

# TOUCH *Your Heart,* BNK



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CEO Message

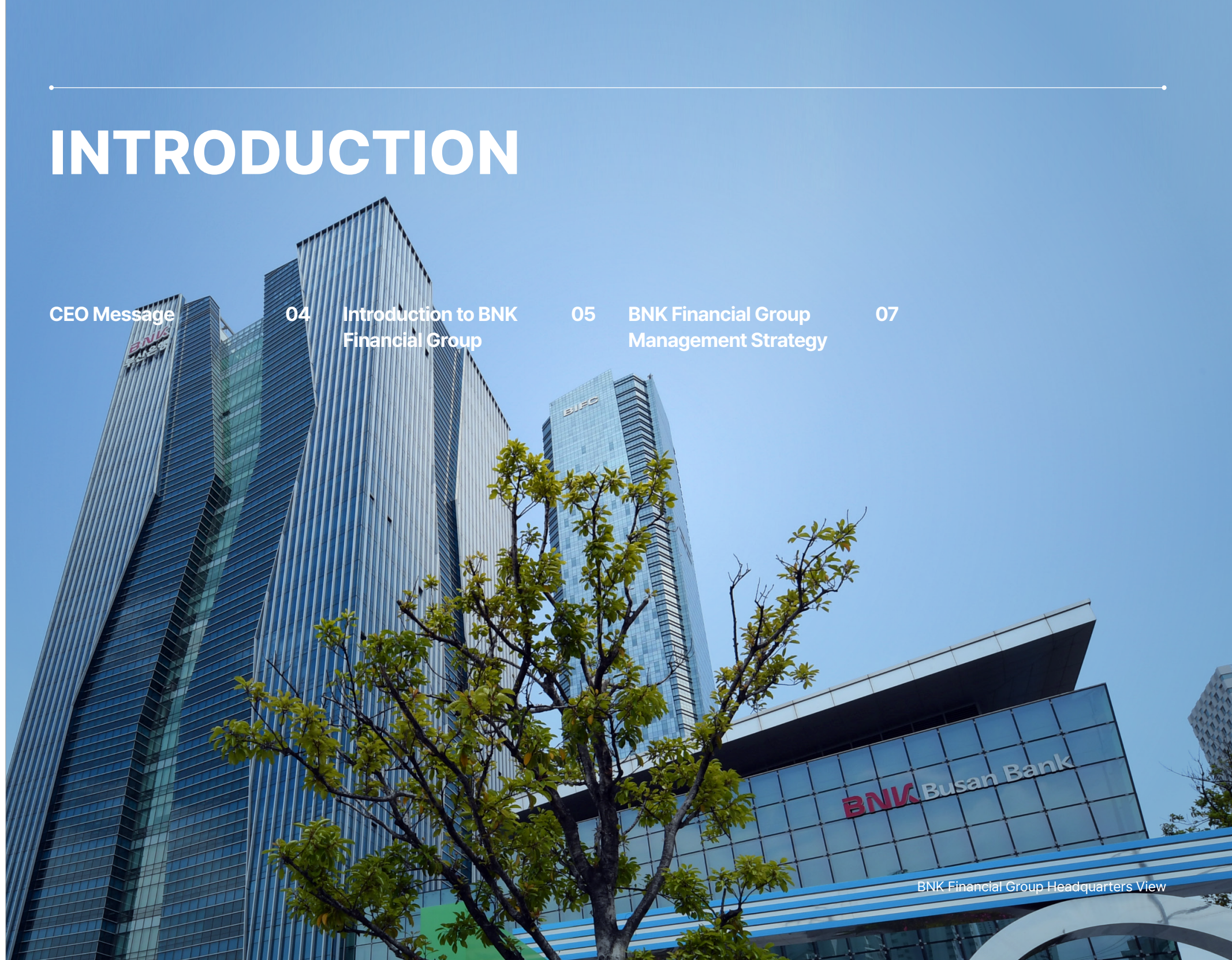
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# CEO Message



“  
**We would like to express our deepest gratitude to our customers and shareholders who support and trust the BNK Financial Group with commitment, as well as to everyone who is part of the BNK Financial Group.**  
 ”

As the financial environment changes rapidly and competition becomes increasingly unpredictable, the BNK Financial Group is taking a deeper look at how to achieve sustainable future growth.

The Busan, Ulsan, and Gyeongnam provinces, which are the foundation of the BNK Financial Group, face significant social and national challenges, including economic slowdown, low birth rates, population decline, and aging. We fulfill our role as a regional financial institution by revitalizing local industries and participating in solving population issues. This is a social responsibility aligned with global standards and a core reason for the existence of local financial groups.

In January, the BNK Financial Group established the VISION 2030 management strategy and declared the strategy slogan "Touch Your Heart, BNK" to provide financial services that impress our customers. This is in line with our mission, "Ease the finance, Enrich the future," and our vision, "Finance that inspires the world."

Based on this strategy, we have developed a Mid-to Long-term ESG Strategy focusing on three key areas: "Green Finance," "Co-prosperity Finance," and "Righteous Finance," to achieve systematic ESG management. The BNK Financial Group aims to realize "Green Finance" to protect the environment, expand "Co-prosperity Finance" in collaboration with the local community, and establish "Righteous Finance" for sustainability.

To advance Green Finance, we recently obtained certification for our greenhouse gas reduction targets from the global initiative SBTi (Science-Based Targets initiative). According to our plan, we will achieve carbon neutrality for direct and indirect emissions by 2045 and for financial emissions by 2050.

To expand Co-prosperity Finance, we are enhancing our efforts to create social value. We launched the "Overcoming Crisis Together Project" in 2022, investing approximately 14 trillion KRW over three years to support low-income families, vulnerable groups, and economic recovery.

Additionally, we aim to establish specialized Local Win-Win Activities unique to the BNK Financial Group. This includes conducting volunteer activities throughout the region via the "BNK Volunteer Corps," which comprises all group employees.

Moving forward, by practicing sustainable and righteous finance, we will strive to become a trustworthy local financial institution, cherished and loved by our customers and local residents.

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

**Dae-In Bin,**  
 BNK Financial Group's CEO and Chairman

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# Introduction to BNK Financial Group

## BNK Financial Group Organization

Launched in March 2011 as the first financial holding company of local banks, the BNK Financial Group has grown into a total financial group representing the region with nine subsidiaries. In December 2023, we have established a new mid- to long-term management plan to grow into a financial group loved by all stakeholders. We have established 'Ease the finance, Enrich the future' as the new mission of the group, and prepared a strategic system that includes our vision, strategic slogan, and core values. It is now striving to become 'the Highest Glocal Finance heading into the world' with the goals of achieving ROA of 1%, ROE of over 12%, and current net profit of 2.2 trillion KRW by 2030.

### BNK Financial Group Overview

<b>Date of Foundation</b>	March 15, 2011
<b>Location of Headquarters</b>	30 Munhyeongeumyung-ro, Nam-gu, Busan
<b>CEO</b>	Dae-In Bin

<p><b>• Operating Profits (Consolidated)</b> (Unit : KRW 100 million)</p>	<p><b>• Current Net Profits (Consolidated)</b> (Unit : KRW 100 million)</p>	<p><b>• Asset Quality</b></p> <p>Non-performing Loan Ratio <b>0.45%</b> Equivalent to the previous year</p> <p>BIS Capital Ratio <b>12.81%</b> Improved by 0.13%p compared to the previous year</p>	<p><b>• Credit Rating</b></p> <p>Korea Ratings Corporation Korea Investors Service Inc. NICE Investors Services</p>
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### Status of BNK Financial Group Subsidiaries

Main Services	Subsidiaries	Description
Holding company 	BNK Financial Group	<ul style="list-style-type: none"> <li>Set business goals and approve business plans for subsidiaries</li> <li>Evaluation of management's performance, establishing management's compensation, and management tasks such as determining business governance and conducting inspections on business and property status</li> <li>Investment and funding support for subsidiaries</li> </ul>
Banking 	Busan Bank, Kyongnam Bank	<ul style="list-style-type: none"> <li>Focusing on the main business of taking deposits and providing loans, perform payment guarantees, issue and invest in marketable securities, etc.</li> <li>Various additional work related to the Bank Act such as deposits for national treasury, holding securities, etc., and work involving trusts, credit cards, etc.</li> </ul>
Loan-specializing financial business 	BNK Capital	<ul style="list-style-type: none"> <li>Engage in installment financing, facility leases, general loans, and new technology project financing</li> <li>Perform lease financing, auto financing, corporate loans, etc.</li> </ul>
Financial investment 	BNK Securities, BNK Asset Management	<ul style="list-style-type: none"> <li>Provide fund procurement plans for parties needing funds and investment opportunities for investors</li> <li>Efficient distribution of capital and investment transactions, investment brokerage, collective investment, and investment consignment according to the 'Financial Investment Services and Capital Markets Act'</li> </ul>
Savings bank business 	BNK Savings Bank	<ul style="list-style-type: none"> <li>Using funds acquired in the form of deposits, etc., supply funds as short-term and long-term loans to those needing funds mainly for small loans, domestic exchange, and Korea Financial Telecommunications &amp; Clearings Institute operations</li> </ul>
Start-up investment 	BNK Venture Capital	<ul style="list-style-type: none"> <li>Investment and loans for SME startups registered as a startup investment company with the Ministry of SMEs and Startups</li> <li>Management of SME Establishment Investment Association, consulting related to startups, and provision of information</li> </ul>
Credit check and debt collection 	BNK Credit Information	<ul style="list-style-type: none"> <li>Act as agent for credit checks, urge repayment of debentures, accept tender, locate debtors, etc.</li> </ul>
System supply and development 	BNK System	<ul style="list-style-type: none"> <li>Based on customer needs analysis for assertively responding to the changing financial environment, offer integrated financial IT services including system consulting, set-up, and operations</li> </ul>

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# Introduction to BNK Financial Group

## BNK Financial Group Global Network

The BNK Financial Group is growing into a global financial group based on a network of 399 domestic branches and 77 overseas branches (as of December 31, 2023). In 2019, BNK Venture Capital was incorporated to discover promising local startups, act as a supplier of venture capital, and prepare the group's new growth engines; thus completing the nine-subsiary system.

The BNK Financial Group has become the nation's leading regional and total financial group by expanding business area into overall financial business including banking, loan-specializing financial business, financial investment, savings bank business, start-up investment, credit check and debt collection, and system supply and development. We will continue to strengthen the group's fundamentals by enhancing competitiveness in the banking sectors and expanding the profitability and profit-making ability of non-banking sectors.



<b>Uzbekistan</b>	<b>Kazakhstan</b>	<b>China</b>	<b>India</b>
Kyongnam Bank Tashkent office	BNK Capital Local Corporation	Busan Bank Qingdao branch/ Nanjing branch	Busan Bank Mumbai office
<b>Myanmar</b>	<b>CamBoDia</b>	<b>Laos</b>	<b>Vietnam</b>
Busan Bank Yangon office BNK Capital Yangon Local corporation	BNK Capital Phnom Penh Local corporation	BNK Capital Vientiane Local corporation	Busan Bank Ho Chi Minh City branch/ Hanoi office

## BNK Financial Group Global Network

Category	Name	Branches and offices				
		Domestic		Overseas	Total	
		Busan, Ulsan, Kyongnam	Other region			
<b>Holding company</b>	BNK Financial Group	1	-	-	1	
<b>Subsidiaries</b>	Busan Bank	197	14	6	217	
	Kyongnam Bank	142	12	1	155	
	BNK Capital	4	9	-	13	
	BNK Securities	3	1	-	4	
	BNK Savings Bank	3	4	-	7	
	BNK Asset Management	-	1	-	1	
	BNK Credit Information	3	1	-	4	
	BNK System	1	-	-	1	
	BNK Venture Capital	2	1	-	3	
	<b>Sub-subsidiaries</b>	BNKC(Cambodia) Microfinance Institution Plc.	-	-	20	20
		BNK Capital Myanmar Co., Ltd	-	-	41	41
		BNK Capital Lao Leasing Co., Ltd	-	-	4	4
BNK CAPITAL LAO NDTMFI Co., Ltd		-	-	1	1	
MFO BNK Finance Kazakhstan LLP		-	-	3	3	
MCC BNK Finance LLC		-	-	1	1	
<b>Total</b>			<b>356</b>	<b>43</b>	<b>77</b>	<b>476</b>

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# BNK FINANCIAL GROUP Management Strategy

## BNK Financial Group Vision and Management Policy

Based on the mission of 'Ease the finance, Enrich the future', the BNK Financial Group is making various efforts to become the highest Glocal financial group according to the group's mid- to long term management plan of 'VISION 2030'. The 2024 management policy was set as 'Building the foundation for achieving VISION 2030'. All employees of the BNK Financial Group are committed to strengthening the fundamentals for future growth, securing competitive edge for subsidiaries and enhancing management efficiency, strengthening digital strategy and diversifying new growth business models, innovating internal controls and advancing risk management systems, promoting BNK-specialized Win-Win Finance, and internalizing ESG management, based on the core values of 'Right, New and Together'. We aim to make 2024 the first year to lay the foundation for achieving 'VISION 2030'.

Mission

## Ease the finance, Enrich the future

Vision

## Ease the finance, Enrich the future

Strategic Slogan

**TOUCH** *Your Heart,* **BNK**

Mid- to Long-term Strategic Direction

Strategic Direction

<b>T</b>	<b>Original</b>	<b>U</b>	<b>C</b>	<b>H</b>
<b>Talented</b>	<b>Original</b>	<b>Ubiquitous</b>	<b>Customer-oriented</b>	<b>Harmonious</b>
Laying the foundation for future growth by <b>strengthening fundamentals</b>	<b>Development of business model</b> unique to the BNK	<b>Discovering new growth engines</b> through expansion of business model	<b>Customer-oriented Marketing</b> that providing the optimal solution	<b>Advancement of operating models</b> for sustainable growth

Strategic Task

Securing future growth resources to expand capital	Strengthening Win-Win Projects for mutual growth with the local community	Promoting continuously new business such as insurance	Diversification of target market and customer needs-based solutions	Strengthening the role of the control tower for the holding
Enhancing competitiveness in digital finance	Creating ecosystem unique to the BNK	Advancement of metropolitan area business model	Establishment of customer-oriented organizational system and business system	Improving inefficiency under the Two-Bank System
Strengthening capital market capabilities	Upgrading channel capabilities	Effective expansion of global business	Maximizing BNK Brand Value	Advancing personnel management systems and transforming corporate culture

Core Values

**Right** **New** **Together**

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Full View of Gwangan Bridge in Busan

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# BNK Financial Group ESG Strategy

