

# **BNK FINANCIAL GROUP INC.**

## **CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**

**AS OF JUNE 30, 2022, AND DECEMBER 31, 2021,  
AND FOR THE THREE-MONTH AND SIX-MONTH  
PERIODS ENDED JUNE 30, 2022 AND 2021**

**ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW  
REPORT**

**BNK FINANCIAL GROUP INC.**

**BNK Financial Group Inc.**  
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**As of June 30, 2022, and December 31, 2021, and**  
**for the three-month and six-month periods ended June 30, 2022 and 2021**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean on August 16, 2022

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

### Report on the Condensed Interim Separate Financial Statements

We have reviewed the accompanying condensed interim separate financial statements of BNK Financial Group Inc. (the "Company"). The condensed interim separate financial statements consist of the condensed interim separate statement of financial position as of June 30, 2022, the condensed interim separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021, and the condensed interim separate statements of changes in equity and the condensed interim separate statements of cash flows for the six-month periods ended June 30, 2022 and 2021, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Condensed Interim Separate Financial Statements

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

### Independent Accountants' Responsibility

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

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

## Review Conclusion

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

## Other

We have audited the separate statement of financial position of the Company as of December 31, 2021, and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with Korean Standards on Auditing. We expressed an unqualified opinion in our independent auditors' report dated March 16, 2022. The accompanying separate statement of financial position as of December 31, 2021, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

Deloitte Idnjin LLC

August 16, 2022

## Notice to Readers

This report is effective as of August 16, 2022, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the condensed interim separate financial statements and may result in modifications to the independent accountants' review report.

## **BNK FINANCIAL GROUP INC.**

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2022, AND DECEMBER 31, 2021,  
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
JUNE 30, 2022 AND 2021

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

**Ji Wan Kim**  
**President and Chief Executive Officer**

Headquarters Address: (Road Name and Address) 30, Munhyeongeumyung-ro, Nam-gu, Busan  
(Phone Number) 051-642-3300

**BNK Financial Group Inc.**  
**Condensed Interim Separate Statements of Financial Position**  
**As of June 30, 2022, and December 31, 2021**

<i>(In thousands of Korean won)</i>	Notes	June 30, 2022		December 31, 2021	
<b>Assets</b>					
Cash and due from banks	5,6	₩	293,832,345	₩	51,799,137
Investments in subsidiaries	7		6,623,937,231		6,573,937,231
Loans and receivables	4,5,6		149,675,717		174,546,298
Property and equipment	8		8,645,817		7,023,634
Intangible assets	9		15,274,351		15,818,072
Other assets	10		2,348,226		2,181,276
<b>Total assets</b>		₩	<u>7,093,713,687</u>	₩	<u>6,825,305,648</u>
<b>Liabilities</b>					
Debentures	5,11	₩	1,548,343,340	₩	1,398,528,377
Net defined benefit liabilities	12		411,557		1,599,924
Current tax liabilities	14		128,690,267		153,475,623
Provisions	13		158,230		80,362
Other liabilities	5,14		18,250,115		19,907,694
<b>Total liabilities</b>			<u>1,695,853,509</u>		<u>1,573,591,980</u>
<b>Equity</b>					
Share capital	15		1,629,676,230		1,629,676,230
Hybrid equity securities	15		827,392,477		827,392,477
Other paid-in capital	15		2,270,038,314		2,270,038,314
Other components of equity	15		(4,563,413)		(6,376,677)
Retained earnings	16		675,316,570		530,983,324
<b>Total equity</b>			<u>5,397,860,178</u>		<u>5,251,713,668</u>
<b>Total liabilities and equity</b>		₩	<u>7,093,713,687</u>	₩	<u>6,825,305,648</u>

See notes to condensed interim separate financial statements.

**BNK Financial Group Inc.**  
**Condensed Interim Separate Statements of Comprehensive Income**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

		Period ended June 30			
		2022		2021	
(In thousands of Korean won, except per share amounts)	Notes	Three months	Six months	Three months	Six months
<b>Net interest expenses</b>	17				
Interest income		W 174,903	W 325,613	W 88,882	W 176,148
Interest expenses		<u>(7,448,065)</u>	<u>(14,154,581)</u>	<u>(6,052,587)</u>	<u>(11,876,376)</u>
		<u>(7,273,162)</u>	<u>(13,828,968)</u>	<u>(5,963,705)</u>	<u>(11,700,228)</u>
<b>Net fee and commission income</b>	18				
Commission income		2,498,350	4,996,050	2,326,650	4,652,900
Commission expenses		<u>(920,118)</u>	<u>(1,240,766)</u>	<u>(811,640)</u>	<u>(990,161)</u>
		<u>1,578,232</u>	<u>3,755,284</u>	<u>1,515,010</u>	<u>3,662,739</u>
<b>Dividend income</b>		152,000,000	372,000,000	92,000,000	270,016,785
<b>General and administrative expense</b>	19	<u>(9,067,431)</u>	<u>(19,748,350)</u>	<u>(10,057,347)</u>	<u>(19,470,950)</u>
<b>Operating profit</b>		<u>137,237,639</u>	<u>342,177,966</u>	<u>77,493,958</u>	<u>242,508,346</u>
<b>Non-operating income (expense)</b>	20				
Non-operating income		37,614	121,088	87,004	320,990
Non-operating expense		<u>(28,687)</u>	<u>(586,573)</u>	<u>(148,126)</u>	<u>(732,596)</u>
		<u>8,927</u>	<u>(465,485)</u>	<u>(61,122)</u>	<u>(411,606)</u>
<b>Profit before income tax expense</b>		137,246,566	341,712,481	77,432,836	242,096,740
Income tax expense		-	-	-	-
<b>Profit for the period</b>		<u>W 137,246,566</u>	<u>W 341,712,481</u>	<u>W 77,432,836</u>	<u>W 242,096,740</u>
<b>Other comprehensive income (loss), net of tax</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of net defined benefit liabilities		<u>2,134,155</u>	<u>1,813,264</u>	<u>(1,453,987)</u>	<u>(419,565)</u>
		<u>2,134,155</u>	<u>1,813,264</u>	<u>(1,453,987)</u>	<u>(419,565)</u>
<b>Total comprehensive income for the period</b>		<u>W 139,380,721</u>	<u>W 343,525,745</u>	<u>W 75,978,849</u>	<u>W 241,677,175</u>
<b>Earnings per share (in Korean won)</b>	21				
Basic and diluted earnings per share		W 399	W 1,005	W 214	W 698

See notes to condensed interim separate financial statements.

