

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED 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. and its Subsidiaries

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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 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, 2021, the related condensed interim consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, and the related condensed interim consolidated statements of changes in equity and condensed interim consolidated 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 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 reviews, 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

We have audited the consolidated statement of financial position as of December 31, 2020, and the related consolidated 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 consolidated statement of financial position as of December 31, 2020, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated 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 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, 2021, AND DECEMBER 31, 2020,
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
JUNE 30, 2021 AND 2020

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) 051-642-3300

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

<i>(In millions of Korean won)</i>	Notes	June 30, 2021 (Unaudited)	December 31, 2020
Assets			
Cash and due from banks	4,6,7	₩ 5,173,727	₩ 4,505,069
Financial assets at fair value through profit or loss	4,6,8	5,740,175	4,583,427
Financial assets at fair value through other comprehensive income	4,6,9	4,907,455	5,349,830
Financial assets at amortized cost	4,6,10	8,267,978	7,877,347
Loans and receivables	4,6,12	96,528,585	87,700,654
Derivative assets	4,6,14	33,731	79,026
Investments in associates and joint venture	15	1,218,252	664,432
Property and equipment	16	1,141,205	1,172,675
Intangible assets	17	294,842	278,636
Investment properties	18	662,094	665,348
Other assets		1,366,517	1,280,427
Total assets		₩ 125,334,561	₩ 114,156,871
Liabilities			
Deposit liabilities	6	₩ 90,540,017	₩ 83,032,717
Borrowings	6,19	8,013,065	6,835,743
Debentures	6,20	12,635,607	11,247,990
Derivative liabilities	6,14	22,068	64,542
Net defined benefit liabilities	21	14,277	57,462
Provisions	22	86,673	83,844
Current tax liabilities		94,006	86,238
Deferred tax liabilities		64,444	27,030
Other liabilities	6,23	3,918,346	3,095,023
Total liabilities		115,388,503	104,530,589
Equity			
Equity attributable to owners of the Parent Company			
Share capital	24	1,629,676	1,629,676
Hybrid equity securities		827,393	827,392
Other paid-in capital		779,999	779,263
Other components of equity		(97,267)	(68,530)
Retained earnings		5,908,800	5,561,025
		9,048,601	8,728,826
Non-controlling interest		897,457	897,456
Total equity		9,946,058	9,626,282
Total liabilities and equity		₩ 125,334,561	₩ 114,156,871

See notes to condensed interim consolidated financial statements.

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, 2021 and 2020

(In millions of Korean won, except per share amounts)	Notes	Periods ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three months	Six months	Three months	Six months
Net interest income	25				
Interest income					
Financial assets at fair value through profit or loss		₩ 14,864	₩ 28,346	₩ 14,231	₩ 28,182
Financial asset at fair value through other comprehensive income and amortized cost		<u>844,760</u>	<u>1,651,242</u>	<u>812,710</u>	<u>1,652,850</u>
		859,624	1,679,588	826,941	1,681,032
Interest expenses		<u>(230,099)</u>	<u>(461,025)</u>	<u>(289,344)</u>	<u>(606,900)</u>
		<u>629,525</u>	<u>1,218,563</u>	<u>537,597</u>	<u>1,074,132</u>
Net fee and commission income	26				
Commission income		192,263	340,859	160,859	264,505
Commission expenses		<u>(36,904)</u>	<u>(75,953)</u>	<u>(32,828)</u>	<u>(67,860)</u>
		<u>155,359</u>	<u>264,906</u>	<u>128,031</u>	<u>196,645</u>
Gain on financial assets at fair value through profit or loss	27	70,947	132,349	40,986	41,626
Gain on financial assets at fair value through other comprehensive income	28	3,216	11,764	10,582	30,588
Loss on financial assets at amortized cost	29	(287)	(784)	(658)	(1,117)
Contribution to provision for credit loss and others	30				
Contribution to provision for credit loss		(71,716)	(182,369)	(85,879)	(167,387)
Gain on disposal of loans		23,569	29,981	11,896	39,615
General and administrative expenses	31	(384,912)	(731,436)	(355,780)	(683,328)
Other operating income (expenses)					
Gain (loss) on foreign currency transaction		7,305	(1,915)	8,995	7,089
Gain (loss) from derivatives		(2,047)	(9,935)	4,307	36,498
Other operating income		119,424	242,673	93,687	188,365
Other operating expenses		<u>(176,479)</u>	<u>(337,175)</u>	<u>(158,400)</u>	<u>(321,403)</u>
Operating profit		<u>373,904</u>	<u>636,622</u>	<u>235,364</u>	<u>441,323</u>
Non-operating income (expenses)	32				
Share of profit of associates		3,274	12,677	12,240	13,400
Other income		14,200	30,496	2,166	10,160
Other expenses		<u>(4,044)</u>	<u>(25,656)</u>	<u>(6,384)</u>	<u>(26,525)</u>
		<u>13,430</u>	<u>17,517</u>	<u>8,022</u>	<u>(2,965)</u>
Profit before income tax expense		387,334	654,139	243,386	438,358
Income tax expense	33	<u>(101,220)</u>	<u>(164,492)</u>	<u>(59,364)</u>	<u>(105,868)</u>
Profit for the period		<u>₩ 286,114</u>	<u>₩ 489,647</u>	<u>₩ 184,022</u>	<u>₩ 332,490</u>
Profit is attributable to:					
Owners of the Parent Company		₩ 275,304	₩ 468,027	₩ 173,212	₩ 310,870
Non-controlling interest		10,810	21,620	10,810	21,620

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, 2021 and 2020

		Periods ended June 30			
		2021 (Unaudited)		2020 (Unaudited)	
		Three months	Six months	Three months	Six months
(In millions of Korean won, except per share amounts)					
Other comprehensive loss, net of tax					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	₩	3,517	₩ 3,737	₩ (4,018)	₩ (6,463)
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income		3,531	5,046	(24,065)	(29,198)
<i>Items that may be subsequently reclassified to profit or loss</i>					
Gain (loss) on valuation of debt instruments at fair value through other comprehensive income		(20,253)	(37,582)	13,738	15,786
Exchange differences on translation of foreign operations		(2,923)	4,457	(3,257)	5,742
Gain (loss) on valuation of hedges of net investments in foreign operations		49	(4,413)	1,813	(2,496)
Share of other comprehensive income (loss) of associates		197	236	(311)	637
Impairment loss of debt instruments at fair value through other comprehensive income		14	(217)	215	346
Other comprehensive loss for the period, net of tax		(15,868)	(28,736)	(15,885)	(15,646)
Total comprehensive income for the period	₩	270,246	₩ 460,911	₩ 168,137	₩ 316,844
Total comprehensive income for the period attributable to:					
Owners of the Parent Company	₩	259,436	₩ 439,291	₩ 157,327	₩ 295,224
Non-controlling interests		10,810	21,620	10,810	21,620
Earnings per share (in Korean won)					
34					
Basic and diluted earnings per share	₩	824	₩ 1,394	₩ 507	₩ 906

See notes to condensed interim consolidated financial statements.

BNK Financial Group Inc. and its Subsidiaries
Condensed Interim Consolidated Statements of Changes in Equity
For the Six-Month Periods Ended June 30, 2021 and 2020

	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, 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
Repayment of hybrid equity securities	-	(79,760)	(240)	-	-	(80,000)	-	(80,000)
Dividends on hybrid equity securities	-	-	-	-	(16,302)	(16,302)	(21,620)	(37,922)
Acquisition of treasury shares	-	-	(6,998)	-	-	(6,998)	-	(6,998)
Sale of treasury shares	-	-	70	-	-	70	-	70
Total comprehensive income								
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 equity instruments 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)
Share of other comprehensive income of associates	-	-	-	637	-	637	-	637
Impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	346	-	346	-	346
Balance at June 30, 2020 (Unaudited)	₩ 1,629,676	₩ 877,328	₩ 779,615	₩ (48,138)	₩ 5,369,110	₩ 8,607,591	₩ 897,457	₩ 9,505,048
Balance at January 1, 2021	₩ 1,629,676	₩ 827,392	₩ 779,262	₩ (68,532)	₩ 5,561,025	₩ 8,728,823	₩ 897,457	₩ 9,626,280
Dividends	-	-	-	-	(103,818)	(103,818)	-	(103,818)
Dividends on hybrid equity securities	-	-	-	-	(15,698)	(15,698)	(21,620)	(37,318)
Changes in capital adjustments	-	-	737	-	(737)	-	-	-
Total comprehensive income								
Profit for the period	-	-	-	-	468,027	468,027	21,620	489,647
Other comprehensive income								
Remeasurements of net defined benefit liabilities	-	-	-	3,737	-	3,737	-	3,737
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(32,535)	-	(32,535)	-	(32,535)
Gain on overseas operations translation	-	-	-	4,457	-	4,457	-	4,457
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(4,414)	-	(4,414)	-	(4,414)
Share of other comprehensive income of associates	-	-	-	236	-	236	-	236
Impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	(217)	-	(217)	-	(217)
Balance at June 30, 2021 (Unaudited)	₩ 1,629,676	₩ 827,392	₩ 779,999	₩ (97,268)	₩ 5,908,799	₩ 9,048,598	₩ 897,457	₩ 9,946,055

See notes to condensed interim consolidated financial statements.

BNK Financial Group Inc. and its Subsidiaries
Condensed Interim Consolidated Statements of Cash Flows
For the Six-Month Periods Ended June 30, 2021 and 2020

(In millions of Korean won)		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Profit for the period	₩	489,647	₩ 332,490
Adjustments to profit for the period:			
Interest income		(1,679,588)	(1,681,032)
Interest expense		461,024	606,900
Gain on financial assets at fair value through profit or loss, net		(51,770)	(5,797)
Gain on financial assets at fair value through other comprehensive income, net		(11,764)	(30,588)
Loss on financial assets at amortized cost, net		784	1,117
Contribution to provision for credit loss		182,369	167,387
Loss (gain) on foreign currency translation		10,963	(3,788)
Loss (gain) on valuation of derivatives, net		8,970	(29,883)
Depreciation		49,245	47,548
Amortization		36,633	31,938
Postemployment benefits		31,120	34,851
Other operating expenses, net		117,946	145,430
Share of profit of associates		(12,677)	(13,400)
Loss (gain) on property and equipment, and intangible assets		(130)	566
Other non-operating expenses, net		607	-
Income tax expense		164,492	105,868
		<u>(691,776)</u>	<u>(622,883)</u>
Changes in operating assets and liabilities:			
Increase in due from banks		(480,397)	(344,645)
Increase in financial assets at fair value through profit or loss		(1,129,701)	(267,976)
Increase in loans and receivables		(8,910,556)	(5,495,048)
Decrease in derivative assets and liabilities		(4,928)	(664)
Increase in other assets		(211,868)	(233,102)
Increase in deposit liabilities		7,474,197	1,300,600
Increase (decrease) in securities sold		246,195	(6,784)
Decrease in provisions		(864)	(647)
Increase in other liabilities		888,208	3,202,100
Decrease in defined benefit obligation		(51,858)	(22,029)
Increase in plan assets		(17,478)	(21,033)
		<u>(2,199,050)</u>	<u>(1,889,228)</u>
Interest received		1,720,235	1,733,805
Dividend received		12,398	10,053
Interest paid		(546,183)	(712,487)
Income tax paid		(111,085)	(127,601)
Net cash outflow for operating activities		<u>(1,325,814)</u>	<u>(1,275,851)</u>

BNK Financial Group Inc. and its Subsidiaries
Condensed Interim Consolidated Statements of Cash Flows
For the Six-Month Periods Ended June 30, 2021 and 2020

	2021		2020	
	(Unaudited)		(Unaudited)	
(In millions of Korean won)				
Cash flows from investing activities				
Proceeds from disposal of financial assets at fair value through profit or loss	₩	2,734,445	₩	1,878,221
Payments for financial assets at fair value through profit or loss		(2,739,852)		(2,094,684)
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,023,110		2,354,278
Payments for financial assets at fair value through other comprehensive income		(1,614,383)		(2,403,798)
Proceeds from disposal of financial assets at amortized cost		785,913		591,502
Payments for financial assets at amortized cost		(1,166,149)		(927,022)
Proceeds from disposal of investments in associates		59,717		135,761
Payments for investments in associates		(585,332)		(253,270)
Proceeds from disposal of property and equipment		25,614		1,669
Payments for property and equipment		(41,534)		(31,031)
Proceeds from disposal of intangible assets		364		412
Payments for intangible assets		(18,007)		(30,366)
Payments for investment properties		(1,299)		(1,718)
Decrease in leasehold deposits provided and others		7,064		6,791
Net cash outflow for investing activities		(530,329)		(773,255)
Cash flows from financing activities				
Increase in borrowings		11,982,481		15,028,479
Decrease in borrowings		(11,152,594)		(13,450,686)
Issuance of debentures		3,908,502		2,375,593
Repayment of debentures		(2,540,875)		(1,511,550)
Payments of lease liabilities		(12,851)		(14,795)
Dividends paid to shareholders		(103,818)		(117,331)
Issuance of hybrid equity securities		-		249,214
Repayment of hybrid equity securities		-		(80,000)
Dividends paid on hybrid equity securities		(15,698)		(16,301)
Acquisition of treasury shares		-		(6,997)
Disposal of treasury shares		-		70
Dividends paid to non-controlling interests		(21,620)		(21,620)
Increase (decrease) in other liabilities		9,292		(79,780)
Net cash inflow from financing activities		2,052,819		2,354,296
Net increase in cash and cash equivalents		196,676		305,190
Cash and cash equivalents at the beginning of the period		1,152,790		1,150,294
Effects of exchange rate changes on cash and cash equivalents		(12,189)		(3,665)
Cash and cash equivalents at the end of the period	₩	1,337,277	₩	1,451,819

See notes to condensed interim consolidated financial statements.

BNK Financial Group Inc. and its Subsidiaries

Notes to Condensed Interim Consolidated 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:

General information of BNK Financial Group Inc. (“BNK Financial Group” or the “Parent Company”), which is a controlling entity in accordance with Korean International Financial Reporting Standard (“K-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 Co., Ltd.; 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 Co., Ltd. by acquiring 56.97% of its shares in October 2014, and ultimately acquired 100% of shares of Kyongnam Bank Co., Ltd. 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; accordingly, it became a wholly owned 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, 2021, 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, 2021, and December 31, 2020, are as follows:

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2021	December 31, 2020
BNK Financial Group:					
Busan Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
Kyongnam Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
BNK Capital Co., Ltd.	Specialized credit financial business	Korea	December 31	100.00	100.00
BNK Securities Co., Ltd.	Investment brokerage and trading	Korea	December 31	100.00	100.00
BNK Savings Bank Co., Ltd.	Saving bank services	Korea	December 31	100.00	100.00
BNK Asset Management Co., Ltd.	Financial advisory and collective investment	Korea	December 31	100.00	100.00

BNK Financial Group Inc. and its Subsidiaries
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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

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2021	December 31, 2020
BNK Credit Information Co., Ltd.	Credit investigation and collection agency	Korea	December 31	100.00	100.00
BNK System Co., Ltd.	System software developing and supply	Korea	December 31	100.00	100.00
BNK Venture Capital Co., Ltd.	Start-up venture capital advisory	Korea	December 31	100.00	100.00
BNK REPO PLUS Private Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	41.74	41.76
BNK KOSDAQ Venture Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	-	36.62
BNK-KN Southeast Region Job Creation Fund 1 ²	Fund partnership	Korea	December 31	52.62	52.62
BNK Luxembourg Core Office Real Estate Investment Trust ²	Beneficiary certificate	Korea	December 31	100.00	100.00
BNK Teun Mid and Long-Term Securities Investment Trust 1 - Bond ²	Beneficiary certificate	Korea	December 31	92.29	48.19
Multi-Asset KLC VLOC Specialized Private Equity Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	100.00	100.00
BNK Sunbo-Wool Kyung Start-Up New Technology No. 1 ²	Fund partnership	Korea	December 31	75.00	75.00
BNK K200 Index Securities Investment Trust ²	Beneficiary certificate	Korea	December 31	-	48.36
BNK Regional Equilibrium Investment Association ²	Fund partnership	Korea	December 31	47.10	48.61
BNK Air Pollution Resolution Fund Partnership ²	Fund partnership	Korea	December 31	35.06	35.06
BNK Yeouido Core Office Real Estate ²	Beneficiary certificate	Korea	December 31	25.00	25.00
BNK Gangnam Core Office Real Estate ²	Beneficiary certificate	Korea	December 31	51.22	51.22
BNK Teunteun Korea ²	Beneficiary certificate	Korea	December 31	40.32	40.80
BNK Samsung Electronics Small and Medium Securities Investment Trust No. 1 ²	Beneficiary certificate	Korea	December 31	54.67	84.26
Multi-Asset PR VLOC Professional Private Securities Investment Trust 1st ²	Beneficiary certificate	Korea	December 31	100.00	-
BNK Sustainable ESG Securities Investment Trust 1st ²	Beneficiary certificate	Korea	December 31	96.75	-
BNK Multi-Core Private Real Estate Investment Trust 1st ²	Beneficiary certificate	Korea	December 31	100.00	-
BNK Value-Up Private Real Estate Investment Trust 1st ²	Beneficiary certificate	Korea	December 31	100.00	-
BNK Smart Untact Fund ²	Beneficiary certificate	Korea	December 31	60.00	-
BNK-Cape ESG Renewable Energy Fund No. 1 ²	Fund partnership	Korea	December 31	54.55	-
Busan Bank Co., Ltd.: 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 1st ²	Beneficiary certificate	Korea	December 31	100.00	100.00
HDC Dual Private Securities Investment Trust 3rd ²	Beneficiary certificate	Korea	December 31	100.00	100.00

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Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				June 30, 2021	December 31, 2020
BNK Capital Co., Ltd.:					
BNKC (Cambodia) MFI PLC	Specialized credit financial business	Cambodia	December 31	100.00	100.00
BNK Capital Myanmar Co., Ltd.	Specialized credit financial business	Myanmar	September 30	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	100.00	100.00
BNK Securities Co., Ltd.:					
BNK Open Innovation Investment Association ²	Fund partnership	Korea	December 31	99.99	99.99
BNK JANGAN CO., LTD. ³	Other financial business	Korea	December 31	-	-
KWIncheon 1st Co., Ltd. ³	Other financial business	Korea	December 31	-	-
HK Nangmindong 1st Co., Ltd. ³	Other financial business	Korea	December 31	-	-
DH Chungi 1st Co., LTD. ³	Other financial business	Korea	December 31	-	-
BNK GEUMNAM CO., LTD. ³	Other financial business	Korea	December 31	-	-
BNK Asset Management Co., Ltd.:					
BNK Global AI Securities Feeder Investment Trust H ²	Beneficiary certificate	Korea	December 31	60.58	57.90
BNK Ssum Global EMP Trust No. 1 ²	Beneficiary certificate	Korea	December 31	62.26	72.70
BNK Teuntuen Short-Term Bond ²	Beneficiary certificate	Korea	December 31	-	98.78
BNK Winning Target Convertible Securities Investment No. 2 ²	Beneficiary certificate	Korea	December 31	-	50.96

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 exposed 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.

³ As a structured company for asset securitization, the Group is considered to have control over the entity because the Group has a substantive power and is exposed to variable returns from involvement with the entity more than a level of normal asset manager and, therefore, the entity was newly consolidated.

