

ESG BNK, SUSTAINABLE FINANCE TOGETHER



ABOUT THE REPORT

Report Overview

This report is the 10th Sustainability Report published by the BNK Financial Group. We would like to share major activities and achievements related to sustainable management of the BNK Financial Group with our stakeholders. A main feature of this report is the 'Focus Area' that lists the activities and achievements of the BNK Financial Group to climate change through the 'Strategies to Respond to Climate Change'. The BNK Financial Group transparently discloses corporate sustainability by publishing this report every year, and we will actively communicate with you stakeholders.

Reporting Period

This report deals with the sustainable management activities and achievements of the BNK Financial Group from January 1 to December 31, 2021. Information for up to the first half of 2022 that can have a major impact on the decisions of stakeholders considering the timeliness and gravity of information are included. Quantitative performance is reported together with the performance for the past three years to enhance comparability.

Reporting Range

The reporting range of this report includes nine subsidiaries of BNK Financial Group such as Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, BNK System. It includes all branches and performance related to overseas businesses is also disclosed if necessary.

Reporting Principles and Standards

This report was drafted in accordance with the core options of GRI (Global Reporting Initiative) Standards, the international reporting standard for sustainability report. In addition, it observes the announced recommendations related to climate change based on TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board) considering the features by industry. Financial information was drafted with consolidation standards according to the Korea International Financial Reporting Standards (K-IFRS).

Third-Party Verification

In order to secure reliability and enhance the quality of the report information, this report received verification from a third-party verification institute, the Korea Management Registrar (KMR). The verification results are presented on page 112 of this report.

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CEO Message



"Constructing strong fundamentals for sustainable management"
"Converting into a specialized financial group to secure distinguished future growth engines"

Respected stakeholders,

Our society has been undergoing rapid changes since the outbreak of COVID-19. The development of new digital technologies such as AI, big data, and blockchain has had huge ripple effects on the financial industry. A new business model different from existing management activities is needed for the climate change crisis.

BNK Financial Group set 'Constructing Strong Fundamentals for Sustainable Management' as our 2022 management policy and selected three core projects. First is the advancement and activation of the BU (Business Unit) system. Second is pursuing company-wide digital transformation quickly. Third is to strengthen competitiveness in the group's core business areas through preemptive risk management.

BNK Financial Group will continue to fulfill its social responsibilities in all ESG areas such as environment, society, and governance to realize sustainable finance. As a representative local financial group, we perform transparent governance, prioritize a corporate culture that respects human rights and customer satisfaction as our top values, and actively strive to protect financial consumers.

We support carbon neutrality to respond to the climate change crisis, and we will build an eco-friendly culture joined by everyone including customers, employees, and partners. We will support the ESG transition of companies in southeastern Korea and development of win-win values with the local society.

There is a Korean proverb, bul-wie-ho-sung (불위호성; 弗爲胡成). It means 'without acting, nothing can be achieved.' Instead of dreading the rapid changes of the financial environment, we will do our best for future growth based on profitability with the indomitable spirit of turning crisis into opportunity. I am confident that such efforts will serve as the cornerstone for the BNK Financial Group to grow into a 'global standard financial group.'

We look forward to for your continued interest and support. Thank you.

CEO of BNK Financial Group
Ji-Wan Kim

김지완



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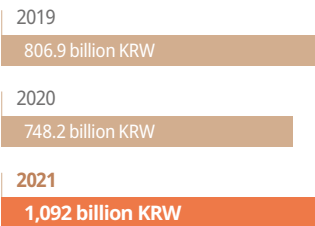


Introduction to BNK Financial Group

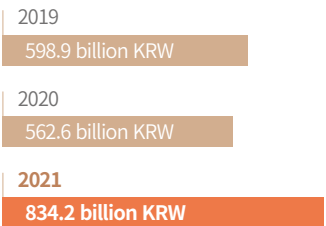
BNK Financial Group Organization

Launched on March 15, 2011 as South Korea's first financial holding company of local banks, BNK Financial Group acquired Kyongnam Bank in 2014 as its subsidiary, and changed its name to BNK Financial Group Inc. in 2015. The group has become the nation's leading regional and total financial group with nine subsidiaries. It is now striving to take a major leap forward to grow into a global standard financial group by 2023.

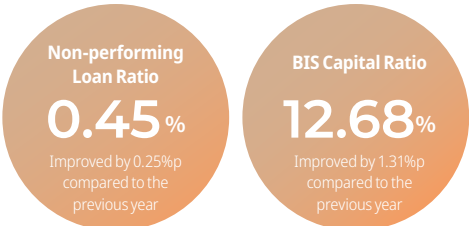
Operating Profits (Consolidated)



Current Net Profits (Consolidated)



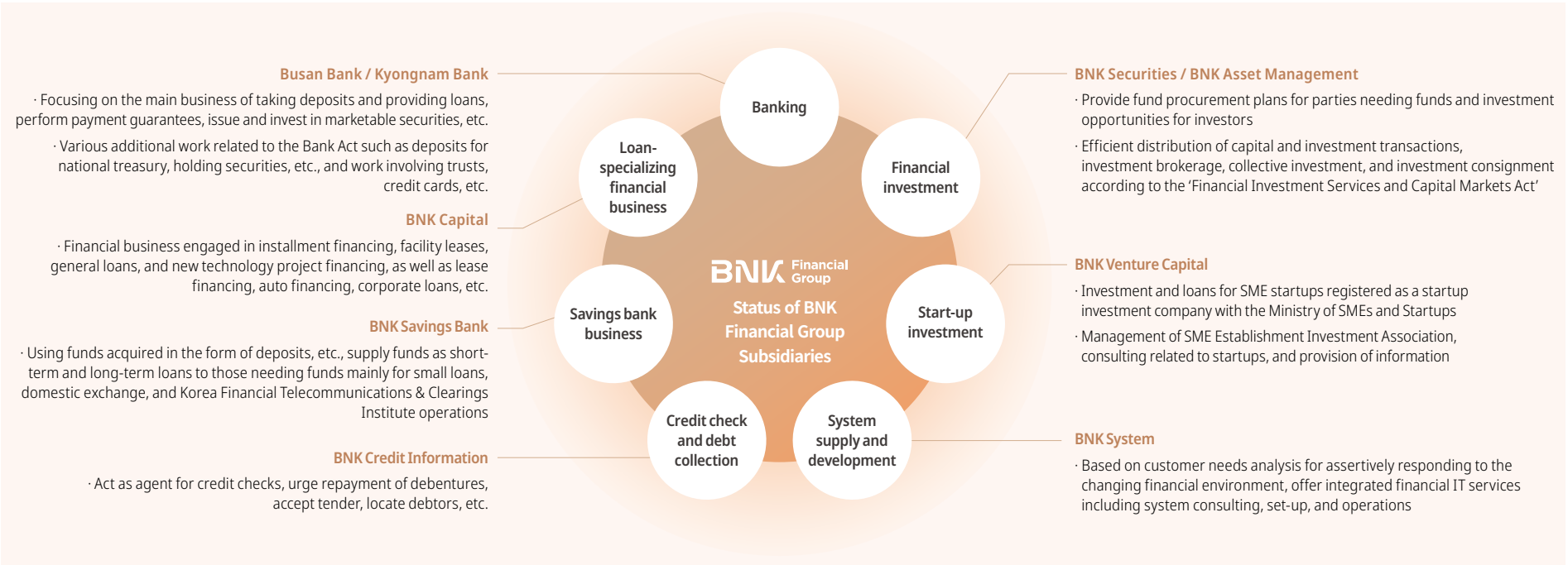
Asset Quality



BNK Financial Group Overview

Date of Foundation	March 15, 2011
Location of Headquarters	30 Munhyeongeumyung-ro, Nam-gu, Busan
CEO	Ji-Wan Kim

Credit Rating



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BNK Financial Group Global Network

As of the end of 2021, the BNK Financial Group is growing as a financial group leading the global financial market based on a network of 379 domestic branches and 69 overseas branches. We completed the nine-subsubsidiary system in 2019 by including BNK Venture Capital, which was incorporated to find promising local startups, serve as a supplier of venture capital, and create new growth engines for the company; thus further expanding our business areas. Through this, we are continuing efforts to improve the profitability of non-interest and non-banking sectors while strengthening the group’s fundamentals.

BNK Financial Group Global Network

Category		Domestic		Overseas		Total
		Branches	Offices	Branches	Offices	
Holding company	BNK Financial Group	1	-	-	-	1
	Busan Bank	149	63	3	3	218
	Kyongnam Bank	132	-	-	1	133
	BNK Capital	15	-	-	-	15
	BNK Securities	4	-	-	-	4
Subsidiaries	BNK Savings Bank	8	-	-	-	8
	BNK Asset Management	1	-	-	-	1
	BNK Venture Capital	2	-	-	-	2
	BNK Credit Information	3	-	-	-	3
	BNK System	1	-	-	-	1
Sub-sub-subsidiaries	BNK(Cambodia) Microfinance Institution Plc.	-	-	15	-	15
	BNK Capital Myanmar Co., Ltd	-	-	41	-	41
	BNK Capital Lao Leasing Co., Ltd	-	-	3	-	3
	BNK CAPITAL LAO NDTMFI Co., Ltd	-	-	1	-	1
	MFO BNK Finance Kazakhstan LLP	-	-	2	-	2
	Total	316	63	65	4	448



1 Kazakhstan BNK Capital Almaty Local corporation	2 Uzbekistan Kyongnam Bank Tashkent office	3 China Busan Bank Qingdao branch / Nanjing branch
4 India Busan Bank Mumbai office	5 Myanmar Busan Bank Yangon office BNK Capital Yangon local corporation	6 Laos BNK Capital Vientiane local corporation
7 Cambodia BNK Capital Phnom Penh local corporation	8 Vietnam Busan Bank Ho Chi Minh City branch / Hanoi office	



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BNK Financial Group Vision and Management Strategy

BNK Financial Group's Vision and Management Policy

Based on the management ideology of 'To the World with the Region, To the Future with Customers,' the BNK Financial Group is making various efforts to become a global standard financial group according to the group's Mid-to Long-term management plan of 'GROW 2023.' The 2022 management policy was set as 'establishment of strong fundamentals for sustainable management,' and we will actively respond to internal and external crises that can weaken the group's management environment such as increased volatility of the global financial market, digital acceleration, etc., while focusing on improving our core capacities for sustainable growth in the future. Furthermore, we plan to strengthen the competitiveness of the group's core business areas through preemptive risk management.

BNK Financial Group Vision Map

Management Philosophy

HEAD TO THE WORLD & LEAD TO BETTER LIFE

Management Vision

GROW ONE, GROW WITH

Strategic Targets

Great Financial Group	Race For Global	Optimized Digital Experience	Well-Balanced Portfolio
Achieve 'ROE (return on equity) 10%', a global standard, through qualitative growth based on soundness and profitability	Achieve 5% profit in the global sector by overcoming the domestic market with low growth and low margins and by entering new markets	Realize customer-oriented digital optimization by achieving full digitalization of the entire group	Generate non-banking profit rate of 30% and create stable margins based on a well-balanced portfolio
ROE 10%	Global 5%	Customer on Demand	Non-banking 30%

Strategic Tasks

Strengthen the competitiveness of banking subsidiary	Expand high growth and high return of non-banking business areas	Reinforce the WM business as a new growth engine	Expand the CIB business	Transform into a digital financial group	Expand our global business from a long term perspective	Stabilize profitable subsidiaries
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Core Values



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GROW 2023

Corporate
management
goals

Great Financial Group



BNK Financial Group has set the goal to achieve 10% 'return on equity (ROE)' by 2023 to reach new heights as a 'Great Financial Group' through qualitative and quantitative growth.

Race For Global



BNK Financial Group plans to break into new markets that guarantee both growth potential and profitability, such as Southeast Asia and Central Asia, going beyond the domestic market with falling growth and margin as well as limits associated with a regional financial group.

Optimized Digital Experience



'Optimized Digital Experience' implies the transition into a customer-oriented digital financial group via full digitalization throughout the entire group. BNK Financial Group continues to forge ahead with digitalization as its long-term development goal for future survival.

Well-Balanced Portfolio



BNK Financial Group has developed a strategic goal under the name of 'Well-Balanced Portfolio' to increase the share of profits gained from the non-banking sector and diversify its businesses in line with global standards.

Company
management
performance

The total assets of the group as of the end of 2021 stood at 150 trillion KRW, and we are growing continuously not only in banking but also non-banking subsidiaries such as capital and investment securities to reach the group's mid- and long-term goals steadily. Profitability indices such as the group's current net profit, ROE, etc. fared better than planned thanks to the restored profitability in the banking sector and significant improvements to profitability in the non-banking subsidiaries and non-interest sector, with management indices such as soundness, equity ratio, etc. maintaining good levels compared to the previous year. The BNK Financial Group will strive to become a global standard financial group by achieving current net profit of 1 trillion KRW and ROE of 10% in 2023 by continuously strengthening competitiveness.

The BNK Financial Group has revamped the strategic value of countries that each of its subsidiaries have entered, and is establishing strategies for entering the global market from a mid- to long-term perspective to pioneer new Asian markets additionally. While reviewing the market attractiveness per target country based on market growth potential and profitability, we are establishing a more elaborate entry strategy for the BNK Financial Group based on success models of entering the finance market of the target country.

The BNK Financial Group established a 'Digital Promotion Road Map' for company-wide digital innovation and growth and the direction for pursuing full digitalization for the entire group. Advancement of digital channels, innovation of digital-based operations, activation of synergy for subsidiaries by linking digital, and expansion of the digital-based financial area were selected as core elements for executing digitalization, and we plan to continue our efforts to improve company-wide digital capacities until 2023.

Due to the low growth and low interest trends, domestic financial groups have been focusing not on creating profits based on bank interests but in the non-banking sector through business diversification. In addition to reviewing businesses that it has not entered for strengthening high-growth, high-profit non-banking businesses, the BNK Financial Group is continuously promoting business diversification by entering new businesses of existing non-banking subsidiaries such as OTC derivatives and leasing businesses, etc. Through this, profit percentage in the non-banking sector has grown from 16.2% in 2018 to 31.4% in 2021, and we plan to expand continuously the percentage of non-banking profits through continued efforts.

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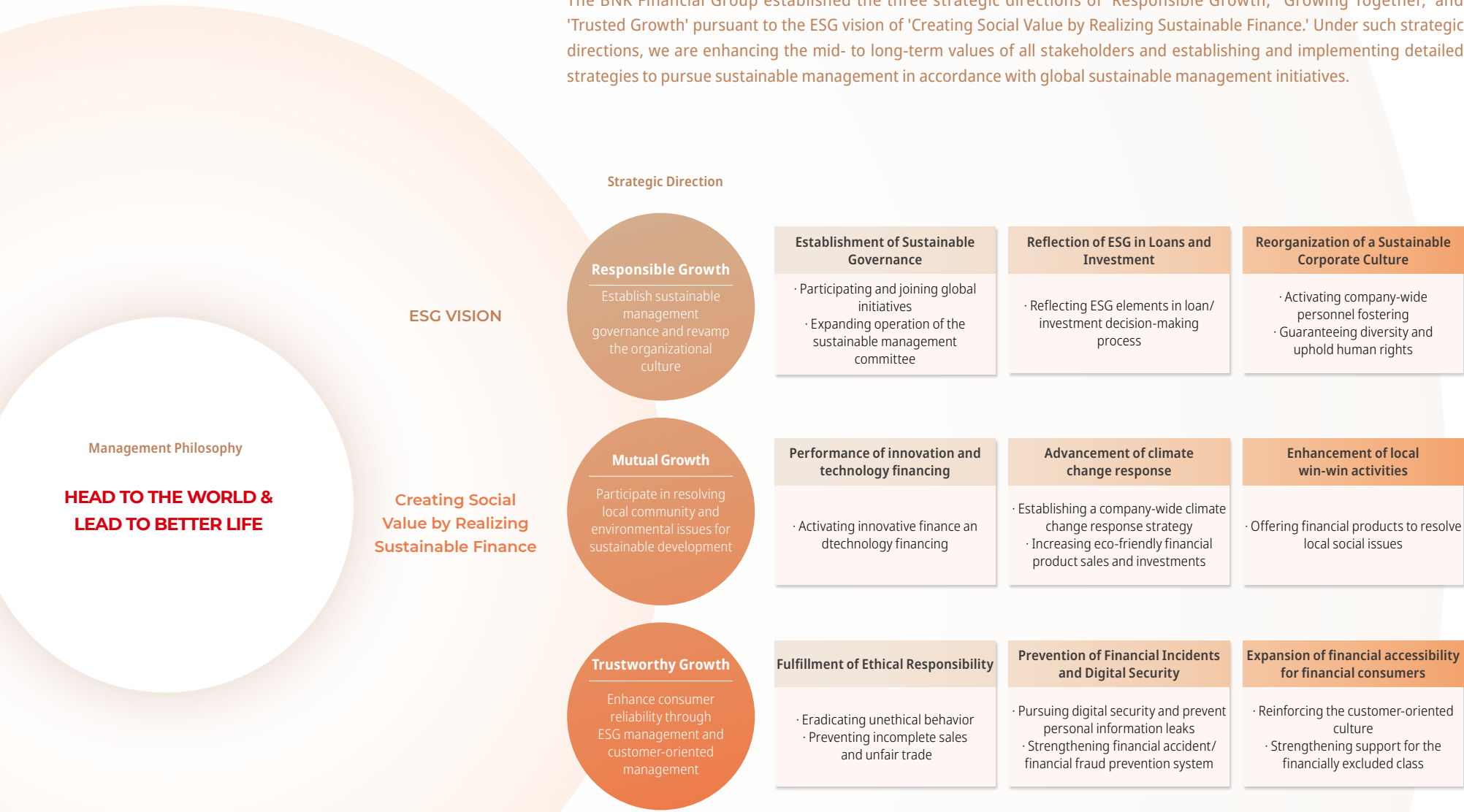
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▶ Busan, Gwangan Bridge

BNK Financial Group ESG Strategy

Management Philosophy

The BNK Financial Group established the three strategic directions of 'Responsible Growth,' 'Growing Together,' and 'Trusted Growth' pursuant to the ESG vision of 'Creating Social Value by Realizing Sustainable Finance.' Under such strategic directions, we are enhancing the mid- to long-term values of all stakeholders and establishing and implementing detailed strategies to pursue sustainable management in accordance with global sustainable management initiatives.



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ESG Mid- to Long-term Roadmap

To bring sustainable finance into reality, BNK Financial Group has developed a mid- to long-term roadmap designed to implement the ESG strategy system in three stages. As a result, it has laid the groundwork to build and internalize a sustainable organizational culture for finance, while responding actively to the environmental change and sustainable management trends in the financial industry.

Goals

Step 1 : 2020
Establish the ESG Strategy System

Step 2 : 2022
Advance the ESG Strategy System

Step 3 : 2025
Complete BNK Sustainable Management

Main Actors

Group/Abroad

All subsidiaries

BNK company-wide, customers, stakeholders

Main Areas

Short-term improvement projects based on an analysis of ESG status / improvement of the external ESG evaluation rating

Medium- and long-term improvement projects based on an analysis of ESG status

Catching up with other leading companies in the same industry

Main Contents

Developing ESG execution rules
Establishing ESG governance
Responding to external sustainable management evaluations
Establishing a climate change response strategy

Expanding the ESG product/service lineup
Renovating ESG governance
Constructing the subsidiary sustainable management inspection system and conducting practical monitoring
Advancing climate change response strategy

Expanding the ESG product/service lineup
Constructing a company-wide ESG operation system
Expanding the external governance of the ESG strategy system

Tasks for Achieving Strategic Indicators

ESG-related Projects

85% compared to the overall execution level in 2025

Establishing a strategy system
Setting a strategic index
Strengthening the dedicated organization
Joining international standards

93% compared to the overall execution level in 2025

Completing the establishment of a dedicated organization
Joining international standards
Expanding the ESG financial product
Promoting local-contact business

Achieved 100% of 9 major strategic indices

Joining international standards
Operating the ESG loan/investment process

International Standards

UNGC
TCFD

UNEP FI
CDP

PRI
other initiatives (UNGP, renewable energy initiative, etc.)



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Stakeholder Participation and Materiality Assessment

Definition of Stakeholders

In order to efficiently manage the needs of stakeholders that impact management activities, the BNK Financial Group communicates with the six stakeholder groups it defined by operating various communication channels and identifying the unique needs of each stakeholder.

Communication with stakeholders

BNK Financial Group runs communication channels for each major stakeholder and incorporates stakeholder needs into BNK Financial Group's management plans and major decisions

Major stakeholders	Definition	Major Interests	Communication Channels and Activities	Expected Effects
 Customer	Group that uses financial products and services and wields influence	Enhancing satisfaction by improving product and service quality	<ul style="list-style-type: none">· Satisfaction survey· Contact front line sales channels· Meetings· Customer panels, etc.	<ul style="list-style-type: none">· Listen to customer opinions and minimize the dissatisfied customer ratio· Provide and communicate information on financial products and services· Listen to customer complaints and discuss support items· Listen to various opinions of financial consumers and reflect improvements
 Employees	Agent for realizing vision and value to achieve the corporate management goals	Establishing a corporate culture that ensures work-life balance	<ul style="list-style-type: none">· Employee satisfaction survey· Meetings and workshops· Labor-management meetings (as needed)· Company newsletters, company bulletin boards, etc.	<ul style="list-style-type: none">· Listen to employee opinions and monitor the internal satisfaction of employees· Discuss employment, fostering, benefits and welfare, and labor environment· Communicate major issues related to company management and achieve labor-management harmony· Activate in-company communication for employees
 Stockholders and investors	Group that wields influence on decision making for the sustainable growth of companies	Pursuing the achievement of stable management performance	<ul style="list-style-type: none">· General meeting of shareholders (once a year)· Corporate management announcement· Business performance announcement (4 times a year)	<ul style="list-style-type: none">· Participate in strategic decision-making procedures and strengthen shareholder profits· Provide corporate management information and enhance financial soundness· Announce the quarterly business performance and improve the external credit rating
 Partners	Group that grows together based on partnerships and trust	Establishing a fair financial transaction culture	<ul style="list-style-type: none">· Business announcement sharing information with the Korea Federation of Banks· Partner meetings, etc.	<ul style="list-style-type: none">· Announce transparent management information and share the results with the Korea Federation of Banks· Create opportunities for coexistence through mutual cooperation with partners
 Local society	Group that shares pending issues of the community and cooperates to resolve them	Developing the community in consideration with social contribution and environmental preservation, etc.	<ul style="list-style-type: none">· Joint research· Local consultative group· Subsidiary volunteer corps, etc.	<ul style="list-style-type: none">· Conduct joint research to resolve pending community issues· Cooperate enhancing the local economy and support developing the community· Conduct social contribution activities and cooperate with community issues
 Government and supervisory agencies	Group that leads the role of corporate social responsibility to strengthen the financial industry's competitiveness	Strengthening the realization of public interest such as financial inclusion	<ul style="list-style-type: none">· Meetings with financial authorities· Regular audits· Participation in government projects· Government financial policy debates, etc.	<ul style="list-style-type: none">· Discuss development directions for strengthening the competitiveness of the financial industry· Compliance with financial laws and exercise of fair trade· Strengthen the realization of public benefits by entering work MOUs for government projects, etc.· Discuss the directions of financial policies and strengthen the social responsibilities of finance

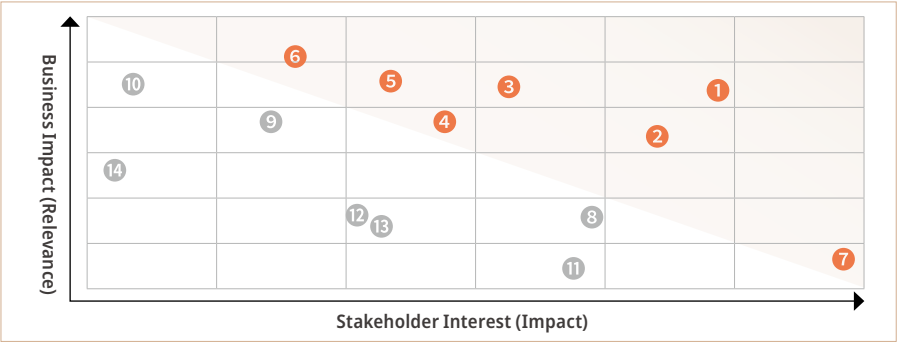
Materiality Assessment and Results

The BNK Financial Group conducts materiality assessment every year to identify issues of interest to stakeholders and reflect them effectively to its management activities. We composed a basic issue pool focusing on international standard indices related to sustainable management such as GRI Standards, UNGC, SASB, etc. and reflected media analysis, benchmarking of other companies, and surveys on external sustainable management experts and internal stakeholders to assess the sustainable management issue priorities of BNK. Issues confirmed through these series of processes are transparently disclosed through the Sustainability Report.

1	Composition of sustainable management issue pool	A pool with a total of 31 sustainable management issues was composed through international standards related to sustainable management and by benchmarking advanced businesses in the industry.
2	Materiality assessment method	<div><div>Social interest</div><div><div>Information disclosure requirement analysis : Domestic and foreign information disclosure (GRI Standards, SDGs, UNGC, SASB, TCFD, UNEP FI, K-ESG guideline), Domestic and foreign evaluation institute index (National Pension Service, KCGS, MSCI)</div><div>Analysis of the same industry : Analysis of major industrial issues dealt with in the same industry</div><div>Media analysis : News articles related to the economic, social, and environmental issues of the BNK Financial Group (2021.01.01 ~ 2021.12.31)</div><div>Analysis of external stakeholders : Importance service per sustainable management issue for external stakeholders</div></div><div><div>Business impact</div><div><div>Group management plan data : Analysis of internal data for the management plans of the group and each subsidiary</div><div>ESG management promotion strategy data : Analysis of internal data for the ESG management promotion strategy of the group and each subsidiary</div><div>Message from the CEO and BOD data : Analysis of the CEO's New Year greetings and important BOD agendas</div><div>Business impact survey : Business impact survey for internal employees</div><div>Investor inquiries : Shareholder/Investor activity history and questions analysis</div></div></div></div>
3	Core issue management	<div><div>Identification of risks/opportunity factors related to the discovered issues</div><div>Establishment of effective response plan</div><div>Transfer and management of the relevant important activities and performance cooperation</div></div>
4	Monitoring and reports	<div><div>Draft and organize the Sustainability Report</div><div>Report to management and provide feedback</div><div>Share online and offline, disclose to stakeholders</div></div>

Reported Core Issues and Approach Method

The BNK Financial Group conducted materiality assessment considering social interest and business impact and drew up the top seven reported core issues. The seven core issues are related to our sustainable management strategy direction from the aspects of economy and society. The BNK Financial Group reflected the core issues in the report in a balanced manner and made efforts to disclose related information transparently. The areas that stakeholders showed the most interest was 'Contributing to the promotion of the local economy through innovative growth support' and 'Securing a future growth engine by accelerating digital transformation'. This was analyzed to mirror the interest in the social responsibility of finance and the continued growth of the company.



'Strengthening of the ethical management system and internal control' and 'Preventing mis-sales of financial products and protection of consumer rights and interests' were identified as reflective of social interest in the ethical management of financial institutes and compliance with financial laws and regulations. 'Reinforcing integrated financial and non-financial risk management' reflects stakeholders' view of emphasizing not only financial risk but also non-financial risks such as social and environmental elements. 'Upgrading climate change risk response and management' mirrors the interest of stakeholders in climate change and environmental management. 'Enhanced financial inclusion such as consideration of vulnerable classes and increased accessibility' shows that social responsibility of finance is an important point of interest for stakeholders.

Ranking	Reported Core Issue	Business impact	Social interest	Report page
1	Contributing to the promotion of the local economy through innovative growth support	●●●●	●●●●	58~60
2	Securing a future growth engine by accelerating digital transformation	●●●	●●●●	47~51
3	Strengthening of the ethical management system and internal control	●●●●	●●●●	67~70
4	Reinforcing integrated financial and non-financial risk management	●●●●	●●●●	71~73
5	Preventing mis-sales of financial products and protection of consumer rights and interests	●●●●	●●●	76~77
6	Upgrading climate change risk response and management	●●●●	●●●	18~29
7	Enhanced financial inclusion such as consideration of vulnerable classes and increased accessibility	●	●●●●	54~57



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Reported Core Issue Management Method (Management Approach)

Ranking	Reported Core Issue	Definition of Issue	Importance of Issue	Management Strategy of BNK	Milestones for 2021	Future Plans	Reporting borders	Report page
1	Contributing to the promotion of the local economy through innovative growth support 	Contribution to local economic growth through financial support and business consulting, etc. for local companies	As the representative financial institute of southeastern Korea, the BNK Financial Group grew in coexistence with local society. For the BNK Financial Group, revitalizing of the local economy is not only the growth platform but also the corporate social responsibility of financial institutes. It is possible to contribute to activating the local economy and balanced development by effectively providing financial services in the region. This is an issue drawing a high level of interest from stakeholders in the region and is an issue with high relevance and impact.	The BNK Financial Group provides financial support for the creation of local jobs for the development of the local economy and for innovative companies and startups in Busan, Ulsan, and Gyeongnam, operating an organization dedicated to technology financing to provide support for SMEs with outstanding technologies.	<ul style="list-style-type: none">· Support for local currency and local gift certificate sales in order to revitalize the local economy· Concluded a work MOU with the Busan Ministry of SMEs and Startups in October 2021 to support the growth of local companies by jointly holding the 'Busan Venture/Startup Festival' etc.	Plans include continuously pursuing local economy revitalization projects such as finding innovative growth companies and promising companies, supporting job creation, etc.	Customer, Local society, Partners	58~60
2	Securing a future growth engine by accelerating digital transformation 	Promotion of quick digital transformation through strategic work partnerships with fintech and big tech, improved contactless platform infrastructure focusing on mobile, and establishment of digital organizations	New financial services that integrate innovative technologies such as Internet of Things, AI, big data, etc. are being implemented in the fourth industrial revolution and rapidly changing digital environment. It is important for the BNK Financial Group to create new business opportunities for the financial industry by strengthening digital capacities and digital innovation and transformation. Securing future growth engines through digital is an issue drawing high social interest (impact).	The BNK Financial Group established a digital advancement road map to implement digital transformation systematically, and it is pursuing the digital innovation of customer channels such as mobile, branch, customer center, etc.	<ul style="list-style-type: none">· Opened the BNK Digital Center to strengthen the core digital capacities of the group· Implemented the digital transformation road map· Busan Bank signed MOUs with several universities and companies in the region to provide digital vouchers, which are blockchain-based digital wallets	We will strengthen mobile app competitiveness and customer-tailored digital services to establish a base for continuous growth and will actively introduce new digital technologies to improve work efficiency.	Customer, Employees, Partners	47~51
3	Strengthening of the ethical management system and internal control 	Prevention of legal sanctions, financial losses, damaged reputation, etc. by carrying out transparent and fair corporate activities including prevention of corruption and bribes, etc.	The BNK Financial Group is a financial institute that offers financial services and requires high levels of ethics and ethical management system. It is important to establish transparent and fair corporate ethics throughout management activities and observe the regulations of financial authorities to maintain social trust. Strengthening of ethical management and internal control are issues with high relevance and impact.	The BNK Financial Group operates an ethical management practice program for sharing ethical management values with all subsidiaries and for observing the code of conduct to establish an ethical management system and is internalizing the ethical culture company-wide. Furthermore, we are strengthening the internal control system	<ul style="list-style-type: none">· Conducted regular ethics training supervised by the compliance officer to improve the ethics awareness of employees· Education on the code of ethics, code of conduct, and rules of conduct for the code of ethics for employees	We will expand company-wide ethical management practice program operations and reinforce the internal control monitoring of subsidiaries.	Customer, Employees, Government and supervisory agencies	67~70

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Ranking	Reported Core Issue	Definition of Issue	Importance of Issue	Management Strategy of BNK	Milestones for 2021	Future Plans	Reporting borders	Report page
4	Reinforcing integrated financial and non-financial risk management 	Comprehensive identification and preemptive management for financial and non-financial risks that can affect the business from the short, mid-, and long-term perspective	As the external business environment of companies become more complex, financial and non-financial risks are growing, and managing the effects of non-financial risks such as environmental impact, social issues, etc. is becoming more and more important. It is necessary to maintain the soundness of financial institutes through systemized risk management. These are all issues with high relevance and impact.	The BNK Financial Group defined financial and non-financial risks by type and established response strategies for each type to manage risks. The risk management committee under the BOD establishes risk management strategies and decides on important matters.	<ul style="list-style-type: none">During corporate credit revaluations, reflected the non-financial evaluation items to allow assessment of the ESG management activities of investee companiesClimate risk management such as decreasing the limits for businesses with high carbon emissions	We will advance the management system from 2022 by enacting climate risk management guidelines and constructing carbon emissions management systems.	Stockholders and investors, Government and supervisory agencies	71~73
5	Preventing mis-sales of financial products and protection of consumer rights and interests 	Prevent incomplete sales of financial products and consumer damages by analyzing consumer impact, strengthening sales activities supervision, etc.	With the enactment of the 'Act on the Protection of Financial Consumers' in March 2021, it has become necessary to construct a preemptive system for complete sales of financial products, protection of rights and interests of financial consumers, and prevention of damages for financial consumers. Complete sales of financial products and protection of consumer rights and interests are issues with high business impact (relevance).	The BNK Financial Group is improving customer satisfaction by preventing incomplete sales, preventing unfair trade, and enhancing customer service accessibility and convenience to protect the rights and interests of financial consumers.	<ul style="list-style-type: none">The BNK Financial Group held the 'Financial Consumer Protection Pledge Event' was held to declare the protection of rights and interests of financial consumers as one having utmost valueReinforced the group's internal control consultative body and group compliance monitoring conference to manage incomplete sales vulnerabilities and issues systematically	Plans include improving the sales system for high-risk rating financial investment products and strengthening financial investment product monitoring inspections management.	Customer, Government and supervisory agencies	76~77
6	Upgrading climate change risk response and management 	Preemptively manage risks and construct a management system for risks that can occur due to climate change such as physical risks and transformation risks of assets in addition to workplaces.	Climate change can reduce the asset value of carbon-intensive industries and result in risks that can increase the operational expenses of financial industries and deteriorate profitability. It is imperative for the BNK Financial Group to cooperate internationally with climate change response consultative groups while managing the carbon emissions of financial assets to respond to such climate change risks. Climate change risk and reinforcement management is an issue with high relevance.	The BNK Financial Group declared 2050 carbon neutrality and joined a global initiative to respond to climate change risks. In order to reduce carbon emissions, the BNK Financial Group is implementing eco-friendly work vehicles and renewable energy generators, and ESG risk evaluations are being reflected in the loan and investment screening process to manage the greenhouse gas emissions of incorporated assets.	<ul style="list-style-type: none">Cooperating with various global initiatives, the BNK Financial Group declared support for the global initiative TCFD and joined as CDP signatory.In March 2022, joined the Partnership for Carbon Accounting Financials (PCAF) and the UN Environment Programme Financial Initiative (UNEP FI) and participated as a signatory of the UN Principles for Responsible Banking (UN PRB)	We will continue to reinforce international cooperation for future climate change response.	Customer, Partners, Local society	18~29
7	Enhanced financial inclusion such as consideration of vulnerable classes and increased accessibility 	Realize financial inclusion together with local residents by increasing financial products exclusively for ordinary people, small business owners, and classes needing social consideration, strengthening accessibility for financially vulnerable classes, etc.	COVID-19 has worsened problems with income inequality and economic polarization. As the representative financial institute of southeastern Korea, the BNK Financial Group is improving financial access for the financially vulnerable class and expanding opportunities for using finances in order to ease inequality in the region. Expanding financial accessibility for the class needing economic social consideration and the financially vulnerable class is an issue drawing high social interest.	The BNK Financial Group opened a department dedicated to financial inclusion, and is developing and selling small loan products that can help ease the economic hardships of the financially vulnerable class.	<ul style="list-style-type: none">Collaborated with local autonomous bodies to ensure the livelihood of financially vulnerable classes experiencing difficulties due to COVID-19 and provide support for coexistence national support funds and coexistence consumer support fundsProvided cards, savings, and deposits specializing in supporting marginalized classes	We will continuously develop small loan products for the financially vulnerable classes and continue with activities that strengthen financial accessibility.	Customer, Local society, Government and supervisory agencies	54~57



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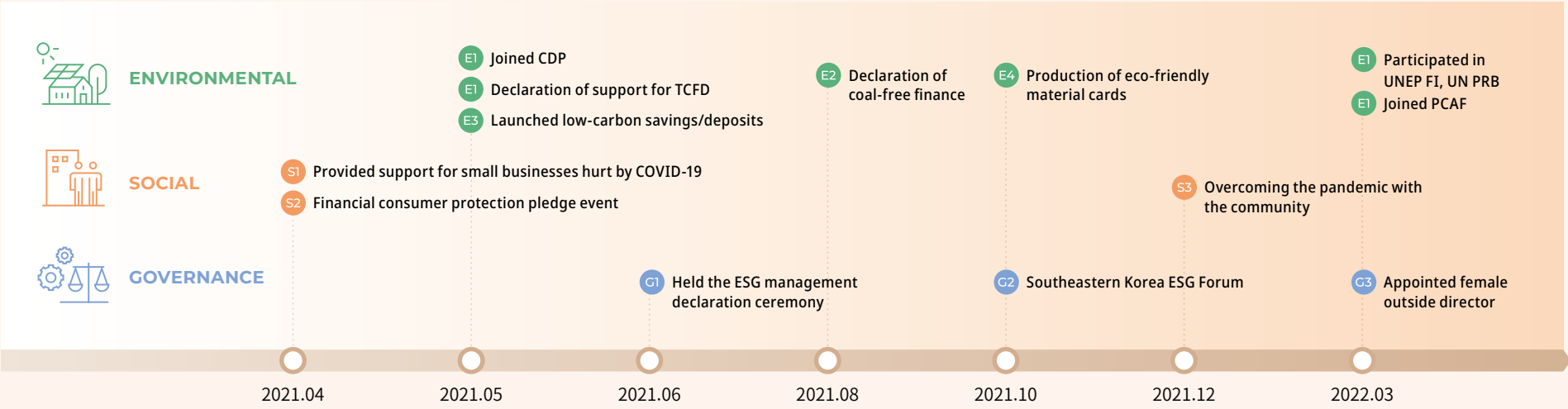
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ENVIRONMENTAL

E1 Supporting and joining Global Initiatives

The BNK Financial Group is taking part in the global efforts for climate change response and striving to become a 'global standard financial group.' We joined the UN Global Compact in July 2020 and the TCFD (Task Force on Climate-Related Financial Disclosures) and the CDP (Carbon Disclosure Project) as a signatory in May 2021. Furthermore, in March 2022, we joined the global initiative PCAF (Partnership for Carbon Accounting Financials) and calculated the carbon emissions generated from financial investment activities according to global standards. The total carbon-related assets of the BNK Financial Group are worth 8.4 trillion KRW, and the total financial emissions were calculated to be 2.97 million tons. Based on our understanding of carbon exposure, we will strengthen the resilience of assets. In addition, we officially declared joining the UNEP FI (UN Environment Programme Financial Initiative) and implementing the UN PRB (UN Principles for Responsible Banking). PRB is made up of six main rules such as consistency of financial company business strategies and goals of individuals and society and evaluation and management of risks, opportunities, and impact of financial companies. By declaring the PRB implementation plans, the BNK Financial Group will announce the relevant contents within 18 months and complete activities according to the implementation rules within 4 years.



E2 Declaration of coal-free finance

On August 12, 2021, five subsidiaries—BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, and BNK Venture Capital—held the 'joint coal-free finance declaration ceremony.' The CEOs of each subsidiary attended and agreed to stop the acquisition of bonds and new project financing (PF) for constructing coal-fired power plants in Korea and abroad, while expanding eco-friendly financial investments such as renewable energy.



E3 Launching of low-carbon deposits and savings

In May of 2021, Busan Bank launched the local coexistence-type eco-friendly installment savings named 'low carbon practice deposit and savings'. The 'low carbon practice deposit and savings' product offers preferred interest rates according to activities for practicing low carbon lifestyles, and parts of sales are set aside for environmental improvement project funds for Busan. Low carbon activities for preferred interest rates include participation in carbon point programs, ownership of eco-friendly vehicles, eco-friendly company certification, use of public transportation, etc.

E4 Production of eco-friendly material cards

The BNK Financial Group is expanding eco-friendly products and services. In October 2021, Busan Bank produced an 'eco-friendly material card' to practice ESG management. Eco-friendly material cards use eco-friendly materials (Recycling-PVC) such as recycled domestic waste plastics, with an eco-friendly mark certified by the Ministry of Environment indicated on the back of the card. Through this, the BNK Financial Group not only offered eco-friendly products to customers but also reduced the use of plastics.



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SOCIAL

S1 Support for small businesses hurt by COVID-19

The BNK Financial Group is carrying out financial inclusion and management stability support for local small business owners experiencing difficulties due to the prolonged COVID-19 pandemic. In February 2021, Busan Bank and Kyongnam Bank became the first financial institutes to pursue the 'overdue interest reduction program'. When local small business owners engaging in businesses recognized to have been damaged due to COVID-19 paid normal interest within three months of the date the overdue occurred, all overdue interest payments were waived. In addition, in April 2021, the BNK Financial Group fulfilled its social responsibilities by giving small loans to small businesses experiencing difficulties due to COVID-19, providing preferred interest rates, etc.

S2 Financial consumer protection pledge event

The BNK Financial Group held the 'Financial consumer protection pledge event' on April 1, 2021 to protect the rights and interests of financial consumers. All of the employees sang in unison 'Our resolve to practice the Act on the Protection of Financial Consumers' and declared that protecting the rights and interests of financial consumers is the highest value of the BNK Financial Group. Through this, it became possible to observe thoroughly the 'Act on the Protection of Financial Consumers' enacted on March 25, 2021 while constructing a preemptive system and providing rapid damage remedy, etc. to protect the rights and interests of financial consumers and to prevent damages for consumers when developing and selling products.



S3 Overcoming the pandemic with the community

The BNK Financial Group engaged in the 'traditional market activation campaign' in December 2021 to energize local traditional markets that slowed due to COVID-19. Five traditional markets of Busan such as Busanjin Market, Kkangtong Market, and Saebyeok Market, as well as Myeongseo Market in Changwon, Shinjeong Market in Ulsan, Sambang Market in Gimhae, and Jayu Market in Jinju were visited to purchase 150 million KRW worth of goods. Traditional market items purchased through this campaign were delivered to about 40 local welfare facilities.



GOVERNANCE

G1 The ESG management declaration ceremony

The BNK Financial Group held the ESG (environmental, social, governance) management declaration ceremony under the slogan 'ESG BNK, Sustainable Management Made Together' on June 17, 2021 with the attendance of the management of all subsidiaries. We will actively protect financial consumers by placing the highest values on the establishment of transparent governance, corporate culture that respects human rights, and customer value. Furthermore, we will establish an eco-friendly culture wherein everyone including customers, employees, and partners participate together and actively pursue ESG management as a financial group that represents the region such as energy conservation, practice of resource recycling, etc.



G2 Southeastern Korea ESG Forum

The BNK Financial Group held the 'Southeastern Korea ESG Forum' founding ceremony together with the economic circles of Busan, Ulsan, and Gyeongnam in October 2021. We agreed to work together for the ESG transition for southeastern Korea together with the Busan Chamber of Commerce, Ulsan Chamber of Commerce, and Gyeongnam Chamber of Commerce while discussing plans for preemptively responding to climate change and for sustainable local economic development. The BNK Financial Group will take the initiative in finding coexistence cooperation plans for local companies and fulfill its role for local finance.



G3 Appointed female outside director

The BNK Financial Group is reinforcing the expertise and diversity of the BOD composition to improve governance sustainability. In March 2022, BNK Financial Group newly appointed a female outside director to add diversity to the BOD makeup. With the new provision on gender makeup of board of directors in Article 165-20 of the 'Financial Investment Services and Capital Markets Act,' we will take actions so that the BOD is not composed completely of a single gender, and female personnel will be gradually increased to secure diversity of the BOD in the future.

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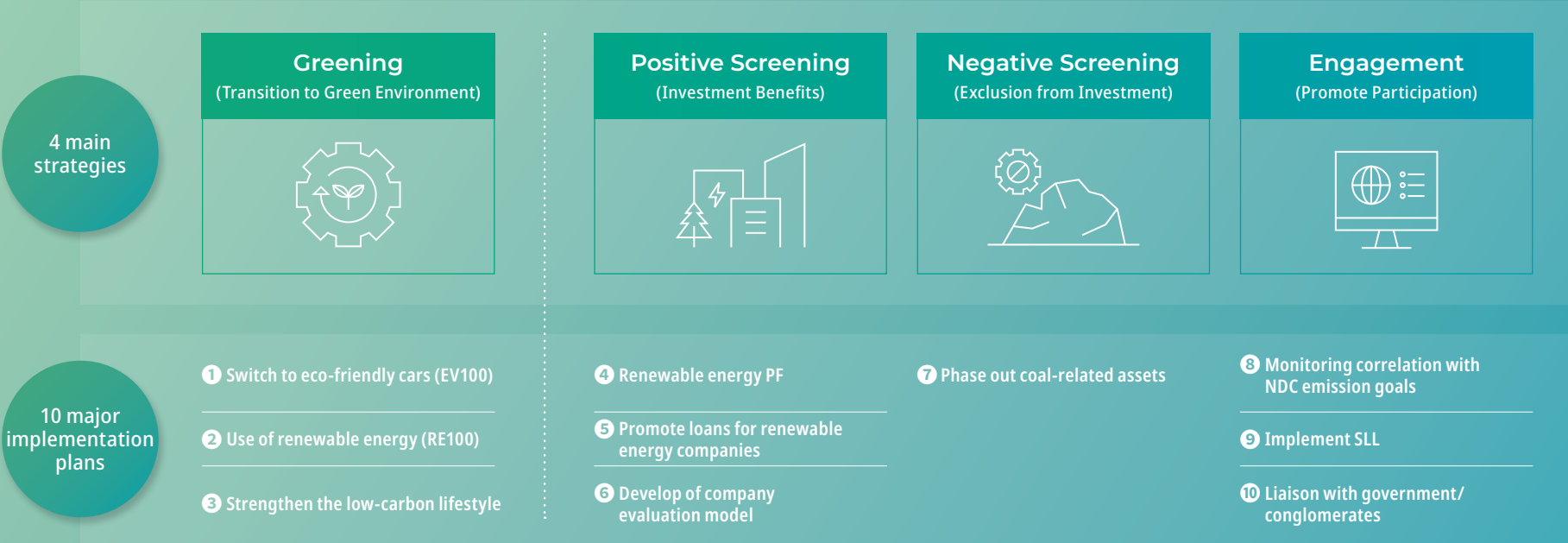
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BNK BOOSTING NET-ZERO KIT | A BOOSTER KIT FOR ACHIEVING NET ZERO WITH THE LOCAL COMMUNITY

INTERNAL EMISSIONS 2045 NET ZERO

FINANCIAL EMISSIONS 2050 NET ZERO



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Strategies to Respond to Climate Change

Core Element of Financial Information Disclosure Related to Climate Change

The BNK Financial Group established climate strategies according to the features of the financial industry as it heads toward 2050 carbon neutrality. In addition to measuring and mitigating the internal carbon emissions (Scope 1&2), we will also analyze asset portfolio financial emissions (Scope 3) to achieve practical change. Such efforts will be transparently and systematically made public according to the four key elements of governance, strategy, risk management, and metrics and targets following the TCFD recommendations to provide useful information to stakeholders.

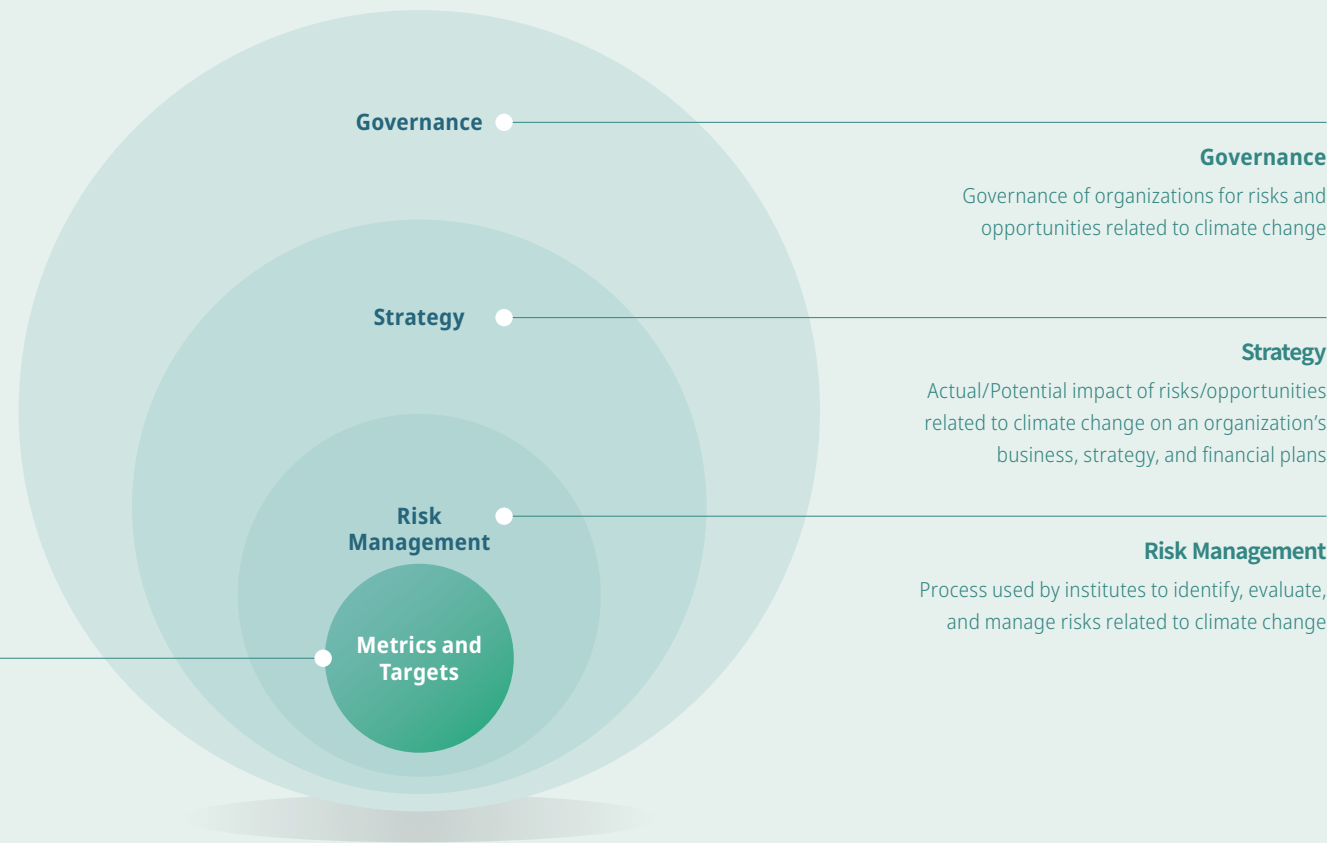
Metrics and Targets

Metrics and Reduction Targets used for evaluating and managing risks/opportunities related to climate change

Task Force on Climate-related Financial Disclosures(TCFD)

The impact of climate change is spreading to financial risk, and the fundamental transition of our society is becoming necessary. Financial institutions mobilize capital to support customers, employees, and investees as well as the community, thereby playing an important role in shifting toward a low-carbon economy. Accordingly, the Financial Stability Board (FSB) established the 'Task Force on Climate-related Financial Disclosures (TCFD)' to reflect the importance and will of the financial industry to respond to climate change.