## BNK Financial Group Inc.

### Condensed Interim Separate Statements of Changes in Equity For the Six-Month Periods Ended June 30, 2022 and 2021

(In thousands of Korean won)

	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total
<b>Balance at January 1, 2021</b>	₩ 1,629,676,230	₩ 827,392,477	₩ 2,269,301,272	₩ (4,991,540)	₩ 460,630,087	₩ 5,182,008,526
Changes in capital adjustments	-	-	737,042	-	(737,042)	-
Dividends on hybrid equity securities	-	-	-	-	(15,697,500)	(15,697,500)
Dividends	-	-	-	-	(103,818,134)	(103,818,134)
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	242,096,740	242,096,740
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	-	-	(419,565)	-	(419,565)
<b>Balance at June 30, 2021</b>	<u>₩ 1,629,676,230</u>	<u>₩ 827,392,477</u>	<u>₩ 2,270,038,314</u>	<u>₩ (5,411,105)</u>	<u>₩ 582,474,151</u>	<u>₩ 5,304,170,067</u>
<b>Balance at January 1, 2022</b>	₩ 1,629,676,230	₩ 827,392,477	₩ 2,270,038,314	₩ (6,376,677)	₩ 530,983,324	₩ 5,251,713,668
Dividends on hybrid equity securities	-	-	-	-	(15,697,500)	(15,697,500)
Dividends	-	-	-	-	(181,681,735)	(181,681,735)
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	341,712,481	341,712,481
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	-	-	1,813,264	-	1,813,264
<b>Balance at June 30, 2022</b>	<u>₩ 1,629,676,230</u>	<u>₩ 827,392,477</u>	<u>₩ 2,270,038,314</u>	<u>₩ (4,563,413)</u>	<u>₩ 675,316,570</u>	<u>₩ 5,397,860,178</u>

See notes to condensed interim separate financial statements.



**BNK Financial Group Inc.**  
**Condensed Interim Separate Statements of Cash Flows**  
**For the Six-Month Periods Ended June 30, 2022 and 2021**

(In thousands of Korean won)

	2022	2021
<b>Cash flows from operating activities</b>		
Profit for the period	₩ 341,712,481	₩ 242,096,740
Adjustments to profit for the period:		
Interest income	(325,613)	(176,148)
Interest expense	14,154,581	11,876,376
Depreciation	1,029,567	943,069
Amortization	1,458,213	228,457
Loss on disposal of property and equipment	264,746	79,023
Loss on disposal of intangible assets	-	19,815
Postemployment benefits	659,187	969,471
Dividend income	(372,000,000)	(270,016,785)
Other non-operating income	(55,348)	(12,998)
	<u>(354,814,667)</u>	<u>(256,089,720)</u>
Changes in operating assets and liabilities:		
Decrease in receivables	40,775	26
Decrease in net defined benefit liabilities	(34,291)	(5,185,158)
Increase in other assets	(166,949)	(302,396)
Decrease in provisions	-	(93,635)
Decrease in other liabilities	(2,519,038)	(2,069,471)
	<u>(2,679,503)</u>	<u>(7,650,634)</u>
Interest received	132,212	6,925
Interest paid	(14,000,550)	(11,029,475)
Dividend received	372,000,000	270,016,785
<b>Net cash inflow from operating activities</b>	<u>342,349,973</u>	<u>237,350,621</u>
<b>Cash flows from investing activities</b>		
Increase in investments in subsidiaries	(50,000,000)	(270,000,000)
Payments for property and equipment	(1,273,466)	(499,878)
Proceeds from disposal of property and equipment	-	4,364
Payments for intangible assets	(914,492)	(1,354,499)
Proceeds from disposal of intangible assets	-	309,091
Decrease (increase) in lease deposits provided	212,490	(545,993)
<b>Net cash outflow for investing activities</b>	<u>(51,975,468)</u>	<u>(272,086,915)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debentures	279,415,897	299,475,662
Repayment of debentures	(130,000,000)	(130,000,000)
Repayment of lease liabilities	(377,968)	(355,925)
Payment of dividends	(181,681,726)	(103,818,110)
Dividends paid on hybrid equity securities	(15,697,500)	(15,697,500)
<b>Net cash inflow (outflow) from (for) financing activities</b>	<u>(48,341,297)</u>	<u>49,604,127</u>
<b>Net increase in cash and cash equivalents</b>	242,033,208	14,867,833
<b>Cash and cash equivalents at the beginning of the period</b>	51,799,137	87,759,028
<b>Cash and cash equivalents at the end of the period</b>	<u>₩ 293,832,345</u>	<u>₩ 102,626,861</u>

See notes to condensed interim separate financial statements.

**BNK Financial Group Inc.**  
**Notes to the Condensed Interim Separate Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**1. GENERAL INFORMATION:**

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

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

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

Meanwhile, the Company’s share capital as of June 30, 2022, amounts to ₩1,629,676 million, with 325,935,246 outstanding shares.

**2. SIGNIFICANT ACCOUNTING POLICIES:**

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

**2.1 Basis of Preparation**

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with (“K-IFRSs”). The accompanying condensed interim separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Company’s condensed interim separate financial statements as of and for the six-month periods ended June 30, 2022 and 2021, have been prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. It is necessary to use the Company’s annual separate financial statements for the year ended December 31, 2021, for understanding the accompanying condensed interim separate financial statements.

Significant accounting policies used in the preparation of the condensed interim separate financial statements are consistent with those of the separate financial statements as of and for the year ended December 31, 2021, except for the impact due to the application of amendment and enactments of standards described below.

**BNK Financial Group Inc.**  
**Notes to the Condensed Interim Separate Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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

- K-IFRS 1103 *Business Combination - Reference to the Conceptual Framework* (Amendment)

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

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

The amendment is effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. The Company expects that the amendment will not have a significant impact on the condensed interim separate financial statements.

- K-IFRS 1016 *Property, Plant and Equipment - Proceeds before intended use* (Amendment)

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

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

The amendment is applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the separate financial statements in which the entity first applies the amendment. The entity shall recognize the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at the beginning of that earliest period presented. The Company expects that the amendments will not have a significant impact on the separate financial statements.

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- K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract* (Amendment)

The amendment specifies that the 'Cost of Fulfilling a Contract' comprises the 'Costs that Relate Directly to the Contract.' Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment applies to contracts for which the entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the entity first applies the amendment. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application. The Company expects that the amendments will not have a significant impact on the condensed interim separate financial statements.

- Annual Improvements to K-IFRSs 2018-2020

The annual improvements include partial amendments to two standards, such as K-IFRS 1109 *Financial Instruments* and K-IFRS 1116 *Leases*.

(i) K-IFRS 1109 *Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The Company expects that the amendments will not have a significant impact on the separate financial statements.

(ii) K-IFRS 1116 *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

The Company expects that the amendments will not have a significant impact on the condensed interim separate financial statements.

