

BNK FINANCIAL GROUP INC.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

**AS OF JUNE 30, 2021, AND DECEMBER 31, 2020,
AND FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED JUNE 30, 2021 AND 2020**

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

BNK FINANCIAL GROUP INC.

BNK Financial Group Inc.

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**As of June 30, 2021, and December 31, 2020, and
for the three-month and six-month periods ended June 30, 2021 and 2020**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean on August 17, 2021

To the Shareholders and the Board of Directors of
BNK Financial Group Inc.:

Report on the Condensed Interim Separate Financial Statements

We have reviewed the accompanying condensed interim separate financial statements of BNK Financial Group Inc. (the "Company"). The condensed interim separate financial statements consist of the condensed interim separate statement of financial position as of June 30, 2021, the related condensed interim separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, and the related condensed interim separate statements of changes in equity and condensed interim separate statements of cash flows for the six-month periods ended June 30, 2021 and 2020, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Interim Separate Financial Statements

The Company's management is responsible for the preparation and fair presentation of the accompanying condensed interim separate 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 separate 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 separate 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 reviews, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial statements of the Company are not presented fairly, in all material respects, in accordance with K-IFRS 1034, *Interim Financial Reporting*.

Others

We have audited the separate statement of financial position as of December 31, 2020, and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion in our independent auditors' report dated March 18, 2021. The accompanying separate statement of financial position as of December 31, 2020, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

Deloitte Idnjin LLC

August 17, 2021

Notice to Readers

This report is effective as of August 17, 2021, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the independent accountants' review report date and the time the independent accountants' review report is read. Such events or circumstances could significantly affect the condensed interim separate financial statements and may result in modifications to the independent accountants' review report.

BNK FINANCIAL GROUP INC.

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS
AS OF JUNE 30, 2021, AND DECEMBER 31, 2020,
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020

The accompanying condensed interim separate 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) 051-642-3300

BNK Financial Group Inc.
Condensed Interim Separate Statements of Financial Position
As of June 30, 2021 and December 31, 2020

<i>(In thousands of Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
Assets			
Cash and due from banks	5,6	₩ 102,626,859	₩ 87,759,028
Investments in subsidiaries	7	6,423,937,231	6,153,937,231
Loans and receivables	4,5,6	114,925,843	106,463,762
Property and equipment	8	6,419,148	5,474,991
Intangible assets	9	15,430,632	14,633,496
Other assets	10	2,151,102	1,848,706
Total assets		<u>₩ 6,665,490,815</u>	<u>₩ 6,370,117,214</u>
Liabilities			
Debentures	5,11	₩ 1,248,434,279	₩ 1,078,584,934
Net defined benefit liabilities	12	5,807,080	9,603,203
Current tax liabilities	14	94,005,500	86,237,630
Provisions	13	179,720	193,039
Other liabilities	5,14	12,894,169	13,489,882
Total liabilities		<u>1,361,320,748</u>	<u>1,188,108,688</u>
Equity			
Share capital	15	1,629,676,230	1,629,676,230
Hybrid equity securities	15	827,392,477	827,392,477
Other paid-in capital	15	2,270,038,314	2,269,301,272
Other components of equity	15	(5,411,105)	(4,991,540)
Retained earnings	16	582,474,151	460,630,087
Total equity		<u>5,304,170,067</u>	<u>5,182,008,526</u>
Total liabilities and equity		<u>₩ 6,665,490,815</u>	<u>₩ 6,370,117,214</u>

See notes to condensed interim separate financial statements.

BNK Financial Group Inc.
Condensed Interim Separate Statements of Comprehensive Income
For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

		Periods ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
(In thousands of Korean won, except per share amounts)	Notes	Three months	Six months	Three months	Six months
Net interest expenses	17				
Interest income		₩ 88,882	₩ 176,148	₩ 95,134	₩ 282,905
Interest expenses		(6,052,587)	(11,876,376)	(7,058,017)	(13,942,942)
		<u>(5,963,705)</u>	<u>(11,700,228)</u>	<u>(6,962,883)</u>	<u>(13,660,037)</u>
Net fee and commission income	18				
Commission income		2,326,650	4,652,900	2,718,150	5,433,850
Commission expenses		(811,640)	(990,161)	(335,851)	(495,724)
		<u>1,515,010</u>	<u>3,662,739</u>	<u>2,382,299</u>	<u>4,938,126</u>
Dividend income		92,000,000	270,016,785	-	130,077,004
General and administrative expense	19	(10,057,347)	(19,470,950)	(8,444,484)	(15,923,062)
Operating profit (loss)		<u>77,493,958</u>	<u>242,508,346</u>	<u>(13,025,068)</u>	<u>105,432,031</u>
Non-operating income (expense)	20				
Non-operating income		87,004	320,990	43,545	133,134
Non-operating expense		(148,126)	(732,596)	(90,700)	(126,470)
		<u>(61,122)</u>	<u>(411,606)</u>	<u>(47,155)</u>	<u>6,664</u>
Profit (loss) before income tax expense		77,432,836	242,096,740	(13,072,223)	105,438,695
Income tax expense		-	-	-	-
Profit (loss) for the period		<u>77,432,836</u>	<u>242,096,740</u>	<u>(13,072,223)</u>	<u>105,438,695</u>
Other comprehensive income (loss), net of tax					
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities		(1,453,987)	(419,565)	247,902	(708,878)
		<u>(1,453,987)</u>	<u>(419,565)</u>	<u>247,902</u>	<u>(708,878)</u>
Total comprehensive income (loss) for the period		<u>₩ 75,978,849</u>	<u>₩ 241,677,175</u>	<u>₩ (12,824,321)</u>	<u>₩ 104,729,817</u>
Earnings (losses) per share (in Korean won)	21				
Basic and diluted earnings (losses) per share		₩ 214	₩ 698	₩ (67)	₩ 274

See notes to condensed interim separate financial statements.

BNK Financial Group Inc.

Condensed Interim Separate Statements of Changes in Equity For the Six-Month Periods Ended June 30, 2021 and 2020

(In thousands of Korean won)

	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total
Balance at January 1, 2020	₩ 1,629,676,230	₩ 707,874,320	₩ 2,276,821,837	₩ (4,062,913)	₩ 360,494,820	₩ 4,970,804,294
Acquisition of treasury shares	-	-	(6,997,497)	-	-	(6,997,497)
Disposal of treasury shares	-	-	69,826	-	-	69,826
Issuance of hybrid equity securities	-	249,213,782	-	-	-	249,213,782
Repayment of hybrid equity securities	-	(79,759,605)	(240,395)	-	-	(80,000,000)
Dividends on hybrid equity securities	-	-	-	-	(16,301,250)	(16,301,250)
Dividends	-	-	-	-	(117,331,341)	(117,331,341)
Total comprehensive income						
Profit for the period	-	-	-	-	105,438,694	105,438,694
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	-	-	(708,878)	-	(708,878)
Balance at June 30, 2020 (Unaudited)	<u>₩ 1,629,676,230</u>	<u>₩ 877,328,497</u>	<u>₩ 2,269,653,771</u>	<u>₩ (4,771,791)</u>	<u>₩ 332,300,923</u>	<u>₩ 5,104,187,630</u>
Balance at January 1, 2021	₩ 1,629,676,230	₩ 827,392,477	₩ 2,269,301,272	₩ (4,991,540)	₩ 460,630,087	₩ 5,182,008,526
Changes in capital adjustments	-	-	737,042	-	(737,042)	-
Dividends on hybrid equity securities	-	-	-	-	(15,697,500)	(15,697,500)
Dividends	-	-	-	-	(103,818,134)	(103,818,134)
Total comprehensive income						
Profit for the period	-	-	-	-	242,096,740	242,096,740
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	-	-	(419,565)	-	(419,565)
Balance at June 30, 2021 (Unaudited)	<u>₩ 1,629,676,230</u>	<u>₩ 827,392,477</u>	<u>₩ 2,270,038,314</u>	<u>₩ (5,411,105)</u>	<u>₩ 582,474,151</u>	<u>₩ 5,304,170,067</u>

See notes to condensed interim separate financial statements.