The BNK Financial Group joined TCFD as a signatory in 2021, and we are taking assertive actions to transition to a low-carbon society; this is being systematically and transparently disclosed according to the TCFD recommendations. In order to fulfill our responsibilities as a financial institute, we will proactively identify risks and opportunities related to climate change to promote sustainable financial activities while contributing to the enhancement of resilience for the market and society.



- Task Force on Climate-related Financial Disclosures(TCFD)
- Implementation of TCFD Recommendations
- Governance
- Climate Change Response Strategy
- Climate Change Risk Management
- Metrics and Targets



Implementation of TCFD Recommendations

	Governance	Strategy	Risk Management	Metrics and Targets
2021 Achievements	<ul style="list-style-type: none">• Newly established the ESG Committee within the BOD<ul style="list-style-type: none">- All internal and external members are part of the Control tower of our group's ESG management.• Established an ESG response organization for each subsidiary<ul style="list-style-type: none">- Busan Bank and Kyongnam Bank: Newly established the ESG Committee composed of bank presidents and all outside directors	<ul style="list-style-type: none">• Established a carbon neutral implementation plan and reduction roadmap for responding to climate change<ul style="list-style-type: none">- Establish 10 implementation plans to meet internal and financial carbon reduction goals• Participated in global initiatives<ul style="list-style-type: none">- Joined as CDP investor and declared support for TCFD (5/2021)- Joined PCAF, SBTi and UNEP FI PRB (3/2022)• Identified climate change risks and opportunities and carbon intensity of portfolio<ul style="list-style-type: none">- Financial impact and vulnerability analysis of asset portfolio per scenario- Analysing carbon concentration by classifying carbon-related assets designated by TCFD	<ul style="list-style-type: none">• Operating ESG and non-financial evaluation items of the company when conducting credit assessments• Identified financial risks according to physical and implementation risks• Reduced the limit for business with high carbon emissions when setting limits per business	<ul style="list-style-type: none">• Measured the internal carbon emissions (Scope 1&2) and set mitigation plans<ul style="list-style-type: none">Scope 1&2 internal emissions 29,989 tCO₂eq<ul style="list-style-type: none">Carbon intensity 0.54 tCO₂eq / 100 million KRWReduction goals: 2030 compared to 2021 37.8% reductionAchieve net zero by 2045• Measured the asset portfolio financial emissions (Scope 3) based on PCAF and set mitigation goals<ul style="list-style-type: none">Scope 3 financial emissions* 2.97 million tCO₂eq<ul style="list-style-type: none">Carbon intensity 4.9 tCO₂eq / 100 million KRWReduction goals: 2030 compared to 2021 34.6% reductionAchieve net zero by 2050 <p>* Measured asset coverage: 48%</p>
Future Goals	<ul style="list-style-type: none">• Establish KPI related to climate change of the BOD and management• Establish the working-level supervising organization and R&R 	<ul style="list-style-type: none">• Improve resilience by reducing vulnerabilities such as constructing an ESG evaluation model• Establish an asset portfolio adjustment plan• Publish the achievements for initiative response 	<ul style="list-style-type: none">• Advance the ESG risk management system<ul style="list-style-type: none">- Establish climate risk management standards and guidelines- Construct an ESG evaluation model- Respond to supervising authority regulations• Select businesses to watch and establish exposure management plans 	<ul style="list-style-type: none">• Advancement and automation of carbon emissions management system• Goal achievement monitoring 

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The severity of climate change and impact on companies is growing; therefore, swift and decisive action is important for group management. The BNK Financial Group established systematic governance to lead company-wide ESG efforts and respond actively to climate change.

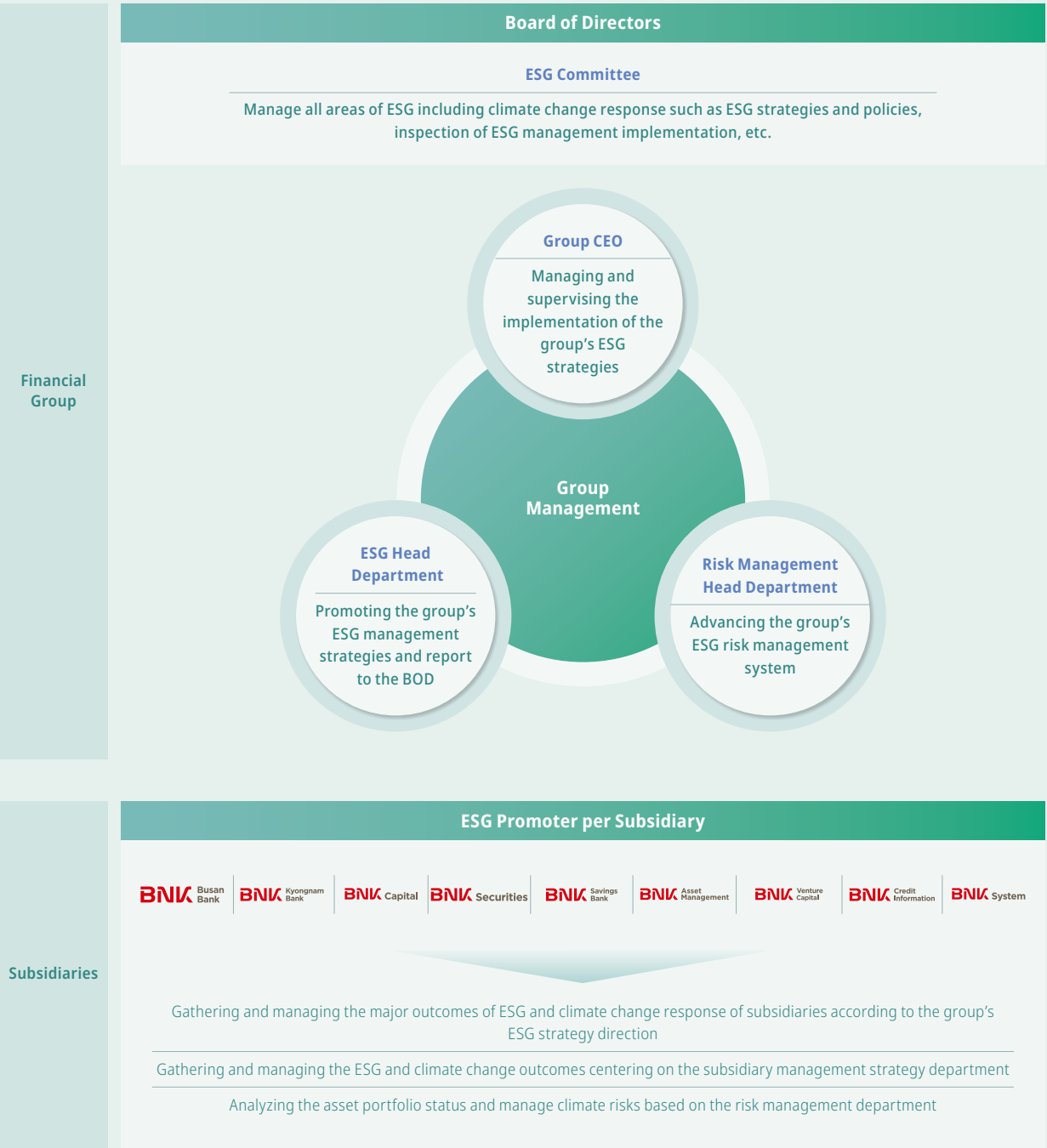
The CEO’s intent to practice ESG is being reflected to management, and the newly organized ESG Committee is serving as the control tower for climate-related issues to be discussed by the BOD.

Furthermore, based on strong governance, we are reflecting climate change response such as management and supervision as well as promotion strategies per subsidiary and department in the work process while integrating it into the company-wide activities of the BNK Financial Group.

Construction of Climate Change Organization System

The BNK Financial Group is operating the ESG Committee within the BOD to reflect the CEO’s will to practice ESG in management and for the discussion of climate change issues by the BOD. ESG management strategies and climate change response are being overseen by the group’s ESG head department, focusing on the achievements of each subsidiary for management.

In the future, we will pursue the development of an ESG evaluation model and construct a carbon emissions measuring system focusing on the Risk Management Department to advance the climate change risk management system.



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Items Reported to the ESG Committee

The BNK Financial Group gathers climate change and ESG outcomes semiannually according to the ESG Action Plan and reports the major achievements to the ESG Committee convened regularly. In 2021 and first half of 2022, declaration of coal-free finance, joining of global eco-friendly initiatives, and carbon neutrality execution planning, etc. were reported as main issues related to climate change.

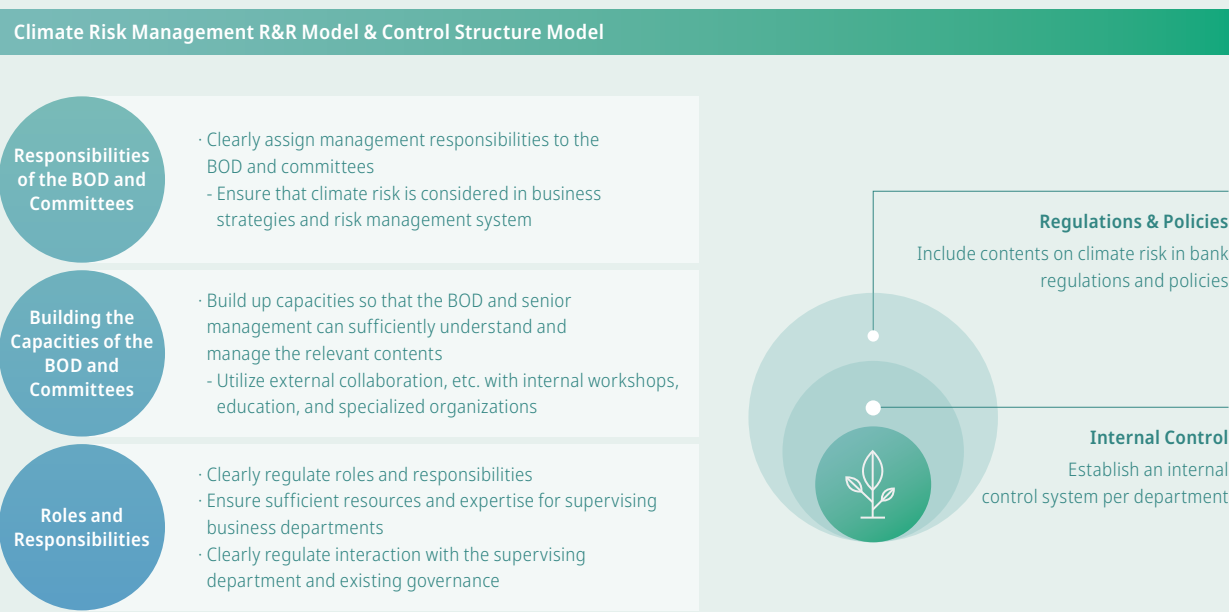
Category	Reported Items Related to Climate Change Response
2021 2nd (04.29)	· Report of major achievements of ESG Action Plan(2020 second-half achievements)
2021 4th (10.29)	· Report of major achievements of ESG Action Plan (2021 first-half achievements) · Declaration of coal-free finance (Busan Bank, Kyongnam Bank, 5 non-bank subsidiaries), hosting of Southeastern Korea ESG Forum
2022 1st (02.10)	· Report of major achievements of ESG Action Plan (2021 second-half achievements) · Shared the sustainable management publication plans, joining of PCAF, plans to establish carbon neutrality goals

Reflect Climate Change in Performance Review

The BNK Financial Group selected group management innovation project, work strategy project per business sector, etc. as non-financial indices among the major performance measurement indices for core business departments, reflecting them to the performance evaluation. In particular, performance related to climate change response was reflected as the CEO’s group management innovation project to strengthen responsible management. Furthermore, ESG and climate change business items were reflected to the major business plans of each department to provide performance evaluations for each department and individual based on the achievements.

Review the Model for Strengthening Governance

The BNK Financial Group is planning to evaluate the impact of climate change on the business environment and take into consideration the short- and long-term risks. Moreover, governance roles will be assigned the business strategies and risk management system to gain an efficient structure. We are reviewing plans to set responsibilities related to climate risks for the BOD and management. In addition, we will come up with appropriate policies, procedures, and control structures to manage climate risks. When reviewing new investments or loans by the relevant departments, the climate risks will be evaluated, and the risk management department will conduct monitoring, with the internal audit department reviewing the management system as part of plans to implement an internal control system that builds defense lines in various aspects.



Climate Change Response Strategy

Protecting the assets of customers and the company from negative impact resulting from climate change, while also looking for opportunities in transition to a low-carbon society, is a critical strategy for climate change response.

In particular, climate change response is not only the right thing to do for Earth but is also a field where a new path can be paved for future growth.

The BNK Financial Group is performing scenario analysis for asset portfolios and measuring financial emissions to identify climate change risks and opportunities in detail and quantitatively.

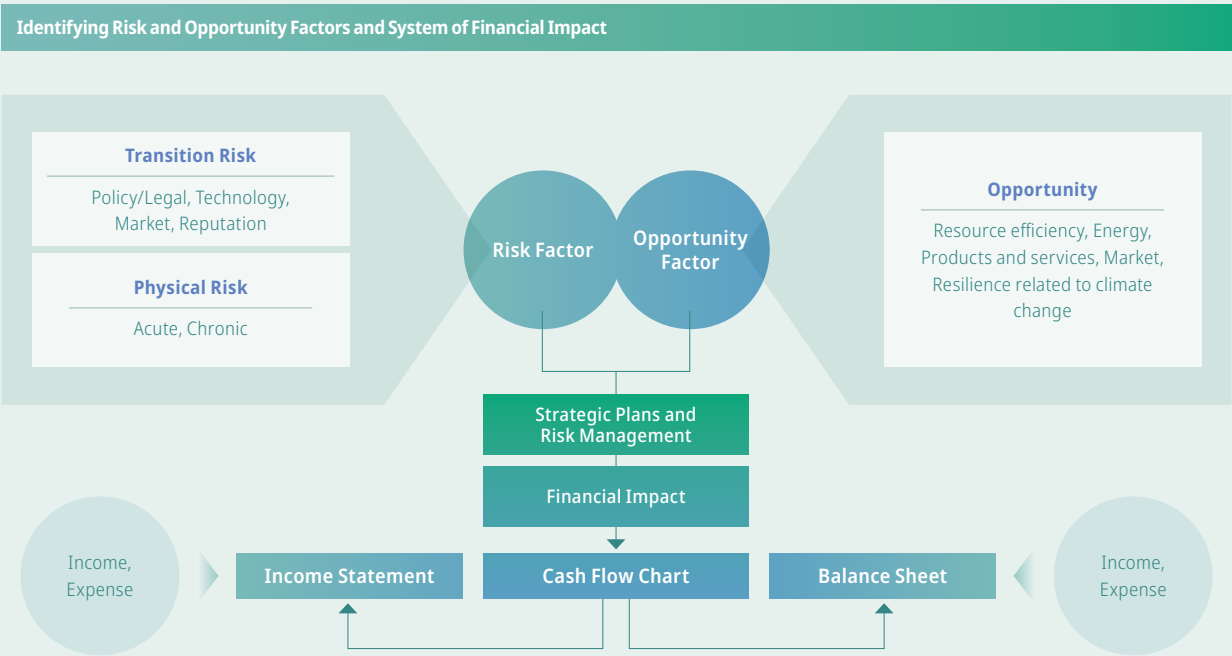
Based on this, we plan to implement business strategies and financial emissions reduction strategies to bring about real changes.

The BNK Financial Group is a regional financial institute based in Busan, Ulsan, and Gyeongnam, and it will fulfill its role to contribute to achieving harmony with the local community and converting to a low-carbon economy.

Investment Portfolio's Risks and Opportunities

The BNK Financial Group performed scenario analysis to identify quantitatively the financial impact of climate change on asset portfolio. Changes in the asset value of invested companies due to climate change can lead to financial impact on the BNK Financial Group, which is an important element for corporate strategy.

Therefore, we analyzed invested company's transition and physical risks for each climate change scenario. In order to calculate the losses or profits of corporate value according to the scenario, MSCI's Climate Value at Risk analysis tool was used to measure changes in the value of investment portfolios according to climate change.



- Transition risk was estimated as costs that companies have to bear in order to limit the global average temperature rise to the target level of each scenario, and direct emission reduction cost (Scope 1), costs of reducing electricity expenses (Scope 2), and costs related to supply chain (Scope 3) were included.
- Physical risks are damages caused by natural disasters, with the RCP 8.5 scenario applied to predict climate scenarios; thus measuring by modeling the acute and chronic physical climate risks of companies around the world until 2100.
- Green technology opportunities that estimate the future green profits that can be achieved by companies with low-carbon profit and low-carbon technologies were analyzed in the target scenario per temperature. Furthermore, relative evaluations through comparisons between companies were reflected for resource efficiency, energy source, product/services, market, and resilience to compute loss rates.



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The BNK Financial Group differentiated climate change risks and opportunities for analysis according to the TCFD recommendations. The time line was defined as until 2030 as short-term, until 2040 as long-term, and until 2050 as long-term.

Short Mid Long

Climate-related Risks		
Risk	Description	Time frame
Transition Risk	Policy/Legal <ul style="list-style-type: none">· There can be an increase in credit risk due to rising carbon emission prices, stronger enforcement of environmental disclosure, lawsuits, etc.· As policies related to climate change are being reinforced, corporate strategies are changing; in accordance with such situations, resilience must also be enhanced for the asset portfolio.	<div><div></div><div></div><div></div></div>
	Technology <ul style="list-style-type: none">· Earnings on investments can be affected due to increased costs for invested companies for developing eco-friendly/low-carbon technologies or drop in value for companies that could not successfully achieve technological transition.	<div><div></div><div></div></div>
	Market <ul style="list-style-type: none">· Consumer behavior and market are changing with regard to climate change issues. This can affect corporate value; depending on the level of climate change response, it can be connected to withdrawal of funds from investors or drop in stock prices, thereby resulting in financial impact.	<div><div></div><div></div></div>
	Reputation <ul style="list-style-type: none">· There can be criticism of green washing regarding thoughtless ESG response; and depending on the ESG evaluation index, credit rating and ESG evaluation rating can drop for the entire group, thereby having an impact on the reputation of the BNK Financial Group that represents the Gyeongnam region.	<div><div></div><div></div></div>
Physical Risk	Acute Risk <ul style="list-style-type: none">· Acute risks such as wildfires, extreme rain, typhoon, earthquake, etc. can damage tangible assets; thus lowering the collateral value. In particular, the BNK Financial Group's real estate-related assets such as industrial real estate, mortgage, etc. account for a large portion of the total portfolio. Therefore, acute risks can lead to financial risks.· In addition, it can have direct damage on the facilities of the BNK Financial Group such as bank branches, etc., so there are also risks of operational setbacks and drop in operating profits such as stopping of workplaces, destruction of supply chains, worsened health of employees, etc.	<div><div></div><div></div></div>
	Chronic Risk <ul style="list-style-type: none">· Chronic risks that occur as long-term changes such as climate pattern changes, average temperature, and rising sea levels can increase the overall operation costs of the company and capital expenses.	<div><div></div></div>

Climate-related Opportunities		
Opportunity	Description	Time frame
Resource efficiency	<ul style="list-style-type: none">· In the event that an investment company responds to climate change and improves energy efficiency, operation costs can be saved, which will lead to improved profits.· By improving the energy efficiency of tangible assets such as offices, data centers, bank branches, etc., operation costs and carbon emissions can be reduced.	<div><div></div><div></div></div>
Energy resources	<ul style="list-style-type: none">· Carbon emissions can be reduced by converting energy resources such as expanding the use of renewable energy, implementing EVs, self-generation, etc. while reducing exposure to higher carbon taxes and fossil fuel prices in the future.	<div><div></div><div></div></div>
Products and services	<ul style="list-style-type: none">· We are expanding products and services that provide support for positive impact on the society and environment while ensuring profits for customers.· Opportunities and risks are being identified by disclosing the ESG-related indices and performance of portfolio products to enhance competitiveness.	<div><div></div><div></div><div></div></div>
Market	<ul style="list-style-type: none">· It is possible to enter new markets by increasing loans for eco-friendly projects such as green technology development, etc. and launching SLL (sustainability linked loans).· We support the market activation of eco-friendly projects such as issuing green bonds to contribute to transitioning to a low-carbon society, protecting the ecosystem, etc.	<div><div></div><div></div></div>
Resilience	<ul style="list-style-type: none">· By actively exercising rights as stockholders such as participation in the general meeting of stockholders, it is possible to preserve long-term stockholder value while supporting the ESG efforts of invested companies to improve the resilience of asset portfolios.· We are forming company-wide consensus, encouraging participation, and actively responding to climate change through in-company policies such as expanding the ESG training for employees, efforts to reduce individual carbon footprints, etc.	<div><div></div><div></div></div>



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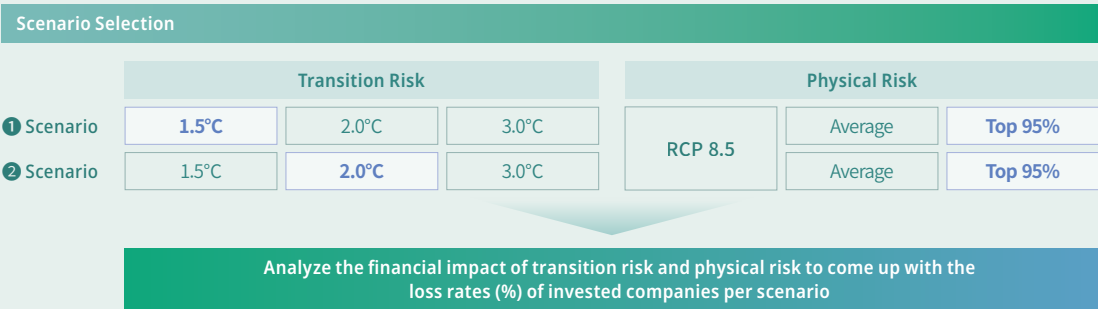
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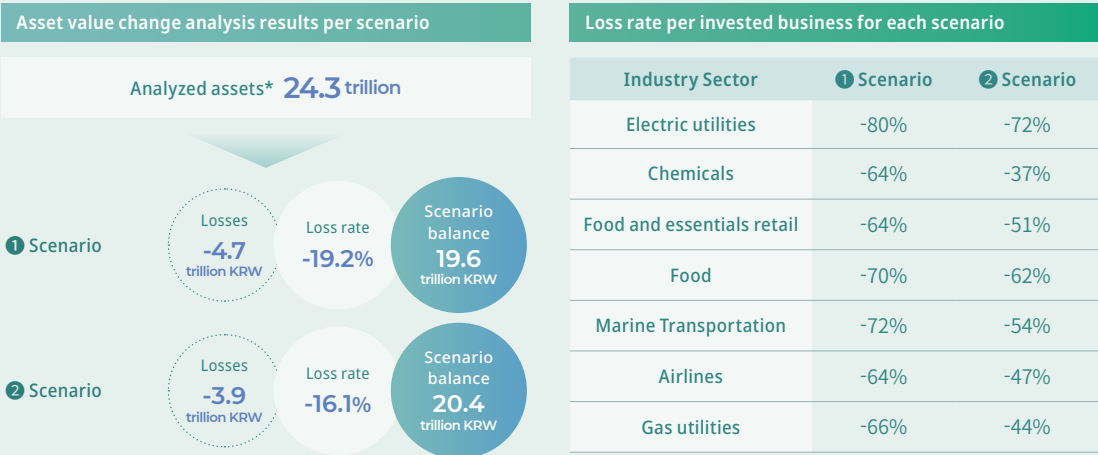
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Scenario Analysis

BNK Financial Group conducted scenario analyses especially on assets (listed/unlisted stocks, corporate loans, and PF) that might result in significant financial loss due to climate change out of its entire financial emissions portfolio coverage (61 trillion KRW) based on PCAF categorization. We plan to reduce major financial losses by establishing business strategies that take climate change risks into account through scenario analyses.



Based on the scenario analysis results, more than -50% losses due to climate change of investment assets are defined as major financial impact. In addition, simulations are conducted on the change of corporate value for bonds and loans; if bankruptcy occurred due to a drop in value, thereby leading to financial losses, risks will be managed as major losses. Of the asset portfolio of the BNK Financial Group, industries with high loss rates due to conversion to a low-carbon society are expected to include electricity and gas utilities, shipping, and chemicals, and risks resulting from carbon conversion will be considered in the future when investing in these sectors. The BNK Financial Group plans to establish business strategies considering climate change risks, thereby reducing major financial losses.

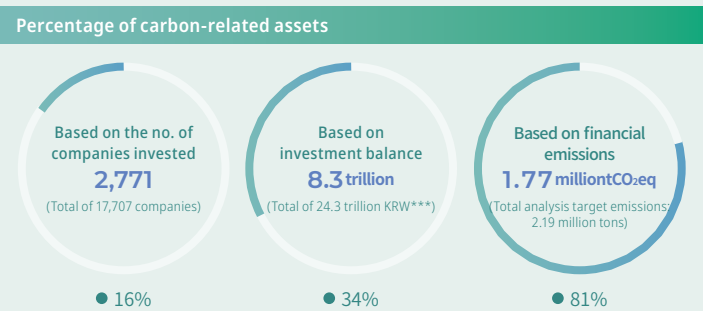


* Limited to asset group (listed/non-listed stocks, bonds, and loans) where the major industry of invested companies could be identified to apply MSCI tools

Carbon intensity of portfolio

In order to clearly identify the risk and opportunity factors related to climate change, carbon-related assets were separately categorized to analyze the carbon exposure level of the portfolio. Among the entire scenario analysis coverage of 24.3 trillion KRW, only specific industries that could be defined as carbon-related assets were analyzed for carbon intensity. Based on GICS** classification, we identified carbon-related assets following TCFD recommendations. The BNK Financial Group's carbon-related assets total 8.3 trillion KRW, and the entire financial emissions reach 1.77 million tons. Of the investment portfolio, the 5 top sectors (generation utility, steel, mining, etc.) with the highest financial emissions accounted for 91% of the total carbon emissions. By identifying such carbon concentration levels, the BNK Financial Group's carbon exposure is being understood while strengthening the resilience of assets.

* *GICS (Global Industry Classification Standard): Based on the global industrial category developed by MSCI and S&P



*** Total assets subject to analysis: Target of assets that can be identified among investment entities (same as scenario analysis) Carbon-related assets: The TCFD recommendations include: 1. energy; 2. raw materials and construction; and 2. industries with significant financial implications for climate change; 3. Transportation, 4. Breakdown into agricultural/food/forestry industries

Business Category	Generator utility	Steel and mining	Oil and fuel	Marine transportation	Real estate management and development
Carbon intensity (tCO ₂ eq/hundred million)	121.8	64.8	74.5	67.3	1.4
Investment balance percentage	11%	5%	2%	2%	66%
Carbon emissions (tCO ₂ eq)	1,091,901	258,842	93,929	86,340	77,026
Carbon emissions percentage	62%	15%	5%	5%	4%
Accumulated carbon emissions percentage	62%	77%	82%	87%	91%



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Establishment of business strategy reflecting climate change

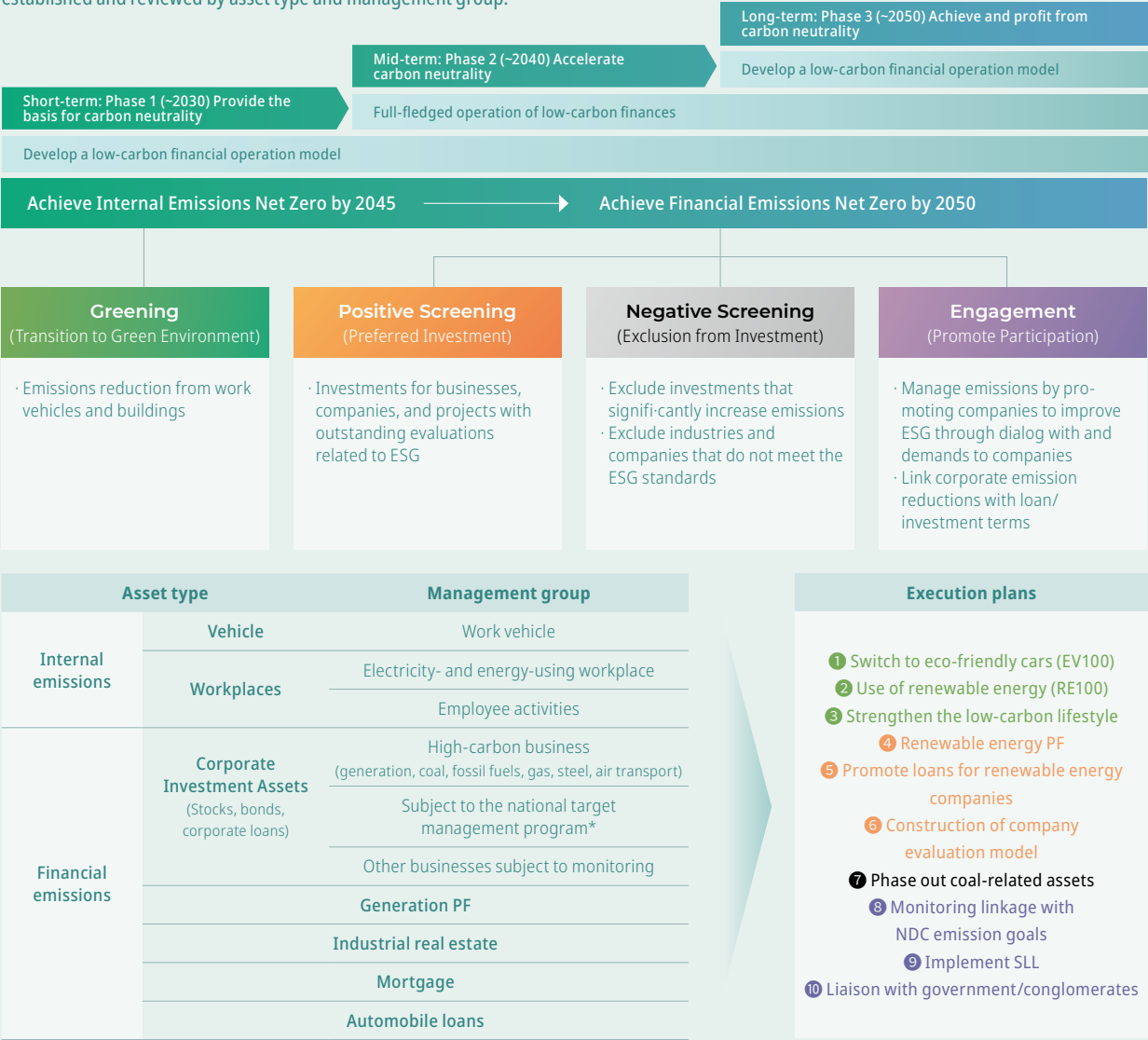
The BNK Financial Group is linking scenario analysis results with business strategies to respond effectively to climate change and improve the resilience of asset portfolios. Through scenario analysis, the vulnerabilities of investment assets were identified by comprehensively considering the transition and physical risk and opportunity elements by region, industry, and scope of each company in the 2°C and 1.5°C scenarios.

Investments for assets not vulnerable to transition to a low-carbon society will be maintained or increased to reap opportunities while introducing vulnerability reduction strategies for vulnerable assets to reduce risks and move forward toward carbon-neutral goals. For this, we will implement carbon emission reduction implementation plans for high-carbon businesses as part of our efforts to promote the low-carbon conversion of asset portfolios and to reduce internal carbon emissions as well.

In addition, as a local financial institute based in Busan, Ulsan, and Gyeongnam, the BNK Financial Group intends to pursue this in harmony with the local community and policy directions. We will set the KPI for local manufacturing SMEs to execute SLL (sustainability linked loans) while inspecting goals to support achievement as well as improving the ESG management capacities of SMEs. We intend to make long-term efforts for mutual growth; for this, we will proceed with pilot application, establishment of policies, and advancement of ESG evaluation by 2025. By 2030, we are considering plans to secure quantitative data on SLL (sustainability linked loans) activation, carbon emissions, and goals.

BNK Financial Group Carbon Emission Reduction Road Map

2021 was set as the base year, and carbon neutrality target years were set as 2030 being the halfway target year, 2045 for Scope 1 and 2, and 2050 for Scope 3 in accordance with global and government net zero plans. 10 implementation plans for achieving the mitigation goals are being established and reviewed by asset type and management group.



* Excluding generator/coal/fossil fuels/gas/steel/air transport



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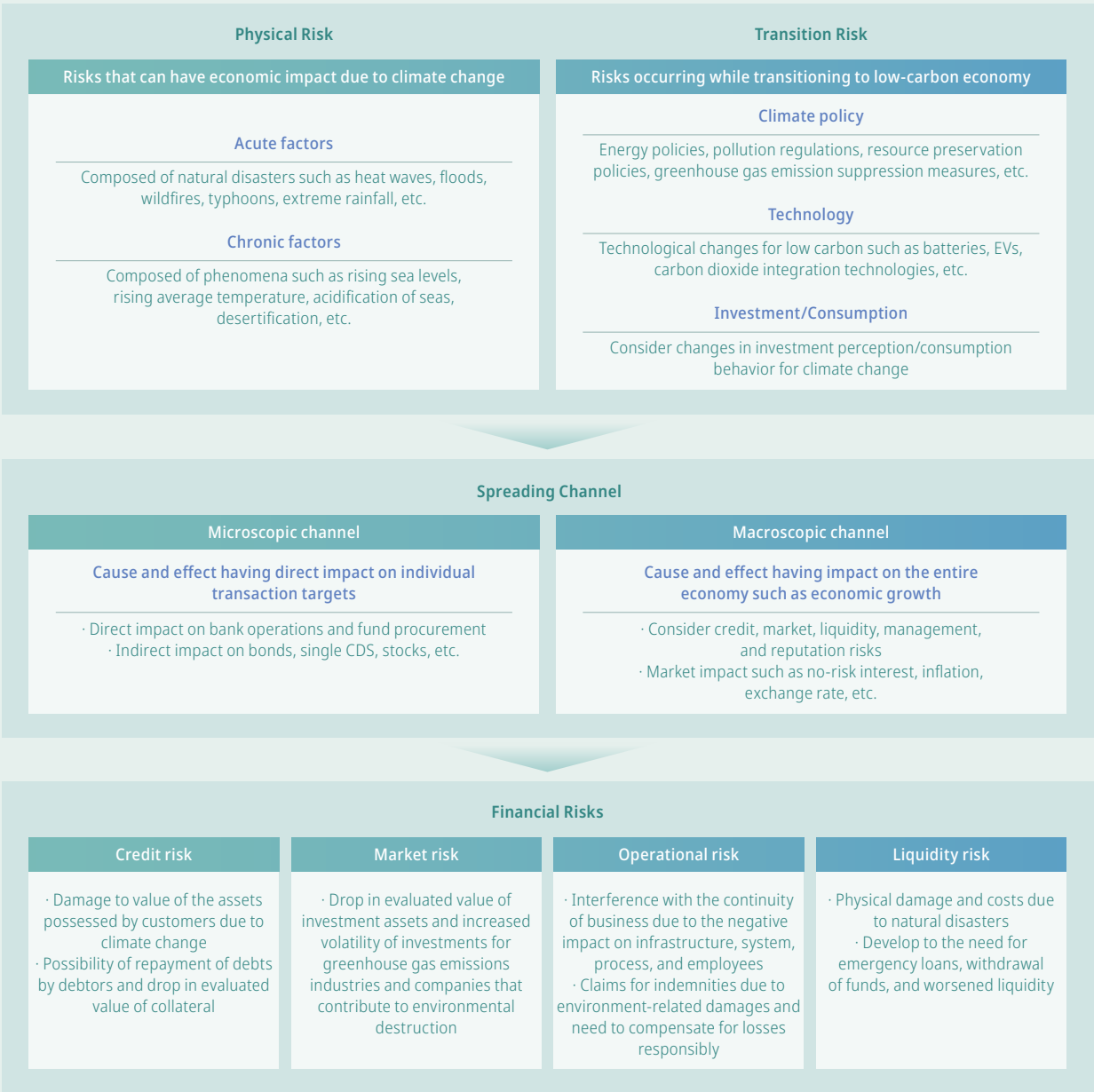
Climate Change Risk Management

Climate risks generate various impacts for financial companies, and they must be recognized in connection with financial risks through economic spreading channels. Depending on the features of the physical and transition risk, it can spread to credit, market, operation, liquidity, reputation risks, etc. from the microscopic and macroscopic perspectives.

The BNK Financial Group established effective management systems for climate risk for company-wide response.

Major risks were identified through asset portfolio scenario vulnerability analysis, calculation of financial emissions, etc. as a result of climate change, and we will further construct the ESG evaluation model and advance the risk management system.

Climate Risk Analysis



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Establishment of Climate Risk Management System

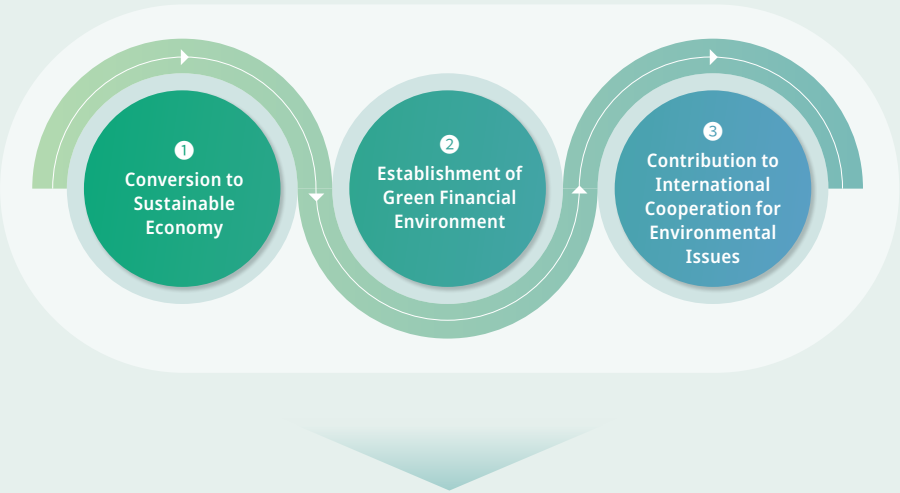
The BNK Financial Group is constructing a system to identify transition and physical risks due to climate change and to integrate this in the company-wide risk management items. Non-financial evaluation items are being operated to evaluate the ESG management activities of partner businesses during credit assessments of companies; from 2020, we have been working on managing climate risks such as reducing limits for businesses with high-carbon emissions (chemical product manufacturing, petroleum refinery, etc.) when setting the limit for each business type.

Furthermore, we intend to build a climate risk management system based on the guides and management guidelines related to climate risks of supervising institutes. Accordingly, we plan to measure the current carbon emissions and establish goals, develop and analyze the climate change scenarios, and further advance the TCFD disclosures. In the future, we plan to select industry sectors requiring attention, present exposure management plans, come up with internal regulations on climate risks, establish asset portfolio adjustment plans, etc.

Plans to Establish Climate Risk Management Systems	
Construction of Taxonomy and ESG Evaluation Models	
<ul style="list-style-type: none">Establish climate risk management standards and guidelinesConstruct the ESG evaluation system and database	<ul style="list-style-type: none">Respond to supervising authority regulationProvide incentive plans for outstanding companiesLimit exposure management
Measurement of Portfolio Emissions and Establishment of Adjustment Plans	
<ul style="list-style-type: none">Calculate carbon emissions and establish SBTi goalsEstablish the asset portfolio adjustment plan	<ul style="list-style-type: none">Construct the carbon emissions measurement systemEstablish the carbon emissions reduction portfolio adjustment plan per business type needing attention, asset type, and by scope
Scenario Analysis and TCFD Disclosure	
<ul style="list-style-type: none">Climate change scenario development and analysisDrafting of TCFD report	<ul style="list-style-type: none">Scenario analysis based on loss prediction according to climate riskSummarize the TCFD-based quantitative results and draft the disclosure report

Effects of Climate Risk Management

The BNK Financial Group is providing systematic management for climate risks to fulfill its role in transitioning to a sustainable economy. In addition, we plan to build an environment for promoting green finance as part of our efforts to contribute to international cooperation on environmental issues.



① Play an important role in converting to an environmentally sustainable economy
<ul style="list-style-type: none">Focus on improving resilience against impact from climate risk as part of the business and risk management strategyProvide capital through green finance and investment activities by carrying out climate risk management policies and procedures
② Establish green financial environment through climate risk management
<ul style="list-style-type: none">Construct a climate risk management system to ease the physical, execution, and reputation risksEstablish and implement loan and investment plans considering climate risks
③ Possibility of promoting mutual understanding on environmental issues and contributing to international cooperation
<ul style="list-style-type: none">Cooperate with stakeholders such as supervisory authorities, customers, credit rating companies, etc. with the goal of mutual understanding on environmental issuesContribute to international cooperation on environmental issues



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Metrics and Targets

The BNK Financial Group plans to measure the current carbon emissions accurately and establish practical mitigation goals to achieve carbon neutrality. Accordingly, internal greenhouse gas (Scope 1 & 2) emitted through direct energy consumption and financial emissions (Scope 3) generated through financial activities such as investment and loans, etc. were estimated.

In particular, the importance of financial emissions is recognized due to the nature of the financial industry. The BNK Financial Group calculated the carbon emissions generated through financial investment activities according to global standards by joining PCAF, and we estimated carbon emissions for six asset groups such as listed stocks and corporate bonds, unlisted bonds and corporate loans, PF (project finance), industrial real estate, mortgage loans, and automobile financing.

PCAF-based Asset Portfolio Carbon Emissions (Scope 3) Status and Reduction Targets

2021 group asset portfolio financial emissions (Scope 3)

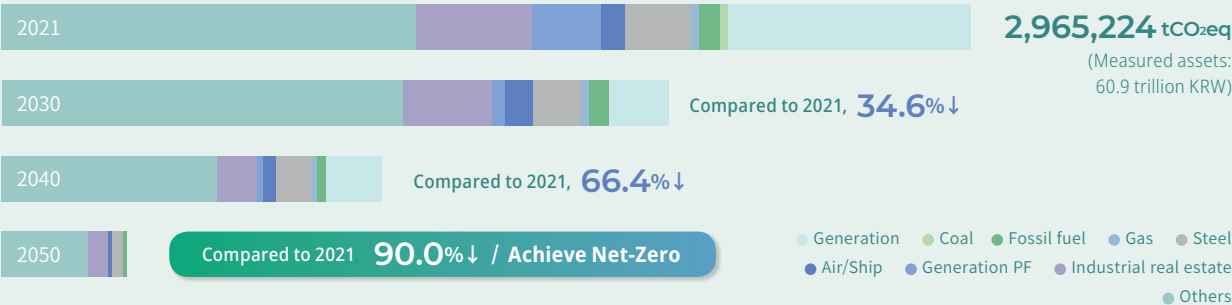
Assets subject to measurement	Scope 3 Financial Emissions	Carbon intensity
61 trillion (Covers 48%* of 128 trillion KRW of all owned assets)	2.97 million tCO ₂ eq (Emissions of six asset types based on PCAF)	4.9 tCO ₂ eq/100 million KRW (Financial emissions per 100 million KRW of assets)

* Emission sources include vehicles, real estate, investment company, PF, etc.; estimations were computed by procuring as much data available for the four emission sources as possible

Carbon emissions by PCAF asset type

Asset type	Measured assets (trillion KRW)	Asset weight (%)	Financial emissions (tCO ₂ eq)	Emissions weight (%)	Carbon intensity (tCO ₂ eq/hundred million KRW)
Listed stocks and bonds	10.4	17.1%	94.7	31.9%	9.0
Unlisted stocks and loans	13.9	22.8%	105.3	35.5%	7.4
Generator PF	0.2	0.3%	19.3	6.5%	99.5
Industrial real estate	12.1	20.9%	31.5	10.6%	2.5
Mortgage	21.7	34.5%	31.9	10.8%	1.5
Automobile loan	2.7	4.4%	13.9	4.7%	5.1
Total	61.0	100%	296.7	100%	4.9

Group asset portfolio financial emissions reduction targets *



* Established carbon emissions reduction targets based on comprehensive review of SBTi (Science Based Targets initiative) and NDC(Nationally Determined Contributions). Reduction Goals) and NDC (National Reduction Goals)



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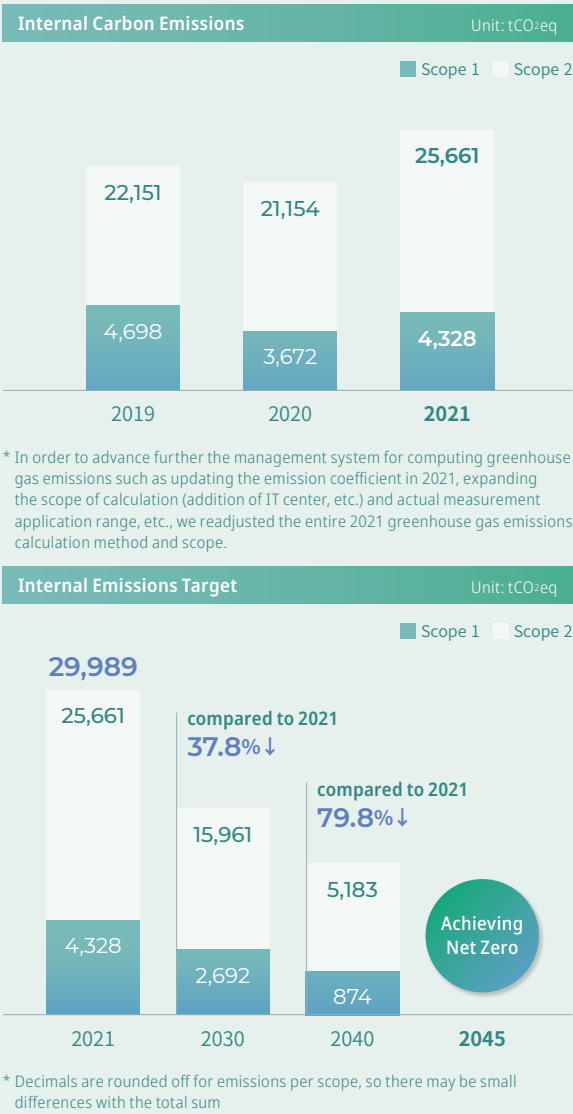
Reduction Targets by Industry

SBTi SDA (Sectoral Decarbonization Approach) methodology and ACA (Absolute Contraction Approach) methodology were used, and carbon emission goals for 2030, 2040, and 2050 in terms of absolute quantity were established as follows for portfolio management:



Internal Carbon Emissions (Scope 1&2)

SBTi SDA (Sectoral Decarbonization Approach) methodology and ACA (Absolute Contraction Approach) methodology were used, and carbon emission goals for 2030, 2040, and 2050 in terms of absolute quantity were established as follows for portfolio management:



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ESG BNK,
SUSTAINABLE FINANCE
TOGETHER



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▶ Upo Wetland(Ramsar wetlands), Gyeongsangnam-do Province



STRATEGY 1.

Responsible Growth



1 Establishment of Sustainable Governance

Composition and Operation of Healthy Governance

The BNK Financial Group strives for transparent and healthy governance not only for the mid- to long-term growth of the company but also to protect the rights and interests of all stakeholders including shareholders, customers, community, etc. We received A+ ratings for three consecutive years in the governance evaluation by the Korea Corporate Governance Service(KSCG), and We were also selected as an 'Excellent Governance Company' for two straight years in 2019 and 2020. In order to realize transparent governance, we are actively disclosing governance-related working standards, procedures, and results through the annual governance report and website.

Board Composition

The BNK Financial Group Board of Directors is the highest decision-making organization of the company. Internal regulations prescribe that more than half of the board of directors be composed of outside directors with proven expertise and independence, and it is being operated appropriately. In particular, the chair of the Board of Directors is different from the CEO and is appointed among outside directors. As of end of May 2022, the Board of Directors is composed of one internal director, six outside directors, and two non-executive directors with proven expertise and independence.