(b) The K-IFRS that have been published that are not mandatory for June 30, 2022, reporting periods and have not been early adopted by the Company.

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- K-IFRS 1001 *Classification of Liabilities as Current or Non-Current* and IFRS Practice Statement 2 *Making Materiality Judgements (Amendments)* - Disclosure of Accounting Policies

The amendments change the requirements of K-IFRS 1001 for disclosure of accounting policies and replace all terms of 'significant accounting policies' with 'material accounting policy information.'

Paragraphs related to K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples have also been developed to describe and apply the application of the 'Four Steps of the Criticality Process' described in K-IFRS 2.

These amendments will be applied prospectively for the fiscal year beginning on or after January 1, 2023, and early application is permitted. Amendments to K-IFRS 2 do not include effective dates or transitional provisions.

- K-IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

This amendment replaces the definition of change in accounting estimates with the definition of accounting estimates. Under the new definition, the accounting estimate is "the amount of money in the financial statements affected by measurement uncertainty."

The amendment should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted.

- K-IFRS 1012 *Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

This amendment reduces the scope of application of the initial recognition exception. According to the amendment, the exception to initial recognition does not apply to transaction in which the equal taxable temporary difference and deductible temporary difference give rise.

Under applicable tax laws, the initial recognition of an asset or a liability in a transaction that is not a business combination and does not affect accounting profit or taxable profit may result in equal taxable temporary difference and deductible temporary difference when recognizing assets and liabilities. For instance, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying K-IFRS 1116 at the commencement date of the lease.

In accordance with K-IFRS 1012 amendment, the Company should recognize related deferred tax assets and deferred tax liabilities. Recognition of deferred tax assets is subject to the recoverability requirements of K-IFRS 1012.

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The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

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

Significant accounting estimates and assumptions applied in the preparation of these condensed interim separate financial statements are the same as those applied to the separate financial statements as of and for the year ended December 31, 2021, except for the following:

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

The rapid spread of COVID-19 is having a negative impact on finance, foreign exchange markets and the real economy around the world, which may increase the overall volatility of macroeconomic indicators, such as stock prices, interest rates and exchange rates. COVID-19 could potentially affect the Company's expected credit losses for certain portfolios and a decline in the fair value of financial instruments.

The Company cannot predict the size and duration of future COVID-19 damage, and due to uncertainties arising from COVID-19, important accounting estimates and assumptions used in the preparation of separate financial statements may change. The Company is continuously monitoring the impact of COVID-19 through the key market indicators, delinquency rates and liquidity ratios.

**BNK Financial Group Inc.**  
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**4. FINANCIAL RISK MANAGEMENT:**

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

**4.1 Credit Risk**

Loans and receivables by credit risk category as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Loans and receivables	₩ 149,675,717	₩ 174,546,298

Credit risk by impairment of loans and receivables is summarized as of June 30, 2022, and December 31, 2021, as follows:

*(In thousands of Korean won)*

	<b>June 30, 2022</b>					
	Twelve months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
		Unrecognized impairment	Recognized impairment			
<b>Loans and receivables</b>						
Non-trade receivables	₩128,690,267	₩ -	₩ -	₩128,690,267	₩ -	₩128,690,267
Guarantee deposits provided	20,951,077	-	-	20,951,077	-	20,951,077
Accrued income	34,373	-	-	34,373	-	34,373
	<u>₩149,675,717</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩149,675,717</u>	<u>₩ -</u>	<u>₩149,675,717</u>

*(In thousands of Korean won)*

	<b>December 31, 2021</b>					
	Twelve months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
		Unrecognized impairment	Recognized impairment			
<b>Loans and receivables</b>						
Non-trade receivables	₩153,516,398	₩ -	₩ -	₩153,516,398	₩ -	₩153,516,398
Guarantee deposits provided	21,014,599	-	-	21,014,599	-	21,014,599
Accrued income	15,301	-	-	15,301	-	15,301
	<u>₩174,546,298</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩174,546,298</u>	<u>₩ -</u>	<u>₩174,546,298</u>

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**4.2 Capital Management**

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

**5. FAIR VALUE:**

**5.1 Fair Value of Financial Instruments by Category**

Carrying amount and fair value of financial instruments by category as of June 30, 2022, and December 31, 2021, are as follows:

*(In thousands of Korean won)*

	June 30, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Cash and due from banks	₩ 293,832,345	₩ 293,832,345	₩ 51,799,137	₩ 51,799,137
Loans and receivables	149,675,717	149,675,717	174,546,298	174,546,298
	<u>₩ 443,508,062</u>	<u>₩ 443,508,062</u>	<u>₩ 226,345,435</u>	<u>₩ 226,345,435</u>
Financial liabilities at amortized cost				
Debentures	₩ 1,548,343,340	₩ 1,499,523,620	₩ 1,398,528,377	₩ 1,388,231,600
Other financial liabilities <sup>1</sup>	14,282,991	14,282,991	16,852,823	16,852,823
	<u>₩ 1,562,626,331</u>	<u>₩ 1,513,806,611</u>	<u>₩ 1,415,381,200</u>	<u>₩ 1,405,084,423</u>

<sup>1</sup> Other financial liabilities consist of non-trade receivables and accrued expenses.



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**5.2 Fair Value Assessment Method and Assumptions**

Fair value assessment method and assumptions are as follows:

<b>Classification</b>	<b>Fair value measurement technique</b>
Cash and due from banks	The carrying amounts of cash are assumed to be, and demand due from banks and payment due from banks are reasonable approximation of fair values. These financial instruments do not have a fixed maturity and are receivable on demand. Fair value of ordinary due from banks is measured using Discounted Cash Flow (“DCF”) Model. However, if the contractual maturity and the interest resetting period from the settlement date are within three months, the carrying amounts are assumed to be the fair value.
Loans and receivables	For loans and receivables with the residual maturities of less than three months as of the closing date and the ones with reset period of less than three months, the carrying amount is regarded as the fair value. Among receivables, deposits provided are mostly considered as intragroup transactions. So, any new or renewed lease transactions are subject to the approval of the board of directors in pursuant to the Article No. 398 of the Commercial Law and the policy of the board of directors. The carrying amounts of deposits provided are regarded as fair value, since the contracts have been kept considering fluctuation rate of officially assessed individual land price comparisons with local lease cases and others for fair trade.
Debentures	Fair value is determined by using the valuation of independent third-party pricing services in accordance with the market prices that are quoted in active markets.
Other financial liabilities	Other financial liabilities mainly consist of financial liabilities with the residual maturities of less than three months as of the closing date, and the carrying amount of those is regarded as fair value.

