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THIS DOCUMENT IS NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS WHO ARE PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S) WITH ADDRESSES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the offering circular dated 3 July 2024 as supplemented by the pricing supplement following this page (the “**offering circular**”), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the offering circular. In reading, accessing or making any other use of the offering circular, you agree to be bound by the following terms and conditions and each of the restrictions set out in the offering circular, including any modifications made to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES 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 (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (“U.S. PERSONS”) (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S. WITHIN THE UNITED KINGDOM, THE OFFERING CIRCULAR IS DIRECTED ONLY AT PERSONS WHO (A) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FPO”); (B) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FPO; OR (C) ARE OTHER PERSONS TO WHOM THE OFFERING CIRCULAR MAY BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS RELEVANT PERSONS). OUTSIDE OF THE UNITED KINGDOM THE OFFERING CIRCULAR IS BEING DIRECTED ONLY AT PERSONS WHO MAY LAWFULLY RECEIVE IT.

THE 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 THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT. THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION TO AND MUST NOT BE PASSED ON TO ANY RETAIL CLIENT.

Confirmation of your Representation: In order to be eligible to view the offering circular or make an investment decision with respect to the offered securities described therein, (1) each prospective investor in respect of the securities must be a person other than a U.S. Person and (2) each prospective investor in respect of the securities being offered in the United Kingdom must be a Relevant Person. By accepting the e-mail and accessing, reading or making any other use of the attached offering circular, you shall be deemed to have represented to each of Crédit Agricole Corporate and Investment Bank, Taipei Branch, Societe Generale, Taipei Branch, Standard Chartered Bank (Taiwan) Limited, Cathay United Bank Co., Ltd., CTBC Bank Co., Ltd., KGI Securities Co. Ltd., Mega International Commercial Bank Co., Ltd., President Securities Corporation, SinoPac Securities Corporation, Taishin International Bank Co., Ltd. and Yuanta Securities Co., Ltd. (collectively, the “**Managers**”) being the sender of the attached, that (1) you are (or the person you represent is) a person other than a U.S. Person, and that the electronic mail (or e-mail) address to which, pursuant to your request, the offering circular has been delivered by electronic transmission is utilised by a person other than a U.S. Person and (2) in respect of the securities being offered in the United Kingdom, you are (or the person you represent is) a Relevant Person.

You are reminded that the offering circular has been delivered to you on the basis that you are a person into whose possession of the 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 authorised to, deliver or disclose the contents of this offering circular to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

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 such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer including the Managers, the offering shall be deemed to be made by the Managers on behalf of Korea Housing Finance Corporation (the “**Issuer**”) in such jurisdiction.

Recipients of the offering circular who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final offering circular.

The 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 Managers, the Issuer or any person who controls any of them or is a director, officer, employee or agent of any of them nor any affiliate of any such person accepts any liability or responsibility whatsoever to the fullest extent permitted by law in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Managers. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The distribution of the offering circular in certain jurisdictions may be restricted by law. Persons into whose possession the offering circular comes are required by the Managers and the Issuer to inform themselves about, and to observe, any such restrictions.

PRICING SUPPLEMENT



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

Issue of U.S.\$400,000,000 Floating Rate Covered Bonds due 2030 under the U.S.\$15,000,000,000 Global Covered Bond Programme

THE COVERED BONDS TO WHICH THIS PRICING SUPPLEMENT RELATES (THE “COVERED BONDS”) 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 REGULATION S 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 COVERED BONDS WILL BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S.

Lead Manager

Standard Chartered Bank (Taiwan) Limited

Joint Managers (in alphabetical order)

**Crédit Agricole Corporate and Investment Bank,
Taipei Branch**

Societe Generale, Taipei Branch

Co-Managers (in alphabetical order)

Cathay United Bank Co., Ltd.

CTBC Bank Co., Ltd.

KGI Securities Co. Ltd.

Mega International Commercial Bank Co., Ltd.

President Securities Corporation

SinoPac Securities Corporation

Taishin International Bank Co., Ltd.

Yuanta Securities Co., Ltd.

The date of this Pricing Supplement is 19 May 2025.

PRICING SUPPLEMENT

19 May 2025

KOREA HOUSING FINANCE CORPORATION

Issue of U.S.\$400,000,000 Floating Rate Covered Bonds due 2030 under the
U.S.\$15,000,000,000 Global Covered Bond Programme

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

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds 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 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Notice to investors in Singapore: By accepting this Pricing Supplement, if you are an investor in Singapore, you: (I) represent and warrant that you are either (1) an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “**SFA**”)) pursuant to Section 274 of the SFA; or (2) 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, and (II) agree to be bound by the limitations and restrictions described in the Offering Circular.

Part A—Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 3 July 2024. This document constitutes the Pricing Supplement relating to the issue of the Covered Bonds described herein and contains the final terms of the Covered Bonds and must be read in conjunction with the Offering Circular.

The Covered Bonds have not been registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Covered Bonds may not be

offered, delivered, or sold, directly or indirectly, in the Republic of Korea (“**Korea**”) or to any resident of Korea (as defined in the Foreign Exchange Transaction Act of Korea and the rules and regulations promulgated 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.

1	Issuer:	Korea Housing Finance Corporation
2	(i) Series Number:	2025-2
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	United States dollars (“ U.S.\$ ”)
4	Aggregate Nominal Amount:	
	(i) Series:	U.S.\$400,000,000
	(ii) Tranche:	U.S.\$400,000,000
5	Issue Price:	100.000% of the Aggregate Nominal Amount
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:	28 May 2025
	(ii) Interest Commencement Date (if different from the Issue Date):	Not Applicable
8	(i) Maturity Date:	28 May 2030
	(ii) Extended Maturity Date:	Not Applicable
9	Interest Basis:	Compounded Daily SOFR + 0.80 per cent. (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis:	Not Applicable
12	Method of distribution:	Syndicated
13	Prohibition of Sales to EEA Retail Investors:	Applicable
14	Prohibition of Sales to UK Retail Investors:	Applicable
Provisions Relating to Interest (if any) Payable		
15	Fixed Rate Covered Bond Provisions	Not Applicable
16	Floating Rate Covered Bond Provisions:	Applicable
	(i) Interest Period(s)/Specified Interest Payment Dates:	Quarterly on 28 February, 28 May, 28 August and 28 November of each year commencing on 28 August 2025, subject to adjustment in accordance with the Business Day Convention specified below
	(ii) Business Day Convention:	Modified Following Business Day Convention, adjusted

(iii) Business Centre(s):	London, New York, Taipei and Seoul
(iv) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Calculation Agent):	Not Applicable
(vi) Screen Rate Determination:	
—Reference Rate:	SOFR Benchmark
—Interest Determination Date(s):	Fifth U.S. Government Securities Business Day prior to the last day of each Interest Period (which expression shall 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).
—Relevant Screen Page:	Not Applicable
—SOFR Benchmark:	Compounded Daily SOFR
—Compounded Daily SOFR:	SOFR Lag
—Lookback Days:	5 U.S. Government Securities Business Days
—SOFR Observation Shift Days:	Not Applicable
—SOFR Index _{Start} :	Not Applicable
—SOFR Index _{End} :	Not Applicable
(vii) ISDA Determination	
—Floating Rate Option:	Not Applicable
—Designated Maturity:	Not Applicable
—Reset Date:	Not Applicable
(viii) Margin(s):	+ 0.80% per annum
(ix) Minimum Rate of Interest:	Not Applicable
(x) Maximum Rate of Interest:	Not Applicable
(xi) Day Count Fraction:	Actual/360
(xii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	Benchmark Discontinuation (SOFR)
17 Zero Coupon Covered Bond Provisions:	Not Applicable
Provisions Relating to Redemption	
18 Final Redemption Amount of each Covered Bond:	U.S.\$1,000 per Calculation Amount
19 Early Redemption Amount	U.S.\$1,000 per Calculation Amount

General Provisions Applicable to the Covered Bonds

20	Form of Covered Bonds:	Registered Covered Bonds: Regulation S Global Certificate registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg
21	Financial Centre(s) or other special provisions relating to Payment Dates:	London, New York, Taipei and Seoul
22	Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	No
23	U.S. Selling Restrictions:	Reg. S Compliance Category 2 / TEFRA not applicable
24	Additional U.S. federal income tax considerations:	Not Applicable
25	Calculation Agent:	Citibank, N.A., London Branch
26	Hong Kong Securities and Futures Commission Code of Conduct	
	(i) Rebates:	Not Applicable
	(ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	HKG-Syndicate@ca-cib.com; SYNHK@sc.com
	(iii) Marketing and Investor Targeting Strategy:	As set out in the Offering Circular

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Covered Bonds described herein pursuant to the U.S.\$15,000,000,000 Global Covered Bond Programme of Korea Housing Finance 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 Covered Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Covered Bonds.

Approval in-principle has been received for the Covered Bonds to be recognised under the SGX Sustainable Fixed Income initiative on the SGX-ST. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Covered Bonds will satisfy any investor’s expectations or requirements on its sustainability-related performance or impact. The SGX-ST may remove the recognition from the Covered Bonds 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-ST’s website.

Application will be made on behalf of the Issuer to the Taipei Exchange (the “**TPEX**”) for the listing of, and permission to deal in, the Covered Bonds by way of debt issues to professional investors as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (the “**TPEX Rules**”). No assurances can be given as to whether the Covered

Bonds will be, or will remain, listed on the TPEX. If the Covered Bonds fail to, or cease to, be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Covered Bonds.

The TPEX is not responsible for the content of this document and the Offering Circular and any amendment and supplement thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Offering Circular and any amendment and supplement thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Offering Circular and any amendment and supplement thereto. Admission to the listing and trading of the Covered Bonds on the TPEX shall not be taken as an indication of the merits of the Issuer or the Covered Bonds. The Covered Bonds will be traded on the TPEX pursuant to the applicable rules of the TPEX. The effective date of listing of the Covered Bonds is on or about 28 May 2025.

If and for so long as the Covered Bonds are listed on the TPEX and for so long as the rules of the TPEX so require, all notices regarding the Covered Bonds and the Issuer required by the rules of TPEX shall also be published on a website designated by the TPEX (currently, https://siis.twse.com.tw/e_bond.htm).

Part B—Other Information

1 Listing and Admission to Trading:

(a) Listing and Admission to trading:

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Covered Bonds on the SGX-ST.

Approval in-principle has been received for the Covered Bonds to be recognised under the SGX Sustainable Fixed Income initiative on the SGX-ST. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Covered Bonds will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. The SGX-ST may remove the recognition from the Covered Bonds 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-ST's website.

Application will be made to the TPEX for the listing and trading of the Covered Bonds on the TPEX of the Republic of China ("**ROC**" or "**Taiwan**").

TPEX is not responsible for the content of this document and the Offering Circular and any amendment and supplement thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Offering Circular and any amendment and supplement thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Offering Circular and any amendment and supplement thereto. Admission to the listing and trading of the Covered Bonds on the TPEX shall not be taken as an indication of the merits of the Issuer or the Covered Bonds. The Covered Bonds will be traded on the TPEX pursuant to the applicable rules of the TPEX. The effective date of listing of the Covered Bonds is on or about 28 May 2025.

(b) Estimate of total expenses related to admission to trading on the SGX-ST and the TPEX:

SGD 0

100,000 New Taiwan Dollars ("**NT\$**") in respect of TPEX

2 Use of proceeds:

The Issuer will use the net proceeds from the issue of the Covered Bonds to finance and/or refinance, in whole or in part, new or existing eligible social and green project categories meeting the eligibility criteria set out in the Issuer's Sustainable Financing Framework dated September 2023 (which is available on the Issuer's website). Notwithstanding the preceding sentence, the

		Issuer will not apply to obtain any green, social or sustainability accreditation from the TPEx for the Covered Bonds.
3	Ratings	<p>The Covered Bonds to be issued are expected to be assigned the following rating:</p> <p>S&P: AAA</p> <p>Moody's: Aaa</p>
4	Interests of Natural and Legal Persons involved in the Issue	<p>Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.</p>
5	Yield to Maturity Date (Fixed Rate Covered Bonds only)	
	Indication of yield:	Not Applicable
6	Operational Information	
	(a) ISIN Code:	XS3059440928
	(b) Common Code:	305944092
	(c) LEI:	9884002AAOBT56QW9B80
	(d) Any clearing system(s) other than DTC, Euroclear, Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
	(e) Delivery:	Delivery against payment
	(f) Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

Responsibility

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

Signed on behalf of the Issuer:

By:



Duly authorized

SCHEDULE A

This section provides information that supplements or replaces certain information in the Offering Circular under the headings corresponding to the headings below. Capitalised terms used without definition in this section or elsewhere in this Pricing Supplement have the meanings given to such terms in the Offering Circular. If the information in this section differs from the information in the Offering Circular, potential investors should refer to the information in this section.

RISK FACTORS

Risks Relating to the Covered Bonds

Covered Bonds issued as Green Bonds, Social Bonds or Sustainability Bonds may not be a suitable investment for all investors seeking exposure to green assets, social assets or sustainability assets

The Issuer may issue Covered Bonds under the Programme which are specified to be “Green Bonds,” “Social Bonds” or “Sustainability Bonds” in the applicable Pricing Supplement (any such Covered Bonds, “**Green Bonds**”, “**Social Bonds**” or “**Sustainability Bonds**”, respectively), in accordance with the Issuer’s Sustainable Financing Framework dated September 2023 (the “**Sustainable Financing Framework**”). DNV Business Assurance Korea Ltd. has issued an independent opinion dated 4 October 2023 (a “**Second Party Opinion**”) confirming that the Sustainable Financing Framework and any Green Bonds, Social Bonds or Sustainability Bonds are in alignment with the International Capital Market Association’s Green Bond Principles 2023 (the “**ICMA Green Bond Principles**”), Social Bond Principles 2021 (the “**ICMA Social Bond Principles**”) or Sustainability Bond Guidelines 2021 (the “**ICMA Sustainability Bond Guidelines**”). The ICMA Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond, social bond and sustainability bond markets. The contents of the Sustainable Financing Framework do not form part of this Offering Circular or the applicable Pricing Supplement and are not incorporated by reference in this Offering Circular or the applicable Pricing Supplement, except to the extent not otherwise provided for in this Offering Circular or the applicable Pricing Supplement.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green,” “social” or “sustainability,” and therefore no assurance can be provided to potential investors that the eligible green projects under the Eligible Green Project Categories in the Sustainable Financing Framework (the “**Eligible Green Projects**”), the eligible social projects under the Eligible Social Project Categories in the Sustainable Financing Framework (the “**Eligible Social Projects**”) or the eligible projects under a combination of the two categories in the case of Sustainability Bonds (the “**Eligible Sustainability Projects**”) will continue to meet the relevant eligibility criteria. Accordingly, no assurance can be given to investors that any adverse environmental, social and/or other impacts will not occur during the operation of any Eligible Green Projects, Eligible Social Projects or Eligible Sustainability Projects. Although applicable green projects, social projects or sustainability projects are expected to be selected in accordance with the categories recognised by the ICMA Green Bond Principles, the ICMA Social Bond Principles or the ICMA Sustainability Bond Guidelines and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects, social projects or sustainability projects. Where any negative impacts are insufficiently mitigated, green projects, social projects or sustainability projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

Potential investors should be aware that any Second Party Opinion will not be incorporated into, and will not form part of, this Offering Circular or the applicable Pricing Supplement. Any such Second Party Opinion may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Bonds, Social Bonds or Sustainability Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Bonds, Social Bonds or Sustainability Bonds. Any such Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue and may be updated, suspended or withdrawn at any time. Currently, the providers of second-party opinions and certifications are not subject to any regulatory regime or oversight. Furthermore, investors will have no recourse against the provider of the second party opinion.

Furthermore, although the Issuer may agree at the relevant issue date of any Green Bonds, Social Bonds or Sustainability Bonds to allocate the amount equal to the net proceeds towards the financing and/or refinancing of Eligible Green Projects, Eligible Social Projects or Eligible Sustainability Projects in accordance with certain prescribed eligibility criteria as described under the Issuer’s Sustainable Financing Framework, it would not be

an event of default under the Green Bonds, Social Bonds or Sustainability Bonds if (i) the Issuer were to fail to comply with such undertaking or were to fail to allocate the proceeds in the manner specified in the applicable Pricing Supplement and/or (ii) any Second Party Opinion issued in connection with such Green Bonds, Social Bonds or Sustainability Bonds were to be withdrawn. A withdrawal of such Second Party Opinion or any failure to allocate the net proceeds of any Series of Green Bonds, Social Bonds or Sustainability Bonds in connection with green projects, social projects or sustainability projects and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally or socially focused investors with respect to such Green Bonds, Social Bonds or Sustainability Bonds may affect the value and/or trading price of the Green Bonds, Social Bonds or Sustainability Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green assets, social assets or sustainability assets.

No assurance can be provided by the Dealers that the use of the proceeds of any Series of Green Bonds, Social Bonds or Sustainability Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects, Eligible Social Projects or Eligible Sustainability Projects. In the event that any Series of Green Bonds, Social Bonds or Sustainability Bonds are included in any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled index, no assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates. Each potential investor should have regard to the factors described in the Sustainable Financing Framework.

None of the Issuer, the Bond Trustee, the Initial Collateral Account Custodian Bank, the Agents or the Dealers make any representation as to the suitability for any purpose of any Second Party Opinion or whether any Green Bonds, Social Bonds or Sustainability Bonds fulfil the relevant environmental, social or sustainable criteria. Moreover, no assurance can be provided with respect to the suitability or reliability of any Second Party Opinion or that any Green Bonds, Social Bonds or Sustainability Bonds will fulfil the criteria to qualify as green, social or sustainability bonds. The Dealers, the Bond Trustee, the Initial Collateral Account Custodian Bank, the Agents have not undertaken, nor are responsible for, any assessment of the eligibility of the assets within the definition of Eligible Green Projects, Eligible Social Projects or Eligible Sustainability Projects or the monitoring of the use of proceeds from the offering of any Green Bonds, Social Bonds or Sustainability Bonds. Prospective investors should have regard to the relevant Eligible Green Projects, Eligible Social Projects or Eligible Sustainability Projects and the use of proceeds described in the applicable Pricing Supplement. Each potential purchaser of any Series of Green Bonds, Social Bonds or Sustainability Bonds should determine for itself the relevance of the information contained in this Offering Circular and in the applicable Pricing Supplement regarding the use of proceeds and its purchase of any Green Bonds, Social Bonds or Sustainability Bonds should be based upon such investigation as it deems necessary.

