,006,088          | 1,819,639,653        |
| Unused credit lines    | -                     | -                     | -                   | -                    | 559,759,527          | 559,759,527          |
|                        | ₩ <u>201,137,934</u>  | <u>11,386,870</u>     | <u>860,048,453</u>  | <u>2,801,112,872</u> | <u>1,707,902,362</u> | <u>5,581,588,491</u> |
|                        | December 31, 2022     |                       |                     |                      |                      |                      |
|                        | Less than<br>3 months | Less than<br>6 months | Less than<br>1 year | Less than<br>5 years | More than<br>5 years | Total                |
| Borrowings             | ₩ 8,898,417           | 330,569,397           | 147,788,916         | 1,115,731,991        | 1,152,408,261        | 2,755,396,982        |
| Lease liabilities      | 16,688                | 14,936                | 399,416             | 62,179               | -                    | 493,219              |
| Off-balance accounts:  |                       |                       |                     |                      |                      |                      |
| Derivative instruments | 4,892,937             | 4,892,937             | 9,785,875           | 311,814,598          | -                    | 331,386,347          |
| Financial guarantees   | 15,545,141            | -                     | 27,094,790          | 2,678,844,722        | 214,495,149          | 2,935,979,802        |
| Unused credit lines    | -                     | -                     | -                   | -                    | 58,626,627           | 58,626,627           |
|                        | ₩ <u>29,353,183</u>   | <u>335,477,270</u>    | <u>185,068,997</u>  | <u>4,106,453,490</u> | <u>1,425,530,037</u> | <u>6,081,882,977</u> |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

**32. Unconsolidated Structured Entities**

The nature and risks of the Group's interests in unconsolidated structured entities that does not have control in accordance with K-IFRS 1110 are as follows.

The Group's interests in unconsolidated structured entities are classified into asset securitization, structured finance and investment funds according to the nature and purpose of the structured company.

|                      | <u>Main characteristics</u>  |
|----------------------|--|
| Asset securitization | <p>An asset securitization company is a party that purchases assets from asset holders and issues asset-backed securities based on this, and was established to improve the soundness of financial structure by facilitating corporate financing. The Group purchased securitized stock issued by an unconsolidated structured entities using corporate bonds as underlying assets.</p> <p>In the following cases, the Group does not consolidate the securitization company.</p> <p>(i) If the Group is unable to modify the terms of contract for securities issued by the specific securitization company or to determine or approve the disposal of the assets of the specific securitization company.</p> <p>(ii) (Although (i) is possible) if the Group does not have the exclusive or major power to do so</p> <p>(iii) If the Group is not exposed to the significant variable profit or does not have the right as a result of purchase (or purchase agreement) of asset securitization stock or subordinated bonds issued by asset securitization company, or provide other forms of credit enhancement.</p>  |
| Structured finance   | <p>Structured entities for structured finance include ship finance or special purpose companies for port terminal business. Each entity is established as a separate company with a limited purpose in order to efficiently promote the business, and finances are raised through equity investment or loans from financial institutions and participating institutions. 'Structured Finance' is a method of financing for large-scale risky projects. Investments are made in the relevant company based on the economics of a specific project, rather than the credit or material security of the project proprietor and investors take the profits generated from the project.</p> <p>The Group provides funds in the form of loans, equity investments, etc. or provides various types of credit grants as needed to structured entities for structured finance.</p> <p>In regard to this, the Group recognizes interest income, gains or losses on equity investment valuation or dividend income. Failure to recover funds according to the planned schedule or interruption of the project may result in loss of principal due to a decrease in the value of the investment or loss due to the inability to recover loans.</p> |
| Investment fund      | <p>Investment funds are investment trusts, private equity firms and associations that raise funds by issuing beneficiary certificates to investors, invest in stocks or bonds, and distribute the profits to investors. The Group is investing in equity in investment funds.</p> <p>An investment trusts are structured in which investment and management are instructed to a trust business entity in accordance with a trust agreement, and the operating income is distributed to the investment trust investors. Private equity firms are structured to raise investment funds privately in equity securities to participate in management rights and improve corporate governance, and distribute the resulting profits among the investors. As an investor in an investment fund, the Group recognizes gains or losses on valuation of equity investments and dividend income in proportion to the equity ratio, and may be exposed to loss of principal if the value of the investment fund decreases.</p>  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

|                                       |  |
|---------------------------------------|--|
| Unconsolidated<br>Structured Entities | <p>DAOL KTB Terminal Invest Private Equity Trust No.41,SINGAPORE ENERGY 1 S.A.,HMD</p> <p>MR 01 SHIPHOLDING S.A.,SHO VLCC1 SHIPHOLDING S.A.,T1 VLGC SHIPHOLDING S.A., T2 VLGC SHIPHOLDING S.A., T3 VLGC SHIPHOLDING S.A., T4 VLGC SHIP HOLDING S.A., T5 VLGC SHIPHOLDING S.A., RD1 VLCC SHIPHOLDING S.A., RD2 VLCC SHIPHOLDING S.A., CARIBBEAN LOYALTY S.A., OCEAN LOYALTY S.A., GULF LOYALTY S.A., KIAMCO KDB&amp;KOBC Green Ocean Private Investment Trust No.3, Leading Incheon Newport PEF, IGIS UNCT Infra fund, Andover DULC Private Equity Investment Trust No.1, STIC Logistics Private Equity Investment Trust No.4, Kodit 2020 the 18th Securitization Specialty Co., Ltd., Kodit 2021 the 2nd Securitization Specialty Co., Ltd., Kodit 2021 the 6th Securitization Specialty Co., Ltd., Kodit 2021 the 8th Securitization Specialty Co., Ltd., Kodit 2021 the 11th Securitization Specialty Co., Ltd., Kodit 2021 the 14th Securitization Specialty Co., Ltd., Kodit 2021 the 15th Securitization Specialty Co., Ltd., Kodit 2021 the 16th Securitization Specialty Co., Ltd., Kodit 2021 the 20th Securitization Specialty Co., Ltd., Kodit 2022 the 1st Securitization Specialty Co., Ltd., Kodit 2022 the 5th Securitization Specialty Co., Ltd., Kodit 2022 the 13th Securitization Specialty Co., Ltd., Kodit Global 2022 the 1st Securitization Specialty Co., Ltd., Kodit 2022 the 9th Securitization Specialty Co., Ltd., Kodit 2023 the 2nd Securitization Specialty Co., Ltd., Kodit 2023 the 7th Securitization Specialty Co., Ltd., S830 INTERNATIONAL S.A., S831 INTERNATIONAL S.A., HL OCEAN 2 S.A., VP-21 SHIPPING INC.(HN.3000), VP-22 SHIPPING INC.(HN.3001), VP-23 SHIPPING INC.(HN.3003), VP-24 SHIPPING INC.(HN.3002), VP-25 SHIPPING INC.(HN.3004), HL Iconic 1 S.A.(HN.8034), HL Iconic 2 S.A.(HN.8035), SMKLC VLCC1 S.A.(HN.5461), SMKLC VLCC2 S.A.(HN.5462), HLC S.A., SM GEMINI1 S.A., SM GEMINI2 S.A., SMKLC VLCC3 S.A., SMKLC VLCC4 S.A., SQX SHIPPING INC., SRS SHIPPING INC., SSB SHIPPING INC., STT SHIPPING INC., SUS SHIPPING INC., KIAMCO New Build Promotion Special Asset Private Investment Trust No.1, Multi asset KDB&amp;KOBC Green Ocean Private Investment Trust No.1, KIAMCO Shipping Investment Private Investment Trust No.3, KIAMCO Shipping Investment Private Investment Trust No.4, KIAMCO Shipping Investment Private Investment Trust No.5, Multi asset KDB&amp;KOBC Green Ocean Private Investment Trust No.2, MODERN COASTAL FERRY NO.5 S.A., KOREAN COSTAL FERRY S.A., STARLINK DREAM 1 S.A., DAEZER FERRY S.A., NuriNuri S.A., GaonGaon S.A., GaramGaram S.A., MirMir S.A., HanbadaHanbada S.A., RaonRaon S.A., DaonDaon S.A., HanulHanul S.A., Multi Asset KOBC Container Professional Investment Private Investment Trust No.1, Multi Asset K-Containerbox Private Investment Trust No.1, Multi Asset K-Containerbox Private Investment Trust No.2</p> |
|---------------------------------------|--|

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2023 and 2022

32. **Unconsolidated Structured Entities, continued**

The asset size of the unconsolidated structured entities as of December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023    |                    |                 |                |
|--|----------------------|--------------------|-----------------|----------------|
|  | Asset securitization | Structured finance | Investment fund | Total          |
| Assets of unconsolidated structured entities ₩ | 5,142,246,683        | 3,975,753,284      | 946,794,107     | 10,064,794,074 |
|  | December 31, 2022    |                    |                 |                |
|  | Asset securitization | Structured finance | Investment fund | Total          |
| Assets of unconsolidated structured entities ₩ | 6,247,045,151        | 4,128,956,445      | 315,623,587     | 10,691,625,183 |

Maximum exposure to loss from its interests in unconsolidated structured entities as December 31, 2023 and 2022 are as follows (In thousands of won):

|  | December 31, 2023  |   |   |
|--|--|---|---|
|  | Asset securitization   | Structured finance  | Investment fund                               |
| Maximum exposure to loss (*)                   |  |   |   |
| Assets   | ₩ 6,593,063  | -   | 490,774,800                                   |
| Commitment on capital call                     | -  | -   | 126,169,887                                   |
| Guarantees and unused credit offering          | -  | 1,507,973,224   | -   |
|  | ₩ 6,593,063  | 1,507,973,224   | 616,944,687                                   |
| Items considered to determine maximum exposure | Notional amount of credit offering, purchase agreement, guarantee and commitment on loan | Notional amount of commitment on capital call, purchase agreement and guarantee | Notional amount of commitment on capital call |

(\*) Maximum exposure includes the amount of assets recorded by the Group, and the amount of assets is the balance after adjusting the amount of losses recognized by the Group (provision for credit losses and impairment losses, etc.)

|  | December 31, 2022  |   |   |
|--|--|---|---|
|  | Asset securitization   | Structured finance  | Investment fund                               |
| Maximum exposure to loss (*)                   |  |   |   |
| Assets   | ₩ 7,902,125  | 319,360   | -   |
| Commitment on capital call                     | -  | -   | 114,962,723                                   |
| Commitment on loan                             | -  | -   | 74,290,200                                    |
| Guarantees and unused credit offering          | -  | 2,126,206,798   | -   |
|  | ₩ 7,902,125  | 2,126,526,158   | 189,252,923                                   |
| Items considered to determine maximum exposure | Notional amount of credit offering, purchase agreement, guarantee and commitment on loan | Notional amount of commitment on capital call, purchase agreement and guarantee | Notional amount of commitment on capital call |

(\*) Maximum exposure includes the amount of assets recorded by the Group, and the amount of assets is the balance after adjusting the amount of losses recognized by the Group (provision for credit losses and impairment losses, etc.)

**Korea Ocean Business Corporation and Subsidiaries**

Consolidated Financial Statements

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

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**Independent Auditors' Report**  
(Based on a report originally issued in Korean)

**To the Shareholders and Board of Directors of  
Korea Ocean Business Corporation**

**Opinion**

We have audited the consolidated financial statements of Korea Ocean Business Corporation and subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

**Basis for Opinion**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

*Nexia Samduk*

Seoul, Korea  
March 29, 2023

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

# **Korea Ocean Business Corporation and Subsidiaries**

Consolidated financial statements  
December 31, 2022 and 2021

“The accompanying consolidated financial statements, including all footnotes and disclosures,  
have been prepared by, and are the responsibility of, the Group.”

**KIM YANG SOO**  
**President and Chief Executive Officer**  
**Korea Ocean Business Corporation**

**Address: 38, Marine city 2-ro, Haeundae-gu, Busan, Republic of Korea**  
**TEL: 051-795-1500**



Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Financial Position  
As of December 31, 2022 and 2021

| (In Won)  | Notes    | 2022                        | 2021                      |
|---|----------|-----------------------------|---------------------------|
| <b>Assets</b>   |          |                             |                           |
| Cash and due from banks   | 5,30,33  | ₩ 990,901,168,721           | 903,991,191,845           |
| Financial assets  | 6,30,33  | 7,548,891,755,542           | 10,109,663,918,435        |
| Financial assets measured at FVTPL  |          | 5,339,706,769,508           | 7,299,497,510,586         |
| Financial assets measured at FVOCI  |          | 1,401,732,277,995           | 1,421,013,118,493         |
| Financial assets measured at amortized cost   |          | 784,921,028,992             | 1,378,314,415,485         |
| Financial guarantee assets  |          | 4,188,776,820               | 8,407,056,176             |
| Derivative financial assets   |          | 18,342,902,227              | 2,431,817,695             |
| Investments in associates   | 7        | 2,441,934,853,452           | 3,306,265,644,132         |
| Finance lease receivables   | 8,33     | 334,042,810,588             | 254,943,716,801           |
| Leased assets   | 9        | 424,311,446,007             | 427,814,562,994           |
| Investment property   | 10       | 7,715,093,606               | 7,923,361,629             |
| Property and equipment  | 11       | 5,000,346,250               | 6,380,393,729             |
| Intangible assets   | 12       | 7,182,936,909               | 3,191,211,687             |
| Other assets  |          | 22,965,522,522              | 20,584,773,726            |
| Net defined benefit assets  | 16       | 1,185,743,284               | 124,510,213               |
| Current tax assets  |          | 124,410                     | 4,528,920                 |
| Other receivables   | 13,30,33 | 18,155,099,589              | 18,639,116,587            |
| Other assets  | 13       | 1,555,672,757               | 1,816,618,006             |
| Indemnity receivables   | 13,33    | 2,068,882,482               | -                         |
| <b>Total assets</b>   |          | <u>11,782,945,933,597</u>   | <u>15,040,758,774,978</u> |
| <b>Liabilities</b>  |          |                             |                           |
| Insurance contract liabilities  | 14       | -                           | 4,896,887,681             |
| Financial liabilities   | 15,30    | 2,874,968,325,430           | 3,493,575,180,866         |
| Borrowings  |          | 2,755,396,981,226           | 3,346,670,409,081         |
| Financial guarantee liabilities   |          | 118,064,723,048             | 143,909,593,905           |
| Derivative financial liabilities  |          | 997,446,578                 | 1,896,408,687             |
| Lease liabilities   |          | 493,218,978                 | 1,086,252,193             |
| Other financial liabilities   |          | 15,955,600                  | 12,517,000                |
| Other liabilities   |          | 1,518,853,744,852           | 2,346,589,881,330         |
| Provisions  | 17       | 2,073,698,366               | 2,582,231,021             |
| Current tax liabilities   |          | 29,637,526,223              | 9,456,676,507             |
| Deferred income tax liabilities   | 28       | 1,446,739,663,515           | 2,298,399,938,151         |
| Other payables  | 18,30    | 37,587,749,275              | 33,644,712,468            |
| Other liabilities   | 18       | 2,815,107,473               | 2,506,323,183             |
| <b>Total liabilities</b>  |          | <u>4,393,822,070,282</u>    | <u>5,845,061,949,877</u>  |
| <b>Equity</b>   |          |                             |                           |
| Capital stock   | 1,19     | 2,994,057,405,000           | 2,949,325,855,000         |
| Additional paid in other capital  | 19       | 63,514,950,344              | -                         |
| Capital adjustments   | 19       | (162,844,846,031)           | (163,406,253,071)         |
| Accumulated other comprehensive income  | 20       | 91,848,591,294              | 20,905,111,065            |
| Retained earnings   | 21       | 4,402,281,129,193           | 6,388,795,416,640         |
| <small>(Regulatory reserve for bad debts as of December 31, 2022 and 2021 is ₩67,855,527,658 and ₩77,818,254,401, respectively.<br/> Regulatory reserve for bad debts to be reserved as of December 31, 2022 and 2021 is nil.<br/> Expected reversal of regulatory reserve for bad debts as of December 31, 2022 and 2021 is ₩26,593,233,331 and ₩9,962,726,743, respectively.)</small> |          |                             |                           |
| <b>Total equity attributable to owners of the Group</b>   |          | 7,388,857,229,800           | 9,195,620,129,634         |
| <b>Non-controlling interests</b>  |          | 266,633,515                 | 76,695,467                |
| <b>Total equity</b>   |          | <u>7,389,123,863,315</u>    | <u>9,195,696,825,101</u>  |
| <b>Total liabilities and equity</b>   |          | <u>₩ 11,782,945,933,597</u> | <u>15,040,758,774,978</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2022 and 2021

| <i>(In Won)</i>  | <u>Notes</u> | <u>2022</u>                | <u>2021</u>                |
|--|--------------|----------------------------|----------------------------|
| <b>Operating revenues</b>  |              |                            |                            |
| Insurance income   | 22 ₩         | -                          | 12,214,640,391             |
| Investment income  | 23           | 324,012,480,530            | 5,437,901,341,018          |
| Interest income  |              | 131,184,973,534            | 120,339,899,692            |
| Fees and commission income   |              | 174,625,306,477            | 87,176,865,854             |
| Dividend income  |              | 7,011,053,508              | 7,931,703,178              |
| Gains on valuation and disposal of financial instruments   |              | 1,429,151,069              | 5,131,879,431,755          |
| Reversal of credit losses  |              | 8,704,891,591              | 90,308,161,323             |
| Reversal of other provision  |              | 676,768,406                | 25,066,339                 |
| Other operating revenue  |              | 380,335,945                | 240,212,877                |
|  |              | <u>324,012,480,530</u>     | <u>5,450,115,981,409</u>   |
| <b>Operating expenses</b>  |              |                            |                            |
| Insurance expense  | 22           | -                          | (43,600,100)               |
| Investment expense   | 24           | (2,102,343,012,137)        | (465,108,708,825)          |
| Interest expense   |              | (71,495,198,029)           | (57,907,835,929)           |
| Fees and commission expenses   |              | (5,042,231,077)            | (3,250,406,301)            |
| Depreciation of leased assets  |              | (26,407,668,959)           | (25,492,751,474)           |
| Losses on valuation and disposal of financial instruments  |              | (1,977,387,392,339)        | (366,971,740,703)          |
| Provision for credit losses  |              | (20,546,788,137)           | (9,697,325,278)            |
| Provision for other provision  |              | -                          | (158,701,080)              |
| Other expenses   |              | (1,463,733,596)            | (1,629,948,060)            |
| General and administrative expenses  | 25           | (38,411,627,250)           | (26,742,698,370)           |
|  |              | <u>(2,140,754,639,387)</u> | <u>(491,895,007,295)</u>   |
| <b>Operating income (loss)</b>   |              | (1,816,742,158,857)        | 4,958,220,974,114          |
| <b>Non-operating revenues</b>  | 26           | 1,839,311,133,486          | 877,340,370,870            |
| <b>Non-operating expenses</b>  | 27           | <u>(2,836,735,734,450)</u> | <u>(73,065,401,812)</u>    |
| <b>Net income(loss) before income taxes</b>  |              | <u>(2,814,166,759,821)</u> | <u>5,762,495,943,172</u>   |
| <b>Income tax expenses (benefits)</b>  | 28           | <u>827,850,768,221</u>     | <u>(1,575,046,059,398)</u> |
| <b>Net income (loss) for the year</b>  | ₩            | <u>(1,986,315,991,600)</u> | <u>4,187,449,883,774</u>   |
| <small>(Adjusted net income (loss) for the year after provision for (reversal of) regulatory reserve for bad debts for the years ended December 31, 2022 and 2021 are ₩(1,959,722,758,269) and ₩4,197,412,610,517, respectively)</small> |              |                            |                            |

*(Continued)*

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income, continued  
For the years ended December 31, 2022 and 2021

| <i>(In Won)</i>  | <u>Notes</u> | <u>2022</u>                | <u>2021</u>              |
|--|--------------|----------------------------|--------------------------|
| <b>Other comprehensive income, net of tax</b>                        |              |                            |                          |
| Items will not be reclassified to profit or loss                     |              |                            |                          |
| Net gain (loss) on valuation of financial assets measured at FVOCI   | 20,28 ₩      | (6,816,251,033)            | 7,293,440,907            |
| Share of other comprehensive income of associates                    | 20,28        | 63,537,277,698             | -                        |
| Remeasurements of defined benefit liabilities                        | 20,28        | 327,027,063                | (48,805,745)             |
|  |              | <u>57,048,053,728</u>      | <u>7,244,635,162</u>     |
| Items that are or may be reclassified subsequently to profit or loss |              |                            |                          |
| Share of other comprehensive income (loss) of associates             | 20,28        | (314,194,546)              | 5,826,212,948            |
| Exchange differences on translation of foreign operations            | 20,28        | 1,111,794,654              | 196,017,683              |
| Valuation gain on cash flow hedge                                    | 20,28        | 13,097,826,393             | 4,861,663,147            |
|  |              | <u>13,895,426,501</u>      | <u>10,883,893,778</u>    |
| <b>Other comprehensive income, net of tax</b>                        |              | <u>70,943,480,229</u>      | <u>18,128,528,940</u>    |
| <b>Total comprehensive income (loss) for the year</b>                |              | <u>(1,915,372,511,371)</u> | <u>4,205,578,412,714</u> |
| <b>Net income (loss) attributable to:</b>                            |              |                            |                          |
| Owners of the Group  |              | (1,986,514,287,447)        | 4,187,673,188,307        |
| Non-controlling interests  |              | 198,295,847                | (223,304,533)            |
| Net income(loss) for the year  |              | <u>(1,986,315,991,600)</u> | <u>4,187,449,883,774</u> |
| <b>Total comprehensive income (loss) attributable to:</b>            |              |                            |                          |
| Owners of the Group  |              | (1,915,570,807,218)        | 4,205,801,717,247        |
| Non-controlling interests  |              | 198,295,847                | (223,304,533)            |
| Total comprehensive income (loss) for the year                       |              | <u>(1,915,372,511,371)</u> | <u>4,205,578,412,714</u> |
| <b>Earnings (losses) per share</b>                                   |              |                            |                          |
| Basic and diluted earnings (losses) per share                        | 29 ₩         | <u>(3,359)</u>             | <u>7,130</u>             |

The accompanying notes are an integral part of these consolidated financial statements.

**Korea Ocean Business Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**

|   | Attributable to owners of the Group |                                  |                     |  |                     |                     | Total           |
|---|-------------------------------------|----------------------------------|---------------------|--|---------------------|---------------------|-----------------|
|   | Capital stock                       | Additional paid in other capital | Capital adjustments | Accumulated other comprehensive income | Retained earnings   | Subtotal            |                 |
| <b>(In Won)</b>   |                                     |                                  |                     |  |                     |                     |                 |
| <b>Balance at January 1, 2021</b>                         | ₩ 2,919,325,855,000                 | -                                | (163,258,383,071)   | 2,776,582,125                          | 2,201,345,532,866   | 4,960,189,586,920   | 4,724,034,807   |
| Net income (loss) for the year                            | -                                   | -                                | -                   | -                                      | 4,187,673,188,307   | 4,187,673,188,307   | (223,304,533)   |
| Other comprehensive income                                | -                                   | -                                | -                   | 18,128,528,940                         | -                   | 18,128,528,940      | -               |
| Remeasurements of defined benefit liabilities             | -                                   | -                                | -                   | (48,805,745)                           | -                   | (48,805,745)        | -               |
| Net gain on valuation of financial assets                 | -                                   | -                                | -                   | -                                      | -                   | -                   | -               |
| Share of other comprehensive income of associates         | -                                   | -                                | -                   | 7,293,440,907                          | -                   | 7,293,440,907       | -               |
| Exchange differences on translation of foreign operations | -                                   | -                                | -                   | 5,826,212,948                          | -                   | 5,826,212,948       | -               |
| Valuation gain on cash flow hedge                         | -                                   | -                                | -                   | 196,017,683                            | -                   | 196,017,683         | -               |
| <b>Total comprehensive income</b>                         | -                                   | -                                | -                   | 4,861,663,147                          | 4,187,673,188,307   | 4,205,801,717,247   | (223,304,533)   |
| Paid in capital increase                                  | 30,000,000,000                      | -                                | (147,870,000)       | -                                      | -                   | 29,852,130,000      | -               |
| Acquisition and disposal of subsidiaries                  | -                                   | -                                | -                   | -                                      | -                   | -                   | (4,424,034,807) |
| <b>Transaction with owners</b>                            | 30,000,000,000                      | -                                | (147,870,000)       | -                                      | -                   | 29,852,130,000      | (4,424,034,807) |
| <b>Balance at December 31, 2021</b>                       | ₩ 2,949,325,855,000                 | -                                | (163,406,253,071)   | 20,905,111,065                         | 6,388,795,416,640   | 9,195,620,129,634   | 76,695,467      |
| <b>Balance at January 1, 2022</b>                         | ₩ 2,949,325,855,000                 | -                                | (163,406,253,071)   | 20,905,111,065                         | 6,388,795,416,640   | 9,195,620,129,634   | 76,695,467      |
| Net income (loss) for the year                            | -                                   | -                                | -                   | -                                      | (1,986,514,287,447) | (1,986,514,287,447) | 198,295,847     |
| Other comprehensive income                                | -                                   | -                                | -                   | 70,943,480,229                         | -                   | 70,943,480,229      | -               |
| Remeasurements of defined benefit liabilities             | -                                   | -                                | -                   | 327,027,063                            | -                   | 327,027,063         | -               |
| Net loss on valuation of financial assets                 | -                                   | -                                | -                   | -                                      | -                   | -                   | -               |
| Share of other comprehensive income of associates         | -                                   | -                                | -                   | (6,816,251,033)                        | -                   | (6,816,251,033)     | -               |
| Exchange differences on translation of foreign operations | -                                   | -                                | -                   | 63,223,083,152                         | -                   | 63,223,083,152      | -               |
| Valuation gain on cash flow hedge                         | -                                   | -                                | -                   | 1,111,794,654                          | -                   | 1,111,794,654       | -               |
| <b>Total comprehensive income</b>                         | -                                   | -                                | -                   | 13,097,826,393                         | (1,986,514,287,447) | (1,915,570,807,218) | 198,295,847     |
| Paid in capital increase                                  | 44,731,550,000                      | 63,514,950,344                   | 561,407,040         | -                                      | -                   | 108,807,907,384     | -               |
| Acquisition and disposal of subsidiaries                  | -                                   | -                                | -                   | -                                      | -                   | -                   | (3,600)         |
| Annual Dividends  | -                                   | -                                | -                   | -                                      | -                   | -                   | (8,354,199)     |
| <b>Transaction with owners</b>                            | 44,731,550,000                      | 63,514,950,344                   | 561,407,040         | -                                      | -                   | 108,807,907,384     | (8,357,795)     |
| <b>Balance at December 31, 2022</b>                       | ₩ 2,994,057,405,000                 | 63,514,950,344                   | (162,844,846,031)   | 91,848,591,294                         | 4,402,281,129,193   | 7,388,857,229,800   | 266,633,515     |

*The accompanying notes are an integral part of these consolidated financial statements.*

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2022 and 2021

| <i>(In Won)</i>  | <b>2022</b>           | <b>2021</b>         |
|--|-----------------------|---------------------|
| <b>Cash flows from operating activities</b>                |                       |                     |
| Net income (loss) for the year                             | ₩ (1,986,315,991,600) | 4,187,449,883,774   |
| Adjustments  |                       |                     |
| Interest income  | (131,184,973,534)     | (120,339,899,692)   |
| Interest expense   | 71,495,198,029        | 57,907,835,929      |
| Income tax expense (benefits)                              | (827,850,768,221)     | 1,575,046,059,398   |
| Dividend income  | (7,011,053,508)       | (7,931,703,178)     |
| Loss (Gain) of financial assets measured at FVTPL          | 1,974,960,794,692     | (4,764,907,691,052) |
| Loss on valuation of derivatives                           | 997,446,578           | 1,096,118           |
| Provision for (reversal of) loan losses                    | 13,093,149,187        | (52,441,667,808)    |
| Decrease of insurance contract liabilities                 | -                     | (12,214,640,391)    |
| Decrease of provision for insurance contract liabilities   | (1,171,149,522)       | (683,362,488)       |
| Reversal of credit losses                                  | (318,925,019)         | (27,486,901,867)    |
| Increase of other provision                                | 717,330,610           | 955,113,737         |
| Loss on credit loss of derivatives                         | 5,379,355             | -                   |
| Fee income from payment guarantee                          | (42,746,496,833)      | (32,249,843,824)    |
| Severance payment  | 1,090,663,158         | 1,042,408,294       |
| Depreciation of property and equipment                     | 1,711,366,036         | 1,605,308,669       |
| Depreciation of investment property                        | 208,268,023           | 208,268,902         |
| Amortization of intangible assets                          | 739,417,816           | 976,837,332         |
| Depreciation of leased assets                              | 26,126,963,727        | 24,623,898,357      |
| Impairment loss on leased assets                           | 280,705,232           | 868,853,117         |
| Loss (Gain) on foreign currency translation                | 13,958,888,374        | (2,844,803,840)     |
| Gain related to equity method                              | 1,000,326,722,928     | (799,394,413,284)   |
| Gain on indemnity receivables                              | (18,955,182,342)      | -                   |
| Others   | (172,324,263)         | (918,523,820)       |
| Gain on disposal of subsidiaries                           | 26,319,448            | -                   |
|  | 2,076,327,739,991     | (4,158,177,771,391) |
| Change in operating assets and liabilities                 |                       |                     |
| Due from banks   | 127,290,617,893       | 22,851,181,970      |
| Loan measured at FVTPL                                     | (15,170,053,614)      | (35,805,232,230)    |
| Loan measured at amortized cost                            | 387,736,654,109       | (157,457,062,575)   |
| Debt instruments measured at amortized cost                | 210,543,607,577       | 8,275,000,000       |
| Financial lease receivables                                | (63,942,193,580)      | (247,133,514,309)   |
| Financial guarantee assets                                 | 5,794,227,437         | 19,702,417,827      |
| Other receivables  | 319,914,580           | (1,946,810,224)     |
| Other assets   | (46,942,643)          | 99,782,526          |
| Net defined benefit liabilities                            | (1,699,738,158)       | (1,481,830,234)     |
| Financial guarantee liabilities                            | 5,628,733,376         | 52,222,132,948      |
| Other payables   | 26,121,056,116        | 9,640,852,319       |
| Other liabilities  | 351,703,815           | 1,569,085,133       |
| Provisions   | (1,259,020,850)       | (838,291,470)       |
|  | 681,668,566,058       | (330,302,288,319)   |
| Interest received  | 115,142,317,391       | 120,165,584,504     |
| Interest paid  | (69,035,474,432)      | (57,193,473,533)    |
| Dividends received   | 7,011,053,508         | 7,931,703,178       |
| Income taxes paid  | (28,678,373,086)      | (12,431,532,053)    |
| <b>Net cash provided by (used in) operating activities</b> | 796,119,837,830       | (242,557,893,840)   |

*(Continued)*

Korea Ocean Business Corporation and Subsidiaries  
Consolidated Statements of Cash Flows, continued  
For the years ended December 31, 2022 and 2021

| <i>(In Won)</i>  | 2022              | 2021             |
|--|-------------------|------------------|
| <b>Cash flows from investing activities</b>  |                   |                  |
| Acquisition of financial assets measured at FVTPL  | ₩ -               | (21,321,624,658) |
| Disposal of financial assets measured at FVTPL   | -                 | 136,335,276,769  |
| Disposal of financial assets measured at FVOCI   | 10,000,000,000    | -                |
| Acquisition of financial assets measured at amortized cost                                       | -                 | (40,000,000)     |
| Repayment of financial assets measured at amortized cost   | -                 | 62,786,473,600   |
| Acquisition of investment in associates  | (179,920,990,036) | (27,992)         |
| Reduction of capital of investment in associates   | 2,757,294,319     | -                |
| Disposal of and dividend from investment in associates   | 127,076,228,240   | 2,000,000,000    |
| Acquisition of property and equipment  | (91,770,500)      | (2,681,439,057)  |
| Disposal and impairment of property and equipment  | -                 | 1,038,130,753    |
| Acquisition of intangible assets   | (4,395,000,310)   | (2,493,974,030)  |
| Acquisition of leased assets   | (45,809,103,944)  | -                |
| Receipt of subsidy   | -                 | 89,000,000       |
| Increase of other receivables  | (60,000,000)      | (1,820,000,000)  |
| Decrease of other receivables  | -                 | 1,180,000,000    |
| <b>Net cash provided by (used in) investing activities</b>                                       | (90,443,342,231)  | 175,071,815,385  |
| <b>Cash flows from financing activities</b>  |                   |                  |
| Increase of borrowings   | 123,681,460,290   | 192,778,270,080  |
| Repayment of borrowings  | (433,256,626,561) | (47,438,819,552) |
| Issuance of debentures   | -                 | 199,957,068,400  |
| Repayment of debentures  | (280,000,000,000) | -                |
| Decrease of lease liabilities  | (813,099,606)     | (766,341,976)    |
| Increase of paid-in capital  | 108,807,907,384   | 30,152,130,000   |
| <b>Net cash provided by (used in) financing activities (Note 32)</b>                             | (481,580,358,493) | 374,682,306,952  |
| <b>Effects from changes in foreign currency exchange rate for cash and cash equivalents held</b> | (9,800,649,996)   | 3,493,076,755    |
| <b>Net increase in cash and cash equivalents</b>   | 214,295,487,110   | 310,689,305,252  |
| <b>Cash and cash equivalents at the beginning of year</b>  | 493,742,405,833   | 183,053,100,581  |
| <b>Cash and cash equivalents at the end of year (Note 32)</b>                                    | ₩ 708,037,892,943 | 493,742,405,833  |

*The accompanying notes are an integral part of these consolidated financial statements*

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements  
December 31, 2022 and 2021

**1. Summary of the Reporting Entity**

The accompanying consolidated financial statements comprise Korea Ocean Business Corporation (the “Company”) and subsidiaries (collectively the “Group”). General information of the Company and subsidiaries is stated below.