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**5.3 Fair Value Hierarchy of Financial Instruments Subsequently not Measured at Fair Value**

The fair value hierarchy of financial assets and liabilities subsequently not measured at fair value as of June 30, 2022, and December 31, 2021, is as follows:

(In thousands of Korean won)

	<b>June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and due from banks	₩ -	₩ 293,832,345	₩ -	₩ 293,832,345
Loans and receivables <sup>1</sup>	-	-	149,675,717	149,675,717
	<u>₩ -</u>	<u>₩ 293,832,345</u>	<u>₩ 149,675,717</u>	<u>₩ 443,508,062</u>
<b>Financial liabilities</b>				
Debentures	₩ -	₩ 1,499,523,620	₩ -	₩ 1,499,523,620
Other financial liabilities <sup>1</sup>	-	-	14,282,991	14,282,991
	<u>₩ -</u>	<u>₩ 1,499,523,620</u>	<u>₩ 14,282,991</u>	<u>₩ 1,513,806,611</u>

(In thousands of Korean won)

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and due from banks	₩ -	₩ 51,799,137	₩ -	₩ 51,799,137
Loans and receivables <sup>1</sup>	-	-	174,546,298	174,546,298
	<u>₩ -</u>	<u>₩ 51,799,137</u>	<u>₩ 174,546,298</u>	<u>₩ 226,345,435</u>
<b>Financial liabilities</b>				
Debentures	₩ -	₩ 1,388,231,600	₩ -	₩ 1,388,231,600
Other financial liabilities <sup>1</sup>	-	-	16,852,823	16,852,823
	<u>₩ -</u>	<u>₩ 1,388,231,600</u>	<u>₩ 16,852,823</u>	<u>₩ 1,405,084,423</u>

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

Valuation techniques and inputs of financial assets and liabilities subsequently not measured at fair value whose fair values are classified as Level 2 as of June 30, 2022, and December 31, 2021, are as follows. However, fair value hierarchy, valuation technique and inputs of items whose carrying amount is a reasonable approximation of fair value are not disclosed.

(In thousands of Korean won)

	<b>Fair value</b>		<b>Valuation techniques</b>	<b>Input</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>		
<b>Financial liabilities</b>				
Debentures	₩ 1,499,523,620	₩ 1,388,231,600	DCF Model	Discount rate

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**6. FINANCIAL ASSETS:**

**6.1 Cash and Due from Banks**

Restricted cash and due from banks as of June 30, 2022, and December 31, 2021, consist of the following:

*(In thousands of Korean won)*

<b>Classification</b>	<b>Financial institution</b>	<b>Interest rate (%)</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Checking deposits	Busan Bank Co., Ltd. and Kyongnam Bank Co., Ltd.	0.01	₩	254,895,581	₩	16,173,662
Corporate savings deposits	Busan Bank Co., Ltd.	0.01–0.30		3,842,512		5,625,475
Term deposits	Korea Development Bank	1.93		20,000,000		30,000,000
Corporate savings	BNK Savings Bank Co., Ltd.	1.50		15,094,252		-
			₩	<u>293,832,345</u>	₩	<u>51,799,137</u>

**6.2 Loans and Receivables**

Loans and receivables as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Accounts receivable	₩	128,690,267	₩	153,516,398
Guarantee deposits provided		34,373		15,301
Accrued income		21,296,261		21,508,751
Present value discount (deposit)		(345,184)		(494,152)
	₩	<u>149,675,717</u>	₩	<u>174,546,298</u>

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**7. INVESTMENTS IN SUBSIDIARIES:**

The details of investments in subsidiaries as of June 30, 2022, and December 31, 2021, are as follows:

*(In thousands of Korean won)*

Name of subsidiaries	Location	June 30, 2022	
		Percentage of ownership	Book amount
Busan Bank Co., Ltd.	Korea	100%	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	100%	1,949,160,438
BNK Capital Co., Ltd.	Korea	100%	528,488,236
BNK Securities Co., Ltd.	Korea	100%	784,166,758
BNK Savings Bank Co., Ltd.	Korea	100%	165,000,600
BNK Asset Management Co., Ltd.	Korea	100%	156,930,000
BNK Venture Capital Co., Ltd.	Korea	100%	50,600,000
BNK Credit Information Co., Ltd.	Korea	100%	11,451,045
BNK System Co., Ltd.	Korea	100%	10,000,000
			<u>₩ 6,623,937,231</u>

*(In thousands of Korean won)*

Name of subsidiaries	Location	December 31, 2021	
		Percentage of ownership	Book amount
Busan Bank Co., Ltd.	Korea	100%	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	100%	1,949,160,438
BNK Capital Co., Ltd.	Korea	100%	478,488,236
BNK Securities Co., Ltd.	Korea	100%	784,166,758
BNK Savings Bank Co., Ltd.	Korea	100%	165,000,600
BNK Asset Management Co., Ltd.	Korea	100%	156,930,000
BNK Venture Capital Co., Ltd.	Korea	100%	50,600,000
BNK Credit Information Co., Ltd.	Korea	100%	11,451,045
BNK System Co., Ltd.	Korea	100%	10,000,000
			<u>₩ 6,573,937,231</u>

Changes in investments in subsidiaries for the six-month period ended June 30, 2022 and 2021, are as follows:

*(In thousands of Korean won)*

	June 30, 2022	June 30, 2021
Beginning balance	₩ 6,573,937,231	₩ 6,153,937,231
Acquisition	50,000,000	270,000,000
Disposal	-	-
Ending balance	<u>₩ 6,623,937,231</u>	<u>₩ 6,423,937,231</u>

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**8. PROPERTY AND EQUIPMENT:**

Changes in property and equipment for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>					
	<b>Beginning balance</b>	<b>Acquisitions</b>	<b>Disposal</b>	<b>Depreciation</b>	<b>Transfer</b>	<b>Ending balance</b>
Land	₩ 1,220,861	₩ -	₩ -	₩ -	₩ -	₩ 1,220,861
Buildings	2,185,696	-	-	(22,572)	-	2,163,124
Leasehold improvement	460,008	149,860	(214,202)	(149,575)	895,290	1,141,381
Business movable assets	1,118,702	226,379	-	(228,906)	-	1,116,175
Right-of-use asset	2,038,367	2,555,643	(961,220)	(628,514)	-	3,004,276
Construction in progress	-	895,290	-	-	(895,290)	-
	<u>₩ 7,023,634</u>	<u>₩ 3,827,172</u>	<u>₩ (1,175,422)</u>	<u>₩ (1,029,567)</u>	<u>₩ -</u>	<u>₩ 8,645,817</u>