Additional Risks

Application will be made for the listing of the Covered Bonds on the TPEx. No assurances can be given as to whether the Covered Bonds will be, or will remain, listing on TPEx or whether a trading market for the Covered Bonds will develop or as to the liquidity of any such trading market. If the Covered Bonds fail to or cease to be listed on the TPEx, certain investors may not invest in, or continue to hold or invest in, the Covered Bonds.

THE REPUBLIC OF KOREA

Land and History

Territory and Population

Located generally south of the 38th parallel on the Korean peninsula, the Republic covers about 38,000 square miles, approximately one-fourth of which is arable. The Republic has a population of approximately 52 million people. The Republic's largest city and capital, Seoul, has a population of about 9 million people.

Map of the Republic of Korea



Political History

Dr. Rhee Seungman, who was elected President in each of 1948, 1952, 1956 and 1960, dominated the years after the Republic's founding in 1948. Shortly after President Rhee's resignation in 1960 in response to student-led demonstrations, a group of military leaders headed by Park Chung Hee assumed power by coup. The military leaders established a civilian government, and the Republic elected Mr. Park as President in October 1963. President Park served as President until his assassination in 1979 following a period of increasing strife between the Government and its critics. The Government declared martial law and formed an interim government under Prime Minister Choi Kyu Hah, who became the next President. After clashes between the Government and its critics, President Choi resigned, and General Chun Doo Hwan, who took control of the Korean army, became President in 1980.

In late 1980, the Republic approved, by national referendum, a new Constitution, providing for indirect election of the President by an electoral college and for certain democratic reforms, and shortly thereafter, in early 1981, re-elected President Chun.

Responding to public demonstrations in 1987, the legislature revised the Constitution to provide for direct election of the President. In December 1987, Roh Tae Woo won the presidency by a narrow plurality, after opposition parties led by Kim Young Sam and Kim Dae Jung failed to unite behind a single candidate. In February 1990, two

opposition political parties, including the one led by Kim Young Sam, merged into President Roh's ruling Democratic Liberal Party.

In December 1992, the Republic elected Kim Young Sam as President. The election of a civilian and former opposition party leader considerably lessened the controversy concerning the legitimacy of the political regime. President Kim's administration reformed the political sector and deregulated and internationalised the Korean economy.

In December 1997, the Republic elected Kim Dae Jung as President. President Kim's party, the Millennium Democratic Party (formerly known as the National Congress for New Politics), formed a coalition with the United Liberal Democrats led by Kim Jong Pil, with Kim Jong Pil becoming the first prime minister in President Kim's administration. The coalition, which temporarily ended before the election held in April 2000, continued with the appointment of Lee Han Dong of the United Liberal Democrats as the Prime Minister in June 2000. The coalition again ended in September 2001.

In December 2002, the Republic elected Roh Moo Hyun as President. President Roh and his supporters left the Millennium Democratic Party in 2003 and formed a new party, the Uri Party, in November 2003. On 15 August 2007, 85 members of the National Assembly, previously belonging to the Uri Party, or the Democratic Party, formed the United New Democratic Party, or the UNDP. The Uri Party merged into the UNDP on 20 August 2007. In February 2008, the UNDP merged back into the Democratic Party. In December 2011, the Democratic Party merged with the Citizens Unity Party to form the Democratic United Party, which changed its name to the Democratic Party in May 2013.

In December 2007, the Republic elected Lee Myung-Bak as President. He commenced his term in February 2008. In April 2018, the Korean prosecutor's office indicted former President Lee on 16 counts of corruption, including bribery, abuse of power, embezzlement and other irregularities. In October 2018, a Seoul district court sentenced him to 15 years of prison term, which decision he subsequently appealed. In October 2020, the Supreme Court ruled against such appeal and sentenced him to 17 years of prison term. Subsequently, he was released from prison pursuant to a special presidential pardon in December 2022.

In December 2012, the Republic elected Park Geun-hye as President. She commenced her term in February 2013. In March 2017, the Constitutional Court unanimously upheld a parliamentary vote to impeach President Park, triggering her immediate dismissal, for a number of constitutional and criminal violations, including violation of the Constitution and abuse of power by allowing her confidant to exert influence on state affairs and allowing senior presidential aides to aid in her extortion from companies. After a series of trials, former President Park was sentenced to a combined 22 years of prison term and a fine of ₩21.5 billion. In light of her deteriorating health, however, former President Park was granted a special pardon by President Moon, her successor, and was released from prison in December 2021.

A special election to elect a successor to former President Park was held in May 2017 and the Republic elected Moon Jae-in as President. His term, which commenced on 10 May 2017, ended on 9 May 2022.

In March 2022, the Republic elected Yoon Suk-yeol as President. His term commenced on 10 May 2022. On 3 December 2024, President Yoon declared martial law, citing an urgent need to protect the Republic. The National Assembly swiftly voted to rescind the declaration of martial law, which led to President Yoon's revocation of the decree hours later. On 14 December 2024, the National Assembly voted in favour of President Yoon's impeachment, for his purported acts of insurrection, among others, which resulted in an immediate suspension of his presidential powers, with the prime minister simultaneously taking over the role of acting President. On 4 April 2025, the Constitutional Court unanimously upheld the National Assembly's vote to impeach President Yoon, triggering his immediate dismissal. A special election to elect a new President is scheduled to be held on 3 June 2025. Although the Government believes that the Korean economy and society are resilient enough to withstand any temporary negative impact of such political developments or any potential ensuing societal unrest, there is no assurance that such developments would not have a material adverse effect on the Korean economy and public finances.

Government and Politics

Government and Administrative Structure

Governmental authority in the Republic is centralised and concentrated in a strong presidency. The President is elected by popular vote and can only serve one term of five years. The President chairs the State Council, which consists of the President, the prime minister, the deputy prime ministers, the respective heads of Government ministries and the ministers of state. The President can select the members of the State Council and appoint or remove all other Government officials, except for elected local officials.

The President can veto new legislation and take emergency measures in cases of natural disaster, serious fiscal or economic crisis, state of war or other similar circumstances. The President must promptly seek the concurrence of the National Assembly for any emergency measures taken and failing to do so automatically invalidates the emergency measures. The President may declare martial law without the consent of the National Assembly; provided, however, that the National Assembly may request the President to rescind such martial law.

The National Assembly exercises the Republic's legislative power. The Constitution and the Public Official Election Act provide for the direct election of about 84% of the members of the National Assembly and the distribution of the remaining seats proportionately among parties winning more than five seats in the direct election or receiving over 3% of the popular vote. National Assembly members serve four-year terms. The National Assembly enacts laws, ratifies treaties and approves the national budget. The executive branch drafts most legislation and submits it to the National Assembly for approval.

The Republic's judicial branch comprises the Supreme Court, the Constitutional Court and lower courts of various levels. The President appoints the Chief Justice of the Supreme Court and appoints the other Justices of the Supreme Court upon the recommendation of the Chief Justice. All appointments to the Supreme Court require the consent of the National Assembly. The Chief Justice, with the consent of the conference of Supreme Court Justices, appoints all the other judges in Korea. Supreme Court Justices serve for six years and all other judges serve for ten years. Other than the Chief Justice, justices and judges may be reappointed to successive terms.

The President formally appoints all nine judges of the Constitutional Court, but three judges must be designated by the National Assembly and three by the Chief Justice of the Supreme Court. Constitutional Court judges serve for six years and may be reappointed to successive terms.

Administratively, the Republic comprises six provinces (Gyeonggi, Chungbuk, Chungnam, Jeonnam, Gyeongbuk and Gyeongnam), three special autonomous provinces (Jeju, Gangwon and Jeonbuk), one special city (Seoul), six metropolitan cities (Busan, Daegu, Incheon, Gwangju, Daejeon and Ulsan) and one special autonomous city (Sejong). From 1961 to 1995, the national government controlled the provinces and the President appointed provincial officials. Local autonomy, including the election of provincial officials, was reintroduced in June 1995.

Political Parties

The 22nd legislative general election was held on 10 April 2024 and the term of the National Assembly members elected in the 22nd legislative general election commenced on 30 May 2024. Currently, there are three major political parties: The Democratic Party of Korea, or the DPK, the People Power Party, or the PPP, and the Rebuilding Korea Party, or the RKP.

As of 16 May 2025, the parties control the following number of seats in the National Assembly:

	DPK	PPP	RKP	Others	Total
Number of seats.....	170	107	12	11	300

Relations with North Korea

Relations between the Republic and North Korea have been tense over most of the Republic's history. The Korean War began with the invasion of the Republic by communist forces from the north in 1950, which was repelled by the Republic and the United Nations forces led by the United States. Following a military stalemate, an armistice

was reached establishing a demilitarised zone monitored by the United Nations in the vicinity of the 38th parallel in 1953.

North Korea maintains a military force estimated at more than a million regular troops, mostly concentrated near the northern side of the demilitarised zone, and approximately 7.6 million reserves. The Republic's military forces, composed of approximately 500,000 regular troops and 3.1 million reserves, maintain a state of military preparedness along the southern side of the demilitarised zone. In addition, the United States has maintained its military presence in the Republic since the signing of the armistice and currently has approximately 28,500 troops stationed in the Republic. The Republic and the United States share a joint command structure over their military forces in Korea. In October 2014, the United States and the Republic agreed to implement a conditions-based approach to the dissolution of their joint command structure at an appropriate future date, which would allow the Republic to assume the command of its own armed forces in the event of war on the Korean peninsula. Over the years, the Republic and the United States have entered into a series of Special Measures Agreements, or SMAs, which cover the Republic's contribution to the cost of maintaining the U.S. military presence in the Republic. In March 2021, the Republic and the United States reached an agreement to enter into a new six-year SMA, under which the Republic would increase its share of the cost of the American military presence in the Republic, which became effective in September 2021 upon ratification by the National Assembly.

The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, since the death of Kim Jong-il in December 2011, there has been increased uncertainty with respect to the future of North Korea's political leadership and concern regarding its implications for political and economic stability in the region. Kim Jong-il's third son, Kim Jong-un, has assumed power as his father's designated successor.

In addition, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapons, ballistic missile and satellite programs as well as its hostile military and other actions against Korea. Some of the significant incidents in recent years include the following:

- From time to time, North Korea has conducted ballistic missile tests. In February 2016, North Korea launched a long-range rocket in violation of its agreement with the United States as well as United Nations sanctions barring it from conducting launches that use ballistic missile technology. Despite international condemnation, North Korea released a statement that it intends to continue its rocket launch program and it conducted a series of ballistic missile tests in 2016 and 2017. In response, the United Nations Security Council issued unanimous statements condemning North Korea and agreeing to continue to closely monitor the situation and to take further significant measures, and in December 2017, unanimously passed a resolution extending existing sanctions that were imposed on North Korea. Despite such actions, North Korea increased the frequency of its military actions since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite.
- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted three rounds of nuclear tests between October 2006 and February 2013. In January 2016, North Korea conducted a fourth nuclear test, claiming that the test involved its first hydrogen bomb. In September 2016, North Korea conducted a fifth nuclear test, claiming to have successfully detonated a nuclear warhead that could be mounted on ballistic missiles. In September 2017, North Korea announced that it successfully conducted its sixth nuclear test by detonating a hydrogen bomb designed to be mounted on an intercontinental ballistic missile, which resulted in increased tensions in the region and elicited strong objections worldwide. In response to such tests (as well as North Korea's long-range ballistic missile program), the United Nations Security Council unanimously passed several rounds of resolutions condemning North Korea's actions and significantly expanding the scope of the sanctions applicable to North Korea, while the United States and the European Union also imposed additional sanctions on North Korea.

- In August 2015, two Korean soldiers were injured in a landmine explosion near the Korean demilitarised zone. Claiming the landmines were set by North Koreans, the Korean army re-initiated its propaganda program toward North Korea utilising loudspeakers near the demilitarised zone. In retaliation, the North Korean army fired artillery rounds on the loudspeakers, resulting in the highest level of military readiness for both Koreas.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tension on the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact on the Republic's economy and us. Any further increase in tension, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between the Republic and North Korea or between the United States and North Korea break down or further military hostilities occur, could have a material adverse effect on the Republic's economy and us. Over the longer term, reunification of the two Koreas could occur. Reunification may entail a significant economic commitment by the Republic.

Foreign Relations and International Organisations

The Republic maintains diplomatic relations with most nations of the world, most importantly with the United States with which it entered into a mutual defence treaty and several economic agreements. The Republic also has important relationships with Japan and China, its largest trading partners together with the United States.

The Republic belongs to a number of supranational organisations, including:

- United Nations;
- the International Monetary Fund, or the IMF;
- the World Bank;
- the Asian Development Bank, or the ADB;
- the Multilateral Investment Guarantee Agency;
- the International Finance Corporation;
- the International Development Association;
- the African Development Bank;
- the International Bank for Reconstruction and Development;
- the European Bank for Reconstruction and Development;
- the Bank for International Settlements;
- the World Health Organization, or the WHO;
- the World Trade Organization, or the WTO;
- the International Atomic Energy Agency, or the IAEA;

- the Inter-American Development Bank, or the IDB;
- the Organization for Economic Cooperation and Development, or the OECD; and
- the Asian Infrastructure Investment Bank.

The Economy

The following table sets forth information regarding certain of the Republic's key economic indicators for the periods indicated.

	As of or for the year ended 31 December				
	2020	2021	2022	2023	2024
	(billions of dollars and trillions of Won, except percentages)				
GDP Growth (at current prices).....	0.9%	7.9%	4.6%	3.4% ⁽⁷⁾	6.2% ⁽⁷⁾
GDP Growth (at chained 2020 year prices)	(0.7)%	4.6%	2.7%	1.4% ⁽⁷⁾	2.0% ⁽⁷⁾
Inflation ⁽¹⁾	0.5%	2.5%	5.1%	3.6% ⁽⁷⁾	2.3% ⁽⁷⁾
Unemployment ⁽²⁾	4.0%	3.7%	2.9%	2.7% ⁽⁷⁾	2.8% ⁽⁷⁾
Trade Surplus (Deficit) ⁽³⁾	\$ 44.9	\$ 29.3	\$ (47.8)	\$ (10.4) ⁽⁷⁾	51.6% ⁽⁷⁾
Foreign Currency Reserves.....	\$ 443.1	\$ 463.1	\$ 423.2	\$ 420.1	415.6
External Liabilities ⁽⁴⁾	\$ 550.6	\$ 630.7	\$ 673.3	\$ 672.5 ⁽⁷⁾	670.0% ⁽⁷⁾
Fiscal Balance.....	₩ (71.2)	₩ (30.5)	₩ (64.6)	₩ (36.8) ⁽⁷⁾	₩ (43.5) ⁽⁷⁾
Direct Internal Debt of the Government ⁽⁵⁾ (as % of GDP ⁽⁶⁾)	39.3%	43.1%	46.2%	48.2% ⁽⁷⁾	N/A ⁽⁸⁾
Direct External Debt of the Government ⁽⁵⁾ (as % of GDP ⁽⁶⁾)	0.5%	0.5%	0.5%	0.5% ⁽⁷⁾	N/A ⁽⁸⁾

(1) Measured by the year-on-year change in the consumer price index with base year 2020, as announced by The Bank of Korea.

(2) Average for year.

(3) Derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.

(4) Calculated under the criteria based on the sixth edition of the Balance of Payment Manual published by the International Monetary Fund in December 2010.

(5) Does not include guarantees by the Government. See “—Debt—External and Internal Debt of the Government—Guarantees by the Government” for information on outstanding guarantees by the Government.

(6) At chained 2020 year prices.

(7) Preliminary.

(8) Not available.

Source: The Bank of Korea

Worldwide Economic and Financial Difficulties

In recent years, the global financial markets have experienced significant volatility as a result of, among other things:

- the occurrence of severe health epidemics, including the COVID-19 pandemic;
- hostilities, political or social tensions involving Russia (including the Russia-Ukraine war and the ensuing sanctions against Russia) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;

- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- interest rate fluctuations as well as perceived or actual changes in policy rates, or other monetary and fiscal policies set forth, by the U.S. Federal Reserve and other central banks;
- disruptions in the global supply chain for raw materials, natural resources, consumer goods, rare earth minerals, component parts and other supplies, including as a result of health epidemics, government policies and labour shortages;
- increased uncertainties in the global financial markets and industry, including difficulties faced by several banks in the United States and Europe;
- a deterioration in economic and trade relations between the United States and its trading partners, including as a result of the imposition of significant tariffs by the United States on its trading partners;
- financial and social difficulties affecting many governments worldwide, in particular in Latin America and Europe;
- escalations in trade protectionism globally and geopolitical tensions in East Asia and the Middle East (including those resulting from hostilities in the Middle East following the Israel-Hamas war);
- the slowdown of economic growth in China and other major emerging market economies;
- political and social instability in various countries in the Middle East, including Iran, Iraq, Syria and Yemen; and
- fluctuations in oil and commodity prices.

There has been significant volatility in global financial markets resulting from, among others, the COVID-19 pandemic, the Russia-Ukraine war and the ensuing sanctions against Russia, hostilities in the Middle East following the Israel-Hamas war, trade disputes arising from the imposition of significant tariffs by the United States, difficulties faced by several banks in the United States and Europe and significant fluctuations in policy interest rates globally, which has also led to significant volatility in the Korea Composite Stock Price Index in recent years. See “— *The Financial System — Securities Markets*”. Declines in the index and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies and banks to raise capital. Moreover, the value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has depreciated significantly in recent years. A depreciation of the Won generally increases the cost of imported goods and services and the required amount of the Won revenue for Korean companies to service foreign currency-denominated debt.