**(1) Controlling company**

Korea Ocean Business Corporation was established on July 5, 2018 to support shipping companies with a stable supply of tonnage and secure liquidity and to provide service needed to growth of shipping industry. Issued capital of the Company as of December 31, 2022 is ₩2,994,057 million.

The shareholders of the Company as of December 31, 2022 are as follow:

| Shareholder                         | Number of shares   | Ownership      |
|-------------------------------------|--------------------|----------------|
| Government of the Republic of Korea |                    |                |
| Ministry of Economy and Finance     | 249,297,013        | 41.63%         |
| Ministry of Oceans and Fisheries    | 69,164,626         | 11.55%         |
| Korea Development Bank              | 130,392,669        | 21.78%         |
| The Export-Import Bank of Korea     | 109,557,908        | 18.30%         |
| Others                              | 40,399,265         | 6.74%          |
|                                     | <u>598,811,481</u> | <u>100.00%</u> |

**(2) Consolidated subsidiaries**

1) The Company’s consolidated subsidiaries as of December 31, 2022 and 2021 are as follows:

| Subsidiaries  | Subsidiaries of subsidiaries               | Industry              | Country<br>(*1) | Ownership (%) |        |
|---|--|-----------------------|-----------------|---------------|--------|
|   |  |                       |                 | 2022          | 2021   |
| Korea Shipping Global No.1<br>Investment Company (*2) | Ship owner Investment CO<br>No.1 ~ 6 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Shipping Global No.2<br>Investment Company (*2) | Ship owner Investment CO<br>No.7 ~ 10 S.A. | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Shipping Global No.4<br>Investment Company (*2) | Ship owner Investment CO<br>No.12 S.A.     | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.2 Investment<br>Company (*2)           | Ocean Trinity SH No.2                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.4 Investment<br>Company (*2)           | Ocean Trinity SH No.4                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.5 Investment<br>Company (*2)           | Ocean Trinity SH No.5                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.6 Investment<br>Company (*2)           | Ocean Trinity SH No.6                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.7 Investment<br>Company (*2)           | Ocean Trinity SH No.7                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.8 Investment<br>Company (*2)           | Ocean Trinity SH No.8                      | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.10<br>Investment Company (*2)          | Ocean Trinity SH No.10 S.A.                | Tonnage<br>investment | Korea           | -             | 100.00 |
| Korea Ocean No.11<br>Investment Company (*2)          | Ocean Trinity SH No.11 S.A.                | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.12<br>Investment Company (*2)          | Ocean Trinity SH No.12 S.A.                | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.13<br>Investment Company (*2)          | Ocean Trinity SH No.13 S.A.                | Tonnage<br>investment | Korea           | -             | 100.00 |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

| Subsidiaries  | Subsidiaries of subsidiaries | Industry              | Country<br>(*1) | Ownership (%) |        |
|---|------------------------------|-----------------------|-----------------|---------------|--------|
|   |                              |                       |                 | 2022          | 2021   |
| Korea Ocean No.14<br>Investment Company (*2)        | Ocean Trinity SH No.14 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.15<br>Investment Company (*2)        | Ocean Trinity SH No.15 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.16<br>Investment Company (*2)        | Ocean Trinity SH No.16 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.17<br>Investment Company (*2)        | Ocean Trinity SH No.17 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.18<br>Investment Company (*2)        | Ocean Trinity SH No.18 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.19<br>Investment Company (*2)        | Ocean Trinity SH No.19 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.20<br>Investment Company (*2)        | Ocean Trinity SH No.20 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.21<br>Investment Company (*2)        | Ocean Trinity SH No.21 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.22<br>Investment Company (*2)        | Ocean Trinity SH No.22 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.25<br>Investment Company (*2)        | Ocean Trinity SH No.25 S.A.  | Tonnage<br>investment | Korea           | -             | 100.00 |
| Korea Ocean No.26<br>Investment Company (*2)        | Ocean Trinity SH No.26 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.27<br>Investment Company (*2)        | Ocean Trinity SH No.27 S.A.  | Tonnage<br>investment | Korea           | -             | 100.00 |
| Korea Ocean No.28<br>Investment Company (*2)        | Ocean Trinity SH No.28 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.29<br>Investment Company (*2)        | Ocean Trinity SH No.29 S.A.  | Tonnage<br>investment | Korea           | -             | 100.00 |
| Korea Ocean No.30<br>Investment Company (*2)        | Ocean Trinity SH No.30 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.31<br>Investment Company (*2)        | Ocean Trinity SH No.31 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.32<br>Investment Company (*2)        | Ocean Trinity SH No.32 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.33<br>Investment Company (*2)        | Ocean Trinity SH No.33 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.34<br>Investment Company (*2)        | Ocean Trinity SH No.34 S.A.  | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Korea Ocean No.35<br>Investment Company (*2)        | Ocean Trinity SH No.35 S.A.  | Tonnage<br>investment | Korea           | 100.00        | -      |
| Korea Ocean No.36<br>Investment Company (*2)        | Ocean Trinity SH No.36 S.A.  | Tonnage<br>investment | Korea           | 100.00        | -      |
| Korea Ocean No.37<br>Investment Company (*2)        | Ocean Trinity SH No.37 S.A.  | Tonnage<br>investment | Korea           | 100.00        | -      |
| Ocean Business No.1 Ship<br>Investment Company (*2) | Ocean Trinity PO No.1 S.A.   | Tonnage<br>investment | Korea           | 100.00        | 100.00 |
| Ocean Business No.2 Ship<br>Investment Company (*3) | Ocean Trinity PO No.2 S.A.   | Tonnage<br>investment | Korea           | -             | -      |
| Ocean Business No.3 Ship<br>Investment Company (*3) | Ocean Trinity PO No.3 S.A.   | Tonnage<br>investment | Korea           | -             | -      |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

| Subsidiaries  | Subsidiaries of subsidiaries | Industry           | Country<br>(*1) | Ownership (%) |      |
|---|------------------------------|--------------------|-----------------|---------------|------|
|   |                              |                    |                 | 2022          | 2021 |
| KSF No.1 Investment Company (*3)                      | -                            | Tonnage investment | Korea           | -             | -    |
| KSF No.2 Investment Company (*3)                      | -                            | Tonnage investment | Korea           | -             | -    |
| KSF No.7 Investment Company (*3)                      | -                            | Tonnage investment | Korea           | -             | -    |
| KSF No.8 Investment Company (*3)                      | -                            | Tonnage investment | Korea           | -             | -    |
| KSF No.9 Investment Company (*3)                      | KSF Global No. 9 S.A.        | Tonnage investment | Korea           | -             | -    |
| KSF No.10 Investment Company (*3)                     | KSF Global No. 10 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.11 Investment Company (*3)                     | KSF Global No. 11 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.12 Investment Company (*3)                     | KSF Global No. 12 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.14 Investment Company (*3)                     | KSF Global No. 14 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.15 Investment Company (*3)                     | KSF Global No. 15-1~2 S.A.   | Tonnage investment | Korea           | -             | -    |
| KSF No.16 Investment Company (*3)                     | KSF Global No. 16 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.17 Investment Company (*3)                     | KSF Global No. 17-1~2 S.A.   | Tonnage investment | Korea           | -             | -    |
| KSF No.19 Investment Company (*3)                     | KSF Global No. 19 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.20 Investment Company (*3)                     | KSF Global No. 20 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.21 Investment Company (*3)                     | KSF Global No. 21 S.A.       | Tonnage investment | Korea           | -             | -    |
| KSF No.22 Investment Company (*3)                     | KSF Global No. 22-1~2 S.A.   | Tonnage investment | Korea           | -             | -    |
| KSF No.23 Investment Company (*3)                     | KSF Global No. 23 S.A.       | Tonnage investment | Korea           | -             | -    |
| International No.28 Investment Company (*3)           | -                            | Tonnage investment | Korea           | -             | -    |
| International No.30 Investment Company (*3)           | KMARIN NO. 30A S.A.          | Tonnage investment | Korea           | -             | -    |
| International No.32 Investment Company (*3)           | KMARIN NO. 32A S.A.          | Tonnage investment | Korea           | -             | -    |
| International No.34 Investment Company (*3)           | KMARIN NO. 34A~B S.A.        | Tonnage investment | Korea           | -             | -    |
| International No.35 Investment Company (*3)           | KMARIN NO. 35A S.A.          | Tonnage investment | Korea           | -             | -    |
| Ocean New Building No. 1 Ship Investment Company (*3) | Ocean Trinity New No. 1 S.A. | Tonnage investment | Korea           | -             | -    |
| Ocean New Building No. 2 Ship Investment Company (*3) | Ocean Trinity New No. 2 S.A. | Tonnage investment | Korea           | -             | -    |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

| Subsidiaries  | Subsidiaries of subsidiaries | Industry                           | Country<br>(*1) | Ownership (%) |        |
|---|------------------------------|------------------------------------|-----------------|---------------|--------|
|   |                              |                                    |                 | 2022          | 2021   |
| GMF No.1 Ship Investment Company (*3)   | -                            | Tonnage investment                 | Korea           | -             | -      |
| GMF No.2 Ship Investment Company (*3)   | GMF CM No.1 S.A              | Tonnage investment                 | Korea           | -             | -      |
| GMF No.3 Ship Investment Company (*3)   | GMF SKR No.1~2 S.A           | Tonnage investment                 | Korea           | -             | -      |
| GMF No.4 Ship Investment Company (*3)   | GMF SNK No.1 S.A             | Tonnage investment                 | Korea           | -             | -      |
| KOBC Container Leasing No. 1 Limited (*4)   | -                            | Shipping container rental business | Hong Kong       | 100.00        | 100.00 |
| KOBC Container Leasing No. 2 Limited (*4)   | -                            | Shipping container rental business | Hong Kong       | 100.00        | 100.00 |
| KOBC Container Leasing No. 3 Limited (*4)   | -                            | Shipping container rental business | Hong Kong       | 100.00        | 100.00 |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 (*5) | KOSM Container Co., Ltd      | Financial service                  | Korea           | 100.00        | 100.00 |

(\*1) The subsidiary's country is defined by its place of incorporation and sales.

(\*2) The Company holds 100% of ownership of the subsidiaries, which are established as paper companies under the Ship Investment Company Act for the purpose of investing in vessels and distributing the investment income to their stockholders. The subsidiaries establish paper companies by acquired vessels and hold them as sub-subsidiaries.

(\*3) The Group invests in subordinated debts issued by the subsidiaries to provide funds for shipbuilding. The subsidiaries have been consolidated even though the Group's ownership is not over 50%, because the Group has power over the subsidiaries to control the exposure or rights to variable returns from its involvement with the subsidiaries and the ability to use its power over the subsidiaries to affect those returns.

(\*4) The Group establishes a special purpose company as 100% of ownership. The special purpose company place an order for containers and acquires them, which are rented out to domestic shipping service companies. To support the funding required by the special purpose company, the Group also provides guarantees for the mezzanine borrowings of the special purpose company.

(\*5) The Group invests in the beneficiary certificate of the private investment trust. The trust invests in the privately placed corporate bonds issued by special purpose companies that purchase container boxes and lease the container boxes to the domestic shipping companies. As an investor of the beneficiary certificate, the Group has power over the subsidiaries to control the exposure or rights to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiaries to affect those returns.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

2) Subsidiaries that are newly included in the consolidated financial statements and those that are excluded from the consolidated financial statements for the year ended December 31, 2022 are as follows:

|  | <u>Changes</u> | <u>Reasons for changes</u>   |
|--|----------------|------------------------------|
| Korea Ocean No.35 Investment Company             | Newly included | New equity investment        |
| Korea Ocean No.36 Investment Company             | Newly included | New equity investment        |
| Korea Ocean No.37 Investment Company             | Newly included | New equity investment        |
| KSF No.16 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.17 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.19 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.20 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.21 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.22 Investment Company                     | Newly included | Subordinated bond investment |
| KSF No.23 Investment Company                     | Newly included | Subordinated bond investment |
| International No.34 Investment Company           | Newly included | Subordinated bond investment |
| International No.35 Investment Company           | Newly included | Subordinated bond investment |
| Ocean New Building No. 2 Ship Investment Company | Newly included | Subordinated bond investment |
| GMF No.3 Ship Investment Company                 | Newly included | Subordinated bond investment |
| GMF No.4 Ship Investment Company                 | Newly included | Subordinated bond investment |
| Ocean Business No.2 Ship Investment Company      | Newly included | Subordinated bond investment |
| Ocean Business No.3 Ship Investment Company      | Newly included | Subordinated bond investment |
| Korea Shipping Global No.3 Investment Company    | Excluded       | Liquidation                  |
| Korea Ocean No.10 Investment Company             | Excluded       | Liquidation                  |
| Korea Ocean No.13 Investment Company             | Excluded       | Liquidation                  |
| Korea Ocean No.25 Investment Company             | Excluded       | Liquidation                  |
| Korea Ocean No.27 Investment Company             | Excluded       | Liquidation                  |
| Korea Ocean No.29 Investment Company             | Excluded       | Liquidation                  |
| KSF No.6 Investment Company                      | Excluded       | Liquidation                  |
| KSF No.13 Investment Company                     | Excluded       | Liquidation                  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

3) The financial information of investments in subsidiaries (based on consolidated financial statements of subsidiaries) as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | December 31, 2022 |             |            |                   |                   |
|---|-------------------|-------------|------------|-------------------|-------------------|
|   | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| Korea Shipping Global No.1 Investment Company | ₩ 42,760,487      | 18,701,225  | 24,059,262 | 59,217,272        | 56,638,205        |
| Korea Shipping Global No.2 Investment Company | 58,212,271        | 2,185,056   | 56,027,215 | 11,985,283        | 4,391,843         |
| Korea Shipping Global No.4 Investment Company | 11,803,225        | 620,885     | 11,182,340 | 2,504,086         | 2,456,967         |
| Korea Ocean No.2 Investment Company           | 11,405,134        | 359,864     | 11,045,270 | 483,293           | 466,781           |
| Korea Ocean No.4 Investment Company           | 2,424,389         | 290,142     | 2,134,247  | 120,999           | 104,999           |
| Korea Ocean No.5 Investment Company           | 6,089,377         | 208,875     | 5,880,502  | 268,988           | 252,988           |
| Korea Ocean No.6 Investment Company           | 9,185,335         | 180,487     | 9,004,848  | 645,293           | 485,293           |
| Korea Ocean No.7 Investment Company           | 3,343,436         | 178,020     | 3,165,416  | 150,820           | 121,861           |
| Korea Ocean No.8 Investment Company           | 12,677,952        | 671,844     | 12,006,108 | 490,281           | 461,077           |
| Korea Ocean No.11 Investment Company          | 7,733,563         | 315,093     | 7,418,470  | 426,714           | 398,705           |
| Korea Ocean No.12 Investment Company          | 17,076,671        | 591,729     | 16,484,942 | 937,626           | 910,126           |
| Korea Ocean No.14 Investment Company          | 14,267,859        | 481,438     | 13,786,421 | 633,018           | 635,123           |
| Korea Ocean No.15 Investment Company          | 11,564,650        | 247,070     | 11,317,580 | 448,959           | 419,397           |
| Korea Ocean No.16 Investment Company          | 2,731,689         | 133,669     | 2,598,020  | 120,264           | 89,690            |
| Korea Ocean No.17 Investment Company          | 8,687,536         | 280,114     | 8,407,422  | 374,788           | 356,519           |
| Korea Ocean No.18 Investment Company          | 5,269,169         | 277,828     | 4,991,341  | 209,601           | 189,172           |
| Korea Ocean No.19 Investment Company          | 5,836,013         | 350,452     | 5,485,561  | 256,574           | 236,236           |
| Korea Ocean No.20 Investment Company          | 6,523,102         | 261,105     | 6,261,997  | 240,151           | 219,574           |
| Korea Ocean No.21 Investment Company          | 5,151,903         | 126,405     | 5,025,498  | 198,432           | 178,432           |
| Korea Ocean No.22 Investment Company          | 11,471,809        | 242,511     | 11,229,298 | 427,179           | 407,179           |
| Korea Ocean No.26 Investment Company          | 5,338,130         | 167,160     | 5,170,970  | 195,326           | 175,326           |
| Korea Ocean No.28 Investment Company          | 30,691,498        | 986,058     | 29,705,440 | 886,042           | 864,530           |
| Korea Ocean No.30 Investment Company          | 7,383,037         | 364,122     | 7,018,915  | 253,890           | 232,760           |
| Korea Ocean No.31 Investment Company          | 23,119,785        | 737,165     | 22,382,620 | 664,691           | 642,899           |
| Korea Ocean No.32 Investment Company          | 3,891,438         | 292,354     | 3,599,084  | 130,943           | 109,092           |
| Korea Ocean No.33 Investment Company          | 5,737,167         | 213,314     | 5,523,853  | 177,097           | 159,537           |
| Korea Ocean No.34 Investment Company          | 7,116,644         | 24,489      | 7,092,155  | 215,109           | 190,765           |
| Korea Ocean No.35 Investment Company          | 11,315,307        | 472,981     | 10,842,326 | 193,099           | 118,335           |
| Korea Ocean No.36 Investment Company          | 3,622,312         | 179,535     | 3,442,777  | 46,753            | 25,034            |
| Korea Ocean No.37 Investment Company          | 10,150,185        | 449,378     | 9,700,807  | 105,034           | 52,395            |
| Ocean Business No.1 Ship Investment Company   | 5,445,096         | 289,270     | 5,155,826  | 190,763           | 171,327           |
| Ocean Business No.2 Ship Investment Company   | 14,541,761        | 14,527,207  | 14,554     | 387,615           | 14,454            |
| Ocean Business No.3 Ship Investment Company   | 22,774,602        | 22,887,682  | (113,080)  | 714,717           | (113,180)         |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

|  | December 31, 2022 |             |            |                   |                   |
|--|-------------------|-------------|------------|-------------------|-------------------|
|  | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| KSF No.1 Investment Company  | ₩ 7,361,983       | 7,385,961   | (23,978)   | 402,430           | (24,734)          |
| KSF No.2 Investment Company  | 23,370,366        | 23,638,840  | (268,474)  | 1,005,347         | (269,233)         |
| KSF No.7 Investment Company  | 21,273,589        | 21,612,538  | (338,949)  | 705,407           | (339,700)         |
| KSF No.8 Investment Company  | 8,900,628         | 8,920,221   | (19,593)   | 349,314           | (12,339)          |
| KSF No.9 Investment Company  | 31,972,753        | 31,971,324  | 1,429      | 986,959           | 436               |
| KSF No.10 Investment Company   | 12,489,387        | 12,491,688  | (2,301)    | 446,258           | (3,090)           |
| KSF No.11 Investment Company   | 14,701,233        | 14,737,185  | (35,952)   | 480,068           | (36,784)          |
| KSF No.12 Investment Company   | 13,738,301        | 13,789,020  | (50,719)   | 451,651           | (51,547)          |
| KSF No.14 Investment Company   | 12,373,067        | 12,378,949  | (5,882)    | 421,250           | (6,722)           |
| KSF No.15 Investment Company   | 34,271,098        | 34,403,338  | (132,240)  | 2,146,440         | (130,194)         |
| KSF No.16 Investment Company   | 10,117,832        | 10,228,782  | (110,950)  | 439,196           | (111,700)         |
| KSF No.17 Investment Company   | 20,469,552        | 20,692,854  | (223,302)  | 544,730           | (224,052)         |
| KSF No.19 Investment Company   | 5,806,850         | 5,806,018   | 832        | 143,671           | 83                |
| KSF No.20 Investment Company   | 17,325,389        | 17,411,657  | (86,268)   | 461,763           | (87,018)          |
| KSF No.21 Investment Company   | 62,229,889        | 62,670,510  | (440,621)  | 1,896,671         | (441,367)         |
| KSF No.22 Investment Company   | 30,713,422        | 30,716,166  | (2,744)    | 180,089           | (3,494)           |
| KSF No.23 Investment Company   | 13,295,099        | 13,350,222  | (55,123)   | 98,288            | (55,873)          |
| International No.28 Investment Company   | 31,623,439        | 31,996,261  | (372,822)  | 1,143,565         | (783,166)         |
| International No.30 Investment Company   | 6,200,405         | 6,197,335   | 3,070      | 228,796           | (5,332)           |
| International No.32 Investment Company   | 6,131,787         | 6,134,706   | (2,919)    | 227,986           | 11,338            |
| International No.34 Investment Company   | 6,328,388         | 6,505,671   | (177,283)  | 218,424           | (177,383)         |
| International No.35 Investment Company   | 17,562,698        | 17,614,052  | (51,354)   | 160,522           | (51,454)          |
| Ocean New Building No. 1 Ship Investment Company                                 | 25,873,436        | 25,910,021  | (36,585)   | 367,673           | (27,975)          |
| Ocean New Building No. 2 Ship Investment Company                                 | 25,805,442        | 25,832,286  | (26,844)   | 349,477           | (26,944)          |
| GMF No.1 Ship Investment Company   | 20,057,804        | 20,057,777  | 27         | 799,103           | (7,536)           |
| GMF No.2 Ship Investment Company   | 19,028,219        | 19,112,652  | (84,433)   | 649,570           | (57,241)          |
| GMF No.3 Ship Investment Company   | 18,773,969        | 18,776,089  | (2,120)    | 548,363           | (2,140)           |
| GMF No.4 Ship Investment Company   | 76,502,723        | 77,219,698  | (716,975)  | 1,979,090         | (716,995)         |
| KOBC Container Leasing No. 1 Limited   | 179,521,446       | 170,372,556 | 9,148,890  | 20,039,037        | 1,948,174         |
| KOBC Container Leasing No. 2 Limited   | 192,036,406       | 167,810,451 | 24,225,955 | 17,078,208        | 308,894           |
| KOBC Container Leasing No. 3 Limited   | 202,442,352       | 201,034,509 | 1,407,843  | 12,222,267        | 2,995,439         |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 | 16,867,379        | 107,265     | 16,760,114 | 833,956           | 768,193           |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. **Summary of the Reporting Entity, continued**

|   | December 31, 2021 |             |            |                   |                   |
|---|-------------------|-------------|------------|-------------------|-------------------|
|   | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| Korea Shipping Global No.1 Investment Company | ₩ 35,856,565      | 8,332,681   | 27,523,884 | 8,057,624         | 6,813,026         |
| Korea Shipping Global No.2 Investment Company | 65,410,854        | 2,764,457   | 62,646,397 | 11,963,832        | 4,383,687         |
| Korea Shipping Global No.3 Investment Company | 20,527,077        | 59,022      | 20,468,055 | 27,117,703        | 19,757,808        |
| Korea Shipping Global No.4 Investment Company | 10,312,987        | 616,802     | 9,696,185  | 2,972,368         | 2,926,615         |
| Korea Ocean No.2 Investment Company           | 12,331,395        | 355,649     | 11,975,746 | 641,861           | 626,080           |
| Korea Ocean No.4 Investment Company           | 3,463,051         | 290,142     | 3,172,909  | 198,290           | 182,290           |
| Korea Ocean No.5 Investment Company           | 6,619,983         | 208,875     | 6,411,108  | 757,034           | 741,034           |
| Korea Ocean No.6 Investment Company           | 9,648,315         | 180,487     | 9,467,828  | 919,333           | 903,333           |
| Korea Ocean No.7 Investment Company           | 3,849,248         | 174,907     | 3,674,341  | 205,743           | 177,666           |
| Korea Ocean No.8 Investment Company           | 13,799,157        | 785,374     | 13,013,783 | 1,448,287         | 1,418,861         |
| Korea Ocean No.10 Investment Company          | 8,202,290         | 238,010     | 7,964,280  | 281,276           | 253,132           |
| Korea Ocean No.11 Investment Company          | 8,630,747         | 313,092     | 8,317,655  | 818,495           | 790,359           |
| Korea Ocean No.12 Investment Company          | 18,764,104        | 591,728     | 18,172,376 | 1,440,980         | 1,413,480         |
| Korea Ocean No.13 Investment Company          | 6,866,399         | 275,310     | 6,591,089  | 793,449           | 765,949           |
| Korea Ocean No.14 Investment Company          | 15,649,062        | 479,600     | 15,169,461 | 1,298,787         | 1,274,972         |
| Korea Ocean No.15 Investment Company          | 12,043,848        | 246,220     | 11,797,627 | 1,141,422         | 1,117,404         |
| Korea Ocean No.16 Investment Company          | 3,095,467         | 133,051     | 2,962,416  | 358,367           | 335,498           |
| Korea Ocean No.17 Investment Company          | 9,591,208         | 280,557     | 9,310,651  | 302,412           | 286,382           |
| Korea Ocean No.18 Investment Company          | 5,703,083         | 314,632     | 5,388,451  | 242,654           | 223,445           |
| Korea Ocean No.19 Investment Company          | 6,333,048         | 403,013     | 5,930,036  | 793,878           | 774,604           |
| Korea Ocean No.20 Investment Company          | 7,197,257         | 261,374     | 6,935,883  | 333,699           | 314,609           |
| Korea Ocean No.21 Investment Company          | 5,475,311         | 126,405     | 5,348,906  | 249,933           | 229,933           |
| Korea Ocean No.22 Investment Company          | 12,032,594        | 242,510     | 11,790,084 | 1,112,939         | 1,092,939         |
| Korea Ocean No.25 Investment Company          | 12,669,277        | 328,432     | 12,340,845 | 1,291,609         | 1,278,498         |
| Korea Ocean No.26 Investment Company          | 5,697,676         | 167,159     | 5,530,517  | 212,244           | 192,244           |
| Korea Ocean No.27 Investment Company          | 43,740,502        | 1,551,363   | 42,189,139 | 1,876,337         | 1,865,247         |
| Korea Ocean No.28 Investment Company          | 33,945,479        | 983,250     | 32,962,229 | 1,312,555         | 1,288,441         |
| Korea Ocean No.29 Investment Company          | 4,166,672         | 145,595     | 4,021,076  | 193,433           | 175,286           |
| Korea Ocean No.30 Investment Company          | 8,170,005         | 383,945     | 7,786,060  | 274,877           | 254,952           |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

1. Summary of the Reporting Entity, continued

|  |   | December 31, 2021 |             |            |                   |                   |
|--|---|-------------------|-------------|------------|-------------------|-------------------|
|  |   | Assets            | Liabilities | Equity     | Operating revenue | Net income (loss) |
| Korea Ocean No.31 Investment Company   | ₩ | 25,254,293        | 732,737     | 24,521,555 | 2,448,939         | 2,423,287         |
| Korea Ocean No.32 Investment Company   |   | 4,573,853         | 301,010     | 4,272,843  | 195,142           | 173,076           |
| Korea Ocean No.33 Investment Company   |   | 6,359,155         | 212,846     | 6,146,308  | 257,464           | 239,459           |
| Korea Ocean No.34 Investment Company   |   | 7,928,062         | 25,387      | 7,902,675  | 83,624            | 52,973            |
| Ocean Business No.1 Ship Investment Company                                      |   | 6,392,937         | 288,592     | 6,104,345  | 180,090           | 162,380           |
| KSF No.1 Investment Company  |   | 8,353,236         | 8,352,481   | 755        | 468,479           | 26,315            |
| KSF No.2 Investment Company  |   | 24,936,903        | 24,936,145  | 758        | 1,456,249         | 401,511           |
| KSF No.6 Investment Company  |   | 20,307,049        | 20,306,280  | 769        | 885,563           | 1,538             |
| KSF No.7 Investment Company  |   | 21,623,865        | 21,623,115  | 751        | 1,041,767         | 338,121           |
| KSF No.8 Investment Company  |   | 9,739,446         | 9,746,700   | (7,254)    | 340,494           | (8,004)           |
| KSF No.9 Investment Company  |   | 36,373,116        | 36,372,123  | 993        | 817,220           | 243               |
| KSF No.10 Investment Company   |   | 13,585,222        | 13,584,433  | 789        | 270,121           | 39                |
| KSF No.11 Investment Company   |   | 16,610,316        | 16,609,485  | 831        | 266,404           | 81                |
| KSF No.12 Investment Company   |   | 15,616,395        | 15,615,566  | 829        | 251,113           | 79                |
| KSF No.13 Investment Company   |   | 34,767,175        | 34,766,309  | 866        | 545,493           | 116               |
| KSF No.14 Investment Company   |   | 14,097,275        | 14,096,435  | 841        | 230,001           | 91                |
| KSF No.15 Investment Company   |   | 86,745,018        | 86,747,065  | (2,047)    | 66,196            | (2,797)           |
| International No.28 Investment Company   |   | 34,152,276        | 33,741,933  | 410,343    | 1,476,174         | 749,936           |
| International No.30 Investment Company   |   | 6,864,207         | 6,855,804   | 8,403      | 90,737            | 8,303             |
| International No.32 Investment Company   |   | 6,737,429         | 6,751,686   | (14,257)   | 84,686            | (14,357)          |
| Ocean New Building No. 1 Ship Investment Company                                 |   | 6,470,605         | 6,461,934   | 8,670      | 100,555           | 8,570             |
| GMF No.1 Ship Investment Company   |   | 18,705,317        | 18,697,754  | 7,563      | 43,418            | 7,543             |
| GMF No.2 Ship Investment Company   |   | 20,986,824        | 21,014,016  | (27,192)   | 109,560           | (27,212)          |
| KOBC Container Leasing No. 1 Limited   |   | 171,595,857       | 171,340,286 | 255,571    | 17,639,531        | 1,012,495         |
| KOBC Container Leasing No. 2 Limited   |   | 175,515,347       | 163,249,887 | 12,265,459 | 15,012,559        | (73,696)          |
| KOBC Container Leasing No. 2 Limited   |   | 203,423,999       | 202,142,666 | 1,281,334  | 7,059,126         | 1,158,289         |
| Multi Asset KOBC Container Professional Investment Private Investment Trust No.1 |   | 19,114,720        | 123,365     | 18,991,355 | 56,543            | (313,542)         |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

**2. Basis of Preparation**

**(1) Application of accounting standards**

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”), as prescribed in the Act on External Audits of Corporations Article 5-1(1) in the Republic of Korea.

