

BNK Financial Group Inc.

Interim condensed separate financial statements
for each of the six-month periods ended June 30, 2024 and 2023
with the independent auditor's review report

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Report on review of interim condensed separate financial statements

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Report on review of interim condensed separate financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors BNK Financial Group Inc.

We have reviewed the accompanying interim condensed separate financial statements of BNK Financial Group Inc. (the “Company”), which comprise the interim condensed separate statement of financial position as of June 30, 2024, and the related interim condensed separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2024 and 2023, the interim condensed separate statements of changes in equity and the interim condensed separate statements of cash flows for each of the six-month periods ended June 30, 2024 and 2023, and a summary of material accounting policies and other explanatory information.

Management’s responsibility for the interim condensed separate financial statements

Management is responsible for the preparation and presentation of the accompanying interim condensed separate financial statements in accordance with International Financial Reporting Standard as adopted by the Republic of Korea (“KIFRS”) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

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

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing (“KSA”) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Other matters

We have audited the separate statement of financial position of the Company as of December 31, 2023, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 13, 2024 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

Ernst & Young Han Young

August 14, 2024

This review report is effective as of August 14, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed separate financial statements and may result in modification to this review report.

BNK Financial Group Inc.

Interim condensed separate financial statements
for each of the six-month periods ended June 30, 2024 and 2023

“The accompanying interim condensed separate financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company.”

Dae In Bin
Chief Executive Officer
BNK Financial Group Inc.

BNK Financial Group Inc.
Interim condensed separate statements of financial position
as of June 30, 2024 (unaudited) and December 31, 2023

<i>(In thousands of Korean won)</i>	Notes	June 30, 2024	December 31, 2023
Assets			
Cash and due from banks	5,6,7	₩ 159,275,537	₩ 155,238,418
Financial assets at fair value through profit or loss	5,6,8	105,520,600	103,647,600
Investments in subsidiaries	9	6,623,937,231	6,623,937,231
Loans and receivables	4,5,6,10	103,007,278	59,248,456
Property and equipment	11	12,693,252	11,908,188
Intangible assets	12	12,945,287	14,095,602
Other assets	13	693,805	922,450
Total assets		<u>₩ 7,018,072,990</u>	<u>₩ 6,968,997,945</u>
Liabilities			
Debentures	5,6,14	₩ 1,398,617,046	₩ 1,618,376,304
Net defined benefit liabilities	15	3,877,117	2,089,653
Current tax liabilities	0	82,211,510	37,920,784
Provisions	16	344,223	164,238
Other liabilities	17	21,449,886	26,509,872
Total liabilities		<u>1,506,499,782</u>	<u>1,685,060,851</u>
Equity			
Share capital	18	1,629,676,230	1,629,676,230
Hybrid equity securities	18	827,393,719	727,635,719
Other paid-in capital	18	2,263,699,512	2,276,280,170
Other components of equity	18	(5,551,046)	(4,485,067)
Retained earnings	19	796,354,793	654,830,042
Total equity		<u>5,511,573,208</u>	<u>5,283,937,094</u>
Total liabilities and equity		<u>₩ 7,018,072,990</u>	<u>₩ 6,968,997,945</u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

BNK Financial Group Inc.
Interim condensed separate statements of comprehensive income
for each of the three-month and six-month periods ended June 30, 2024 and 2023 (unaudited)

		Period ended June 30			
		2024		2023	
		Three months	Six months	Three months	Six months
<i>(In thousands of Korean won, except per share amounts)</i>					
	Notes				
Net interest expenses	20				
Interest income		₩ 257,445	₩ 513,538	₩ 221,227	₩ 393,735
Interest expenses		(11,056,608)	(23,366,959)	(11,431,944)	(20,781,478)
		(10,799,163)	(22,853,421)	(11,210,717)	(20,387,743)
Net fee and commission income	21				
Commission income		3,623,400	7,246,750	3,388,750	6,777,550
Commission expenses		(1,458,300)	(1,983,855)	(873,044)	(1,684,063)
		2,165,100	5,262,895	2,515,706	5,093,487
Gain on financial assets at fair value through profit or loss		3,155,900	5,391,000	-	-
Dividend income		165,000,000	325,009,550	180,000,000	393,000,000
Reversal of provision for credit loss		-	-	-	30,215
General and administrative expense	23	(12,860,507)	(22,635,375)	(11,291,183)	(20,857,594)
Operating profit		146,661,330	290,174,649	160,013,806	356,878,365
Non-operating income (expenses)	24				
Non-operating income		25,633	246,718	737,518	777,013
Non-operating expense		(26,138)	(172,217)	(13,075)	(47,281)
		(505)	74,501	724,443	729,732
Profit before income tax expense		146,660,825	290,249,150	160,738,249	357,608,097
Income tax expense		-	-	-	-
Profit for the period		₩ 146,660,825	₩ 290,249,150	₩ 160,738,249	₩ 357,608,097
Other comprehensive income (loss), net of tax					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of net defined benefit liabilities		163,026	(1,065,979)	769,325	(1,916,754)
		163,026	(1,065,979)	769,325	(1,916,754)
Total comprehensive income for the period		₩ 146,823,851	₩ 289,183,171	₩ 161,507,574	₩ 355,691,343
Earnings per share (in Korean won)	25				
Basic and diluted earnings per share		₩ 430	₩ 854	₩ 483	₩ 1,066

The accompanying notes are an integral part of the interim condensed separate financial statements.

BNK Financial Group Inc.

Interim condensed separate statements of changes in equity for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)

<i>(In thousands of Korean won)</i>	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total
Balance as of January 1, 2023	₩ 1,629,676,230	₩ 827,392,477	₩ 2,270,038,314	₩ (3,933,475)	₩ 624,370,392	₩ 5,347,543,938
Acquisition of treasury stocks	-	-	(15,999,879)	-	-	(15,999,879)
Repayment of hybrid equity securities	-	(249,244,360)	(755,640)	-	-	(250,000,000)
Dividends on hybrid equity securities	-	-	-	-	(13,452,863)	(13,452,863)
Dividends	-	-	-	-	(202,769,793)	(202,769,793)
Total comprehensive income	-	-	-	-	357,608,098	357,608,098
Profit for the period	-	-	-	-	357,608,098	357,608,098
Other comprehensive income	-	-	-	(1,916,754)	-	(1,916,754)
Remeasurements of net defined benefit liabilities	-	-	-	(1,916,754)	-	(1,916,754)
Balance as of June 30, 2023 (unaudited)	₩ 1,629,676,230	₩ 578,148,117	₩ 2,253,282,795	₩ (5,850,229)	₩ 765,755,834	₩ 5,221,012,747
Balance as of January 1, 2024	₩ 1,629,676,230	₩ 727,635,719	₩ 2,276,280,170	₩ (4,485,067)	₩ 654,830,042	₩ 5,283,937,094
Acquisition of treasury stocks	-	-	(12,998,778)	-	-	(12,998,778)
Issuance of hybrid equity securities	-	199,420,480	-	-	-	199,420,480
Repayment of hybrid equity securities	-	(99,662,480)	(337,520)	-	-	(100,000,000)
Changes in capital adjustments	-	-	755,640	-	(755,640)	-
Dividends on hybrid equity securities	-	-	-	-	(15,912,500)	(15,912,500)
Dividends	-	-	-	-	(132,056,260)	(132,056,260)
Total comprehensive income	-	-	-	-	290,249,151	290,249,151
Profit for the period	-	-	-	-	290,249,151	290,249,151
Other comprehensive income	-	-	-	(1,065,979)	-	(1,065,979)
Remeasurements of net defined benefit liabilities	-	-	-	(1,065,979)	-	(1,065,979)
Balance as of June 30, 2024 (unaudited)	₩ 1,629,676,230	₩ 827,393,719	₩ 2,263,699,512	₩ (5,551,046)	₩ 796,354,793	₩ 5,511,573,208

The accompanying notes are an integral part of the interim condensed separate financial statements.