In light of the high level of interdependence of the global economy, any of the foregoing developments could have a material adverse effect on the Korean economy and financial markets. In addition, in the event of difficult conditions in the global credit markets or a deterioration of the global economy in the future, the Korean economy could be adversely affected and Korean banks may be forced to fund their operations at a higher cost or may be unable to raise as much funding as they need to support their lending and other activities.

In addition to the global developments, domestic developments that could lead to or contribute to a material adverse effect on the Korean economy include, among other things, the following:

- a slowdown in consumer spending and depressed consumer sentiment due to the outbreak of infectious diseases, such as the COVID-19 pandemic;
- increasing delinquencies and credit defaults by consumer and small- and medium-sized enterprise borrowers, which may occur due to, among others, higher levels of market interest rates;

- steadily rising household debt consisting of housing loans and merchandise credit, which increased to approximately Won 1,927.3 trillion as of 31 December 2024 from Won 843.2 trillion as of 31 December 2010, primarily due to increases in mortgage loans and purchases with credit cards;
- deterioration in economic or diplomatic relations between Korea and other countries resulting from territorial or trade disputes or disagreements in foreign policy;
- a substantial increase in the Government's expenditures for pension and social welfare programs, due in part to an aging population (defined as the population of people aged 65 years or older) that accounted for approximately 19.2% of the Republic's total population as of 31 December 2024, an increase from 7.2% as of 31 December 2000, and is expected to surpass 22.5% in 2027;
- decreases in the market prices of Korean real estate; and
- the occurrence of severe health epidemics that affect the livestock industry.

Gross Domestic Product

GDP measures the market value of all final goods and services produced within a country for a given period and reveals whether a country's productive output rises or falls over time. Economists present GDP in both current market prices and "real" or "inflation-adjusted" terms. In March 2009, the Republic adopted a method known as the "chain-linked" measure of GDP, replacing the previous fixed-base, or "constant" measure of GDP, to show the real growth of the aggregate economic activity, as recommended by the System of National Accounts 1993. GDP at current market prices values a country's output using the actual prices of each year, whereas the "chain-linked" measure of GDP is compiled by using "chained indices" linking volume growth between consecutive time periods. In March 2014, the Republic published a revised GDP calculation method by implementing the System of National Accounts 2008 and updating the reference year from 2005 to 2010 to align Korean national accounts statistics with the recommendations of the new international standards for compiling national economic accounts and to maintain comparability with other nations' accounts. The main components of these revisions include, among other things, (i) recognising expenditures for research and development and creative activity for the products of entertainment, literary and artistic originals as fixed investment, (ii) incorporating a wide array of new and revised source data such as the economic census, the population and housing census and 2010 benchmark input-output tables, which provide thorough and detailed information on the structure of the Korean economy, (iii) developing supply-use tables, which provide a statistical tool for ensuring consistency among the production, expenditure and income approaches to measuring GDP and (iv) recording merchandise trade transactions based on ownership changes rather than movements of goods across the national border. The Republic updated the reference year from 2010 to 2015 in July 2019, and from 2015 to 2020 in June 2024, to better align Korean national accounts statistics with the recommendations of the previously implemented System of National Accounts 2008, to accurately reflect recent economic structural changes, and to maintain comparability with other countries' accounts.

The following table sets out the composition of the Republic's GDP at current market and chained 2020 year prices and the annual average increase in the Republic's GDP.

	Gross Domestic Product					
	2020	2021	2022	2023	2024 ⁽¹⁾	As % of GDP 2024 ⁽¹⁾
			(billions of Won)			
Gross Domestic Product at Current Market Prices:						
Private	984,088.0	1,046,772.2	1,139,397.2	1,197,566.9	1,235,320.5	48.5
Government.....	349,586.2	378,268.2	409,866.5	423,133.2	439,502.7	17.2
Gross Capital Formation.....	648,928.8	721,964.5	774,411.5	774,563.6	774,314.5	30.4
Exports of Goods and Services.....	712,542.3	874,074.3	1,052,553.6	996,865.6	1,137,666.2	44.6

	2020	2021	2022	2023	2024 ⁽¹⁾	As % of GDP 2024 ⁽¹⁾
Less Imports of Goods and Services.....	(636,678.7)	(799,166.2)	(1,052,447.3)	(990,452.9)	(1,036,361.5)	(40.7)
Statistical Discrepancy	0.0	0.0	0.0	(487.1)	(1,321.8)	(0.1)
Expenditures on Gross Domestic Product	2,058,466.5	2,221,912.9	2,323,781.5	2,401,189.4	2,549,120.7	100.0
Net Factor Income from the Rest of the World	16,943.8	23,413.6	28,055.4	42,128.6	36,081.9	1.4
Gross National Income ⁽²⁾	2,075,410.3	2,245,326.5	2,351,837.0	2,443,318.1	2,585,202.6	101.4
Gross Domestic Product at Chained 2020 Year Prices:						
Private	984,088.0	1,020,878.4	1,063,928.5	1,082,682.9	1,095,010.1	47.8
Government	349,586.2	369,293.7	384,235.8	389,091.8	395,805.2	17.3
Gross Capital Formation.....	648,928.8	675,845.0	676,282.5	681,957.7	667,836.6	29.2
Exports of Goods and Services.....	712,542.3	789,432.2	820,347.6	849,926.1	908,291.6	39.7
Less Imports of Goods and Services.....	(636,678.7)	(701,537.0)	(730,672.0)	(756,395.9)	(774,842.5)	(33.9)
Statistical Discrepancy	0.0	(489.4)	(842.9)	(886.5)	(1,154.6)	(0.1)
Expenditures on Gross Domestic Product ⁽³⁾	2,058,466.5	2,153,422.9	2,212,158.9	2,243,220.4	2,288,923.2	100.0
Net Factor Income from the Rest of the World in the Terms of Trade	16,943.8	22,553.7	25,584.2	38,122.9	31,641.7	1.4
Trading Gains and Losses from Changes in the Terms of Trade.....	0.0	(21,620.0)	(94,623.4)	(91,400.4)	(53,939.1)	(2.4)
Gross National Income ⁽⁴⁾	2,075,410.3	2,154,356.5	2,143,107.5	2,189,886.8	2,267,167.8	99.0
Percentage Increase (Decrease) of GDP over Previous Year:						
At Current Prices.....	0.9	7.9	4.6	3.3	6.2	
At Chained 2020 Year Prices	(0.7)	4.6	2.7	1.4	2.0	

(1) Preliminary.

(2) GDP plus net factor income from the rest of the world is equal to the Republic's gross national income.

(3) Under the "chain-linked" measure of GDP, the components of GDP will not necessarily add up to the total GDP.

(4) Under the "chain-linked" measure of Gross National Income, the components of Gross National Income will not necessarily add up to the total Gross National Income.

Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector at current market prices:

Gross Domestic Product by Economic Sector (at current market prices)						
	2020	2021	2022	2023	2024 ⁽¹⁾	As % of GDP 2024 ⁽¹⁾
	(billions of Won)					
Industrial Sectors:.....	719,110.4	773,620.4	789,147.0	824,491.9	913,410.5	35.8
Agriculture, Forestry and Fishing.....	32,481.6	36,998.4	33,656.4	34,325.0	37,005.4	1.5
Manufacturing, Mining and Quarrying.	530,768.1	585,053.1	617,557.4	617,134.7	686,690.3	26.9
Mining and Quarrying.....	1,737.2	1,843.5	1,807.8	2,261.3	2,091.1	0.1
Manufacturing.....	529,030.9	583,209.6	615,749.6	614,873.4	684,599.2	26.9

	2020	2021	2022	2023	2024 ⁽¹⁾	As % of GDP 2024 ⁽¹⁾
Electricity, Gas and Water Supply.....	45,605.3	37,579.5	16,493.8	42,538.6	60,363.7	2.4
Construction	110,255.4	113,989.4	121,439.4	130,493.6	129,351.1	5.1
Services:	1,171,665.8	1,264,275.9	1,349,454.4	1,405,368.8	1,455,704.3	57.1
Wholesale and Retail Trade, Accommodation and Food Services	214,871.3	227,253.6	248,366.2	265,510.1	271,703.1	10.7
Transportation and Storage.....	66,603.8	82,702.3	95,655.6	94,378.8	98,714.3	3.9
Finance and Insurance	110,016.4	124,021.2	136,404.4	138,566.4	139,357.4	5.5
Real Estate.....	161,030.1	162,658.9	158,314.6	160,025.3	167,658.9	6.6
Information and Communication.....	89,215.3	102,319.0	103,549.3	106,049.4	110,709.9	4.3
Business Activities	156,652.6	166,098.7	177,636.8	186,753.6	191,780.1	7.5
Public Administration, Defence and Social Security	129,850.9	138,688.7	149,078.6	155,208.6	162,164.1	6.4
Education	90,436.1	96,862.5	101,581.8	103,917.0	106,793.9	4.2
Human Health and Social Work	106,034.6	114,340.0	123,519.0	131,995.9	139,720.3	5.5
Cultural and Other Services.....	46,954.8	49,330.9	55,348.1	62,963.6	67,102.3	2.6
Taxes Less Subsidies on Products	167,690.3	184,016.7	185,180.2	171,328.7	180,005.8	7.1
Gross Domestic Product at Current Market Prices	2,058,466.5	2,221,912.9	2,323,781.5	2,401,189.4	2,549,120.7	100.0
Net Factor Income from the Rest of the World.....	16,943.8	23,413.6	28,055.4	42,128.6	36,081.9	1.4
Gross National Income at Current Market Price	2,075,410.3	2,245,326.5	2,351,837.0	2,443,318.1	2,585,202.6	101.4

(1) Preliminary.

Source: The Bank of Korea

The following table sets out the Republic's GDP per capita:

**Gross Domestic Product per capita
(at current market prices)**

	2020	2021	2022	2023	2024 ⁽¹⁾
GDP per capita (thousands of Won).....	39,711	42,919	44,971	46,433	49,257
GDP per capita (U.S. dollar)	33,652	37,503	34,809	35,570	36,113
Average Exchange Rate (in Won per U.S. dollar).....	1,180.1	1,144.4	1,292.0	1,305.4	1,364.0

(1) Preliminary.

Source: The Bank of Korea

The following table sets out the Republic's Gross National Income, or GNI, per capita:

**Gross National Income per capita
(at current market prices)**

	2020	2021	2022	2023	2024 ⁽¹⁾
GNI per capita (thousands of Won)	40,038	43,372	45,514	47,248	49,955

	2020	2021	2022	2023	2024 ⁽¹⁾
GNI per capita (U.S. dollar).....	33,929	37,898	35,229	36,194	36,624
Average Exchange Rate (in Won per U.S. dollar)	1,180.1	1,144.4	1,292.0	1,305.4	1,364.0

(1) Preliminary.

Source: The Bank of Korea

The following table sets out the Republic's GDP by economic sector:

Gross Domestic Product by Economic Sector (at chained 2020 year prices)						As % of GDP 2024 ⁽¹⁾
	2020	2021	2022	2023	2024 ⁽¹⁾	
	(billions of Won)					
Industrial Sectors:.....	719,110.4	754,589.3	771,177.9	782,080.7	804,949.7	35.2
Agriculture, Forestry and Fishing.....	32,481.6	33,598.5	33,866.3	32,972.5	33,183.1	1.4
Manufacturing, Mining and Quarrying..	530,768.1	565,269.6	579,036.4	588,841.5	612,180.8	26.7
Mining and Quarrying.....	1,737.2	1,974.8	1,785.3	1,808.5	1,647.0	0.1
Manufacturing.....	529,030.9	563,294.8	577,227.8	587,008.9	610,553.9	26.7
Electricity, Gas and Water Supply.....	45,605.3	46,403.2	48,020.4	46,648.8	48,964.8	2.1
Construction	110,255.4	109,318.0	110,254.8	113,617.9	110,621.0	4.8
Services:	1,171,665.8	1,222,603.2	1,269,070.6	1,295,453.4	1,316,497.5	57.5
Wholesale and Retail Trade, Accommodation and Food Services	214,871.3	219,693.4	231,974.4	228,939.2	225,657.3	9.9
Transportation and Storage.....	66,603.8	73,634.5	82,748.1	92,818.6	100,657.2	4.4
Finance and Insurance	110,016.4	117,411.7	120,645.5	121,705.1	126,001.9	5.5
Real Estate.....	161,030.1	163,741.0	160,447.8	160,758.7	164,385.6	7.2
Information and Communication.....	89,215.3	97,513.5	99,786.9	100,881.1	102,164.9	4.5
Business Activities	156,652.6	159,603.6	163,453.3	166,386.4	165,512.1	7.2
Public Administration, Defence and Social Security	129,850.9	134,868.3	139,003.2	142,043.4	144,685.9	6.3
Education	90,436.1	95,484.0	98,708.1	99,515.9	100,136.8	4.4
Human Health and Social Work	106,034.6	112,370.6	119,255.3	124,697.3	129,739.4	5.7
Cultural and Other Services.....	46,954.8	48,282.6	52,244.1	56,119.8	56,941.3	2.5
Taxes Less Subsidies on Products	167,690.3	176,230.4	172,134.2	164,486.4	167,118.6	7.3
Gross Domestic Product ⁽²⁾	2,058,466.5	2,153,422.9	2,212,158.9	2,243,220.4	2,288,923.2	100.0

(1) Preliminary.

(2) Under the "chain-linked" measure of GDP, the components of GDP will not necessarily add up to the total GDP.

Source: The Bank of Korea

GDP in 2020 contracted by 0.7% at chained 2020 year prices, primarily due to a 4.6% decrease in private consumption expenditures and a 1.7% decrease in exports of goods and services, which were offset in significant part by a 3.3% decrease in imports of goods and services, a 5.2% increase in general government consumption expenditures and a 2.8% increase in gross domestic fixed capital formation, each compared with 2019. The contraction of the Republic's GDP in 2020 was primarily due to the COVID-19 pandemic.

GDP growth in 2021 was 4.6% at chained 2020 year prices, as exports of goods and services increased by 10.8%, aggregate private and general government consumption expenditures increased by 4.2% and gross domestic fixed capital formation increased by 4.3%, which more than offset an increase in imports of goods and services by 10.2%, each compared with 2020.

GDP growth in 2022 was 2.7% at chained 2020 year prices, as aggregate private and general government consumption expenditures increased by 4.2% and exports of goods and services increased by 3.9%, which more than offset an increase in imports of goods and services by 4.2% and a decrease in gross fixed capital formation by 0.2%, each compared with 2021.

GDP growth in 2023 was 1.4% at chained 2020 year prices, as exports of goods and services increased by 3.6%, aggregate private and general government consumption expenditures increased by 1.6% and gross domestic fixed capital formation increased by 1.4%, which was offset in significant part by a 3.5% increase in imports of goods and services, each compared with 2022.

Based on preliminary data, GDP growth in 2024 was 2.0% at chained 2020 year prices, as exports of goods and services increased by 6.9% and aggregate private and general government consumption expenditures increased by 1.3% which was offset in part by a 2.4% increase in imports of goods and services and a 0.6% decrease in gross domestic fixed capital formation, each compared with 2023.

Principal Sectors of the Economy

Industrial Sectors

The following table sets out production indices for the principal industrial products of the Republic and their relative contribution to total industrial production:

Industrial Production (2020 = 100)						
	Index Weight⁽¹⁾	2020	2021	2022	2023	2024⁽²⁾
Industries	10,000.0	100.0	108.2	108.8	108.8	113.2
Mining and Manufacturing	9,555.0	100.0	108.2	108.8	108.8	113.2
Mining	23.0	100.0	94.2	95.8	113.9	95.5
Manufacturing	9,532.0	100.0	108.2	108.8	108.8	113.2
Food Products.....	485.9	100.0	111.7	114.0	109.3	125.3
Beverage Products.....	102.0	100.0	93.0	91.4	77.7	75.3
Tobacco Products	44.7	100.0	88.4	93.2	100.9	114.2
Textiles.....	110.6	100.0	104.3	100.4	82.1	81.3
Wearing Apparel, Clothing Accessories and Fur Articles	83.2	100.0	137.3	117.6	114.0	73.6
Tanning and Dressing of Leather, Luggage and Footwear	17.6	100.0	92.0	78.7	49.4	36.0
Wood and Products of Wood and Cork (Except Furniture)	31.0	100.0	80.4	89.5	94.5	77.9
Pulp, Paper and Paper Products	133.8	100.0	97.5	95.1	93.7	102.3
Printing and Reproduction of Recorded Media.....	43.9	100.0	109.4	129.3	118.0	110.7
Coke, hard-coal and lignite fuel briquettes and Refined Petroleum Products	354.5	100.0	98.4	101.9	104.3	108.8
Chemicals and Chemical Products	756.8	100.0	105.9	93.6	91.0	96.3

	Index Weight ⁽¹⁾	2020	2021	2022	2023	2024 ⁽²⁾
Pharmaceuticals, Medicinal Chemicals and Botanical Products	288.9	100.0	96.2	111.7	141.2	157.3
Rubber and Plastic Products	414.8	100.0	104.5	110.9	112.8	120.3
Non-metallic Minerals	213.6	100.0	107.6	96.4	84.9	95.3
Basic Metals	600.2	100.0	101.0	95.5	97.5	97.2
Fabricated Metal Products	495.9	100.0	83.7	82.7	93.4	112.7
Electronic Components, Computer, Radio, Television and Communication Equipment and Apparatuses	2,402.9	300.0	342.5	316.7	329.7	335.2
Medical, Precision and Optical Instruments, Watches and Clocks	389.1	300.0	297.5	365.1	364.4	388.9
Electrical Equipment	478.2	100.0	113.4	138.3	120.8	94.4
Other Machinery and Equipment	776.7	100.0	116.6	113.4	108.6	100.3
Motor Vehicles, Trailers and Semitrailers	1,014.2	100.0	109.6	121.0	137.1	135.5
Other Transport Equipment	144.1	100.0	93.3	108.0	103.4	110.8
Furniture	43.1	100.0	72.9	64.1	52.4	50.7
Other Products	106.3	200.0	232.8	340.2	243.9	278.1
Electricity, Gas	445.0	100.0	104.9	107.5	103.5	105.1
Total Index	10,000.0	100.0	108.2	108.8	108.8	113.2

(1) Index weights were established on the basis of an industrial census in 2020 and reflect the average annual value added by production in each of the classifications shown, expressed as a percentage of total value added in the mining, manufacturing and electricity and gas industries in that year.