**(2) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Financial instruments measured at fair value
- Liabilities for defined benefit plans, which are recognized as net of the total present value of defined benefit obligations less the fair value of plan assets.

**(3) Basis of consolidation**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. When the Group evaluates its control over another entity, it considers the potential voting rights held by itself as well as the potential voting rights held by the other party.

Consolidated financial statements summarize the assets, liabilities, capital, income, expense and cash flows of the parent and subsidiaries on the same basis and the carrying amount of the investment of each subsidiary in the parent and the equity of the parent in each subsidiary are offset, intra-group balances, income and expenses, unrealized gain and loss and dividends resulting from intra-group transactions are fully eliminated. The revenues and expenses of the subsidiaries are included in the consolidated financial statements from the Group obtains control of the subsidiaries until lose it.

The financial statements of the parent and subsidiaries used in preparing the consolidated financial statements have the same reporting period end date. If the end of the reporting date of the parent company and subsidiary differ from each other, the subsidiary shall prepare the additional financial statements in such a way that the parent company can consolidate the subsidiary's financial information. If the subsidiary can not practically apply, the parent uses the most recent financial statements of the subsidiary that adjusted the effect of significant transactions or events. In any case, the difference between the financial statement date of the subsidiary and the consolidated financial statements date does not exceed three months, and the length of the reporting period and the differences in the financial statement dates apply equally to each period.



**2. Basis of Preparation, continued**

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

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

Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions with owners in their capacity as owners.

If the parent loses control of the subsidiary, the Group derecognizes the assets and liabilities of the former subsidiary in the consolidated statement of financial position and recognizes the remaining investment in the previous subsidiary as a fair value when the entity ceases to have control. Investments in and receivables from subsidiaries are accounted for in accordance with K-IFRS and recognize gains or losses related to loss of control attributable to previous controlling interests.

**(4) Functional and presentation currency**

These consolidated financial statements are presented in Korean won ("₩"), which is the Group's functional currency and the currency of the primary economic environment in which the Group operates.

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

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

Estimates and assumptions are continually evaluated and any change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only.

**(i) *Uncertainty of assumptions and estimation***

The following are the key sources of estimation and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Details are disclosed in Note 4:

- Fair value of financial instruments
- Assessment of impairment
- Appropriateness assessment of insurance contract liabilities
- Defined benefit liabilities
- Income tax expense

**(ii) *Measurement of fair value***

The Group primarily uses observable inputs in the market where available for the measurement of financial instruments. The fair value of the financial instruments is classified into the following three-level hierarchy based on the inputs used in valuation technique.

- Level 1: Unadjusted quoted prices from accessible active markets of same assets and liabilities on measuring date
- Level 2: Directly or indirectly observable inputs except quoted prices of level 1
- Level 3: Unobservable inputs

When various inputs used to measure the fair value of assets and liabilities, the Group classifies entire fair value as the same level of input that the lowest in the fair value hierarchy. And the Group recognizes transfers between levels at the ending of reporting period when events or changes in circumstances causing the transfers between levels have occurred.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

**3. Significant Accounting Policies**

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below.

**(1) Cash and cash equivalents**

Investment assets whose original maturities is three months or less from the date of acquisition is classified as cash and cash equivalents. Equity securities are excluded from cash equivalents, but are included in cash equivalents if the redemption date is fixed and the period from acquisition date to redemption date is short-term such as preferred stock.

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

The Group recognizes a financial asset or a financial liability in its statements of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, a financial asset is measured at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset are recognized to profit or loss immediately.

A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting. A regular way purchase or sale is a contract that purchases or sells financial assets in accordance with the terms and conditions of the delivery of the financial instrument within generally established period by the regulations or practices in the relevant market.

**(i) *Effective interest method***

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument including all the fees and points paid to or received from parties to the contract that are an integral part of the effective interest rate, including transaction costs, and all other premiums or discounts.

Interest income of debt instruments is recognized in the effective interest method except when the debt instruments are classified as financial assets measured at FVTPL.

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

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

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

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

3. **Significant Accounting Policies, continued**

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

The Group classifies financial assets as financial assets at fair value through other comprehensive income if they meet the following conditions: 1) debt instruments that are a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and consistent with representing solely payments of principal and interest on the principal amount outstanding or 2) equity instruments, not held for trading with the objective of generating a profit from short-term fluctuations in price or dealer's margin, designated as financial assets at fair value through other comprehensive income. After initial recognition, a financial asset at fair value through other comprehensive income is measured at fair value. Gain and loss from changes in fair value, other than dividend income and interest income amortized using effective interest method and exchange differences arising on monetary items which are recognized directly in income as interest income or expense, are recognized as other comprehensive income in equity.

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

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

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

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

The Group defers LOF/LOCs associated with originating loans and LOCs that have future economic benefits. Loan balances are reported net of these LOF/LOCs. The deferred LOF/LOCs are amortized based on the effective interest rate method with the amortization recognized as adjustments to interest income.

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

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

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

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

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

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

**3. Significant Accounting Policies, continued**

The approach requires expected lifetime losses to be recognized from initial recognition of the financial assets. Under credit-impaired approach, the Group shall only recognize the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

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

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

a) Considering forward-looking information

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

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

Forward looking information used in calculation of expected credit loss is derived after comprehensive consideration of a variety of factors including worst-case scenario and others.

b) Measuring expected credit losses on financial assets at amortized cost

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

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

① Individual assessment of impairment

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

② Collective assessment of impairment

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

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

3. **Significant Accounting Policies, continued**

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

***(vi) Derecognition of financial assets***

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

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

When the entire financial asset is derecognized, the difference between the total amount received, cumulative gain or loss previously recognized in other comprehensive income and the carrying amount of the asset is recognized in profit or loss.

Unless the entire amount of the financial asset is derecognized, the Group allocates the existing carrying amount of the financial asset to the part that is continuously recognized and no longer recognized, according to the extent of continuing involvement, based on the relative fair value of each part as of the transfer date. The difference between the amount received and the cumulative gain or loss recognized in other comprehensive income allocated to the portion removed, and the carrying amount allocated to the portion that is no longer recognized is recognized in profit or loss. Cumulative gain or loss recognized in other comprehensive income is allocated to the portion that is recognized continuously and no longer recognized based on the relative fair value of each portion.

***(vii) Offsetting***

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

**3. Significant Accounting Policies, continued**

**(3) Investments in associates**

Investments in associates are accounted using the equity method of except where the investments are classified as held for sale.

Associates are companies in which the Group has control or significant influence. When evaluating whether the Group has control or significant influence, the Group consider the existence and impact of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities.

The equity method report investments in associates at cost initially, and the Group's share of the changes in net assets of the investees after acquisition is added or subtracted to the investment assets. The Group's profit or loss includes the amount of the investor's portion of the net profit or loss of the investee. The other comprehensive income includes the amount of the investor's portion of the other comprehensive income of the investee.

Among the difference between the cost of the investment and the fair value of the identifiable assets and liabilities of the investee, the goodwill related to the subsidiary and the associate is included in the carrying amount of the investment and is not amortized. The portion of the net fair value of the identifiable assets and liabilities of the investee that exceeds the cost of the investment is included in the income when determining the portion of the net profit or loss of the subsidiary and associate in the period in which the investment is acquire. And accounting is conducted to adjust the Group's portion of net profit or loss of the associates after the acquisition.

The Group recognizes gains and losses only not related to the portion of associates in 'upward' or 'downward' transactions between the Group and its associates.

If the end of the reporting period of the subsidiaries and affiliates used for the application of the equity method is different from the end of the reporting period of the Group's financial statements, the effect of significant transactions or events between the reporting date of the Group's financial statements and the reporting date of the associates' financial statements is applied. In this case, the difference between the end of the period is less than three months, the difference between the length of the reporting period and the ending date of the reporting period is applied equally.

The Group adopts the same accounting policies for the same transactions and events that occur under similar circumstances. If the associates do not use the same accounting policies as the Group's for the same transactions and events in similar circumstances, the Group adjust the accounting policies of its associates as consistent with its when the Group uses the financial statements of associates in order to apply the equity method.

If the Group's portion of losses from associates is greater than or equal to the investment in associates, the Group ceases to recognize losses in excess of investment. Investments in associates are sum of carrying amount of investment for associates determined using equity method and long-term investment that practically constitute the net investment in the associates. After the Group's equity is reduced to zero, if the Group has a legal or constructive obligation or is required to make payments on behalf of its associates the Group only recognizes losses and liabilities up to that amount. If the subsidiary and associates report profits in the future, the Group resumes recognition of its interest in the share, but recognizes only the excess of the unrecognized losses.

The Group applies K-IFRS 1028 'Investments in Associates and Joint Ventures' to determine whether it is necessary to recognize additional impairment losses on the net investment in associates. Goodwill, which is a part of the carrying amount of investments in associates, is not separately recognized and therefore is not tested for impairment. Instead, whenever an indication of impairment exists, the carrying amount of the investment is tested for impairment as a single asset by comparing to recoverable amount (the greater amount between net fair value and usage value). Impairment losses recognized in these circumstances are not allocated to any assets (including goodwill) that constitute the carrying amount of the associates, and all reversal of the impairment loss are recognized as the recoverable amount of these investments increases subsequently.

**3. Significant Accounting Policies, continued**

The Group ceases the use of the equity method from the date that the investment does not meet the definition of associates. If the remaining equity in the former subsidiary and associate is a financial asset, the residual equity is measured at fair value. The difference between fair value of the remaining equity, fair value of the consideration received as a result of a partial disposal of the equity in associates and difference in carrying amount of investment assets when the equity method is discontinued is recognized in profit or loss. When the equity method is discontinued, the Group accounts for all amounts recognized in other comprehensive income in the same manner as the investee directly disposed the related asset or liability.

**(4) Lease**

**(i) Lessee accounting**

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

① Right-of-use asset

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

② Lease liabilities

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

When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Group uses the Group's incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made.

Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in an index or a rate;
- Changes in amounts expected to be payable by the lessee under residual value guarantees;
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised; or
- Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

③ Leases of low-value assets and short-term leases

The Group applies the recognition exemption for leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less). In these cases, lease payments are charged to profit or loss on a straight-line basis over the period of lease.

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3. **Significant Accounting Policies, continued**

**(ii) Lessor accounting**

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

① Finance lease

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

② Operating lease

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

| Type               | Useful lives (years) | Depreciation method  |
|--------------------|----------------------|----------------------|
| Ship               | 3 ~ 8                | Straight-line method |
| Shipping container | 15                   | Straight-line method |

**(5) Property and equipment**

Property and equipment are initially measured at cost. The cost of a property and equipment includes costs that are directly attributable to the location and condition necessary to operate the asset in an intended manner by management, and costs that are estimated to be necessary to dismantle, remove, or recover the property.

The Group's property and equipment are recognised at the carrying amount at historical costs less accumulated depreciation and accumulated impairment in value.

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

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

Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in non-operating income (expense) in the statements of comprehensive income.

Useful lives of property and equipment are as follows:

| Type      | Useful lives (years) |
|-----------|----------------------|
| Building  | 40                   |
| Equipment | 5                    |
| Others    | 5                    |

The Group assesses residual value, economic life and depreciation method of its assets at each reporting date and adjusts these as change of estimates when necessary.



**3. Significant Accounting Policies, continued**

**(6) Investment property**

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to the amount of residual value less acquisition cost over estimated useful lives of 40 years.

The Group assesses residual value, economic life and depreciation method of its assets at each reporting date and adjusts these as change of estimates when necessary.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statements of comprehensive income in the period of de-recognition.

**(7) Intangible assets**

Intangible assets are recognised at the acquisition cost, and subsequently, the cost less accumulated depreciation and accumulated impairment is recognised as the carrying amount.

Amortization of intangible assets is calculated using the straight-line method over estimated useful lives of 4 years from when available. Residual value of intangible assets is zero ("0").

In case of intangible assets with finite lives, the Group assesses economic life and amortization method at each reporting date. Furthermore, the Group reviews intangible assets with indefinite useful lives to determine whether it is appropriate to consider these assets to have indefinite useful lives. If in the case the Group concludes an asset is not qualified to be classified as non-finite, prospective measures are taken to consider such an asset as finite.

**(i) Research & Development**

Expenditures for the research or the research stage of internal project are recognized as an expense when incurred. Expenditure at the development stage is recognized as an intangible asset when the Group can present both the technical feasibility of completing the asset, the intent and ability of the Group to use or sell the asset, the availability of the necessary resources, the future economic benefits of the intangible asset and the associated expenditure is measured reliably. And other development expenditures are recognized as an expense when incurred.

**(ii) Subsequent costs**

Subsequent costs are recognised in the carrying amount of assets if the probabilities future economic benefits associated with the assets will flow into the Group and any other expenditures are recognized as an expense when incurred include internally generated goodwill and brand name.

3. **Significant Accounting Policies, continued**

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

The Group tests for any evidence of impairment in assets and reviews whether the impairment has taken place by estimating the recoverable amount, at the end of each reporting period.

The recoverable amount is estimated for each individual asset or, if the recoverable amount of an individual asset cannot be estimated, for each cash-generating unit to which the asset belongs. The recoverable amount is the greater of the value in use and the net fair value. The value in use is calculated by discounting the expected future cash flows expected to be generated by the asset or cash-generating unit with an appropriate discount rate reflecting the time value and the current market's assessment of the unique risk.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced and that amount is recognized immediately in profit or loss.

**(9) Non-derivative financial liabilities**

The Group recognizes a financial liability in its statements of financial position when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, a financial liability is measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. In the case of a financial liability at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability are recognized to profit or loss immediately.

The Group classifies financial liabilities as financial liabilities at fair value through profit or loss, or other liabilities.

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

Any non-derivative financial liabilities classified as held for trading or designated as financial liabilities at fair value through profit or loss is categorized under financial liabilities at fair value through profit or loss.

Financial liabilities classified as held for trading are as follows:

- If it is issued for the purpose of repurchasing in the short term
- At initial recognition, there is evidence that the most recent actual operation is for short-term gain and liabilities are part of a portfolio of jointly managed financial instruments
- Derivatives that are designated as hedging instruments and are not effective for hedging

Financial liabilities other than classified as held for trading can be designated as financial liabilities at fair value through profit or loss at initial recognition. Details are as follows:

- If it is designated as an item of recognized profit or loss, it is possible to eliminate or significantly reduce discrepancies of measurement or recognition if not designated.
- A financial liability is a component of a financial instrument set (a set of financial assets, financial liabilities or a combination of financial assets and financial liabilities) in accordance with the Group's documented risk management or investment strategy, is managed and evaluated on a fair value basis, and providing that information internally.
- Financial liability is part of an agreement that includes one or more embedded derivatives and the entire hybrid contract is classified as financial liabilities at fair value through profit or loss in accordance with K-IFRS 1109 "Financial Instruments".

Financial liabilities at fair value through profit or loss is measured as fair value and gains and losses on valuation recognized in profit or loss. For the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, the Group present this change in other comprehensive income. Meanwhile, transaction costs that are directly attributable to the issue of the financial liability are recognized to profit or loss immediately.

**3. Significant Accounting Policies, continued**

***(ii) Other liabilities***

Other liabilities are recognised subsequently at amortized costs and interest expense is recognized using the EIR.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument including all the fees and points paid to or received from parties to the contract that are an integral part of the effective interest rate, including transaction costs, and all other premiums or discounts.

***(iii) Derecognition of financial liabilities***

Financial liabilities are derecognized from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between payment cost and carrying amounts of financial liabilities are recognized as profit or loss.

**(iv) Interest Rate Benchmark Reform**

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform only if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Additional changes are then handled by applying existing accounting policies.

**(10) Financial guarantee contracts**

In financial guarantee contracts, the issuer (the Group) must pay a specific amount to compensate for losses incurred to the holder due to the failure to pay on the payment due date by a specific debtor according to the initial or changed contract terms of the debt instruments.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the greater of the following:

- Provision for loss calculated in accordance with the K-IFRS 1109
- Initial recognition amount after deducting accumulated profits recognized in accordance with K-IFRS 1115

**(11) Employee benefits**

***(i) Short-term employee benefits***

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

**3. Significant Accounting Policies, continued**

***(ii) Retirement benefits***

The Group operates both defined benefit plans and defined contribution plans.

- Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. If the net value of the defined benefit obligation less the fair value of the plan assets is an asset then the Group recognizes its assets at the present value of the economic benefits available.

When an amendment or reduction of plans, the gain or loss resulting from the change or decrease in the benefits to the past service is immediately recognized in profit or loss. The branch recognizes the gain or loss on settlement when the settlement of defined benefit plans occurs.

- Defined contribution plans

The Group pays a fixed amount of contributions to a separate fund and contributions are recognized as expenses when employees provide service.

**(12) Provisions**

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and when determining the Group considers the unavoidable risks and uncertainties of the related event and circumstances. If the time value effect is important, the provision is evaluated as the present value of the expenditure expected to fulfil the obligation, and the discount rate is the pre-tax rate reflecting the current market's assessment of the inherent risk and the time value of the money. The risks reflected in the discount rate do not reflect the risks considered when estimating future cash flows. If there is sufficient and objective evidence that a future event will occur that will affect the amount of expenditure required to meet the present obligation, the amount of the provision is estimated based on such future events and expected disposal gain is not considered.

If it is probable that a third party will repay part or all of the expenditure required to settle the obligation, the repayment amount will be recognized and accounted for as a separate asset only when it is almost certain that the obligation will be reimbursed and the amount recognized as an asset can not exceed the related provision.

At the end of each reporting period, the Group reviews the balance of the provision, adjusts it to reflect the best estimate, and if the probability of outflow of resources having economic benefits is no longer high, the related provision is reversed. Provisions are only used for expenditures related to initial recognition.

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3. **Significant Accounting Policies, continued**

**(13) Foreign exchange**

Transactions in foreign currencies are translated to the functional currency of the Group, at exchange rates of the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(14) Paid in capital**

Common stock is classified as equity. Incremental costs directly attributable to equity transactions are deducted from equity as a net amount reflecting tax effects.

**(15) Recognition of revenue and expenses**

***(i) Financial income and financial expenses***

Financial income includes interest income from investments including available-for-sale financial assets and gains or losses on disposal of available-for-sale financial assets. Interest income is recognized in profit or loss using the effective interest method. Financial expenses include interest expense on borrowings

**(16) Income tax expense**

Income tax expense consists of current tax and deferred tax and is recognized in profit or loss except which is directly recognized in other comprehensive income, equity or arises from business combinations.

***(i) Current tax***

Current tax is calculated based on taxable income for the year. Taxable income differs from profit or loss in the statements of comprehensive income because it excludes income and loss items that are added or deducted in other taxation periods and items that are not tax deducted from income before income taxes. Current tax liabilities related to current tax are calculated using tax rates enacted or substantively enacted.

***(ii) Deferred income tax***

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of the related assets and liabilities at the end of the reporting period.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and the carrying amount of the deferred income tax asset is reduced when there is no longer sufficient taxable income to arise to cover the benefits of the deferred income tax asset.

Deferred income tax assets and liabilities are measured using tax rates that are expected to be applied to the periods in which the asset is realized or the liability is settled, based on tax legislation enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities are off-set only if the assets and liabilities relate to income tax levied by the same tax authority and the Group has a legally enforceable right to off-set the related current income tax assets and liabilities, and intend to settle on a net basis. If an additional income tax expense is recognized as a result of dividend payments, the Group recognizes income tax expense when liabilities related to the payment of dividends recognized.

3. **Significant Accounting Policies, continued**

**(17) Earnings per share**

The Group represents its basic earnings per common share in the separate statements of comprehensive income. Basic earnings per share (EPS) is calculated by dividing net profit attributable to shareholders of the Group by the weighted average number of common shares outstanding during the reporting period.

**(18) Business combination of entities under common control**

The assets and liabilities acquired under business combinations under common control are recognised at the carrying amounts recognised previously in the financial statement. The difference between consideration transferred and carrying amounts of net assets acquired is recognised as part of capital adjustments.

**(19) Changes of accounting policies and disclosure**

(i) New and amended standards and interpretations adopted

The Group newly applied the following amended and enacted standards and interpretations for the annual period beginning on January 1, 2022. The nature and the impact of each new standard or amendment are described below:

Effective January 1, 2022, the Group has applied the loss-counted contract-contract performance cost amendments (IAS 37 Provisions, Contingent Liabilities, Contingent Assets). As a result, the accounting policy for performing the loss-bearing contract evaluation has been changed. When evaluating whether a contract is a loss-bearing contract, we included only the incremental cost of executing the contract before the policy change. The changed policy includes the incremental cost of performing the contract and other cost allocations directly related to performing the contract when assessing whether the contract is a loss-bearing contract.

(ii) New standards and interpretations issued but not effective

The following new standards, interpretations and amendments to existing standards have been issued but not effective for annual periods beginning after January 1, 2022, and the Group has not early adopted them. The Group did not apply the following amendments and interpretations early when preparing financial statements, and does not expect the amendments to have a significant effect on the amount recognized in the Group's financial statements.

i) Amendments to K-IFRS 1012 'Income Tax'(Amended) – Deferred Tax on Assets and Liabilities Arising from a Single Transaction

A narrow range of amendments to apply an exemption from initial recognition if the initial recognition of right-of-use asset, lease liabilities, recovery provisions and related assets results in the same amounts of temporary differences to be added and temporary differences to be deducted. The amendment is applicable for the first fiscal year beginning on or after January 1, 2023.

For a single transaction that generates right-of-use asset, lease liabilities, recovery provisions and related assets, the deferred tax assets and liabilities involved should be recognized by adjusting the cumulative effects of initial application to retained earnings (or other components of equity) at the earliest period presented.

This amendment applies to all transactions that have occurred since the foundation point of the earliest period indicated.

ii) K-IFRS 1001 'Presentation of Financial Statements' - Current/Non-current classification of liabilities

This amendment was published in 2020 to clarify the requirements for the classification of liabilities' liquidity. The amendments will take effect for the first time since January 1, 2023. However, IASB issued an amendment delaying the effective date of this amendment to the fiscal year beginning on or after 1 January 2024, and the KASB will also amend the K-IFRS to reflect this. The group cannot determine the impact of the application of the amendments and is monitoring the revision process.

iii) The following amendments are not considered to have a material impact on the Group.

- IFRS 17 Insurance Contracts and their amendments
- Disclosure of accounting policies (K-IFRS 1001 'Presentation of Financial Statements')
- Definition of accounting estimates (K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors')

**4. Use of estimates and judgments**

The following are the key assumptions at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities:

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

The fair value of financial instruments which are not traded in active market is estimated by a valuation technique in principle requiring management's assumption on the expected future cash flows and discount rate. Based on major present market condition, the Group decides assumptions to apply and adapts various valuation techniques. Diverse valuation techniques are used to determine the fair value of financial instruments, from generally accepted market valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

**(2) Impairment assessment**

The Group assesses impairment on the basis of individual assessment or collective assessment, and reflects the impairment on carrying amounts. Accuracy of provisions for credit losses is dependent upon estimation of expected cash flows of the borrower for individually assessed allowances of loans, and upon assumptions and methodology used for collectively assessed allowances for groups of loans.

**(3) Defined benefit liabilities**

The Group operates a defined benefit plan. Defined benefit liability is calculated by annual actuarial valuations as of the reporting date. To perform the actuarial valuations, assumptions for discount rates, future salary increases and others are required to be estimated. Defined benefit plans contain significant uncertainties in estimations due to its long-term nature. The present value of the defined benefit obligation can vary depending on various factors that are determined by actuarial methods. The assumptions used to determine the defined benefit obligation include the discount rate and any changes in these assumptions will affect the carrying amount of the defined benefit obligation. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be incurred in settlement of the defined benefit obligation.