BNK Financial Group Inc.

Condensed Interim Separate Statements of Cash Flows For the Six-Month Periods Ended June 30, 2021 and 2020

	2021		2020	
(In thousands of Korean won)	(Unaudited)		(Unaudited)	
Cash flows from operating activities				
Profit for the period	₩	242,096,740	₩	105,438,694
Adjustments to profit for the period:				
Interest income		(176,148)		(282,905)
Interest expense		11,876,376		13,942,942
Depreciation		943,069		874,969
Amortization		228,457		88,224
Loss (gain) on disposal of property and equipment		79,023		(997)
Loss on disposal of intangible assets		19,815		-
Postemployment benefits		969,471		1,199,185
Dividend income		(270,016,785)		(130,077,004)
Other non-operating income		(12,998)		-
		<u>(256,089,720)</u>		<u>(114,255,586)</u>
Changes in operating assets and liabilities:				
Decrease (increase) in receivables		26		(13,617)
Decrease in net defined benefit liabilities		(5,185,158)		(927,324)
Decrease (increase) in other assets		(302,396)		85,160
Decrease in provisions		(93,635)		-
Decrease in other liabilities		<u>(2,069,471)</u>		<u>(2,036,843)</u>
		<u>(7,650,634)</u>		<u>(2,892,624)</u>
Interest received		6,925		88,814
Interest paid		(11,029,475)		(13,334,050)
Dividend received		<u>270,016,785</u>		<u>130,077,004</u>
Net cash inflow from operating activities		<u>237,350,621</u>		<u>105,122,252</u>
Cash flows from investing activities				
Increase in investments in subsidiaries		(270,000,000)		(100,000,000)
Decrease in investments in subsidiaries		-		120,000
Payments for property and equipment		(499,878)		(3,343,220)
Proceeds from disposal of property and equipment		4,364		1,250
Payments for intangible assets		(1,354,499)		(9,670)
Proceeds from disposal of intangible assets		309,091		-
Decrease (increase) in lease deposits provided		<u>(545,993)</u>		<u>910,757</u>
Net cash outflow from investing activities		<u>(272,086,915)</u>		<u>(102,320,883)</u>
Cash flows from financing activities				
Proceeds from issuance of debentures		299,475,662		199,553,312
Repayment of debentures		(130,000,000)		(100,000,000)
Repayment of lease liabilities		(355,925)		(275,646)
Payment of dividends		(103,818,110)		(117,331,309)
Proceeds from issuance of hybrid equity securities		-		249,213,782
Repayment of hybrid equity securities		-		(80,000,000)
Dividends paid on hybrid equity securities		(15,697,500)		(16,301,250)
Acquisition of treasury shares		-		(6,997,497)
Disposal of treasury shares		-		69,826
Net cash inflow from financing activities		<u>49,604,127</u>		<u>127,931,218</u>
Net increase in cash and cash equivalents		<u>14,867,833</u>		<u>130,732,587</u>
Cash and cash equivalents at the beginning of the period		<u>87,759,028</u>		<u>79,370,284</u>
Cash and cash equivalents at the end of the period	₩	102,626,861	₩	210,102,871

See notes to condensed interim separate financial statements.

BNK Financial Group Inc.
Notes to Condensed Interim Separate Financial Statements
As of June 30, 2021, and December 31, 2020, and
For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

1. GENERAL INFORMATION:

BNK Financial Group Inc. (the “Company”) was established on March 15, 2011, pursuant to a “comprehensive shares transfer” under the Financial Holding Companies Act, whereby holders of ordinary shares of Busan Bank Co., Ltd.; BNK Securities Co., Ltd.; BNK Capital Co., Ltd.; and BNK Credit Information Co., Ltd. transferred shares to the Company and in return received shares of the Company’s ordinary shares in order to control, manage and provide financial support to subsidiaries or financial industry-related subsidiaries.

Meanwhile, the Company established BNK System Co., Ltd. and BNK Savings Bank Co., Ltd. as its subsidiaries with 100% share in 2011 and obtained 56.97% share in Kyongnam Bank Co., Ltd. in October 2014, after which the Company proceeded to take over the rest of Kyongnam Bank Co., Ltd.’s shares through general exchange of shares on June 4, 2015. In July 2015, the Company obtained 51.01% shares of BNK Asset Management Co., Ltd. through acquisition and issue of shares and incorporated it as its subsidiary. In December 2017, the Company took over the rest of BNK Asset Management Co., Ltd.’s shares, and accordingly, it became a wholly owned subsidiary of the Company. In November 2019, the Company also obtained 100% of shares in BNK Venture Capital Co., Ltd. and established it as a wholly owned subsidiary.

The Company’s headquarters is located at Busan Nam-gu Munhyeongeumyung-ro, 30.

Meanwhile, the Company’s share capital as of June 30, 2021, amounts to ₩1,629,676 million with 325,935,246 outstanding shares.

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these condensed interim separate 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 Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with Korean International Financial Reporting Standards (“K-IFRSs”). The accompanying condensed interim separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Company’s condensed interim separate financial statements as of and for the six-month periods ended June 30, 2021 and 2020, have been prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. It is necessary to use the Company’s annual separate financial statements as of and for the year ended December 31, 2020, for understanding the accompanying condensed interim separate financial statements.

BNK Financial Group Inc.
Notes to Condensed Interim Separate Financial Statements
As of June 30, 2021, and December 31, 2020, and
For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

Significant accounting policies used in the preparation of the condensed interim separate financial statements are consistent with those of the separate financial statements as of and for the year ended December 31, 2020, except for the impact due to the application of amendment and enactments of standards described below.

(a) New and amended standards and interpretations adopted by the Company and the changes in the accounting policies are as follows:

- K-IFRS 1116, *Lease* (amendment)

In March 2021, the International Accounting Standards Board amended K-IFRS 1116, *Lease*, to extend the application period of the practical expedient by one year, which provides a practical and simple method for the lessee to evaluate whether the rent concession that occurred as a result of the Coronavirus Infectious Disease 19 (COVID-19) pandemic is a lease change. The lessee who chooses to apply this practical and simple method shall account for changes in lease fees, such as rent concession, consistently with the method described by the K-IFRS, unless such changes are lease changes. On the other hand, the practical and simple method according to the amendment will not be provided to the lessor.

The practical and 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.
- The lease concession only affects lease payments due before June 30, 2022.
- Other lease terms and conditions remain substantially unchanged.
- Amendments to K-IFRS 1109, *Financial Instruments*; K-IFRS 1039, *Financial Instruments: Recognition and Measurement*; K-IFRS 1107, *Financial Instruments: Disclosure*; K-IFRS 1104, *Insurance Contracts*; and K-IFRS 1116, *Lease – Reform of Interest Rate Index*.

In relation to the reform of interest rate index, the amendments provide exceptions, including adjusting effective interest rate instead of book amounts when interest rate index of financial instruments at amortized costs is replaced and applying hedge accounting without discontinuance, although the interest rate index is replaced in hedging relationship. The amendments also provide exceptions that apply discount rate reflecting a new alternative interest rate index for lease change according to the reform of interest rate index. The Company does not expect that these amendments will have a significant impact on its condensed interim separate financial statements.

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For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

(b) The K-IFRSs that have been published, are not mandatory for June 30, 2021, reporting periods and have not been early adopted by the Company:

- K-IFRS 1103, *Reference to the Conceptual Framework* (amendments)

The amendments update K-IFRS 1103 so that it refers to the Conceptual Framework (2018) instead of the Framework (2007). They also add to K-IFRS 1103 a requirement that, for obligations within the scope of K-IFRS 1037, an acquirer applies K-IFRS 1037 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of K-IFRS 2121, *Levies*, the acquirer applies K-IFRS 2121 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Earlier application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

- K-IFRS 1016, *Property, Plant and Equipment* (amendments)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with K-IFRS 1002, *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly.' K-IFRS 1016 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes.

If not presented separately in the separate statements of comprehensive income, the separate financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the separate statements of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the separate financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted.

