



Kookmin Bank Auckland Branch

Disclosure Statement

For the twelve months ended

31 December 2024

General Disclosures

Disclosure Statement

For the twelve months ended 31 December 2024

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The General Manager has been authorised to sign on behalf of each of the Directors, and on his own behalf has pleasure in presenting the Financial Statements and Disclosure Statement of Kookmin Bank Auckland Branch for the twelve months ended 31 December 2024.



Dohan Kim

The Financial Statements and Disclosure Statement have been signed on behalf of each of the Directors of the Overseas Bank by Dohan Kim who also signs in his personal capacity as General Manager of Kookmin Bank Auckland Branch.

27 March 2025

General Disclosures

Disclosure Statement For the twelve months ended 31 December 2024

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General Disclosures

1. Reporting Directive

This Disclosure Statement has been prepared under the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended).

2. Branch

Name: Kookmin Bank Auckland Branch
Address for Service: Level 16, 88 Shortland Street
Auckland, New Zealand

For the purposes of the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014 (as amended), the "Branch" is currently the only entity within the Banking Group in New Zealand ("NZ Banking Group").

3. Registered Bank and Overseas Bank

Name: Kookmin Bank
Address: 26, Gukjegeumyung-ro 8-gil,
Yeongdeungpo-gu, Seoul 07331, Republic of Korea

Kookmin Bank was established in 1963 under the Citizens National Bank Act in the Republic of Korea. Pursuant to the repeal of the Citizens National Bank Act in January 1995, Kookmin Bank has conducted its operations in accordance with the provisions of the General Banking Act in the Republic of Korea.

4. Ultimate Parent Bank

Name: Kookmin Bank
Address of Head Office: 26, Gukjegeumyung-ro 8-gil,
Yeongdeungpo-gu, Seoul 07331, Republic of Korea

5. Ultimate Holding Company

Name: KB Financial Group Inc.
Address: 26, Gukjegeumyung-ro 8-gil,
Yeongdeungpo-gu, Seoul 07331, Republic of Korea

6. Ranking of local creditors in a winding up

There are no material legislative or regulatory restrictions in the Overseas Bank's country of incorporation, the Republic of Korea, which subordinate any claims of any class of unsecured creditors of the Branch on the assets of the Overseas Bank to those of any other class of unsecured creditors of the Overseas Bank, in a winding up of the Overseas Bank, other than as set out in section 8 below.

The Branch has no preferred creditors apart from the New Zealand government (PAYE and Holiday pay).

7. Holding excess of assets

The Overseas Bank is not required by any statute to hold in New Zealand an excess of assets over deposit liabilities.

8. Reserves of deposit liabilities of Korea

The Overseas Bank is required by Clause 2, Chapter 4 of the Korea Reserve Bank Act (Korea) to maintain reserves in an account with the Reserve Bank of Korea, to cover ongoing obligations to pay deposit liabilities in Korea, as follows:

- (a) reserves equivalent to at least 2 percent of the aggregate value of all term account deposits, installment savings account deposits and cheque account deposits in Korea; plus
- (b) reserves equivalent to at least 7 percent of the aggregate value of all other deposits in Korea.

These requirements have the potential to impact on the management of the liquidity of the New Zealand business of the Overseas Bank.

9. Guarantee Arrangements

No material obligations of the Registered Bank are guaranteed.

General Disclosures

10. Responsible Person of the Branch

Name: Dohan Kim
Occupation: General Manager of Kookmin Bank Auckland Branch
Country of Residence: New Zealand
Technical or professional qualification: B.A. in Public Administration

Communication addressed to the Responsible Person may be sent to:

C/- Kookmin Bank Auckland Branch
P O Box 7506
Victoria Street West
Auckland New Zealand

11. Directors of the Overseas Bank

Communication addressed to the Directors and New Zealand Chief Executive Officer may be sent to:

C/- Kookmin Bank Auckland Branch
P O Box 7506
Victoria Street West
Auckland New Zealand

The General Manager has signed this Disclosure Statement on his behalf and on behalf of the Directors of Kookmin Bank, being:

Executive Directors

Name	Occupation	Qualification	External Directorship
Hwan Ju Lee	CEO	M.B.A.	-
Seong Jae Lee	Chief Audit Executive	Master of Business Administration	-
Byoung Gon Park	Executive Director	B.A. in Business Administration	-

Jae Keun Lee, Yeong Gi Kim and Seog Ho Son resigned on 31st December of 2024.

Independent Directors

Name	Occupation	Qualification	External Directorship
Yong Keun Yoo	Professor, Korea University	Ph.D. in Accounting	-
Tae-Jong Seo	President, Korea Banking Institute	Master of Public Administration	-
Sue Bok Moon	Professor, KAIST University	Ph.D. in Computer Science	-
Sung Jin Kim	Advisor, Mirae Asset Securities Co., Ltd.	B.A. in Economics	-
Jungsook Lee	-	Master of Law	-

All Directors reside in the Republic of Korea.
Gang Hyeon An resigned 21st March of 2024.

General Disclosures

11. Directors of the Overseas Bank (continued)

Audit Committee

Name	Occupation	Qualification	External Directorship
Tae-Jong Seo	President, Korea Banking Institute	Master of Public Administration	-
Jungsook Lee	-	Master of Law	-
Byoung Gon Park	Executive Director	B.A. in Business Administration	-

Yong Keun Yoo resigned on 21st March of 2024

Yeong Gi Kim resigned on 31st December of 2024

The Committee is comprised of three members of which two of the members are independent. Kookmin Bank Audit Committee (hereinafter referred to as the Audit Committee) enhances corporate value and protects the interests of shareholders and customers.

In order to evaluate the appropriateness of the internal control system, the efficiency of the business execution process, and the reliability of financial information, the Audit Committee checks the management activities of the management from an objective and independent perspective.

In addition, the Audit Committee performs its duties independently from the voting and enforcement bodies within the Overseas Bank. To prevent the conflict of interest, the Overseas Bank has established and operates a conflict of interest prevention system, such as the Audit Committee members cannot conduct transactions that are classified as company's business by self or third party unless approved by the Board of Directors

General Disclosures

12. Directors' and General Manager's interests in transactions

There has been no transaction entered into by a Director or the General Manager of the Branch, or any immediate relative or close business associate of any Director or the General Manager of the Branch, with the NZ Banking Group either:

- (a) On terms other than on those which would, in the ordinary course of business of the NZ Banking Group, be given to any other person of like circumstances or means; or
- (b) Which would otherwise be reasonably likely to influence materially the exercise of the Director's or the General Manager's duties.

13. Directors' policy on conflicts of interest

Kookmin Bank's global policy requires that directors must at all times, in any dealings including those which may give rise to a conflict of interest, act in a manner which is consistent with their duties under law. Kookmin Bank policy as set out below to govern Directors' duties is therefore based around Korean Commercial Law.

- a. Any Director of a company shall not engage in any commercial transactions or other activity for or on behalf of any other company, commercial entity or other third party whilst he/she is representing the Bank;
- b. Should the Director violate the contract as stipulated in section (a) the Board of Directors reserves the right to instruct the Director to pay any financial gains derived from such transactions to the Bank;
- c. The rights outlined in section (b) are valid and enforceable for one year from when the transaction was made.

14. Auditor of the Disclosure Statement

Name: KPMG
Address for service: PO Box 1584
Auckland 1140, New Zealand

General Disclosures

15. Conditions of Registration for Kookmin Bank in New Zealand

These conditions of registration apply on and after 1 July 2024.

The registration of Kookmin Bank (“the registered bank”) in New Zealand is subject to the following conditions:

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities. In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.
2. That the banking group’s insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group’s insurance business is the sum of the following amounts for entities in the banking group:

- (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group’s insurance business

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.
4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
 - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - (b) the Reserve Bank has advised that it has no objection to that appointment.
5. That Kookmin Bank complies with the requirements imposed on it by the Financial Supervisory Service of Korea.
6. That, with reference to the following table, each capital adequacy ratio of Kookmin Bank must be equal to or greater than the applicable minimum requirement.

Capital adequacy ratio	Minimum requirement on and after 1 January 2015
Common Equity Tier 1 capital	4.5 percent
Tier 1 capital	6 percent
Total capital	8 percent

For the purposes of this condition of registration, the capital adequacy ratios:

- (a) must be calculated as a percentage of the registered bank’s risk weighted exposures; and
- (b) are otherwise as administered by the Financial Supervisory Service of Korea.

General Disclosures

7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ\$15 billion.
8. That, for a loan-to-valuation measurement period ending on or after 31 December 2024, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 70%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
9. That, for a loan-to-valuation measurement period ending on or after 31 December 2024, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
10. That, for a debt-to-income measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a debt-to-income ratio of more than 7, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the debt-to-income measurement period.
11. That, for a debt-to-income measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a debt-to-income ratio of more than 6, must not exceed 20% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the debt-to-income measurement period.
12. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In these conditions of registration,

"banking group" means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group's New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

"business of the registered bank in New Zealand" means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

"liabilities of the registered bank in New Zealand" means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

In conditions of registration 8 and 9, —

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", and "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated October 2021, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS19 for the purpose of defining these terms are—

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

"loan-to-valuation measurement period" means a rolling period of six calendar months ending on the last day of the sixth calendar month.

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In conditions of registration 10 and 11, —

“debt-to-income ratio”, “debt-to-income measurement period”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, and “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High Debt-To-Income Residential Mortgage lending” (BS20) dated 3 April 2023, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS20 for the purpose of defining these terms are—

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

“debt-to-income measurement period” means—

- the initial period of six calendar months from the date of this conditions of registration (1 July 2024) ending on 31 December 2024; and
- thereafter, a rolling period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on 31 January 2025 and covers the months of August, September, October, November and December 2024 and January 2025.

In conditions of registration 12,—

“residential mortgage loan” has the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High Debt-To-Income Residential Mortgage lending” (BS20) dated 3 April 2023, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS20 for the purpose of defining these terms are—

BPR document	Version date
BPR131: Standardised credit risk RWAs	1 July 2024
BPR001: Glossary	1 October 2023

16. Changes of condition of registration

The conditions of registration were amended effective 1 July 2024 to amend condition 8, condition 9 and additionally condition 10 and 11 were included regarding new restriction on debt-to-income ratio, The Reserve Bank revised the loan-to-valuation measurement period and the limit ratio for loans with LVR.

17. Pending Proceedings or Arbitration

There is no pending proceeding or arbitration concerning any member of the NZ Banking Group or, the Overseas Banking Group, whether in New Zealand or elsewhere, that may have a material adverse effect on the Overseas Bank or its NZ Banking Group.

18. Credit Ratings

Current credit ratings of the Overseas Bank for long-term debt remain unchanged and are as follows:

Rating Agency	Current Rating	Outlook	(If changed in the previous two years)	
			Rating Date	Previous Rating
Moody's Investor Service	Aa3	Stable	17 December 2018	Not changed
Standard and Poor's	A+	Stable	8 August 2016	Not changed
Fitch	A	Stable	12 June 2024	Not changed

General Disclosures

On 12 Jun 2024, Fitch Service affirmed the rating at "A"; Outlook Stable

The following is a summary of the descriptions of the major rating categories for rating agencies for the rating of long term obligations.

Moody's Investor Service	Standard & Poor's	Fitch	Description of Grade
Aaa	AAA	AAA	Ability to repay principal and interest is extremely strong. This is the highest investment category.
Aa	AA	AA	Very strong ability to repay principal and interest.
A	A	A	Strong ability to repay principal and interest although somewhat susceptible to adverse changes in financial conditions.
Baa	BBB	BBB	Adequate ability to repay principal and interest. More vulnerable to adverse changes.
Ba	BB	BB	Significant uncertainties exist which could affect the payment of principal and interest on a timely basis.
B	B	B	Greater vulnerability and therefore greater likelihood of default.
Caa	CCC	CCC	Likelihood of default considered high. Timely repayment of principal and interest is dependent on favourable financial conditions.
Ca to C	CC to C	CC to C	Highest risk of default.
-	D	D	Obligations currently in default.

Credit ratings by Standard & Poor's and Fitch may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. Moody's Investor Service apply numeric modifiers 1, 2 and 3 to show relative standing within the major rating categories with 1 indicating the higher end of that category and 3 indicating the lower end.

19. Other Material Matters

The financial information in the Disclosure Statement in regard to the Overseas Bank and its Overseas Banking Group has been prepared under generally accepted accounting practices of Republic of Korea, and in accordance with the requirements of the Financial Supervisory Service (FSS) of the Republic of Korea. The standards, procedures and practices utilised to audit the financial statements of the Overseas Bank and its Overseas Banking Group, are those generally accepted and applied in the Republic of Korea. The generally accepted accounting practice, requirements of the FSS and audit standards applied therein may differ to those applied in New Zealand. The financial statements of the Branch are in compliance with New Zealand Equivalents to International Financial Reporting Standards.

On 15 October 2024, Kookmin Bank publicly issued a notice advising that it will be voluntarily winding down its Auckland Branch operations over the next 21 months. At this stage, Management is intending to continue to collect contractual payments from that vast majority of its Loans and advances to customers through to maturity, rather than sell these balances to other parties.

Accordingly, unlike previous reporting dates, these financial statements have not been prepared on a going concern basis.

20. Financial Statements of the Registered Bank and its Overseas Banking Group

A copy of the most recent publicly available financial statements of the Registered Bank and its Overseas Banking Group will be provided immediately at no charge, to any person requesting a copy where the request is made at NZ Banking Group's head office. The financial statements can be accessed through the Kookmin Bank website at <https://www.kbstar.com>.

Financial Disclosures

Historical Summary of Financial Statements

	12 months ended 31 Dec 2024 (\$)	12 months ended 31 Dec 2023 (\$)	12 months ended 31 Dec 2022 (\$)	12 months ended 31 Dec 2021 (\$)	12 months ended 31 Dec 2020 (\$)
Statement of Comprehensive Income					
Interest revenue	45,471,451	57,077,630	21,452,122	20,163,477	19,598,363
Interest expense	(31,528,458)	(40,968,646)	(16,436,933)	(4,403,868)	(9,602,638)
Net interest income	13,942,993	16,108,984	5,015,189	15,759,609	9,995,725
Fee and commission revenue	1,811,355	1,411,494	615,153	1,301,664	1,388,952
Fee and commission expenses	(129,632)	(148,127)	(37,757)	(137,760)	(166,701)
Net fee and commission income	1,681,723	1,263,367	577,396	1,163,904	1,222,251
Realised and unrealized gains(losses) on financial assets at fair value through profit or loss	7,175,905	(4,077,051)	-	-	-
Other operating income	401,735	3,711,197	413,996	138,099	99,333
Income from operations to be discontinued	23,202,356	17,006,497	6,006,581	17,061,612	11,317,309
Impairment recoveries/(losses) on loans and advances	230,723	(558,716)	(228,575)	412,558	(439,164)
Administrative expenses	(5,301,488)	(4,743,913)	(4,946,552)	(4,111,957)	(3,438,589)
Other operating expenses	(6,760,629)	(456,117)	(468,459)	(492,062)	(494,938)
Net profit before tax	11,370,962	11,247,751	362,995	12,870,151	6,944,618
Income tax expense	(3,428,339)	(3,429,887)	(219,439)	(3,625,982)	(1,994,225)
Profit after tax attributable to Head Office account of the Registered Bank	7,942,623	7,817,864	143,556	9,244,169	4,950,393
Amounts repatriated to Head Office	(8,853,608)	292,122	(8,178,566)	(4,703,629)	(4,337,005)
Profit retained/(Accumulated losses)	(910,985)	8,109,986	(8,035,010)	4,540,540	613,388

The historical summary of financial statements has been taken from the audited financial statements of the respective years disclosed above.