**(4) Income tax**

The Group have a number of different types of transactions and calculations that will uncertain the final tax value in the normal business. The Group recognized the future tax effects of current operations as the current and deferred tax. However, the ultimate income tax may not be consistent with the recognized assets and liabilities. Such differences may affect the current and deferred income tax assets and liabilities when the final tax effect is finalized.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

5. **Cash and Due from Banks**

Cash and due from banks as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                      | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|--------------------------------------|--------------------------|--------------------------|
| Cash                                 | ₩ -                      | 274,814                  |
| Due from banks in Korean won :       |                          |                          |
| Demand deposits                      | 314,637,544              | 384,703,890              |
| Time deposits                        | 523,695,921              | 375,901,409              |
| Other deposits                       | 803,036                  | 5,899,767                |
|                                      | <u>839,136,501</u>       | <u>766,505,066</u>       |
| Due from banks in foreign currency : |                          |                          |
| Demand deposits                      | 127,380,015              | 49,430,997               |
| Time deposits                        | 18,930,698               | 15,878,696               |
| Other deposits                       | 5,453,955                | 71,901,619               |
|                                      | <u>151,764,668</u>       | <u>137,211,312</u>       |
|                                      | <u>₩ 990,901,169</u>     | <u>903,991,192</u>       |

(2) Restricted due from banks as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                 | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> | Financial<br>institution                  | Reason for restriction                    |
|-----------------|------------------------------|------------------------------|---|---|
| Demand deposits |                              |                              |   | Cooperative fund for                      |
|                 | ₩ 26,979,666                 | 22,481,066                   | Busan Bank and<br>others                  | low-interest loans, pledged<br>and others |
| Time deposits   |                              |                              | Industrial Bank<br>of Korea and<br>others | Cooperative fund for                      |
|                 | 143,883,610                  | 167,579,872                  |   | low-interest loans, pledged<br>and others |
|                 | <u>₩ 170,863,276</u>         | <u>190,060,938</u>           |   |   |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets**

(1) Financial assets measured at FVTPL

1) Financial assets measured at FVTPL as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                  | December 31, 2022 |               |
|----------------------------------|-------------------|---------------|
|                                  | Carrying amounts  | Fair value    |
| Corporate bonds                  | ₩ 6,416,375       | 6,416,375     |
| Privately placed corporate bonds | 61,559,137        | 61,559,137    |
| Equity instruments               | 5,233,567,860     | 5,233,567,860 |
| Beneficiary certificates         | 38,163,398        | 38,163,398    |
|                                  | ₩ 5,339,706,770   | 5,339,706,770 |

|                                  | December 31, 2021 |               |
|----------------------------------|-------------------|---------------|
|                                  | Carrying amounts  | Fair value    |
| Corporate bonds                  | ₩ 4,526,861       | 4,526,861     |
| Privately placed corporate bonds | 55,859,653        | 55,859,653    |
| Equity instruments               | 7,202,373,780     | 7,202,373,780 |
| Beneficiary certificates         | 36,737,217        | 36,737,217    |
|                                  | ₩ 7,299,497,511   | 7,299,497,511 |

2) Details of equity instruments as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022 |                  |                  |                 |               |                  |
|--|-------------------|------------------|------------------|-----------------|---------------|------------------|
|  | Interest rate     | Issuing date     | Maturity date    | Par value       | Fair value    | Carrying amounts |
| HMM Co., Ltd. convertible bond No. 192 (*1)  | 3.00%             | October 25, 2018 | October 25, 2048 | ₩ 200,000,000   | 781,030,430   | 781,030,430      |
| HMM Co., Ltd. bond with warrant No. 193 (*1) | 3.00%             | October 25, 2018 | October 25, 2048 | 300,000,000     | 1,171,545,645 | 1,171,545,645    |
| HMM Co., Ltd. convertible bond No. 194 (*1)  | 3.00%             | May 24, 2019     | May 24, 2049     | 50,000,000      | 195,380,895   | 195,380,895      |
| HMM Co., Ltd. convertible bond No. 195 (*1)  | 3.00%             | June 27, 2019    | June 27, 2049    | 100,000,000     | 391,033,023   | 391,033,023      |
| HMM Co., Ltd. convertible bond No. 196 (*1)  | 3.00%             | October 28, 2019 | October 28, 2049 | 330,000,000     | 1,288,781,911 | 1,288,781,911    |
| HMM Co., Ltd. convertible bond No. 197 (*1)  | 3.00%             | April 23, 2020   | April 23, 2050   | 360,000,000     | 1,405,795,956 | 1,405,795,956    |
|  |                   |                  |                  | ₩ 1,340,000,000 | 5,233,567,860 | 5,233,567,860    |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

(\*1) Details of convertible bonds and bond with warrants are as follows:

|   | <u>Convertible right (or warrant)</u>   | <u>Call option of issuer</u>   | <u>Interest rate / Maturity date</u>  |
|---|---|--|---|
| HMM Co., Ltd.<br>convertible bond<br>No. 192  | - Conversion period: October 25, 2019 ~ September 25, 2048<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 25, 2023<br>- Early redemption price: or per 10 billion won or principal |   |
| HMM Co., Ltd.<br>bond with warrant<br>No. 193 | - Exercise period: October 25, 2019 ~ September 25, 2048<br>- Exercise price: 5,000 won<br>- Exercise ratio: par value / adjusted exercise price on exercise date<br>- Underlying shares: HMM Co., Ltd. ordinary shares           |  |   |
| HMM Co., Ltd.<br>convertible bond<br>No. 194  | - Conversion period: May 24, 2020 ~ April 24, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares         | - Early redemption period: once every three months from May 24, 2024<br>- Early redemption price: per 10 billion won or principal        | The interest rate of 3% is applied during five years from the issuing date and after that will be adjusted. The maturity date could be extended by the issuer's decision. |
| HMM Co., Ltd.<br>convertible bond<br>No. 195  | - Conversion period: June 28, 2020 ~ May 26, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares          | - Early redemption period: once every three months from June 27, 2024<br>- Early redemption price: per 10 billion won or principal       |   |
| HMM Co., Ltd.<br>convertible bond<br>No. 196  | - Conversion period: October 29, 2020 ~ September 27, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 28, 2024<br>- Early redemption price: per 10 billion won or principal    |   |
| HMM Co., Ltd.<br>convertible bond<br>No. 197  | - Conversion period: April 24, 2021 ~ March 22, 2050<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares       | - Early redemption period: once every three months from April 23, 2025<br>- Early redemption price: per 10 billion won or principal      |   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

|  | December 31, 2021 |                  |                  |                 |               |                  |
|--|-------------------|------------------|------------------|-----------------|---------------|------------------|
|  | Interest rate     | Issuing date     | Maturity date    | Par value       | Fair value    | Carrying amounts |
| HMM Co., Ltd. convertible bond No. 192 (*1)  | 3.00%             | October 25, 2018 | October 25, 2048 | ₩ 200,000,000   | 1,074,882,030 | 1,074,882,030    |
| HMM Co., Ltd. bond with warrant No. 193 (*1) | 3.00%             | October 25, 2018 | October 25, 2048 | 300,000,000     | 1,612,323,045 | 1,612,323,045    |
| HMM Co., Ltd. convertible bond No. 194 (*1)  | 3.00%             | May 24, 2019     | May 24, 2049     | 50,000,000      | 268,843,895   | 268,843,895      |
| HMM Co., Ltd. convertible bond No. 195 (*1)  | 3.00%             | June 27, 2019    | June 27, 2049    | 100,000,000     | 537,958,923   | 537,958,923      |
| HMM Co., Ltd. convertible bond No. 196 (*1)  | 3.00%             | October 28, 2019 | October 28, 2049 | 330,000,000     | 1,773,637,051 | 1,773,637,051    |
| HMM Co., Ltd. convertible bond No. 197 (*1)  | 3.00%             | April 23, 2020   | April 23, 2050   | 360,000,000     | 1,934,728,836 | 1,934,728,836    |
|  |                   |                  |                  | ₩ 1,340,000,000 | 7,202,373,780 | 7,202,373,780    |

(\*1) Details of convertible bonds and bond with warrants are as follows:

|   | Convertible right (or warrant)  | Call option of issuer   | Interest rate / Maturity date   |
|---|---|---|---|
| HMM Co., Ltd. convertible bond No. 192  | - Conversion period: October 25, 2019 ~ September 25, 2048<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 25, 2023<br>- Early redemption price: per 10 billion won or principal |   |
| HMM Co., Ltd. bond with warrant No. 193 | - Exercise period: October 25, 2019 ~ September 25, 2048<br>- Exercise price: 5,000 won<br>- Exercise ratio: par value / adjusted exercise price on exercise date<br>- Underlying shares: HMM Co., Ltd. ordinary shares           |   |   |
| HMM Co., Ltd. convertible bond No. 194  | - Conversion period: May 24, 2020 ~ April 24, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares         | - Early redemption period: once every three months from May 24, 2024<br>- Early redemption price: per 10 billion won or principal     | The interest rate of 3% is applied during five years from the issuing date and after that will be adjusted. The maturity date could be extended by the issuer's decision. |
| HMM Co., Ltd. convertible bond No. 195  | - Conversion period: June 28, 2020 ~ May 26, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares          | - Early redemption period: once every three months from June 27, 2024<br>- Early redemption price: per 10 billion won or principal    |   |
| HMM Co., Ltd. convertible bond No. 196  | - Conversion period: October 29, 2020 ~ September 27, 2049<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares | - Early redemption period: once every three months from October 28, 2024<br>- Early redemption price: per 10 billion won or principal |   |
| HMM Co., Ltd. convertible bond No. 197  | - Conversion period: April 24, 2021 ~ March 22, 2050<br>- Conversion price: 5,000 won<br>- Conversion ratio: par value / adjusted conversion price on conversion date<br>- Underlying shares: HMM Co., Ltd. ordinary shares       | - Early redemption period: once every three months from April 23, 2025<br>- Early redemption price: per 10 billion won or principal   |   |
|   |   |   |   |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

(2) Financial assets measured at FVOCI

1) Financial assets measured at FVOCI as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                    | December 31, 2022 |               |
|--------------------|-------------------|---------------|
|                    | Carrying amounts  | Fair value    |
| Stocks             | ₩ 1,350,278,863   | 1,350,278,863 |
| Equity instruments | 51,453,415        | 51,453,415    |
|                    | ₩ 1,401,732,278   | 1,401,732,278 |

|                    | December 31, 2021 |               |
|--------------------|-------------------|---------------|
|                    | Carrying amounts  | Fair value    |
| Stocks             | ₩ 1,350,000,000   | 1,350,000,000 |
| Equity instruments | 71,013,118        | 71,013,118    |
|                    | ₩ 1,421,013,118   | 1,421,013,118 |

2) Stocks as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Busan Port Authority                                       | ₩ 541,038,327     | 541,038,327       |
| Ulsan Port Authority                                       | 117,315,415       | 117,315,415       |
| Incheon Port Authority                                     | 490,839,177       | 490,839,177       |
| Yeosu Gwangyang Port Authority                             | 200,807,081       | 200,807,081       |
| Polaris Shipping Co., Ltd.<br>(perpetual convertible bond) | 51,453,415        | 71,013,118        |
| KM CARGO SERVICES SDN.BHD                                  | 278,863           | -                 |
|  | ₩ 1,401,732,278   | 1,421,013,118     |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

(3) Financial assets measured at amortized cost

1) Financial assets measured at amortized cost as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                   | December 31, 2022 |             |
|-----------------------------------|-------------------|-------------|
|                                   | Carrying amounts  | Fair value  |
| Employee loans                    | ₩ 40,000          | 39,991      |
| Less: Allowance for credit losses | (9)               |             |
|                                   | 39,991            | 39,991      |
| Ship financing receivables        | 695,184,115       | 689,529,593 |
| Less: Allowance for credit losses | (5,654,522)       |             |
|                                   | 689,529,593       | 689,529,593 |
| Corporate bonds                   | 95,575,000        | 95,351,446  |
| Less: Allowance for credit losses | (223,554)         |             |
|                                   | 95,351,446        | 95,351,446  |
| ₩                                 | 784,921,030       | 784,921,030 |

|                                   | December 31, 2021 |               |
|-----------------------------------|-------------------|---------------|
|                                   | Carrying amounts  | Fair value    |
| Loans (*)                         | ₩ 433,256,626     | 432,482,284   |
| Employee loans                    | 40,000            | 40,000        |
| Less: Allowance for credit losses | (774,342)         |               |
|                                   | 432,522,284       | 432,522,284   |
| Ship financing receivables        | 647,548,164       | 642,996,853   |
| Less: Allowance for credit losses | (4,551,311)       |               |
|                                   | 642,996,853       | 642,996,853   |
| Corporate bonds                   | 306,125,000       | 302,515,644   |
| Others                            | 298,746           | 279,634       |
| Less: Allowance for credit losses | (3,628,468)       |               |
|                                   | 302,795,278       | 302,795,278   |
| ₩                                 | 1,378,314,415     | 1,378,314,415 |

(\*) The Group has loaned to Sparta International 1 ~ 5 S.A. which were established by HMM Co., Ltd. for the purpose of acquiring ships. USD 418,869 thousand that was the total of the subordinated loan amounting to USD 167,548 thousand and the senior loan amounting to USD 251,321 thousand was loaned until the time of the acquisition of the ships for each special purpose company. As a result of collections of some senior loans, the balances of senior loans and subordinated loans as of December 31, 2021 are USD 197,916 thousand and USD 167,548 thousand, respectively. Relating to the subordinated loan, the Group has acquired the rights that the special purpose company owns as ship-owner and the rights that HMM Co., Ltd. owns as charterer in charter contract. Additionally, the Group have set a pledge for the issued stocks and bank accounts of special purpose companies, and charterer.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

2) Changes in allowance for loan losses for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|   | 2022                                |                               |                     |              |
|---|-------------------------------------|-------------------------------|---------------------|--------------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total        |
|   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |              |
| Beginning balance                         | ₩ 4,516,688                         | -                             | 4,437,433           | 8,954,121    |
| Reversal of credit loss                   | (895,964)                           | -                             | (2,160,961)         | (3,056,925)  |
| Others                                    | (19,111)                            | -                             | -                   | (19,111)     |
| Ending balance                            | ₩ 3,601,613                         | -                             | 2,276,472           | 5,878,085    |
|   |                                     |                               |                     |              |
|   | 2021                                |                               |                     |              |
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total        |
|   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |              |
| Beginning balance                         | ₩ 7,248,011                         | 29,509,096                    | 27,026,141          | 63,783,248   |
| Changes in beginning balance              |                                     |                               |                     |              |
| Transfer to 12-month expected credit loss | 26,127,366                          | (26,127,366)                  | -                   | -            |
| Reversal of credit loss                   | (28,858,689)                        | (3,381,730)                   | (22,588,708)        | (54,829,127) |
| Ending balance                            | ₩ 4,516,688                         | -                             | 4,437,433           | 8,954,121    |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

6. **Financial Assets, continued**

(4) Derivative assets

1) For the purpose of hedging the exposure to the variability of future cash flows of borrowings in foreign currencies by changes in interest rate, the Group uses interest swaps and applies cash flow hedge accounting.

2) The notional amounts outstanding for derivative contracts and the carrying amounts of the derivative assets as of December 31, 2022 and 2021 and details of gain on valuation of derivative assets for the years ended December 31, 2022 and 2021 are as follows (USD, in thousands of won):

|                                  | Notional amount | Carrying amount<br>(Fair value) | Valuation gain (loss)<br>(*) |
|----------------------------------|-----------------|---------------------------------|------------------------------|
| Interest rate swaps              | USD 216,024,538 | ₩ 18,349,378                    | 17,812,873                   |
| Credit risk valuation adjustment |                 | (6,476)                         | (5,505)                      |
|                                  |                 | ₩ 18,342,902                    | 17,807,368                   |

(\*) Applying the cash flow hedge accounting, gain on valuation of derivative assets is recognized as other comprehensive income.

|                                  | Notional amount | Carrying amount<br>(Fair value) | Valuation gain (loss)<br>(*) |
|----------------------------------|-----------------|---------------------------------|------------------------------|
| Interest rate swaps              | USD 100,637,440 | ₩ 2,432,789                     | 2,432,789                    |
| Credit risk valuation adjustment |                 | (971)                           | (971)                        |
|                                  |                 | ₩ 2,431,818                     | 2,431,818                    |

(\*) Applying the cash flow hedge accounting, gain on valuation of derivative assets is recognized as other comprehensive income

7. **Investments in Associates**

(1) Investments in associates as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| HMM Co., Ltd.   | ₩ 2,268,598,005   | 3,243,092,060     |
| Yuanta HPNT PEF   | -                 | 62,760,003        |
| IGIS UNCT Infra Fund  | 57,778,228        | -                 |
| KIAMCO New Build Promotion Special Asset<br>Private Investment Trust No.1 | 19,407,182        | -                 |
| Multi Asset KDB&KOBC Green Ocean Private<br>Investment Trust No.1         | 10,932,644        | -                 |
| Multi Asset KDB&KOBC Green Ocean Private<br>Investment Trust No.2         | 26,253,716        | -                 |
| Multi Asset K-Container Box General Private<br>Investment Trust Fund No.1 | 3,203,463         | -                 |
| KIAMCO Shipping Investment Private Investment<br>Trust No.3               | 15,956,662        | -                 |
| KIAMCO Shipping Investment Private Investment<br>Trust No.4               | 20,171,190        | -                 |
| KIAMCO Shipping Investment Private Investment<br>Trust No.5               | 19,633,700        | -                 |
| Others  | 64                | 413,581           |
|   | ₩ 2,441,934,854   | 3,306,265,644     |



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

7. **Investments in Associates, continued**

(2) The market value of marketable investments in associates as of December 31, 2022 and 2021 are as follow (In thousands of won):

|               | December 31, 2022 |                  | December 31, 2021 |                  |
|---------------|-------------------|------------------|-------------------|------------------|
|               | Market value      | Carrying amounts | Market value      | Carrying amounts |
| HMM Co., Ltd. | ₩ 1,907,901,293   | 2,268,598,005    | 2,625,194,107     | 3,243,092,060    |

(3) Changes in investments in associates for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|  | 2022              |                       |  |                     |                  |              |                                     |                |
|--|-------------------|-----------------------|--|---------------------|------------------|--------------|-------------------------------------|----------------|
|  | Beginning balance | Acquisition /disposal | Valuation gain (loss) on equity method | Impairment loss (*) | Gain on disposal | Dividends    | Share of other comprehensive income | Ending balance |
| HMM Co., Ltd.  | ₩3,243,092,060    | -                     | 1,701,951,909                          | (2,705,264,835)     | -                | (58,554,515) | 87,373,386                          | 2,268,598,005  |
| Yuanta HPNT PEF  | 62,760,003        | (61,400,000)          | 2,068,417                              | -                   | (1,428,420)      | (2,000,000)  | -                                   | -              |
| IGIS UNCT Infra Fund   | -                 | 57,242,727            | 1,113,309                              | -                   | -                | (577,808)    | -                                   | 57,778,228     |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1 | -                 | 19,728,671            | 426,725                                | -                   | -                | (642,655)    | (105,559)                           | 19,407,182     |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1         | -                 | 11,758,447            | (242,440)                              | -                   | -                | (633,349)    | 49,986                              | 10,932,644     |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2         | -                 | 27,079,920            | (60,574)                               | -                   | -                | (168,023)    | (597,607)                           | 26,253,716     |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 | -                 | 3,856,361             | (138,594)                              | -                   | -                | (113,792)    | (400,512)                           | 3,203,463      |
| KIAMCO Shipping Investment Private Investment Trust No.3               | -                 | 16,455,404            | 614,508                                | -                   | -                | (995,362)    | (117,888)                           | 15,956,662     |
| KIAMCO Shipping Investment Private Investment Trust No.4               | -                 | 20,521,673            | 792,148                                | -                   | -                | (995,362)    | (147,269)                           | 20,171,190     |
| KIAMCO Shipping Investment Private Investment Trust No.5               | -                 | 20,520,514            | 254,623                                | -                   | -                | (995,362)    | (146,075)                           | 19,633,700     |
| Others   | 413,581           | (19)                  | (413,498)                              | -                   | -                | -            | -                                   | 64             |
|  | ₩3,306,265,644    | 115,763,698           | 1,706,366,533                          | (2,705,264,835)     | (1,428,420)      | (65,676,228) | 85,908,462                          | 2,441,934,854  |

(\*) The Group determined the signs of impairment in accordance with K-IFRS 1028 due to the continuous decline in the share price of its associate HMM Co., Ltd. and recognized the impairment loss by calculating the recoverable amount in accordance with K-IFRS 1036.

|                    | 2021              |                       |                                 |                 |                       |             |                                     |                |
|--------------------|-------------------|-----------------------|---------------------------------|-----------------|-----------------------|-------------|-------------------------------------|----------------|
|                    | Beginning balance | Acquisition /disposal | Valuation gain on equity method | Impairment loss | Gain on disposal (*2) | Dividends   | Share of other comprehensive income | Ending balance |
| HMM Co., Ltd. (*1) | ₩ 61,422,660      | 2,459,222,064         | 603,152,075                     | -               | 111,259,107           | -           | 8,036,154                           | 3,243,092,060  |
| Yuanta HPNT PEF    | 48,251,534        | -                     | 16,508,469                      | -               | -                     | (2,000,000) | -                                   | 62,760,003     |
| Others             | 169,816           | 28                    | 509,835                         | (266,100)       | -                     | -           | 2                                   | 413,581        |
|                    | ₩ 109,844,010     | 2,459,222,092         | 620,170,379                     | (266,100)       | 111,259,107           | (2,000,000) | 8,036,156                           | 3,306,265,644  |

(\*1) The Group exercised the conversion rights included in HMM Co., Ltd. convertible bond No. 191 and acquired the shares of HMM Co., Ltd. for the year ended December 31, 2021. The shares were classified as investments in associates.

(\*2) The effect of changes in the Group's share of net assets of HMM Co., Ltd. due to change in share ratio resulting from the transactions such as unequal rights offering is recognized as gain or loss on disposal of investments in associates.

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7. **Investments in Associates, continued**

(4) The financial information and ownership of investments in associates as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   |         |                 |                               | December 31, 2022 |               |                |                   |                   |       | Owner-ship (%) |
|---|---------|-----------------|-------------------------------|-------------------|---------------|----------------|-------------------|-------------------|-------|----------------|
|   | Country | Fiscal year end | Industry                      | Assets            | Liabilities   | Equity         | Operating revenue | Net income (loss) |       |                |
| HMM Co., Ltd. (*1)  | Korea   | December        | Shipping                      | ₩ 25,973,454,984  | 5,285,543,164 | 20,687,911,820 | 18,582,770,291    | 10,085,439,278    | 19.96 |                |
| IGIS UNCT Infra Fund (*2)   | Korea   | December        | Financial investment business | 85,042,299        | 31,952        | 85,010,347     | 2,730,423         | 2,209,263         | 68.03 |                |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1      | Korea   | December        | Financial investment business | 77,671,788        | 43,059        | 77,628,729     | 3,540,256         | 1,706,900         | 25.00 |                |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.1 (*2)         | Korea   | December        | Financial investment business | 21,868,181        | 2,893         | 21,865,288     | 1,770,043         | (484,881)         | 50.00 |                |
| Multi Asset KDB&KOBC Green Ocean Private Investment Trust No.2 (*2)         | Korea   | December        | Financial investment business | 52,514,880        | 7,449         | 52,507,431     | 483,689           | (121,149)         | 50.00 |                |
| Multi Asset K-Container Box General Private Investment Trust Fund No.1 (*2) | Korea   | December        | Financial investment business | 6,410,936         | 4,011         | 6,406,925      | 240,512           | (277,187)         | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.3 (*2)               | Korea   | December        | Financial investment business | 31,913,954        | 629           | 31,913,325     | 2,027,888         | 1,229,016         | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.4 (*2)               | Korea   | December        | Financial investment business | 40,343,164        | 785           | 40,342,379     | 2,036,373         | 1,584,296         | 50.00 |                |
| KIAMCO Shipping Investment Private Investment Trust No.5 (*2)               | Korea   | December        | Financial investment business | 39,268,183        | 785           | 39,267,398     | 2,036,371         | 509,247           | 50.00 |                |

(\*1) Even though the Group's shareholding in HMM Co., Ltd. is less than 20%, the equity method is applied as the Group has a significant influence on the financial and business policies of HMM Co., Ltd. considering the Group's potential voting rights of HMM Co., Ltd..

(\*2) Even though the Group's shareholding in the associates are more than 50%, these were classified as associates because the Group did not have control and had significant influence under the trust contract.

|                   |         |                 |                     | December 31, 2021 |               |                |                   |               |       | Owner-ship (%) |
|-------------------|---------|-----------------|---------------------|-------------------|---------------|----------------|-------------------|---------------|-------|----------------|
|                   | Country | Fiscal year end | Industry            | Assets            | Liabilities   | Equity         | Operating revenue | Net income    |       |                |
| HMM Co., Ltd. (*) | Korea   | December        | Shipping            | ₩ 17,876,099,866  | 7,517,803,937 | 10,358,295,929 | 13,794,148,402    | 5,337,151,256 | 19.96 |                |
| Yuanta HPNT PEF   | Korea   | December        | Private equity fund | 226,035,703       | 262,467       | 225,773,236    | 6,330,717         | 5,965,391     | 22.23 |                |

(\*) Even though the Group's shareholding in HMM Co., Ltd. is less than 20%, the equity method is applied as the Group is considered to have significant influence over HMM Co., Ltd. by exercising rights to elect board of directors and etc.

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- (5) The relationship between the associates' financial information and carrying amount as of December 31, 2021 and 2022 are as follows (In thousands of won):

|  | 2022             |               |                                   |                 |                 |
|--|------------------|---------------|-----------------------------------|-----------------|-----------------|
|  | Net assets (*1)  | Ownership (%) | The Company's share of net assets | Others          | Carrying amount |
| HMM Co., Ltd. (*1) (*2)  | ₩ 18,006,440,085 | 19.96         | 3,594,085,441                     | (1,325,487,436) | 2,268,598,005   |
| IGIS UNCT Infra Fund (*3)  | 84,930,514       | 68.03         | 57,775,859                        | 2,369           | 57,778,228      |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1         | 77,628,729       | 25.00         | 19,407,182                        | -               | 19,407,182      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | 21,865,289       | 50.00         | 10,932,644                        | -               | 10,932,644      |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | 52,507,432       | 50.00         | 26,253,716                        | -               | 26,253,716      |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | 6,406,925        | 50.00         | 3,203,463                         | -               | 3,203,463       |
| KIAMCO Shipping Investment Private Investment Trust No.3                       | 31,913,324       | 50.00         | 15,956,662                        | -               | 15,956,662      |
| KIAMCO Shipping Investment Private Investment Trust No.4                       | 40,342,379       | 50.00         | 20,171,190                        | -               | 20,171,190      |
| KIAMCO Shipping Investment Private Investment Trust No.5                       | 39,267,399       | 50.00         | 19,633,700                        | -               | 19,633,700      |

- (\*1) The amount of the net assets of HMM Co., Ltd. reflects the effects such as adjustments on hybrid securities issued by HMM Co., Ltd.
- (\*2) Others consist of the fair value adjustment incurred at the time of acquisition and impairment loss. As of December 31, 2022, it includes ₩1,380,591,251 thousand in fair value adjustments such as goodwill and ₩2,705,264,835 thousand in impairment losses recognized in accordance with the review of investment stocks of associates.
- (\*3) Others consists of the preferred distribution amount of type 1 beneficiary certificates etc. In accordance with the trust contract, the Group will first receive the amount applied with an annual conversion dividend rate of 3.7% of the investment trust paid to the beneficiary certificate as an investor in the type 1 beneficiary certificate.

|                 | 2021            |               |                                 |               |                 |
|-----------------|-----------------|---------------|---------------------------------|---------------|-----------------|
|                 | Net assets (*1) | Ownership (%) | The Group's share of net assets | Others (*2)   | Carrying amount |
| HMM Co., Ltd.   | ₩ 7,666,436,568 | 19.96         | 1,530,220,739                   | 1,712,871,321 | 3,243,092,060   |
| Yuanta HPNT PEF | 286,190,882     | 22.23         | 63,632,987                      | (872,984)     | 62,760,003      |

- (\*1) The amount of the net assets of HMM Co., Ltd. reflects the effects such as adjustments on hybrid securities and perpetual bonds issued by HMM Co., Ltd. The amount of net assets of Yuanta HPNT PEF reflects the adjustment of investment on Waskka Inc that is owned by Yuanta HPNT PEF.
- (\*2) The amounts of others consist of the effects such as the adjustments in fair values. The amount related to HMM Co., Ltd. includes the goodwill amounting to ₩2,143,108,280 thousand acquired by the exercise of the conversion right of the HMM Co., Ltd. convertible bond No. 191.

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8. **Finance Lease Receivables**

(1) Finance lease receivables as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Finance lease receivables         | ₩ 335,670,047     | 257,310,708       |
| Less: Allowance for credit losses | (1,627,237)       | (2,366,992)       |
|                                   | ₩ 334,042,810     | 254,943,716       |

(2) Gross investment in the lease and present value of minimum lease payment as of December 31, 2022 and 2021 are as follows (In thousands of won):

| Period                       | December 31, 2022             |  |
|------------------------------|-------------------------------|--|
|                              | Gross investment in the lease | Present value of minimum lease payment |
| Within 1 year                | ₩ 45,866,475                  | 41,746,822                             |
| Over 1 year through 2 years  | 56,421,817                    | 50,628,445                             |
| Over 2 years through 3 years | 40,650,341                    | 35,204,488                             |
| Over 3 years through 4 years | 44,385,118                    | 38,082,661                             |
| Over 4 years through 5 years | 55,513,290                    | 48,498,028                             |
| Over 5 years                 | 140,248,569                   | 121,509,603                            |
|                              | ₩ 383,085,610                 | 335,670,047                            |

| Period                       | December 31, 2021             |  |
|------------------------------|-------------------------------|--|
|                              | Gross investment in the lease | Present value of minimum lease payment |
| Within 1 year                | ₩ 31,799,461                  | 31,564,867                             |
| Over 1 year through 2 years  | 31,484,260                    | 29,670,754                             |
| Over 2 years through 3 years | 42,045,104                    | 38,142,129                             |
| Over 3 years through 4 years | 26,901,775                    | 23,272,891                             |
| Over 4 years through 5 years | 30,950,703                    | 25,857,488                             |
| Over 5 years                 | 142,311,821                   | 108,802,579                            |
|                              | ₩ 305,493,124                 | 257,310,708                            |

(3) Unearned finance income related to finance lease as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Gross investment in the lease                | ₩ 383,085,610     | 305,493,124       |
| Net investment in the lease                  |                   |                   |
| Present value of minimum lease payment       | 306,493,840       | 233,736,433       |
| Present value of unguaranteed residual value | 29,176,207        | 23,574,275        |
|  | 335,670,047       | 257,310,708       |
| Unearned finance income                      | ₩ 47,415,564      | 48,182,416        |

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8. **Finance Lease Receivables, continued**

(4) Changes in allowance for credit losses for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                         | 2022                                |                               |                     |           |
|-------------------------|-------------------------------------|-------------------------------|---------------------|-----------|
|                         | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total     |
|                         |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |           |
| Beginning balance       | ₩ 2,366,992                         | -                             | -                   | 2,366,992 |
| Reversal of credit loss | (739,755)                           | -                             | -                   | (739,755) |
| Ending balance          | ₩ 1,627,237                         | -                             | -                   | 1,627,237 |

|                           | 2021                                |                               |                     |           |
|---------------------------|-------------------------------------|-------------------------------|---------------------|-----------|
|                           | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total     |
|                           |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |           |
| Beginning balance         | ₩ -                                 | -                             | -                   | -         |
| Provision for credit loss | 2,366,992                           | -                             | -                   | 2,366,992 |
| Ending balance            | ₩ 2,366,992                         | -                             | -                   | 2,366,992 |

(5) Changes in exposures of credit risk related to finance lease receivables for the years ended December 31, 2022 and 2021 is as follows (In thousands of won):

|                   | 2022                                |                               |                     |              |
|-------------------|-------------------------------------|-------------------------------|---------------------|--------------|
|                   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total        |
|                   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |              |
| Beginning balance | ₩ 257,310,708                       | -                             | -                   | 257,310,708  |
| Origination       | 92,829,108                          | -                             | -                   | 92,829,108   |
| Collection        | (14,469,769)                        | -                             | -                   | (14,469,769) |
| Ending balance    | ₩ 335,670,047                       | -                             | -                   | 335,670,047  |

|                   | 2021                                |                               |                     |             |
|-------------------|-------------------------------------|-------------------------------|---------------------|-------------|
|                   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                     | Total       |
|                   |                                     | Non-credit-<br>impaired       | Credit-<br>impaired |             |
| Beginning balance | ₩ -                                 | -                             | -                   | -           |
| Origination       | 257,310,708                         | -                             | -                   | 257,310,708 |
| Ending balance    | ₩ 257,310,708                       | -                             | -                   | 257,310,708 |

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9. **Leased Assets**

(1) Leased assets as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                         |   | December 31, 2022  |                          |                    |
|-------------------------|---|--------------------|--------------------------|--------------------|
|                         |   | Acquisition cost   | Accumulated depreciation | Carrying amount    |
| Operating leased assets |   |                    |                          |                    |
| Ships                   | ₩ | 150,377,890        | (56,954,493)             | 93,423,397         |
| Shipping container      |   | 378,439,949        | (47,551,900)             | 330,888,049        |
|                         | ₩ | <u>528,817,839</u> | <u>(104,506,393)</u>     | <u>424,311,446</u> |
|                         |   | December 31, 2021  |                          |                    |
|                         |   | Acquisition cost   | Accumulated depreciation | Carrying amount    |
| Operating leased assets |   |                    |                          |                    |
| Ships                   | ₩ | 150,377,890        | (49,320,198)             | 101,057,692        |
| Shipping container      |   | 354,296,924        | (27,540,053)             | 326,756,871        |
|                         | ₩ | <u>504,674,814</u> | <u>(76,860,251)</u>      | <u>427,814,563</u> |