BNK Financial Group Inc.
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- Amendment to K-IFRS 1037, *Onerous Contracts: Contract Performance Costs*

The amendment clarifies that the cost of executing a contract consists of costs directly related to the contract. The costs directly related to the contract consist of the incremental costs of performing the contract (e.g., direct labor costs and direct material costs) and other directly related cost distributions (e.g., depreciation costs of property, plant and equipment used to perform the contract).

The amendment applies to contracts in which the performance of all obligations has not been completed at the commencement date of the fiscal year in which this amendment is first applied. The comparative separate financial statements do not restate, but recognize the cumulative effect of applying the amendment for the first time as retained earnings at the date of initial application or, where appropriate, other components of equity.

This amendment will be applied from the fiscal year starting on or after January 1, 2022, and early application is permitted.

- Annual Improvements to K-IFRS 2018–2020 Cycle

These annual improvements include partial amendments to K-IFRS 1109, *Financial Instruments*, and K-IFRS 1116, *Lease*.

(i) K-IFRS 1109, *Financial Instruments*

The amendment clarifies that when applying the '10%' test to assess the derecognition of a financial liability, it includes only fees received or paid between the entity (borrower) and the lender, including fees paid or received on behalf of another party. The amendment will be applied prospectively to changes and exchanges that have occurred after the initial application date. This amendment will be applied from the fiscal year starting on or after January 1, 2022, and early application is permitted.

(ii) K-IFRS 1116, *Leases*

The amendment deleted the details of the lease improvement reimbursement in Case 13 of K-IFRS 1116. The date of implementation has not been separately defined, as this amendment is only relevant to the application case.

2.2 Significant Accounting Policies

Significant accounting policies and method of computation used in the preparation of the condensed interim separate financial statements are consistent with those of the separate financial statements as of and for the year ended December 31, 2020, except for the changes due to the application of amendments and enactments of standards described in Note 2.1.(a) and the one 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.

BNK Financial Group Inc.
Notes to Condensed Interim Separate Financial Statements
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For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of condensed interim separate financial statements requires the Company 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 separate financial statements are the same as those applied to the separate financial statements as of and for the year ended December 31, 2020, except for the following:

3.1 Uncertainty Due to the COVID-19 Pandemic

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 Company's expected credit losses for certain portfolios and a decline in the fair value of financial instruments.

The Company 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 condensed interim separate financial statements may change. The Company is continuously monitoring the impact of COVID-19 through the key market indicators, delinquency rates and liquidity ratios.

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For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020

4. FINANCIAL RISK MANAGEMENT:

The financial risks that the Company is exposed to are credit risk, liquidity risk, operation risk and others.

4.1 Credit Risk

Loans and receivables by credit risk category as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>		June 30, 2021		December 31, 2020
Loans and receivables	₩	114,925,843	₩	106,463,762

Credit risk by impairment of loans and receivables is summarized as of June 30, 2021, and December 31, 2020, as follows:

*(In thousands of
Korean won)*

	June 30, 2021					
	12 months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
		Unrecognized impairment	Recognized impairment			
Loans and receivables						
Non-trade receivables	₩ 94,005,500	₩ -	₩ -	₩ 94,005,500	₩ -	₩ 94,005,500
Guarantee deposits provided	20,918,253	-	-	20,918,253	-	20,918,253
Accrued income	2,090	-	-	2,090	-	2,090
	<u>₩114,925,843</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩114,925,843</u>	<u>₩ -</u>	<u>₩114,925,843</u>

*(In thousands of
Korean won)*

	December 31, 2020					
	12 months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
		Unrecognized impairment	Recognized impairment			
Loans and receivables						
Non-trade receivables	₩ 86,237,656	₩ -	₩ -	₩ 86,237,656	₩ -	₩ 86,237,656
Guarantee deposits provided	20,224,655	-	-	20,224,655	-	20,224,655
Accrued income	1,451	-	-	1,451	-	1,451
	<u>₩106,463,762</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩106,463,762</u>	<u>₩ -</u>	<u>₩106,463,762</u>

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4.2 Capital Management

In accordance with the Regulation on Supervision of Financial Holding Companies, for capital risk management, the Company monitors its capital by measuring debt-to-equity ratio (total liabilities divided by total equity) and doubles leverage ratio (total capital investment in subsidiaries divided by total equity).

5. FAIR VALUE:

5.1 Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)

	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost:				
Cash and due from banks	₩ 102,626,859	₩ 102,626,859	₩ 87,759,028	₩ 87,759,028
Loans and receivables	114,925,843	114,925,843	106,463,762	106,463,762
	<u>₩ 217,552,702</u>	<u>₩ 217,552,702</u>	<u>₩ 194,222,790</u>	<u>₩ 194,222,790</u>
Financial liabilities at amortized cost:				
Debentures	₩ 1,248,434,279	₩ 1,255,226,760	₩ 1,078,584,934	₩ 1,098,781,440
Other financial liabilities ¹	9,952,236	9,952,236	11,385,109	11,385,109
	<u>₩ 1,258,386,515</u>	<u>₩ 1,265,178,996</u>	<u>₩ 1,089,970,043</u>	<u>₩ 1,110,166,549</u>

¹ Other financial liabilities consist of non-trade receivables and accrued expenses.

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5.2 Fair Value Assessment Method and Assumptions

Fair value assessment method and assumptions are as follows:

Classification	Fair value measurement technique
Cash and due from banks	The carrying amount of cash is regarded as fair value. Carrying amount of demand deposit is regarded as fair value as it does not have maturity and the amount approximates the fair value. Discounted Cash Flow ("DCF") Model is used to determine the fair value of general deposits. For the general deposits with the residual maturities of less than three months as at the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Loans and receivables	For the loans and receivables with the residual maturities of less than three months as at the closing date and the ones with reset period of less than three months, the carrying amount is regarded as fair value. Among receivables, deposits provided are mostly considered as intragroup transactions; so, any new or renewed lease transactions are subject to the approval of the board of directors in pursuant to the Article No. 398 of the Commercial Law and the policy of the board of directors. The carrying amounts of deposits provided are regarded as fair value since the contracts have been kept considering fluctuation rate of officially assessed individual land price, comparisons with local lease cases and others for fair trade.
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.

5.3 Fair Value Hierarchy of Financial Instruments Subsequently Not Measured at Fair Value

The fair value hierarchy of financial assets and liabilities subsequently not measured at fair value as of June 30, 2021, and December 31, 2020, is as follows:

(In thousands of Korean won)

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and due from banks	₩ -	₩ 102,626,859	₩ -	₩ 102,626,859
Loans and receivables ¹	-	-	114,925,843	114,925,843
	₩ -	₩ 102,626,859	₩ 114,925,843	₩ 217,552,702
Financial liabilities:				
Debentures	₩ -	₩ 1,255,226,760	₩ -	₩ 1,255,226,760
Other financial liabilities ¹	-	-	9,952,236	9,952,236
	₩ -	₩ 1,255,226,760	₩ 9,952,236	₩ 1,265,178,996

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(In thousands of Korean won)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and due from banks	₩ -	₩ 87,759,028	₩ -	₩ 87,759,028
Loans and receivables ¹	-	-	106,463,762	106,463,762
	₩ -	₩ 87,759,028	₩ 106,463,762	₩ 194,222,790
Financial liabilities:				
Debentures	₩ -	₩ 1,098,781,440	₩ -	₩ 1,098,781,440
Other financial liabilities ¹	-	-	11,385,109	11,385,109
	₩ -	₩ 1,098,781,440	₩ 11,385,109	₩ 1,110,166,549

¹ The carrying amounts of loans and receivables and other financial liabilities at amortized cost, which are classified to Level 3, are disclosed in approximation of fair value.

Valuation techniques and inputs of financial assets and liabilities subsequently not measured at fair value whose fair values are classified as Level 2 as of June 30, 2021, and December 31, 2020, are as follows. However, fair value hierarchy, valuation technique and inputs of items whose carrying amount is a reasonable approximation of fair value are not disclosed.

