

**BNK FINANCIAL GROUP INC.
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020, AND DECEMBER 31, 2019,
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2020 AND 2019**

ATTACHMENT: INDEPENDENT AUDITORS' REPORT

BNK FINANCIAL GROUP INC.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean on August 14, 2020.

To the Shareholders and the Board of Directors of BNK FINANCIAL GROUP INC.:

Report on the Condensed Interim Consolidated Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of BNK Financial Group Inc. and its subsidiaries (the "Group"). The condensed interim consolidated financial statements consist of the condensed interim consolidated statement of financial position as of June 30, 2020, the condensed interim consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2020, and the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the six-month periods ended June 30, 2020, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Interim Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of the accompanying condensed interim consolidated financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034, *Interim Financial Reporting* and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying condensed interim consolidated financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of the Group are not presented fairly, in all material respects, in accordance with K-IFRS 1034, *Interim Financial Reporting*.

Others

The condensed interim consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2019, and the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the six-month periods ended June 30, 2019, prepared in accordance with K-IFRS 1034 and presented for comparative purpose, have been reviewed by Samil PwC whose review report dated August 14, 2019, expressed an unqualified review opinion.

Moreover, the consolidated statement of financial position as of December 31, 2019, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been audited by Samil PwC, in accordance with the auditing standards generally accepted in the Republic of Korea (not presented herein), whose report dated March 12, 2020, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position as of December 31, 2019, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

Deloitte Idnjin LLC

August 14, 2020

Notice to Readers

This report is effective as of August 14, 2020, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the condensed interim consolidated financial statements and may result in modifications to the independent accountants' review report.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020, AND DECEMBER 31, 2019,
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2020 AND 2019

The accompanying condensed interim consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the management of BNK Financial Group Inc.

Ji Wan Kim
President and Chief Executive Officer

Headquarters Address:(Road Name and Address) 30, Munhyeongeumyung-ro, Nam-gu, Busan
(Phone Number) 051-620-3000

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Condensed Interim Consolidated Statements of Financial Position
As of June 30, 2020, and December 31, 2019

<i>(In millions of Korean won)</i>	Notes	June 30, 2020		December 31, 2019	
Assets					
Cash and due from banks	4,6,7	₩	4,794,794	₩	4,148,499
Financial assets at fair value through profit or loss	4,6,8		4,294,466		3,839,224
Financial assets at fair value through other comprehensive income	4,6,9		5,325,804		5,267,070
Financial assets at amortized cost	4,6,10		7,879,581		7,534,761
Loans and receivables	4,6,12		85,807,697		80,657,226
Derivative assets	4,6,14		62,207		35,960
Investments in associates and joint venture	15		715,706		551,108
Property and equipment	16		1,068,243		977,628
Intangible assets	17		269,945		266,377
Investment properties	18		119,299		224,182
Other assets			<u>1,173,847</u>		<u>1,036,736</u>
Total assets		₩	<u>111,511,589</u>	₩	<u>104,538,771</u>
Liabilities					
Deposit liabilities		₩	77,901,504	₩	76,609,540
Borrowings	6,19		6,531,598		5,079,228
Debentures	6,20		11,098,851		10,185,756
Derivative liabilities			38,146		42,540
Net defined benefit liabilities	21		84,541		84,536
Provisions	22		56,754		45,258
Current tax liabilities			91,159		103,589
Deferred tax liabilities			45,942		61,435
Other liabilities	6,23		<u>6,158,046</u>		<u>3,145,719</u>
Total liabilities			<u>102,006,541</u>		<u>95,357,601</u>
Equity					
Equity attributable to owners of the Parent Company					
Share capital			1,629,676		1,629,676
Hybrid equity securities			877,328		707,874
Other paid-in capital			779,615		786,783
Other components of equity			(48,138)		(32,524)
Retained earnings			<u>5,369,110</u>		<u>5,191,904</u>
			8,607,591		8,283,713
Non-controlling interest			<u>897,457</u>		<u>897,457</u>
Total equity			<u>9,505,048</u>		<u>9,181,170</u>
Total liabilities and equity		₩	<u>111,511,589</u>	₩	<u>104,538,771</u>

See notes to condensed interim consolidated financial statements.

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Condensed Interim Consolidated Statements of Comprehensive income
for the Three-Month and Six-Month Periods Ended June 30, 2020 and 2019

	Notes	Period Ended June 30			
		2020 (Unaudited)		2019 (Unaudited)	
		Three months	Six months	Three months	Six months
<i>(In millions of Korean won, except per share amounts)</i>					
Net interest income	25				
Interest income					
Financial assets at fair value through profit or loss	₩	14,231	₩ 28,182	₩ 15,367	₩ 29,692
Financial asset at fair value through other comprehensive income and amortized cost		<u>812,710</u>	<u>1,652,850</u>	<u>907,325</u>	<u>1,814,711</u>
		826,941	1,681,032	922,692	1,844,403
Interest expenses		<u>(289,344)</u>	<u>(606,900)</u>	<u>(370,273)</u>	<u>(734,127)</u>
		<u>537,597</u>	<u>1,074,132</u>	<u>552,419</u>	<u>1,110,276</u>
Net fee and commission income	26				
Commission income		160,859	264,505	98,162	182,358
Commission expenses		<u>(32,828)</u>	<u>(67,860)</u>	<u>(27,146)</u>	<u>(57,429)</u>
		<u>128,031</u>	<u>196,645</u>	<u>71,016</u>	<u>124,929</u>
Gain on financial assets at fair value through profit or loss	27	40,986	41,626	26,838	52,057
Gain on financial assets at fair value through other comprehensive income	28	10,582	30,588	3,976	14,966
Gain (loss) on financial assets at amortized cost	29	(658)	(1,117)	(67)	27
Contribution to provision for credit loss	30				
1. Contribution to provision for credit loss		(85,879)	(167,387)	(91,991)	(184,554)
2. Gains and losses on sale of loans		<u>11,896</u>	<u>39,615</u>	<u>40,104</u>	<u>75,387</u>
		<u>(73,983)</u>	<u>(127,772)</u>	<u>(51,887)</u>	<u>(109,167)</u>
General and administrative expenses	31	(355,780)	(683,328)	(319,775)	(627,856)
Other operating income (expenses)					
Gain on foreign currency transaction		8,995	7,089	12,405	16,522
Gain from derivatives		4,307	36,498	10,650	26,309
Other operating income		93,687	188,365	62,623	124,475
Other operating expenses		<u>(158,400)</u>	<u>(321,403)</u>	<u>(121,303)</u>	<u>(237,872)</u>
		<u>(51,411)</u>	<u>(89,451)</u>	<u>(35,626)</u>	<u>(70,566)</u>
Operating profit		<u>235,364</u>	<u>441,323</u>	<u>246,894</u>	<u>494,666</u>
Non-operating income (expenses)	32				
Share of profit of associates		12,240	13,400	3,421	7,597
Other income		2,166	10,160	2,965	12,489
Other expenses		<u>(6,384)</u>	<u>(26,525)</u>	<u>(8,096)</u>	<u>(21,025)</u>
		<u>8,022</u>	<u>(2,965)</u>	<u>(1,710)</u>	<u>(939)</u>
Profit before income tax		<u>243,386</u>	<u>438,358</u>	<u>245,184</u>	<u>493,728</u>
Income tax expense	33	<u>(59,364)</u>	<u>(105,868)</u>	<u>(60,547)</u>	<u>(122,098)</u>
Profit for the period		<u>184,022</u>	<u>332,490</u>	<u>184,637</u>	<u>371,630</u>
Profit is attributable to:					
Owners of the Parent Company		173,212	310,870	174,107	351,237
Non-controlling interest		10,810	21,620	10,530	20,393

BNK FINANCIAL GROUP INC. and Subsidiaries
Condensed Interim Consolidated Statements of Comprehensive Income
for the Three-Month and Six-Month Periods Ended June 30, 2019 and 2018

	Notes	Period Ended June 30			
		2020 (Unaudited)		2019 (Unaudited)	
		Three months	Six months	Three months	Six months
<i>(In millions of Korean won, except per share amounts)</i>					
Other comprehensive income, net of tax					
<i>Items that will not be reclassified to profit or loss</i>					
		(4,018)	(6,462)	(4,477)	(21,807)
		(24,065)	(29,198)	(50)	219
<i>Items that may be subsequently reclassified to profit or loss</i>					
		13,738	15,786	15,305	23,793
		(3,257)	5,742	2,690	5,174
		1,813	(2,496)	(1,268)	(2,494)
		(311)	637	-	-
		215	346	106	124
		<u>(15,885)</u>	<u>(15,645)</u>	<u>12,306</u>	<u>5,009</u>
		₩ 168,137	₩ 316,845	₩ 196,943	₩ 376,639
Total comprehensive income for the period is attributable to:					
		₩ 157,327	₩ 295,224	₩ 186,412	₩ 356,246
		10,810	21,620	10,530	20,393
Earnings per share (in Korean won)					
	34	₩ 507	₩ 906	₩ 510	₩ 1,038

See notes to condensed interim consolidated financial statements.

The above consolidated Interim statements of comprehensive income should be read in conjunction with the accompanying notes.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Condensed Interim Consolidated Statements of Changes in Equity
for the Six-Month Periods Ended June 30, 2020 and 2019

	Attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total		
<i>(In millions of Korean won)</i>								
Balance at January 1, 2019	₩ 1,629,676	₩ 508,521	₩ 786,783	₩ (51,005)	₩ 4,753,003	₩ 7,626,978	₩ 797,984	₩ 8,424,962
Dividends	-	-	-	-	(97,776)	(97,776)	-	(97,776)
Issuance of hybrid equity securities	-	99,662	-	-	-	99,662	99,667	199,329
Dividends on hybrid equity securities	-	-	-	-	(12,835)	(12,835)	(20,393)	(33,228)
Others	-	-	-	-	506	506	(194)	312
Total comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	351,237	351,237	20,393	371,630
Other comprehensive income	-	-	-	-	-	-	-	-
Remeasurements of net defined benefit liabilities	-	-	-	(21,807)	-	(21,807)	-	(21,807)
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	24,012	-	24,012	-	24,012
Gain on disposal of financial assets at fair value through other comprehensive income	-	-	-	(122)	122	-	-	-
Gain on overseas operations translation	-	-	-	5,174	-	5,174	-	5,174
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(2,494)	-	(2,494)	-	(2,494)
Impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	124	-	124	-	124
Balance at June 30, 2019	₩ 1,629,676	₩ 608,183	₩ 786,783	₩ (46,118)	₩ 4,994,257	₩ 7,972,781	₩ 897,457	₩ 8,870,238
Balance at January 1, 2020	₩ 1,629,676	₩ 707,874	₩ 786,783	₩ (32,524)	₩ 5,191,904	₩ 8,283,713	₩ 897,457	₩ 9,181,170
Dividends	-	-	-	-	(117,331)	(117,331)	-	(117,331)
Issuance of hybrid equity securities	-	249,214	-	-	-	249,214	-	249,214
Issuance of hybrid equity securities	-	(79,760)	(240)	-	-	(80,000)	-	(80,000)
Repayment of hybrid equity securities	-	-	-	-	(16,302)	(16,302)	(21,620)	(37,922)
Acquisition of treasury stocks	-	-	(6,998)	-	-	(6,998)	-	(6,998)
Sale of treasury stocks	-	-	70	-	-	70	-	70
Others	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	310,870	310,870	21,620	332,490
Profit for the period	-	-	-	-	310,870	310,870	21,620	332,490
Other comprehensive income	-	-	-	-	-	-	-	-
Remeasurements of net defined benefit liabilities	-	-	-	(6,462)	-	(6,462)	-	(6,462)
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(13,412)	-	(13,412)	-	(13,412)
Gain (loss) on disposal of financial assets at fair value through other comprehensive income	-	-	-	31	(31)	-	-	-
Gain on overseas operations translation	-	-	-	5,742	-	5,742	-	5,742
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(2,496)	-	(2,496)	-	(2,496)
Gain on Valuation of Investment Stock Using the Equity Method	-	-	-	637	-	637	-	637
Impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	346	-	346	-	346
Balance at June 30, 2020	₩ 1,629,676	₩ 877,328	₩ 779,615	₩ (48,138)	₩ 5,369,110	₩ 8,607,591	₩ 897,457	₩ 9,505,048

See notes to condensed interim consolidated financial statements.

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Condensed Interim Consolidated Statements of Cash Flows
for the Six-Month Periods Ended June 30, 2020 and 2019

(In millions of Korean won)

	2020	2019
Cash flows from operating activities		
Profit for the period	₩ 332,490	₩ 371,630
Adjustments to profit for the period:	(622,883)	(650,525)
Interest income	(1,681,032)	(1,844,403)
Interest expense	606,900	734,127
Gain on financial assets at fair value through profit or loss, net	(5,797)	(14,986)
Gain on financial assets at fair value through other comprehensive income, net	(30,588)	(14,966)
Loss (gain) on financial assets at amortized cost, net	1,117	(27)
Contribution to provision for credit loss	167,387	184,554
Gain on foreign currency translation	(3,788)	(2,462)
Gain on valuation of derivatives, net	(29,883)	(27,177)
Depreciation	47,548	48,158
Amortization	31,938	37,288
Postemployment benefits	34,851	31,503
Other operating income, net	145,430	104,699
Share of loss of associates	(13,400)	(7,597)
Loss on property and equipment, and intangible assets	566	(1,334)
Income tax expense	105,868	122,098
	<u>(622,883)</u>	<u>(650,525)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in due from banks	(344,645)	7,566
Increase in financial assets at fair value through profit or loss	(267,976)	(803,046)
Increase in loans and receivables	(5,495,048)	(4,053,045)
Decrease in derivative assets and liabilities	(664)	3,535
Increase in other assets	(233,102)	(239,970)
Increase in deposit liabilities	1,300,600	1,314,183
Decrease in provisions	(647)	(12)
Increase in other liabilities	3,202,100	2,385,899
Decrease in defined benefit obligation	(22,029)	(28,364)
Increase in plan assets	(21,033)	(6,406)
	<u>(1,882,444)</u>	<u>(1,419,660)</u>
Interest received	1,733,805	1,821,311
Dividend received	10,053	8,622
Interest paid	(712,487)	(748,370)
Income tax paid	(127,601)	(52,634)
Net cash outflow from operating activities	<u>(1,269,067)</u>	<u>(669,626)</u>

BNK FINANCIAL GROUP INC. and Subsidiaries
Condensed Interim Consolidated Statements of Cash Flows
for the Six-Month Periods Ended June 30, 2020 and 2019

<i>(In millions of Korean won)</i>	2020	2019
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	1,878,221	3,314,749
Payments for financial assets at fair value through profit or loss	(2,094,684)	(3,506,862)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,354,278	1,633,333
Payments for financial assets at fair value through other comprehensive income	(2,403,798)	(1,671,516)
Proceeds from disposal of financial assets at amortized cost	591,502	425,798
Payments for financial assets at amortized cost	(927,022)	(655,297)
Proceeds from disposal of investments in associates	135,761	144,057
Payments for investments in associates	(253,270)	(149,640)
Proceeds from disposal of property and equipment	1,670	4,465
Payments for property and equipment	(31,031)	(47,368)
Proceeds from disposal of intangible assets	412	10
Payments for intangible assets	(30,366)	(14,577)
Others	5,072	4,038
Net cash outflow from investing activities	<u>(773,255)</u>	<u>(518,810)</u>
Cash flows from financing activities		
Increase in borrowings	15,028,479	13,173,736
Decrease in borrowings	(13,457,470)	(12,904,483)
Issuance of debentures	2,375,593	2,121,346
Repayment of debentures	(1,511,550)	(1,320,000)
Lease liabilities paid	(14,795)	(13,986)
Dividends paid	(117,331)	(97,776)
Issuance of hybrid equity securities	249,214	99,662
Repayment of hybrid equity securities	(80,000)	-
Dividends on hybrid equity securities	(16,301)	(11,303)
Acquisition of treasury stocks	(6,997)	-
Disposal of treasury stocks	70	-
Increase in non-controlling interests	(21,620)	79,889
Others	(79,780)	26,216
Net cash inflow from financing activities	<u>2,347,512</u>	<u>1,153,301</u>
Net decrease in cash and cash equivalents	305,190	(35,135)
Cash and cash equivalents at the beginning of the period	1,150,294	1,145,631
Effects of exchange rate changes on cash and cash equivalents	(3,665)	5,767
Cash and cash equivalents at the end of the period	<u>₩ 1,451,819</u>	<u>₩ 1,116,263</u>

See notes to condensed interim consolidated financial statements.

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

1. GENERAL INFORMATION:

General information of BNK Financial Group Inc. (“BNK Financial Group” or the “Parent Company”), which is a controlling entity in accordance with Korean IFRS 1110 *Consolidated Financial Statements*, and its subsidiaries (collectively referred to as the “Group”), is as follows:

1.1 BNK Financial Group

BNK Financial Group was incorporated on March 15, 2011, in accordance with the provisions of the Financial Holding Company Act, whereby holders of the ordinary share of Busan Bank; BNK Securities Co., Ltd.; BNK Capital Co., Ltd.; and BNK Credit Information Co., Ltd. transferred all of their shares to the Parent Company and, in return, received shares of the Parent Company’s ordinary share in order to control, manage and provide financial support to subsidiaries engaged in financial business or financial industry-related subsidiaries. Meanwhile, BNK Financial Group established BNK Information System Co., Ltd. and BNK Savings Bank Co., Ltd. as its subsidiaries with 100% investment in 2011. The Parent Company obtained control of Kyongnam Bank by acquiring 56.97% of its shares in October 2014 and ultimately acquired 100% of shares of Kyongnam Bank through comprehensive exchange of shares on June 4, 2015. In July 2015, the Parent Company also obtained 51.01% of shares in BNK Asset Management Co., Ltd. and established it as its subsidiary through paid-in capital increase and acquisition of ownership. In December 2017, the Parent Company took over the rest of BNK Asset Management Co., Ltd.’s shares, and accordingly, it became a wholly owned subsidiary, and in November 2019, the Company obtained 100% shares of BNK Venture Capital Co., Ltd. through acquisition and incorporated it as its subsidiary. The headquarters of BNK Financial Group is located at Busan Nam-gu Munhyeongeumyu-ro, 30. Meanwhile, the Parent Company’s share capital as of June 30, 2020, amounts to ₩1,629,676 million with 325,935,246 outstanding shares.

1.2 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of June 30, 2020, and December 31, 2019, are as follows:

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2020	December 31, 2019
BNK Financial Group:					
Busan Bank Co., Ltd.	Banking	Korea	December 31	100	100
Kyongnam Bank Co., Ltd.	Banking	Korea	December 31	100	100
BNK Capital Co., Ltd.	Specialized credit financial business	Korea	December 31	100	100
BNK Securities Co., Ltd.	Investment brokerage and trading	Korea	December 31	100	100
BNK Savings Bank Co., Ltd.	Saving bank services	Korea	December 31	100	100
BNK Asset Management Co., Ltd.	Financial advisory and collective investment	Korea	December 31	100	100

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2020	December 31, 2019
BNK Credit Information Co., Ltd.	Credit investigation and collection agency	Korea	December 31	100	100
BNK System Co., Ltd.	System software developing and supply	Korea	December 31	100	100
BNK Venture Capital Co., Ltd.	Start-up venture capital advisory			100	100
BNK REPO PLUS Private Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	41.87	41.57
BNK KOSDAQ Venture Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	36.62	36.62
BNK-KN Southeast Region Job Creation Fund1 ²	Fund partnership	Korea	December 31	52.62	52.62
BNK Tuna Private investment Trust1 ²	Beneficiary certificate	Korea	December 31	50.00	66.67
BNK Luxembourg Core Office Real Estate Investment Trust ²	Beneficiary certificate	Korea	December 31	100	100
BNK Teun Mid and Long-Term Securities Investment Trust1 - Bond ²	Beneficiary certificate	Korea	December 31	47.81	45.09
Multi-Asset KLC VLOC Specialized Private Equity Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	100	100
BNK Sunbo-Wool Kyung Start-Up New Technology No1 ²	Fund partnership	Korea	December 31	75.00	75.00
BNK K200 Index Securities Investment Trust ²	Beneficiary certificate	Korea	December 31	59.46	81.12
BNK Regional Equilibrium Investment Association ²	Fund partnership	Korea	December 31	51.63	-
Busan Bank: Non-restricted money trust account and eight other trust accounts ¹	Trust business	Korea	December 31	-	-
Kyongnam Bank Co., Ltd.: Non-restricted money trust account and nine other trust accounts ¹	Trust business	Korea	December 31	-	-
HDC Dual Private Securities Investment Trust 1 ^{st2}	Beneficiary certificate	Korea	December 31	100	100
HDC Dual Private Securities Investment Trust 3 ^{rd2}	Beneficiary certificate	Korea	December 31	100	100
BNK Capital Co., Ltd.:					
BNKC (Cambodia) MFI PLC	Specialized credit financial business	Cambodia	December 31	100	100
BNK Capital Myanmar Co.,Ltd	Specialized credit financial business	Myanmar	September 31	99.99	99.99
BNK Capital Lao Leasing Co., Ltd	Specialized credit financial business	Laos	December 31	96.71	96.71
MFO BNK Finance Kazakhstan LLP	Specialized credit financial business	Kazakhstan	December 31	100	100
BNK Securities Co., Ltd.:					
BNK Open Innovation Investment Association ²	Beneficiary certificate	Korea	December 31	99.98	99.98

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2020	December 31, 2019
BNK Asset Management Co., Ltd.:					
BNK Brave New KOREA No.1 ²	Beneficiary certificate	Korea	December 31	72.28	69.38
BNK Global AI Securities Feeder Investment Trust H ²	Beneficiary certificate	Korea	December 31	65.29	68.63

¹ As a money trust in accordance with the Financial Investment Services and Capital Markets Act, the Group owns less than 50% ownerships of the trust. However, the Group is considered to have control over the trust because the Group is exposed to variable returns from its involvement with the trust and has the ability to affect those returns through its power to direct the activities of the trust.