(2) Changes in leased assets for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                    |   | 2022               |                  |                     |                              |                    |                    |
|--------------------|---|--------------------|------------------|---------------------|------------------------------|--------------------|--------------------|
|                    |   | Beginning balance  | Impairment       | Depreciation        | Foreign currency translation | Others             | Ending balance     |
| Ships              | ₩ | 101,057,692        | -                | (7,634,295)         | -                            | -                  | 93,423,397         |
| Shipping container |   | 326,756,871        | (280,705)        | (18,492,669)        | 24,143,025                   | (1,238,473)        | 330,888,049        |
|                    | ₩ | <u>427,814,563</u> | <u>(280,705)</u> | <u>(26,126,964)</u> | <u>24,143,025</u>            | <u>(1,238,473)</u> | <u>424,311,446</u> |
|                    |   | 2021               |                  |                     |                              |                    |                    |
|                    |   | Beginning balance  | Impairment       | Depreciation        | Foreign currency translation | Others             | Ending balance     |
| Ships              | ₩ | 109,246,531        | -                | (8,188,839)         | -                            | -                  | 101,057,692        |
| Shipping container |   | 316,333,979        | (868,853)        | (16,435,059)        | 28,764,935                   | (1,038,131)        | 326,756,871        |
|                    | ₩ | <u>425,580,510</u> | <u>(868,853)</u> | <u>(24,623,898)</u> | <u>28,764,935</u>            | <u>(1,038,131)</u> | <u>427,814,563</u> |

(3) Future minimum lease payments expected under leased assets as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                             | December 31, 2022    | December 31, 2021  |
|-----------------------------|----------------------|--------------------|
| Within 1 year               | ₩ 48,876,881         | 49,106,965         |
| Over 1 year through 5 years | 118,132,039          | 123,915,021        |
| Over 5 years                | -                    | 9,201,993          |
|                             | ₩ <u>167,008,920</u> | <u>182,223,979</u> |

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10. **Investment Property**

(1) Changes in investment property for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                          |   | 2022      |             |             |
|--------------------------|---|-----------|-------------|-------------|
|                          |   | Land      | Buildings   | Total       |
| Beginning balance        | ₩ | 1,015,776 | 6,907,586   | 7,923,362   |
| Depreciation             |   | -         | (208,269)   | (208,269)   |
| Ending balance           |   | 1,015,776 | 6,699,317   | 7,715,093   |
| Acquisition cost         | ₩ | 1,015,776 | 8,330,756   | 9,346,532   |
| Accumulated depreciation |   | -         | (1,631,439) | (1,631,439) |

|                          |   | 2021      |             |             |
|--------------------------|---|-----------|-------------|-------------|
|                          |   | Land      | Buildings   | Total       |
| Beginning balance        | ₩ | 1,015,776 | 7,115,855   | 8,131,631   |
| Depreciation             |   | -         | (208,269)   | (208,269)   |
| Ending balance           |   | 1,015,776 | 6,907,586   | 7,923,362   |
| Acquisition cost         | ₩ | 1,015,776 | 8,330,756   | 9,346,532   |
| Accumulated depreciation |   | -         | (1,423,170) | (1,423,170) |

(2) Gain or loss recognized in comprehensive income related to investment property for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|                |   | 2022    | 2021    |
|----------------|---|---------|---------|
| Rental income  | ₩ | 39,481  | 210,735 |
| Rental expense |   | 255,528 | 450,380 |

(3) The fair value of investment property as of December 31, 2022 and 2021 are as follow (In thousands of won):

|           |   | December 31, 2022 |            | December 31, 2021 |            |
|-----------|---|-------------------|------------|-------------------|------------|
|           |   | Carrying amounts  | Fair value | Carrying amounts  | Fair value |
| Buildings | ₩ | 7,715,093         | 8,996,758  | 7,923,362         | 8,996,758  |

The fair value of the investment property is determined on the basis of average sale price of the sale agency and rental ratio. Additionally, fair value of investment property is classified as level 3.

| Valuation technique | Unobservable inputs | Effect of unobservable inputs to fair value    |
|---------------------|---------------------|--|
| Sale price          | Similar trade price | Fair value increases when sale price increases |

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11. **Property and Equipment**

(1) Changes in property and equipment for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|                          | 2022           |                  |                |                |                     |                  |
|--------------------------|----------------|------------------|----------------|----------------|---------------------|------------------|
|                          | Land           | Buildings        | Equipment      | Others         | Right-of-use assets | Total            |
| Beginning balance ₩      | 729,646        | 2,813,342        | 380,813        | 1,135,166      | 1,321,426           | 6,380,393        |
| Acquisition              | -              | -                | 86,819         | 4,952          | 183,357             | 275,128          |
| Disposal                 | -              | -                | -              | -              | (24,704)            | (24,704)         |
| Others                   | -              | -                | -              | -              | 80,895              | 80,895           |
| Subsidy depreciation     | -              | -                | 16,398         | -              | -                   | 16,398           |
| Depreciation             | -              | (73,132)         | (160,155)      | (498,857)      | (995,621)           | (1,727,765)      |
| Ending balance           | <u>729,646</u> | <u>2,740,210</u> | <u>323,875</u> | <u>641,261</u> | <u>565,353</u>      | <u>5,000,345</u> |
| Acquisition cost ₩       | 729,646        | 2,926,441        | 2,531,486      | 3,086,948      | 3,773,765           | 13,048,286       |
| Subsidy                  | -              | -                | (72,602)       | -              | -                   | (72,602)         |
| Accumulated depreciation | -              | (186,231)        | (2,135,009)    | (2,445,687)    | (3,208,412)         | (7,975,339)      |

|                          | 2021           |                  |                           |                |                  |                     |                  |
|--------------------------|----------------|------------------|---------------------------|----------------|------------------|---------------------|------------------|
|                          | Land           | Buildings        | Assets under construction | Equipment      | Others           | Right-of-use assets | Total            |
| Beginning balance ₩      | 248,686        | 817,719          | 226,800                   | 296,646        | 1,565,580        | 2,080,517           | 5,235,948        |
| Acquisition              | 415,838        | 1,727,544        | 177,724                   | 298,194        | 62,138           | 157,315             | 2,838,753        |
| Reclassification         | 65,122         | 339,402          | (404,524)                 | -              | -                | -                   | -                |
| Subsidy                  | -              | -                | -                         | (89,000)       | -                | -                   | (89,000)         |
| Depreciation             | -              | (71,323)         | -                         | (125,027)      | (492,552)        | (916,406)           | (1,605,308)      |
| Ending balance           | <u>729,646</u> | <u>2,813,342</u> | <u>-</u>                  | <u>380,813</u> | <u>1,135,166</u> | <u>1,321,426</u>    | <u>6,380,393</u> |
| Acquisition cost ₩       | 729,646        | 2,926,441        | -                         | 2,444,667      | 3,081,996        | 3,610,560           | 12,793,310       |
| Subsidy                  | -              | -                | -                         | (89,000)       | -                | -                   | (89,000)         |
| Accumulated depreciation | -              | (113,099)        | -                         | (1,974,854)    | (1,946,830)      | (2,289,134)         | (6,323,917)      |

(2) Details of right-of-use assets as of December 31, 2022 and 2021 are as follows (In thousands of won):

|             | December 31, 2022  |                          |                |
|-------------|--------------------|--------------------------|----------------|
|             | Acquisition cost   | Accumulated depreciation | Carrying value |
| Buildings ₩ | 3,649,964          | (3,150,944)              | 499,020        |
| Vehicles ₩  | 123,801            | (57,468)                 | 66,333         |
|             | <u>₩ 3,773,765</u> | <u>(3,208,412)</u>       | <u>565,353</u> |

|             | December 31, 2021  |                          |                  |
|-------------|--------------------|--------------------------|------------------|
|             | Acquisition cost   | Accumulated depreciation | Carrying value   |
| Buildings ₩ | 3,482,444          | (2,196,395)              | 1,286,049        |
| Vehicles ₩  | 128,116            | (92,739)                 | 35,377           |
|             | <u>₩ 3,610,560</u> | <u>(2,289,134)</u>       | <u>1,321,426</u> |



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11. **Property and Equipment, continued**

(3) Changes in right-of-use assets for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|           |   | 2022             |                |                  |                 |               | Ending         |
|-----------|---|------------------|----------------|------------------|-----------------|---------------|----------------|
|           |   | Beginning        | Acquisition    | Depreciation     | Cancellation    | Others        | balance        |
|           |   | balance          |                |                  |                 |               |                |
| Buildings | ₩ | 1,286,049        | 86,625         | (954,549)        | -               | 80,895        | 499,020        |
| Vehicles  |   | 35,377           | 96,732         | (41,072)         | (24,704)        | -             | 66,333         |
|           | ₩ | <u>1,321,426</u> | <u>183,357</u> | <u>(995,621)</u> | <u>(24,704)</u> | <u>80,895</u> | <u>565,353</u> |

|           |   | 2021             |                |                  |              |          | Ending           |
|-----------|---|------------------|----------------|------------------|--------------|----------|------------------|
|           |   | Beginning        | Acquisition    | Depreciation     | Cancellation | Others   | balance          |
|           |   | balance          |                |                  |              |          |                  |
| Buildings | ₩ | 1,996,353        | 155,547        | (865,851)        | -            | -        | 1,286,049        |
| Vehicles  |   | 84,164           | 1,768          | (50,555)         | -            | -        | 35,377           |
|           | ₩ | <u>2,080,517</u> | <u>157,315</u> | <u>(916,406)</u> | <u>-</u>     | <u>-</u> | <u>1,321,426</u> |

(4) The amounts related to lease recognized in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|  |   | 2022   | 2021   |
|--|---|--------|--------|
| Interest expenses on the lease liabilities     | ₩ | 16,141 | 29,532 |
| Expense relating to leases of low-value assets |   | 89,353 | 66,391 |

12. **Intangible Assets**

Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|                          |   | 2022              |                  |                  |
|--------------------------|---|-------------------|------------------|------------------|
|                          |   | Development costs | Software         | Total            |
| Beginning balance        | ₩ | 2,318,453         | 872,759          | 3,191,212        |
| Acquisition              |   | 3,211,107         | 1,183,893        | 4,395,000        |
| Amortization             |   | (188,489)         | (550,929)        | (739,418)        |
| Others                   |   | -                 | 336,143          | 336,143          |
| Ending balance           |   | <u>5,341,071</u>  | <u>1,841,866</u> | <u>7,182,937</u> |
| Acquisition cost         | ₩ | 12,556,632        | 3,017,670        | 15,574,302       |
| Accumulated amortization |   | (7,215,561)       | (1,175,804)      | (8,391,365)      |

|                          |   | 2021              |                |                  |
|--------------------------|---|-------------------|----------------|------------------|
|                          |   | Development costs | Software       | Total            |
| Beginning balance        | ₩ | 868,179           | 805,896        | 1,674,075        |
| Acquisition              |   | 2,129,955         | 364,019        | 2,493,974        |
| Amortization             |   | (679,681)         | (297,156)      | (976,837)        |
| Ending balance           |   | <u>2,318,453</u>  | <u>872,759</u> | <u>3,191,212</u> |
| Acquisition cost         | ₩ | 9,345,525         | 1,497,634      | 10,843,159       |
| Accumulated amortization |   | (7,027,072)       | (624,875)      | (7,651,947)      |

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**13. Other Receivables, Other Assets and Indemnity receivables**

(1) Other receivables and other assets as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                            | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------|--------------------------|--------------------------|
| Other receivables          |                          |                          |
| Accounts receivable        | ₩ 787,231                | 1,995,773                |
| Accrued interest           | 14,455,710               | 13,826,200               |
| Tenancy deposit            | 2,911,868                | 2,816,855                |
| Others                     | 290                      | 289                      |
|                            | <u>18,155,099</u>        | <u>18,639,117</u>        |
| Other assets               |                          |                          |
| Advance payments           | 1,406,219                | 1,785,062                |
| Prepaid expenses           | 89,644                   | -                        |
| Value added tax refundable | 59,810                   | 31,556                   |
|                            | <u>1,555,673</u>         | <u>1,816,618</u>         |
|                            | <u>₩ 19,710,772</u>      | <u>20,455,735</u>        |

(2) Indemnity receivables as of December 31, 2022 are as follows (In thousands of won):

|   | <u>December 31, 2022</u> |
|---|--------------------------|
| Indemnity receivables (*)                 | ₩ 18,955,182             |
| Less: Allowance for Indemnity receivables | <u>(16,886,300)</u>      |
|   | <u>₩ 2,068,882</u>       |

(\*) The amount paid in accordance with the insurance contract was recognized as indemnity receivables.

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**14. Insurance Contract Liabilities**

(1) Liabilities recognized by insurance contracts

Insurance contract liabilities as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Unearned premium reserve (A)                          | ₩ -               | 1,350,662         |
| Reserve for outstanding claims (B=B1+B2)              |                   |                   |
| Incurred but not reported (IBNR) (B1)                 | -                 | 18,670            |
| Reserve as evaluation of minimum reserve (B2) (*1)    | -                 | 2,356,406         |
|   | -                 | 2,375,076         |
| Provision for insurance contract liabilities (C) (*2) | -                 | 1,171,150         |
| Insurance liabilities (D=A+B+C) (*)                   | ₩ -               | 4,896,888         |

(\* ) All of the Group's insurance liabilities have been reclassified to financial guarantee liabilities in 2022

(2) Changes in liabilities recognized due to insurance contracts for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

1) Unearned premium reserve

|                   | 2022        |
|-------------------|-------------|
| Beginning balance | ₩ 1,350,662 |
| Reclassification  | (1,350,662) |
| Ending balance    | ₩ -         |

|                   | 2021        |
|-------------------|-------------|
| Beginning balance | ₩ 2,817,837 |
| Premium Income    | -           |
| Earned Premium    | (1,467,175) |
| Ending balance    | ₩ 1,350,662 |

2) Reserve for outstanding claims

|                   | 2022        |
|-------------------|-------------|
| Beginning balance | ₩ 2,375,076 |
| Reclassification  | (2,375,076) |
| Ending balance    | ₩ -         |

|  | 2021         |
|--|--------------|
| Beginning balance                            | ₩ 13,122,541 |
| Decrease of incurred but not reported (IBNR) | (38,193)     |
| Contribution to minimum reserve as valuation | (10,709,272) |
| Ending balance                               | ₩ 2,375,076  |

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December 31, 2022 and 2021

**14. Insurance Contract Liabilities, continued**

3) Changes in provision for insurance contract liabilities for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022 |             |
|--|------|-------------|
| Beginning balance  | ₩    | 1,171,150   |
| Reversal of provision for insurance contract liabilities (*) |      | (1,171,150) |
| Ending balance   | ₩    | -           |

(\*) All of the Group's insurance liabilities were reclassified to financial guarantee liabilities in 2022, and the provision was fully reversed.

|  | 2021 |           |
|--|------|-----------|
| Beginning balance  | ₩    | 1,854,512 |
| Reversal of provision for insurance contract liabilities |      | (683,362) |
| Ending balance   | ₩    | 1,171,150 |

**15. Financial Liabilities**

(1) Borrowings

Borrowings as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                  | Interest rate (%)  | December 31, 2022 | December 31, 2021 |
|----------------------------------|--|-------------------|-------------------|
| Borrowings in foreign currencies | Libor 3M + 1.18 ~ 5.00<br>SOFR(overnight rate,<br>average of compound interest)<br>+ 0.90~1.00 | ₩ 646,470,723     | 957,980,077       |
| Debentures in Korean won         | 1.101~2.303  | 2,110,000,000     | 2,390,000,000     |
|                                  |  | 2,756,470,723     | 3,347,980,077     |
| Discount on bond issuance        |  | (1,073,742)       | (1,309,668)       |
|                                  |  | ₩ 2,755,396,981   | 3,346,670,409     |

(2) Financial guarantee liabilities

1) Financial guarantee liabilities as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                | December 31, 2022 | December 31, 2021 |
|----------------|-------------------|-------------------|
| Loss allowance | ₩ 8,602,991       | 6,703,874         |
| Adjustment (*) | 109,461,732       | 137,205,720       |
|                | ₩ 118,064,723     | 143,909,594       |

(\*) If the initial recognition amount of financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 is greater than loss allowance for credit losses, the difference is adjusted.

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December 31, 2022 and 2021

15. **Financial Liabilities, continued**

2) Changes in loss allowance related to financial guarantee contracts for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022                                |                               |                    |           |
|---|-------------------------------------|-------------------------------|--------------------|-----------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total     |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |           |
| Beginning balance                               | ₩ 5,927,150                         | 776,724                       | -                  | 6,703,874 |
| Changes in beginning balance                    |                                     |                               |                    |           |
| Transfer to 12-month expected credit loss       | 776,724                             | (776,724)                     | -                  | -         |
| Changes in financial guarantees liabilities (*) | 1,109,667                           | -                             | -                  | 1,109,667 |
| Reversal of credit loss                         | 789,450                             | -                             | -                  | 789,450   |
| Ending balance                                  | ₩ 8,602,991                         | -                             | -                  | 8,602,991 |

(\*) The amounts include changes of the loss allowance recognized as financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 at the initial recognition.

|   | 2021                                |                               |                    |              |
|---|-------------------------------------|-------------------------------|--------------------|--------------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total        |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |              |
| Beginning balance                               | ₩ 6,332,066                         | 67,741,017                    | -                  | 74,073,083   |
| Changes in beginning balance                    |                                     |                               |                    |              |
| Transfer to 12-month expected credit loss       | 65,401,263                          | (65,401,263)                  | -                  | -            |
| Changes in financial guarantees liabilities (*) | (39,443,848)                        | (438,459)                     | -                  | (39,882,307) |
| Reversal of credit loss                         | (26,362,331)                        | (1,124,571)                   | -                  | (27,486,902) |
| Ending balance                                  | ₩ 5,927,150                         | 776,724                       | -                  | 6,703,874    |

(\*) The amounts include changes of the loss allowance recognized as financial guarantees liability less accumulated profit recognized according to K-IFRS 1115 at the initial recognition.

Korea Ocean Business Corporation and Subsidiaries  
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15. **Financial Liabilities, continued**

3) Changes in exposures of credit risk related to financial guarantee contracts for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022                                |                               |                    |                      |
|---|-------------------------------------|-------------------------------|--------------------|----------------------|
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total                |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |                      |
| Beginning balance                         | ₩ 2,476,546,597                     | 7,149,753                     | -                  | 2,483,696,350        |
| Changes in beginning balance              |                                     |                               |                    |                      |
| Transfer to 12-month expected credit loss | 7,149,753                           | (7,149,753)                   | -                  | -                    |
| Changes in financial guarantees contract  | 36,037,207                          | -                             | -                  | 36,037,207           |
| Ending balance                            | ₩ <u>2,519,733,557</u>              | <u>-</u>                      | <u>-</u>           | <u>2,519,733,557</u> |
|   |                                     |                               |                    |                      |
|   | 2021                                |                               |                    |                      |
|   | 12-month<br>expected credit<br>loss | Lifetime expected credit loss |                    | Total                |
|   |                                     | Non-credit<br>impaired        | Credit<br>impaired |                      |
| Beginning balance                         | ₩ 555,334,387                       | 1,003,220,918                 | -                  | 1,558,555,305        |
| Changes in beginning balance              |                                     |                               |                    |                      |
| Transfer to 12-month expected credit loss | 987,113,925                         | (987,113,925)                 | -                  | -                    |
| Changes in financial guarantees contract  | 934,098,285                         | (8,957,240)                   | -                  | 925,141,045          |
| Ending balance                            | ₩ <u>2,476,546,597</u>              | <u>7,149,753</u>              | <u>-</u>           | <u>2,483,696,350</u> |

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15. **Financial Liabilities, continued**

(3) Lease liabilities

Changes in lease liabilities for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                     | 2022 |           |
|---------------------|------|-----------|
| Beginning balance   | ₩    | 1,086,252 |
| New lease contracts |      | 140,028   |
| Interest expense    |      | 16,141    |
| Lease payment       |      | (813,100) |
| Others (*)          |      | 63,898    |
| Ending balance      | ₩    | 493,219   |

(\*) Changes caused by changes, cancellation, etc. of existing lease contracts

|                     | 2021 |           |
|---------------------|------|-----------|
| Beginning balance   | ₩    | 1,762,924 |
| New lease contracts |      | 60,139    |
| Interest expense    |      | 29,532    |
| Lease payment       |      | (766,343) |
| Ending balance      | ₩    | 1,086,252 |

(4) Derivative financial liabilities

1) For the purpose of hedging the exposure to the variability of future cash flows of borrowings in foreign currencies by changes in interest rate, the Group uses interest swaps and applies cash flow hedge accounting.

2) Derivative liabilities as of December 31, 2022 and 2021 are as follows (USD, in thousands of won):

|                                  | December 31, 2022               |                      |
|----------------------------------|---------------------------------|----------------------|
|                                  | Carrying amount<br>(Fair value) | Valuation gain(loss) |
| Call options and Put options (*) | ₩ 997,447                       | (997,447)            |

(\*) The Group has signed a call option and put option contract with HMM Co., Ltd. using the shares of KTB Terminal Invest Professional Investment Type Private Trust No.41 as the options' underlying asset. The Group is the put option buyer, and HMM Co., Ltd. is the call option buyer.

|                                  | December 31, 2021 |                                 |                    |
|----------------------------------|-------------------|---------------------------------|--------------------|
|                                  | Notional amount   | Carrying amount<br>(Fair value) | Valuation gain (*) |
| Interest rate swaps              | USD 94,377,904    | ₩ 1,896,283                     | 3,408,390          |
| Credit risk valuation adjustment |                   | 125                             | 125                |
|                                  |                   | ₩ 1,896,408                     | 3,408,515          |

(\*) Applying the cash flow hedge accounting, loss on valuation of derivative liabilities is recognized as other comprehensive income.

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**16. Net Defined Benefit Assets**

The Group operates a defined benefit plan and defined contribution plan. The plan assets are in trusts with Korea Investment & Securities Co., Ltd. and Woori Bank and others.

(1) Components of financial position due to the duty of Group related to the defined benefit plan as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Fair value of plan assets                   | ₩ 5,227,081       | 3,724,469         |
| Present value of defined benefit obligation | (4,041,338)       | (3,599,959)       |
| Net defined benefit assets                  | ₩ 1,185,743       | 124,510           |

(2) Changes in present value of defined benefit obligation for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022 |           |
|--|------|-----------|
| Beginning balance                              | ₩    | 3,599,959 |
| Current service costs                          |      | 1,044,617 |
| Interest expense                               |      | 102,711   |
| Payments from the plan                         |      | (218,207) |
| Remeasurements of defined benefit liabilities: |      | (487,742) |
| Changes in financial assumption                |      | (888,638) |
| Changes in demographic assumptions             |      | -         |
| Experience adjustment                          |      | 400,896   |
| Ending balance                                 | ₩    | 4,041,338 |
|  | 2021 |           |
| Beginning balance                              | ₩    | 2,672,861 |
| Current service costs                          |      | 1,015,918 |
| Interest expense                               |      | 62,322    |
| Payments from the plan                         |      | (133,732) |
| Change of plan                                 |      | (89,454)  |
| Remeasurements of defined benefit liabilities: |      | 72,044    |
| Changes in financial assumption                |      | (185,809) |
| Changes in demographic assumptions             |      | -         |
| Experience adjustment                          |      | 257,853   |
| Ending balance                                 | ₩    | 3,599,959 |

(3) Changes in fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022 |           |
|---|------|-----------|
| Beginning balance                             | ₩    | 3,724,469 |
| Expected interest income                      |      | 106,403   |
| Contribution                                  |      | 1,650,000 |
| Payments from the plan                        |      | (218,207) |
| Remeasurements of defined benefit liabilities |      | (35,584)  |
| Ending balance                                | ₩    | 5,227,081 |
|   | 2021 |           |
| Beginning balance                             | ₩    | 2,442,587 |
| Expected interest income                      |      | 56,740    |
| Contribution                                  |      | 1,400,861 |
| Payments from the plan                        |      | (56,964)  |
| Change of plan                                |      | (106,161) |
| Remeasurements of defined benefit liabilities |      | (12,594)  |
| Ending balance                                | ₩    | 3,724,469 |



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16. **Net Defined Benefit Assets, continued**

(4) Fair value of plan assets as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                           | ₩ | December 31, 2022 |       | December 31, 2021 |       |
|---------------------------|---|-------------------|-------|-------------------|-------|
|                           |   | Amount            | Ratio | Amount            | Ratio |
| Cash and cash equivalents | ₩ | 5,227,081         | 100%  | 3,724,469         | 100%  |

(5) The actuarial assumptions used as of December 31, 2022 and 2021 are as follows:

|                               | December 31, 2022 | December 31, 2021 |
|-------------------------------|-------------------|-------------------|
| Discount rate (*)             | 5.34%             | 2.97%             |
| Future salary increasing rate | 4.04%             | 3.98%             |

(\*) The market interest rate of AA+ rating non-guaranteed corporate bond considering expected severance payment schedule is applied.

(6) Weighted average maturity of defined benefit obligation as of December 31, 2022 and 2021 are 8.36 years and 9.51 years, respectively.

(7) Sensitivity analysis

Changes of present value of defined benefit liabilities as changes in principal assumptions as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                               | ₩ | December 31, 2022         |                           |
|-------------------------------|---|---------------------------|---------------------------|
|                               |   | 1% increase in assumption | 1% decrease in assumption |
| Discount rate                 | ₩ | (294,811)                 | 338,263                   |
| Future salary increasing rate |   | 346,837                   | (306,843)                 |

|                               | ₩ | December 31, 2021         |                           |
|-------------------------------|---|---------------------------|---------------------------|
|                               |   | 1% increase in assumption | 1% decrease in assumption |
| Discount rate                 | ₩ | (305,759)                 | 355,341                   |
| Future salary increasing rate |   | 355,498                   | (311,474)                 |

(8) The amount of severance payment related to the defined contribution plan for year ended December 31, 2022 is ₩36,973 thousand.

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17. **Provisions**

(1) Provisions as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022  | December 31, 2021 |
|--|--------------------|-------------------|
| Provision for employee incentives (*1) | ₩ 1,701,147        | 1,819,837         |
| Provision for restoration (*2)         | 120,149            | 603,693           |
| Lawsuit provision (*3)                 | -                  | 158,701           |
| Provision for unused credit lines      | 252,402            | -                 |
|  | ₩ <u>2,073,698</u> | <u>2,582,231</u>  |

(\*1) The estimated incentives granting to employee according to management performance and evaluation are recognized as provision. These estimates are subject to change.

(\*2) The Group recognizes its restoration liabilities as present value of expenses incurred in restoring a rented building.

(\*3) The Group estimates the amounts of salaries to be paid retroactively according to the results of litigation related to the Group's executives and employees and recognizes lawsuit provision corresponding to the estimated amount in 2021, and the full provision for unused credit lines were reversed accordingly in 2022.

(2) Changes in provisions for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                                   |   | 2022              |                     |                  |
|-----------------------------------|---|-------------------|---------------------|------------------|
|                                   |   | Beginning balance | Increase (Decrease) | Ending balance   |
| Provision for employee incentives | ₩ | 1,819,837         | (118,690)           | 1,701,147        |
| Provision for restoration         |   | 603,693           | (483,544)           | 120,149          |
| Lawsuit provision                 |   | 158,701           | (158,701)           | -                |
| Provision for unused credit lines |   | -                 | 252,402             | 252,402          |
|                                   | ₩ | <u>2,582,231</u>  | <u>(508,533)</u>    | <u>2,073,698</u> |
|                                   |   | 2021              |                     |                  |
|                                   |   | Beginning balance | Increase (Decrease) | Ending balance   |
| Provision for employee incentives | ₩ | 1,878,672         | (58,835)            | 1,819,837        |
| Provision for restoration         |   | 551,380           | 52,313              | 603,693          |
| Lawsuit provision                 |   | -                 | 158,701             | 158,701          |
|                                   | ₩ | <u>2,430,052</u>  | <u>152,179</u>      | <u>2,582,231</u> |

(3) Changes in provisions for unused credit lines for the years ended December 31, 2022 is as follows (In thousands of won):

|                   |   | 2022              |                     |                |
|-------------------|---|-------------------|---------------------|----------------|
|                   |   | Beginning balance | Increase (Decrease) | Ending balance |
| Beginning balance | ₩ | -                 | -                   | -              |
| Provision         |   | 252,402           | -                   | 252,402        |
| Ending balance    | ₩ | <u>252,402</u>    | <u>-</u>            | <u>252,402</u> |

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**18. Other Payables and Other Liabilities**

Other payables and other liabilities as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                        | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------|--------------------------|--------------------------|
| Other payables         |                          |                          |
| Security deposit       | ₩ 6,542,570              | 6,542,570                |
| Present value discount | (195,765)                | (229,242)                |
| Accrued expense        | 5,681,420                | 6,094,081                |
| Accounts payable       | 1,761,011                | 7,680,755                |
| Other deposit          | 23,155,192               | 12,921,383               |
| Others                 | 643,322                  | 635,165                  |
|                        | <u>37,587,750</u>        | <u>33,644,712</u>        |
| Other liabilities      |                          |                          |
| Advance receipts       | 55,004                   | 101,420                  |
| Unearned income        | 2,760,103                | 2,404,903                |
|                        | <u>2,815,107</u>         | <u>2,506,323</u>         |
|                        | <u>₩ 40,402,857</u>      | <u>36,151,035</u>        |

**19. Capital Stock and Capital Adjustments**

(1) Capital stock and capital adjustments as of December 31, 2022 and 2021 are as follows (Share, In thousands of won):

|                                  | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------------------|--------------------------|--------------------------|
| Number of authorized shares      | ₩ 1,000,000,000          | 1,000,000,000            |
| Par value per share (won)        | 5,000                    | 5,000                    |
| Number of issued shares          | 598,811,481              | 589,865,171              |
| Capital stock                    | <u>2,994,057,405</u>     | <u>2,949,325,855</u>     |
| Additional paid in other capital | 63,514,950               | -                        |
| Capital adjustments              |                          |                          |
| Discount on capital stock        | -                        | (561,407)                |
| Other capital adjustment (*)     | (162,844,846)            | (162,844,846)            |
|                                  | <u>₩ (162,844,846)</u>   | <u>(163,406,253)</u>     |

(\*) The amount is the difference of the acquired net assets and the paid consideration as a result of business comprehensive succession of Korea Shipping and Maritime Transportation and Korea Maritime Guarantee Insurance Co., Ltd.