Financial Disclosures

Historical Summary of Financial Statements (continued)

	as at 31 Dec 2024 (\$)	as at 31 Dec 2023 (\$)	as at 31 Dec 2022 (\$)	as at 31 Dec 2021 (\$)	as at 31 Dec 2020 (\$)
Statement of Financial Position					
Total assets	495,991,077	770,377,301	828,978,565	740,650,051	597,490,122
Total individually impaired assets	-	-	-	-	-
Total liabilities	485,175,160	758,650,399	825,361,649	728,998,125	590,378,736
Head Office account	10,815,917	11,726,902	3,616,916	11,651,926	7,111,386

The historical summary of financial statements has been taken from the audited financial statements of the respective years disclosed above.

Financial Disclosures

Financial Statements of Kookmin Bank Auckland Branch

Statement of Comprehensive Income

For the twelve months ended 31 December 2024

	<i>Note</i>	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Interest revenue	3	45,471,451	57,077,630
Interest expense	3	(31,528,458)	(40,968,646)
Net interest income		13,942,993	16,108,984
Fee and commission revenue	4	1,811,355	1,411,494
Fee and commission expense	4	(129,632)	(148,127)
Net fee and commission income		1,681,723	1,263,367
Realised and unrealised gains(losses) on financial assets at fair value through profit or loss	5	7,175,905	(4,077,051)
Other operating income	6	401,735	3,711,197
Income from operations to be discontinued		23,202,356	17,006,497
Impairment recoveries (losses) on loans and advances	12	230,723	(558,716)
Administrative expenses	7	(5,301,488)	(4,743,913)
Other operating expenses	8	(6,760,629)	(456,117)
Net profit before tax Net profit before tax from operations to be discontinued		11,370,962	11,247,751
Income tax expense	9	(3,428,339)	(3,429,887)
Profit for the year		7,942,623	7,817,864
Other comprehensive income		-	-
Total comprehensive income from operations to be discontinued attributable to Head Office		7,942,623	7,817,864

* The accompanying notes on pages 18 to 75 form part of these financial statements.

Financial Disclosures

Financial Statements of Kookmin Bank Auckland Branch

Statement of changes in Head Office Account

For the twelve months ended 31 December 2024

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Head Office account at beginning of the year	11,726,902	3,616,916
Profit for the year	7,942,623	7,817,864
Other comprehensive income from operations to be discontinued	-	-
Total comprehensive income for the year from operations to be discounted	7,942,623	7,817,864
<i>Other movements</i>		
Net amounts repatriated (to)/from Head Office	(8,853,608)	292,122
Head Office account at end of the year	10,815,917	11,726,902

* The accompanying notes on pages 18 to 75 form part of these financial statements.

Financial Disclosures

Financial Statements of Kookmin Bank Auckland Branch

Statement of Financial Position

As at 31 December 2024

	Note	as at 31 December 2024 (\$)	as at 31 December 2023 (\$)
ASSETS			
Cash and demand balances with other banks	10	133,076,935	86,506,868
Due from related parties	14	72,249,792	154,988,733
Loans and advances to customers	11	284,036,375	523,464,385
Derivative financial assets	14, 15	3,936,698	-
Current tax assets	9	-	1,913,050
Other assets	16	27,408	15,706
Property and equipment	18	895,298	1,257,419
Right-of-use assets	17	1,099,732	1,635,252
Deferred tax asset	19	663,813	588,512
Intangible assets	20	5,026	7,376
Total assets		495,991,077	770,377,301
LIABILITIES			
Due to other banks	22	29,388	81,097,230
Deposits from customers	21	202,362,900	228,241,183
Certificate of deposits	23	35,338,735	93,852,400
Due to related parties	14	240,572,326	345,320,604
Derivative financial liabilities	15	-	5,804,102
Current tax liabilities	9	3,129,277	-
Provisions	24	439,856	190,315
Other liabilities	26	2,228,976	2,210,856
Lease liabilities	25	1,073,702	1,933,709
Total liabilities		485,175,160	758,650,399
EQUITY			
Head Office account		10,815,917	11,726,902
Total equity and liabilities		495,991,077	770,377,301
Additional disclosures			
Total interest earning and discount bearing assets		468,812,467	756,461,969
Total interest and discount bearing liabilities		478,235,499	748,471,675
Total liabilities net of amounts due to related parties		244,602,834	407,525,693

No assets presented in the Statement of Financial Position have been used to secure any obligations.

* The accompanying notes on pages 18 to 75 form part of these financial statements

Financial Disclosures

Financial Statements of Kookmin Bank Auckland Branch

Statement of Cash Flows

For the twelve months ended 31 December 2024

	Note	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Cash flows from operating activities			
Interest received		48,116,183	55,849,982
CCCFA Interest and other income remediation paid		-	(11,005,267)
Other income received		6,757,013	4,576,270
Interest paid		(30,716,574)	(41,304,675)
Interest portion of lease liability		(38,887)	(30,588)
Other operating expenses		(6,555,755)	(4,788,876)
Lease liabilities – Short term and low value		-	-
Taxation refund		3,101,007	333,900
Taxation paid		(1,562,320)	(3,617,639)
Cash flows (used in) / from operations to be discontinued before changes in operating assets and liabilities		19,100,667	13,107
Net increase/(decrease) in loans and advanced to customers		242,390,955	59,982,305
Net (decrease)/increase in due to other banks		(144,719,480)	(79,965,670)
Net increase/(decrease) in deposits from customers		(28,790,298)	18,153,135
Cash flows from operating assets and liabilities		68,881,177	(1,830,230)
Net cash flows from/(used in) operating activities	30	87,981,844	(1,817,123)
Cash flows from investing activities			
Purchase of property and equipment	18	-	(58,046)
Intangibles	20	-	(9,078)
Deposit paid for right-of-use asset		-	-
Net cash flows used in investing activities		-	(67,124)
Cash flows from financing activities			
Bankers' acceptance advances received from Head Office		95,113,896	21,566,635
Funding received from Head Office		(128,425,843)	4,285,533
Lease liability principal		(371,426)	(379,724)
Repatriation (to)/from Head Office		(8,853,608)	292,122
Net cash flows from financing activities		(42,536,981)	25,764,566
Net increase in cash and cash equivalents		45,444,863	23,880,319
Cash and cash equivalents at the beginning of the year		86,506,868	56,520,848
Effect of exchange rate changes on cash and cash equivalents		1,125,204	6,105,701
Cash and cash equivalents at the end of the year		133,076,935	86,506,868

* The accompanying notes on pages 18 to 75 form part of these financial statements.

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Statement of Cash Flows (continued)

For the twelve months ended 31 December 2024

	<i>Note</i>	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
<i>Analysis of cash and cash equivalents</i>			
Cash and demand balances with other banks	10	133,076,935	86,506,868
		133,076,935	86,506,868

1. Statement of Accounting Policies

General Accounting Policies

The Branch is registered under the Companies Act 1993. These financial statements have been drawn up in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013, and the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014 (as amended). They were approved for issue by the Directors on 27 March 2025. The Registered Bank's Directors do not have the power to amend the financial statements once issued. The Overseas Bank engages in the banking business in Korea, providing a wide range of banking services to customers.

The Branch's financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other New Zealand accounting standards and authoritative notices that are appropriate for-profit entities. These financial statements also comply with International Financial Reporting Standards.

Basis of preparation

On 15 October 2024, Kookmin Bank publicly issued a notice advising that it will be voluntarily winding down its Auckland Branch operations over the next 21 months. At this stage, Management is intending to continue to collect contractual payments from that vast majority of its Loans and advances to customers through to maturity, rather than sell these balances to other parties.

Accordingly, unlike previous reporting dates, these financial statements have not been prepared on a going concern basis.

Irrespective of this fact, the obligation remains for the Branch to prepare financial statements that, in all material respects, comply with the recognition, measurement, presentation and disclosure requirements of Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS).

Accordingly, in preparing these financial statements the Branch has ensured that the specific facts and circumstances related to the Branch's decision not to continue as a going concern have been considered in the application of the recognition, measurement, presentation and disclosure requirements of the individual NZ IFRSs that are relevant to the Branch and are reflected in its accounting policies, as well as ensuring that the financial statements in aggregate present information that is relevant and understandable to users and stakeholders, including:

- Presenting the gross results and cash flows of the Branch in the Statement of Profit & Loss & Other Comprehensive Income and Statement of Cash Flows as being from operations to be discontinued.
- Continuing to present the assets and liabilities of the Branch in the Statement of Financial Position in order of liquidity.
- Updating key management judgements and estimates based on facts and circumstances that existed as at reporting, and making any necessary adjustments to the carrying values of the Branch's assets and liabilities including:
 - Re-assessing the "business model" under which the Branch's financial assets (including Loans and advances to customers) are held, such that it is consistent with Management's intended execution of the winddown of the branch.
 - Assessing the accounting impacts of any contractual modifications to Deposits from customers to facilitate any early settlement (including whether these are "substantial", and therefore require a de-recognition and re-recognition of the balance).
 - Re-assessing the remaining useful lives and recoverable amounts of items of property, plant and equipment, and any individual impairment requirements.
 - Re-assessing Right of use assets / lease liabilities and Make good provision.
 - Re-assessing the recoverability of deferred tax assets.
- Assessing whether for certain non-current assets the criteria for Held for sale classification were met as at reporting date.
- Assessing for indicators of impairment, and where impairment testing is required changing the method of determining the recoverable amount from value-in-use, to fair value less cost to sell.
- Ensuring that the recognition of any employee (termination) benefits and other provisions and obligations only occur where the required criteria of the applicable NZ IFRS has been met at reporting date (any material subsequent payments or accruals are disclosed in note 29 Subsequent events).

In applying the above, the Branch's financial statements have been prepared in accordance with NZ GAAP, NZ IFRS, and International Financial Reporting Standards (IFRS).

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

1. Statement of Accounting Policies (continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is also the functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the statement of comprehensive income.

1. Statement of Accounting Policies (continued)

b) Revenue recognition

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The principal sources of revenue are interest income, fees and commissions.

Interest income and expense

For financial instruments measured at amortised cost, interest income and expense is recognised on a time-proportion basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Registered Bank estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instruments original effective interest rate. The adjustment is recognised as interest income or expense in the period in which the revision is made.

Interest income for financial assets that are either held at fair value through other comprehensive income or amortised cost that have become credit-impaired subsequent to initial recognition (stage 3) and have had amounts written off, is recognised using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Interest income is therefore recognised on the amortised cost of the financial asset including expected credit losses.

Fee and commission revenue

Fee and commission revenue relate to specific transactions or events, and is recognised in profit or loss in the statement of comprehensive income when the performance obligation has occurred. This is when the service has been provided to the customer. When they are charged for services provided over a period the revenue is recognised over the period of the performance obligation.

Fee and commission expense

Fee and commission expense relate to specific transactions or events. It is recognised in profit or loss in the statement of comprehensive income on an accrual basis by reference to the completion of the specific transaction assessed on the basis of the actual series provided as a proportion of the total service to be provided to the Registered Bank.

Realised and unrealised gains(losses) on financial assets at fair value through profit or loss

Realised and unrealised gains(losses) on financial assets at fair value through profit or loss (including changes in fair value and gains or losses from foreign currency translation) include gains or losses on financial instruments as follows:

- Gains or losses relating to derivative financial instruments for trading (including derivative financial instruments for hedging purpose but do not qualify for hedge accounting)

1. Statement of Accounting Policies (continued)

c) Other operating income/expense

Gains and losses on foreign exchange are recorded in profit or loss in the statement of comprehensive income when the Branch's right to receive the gains or losses is established. Realised and unrealised gains and losses from re-measurement of foreign denominated transactions are included in other operating income or expense.

d) Financial assets

Classification

Financial assets are classified in the following measurement categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income or financial assets at fair value through income statement. The classification of financial assets depends on the business model for managing the financial instrument and the contractual cash flow characteristics of the financial instruments at initial recognition.

Financial assets at amortised cost

Financial assets which are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') are classified as financial assets at amortised cost. These financial assets are subsequently carried at amortised cost using the effective interest method after initial recognition. Financial assets at amortised cost generally comprise loans and advances to customers, other receivables, amounts due from related parties and cash and cash equivalents in the statement of financial position.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets which are held both for collection of contractual cash flows and for selling of financial assets are classified as financial assets at fair value through other comprehensive income. The Branch has no FVOCI financial assets.

Financial assets at fair value through income statement (FVTPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Branch enters into derivatives instruments for trading purpose, including foreign exchange contracts. Derivative instruments are recognised at fair value. The fair value is determined using cash flow discounting models based on contracted prices for the underlying instruments, as well as the time value of money and yield curves.

All derivative financial instruments are included under assets if their fair value is positive and under liabilities if their fair value is negative. Financial assets in this category include derivative assets. Refer to Note 15 below for more details on derivative financial instruments.

Recognition and measurement

Financial assets are recognised in the statement of financial position when the Branch becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Branch commits to purchase or sell the asset. At initial recognition, financial assets are measured at fair value plus or minus, in the case of a financial asset not at fair value through income statement, transaction costs that are directly attributable to the acquisition or issue of the financial asset. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of a financial instrument on initial recognition is normally the transaction price (that is, the fair value of the consideration given or received) in an arm's length transaction.

After initial recognition, financial assets are measured at amortised cost or fair value based on classification at initial recognition. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition and adjusted to reflect principal repayments, cumulative amortisation using effective interest method and any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

The Branch assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The impairment testing of loans and advances is described further below in the asset quality section.

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

The Branch writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

1. Statement of Accounting Policies (continued)

e) Financial liabilities

In both the current and prior period, the Branch classifies its financial liabilities in the following categories: at fair value through income statement; or financial liabilities at amortised cost. The classification of financial liabilities depends on the contractual cash flow characteristics and definitions of financial liabilities.

Financial liabilities at amortised cost

This category includes all financial liabilities other than those at fair value through income statement. Liabilities in this category are recognised initially at fair value net of transaction costs incurred and are subsequently measured at amortised cost and include:

Due to other banks

This represents amounts due to other banks, apart from those designated as at fair value through income statement.

Deposits from customers

Deposits from customers cover all forms of funding, apart from those classified as at fair value through income statement and include transactional and savings accounts and term deposits.

Other financial liabilities

Other financial liabilities include accrued expenses.

Amounts due to related parties

This represents amounts due from related entities of the Branch.

Certificate of deposits

These have been issued by the Branch.

Financial liabilities at fair value through income statement

Financial liabilities that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Branch enters into derivatives instruments for trading purpose, including foreign exchange contracts. Derivative instruments are recognised at fair value. The fair value is determined using cash flow discounting models based on contracted prices for the underlying instruments, as well as the time value of money and yield curves.

Financial liabilities in this category include derivative assets. Refer to Note 15 below for more details on derivative financial instruments.

Financial liabilities are derecognised from the Statement of Financial Position when it is extinguished.

(i.e., the obligation specified in the contract is discharged, canceled or expires).

f) Offsetting financial instruments

The Branch offsets financial assets and financial liabilities and reports the net balance in the statement of financial position where there is a legally enforceable right to set-off and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

g) Asset quality

Individually impaired assets

Individually impaired assets means any credit exposures against which an individually assessed provision has been recorded.