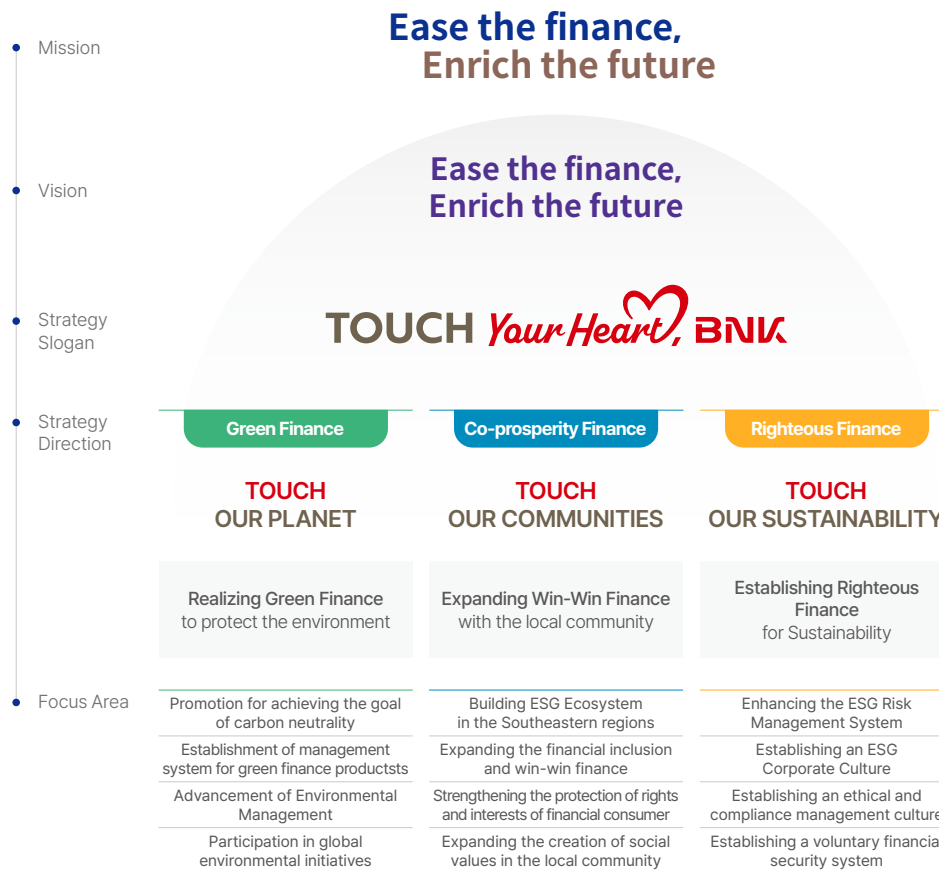
## ESG Promotion Strategy

### 2024-2026 Mid- to Long-term ESG Strategy

The BNK Financial Group has established the '2024-2026 Mid- to Long-term ESG Strategy' reflecting the newly announced vision and core values with the proclamation of 'VISION 2030'. We have established the three strategic directions of 'Realizing Green Finance to protect the environment', 'Expanding Co-prosperity Finance with the local community', and 'Establishing Righteous Finance for sustainability', and selected 12 main areas to achieve these goals. Additionally, to accelerate ESG management across the entire group, we have developed an 'ESG Action Plan' linked to the 12 main areas. The BNK Financial Group seeks to establish necessary supporting methods and systematically manage the execution status to expand sustainable finance.

### ESG Mid- to Long-term Roadmap

The BNK Financial Group has also newly established a Mid- to Long-term Roadmap along with the '2024-2026 Mid- to Long-term ESG Strategy'. The BNK Financial Group plans to make 2024 as the first year for sustainable finance and focus on establishing a company-wide management system. Following this, we aim to become a representative financial institution leading sustainable finance in 2027 through the internalization of sustainable finance.



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# Materiality Assessment

## Double Materiality Assessment Process

The BNK Financial Group conducts materiality assessment every year to identify and manage key issues that can affect our sustainable management activities. For the publication of the BNK Financial Group Sustainability Report 2023, we have conducted a 'double materiality' assessment as required by the GRI(a global sustainable management reporting guideline, Global Reporting Initiative) and EU ESRS(European Sustainable Reporting Standards). The double materiality assessment considers both the financial impact of external sustainability-related factors on the company and the social and environmental impact of the company's business activities on the external environment, identifying and evaluating significant sustainable management issues for the company. In order to conduct the double materiality assessment, we identified 14 key issues by analyzing issues related to the BNK Financial Group's sustainable management. We identified the social and environmental impacts, financial risks, and opportunities for each issue and conducted a quantitative assessment participated by the internal and external stakeholders in April 2024. The BNK Financial Group selected 8 material issues through the approval from the management and the Board of Directors on the identified major impacts, risks, opportunities, and evaluation results. We have transparently reported the management strategies, activities, and achievements related to these material issues in this sustainability report.



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# Materiality Assessment

## Materiality Assessment Results

We selected a total of 8 issues as the material issues of the BNK Financial Group by comprehensively analyzing the environmental, social, and financial impacts of the 14 issues included in the issue pool formed in Step 1. The BNK Financial Group reports the materiality assessment results to the Board of Directors (BoD) and management, and reflects them in the newly established 2024-2026 Mid- to Long-term ESG Strategy. We plan to implement activities for managing these material issues and continuously monitor the performance.

### BNK Financial Group Double Materiality Assessment Results

● 76 ~100 points   ● 51 ~75 points   ● 26 ~50 points   ● 0 ~25 points

Category	Issues	Social and Environmental Impact Analysis		Financial Impact Analysis	
		Key Impact	Materiality	Key Impact	Materiality
Governance	Ethical Management System and Internal Control	• Invoke a negative impact on the overall sound transaction order of society due to internal control failures	●	• Decrease assets due to corporate reputation decline in case of ethical compliance violations • Occur Financial losses such as fines in cases of corruption or embezzlement	●
Social	Financial Consumer Protection	• Occur damage on financial consumer caused by incomplete sales, such as violations of the suitability principle and failure to fulfill the duty of explanation regarding financial products	●	• Occur compensation costs for financial accident damages caused by incomplete sales or fines imposed by financial authorities	●
Social	Transition to Digital Finance	• Enhance service accessibility and convenience for existing and potential customers through digital customer channel innovation and collaboration with fintech companies	●	• Increase accessibility and increase customer inflow and deposit/loan assets through promoting digital finance and collaborating with fintech companies	●
Social	Diversity of Employees and Equal Opportunities	• Improve job satisfaction for employees by providing fair performance evaluation and appropriate compensation, and expand diversity of employment, thereby offering job opportunities to vulnerable groups	●	• If diversity of employees and equal opportunities are not guaranteed, frequent employee turnover may increase costs for securing new talent	●
Social	Financial Inclusion for Financially Vulnerable Groups	• Provide channels for money for living and enhance accessibility to financial products for financially vulnerable groups	●	• Enhancing accessibility to financially vulnerable groups through the expansion of financial inclusion leads to an increase in brand value, acquisition of new individual customer, and increase in deposit and loan assets, thereby contributing to an increase in finance income	●
Environmental	Climate Change Risks Management	• Contribute to reducing carbon emissions in domestic industry by achieving net-zero	●	• Increase operating costs related to activities for reducing internal greenhouse gas emissions • Stabilize the portfolio by managing exposure to high-carbon companies	●
Social	Prevention of Financial accidents and Digital Security	• Various financial accidents such as loan fraud due to identity theft in case of customer personal information leakage	●	• In case of electronic financial transaction accidents, compensation costs will be incurred according to Financial Supervisory Service standards	●
Social	Revitalization of Local Economy	• Contribute to job creation and the stable operation of local companies • Promote sustainable growth with various stakeholders and local companies	●	• Job creation in the local economy leads to an increase in use of financial services by corporate and individual customers, contributing to increase in deposit and loan assets	●
Governance	Establishment of ESG Governance	• Enhance the group's sustainability by internalizing and strengthening the capacity for ESG management	●	• Increase asset and equity by increasing the possibility of attracting institutional investors that focus on ESG management	●
Social	Innovative Finance	• Contribute to new job creation and the growth of the venture and startup ecosystem	●	• Increase investment assets and enhance profitability through leading to the discovery of new corporate customer	●
Governance	Financial and Non-financial Integrated Risk Management	• Provide stable financial products by minimizing corporate risks and maximizing opportunities	●	• Secure a foundation for stable management through the management and utilization of equity capital	●
Environmental	Green Finance	• Promote the spread of green infrastructure through expansion of green P-F investments	●	• Increase finance income by securing new customers through Green Bonds, etc.	●
Social	Contribution to Local Community	• Contribute to sustainable growth by providing Win-Win Finance products to local companies	●	• Fail to attract local banks and decrease finance income due to decrease in corporate reputation leading to reduction in customers	●
Environmental	Environmental Management	• Minimize negative impacts on the environment that may occur during business operation	●	• Increase facility operating costs due to the implementation of environmental management	●

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# Materiality Assessment

## Management of Material Issues

Issue	Definition	BNK Financial Group's Response and Strategy	Mid- to Long-term Goals	BNK Financial Group's Management KPI and 2023 Performance	Page
<b>Ethical Management System and Internal Control</b>	Ethical Management System and Internal Control Establish and internalize norms, policies, and handling processes that can prevent and manage corruption and fraud, thereby fulfilling the ethical responsibilities of the Group	<ul style="list-style-type: none"> <li>Reestablish internal control governance by setting up the Internal Control Innovation Committee and Innovation Promotion Team</li> <li>Implement strategies to strengthen the internal control inspection system for all subsidiaries</li> </ul>		<ul style="list-style-type: none"> <li>Completion rate of anti-corruption and ethics training for employees: 100%</li> <li>Conduct 6,667 internal transactions inspections in 2023</li> <li>Held a pledge ceremony for compliance with internal controls by the representatives of BNK Financial Group's subsidiaries</li> </ul>	123-130
<b>Financial Consumer Protection</b>	Activities to prevent the violations of consumers' rights due to information asymmetry by providing sufficient information about products and services to financial consumers	<ul style="list-style-type: none"> <li>Enact the 'BNK Financial Group's Fair Advertising Policy' and share the commitment of 'Our resolve' to practice the 'Act on the Protection of Financial Consumers'</li> <li>Diversify customer window for communication and advance financial education reflecting customer characteristics</li> </ul>	<ul style="list-style-type: none"> <li>Conduct customer financial education: (210 times in 2024, 240 times in 2025)</li> </ul>	<ul style="list-style-type: none"> <li>Customer complaint processing rate: 100%</li> <li>Customer satisfaction rate: Busan Bank 97.9%, Kyongnam Bank 91.7%</li> <li>Number of participants in customer financial education: Busan Bank 13,437 persons, Kyongnam Bank 21,294 persons</li> </ul>	78-83
<b>Transition to Digital Finance</b>	Activities to provide digital-based financial services through strategic business alliances with fintech companies, improvements in mobile-centered contactless platform infrastructure, and operation of organizations dedicated to digital finance	<ul style="list-style-type: none"> <li>Establish the group's Future Digital Innovation Division to strengthen the digital finance operating system</li> <li>Establish strategic directions and DT initiatives for each subsidiary reflecting the group's digital finance strategy</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 5.57 million mobile customers, 24.8 trillion KRW in digital deposits, and 11.5 trillion KRW in digital loans by 2026</li> </ul>	<ul style="list-style-type: none"> <li>Management KPI: Mobile MAU and the proportion of digital retail products handled</li> <li>Major achievements in 2023: Monthly Active Users (MAU) of the mobile banking app are approximately 1.6 million</li> <li>Achieve a 69.1% proportion of digital retail products handled</li> </ul>	84-88
<b>Diversity of Employees and Equal Opportunities</b>	Prohibition of discrimination based on race, gender, age, disability, religion, sexual orientation, and other factors, ensuring workplace diversity and equal opportunities	<ul style="list-style-type: none"> <li>Manage actual and potential human rights issues through the operation of the human rights risk management process</li> <li>Manage human rights risks across the finance industry that may impact stakeholders during business operations</li> <li>Operate grievance handling channels for human rights issues</li> </ul>	<ul style="list-style-type: none"> <li>Expand the scope of investigation on human rights condition and human rights impact assessment to subsidiaries (7 companies in 2024, 10 companies in 2025)</li> <li>Increase the proportion of new hires from vulnerable groups to 10% (Busan Bank) / 5% (Kyongnam Bank), the proportion of female managers to 20%, and the proportion female key positions to 30% by 2027</li> </ul>	<ul style="list-style-type: none"> <li>Expand the target of human rights impact assessment from 3 subsidiaries to 5, and expand it from employees to counselors at the customer service department in 2023</li> </ul>	42-52
<b>Financial Inclusion for Financially Vulnerable Groups</b>	Activities that develop and provide financial products for financially vulnerable groups with low accessibility to financial products, such as low-income classes, the disabled, multicultural families, foreigners, North Korean defectors, youth, the elderly, teenagers, and job seekers	<ul style="list-style-type: none"> <li>Provide social finance products for revitalizing the local economy and prioritizing the financially vulnerable groups, and manage performance by establishing sustainable finance policies and classification systems</li> <li>BNK Financial Group's four subsidiaries jointly implement the 'Overcoming Crisis Together Project' to support self-employed individuals and financially vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>Support Win-Win Finance amounting to 14.7205 trillion KRW from 2022 to 2025</li> </ul>	<ul style="list-style-type: none"> <li>'Completion of 54 out of 55 tasks for the 'Overcoming Crisis Together Project' (progress rate 98.1%)</li> <li>Achieve performance of 3.6512 trillion KRW in financial inclusion and win-win finance loans, 2.5858 trillion KRW in deposits, and 1.085 trillion KRW in card products</li> </ul>	71-77
<b>Management and Responses to Climate Change Risks</b>	Activities to manage not only the greenhouse gas emissions produced by the company through business activities but also the greenhouse gas emissions produced by customers, and to identify and respond to physical risks and transition risks that may arise from climate change	<ul style="list-style-type: none"> <li>Establish a sustainable finance classification system for development of a low-carbon finance operation model and enhance the Limit Management for Industries Holding High Environmental Risks</li> <li>Build an 'ESG Data Platform' for managing the green management performance of subsidiaries</li> <li>Build a financial emission measurement system and database</li> </ul>	<ul style="list-style-type: none"> <li>Reduction target: 26.0% by 2030 and 55.2% by 2040 (based on 2022 financial emissions)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction rate of greenhouse gas emissions (Scope 1&amp;2) in 2023 compared to 2022 emissions: 6.5%</li> <li>Acquire certification as a greenhouse gas reduction targets from the global initiative SBTi(Science-based Target Initiative)</li> </ul>	19-32
<b>Prevention of Financial accidents and Digital Security</b>	Activities to detect external threats attempting to infiltrate and prevent incidents of internal company data being leaked externally Activities to prevent incidents of customer personal information being leaked externally	<ul style="list-style-type: none"> <li>Establish and operate four information security promotion strategies                             <ul style="list-style-type: none"> <li>Reduce internal and external risks by proactively responding to potential threats</li> <li>Expand prevention of electronic financial fraud</li> <li>Enhance security awareness through strengthening internal controls</li> <li>Strengthen security for personal(credit) information management</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Number of electronic financial fraud prevention case: 130 cases at Busan Bank, 848 cases at Kyongnam Bank</li> <li>Number of voice phishing prevention cases: 308 cases at Busan Bank, 93 cases at Kyongnam Bank</li> </ul>	131-138
<b>Revitalization of Local Economy</b>	Activities to develop and provide financial products for development of the local economy, including infrastructure investment, support for local small business owners, and job creation	<ul style="list-style-type: none"> <li>Establish the Future Innovation Department and Regional Specialized Business Team to create new business models and solve local social problems</li> <li>Operate the 'Storage B' program for creation of ecosystem with Fintech and startups companies</li> </ul>		<ul style="list-style-type: none"> <li>Support 18 startups through the operation of 'Storage B'</li> </ul>	68-70

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# Materiality Assessment

## Management of Material Issues

In cases where the BNK Financial Group's material issues have significant impacts on external stakeholders, we measure and manage the impacts of those issues using the impact indicators. The results of social value created by the BNK Financial Group's efforts to expand financial inclusion for financially vulnerable groups and to revitalize the local economy are reported in the content of 'Social Value in the Local Community' section of this report.