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**19. Capital Stock and Capital Adjustments, continued**

(2) Changes in capital stock, capital adjustments and additional paid in other capital as of December 31, 2022 and 2021 are as follows (Share, In thousands of won):

|                     | 2022                    |               |                                  |                           |                          |
|---------------------|-------------------------|---------------|----------------------------------|---------------------------|--------------------------|
|                     | Number of issued shares | Capital stock | Additional paid in other capital | Discount on capital stock | Other capital adjustment |
| Beginning balance   | ₩ 589,865,171           | 2,949,325,855 | -                                | (561,407)                 | (162,844,846)            |
| Increase (Decrease) | 8,946,310               | 44,731,550    | 63,514,950                       | 561,407                   | -                        |
| Ending balance      | ₩ 598,811,481           | 2,994,057,405 | 63,514,950                       | -                         | (162,844,846)            |

|                     | 2021                    |               |                           |                          |
|---------------------|-------------------------|---------------|---------------------------|--------------------------|
|                     | Number of issued shares | Capital stock | Discount on capital stock | Other capital adjustment |
| Beginning balance   | ₩ 583,865,171           | 2,919,325,855 | (413,537)                 | (162,844,846)            |
| Increase (Decrease) | 6,000,000               | 30,000,000    | (147,870)                 | -                        |
| Ending balance      | ₩ 589,865,171           | 2,949,325,855 | (561,407)                 | (162,844,846)            |

**20. Accumulated Other Comprehensive Income**

Changes of accumulated other comprehensive income for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022              |                     |                   |                |
|--|-------------------|---------------------|-------------------|----------------|
|  | Beginning balance | Increase (Decrease) | Income tax effect | Ending balance |
| Net gain (loss) on valuation of financial assets measured at FVOCI | ₩ 15,234,509      | (9,559,704)         | 2,743,453         | 8,418,258      |
| Remeasurements of defined benefit liabilities                      | (384,909)         | 452,158             | (125,131)         | (57,882)       |
| Share of other comprehensive income of associates                  | 5,826,212         | 85,908,465          | (22,685,382)      | 69,049,295     |
| Exchange differences on translation of foreign operations          | (159,667)         | 1,515,642           | (403,848)         | 952,127        |
| Valuation gain (loss) on cash flow hedge                           | 388,966           | 17,812,873          | (4,715,046)       | 13,486,793     |
|  | ₩ 20,905,111      | 96,129,434          | (25,185,954)      | 91,848,591     |

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20. **Accumulated Other Comprehensive Income, continued**

|  | 2021                 |                        |                      |                   |
|--|----------------------|------------------------|----------------------|-------------------|
|  | Beginning<br>balance | Increase<br>(Decrease) | Income tax<br>effect | Ending balance    |
| Net gain (loss) on valuation of financial assets measured at FVOCI ₩ | 7,941,069            | 10,059,918             | (2,766,478)          | 15,234,509        |
| Remeasurements of defined benefit liabilities                        | (336,104)            | (84,637)               | 35,832               | (384,909)         |
| Share of other comprehensive income of associates                    | (1)                  | 8,036,155              | (2,209,942)          | 5,826,212         |
| Exchange differences on translation of foreign operations            | (355,685)            | 217,573                | (21,555)             | (159,667)         |
| Valuation gain (loss) on cash flow hedge                             | (4,472,697)          | 6,705,742              | (1,844,079)          | 388,966           |
|  | ₩ <u>2,776,582</u>   | <u>24,934,751</u>      | <u>(6,806,222)</u>   | <u>20,905,111</u> |

21. **Retained Earnings**

(1) Composition of retained earnings as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022      | December 31, 2021    |
|--|------------------------|----------------------|
| Legal reserve (*)                      | ₩ 1,353,262,740        | 517,137,170          |
| Reserve for guarantees performance (*) | 1,353,262,740          | 517,137,170          |
| Regulatory reserve for bad debts       | 69,801,418             | 70,823,010           |
| Unappropriated retained earnings       | 1,625,954,232          | 5,283,698,066        |
|  | ₩ <u>4,402,281,130</u> | <u>6,388,795,416</u> |

(\*) In accordance with the Korea Ocean Business Corporation Act, in case of net income as a result of settlement, the Company must accumulate at least 20% of the net income as legal reserve at each settlement period until it reaches the capital, and accumulate at least 20% of the net income as reserve for guarantees performance at each settlement period until it reaches half of the capital. The reserve can only be used to transfer to capital and preserve deficit.

(2) Regulatory reserve for bad debts

The Group's reserve for bad debts is calculated and disclosed in accordance with Article 6 in Regulation on Supervision of Korea Ocean Business Corporation ("the Regulation"). When the total sum of allowance for credit losses under K-IFRS is lower than the amount prescribed in the Regulation, the Group records the difference as regulatory reserve for bad debts at the end of each reporting period. In the case that the existing regulatory reserve for credit losses exceeds the amount needed to be set aside at the reporting date, the surplus may be reversed. Furthermore, in the case that undisposed deficit exists, regulatory reserve for bad debts is saved from the time the undisposed deficit is disposed.

1) Regulatory reserve for bad debts as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Regulatory reserve for bad debts  | ₩ 67,855,528      | 77,818,254        |
| Expected provision for (reversal of) regulatory reserve for credit losses | (26,593,233)      | (9,962,727)       |

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**21. Retained Earnings, continued**

2) Provision of reserve for bad debts and adjusted net income (loss) after reflecting reserve for bad debts for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022              | 2021          |
|---|-------------------|---------------|
| Net income (loss) for the year  | ₩ (1,986,315,992) | 4,187,449,884 |
| Reversal of (provision for) regulatory reserve for bad debts                                  | 26,593,233        | 9,962,727     |
| Adjusted net income (loss) after regulatory reserve for bad debts                             | ₩ (1,959,722,759) | 4,197,412,611 |
| Adjusted basic and diluted earnings per share after regulatory reserve for bad debts (In Won) | (3,314)           | 7,147         |

**22. Insurance Income and Expense**

(1) Insurance income for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022 | 2021       |
|--|------|------------|
| Reversal of insurance contract liabilities | ₩ -  | 12,214,640 |

(2) Insurance expense for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                     | 2022 | 2021   |
|---------------------|------|--------|
| Cancellation refund | ₩ -  | 43,600 |

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23. **Investment Income**

Investment income for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022                 | 2021                 |
|---|----------------------|----------------------|
| Interest income   |                      |                      |
| Due from banks  | ₩ 18,318,457         | 6,569,297            |
| Financial assets measured at FVTPL                      | 41,909,631           | 55,470,409           |
| Financial assets measured at FVOCI                      | 4,059,616            | 3,941,096            |
| Financial assets measured at amortized cost             | 51,391,872           | 45,527,327           |
| Finance lease receivables                               | 14,413,278           | 7,533,371            |
| Others  | 1,092,120            | 1,298,399            |
|   | <u>131,184,974</u>   | <u>120,339,899</u>   |
| Fees and commission income                              |                      |                      |
| Guarantees fee  | 42,746,497           | 32,249,844           |
| Gain on Indemnity receivables                           | 18,955,182           | -                    |
| Others  | 5,321,259            | 2,529,204            |
| Charter revenue   | 70,821,679           | 19,776,083           |
| Lease payment   | 36,780,689           | 32,621,735           |
|   | <u>174,625,306</u>   | <u>87,176,866</u>    |
| Dividend income   | 7,011,054            | 7,931,703            |
| Gain on valuation and disposal of financial instruments |                      |                      |
| Gain on valuation of financial assets measured at FVTPL | 1,429,151            | 5,131,869,551        |
| Gain on disposal of financial assets measured at FVTPL  | -                    | 9,881                |
|   | <u>1,429,151</u>     | <u>5,131,879,432</u> |
| Reversal of credit losses                               |                      |                      |
| Financial assets measured at amortized cost             | 6,409,472            | 62,128,752           |
| Finance lease receivables                               | 739,755              | -                    |
| Other receivables                                       | 19,865               | 9,145                |
| Provision for financial guarantees liabilities          | 364,650              | 27,486,902           |
| Provision for insurance contract liabilities            | 1,171,150            | 683,362              |
|   | <u>8,704,892</u>     | <u>90,308,161</u>    |
| Reversal of other provision                             |                      |                      |
| Restoration liability                                   | 518,067              | 25,066               |
| Lawsuit liability                                       | 158,701              | -                    |
|   | <u>676,768</u>       | <u>25,066</u>        |
| Others  | 380,336              | 240,213              |
|   | <u>₩ 324,012,481</u> | <u>5,437,901,340</u> |

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24. **Investment Expense**

Investment expense for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022                   | 2021               |
|--|------------------------|--------------------|
| Interest expense   |                        |                    |
| Borrowings   | ₩ 12,978,825           | 7,866,378          |
| Debentures   | 38,869,194             | 35,714,519         |
| Others   | 19,647,179             | 14,326,939         |
|  | <u>71,495,198</u>      | <u>57,907,836</u>  |
| Fees and commission expenses                                 | 5,042,231              | 3,250,406          |
| Depreciation of leased assets                                | 26,407,669             | 25,492,751         |
| Losses on valuation and sale of financial instruments        |                        |                    |
| Loss on valuation of financial assets measured at FVTPL      | 1,976,389,945          | 8,331,775          |
| Loss on disposal of financial assets measured at FVTPL       | -                      | 44,692             |
| Loss on conversion of financial assets measured at FVTPL (*) | -                      | 358,595,274        |
| Loss on valuation of derivatives                             | 997,447                | -                  |
|  | <u>1,977,387,392</u>   | <u>366,971,741</u> |
| Provision for credit losses                                  |                        |                    |
| Financial assets measured at amortized cost                  | 2,515,560              | 7,299,625          |
| Financial lease receivables                                  | -                      | 2,366,992          |
| Other receivables  | 846,801                | 30,708             |
| Indemnity receivables  | 16,886,300             | -                  |
| Provision for financial guarantees                           | 45,725                 | -                  |
| Provision for unused credit line in won                      | 252,402                | -                  |
|  | <u>20,546,788</u>      | <u>9,697,325</u>   |
| Increase in other provision                                  |                        |                    |
| Lawsuit provision  | -                      | 158,701            |
| Other expense  | 1,463,734              | 1,629,948          |
|  | <u>₩ 2,102,343,012</u> | <u>465,108,708</u> |

(\*) The Group exercised the conversion rights included in HMM Co., Ltd. convertible bond No. 191 and acquired the shares of HMM Co., Ltd. for the year ended December 31, 2021. The shares were classified as investments in associates. The Group recognized loss on conversion of financial assets measured at FVTPL relating to the conversion.



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**25. General and Administrative Expenses**

General and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                           | 2022                | 2021              |
|---------------------------|---------------------|-------------------|
| Salaries                  | ₩ 11,675,246        | 10,753,527        |
| Incentives                | 1,140,332           | 779,456           |
| Severance payment         | 1,090,663           | 1,042,408         |
| Employee welfare benefits | 4,755,548           | 533,650           |
| Taxes and dues            | 2,782,150           | 2,000,267         |
| Fees and commission       | 4,002,608           | 1,813,922         |
| Service fee               | 4,748,544           | 4,217,311         |
| Event fee                 | 189,256             | 111,317           |
| Rental expenses           | 869,389             | 791,656           |
| Depreciation              | 1,727,765           | 1,605,309         |
| Amortization              | 739,418             | 976,837           |
| Others                    | 4,690,708           | 2,117,038         |
|                           | ₩ <u>38,411,627</u> | <u>26,742,698</u> |

**26. Non-Operating Revenues**

Non-operating revenues for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022                   | 2021               |
|--|------------------------|--------------------|
| Valuation gain on equity method (*1)               | ₩ 1,707,221,639        | 688,135,306        |
| Gain on disposal of subsidiaries                   | 1,397                  | 992,079            |
| Gain on disposal of investments in associates (*2) | -                      | 137,423,076        |
| Foreign currency transaction gain                  | 110,126,255            | 2,530,958          |
| Foreign currency translation gain                  | 20,038,280             | 46,865,339         |
| Others   | 1,923,563              | 1,393,613          |
|  | ₩ <u>1,839,311,134</u> | <u>877,340,371</u> |

(\*1) The Group recognized valuation gain ₩1,701,951,909 thousand on equity method in relation to associates, HMM Co., Ltd. equity securities for the year ended December 31, 2022 (See Note 7).

(\*2) The effect of changes in the Group's share of net assets of HMM Co., Ltd. due to change in share ratio resulting from the transactions such as unequal rights offering is recognized as gain or loss on disposal of investments in associates.

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27. **Non-Operating Expense**

Non-operating expense for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | <u>2022</u>            | <u>2021</u>       |
|--|------------------------|-------------------|
| Impairment on equity method (*1)                   | ₩ 2,705,264,835        | -                 |
| Loss on disposal of subsidiaries                   | -                      | 133,394           |
| Loss on disposal of investments in associates (*2) | 855,106                | 26,163,969        |
| Foreign currency translation loss                  | 33,997,168             | 44,020,535        |
| Foreign currency transaction loss                  | 94,111,931             | 1,345,823         |
| Depreciation of investment property                | 208,268                | 208,269           |
| Interest expense on lease liabilities              | 16,141                 | 29,532            |
| Interest expense on security deposit               | 33,477                 | 218,237           |
| Others   | 2,248,808              | 945,643           |
|  | ₩ <u>2,836,735,734</u> | <u>73,065,402</u> |

(\*1) The Group recognized an impairment loss in relation to its related company, HMM Co., Ltd. equity securities for the year ended December 31, 2022 (See Note 7).

(\*2) The Group recognized the loss on disposal of investments in associate in for the year ended December 31, 2022 as The Group disposed of Yuanta HPNT PEF, an associate. The effect of changes in the Group's share of net assets of HMM Co., Ltd. due to change in share ratio resulting from the transactions such as unequal rights offering is recognized as gain or loss on disposal of investments in associates for the year ended December 31, 2021.

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**28. Income Tax Expenses (Benefits)**

(1) Income tax expenses (benefits) for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022            | 2021          |
|---|-----------------|---------------|
| Current income tax  | ₩ 49,002,284    | 22,494,628    |
| Adjustments for prior years (*)   | (6,823)         | (615,495)     |
| Changes in deferred income tax due to temporary differences:  |                 |               |
| Recognition of deferred income tax on increase or decrease of temporary difference for the current period | (851,660,275)   | 1,559,973,148 |
|   | (851,660,275)   | 1,559,973,148 |
| Income tax expenses that recognized directly to equity  |                 |               |
| Other comprehensive income  | (25,185,954)    | (6,806,222)   |
|   | (25,185,954)    | (6,806,222)   |
|   | ₩ (827,850,768) | 1,575,046,059 |

(\*) Changes due to final income tax return are included.

(2) Net income before income taxes and income tax expenses (benefits) for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|  | 2022              | 2021          |
|--|-------------------|---------------|
| Net income (loss) before income taxes                                | ₩ (2,814,166,760) | 5,762,495,943 |
| Income taxes calculated using enacted tax rates                      | (309,558,344)     | 1,574,324,384 |
| Adjustments  |                   |               |
| Effect of recognition of unrecognized income tax in the past period: |                   |               |
| Changes in final tax return on the prior year                        | (6,824)           | (615,495)     |
|  | (6,824)           | (615,495)     |
| Income taxes on non-deductible losses and non-taxable income         | (359,929)         | 87,889        |
| Effect of tax rate fluctuation                                       | (83,578,180)      | -             |
| Difference of tax rates and others                                   | (434,347,491)     | 1,249,281     |
| Income tax expenses (benefits)                                       | ₩ (827,850,768)   | 1,575,046,059 |
| Effective tax rate   | -                 | 27.33%        |

(\*) The Group did not calculate the average effective tax rate because the company has net loss for the year in 2022



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28. **Income Tax Expenses (Benefits), continued**

(4) Deferred income tax that recognized directly to equity for the year ended December 31, 2022 and 2021 is as follows (In thousands of won):

|   |   | 2022              |                     |                   |
|---|---|-------------------|---------------------|-------------------|
|   |   | Before tax effect | Income tax effect   | After tax effect  |
| Other comprehensive income:                                 |   |                   |                     |                   |
| Net loss on valuation of financial assets measured at FVOCI | ₩ | (9,559,704)       | 2,743,453           | (6,816,251)       |
| Remeasurements of defined benefit liabilities               |   | 452,158           | (125,131)           | 327,027           |
| Share of other comprehensive income of associates           |   | 85,908,465        | (22,685,382)        | 63,223,083        |
| Exchange differences on translation of foreign operations   |   | 1,515,642         | (403,848)           | 1,111,794         |
| Valuation gain (loss) on cash flow hedge                    |   | 17,812,873        | (4,715,047)         | 13,097,826        |
|   | ₩ | <u>96,129,434</u> | <u>(25,185,955)</u> | <u>70,943,479</u> |
|   |   | 2021              |                     |                   |
|   |   | Before tax effect | Income tax effect   | After tax effect  |
| Other comprehensive income:                                 |   |                   |                     |                   |
| Net gain on valuation of financial assets measured at FVOCI | ₩ | 10,059,918        | (2,766,478)         | 7,293,440         |
| Remeasurements of defined benefit liabilities               |   | (84,637)          | 35,832              | (48,805)          |
| Share of other comprehensive income of associates           |   | 8,036,155         | (2,209,942)         | 5,826,213         |
| Exchange differences on translation of foreign operations   |   | 217,573           | (21,555)            | 196,018           |
| Valuation gain (loss) on cash flow hedge                    |   | 6,705,742         | (1,844,079)         | 4,861,663         |
|   | ₩ | <u>24,934,751</u> | <u>(6,806,222)</u>  | <u>18,128,529</u> |

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29. **Earnings (Losses) per Share**

(1) Diluted and basic earnings (losses) per share for the year ended December 31, 2022 and 2021 are equal because there is no potential dilutive instrument. Basic earnings (losses) per share for the years ended December 31, 2022 and 2021 are as follows (In won, share):

|  |   | 2022                | 2021              |
|--|---|---------------------|-------------------|
| Net income (loss) for the year                         | ₩ | (1,986,315,991,600) | 4,187,449,883,774 |
| Weighted-average number of ordinary shares outstanding |   | 591,311,287         | 587,317,226       |
| Basic earnings (losses) per share                      | ₩ | (3,359)             | 7,130             |

(2) Weighted-average number of ordinary shares outstanding

|  | 2022                                     |      |  |
|--|--|------|--|
|  | Number of ordinary<br>shares outstanding | Days | Weighted-average<br>number of ordinary<br>shares outstanding |
| Beginning balance of ordinary shares (a)                     | 589,865,171                              | 365  | 589,865,171  |
| Increased paid-in capital (b)<br>November 3, 2022            | 8,946,310                                | 59   | 1,446,116  |
| Weighted-average number of ordinary shares outstanding (a+b) |  |      | 591,311,287  |

|  | 2021                                     |      |  |
|--|--|------|--|
|  | Number of ordinary<br>shares outstanding | Days | Weighted-average<br>number of ordinary<br>shares outstanding |
| Beginning balance of ordinary shares(a)                      | 583,865,171                              | 365  | 583,865,171  |
| Increased paid-in capital (b)<br>June 5, 2021                | 6,000,000                                | 210  | 3,452,055  |
| Weighted-average number of ordinary shares outstanding (a+b) |  |      | 587,317,226  |

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**30. Fair Value Hierarchy of Financial Instruments**

The Group classifies fair value of the financial instruments into the following three-level hierarchy:

- Level 1: Measure at quoted prices from active markets
- Level 2: Measure using valuation techniques where all significant inputs are observable market data
- Level 3: Measure using valuation techniques where one or more significant inputs are not based on observable market data

(1) The fair value hierarchy of financial instruments measured at fair value as of December 31, 2022 and 2021 is as follows (In thousands of won):

|                                    |   | December 31, 2022 |            |               |               |
|------------------------------------|---|-------------------|------------|---------------|---------------|
|                                    |   | Level 1           | Level 2    | Level 3       | Total         |
| Financial assets                   |   |                   |            |               |               |
| Financial assets measured at FVTPL | ₩ | -                 | 67,975,512 | 5,271,731,258 | 5,339,706,770 |
| Financial assets measured at FVOCI |   | -                 | -          | 1,401,732,278 | 1,401,732,278 |
| Derivative financial assets        |   | -                 | 18,342,902 | -             | 18,342,902    |
|                                    |   | -                 | 86,318,414 | 6,673,463,536 | 6,759,781,950 |
| Financial liabilities              |   |                   |            |               |               |
| Derivative financial liabilities   | ₩ | -                 | -          | 997,447       | 997,447       |

|                                    |   | December 31, 2021 |            |               |               |
|------------------------------------|---|-------------------|------------|---------------|---------------|
|                                    |   | Level 1           | Level 2    | Level 3       | Total         |
| Financial assets                   |   |                   |            |               |               |
| Financial assets measured at FVTPL | ₩ | -                 | 60,386,514 | 7,239,110,997 | 7,299,497,511 |
| Financial assets measured at FVOCI |   | -                 | -          | 1,421,013,118 | 1,421,013,118 |
| Derivative financial assets        |   | -                 | 2,431,818  | -             | 2,431,818     |
|                                    |   | -                 | 62,818,332 | 8,660,124,115 | 8,722,942,447 |
| Financial liabilities              |   |                   |            |               |               |
| Derivative financial liabilities   | ₩ | -                 | 1,896,408  | -             | 1,896,408     |

(2) There is no transfer of financial instrument measured at fair value between level 1 and level 2 for the years ended December 31, 2022 and 2021.

(3) Details of valuation technique and input variable used in the fair value measurement categorized within level 2 of the fair value hierarchy of financial instruments as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                    |   | December 31, 2022 |                             |                |
|------------------------------------|---|-------------------|-----------------------------|----------------|
|                                    |   | Amount            | Valuation technique         | Input variable |
| Financial assets                   |   |                   |                             |                |
| Financial assets measured at FVTPL | ₩ | 67,975,512        | Discounted cash flow method | Discount rate  |
| Derivative financial liabilities   |   | 18,342,902        | Discounted cash flow method | Discount rate  |

|                                    |   | December 31, 2021 |                             |                |
|------------------------------------|---|-------------------|-----------------------------|----------------|
|                                    |   | Amount            | Valuation technique         | Input variable |
| Financial assets                   |   |                   |                             |                |
| Financial assets measured at FVTPL | ₩ | 60,386,514        | Discounted cash flow method | Discount rate  |
| Derivative financial liabilities   |   | 2,431,818         | Discounted cash flow method | Discount rate  |
| Financial liabilities              |   |                   |                             |                |
| Derivative financial liabilities   |   | 1,896,408         | Discounted cash flow method | Discount rate  |

Korea Ocean Business Corporation and Subsidiaries  
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30. **Fair Value Hierarchy of Financial Instruments, continued**

(4) The Group's policies for measuring fair value of financial instruments at amortized costs are as follows:

| Classification                   | Method of measuring fair value   |
|----------------------------------|--|
| Cash and due from banks          | The fair value of cash is considered equivalent to the carrying amount. As due from banks is mostly consist of short-term instruments, the carrying amount is assumed as the fair value. |
| Loans                            | The fair value of the loans is estimated as present value of cash flow expected to receive.  |
| Borrowings in foreign currencies | As the carrying amount is considered a close estimate of the fair value, the carrying amount is assumed as the fair value.   |

(5) The fair value hierarchy of financial instruments that are not measured but disclosed at fair value as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                    | December 31, 2022 |             |               |               |
|------------------------------------|-------------------|-------------|---------------|---------------|
|                                    | Level 1           | Level 2     | Level 3       | Total         |
| Financial assets                   |                   |             |               |               |
| Cash and due from banks            | ₩ -               | 990,901,169 | -             | 990,901,169   |
| Financial assets at amortized cost | -                 | -           | 784,921,030   | 784,921,030   |
| Other receivables                  | -                 | -           | 18,155,099    | 18,155,099    |
| Indemnity receivables              | -                 | -           | 2,068,882     | 2,068,882     |
|                                    | -                 | 990,901,169 | 805,145,011   | 1,796,046,180 |
| Financial liabilities              |                   |             |               |               |
| Borrowings                         | -                 | -           | 646,470,723   | 646,470,723   |
| Debentures                         | -                 | -           | 2,108,926,258 | 2,108,926,258 |
| Other financial liabilities        | -                 | -           | 15,956        | 15,956        |
| Other payables                     | -                 | -           | 37,587,750    | 37,587,750    |
|                                    | ₩ -               | -           | 2,793,000,687 | 2,793,000,687 |
|                                    |                   |             |               |               |
|                                    | December 31, 2021 |             |               |               |
|                                    | Level 1           | Level 2     | Level 3       | Total         |
| Financial assets                   |                   |             |               |               |
| Cash and due from banks            | ₩ -               | 903,716,378 | -             | 903,716,378   |
| Financial assets at amortized cost | -                 | -           | 1,378,314,415 | 1,378,314,415 |
| Other receivables                  | -                 | -           | 18,639,117    | 18,639,117    |
|                                    | -                 | 903,716,378 | 1,396,953,532 | 2,300,669,910 |
| Financial liabilities              |                   |             |               |               |
| Borrowings                         | -                 | -           | 957,980,077   | 957,980,077   |
| Debentures                         | -                 | -           | 2,388,690,332 | 2,388,690,332 |
| Other financial liabilities        | -                 | -           | 12,517        | 12,517        |
| Other payables                     | -                 | -           | 33,644,712    | 33,644,712    |
|                                    | ₩ -               | -           | 3,380,327,638 | 3,380,327,638 |



Korea Ocean Business Corporation and Subsidiaries  
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**31. Related Party Transactions**

(1) Related parties as of December 31, 2022 and 2021 are as follows:

| December 31, 2022   |  |
|---|--|
| Classification  | Corporate name   |
| Companies that have an influence on the Group:<br>Significant influence companies | Government of the Republic of Korea,<br>Korea Development Bank   |
| Companies that the Group has an influence on:<br>Associates (*)                   | HMM Co., Ltd., IGIS UNCT Infra Fund, KIAMCO<br>New Build Promotion Special Asset Private<br>Investment Trust No.1, KIAMCO Shipping<br>Investment Private Investment Trust No.3,<br>KIAMCO Shipping Investment Private Investment<br>Trust No.4, KIAMCO Shipping Investment Private<br>Investment Trust No.5, Multi Asset KDB&KOBK<br>Green Ocean General Private Equity Investment<br>Trust No. 1, Multi Asset KDB&KOBK Green Ocean<br>General Private Equity Investment Trust No. 2,<br>Multi Asset K-Container Box General Private<br>Equity Investment Trust No. 1, |

(\*) Subsidiaries of associates are not disclosed.

| December 31, 2021   |  |
|---|--|
| Classification  | Corporate name   |
| Companies that have an influence on the Group:<br>Significant influence companies | Government of the Republic of Korea,<br>Korea Development Bank |
| Companies that the Group has an influence on:<br>Associates (*)                   | HMM Co., Ltd., Yuanta HPNT PEF                                 |

(\*) Subsidiaries of associates are not disclosed.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

31. **Related Party Transactions, continued**

(2) Significant financing transactions with related parties for the years ended December 31, 2022 and 2021 are as follows. The transactions with subsidiaries of HMM Co., Ltd. are included (In thousands of won):

| Related parties  | 2022                     |                              |                   |                |                           |                             |                              |                               |            |               |
|--|--------------------------|------------------------------|-------------------|----------------|---------------------------|-----------------------------|------------------------------|-------------------------------|------------|---------------|
|  | Loans and repayment (*1) | Borrowing and repayment (*2) | Interest receipts | Other receipts | Interest and fees Payment | Increase of paid-in capital | Stock purchase / liquidation | Capital reduction with refund | Dividends  | Total         |
| Significant influence companies:   |                          |                              |                   |                |                           |                             |                              |                               |            |               |
| Government of the Republic of Korea  | ₩ -                      | -                            | -                 | -              | -                         | 29,999,995                  | -                            | -                             | -          | 29,999,995    |
| Korea Development Bank   | -                        | (278,766,849)                | 117,456           | 15,000,000     | (5,937,472)               | -                           | -                            | -                             | -          | (269,586,865) |
|  | ₩ -                      | (278,766,849)                | 117,456           | 15,000,000     | (5,937,472)               | 29,999,995                  | -                            | -                             | -          | (239,586,870) |
| Associates:  |                          |                              |                   |                |                           |                             |                              |                               |            |               |
| HMM Co., Ltd.  | ₩ 516,567,157            | -                            | 43,466,844        | 1,614,999      | -                         | 24,796,011                  | -                            | -                             | 58,554,515 | 644,999,526   |
| Yuanta HPNT PEF (*3)   | -                        | -                            | -                 | -              | -                         | -                           | 61,400,000                   | -                             | 2,000,000  | 63,400,000    |
| IGIS UNCT Infra Fund   | -                        | -                            | -                 | -              | -                         | -                           | (60,000,000)                 | 2,757,273                     | 577,808    | (56,664,919)  |
| KIAMCO New Build Promotion Special Asset Private Investment Trust No.1         | -                        | -                            | -                 | -              | -                         | -                           | (19,728,671)                 | -                             | 642,655    | (19,086,016)  |
| KIAMCO SHIPPING General Private Equity Trust No. 3                             | -                        | -                            | -                 | -              | -                         | -                           | (16,455,404)                 | -                             | 995,362    | (15,460,042)  |
| KIAMCO SHIPPING General Private Equity Trust No. 4                             | -                        | -                            | -                 | -              | -                         | -                           | (20,521,673)                 | -                             | 995,362    | (19,526,311)  |
| KIAMCO SHIPPING General Private Equity Trust No. 5                             | -                        | -                            | -                 | -              | -                         | -                           | (20,520,514)                 | -                             | 995,362    | (19,525,152)  |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 1 | -                        | -                            | -                 | -              | -                         | -                           | (11,758,447)                 | -                             | 633,349    | (11,125,098)  |
| Multi Asset KDB&KOBC Green Ocean General Private Equity Investment Trust No. 2 | -                        | -                            | -                 | -              | -                         | -                           | (27,079,920)                 | -                             | 168,023    | (26,911,897)  |
| Multi Asset K-Container Box General Private Equity Investment Trust No. 1      | -                        | -                            | -                 | -              | -                         | -                           | (3,856,361)                  | -                             | 113,792    | (3,742,569)   |
|  | ₩ 516,567,157            | -                            | 43,466,844        | 1,614,999      | -                         | 24,796,011                  | (118,520,990)                | 2,757,273                     | 65,676,228 | 536,357,522   |

(\*1) Receivable and repayment amount are included.