(2) Preliminary.

Source: The Bank of Korea; Korea National Statistical Office

Industrial production decreased by 0.3% in 2020, primarily due to decreased domestic consumption and exports resulting from the COVID-19 pandemic. Industrial production recovered and increased by 8.2% in 2021, primarily due to increased exports and domestic consumption. Industrial production increased by 0.6% in 2022, primarily due to increased exports and domestic consumption. Industrial production remained stable in 2023. Based on preliminary data, industrial production increased by 4.0% in 2024, primarily due to increased exports.

Manufacturing

The manufacturing sector decreased production by 0.4% in 2020, primarily due to decreased demand for automobiles. The manufacturing sector increased production by 8.2% in 2021, primarily due to increased demand for consumer electronics products, electronic components (including semiconductors) and machinery. The manufacturing sector increased production by 0.6% in 2022, primarily due to increased demand for electrical equipment and automobiles. Production levels for the manufacturing sector remained stable in 2023. Based on preliminary data, the manufacturing sector increased production by 4.0% in 2024, primarily due to increased demand for electronic components (including semiconductors) and pharmaceuticals.

Automobiles. In 2020, automobile production decreased by 11.2% and export sales volume recorded a decrease of 21.4%, compared with 2019, primarily due to a general decline in global demand for automobiles caused by the COVID-19 pandemic, which outpaced a 4.7% increase in domestic sales volume from 2019 to 2020, primarily due to increased domestic demand for automobiles. In 2021, automobile production decreased by 1.3% and domestic sales volume recorded a decrease of 8.5%, compared with 2020, primarily due to the global shortage of

semiconductors amid the COVID-19 pandemic, but export sales volume recorded an increase of 8.6% compared with 2020, primarily due to an increase in the market share of domestic automobile manufacturers in the global automotive market. In 2022, automobile production increased by 8.5% and export sales volume recorded an increase of 12.7%, compared with 2021, primarily due to an increase in demand for Korean automobiles in the global automotive market as well as the gradual easing of the global shortage of automotive semiconductors in the second half of 2022, but domestic sales volume recorded a decrease of 3.2% compared with 2021, primarily due to the global shortage of automotive semiconductors during the first half of 2022. In 2023, automobile production increased by 13.0%, export sales volume recorded an increase of 20.3% and domestic sales volume recorded an increase of 3.3%, compared with 2022, primarily due to the continued easing of the global shortage of automotive semiconductors and increased global and domestic demand for environmentally-friendly automobiles. Based on preliminary data, in 2024, automobile production decreased by 2.7% and domestic sales volume recorded a decrease of 6.5%, compared with 2023, primarily due to a decrease in demand for automobiles following a deterioration in domestic economic conditions, but export sales volume recorded an increase of 0.6% compared with 2023, primarily due to an increase in demand for environmentally-friendly automobiles in the global automotive market.

Electronics. In 2020, electronics production amounted to ₩329,872 billion, an increase of 2.2% from the previous year, and exports of electronics amounted to US\$183.5 billion, an increase of 3.7% from the previous year, primarily due to an increase in demand for semiconductors, computers and other electronic apparatuses. In 2020, export sales of semiconductor memory chips constituted approximately 19.5% of the Republic's total exports. In 2021, electronics production amounted to ₩370,907 billion, an increase of 12.4% from the previous year, and exports amounted to US\$227.6 billion, an increase of 24.0% from the previous year, primarily due to an increase in demand for semiconductors, display panels, mobile devices, solid state drives and secondary cell batteries. In 2021, export sales of semiconductor memory chips constituted approximately 20.0% of the Republic's total exports. In 2022, electronics production amounted to ₩378,091 billion, an increase of 1.9% from the previous year, and exports amounted to US\$233.2 billion, an increase of 2.5% from the previous year, primarily due to an increase in demand for semiconductors, display panels and secondary cell batteries. In 2022, export sales of semiconductor memory chips constituted approximately 19.1% of the Republic's total exports. Based on preliminary data, in 2023, electronics production amounted to ₩327,651 billion, a decrease of 13.3% from the previous year, and exports amounted to US\$186.8 billion, a decrease of 19.9% from the previous year, primarily due to a decrease in demand for semiconductors, computers and other electronic apparatuses. In 2023, export sales of semiconductor memory chips constituted approximately 15.8% of the Republic's total exports. Based on preliminary data, in 2024, electronics production amounted to ₩373,322 billion, an increase of 13.9% from the previous year, and exports amounted to US\$235.1 billion, an increase of 25.9% from the previous year, primarily due to an increase in demand for semiconductors, computers and other electronic apparatuses. In 2024, export sales of semiconductor memory chips constituted approximately 20.8% of the Republic's total exports.

Iron and Steel. In 2020, crude steel production totalled 67.1 million tons, a decrease of 6.0% from 2019, primarily due to adverse conditions in the construction and shipbuilding industries in light of the COVID-19 pandemic, and export sales volume of iron and steel products decreased by 5.0%, primarily due to a decrease in global demand for crude steel products resulting from the COVID-19 pandemic. In 2021, crude steel production totalled 70.4 million tons, an increase of 4.9% from 2020, primarily due to an increase in domestic demand for crude steel products following a gradual economic recovery from the COVID-19 pandemic, but export sales volume of iron and steel products decreased by 6.1%, primarily due to an increase in the price of steel products coupled with a decrease in global demand for crude steel products resulting from the COVID-19 pandemic. In 2022, crude steel production totalled 65.8 million tons, a decrease of 6.5% from 2021, primarily due to disruptions in supply chain resulting from the Russia-Ukraine war and the temporary closure of steel production plants in Korea due to a typhoon during the course of 2022, and export sales volume of iron and steel products decreased by 5.3%, primarily due to a decrease in global demand for crude steel products resulting from the lingering effects of the COVID-19 pandemic and a general slowdown of the global economy. In 2023, crude steel production totalled 66.7 million tons, an increase of 1.3% from 2022, primarily due to the re-opening of steel production plants in Korea following the recovery from the damage caused by a typhoon during 2022, and export sales volume of iron

and steel products increased by 6.5%, primarily due to an increase in demand for crude steel products from North America and Japan. Based on preliminary data, in 2024, crude steel production totalled 63.5 million tons, a decrease of 4.8% from 2023, primarily due to a decrease in domestic demand for crude steel products resulting from adverse conditions in the construction and shipbuilding industries, although export sales volume of iron and steel products increased by 3.7%, primarily due to an increase in demand for crude steel products from export destinations in Europe, Mexico and India.

Shipbuilding. In 2020, the Republic's shipbuilding orders amounted to approximately 8 million compensated gross tons, a decrease of 20.0% compared to 2019, primarily due to the adverse conditions in the domestic and global shipbuilding industry resulting from the COVID-19 pandemic. In 2021, the Republic's shipbuilding orders amounted to approximately 17 million compensated gross tons, an increase of 112.5% compared to 2020, primarily due to increased demand for container carriers and LNG carriers. In 2022, the Republic's shipbuilding orders amounted to approximately 16 million compensated gross tons, a decrease of 5.9% compared to 2021, primarily due to a decrease in demand for oil tankers and container carriers. In 2023, the Republic's shipbuilding orders amounted to approximately 10 million compensated gross tons, a decrease of 37.5% compared to 2022, primarily due to decreased demand for container carriers and LNG carriers. Based on preliminary data, in 2024, the Republic's shipbuilding orders amounted to approximately 11 million compensated gross tons, an increase of 9.6% compared to 2023, primarily due to an increase in demand for LNG carriers, oil tankers and container carriers.

Agriculture, Forestry and Fisheries

The Government's agricultural policy has traditionally focused on:

- grain production;
- development of irrigation systems;
- land consolidation and reclamation;
- seed improvement;
- mechanisation measures to combat drought and flood damage; and
- increasing agricultural incomes.

Recently, however, the Government has increased emphasis on cultivating profitable crops and strengthening international competitiveness as a result of the continued opening of the domestic agricultural market.

In 2020, rice production decreased 5.4% from 2019 to 3.5 million tons. In 2021, rice production increased 11.4% from 2020 to 3.9 million tons. In 2022, rice production decreased 2.6% from 2021 to 3.8 million tons. In 2023, rice production decreased 2.6% from 2022 to 3.7 million tons. In 2024, rice production decreased 2.7% from 2023 to 3.6 million tons. Due to limited crop yields resulting from geographical and physical constraints, the Republic depends on imports for certain basic foodstuffs.

The Government is seeking to develop the fishing industry by encouraging the building of large fishing vessels and modernising fishing equipment, marketing techniques and distribution outlets.

In 2020, the agriculture, forestry and fisheries industry decreased by 6.7% compared to 2019, primarily due to a decrease in farming and livestock production. In 2021, the agriculture, forestry and fisheries industry increased by 3.4% compared to 2020, primarily due to an increase in farming and fisheries production. In 2022, the agriculture, forestry and fisheries industry increased by 0.8% compared to 2021, primarily due to an increase in livestock production. Based on preliminary data, in 2023, the agriculture, forestry and fisheries industry decreased by 2.6% compared to 2022, primarily due to a decrease in farming and livestock production. Based on preliminary data, in 2024, the agriculture, forestry and fisheries industry increased by 0.8% compared to 2023, primarily due to an increase in farming and livestock production.

Construction

In 2020, the construction industry decreased by 0.4% compared to 2019, primarily due to a decrease in the construction of residential buildings. In 2021, the construction industry decreased by 0.9% compared to 2020, primarily due to a decrease in the construction of residential buildings. In 2022, the construction industry increased by 0.9% compared to 2021, primarily due to an increase in the construction of commercial buildings. Based on preliminary data, in 2023, the construction industry increased by 3.1% compared to 2022, primarily due to an increase in the construction of commercial buildings. Based on preliminary data, in 2024, the construction industry decreased by 2.8% compared to 2023, primarily due to a decrease in the construction of residential buildings.

Electricity and Gas

The following table sets out the Republic's dependence on imports for energy consumption:

Dependence on Imports for Energy Consumption

	Total Primary Energy Supply	Imports	Imports Dependence Ratio
	(millions of tons of oil equivalents ⁽¹⁾ , except ratios)		
2020.....	285.6	271.3	95.0
2021.....	300.6	285.0	94.8
2022 ⁽²⁾	304.0	287.0	94.4
2023 ⁽²⁾	297.6	279.4	93.9
2024 ⁽²⁾	303.5	284.1	93.6

(1) Conversion to tons of oil equivalents was calculated based on energy conversion factors under the Energy Act Enforcement Decree as amended in July 2017.

(2) Preliminary.

Source: Korea Energy Economics Institute; Korea National Statistical Office

Korea has almost no domestic oil or gas production and depends on imported oil and gas to meet its energy requirements. Accordingly, the international prices of oil and gas significantly affect the Korean economy. Any significant long-term increase in the prices of oil and gas will increase inflationary pressures in Korea and adversely affect the Republic's balance of trade.

To reduce its dependence on oil and gas imports, the Government has encouraged energy conservation and energy source diversification emphasising nuclear energy. The following table sets out the principal primary sources of energy supplied in the Republic, expressed in oil equivalents and as a percentage of total energy consumption.

Primary Energy Supply by Source

	Coal		Gas		Oil		Nuclear		Others ⁽¹⁾		Total	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
	(millions of tons of oil equivalents ⁽²⁾ , except percentages)											
2020.....	75,983	26.6	53,956	18.9	107,971	37.8	34,119	11.9	13,524	4.7	285,553	100.0
2021.....	76,968	25.6	59,628	19.8	115,205	38.3	33,657	11.2	15,092	5.0	300,550	100.0
2022.....	75,869	25.0	59,203	19.5	114,676	37.7	37,500	12.3	16,732	5.5	303,980	100.0
2023 ⁽³⁾	73,700	24.8	56,648	19.0	111,036	37.3	38,445	12.9	17,769	6.0	297,598	100.0
2024 ⁽³⁾	69,682	23.0	60,900	20.1	113,888	37.5	40,205	13.2	18,859	6.2	303,534	100.0

(1) Includes hydro-electric power, biofuels and waste-based energy, geothermal and solar power and heat.

- (2) Conversion to tons of oil equivalents was calculated based on energy conversion factors under the Energy Act Enforcement Decree as amended in July 2017.
- (3) Preliminary.

Source: Korea Energy Economics Institute; The Bank of Korea

The Republic's first nuclear power plant went into full operation in 1978 with a rated generating capacity of 587 megawatts. As of 31 December 2024, the Republic had 26 nuclear plants with a total estimated nuclear power installed generating capacity of 26,050 megawatts and four nuclear plants under construction.

In March 2025, the Government announced the Eleventh Basic Plan of Long-Term Electricity Supply and Demand for the period from 2024 to 2038, which focuses on, among other things, (i) promoting the use of scientific methods to estimate and calculate future electricity demand, (ii) pursuit of energy mix that prioritises supply stability, efficiency and carbon neutrality, (iii) expansion of carbon-free energy sources instead of converting aging coal-fired generation plants into LNG power plants, (iv) expansion of power grid systems that take into account the construction of new facilities for renewable energy and (v) effective utilisation of the energy market to enhance supply stability and energy distribution. Furthermore, the Eleventh Basic Plan includes the following implementation measures: (i) continued utilisation of nuclear power as a carbon-free energy source, (ii) systematic expansion of renewable energy sources while attaining greenhouse gas reduction goals, (iii) expansion of clean hydrogen- and ammonia-based power generation and (iv) incorporation of district energy systems into the national electricity supply and demand management framework.

Services Sector

In 2020, the service industry decreased by 0.7% compared to 2019 as the arts, sports and recreation related services sector decreased by 31.9%, the accommodation and food service activities sector decreased by 17.9% and the transportation and storage sector decreased by 12.4%, each compared with 2019. In 2021, the service industry increased by 8.8% compared to 2020 as the arts, sports and recreation related services sector increased by 18.8%, the information and communications sector increased by 14.6% and the transportation and storage sector increased by 11.9%, each compared with 2020. In 2022, the service industry increased by 11.6% compared to 2021 as the arts, sports and recreation related services sector increased by 48.5%, the transportation and storage sector increased by 30.5% and the accommodation and food services sector increased by 25.6%, each compared with 2021. In 2023, the service industry increased by 4.8% compared to 2022 as the arts, sports and recreation related services sector increased by 9.8%, the membership organisations, repair and other personal services sector increased by 8.9% and the financial and insurance activities sector increased by 8.1%, each compared with 2022. Based on preliminary data, in 2024, the service industry increased by 3.2% compared to 2023 as the transportation and storage sector increased by 7.6%, the information and communications sector increased by 6.5% and the arts, sports and recreation related services sector increased by 3.7%, each compared with 2023.

Prices, Wages and Employment

The following table shows selected price and wage indices and unemployment rates:

	Producer Price Index ⁽¹⁾	Increase (Decrease) Over Previous Year	Consumer Price Index ⁽¹⁾	Increase (Decrease) Over Previous Year	Wage Index ⁽¹⁾⁽²⁾	Increase (Decrease) Over Previous Year	Unemploy- ment Rate ⁽¹⁾⁽³⁾
	(2020=100)	(%)	(2020=100)	(%)	(2015=100)	(%)	(%)
2020.....	100.0	(0.5)	100.0	0.5	115.5	(0.6)	4.0
2021.....	106.4	6.4	102.5	2.5	123.5	6.9	3.7
2022.....	115.3	8.4	107.7	5.1	130.7	5.8	2.9
2023.....	117.1	1.6	111.6	3.6	134.9	3.2	2.7
2024.....	119.1	1.7	114.2	2.3	N/A ⁽⁴⁾	N/A ⁽⁴⁾	2.8

- (1) Average for the year.

Producer Price Index ⁽¹⁾	Increase (Decrease) Over Previous Year	Consumer Price Index ⁽¹⁾	Increase (Decrease) Over Previous Year	Wage Index ⁽¹⁾⁽²⁾	Increase (Decrease) Over Previous Year	Unemploy ment Rate ⁽¹⁾⁽³⁾
(2020=100)	(%)	(2020=100)	(%)	(2015=100)	(%)	(%)

(2) Nominal wage index of average earnings in the manufacturing industry.

(3) Expressed as a percentage of the economically active population.

(4) Not available.

Source: The Bank of Korea; Korea National Statistical Office

In 2020, the inflation rate increased to 0.5%, primarily due to increases in agricultural and livestock product prices. In 2021, the inflation rate increased to 2.5%, primarily due to increases in agricultural and livestock product prices and oil prices. In 2022, the inflation rate increased to 5.1%, primarily due to increases in agricultural and livestock product prices and oil prices. In 2023, the inflation rate decreased to 3.6%, primarily due to a slower rate of increase in the prices of agricultural and livestock products and oil. Based on preliminary data, in 2024, the inflation rate decreased to 2.3% despite increases in agricultural and livestock product prices, primarily due to a slower rate of increase in the prices of personal services, electricity, gas, water and processed goods and, to a lesser extent, a decrease in oil prices.

In 2020, the unemployment rate increased to 4.0%, primarily due to the COVID-19 pandemic. In 2021, the unemployment rate decreased to 3.7%, reflecting a gradual recovery of the Korean economy from the COVID-19 pandemic. In 2022, the unemployment rate decreased to 2.9%, reflecting a gradual recovery of the Korean economy from the COVID-19 pandemic. In 2023, the unemployment rate decreased to 2.7%, primarily due to an increase in the number of workers employed in the service industry. Based on preliminary data, in 2024, the unemployment rate increased to 2.8%, primarily due to a decrease in the number of workers employed in the manufacturing and construction sectors.

From 1992 to 2009, the economically active population of the Republic increased by approximately 24.8% to 24.3 million, while the number of employees increased by approximately 23.7% to 23.5 million. The economically active population over 15 years old as a percentage of the total over-15 population has remained between 62% and 65% over the past decade. Literacy among workers under 50 is almost universal. As of 31 December 2024, the economically active population of the Republic was 29.4 million and the number of employees was 28.6 million.