(In thousands of Korean won)

	Fair value		Valuation techniques	Input
	June 30, 2021	December 31, 2020		
Financial liabilities:				
Debentures	₩ 1,255,226,760	₩ 1,098,781,440	DCF Model	Discount rate

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6. FINANCIAL ASSETS:

6.1 Cash and Due from Banks

Restricted cash and due from banks as of June 30, 2021, and December 31, 2020, consist of the following:

(In thousands of Korean won)

Classification	Financial institution	Interest rate (%)		June 30, 2021		December 31, 2020
Checking deposits	Busan Bank Co., Ltd.	0.01	₩	98,260,755	₩	84,787,136
Corporate savings deposits	Busan Bank Co., Ltd.	0.01~0.20		4,366,104		2,971,892
			₩	<u>102,626,859</u>	₩	<u>87,759,028</u>

6.2 Loans and Receivables

Loans and receivables as of June 30, 2021, and December 31, 2020, consist of the following:

(In thousands of Korean won)

		June 30, 2021		December 31, 2020
Accounts receivable	₩	94,005,500	₩	86,237,656
Guarantee deposits provided		2,090		1,451
Accrued income		21,518,751		20,972,758
Present value discount (deposit)		(600,498)		(748,103)
	₩	<u>114,925,843</u>	₩	<u>106,463,762</u>

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7. INVESTMENTS IN SUBSIDIARIES:

The details of investments in subsidiaries as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)

Name of subsidiaries	Location	June 30, 2021	
		Percentage of ownership	Book amount
Busan Bank Co., Ltd.	Korea	100%	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	100%	1,949,160,438
BNK Capital Co., Ltd.	Korea	100%	378,488,236
BNK Securities Co., Ltd.	Korea	100%	784,166,758
BNK Savings Bank Co., Ltd.	Korea	100%	115,000,600
BNK Asset Management Co., Ltd.	Korea	100%	156,930,000
BNK Credit Information Co., Ltd.	Korea	100%	11,451,045
BNK System Co., Ltd.	Korea	100%	10,000,000
BNK Venture Capital Co., Ltd.	Korea	100%	50,600,000
			<u>₩ 6,423,937,231</u>

(In thousands of Korean won)

Name of subsidiaries	Location	December 31, 2020	
		Percentage of ownership	Book amount
Busan Bank Co., Ltd.	Korea	100%	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	100%	1,949,160,438
BNK Capital Co., Ltd.	Korea	100%	378,488,236
BNK Securities Co., Ltd.	Korea	100%	584,166,758
BNK Savings Bank Co., Ltd.	Korea	100%	115,000,600
BNK Asset Management Co., Ltd.	Korea	100%	106,930,000
BNK Credit Information Co., Ltd.	Korea	100%	11,451,045
BNK System Co., Ltd.	Korea	100%	10,000,000
BNK Venture Capital Co., Ltd.	Korea	100%	30,600,000
			<u>₩ 6,153,937,231</u>

Changes in investments in subsidiaries for the six-month period ended June 30, 2021, and the year ended December 31, 2020, are as follows:

(In thousands of Korean won)

	June 30, 2021	December 31, 2020
Beginning balance	₩ 6,153,937,231	₩ 5,900,057,231
Acquisition	270,000,000	254,000,000
Disposal	-	(120,000)
Ending balance	<u>₩ 6,423,937,231</u>	<u>₩ 6,153,937,231</u>

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8. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(In thousands of Korean won)</i>	2021				
	Beginning balance	Acquisitions	Disposal	Depreciation	Ending balance
Land	₩ 660,865	₩ -	₩ -	₩ -	₩ 660,865
Buildings	1,620,811	-	-	(16,511)	1,604,300
Leasehold improvement	448,714	309,820	(71,809)	(113,364)	573,361
Business movable assets	1,168,518	185,375	(1)	(293,015)	1,060,877
Right-of-use asset	1,373,703	1,943,637	(479,796)	(520,179)	2,317,365
Construction in progress	202,380	-	-	-	202,380
	<u>₩ 5,474,991</u>	<u>₩ 2,438,832</u>	<u>₩ (551,606)</u>	<u>₩ (943,069)</u>	<u>₩ 6,419,148</u>

<i>(In thousands of Korean won)</i>	2020				
	Beginning balance	Acquisitions	Disposal	Depreciation	Ending balance
Land	₩ -	₩ 660,865	₩ -	₩ -	₩ 660,865
Buildings	-	1,651,081	-	(13,759)	1,637,322
Leasehold improvement	602,299	31,870	-	(96,226)	537,943
Business movable assets	1,635,383	52,294	(1)	(320,792)	1,366,884
Right-of-use asset	981,899	1,110,165	(20,330)	(444,192)	1,627,542
Construction in progress	8,533,788	943,211	-	-	9,476,999
	<u>₩ 11,753,369</u>	<u>₩ 4,449,486</u>	<u>₩ (20,331)</u>	<u>₩ (874,969)</u>	<u>₩ 15,307,555</u>

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9. INTANGIBLE ASSETS:

Changes in intangible assets for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)	2021					
	Beginning balance	Acquisitions	Amortization	Disposal	Transfer	Ending balance
Software	₩ 751,468	₩ 200,681	₩ (102,851)	₩ -	₩ -	₩ 849,298
Development cost	917,027	-	(125,606)	-	960,306	1,751,727
Construction in progress (intangible)	9,554,629	1,153,818	-	-	(960,306)	9,748,141
Right of membership	3,305,107	-	-	(328,906)	-	2,976,201
Trademark	105,265	-	-	-	-	105,265
	₩ 14,633,496	₩ 1,354,499	₩ (228,457)	₩ (328,906)	₩ -	₩ 15,430,632

(In thousands of Korean won)	2020				
	Beginning balance	Acquisitions	Amortization	Disposal	Ending balance
Software	₩ 799,037	₩ 7,487	₩ (88,224)	₩ -	₩ 718,300
Right of membership	3,302,924	2,183	-	-	3,305,107
Trademark	104,591	-	-	-	104,591
	₩ 4,206,552	₩ 9,670	₩ (88,224)	₩ -	₩ 4,127,998

10. OTHER ASSETS:

The details of other assets as of June 30, 2021, and December 31, 2020, consist of the following:

(In thousands of Korean won)	June 30, 2021	December 31, 2020
Advance payments and others	₩ 2,151,102	₩ 1,848,706

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11. DEBENTURES:

The details of debentures as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>	Issuance date	Maturity date	Interest rate as at June 30, 2021 (%)	June 30, 2021	December 31, 2020
16th non-guaranteed coupon bonds	2016-01-15	2021-01-15	2.07	₩ -	₩ 50,000,000
21-3rd non-guaranteed coupon bonds	2017-05-30	2022-05-30	2.37	30,000,000	30,000,000
22nd non-guaranteed coupon bonds	2017-09-26	2022-09-26	2.46	100,000,000	100,000,000
23rd non-guaranteed coupon bonds	2018-05-25	2023-05-25	2.90	100,000,000	100,000,000
24th non-guaranteed coupon bonds	2018-06-26	2021-06-26	2.62	-	80,000,000
25-1st non-guaranteed coupon bonds	2018-08-23	2023-08-23	2.54	100,000,000	100,000,000
25-2nd non-guaranteed coupon bonds	2018-08-23	2028-08-23	2.75	30,000,000	30,000,000
26th non-guaranteed coupon bonds	2019-06-14	2024-06-14	1.78	100,000,000	100,000,000
27th non-guaranteed coupon bonds	2019-07-26	2024-07-26	1.60	90,000,000	90,000,000
28th non-guaranteed coupon bonds	2020-04-27	2022-04-27	1.61	100,000,000	100,000,000
29th non-guaranteed coupon bonds	2020-05-22	2023-05-22	1.42	100,000,000	100,000,000
30th non-guaranteed coupon bonds	2020-07-14	2022-07-14	1.14	100,000,000	100,000,000
31st non-guaranteed coupon bonds	2020-10-29	2023-10-29	1.23	100,000,000	100,000,000
32nd non-guaranteed coupon bonds	2021-01-12	2026-01-12	1.58	100,000,000	-
33rd non-guaranteed coupon bonds	2021-01-26	2024-01-26	1.23	100,000,000	-
34th non-guaranteed coupon bonds	2021-05-31	2026-05-31	1.92	100,000,000	-
				<u>1,250,000,000</u>	<u>1,080,000,000</u>
				<u>(1,565,721)</u>	<u>(1,415,066)</u>
				<u>₩ 1,248,434,279</u>	<u>₩ 1,078,584,934</u>

Less: Present value discounts

The above non-guaranteed coupon bonds are fully repaid at maturity.