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1.3 Summarized Financial Information

Summarized financial information for consolidated subsidiaries as of June 30, 2021, and December 31, 2020, and for the six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(In millions of Korean won)</i>							
Name of subsidiary	June 30, 2021			2021			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
Busan Bank Co., Ltd. and its subsidiaries	₩65,737,696	₩60,389,852	₩ 5,347,844	₩ 1,238,405	₩ 313,778	₩ 232,000	₩ 213,147
Kyongnam Bank Co., Ltd. and its subsidiaries	44,986,773	41,540,920	3,445,853	718,506	178,606	136,936	129,063
BNK Capital Co., Ltd. and its subsidiaries	8,045,248	7,225,489	819,759	470,321	91,716	71,410	68,722
BNK Securities Co., Ltd. and its subsidiaries	4,268,765	3,305,060	963,705	283,913	79,557	64,989	66,239
BNK Savings Bank Co., Ltd.	1,596,912	1,417,389	179,523	37,276	12,834	11,473	11,473
BNK Asset Management Co., Ltd. and its subsidiaries	176,657	9,166	167,491	17,782	9,425	7,040	7,040
BNK Credit Information Co., Ltd.	20,199	960	19,239	3,415	780	608	608
BNK System Co., Ltd.	25,280	5,841	19,439	32,498	1,475	1,234	1,234
BNK Venture Capital Co., Ltd.	51,490	1,142	50,348	3,344	1,180	1,635	1,635
<i>(In millions of Korean won)</i>							
Name of subsidiary	December 31, 2020			2020			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
Busan Bank Co., Ltd. and its subsidiaries	₩60,392,220	₩55,091,166	₩ 5,301,054	₩ 1,523,839	₩ 239,259	₩ 178,128	₩ 157,299
Kyongnam Bank Co., Ltd. and its subsidiaries	42,145,447	38,715,367	3,430,080	757,155	132,349	104,580	106,714
BNK Capital Co., Ltd. and its subsidiaries	6,763,415	6,000,398	763,017	387,753	61,239	44,787	46,398
BNK Securities Co., Ltd. and its subsidiaries	2,886,257	2,188,512	697,745	133,432	30,465	22,486	23,837
BNK Savings Bank Co., Ltd.	1,349,472	1,181,422	168,050	29,201	9,879	9,147	9,147
BNK Asset Management Co., Ltd. and its subsidiaries	119,080	8,554	110,526	5,093	(443)	153	153
BNK Credit Information Co., Ltd.	19,490	858	18,632	3,059	687	514	514
BNK System Co., Ltd.	25,410	7,205	18,205	35,700	1,000	825	825
BNK Venture Capital Co., Ltd.	29,294	485	28,809	959	(15)	66	66

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1.4 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the six-month period ended June 30, 2021, and for the year ended December 31, 2020, are as follows:

Subsidiary	June 30, 2021
Multi-Asset PR VLOC Professional Private Securities Investment Trust 1st	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Sustainable ESG Securities Investment Trust 1st	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Multi-Core Private Real Estate Investment Trust 1st	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Value-Up Private Real Estate Investment Trust 1st	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Smart Untact Fund	Participated in BNK Venture Capital Co., Ltd.'s investment when setting the fund.
BNK-Cape ESG Renewable Energy Fund No. 1	Participated in BNK Venture Capital Co., Ltd.'s investment when setting the fund.
BNK JANGAN CO., LTD.	Having power to direct activities in the event of default; exposed significantly to variable returns by providing credit offering or purchase commitments, or acquisition of subordinated debt.
KW Incheon 1st Co., Ltd.	Having power to direct activities in the event of default; exposed significantly to variable returns by providing credit offering or purchase commitments, or acquisition of subordinated debt.
HK Nangmindong 1st Co., Ltd.	Having power to direct activities in the event of default; exposed significantly to variable returns by providing credit offering or purchase commitments, or acquisition of subordinated debt.
DH Chungi 1st Co., LTD.	Having power to direct activities in the event of default; exposed significantly to variable returns by providing credit offering or purchase commitments, or acquisition of subordinated debt.
BNK GEUMNAM CO., LTD.	Having power to direct activities in the event of default; exposed significantly to variable returns by providing credit offering or purchase commitments, or acquisition of subordinated debt.
Subsidiary	December 31, 2020
BNK Regional Equilibrium Investment Association	Participated in BNK Venture Capital Co., Ltd.'s investment when setting the fund.
BNK Air Pollution Resolution Fund Partnership	Participated in BNK Venture Capital Co., Ltd.'s investment when setting the fund.
BNK Yeouido Core Office Real Estate	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Gangnam Core Office Real Estate	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Teunteun Korea	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.

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Subsidiary	December 31, 2020
BNK Samsung Electronics Small and Medium Securities Investment Trust No. 1	Participated in Busan Bank Co., Ltd.'s investment when setting beneficiary certificate.
BNK Ssum Global EMP Trust No. 1	Participated in BNK Asset Management Co., Ltd.'s investment when setting beneficiary certificate.
BNK Teuntuen Short-Term Bond	Participated in BNK Asset Management Co., Ltd.'s investment when setting beneficiary certificate.
BNK Winning Target Convertible Securities Investment No. 2	Participated in BNK Asset Management Co., Ltd.'s investment when setting beneficiary certificate.

Subsidiaries excluded from the consolidation for the six-month period ended June 30, 2021, and for the year ended December 31, 2020, are as follows:

Subsidiary	June 30, 2021
BNK Winning Target Convertible Securities Investment No. 2	Liquidation of BNK Asset Management Co., Ltd.'s beneficiary certificate
BNK K200 Index Securities Investment Trust	Disposal of Busan Bank Co., Ltd.'s beneficiary certificate
BNK KOSDAQ Venture Investment Trust No. 1	Liquidation of BNK Asset Management Co., Ltd.'s beneficiary certificate
BNK Teuntuen Short-Term Bond	Reclassification to investment in associate due to decrease in the percentage of ownership

Subsidiary	December 31, 2020
BNK Tuna Private investment Trust 1	Liquidation of Busan Bank Co., Ltd.'s beneficiary certificate
BNK Brave New KOREA No. 1	Liquidation of BNK Asset Management Co., Ltd.'s beneficiary certificate

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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 K-IFRSs. 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 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 Group's annual consolidated financial statements as of and for the year ended December 31, 2020, for understanding of the accompanying condensed interim consolidated financial statements.

Significant accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those of the consolidated 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 Group 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 extend by one year, which provides a practical and simple method for the lessee not to evaluate whether the rent concession 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.

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- Amendments of 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 Group does not expect that these amendments will have a significant impact on its condensed interim consolidated financial statements.

(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 Group.

- 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.

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If not presented separately in the consolidated statements of comprehensive income, the consolidated 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 consolidated 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 consolidated 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.

- 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 consolidated financial statements do not restate, but recognizes 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.

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(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 consolidated financial statements are consistent with those of the consolidated 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.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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 Group's accounting policies and uncertainty in estimates in preparing the condensed interim consolidated financial statements are identical to those used in the annual consolidated financial statements as of and for the year ended December 31, 2020.

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 as of and for the year ended December 31, 2020, except for the accounting estimates and assumptions explained as below.

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

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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 condensed interim consolidated 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. Exposures by major industry as of June 30, 2021, may be affected by the future changes of significant accounting estimates and assumptions due to COVID-19, are as follows:

(In millions of Korean won)

June 30, 2021										
Loans										
		12 months' expected credit losses		Lifetime expected credit losses				Provision for impairment		
				Unrecognized impairment		Recognized impairment		Subtotal		
Aviation, Travel and										
Hotel	₩	754,172	₩	364,170	₩	2,279	₩	1,120,621	₩	17,175
Refining, Gas and										
Petrochemical		586,052		176,575		3,591		766,218		7,027
Logistics		1,731,757		327,347		15,755		2,074,859		16,266
Restaurant		776,755		184,008		753		961,516		7,147
Small business										
owner		1,084,855		55,226		5,919		1,146,000		7,437
	₩	4,933,591	₩	1,107,326	₩	28,297	₩	6,069,214	₩	55,052

(In millions of Korean won)

										June 30, 2021									
										Receivables									
										Expected lifetime credit losses									
										Unrecognized impairment		Recognized impairment		Subtotal		Provision for impairment			
										12 months' expected credit losses									
Aviation, Travel and Hotel										₩	750	₩	671	₩	-	₩	1,421	₩	33
Refining, Gas and Petrochemical											967		202		3		1,172		12
Logistics											2,265		440		52		2,757		54
Restaurant											967		264		1		1,232		10
Small business owner											3,589		218		107		3,914		101
										₩	8,538	₩	1,795	₩	163	₩	10,496	₩	210

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(In millions of Korean won)

June 30, 2021					
Loan commitments					
	12 months' expected credit losses	Expected lifetime credit losses		Subtotal	Provision
		Unrecognized impairment	Recognized impairment		
Aviation, Travel and Hotel	₩ 40,309	₩ 17,297	₩ -	₩ 57,606	₩ 495
Refining, Gas and Petrochemical	147,926	2,683	-	150,609	382
Logistics	149,593	11,330	-	160,923	516
Restaurant	16,508	2,079	-	18,587	104
Small business owner	58,065	4,897	-	62,962	470
	₩ 412,401	₩ 38,286	₩ -	₩ 450,687	₩ 1,967

(In millions of Korean won)

June 30, 2021					
Confirmed acceptances and guarantees					
	12 months' expected credit losses	Lifetime expected credit losses		Subtotal	Provision
		Unrecognized impairment	Recognized impairment		
Aviation, Travel and Hotel	₩ 56,377	₩ 12,712	₩ -	₩ 69,089	₩ 3,128
Refining, Gas and Petrochemical	14,290	1,217	-	15,507	71
Logistics	47,528	5,948	-	53,476	307
Restaurant	-	-	-	-	-
Small business owner	220	-	-	220	-
	₩ 118,415	₩ 19,877	₩ -	₩ 138,292	₩ 3,506

On the other hand, despite the economic contraction caused by the COVID-19 situation, the Group's actual default rate has remained stable due to various government-supported policies.

In order to reflect the potential default risk, some of the borrowers who applied for the delay in payment of interest and amortized principal were classified as borrowers with a significant increase in credit risk, and additional credit loss allowance were recognized. The exposure and credit loss allowances of those borrowers are as follows:

(In millions of Korean won)	June 30, 2021	December 31, 2020
Exposure	₩ 1,593,107	₩ 1,737,851
Provision for credit loss	71,868	84,953

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4. FINANCIAL RISK MANAGEMENT:

4.1 General

(a) General risk management policy

The Group is exposed to various financial risks, such as credit, liquidity, market and operational, 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, 2020.

(b) Credit risk

i) Maximum exposure to credit risk

The Group's maximum exposure of financial instruments, except for equity securities to credit risk that does not consider value of collateral as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020
On balance		
Cash and due from banks	₩ 3,836,448	₩ 3,352,279
Financial assets at fair value through profit or loss	5,412,819	4,317,172
Financial assets at fair value through other comprehensive income	4,729,805	5,179,080
Financial assets at amortized cost	8,267,978	7,877,347
Loans	94,497,785	86,360,022
Receivables	2,030,800	1,340,632
Derivative assets	33,731	79,026
	<u>118,809,366</u>	<u>108,505,558</u>
Off balance		
Guarantees and acceptances	1,271,259	1,137,761
Loan commitments	23,762,237	21,967,307
	<u>25,033,496</u>	<u>23,105,068</u>
	<u>₩ 143,842,862</u>	<u>₩ 131,610,626</u>

ii) Analysis of credit quality of financial assets

Credit quality is classified based on internal credit grades as follows:

	Household	Corporates, public sector and other
Grade 1	1–5	AAA, AA, AA-, A
Grade 2	6	A-, BBB+, BBB
Grade 3	7–8	BBB-, BB, BB-
Grade 4	9–10	B, B-, C, D

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The gross carrying amount of loans, receivables and debt securities by credit risk grade as of June 30, 2021, is as follows:

	(In millions of Korean won)										
	June 30, 2021										
	Loans and receivables							Debt securities			
	Loans			Receivables			Subtotal	Fair value through other comprehensive income	Amortized cost	Subtotal	
	12 months' expected credit losses	Expected lifetime credit losses	Recognized impairment	12 months' expected credit losses	Expected lifetime credit losses	Recognized impairment		12 months' expected credit losses	12 months' expected credit losses		
	Unrecognized impairment	Recognized impairment		Unrecognized impairment	Recognized impairment						
Grade 1	₩ 43,762,368	₩ 326,652	₩ 590	₩ 617,956	₩ 5,515	₩ -	₩ 44,713,081	₩ 4,729,804	₩ 8,270,283	₩ 13,000,087	
Grade 2	27,438,916	3,052,055	709	87,602	15,281	-	30,594,563	-	-	-	
Grade 3	8,513,494	5,093,375	3,632	26,533	14,163	-	13,651,197	-	-	-	
Grade 4	556,114	2,626,714	485,462	829	7,722	1,933	3,678,774	-	-	-	
Non-graded	3,296,732	57,568	30,941	1,255,902	2,074	800	4,644,017	-	827	827	
	₩ 83,567,624	₩ 11,156,364	₩ 521,334	₩ 1,988,822	₩ 44,755	₩ 2,733	₩ 97,281,632	₩ 4,729,804	₩ 8,271,110	₩ 13,000,914	

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of June 30, 2021, is as follows:

	(In millions of Korean won)								
	June 30, 2021								
	Loan commitments					Guarantees and acceptances			
	12 months' expected credit losses	Lifetime expected credit losses		Subtotal	12 months' expected credit losses	Expected lifetime credit losses		Subtotal	
	Unrecognized impairment	Recognized impairment			Unrecognized impairment	Recognized impairment			
Grade 1	₩ 14,801,028	₩ 60,953	₩ -	₩ 14,861,981	₩ 330,715	₩ 7,490	₩ -	₩ 338,205	
Grade 2	4,659,628	558,124	62	5,217,814	512,984	81,217	-	594,201	
Grade 3	1,246,993	486,033	-	1,733,026	165,333	133,272	-	298,605	
Grade 4	84,661	112,888	87	197,636	234	20,950	4,065	25,249	
Non-graded	623,235	12,730	9,584	645,549	15,000	-	-	15,000	
	₩ 21,415,545	₩ 1,230,728	₩ 9,733	₩ 22,656,006	₩ 1,024,266	₩ 242,929	₩ 4,065	₩ 1,271,260	

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The gross carrying amount of loans, receivables and debt securities by credit risk grade as of December 31, 2020, is as follows:

(In millions of Korean won)	December 31, 2020										
	Loans and receivables							Debt securities			
	Loans			Receivables			Subtotal	Fair value through other comprehensive income	Amortized cost	Subtotal	
	Expected lifetime credit losses		Recognized impairment	Lifetime expected credit losses		Recognized impairment		12 months' expected credit losses	12 months' expected credit losses		
	12 months' expected credit losses	Unrecognized impairment		12 months' expected credit losses	Unrecognized impairment						
	Grade 1	₩ 39,862,734	₩ 246,538	₩ -	₩ 263,249	₩ 461	₩ -	₩ 40,372,982	₩ 5,179,080	₩ 7,878,849	₩ 13,057,929
Grade 2	24,524,870	2,868,053	-	119,983	6,811	-	27,519,717	-	-	-	
Grade 3	7,754,440	5,208,902	-	28,229	14,676	-	13,006,247	-	-	-	
Grade 4	65,066	2,818,599	604,107	4,459	12,723	3,497	3,508,451	-	-	-	
Non-graded	3,100,797	43,021	-	892,473	323	152	4,036,766	-	1,021	1,021	
	₩ 75,307,907	₩ 11,185,113	₩ 604,107	₩ 1,308,393	₩ 34,994	₩ 3,649	₩ 88,444,163	₩ 5,179,080	₩ 7,879,870	₩ 13,058,950	

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of December 31, 2020, is as follows:

	December 31, 2020							
	Loan commitments				Guarantees and acceptances			
	Expected lifetime credit losses				Expected lifetime credit losses			
	12 months' expected credit losses	Unrecognized impairment	Recognized impairment	Subtotal	12' months expected credit losses	Unrecognized impairment	Recognized impairment	Subtotal
Grade 1	₩ 13,422,842	₩ 43,681	₩ -	₩ 13,466,523	₩ 208,491	₩ 1,042	₩ -	₩ 209,533
Grade 2	4,635,919	459,091	-	5,095,010	493,651	102,876	-	596,527
Grade 3	1,115,928	571,740	-	1,687,668	171,556	75,812	-	247,368
Grade 4	11,156	142,226	68	153,450	-	24,500	14,633	39,133
Non-graded	522,468	15,429	-	537,897	45,200	-	-	45,200
	₩ 19,708,313	₩ 1,232,167	₩ 68	₩ 20,940,548	₩ 918,898	₩ 204,230	₩ 14,633	₩ 1,137,761

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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, 2021 and 2020, are as follows:

(In millions of Korean won)	2021							Adjustment	Consolidated financial statements
	Busan Bank Co., Ltd.	Kyongnam Bank Co., Ltd.	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others	Total		
Net interest income (expenses)	₩ 623,035	₩ 421,460	₩ 150,603	₩ 22,115	₩ 21,998	₩ (11,220)	₩ 1,227,991	₩ (9,428)	₩ 1,218,563
Net commission income	83,430	51,032	28,639	89,779	1,832	16,844	271,556	(6,650)	264,906
Net gain (loss) on financial assets at fair value through profit or loss	12,071	13,751	8,196	87,653	(19)	9,828	131,480	869	132,349
Net gain (loss) on financial assets at fair value through other comprehensive income	7,945	3,530	-	290	-	(1)	11,764	-	11,764
Net loss on financial assets at amortized cost	(7)	(777)	-	-	-	-	(784)	-	(784)
Contribution to provision for credit loss and others	(30,978)	(44,969)	(67,742)	(8,148)	(517)	-	(152,354)	(34)	(152,388)
General and administrative expenses	(326,880)	(219,326)	(41,741)	(97,765)	(8,441)	(39,515)	(733,668)	2,232	(731,436)
Other operating income (expenses), net	(54,839)	(46,095)	13,761	(14,367)	(2,019)	279,433	175,874	(282,226)	(106,352)
Operating profit	313,777	178,606	91,716	79,557	12,834	255,369	931,859	(295,237)	636,622
Non-operating income (expenses), net	(5,285)	1,892	2,339	6,890	94	212	6,142	11,375	17,517
Profit before income tax expense	308,492	180,498	94,055	86,447	12,928	255,581	938,001	(283,862)	654,139
Income tax expense	(76,492)	(43,562)	(22,645)	(21,458)	(1,455)	(2,969)	(168,581)	4,089	(164,492)
Profit for the period	₩ 232,000	₩ 136,936	₩ 71,410	₩ 64,989	₩ 11,473	₩ 252,612	₩ 769,420	₩ (279,773)	₩ 489,647
Total assets	₩65,737,696	₩44,986,773	₩8,045,248	₩4,268,765	₩1,596,912	₩6,939,117	₩131,574,511	₩ (6,239,950)	₩125,334,561
Total liabilities	₩60,389,852	₩41,540,920	₩7,225,489	₩3,305,060	₩1,417,389	₩1,378,428	₩115,257,138	₩ 131,365	₩115,388,503

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(In millions of Korean won)	2020								Consolidated financial statements
	Busan Bank Co., Ltd.	Kyongnam Bank Co., Ltd.	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others	Total	Adjustment	
Net interest income (expenses)	₩ 556,424	₩ 388,782	₩ 113,427	₩ 9,556	₩ 17,937	₩ (13,496)	₩1,072,630	₩ 1,501	₩ 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 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)
Reversal of provision for credit loss and others (contribution to)	(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 before income tax expense	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 for the year	₩ 178,128	₩ 104,580	₩ 44,787	₩ 22,486	₩ 9,147	₩ 106,997	₩ 466,125	₩ (133,636)	₩ 332,489
Total assets	₩ 59,926,535	₩ 41,099,254	₩ 6,001,863	₩3,299,658	₩ 1,133,730	₩ 6,466,991	₩117,928,031	₩ (6,416,441)	₩ 111,511,590
Total liabilities	₩ 54,639,377	₩ 37,646,285	₩ 5,254,185	₩2,733,754	₩ 973,132	₩ 1,249,414	₩102,496,147	₩ (489,605)	₩ 102,006,542

(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.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

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) The carrying amount of financial instruments by category

The carrying amounts and fair value of financial assets and financial liabilities by each category as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash and due from bank	₩ 5,173,727	₩ 5,173,727	₩ 4,505,069	₩ 4,505,069
Financial assets at fair value through profit or loss	5,740,175	5,740,175	4,583,427	4,583,427
Financial assets at fair value through other comprehensive income	4,907,455	4,907,455	5,349,830	5,349,830
Financial assets at amortized cost	8,267,978	8,275,694	7,877,347	7,974,996
Loans and receivables	96,528,585	97,191,682	87,700,654	88,537,395
Derivative assets	33,731	33,731	79,026	79,026
	<u>₩ 120,651,651</u>	<u>₩ 121,322,464</u>	<u>₩ 110,095,353</u>	<u>₩ 111,029,743</u>
Financial liabilities:				
Deposit liabilities	₩ 90,540,017	₩ 90,513,314	₩ 83,032,717	₩ 83,045,139
Borrowings	8,013,065	8,014,460	6,835,743	6,817,831
Debentures	12,635,607	12,728,192	11,247,990	11,401,821
Derivative liabilities	22,068	22,068	64,542	64,542
Other financial liabilities ¹	3,788,857	3,788,845	2,954,518	2,954,518
	<u>₩ 114,999,614</u>	<u>₩ 115,066,879</u>	<u>₩ 104,135,510</u>	<u>₩ 104,283,851</u>

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

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

Fair value assessment method and assumptions for each type of financial instruments 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, 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 ("IRS") 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 by 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.