Past due assets

A past due asset is any credit exposure where a counterparty has failed to make a payment when contractually due, and which is not an impaired asset.

Assets under administration

An asset under administration is any credit exposure which is not an individually impaired asset or a past due asset, but which is to a counterparty:

(a) who is in receivership, liquidation, registered bankruptcy, statutory management or any form of administration in New Zealand; or

(b) who is in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction.

1. Statement of Accounting Policies (continued)

h) Impairment of financial assets

The Branch measures the expected credit loss (ECL) and recognised loss allowance at the end of the reporting period for financial assets at amortised cost.

The ECL Model uses a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1: 12 months ECL

Financial assets that are not credit impaired on initial recognition are classified as "Stage 1". Loan allowance is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months.

Stage 2: Lifetime ECL

Financial assets with a significant credit risk increase since initial recognition are classified as "Stage 2". Loan allowance is measured based on expected credit losses on a lifetime basis.

Stage 3: Lifetime ECL

Financial assets with significant credit increase to the point where it is considered to be credit impaired are classified as "Stage 3". Financial assets classified as "Stage 3" continue to have a loan allowance measured on expected credit losses on a lifetime basis and are generally individually assessed for impairment.

Significant increase in credit risk

When considering a transfer from Stage 1 to Stage 2, the level of significant credit risk increase after initial recognition is considered. In determining the significant credit risk increase both quantitative and qualitative information has been considered. The Branch has considered the variation in the internal credit rating grades and past due arrears data.

Definition of default

The Branch defines a financial asset as in default, which is aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'). Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the directors about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- a concession granted to the borrower that the lender would not otherwise consider for economic or legal reasons;
- relating to the borrower's financial difficulty;
- it becomes probable that the borrower will enter registered bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group; including adverse changes in the payment status of borrowers in the group.

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

1. Statement of Accounting Policies (continued)

i) Property and equipment

Property and equipment are recognised in the statement of financial position at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Registered Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The cost amount of property and equipment less the estimated residual value is depreciated over their useful lives on a diminishing value basis. The range of useful lives of the major assets is:

- Leasehold improvements 9 years
- Equipment 4-25 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each balance date.

Assets are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Where the Branch expects the carrying amount of assets held within property and equipment to be recovered principally through a sale transaction rather than through continuing use, these assets are classified as held for sale.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

j) Intangible assets

Intangible assets are measured initially at cost and subsequently carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method with no residual value over their estimated useful life since the assets are available for use.

- Software 4 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Where an intangible asset is not being amortised because its useful life is indefinite, the Branch carries out a review in each accounting period to confirm whether events and circumstances still support an indefinite useful life assessment, if they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

Certain internal and external costs directly incurred in acquiring and developing software are capitalized when specific criteria are met. These intangible assets are amortised over their expected useful lives on a straight-line basis over the period of four years.

1. Statement of Accounting Policies (continued)

k) Taxation

Income tax on the net profit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognized directly within other comprehensive income or equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted as at balance date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

A deferred taxation asset is recognised only to the extent that it is probable (i.e. more likely than not) that a future taxable profit will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

l) Provisions

A provision is recognised in the statement of financial position when the Branch has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

m) Contingent liabilities and credit commitments

The Branch is involved in a range of transactions that give rise to contingent and/or future liabilities. The Branch discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Branch's control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Branch issues commitments to extend credit, letters of credit, guarantees and other credit facilities. These financial instruments attract fees in line with market prices for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. The fee pricing is set as part of the broader customer credit process and reflects the probability of default. These are initially recognized at their fair value, which is normally evidenced by the amount of fee received. This amount is amortised on a straight-line basis over the life of the commitment. At the end of each reporting period, the commitments are measured at the higher of (i) remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the commitment at the end each reporting period.

1. Statement of Accounting Policies (continued)

n) Leases

The Branch leases office, carpark, and vehicles where assets and liabilities arising from a lease are initially measured on a present value basis.

The Branch has changed its accounting policy for leases where the Branch is the lessee. Previously leases in which a significant portion of the risks and rewards of ownership were not transferred to the Branch as lessee were classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Branch under residual value guarantees;
- the exercise price of a purchase option if the Branch is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the Branch exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Branch, the lessee's incremental borrowing rate is used, which is 1.42%, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The leases are typically made up of fixed period but may have extension options. Extension and termination options are included in a property and equipment leases across the Branch. These are used to maximize operational flexibility in terms of managing the assets used in the Branch's operations.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Branch is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Cash flows in the cash flow statement include GST, where relevant.

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

1. Statement of Accounting Policies (continued)

p) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and sick leave accruing to employees and expected to be settled within twelve months of the reporting date are recognised and measured at the amounts expected to be paid when the liabilities are settled.

q) Head Office account

Head Office account comprises funds provided by the Overseas Bank. It is non-interest bearing and there is no fixed date for repatriation.

r) Statement of cash flows

Cash and cash equivalents

Cash and cash equivalents comprise: cash, cash in transit and call deposits due from other Banks, all of which are used in the day-to-day cash management of the Branch. These balances have a maturity of less than 3 months from date of acquisition.

Netting of cash flows

Certain cash flows have been netted in order to provide more meaningful disclosure, as many of the cash flows are received and disbursed on behalf of customers and reflect the activities of those customers rather than the Branch.

s) Changes in accounting policies

The accounting policies used by the Branch are not consistent with those used in previous period.

The financial statements have been prepared on a basis other than going concern because Kookmin Bank publicly issued a notice advising that it will be voluntarily winding down its Auckland Branch operations on 15 October 2024. In preparing the financial statements on an alternate basis, the Branch has continued to apply the requirements of New Zealand equivalents to International Financial Reporting Standards taking into account that the Branch is not expected to continue as a going concern in the foreseeable future. This has resulted in re-estimation of the useful life of PPE, re-measurement of Right-of-use assets / Lease liabilities and recognition of Make good provision.

2. Critical accounting estimates, assumptions and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management has discussed with the Directors the development, selection and disclosure of the Branch's critical accounting policies, judgments, assumptions, and estimates.

a) Key assumptions and sources of estimation uncertainty

Impairment losses on loans and advances

The Branch reviews its loan portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Branch makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio. Refer to note 11 for more information.

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is to be considered credit-impaired. Expected credit losses are the discounted product of:

- Probability of default (PD): The PD represents the estimated probability that a borrower defaults, either over the next 12 months or over the remaining lifetime of the obligation;
- Exposure at default (EAD): The EAD is the estimated exposure amount that may be outstanding in the event of a default, over the next 12 month or over the remaining lifetime;
- Loss given default (LGD): The LGD represents the estimated amount that is not expected to be recovered following default. LGD is calculated on a 12-month basis or lifetime basis;

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

The Branch uses forward-looking information in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the ECL are reviewed on an annual basis.

2. Critical accounting estimates, assumptions and judgments (continued)

a) Key assumptions and sources of estimation uncertainty (continued)

Impairment losses on loans and advances (continued)

Forward looking information incorporated in the ECL models

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward looking information. The Branch has performed historical analysis and identified the key economic variables impacting credit risk and ECL.

The Branch produced a “base economic scenario” using forecast economic factors (e.g. Yield of Corporate Bond (AA- 3 years), CAB (Current Account Balance), unemployment and GDP, and NZX 50 amongst other factors). The impact of these economic factors on PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Branch produced other possible scenarios along with scenario weightings. The Downside scenario has been formed considering slow growth in the New Zealand economy and the expected impact on the portfolio. The most likely outcome is a third scenario based on a weighting of the economic base scenario and the downside scenario. The Branch has used these three scenarios for calculating the ECL.

b) Critical accounting judgments in applying the Branch's accounting policies

Key judgments applied by management in the measurement of the ECL including:

- (i) Determining what is considered to be a significant increase in credit risk; and
- (ii) Determining assumptions used in the ECL model such as estimating forward looking PD, LGD and forward looking macro-economic scenarios and weightings.

Management uses their knowledge of the related assets and historical experience to make these judgments.

1) Property, equipment and intangible assets

The Branch has assessed the residual values and useful lives of property, equipment, and intangible assets. Management has made the judgment to apply an accelerated depreciation/amortization profile prospectively from September 2024 onwards. It is anticipated that all assets will be disposed of upon the Branch's ultimate liquidation, expected by December 2026. As such, Management has made the assumption that these assets will not have any residual value, meaning they are to be depreciated/amortized down to \$nil.

2) Right-of-use assets and lease liabilities

The Branch has formally modified the terms of the office lease with the landlord in September 2024, setting a non-cancellable period ending on 31 August 2027, while allowing for early termination if all lease payments due up to that date are made. As a result, the lease liability and ROU asset have been remeasured. Additionally, the branch recognised the cost of restoring the office in the ROU asset regarding Make good provision. The Branch has made the judgement to estimate an exit date of 31 December 2026, adjust the lease payment profile to include a one-off payment on that date for the lease period from January to August 2027.

Our modified contract contains a Lease extension option which allows us to extend for one more year. This option can maximize the flexibility of the operational managements. However, since the Branch has made its decision to cease the operations, we have assumed that the extension option is unlikely to be exercised.

3) Provisions

The reporting of provision in terms of identifying whether a present obligation exists and estimating the probability, timing, and quantum of outflows arising from past events requires a significant degree of judgement and can be complex. The amount that is recognised as a provision can be sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which requires judgement in determining an appropriate provision level.

For the management's decision to wind down the operations to be followed by solvent liquidation. The Branch has recognised a provision for the anticipated cost of restructuring the New Zealand office. The amount that is recognised is based upon quotations from specialized companies for estimating the restructuring costs.

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Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

3. Net interest income

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Interest revenue		
Cash and cash equivalents	3,853,249	5,437,164
Loans and advances	35,640,328	39,667,617
Interest remediation Provision*	-	(4,237)
Other	135	273
	39,493,712	45,100,817
Amounts received from related parties	5,977,739	11,976,813
	45,471,451	57,077,630
Interest expense		
Due to other banks	250,378	11,994,792
Deposits from customers	9,474,387	7,267,463
Certificate of deposits	2,839,193	2,986,067
Other	38,887	30,588
	12,602,845	22,278,910
Amounts paid to related parties	18,925,613	18,689,736
	31,528,458	40,968,646

*Interest remediation provision of \$4,237 in 2023 pertains to the estimated refund of interests to the Branch's borrower, which were recognised following the completion of the Commerce Commission's investigation of the Branch's compliance with the CCCFA.

4. Net fee and commission revenue

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Fee and commission revenue		
Retail banking customer fees	1,306,120	722,358
Fee and commission remediation Provision*	-	-
Commercial finance	505,235	689,136
	1,811,355	1,411,494
Fee and commission expense		
Interbank transaction fees	129,632	148,127
	129,632	148,127

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Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

5. Realised and unrealised gains(losses) on financial assets at fair value through profit or loss

Net gains or losses on financial instruments at fair value through profit or loss include gains or losses arising from changes in fair value. Details of net gains or losses on financial instruments at fair value through profit or loss for the years ended December 31, 2024 and 2023, are as follows:

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Realised and unrealised gains(losses) on financial instruments		
Realised gains on financial assets at fair value through profit or loss	3,239,207	1,727,051
Unrealised gains on financial assets at fair value through profit or loss	3,936,698	(5,804,102)
	7,175,905	(4,077,051)

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Gains on financial instruments at fair value through profit or loss		
Derivatives held for trading :		
Foreign exchange forward	8,997,967	1,727,051
	8,997,967	1,727,051
Losses on financial instruments at fair value through profit or loss		
Derivatives held for trading :		
Foreign exchange forward	(1,822,062)	(5,804,102)
	(1,822,062)	(5,804,102)
	7,175,905	(4,077,051)

6. Other operating income

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Foreign exchange gain	157,509	3,665,012
Other	244,226	46,185
	401,735	3,711,197

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Financial Statements of Kookmin Bank Auckland Branch

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For the twelve months ended 31 December 2024

7. Administrative expenses

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Employee benefit expenses	2,349,242	2,138,683
Depreciation		
Leasehold improvement	315,682	136,571
Equipment	46,438	65,162
Intangible assets	2,351	1,702
Right-of-use asset	394,156	360,727
	758,627	564,162
Communication expense	31,251	31,461
Business promotion expense	38,669	36,194
Operating lease costs	198,061	192,044
Bank operating administrative cost	612,050	800,045
Electronic management expense cost	125,848	112,099
Supplies cost	18,157	21,280
Travel expense	97,874	64,339
Auditor's remuneration		
Audit and review of financial statements	351,479	257,548
Other administrative expenses	720,230	526,058
	5,301,488	4,743,913

No other fees have been paid to the Auditor other than as detailed above.

8. Other operating expenses

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Foreign exchange losses	6,247,220	42,323
Movement in provision for unused commitment	-	9,900
Movement in provision for guarantee	-	(146)
Other	513,409	404,040
	6,760,629	456,117

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Financial Statements of Kookmin Bank Auckland Branch

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For the twelve months ended 31 December 2024

9. Income tax expense

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Recognised in the Statement of Comprehensive Income		
Current income tax	3,503,640	462,001
Deferred taxation		
Origination and reversal of temporary differences	(75,301)	2,967,886
Total income tax expense in Statement of Comprehensive Income	3,428,339	3,429,887

*As at 31 December 2024, current tax liabilities amounted to \$3,129,277 (31 December 2023: current tax assets of \$1,913,050). During the year. Income tax refund received \$3,101,007(31 December 2023: \$333,900)

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Reconciliation of effective tax rate		
Profit before tax	11,370,962	11,247,751
Income tax using the domestic corporation rate	3,183,870	3,149,370
Tax effect of non-deductible expenses	244,469	280,517
Over accrual in prior years	-	-
Total income tax expense in Statement of Comprehensive Income	3,428,339	3,429,887
Effective tax rate	30.1%	30.5%

The relevant domestic corporate rate is 28%

10. Cash and demand balances with other banks

As at 31 December 2024, cash and cash equivalents are due for settlement within 3 months of balance date. These comprise of balances with less than 3 months' maturity from the date of acquisition, that includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of 3 months or less. (2023: within 3 months or less)

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Cash and balances with other banks	21,439,760	9,617,865
Due from other financial institutions (Call or original maturity of 3 months or less)	111,637,175	76,889,003
Total Cash and demand balances with other banks	133,076,935	86,506,868

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Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

11. Loans and advances to customers

Loans and advances to customers at amortised cost

	31 December 2024			31 December 2023		
	Gross Amount (\$)	Impairment Allowance (\$)	Carrying Value (\$)	Gross Amount (\$)	Impairment Allowance (\$)	Carrying Value (\$)
Current assets						
Residential Mortgage	51,496,833	(18,414)	51,478,419	116,550,261	(17,718)	116,532,543
Corporate	207,651,344	(848,075)	206,803,269	378,262,755	(1,073,016)	377,189,739
Other retail	6	-	6	6	-	6
Total	259,148,183	(866,489)	258,281,694	494,813,022	(1,090,734)	493,722,288
Non current assets						
Residential Mortgage	1,375,108	(513)	1,374,595	1,393,262	(280)	1,392,982
Corporate	24,402,209	(22,123)	24,380,086	28,377,949	(28,834)	28,349,115
Other retail	-	-	-	-	-	-
	25,777,317	(22,636)	25,754,681	29,771,211	(29,114)	29,742,097
Total	284,925,500	(889,125)	284,036,375	524,584,233	(1,119,848)	523,464,385

12. Credit risk management and asset quality

Credit risk is the risk of loss to the Branch arising from the failure of a counterparty to repay principal and/or interest due at the required time. Credit risk in the Branch arises primarily from the lending, trade and finance activities of the Branch.