Busan Bank 'Let's Support Our Fishery Product ! Campaign'



Busan Bank, Award for Outstanding Institution in Support for low-income families

Local community

**Revitalization of Local Economy**

Impact on External Stakeholders

- The population decline in the southeastern region is accelerating, increasing the role and importance of region-specific finance for revitalizing the local economy.
- Contribute to the revitalization of the local economy by promoting projects that can simultaneously pursue profits for the BNK Financial Group and the local economy, and discovering and supporting local venture companies and startups.

Impact Indicator

- **Impact of Innovative Finance Product:**  
The effect of offering a prime rate through specialized loans for innovative enterprises and social enterprises.
- **Impact of Social Contribution:**  
The impact of social contribution activities on community.

Customer

**Financial Inclusion for Financially Vulnerable Groups**

Impact on External Stakeholders

- Increase in the number of financially vulnerable groups exposed to financial blind spots due to the deterioration of the financial environment, such as economic slowdown, income polarization, and increasing household debt.
- Financial inclusion products that enhance accessibility and availability of financial services contribute to resolution of poverty among low-income groups.

Impact Indicator

- **Impact of Financial Inclusion Product:**  
The effect of offering a prime rate to customers through deposits and savings, and loan products to improve financial accessibility for the financially vulnerable groups.
- **Impact of Co-prosperity Finance Product:**  
The effect of offering a prime rate to customers through deposits and savings, and loan products specialized in revitalizing community economy.

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# Stakeholder Participation

## Definition of Stakeholders

The BNK Financial Group has defined six stakeholder groups in order to efficiently manage the needs of stakeholders that affect our business activities. In order to identify the unique needs of each stakeholder group, we operate various communication channels.

## Communication with Stakeholders

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

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

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# 2023 ESG Highlights

## January

### Busan Bank-Kyongnam Bank

Support Special New Year's Loan



'BNK 2023 Special New Year's Loan' amounting to 1.6 trillion KRW was provided to SMEs to resolve management difficulties and small businesses owners to revitalize the local economy.

## February

### Kyongnam Bank

Awarded the Minister of Economy and Finance Award at Small Loans prize



Kyongnam Bank was selected as the award-winning institution for the 'Minister of Economy and Finance Award' in the institutional category at the '12th Small Loans Forum and Small Loans Prize'.

## March

### BNK Financial Group

Inauguration of the 4th Chairman



Dae-In Bin has been inaugurated as the 4th Chairman of BNK Financial Group.

## April

### Busan Bank

Recruit the 8th 'Some Incubator'



Recruit the 8th 'Some Incubator', Busan Bank's startup nurturing platform that provides support for office space, management consulting, mentoring, and investment attraction.

## May

### BNK Financial Group

Promote 'ESG Practice Day' Campaign



Share practical ESG methods in daily life such as reducing disposable items and not leaving food waste, and encourage voluntary participation of employees in ESG management.

## June

### Kyongnam Bank

Open the 'BNK Kyongnam Bank Small Business Hope Dream Center'



Open the 'BNK Kyongnam Bank Small Business Hope Dream Center' to support free education, management consulting, financial counseling, and creation of mobile homepage for small business owners and self-employed individuals in the Ulsan area.

## July

### Busan Bank-Kyongnam Bank

Held 'Janggeumi Partnership Ceremony'



Held the 'Janggeumi Partnership Ceremony' to support financial fraud prevention and Win-Win Finance with six traditional markets representing the Busan and Kyongnam areas.

## August

### Busan Bank-Kyongnam Bank

Support for Typhoon Damage Recovery



Financial support for damage recovery fund totaling 100 billion KRW for SMEs and small business owners affected by Typhoon 'KHANUN'.

## September

### Busan Bank

Issue Green Bonds of 60 billion KRW



Busan Bank was the first local bank to issue 'Green Bonds' worth 60 billion KRW in compliance with the guidelines of Korean green classification system.

## October

### Busan Bank

Selection of Outstanding Companies in the Korean Consumer Protection Index for 2 consecutive years



Busan Bank was selected as an outstanding company for 2 consecutive years in the Local Bank Sector of 'Korean Consumer Protection Index' announced by Korea Management Association Consultants.

## November

### BNK Financial Group

Launch the 'Storage B' program



Recruit participating companies in 'Storage B', a customized support program for each growth cycle such as development, commercialization, and investment by integrating Fintech and startup company programs centered on subsidiaries.

## December

### Kyongnam Bank

Sign of MOU for the creation of startup ecosystem



Sign the MOU to discover and support startups in the Kyongnam area, participate in the startup investment ecosystem, and promote programs for the fostering and growth of startups.

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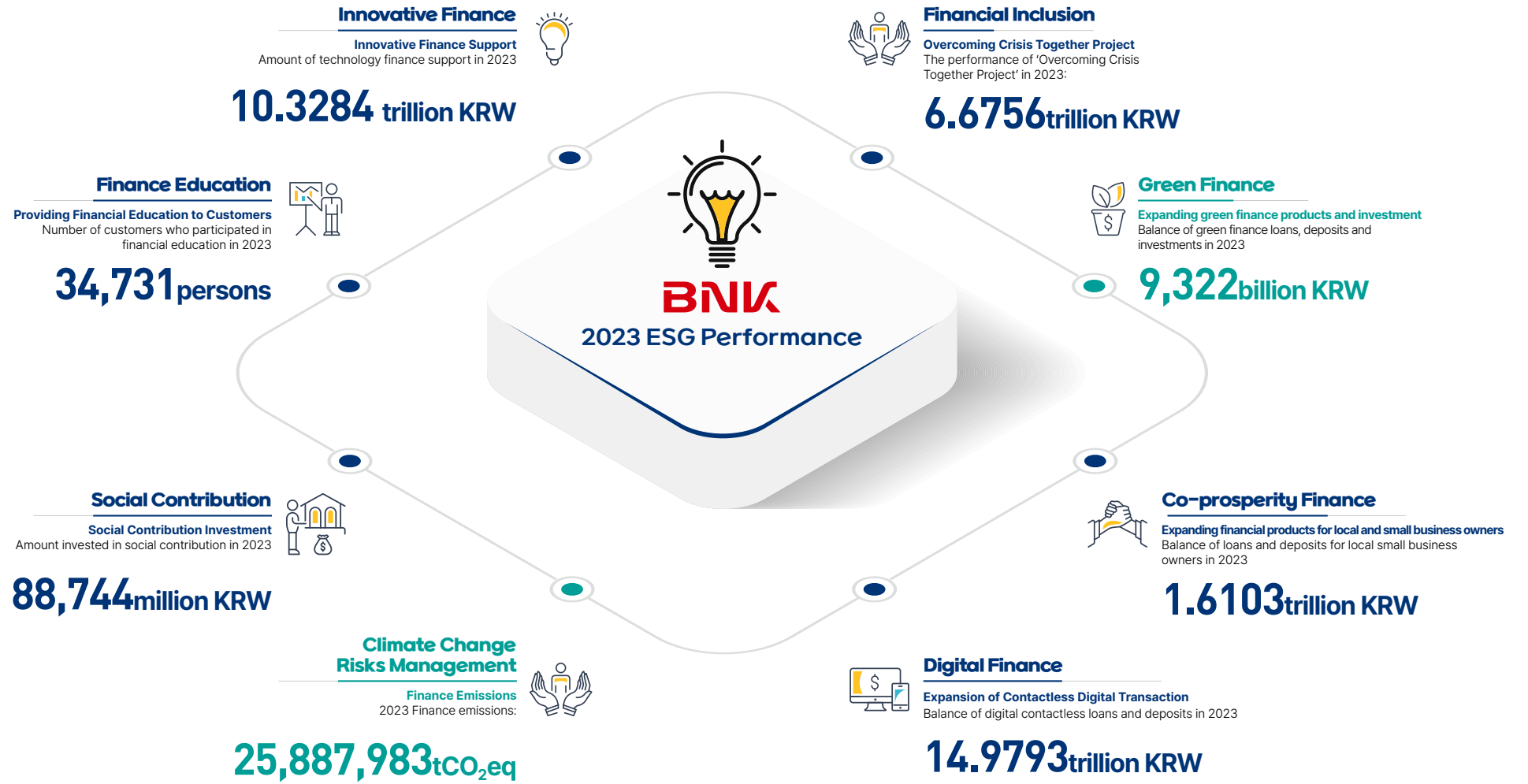
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## ESG Performance Dashboard



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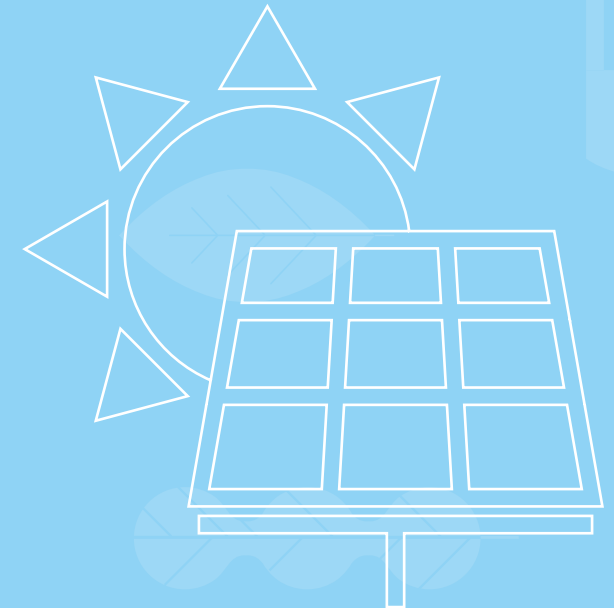
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# Focus Area 01. Climate Finance

## Governance

### Governance in Response to Climate Change

The BNK Financial Group's governance responding to climate change consists of the Board of Directors (BoD), management, BNK Financial Group, and the relevant departments of our subsidiaries.

#### | Board of Directors Level

The BNK Financial Group operates a decision-making system responding to climate change centered on the Board of Directors. The ESG Committee within the Board of Directors and the Risk Management Committee primarily review and resolve climate change risk response strategies and initiatives. The ESG Committee resolves and reports on the status of Group's ESG strategy and policies, including climate change response tasks, while the Risk Management Committee reviews the status of new ESG-related risk responses, including climate change, and resolves strategies reflecting climate risks.

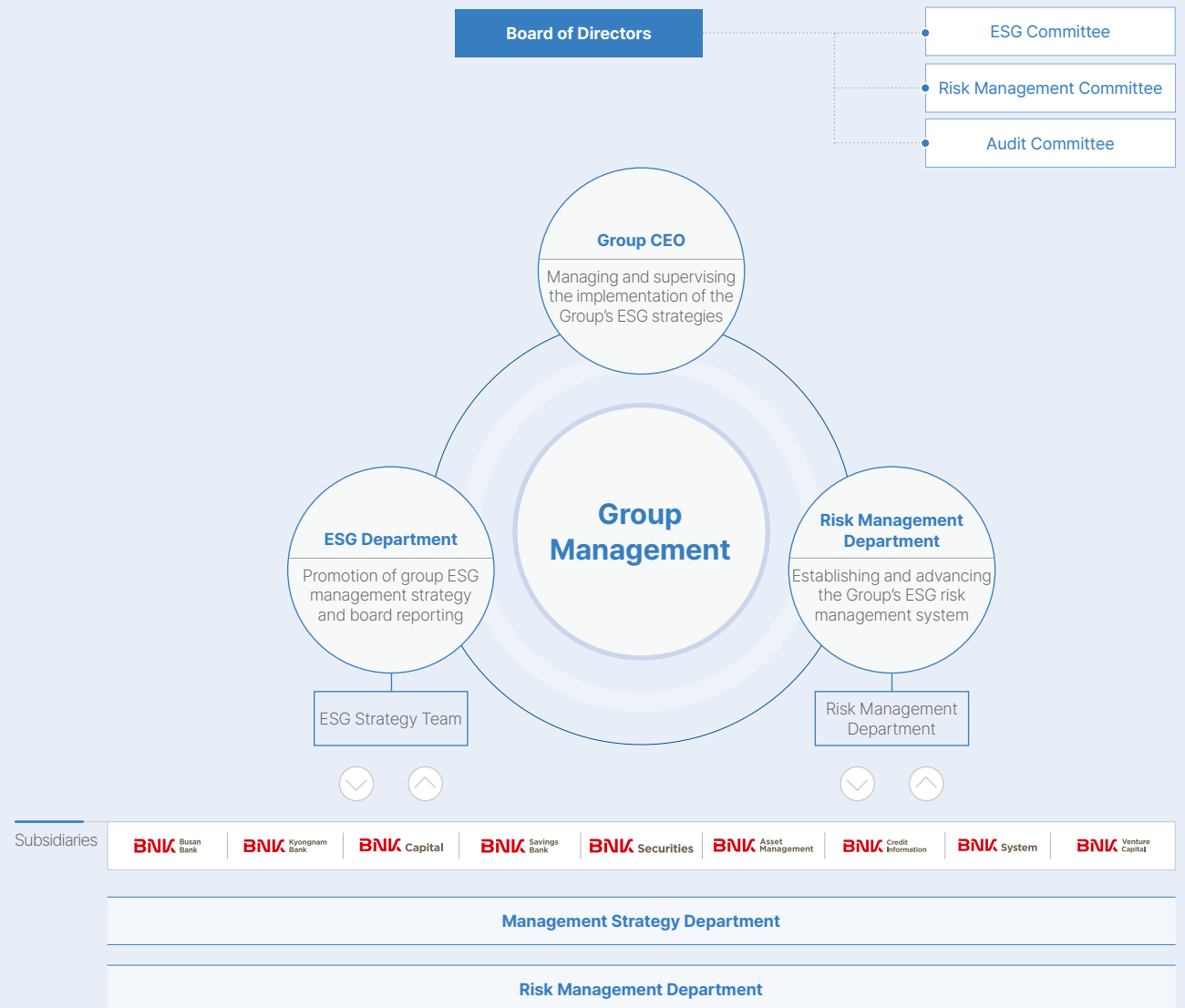
#### | Management Level

The CEO of the BNK Financial Group oversees the development of strategies and management of performances regarding climate change responses. The Group CSO develops detailed strategies related to climate change response, such as the carbon reduction roadmap and ESG finance goals, while the Group CRO monitors the status of risk management for each portfolio based on the analysis of climate risks and opportunities.

#### | Subsidiary Level

The ESG Strategy Team, which is the ESG department of the BNK Financial Group, manages the development of strategies and performances regarding climate change responses, while the Risk Management Department conducts relevant risk assessments to analyze information for the development of climate change response strategies.

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# Focus Area 01. Climate Finance

## Governance

### Committee Reporting System

The BNK Financial Group resolves climate change response strategies and targets, and monitors the progress of ESG-related promotion tasks centered on the ESG Committee and the Risk Management Committee within the board of directors. The ESG Committee reports on the status of Group's ESG strategies and policies, including climate change response tasks, and in 2023, regularly reports the ESG Action Plan included in the ESG strategies after compiling it from the holding company and its subsidiaries. The Risk Management Committee addresses agenda related to climate change in 2023, such as the 'Report on the Completion of the ESG Climate Risk Management System Introduction Project' and the resolution to amend the 'Risk Management Regulations (Proposal)' to include climate risks as a type of risk.