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(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, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ 599,813	₩ 3,905,212	₩ 1,235,150	₩ 5,740,175
Financial assets at fair value through other comprehensive income	1,846,111	2,905,614	155,730	4,907,455
Loans receivables at fair value through profit or loss	-	-	37,275	37,275
Derivative assets	-	27,297	6,434	33,731
	<u>₩ 2,445,924</u>	<u>₩ 6,838,123</u>	<u>₩ 1,434,589</u>	<u>₩ 10,718,636</u>
Financial liabilities:				
Borrowings	₩ 259,571	₩ -	₩ -	₩ 259,571
Derivative liabilities	229	17,726	4,113	22,068
	<u>₩ 259,800</u>	<u>₩ 17,726</u>	<u>₩ 4,113</u>	<u>₩ 281,639</u>

<i>(In millions of Korean won)</i>	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss	₩ 333,254	₩ 3,203,127	₩ 1,047,046	₩ 4,583,427
Financial assets at fair value through other comprehensive income	1,543,873	3,653,822	152,135	5,349,830
Loans receivables at fair value through profit or loss	-	-	7,349	7,349
Derivative assets	4	65,908	13,114	79,026
	<u>₩ 1,877,131</u>	<u>₩ 6,922,857</u>	<u>₩ 1,219,644</u>	<u>₩ 10,019,632</u>
Financial liabilities:				
Borrowings	₩ 10,222	₩ -	₩ -	₩ 10,222
Derivative liabilities	-	63,538	1,004	64,542
	<u>₩ 10,222</u>	<u>₩ 63,538</u>	<u>₩ 1,004</u>	<u>₩ 74,764</u>

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The valuation techniques and input variables of Level 2 financial instruments, subsequently measured at fair value, as of June 30, 2021, and December 31, 2020, are as follows:

		June 30, 2021		
		Fair value	Valuation techniques	Input variables
<i>(In millions of Korean won)</i>				
Financial assets:				
Financial assets at fair value through profit or loss				
Debt securities	₩	3,309,883	DCF Model	Discount rate and exchange rate
Other securities		595,329	DCF Model and Net Asset Value Method	Discount rate and value of underlying assets
Financial assets at fair value through other comprehensive income				
Debt securities		2,905,614	DCF Model	Discount rate and exchange rate
Derivative assets		27,297	DCF Model	Discount rate and exchange rate
Financial liabilities:				
Derivative liabilities	₩	17,726	DCF Model	Discount rate and exchange rate
		December 31, 2020		
		Fair value	Valuation techniques	Input variables
<i>(In millions of Korean won)</i>				
Financial assets:				
Financial assets at fair value through profit or loss				
Debt securities	₩	2,688,131	DCF Model	Discount rate and exchange rate
Other securities		514,996	DCF Model and Net Asset Value Method	Discount rate and value of underlying assets
Financial assets at fair value through other comprehensive income				
Debt securities		3,653,822	DCF Model	Discount rate and exchange rate
Derivative assets		65,908	DCF Model	Discount rate and exchange rate
Financial liabilities:				
Derivative liabilities	₩	63,538	DCF Model	Discount rate and exchange rate

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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, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	Fair value		Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
		June 30, 2021			
Financial assets					
Financial assets at fair value through profit or loss	₩	1,235,150			
Equity securities		85,810	Net Asset Value Method, DCF Model, Binomial Trees and others	Value of underlying assets Discount rate: 14.83%– 17.06% Growth rate: 1% Volatility: 11.29%–29.06%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or volatility increases (decreases)
Debt securities		109,933	Lease Square Monte Carlo ("LSMC")	Volatility: 11.05%–28.32%	Fair value increases (decreases) when volatility increases (decreases)
Other securities		1,039,407	Net Asset Value Method, Free Cash Flow Firm Model, Dividend Discount Model and Binomial Trees	Value of underlying assets Volatility: 0.00%–39.72 % Discount rate: 1.55%– 29.20% Growth rate: 0.00% Liquidation value: -1.00%– 1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases), liquidation value increases (decreases) or volatility increases (decreases)
Financial assets at fair value through other comprehensive income		155,730			
Equity securities		155,730	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis, DCF Model and others	Value of underlying assets Discount rate: 8.35%– 13.05% Growth rate: 0.00%–1.00% Liquidation value: -1.00%– 1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)
Loans receivables at fair value through profit or loss		37,275			

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(In millions of Korean won)	<u>Fair value</u>		Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	June 30, 2021				
Hybrid (combined) instruments		37,275	Binomial Trees, LSMC and Monte Carlo simulation	Volatility: 16.02%–34.56% Discount rate: 1.62%–4.13%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets		6,434	Binomial Trees and Monte Carlo simulation	Volatility: 0.45% Discount rate: 0.68%–1.82%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Financial liability					
Derivative liabilities	₩	4,113	Binomial Trees and Monte Carlo simulation	Volatility: 0.45% Discount rate: 0.68%–1.82%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)

(In millions of Korean won)	<u>Fair value</u>		Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2020				
Financial assets					
Financial assets at fair value through profit or loss	₩	1,047,046			
Equity securities		63,796	Net Asset Value Method, DCF Model, Binomial Trees and others	Value of underlying assets Discount rate: 14.64%– 19.05% Volatility: 22.31%–32.03% Growth rate: 0%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases) or growth rate increases (decreases)
Debt securities		61,662	LSMC	Volatility: 15.14%–31.15%	Fair value increases (decreases) when volatility increases (decreases)
Other securities		921,588	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model and Binomial Trees	Value of underlying assets Discount rate: 1.58%– 16.15% Growth rate: 0.00% Liquidation value: -1.00%– 1.00% Volatility: 0.00%–44.10%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases), liquidation value increases (decreases) or volatility increases (decreases)

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(In millions of Korean won)	Fair value	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2020			
Financial assets at fair value through other comprehensive income	152,135			
Equity securities	152,135	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis, DCF Model and others	Value of underlying assets Discount rate: 9.90%– 19.68% Growth rate: 0.00%–1.00% Liquidation value: -1.00%– 1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)
Loans receivables at fair value through profit or loss	7,349			
Hybrid (combined) instruments	7,349	Binomial Trees and LSMC	Volatility: 22.11%–40.14% Discount rate: 1.53%–14.07%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets	13,114	Binomial Trees and Monte Carlo simulation	Volatility: 0.46% Discount rate: 0.66%–1.32%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Financial liability				
Derivative liabilities	₩ 1,004	Binomial Trees and Monte Carlo simulation	Volatility: 0.46% Discount rate: 0.66%–1.32%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)

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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, 2021, and December 31, 2020:

(In millions of Korean won)

	June 30, 2021			
	Profit (loss) for the period		Other comprehensive income	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets:				
Financial assets at fair value through profit or loss ¹	₩ 11,158	₩ (11,126)	₩ -	₩ -
Financial assets at fair value through other comprehensive income ¹	-	-	6,561	(4,729)
Loans receivables at fair value through profit or loss ²	528	(467)	-	-
Derivative assets ³	49	(49)	-	-
Financial liabilities:				
Derivative liabilities ³	6,081	(5,657)	-	-
	₩ 17,816	₩ (17,299)	₩ 6,561	₩ (4,729)

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 Fair value changes in privately placed convertible bonds are calculated by increasing or decreasing stock price (-20%–20%), commodity price (-20%–20%), interest rate (-2%p–2%p), value in Korean won (-10%–10%) and credit premium (added interest rate) (-5%p–5%p). The stock price, commodity price, interest rate, value in Korean won and credit premium are major unobservable inputs.

³ Fair value changes in callable IRS are calculated by increasing or decreasing Korean swaption by 10%. The Korean swaption is major unobservable input.

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(In millions of Korean won)

	December 31, 2020			
	Profit (loss) for the year		Other comprehensive income	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets:				
Financial assets at fair value through profit or loss ¹	₩ 6,455	₩ (5,780)	₩ -	₩ -
Financial assets at fair value through other comprehensive income ¹	-	-	5,396	(4,033)
Loans receivables at fair value through profit or loss ²	563	(493)	-	-
Derivative assets ³	942	(3,003)	-	-
Financial liabilities:				
Derivative liabilities ³	2,416	(9,745)	-	-
	₩ 10,376	₩ (19,021)	₩ 5,396	₩ (4,033)

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 Fair value changes in privately placed convertible bonds are calculated by increasing or decreasing stock price (-20%–20%), commodity price (-20%–20%), interest rate (-2%p–2%p), value in Korean won (-10%–10%) and credit premium (added interest rate) (-5%p–5%p). The stock price, commodity price, interest rate, value in Korean won and credit premium are major unobservable inputs.

³ Fair value changes in callable IRS are calculated by increasing or decreasing Korean swaption by 10%. The Korean swaption is major unobservable input.

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Changes in Level 3 financial instruments subsequently measured at fair value for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)	2021				
	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	₩ 1,047,046	₩ 152,135	₩ 7,349	₩ 13,114	₩ 1,004
Total profit or loss:					
Amount recognized in profit or loss ¹	25,110	-	5,153	(7,548)	3,109
Amount recognized in other comprehensive income	-	3,595	-	-	-
Purchases	314,967	-	17,060	868	-
Sales	(135,647)	-	-	-	-
Settlement	-	-	-	-	-
Other changes:					
Transfer into Level 3 ²	900	-	-	-	-
Transfer into other levels ²	-	-	-	-	-
Reclassification	(17,226)	-	7,713	-	-
Ending balance	₩ 1,235,150	₩ 155,730	₩ 37,275	₩ 6,434	₩ 4,113

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 condensed interim consolidated statement of comprehensive income for the six-month period ended June 30, 2021, 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 (loss) for the period	₩ 25,110	₩ 5,153	₩ (10,657)	₩ 19,606
Change in unrealized gain (loss)	28,101	5,153	(10,657)	22,597

² The changes in levels occurred due to the change in the availability of observable market data for the securities during the six-month period ended June 30, 2021.

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(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 condensed interim consolidated statement of comprehensive income for the six-month period ended, 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 gain	4,437	598	2,775	7,810

² The changes in levels occurred due to the change in the availability of observable market data for the securities during the six-month period ended June 30, 2020.

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(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, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 595,151	₩ 4,578,576	₩ -	₩ 5,173,727
Loans and receivables	-	-	97,154,407	97,154,407
Financial assets at amortized cost	106,039	8,169,655	-	8,275,694
	₩ 701,190	₩ 12,748,231	₩ 97,154,407	₩ 110,603,828
Financial liabilities:				
Deposit liabilities	₩ -	₩ 13,482,879	₩ 77,030,435	₩ 90,513,314
Borrowings	1,367,737	1,165,278	5,221,874	7,754,889
Debentures	-	12,728,192	-	12,728,192
Other financial liabilities	-	-	3,788,845	3,788,845
	₩ 1,367,737	₩ 27,376,349	₩ 86,041,154	₩ 114,785,240

(In millions of Korean won)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 568,513	₩ 3,936,556	₩ -	₩ 4,505,069
Loans and receivables	-	-	88,530,046	88,530,046
Financial assets at amortized cost	100,842	7,874,154	-	7,974,996
	₩ 669,355	₩ 11,810,710	₩ 88,530,046	₩ 101,010,111
Financial liabilities:				
Deposit liabilities	₩ -	₩ 12,069,920	₩ 70,975,219	₩ 83,045,139
Borrowings	1,070,107	1,047,045	4,690,457	6,807,609
Debentures	-	11,401,821	-	11,401,821
Other financial liabilities	-	-	2,954,518	2,954,518
	₩ 1,070,107	₩ 24,518,786	₩ 78,620,194	₩ 104,209,087

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The valuation techniques and input variables of Level 2 financial instruments, subsequently not measured at fair value as of June 30, 2021, and December 31, 2020, are as follows. The valuation techniques and inputs 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 variables
	June 30, 2021	December 31, 2020		
Financial assets:				
Financial assets at amortized cost				
Debt securities	₩ 8,169,655	₩ 7,874,154	DCF Model	Discount rate
Financial liabilities:				
Deposit liabilities	₩ 13,482,879	₩ 12,069,920	DCF Model	Discount rate
Borrowings	1,165,278	1,047,045	DCF Model	Discount rate
Debentures	12,728,192	11,401,821	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, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	Fair value		Valuation techniques	Input variables
	June 30, 2021	December 31, 2020		
Financial assets:				
Loans and receivables	₩ 97,154,407	₩ 88,530,046	DCF Model	Discount rate and early repayment rate
Financial liabilities:				
Deposit liabilities	₩ 77,030,435	₩ 70,975,219	DCF Model	Discount rate
Borrowings	5,221,874	4,690,457	DCF Model	Discount rate
Other financial liabilities	3,788,845	2,954,518	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 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.

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Details of book amounts of transferred assets and relevant liabilities as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	Book amount of transferred assets	Book amount of related liabilities	Book amount of transferred assets	Book amount of related liabilities
Securities sold under repurchase agreement	₩ 2,131,141	₩ (1,879,705)	₩ 1,603,157	₩ (1,623,147)
Loaned securities	1,235,412	-	561,014	-
	<u>₩ 3,366,553</u>	<u>₩ (1,879,705)</u>	<u>₩ 2,164,171</u>	<u>₩ (1,623,147)</u>

7. CASH AND DUE FROM BANKS:

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

<i>(In millions of Korean won)</i>	Financial institution	June 30, 2021	December 31, 2020	Reason for restriction
Due from banks in local currency	The Bank of Korea	₩ 3,509,771	₩ 3,026,805	The Bank of Korea Act
	The Korea Securities Finance Corporation	3,168	5,494	Deposits from investors and others
	Korea Federation of Savings Banks	46,613	43,224	Reserve deposits and others
	Korea Securities Depository and others	31,930	2,640	Deposits from investors and others
	Korea Exchange and others	13,688	62,617	Collective fund for default losses and others
	Security companies and others	358	-	Derivative deposits, subscription deposits and others
		<u>3,605,528</u>	<u>3,140,780</u>	
Due from banks in foreign currencies	The Bank of Korea	74,817	103,880	Reserve deposits
	Korea Exchange ("KRX") and others	26,081	9,901	Deposits from investors and others
	The People's Bank of China and others	90,113	32,233	Reserve deposits for overseas affiliates and others
		<u>191,011</u>	<u>146,014</u>	
		<u>₩ 3,796,539</u>	<u>₩ 3,286,794</u>	

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

Financial assets at fair value through profit or loss as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020
Equity securities	₩ 327,356	₩ 266,255
Government and public bonds	364,290	134,121
Finance bonds	610,175	641,974
Corporate bonds	1,991,514	1,576,706
Other debt securities	704,665	476,052
Beneficiary certificates	1,151,695	870,984
Others	590,480	617,335
	<u>₩ 5,740,175</u>	<u>₩ 4,583,427</u>

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

Financial assets at fair value through other comprehensive income as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020
Equity securities	₩ 177,650	₩ 170,750
Debt securities:		
Government and public bonds	897,199	1,245,979
Finance bonds	644,662	1,031,233
Corporate bonds	2,001,216	2,350,624
Loans in securities	1,186,728	551,244
	<u>4,729,805</u>	<u>5,179,080</u>
	<u>₩ 4,907,455</u>	<u>₩ 5,349,830</u>

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10. FINANCIAL ASSETS AT AMORTIZED COST:

Financial assets at amortized cost as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>		June 30, 2021		December 31, 2020
Debt securities:				
Government and public bonds	₩	3,699,345	₩	3,345,337
Finance bonds		677,309		655,798
Corporate bonds		3,845,772		3,868,966
Loans in securities		48,684		9,770
Provision for impairment		(3,132)		(2,524)
	₩	<u>8,267,978</u>	₩	<u>7,877,347</u>

11. ASSETS PROVIDED AS COLLATERAL:

The investments in financial assets provided as collateral as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In millions of Korean won)</i>		Face value		
	Provided to	June 30, 2021		Reason
Financial assets at fair value through profit or loss	Korea Securities Depository	₩ 1,447,238		Sold under repurchase agreements
	Woori Asset Management Co., Ltd. and others	71,060		Sold under repurchase agreements
	KRX	2,004		Central CounterParty ("CCP")
	Samsung Futures Inc. and others	25,471		Margin for futures and others
	Korea Securities Finance Corp and others	435,275		Lending transaction
Financial assets at fair value through other comprehensive income	Korea Securities Depository	145,490		Sold under repurchase agreements
	Nomura Finance Investment and others	29,896		Sold under repurchase agreements
	Bank of Korea	219,302		Borrowing collateral and overdraft and settlement
	Sumitomo Mitsui Banking Corporation	66,009		Foreign borrowings
	Societe Generale	79		Collateral for Credit Support Annex

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(In millions of Korean won)

		Face value	
	Provided to	June 30, 2021	Reason
Financial assets at amortized cost	Korea Securities Depository	437,457	Sold under repurchase agreements
	Bank of Korea	1,710,874	Borrowing collateral and overdraft and settlement
	Korea Securities Depository	83	Collective fund for default losses and others
	KRX	3,320	Collective funds for OTC derivatives and others
	Industrial Bank of Korea and others	34,731	Foreign borrowings, Collateral for Credit Support Annex and others
	Futures Companies	12,766	Margin for futures and others
		<u>₩ 4,641,055</u>	

(In millions of Korean won)

		Face value	
	Provided to	December 31, 2020	Reason
Financial assets at fair value through profit or loss	Korea Securities Depository	₩ 983,008	Sold under repurchase agreements
	KB Asset Management Co., Ltd.	48,150	Sold under repurchase agreements
	KRX	2,010	CCP
	Samsung Futures Inc.	39,737	Margin for futures and others
	Korea Securities Finance Corp and others	187,420	Lending transaction
Financial assets at fair value through other comprehensive income	Korea Securities Depository	152,891	Sold under repurchase agreements
	Nomura Finance Investment and others	36,382	Sold under repurchase agreements
	Bank of Korea	392,189	Borrowing collateral and overdraft and settlement
	Sumitomo Mitsui Banking Corporation	66,718	Foreign borrowings
	KRX	1,304	Collective funds for OTC derivatives
Financial assets at amortized cost	Korea Securities Depository	382,726	Sold under repurchase agreements
	Bank of Korea	1,468,002	Borrowing collateral and overdraft and settlement
	Korea Securities Depository	83	Collective fund for default losses and others
	KRX	2,008	Collective funds for OTC derivatives and others
	Industrial Bank of Korea and others	86,312	Foreign borrowings, Collateral for Credit Support Annex and others
	Futures Companies	22,452	Margin for futures and others
		<u>₩ 3,871,392</u>	