BNK Financial Group Inc.

Interim condensed separate statements of cash flows for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)

(In thousands of Korean won)

	2024	2023
Cash flows from operating activities		
Profit for the period	₩ 290,249,151	₩ 357,608,098
Adjustments to profit for the period:		
Gain on financial assets at fair value through profit or loss	(1,873,000)	-
Interest income	(513,538)	(393,735)
Interest expense	23,366,959	20,781,478
Reversal of provision for credit loss	-	(30,215)
Depreciation	1,454,154	1,067,772
Amortization	1,837,116	1,630,028
Loss (gain) on disposal of property and equipment	37,978	(119)
Postemployment benefits	721,486	558,324
Dividend income	(328,527,550)	(393,000,000)
Other non-operating expenses (income)	-	102
	<u>(303,496,395)</u>	<u>(369,386,365)</u>
Changes in operating assets and liabilities:		
Decrease in receivables	43,659	37,576
Decrease in other assets	228,645	127,173
Decrease in other liabilities	(5,170,454)	(3,097,685)
	<u>(4,898,150)</u>	<u>(2,932,936)</u>
Interest received	129,391	127,315
Interest paid	(23,204,994)	(17,914,425)
Dividend received	328,527,550	393,000,000
Net cash inflow from operating activities	<u>287,306,553</u>	<u>360,501,687</u>
Cash flows from investing activities		
Payments for property and equipment	(1,251,391)	(444,458)
Payments for intangible assets	(686,802)	(895,437)
Decrease (increase) in lease deposits provided	949,874	(3,031,000)
Net cash outflow for investing activities	<u>(988,319)</u>	<u>(4,370,895)</u>
Cash flows from financing activities		
Proceeds from issuance of debentures	99,765,702	449,230,404
Repayment of debentures	(320,000,000)	(200,000,000)
Repayment of lease liabilities	(499,760)	(396,379)
Payment of dividends	(132,056,259)	(202,769,793)
Issuance of hybrid equity securities	199,420,480	-
Repayment of hybrid equity securities	(100,000,000)	(250,000,000)
Dividends paid on hybrid equity securities	(15,912,500)	(13,452,863)
Acquisition of treasury stocks	(12,998,778)	(15,999,879)
Net cash outflow for financing activities	<u>(282,281,115)</u>	<u>(233,388,510)</u>
Net increase in cash and cash equivalents	4,037,119	122,742,282
Cash and cash equivalents at the beginning of the period	<u>155,238,418</u>	<u>67,988,719</u>
Cash and cash equivalents at the end of the period	<u>₩ 159,275,537</u>	<u>₩ 190,731,001</u>

The accompanying notes are an integral part of the interim condensed separate financial statements.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

1. GENERAL INFORMATION:

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

Meanwhile, the Company established BNK System Co., Ltd. and BNK Savings Bank Co., Ltd. as its subsidiaries with 100% share in 2011 and obtained 56.97% share in Kyongnam Bank Co., Ltd. in October 2014, after which the Company proceeded to take over the rest of Kyongnam Bank Co., Ltd.’s shares through general exchange of shares on June 4, 2015. In July 2015, the Company obtained 51.01% shares of BNK Asset Management Co., Ltd. through acquisition and issue of shares and incorporated it as its subsidiary. In December 2017, the Company took over the rest of BNK Asset Management Co., Ltd.’s shares, and accordingly, it became a wholly owned subsidiary of the Company. In November 2019, the Company also obtained 100% of shares 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, 2024 amounts to ₩1,629,676 million, with 322,088,438 outstanding shares.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

2. MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The Company prepares its statutory interim condensed separate financial statements in the Korean language in accordance with KIFRS 1034 *Interim Financial Reporting*, enacted by the *Act on External Audit of Stock Companies*. The accompanying interim condensed separate financial statements have been translated into English from Korean language. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of December 31, 2023.

(a) New and amended standards and interpretations adopted by the Company

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended December 31, 2023, except for the adoption of new standards and interpretations effective as of January 1, 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed separate financial statements of the Company.

- Amendments to KIFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments do not have material impact on the interim condensed separate financial statements of the Company.

- Amendments to KIFRS 1001 Presentation of Financial Statements - Non-current Liabilities with Covenants

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect the entity's right to defer settlement of a liability for at least twelve months after the reporting period. The right to defer settlement of a liability at the end of the reporting period is subject to such covenants, even if the entity's compliance with those covenants is assessed only after the reporting date.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The amendments also specify that covenants with which an entity must comply only after the reporting date would not affect the entity's right to defer settlement. However, if an entity's right to defer settlement is subject to its compliance with covenants within twelve months after the reporting date, the entity needs to disclose the information in the notes to the financial statements so that users understand the risk that the liabilities classified as non-current could become repayable within twelve months after the reporting date. The disclosure requirements include providing information about the covenants, such as the nature of the covenants and when compliance is applicable, and the carrying amount of related liabilities.

Entities are also required to disclose facts and circumstances, if any, that indicate they may have difficulty complying with the covenants.

The amendments do not have material impact on the interim condensed separate financial statements of the Company.

- Amendments to IFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures- Supplier Finance Arrangements*

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments do not attempt to define arrangements that are within the scope. Instead, the amendments clarify the characteristics of supplier finance arrangements with disclosure requirements/

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- the terms and conditions of arrangements;
- the carrying amount of financial liabilities that are part of the arrangements, and associated line items presented in the entity's statement of financial position;
- the carrying amount and associated line items for which suppliers have already received payment from the finance providers;
- the range of payment due dates of: financial liabilities that are part of a supplier finance arrangement; and comparable trade payables that are not part of a supplier finance arrangement;
- the types and effect of non-cash changes in the carrying amount of financial liabilities that are part of a supplier finance arrangement; and
- liquidity risk information.

The amendments had no impact on the Company's interim condensed separate financial statements.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

- Amendments to KIFRS 1116 *Leases - Lease Liability in a Sale and Leaseback*

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in KIFRS 1115 to be accounted for as a sale. The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed separate financial statements.

- Amendments to KIFRS 1001 *Presentation of Financial Statements - Disclosure of Virtual Assets*

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, and issuing them.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period are required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance and important contract details shall be disclosed.

The amendments had no impact on the Company's interim condensed separate financial statements.

(b) The KIFRS that have been published that are not mandatory for the six-month period ended June 30, 2024 and have not been early adopted by the Company.

- Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rate* and KIFRS 1101 *First-time Adoption of International Financial Reporting Standards - Lack of Exchangeability*

The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and consequential amendments to KIFRS 1101 *First-time Adoption of IFRS* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosure of information that enables users of financial statements to understand the risk and impact of a currency not being exchangeable.

The amendments apply to annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. The amendments to this standard have no material effect on the interim financial statements.

The Company does not anticipate that the application of the enactment and amendments will have a significant impact on its interim condensed separate financial statements.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.2. Significant Accounting Policies

Significant accounting policies and method of computation used in the preparation of the interim condensed separate financial statements are consistent with those of the separate financial statements as of and for the year ended December 31, 2023, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.(a) and the one described below.