- Report on the performance of the 'Strategies to Respond to Climate Change' initiative as part of the 9 ESG promotion strategies \* promoted in 2023 (reported in April 2023)
- The newly established Mid- to Long-Term ESG Strategy (Proposal) for 2024 includes 'Green Finance' as one of the 3 strategic directions, with 4 key initiatives: achieving carbon neutrality targets, establishing an eco-friendly financial product management system, advancing environmental management, and participating in global environmental initiatives (resolution in April 2024)

\*The detailed agenda of the ESG promotion strategy includes the evaluation results of internal and external stakeholders on the risks and opportunities that climate change may rise to BNK Financial Group

### | Resolutions and Reports of the ESG Committee

Date	Description	
2023.4.27 (the 2nd Committee Meeting)	(Report) Reporting on key ESG-related issues in the group	<ul style="list-style-type: none"> <li>• Promote consulting for the publication of the 'Sustainability Report'</li> <li>• Review of the progress of the Group ESG Action Plan</li> <li>• Promote implementing the 'Environment Management System(EMS)'</li> </ul>
2023.7.26 (the 3rd Committee Meeting)	(Report)	• Report on the Publication of the 2022 Sustainability Report
2023.10.31 (the 4th Committee Meeting)	(Report) Reporting on key ESG-related issues in the group	<ul style="list-style-type: none"> <li>• Promotion of 'Group ESG Integrated Consulting'</li> <li>• Establishment of Group ESG Data Platform (E)</li> <li>• Operation of Group ESG practitioner committee</li> </ul>
2024.4.30 (the 1st Committee Meeting)	(Resolution)	• Group Mid- to Long-Term ESG Strategy (Proposal)

### | Resolutions and Reports of the Risk Management Committee

Date	Description
2023.10.30 (the 6th Committee Meeting)	(Report) • Report on the completion of the ESG Climate Risk Management System Introduction Project
2023.12.20 (the 7th Committee Meeting)	(Resolution) <ul style="list-style-type: none"> <li>• Amendment of Risk Management Regulations (Proposal)</li> <li>※Documentation of Climate Risk Management System: the definition of climate risk has been added within the types of risks.</li> <li>- Climate risk: The risk of management deterioration transferring to the finance sector due to physical damage from climate change or the transition to a low-carbon economy</li> </ul>

### Roles and Responsibilities between Climate-related Organizations

Category	ESG Strategy Team	Risk Management Department
Strategy	• Declaration and development of carbon neutrality strategy	• Provision of analytical information for developing strategy
Organization	• Operation of ESG Committee	• Operation of Risk Management Committee
Disclosure	• Publication of sustainability Report, TCFD Report (Responding to investors and credit rating agencies)	• Provision of analytical information within disclosure reports (Responding to Supervisory Authorities)
Evaluation and Management	<ul style="list-style-type: none"> <li>• Setting and managing carbon neutrality goals</li> <li>• Selection of detailed implementation tasks for reaching reduction targets</li> <li>• Identification of opportunity factors and development of execution strategies</li> <li>• Management of implementation status of subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>• Operating climate risk management standards and guidelines</li> <li>• Reflecting the environmental factors in corporate credit rating</li> <li>• Response to regulations of supervisory authority</li> <li>• Measurement and intensity management of financial emissions</li> <li>• Selecting the Significant/High-Carbon industries and developing exposure management, establishing limit management strategies</li> <li>• Scenario Analysis</li> </ul>
System	<ul style="list-style-type: none"> <li>• Operation of Environment Management System (Scope 1&amp;2)</li> <li>• Monitoring of reduction status according to targets</li> </ul>	<ul style="list-style-type: none"> <li>• Operation of financial emission measurement system(Scope 3)</li> <li>• Operation of corporate credit rating model</li> </ul>

### Reflect Climate Change in Performance Review

The BNK Financial Group has been setting ESG-related goals such as group management innovation tasks and major business plans by each department, and utilizes them for performance evaluations. Specifically, Busan Bank and Kyongnam Bank select ESG indicators such as achievement of energy consumption, reduction rate of paper and printer toner usage, and reduction rate of greenhouse gas emissions as KPI items, and apply them to the performance evaluation for each department. The KPIs of such business headquarters are reflected in the performance evaluation of the manager of department, based on key business achievements, level of efforts, and so on. Going forward, the BNK Financial Group plans to expand the application of ESG performance evaluation items to all of its subsidiaries and related departments.

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# Focus Area 01. Climate Finance

## Strategy

The BNK Financial Group classifies and analyzes climate change-related risks and opportunities based on the timeline of occurrence, in accordance with TCFD(Task Force on Climate-Related Financial Disclosures) recommendations. The timeline was defined as follows: until 2030 as 'short-term', until 2040 as 'mid-term', and until 2050 as 'long-term'.

● Short-term ● Mid-term ● Long-term

Risk		Description	Timeline	Opportunit	Description	Timeline
Transition risk	Policy/ Legal	<ul style="list-style-type: none"> <li>• There can be an increase in credit risk due to rising carbon emission prices, stronger enforcement of environmental disclosure, lawsuits, etc.</li> <li>• As policies related to climate change are being reinforced, corporate strategies are transitioning; in accordance with such situations, resilience must also be enhanced for the asset portfolio.</li> </ul>	● ● ●	Resource efficiency	<ul style="list-style-type: none"> <li>• In the event that an investment company responds to climate change and improves energy efficiency, operation costs can be saved, which will lead to improved profits.</li> <li>• By improving the energy efficiency of tangible assets such as offices, data centers, bank branches, etc., operation costs and carbon emissions can be reduced.</li> </ul>	● ●
	Technology	<ul style="list-style-type: none"> <li>• Earnings on investments can be affected due to increased costs for invested companies for developing green/low-carbon technologies or drop in value for companies that could not successfully achieve technological transition.</li> </ul>	● ●	Energy resources	<ul style="list-style-type: none"> <li>• Carbon emissions can be reduced by transitioning energy resources such as expanding the use of renewable energy, implementing EVs, self-generation, etc. while reducing exposure to higher carbon taxes and fossil fuel prices in the future.</li> </ul>	● ● ●
	Market	<ul style="list-style-type: none"> <li>• Consumer behavior and market are changing with regard to climate change issues. This can affect corporate value; depending on the level of climate change response, it can be connected to withdrawal of funds from investors or drop in stock prices, thereby resulting in financial impact.</li> </ul>	● ●	Products and services	<ul style="list-style-type: none"> <li>• We are expanding products and services that provide support for positive impact on the society and environment while ensuring profits for customers.</li> <li>• Opportunities and risks are being identified by disclosing the ESG-related indicators and performance of portfolio products to enhance competitiveness.</li> </ul>	● ●
	Reputation	<ul style="list-style-type: none"> <li>• There can be criticism of green washing regarding indiscreet ESG response; and depending on the ESG evaluation index, credit rating and ESG evaluation rating can drop for the entire group. This can impact the reputation of the Group that represents the Kyongnam region.</li> </ul>	● ●	Market	<ul style="list-style-type: none"> <li>• It is possible to enter new markets by expanding loans for green projects such as green technology development, etc. and launching SLL(Sustainability Linked Loans).</li> <li>• We support the revitalization of market on green projects such as issuing green bonds to contribute to transitioning to a low-carbon society, protecting the ecosystem, etc.</li> </ul>	● ●
Physical Risk	Acute Risk	<ul style="list-style-type: none"> <li>• Acute risks such as wildfires, extreme rain, typhoon, earthquake, etc. can damage tangible assets; thus lowering the collateral value. In particular, acute risks can lead to financial risks due to the high proportion of commercial real estate and mortgages in BNK Financial Group's entire portfolio.</li> <li>• In addition, it can have direct damage on the facilities of the Group such as bank branches, etc., so there are also risks of operational disruptions and lowering operating margins such as disruption of operations, destruction of supply chains, worsened health of employees, etc.</li> </ul>	● ●	Resilience	<ul style="list-style-type: none"> <li>• By actively exercising rights as shareholders such as participating in the general shareholder meetings, it is possible to protect long-term shareholder value while supporting the ESG efforts of invested companies to improve the resilience of asset portfolios.</li> <li>• We are forming company-wide consensus, encouraging participation, and actively responding to climate change through in-company policies such as expanding the ESG training for employees, efforts to reduce individual carbon footprints, etc.</li> </ul>	● ●
	Chronic Risk	<ul style="list-style-type: none"> <li>• Chronic risks that occur with long-term changes such as climate pattern changes, average temperature, and sea levels rise can increase the overall operation costs of the company and capital expenses</li> </ul>	●			

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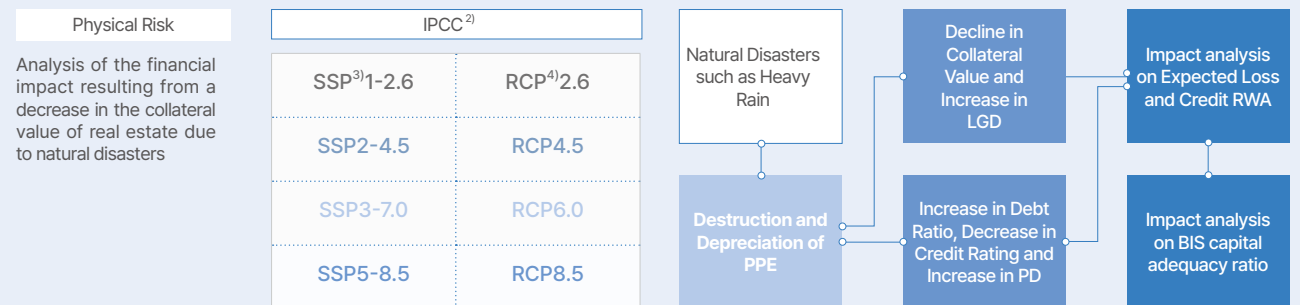
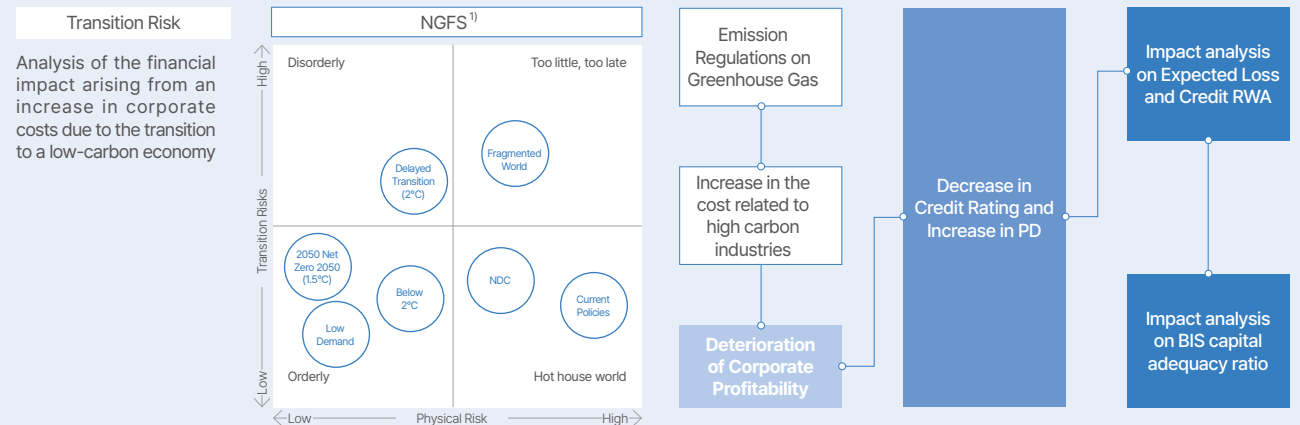
### Climate Change Scenario Analysis

The BNK Financial Group conducted a scenario analysis to analyze the impact of climate change on the Group's portfolio. The scenario analysis was performed by dividing into transition risk and physical risk, and each scenario was structured on the basis of NGFS climate change scenario and IPCC's SSP and RCP scenarios in accordance with international standards.

The transition risk refers to an analysis of the financial impact arising from an increase in corporate costs in high-carbon emissions industries. The physical risk refers to an analysis of the financial impact resulting from the destruction and a decrease in PPE due to natural disasters.



### Scenario Analysis Process



1) NGFS : Network for Greening the Financial System  
 2) IPCC : Intergovernmental Panel on Climate Change  
 3) SSP : Shared Socioeconomic Pathways  
 4) RCP : Representative Concentration Pathways

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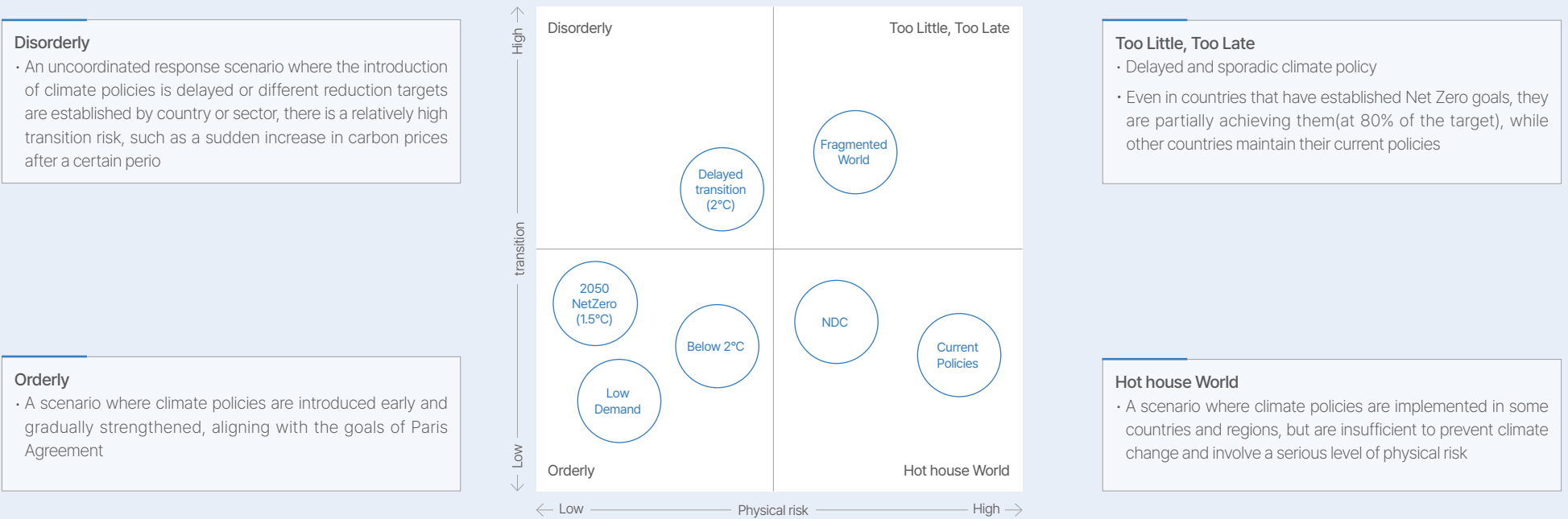
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### Transition Risk Scenario Analysis

The transition risk refers to the risk that classifies with a high likelihood of occurring during the transition to a low-carbon society. The scenarios of transition risk were analyzed by defining among the seven scenarios from NGFS – Net Zero goals (1.5°C) and delayed transition (2°C). NGFS provides greenhouse gas emission pathways and carbon prices for each scenario, and we used this information in our analysis process. We reflected a decrease in corporate credit ratings due to the increase in carbon costs as a financial impact, based on greenhouse gas emission pathways and carbon price scenarios.