(\*2) Payable and repayment amount are included.

(\*3) Those entities are excluded from related parties in 2022

| Related parties                     | 2021                     |                              |                   |                |                           |                             |                              |           |       |              |
|-------------------------------------|--------------------------|------------------------------|-------------------|----------------|---------------------------|-----------------------------|------------------------------|-----------|-------|--------------|
|                                     | Loans and repayment (*1) | Borrowing and repayment (*2) | Interest receipts | Other receipts | Interest and fees Payment | Increase of paid-in capital | Stock purchase / liquidation | Dividends | Total |              |
| Significant influence companies:    |                          |                              |                   |                |                           |                             |                              |           |       |              |
| Government of the Republic of Korea | ₩ -                      | -                            | -                 | -              | -                         | 30,000,000                  | -                            | -         | -     | 30,000,000   |
| Korea Development Bank              | (40,000,000)             | (24,042,662)                 | -                 | -              | (3,240,822)               | -                           | -                            | -         | -     | (67,283,484) |
|                                     | ₩ (40,000,000)           | (24,042,662)                 | -                 | -              | (3,240,822)               | 30,000,000                  | -                            | -         | -     | (37,283,484) |
| Associates:                         |                          |                              |                   |                |                           |                             |                              |           |       |              |
| HMM Co., Ltd.                       | ₩ 38,542,662             | -                            | 61,896,965        | 62,026,114     | -                         | -                           | -                            | -         | -     | 162,465,741  |
| Yuanta HPNT PEF                     | -                        | -                            | -                 | -              | -                         | -                           | -                            | 2,000,000 | -     | 2,000,000    |
|                                     | ₩ 38,542,662             | -                            | 61,896,965        | 62,026,114     | -                         | -                           | -                            | 2,000,000 | -     | 164,465,741  |

(\*1) Receivable and repayment amount are included.

(\*2) Payable and repayment amount are included.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

31. **Related Party Transactions, continued**

(3) Details of outstanding balances with related parties arising from the transactions as of December 31, 2022 and 2021 are as follow (In thousands of won):

| December 31, 2022      |                                    |   |               |
|------------------------|------------------------------------|---|---------------|
| Related parties        | Classification                     |   | Amount        |
| Korea Development Bank | Time deposits in Korean won        | ₩ | 25,000,000    |
|                        | Accrued expense                    |   | 171,852       |
| HMM Co., Ltd.          | Financial assets measured at FVTPL |   | 5,233,567,860 |
|                        | Accrued interest (*)               |   | 6,715,890     |
|                        | Derivative liabilities             |   | 997,447       |

(\*) The transactions with subsidiaries of HMM Co., Ltd. are included and for these transactions, there are details of the establishment of the pledge on the stocks of the subsidiaries and others (See Note 6).

| December 31, 2021      |   |   |               |
|------------------------|---|---|---------------|
| Related parties        | Classification                          |   | Amount        |
| Korea Development Bank | Time deposits in Korean won             | ₩ | 40,000,000    |
|                        | Accrued interest                        |   | 236,400       |
|                        | Borrowings in foreign currency          |   | 15,237,353    |
|                        | Accrued expense                         |   | 252,601       |
| HMM Co., Ltd.          | Financial assets measured at FVTPL      |   | 7,202,373,780 |
|                        | Financial assets at amortized costs (*) |   | 433,256,627   |
|                        | Accrued interest (*)                    |   | 7,797,695     |

(\*) The transactions with subsidiaries of HMM Co., Ltd. are included and for these transactions, there are details of the establishment of the pledge on the stocks of the subsidiaries and others (See Note 6).

(4) Significant transactions with related parties for the years ended December 31, 2022 and 2021 are as follows. The transactions with subsidiaries of HMM Co., Ltd. (formerly Hyundai Merchant Marine Co., Ltd.) are included (In thousands of won):

| December 31, 2022      |   |                 |                   |                            |                              |
|------------------------|---|-----------------|-------------------|----------------------------|------------------------------|
|                        |   | Interest income | Interest expenses | Fees and commission income | Fees and commission expenses |
|                        |   | ₩               | 117,456           | (5,685,871)                | -                            |
| Korea Development Bank |   | 58,159,944      | -                 | 1,391,190                  | -                            |
| HMM Co., Ltd.          | ₩ | 58,277,400      | (5,685,871)       | 1,391,190                  | (251,600)                    |
| December 31, 2021      |   |                 |                   |                            |                              |
|                        |   | Interest income | Interest expenses | Fees and commission income | Fees and commission expenses |
|                        |   | ₩               | 236,400           | (3,327,794)                | -                            |
| Korea Development Bank |   | 70,234,122      | -                 | 331,553                    | -                            |
| HMM Co., Ltd.          | ₩ | 70,470,522      | (3,327,794)       | 331,553                    | (241,721)                    |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

31. **Related Party Transactions, continued**

(5) Details of payment guarantees provided by the Group to the related parties as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   |                                      | December 31, 2022   |                        |
|---|--------------------------------------|---|------------------------|
| Classification                              | Provided to                          | Credit providers  | Amounts                |
| Financial guarantees for shipbuilding       | Meritz Taurus 1 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | ₩ 64,725,125           |
|   | Meritz Taurus 2 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,719,996             |
|   | Meritz Taurus 3 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,713,857             |
|   | Meritz Taurus 4 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,937,318             |
|   | Meritz Taurus 5 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,573,603             |
|   | Meritz Taurus 6 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 68,573,603             |
|   | MA Taurus D1-4319 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,721,240             |
|   | MA Taurus D2-4321 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,687,125             |
|   | MA Taurus D3-4323 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,663,501             |
|   | MA Taurus S1-2288 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | MA Taurus S2-2290 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | MA Taurus S3-2292 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 68,573,603             |
|   | GARAMGARAM S.A.                      | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | HANBADAHANBADA S.A.                  | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | RAONRAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | MIRMIR S.A.                          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | DAONDAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | HANULHANUL S.A.                      | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 80,911,085             |
|   | NURINURI S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 78,984,631             |
|   | GAONGAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 78,984,631             |
| Financial guarantees for scrubber equipment | HMM Co., Ltd.                        | Shinhan Bank, Hana Bank   | 41,265,473             |
| Financial guarantees for container box      | KOBC Container Leasing No. 1 Limited | Suhyup Bank, Nonghyup Bank, HMM Co., Ltd.                             | 141,876,894            |
|   | KOBC Container Leasing No. 2 Limited | Samsung Life Insurance Co., Ltd., Suhyup Bank, HMM Co., Ltd.          | 136,823,953            |
|   | KOBC Container Leasing No. 3 Limited | STANDARD CHARTERED BANK (HONG KONG) LIMITED, Nonghyup Bank            | 137,330,711            |
|   |                                      |   | <u>₩ 1,900,768,980</u> |

Korea Ocean Business Corporation and Subsidiaries  
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31. **Related Party Transactions, continued**

| December 31, 2021                           |                                      |   |                        |
|---|--------------------------------------|---|------------------------|
| Classification                              | Provided to                          | Credit providers  | Amounts                |
| Financial guarantees for shipbuilding       | Meritz Taurus 1 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | ₩ 64,725,125           |
|   | Meritz Taurus 2 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,719,996             |
|   | Meritz Taurus 3 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,713,857             |
|   | Meritz Taurus 4 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,487,644             |
|   | Meritz Taurus 5 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,147,405             |
|   | Meritz Taurus 6 S.A.                 | Meritz Securities Co., Ltd., Hanwha Investment & Securities Co., Ltd. | 64,147,405             |
|   | MA Taurus D1-4319 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,721,240             |
|   | MA Taurus D2-4321 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,687,125             |
|   | MA Taurus D3-4323 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,663,501             |
|   | MA Taurus S1-2288 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,147,405             |
|   | MA Taurus S2-2290 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,147,405             |
|   | MA Taurus S3-2292 S.A.               | Mirae Assets Securities Co., Ltd.                                     | 64,147,405             |
|   | GARAMGARAM S.A.                      | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | HANBADAHANBADA S.A.                  | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | RAONRAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | MIRMIR S.A.                          | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | DAONDAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | HANULHANUL S.A.                      | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 82,896,977             |
|   | NURINURI S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 81,094,868             |
|   | GAONGAON S.A.                        | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 81,094,868             |
| Financial guarantees for scrubber equipment | HMM Co., Ltd.                        | Shinhan Bank  | 49,981,054             |
| Financial guarantees for container box      | KOBC Container Leasing No. 1 Limited | Suhyup Bank, Nonghyup Bank, HMM Co., Ltd.                             | 132,719,212            |
|   | KOBC Container Leasing No. 2 Limited | Samsung Life Insurance Co., Ltd., Suhyup Bank, HMM Co., Ltd.          | 127,992,422            |
|   | KOBC Container Leasing No. 3 Limited | STANDARD CHARTERED BANK (HONG KONG) LIMITED                           | 128,466,470            |
|   |                                      |   | <u>₩ 1,872,186,269</u> |

Korea Ocean Business Corporation and Subsidiaries  
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**31. Related Party Transactions, continued**

(6) Commitment on the trading of investment trusts made with associates

1) The Group invested ₩19,602,000 thousand (80% equity ratio) in KTB Terminal Invest Professional Investment Type Private Trust No.41, and HMM Co., Ltd., a related party of the Group, invested 20%, ₩4,901,000 thousand. When there is a request for sale by HMM Co., Ltd. for the shares held by the Group, 31% of the total trust shares must be sold at the amount paid on the 3 years from the date of payment of the original trust (October 13, 2023). When the Group makes a request for the purchase of shares to HMM Co., Ltd., HMM Co., Ltd. must purchase the shares under the same conditions as the sale request contract.

2) The Group has a commitment for callable preferred stocks of HMM TERMINAL SINGAPORE(HTS) PTE. LTD. held by KTB Terminal Invest Professional Investment Type Private Trust No.41 to request HMM Co., Ltd. for the purchase of all callable preferred stocks held for 6, 9, 12, and 15 years from the issuance date (October 14, 2020).

(7) Implementation agreement of competitiveness enhancement plan with HMM Co., Ltd.

The Company signed an agreement to enhance the competitiveness of HMM Co., Ltd., and the main contents of the agreement are as follows:

|                                    | Contents   |
|------------------------------------|--|
| Agreement implementer              | Korea Ocean Business Corporation and HMM Co., Ltd.   |
| Main contents of agreement         | <ol style="list-style-type: none"> <li>1. General rules <ul style="list-style-type: none"> <li>- Objectives</li> <li>- Definition of terms</li> </ul> </li> <li>2. Provision and management of credit facility <ul style="list-style-type: none"> <li>- Provision of credit facility</li> <li>- Management of credit facility</li> </ul> </li> <li>3. competitiveness enhancement plan <ul style="list-style-type: none"> <li>- Management of HMM. Co., Ltd.</li> <li>- Operation of advisory group and management recommendation committee</li> <li>- Dispatch of management support group</li> <li>- Prior consultation and prior report items</li> <li>- Information submission of management plan</li> <li>- Submission of executive evaluation results</li> <li>- Treatment of executives</li> <li>- Management improvement</li> </ul> </li> <li>4. Implementation and termination of the agreement <ul style="list-style-type: none"> <li>- Inspection of contract performance</li> <li>- Actions on non-implementation</li> <li>- Effect of agreement</li> <li>- Termination and cancellation of agreement</li> </ul> </li> <li>5. Others <ul style="list-style-type: none"> <li>- Change of agreement</li> <li>- Interpretation of agreement</li> <li>- Competent court</li> <li>- Responsibilities of Korea Ocean Business Corporation and HMM Co., Ltd.</li> <li>- Others</li> </ul> </li> </ol> |
| Period of agreement implementation | <p>From December 31, 2021 to December 31, 2023</p> <p>The agreement termination date is automatically extended for one year if neither party gives written notice of termination of the contract three months prior to the end of the period.</p>  |

Korea Ocean Business Corporation and Subsidiaries  
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31. **Related Party Transactions, continued**

(8) Collateral provided to or received from related parties

HMM Co., Ltd., a related party of the Group, provided the Group with the Universal Leader and 4 ships as third-tier collateral for loans, and the ships were provided as first and second-tier collateral for the Group's borrowing.

| Recipient                        | Provider      | 2022                |                     | 2021                |                     |
|----------------------------------|---------------|---------------------|---------------------|---------------------|---------------------|
|                                  |               | Received collateral | Provided collateral | received collateral | Provided collateral |
| Korea Ocean Business Corporation | HMM Co., Ltd. | ₩ -                 | -                   | 396,964,416         | -                   |

(\*) Borrowings related to the above collateral amount was repaid in 2022.

(9) Compensation for the key management

The Group judged registered executive officers, non-registered executive officers, internal auditors and chief managers of each business department as key management personnel who have significant authority and responsibility for the planning, operating and controlling of business activities. Details of compensation to key management personnel for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                             |   | 2022             | 2021             |
|-----------------------------|---|------------------|------------------|
| Short-term employee payment | ₩ | 1,023,400        | 1,052,286        |
| Severance payment           |   | 60,742           | 68,287           |
|                             | ₩ | <u>1,084,142</u> | <u>1,120,573</u> |

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2022 and 2021

32. **Statements of Cash Flows**

(1) The details of cash and cash equivalents as of December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022          | 2021          |
|---|---------------|---------------|
| Cash  | ₩ -           | 274,814       |
| Deposits in Korean won  | 839,136,501   | 766,505,066   |
| Deposits in foreign currencies  | 151,764,668   | 137,211,312   |
|   | 990,901,169   | 903,991,192   |
| Less: Restricted due from bank  | (170,863,276) | (190,060,938) |
| Due from banks with a maturity of three months or more at acquisition | (112,000,000) | (220,187,848) |
|   | ₩ 708,037,893 | 493,742,406   |

(2) Significant transactions not involving cash and cash equivalents for the years ended December 31, 2022 and 2021 are as follows (In thousands of won):

|   | 2022        | 2021          |
|---|-------------|---------------|
| Insurance contract liabilities transferred to Financial guarantee liabilities         | ₩ 3,725,738 | -             |
| Reclassification from financial assets measured at FVTPL to investments in associates | -           | 2,459,222,065 |
| Reclassification of beneficiary certificates  | -           | 19,602,000    |

(3) Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021 are as follow (In thousands of won):

|                   |                 | 2022                 |                     |                  |                         |                |
|-------------------|-----------------|----------------------|---------------------|------------------|-------------------------|----------------|
|                   |                 | Non-cash flow change |                     |                  |                         |                |
|                   | Beginning       | Cash flow            | Increase (decrease) | Interest expense | Change of exchange rate | Ending balance |
| Borrowings        | ₩ 3,346,670,409 | (621,965,188)        | -                   | 32,625,949       | (1,934,188)             | 2,755,396,982  |
| Lease liabilities | 1,086,252       | (813,100)            | 203,885             | 16,182           | -                       | 493,219        |
| Security deposit  | 6,313,328       | -                    | -                   | 33,477           | -                       | 6,346,805      |
|                   | ₩ 3,354,069,989 | (622,778,288)        | 203,885             | 32,675,608       | (1,934,188)             | 2,762,237,006  |
|                   |                 | 2021                 |                     |                  |                         |                |
|                   |                 | Non-cash flow change |                     |                  |                         |                |
|                   | Beginning       | Cash flow            | Increase (decrease) | Interest expense | Change of exchange rate | Ending balance |
| Borrowings        | ₩ 2,928,209,269 | 345,296,518          | -                   | 238,746          | 72,925,876              | 3,346,670,409  |
| Lease liabilities | 1,762,924       | (766,342)            | 60,138              | 29,532           | -                       | 1,086,252      |
| Security deposit  | 6,095,091       | -                    | -                   | 218,237          | -                       | 6,313,328      |
|                   | ₩ 2,936,067,284 | 344,526,294          | 60,139              | 486,515          | 72,925,876              | 3,354,069,989  |



33. **Risk Management**

**(1) Objectives**

Risk management aims to maintain our management stability by effectively managing risks that may arise in management activities. Risk management is regulated by the following principles.

- Risk is managed comprehensively and independently
- Risk is managed to balance benefits
- Risk is accurately recognized, measured, assessed and properly managed
- Risks are appropriately distributed to prevent bias
- Allowance limits are set and managed to prevent excessive risk exposure

**(2) Risk management policy and strategy**

The types of risks the Company can be exposed to include credit, market, liquidity and operational risks. The Group supports to realize profits reliably through the recognition, measurement, evaluation, control, monitoring and reporting of significant risks. The Group recognizes and measures various risks quickly and accurately and manages them at an appropriate level so that the Group can efficiently respond to internal and external risk factors in a rapidly changing financial environment.

**(3) Risk management organization**

Risk management organization consists of the board of directors, the risk management committee, risk management council, the risk management officer, the risk management department and the department conducting risk management. The Group's risk management system quantifies various risks and manages them at an appropriate level to efficiently respond to internal and external risk factors and supports them to be used for efficient management decisions. The company is also striving to communicate throughout the company to spread the risk management culture.

***(i) The risk management committee***

The risk management committee oversees risk management activities such as effective supervision of risks arising from the management, establishes risk management policies and delegates to the board of directors the authority to make decisions related to risks and business decisions that involve risks. The risk management committee consists of one non-standing director and two standing directors.

***(ii) Risk Management Council***

Risk Management Council is operated as an affiliated organization that supports decision-making by the Risk Management Committee and plays a major consultation and coordination role between the control organization and the field department on risk management work. The Risk Management Council consists of one chairperson and five members.

***(iii) The risk management officer***

The risk management officer reviews and analyzes the operation of risk limits, operates a risk management system, and timely provides risk management information to the risk management committee and the Company's management. Currently, the risk management team leader is assigned as the risk management officer.

***(iv) The risk management general department***

The risk management department integrally operates risk management tasks, manages and supports the committee, analyzes the Group's enterprise risk, prepares internal and external reporting, establishes and maintains a risk management system. The department manages capital adequacy, asset soundness, liquidity, and credit limit, and establishes and distributes each type of risk limits. The department monitors the Group's risk management, prepares and reports its risk analysis reports. The department develops and operates key indicators for risk management, implements and reports crisis analysis and stress testing, and disseminates risk management culture.

***(v) The risk management department***

The department conducting risk management performs its risk management tasks such as reviewing and monitoring of various risk limits allocated to business units.

33. **Risk Management, continued**

**(4) Risk management procedures**

The Group's risk management procedures consist of identifying, measuring, analysing, monitoring, controlling and reporting its risks. Details of activities of each procedure are as follows:

**(i) Identification**

The identification procedures recognize the risks arising from the Group's business activities as type of guarantee, credit, market, interest rate, liquidity and operational risk.

**(ii) Measuring**

The measuring procedures measure and manage the risk exposures arising from guarantees, credit, market, interest rate and operational risks recognized as the Group's significant risks in accordance with the supplementary 2 in the Group's supervisory regulation.

**(iii) Analysis**

The analysis procedures collect the information of the Group's enterprise risk management status and analyse the impact on the Group.

**(iv) Monitoring and controlling**

In order to avoid, accept, transfer, or mitigate risks, the monitoring and controlling procedures set an appropriate level of risk limit, monitoring whether the limit is exceeded, and adjusting the limit if necessary.

**(v) Reporting**

The reporting procedures periodically report the monitoring results of the risk factors and countermeasures to the risk management committee and management.

**(5) Setting and managing of risk limits**

**(i) Set up of risk capital**

Based on the Group's capital, set the total amount of risk capital reflecting risk propensity and approve it by the Risk Management Committee.

**(ii) Risk capital allocation**

Allocate and manage the risk capital by each division, the allocation of risk capital for each division manages it within the limits allocated by the risk management committee calculating the integrated risk considering the correlation.

**(iii) Risk capital limit management**

Each department primarily monitors the use of risk capital and the general manage department monitors the management of limit in terms of company-wide integrated risk and establishes a quarterly reporting system to the risk management committee.

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33. **Risk Management, continued**

**(6) Capital management**

The Group complies with the capital adequacy standard by maintaining at least 8% of the ratio of risk-weighted assets to equity capital (hereinafter referred to as the "BIS capital ratio") under the supervisory regulations of the Korea Ocean Business Corporation.

The Group calculate risk-weighted assets by integrating our credit, market, and operating risks, evaluate the adequacy of our holdings by comparing them with equity capital, and establish and operate internal management procedures to maintain an appropriate level of equity capital ratio. BIS capital ratio and equity capital are calculated based on consolidated financial statements.

According to the supervisory regulations of the Korea Ocean Business Corporation, the equity capital of the consolidated entity is classified into common capital, other equity capital, and supplementary capital.

- Basic capital: the sum of common capital and other basic capital stock, common capital includes capital, additional paid in other capital, capital adjustment, retained earnings, accumulated other comprehensive income, and other basic capital includes capital securities and additional paid in other capital.

- Complementary capital: includes not more than 1.25% of credit risk-weighted assets, such as provisions accumulated for assets classified as normal or important.

Risk-weighted assets refer to the size of an asset that reflects the amount of risk that the company must bear, including the risks inherent in the asset and the risks of loss due to internal processes and external events. Based on the supervisory regulations of the Korea Ocean Business Corporation, risk-weighted assets by risk are calculated and used to calculate BIS capital ratio.

BIS capital ratio for the year ended December 31, 2022 and 2021 are as follows (In thousands of won):

|                                     | <u>December 31, 2022</u>       | <u>December 31, 2021</u>     |
|-------------------------------------|--------------------------------|------------------------------|
| Equity capital                      |                                |                              |
| Common capital stock                | ₩ 7,367,001,757                | 9,191,915,442                |
| Other capital stock                 | -                              | -                            |
| Basic capital                       | <u>7,367,001,757</u>           | <u>9,191,915,442</u>         |
| Complementary capital stock         | <u>8,996,211</u>               | <u>7,493,770</u>             |
|                                     | <u><u>7,375,997,968</u></u>    | <u><u>9,199,409,212</u></u>  |
| <br>Total risk-weighted asset       |                                |                              |
| Total credit risk-weighted asset    | 10,615,505,497                 | 13,485,295,182               |
| Total market risk-weighted asset    | 11,564,674,943                 | 15,714,888,371               |
| Total operating risk-weighted asset | 6,050,957,317                  | 4,960,108,727                |
|                                     | ₩ <u><u>28,231,137,757</u></u> | <u><u>34,160,292,280</u></u> |
| BIS capital ratio                   | <u><u>26.13%</u></u>           | <u><u>26.93%</u></u>         |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

(7) **Matters concerning risk management by type**

(i) ***Credit risk***

a) Outline of credit risk

Credit risk is the risk (unexpected loss) that exceeds estimated loss if a counterparty fails to meet its contractual obligations or goes into defaults.

b) Measure and management of credit risk

The Group's management soundness ratio calculation standard requires the Group to calculate the Credit risk by applying risk reflect weights that the type of asset, the credit rating of the counterparty, the effect of credit mitigation through collateral and guarantee and so on. The Group evaluate the domestic counterparty's credit rating through a qualified credit rating institute.

Assets exposed to credit risk include deposits, securities, and others whose value or profit or loss is fluctuated due to bankruptcy or default of counterparty.

To manage credit risk, the Group set limits such as loss limits, operational limits, Risk management department regularly monitors and reports to the committee whether each department abide by these limits.

c) Maximum exposure to credit risk

1) Maximum exposure to credit risk as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                     | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-------------------------------------|--------------------------|--------------------------|
| Due from banks                      | ₩ 990,901,169            | 903,991,192              |
| Financial assets measured at FVTPL  | 5,339,706,770            | 7,299,497,511            |
| Financial assets measured at FVOCI  | 51,732,278               | 71,013,118               |
| Financial assets at amortized costs | 784,921,029              | 1,378,314,415            |
| Derivative financial assets         | 18,342,902               | 2,431,818                |
| Financial lease receivables         | 334,042,811              | 254,943,717              |
| Indemnity receivables               | 2,068,882                | -                        |
| Other receivables                   | 18,155,100               | 18,639,117               |
|                                     | <u>₩ 7,539,870,941</u>   | <u>9,928,830,888</u>     |

2) Maximum exposure to credit risk related to off-balance accounts as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                      | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|----------------------|--------------------------|--------------------------|
| Financial guarantees | ₩ 2,935,979,802          | 2,949,017,797            |
| Unused credit lines  | 58,626,627               | -                        |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

d) Credit risk mitigation by collateral and other credit enhancements

The quantification of the extent to which collateral and other credit enhancements mitigate credit risk as of December 31, 2022 and 2021, are as follows (In thousands of won):

|   | December 31, 2022      |                        |  |
|---|------------------------|------------------------|--|
|   | Exposures              | Credit risk mitigation | Exposures after credit risk mitigation |
| Due from banks                              | ₩ 990,901,169          | -                      | 990,901,169                            |
| Financial assets measured at FVTPL          | 5,339,706,770          | 55,644,390             | 5,284,062,380                          |
| Financial assets measured at FVOCI          | 51,732,278             | -                      | 51,732,278                             |
| Financial assets measured at amortized cost | 790,799,106            | 533,395,871            | 257,403,235                            |
| Derivative financial assets                 | 18,349,378             | -                      | 18,349,378                             |
| Financial lease receivables                 | 335,670,047            | 120,030,072            | 215,639,975                            |
| Indemnity receivables                       | 18,955,182             | 2,068,882              | 16,886,300                             |
| Other assets                                | 18,155,767             | -                      | 18,155,767                             |
|   | <u>₩ 7,564,269,697</u> | <u>711,139,215</u>     | <u>6,853,130,482</u>                   |
|   | December 31, 2021      |                        |  |
|   | Exposures              | Credit risk mitigation | Exposures after credit risk mitigation |
| Due from banks                              | ₩ 903,991,192          | -                      | 903,991,192                            |
| Financial assets measured at FVTPL          | 7,299,497,511          | -                      | 7,299,497,511                          |
| Financial assets measured at FVOCI          | 71,013,118             | -                      | 71,013,118                             |
| Financial assets measured at amortized cost | 1,387,268,537          | 1,034,873,236          | 352,395,301                            |
| Derivative financial assets                 | 2,432,788              | -                      | 2,432,788                              |
| Financial lease receivables                 | 257,310,709            | -                      | 257,310,709                            |
| Other assets                                | 18,658,744             | -                      | 18,658,744                             |
|   | <u>₩ 9,940,172,599</u> | <u>1,034,873,236</u>   | <u>8,905,299,363</u>                   |

e) Credit quality of loans and others

1) Credit quality is classified based on external credit grades as follows:

|         | External credit rate |
|---------|----------------------|
| Grade 1 | Risk free            |
| Grade 2 | AAA                  |
| Grade 3 | AA+ ~ BBB-           |
| Grade 4 | Below BB+ or unrated |

Korea Ocean Business Corporation and Subsidiaries  
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33. **Risk Management, continued**

- 2) The gross carrying amount of financial assets and other assets by credit risk grade as of December 31, 2022 and 2021 are as follows (In thousands of won):

< Loans measured at FVTPL >

|         |                                     | December 31, 2022             |                    |                   |
|---------|-------------------------------------|-------------------------------|--------------------|-------------------|
|         |                                     | Lifetime expected credit loss |                    |                   |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total             |
| Grade 1 | ₩ -                                 | -                             | -                  | -                 |
| Grade 2 | -                                   | -                             | -                  | -                 |
| Grade 3 | -                                   | -                             | -                  | -                 |
| Grade 4 | 61,559,137                          | -                             | -                  | 61,559,137        |
| ₩       | <u>61,559,137</u>                   | <u>-</u>                      | <u>-</u>           | <u>61,559,137</u> |

|         |                                     | December 31, 2021             |                    |                   |
|---------|-------------------------------------|-------------------------------|--------------------|-------------------|
|         |                                     | Lifetime expected credit loss |                    |                   |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total             |
| Grade 1 | ₩ -                                 | -                             | -                  | -                 |
| Grade 2 | -                                   | -                             | -                  | -                 |
| Grade 3 | 20,148,052                          | -                             | -                  | 20,148,052        |
| Grade 4 | 40,238,462                          | -                             | -                  | 40,238,462        |
| ₩       | <u>60,386,514</u>                   | <u>-</u>                      | <u>-</u>           | <u>60,386,514</u> |

< Indemnity receivables >

|         |                                     | December 31, 2022             |                    |                   |
|---------|-------------------------------------|-------------------------------|--------------------|-------------------|
|         |                                     | Lifetime expected credit loss |                    |                   |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total             |
| Grade 1 | ₩ -                                 | -                             | -                  | -                 |
| Grade 2 | -                                   | -                             | -                  | -                 |
| Grade 3 | -                                   | -                             | -                  | -                 |
| Grade 4 | -                                   | -                             | 18,955,182         | 18,955,182        |
| ₩       | <u>-</u>                            | <u>-</u>                      | <u>18,955,182</u>  | <u>18,955,182</u> |

|         |                                     | December 31, 2021             |                    |          |
|---------|-------------------------------------|-------------------------------|--------------------|----------|
|         |                                     | Lifetime expected credit loss |                    |          |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total    |
| Grade 1 | ₩ -                                 | -                             | -                  | -        |
| Grade 2 | -                                   | -                             | -                  | -        |
| Grade 3 | -                                   | -                             | -                  | -        |
| Grade 4 | -                                   | -                             | -                  | -        |
| ₩       | <u>-</u>                            | <u>-</u>                      | <u>-</u>           | <u>-</u> |