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Details of issuance and repayment of debentures for the six-month periods ended June 30, 2021 and 2020, are as follows:

	2021			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,080,000,000	₩ 300,000,000	₩ (130,000,000)	₩ 1,250,000,000

	2020			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,030,000,000	₩ 200,000,000	₩ (100,000,000)	₩ 1,130,000,000

12. POSTEMPLOYMENT BENEFITS:

Details of net defined benefit liabilities recognized in the condensed interim separate statements of financial position as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)	June 30, 2021		December 31, 2020	
Present value of funded defined benefit obligations	₩	11,988,538	₩	15,505,386
Fair value of plan assets		(6,181,458)		(5,902,183)
Net defined benefit liabilities	₩	5,807,080	₩	9,603,203

Income and expenses related to net defined benefit liabilities (assets) for the six-month periods ended June 30, 2020 and 2019, are as follows:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Total
Current service cost	₩ 867,809	₩ -	₩ 867,809
Interest expenses (income)	181,500	(82,416)	99,084
Gain on settlements	2,577	-	2,577
	₩ 1,051,886	₩ (82,416)	₩ 969,470

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(In thousands of Korean won)

(In thousands of Korean won)	2020				
	Present value of defined benefit obligation		Fair value of plan assets		Total
Current service cost	₩	1,122,268	₩	-	₩ 1,122,268
Interest expenses (income)		149,058		(72,141)	76,917
	₩	1,271,326	₩	(72,141)	₩ 1,199,185

13. PROVISIONS:

Details of provisions for other liabilities and charges as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)

	June 30, 2021		December 31, 2020	
Provision for restoration costs	₩	79,720	₩	93,039
Provision for litigation		100,000		100,000
	₩	179,720	₩	193,039

Changes in provision for other liabilities and charges for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 93,039	₩ 80,315	₩ (93,634)	₩ -	₩ 79,720
Provision for litigation	100,000	-	-	-	100,000
	₩ 193,039	₩ 80,315	₩ (93,634)	₩ -	₩ 179,720

(In thousands of Korean won)

	2020				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 90,717	₩ 1,161	₩ -	₩ -	₩ 91,878
	₩ 90,717	₩ 1,161	₩ -	₩ -	₩ 91,878

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14. OTHER LIABILITIES:

Other liabilities as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>	June 30, 2021		December 31, 2020	
Non-trade payables	₩	7,921	₩	1,503,645
Accrued expenses		9,944,315		9,881,464
Lease liabilities		1,639,657		626,329
Others ¹		1,302,275		1,478,443
	₩	12,894,168	₩	13,489,881

¹ Others consist of suspense payables in Korean won, value-added tax withheld and miscellaneous liabilities.

Lease liabilities by term structures as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>		June 30, 2021				
		Less than 1 month	1 month– 3 months	3–12 months	1 year– 5 years	More than 5 years
Lease liabilities ¹	₩ 52,076	₩ 103,152	₩ 348,493	₩1,195,465	₩ -	₩ 1,699,186

<i>(In thousands of Korean won)</i>		December 31, 2020				
		Less than 1 month	1 month– 3 months	3–12 months	1 year– 5 years	More than 5 years
Lease liabilities ¹	₩ 42,136	₩ 72,446	₩ 231,853	₩300,102	₩ -	₩ 646,537

¹ The amounts disclosed above are undiscounted.

Cash outflow due to lease contracts for the six-month period ended June 30, 2021, is ₩378,501 thousand (₩298,223 thousand for the six-month period ended June 30, 2020).

Non-short-term leases recognized in the condensed interim separate statement of comprehensive income for the six-month period ended June 30, 2021, is ₩17,893 thousand (₩18,625 thousand for the six-month period ended June 30, 2020).

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15. SHARE CAPITAL AND OTHER PAID-IN CAPITAL:

(a) Share Capital

As of June 30, 2021, the Company has 700 million ordinary shares authorized with a par value per share of ₩5,000 and 325,935,246 shares have been issued. Share capital is ₩1,629,676 million.

(b) Hybrid Equity Securities

Hybrid equity securities classified as equity as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>	Issue date	Maturity	Interest rates (%)	June 30, 2021	December 31, 2020
	2015-06-24	2045-06-24	5.10	₩ 30,000,000	₩ 30,000,000
	2018-02-13	-	4.83	100,000,000	100,000,000
	2018-03-02	-	4.26	150,000,000	150,000,000
Hybrid equity	2019-02-20	-	3.74	100,000,000	100,000,000
securities in Korean	2019-08-29	-	3.20	100,000,000	100,000,000
won	2020-02-19	-	3.35	150,000,000	150,000,000
	2020-06-23	-	3.30	100,000,000	100,000,000
	2020-08-04	-	3.38	100,000,000	100,000,000
Issuance cost				<u>(2,607,523)</u>	<u>(2,607,523)</u>
				<u>₩ 827,392,477</u>	<u>₩ 827,392,477</u>

The Company can exercise its right to early repayment after 5 or 10 years from issuance of hybrid equity securities and the Company, on the maturity date, at its discretion may extend the maturity with the same term. In addition, if the Company decides not to pay dividends on the ordinary shares, it may not pay interest on the hybrid equity securities.

(c) Other Paid-In Capital

Other paid-in capital is the amount of difference in the acquisition cost of subsidiaries and par value of the Company's transfer shares, net of treasury shares acquired to eliminate fractional shares arising from the share exchange.

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(d) Other Components of Equity

Other components of equity for the six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(In thousands of Korean won)</i>	2021			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities	₩ (4,991,540)	₩ (419,565)	₩ -	₩ (5,411,105)

<i>(In thousands of Korean won)</i>	2020			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities	₩ (4,062,913)	₩ (708,878)	₩ -	₩ (4,771,791)

16. RETAINED EARNINGS:

Retained earnings as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In thousands of Korean won)</i>	June 30, 2021	December 31, 2020
Reserves:		
Earned profit reserves	₩ 120,514,407	₩ 95,483,407
Reserve for credit losses	431,000	518,000
Reserve for claims liability	2,000,000	2,000,000
Discretionary reserves	233,129,504	145,162,072
	<u>356,074,911</u>	<u>243,163,479</u>
Retained earnings before appropriation	<u>226,399,240</u>	<u>217,466,608</u>
	<u>₩ 582,474,151</u>	<u>₩ 460,630,087</u>

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 losses

In accordance with the Regulations for Supervision of Financial Holding Company, if provision for impairment under K-IFRSs is less than provisions that were calculated for the regulatory purpose, the Company is required to appropriate such shortfall amount as regulatory reserve for credit losses. The reserve for credit losses is included in retained earnings and is allowed to reduce the reserve amount required by the related financial regulation if the reserve for credit losses is over the required reserve. If there is an accumulated deficit, the reserve for credit losses is not appropriated until the undisposed accumulated deficit is disposed of.