² As a structured company for purpose of marketable securities investment, the Group owns less than 50% ownerships of the entity. However, the Group is considered to have control over the entity because the Group is expose to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

1.3 Summarized Financial Information

Summarized financial information for consolidated subsidiaries as of June 30, 2020, and December 31, 2019, and for the six-month periods ended June 30 2020 and 2019, are as follows:

(In millions of Korean won)

Name of subsidiary	June 30, 2020			2020			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
Busan Bank Co., Ltd. and its Subsidiaries	₩ 59,926,535	₩ 54,639,377	₩ 5,287,158	₩ 1,523,839	₩ 239,259	₩ 178,128	₩ 157,299
Kyongnam Bank Co., Ltd. and its Subsidiaries	41,099,254	37,646,285	3,452,969	757,155	132,349	104,580	106,714
BNK Capital Co., Ltd. and its Subsidiaries	6,001,863	5,254,185	747,678	387,753	61,239	44,787	46,398
BNK Securities Co., Ltd. and its Subsidiaries	3,299,658	2,733,754	565,904	133,432	30,465	22,486	23,837
BNK Savings Bank Co., Ltd.	1,133,730	973,132	160,598	29,201	9,879	9,147	9,147
BNK Asset Management Co., Ltd. and its Subsidiaries	77,606	4,514	73,092	5,093	(443)	153	153
BNK Credit Information Co., Ltd.	11,771	678	11,093	3,059	687	514	514
BNK System Co., Ltd.	16,369	5,781	10,588	35,700	1,000	825	825
BNK Venture Capital Co., Ltd.	₩ 18,800	₩ 184	₩ 18,616	₩ 959	₩ (15)	₩ 66	₩ 66

(In millions of Korean won)

Name of subsidiary	December 31, 2019			2019			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
Busan Bank Co., Ltd. and its Subsidiaries	₩ 56,263,405	₩ 51,048,211	₩ 5,215,194	₩ 1,460,611	₩ 297,344	₩ 222,777	₩ 223,023
Kyongnam Bank Co., Ltd. and its Subsidiaries	39,296,261	35,898,643	3,397,618	821,724	151,857	120,369	123,590
BNK Capital Co., Ltd. and its Subsidiaries	5,425,262	4,708,984	716,278	317,896	51,641	39,337	41,284
BNK Securities Co., Ltd. and its Subsidiaries	2,372,112	1,930,045	442,067	83,733	17,448	12,731	13,210
BNK Savings Bank Co., Ltd.	1,084,684	933,233	151,451	34,561	13,562	11,245	11,245
BNK Asset Management Co., Ltd. and its Subsidiaries	77,836	4,897	72,939	6,226	2,287	1,730	1,730

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

Name of subsidiary	December 31, 2019			2019			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
BNK Credit Information Co., Ltd.	11,465	887	10,578	2,809	595	421	421
BNK System Co., Ltd.	14,954	5,190	9,764	26,052	685	547	547
BNK Venture Capital Co., Ltd.	₩ 18,721	₩ 170	₩ 18,551	₩ -	₩ -	₩ -	₩ -

1.4 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the six-month period June 30, 2020, and the year ended December 31, 2019:

Subsidiary	June 30, 2020
BNK Regional Equilibrium Investment Association	Participated in BNK Venture Capital Co., Ltd.'s investment when setting the fund
Subsidiary	December 31, 2019
BNK-KN Southeast Region Job Creation Fund1	Participated in BNK Securities Co., Ltd.'s investment when setting the fund
BNK K200 Index Securities Investment Trust	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate
BNK Tuna Private investment Trust1	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate
BNK Open Innovation Investment Association	Participated in BNK Securities Co., Ltd.'s investment when setting the fund
BNK Luxembourg Core Office Real Estate Investment Trust	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate
BNK Teun Teun Mid and Long-Term Securities Investment Trust1 - Bond	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate
BNK Venture Capital Co., Ltd.	Transferred to subsidiaries by acquiring BNK Venture Capital Co., Ltd.
Multi-Asset KLC VLOC Specialized Private Equity Investment Trust No. 1	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate
BNK Sunbo-Wool Kyung Start-Up New Technology No1	Participated in BNK Securities Co., Ltd.'s investment when setting the fund

Subsidiaries excluded from the consolidation is as follows:

There are no subsidiaries excluded from the consolidation for the six-month period June 30, 2020.

Subsidiary	2019
BNK Tuen Tuen Short-term Government Bond No. 1	Liquidation of Busan Bank Co., Ltd.'s beneficiary certificate

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

2. SIGNIFICANT ACCOUNTING POLICIES:

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

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying condensed interim consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed interim consolidated financial statements for the six-month period ended June 30, 2020, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These condensed interim consolidated financial statements have been prepared in accordance with Korean IFRS, which is effective or early adopted as of June 30, 2020.

The preparation of condensed interim consolidated financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 3.

2.1.1 New and amended standards and interpretations adopted by the Group

- Enactment of Korean IFRS 1103 Definition of a Business (amendment)

The amendment clarifies that although a business generally retains output, the output is not essential for the integration of activities and assets to meet the definition of the business. It should include inputs and practical processes that have the ability to contribute significantly to the creation of outputs together. It also represents guidelines for judgment to decide whether or not a practical course has been acquired.

The amendment adopted an optional intensive test that is able to briefly evaluate whether an integration of acquired activities and assets is not business. In this optional concentration test, if the fair value of the total assets acquired is substantially concentrated in a single identifiable asset or a group of similar identifiable assets, it is not a business.

- Reference to the Korean IFRS – Conceptual Framework

In addition to the amended conceptual framework (2018), which was introduced with the announcement on December 21, 2018, the International Accounting Standards Board also announced the 'amendments to reference to the Korean IFRS conceptual framework'. This document includes the amendments to IFRSs 1102, 1103, 1106, 1114, 1001, 1008, 1034, 1037, 1038, 2112, 2119, 2120, 2122 and 2032.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

However, not all amendments require the reference to the revised conceptual framework(2018) for the wording related to such references or citations. Some wordings have been amended to clarify whether the 'conceptual framework' referred to is a 'conceptual framework for preparation and presentation of financial statements' (2007), 'conceptual framework' (2010) or newly amended 'conceptual framework' (2018). Other wordings have been amended to state that the definition in Korean IFRS was not changed to a new definition compared to the previous 'conceptual framework' (2018).

- Korean IFRS 1116 Lease – Enforceable period

The IFRS Interpretations Committee (hereinafter, referred to as, "IFRS IC") interpreted the concept of losses or penalties to be considered in determining the enforceable period under Korean IFRS 1116 as a concept that includes economic losses, as well as the amount of payments specified in the contract. The committee also interpreted that the lease is enforceable beyond the date on which the party can terminate the lease contract without the agreement of the other parties and if only one party pays a small amount. If the decision of the IFRS IC applies, this may result in a change in the judgement on the enforceable period for some of the different lease contracts closed by the Bank, and the main lease contract that is likely to change the judgment of the enforceable period will be the real estate lease.

However, the Group will reflect the changes in the accounting policies during the current period after thoroughly reviewing the impact of decisions made by the IFRS IC on the condensed interim consolidated financial statements and related notes based on the permission of the Due Process Oversight Committee through the relevant agenda decision, and the condensed interim consolidated financial statements have not yet reflected IFRS IC's decisions.

2.1.2 New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations that have been published that are not mandatory for annual reporting period commencing January 1, 2019, and have not been early adopted by the Group, are set out below.

- Amendments to Korean IFRS 1116 *Lease* (amendment)

The amendment provides a practical and simple method for the lessee not to evaluate whether the rent concession occurred as a result of the COVID-19 pandemic, is a lease change. The lessee who chooses to apply this practical simple method shall account for changes in lease fees, such as rent concession, consistently with the method described by the Korean IFRS, unless such changes are lease changes. On the other hand, the practical simple method according to the amendment will not be provided to the lessor.

The practical simple method according to the amendment applies only to rental concession, etc., that satisfies the following conditions.

- The lease consideration corrected by the change in lease payments is substantially the same as or less than the lease consideration before the change.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

- The lease concession only affects lease payments due before June 30, 2021.
- Other lease terms and conditions remain substantially unchanged.

2.2 Significant Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2019, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.1 and described below.

2.2.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pretax income.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Significant accounting estimates and assumptions applied in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2018, except for the estimates used to determine income tax expense, and accounting estimates and assumptions for implementation of Korean IFRS 1116 explained as below.

The preparation of condensed interim consolidated financial statements requires the management to make estimates and assumptions concerning the amount recognized in the condensed interim consolidated financial statements (except for estimates) and executive requires judgement about book amount of assets and liabilities that are not identified easily from other sources. Estimates and assumptions are based on historical experience and other factors. In addition, actual results can differ from those estimates based on such definitions.

The significant judgements that management has made about the application of the Bank's accounting policies and uncertainty in estimates in preparing the condensed separate interim financial statements are identical to those used in the annual financial statements for the year ended December 31, 2019.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

3.1 Uncertainty due to the pandemic of Coronavirus Infectious Disease 19 (COVID-19)

The rapid spread of COVID-19 is having a negative impact on finance, foreign exchange markets and the real economy around the world, which may increase the overall volatility of macroeconomic indicators, such as stock prices, interest rates and exchange rates. COVID-19 could potentially affect the Group's expected credit losses for certain portfolios and a decline in the fair value of financial instruments. The Group cannot predict the size and duration of future COVID-19 damage, and due to uncertainties arising from COVID-19, important accounting estimates and assumptions used in the preparation of financial statements may change. The Group is continuously monitoring the impact of COVID-19 through the key market indicators, delinquency rates and liquidity ratios.

Matters related to the fair value of financial instruments are described in Note 6, and at the end of the current half-year exposures by major industry when significant accounting estimates and assumptions are changed due to COVID-19, are as follows.

(In millions of
Korean won)

June 30, 2020					
Loans					
	12-month expected credit losses	Expected lifetime credit losses		Subtotal	Provision for impairment
		Unrecognized impairment	Recognized impairment		
Automotive and auto parts	₩ 2,295,227	₩ 629,258	₩ 46,990	₩ 2,971,475	₩ 45,699
Aviation, travel and Hotel	283,043	204,560	638	488,241	5,145
Refining, gas and Petrochemical	596,133	118,303	3,886	718,322	6,110
Logistics	<u>3,219,533</u>	<u>728,478</u>	<u>23,714</u>	<u>3,971,725</u>	<u>34,485</u>
	<u>₩ 6,393,936</u>	<u>₩ 1,680,599</u>	<u>₩ 75,228</u>	<u>₩ 8,149,763</u>	<u>₩ 91,439</u>

(In millions of
Korean won)

June 30, 2020					
Receivables					
	12-month expected credit losses	Expected lifetime credit losses		Subtotal	Provision for impairment
		Unrecognized impairment	Recognized impairment		
Automotive and auto parts	₩ 3,195	₩ 1,081	₩ 213	₩ 4,489	₩ 206
Aviation, travel and Hotel	368	223	1	592	5
Refining, gas and Petrochemical	916	189	4	1,109	9
Logistics	<u>4,357</u>	<u>1,158</u>	<u>171</u>	<u>5,686</u>	<u>254</u>
	<u>₩ 8,836</u>	<u>₩ 2,651</u>	<u>₩ 389</u>	<u>₩ 11,876</u>	<u>₩ 474</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of
Korean won)

June 30, 2020										
Loan commitments										
		12-month expected credit losses	Expected lifetime credit losses		Subtotal	Provision				
			Unrecognized impairment	Recognized impairment						
Automotive and auto parts	₩	185,137	₩	33,510	₩	-	₩	218,647	₩	715
Aviation, travel and Hotel		7,002		13,922		-		20,924		170
Refining, gas and Petrochemical		89,672		3,286		-		92,958		279
Logistics		375,901		45,988		-		421,889		1,495
	₩	<u>657,712</u>	₩	<u>96,706</u>	₩	<u>-</u>	₩	<u>754,418</u>	₩	<u>2,659</u>

(In millions of
Korean won)

June 30, 2020										
Confirmed acceptances and guarantees										
		12-month expected credit losses	Expected lifetime credit losses		Subtotal	Provision				
			Unrecognized impairment	Recognized impairment						
Automotive and auto parts	₩	5,294	₩	5,307	₩	-	₩	10,601	₩	122
Aviation, travel and Hotel		19,511		56,559		-		76,070		1,132
Refining, gas and Petrochemical		15,564		3,050		-		18,614		131
Logistics		133,236		9,315		200		142,751		811
	₩	<u>173,605</u>	₩	<u>74,231</u>	₩	<u>200</u>	₩	<u>248,036</u>	₩	<u>2,196</u>

4. FINANCIAL RISK MANAGEMENT:

(a) General

The Group is exposed to various financial risks, such as credit risk, liquidity risk, market risk and operational risk, associated with financial instruments. There has not been a significant change in the Group's purpose of financial risk management and risk management policy since December 31, 2019.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(b) Credit Risk

Maximum exposure to credit risk

The Group's maximum exposure to credit risk that does not consider value of collateral as of June 30, 2020, and December 31, 2019, is as follows:

(In millions of Korean won)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
On balance		
Cash and due from banks	₩ 3,342,976	₩ 2,998,205
Financial assets at fair value through profit or loss	4,188,911	3,749,422
Financial assets at fair value through other comprehensive income	5,159,724	5,064,688
Financial assets at amortized cost	7,879,581	7,534,761
Loans	81,683,041	78,958,203
Receivables	4,124,656	1,699,023
Derivative assets	62,207	35,960
	<u>106,441,096</u>	<u>100,040,262</u>
Off balance		
Guarantees and acceptances	1,233,509	1,170,073
Loan commitments	21,395,121	20,121,504
	<u>22,628,630</u>	<u>21,291,577</u>
	<u>₩ 129,069,726</u>	<u>₩ 121,331,839</u>

Analysis of credit quality of financial assets

Credit quality is classified based on internal credit grades as of June 30, 2020, is as follows:

	Household	Corporates, public sector and other
Grade 1	1	AAA
Grade 2	2	AA
Grade 3	3	AA-
Grade 4	4	A
Grade 5	5	A-, BBB+
Grade 6	6	BBB, BBB-, BB, BB-
Grade 7	7-10	B, B-, C, D

¹ Approval of the Financial Supervisory Service to change the Internal Rating Act in April 2020;. The Bank's internal credit rating system was changed as a single group model was applied.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The gross carrying amount of loans, receivables and debt securities by credit risk grade as of June 30, 2020, is as follows:

(In millions of
Korean won)

		June 30, 2020									
		Loans and receivables				Debt securities					
		Loans		Receivables		Fair value through other comprehensive income		Amortized cost			
		Expected lifetime credit losses		Expected lifetime credit losses		12-month expected		12-month expected			
		12-month expected credit losses	Unrecognized impairment	Recognized impairment	12-month expected credit losses	Unrecognized impairment	Recognized impairment	12-month expected credit losses	12-month expected credit losses	Subtotal	
Grade 1	₩	3,466,248	₩ 3,906	₩ -	₩ 314,377	₩ 5	₩ -	₩ 3,784,536	₩ 3,791,444	₩ 6,376,062	₩ 10,167,506
Grade 2		5,562,141	5,769	-	104,367	12	-	5,672,289	1,135,817	1,505,757	2,641,574
Grade 3		9,510,873	31,293	-	26,961	78	-	9,569,205	161,333	-	161,333
Grade 4		12,991,628	129,589	-	37,979	385	-	13,159,581	71,130	-	71,130
Grade 5		19,457,640	1,156,118	-	43,969	1,616	-	20,659,343	-	-	-
Grade 6		14,916,906	8,044,115	-	69,901	24,272	-	23,055,194	-	-	-
Grade 7		1,337,266	1,976,962	852,576	4,149	8,363	3,784	4,183,100	-	-	-
Non-graded		2,923,078	55,713	-	3,491,282	377	168	6,470,618	-	-	-
	₩	70,165,780	₩ 11,403,465	₩ 852,576	₩ 4,092,985	₩ 35,108	₩ 3,952	₩ 86,553,866	₩ 5,159,724	₩ 7,881,819	₩ 13,041,543

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of June 30, 2020, is as follows:

(In millions of
Korean won)

		June 30, 2020							
		Loan commitments			Guarantees and acceptances				
		12-month expected credit losses	Expected lifetime credit losses		12-month expected credit losses	Expected lifetime credit losses			
			Unrecognized impairment	Recognized impairment		Unrecognized impairment	Recognized impairment		
				Subtotal			Subtotal		
Grade 1	₩	1,672,241	₩ 86	₩ -	₩ 1,672,327	₩ 26,683	₩ -	₩ 26,683	
Grade 2		2,590,303	2,982	-	2,593,285	77,437	48	77,485	
Grade 3		3,009,614	8,037	-	3,017,651	93,609	315	93,924	
Grade 4		4,375,298	24,839	-	4,400,137	81,197	1,443	82,640	
Grade 5		3,322,304	109,464	-	3,431,768	154,712	33,185	187,897	
Grade 6		3,477,485	842,772	-	4,320,257	403,439	288,589	692,028	
Grade 7		332,531	239,660	92	572,283	-	11,903	15,749	
Non-graded		443,567	524	-	444,091	45,200	-	45,200	
	₩	19,223,343	₩ 1,228,364	₩ 92	₩ 20,451,799	₩ 882,277	₩ 335,483	₩ 15,749	₩ 1,233,509

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Credit quality is classified based on internal credit grades as of December 31, 2019, is as follows:

	Household	Corporates, public sector and other
Grade 1	1	AAA
Grade 2	2	AA
Grade 3	3	AA-
Grade 4	4	A
Grade 5	5	A-
Grade 6	6	BBB+, BBB, BBB-, BB, BB-
Grade 7	7-10	B, B-, C, D

The gross carrying amount of loans, receivables and debt securities by credit risk grade as of December 31, 2019, is as follows:

(In millions of
Korean
won)

December 31, 2019										
Loans and receivables							Debt securities			
Loans			Receivables				Fair value through other comprehensive income		Amortized cost	
<u>Expected lifetime credit losses</u>			<u>Expected lifetime credit losses</u>							
12-month expected credit losses	Unrecognized impairment	Recognized impairment	12-month expected credit losses	Unrecognized impairment	Recognized impairment	Subtotal	12-month expected credit losses	12-month expected credit losses	Subtotal	
Grade 1	₩ 3,126,715	₩ 4,202	₩ -	₩ 50,094	₩ 2	₩ -	₩ 3,181,013	₩ 3,417,964	₩ 5,631,506	₩ 9,049,470
Grade 2	5,001,531	4,306	-	200,912	6	-	5,206,755	1,454,067	1,872,305	3,326,372
Grade 3	7,706,698	45,779	-	9,909	41	-	7,762,427	141,726	-	141,726
Grade 4	11,769,429	148,628	-	16,307	206	-	11,934,570	50,331	30,388	80,719
Grade 5	23,811,898	1,007,865	-	37,831	1,224	-	24,858,818	-	-	-
Grade 6	14,001,974	6,286,848	-	26,623	10,568	-	20,326,013	-	-	-
Grade 7	1,321,789	2,301,352	785,367	1,587	5,517	3,017	4,418,629	-	-	-
Non-graded	2,383,879	60,845	-	1,341,195	1,088	-	3,787,007	600	1,683	2,283
	₩ 69,123,913	₩ 9,859,825	₩ 785,367	₩ 1,684,458	₩ 18,652	₩ 3,017	₩ 81,475,232	₩ 5,064,688	₩ 7,535,882	₩ 12,600,570

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of December 31, 2019, is as follows:

		December 31, 2019							
		Loan commitments				Guarantees and acceptances			
	12-month expected credit losses	Expected lifetime credit losses		Subtotal	12-month expected credit losses	Expected lifetime credit losses		Subtotal	
		Unrecognized impairment	Recognized impairment			Unrecognized impairment	Recognized impairment		
Grade 1	₩ 1,435,135	₩ 1,631	₩ -	₩ 1,436,766	₩ 27,509	₩ -	₩ -	₩ 27,509	
Grade 2	2,129,302	406	-	2,129,708	10,568	-	-	10,568	
Grade 3	2,599,140	5,323	-	2,604,463	77,490	818	-	78,308	
Grade 4	4,602,583	44,859	-	4,647,442	156,107	7,520	-	163,627	
Grade 5	4,920,276	277,013	-	5,197,289	486,173	90,189	-	576,362	
Grade 6	2,151,512	486,013	-	2,637,525	143,622	130,162	100	273,884	
Grade 7	272,792	246,025	179	518,996	70	13,220	5,524	18,814	
Non-graded	385,166	6,513	184	391,863	21,000	-	-	21,000	
	₩ 18,495,906	₩ 1,067,783	₩ 363	₩ 19,564,052	₩ 922,539	₩ 241,909	₩ 5,624	₩ 1,170,072	