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

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**9. INTANGIBLE ASSETS:**

Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>					
	<b>Beginning balance</b>	<b>Acquisitions</b>	<b>Amortization</b>	<b>Disposal</b>	<b>Transfer</b>	<b>Ending balance</b>
Software	₩ 729,724	₩ 213,386	₩ (133,929)	₩ -	₩ 44,990	₩ 854,171
Development cost	11,619,019	16,820	(1,324,284)	-	554,680	10,866,235
Construction in progress (intangible)	386,873	684,286	-	-	(599,670)	471,489
Right of membership	2,976,200	-	-	-	-	2,976,200
Trademark	106,256	-	-	-	-	106,256
	<u>₩ 15,818,072</u>	<u>₩ 914,492</u>	<u>₩ (1,458,213)</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 15,274,351</u>

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

**10. OTHER ASSETS:**

The details of other assets as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Advance payments and others	₩ 2,348,225	₩ 2,181,276

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**11. DEBENTURES:**

The details of debentures as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>Issuance date</b>	<b>Maturity date</b>	<b>Interest rate (%) as at June 30, 2022</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
21-3rd non-guaranteed coupon bonds	2017-05-30	2022-05-30	2.37	₩ -	₩ 30,000,000
22nd non-guaranteed coupon bonds	2017-09-26	2022-09-26	2.46	100,000,000	100,000,000
23th non-guaranteed coupon bonds	2018-05-25	2023-05-25	2.90	100,000,000	100,000,000
25-1st non-guaranteed coupon bonds	2018-08-23	2023-08-23	2.54	100,000,000	100,000,000
25-2nd non-guaranteed coupon bonds	2018-08-23	2028-08-23	2.75	30,000,000	30,000,000
26th non-guaranteed coupon bonds	2019-06-14	2024-06-14	1.78	100,000,000	100,000,000
27th non-guaranteed coupon bonds	2019-07-26	2024-07-26	1.60	90,000,000	90,000,000
28th non-guaranteed coupon bonds	2020-04-27	2022-04-27	1.61	-	100,000,000
29th non-guaranteed coupon bonds	2020-05-22	2023-05-22	1.42	100,000,000	100,000,000
30th non-guaranteed coupon bonds	2020-07-14	2022-07-14	1.14	100,000,000	100,000,000
31st non-guaranteed coupon bonds	2020-10-29	2023-10-29	1.23	100,000,000	100,000,000
32nd non-guaranteed coupon bonds	2021-01-12	2026-01-12	1.58	100,000,000	100,000,000
33rd non-guaranteed coupon bonds	2021-01-26	2024-01-26	1.23	100,000,000	100,000,000
34th non-guaranteed coupon bonds	2021-05-31	2026-05-31	1.92	100,000,000	100,000,000
35-1st non-guaranteed coupon bonds	2021-07-14	2026-07-14	2.00	110,000,000	110,000,000
35-2nd non-guaranteed coupon bonds	2021-07-14	2028-07-14	2.09	40,000,000	40,000,000
36-1st non-guaranteed coupon bonds	2022-03-24	2024-03-24	2.77	60,000,000	-
36-2nd non-guaranteed coupon bonds	2022-03-24	2025-03-24	3.03	90,000,000	-
37-1st non-guaranteed coupon bonds	2022-06-29	2024-06-28	4.33	60,000,000	-
37-2nd non-guaranteed coupon bonds	2022-06-29	2024-11-29	4.35	40,000,000	-
37-3th non-guaranteed coupon bonds	2022-06-29	2025-06-27	4.36	30,000,000	-
				<u>1,550,000,000</u>	<u>1,400,000,000</u>
				<u>(1,656,660)</u>	<u>(1,471,623)</u>
Less: present value discounts				<u>₩ 1,548,343,340</u>	<u>₩ 1,398,528,377</u>

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

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Details of issuance and repayment of debentures for the six-month periods ended June 30, 2022 and 2021, are as follows:

*(In thousands of Korean won)*

	<b>2022</b>			
	<b>Beginning balance</b>	<b>Issuance</b>	<b>Repayment</b>	<b>Ending balance</b>
Debentures in Korean won	₩ 1,400,000,000	₩ 280,000,000	₩ (130,000,000)	₩ 1,550,000,000

*(In thousands of Korean won)*

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



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**12. POSTEMPLOYMENT BENEFITS:**

Details of net defined benefit liabilities recognized in the condensed interim separate statements of financial position as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Present value of funded defined benefit obligations	₩	12,878,175	₩	13,742,894
Fair value of plan assets		(12,466,618)		(12,142,970)
Net defined benefit liabilities	₩	<u>411,557</u>	₩	<u>1,599,924</u>

Income and expenses related to net defined benefit liabilities (assets) for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>				
	<b>Present value of defined benefit obligation</b>		<b>Fair value of plan assets</b>		<b>Total</b>
Current service cost	₩	631,413	₩	-	₩ 631,413
Interest expenses (income)		235,561		(207,787)	27,774
	₩	<u>866,974</u>	₩	<u>(207,787)</u>	₩ <u>659,187</u>

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

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**13. PROVISIONS:**

Details of provisions for other liabilities and charges as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Provision for restoration costs	₩	158,229	₩	80,362

Changes in provision for other liabilities and charges for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>				
	<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Others</b>	<b>Ending balance</b>
Provision for restoration costs	₩ 80,362	₩ 158,447	₩ (80,580)	₩ -	₩ 158,229

<i>(In thousands of Korean won)</i>	<b>2021</b>				
	<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Others</b>	<b>Ending balance</b>
Provision for restoration costs	₩ 93,039	₩ 80,316	₩ (93,635)	₩ -	₩ 79,720
Provision for litigation	100,000	-	-	-	100,000
	₩ 193,039	₩ 80,316	₩ (93,635)	₩ -	₩ 179,720

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**14. OTHER LIABILITIES:**

Other liabilities as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Non-trade payables	₩	2,799	₩	363,415
Accrued expenses		14,280,192		16,489,408
Lease liabilities		2,609,245		1,504,404
Others <sup>1</sup>		1,357,880		1,550,467
	₩	<u>18,250,116</u>	₩	<u>19,907,694</u>

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

Undiscounted lease liabilities by term structures as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>					
	<b>Less than 1 month</b>	<b>1 month - 3 months</b>	<b>3 - 12 months</b>	<b>1 year - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Lease liabilities	₩ 79,648	₩ 155,417	₩ 530,213	₩ 1,987,029	₩ -	₩ 2,752,307

<i>(In thousands of Korean won)</i>	<b>December 31, 2021</b>					
	<b>Less than 1 month</b>	<b>1 month - 3 months</b>	<b>3 - 12 months</b>	<b>1 year - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Lease liabilities	₩ 51,977	₩ 94,581	₩ 347,659	₩ 1,063,002	₩ -	₩ 1,557,219

The total cash outflow for leases for the six-month period ended June 30, 2022, was ₩396,589 thousand (2021: ₩378,501 thousand for the six-month period ended June 30, 2021).