Roles	Name	Experience	Expertise	Tenure (Date of appointment - end of tenure)
CEO	Kim Ji-wan	· BNK Financial Group CEO and Chairman · Former Hana Financial Holdings Vice Chairman	Finance	Sep. 27, 2017 - Mar. 2023, general meeting of shareholders
Outside director (chair of the Board of Directors)	Yoo Jung-joon	· Shinhan Accounting Corp. CPA · Former Hanyang Securities CEO and President	Treasury/ Accounting	Mar. 23, 2018 - Mar. 2023, general meeting of shareholders
Outside director	Heo Jin-ho	· Former Grace Law Firm Attorney · Former Korea Legal Aid Corporation CEO	Law	Mar. 28, 2019 - Mar. 2023, general meeting of shareholders
Outside director	Choi Gyeong-soo	· Former Ministry of Finance and Economy Head of a tax system team · Former Korea Exchange CEO	Finance	Mar. 26, 2021 - Mar. 2023, general meeting of shareholders
Outside director	Lee Tae-seop	· Former Hana Bank Busan-Gyeongnam Regional Director · Former Kyungsung University Business Administration Professor	Business management	Mar. 26, 2021 - Mar. 2023, general meeting of shareholders
Outside director	Park Woo-shin	· Former Lotte Chemical General Support Part Director / Ethical Management Part Director · Former SEETEC CEO	Business management	Mar. 26, 2021 - Mar. 2023, general meeting of shareholders
Outside director	Kim Soo-hee	· Former GAEASOFT Leader of legal team · Oasis External Affairs Legal Director	Law	Mar. 25, 2022 - Mar. 2024, general meeting of shareholders
Non-executive director	Ahn Gam-chan	· Busan Bank President · Former Busan Bank Vice President, Vice President for General Affairs, General Manager	Finance	Mar. 25, 2022 - Mar. 2025, general meeting of shareholders
Non-executive director	Lee Doo-ho	· BNK Capital CEO · Former Busan Bank Vice President, Vice President for General Affairs, General Manager	Finance	Mar. 25, 2022 - Mar. 2025, general meeting of shareholders

* As of the end of May 2022



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Independence of the Board of Directors

BNK Financial Group appoints its directors in accordance with the independence criteria prescribed in the ‘Act on Corporate Governance of Financial Companies’ and the relevant internal regulations of the Group. In particular, the Articles of Association specify that a majority of the members of the BOD should be external directors whose independence has been verified. As of the end of May 2022, outside directors account for 67% of the board of directors, which is more than required by the regulations. The Nomination Committee, composed of outside directors, recommends internal and outside directors after a thorough verification process, and the Board of Directors confirms the recommended candidate; the director is finally appointed through the general meeting of shareholders. In particular, outside directors are appointed from among those who are free from influence by stakeholders that can affect corporate governance.

Group’s Measures for Operating Independent Board of Directors

- 1 Internal directors and outside directors are appointed through several stages such as the Nomination Committee, Board of Directors, and general meeting of stakeholders.
- 2 When appointing directors, eligibility is reviewed strictly according to that prescribed by law and internal regulations.
- 3 The term for outside directors is within two years, and terms cannot exceed five consecutive years to prevent corrupt relationships
- 4 The CEO and chairman are excluded from the Nomination Committee by internal regulations to guarantee transparent and fair CEO management succession while preventing intervention in appointing outside directors
- 5 The chair of the Board of Directors is appointed from among outside directors to ensure the independent operation of the Board of Directors
- 6 Major management issues, of the group are reported regularly to the Board of Directors to resolve information asymmetry, while enabling the discussion of important pending issues by the Board of Directors

Statutory Disqualifications of External Directors
(Act on Corporate Governance of Financial Companies)

Largest shareholder and his/her affiliated persons
Spouse of executive and his/her direct ascendants and descendants
Major shareholder and his/her spouse or direct ascendants and descendants
Full-time employee, etc. of a corporation having important business relations with the company or competing or cooperating relations as prescribed by law

Diversity of the Board of Directors

In 2022, one female outside director was newly appointed to enhance the diversity of the board of directors; considering the relevant laws, members will not be composed of directors of a specific gender only when composing the Board of Directors in the future. In addition, there are plans to expand continuously the ratio of female outside directors in the outside director candidate group.

Outside Director Candidate Group

Category	Total	No. of Female Candidates	Fluctuation
2020.05	55	5	3
2021.05	72	13	8
2022.05	71	13	-

Expertise of Board of Directors

BNK Financial Group appoints those with expertise and coming from diverse backgrounds in order to improve corporate value and protect shareholders, customers, and all other stakeholders as part of our efforts to prevent the unequal distribution of certain backgrounds and professional groups. We do not discriminate based on age, gender, nationality, education, etc. according to the applicable laws an internal regulations. Furthermore, directors are appointed by taking into comprehensive consideration on whether they can fairly perform their jobs for financial consumers and shareholders, whether they possess a sense of ethics and responsible suitable for the job, and whether they can spend sufficient time and effort to fulfill their duties as directors. Moreover, various kinds of education are being continuously offered so that the expertise and knowhow of outside directors in their respective fields can be spread throughout the management activities of the group. When appointing outside directors, internal education is provided on the current state of the group, laws and internal regulations relevant to the Board of Directors, operation of the Board of Directors, etc. to enhance their insight on the company. Their understanding of the financial is being further elevated by conducting regular risk management and education with research performed by the BNK Economic Research Institute. We are also actively providing support such as outside director workshops, guest speaker lectures, an assortment of forums, etc. so that they may improve their capacities in a wide range of areas.

Status of the Board of Directors by Field of Expertise (end of May 2022)

Category	Outside directors					Internal directors		Non-executive directors	
	Jung-joon Yoo	Jin-ho Heo	Kyung-Soo Choi	Tae-seob Lee	Woo-Sin Park	Soo-Hee Kim	Ji-Wan Kim	Kam-Chan Ahn	Doo-Ho Lee
Finance	◎		●	◎			●	●	●
Business management	◎		◎	●	●		◎	◎	◎
Economics			◎						
Treasury/Accounting	●		◎				◎		
Law		●				●			

● Main area of expertise, ◎ Additional area of expertise (related licenses or career)

Status of candidates for Outside Director Candidates by Field of Expertise (end of May 2022)

Category	Finance	Economics	Business management	Law	Consumer Protection	Treasury/Accounting	Information Technology	Total
No. of Candidates	15	11	12	10	4	16	3	71
Composition	21%	15%	17%	14%	6%	23%	4%	100%

2021 Outside Director Training Performance



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Operation of Committee under the Board of Directors

BNK Financial Group operates a total of six committees, and internal regulations prescribe that at least half of committees be composed of outside directors (2/3 or higher for audit committee); the chair of each committee must also be appointed from among outside directors. As of May 2022, all committee chairs are outside directors, and members of all committees excluding the ESG Committee are appointed among outside directors as part of the efforts to operate a more independent committee. In particular, internal regulations prescribe that the CEO and chairman be excluded from the Nomination Committee; thus strengthening independence for transparent and fair succession of management and appointment of directors.

Committees under the Board of Directors (end of May 2022)

Committee	Composition	Role	Operation in 2021
Board Steering Committee	5 outside directors	· Hosting of board meetings and establishment of outside director operation plans · Discussions on improving corporate governance	Held 2 times, attendance rate 91.7%
Risk Management Committee	3 outside directors	· Approval of group risk policies · Supervision on risk policy compliance	Held 7 times, attendance rate 92.9%
Nomination Committee	4 outside directors	· Searching, screening, and recommending candidates for directors	Held 5 times, attendance rate 100%
Compensation Committee	4 outside directors	· Establishment of plans for improving company management performance · Setting board performance goals and evaluate	Held 2 times, attendance rate 100%
Audit Committee	4 outside directors	· Supervising the execution of duties by directors and management · General audit and evaluation of work such as internal control system, etc.	Held 10 times, attendance rate 97.5%
1 Internal director	1 Internal director 6 outside directors	· Establishing ESG strategies and policies of group · Enactment and opening/closing of internal regulations related to ESG	Held 4 times, attendance rate 96.9%

ESG Committee under the Board of Directors

Through the revision of the articles of incorporation in March 2021, BNK Financial Group newly established the ESG Committee within the BOD and strengthened the practice of group ESG management. The ESG Committee joined by the internal CEO and chairman and all outside directors is serving as the control tower of the group ESG management and is playing a major role in realizing sustainable finance and for the group to become a representative financial group of the region that meets global standards. The ESG Committee established the group’s ESG strategies and policies, and it has jurisdiction over all ESG areas including climate change response that inspects the execution status of ESG Management; in principle, it holds a meeting at least semiannually. In 2021, the ESG Committee was convened four times and major reporting items included the publication of the sustainability report, external institute assessment results on ESG, and pursuit of major works related to group ESG.

Efficient Operation of the Board of Directors

The BNK Financial Group BOD votes on matters prescribed by law or articles of incorporation, matters delegated by the general meeting of shareholders, basic policies of company management, and other important matters for executing work. For this, we are constructing risk management systems that meet the company strategies such as for the company and subsidiary and supervising the internal control and execution of jobs for management. The BOD is convened for a regular BOD meeting held every quarter and a special BOD meeting held whenever the preset criteria are met. Directors deemed to have special interests related to BOD agendas are not allowed to exercise voting rights for the said issue unless otherwise prescribed by law or the articles of incorporation. In addition, decisions are made based on the majority vote of the attending directors constituting the majority of registered directors. In 2021, a total of 9 board meetings were held, and a total of 54 agenda items (20 resolutions, 34 reports) were handled. The average participation rate of BOD meetings was 97.2%, which was higher than the initial goal of 80%. Meanwhile, in order to enhance the efficiency of BOD and committee operations, briefings and pre-presentations were held so that opinions could be exchanged; thus ensuring sufficient discussions on the agendas.

Operation of BOD

Category	No. of BOD Meetings	No. of Agendas Discussed	No. of Agendas Voted On	No. of Agendas Reported	Attendance Rate
2019	9	64	24	40	98.6%
2020	11	74	35	39	100.0%
2021	9	54	20	34	97.2%

Reinforcement of the BOD Remuneration system

The Compensation Committee establishes compensation policies and compensation/performance evaluation systems for management while managing and supervising such. If necessary, an external organization can be hired to design and operate the compensation system and perform an adequacy evaluation. Furthermore, the Compensation Committee establishes performance evaluation indices aiming at avoiding short-term superficial expansion but prioritizing mid- to long-term profitability and financial soundness; it has organized a reasonable compensation system to manage risks that can occur due to excessive compensation of management.

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Fair Board of Directors Compensation and Evaluation

Compensation System for management

Company-wide financial performance is commonly reflected together with the performance evaluation index, but scoring is differentiated according to the applied operational characteristics. For risk management supervisors, legal compliance monitors, and management in charge of audits who require independence, separate compensation and evaluation standards were established and are being operated irrelevant to financial performance. Work by management reflects non-financial indicators such as management innovation projects, strategy projects, and encouraging inter-group collaboration to strengthen responsible management. A considerable part of variable compensation for management is being provided as deferred payment over several years, and the variable compensation ratio differs by position, level of responsibility, etc. Deferred compensation (stock-linked cash compensation) is paid in connection with stock prices at the time of payment over a period of three years in order to reflect the long-term business performance. In the event that personal work-related losses occur or business performance worsens, the amount will be deducted according to the redemption rate separately prescribed to pay the final performance compensation.

For short-term performance, the Compensation Committee sets performance goals every year and determines the payment rate according to the evaluation results for items such as management performance, major promotion businesses, personal capacities, etc., and it is paid in full in cash the following year. For long-term performance, contracts are entered every year by the Compensation Committee, with the payment ratio determined through evaluation of the Compensation Committee for long-term business performance for three years from the baseline date of the contract. The entire amount is paid in stock-linked cash compensation over a period of at least three years from the year following the end of evaluation period.

Major Performance Evaluation Indicators (2022)

Category	Details
Financial index	<div>· Profitability index: ROE, ROA, RORWA</div> <div>· Soundness index: Actual non-performing loan ratio, actual overdue loan bond ratio</div> <div>· Capital adequacy index: BIS total capital ratio, BIS common stock capital ratio</div> <div>· Efficiency index: Cost Income Ratio</div> <div>· Stability ratio: Double leverage ratio, debt ratio</div> <div>· Shareholder rate of return: Relative TSR</div>
Non-financial index	<div>· Group management innovation project execution</div> <div>· 'Work strategy project' per business sector</div> <div>· 'Management individual capacity evaluation' and 'inter-group work collaboration' for maximizing synergy in the group, etc.</div>

Evaluation of Board of Directors

The BNK Financial Group evaluates the composition and operation status of the BOD for the previous year around January or February every year and inspects whether the BOD is properly carrying out its roles and responsibilities within the scope of the law and internal regulations. BOD evaluation results are reported to the BOD and general meeting of shareholders for purposes of transparency and used as basic data for the development of the group such as improving the operational efficiency of the BOD and committee, establishing future policies, etc. The BOD evaluation is composed of seven items such as the ability to present strategies, efficiency of management control and supervision, appropriateness of BOD

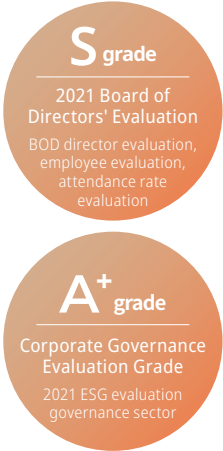
rights and executive functions, etc. Outside director evaluations maintain independence in evaluations by conducting self-evaluation, reciprocal evaluation, and employee evaluations participated in by executives and department heads in charge of supporting BOD operations. Furthermore, qualitative evaluations through writings are conducted anonymously to ensure fairness, and quantitative evaluations apply to BOD and committee attendance rates. In addition, external evaluations can be conducted by experts if necessary, and efforts are being made to smoothly operate the BOD and to prescribe the roles of outside directors. The results of the 2021 BOD evaluations confirmed that BOD operation and role execution were at appropriate levels.

Evaluation Details of the Board of Directors

Evaluation Items	Results	Evaluation Items	Results
Ability to present strategies	Highest grade	Appropriateness of BOD operations and agendas	Highest grade
Ability to respond to crisis management	Highest grade	Appropriateness of composition of BOD	Highest grade
Efficiency of management control and supervision	Highest grade	Level of smooth communication with management	Highest grade
Appropriateness of BOD authority and executive functions	Highest grade		

Evaluation of Director

In order to reinforce the responsibilities of directors and to verify the work execution capacities during their term, evaluations on outside directors are conducted once at the beginning of each year according to Article 20 of the Internal Governance Standards. Evaluation standards can be designed through consultations with outside institutes to secure fairness. Internal regulations require to have outside directors serving terms of two years or longer be evaluated by an outside institute. The 2021 outside director evaluation was held in January of 2022, and the evaluation results for each outside director were reported at the 1st BOD meeting held on Feb 10. The outside director performance evaluation overview and results are announced every year through the annual governance report.



Outside Director Performance Evaluation Process

Category	Qualitative Evaluation (360-Degree Feedback)			Quantitative Evaluation
	Self-evaluation	Mutual evaluation	Employee evaluation	
Evaluator	Outside director or non-executive director - self	All directors excluding self (excluding internal directors)	Executives and department heads in charge of supporting the BOD	BOD and committee attendance rate
Evaluation items	6 items on competence and expertise	7 items on ethics and responsibility	7 items on job fairness	
Evaluation weight	5%	60%	20%	

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2 Reflecting ESG in Loans and Investments

Consideration of ESG Elements in the Loan and Investment Review Process

The BNK Financial Group reflects ESG elements in the loan/investment decision-making process considering ESG (environmental/social/governance) as a core indicator for assessing the sustainability of corporate growth. Internal regulations on loans and investments were revised to consider the ESG elements in the loan/investment decision-making process while newly establishing an ESG checklist for the independent evaluation of risks. Through this, the objective is to systematically manage ESG risk elements such as greenhouse gas emissions and ethical issues of incorporated assets, while continuously increasing excellent ESG assets.

Construction of Process Reflecting ESG Risk Assessment

The BNK Financial Group reflects environmental and social risk elements in the internal regulations related to investments and for investment asset management policies, and it has established an investment process that applies ESG risks. Busan Bank, Kyongnam Bank, and BNK Capital created an ESG checklist to independently assess environmental and social risks as non-financial elements when reviewing loans and for making decisions. If the self-evaluation results are higher than a certain level, loans are provided or investments are approved according to the general loan/investment process. On the other hand, if it does not meet a certain level, evaluation is requested to an expert institute, and decisions are made according to the final results of the evaluation performed by the expert institute. In addition, the BNK Financial Group is striving to help companies that enhance the sustainability of the local industrial ecosystem and fulfill their social responsibilities grow through 'providing' preferred interest rates interest rates, etc. if they are outstanding ESG companies.



Realizing Sustainable Finance by Expanding ESG Investments

Promotion of Eco-friendly Project Financing

The BNK Financial Group is expanding PF (project financing) for eco-friendly projects and proactively evaluating ESG risks that can occur considering the ESG elements when reviewing investments. In 2021, it pursued eco-friendly PF worth 58.7 billion KRW in all.

Eco-friendly Project Financing Performance

Category	Projects	Investment
Busan Bank	CGN Daesan Power biomass development project	24.1 billion KRW
	BNK fine dust solution fund investment	1 billion KRW
	Deoham Green Energy work investment joint venture investment	4 billion KRW
Kyongnam Bank	Igis Real Asset Investments solar-specializing investment private investment trust no. 1	7.8 billion KRW
	BNK fine dust solution fund investment	1 billion KRW
	BNK-KN new marine project investment association no. 1	0.8 billion KRW
	Consus clean water special private asset investment trust no. 1	9.9 billion KRW
	Kyobo-Axa clean energy center specialized investment special private asset investment trust no. 1	3.4 billion KRW
BNK Capital	BNK fine dust solution fund investment	1 billion KRW
	Buco ESG fund investment	1.7 billion KRW
	BNK-Cape ESG renewable energy fund investment	1 billion KRW
	Mirae Asset ESG corporate financial stability fund investment	3 billion KRW

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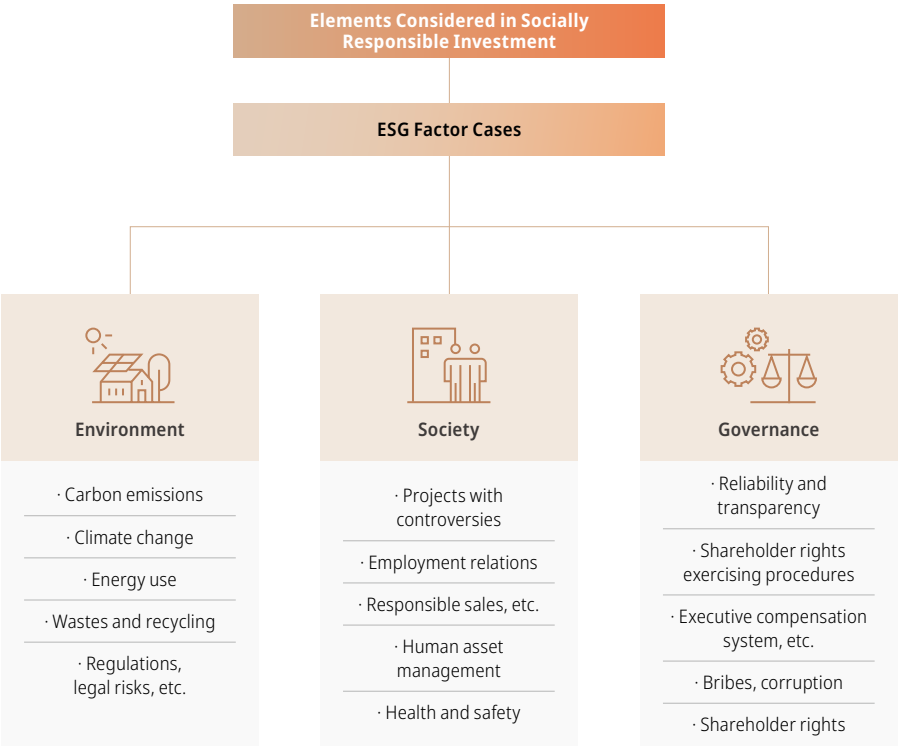
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ESG Fund

The BNK Financial Group is expanding sales of ESG fund products in order to comply with responsible investment policies presented in the UNEP FI (United Nations Environmental Programme Finance Initiative) and PRI (Principles for Responsible Investment). In 2021, Busan Bank sold 8 ESG funds and Kyongnam Bank sold 14 ESG funds; thus increasing the sales of ESG funds of Busan Bank and Kyongnam Bank by 218% compared to 2020. While pursuing the stable profits of the BNK Financial Group through ESG fund sales, it is also contributing to the creation of social values. Furthermore, BNK Asset Management launched the stock-type ESG public fund called 'BNK Sustainability ESG Fund' in April 2021. This fund engages in sustainable theme strategies focusing on responsible investment. BNK Asset Management was recognized for its performance in investing in companies with outstanding ESG grades; thus winning the financial product/service innovation award in the '2021 Korean Financial Innovation Awards' securities/asset management sector in November 2021.



ESG Fund Sales

ESG Fund Sales Performance (2021)

Unit: million KRW

Fund Name	Busan Bank	Kyongnam Bank	Total
BNK Sustainable ESG Securities Investment Trust No. 1 (Stock)	942	83	1,025
KB ESG Growth Leaders Securities Investment Trust (Stock)	1,485	2,732	4,217
NH-AMUNDI 100-Year Company Green Korea Securities Investment Trust (Stock)	1,119	82	1,201
Mirae Asset Green New Deal Index Securities Investment Trust (Stock)	953	-	953
Samsung Global Clean Energy Securities Account No. 1 (Stock-Fund of Funds)	30	92	122
Truston ESG Jegalgongmyung Securities Investment Trust (Stock)	38	52	90
KB Shareholder Value Focus Securities Investment Trust (Stock)	296	77	373
HDC Good Governance Securities Investment Trust No. 1 (Stock)	7	12	19
Korea Investment Credit Focus ESG Securities Investment Trust No. 1 (Bond)	-	1,434	1,434
KB Korea New Deal Securities Investment Trust (Stock)	-	997	997
Kiwoom Pioneer ESG Securities Investment Trust No. 1 (Bond)	-	586	586
Mirae Asset Global Innovation Company ESG Securities Investment Trust (Stock)	-	391	391
Shinhan Beautiful SRI Green New Deal Securities Investment Trust No. 1 (Stock)	-	206	206
VI Holdings Plus Securities Investment Trust No. 1 (Stock)	-	60	60
Korea Investment Global Good Company ESG Securities Investment Trust (Stock-Fund of Funds)	-	33	33

* Counting Criteria: Sales balance

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Expansion of Eco-friendly Finances

The BNK Financial Group supports finances needed for the growth of eco-friendly companies by providing the platform to respond to climate change and convert into a low-carbon economy. Various benefits such as reduced interest rates, funding, preferred fees, etc. are offered to companies engaged in environmental businesses and which are conducting environmental projects and seeking to purchase eco-friendly equipment. Furthermore, in order to help improve awareness of environmental preservation and climate change response for individual customers, BNK Financial Group introduced financial products that offer financial benefits according to eco-friendly activities in everyday life.

Financial Support for Eco-friendly Companies

▶ Interest Rate Benefits for Eco-friendly Companies

The BNK Financial Group offers various financial preference benefits to eco-friendly companies that practice energy efficiency, reduction of environmental pollution, and increased use of renewable energy. Busan Bank launched the 'eco-friendly bus purchase loans' to provide preferred interest rates and loan limits when purchasing eco-friendly buses; it also offers preferred interest rates of 0.10% - 0.30%p for companies owning eco-friendly vehicles or possessing certification that they are eco-friendly companies.

▶ Loan Support for Eco-friendly Companies

The BNK Financial Group supports loans for companies needing funds for eco-friendly investments. Busan Bank newly launched the 'ESG Outstanding Company Loan' in 2021 to provide preference for companies showing excellence in ESG and entered into an MOU with the Korea Environmental Industry & Technology Institute to expand financial support for outstanding environmental companies. It also operated major branches as 'E-Green branches' so that companies can easily use 'energy use rationalization funds' co-sponsored with the Korea Energy Agency; thus offering equipment information and loan consulting services for companies requiring eco-friendly investment funds. It also supports the execution of 'Special Onlanding Loans' wherein the Korea Development Bank provides funding. From 2022, it has been funding loans needed for facilities M&A and R&D investments for companies involved with eco-friendly cars by entering into a new MOU on 'Secondary preservation business to promote the distribution of eco-friendly cars' with the Ministry of Trade, Industry, and Energy.

* Companies sourcing renewable energy, companies specializing in energy conservation, companies that acquired ISO 14001 series certification, green certification companies, etc.

▶ Support for Companies Related to Renewable Energy

The BNK Financial Group strives to provide financial support for supplying renewable energy. BNK Capital promotes strategic partnerships with renewable energy companies. It aids asset fluidization for construction funds and generation funds for industries related to renewable energy such as generators and ESS.

In addition, it is continuing solar power/REP (loan business) construction receivables factory sales activities and is reviewing new partnerships with solar power generators.

Details of sales credit for solar and REP (loan business) construction

Category	Count	Amount
2019	19	2.9 billion KRW (monthly average of 240 million KRW)
2020	8	1.5 billion KRW (monthly average of 130 million KRW)
2021	35	3.7 billion KRW (monthly average of 310 million KRW)

Encouraging Eco-friendly Consumption for Customers

The BNK Financial Group conducts eco-friendly marketing for customers and encourages customers to engage in eco-friendly activities. In August 2021, Kyongnam Bank held the 'Love the environment together, Love the community together' ESG Event to take part in eco-friendly activities together with customers. This event integrated eco-friendly activities and subscription to financial products, entailing eco-friendly activities with customers. When a customer newly subscribes to one of the six products such as 'BNK Better Time Deposit,' 'Wave On Time Deposit,' 'BNK Better Free Deposit,' 'Happy Dream Deposit,' 'Housing Subscription Deposit,' and 'Youth Preferred Housing Deposit,' the bank paid 1,000 KRW per account as donations and donated the amount to environmental organizations. Furthermore, it uses eco-friendly products to enhance awareness of employees and customers for eco-friendly activities. Eco-friendly marketing goods purchased, employee gifts, and customer event gifts, etc. are being provided using eco-friendly products.



Brochure of Eco-friendly Products



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Eco-friendly Deposit/Installment Savings Products

The BNK Financial Group launched eco-friendly deposits and installment savings products to prioritize eco-friendly activities of customers. The goal of low-carbon deposit/installment savings is to establish an environmental management system and return parts of the profits from sales to society in order to reinforce coexistence activities with local communities. Busan Bank launched a low-carbon deposit/installment savings product in November 2021, which is linked with carbon points to offer preferred interest rates for eco-friendly activities in order to recommend practicing carbon reductions in the everyday life of citizens. Until the end of 2021, 336 billion KRW in low carbon deposits and 58 billion KRW in low carbon installment savings were sold, and the proceeds were used to lease a plastic cup upcycling machine installed in 10 places around Busan. Such efforts were recognized with the 'Grand Prize' in the 2022 Maeil Business News financial product award. Kyongnam Bank will also launch an eco-friendly deposit/savings product to promote the eco-friendly activities of customers by providing preferred interest rates for eco-friendly activities.

Low Carbon Deposit/Installment Savings Sales* (2021)



* Sales from approximately two months between November and December 2021



Maeil Business News Financial Product Award 'Grand Prize'

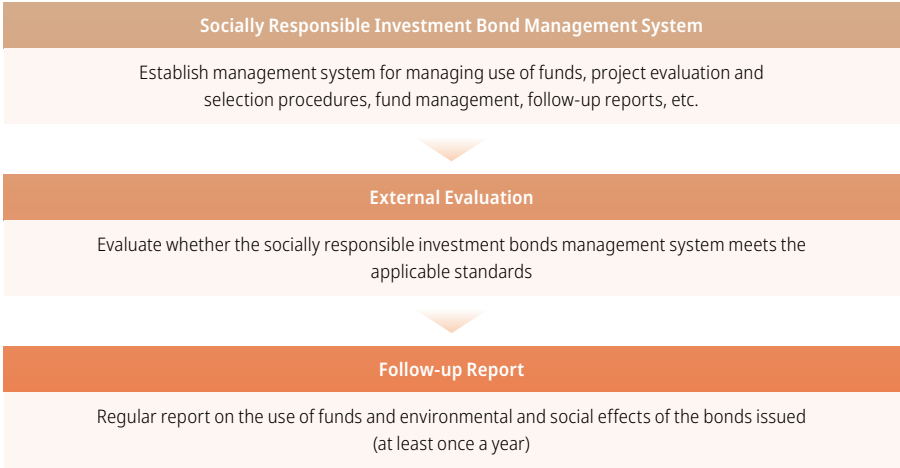
Issuance of ESG Bonds

The BNK Financial Group is continuously issuing ESG bonds to coexist with local communities and to create social value. Busan Bank and Kyongnam Bank established an ESG bonds management system for the systematic issuance of ESG bonds, which received verification from an independent outside agency. Furthermore, the funds of the issued ESG bonds are used in the green sector such as renewable energy/increased energy efficiency/eco-friendly transportation, etc. and social sectors for supporting vulnerable classes. The social and environmental impact of fund distribution and ESG bonds is being verified by an external evaluation agency.

Establishment of ESG Bonds Management System

Busan Bank and Kyongnam Bank have established an ESG bond issuing management system for the systematic management of the entire process from issuance of ESG bonds to follow-up monitoring. Use of funds, evaluation and selection of target businesses, fund management, and follow-up reporting are conducted thoroughly in order to disclose the procurement and use of funds transparently.

ESG Bonds Issuing Guideline



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In addition, funds procured with ESG bonds are being distributed to the green sector and social sector and are not used for companies that had a history of exploiting child labor or in industries based on fossil fuels. Evaluation and selection of target businesses are made for businesses corresponding to the scope of ESG bonds among businesses that meet the general internal financial review standards.

Areas Supported with Procured Funds

Category	Details	
Green	· Renewable energy	· Eco-friendly transportation
	· Increased energy efficiency	· Eco-friendly consumables
Green	· Prevention and improvements to environmental pollution	· Eco-friendly cities and buildings
	· Environmental sustainability management for using land and natural resources	· Climate change adaptation resources
	· Environmental sustainability management for using water resources	
Social	· Support for basic livelihood and basic infrastructure for vulnerable classes, low-income classes, etc.	· Job creation
	· Housing provision for vulnerable classes, low-income classes, etc.	· Promotion of local economy
	· Support for SMEs, venture companies, social enterprises	

Moreover, the BNK Financial Group appropriately distributes funds from the issuance of ESG bonds to applicable businesses and continuously manages and records where ESG bonds are used. In addition, it discloses 'investor notifications' that include the usage and economic/environmental/social impact, etc. of issued funds every year from the date of issuing bonds until the entire amount is used. In particular, Busan Bank became the first bank outside of the Seoul area to receive certification for being qualified for the foreign currency ESG bond framework (management system). Thus, it has been able to issue social bonds, green bonds, and sustainability bonds in foreign currencies. The BNK Financial Group plans to increase the credibility of ESG bond investors and to issue ESG bonds in order to raise trust among ESG bond investors and local SMEs and for the comprehensive expansion of finances for small businesses.

Issuance of ESG Bonds and Certification Evaluation

▶ Issuance of Bonds

In November 2020, Busan Bank became the first bank outside of the Seoul area to issue socially responsible investment bonds worth 100 billion KRW. The funds from the issuance of bonds were used to provide support for small businesses experiencing difficulties due to COVID-19 and greenhouse gas mitigation projects. In October 2021, the bank issued its second social bond worth 100 billion KRW. In April 2022, it issued 150 billion KRW in ESG amortization conditional capital securities (new capital securities). Kyongnam Bank issued 100 billion KRW in ESG bonds in April 2021, and the bond issue funds were procured for supporting financial services for SMEs, venture companies, and social enterprises.

Status of Issuing ESG Bonds

Category	Item Name	Date Issued
Busan Bank	Busan Bank 2020-11 I 2.0A-30 (Ji)	2020.11.30
	Busan Bank 2021-10 I (Byun)2A-(Sa)	2021.10.29
	Busan Bank 202204 I Young Gu A07 (Sa) Amortization conditional capital securities (new)	2022.04.07
Kyongnam Bank	Kyongnam Bank 2021-04 I 2A-12 (Sa)	2021.04.12

▶ External Evaluation

Busan Bank was evaluated by an outside evaluating institute to meet the ICMA (International Capital Market Association), GBP (Green Bond Principle), SBP (Social Bond Principle), SBG (Sustainability Bond Guidelines), and Ministry of Environment's green bonds guidelines. Kyongnam Bank received social bonds evaluation based on the ESG financial certification evaluation methodology of outside evaluation institutes, and the ESG bonds management system was assessed to meet the Korean government guidelines and ICMA policies.

ESG Bond Certification Evaluation

Category	Busan Bank		Kyongnam Bank
ESG certification evaluation results	Evaluation rating	S1*	SB1*
	Evaluator	Korea Ratings Corporation	Korea Investors Service
	Issuer	Busan Bank	Kyongnam Bank
Social bond overview for evaluation target	Financial item	2021-1029 invitational private loan	Kyongnam Bank 2021-04 I 2A-12(Sa)
	Amount Issued	Total 100 billion KRW	Total of 100 billion KRW
	Date Issued	10/29/2021	4/12/2021
	Maturation date	10/29/2023	4/12/2023

* S1, SB1: Social Bond 1, highest grade for bonds in the social sector

▶ Follow-up Report

Busan Bank and Kyongnam Bank release investor brochures containing information on the fund distribution and environmental and social impact of the issued bonds. It reviews environmental and social improvement effects achieved by issuing ESG bonds and pursues to enhance social profits. Furthermore, it was judged that, the follow-up reporting system conformed to ICMA policies and guidelines in accordance to the ESG bond management system.

Busan Bank sustainable bond investor brochure



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3 Reorganization of a Sustainable Corporate Culture

Strengthening Human Resources

The BNK Financial Group is fostering human resources who can pursue innovation and create new value in order to realize the management vision of 'leaping forward as a global-standard financial group'. The ideal talent of the BNK Financial Group is a value creator who leads with passion in everything based on performance-oriented thinking and proactive behavior, a challenging innovator who pioneers the future with a sense of stewardship to participate in everything actively, and a financial professional with the highest level of expertise and working capacities.



Strengthened Education for Fostering Company-wide Human Resources

The BNK Financial Group operates a 'Group Human Resources Development Center' to achieve its human-centered management philosophy of 'finance is people' and to foster core personnel in the group's key business areas of corporate investment banking (CIB), wealth management (WM), digital, and global sectors. Furthermore, we actively support participation in global human resource fostering courses such as overseas MBA programs, training at Silicon Valley, etc. and participation in domestic MBA programs such as financial graduate schools and digital finance departments, etc. to focus on improving the expertise of its personnel. Moreover, We strategically foster human resources in its core sectors such as CIB, WM and digital to enhance the future competitiveness of the group. It also holds joint training for the entire group including all of the subsidiaries to create a sense of unity in the group and to enhance the organization's competitiveness. One of the most famous programs include the 'education mileage program' and 'weekend open theme training,' which are joined voluntarily by employees, wields a positive impact on employee empowerment and group training cultures.

Leadership training to develop executives

The BNK Financial Group is operating a leadership education program to foster executives and to enhance the capacities of executives. The BNK AMP course is being operated as an educational program for the management of the group. BNK Management Academy and External Institute AMP Course leadership education are being provided for holdings companies that are preliminary managers and for poorly performing branch managers recommended by all subsidiaries. The BNK Financial Group is empowering executives through systematic educational courses.



Management Fostering Leadership Education



Fostering Financial Experts

► Strengthening Program for Fostering Experts in the 4 Core Sectors of the Group

The BNK Financial Group holds specialized training programs every year in the four core business areas of corporate investment banking (CIB), wealth management (WM), digital, and global to foster continuously core personnel who will lead the group in the future.

CIB	<ul style="list-style-type: none">· Support for admissions to graduate school in real estate· Real estate development expert (certificate) training	<ul style="list-style-type: none">· Education on project financing, M&A, IPO, etc.· Training to foster group CIB professionals
WM	<ul style="list-style-type: none">· Support for CPB (private banker) qualification	<ul style="list-style-type: none">· Education on financial planning, asset market analysis, etc.
Digital	<ul style="list-style-type: none">· BNK Digital Academy· Training to foster Big data specialist	<ul style="list-style-type: none">· Education on digital marketing, financial analysis, etc.
Global	<ul style="list-style-type: none">· Support for global MBA· US Silicon Valley training program	<ul style="list-style-type: none">· Experience in advanced finance and overseas channels· Training to foster Global future experts

No. of Participants in Program for Fostering Experts in the 4 Core Sectors of the Group

Category	CIB	WM	Digital	Global	Total
2019	72	93	50	62	277
2020	48	30	60	0	138
2021	174	30	39	55	298

* In 2021, the program for fostering experts in the core sectors was converted into online training due to COVID-19

► Specialized Diploma Acquisition Support Program

Support is provided for employees in the group to complete various MBA courses such as the Pusan National University Graduate School of Derivative Finance, Korea Maritime & Ocean University Marine Finance MBA program, etc., with a 'global MBA support program' operated to foster world-class financial experts. Through the 'Global MBA Support Program', which started in 2019, a total of 9 employees entered the full-time MBA programs at Emory University, University of Indiana, Boston University, and University of Texas in the US. After graduation, they are demonstrating their competencies in related departments.

Status of Supporting Specialized Diploma Acquisition

Category	2021	2022	Remarks
Pusan National University	5	5	10 currently enrolled
Korea Maritime & Ocean University	3	3	6 currently enrolled
KAIST	2	2	4 currently enrolled
Konkuk University Department of Real Estate	3	1	4 currently enrolled

* There were no applicants in 2021 due to COVID-19, but applicable schools were expanded and application eligibility was eased to activate the program in 2022

► Support for Acquisition of Chief Loan Officer Certification

The BNK Financial Group actively supports its employees' efforts to acquire loan officer certification. Through this certification, employees can contribute to the effective supply of loanable funds to the Busan-Ulsan-Gyeongnam region through innovative situation analyses when reviewing loan applications, as well as implementing more sophisticated credit evaluation practices. As of the end of 2021, there are 63 employees with chief loan officer certifications within the group, and there are plans to provide more support for the acquisition of this certificate.

Online education

Online education	Date	No. of persons
Group CIB specialist (intermediate) fostering training	March.19, 2021 ~ March.27, 2021 (4 days, 25 hours)	116
Training for acquisition of private banker (CPB) certification	Jun.17, 2021 ~ Jun.19, 2021. July.1, 2021 ~ July.3, 2021 (6 days, 43 hours)	30
Loan laws course training	July.8, 2021 ~ August.14, 2021 (18 days, 138 hours)	41
Core lectures for chief loan officer test	August.27, 2021 ~ August.28, 2021 (2 days, 16 hours)	9
Global future expert fostering training	Nov.5, 2021 ~ Nov.13, 2021 (4 days, 29 hours)	55
Group CIB specialist (intermediate) fostering training	Nov.12, 2021 ~ Nov.27, 2021 (4 days, 25 hours)	58

* Conducted in a contactless manner in 2021 due to COVID-19



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► Support for the Digital Finance Expert Fostering Course

The BNK Financial Group is striving to foster digital human resources for the age of the fourth industrial revolution by offering digital finance master's degree courses through cooperation with universities in Korea. Every year from 2019 to 2021, 30 employees enrolled at Dong-A University master's degree program on digital finance, and the first batch graduated in 2021. Various training programs such as big data expert training course (20 people completed) and Azure cloud expert training (19 people completed) are scheduled to take place. In addition, a TF team was organized for fostering digital finance experts, and the BNK Digital Academy was opened. Since 2022, various programs have been opened and operated such as with the Korea Business Institute, Multi-Campus, etc.

BNK Digital Academy: Internal expert fostering program within the group for digital innovation

Digital beginner course	Course name	Objective
	Digital beginner	Enhance the digital mindset and basic competencies
	Strengthen headquarters	Foster working personnel for collaboration with the D-IT sector
	Poorly performing branch director leadership	Enhance digital leadership
Digital expert course	Group management leadership	Improve digital mindset and establish insight
	Course name	Objective
	Digital expert	Learn specialized technologies in the four core areas of digital finance (strategy/planning, AI/DATA, UI/UX, digital marketing)

Expected to foster about **3,300** people by 2024

Activation of the BNK Education Mileage Program

The BNK Financial Group operates the BNK education mileage program as part of its efforts to establish a 'corporate culture that encourages self-development' as the management philosophy of the CEO. Employees who voluntarily participate in self-development activities are given mileage; depending on how much mileage they accrue, this incentive program offers overseas training opportunities, self-development bonuses, etc. In 2021, it was difficult for education mileage to be activated due to the ongoing pandemic and increased work load for loans to small businesses, and there were few participants. In 2022, new events are being offered to encourage self-development such as foreign languages and acquiring digital certificates with the aim of activating the education mileage program; a wide range of programs are available for employees to participate in as well.

No. of Participants in the Education Mileage Program

2019	2020	2021
2,270 persons	2,976 persons	1,024 persons

ESG Education

The BNK Financial Group conducts ESG education for employees in order to establish an organizational culture that stresses ESG (environmental/social/governance). ESG training has been conducted for new bankers and new branch managers since 2021. In particular, The BNK Financial Group provides environmental education for employees to help them have healthy attitude of environment, mind and basic knowledge of it. In 2022, ESG training and education will be carried out for all employees of the group as part of the group joint training program. In the future, the target of education and ESG education programs will be expanded, and employees will be able to enhance their capacities in ESG.

Status of Conducting ESG Education

Date	Target	Education Contents
Feb. 2021	Group Executives (100 people)	Climate change and financial risk management
Nov. 2021	New Branch managers (233 people)	ESG transition of southeastern companies and role of local finances
Dec. 2021	New bankers (33 people)	ESG education
2021(Year-long)	Employees (118 people)	Education on climate change and environmental management

Activation of Career Development and Reemployment Support Program

The BNK Financial Group offers programs to help employees design their life after retirement. Busan Bank and Kyongnam Bank provide reemployment support education programs for those who want it to help them design their life in retirement and help manage changes in their life cycle.

Reemployment Support Education Program

Category	Date	No. of persons	Education Contents
Busan Bank	Jan. 6, 2020 - Mar. 13, 2020 (47 days)	45	<ul style="list-style-type: none">- Create career plan- Retirement plan (finance, tax, leisure, relations, etc.)- Preparing mentally- Life cycle change management. Goal setting, etc.
	Feb.17, 2021 ~ Feb.19, 2021 (3days)	45	
	Feb.8, 2022 ~ Feb.10, 2022 (3days)	47	
Kyongnam Bank	July.10, 2020 ~ Oct.15, 2020 (36 days)	9	
	Jan.18, 2021 ~ Feb. 2, 2021 (12 days)	10	
	Nov.22, 2021 ~ Nov. 23, 2021 (2 days)	68	

Creating a Good Corporate Culture for Work

The BNK Group set 'For One' as its 2022 slogan to resolve disputes between genders and positions that worsened during the pandemic and to form trust among employees. 'For One' aims at reconnecting the organization and employees with the BNK Financial Group's core values of 'challenge,' 'cooperation,' 'openness,' 'honesty,' and 'friendliness.' In addition, we are aiming at 'One Team' for the growth of both employees and organization and implementing continuous and consistent strategies to reflect to everyday life. More precisely, we have set the goals of 'One for All' and 'All for One' as we create a corporate culture platform where individual employees and the organization can grow together.



Ensuring Work/Life Balance

The BNK Financial Group supports various programs to ensure work/life balance. With the implementation of the 52-hour work week, the 'PC shutdown program' was introduced wherein PCs are to be shut down at 6 p.m. in order to guarantee free evenings for employees. In addition, meetings before 9 a.m. are prohibited, and meetings are limited to one hour to build a reasonable meeting culture. The 'joint labor-management work hour normalization TFT' was also established in order to hold monthly labor-management meetings to ensure balance between work and life through expanded flexible working hours, work-from-home, and enactment of different working hours for employees.

Work/Life Balance Guarantee Support Programs

Promotion of leisure activities and guarantee of life with free evenings	<ul style="list-style-type: none">· Operate the 'PC shutdown' program and introduction of 'lunch saver' to guarantee lunch (rest) time· Support for company club activities, operate after-work self-development programs
Improve the leave system to ensure sufficient rest	<ul style="list-style-type: none">· Vacation bonus (300,000 KRW)· Self-determined leave program, ensure free use of leave by registering two months in advance· Extension of refresh leave program (preserve leave days)
Family participation program for spending time with family	<ul style="list-style-type: none">· Family Month bonus (150,000 KRW)· Trips for parents, sport events and movies with family (BNK Sum women's basketball, NC Dinos baseball, etc.)· School enrollment gifts and college entrance exam gifts for children

The BNK Financial Group supports various programs so that employees can feel both fun and sense of achievement at work. In order to encourage employees to recharge by using their vacation days, the period for long-service experience training was extended, and self-development bonuses, etc. are offered when using annual paid leave. Moreover, measures are being taken to prevent work vacancy by dispatching employees from headquarters, etc. when there are vacancies due to employees taking leave as part of our efforts to create a vacation culture wherein employees can use their leave days freely. We also operate year-round resorts such as pool villas, glamping, hotels, etc. where employees can spend time with their family to ensure work/life balance.



Watching sports event with family
(BNK Sum women's professional basketball)

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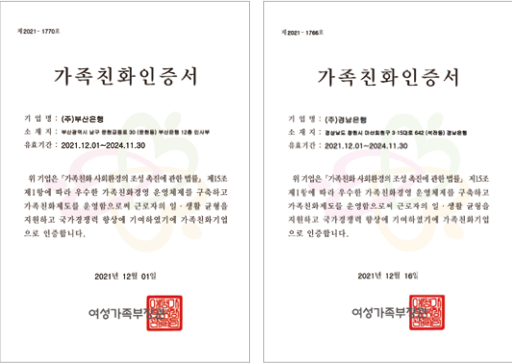
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Child Care and Day Care Support

The BNK Financial Group actively supports childbirth and child care to protect the maternity of female employees. In particular, childbirth bonuses are offered to reduce the burdens of raising children for employees, at-work day care operation has been expanded, flexible work schedules for employees with children in elementary school are being expanded, and other efforts are being made to create a comfortable environment for raising children. Furthermore, various activities for pregnant women are being carried out such as providing anti-electromagnetic wave clothes, soon-to-be-mother name cards, etc. for pregnant employees. Family care leave was enacted in 2021 to respond to COVID-19, and policies such as child care programs that allow coming into the office at 10 a.m. were newly established. Busan Bank and Kyongnam Bank acquired the Ministry of Gender Equality and Family's family-friendly corporation certification in December 2021. The family-friendly corporation certification is a program certifying companies that operate exemplary family-friendly programs to provide support for employees in working and taking care of their family. We will continue to provide support so that employees can engage in comfortable home life, in addition to a professional life filled with energy.



Busan Bank - Kyongnam Bank family-friendly certificate

Child Care and Day Care Support Programs

Operate day care centers at work	· BNK Busan Bank 4 branches / BNK Kyongnam Bank 2 branches
Launch childbirth and parental vacation/leave programs	· Support for family care leave (10 paid leave days per year) · Family care leave and new work hour shortening system for family care leave
Launch flexible work system	· Flexible work hour system and shortened work hours for employees returning from parental leave or children in elementary school
Others	· 'Soon-to-be-mother name card' at branch windows and childbirth gifts · Congratulatory money for children entering school (elementary, middle and high school, and college)

Strengthening Employee Communication and Satisfaction

▶ Strengthening Employee Communication

The BNK Financial Group operates communication and harmony programs joined by all employees to spread the core values of the group and improve the sense of membership. In particular, the 'mentoring program with executives' for communicating freely with executives and 'call center of love,' which are communication programs that activate communication between the CEO and employees, are being operated. The 'call center of love' was operated in a contactless manner to allow the simultaneous participation of all employees, and it has become a new window for communication unique to the BNK Financial Group. There are various opportunities for communication such as that with labor union and executive of bank to strengthen cooperation. A wide range of opinions are being collected for major issues related to company management, improved treatment, benefits and perks, etc. In 2021, the E-Sports tournament, a joint labor-management program for strengthening contactless communication, was held wherein the bank president and chair of the labor union played games together to improve communication between employees and sense of organizational communion. Meanwhile, group 'HR meetings' are held regularly to strengthen communication among subsidiaries. Group HR policies and major issues are being discussed, and HR management plans are shared by subsidiary. A total of five meetings were held in 2021.

▶ Strengthening Employee Satisfaction

The BNK Financial Group offers opportunities to watch cultural performances to improve satisfaction with life at the company for employees. In 2021, employees and their families were given opportunities to watch orchestras and Seoul Ballet Theatre performances. By offering opportunities to watch cultural performances, we are encouraging and motivating employees.



Support for watching orchestra concerts



Seoul Ballet Theatre ballet performance



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Supporting Employee Health Management

The BNK Financial Group is strengthening health management programs such as strengthened coverage of group injury insurance, expanded health examination targets, and increased medical insurance, etc. for the health care of employees. Psychological consulting services and treatment services are offered to help resolve various kinds of work-related stress. In 2021, we are paying extra attention to the health management of employees by supporting health examinations and psychological consulting programs for employees at the three departments who get off work the latest. In addition, services to help quit smoking visit all employees of group companies are offered to spread a smoke-free culture, and items to help quit smoking such as nicotine adjuvants are being provided. In 2021, a two-day leave was given for each COVID-19 vaccination, with up to three-day leave given in case of adverse reactions to the vaccination. Through this, we encourage the vaccination of employees and strive to create a safer work environment from COVID-19.

Employee Health Management Support Program

Basic welfare program	· Strengthened coverage of group injury insurance (increased payout for cancer diagnosis, added traffic accident injuries, increased life insurance payout) · Expanded scope of medical fee support (examination costs for treatment, CT, MRI, ultrasound, etc.)
Disease prevention support	· Provided quick and systematic response plans by operating COVID-19 response emergency task force
Bucket fund	· Operated fund for improving health such as dieting and quitting smoking · Operated fund for supporting work-life balance such as learning instruments, reading, etc.
EAP program	· Operated specialized psychological consulting service to ensure the mental health of employees
Others	· Operated gym and employee lounge

Fair Performance Evaluation and Compensation

The BNK Financial Group operates a systematic performance evaluation system. Organizational goals for each department, office, and branch are set based on the mid- to long-term and current year's management policies and strategic tasks, and personal goals are being established based on the goals of the department, office, or branch for each member. In addition, the comprehensive work rating score—which is a major index for promotion reviews—is being disclosed to enhance the fairness and transparency of HR. Practical HR coaching is also being provided to help with the development of employees beyond simply disclosing the comprehensive work rating scores. BNK Financial Group determines compensation based on the evaluation results that are tallied company-wide, by organization, and by individuals to provide fair compensation such as promotions and incentives. The performance of unit organizations (HQ department, branches) from January to December every year is evaluated fairly, and the score evaluated by each unit organization is used for computing the payment ratio for the organization bonuses of employees. In order to ensure that employees receive proper compensation for their performance, an objective, rational performance assessment system is being constructed through external consulting and TFT research.