2.2.1 Income Tax Expense

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

The Company has applied KIFRS 1012 *Income Taxes* to the income taxes (i.e., global minimum tax) arising from the tax legislation enacted to implement the OECD's International Tax Reform Pillar Two Model Rules. The amendment to KIFRS 1012 includes a mandatory temporary exemption from deferred tax accounting for the global minimum tax and requires disclosure of the effects on current income tax related thereto.

The Company has been applying the mandatory exception to recognize and disclose deferred taxes related to the Pillar Two income tax effective for the reporting periods beginning on or after January 1, 2024.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of interim condensed 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.

Material accounting estimates and assumptions applied in the preparation of these interim condensed separate financial statements are the same as those applied to the separate financial statements as of and for the year ended December 31, 2023.

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

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

The Company's maximum exposure to the credit risk as of June 30, 2024 and December 31, 2023 as follows:

<i>(In thousands of Korean won)</i>	June 30, 2024	December 31, 2023
On-balance items:		
Loans and receivables	₩ 103,007,278	₩ 59,248,456

Credit risk by impairment of loans and receivables and general loan agreements as of June 30, 2024 and December 31, 2023 is as follows:

(In thousands of Korean won)

		June 30, 2024					
		Twelve months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
			Unrecognized impairment	Recognized impairment			
Loans and receivables							
Non-trade receivables	₩	82,239,603 ₩	- ₩	- ₩	82,239,603 ₩	- ₩	82,239,603 ₩
Guarantee deposits provided		20,755,555	-	-	20,755,555	-	20,755,555
Accrued income		12,120	-	-	12,120	-	12,120
	₩	103,007,278 ₩	- ₩	- ₩	103,007,278 ₩	- ₩	103,007,278 ₩

(In thousands of Korean won)

		December 31, 2023					
		Twelve months' expected credit losses	Expected lifetime credit losses		Total	Allowance for credit loss	Book amount
			Unrecognized impairment	Recognized impairment			
Loans and receivables							
Non-trade receivables	₩	37,992,537 ₩	- ₩	- ₩	37,992,537 ₩	- ₩	37,992,537 ₩
Guarantee deposits provided		21,244,043	-	-	21,244,043	-	21,244,043
Accrued income		11,876	-	-	11,876	-	11,876
	₩	59,248,456 ₩	- ₩	- ₩	59,248,456 ₩	- ₩	59,248,456 ₩

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

4. FINANCIAL RISK MANAGEMENT: (cont'd)

4.2 Capital Management

In accordance with *Supervisory Regulations on 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 OF FINANCIAL INSTRUMENTS:

(a) Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	June 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortized cost				
Cash and due from banks	₩ 159,275,537	₩ 159,275,537	₩ 155,238,418	₩ 155,238,418
Loans and receivables	103,007,278	103,007,278	59,248,456	59,248,456
Financial assets at fair value through profit or loss ("FVTPL")				
Equity securities	₩ 105,520,600	₩ 105,520,600	₩ 103,647,600	₩ 103,647,600
	₩ 367,803,415	₩ 367,803,415	₩ 318,134,474	₩ 318,134,474
Financial liabilities at amortized cost				
Debentures	₩ 1,398,617,046	₩ 1,400,163,645	₩ 1,618,376,304	₩ 1,611,207,500
Other financial liabilities ¹	17,273,112	17,273,112	22,371,827	22,371,827
	₩ 1,415,890,158	₩ 1,417,436,757	₩ 1,640,748,131	₩ 1,633,579,327

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

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

(b) *Fair Value measurement method and assumptions by financial instruments*

Fair value assessment method and assumptions are as follows:

Classification	Fair value measurement technique
Cash and due from banks	The carrying amounts of cash are assumed to be, and demand due from banks and payment due from banks are reasonable approximation of fair values. These financial instruments do not have a fixed maturity and are receivable on demand. Fair value of ordinary due from banks is measured using Discounted Cash Flow ("DCF") Model. However, if the contractual maturity and the interest resetting period from the settlement date are within three months, the carrying amounts are assumed to be the fair value.
Securities	The fair value of financial instruments that are quoted in active markets is determined using the quoted prices. Fair value is determined by independent third-party pricing services when quoted prices are not available. Pricing services use one or more of the valuation techniques, including DCF Model, Imputed Market Value Model, Free Cash Flow to Equity Model, Dividend Discount Model, Risk-Adjusted Discount Rate Method and Net Asset Value Method.
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. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

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

The fair value hierarchy of financial assets and liabilities that are subsequently measured at fair value as of June 30, 2024 and December 31, 2023 is as follows:

(In thousands of Korean won)

		June 30, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL	₩	-	₩	- ₩	105,520,600 ₩

(In thousands of Korean won)

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL	₩	-	₩	- ₩	103,647,600 ₩

The valuation techniques, input variables and range of significant unobservable input variables of Level 3 financial instruments, which are subsequently measured at fair value, as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

		June 30, 2024			Relationship between significant unobservable inputs and fair value
		Fair value	Valuation techniques	Range of significant unobservable inputs	
Financial assets					
Financial assets at FVTPL					
Equity securities	₩	105,520,600	Hull & White / G2++ LSMC(Least-Squares Monte Carlo)	Volatility: 0.57%	Fair value increases (decreases) volatility increases (decreases)

(In thousands of Korean won)

		December 31, 2023			Relationship between significant unobservable inputs and fair value
		Fair value	Valuation techniques	Range of significant unobservable inputs	
Financial assets					
Financial assets at FVTPL					
Equity securities	₩	103,647,600	Hull & White / G2++ LSMC(Least-Squares Monte Carlo)	Volatility: 0.61%	Fair value increases (decreases) volatility increases (decreases)

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5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

The following table shows the sensitivity analysis to disclose the effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments for the periods ended June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	June 30, 2024			
	Profit (loss) for the year		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes

Financial assets:

Financial assets at FVTPL ¹	₩	100	₩	-	₩	-	₩	-
--	---	-----	---	---	---	---	---	---

¹ Fair value changes of securities are calculated by increasing or decreasing volatility (-1% - 1%) which are major unobservable input variables.

(In thousands of Korean won)

	December 31, 2023			
	Profit (loss) for the year		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes

Financial assets:

Financial assets at FVTPL ¹	₩	13,300	₩	(4,700)	₩	-	₩	-
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¹ Fair value changes of securities are calculated by increasing or decreasing volatility (-1% - 1%) which are major unobservable input variables.