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Balances of regulatory reserve for credit losses as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In thousands of Korean won)</i>	June 30, 2021	December 31, 2020
Provided regulatory reserve	₩ 431,000	₩ 518,000
Expected provision of reserve for credit losses (reversal)	37,000	(87,000)
	<u>₩ 468,000</u>	<u>₩ 431,000</u>

Expected provision of reserve for credit losses, adjusted profit (loss) after the expected provision of regulatory reserve and adjusted earnings (losses) per share after the expected provision of regulatory reserve for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(In thousands of Korean won, except for earnings per share)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Profit (loss) for the period	₩ 77,432,835	₩ 242,096,740	₩ (13,072,223)	₩ 105,438,694
Reversal of (provision for) reserve for credit losses	<u>64,000</u>	<u>(37,000)</u>	<u>268,000</u>	<u>62,000</u>
Adjusted profit (loss) after the reversal of (provision for) regulatory reserve ¹	<u>₩ 77,496,835</u>	<u>₩ 242,059,740</u>	<u>₩ (12,804,223)</u>	<u>₩ 105,500,694</u>
Adjusted earnings (losses) per share after the reversal of (provision for) regulatory reserve ¹ <i>(in Korean won)</i>	₩ 215	₩ 698	₩ (67)	₩ 274

¹ Profit (loss) and earnings (losses) per share after the expected provision of reserve for credit losses are not in accordance with K-IFRSs, but are calculated on the assumption that provision for or reversal of reserve for credit losses is adjusted to the profit (loss) for the period. Earnings (losses) per share after the expected provision of reserve for credit losses are presented net of dividends on hybrid equity securities.

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Details for acquisition and disposal of treasury stocks for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Number of stocks	Book value	Number of stocks	Book value
Beginning balance	1,503,577	₩ 6,997,497	14,855	₩ 213,973
Acquisition ¹	-	-	1,503,577	6,997,497
Disposal	-	-	(14,855)	(213,973)
Ending balance	1,503,577	₩ 6,997,497	1,503,577	₩ 6,997,497

¹ The Company signed a treasury stock trust contract with Korea Investment & Securities Co., Ltd. to improve shareholder value, through which treasury stock was acquired.

17. NET INTEREST LOSS:

Net interest loss and interest revenues and expenses for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Interest revenues:				
Cash and due from banks	₩ 4,703	₩ 7,564	₩ 6,173	₩ 90,514
Other interest revenues:				
Present value discounts	84,179	168,585	88,961	192,391
	88,882	176,149	95,134	282,905
Interest expenses:				
Debentures	(6,046,938)	(11,863,564)	(7,054,067)	(13,934,915)
Lease liabilities	(5,328)	(11,574)	(3,369)	(6,866)
Miscellaneous interest:				
Provision for restoration costs	(321)	(1,238)	(581)	(1,161)
	(6,052,587)	(11,876,376)	(7,058,017)	(13,942,942)
Net interest loss	₩ (5,963,705)	₩ (11,700,227)	₩ (6,962,883)	₩ (13,660,037)

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Net commission income and commission revenues and expenses for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Commission revenues:				
Brand revenues	₩ 2,326,250	₩ 4,652,500	₩ 2,714,750	₩ 5,429,500
Other commission revenues	400	400	3,400	4,350
	<u>2,326,650</u>	<u>4,652,900</u>	<u>2,718,150</u>	<u>5,433,850</u>
Commission expenses:				
Other commission expenses	(811,640)	(990,161)	(335,851)	(495,724)
Net commission income	<u>₩ 1,515,010</u>	<u>₩ 3,662,739</u>	<u>₩ 2,382,299</u>	<u>₩ 4,938,126</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Employee benefits:				
Salaries	₩ 5,682,406	₩ 10,881,537	₩ 4,399,702	₩ 8,017,337
Employee benefits	642,280	1,191,604	609,898	1,209,621
Postemployment benefits	391,818	1,029,262	599,593	1,199,185
Layoff benefit	-	-	441,388	441,388
	<u>6,716,504</u>	<u>13,102,403</u>	<u>6,050,581</u>	<u>10,867,531</u>
Rent expense	83,157	198,037	69,302	141,599
Business promotion expenses	317,045	758,366	294,954	599,173
Depreciation	436,227	943,069	432,966	874,969
Amortization	131,906	228,457	43,242	88,224
Taxes and dues	70,586	173,210	41,152	185,382
Service expenses	603,787	1,233,834	509,476	1,020,383
Advertising expenses	1,299,865	1,912,404	634,343	1,294,098
Other administrative expenses	398,270	921,170	368,468	851,703
	<u>₩ 10,057,347</u>	<u>₩ 19,470,950</u>	<u>₩ 8,444,484</u>	<u>₩ 15,923,062</u>

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(a) Share-based payments

The Company 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 are determined and paid in cash in accordance with achievement of performance targets over the vesting period.

The performance compensation shall be paid in cash of 40% by the chairman and the executive director and 60% by 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% based on the evaluation result of each of three years, and the remaining compensation is deferred in connection with the stock price for three years (however, from the grant in 2020, the payment will be deferred for three or five years in connection with the 100% stock price according to the evaluation result).

Changes in granted number of share options for the period ended June 30, 2021, and the year ended December 31, 2020, are as follows:

i) Linked to short-term performance

- Initially granted

(In shares)

	June 30, 2021	December 31, 2020
Beginning balance	226,730	184,353
Grant	-	140,899
Exercise	95,792	54,013
Others	-	(44,509)
Ending balance	<u>130,938</u>	<u>226,730</u>

ii) Linked to long-term performance

- Initially granted

(In shares)

	June 30, 2021	December 31, 2020
Beginning balance	372,008	95,114
Grant	597,959	305,585
Exercise	7,304	5,262
Others	(35,889)	(23,429)
Ending balance	<u>926,774</u>	<u>372,008</u>

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- Deferred grants

(In shares)

	Deferred grant	
	June 30, 2021	December 31, 2020
Beginning balance	15,854	20,469
Grant	26,621	10,346
Exercise	7,304	5,262
Others	-	(9,699)
Ending balance	35,171	15,854

Expenses recognized related to the share option granted for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Linked to short-term performance	₩ 657,833	₩ 1,190,675	₩ 430,805	₩ 339,153
Linked to long-term performance	1,134,318	2,316,243	444,941	418,141

Liabilities recognized related to the share option granted for the period ended June 30, 2021, and the year ended December 31, 2020, are as follows:

(In thousands of Korean won)

	June 30, 2021	December 31, 2020
Accrued expenses (short-term performance)	₩ 1,816,633	₩ 1,267,270
Accrued expenses (long-term performance)	3,780,346	1,673,681

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20. NET NON-OPERATING INCOME (LOSS):

Net non-operating income (loss) and non-operating revenues and expenses for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Non-operating revenues:				
Miscellaneous income	₩ 69,430	₩ 303,269	₩ 42,284	₩ 131,867
Gain on disposal of property and equipment	4,576	4,723	1,261	1,267
Gain on changes in leases	12,998	12,998	-	-
	<u>87,004</u>	<u>320,990</u>	<u>43,545</u>	<u>133,134</u>
Non-operating expenses:				
Donations	(39,200)	(592,100)	(90,700)	(126,200)
Loss on disposal of property and equipment	(11,937)	(11,937)	-	(270)
Loss on retirement of property and equipment	(71,809)	(71,809)	-	-
Restoration loss	(5,365)	(5,365)	-	-
Loss on disposal of intangible assets	(19,815)	(19,815)	-	-
Miscellaneous expense	-	(31,570)	-	-
	<u>(148,126)</u>	<u>(732,596)</u>	<u>(90,700)</u>	<u>(126,470)</u>
Net non-operating income (loss)	<u>₩ (61,122)</u>	<u>₩ (411,606)</u>	<u>₩ (47,155)</u>	<u>₩ 6,664</u>

21. EARNINGS (LOSSES) PER SHARE:

The weighted-average number of common shares outstanding for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In shares)

	2021		2020	
	Three months	Six months	Three months	Six months
Beginning number of common shares outstanding	324,431,669	324,431,669	324,417,980	325,920,391
Acquisition of treasury shares	-	-	(1,160)	(876,938)
Disposal of treasury shares	-	-	11,753	5,877
Weighted-average number of common shares outstanding	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,428,573</u>	<u>325,049,330</u>

BNK Financial Group Inc.**Notes to Condensed Interim Separate Financial Statements****As of June 30, 2021, and December 31, 2020, and****For the Three-Month and Six-Month Periods Ended June 30, 2021 and 2020**

Basic earnings (losses) per share for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

(In Korean won and shares)	2021		2020	
	Three months	Six months	Three months	Six months
Net profit (loss) for the period	₩ 77,432,834,705	₩ 242,096,740,098	₩ (13,072,223,182)	₩ 105,438,693,990
Dividends from hybrid equity securities	(7,848,750,000)	(15,697,500,000)	(8,778,750,000)	(16,301,250,000)
Profit (loss) attributable to ordinary equity holders	69,584,084,705	226,399,240,098	(21,850,973,182)	89,137,443,990
Weighted-average number of ordinary shares outstanding	324,431,669	324,431,669	324,428,573	325,049,330
Basic earnings (losses) per share	₩ 214	₩ 698	₩ (67)	₩ 274

Diluted earnings per share from continuing operations and diluted net earnings per share are computed by dividing the earnings from continuing operations and net earnings by the number of ordinary shares outstanding, plus dilutive securities outstanding during that period. Diluted earnings per share from continuing operations and diluted net earnings per share are not calculated because the Company had no dilutive potential ordinary shares during the period.