Expense relating to leases of low-value assets that are not short-term leases for the six-month period ended June 30, 2022, is ₩16,685 thousand (2021: ₩17,893 thousand for the six-month period ended June 30, 2021).

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**15. SHARE CAPITAL AND OTHER PAID-IN CAPITAL:**

*(a) Share Capital*

As of June 30, 2022, the Company has 700 million ordinary shares authorized with a par value per share of ₩5,000 and 325,935,246 shares have been issued. Share capital is ₩1,629,676 million.

*(b) Hybrid Equity Securities*

Hybrid equity securities classified as equity as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>Issue date</b>	<b>Maturity</b>	<b>Interest rates (%)</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	2015-06-24	2045-06-24	5.10	₩ 30,000,000	₩ 30,000,000
	2018-02-13	-	4.83	100,000,000	100,000,000
	2018-03-02	-	4.26	150,000,000	150,000,000
Hybrid equity	2019-02-20	-	3.74	100,000,000	100,000,000
securities	2019-08-29	-	3.20	100,000,000	100,000,000
	2020-02-19	-	3.35	150,000,000	150,000,000
	2020-06-23	-	3.30	100,000,000	100,000,000
	2020-08-04	-	3.38	100,000,000	100,000,000
Issuance cost				<u>(2,607,523)</u>	<u>(2,607,523)</u>
				<u>₩ 827,392,477</u>	<u>₩ 827,392,477</u>

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

*(c) Other paid-in capital*

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

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(d) *Other components of equity*

Other components of equity for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>			
	<b>Beginning balance</b>	<b>Decrease</b>	<b>Effect of deferred tax</b>	<b>Ending balance</b>
Remeasurements of net defined benefit liabilities	₩ (6,376,677)	₩ 1,813,264	₩ -	₩ (4,563,413)

  

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

**16. RETAINED EARNINGS:**

Retained earnings as of June 30, 2022, and December 31, 2021, consist of:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Reserves:		
Earned profit reserves	₩ 141,145,407	₩ 120,514,407
Reserve for credit losses	768,000	431,000
Reserve for claims liability	2,000,000	2,000,000
Discretionary reserves	205,388,182	233,129,504
	<u>349,301,589</u>	<u>356,074,911</u>
Retained earnings before appropriation	<u>326,014,981</u>	<u>174,908,413</u>
	<u>₩ 675,316,570</u>	<u>₩ 530,983,324</u>

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

*Regulatory reserve for credit losses*

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

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Balances of regulatory reserve for credit losses as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Provided regulatory reserve	₩	768,000	₩	431,000
Expected provision of reserve for credit losses (reversal)		(124,000)		337,000
	₩	<u>644,000</u>	₩	<u>768,000</u>

Expected provision of reserve for credit losses, adjusted profit after the expected provision of regulatory reserve and adjusted earnings per share after the expected provision of regulatory reserve for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won, except for earnings per share)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit for the period	₩ 137,246,566	₩ 341,712,481	₩ 77,432,835	₩ 242,096,740
Reversal (provision) of reserve for credit losses	<u>362,000</u>	<u>124,000</u>	<u>64,000</u>	<u>(37,000)</u>
Adjusted profit after the reversal (provision) of regulatory reserve <sup>1</sup>	<u>₩ 137,608,566</u>	<u>₩ 341,836,481</u>	<u>₩ 77,496,835</u>	<u>₩ 242,059,740</u>
Adjusted earnings per share after the reversal (provision) of regulatory reserve <sup>1</sup> <i>(in Korean won)</i>	₩ 400	₩ 1,005	₩ 215	₩ 698

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

Details for acquisition and disposal of treasury stocks six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Number of stocks</b>	<b>Book value</b>	<b>Number of stocks</b>	<b>Book value</b>
Beginning balance	₩ 1,503,577	₩ 6,997,497	₩ 1,503,577	₩ 6,997,497
Acquisition	-	-	-	-
Disposal	-	-	-	-
Ending balance	<u>₩ 1,503,577</u>	<u>₩ 6,997,497</u>	<u>₩ 1,503,577</u>	<u>₩ 6,997,497</u>

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**17. NET INTEREST LOSS:**

Net interest loss and interest revenues and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Interest revenues:				
Cash and due from banks	₩ 88,107	₩ 151,285	₩ 4,703	₩ 7,564
Other interest revenues:				
Present value discounts	86,796	174,328	84,179	168,585
	<u>174,903</u>	<u>325,613</u>	<u>88,882</u>	<u>176,149</u>
Interest expenses:				
Debentures	(7,436,806)	(14,130,994)	(6,046,938)	(11,863,564)
Lease liabilities	(10,274)	(21,400)	(5,328)	(11,574)
Miscellaneous interest:				
Provision for restoration costs	(985)	(2,187)	(321)	(1,238)
	<u>(7,448,065)</u>	<u>(14,154,581)</u>	<u>(6,052,587)</u>	<u>(11,876,376)</u>
Net interest loss	<u>₩ (7,273,162)</u>	<u>₩ (13,828,968)</u>	<u>₩ (5,963,705)</u>	<u>₩ (11,700,227)</u>

**18. NET COMMISSION INCOME:**

Net commission income and commission revenues and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Commission revenues:				
Brand revenues	₩ 2,497,500	₩ 4,995,000	₩ 2,326,250	₩ 4,652,500
Other commission revenues	850	1,050	400	400
	<u>2,498,350</u>	<u>4,996,050</u>	<u>2,326,650</u>	<u>4,652,900</u>
Commission expenses:				
Other commission expenses	(920,118)	(1,240,766)	(811,640)	(990,161)
Net commission income	<u>₩ 1,578,232</u>	<u>₩ 3,755,284</u>	<u>₩ 1,515,010</u>	<u>₩ 3,662,739</u>

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**19. GENERAL AND ADMINISTRATIVE EXPENSES:**

General and administrative expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

(In thousands of Korean won)

	2022		2021	
	Three months	Six months	Three months	Six months
Employee benefits:				
Salaries	₩ 3,500,175	₩ 9,088,337	₩ 5,682,406	₩ 10,881,537
Employee benefits	667,469	1,456,617	642,280	1,191,604
Postemployment benefits	384,073	1,270,815	391,818	1,029,262
	<u>4,551,717</u>	<u>11,815,769</u>	<u>6,716,504</u>	<u>13,102,403</u>
Rent expense	118,222	235,225	83,157	198,037
Business promotion expenses	508,305	1,039,766	317,045	758,366
Depreciation	528,864	1,029,567	436,227	943,069
Amortization	742,874	1,458,213	131,906	228,457
Taxes and dues	80,844	207,464	70,586	173,210
Service expenses	1,310,921	1,923,567	603,787	1,233,834
Advertising expenses	749,019	1,199,990	1,299,865	1,912,404
Other administrative expenses	476,665	838,789	398,270	921,170
	<u>₩ 9,067,431</u>	<u>₩ 19,748,350</u>	<u>₩ 10,057,347</u>	<u>₩ 19,470,950</u>