(i) Credit approval standards

The Overseas Bank's lending principles are set out in the Overseas Bank's philosophy on lending. All transactions between clients and the Branch are guided by these principles. The Overseas Bank sets the Branch's exposure limits to all counter-parties. These are documented and show, by category of loan, the delegated authorities, which have been given to Loan Officers, Loan Managers and the General Manager for approving loans.

The Branch has no specific exposure concentration limits in place for particular industries; however, the Registered Bank monitors exposure to various industry sectors and adopts a general practice of ensuring there is no exposure concentration to any individual industry sector.

A standard procedure is used to assess all credit applications. This includes ensuring all applications meet the Branch's lending criteria. The Loan Officers evaluate applications in the first instance, with an independent review provided by the Loan Managers.

(ii) Portfolio monitoring

The General Manager of the Branch reviews the status of all loans quarterly. The Loan Officers monitor repayment schedules regularly and maintain contact with all borrowers in order to ensure any potential problems are identified at any early stage and appropriate action is taken.

The Branch maintains a record of all borrowers' credit facilities, all indebtedness and any guarantees given or taken. All related borrowers and guarantors are identified. All principal and interest amounts, which are in default, are reported to the General Manager. Where such delinquencies are over 3 months these are reported to the Overseas Bank. The daily loan operations are subject to a review by a member of the Retail Banking department. These reviews are undertaken to ensure the Branch's policies and procedures have been complied with.

(iii) Credit risk mitigation

The Branch achieves credit risk mitigation through collateralisation, where the exposure is secured by eligible collateral. Collateral security in the form of real property or security interest in personal property is generally taken for business credit except for major government, bank and corporate counterparties of strong financial standing. Longer term consumer finance (e.g. household loans), is generally secured against real estate while short term revolving consumer credit is generally unsecured.

The main types of collateral taken vary and include residential mortgages, charge over properties being financed, cash, deposits, bonds, commodities, equities and motor vehicles.

Included in 'Loans and advances to customers', are amounts held subject to guarantee arrangements whereby the Guarantor has deposited the amount guaranteed and this will be paid by the Branch in the event of default by the Guarantor. The Branch bears no credit risk in respect of these arrangements.

(iv) Credit facility management

Credit risk portfolios are regularly assessed for objective evidence of impairment. The Branch creates portfolio impairment provisions where there is objective evidence that the portfolio contains probable losses that will be identified in future years. The Branch also creates an individually assessed provision against specific credit exposures when there is objective evidence that it will not be able to collect all amounts due.

The daily loan operations are subject to a review by a member of the Retail Banking department. These reviews are undertaken to ensure the Branch's policies and procedures have been complied with.

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Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

(v) Maximum exposure and effects of collateral and other credit enhancements

Netting and set-off

The Branch has the contractual ability to set off asset and liability positions on default or bankruptcy of the borrower, where the Branch holds collateral as the top priority to ensure that appropriate arrangements are made in the future to offset the associated risks. Moreover, the over-collateralised collaterals possessed by the Branch significantly reduce the need for concern related to the net exposure amount on the table.

Collateral

The Branch has the ability to call on collateral in the event of default of the borrower or other counterparty, comprising:

Home loans: a fixed charge over residential property in the form of houses, flats and other dwellings;

Wholesale lending: a fixed charge over commercial property and other physical assets, in various forms; and

Financial guarantees and similar off-balance sheet commitments: cash collateral, mainly in the form of term deposits.

The carrying value of non-cash collateral reflects the estimated fair value, being, in most instances, the Rating Valuation of the physical assets limited to the carrying value of the asset where the exposure is over-collateralised on date of origination. For assets collateralised by residential or commercial property (and certain other physical assets), where it is not practicable to access current market valuations of each underlying property, values reflect the best measure of the current market valuations.

The net realisable value from a distressed sale of collateral obtained by the Branch upon default or insolvency of counterparty will in some cases be lower than the carrying value recognised above. Assets obtained are normally sold in the form of mortgagee sale at the corresponding market value at the time for the maximum benefit of the Branch, the borrower and the borrower's other creditors in accordance with the relevant insolvency regulations.

Risk Transfer

The Branch in some cases holds guarantees, letters of credit and similar instruments from third parties which enable it to claim settlement from them in the event of default on the part of the counterparty. In addition, the Branch obtains guarantees from customers in respect of personal loans and smaller business loans, where these are not quantified in the table below.

Credit risk mitigation, collateral and other credit enhancements

The Branch's net exposure to its credit risk is considerably low as in most cases collateral held by the Branch is greater than the loan exposure. Cash collateral is held against financial guarantees approved.

However, a large proportion of the unmitigated exposure relates to either cash or cash equivalents that cannot be collateralised, where it is also considered of low risk due to the nature of the counterparties.

Statement of financial position components

Cash and cash equivalents: These exposures are generally considered to be of low risk due to the nature of the counterparties. These balances are not collateralised.

Loans and advances to customers: All of the housing and other loans for consumer purposes are fully secured. Moreover, security is typically taken by a fixed charge over property or other assets of the customer.

Due from related parties: These refer to balances held with the Overseas Bank and are considered of low risk as they are securely accessible and flexibly utilised if necessary, however these balances are not collateralised.

Other assets: Collateral is generally not sought on these balances.

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Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Statement of financial position components (continued)

As at 31 December 2024	Maximum Exposure (\$)	Collateral (\$)	Net Exposure (\$)
On-Balance Sheet:			
Cash and demand balances from other banks	133,076,935	-	133,076,935
Loans and advances to customers	284,036,375	(284,036,369)	6
Due from related parties	72,249,792	-	72,249,792
Derivative financial assets	3,936,698	-	3,936,698
Other assets	27,408	-	27,408
Total on- Balance Sheet	493,327,208	(284,036,369)	209,290,839
Off- Balance Sheet:			
Lending commitments approved but not yet advanced	11,890,104	(11,535,871)	354,233
Contingent related financial guarantees	250,000	-	250,000
Total off- Balance Sheet	12,140,104	(11,535,871)	604,233
Total	505,467,312	(295,572,240)	209,895,072

As at 31 December 2023	Maximum Exposure (\$)	Collateral (\$)	Net Exposure (\$)
On-Balance Sheet:			
Cash and demand balances from other banks	86,506,868	-	86,506,868
Loans and advances to customers	523,464,385	(523,464,379)	6
Due from related parties	154,988,733	-	154,988,733
Derivative financial assets	-	-	-
Other assets	1,928,756	-	1,928,756
Total on- Balance Sheet	766,888,742	(523,464,379)	243,424,363
Off- Balance Sheet:			
Lending commitments approved but not yet advanced	16,224,008	(15,903,102)	320,906
Contingent related financial guarantees	363,000	(363,000)	-
Total off- Balance Sheet	16,587,008	(16,266,102)	320,906
Total	783,475,750	(539,730,481)	243,745,269

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Credit quality of loans that are neither past due nor impaired are as follows:

	31 December 2024		31 December 2023	
	Corporate(\$)	Total(\$)	Corporate(\$)	Total(\$)
Grade 1	-	-	21,057,632	21,057,632
Grade 2	75,666,466	75,666,466	129,790,091	129,790,091
Grade 3	154,950,936	154,950,936	252,271,181	252,271,181
Grade 4	561,615	561,615	2,419,950	2,419,950
Grade 5	4,338	4,338	-	-
	231,183,355	231,183,355	405,538,854	405,538,854

Residential mortgages of \$52,853,014 and other retail of \$6 are ungraded (2023: Residential mortgages \$117,925,525 and other retail \$6).

Credit quality of loans graded according to internal credit ratings are as follows:

Overall credit grade	Corporate grade	Classification
Grade 1	AAA to BBB+	Corporate facilities demonstrating financial condition and capacity to repay that are good to exceptional.
Grade 2	BBB to BB	Corporate facilities demonstrating financial condition and capacity to repay that are average to good.
Grade 3	BB- to B	Corporate facilities demonstrating financial condition and capacity to repay that are stable to average.
Grade 4	B- to CCC	Corporate facilities demonstrating financial condition and capacity to repay that are unstable.
Grade 5	CC or under	Corporate facilities that are at a high risk of default

Asset quality information for loans and advances to customers

Past due but not impaired As at 31 December 2024	Residential mortgages (\$)	Corporate (\$)	Other Retail (\$)	Total (\$)
Past due up to 30 days	979,394	321	-	979,715
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	160,742	-	160,742
Past due 90+ days	-	-	-	-
Total	979,394	161,063	-	1,140,457

Past due but not impaired As at 31 December 2023	Residential mortgages (\$)	Corporate (\$)	Other Retail (\$)	Total (\$)
Past due up to 30 days	-	1,109,849	-	1,109,849
Past due 30 – 60 days	-	-	-	-
Past due 60 – 90 days	-	-	-	-
Past due 90+ days	-	-	-	-
Total	-	1,109,849	-	1,109,849

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation

	31 December 2024 (\$)	31 December 2023 (\$)
Total loans and advances to customers	284,925,500	524,584,233
Less allowance for loan losses	(889,125)	(1,119,848)
Loans and advances to customers	284,036,375	523,464,385

Movements in components of collective credit impairment allowances (NZ IFRS 9) are as follows:

Residential Mortgages Collective credit impairment allowances For the 12 months ended 31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	17,998	-	-	-	17,998
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	929	-	-	-	929
Write-offs	-	-	-	-	-
Closing Balance	18,927	-	-	-	18,927

Corporate Collective credit impairment allowances For the 12 months ended 31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	1,101,716	134	-	-	1,101,850
Transfers:					
Transfer from Stage 2 to Stage 1	(166)	166	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	(7,272)	-	7,272	-	-
Charge to statement of comprehensive income	(380,649)	(135)	149,132	-	(231,652)
Write-offs	-	-	-	-	-
Closing Balance	713,629	165	156,404	-	870,198

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Other Retail Collective credit impairment allowances For the 12 months ended 31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	-	-	-	-	-
Transfers:					
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Write-offs	-	-	-	-	-
Closing Balance	-	-	-	-	-

Total Collective credit impairment allowances For the 12 months ended 31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	1,119,714	134	-	-	1,119,848
Transfers:					
Transfer from Stage 2 to Stage 1	(166)	166	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	(7,272)	-	7,272	-	-
Charge to statement of comprehensive income	(379,720)	(135)	149,132	-	(230,723)
Write-offs	-	-	-	-	-
Closing Balance	732,556	165	156,404	-	889,125

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Notes to financial statements

For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Residential Mortgages Collective credit impairment allowances For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	12,322	-	-	-	12,322
Transfers:					
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	5,676	-	-	-	5,676
Write-offs	-	-	-	-	-
Closing Balance	17,998	-	-	-	17,998

Corporate Collective credit impairment allowances For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	546,522	2,288	-	-	548,810
Transfers:					
Transfer from Stage 1 to Stage 2	(254)	254	-	-	-
Transfer from Stage 2 to Stage 1	2,288	(2,288)	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	553,160	(120)	-	-	553,040
Write-offs	-	-	-	-	-
Closing Balance	1,101,716	134	-	-	1,101,850

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Other Retail Collective credit impairment allowances For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	-	-	-	-	-
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	-	-	-	-	-
Write-offs	-	-	-	-	-
Closing Balance	-	-	-	-	-

Total Collective credit impairment allowances For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	558,844	2,288	-	-	561,132
Transfers:					
Transfer from Stage 1 to Stage 2	(254)	254	-	-	-
Transfer from Stage 2 to Stage 1	2,288	(2,288)	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Charge to statement of comprehensive income	558,836	(120)	-	-	558,716
Write-offs	-	-	-	-	-
Closing Balance	1,119,714	134	-	-	1,119,848

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Financial Statements of Kookmin Bank Auckland Branch

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

The gross carrying amounts of loans that affect credit impairment allowances (NZ IFRS 9) are as follows:

Residential Mortgages	Stage 1	Stage 2	Stage 3	Purchased	Total
Gross carrying amount	12 month	Lifetime	Lifetime	credit-	(\$)
For the 12 months ended 31 December 2024	ECL	ECL	ECL	impaired	
Opening Balance	117,943,523	-	-	-	117,943,523
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	469,726	-	-	-	469,726
Deletions	(65,541,308)	-	-	-	(65,541,308)
Write-offs	-	-	-	-	-
Closing Balance	52,871,941	-	-	-	52,871,941

Corporate	Stage 1	Stage 2	Stage 3	Purchased	Total
Gross carrying amount	12 month	Lifetime	Lifetime	credit-	(\$)
For the 12 months ended 31 December 2024	ECL	ECL	ECL	impaired	
Opening Balance	405,815,121	825,583	-	-	406,640,704
Transfers:					
Transfer from Stage 1 to Stage 2	(690,101)	690,101	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	(731,537)	-	731,537	-	-
Additions	49,624,909	117,213	-	-	49,742,122
Deletions	(222,732,654)	(1,025,824)	(570,795)	-	(224,329,273)
Write-offs	-	-	-	-	-
Closing Balance	231,285,738	607,073	160,742	-	232,053,553

Other Retail	Stage 1	Stage 2	Stage 3	Purchased	Total
Gross carrying amount	12 month	Lifetime	Lifetime	credit-	(\$)
For the 12 months ended 31 December 2024	ECL	ECL	ECL	impaired	
Opening Balance	6	-	-	-	6
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	-	-	-	-	-
Deletions	-	-	-	-	-
Write-offs	-	-	-	-	-
Closing Balance	6	-	-	-	6

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For the twelve months ended 31 December 2024

12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Total Gross carrying amount For the 12 months ended 31 December 2024	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	523,758,650	825,583	-	-	524,584,233
Transfers:					
Transfer from Stage 1 to Stage 2	(690,101)	690,101	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	(731,537)	-	731,537	-	-
Additions	50,094,635	117,213	-	-	50,211,848
Deletions	(288,273,962)	(1,025,824)	(570,795)	-	(289,870,581)
Write-offs	-	-	-	-	-
Closing Balance	284,157,685	607,073	160,742	-	284,925,500

Residential Mortgages Gross carrying amount For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	161,233,114	-	-	-	161,233,114
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	116,913	-	-	-	116,913
Deletions	(43,406,504)	-	-	-	(43,406,504)
Write-offs	-	-	-	-	-
Closing Balance	117,943,523	-	-	-	117,943,523

Corporate Gross carrying amount For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	421,960,350	1,506,486	-	-	423,466,836
Transfers:					
Transfer from Stage 1 to Stage 2	(825,461)	825,461	-	-	-
Transfer from Stage 2 to Stage 1	1,506,486	(1,506,486)	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	163,446,738	122	-	-	163,446,860
Deletions	(180,272,992)	-	-	-	(180,272,992)
Write-offs	-	-	-	-	-
Closing Balance	405,815,121	825,583	-	-	406,640,704

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12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Other Retail Gross carrying amount For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	8	-	-	-	8
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	1	-	-	-	1
Deletions	(3)	-	-	-	(3)
Write-offs	-	-	-	-	-
Closing Balance	6	-	-	-	6

Total Gross carrying amount For the 12 months ended 31 December 2023	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit- impaired	Total (\$)
Opening Balance	583,193,472	1,506,486	-	-	584,699,958
Transfers:					
Transfer from Stage 1 to Stage 2	(825,461)	825,461	-	-	-
Transfer from Stage 2 to Stage 1	1,506,486	(1,506,486)	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Additions	163,563,652	122	-	-	163,563,774
Deletions	(223,679,499)	-	-	-	(223,679,499)
Write-offs	-	-	-	-	-
Closing Balance	523,758,650	825,583	-	-	524,584,233

The Branch does not have any financial assets designated at fair value under administration (2023: nil).