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2022 and 2021

33. **Risk Management, continued**

< Loans measured at amortized cost >

|         |                                     | December 31, 2022             |                    |               |
|---------|-------------------------------------|-------------------------------|--------------------|---------------|
|         |                                     | Lifetime expected credit loss |                    |               |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total         |
| Grade 1 | ₩ -                                 | -                             | -                  | -             |
| Grade 2 | -                                   | -                             | -                  | -             |
| Grade 3 | -                                   | -                             | -                  | -             |
| Grade 4 | 620,368,692                         | 13,296,277                    | -                  | 633,664,969   |
|         | ₩ 620,368,692                       | 13,296,277                    | -                  | 633,664,969   |
|         |                                     | December 31, 2021             |                    |               |
|         |                                     | Lifetime expected credit loss |                    |               |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total         |
| Grade 1 | ₩ -                                 | -                             | -                  | -             |
| Grade 2 | -                                   | -                             | -                  | -             |
| Grade 3 | 747,623,918                         | -                             | -                  | 747,623,918   |
| Grade 4 | 211,850,745                         | 86,734,412                    | 34,595,715         | 333,180,872   |
|         | ₩ 959,474,663                       | 86,734,412                    | 34,595,715         | 1,080,804,790 |

< Other receivables at amortized cost >

|         |                                     | December 31, 2022             |                    |            |
|---------|-------------------------------------|-------------------------------|--------------------|------------|
|         |                                     | Lifetime expected credit loss |                    |            |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |
| Grade 2 | 3,536,990                           | -                             | -                  | 3,536,990  |
| Grade 3 | 5,262,740                           | -                             | -                  | 5,262,740  |
| Grade 4 | 9,356,037                           | -                             | -                  | 9,356,037  |
|         | ₩ 18,155,767                        | -                             | -                  | 18,155,767 |
|         |                                     | December 31, 2021             |                    |            |
|         |                                     | Lifetime expected credit loss |                    |            |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |
| Grade 1 | ₩ 123,977                           | -                             | -                  | 123,977    |
| Grade 2 | 1,965,119                           | -                             | -                  | 1,965,119  |
| Grade 3 | 13,035,408                          | 136,750                       | -                  | 13,172,158 |
| Grade 4 | 3,397,490                           | -                             | -                  | 3,397,490  |
|         | ₩ 18,521,994                        | 136,750                       | -                  | 18,658,744 |

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2022 and 2021

33. **Risk Management, continued**

<Debt instruments at FVOCI>

|         |                                     | December 31, 2022             |                    |            |
|---------|-------------------------------------|-------------------------------|--------------------|------------|
|         |                                     | Lifetime expected credit loss |                    |            |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |
| Grade 2 | -                                   | -                             | -                  | -          |
| Grade 3 | -                                   | -                             | -                  | -          |
| Grade 4 | 51,732,278                          | -                             | -                  | 51,732,278 |
|         | ₩ 51,732,278                        | -                             | -                  | 51,732,278 |

|         |                                     | December 31, 2021             |                    |            |
|---------|-------------------------------------|-------------------------------|--------------------|------------|
|         |                                     | Lifetime expected credit loss |                    |            |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |
| Grade 2 | -                                   | -                             | -                  | -          |
| Grade 3 | 71,013,118                          | -                             | -                  | 71,013,118 |
| Grade 4 | -                                   | -                             | -                  | -          |
|         | ₩ 71,013,118                        | -                             | -                  | 71,013,118 |

<Debt instruments at amortized cost>

|         |                                     | December 31, 2022             |                    |            |
|---------|-------------------------------------|-------------------------------|--------------------|------------|
|         |                                     | Lifetime expected credit loss |                    |            |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total      |
| Grade 1 | ₩ -                                 | -                             | -                  | -          |
| Grade 2 | -                                   | -                             | -                  | -          |
| Grade 3 | 83,400,000                          | -                             | -                  | 83,400,000 |
| Grade 4 | 12,175,000                          | -                             | -                  | 12,175,000 |
|         | ₩ 95,575,000                        | -                             | -                  | 95,575,000 |

|         |                                     | December 31, 2021             |                    |             |
|---------|-------------------------------------|-------------------------------|--------------------|-------------|
|         |                                     | Lifetime expected credit loss |                    |             |
|         | 12-month<br>expected credit<br>loss | Non-credit<br>impaired        | Credit<br>impaired | Total       |
| Grade 1 | ₩ -                                 | -                             | -                  | -           |
| Grade 2 | 40,000                              | -                             | -                  | 40,000      |
| Grade 3 | 296,850,000                         | -                             | -                  | 296,850,000 |
| Grade 4 | 9,573,746                           | -                             | -                  | 9,573,746   |
|         | ₩ 306,463,746                       | -                             | -                  | 306,463,746 |



Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2022 and 2021

33. **Risk Management, continued**

< Financial lease receivables >

|         |   | December 31, 2022  |                               |                    |
|---------|---|--------------------|-------------------------------|--------------------|
|         |   | 12-month           | Lifetime expected credit loss |                    |
|         |   | expected credit    | Non-credit                    | Credit             |
|         |   | loss               | Impaired                      | impaired           |
|         |   |                    |                               | Total              |
| Grade 1 | ₩ | -                  | -                             | -                  |
| Grade 2 |   | -                  | -                             | -                  |
| Grade 3 |   | 335,670,047        | -                             | -                  |
| Grade 4 |   | -                  | -                             | -                  |
|         | ₩ | <u>335,670,047</u> | <u>-</u>                      | <u>335,670,047</u> |

|         |   | December 31, 2021  |                               |                    |
|---------|---|--------------------|-------------------------------|--------------------|
|         |   | 12-month           | Lifetime expected credit loss |                    |
|         |   | expected credit    | Non-credit                    | Credit             |
|         |   | loss               | impaired                      | impaired           |
|         |   |                    |                               | Total              |
| Grade 1 | ₩ | -                  | -                             | -                  |
| Grade 2 |   | -                  | -                             | -                  |
| Grade 3 |   | 257,310,709        | -                             | -                  |
| Grade 4 |   | -                  | -                             | -                  |
|         | ₩ | <u>257,310,709</u> | <u>-</u>                      | <u>257,310,709</u> |

3) Exposure to credit risk for payment guarantee contracts by credit risk grade as of December 31, 2022 and 2021 are as follows (In thousands of won):

|         |   | December 31, 2022    |                               |          |
|---------|---|----------------------|-------------------------------|----------|
|         |   | 12-month expected    | Lifetime expected credit loss |          |
|         |   | credit loss          | Non-credit-                   | Credit-  |
|         |   |                      | impaired                      | impaired |
| Grade 1 | ₩ | -                    | -                             | -        |
| Grade 2 |   | -                    | -                             | -        |
| Grade 3 |   | 2,171,533,153        | -                             | -        |
| Grade 4 |   | 764,446,649          | -                             | -        |
|         | ₩ | <u>2,935,979,802</u> | <u>-</u>                      | <u>-</u> |

|         |   | December 31, 2021    |                               |                  |
|---------|---|----------------------|-------------------------------|------------------|
|         |   | 12-month expected    | Lifetime expected credit loss |                  |
|         |   | credit loss          | Non-credit-                   | Credit-          |
|         |   |                      | impaired                      | impaired         |
| Grade 1 | ₩ | -                    | -                             | -                |
| Grade 2 |   | -                    | -                             | -                |
| Grade 3 |   | 2,522,425,473        | -                             | -                |
| Grade 4 |   | 414,486,891          | 7,149,752                     | 3,337,968        |
|         | ₩ | <u>2,936,912,364</u> | <u>7,149,752</u>              | <u>3,337,968</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

- 4) Exposure to credit risk for unused credit lines by credit risk grade as of December 31, 2022 is as follows (In thousands of won):

|         |   | December 31, 2022             |                               |                 |
|---------|---|-------------------------------|-------------------------------|-----------------|
|         |   | 12-month expected credit loss | Lifetime expected credit loss |                 |
|         |   |                               | Non-credit-impaired           | Credit-impaired |
| Grade 1 | ₩ | -                             | -                             | -               |
| Grade 2 |   | -                             | -                             | -               |
| Grade 3 |   | 22,417,027                    | -                             | -               |
| Grade 4 |   | 36,209,600                    | -                             | -               |
|         | ₩ | <u>58,626,627</u>             | <u>-</u>                      | <u>-</u>        |

- f) Credit risk concentration by industry

Credit risk concentration by industry of debt instruments and others as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                    |   | December 31, 2022                    |                      |               |                      |                       |
|------------------------------------|---|--------------------------------------|----------------------|---------------|----------------------|-----------------------|
|                                    |   | Government and public administration | Financial services   | Manufacturing | Service business     | Total                 |
| Due from banks                     | ₩ | -                                    | 990,901,169          | -             | -                    | 990,901,169           |
| Financial assets measured at FVTPL |   | -                                    | 6,416,375            | -             | 5,333,290,395        | 5,339,706,770         |
| Financial assets measured at FVOCI |   | -                                    | -                    | -             | 51,732,278           | 51,732,278            |
| Financial assets at amortized cost |   | -                                    | -                    | -             | 790,799,106          | 790,799,106           |
| Derivative financial assets        |   | -                                    | 18,349,378           | -             | -                    | 18,349,378            |
| Finance lease receivables          |   | -                                    | -                    | -             | 335,670,047          | 335,670,047           |
| Indemnity receivables              |   | -                                    | -                    | -             | 18,955,182           | 18,955,182            |
| Other receivables                  |   | 1,495,017                            | 3,382,724            | -             | 13,278,026           | 18,155,767            |
|                                    |   | <u>1,495,017</u>                     | <u>1,019,049,646</u> | <u>-</u>      | <u>6,543,725,034</u> | <u>7,564,269,697</u>  |
| Financial guarantees               |   | -                                    | -                    | -             | 2,935,979,802        | 2,935,979,802         |
| Unused credit lines                |   | -                                    | -                    | -             | 58,626,627           | 58,626,627            |
|                                    |   | <u>-</u>                             | <u>-</u>             | <u>-</u>      | <u>2,994,606,429</u> | <u>2,994,606,429</u>  |
|                                    | ₩ | <u>1,495,017</u>                     | <u>1,019,049,646</u> | <u>-</u>      | <u>9,538,331,463</u> | <u>10,558,876,126</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

|  | December 31, 2021                          |                       |               |                       |                       |
|--|--|-----------------------|---------------|-----------------------|-----------------------|
|  | Government and<br>public<br>administration | Financial<br>services | Manufacturing | Service business      | Total                 |
| Due from banks                           | ₩ 40,000,000                               | 863,991,192           | -             | -                     | 903,991,192           |
| Financial assets<br>measured at<br>FVTPL | -  | 4,526,861             | -             | 7,294,970,650         | 7,299,497,511         |
| Financial assets<br>measured at<br>FVOCI | -  | -                     | -             | 71,013,118            | 71,013,118            |
| Financial assets at<br>amortized cost    | 79,261,778                                 | 1,299,052,637         | -             | -                     | 1,378,314,415         |
| Derivative<br>financial assets           | -  | 2,431,818             | -             | -                     | 2,431,818             |
| Finance lease<br>receivables             | -  | -                     | -             | 254,943,717           | 254,943,717           |
| Other receivables                        | 893,859                                    | 2,824,223             | -             | 14,921,035            | 18,639,117            |
|  | <u>120,155,637</u>                         | <u>2,172,826,731</u>  | <u>-</u>      | <u>7,635,848,520</u>  | <u>9,928,830,888</u>  |
| Financial<br>guarantees                  | -  | -                     | -             | 2,949,017,797         | 2,949,017,797         |
|  | <u>₩ 120,155,637</u>                       | <u>2,172,826,731</u>  | <u>-</u>      | <u>10,584,866,317</u> | <u>12,877,848,685</u> |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

g) Credit risk concentration by country

Credit risk concentration by country of financial instruments and payment guarantee contracts as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                                    | December 31, 2022       |                |                       |
|------------------------------------|-------------------------|----------------|-----------------------|
|                                    | Korea                   | Others         | Total                 |
| Due from banks                     | ₩ 990,901,169           | -              | 990,901,169           |
| Financial assets measured at FVTPL | 5,339,706,770           | -              | 5,339,706,770         |
| Financial assets measured at FVOCI | 51,453,415              | 278,863        | 51,732,278            |
| Financial assets at amortized cost | 790,799,106             | -              | 790,799,106           |
| Derivative financial assets        | 18,349,378              | -              | 18,349,378            |
| Finance lease receivables          | 335,670,047             | -              | 335,670,047           |
| Indemnity receivables              | 18,955,182              | -              | 18,955,182            |
| Other receivables                  | 18,155,767              | -              | 18,155,767            |
|                                    | <u>7,563,990,834</u>    | <u>278,863</u> | <u>7,564,269,697</u>  |
| Financial guarantees               | 2,935,979,802           | -              | 2,935,979,802         |
| Unused credit lines                | 58,626,627              | -              | 58,626,627            |
|                                    | <u>2,994,606,429</u>    | <u>-</u>       | <u>2,994,606,429</u>  |
|                                    | <u>₩ 10,558,597,263</u> | <u>278,863</u> | <u>10,558,876,126</u> |

|                                    | December 31, 2021       |                |                       |
|------------------------------------|-------------------------|----------------|-----------------------|
|                                    | Korea                   | Others         | Total                 |
| Due from banks                     | ₩ 903,991,192           | -              | 903,991,192           |
| Financial assets measured at FVTPL | 7,299,497,511           | -              | 7,299,497,511         |
| Financial assets measured at FVOCI | 71,013,118              | -              | 71,013,118            |
| Financial assets at amortized cost | 1,378,015,669           | 298,746        | 1,378,314,415         |
| Derivative financial assets        | 2,431,818               | -              | 2,431,818             |
| Finance lease receivables          | 254,943,717             | -              | 254,943,717           |
| Other receivables                  | 18,639,117              | -              | 18,639,117            |
|                                    | <u>9,928,532,142</u>    | <u>298,746</u> | <u>9,928,830,888</u>  |
| Financial guarantees               | 2,947,313,036           | -              | 2,947,313,036         |
|                                    | <u>₩ 12,875,845,178</u> | <u>298,746</u> | <u>12,876,143,924</u> |

(ii) **Operational risk**

Operational risk refers to incur losses due to improper or inadequate internal procedures, personnel and systems, or external events. The Group measures the operating risk based on supervisory regulations of the Korea Ocean Business Corporation. As of December 31, 2022 and 2021, the amount of operation risk is ₩6,050,957,317 thousand and ₩4,960,108,727 thousand, respectively.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

***(iii) Market risk***

a) Outline of market risk

Market risk means the possibility of a loss due to a decline in the value of an asset caused by fluctuations in market prices such as stock prices, interest rates, and exchange rates.

b) Measure and management of market risk

Market risk is measured according to the Group's management soundness ratio standard. The market risk is calculated by dividing financial assets held-for-trading, exchange-traded derivatives, assets and liabilities denominated in foreign currency into risk items by risk factors. The total market risk as of December 31, 2022 and 2021 amount to ₩11,564,674,943 thousand and ₩15,714,888,371 thousand, respectively.

c) Sensitivity analysis about risk factors such as interest rate and others

Sensitivity analysis analyse the changes in the market price of the underlying assets due to changes of risk factors. The Group's change of solvency amount is affected by interest rate, stock price and exchange rate. (In thousands of won):

|                               | December 31, 2022 |                |
|-------------------------------|-------------------|----------------|
|                               | 100bp increase    | 100bp decrease |
| Increase (decrease) of income | ₩ (103,818,282)   | 103,818,282    |
| Increase (decrease) of equity | (3,715,871)       | 3,715,871      |
|                               | December 31, 2021 |                |
|                               | 100bp increase    | 100bp decrease |
| Increase (decrease) of income | ₩ (48,512,121)    | 48,512,121     |
| Increase (decrease) of equity | (6,284,150)       | 6,284,150      |

***(iv) Interest rate risk***

a) Outline of interest rate risk

Interest rate risk refers to the risk that the net asset value decreases due to the economic loss caused by the future market interest rate fluctuation and the maturity structure of assets and liabilities.

b) Measure and management of interest rate risk

The Group calculates interest rate VaR, interest rate gap, duration gap, etc. to measure the sensitivity of our economic value due to interest rate fluctuations.

In addition, interest rate risk is managed stably by estimating interest rate sensitivity reflecting the capital raising plan.

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

33. **Risk Management, continued**

(v) **Liquidity risk**

a) Outline of interest liquidity risk

Liquidity risk refers to confront of insolvency due to shortage of funds such as unexpected outflow, or danger to get loss due to the procurement of high interest funds, adverse sale of securities for solving the shortage of funds.

b) Measure and management of liquidity risk

Liquidity risk is managed through the won liquidity ratio and the foreign currency liquidity ratio. The Company measures the liquidity ratio of won and foreign currency every month and estimate the liquidity ratio reflecting the financing plan to manage liquidity risk stably

c) The remaining maturity structure of financial liabilities as of December 31, 2022 and 2021 are as follows (In thousands of won):

|                        | December 31, 2022     |                       |                     |                      |                      |               |
|------------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|---------------|
|                        | Less than<br>3 months | Less than<br>6 months | Less than<br>1 year | Less than<br>5 years | More than<br>5 years | Total         |
| Borrowings             | ₩ 8,898,417           | 330,569,397           | 147,788,916         | 1,115,731,991        | 1,152,408,261        | 2,755,396,982 |
| Lease liabilities      | 16,688                | 14,936                | 399,416             | 62,179               | -                    | 493,219       |
| Off-balance accounts:  |                       |                       |                     |                      |                      |               |
| Derivative instruments | 4,892,937             | 4,892,937             | 9,785,875           | 311,814,598          | -                    | 331,386,347   |
| Financial guarantees   | 15,545,141            | -                     | 27,094,790          | 2,678,844,722        | 214,495,149          | 2,935,979,802 |
| Unused credit lines    | -                     | -                     | -                   | -                    | 58,626,627           | 58,626,627    |
|                        | ₩ 29,353,183          | 335,477,270           | 185,068,997         | 4,106,453,490        | 1,425,530,037        | 6,081,882,977 |
|                        | December 31, 2021     |                       |                     |                      |                      |               |
|                        | Less than<br>3 months | Less than<br>6 months | Less than<br>1 year | Less than<br>5 years | More than<br>5 years | Total         |
| Borrowings             | ₩ 8,324,053           | 5,556,676             | 299,327,948         | 1,316,897,531        | 1,716,564,202        | 3,346,670,410 |
| Lease liabilities      | 37,828                | -                     | -                   | 1,048,424            | -                    | 1,086,252     |
| Off-balance accounts:  |                       |                       |                     |                      |                      |               |
| Derivative instruments | 4,577,114             | 1,809,737             | 11,921,607          | 189,149,486          | 123,250,422          | 330,708,366   |
| Financial guarantees   | 10,290,140            | 9,328,949             | 123,127,990         | 2,235,030,936        | 569,535,021          | 2,947,313,036 |
|                        | ₩ 23,229,135          | 16,695,362            | 434,377,545         | 3,742,126,377        | 2,409,349,645        | 6,625,778,064 |

Korea Ocean Business Corporation and Subsidiaries  
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December 31, 2022 and 2021

**34. Unconsolidated Structured Entities**

The nature and risks of the Group's interests in unconsolidated structured entities that does not have control in accordance with K-IFRS 1110 are as follows.

The Group's interests in unconsolidated structured entities are classified into asset securitization, structured finance and investment funds according to the nature and purpose of the structured company.

|                      | <u>Main characteristics</u>  |
|----------------------|--|
| Asset securitization | <p>An asset securitization company is a party that purchases assets from asset holders and issues asset-backed securities based on this, and was established to improve the soundness of financial structure by facilitating corporate financing. The Group purchased securitized stock issued by an unconsolidated structured entities using corporate bonds as underlying assets.</p> <p>In the following cases, the Group does not consolidate the securitization company.</p> <p>(i) If the Group is unable to modify the terms of contract for securities issued by the specific securitization company or to determine or approve the disposal of the assets of the specific securitization company.</p> <p>(ii) (Although (i) is possible) if the Group does not have the exclusive or major power to do so</p> <p>(iii) If the Group is not exposed to the significant variable profit or does not have the right as a result of purchase (or purchase agreement) of asset securitization stock or subordinated bonds issued by asset securitization company, or provide other forms of credit enhancement.</p>  |
| Structured finance   | <p>Structured entities for structured finance include ship finance or special purpose companies for port terminal business. Each entity is established as a separate company with a limited purpose in order to efficiently promote the business, and finances are raised through equity investment or loans from financial institutions and participating institutions. 'Structured Finance' is a method of financing for large-scale risky projects. Investments are made in the relevant company based on the economics of a specific project, rather than the credit or material security of the project proprietor and investors take the profits generated from the project.</p> <p>The Group provides funds in the form of loans, equity investments, etc. or provides various types of credit grants as needed to structured entities for structured finance.</p> <p>In regard to this, the Group recognizes interest income, gains or losses on equity investment valuation or dividend income. Failure to recover funds according to the planned schedule or interruption of the project may result in loss of principal due to a decrease in the value of the investment or loss due to the inability to recover loans.</p> |
| Investment fund      | <p>Investment funds are investment trusts, private equity firms and associations that raise funds by issuing beneficiary certificates to investors, invest in stocks or bonds, and distribute the profits to investors. The Group is investing in equity in investment funds.</p> <p>An investment trusts are structured in which investment and management are instructed to a trust business entity in accordance with a trust agreement, and the operating income is distributed to the investment trust investors. Private equity firms are structured to raise investment funds privately in equity securities to participate in management rights and improve corporate governance, and distribute the resulting profits among the investors. As an investor in an investment fund, the Group recognizes gains or losses on valuation of equity investments and dividend income in proportion to the equity ratio, and may be exposed to loss of principal if the value of the investment fund decreases.</p>  |

Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

|                                       |  |
|---------------------------------------|--|
| Unconsolidated<br>Structured Entities | "HL ICONIC 1 S.A.", "HL ICONIC 2 S.A.", "VP-21 SHIPPING INC.", "VP-22 SHIPPING INC.", "VP-23 SHIPPING INC.", "VP-24 SHIPPING INC.", "VP-25 SHIPPING INC.", "HLC S.A.", "SMKLC VLCC1 S.A.", "SMKLC VLCC2 S.A.", "SMKLC VLCC3 S.A.", "SMKLC VLCC4 S.A.", "SM GEMINI1 S.A.", "SM GEMINI2 S.A.", "SQX SHIPPING INC.", "SRS SHIPPING INC.", "SSB SHIPPING INC.", "STT SHIPPING INC.", "SUS SHIPPING INC.", "S830 INTERNATIONAL S.A.", "S831 INTERNATIONAL S.A.", "KOVF HL 1 S.A.", "HL OCEAN 2 S.A.", "EWP-2 MARITIME INC.", "SMKLC LNG3 S.A.", "SMKLC LNG4 S.A.", "HL DELTA S.A.", "HL CHAMP S.A.", "KIAMCO New Build Promotion Special Asset Private Investment Trust No.1", "Multi asset KDB&KOB Green Ocean Private Investment Trust No.1", "Multi asset KDB&KOB Green Ocean Private Investment Trust No.2", "KIAMCO Shipping Investment Private Investment Trust No.3", "KIAMCO Shipping Investment Private Investment Trust No.4", "KIAMCO Shipping Investment Private Investment Trust No.5", SINGAPORE ENERGY 1 S.A., HMD MR 01 SHIPHOLDING S.A., DSME VLCC SHIPHOLDING S.A., DAT OCEAN GRACE 1 S.A., DAT OCEAN GRACE 2 S.A., SHO VLCC1 SHIPHOLDING S.A., "T1 VLGC SHIPHOLDING S.A.", "T2 VLGC SHIPHOLDING S.A.", "T3 VLGC SHIPHOLDING S.A.", "T4 VLGC SHIPHOLDING S.A.", "T5 VLGC SHIPHOLDING S.A.", "RD1 VLCC SHIPHOLDING S.A.", "RD2 VLCC SHIPHOLDING S.A.", "NO.3 HONGKONG CHEMICALS S.A.", "VLGC 3 SHIPHOLDING S.A." "Kodit 2020 the 9th Securitization Specialty Co., Ltd.", "Kodit 2020 the 11th Securitization Specialty Co., Ltd.", "Kodit 2020 the 15th Securitization Specialty Co., Ltd.", "Kodit 2020 the 18th Securitization Specialty Co., Ltd.", "Kodit 2021 the 2nd Securitization Specialty Co., Ltd.", "Kodit 2021 the 6th Securitization Specialty Co., Ltd.", "Kodit 2021 the 8th Securitization Specialty Co., Ltd.", "Kodit 2021 the 11th Securitization Specialty Co., Ltd.", "Kodit 2021 the 14th Securitization Specialty Co., Ltd.", "Kodit 2021 the 15th Securitization Specialty Co., Ltd.", "Kodit 2021 the 16th Securitization Specialty Co., Ltd.", "Kodit 2021 the 20th Securitization Specialty Co., Ltd.", "Kodit 2022 the 1st Securitization Specialty Co., Ltd.", "Kodit 2022 the 5th Securitization Specialty Co., Ltd.", "Kodit Global the 1st Securitization Specialty Co., Ltd.", "Kodit 2021 the 9th Securitization Specialty Co., Ltd.", "Kodit 2022 the 13th Securitization Specialty Co., Ltd.", "Merits Taurus 1 S.A.", "Merits Taurus 2 S.A.", "Merits Taurus 3 S.A.", "Merits Taurus 4 S.A.", "Merits Taurus 5 S.A.", "Merits Taurus 6 S.A.", "MA Taurus D1-4319 S.A.", "MA Taurus D2-4321 S.A.", "MA Taurus D3-4323 S.A.", "MA Taurus S1-2288 S.A.", "MA Taurus S2-2290 S.A.", "MA Taurus S3-2292 S.A.", "NuriNuri S.A.", "GaonGaon S.A.", "GaramGaram S.A.", "MirMir S.A.", "HanbadaHanbada S.A.", "RaonRaon S.A.", "DaonDaon S.A.", "HanulHanul S.A.", "KM CARGO SERVICES SDN. BHD.", "Leading Incheon Newport PEF", "IGIS UNCT Infra fund " |
|---------------------------------------|--|



Korea Ocean Business Corporation and Subsidiaries  
Notes to the Consolidated Financial Statements, continued  
December 31, 2022 and 2021

34. **Unconsolidated Structured Entities, continued**

The asset size of the unconsolidated structured entities as of December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022    |                    |                 |                |
|--|----------------------|--------------------|-----------------|----------------|
|  | Asset securitization | Structured finance | Investment fund | Total          |
| Assets of unconsolidated structured entities ₩ | 6,247,045,151        | 4,128,946,445      | 315,623,597     | 10,691,625,183 |
|  | December 31, 2021    |                    |                 |                |
|  | Asset securitization | Structured finance | Investment fund | Total          |
| Assets of unconsolidated structured entities ₩ | 4,424,371,501        | 2,410,732,369      | 263,904,743     | 7,099,008,613  |

Maximum exposure to loss from its interests in unconsolidated structured entities as December 31, 2022 and 2021 are as follows (In thousands of won):

|  | December 31, 2022  |   |   |
|--|--|---|---|
|  | Asset securitization   | Structured finance  | Investment fund                               |
| Maximum exposure to loss (*)                   |  |   |   |
| Assets   | ₩ 7,902,125  | 319,360   | -   |
| Commitment on capital call                     | -  | -   | 114,962,723                                   |
| Commitment on loan                             | -  | -   | 74,290,200                                    |
| Guarantees and unused credit offering          | -  | 2,126,206,798   | -   |
|  | ₩ <u>7,902,125</u>   | <u>2,126,526,158</u>  | <u>189,252,923</u>                            |
| Items considered to determine maximum exposure | Notional amount of credit offering, purchase agreement, guarantee and commitment on loan | Notional amount of commitment on capital call, purchase agreement and guarantee | Notional amount of commitment on capital call |

(\*) Maximum exposure includes the amount of assets recorded by the Group, and the amount of assets is the balance after adjusting the amount of losses recognized by the Group (provision for credit losses and impairment losses, etc.)

|  | December 31, 2021  |   |   |
|--|--|---|---|
|  | Asset securitization   | Structured finance  | Investment fund                               |
| Maximum exposure to loss (*)                   |  |   |   |
| Assets   | ₩ 5,090,743  | 233,515   | 67,787,279                                    |
| Commitment on loan                             | -  | 404,668,817   | 16,500,000                                    |
| Guarantees and unused credit offering          | -  | 2,550,388,164   | -   |
|  | ₩ <u>5,090,743</u>   | <u>2,955,290,496</u>  | <u>84,287,279</u>                             |
| Items considered to determine maximum exposure | Notional amount of credit offering, purchase agreement, guarantee and commitment on loan | Notional amount of commitment on loan, capital call, purchase agreement and guarantee | Notional amount of commitment on capital call |

(\*) Maximum exposure includes the amount of assets recorded by the Group, and the amount of assets is the balance after adjusting the amount of losses recognized by the Group (provision for credit losses and impairment losses, etc.)

## THE ISSUER

**Korea Ocean Business Corporation**  
7th Floor, Bldg. C1  
38 Marine City 2-ro, Haeundae-gu,  
Busan 48120  
Korea

## ISSUING AND PAYING AGENT, TRANSFER AGENT AND CALCULATION AGENT

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

## FISCAL AGENT AND REGISTRAR

**Citicorp International Limited**  
20/F, Citi Tower, One Bay East  
83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

## LEGAL ADVISERS

*To the Issuer as to Korean law*

**Lee & Ko**  
18th Fl., Hanjin Main Building  
63 Namdaemun-ro, Jung-gu  
Seoul 04532  
Korea

*To the Dealers as to United States law*

**Paul Hastings LLP**  
33/F West Tower, Mirae Asset Center 1  
26 Eulji-ro 5-gil, Jung-gu  
Seoul 04539  
Korea

## INDEPENDENT AUDITORS

**Nexia Samduk**  
3rd Floor, S&S Bldg  
48, Ujeongguk-ro, Jongno-gu  
Seoul 03145  
Korea

## DEALERS

**BNP Paribas**  
63/F, Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
30th Floor Two Pacific Place  
88 Queensway  
Hong Kong

**The Hongkong and Shanghai  
Banking Corporation Limited**  
Level 17, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**ING Bank N.V., Singapore Branch**  
1 Wallich Street  
#12-01 Guoco Tower  
Singapore 078881

**J.P. Morgan Securities plc**  
25 Bank Street, Canary Wharf  
London E14 5JP  
United Kingdom

**Standard Chartered Bank**  
One Basinghall Avenue  
London EC2V 5DD  
United Kingdom

## SINGAPORE LISTING AGENT

**Shook Lin & Bok LLP**  
1 Robinson Road  
#18-00 AIA Tower  
Singapore 048542