Respect for Diversity and Human Rights

The BNK Financial Group advocates the basic principles for protecting and respecting human rights as set forth in the UN Human Rights Council's 'Universal Declaration of Human Rights' and 'UN Guiding Principles on Business and Human Rights'. Furthermore, it thoroughly observes labor-related laws required by countries and regions where it does business, as well as domestic and foreign labor laws.

BNK Financial Group's Human Rights Declaration

- 1 We shall prevent unfair labor actions such as forced labor and child labor in advance and observe labor policies recommended by the International Labour Organization (ILO) and ratified by the nation regarding health, safety, and work hours of employees.
- 2 Regarding personnel management such as employment, maintenance of employment status, evaluation, promotions, and payment of wages for employees, we shall not discriminate unfairly on grounds such as educational background, hometown, age, gender, race, or religion, and we shall respect diversity.
- 3 Regular education is being conducted to prevent human rights violations of employees, and efforts are being made to improve awareness of human rights.
- 4 Evaluations are conducted regularly to check the implementation of human rights management policies and to investigate and prevent human rights violation cases; when issues related to human rights occur, a channel for reporting it according to a designated manual is operated.
- 5 In the event that issues related to human rights occur, employees, customers, partners, and local stakeholders can file reports through the relevant channels, and we are taking appropriate actions to prevent the recurrence of similar incidents.
- 6 We are striving to improve financial accessibility for marginalized classes using financial products and services, and we do not discriminate due to race, gender, age, disabilities, etc. of customers.
- 7 We take action to prevent violations of human rights resulting from personal information leaks of customers, and we thoroughly manage personal information during sales activities and collect only essential information.
- 8 When making investment decisions such as financial products and provision of services including project financing, we consider human rights violation elements to which they can be exposed including child labor.

BNK Financial Group's Human Rights Management Strategy

The BNK Financial Group is striving to identify potential human rights issues and prevent human rights violations in all of its business activities including not only the rights of employees internally but also for responding to customers, business with partners, impact on the community, and investment considerations, etc. according to its human rights management policy. The BNK Financial Group respects the rights of all stakeholders by applying human rights management policies comprehensively in its ethical management.



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Evaluation of Human Rights Vulnerabilities

The BNK Financial Group is preemptively identifying the human rights issues of stakeholders that can occur while conducting businesses in order to manage potential human rights issue risks. Furthermore, it conducts audits on personnel, sexual harassment, anti-corruption, etc. for all work sites of subsidiaries including the holdings company and identifies and handles all human rights violations that may occur both internally and externally.

Key Areas of Human Rights Management

Protection of Employees' Human Rights	Protection of Customers' Human Rights	Promotion of Fair Trade Culture	Protection of Local Vulnerable Groups
Ensuring non-discrimination and diversity Fair hiring and compensation	Protection of personal information of customers Prevention of incomplete products, etc.	Respecting the human rights of partners (Human rights of call center agents human rights, hierarchical relations, etc.)	Protection of human rights of local residents Financial support for marginalized classes
+	+	+	+
Handling employee complaints Ensuring non-discrimination and diversity	Prevention of financial incidents of customers Strengthening personal information protection Strengthening customer accessibility	Protection of human rights of agents Establishing a fair trade culture	Realizing financial inclusion Pursuing win-win management with the local community

Major Programs of the BNK Financial Group Human Rights Management

▶ Handling Employee Complaints

The BNK Financial Group operates a channel for listening to and solving the complaints of employees. Busan Bank operates the mobile channel 'BNK Busan Bank Dudeurim' to handle employee complaints without any time or spatial constraints. In 2021, over 110 complaints were handled through the complaint handling channels Healing Mind and One HR, and in-depth interviews are held according to the submitted complaint in order to proceed with procedures to make improvements by resolving the issue. Kyongnam Bank is striving to handle employee complaints through the 'collection of on-site voices by visiting branches and collecting ONE HR complaints' to resolve the complaints of employees. Furthermore, it has set aside a task force for convenient consulting regarding complaints and to resolve the complaint quickly and smoothly; employee complaints are being discussed sincerely using various methods such as in-person interviews, phone, e-mail, etc.

▶ Sexual Harassment Prevention and Human Rights Education

The BNK Financial Group conducts sexual harassment prevention education for all employees and human rights education customized to each subsidiary with the goal of raising awareness among employees on human rights issues such as hierarchical issues at work, sexual harassment, etc. Professional lecturers are invited to diagnose the level of preventing sexual harassment at the office, and sexual harassment prevention rules, regulations related to sexual harassment, complaint consulting and relief procedures, prevention rules, etc. are being shared with employees. In June 2021, 'No Harassment at the Office' cyber training was held for two weeks, sharing cases of harassment at the office as well as how they were handled including the response methods. Busan Bank conducted proprietary education for branches with deficiencies to provide education on the reporting and handling procedures in case of sexual harassment as well as punishments, etc. for it. Kyongnam Bank operates a self-inspection day on the theme of 'preventing sexual harassment' as part of its efforts to raise awareness among employees on human rights issues including sexual harassment, with the BNK System taking the initiative to prevent sexual harassment by spreading public indecency (sexual harassment) prevention guidelines and actively sharing the Ministry of Employment and Labor's sexual harassment response manual to all employees.

▶ Considering Social Equity in Employment

The BNK Financial Group operates a fair employment process based on the 'exemplary bank employment procedure criteria,' and we do not unjustly discriminate applicants on grounds of nationality, gender, religion, etc. during the employment process. Furthermore, we are striving to maintain the stable employment of non-regular employees by converting contract-based employees into full-time regular positions, and we are also doing our best to expand employment for local job seekers. Busan Bank is working on expanding job opportunities for multicultural families facing difficulties due to COVID-19, veterans, and the disabled. Jobs are offered to people with severe disabilities having difficulties commuting to and from work by implementing the 'work-at-home program for the disabled.' Kyongnam Bank concluded an agreement with the 'Changwon Customized Training Center for the Disabled' to expand employment for classes needing social consideration. They are selected from among those seeking jobs, with customized training provided to give employment opportunities. Since 2020, it has employed outstanding disabled athletes together with the Gyeongnam branch of the Korea Employment Agency for Persons with Disabilities and the Gyeongsangnam-do Sports Association for the Disabled to provide support so that local disabled athletes can focus on training in a stable environment. Two athletes were sponsored in 2020 and 2021 each.

▶ Efforts to Improve the Human Rights of Call Center Agents

The BNK Financial Group strives to establish a culture of fair trade and to protect the human rights of partner companies. Customer center agents are important partners of the BNK Financial Group, and we are making multifaceted efforts to improve the human rights of agents and to prevent mental stress and physical ailments resulting from emotional labor. In particular, agents at the customer center are required to learn the response manual for different types of malicious customers, and announcements of the Occupational Safety and Health Act are provided as a rule when connecting to consultants. Sexual harassment prevention education is provided to prevent violations of the human rights of consultants preemptively. A variety of other mental health education programs and work stress relief programs are provided, while also expanding welfare programs such as making improvements to convenience facilities as part of our efforts to improve work satisfaction and guarantee the human rights of consultants. Various plans were put in place to prevent the spread of COVID-19 at the call center such as spacing out of consultants, holding of contactless meetings, separated working hours, family care leave, etc.



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STRATEGY 2.
Mutual
Growth



1 Strengthening Digital Competitiveness

Digital Management Strategy and Roadmap

The BNK Financial Group is promoting continuous innovation to create new business opportunities in the rapidly changing digital environment while preparing for the age of the fourth industrial revolution. By newly organizing the group D-IT sector in 2018 and the construction of the group IT sector in 2019, customer channels and work processes were reinvented using digital technologies in 2020. Furthermore, the BNK Digital Center was newly established in 2021 to introduce new digital technologies within the group, with an outreach utilization system constructed. In 2022, an implementation management organization system was composed for the group’s digital transformation as we seek successful conversion as a 'customer-oriented digital financial group.'

Digital Management Strategy

The BNK Financial Group is pursuing digital innovation for customer service channels such as mobile, branches, and customer centers, and we are securing data competence to provide smart financial services such as customer analysis, product recommendation, and personalized marketing. Moreover, the BNK Financial Group is promoting mobile transformation in all areas of retail finance, and it is seeking to expand contactless product competitiveness and strengthen the lineup to pioneer new markets in the Seoul metropolitan area while expanding its local market. We will utilize the BNK financial platform to establish a system for continuous growth.

Digital Management Strategy of Busan Bank

Pioneering New Markets Nationwide	Deepening/Expanding Local-based Customer Contact Points	Digitization of analog channel and Maximization of Utilization	Promotion of New Future Businesses (Custody, Asset Fluidization (STO))
Innovation of contactless product price/non-price competitiveness	Establishment of Integrated Banking Act focusing on user experience/usability	Expanding paperless policy for all branches and setting up digital desk	Custody, asset fluidization (STO)
Expansion of partnerships with non-financial companies for product sales channels	Re-establishment of corporate banking focusing on usability/ marketing	Efficiency of Customer response/ consulting using completed AI chatbot	
Utilization of behavior data ('Apps Flyer') in the My Data app	Strengthening of data capacity/ service	Construction of outbound auto call system (ACS) for customer representative part	
Data marketing through group big data/AI platform	Construction of citizen platform based on blockchain including local currency	Installation of help desk for mobile/senior only	
	Activation of contactless customer care and strengthening of sales capacities	Operation of a customer complaint improvement association and strengthening of branch customer care	



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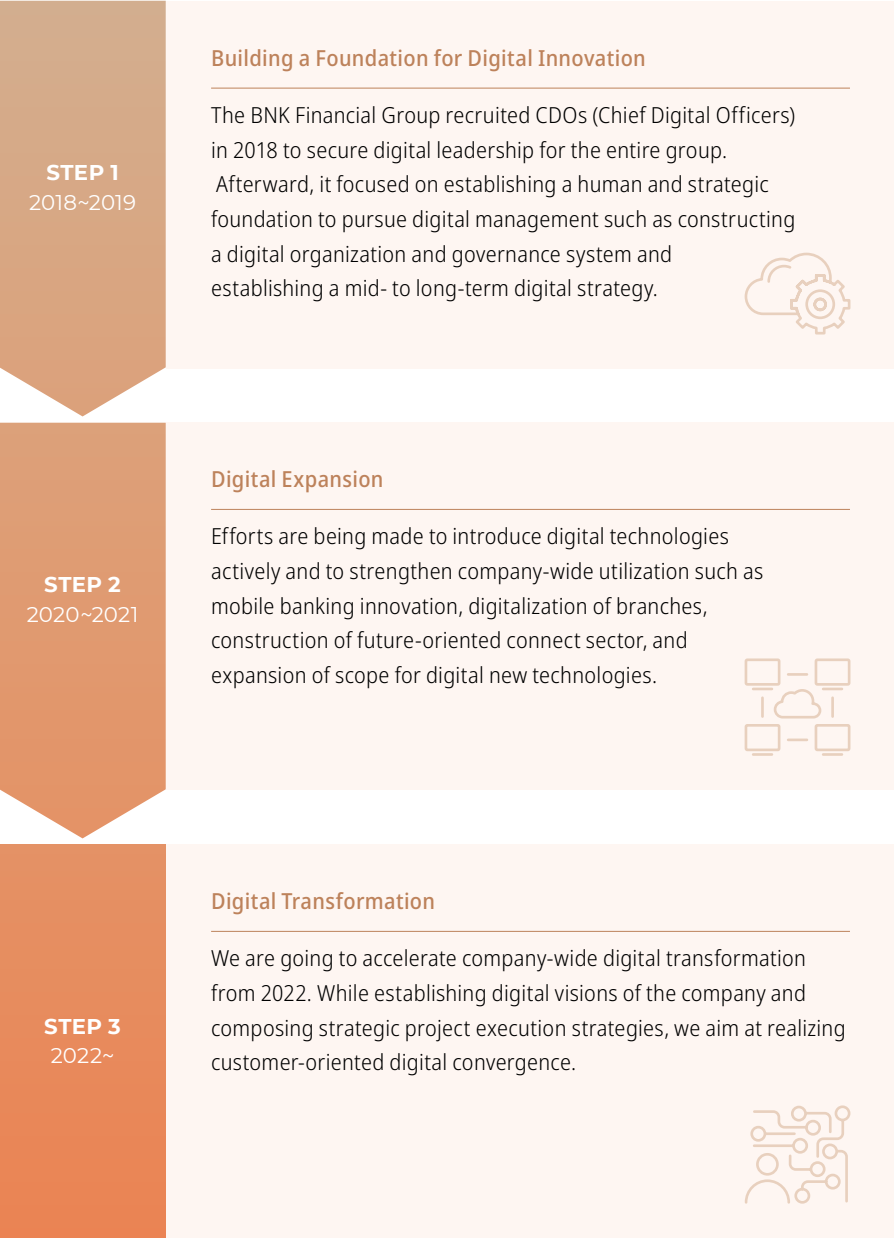
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Digital Road map for digital advancement Road Map

The group's digital transformation is implemented based on a three-step roadmap from a mid- to long-term perspective.

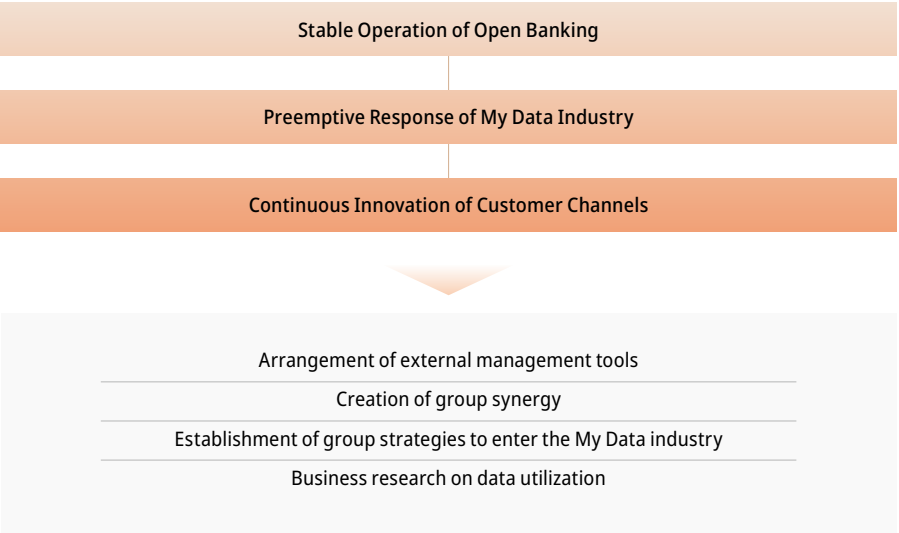


Ensuring Continuous Growth by Expanding the Digital Financial Infrastructure: Securing Digital Customers

The expansion of contactless and digitalization of finances following COVID-19 has led to a fundamental change in existing in-person channels. In order to respond to change in the external environment and to procure digital customers, the BNK Financial Group intends to offer distinguished financial services through innovation of on and offline customer channels and by using AI technologies. The BNK Financial Group will convert the entire retail finance to digital bases in the mid- to long-term to pursue continuous growth.

Systematic Response to Changes in the Financial Business Environment

The BNK Financial Group is striving to respond quickly to the financial innovation policies led by the government while securing competitiveness according to market changes. First, Busan Bank, Kyongnam Bank, and BNK Capital are providing My Data service* to improve customer convenience. Furthermore, it acquired authorization for the newly introduced electronic finance such as payment order service business and general payment services. It is establishing strategies and pursuing execution to pioneer the new market with distinguished business models.



*Asset management and credit management support services such as gathering credit information in one place and analyzing financial situations and consumption patterns to recommend financial products



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Online and Offline Customer Channel Innovation

Through continuous innovation of all on/offline customer channels and by activating digital marketing, we are continuously reinforcing open banking* competitiveness. We are striving to strengthen contactless channel capacities by applying new digital technologies and promoting contactless sales online, while expanding digital technology distribution in front-line channels such as branches so that customers can take advantage of more convenient financial services offline. Furthermore, the electronic name card service was introduced to enhance the digital experience of branch employees and to provide services according to the digital environment to customers. Customers can conveniently check employee information and recommended product lists without having to hold on to paper name cards, and they can also subscribe to products.

Busan Bank	<div>· Restructuring of corporate Internet/mobile banking</div> <div>· Construction and expansion of tablet branch**) 2.0</div> <div>· Realization of mobile full banking***)</div>
Kyongnam Bank	<div>· Improving UI/UX and major functions of mobile banking</div> <div>· Digitization of bank window work (additionally offer services that needed to be provided at branches in mobile banking)</div> <div>· Advancement and expansion of e-documents for bank windows</div> <div>· Transformation into customer center digital branches</div>
BNK Capital	<div>· Activation of mobile window</div> <div>· Digitization of overseas offices</div>
BNK Securities	<div>· Advancement of MTS (Mobile Trading System)****)</div>
BNK Savings Bank	<div>· Advancement of mobile banking</div>

* Joint banking infrastructure that standardizes core financial functions such as query and wire transfers to open up to other businesses

** System that allows branch employees to perform financial work outside of the branch using a tablet PC

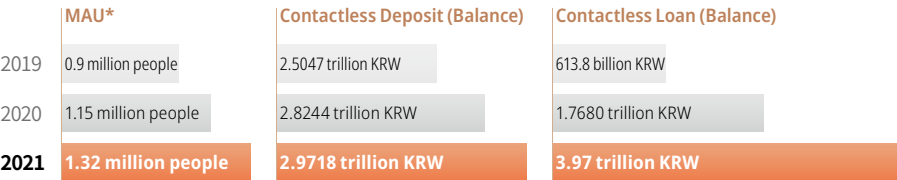
*** Service for providing the same financial transaction services regardless of online and offline

**** Stock trading system for individual investors using a smartphone

Strengthening Mobile App Competitiveness

The BNK Financial Group is strengthening its mobile banking competitiveness by improving its user-oriented UI/UX. The financial product mall was completely overhauled so that customers can find their desired products easily, and menu search functions were added on the main screen, while arranging major function buttons on the bottom. In order to enhance convenience of using mobile banking, error messages were made more visible with the zero-pay gift certificate payment screen improved. Mobile banking was turned into a lifestyle financial platform to offer loss insurance claims, securities analysis, and coupon mall services, and services will be added continuously.

Status of Using Digital Finance

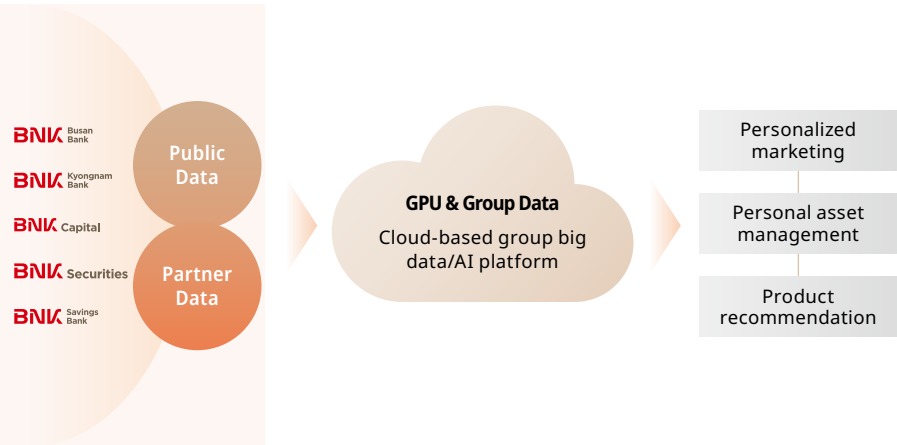


* MAU(Monthly Active User)

Personalized and Intelligent Financial Services

The BNK Financial Group is pursuing a pilot project for verifying feasibility in various work fields to introduce AI technologies, which are core future elements, and it established a comprehensive big data/ AI strategy for the entire group. The three subsidiaries of the BNK Financial Group began offering the 'BNK My Data' service, an integrated asset management service customized to individual customers, in January 2022 based on strategic partnerships related to Coocon and My Data. 'BNK My Data' offers functions such as 'integrated asset query' for viewing personal assets such as banks, credit cards, securities, insurance, pension, etc. all at once, 'financial calendar' for identifying daily/monthly income/ expense details and financial schedules, and 'BNK financial subsidiary integrated query' for viewing the BNK Financial Group's subsidiary transaction information all at once. Through this, the BNK Financial Group will provide integrated asset management services tailored to users, aiming at collecting third-person information with the consent of customers to offer high-quality services to customers in the Busan, Ulsan, and Gyeongnam areas by procuring data bases, etc. In 2022, it plans to advance the My Data service to offer services such as customized product recommendation services through AI analysis as well as real estate and automobile market prices, etc.

Personalized-Smart Financial Services



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Transition to Digital Bank Through Active Adoption and Utilization of New Digital Technologies: Improving Efficiency of Internal Work

The BNK Financial Group is actively integrating digital technologies and pursuing work efficiency by transitioning to a digital bank. The BNK Digital Center was opened in 2021 to enhance company-wide digital core capacities; through this, it is pursuing true customer service innovation that focuses on customers even more.

Digital-based Work Efficiency

The BNK Financial Group is promoting digital-based work efficiency in various aspects. A digital window system using tablet PCs and digital pens was implemented to handle work at the bank window without using paper. This enabled mitigating risks of information leaks, conserving resources, improving customer convenience, and shortening the work handling time unlike when dealing with paper documents. Furthermore, it promotes the automation of simple labor by using robots. The application of RPA (Robotic Process Automation) system* wherein a robot automatically handles simple and repetitive work was expanded for the headquarters and branches. Work efficiency is being improved by operating the RPA. In addition, Kyongnam Bank improved branch work efficiency through reforms to repetitive/manual work processes by constructing the OCR (Optical Character Recognition)** collateral reevaluation/review integrated management system for the first time in banking.

BNK Digital Center

The BNK Financial Group opened the BNK Digital Center in 2021. While providing digital core capacities of the bank and upgrading the standardization of digital capacities of subsidiaries, plans include creating synergy effects focusing on digital technologies. Furthermore, it plans to construct a cloud-based 'group big data/AI platform' to collect and analyze internal and external data of the group. Using this, a smart algorithm for personalized marketing, personal asset management, product recommendation, etc. will be developed to strengthen the group's AI competitiveness.



BNK Digital Center

Transition to a Future-oriented Customer Center

The BNK Financial Group's customer center is evolving from the traditional method of multiple customer representatives responding to customers toward a future-oriented customer center that actively utilizes AI technologies. It constructed the 'Visible ARS (Automatic Response System)***' that breaks away from the traditional role of providing simple responses and counseling. Visible ARS provides visual information to customers who cannot hear or who have hearing difficulties so that the desired work can be processed while looking at the smartphone screen. Furthermore, the counseling analysis system was further advanced to respond preemptively to customer complaints while spotting marketing opportunities. Work is also becoming more efficient, and marketing capacities are being strengthened by introducing AI chatbots and voicebots. Plans include implementing AI chatbots and voicebots after 2022 to offer AI consulting services, and we are also planning to make mass outcall work and customer representative work more efficient using auto-calls of the ACS (Auto Call System). In the future, we will construct a real-time STT**** and introduce voicebots to advance the future-oriented customer center further.

Digital Voucher Service

Busan Metropolitan City was designated as a 'Blockchain Regulation-Free Zone' in 2019, and it has been pursuing projects in four sectors including tourism and financial services. Accordingly, Busan Bank officially launched the 'Digital Voucher Service' in the financial service sector in October 2020. The Digital Voucher Service offers not only general mobile banking services such as payment and wire transfers using new digital wallets based on blockchain but also the integrated management of government policy subsidies and corporate welfare points. Issued digital vouchers are stored in the Busan Bank mobile app and can be used freely in Sumpass stores. By circulating the new blockchain-based digital currency within the region, it is expected to activate the local economy, make local government policy budgets and administration more efficient, and create a relevant industrial ecosystem by linking with the Blockchain Regulation-Free Zone. In particular, MOUs were concluded with various institutes to provide digital vouchers in 2021. An MOU was concluded with Silla University to provide 'Exciting Silla Money' that used digital vouchers for various kinds of funding within the Silla University campus. An MOU was also concluded with Coinplug to provide customers using the 'Citizen Safety Report' app with digital vouchers as rewards.

* Technologies that automate repeated works carried out by people using computers with robot software
** Acquire images of letters written by people or printed using machines with an image scanner to convert into letters that can be read by a machine
*** System that stores various kinds of audio information in a memory device to send automatically the information desired by users
**** Speech to Text: the computer analyzes the speech of people and converts the contents into letter data



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Contributing to the Establishment and Development of Fintech Ecosystem by Supporting Startups: Strengthening External Collaboration

The BNK Financial Group is strengthening the group’s fintech management and support activities to find new growth engines and procure competitive technologies. Fintech companies with outstanding technologies are being supported, and collaboration with them is being pursued in order to foster the fintech ecosystem actively. Through this, the BNK Financial Group will actively gain competence in the digital business environment.

Support for Fintech Startups

The BNK Financial Group is strengthening the group’s fintech management and support activities. In January 2020, it opened the 'BNK Fintech Lab,' which is a program for creating an innovative business model for establishing the local fintech industry ecosystem and for coexisting with fintech businesses. A total of 63 companies (14 in 1st, 19 in 2nd, 20 in 3rd, 10 in 4th) were selected until 2021 to provide specialized accelerating programs and to foster and develop startups. Moreover, 20 companies located in Busan completed the program; thus contributing to the development of the local fintech industry. In addition, the 'BNK Fintech Association' joined by seven of the group’s subsidiaries was operated to challenge new digital businesses continuously based on various businesses and technological partnerships with tenant companies of the BNK Fintech Lab. In November 2021, the 'BNK Fintech Lab Meet Up Day' was organized to hold online/offline meetings for BNK Fintech Association members, BNK Fintech Lab companies, and staff from each subsidiary. Through this, Busan Bank partnered with companies such as Big Tech Plus and Food Travel, with Kyongnam Bank collaborating with Big Tech Plus. Kyongnam Bank also joined the Korea Startup Forum as a special member for the sustainable growth of startups and development of the ecosystem; based on this, it aims at preemptively finding promising local startups and expanding the platform market of banks through win-win cooperation with startups.

Contactless Loans with Fintech Partnerships (2021)

Category	Performance
Busan Bank	273.2 billion KRW
Kyongnam Bank	709.1 billion KRW
BNK Capital	311.6 billion KRW
BNK Savings Bank	115.8 billion KRW

Creating Synergy through Collaboration

The BNK Financial Group is expanding fields of applying fintech while promoting win-win models with fintech companies by actively promoting strategic partnerships with various fintech companies. Moreover, by providing distinguished financial services unique to BNK through partnerships with a variety of other industries, it is looking to expand its customer base continuously and reinforce the ecosystem. Busan Bank expanded its limited customer base through partnerships with other platforms such as Lotte Members, CJ CGV, etc. and it is preparing differentiated customer services reflecting AR and character elements enjoyed by the MZ Generation. Kyongnam Bank partnered with Toss and Kakao Pay to sell loan/deposit products to attract new customers from the Seoul metropolitan area where there are insufficient branches, and it has generated sales and profits for fintech companies. It also concluded an MOU for the joint promotion of digital financial services with Naver Financial and a work MOU for metaverse-based financial services with Mammo6 as part of its efforts to offer financial services through partnerships with various fintech companies.

Status of Fintech Partners (2021)

Category	Fintech Partners
BNK Group	Kakao Enterprise, Pusan National University
Busan Bank	Lotte members(L.Point, L.Pay), CJ CGV, Yanolja, Food Travel, Flower Farm, Big Tech Plus, etc.
Kyongnam Bank	Naver Financial, Mammo6, Big Tech Plus, Horizon Technology
BNK Capital	KT, KCB
BNK Savings Bank	Payco



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2 Advancement of Environmental Management

Promotion of environmental management strategies

The BNK Financial Group is striving to promote systematic environmental management and to establish comprehensive management systems to promote ESG management. For this, 'Environmental Management Regulations' was enacted and it is in force. The BNK Financial Group complies with its rules. In addition, since declaring coal-free finance in August 2021, it has reinforced support for eco-friendly companies by stopping support for companies that contribute to climate change using fossil fuels, etc. The BNK Financial Group will expand eco-friendly financial products and services such as carbon deposits/savings while contributing to the spread of eco-friendly culture for the local community.

Environmental Management Regulations

Article 10 (Environmental Policies) prescribes the establishment, maintenance, and management of the 'environmental management policies' prescribed by the CEO as the company's management policies for the environment.

- ① The CEO shall establish, execute, and maintain the following environmental policies within the scope of the organization's environmental management system:
1. It must fit the objective and situation of the organization including the essence, scale, activities, products, and services of the organization.

2. A framework must be provided to set environmental goals.

3. The will to satisfy the applied requirements must be included, as well as the will to protect the environment including pollution prevention and other special situations of the organization.

4. It must include the will for compliance with the environmental management system.

5. It must include the will for continuous improvement of the environmental management system.
- ② Environmental policies must be as follows:
1. It must be maintained as documented information.

2. There must be communication within the organization.

3. It must be available for use by stakeholders.

Environmental Management International Certification (ISO 14001)

Acquisition and Maintenance of Environmental Management International Certification (ISO 14001)

The BNK Financial Group is maintaining the ISO14001 certification it has acquired, which is an international standard in environmental management. Through this, it is systematically pursuing environmental management that meets international standards. Busan Bank acquired the ISO 14001 certification from the Korea Productivity Center Quality Assurance on Jun. 24, 2019, and it is maintaining the certification through annual follow-up management reviews. Busan Bank will expand eco-friendly management to fulfill its responsibilities as a green bank.

Efforts to save Energy

Energy Saving Campaign

The BNK Financial Group is enhancing the motivation of all employees to save energy and water. Kyongnam Bank is maintaining appropriate indoor temperature and conducting energy-half time for its headquarters and branches to save energy; thus reducing greenhouse gases. In addition, it holds monthly supply organization days to help save on supplies. As efforts to raise employee awareness of energy and water saving, it registered major exercises on post Pop-Up and engaged in the 'New Wave Energy Diet Movement'.

Energy conservation (Reduce)	<div>· 'Take Care of Summer' in the summer season</div> <div>- Maintain appropriate indoor temperature (26°C or higher in summer)</div> <div>· 'Energy-Half Time' at the headquarters</div> <div>- Stop cooling and heating during lunch and before closing hours (1 hour before)</div> <div>- Turn off all lights after office hours (19:30)</div> <div>· Minimize standby power</div> <div>- Unplug when mobile phones complete charging</div>
Supply conservation (Reuse)	<div>· Implement 'supply organization days' every 15th of every month</div> <div>- Organize and inventory items such as important certificates and supplies</div> <div>- Purchasing stuffs considering the appropriate amount of holding</div>
Change of awareness (Remind)	<div>· Improve employee awareness of energy and supply conservation</div> <div>- Major exercise poster production and groupware Pop-Up registration</div> <div>· Energy/Supply saving IDEA contest</div> <div>- Increase participation by finding new ideas and increasing interest</div> <div>- Reward for employees suggesting outstanding ideas</div>

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Operation of Eco-friendly Buildings

The BNK Financial Group applies eco-friendly facilities in the building to save energy use in the building.

Busan Bank	<ul style="list-style-type: none">· Building energy efficiency grade 1 building certification· Installation of LED lights, installation of windows with high heat-blocking effects, use of geothermal system· Use of air conditioner fan inverter motor· Use of construction materials that minimize pollutants· Continuation of green remodeling projects
Kyongnam Bank	<ul style="list-style-type: none">· Improvement of indoor air quality by improving ventilation equipment/installing fine dust filter at branches· Reduced electricity costs by using eco-friendly construction materials and high-efficiency equipment· Heating/cooling energy efficiency by implementing open-type desks

Mail Emptying Challenge

Kyongnam Bank encourages all employees to participate in the 'Mail Emptying Challenge' to reduce greenhouse gases. High numbers of e-mail of employees cause higher electricity usage at the data center due to increased activation rates of cooling devices. The 'Mail Emptying Challenge' helped the company minimize the electricity usage of the data center; thus reducing greenhouse gas emissions. It attempts to internalize continuously a culture of reducing greenhouse gases in normal operations through various movements and challenges.



Mail Emptying Challenge

Establishment of Healthy Stair Environment at the Headquarters

The BNK Financial Group is establishing a culture of reducing greenhouse gases in everyday life. Kyongnam Bank established thematic stairs for each region for its staircase and created a storytelling space by attaching photos of regional attractions and tourist destinations on the walls of the staircase. Employees can improve their health by using the healthy stairs while helping reduce carbon dioxide in daily life.

Installation and Operation of EV Chargers

Busan Bank additionally installed one rapid EV charger and three regular EV chargers at the basement parking lot of the headquarters to offer local residents EV charging infrastructure. A total of seven EV chargers were installed until 2021, and plans include continuously installing more EV chargers in buildings other than the headquarters as well. Kyongnam Bank is planning to install EV chargers as it changes its work vehicles to pollution-free vehicles.

Implementation of Solar Power Generator Equipment

The BNK Financial Group is converting to renewable energy sources for energy it uses by implementing renewable energy generators and is striving to reduce dependence on fossil fuels. As part of these efforts, Busan Bank installed solar power generator equipment in eight branches including the Geoje-dong Branch in 2021. The total generation capacity of the installed solar power generation equipment is 177kW; in 2021, it produced 24,000kW of electricity on average every month. As a result, electricity fees were reduced by approximately 8.5% compared to the previous year.

Implementation of Pollution-free Work Vehicles

The BNK Financial Group is replacing work vehicles with pollution-free vehicles as the durable life of work vehicles expire. Busan Bank is looking to replace all of its vehicles with pollution-free vehicles. A total of 35 vehicles were changed to pollution-free vehicles in 2021. Through this, as of the end of 2021, 157 out of 297 work vehicles of Busan Bank are pollution-free, accounting for 52.8%. Low-pollution vehicles and EVs will be implemented continuously to reduce air pollutants. Kyongnam Bank and BNK Capital have been taking part in the pollution-free vehicle transition 100 (K-EV100) campaign to switch all vehicles they own and lease to pollution-free vehicles since 2021, and they were selected as participating companies in the campaign by the Ministry of Environment that oversees the campaign. Work vehicles will be sequentially changed to pollution-free vehicles from 2022, and it will assertively respond to climate change through carbon emission reduction activities.

Plan to introduce the pollution-free work vehicles

1	Commonly Used Vehicles (Headquarters)
2	Exclusively Assigned Vehicles (Headquarters)
3	Branch Vehicles
4	Executive Vehicles
5	Other Vehicles (Owned, Bus)



Approval letter for joining the Korean-style zero-emission vehicle conversion 100



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3 Achieving Financial Inclusion

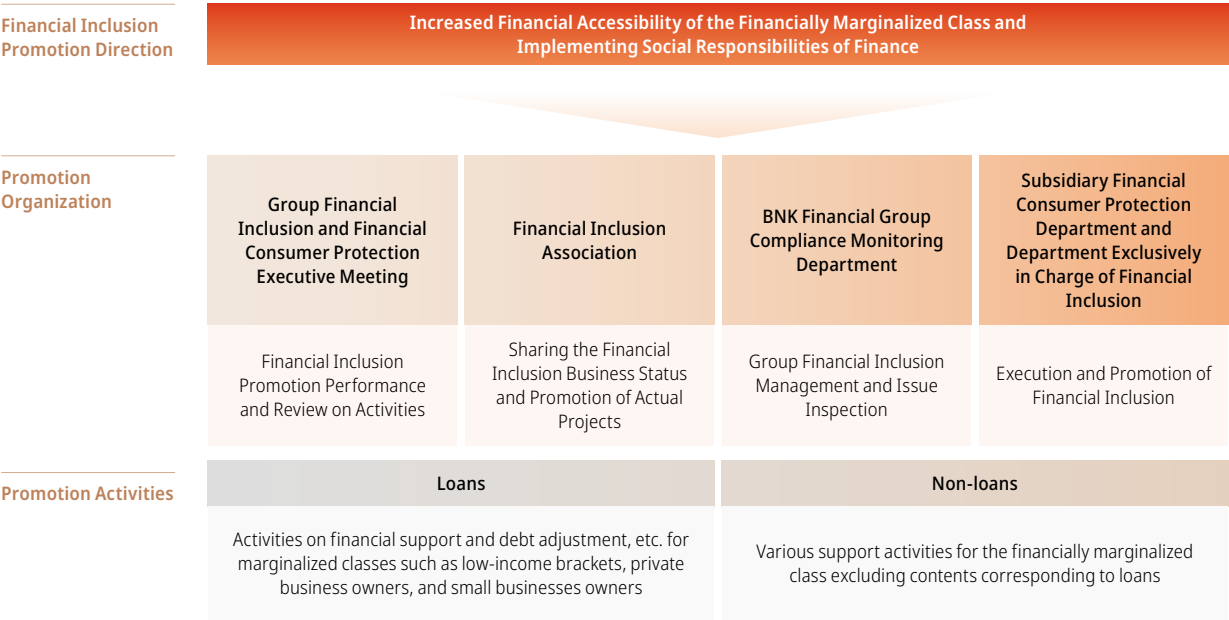
Promotion System of Financial Inclusion

As the representative financial institute of southeastern Korea, the BNK Financial Group has been engaged in various kinds of financial inclusion support in the Busan, Ulsan, and Gyeongnam areas with the goal of mutual growth with local communities and activation of the local economy. Various financial inclusion projects are being implemented to expand opportunities by increasing the financial accessibility of the financially marginalized classes such as low-income, low-credit persons and to execute the social responsibilities of finances to resolve polarization, which is a pending socio-economic issue. In particular, we are offering customized programs including both financial and non-financial for lower income brackets, small businesses, socio-economic companies, and multicultural families; thus contributing to easing the financial burdens of lower-income families and stabilizing the economy for the common people.

Enhancing Financial Inclusion

The BNK Financial Group organized a department exclusively in charge of financial inclusion centering on the financial consumer protection department in April 2020 and enacted the group's 'financial inclusion work manual.' It is systematically managing financial inclusion by holding financial inclusion meetings for the entire group semiannually, etc. Since 2021, it has selected focus areas for financial inclusion according to the features of each subsidiary as it focuses on promoting financial inclusion. In April 2021, the 'group financial inclusion work manual' was enacted, and the existing 'group financial inclusion executive meeting' was changed to the 'group financial inclusion and financial consumer protection executive meeting,' which is being held twice a year. In 2022, in order to reflect the Financial Supervisory Service work plans and to execute the measures set forth by the group financial inclusion and financial consumer protection executive meeting, the 'group financial inclusion work manual' was revised in May 2022, and subsidiaries also revised their internal regulations, etc. The BNK Financial Group is continuously realigning systems for pursuing practical financial inclusion and is clearly setting financial inclusion promotion directions according to the work plans of the Financial Supervisory Service every year to pursue actual financial inclusion. In the future, financial products will be further expanded for the financially marginalized class, and plans include continuously developing customer-friendly activities to provide actual financial support that can contribute to the community and society and which can be appreciated by the financially marginalized class.

Financial Inclusion Promotion System



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Reinforced Support for Low Income and Small Business Owners

Operation of Private Business Owner Support Center

The BNK Financial Group operates an exclusive center to support local small business owners and private business owners. The support center is an organization dedicated to supporting small business owners and private business owners, and it offers basic financial consulting services as well as medium-interest rate loan consulting for users of high-interest rate loan, and consulting linked to loans to replace the national happiness funds. Busan Bank opened general support centers for private business owners at its headquarters and branches in 2019, and it is currently offering management support consulting programs for the stable operation of businesses. In April 2021, it concluded a work MOU for promoting financial support for ordinary people together with Kyongnam Bank, and it has been operating the '3-Step Comeback Support Program' to help private business owners get back on their feet quickly. Kyongnam Bank opened the 'support center for small business and private business owners' as an organization dedicated to supporting small business and private business at Changwon Central Branch in 2019 to help local small business and private business owners experiencing difficulties due to the slow domestic market; thus providing comprehensive financial services. Expert consulting support is being provided in various sectors such as business feasibility analysis, taxes, commercial district analysis, store operations, etc. In 2021, management consulting was provided to a total of 46 people, with 37 loans worth 1,760 million KRW provided to 19 people desiring financial support.

Small Business Owner Hope Sharing Project

Kyongnam Bank offered a program for helping resolve the funding issues of small business and private business owners experiencing difficulties due to the ongoing COVID-19 pandemic by hosting the '2021 Small Business Owner Hope Sharing Project.' The 'Small Business Owner Hope Sharing Project' worked together with local governments to provide emergency business stability relief funds and offered management consulting. Through this, small business owners received consulting on business difficulties and finances; they also received loans quickly regardless of their credit rating. Through this, a total of 7 billion KRW was provided to local small business and private business owners each.

Emergency Financial Support for Companies Affected by Disasters

The BNK Financial Group offers financial support to companies and small businesses that incurred damages from unexpected disasters. Busan Bank operated a financial support program for local SMEs that suffered damages due to disasters, and financial support is being strengthened for local companies that incurred damages due to the forest fire that broke out in 2022. In particular, companies in conflict areas, companies that export for sales, and companies that purchase imports, etc. but experiencing difficulties due to the situation in Ukraine are being monitored, and industry trends including difficulties are being identified so that branch managers can make prompt decisions on extending loan reimbursement periods, deferring repayment of debts, etc. considering the scope of damages and urgency. In order to prevent small businesses that have been in business for at least three years from closing down due to COVID-19, Kyongnam Bank provided financial support to small business owners through the 'Gyeongsangnam-do Small Business Owner Development Financial MOU.'

Support for Using Disaster Relief Funds

The BNK Financial Group supported the use of disaster relief funds to ensure the livelihood and income of citizens experiencing difficulties due to COVID-19. Busan Bank issued 2.54 million prepaid cards worth 327 billion KRW in 2021 together with Busan Metropolitan City and local governments, and Kyongnam Bank also collaborated with the central and local governments to support the use of national support funds and consumption support funds. It provided support so that citizens experiencing difficulty due to COVID-19 could use 32.4 billion KRW worth of national support funds and 2.172 billion KRW worth of consumption support funds.

Postponement and Reduction of Interests for Small Business Owners and Financially Marginalized Classes

The BNK Financial Group enacted the 'SME liquidity support program' to support local small business owners and financially marginalized classes experiencing difficulties due to COVID-19. Busan Bank was the first bank to enact interest repayment postponement programs, and it actively supported new funds, interest rate cuts, extension of maturation, and deferment of installment repayments to focus on minimizing impact on the local economy. The period for the SME liquidity support program was extended to the end of September 2022 to minimize the burdens of borrowers for repayment, with prior consulting offered so that borrowers can select the optimal repayment method once the period expires and various long-term and installment repayment methods provided considering the situations of individual borrowers.

Activation of Private Business Loan Support

The BNK Financial Group activated loan support for private businesses to help with the smooth operation of their businesses. Through this, it helps procuring funds for vulnerable borrowers facing temporary difficulties in running their business while enabling the supply of stable and practical financial services for the financially vulnerable class that is overlooked when it comes to financial support. BNK Capital supports payment plans and purchase funds for cargo vehicles and vans used for the livelihoods of private business owners, and it is smoothly operating eco-friendly auto leases and rental cars for business use. In addition, by performing actual support functions such as manufacturing machine lease and general industrial material lease facility funds, it is providing essential financial products and services to ordinary people, small businesses, and SMEs.



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Enhancing loan and counseling support for those with the lowest credit

BNK Financial Group is continuously expanding the supply of financial services for the low-income earners so that those with the lowest credit are not marginalized in finance. Busan and Kyongnam Bank offer the Sunshine Loan15 product to embrace the lowest creditors who are inevitably using high-interest loans for loan business or illegal private finance as institutional finance. In addition, we are providing Sunshine Loan Bank, a financial product for low-income earners with a joint banking agreement to support customers who have difficulties in using institutional financial institutions.

In particular, Busan Bank installed the New Hope Spore Loan, a core financial product for the common people, into mobile banking for the common people who have difficulty visiting branches due to their livelihood, so that they can easily and conveniently get a loan anytime, anywhere. In addition, by installing the low-income financial products on the 'Customized Loan Service Platform' of the Financial Services Agency, we are proposing suitable low-income financial products for customers and selling them in connection with mobile banking. We are operating a specialized debt management program for the financially underprivileged who are suffering from multiple debts and excessive debt in order to prevent damage from excessive debt at high interest rates.

Kyongnam Bank is operating 'BNK Mobile Credit Loan Plus', a mid-interest credit loan product that relieves the burden of interest rates on the lowest creditors who have difficulty using the first financial sector, and provided 284.2 billion KRW in 2021. In addition to the existing affiliate channels, the product is also installed and operated on the 'Customized Loan Service Platform' of the Financial Services Agency for the Low-income earners in order to enhance customer accessibility.

Expansion of Supply of Loans for Small Business Owners and Financially Marginalized Classes

The BNK Financial Group is expanding the supply of loans for small business owners and financially marginalized classes. Busan Bank launched new special guarantee loans to support small business owners with low or medium credit scores and expanded eligibility for the 'Modu Loan' that targets low-credit small business owners to young startups, in order to increase the supply of loans in support of those with financial vulnerabilities. It also concluded the 'Agreement on Special Funding for Small Business Owners Affected by COVID-19' together with the Busan Credit Guarantee Foundation to provide one-year interest-free loans for up to 10 million KRW without any credit score restrictions or limits. Through this, local small business owners having difficulties due to slow sales caused by COVID-19 and fixed expenses such as lease were supported.



Busan Bank Agreement ceremony on Special Funding

Busan Bank and Kyongnam Bank also supported the 'Secondary Preservation Agreement Loan for Small Businesses Damaged by COVID-19,' which is a joint banking product for the smooth supply of funds of small business owners who are hurting due to COVID-19. This enabled reducing the burden of financial expenses for small business owners while extending loan deadlines to provide various policy support funds quickly. Such financial support for local small businesses and SMEs by the BNK Financial Group was recognized externally. Busan Bank was awarded in the SME support sector in the 2021 'Financial Inclusion Contributor Award' hosted by the Financial Supervisory Service in December 2021 and was also given the Minister of Economy and Finance Award in the institution sector at the '11th Inclusive Finance Forum and Inclusive Finance Awards' in February 2022. Kyongnam Bank won the Financial Supervisory Service Award for its inclusive finance support.



Inclusive Finance Forum, Inclusive Finance Awards

Bolstering financial support for the financially marginalized class

Support for Debit Cards and Systems for Classes Needing Social Consideration

The BNK Group offers various card products and systems to support the classes needing social consideration. Busan Bank partnered with the Multicultural Love Card and Busan Citizens' Library for multicultural families in fulfillment of its social responsibility through the B SMART card that contributes part of the amounts used for the One Book One Busan campaign, Braille card for the visually impaired, and Didimdol card for youths living and searching for jobs in Busan.

Kyongnam Bank is supporting the Multi-Children Love Card, a specialized product for families with multiple children in Ulsan, Braille card for the visually impaired, and Gyeongnam Youth Support Card that supports activity costs related to job seeking for youths seeking jobs in Gyeongsangnam-do, Ulsan, and Changwon. It also supports the Citizen Happiness Card (integrated I-Happy Card, Citizen Happy Card in 2021) that can be used in national voucher programs such as pregnancy and childbirth vouchers.

Deposits/Savings with High Interest Rates for Low-Income Families

The BNK Financial Group has launched a variety of high-interest preferred support products for low-income families. 'BNK Hope Making Savings,' 'BNK Local Love Free Savings,' and 'Hopeful Future Bank Account' of Busan Bank are products that offer preferred interest rates for the financially marginalized classes, medium- to low-income classes, and homeless customers to provide practical support in forming assets for the financially marginalized classes.

Kyongnam Bank operates various preferred interest rate and tax benefit products it has launched to support low-income families and vulnerable classes. In particular, products for local financially vulnerable classes are being provided with the cooperation of the central and local governments.

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Strengthening Accessibility for Financially Marginalized Classes

Provision of Financial Education for Marginalized Classes

Busan Bank released the 'Busan Bank Finance Class' to help improve financial accessibility and understanding for the financially marginalized classes such as senior citizens, children and youths, people with disabilities, etc. to provide customized video education contents. Kyongnam Bank is continuously providing selective financial education such as financial education for children who are no longer minors and college student career education. Efforts to support financial education for the financially marginalized class resulted in winning the Financial Supervisory Service Award and Minister of Education Award in 2022.



Touring financial education
MOU on financial education for children who are no longer minors and job
support projects
Kyongnam Bank Minister of Education Medal / Financial Supervisory Service
Medal

Mobile Branch: Touring Senior Citizen Consulting

Busan Bank is operating the 'Touring Senior Citizen Consulting Window' to provide relief on the limited accessibilities of elderly people who live far away from branches or have difficulties with mobility, which makes it hard for them to use financial services. Visitations are made on the 20th (living expense payment date) and the 25th (pension payment date) for areas with closed branches or areas alienated from financial services to offer various financial services such as deposits/withdrawals, account book transfers, payment of utilities, reporting duties, etc.



Touring Senior Citizen Consulting Window

Operation of Senior Supporters

Busan Bank operates the 'Senior Supporters' to help elderly customers use the bank more easily and to create jobs for senior citizens. 'Senior Supporters' communicate with elderly customers and help elderly citizens use ATMs, pay bills, etc. In 2021, a 'Senior Internship' MOU was signed with the Korea Labor Force Development Institute for the Aged to operate 'Senior Supporters' in a total of 19 branches.



Senior Supporters

Wise Financial White Papers for Seniors

Busan Bank produced the 'Wise Mobile Financial Life for Seniors' book to enhance accessibility to mobile banking for elderly customers.



Magnifying Glass Service on Mobile Banking

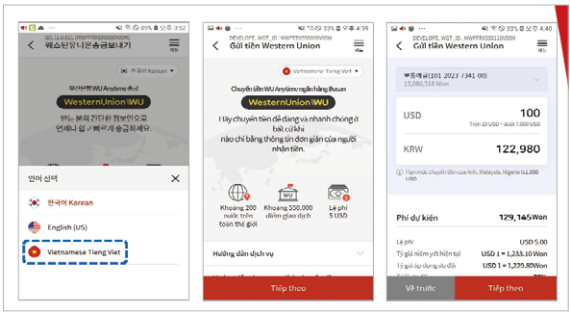
The BNK Financial Group offers services considering the convenience of elderly customers. Busan Bank provides the 'Mobile Banking Magnifying Glass Service,' whereas Kyongnam Bank uses large font and provides transfer services for elderly customers.