### Result of Transition Risk Scenario Analysis (BIS ratio)

Category	2023	Net Zero (1.5°C)			Delayed transition (2°C)		
		2030	2040	2050	2030	2040	2050
BNK Financial Group <sup>1)</sup>	13.84%	13.38%	12.57%	11.82%	13.84%	13.07%	11.90%

1) Static financial statements applied

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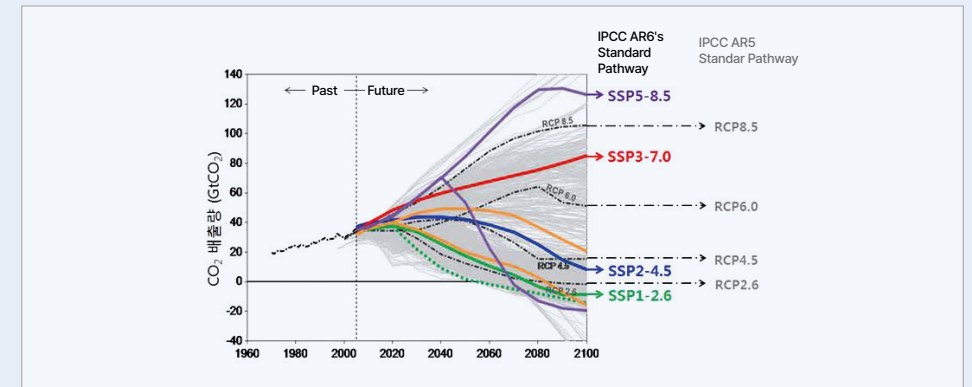
### Physical Risk Scenario Analysis

Physical risk refers to the negative impact on assets due to changes in physical factors arising from climate change, and it is analyzed the financial impact of physical damage to the assets of BNK Financial Group.

The physical risks scenario was selected and analyzed based on SSP5-8.5 among the scenarios of the IPCC's 6th Assessment Report. Through the analysis of the frequency and depth of rainfall, caused by heavy rain and typhoon which make up most of the damage scale of natural disasters, we reflected the decrease in the value of real estate collateral held by the BNK Financial Group.

SSP1-2.6	It assumes that the technological advance of renewable energy will minimize the exploitation of fossil fuels and lead to an environmentally sustainable economic growth
SSP2-4.5	It assumes an intermediate stage of climate change mitigation and socio-economic development
SSP3-7.0	It assumes a social structure that is vulnerable to climate change due to a passive approach to climate change mitigation policies and delays in technological development
SSP5-8.5 (Analysis Scenario)	It assumes that the rapid advances of industrial technology will lead to an indiscreet urban sprawl with high exploitation of fossil fuels

1) SSP(Shared Socioeconomic Pathways): Scenarios for the IPCC 6th Assessment Report that reflects future mitigation and adaptation efforts to climate change based on future socio-economic changes, along with the intensity of Radiative Forcing(the original RCP concept) for the year 2100.



Source: Korea Meteorological Administration

### Result of Physical Risk Scenario Analysis(BIS ratio)

2023	Net Zero (1.5°C)		
	2030	2040	2050
13.84%	13.12%	12.95%	12.71%

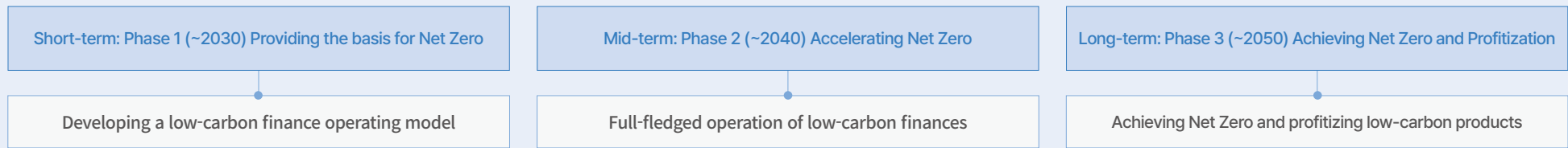
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# Focus Area 01. Climate Finance

## Strategy

### Carbon Emission Reduction Road Map and Performance

In accordance with the 'Mid- to Long-Term ESG Strategy' direction, we are implementing 11 detailed implementation tasks for achieving the Net Zero goals.



Achieving Internal Emissions Net Zero by 2045

Achieving Financial Emissions Net Zero by 2050

<div style="background-color: #4CAF50; color: white; padding: 5px; text-align: center;"> <b>Greening</b> (Green Transition)         </div> <p>Strengthen activities to achieve the group's internal emissions reduction targets</p> <ol style="list-style-type: none"> <li>1 Establish a carbon emissions management system for business sites</li> <li>2 Expand the transition to green cars</li> <li>3 Use of renewable energy</li> <li>4 Strengthen the low-carbon lifestyle</li> </ol> <p>For the outcomes of the strategy tasks, please refer to the 'Advancement of Environmental Management (Click here)' of BNK Financial Group Sustainability Report.</p>	<div style="background-color: #E57373; color: white; padding: 5px; text-align: center;"> <b>Positive Screening</b> (Preferred Investment)         </div> <p>Investments for industries, companies, and projects with outstanding performance related to ESG</p> <ol style="list-style-type: none"> <li>5 Establish an eco-friendly financial product management system</li> <li>6 Expand ESG outstanding companies and eco-friendly finance investment</li> </ol> <p>For the outcomes of the strategy tasks, please refer to the 'Sustainable Finance (Click here)' of BNK Financial Group Sustainability Report.</p>	<div style="background-color: #FFB74D; color: white; padding: 5px; text-align: center;"> <b>Negative Screening</b> (Divestment)         </div> <p>Exclude investments that significantly increase carbon emissions and exclude industries and companies that do not meet the ESG standards</p> <ol style="list-style-type: none"> <li>7 Strengthen climate risk management</li> <li>8 Reduce investment in high-carbon industrie</li> </ol> <p>For the outcomes of the strategy tasks, please refer to the 'Climate Finance - Risk Management (Click here)' of BNK Financial Group Sustainability Report</p>	<div style="background-color: #673AB7; color: white; padding: 5px; text-align: center;"> <b>Engagement</b> (Promoting participation)         </div> <p>Through networking with companies, adjust greenhouse gas emissions and promote reduction in emissions</p> <ol style="list-style-type: none"> <li>9 Manage ESG risks for customers</li> <li>10 Expand financial support for local companies</li> <li>11 Advisory for strengthening ESG capabilities of corporations in the southeast regio</li> </ol> <p>For the outcomes of the strategy tasks, please refer to the 'Building ESG Ecosystem in Southeastern region (Click here)'</p>
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## Risk Management

### Risk Management Operating System

The BNK Financial Group is improving our risk management system with the intention of ensuring stability and profitability for our investment sectors against potential risks arising from climate change. To this end, we systematically identify and assess environmental and social risks based on the TCFD recommendations. Furthermore, we have established a financial emission measurement system and database, and advanced its risk management governance and management framework.

The BNK Financial Group operates a four-step risk management process to systematically manage major climate risks, which includes identification, assessment, monitoring and reporting, and response and mitigation of significant risks related to climate change. Additionally, the BNK Financial Group stipulates requirements for risk management by establishing the regulations for the Risk Management Committee, risk management regulations, and risk management guidelines. In 2024, we are planning to establish internal regulations for climate risk management and use it for credit and limit management.

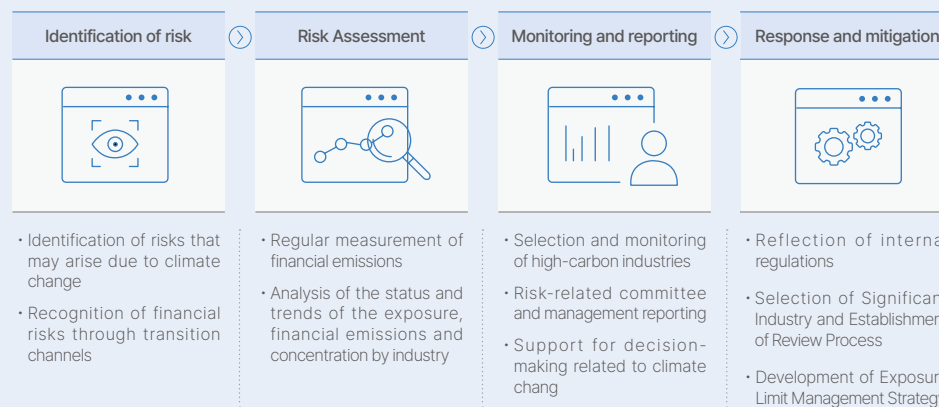
[BNK Financial Group State on Exiting Coal Finance Link](#)

### Risk Identification

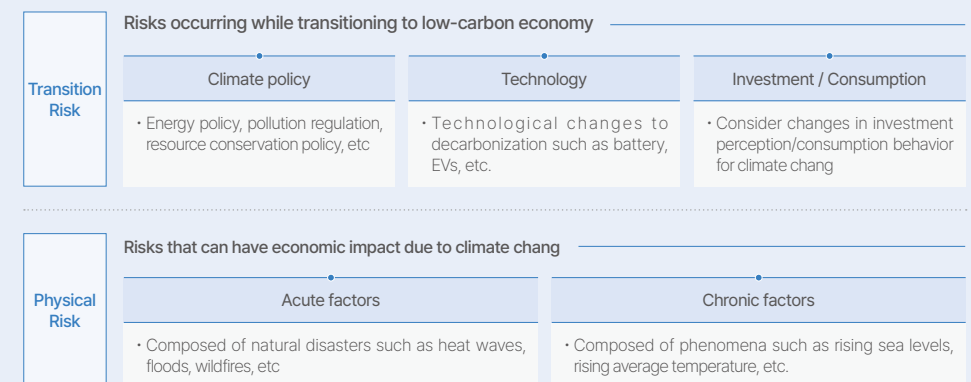
The BNK Financial Group defines climate risk as a risk related to the transition to a low-carbon economy(Transition risk) and a risk associated with the physical impacts of climate change(Physical risk). The physical risk includes both acute and chronic risks.

Since climate risks impact various sectors of financial companies, they must be recognized in connection with financial risks through economic transition channels. The BNK Financial Group recognizes that depending on the characteristics of the physical and transition risk, they can be transferred to credit, market, operation, liquidity, reputation risks, etc. from the microscopic and macroscopic perspectives.

### | Risk Management Process



### | Type of Climate Risk



# Focus Area 01. Climate Finance

## Risk Management

### Environmental and Social Risk Management

#### | Analysis of Industries with Significant Climate-related Financial Impact in 2023

The BNK Financial Group has established the "Best Practices for Environmental and Social Risk Management" for 2024 to proactively manage various potential risks in environmental and social aspects by considering and managing the impact of financial institutions' corporate activities on the environment and society. These best practices apply to all products and services provided by BNK Financial Group and group's subsidiaries (corporate loans, retail, private banking, investment banking (IB), project finance, asset management, etc.).

- The BNK Financial Group complies with the following principles to manage environmental and social risks.
- Recognize that environmental and social risk management is a material factor for the group's sustainable growth.
  - Operate a system to identify, measure, and manage environmental and social risks, and reflect these in the group's investment and credit decision-making process.
  - Exclude and designate areas with significant negative environmental and social impacts as areas of caution and manage them accordingly.
  - Evaluate the environmental and social impacts of large-scale development projects, and if the evaluation results indicate significant negative impacts, assess the environmental and social risks and prepare mitigation measures to reduce these risks.
  - Transparently disclose major policies related to environmental and social risk management and actively communicate with stakeholders.
  - Enhance awareness and improve risk management capabilities regarding environmental and social risks through the participation and education of all employees.

#### | Establishment of Management Plans for High-Carbon Industries

The BNK Financial Group has designated industries with a financial intensity of 100 or more, or an exposure ratio of 5% or more, and a high intensity compared to the overall (32.5) as High-Carbon Industries in 2023. In the future, we plan to reduce the commitment limits for High-Carbon Industries and allocate them to industries with lower intensity to manage and reduce the overall intensity.

Category	Balance	Proportion	Financial intensity
Public Service	10,764	1.70%	182.9
Food & Beverage	11,950	1.90%	173.5
Non-Ferrous Metals	10,743	1.70%	163.9
Steel	10,434	1.60%	107.7
Construction	39,550	6.20%	88.6
Consumer Distribution	37,968	5.90%	42.2

### Risk Response and Mitigation

By thoroughly understanding the impact of climate risk on customers and business, the mitigation of risk can be efficiently incorporated. In accordance with this, the BNK Financial Group has established countermeasures to manage and mitigate the identified risks in relation to climate change, and will establish and implement detailed plans.

#### | Climate Risk Response Measures

● Short-term ● Mid-term ● Long-term

Risk	Description	Timeline
Transition risk	Policy/Legal	<ul style="list-style-type: none"> <li>• Monitoring of climate-related policy and risk management regulations, Continuous review of related policies and procedures ●</li> <li>• Establishment of strong governance through ESG Committee, Risk Management Committee, etc ●</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>• Expansion of product development and investment related to green technology ●</li> <li>• Monitoring of green technology ●</li> </ul>
Market		<ul style="list-style-type: none"> <li>• Monitoring of consumer behaviors and market changes ●</li> <li>• Setting up a system to analyze the impact of financial risks ●</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>• Disclosure of information through the Sustainability Report, TCFD Report, CDP, etc. ●</li> <li>• Clarification of climate strategy and strengthening of communication with stakeholders ●</li> <li>• Activation and strengthening responding capabilities of customer engagement ●</li> </ul>
Physical risk	Acute risk	<ul style="list-style-type: none"> <li>• Developing climate change response strategy based on the physical risk scenario analysis of the existing portfolio ●</li> </ul>
	Chronic risk	<ul style="list-style-type: none"> <li>• Identification of climate-vulnerable facilities among the buildings and branches owned by the BNK Financial Group and efforts to prevent damage ●</li> </ul>

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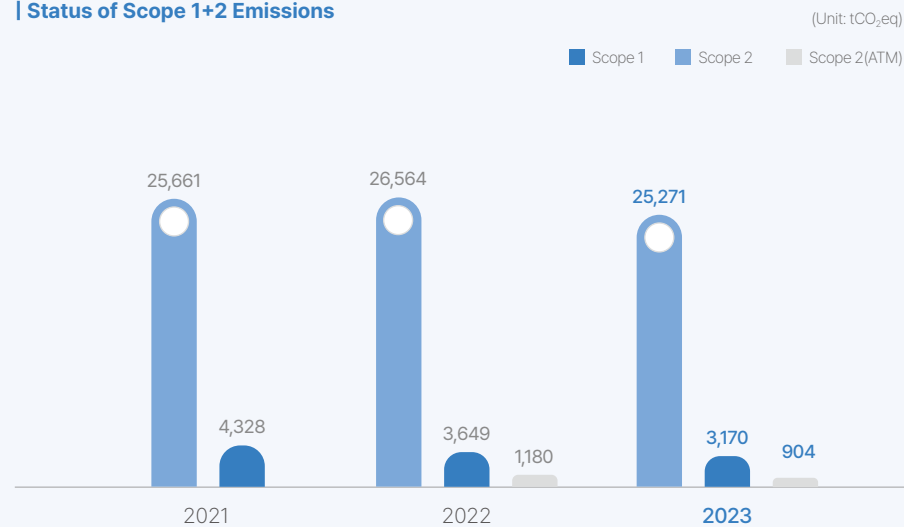
## Metrics and Targets

### Status of Internal Carbon Emissions and Reduction Targets

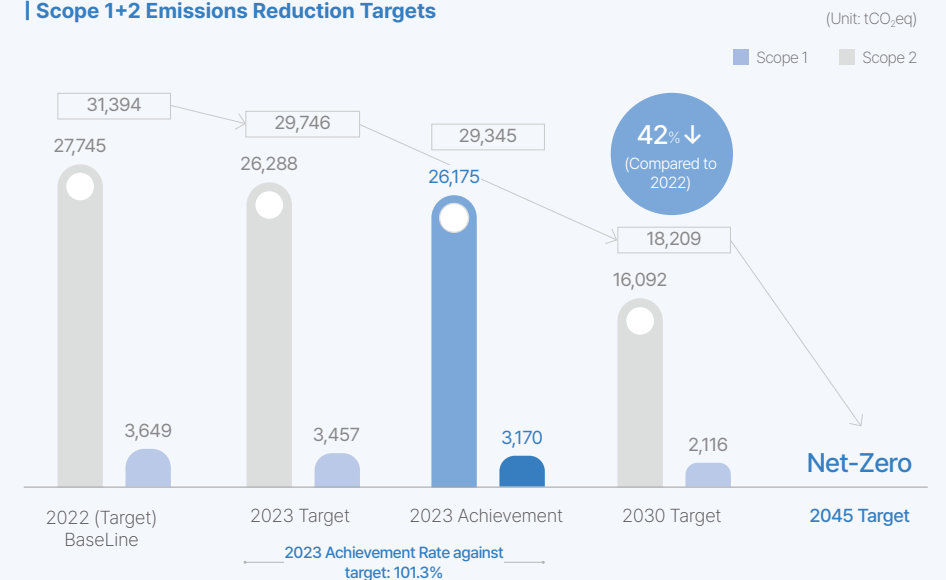
The BNK Financial Group manages amount of greenhouse gas emissions(Scope 1&2) that are produced through energy consumption by operating an Environment Management System. By the second half of 2024, we plan to advance the Environment Management System to improve the measurement and monitoring methods of greenhouse gas emissions. Additionally, we aim to achieve our Net Zero goals by promptly checking the achievement rate against the internal emissions target within the Environment Management System.