The Branch does not have any security enforcements that are included in loans and advances to customers (2023: nil).

The Branch does not have any undrawn balances on lending commitments to customers that are classified as individually impaired (2023: nil).

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12. Credit risk management and asset quality (continued)

Loan Reconciliation (continued)

Overseas Banking Group	As at 31 December 2024 (Korea Won Billions)
Total assets	562,887
Total impaired assets	3,691
As a % of total assets	0.66%
Total Stage 3 credit impairment allowance*	1,597
As a % of total impaired assets	43.27%
Total Stage 1 credit impairment allowance*	1,139
Total Stage 2 credit impairment allowance*	982

* Information is not defined in the published statutory financial reporting but in accordance with schedule 7, section 8(2) of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended), the Branch has disclosed information that corresponds as closely as possible with that which is publicly available in the Overseas Banking Group's consolidated financial statements.

13. Overseas Bank entities

The Overseas Bank is Kookmin Bank. The Overseas Bank's immediate and ultimate parent is KB Financial Group.

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For the twelve months ended 31 December 2024

14. Related parties

Identity of related parties

During the year ended 31 December 2024, the Branch has entered into, or had in place, various financial transactions with the Overseas Banking Group. The Overseas Banking Group provides administrative functions to the Branch where there is no obligation of payments. (31 December 2023: Same). In all other cases, arrangements with the Overseas Banking Group were conducted on normal commercial terms. All loans and borrowings from related parties are not secured and rates of interest paid to the Overseas Bank is set by the Overseas Bank.

Transactions with related entities

The Registered Bank received interest revenue of \$5,977,739 from the Overseas Bank for related party receivables (31 December 2023: \$11,976,813).

The Branch paid interest expense of \$18,925,613 to the Overseas Bank for related party payables (31 December 2023: \$18,689,736).

The Branch received commissions on bankers' acceptance transactions from the Overseas Bank of \$350,566 (31 December 2023: \$464,170).

The Branch's gain on derivative financial assets and liabilities with the Overseas Bank for foreign exchange forward is \$8,997,967 (31 December 2023: \$1,727,051).

The Branch's losses on derivative financial assets and liabilities with the Overseas Bank for foreign exchange forward is \$1,822,062 (31 December 2023: \$5,804,102).

The Branch repatriated profits of \$8,853,608 (31 December 2023: The Overseas Bank reimbursed \$292,122 to the Branch).

During the year, no provisions for impairment losses have been recognised in respect of loans and other amounts due from related parties. No amounts owed by related parties have been written off or forgiven during the year.

Balances with related entities

At 31 December 2024, the Branch has \$72,249,792 due from the Overseas Bank for short term advances (31 December 2023: \$154,988,733).

At 31 December 2024, the Branch has \$240,572,326 due to the Overseas Bank for short term advances for funding purposes (31 December 2023: \$345,320,604). The total funding facility is US\$250million.

At 31 December 2024, the Branch has \$3,936,698 of the fair value on derivative financial assets of foreign exchange forward with Overseas Bank for trading (31 December 2023: \$5,804,102 on derivative financial liabilities).

All balances with related entities are classified as current assets and liabilities.

At 31 December 2024, US\$12,000,000 letter of credit has been provided by the related party as security (31 December 2023: US\$34,695,000) for loans lent by the Branch.

Off Balances with related entities

At 31 December 2024, the Branch has derivatives instruments with the Overseas Bank for foreign exchange forwards. The forwards will be paid or received on a notional principal amount at a future date. The received notional amounts are US\$25,000,000 (31 December 2023: US \$55,000,000). The paid notional amounts are NZ \$40,349,136 (31 December 2023: NZ \$ 92,380,117).

Key management personnel compensation

Key management personnel are those persons (including directors) having authority and responsibility for planning, directing and controlling the activities of the Branch. All key management personnel are employed by the Overseas Bank. The Branch provided \$443,810 (2023: \$287,657) of short-term employment benefits to key management personnel. No other benefits were paid to key management personnel.

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For the twelve months ended 31 December 2024

15. Derivative financial instruments

The Branch uses derivatives to manage its financial position with the Overseas bank. The derivative financial instruments are forwards based on exchange currency. The following table summarises the notional amounts and fair value by maturity date of the Branch's derivatives at 31 December 2024.

Foreign Exchange Contracts	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Spot and forward contracts:		
Notional principal Amount < 1 year	40,349,136	92,390,117
Notional principal Amount 1 to 2 years	-	-
Total notional principal	40,349,136	92,390,117
Fair value < 1 year	3,936,698	(5,804,102)
Fair value 1 to 2 years	-	-
Total fair value	3,936,698	(5,804,102)

16. Other assets

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Accounts receivable and prepayments	-	-
Leasehold deposits	12,100	8,200
GST refund Due	15,308	7,506
	27,408	15,706
Current other assets	27,408	15,706
Non current other assets	-	-
	27,408	15,706

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For the twelve months ended 31 December 2024

17. Right-of-use assets

As at 31 December 2024	Building (\$)	Vehicle (\$)	Total (\$)
Opening cost	3,108,351	81,625	3,189,976
Accumulated depreciation and impairment losses	(1,497,924)	(56,800)	(1,554,724)
Opening net book value	1,610,427	24,825	1,635,252
Additions	277,531	-	277,531
Revaluation	(73,781)	-	(73,781)
Disposals	(345,114)	(34,785)	(379,899)
Disposals: Accumulated depreciation	-	34,785	34,785
Depreciation	(378,439)	(15,717)	(394,156)
Impairment losses	-	-	-
Closing net book value	1,090,624	9,108	1,099,732
Closing cost	2,966,987	46,840	3,013,827
Accumulated depreciation and impairment losses	(1,876,363)	(37,732)	(1,914,095)
Closing net book value	1,090,624	9,108	1,099,732

Expense relating to lease of low-value assets & short-term leases that are not shown above (included in \$10,543 administrative expenses). The total cash outflow for leases in 2024 was \$410,312

The Branch has formally modified the terms of the office lease with the landlord in September 2024, setting a non-cancellable period ending on 31 August 2027, while allowing for early termination if all lease payments due up to that date are made. As a result, the lease liability and ROU asset have been remeasured. Additionally, the branch recognised the cost of restoring the office in the ROU asset regarding Make good provision. The Branch has made the judgement to estimate an exit date of 31 December 2026, adjust the lease payment profile to include a one-off payment on that date for the lease period from January to August 2027.

Our modified contract contains a Lease extension option which allows us to extend for one more year. This option can maximize the flexibility of the operational managements. However, since the Branch has made its decision to cease the operations, we have assumed that the extension option is unlikely to be exercised.

As at 31 December 2023	Building (\$)	Vehicle (\$)	Total (\$)
Opening cost	3,108,351	81,625	3,189,976
Accumulated depreciation and impairment losses	(1,152,810)	(41,187)	(1,193,997)
Opening net book value	1,955,541	40,438	1,995,979
Additions	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
Disposals: Accumulated depreciation	-	-	-
Depreciation	(345,114)	(15,613)	(360,727)
Impairment losses	-	-	-
Closing net book value	1,610,427	24,825	1,635,252
Closing cost	3,108,351	81,625	3,189,976
Accumulated depreciation and impairment losses	(1,497,924)	(56,800)	(1,554,724)
Closing net book value	1,610,427	24,825	1,635,252

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18. Property and equipment

As at 31 December 2024	Leasehold Improvements (\$)	Equipment (\$)	Total (\$)
Opening cost	1,804,288	1,171,515	2,975,803
Accumulated depreciation and impairment losses	(675,749)	(1,042,635)	(1,718,384)
Opening net book value	1,128,539	128,880	1,257,419
Additions	-	-	-
Disposals at cost	-	(20,720)	(20,720)
Disposals: Accumulated depreciation	-	20,720	20,720
Loss on disposal	-	-	-
Depreciation	(315,682)	(46,520)	(362,202)
Prior Period Adjustment	-	81	81
Impairment losses	-	-	-
Closing net book value	812,857	82,441	895,298
Closing cost	1,804,288	1,150,795	2,955,083
Accumulated depreciation and impairment losses	(991,431)	(1,068,354)	(2,059,785)
Closing net book value	812,857	82,441	895,298

The Branch has assessed the residual values and useful lives of property, equipment, and intangible assets. Management has made the judgment to apply an accelerated depreciation/amortization profile prospectively from September 2024 onwards. It is anticipated that all assets will be disposed of upon the Branch's ultimate liquidation, expected by December 2026. As such, Management has made the assumption that these assets will not have any residual value, meaning they are to be depreciated/amortized down to \$nil.

As at 31 December 2023	Leasehold Improvements (\$)	Equipment (\$)	Total (\$)
Opening cost	1,804,288	1,113,468	2,917,756
Accumulated depreciation and impairment losses	(539,178)	(977,473)	(1,516,651)
Opening net book value	1,265,110	135,995	1,401,105
Additions	-	58,047	58,047
Disposals at cost	-	-	-
Disposals: Accumulated depreciation	-	-	-
Loss on disposal	-	-	-
Depreciation	(136,571)	(65,162)	(201,732)
Prior Period Adjustment	-	-	-
Impairment losses	-	-	-
Closing net book value	1,128,539	128,880	1,257,419
Closing cost	1,804,288	1,171,515	2,975,803
Accumulated depreciation and impairment losses	(675,749)	(1,042,635)	(1,718,384)
Closing net book value	1,128,539	128,880	1,257,419

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For the twelve months ended 31 December 2024

19. Deferred tax asset

	31 December 2024 (\$)	31 December 2023 (\$)
The balance comprises temporary differences attributable to:		
Property and equipment	71,365	18,614
Loan loss provision	251,404	318,364
CCCFA provision	-	7,837
Sundry accruals	56,278	43,004
Make good provision	123,160	45,451
Leases	161,606	155,242
Deferred tax asset	663,813	588,512

Movements in temporary differences during the year

Year ended 31 December 2024	Opening balance	Recognised in income	Prior Period Adjustment	Recognised in equity	Closing balance
Depreciation and loss on disposal of property and equipment	18,614	52,751	-	-	71,365
Loan impairment provision	318,364	(66,960)	-	-	251,404
CCCFA provision	7,837	(7,837)	-	-	-
Sundry accruals	43,004	13,274	-	-	56,278
Make good provision	45,451	77,709	-	-	123,160
Leases	155,242	6,364	-	-	161,606
	588,512	75,301	-	-	663,813

Year ended 31 December 2023	Opening balance	Recognised in income	Prior Period Adjustment	Recognised in equity	Closing balance
Depreciation and loss on disposal of property and equipment	15,790	2,824	-	-	18,614
Loan impairment provision	159,193	159,171	-	-	318,364
CCCFA provision	3,088,125	(3,080,288)	-	-	7,837
Sundry accruals	87,278	(44,274)	-	-	43,004
Make good provision	45,451	-	-	-	45,451
Leases	160,561	(5,319)	-	-	155,242
	3,556,398	(2,967,886)	-	-	588,512

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20. Intangible assets

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Opening cost	9,078	-
Accumulated amortisation brought forward	(1,702)	-
Opening net book value	7,376	-
Additions	-	9,078
Accumulated amortisation	(1,702)	-
Amortisation charge for the year	(648)	(1,702)
Closing net book value	5,026	7,376

The Branch has assessed the residual values and useful lives of property, equipment, and intangible assets. Management has made the judgment to apply an accelerated depreciation/amortization profile prospectively from September 2024 onwards. It is anticipated that all assets will be disposed of upon the Branch's ultimate liquidation, expected by December 2026. As such, Management has made the assumption that these assets will not have any residual value, meaning they are to be depreciated/amortized down to \$nil.

21. Deposits from customers

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Current liabilities		
Retail customers		
- Term deposits	127,360,388	116,256,050
- Current deposits	9,867,053	22,257,262
- Installment deposits	422,677	443,897
Commercial customers		
- Term deposits	33,396,725	38,117,086
- Current deposits	26,945,596	36,051,480
- Installment deposits	19,004	18,639
	198,011,443	213,144,414
Non current liabilities		
Retail customers		
- Term deposits	4,262,721	14,995,185
- Installment deposits	88,736	101,584
Commercial customers		
- Term deposits	-	-
- Installment deposits	-	-
	4,351,457	15,096,769
Total Deposits	202,362,900	228,241,183

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22. Due to other banks

	As at 31 December 2024	As at 31 December 2023
	(\$)	(\$)
Within 12 months	29,388	81,097,230
In excess of 12 months	-	-
Total due to other banks	29,388	81,097,230

23. Certificate of deposits

	As at 31 December 2024	As at 31 December 2023
	(\$)	(\$)
Certificates of deposit issued	35,338,735	93,852,400
Total Certificate of deposits	35,338,735	93,852,400
Current	35,338,735	93,852,400
Non-Current	-	-
	35,338,735	93,852,400

These certificates of deposits are not repayable on demand and will mature in 17 January 2025.

24. Provisions

	As at 31 December 2024	As at 31 December 2023
	(\$)	(\$)
Balance at beginning of the year	190,315	11,191,345
Provisions made during the year	277,531	4,237
Provisions used during the year	(27,990)	(11,005,267)
Provisions reversed during the year	-	-
Balance at end of the year	439,856	190,315

The reporting of provision in terms of identifying whether a present obligation exists and estimating the probability, timing, and quantum of outflows arising from past events requires a significant degree of judgement and can be complex. The amount that is recognised as a provision can be sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which requires judgement in determining an appropriate provision level.

As at 1 January 2024, the balance of provision consists of Make good provision of \$162,325 and Remediation costs of \$27,990 which aggregated to \$190,315.

For the current financial year 2024, the Branch has recognised \$277,531 for additional Make good provision for the anticipated costs of restructuring the New Zealand office. Together with the 2024 opening balance of \$162,325 and the amount recognised for the year of \$277,531, the balance of Make good provision at the end of 31 December 2024 is \$439,856.

The 2024 opening for Remediation costs of \$27,990 was reclassified from Provisions to Deposits from customers during the year and will be sent to IRD in July 2025. This brings the 2024 closing balance for Remediation costs provision to \$nil.

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25. Lease liabilities

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Current lease liabilities	370,891	385,265
Non-current lease liabilities	702,811	1,548,444
	1,073,702	1,933,709

The interest expense on lease liability is \$38,887 as at 31 December 2024. The interest expense is under interest expense.

The Branch has formally modified the terms of the office lease with the landlord in September 2024, setting a non-cancellable period ending on 31 August 2027, while allowing for early termination if all lease payments due up to that date are made. As a result, the lease liability and ROU asset have been remeasured. The Branch has made the judgement to estimate an exit date of 31 December 2026, adjust the lease payment profile to include a one-off payment on that date for the lease period from January to August 2027.

Our modified contract contains a Lease extension option which allows us to extend for one more year. This option can maximize the flexibility of the operational managements. However, since the Branch has made its decision to cease the operations, we have assumed that the extension option is unlikely to be exercised.