Mobile Banking
Magnifying Glass Service

Specialized Services for Foreign Customers

ARS, mobile, and Internet banking services are offered in various languages for the convenient use of financial services. Offered in English, Chinese, Japanese, and Vietnamese, ARS provides balance inquiry, transaction history, and exchange rate services. In addition, Busan Bank offers preferred exchange rates and fees for multicultural families in Busan with up to 80% exchange benefits, while also operating programs to waive fees for single wire transfers.



Anytime Wire Transfer (Vietnamese) Screen



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4 Enhancement of local win-win activities

Harmonizing with the Local Community and Boosting Local Economy

The BNK Financial Group is the representative financial institute of Southeastern Korea that grows based on its local region. It has been maturing with the region, placing utmost value on coexistence with the local community. It plans to continue serving as a financial institute for the development of the local economy and to promote the local economy. Furthermore, the BNK Financial Group is making multifaceted efforts to provide financial support for companies with excellent technologies, promote the reduction of interest rates for companies that create jobs, and implement innovative financial services.

Operating Local Currency(Dongbaekjeon)

BNK Financial Group aims to promote the local economy by participating in local currency projects. From April 2020, Busan Bank launched the 'Dongbaekjeon' Card. Busan Bank secured convenience and accessibility by issuing the Dongbaekjeon Cards in all branches and online. In March 2022, Busan Bank was selected as an operator and plan to operate local currency projects worth of 3.64 trillion KRW in the next three years. Busan Bank plans to increase convenience for users by providing contactless services through apps, 24-hour call centers, 215 branches in the entire Busan area, 1,300 automation machines, and mobile stores. Additionally, all proceeds from Dongbaekjeon project will be given back to the local community to fulfill Busan Bank's responsibility as a local bank. At the same time, '1,000,000 Local Win-Win Projects' will be launched to start financial aid projects. Kyongnam Bank is also supporting local business owners and local gift certificate sales through participating in local currency projects. The amount of sales and exchange in 2021 stood at 63 billion KRW.



Sponsoring Local Employment

The BNK Financial Group and the Busan Office of Employment and Labor held the '2021 Busan Online Job Fair' joined by about 120 companies and over a thousand job seekers to vitalize the sluggish local employment market and to provide relief for local companies that are unable to find employees. During the fair, we supported customized programs for participating companies and job seekers, including management consulting support and employment incentives. On November 4, 2021, Kyongnam Bank concluded a work MOU for the Gyeongnam youth-friendly support project. Among SMEs in the province that received public institute certification through the MOU, SMEs with excellent youth job creation, work-life balance organizational culture, and job stability were selected for preferred interest rates, etc.

Financial Support for Job-creating Companies

The BNK Financial Group operates a wide range of products for outstanding companies in terms of job creation such as preferred interest rates, special guarantee support for job creation, etc. to promote the local economy. In 2021, Busan Bank renewed the 'Financial Support Agreement for Coexistence with Busan SMEs' with the Korea Housing Finance Corporation to provide continuously the foundation for local SMEs to create jobs. In addition, it provided a total of 211.8 billion KRW in finances in 2021 for the creation of jobs such as continuously attempting to create and maintain jobs for SMEs through loans agreed upon with guarantee institutes such as the Korea Credit Guarantee Fund. Kyongnam Bank built a customized collaboration system with Gyeongsangnam-do and Korea Aerospace Industries (KAI), and it is supporting smart factory distribution as well as the aerospace industry for the aerospace manufacturer (KAI affiliate) located in Gyeongnam. Through the KAI work MOU and smart factory distribution and outreach MOU in 2021, it provided 6.2 billion KRW and 11.1 billion KRW, respectively. It is planning to provide total support of 100 billion KRW for spreading the smart factory and fostering the aerospace manufacturing industry by the end of 2022. Through this, it is expected to contribute greatly to the development of SMEs in the aerospace industry and in the creation of local jobs.

Community Policy Support

The BNK Financial Group strives to cooperate in the major policies of local communities as a locally based financial institute. Kyongnam Bank released the 'Gayawangdo Gimhae Love Installment Deposit/Savings' as a special product to support inflowing population to the local community, and it offers preferred interest rates of 0.6% or 1.5% when one verifies moving to or giving birth at the local region. In addition, it launched the 'New Start Deposit' to commemorate the launching of Changwon Special City. This product offers 0.4% preferred interest to all subscribing customers and 0.2% preferred interest rates when the population of Changwon Special City grows.

Fostering Local Startup Venture Companies and SMEs

The BNK Financial Group is continuously providing financial support to incubate venture companies and SMEs in the region. Busan Bank entered the 'Local Startup/Venture Company and SME Fostering Joint Project Support' together with BNK Venture Capital and the Busan Office of SMEs and Startups to raise loan support funds worth 100 billion KRW. The funds are being used for providing loans to companies recommended by the Busan Venture Business Association and the Pusan IT Partners Association. In particular, support was provided for the online entry of local startups in 2021, and it concluded the 'MOU for Establishing Local Startup Ecosystem' together with Busan Metropolitan City and the Banks Foundation for Young Entrepreneurs to establish the 'D Camp Startup Lounge' at the Busan Eurasia Platform to help local startups grow.



Business agreement ceremony to support Busan Bank joint project



Agreement for 'D-Camp BNK' business between Busan Bank and Busan City

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Advancing Innovative Finance for Coexistence with Citizens

Continued Sponsorship of Innovative Finances for Busan, Ulsan, and Gyeongnam

The BNK Financial Group announced the 'BNK Innovative Finance Support Plan for Busan, Ulsan, Kyongnam areas' in 2019 to support the local innovative growth of companies and startups. We plan to provide about 21 trillion KRW for 3 years by dividing areas into loans, capital investment, digital, and jobs. Furthermore, it launched the 'BNK Innovative Finance Association' chaired by the BNK Financial Group chairman and joined by the CEO of subsidiaries and group directors to provide full support. It provided 27 trillion KRW to improve lending practices, expand technology finance, discover innovative growth area and promising companies, and find fin-tech companies. Also It aimed at discovering start-ups and expanding investment, providing financial support for job creation companies. This is more than 130% of the support plan (20.7 trillion KRW), and the BNK Financial Group will continue to pursue innovative financing in the future.

Plans for sponsorship

Area	Key contents
Loans	improving lending practices, expanding technology financing and movable property lending and so on.
Capital investment	- innovative growth, supporting promising companies
Digital	- supporting fin-tech companies, developing digital platform
Jobs	- creating job, developing local talent

Performance of each area

Area	Achievements	Goals	Fulfillment rate
Loans	194,115	54,780	131.30%
Capital investment	4,260	5,843	137.20%
Digital	21	21	100.00%
Jobs	9,138	9,877	108.10%
Total	207,534	270,521	130.40%

Financial Support for Mutual Growth

As a partner for industrial growth that is the backbone of the local economy, the BNK Financial Group operates a variety of financial support programs. Busan Bank concluded mutual growth financial support agreements with the Korea Shipping Association and the Korea Ocean Business Corporation for the development of the maritime industry, which is the foundation of the local economy, and signed the 'Busan Shipbuilding Materials Emergency Funding Support Coexistence Cooperation MOU' to provide financial support to local shipbuilding and maritime materials companies and vendors of Daewoo Shipbuilding & Marine Engineering, which have been experiencing difficulties due to the slow economy. Kyongnam Bank also provided financial support to shipbuilding and marine materials vendors through the 'Gyeongsangnam-do Shipbuilding Coexistence Cooperation Special Funding MOU' together with Gyeongsangnam-do and Daewoo Shipbuilding & Marine Engineering. Through this, it offers practical financial benefits such as preferred interest rates for local maritime SMEs facing difficulties due to the tough business environment. As of December 2021, it has provided a total of 11.3 billion KRW in financial support for the development of the existing maritime industry, and plans include continuing cooperation by renewing the MOU in 2022 as well. Kyongnam Bank concluded the 'Changwon Economy Boom-Up Mutual Growth Cooperation MOU' with the Changwon Chamber of Commerce on April 4, 2022. With this agreement, financial support will be provided to companies and small businesses in Changwon. Support for strengthening the competitiveness of local small business owners and to energize the local economy is ongoing.

Kyongnam Bank Mutual Growth Loan Handling Performance

Category	Jan. 2021 - Mar. 2022
Changwon City	25.2 billion KRW
Changwon Chamber of Commerce	4 billion KRW
Gimhae City	3.5 billion KRW

Expansion of financial support specialized for innovative companies

The BNK Financial Group provides financial support for innovative companies with outstanding technologies. In 2020, Busan Bank concluded a work agreement for promoting intellectual property (IP) finances together with the Korea Technology Financing Corporation and launched the new 'IP Fast Agreement Guarantee Loan' to provide financial support for SMEs possessing outstanding technologies. In addition, it dealt with 29.9 billion KRW worth of 'Special Technology loan' in 2021. It was also the first bank to conduct pilot summary evaluations of IP value assessments. Moreover, it is actively supporting innovative companies such as supporting movable asset collateral loans using IoT services. In 2021, it achieved the feat of implementing 87 IoT service cases. In 2021, Kyongnam Bank handled 1,277.8 billion KRW in 'POWER LOAN' special loans, 2.7 billion KRW in movable asset collateral loans, and 800 million KRW in IP agreement guarantees. BNK Capital is expanding financial support for safe investment innovation projects hosted by the Korea Occupational Safety & Health Agency, and it provides financial support by applying preferred interest rates and supporting safe investment innovation projects.

BNK Capital's Support for Safety Innovation Business

Category	Supported Cases	Supported Amount	Remarks
2021	38	5.3 billion KRW (monthly average: 1.3 billion KRW)	Handled in September 2021
2022	5	0.9 billion KRW (monthly average: 0.3 billion KRW)	



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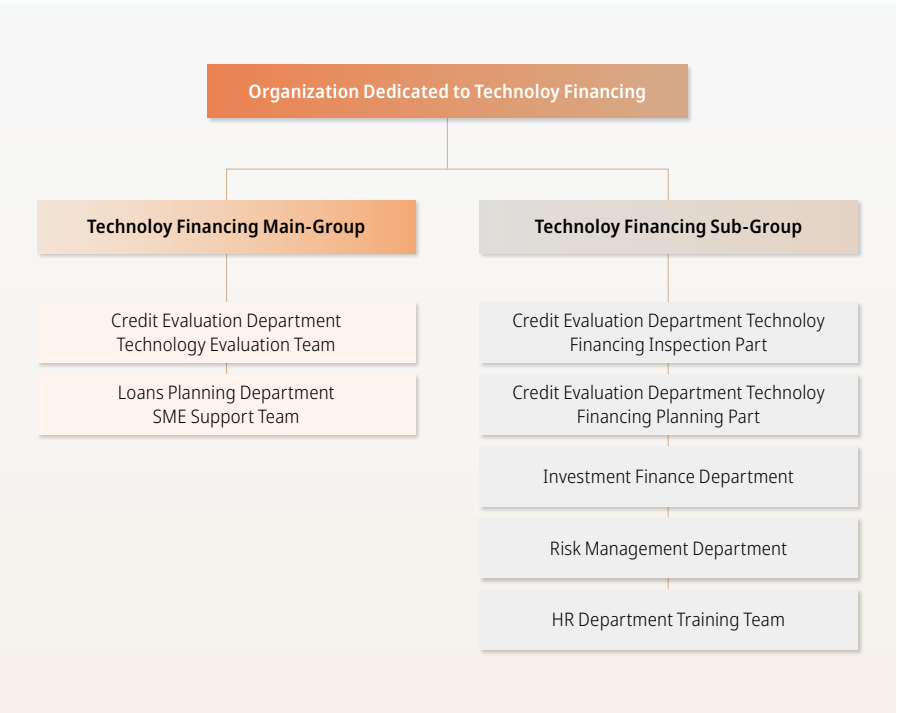
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Operation of Organization Dedicated to Technology Financing Support

The BNK Financial Group is actively promoting Technology Financing by composing an organization directly under the bank president to support SMEs possessing outstanding technologies but facing management difficulties due to lack of funds. Technology Financing experts are being dispatched to the site to select SMEs with high growth potential to support systematic Technology Financing through technology evaluation, funding consulting, etc. Furthermore, a special SME support group that provides management consulting to SMEs experiencing management difficulties has been operated since 2018. In addition, a technological evaluation team is being operated separately within the credit evaluation department to conduct technological credit assessments separately for companies with outstanding technologies, and by observing the Technology Financing guidelines of the Financial Services Commission. The evaluation process includes inspections not only on technological capacities but also on sustainable management by checking external activities and reputation of the president, R&D investments and possession of outstanding technologies, eco-friendly certificates, etc.



Expansion of Investments in Technology Financing and Movable property finances

The BNK Financial Group is increasing financial support for innovative SMEs and supply of Technology Financing to focus on activating movable finances. The Technology Financing of Busan Bank in 2021 was 2.8217 trillion KRW in terms of new (including increases) financing. In addition, special loans for SMEs to expand support for innovation finance stood at 1.5 trillion KRW and 2 trillion KRW in 2021 and 2022, respectively, and support is being increased continuously for SMEs. Kyongnam Bank was recognized for its achievements in Technology Financing investment, ranking first in Technology Financing performance evaluations (TECH evaluation) for three consecutive years until the first half of 2021.

Finding and Supporting Venture Companies and Startups

The BNK Financial Group is expanding investments for local venture companies and contributing to activating the local economy by finding and fostering startups. Busan Bank provides customized financial and non-financial services for each stage from startup to growth for startups based on 'Sum Incubator,' the first startup center opened among provincial banks. In particular, for companies possessing outstanding technologies among 'Sum Incubator' tenant companies, investments were promoted by linking with subsidiaries and outside investment companies such as BNK Venture Capital to raise a total of 14.19 billion KRW for six companies. Moreover, customized fostering programs for each stage such as preferred loan limits, preferred interest rates, and management consulting, etc. are being supported actively.

Kyongnam Bank concluded the 'Joint Business Support MOU for Fostering Local SMEs' and 'Joint Business Support MOU for Fostering SMEs' with the Gyeongnam/Ulsan Office of SMEs and Startups, respectively, to expand cooperation in fostering promising local startups and SMEs. In addition, by actively supporting local startup festivals, job fairs, purchasing meetings, etc., it is providing opportunities to activate the local economy by promoting local SMEs.



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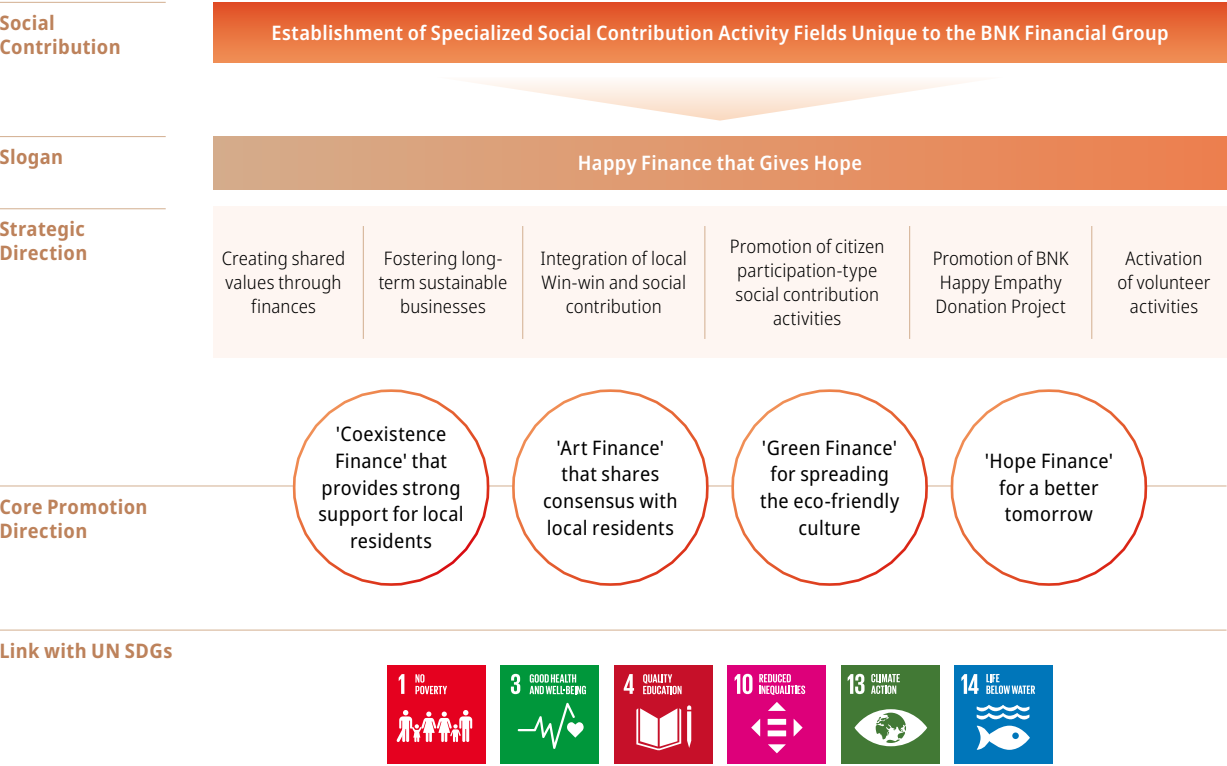
Promotion of Strategic Social Contribution Activities

The BNK Financial Group set its social contribution slogan as 'Happy Finance that Gives Hope,' pursuing various social contribution activities to share hope and coexist with the local community. While returning corporate profits to the local community through efforts for practicing ESG management on one hand, we intend to complete our corporate social responsibilities by developing social contribution activities based on detailed and distinguished plans.

Promotion System for Social Contribution

The BNK Financial Group possesses a social contribution promotion system. The BNK Financial Group is comprehensively managing social contribution activities pursued in various ways company-wide, and all subsidiaries operate departments and activity organizations in charge of social contribution. Busan Bank organized the 'Hope Dream Volunteer Corps' joined by employees to engage in volunteer activities, and Kyongnam Bank is systematically operating the first public interest foundation among provincial banks in the country called 'Kyongnam Bank Love Sharing Foundation.' Furthermore, the BNK Financial Group has established a transparent process for social contribution activities, and it is maximizing the effects of social contribution through close cooperation. Busan Bank and Kyongnam Bank are deciding how to use donations through stage-by-stage discussions of organizations such as the steering council, review council, management committee, BOD, etc. according to the amount of donations for the timeliness and fairness of donations. In the future, it will pursue various social contribution activities in connection with the group's ESG management promotion plans. We will maintain various communication channels with private institutes such as local volunteer centers and specialized charity institutes such as the Community Chest of Korea while playing the role required by the community.

BNK Financial Group Social Contribution Promotion Strategy



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Citizen Participation-type Empathy Project

▶ Empathy Donation Project

The BNK Financial Group is striving to spread the local donation culture and to support marginalized classes through this. Busan Bank is operating the Empathy Donation Project together with press companies and specialized charity institutes to provide support for marginalized classes that are unable to receive welfare benefits. This project posts stories about neighbors in need every week on the social contribution website and social media (Instagram, Facebook), and the bank makes donations according to the number of clicks by citizens to sponsor the person introduced in the story. In 2021, 71 stories were sponsored in the amount of 89 million KRW. The total number of people who received benefits since 2015 was about 470, and they were sponsored with approximately 600 million KRW.

▶ Hand in Hand Campaign

Busan Bank participated in the relay 'Hand in Hand' campaign. The 'Hand in Hand' campaign is a social relay campaign carried out to advertise to citizens and promote purchasing products of socioeconomic companies of Busan that have experienced management difficulties due to the ongoing COVID-19 situation. Supplies of socioeconomic companies were purchased through the Busan Socioeconomic Distribution Center, and 200 boxes containing those products were donated to the local community.

▶ Establishment of Healthy Donation Stairs and Supporting Sick Children

Busan Bank installed the BNK Healthy Donation Stairs at the Kyungseong Univ. - Pukyong Nat'l Univ. Station on Busan subway line 2 to operate a citizen participation-type social contribution project that donates 10 KRW per person who uses these stairs. For six years since 2016, a total of 6.9 million people used the BNK Healthy Donation Stairs with about 20 million KRW raised every year; a total of 100 million KRW was accrued and used for treating local children.

▶ Installation of Hope and Happiness Sponsor Corner

Kyongnam Bank installed the 'Hope and Happiness Sponsor Corner' in its website to introduce the 'Hope Sharing Project' and 'Youth Dream Startup' stories with local residents and customers. Through this, stories of the local community are being introduced to sponsor classes needing social consideration and talented children in culture, arts, and sports. In 2021, 79 families were sponsored with a total of 256 million KRW under the 'Hope Sharing Project,' and 46 people, with 190 million KRW under the 'Youth Dream Startup.'

Operation of Employee Participation-type Social Contribution Funds

Busan Bank labor and management are taking part in sponsoring the 'Busan Social Solidarity Fund' established to energize the local economy and improve social value. Based on financial resources wherein the employees make voluntary donations and the company matches the donation with grants, it supports various projects for laborers, small business owners, and economically alienated classes in Busan through the digital materials support for small businesses, social locality creation support project, and scholarship support projects in 2021. BNK Capital is operating a social solidarity fund that provides a certain amount in the form of traditional market gift certificates to encourage the use of traditional markets and establish a donation culture within the company.

Contactless (Untact) Volunteer Activities

The BNK Financial Group engaged in contactless volunteer activities by changing employee volunteer activities to at-home activities due to COVID-19 in 2021. Busan Bank pursued various thematic volunteer activities such as making infant d-day calendars, making children's pop-up books, etc. to support marginalized classes; thus holding a total of six programs.

BNK Asset Management held a total of eight volunteer activity sessions such as volunteer activities, kit deliveries, and supply deliveries to the local community while staying contactless. Considering the eased social distancing regulations in 2022, it plans to engage in both ongoing at-home volunteer activities and in-person volunteer activities.

Operation of Volunteer Activity Promotion Program

The BNK Financial Group operates various motivation programs such as volunteer mileage and stamp tours to spread the culture of volunteering within the organization. Contactless social contribution programs have been pursued due to the spread of COVID-19 recently, but efforts are being made to maintain the meaning of sharing through ongoing social contribution activities.

Social Contribution Activities for Overcoming COVID-19

Local Health Personnel Support

The BNK Financial Group encouraged health personnel by making donations to local health personnel who are working hard during the persisting COVID-19 situation and the sweltering heat to protect the safety of local citizens. Busan Bank delivered healthy food sets worth 65 million KRW to about 2,900 health professionals in the region to encourage them, and it will continue to search for ways to maintain safety for the local community.

COVID-19 Damage Recovery Support

The BNK Financial Group provides support to help marginalized classes and small business owners who experienced difficulties due to the ongoing pandemic recover from damages. Alienated classes in Busan were supported with disinfection equipment and food while delivering 'emergency relief sets' for locals under self-quarantine due to COVID-19. In addition, it waged the Sending congratulatory flower to freshman of 1 school from 1 company campaign to assist local flower farms experiencing difficulty due to social distancing and help local marginalized classes and small businesses overcome difficulties.

BNK Traditional Market Shopping Campaign

In order to help revive the hurting local economy due to COVID-19, the BNK Financial Group participated in the 2021 year-end BNK traditional market shopping campaign. The objective was to purchase goods from traditional markets in Busan, Gyeongnam, and Ulsan to reinvigorate traditional markets. Goods purchased at the market were used to sponsor local neighbors in need. In addition, Kyongnam Bank held the 'Gather at Kyongnam Bank for Lunch Today' event at a restaurant near the traditional market following the shopping campaign to buy lunch for campaign participants and local residents at the traditional market.



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Promotion of Strategic Social Contribution Activities: 'Coexistence Finance' Providing Strong Support for Local Residents

As a company that partners with the local community, the BNK Financial Group has continuously engaged in social contribution activities that give hope and happiness to various alienated and marginalized classes in the community. Through this, we will share corporate profits with society to fulfill our social responsibilities within the community.

Childbirth Encouragement and Single Mother Support Projects

▶ 5th Happy Mom Box Support Project

The BNK Financial Group is carrying out support projects for encouraging childbirth in the community. Busan Bank has been operating the 'Happy Mom Box' support project for low-income families expecting to give birth or who gave birth in Busan, delivering a box filled with 13 essential items for infant care including infant D-Day calendars that employees made through at-home volunteer activities to a total of 250 families.

▶ Support Project for Single Mothers and Career-Interrupted Women

The BNK Financial Group offers support for single mothers and women with career breaks in the local community. Kyongnam Bank is delivering new infant supply sets composed of thermometers, baby bottles, baby food plates, clothes, and baby pillows to provide support for single mothers in the Gyeongnam and Ulsan areas to the Gyeongnam 'Saengmyeongteo Single Mothers Home' and Ulsan 'Single Mothers Home Mulpurae.' Furthermore, it is regularly operating the 'Touring Free Consultation Window for Women Employment,' which offers customized employment information for women who had career breaks due to childbirth, child rearing, etc. to become employed once again.

Support for Local Marginalized Classes

▶ Participation in the Newspaper Sharing of Love Campaign

In order to create a local culture of helping alienated neighbors in the Busan, Ulsan, and Gyeongnam regions, the BNK Financial Group participated in the Newspaper Sharing of Love campaign for information-marginalized classes in the region. Support is provided for people who have difficulty receiving information such as local marginalized classes, elderly living alone, people in their 60s and 70s, multicultural families, and social welfare corporations. BNK Securities and BNK Capital are participating in the newspaper sharing campaign so that wholesome regional public opinion can be formulated.

▶ Joint Laundry Collection Vehicle Support for Work Clothes of Laborers

The BNK Financial Group is participating in specialized projects to improve the welfare of laborers in small business sites and to provide essential services for the community. Kyongnam Bank supports the 'Joint Laundry Collection Vehicles for Work Clothes of Laborers' in Gyeongnam and Ulsan. By doing so, it is helping with the laundry of work clothes contaminated by hazardous materials, oils, and dusts that general cleaners do not accept only to mitigate the hassle for laborers but also improve the health of laborers and their families.

Sponsorship of Social Welfare Facilities in Busan, Ulsan, and Gyeongnam

▶ Family Month Love Sharing

The BNK Financial Group is working with the local community by donating goods and funds to social welfare facilities in the region. BNK Securities held a sharing event for local neighbors during family month in May 2021. Senior welfare centers and child welfare centers located in Haeundae and Dongnae-gu in Busan were visited to donate student PCs, refrigerators, clothes dryers, etc. worth 10 million KRW, with the donated items used for education and welfare for seniors and children living in each of these facilities.

▶ Autumn Love Sharing with Marginalized Classes

BNK Securities donated 5 million KRW to the Busanjin-gu Office to provide support for educational materials at local welfare facilities in November 2021. The donations were used for expanding IT education opportunities and supporting digital leisure life of neighbors in local welfare facilities. In December, We also donated about 10 million KRW to welfare facilities in Ulsan and Changwon area. We replaced old home appliances at the homeless self-support center in Ulsan, and donated money to two children's welfare facilities in Changwon to be replaced old walls and floorboards. BNK Securities will continue to support local neighbors, replacing old facilities in welfare institutions, to help them live comfortably and safely.

Donations for Coexistence with the Community

▶ Holiday Sharing Project

The BNK Financial Group has been practicing sharing continuously with local alienated neighbors during Seol and Chuseok holidays. Busan Bank delivered essential items worth 950 million KRW in all on Seol and Chuseok to 19,000 households in marginalized classes. During the holidays in 2021, Kyongnam Bank shared about 500 million KRW worth of traditional market gift certificates with 9,500 low-income households; at the end of the year, it delivered about 300 million KRW worth of winter kimchi and blankets to about 7,000 households in marginalized classes. BNK Securities held a sharing event with the senior citizen welfare centers located in Busanjin-gu and Geumjeong-gu in Busan and Nam-gu, Ulsan for the Seol holidays. BNK Capital engaged in hope sharing activities with alienated classes in the community for the Daeboreum and Chuseok holidays and visited children's welfare facilities, disabled welfare facilities, and social welfare facilities in Busan in 2021 to deliver COVID-19 related supplies and food.

▶ Sponsorship of the 100th Anniversary Memorial Project for Park Jae-hyuk

The BNK Financial Group made donations for the project to remember the sacrifices of local independence activist Park Jae-hyuk in commemoration of the 100th year of his martyrdom. We decided to participate in this meaningful event to share his noble spirit of patriotism with future generations, and the donations will be used for various projects such as moving the statue of Park Jae-hyuk, restoring his home, and building a memorial hall.

▶ Donations to the Korean Red Cross

As the representative financial institute of the region, the BNK Financial Group is making special donations to the Korean Red Cross to share warmth with alienated classes in the local community, donating a total of 110 million KRW in 2021. In particular, Busan Bank has been making special donations for the 16th year now since 2007.



Promotion of Strategic Social Contribution Activities: 'Hope Finance' for a Better Tomorrow

The BNK Financial Group is carrying out financial and career education for children, youths, and young adults for the sustainable development of future generations. Through this, we are providing support to instill proper values for the future generation and to develop their career so that they may become healthy members of the community.

Children Safety Support Project

▶ Home Disaster Safety Class with Family

The BNK Financial Group is creating consensus on the importance of preparing for disasters and is fulfilling its corporate social responsibilities. With the increasing importance of disaster safety for children, Kyongnam Bank operates the 'Home Disaster Safety Class with Family' and supports 'disaster survival bags' for marginalized households in the Gyeongnam area.

▶ Traffic Safety Network 'SAFE GUARD' Support Project

Busan Bank installed LED lights on the edges of crosswalks as part of its project of building traffic safety facilities to prevent traffic accidents involving children, which offers runway-type crosswalks to promote safe driving and sends lights with safety messages on the floor from a high location to build logojectors that can help with safe walking. These were installed in a total of three school zones in Gangseo-gu, Yeongdo-gu, and Saha-gu. In addition, safety umbrellas with reflective bands were provided to about 25,000 elementary school students in Busan to help children walk safely.



Support for SAFE GUARD

Support for BNK Scholarships

The BNK Financial Group selects outstanding students and offers scholarships in order to foster talented human resources in the community. Busan Bank is pursuing educational Mecenat projects, and it has been providing regular scholarships annually since 2007 for middle and high school and college students having difficulties with academics due to financial hardships. In 2021, it constructed a cooperative system with the Busan Metropolitan Office of Education and the Busan Community Chest of Korea to provide practical scholarship support for students who are diligently continuing schoolwork despite the difficult environmental circumstances and selected and supported about 190 scholarship recipients. Approximately 7 billion KRW in scholarships was awarded to about 7,700 people, and huge efforts are being made to foster talented local human resources. Kyongnam Bank provides scholarships for local students in marginalized classes through the 'Gyeongseung Scholarship Foundation' established in 1971, with about 150 million KRW in scholarships provided for about 200 students in Busan, Ulsan, and Gyeongnam in 2021 and 3.4 billion KRW in scholarships to about 5,700 people in all to date.

Children/Youth Support Projects

▶ Our Busan, Social Vaccine Sharing Campaign

The BNK Financial Group is contributing to the spread of a sharing culture in the community. Busan Bank took part in the 'Our Busan, Social Vaccine' sharing campaign that offers hope and support for our neighbors having difficulties due to COVID-19. The donations composed of social vaccines are used for children and youth education, care support, Ladder of Hope support for those in their 20s and 30s, reinforced contactless social services, and various other programs to beat COVID-19 through the Community Chest of Korea.

▶ Support for Foster Care Children and Single-Parent Families

The BNK Financial Group provides support for children of marginalized classes and single-parent families. Kyongnam Bank delivered 'meal kits' containing local produced goods such as pak choi, oyster mushrooms, and enoki mushrooms to provide support for children in marginalized classes. These meal kits were provided to 1,500 households with foster care children and single parent families recommended by the Gyeongnam Community Chest of Korea and the Gyeongsangnam-do Healthy Family Support Center. Support for children in need will continue.

Youth Support Projects

▶ Third Startup Contest B-Startup Challenge

The BNK Financial Group is striving to find and support promising startups. Busan Bank holds the 'B-Startup Challenge' to support promising startups and to activate investments. At the 2021 B-Startup Contest, a total of 181 companies nationwide participated, with a total of five companies selected following strict reviews. After the awards, these companies successfully attracted 600 million KRW in investments, and they are continuously growing in their respective fields.

▶ Opening of the Youth-Specialized Cultural Space, Geumjeong Book Bank

The BNK Financial Group offers cultural spaces for youths. Busan Bank worked with Geumjeong-gu to open the small library called 'Geumjeong Book Bank' in Jangjeon-dong, Busan as a private-public sector cooperation social contribution project and also donated 1,500 books. 'Geumjeong Book Bank' is operated as a library especially for youths with a group discussion room and a study room and as a hub for youth cultures.

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Promotion of Strategic Social Contribution Activities: 'Art Finance' that empathizes with local residents

The BNK Financial Group is pursuing social contribution activities that local residents can identify with and support in various areas such as culture, arts, and sports to fulfill its social responsibilities to the community. We offer culture and arts performance joined by local residents and foster a cultural ecosystem so that marginalized classes in the community can enjoy a cultural life without being discriminated against. In addition, we are supporting the development of local sports to contribute to establishing a culture for improving the health of local residents.

Hosting Concerts Participated in by Customers and Local Residents

▶ Work-Life Balance Culture in Busan

The BNK Financial Group is hosting concerts for local residents and customers to enjoy a cultural life. Busan Bank has been holding the 'Work-Life Balance Culture in Busan' since 2018 to offer cultural performances of various genres such as theater and classical music recitals. A total of 73 concerts were offered and watched by over 25,000 citizens to become representative local cultural contents. Furthermore, in 2021, the 'Work-Life Balance Culture in Busan, Veranda Concert' was held to support the activation of cultural arts. 'Veranda Concert' broke away from the conventional method of audiences visiting cultural performance halls and consisted of a program where artists come to audiences. Through this, citizens were able to watch performances from their apartment verandas without having to leave their homes, with a total of 10 apartments visited to perform for about 4,200 people.

▶ Cultural Performance Events with Customers

Kyongnam Bank held the '30th Anniversary Opera for the Founding of the Kyongnam Opera' and 'Company Love Mecenat Concert' as cultural performances with customers to show their appreciation to customers. In addition, priority performance rights are being given to local performing groups to contribute to the expansion of local cultural arts bases.

Support for Reinforcing the Community Cultural Arts Ecosystem

▶ Chair Company of the Gyeongnam Mecenat Association

Kyongnam Bank is expanding social contributions through corporate cultures in Gyeongnam as the chair company of the Gyeongnam Mecenat Association. The Gyeongnam Mecenat Association was established in 2007 and was recognized for the superiority of its cultural arts sponsorship activities and is a non-profit foundation recognized as Korea's first cultural arts sponsor medium organization by the Ministry of Culture, Sports, and Tourism. Kyongnam Bank will enhance local cultural capacities and contribute to the balanced development of the local economy.

▶ 2nd Children's Art Contest

The BNK Financial Group supports the reinforcement of cultural arts ecosystems of the community. As part of communication with the community, Busan Bank held a children's art contest on the theme of 'Maintaining Busan as a Green City' to raise awareness of the importance of the environment for children who will be future leaders. A total of 2,100 works were submitted, and exhibition opportunities were provided to 222 winners. In addition, 1,000 KRW per participant for a maximum of 10 million KRW was raised and used to help sick children. In addition, the Busan Bank Gallery is being operated on the second floor of the BNK Art Cinema that holds free exhibitions to support the artistic work of local artists while giving opportunities for local residents to enjoy culture; thus practicing the social responsibility of companies.

▶ Essay Contest and Sketching Contest

Kyongnam Bank is hosting various local resident participation-type events with the goal of expanding the pool for culture and arts in the region and to improve health and leisure for local residents. The representative local family cultural arts event 'Essay

Contest and Sketching Contest' that has been held 30 times was held in a contactless method; thus drawing huge attention and participation during the COVID-19 pandemic. In addition, an art gallery was operated at Kyongnam Bank (headquarters) to hold free exhibits, which offers local artists a space to show their talents, while giving local residents the chance to enjoy culture, thereby completing our corporate social responsibilities.

Projects to support local community sports

▶ Operation of Semi-Pro Track & Field Team

The BNK Financial Group supports the development of sports for the local community. Busan Bank has been serving as the chair company of the 'Busan Track Federation' since 1981 with the goal of finding and fostering outstanding local athletes and expanding the base for track & field, and various efforts are being made for the development of track & field such as operating a semi-pro track & field team since 2009. The Busan Bank track & field team is composed of a total of seven members including two disabled athletes and a coach, and it is making efforts for the development of local sports.

▶ Local Sports Support Projects

Kyongnam Bank is continuously holding local sports support projects by supporting Gyeongnam FC, Taekwondo Association, Gyeongnam Track & Field Association, and Ulsan Fencing Association. In addition, it is sponsoring youths with promising futures to work toward their dream and improve their talents in arts and sports despite their difficult family situations through the 'Youth Dream Start' project. It is also contributing to the improvement of health for local residents and development of sports for all by hosting the 'BNK Gyeongnam Bank Institute/ Business/Sports for All Soccer Tournament.'



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Promotion of Strategic Social Contribution Activities: 'Green Finance for Expanding the Environmental Culture'

The BNK Financial Group is pursuing various social contribution activities in the local environmental sector to address various environmental issues such as climate change, water pollution, and air pollution. In particular, eco-friendly social contribution activities were designated as a major theme, and projects are being pursued to make Busan, Ulsan, and Gyeongnam greener while taking the initiative to spread the importance of the environment.

Volunteer work for environmental cleanup

▶ Contactless Plogging

The BNK Financial Group is engaged in eco-friendly volunteer activities to purify the community environment. Busan is one of the most popular vacation destinations in Korea but is suffering from the huge amounts of garbage thrown away by tourists every year. Accordingly, employees of Busan Bank teamed up to carry out environmental purification volunteer activities for six major tourist attractions such as Haeundae Beach for the entire month of August. Gyeongnam Bank employees and their families held 'contactless beach combing' marine purification activities for collecting litter in the seas of major vacation spots such as Gyeongnam and Ulsan and 'Contactless Plogging volunteering' where they walk or jog around paths in Gyeongnam and Ulsan to pick up garbage.



'Contactless Plogging' volunteer activities

▶ Warm Love Sharing

Kyongnam Bank holds 'plogging' activities as an environmental protection activity to pick up garbage while walking along paths and 'beach combing,' a marine purification activity of combing through beaches to pick up and recycle garbage all-year-round through the Warm Love Sharing activities. In addition, it is actively participating in the resolution of pending local issues through in-person volunteer activities such as harvesting garlic and onions during harvest seasons.

Project to mitigate fine dust

The BNK Financial Group is implementing fine dust mitigation projects suited to local features. Busan, which is a port city, has had severely deteriorating air quality due to loading equipment and trailers in the port area as well as the frequent movement of ships. Busan Bank implemented fine dust mitigation projects to provide support with dust absorption vehicles and watering vehicles. As a long-term project that has been implemented for seven years from 2019 to 2026, it supports fine dust-cleaning vehicles to help improve the air quality.

Cooperation Projects with Busan Environmental Corporation to Construct the Busan Environmental Eco-City

The BNK Financial Group is providing support so that Busan can be transformed into a sustainable eco-city. For this, Busan Bank cooperated with the Busan Environmental Corporation to support a total of about 800 million KRW in project costs over a period of four years from 2019 to 2022. It is engaged in various activities to improve the environment under the three themes of 'improving citizen lifestyle welfare,' 'improving the quality of life for people living in vulnerable environments,' and 'environmental culture movements.'

Foresting Project

The BNK Financial Group promotes a foresting project to create green spaces and to improve the air quality for the local community. Kyongnam Bank has contributed to the development of Ulsan into an eco-friendly city by sponsoring the Ulsan Baengnidae Forest. Through active participation and support for bamboo forests such as completion of a rest area in Baengnidae Forest, Maengjongjuk and thick-stemmed bamboo, Baengnidae Forest is being developed as a representative garden of Korea. In addition, various projects are being pursued such as the 'Day of Becoming Friends with the Park' tree-planting event by Busan Bank and 'Forest of Life Volunteer Activities' by Kyongnam Bank to raise awareness of green areas and to spread a green culture.

World Water Day Activities

The BNK Financial Group is spreading consensus on the seriousness of water shortage and the importance of water on 'World Water Day' on March 22 as designated by the United Nations and is collaborating with the local community for this. Kyongnam Bank collects various domestic wastes and litter, etc. around rivers through the 'River Environment Purification Activities.' Efforts to prevent water pollution and to protect water resources for the community will continue.

Re: Plastic Campaign

The BNK Financial Group carried out the Re: Plastic campaign as an environment-specializing project through which it collected plastic cups and donated eco-friendly products made through upcycling. Busan Bank selected 10 areas in Busan with high floating populations to install specially built collection boxes with 'beverage collection functions,' 'cup washing functions,' and 'quantity checking IoT functions' to collected disposable plastic cups. As of the end of 2021, it collected about 4,300 plastic cups that were used to produce upcycled blankets and dolls, which were delivered to 100 children from low-income families in Busan.

Plastic Reduction Movement, Go! Go! Challenge

The BNK Financial Group participated in the 'Go! Go! Challenge' and made active efforts to reduce plastics in everyday life. The 'Go! Go! Challenge' kicked off by the Ministry of Environment in January 2021 is a campaign that shares the one action that we should all do and one that we should not do in everyday life via social media. Busan Bank set its slogan as 'Go Reduce Plastic! Go Make Green Busan!' striving to engage in plastic-free practices.



STRATEGY 3.

Trustworthy Growth



1 Fulfillment of Ethical Responsibility

Strengthen the ethical management system and internal control

The BNK Financial Group is solidifying its company-wide ethical management system to achieve its sustainable management vision of 'becoming the global-standard financial group.' Since enacting the code of ethics in 2011, we have completed several revisions according to changes in financial authority policies and global initiatives to get to where we are today. The BNK Financial Group shares its ethical management values with all subsidiaries, and it is complying with the code of conduct and rules of conduct announced both internally and externally while operating various programs to promote ethical management.

Operation of Internal Control System of the BNK Financial Group

The BNK Financial Group constructed an internal control system for ethical management as part of efforts to prevent legal sanctions, financial losses, damages to reputation, etc. resulting from ethical and legal issues. We are diagnosing and inspecting ethical levels independently through the group's 'Internal Control Committee,' 'Group Internal Control Consultative Body,' and 'Compliance Monitor Meeting,' while finding areas for improvement as part of our preemptive internal control system. In particular, Busan Bank and Kyongnam Bank are operating the 'Internal Control Committee' according to the hosting of the group's internal control committee to diagnose the internal control of the bank and to find areas for improvement. In addition, the BNK Financial Group is conducting various internal control activities such as compliance monitoring, reporting ethical and compliance violations to the audit committee, etc., and internal control activities are being reported to the BOD every year to strengthen internal control. Furthermore, by revising the 'financial inclusion work manual' based on the enactment of the 'Act on the Protection of Financial Consumers,' we have added the 'financial inclusion and financial consumer protection committee' to inspect internal control related to protecting financial consumers. In particular, new internal control regulations have been enacted and operated for subsidiaries that sell products to financial consumers to protect them independently from existing internal control regulations. In 2021, BNK Financial Group performed thematic inspections for issues over eight sessions regarding group subsidiaries and conducted internal control inspections for six non-banking subsidiaries. Through this, we are inspecting the internal control systems of subsidiaries and making improvements preemptively to take special precautions for internal control system operations.

Reemployment Support Education Program

Category	Date
Group compliance monitor meeting and financial inclusion board meeting	2021.01.28 / 2021.07.28
Group compliance monitor meeting	2021.10.19
Group internal control consultative body	2021.06.17 / 2021.12.13
Internal control committee	2021.06.21 / 2021.12.21



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Ethical Management Practice Inspection Activities

The BNK Financial Group is performing various educational and practice inspection activities as part of its efforts to enhance awareness of practicing the code of ethics for employees. In periods that especially require practicing the code of ethics such as major holidays, official letters are sent to all departments and branches to remind employees, and on-site monitoring of subsidiaries are being performed to search for ethical violations such as appropriateness of using expenses, gifts between employees, company get-together cultures, harassment at the office, sexual harassment, etc. In addition, monthly ethical/compliance self-inspection days are designated to distribute educational materials on practice plans and for selecting ethical management keywords to spread awareness of the importance of ethical management and internal control.

2021 Internal Control Promotion Activities

Internal Control Activities	Contents
Cooperation between internal control departments (compliance monitoring department/inspection department)	Eliminate internal control work redundancies, etc.
Thematic inspection of areas with vulnerable internal control	On-site inspection of branches to strengthen internal control and ethical management (Inspection and education on work attitude, goods on hand, important lots), etc.
Inspections on the implementation of internal control for branches and headquarters departments	Establish an 'internal control watch system' for underperforming branches
Strengthening the practice of ethical management	Strengthen ethical management education (Ethical management contents broadcasts, professional position ethical management education), etc.
Providing review standards per product for financial product advertisements	Newly establish checklist and standards according to the enactment of the 'Act on the Protection of Financial Consumers'
Leveling up internal regulation management and updating internal regulation systems	Revamp the internal regulation system and construct a linked system between internal regulations and external regulations (laws)
Strengthening duties for preventing money laundering	Prior approval system, etc. for actual owners of organizations/corporations, persons with high-risk nationalities, etc.

Internal Control Implementation Inspection Status

Subject of internal control	No. of inspections
Branch and headquarters department	Once a year
IT department and information protection department	3 times a year
Thematic inspection and special inspection	Operated as needed

In order to strengthen internal control, the BNK Financial Group is pursuing cooperation between internal regulation departments, thematic inspection of vulnerable areas of internal regulation, inspection of internal regulation execution at branches and headquarters departments, etc. Busan Bank and Kyongnam

Bank regularly inspects the implementation status of internal control, and conducts consulting to improve internal control levels for branches with low levels found through inspections. Despite such efforts, branches with low levels of internal control receive 'internal control warnings' such as 'reminder' measures under the name of the bank president to strengthen ethical management implementation capacities. Furthermore, lower-level branches that do not follow internal control warning are instructed to establish 'internal control autonomous improvement plans' for improvement in order to improve internal control autonomously. When inspecting the implementation of internal control of lower-level branches, 'interviews with employees at poor branches' and 'ethical management surveys' are requested to inspect ethical management regularly. In 2022, we will establish a self-inspection control environment for internal control while advancing the financial consumer protection awareness, program, and system.

Whistleblower System

The BNK Financial Group operates a whistle-blowing program for reporting violations of ethical management and practice guidelines to the group's compliance monitor and complies with the whistleblower program operations guideline. Through this, we are preventing ethical and legal issues and taking actions immediately in case of violations. Employees are informed of the whistleblower system through our website, and reports can be filed immediately using the website. The whistleblower system informs users on how to file reports as well as the confidentiality of the whistleblower. In particular, by constructing an online and mobile web-based 'BNK help line' that is completely separated from the internal network through external consignment (red whistle), we are maximizing the protection of the whistleblower and enabling convenient anonymous reports and compliance inquiries, checking of progress of reports, etc. We will continue to improve accessibility through ongoing system improvements and establish a more systematic whistle blowing process. We are continuously producing and distributing stickers, etc. to activate the whistle blowing system while producing screen savers to spread the whistle blowing system to operate it according to the situation of each company.



Busan Bank code of ethics and internal control brochure



Busan Bank whistleblower website



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Ethical Management Activities of the BNK Financial Group

▶ Strengthening Response to the Improper Solicitation and Graft Act

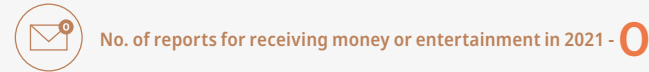
The BNK Financial Group fundamentally prohibits inappropriate solicitation and grafts in accordance with the 'Improper Solicitation and Graft Act.' In the event that money or gifts were received by accident, employees are required to return it immediately and fill out the 'money, gift, return report' within three business days and report it to the department head through the compliance officer of their department. In the event that returning is difficult for some reason, the reason must be reported to the compliance officer and department head of their department, and the acquired goods will be used for social contribution purposes such as donating to needy neighbors or to charity organizations. The compliance officer of the respective department records the details and transparently manages reports related to money, gifts, etc. in a report registry. The BNK Financial Group reminds employees by notifying how to act during major holidays when there are concerns of improper solicitation or receipt of goods or entertainment. In addition, we are operating goods and entertainment reception report systems and transparent contract programs.



Prohibitions for ethical management

Operation of goods and entertainment reception report program

We are operating a goods and entertainment reception report system according to the Ethical Management Regulation Practice Guideline. When goods or entertainment are received, employees are required to fill out a goods and entertainment reception report and report it to their department head or the compliance monitor department and return the money or entertainment received to the provider.



No. of reports for receiving money or entertainment in 2021 - 0

Operation of transparent contract system

We operate a transparent contract system according to the Ethical Management Regulation Practice Guideline. The transparent contract system stipulates the duties to be observed (prohibition of providing money, entertainment, etc.) during bidding (proposal), contract signing or implementation processes for businesses intending to transact with our bank such as supplying, construction orders, etc., and it is a system that all business partners must observe. The 'Transparent Contract Pledge' is required during the first transaction, stating that violations will result in the termination of business; this pledge is required for every contract worth over 20 million KRW afterward.

▶ Expand Online Education

The BNK Financial Group conducts ethical management regularly in order to enhance the ethical and legal compliance awareness of employees and to establish a transparent corporate culture. In particular, monthly themes are selected among violations that may occur during work; and by providing education on related laws and previous rulings, compliance awareness is being improved. Moreover, the code of ethics, money laundering prevention, and whistle blowing as well as a wide range of other education on our ethical management are being provided for new directors, chiefs, and branch managers.