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Details of the land and building provided by the Group as collateral for the leasehold deposits as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)		June 30, 2021			
	Secured assets	Carrying amount		Maximum amount	
Property and equipment	Land	₩	11,405	₩	670
	Building		10,228		
		₩	21,633		
Investment properties	Land	₩	28,958		
	Building		4,230		
		₩	33,188		
(In millions of Korean won)		December 31, 2020			
	Secured assets	Carrying amount		Maximum amount	
Property and equipment	Land	₩	11,405	₩	670
	Building		10,208		
		₩	21,613		
Investment properties	Land	₩	28,958		
	Building		4,375		
		₩	33,333		

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12. LOANS AND RECEIVABLES:

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

(In millions of Korean won)

	June 30, 2021			December 31, 2020		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Loans receivable:						
Loans in Korean won:						
Corporates	₩ 57,482,742	₩ -	₩ 57,482,742	₩ 53,263,723	₩ -	₩ 53,263,723
Household	31,118,964	-	31,118,964	27,743,937	-	27,743,937
Public sector and others	1,926,072	-	1,926,072	1,666,736	-	1,666,736
Interbank loans	114,256	-	114,256	147,115	-	147,115
	<u>90,642,034</u>	<u>-</u>	<u>90,642,034</u>	<u>82,821,511</u>	<u>-</u>	<u>82,821,511</u>
Loans in foreign currencies	1,322,123	-	1,322,123	1,238,496	-	1,238,496
Call loans	307,666	-	307,666	328,637	-	328,637
Bills bought in local currency	1,772	-	1,772	1,272	-	1,272
Bills bought in foreign currencies	199,871	-	199,871	160,765	-	160,765
Advances for customers	770	-	770	2,026	-	2,026
Credit card receivables	800,982	-	800,982	816,775	-	816,775
Bonds purchased under repurchase agreement	642,000	-	642,000	477,100	-	477,100
Privately placed bonds	250,906	37,275	288,181	169,302	7,349	176,651
Finance lease receivables	621,548	-	621,548	657,640	-	657,640
Installment financing receivables	286,897	-	286,897	278,515	-	278,515
	<u>95,076,569</u>	<u>37,275</u>	<u>95,113,844</u>	<u>86,952,039</u>	<u>7,349</u>	<u>86,959,388</u>
Provision for impairment of loans receivable ¹	(784,811)	-	(784,811)	(744,454)	-	(744,454)
Deferred loan origination fees	(5,506)	-	(5,506)	(3,684)	-	(3,684)
Deferred loan origination costs	174,258	-	174,258	148,772	-	148,772
	<u>94,460,510</u>	<u>37,275</u>	<u>94,497,785</u>	<u>86,352,673</u>	<u>7,349</u>	<u>86,360,022</u>
Receivables:						
Suspense payments	2,730	-	2,730	2,645	-	2,645
Non-trade receivable	1,174,708	-	1,174,708	544,425	-	544,425
Domestic exchange settlement debits	251,578	-	251,578	174,962	-	174,962
Guarantee deposits provided	270,468	-	270,468	280,071	-	280,071
Accrued income	344,801	-	344,801	349,316	-	349,316
Deposits under regulation	1,384	-	1,384	1,647	-	1,647
Bills unsettled	20	-	20	109	-	109
Other	716	-	716	42	-	42
	<u>2,046,405</u>	<u>-</u>	<u>2,046,405</u>	<u>1,353,217</u>	<u>-</u>	<u>1,353,217</u>
Provision for impairment of receivables	(5,511)	-	(5,511)	(6,404)	-	(6,404)
Discounted present value (leasehold deposits provided)	(10,094)	-	(10,094)	(6,181)	-	(6,181)
	<u>2,030,800</u>	<u>-</u>	<u>2,030,800</u>	<u>1,340,632</u>	<u>-</u>	<u>1,340,632</u>
Loans and receivables	₩ 96,491,310	₩ 37,275	₩ 96,528,585	₩ 87,693,305	₩ 7,349	₩ 87,700,654

¹ Discounted present value of ₩463 million and ₩3,238 million is included as of June 30, 2021, and discounted present value of ₩7 million and ₩5,357 million is included as of December 31, 2020.

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13. PROVISION FOR IMPAIRMENT:

Changes in provision for impairment of loans and receivables for six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	12 months' expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 255,191	₩ 291,472	₩ 204,195	₩ 750,858
Transfer to 12 months' expected credit losses of financial assets	46,234	(37,134)	(9,100)	-
Transfer to lifetime expected credit losses	(16,447)	21,469	(5,022)	-
Transfer to credit-impaired financial assets	(7,026)	(52,491)	59,517	-
Written off during the year as uncollectible	-	-	(110,901)	(110,901)
Decrease in provision due to sales of loans	-	-	(64,013)	(64,013)
Changes from adjustments to receivables and payables	-	-	(127)	(127)
Exchange differences	(35)	231	-	196
Other	2,119	-	(3,396)	(1,277)
	<u>280,036</u>	<u>223,547</u>	<u>71,153</u>	<u>574,736</u>
Additional provision for (reversal of) impaired receivables during the period ¹	20,467	42,392	152,727	215,586
Ending balance	₩ <u>300,503</u>	₩ <u>265,939</u>	₩ <u>223,880</u>	₩ <u>790,322</u>

¹ Included collection of written-off loans amounting to ₩35,348 million.

(In millions of Korean won)

	2020			
	12 months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 233,345	₩ 245,040	₩ 346,376	₩ 824,761
Transfer to 12 months' expected credit losses of financial assets	36,618	(34,854)	(1,764)	-
Transfer to lifetime expected credit losses	(28,597)	51,465	(22,868)	-
Transfer to credit-impaired financial assets	(7,342)	(46,528)	53,870	-
Written off during the year as uncollectible	-	-	(205,293)	(205,293)
Decrease in provision due to sales of loans	(3,875)	(3,203)	(25,916)	(32,994)

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(In millions of Korean won)

	2020			
	12 months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Changes from adjustments to receivables and payables	-	-	(104)	(104)
Exchange differences	142	142	440	724
Other	869	(3)	(20,651)	(19,785)
	<u>231,160</u>	<u>212,059</u>	<u>124,090</u>	<u>567,309</u>
Additional provision for (reversal of) 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.

Changes in provision for impairment for financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	12 months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 1,840	₩ -	₩ -	₩ 1,840
Decrease in provision from sales	(621)	-	-	(621)
Contribution to provision for impairment	331	-	-	331
Ending balance	<u>₩ 1,550</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,550</u>

(In millions of Korean won)

	2020			
	12 months' expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 1,115	₩ -	₩ -	₩ 1,115
Decrease in provision from sales	(389)	-	-	(389)
Contribution to provision for impairment	853	-	-	853
Ending balance	<u>₩ 1,579</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,579</u>

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Changes in provision for impairment for securities at amortized cost for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	12 months expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 2,524	₩ -	₩ -	₩ 2,524
Contribution to provision for impairment	608	-	-	608
Ending balance	₩ 3,132	₩ -	₩ -	₩ 3,132

(In millions of Korean won)

	2020			
	12 months' expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 1,120	₩ -	₩ -	₩ 1,120
Contribution to provision for impairment	1,118	-	-	1,118
Ending balance	₩ 2,238	₩ -	₩ -	₩ 2,238

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14. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING:

The valuation of derivatives for trading as of June 30, 2021, and December 31, 2020, is as follows:

(In millions of Korean won)

		June 30, 2021			
		Valuation gain	Valuation loss	Assets	Liabilities
Currency:					
Currency forwards	₩	20,578	₩ 15,926	₩ 18,443	₩ 14,539
Currency swaps		96	388	2,447	-
Currency options		2,404	2,020	2,815	2,899
		<u>23,078</u>	<u>18,334</u>	<u>23,705</u>	<u>17,438</u>
Interest rate:					
Interest rate forwards		1	7	-	-
IRSs		3,857	6,349	3,352	288
		<u>3,858</u>	<u>6,356</u>	<u>3,352</u>	<u>288</u>
Stock:					
Stock forwards		1	-	-	-
Stock options		-	-	1,109	229
		<u>1</u>	<u>-</u>	<u>1,109</u>	<u>229</u>
	₩	<u>26,937</u>	₩ <u>24,690</u>	₩ <u>28,166</u>	₩ <u>17,955</u>

(In millions of Korean won)

		December 31, 2020			
		Valuation gain	Valuation loss	Assets	Liabilities
Currency:					
Currency forwards	₩	51,572	₩ 57,239	₩ 45,753	₩ 52,137
Currency swaps		6,884	40	4,003	750
Currency options		5,998	4,918	10,027	10,109
		<u>64,454</u>	<u>62,197</u>	<u>59,783</u>	<u>62,996</u>
Interest rate:					
Interest rate forwards		-	12	-	-
IRSs		558	110	6,129	542
		<u>558</u>	<u>122</u>	<u>6,129</u>	<u>542</u>
	₩	<u>65,012</u>	₩ <u>62,319</u>	₩ <u>65,912</u>	₩ <u>63,538</u>

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Hedge

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

The valuation of derivatives designated as a hedging instrument as of June 30, 2021, and December 31, 2020, is as follows:

(In millions of Korean won)

		June 30, 2021			
		Valuation gain	Valuation loss	Assets	Liabilities
Interest rate:					
IRSs	₩	-	₩ 11,216	₩ 5,565	₩ 4,113
	₩	-	₩ 11,216	₩ 5,565	₩ 4,113

(In millions of Korean won)

		December 31, 2020			
		Valuation gain	Valuation loss	Assets	Liabilities
Interest rate:					
IRSs	₩	18,149	₩ 1,222	₩ 13,114	₩ 1,004
	₩	18,149	₩ 1,222	₩ 13,114	₩ 1,004

Gain (loss) on valuation of hedged items and hedging instrument for the six-month periods ended June 30, 2021 and 2020, is as follows:

(In millions of Korean won)

	2021	2020
Gain (loss) on valuation of hedging instrument	₩ (11,216)	₩ 26,448
Gain (loss) on valuation of hedged items	10,613	(26,919)
	₩ (603)	₩ (471)

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Amount, timing and uncertainty of future cash flows for the six-month periods ended June 30, 2021 and 2020, are as follows:

	2021													
(In millions of Korean won)	Less than 1 year		Between 1 year-2 years		Between 2-3 years		Between 3-4 years		Between 4-5 years		More than 5 years		Total	
Fair value risk hedges:														
Nominal amount of risk hedge instrument	₩	-	₩	-	₩	-	₩	-	₩	-	₩	352,500	₩	352,500
Average hedge ratio (%)		-		-		-		-		-		100%		100%
Risk hedges for net investments in foreign operation:														
Nominal amount of risk hedge instrument	₩	61,585	₩	-	₩	107,350	₩	19,775	₩	-	₩	-	₩	188,710
Average hedge ratio (%)		100%		-		100%		100%		-		-		100%
	2020													
(In millions of Korean won)	Less than 1 year		Between 1 year-2 years		Between 2-3 years		Between 3-4 years		Between 4-5 years		More than 5 years		Total	
Fair value risk hedges:														
Nominal amount of risk hedge instrument	₩	-	₩	-	₩	-	₩	-	₩	-	₩	342,000	₩	342,000
Average hedge ratio (%)		-		-		-		-		-		100%		100%
Risk hedges for net investments in foreign operation:														
Nominal amount of risk hedge instrument	₩	4,896	₩	54,400	₩	-		84,320	₩	-	₩	-	₩	143,616
Average hedge ratio (%)		100%		100%		-		100%		-		-		100%

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

Impacts of risk hedge instruments on the consolidated statements of financial position, the consolidated statements of comprehensive income and the consolidated statements of changes in equity as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of
Korean won)

		June 30, 2021							
		Condensed interim consolidated statement of financial position						Condensed interim consolidated statement of comprehensive income and condensed interim consolidated statement of changes in equity	
		Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit or loss	Other comprehensive income	
Fair value risk hedges:									
Interest rate risk hedge		₩ 352,500	₩ (11,216)	₩ 5,565	₩ 4,113	₩ -	₩ (11,216)	₩ -	
Hedges for net investments in foreign operations:									
Currency risk hedge		188,710	(5,948)	-	-	188,710	-	(4,414)	
		₩ 541,210	₩ (17,164)	₩ 5,565	₩ 4,113	₩ 188,710	₩ (11,216)	₩ (4,414)	

(In millions of
Korean won)

		December 31, 2020							
		Consolidated statement of financial position						Consolidated statement of comprehensive income and consolidated statement of changes in equity	
		Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit or loss	Other comprehensive income ¹	
Fair value risk hedges:									
Interest rate risk hedge		₩ 342,000	₩ 16,927	₩ 13,114	₩ 1,004	₩ -	₩ 16,927	₩ -	
Hedges for net investments in foreign operations:									
Currency risk hedge		143,616	11,517	-	-	143,616	-	8,557	
		₩ 485,616	₩ 28,444	₩ 13,114	₩ 1,004	₩ 143,616	₩ 16,927	₩ 8,557	

¹ The amount recognized in other comprehensive income is after tax, taking into account the effect of corporate tax.

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Impacts of the hedged items on the consolidated statements of financial position, the consolidated statements of comprehensive income and the consolidated statements of changes in equity as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of
Korean won)

		June 30, 2021													
		Condensed consolidated statement of financial position				Condensed consolidated statement of comprehensive income and condensed consolidated statement of changes in equity				Reserve for foreign currency translation					
Nominal amount		Changes in fair value		Deposits received		Debentures		Profit or loss		Other comprehensive income					
Fair value risk hedges:															
Interest rate risk hedge		₩	352,500	₩	10,613	₩	66,435	₩	288,063	₩	10,613	₩	-	₩	-
Hedges for net investments in foreign operations:															
Currency risk hedge		188,710		6,466		-		-		-		4,812		2,158	
		₩	541,210	₩	17,079	₩	66,435	₩	288,063	₩	10,613	₩	4,812	₩	2,158

(In millions of
Korean won)

		December 31, 2020							
				Consolidated statement of financial position		Consolidated statement of comprehensive income and consolidated statement of changes in equity		Reserve for foreign currency translation	
		Nominal amount	Changes in fair value	Deposits received	Bonds	Profit or loss	Other comprehensive income		
Fair value risk hedges:									
Interest rate risk hedge		₩ 342,000	₩ (16,905)	₩ 69,139	₩ 284,971	₩ (16,905)	₩ -	₩	-
Hedges for net investments in foreign operations:									
Currency risk hedge		143,616	(12,497)	-	-	-	(9,285)		6,572
		₩ 485,616	₩ (29,402)	₩ 69,139	₩ 284,971	₩ (16,905)	₩ (9,285)	₩	6,572

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The amounts and items recognized as profit or loss due to ineffective portion in fair value risk hedges for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)	Ineffective portion of risk hedges recognized as profit or loss				Item
	2021		2020		
Fair value risk hedge:					
Interest rate risk hedge	₩	(603)	₩	(471)	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 periods ended June 30, 2021 and 2020.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE:

Details of investments in associates and joint venture as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	June 30, 2021					
	Main business	Location	Percentage of ownership (%)	Acquisition cost	Carrying amount	
Investments in associates:						
BNK K200 Index Securities Investment Trust	Financial investment	The Republic of Korea	22.52	₩ 3,402	₩ 5,528	
Orion Mezzanine Multi-strategy Professional Private Fund	Financial investment	The Republic of Korea	38.16	5,000	5,199	
ANDA Mezzanine Professional Security Investment Trust No. 7	Financial investment	The Republic of Korea	32.61	2,901	3,443	
BNK Ocean Business	Financial investment	The Republic of Korea	34.19	2,650	2,511	
BSK No. 9 Youth Startup Investment Association	Financial investment	The Republic of Korea	29.94	6,000	5,769	
BNK Inter-Value Technology Finance Investment Association No. 1	Financial investment	The Republic of Korea	34.32	6,350	6,186	
ANDA H Mezzanine 11	Financial investment	The Republic of Korea	24.51	14,000	13,989	
Hyundai Investments Leveraged Bond Hedge Fund No. 2	Financial investment	The Republic of Korea	50.00	30,000	29,712	
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)	Financial investment	The Republic of Korea	36.52	40,000	40,746	
DGB Professional Investment Private Security Investment Trust No. 28	Financial investment	The Republic of Korea	37.63	30,000	30,322	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	Financial investment	The Republic of Korea	27.23	30,000	30,344	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	Financial investment	The Republic of Korea	50.00	30,000	30,176	

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	Main business	Location	June 30, 2021		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
NH-Amundi Enhanced Bond Private Securities Investment Trust	Financial investment	The Republic of Korea	24.00	30,000	31,314
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	Financial investment	The Republic of Korea	50.00	50,000	50,333
KB Leaders Professional Investment Private Security Investment Trust No. 12	Financial investment	The Republic of Korea	36.67	40,000	40,818
KB Leaders Professional Investment Private Security Investment Trust No. 15	Financial investment	The Republic of Korea	20.30	30,000	30,375
IBK Professional Investor Private Fund 15 (bond-balanced)	Financial investment	The Republic of Korea	42.86	30,000	29,885
SH IPO Maturity Matching Professional Investment Type Private Security Investment Trust No. 1 (bond-hybrid)	Financial investment	The Republic of Korea	32.18	50,000	50,582
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	Financial investment	The Republic of Korea	46.15	7,242	7,358
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	Financial investment	The Republic of Korea	50.00	5,026	5,047
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	Financial investment	The Republic of Korea	50.00	14,280	14,282
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 21	Financial investment	The Republic of Korea	50.00	8,921	8,810
VI Holding Company Plus Securities Fund No. 1	Financial investment	The Republic of Korea	-	-	-
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	Financial investment	The Republic of Korea	-	-	-
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	Financial investment	The Republic of Korea	50.00	50,000	49,692
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	Financial investment	The Republic of Korea	50.00	50,000	49,684
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	Financial investment	The Republic of Korea	25.00	8,131	8,130
Consus Clean Water Private Special Asset Fund-1	Financial investment	The Republic of Korea	50.00	10,339	10,347
Kiwoom Frontier Private Securities Investment Trust 11th	Financial investment	The Republic of Korea	50.00	50,000	49,622
Kiwoom Frontier Private Securities Investment Trust 12th	Financial investment	The Republic of Korea	26.34	39,194	39,707
Petra 7 Alpha Private Equity Partnership	Financial investment	The Republic of Korea	21.79	10,938	10,501
Hana UBS Professional Investment Private Security Investment Trust No. 6	Financial investment	The Republic of Korea	45.57	30,000	30,908
Heungkuk Discretionary Investment Specialized Private Equity Type 2	Financial investment	The Republic of Korea	23.13	40,000	40,265
HDC Professional Specialized Private Fund 9 (bond)	Financial investment	The Republic of Korea	49.02	50,000	49,984