(a) *Share-Based Payments*

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

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



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Changes in granted number of share options for the six-month period ended June 30, 2022 and year ended December 31, 2021, are as follows:

i) Linked to short-term performance

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	130,938	226,730
Grant	279,884	-
Exercise	(83,965)	(95,792)
Others	-	-
Ending balance	<u>326,857</u>	<u>130,938</u>

ii) Linked to long-term performance

- Initially granted

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	926,774	372,008
Grant	485,657	597,959
Exercise	(13,972)	(7,304)
Others	(86,837)	(35,889)
Ending balance	<u>1,311,622</u>	<u>926,774</u>

*(In shares)*

- Deferred grants

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	35,171	15,854
Grant	-	26,621
Exercise	(13,972)	(7,304)
Others	-	-
Ending balance	<u>21,199</u>	<u>35,171</u>

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Expenses recognized related to the share option granted for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Linked to short-term performance	₩ 43,326	₩ 1,017,571	₩ 657,833	₩ 1,190,675
Linked to long-term performance	(544,982)	408,693	1,134,318	2,316,243

Liabilities recognized related to the share option granted for the six-month period ended June 30, 2022, and year ended December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Accrued expenses (short-term performance)	₩	2,916,709	₩	4,442,051
Accrued expenses (long-term performance)		6,332,638		6,044,943

**20. NET NON-OPERATING INCOME (LOSS):**

Net non-operating income (loss) and non-operating revenues and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Non-operating revenues:</b>				
Miscellaneous income	₩ 37,230	₩ 64,797	₩ 69,430	₩ 303,269
Gain on disposal of property and equipment	384	461	4,576	4,723
Restoration gain	-	55,830	-	-
Gain on changes in leases	-	-	12,998	12,998
	<u>37,614</u>	<u>121,088</u>	<u>87,004</u>	<u>320,990</u>
<b>Non-operating expenses:</b>				
Donations	(15,000)	(93,800)	(39,200)	(592,100)
Loss on disposal of property and equipment	-	(51,005)	(11,937)	(11,937)
Loss on retirement of property and equipment	(13,258)	(214,202)	(71,809)	(71,809)
Restoration loss	-	-	(5,365)	(5,365)
Loss on disposal of intangible assets	-	-	(19,815)	(19,815)
Miscellaneous expense	(429)	(227,566)	-	(31,570)
	<u>(28,687)</u>	<u>(586,573)</u>	<u>(148,126)</u>	<u>(732,596)</u>
Net non-operating income (loss)	₩ 8,927	₩ (465,485)	₩ (61,122)	₩ (411,606)

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**21. EARNINGS PER SHARE:**

The weighted-average number of common shares outstanding for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In shares)</i>	2022		2021	
	Three months	Six months	Three months	Six months
Beginning number of common shares outstanding	324,431,669	324,431,669	324,431,669	324,431,669
Weighted-average number of common shares outstanding	324,431,669	324,431,669	324,431,669	324,431,669

Basic earnings per share for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In Korean won and shares)</i>	2022		2021	
	Three months	Six months	Three months	Six months
Net profit for the period	₩ 137,246,565,949	₩ 341,712,480,918	₩ 77,432,834,705	₩ 242,096,740,098
Dividends from hybrid equity securities	(7,848,750,000)	(15,697,500,000)	(7,848,750,000)	(15,697,500,000)
Profit attributable to ordinary equity holders	129,397,815,949	326,014,980,918	69,584,084,705	226,399,240,098
Weighted-average number of ordinary shares outstanding	324,431,669	324,431,669	324,431,669	324,431,669
Basic earnings per share	₩ 399	₩ 1,005	₩ 214	₩ 698

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

**22. DIVIDENDS:**

A dividend in respect of the year ended December 31, 2021, amounting to ₩181,681,735 thousand, was paid on April 6, 2022 (previous payment amounts to ₩103,818,134 thousand).

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**23. RELATED-PARTY TRANSACTIONS:**

Related parties as of June 30, 2022, are as follows:

<b>Relationship</b>	<b>Name of the related party</b>
Subsidiaries	Busan Bank Co., Ltd., Kyongnam Bank Co., Ltd., BNK Capital Co., Ltd., BNK Securities Co., Ltd., BNK Savings Bank Co., Ltd., BNK Asset Management Co., Ltd., BNK Credit Information Co., Ltd., BNK System Co., Ltd., BNK Venture Capital Co., Ltd., BNKC (Cambodia) MFI PLC, BNK Capital Myanmar Co., Ltd., BNK Capital Lao Leasing Co., Ltd., MFO BNK Finance Kazakhstan LLP, BNK Capital Lao NDTMFI Co., Ltd.; Busan Bank Co., Ltd. (unspecified money trust) and 18 others; BNK REPOPLUS Professional Private Investment Trust No. 1 and 29 others; and BNK JEJU GLOBAL CO.,LTD. and 72 others
Associates	BSK No. 9 Youth Startup Investment Association; BNK-INTERVALUE Technology Financing Fund; ANDA H Mezzanine Private Investment Trust 11th; HANA UBS Private Securities Investment Trust 7th; HI Private Investment Trust 28th; Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust – J 1st; Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust – J 8th; Samsung Rafael Private Securities Investment Trust 3rd; KB Leaders Private Securities Investment Trust 12th; KB Leaders Private Securities Investment Trust 15th; Shinhan IPO Maturity Matching Private Investment Trust; Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2; Kyobo-Axa ESG Alpha Plus Private Securities Investment Trust – J 6th; Multi-Asset KDB Ocean Value Private Securities Investment Trust No. 15; General Private Equity Investment Trust No. 14 for Shinhan Corporation; VI REPO General Private Equity Securities Investment Trust No. 9 (Bond); Samsung Raphael General Private Equity Investment Trust No. 6; GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-12 (Bond); Multi-Asset LNG General Private Equity Investment Trust No. 5; NNH-Amundi General Private Equity Investment Trust No. 18; Igis Ulsan New Port Infrastructure Private Investment Trust; KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No. 29 (USD) (bonds) (specialized); Samsung Rafael Private Securities Investment Trust 1st; SHBNPP Corporate Private Security Investment Trust 8th; Kiwoom Frontier Private Security Investment Trust 12th; Petra 7 Alpha Private Equity Partnership; KB Leaders ESG Private Securities Investment Trust 1st; Kyobo Axa Alpha Plus Professional Private Investment Trust J - 11; HANA UBS Private Investment Trust 10th; HDC Flying Initial Public Offering Alpha Securities Investment Trust No. 1 (With Bonds); VI Repo General Private Securities Investment Trust No. 8; Shinhan Corporation General Private Securities Investment Trust No. 7 (Bonds); KIAMCO Aviation Private Fund Special Asset Trust 1 Hedge Fund; IGIS Private Securities Investment Trust 331st; igis housing platform no.1 professional investors' private real estate fund; BNK Teun Short-Term Bond; and 41 others