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5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

Changes in Level 3 financial instruments subsequently measured at fair value for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	Financial assets at FVTPL	
	2024	2023
Beginning balance	₩ 103,647,600	₩ -
Total profit or loss:		
Amount recognized in profit or loss ¹	1,873,000	-
Amount recognized in other comprehensive income	-	-
Purchases	-	-
Sales	-	-
Other changes:		
Transfer into level 3	-	-
Transfer into other levels	-	-
Reclassification	-	-
Ending balance	₩ 105,520,600	₩ -

¹ In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the year and total gains or losses for the period included in profit or loss for financial instruments held at the end of the reporting period in the separate statement of comprehensive income for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	Financial assets at FVTPL	
	2024	2023
Profit or loss for the period	₩ 1,873,000	-
Change in unrealized gain	1,873,000	-

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5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

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

The fair value hierarchy of financial assets and liabilities subsequently not measured at fair value as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	₩ -	₩ 159,275,537	₩ -	₩ 159,275,537
Loans and receivables ¹	-	-	103,007,278	103,007,278
	<u>₩ -</u>	<u>₩ 159,275,537</u>	<u>₩ 103,007,278</u>	<u>₩ 262,282,815</u>
Financial liabilities				
Debentures	₩ -	₩ 1,400,163,645	₩ -	₩ 1,400,163,645
Other financial liabilities ¹	-	-	17,273,112	17,273,112
	<u>₩ -</u>	<u>₩ 1,400,163,645</u>	<u>₩ 17,273,112</u>	<u>₩ 1,417,436,757</u>

(In thousands of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	₩ -	₩ 155,238,418	₩ -	₩ 155,238,418
Loans and receivables ¹	-	-	59,248,456	59,248,456
	<u>₩ -</u>	<u>₩ 155,238,418</u>	<u>₩ 59,248,456</u>	<u>₩ 214,486,874</u>
Financial liabilities				
Debentures	₩ -	₩ 1,611,207,500	₩ -	₩ 1,611,207,500
Other financial liabilities ¹	-	-	22,371,827	22,371,827
	<u>₩ -</u>	<u>₩ 1,611,207,500</u>	<u>₩ 22,371,827</u>	<u>₩ 1,633,579,327</u>

¹ 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, 2024 and December 31, 2023 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)

		June 30, 2024	
		Fair value	Valuation techniques Input
Financial liabilities			
Debentures	₩	1,400,163,645	DCF Model Discount rate

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5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (cont'd)

(In thousands of Korean won)

	December 31, 2023		
	Fair value	Valuation techniques	Input
Financial liabilities			
Debentures	₩ 1,611,207,500	DCF Model	Discount rate

6. FINANCIAL INSTRUMENTS BY CATEGORY :

(a) The carrying amounts of financial instruments by category

All financial instruments (financial assets and financial liabilities) are measured at fair value or at amortized cost. The carrying amounts of financial assets and financial liabilities by each category as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	June 30, 2024			
	Financial assets at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Financial assets:				
Due from banks	₩ -	₩ 159,275,537	₩ -	₩ 159,275,537
Financial assets at FVTPL	105,520,600	-	-	105,520,600
Loans and receivables	-	103,007,278	-	103,007,278
	<u>₩ 105,520,600</u>	<u>₩ 262,282,815</u>	<u>₩ -</u>	<u>₩ 367,803,415</u>
Financial liabilities:				
Debentures	₩ -	₩ -	₩ 1,398,617,046	₩ 1,398,617,046
Other financial liabilities ¹	-	-	20,681,306	20,681,306
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,419,298,352</u>	<u>₩ 1,419,298,352</u>

(In thousands of Korean won)

	December 31, 2023			
	Financial assets at FVTPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Financial assets:				
Due from banks	₩ -	₩ 155,238,418	₩ -	₩ 155,238,418
Financial assets at FVTPL	103,647,600	-	-	103,647,600
Loans and receivables	-	59,248,456	-	59,248,456
	<u>₩ 103,647,600</u>	<u>₩ 214,486,874</u>	<u>₩ -</u>	<u>₩ 318,134,474</u>
Financial liabilities:				
Debentures	₩ -	₩ -	₩ 1,618,376,304	₩ 1,618,376,304
Other financial liabilities ¹	-	-	25,350,987	25,350,987
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,643,727,291</u>	<u>₩ 1,643,727,291</u>

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

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6. FINANCIAL INSTRUMENTS BY CATEGORY : (cont'd)

(b) *Net gains or losses by category of financial instruments*

The net profit or loss by category of each financial asset and financial liability for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024		2023	
	Three months	Six months	Three months	Six months
Financial assets at amortized cost:				
Interest income	₩ 257,445	₩ 513,538	₩ 221,227	₩ 393,735
Financial assets at FVTPL:				
Other income	1,759,000	3,518,000	-	-
Gain on valuation	1,396,900	1,873,000	-	-
Financial liabilities at amortized cost:				
Interest expenses	(11,056,608)	(23,366,959)	(11,431,944)	(20,781,478)

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7. CASH AND DUE FROM BANKS:

(a) Cash and due from banks as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)	Financial institution	Interest rate (%)		June 30, 2024		December 31, 2023
Cash and cash equivalents:						
Checking deposits	Busan Bank Co., Ltd. and Kyongnam Bank Co., Ltd.	0.01	₩	141,449,600	₩	134,886,436
Corporate saving deposits	Busan Bank Co., Ltd.	0.01~0.50		2,272,920		4,915,857
Corporate savings	BNK Savings Bank Co., Ltd.	0.01~1.50		15,551,795		15,436,125
				<u>159,274,315</u>		<u>155,238,418</u>
Deposits	Korea Investment & Securities Co., Ltd.	3.05		1,222		-
				<u>₩ 159,275,537</u>		<u>₩ 155,238,418</u>

The cash and cash equivalents above are the same as the cash and cash equivalents in the separate statements of cash flow.

(b) There is no restricted due from banks as of June 30, 2024 and December 31, 2023.

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

Financial assets at fair value through profit or loss as of June 30, 2024 and December 31, 2023 consist of the following:

(In thousands of Korean won)		June 30, 2024		December 31, 2023
Equity securities	₩	105,520,600	₩	103,647,600

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9. INVESTMENTS IN SUBSIDIARIES:

Details of investments in subsidiaries as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

Name of subsidiaries	Location	June 30, 2024	
		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
			₩ 6,623,937,231

(In thousands of Korean won)

Name of subsidiaries	Location	December 31, 2023	
		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
			₩ 6,623,937,231

Changes in investments in subsidiaries for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024		2023	
Beginning balance	₩	6,623,937,231	₩	6,623,937,231
Acquisition		-		-
Ending balance	₩	6,623,937,231	₩	6,623,937,231

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Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

10. LOANS AND RECEIVABLES:

Loans and receivables as of June 30, 2024 and December 31, 2023 consist of the following:

(In thousands of Korean won)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Non-trade receivables	₩ 82,239,603	₩ 37,992,537
Accrued income	12,120	11,876
Guarantee deposits provided	23,894,804	24,844,678
Present-value discounts	(3,139,249)	(3,600,635)
	<u>₩ 103,007,278</u>	<u>₩ 59,248,456</u>

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11. PROPERTY AND EQUIPMENT:

Changes in property and equipment for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)	2024				
	Beginning balance	Acquisitions	Disposal	Depreciation	Ending balance
Tangible Assets					
Land	₩ 1,220,861	₩ -	₩ -	₩ -	₩ 1,220,861
Buildings	2,095,409	-	-	(22,572)	2,072,837
Leasehold improvement	1,057,036	1,154,748	(41,316)	(225,011)	1,945,457
Business movable assets	1,031,953	96,223	-	(173,131)	955,045
Right-of-use assets					
Properties	6,252,293	1,065,552	(210,575)	(933,162)	6,174,108
Vehicles	250,636	178,079	(3,493)	(100,278)	324,944
	<u>₩ 11,908,188</u>	<u>₩ 2,494,602</u>	<u>₩ (255,384)</u>	<u>₩ (1,454,154)</u>	<u>₩ 12,693,252</u>
	2023				
(In thousands of Korean won)	Beginning balance	Acquisitions	Disposal	Depreciation	Ending balance
Tangible Assets					
Land	₩ 1,220,861	₩ -	₩ -	₩ -	₩ 1,220,861
Buildings	2,140,552	-	-	(22,572)	2,117,980
Leasehold improvement	973,577	262,821	-	(149,926)	1,086,472
Business movable assets	1,101,050	174,421	-	(207,143)	1,068,328
Right-of-use assets					
Properties	2,041,382	4,152,717	(20,146)	(578,696)	5,595,257
Vehicles	436,042	21,929	-	(109,435)	348,536
	<u>₩ 7,913,464</u>	<u>₩ 4,611,888</u>	<u>₩ (20,146)</u>	<u>₩ (1,067,772)</u>	<u>₩ 11,437,434</u>