Category	Expand Online Education	Annual education time per person
Busan Bank	Video education on ethical management by the Anti-Corruption and Civil Rights Commission	12 hours
	Set PC desktop screen with contents on practicing ethical management	
	Perform self-inspection on legal compliance	
	Self-training and cyber training for branches with poor performance in the prevention of sexual harassment at the office	
Kyongnam Bank	Conduct self-ethical education for poorly performing offices every month	15 hours
	Hold the ethical compliance self-inspection day	
	Report the financial investment product account and transaction details for listed stocks, etc.	
	Report the cryptocurrency account and transaction details	
	Ethical management contents IPTV broadcast	
	Cyber training for preventing sexual harassment at the office	
	Ethical management education for PB and new bankers	

▶ Promotion of Integrated Money Laundering Prevention Policy for the Group

The BNK Financial Group established internal control policies for the group and revised regulations on money laundering prevention work to renew completely the money laundering prevention system for the entire group. Through this, we will preemptively respond to illegal money laundering and money laundering prevention regulations. Furthermore, by promoting policies for the entire group, we will upgrade the standardization of management capacities of each subsidiary while also enhancing the risk control levels of the entire group. In particular, Busan Bank and Kyongnam Bank implemented the 'customer verification pre-approval system' to prevent violations of the 'Act on Reporting and Using Specified Financial Transaction Information' and to respond preemptively to regulations of supervisory authorities. Through this, we strengthened the appropriateness of data input for corporate organizations and internal control resulting from missing documents for verifying actual owners. Aside from this, we are providing suspicious transaction document support work through the money laundering prevention system using the latest digital technology, RPA. Through this, we are providing information on suspicious transactions to branch workers to control risks of violating laws, while reinforcing the monitoring system for high-risk transactions such as virtual assets, etc.

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▶ Reinforcing Money Laundering Prevention Education

The BNK Financial Group conducts customized education for each target according to the annual education plans that were independently established. Education on preventing money laundering is being carried out for outside directors and management of the holdings company and subsidiaries through the 'Outside Director Workshop' and the 'Group Internal Control Consultative Body' that invited outside lawyers to provide education for auditors and compliance monitors of the holdings company and subsidiaries. Education and training for 'preventing money laundering and public threat fund procurement' were conducted for all employees, and we are reinforcing external specialized training to foster money laundering prevention experts and at the Banking Institute. Busan Bank conducts videoconference training and cyber training more than six times per year for branch employees to perform specialized education on money laundering, and is raising interest in preventing money laundering and posting e-Campus videos to strengthen mindsets to provide distinguished customized training programs by employee level and duties. In addition, KPI bonus point programs are being established for those who acquired certifications related to money laundering prevention, and we are striving to foster experts in this area. Kyongnam Bank supports employees in acquiring international expert certificates, and it completed certificate acquisition.

Acquisition of Money Laundering Prevention Certificates and Education Status

Category	Education Contents	Personnel Receiving Education
Busan Bank	Acquisition of international CAMS (Certified Anti-Money Laundering Specialist) certification	15 persons
	Money Laundering Prevention Core Agent (Expert/Basic) certification	175 persons (total of 1,435)
	Conducted cyber training for BOD and outside directors	26 persons (management 11 hours, outside directors 11 hours)
	Conducted cyber training for reporting officer	211 persons (8 hours)
	Conducted cyber training for branch employees	187 persons (20 hours)
	Branch collective training	All employees, 30 minutes per month
	Branch Video conference training	6 times a year (CTR, STR, KYC, etc.) all employees, 30 minutes each session
Kyongnam Bank	Acquisition of international CAMS (Certified Anti-Money Laundering Specialist) certification	6 persons
	Acquisition of Money Laundering Prevention Core Agent (Expert/Basic) certification	4 persons (total of 641)
	Conducted cyber training for BOD and outside directors	26 persons (management 11 hours, outside directors 2 hours)
	Conducted cyber training for branch employees	1,359 persons (5 hours)
	Conducted cyber training for departments related to money laundering prevention work	75 persons (5 hours)
	Conducted videoconferencing education for internal control officers	143 persons (1 hours)
	Conducted collective education for new bankers	10 persons (2 hours)
	Strengthened the capacity of branch supporters and conducted job training	193 persons (2 hours)

2 Risk Management

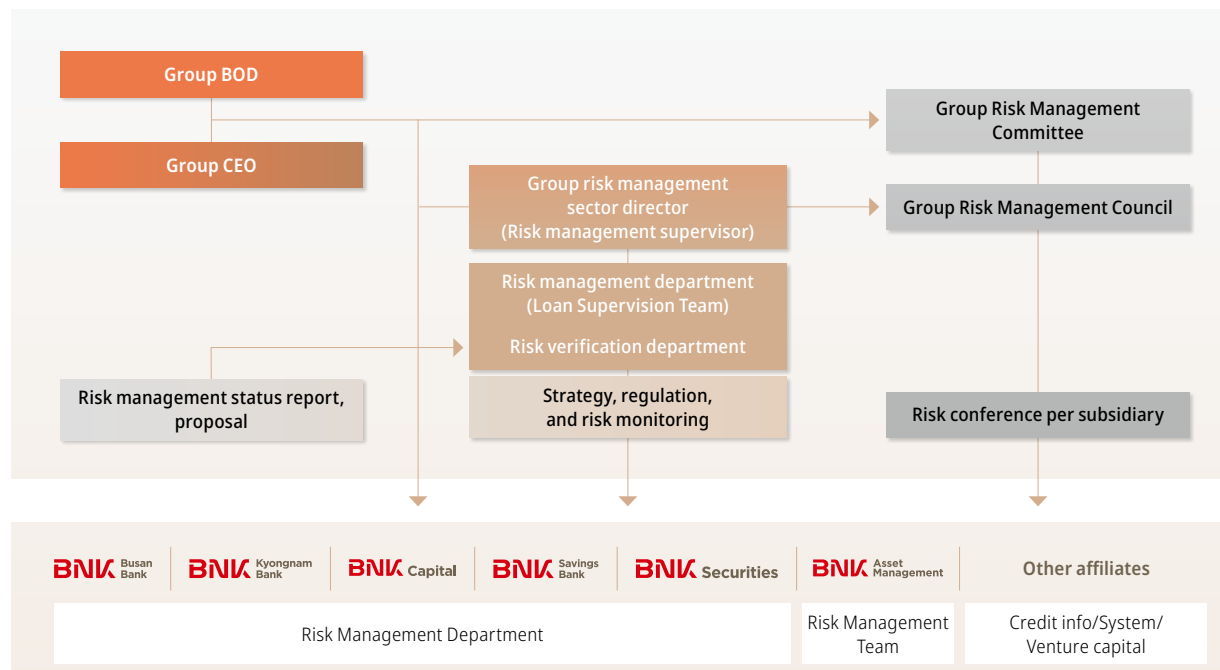
Company-wide Risk Management System

The BNK Financial Group defines the risks it faces by type and operates company-wide risk management system it has constructed for comprehensive risk management for the entire group. In 2021, capital adequacy was enhanced by introducing the group internal rating method, and risk management was strengthened by improving the credit evaluation and early warning system. In addition, we have comprehensively pursued the strengthening of risk management by improving loss absorption abilities preemptively in response to the prolonged COVID-19 pandemic.

Risk Management Governance and Roles

The Risk Management Committee under the BOD is the highest decision-making organization for the group's risk management. Risk management strategies in accordance with the strategic directions decided by the BOD were established for sound management, and it determines important matters related to risks. The Risk Management Council is entrusted with some of the authorities of the Risk Management Committee to discuss general matters on risks and decide on necessary items to carry out detailed policies, procedures, and work processes from the risk management department.

Risk Management Governance



Roles of Risk Management Organizations

Risk Management Committee	Highest decision-making organization for risk management in the group, established company-wide risk management strategies and plans
Risk Management Council	Discussing details for implementing group risk management policies, Monitoring of risk management status for group, reviews on introducing new products for the entire group, etc.
Risk Management Department	In charge of works for detailed group risk management policies and work handling procedures * Risk Management Supervisor: Assists the Risk Management Committee and oversees the group's risk management work
Loan Supervision Team	Improve asset quality by strengthening the group's loan management functions, establish general policies for follow-up management
Risk Verification Department	Verification of risk management work adequacy such as the group's credit rating model and risk measurement elements, etc.
Subsidiary Risk Management Organization	Risk management organization of each company and implementation of risk policies

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Major Risk Management by Type

The BNK Financial Group recognizes the measurable credit risks, market risks, interest risks, operational risks, and credit bias risks as major risks while designating strategic and reputation risks, etc. as other risks for management.

Major risks	Credit risk	Market risk
	Economic loss risk that can occur due to the bankruptcy of the debtor, non-execution of contract by the contracting party, etc.	Loss risk that can occur due to disadvantageous changes in market factors such as interest rate, stock price, exchange rate, etc. or which may cause changes in asset value due to climate change.
	Interest risk	Operational risk
	Risk of net asset value or net interest profit, etc. changing due to the inconsistent interest rate maturation of funds or disadvantageous changes in market interest rates	Loss risks that may occur due to inappropriate or wrong internal procedures, personnel, system error, or external incidents
Other risks	Credit bias risk	
	A part of credit risks that are 'single or few large sum exposures' with the possibility of loss due to the damaged soundness of the company, or loss risks that can occur due to the exposure of a group of borrowers that can be affected by bankruptcy rates, etc. due to common risk elements (industrial, regional, etc.)	
Other risks	Liquidity risk	Foreign exchange payment risk
	Loss risk that can occur due to failure to perform payment duties due to inconsistent maturation of assets and liabilities or due to the rapid leak of funds, or procuring at higher prices than market prices or operating with low surplus funds	Loss risks that can occur due to inappropriate decision making, lack of countermeasures for business environment changes, etc.
	Strategic risk	Reputation risk
	Loss risks that can occur due to inappropriate decision making, lack of countermeasures for business environment changes, etc.	Loss risk due to worsening of public opinion such as low business performance, financial incidents, or causing social issues

Emerging Risk Management

The BNK Financial Group is conducting systematic risk management to respond preemptively to the rapidly changing financial environment such as changes in the economy or climate. Non-financial evaluation items are being operated to evaluate the ESG management activities of partner businesses during credit assessments of companies; from 2020, we have been working on managing climate risks such as reducing limits for businesses with high carbon emissions (chemical product manufacturing, petroleum refinery, etc.) when setting the limit for each business type. In addition, we are planning to advance the management system (construction of carbon emission management system, etc.) by enacting the climate risk management guideline in 2022.

Digital ecosystem response	
Description	The digital ecosystem that is quickly developing with the fourth industrial revolution is being impacted due to the growing competition of the financial industry, and the digital risk is expected to expand throughout all financial activities including organization, platform, operational method, service, etc.
Business impact	Contactless business fields are being expanded with the expansion of data used during financial activities; accordingly, if there is insufficient technological response, there can be a negative impact on business such as customers leaving due to information security issues.
Risk mitigation	We are inspecting the management system by finding potential risk factors of the digitalization of the financial environment and improving the operational risk evaluation items. We are also actively supporting the improvement of infrastructure utilizing digital technologies such as elaborating the early warning model using big data, implementation of auto review AI system, etc.
Strengthen the climate change response system	
Description	The climate change response levels of financial companies are continuously rising such as support for TCFD recommendations and equator principles. Furthermore, direct and indirect financial risks occur as there are impacts on products and services such as loans and investments related to climate change.
Business impact	With the strengthening of regulations related to climate change, it is expected that there will be changes in the risk exposure for invested projects, reduced earnings on interests, etc.
Risk mitigation	In preparation for the implementation of low-carbon economy and increased consumer demand for green financial services, we are applying various risk management techniques in various environmental sectors such as strengthening environmental management, expanding eco-friendly finance, and conducting environmental impact evaluations when executing PFs.

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Selecting and Managing Major Risk Management Areas

In order to respond flexibly to the rapidly changing market situation and support the continued growth of the group, the BNK Financial Group selects risk management fields that must be dealt with in the corresponding year aside from major risks and emerging risks. In 2021, we have established response strategies per field such as improving capital adequacy, asset quality management, COVID-19 response, and advancement of the crisis response system, and we are engaging in risk management activities.

Improved asset adequacy by implementing internal rating methods

We improved the group’s capital adequacy by approving the internal rating method and implementing the RORWA* performance indices. Based on this, we drew up plans for supporting loans to local SMEs and to provide support for businesses hurt by COVID-19.

Improved asset quality by establishing management goals per index

Management goals were set for overdue, insolvent amounts, and Stage2** loans for each operational division, and soundness management is being strengthened by holding one asset quality meeting every quarter.

Strengthened risk management with the prolonged COVID-19

In preparation for the possibility of insolvency of borrowers with suspended repayment periods and borrowers in vulnerable businesses, we are providing soft landing support and additional appropriation funds.

Pursued the advancement of the crisis response system

In order to prepare for the new normal and market instabilities due to COVID-19, we are pursuing the advancement of the crisis response system.

Established a risk management system for strengthening investor protection

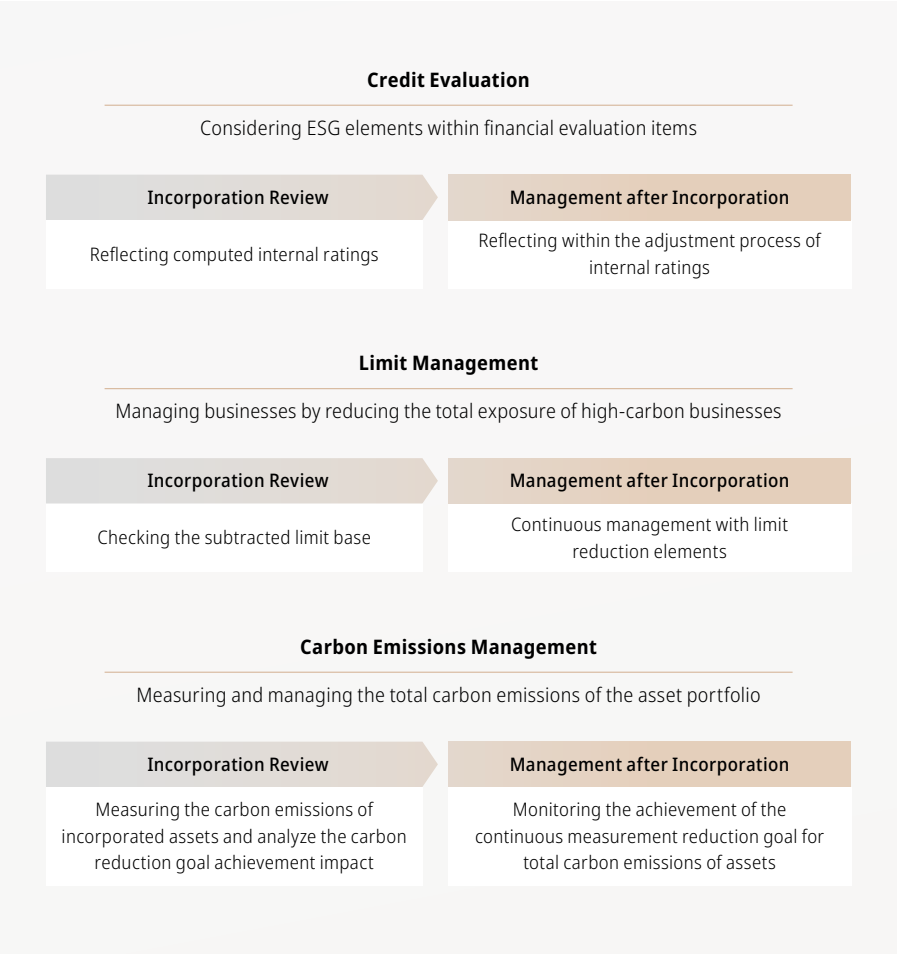
The BNK Financial Group is strengthening its work process such as reinforcing product selection, enhancing follow-up management functions for customers and establishing a crisis response system, etc. in order to establish a risk management system to enhance the protection of investors.

* RORWA: Return On Risk Weighted Assets
** Stage2: Loans with relatively high credit risk compared to normal such as watchlist, complete capital impairment, overdue, etc.

ESG Risk Management

The BNK Financial Group is conducting systematic risk management to respond preemptively to the rapidly changing financial environment such as changes in the economy or climate. When evaluating the credit of a company, we are also assessing non-financial evaluation items such as 'eco-friendly management,' 'industrial environment,' and 'appropriateness of business management structure' to assess the ESG management activities of partner companies. From 2020, we have been making efforts for climate risk management such as reducing limits for businesses with high carbon emissions such as chemical product manufacturing, petroleum refinery, etc. when setting limits for each business category. In addition, we are planning to advance the management system (construction of carbon emission management system, etc.) by enacting the climate risk management guideline in 2022.

ESG Risk Management Process



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3 Customer Satisfaction and Protection of Rights

Expand the Customer-oriented Culture

As the level of using financial services for customers rises, global financial companies are predicting customer needs in advance through various channels and applying them to various products and services. The BNK Financial Group listens to customer voices and strengthens customer-oriented services to satisfy the various needs of customers, and it is making improvements to the system while reflecting them to consumer protection policies. Furthermore, during product development, the opinions of consumers and experts, etc. are being referred to and reflected, and customer panels are being selected every year to listen to the opinions of consumers. We are diagnosing the status of consumer protection through the financial consumer rights and interest council made up of experts from different fields and sharing opinions regarding this. Customer complaints, etc. are being collected through the Internet homepage, financial consumer protection officer at branches, mail, and phone, with the received customer complaints, etc. handled within three business days to respond to customers.

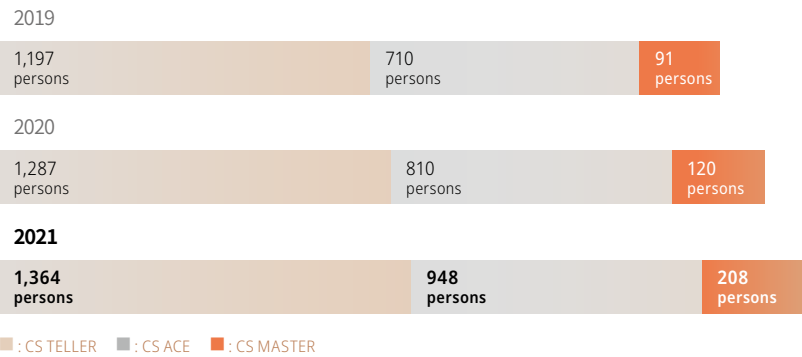


Kyongnam Bank 'mobile customer satisfaction survey'

Realizing Customer-oriented Services through Customer Experience Management (CEM)

The BNK Financial Group is spreading the CS* culture of customer satisfaction and providing customer-oriented services. At Busan Bank, Customer Experience Management (CEM)** agents visit branches to inspect customer experiences firsthand, and Kyongnam Bank evaluates branches through service monitoring (SMS)*** by dispatching monitoring agents to branches and conducting customer satisfaction surveys by phone among customers who visited the branch window. Through this, we are evaluating branches on greeting customers, professional consulting, customer reception, information activities, work attitude, environment, etc. and selecting outstanding CEM employees. In addition, Kyongnam Bank newly implemented mobile customer satisfaction surveys that conduct satisfaction surveys by text messages to listen to more opinions of customers, and selects CS angels for each branch with the goal of spreading appropriate customer service management methods and improving customer services. In addition, we are supporting a variety of customized CS education according to the situation of the branch such as 'work-life balance, solution expedition, boom-up' using both in-person and contactless methods.

CS Eligibility Rating Status



CS Mindset Training Performance (2021)



Deep Innovation of customer-oriented mindset

Busan Bank pursued the deep innovation of mindset that converts the way we think, act, and work into being 'centered on customers and digital.' As part of this, we opened the 'customer and digital-oriented' mindset education class to produce lectures independently or invite outside experts to give lectures, which was provided as mandatory education for all employees on digitalization and products, etc. Through the education, bank's receptivity to change was improved for employees, including expertise in customer reception.

* CS (Customer Satisfaction)
** CEM (Customer Experience Management)
*** SMS (Service Monitoring Service)

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Enhancing the Capacities of Customer Contact Point Workers

The BNK Financial Group is concentrating on strengthening the CS capacities of employees in order to improve corporate competitiveness by enhancing customer satisfaction. Branches start the day with a broadcast on greeting customers every morning to form a consensus for CS. CS evaluations are conducted regularly to select and award the best CS branches and outstanding employees, and employees selected by customer recommendation are given caricature frames as part of efforts to spread a voluntary CS culture for employees. Furthermore, we are providing various educational programs such as branch CS training in order to communicate with customers as financial service experts possessing both sincerity and expertise. Though CS capacity evaluation focusing on actual work on-site, CS Master, CS Ace, and CS Teller ratings are given. In addition, we are offering a wide range of educational programs such as branch CS training, 1:1 coaching, etc. with the goal of improving branch services and having better customer-oriented mindsets.

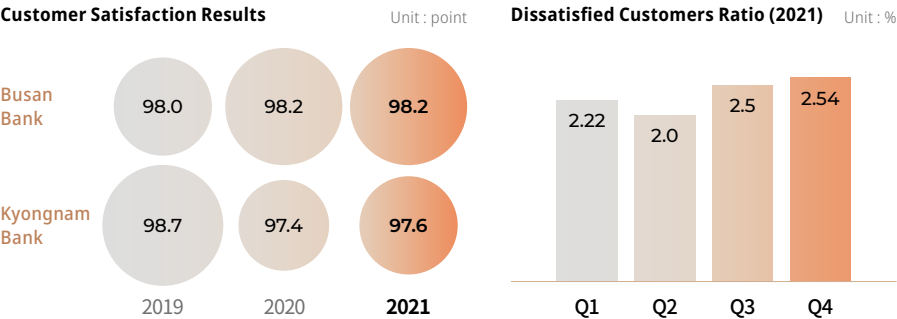
Qualification Rating	Conditions (CS Mileage)	Mandatory Criteria	
		Selection of Excellent Employees	Learning Mileage
Master	Over 100 points	Over 8 times	Over 10 points
Ace	Over 50 points	Over 6 times	Over 5 points
Teller	Over 30 points	Over 4 times	Over 5 points

Strengthening Communication with Customers

The BNK Financial Group is requesting improvement measures such as homepage and system, etc. to the relevant department in order to relieve customer complaints and to prevent recurrence. We are listening to the vivid opinions of customers through various channels such as customer center, etc. and these opinions are reflected to various fields such as customer-tailored product development, VoC (Voice of Customer) collection process, etc. Busan Bank and Kyongnam Bank recruit a customer panel to collect ideas on improvements to violation of rights for each customer and on products and services to listen to the opinions of customers. In particular, considering the COVID-19 pandemic, the entire process was conducted via videoconference such as gathering the panel and holding presentations for monthly projects; thus communicating with panels located in other regions as well. We also listened to opinions on protecting the financially vulnerable class due to the private equity fund issue and reduced number of branches through the 'Consumer Protection Policy Consultants' composed of civic organizations, professors, and legal professionals.

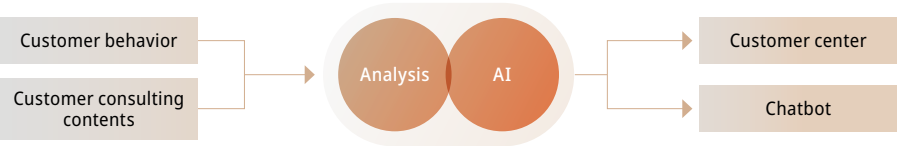
Enhancing Customer Satisfaction and Improvement Management of Dissatisfied Customer Ratios

The BNK Financial Group is improving customer satisfaction through annual customer satisfaction surveys while striving to minimize the rate of dissatisfied customers by improving customer experiences. We are engaged in activities that focus on stimulating the emotions of customers and conveying our sincerity and are continuously responding to the VoCs of dissatisfied customers and lowering the ratio by providing quarterly CS evaluation reports customized to each branch so that better services can be provided to customers. Busan Bank held a CS survey event titled 'Your Visit to Busan Bank?' to find cases wherein customers experienced good service and identified the state of services. In addition, it conducted the 'Five star! Collect stars' CS challenge to spread the customer-oriented culture and to reduce the rate of dissatisfied customers by establishing positive CS mindsets. Kyongnam Bank conducted a Voice of Customer event to make improvements to the inconveniences and complaints of customers while developing a mobile banking app satisfaction survey to expand the communication widows for contactless customers.



Establishment of Future-oriented Contact Center

The BNK Financial Group is not only innovating work through digital innovation and diversification of customer channels but also strengthening the VoC responses of the customer center. We completed the implementation of the customer behavior analysis system and consulting analysis system for creating a future-oriented contact center, and we are pursuing the advancement of the knowledge management system. After constructing the future-oriented contact center, plans include having AI analyze data such as customer behavior and consulting contents to offer optimized products and services to customers.



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Prevent incomplete sales and unfair trade

There is a growing need for the protection of the rights and interests of financial consumers with the rapid change of domestic and foreign financial market environments and emergence of various financial products. The BNK Financial Group is taking the initiative to protect the rights and interests of financial consumers such as establishing a dedicated organization for preventing unnecessary damages of financial consumers and to strengthen preventive activities for incomplete sales.

Our Resolve for Abiding by the 'Act on the Protection of Financial Consumers'

All employees at the BNK Financial Group recognize that protecting financial consumers is the highest value with the enactment of the 'Act on the Protection of Financial Consumers,' and we declare the following to provide the best services that satisfy financial consumers:

In providing financial products and services, we will thoroughly comply with the 'Act on the Protection of Financial Consumers.'

In developing and selling financial products, we will place the highest value on the protection of the rights and interests of financial consumers.

We will construct a preemptive system for preventing the damages of financial consumers and provide prompt relief.

We will take the lead in various projects to fulfill the social responsibilities of finance.



BNK Pledge to Protect Financial Consumers

Financial Consumer Protection Pledge

The BNK Financial Group is taking all precautions in protecting financial consumers through continuous inspection and management. On April 1, 2021, all of the employees including the chairman and all of the group executives at the BNK Financial Group pledged to exercise financial consumer protection. Through this, it was declared that protecting the rights and interests of financial consumers is the highest value of the BNK Financial Group. In order to observe thoroughly the 'Act on the Protection of Financial Consumers' that went into effect on March 25, 2021, the BNK Financial Group reflected the provisions of the 'Act on the Protection of Financial Consumers' to its internal regulations according to the situation of each subsidiary (Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management) as well as the financial holdings company. In addition to the diligent implementation of the law, we will construct a preemptive system for protecting the rights and interests of financial consumers and to prevent damages to consumers when developing and selling products while also realizing prompt damage relief.

Strengthening the Organization for Protecting the Rights and Interests of Financial Consumers

In order to systemically pursue the protection of financial consumers of banks, the BNK Financial Group enacted and implemented internal control standards for protecting financial consumers by cooperating with associations and federations in different business categories. Furthermore, we overhauled the organization for protecting financial consumers. In order to comply with the 'Act on the Protection of Financial Consumers,' Busan Bank, Kyongnam Bank, and BNK Capital reached a resolution of the BOD at the end of 2021 and selected an independent financial consumer protection CCO (Chief Customer Officer) as executive. The CCO is an independent executive in charge only of protecting and reinforcing financial consumers. In the future, plans include having the CCO continuously manage financial consumer-oriented and financial consumer protection policies at the 'Financial Inclusion and Financial Consumer Protection Group Executive Meeting.' In order to protect financial consumers, Busan Bank established the 'Consumer Rights and Interests Protection Task Force' in February 2020 to share opinions on areas needing improvement for consumer protection, and councils related to product development and selection analyzed consumer impact to review the potential disadvantages to consumers in advance. Kyongnam Bank established the Financial Consumer Protection Internal Control Committee made up of the bank president, CCO, and in-company executives to discuss financial consumer protection policies and to adjust, review, and vote on matters related to internal control for the aforementioned protection of financial consumers. BNK Capital institutionalized a culture of protecting financial consumers through the appointment of a CCO and by securing the independence of consumer protection work, and it is creating a harmonious financial environment by pursuing preemptive consumer protection and follow-up damage relief.

Financial Inclusion and Financial Consumer Protection Group Executive Meeting	Financial Consumer Protection CCO (Chief Customer Officer)
Establishment of financial consumer protection policies	In charge of financial consumer protection work

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Improving Programs to Protect the Rights and Interests of Financial Consumers

In order to guarantee the rights and interests of financial consumers, the BNK Financial Group is developing products and services from the standpoint of financial consumers while continuously supplementing systems that are disadvantageous to financial consumers. The 'Customer Panel Program' is operated to listen actively to suggestions and ideas for bank products and services. In addition, the 'Consumer Protection Policy Consultants' of Busan Bank and the 'Financial Consumer Rights and Interests Improvement Consultants' of Kyongnam Bank composed of experts in different areas such as academe, law, and civic organizations are being used to diagnose consumer protection levels and improve areas with insufficiencies continuously.

BNK Financial Group is focusing on inspecting the internal control of financial consumer protection for subsidiaries every year. Inspection on compliance with financial consumer protection is undergoing, while the shortcomings of internal controls are improved. In addition, we are strengthening education for improving employee awareness of financial consumer protection and for preventing incidents.

Kyongnam Bank has been conducting company-wide job training for basic education and operations for the 'Act on the Protection of Financial Consumers' for all employees. Furthermore, eligibility systems were newly established for all employees in charge of financial product sales to provide a basis for financial consumers to feel safe during financial transactions. In addition, we are providing financial education by posting webtoons and animations on social media regarding the 'Act on the Protection of Financial Consumers' so that financial consumers can become aware of the law.

BNK Capital listens to customer complaints and requests for improvements and asks the relevant departments to make improvements and receive feedback to improve the systems and programs in such a way that customers can feel the improvements. In addition, is operating the 'Customer Satisfaction Committee' joined by management to strengthen the protection of financial consumers.

Improve financial consumer rights and interests

Category	Major Activities
Improve consumer rights and interests	<ul style="list-style-type: none">- Shortened the customer complaint handling period to two business days for swift complaint handling- Shortened the FSS complaint handling period by two days for each complaint type- Established the 'Financial Consumer Rights and Interests Protection Task Force'- System improvement activities- Systemized drafting of 'consumer impact analysis checklist' related to the development and selection of new products
Provide information	<ul style="list-style-type: none">- Performed 'regular customer information provision' to provide information on consumer rights, etc.- Selection and management of items for regular information provision on consumer rights and burdens, etc.- 67 cases on rights such as interest rate reduction request rights / 24 cases on burdens such as trigger clauses

Incomplete Sales Prevention Activities

Investment Product Selection and Follow-up Management

Prior to developing and launching products, the BNK Financial Group checks for the possibility of consumer damages and incomplete sales, etc. to inspect the potential for incomplete sales of products. Busan Bank and Kyongnam Bank established the non-deposit product selection committee and a sub-committee to protect financial customers for non-deposit products. Regarding the launch of products with possibility of loss and follow-up management, major executives are reviewing the safety of products in-depth from the perspective of consumer protection. In 2022, the 'non-deposit product internal control integrated management system' that can be utilized throughout the selection and follow-up management of investment products to prevent incomplete sales was constructed, thus systematically protecting financial consumers. BNK Capital is strengthening the early diagnosis of risk factors, launching new products, and verifying the product reviews of sales channels.

Self-Mystery Shopping

Busan Bank and Kyongnam Bank is performing self-mystery shopping to inspect the overall process including implementation of the six main sales rules of the 'Act on the Protection of Financial Consumers' for sales of financial investment products in order to prevent incomplete sales and unfair trading activities at its branches. When the result of mystery shopping assessment is lower than 70 points, it is judged as 'Poor' and improvement education is conducted; when the number of 'Poor' ratings in assessments is accrued, sales are gradually restricted for the branch and employees.

Mystery Shopping Results for 'Poor' or Below

Stage 1	Stage 2	Stage 3	
Warning (1 'poor' rating or below)	Restriction of sales for employee (2 'poor' ratings or below)	Restriction of sales for branch (3 'poor' ratings or below)	Busan Bank Mystery Shopping Held 4 times
CCO Warning and Intensive Improvement Education	Restrict sales for 1 month for employee	Restrict sales for 1 month for branch	Kyongnam Bank Mystery Shopping Held 5 times

In December 2021, Busan Bank inspected compliance with matters related to the 'Act on the Protection of Financial Consumers' throughout the bank operations pursuant to the standard checklist of the 'Act on the Protection of Financial Consumers.' Moreover, during the fund mystery shopping held by the Financial Consumer Protection Foundation in 2021, Busan Bank ranked second in all financial companies and first among banks; thus winning the grand prize in investor protection at the 'Korean Fund Awards' held in February 2022. Kyongnam Bank conducted the self-mystery shopping for IPO funds, assurance and variable insurance, and interest rate discount request rights to prevent incomplete sales of financial investment products. For branches assessed as 'Poor' in the evaluation, improvement were conducted such as performing education for each product department. At the '2021 Korean Fund Awards' hosted by KG ZEROIN in February 2021, we became the first bank outside of the Seoul area to win the grand prize for investor protection. Furthermore, at the fund sales mystery shopping inspection by the Financial Supervisory Services, we ranked first among banks and was also given A+ ratings at the '2021 Fund Sales Company Evaluation Results' sales procedures and follow-up management services hosted by the Financial Consumer Protection Foundation, ranking fourth overall among a total of 27 fund sales companies.



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4 Prevention of Financial Incidents and Digital Security

Pursue digital security and prevent personal information leaks

The BNK Financial Group is strengthening its information security risk management according to the four major information security strategies. We operate the systematic information protection system we have established to reinforce information protection risk management, protection of customers' personal information, advancement of electronic finance fraud prevention system, and strong review of security for IT businesses. We are conducting various information protection activities to strengthen digital security and prevent personal information leaks.



Busan Bank Security Awards Korea 2021 Award

BNK Financial Group Information Security Strategy

The BNK Financial Group is managing information protection risks and reinforcing the protection of customers' personal information. For this, our goal is to have zero cyber hacking and information leak incidents, and we are conducting various hacking response trainings to perform vulnerability analysis evaluations of electronic finance infrastructure and for preventing cyber attacks. Furthermore, we are advancing the electronic finance fraud prevention system and upgrading the security of IT businesses. For this, we have established protection measures for safe electronic financial transactions, and are conducting follow-up reviews for maintaining domestic and foreign security certifications while improving the security system for digital services. The BNK Financial Group will continuously secure budgets related to information protection for the sake of financial security and will foster security experts to protect the internal system and customer information from internal and external attacks. In the future, we will strengthen information protection education for employees to raise awareness of information protection and foster internal information protection experts to respond to electronic financial fraud.

Information Security Strategy

<p>Strengthen Information Protection Risk Management</p> <p>Achieve zero cyber hacking and information leaks</p> <p>Strengthen the information asset vulnerability diagnosis management procedure</p> <p>Carry out customer network forensic system expansion</p> <p>Construct a machine learning-based e-mail inspection system</p>	<p>Strengthen the Protection of Customers' Personal Information</p> <p>Regularly evaluate and inspect the status of utilizing and managing personal credit information</p> <p>Expand the full-time monitoring system for personal information</p> <p>Construct a personal credit information consignment and partner management system</p>
<p>Advancement of Electronic Financial Fraud Prevention System</p> <p>Strengthen the monitoring of electronic financial fraud</p> <p>Advancement of electronic finance abnormal transaction detection system</p> <p>Activate the cooperative system between the external institute and the security company</p>	<p>Strengthen IT Business Security Review</p> <p>Improve the security review procedures</p> <p>Advance the integrated vulnerability management system</p> <p>Construct a security inspection system for strengthening PC security</p>



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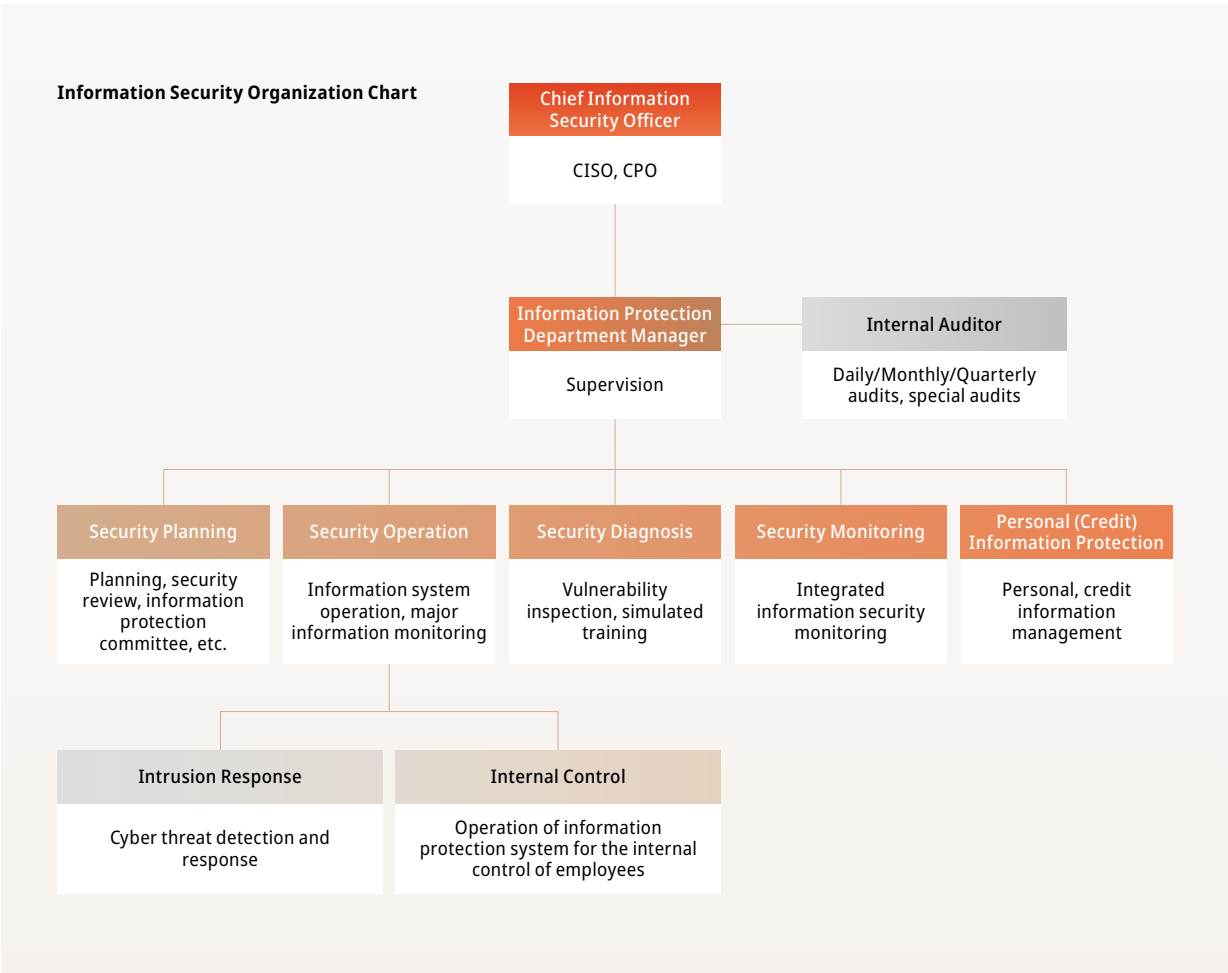
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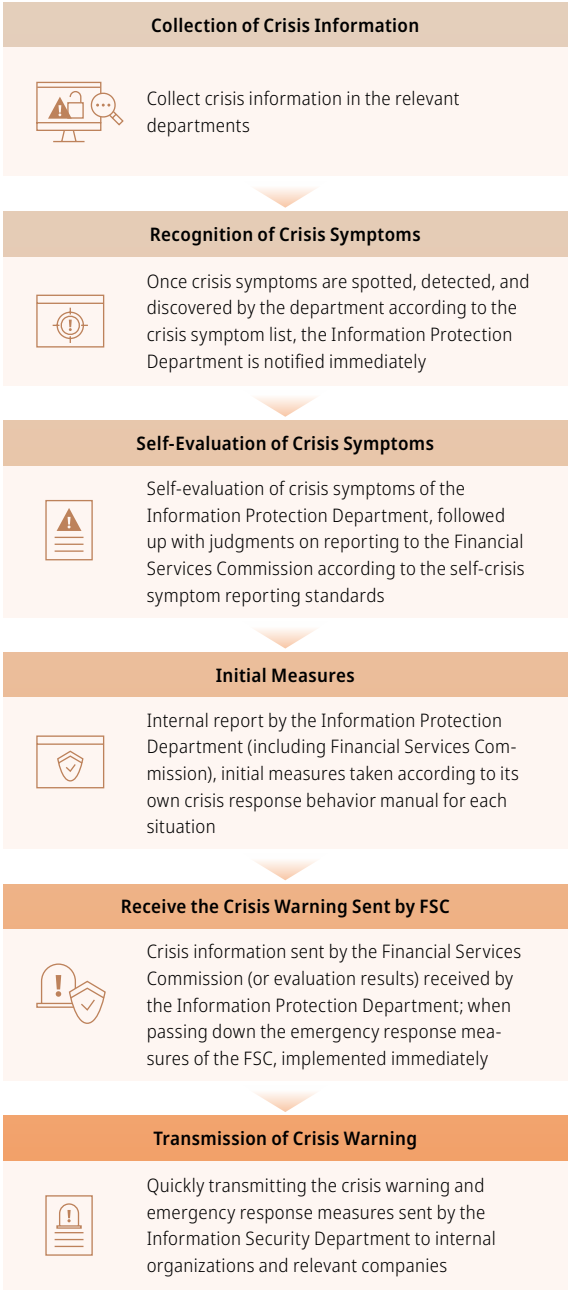


Information Security Risk Management Process

The BNK Financial Group appointed a CISO (Chief Information Security Officer) who oversees the information security work and operates the Information Protection Committee. The Information Protection Department was established directly under the CEO to carry out operations in information protection security and personal credit information such as security planning, security operation, security monitoring, vulnerabilities, etc. The Information Protection Department conducts specialized related work. Upon the occurrence of crises related to information security such as electronic intrusion, active response is taken against the information security risk with a six-stage process ranging from collecting information to spreading warnings according to the financial computer crisis response manual.



Response Process When Information Security Risks Occur



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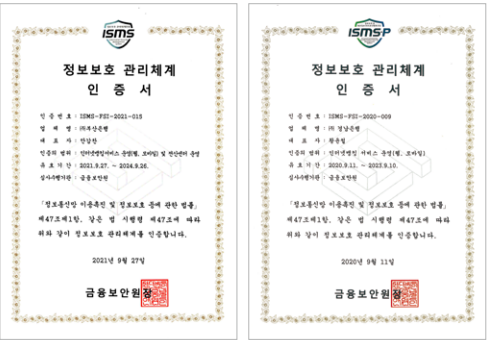
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Strengthened Information Protection System

Busan Bank and Kyongnam Bank acquired domestic ISMS (Information Security Management System) certification, and they are strengthening the information protection system operation and information security through annual renewal of the certification. Busan Bank maintains the international standard ISO27001, and it additionally acquired ISMS certification for its currently operating IDC Center and electronic finance infrastructure. BNK System is making preparations to acquire ISMS certification



Information Protection Management System Certification

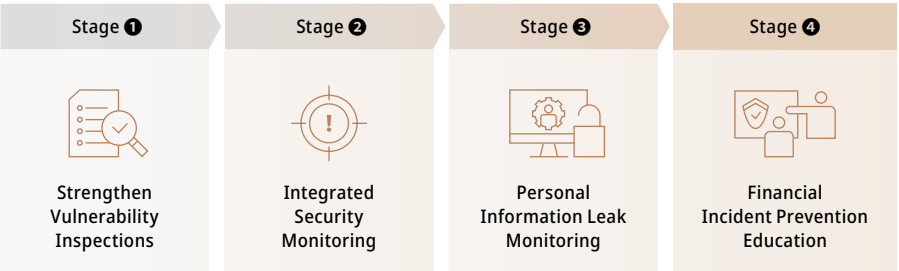
Strengthen the Protection of Customers' Personal Information

The BNK Financial Group operates an information protection management system for stable customer personal information management and protection based on relevant laws and regulations such as the 'Electronic Financial Transactions Act' and the 'Credit Information Use and Protection Act' throughout the entire group. In order to protect customers' personal information, the BNK Financial Group applies personal information masking, document encryption, and approval procedures when removing materials outside of the premises to prevent personal information leaks. Information security inspections are conducted on employees every month, and the results are reported to the CEO. Furthermore, minimum access authority is provided for the personal information of customers, and removal and unauthorized access, etc. are prevented in advance. The system is regularly inspected to prevent unauthorized query and use of customer information, and activities to diagnose and improve security vulnerabilities for accessing personal information are being carried out. Personal information management inspections are also being strengthened for vendors that process the personal information. Other systems are being operated to manage the series of procedures such as collection, use, provision, storage, and destruction of personal information. We are reinforcing the internal control system by operating a department specializing in personal information protection and are providing regular education on managing personal information and raising awareness of information protection for all employees. Moreover, we are striving to protect customer assets by analyzing scenarios for fraudulent transactions by further developing the abnormal financial transaction detection system and use of AI and big data as well as applying abnormal transaction detection in open banking.

Responding to Information Security Incidents

The BNK Financial Group prepares information protection crisis management in advance to prevent information protection issues from occurring and also takes actions so that information protection cases or incidents do not spread into a crisis for the company's information protection. When crises occur, actions are taken promptly and precisely to minimize damage to the company and customers while restoring damages for the short-term and mid- to long-term as responses.

Information Protection Incident Prevention



First, we are reinforcing vulnerability inspection procedures for the server, network, and security system for the operation of financial services to respond preemptively to threats from both within and outside. Second, we are operating a big data-based integrated security monitoring system and a 24/7 security monitoring system to defend efficiently against target ransomware attacks and are also continuously monitoring cyber threat information such as ransom DDoS attacks that demand money and attack the system if not paid.

We are operating the emergency plans we have established against electronic intrusions to be prepared for security incidents, and we are applying prompt responses and measures according to external threats and crisis warning situations. In particular, we are operating a proprietary DDoS attack response system to respond to large-scale DDoS attacks, and we are applying multi-stage defense systems such as cloud DDoS response services through cooperation with the Financial Security Institute.

Third, we are identifying personal information leak flows in real time, having constructed a thorough personal credit information protection system to prevent personal information leaks.

We are conducting regular appropriateness inspections through user access authority grant status, status of applying security software, inspection of security policies, etc. Furthermore, in order to prevent leaks or abuse and misuse of personal information, we have constructed a personal information leak pre-detection system to conduct systematic monitoring and inspection activities.

Fourth, as there has been a stark increase in financial incidents such as fake bank deposit book withdrawal fraud, and phone scams, etc. due to the increase of contactless transactions such as online financial transactions, we are focusing on applying various AI based technology on big data throughout our work so that we can build a financial environment wherein customers can perform business safely. Moreover, we are focusing on preventing financial incidents through financial fraud prevention education, campaigns. etc.



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Strengthening the Financial Incident/ Financial Fraud Prevention System

Advancement of Electronic Financial Fraud Prevention System

Busan Bank implemented the AI-based 'Voice Phishing Damage Prevention Integrated Monitoring System (V-FDS)*' in 2019. This system uses big data to identify the financial transaction patterns and cash flows of customers in real time; any electronic financial transaction judged to be an electronic finance fraud is automatically blocked. Furthermore, in 2021, V-FDS and KT Mobile's Who app was synchronized for the first time in the financial industry. It is being used to construct a system for preemptively blocking financial fraud and monitor fraud information collected on mobile devices and for preventing fraud incidents.

Kyongnam Bank constructed a malicious app remote control blocking system and a mobile phone self-authentication service for mobile banking in order to prevent voice phishing incidents on open banking, and it provides pop-ups for information to be cautious of damages when applying for loans while offering contactless identity authentication video call services for senior citizens. In addition, Kyongnam Bank constructed an AI-based integrated FDS with its existing electronic finance-based FDS and electronic communication-based FDS in 2021. Through this, financial incident detection rates were improved.

BNK Capital introduced the Phishing Eyes prevention system in 2020 to detect the installation of malicious apps to warn customers of possible damages, while sending warning information to a representative at the bank as a process that responds in various ways in preventing financial damages. Furthermore, it offers customers taking loans free insurance for damages against voice phishing as a program to compensate part of the damages incurred from voice phishing in the future.

In order to respond to the growing voice phishing damages in April 2021, anti-voice phishing service was implemented using an in-app method** considering customer convenience; when installing the BNK Capital app, illegal malicious apps are being extracted. In addition, information on preventing financial incidents including phishing are provided when giving loans, and voice phishing prevention texts are sent twice a month to existing customers.

Electronic Financial Fraud Prevention Education and Activities

With the spread of the contactless culture after COVID-19 and innovation of digital technologies, digitalization of finances is accelerating; and as new financial services and operation formats appear, there are also growing concerns of new financial incidents. The BNK Financial Group conducts preemptive preventive education for employees and customers to prevent electronic finance fraud.

We are reinforcing voice phishing prevention information in order to respond to illegal financial behavior. In order to improve the phone scamming response capacities of branch employees, we notify employees company-wide of new phone scamming examples and precautions, and we also published and distributed a 'voice phishing response guide.'

Furthermore, we analyze the latest phone scamming cases and send text messages for preventing voice phishing customized to target groups with high frequency of damage per type; we have also distributed the phone scamming brochures that we produced to customers visiting our banks. When customers withdraw cash, etc. financial fraud prevention questionnaires are used, and voice phishing information messages are inserted in bank queue tickets as part of our various efforts to prevent financial fraud.

Meanwhile, Busan Bank held the 'Challenge! Senior Online Financial Golden Bell' event sponsored by the Financial Supervisory Service in 2022. It provided education on financial information, voice phishing response, etc. for customers over the age of 50, and voice phishing prevention quizzes were given to enhance awareness of voice phishing damage prevention.



Challenge! Senior Online Financial Golden Bell



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* V-FDS(Voice Fishing-Fraud Detection System), Voice Phishing Damage Prevention Integrated Monitoring System
** In-app method: Automatic updates are made without separate installation

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Busan Bank CEO
Ahn Gam-chan

Busan Bank is striving to be equipped with core competitiveness for the digital era through 'digital innovation' and 'work innovation' and to provide distinguished financial services with the goal of becoming the 'best corporate financing bank in southeastern Korea.' In addition to this, we will also do our best in our inherent role as a local bank to coexist with the region.