26. Other liabilities

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Withholding taxes payable	115,189	120,740
Accrued expenses	574,002	454,358
Fee income received in advance	948,457	1,379,897
Import Letter of Credit	-	-
Others	591,328	255,861
	2,228,976	2,210,856
Current other liabilities	2,228,976	2,210,856
Non current other liabilities	-	-
	2,228,976	2,210,856

27. Commitments

Operating lease commitments

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Non cancellable operating lease rentals are payable as follows:		
Less than one year	2,953	2,953
Between one and five years	1,975	4,928
More than five years	-	-
	4,928	7,881

Capital commitments

As at 31 December 2024, the Branch has no capital commitments (31 December 2023: nil).

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28. Contingencies

The Branch has contingent liabilities in the form of guarantees. These guarantee the performance of customers by issuing standard guarantees. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The maximum financial exposure to the Branch in respect of these arrangements is as follows:

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
Contingent financial guarantees	250,000	363,000
Lending commitments approved but not yet advanced	11,890,104	16,224,008

29. Subsequent events

Subsequent to 31 December 2024 Branch repatriated \$10,492,251 to the Head Office. Other than repatriation, there have been no subsequent events materially affecting the financial statements of the Registered Bank for the year ended 31 December 2024.

30. Reconciliation of profit for the year to net cash flows from operating activities

	12 months ended 31 December 2024 (\$)	12 months ended 31 December 2023 (\$)
Profit for the year	7,942,623	7,817,864
Add : Non-cash items		
Unrealised foreign exchange gain	6,245,351	(3,622,690)
Fair value on derivatives	(3,936,698)	-
Depreciation	758,627	564,162
Change in loan impairment provision	(230,723)	558,716
Change in provision for unused commitment	(7,931)	9,900
Change in provision for guarantee	(487)	(146)
	2,828,139	(2,490,058)
Add : Movements in statement of financial position items		
Movement in interest accruals	3,045,364	(211,199)
Movement in operating expense accruals	(360,353)	5,741,627
Movement in other accruals	677,868	(10,991,276)
Movement in income tax payable	5,042,327	(2,821,738)
Movement in deferred tax	(75,301)	2,967,886
Movement in loans and advances to customers	242,390,955	59,982,305
Movement in amounts due to other banks	(144,719,480)	(79,965,669)
Movement in deposits from customers	(28,790,298)	18,153,135
	77,211,082	(7,144,929)
Net cash flows from operating activities	87,981,844	(1,817,123)

31. Financial assets and liabilities

Accounting categorisation and fair values

The methodologies and assumptions when determining fair value depend on the terms and risk characteristics of the various instruments and include the following:

Cash and cash equivalents

These assets are short term in nature and the related carrying value is equivalent to their fair value.

Loans and advances to customers

For variable rate loans and advances, the carrying amount is considered a reasonable estimate of fair value. For fixed rate loans and advances, fair values have been estimated using discounted cash flow models with reference to market interest rates.

Due to/from related parties

These assets and liabilities are short term in nature and the related carrying value is equivalent to their fair value.

Other financial assets

For other financial assets, the carrying amount is equal to fair value.

Deposits from customers and due to other banks

For fixed term deposits by banks and customers, fair values have been estimated using discounted cash flow models with reference to market interest rates. For other deposits, such as demand deposits and temporary deposits, the carrying amount is considered a reasonable estimate of fair value.

Other financial liabilities

These financial liabilities are short term in nature and the related carrying value is equivalent to their fair value.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value. After initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

The fair values of foreign exchange forward contracts were obtained from quoted market prices or discounted cash flow models. Inputs applied in getting the fair value of derivative financial instruments are market observable inputs which include interest rates and forward curves observable at commonly reported intervals where required

Fair value hierarchy

There is a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Branch's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Fair values are determined using quoted market prices where an active market exists.

Level 2: Where quoted market prices are not available, fair values have been estimated using present value or other valuation techniques based on market conditions existing at balance date. These valuation techniques rely on market observable inputs.

Level 3: Inputs for the financial asset or liability that are based on unobservable inputs. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques for which any significant inputs are based on unobservable inputs. This level includes loans and advances to customers and deposits from customers with significant unobservable components.

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For the twelve months ended 31 December 2024

31. Financial assets and liabilities (continued)

The table below sets out the Branch's categorisation of each class of financial assets and liabilities, and their fair values.

31 December 2024	Financial assets at fair value through income statement (\$)	Financial liabilities at fair value through income statement (\$)	Financial assets at amortised cost (\$)	Financial liabilities at amortised cost (\$)	Total carrying value (\$)	Fair value (\$)
Cash and demand balances with other banks	-	-	133,076,935	-	133,076,935	133,076,935
Loans and advances to customers*	-	-	284,036,375	-	284,036,375	289,105,290
Due from related parties	-	-	72,249,792	-	72,249,792	72,249,792
Derivatives financial assets**	3,936,698	-	-	-	3,936,698	3,936,698
Other financial assets	-	-	27,408	-	27,408	27,408
Total financial assets	3,936,698	-	489,390,510	-	493,327,208	498,396,123
Due to other banks	-	-	-	29,388	29,388	29,388
Deposits from customers**	-	-	-	202,362,900	202,362,900	202,754,555
Certificate of deposits	-	-	-	35,338,735	35,338,735	35,344,412
Due to related parties	-	-	-	240,572,326	240,572,326	240,572,326
Derivatives financial liabilities**	-	-	-	-	-	-
Other financial liabilities	-	-	-	1,165,329	1,165,329	1,165,329
Lease liabilities	-	-	-	1,073,702	1,073,702	1,073,702
Total financial liabilities	-	-	-	480,542,380	480,542,380	480,939,712

31 December 2023	Financial assets at fair value through income statement (\$)	Financial liabilities at fair value through income statement (\$)	Financial assets at amortised cost (\$)	Financial liabilities at amortised cost (\$)	Total carrying value (\$)	Fair value (\$)
Cash and demand balances with other banks	-	-	86,506,868	-	86,506,868	86,506,868
Loans and advances to customers*	-	-	523,464,385	-	523,464,385	525,840,501
Due from related parties	-	-	154,988,733	-	154,988,733	154,988,733
Derivatives financial assets**	-	-	-	-	-	-
Other financial assets	-	-	15,706	-	15,706	15,706
Total financial assets	-	-	764,975,692	-	764,975,692	767,351,808
Due to other banks	-	-	-	81,097,230	81,097,230	81,097,230
Deposits from customers**	-	-	-	228,241,183	228,241,183	228,281,410
Certificate of deposits	-	-	-	93,852,400	93,852,400	93,863,032
Due to related parties	-	-	-	345,320,604	345,320,604	345,320,604
Derivatives financial liabilities**	-	5,804,102	-	-	5,804,102	5,804,102
Other financial liabilities	-	-	-	738,208	738,208	738,208
Lease liabilities	-	-	-	1,933,709	1,933,709	1,933,709
Total financial liabilities	-	5,804,102	-	751,183,334	756,987,436	757,038,295

* The fair values for loans and advances to customers are within level 3 of the fair value hierarchy.

** The fair values for deposits from customers and Derivatives financial liabilities are within level 2 of the fair value hierarchy

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For the twelve months ended 31 December 2024

31. Financial assets and liabilities (continued)

The table below sets out the Branch's categorisation of each class of derivatives financial assets and liabilities, and their fair values.

Branch	As at 31 December 2024		As at 31 December 2023	
	Level 1 (\$)	Level 2 (\$)	Level 1 (\$)	Level 2 (\$)
Derivative financial instruments held for trading				
Derivative financial assets				
Foreign exchange forward	-	3,936,698	-	-
Total derivative financial assets	-	3,936,698	-	-
Derivative financial liabilities				
Foreign exchange forward	-	-	-	5,804,102
Total derivative financial liabilities	-	-	-	5,804,102

There were no financial assets and liabilities carried at fair value categorised under Level 3 in this Period.

Derivative financial instruments held for trading

All derivative financial instruments are measured at fair value. Gains or losses arising from changes in fair value are recognized in profit or loss as part of net gains or losses on financial instruments at fair value through profit or loss. All derivative financial instruments do not qualify for hedge accounting.

32. Financial risk management

Risk management framework

The Board of Directors of the Overseas Bank has overall responsibility for the establishment and oversight of the Branch's risk management framework.

The risk management policies and procedures of the Branch are consistent with those of the Overseas Bank. The Overseas Bank reviews the Branch's risk management systems on an ongoing basis. The risk management systems have not been reviewed by a party external to the Branch or the Overseas Banking Group. The risk management framework of the Overseas Banking Group can be accessed through the Kookmin Bank website at <https://www.kbstar.com>

The key risks that the Branch is subject to are specific banking risks and risks arising from the general business environment. The risk management framework identifies six broad categories of risk:

- Credit risk – the risk of financial loss arising from the failure of a customer or counterparty to honour any financial or contractual obligation.
- Liquidity risk – the risk that the Branch will be unable to meet obligations as they fall due, without incurring unacceptable losses.
- Market risk – the potential for losses arising from adverse movements in the level and volatility of market factors, such as interest rates and foreign exchange rates.
- Operational risk – the risk of direct or indirect losses resulting from inadequate or failed internal processes, people, and systems, or from external events. This risk domain includes legal risks (i.e. losses resulting from the failure to comply with laws as well as prudent ethical standards and contractual obligations). It also includes exposure to litigation from all aspects of the Branch's activities.
- Reputational risk – the reputational risk arises from adverse perception of the Branch by the customers, public, counterparties, regulators or rating agencies. Reputational risk is managed by the Branch by setting out clear behavioral standards specified in the Branch's Code of Conduct.
- Cyber risk – the cyber risk arises from possible cyber-attacks/incidents to the Branch. The purpose of the Cyber risk management is to comply with the regulation but also form a risk management framework to enhance internal governance, process and reduce cyber risk by reporting it to the management. The cyber risk is managed by the Branch by having Business Continuity Plan in case of emergency and Overseas Bank and relevant IT department providing regular training to assure business continuity framework.

This section presents information about the Branch's exposure to each of the above risks, the Branch's objectives, policies and processes for measuring and managing risk, and the Branch's management of capital.

Credit risk

Refer to Note 12 for detailed disclosures on the Branch's credit risk management policies.

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32. Financial risk management (continued)

Concentration of credit exposures

The following table presents the maximum credit risk of financial assets which is best represented by the carrying amount of the asset, net of any provision for credit impairment. The credit risk exposure does not take into account the fair value of any collateral, in the event of other parties failing to perform their obligations under financial instruments.

Credit risk also arises from the possibility that the counterparty to a derivative financial asset will not adhere to the terms of the contract with the Branch when settlement becomes due. The Branch's all derivative financial instruments have traded with Overseas Bank.

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
On-balance sheet		
Cash and demand balances with other banks	133,076,935	86,506,868
Loans and advances to customers	284,036,375	523,464,385
Due from related parties	72,249,792	154,988,733
Derivative financial asset	3,936,698	-
Other assets	27,408	15,706
	493,327,208	764,975,692
Off-balance sheet		
Lending commitments approved but not yet advanced	11,890,104	16,224,008
Contingent related financial guarantees	250,000	363,000
Total	505,467,312	781,562,700
Customer's industry sectors		
Banks and financial institutions	209,290,833	241,511,307
Accommodation, cafes, restaurants	321,449	422,237
Wholesale and retail	10,031,246	24,377,718
Manufacturing	28,607,817	27,609,973
Property	180,002,130	329,272,577
Services	-	15,228,344
Foreign government representation	250,000	-
Other corporate	23,889,962	24,886,768
Retail lending	53,073,875	118,253,776
Total	505,467,312	781,562,700
Geographical areas		
New Zealand	304,343,084	503,817,589
Republic of Korea	117,612,942	245,369,532
Australia	73,254	69,086
United States of America	3,684,296	315,739
Japan	-	-
Europe	120,155	121,539
Malaysia	79,633,581	31,869,215
Total	505,467,312	781,562,700

32. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Branch will encounter difficulty in meeting obligations from its financial liabilities. Management of liquidity risk is designed to ensure that the Branch has the ability to generate or obtain sufficient cash in a timely manner and at a reasonable price to meet its financial commitments on a daily basis.

(i) Management of liquidity risk

The Overseas Bank supervises the Branch's liquidity under its global liquidity management policy. The Branch obtains funding from the Overseas Bank when necessary. Maturity reports are used to monitor the Branch's capability in managing its day to day liquidity needs and to ensure it can meet its obligations when they fall due. This monitoring of liquidity risk is performed daily by product manager and reviewed weekly by the General Manager of the Branch.

(ii) Exposure to liquidity risk

A key measure used by the Branch for managing liquidity risk is the ratio of net liquid assets to deposits from customers and funding from Overseas Banking Group. Generally, liquid assets include cash and cash equivalents, short term interbank deposits and highly rated debt securities available for immediate sale and for which there exists a deep and liquid market. Net liquid assets are liquid assets less any deposits from banks, debt securities issued and other borrowings maturing within the next 30 days. A similar, but not identical, calculation is used to measure the Branch's compliance with the liquidity limit established by the Registered Bank's Risk Management Guidelines for Auckland Branch.

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Liquidity risk (continued)

(iii) Maturity analysis for undiscounted contractual cash flow

The tables below present the Branch's cash flows by remaining contractual maturities as at balance date. The amounts disclosed in the tables are the contractual undiscounted cash flows and therefore will not agree to the carrying values on the Statement of Financial Position. The Branch manages its liquidity based on contractual basis, and therefore expected maturity is not shown.

As at 31 December 2024

	On Demand (\$)	Less than 1 Month (\$)	1 to 3 Months (\$)	3 months to 1 year (\$)	Between 1 – 5 years (\$)	More than 5 years (\$)	Total (\$)
Contractual maturities of financial liabilities							
Due to other banks	29,388	-	-	-	-	-	29,388
Deposit from customers	36,812,649	37,239,966	31,535,739	96,430,945	4,490,693	-	206,509,992
Certificate of deposits	-	35,423,309	-	-	-	-	35,423,309
Due to related parties	22,096,416	8,196,390	88,807,038	109,813,116	18,551,144	-	247,464,104
Lease liabilities	-	34,193	68,385	319,806	732,139	-	1,154,523
CCCFA provision	-	-	-	-	-	-	-
Other financial liabilities	1,165,329	-	-	-	-	-	1,165,329
Total non-derivative financial liabilities	60,103,782	80,893,858	120,411,162	206,563,867	23,773,976	-	491,746,645
Total contingent liabilities and commitments							
Lending commitments approved but not yet advanced	11,890,104	-	-	-	-	-	11,890,104
Other commitments to provide financial guarantees to external parties	250,000	-	-	-	-	-	250,000
Total undiscounted contingent liabilities and commitments	12,140,104	-	-	-	-	-	12,140,104
Off Balance sheet (Notional Amount)							
Derivative financial – Inflows	-	-	-	(44,279,136)	-	-	(44,279,136)
Derivative financial – Outflows	-	-	-	40,349,136	-	-	40,349,136
Total	-	-	-	(3,930,000)	-	-	(3,930,000)

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Liquidity risk (continued)

(iii) Maturity analysis for undiscounted contractual cash flow (continued)

As at 31 December 2023

	On Demand (\$)	Less than 1 Month (\$)	1 to 3 Months (\$)	3 months to 1 year (\$)	Between 1 – 5 years (\$)	More than 5 years (\$)	Total (\$)
Contractual maturities of financial liabilities							
Due to other banks	29,271	81,252,961	-	-	-	-	81,282,232
Deposit from customers	58,308,742	33,244,474	38,655,623	87,408,510	15,619,136	-	233,236,485
Certificate of deposits	-	31,939,492	32,090,685	31,660,939	-	-	95,691,116
Due to related parties	20,186,655	81,252,961	-	-	-	-	101,439,616
Lease liabilities	-	34,193	68,385	307,735	1,593,822	-	2,004,135
CCCFA provision	27,990	-	-	-	-	-	27,990
Other financial liabilities	710,218	-	-	-	-	-	710,218
Total non-derivative financial liabilities	79,262,876	227,724,081	70,814,693	119,377,184	17,212,958	-	514,391,792
Total contingent liabilities and commitments							
Lending commitments approved but not yet advanced	16,224,008	-	-	-	-	-	16,224,008
Other commitments to provide financial guarantees to external parties	363,000	-	-	-	-	-	363,000
Total undiscounted contingent liabilities and commitments	16,587,008	-	-	-	-	-	16,587,008
Off Balance sheet (Notional Amount)							
Derivative financial – Inflows	-	(31,590,586)	(23,692,940)	(31,590,586)	-	-	(86,874,112)
Derivative financial – Outflows	-	33,822,062	25,060,561	33,507,494	-	-	92,390,117
Total	-	2,231,476	1,367,621	1,916,908	-	-	5,516,005

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Liquidity risk (continued)

(iv) Concentration of funding

The following tables present the Branch's concentration of funding which are reported by product, industry and geographic region and is presented at carrying values.