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12. INTANGIBLE ASSETS:

Changes in intangible assets for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)	2024				
	Beginning balance	Acquisitions	Amortization	Transfer	Ending balance
Software	₩ 1,049,079	₩ 48,962	₩ (232,938)	₩ -	₩ 865,103
Development cost	8,685,929	-	(1,604,179)	679,331	7,761,081
Assets in acquisition	652,179	637,840	-	(679,331)	610,688
Right of membership	3,430,447	-	-	-	3,430,447
Trademark	277,968	-	-	-	277,968
	<u>₩ 14,095,602</u>	<u>₩ 686,802</u>	<u>₩ (1,837,117)</u>	<u>₩ -</u>	<u>₩ 12,945,287</u>

(In thousands of Korean won)	2023				
	Beginning balance	Acquisitions	Amortization	Transfer	Ending balance
Software	₩ 1,474,378	₩ -	₩ (228,651)	₩ -	₩ 1,245,727
Development cost	9,522,340	-	(1,401,378)	907,449	9,028,411
Assets in acquisition	417,539	895,437	-	(907,449)	405,527
Right of membership	2,976,201	-	-	-	2,976,201
Trademark	276,536	-	-	-	276,536
	<u>₩ 14,666,994</u>	<u>₩ 895,437</u>	<u>₩ (1,630,029)</u>	<u>₩ -</u>	<u>₩ 13,932,402</u>

13. OTHER ASSETS:

Details of other assets as of June 30, 2024 and December 31, 2023 consist of the following:

(In thousands of Korean won)	June 30, 2024	December 31, 2023
Prepaid expenses and others	₩ 693,805	₩ 922,450

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14. DEBENTURES : (cont'd)

Details of issuance and repayment of debentures for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,620,000,000	₩ 100,000,000	₩ (320,000,000)	₩ 1,400,000,000

(In thousands of Korean won)

	2023			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,370,000,000	₩ 450,000,000	₩ (200,000,000)	₩ 1,620,000,000

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15. POSTEMPLOYMENT BENEFITS:

Details of net defined benefit liabilities recognized in the interim condensed separate statements of financial position as of June 30, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
Present value of funded defined benefit obligations	₩	19,595,337	₩	17,372,387
Fair value of plan assets		<u>(15,718,220)</u>		<u>(15,282,734)</u>
Net defined benefit liabilities	₩	<u>3,877,117</u>	₩	<u>2,089,653</u>

Income and expenses related to net defined benefit liabilities for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>2024</u>		
	Present value of defined benefit obligation	Plan assets	Total
Current service cost	₩ 668,900	₩ -	₩ 668,900
Interest expenses (income)	429,764	<u>(377,178)</u>	<u>52,586</u>
	<u>₩ 1,098,664</u>	<u>₩ (377,178)</u>	<u>₩ 721,486</u>

<i>(In thousands of Korean won)</i>	<u>2023</u>		
	Present value of defined benefit obligation	Plan assets	Total
Current service cost	₩ 546,061	₩ -	₩ 546,061
Interest expenses (income)	370,624	<u>(358,361)</u>	<u>12,263</u>
	<u>₩ 916,685</u>	<u>₩ (358,361)</u>	<u>₩ 558,324</u>

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16. PROVISIONS:

Details of provisions for other liabilities and charges as of June 30, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>		<u>June 30, 2024</u>		<u>December 31, 2023</u>
Provision for restoration costs	₩	344,223	₩	164,238

Changes in provision for other liabilities and charges for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	2024				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 164,238	₩ 179,985	₩ -	₩ -	₩ 344,223
<i>(In thousands of Korean won)</i>	2023				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 160,199	₩ 2,019	₩ -	₩ -	₩ 162,218
Provision for unused loan commitments	30,215	-	(30,215)	-	-
	<u>₩ 190,414</u>	<u>₩ 2,019</u>	<u>₩ (30,215)</u>	<u>₩ -</u>	<u>₩ 162,218</u>

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17. OTHER LIABILITIES:

Other liabilities as of June 30, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Accounts payable	₩ 12,762	₩ 250,068
Accrued expenses	17,260,350	22,121,759
Lease liabilities	3,408,194	2,979,161
Others ¹	768,580	1,158,884
	<u>₩ 21,449,886</u>	<u>₩ 26,509,872</u>

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

Undiscounted lease liabilities by term structures as of June 30, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>June 30, 2024</u>					
	Less than 1 month	1 month - 3 months	3 - 12 months	1 year - 5 years	More than 5 years	Total
Lease liabilities	₩ 116,824	₩ 229,623	₩ 876,004	₩ 2,472,958	₩ -	₩ 3,695,409

<i>(In thousands of Korean won)</i>	<u>December 31, 2023</u>					
	Less than 1 month	1 month - 3 months	3 - 12 months	1 year - 5 years	More than 5 years	Total
Lease liabilities	₩ 75,141	₩ 187,740	₩ 714,767	₩ 2,260,654	₩ -	₩ 3,238,302

The total cash outflow for leases for the six-month period ended June 30, 2024 is ₩565,360 thousand (₩420,124 thousand for the six-month period ended June 30, 2023).

Expense relating to leases of low-value assets that are not short-term leases for the six-month period ended June 30, 2024 is ₩20,432 thousand (₩16,528 thousand for the six-month period ended June 30, 2023).

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18. SHARE CAPITAL AND OTHER PAID-IN CAPITAL:

(a) Share Capital

As of June 30, 2024 the Company has 700 million ordinary shares authorized with a par value per share of ₩5,000 and 322,088,438 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, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rates (%)</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
	Jun 24, 2015	Jun 24, 2045	5.10	₩ 30,000,000	₩ 30,000,000
	Feb 20, 2019	-	3.74	-	100,000,000
	Aug 29, 2019	-	3.20	100,000,000	100,000,000
Hybrid equity	Feb 19, 2020	-	3.35	150,000,000	150,000,000
securities	Jun 23, 2020	-	3.30	100,000,000	100,000,000
	Aug 4, 2020	-	3.38	100,000,000	100,000,000
	Sep 22, 2023	-	5.70	150,000,000	150,000,000
	Feb 15, 2024	-	4.97	200,000,000	-
Issuance cost				<u>(2,606,281)</u>	<u>(2,364,281)</u>
				<u>₩ 827,393,719</u>	<u>₩ 727,635,719</u>

The Company can exercise its right to early repayment after 5 or 10 years after issuing hybrid equity securities, and at the date of maturity, the contractual agreements allow the Company to indefinitely extend the maturity date with the same contractual terms. In addition, the Company decides not to pay the dividends of ordinary share at general shareholders' meeting; 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 and those acquired to stabilize share price and increase enterprise value.