Corporate Info	
Founding date	October 10, 1967
Address of headquarters	30 Munhyeongeumyung-ro, Nam-gu, Busan
Homepage	www.busanbank.co.kr
Proprietary capital	5.487 trillion KRW
No. of employees	3,063

In 1967, Busan Bank was launched with the mission of invigorating the local economy; today, it is headed toward becoming an 'unparalleled medium-sized bank with total assets of 100 trillion KRW.' We are expanding innovative finance and financial inclusion for local SMEs placing utmost value in 'customer-first and coexistence with the region'. We are also actively carrying out social responsibility management as a 'bank that coexists with the region' by practicing ESG management.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">Established the ESG Committee in the BODReflect ESG evaluation elements when assessing corporate credit ratingsDeclaration of coal-free finance	In order to participate actively in the 2050 carbon neutrality policy of the government, Busan Bank declared 'coal-free finance' in August 2021. With this declaration, we plan to increase investments in eco-friendly finances such as 'stopping new PF and bond acquisition for the construction of coal-fired generators in Korea and abroad' and 'renewable energy,' etc.
Mutual Growth	<ul style="list-style-type: none">Preemptive financial support for companies in eco-friendly businessesDevelopment and sales of eco-friendly products throughout all financial sectorsPursue social contribution projects for the community	Busan Bank is actively implementing eco-friendly policies and providing support for small businesses facing difficulties due to COVID-19. It also issues ESG bonds to support greenhouse gas mitigation businesses, and received the highest rating of ST1 in the follow-up report certification evaluation. It will continue to enhance the reliability of ESG bond investors and increase financial inclusion for local SMEs and small business owners while continuously pursuing the issuance of ESG bonds to practice socially responsible management.
Trustworthy Growth	<ul style="list-style-type: none">Eradication of unethical behaviorPrevention of incomplete sales and unfair trade by reinforcing mystery shoppingPursue of digital security and prevent personal information leaksStrengthen the financial accident/financial fraud prevention systemAdvancement of electronic financial fraud prevention systemConstruct a cooperation system for eradicating voice phishing with local governments	Busan Bank constructed a voice phishing eradication cooperation system with the Busan Provincial Police Agency. Phone scamming caution messages were inserted in the bank branch queue tickets to take part in activities for preventing voice phishing, and it has operated integrated monitoring systems for voice phishing damages to identify financial transaction patterns and cash flows in real time. As a result, as of 2021, a total of 389 cases of abnormal transactions were detected, and approximately 5.5 billion KRW worth of damages was prevented.



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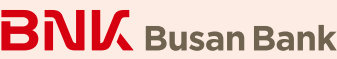
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Kyongnam Bank
CEO
Choi
Hong-young

We will provide products and services to customers by placing utmost value on customer-first. In addition, we will provide optimized financial services through convenient and safe digital financing. As a representative bank of the region, we will become a true partner of local residents and local small businesses.

Corporate Info	
Founding date	May 2, 1970
Address of headquarters	634, 3.15-daero, Masanhoewon-gu, Changwon, Gyeongsangnam-do
Homepage	www.knbank.co.kr
Proprietary capital	3.518 trillion KRW
No. of employees	2,354

Kyongnam Bank promotes various changes and innovations for sustainable growth in the newly changing environment such as ESG management and COVID-19. In particular, we are pursuing a broad range of projects to digitalize bank technologies and cultures to achieve true digital transformation. Kyongnam Bank will continue with digital innovation and do its best to offer the best value to customers as well as the region.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">Establishment of future-oriented organization, personnel, and corporate cultureNewly established the ESG Committee in the BODDigital innovation leader fostering courseStrengthen the future channel strategy and branch operation efficiency	<p>Kyongnam Bank established and pursued a systematic ESG strategy in April 2021 and established the ESG Committee to realize sustainable management. Together with Busan Bank, Kyongnam Bank was the first bank to set up a committee within the BOD related to ESG aside from the holdings company; through this, it aims at pursuing more intensive ESG projects.</p> <p>Furthermore, detailed projects are being planned and pursued per department by establishing a mid- to long-term road map for ESG.</p>
Mutual Growth	<ul style="list-style-type: none">Establishment of a corporate culture for regional win-win social value creationFoster local startupsLaunch an eco-friendly product usage and energy conservation movementIncrease eco-friendly financial product sales and investmentsFinancial products to resolve community issuesIssuance of ESG bonds	<p>Kyongnam Bank is engaged in various activities to achieve actual energy conservation by establishing company-wide climate change response strategies. In particular, we declared in August 2021 carbon-free finance stating that we would not invest in businesses related to coal generation, and we are also participating in EV100 to switch to pollution-free work vehicles.</p>
Trustworthy Growth	<ul style="list-style-type: none">Preemptive risk management to respond to changesEradicate unethical behaviorProhibit incomplete sales and unfair tradePursue digital security and prevent personal information leaksExpand the financial accessibility of financial consumers	<p>Kyongnam Bank is making a wide range of efforts to strengthen support for the financially vulnerable class.</p> <p>In particular, we donated local gift certificates to marginalized classes facing difficulties due to COVID-19 in the region and appointed a financial consumer protection supervisor to strengthen the protection of the rights and interests of financial consumers.</p>



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BNK Capital CEO
Lee Doo-ho

As a financial company specializing in loans, BNK Capital offers comprehensive financial services such as personal credit loans, lease, installments, corporate financing, and investment financing. We are expanding digital-based financial services and establishing ESG management systems and pioneering new overseas markets such as Southeast Asia and Central Asia to become a global capital company through ceaseless innovation and challenges.

Corporate Info	
Founding date	July 15, 2010
Address of headquarters	1 Saessak-ro, Busanjin-gu, Busan
Homepage	www.bnkcapital.co.kr
Proprietary capital	981.1 billion KRW
No. of employees	507

In the age of digital transformation with the fourth industrial revolution, BNK Capital strives to continuously grow through digitalization of the financial environment and by providing customer-oriented financial services. Furthermore, we will do our best to fulfill our corporate responsibilities and to establish a fair, transparent corporate culture.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">· Reflect ESG elements to the loan decision-making process· Revamp the corporate culture· Conduct training for each position	<p>BNK Capital is enabling the evaluation and use of non-financial elements through the 'ESG Checklist' in the loan review process and investment decision-making process.</p> <p>Furthermore, we will maintain a sustainable ecosystem to give interest rate benefits for outstanding ESG companies to fulfill our social responsibilities. We will also strive to have companies with excellent governance transparency receive preferential treatment.</p>
Mutual Growth	<ul style="list-style-type: none">· Contribute to revitalizing local sports industries· Participate in various social activities for local coexistence· Work on MOUs with local governments	<p>BNK Capital is making various efforts to strengthen local win-win activities.</p> <p>The home court of BNK Sum women's professional basketball team was moved to the Sajik Gymnasium to be more accessible to local residents. We are also participating in a number of other social activities such as purchasing items from local traditional markets and donating them to social welfare institutes.</p> <p>Moreover, we are looking at establishing cooperative relationships by concluding MOUs for promoting the local economy in Busan and Changwon in order to distribute EVs in the region.</p>
Trustworthy Growth	<ul style="list-style-type: none">· Increase the accessibility of financial consumers· Introduce security and certification systems befitting the digital environment· Expand protection for the rights and interests of financial consumers	<p>In addition to phone consulting and ARS, BNK Capital also implemented AI chat-bots to build a system that can respond to customer inquiries 24/7 regardless of business hours; thus expanding accessibility for financial consumers.</p> <p>Furthermore, we have implemented new authentication systems and strengthened technological security policies to respond to new security threats due to the expansion of the digital environment.</p>



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BNK Securities CEO
Kim
Byung young

BNK Securities implements management for growth and sharing with the goal of mutual development with customers, employees, and the community that is in accordance to the management principle of sustainable growth, job creation, and social contribution.

We will continue to do our best to grow as Korea’s representative financial investment company through distinguished specialization strategies.

Corporate Info	
Founding date	June 2, 1997
Address of headquarters	1 Saessak-ro, Busanjin-gu, Busan
Homepage	www.bnkfn.co.kr
Proprietary capital	1.0155 trillion KRW
No. of employees	355

BNK Securities started out as a futures trading company in 1997 but was converted into a securities company in 2009. Starting with investment brokering and investment transactions businesses in 2009, we have now grown into a comprehensive securities company that acquired over-the-counter derivatives authorization. We have achieved continued growth such as posting the highest current net profit in our history in 2021. BNK Securities is continuously expanding market competitiveness through business innovation and specialized/customized sales strategies in the fiercely competitive environment of the financial investment industry. We will continue to strive to become a leading securities company of the Korean securities market.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">· Sustainable Corporate Culture Reorganization- Creating a Good Corporate Culture for Work	<p>BNK Securities operates welfare programs such as subscription to joint injury insurance for employees, medical support, and club activity support.</p> <p>We also offer congratulatory gifts on anniversaries to help motivate employees. Meanwhile, we are making a wide range of efforts to create a great place to work such as shortening the work hours for employees raising children, expanding family participation programs, and introducing focus work programs.</p>
Mutual Growth	<ul style="list-style-type: none">· Promote innovation and technology financing- Pursue mutual growth with local SMEs	<p>BNK Securities is promoting heavy investments to help local companies grow through new technology project financing. We are increasing investments in local companies through the Southeastern Korea Job Creation Association, Busan-Ulsan-Gyeongnam startup investment association, etc., and we are striving to create a circulating structure of the local economy so that the growth of companies can lead to the creation of local jobs.</p>
Trustworthy Growth	<ul style="list-style-type: none">· Expand the financial accessibility of financial consumers- Improve accessibility and convenience by strengthening customer services	<p>BNK Securities revised the MTS system for elderly investors in accordance with the aging society. We made revisions such as font size and information UI, etc. for the convenience of senior customers.</p>



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BNK Savings Bank
CEO
Myung
Hyung-guk

BNK Savings Bank is an institute specializing in small loans. We also focus capabilities on practicing financial inclusion and financial support for ordinary people and SMEs with the goal of diligently fulfilling our inherent role and establishing a small loan financing ecosystem.

Corporate Info	
Founding date	December 13, 2012
Address of headquarters	92 Beomil-ro, Dong-gu, Busan
Homepage	www.bnksb.com
Proprietary capital	239.5 billion KRW
No. of employees	130

Launched in 2012, BNK Savings Bank is doing its best to offer more convenient digital financial infrastructure and to increase the value of finance with greater consideration and respect for customers to provide better financial services. All of our staff are striving to become an exemplary savings bank that leads the industry as the pride of customers and community.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">Strengthen support for local small and medium businessesLaunched the BIG3 Lighthouse LoanLaunched a special regional loan for private business owners	BNK Savings Bank is engaged in various business activities linked with supporting the financially vulnerable class and the local community. We are pursuing the 'expansion of guaranteed products' linked with local credit guarantee foundations to provide financial support for small and medium businesses facing difficulties due to COVID-19 and sluggish provincial economy. We actively supported the 'private business owner consulting and aid project' to help activate the local economy while providing practical assistance to private business owners.
Mutual Growth	<ul style="list-style-type: none">Pursue mutual growth with the local communityMOU to support a modern pentathlon semi-professional teamSigned an industry-academia cooperation MOU with Inje UniversityParticipated in senior finance supportersIntroduced the disability-linked employment program	<p>As a representative local savings bank, BNK Savings Bank is striving to provide an opportunity for local students to take a step closer to their dreams by offering various on-site experiences while focusing on fostering leaders who will lead the community in the future.</p> <p>In addition, we are taking the initiative to fulfill our social responsibilities and practice financial inclusion through a variety of projects linked with the region and through support for the socially vulnerable class such as employment policies for the disabled considering the socially vulnerable class, establishment of cooperative relations with the local community, and promotion of non-popular sports.</p>
Trustworthy Growth	<ul style="list-style-type: none">Foster a transparent, reliable corporate culture through ethical/compliance managementEngaged in 'zero consumer complaint, zero voice phishing' campaignConducted education and training for improving the ethical mindset of all employeesActivated the anti-corruption whistle blowing	<p>Internally, BNK Savings Bank is promoting the code of ethics and ethical compliance education and establishing money laundering prevention systems, etc. while engaging in campaigns to protect financial consumers and customers. Furthermore, we have established information security systems such as policies for handling the personal information of customers as customer protection is our utmost priority.</p> <p>In addition, we are operating systems and procedures such as complaint handling, sexual harassment prevention, and prevention of harassment at the office in order to protect the human rights of employees and eradicate unreasonable discrimination.</p>



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BNK Asset Management



BNK Asset Management CEO
Lee Yun-Hak

BNK Asset Management is doing our best to manage customer assets based on our asset management philosophy of long-term perspective, value-based, research-oriented, and consistent management principles. Furthermore, we will continue our efforts to become the 'most trusted asset management company among customers' by practicing sustainable management.

Corporate Info	
Founding date	July 15, 2008
Address of headquarters	21st Fl., 32 Gukjegeumyung-ro 2-gil (Yeouido Finance Tower), Yeongdeungpo-gu, Seoul
Homepage	www.bnkasset.co.kr
Proprietary capital	172.6 billion KRW
No. of employees	78

Since its incorporation into the group in 2017, BNK Asset Management has improved its financial structure through capital increase based on the dedication to strategic fostering. It has been growing continuously by further developing its expertise as a comprehensive asset management company by maintaining top performance in traditional assets such as stocks and bonds as well as through investments in blue chip assets such as real estate in key areas. Under the ESG management policy, we will continue to launch distinguished products such as ESG funds, TFD, and ETF and manage them stably to become an asset management company that contributes to building wealth for customers.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">· Reflect ESG elements to the loan and investment decision-making process· Strengthen the ESG investment process	<p>BNK Asset Management carries out responsible investment that enhances the risk-return profile by analyzing ESG risks and trends throughout the decision-making process. During corporate investments, we categorize the company into groups A through E based on our internal evaluation standards and invest mainly in companies with higher ratings. Furthermore, we operate an ESG Committee and an ESG Research Team, and we have a system in place that can respond to the ESG market environment in real time.</p> <p>We also built an ESG management system by joining global initiatives. In 2021, we declared support for TCFD and proclaimed participation in coal-free finance. We also joined NZAMI (Net Zero Asset Managers Initiative), which is joined by two of the world's top three asset management companies, BlackRock and Vanguard.</p>
Mutual Growth	<ul style="list-style-type: none">· Promote innovation and technology financing- Stock-type ESG fund '2021 Financial Innovation Award'- 'Financial Products/Service Innovation Award'	<p>BNK Asset Management also launched the stock-type ESG public fund called 'BNK Sustainability ESG Fund' in April 2021. This fund is a product that invests in companies that prepare for the future and companies that work for the environment and stockholders. In particular, we have a management strategy that emphasizes the environmental sector.</p> <p>BNK Asset Management's 'BNK Sustainable ESG Fund' invests in companies with good intentions while prioritizing earning rates. The fund's excellence was recognized, receiving the financial product/service innovation award in the securities and asset management sector of the '2021 Korean Financial Innovation Awards' in November 2021.</p>
Trustworthy Growth	<ul style="list-style-type: none">· Incident-free through assertive preemptive response and by implementing procedures according to laws- Strengthen the internal control system to block unsound business activities in advance	<p>BNK Asset Management supplies products flexibly according to customer needs, and is developing financial investment products to suit the omni-directional risk management system. We established a separate risk management and compliance organization to strengthen internal control, and we are minimizing the possibility of compliance violations through preemptive risk management.</p> <p>By doing so, we are enhancing reliability through the ethical management of customer assets and by achieving outstanding management performance.</p>



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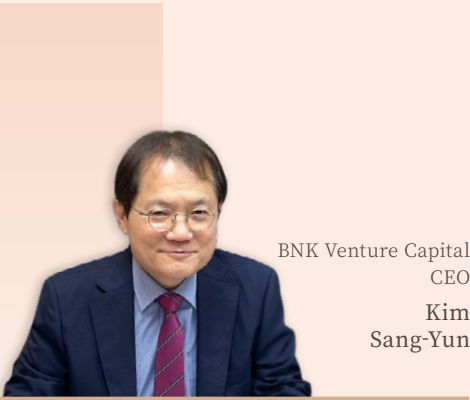
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BNK Venture Capital



BNK Venture Capital
CEO
Kim Sang-Yun

The management philosophy of BNK Venture Capital is 'technology and the market are complementary.'

By serving as a steppingstone for building an ecosystem of specialized venture companies and innovative ventures for each sector, we will do our best so that venture companies can grow continuously.

Corporate Info	
Founding date	March 24, 2009
Address of headquarters	12th Fl., 398 Seocho-daero, Seocho-gu, Seoul (Seocho-dong BNK Digital Tower)
Homepage	www.bnkvc.co.kr
Proprietary capital	52.2 billion KRW
No. of employees	15

BNK Venture Capital became part of the BNK Financial Group in November 2019, and it is doing its best to become a venture capital supplier wherein stockholders, investors, investment companies, and employees can all be satisfied as partners growing continuously. In particular, we will strive to establish a healthy industrial ecosystem for the Republic of Korea by discovering sustainable and eco-friendly hi-tech companies in major investment areas such as the fourth industrial revolution, renewable energy, and bio and agricultural and fisheries industries.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">Review on reflecting ESG factors to the investment decision-making processReview the establishment of ESG policiesReview the setting of target for ESG risk evaluation	BNK Venture Capital is building a system to establish and review ESG policies and reflect them to the investment process. Currently, the basic conditions of investment principles are defined, and other work rules, sustainable finance investment policy considerations, and investment process procedures reflecting ESG risks are being established as part of our efforts to apply the ESG perspective throughout the investment decision-making process. Increases in investments are being pursued in the environmental and climate tech sectors in accordance with the sustainability of the ESG sector.
Mutual Growth	<ul style="list-style-type: none">Find new growth engines for the local economy by activating innovative finance, technology financing and increasing investments in innovative companies in the Busan, Ulsan, and Gyeongnam regionsEstablish and pursue climate change response strategy, increase investments in eco-friendly alternative energy linked to policy funding	BNK Venture Capital pursues investing in innovative companies in the Busan, Ulsan, and Gyeongnam regions while searching for new growth engines for the local economy. For this, we have focused investments worth 15.5 billion KRW in all 8 companies in 2021. We also made investment associations with subsidiaries to increase investments in innovative companies, and we are doing our best to support innovative companies in various ways such as actively pursuing investments for climate change response.
Trustworthy Growth	<ul style="list-style-type: none">Review the construction of an ethical management system and establishment of anti-corruption policiesRevamp the internal regulation system to construct an ethical management system	BNK Venture Capital has completed the enactment and revision of various regulations to construct an ethical management system. Detailing investment and follow-up management regulations, strengthening risk management and internal control, requiring ethical standards pledges and compliance pledges to employees, and conducting a variety of other mandatory ethical management education were prescribed as well. Through this, we have revamped the internal regulation system, and we are close to achieving a high level of ethical awareness.



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BNK Credit Information



BNK Credit Information CEO
Kim Seong-Ju

BNK Credit Information aims at contributing to the sustainable growth of society through ESG management. Through the establishment of a new corporate culture by building a second basis for growth, we are doing our best for harmony with the local community and to create social values.

Corporate Info	
Founding date	June 17, 2003
Address of headquarters	92 Beomil-ro, Dong-gu, Busan
Homepage	www.bnkci.co.kr
Proprietary capital	20.6 billion KRW
No. of employees	44

BKN Credit Information is a credit information company representing Busan, Ulsan, and Gyeongnam. Having established an ESG management system, we are doing our best to fulfill our social responsibilities to the community. We are looking for change and innovation to respond to new environmental changes by setting quality and ethical management, discovery of new growth engines, and strengthening of innovative capacities as our management policies. As a financial consultant for improving asset quality for creditors and a reliable partner for happiness that can help debtors when they are facing difficulties, we are actively realizing happy finances with warm debt collection that can give hope.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">· Sustainable Corporate Culture Reorganization· Adopting a culture of work-life balance· Improving awareness of respecting human rights	BNK Credit Information performs human rights management that aims to give priority to creating social value and considering people first. We are conducting human rights education to prevent sexual harassment and harassment at work, unreasonable discrimination, etc., and we are operating various communication channels related to human rights while designating the department and officer for dealing with complaints of employees as part of our efforts to listen to and provide counsel for difficulties.
Mutual Growth	<ul style="list-style-type: none">· Discovering new growth engines· Expanding the financial safety net for the rehabilitation and comeback of marginalized classes	BNK Credit Information is strengthening its efforts to provide support to address blind spots of debt adjustment for the financially vulnerable class and to restore credit and help in the rehabilitation of debtors. We are reinforcing our support for recovering credit for the financially vulnerable class such as extension of debt repayment periods, extended periods for allowing installment payments of debts, exclusion of assets needed for everyday life from collection, and increase of overdue interest deductions, etc. for low-income debtors such as those receiving basic life support and employment subsidies.
Trustworthy Growth	<ul style="list-style-type: none">· Increase the accessibility of financial consumers· Sound and fair credit work processing	BNK Credit Information has set quality and ethical management as its management principle, and it engages in fair and transparent operations based on a high level of ethical values. Furthermore, we are strengthening education and monitoring with regard to fair collection methods as well as the Personal Information Protection Act; thus achieving 'zero complaints' as the lowest in the credit information industry. We will continue to establish sound credit order as well as a transparent, fair organizational culture.



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BNK System CEO
Kim Young-Moon

BNK System offers stable and distinguished financial IT services while also developing application technologies that integrate IT technologies in the rapidly changing financial environment to contribute to the advancement of the IT work environment. Based on financial IT experts and development experience in the financial sector, we will develop as a key subsidiary for providing the best IT services that will lead future sustainable growth.

Corporate Info	
Founding date	May 20, 2011
Address of headquarters	21 Mieumsandan-ro 127-beongil, Gangseo-gu, Busan
Homepage	www.bnksys.co.kr
Proprietary capital	20.3 billion KRW
No. of employees	226

As an 'IT service leader that leads digital finance,' BNK System is growing continuously by expanding its service areas and with qualitative improvements and is expanding its roles such as group IT integration, expansion and building of financial and digital solutions, and strengthening of digital transformation promotion capacities while securing competitiveness. Furthermore, by continuously finding and providing various digital services for the goal of achieving work efficiency for subsidiaries, we are enhancing group synergy effects while also striving for coexistence with the region by discovering promising local IT companies, hiring local human resources, and supporting marginalized classes.

Major ESG Achievements

Strategic Direction	Major Matters Promoted	Major Achievements
Responsible Growth	<ul style="list-style-type: none">Establishment of sustainable governanceProviding policies for ensuring BOD diversityReflecting loans/investment ESGSustainable corporate culture reorganization	BNK System is providing various guarantee policies for the BOD to build sustainable governance, which is a main issue for group ESG strategies. We are currently reviewing whether to reflect policies to the management operation regulations and management personnel policies and refining the regulations so that the BOD diversity conditions can be applied when mandatory disclosure documents occur in the future.
Mutual Growth	<ul style="list-style-type: none">Promote innovation and technology financingPromoting climate change responseStrengthening local win-win activities	BNK System is currently promoting computerization and more paperless policies for group-level efficiency. Major issues being pursued are paperless policies through the entire IT integrated purchase work, computerization of business management operations, etc. This coincides with the BNK Financial Group's efforts to reduce greenhouse gases as well as response to climate change that takes advantage of the features of the work of BNK System.
Trustworthy Growth	<ul style="list-style-type: none">Fulfilling ethical responsibilityConstruction of an ethical management systemReview the establishment of anti-corruption policiesPrevention of financial incidents and digital security	BNK System conducts regular education for fair trade and subcontracting compliance. For practical education, we are promoting education of specialized institutions such as the Fair Trade Commission. In addition, BNK System raises its level of ethical management through preemptive anti-corruption practices such as ethical management and anti-corruption practice pledge of employees and regular audits related to anti-corruption practices.



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Financial Performance

Summary of Consolidated Statements of Financial Position

Category	Unit	2019	2020	2021
Total assets	100 million KRW	1,045,388	1,141,569	1,282,870
Total liabilities	100 million KRW	953,576	1,045,306	1,180,638
Total equity	100 million KRW	91,812	96,263	102,232
Total liabilities and equity	100 million KRW	1,045,388	1,141,569	1,282,870

Summary of Consolidated Statements of Comprehensive Income

Category	Unit	2019	2020	2021
Operating income	100 million KRW	8,069	7,482	10,920
Income before income tax expense	100 million KRW	7,934	7,344	11,232
Consolidated net income	100 million KRW	6,176	5,626	8,342
Total comprehensive income	100 million KRW	6,176	5,265	7,754

Operating Income by Business Division

Category	Unit	2019	2020	2021
Banking	100 million KRW	43,347	40,212	38,802
Financial investment	100 million KRW	1,671	2,903	5,794
Loans	100 million KRW	7,044	8,011	9,858
Savings	100 million KRW	660	634	851
Other	100 million KRW	2,474	4,185	4,187

Soundness Indicator: Composition of leverage of the Bank for International Settlements (BIS)

Category	Unit	2019	2020	2021
Core capital (Tier 1)	100 million KRW	83,970	87,290	91,032
Amount of exposure among Basel III Tier 1 ratio	100 million KRW	1,157,493	1,259,694	1,405,324
Basel III Tier 1 ratio (%)	%	7.25	6.93	6.48
Basel III Risk Weighted Assets	100 million KRW	754,132	767,024	717,679
Basel III Tier 1 Capital ratio	%	11.13	11.38	12.69

Creation and distribution of direct economic values

Asset type		Unit	2019	2020	2021	
Creation of direct economic values		100 million KRW	52,793	52,124	55,807	
distribution of economic value	Wage and welfare benefits of employees	100 million KRW	8,055	9,793	11,172	
	Payment of dividends	Payment of dividends	100 million KRW	978	1,173	1,038
		Payment of interests	100 million KRW	313	262	251
	Tax (corporate tax expense)		100 million KRW	1,944	1,719	2,889
	Investment in community (donation and support for social contribution activities)		100 million KRW	807	726	778

Effective Tax Rate

Category	Unit	2019	2020	2021
Profit before income tax	100 million KRW	7,934	7,344	11,232
Nominal tax amount	100 million KRW	1,944	1,719	2,889
Effective tax rate	100 million KRW	25	23	26
Amount of tax paid	100 million KRW	1,919	1,942	2,640
Tax rate paid	100 million KRW	24	26	24

Overseas Credit Ratings

Category	Moody's	Standard & Poor's
Busan Bank	A2	A-
Kyongnam Bank	A2	-

Domestic credit rating status

Category	Korea Credit Information (NICE)	Korea Credit Rating (KIS)	Korea Enterprise Rating (KR)
BNK Financial Group	AAA	AAA	AAA
Busan Bank	AAA	AAA	AAA
Kyongnam Bank	AA+	AA+	AA+
BNK Capital	AA-	AA-	AA-

BNK Financial Group's Taxation Strategies

BNK Financial Group duly pays various types of taxes including corporate tax, value added tax and local tax in accordance with the taxation procedure prescribed by the tax law. The Group's tax paying policies consist of seven parts, defining tax-related risk types(tax risks and reputation risks), evaluating risk-specific levels, and categorizing into and managing three levels: moderate, significant and severe stages.

7 Taxation Policies of BNK Financial Group

- 1 Duly reporting on earnings (income) and complying with rules on tax payment
- 2 Disclosing financial records on taxation rationally and transparently
- 3 Protecting shareholder values
- 4 Managing taxation-related risks
- 5 Exploring specialists by fostering taxation related human resources
- 6 Complying with the tax law and regulations of countries with BNK's overseas sites
- 7 Complying with laws on tax adjustment across countries



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Environmental Performance

Materials used(Amount of copy paper purchased)

Category	Unit	2019	2020	2021
BNK Financial Group	Ton	4	4	4
Busan Bank	Ton	211	203	185
Kyongnam Bank	Ton	232	224	212
BNK Capital	Ton	5	5	14
BNK Securities	Ton	7	6	7
BNK Savings Bank	Ton	2	5	4
BNK Asset Management	Ton	2	2	2
BNK Venture Capital	Ton	-	-	0
BNK Credit Information	Ton	2	2	2
BNK System	Ton	1	1	1
Total	Ton	466	452	431

* Based on amount purchased at head and branch
** weight(1BOX = 11.7kg)

Materials used(Product and service purchase data)

Category	Unit	2019	2020	2021
Printing paper	Box	39,753	38,660	36,847
Credit cards	ea	417,245	416,462	387,124
Bankbooks	ea	2,734,475	2,413,000	2,204,869

Waste

Category	Unit	2019	2020	2021
BNK Busan Bank	Ton	127	161	159
BNK Kyongnam Bank	Ton	168	375	129

Water Usage

Category	Unit	2019	2020	2021
BNK Financial Group	m³	3,596	3,912	3,192
Busan Bank	m³	96,706	124,740	109,363
Kyongnam Bank	m³	72,668	64,503	57,434
BNK Capital	m³	3,697	3,491	4,990
BNK Securities	m³	2,902	1,152	1,248
BNK Savings Bank	m³	1,209	2,345	2,366
BNK Asset Management	m³	527	27	29
BNK Venture Capital	m³	-	-	-
BNK Credit Information	m³	1,617	2,219	2,366
BNK System	m³	407	613	589
Total	m³	183,329	241,022	181,577
Water intensity	m³/100 million KRW	46.360	51.044	41.642

Energy consumption

Category	Unit	2019	2020	2021
BNK Financial Group	TJ	8	8	12
Busan Bank	TJ	330	314	341
Kyongnam Bank	TJ	159	146	196
BNK Capital	TJ	14	7	18
BNK Securities	TJ	9	8	13
BNK Savings Bank	TJ	1	3	13
BNK Asset Management	TJ	1	1	1
BNK Venture Capital	TJ	-	-	1
BNK Credit Information	TJ	2	2	4
BNK System	TJ	3	5	5
Total	TJ	527	494	604
Energy use intensity	TJ/100 million KRW	0.082	0.076	0.120



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Greenhouse gas(GHG) emissions(Scope 1,2)

Category			Unit	2019	2020	2021
Greenhouse gas(GHG) emissions	BNK Financial Group	Direct Emissions(Scope 1)	tCO ₂ eq	100	135	196
		Indirect Emissions(Scope 2)	tCO ₂ eq	307	303	436
		Total	tCO ₂ eq	407	438	632
	Busan Bank	Direct Emissions(Scope 1)	tCO ₂ eq	1,661	1,299	2,131
		Indirect Emissions(Scope 2)	tCO ₂ eq	14,702	14,254	14,717
		Total	tCO ₂ eq	16,363	15,553	16,848
	Kyongnam Bank	Direct Emissions(Scope 1)	tCO ₂ eq	1,886	1,564	1,302
		Indirect Emissions(Scope 2)	tCO ₂ eq	6,214	5,844	8,367
		Total	tCO ₂ eq	8,100	7,408	9,669
	BNK Capital	Direct Emissions(Scope 1)	tCO ₂ eq	680	237	230
		Indirect Emissions(Scope 2)	tCO ₂ eq	194	189	700
		Total	tCO ₂ eq	874	426	930
	BNK Securities	Direct Emissions(Scope 1)	tCO ₂ eq	191	201	225
		Indirect Emissions(Scope 2)	tCO ₂ eq	311	225	473
		Total	tCO ₂ eq	502	426	698
	BNK Savings Bank	Direct Emissions(Scope 1)	tCO ₂ eq	78	72	83
		Indirect Emissions(Scope 2)	tCO ₂ eq	212	100	551
		Total	tCO ₂ eq	290	172	634
	BNK Asset Management	Direct Emissions(Scope 1)	tCO ₂ eq	46	52	62
		Indirect Emissions(Scope 2)	tCO ₂ eq	5	17	22
		Total	tCO ₂ eq	51	69	84
	BNK Venture Capital	Direct Emissions(Scope 1)	tCO ₂ eq	-	-	19
		Indirect Emissions(Scope 2)	tCO ₂ eq	-	-	13
		Total	tCO ₂ eq	-	-	32
	BNK Credit Information	Direct Emissions(Scope 1)	tCO ₂ eq	24	24	22
		Indirect Emissions(Scope 2)	tCO ₂ eq	60	66	179
		Total	tCO ₂ eq	84	90	201
	BNK System	Direct Emissions(Scope 1)	tCO ₂ eq	32	88	58
		Indirect Emissions(Scope 2)	tCO ₂ eq	146	156	203
		Total	tCO ₂ eq	178	244	261
	Total	Direct Emissions(Scope 1)	tCO ₂ eq	4,698	3,672	4,328
		Indirect Emissions(Scope 2)	tCO ₂ eq	22,151	21,154	25,661
		Total	tCO ₂ eq	26,849	24,826	29,989
Emission intensity (Scope 1, 2)			tCO ₂ eq/billion KRW	5.09	4.76	5.37

Greenhouse gas(GHG) emissions(Scope 3)

Category	Unit	2019	2020	2021
Listed stocks and bonds	10,000tCO ₂ eq	-	-	94.7
Unlisted stocks and loans	10,000tCO ₂ eq	-	-	105.3
power generation PF	10,000tCO ₂ eq	-	-	19.3
commercial	10,000tCO ₂ eq	-	-	31.5
mortgage	10,000tCO ₂ eq	-	-	31.9
car loan	10,000tCO ₂ eq	-	-	13.9
Sum	10,000tCO ₂ eq	-	-	296.7

* Other Indirect Emissions : Calculation of greenhouse gas emissions within the asset portfolio from 2021

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Category		Unit	2019				2020				2021			
			Regular	Contracted	Executives	Total	Regular	Contracted	Executives	Total	Regular	Contracted	Executives	Total
BNK Financial Group	Male	No. of persons	71	14	8	93	75	11	8	94	78	15	8	101
	Female	No. of persons	4	5	-	9	5	5	-	10	5	7	-	12
	Total	No. of persons	75	19	8	102	80	16	8	104	83	22	8	113
Busan Bank	Male	No. of persons	1,364	202	19	1,585	1,352	166	20	1,538	1,278	141	18	1,437
	Female	No. of persons	1,561	119	1	1,681	1,566	104	1	1,671	1,544	80	2	1,626
	Total	No. of persons	2,925	321	20	3,266	2,918	270	21	3,209	2,822	221	20	3,063
Kyongnam Bank	Male	No. of persons	1,188	108	7	1,303	1,152	91	7	1,250	1,099	77	7	1,183
	Female	No. of persons	1,136	97	-	1,233	1,132	80	-	1,212	1,097	74	-	1,171
	Total	No. of persons	2,324	205	7	2,536	2,284	171	7	2,462	2,196	151	7	2,354
BNK Capital	Male	No. of persons	317	73	6	396	306	64	5	375	303	45	7	355
	Female	No. of persons	150	35	-	185	147	14	1	162	141	11	-	152
	Total	No. of persons	467	108	6	581	453	78	6	537	444	56	7	507
BNK Securities	Male	No. of persons	83	86	6	175	72	136	5	213	65	179	7	251
	Female	No. of persons	43	26	-	69	51	37	-	88	49	55	-	104
	Total	No. of persons	126	112	6	244	123	173	5	301	114	234	7	355
BNK Savings Bank	Male	No. of persons	56	8	5	69	56	10	6	72	55	13	6	74
	Female	No. of persons	42	4	-	46	41	8	-	49	38	18	-	56
	Total	No. of persons	98	12	5	115	97	18	6	121	93	31	6	130
BNK Asset Management	Male	No. of persons	1	32	6	39	4	32	5	41	4	44	5	53
	Female	No. of persons	7	8	-	15	11	9	-	20	9	16	-	25
	Total	No. of persons	8	40	6	54	15	41	5	61	13	60	5	78
BNK Venture Capital	Male	No. of persons	2	-	3	5	7	1	2	10	11	-	2	13
	Female	No. of persons	2	-	-	2	2	-	-	2	2	-	-	2
	Total	No. of persons	4	-	3	7	9	1	2	12	13	-	2	15
BNK Credit Information	Male	No. of persons	11	6	4	21	10	8	4	22	7	17	4	28
	Female	No. of persons	3	-	-	3	3	-	-	3	2	14	-	16
	Total	No. of persons	14	6	4	24	13	8	4	25	9	31	4	44
BNK System	Male	No. of persons	154	18	4	176	156	18	4	178	176	19	-	195
	Female	No. of persons	22	-	-	22	23	-	-	23	30	1	-	31
	Total	No. of persons	176	18	4	198	179	18	4	201	206	20	-	226

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Category		Unit	2019	2020	2021
BNK Financial Group	under 30	No. of persons	4	4	5
	30 years old or older - less than 50 years old	No. of persons	66	65	73
	50 years old or older	No. of persons	32	35	35
Busan Bank	under 30	No. of persons	371	321	243
	30 years old or older - less than 50 years old	No. of persons	2,351	2,316	2,242
	50 years old or older	No. of persons	544	572	578
Kyongnam Bank	under 30	No. of persons	370	310	231
	30 years old or older - less than 50 years old	No. of persons	1,853	1,821	1,739
	50 years old or older	No. of persons	313	331	384
BNK Capital	under 30	No. of persons	42	21	12
	30 years old or older - less than 50 years old	No. of persons	490	458	428
	50 years old or older	No. of persons	49	58	67
BNK Securities	under 30	No. of persons	22	23	27
	30 years old or older - less than 50 years old	No. of persons	182	233	261
	50 years old or older	No. of persons	40	45	67
BNK Savings Bank	under 30	No. of persons	27	25	27
	30 years old or older - less than 50 years old	No. of persons	67	76	80
	50 years old or older	No. of persons	21	20	23
BNK Asset Management	under 30	No. of persons	3	6	10
	30 years old or older - less than 50 years old	No. of persons	46	46	52
	50 years old or older	No. of persons	5	9	16
BNK Venture Capital	under 30	No. of persons	1	1	1
	30 years old or older - less than 50 years old	No. of persons	3	7	8
	50 years old or older	No. of persons	3	4	6
BNK Credit Information	under 30	No. of persons	1	1	1
	30 years old or older - less than 50 years old	No. of persons	7	7	21
	50 years old or older	No. of persons	16	17	22
BNK System	under 30	No. of persons	11	19	43
	30 years old or older - less than 50 years old	No. of persons	169	164	169
	50 years old or older	No. of persons	18	18	14
Total	under 30	No. of persons	852	731	600
	30 years old or older - less than 50 years old	No. of persons	5,234	5,193	5,073
	50 years old or older+	No. of persons	1,041	1,109	1,212

Performance on diversity(includes data from all subsidiaries)

Category		Unit	2019	2020	2021
Female Leadership	Executives	No. of persons	3	3	5
	Mid-level supervisors	No. of persons	536	599	662
	Managers	No. of persons	239	271	288
number of veterans	-	No. of persons	289	286	268
number of disabled employees	-	No. of persons	88	85	79

Performance on diversity(nationality)

Category		Unit	2019	2020	2021
BNK Financial Group	korea	No. of persons(%)	95(100)	97(100)	106(100)
	foreign country	No. of persons(%)	-	-	-
Busan Bank	korea	No. of persons(%)	2,945(100)	2,939(100)	2,482(100)
	foreign country	No. of persons(%)	-	-	-
Kyongnam Bank	korea	No. of persons(%)	2,527(99.88)	2,453(99.88)	2,345(99.87)
	foreign country	No. of persons(%)	3(0.12)	3(0.12)	3(0.13)
BNK Capital	korea	No. of persons(%)	577(44.66)	533(35.65)	502(31.14)
	foreign country	No. of persons(%)	715(55.34)	962(64.35)	1,110(68.86)
BNK Securities	korea	No. of persons(%)	241(98.77)	298(99)	352(99.15)
	foreign country	No. of persons(%)	3(1.23)	3(1)	3(0.85)
BNK Savings Bank	korea	No. of persons(%)	115(100)	121(100)	130(100)
	foreign country	No. of persons(%)	-	-	-
BNK Asset Management	korea	No. of persons(%)	14(100)	20(100)	18(100)
	foreign country	No. of persons(%)	-	-	-
BNK Venture Capital	korea	No. of persons(%)	7(100)	12(100)	15(100)
	foreign country	No. of persons(%)	-	-	-
BNK Credit Information	korea	No. of persons(%)	12(100)	11(100)	13(100)
	foreign country	No. of persons(%)	-	-	-
BNK System	korea	No. of persons(%)	196(100)	201(100)	226(100)
	foreign country	No. of persons(%)	-	-	-

* Standards for executives and full-time employees

Newly hired employees and employee turnover

Category	Unit	New employees			Retired employees		
		2019	2020	2021	2019	2020	2021
BNK Financial Group	No. of persons	-	-	12	-	-	5
Busan Bank	No. of persons	84	55	19	14	12	7
Kyongnam Bank	No. of persons	32	9	12	20	16	11
BNK Capital	No. of persons	29	13	5	16	29	20
BNK Securities	No. of persons	5	2	-	8	2	-
BNK Securities	No. of persons	19	19	25	17	14	18
BNK Asset Management	No. of persons	3	8	4	2	3	4
BNK Venture Capital	No. of persons	-	3	4	-	1	-
BNK Credit Information	No. of persons	7	5	1	7	2	1
BNK System	No. of persons	21	12	38	4	7	15
Total	No. of persons	200	126	120	88	86	81



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Turnover Rate

Item			Unit	2019	2020	2021	
Busan Bank	Total turnover rate	gender	Male	%	3.05	1.64	2.94
			Female	%	1.44	0.38	1.10
		age	under 30	%	0.21	0.14	0.14
			30 years old or older - less than 50 years old	%	1.13	0.31	0.99
			50 years old or older	%	3.15	1.58	2.91
	Voluntary turnover rate	gender	Male	%	0.21	0.14	0.18
			Female	%	0.68	0.34	0.28
		age	under 30	%	0.21	0.14	0.14
			30 years old or older - less than 50 years old	%	0.68	0.31	0.28
			50 years old or older	%	-	0.03	0.04
Item			Unit	2019	2020	2021	
Kyongnam Bank	Total turnover rate	gender	Male	%	0.43	0.40	0.32
			Female	%	0.56	0.40	0.18
		age	under 30	%	0.52	0.31	0.18
			30 years old or older - less than 50 years old	%	0.43	0.44	0.27
			50 years old or older	%	0.04	0.04	0.05
	Voluntary turnover rate	gender	Male	%	0.43	0.35	0.27
			Female	%	0.56	0.40	0.18
		age	under 30	%	0.52	0.31	0.18
			30 years old or older - less than 50 years old	%	0.43	0.44	0.23
			50 years old or older	%	0.04	-	0.05

Labor Productivity

Category	Unit	2019	2020	2021
Group-adjusted operating income(A)	100 million KRW	25,122	26,386	31,043
Total number of employees in the Group(B)	No. of persons	7,128	7,039	6,891
Per-capita labor productivity(C=A/B)	100 million KRW	3.53	3.75	4.51

Labor union subscription rate

Category	Unit	2019	2020	2021
Busan Bank	%	99.92	99.92	99.91
Kyongnam Bank	%	99.95	99.94	99.94

Number of labor union meetings

Category	Unit	2019	2020	2021
BNK Financial Group	sessions	4	-	-
Busan Bank	sessions	4	4	4
Kyongnam Bank	sessions	4	4	4
BNK Capital	sessions	5	4	4
BNK Securities	sessions	5	4	5
BNK Savings Bank	sessions	4	4	-
BNK Asset Management	sessions	4	4	5
BNK Venture Capital	sessions	-	-	-
BNK Credit Information	sessions	-	4	4
BNK System	sessions	-	4	4



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Current Status of CEO Remuneration

Category		Unit	2019	2020	2021
CEO and Chairman Kim Ji-wan	Earned Income	million KRW	729	729	729
	Bonus	million KRW	182	302	611

Status of Total Remuneration for Employees(Based on the holding company)

Category		Unit	2019	2020	2021
Total remuneration amount for employees		100 million KRW	178	182	197
Net income before corporate tax		100 million KRW	7,186	7,934	7,344
Ratio		%	2.5	2.3	2.7
No. of Employees		No. of persons	188	183	172
Average remuneration of employees		10,000 KRW	9,500	9,900	11,500

Defined benefits retirement pension scheme of the organization

Category	Unit	Date of opening	Amount under management	No. of subscribers (DB)	No. of subscribers (DC)
BNK Financial Group	100 million KRW, No. of persons	2011.05.19	121	95	11
Busan Bank	100 million KRW, No. of persons	2010.07.30	3,807	3,070	20
Kyongnam Bank	100 million KRW, No. of persons	2010.06.30	2,475	2,354	16
BNK Capital	100 million KRW, No. of persons	2011.11.28	164	488	14
BNK Securities	100 million KRW, No. of persons	2007.11.26	64	180	170
BNK Savings Bank	100 million KRW, No. of persons	2013.03.29	34	115	11
BNK Asset Management	100 million KRW, No. of persons	2013.12.19	9	-	66
BNK Venture Capital	100 million KRW, No. of persons	2009.03.24	1	9	6
BNK Credit Information	100 million KRW, No. of persons	2007.11.12	5	14	4
BNK System	100 million KRW, No. of persons	2013.11.12	-	183	4

The gender wage of new employees compared to the local minimum wage in major business areas (hourly wage for new employees)

Category		Unit	Hourly wage for new employees	ratio
BNK Financial Group	Male	KRW, %	23,934	274
	Female	KRW, %	19,909	228
Busan Bank	Male	KRW, %	23,934	274
	Female	KRW, %	19,909	228
Kyongnam Bank	Male	KRW, %	16,989	195
	Female	KRW, %	16,989	195
BNK Capital*	Male	KRW, %	-	-
	Female	KRW, %	-	-
BNK Securities	Male	KRW, %	17,583	202
	Female	KRW, %	17,583	202
BNK Savings Bank*	Male	KRW, %	-	-
	Female	KRW, %	-	-
BNK Asset Management	Male	KRW, %	15,949	183
	Female	KRW, %	15,949	183
BNK Venture Capital	Male	KRW, %	8,720	100
	Female	KRW, %	8,720	100
BNK Credit Information**	Male	KRW, %	13,270	152
	Female	KRW, %	-	-
BNK System	Male	KRW, %	14,184	163
	Female	KRW, %	12,829	147

* BNK Capital and BNK Savings Bank will not hire new employees in 2021

** BNK credit information will not hire female new employees in 2021



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Number of employees who took childcare leave(2021)

Category	Unit	Number of persons eligible for parental leave			Number of employees on parental leave			Number of returnees from parental leave			Number of employees with more than one year of service after returning from parental leave		
		male	female	sum	male	female	sum	male	female	sum	male	female	sum
BNK Financial Group	number of people	-	-	-	-	-	-	-	-	-	-	-	-
Busan Bank	number of people	395	208	603	5	208	213	1	61	62	-	55	55
Kyongnam Bank	number of people	428	555	983	5	217	222	3	88	91	1	75	76
BNK Capital	number of people	164	28	192	4	24	28	2	8	10	-	6	6
BNK Securities	number of people	-	6	6	-	5	5	-	4	4	-	6	6
BNK Savings Bank	number of people	15	-	15	-	-	-	-	-	-	-	-	-
BNK Asset Management	number of people	13	12	25	-	2	2	-	2	2	-	-	-
BNK Venture Capital	number of people	-	-	-	-	-	-	-	-	-	-	-	-
BNK Credit Information	number of people	5	2	7	-	-	-	-	-	-	-	-	-
BNK System	number of people	59	-	59	1	1	2	-	1	1	-	-	-

Employees receiving regular performance and career development reviews

Category	Unit	No. of employees who are subjects of evaluations			Percentage		
		2019	2020	2021	2019	2020	2021
BNK Financial Group	number of people, %	87	87	105	90	90	99
Busan Bank	number of people, %	2,798	3,009	2,793	85	94	91
Kyongnam Bank	number of people, %	2,282	2,180	2,081	90	89	88
BNK Capital	number of people, %	483	451	441	84	85	88
BNK Securities	number of people, %	202	265	295	84	89	84
BNK Savings Bank	number of people, %	91	91	115	82	89	91
BNK Asset Management	number of people, %	42	53	64	81	87	100
BNK Venture Capital	number of people, %	-	11	13	-	85	87
BNK Credit Information	number of people, %	8	8	9	33	32	20
BNK System	number of people, %	187	186	215	95	93	95

Employee Training

Category	Unit	Training cost per employee			Training hours per employee		
		2019	2020	2021	2019	2020	2021
BNK Financial Group	10,000 KRW, time	197	188	129	66	54	32
Busan Bank	10,000 KRW, time	130	74	90	160	100	92
Kyongnam Bank	10,000 KRW, time	89	61	87	71	64	69
BNK Capital	10,000 KRW, time	59	34	41	51	49	37
BNK Securities	10,000 KRW, time	46	33	35	48	21	15
BNK Savings Bank	10,000 KRW, time	52	45	33	48	48	48
BNK Asset Management	10,000 KRW, time	31	91	34	10	29	34
BNK Venture Capital	10,000 KRW, time	-	139	15	-	18	7
BNK Credit Information	10,000 KRW, time	16	6	13	16	10	12
BNK System	10,000 KRW, time	22	30	15	49	88	98

human rights education

Category	Unit	No. of Human Rights Training Completion			Human Rights Education Hours		
		2019	2020	2021	2019	2020	2021
BNK Financial Group	people, time	420	343	351	286	343	351
Busan Bank	people, time	8,109	15,070	14,463	11,703	15,070	14,486
Kyongnam Bank	people, time	11,673	16,064	15,679	7,583	16,012	14,247
BNK Capital	people, time	1,156	4,161	7,020	1,156	2,347	4,263
BNK Securities	people, time	230	580	735	345	725	735
BNK Savings Bank	people, time	109	232	242	218	348	363
BNK Asset Management	people, time	101	186	183	51	186	195
BNK Venture Capital	people, time	-	33	45	-	33	45
BNK Credit Information	people, time	26	75	123	26	75	123
BNK System	people, time	573	600	696	573	600	696

* Human rights education such as prohibition of discrimination and prevention of sexual harassment

Information Security Education

Category	Unit		Information security training hours			Number of participants in information security education		
			2019	2020	2021	2019	2020	2021
BNK Financial Group	executives	time, person	532	568	620	92	97	106
	External/Partners	time, person	-	-	-	-	-	-
Busan Bank	executives	time, person	16,413	15,873	19,668	2,644	2,580	3,178
	External/Partners	time, person	1,489	2,780	2,809	1,392	1,931	1,045
Kyongnam Bank	executives	time, person	2,404	2,300	2,231	14,820	14,175	13,767
	External/Partners	time, person	29	25	30	57	50	60

Prevention of voice phishing

Category	Unit	Number of voice phishing prevention cases			Voice phishing prevention amount		
		2019	2020	2021	2019	2020	2021
Busan Bank	case, million KRW	382	274	92	4,536	3,004	868
Kyongnam Bank	case, million KRW	158	133	236	1,981	1,508	2,398

* Financial security institute standards for reporting information on unusual financial transactions



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Electronic Financial Fraud Prevention

Category	Unit	Number of electronic financial fraud prevention cases			Electronic financial fraud prevention amount		
		2019	2020	2021	2019	2020	2021
Busan Bank	case, million KRW	7	64	277	149	950	4,408
Kyongnam Bank	case, million KRW	41	1,391	443	44	5,269	9,574

* Financial security institute standards for reporting information on unusual financial transactions

Access to Digital Finance

Category	Unit	MAU*			Non-face-to-face reception (balance)			Non-face-to-face loans (balance)		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Busan Bank	thousand people, billion KRW	620	716	812	11,472	13,617	13,728	2,386	6,507	12,024
Kyongnam Bank	thousand people, billion KRW	330	405	464	12,350	13,298	14,902	3,005	8,354	12,132
BNK Capital	thousand people, billion KRW	10	24	38	-	-	-	295	2,135	3,800
BNK Securities	thousand people, billion KRW	2	3	4	-	-	-	1	-	-
BNK Savings Bank	thousand people, billion KRW	1	1	1	1,225	1,329	1,088	452	684	2,141

* MAU(Monthly Active User)

Customer Complaint Handling Statistics

Category	Unit	Number of customer complaints received and processed			Completion rate of customer complaints received		
		2019	2020	2021	2019	2020	2021
Busan Bank	case, %	625	920	760	100	100	100
Kyongnam Bank	case, %	541	637	544	100	100	100

Number of days of absence due to illness or injury

Category	Unit	No. of days of absence due to illness or injury (vacation days excluded)			No. of days of absence due to illness or injury (vacation days excluded)		
		2019	2020	2021	2019	2020	2021
BNK Financial Group	date	-	-	-	-	78	52
Busan Bank	date	1,865	1,908	2,757	1,191	910	1,587
Kyongnam Bank	date	2,454	3,606	2,402	1,121	1,951	1,647
BNK Capital	date	185	232	152	-	77	36
BNK Securities	date	-	25	52	-	-	-
BNK Savings Bank	date	-	-	-	-	-	-
BNK Asset Management	date	-	-	-	-	-	-
BNK Venture Capital	date	-	-	-	-	-	-
BNK Credit Information	date	7	-	-	-	-	-
BNK System	date	20	60	197	-	-	-

Inspections of subsidiary's own internal control system(2021)

Category	Unit	Total no. of workplaces	No. of inspected workplaces
BNK Financial Group	ea	1	1
Busan Bank	ea	212	212
Kyongnam Bank	ea	132	132
BNK Capital	ea	15	15
BNK Securities	ea	4	4
BNK Savings Bank	ea	8	8
BNK Asset Management	ea	1	1
BNK Venture Capital	ea	2	2
BNK Credit Information	ea	3	3
BNK System	ea	1	1

Significant fines and non-monetary sanctions for non-compliance with laws and/ or regulations in the social and economic area(2021)

Category	Unit	No. of monetary sanctions	Amount of fines	No. of non-monetary sanctions	No. of cases filed through arbitration
BNK Financial Group	Case, million KRW	1	100	-	-
Busan Bank	Case, million KRW	1	100	1	-
Kyongnam Bank	Case, million KRW	1	35	-	-
BNK Capital	Case, million KRW	-	-	-	-
BNK Securities	Case, million KRW	-	-	-	-
BNK Savings Bank	Case, million KRW	1	50	-	-
BNK Asset Management	Case, million KRW	-	-	-	-
BNK Venture Capital	Case, million KRW	-	-	-	-
BNK Credit Information	Case, million KRW	-	-	-	-
BNK System	Case, million KRW	-	-	-	-



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Legal actions for anti-competitive behavior, anti-trust, and monopoly practices(2021)

Category	Unit	ongoing litigation	litigation closed
anti-competitive behavior, anti-trust, and monopoly practices	Cases	-	-

Corruption cases identified and countermeasures(2021)

Category	Action
Corruption cases identified	-

Number of discrimination-related sanctions (all affiliates)

Item	Unit	2021
Number of sanctions related to discrimination	Cases	-

Communication and training on anti-corruption policies and procedures

Item	Unit	Financial mishap prevention training			No. of hours of ethical training per person			No. of ethical training sessions held		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Busan Bank	person, time, time	office	office	office	12	12	12	12	12	12
Kyongnam Bank	person, time, time	office	office	office	13	15	15	53	63	54

Number of social contribution volunteer workers

Item	Unit	2019	2020	2021
BNK Financial Group	person	85	82	87
Busan Bank	person	11,023	1,522	789
Kyongnam Bank	person	3,132	1,858	1,644
BNK Capital	person	226	18	-
BNK Investment & Securities	person	225	19	30
BNK Savings Bank	person	259	20	-
BNK Asset Management	person	-	61	-
BNK Venture Investment	person	-	-	-
BNK Credit Information	person	26	61	-
BNK system	person	215	117	136

Social contribution investment amounts

Item	Unit	2019	2020	2021
BNK Financial Group	million KRW	14,891	492	1,165
Busan Bank	million KRW	43,622	48,086	52,297
Kyongnam Bank	million KRW	22,073	23,761	23,908
BNK Capital	million KRW	33	38	61
BNK Investment & Securities	million KRW	33	38	61
BNK Savings Bank	million KRW	17	174	229
BNK Asset Management	million KRW	-	11	6
BNK Venture Investment	million KRW	-	-	1
BNK Credit Information	million KRW	3	9	14
BNK system	million KRW	1	7	16

Establishment of a fair trading culture

We always disclose bidding information through our consolidated purchase system, and by selecting suppliers through a fair competitive process made possible with electronic bidding, we can guarantee fair business participation and transparent transactions to our suppliers. Furthermore, during stages(notice of tender, budget price estimation, bidding and examination of the appropriateness of the contract payment) where supplier companies are competing against each other, we always make sure an auditor is present during the proceedings in order to guarantee impartiality. Even for the implementation part of a project, we manage the output delivery date and inspection date through an online system. This way, we can always monitor possible issues faced by the suppliers. In the interest of managing and evaluating suppliers objectively, regular training is given to purchasing managers to familiarize them with laws related to fair trade (subcontract). Even after a project has ended, we conduct evaluations whenever needed and also regularly once a year to be perfect in our management of companies who have been contracted to supply IT resources to our group. In the future, we will do our best to create a culture of reliable and fair trading by using the screening process (which is linked to the Korea ON-Line E-Procurement System) in our consolidated purchase system to screen for fraudulent candidates when selecting companies to award contracts.