Concentration of funding

	As at 31 December 2024 (\$)	As at 31 December 2023 (\$)
a) Category of products		
Due to other banks	29,388	81,097,230
Deposit from customers	202,362,900	228,241,183
Certificate of deposits	35,338,735	93,852,400
Due to related parties	240,572,326	345,320,604
Derivatives financial liabilities	-	5,804,102
Other liabilities	1,165,329	738,208
Total	479,468,678	755,053,727
b) Customer's industry sectors		
Banks and financial institutions	291,583,731	541,856,327
Individuals	142,001,575	154,040,661
Property and retails trade	11,812,797	18,259,184
Accommodation and restaurants	72,610	157,565
Other	33,997,965	40,739,990
Total	479,468,678	755,053,727
c) Geographical areas		
New Zealand	203,557,617	229,008,662
Republic of Korea	240,572,326	432,192,665
China	-	-
United States of America	-	-
United Kingdom	35,338,735	93,852,400
Taiwan	-	-
Hong-Kong	-	-
Total	479,468,678	755,053,727

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32. Financial risk management (continued)

Market risk

Market risk is the risk that interest rates, foreign exchange rates or equity and commodity prices will move relative to positions taken, causing profits or losses to the Branch.

(i) Foreign currency risk

Currency risk is the risk of earnings fluctuation arising from movements in foreign currency exchange rates. Foreign currency risks arise from the Branch undertaking foreign exchange transactions with customers as well as from loans and deposits undertaken in foreign currencies.

The Branch has position and stop loss limits designed to trigger specific management action to control any potential adverse effects of foreign exchange movements in the Branch's earnings.

The foreign exchange trading performance and positions are regularly reported both to the General Manager of the Branch and the General Manager of the International Planning Department (Overseas Bank).

The table below summarises the Branch's net open position in each foreign currency to foreign currency exchange rate risk as at year end. The amounts are stated in New Zealand dollar equivalents translated using the end of reporting period spot foreign exchange rates.

As at 31 December 2024	AUD (\$)	KRW (\$)	JPY (\$)	USD (\$)	EUR (\$)
Financial assets					
Cash and demand balances with other banks	73,254	-	38,068	48,189,520	120,155
Loans and advances to customers	-	-	-	21,459,645	-
Due from related parties	-	-	-	66,457,629	-
Total financial assets	73,254	-	38,068	136,106,794	120,155
Financial liabilities					
Due to other banks	-	-	-	-	-
Deposits from customers	77	-	-	13,640,442	-
Certificate of deposits	-	-	-	35,338,735	-
Due to related parties	-	-	-	128,224,998	-
Derivative financial liabilities	-	-	-	-	-
Total financial liabilities	77	-	-	177,204,175	-
Net Position	73,177	-	38,068	(41,097,380)	120,155

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32. Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

As at 31 December 2023	AUD (\$)	KRW (\$)	JPY (\$)	USD (\$)	EUR (\$)
Financial assets					
Cash and demand balances with other banks	69,086	-	45,150	32,139,804	121,539
Loans and advances to customers	-	-	-	55,181,755	-
Due from related parties	-	-	-	231,323,219	-
Total financial assets	69,086	-	45,150	318,644,778	121,539
Financial liabilities					
Due to other banks	-	-	-	81,067,959	-
Deposits from customers	40,960	-	-	19,098,101	5,985
Certificate of deposits	-	-	-	93,852,400	-
Due to related parties	-	-	-	209,439,545	-
Derivative financial liabilities	-	-	-	5,804,102	-
Total financial liabilities	40,960	-	-	409,262,107	5,985
Net Position	28,126	-	45,150	(90,617,329)	115,554

* Due from related parties in the Statement of Financial Position includes related amount denominated in different currencies where a right of set-off exists.

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis

The tables below summarise the post-tax sensitivity of financial assets and liabilities to changes in currency risk. The market value of the assets and liabilities were used as the basis for the analysis and financial modeling was used to determine the impact on those values of changes in currency risk. The following table details the Branch's sensitivity to a 10% increase and decrease in the New Zealand dollar against the relevant foreign currencies. 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the year end rate for a 10% change in foreign currency rates.

As at 31 December 2024	\$NZD Foreign Currency Exposure Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
Financial assets					
Cash and demand balances with other banks	48,420,998	3,873,680	(3,169,374)	3,873,680	(3,169,374)
Loans and advances to customers	21,459,645	1,716,772	(1,404,631)	1,716,772	(1,404,631)
Due from related parties	66,457,629	5,316,610	(4,349,954)	5,316,610	(4,349,954)
Total	136,338,272	10,907,062	(8,923,959)	10,907,062	(8,923,959)
Financial liabilities					
Due to other banks	-	-	-	-	-
Deposits from customers	13,640,519	(1,091,242)	892,834	(1,091,242)	892,834
Certificate of deposits	35,338,735	(2,827,099)	2,313,081	(2,827,099)	2,313,081
Due to related parties	128,224,998	(10,258,000)	8,392,909	(10,258,000)	8,392,909
Derivative financial liabilities	-	-	-	-	-
Total	177,204,252	(14,176,341)	11,598,824	(14,176,341)	11,598,824

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32. Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

As at 31 December 2023	\$NZD Foreign Currency Exposure Amounts	-10% Profit or Loss	+10% Profit or Loss	-10% Equity	+10% Equity
Financial assets					
Cash and demand balances with other banks	32,375,579	2,590,046	(2,119,129)	2,590,046	(2,119,129)
Loans and advances to customers	55,181,755	4,414,540	(3,611,897)	4,414,540	(3,611,897)
Due from related parties	231,323,219	18,505,858	(15,141,156)	18,505,858	(15,141,156)
Total	318,880,553	25,510,444	(20,872,182)	25,510,444	(20,872,182)
Financial liabilities					
Due to other banks	81,067,959	(6,485,437)	5,306,266	(6,485,437)	5,306,266
Deposits from customers	19,145,046	(1,531,604)	1,253,130	(1,531,604)	1,253,130
Certificate of deposits	93,852,400	(7,508,192)	6,143,066	(7,508,192)	6,143,066
Due to related parties	209,439,545	(16,755,164)	13,708,770	(16,755,164)	13,708,770
Derivative financial liabilities	5,804,102	(464,328)	379,905	(464,328)	379,905
Total	409,309,052	(32,744,725)	26,791,137	(32,744,725)	26,791,137

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk of earnings fluctuation arising from movements in interest rates. Interest rate risk in the Registered Bank arises primarily from borrowing from and lending to customers, related parties and trade finance transactions.

Procedures are in place to evaluate in advance the effect that large loans, investments, and other transactions will have on the interest rate risk of the Branch. Exposure to interest rate risk is monitored on a weekly basis.

The following tables include the Branch's assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2024

	Weighted Average Effective Interest Rate (%)	0-3 mths	3-6 mths	6-12 mths	1-2 yrs	2+ yrs	Non Interest bearing	Total
Cash and demand balances with other banks	4.49%	111,637,175	-	-	-	-	21,439,760	133,076,935
Loans and advances to customers	8.15%	118,452,787	124,655,888	41,816,825	-	-	(889,125)	284,036,375
Derivative financial assets	N/A	-	-	-	-	-	3,936,698	3,936,698
Due from related parties	5.50%	69,034,438	3,080,494	134,860	-	-	-	72,249,792
Other financial assets	N/A	-	-	-	-	-	27,408	27,408
Total financial assets		299,124,400	127,736,382	41,951,685	-	-	24,514,741	493,327,208
Due to other banks	N/A	-	-	-	-	-	29,388	29,388
Deposits from customers	4.67%	101,224,527	31,274,548	65,473,905	186,703	4,164,755	38,462	202,362,900
Certificate of deposits	5.60%	35,338,735	-	-	-	-	-	35,338,735
Due to related parties	5.42%	113,306,412	15,460,250	92,864,656	18,941,008	-	-	240,572,326
Derivative financial liabilities	N/A	-	-	-	-	-	-	-
Lease liabilities	N/A	-	-	-	-	-	1,073,702	1,073,702
Other financial liabilities	N/A	-	-	-	-	-	1,165,329	1,165,329
Total financial liabilities		249,869,674	46,734,798	158,338,561	19,127,711	4,164,755	2,306,881	480,542,380
Off Balance sheet (Notional Amount) *								
Derivative financial – Inflows	N/A						44,279,136	44,279,136
Derivative financial - Outflows	N/A						40,349,136	40,349,136

* off-balance sheet items related to the inflows and outflows of funds as Foreign exchange forward of derivative instruments.

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For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 December 2023

	Weighted Average Effective Interest Rate (%)	0-3 mths	3-6 mths	6-12 mths	1-2 yrs	2+ yrs	Non Interest bearing	Total
Cash and demand balances with other banks	4.95%	76,889,003	-	-	-	-	9,617,865	86,506,868
Loans and advances to customers	8.22%	201,270,190	122,572,644	200,741,399	-	-	(1,119,848)	523,464,385
Derivative financial assets	-	-	-	-	-	-	-	-
Due from related parties	5.89%	136,720,898	18,111,777	156,058	-	-	-	154,988,733
Other financial assets	N/A	-	-	-	-	-	15,706	15,706
Total financial assets		414,880,091	140,684,421	200,897,457	-	-	8,513,723	764,975,692
Due to other banks	5.78%	81,067,959	-	-	-	-	29,271	81,097,230
Deposits from customers	4.11%	126,749,916	34,282,780	52,101,247	11,470,320	3,626,449	10,471	228,241,183
Certificate of deposits	5.86%	62,789,464	31,062,936	-	-	-	-	93,852,400
Due to related parties	5.89%	102,777,359	185,697,552	40,882,904	-	15,962,789	-	345,320,604
Derivative financial liabilities	N/A	-	-	-	-	-	5,804,102	5,804,102
Lease liabilities	N/A	-	-	-	-	-	1,933,709	1,933,709
Other financial liabilities	N/A	-	-	-	-	-	738,208	738,208
Total financial liabilities		373,384,698	251,043,268	92,984,151	11,470,320	19,589,238	8,515,761	756,987,436

Off Balance sheet (Notional Amount)

Derivative financial – Inflows	N/A						86,874,112	86,874,112
Derivative financial - Outflows	N/A						92,390,117	92,390,117

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The tables below summarise the post-tax sensitivity of financial assets and liabilities of changes in interest rates. The market value of the assets and liabilities were used as the basis for the analysis and financial modeling was used to determine the impact on those values of changes in interest rates. The sensitivity analysis below has been determined based on the exposure to interest rates at the year end date. A 1% increase or decrease is used when analysing interest rate risk and this represents management's assessment of the possible change in interest rates.

INTEREST RATE RISK		-1%	+1%	-1%	+1%
As at 31 December 2024	Exposure Amounts	Profit or loss	Profit or Loss	Equity	Equity
Financial assets					
Cash and demand balances with other banks	111,637,175	(803,788)	803,788	(803,788)	803,788
Loans and advances to customers	47,432,586	(341,515)	341,515	(341,515)	341,515
Due from related parties	76,186,490	(548,543)	548,543	(548,543)	548,543
Total	235,256,251	(1,693,846)	1,693,846	(1,693,846)	1,693,846
Financial liabilities					
Due to other banks	29,388	212	(212)	212	(212)
Deposits from customers	36,774,187	264,774	(264,774)	264,774	(264,774)
Certificate of deposits	35,338,735	254,439	(254,439)	254,439	(254,439)
Due to related parties	240,572,326	1,732,121	(1,732,121)	1,732,121	(1,732,121)
Total	312,714,636	2,251,546	(2,251,546)	2,251,546	(2,251,546)
INTEREST RATE RISK		-1%	+1%	-1%	+1%
As at 31 December 2023	Exposure Amounts	Profit or loss	Profit or Loss	Equity	Equity
Financial assets					
Cash and demand balances with other banks	76,889,003	(553,601)	553,601	(553,601)	553,601
Due from other banks	-	-	-	-	-
Loans and advances to customers	99,402,796	(715,700)	715,700	(715,700)	715,700
Due from related parties	154,988,733	(1,115,919)	1,115,919	(1,115,919)	1,115,919
Total	331,280,532	(2,385,220)	2,385,220	(2,385,220)	2,385,220
Financial liabilities					
Due to other banks	81,097,230	583,900	(583,900)	583,900	(583,900)
Deposits from customers	58,298,270	419,748	(419,748)	419,748	(419,748)
Certificate of deposits	93,852,400	675,737	(675,737)	675,737	(675,737)
Due to related parties	345,320,604	2,486,308	(2,486,308)	2,486,308	(2,486,308)
Total	578,568,504	4,165,693	(4,165,693)	4,165,693	(4,165,693)

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

32. Financial risk management (continued)

(iii) Equity risk

Equity risk is the risk of loss arising from changes in the price of equity investments held by the Branch. The Branch does not undertake equity trading and therefore there are no significant exposures to equity instruments.

(iv) Market risk notional capital charges

The Branch's aggregate market risk exposure is derived in accordance with the Reserve Bank of New Zealand Banking Prudential Requirement (BPR). The peak-end-of-day exposures below have been calculated by determining the maximum end-of-day aggregate market risk exposure over the six months in accordance with BPR.

The following table provides a summary of notional capital charges by risk type for the Branch as at 31 December 2024.

<i>End-of-period</i>	31 December 2024		31 December 2023	
	Implied Risk weighted Exposure NZD(\$000)	Notional Capital Charge NZD(\$000)	Implied Risk weighted Exposure NZD(\$000)	Notional Capital Charge NZD(\$000)
Interest rate risk	20,088	1,607	21,440	1,715
Foreign currency risk	2,669	213	4,190	335
Equity risk	-	-	-	-

<i>Peak end-of-day</i>	31 December 2024		31 December 2023	
	Implied Risk weighted Exposure NZD(\$000)	Notional Capital Charge NZD(\$000)	Implied Risk weighted Exposure NZD(\$000)	Implied Risk weighted Exposure NZD(\$000)
Interest rate risk	27,434	2,195	25,219	2,018
Foreign currency risk	10,725	858	4,190	335
Equity risk	-	-	-	-

32. Financial risk management (continued)

Capital risk management

The objective of the Branch's capital management is to maintain an optimal level of capital, which is adequate to support business growth and to commensurate with the Branch's risk profiles. The management of the capital of the Branch is performed by the Overseas Bank through the management of the Head Office account.

Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency, systems failure or external events. It arises from all the Branch's activities, and is a risk faced by all business organisations.

The Branch's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Branch's reputation with overall cost effectiveness and avoid control procedures which excessively restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business department. This responsibility is supported by the development of overall Overseas Bank standards for the management of operational risk which cover the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with the Overseas Bank standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Overseas Bank.

Internal Audit policy

The Overseas Bank has an Audit Committee, which oversees the Branch. The Committee is comprised of four members.

The Overseas Bank Audit Committee (hereinafter referred to as the Audit Committee) enhances corporate value and protects the interests of shareholders and customers.

In order to evaluate the appropriateness of the internal control system, the efficiency of the business execution process, and the reliability of financial information, the Audit Committee independently checks the activities of management.

In addition, the Audit Committee performs its duties independently from the voting and enforcement bodies within the Overseas Bank. To prevent the conflict of interest, the Overseas Bank has established and operates a conflict of interest prevention system such as the Audit Committee members cannot conduct transactions that are classified as company's business by self or third party unless approved by Board of Directors.

Internal Audit is an integral part of the control environment of the Overseas Banking Group. It provides management and the Board with an independent and objective review of the business activities and support functions of the Overseas Banking Group.

The Standing Auditor, which is the internal auditor, inspects independently from the Overseas Bank's legislative and executive organisation on the Overseas Bank's accounts, their compliance with the subject matter of relevant laws and ordinance and the articles of incorporation, and carries out other duties entrusted by the Board of Directors. Internal audit visits occur approximately once every two to three years. The most recent internal audit of the Branch was performed in April 2024.

The Standing Auditor has the same status as the Directors & Deputy President.

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

32. Financial risk management (continued)

Internal Audit policy (continued)

The Audit and Examination Department supports the work of the Standing Auditor. The Audit and Examination Department carries out its duties to confirm compliance with relevant laws and ordinances, internal regulations and instructions to protect the Overseas Bank from damage caused by wrongdoing or mistakes, and to correct such wrongdoing and mistakes.

The Overseas Bank will send Internal Auditors to the Branch on a rotational basis to review all operational procedures and IT recovery/backup systems. The Internal Auditors will then report directly to the Overseas Bank.

33. Loan to valuation ratio

The information below has been derived in accordance with the definition of loan-to-valuation ratio specified in the Reserve Bank of New Zealand Banking Prudential Requirement (BPR).

Residential mortgages by loan-to-valuation ratio at 31 December 2024

LVR range	0% - 80%	80% -90%	Over 90%
Value of exposure	53,073,869	-	-

Residential mortgages by loan-to-valuation ratio at 31 December 2023

LVR range	0% - 80%	80% -90%	Over 90%
Value of exposure	118,248,771	-	-

Reconciliation of residential mortgage-related amounts

	31 December 2024 (\$)	31 December 2023 (\$)
Residential mortgage (as disclosed in note 11)	52,853,014	117,925,525
Residential lending commitments approved but not yet advanced	220,855	323,246
Residential Mortgages by loan-to-valuation ratio	53,073,869	118,248,771

34. Capital adequacy of the Overseas Banking Group

Overseas Banking Group (Unaudited)	Minimum Percentage required by FSS		Minimum Percentage required by FSS	
	31 Dec. 2024	31 Dec. 2023	31 Dec. 2024	31 Dec. 2023
Common Equity Tier One Capital as a percentage of risk weighted exposures	14.50%	14.91%	4.50%	4.50%
Tier One Capital as a percentage of risk weighted exposures	14.95%	15.50%	6.00%	6.00%
Total Capital as a percentage of risk weighted exposures	17.31%	18.08%	8.00%	8.00%

The information stated for the Overseas Banking Group is presented for the most recent period for which information is publicly available based on the consolidated Overseas Banking Group Figures.

FSS stands for Financial Supervisory Service of the Republic of Korea. The ratios were calculated in accordance with the Bank of International Settlements (BIS III) framework and the Overseas Bank meets the requirements. The capital adequacy information of the Overseas Banking Group can be accessed through the Kookmin Bank website at <https://www.kbstar.com>.

Financial Disclosure

Financial Statements of Kookmin Bank Auckland Branch

Notes to financial statements

For the twelve months ended 31 December 2024

35. Overseas Banking Group profitability and size

The most recent period for which information is publicly available is the 12 months ended 31 December 2024.

Profitability <i>(Unaudited)</i>	Year ended 31 December 2024 (Korea Won Billions)	Year ended 31 December 2023 (Korea Won Billions)
Net profit after tax	3,151	3,150
Net profit after tax as a percentage of average of total assets over the 12 months ended on 31 December	0.58%	0.60%

Size <i>(Unaudited)</i>	31 December 2024 (Korea Won Billions)	31 December 2023 (Korea Won Billions)
Total assets	562,887	530,013
Percentage change in total assets over the 12 months ending on that date	6.20%	2.36%

36. Insurance business and non-financial activities

The Branch does not conduct any insurance business and is not involved in the marketing and distribution of insurance products. The Branch does not conduct any non-financial activities in New Zealand. The Branch is not involved in the establishment, marketing, or sponsorship of any trust, custodial, funds management, and other fiduciary activities. The Branch is also not involved in the origination of securitised assets and the marketing or servicing of securitisation schemes.

The Directors' and Chief Executive Officer Statement

Each Director of the Overseas Bank and the General Manager of the Branch, believes, after due enquiry, that: as at the date on which this Disclosure Statement is signed:

1. The Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014(as amended); and
2. The Disclosure Statement is not false or misleading.

Each Director of the Overseas Bank and the General Manager of the Branch believes, after due enquiry by them that over the twelve months ended 31 December 2024:

1. The Branch has complied with all conditions of registration that applied during that period; and
2. The Branch had systems in place to monitor and control adequately the material risks of the NZ Banking Group including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk, and other business risks, and that those systems were being properly applied. Kookmin Bank Auckland Branch has no capital as being an Overseas branch and the ratio is based on Overseas Banking Groups capital and is complied with Condition of registration.

Signed for and behalf of the directors of the Overseas Bank:



Dohan Kim

The financial Statements and Disclosure Statement has been signed on behalf of each of the Directors of the Overseas Bank by Dohan Kim who also signs in his personal capacity as General Manager of Kookmin Bank Auckland Branch.

27 March 2025

Independent Auditor's Report

To Kookmin Bank Auckland Branch (**the Branch**)

Report on the audit of the disclosure statement

Opinion

We have audited the accompanying disclosure statement (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) (the **financial statements and supplementary information**) which comprise:

- the disclosure statements comprised of:
 - the statement of financial position as at 31 December 2024;
 - the statements of comprehensive income, changes in head office account and cash flows for the year then ended; and
 - notes, including material accounting policy information and other explanatory information; and
- the supplementary information that is required to be disclosed in accordance with Schedules 4, 7, 11 and 13 of the Order.

In our opinion, the accompanying disclosure statements excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements of Kookmin Bank Auckland Branch on pages 13 to 75:

- give a true and fair view of the Branch's financial position as at 31 December 2024 and its financial performance and cash flows for the year ended on that date; and
- comply with New Zealand Generally Accepted Accounting Practice, which in this instance means New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

In our opinion, the supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) that is required to be disclosed in accordance with Schedules 4, 7, 11 and 13 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (**Order**) and is included within notes 12, 32, 33, 34, 35 and 36 of the disclosure statement:

- presents fairly the matters to which it relates;
- is disclosed in accordance with those schedules; and
- has been prepared, in all material respects, in accordance with any conditions of registration relating to the disclosure requirements, imposed under section 74(4)(c) of the Banking (Prudential Supervision) Act 1989 and any conditions of registration.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Kookmin Bank Auckland Branch in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements and supplementary information* section of our report.

Our firm has provided other services to the Branch in relation to the review of the Branch's half-year disclosure statements. Subject to certain restrictions, partners and employees of our firm may also deal with the Branch on normal terms within the ordinary course of trading activities of the business of the Branch. These matters have not impaired our independence as auditor of the Branch. The firm has no other relationship with, or interest in, the Branch.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at \$465,000 determined with reference to a benchmark of the Branch's profit before tax. We chose the benchmark because, in our view, this is a key measure of the Branch's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and supplementary information in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Branch as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the financial statements and supplementary information as a whole and we do not express discrete opinions on separate elements of the financial statements and supplementary information.

<h2>The key audit matter</h2>	<h2>How the matter was addressed in our audit</h2>
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Basis of preparation

Refer to Note 1 to the financial statements.

The Branch's use of a basis of preparation that is not on a going concern basis is a key audit matter as the assessment of the appropriate basis of accounting to use following the Kookmin Bank decision to wind down Auckland Branch operations over the next 21 months is complex and requires substantial judgement. Further, given the heightened uncertainty due to the changes in the current regulatory environment, there is uncertainty in the Branch's ability to execute the winddown

Our audit procedures included:

- Evaluating the Branch's assessment and rationale for not applying the financial statements on a going concern basis of accounting.
- Assessing the feasibility of the Branch's intended execution of the winddown of the Branch operations by:
 - Reading the Branch's agreed disestablishment plan and regulators' correspondence on the winding down of operations.
 - Obtaining the letter of support from the Branch's Head Office for the period of disestablishment and evaluating the Head Office ability to provide support if required.
 - Evaluating events occurring after the reporting date to understand their impact on the entity's financial condition and

The key audit matter

How the matter was addressed in our audit

of its operations as intended. Accordingly, the consequential impact on the recognition, measurement, and presentation of certain amounts, balances, and transactions in the financial statements of the Branch also involves significant judgment.

In assessing this key audit matter, we involved senior audit team members who understand the Branch's business, industry and the economic environment it operates in.

assess consistency with the Branch's agreed disestablishment plan.

- Evaluating the Branch's determination of the carrying value of assets and liabilities to assess if they are adjusted to reflect the estimated date of cease operations.
- Assessing the adequacy and appropriateness of the disclosures in the financial statements relating to the basis of preparation by comparing them to our understanding of the matter and the accounting standard requirements.

Valuation of loans and advances

Refer to Note 2 and 12 to the financial statements.

Valuation of loans and advances is a key audit matter owing to the financial significance of loans and advances to the branch's financial position and high degree of complexity, subjectivity and judgment applied by management in determining both the specific and collective provision for impairment.

The current economic environment combined with the branch closure increases the level of judgement and complexity in respect of assessing the impact on the ability of borrowers to repay that loan obligations, the related security valuation and the underlying assumption required to estimate these.

Our audit procedures included:

- Testing certain key controls relating to the Branch's lending, credit review and loan monitoring process, including testing of approval of new lending facilities.

- Specific impairment:

Determining risk criteria that could indicate a loan is at higher risk of being individual impaired, which included those loans with credit risk due to internal factors specific to the borrower.

Using these high-risk criteria, selecting a sample of loans for testing and performing an independent assessment of whether loans should have a provision for impairment based on borrowers' payment history and security valuation.

- Collective impairment:

Involving specialist to develop an alternative comparison Expected Credit Loss (ECL) model using loan Probability of Defaults and loan Loss Given Defaults (LGD) based on industry data sourced from Reserve Bank of New Zealand (RBNZ) to incorporate the macroeconomic forecast of New Zealand economy.

The collective provision derived from the alternative comparison ECL model was compared to the Branch's provision to assess if the Branch's collective provision was within an acceptable range.

Our audit procedures identified that the valuation of loans and advances was materially correct as at 31 December 2024.

Other information

The Directors, on behalf of the Branch, are responsible for the other information. The other information comprises supplementary information that is required to be disclosed in accordance with Schedule 2 of the Order (included on pages 2-12), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and supplementary information our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements and supplementary information or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the Branch. Our audit work has been undertaken so that we might state to the Branch those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Branch for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of Directors for the financial statements financial statements and supplementary information

The Directors, on behalf of the Branch, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with Clause 25 of the Order;
- the preparation and fair presentation of supplementary information (excluding the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) in accordance with Schedules 4, 7, 11 and 13 of the Order;
- implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Branch to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements financial statements and supplementary information

Our objective is:

- to obtain reasonable assurance about whether the disclosure statement, including the financial statements prepared in accordance with Clause 25 of the Order and supplementary information (excluding supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements) in accordance with Schedules 4, 7, 11 and 13 of the Order as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is John Kensington.

For and on behalf of:

A handwritten signature in blue ink, appearing to read 'John Kensington'.

KPMG

Auckland

27 March 2025



Independent Limited Assurance Report

To Kookmin Bank Auckland Branch (**the Branch**)

Conclusion on the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report.

Based on our limited assurance engagement, which is not a reasonable assurance engagement or audit, nothing has come to our attention that would lead us to believe that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, disclosed in notes 32, 33, and 34 to the disclosure statement, is not, in all material respects disclosed in accordance with Schedule 9 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (**the Order**).

Information subject to assurance

We have reviewed the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, as disclosed in notes 32, 33 and 34 of the disclosure statement for the year ended 31 December 2024.

Criteria

The supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements comprises the information that is required to be disclosed in accordance with Schedule 9 of the Order.

Standards we followed

We conducted our limited assurance engagement in accordance with Standards on Assurance Engagements 3100 (Revised) Compliance Engagements (**SAE 3100 (Revised)**) issued by the New Zealand Auditing and Assurance Standards Board (**Standard**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion. In accordance with the Standard, we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements, is free from material misstatement and non-compliance, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret limited assurance and material misstatement and non-compliance

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgment, including identifying areas where the risk of material misstatement and non-compliance with Schedule 9 of the Order.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements and non-compliance are considered material if, individually or in aggregate, they it could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

A limited assurance engagement for the year ended 31 December 2024 does not provide assurance on whether compliance with Schedule 9 of the Order will continue in the future.

Use of this assurance report

Our report is made solely for Kookmin Bank Auckland Branch. Our assurance work has been undertaken so that we might state to Kookmin Bank Auckland Branch those matters we are required to state to them in the assurance report and for no other purpose.

Our report should not be regarded as suitable to be used or relied on by anyone other than Kookmin Bank Auckland Branch and the RBNZ (“Recipients”) for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than Kookmin Bank Auckland Branch for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Kookmin Bank Auckland Branch’s responsibility for the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements

The Directors of Kookmin Bank Auckland Branch are responsible for the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements in accordance with Schedule 9 of the Order, which Directors have determined meets the needs of Kookmin Bank Auckland Branch. This responsibility includes such internal control as the Directors determine is necessary to enable compliance and to



monitor ongoing compliance and to enable the disclosure of the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements that is free from material misstatement and non-compliance whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to Kookmin Bank Auckland Branch on whether anything has come to our attention that would lead us to believe that, in all material respects the supplementary information relating to Capital Adequacy and Regulatory Liquidity Requirements has not been disclosed in accordance with Schedule 9 of the Order for the year ended 31 December 2024.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (**PES 1**) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (**PES 3**), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has provided other services to the Branch in relation to the review of the Branch's half-year disclosure statements and full-year disclosure statement. Subject to certain restrictions, partners and employees of our firm may also deal with the Branch on normal terms within the ordinary course of trading activities of the business of the Branch. These matters have not impaired our independence as auditor of the Branch. The firm has no other relationship with, or interest in, the Branch.

KPMG

Auckland

27 March 2025