The BNK Financial Group has set its internal reduction target by applying the ACA(Absolute Contraction Approach) of the SBTi. In accordance with the reduction pathway of the ACA, the BNK Financial Group plans to achieve Net Zero by 2045 by reducing its internal emissions by 42%, based on the 2022 internal emissions until 2030.

#### | Status of Scope 1+2 Emissions



#### | Scope 1+2 Emissions Reduction Targets



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## Metrics and Targets

### Status of Asset Portfolio Carbon Emissions(Financial Emissions) based on PCAF

The BNK Financial Group acknowledges the importance of financial emissions(Scope 3) which are emitted through investments and loans, in addition to the greenhouse gases(Scope 1&2) generated through direct emissions or energy consumption. Accordingly, the Group has joined PCAF in March 2022, and has calculated the financial emissions(Scope 3) for 2022 in accordance with global standards. In 2023, we have established a financial emission measurement system for more accurate measurement and management. The financial emissions are classified and measured according to the seven asset groups defined by PCAF: listed stocks and corporate bonds, corporate loans and unlisted stocks, project finance(PF), industrial real estate, mortgage, automobile loan, and government bonds(methodology added in December 2022). The data used for measurement was applied with the average emission coefficient for each business category provided by PCAF for the areas where data was insufficient, along with the publicly disclosed emission information of the company. Also, the company's financial emissions are not only encompassing Scope 1&2 but also Scope 3, preliminary preparing for the entire industry's disclosure of Scope 3 scheduled in 2025.

### | Status of financial emissions(Scope 3)

(Unit: trillion KRW, 10,000 tCO<sub>2</sub>eq, tCO<sub>2</sub>eq/100 million KRW)

Category	2021			2022			2023		
	Measured target	Finance emissions	Financial intensity	Measured target	Finance emissions	Financial intensity	Measured target	Finance emissions	Financial intensity
Total	72.1	2,314	32.1	79.9	2,574	32.2	85.5	2,777	32.5
Listed stocks and corporate bonds	5.3	135	25.7	5.7	131	23.2	6.3	166	26.3
Corporate loans and unlisted stocks	48.9	1,986	40.7	53.8	2,228	41.4	57.3	2,370	41.4
Project Financing	0.5	50	92.4	0.6	60	107.7	0.3	38	134
Industrial real estate	4.6	4	0.9	5.5	4	0.8	5.2	4	0.8
Mortgage	8.1	5	0.6	9.3	5	0.6	10	5	0.5
Automobile loan	1	8	8	0.9	6	7.1	0.9	5	5.9
Government bonds	3.7	126	33.6	4.1	140	33.6	5.6	189	33.6

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## Metrics and Targets

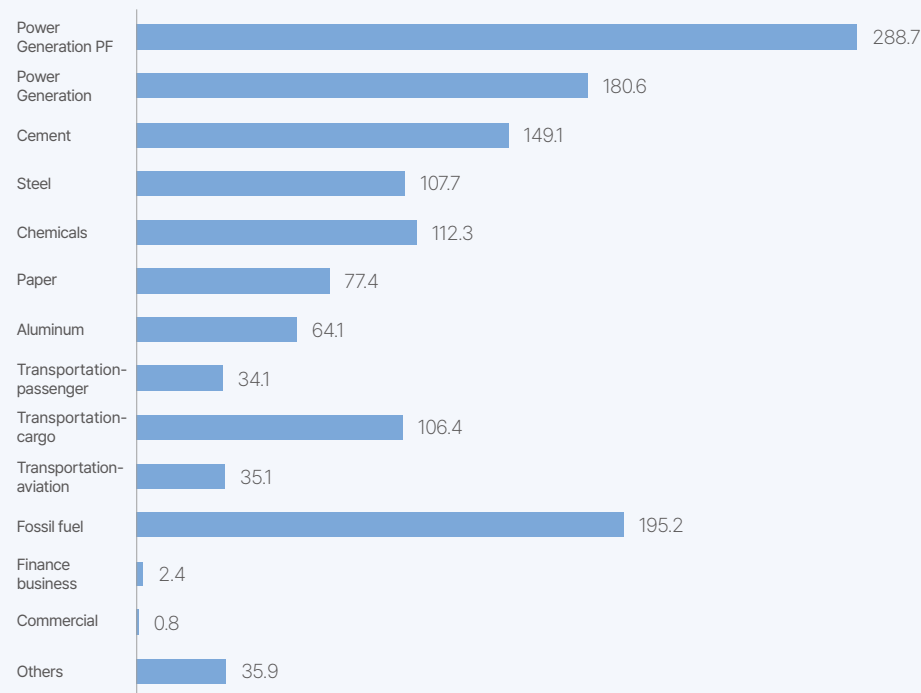
### Status of Financial Emissions and Reduction Targets

The BNK Financial Group's financial emissions for 2023 are 25.88 million tCO<sub>2</sub>eq<sup>1)</sup>, which exceeded the 2023 target by 2.33 million tCO<sub>2</sub>eq. The total financial emissions increased by 1.54 million tCO<sub>2</sub>eq compared to the previous year due to reasons such as the increase in scale of energy asset and financial emissions from the fossil fuel sector. Although the financial emissions of the BNK Financial Group increased in the short-term due to the increase in assets, we plan to achieve Net Zero through the reduction of the increase rate and the composition of a low-carbon portfolio. The BNK Financial Group aims to reduce its financial emissions according to the methodology of SBTi (Science Based Targets initiative), based on a 1.5°C scenario. By 2030, compared to its 2022 baseline, the group plans to achieve a 26% reduction, followed by a 55.2% reduction by 2040, ultimately aiming for Net-zero by 2050.

1) Set targets and monitor performance for asset groups excluding government bonds

#### | Intensity for each business category

(Unit: tCO<sub>2</sub>eq/100 million KRW)



#### | Group Status of Financial Emissions(Scope 3) and Reduction Targets

(Unit: 10,000 tCO<sub>2</sub>eq, tCO<sub>2</sub>eq/100 million KRW)



\*Financial Intensity

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## Metrics and Targets

### Method of Setting Reduction Targets

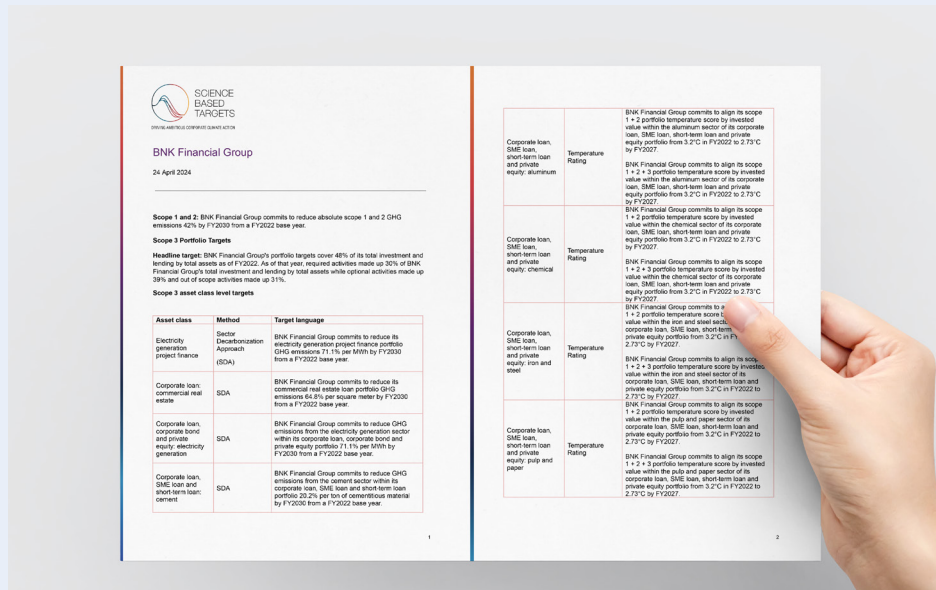
In 2024, the BNK Financial Group has obtained approval from the SBTi(Science-Based Targets initiative) for its Scope 1~3 carbon reduction targets. The SBTi methodology applies the Sector Decarbonization Approach(SDA) and Temperature Ratings Approach(TRA) by each asset group and sector.

By applying the 1.5°C scenario, the BNK Financial Group has applied the Sector Decarbonization Approach(SDA) to power generation Project Finance(PF), commercial real estate, cement and power generation sectors within the corporate loans/bonds/stocks. For other asset classes and sectors, the Group has applied the Temperature Rating Approach(TRA). Additionally, for sectors such as PF, automobile loans, excluding power generation, where SBTi methodologies have not been provided, reduction targets have been set using the Absolute Emission Reduction Approach(ACA), consistent with the internal emissions measurement method.

### | Targets and Methods of Setting Reduction Goals by Business Type

(Unit: trillion KRW, 10,000 tCO<sub>2</sub>e)

	Asset group and sector	Target assets	Finance emissions	Methods of setting goals
Individual loans	Mortgage	10	5.3	SDA
	Automobile loans	0.9	5	ACA
Project Finance (PF)	Power generation PF	0.1	37.9	SDA
	PF other than power generation (SOC, etc.)	0.1	0.5	ACA
Corporate Loans/Bonds/ Stocks	Commercial real estate	5.2	4.2	SDA
	Power generation	0.4	71.8	
	Cement	0.2	36.7	
	Steel	1	112.3	TRA
	Chemical	0.6	63.8	
	Paper	0.3	20.7	
	Aluminum	3.9	251.6	
	Transportation-passenger	0.6	19.1	
	Transportation-cargo	0.6	58.5	
	Transportation-aviation	0	0.7	
	Fossil fuel (Oil & Gas)	0.4	70.2	
	Financial business	5	12	
	Other business	50.7	1,818.50	
<b>Total</b>		<b>79.9</b>	<b>2,588.80</b>	



1)SDA: Applied based on the 1.5 °C scenario to mortgage, commercial real estate, power generation and cement sectors for which methodology and tool have been provided  
 2)ACA: Established based on the absolute linear reduction approach to achieve Net Zero by 2050, as the method of setting reduction targets for PF and automobile loans other than power generation is not provided by SBTi  
 3)TRA: Established based on the reduction targets and pathway to achieve a temperature level of 1.5 °C by 2040

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## Metrics and Targets

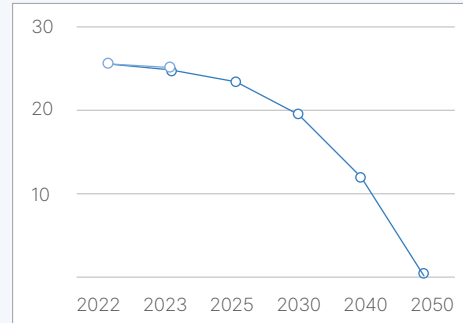
### Reduction Targets and Pathway by Asset Group and Portfolio

#### | SBTi-based Emission Reduction Targets by Sectors

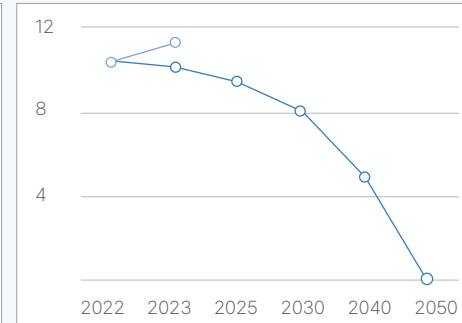
(Unit: 10,000 tCO<sub>2</sub>e)

—○— SBTi-based reduction targets  
—○— BNK Financial Group's emissions

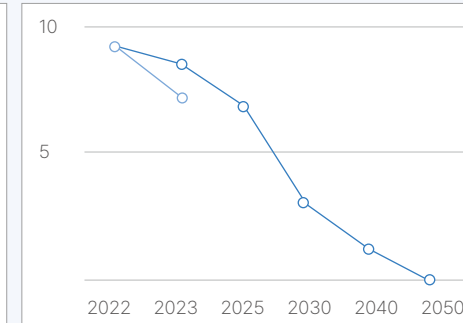
Aluminum



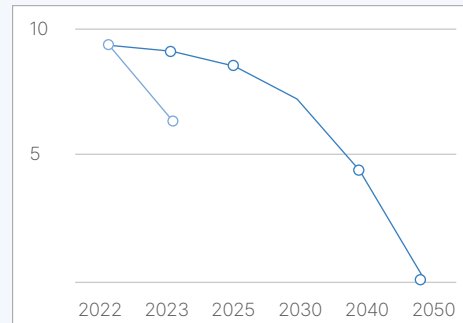
Steel



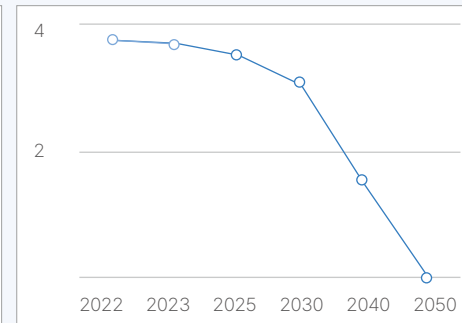
Power Generation PF



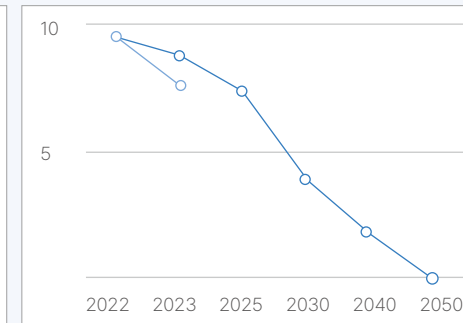
Chemical



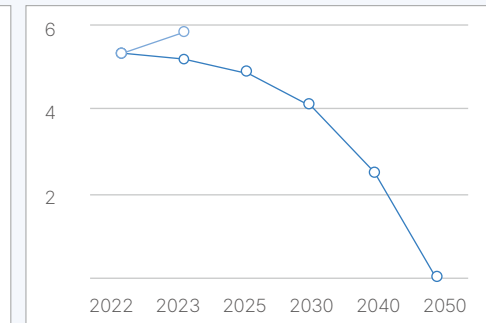
Cement



Power Generation



Transportation-cargo



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# Focus Area 02. Sustainable Finance