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	Main business	Location	June 30, 2021		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
KB Leaders ESG Private Securities Fund No. 1 (bond)	Financial investment	The Republic of Korea	45.45	100,000	99,691
Kyobo Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond)	Financial investment	The Republic of Korea	33.33	50,000	49,777
Hyundai Trust Professional Private Equity Fund No. 23 (bond)	Financial investment	The Republic of Korea	50.00	50,000	49,675
Kyobo AXA Clean Energy Center Professional Private Placement Special Asset Fund	Financial investment	The Republic of Korea	28.30	1,938	1,940
Shinhan Corporate Professional Investment Type Private Securities Investment Trust No. 13 (bond)	Financial investment	The Republic of Korea	27.33	30,000	29,848
UBS HANA Professional Investor Private Investment Trust 10 (bond)	Financial investment	The Republic of Korea	42.86	30,000	29,977
KIAMCO Aviation Professional Investment Private Equity Trust	Financial investment	The Republic of Korea	20.00	10,945	11,042
KORAMCO Professional Investment No. 127	Financial investment	The Republic of Korea	30.30	5,000	4,947
Rifa Logistics Private Real Estate Investment Trust 3	Financial investment	The Republic of Korea	23.92	5,000	5,000
IGIS No. 331 Professional Investors' Private Real Estate Investment Trust	Financial investment	The Republic of Korea	33.33	10,000	10,001
Melon Asset Professional Investment Private Equity Trust 13	Financial investment	The Republic of Korea	34.38	5,900	5,898
IGIS No. 408 Professional Investors Private Real Estate Investment Trust	Financial investment	The Republic of Korea	31.80	8,000	7,750
IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust	Financial investment	The Republic of Korea	34.69	6,500	6,727
BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	Fund Partnership	The Republic of Korea	16.67	3,000	2,999
Orion Kosdaq Venture #52	Financial investment	The Republic of Korea	49.32	3,000	3,123
One Private Equity Fund	Financial investment	The Republic of Korea	40.52	3,000	3,820
Unistory IPO Private Equity Fund I	Financial investment	The Republic of Korea	40.00	4,000	4,237
Kalonstar Private Equity Fund I	Financial investment	The Republic of Korea	45.00	4,500	4,639
Mastern High Yield Private Equity Fund II	Financial investment	The Republic of Korea	28.56	2,000	2,240
Daeduck High Yield Private Equity Fund III	Financial investment	The Republic of Korea	40.10	2,000	2,227
Mastern Private Equity Fund I	Financial investment	The Republic of Korea	31.23	3,000	3,790
Pharos High Yield Private Equity Fund II A-2	Financial investment	The Republic of Korea	31.40	2,000	2,254
IBK Private Equity Fund I	Financial investment	The Republic of Korea	30.00	3,000	3,155
Brighten IPO Private Equity Fund I	Financial investment	The Republic of Korea	45.45	2,000	2,466
Eureka Event-Driven High Yield Private Equity Fund I	Financial investment	The Republic of Korea	39.08	3,000	4,124
PNP IPO Private Equity Fund III C-	Financial investment	The Republic of Korea	45.64	3,000	3,795
NH IPO Private Equity Fund I	Financial	The Republic	38.28	4,000	4,289

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	Main business	Location	June 30, 2021		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
	investment	of Korea			
Redhill High Yield Private Equity Fund I	Financial investment	The Republic of Korea	39.78	1,500	1,688
Ciel High Yield Private Equity Fund I	Financial investment	The Republic of Korea	39.42	2,000	2,390
Redhill Private Equity Fund	Financial investment	The Republic of Korea	30.00	1,500	1,500
SPACE HighYield Private Equity Fund No. 1	Financial investment	The Republic of Korea	38.39	3,000	2,993
ABSOLUTE HighYield Private Equity Fund No. 2	Financial investment	The Republic of Korea	38.62	2,200	2,195
HAN&Partners High-Yield Fund Class C	Financial investment	The Republic of Korea	30.24	3,000	3,043
KALON HighYield Private equity Fund No. 1	Financial investment	The Republic of Korea	40.00	4,000	3,993
JMC HighYield Private equity Fund No. 2	Financial investment	The Republic of Korea	40.00	2,000	1,999
BNK Teuntuen Short-Term Bond	Financial investment	The Republic of Korea	32.22	20,712	20,712
BNK Winning Target Convertible Securities Investment Trust No. 1	Financial investment	The Republic of Korea	-	-	-
UQIP Future Generation Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	5.00	100	565
UQIP Energy Fusion Investment Fund Partnership	Fund Partnership	The Republic of Korea	3.00	1,500	1,170
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	15.00	525	350
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Fund Partnership	The Republic of Korea	7.14	1,000	955
2019 UQIP Innovative Growth Follow-on Fund Partnership	Fund Partnership	The Republic of Korea	15.63	3,000	3,034
BNK Fisheries Investment Association No. 1	Fund Partnership	The Republic of Korea	10.00	700	666
KC Co., Ltd.	Manufacture	The Republic of Korea	41.69	-	-
Investments in joint venture:					
M-park Capital Co., Ltd. ¹	Facility rent business	The Republic of Korea	-	-	-
				<u>₩ 1,205,894</u>	<u>₩ 1,218,253</u>

¹ All of the joint arrangements, which the Group holds joint control of, 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, they have rights to the net assets of the joint arrangements, and such parties are classified as joint ventures. Additionally, the net assets of the joint venture are incorporated in the Group's consolidated financial statements using the equity method of accounting.

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(In millions of Korean won)	December 31, 2020					
	Main business	Location	Percentage of ownership (%)	Acquisition cost	Carrying amount	
Investments in associates:						
BNK K200 Index Securities Investment Trust	Financial investment	The Republic of Korea	-	₩	-	₩
Orion Mezzanine Multi-strategy Professional Private Fund	Financial investment	The Republic of Korea	38.16	5,000	5,783	
ANDA Mezzanine Professional Security Investment Trust No. 7	Financial investment	The Republic of Korea	32.98	9,288	11,496	
BNK Ocean Business	Financial investment	The Republic of Korea	34.19	2,650	2,577	
BSK No. 9 Youth Startup Investment Association	Financial investment	The Republic of Korea	29.94	4,000	3,895	
BNK Inter-Value Technology Finance Investment Association No. 1	Financial investment	The Republic of Korea	34.32	2,540	2,527	
ANDA H Mezzanine 11	Financial investment	The Republic of Korea	-	-	-	
Hyundai Investments Leveraged Bond Hedge Fund No. 2	Financial investment	The Republic of Korea	-	-	-	
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)	Financial investment	The Republic of Korea	30.00	30,000	30,791	
DGB Professional Investment Private Security Investment Trust No. 28	Financial investment	The Republic of Korea	37.50	30,000	30,441	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	Financial investment	The Republic of Korea	27.23	30,000	30,269	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	Financial investment	The Republic of Korea	50.00	30,000	30,122	
NH-Amundi Enhanced Bond Private Securities Investment Trust	Financial investment	The Republic of Korea	23.49	30,000	31,410	
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	Financial investment	The Republic of Korea	50.00	50,000	50,197	
KB Leaders Professional Investment Private Security Investment Trust No. 12	Financial investment	The Republic of Korea	30.00	30,000	30,817	
KB Leaders Professional Investment Private Security Investment Trust No. 15	Financial investment	The Republic of Korea	20.00	30,000	30,362	
IBK Professional Investor Private Fund 15 (bond-balanced)	Financial investment	The Republic of Korea	-	-	-	
SH IPO Maturity Matching Professional Investment Type Private Security Investment Trust No. 1 (bond-hybrid)	Financial investment	The Republic of Korea	-	-	-	
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	Financial investment	The Republic of Korea	46.15	5,547	5,622	
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	Financial investment	The Republic of Korea	50.00	6,023	5,185	
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	Financial investment	The Republic of Korea	50.00	16,642	14,322	
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 21	Financial investment	The Republic of Korea	-	-	-	

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	Main business	Location	December 31, 2020		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
VI Holding Company Plus Securities Fund No. 1	Financial investment	The Republic of Korea	20.05	3,000	3,133
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	Financial investment	The Republic of Korea	49.41	30,000	30,566
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	Financial investment	The Republic of Korea	50.00	50,000	51,452
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	Financial investment	The Republic of Korea	50.00	50,000	51,122
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	Financial investment	The Republic of Korea	25.00	8,295	8,293
Consus Clean Water Private Special Asset Fund-1	Financial investment	The Republic of Korea	50.00	10,743	10,877
Kiwoom Frontier Private Securities Investment Trust 11th	Financial investment	The Republic of Korea	50.00	50,000	50,853
Kiwoom Frontier Private Securities Investment Trust 12th	Financial investment	The Republic of Korea	26.00	39,194	39,566
Petra 7 alpha Private Equity Partnership	Financial investment	The Republic of Korea	21.79	10,938	10,579
Hana UBS Professional Investment Private Security Investment Trust No. 6	Financial investment	The Republic of Korea	49.18	30,000	30,933
Heungkuk Discretionary Investment Specialized Private Equity Type 2	Financial investment	The Republic of Korea	22.15	40,000	40,214
HDC Professional Specialized Private Fund 9 (bond)	Financial investment	The Republic of Korea	-	-	-
KB Leaders ESG Private Securities Fund No. 1 (bond)	Financial investment	The Republic of Korea	-	-	-
Kyobo Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond)	Financial investment	The Republic of Korea	-	-	-
Hyundai Trust Professional Private Equity Fund No. 23 (bond)	Financial investment	The Republic of Korea	-	-	-
Kyobo AXA Clean Energy Center Professional Private Placement Special Asset Fund	Financial investment	The Republic of Korea	-	-	-
Shinhan Corporate Professional Investment Type Private Securities Investment Trust No. 13 (bond)	Financial investment	The Republic of Korea	-	-	-
UBS HANA Professional Investor Private Investment Trust 10 (bond)	Financial investment	The Republic of Korea	-	-	-
KIAMCO Aviation Professional Investment Private Equity Trust 1	Financial investment	The Republic of Korea	20.00	10,945	11,164
KORAMCO Professional Investment No. 127	Financial investment	The Republic of Korea	-	-	-
Rifa Logistics Private Real Estate Investment Trust 3	Financial investment	The Republic of Korea	-	-	-
IGIS No. 331 Professional Investors' Private Real Estate Investment Trust	Financial investment	The Republic of Korea	-	-	-
Melon Asset Professional Investment Private Equity Trust 13	Financial investment	The Republic of Korea	-	-	-
IGIS No. 408 Professional Investors Private Real Estate Investment Trust	Financial investment	The Republic of Korea	-	-	-

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			December 31, 2020		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust	Financial investment	The Republic of Korea	-	-	-
BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	Fund Partnership	The Republic of Korea	-	-	-
Orion Kosdaq Venture #52	Financial investment	The Republic of Korea	-	-	-
One Private Equity Fund II	Financial investment	The Republic of Korea	-	-	-
Unistory IPO Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Kalonstar Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Mastern High Yield Private Equity Fund II	Financial investment	The Republic of Korea	-	-	-
Daeduck High Yield Private Equity Fund III	Financial investment	The Republic of Korea	-	-	-
Mastern Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Pharos High Yield Private Equity Fund II A-2	Financial investment	The Republic of Korea	-	-	-
IBK Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Brighten IPO Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Eureka Event-Driven High Yield Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
PNP IPO Private Equity Fund III C-s	Financial investment	The Republic of Korea	-	-	-
NH IPO Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Redhill High Yield Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Ciel High Yield Private Equity Fund I	Financial investment	The Republic of Korea	-	-	-
Redhill Private Equity Fund II	Financial investment	The Republic of Korea	-	-	-
SPACE HighYield Private equity Fund No. 1	Financial investment	The Republic of Korea	-	-	-
ABSOLUTE HighYield Private Equity Fund No. 2	Financial investment	The Republic of Korea	-	-	-
HAN&Partners High-Yield Fund Class C	Financial investment	The Republic of Korea	-	-	-
KALON HighYield Private Equity Fund No. 1	Financial investment	The Republic of Korea	-	-	-
JMC HighYield Private Equity Fund No .2	Financial investment	The Republic of Korea	-	-	-
BNK Teuntuen Short-Term Bond	Financial investment	The Republic of Korea	-	-	-
BNK Winning Target Convertible Securities Investment Trust No. 1	Financial investment	The Republic of Korea	31.42	200	211
UQIP Future Generation Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	5.00	100	499
UQIP Energy Fusion Investment Fund Partnership	Fund Partnership	The Republic of Korea	3.00	1,500	1,158
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	Fund Partnership	The Republic of Korea	15.00	525	219
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Fund Partnership	The Republic of Korea	7.14	1,000	965

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	Main business	Location	December 31, 2020		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
2019 UQIP Innovative Growth Follow-on Fund Partnership	Fund Partnership	The Republic of Korea	15.63	3,000	2,952
BNK Fisheries Investment Association No. 1	Fund Partnership	The Republic of Korea	10.00	700	685
KC Co., Ltd.	Manufacture	The Republic of Korea	41.69	-	-
Investments in joint venture:					
M-park Capital Co., Ltd. ¹	Facility rent business	The Republic of Korea	30.00	6,000	3,175
				₩ 657,830	₩ 664,432

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 periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in associates:						
BNK K200 Index Securities Investment Trust	₩ -	₩ 5,028	₩ 500	₩ -	₩ -	₩ 5,528
Orion Mezzanine Multi-strategy Professional Private Fund	5,783	-	(193)	(391)	-	5,199
ANDA Mezzanine Professional Security Investment Trust No. 7	11,496	(6,993)	96	(1,156)	-	3,443
BNK Ocean Business	2,577	-	(66)	-	-	2,511
BSK No. 9 Youth Startup Investment Association	3,895	2,000	(126)	-	-	5,769
BNK Inter-Value Technology Finance Investment Association No. 1	2,527	3,810	(151)	-	-	6,186
ANDA H Mezzanine 11	-	14,000	(11)	-	-	13,989
Hyundai Investments Leveraged Bond Hedge Fund No. 2	-	30,000	(288)	-	-	29,712

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	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	30,791	10,000	(45)	-	-	40,746
DGB Professional Investment Private Security Investment Trust No. 28	30,441	-	(119)	-	-	30,322
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,269	-	75	-	-	30,344
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	30,122	-	54	-	-	30,176
NH-Amundi Enhanced Bond Private Securities Investment Trust	31,410	-	(96)	-	-	31,314
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	50,197	-	136	-	-	50,333
KB Leaders Professional Investment Private Security Investment Trust No. 12	30,817	10,001	-	-	-	40,818
KB Leaders Professional Investment Private Security Investment Trust No. 15	30,362	-	13	-	-	30,375
IBK Professional Investor Private Fund 15 (bond-balanced)	-	30,000	(115)	-	-	29,885
SH IPO Maturity Matching Professional Investment Type Private Security Investment Trust No. 1 (bond-hybrid)	-	50,000	582	-	-	50,582
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	5,622	1,720	100	(84)	-	7,358
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	5,185	(334)	80	(81)	197	5,047
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	14,322	(594)	188	(188)	554	14,282

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	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 21	-	8,921	65	(65)	(111)	8,810
VI Holding Company Plus Securities Fund No. 1	3,133	(3,133)	-	-	-	-
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	30,566	(30,298)	(19)	(249)	-	-
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	51,452	-	(49)	(1,711)	-	49,692
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	51,122	-	98	(1,536)	-	49,684
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	8,293	(164)	178	(177)	-	8,130
Consus_Clean Water_Private Special Asset Fund-1	10,877	(404)	877	(1,003)	-	10,347
Kiwoom Frontier Private Securities Investment Trust 11th	50,853	-	(2)	(1,229)	-	49,622
Kiwoom Frontier Private Securities Investment Trust 12th	39,566	-	141	-	-	39,707
Petra 7 alpha Private Equity Partnership	10,579	-	57	(135)	-	10,501
Hana UBS Professional Investment Private Security Investment Trust No. 6	30,933	-	(25)	-	-	30,908
Heungkuk Discretionary Investment Specialized Private Equity Type 2	40,214	-	51	-	-	40,265
HDC Professional Specialized Private Fund 9 (bond)	-	50,000	(16)	-	-	49,984
KB Leaders ESG Private Securities Fund No. 1 (bond)	-	100,000	(309)	-	-	99,691
Kyobo Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond)	-	50,000	(223)	-	-	49,777

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	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Hyundai Trust Professional Private Equity Fund No. 23 (bond)	-	50,000	(325)	-	-	49,675
Kyobo AXA Clean Energy Center Professional Private Placement Special Asset Fund	-	1,938	12	(10)	-	1,940
Shinhan Corporate Professional Investment Type Private Securities Investment Trust No. 13 (bond)	-	30,000	(152)	-	-	29,848
UBS HANA Professional Investor Private Investment Trust 10 (bond)	-	30,000	(23)	-	-	29,977
KIAMCO Aviation Professional Investment Private Equity Trust 1	11,164	-	254	(376)	-	11,042
KORAMCO Professional Investment No. 127	-	5,000	97	(150)	-	4,947
Rifa Logistics Private Real Estate Investment Trust 3	-	5,000	101	(101)	-	5,000
IGIS No. 331 Professional Investors' Private Real Estate Investment Trust	-	10,000	116	(115)	-	10,001
Melon Asset Professional Investment Private Equity Trust 13	-	5,900	(2)	-	-	5,898
IGIS No. 408 Professional Investors Private Real Estate Investment Trust	-	8,000	(250)	-	-	7,750
IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust	-	6,500	227	-	-	6,727
BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	-	3,000	(1)	-	-	2,999
Orion Kosdaq Venture #52	-	3,000	123	-	-	3,123
One Private Equity Fund II	-	3,000	820	-	-	3,820
Unistory IPO Private Equity Fund I	-	4,000	237	-	-	4,237
Kalonstar Private Equity Fund I	-	4,500	139	-	-	4,639
Mastern High Yield Private Equity Fund II	-	2,000	240	-	-	2,240
Daeduck High Yield Private Equity Fund III	-	2,000	227	-	-	2,227

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	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Mastern Private Equity Fund I	-	3,000	790	-	-	3,790
Pharos High Yield Private Equity Fund II A-2	-	2,000	254	-	-	2,254
IBK Private Equity Fund I	-	3,000	155	-	-	3,155
Brighten IPO Private Equity Fund I	-	2,000	466	-	-	2,466
Eureka Event-Driven High Yield Private Equity Fund I	-	3,000	1,124	-	-	4,124
PNP IPO Private Equity Fund III C-s	-	3,000	795	-	-	3,795
NH IPO Private Equity Fund I	-	4,000	289	-	-	4,289
Redhill High Yield Private Equity Fund I	-	1,500	188	-	-	1,688
Ciel High Yield Private Equity Fund I	-	2,000	390	-	-	2,390
Redhill Private Equity Fund II	-	1,500	-	-	-	1,500
SPACE HighYield Private equity Fund No. 1	-	3,000	(7)	-	-	2,993
ABSOLUTE HighYield Private Equity Fund No. 2	-	2,200	(5)	-	-	2,195
HAN&Partners High-Yield Fund Class C	-	3,000	43	-	-	3,043
KALON HighYield Private equity Fund No. 1	-	4,000	(7)	-	-	3,993
JMC HighYield Private equity Fund No. 2	-	2,000	(1)	-	-	1,999
BNK Teuntuen Short-Term Bond	-	20,712	-	-	-	20,712
BNK Winning Target Convertible Securities Investment Trust No. 1	211	(211)	-	-	-	-
UQIP Future Generation Investment Fund Partnership No. 1	499	-	374	(308)	-	565
UQIP Energy Fusion Investment Fund Partnership	1,158	-	12	-	-	1,170
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	219	-	131	-	-	350
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	965	-	(10)	-	-	955
2019 UQIP Innovative Growth Follow-on Fund Partnership	2,952	-	82	-	-	3,034
BNK Fisheries Investment Association No. 1	685	-	(19)	-	-	666

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	2021					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in joint venture:						
M-park Capital Co., Ltd.	3,175	(3,175)	-	-	-	-
	₩ 664,432	₩ 553,924	₩ 8,322	₩ (9,065)	₩ 640	₩ 1,218,253

(In millions of Korean won)

	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	-	787	-	-	5,783
ANDA Mezzanine Professional Security Investment Trust No. 7	14,054	(4,950)	3,503	(1,111)	-	11,496
BNK Yeoido Core Office Professional Private Real Estate Investment Type No. 2	29,993	(29,993)	-	-	-	-
BNK Ocean Business	-	2,650	(73)	-	-	2,577
BSK No. 9 Youth Startup Investment Association	-	4,000	(105)	-	-	3,895
BNK Inter-Value Technology Finance Investment Association No. 1	-	2,540	(13)	-	-	2,527
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,128	-	832	(691)	-	30,269
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 6th	30,092	(30,090)	-	-	(2)	-
NH-Amundi Enhanced Bond Private Securities Investment Trust	30,588	-	822	-	-	31,410
Hana UBS Professional Investment Private Security Investment Trust No. 7 (Bond)	-	30,000	791	-	-	30,791