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

5. OPERATING SEGMENT INFORMATION:

(a) Segment report and division information

Segment information indicates details of the Group's divisions. Main divisions of business are based on the Group's internal report. The Group consists of six business divisions: two divisions of bank, securities, capital, savings bank and other. Such business divisions are divided by products, characteristics of services, customers and organization of the Group. Based on these categories, the main information by divisions is disclosed as follows:

Operations by divisions for the six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020							Consolidated financial statements	
	Busan Bank	Kyongnam Bank	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others	Total		Adjustment
Net interest income (expenses) W	556,424 W	388,782 W	113,427 W	9,556 W	17,937 W	(13,496) W	1,072,630 W	1,501 W	1,074,131
Net commission income	82,883	41,100	20,596	41,639	605	12,694	199,517	(2,872)	196,645
Net gain (loss) on financial assets at fair value through profit or loss	4,883	5,992	1,356	28,857	(4)	371	41,455	171	41,626
Net gain (loss) on financial assets at fair value through other comprehensive income	16,602	14,034	-	209	-	-	30,845	(257)	30,588
Net gain (loss) on financial assets at amortized cost	10	(1,127)	-	-	-	-	(1,117)	-	(1,117)
Provision for credit loss and others	(35,259)	(48,737)	(45,323)	(497)	1,608	-	(128,208)	436	(127,772)
General and administrative expenses	(336,205)	(224,938)	(39,873)	(47,925)	(8,644)	(30,993)	(688,578)	5,250	(683,328)
Other operating income (expenses), net	(50,079)	(42,757)	11,056	(1,374)	(1,623)	138,086	53,309	(142,759)	(89,450)
Operating profit	239,259	132,349	61,239	30,465	9,879	106,662	579,853	(138,530)	441,323
Non-operating income (expenses), net	(6,350)	2,069	(2,259)	229	(26)	826	(5,511)	2,546	(2,965)
Profit (loss) before income tax	232,909	134,418	58,980	30,694	9,853	107,488	574,342	(135,984)	438,358
Income tax expense	(54,781)	(29,838)	(14,193)	(8,208)	(706)	(491)	(108,217)	2,348	(105,869)
Profit (loss) for the period	178,128	104,580	44,787	22,486	9,147	106,997	466,125	(133,636)	332,489
Total assets W	59,926,535 W	41,099,254 W	6,001,863 W	3,299,658 W	1,133,730 W	6,466,991 W	117,928,031 W	(6,416,441) W	111,511,590
Total liabilities W	54,639,377 W	37,646,285 W	5,254,185 W	2,733,754 W	973,132 W	1,249,414 W	102,496,147 W	(489,605) W	102,006,542

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)	2019							Consolidated financial statements	
	Busan Bank	Kyongnam Bank	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others	Total		Adjustment
Net interest income (expenses)	W 578,699	W 408,377	W 112,367	W 5,583	W 19,003	W (15,817)	W 1,108,212	W 2,065	W 1,110,277
Net commission income	46,424	31,851	13,243	23,060	1,074	11,149	126,801	(1,872)	124,929
Net gain (loss) on financial assets at fair value through profit or loss	14,389	8,847	-	23,868	3,066	2,134	52,304	(247)	52,057
Net gain (loss) on financial assets at fair value through other comprehensive income	6,294	8,275	215	162	-	-	14,946	20	14,966
Net gain (loss) on financial assets at amortized cost	(11)	38	-	-	-	-	27	-	27
Provision for credit loss and others	(18,605)	(46,081)	(44,954)	(276)	777	-	(109,139)	(28)	(109,167)
General and administrative expenses	(298,375)	(222,844)	(37,456)	(34,505)	(8,438)	(29,453)	(631,071)	3,215	(627,856)
Other operating income (expenses), net	(31,471)	(36,606)	8,226	(444)	(1,920)	95,956	33,741	(104,308)	(70,567)
Operating profit	297,344	151,857	51,641	17,448	13,562	63,969	595,821	(101,155)	494,666
Non-operating income (expenses), net	(5,567)	3,996	(14)	92	388	(115)	(1,220)	282	(938)
Profit (loss) before income tax	<u>291,777</u>	<u>155,853</u>	<u>51,627</u>	<u>17,540</u>	<u>13,950</u>	<u>63,854</u>	<u>594,601</u>	<u>(100,873)</u>	<u>493,728</u>
Income tax expense	<u>(69,000)</u>	<u>(35,484)</u>	<u>(12,290)</u>	<u>(4,809)</u>	<u>(2,705)</u>	<u>(953)</u>	<u>(125,241)</u>	<u>3,143</u>	<u>(122,098)</u>
Profit (loss) for the period	<u>222,777</u>	<u>120,369</u>	<u>39,337</u>	<u>12,731</u>	<u>11,245</u>	<u>62,901</u>	<u>469,360</u>	<u>(97,730)</u>	<u>371,630</u>
Total assets	W <u>56,646,956</u>	W <u>38,400,731</u>	W <u>5,173,567</u>	W <u>2,660,512</u>	W <u>1,029,042</u>	W <u>6,246,605</u>	W <u>110,157,413</u>	W <u>(5,941,287)</u>	W <u>104,216,126</u>
Total liabilities	W <u>51,548,837</u>	W <u>35,035,831</u>	W <u>4,497,897</u>	W <u>2,226,763</u>	W <u>886,362</u>	W <u>1,302,827</u>	W <u>95,498,517</u>	W <u>(152,630)</u>	W <u>95,345,887</u>

(b) Information on financial services and geographical areas

As the financial products of the Group are categorized as interest bearing, non-interest bearing and others, and the categorization is already reflected in the composition of the reportable segments above, revenue from external customers is not separately disclosed. Revenue by geographical areas is not separately disclosed as the Group operates its business domestically.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

6. FAIR VALUE:

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair Value of Financial Instruments by Category

The carrying amounts and fair value of financial assets and financial liabilities by each category as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash and due from bank	₩ 4,794,794	₩ 4,794,794	₩ 4,148,498	₩ 4,148,498
Financial assets at fair value through profit or loss	4,294,466	4,294,466	3,839,224	3,839,224
Financial assets at fair value through other comprehensive income	5,325,804	5,325,804	5,267,070	5,267,070
Financial assets at amortized cost	7,879,581	8,080,707	7,534,761	7,619,603
Loans and receivables	85,807,697	86,747,726	80,657,226	81,741,501
Derivative assets	62,207	62,207	35,960	35,960
	<u>₩ 108,164,549</u>	<u>₩ 109,305,704</u>	<u>₩ 101,482,739</u>	<u>₩ 102,651,856</u>
Financial liabilities:				
Deposits	77,901,504	78,022,396	76,609,540	76,635,281
Borrowings	6,531,598	6,538,066	5,079,228	5,079,744
Debentures	11,098,851	11,274,967	10,185,756	9,202,098
Derivative liabilities	38,146	38,146	42,540	42,540
Other financial liabilities ¹	5,932,465	5,948,571	2,944,481	2,950,714
	<u>₩ 101,502,564</u>	<u>₩ 101,822,146</u>	<u>₩ 94,861,545</u>	<u>₩ 93,910,377</u>

¹ Other financial liabilities consist of accounts payables, accrued expenses and lease liabilities.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(b) Fair value measurement method and assumptions by financial instruments

Fair value assessment method and assumptions are as follows:

Classification	Fair value measurement technique
Cash and due from banks	The carrying amounts of cash are assumed to be, and demand due from banks and payment due from banks are reasonable approximation of fair values. These financial instruments do not have a fixed maturity and are receivable on demand. Fair value of ordinary due from banks is measured using Discounted Cash Flow (“DCF”) model. However, if the contractual maturity and the interest resetting period from the settlement date are within three months, the carrying amounts are assumed to be the fair value.
Securities	The fair value of financial instruments that are quoted in active markets is determined using the quoted prices. Fair value is determined by independent third-party pricing services when quoted prices are not available. Pricing services use one or more of the valuation techniques, including DCF model, Imputed Market Value Model (“IMV”), Free Cash Flow to Equity Model, Dividend Discount Model, Risk-Adjusted Discount Rate Method, and Net Asset Value Method.
Derivatives	For exchange-traded derivative, a quoted price in active market is used to determine fair value and for over-the-counter (“OTC”) derivative, fair value is determined using valuation techniques. The Consolidated Entity uses internally developed valuation models that are widely used by market participants to determine fair value of plain OTC derivatives, including options, interest rate swap and currency swap, based on observable market parameters. However, some complex financial instruments are valued using advanced internal valuation model or the results of independent pricing services, where part or all of the inputs are not observable in the market. OTC derivatives with closed-form solution in its valuation are valued using appropriate model. Complex derivative instruments where its valuation method cannot be defined by closed-form solution are valued using techniques, including Finite Difference Method and Monte Carlo Simulation.
Loans and receivables	DCF is used to determine the fair value of loans and receivables. When DCF Model is applied, the expected cash flow is calculated by applying the early redemption risk rate to the contractual cash flow calculated according to the contract terms and discounted at appropriate discount rate to calculate fair value. For those loans and receivables with the residual maturities of less than three months as of the closing date and the ones with reset period of less than three months, the carrying amount is regarded as fair value.
Deposit liabilities	The carrying amount of demand deposit is regarded as fair value as it does not have maturity and the amount approximates the fair value. Fair value of time deposit is determined using DCF. Fair value is determined using appropriate discount rate and the expected cash flows by contractual cash flows with prepayment rate taken into account. For those deposits with the residual maturities of less than three months as of the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Borrowings	Fair value is determined using DCF discounting contractual future cash flows by appropriate discount rate. However, for those borrowings with the residual maturities of less than three months as of the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Debentures	Fair value is determined using the valuation of independent third-party pricing services in accordance with the market prices that are quoted in active markets.
Other financial liabilities	Other financial liabilities mainly consist of financial liabilities with a remaining maturity of three months or less as of the settlement date, and the carrying amount is regarded as fair value.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(c) *Fair Value Hierarchy Classifications of the Financial Instruments that are Subsequently Measured at Fair Value*

Fair value hierarchy classifications of the financial instruments that are subsequently measured at fair value as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ 226,933	₩ 3,046,679	₩ 1,020,854	₩ 4,294,466
Financial assets at fair value through other comprehensive income	1,546,538	3,627,862	151,404	5,325,804
Loans receivables at fair value through profit or loss	-	-	7,533	7,533
Derivative assets	-	58,890	3,317	62,207
	<u>₩ 1,773,471</u>	<u>₩ 6,733,431</u>	<u>₩ 1,183,108</u>	<u>₩ 9,690,010</u>
Financial liabilities:				
Borrowings liabilities	₩ 33,262	₩ 10,067	₩ -	₩ 43,329
Derivative liabilities	-	38,146	-	38,146
	<u>₩ 33,262</u>	<u>₩ 48,213</u>	<u>₩ -</u>	<u>₩ 81,475</u>

(In millions of Korean won)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ 257,196	₩ 2,726,718	₩ 855,310	₩ 3,839,224
Financial assets at fair value through other comprehensive income	1,381,522	3,699,582	185,966	5,267,070
Loans receivables at fair value through profit or loss	-	-	6,755	6,755
Derivative assets	-	35,105	855	35,960
	<u>₩ 1,638,718</u>	<u>₩ 6,461,405</u>	<u>₩ 1,048,886</u>	<u>₩ 9,149,009</u>
Financial liabilities:				
Borrowings liabilities	₩ 42,057	₩ 10,023	₩ -	₩ 52,080
Derivative liabilities	-	42,227	313	42,540
	<u>₩ 42,057</u>	<u>₩ 52,250</u>	<u>₩ 313</u>	<u>₩ 94,620</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The valuation techniques and input variables of Level 2 financial instruments, subsequently measured at fair value, as of June 30, 2020, and December 31, 2019, are as follows:

		June 30, 2020		
<i>(In millions of Korean won)</i>		Fair value	Valuation techniques	Input variables
Financial assets:				
Financial assets at fair value through profit or loss				
Debt securities	₩	2,149,083	DCF Model	Discount rate, exchange rate
Beneficiary certificates		283,524	Net Asset Value Method	Value of underlying assets
Other securities		614,072	DCF Model	Discount rate
Financial assets at fair value through other comprehensive income				
Debt securities		3,627,862	DCF Model	Discount rate, exchange rate
Derivative assets		58,890	DCF Model	Discount rate, exchange rate
Financial liabilities:				
Borrowing liabilities		10,067	DCF Model	Discount rate,
Derivative liabilities		38,146	DCF Model	Discount rate, exchange rate
		December 31, 2019		
<i>(In millions of Korean won)</i>		Fair value	Valuation techniques	Input variables
Financial assets:				
Financial assets at fair value through profit or loss				
Debt securities	₩	1,847,009	DCF Model	Discount rate, exchange rate
Beneficiary certificates		136,728	Net Asset Value Method	Value of underlying assets
Other securities		742,981	DCF Model	Discount rate
Financial assets at fair value through other comprehensive income				
Debt securities		3,699,582	DCF Model	Discount rate, exchange rate
Derivative assets		35,105	DCF Model	Discount rate, exchange rate
Financial liabilities:				
Borrowing liabilities		10,023	DCF Model	Discount rate, exchange rate
Derivative liabilities		42,227	DCF Model	Discount rate, exchange rate

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The valuation techniques, input variables and range of significant unobservable input variables of Level 3 financial instruments, which are subsequently measured at fair value, as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Range of significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
	June 30, 2020			
Financial assets				
Financial assets at fair value through profit or loss	₩ 1,020,854			
Equity securities	49,097	Net Asset Value Method, DCF Model, Binomial Trees	Value of underlying assets Discount rate: 14.64% Volatility 29.61%–38.46%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases or volatility increases (decreases)
Debt securities	459,652	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Binomial Trees and others	Discount rate: 4.86%–17.43% Growth rate: 0.00% Liquidation value: -1.00%-1.00% Volatility: 0.00%–43.76%	Fair value increases (decreases) when discount rate decreases (increases), growth rate increases (decreases), liquidation value increases (decreases) or volatility increases (decreases)
Beneficiary certificates	499,018	Adjusted Net Asset Value Method	Value of underlying assets	Fair value increases (decreases) when value of underlying assets increases (decreases)
Other securities	13,087	Net Asset Value Method	Value of underlying assets	Fair value increases (decreases) when value of underlying assets increases (decreases) and others
Financial assets at fair value through other comprehensive income	151,404			
Equity securities	151,404	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, DCF Model and others	Discount rate: 9.08%–12.47% Growth rate: 0.00%-1.00% Liquidation value: -1.00%-1.00%	Fair value increases (decreases) when discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

<i>(In millions of Korean won)</i>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Range of significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
June 30, 2020				
Loans receivables at fair value through profit or loss	7,533			
Hybrid (combined) instruments	7,533	Binomial Trees	Volatility: 31.88%–36.68% Discount rate: 1.53%–14.2%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets	3,317	Binomial Trees	Volatility: 0.54% Discount rate: 0.57%–0.96%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Financial liability				
Derivative liabilities	-	Binomial Trees	Volatility: 0.54% Discount rate: 0.57%–0.96%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
December 31, 2019				
<i>(In millions of Korean won)</i>				
December 31, 2019				
Financial assets				
Financial assets at fair value through profit or loss	₩ 855,310			
Equity securities	17,669	Net Asset Value Metho and DCF Model	Value of underlying assets, Discount rate: 8.37%–16.57%, Growth rate: 0–3.00%, Volatility: 27.7%–38.7%	Fair value increases (decreases) when value of underlying assets increases (decreases)
Debt securities	398,716	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Binomial Trees and others	Discount rate: 4.61%–18.34%, Growth rate: 0.00%-1.00% Liquidation value: -1.00%-1.00% Volatility: 0–47.98%	Fair value increases (decreases) when discount rate decreases (increases), growth rate increases (decreases), liquidation value increases (decreases) or volatility increases (decreases)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

<i>(In millions of Korean won)</i>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Range of significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
	December 31, 2019			
Beneficiary certificates	428,830	Net Asset Value Method	Value of underlying assets	Fair value increases (decreases) when value of underlying assets increases (decreases)
Other securities	10,095	Net Asset Value Method and others	Value of underlying assets	Fair value increases (decreases) when value of underlying assets increases (decreases) and others
Financial assets at fair value through other comprehensive income	185,966			
Equity securities	185,966	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Binomial Trees and others	Discount rate: 3.39%-17.89%, Growth rate: 0.00%-1.00% Liquidation value: -1.00%-1.00%	Fair value increases (decreases) when discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)
Loans receivables at fair value through profit or loss	6,755			
Hybrid (combined) instruments	6,755	Binomial Trees	Volatility: 21.17%, Discount rate: 1.46%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets	855	Binomial Trees	Volatility: 0.05%–17.12%, Discount rate: 1.66%-11.30%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Financial liability				
Derivative liabilities	313	Binomial Trees	Volatility: 0.51% Discount rate: 1.38%-1.94%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The following table shows the sensitivity analysis to disclose the effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments as of June 30, 2020, and December 31, 2019:

(In millions of Korean won)

	June 30, 2020			
	Profit (loss) for the period		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Financial assets				
Financial assets at fair value through profit or loss ¹	₩ 3,760	₩ (3,348)	₩ -	₩ -
Financial assets at fair value through other comprehensive income ¹	-	-	3,254	(2,350)
Loans receivables at fair value through profit or loss ²	662	(578)	-	-
Derivative assets ³	2,694	(28,440)	-	-
	<u>₩ 7,116</u>	<u>₩ (32,366)</u>	<u>₩ 3,254</u>	<u>₩ (2,350)</u>

¹ Fair value changes of securities are calculated by increasing or decreasing growth rate (0%-1%) and discount rate (-1%-1%) or liquidation value (-1% - 1%) and discount rate (-1% - 1%). The growth rate, discount rate and liquidation value are major unobservable inputs.

² For convertible private bonds, changes in their fair value are calculated by decreasing the stock price (-20%-20%), product price and others (-20%-20%), and increasing or decreasing the interest rate (-2%p-2%p), value of Korean won (-10%-10%) and credit premium (additional interest rate) (-5%p-5%p).

³ Changes in the fair value are calculated by increasing or decreasing 10% of KRW Swaption volatility that is a significant unobservable input variable related to Callable Internal Revenue Service (IRS).

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019			
	Profit (loss) for the year		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Financial assets				
Financial assets at fair value through profit or loss ¹	₩ 2,936	₩ (2,457)	₩ -	₩ -
Financial assets at fair value through other comprehensive income ¹	-	-	21,037	(9,726)
Loans receivables at fair value through profit or loss ²	942	(616)	-	-
Derivative assets ³	2,326	(10,904)	-	-
Financial liabilities				
Derivative liabilities ³	4,844	(27,751)	-	-
	<u>₩ 11,048</u>	<u>₩ (41,728)</u>	<u>₩ 21,037</u>	<u>₩ (9,726)</u>

¹ Fair value changes of securities are calculated by increasing or decreasing growth rate (0%-1%) and discount rate (-1%-1%) or liquidation value (-1%-1%) and discount rate (-1%-1%). The growth rate, discount rate and liquidation value are major unobservable inputs.

² For convertible private bonds, changes in their fair value are calculated by decreasing the stock price (-20%-20%), product price and others (-20%-20%), and increasing or decreasing the interest rate (-2%p-2%p), value of Korean won (-10%-10%) and credit premium (additional interest rate) (-5%p-5%p).

³ Changes in the fair value are calculated by increasing or decreasing 10% of KRW Swaption volatility that is a significant unobservable input variable related to Callable IRS.