The following table shows selected employment information by industry and by gender:

	2020	2021	2022	2023	2024
	(all figures in percentages, except as indicated)				
Labour force (in thousands of persons).....	26,904	27,273	28,089	28,416	28,576
Employment by Industry:					
Agriculture, Forestry and Fishing.....	5.4	5.3	5.4	5.3	5.2
Mining and Manufacturing.....	16.3	16.1	16.1	15.7	15.6
S.O.C & Services	78.3	78.6	78.5	79.0	79.2
Electricity, Transport, Communication and Finance.....	11.8	12.3	12.4	12.5	12.9
Business, Private & Public Service and Other Services.....	38.0	38.6	39.0	39.4	39.6
Construction.....	7.5	7.7	7.6	7.4	7.2
Wholesale & Retail Trade, Hotels and Restaurants.....	21.0	20.0	19.6	19.6	19.4

	2020	2021	2022	2023	2024
Total Employed.....	100.0	100.0	100.0	100.0	100.00
Employment by Gender:					
Male.....	57.2	57.0	56.7	56.1	55.7
Female.....	42.8	43.0	43.3	43.9	44.3
Total Employed.....	100.0	100.0	100.0	100.0	100.0

Source: The Bank of Korea

Pursuant to certain amendments to the Labour Standards Act that became effective on 1 July 2018, the maximum working hours of employees have been reduced from 68 hours per week to 52 hours per week, and the number of special industries that are exempt from restrictions on maximum working hours will be significantly reduced. This new maximum working hours restriction under the amended Labour Standards Act is in effect for workplaces with 300 or more workers from 1 July 2018, and has been extended to workplaces with 50 or more but fewer than 300 workers from 1 January 2020, and has been further extended to workplaces with five or more but fewer than 50 workers from 1 July 2021.

Labour unrest in connection with demands by unionised workers for better wages and working conditions and greater job security occurs from time to time in the Republic. Some of the significant incidents in recent years include the following:

- In October, November and December 2020, unionised workers at GM Korea went on partial strikes during wage and collective agreement negotiations.
- In November and December 2020, unionised workers at Kia went on partial strikes demanding higher wages, performance-based incentives and other benefits.
- In November and December 2021, unionised workers at Hankook Tire & Technology, one of Korea's largest tyre makers, went on a full strike demanding higher wages and performance-based incentive payments.
- In 2021, unionised workers at CJ Logistics, one of Korea's largest freight transportation companies, went on a series of partial strikes and demonstrations, demanding higher wages commensurate with increases in parcel delivery fees.
- In June and November 2022, unionised truck drivers across various industries went on nationwide strikes demanding that a minimum pay system based on freight rates be made permanent and expanded in scope.
- In 2022, subcontracted workers of Daewoo Shipping and Marine Engineering went on a full strike demanding higher wages.
- In September 2023, the National Railroad Workers' Union went on strike demanding improved pay and working conditions and an expansion of the KTX bullet train services.
- In November 2023, unionised Seoul subway workers went on strike in protest of the city-run Seoul Metro's bid to downsize its workforce.
- In early 2024, thousands of doctors went on strike to protest the Government's plans to increase the number of medical school admissions, and to demand higher pay and reductions in their workload, among others.
- In December 2024, the National Railroad Workers' Union and Seoul Subway Workers' Union went on strike demanding increased pay and improved working conditions.

Actions such as these by labour unions may hinder implementation of the labour reform measures and disrupt the Government's plans to create a more flexible labour market. Although much effort is being expended to resolve labour disputes in a peaceful manner, there can be no assurance that further labour unrest will not occur in the future. Continued labour unrest in key industries of the Republic may have an adverse effect on the economy.

In 1997, the Korean Confederation of Trade Unions organised a political alliance, which led to the formation of the Democratic Labour Party in January 2000. The Democratic Labour Party merged with The New People's Participation Party and changed its name to The Unified Progressive Party, or the UPP, in December 2011. In October 2012, the UPP split and seven UPP members of the National Assembly and their supporters formed a new party, the Progressive Justice Party, which changed its name to the Justice Party in July 2013. In December 2014, the Constitutional Court ordered the dissolution of the UPP and the removal of the party's five lawmakers from the National Assembly for violating the Republic's Constitution after certain of its members were convicted of trying to instigate an armed rebellion and supporting North Korea. In the legislative general election held on 13 April 2016, the Justice Party won six seats in the National Assembly, and the members-elect began their four-year terms on 30 May 2016. As of 31 December 2024, the Justice Party did not hold any seat in the National Assembly.

Population and Birthrate

Both the population and birthrate in the Republic have been declining for most of the recent past. The population has decreased by 1.2% from 2020 to 2024, and the birthrate has decreased by 10.7% over the same period.

The following table shows the population and birthrate of the Republic:

	2020	2021	2022	2023	2024
Population (in thousands of persons).....	51,829	51,639	51,439	51,325	51,217
Birthrate (percentage) ⁽¹⁾	0.84	0.81	0.78	0.72	0.75 ⁽²⁾

(1) Represents the average number of children a woman gives birth to over her lifetime.

(2) Preliminary.

Source: Ministry of the Interior and Safety; Korea National Statistical Office

The Financial System

Structure of the Financial Sector

The Republic's financial sector includes the following categories of financial institutions:

- The Bank of Korea;
- banking institutions;
- non-bank financial institutions; and
- other financial entities, including:
 - financial investment companies;
 - credit guarantee institutions;
 - venture capital companies; and
 - miscellaneous others.

To increase transparency in financial transactions and enhance the integrity and efficiency of the financial markets, Korean law requires that financial institutions confirm that their clients use their real names when transacting business. The Government also strengthened confidentiality protection for private financial transactions.

In July 2007, the Korean National Assembly passed the Financial Investment Services and Capital Markets Act, or the **FSCMA**, under which various industry-based capital markets regulatory systems were consolidated into a

single regulatory system. The FSCMA, which became effective in February 2009, expands the scope of permitted investment-related financial products and activities through expansive definitions of financial instruments and function-based regulations that allow financial investment companies to offer a wider range of financial services, as well as strengthening investor protection and disclosure requirements.

Prior to the effective date of the FSCMA, separate laws regulated various types of financial institutions depending on the type of the financial institution (for example, securities companies, futures companies, trust business companies and asset management companies) and subjected financial institutions to different licencing and ongoing regulatory requirements (for example, under the Securities and Exchange Act, the Futures Trading Act and the Indirect Investment Asset Management Business Act). By applying one uniform set of rules to financial businesses having the same economic function, the FSCMA attempts to improve and address issues caused by the previous regulatory system under which the same economic function relating to capital markets-related business were governed by multiple regulations. To this end, the FSCMA categorises capital markets-related businesses into six different functions as follows:

- investment dealing (trading and underwriting of financial investment products);
- investment brokerage (brokerage of financial investment products);
- collective investment (establishment of collective investment schemes and the management thereof);
- investment advice;
- discretionary investment management; and
- trusts (together with the five businesses set forth above, the Financial Investment Businesses).

Accordingly, all financial businesses relating to financial investment products are classified as one or more of the Financial Investment Businesses described above, and financial institutions are subject to the regulations applicable to their relevant Financial Investment Businesses, irrespective of what type of financial institution it is. For example, under the FSCMA, derivative businesses conducted by securities companies and future companies are subject to the same regulations, at least in principle.

The banking business and the insurance business are not subject to the FSCMA and will continue to be regulated under separate laws; provided, however, that they are subject to the FSCMA if their activities involve any Financial Investment Businesses requiring a licence based on the FSCMA.

Banking Industry

The banking industry comprises commercial banks and specialised banks. Commercial banks serve the general public and corporate sectors. They include nationwide banks, regional banks and branches of foreign banks. Regional banks provide services similar to nationwide banks, but operate in a geographically restricted region. Branches of foreign banks have operated in the Republic since 1967 but provide a relatively small proportion of the Republic's banking services. As of 30 September 2024, there were seven nationwide banks, five regional banks, three internet-only banks and 33 foreign banks with branches operating in the Republic.

Specialised banks meet the needs of specific sectors of the economy in accordance with Government policy; they are organised under, or chartered by, special laws. Specialised banks include (i) The Korea Development Bank, (ii) The Export-Import Bank of Korea, (iii) Industrial Bank of Korea, (iv) SuHyup Bank and (v) NongHyup Bank. The Government has made capital contributions to three of these specialised banks as follows:

- **The Korea Development Bank:** the Government owns directly all of its paid-in capital and has made capital contributions since its establishment in 1954. Recent examples include the Government's contributions to its capital of ₩2,103 billion in 2020, ₩1,121 billion in 2021, ₩1,265 billion in 2022 and ₩775 billion in 2023 and ₩2,185 billion in 2024. Taking into account these capital contributions, its total paid-in capital was ₩26,317 billion as of 30 September 2024.

- **The Export-Import Bank of Korea:** the Government owns, directly and indirectly, all of its paid-in capital and has made capital contributions since its establishment in 1976. Recent examples include the Government's contributions to its capital of ₩578 billion in 2020, ₩299 billion in 2021, ₩25 billion in 2022, ₩2,000 billion in 2023 and ₩2,100 billion in 2024. Taking into account these capital contributions, its total paid-in capital was ₩16,873 billion as of 31 December 2024.
- **Industrial Bank of Korea:** the Government directly owned 59.5% of its total shares (including common and preferred shares) as of 31 December 2024. The Government had owned all of the issued share capital of Industrial Bank of Korea until 1994, but the Government's minimum share ownership requirement was repealed in 1997, and the Government has since periodically adjusted its ownership percentage in Industrial Bank of Korea through transactions involving the purchase and sale of its common shares. In 2020, Industrial Bank of Korea issued an aggregate of 161,507,381 new common shares to the Government for a total of ₩1,266 billion in cash. In November 2020, Industrial Bank of Korea acquired from the Government and cancelled an aggregate of 44,847,038 perpetual preferred shares that it had previously issued to the Government. In May 2021, Industrial Bank of Korea issued and sold 5,636,227 new ordinary shares to the Government for an aggregate consideration of ₩49 billion in cash. Taking into account such transactions, its total paid-in capital was ₩4,211 billion as of 31 December 2024.

The economic difficulties in 1997 and 1998 caused an increase in Korean banks' non-performing assets and a decline in capital adequacy ratios of Korean banks. From 1998 through 2002, the Financial Services Commission amended banking regulations several times to adopt more stringent criteria for non-performing assets that more closely followed international standards.

The following table sets out the total loans (including loans in Won and loans in foreign currencies) and non-performing assets of Korean banks as of the dates indicated.

	Total Loans	Non-Performing Assets⁽¹⁾	Percentage of Total
	(trillions of won)		(percentage)
31 December 2020.....	2,171.7	13.9	0.6
31 December 2021.....	2,371.9	11.8	0.5
31 December 2022.....	2,532.4	10.1	0.4
31 December 2023.....	2,629.0	12.5	0.5
31 December 2024 ⁽²⁾	2,799.1	14.8	0.5

(1) Assets classified as substandard or below.

(2) Preliminary.

Source: Financial Supervisory Service

In 2020, these banks posted an aggregate net profit of ₩12.1 trillion, compared to an aggregate net profit of ₩13.9 trillion in 2019, primarily due to increased loan loss provisions. In 2021, these banks posted an aggregate net profit of ₩16.9 trillion, compared to an aggregate net profit of ₩12.1 trillion in 2020, primarily due to the significant amount of gains recognised by The Korea Development Bank in connection with the exercise of its right to convert its convertible bonds issued by HMM Company Limited into common shares, which took place in June 2021, and to a lesser extent, increased net interest income and decreased loan loss provisions. In 2022, these banks posted an aggregate net profit of ₩18.5 trillion, compared to an aggregate net profit of ₩16.9 trillion in 2021, primarily due to increased net interest income reflecting the rise in interest rates during 2022. In 2023, these banks posted an aggregate net profit of ₩21.2 trillion, compared to an aggregate net profit of ₩18.5 trillion in 2022, primarily due to an increase in net interest income, which was offset in part by an increase in loan loss provisions. Based on preliminary data, in 2024, these banks posted an aggregate net profit of ₩22.4 trillion,

compared to an aggregate net profit of W21.2 trillion in 2023, primarily due to a decrease in loan loss provisions, which was offset in part by an increase in non-operating expenses.

Non-Bank Financial Institutions

Non-bank financial institutions include:

- savings institutions, including trust accounts of banks, mutual savings banks, credit unions, mutual credit facilities, community credit cooperatives and postal savings;
- life insurance institutions; and
- credit card companies.

As of 30 September 2024, 79 mutual savings banks, 22 life insurance institutions, which include joint venture life insurance institutions and wholly-owned subsidiaries of foreign life insurance companies, and eight credit card companies operated in the Republic.

Money Markets

In the Republic, the money markets consist of the call market and markets for a wide range of other short-term financial instruments, including treasury bills, monetary stabilisation bonds, negotiable certificates of deposits, repurchase agreements and commercial paper.

Securities Markets

On 27 January 2005, the Korea Exchange was established pursuant to the now repealed Korea Securities and Futures Trading Act by consolidating the Korea Stock Exchange, the Korea Futures Exchange, the KOSDAQ Stock Market, Inc., or the KOSDAQ, and the KOSDAQ Committee of the Korea Securities Dealers Association, which had formerly managed the KOSDAQ. There are three major markets operated by the Korea Exchange: the KRX KOSPI Market, the KRX KOSDAQ Market, and the KRX Derivatives Market. The Korea Exchange has two trading floors located in Seoul, one for the KRX KOSPI Market and one for the KRX KOSDAQ Market, and one trading floor in Busan for the KRX Derivatives Market. The Korea Exchange is a joint stock company with limited liability, the shares of which are held by (i) financial investment companies that were formerly members of the Korea Futures Exchange or the Korea Stock Exchange and (ii) the stockholders of the KOSDAQ. Currently, the Korea Exchange is the only stock exchange in Korea and is operated by membership, having as its members Korean financial investment companies and some Korean branches of foreign financial investment companies.

The Korea Exchange publishes the Korea Composite Stock Price Index every ten seconds, which is an index of all equity securities listed on the Korea Exchange. The Korea Composite Stock Price Index is computed using the aggregate value method, whereby the market capitalisations of all listed companies are aggregated, subject to certain adjustments, and this aggregate is expressed as a percentage of the aggregate market capitalisation of all listed companies as of the base date, 4 January 1980.

The following table shows the value of the Korea Composite Stock Price Index as of the dates indicated:

30 December 2020	2,873.5
29 January 2021	2,976.2
26 February 2021	3,013.0
31 March 2021	3,061.4
30 April 2021	3,147.9
31 May 2021	3,203.9
30 June 2021	3,296.7
30 July 2021	3,202.3

31 August 2021	3,199.3
30 September 2021	3,068.8
29 October 2021	2,970.7
30 November 2021	2,839.0
30 December 2021	2,977.7
28 January 2022.....	2,663.3
28 February 2022.....	2,699.2
31 March 2022.....	2,757.7
29 April 2022.....	2,695.1
31 May 2022.....	2,685.9
30 June 2022.....	2,332.6
29 July 2022	2,451.5
31 August 2022.....	2,472.1
30 September 2022	2,155.5
31 October 2022	2,293.6
30 November 2022	2,472.5
29 December 2022	2,236.4
31 January 2023.....	2,425.1
28 February 2023.....	2,412.9
31 March 2023.....	2,476.9
28 April 2023.....	2,501.5
31 May 2023.....	2,577.1
30 June 2023.....	2,564.3
31 July 2023	2,632.6
31 August 2023.....	2,556.3
27 September 2023	2,465.1
31 October 2023	2,278.0
30 November 2023	2,535.3
28 December 2023	2,655.3
31 January 2024.....	2,497.1
29 February 2024.....	2,642.4
29 March 2024.....	2,746.6
30 April 2024.....	2,692.1
31 May 2024.....	2,636.5
28 June 2024.....	2,797.8

31 July 2024	2,770.7
30 August 2024.....	2,674.3
30 September 2024	2,593.3
31 October 2024	2,556.2
29 November 2024	2,455.9
30 December 2024	2,399.5
31 January 2025.....	2,517.4
28 February 2025.....	2,532.8
31 March 2025.....	2,481.1
30 April 2025.....	2,556.6

Over the years, liquidity and credit concerns and volatility in the global financial markets have led to fluctuations in the stock prices of Korean companies. In recent years, there was significant volatility in the stock prices of Korean companies due to deteriorating market conditions domestically and abroad. The index was 2,626.9 on 16 May 2025.

Supervision System

The Office of Bank Supervision, the Securities Supervisory Board, the Insurance Supervisory Board and all other financial sector regulatory bodies merged in January 1999 to form the Financial Supervisory Service. The Financial Services Commission acts as the executive body over the Financial Supervisory Service. The Financial Services Commission reports to, but operates independently of, the Prime Minister's office.

The Ministry of Economy and Finance focuses on financial policy and foreign currency regulations. The Bank of Korea manages monetary policy focusing on price stabilisation.

Deposit Insurance System

The Republic's deposit insurance system insures amounts on deposit with banks, non-bank financial institutions, securities companies and life insurance companies.

Since January 2001, deposits at any single financial institution are insured only up to ₩50 million per person regardless of the amount deposited.

The Government excluded certain deposits, such as repurchase agreements, from the insurance scheme, expanded the definition of unsound financial institutions to which the insurance scheme would apply and gradually increased the insurance premiums payable by insured financial institutions.

Monetary Policy

The Bank of Korea

The Bank of Korea was established in 1950 as Korea's central bank and the Republic's sole currency issuing bank. A seven-member Monetary Policy Committee, chaired by the Governor of The Bank of Korea, formulates and controls monetary and credit policies.

Inflation targeting is the basic system of operation for Korean monetary policy. The consumer price index is used as The Bank of Korea's target indicator. To achieve its established inflation target, the Monetary Policy Committee of The Bank of Korea determines and announces the "Bank of Korea Base Rate", the reference rate applied in transactions such as repurchase agreements between The Bank of Korea and its financial institution counterparts. The Bank of Korea uses open market operations as its primary instrument to keep the call rate in line with the

Monetary Policy Committee's target rate. In addition, The Bank of Korea is able to establish policies regarding its lending to banks in Korea and their reserve requirements.