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18. SHARE CAPITAL AND OTHER PAID-IN CAPITAL: (cont'd)

(d) *Other components of equity*

Other components of equity for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities	₩ (4,485,068)	₩ (1,065,979)	₩ -	₩ (5,551,047)

(In thousands of Korean won)

	2023			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities	₩ (3,933,475)	₩ (1,916,753)	₩ -	₩ (5,850,228)

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19. RETAINED EARNINGS:

(a) *Composition of Retained Earnings*

Retained earnings as of June 30, 2024 and December 31, 2023 consist of:

<i>(In thousands of Korean won)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Reserves:		
Legal reserves ¹	₩ 203,083,407	₩ 171,671,407
Reserve for credit losses	191,000	1,611,000
Reserve for claims liability	2,000,000	2,000,000
Voluntary reserves	316,743,735	246,318,193
	<u>522,018,142</u>	<u>421,600,600</u>
Retained earnings before appropriation	274,336,651	233,229,443
	<u>₩ 796,354,793</u>	<u>₩ 654,830,043</u>

¹Article 53 of *Financial Holding Companies Act* requires the Company to appropriate at least 10% of profit for the period for 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.

(b) *Regulatory reserve for credit losses*

In accordance with the *Supervisory Regulations on Financial Holding Companies*, if provision for impairment under KIFRS for the accounting purpose do not exceed those for the regulatory purpose, the Company is required to appropriate such shortfall amount as regulatory reserve for credit loss. As the regulatory reserve for credit loss is a voluntary reserve, the amount of existing reserve for credit loss exceeding the amount of reserve for credit loss required to be accumulated at the end of the reporting period may be reversed in profit. If accumulated deficit remains undisposed, the reserve for credit loss shall be accumulated after such accumulated deficit is disposed.

Balances of regulatory reserve for credit losses as of June 30, 2024 and December 31, 2023 are as follows:

<i>(In thousands of Korean won)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Accumulated reserve for credit loss	₩ 191,000	₩ 1,611,000
Expected provision (reversal) of reserve for credit losses	220,000	(1,420,000)
	<u>₩ 411,000</u>	<u>₩ 191,000</u>

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Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

19. RETAINED EARNINGS: (cont'd)

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 each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	2024		2023	
	Three months	Six months	Three months	Six months
Profit for the period	₩ 146,660,825	₩ 290,249,151	₩ 160,738,250	₩ 357,608,098
Reversal of (Contribution to) reserve for credit losses	<u>(81,000)</u>	<u>(220,000)</u>	<u>590,000</u>	<u>1,232,000</u>
Adjusted profit after the reversal of (contribution to) regulatory reserve ¹	<u>₩ 146,579,825</u>	<u>₩ 290,029,151</u>	<u>₩ 161,328,250</u>	<u>₩ 358,840,098</u>
Adjusted earnings per share after the reversal of regulatory reserve ¹ <i>(in Korean won)</i>	₩ 430	₩ 854	₩ 485	₩ 1,070

¹ Profit and earnings per share after the expected provision of reserve for credit losses are not in accordance with KIFRS, 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.

(c) Treasury Shares

Details for acquisition and disposal of treasury shares for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won and in shares)</i>	2024		2023	
	Number of shares	Book value	Number of shares	Book value
Beginning balance	₩ -	₩ -	₩ 1,503,577	₩ 6,997,496
Acquisition ¹	1,651,711	12,998,778	2,343,231	15,999,880
Disposal	-	-	-	-
Ending balance	<u>₩ 1,651,711</u>	<u>₩ 12,998,778</u>	<u>₩ 3,846,808</u>	<u>₩ 22,997,376</u>

¹ The Company acquired treasury shares by an agreement with Korea Investment & Securities Co., Ltd. to enhance shareholder value.

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20. NET INTEREST LOSS:

Net interest loss and interest revenues and expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	2024		2023	
	Three months	Six months	Three months	Six months
Interest revenues:				
Cash and due from banks	₩ 65,534	₩ 129,635	₩ 65,886	₩ 151,413
Other interest revenues:				
Present value discounts	191,911	383,903	155,341	242,322
	<u>257,445</u>	<u>513,538</u>	<u>221,227</u>	<u>393,735</u>
Interest expenses:				
Debentures	(11,030,186)	(23,316,720)	(11,419,795)	(20,757,051)
Lease liabilities	(23,334)	(44,748)	(11,139)	(22,408)
Miscellaneous interest:				
Provision for restoration costs	(3,087)	(5,490)	(1,010)	(2,019)
	<u>(11,056,608)</u>	<u>(23,366,959)</u>	<u>(11,431,944)</u>	<u>(20,781,478)</u>
Net interest loss	<u>₩ (10,799,163)</u>	<u>₩ (22,853,421)</u>	<u>₩ (11,210,717)</u>	<u>₩ (20,387,743)</u>

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21. NET COMMISSION INCOME:

Net commission income and commission revenues and expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	2024		2023	
	Three months	Six months	Three months	Six months
Commission revenues:				
Brand revenues	₩ 3,623,250	₩ 7,246,500	₩ 3,388,750	₩ 6,777,500
Other commission revenues	150	250	-	50
	<u>3,623,400</u>	<u>7,246,750</u>	<u>3,388,750</u>	<u>6,777,550</u>
Commission expenses:				
Other commission expenses	<u>(1,458,300)</u>	<u>(1,983,855)</u>	<u>(873,044)</u>	<u>(1,684,063)</u>
Net commission income	<u>₩ 2,165,100</u>	<u>₩ 5,262,895</u>	<u>₩ 2,515,706</u>	<u>₩ 5,093,487</u>

22. GAIN OR LOSS ON FINANCIAL ASSETS AT FVTPL:

The net gain on financial assets at FVTPL for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In thousands of Korean won)</i>	2024		2023	
	Three months	Six months	Three months	Six months
Gain on financial assets at FVTPL:				
Dividend Income	₩ 1,759,000	₩ 3,518,000	₩ -	₩ -
Gain on valuation	1,396,900	1,873,000	-	-
Net gain on financial assets at FVTPL	<u>₩ 3,155,900</u>	<u>₩ 5,391,000</u>	<u>₩ -</u>	<u>₩ -</u>

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Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

23. GENERAL AND ADMINISTRATIVE EXPENSES:

(a) General and administrative expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024		2023	
	Three months	Six months	Three months	Six months
Employee benefits:				
Salaries	₩ 7,023,970	₩ 11,281,324	₩ 6,025,940	₩ 10,544,850
Employee benefits	742,885	1,750,290	759,795	1,565,094
Postemployment benefits	406,288	969,274	308,967	1,021,397
	<u>8,173,143</u>	<u>14,000,888</u>	<u>7,094,702</u>	<u>13,131,341</u>
Rent expense	189,481	380,224	144,163	236,656
Business promotion expenses	487,111	1,006,846	274,835	697,808
Depreciation	751,851	1,454,154	576,629	1,067,772
Amortization	924,826	1,837,117	822,577	1,630,029
Taxes and dues	85,241	284,278	87,372	212,134
Service expenses	718,436	1,219,866	945,420	1,582,898
Advertising expenses	845,381	1,263,918	716,179	1,232,759
Other administrative expenses	685,037	1,188,084	629,306	1,066,197
	<u>₩ 12,860,507</u>	<u>₩ 22,635,375</u>	<u>₩ 11,291,183</u>	<u>₩ 20,857,594</u>

(b) 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 are determined and paid in cash, in accordance with achievement of performance targets over the vesting period.

Short-term and long-term incentives were a mix of cash rewards and stock price-linked cash rewards until 2019. However, starting from 2020, short-term incentives are paid in full in cash after performance evaluation, while long-term incentives are distributed evenly over three years through stock price-linked cash rewards after performance evaluation.