⁴ Beneficiary certificates and some investments were excluded because it was practically impossible to calculate the sensitivity according to changes in input variables.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Changes in Level 3 financial instruments subsequently measured at fair value for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Loans receivables at fair value through profit or loss	Derivative assets	Derivative liabilities
Beginning balance	₩ 855,310	₩ 185,966	₩ 6,755	₩ 855	₩ 313
Total profit or loss					
Amount recognized in profit or loss ¹	3,187	-	598	2,462	(313)
Amount recognized in other comprehensive income	-	(38,062)	-	-	-
Purchases	188,960	3,500	180	-	-
Sales	(76,786)	-	-	-	-
Settlement	-	-	-	-	-
Other changes					
Transfer into level 3 ²	11,999	-	-	-	-
Transfer into other levels ²	-	-	-	-	-
Reclassification	38,184	-	-	-	-
Ending balance	₩ 1,020,854	₩ 151,404	₩ 7,533	₩ 3,317	₩ -

¹ In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period and total gains or losses for the period included in profit or loss for financial instruments held at the end of the reporting period in the consolidated statement of comprehensive income for the six-month period ended June 30, 2020, are as follows:

(In millions of Korean won)

	Financial assets at fair value through profit or loss	Loans receivables at fair value through profit or loss	Derivatives	Total
Profit for the period	₩ 3,187	₩ 598	₩ 2,775	₩ 6,560
Change in unrealized loss	4,437	598	2,775	7,810

² It moved from Level 3 to Level 1 due to listing of equity securities during the six-month period ended June 30, 2020.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	2019				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Loans receivables at fair value through profit or loss	Derivative assets	Derivative liabilities
Beginning balance	₩ 803,222	₩ 166,002	₩ 3,279	₩ 1,072	₩ 2,869
Total profit or loss					
Amount recognized in profit or loss ¹	(1,654)	-	994	1,519	(2,146)
Amount recognized in other comprehensive income	-	5,996	-	-	-
Purchases	194,022	-	-	-	-
Sales	(41,018)	(1,992)	-	-	-
Settlement	-	-	-	(321)	(342)
Other changes					
Transfer into level 3 ²	-	-	-	-	-
Transfer into other levels ²	-	-	-	-	-
Reclassification	(262)	-	-	-	-
Ending balance	₩ <u>954,310</u>	₩ <u>170,006</u>	₩ <u>4,273</u>	₩ <u>2,270</u>	₩ <u>381</u>

¹ In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and total gains or losses for the period included in profit or loss for financial instruments held at the end of the reporting period in the consolidated statement of comprehensive income for the six-month period ended June 30, 2019, are as follows:

	Financial assets at fair value through profit or loss	Loans receivables at fair value through profit or loss	Derivatives	Total
(In millions of Korean won)				
Profit (loss) for the period	₩ (1,654)	₩ 994	₩ 3,665	₩ 3,005
Change in unrealized loss	<u>(804)</u>	<u>994</u>	<u>3,619</u>	<u>3,809</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(d) *Fair Value Hierarchy Classifications of the Financial Instruments that are not Subsequently Measured at Fair Value*

Fair value hierarchy classifications of the financial instruments that are subsequently not measured at fair value as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 609,355	₩ 4,185,439	₩ -	₩ 4,794,794
Loans and receivables	-	-	86,740,193	86,740,193
Financial assets at amortized cost	<u>59,850</u>	<u>8,020,857</u>	<u>-</u>	<u>8,080,707</u>
	<u>₩ 669,205</u>	<u>₩ 12,206,296</u>	<u>₩ 86,740,193</u>	<u>₩ 99,615,694</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 10,717,200	₩ 67,305,196	₩ 78,022,396
Borrowings	1,196,151	417,810	4,880,776	6,494,737
Debentures	-	11,274,967	-	11,274,967
Other financial liabilities	<u>-</u>	<u>-</u>	<u>5,948,571</u>	<u>5,948,571</u>
	<u>₩ 1,196,151</u>	<u>₩ 22,409,977</u>	<u>₩ 78,134,543</u>	<u>₩ 101,740,671</u>

(In millions of Korean won)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 648,432	₩ 3,500,066	₩ -	₩ 4,148,498
Loans and receivables	-	-	81,734,746	81,734,746
Financial assets at amortized cost	<u>69,623</u>	<u>7,549,980</u>	<u>-</u>	<u>7,619,603</u>
	<u>₩ 718,055</u>	<u>₩ 11,050,046</u>	<u>₩ 81,734,746</u>	<u>₩ 93,502,847</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 9,678,607	₩ 66,956,674	₩ 76,635,281
Borrowings	842,551	288,043	3,897,070	5,027,664
Debentures	-	9,202,098	-	9,202,098
Other financial liabilities	<u>-</u>	<u>-</u>	<u>2,950,714</u>	<u>2,950,714</u>
	<u>₩ 842,551</u>	<u>₩ 19,168,748</u>	<u>₩ 73,804,458</u>	<u>₩ 93,815,757</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The valuation techniques and input variables of Level 2 financial instruments, subsequently not measured at fair value as of June 30, 2020, and December 31, 2019, are as follows. The valuation techniques and input variables are not disclosed for the items that the carrying amounts are disclosed at fair value as the carrying amounts are considered to be the reasonable approximation of the fair value.

(In millions of Korean won)

	Fair value		Valuation techniques	Input
	June 30, 2020	December 31, 2019		
Financial assets:				
Financial assets at amortized cost				
Debt securities	₩ 8,020,857	₩ 7,549,980	DCF Model	Discount rate
Financial liabilities:				
Deposit liabilities	₩ 10,717,200	₩ 9,678,607	DCF Model	Discount rate
Borrowings	417,810	288,043	DCF Model	Discount rate
Debentures	<u>11,274,967</u>	<u>9,202,098</u>	DCF Model	Discount rate

The valuation techniques and input variables of Level 3 financial instruments, subsequently not measured at fair value as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	Fair value		Valuation techniques	Input variables
	June 30, 2020	December 31, 2019		
Financial assets:				
Loans and receivables	₩ 86,740,193	₩ 81,734,746	DCF Model	Discount rate, early repayment rate
Financial liabilities:				
Deposit liabilities	₩ 67,305,196	₩ 66,956,674	DCF Model	Discount rate
Borrowings	4,880,776	3,897,070	DCF Model	Discount rate
Other financial liabilities	<u>5,948,571</u>	<u>2,950,714</u>	DCF Model	Discount rate

(e) Transfer of Financial Assets

The Group holds securities sold under repurchase and securities lending arrangements, and such transactions have resulted in transfer of financial assets. However, they have been recorded in the condensed interim consolidated financial statements since the assets did not meet the removal criteria. In case of securities sold under repurchase agreements, the Group sells the assets to another party with a commitment to buy the assets back at a specified price. Loaned securities will be returned at the end of security lending agreement; hence, the Group retains substantially all the risks and rewards of ownership of the financial assets.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Details of carrying amounts of transferred assets and relevant liabilities at the reporting date are as follows:

(In millions of Korean won)

	June 30, 2020		December 31, 2019	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amounts of related liabilities
Securities sold under repurchase agreement	₩ 1,966,855	₩ (1,731,482)	₩ 1,659,418	₩ (1,312,273)
Loaned securities	477,012	-	643,956	
	<u>₩ 2,443,867</u>	<u>₩ (1,731,482)</u>	<u>₩ 2,303,374</u>	<u>₩ (1,312,273)</u>

7. CASH AND DUE FROM BANKS:

Restricted cash and due from banks as of June 30, 2020, and December 31, 2019, consist of the following:

(In millions of Korean won)

	Financial institution	June 30, 2020	December 31, 2019	Reason for restriction
Due from banks:				
Due from banks in Korean won	The Bank of Korea	₩ 2,379,853	₩ 2,554,518	The BOK Act
	The Korea Securities Finance Corporation	76,330	10,836	Deposits from investors and others
	Korea Federation of Savings Banks and others	35,123	34,956	Reserve deposits and others
	Korea Securities Depository and others	7,997	6,811	Deposits from investors and others
	Korea Exchange and others	52,778	27,560	Collective fund for default losses and others
	Security companies	1,953	72	Derivative deposits, Subscription deposits
		<u>2,554,034</u>	<u>2,634,753</u>	
Due from banks in foreign currencies	The BOK	37,866	229,960	Reserve deposits
	KRX and others	13,419	1,606	Reserve deposits and others
	The People's Bank of China and others	41,818	112,428	Reserve deposits for overseas affiliates and others
		<u>93,103</u>	<u>343,994</u>	
		<u>₩ 2,647,137</u>	<u>₩ 2,978,747</u>	

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Financial assets at fair value through profit or loss as of June 30, 2020, and December 31, 2019, consist of the following:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial assets at fair value through profit or loss:		
Equity securities	₩ 105,555	₩ 89,802
Government and public bonds	143,763	159,368
Finance bonds	596,257	275,284
Corporate bonds	1,580,616	1,575,933
Other debt securities	406,537	379,423
Beneficiary certificates	834,534	606,337
Others	627,159	753,077
	<u>4,294,421</u>	<u>3,839,224</u>
Financial assets designated at fair value		
Debt securities	45	-
	<u>₩ 4,294,466</u>	<u>₩ 3,839,224</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

Financial assets at fair value through other comprehensive income as of June 30, 2020, and December 31, 2019, consist of the following:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Equity securities	₩ 166,080	₩ 202,382
Debt securities		
Government and public bonds	1,303,365	957,283
Finance bonds	1,056,702	1,003,117
Corporate bonds	2,322,645	2,470,040
Loans in securities	477,012	634,248
	<u>5,159,724</u>	<u>5,064,688</u>
	<u>₩ 5,325,804</u>	<u>₩ 5,267,070</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Derecognized equity securities at fair value through other comprehensive income for the six-month period ended June 30, 2020, are as follows:

(In millions of Korean won)

	June 30, 2020	
	Disposal	Accumulated gain/loss on valuation at disposal date
<i>Equity securities at fair value through other comprehensive income</i>		
General stocks ¹		
Marketable stocks	₩ 78	₩ (42)
Non-marketable stocks	-	-
Equity investments	-	-
Other equity securities	-	-
	<u>₩ 78</u>	<u>₩ (42)</u>

(In millions of Korean won)

	June 30, 2019	
	Disposal	Accumulated loss on valuation at disposal date
<i>Equity securities at fair value through other comprehensive income</i>		
General stocks ¹		
Marketable stocks	₩ 1,668	₩ 1,368
Non-marketable stocks	325	(1,204)
Equity investments	-	-
Other equity securities	-	-
	<u>₩ 1,993</u>	<u>₩ 164</u>

10. FINANCIAL ASSETS AT AMORTIZED COST:

Financial assets at amortized cost as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020	December 31, 2019
Debt securities		
Government and public bonds	₩ 3,322,531	₩ 3,257,684
Finance bonds	577,835	527,797
Corporate bonds	3,981,453	3,740,692
Loans in securities	-	9,708
Provision for impairment	(2,238)	(1,120)
	<u>₩ 7,879,581</u>	<u>₩ 7,534,761</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

11. ASSETS PROVIDED AS COLLATERAL:

The investments in financial assets provided as collaterals as June 30, 2020, and December 31, 2019, consist of the following:

(In millions of Korean won)

	<u>Provided to</u>	<u>Face value June 30, 2019</u>	<u>Reason</u>
Financial assets at fair value through profit or loss	Korea Securities Depository	₩ 1,263,460	Sold under repurchase agreements
	KB Asset Management and others	80,100	Sold under repurchase agreements
	The KRX	2,013	Central counterparty
	Samsung Futures Inc	23,644	Deposits for trading of futures
	Korea Securities Finance Corp.	64,512	Collaterals for loans of the fund operation
	Korea Securities Finance Corp. and others	50,945	Lending transactions
	Financial assets at fair value through other comprehensive income	Korea Securities Depository	153,813
Nomura Financial Investment		36,616	Sold under repurchase agreements
Bank of Korea		383,796	Borrowing collateral and overdraft and settlement
Sumitomo Mitsui Banking Corporation		87,584	Foreign borrowings
The KRX		1,307	Collective funds for OTC derivatives
SC Bank and other		30,643	Credit Support Annex collateral
Financial assets at amortized cost		Korea Securities Depository	432,866
	Bank of Korea	1,632,439	Borrowing collateral and overdraft and settlement
	Korea Securities Depository	83	Jointed compensation fund and others
	The KRX	2,012	Collective funds for OTC derivatives
	Industrial Bank of Korea and others	62,261	Foreign borrowings, CSA collateral, and others
	Futures Companies	18,271	Deposits for trading of futures
		₩	<u>4,326,365</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

<i>(In millions of Korean won)</i>		Face value	
	Provided to	December 31, 2019	Reason
Financial assets at fair value through profit or loss	Korea Securities Depository	₩ 891,612	Sold under repurchase agreements
	KB Asset Management and others	13,300	Sold under repurchase agreements
	The KRX	2,019	CCP
	Samsung Futures Inc	22,733	Deposits for trading of futures
	Korea Securities Finance Corp.	5,760	Collaterals for loans of the fund operation
	Korea Securities Finance Corp. and others	83,949	Lending transactions
	Financial assets at fair value through other comprehensive income	Korea Securities Depository	237,182
Nomura Financial Investment		34,222	Sold under repurchase agreements
Bank of Korea		431,006	Borrowing collateral and overdraft and settlement
Sumitomo Mitsui Banking Corporation		60,567	Foreign borrowings
The KRX		1,324	Collective funds for OTC derivatives
SC Bank and other		25,654	CSA collateral
Financial assets at amortized cost	Korea Securities Depository	483,102	Sold under repurchase agreements
	Bank of Korea	1,252,769	Borrowing collateral and overdraft and settlement
	Korea Securities Depository	9,792	Jointed compensation fund and others
	The KRX	2,017	Collective funds for OTC derivatives
	Industrial Bank of Korea and others	54,286	Foreign borrowings, CSA collateral, and others
	Futures Companies	45,717	Deposits for trading of futures
	₩	<u>3,657,011</u>	

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

12. LOANS AND RECEIVABLES:

Loans and receivables as of June 30, 2020, and December 31, 2019, consist of the following:

(In millions of Korean won)

	June 30, 2020			December 31, 2019		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Loans receivable:						
Loans in Korean won						
Corporates	₩ 51,739,242	₩ -	₩ 51,739,242	₩ 48,791,205	₩ -	₩ 48,791,205
Household	24,247,076	-	24,247,076	24,748,830	-	24,748,830
Public sector and others	1,816,084	-	1,816,084	1,802,302	-	1,802,302
Interbank loans	177,437	-	177,437	207,933	-	207,933
	<u>77,979,839</u>	<u>-</u>	<u>77,979,839</u>	<u>75,550,270</u>	<u>-</u>	<u>75,550,270</u>
Loans in foreign currencies	1,427,690	-	1,427,690	1,373,207	-	1,373,207
Call loans	344,042	-	344,042	202,445	-	202,445
Bills bought in local currency	1,975	-	1,975	3,459	-	3,459
Bills bought in foreign currencies	191,816	-	191,816	245,168	-	245,168
Advances for customers	1,094	-	1,094	5,977	-	5,977
Credit card receivables	824,541	-	824,541	916,829	-	916,829
Bonds purchased under repurchase agreement	433,500	-	433,500	200,500	-	200,500
Privately placed bonds	121,682	7,533	129,215	55,959	6,755	62,714
Finance lease receivables	633,716	-	633,716	697,059	-	697,059
Installment financing receivables	328,696	-	328,696	382,239	-	382,239
	<u>82,288,591</u>	<u>7,533</u>	<u>82,296,124</u>	<u>79,633,112</u>	<u>6,755</u>	<u>79,639,867</u>
Provision for impairment of loans receivable ¹	(746,313)	-	(746,313)	(817,657)	-	(817,657)
Deferred loan origination fees	(4,141)	-	(4,141)	(7,950)	-	(7,950)
Deferred loan origination costs	137,371	-	137,371	143,943	-	143,943
	<u>81,675,508</u>	<u>7,533</u>	<u>81,683,041</u>	<u>78,951,448</u>	<u>6,755</u>	<u>78,958,203</u>
Receivables:						
Suspense payments	3,985	-	3,985	3,332	-	3,332
Non-trade receivable	3,271,738	-	3,271,738	662,100	-	662,100
Domestic exchange settlement debits	181,484	-	181,484	373,860	-	373,860
Guarantee deposits provided	298,689	-	298,689	302,782	-	302,782
Accrued income	382,284	-	382,284	375,469	-	375,469
Deposits under regulation	838	-	838	871	-	871
Bills unsettled	39	-	39	415	-	415
Others	510	-	510	35	-	35
	<u>4,139,567</u>	<u>-</u>	<u>4,139,567</u>	<u>1,718,864</u>	<u>-</u>	<u>1,718,864</u>
Provision for impairment of receivables	(7,389)	-	(7,389)	(7,104)	-	(7,104)
Present value discounts (leasehold deposits provided)	(7,522)	-	(7,522)	(12,737)	-	(12,737)
	<u>4,124,656</u>	<u>-</u>	<u>4,124,656</u>	<u>1,699,023</u>	<u>-</u>	<u>1,699,023</u>
Loans and receivables	<u>₩ 85,800,164</u>	<u>₩ 7,533</u>	<u>₩ 85,807,697</u>	<u>₩ 80,650,471</u>	<u>₩ 6,755</u>	<u>₩ 80,657,226</u>

¹ Present value discounts of loans receivables of ₩150 million and ₩7,530 million are included as of June 30, 2020, and present value discounts of ₩292 million and ₩8,419 million are included as of December 31, 2019.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

13. PROVISION FOR IMPAIRMENT:

Changes in provision for impairment of loans and receivables for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020			
	12-month expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 233,345	₩ 245,040	₩ 346,376	₩ 824,761
Changes in financial instruments recognized in beginning balance	679	(29,917)	29,238	-
Transfer to 12 months expected credit losses	36,618	(34,854)	(1,764)	-
Transfer to expected lifetime credit losses	(28,597)	51,465	(22,868)	-
Transfer to financial assets with recognized impairment	(7,342)	(46,528)	53,870	-
Written off during the period as uncollectible	-	-	(205,293)	(205,293)
Decrease in provision due to sales of loans	(3,875)	(3,203)	(25,916)	(32,994)
Changes from adjustments in receivable and payables	-	-	(104)	(104)
Exchange differences	142	142	440	724
Others	869	(3)	(20,651)	(19,785)
	<u>231,160</u>	<u>212,059</u>	<u>124,090</u>	<u>567,309</u>
Additional (reversal of) provision for impaired receivables during the period ¹	(21,514)	32,693	175,214	186,393
Ending balance	<u>₩ 209,646</u>	<u>₩ 244,752</u>	<u>₩ 299,304</u>	<u>₩ 753,702</u>

¹ Included collection of written-off loans amounting to ₩24,232 million.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	2019							
	12-month expected credit losses		Expected lifetime credit losses			Total		
			Unrecognized impairment	Recognized impairment				
Beginning balance	₩	231,119	₩	282,526	₩	472,256	₩	985,901
Changes in financial instruments recognized in beginning balance		8,730		(9,653)		923		-
Transfer to 12 months expected credit losses		28,318		(27,174)		(1,144)		-
Transfer to expected lifetime credit losses		(17,418)		60,352		(42,934)		-
Transfer to financial assets with recognized impairment		(2,169)		(42,832)		45,001		-
Written off during the period as uncollectible		-		-		(151,845)		(151,845)
Decrease in provision due to sales of loans		(5,413)		(28,842)		(71,998)		(106,253)
Financial assets issued or acquired		-		-		7,458		7,458
Changes from adjustments in receivable and payables		-		-		(114)		(114)
Exchange differences		95		179		12		286
Others		(852)		-		(4,641)		(5,493)
		<u>233,680</u>		<u>244,209</u>		<u>252,051</u>		<u>729,940</u>
Additional (reversal of) provision for impaired receivables during the period ¹		2,766		29,520		181,592		213,878
Ending balance	₩	<u>236,446</u>	₩	<u>273,729</u>	₩	<u>433,643</u>	₩	<u>943,818</u>

¹ Included collection of written-off loans amounting to ₩24,562 million.