## Governance

### Group CEO ESG Committee

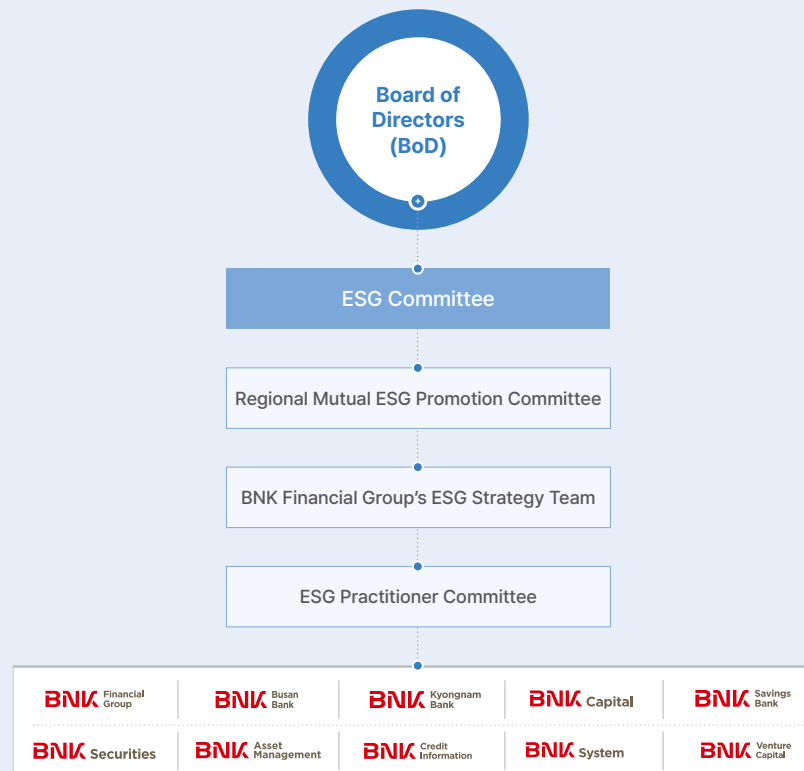
The BNK Financial Group has established the 'Regional Mutual ESG Promotion Committee' in 2024, in which the CEO of BNK Financial Group and its subsidiaries participate in, to comprehensively promote and oversee ESG management strategies, including Win-Win Finance and mutual growth with the region. The Regional Mutual ESG Promotion Committee plans to systematically manage the operation status of sustainable finance products and services, including Green Finance and Win-Win Finance, based on the newly established sustainable finance classification system at the group-wide level. Through this, all financial subsidiaries aim to achieve the target of expanding sustainable financial assets in connection with 'VISION 2030'.

### ESG Practitioner Committee

Through the ESG practitioner committee established in 2023, the BNK Financial Group checks the status of ESG management for all subsidiaries, including BNK Financial Group, and shares insights on ESG management between staff from each subsidiary. The ESG practitioner committee monitors the implementation status of ESG management through in-person or video conference every quarter and discusses ideas for spreading ESG management culture and establishing improvement tasks.

The committee plans to check the subsidiary's implementation performance for its Action Plan according to the newly established group ESG strategy direction in April 2024, managing promotion plans and status of financial subsidiaries regarding the sustainable finance classification system and the expansion of sustainable finance products.

### | Sustainable Management System



### ESG Finance Policy

As the demands for addressing environmental and social issues faced by companies are increasing, related laws, regulations, and initiatives are continuously being introduced. In these changes, the BNK Financial Group has established the BNK Financial Group ESG Finance Policy, emphasizing the importance of corporate social responsibility and sustainable management. This policy specifies the work process, group's responsibilities, and activities that the BNK Financial Group must comply with when the Group provide sustainable finance products. Through this policy, the BNK Financial Group actively fulfills its responsibilities to customer and society and strives for sustainable management.

[BNK Financial Group ESG Financial Policy Link](#)

### Best Practice for Environmental and Social Risk Management

The BNK Financial Group has established the 'BNK Financial Group's Best Practice for Environmental and Social Risk Management' to address various risks, including ESG risks such as the deterioration of customers' ability to repay the debt due to climate change. Through this, we strive to systematically manage environmental and social risks that may arise in the process of providing financial products. This practice is applied to all products and services provided by the BNK Financial Group's subsidiaries, including corporate loans, retail, investment banking(IB), and project financing. The BNK Financial Group will continuously manage the details specified in this practice according to sustainable finance governance, obtaining internal approval as needed if amendments are deemed necessary. Through this, the BNK Financial Group plans to actively recognize environmental and social risks, take appropriate measures, and achieve sustainable management.

[BNK Financial Group Environmental and Social Risk Management Policy Framework Link](#)

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## Strategy and Activities

### Sustainable Finance Classification System

In 2024, the BNK Financial Group has established the 'Sustainable Finance Classification System' to classify and manage sustainable financial products among all financial products provided by its financial subsidiaries. The sustainable finance classification system is composed of three types: Green finance products, social financial products, and governance financial products, based on domestic and international classification standards for sustainable management activity.

Green finance products are categorized into 7 categories based on the green classification system announced by the Ministry of Environment. The social financial product classification system is broadly structured around the draft of Social Taxonomy announced by the EU and the Social Bond Principles of the International Capital Markets Association(ICMA), and categorized into 4 categories to reflect the types of customers for win-win finance products provided by financial subsidiaries. Governance financial products are categorized into 2 categories by analyzing the characteristics of governance-related financial products provided by financial subsidiaries.

Going forward, the BNK Financial Group's financial subsidiaries plan to continuously expand the group's sustainable financial assets by reflecting the sustainable finance classification system at the stages of performance management and new product development of financial product. Additionally, through the ESG practitioner committee and the Regional mutual ESG promotion committee, we plan to continuously review and improve the sustainable finance classification system.

### | Type of Sustainable Finance Product



### | Sustainable Finance Product Classification System

Type	Category	
Green Finance Products	Low carbon emission products	Green infrastructure
	Eco-friendly transportation and logistics-related industries	Biodiversity conservation activities
	Eco-friendly energy-related industries	Eco-friendly research activities
	Eco-friendly architecture and construction-related industries	
Social financial products	Revitalization of local economy	Provision of Social Services and Infrastructure Development
	Preferential treatment for financially vulnerable groups	Support for social enterprises
Governance finance products	Enhancement of shareholder value	Improvement of governance



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## Strategy and Activities

### Reflecting ESG elements in Loan and Investment Process

The BNK Financial Group has established an investment process that reflects ESG risks in the internal investment regulations and investment asset management policies. Busan Bank, Kyongnam Bank, BNK Capital, and BNK Asset Management are verifying the level of ESG management including the status of corporate environmental management practices, stable labor supply capabilities, and ethical management levels through ESG checklists during corporate credit evaluation.

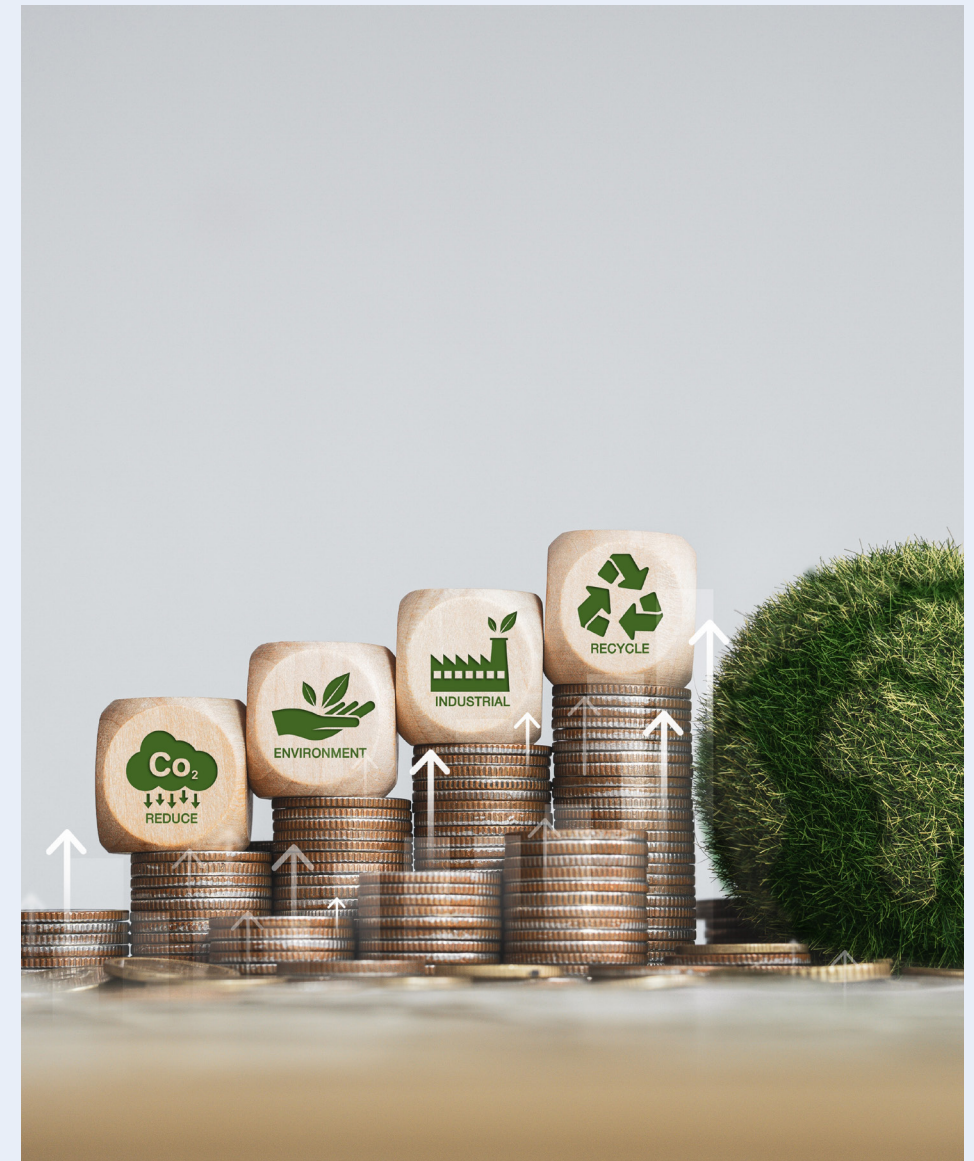
Busan Bank and Kyongnam Bank provide loans or approve investments according to the general credit and investment process only for customers whose ESG checklist results meet internal standards. On the other hand, for customers who fall below these standards, investment decisions are made with reference to the opinions of specialized institutions.

BNK Capital has established criteria for ESG outstanding companies and applies preferential interest rates to such companies from 2023. In the future, it plans to establish detailed environmental management evaluation criteria and operate by specifying the obligation to submit supporting documents and the types of such documents for ESG outstanding companies in its internal regulations to improve the objectivity of the ESG evaluation.

BNK Asset Management revised its 'ESG Management Manual' in 2023 to stipulate setting the inclusion ratios within funds according to ESG integration ratings. This manual has promoted an investment decision-making process that reflects not only the financial analysis of portfolio companies but also ESG factors.

### ESG Checklist Items

	ESG Loan Target Companies	Evaluation Areas
<b>E</b>	A company with rating of BBB or above from the Korea Environmental Industry & Technology Institute's Environmental Management Performance Evaluation (enVance)	Eco-friendly innovation capabilities, Environmental Management System (EMS) certification, Green marketing
<b>S</b>	A company certified by the Minister of Employment and Labor under the 'Social Enterprise Promotion Act'	Human resource management, Fair trade and mutual growth, Social contribution
<b>G</b>	A company with a governance rating of B+ or above selected by the Korea Corporate Governance Service	Protection of shareholder rights, Board of Directors(BoD) and audit committee, Disclosure



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## Strategy and Activities

### ESG Investment

#### ESG Fund Sales

The BNK Financial Group provides ESG fund products in order to comply with responsible investment policies presented in the UNEP FI(United Nations Environmental Programme Finance Initiative) and PRI(Principles for Responsible Investment). Through this, we are not only supporting companies with excellent non-financial factors such as environmental, social, and governance but also contributing to securing funding channels for companies that provide products and services related to the transition to a low-carbon society, such as solar power and EVs. In 2023, the BNK Financial Group contributed to the creation of social values while pursuing the stable profits through 42 ESG fund sales.

### Major ESG Fund Sales/Management Performance<sup>1)</sup> in 2023

(단위 : 백만 원)

Fund Name	Busan Bank	Kyongnam Bank	BNK Securities	BNK Asset Management
BNK Sustainable ESG Securities Investment Trust No. 1	1,124	99	10,171	11,236
KB ESG Growth Leaders Securities Investment Trust	1,775	2,741	-	-
NH-Amundi 100-Year Enterprise Green Korea Securities Investment Trust	1,071	63	-	-
NH-Amundi Long-term Growth Leading Enterprise Securities Investment Trust No. 1	28	73	-	-
Eugene Champion Mid-Short-term Bond Securities Investment Trust	512	1,058	-	-
Samsung Global Dividend Aristocrats ESG Securities Investment Trust H	158	-	-	-
Kiwoom Retirement Pension 10 Securities Investment Trust Class B-1	945	-	-	-
Fidelity Global Multi-Asset Income Securities Investment Trust	125	87	-	-
Korea Investment e Short-Term Bond ESG Securities Investment Trust	395	-	-	-
Mirae Asset Green New Deal Index Securities Investment Trust	2,212	-	-	-
Mirae Asset Clean Tech Securities Investment Trust	224	3,196	-	-
Samsung Global Clean Energy Securities Account No. 1	37	104	-	-
Korea Investment Global EVs & Battery Securities Investment Trust	1,025	940	-	-
KB Korea New Wave Securities Investment Trust	381	1,259	-	-
Samsung Global Water Securities Investment Trust No. 1 (Stocks)	35	-	-	-
KB Global Hydrogen Economics Securities Investment Trust (Stocks)	31	32	-	-

Fund Name	Busan Bank	Kyongnam Bank	BNK Securities	BNK Asset Management
Mirae Asset Global Innovation Company ESG Securities Investment Trust	-	512	-	-
Mirae Asset Asia Great Consumer Securities Investment Trust No. 1	-	689	-	-
VI Active Growth Long-term Income Deduction Securities Investment Trust	-	241	-	-
Shinhan Beautiful SRI Green New Deal Securities Investment Trust No. 1	-	167	-	-
Kiwoom Retirement Pension 40 Securities Investment Trust Class B-1	-	798	-	-
Kiwoom Retirement Pension Korea Index 40 Securities Investment Trust No. 1	-	800	-	-
Kiwoom Pioneer ESG Securities Investment Trust No. 1	-	485	-	-
Hi US Dollar High Yield Securities Investment Trust	-	407	-	-
Korea Investment Credit Focus ESG Securities Investment Trust No. 1	-	2,281	-	-
Hanwha ESG General Private Securities Investment Trust No. 1	-	-	38,028	-
Investment Pool General ESG Private Securities Investment Trust No. 1-1	-	-	237,892	-
NH-Amundi Yellow Umbrella ESG General Private Asset Investment Trust	-	-	31,128	-
Han River Solar Power Generation General Private Special Asset 10	-	-	47,203	-
Kiwoom Next Generation Mobility Securities Investment Trust	-	9,697	-	-
DB Next Generation Mobility Securities Investment Trust	-	391	-	-

1) Excerpts of Major Products from All ESG Fund Sales

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## Strategy and Activities

### ESG Bonds

#### ESG Bond Management System

The BNK Financial Group is issuing ESG Bonds and has introduced ESG bond issuing management system for the management of the entire process from issuance of ESG bonds to follow-up monitoring. Busan Bank and Kyongnam Bank are operating an ESG Bond Management System composed of four core elements.