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June 30, 2024 and 2023 (unaudited)

23. GENERAL AND ADMINISTRATIVE EXPENSES: (cont'd)

1) Changes in granted number of share options for the six-month period ended June 30, 2024 and year ended December 31, 2023 are as follows:

i) Linked to short-term performance

- Initially granted

<i>(In shares)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Beginning balance	186,593	326,857
Granted	-	-
Exercise	(93,291)	(140,264)
Others	-	-
Ending balance	<u>93,302</u>	<u>186,593</u>

ii) Linked to long-term performance

- Initially granted

<i>(In shares)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Beginning balance	1,523,558	1,306,459
Granted	448,604	357,869
Exercise	(249,119)	(100,885)
Others	(130,605)	(39,885)
Ending balance	<u>1,592,438</u>	<u>1,523,558</u>

- Deferred grants

<i>(In shares)</i>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Beginning balance	186,014	21,199
Granted	456,154	265,700
Exercise	(249,119)	(100,885)
Others	(741)	-
Ending balance	<u>392,308</u>	<u>186,014</u>

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23. GENERAL AND ADMINISTRATIVE EXPENSES: (cont'd)

2) Impact on business performance and financial position

Expenses recognized related to the share option granted for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024		2023	
	Three months	Six months	Three months	Six months
Linked to short-term performance	₩ 393,659	₩ 450,688	₩ 396,234	₩ 596,750
Linked to long-term performance	1,239,860	294,982	1,028,678	1,153,579

Liabilities recognized related to the share option granted as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

	June 30, 2024		December 31, 2023	
Accrued expenses (short-term performance)	₩	1,398,913	₩	2,522,755
Accrued expenses (long-term performance)		7,932,145		9,411,389

24. NON-OPERATING INCOME AND EXPENSES:

Net non-operating income (loss) and non-operating revenues and expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024		2023	
	Three months	Six months	Three months	Six months
Non-operating revenues:				
Miscellaneous income	₩ 24,998	₩ 242,828	₩ 737,399	₩ 776,894
Gain on disposal of property and equipment	635	3,890	119	119
	<u>25,633</u>	<u>246,718</u>	<u>737,518</u>	<u>777,013</u>
Non-operating expenses:				
Donations	(18,440)	(119,740)	(13,000)	(46,612)
Loss on disposal of property and equipment	-	(41,867)	-	-
Miscellaneous expense	(7,698)	(10,609)	(75)	(669)
	<u>(26,138)</u>	<u>(172,216)</u>	<u>(13,075)</u>	<u>(47,281)</u>
Net non-operating income (loss)	₩ (505)	₩ 74,502	₩ 724,443	₩ 729,732

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25. EARNINGS PER SHARE:

The weighted-average number of ordinary shares outstanding for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

<i>(In shares)</i>	2024		
	Period	Number of shares	Accumulation of days
Number of ordinary shares outstanding	Jan 1, 2024 ~ Jun 30, 2024	322,088,438	58,620,095,716
Acquisition of treasury shares	Feb 20, 2024 ~ Jun 30, 2024	(1,651,711)	(184,026,095)
	Subtotal(①)		58,436,069,621
	Weighted-average number of ordinary shares(②)=(①/182) ¹		321,077,306

¹ The total number of ordinary shares issued by the Company is 322,088,438 shares, and the weighted average number of outstanding shares is calculated by taking into account the treasury shares acquired during the period from February 29, 2024 to April 1, 2024 totaling 1,651,711 shares.

<i>(In shares)</i>	2023		
	Period	Number of shares	Accumulation of days
Number of ordinary shares outstanding	Jan 1, 2023 ~ Jun 30, 2023	325,935,246	58,994,279,526
Treasury shares	Jan 1, 2023 ~ Jun 30, 2023	(1,503,577)	(272,147,437)
Acquisition of treasury shares	Feb 7, 2023 ~ Jun 30, 2023	(2,343,231)	(312,775,051)
	Subtotal(①)		58,409,357,038
	Weighted-average number of ordinary shares(②)=(①/181) ¹		322,703,630

¹ The total number of ordinary shares issued by the Company is 325,935,246 shares, and the weighted average number of outstanding shares is calculated by taking into account the treasury shares held, which amount to 1,503,577 shares, and the treasury shares acquired during the period from February 7, 2023 to March 13, 2023 totaling 2,343,231 shares.

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25. EARNINGS PER SHARE: (cont'd)

Basic earnings per share for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won
and in shares)

	2024		2023	
	Three months	Six months	Three months	Six months
Net profit for the period	₩ 146,660,825	₩ 290,249,151	₩ 160,738,250	₩ 357,608,098
Dividends from hybrid equity securities	(8,731,250)	(15,912,500)	(5,043,750)	(13,452,863)
Profit attributable to Ordinary equity holders	137,929,575	274,336,651	155,694,500	344,155,235
Weighted-average number of ordinary shares outstanding	320,436,727	321,077,306	322,088,438	322,703,630
Basic earnings per share (in Korean won)	₩ 430	₩ 854	₩ 483	₩ 1,066

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.

26. DIVIDENDS:

Annual dividend for the year ended December 31, 2023 amounting to ₩132,056 million was paid on April 5, 2024 (The amount of dividend paid in the year ended December 31, 2023: ₩202,770 million).

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27. TRANSACTIONS WITH RELATED-PARTY:

Details of the Company's related parties as of June 30, 2024 are as follows:

Relationship	Name of the related party
Subsidiaries	Busan Bank Co., Ltd.; Kyongnam Bank Co., Ltd.; BNK Capital Co., Ltd.; BNK Securities Co., Ltd.; BNK Savings Bank Co., Ltd.; BNK Asset Management Co., Ltd.; BNK Credit Information Co., Ltd.; BNK System Co., Ltd.; BNK Venture Capital Co., Ltd.; 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 Luxembourg private equity and 29 others; BNK Jeju Global Co., Ltd. and 52 others
Associates	BSK No. 9 Youth Startup Investment Association, ANDA H Mezzanine Private Investment Trust 11th, Orion The bank 1 Private Investment Trust, ANDA H Mezzanine Private Investment Trust 12th, Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.21, Shinhan BNPP SGrail Professional Private Special Asset Fund No.1-2 , Anda H The Banks 2 Professional Private Investment Trust, Shinhan Corporation General Private Securities Investment Trust 14th, Multi-Asset LNG General Private Investment Trust No. 5, Igis Ulsan New Port Infrastructure Private Investment Trust , Samsung Rafael General Investment Private Security Investment Trust No.8, Multi-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1, iM asset General Private Equity Securities Investment Trust No.32 (Bond), Kiwoom Busan Green Infrastructure Professional Private Investment Trust, Shinhan Public Offering Share Maturity Matching Professional Investment Private Fund No. 2 (Mixed Bond), DB Alpha Professional Investment Private No. 2 (Mixed Bond), Mirae Asset Triumph Professional Investment Private No. 2, Interlace IPO Professional Investment Private No. 1 C-I, Kiwoom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 27 (Bond), Shinhan Corporation General Private Securities Investment Trust No.19(bond) and 74 others

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June 30, 2024 and 2023 (unaudited)

27. TRANSACTIONS WITH RELATED-PARTY: (cont'd)

Transactions with the Company's related parties for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