Changes in provision for impairment for financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020							
	12-month expected credit losses		Lifetime expected credit losses			Total		
			Unrecognized impairment	Recognized impairment				
Beginning balance	₩	1,115	₩	-	₩	-	₩	1,115
Decrease in provision from sales		(389)		-		-		(389)
Reversal of provision for impairment		853		-		-		853
Ending balance	₩	<u>1,579</u>	₩	<u>-</u>	₩	<u>-</u>	₩	<u>1,579</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	2019							
	12-month expected credit losses	Lifetime expected credit losses		Unrecognized impairment	Recognized impairment	Total		
Beginning balance	₩	689	₩	-	₩	-	₩	689
Decrease in provision from sales		(143)		-		-		(143)
Reversal of provision for impairment		307		-		-		307
Ending balance	₩	853	₩	-	₩	-	₩	853

Changes in provision for impairment for securities at amortized cost for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020							
	12-month expected credit losses	Lifetime expected credit losses		Unrecognized impairment	Recognized impairment	Total		
Beginning balance	₩	1,120	₩	-	₩	-	₩	1,120
Reversal of provision for impairment		1,118		-		-		1,118
Ending balance	₩	2,238	₩	-	₩	-	₩	2,238

(In millions of Korean won)

	2019							
	12-month expected credit losses	Lifetime expected credit losses		Unrecognized impairment	Recognized impairment	Total		
Beginning balance	₩	803	₩	-	₩	-	₩	803
Contribution to provision for impairment		(25)		-		-		(25)
Ending balance	₩	778	₩	-	₩	-	₩	778

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

14. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING:

The valuation of derivatives for trading as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	Valuation gain	Valuation loss	Assets	Liabilities
Currency:				
Currency forwards	₩ 31,259	₩ 31,833	₩ 19,222	₩ 20,478
Currency swaps	2,024	1,281	3,419	6,256
Currency options	5,944	5,034	10,492	10,701
	<u>39,227</u>	<u>38,148</u>	<u>33,133</u>	<u>37,435</u>
Interest rate:				
Interest rate forwards	6	16	-	-
Interest rate swaps	2,573	215	8,207	698
	<u>2,579</u>	<u>231</u>	<u>8,207</u>	<u>698</u>
Stock:				
Stock options	8	-	-	13
	<u>₩ 41,814</u>	<u>₩ 38,379</u>	<u>₩ 41,340</u>	<u>₩ 38,146</u>

(In millions of Korean won)

	December 31, 2019			
	Valuation gain	Valuation loss	Assets	Liabilities
Currency:				
Currency forwards	₩ 27,799	₩ 29,056	₩ 23,524	₩ 26,702
Currency swaps	1,173	1,050	651	656
Currency options	2,486	1,375	4,192	4,253
	<u>31,458</u>	<u>31,481</u>	<u>28,367</u>	<u>31,611</u>
Interest rate:				
Interest rate forwards	70	23	-	-
Interest rate swaps	3,399	275	5,716	487
	<u>3,469</u>	<u>298</u>	<u>5,716</u>	<u>487</u>
Stock:				
Stock forwards	1	2	12	4
	<u>₩ 34,928</u>	<u>₩ 31,781</u>	<u>₩ 34,095</u>	<u>₩ 32,102</u>

Hedge

In order to hedge fluctuation risks of fair value due to changes in interest rate and foreign currency of structured deposits and issued financial bonds, a hedge accounting of fair value risk is applied that interest rate swaps and currency swaps are designated as a hedging instrument. In order to hedge currency fluctuation risks of net investments in foreign operations, a hedge accounting of net investments in foreign operations is applied that non-derivative financial instruments are designated as a hedging instrument.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The valuation of derivatives designated as a hedging instrument as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	<u>Valuation gain</u>	<u>Valuation loss</u>	<u>Assets</u>	<u>Liabilities</u>
Interest rate:				
Interest rate swaps	₩ 26,448	₩ -	₩ 20,867	₩ -
Currency rate:				
Currency rate swaps	-	-	-	-
	<u>₩ 26,448</u>	<u>₩ -</u>	<u>₩ 20,867</u>	<u>₩ -</u>

(In millions of Korean won)

	December 31, 2019			
	<u>Valuation gain</u>	<u>Valuation loss</u>	<u>Assets</u>	<u>Liabilities</u>
Interest rate:				
Interest rate swaps	₩ 20,883	₩ 313	₩ 855	₩ 5,795
Currency rate:				
Currency rate swaps	667	1,465	1,010	4,643
	<u>₩ 21,550</u>	<u>₩ 1,778</u>	<u>₩ 1,865</u>	<u>₩ 10,438</u>

Gain (loss) on valuation of hedged items and hedging instrument for the six-month period ended June 30, 2020, and the year ended December 31, 2019, are as follows

(In millions of Korean won)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Loss on valuation of hedging instrument	₩ 26,448	₩ 20,717
Gain on valuation of hedged items	(26,919)	(19,917)
	<u>₩ (471)</u>	<u>₩ 800</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Amount, timing and uncertainty of future cash flows for the six-month period ended June 30, 2020, are as follows:

(In millions of Korean won)	2020						Total
	Less than 1 year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 year	More than 5 years	
Fair value risk hedges							
Nominal amount of risk hedge instrument	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 490,175	₩ 490,175
Average hedge ratio (%)	-	-	-	-	-	100%	100%
Risk hedges for net investments in foreign operation							
Nominal amount of risk hedge instrument	60,035	5,403	-	93,054	-	-	158,492
Average hedge ratio (%)	100%	100%	-	100%	-	-	100%
	2019						
(In millions of Korean won)	Less than 1 year	Between 1 - 2 years	Between 2 - 3 years	Between 3 - 4 years	Between 4 - 5 year	More than 5 years	Total
Fair value risk hedges							
Nominal amount of risk hedge instrument	₩ -	₩ 86,998	₩ 44,598	₩ -	₩ -	₩ 529,450	₩ 661,046
Average hedge ratio (%)	-	100%	100%	-	-	100%	100%
Risk hedges for net investments in foreign operation							
Nominal amount of risk hedge instrument	103,623	-	-	-	-	-	103,623
Average hedge ratio (%)	100%	-	-	-	-	-	100%

Impacts of hedge accounting on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Impacts of risk hedge instruments on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity as of June 30, 2020, and December 31, 2019, are as follows:

		2020						
(In millions of Korean won)		Statements of financial position					Statements of comprehensive income and statements of changes in equity	
		Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Debts	Profit or loss	Other Comprehensive income
Fair value risk hedges								
Currency risk hedge		₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	-
Interest rate risk hedge		490,175	26,448	20,867	-	-	26,448	-
Hedges for net investments in foreign operations								
Currency risk hedge		158,492	(3,359)	-	-	158,492	-	(2,496)
		₩ 648,667	₩ 23,089	₩ 20,867	₩ -	₩ 158,492	₩ 26,448	₩ (2,496)
		2019						
(In millions of Korean won)		Statements of financial position					Statements of comprehensive income and statements of changes in equity	
		Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Debts	Profit or loss	Other Comprehensive income
Fair value risk hedges								
Currency risk hedge		₩ 131,596	₩ (798)	₩ 1,010	₩ 4,643	₩ -	₩ (798)	-
Interest rate risk hedge		529,450	20,570	855	5,795	-	20,570	-
Hedges for net investments in foreign operations								
Currency risk hedge		103,623	(3,446)	-	-	103,623	-	(2,560)
		₩ 764,669	₩ 16,326	₩ 1,865	₩ 10,438	₩ 103,623	₩ 19,772	₩ (2,560)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Impacts of the hedged items on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity as of June 30, 2020, and December 31, 2019, are as follows:

		2020													
(In millions of Korean won)		Nominal amount		Changes in fair value		Statements of financial position		Statements of comprehensive income and statements of changes in equity		Reserve for foreign currency translation					
						Deposits received	Bonds	Profit or loss	Other Comprehensive income						
Fair value risk hedges															
	Currency risk hedge	₩	-	₩	-	₩	-	₩	-	₩	-				
	Interest rate risk hedge		490,175		(26,919)		193,070		317,922		(26,919)		-		
Hedges for net investments in foreign operations															
	Currency risk hedge		158,492		3,662		-		-		-		2,721		(4,481)
		₩	<u>648,667</u>	₩	<u>(23,257)</u>	₩	<u>193,070</u>	₩	<u>317,922</u>	₩	<u>(26,919)</u>	₩	<u>2,721</u>	₩	<u>(4,481)</u>

		2019													
(In millions of Korean won)		Nominal amount		Changes in fair value		Statements of financial position		Statements of comprehensive income and statements of changes in equity		Reserve for foreign currency translation					
						Deposits received	Bonds	Profit or loss	Other Comprehensive income						
Fair value risk hedges															
	Currency risk hedge	₩	131,596	₩	793	₩	-	₩	127,925	₩	793	₩	-		-
	Interest rate risk hedge		529,450		(21,202)		239,565		283,986		(21,202)		-		-
Hedges for net investments in foreign operations															
	Currency risk hedge		103,623		3,489		-		-		-		2,580		(1,985)
		₩	<u>764,669</u>	₩	<u>(16,920)</u>	₩	<u>239,565</u>	₩	<u>411,911</u>	₩	<u>(20,409)</u>	₩	<u>2,580</u>	₩	<u>(1,985)</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The amounts and items recognized as profit or loss due to ineffective portion in fair value risk hedges for the six-month period ended June 30, 2019 and 2020, are as follows:

<i>(In millions of Korean won)</i>	Ineffective portion of risk hedges recognized as profit or loss as of June 30, 2020	Ineffective portion of risk hedges recognized as profit or loss as of June 30, 2019	Items
Fair value risk hedges			
Interest rate risk hedge	(471)	282	Gain (loss) on valuation of derivatives
Currency risk hedge	-	(53)	Loss on valuation of derivatives

There is no amount recognized in profit or loss and other comprehensive income as an ineffective portion of cash flow hedges and hedges for net investments in foreign operations for the six-month period ended June 30, 2019 and 2020.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE:

Details of investments in associates and joint venture as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Investments in associates:						
BNK Winning Securities Investment Trust 1	Financial investment	The Republic of Korea	December	-	-	-
HDC Presto Private Securities Investment Trust 8th	Financial investment	The Republic of Korea	December	-	-	-
Orion Mezzanine Multi-strategy Professional Private Fund	Financial investment	The Republic of Korea	December	38.16	₩ 5,000.00	₩ 5,154.00
ANDA Mezzanine Professional Security Investment Trust No. 7	Financial investment	The Republic of Korea	December	27.18	14,000.00	15,573.00
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	Financial investment	The Republic of Korea	December	25.50	30,000.00	31,089.00
BNK Ocean Business	Financial investment	The Republic of Korea	December	34.19	1,060.00	1,053.00
BNK Fine Dust Resolution Fund Partnership	Financial investment	The Republic of Korea	December	35.06	1,080.00	1,066.00
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	Financial investment	The Republic of Korea	December	30.00	30,000.00	30,555.00

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
IBK Private Securities Investment Trust S2	Financial investment	The Republic of Korea		-	-	-
NH-Amundi Enhanced Bond Private Securities Investment TrustNH-Amundi Enhanced Bond Private Securities Investment Trust	Financial investment	The Republic of Korea	December	23.49	30,000.00	31,069.00
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1 st	Financial investment	The Republic of Korea	December	27.29	30,000.00	30,562.00
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6 rd	Financial investment	The Republic of Korea	December	30.00	30,000.00	30,583.00
Samsung Repo Professional Investment Private Security Investment Trust No.1	Financial investment	The Republic of Korea	December	50.00	50,000.00	51,086.00
KB Leaders Professional Investment Private Security Investment Trust No. 12	Financial investment	The Republic of Korea	December	30.00	30,000.00	30,589.00
KB Leaders Professional Investment Private Security Investment Trust No. 15	Financial investment	The Republic of Korea	December	20.00	30,000.00	30,131.00
DGB Professional Investment Private Security Investment Trust No. 28	Financial investment	The Republic of Korea	December	37.50	30,000.00	30,220.00
Shinhan BNPP Private Securities Investment Trust for Corporates 8th	Financial investment	The Republic of Korea	December	46.15	3,115.00	3,138.00
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.12	Financial investment	The Republic of Korea	December	50.00	6,023.00	6,072.00
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	Financial investment	The Republic of Korea	December	-	-	-
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	Financial investment	The Republic of Korea	December	50.00	16,643.00	16,751.00
Mirae Asset Triumph Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	Financial investment	The Republic of Korea	December	49.41	30,000.00	30,405.00
Samsung Rafael Professional Investment Private Security Investment Trust No.1 (Bond/Derivatives)	Financial investment	The Republic of Korea	December	50.00	50,000.00	50,961.00

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	Financial investment	The Republic of Korea	December	50.00	50,000.00	50,464.00
Yuri Repo Alpha Private Securities Investment Trust 1 st	Financial investment	The Republic of Korea	December	44.86	40,000.00	41,204.00
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	Financial investment	The Republic of Korea	December	25.00	6,943.00	7,714.00
Consus_Clean Water_Private Special Asset Fund-1	Financial investment	The Republic of Korea	December	50.00	11,147.00	11,286.00
Kiwoom Frontier Private Securities Investment Trust 11 th	Financial investment	The Republic of Korea	December	50.00	50,000.00	50,364.00
Kiwoom Frontier Private Securities Investment Trust 12 th	Financial investment	The Republic of Korea	December	49.86	45,929.00	47,298.00
Petra 7 alpha Private Equity Partnership Petra 7 alpha Private Equity Partnership	Financial investment	The Republic of Korea	December	21.79	10,938.00	10,608.00
Hana UBS Professional Investment Private Security Investment Trust No. 7	Financial investment	The Republic of Korea	December	49.00	30,000.00	30,614.00
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	Financial investment	The Republic of Korea	December	20.00	10,945.00	10,621.00
BNK Smart Korea Private investment Trust	Financial investment	The Republic of Korea	December	-	-	-
BNK GO Professional Private Investment No.1 C-S	Financial investment	The Republic of Korea	December	-	-	-
BNK GO Professional Private Investment No.2 C-S	Financial investment	The Republic of Korea	December	24.59	434.00	443.00
BNK Teun Mid to Long-term Securities Investment Trust 1 (Bond) Class C-i	Financial investment	The Republic of Korea	December	22.12	20,374.00	20,587.00
BNK Ssum Global EMP Securities No.1 (mixed- Fund of Fund) type C-f	Financial investment	The Republic of Korea	December	90.30	200.00	198.00
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	December	15.00	525.00	309.00
UQIP Future Generation Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	December	5.00	298.00	768.00

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

		June 30, 2020					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount	
	UQIP Energy Fusion Investment Fund Partnership	Fund Partnership	The Republic of Korea	December	3.00	1,500.00	1,167.00
	UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Fund Partnership	The Republic of Korea	December	7.14	810.00	692.00
	2019 UQIP Innovative Growth Follow-on Fund Partnership	Fund Partnership	The Republic of Korea	December	15.63	1,800.00	2,385.00
	KC Co., Ltd.	Manufacture	The Republic of Korea	December	41.69	-	-
	Investments in joint venture:						
	M-park Capital Co., Ltd.	Specialized credit financial business	The Republic of Korea	December	30.00	6,000.00	2,927.00
					-	₩ 704,764.00	₩ 715,706.00

(In millions of Korean won)

		December 31, 2019					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount	
	Investments in associates:						
	BNK Winning Securities Investment Trust 1	Financial investment	The Republic of Korea	December	29.49	₩ 9,362.00	₩ 9,355.00
	HDC Presto Private Securities Investment Trust 8th	Financial investment	The Republic of Korea	December	40.00	40,000.00	40,759.00
	Orion Mezzanine Multi-strategy Professional Private Fund	Financial investment	The Republic of Korea	December	38.16	5,000.00	4,996.00
	ANDA Mezzanine Professional Security Investment Trust No. 7	Financial investment	The Republic of Korea	December	27.03	14,000.00	14,054.00
	BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	Financial investment	The Republic of Korea	December	25.00	30,000.00	29,993.00
	BNK Ocean Business	Financial investment	The Republic of Korea	December	-	-	-
	BNK Fine Dust Resolution Fund Partnership	Financial investment	The Republic of Korea	December	-	-	-
	Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	Financial investment	The Republic of Korea	December	-	-	-
	IBK Private Securities Investment Trust S2	Financial investment	The Republic of Korea		23.08	30,000.00	30,511.00
	NH-Amundi Enhanced Bond Private Securities Investment TrustNH-Amundi Enhanced Bond Private Securities Investment Trust	Financial investment	The Republic of Korea	December	23.08	30,000.00	30,588.00

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	Financial investment	The Republic of Korea	December	27.18	30,000.00	30,128.00
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6rd	Financial investment	The Republic of Korea	December	30.00	30,000.00	30,092.00
Samsung Repo Professional Investment Private Security Investment Trust No.1	Financial investment	The Republic of Korea	December	50.00	50,000.00	50,321.00
KB Leaders Professional Investment Private Security Investment Trust No. 12	Financial investment	The Republic of Korea	December	-	-	-
KB Leaders Professional Investment Private Security Investment Trust No. 15	Financial investment	The Republic of Korea	December	-	-	-
DGB Professional Investment Private Security Investment Trust No. 28	Financial investment	The Republic of Korea	December	-	-	-
Shinhan BNPP Private Securities Investment Trust for Corporates 8th	Financial investment	The Republic of Korea	December	46.17	1,352.00	1,364.00
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.12	Financial investment	The Republic of Korea	December	49.99	6,300.00	6,193.00
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	Financial investment	The Republic of Korea	December	53.37	17,056.00	16,898.00
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	Financial investment	The Republic of Korea	December	50.00	16,269.00	16,760.00
Mirae Asset Triumph Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	Financial investment	The Republic of Korea	December	-	-	-
Samsung Rafael Professional Investment Private Security Investment Trust No.1 (Bond/Derivatives)	Financial investment	The Republic of Korea	December	-	-	-
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	Financial investment	The Republic of Korea	December	50.00	50,000.00	51,071.00
Yuri Repo Alpha Private Securities Investment Trust 1st	Financial investment	The Republic of Korea	December	44.86	40,000.00	40,853.00
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	Financial investment	The Republic of Korea	December	25.00	2,142.00	2,142.00

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Consus_Clean Water_Private Special Asset Fund-1	Financial investment	The Republic of Korea	December	50.00	11,551.00	11,695.00
Kiwoom Frontier Private Securities Investment Trust 11th	Financial investment	The Republic of Korea	December	50.00	50,000.00	51,380.00
Kiwoom Frontier Private Securities Investment Trust 12th	Financial investment	The Republic of Korea	December	49.58	50,000.00	50,627.00
Petra 7 alpha Private Equity PartnershipPetra 7 alpha Private Equity Partnership	Financial investment	The Republic of Korea	December	21.79	10,938.00	10,661.00
Hana UBS Professional Investment Private Security Investment Trust No. 7	Financial investment	The Republic of Korea	December	-	-	-
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	Financial investment	The Republic of Korea	December	20.00	10,688.00	10,575.00
BNK Smart Korea Private investment TrustBNK SMART KOREA PRIVATE INVESTMENT TRUST	Financial investment	The Republic of Korea	December	28.57	2,000.00	2,224.00
BNK GO Professional Private Investment No.1 C-S	Financial investment	The Republic of Korea	December	22.40	1,534.00	1,367.00
BNK GO Professional Private Investment No.2 C-S	Financial investment	The Republic of Korea	December	-	-	-
BNK Teun Teun Mid to Long-term Securities Investment Trust 1 (Bond) Class C-i	Financial investment	The Republic of Korea	December	-	-	-
BNK Ssum Global EMP Securities No.1 (mixed- Fund of Fund) type C-f	Financial investment	The Republic of Korea	December	-	-	-
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	December	15.00	83.00	308.00
UQIP Future Generation Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	December	5.00	687.00	672.00
UQIP Energy Fusion Investment Fund Partnership	Fund Partnership	The Republic of Korea	December	3.00	932.00	1,189.00
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Fund Partnership	The Republic of Korea	December	6.67	633.00	595.00
2019 UQIP Innovative Growth Follow-on Fund Partnership	Fund Partnership	The Republic of Korea	December	15.63	876.00	851.00
KC Co., Ltd.	Manufacture	The Republic of Korea	December	41.69	-	-

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

		December 31, 2019				
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Investments in joint venture:						
M-park Capital Co., Ltd.	Specialized credit financial business	The Republic of Korea	December	30.00	6,000.00	2,886.00
				-	₩ 547,403.00	₩ 551,108.00

¹ All of the joint arrangements, which the Group holds joint control of that arrangements, were structured through other entities. However, there are no contractual terms and/or conditions stating that the parties have rights to the assets and obligations for the liabilities relating to the arrangements. Since the parties having joint control of the arrangements believe that they have rights to the net assets of the joint arrangements, such parties are classified as joint ventures. Additionally, the net assets of the joint venture are incorporated in the Group's condensed interim consolidated financial statements using the equity method of accounting.