Interest Rates

The Bank of Korea lowered its policy rate to 1.5% from 1.75% on 18 July 2019 and to 1.25% from 1.5% on 16 October 2019 to address the sluggishness of the global and domestic economy. On 16 March 2020, The Bank of Korea further lowered its policy rate to 0.75% from 1.25%, which was further lowered to 0.5% on 28 May 2020, in response to deteriorating economic conditions resulting from the COVID-19 pandemic. However, as the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021, The Bank of Korea raised its policy rate from 0.50% to 0.75% on 26 August 2021, 1.00% on 25 November 2021 and 1.25% on 14 January 2022. Subsequently, in response to rising levels of household debt and inflationary pressures, The Bank of Korea continued to raise its policy rate to 1.50% on 14 April 2022, 1.75% on 26 May 2022, 2.25% on 13 July 2022, 2.50% on 25 August 2022, 3.00% on 12 October 2022, 3.25% on 24 November 2022 and 3.50% on 13 January 2023. More recently, however, The Bank of Korea began to lower its policy rate, to 3.25% on 11 October 2024, 3.00% on 28 November 2024 and 2.75% on 25 February 2025 in response to deteriorating economic conditions in the Republic.

With the deregulation of interest rates on banks' demand deposits on 2 February 2004, The Bank of Korea completed the interest rate deregulation based upon the "Four-Stage Interest Rate Liberalisation Plan" announced in 1991. The prohibition on the payment of interest on ordinary checking accounts was, however, maintained.

Money Supply

The following table shows the volume of the Republic's money supply:

	31 December				
	2020	2021	2022	2023	2024
	(billions of Won)				
Money Supply (M1) ⁽¹⁾	1,197,828.9	1,372,336.6	1,236,983.3	1,246,196.4	1,297,881.8
Quasi-money ⁽²⁾	2,002,006.8	2,241,351.0	2,521,252.2	2,658,356.2	2,862,473.9
Money Supply (M2) ⁽³⁾	3,199,835.7	3,613,687.6	3,758,235.5	3,904,552.6	4,160,355.7
Percentage Increase Over Previous Year	9.8%	12.9%	4.0%	3.9%	6.6%

(1) Consists of currency in circulation and demand and instant access savings deposits at financial institutions.

(2) Includes time and instalment savings deposits, marketable instruments, yield-based dividend instruments and financial debentures, excluding financial instruments with a maturity of more than two years.

(3) Money Supply (M2) is the sum of Money Supply (M1) and quasi-money.

Source: The Bank of Korea

Exchange Controls

Authorised foreign exchange banks, as registered with the Ministry of Economy and Finance, handle foreign exchange transactions. The ministry has designated other types of financial institutions to handle foreign exchange transactions on a limited basis.

Korean laws and regulations generally require a report to either the Ministry of Economy and Finance, The Bank of Korea or authorised foreign exchange banks, as applicable, for issuances of international bonds and other instruments, overseas investments and certain other transactions involving foreign exchange payments.

In 1994 and 1995, the Government relaxed regulations of foreign exchange position ceilings and foreign exchange transaction documentation and created free Won accounts which may be opened by non-residents at Korean foreign exchange banks. The Won funds deposited into the free Won accounts may be converted into foreign currencies and remitted outside Korea without any governmental approval. In December 1996, after joining the OECD, the Republic freed the repatriation of investment funds, dividends and profits, as well as loan repayments

and interest payments. The Government continues to reduce exchange controls in response to changes in the world economy, including the new trade regime under the WTO, anticipating that such foreign exchange reform will improve the Republic's competitiveness and encourage strategic alliances between domestic and foreign entities.

In September 1998, the National Assembly passed the Foreign Exchange Transactions Act, which became effective in April 1999 and has subsequently been amended numerous times. In principle, most currency and capital transactions, including, among others, the following transactions, have been liberalised:

- the investment in real property located overseas by Korean companies and financial institutions;
- the establishment of overseas branches and subsidiaries by Korean companies and financial institutions;
- the investment by non-residents in deposits and trust products having more than one year maturities; and
- the issuance of debentures by non-residents in the Korean market.

To minimise the adverse effects from further opening of the Korean capital markets, the Ministry of Economy and Finance is authorised to introduce a variable deposit requirement system to restrict the influx of short-term speculative funds.

The Government has also embarked on a second set of liberalisation initiatives starting in January 2001, under which ceilings on international payments for Korean residents have been eliminated, including overseas travel expenses, overseas inheritance remittances and emigration expenses. Overseas deposits, trusts, acquisitions of foreign securities and other foreign capital transactions made by residents and the making of deposits in Korean currency by non-residents have also been liberalised. In line with the foregoing liberalisation, measures will also be adopted to curb illegal foreign exchange transactions and to stabilise the foreign exchange market.

Effective as of 1 January 2006, the Government liberalised the regulations governing "capital transactions". The regulations provide that no regulatory approvals are required for any capital transactions. The capital transactions previously subject to approval requirements are now subject only to reporting requirements.

In January 2010, the Financial Supervisory Services released FX Derivative Transactions Risk Management Guideline to prevent over-hedging of foreign exchange risk by corporate investors. According to the guideline as amended in October 2023, if a corporate investor, other than a financial institution or a public enterprise, wishes to enter into a currency forward, currency option, foreign exchange swap or currency swap agreement with a bank, the bank is required to verify whether the corporate investor's assets, liabilities or contracts face foreign exchange risks that could be mitigated by a currency forward, currency option, foreign exchange swap or currency swap agreement. In addition, the bank is required to ensure that the corporate investor's risk hedge ratio, which is the ratio of the aggregate notional amount to the aggregate amount of risk, does not exceed 100%.

Foreign Exchange

The following table shows the exchange rate between the Won and the U.S. dollar (in Won per U.S. dollar) as announced by the Seoul Money Brokerage Services, Ltd. as of the dates indicated:

	Won/U.S. dollar Exchange Rate
31 December 2020	1,088.0
29 January 2021	1,114.6
26 February 2021	1,108.4
31 March 2021	1,133.5

	Won/U.S. dollar Exchange Rate
30 April 2021	1,119.4
31 May 2021	1,116.0
30 June 2021	1,130.0
30 July 2021	1,147.4
31 August 2021	1,164.4
30 September 2021	1,184.9
29 October 2021	1,171.7
30 November 2021	1,193.4
31 December 2021	1,185.5
28 January 2022	1,202.4
28 February 2022	1,202.7
31 March 2022	1,210.8
29 April 2022	1,269.4
31 May 2022	1,245.8
30 June 2022	1,299.4
29 July 2022	1,304.0
31 August 2022	1,347.5
30 September 2022	1,434.8
31 October 2022	1,419.3
30 November 2022	1,331.5
30 December 2022	1,267.3
31 January 2023	1,228.7
28 February 2023	1,317.4
31 March 2023	1,303.8
28 April 2023	1,339.9
31 May 2023	1,322.2
30 June 2023	1,312.8
31 July 2023	1,280.0
31 August 2023	1,321.4
27 September 2023	1,344.8
31 October 2023	1,352.8
30 November 2023	1,289.0

	Won/U.S. dollar Exchange Rate
29 December 2023	1,289.4
31 January 2024.....	1,330.6
29 February 2024.....	1,334.0
29 March 2024.....	1,346.8
30 April 2024.....	1,378.1
31 May 2024.....	1,376.5
28 June 2024.....	1,389.2
31 July 2024	1,384.6
30 August 2024.....	1,335.3
30 September 2024.....	1,319.6
31 October 2024	1,383.3
29 November 2024	1,394.7
31 December 2024	1,470.0
31 January 2025.....	1,433.3
28 February 2025.....	1,439.6
31 March 2025.....	1,466.5
30 April 2025.....	1,438.5

During the period from 2 January 2008 through 16 April 2009, the value of the Won relative to the U.S. dollar declined by approximately 29.9%, due primarily to adverse economic conditions resulting from liquidity and credit concerns and volatility in the global credit and financial markets and repatriations by foreign investors of their investments in the Korean stock market. The exchange rate between the Won and the U.S. dollar has fluctuated since then. In recent years, the value of the Won relative to the U.S. dollar depreciated significantly, due primarily to the COVID-19 pandemic, the Russia-Ukraine war and the ensuing sanctions against Russia, hostilities in the Middle East following the Israel-Hamas war and more recently, the imposition of significant tariffs by the United States and escalating trade disputes between the United States and other countries as well as the political instability in Korea relating to the confirmed impeachment of former President Yoon in April 2025 following his declaration of martial law in December 2024, among others. The market average exchange rate was Won 1,399.6 to US\$1.00 on 16 May 2025.

Balance of Payments and Foreign Trade

Balance of Payments

Balance of payments figures measure the relative flow of goods, services and capital into and out of a country as represented in the current balance and the capital balance. The current balance tracks a country's trade in goods and services and transfer payments and measures whether a country is living within its income from trading and investments. The capital balance covers all transactions involving the transfer of capital into and out of a country, including loans and investments. The overall balance represents the sum of the current and capital balances. An overall balance surplus indicates a net inflow of foreign currencies, thereby increasing demand for and strengthening the local currency. An overall balance deficit indicates a net outflow of foreign currencies, thereby

decreasing demand for and weakening the local currency. The financial account mirrors the overall balance. If the overall balance is positive, the surplus, which represents a country's savings, finances the overall deficit of such country's trading partners. Accordingly, the financial account will indicate cash outflows equal to the overall surplus. If, however, the overall balance is negative, the country has an international deficit which must be financed. Accordingly, the financial account will indicate cash inflows equal to the overall deficit.

The following table sets out certain information with respect to the Republic's balance of payments:

Classification	Balance of Payments ⁽¹⁾				
	2020	2021	2022	2023	2024 ⁽⁴⁾
	(millions of dollars)				
Current Account	75,902.2	85,228.2	25,828.6	32,821.7	99,042.9
Goods	80,604.8	75,730.9	15,620.0	37,657.7	100,126.9
Exports ⁽²⁾	517,909.3	649,475.2	694,324.1	643,577.2	696,196.1
Imports ⁽²⁾	437,304.5	573,744.3	678,704.1	605,919.5	596,069.2
Services	(14,670.1)	(5,286.7)	(7,253.1)	(26,824.1)	(23,701.6)
Income	13,486.9	19,444.9	20,347.1	26,249.3	26,619.3
Current Transfers	(3,519.4)	(4,660.9)	(2,885.4)	(4,261.2)	(4,001.7)
Capital and Financial Account	80,996.4	78,335.3	27,063.2	32,129.1	95,512.1
Capital Account	(386.3)	(155.3)	0.7	47.1	303.3
Financial Account ⁽³⁾	81,382.7	78,490.6	27,062.5	32,082.0	95,208.8
Net Errors and Omissions	5,866.8)	(6,582.3)	1,233.2	(786.8)	(4,137.4)

(1) Figures are prepared based on the sixth edition of the Balance of Payment Manual published by International Monetary Fund in December 2010 and implemented by the Government in December 2013. In December 2018, The Bank of Korea revised the Republic's balance of payments information to capture new economic activities and reflect the changes in raw data.

(2) These entries are derived from trade statistics and are valued on a free on board basis, meaning that the insurance and freight costs are not included.

(3) Includes borrowings from the IMF, syndicated bank loans and short-term borrowings.

(4) Preliminary.

Source: The Bank of Korea

The current account surplus in 2023 increased to US\$32.8 billion in 2023 from the current account surplus of US\$25.8 billion in 2022, primarily due to an increase in surplus from the goods account, as well as an increase in surplus from the income account, the effects of which were offset in part by an increase in deficit from the services account. Based on preliminary data, the current account surplus in 2024 increased to US\$99.0 billion in 2024 from the current account surplus of US\$32.8 billion in 2023, primarily due to an increase in surplus from the goods account and a decrease in deficit from the services account.

Foreign Direct Investment

Since 1960, the Government has adopted a broad range of related laws, administrative rules and regulations that provide a framework for the conduct and regulation of foreign investment activities. In September 1998, the Government promulgated the Foreign Investment Promotion Act, or the FIPA, which replaced previous foreign direct investment related laws, rules and regulations, to promote inbound foreign investments by providing incentives to, and facilitating investment activities in the Republic by, foreign nationals. The FIPA prescribes, among others, procedural requirements for inbound foreign investments, incentives for foreign investments such as tax reductions, and requirements relating to designation and development of foreign investment target regions. The Government believes that providing a stable and receptive environment for foreign direct investment will accelerate the inflow of foreign capital, technology and management techniques.

The following table sets forth information regarding annual foreign direct investment in the Republic for the periods indicated.

Foreign Direct Investment					
	2020	2021	2022	2023	2024 ⁽²⁾
	(billions of dollars)				
Contracted and Reported Investment					
Greenfield Investment ⁽¹⁾	14.5	18.1	22.3	23.5	26.7
Merger & Acquisition	6.2	11.4	8.1	9.2	7.9
Total.....	20.7	29.5	30.4	32.7	34.6
Actual Investment.....	11.5	17.9	18.2	19.5	14.8

(1) Includes building new factories and operational facilities.

(2) Preliminary.

Source: Ministry of Trade, Industry and Energy

In 2023, the contracted and reported amount of foreign direct investment in the Republic increased to US\$32.7 billion from US\$30.4 billion in 2022, primarily due to an increase in foreign investment in the services sector to US\$17.8 billion in 2023 from US\$16.6 billion in 2022.

Based on preliminary data, in 2024, the contracted and reported amount of foreign direct investment in the Republic increased to US\$34.6 billion from US\$32.7 billion in 2023, primarily due to an increase in foreign investment in the manufacturing sector to US\$14.5 billion in 2024 from US\$11.9 billion in 2023.

The following table sets forth information regarding the source of foreign direct investment by region and country for the periods indicated:

Foreign Direct Investment by Region and Country					
	2020	2021	2022	2023	2024
	(billions of dollars)				
North America					
U.S.A.....	5.3	5.3	8.7	6.1	5.2
Others.....	3.5	1.6	5.8	6.5	5.5
	8.8	6.9	14.5	12.6	10.7
Asia					
Japan	0.8	1.2	1.5	1.3	6.1
Hong Kong.....	1.1	0.6	0.4	1.2	1.0
Singapore	2.3	4.2	3.2	2.7	2.4
China.....	2.0	1.9	1.5	1.6	5.8
Others.....	0.4	1.2	0.5	1.8	1.0
	6.6	9.1	7.1	8.6	16.3
European Union					
Ireland	0.0	1.8	0.1	0.0	0.0
Netherlands	0.6	1.0	4.9	1.1	0.9
Germany.....	0.5	2.8	0.5	0.2	0.3
France.....	0.2	0.2	0.2	1.2	0.9
Others.....	2.7	6.2	1.8	3.7	3.0

	2020	2021	2022	2023	2024
	(billions of dollars)				
	4.0	12.0	7.5	6.2	5.1
Other regions and countries	1.3	1.5	1.3	5.3	2.5
Total	20.7	29.5	30.4	32.7	34.6

Source: Ministry of Trade, Industry and Energy

Trade Balance

Trade balance figures measure the difference between a country's exports and imports. If exports exceed imports the country has a trade balance surplus while if imports exceed exports the country has a deficit. A deficit, indicating that a country's receipts from abroad fall short of its payments to foreigners, must be financed, rendering the country a debtor nation. A surplus, indicating that a country's receipts exceed its payments to foreigners, allows the country to finance its trading partners' net deficit to the extent of the surplus, rendering the country a creditor nation.

The following table summarises the Republic's trade balance for the periods indicated:

Trade Balance						
	Exports ⁽¹⁾	As % of GDP ⁽²⁾	Imports ⁽¹⁾	As % of GDP ⁽²⁾	Balance of Trade	Exports as % of Imports
	(billions of U.S. dollars, except percentages)					
2020.....	512.5	29.4%	467.6	26.8%	44.9	109.6
2021.....	644.4	33.2%	615.1	31.7%	29.3	104.8
2022.....	683.6	38.0%	731.4	40.7%	(47.8)	93.5
2023 ⁽³⁾	632.4	34.4%	642.6	34.9%	(10.4)	98.4
2024 ⁽³⁾	683.7	36.6%	632.1	33.8%	51.6	108.2

(1) These entries are derived from customs clearance statistics on a C.I.F. basis, meaning that the price of goods includes insurance and freight cost.

(2) At current market prices.

(3) Preliminary.

Source: The Bank of Korea; Korea Customs Service

The Republic, due to its lack of natural resources, relies on extensive trading activity for growth. The Republic meets virtually all domestic requirements for petroleum, wood and rubber with imports, as well as much of its coal and iron needs. Exports consistently represent a high percentage of GDP and, accordingly, the international economic environment is of crucial importance to the Republic's economy. See "*The Economy—Worldwide Economic and Financial Difficulties*".