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	2020					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
KB Leaders Professional Investment Private Security Investment Trust No. 12	-	30,000	817	-	-	30,817
KB Leaders Professional Investment Private Security Investment Trust No. 15	-	30,000	362	-	-	30,362
DGB Professional Investment Private Security Investment Trust No. 28	-	30,000	441	-	-	30,441
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	6,193	(681)	235	(246)	(316)	5,185
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	16,760	(1,531)	740	(728)	(919)	14,322
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	1,364	4,170	153	(65)	-	5,622
IBK Private Securities Investment Trust S2	30,511	(30,932)	-	-	421	-
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 13	16,898	(17,657)	-	-	759	-
Samsung Repo Professional Investment Private Security Investment Trust No. 1	50,321	(51,145)	-	-	824	-
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	-	30,000	566	-	-	30,566
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	-	50,000	1,452	-	-	51,452
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	-	50,000	197	-	-	50,197
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	51,071	-	1,616	(1,565)	-	51,122

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	2020					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Yuri Repo Alpha Private Securities Investment Trust 1st	40,853	(41,308)	661	(206)	-	-
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	2,142	6,153	209	(211)	-	8,293
Consus_Clean Water_Private Special Asset Fund-1	11,695	(808)	511	(521)	-	10,877
Kiwoom Frontier Private Securities Investment Trust 11th	51,380	-	1,509	(2,036)	-	50,853
Kiwoom Frontier Private Securities Investment Trust 12th	50,627	(10,806)	1,306	(1,561)	-	39,566
Petra 7 alpha Private Equity Partnership	10,661	-	(82)	-	-	10,579
Hana UBS Professional Investment Private Security Investment Trust No. 6	-	30,000	933	-	-	30,933
Heungkuk Discretionary Investment Specialized Private Equity Type 2	-	40,000	214	-	-	40,214
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	10,575	258	985	(654)	-	11,164
BNK Smart Korea Private Investment Trust	2,224	(2,224)	-	-	-	-
BNK GO Professional Private Investment No. 1 C-S	1,367	(1,367)	-	-	-	-
BNK Teuntuen Short-Term Bond	-	112	(112)	-	-	-
VI Holding Company Plus Securities Fund No. 1	-	3,000	133	-	-	3,133
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	-	30,000	122	-	-	30,122
UQIP Future Generation Investment Fund Partnership No. 1	672	(362)	274	-	(85)	499
UQIP Energy Fusion Investment Fund Partnership	1,189	-	(12)	-	(19)	1,158
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	308	-	(89)	-	-	219
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	595	300	49	-	21	965

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(In millions of Korean won)

	2020					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
2019 UQIP Innovative Growth Follow-on Fund Partnership	851	2,100	1	-	-	2,952
BNK Fisheries Investment Association No. 1	-	700	(15)	-	-	685
BNK Winning Target Convertible Securities Investment Trust No. 1	-	212	(1)	-	-	211
Investments in joint venture:						
M-park Capital Co., Ltd.	2,886	-	289	-	-	3,175
	₩ 551,108	₩ 102,227	₩ 20,008	₩ (9,595)	₩ 684	₩ 664,432

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Financial information of associates and joint venture as of June 30, 2021, and December 31, 2020, is as follows:

(In millions of Korean won)

(In millions of Korean won)

June 30, 2021												
	Current assets		Current liabilities		Equity		Operating income		Operating profit (loss) from continuing operations		Total comprehensive income (loss)	
Investments in associates:												
BNK K200 Index Securities Investment Trust	₩	24,817	₩	266	₩	24,551	₩	16,346	₩	2,221	₩	2,221
Orion Mezzanine Multi-strategy Professional Private Fund		13,659		35		13,624		589		480		480
ANDA Mezzanine Professional Security Investment Trust No. 7		10,556		-		10,556		1,376		(1,453)		(1,453)
BNK Ocean Business		7,343		-		7,343		4		(195)		(195)
BSK No. 9 Youth Startup Investment Association		19,871		603		19,268		4		(414)		(414)
BNK Inter-Value Technology Finance Investment Association No. 1		18,240		219		18,021		7		(442)		(442)
ANDA H Mezzanine 11		57,083		1		57,082		13		(46)		(46)
Hyundai Investments Leveraged Bond Hedge Fund No. 2		173,732		114,307		59,425		482		(575)		(575)
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)		210,585		99,025		111,560		1,357		(129)		(129)
DGB Professional Investment Private Security Investment Trust No. 28		160,088		79,514		80,574		824		(374)		(374)
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st		124,951		13,511		111,440		1,618		276		276
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th		137,353		77,001		60,352		1,119		108		108
NH-Amundi Enhanced Bond Private Securities Investment Trust		253,794		123,293		130,501		1,842		492		492
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)		245,998		145,331		100,667		1,563		272		272
KB Leaders Professional Investment Private Security Investment Trust No. 12		160,922		49,622		111,300		1,264		3		3

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	June 30, 2021					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
KB Leaders Professional Investment Private Security Investment Trust No. 15	240,849	91,222	149,627	1,504	68	68
IBK Professional Investor Private Fund 15 (bond-balanced)	133,763	64,031	69,732	478	(268)	(268)
SH IPO Maturity Matching Professional Investment Type Private Security Investment Trust No. 1 (bond-hybrid)	306,080	148,883	157,197	3,768	1,651	1,651
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	16,431	489	15,942	86	82	82
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	10,100	6	10,094	196	160	160
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	28,564	-	28,564	482	376	376
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 21	17,622	2	17,620	173	129	129
VI Holding Company Plus Securities Fund No. 1	-	-	-	-	-	-
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	-	-	-	-	-	-
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	259,914	160,528	99,386	15	(614)	(614)
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	219,394	120,025	99,369	3,242	(631)	(631)
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	32,907	388	32,519	-	-	-
Consus Clean Water Private Special Asset Fund-1	20,959	264	20,695	-	-	-
Kiwoom Frontier Private Securities Investment Trust 11th	190,266	91,022	99,244	373	(756)	(756)

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	June 30, 2021					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
Kiwoom Frontier Private Securities Investment Trust 12th	246,045	95,324	150,721	2,690	1,379	1,379
Petra 7 Alpha Private Equity Partnership	48,316	125	48,191	629	380	380
Hana UBS Professional Investment Private Security Investment Trust No. 6	177,142	109,319	67,823	1,028	(81)	(81)
Heungkuk Discretionary Investment Specialized Private Equity Type 2	174,217	171	174,046	1,570	1,132	1,132
HDC Professional Specialized Private Fund 9 (bond)	195,691	93,723	101,968	986	(32)	(32)
KB Leaders ESG Private Securities Fund No. 1 (bond)	361,368	142,047	219,321	2,404	(679)	(679)
Kyobo Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond)	438,983	289,651	149,332	2,142	(668)	(668)
Hyundai Trust Professional Private Equity Fund No. 23 (bond)	293,887	194,537	99,350	1,842	(651)	(651)
Kyobo AXA Clean Energy Center Professional Private Placement Special Asset Fund	6,856	3	6,853	59	57	57
Shinhan Corporate Professional Investment Type Private Securities Investment Trust No. 13 (bond)	262,134	152,919	109,215	438	(553)	(553)
UBS HANA Professional Investor Private Investment Trust 10 (bond)	110,549	40,604	69,945	47	(55)	(55)
KIAMCO Aviation Professional Investment Private Equity Trust 1	55,238	28	55,210	10,766	2,522	2,522
KORAMCO Professional Investment No. 127	48,661	32,336	16,325	1,910	(1,209)	(1,209)
Rifa Logistics Private Real Estate Investment Trust 3	20,903	3	20,900	-	(1,036)	(1,036)
IGIS No. 331 Professional Investors' Private Real Estate Investment Trust	30,003	-	30,003	917	3,214	3,214
Melon Asset Professional Investment Private Equity Trust 13	17,155	-	17,155	-	(33)	(33)

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	June 30, 2021					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
IGIS No. 408 Professional Investors Private Real Estate Investment Trust	102,771	78,400	24,371	162	(829)	(829)
IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust	19,410	14	19,396	670	656	656
BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	18,001	9	17,992	2	(8)	(8)
Orion Kosdaq Venture #52	6,332	-	6,332	28	24	24
One Private Equity Fund II	9,467	39	9,428	1,077	999	999
Unistory IPO Private Equity Fund I	10,594	-	10,594	28	26	26
Kalonstar Private Equity Fund I	10,346	36	10,310	51	7	7
Mastern High Yield Private Equity Fund II	7,844	-	7,844	161	141	141
Daeduck High Yield Private Equity Fund III	5,554	-	5,554	212	201	201
Mastern Private Equity Fund I	12,135	-	12,135	527	502	502
Pharos High Yield Private Equity Fund II A-2	7,178	-	7,178	112	98	98
IBK Private Equity Fund I	10,552	36	10,516	42	6	6
Brighten IPO Private Equity Fund I	5,440	15	5,425	217	154	154
Eureka Event-Driven High Yield Private Equity Fund I	10,554	-	10,554	302	289	289
PNP IPO Private Equity Fund III C-s	8,315	-	8,315	920	894	894
NH IPO Private Equity Fund I	11,236	32	11,204	28	(21)	(21)
Redhill High Yield Private Equity Fund I	4,270	27	4,243	291	(107)	(107)
Ciel High Yield Private Equity Fund I	6,063	-	6,063	489	448	448
Redhill Private Equity Fund II	5,000	1	4,999	-	(1)	(1)
SPACE HighYield Private Equity Fund No. 1	7,796	-	7,796	-	-	-
ABSOLUTE HighYield Private Equity Fund No. 2	5,695	12	5,683	140	82	82
HAN&Partners High-Yield Fund Class C	10,063	-	10,063	-	-	-
KALON HighYield Private Equity Fund No. 1	9,996	12	9,984	9	(3)	(3)
JMC HighYield Private Equity Fund No. 2	5,000	3	4,997	1	(3)	(3)

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	June 30, 2021					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
BNK Teuntuen Short-Term Bond	67,257	2,981	64,276	458	245	245
BNK Winning Target Convertible Securities Investment Trust No. 1	-	-	-	-	-	-
UQIP Future Generation Investment Fund Partnership No. 1	11,706	412	11,294	9,125	7,459	7,459
UQIP Energy Fusion Investment Fund Partnership	39,341	348	38,993	760	406	406
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	3,175	841	2,334	877	875	875
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	13,511	145	13,366	-	(148)	(148)
2019 UQIP Innovative Growth Follow-on Fund Partnership	19,689	270	19,419	715	527	527
BNK Fisheries Investment Association No. 1	6,751	95	6,656	-	(191)	(191)
	<u>₩ 6,054,031</u>	<u>₩ 2,614,106</u>	<u>₩ 3,439,925</u>	<u>₩ 83,557</u>	<u>₩ 16,836</u>	<u>₩ 16,836</u>

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(In millions of Korean won)

December 31, 2020												
	Current assets		Current liabilities		Equity		Operating income		Operating profit (loss) from continuing operations		Total comprehensive income (loss)	
Investments in associates:												
Orion Mezzanine Multi-strategy Professional Private Fund	₩	15,195	₩	39	₩	15,156	₩	2,261	₩	1,917	₩	1,917
ANDA Mezzanine Professional Security Investment Trust No. 7		34,855		-		34,855		10,244		4,488		4,488
BNK Ocean Business		7,538		-		7,538		4		(212)		(212)
BSK No. 9 Youth Startup Investment Association		13,013		4		13,009		3		(351)		(351)
BNK Inter-Value Technology Finance Investment Association No. 1		7,400		37		7,363		-		(37)		(37)
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st		191,481		80,316		111,165		5,258		2,827		2,827
NH-Amundi Enhanced Bond Private Securities Investment Trust		288,532		154,819		133,713		6,339		3,452		3,452
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)		156,157		53,521		102,636		3,689		2,635		2,635
KB Leaders Professional Investment Private Security Investment Trust No. 12		135,843		33,120		102,723		3,599		2,723		2,723
KB Leaders Professional Investment Private Security Investment Trust No. 15		208,728		56,920		151,808		2,702		1,808		1,808
DGB Professional Investment Private Security Investment Trust No. 28		158,791		77,614		81,177		1,907		1,177		1,177
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12		10,377		7		10,370		492		492		492
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15		28,644		1		28,643		1,455		1,455		1,455
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2		12,668		488		12,180		204		202		202
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)		91,318		29,457		61,861		3,782		1,346		1,346

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	December 31, 2020					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	272,932	170,029	102,903	4,892	2,904	2,904
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	246,826	146,431	100,395	1,598	397	397
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	211,958	109,714	102,244	10,131	2,244	2,244
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	33,536	363	33,173	-	-	-
Consus_Clean Water_Private Special Asset Fund-1	21,778	25	21,753	274	250	250
Kiwoom Frontier Private Securities Investment Trust 11th	201,629	99,922	101,707	2,541	1,707	1,707
Kiwoom Frontier Private Securities Investment Trust 12th	272,405	120,229	152,176	1,068	833	833
Petra 7 Alpha Private Equity Partnership	48,561	10	48,551	3	(366)	(366)
Hana UBS Professional Investment Private Security Investment Trust No. 6	139,214	76,316	62,898	2,676	1,898	1,898
Heungkuk Discretionary Investment Specialized Private Equity Type 2	426,934	245,421	181,513	7,019	668	668
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,847	29	55,818	372	326	326
VI Holding Company Plus Securities Fund No. 1	15,645	16	15,629	3,142	3,122	3,122
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	115,456	55,213	60,243	350	244	244
UQIP Future Generation Investment Fund Partnership No. 1	10,298	292	10,006	4,091	3,725	3,727
UQIP Energy Fusion Investment Fund Partnership	39,279	692	38,587	1,790	(430)	(403)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	2,260	801	1,459	-	(604)	(594)

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	December 31, 2020					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	13,630	115	13,515	1,024	759	761
2019 UQIP Innovative Growth Follow-on Fund Partnership	18,984	92	18,892	361	(3)	6
BNK Fisheries Investment Association No. 1	6,942	95	6,847	3	(159)	(153)
BNK Winning Target Convertible Securities Investment Trust No. 1	672	-	672	1,168	789	379
KC Co., Ltd.	2,084	1,839	(2,282)	6,151	(368)	(712)
Investments in joint venture:						
M-park Capital Co., Ltd.	16,460	521	15,939	6,459	(2,132)	(2,125)
	<u>₩ 3,533,870</u>	<u>₩ 1,514,508</u>	<u>₩ 2,016,835</u>	<u>₩ 97,052</u>	<u>₩ 39,726</u>	<u>₩ 39,035</u>

The reconciliations from the net assets of associates and joint venture based on the ownership ratio of the Group to its corresponding book amount of investments in associates and joint venture as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)

	June 30, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
Investments in associates:				
BNK K200 Index Securities Investment Trust	₩ 24,551	22.52	₩ 5,528	₩ 5,528
Orion Mezzanine Multi-strategy Professional Private Fund	13,624	38.16	5,199	5,199
ANDA Mezzanine Professional Security Investment Trust No. 7	10,556	32.61	3,443	3,443
BNK Ocean Business	7,343	34.19	2,511	2,511
BSK No. 9 Youth Startup Investment Association	19,268	29.94	5,769	5,769
BNK Inter-Value Technology Finance Investment Association No. 1	18,021	34.32	6,186	6,186
ANDA H Mezzanine 11	57,082	24.51	13,989	13,989
Hyundai Investments Leveraged Bond Hedge Fund No. 2	59,425	50.00	29,712	29,712

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	June 30, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)	111,560	36.52	40,746	40,746
DGB Professional Investment Private Security Investment Trust No. 28	80,574	37.63	30,322	30,322
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	111,440	27.23	30,344	30,344
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	60,352	50.00	30,176	30,176
NH-Amundi Enhanced Bond Private Securities Investment Trust	130,501	24.00	31,314	31,314
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	100,667	50.00	50,333	50,333
KB Leaders Professional Investment Private Security Investment Trust No. 12	111,300	36.67	40,818	40,818
KB Leaders Professional Investment Private Security Investment Trust No. 15	149,627	20.30	30,375	30,375
IBK Professional Investor Private Fund 15 (bond-balanced)	69,732	42.86	29,885	29,885
SH IPO Maturity Matching Professional Investment Type Private Security Investment Trust No. 1 (bond-hybrid)	157,197	32.18	50,582	50,582
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	15,942	46.15	7,358	7,358
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	10,094	50.00	5,047	5,047
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	28,564	50.00	14,282	14,282
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 21	17,620	50.00	8,810	8,810
VI Holding Company Plus Securities Fund No. 1	-	-	-	-

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	June 30, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	-	-	-	-
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	99,386	50.00	49,692	49,692
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	99,369	50.00	49,684	49,684
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	32,519	25.00	8,130	8,130
Consus_Clean Water_Private Special Asset Fund-1	20,695	50.00	10,347	10,347
Kiwoom Frontier Private Securities Investment Trust 11th	99,244	50.00	49,622	49,622
Kiwoom Frontier Private Securities Investment Trust 12th	150,721	26.34	39,707	39,707
Petra 7 Alpha Private Equity Partnership	48,191	21.79	10,501	10,501
Hana UBS Professional Investment Private Security Investment Trust No. 6	67,823	45.57	30,908	30,908
Heungkuk Discretionary Investment Specialized Private Equity Type 2	174,046	23.13	40,265	40,265
HDC Professional Specialized Private Fund 9 (bond)	101,968	49.02	49,984	49,984
KB Leaders ESG Private Securities Fund No. 1 (bond)	219,321	45.45	99,691	99,691
Kyobo Axa Alpha Plus Professional Private Securities Investment Trust J-10 (bond)	149,332	33.33	49,777	49,777
Hyundai Trust Professional Private Equity Fund No. 23 (bond)	99,350	50.00	49,675	49,675
Kyobo AXA Clean Energy Center Professional Private Placement Special Asset Fund	6,853	28.30	1,940	1,940
Shinhan Corporate Professional Investment Type Private Securities Investment Trust No. 13 (bond)	109,215	27.33	29,848	29,848
UBS HANA Professional Investor Private Investment Trust 10 (bond)	69,945	42.86	29,977	29,977
KIAMCO Aviation Professional Investment Private Equity Trust 1	55,210	20.00	11,042	11,042

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	June 30, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
KORAMCO Professional Investment No. 127	16,325	30.30	4,947	4,947
Rifa Logistics Private Real Estate Investment Trust 3	20,900	23.92	5,000	5,000
IGIS No. 331 Professional Investors' Private Real Estate Investment Trust	30,003	33.33	10,001	10,001
Melon Asset Professional Investment Private Equity Trust 13	17,155	34.38	5,898	5,898
IGIS No. 408 Professional Investors Private Real Estate Investment Trust	24,371	31.80	7,750	7,750
IGIS Hannam No. 418 Professional Investors' Private Real Estate Investment Trust	19,396	34.69	6,727	6,727
BNK-Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	17,992	16.67	2,999	2,999
Orion Kosdaq Venture #52	6,332	49.32	3,123	3,123
One Private Equity Fund II	9,428	40.52	3,820	3,820
Unistory IPO Private Equity Fund I	10,594	40.00	4,237	4,237
Kalonstar Private Equity Fund I	10,310	45.00	4,639	4,639
Mastern High Yield Private Equity Fund II	7,844	28.56	2,240	2,240
Daeduck High Yield Private Equity Fund III	5,554	40.10	2,227	2,227
Mastern Private Equity Fund I	12,135	31.23	3,790	3,790
Pharos High Yield Private Equity Fund II A-2	7,178	31.40	2,254	2,254
IBK Private Equity Fund I	10,516	30.00	3,155	3,155
Brighten IPO Private Equity Fund I	5,425	45.45	2,466	2,466
Eureka Event-Driven High Yield Private Equity Fund I	10,554	39.08	4,124	4,124
PNP IPO Private Equity Fund III C-s	8,315	45.64	3,795	3,795
NH IPO Private Equity Fund I	11,204	38.28	4,289	4,289
Redhill High Yield Private Equity Fund I	4,243	39.78	1,688	1,688
Ciel High Yield Private Equity Fund I	6,063	39.42	2,390	2,390
Redhill Private Equity Fund II	4,999	30.00	1,500	1,500
SPACE HighYield Private Equity Fund No. 1	7,796	38.39	2,993	2,993
ABSOLUTE HighYield Private Equity Fund No. 2	5,683	38.62	2,195	2,195
HAN&Partners High-Yield Fund Class C	10,063	30.24	3,043	3,043