Changes in investments in associates and joint venture for the six-month period ended June 30, 2020, and the year ended December 31, 2019, are as follows:

(In millions of Korean won)

		June 30, 2020					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance	
Investments in associates:							
BNK Winning Securities							
Investment Trust 1	₩ 9,355	₩ (9,355)	₩ -	₩ -	₩ -	-	
HDC Presto Private Securities Investment Trust 8th	40,759	(40,759)	-	-	-	-	
Orion Mezzanine Multi-strategy Professional Private Fund	4,996	-	158	-	-	5,154	
ANDA Mezzanine Professional Security Investment Trust No. 7	14,054	-	1,519	-	-	15,573	
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	29,993	-	489	-	607	31,089	
BNK Ocean Business	-	1,060	(7)	-	-	1,053	
BNK Fine Dust Resolution Fund Partnership	-	1,080	(14)	-	-	1,066	
Hana UBS Professional Investment Private Security Investment Trust No. 7	-	30,000	555	-	-	30,555	
IBK Private Securities Investment Trust S2	30,511	(30,932)	-	-	421	-	
NH-Amundi Enhanced Bond Private Securities Investment	30,588	-	481	-	-	31,069	

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
TrustNH-Amundi Enhanced Bond Private Securities Investment Trust Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,128	-	434	-	-	30,562
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6rd	30,092	-	491	-	-	30,583
Samsung Repo Professional Investment Private Security Investment Trust No.1	50,321	-	765	-	-	51,086
KB Leaders Professional Investment Private Security Investment Trust No. 12	-	30,000	589	-	-	30,589
KB Leaders Professional Investment Private Security Investment Trust No. 15	-	30,000	131	-	-	30,131
DGB Professional Investment Private Security Investment Trust No. 28	-	30,000	220	-	-	30,220
Shinhan BNPP Private Securities Investment Trust for Corporates 8th	1,364	1,763	34	(23)	-	3,138
KIAMCO KDB Ocean Value- up Professional Private Special Asset Fund No.12	6,193	(347)	143	(153)	236	6,072
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	16,898	(17,657)	-	-	759	-
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	16,760	(624)	366	(373)	622	16,751
Mirae Asset Triumph Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	-	30,000	405	-	-	30,405
Samsus Rafael Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	-	50,000	961	-	-	50,961
ShinhanBNPP SGrail Professional Private Special Asset Fund No.8	51,071	-	958	(1,565)	-	50,464
Yuri Repo Alpha Private Securities Investment Trust 1st	40,853	-	557	(206)	-	41,204
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	2,142	4,803	800	(31)	-	7,714
Consus_Clean Water_Private Special Asset Fund-1	11,695	(404)	259	(264)	-	11,286
Kiwoom Frontier Private Securities Investment Trust 11th	51,380	-	1,020	(2,036)	-	50,364

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Kiwoom Frontier Private Securities Investment Trust 12th	50,627	(4,071)	742	-	-	47,298
Petra 7 alpha Private Equity Partnership	10,661	-	(53)	-	-	10,608
Hana UBS Professional Private Equity Partnership Investment Private Security Investment Trust No. 7	-	30,000	614	-	-	30,614
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	10,575	258	60	(272)	-	10,621
BNK Smart Korea Private investment Trust	2,224	(2,224)	-	-	-	-
BNK SMART KOREA PRIVATE INVESTMENT TRUST	1,367	(1,367)	-	-	-	-
BNK GO Professional Private Investment No.1 C-S	-	473	(30)	-	-	443
BNK GO Professional Private Investment No.2 C-S	-	20,565	22	-	-	20,587
BNK Teun Teun Mid to Long-term Securities Investment Trust 1	-	200	(2)	-	-	198
BNK Ssum Global EMP Securities No.1 (mixed- Fund of Fund) type C-f	308	-	1	-	-	309
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	672	-	96	-	-	768
UQIP Future Generation Investment Fund Partnership No. 1	1,189	-	(22)	-	-	1,167
UQIP Energy Fusion Investment Fund Partnership	595	110	(13)	-	-	692
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	851	1,500	34	-	-	2,385
2019 UQIP Innovative Growth Follow-on Fund Partnership	-	-	-	-	-	-
KC Co., Ltd.	-	-	-	-	-	-
Investments in joint venture:						
M-park Capital Co., Ltd.	2,886	-	41	-	-	2,927
	₩ 551,108	₩ 154,072	₩ 12,804	₩ (4,923)	₩ 2,645	₩ 715,706

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Changes in investments in associates and joint venture for the six-month period ended June 30, 2020, and the year ended December 31, 2019, are as follows:

(In millions of Korean won)

	December 31, 2019					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
Investments in associates:						
BNK Winning Securities Investment Trust 1	₩ 9,870	₩ (2,000)	₩ 1,325	₩ -	₩ 160	₩ 9,355
BNK Teun Teun Mid to Long-term Securities Investment Trust 1 (Bond) Class C-i	10,229	(10,513)	284	-	-	-
Orion Mezzanine Multi-strategy Professional Private Fund	-	5,000	(4)	-	-	4,996
ANDA Mezzanine Professional Security Investment Trust No. 7	-	14,000	54	-	-	14,054
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	-	30,000	(7)	-	-	29,993
HDC Presto Private Securities Investment Trust 8th	30,784	9,216	759	-	-	40,759
IBK Private Securities Investment Trust S2	-	30,000	511	-	-	30,511
NH-Amundi Enhanced Bond Private Securities Investment TrustNH-Amundi Enhanced Bond Private Securities Investment Trust	-	30,000	588	-	-	30,588
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,278	-	922	(1,072)	-	30,128
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6rd	-	30,000	92	-	-	30,092
Samsung Repo Professional Investment Private Security Investment Trust No.1	50,838	-	1,292	(1,809)	-	50,321
Shinhan BNPP Private Securities Investment Trust for Corporates 1-2	-	1,352	21	(9)	-	1,364
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.12	-	6,300	256	(363)	-	6,193
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	-	17,056	30	(188)	-	16,898

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	-	16,269	921	(430)	-	16,760
Shinhan BNPP Specialized Private Equity Investment Trust No. 6 for Specialized Investment SG rail	30,807	(30,807)	-	-	-	-
IBK Private Securities Investment Trust S2	30,581	(30,581)	-	-	-	-
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 3rd	30,120	(30,120)	-	-	-	-
Hanwha Specialized Investment Private Equity No. 104	30,050	(30,050)	-	-	-	-
Consus_Clean Water_Private Special Asset Fund-1	13,274	(1,863)	856	(572)	-	11,695
Shinhan BNPP Private Securities Investment Trust for Corporates 8th	51,231	-	1,249	(1,409)	-	51,071
Yuri Repo Alpha Private Securities Investment Trust 1st	40,705	-	984	(836)	-	40,853
Kiwoom Frontier Private Securities Investment Trust 11th	51,028	-	1,351	(999)	-	51,380
Kiwoom Frontier Private Securities Investment Trust 12th	50,213	-	1,621	(1,207)	-	50,627
Petra 7 alpha Private Equity PartnershipPetra 7 alpha Private Equity Partnership	-	10,938	(277)	-	-	10,661
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	-	10,688	189	(302)	-	10,575
BNK Pubic Stock Plus 10	2,008	(2,008)	-	-	-	-
BNK Smart Korea Private investment TrustBNK SMART KOREA PRIVATE INVESTMENT TRUST	-	2,000	224	-	-	2,224
BNK GO Professional Private Investment No.1 C-S	-	1,534	(167)	-	-	1,367
UQIP New Growth Engine Venture No. 1	-	1	(1)	-	-	-

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
UQIP Future Generation Investment Fund Partnership No. 1	-	83	225	-	-	308
UQIP Future Generation Investment Fund Partnership No. 1	-	687	63	-	(78)	672
UQIP Energy Fusion Investment Fund Partnership	-	1,142	(12)	-	59	1,189
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	-	632	(37)	-	-	595
2019 UQIP Innovative Growth Follow-on Fund Partnership	-	876	(9)	-	(16)	851
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	-	2,142	-	-	-	2,142
KC Co., Ltd.	-	-	-	-	-	-
Investments in joint venture: M-park Capital Co., Ltd.	3,083	-	(197)	-	-	2,886
	₩ 465,099	₩ 81,974	₩ 13,106	₩ (9,196)	₩ 125	₩ 551,108

Financial information of associates and joint venture as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
Investments in associates: Orion Mezzanine Multi- strategy Professional Private Fund	₩ 13,540	₩ 33	₩ 13,507	₩ 329	₩ 268	₩ 268
ANDA Mezzanine Professional Security Investment Trust No. 7	57,291	-	57,291	5,817	5,583	5,583
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	297,754	175,836	121,918	6,495	1,946	1,946

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
BNK Ocean Business	3,079	-	3,079	-	(21)	(21)
BNK Fine Dust Resolution Fund Partnership	3,079	38	3,041	1	(39)	(39)
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	196,571	94,722	101,849	587	1,849	1,849
NH-Amundi Enhanced Bond Private Securities Investment Trust	250,199	117,939	132,260	3,198	1,999	1,999
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1 st	161,420	49,414	112,006	3,238	1,586	1,586
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6 th	196,458	94,513	101,945	2,363	1,637	1,637
Samsung Repo Professional Connection Private Securities Investment Trust 1 st	212,599	110,427	102,172	2,908	1,531	1,531
KB Leaders Professional Investment Private Security Investment Trust No. 12	152,385	50,420	101,965	2,383	1,965	1,965
KB Leaders Professional Investment Private Security Investment Trust No. 15	162,671	12,018	150,653	802	653	653
DGB Professional Investment Private Security Investment Trust No. 28	159,200	78,613	80,587	732	587	587
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	7,287	487	6,800	17	16	16
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	12,152	8	12,144	41	307	307
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.15	33,830	328	33,502	-	746	746
Mirae Asset Triumph Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	67,145	5,610	61,535	2,370	1,019	324

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
Samsung Rafael Professional Investment Private Security Investment Trust No.1 (Bond/Derivatives)	273,941	172,020	101,921	2,790	1,921	(228)
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	192,641	91,714	100,927	5,008	927	(417)
Yuri Repo Alpha Private Securities Investment Trust 1 st	174,062	82,213	91,849	444	328	2,018
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	31,223	368	30,855	-	-	-
Consus_Clean Water_Private Special Asset Fund-1	22,597	25	22,572	282	256	261
Kiwoom Frontier Private Securities Investment Trust 11 th	201,852	101,123	100,729	985	729	2,648
Kiwoom Frontier Private Securities Investment Trust 12 th	221,682	126,820	94,862	3,962	2,256	1,250
Petra 7 alpha Private Equity Partnership	48,802	117	48,685	2	(231)	(115)
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	159,594	97,116	62,478	2,123	1,478	463
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	56,001	28	55,973	302	407	407
BNK GO Professional Private Investment No.1 C-S	1,925	123	1,802	1,845	(464)	(464)
BNK Teun Teun Mid to Long- term Securities Investment Trust 1	102,302	9,222	93,080	5,038	(165)	(165)
BNK Ssum Global EMP Securities No.1 (mixed- Fund of Fund) type C-f	221	2	219	4	(2)	(2)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	2,858	801	2,057	-	4	4
UQIP Future Generation Investment Fund Partnership No. 1	15,600	158	15,442	2,292	1,932	1,932
UQIP Energy Fusion Investment Fund Partnership	38,357	348	38,009	5	(738)	(738)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	10,266	90	10,176	-	(181)	(181)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

June 30, 2020

	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
2019 UQIP Innovative Growth Follow-on Fund Partnership	15,457	91	15,366	495	215	215
KC Co., Ltd.	2,084	1,839	(2,282)	6,151	(368)	(712)
Investments in joint venture:						
M-park Capital Co., Ltd.	18,133	845	17,288	3,704	(777)	(777)
	<u>₩ 3,576,258</u>	<u>₩ 1,475,469</u>	<u>₩ 2,098,262</u>	<u>₩ 66,713</u>	<u>₩ 29,159</u>	<u>₩ 26,336</u>

(In millions of Korean won)

December 31, 2019

	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
Investments in associates:						
BNK Winning Securities Investment Trust	₩ 32,880	₩ 1,156	₩ 31,724	₩ 6,709	₩ 2,421	₩ 2,421
Orion Mezzanine Multi-strategy Professional Private Fund	13,125	31	13,094	299	(9)	(9)
ANDA Mezzanine Professional Security Investment Trust No. 7	52,004	-	52,004	211	201	201
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	119,974	1	119,973	5	(27)	(27)
HDC Presto Private Securities Investment Trust 8 th	200,915	99,017	101,898	3,423	1,898	1,898
IBK Private Securities Investment Trust S2	252,744	120,530	132,214	5,032	2,214	2,214
NH-Amundi Enhanced Bond Private Securities Investment Trust	264,329	131,779	132,550	5,320	2,550	2,550
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1 st	196,124	85,295	110,829	5,719	4,416	4,416
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6 th	194,774	94,466	100,308	460	308	308
Samsung Repo Professional Connection Private Securities Investment Trust 1 st	241,876	141,235	100,641	5,811	4,261	4,261
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	3,440	486	2,954	37	36	36

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	12,397	8	12,389	790	787	787
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	31,722	63	31,659	351	304	304
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	33,910	390	33,520	1,250	1,234	1,234
Consus_Clean Water_Private Special Asset Fund-1	23,416	26	23,390	295	269	269
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail Yuri Repo Alpha Private Securities Investment Trust 1st	171,381	69,238	102,143	7,447	2,143	2,143
	174,082	83,016	91,066	2,810	1,405	1,405
Kiwoom Frontier Private Securities Investment Trust 11 th	241,091	138,332	102,759	3,322	1,914	1,914
Kiwoom Frontier Private Securities Investment Trust 12 th	232,233	130,126	102,107	526	723	723
Petra 7 alpha Private Equity PartnershipPetra 7 alpha Private Equity Partnership	49,054	128	48,926	19	(1,274)	(1,274)
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	54,410	28	54,382	300	251	251
BNK Smart Korea Private investment Trust	7,261	31	7,230	8,693	(747)	(747)
BNK GO Professional Private Investment No.1 C-S	7,435	53	7,382	11,979	(1,946)	(1,946)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	2,854	801	2,053	4	(1)	(1)
UQIP Future Generation Investment Fund Partnership No. 1	13,785	353	13,432	3,629	1,571	1,571
UQIP Energy Fusion Investment Fund Partnership	40,174	540	39,634	20	(6,994)	(6,994)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	9,032	105	8,927	-	(297)	(297)
2019 UQIP Innovative Growth Follow-on Fund Partnership	5,535	89	5,446	-	(209)	(209)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehen- sive income (loss)
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	8,569	4	8,565	1	1	1
KC Co., Ltd.	1,625	1,996	(371)	6,708	(688)	(774)
Investments in joint venture: M-park Capital Co., Ltd.	18,784	747	18,037	8,907	(392)	(392)
	<u>₩ 2,710,935</u>	<u>₩ 1,100,070</u>	<u>₩ 1,610,865</u>	<u>₩ 90,077</u>	<u>₩ 16,323</u>	<u>₩ 16,237</u>

The reconciliations from the net assets of associates and joint venture based on the ownership ratio of the Group to its corresponding Carrying amount of investments in associates and joint venture as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
Investments in associates:				
Orion Mezzanine Multi-strategy Professional Private Fund	₩ 13,507	₩ 38.16	₩ 5,154	₩ 5,154
ANDA Mezzanine Professional Security Investment Trust No. 7	57,291	27.18	15,573	15,573
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	121,918	25.50	31,089	31,089
BNK Ocean Business	3,079	34.19	1,053	1,053
BNK Fine Dust Resolution Fund Partnership	3,041	35.06	1,066	1,066
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	101,849	30.00	30,555	30,555
NH-Amundi Enhanced Bond Private Securities Investment Trust	132,260	23.49	31,069	31,069
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1 st	112,006	27.29	30,562	30,562
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6 th	101,945	30.00	30,583	30,583
Samsung Repo Professional Connection Private Securities Investment Trust 1 st	102,172	50.00	51,086	51,086

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)	June 30, 2020			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
KB Leaders Professional Investment Private Security Investment Trust No. 12	101,965	30.00	30,589	30,589
KB Leaders Professional Investment Private Security Investment Trust No. 15	150,653	20.00	30,131	30,131
DGB Professional Investment Private Security Investment Trust No. 28	80,587	37.50	30,220	30,220
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	6,800	46.15	3,138	3,138
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.12	12,144	50.00	6,072	6,072
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	33,502	50.00	16,751	16,751
Mirae Asset Triumph Professional Investment Private Security Investment Trust No.4 (Bond/Derivatives)	61,535	49.41	30,405	30,405
Samsung Rafael Professional Investment Private Security Investment Trust No.1 (Bond/Derivatives)	101,921	50.00	50,961	50,961
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	100,927	50.00	50,464	50,464
Yuri Repo Alpha Private Securities Investment Trust 1 st	91,849	44.86	41,204	41,204
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	30,855	25.00	7,714	7,714
Consus_Clean Water_Private Special Asset Fund-1	22,572	50.00	11,286	11,286
Kiwoom Frontier Private Securities Investment Trust 11 th	100,729	50.00	50,364	50,364
Kiwoom Frontier Private Securities Investment Trust 12 th	94,862	49.86	47,298	47,298
Petra 7 alpha Private Equity Partnership	48,685	21.79	10,608	10,608
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	62,478	49.00	30,614	30,614
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,973	20.00	11,195	10,621
BNK GO Professional Private Investment No.1 C-S	1,802	24.59	443	443
BNK Teun Teun Mid to Long-term Securities Investment Trust 1	93,080	22.12	20,587	20,587
BNK Ssum Global EMP Securities No.1 (mixed- Fund of Fund) type C-f	219	90.30	198	198
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	2,057	15.00	309	309
UQIP Future Generation Investment Fund Partnership No. 1	15,442	5.00	772	768
UQIP Energy Fusion Investment Fund Partnership	38,009	3.00	1,140	1,167

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	June 30, 2020			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2 2019 UQIP Innovative Growth Follow-on Fund Partnership	10,176	7.14	727	692
KC Co., Ltd.	(2,282)	41.69	-	-
Investments in joint venture:				
M-park Capital Co., Ltd.	₩ 17,288	₩ 30.00	₩ 5,186	₩ 2,927

(In millions of Korean won)

	December 31, 2019			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
Investments in associates:				
BNK Winning Securities Investment Trust 1	₩ 31,724	₩ 29.49	₩ 9,354	₩ 9,355
Orion Mezzanine Multi-strategy Professional Private Fund	13,094	38.16	4,996	4,996
ANDA Mezzanine Professional Security Investment Trust No. 7	52,004	27.03	14,054	14,054
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	119,973	25.00	29,993	29,993
HDC Presto Private Securities Investment Trust 8 th	101,898	40.00	40,759	40,759
IBK Private Securities Investment Trust S2	132,214	23.08	30,511	30,511
NH-Amundi Enhanced Bond Private Securities Investment TrustNH- Amundi Enhanced Bond Private Securities Investment Trust	132,550	23.08	30,588	30,588
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1 st	110,829	27.18	30,128	30,128
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6 th	100,308	30.00	30,092	30,092
Samsung Repo Professional Investment Private Security Investment Trust No.1	100,641	50.00	50,321	50,321
Shinhan BNPP Private Securities Investment Trust for Corporates 8 th	2,954	46.17	1,364	1,364
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No.12	12,389	49.99	6,193	6,193
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.13	31,659	53.37	16,898	16,898
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	33,520	50.00	16,760	16,760
Consus_Clean Water_Private Special Asset Fund-1	23,390	50.00	11,695	11,695

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

	December 31, 2019			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
Shinhan BNPP Private Securities Investment Trust for Corporates 8th Yuri Repo Alpha Private Securities Investment Trust 1 st	102,143	50.00	51,071	51,071
Kiwoom Frontier Private Securities Investment Trust 11 th	91,066	44.86	40,853	40,853
Kiwoom Frontier Private Securities Investment Trust 12 th	102,759	50.00	51,380	51,380
Petra 7 alpha Private Equity Partnership Petra 7 alpha Private Equity Partnershi	102,107	49.58	50,627	50,627
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	48,926	21.79	10,661	10,661
BNK Smart Korea Private investment Trust BNK SMART KOREA PRIVATE INVESTMENT TRUST	54,382	20.00	10,876	10,575
BNK GO Professional Private Investment No.1 C-S	7,230	28.57	2,066	2,224
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	7,382	22.40	1,654	1,367
UQIP Future Generation Investment Fund Partnership No. 1	2,053	15.00	308	308
UQIP Energy Fusion Investment Fund Partnership	13,432	5.00	672	672
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	39,634	3.00	1,189	1,189
2019 UQIP Innovative Growth Follow-on Fund Partnership	8,927	6.67	595	595
Aegis Real Asset Solar Professional Investment Private Asset Fund No.1	5,446	15.63	851	851
KC Co., Ltd.	8,565	25.01	2,142	2,142
Investments in joint venture:	(371)	41.69	-	-
M-park Capital Co., Ltd. ¹	₩ 18,037	₩ 30.00	₩ 5,411	₩ 2,886

¹ As a result of the adjustment of unrealized gains or losses on internal transactions, the amount of ₩2,259 million and ₩2,526 million adjusted as of June 30, 2020, and December 31, 2019, respectively.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

16. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020										
	Beginning balance	Acquisition	Disposal	Reclassification	Depreciation	Impairment loss	Others	Ending Balance			
Land	₩ 283,344	₩ 683	₩ (441)	₩ 4,751	₩ -	₩ -	₩ 18,970	₩ 307,307			
Buildings	444,227	2,715	(1,108)	12,832	(6,484)	-	84,261	536,443			
Leasehold improvements	29,217	2,332	(442)	1,522	(5,630)	-	73	27,072			
Equipment and vehicles	87,805	8,753	(267)	7,219	(17,121)	-	1,434	87,823			
Construction in progress	33,245	16,548	-	(29,127)	-	-	(1,157)	19,509			
Right-of-use assets	80,530	21,988	(2,985)	-	(17,727)	-	(10,977)	70,829			
Others	19,260	-	-	-	-	-	-	19,260			
	₩ 977,628	₩ 53,019	₩ (5,243)	₩ (2,803)	₩ (46,962)	₩ -	₩ 92,604	₩ 1,068,243			

(In millions of Korean won)

	2019										
	Beginning balance	Changes in accounting policy	Acquisition	Disposal	Reclassification	Depreciation	Impairment loss	Others	Ending Balance		
Land	₩ 272,724	₩ -	₩ -	₩ (1,534)	₩ 1,170	₩ -	₩ -	₩ -	₩ 272,360		
Buildings	449,954	-	1,505	(1,112)	6,421	(5,605)	-	5	451,168		
Leasehold improvements	29,712	-	1,300	(216)	1,794	(5,651)	-	211	27,150		
Equipment and vehicles	93,140	-	7,236	(47)	3,495	(19,335)	-	(371)	84,118		
Construction in progress	22,755	-	37,327	(185)	(36,963)	-	-	318	23,252		
Right-of-use asset	-	55,770	10,338	(5,077)	-	(16,297)	-	110	44,844		
Others	19,260	-	-	-	-	-	-	-	19,260		
	₩ 887,545	₩ 55,770	₩ 57,706	₩ (8,171)	₩ (24,083)	₩ (46,888)	₩ -	₩ 273	₩ 922,152		

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Right-of-use asset

Details of right-of-use asset as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 107,928	₩ 1,626	₩ 2,634	₩ 112,188
Accumulated depreciation	(39,147)	(460)	(1,752)	(41,359)
Book amount of right-of-use asset	₩ 68,781	₩ 1,166	₩ 882	₩ 70,829

	December 31, 2019			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 102,683	₩ 3,056	₩ 2,532	₩ 108,271
Accumulated depreciation	(26,004)	(522)	(1,216)	(27,742)
Book amount of right-of-use asset	₩ 76,679	₩ 2,534	₩ 1,316	₩ 80,529

17. INTANGIBLE ASSETS:

Changes in intangible assets for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020							
	Beginning balance	Acquisition	Disposal	Reclassification	Amortization	Impairment loss	Others	Ending Balance
Software	₩ 50,605	₩ 7,621	₩ -	₩ 12,942	₩ (10,025)	₩ -	₩ (44)	₩ 61,099
Goodwill	28,461	-	-	-	-	-	(120)	28,341
Core deposits	81,042	-	-	-	(8,759)	-	-	72,283
Others	106,269	22,745	(412)	(7,350)	(13,154)	-	124	108,222
	₩ 266,377	₩ 30,366	₩ (412)	₩ 5,592	₩ (31,938)	₩ -	₩ (40)	₩ 269,945

(In millions of Korean won)

	2019							
	Beginning balance	Acquisition	Disposal	Reclassification ¹	Amortization	Impairment loss	Others	Ending Balance
Software	₩ 42,626	₩ 3,756	₩ -	₩ 10,992	₩ (11,404)	₩ -	₩ (2)	₩ 45,968
Goodwill	26,025	-	-	-	-	-	-	26,025
Core deposits	98,559	-	-	-	(8,759)	-	-	89,800
Others	104,442	10,821	(66)	(8,575)	(17,125)	-	4	89,501
	₩ 271,652	₩ 14,577	₩ (66)	₩ 2,417	₩ (37,288)	₩ -	₩ 2	₩ 251,294

¹ Transferred from construction in progress.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

18. INVESTMENT PROPERTIES:

The fair value and assessment method of investment properties as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2020	December 31, 2019	Valuation techniques	Input variables
Land	₩ 123,264	₩ 161,424	- The evaluation method of using officially assessed land pricing - Sales comparison approach	- Officially assessed land pricing - Sales history
Building	71,377	89,780	- Evaluation by the prime cost	- Repurchase cost - Durable years
	<u>₩ 194,641</u>	<u>₩ 251,204</u>		

Investment properties are classified as Level 3 and measured by independent professionals who have specialty and similar experience in the area of investment properties located recently.