22. DIVIDENDS:

A dividend in respect of the year ended December 31, 2020, amounting to ₩103,818,134 thousand, was paid on April 7, 2021 (previous payment amounts to ₩117,331,341 thousand).

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23. RELATED-PARTY TRANSACTIONS:

Related parties as of June 30, 2021, are as follows:

Relationship	Name of the related party
Subsidiaries	Busan Bank Co., Ltd.; Kyongnam Bank Co., Ltd.; BNK Capital Co., Ltd.; BNK Securities Co., Ltd.; BNK Savings Bank Co., Ltd.; BNK Asset Management Co., Ltd.; BNK Credit Information Co., Ltd.; BNK System Co., Ltd.; BNK Venture Capital Co., Ltd.; BNK REPO PLUS Private Investment Trust No. 1; BNK-KN Southeast Region Job Creation Fund 1; BNK Luxembourg Core Office Real Estate Investment Trust; BNK Teun Teun Mid to Long-term Securities Investment Trust 1 (bond); Multi-Asset KLC VLOC Specialized Private Equity Investment Trust No. 1; BNK-SUNBO Buulgyeung Start-Up New Technology Business Investment Union No. 1; BNK Regional Balanced Growth Fund Partnership; BNK Fine Dust Resolution Fund Partnership; BNK Yeouido Core Office Real Estate; BNK Gangnam Core Office Real Estate; BNK Teun Teun Korea; BNK Samsung Electronics Small and Medium Securities Investment Trust No. 1; Multi-Asset PR VLOC Professional Private Securities Investment Trust 1 st ; BNK Sustainable ESG Securities Investment Trust 1 st ; BNK Multi-Core Private Real Estate Investment Trust 1 st ; BNK Value-Up Private Real Estate Investment Trust 1 st ; BNK Smart Untact Fund; BNK-Cape ESG Renewable Energy Fund No. 1; Trust accounts guaranteeing the repayment of principal and trust accounts guaranteeing a fixed rate of return and the repayment of principal, including mixed trust accounts (hereinafter referred to as "Trust Accounts"); HDC Dual Private Securities Investment Trust 1 st ; HDC Dual Private Securities Investment Trust 3 rd ; BNKC (Cambodia) MFI PLC; BNK Capital Myanmar Co., Ltd.; BNK Capital Lao Leasing Co., Ltd.; MFO BNK Finance Kazakhstan LLP; BNK Open Innovation Investment Association; BNK JANGAN CO., LTD.; KW Incheon 1st Co., Ltd.; HK Nangmindong 1st Co., Ltd.; DH Chungi 1st Co., Ltd.; BNK GEUMNAM CO., LTD.; BNK Global AI Securities Feeder Investment Trust H; BNK Ssum Global EMP Trust No. 1
Associates	BNK K200 Index Securities Investment Trust; Orion Mezzanine Multi-Professional Private; Anda Mezzanine Professional Investment Private No. 7; BNK-KN New Marine Industry Investment Association No. 1; BSK No. 9 Youth Startup Investment Association; BNK Inter-Value Technology Finance Investment Association No. 1; ANDA H Mezzanine 11; Hyundai Investments Leveraged Bond Hedge Fund No. 2; Hana UBS Professional Investment Private Security Investment Trust No. 7; DGB Professional Investment Private Security Investment Trust No. 28; Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st; Kyobo-Axa Alpha Plus Professional Private Securities Investment Trust J-8 (Bond); NH-Amundi Enhanced Bond Private Securities Investment Trust; Samsung Rafael Specialized Investment Private Equity Investment Trust No. 3; KB Leaders Professional Investment Private Security Investment Trust No. 12; KB Leaders Professional Investment Private Security Investment Trust No. 15; IBK Professional Investor Private Fund 15 [Bond-Balanced]; SH IPO Maturity Matching Professional Investment-Type Private Security Investment Trust No. 1 [Bond Hybrid]; Shinhan BNPP SG Rail Professional Private Special Asset Fund No. 1-2; KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12; Multi-Asset KDB Ocean Value-up Private Securities Investment Trust No. 15; Multi-Asset KDB Ocean Value-up Private Securities Investment Trust No. 21; Samsung Rafael Specialized Investment Private Equity Trust No. 1; SHBNPP Corporate Private Security Investment Trust 8th; IGIS Real Assets Solar Private Equity Fund No. 1; Consus Clean Water Private Securities Investment Trust 1st; Kiwoom Frontier Private Security Investment Trust 11th; Kiwoom Frontier Private Security Investment Trust 12th; Petra 7 Alpha Private Equity Partnership; Hana UBS Professional Investment

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Relationship

Name of the related party

Private Security Investment Trust No. 6; Heungkuk Discretionary Investment Specialized Private Equity Type 2; HDC Professional Specialized Private Fund 9 (bond); KB Leaders ESG Private Securities Fund No. 1 (bond); Kyobo-Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond); Hyundai Trust Professional Private Equity Fund No. 23 (bond); Kyobo-AXA Clean Energy Center Professional Private Placement Special Asset Fund; Shinhan Corporate Professional Investment-Type Private Securities Investment Trust No. 13 (bond); UBS HANA Professional Investor Private Investment Trust 10 (bond); KIAMCO Aviation Private Fund Special Asset Trust 1 Hedge Fund; KORAMCO Professional Investment No. 127; Rifa Logistics Private Real Estate Investment Trust 3; IGIS No. 331 Professional Investors' Private Real Estate Investment Trust; Melon Asset Professional Investment Private Equity Trust 13; IGIS No. 408 Professional Investors' Private Real Estate Investment Trust; IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust; BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund; Orion Kosdaq Venture #52, One Private Equity Fund II; Unistory IPO Private Equity Fund I; Kalonstar Private Equity Fund I; Mastern High Yield Private Equity Fund II; Daeduck High Yield Private Equity Fund III; Mastern Private Equity Fund I; Pharos High Yield Private Equity Fund II A-2; IBK Private Equity Fund I; Brighten IPO Private Equity Fund I; Eureka Event-Driven High Yield Private Equity Fund I; PNP IPO Private Equity Fund III C-s; NH IPO Private Equity Fund I; Redhill High Yield Private Equity Fund I; Ciel High Yield Private Equity Fund I; Redhill Private Equity Fund II; SPACE High Yield Private Equity Fund No. 1; ABSOLUTE High Yield Private Equity Fund No. 2; HAN & Partners High Yield Fund Class C; KALON High Yield Private Equity Fund No. 1; JMC High Yield Private Equity Fund No. 2; BNK Teun Teun Short-Term Bond; Future Creation Fund; UQIP Future Creation 1st Account Union; Energy Convergence UQIP Investment Association; UQIPI Agro-Fisheries & Food Trade Investment Union No. 1; UQIPI Agro-Fisheries & Food Trade Investment Union No. 2; 2019 UQIP Innovation Growth Follow-on Investment Union; BNK Fisheries Investment Association No. 1; KC Co., Ltd.