The following tables give information regarding the Republic's exports and imports by major commodity groups:

Exports by Major Commodity Groups (C.I.F.) ⁽¹⁾									
	As % of		As % of		As % of		As % of		As % of
	2020		2021		2022		2023		2024
	Total	2021	Total	2022	Total	2023	Total	2024 ⁽²⁾	Total ⁽²⁾
	2020								
	(billions of dollars, except percentages)								
Foods & Consumer									
Goods	8.6	1.7	9.8	1.5	10.4	1.5	10.7	1.7	11.6
									1.7

		As % of 2020 Total		As % of 2021 Total		As % of 2022 Total		As % of 2023 Total		As % of 2024 Total ⁽²⁾
	2020		2021		2022		2023		2024 ⁽²⁾	
(billions of dollars, except percentages)										
Raw Materials and Fuels	32.1	6.3	51.4	8.0	75.1	11.0	62.6	9.9	60.9	8.9
Petroleum & Derivatives	24.7	4.8	38.8	6.0	63.3	9.3	52.4	8.3	50.7	7.4
Others	7.4	1.4	12.6	2.0	11.8	1.7	10.2	1.6	10.2	1.5
Light Industrial Products	32.4	6.3	35.3	5.5	35.2	5.1	33.4	5.3	34.2	5.0
Heavy & Chemical Industrial Products ..	439.3	85.7	547.9	85.0	563.0	82.4	525.5	83.1	577.0	84.4
Electronic & Electronic Products	178.5	34.8	221.8	34.4	224.2	32.8	181.1	28.6	231.0	33.8
Chemicals & Chemical Products	66.6	13.0	91.9	14.3	98.0	14.3	86.6	13.7	83.6	12.2
Metal Goods	39.6	7.7	52.6	8.2	55.3	8.1	49.8	7.9	48.2	7.0
Machinery & Precision Equipment	63.4	12.4	70.9	11.0	70.9	10.4	72.6	11.5	72.5	10.6
Transport Equipment	77.6	15.1	94.2	14.6	98.4	14.4	118.2	18.7	120.6	17.6
Passenger Cars	35.6	6.9	44.3	6.9	51.7	7.6	68.3	10.8	68.3	10.0
Ships & Boats	19.2	3.7	22.4	3.5	17.6	2.6	20.8	3.3	24.5	3.6
Others	22.8	4.4	27.5	4.3	29.2	4.3	29.1	4.6	27.8	4.1
Others	13.6	2.7	16.6	2.6	16.1	2.4	17.2	2.7	21.2	3.1
Total	512.5	100.0	644.4	100.0	683.6	100.0	632.2	100.0	683.7	100.0

(1) These entries are derived from customs clearance statistics. C.I.F. means that the price of goods includes insurance and freight costs.

(2) Preliminary.

Source: The Bank of Korea; Korea Customs Service

Imports by Major Commodity Groups (C.I.F.)⁽¹⁾

		As % of 2020 Total		As % of 2021 Total		As % of 2022 Total		As % of 2023 Total		As % of 2024 Total ⁽²⁾
	2020		2021		2022		2023		2024 ⁽²⁾	
(billions of dollars, except percentages)										
Industrial Materials and Fuels	206.3	44.1	302.6	49.2	393.8	53.8	328.4	51.1	308.3	48.8
Crude Petroleum	44.5	9.5	67.0	10.9	106.0	14.5	86.2	13.4	85.4	13.5
Mineral	21.4	4.6	33.3	5.4	31.3	4.3	27.1	4.2	25.9	4.1
Chemicals	46.4	9.9	60.4	9.8	70.2	9.6	64.8	10.1	55.5	8.8

		As % of 2020 Total		As % of 2021 Total		As % of 2022 Total		As % of 2023 Total		As % of 2024 ⁽²⁾ Total ⁽²⁾
	2020		2021		2022		2023			
(billions of dollars, except percentages)										
Iron & Steel Products.....	15.2	3.3	22.2	3.6	22.7	3.1	21.3	3.3	20.5	3.2
Non-ferrous Metal	11.7	2.5	18.4	3.0	19.5	2.7	15.9	2.5	15.9	2.5
Others	67.1	14.3	101.3	16.5	144.1	19.7	113.1	17.6	105.1	16.6
Capital Goods	177.1	37.9	212.8	34.6	228.9	31.3	211.5	32.9	222.3	35.2
Machinery & Precision Equipment	57.9	12.4	70.0	11.4	68.6	9.4	66.1	10.3	67.8	10.7
Electric & Electronic Machines	105.1	22.5	127.6	20.7	144.8	19.8	129.3	20.1	135.7	21.5
Transport Equipment	11.9	2.5	13.0	2.1	13.2	1.8	13.7	2.1	16.3	2.6
Others	2.3	0.5	2.2	0.4	2.3	0.3	2.4	0.4	2.5	0.4
Consumer Goods	84.2	18.0	99.6	16.2	108.7	14.9	102.7	16.0	101.4	16.0
Cereals.....	7.1	1.5	8.9	1.4	11.3	1.5	9.8	1.5	8.7	1.4
Goods for Direct Consumption ...	22.3	4.8	25.7	4.2	29.0	4.0	27.5	4.3	27.7	4.4
Durable Consumer Goods	34.9	7.5	42.2	6.9	42.8	5.9	40.7	6.3	40.4	6.4
Nondurable Consumer Goods	20.0	4.3	22.8	3.7	25.6	3.5	24.7	3.8	24.6	3.9
Total.....	467.6	100.0	615.1	100.0	731.4	100.0	642.6	100.0	632.1	100.0

(1) These entries are derived from customs clearance statistics. C.I.F. means that the price of goods includes insurance and freight costs.

(2) Preliminary.

Source: The Bank of Korea; Korea Customs Service

In 2020, the Republic recorded a trade surplus of US\$44.9 billion. Exports decreased by 5.5% to US\$512.5 billion in 2020 from US\$542.2 billion in 2019, primarily due to a slowdown of the global economy resulting from the COVID-19 pandemic. Imports decreased by 7.1% to US\$467.6 billion in 2020 from US\$503.3 billion in 2019, primarily due to a decrease in oil prices, which also led to decreased unit prices of other major raw materials, as well as decreased domestic consumption, which were mainly attributed to the COVID-19 pandemic.

In 2021, the Republic recorded a trade surplus of US\$29.3 billion. Exports increased by 25.7% to US\$644.4 billion in 2021 from US\$512.5 billion in 2020, primarily due to a recovery of the global economy from the COVID-19 pandemic. Imports increased by 31.5% to US\$615.1 billion in 2021 from US\$467.6 billion in 2020, primarily due to an increase in domestic consumption as well as an increase in oil prices, which also led to increased unit prices of other major raw materials.

In 2022, the Republic recorded a trade deficit of US\$47.8 billion. Exports increased by 6.1% to US\$683.6 billion in 2022 from US\$644.4 billion in 2021, primarily due to an improvement in the domestic economic conditions of the Republic's major trading partners. Imports increased by 18.9% to US\$731.4 billion in 2022 from US\$615.1

billion in 2021, primarily due to an increase in energy and commodity prices, which also led to increased unit prices of other major raw materials.

In 2023, the Republic recorded a trade deficit of US\$10.4 billion. Exports decreased by 7.5% to US\$632.2 billion in 2023 from US\$683.6 billion in 2022, primarily due to a deterioration in the domestic economic conditions of the Republic's major trading partners and a downturn in the semiconductor industry. Imports decreased by 12.1% to US\$642.6 billion in 2023 from US\$731.4 billion in 2022, primarily due to a decrease in energy and commodity prices, which also led to decreased unit prices of other major raw materials.

Based on preliminary data, in 2024, the Republic recorded a trade surplus of US\$51.6 billion. Exports increased by 8.1% to US\$683.7 billion in 2024 from US\$632.2 billion in 2023, primarily due to a substantial growth in demand for semiconductor products globally and a general improvement in the domestic economic conditions of the Republic's major trading partners. Imports decreased by 1.6% to US\$632.1 billion in 2024 from US\$642.6 billion in 2023, primarily due to a decrease in oil prices, which also led to decreased unit prices of other major raw materials.

The following table sets forth the Republic's exports trading partners:

Exports									
	2020	As % of 2020 Total	2021	As % of 2021 Total	2022	As % of 2022 Total	2023	As % of 2023 Total	2024 ⁽¹⁾ Total ⁽¹⁾
(millions of dollars, except percentages)									
China	132,565.4	25.9	162,913.0	25.3	155,789.4	22.8	124,817.7	19.7	133,036.3
United States.....	74,115.8	14.5	95,902.0	14.9	109,765.7	16.1	115,696.3	18.3	127,786.5
Japan.....	25,097.7	4.9	30,061.8	4.7	30,606.3	4.5	29,000.6	4.6	29,606.7
Hong Kong	30,653.8	6.0	37,467.1	5.8	27,651.2	4.0	25,193.6	4.0	35,022.8
Singapore.....	9,828.4	1.9	14,148.5	2.2	20,205.4	3.0	18,752.0	3.0	18,216.1
Vietnam	48,510.6	9.5	56,728.5	8.8	60,963.7	8.9	53,479.5	8.5	58,321.3
Taiwan.....	16,465.4	3.2	24,285.3	3.8	26,198.2	3.8	20,178.8	3.2	33,960.9
India	11,937.3	2.3	15,603.3	2.4	18,870.1	2.8	17,949.6	2.8	18,695.7
Indonesia	6,312.9	1.2	8,550.3	1.3	10,215.9	1.5	9,140.2	1.4	7,944.0
Mexico.....	8,241.0	1.6	11,290.2	1.8	12,654.2	1.9	12,222.0	1.9	13,607.2
Australia	6,188.5	1.2	9,750.5	1.5	18,753.0	2.7	17,791.4	2.8	15,593.1
Germany	9,576.1	1.9	11,109.9	1.7	10,067.7	1.5	10,317.1	1.6	9,037.9
Others ⁽²⁾	133,005.1	26.0	166,590.0	25.9	181,844.0	26.6	177,687.0	28.1	182,863.1
Total.....	512,498.0	100.0	644,400.4	100.0	683,584.8	100.0	632,225.8	100.0	683,691.6

(1) Preliminary.

(2) Includes more than 200 countries and regions.

Source: The Bank of Korea; Korea Customs Service

The following table sets forth the Republic's imports trading partners:

Imports									
	2020	As % of 2020 Total	2021	As % of 2021 Total	2022	As % of 2022 Total	2023	As % of 2023 Total	2024 ⁽¹⁾ Total ⁽¹⁾
(millions of dollars, except percentages)									
China	108,884.6	23.3	138,628.1	22.5	154,576.3	21.1	142,857.3	22.2	139,867.8
Japan.....	46,023.0	9.8	54,642.2	8.9	54,711.8	7.5	47,656.5	7.4	47,898.7
United States.....	57,492.2	12.3	73,213.4	11.9	81,784.7	11.2	71,272.0	11.1	72,121.4

	2020	As % of 2020 Total	2021	As % of 2021 Total	2022	As % of 2022 Total	2023	As % of 2023 Total	2024 ⁽¹⁾	As % of 2024 Total ⁽¹⁾
(millions of dollars, except percentages)										
Saudi Arabia.....	15,979.6	3.4	24,271.3	3.9	41,640.3	5.7	32,762.5	5.1	31,502.2	5.0
Qatar.....	7,562.1	1.6	11,611.1	1.9	16,567.2	2.3	14,998.9	2.3	14,211.0	2.2
Australia.....	18,707.1	4.0	32,918.0	5.4	44,929.4	6.1	32,823.0	5.1	29,956.3	4.7
Germany.....	20,680.9	4.4	21,996.3	3.6	23,614.9	3.2	23,611.2	3.7	22,301.0	3.5
Kuwait.....	5,827.9	1.2	8,253.9	1.3	12,401.9	1.7	9,659.0	1.5	8,786.8	1.4
Taiwan.....	17,837.0	3.8	23,485.8	3.8	28,274.6	3.9	24,370.6	3.8	30,222.5	4.8
United Arab Emirates ..	5,692.7	1.2	7,318.7	1.2	15,492.8	2.1	16,422.8	2.6	17,988.2	2.8
Indonesia.....	7,594.7	1.6	10,725.1	1.7	15,734.9	2.2	12,145.9	1.9	12,569.0	2.0
Malaysia.....	8,892.6	1.9	10,456.2	1.7	15,249.1	2.1	15,237.1	2.4	13,982.0	2.2
Others ⁽²⁾	146,458.4	31.3	197,573.3	32.1	226,391.8	31.0	198,755.3	30.9	190,693.1	30.2
Total.....	467,632.8	100.0	615,093.4	100.0	731,369.7	100.0	642,572.1	100.0	632,100.0	100.0

(1) Preliminary.

(2) Includes more than 200 countries and regions.

Source: The Bank of Korea; Korea Customs Service

In recent years, the value of the Won relative to the U.S. dollar has depreciated significantly, in particular due to the impact of the COVID-19 pandemic, the Russia-Ukraine war and the ensuing sanctions against Russia and hostilities in the Middle East following the Israel-Hamas war and, more recently, the imposition of significant tariffs by the United States and escalating trade disputes between the United States and other countries as well as the political instability in Korea relating to the confirmed impeachment of former President Yoon in April 2025 following his declaration of martial law in December 2024, among others. See “— *The Economy — Worldwide Economic and Financial Difficulties*”. An appreciation of the Won against the U.S. dollar increases the Won value of the Republic’s export sales and diminishes the price-competitiveness of export goods in foreign markets in U.S. dollar terms. However, it also decreases the cost of imported raw materials in Won terms and the cost in Won of servicing the Republic’s U.S. dollar-denominated debt. In general, when the Won appreciates, export dependent sectors of the Korean economy, including automobiles, electronics and shipbuilding, suffer from the resulting pressure on the price-competitiveness of export goods, which may lead to reduced profit margins and loss in market share, more than offsetting a decrease in the cost of imported raw materials. If the export dependent sectors of the Korean economy suffer reduced profit margins or a net loss, it could result in a material adverse effect on the Korean economy.

Since the Government announced its plans to pursue free trade agreements, or FTAs, in 2003, the Republic has entered into FTAs with key trading partners. The Republic has had bilateral FTAs in effect with Chile since 2004, Singapore since 2006, India since 2010, Peru since 2011, the United States since 2012, Turkey since 2013, Australia since 2014, Canada, China, New Zealand and Vietnam since 2015, Colombia since July 2016, the United Kingdom since January 2021, Israel and Cambodia since December 2022, Indonesia since January 2023 and the Philippines since 2024. The Republic is currently in negotiations with a number of other key trading partners. In addition, the Republic has had regional FTAs in effect with the European Free Trade Association since 2006, the Association of Southeast Asian Nations since 2009, the European Union since 2011, with each of Panama, Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua since 2021 and with the Regional Comprehensive Economic Partnership since 2022, and is currently negotiating additional regional FTAs. The Republic and Turkey have completed revisions to their bilateral FTA, which became effective in August 2018. The Republic and the United States have also completed revisions to their bilateral FTA, which became effective in January 2019.

Non-Commodities Trade Balance

The Republic had non-commodities trade deficits of US\$4.7 billion in 2020, non-commodities trade surpluses of US\$9.5 billion in 2021 and US\$10.2 billion in 2022, and non-commodities trade deficits of US\$4.8 billion in 2023. Based on preliminary data, the Republic had non-commodities trade deficits of US\$1.1 billion in 2024.

Foreign Currency Reserves

The foreign currency reserves are external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs and for other related purposes. The following table shows the Republic's total official foreign currency reserves:

Total Official Reserves

	31 December				
	2020	2021	2022	2023	2024
	(millions of dollars)				
Gold.....	4,794.8	4,794.8	4,794.8	4,794.8	4,794.8
Foreign Exchange ⁽¹⁾	430,117.2	438,319.2	399,043.1	395,643.3	391,889.9
Total Gold and Foreign Exchange	434,912.0	443,114.0	403,837.9	400,438.1	396,684.7
Reserve Position at IMF	4,815.3	4,634.9	4,489.5	4,627.8	4,204.9
Special Drawing Rights.....	3,370.8	15,369.5	14,836.3	15,082.1	14,714.1
Total Official Reserves	443,098.1	463,118.4	423,163.7	420,147.9	415,603.8

(1) More than 95% of the Republic's foreign currency reserves are comprised of convertible foreign currencies.

Source: The Bank of Korea; International Monetary Fund

The Government's foreign currency reserves increased to US\$262.2 billion as of 31 December 2007 from US\$8.9 billion as of December 31, 1997, primarily due to continued balance of trade surpluses and capital inflows. In 2008, the Government's foreign currency reserves decreased, falling to US\$201.2 billion as of 31 December 2008, partially as a result of the Government's use of the foreign currency reserve to provide foreign currency liquidity to Korean financial institutions. The Government's foreign currency reserves increased to US\$443.1 billion as of 31 December 2020 and US\$463.1 billion as of 31 December 2021, primarily due to continued trade surpluses and capital inflows. The Government's foreign currency reserves decreased to US\$423.2 billion as of 31 December 2022, US\$420.1 billion as of 31 December 2023 and US\$415.6 billion as of 31 December 2024, however, primarily in relation to the depreciation of the Won against the U.S. dollar. The amount of the Government's foreign currency reserve was US\$409.2 billion as of 28 February 2025.

(a) Government Finance

The Ministry of Economy and Finance prepares the Government budget and administers the Government's finances.

The Government's fiscal year commences on 1 January. The Government must submit the budget, which is drafted by the Minister of Economy and Finance and approved by the President of the Republic, to the National Assembly not later than 90 days prior to the start of the fiscal year and may submit supplementary budgets revising the original budget at any time during the fiscal year.

2023 budgeted revenues increased by 13.7% to ₩588.6 trillion from ₩517.7 trillion in 2022, led by an increase in budgeted tax revenues (including taxes on income, profits and capital gains). 2023 budgeted expenditures and net lending increased by 5.2% to ₩601.6 trillion from ₩571.8 trillion in 2022, led by increases in budgeted expenditures on revitalisation of the economy. The 2023 budget anticipated a ₩13.1 trillion budget deficit.

2024 budgeted revenues decreased by 2.6% to ₩573.3 trillion from ₩588.6 trillion in 2023, led by a decrease in budgeted tax revenues (including taxes on income, profits and capital gains). 2024 budgeted expenditures and net lending increased by 2.7% to ₩617.7 trillion from ₩601.6 trillion in 2023, led by increases in budgeted expenditures on revitalisation of the economy. The 2024 budget anticipated a ₩44.4 trillion budget deficit.

2025 budgeted revenues increased by 6.3% to ₩609.4 trillion from ₩573.3 trillion in 2024, led by increases in budgeted tax revenues (including taxes on income, profits and capital gains). 2025 budgeted expenditures and net lending increased by 2.2% to ₩631.1 trillion from ₩617.7 trillion in 2024, led by increases in budgeted expenditures on revitalisation of the economy. The 2025 budget anticipated a ₩21.7 trillion budget deficit.

Beginning in March 2020, the National Assembly approved a series of supplementary budgets as part of the Government's efforts to mitigate adverse effects on the Korean economy resulting from the COVID-19 pandemic. See “—The Economy—Worldwide Economic and Financial Difficulties”. These supplementary budgets, which amounted to ₩66.8 trillion in 2020, ₩49.8 trillion in 2021 and ₩78.9 trillion in 2022, were some of the largest of their kind drawn up in response to an outbreak of an infectious disease in Korea. The supplementary budgets were funded through the issuance of treasury bonds by the Government, The Bank of Korea's unappropriated surplus and other surplus funds available to the Government, among others.