Changes in investment properties for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020						Ending Balance
	Beginning balance	Acquisitio n	Reclassifi- cation	Depreciati on	Dispos al	Others	
Land	₩ 113,749	₩ -	₩ (2,921)	₩ -	₩ -	₩ (18,970)	₩ 91,858
Building	110,433	1,718	132	(586)	-	(84,256)	27,441
	<u>₩ 224,182</u>	<u>₩ 1,718</u>	<u>₩ (2,789)</u>	<u>₩ (586)</u>	<u>₩ -</u>	<u>₩(103,226)</u>	<u>₩ 119,299</u>

(In millions of Korean won)

	2019						Ending Balance
	Beginning balance	Reclassifi- cation	Depreciation	Disposal	Others		
Land	₩ 99,857	₩ 11,808	-	₩ -	₩ -	₩ -	₩ 111,665
Building	98,316	9,858	(1,270)	-	-	-	106,904
	<u>₩ 198,173</u>	<u>₩ 21,666</u>	<u>₩ (1,270)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 218,569</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

19. BORROWINGS:

Borrowings at amortized cost as of June 30, 2020, and December 31, 2019, consist of:

<i>(In millions of Korean won)</i>	Annual interest rate (%)		June 30, 2020		December 31, 2019	
	Minimum	Maximum				
Borrowings in Korean won:						
The BOK	0.25	2.09	₩	1,164,139	₩	595,750
Others	0.50	4.30		2,361,326		2,120,809
				<u>3,525,465</u>		<u>2,716,559</u>
Borrowings in foreign currencies:						
Overdraft on our account	3.91	11.80		9,008		65,664
Banks	0.27	3.56		682,169		460,235
Relending loans	1.62	1.67		19,691		51,777
Others	0.06	1.91		448,527		348,501
				<u>1,159,395</u>		<u>926,177</u>
Call money	0.15	2.70		48,238		47,172
Bonds sold under repurchase agreement:						
Korean won	0.25	1.40		1,702,465		1,284,623
Foreign currencies	0.35	0.38		29,017		27,650
				<u>1,731,482</u>		<u>1,312,273</u>
Bills sold	0.25	0.70		23,897		25,201
Deferred expenses from borrowings				(208)		(234)
			₩	<u>6,488,269</u>	₩	<u>5,027,148</u>

Borrowings at fair value through profit or loss as of June 30, 2020, and December 31, 2019, consist of:

<i>(In millions of Korean won)</i>	Annual interest rate (%)		June 30, 2020		December 31, 2019	
	Minimum	Maximum				
Securities sold	1.03	1.38	₩	43,329	₩	52,080

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

20. DEBENTURES:

Debentures issued by the Group as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	Annual interest rate (%)		June 30, 2020		December 31, 2019	
	Minimum	Maximum				
Debentures in Korean won:						
Unsecured coupon bond	1.07	3.51	₩	8,688,987	₩	7,622,519
Subordinated bond	3.05	4.40		1,750,000		1,950,000
Present value discounts				(9,730)		(9,431)
				<u>10,429,257</u>		<u>9,563,088</u>
Debentures in foreign currencies:						
Senior bond	0.85	4.85		356,629		344,599
Subordinated bond	3.63	3.63		300,175		289,450
Loss (gain) on valuation of hedged items				14,846		(9,135)
Present value discounts				(2,056)		(2,246)
				<u>669,594</u>		<u>622,668</u>
			₩	<u>11,098,851</u>	₩	<u>10,185,756</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

21. NET DEFINED BENEFIT LIABILITIES:

As of June 30, 2020, and December 31, 2019, the amounts recognized in the condensed interim consolidated statements of financial position related to postemployment benefits are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Present value of funded defined benefit liabilities	₩	606,691	₩	581,943
Fair value of plan assets		<u>(522,150)</u>		<u>(497,407)</u>
Net defined benefit liabilities	₩	<u>84,541</u>	₩	<u>84,536</u>

Movements in the net defined benefit liabilities for the six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>2020</u>		
	<u>Present value of defined benefit obligation</u>	<u>Plan assets</u>	<u>Total</u>
Current service cost	₩ 33,908	₩ -	₩ 33,908
Interest expenses (interest income)	<u>7,516</u>	<u>(6,573)</u>	<u>943</u>
	₩ <u>41,424</u>	₩ <u>(6,573)</u>	₩ <u>34,851</u>

<i>(In millions of Korean won)</i>	<u>2019</u>		
	<u>Present value of defined benefit obligation</u>	<u>Plan assets</u>	<u>Total</u>
Current service cost	₩ 31,619	₩ (543)	₩ 31,076
Interest expenses (interest income)	<u>7,064</u>	<u>(6,637)</u>	<u>427</u>
	₩ <u>38,683</u>	₩ <u>(7,180)</u>	₩ <u>31,503</u>

22. PROVISIONS:

Details of provisions for other liabilities and charges as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Provision for acceptances and guarantees	₩	5,692	₩	6,148
Provision for unused credit limit		28,348		28,673
Provision for restoration costs		7,889		7,372
Provision for credit card point		1,597		1,689
Provision for litigation		75		458
Others		<u>13,153</u>		<u>918</u>
	₩	<u>56,754</u>	₩	<u>45,258</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Changes in provision for acceptances and guarantees and provision for unused credit limit for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020			
	12-month expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 19,302	₩ 13,363	₩ 2,156	₩ 34,821
Changes in financial instruments recognized at the beginning balance	1,927	(2,696)	769	-
Transfer to 12-months expected credit loss	3,192	(3,174)	(18)	-
Transfer to non-impaired financial liabilities	(1,259)	1,259	-	-
Transfer to credit-impaired financial liabilities	(6)	(781)	787	-
Foreign currency translation and others	6	6	28	40
	21,235	10,673	2,953	34,861
Provision (reversal)	(876)	27	28	(821)
Ending balance	₩ 20,359	₩ 10,700	₩ 2,981	₩ 34,040

(In millions of Korean won)

	2019			
	12-month expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 18,827	₩ 10,561	₩ 4,532	₩ 33,920
Changes in financial instruments recognized at the beginning balance	1,792	(1,810)	18	-
Transfer to 12-months expected credit loss	2,399	(2,378)	(21)	-
Transfer to non-impaired financial liabilities	(599)	604	(5)	-
Transfer to credit-impaired financial liabilities	(8)	(36)	44	-
Foreign currency translation and others	7	6	8	21
	20,626	8,757	4,558	33,941
Provision (reversal)	(1,723)	9	(2,130)	(3,844)
Ending balance	₩ 18,903	₩ 8,766	₩ 2,428	₩ 30,097

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Changes in other provisions for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 7,372	₩ 56	₩ -	₩ 461	₩ 7,889
Provision for credit card point	1,689	-	(92)	-	1,597
Provision for litigation	458	-	-	(383)	75
Others	918	12,385	-	(150)	13,153
	<u>₩ 10,437</u>	<u>₩ 12,441</u>	<u>₩ (92)</u>	<u>₩ (72)</u>	<u>₩ 22,714</u>

(*) As for the provisions related to the Lime Asset Management redemption deferral period, the Bank's sales of Lime Asset Management redemption deferral fund were ₩ 53.3 billion as of the June 30, 2020, and ₩ 11.6 billion was recognized as provision.

(In millions of Korean won)

	2019				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 6,791	₩ 29	₩ -	₩ 156	₩ 6,976
Provision for credit card point	1,774	98	(114)	-	1,758
Provision for litigation	-	75	-	-	75
Others	171	11	(6)	(1)	175
	<u>₩ 8,736</u>	<u>₩ 213</u>	<u>₩ (120)</u>	<u>₩ 155</u>	<u>₩ 8,984</u>

Provision for restoration costs is the present value of expected settlement cost for the existing leasehold stores as of June 30, 2020, and December 31, 2019, which is discounted at an appropriate discount rate. Provision for restoration costs will be incurred at the end of lease contract of leasehold store, and average lease period of leasehold stores terminated within three years is used for estimation. Actual average restoration costs of leasehold stores for the past seven years and average inflation rate for the past three years are used for estimating the expected settlement cost.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

23. OTHER LIABILITIES:

Other liabilities as of June 30, 2020, and December 31, 2019, consist of the followings:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Other financial liabilities:		
Due to trust accounts	₩ 566,476	₩ 685,035
Due to fund accounts	602	370
Foreign exchange remittances pending	26,926	39,520
Prepaid card liabilities	205,783	11,403
Debit card liabilities	16,145	20,627
Deposits for letter of guarantees and others	311,555	299,908
Present value discounts	(15,964)	(16,424)
Accounts payable	3,199,585	767,618
Accrued expenses	604,117	710,920
Financial guarantee contract liabilities	13,454	5,974
Agency business accounts	165,098	166,197
Unsettled domestic exchange liabilities	661,447	68,911
Deposits held by agency relationship	109,582	108,008
Guarantee deposits for securities subscription	3,706	7,865
Lease liabilities	63,734	68,399
Accrued marketable securities	75	136
Remittance pending	144	14
	₩ <u>5,932,465</u>	₩ <u>2,944,481</u>
Other non-financial liabilities:		
Withholding taxes	17,449	19,344
Unearned revenues	51,880	43,293
Others	156,253	138,601
	₩ <u>225,582</u>	₩ <u>201,238</u>
	₩ <u>6,158,047</u>	₩ <u>3,145,719</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Lease liabilities by term structures as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020					Total
	Less than 1 month	1 month – 3 months	3 – 12 months	1 year – 5 years	More than 5 years	
Lease liabilities	₩ 2,336	₩ 4,352	₩ 16,147	₩ 39,748	₩ 3,336	₩ 65,919

(In millions of Korean won)

	December 31, 2019					Total
	Less than 1 month	1 month – 3 months	3 – 12 months	1 year – 5 years	More than 5 years	
Lease liabilities	₩ 3,117	₩ 4,640	₩ 17,382	₩ 42,764	₩ 3,203	₩ 71,106

Cash outflow due to lease contracts entered in to as of June 30, 2020, and December 31, 2019, is 153.30 million and 139.86 million respectively.

24. EQUITY:

(a) *Share capital*

As of June 30, 2019, the Group has 700 million shares authorized with a par value of ₩5,000, and 325,935,246 shares have been issued. The Parent Company's share capital as of June 30, 2019, amounts to ₩1,629,676 million.

(b) *Other paid-in capital*

Other paid-in capital as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020		December 31, 2019	
Share premium	₩	678,953	₩	678,953
Other reserves		102,339		102,339
Treasury shares		(6,997)		(213)
Gain on disposal of treasury share		5,826		5,826
Loss on disposal of treasury share		(266)		(122)
Others		(240)		-
	₩	<u>779,615</u>	₩	<u>786,783</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(c) Hybrid equity securities

Details of hybrid equity securities issued by the Parent Company as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rate (%)</u>		<u>June 30, 2020</u>	<u>December 31, 2019</u>
Hybrid equity securities in Korean won	2015.06.24	2045.06.24	4.60	₩	-	₩ 80,000
	2015.06.24	2045.06.24	5.10		30,000	30,000
	2015.08.31	2045.08.31	4.48		150,000	150,000
	2018.02.13	-	4.83		100,000	100,000
	2018.03.02	-	4.26		150,000	150,000
	2019.02.20	-	3.74		100,000	100,000
	2019.08.29		3.20		100,000	100,000
	2020.02.19		3.35		150,000	-
	2020.06.23		3.30		100,000	-
Issuance cost					<u>(2,672)</u>	<u>(2,126)</u>
				₩	<u>877,328</u>	<u>₩ 707,874</u>

Hybrid equity securities classified as non-controlling equity as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rate (%)</u>		<u>June 30, 2020</u>	<u>December 31, 2019</u>
Hybrid equity securities in Korean won	2013.04.25	2043.04.25	4.75	₩	60,000	₩ 60,000
	2013.05.27	2043.05.27	4.83		40,000	40,000
	2013.10.25	2043.10.25	5.55		90,000	90,000
	2013.11.07	2043.11.07	5.72		10,000	10,000
	2013.11.11	2043.11.11	6.00		37,000	37,000
	2013.11.28	2043.11.28	6.14		63,000	63,000
	2017.07.24	-	4.58		150,000	150,000
	2017.09.19	2047.09.19	4.79		150,000	150,000
	2018.05.04	-	4.50		100,000	100,000
	2018.06.26	-	4.65		100,000	100,000
	2019.04.29	-	3.60		100,000	100,000
Issuance cost					<u>(2,543)</u>	<u>(2,543)</u>
				₩	<u>897,457</u>	<u>₩ 897,457</u>

The Group can exercise its right to early repayment after 10 years after issuing hybrid equity securities, and at the date of maturity, the contractual agreements allow the Group to indefinitely extend the maturity date with the same contractual terms. In addition, the Group decides not to pay the dividends of ordinary share at general shareholders' meeting; the Group may not pay interest on the hybrid equity securities.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(d) Other components of equity

Other components of equity as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Gain on valuation of financial instruments at fair value through other comprehensive income	₩ 107,598 ₩	126,722
Exchange differences on translation of foreign operations	8,553	902
Remeasurements of net defined benefit liabilities	(175,632)	(171,536)
Loss on valuation of hedges of net investments in foreign operations	(6,031)	(2,787)
Share of other comprehensive income of associates	723	(121)
Deferred tax effects	16,651	14,296
	<u>₩ (48,138) ₩</u>	<u>(32,524)</u>

(e) Retained earnings

Retained earnings as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Reserve:		
Earned profit reserves ¹	₩ 663,223 ₩	595,504
Regulatory reserve for credit loss	543,903	490,074
Discretionary reserves	<u>2,717,244</u>	<u>2,541,717</u>
	<u>3,924,370</u>	<u>3,627,295</u>
Retained earnings before appropriation	1,444,740	1,564,609
	<u>₩ 5,369,110 ₩</u>	<u>5,191,904</u>

¹ Article 53 of The Financial Holding Company Act requires a Parent Company to appropriate at least 10% of profit for the period to legal reserve, until such reserve equals 100% of its paid-up capital. This reserve is not available for payment of cash dividends; however, it can be used to reduce deficit or be transferred to capital.

Regulatory reserve for credit loss

In accordance with the Regulations for Supervision of Financial Company Holding, if provision for impairment under Korean IFRS for the accounting purpose do not exceed those for the regulatory purpose, the Group discloses such shortfall amount as regulatory reserve for credit loss. Due to the fact that regulatory reserve for credit loss is a discretionary reserve, amounts exceeding the existing reserve for credit loss are over the compulsory reserve for credit loss at the period-end date and are able to be reversed in profit. In case of accumulated deficit, the Group should set aside reserve for credit loss at the time when accumulated deficit is gone.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Regulatory reserve for credit loss as of June 30, 2020, and December 31, 2019, is as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Provided reserve for credit loss ¹	₩	543,903	₩	490,074
Changes in accounting policy		109,426		53,829
Regulatory reserve for credit loss	₩	653,329	₩	543,903
Owners of the Parent Company	₩	653,329	₩	543,903
Non-controlling interests		-		-

¹ Provided reserve for credit loss as of June 30, 2020, and December 31, 2019, is the amount after appropriations of retained earnings.

Expected provision of reserve for credit losses, adjusted profit after the provision of regulatory reserve and adjusted earnings per share after the provision of regulatory reserve for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>2020</u>		<u>2019</u>	
	<u>Three months</u>	<u>Six months</u>	<u>Three months</u>	<u>Six months</u>
Profit for the period of owners of the Parent Company	₩ 173,212	₩ 310,869	₩ 174,107	₩ 351,237
Provision of reserve for credit losses	77,324	109,426	27,897	37,190
Adjusted profit after the provision of regulatory reserve ¹	<u>₩ 95,888</u>	<u>₩ 201,443</u>	<u>₩ 146,210</u>	<u>₩ 314,047</u>
Adjusted earnings per share after the provision of regulatory reserve ¹ <i>(in Korean won)</i>	₩ 269	₩ 570	₩ 424	₩ 924

¹ Adjusted profit and earnings per share after provision of reserve for credit loss are not in accordance with Korean IFRS, but are calculated on the assumption that provision or reversal of reserve for credit loss is adjusted to the profit for the year of owners of the Parent Company. Earnings per share after provision of reserve for credit loss are presented net of dividends on hybrid equity securities.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Treasury stocks

Details of acquisition of treasury stocks as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	2020		2019	
	Number of shares	Book value	Number of shares	Book value
Beginning Balance	14,855	₩ 213	14,855	₩ 213
Acquisition ¹	1,503,577	6,997	-	-
Disposal	(14,855)	(213)	-	-
Ending Balance	1,503,577	₩ 6,997	14,855	₩ 213

¹ In order to enhance shareholder value, we signed a treasury stock trust contract with Korea Investment & Securities Co., Ltd. and acquired our own shares through the contract.