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	June 30, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
KALON HighYield Private equity Fund No. 1	9,984	40.00	3,993	3,993
JMC HighYield Private equity Fund No. 2	4,997	40.00	1,999	1,999
BNK Teuntuen Short-Term Bond BNK Winning Target Convertible Securities Investment Trust No. 1	64,276	32.22	20,712	20,712
UQIP Future Generation Investment Fund Partnership No. 1	-	-	-	-
UQIP Energy Fusion Investment Fund Partnership	11,294	5.00	565	565
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	38,993	3.00	1,170	1,170
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	2,334	15.00	350	350
2019 UQIP Innovative Growth Follow-on Fund Partnership	13,366	7.14	955	955
BNK Fisheries Investment Association No. 1	19,419	15.63	3,034	3,034
	6,656	10.00	666	666

(In millions of Korean won)

	December 31, 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	₩ 15,156	38.16	₩ 5,783	₩ 5,783
ANDA Mezzanine Professional Security Investment Trust No. 7	34,855	32.98	11,496	11,496
BNK Ocean Business	7,538	34.19	2,577	2,577
BSK No. 9 Youth Startup Investment Association	13,009	29.94	3,895	3,895
BNK Inter-Value Technology Finance Investment Association No. 1	7,363	34.32	2,527	2,527
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	111,165	27.23	30,269	30,269
NH-Amundi Enhanced Bond Private Securities Investment Trust	133,713	23.49	31,410	31,410
Hana UBS Professional Investment Private Security Investment Trust No. 7 (bond)	102,636	30.00	30,791	30,791

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	December 31, 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	102,723	30.00	30,817	30,817
KB Leaders Professional Investment Private Security Investment Trust No. 15	151,808	20.00	30,362	30,362
DGB Professional Investment Private Security Investment Trust No. 28	81,177	37.50	30,441	30,441
KIAMCO KDB Ocean Value-up Professional Private Special Asset Fund No. 12	10,370	50.00	5,185	5,185
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	28,643	50.00	14,322	14,322
Shinhan BNPP GS Retail Professional Private Special Asset Fund No. 1-2	12,180	46.15	5,622	5,622
Mirae Asset Triumph Professional Investment Private Security Investment Trust No. 4 (bond/derivatives)	61,861	49.41	30,566	30,566
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 (bond/derivatives)	102,903	50.00	51,452	51,452
Samsung Rafael Professional Investment Private Security Investment Trust No. 3 (bond/derivatives)	100,395	50.00	50,197	50,197
Shinhan BNPP Specialized Private Equity Investment Trust No. 8 for Specialized Investment SG rail	102,244	50.00	51,122	51,122
Aegis Real Asset Solar Professional Investment Private Asset Fund No. 1	33,173	25.00	8,293	8,293
Consus_Clean Water_Private Special Asset Fund-1	21,753	50.00	10,877	10,877
Kiwoom Frontier Private Securities Investment Trust 11th	101,707	50.00	50,853	50,853
Kiwoom Frontier Private Securities Investment Trust 12th	152,176	26.00	39,566	39,566
Petra 7 Alpha Private Equity Partnership	48,551	21.79	10,579	10,579
Hana UBS Professional Investment Private Security Investment Trust No. 6	62,898	49.18	30,933	30,933

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	December 31, 2020			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Carrying amount
Heungkuk Discretionary Investment Specialized Private Equity Type 2	181,513	22.15	40,214	40,214
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,818	20.00	11,164	11,164
VI Holding Company Plus Securities Fund No. 1	15,629	20.05	3,133	3,133
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	60,243	50.00	30,122	30,122
UQIP Future Generation Investment Fund Partnership No. 1	10,006	5.00	499	499
UQIP Energy Fusion Investment Fund Partnership	38,587	3.00	1,158	1,158
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 1	1,459	15.00	219	219
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	13,515	7.14	965	965
2019 UQIP Innovative Growth Follow-on Fund Partnership	18,892	15.63	2,952	2,952
BNK Fisheries Investment Association No. 1	6,847	10.00	685	685
BNK Winning Target Convertible Securities Investment Trust No. 1	672	31.42	211	211
KC CO., Ltd.	(2,282)	41.69	-	-
Investments in joint venture:				
M-park Capital Co., Ltd.	15,939	30.00	4,782	3,175

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16. PROPERTY AND EQUIPMENT:

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

(In millions of Korean won)

	2021						
	Beginning balance	Acquisition	Disposal	Reclassifi- cation	Depreciation	Others	Ending balance
Land	₩ 379,490	₩ 2,098	₩ (2,092)	₩ 21,329	₩ -	₩ -	₩ 400,825
Building	564,095	2,425	(3,398)	(5,550)	(5,797)	4	551,779
Leasehold improvements	27,390	1,796	(265)	1,604	(5,448)	(235)	24,842
Equipment and vehicles	92,324	10,810	(58)	5,160	(17,108)	(597)	90,531
Construction in progress	31,425	24,405	(267)	(22,391)	-	-	33,172
Right-of-use assets	58,691	20,527	(22,701)	-	(16,491)	30	40,056
Others	19,260	-	(19,260)	-	-	-	-
	<u>₩1,172,675</u>	<u>₩ 62,061</u>	<u>₩ (48,041)</u>	<u>₩ 152</u>	<u>₩ (44,844)</u>	<u>₩ (798)</u>	<u>₩1,141,205</u>

(In millions of Korean won)

	2020						
	Beginning balance	Acquisition	Disposal	Reclassifi- cation	Depreciation	Others	Ending balance
Land	₩ 283,344	₩ 683	₩ (441)	₩ 4,751	₩ -	₩ 18,970	₩ 307,307
Building	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
	<u>₩ 977,628</u>	<u>₩ 53,019</u>	<u>₩ (5,243)</u>	<u>₩ (2,803)</u>	<u>₩ (46,962)</u>	<u>₩ 92,604</u>	<u>₩1,068,243</u>

Details of right-of-use assets as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)

	June 30, 2021			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 94,578	₩ 3,666	₩ 3,952	₩ 102,196
Accumulated depreciation	<u>(58,080)</u>	<u>(1,118)</u>	<u>(2,942)</u>	<u>(62,140)</u>
Book amount of right-of-use asset	<u>₩ 36,498</u>	<u>₩ 2,548</u>	<u>₩ 1,010</u>	<u>₩ 40,056</u>

(In millions of Korean won)

	December 31, 2020			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 102,973	₩ 2,221	₩ 4,024	₩ 109,218
Accumulated depreciation	<u>(47,457)</u>	<u>(731)</u>	<u>(2,338)</u>	<u>(50,526)</u>
Book amount of right-of-use asset	<u>₩ 55,516</u>	<u>₩ 1,490</u>	<u>₩ 1,686</u>	<u>₩ 58,692</u>

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17. INTANGIBLE ASSETS:

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

	2021						
	Beginning balance	Acquisition	Disposal	Reclassification ¹	Amortization	Others	Ending balance
Software	₩ 32,212	₩ 2,895	₩ -	₩ 62	₩ (5,850)	₩ (69)	₩ 29,250
Goodwill	28,341	-	-	-	-	-	28,341
Core deposits	63,524	-	-	-	(8,759)	-	54,765
Others	154,559	50,398	(384)	(62)	(22,024)	(1)	182,486
	<u>₩ 278,636</u>	<u>₩ 53,293</u>	<u>₩ (384)</u>	<u>₩ -</u>	<u>₩ (36,633)</u>	<u>₩ (70)</u>	<u>₩ 294,842</u>

¹ Transferred from construction in progress

	2020						
	Beginning balance	Acquisition	Disposal	Reclassification ¹	Amortization	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
	<u>₩ 266,377</u>	<u>₩ 30,366</u>	<u>₩ (412)</u>	<u>₩ 5,592</u>	<u>₩ (31,938)</u>	<u>₩ (40)</u>	<u>₩ 269,945</u>

¹ Transferred from construction in progress

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18. INVESTMENT PROPERTIES:

The fair value and assessment method of investment properties as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020	Valuation techniques	Input variables
Land	₩ 510,934	₩ 522,983	- The evaluation method of using officially assessed land pricing - Sales comparison approach	- Officially assessed land pricing - Sales history
Building	187,622	212,588	- Evaluation by the prime cost	- Repurchase cost - Durable years
	<u>₩ 698,556</u>	<u>₩ 735,571</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, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021					
	Beginning balance	Acquisition	Reclassification	Depreciation	Others	Ending balance
Land	₩ 489,998	₩ -	₩ (13,497)	₩ -	₩ -	₩ 476,501
Building	175,350	1,299	13,345	(4,401)	-	185,593
	<u>₩ 665,348</u>	<u>₩ 1,299</u>	<u>₩ (152)</u>	<u>₩ (4,401)</u>	<u>₩ -</u>	<u>₩ 662,094</u>

(In millions of Korean won)

	2020					
	Beginning balance	Acquisition	Reclassification	Depreciation	Others	Ending balance
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>₩ (103,226)</u>	<u>₩ 119,299</u>

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19. BORROWINGS:

Borrowings at amortized cost as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In millions of Korean won)</i>	<u>Annual interest rate (%)</u>			June 30, 2021		December 31, 2020
	Minimum	Maximum				
Borrowings in Korean won:						
The Bank of Korea	0.25	0.25	₩	1,108,637	₩	1,053,041
Others	0.75	3.30		3,654,055		3,227,962
				<u>4,762,692</u>		<u>4,281,003</u>
Borrowings in foreign currencies:						
Overdraft on account	-	-		11,449		12,092
Banks	0.15	12.00		581,232		490,466
Relending loans	0.54	0.54		10,170		17,843
Others	1.52	1.72		392,990		311,700
				<u>995,841</u>		<u>832,101</u>
Call money	0.12	1.20		89,112		64,421
Bonds sold under repurchase agreement:						
Korean won	0.15	1.22		1,859,263		1,595,736
Foreign currencies	0.38	0.38		20,442		27,411
				<u>1,879,705</u>		<u>1,623,147</u>
Bills sold	0.25	0.64		26,163		24,967
Deferred expenses from borrowings				(19)		(118)
			₩	<u>7,753,494</u>	₩	<u>6,825,521</u>

Borrowings at fair value through profit or loss as of June 30, 2021, and December 31, 2020, consist of the following:

<i>(In millions of Korean won)</i>	<u>Annual interest rate (%)</u>			June 30, 2021		December 31, 2020
	Minimum	Maximum				
Securities sold	0.88	1.88	₩	259,571	₩	10,222

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20. DEBENTURES:

Debentures issued by the Group as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	Annual interest rate (%)			June 30, 2021		December 31, 2020
	Minimum	Maximum				
Debentures in Korean won:						
Unsecured coupon bond	0.76	3.43	₩	10,633,954	₩	9,145,000
Subordinated bond	3.05	4.18		1,500,000		1,500,000
Discounted present value				(12,393)		(10,116)
				12,121,561		10,634,884
Debentures in foreign currencies:						
Senior bond	0.96	3.32		227,422		329,753
Subordinated bond	3.63	3.63		282,500		272,000
Loss on fair value hedge				5,563		12,971
Discounted present value				(1,439)		(1,618)
				514,046		613,106
			₩	12,635,607	₩	11,247,990

21. NET DEFINED BENEFIT LIABILITIES:

As of June 30, 2021, and December 31, 2020, the amounts recognized in the consolidated statements of financial position related to postemployment benefits are as follows:

(In millions of Korean won)	June 30, 2021		December 31, 2020	
Present value of funded defined benefit obligations	₩	607,653	₩	629,414
Fair value of plan assets		(593,376)		(571,952)
Net defined benefit liabilities	₩	<u>14,277</u>	₩	<u>57,462</u>

Movements in the net defined benefit liabilities for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		
	Present value of defined benefit obligation	Plan assets	Total
Current service cost	₩ 31,159	₩ -	₩ 31,159
Interest expenses (interest revenues)	7,765	(7,806)	(41)
Gain on settlement	2	-	2
	<u>₩ 38,926</u>	<u>₩ (7,806)</u>	<u>₩ 31,120</u>

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	2020		
	Present value of defined benefit obligation	Plan assets	Total
Current service cost	₩ 33,908	₩ -	₩ 33,908
Interest expenses (interest revenues)	7,516	(6,573)	943
	₩ 41,424	₩ (6,573)	₩ 34,851

22. PROVISIONS:

Details of provisions for other liabilities and charges for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	June 30, 2021	December 31, 2020
Provision for acceptances and guarantees	₩ 5,751	₩ 5,408
Provision for unused credit limit	38,229	33,458
Financial guarantee contract liabilities	9,641	12,633
Provision for restoration costs	10,795	10,068
Provision for credit card point	986	1,374
Provision for litigation	462	312
Others	20,809	20,591
	₩ 86,673	₩ 83,844

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Changes in provision for acceptances and guarantees, provision for unused credit limit and financial guarantee contract liabilities for the six-month periods ended June 30, 2021 and 2020, are as follows:

(In millions of Korean won)

	2021			
	12 months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 27,205	₩ 14,687	₩ 9,607	₩ 51,499
Transfer to 12 months' expected credit loss	5,394	(5,064)	(330)	-
Transfer to lifetime expected credit losses	(1,493)	1,493	-	-
Transfer to credit-impaired financial liabilities	(7)	(12)	19	-
Foreign currency translation and others	(131)	17	3	(111)
	30,968	11,121	9,299	51,388
Provision (reversal)	6,418	2,436	(6,621)	2,233
Ending balance	₩ 37,386	₩ 13,557	₩ 2,678	₩ 53,621

(In millions of Korean won)

	2020			
	12 months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 19,302	₩ 13,363	₩ 2,156	₩ 34,821
Transfer to 12 months' expected credit loss	3,192	(3,174)	(18)	-
Transfer to lifetime expected credit losses	(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

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

(In millions of Korean won)

	2021				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 10,068	₩ 1,011	₩ (94)	₩ (190)	₩ 10,795
Provision for credit card point	1,374	-	(388)	-	986
Provision for litigation	312	-	-	150	462
Others ¹	20,591	4	(105)	319	20,809
	₩ 32,345	₩ 1,015	₩ (587)	₩ 279	₩ 33,052

¹ As for the provisions related to the Lime Asset Management redemption deferral period, the Group's sale of Lime Asset Management redemption deferral fund was ₩50.7 billion as of June 30, 2021, and ₩17.4 billion was recognized as provision.

(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
	₩ 10,437	₩ 12,441	₩ (92)	₩ (72)	₩ 22,714

23. OTHER LIABILITIES:

Other liabilities as of June 30, 2021, and December 31, 2020, consist of the following:

(In millions of Korean won)

	June 30, 2021	December 31, 2020
Other financial liabilities:		
Due to trust accounts	₩ 418,941	₩ 442,187
Due to fund accounts	718	602
Foreign exchange remittances pending	39,813	33,754
Prepaid card liabilities	16,486	12,667
Debit card liabilities	14,237	12,991
Deposits for letter of guarantees	373,121	353,655
Discounted present value	(15,590)	(15,607)
Accounts payable	1,243,559	639,232
Accrued expenses	559,698	655,445
Agency business accounts	255,462	224,622

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<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020
Unsettled domestic exchange liabilities	400,732	123,809
Deposits held by agency relationship	186,586	115,492
Guarantee deposits for securities subscription	13,694	14,251
Lease liabilities	30,534	53,055
Accrued marketable securities	1,617	581
Remittance pending	92	32
Others	279,691	340,805
	<u>3,819,391</u>	<u>3,007,573</u>
Other non-financial liabilities:		
Withholding taxes	17,812	17,871
Unearned revenues	71,071	57,182
Others	10,073	12,397
	<u>98,956</u>	<u>87,450</u>
	<u>₩ 3,918,347</u>	<u>₩ 3,095,023</u>

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

<i>(In millions 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	Total
Lease liabilities ¹	₩	2,290	₩ 4,190	₩ 11,227	₩ 12,338	₩ 1,146	₩ 31,191

¹ The amounts disclosed above are undiscounted.

<i>(In millions 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	Total
Lease liabilities	₩	2,162	₩ 3,983	₩ 14,751	₩ 32,259	₩ 1,083	₩ 54,238

¹ The amounts disclosed above are undiscounted.

Cash outflow due to lease contracts entered into as of June 30, 2021 and 2020, is ₩13,697 million (including low-value assets of ₩846 million) and ₩15,330 million (including low-value assets of ₩535 million), respectively.

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24. EQUITY:

(a) Share capital

As of June 30, 2021, 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, 2021, amounts to ₩1,629,676 million.

(b) Other paid-in capital

Other paid-in capital as of June 30, 2021, and December 31, 2020, is as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
Share premium	₩	678,953	₩	678,953
Other reserves		102,340		102,339
Treasury shares		(6,997)		(6,997)
Gain on disposal of treasury share		5,826		5,826
Loss on disposal of treasury share		(123)		(266)
Capital adjustment - other		-		(593)
	₩	<u>779,999</u>	₩	<u>779,262</u>

(c) Hybrid equity securities

Details of hybrid equity securities issued by the Parent Company as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	Issue date	Maturity	Interest rate (%)	June 30, 2021		December 31, 2020	
Hybrid equity securities in Korean won	2015.06.24	2045.06.24	5.10	₩	30,000	₩	30,000
	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		150,000
	2020.06.23	-	3.30		100,000		100,000
	2020.08.04	-	3.38		100,000		100,000
Issuance cost					(2,608)		(2,608)
				₩	<u>827,392</u>	₩	<u>827,392</u>

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

<i>(In millions of Korean won)</i>	Issue date	Maturity	Interest rate (%)		June 30, 2021		December 31, 2020
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					(2,543)		(2,543)
				₩	897,457	₩	897,457

The Group can exercise its right to early repayment after 5 or 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.

(d) Other components of equity

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

<i>(In millions of Korean won)</i>		June 30, 2021		December 31, 2020
Gain on valuation of financial instruments at fair value through other comprehensive income	₩	44,776	₩	90,266
Exchange differences on translation of foreign operations		(17,989)		(21,687)
Remeasurements of net defined benefit liabilities		(159,439)		(168,502)
Gain on valuation of hedges of net investments in foreign operations		2,905		8,730
Share of other comprehensive income of associates		(1,164)		(3,283)
Tax effects		33,644		25,945
	₩	(97,267)	₩	(68,531)

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(e) Retained earnings

Retained earnings as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
Reserve:				
Legal reserves ¹	₩	737,331	₩	663,825
Regulatory reserve for credit loss		467,892		543,903
Discretionary reserves		2,926,736		2,717,243
		<u>4,131,959</u>		<u>3,924,971</u>
Retained earnings before appropriation		1,776,841		1,636,054
	₩	<u>5,908,800</u>	₩	<u>5,561,025</u>

¹ Article 53 of the Financial Holding Company Act requires the 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 K-IFRSs 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.

Regulatory reserve for credit loss as of June 30, 2021, and December 31, 2020, is as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
Provided reserve for credit loss ¹	₩	467,892	₩	543,903
Estimated additional (reversal of) reserve for credit losses for the period		36,624		(76,011)
Regulatory reserve for credit loss	₩	<u>504,516</u>	₩	<u>467,892</u>
Owners of the Parent Company	₩	504,516	₩	467,892
Non-controlling interests		-		-

¹ Provided reserve for credit loss as of June 30, 2021, and December 31, 2020, is the amount after appropriations of retained earnings.