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Transactions with related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In thousands of Korean won)

Type	Name of entity	2022				
		Revenues		Expenses		Acquisition of property and equipment
		Interest revenues	Other revenues	Interest expenses	Other expenses	
Subsidiaries	Busan Bank Co., Ltd.	₩ 191,645	₩ 230,158,000	₩ -	₩ 167,763	₩ -
	Kyongnam Bank Co., Ltd.	236	135,315,000	-	62,457	-
	BNK Capital Co., Ltd.	-	857,500	4,809	-	127,947
	BNK Securities Co., Ltd.	-	10,516,500	-	-	-
	BNK Saving Bank Co., Ltd.	101,697	76,000	-	-	-
	BNK Asset Management Co., Ltd.	-	32,000	406	-	-
	BNK Venture Capital Co., Ltd.	-	7,000	-	-	-
	BNK Credit Information Co., Ltd.	-	7,000	-	-	-
	BNK System Co., Ltd.	-	26,450	-	474,384	1,283,598
	BNK Gangnam Core Office Real Estate	5,080	17,028	15,008	-	2,119,328
		<u>₩ 298,658</u>	<u>₩ 377,012,478</u>	<u>₩ 20,223</u>	<u>₩ 704,604</u>	<u>₩ 3,530,873</u>

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

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**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Fund transactions with related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In thousands of Korean won)

		<b>2022</b>			
Type	Name of entity	Loan transactions		Investment	
		Loans	Repayments	Capital increase	Capital reduction
Subsidiaries	Busan Bank Co., Ltd.	₩ 553,405,609	₩ 355,275,672	₩ -	₩ -
	Kyongnam Bank Co., Ltd.	54,000,030	45,191,010	-	-
	BNK Capital Co., Ltd.	-	-	50,000,000	-
	BNK Saving Bank Co., Ltd.	20,094,252	5,000,000	-	-
		<u>₩ 627,499,891</u>	<u>₩ 405,466,682</u>	<u>₩ 50,000,000</u>	<u>₩ -</u>

(In thousands of Korean won)

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

**BNK Financial Group Inc.**  
**Notes to the Condensed Interim Separate Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Outstanding receivables and payables from related parties as of June 30, 2022, and December 31, 2021, are as follows:

(In thousands of Korean won)

		June 30, 2022			
Type	Name of entity	Receivables		Payables	
		Loans/Due from banks	Other assets	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 249,929,073	₩ 70,483,335	₩ -	₩ 149,503
	Kyongnam Bank Co., Ltd.	8,809,020	34,023,244	-	-
	BNK Capital Co., Ltd.	-	34,200,391	-	510,445
	BNK Securities Co., Ltd.	-	5,888,721	-	-
	BNK Saving Bank Co., Ltd.	15,094,252	3,212,833	-	-
	BNK Asset Management Co., Ltd.	-	28,093	-	65,479
	BNK Venture Capital Co., Ltd.	-	305,737	-	-
	BNK Credit Information Co., Ltd.	-	411,834	-	-
	BNK System Co., Ltd.	-	539,223	-	573,950
	BNK Gangnam Core Office Real Estate	-	433,168	-	1,952,902
		₩ 273,832,345	₩ 149,526,579	₩ -	₩ 3,252,279



**BNK Financial Group Inc.**  
**Notes to the Condensed Interim Separate Financial Statements**  
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**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In thousands of Korean won)

		December 31, 2021			
Type	Name of entity	Receivables		Payables	
		Loans/Due from banks	Other assets	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 51,799,137	₩ 81,133,670	₩ -	₩ 288,128
	Kyongnam Bank Co., Ltd.	-	26,110,430	-	-
	BNK Capital Co., Ltd.	-	27,217,793	-	542,750
	BNK Securities Co., Ltd.	-	31,786,531	-	-
	BNK Saving Bank Co., Ltd.	-	4,335,143	-	-
	BNK Asset Management Co., Ltd.	-	1,603,446	-	76,385
	BNK Venture Capital Co., Ltd.	-	434,040	-	-
	BNK Credit Information Co., Ltd.	-	501,539	-	-
	BNK System Co., Ltd.	-	717,425	-	-
	BNK Gangnam Core Office Real Estate	-	229,658	-	829,337
		<u>₩ 51,799,137</u>	<u>₩ 174,069,675</u>	<u>₩ -</u>	<u>₩ 1,736,600</u>

The Company paid ₩284,688 thousand for the lease payments in relation to related parties for the six-month period ended June 30, 2022 (₩224,998 thousand for the six-month period ended June 30, 2021).

Compensation for key executives for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In thousands of Korean won)

	2022	2021
Short-term employee benefits	₩ 641,005	₩ 572,200
Performance compensation	706,515	796,755
Postemployment benefits	20,000	69,178

**BNK Financial Group Inc.**  
**Notes to the Condensed Interim Separate Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**24. COMMITMENTS:**

Details of commitments with financial institutions as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In thousands of Korean won)</i>		<u>June 30, 2022</u>		<u>December 31, 2021</u>	
Commitment	Financial institution	Limit <sup>1</sup>	Balance	Limit	Balance
General loans	Korea Development Bank	₩ 100,000,000	₩ -	₩ 100,000,000	₩ -

<sup>1</sup> The Company has entered into general loan agreement with Korea Development Bank for securing liquidity to cope with potential financial distress in domestic credit market and diversifying the financing channel.

**25. CONTINGENCIES AND COMMITMENTS:**

The Company filed a lawsuit against Korea Deposit Insurance Corporation to seek compensation for loss (litigation amount: ₩52.6 billion) as of June 30, 2022. On December 15, 2017, the court ordered Korea Deposit Insurance Corporation to pay ₩52.6 billion to the Company in the first trial. In respect of the first court decision, Korea Deposit Insurance Corporation paid ₩52.6 billion in advance and the Company recognized the corresponding amount as other liabilities. In the second trial held on January 24, 2019, the Company has decided to return back certain amount to Korea Deposit Insurance Corporation, and the amount of the liability has been revised, including the interest paid. In addition, although the Company returned the loss and filed an appeal for the final judgement in the Supreme Court on February 13, 2019, and the ultimate outcome of the appeal cannot be reasonably estimated, the management judges that the outcome of the suit does not exceed the amount of the liability recognized as of June 30, 2022.