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Transactions with related parties for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

(In thousands of Korean won)		2021					
		Revenues		Expenses		Acquisition of property and equipment	
		Interest revenues	Other revenues	Interest expenses	Other expenses		
Type	Name of entity						
Subsidiaries	Busan Bank Co., Ltd.	₩ 169,662	₩ 158,382,129	₩ -	₩ 439,798	₩	-
	Kyongnam Bank Co., Ltd.	-	103,251,155	-	175,434		-
	BNK Capital Co., Ltd.	-	12,611,000	4,292	-		598,103
	BNK Securities Co., Ltd.	-	260,500	-	53,321		-
	BNK Saving Bank Co., Ltd.	-	56,500	-	-		-
	BNK Asset Management Co., Ltd.	-	18,500	-	-		-
	BNK Credit Information Co., Ltd.	-	5,500	-	-		-
	BNK System Co., Ltd.	-	20,750	-	259,923		973,392
	BNK Venture Capital Co., Ltd.	-	2,000	-	-		-
	BNK Gangnam Core Office Real Estate	1,714	-	4,671	-		943,311
		₩ 171,376	₩ 274,608,034	₩ 8,963	₩ 928,476	₩	2,514,806

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(In thousands of Korean won)

		2020				
Type	Name of entity	Revenues		Expenses		Acquisition of property and equipment
		Interest revenues	Other revenues	Interest expenses	Other expenses	
Subsidiaries	Busan Bank Co., Ltd.	₩ 276,355	₩ 77,932,822	₩ -	₩ 212,546	₩ -
	Kyongnam Bank Co., Ltd.	-	41,673,882	-	24,402	-
	BNK Capital Co., Ltd.	-	15,619,400	2,390	-	86,791
	BNK Securities Co., Ltd.	-	174,500	-	139,352	-
	BNK Saving Bank Co., Ltd.	-	68,500	-	-	-
	BNK Asset Management Co., Ltd.	-	11,500	-	-	-
	BNK Credit Information Co., Ltd.	-	6,000	-	-	-
	BNK System Co., Ltd.	-	22,750	-	270,788	477,249
	BNK Venture Capital Co., Ltd.	-	1,500	-	-	-
		₩ 276,355	₩ 135,510,854	₩ 2,390	₩ 647,088	₩ 564,040

Fund transactions with related parties for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In thousands of Korean won)

		2021			
Type	Name of entity	Loan transactions		Investment	
		Loans	Repayments	Capital increase	Capital reduction
Subsidiaries	Busan Bank Co., Ltd.	₩ 273,275,178	₩ 258,407,347	₩ -	₩ -
	BNK Securities Co., Ltd.	-	-	200,000,000	-
	BNK Asset Management Co., Ltd.	-	-	50,000,000	-
	BNK Venture Capital Co., Ltd.	-	-	20,000,000	-
		₩ 273,275,178	₩ 258,407,347	₩ 270,000,000	₩ -

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(In thousands of Korean won)

		2020			
Type	Name of entity	Loan transactions		Investment	
		Loans	Repayments	Capital increase	Capital reduction
Subsidiaries	Busan Bank Co., Ltd.	₩ 439,440,026	₩ 308,712,713	₩ -	₩ -
	BNK Securities Co., Ltd.	-	-	100,000,000	-
		₩ 439,440,026	₩ 308,712,713	₩ 100,000,000	₩ -

Outstanding receivables and payables from related parties as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)

		June 30, 2021			
Type	Name of entity	Receivables		Payables	
		Loans/due from banks	Other assets	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 102,626,859	₩ 63,497,312	₩ -	₩ 163,001
	Kyongnam Bank Co., Ltd.	-	20,501,110	-	-
	BNK Capital Co., Ltd.	-	16,155,094	-	658,881
	BNK Securities Co., Ltd.	-	12,431,547	-	-
	BNK Saving Bank Co., Ltd.	-	795,146	-	-
	BNK Asset Management Co., Ltd.	-	397,791	-	-
	BNK Credit Information Co., Ltd.	-	163,891	-	-
	BNK System Co., Ltd.	-	334,262	-	22,228
	BNK Venture Capital Co., Ltd.	-	100,529	-	-
	BNK Gangnam Core Office Real Estate	-	229,658	-	907,128
		₩ 102,626,859	₩ 114,606,340	₩ -	₩ 1,751,238

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(In thousands of Korean won)

		December 31, 2020					
Type	Name of entity	Receivables		Payables			
		Loans/due from banks	Other assets	Deposit liabilities	Other liabilities		
Subsidiaries	Busan Bank Co., Ltd.	₩ 87,759,028	₩ 76,955,896	₩ -	₩ 124,480		
	Kyongnam Bank Co., Ltd.	-	15,679,707	-	-		
	BNK Capital Co., Ltd.	-	1,843,756	-	237,088		
	BNK Securities Co., Ltd.	-	9,943,351	-	-		
	BNK Saving Bank Co., Ltd.	-	1,292,223	-	-		
	BNK Asset Management Co., Ltd.	-	241,474	-	-		
	BNK Credit Information Co., Ltd.	-	179,018	-	-		
	BNK System Co., Ltd.	-	335,645	-	-		
	BNK Venture Capital Co., Ltd.	-	32,011	-	-		
		₩ 87,759,028	₩ 106,503,081	₩ -	₩ 361,568		

The Company paid ₩224,998 thousand for the lease payments in relation to related parties for the six-month period ended June 30, 2021 (₩98,539 thousand for the six-month period ended June 30, 2020).

Compensation for key executives for the six-month periods ended June 30, 2021 and 2020, is as follows:

(In thousands of Korean won)	2021	2020
Short-term employee benefits	₩ 572,200	₩ 592,250
Performance compensation	693,230	164,726
Postemployment benefits	119,014	119,671

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24. COMMITMENTS:

Details of commitments with financial institutions as of June 30, 2021, and December 31, 2020, are as follows:

(In thousands of Korean won)		June 30, 2021		December 31, 2020	
Commitment	Financial institution	Limit ¹	Balance	Limit ¹	Balance
General loans	Korea Development Bank	₩ 100,000,000	₩ -	₩ 150,000,000	₩ -

¹ The Company has entered into general loan agreement with Korea Development Bank in May 2020 for securing liquidity to cope with potential financial distress in domestic credit market and diversifying the financing channel. The Company renewed certain commitments due to expiration of loan agreement in May 2021.

25. CONTINGENCIES AND COMMITMENTS:

The Company filed a lawsuit against Korea Deposit Insurance Corporation to seek compensation for loss (litigation amount: ₩52.6 billion) as of June 30, 2021. On December 15, 2017, the court ordered Korea Deposit Insurance Corporation to pay ₩52.6 billion to the Company in the first trial. In respect of the first court decision, Korea Deposit Insurance Corporation paid ₩52.6 billion in advance and the Company recognized the corresponding amount as other liabilities. In the second trial held on January 24, 2019, the Company has decided to return back certain amount to Korea Deposit Insurance Corporation and the amount of the liability has been revised, including the interest paid. In addition, although the Company 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 as of June 30, 2021.

The Company; Busan Bank Co., Ltd.; BNK Securities Co., Ltd.; and their former and current employees were accused in a lawsuit with violation of the Financial Investment Services and Capital Markets Act in relation to anticompetitive transactions (the Company's second capital increase) by Busan District Public Prosecutor's Office on May 1, 2017. First court decision was made for the violation of certain former employees on January 9, 2018, and January 29, 2019, and second court decision was made on November 20, 2019, and February 5, 2020. Then, an appeal was made, but the Supreme Court dismissed the appeal on May 28, 2020. Therefore, the trial of former and current employees was terminated. As the first trial of the entities, including the Company and the former and current employees, has been continued, the first court decision was made on October 30, 2020, by ruling a fine on the entities (₩100 million, ₩100 million and ₩50 million for the Company, Busan Bank Co., Ltd. and BNK Securities Co., Ltd., respectively) and the former and current employees. The Company recognized the fine as provisions. As of the end of the reporting period, the appeal against the first court decision is in progress and the final outcome of this case cannot be predicted.