Any significant increase in additional spending measures may lead to a budget deficit for 2025, which could result in a deterioration in the Government's fiscal position and an increase in borrowings.

The following table shows consolidated Government revenues and expenditures:

Consolidated Central Government Revenues and Expenditures

	Actual					Budget		
	2020	2021	2022	2023	2024 ⁽¹⁾	2023	2024	2025 ⁽¹⁾
	(billions of Won)							
Total Revenues	446,628	537,619	588,332	543,586	560,088	588,577	573,261	609,351
Current Revenues.....	443,694	534,999	585,325	539,887	556,112	584,672	569,507	601,063
Total Tax Revenues..	360,129	422,182	479,384	432,989	429,335	486,573	459,643	478,925
Taxes on income, profits and capital gains	148,622	184,509	232,319	196,253	179,929	236,860	203,425	215,074
Social security contributions.....	74,583	78,104	83,444	88,918	92,802	86,116	92,329	96,496
Tax on property	22,735	31,392	27,696	25,311	24,243	27,815	24,149	22,473
Taxes on goods and services.....	91,047	99,840	105,828	97,008	105,610	107,760	110,503	115,619
Taxes on international trade and transaction.....	7,059	8,227	10,324	7,288	6,972	10,724	8,907	8,409
Other tax.....	16,084	20,110	19,773	18,211	19,778	17,299	20,330	20,855
Non-Tax Revenues.....	83,565	112,818	105,941	106,898	126,787	98,099	109,864	122,138
Operating surpluses of departmental enterprise sales and property income.....	33,571	56,664	47,459	42,537	56,969	36,492	41,432	51,959
Administration fees & charges and non-industrial sales...	9,929	10,865	11,434	12,428	12,787	12,470	13,357	13,913
Fines and forfeits.....	23,583	26,993	28,276	29,752	32,997	27,816	30,829	31,107
Contributions to government	13,876	14,918	16,348	18,149	19,988	18,480	20,322	21,196

	Actual					Budget		
	2020	2021	2022	2023	2024 ⁽¹⁾	2023	2024	2025 ⁽¹⁾
	(billions of Won)							
employee pension fund								
Current revenue of non-financial public enterprises	2,606	3,378	2,425	4,032	4,046	2,842	3,925	3,964
Capital Revenues	2,934	2,620	3,007	3,700	3,966	3,905	3,754	8,288
Total Expenditures and Net Lending	517,781	568,113	652,902	580,354	603,609	601,629	617,664	631,091
Total Expenditures	489,966	538,034	622,997	559,707	580,113	584,587	593,643	615,040
Current Expenditures ...	455,098	502,191	585,593	523,270	542,859	545,493	553,669	576,081
Expenditure on goods and service	79,460	88,144	89,759	90,389	93,217	94,966	98,053	97,971
Interest payment	14,452	15,431	18,481	22,362	26,310	21,726	24,968	27,530
Subsidies and other current transfers	357,295	395,826	473,661	405,733	417,643	424,353	425,078	445,013
Current expenditure of non-financial public enterprises	3,891	2,790	3,692	4,785	5,688	4,449	5,570	5,567
Capital Expenditures	34,868	35,842	37,404	36,437	37,254	39,094	39,974	38,959
Net Lending	27,815	30,079	29,905	20,647	23,496	17,042	24,021	16,051

(1) Preliminary.

Source: Ministry of Economy and Finance; The Bank of Korea; Korea National Statistical Office

The consolidated Government account consists of a General Account, Special Accounts (including a non-financial public enterprise special account) and Public Funds. The Government segregates the accounts of certain functions of the Government into Special Accounts and Public Funds for more effective administration and fiscal control. The Special Accounts and Public Funds relate to business type activities, such as economic development, road and railway construction and maintenance, monopolies, and communications developments and the administration of loans received from official international financial organisations and foreign governments.

Revenues derive mainly from national taxes and non-tax revenues. Taxes in Korea can be roughly classified into the following types:

- income tax and capital gains tax,
- property tax,
- value-added tax,
- customs duty tax, and
- other taxes.

Income tax and capital gains tax are imposed on income derived from labour, business operation and ownership of assets and profits derived from capital appreciation. Income tax and capital gains tax, depending on the type of taxpayer, can be further classified into corporate income tax and individual income tax. Property tax is imposed on exchange or ownership of property and includes inheritance tax and gift tax. Value-added tax is imposed on value added to goods and services. Customs duty tax is imposed on imported goods. Other taxes include tax on certain securities transactions and a stamp tax for certain documents.

Expenditures include general administration, national defence, community service, education, health, social security, certain annuities and pensions and local finance, which involves the transfer of tax revenues to local governments.

For 2020, the Republic recorded total revenues of ₩446.6 trillion and total expenditures and net lending of ₩517.8 trillion. The Republic had a fiscal deficit of ₩71.2 trillion in 2020.

For 2021, the Republic recorded total revenues of ₩537.6 trillion and total expenditures and net lending of ₩568.1 trillion. The Republic had a fiscal deficit of ₩30.5 trillion in 2021.

For 2022, the Republic recorded total revenues of ₩588.3 trillion and total expenditures and net lending of ₩652.9 trillion. The Republic had a fiscal deficit of ₩64.6 trillion in 2022.

For 2023, the Republic recorded total revenues of ₩543.6 trillion and total expenditures and net lending of ₩580.4 trillion in 2023. The Republic had a fiscal deficit of ₩36.8 trillion in 2023.

Based on preliminary data, the Republic recorded total revenues of ₩560.1 trillion and total expenditures and net lending of ₩603.6 trillion in 2024. The Republic had a fiscal deficit of ₩43.5 trillion in 2024.

(b) Debt

The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2022 amounted to approximately ₩1,044.0 trillion, an increase of 9.9% over the previous year.

The Government estimates that the total outstanding debt of the Government (including guarantees by the Government) as of 31 December 2023 amounted to approximately ₩1,102.1 trillion, an increase of 5.6% over the previous year.

The Ministry of Economy and Finance administers the national debt of the Republic.

External and Internal Debt of the Government

The following table sets out, by currency and the equivalent amount in U.S. dollars, the estimated outstanding direct external debt of the Government as of 31 December 2023:

Direct External Debt of the Government

	Amount in Original Currency	Equivalent Amount in U.S. dollars⁽¹⁾
	(millions)	
US\$.....	US\$6,025.0	US\$6,025.0
Euro (EUR)	EUR2,150.0	US\$2,378.8
Total		US\$8,403.8

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

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

Direct Internal Debt of the Government

	(billions of Won)
2019.....	690,524.1
2020.....	808,941.0
2021.....	927,865.2
2022.....	1,021,574.4
2023.....	1,080,844.4

The following table sets out all guarantees by the Government of indebtedness of others:

Guarantees by the Government

	31 December				
	2019	2020	2021	2022	2023
	(billions of Won)				
Domestic	14,760.0	12,490.0	10,930.0	10,620.0	10,460.0
External ⁽¹⁾	—	—	—	—	—
Total	14,760.0	12,490.0	10,930.0	10,620.0	10,460.0

(1) Converted to Won at foreign exchange banks' telegraphed transfer selling rates to customers or the Market Average Exchange Rates in effect on 31 December of each year.

For further information on the outstanding indebtedness, including guarantees, of the Republic, see “—Tables and Supplementary Information”.

External Liabilities

The following tables set out certain information regarding the Republic's external liabilities calculated under the criteria based on the sixth edition of the Balance of Payment Manual published by the International Monetary Fund in December 2010 and implemented by the Government in December 2013. Under BPM6, in particular, prepayments received in connection with the construction of ships are excluded from the external liabilities.

	31 December				
	2020	2021	2022	2023	2024 ⁽¹⁾
	(billions of dollars)				
Long-term Liabilities.....	390.6	465.6	499.3	531.9	523.2
General Government	119.4	144.4	153.2	170.8	160.6
Monetary Authorities	15.0	35.9	25.0	22.5	23.4
Banks.....	112.2	128.1	146.8	147.6	137.0
Other Sectors.....	144.0	157.2	174.2	190.9	202.1
Short-term Liabilities.....	160.1	165.1	174.0	140.7	146.9
General Government	2.1	1.6	3.9	1.6	2.5
Monetary Authorities	10.8	9.7	4.7	3.9	3.3

	31 December				
	2020	2021	2022	2023	2024 ⁽¹⁾
	(billions of dollars)				
Banks.....	122.0	124.3	129.7	101.9	107.3
Other Sectors.....	25.2	29.6	35.6	33.3	33.8
Total External Liabilities.....	550.6	630.7	673.3	672.5	670.0

(1) Preliminary.

Commitments to Assume Treasury Obligations

The Government may, if deemed necessary for recovery from disasters and calamities, make commitments to assume treasury obligations to the extent resolved by the National Assembly each fiscal year. In such cases, such commitments shall be executed in accordance with the procedures for spending reserve funds within general accounts. As of 11 September 2024, such commitments assumed by the Government amounted to ₩0.2 trillion.

Debt Record

The Government has always paid when due the full amount of principal of, interest on, and amortisation of sinking fund requirements of, all of its indebtedness.

Tables and Supplementary Information

A. External Debt of the Government

(1) External Bonds of the Government

Series	Issue Date	Maturity Date	Interest Rate (%)	Currency	Original Principal Amount	Principal Amount Outstanding as of 31 December 2024
2005-001	2 November 2005	3 November 2025	5.625	USD	400,000,000	400,000,000
2014-001	10 June 2014	10 June 2044	4.125	USD	1,000,000,000	1,000,000,000
2017-001	19 January 2017	19 January 2027	2.750	USD	1,000,000,000	1,000,000,000
2018-001	20 September 2018	20 September 2028	3.500	USD	500,000,000	500,000,000
2018-002	20 September 2018	20 September 2048	3.875	USD	500,000,000	500,000,000
2019-001	19 June 2019	19 June 2029	2.500	USD	1,000,000,000	1,000,000,000
2020-001	16 September 2020	16 September 2030	1.000	USD	625,000,000	625,000,000
2020-002	16 September 2020	16 September 2025	0.000	EUR	700,000,000	700,000,000
2021-001	15 October 2021	15 October 2026	0.000	EUR	700,000,000	700,000,000
2021-002	15 October 2021	15 October 2031	1.750	USD	500,000,000	500,000,000
2024-001	3 July 2024	3 July 2029	4.500	USD	1,000,000,000	1,000,000,000
						US\$7,925,000,000
Total External Bonds in Original Currencies						EUR1,400,000,000
Total External Bonds in Equivalent Amount of Won⁽¹⁾						₩13,789,930,000,000

(1) U.S. dollar amounts are converted to Won amounts at the rate of US\$1.00 to ₩1,470.0, the market average exchange rate in effect on 31 December 2024, as announced by Seoul Money Brokerage Services, Ltd. Euro amounts are converted to Won amounts at the rate of EUR 1.00 to ₩1,528.7, the market average exchange rate in effect on 31 December 2024, as announced by Seoul Money Brokerage Services, Ltd.

(2) External Borrowings of the Government

None.

B. External Guaranteed Debt of the Government

None.

C. Internal Debt of the Government

Title	Range of Interest Rates	Range of Years of Issue	Range of Years of Original Maturity	Principal Amounts Outstanding as of 31 December 2023
	(%)			(billions of Won)
1. Bonds				
Interest-Bearing Treasury Bond for Treasury Bond Management Fund.....	0.750-5.750	2006-2023	2024-2072	998,003.4
Interest-Bearing Treasury Bond for National Housing I.	1.00-2.00	2019-2023	2024-2029	81,624.2
Interest-Bearing Treasury Bond for National Housing II	0.0-3.0	2014-2020	2024-2030	2.4
Interest-Bearing Treasury Bond for National Housing III	—	—	—	0
Non-interest-Bearing Treasury Bond for Contribution to International Organisations ⁽¹⁾	0	1968-1985	—	9.4
Total Bonds				1,079,639.4
2. Borrowings				
Borrowings from The Bank of Korea	—	—	—	0
Borrowings from the Sports Promotion Fund.....	1.870-3.665	2022-2023	2024-2025	960.0
Borrowings from The Korea Foundation Fund.....	—	—	—	0
Borrowings from the Labour Welfare Promotion Fund..	3.665-3.975	2023	2024	50.0
Borrowings from Korea Technology Finance Corporation	3.135-3.585	2022	2024	195.0
Borrowings from the Credit Guarantee Fund for Agriculture, Forestry and Fisheries Suppliers.....	—	—	—	0
Borrowings from the Government Employees' Pension Fund	—	—	—	0
Borrowings from the Film Industry Development Fund.	—	—	—	0
Borrowings from the Korea Credit Guarantee Fund.....	—	—	—	0
Borrowings from the Housing Finance Credit Guarantee Fund	—	—	—	0
Borrowings from the Korea Infrastructure Credit Guarantee Fund	—	—	—	0
Total Borrowings				1,205.0
Total Internal Funded Debt				1,080,844.4

(1) Interest Rates and Years of Original Maturity not applicable.

D. Internal Guaranteed Debt of the Government

Title	Range of Interest Rates	Range of Years of Issue	Range of Years of Original Maturity	Principal Amounts Outstanding as of 31 December 2023
	(%)			(billions of Won)
1. Bonds of Government-Affiliated Corporations				
Korea Deposit Insurance Corporation	—	—	—	0

Title	Range of Interest Rates	Range of Years of Issue	Range of Years of Original Maturity	Principal Amounts
				Outstanding as of 31 December 2023
	(%)			(billions of Won)
Korea Student Aid Foundation.....	1.07-5.48	2011-2023	2024-2043	9,980.0
Key Industry Stabilisation Fund.....	1.08-2.19	2020-2021	2024-2025	480.0
Total Internal Guaranteed Debt.....				10,460.0

E. Others

Commitments to Assume Treasury Obligations

The Government may, if deemed necessary for recovery from disasters and calamities, make commitments to assume treasury obligations to the extent resolved by the National Assembly each fiscal year. In such cases, such commitments shall be executed in accordance with the procedures for spending reserve funds within general accounts. As of 11 September 2024, such commitments assumed by the Government amounted to ₩0.2 trillion.

TAXATION

Republic of China (“ROC”) Taxation

The following is a general description of the principal ROC tax consequences for investors receiving interest in respect of, or disposing of, the Covered Bonds and is of a general nature based on the Issuer’s understanding of current law and practice. It does not purport to be comprehensive and does not constitute legal or tax advice.

This general description is based upon the law as in effect on the date hereof and that the Covered Bonds will be issued, offered, sold and re-sold to professional investors as defined under Paragraph 1 of Article 2-1 of the TPEX Rules only. This description is subject to change potentially with retroactive effect. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding or selling the Covered Bonds.

Interest on the Covered Bonds

As the Issuer of the Covered Bonds is not a ROC statutory tax withholding, there is no ROC withholding tax on the interest or deemed interest to be paid by the Issuer on the Covered Bonds.

Payments of interest or deemed interest under the Covered Bonds to an ROC individual holder are not subject to ROC income tax as such payments received by him/her are not considered to be ROC-sourced income. However, such holder must include the interest or deemed interest in calculating his/her basic income for the purpose of calculating his/her alternative minimum tax (“AMT”), unless the sum of the interest or deemed interest and other non- ROC-sourced income received by such holder and the person(s) who is (are) required to jointly file the tax return in a calendar year is below 1 million New Taiwan Dollars (“NT\$”). If the amount of the AMT calculated pursuant to ROC Income Basic Tax Act (also known as the AMT Act) exceeds the annual income tax calculated pursuant to ROC Income Tax Act, the excess becomes such holder’s AMT payable.

ROC corporate holders must include the interest or deemed interest receivable under the Covered Bonds as part of their taxable income and pay income tax at a flat rate of 20% (unless the total taxable income for a fiscal year is NT\$120,000 or under), as they are subject to income tax on their worldwide income on an accrual basis. The AMT is not applicable.

Sale of the Covered Bonds

In general, the sale of corporate bonds or financial bonds is subject to 0.1% securities transaction tax (“STT”) on the transaction price. However, Article 2-1 of the ROC Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the Covered Bonds will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Covered Bonds will be subject to STT at 0.1% of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from ROC income tax. Accordingly, ROC individual and corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Covered Bonds. In addition, ROC individual holders are not subject to AMT on any capital gains generated from the sale of the Covered Bonds. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT calculated pursuant to the ROC Income Basic Tax Act (also known as the AMT Act) exceeds the annual income tax calculated pursuant to ROC Income Tax Act, the excess becomes the ROC corporate holders’ AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of same category of income for the purposes of calculating their AMT.

Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to income tax on any capital gains generated from the sale of the Covered Bonds. However, their fixed

place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to income tax or AMT on any capital gains generated from the sale of the Covered Bonds.

BOOK-ENTRY CLEARANCE SYSTEMS

ROC Settlement and Trading

The Issuer has not entered into any settlement agreement with Taiwan Depository & Clearing Corporation (“**TDCC**”) and has no intention to do so.

In the future, if the Issuer enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwanese bank, may settle the Covered Bonds through the account of TDCC with Euroclear or Clearstream if it applies to TDCC (by filling in a prescribed form) to transfer the Covered Bonds in its own account with Euroclear or Clearstream to such TDCC account with Euroclear or Clearstream for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Covered Bonds position to the securities book-entry account designated by such investor in the ROC. The Covered Bonds will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEx as domestic bonds. For such investors who hold their interest in the Covered Bonds through an account opened and held by TDCC with Euroclear or Clearstream, distributions of principal and/or interest for the Covered Bonds to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC’s receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders actually receive such distributions may vary depending upon the daily operations of the Taiwanese banks with which the holder has the foreign currency deposit account.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Selling Restrictions

Taiwan

The Covered Bonds have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than “professional investors” as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (the “**Professional Investors**”). Purchasers of the Covered Bonds are not permitted to sell or otherwise dispose of the Covered Bonds except by transfer to a Professional Investor.