25. NET INTEREST INCOME:

Net interest income, interest income and expenses for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020		2019	
	Three months	Six months	Three months	Six months
Interest income				
Due from banks	₩ 1,501	₩ 3,717	₩ 3,158	₩ 6,112
Financial instruments at fair value through profit or loss	14,231	28,182	15,367	29,692
Financial instruments at fair value through other comprehensive income	19,977	41,109	21,467	42,401
Financial assets at amortized cost	39,866	80,503	39,813	78,591
Loans receivable	751,366	1,527,521	842,886	1,687,607
	<u>826,941</u>	<u>1,681,032</u>	<u>922,691</u>	<u>1,844,403</u>
Interest expense:				
Deposit liabilities	(202,468)	(429,941)	(274,980)	(546,752)
Borrowings	(16,691)	(34,699)	(26,286)	(51,076)
Debentures	(66,684)	(134,284)	(64,510)	(126,968)
Others	(3,501)	(7,977)	(4,497)	(9,330)
	<u>(289,344)</u>	<u>(606,901)</u>	<u>(370,273)</u>	<u>(734,126)</u>
Net interest income	₩ <u>537,597</u>	₩ <u>1,074,131</u>	₩ <u>552,418</u>	₩ <u>1,110,277</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

26. NET COMMISSION INCOME:

Net commission income, commission income and expenses for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Commission income:				
Commission received	₩ 151,563	₩ 250,002	₩ 91,752	₩ 170,877
Guarantees	3,994	7,560	3,440	6,924
Credit card	5,133	6,623	2,910	4,402
Others	169	320	60	155
	<u>160,859</u>	<u>264,505</u>	<u>98,162</u>	<u>182,358</u>
Commission expenses:				
Commission	(16,879)	(37,317)	(14,490)	(28,612)
Credit card	(15,949)	(30,543)	(12,656)	(28,817)
	<u>(32,828)</u>	<u>(67,860)</u>	<u>(27,146)</u>	<u>(57,429)</u>
Net commission income	<u>₩ 128,031</u>	<u>₩ 196,645</u>	<u>₩ 71,016</u>	<u>₩ 124,929</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

27. GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

Gain or loss on financial assets at fair value through profit or loss for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Gain on financial assets at fair value through profit or loss:				
Gain on disposal of financial assets at fair value through profit or loss	₩ 261	₩ 397	₩ 48	₩ 117
Gain on sale of financial assets at fair value through profit or loss	22,720	42,892	20,388	37,167
Gain on valuation of financial assets at fair value through profit or loss	13,059	32,780	9,051	20,157
Dividend income of shares and beneficiary certificate	8,602	15,591	6,554	14,557
	<u>44,642</u>	<u>91,660</u>	<u>36,041</u>	<u>71,998</u>
Loss on financial assets at fair value through profit or loss:				
Loss on disposal of financial assets at fair value through profit or loss	1,372	(1,763)	(332)	(460)
Loss on sale of financial assets at fair value through profit or loss	(6,278)	(23,722)	(5,535)	(8,333)
Loss on valuation of financial assets at fair value through profit or loss	1,250	(24,549)	(3,335)	(11,147)
Purchase expenses of financial assets at fair value through profit or loss	-	-	(1)	(1)
	<u>(3,656)</u>	<u>(50,034)</u>	<u>(9,203)</u>	<u>(19,941)</u>
Net gain on financial assets at fair value through profit or loss	₩ 40,986	₩ 41,626	₩ 26,838	₩ 52,057

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

28. Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income

Gain or loss on financial assets at fair value through other comprehensive income for the three-month and six-month period June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Gain on financial assets at fair value through other comprehensive income:				
Gain on sale of financial assets at fair value through other comprehensive income	₩ 10,692	₩ 26,790	₩ 3,748	₩ 10,395
Reversal of impairment loss	49	79	8	82
Dividend income	342	4,659	446	4,947
	<u>11,083</u>	<u>31,528</u>	<u>4,202</u>	<u>15,424</u>
Loss on financial assets at fair value through other comprehensive income:				
Loss on sale of financial assets at fair value through other comprehensive income	(8)	(8)	(34)	(70)
Impairment loss on financial assets at fair value through other comprehensive income	(493)	(932)	(192)	(388)
	<u>(501)</u>	<u>(940)</u>	<u>(226)</u>	<u>(458)</u>
Net gain on financial assets at fair value through other comprehensive income	₩ <u>10,582</u>	₩ <u>30,588</u>	₩ <u>3,976</u>	₩ <u>14,966</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

29. GAIN OR LOSS ON FINANCIAL ASSETS AT AMORTIZED COST:

Gain or loss on financial assets at amortized cost for the three-month and six-month period June 30, 2020 and 2019, is as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Gain on financial assets at amortized cost:				
Gain on sale of financial assets at amortized cost	₩ -	₩ -	₩ 3	₩ 4
Reversal of impairment loss on financial assets at amortized cost	<u>155</u>	<u>198</u>	<u>19</u>	<u>143</u>
	<u>155</u>	<u>198</u>	<u>22</u>	<u>147</u>
Loss on financial assets at amortized cost:				
Loss on sale of financial assets at amortized cost	-	-	(2)	(2)
Impairment loss on financial assets at amortized cost	<u>(813)</u>	<u>(1,315)</u>	<u>(86)</u>	<u>(118)</u>
	<u>(813)</u>	<u>(1,315)</u>	<u>(88)</u>	<u>(120)</u>
Net gain (loss) on financial assets at amortized cost	<u>₩ (658)</u>	<u>₩ (1,117)</u>	<u>₩ (66)</u>	<u>₩ 27</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

30. PROVISION FOR CREDIT LOSS:

Provision for credit loss for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Reversal of provision for credit loss and others:				
Reversal of provisions:				
Reversal of provision for impairment	₩ 3,389	₩ 3,623	₩ -	₩ 4
Reversal of provision for credit loss on acceptances and guarantees	40	1,879	1,721	1,867
Reversal of provision for credit loss on financial guarantee contract	85	85	54	350
Reversal of provision for credit loss on unused credit limits	(314)	1,363	(576)	2,184
	<u>3,200</u>	<u>6,950</u>	<u>1,199</u>	<u>4,405</u>
Gain on disposal of loans receivable	20,343	48,620	49,929	89,023
Gain on loans receivable at fair value through profit or loss	(33)	398	954	994
	<u>23,510</u>	<u>55,968</u>	<u>52,082</u>	<u>94,422</u>
Contribution to provision for credit loss and others:				
Contribution to provisions:				
Impairment loss	(88,461)	(165,783)	(94,554)	(189,320)
Contribution to provision for credit loss on acceptances and guarantees	(506)	(1,383)	105	(19)
Contribution to provision for credit loss on unused credit limits	(939)	(1,038)	(108)	(188)
Contribution to provision for credit loss on financial guarantee contract	859	(6,531)	361	(426)
	<u>(89,047)</u>	<u>(174,735)</u>	<u>(94,196)</u>	<u>(189,953)</u>
	<u>(8,445)</u>	<u>(9,005)</u>	<u>(9,823)</u>	<u>(13,636)</u>
Loss on disposal of loans receivable	-	-	50	-
	<u>(97,492)</u>	<u>(183,740)</u>	<u>(103,969)</u>	<u>(203,589)</u>
Contribution to provision for credit loss	₩ (73,982)	₩ (127,772)	₩ (51,887)	₩ (109,167)

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

31. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020		2019	
	Three months	Six months	Three months	Six months
Employee benefits:				
Salaries	₩ 163,447	₩ 321,711	₩ 146,213	₩ 285,707
Employee benefit expenses	43,414	86,760	42,495	81,538
Postemployment benefits	18,232	35,665	15,822	31,703
Termination benefits	19,437	19,437	-	-
	<u>244,530</u>	<u>463,573</u>	<u>204,530</u>	<u>398,948</u>
Rent	3,057	6,161	2,726	6,240
Business promotion expenses	4,514	8,893	5,319	10,481
Depreciation	24,157	47,548	24,098	48,158
Amortization	16,346	31,938	18,681	37,288
Taxes and dues	13,312	26,112	12,576	24,065
Other administrative expenses	49,864	99,103	51,845	102,676
	<u>₩ 355,780</u>	<u>₩ 683,328</u>	<u>₩ 319,775</u>	<u>₩ 627,856</u>

(b) Share-based Payments

The Group has granted share-based payments to its executives and employees, and measured the cost of the share options by a fair value approach. The share-based payment is an incentive plan that sets, on grant date, the maximum number of shares that can be awarded. Actual shares to be granted is determined and paid in cash in accordance with achievement of performance targets over the vesting period.

The short-term performance compensation shall be paid in cash of 40% by the chairman and the bank president, and 60% by the other executives and the business executive and the remaining compensations shall be deferred in connection with the share price for three years. The long-term performance compensation shall be paid in cash of 40% and the remaining compensations shall be deferred in connection with the share price for three years for three years. However, from the payment of 2020, 100% of the compensations shall be deferred in connection with the share price for three or five years.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The terms and conditions of granted share options as of June 30, 2019, are as follows:

i) Linked to short-term performance

	<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
Number of shares granted	66,372		142,247		271,387		248,706		344,048		536,826	
Residual shares	7,477		18,236		47,640		99,120		229,391		536,826	
Date of granted	2015-03-02		2016-03-03		2017-03-03		2018-02-28		2019-03-05		2020-02-07	
Grant method	Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment	
Exercise price	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-
Vesting conditions	Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance	
Settlement method	Cash		Cash		Cash		Cash		Cash		Cash	
Service period	1 year		1 year		1 year		1 year		1 year		1 year	

ii) Linked to long-term performance

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
Number of shares granted	22,349		88,300		75,260		169,605		112,430		33,620		306,135	
Residual shares	669		20,840		21,109		115,444		58,741		27,217		306,135	
Date of granted	2014-01-01		2015-01-01		2016-01-01		2017-01-01		2018-01-01		2019-01-01		2020-01-01	
Grant method	Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment		Cash-settled share-based payment	
Exercise price	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-
Vesting conditions	Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance		Service period / Non-market performance / Market performance	
Settlement method	Cash		Cash		Cash		Cash		Cash		Cash		Cash	
Service period	3 years		3 years		3 years		3 years		3 years		3 years		3 years	

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Deferred grants

	<u>Deferred grant in 2020</u>	<u>Deferred grant in 2021</u>	<u>Deferred grant in 2022</u>	<u>Deferred grant in 2023</u>
Residual shares ¹	16,230	38,683	22,957	13,695
Grant method	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩-	₩-	₩-	₩-
Settlement method	Cash	Cash	Cash	Cash
Vesting conditions	Vested	Vested	Vested	Vested

¹ The number of deferred grants is less than the granted shares after meeting the vesting conditions at the end of reporting period.

Changes in granted number of share options for the six-month periods ended June 30, 2020, and 2019, are as follows:

i) Linked to short-term performance

Initially granted

<i>(in shares)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Beginning balance	665,883	512,191
Granted	536,826	344,048
Exercised	264,019	190,356
Ending balance	<u>938,690</u>	<u>665,883</u>

ii) Linked to long-term performance

Initially granted

<i>(in shares)</i>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Beginning balance	391,077	298,151
Granted	306,135	33,620
Exercised	91,352	23,381
Others	(55,705)	82,687
Ending balance	<u>550,155</u>	<u>391,077</u>

Deferred grants

<i>(in shares)</i>	<u>Deferred grant</u>	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Beginning balance	95,508	78,313
Granted	27,650	23,146
Exercised	31,593	5,951
Ending balance	<u>91,565</u>	<u>95,508</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

The fair value of share options and the significant inputs into the option-pricing model as of June 30, 2020, are as follows:

(in Korean won)

		June 30, 2020						
	Option-pricing model	Share price	Exercise price	Price volatility	Expected option life	Risk-free interest rate	Fair value	
Grant expected in 2020	Black-Scholes Model	₩ 5,000	-	38.43%	1.5 years	0.68%	₩ 4,734	
Grant expected in 2021	Black-Scholes Model	5,000	-	32.64%	2.5 years	0.85%	4,564	
Grant expected in 2022	Black-Scholes Model	5,000	-	29.30%	3.5 years	0.92%	4,401	
Linked to short-term performance								
Share granted in 2017	Black-Scholes Model	5,000	-	38.43%	1.5 years	0.68%	4,734	
Share granted in 2018	Black-Scholes Model	5,000	-	32.64%	2.5 years	0.85%	4,564	
Share granted in 2019	Black-Scholes Model	5,000	-	29.30%	3.5 years	0.92%	4,401	

Expenses recognized related to the share option granted for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020		2019	
	Three months	Six months	Three months	Six months
Linked to short-term performance expense (reversal)	₩ 1,886	₩ (510)	₩ 1,637	₩ 3,613
Linked to long-term performance expense (reversal)	1,456	1,586	217	(14)

Liabilities recognized related to the share option granted as of June 30, 2020, and December 31, 2019, are as follows:

(In millions of Korean won)

	June 30, 2020	December 31, 2019
Accrued expenses (short-term performance)	₩ 6,424	₩ 11,727
Accrued expenses (long-term performance)	3,408	2,411

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

32. NON-OPERATING INCOME AND EXPENSES:

Non-operating income and expenses for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

	2020		2019	
	Three months	Six months	Three months	Six months
Income from investments in associates				
Share of profit of associates	₩ 9,456	₩ 12,736	₩ 2,869	₩ 7,371
Gain on disposal of investments in associates	1,853	1,976	250	403
Share of gain (loss) of associates	1,008	67	302	(177)
Loss on disposal of investments in associates	(77)	(1,379)	-	-
	<u>12,240</u>	<u>13,400</u>	<u>3,421</u>	<u>7,597</u>
Non-operating income:				
Gain on disposal of property and equipment	66	122	28	1,807
Rental income	694	1,464	880	1,694
Restoration income	15	94	22	40
Gain on collection of charge-offs	189	297	478	588
Gain on changes in leases	169	379	94	130
Other non-operating income	1,033	7,804	1,463	8,230
	<u>2,166</u>	<u>10,160</u>	<u>2,965</u>	<u>12,489</u>
Non-operating expenses:				
Expenses on collection of charge-offs	(88)	(186)	(162)	(228)
Loss on disposal of property and equipment	4	(222)	(88)	(435)
Loss on retirement of property and equipment	(4)	(487)	-	(2)
Loss on disposal of intangible assets	-	-	-	(56)
Donations	(4,270)	(20,941)	(6,076)	(16,953)
Other interest expenses	(1,985)	(4,522)	(1,497)	(3,050)
Loss on changes in leases	(5)	(66)	(23)	(22)
Restoration loss	(36)	(101)	(250)	(278)
	<u>(6,384)</u>	<u>(26,525)</u>	<u>(8,096)</u>	<u>(21,024)</u>
	<u>₩ 8,022</u>	<u>₩ (2,965)</u>	<u>₩ (1,710)</u>	<u>₩ (938)</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

33. INCOME TAX EXPENSE:

Income tax expense for the six-month periods ended June 30, 2019 and 2018, consists of:

<i>(In millions of Korean won)</i>		<u>2020</u>		<u>2019</u>
Profit before income tax	₩	438,358	₩	493,728
Taxes payable ¹		115,367		130,594
Tax effect of:				
Non-taxable income				
(₩39,378 million in 2020, ₩36,053 million in 2019)		(10,363)		(9,536)
Non-deductible expenses				
(₩7,799 million in 2020, ₩11,699 million in 2019)		2,047		3,094
Consolidated tax		(4,469)		(4,477)
Others		3,287		2,423
Income tax expense	₩	<u>105,869</u>	₩	<u>122,098</u>
Effective tax rate (income tax expense/profit before income tax)		24.15%		24.73%

¹ Taxes payable are calculated by applying income tax rate (11% for less than ₩200 million, 22% for ₩200 million to ₩20 billion, 24.2% for ₩20 billion to ₩300 billion, and 27.5% for more than ₩300 billion) to profit before income tax.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

34. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing profit attributable to owners of Parent Company by weighted average number of ordinary shares outstanding for the six-month periods ended June 30, 2020 and 2019.

Weighted average number of ordinary shares for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(in Korean won and shares)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Number of ordinary shares outstanding	324,402,356	325,905,536	325,905,536	325,905,536
Acquisition of treasury stocks	(390)	(876,938)	-	-
Disposal of treasury stocks	11,753	5,877	-	-
Weighted-average number of ordinary shares outstanding	324,413,719	325,034,475	325,905,536	325,905,536

Basic earnings per share attributable to owners of the Parent Company for the three-month and six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(in Korean won and shares)</i>	2020		2019	
	Three months	Six months	Three months	Six months
Profit for the period attributable to owners of the Parent Company	₩ 173,212,049,657	₩ 310,869,593,500	₩ 174,107,187,426	₩ 351,236,785,019
Dividends on hybrid equity securities	(8,778,750,000)	(16,301,250,000)	(7,911,811,653)	(12,834,548,728)
Profit attributable to the ordinary equity holders	164,433,299,657	294,568,343,500	166,195,375,773	338,402,236,291
Weighted average number of ordinary shares outstanding	324,413,719	325,034,475	325,905,536	325,905,536
Basic earnings per share	₩ 507	₩ 906	₩ 510	₩ 1,038

Diluted earnings per share for the six-month periods ended June 30, 2020 and 2019, are equal to the basic earnings per share because the Group did not have any potentially dilutive ordinary shares during the year.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

35. CONTINGENCIES AND COMMITMENTS:

Payment guarantees as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>Type</u>	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Confirmed acceptances and guarantees:					
Confirmed acceptances and guarantees in Korean won	Payment guarantee for loans	₩	145,093	₩	126,754
	Others		520,536		489,471
			<u>665,629</u>		<u>616,225</u>
Confirmed acceptances and guarantees in foreign currencies	Acceptances on letters of credit		18,411		8,529
	Acceptances on letters of guarantee for importers		17,229		19,488
	Others		313,795		269,284
			<u>349,435</u>		<u>297,301</u>
			<u>1,015,064</u>		<u>913,526</u>
Unconfirmed acceptances and guarantees:	Letters of credit		214,660		249,379
	Others		3,764		7,148
			<u>218,424</u>		<u>256,527</u>
Others:	Endorsed bill		21		20
		₩	<u>1,233,509</u>	₩	<u>1,170,073</u>

Unused commitments as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2020</u>		<u>December 31, 2019</u>	
Corporates	₩	8,055,881	₩	8,066,341
Households		7,426,893		6,752,305
Credit card		4,969,025		4,745,406
Securities purchase agreement		943,322		557,452
	₩	<u>21,395,121</u>	₩	<u>20,121,504</u>

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Lawsuits

As of June 30, 2020, and December 31, 2019, the Group's major lawsuits are as follows:

(In millions of Korean won)

	June 30, 2020		December 31, 2019	
	As a plaintiff	As a defendant	As a plaintiff	As a defendant
Number (case)	44 cases	71 cases	49 cases	86 cases
Amount	₩ 192,536	₩ 102,045	₩ 186,511	₩ 109,762
Provisions related to these lawsuits		₩ 75		₩ 458

The Group filed a lawsuit against Korea Deposit Insurance Corporation to seek compensation for loss (litigation value: ₩52.6 billion) as of the end of the reporting period. On December 15, 2017, the court ordered Korea Deposit Insurance Corporation to pay ₩53.2 billion to the Group in the first trial. In respect of the first court decision, Korea Deposit Insurance Corporation paid ₩53.2 billion in advance and the Group recognized the corresponding amount as other liabilities. In the second trial held on January 24, 2019, the Group has decided to returned back certain amount to Korea Deposit Insurance Corporation, which is the case after the reporting period that requires amendment, and the amount of the liability has been revised including the interest paid after the end of the reporting period. In addition, although the Group returned the loss and filed an appeal for the final judgement in the Supreme Court on February 13, 2019, and the ultimate outcome of the appeal cannot be reasonably estimated, the management judges that the outcome of the suit does not exceed the amount of the liability recognized at the end of the reporting period.

Others

On May 1, 2017, the Bank and its related parties, including BNK Financial Group Inc., Busan Bank, BNK Securities Co., Ltd. and its former and current directors and employees, were charged with an allegation of violating Capital Market and Financial Investment Business Act by Busan District Prosecutor's office (Allegations of insider trading related to BNK Financial Group Inc.'s new share offering). First court decision was made on January 9, 2018, and an appeal is in progress. On November 20, 2019, and February 5, 2020, the second court decision was made, and the Supreme Court's decision on the dismissal of the appeal on May 28, 2020, ended the trial of some former and current executives and employees. Currently, the first trial of corporations, including the Bank, and some former and current executives and employees is in progress. The outcome of the trial and its impact on the condensed interim consolidated financial statements cannot be estimated at the end of the reporting period.

Four former director of the Busan Bank was charged with an allegation of violating Capital Market and Financial Investment Business Act by Busan District Prosecutor's office (Suspicion of malpractice in unfair loan practices). However, all of the charges were found not guilty on February 7, 2020, and the prosecution appealed and is currently on a second trial.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

36. TRANSACTIONS WITH RELATED PARTIES:

All intercompany transactions, including intercompany receivables and payables, are eliminated while preparing consolidated financial statements.

Outstanding balances arising from sales/purchases of goods and services as of June 30, 2020, and December 31, 2019, are as follows:

<i>(In millions of Korean won)</i>			<u>June 30, 2020</u>		<u>December 31, 2019</u>
Associate and Entities under a common control					
BNK GO Professional Private Investment No.1 C-S	Other assets	₩	-	₩	3
BNK GO Professional Private Investment No.2 C-S	Other assets		-		1
BNK Fine Dust Resolution Fund Partnership	Other assets		32		-
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	Other assets		-		310
BNK Winning Securities Investment Trust 1	Other assets		-		47
Key management	Other liabilities		1		1
	Credit card receivable		2		2
	Deposit liabilities		<u>385</u>		<u>634</u>

Transactions with related parties for the six-month periods ended June 30, 2020 and 2019, are as follows:

<i>(In millions of Korean won)</i>			<u>2020</u>		<u>2019</u>
Associate					
BNK 'Strong' Dividend Securities Investment Trust 1 st	Commission income	₩	-	₩	1
BNK GO Specialized Private Equity Investment Trust No. 2	Commission income		-		149
BNK Winning Securities Investment Trust 1	Commission income		-		1
BNK News Start Target Convertible Securities Investment Trust No. 1	Commission income		-		138
BNK Teun Teun Mid to Long-term Securities Investment Trust 1 (Bond) Class C-i	Commission income		2		-
GYOBO AXA ALPHA PLUS	Commission income		9		-

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

(In millions of Korean won)

		2020	2019
Professional Investment			
Private Security Investment J-6			
ANDA Mezzanine Professional Security Investment Trust No. 7	Commission income	14	-
Key management	Commission expenses	1	1
	Commission income	2	2
	Interest income	1	3
	Interest expenses	1	2

Fund transactions with related parties for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In millions of Korean won)

		2020			
		Beginning balance	Increase	Decrease	Ending balance
Key management	Deposit liabilities	₩ 634	₩ 822	₩ 1,071	₩ 385

(In millions of Korean won)

		2019			
		Beginning balance	Increase	Decrease	Ending balance
Key management	Loans receivable	₩ 40	₩ 155	₩ 70	₩ 125
	Deposit liabilities	424	398	258	564

Details of payment guarantees provided by the Group to the related parties for the six-month periods ended June 30, 2020 and 2019, are as follows

(In millions of Korean won)

Provided by	Provided to	2020	2019	Remark
BNK Capital	M-park Capital Co., Ltd.	₩ 5,000	₩ 5,000	General loan, credit grants ¹

¹ BNK Capital, a subsidiary of the Group, grants general loan limits amounting to ₩5,000 million to its joint venture, M-park Capital Co., Ltd. (formerly, Dongwha Capital), for the six-month periods ended June 30, 2020 and 2019.

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES
Notes to the Condensed Interim Consolidated Financial Statements
as of June 30, 2020, and December 31, 2019, and
for the Three-Month and Six-Month Periods Ended June 30, 2020 And 2019

Compensation for key management for the six-month periods ended June 30, 2020 and 2019, is as follows:

<i>(In millions of Korean won)</i>	2020		2019	
Short-term employee benefits	₩	1,094	₩	1,080
Share-based payment		266		770
Postemployment benefits		370		386
	₩	<u>1,730</u>	₩	<u>2,236</u>

The Group purchased loans receivable ₩5,138 million (2018: ₩28,965 million) from M-park Capital Co., Ltd., a joint venture, for the six-month periods ended June 30, 2020 and 2019.