Number of cases awarded through electronic bidding using the consolidated purchase system

395 cases

Number of evaluations to check for fair trading

1,913 cases

BNK Financial Group Shareholders(As of December 31, 2021)

Shareholder Name	Number of shares(common stocks)	Ownership(%)
National Pension Service	41,757,847	12.81
Busan Lotte Hotel and related parties	36,320,167	11.14
S&T Motiv Co., Ltd and related parties	13,041,895	4.00
Employee stock ownership association	12,948,948	3.97
Parkland Co., Ltd and related parties	12,952,172	3.97
THE OAKMARK INTERNATIONAL SMALL CAP FUND	6,656,892	2.04
MORGAN STANLEY&CO. INTERNATIONAL PLC	4,749,500	1.46
VANGUARD TOTAL INTERNATIONAL STOCK INDEX	4,431,870	1.36
Samsung Asset Management	3,817,514	1.17
Total number of stocks issued	325,935,246	100



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Current Status of Employee's Stock Ownership(As of December 31, 2021)

Category	Title	Unit	Number of shares held
Ji-wan Kim	Chairman	share	150,000
Kee-young Chung	External director	share	1,300
Jung-joon Yoo	External director	share	2,000
Jin-ho Heo	External director	share	-
Chang-lok Kim	External director	share	-
Kyung-soo Choi	External director	share	-
Tae-seop Lee	External director	share	150
Woo-shin Park	External director	share	-
Sang-yun Kim	Vice President	share	10,000
Young-moon Kim	Vice President	share	14,760
Seong Gyeong-sik	Vice President	share	27,510
Sung-joo Kim	Vice President	share	20,012
Son Gang	Managing Director	share	15,899
Woo-hyung Choi	Managing Director	share	9,000
Sung-jae Jung	Managing Director	share	16,000
Kyo-sung Koo	Managing Director	share	20,185
Jeong Byeong-do	Director	share	-
Park Seong-wook	Director	share	-

Director Remuneration Status (2021)

Category	Unit	Personnel	Total amount of remuneration	the amount of remuneration per person
Registered directors (excluding outside directors and members of the audit committee)	million KRW	1	1,340	1,340
Outside directors (excluding members of the audit committee)	million KRW	3	217	72
A member of the audit committee	million KRW	4	282	71

BNK Financial Group's Measures for Political Engagement

BNK Financial Group cannot donate political funds to foreigners and corporations and organizations at home and abroad as per Chapter 6 and Article 31 of the Political Fund Act. It is also prescribed that no one should be allowed to donate political funds with funds related to corporations and organizations at home and abroad.

Therefore, BNK Financial Group is not involved in any political activities according to laws, and employees may participate in politics, but are prohibited from conducting any suspicious activities causing misunderstanding at the corporate level. However, we donate to associations and areas of public interest which are not related to political engagement, in which case, the current status of donations is strictly managed to fundamentally block possibilities of corruption and irregularities.

Record of payments of membership fees to key associations

Category	Unit	2019	2020	2021
Korea Chamber of Commerce and Industry	million KRW	436.2	392.3	450.5
The Korea Federation of Banks	million KRW	1,627.9	1,723.7	1,833.3
The Credit Finance Association	million KRW	199.0	190.7	190.6
Korea Financial Investment Association	million KRW	155.2	286.7	378.3
Korea Federation of Saving Banks	million KRW	283.1	339.2	316.6
Credit Information Companies Association	million KRW	20.5	20.5	20.4



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ESG Financial Performance

Eco-friendly deposits and installment savings products

Category		Unit	2019	2020	2021
Busan Bank	Eco-friendly deposits and installment savings products_low-carbon practice deposits	100 million KRW	-	-	3,360
	Eco-friendly deposit and installment savings product_low carbon practice installment savings	100 million KRW	-	-	580
	Eco-friendly deposit and installment savings products_Galmet-gil installment savings that you want to walk	100 million KRW	790	1,686	1,680
Kyongnam Bank	Healthy Dullegil Installment Savings	100 million KRW	28	39	22

Eco-friendly Card Products

Category		Unit	2019	2020	2021
Busan Bank	Green Card	100 million KRW	3,382	3,189	3,367
	My Zone Green Card	100 million KRW	522	452	432
	Green Company Check Card	100 million KRW	633	564	650
	Green Card v2	100 million KRW	89	75	75
Kyongnam Bank	Green Card(credit)	100 million KRW	502	490	448
	Green Card(check)	100 million KRW	558	380	331
	Green Company Card(credit)	100 million KRW	389	356	286
	Green Company Card(check)	100 million KRW	105	99	132

Loan Products for Supporting Win-Win Projects for the Working Class

Category		Unit	2019	2020	2021
Busan Bank	Sunshine Loan Bank	100 million KRW	-	-	4
	Stepping Stone Mid-Range-Interest Rate Loan	100 million KRW	83	73	35
	New Hope Seed Loan I - II	100 million KRW	811	803	29,047
	Safety net loans I and II	100 million KRW	397	-	207
	Sunshine Loan 15-17	100 million KRW	35	104	290
	A place to stay	100 million KRW	13	12	57
	Busan Metropolitan City Charter loan for Newlyweds	100 million KRW	-	639	1,577
	Charter and Monthly Rent Loan for Youth	100 million KRW	82	185	408
	Convention Newlywed, Multicultural	100 million KRW	463	862	612
	Standard loans for office workers	100 million KRW	222	1,407	597
Kyongnam Bank	a new hope loan	100 million KRW	643	561	473
	Sunshine Loan 17	100 million KRW	13	15	7
	Sunshine Loan 15	100 million KRW	-	-	11
	Sunshine Loan Bank	100 million KRW	-	-	4
	Charter and Monthly Rent Loan for Youth	100 million KRW	21	16	17
	Stepping Stone Mid-Range-Interest Rate Loan	100 million KRW	64	26	70
	BNK Mobile Credit Loan Plus	100 million KRW	-	2,913	2,838
BNK Capital	Successful Dream CAR	100 million KRW	302	347	343
	Support for small business loans	100 million KRW	-	-	783

Deposit Products Exclusive for the Working Class

Category		Unit	2019	2020	2021
Busan Bank	BNK Hope Fostering Installment Savings	100 million KRW	276	326	368
	Regional Love Free Installment Savings	100 million KRW	139	135	86
	Hope for Youth Bankbook	100 million KRW	35	39	37
	BNK Happiness Protection Bankbook	100 million KRW	42	61	80
	BNK National Pension Security Account	100 million KRW	53	74	100
	Public Service Pension Lifetime Security Account	100 million KRW	3	4	5
	Busan Bank Hope Protector's Account	100 million KRW	0	2	3
	Busan Bank soldier's reserve for tomorrow	100 million KRW	20	19	13
	Baekse Youth Pension Account	100 million KRW	45	221	254
	Baekse Youth Silver Regular Deposit	100 million KRW	4,054	10,810	7,747
Kyongnam Bank	Soldier's tomorrow reserve	100 million KRW	12	10	7
	Hope Collection Installment Savings	100 million KRW	22	19	17
	Comprehensive savings for subscription of youth-friendly housing	100 million KRW	5	11	21

Deposit Products Exclusive for SMEs, small business owners, and local residents

Category			Unit	2019	2020	2021
Busan Bank	Support for small business owners	Town Boss Preferential Installment Savings	100 million KRW	204	91	27
		Lifetime Main Bank Business Owner Bankbook	100 million KRW	1,494	1,586	1,710
	Support for local residents	BNK Youth Sympathy Installment Savings	100 million KRW	175	145	51
		Pusan International Film Festival Bankbook	100 million KRW	301	386	379
		2030 Busan Registered Export Installment Savings	100 million KRW	2,087	1,251	621
Kyongnam Bank	Support for small business owners	Changwon City Youth Tomorrow Bankbook	100 million KRW	7	18	34
		BNK Gyeongsangnam-do Mutual Growth Deduction Installment Savings	100 million KRW	0	17	13
	Support for local residents	Gaya Kingdom Gimhae Love Bankbook	100 million KRW	1.1	2.8	0.7
		True Jinju City Love Bankbook	100 million KRW	17.8	57.8	8.7
		Ulsan City Love Dream Bankbook	100 million KRW	283	376	23

Card Products Exclusive for SMEs, small business owners, and local residents

Category		Unit	2019	2020	2021	
Busan Bank	Support for local residents	Multicultural Love Card	100 million KRW	0.8	0.6	0.6
		B Smart Card	100 million KRW	898.3	742.4	683
		Braille Card	100 million KRW	0.025	0.053	0.033
		Happy Kid Card	100 million KRW	422.5	437.6	249
		Happy People Card	100 million KRW	442.5	552.7	594
		Busan Youth Stepping Stone Card+	100 million KRW	22.7	61.8	33
		COVID-19 Win-Win Grant Card	100 million KRW	-	3,503	3,270
	Communities	Youth Pleasure Card	100 million KRW	-	11	11
		Dongbaekjeon Card	100 million KRW	-	2,245	2,438
		Education Love Card	100 million KRW	5.3	5.7	5.3
		UNICEF Gift Card	100 million KRW	0.01	0.01	0.002
Kyongnam Bank	Support for local residents	Ulsan City Multiple Children Card(credit)	100 million KRW	415	297	267
		Ulsan City Multiple Children Card(check)	100 million KRW	28	40	72
		New Ulsan City Multiple Children Card (credit)	100 million KRW	51	124	179
		Braille Card	100 million KRW	0.6	0.6	0.6
		Happy Kid Card	100 million KRW	314.9	267	235
		Happy People Card	100 million KRW	194.8	250.2	237
		Kyongnam Youth Support Card	100 million KRW	11.1	17.7	23.6



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Loan Products for Innovative SME Support Program

Category		Unit	2019	2020	2021
Busan Bank	Technology Finance	100 million KRW	28,672	26,811	28,217
	Relational Finance	100 million KRW	374	450	392
	Special Preferential Loan for Technology Finance	100 million KRW	1,911	1,299	299
	Secured Loan for Intellectual Property	100 million KRW	-	3	2
	Support for Social Enterprise	100 million KRW	12	12	8
	Chattel Mortgage Loan	100 million KRW	57	34	43
	Special support loans for small and medium-sized Enterprises	100 million KRW	30,583	-	11,553
	Special Loan for Car Component Industry	100 million KRW	14	6	21
	Busan Shipbuilding & Marine Equipment Company Special Guarantee Loan	100 million KRW	-	-	101
	Technology Guarantee Fund Innovative Growth Technology Small and Medium Business Agreement Guarantee Loan	100 million KRW	-	-	86
Kyongnam Bank	Technology Finance	100 million KRW	13,597	9,819	10,688
	Relational Finance	100 million KRW	724	1,230	1,444
	Support for Social Enterprise	100 million KRW	43	135	98
	Chattel Mortgage Loan	100 million KRW	56	90	27
	Financial Support for Strategic Projects of Local Governments	100 million KRW	2,087	22,734	24,586
BNK Capital	Kyungnam New Deal Industry Convention	100 million KRW	-	-	19
	Technology Support Project for Outstanding Small and Medium Enterprises	100 million KRW	110	117	129

Loan Products for Local Small Business Owners

Category		Unit	2019	2020	2021
Busan Bank	2021 Busan Small Business Lease Business Agreement Guarantee Loan	100 million KRW	-	-	300
	Three-party guarantee loans	100 million KRW	-	-	999
	a three-plus guarantee loan	100 million KRW	-	-	203
	2021 Busan Small Business Support Agreement Guarantee Loan (I-II)	100 million KRW	-	-	1,676
	Special guarantee loans for small and medium-sized business owners with low and medium-sized credit	100 million KRW	-	-	105
	Secondary financial support (consignment guarantee) loans for small business owners	100 million KRW	-	307	276
	Guarantee loan for Busan prohibition and limited industry support agreement	100 million KRW	-	4	93
	Modoo Loan(loan for everyone)	100 million KRW		66	126
	Loans for liquidity support for small businesses and small business owners in Gyeongsangnam-do;	100 million KRW	42	20	53
	Special loans for financial support for small businesses and small business owners in Ulsan Metropolitan City	100 million KRW	15	2	9
	Seoul Credit Guarantee Foundation Agreement Loan	100 million KRW	30	33	0.4
	Hope Sharing Project for Local Small Businesses	100 million KRW	102	61	64
	Special appearance guarantee of regional credit guarantee foundation	100 million KRW	491	386	385
	Our local energy-up support loan	100 million KRW	-	21	326
	Convention Loan for Secondary Conservation of Small Businesses	100 million KRW	-	1,063	-
Kyongnam Bank	Support for Small Business Owners affected by Coronavirus	100 million KRW		1,251	-
	COVID-19 Emergency Liquidity Support Special Guarantee Loan	100 million KRW	-	27	18
	Secondary Financial Support(consignment guarantee) Loan for Small Business Owners	100 million KRW	-	214	184
	Special Guarantee for Supporting Small and Medium-Low Credit Businesses	100 million KRW		-	52
	Special guarantee for specification of restricted businesses prohibited from gathering	100 million KRW		-	43
	Support for growth finance for small business owners in Gyeongsangnam-do	100 million KRW		-	57

Youth Start-up and Job Creation Support Program

Category		Unit	2019	2020	2021
Busan Bank	Innovation Growth and Job Creation(Korea Credit Guarantee Fund)	100 million KRW	181	379	303
	Innovation Growth and Job Creation (Korea Technology Finance Corporation)	100 million KRW	198	134	90
	Guarantee of Agreements for banking sector job creation companies (Korea Credit Guarantee Fund/Korea Technology Finance Corporation)	100 million KRW	135	67	50
	Innovation Growth and Job Creation(Korea Technology Finance Corporation)	100 million KRW	-	46	8
	Guarantee agency guarantee agreement loan	100 million KRW	-	957	-
	Creation of Smart Factories with Gyeongsangnam-do	100 million KRW	10	99	65
	Job-creating Companies with Changwon City	100 million KRW	1,000	Termination	Termination
	Shared Growth with Changwon City	100 million KRW	131	209	216
	Gimhae-style Small Giant Companies	100 million KRW	78	48	28
	Reinvigoration of the Local Economy with Gimhae City	100 million KRW	460	136	77
Kyongnam Bank	Shared Growth with Gimhae City	100 million KRW	87	136	35
	Special Management Funds with Ulsan City	100 million KRW	1,024	976	Termination
	Reinvigoration of the Local Economy with Jinju City	100 million KRW	128	372	Termination
	Changwon Chamber of Commerce and Industry Co-operative Growth Loan	100 million KRW	-	-	32
	Support projects for youth-friendly enterprises	100 million KRW	-	-	3
	Korea Aerospace Convention Loan	100 million KRW	-	-	62

Eco-friendly Loan

Category		Unit	2019	2020	2021
Busan Bank	ESG Good Company Loan	100 million KRW	-	-	35
	Loan for Photovoltaic Power Generation Facilities	100 million KRW	-	9	5
	Eco-friendly(semi-public) Bus Purchase Fund	100 million KRW	-	49	54
	Loans from the Energy Use Rationalization Fund	100 million KRW	67	158	116
	Fund to Foster the Recycling Industry	100 million KRW	37	79	-
	Clean Green Enterprise Preferred Loan	100 million KRW	-	-	1
	Fund to Improve and Foster the Environment	100 million KRW	21	122	138
	Loans from the Energy Use Rationalization Fund	100 million KRW	122	127	116
	Fund to Foster the Recycling Industry	100 million KRW	45	46	-
	Fund to Improve and Foster the Environment	100 million KRW	1	80	156
Kyongnam Bank	Fund to Install Natural Gas Supply Facilities	100 million KRW	-	2	-
	Photovoltaic Power Eco-friendly Corporate Loan	100 million KRW	-	190	29
	E-Green Loan	100 million KRW	-	-	2
	Support for eco-friendly rental cars	100 million KRW	108	244	203
	Financial support for eco-friendly enterprises	100 million KRW	29	15	37

ESG Bonds

Category		Unit	Amount of issue	Date of issue
Busan Bank	Busan Bank 2020-11 is 2.0A-30	100 million KRW	1,000	2020.11.30
	Busan Bank 2021-10 Lee (side) 2A-(company)	100 million KRW	1,000	2021.10.29
	Busan Bank Conditional (upper) 2204 Ea (new) A07 (company)	100 million KRW	1,500	2022.4.07
	Kyongnam Bank 2021-04 E2A-12 (company)	100 million KRW	1,000	2021.04.12



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Universal Standards(GRI 100)				
Topic	No.	Disclosure	Page	Remarks
Organizational Profile	102-1	Name of organization	4	
	102-2	Activities, brands, products, and services	4~5, 35~39, 103~104	
	102-3	Location of headquarters	4	
	102-4	Location of operations	4~5	
	102-5	Ownership and legal form	31, 101~102	
	102-6	Markets served	4~5	
	102-7	Scale of the organization	4~5	
	102-8	Information on employees and other workers	96~96	
	102-9	Supply chain	46	Manage customer service centers and security companies as major supply chains
	102-10	Significant changes to the organization and its supply chain	-	No material change
	102-11	Principles of proactive prevention, and description of approaches	71~73	
	102-12	External initiatives	15, 105~111	
	102-13	Membership of associations	102	
Strategy	102-14	Statement from senior decision-maker	3	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	67~70	
	102-17	Mechanisms for advice and concerns about ethics	68~69	
Governance	102-18	Governance structure	31~33	
	102-20	Executive-level responsibility for economic, environmental, and social topics	33	
	102-22	Composition of the highest governance body and its committees	33	
	102-26	Role of highest governance body in setting purpose, values, and strategy	20~21	
	102-28	Evaluating the highest governance body's performance	33~34	
	102-29	Identifying and managing economic, environmental, and social impacts	20~21	
	102-30	Effectiveness of risk management processes	71~73	
	102-31	Review of economic, environmental, and social topics	20~21, 33	
	102-32	Highest governance body's role in sustainability reporting	20~21, 33	
	102-33	Communicating critical concerns	11	
	102-34	Nature and total number of critical concerns	33	
	102-35	Remuneration policies	33~34	
	102-36	Process for determining remuneration	33~34	
	102-38	Annual total compensation ratio	98	
Stakeholder Engagement	102-40	List of stakeholder groups	11	
	102-41	Collective bargaining agreements	97	
	102-42	Identifying and selecting stakeholders	11	
	102-43	Approach to stakeholder engagement	11~12	
	102-44	Material topics and concerns raised by stakeholders	13~14	

Universal Standards(GRI 100)				
Topic	No.	Disclosure	Page	Remarks
Reporting Practice	102-45	Entities included in the consolidated financial statements	4~5	For other details, refer to the business report
	102-46	Defining report content and topic Boundaries	11~14	
	102-47	List of material topics	11~14	
	102-48	Restatements of information	-	No significant re-statements
	102-49	Changes in reporting	-	No reporting changes
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
Management Approach	102-55	GRI Content Index	105~106	
	102-56	External assurance	112~113	
	103-1	Explanation of the material topic and its boundary	11~14	
	103-2	The management approach and its components	11~14	
	103-3	Evaluation of the management approach	11~14	

Universal Standards(GRI 200)				
Topic	No.	Disclosure	Page	Remarks
Economic Performance	201-1	Creation and distribution of direct economic values	92	
	201-2	Financial implications and other risks and opportunities due to climate change	22~27	
	201-3	Defined benefit plan obligations and other retirement plans	98	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	98	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	58~60	
	203-2	Significant indirect economic impacts	58~60	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	67~70	
	205-3	Confirmed incidents of corruption and actions taken	101	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	101	
Tax	207-1	Tax Approach	92	

Universal Standards(GRI 300)				
Topic	No.	Disclosure	Page	Remarks
Materials	301-1	Materials used by weight or volume	93	
Energy	302-1	Energy consumption within the organization	93	
Water	303-1	Water withdrawal by source	93	
	305-1	Direct(Scope1) GHG emissions	94	
Emissions	305-2	Energy indirect(Scope 2) GHG emissions	94	
	305-3	Other indirect(Scope3) GHG emissions	94	



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Universal Standards(GRI 400)

Topic	No.	Disclosure	Page	Remarks
Employment	401-1	New employee hires and employee turnover	96~97	
	401-2	Benefits provided to employees	43~45, 92	
	401-3	Parental leave	99	
Occupational Health and Safety	403-6	Promotion of worker health	45	
Training and Education	404-1	Average hours of training per year per employee	42, 99	
	404-2	Programs for upgrading employee skills and transition assistance programs	40~42	
	404-3	Percentage of employees receiving regular performance and career development reviews	99	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	32, 96	
	405-2	Ratio of basic salary and remuneration of women to men	98	
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	45~46	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	54~66	
Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	76~77	
Protection of personal information	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	78~81	
Socioeconomic Compliance	419-1	Incidents of non-compliance concerning the health and safety impacts of products and services	100	

Core Issues

Ranking	Core issues	No.	Disclosure	Page
1	Contributing to promote the local economy through innovative growth support	103	Management Approach	13~14
		203-1	infrastructure investments and services supported	58~60
		203-2	Significant indirect economic impacts	58~60
2	Securing future growth engine by accelerating digital transformation	103	Management Approach	13~14
		201-1	Direct economic value generated and distributed	92
3	Strengthening the ethical management system and internal control	103	Management Approach	13~14
		102-16	Values, principles, standards, and norms of behavior	67~70
		102-17	Mechanisms for advice and concerns about ethics	68~69
		205-2	Communication and training about anti-corruption policies and procedures	67~70
		205-3	Confirmed incidents of corruption and actions taken	101
4	Strengthening integrated financial/non-financial risk management	103	Management Approach	13~14
		201-2	Financial implications and other risks and opportunities due to climate change	22~27
5	Complete sales of financial products and strengthening of protection of consumer rights and interests	103	Management Approach	13~14
		417-3	Incidents of non-compliance concerning marketing communications	76~77
6	Strengthening the climate change risk response and management	103	Management Approach	13~14
		305-1	Direct (Scope 1) GHG emissions	94
		305-2	Energy indirect (Scope 2) GHG emissions	94
		305-3	Other indirect (Scope 3) GHG emissions	94
7	Increasing financial inclusion such as consideration of vulnerable classes and increased accessibility	103	Management Approach	13~14
		413-1	Operations with local community engagement, impact assessments, and development programs	54~66

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Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Unit	Disclosure Items	2021
Data security	FN-CB-230a.1	number, percentage (%)	1) Number of data breaches 2) percentage involving personally identifiable information (PII) 3) number of account holders affected	Any material cybersecurity incidents would be reported in the 2021 Annual Report.
	FN-CB-230a.2	Not applicable	Description of approach to identifying and addressing data security risks	BNK Financial Group is focusing on strengthening digital security. As the digital environment changes, such as the expansion of non-face-to-face channels using fintech and IT technology, and remote access to the cloud and smart office, financial security, which must protect customer information from cybercrime, is becoming more important. In particular, with the implementation of Open API and My Data service, a large amount of data is interconnected between banks and fintech companies, and the importance of information security and personal information protection due to various financial transactions is increasing. Accordingly, BNK Financial Group has designated a Chief Information Security Officer (CISO) to respond to information security risks and is operating an organization dedicated to information protection. The Information Protection Committee performs tasks such as strategies and plans to secure information protection and stability in electronic financial transactions, and conduct and take measures to analyze and evaluate vulnerabilities. In addition, we are responding to threats and anomalies in real time through the operation of an information protection integrated platform and security control service that links the entire security system and external threat information. In addition, BNK Financial Group encrypts and stores important information including unique identification numbers, personal identification numbers, bio-authentication information, and credit information. In accordance with relevant laws and regulations such as the 'Personal Information Protection Act' and the 'Act on the Use and Protection of Credit Information,' we thoroughly manage the information collection and disposal stages in accordance with the personal information processing procedure. In order to prevent leakage and misuse of personal information, we are applying control systems and procedures, such as recording and monitoring logs of all distribution processes and conducting audits for violations. In addition, we are strengthening our information protection capabilities by establishing and implementing regular security diagnosis, inspection, and training plans for our employees. We are taking measures by analyzing and evaluating vulnerabilities on our website and electronic financial infrastructure, and we are working hard to secure the stability of customer service by conducting non-state tax inspections through mock training.
Financial inclusion & capacity building	FN-CB-240a.1	number, billions of won	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Busan Bank (1) 23,097 loans (2) Amount of unpaid loan: KRW 3702 billion * Product details: Credit products for small business support projects Kyongnam Bank (1) Number of outstanding loans: 41,211 (2) Unpaid Loan Amount: KRW 849.2 billion
	FN-CB-240a.2	number, billions of won	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Busan Bank (1) 4 cases (2) 0.3 billion won * Number and amount of delinquency over 1 month Kyongnam Bank (1) 246 cases (2) 2.7 billion won
	FN-CB-240a.4	number	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Busan Bank 5,414 person Kyongnam Bank 11,391 person
	FN-CB-410a.1	100 million won, %	Commercial and industrial credit exposure, by industry * The ratio of manufacturing/non-manufacturing industries is based on loans in KRW equal to corporate loans.	Busan Bank Kyongnam Bank · Corporate loan : 577,279 / 100% · Manufacturing : 183,502 / 31.8% · Non-manufacturing : 393,777 / 68.2% · Household loan : 283,575 · Loan in Korean Won : 860,854
Incorporation of environmental, social, and governance factors in credit analysis	FN-CB-410a.2	Not applicable	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	BNK Financial Group is conducting systematic risk management to preemptively respond to rapidly changing financial environments such as the economy and climate change. When evaluating a company's credit, non-financial evaluation items are evaluated to evaluate the ESG management activities of business partners to evaluate the appropriateness of eco-friendly management, industrial environment, and management structure. Starting in 2020, when setting limits for each industry, we are making efforts to manage climate risks, such as reducing the limits for industries with high carbon emissions, such as chemical product manufacturing and petroleum refining. Also, in 2022, we plan to upgrade the management system (such as the establishment of a carbon emission management system) by enacting climate risk management guidelines.



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Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Unit	Disclosure Items	2021
Business ethics	FN-CB-510a.1	a hundred million wont	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti- competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	The judgment of the appellate court on charges of violating the Capital Markets and Financial Investment Business Act · Main contents: On May 1, 2017, the Busan High Court ruled against BNK Financial Group, Busan Bank, and BNK Investment & Securities Co., Ltd. accused of violating the Capital Markets and Financial Investment Business Act by the Busan District Prosecutors' Office as follows · Fine - BNK Financial Group : Rejected appeal (penalty of KRW 100 million) - Busan Bank : Rejected appeal (penalty of KRW 100 million) - BNK Investment & Securities Co., Ltd. : Rejected appeal (penalty of KRW 50 million)
	FN-CB-510a.2	Not applicable	Description of whistleblower policies and procedures	BNK Financial Group operates an insider reporting system that can report violations of ethical management and practice guidelines to the group's compliance officers. Through this, violations of ethics and compliance regulations are prevented in advance, and immediate measures are taken when violations occur. The bank's executives and employees are informed of the insider reporting system through the Internet website, and insiders can be reported immediately through the website. Among the announcements of the insider reporting system, we inform you of the reporting method and confidentiality of the reporter. In particular, by establishing an online and mobile app-based "BNK Helpline" completely separated from the internal network through external consignment (Red Whistle), it is possible to maximize information protection for reporters, convenient anonymous reporting and compliance inquiries, and check the progress of reports. In the future, we plan to increase accessibility and establish a more systematic reporting process through continuous system improvement requests. In order to revitalize the insider reporting system, stickers, etc. are continuously produced and distributed, and screen savers will be produced to inform the insider reporting system and operated according to the situation of each company.
Systemic risk management	FN-CB-550a.1	Basic points (bps)	Global Systemically Important Bank (G-SIB) score, by category	We do not fall under the G-SIB.
	FN-CB-550a.2	Not applicable	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long- term corporate strategy, and other business activities	BNK Financial Group conducts the group integrated crisis situation analysis twice a year to evaluate the potential vulnerability to exceptional but possible events. The crisis analysis process consists of creating crisis scenarios, estimating major risk factors for each scenario, estimating the impact of major management indicators by scenario, profit and loss for each scenario, evaluating capital adequacy, checking liquidity, and establishing countermeasures. In addition, crisis situation analysis is used to set the risk management direction and business plan for the next year, and additional crisis situation analysis is performed as needed when various internal and external economic environments change rapidly.

Table 2. Activity Metrics

Topic	Code	Unit	Disclosure Items	2021
Activity	FN-CB-000.A	number, billions of won	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Busan Bank · Number and amount of individual customers (1-a) 10,656 people / (2-a) KRW 13.4 billion · Number and amount of SMEs/small business owners (1-b) 4,307 people / (2-b) KRW 57.5 billion
				Kyongnam Bank · Number and amount of individual customers (1-a) 2,588,480 people / (2-a) 6,564.6 billion won · Number and amount of SMEs/small business owners (1-b) 338,187 people / (2-b) 13,540.2 billion won
	FN-CB-000.B	number, million won	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Busan Bank Kyongnam Bank · Number and amount of loans for individuals (1-a) 357,095 people / (2-a) 28,370,477 million won · Number and amount of loans to small businesses (1-b) 35,978 people / (2-b) 41,218,543 million won · Number and amount of loans to companies (1-c) 36,290 people / (2-c) 43,137,388 million won

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PRB Implementation Declaration

BNK Financial Group joined UNEPFI in March 2022 and officially declared the implementation of UN PRB (United Nations Principles for Responsible Banking).

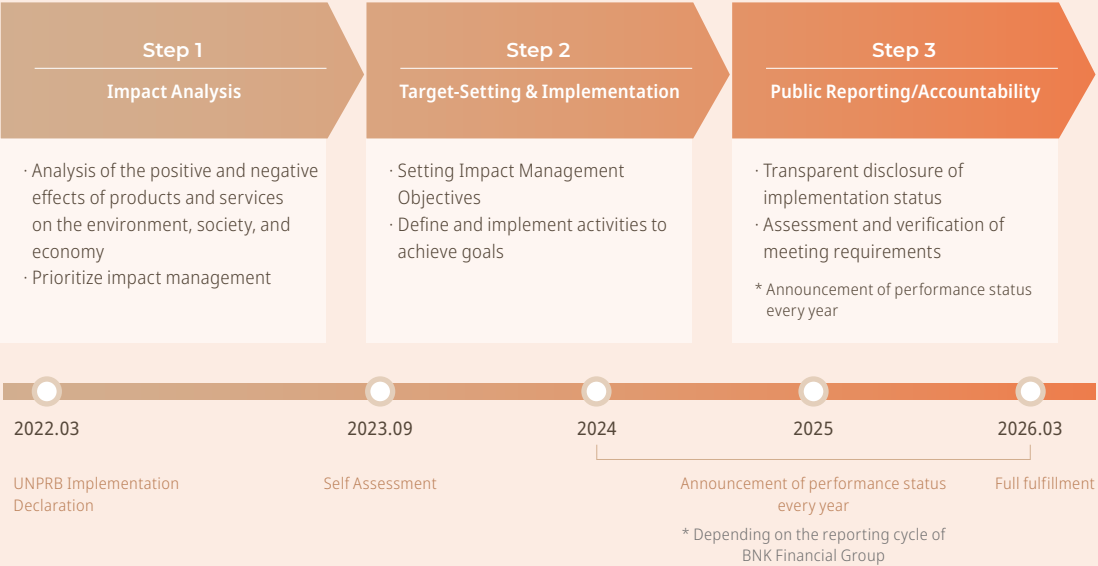
The Principle of Responsible Banking, an international agreement that defines the role and responsibility of the financial industry for the implementation of the Paris Climate Agreement and the UN SDGs (Sustainable Development Goals), consists of six principles. BNK Financial Group will fulfill its role and responsibilities in finance for a sustainable future by complying with the principle of responsible banking.

PRB Implementation Plan

BNK Financial Group plans to officially declare the implementation of UNPRB and disclose self-assessment and related information for implementation within 18 months, and complete activities in accordance with the principle of responsible banking within 4 years. BNK Financial Group will achieve the three stages of 'impact analysis', 'target setting and implementation', and 'public notice' required by UNEPFI for the full implementation of the responsible banking principles.

Six Principles of Responsible Banking

<p>Principle 1 : Linkage</p> <p>Establishing a bank's business strategy in conjunction with the UNDGs or the Paris Climate Agreement</p>	<p>Principle 2 : Setting the Impact and Objectives</p> <p>Identify socially positive and negative risks and set goals for managing those risks</p>	<p>Principle 3: Clients and Customers</p> <p>Support responsible activities of clients and customers</p>
<p>Principle 4: Stakeholders</p> <p>Disclosure of stakeholder concerns and discussions with stakeholders</p>	<p>Principle 5: Governance and Culture</p> <p>Describe the corporate governance structure or corporate culture for the implementation of the responsible banking principles</p>	<p>Principle 6: Disclosure and Performance of Responsibility</p> <p>Disclosure of whether the principles are implemented and the status</p>



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The UN SDGs (UN Sustainability Development Goals) are the largest common goals adopted by the United Nations and the international community to be newly implemented from 2016 to 2030 after the Millennium Development Goals (MDGs) ended in 2015. In September 2015, the UN General Assembly drew 17 global priority tasks to establish universal human problems such as poverty and disease, environmental problems, and inclusive economic growth.

UN SDGs	Response status	Page
 1 NO POVERTY Elimination of all forms of poverty	<ul style="list-style-type: none">· Consideration of ESG factors in the credit and investment review process· Realization of sustainable finance through expansion of ESG investment· Expanding support for ordinary people and small business owners· Strengthening financial support and accessibility for the financially vulnerable· Operate social contribution programs in consideration of the vulnerable	35~36, 38~39, 54~57, 61~66
 3 GOOD HEALTH AND WELL-BEING Good health and well-being	<ul style="list-style-type: none">· Operate social contribution programs in consideration of the vulnerable	61~66
 4 QUALITY EDUCATION Ensure quality education	<ul style="list-style-type: none">· Training to strengthen human resource development· Diversity guarantee and human rights education· Financial accident prevention education	40~46, 61~66, 81
 5 GENDER EQUALITY Achieve gender equality	<ul style="list-style-type: none">· Childcare and childcare support· Maternity protection support	40~46
 7 AFFORDABLE AND CLEAN ENERGY Sustainable energy	<ul style="list-style-type: none">· Efforts to save energy· Consideration of ESG factors in the credit and investment review process· Realization of sustainable finance through expansion of ESG investment· Expand eco-friendly finance· Issuance of ESG bonds	18~29, 35~39, 52~53
 8 DECENT WORK AND ECONOMIC GROWTH Economic growth, full employment and decent job creation	<ul style="list-style-type: none">· Reinforcement of human resource development· Strengthening digital competitiveness· Fintech startup support· Support for ordinary people and small business owners· Co-prosperity with the local community and vitalization of the local economy· Promotion of innovative finance that coexists with the public	35~36, 40~46, 47~51, 54~57, 58~60
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Establishment of basic social facilities	<ul style="list-style-type: none">· Expanding support for ordinary people and small business owners	47~51, 54~57

BNK Financial Group is making active efforts to solve social problems by linking business activities with the SDGs. Going forward, as a global standard financial group, we will do our best to create, share, and coexist with stakeholders to create sustainable future values.

UN SDGs	Response status	Page
 10 REDUCED INEQUALITIES Alleviating inequality	<ul style="list-style-type: none">· Ensuring diversity and respecting human rights· Operate social contribution promotion programs	40~46, 58~60, 61~66
 11 SUSTAINABLE CITIES AND COMMUNITIES Creating sustainable cities and habitats	<ul style="list-style-type: none">· Promotion of innovative finance that coexists with the public	58~60
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Sustainable consumption and production	<ul style="list-style-type: none">· Reinforcement of consumer impact analysis and sales activity management supervision· Prevention of incomplete sales of financial products and damage to consumers	76~77
 13 CLIMATE ACTION Climate change solution	<ul style="list-style-type: none">· Climate change impact management· Consideration of ESG factors in the credit and investment review process· Realization of sustainable finance through expansion of ESG investment· Expand eco-friendly finance· Issuance of ESG bonds· Operation of social contribution programs considering the environment	18~29, 35~39, 52~53
 14 LIFE BELOW WATER Conservation of marine resources	<ul style="list-style-type: none">· Strategic social contribution - 'Green Finance' to spread environmental culture	61~66
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Establishment of a just judicial system	<ul style="list-style-type: none">· Sound governance structure and operation· Fair board compensation and evaluation· Reinforcement of ethical management system and internal control· Enterprise-wide risk management system· Prevention of incomplete sales and unfair practices· Promotion of digital security and prevention of personal information leakage	31~34, 67~70, 71~73, 78~81



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The UN Global Compact (UNGC) is the world's largest voluntary corporate citizenship initiative, offering ten principles of human rights, labor, environment, and anti-corruption, with BNK Financial Group joining the initiative to fulfill corporate social responsibility and comply with the ten principles of the UNGC.

In the future, we will continue to participate in the implementation of UNGC's 10 principles and transparently disclose their achievements to fulfill our responsibility as a corporate citizen for sustainable society.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Principle	Major activities	Page
Human Rights	Principle 1. Businesses support and respect internationally declared protection of human rights.	45~46, 67~70
	Principle 2. Businesses do not participate in human rights violations.	
Labour	Principle 3. The entity recognises freedom of association and the right to collective bargaining.	33~34, 45, 98
	Principle 4. Companies exclude all forms of forced labor.	
	Principle 5. Businesses effectively abolish child labor.	
	Principle 6. Businesses eliminate discrimination in employment and work.	
Environment	Principle 7. Businesses support a preventive approach to environmental issues.	18~29, 35~39, 52~53, 66
	Principle 8. Companies take measures to promote environmental responsibility.	
	Principle 9. Companies support the development and dissemination of environmentally friendly technologies.	
Anti-Corruption	Principle 10. Companies strive to eradicate all forms of corruption, including unfair gains and bribes.	67~70, 101

Independent Assurance Statement

To readers of BNK FINANCIAL GROUP sustainability Report 2021

Introduction

Korea Management Registrar (KMR) was commissioned by BNK FINANCIAL GROUP to conduct an independent assurance of its SUSTAINABILITY Report 2021 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of BNK FINANCIAL GROUP. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with BNK FINANCIAL GROUP and issue an assurance statement.

Scope and Standards

BNK FINANCIAL GROUP described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team. Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards
- Universal Standards
- Topic Specific Standards
 - Management approach of Topic Specific Standards
 - GRI 201: Economic Performance
 - GRI 203: Indirect Economic Impacts
 - GRI 205: Anti-Corruption
 - GRI 305: Emissions
 - GRI 413: Local Communities
 - GRI 417: Marketing and Labeling

As for the reporting boundary, the engagement excludes the data and information of BNK FINANCIAL GROUP' partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by BNK FINANCIAL GROUP to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with BNK FINANCIAL GROUP on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

► Inclusivity

BNK FINANCIAL GROUP has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

► Materiality

BNK FINANCIAL GROUP has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

► Responsiveness

BNK FINANCIAL GROUP prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of BNK FINANCIAL GROUP actions.

► Impact

BNK FINANCIAL GROUP identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with BNK FINANCIAL GROUP and did not provide any services to BNK FINANCIAL GROUP that could compromise the independence of our work.



July 2022 Seoul, Korea

CEO Hwang Eun Ju

황은주



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Greenhouse Gas Verification Statement

Introduction

Korean Foundation for Quality (hereinafter ‘KFQ’) has been engaged by “BNK Financial Group INC.” to independently verify its 2021 Greenhouse Gas Emissions and Energy consumption Report (hereinafter ‘GHG Inventory’).

Verification Scope & Standard

The verification was conducted on the greenhouse gas emission facilities of buildings and branch offices of all affiliates under the domestic operation control of “BNK Financial Group INC.”. ‘Guidelines on the Reporting and Certification of Emissions of Greenhouse Gas Emission Trading Scheme (Notification No. 2021-278 of Ministry of Environment & IPCC Guidelines 2006)’ were mainly applied in verification process but also the Company Guidelines for GHG Inventory was considered.

Verification Procedure

The verification was planned and carried out in accordance with the procedures stipulated in the verification guidelines for the operation of the greenhouse gas emission trading system (Notification No. 2021-112), and the verification guarantee level was carried out to meet the reasonable guarantee level.

Limitations of verification

Accuracy and completeness of emission data reported in the ‘GHG Inventory’ are subject to inherent limitations due to their nature and the methodology used in determining, calculating and estimating such data.

Conclusion/Opinion

Through verification procedures such as ISO 14064-1, ISO 14064-3, the following conclusions are presented on greenhouse gas emissions data.

- 1) The Inventory Report has been stated in accordance with ‘Rule for emission reporting and certification of greenhouse gas emission trading Scheme’
- 2) The result of Material discrepancy satisfied the criteria for an organization that emits more than 500,000 tCO₂-eq shall not exceed 5% from total emissions as per “Greenhouse Gas and Energy Target Management Scheme”
- 3) Thus, KFQ conclude that the Greenhouse Gas Emissions of the Company in 2019~2021 is correctly calculated and stated in accordance with ‘Rules for verification of operating the greenhouse gas emission trading scheme’.

2021 Greenhouse Gas emissions of “BNK Financial Group INC.”

Division	GHG Emissions (tCO ₂ -eq)				
	Scope 1	Scope 2	Subtotal (Scope 1 + Scope 2)	Scope 3	Total (Scope 1 + Scope 2 + Scope 3)
BNK Financial Group	196	436	632	-	632
Busanbank	2,132	14,717	16,848	1,513,391	1,530,239
Kyongnambank	1,302	8,367	9,669	1,051,470	1,061,139
BNK Capital	230	700	930	229,428	230,358
BNK Securities	225	473	698	115,279	115,977
BNK Savings bank	83	551	634	55,473	56,107
BNK Asset management	62	22	84	184	268
BNK Venture capital	19	13	32	-	32
BNK Credit information	22	179	201	-	201
BNK System	58	203	261	-	261
Total	4,328	25,661	29,989	2,965,225	2,995,214

* The total amount of emissions by affiliates is rounded off to an integer unit, so there may be a difference of less than ±1 tCO₂eq from the sum of emissions by scope.
* Scope 3 : Investments

June 9th, 2022

Korean Foundation for Quality (KFQ) CEO **Ji-Young Song**



Ji Young Song



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2021.01.07
Bank of Busan

**Financial Services Commission
Chairman's Commendation for
Financial Industry Development**

- Financial Services Commission -

2021.02.18
Kyongnam Bank of Korea

**2021 Korea Fund Awards, Best Investor
Protection Award'**

- Korea Financial Investor Protection Foundation -

2021.06.04
Bank of Busan

Busan Green Environment Awards

- Sustainable Development Council of Busan

2021.09.30
Kyongnam Bank of Korea

**2021 Asia Today Financial Awards
"Local Bank" Award**

- Asia Today -

2021.10.26
BNK Financial Group

**2021 ESG Evaluation Integrated Grade A+
Award for 3 consecutive years**

- Korea Corporate Governance Agency -

2021.11.15
BNK Asset Management

**2021 Korea Financial
Innovation Awards**

- Money Today -

2021.12.17
Bank of Busan

**14th consecutive year of winning
the Education Messenatop**

- Busan / Busan Metropolitan Office of Education /
Busan Chamber of Commerce and Industry -

2021.12.29
Bank of Busan

**Outstanding Award in the 'Support for Small
and Medium Business' category of Inclusive
Finance in 2021**

- Financial Supervisory Service -

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2012



2013



2014



2015



2016



2017



2018



2019



2020



2021

BNK Financial Group Sustainability Report 2021

You can download the PDF file of 'BNK Financial Group Sustainability Report' from the website of BNK Financial Group and check the detailed information about the report. or additional information or with any questions about this report, please contact us through the information shown below.

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