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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, 2021 and 2020, are as follows:

(In millions of Korean won)	2021		2020	
	Three months	Six months	Three months	Six months
Profit for the period of owners of the Parent Company	₩ 275,304	₩ 468,027	₩ 173,212	₩ 310,869
Provision of reserve for credit losses	5,654	36,624	77,324	109,426
Adjusted profit after the provision of regulatory reserve ¹	₩ 269,650	₩ 431,403	₩ 95,888	₩ 201,443
Adjusted earnings per share after the provision of regulatory reserve ¹ (in Korean won)	₩ 807	₩ 1,281	₩ 269	₩ 570

¹ Profits for the period after the provision of reserve for credit losses are not in accordance with K-IFRSs, but are calculated on the assumption that provision or reversal of reserve for credit loss is adjusted to the profit for the period 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.

Treasury shares

Details of acquisition of treasury shares as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)	June 30, 2021		December 31, 2020	
	Number of shares	Book amount	Number of shares	Book amount
Beginning balance	1,503,577	₩ 6,997	14,855	₩ 213
Acquisition ¹	-	-	1,503,577	6,997
Disposal	-	-	(14,855)	(213)
Ending balance	1,503,577	₩ 6,997	1,503,577	₩ 6,997

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

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25. NET INTEREST INCOME:

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

(In millions of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Interest income:				
Due from banks	₩ 1,160	₩ 2,214	₩ 1,501	₩ 3,717
Financial instruments at fair value through profit or loss	14,864	28,347	14,231	28,182
Financial instruments at fair value through other comprehensive income	15,866	32,375	19,977	41,109
Financial assets at amortized cost	39,168	77,292	39,866	80,503
Loans receivable	788,566	1,539,360	751,366	1,527,521
	<u>859,624</u>	<u>1,679,588</u>	<u>826,941</u>	<u>1,681,032</u>
Interest expense:				
Deposit liabilities	(149,771)	(299,452)	(202,468)	(429,941)
Borrowings	(15,785)	(32,360)	(16,691)	(34,699)
Debentures	(61,501)	(122,958)	(66,684)	(134,284)
Others	(3,042)	(6,255)	(3,501)	(7,977)
	<u>(230,099)</u>	<u>(461,025)</u>	<u>(289,344)</u>	<u>(606,901)</u>
Net interest income	<u>₩ 629,525</u>	<u>₩ 1,218,563</u>	<u>₩ 537,597</u>	<u>₩ 1,074,131</u>

26. NET COMMISSION INCOME:

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

(In millions of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Commission income:				
Commission received	₩ 182,726	₩ 326,220	₩ 151,563	₩ 250,002
Guarantees	7,503	10,889	3,994	7,560
Credit card	1,708	3,342	5,133	6,623
Others	326	408	169	320
	<u>192,263</u>	<u>340,859</u>	<u>160,859</u>	<u>264,505</u>
Commission expenses:				
Commission paid	(23,841)	(47,639)	(16,879)	(37,317)
Credit card	(13,062)	(28,314)	(15,949)	(30,543)
	<u>(36,903)</u>	<u>(75,953)</u>	<u>(32,828)</u>	<u>(67,860)</u>
Net commission income	<u>₩ 155,360</u>	<u>₩ 264,906</u>	<u>₩ 128,031</u>	<u>₩ 196,645</u>

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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, 2021 and 2020, is as follows:

(In millions of Korean won)

	2021		2020	
	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	₩ 34	₩ 101	₩ 261	₩ 397
Gain on sale of financial assets at fair value through profit or loss	50,511	104,463	22,720	42,892
Gain on valuation of financial assets at fair value through profit or loss	34,637	67,180	13,059	32,780
Dividend income and others	13,762	21,810	8,602	15,591
	<u>98,944</u>	<u>193,554</u>	<u>44,642</u>	<u>91,660</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	(1,429)	(2,078)	1,372	(1,763)
Loss on sale of financial assets at fair value through profit or loss	(19,555)	(39,814)	(6,278)	(23,722)
Loss on valuation of financial assets at fair value through profit or loss	(7,011)	(19,309)	1,250	(24,549)
Purchase expenses of financial assets at fair value through profit or loss	(2)	(4)	-	-
	<u>(27,997)</u>	<u>(61,205)</u>	<u>(3,656)</u>	<u>(50,034)</u>
Net gain on financial assets at fair value through profit or loss	₩ 70,947	₩ 132,349	₩ 40,986	₩ 41,626

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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 periods ended June 30, 2021 and 2020, is as follows:

(In millions of Korean won)

	2021		2020	
	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	₩ 3,390	₩ 9,336	₩ 10,692	₩ 26,790
Reversal of impairment loss	25	95	49	79
Dividend income and others	292	3,112	342	4,659
	<u>3,707</u>	<u>12,543</u>	<u>11,083</u>	<u>31,528</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	(334)	(353)	(8)	(8)
Impairment loss on financial assets at fair value through other comprehensive income	(157)	(426)	(493)	(932)
	<u>(491)</u>	<u>(779)</u>	<u>(501)</u>	<u>(940)</u>
Net gain on financial assets at fair value through other comprehensive income	₩ 3,216	₩ 11,764	₩ 10,582	₩ 30,588

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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 periods ended June 30, 2021 and 2020, is as follows:

(In millions of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Gain on financial assets at amortized cost:				
Reversal of impairment loss on financial assets at amortized cost	₩ 64	₩ 107	₩ 155	₩ 198
	64	107	155	198
Loss on financial assets at amortized cost:				
Loss on sale of financial assets at amortized cost	(175)	(176)	-	-
Impairment loss on financial assets at amortized cost	(176)	(715)	(813)	(1,315)
	(351)	(891)	(813)	(1,315)
Net loss on financial assets at amortized cost	₩ (287)	₩ (784)	₩ (658)	₩ (1,117)

30. PROVISION FOR CREDIT LOSS:

Provision for credit loss for the three-month and six-month periods ended June 30, 2021 and 2020, is as follows:

(In millions of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Reversal of provision for credit loss and others:				
Reversal of provisions:				
Reversal of provision for impairment	₩ 2	₩ 10	₩ 3,389	₩ 3,623
Reversal of provision for credit loss on acceptances and guarantees	709	724	40	1,879
Reversal of provision for credit loss on financial guarantee contract	2,773	2,773	85	85
Reversal of provision for credit loss on unused credit limits	181	(157)	(314)	1,363
	3,665	3,350	3,200	6,950
Gain on disposal of loans receivable	29,417	39,213	20,343	48,620
Gain (loss) on loans receivable at fair value through profit or loss	(203)	101	(33)	398
	32,879	42,664	23,510	55,968

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(In millions of Korean won)	2021		2020	
	Three months	Six months	Three months	Six months
Contribution to provision for credit loss and others:				
Contribution to provisions:				
Impairment loss:	(71,968)	(180,248)	(88,461)	(165,783)
Contribution to provision for credit loss on acceptances and guarantees	(806)	(959)	(506)	(1,383)
Contribution to provision for credit loss on unused credit limits	(3,044)	(4,614)	(939)	(1,038)
Contribution to provision for credit loss on financial guarantee contract	640	-	859	(6,531)
	(75,178)	(185,821)	(89,047)	(174,735)
Loss on disposal of loans receivable	(5,848)	(9,231)	(8,445)	(9,005)
Loss on loans receivable at fair value through profit or loss	-	-	-	-
	(81,026)	(195,052)	(97,492)	(183,740)
Contribution to provision for credit loss	₩ (48,147)	₩ (152,388)	₩ (73,982)	₩ (127,772)

31. 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 millions of Korean won)	2021		2020	
	Three months	Six months	Three months	Six months
Employee benefits:				
Salaries	₩ 205,262	₩ 380,851	₩ 163,447	₩ 321,711
Employee benefit expenses	45,556	87,322	43,414	86,760
Postemployment benefits	14,745	32,054	18,232	35,665
Termination benefits	-	31	19,437	19,437
	265,563	500,258	244,530	463,573
Rent	2,535	5,253	3,057	6,161
Business promotion expenses	5,502	10,521	4,514	8,893
Depreciation	24,741	49,245	24,157	47,548
Amortization	18,510	36,633	16,346	31,938
Taxes and dues	14,151	26,622	13,312	26,112
Other administrative expenses	53,911	102,904	49,864	99,103
	₩ 384,913	₩ 731,436	₩ 355,780	₩ 683,328

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(a) *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 payments 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 performance compensation linked to short-term performance and long-term performance for the chairman, the bank president and other executives shall be paid in cash in the following year of evaluation period, and the remaining compensations shall be deferred in connection with the share price.

The short-term performance compensation shall be paid in cash of 40% by the chairman, internal director and the bank president, 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% 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.

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

i) Linked to short-term performance

- Initially granted

<i>(In shares)</i>	June 30, 2021	December 31, 2020
Beginning balance	894,181	665,883
Granted	51,799	536,826
Exercised	368,395	264,019
Others	-	(44,509)
Ending balance	<u>577,585</u>	<u>894,181</u>

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ii) Linked to long-term performance

- Initially granted

<i>(In shares)</i>	June 30, 2021	December 31, 2020
Beginning balance	1,447,693	391,077
Granted	1,537,523	1,218,133
Exercised	221,439	91,352
Others	(10,909)	(70,165)
Ending balance	<u>2,752,868</u>	<u>1,447,693</u>

- Deferred grants

<i>(In shares)</i>	Deferred grant	
	June 30, 2021	December 31, 2020
Beginning balance	91,194	95,508
Granted	760,638	43,529
Exercised	34,871	38,144
Others	-	(9,699)
Ending balance	<u>816,961</u>	<u>91,194</u>

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:

<i>(In millions of Korean won)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Linked to short-term performance (reversal)	₩ 1,855	₩ 2,695	₩ 1,886	₩ (510)
Linked to long-term performance	4,009	7,573	1,456	1,586

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

<i>(In millions of Korean won)</i>	June 30, 2021	December 31, 2020
Accrued expenses (short-term performance)	₩ 5,812	₩ 5,303
Accrued expenses (long-term performance)	12,695	5,929

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32. NON-OPERATING INCOME AND EXPENSES:

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

(In millions of Korean won)

	2021		2020	
	Three months	Six months	Three months	Six months
Income from investments in associates:				
Share of profit of associates	₩ 3,281	₩ 10,684	₩ 9,456	₩ 12,736
Gain on disposal of investments in associates	316	4,365	1,853	1,976
Share of loss of associates	(520)	(2,361)	1,008	67
Loss on disposal of investments in associates	197	(11)	(77)	(1,379)
	<u>3,274</u>	<u>12,677</u>	<u>12,240</u>	<u>13,400</u>
Non-operating income:				
Gain on disposal of property and equipment	2,279	3,338	66	122
Rental income	6,666	12,839	694	1,464
Restoration income	103	118	15	94
Gain on collection of charge-offs	414	595	189	297
Gain on changes in leases	100	162	169	379
Other non-operating income	4,638	13,444	1,033	7,804
	<u>14,200</u>	<u>30,496</u>	<u>2,166</u>	<u>10,160</u>
Non-operating expenses:				
Expenses on collection of charge-offs	(234)	(286)	(88)	(186)
Loss on disposal of property and equipment	(105)	(2,898)	4	(222)
Loss on retirement of property and equipment	(81)	(166)	(4)	(487)
Loss on disposal of intangible assets	(20)	(20)	-	-
Donations	(440)	(16,095)	(4,270)	(20,941)
Other non-operating expenses	(2,743)	(5,646)	(1,985)	(4,522)
Regulatory penalty	(28)	(28)	-	-
Loss on changes in leases	(3)	(4)	(5)	(66)
Restoration loss	(188)	(312)	(36)	(101)
Loss on disposal of investments in subsidiaries	(202)	(201)	-	-
	<u>(4,044)</u>	<u>(25,656)</u>	<u>(6,384)</u>	<u>(26,525)</u>
	<u>₩ 13,430</u>	<u>₩ 17,517</u>	<u>₩ 8,022</u>	<u>₩ (2,965)</u>

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33. INCOME TAX EXPENSE:

Reconciliation between profit before income tax and income tax expense for the six-month periods ended June 30, 2021 and 2020, is as follows:

<i>(In millions of Korean won)</i>	2021		2020	
Profit before income tax	₩	654,139	₩	438,358
Taxes payable ¹		174,707		115,367
Tax effect of:				
Non-taxable income (₩38,373 million in 2021 and ₩39,378 million in 2020)		(10,249)		(10,363)
Non-deductible expenses (₩11,367 million in 2021 and ₩7,779 million in 2020)		3,036		2,047
Consolidated tax		(2,939)		(4,469)
Others		(63)		3,287
Income tax expense	₩	<u>164,492</u>	₩	<u>105,869</u>
Effective tax rate (income tax expense/profit before income tax)		25.15%		24.15%

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.

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, 2021 and 2020.

Weighted-average number of ordinary shares for the three-month and six-month periods ended June 30, 2021 and 2020, are as follows:

<i>(In shares)</i>	2021		2020	
	Three months	Six months	Three months	Six months
Number of ordinary 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 ordinary shares outstanding	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,428,573</u>	<u>325,049,330</u>

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Basic earnings per share attributable to owners of the Parent Company 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
Profit for the period attributable to owners of the Parent Company	₩275,303,787,307	₩468,027,037,830	₩173,212,049,657	₩310,869,593,500
Dividends on hybrid equity securities	(7,848,750,000)	(15,697,500,000)	(8,778,750,000)	(16,301,250,000)
Profit attributable to the ordinary equity holders	267,455,037,307	452,329,537,830	164,433,299,657	294,568,343,500
Weighted-average number of ordinary shares outstanding	324,431,669	324,431,669	324,428,573	325,049,330
Basic earnings per share	₩ 824	₩ 1,394	₩ 507	₩ 906

Diluted earnings per share for the six-month periods ended June 30, 2021 and 2020, are equal to the basic earnings per share because the Group did not have any potentially dilutive ordinary shares during the period.

35. CONTINGENCIES AND COMMITMENTS:

Payment guarantees as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)		Type	June 30, 2021	December 31, 2020
Confirmed acceptances and guarantees:				
Confirmed acceptances and guarantees in Korean won	Payment guarantee for loans	₩	106,356	₩ 138,499
	Others		510,950	449,777
			617,306	588,276
Confirmed acceptances and guarantees in foreign currencies	Acceptances on letters of credit		9,436	5,627
	Acceptances on letters of guarantee for importers		29,434	15,424
	Others		274,647	284,182
			313,517	305,233
			930,823	893,509
Unconfirmed acceptances and guarantees	Letters of credit		331,506	239,018
	Others		8,911	5,215
			340,417	244,233
Others	Endorsed bill		19	19
		₩	1,271,259	₩ 1,137,761

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Unused commitments as of June 30, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
Corporates	₩	9,393,496	₩	8,834,039
Households		8,245,289		7,105,400
Credit card		5,017,223		5,001,109
Securities purchase agreement		1,106,229		1,026,759
	₩	<u>23,762,237</u>	₩	<u>21,967,307</u>

The Group has entered into loan agreement in Korean won of ₩440,500 million with KDB Development Bank and borrowing agreements in foreign currencies of JPY 3,000,000,000, USD 146,800,000 and KZT 3,400,000,000 with Sumitomo Mitsui Trust Bank and others, to secure liquidity and diversify financing channels in preparation for the domestic bond market crunch.

Lawsuits

As of June 30, 2021, and December 31, 2020, the Group's major lawsuits are as follows:

<i>(In millions of Korean won)</i>	June 30, 2021		December 31, 2020	
	As a plaintiff	As a defendant	As a plaintiff	As a defendant
Number (cases)	41 cases	90 cases	50 cases	65 cases
Amount	₩ 133,917	₩ 115,539	₩ 194,781	₩ 101,375
Provisions related to these lawsuits		₩ 462		₩ 312

The Group filed a lawsuit against Korea Deposit Insurance Corporation to seek compensation for loss (litigation amount: ₩52.6 billion) as of the end of the reporting period. On December 15, 2017, the court ordered Korea Deposit Insurance Corporation to pay ₩52.6 billion to the Group in the first trial. In respect of the first court decision, Korea Deposit Insurance Corporation paid ₩52.6 billion in advance, and the Group recognized the corresponding amount as other liabilities. As per the second trial held on January 24, 2019, the Group 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.

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Others

BNK Financial Group, Busan Bank Co., Ltd., BNK Securities Co., Ltd. and their former and current employees were accused of a lawsuit with violation of the Financial Investment Services and Capital Markets Act in relation to anticompetitive transactions (BNK Financial Group'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. 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, and therefore, the trial of former and current employees was terminated. As the first trial of the entities, including the Group, 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 Group, Busan Bank Co., Ltd. and BNK Securities Co., Ltd., respectively) and the former and current employees. The Group 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.

Four former directors of the Busan Bank Co., Ltd. were 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 17, 2021, and the prosecution appealed and is currently on a third trial.

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, 2021, and December 31, 2020, are as follows:

<i>(In millions of Korean won)</i>		June 30, 2021	December 31, 2020
Associates/Associates of entities under common control:			
Heungkuk Discretionary Investment Specialized Private Equity Type 2	Other assets	₩ 5	₩ 2
UQIP Future Generation Investment Fund Partnership No. 1	Other assets	411	291
UQIP Energy Fusion Investment Fund Partnership	Other assets	332	679
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Other assets	139	112
2019 UQIP Innovative Growth Follow-on Fund Partnership	Other assets	263	88

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<i>(In millions of Korean won)</i>		June 30, 2021	December 31, 2020
BNK Fisheries Investment Association No. 1	Other assets	93	94
BNK Inter-Value Technology Finance Investment Association No. 1	Other assets	131	21
BNK Teuntuen Short-Term Bond	Other assets	7	-
Key management	Loans receivable	127	62
	Credit card receivable	-	2
	Deposit liabilities	763	458

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

<i>(In millions of Korean won)</i>		2021	2020
Associates/Associates of entities under common control			
DGB Professional Investment Private Security Investment Trust No. 28	Commission revenues ₩	2 ₩	-
BNK Ocean Business	Commission revenues	-	14
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust – J-6th	Commission revenues	-	2
UQIP Future Generation Investment Fund Partnership No. 1	Commission revenues	120	-
UQIP Energy Fusion Investment Fund Partnership	Commission revenues	332	-
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Commission revenues	139	-
2019 UQIP Innovative Growth Follow-on Fund Partnership	Commission revenues	176	-
BNK Fisheries Investment Association No. 1	Commission revenues	186	-
BNK Inter-Value Technology Finance Investment Association No. 1	Commission revenues	262	-
ANDA Mezzanine Professional Security Investment Trust No. 7	Commission revenues	4	9
Heungkuk Discretionary Investment Specialized Private Equity Type 2	Commission revenues	5	-
BNK Teuntuen Short-Term Bond	Commission revenues	11	-
Key management	Commission expenses	-	1
	Commission revenues	2	2
	Interest expenses	-	1
	Interest income	-	1

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

(In millions of Korean won)

		2021			
		Beginning balance	Increase	Decrease	Ending balance
Key management	Loans receivable	₩ 62	₩ -	₩ 62	₩ -
	Deposit liabilities	459	1,443	1,086	816

(In millions of Korean won)

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

Details of payment guarantees provided by the Group to the related parties as of June 30, 2021, and December 31, 2020, are as follows:

(In millions of Korean won)

Provided by	Provided to	June 30, 2021	December 31, 2020	Remark
BNK Capital	M-park Capital Co., Ltd.	₩ -	₩ 5,000	General loan and 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 period ended June 30, 2020.

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

(In millions of Korean won)

	2021	2020
Short-term employee benefits	₩ 1,108	₩ 1,094
Share-based payment	923	266
Postemployment benefits	897	370
	₩ 2,928	₩ 1,730

The Group purchased loans receivable of ₩5,138 million from M-park Capital Co., Ltd., a joint venture, for the six-month period ended June 30, 2020.