Type	Name of entity	2024				
		Revenues		Expenses		Acquisition of property and equipment
		Interest revenues	Other revenues	Interest expenses	Other expenses	
Subsidiaries	Busan Bank Co., Ltd.	₩ 378,745	₩ 182,547,127	₩ -	₩ 163,977	₩ 94,593
	Kyongnam Bank Co., Ltd.	1,264	119,941,000	-	48,559	-
	BNK Capital Co., Ltd.	-	22,906,794	4,797	7,735	178,079
	BNK Securities Co., Ltd.	1,776	12,077,500	6,231	35,979	740,560
	BNK Saving Bank Co., Ltd.	115,741	104,500	-	-	-
	BNK Asset Management Co., Ltd.	-	19,500	406	-	86,292
	BNK Venture Capital Co., Ltd.	-	7,500	-	-	-
	BNK Credit Information Co., Ltd.	-	9,150	-	-	-
	BNK System Co., Ltd.	-	36,600	-	544,043	818,586
	BNK Gangnam Core Office Real Estate	5,036	-	14,228	100,050	2,275,587
		₩ 502,561	₩ 337,649,671	₩ 25,661	₩ 900,343	₩ 4,193,697

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June 30, 2024 and 2023 (unaudited)

27. TRANSACTIONS WITH RELATED-PARTY: (cont'd)

(In thousands of Korean won)

		2023				
Type	Name of entity	Revenues		Expenses		Acquisition of property and equipment
		Interest revenues	Other revenues	Interest expenses	Other expenses	
Subsidiaries	Busan Bank Co., Ltd.	₩ 249,345	₩ 250,154,500	₩ -	₩ 242,363	₩ 3,930,971
	Kyongnam Bank Co., Ltd.	1,234	147,725,000	-	156,816	-
	BNK Capital Co., Ltd.	-	973,000	4,856	41,946	7,742
	BNK Securities Co., Ltd.	-	771,000	-	23,355	-
	BNK Saving Bank Co., Ltd.	113,391	90,000	-	-	-
	BNK Asset Management Co., Ltd.	-	13,000	406	-	-
	BNK Venture Capital Co., Ltd.	-	6,000	-	-	-
	BNK Credit Information Co., Ltd.	-	9,500	-	-	-
	BNK System Co., Ltd.	-	35,500	-	482,052	643,833
	BNK Gangnam Core Office Real Estate	4,912	-	14,228	98,088	-
		₩ 368,882	₩ 399,777,500	₩ 19,490	₩ 1,044,620	₩ 4,582,546

Fund transactions with the Company's related parties for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

		2024			
Type	Name of entity	Loan transactions		Investment	
		Loans	Repayments	Capital increase	Capital reduction
Subsidiaries	Busan Bank Co., Ltd.	₩ 141,280,294	₩ 182,960,822	₩ -	₩ -
	Kyongnam Bank Co., Ltd.	45,600,755	-	-	-
	BNK Saving Bank Co., Ltd.	57,943	-	-	-
	₩ 186,938,992	₩ 182,960,822	₩ -	₩ -	

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June 30, 2024 and 2023 (unaudited)

27. TRANSACTIONS WITH RELATED-PARTY: (cont'd)

(In thousands of Korean won)

		2023			
Type	Name of entity	Loan transactions		Investment	
		Loans	Repayments	Capital increase	Capital reduction
Subsidiaries	Busan Bank Co., Ltd.	₩ 443,367,107	₩ 385,591,003	₩ -	₩ -
	Kyongnam Bank Co., Ltd.	64,200,490	-	-	-
	BNK Saving Bank Co., Ltd.	113,955	-	-	-
		<u>₩ 507,681,552</u>	<u>₩ 385,591,003</u>	<u>₩ -</u>	<u>₩ -</u>

Outstanding receivables from and payables to the Company's related parties as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

		June 30, 2024				
Type	Name of entity	Receivables			Payables	
		Loans/Due from banks	Financial assets at FVTPL	Other assets ¹	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 91,609,526	₩ -	₩ 49,184,966	₩ -	₩ 224,616
	Kyongnam Bank Co., Ltd.	52,112,995	-	30,771,967	-	-
	BNK Capital Co., Ltd.	-	-	18,068,770	-	334,959
	BNK Securities Co. Ltd.	-	105,520,600	1,870,841	-	615,601
	BNK Saving Bank Co., Ltd.	15,551,795	-	9,587	-	362,951
	BNK Asset Management Co., Ltd.	-	-	1,208,058	-	20,299
	BNK Venture Capital Co., Ltd.	-	-	448,729	-	-
	BNK Credit Information Co., Ltd.	-	-	616,076	-	485,323
	BNK System Co., Ltd.	-	-	134,434	-	-
	BNK Gangnam Core Office Real Estate	-	-	407,028	-	1,127,813
		<u>₩ 159,274,316</u>	<u>₩ 105,520,600</u>	<u>₩ 102,720,456</u>	<u>₩ -</u>	<u>₩ 3,171,562</u>

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Notes to the interim condensed separate financial statements

June 30, 2024 and 2023 (unaudited)

27. TRANSACTIONS WITH RELATED-PARTY: (cont'd)

(In thousands of Korean won)

		December 31, 2023				
		Receivables			Payables	
Type	Name of entity	Loans/Due from banks	Financial assets at FVTPL	Other assets ¹	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 133,290,053	₩ -	₩ 50,477,859	₩ -	₩ 185,022
	Kyongnam Bank Co., Ltd.	6,512,240	-	6,751,006	-	-
	BNK Capital Co., Ltd.	-	-	16,967,651	-	255,402
	BNK Securities Co. Ltd.	-	103,647,600	-	-	18,709,689
	BNK Saving Bank Co., Ltd.	15,436,125	-	9,515	-	297,521
	BNK Asset Management Co., Ltd.	-	-	676,211	-	31,778
	BNK Venture Capital Co., Ltd.	-	-	649,002	-	-
	BNK Credit Information Co., Ltd.	-	-	380,222	-	-
	BNK System Co., Ltd.	-	-	729,389	-	-
	BNK Gangnam Core Office Real Estate	-	-	401,992	-	1,293,853
		₩ 155,238,418	₩ 103,647,600	₩ 77,042,847	₩ -	₩ 20,773,265

¹ As of June 30, 2024 and December 31, 2023 the amount due to consolidated tax payment is ₩82,211,510 thousand and ₩37,920,784 thousand, respectively.

The Company paid ₩364,178 thousand for the lease payments in relation to related parties for the six-month period ended June 30, 2024 (₩303,151 thousand for the six-month period ended June 30, 2023).

Compensation for key executives for the six-month periods ended June 30, 2024 and 2023 are as follows:

(In thousands of Korean won)

	2024	2023
Short-term employee benefits	₩ 564,676	₩ 465,533
Performance compensation costs	243,614	326,547
Postemployment benefits	10,000	11,613

BNK FINANCIAL G BNK FINANCIAL GROUP INC.

Notes to the interim condensed separate financial statements

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27. TRANSACTIONS WITH RELATED-PARTY: (cont'd)

Details of unused loan commitment of the Company's related parties as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

<u>Provider</u>	<u>Provided to</u>	<u>Unused loan commitment</u>	<u>June 30,2024</u>	<u>December 31, 2023</u>
Busan Bank Co., Ltd.	BNK Financial Group Inc.	Credit Card	₩ 375,384 ₩	₩ 414,978

28. COMMITMENTS:

Details of commitments with financial institutions as of June 30, 2024 and December 31, 2023 are as follows:

(In thousands of Korean won)

<u>Commitment</u>	<u>Financial institution</u>	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
		<u>Limit</u>	<u>Balance</u>	<u>Limit</u>	<u>Balance</u>
General loans	Korea Development Bank ¹	₩ 150,000,000	₩ -	₩ 150,000,000	₩ -

¹ 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.