Category	Management System Details
	<ul style="list-style-type: none"> <li>• Busan Bank Korean Green Bond Management System (September 2023)                             <ul style="list-style-type: none"> <li>- It has been written in accordance with the four core elements presented by the Green Bond Guidelines announced by the Ministry of Environment and the Financial Services Commission, as well as "Korean Green Classification System(K-Taxonomy) Guidelines" by the Ministry of Environment</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• ESG bond issuance management system (April 2021)                             <ul style="list-style-type: none"> <li>- It consist of the use of funds, evaluation and selection of target businesses, fund management, and follow-up reporting, aligning with the Green Bond Principle, Social Bond Principle, Sustainability Bond Guidelines of the International Capital Market Association(ICMA).</li> <li>- Also, this system is evaluated by external evaluation institutions to meet the standards of ICMA's principles and the Ministry of Environment's green bonds guidelines</li> </ul> </li> </ul>

#### | Core Elements of ESG Bond Issuance

1. Use of funds	2. Evaluation and selection of target businesses	3. Fund management	4. Follow-up reporting
<p>Funds procured are being distributed to the green sector and social sector businesses and are not used for companies that have a history of exploiting child labor or in industries based on fossil fuels.</p>	<p>Selection of businesses that fall into the ESG bond category among businesses that meet general internal financial review criteria</p>	<p>We manage the issuance of ESG bonds which are distributed and operated appropriately and continuously track and manage the use of ESG bonds.</p>	<p>Bond information is released on the Socially Responsible Investment Bonds site and disclosed after review by external institutions upon completion of fund allocation</p>

#### | Areas Supported with Procured Funds

Area	Details
Busan Bank Green	<ul style="list-style-type: none"> <li>• 8 economic activities including manufacturing innovative products, innovative materials, components, and equipment</li> <li>• Research, Development, and Demonstration of Renewable Energy (solar power, solar heat, wind power, hydropower, marine energy, geothermal energy, water thermal energy)</li> <li>• 3 economic activities including manufacturing of pollution-free vehicles, railway vehicles, construction machinery, agricultural machinery, ships, aircraft, and bicycles</li> <li>• 4 economic activities including development and operation of zero-energy specialized cities</li> <li>• 2 economic activities including low-carbon agriculture</li> </ul>
Transition	<ul style="list-style-type: none"> <li>• 4 economic activities including capturing carbon dioxide emissions</li> <li>• 5 economic activities including the manufacturing of materials, parts, and equipment for utilizing core technologies for climate change adaptation</li> <li>• 7 economic activities including wastewater and effluent management</li> <li>• 5 economic activities including waste generation suppression</li> <li>• 2 economic activities including the capture, treatment, and utilization of methane gas from anaerobic digestion</li> <li>• 2 economic activities including air pollution prevention and treatment</li> <li>• Marine pollution prevention and treatment</li> <li>• 4 economic activities including the protection and restoration of terrestrial and marine ecosystems</li> </ul>
Transition	<ul style="list-style-type: none"> <li>• Greenhouse gas reduction at SMEs workplaces</li> <li>• 4 economic activities including energy production based on liquefied natural gas (LNG) and mixed gas</li> </ul>

#### | Areas Supported with Procured Funds

Area	Details
Kyongnam Bank Green	<ul style="list-style-type: none"> <li>• Renewable Energy</li> <li>• Increased energy efficiency</li> <li>• Prevention and improvements to environmental pollution</li> <li>• Environmental sustainability management for using land and natural resources</li> </ul>
Transition	<ul style="list-style-type: none"> <li>• Environmental sustainability management for using water resources</li> <li>• Green transportation</li> <li>• Green consumables</li> <li>• Green cities and buildings</li> <li>• Climate change adaptation</li> <li>• Support for basic livelihood and basic infrastructure for vulnerable groups, low-income groups, etc.</li> <li>• Support for SMEs, venture companies, social enterprises</li> <li>• Job creation</li> <li>• Revitalization of local economy</li> <li>• Housing provision for vulnerable groups, low-income groups, etc.</li> </ul>

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### ESG Bond Issuance and Evaluation

Busan Bank and Kyongnam Bank are issuing ESG bonds to secure the necessary funds for providing sustainable financial products and ESG management activities. In September 2023, Busan Bank issued 60 billion KRW of green bonds, the first among regional banks, and in April 2024, it issued 100 billion KRW of hybrid securities as Korean Green Bonds, a for the first time in banking.

Kyongnam Bank issued 200 billion KRW of social bonds in November 2023. The funds raised from the bond issuance were allocated for appropriate uses according to the ESG bond management system.

The BNK Financial Group enhances transparency in the use of funds raised through ESG bonds by conducting a follow-up evaluation by external institution. Busan Bank received an evaluation confirming that the use of funds raised through ESG bonds complies with the Korean Green Bond Guidelines and the Korean Green Taxonomy.

### ESG Bond Certification Evaluation

Category		Busan Bank	Kyongnam Bank
ESG certification evaluation results	Evaluation rating	Appropriate	SB1 <sup>1)</sup>
	Evaluator	NICE Investors Services	Korea Investors Service Inc.
ESG bond overview for evaluation target	Issuer	Busan Bank Co., Ltd.	Kyongnam Bank Co., Ltd.
	Financial item	Busan Bank 2023-09 I 1.2A-19 (Nok)	Kyongnam Bank 2023-11 I (Byun) 1A-27 (Sa)
	Amount issued	Total 60 billion KRW	Total 200 billion KRW
	Date issued	2023.9.19	2023.11.27
	Maturation date	2024.11.19	2024.11.27

1) SB1 : Social Bond 1, highest rating within social bonds

### ESG Bond Issuance Status

Category	Bonds	Issue Date
<b>BNK</b> Busan Bank	Busan Bank 2020-11 I 2.0A-30 (Ji)	2020.11.30
	Busan Bank 2021-10 I (Byun)2A-(Sa)	2021.10.29
	Busan Bank 202204 I Young Gu A07 (Sa) Amortization conditional capital securities (new)	2022.4.7
	Busan Bank 2023-09 I 1.2A-19 (Nok)	2023.9.19
	Busan Bank Contingent Capital Securities (Sang) 2404 I (New) A29 (Nok)	2024.4.29
<b>BNK</b> Kyongnam Bank	Kyongnam Bank 2021-04 I 2A-12 (Sa)	2021.4.12
	Kyungnam Bank Conditional(Sang)2022-05 E(new)Young A-10(Sa)	2022.5.10
	Kyongnam Bank 2023-11 I (Byun) 1A-27 (Sa)	2023.11.27
<b>BNK</b> Capital	The 292nd round of BNK Capital (Company)	2022.09.19
	The 314th round of BNK Capital (Nok)	2023.04.18



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### Metrics and Targets

The BNK Financial Group analyzes the ESG characteristics of financial products provided to customers based on the sustainable finance classification system established in 2024, and classifies and manages them as eco-friendly, social, and governance financial products. The performance of The BNK Financial Group's sustainable finance products in 2023 is as follows. The BNK Financial Group plans to establish sustainable finance targets linked to the new business plan 'VISION 2030' established in January 2024, and expand sustainable financial assets mid- to long-term by 2030.

#### Performance of Sustainable Finance Products

(Unit: 100 million KRW)

Area	Category	2023 Performance
Loans	Loan Products for Innovative SME Support Program	103,284
	Loan Products for Supporting Win-Win Projects for the Working Class	23,065
	Loan Products for Local Small Business Owners	10,251
	Youth Start-up and Job Creation Support Products	3,196
	Eco-friendly Loan Products	3,709
Deposits	Deposit Products Exclusive for the Working Class	20,006
	Deposit Products Exclusive for SMEs, Small Business Owners, and Local Residents	5,852
	Green Deposits and Installment Savings Products	2,224
Bonds	Issuance of ESG Bonds	6,800
	ESG Bond Investment	31,754
PF	Eco-friendly SoC Loans	533
Investment	Eco-friendly PI Investment	2,856
Card	Green Card Products Exclusive for SMEs, Small Business Owners, and Local Residents	20,593
Fund	ESG Fund Sales/Management Performance	4,125



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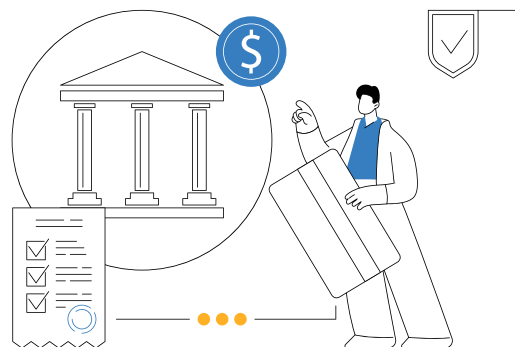
## Governance

### Human Rights Management

The BNK Financial Group has established a systematic governance from a company-wide perspective to respect the human rights of all stakeholders in the course of its business activities.

The ESG Committee under the Board of Directors sets the promotion direction for ESG management of the BNK Financial Group, and oversees the status of the Group's ESG strategies and policies, including human rights management tasks. The BNK Financial Group reports to the ESG Committee on the advancement of human rights and diversity management, which is part of the 'Building an ESG Organizational Culture,' a key area of the mid- to long-term ESG strategy. Busan Bank also reports major human rights-related outcomes to the ESG Committee, reflecting human rights impact assessments, the establishment of human rights and diversity goals, and human rights education performance.

The BNK Financial Group's ESG Strategy Team, which is an organization dedicated to ESG, plans to continuously manage the establishment of human rights targets, the implementation of human rights impact assessments, and the implementation status for improvement tasks in consultation with the BNK Financial Group's Business Support Department and the HR department of its subsidiaries. The practitioner organizations of each subsidiary promote detailed activities based on their respective situations. Through close cooperation between departments managing human rights issues in corporate operations, human rights issues within partner companies such as customer centers, and potential human rights issues arising in the finance business, we aim to enhance the overall level of human rights management across the company.



### Composition of Human Rights Management Governance



	Human rights management department <sup>1)</sup>		
	BNK Financial Group	BNK Busan Bank	BNK Kyongnam Bank
Business Operations	Business Support Department	HR Department	HR Department
Partners (Customer Center)	-	Customer Service Department	Customer Service Department
Business	Compliance Department IT Planning Department	Compliance Department Financial Consumer Protection Department Information Protection Department	Compliance Department Financial Consumer Protection Department Information Protection Department

1) In addition, other subsidiaries are also conducting human rights impact assessments and checking the status of human rights-related matters, centered around the HR department, to continuously monitor human rights management performance.

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## Strategy and Activities

### Human Rights Management Policy

The BNK Financial Group has established a Human Rights Management Policy to declare the company's commitment to human rights management. In 2024, we have revised the policy to include the overall human rights management system such as governance, risk management, grievance handling. The BNK Financial Group advocates the principles presented by international standards on human rights and labor, such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We strive to prevent the human rights of all stakeholders based on the human rights management policy.

[BNK Financial Group Human Rights Policy Link](#)

### | Summary of BNK Financial Group's Human Rights Management Policy

#### Fundamental principles

Employees	
Prohibition of discrimination	<ul style="list-style-type: none"> <li>• Regarding personnel management such as recruitment, employment, maintenance of employment status and promotions, we shall not discriminate unfairly on grounds such as gender, race, religion, disability, political inclination, educational background, or hometown, and we shall respect diversity.</li> </ul>
Prohibition of forced labor and child labor	<ul style="list-style-type: none"> <li>• We strictly prohibit any forced labor that violates the free will through physical or psychological coercion and strictly prohibit child labor.</li> </ul>
Prohibition of human trafficking	<ul style="list-style-type: none"> <li>• We prohibit any acts of trading people, such as slavery, in all business activities.</li> </ul>
Guarantee of freedom of association and the right to collective bargaining	<ul style="list-style-type: none"> <li>• We respect the labor law regulations of the business jurisdiction, guarantee the right to collective bargaining, and provide opportunities for communication between the company and employees.</li> <li>• We encourage collaboration between the labor and management and do not disadvantage employees for forming, joining, or participating in union.</li> </ul>
Guarantee of fair compensation and development opportunities	<ul style="list-style-type: none"> <li>• We perform evaluations and compensation based on fair standards in accordance with each employee's performance and support self-improvement for enhanced job performance.</li> <li>• We ensure equal pay under the principle of Equal pay for equal work regardless of gender.</li> </ul>
Guarantee of health and safety	<ul style="list-style-type: none"> <li>• We adhere to workplace health and safety regulations to ensure that all employees can work in a healthy and safe environment. We prevent and manage physical or psychological risk factors for employees through regular inspections of the business facility and equipment.</li> <li>• We foster a conducive work environment that ensures the health and safety of our employees.</li> </ul>
Ensuring work-life balance	<ul style="list-style-type: none"> <li>• We establish a work environment that allow all employees to maintain a work-life balance, enabling them to focus on their tasks while also enjoying their personal lives.</li> </ul>
Compliance with relevant laws and internal regulations	<ul style="list-style-type: none"> <li>• All employees prevent their own human rights and do not infringe on the rights of others by complying with relevant laws, internal regulations, and the Code of Ethics, including this human rights management policy.</li> </ul>

### | Application Scope

This policy is applied to all employees across the entire group, including subsidiaries and sub-subsidiaries. Furthermore, the BNK Financial Group recommends all stakeholders, including customers and partner companies, to adhere to the policy at the same level.

#### Customers

- We provide equal financial services regardless of the customer's gender, race, religion, disability, age, political inclination, educational background, or hometown.
- We collect the minimum information necessary for the provision of financial services and take measures to ensure information security during the collection, storage, and processing of related information.
- We enhance financial accessibility of financially vulnerable groups including the disabled and the elderly, and prevent their human rights.
- We strive to develop and provide the best products and services that customers can trust and be satisfied with, by respecting their genuine needs and expectations.
- We do not require customers to bear unnecessary costs or provide excessive information.

#### Shareholders and Investors

- We provide management information necessary for shareholders and investors completely in a timely manner in accordance with relevant regulations.
- We ensure managerial transparency through the disclosure of accounting data with accuracy and reliability.
- We respect the legitimate demands and suggestions of shareholders and investors and secure their trust.
- We achieve stable and sound profits and guarantee the legitimate exercise of rights by shareholders and investors.

#### Partner Companies

- We strive to build mutual trust and grow together with our partner companies through fair and transparent transactions.
- We do not exploit our superior position to gain or demand unfair benefits from our partner companies, and we conduct transactions fairly based on equal partnership.
- Transactions and bids with partner companies must be conducted through fair competition, and we do not make improper demands such as money, gifts or entertainment.
- We communicate and support our partner companies in practicing human rights and ethical management.
- We respect the physical assets and intellectual property rights of our partner companies and do not infringe upon them.

#### Local Community

- As a responsible member of the community, we actively participate in social contribution activities for the local community.
- We contribute to creating a safe financial environment within the community by implementing measures to prevent illegal money laundering, enforcing real-name financial transaction system, and blocking terror support.
- We take care to ensure that the human rights of community members are not violated in the course of our management activities and respect the human rights of community members.
- We consider environmental and social impacts on the community when making decisions about large-scale loans and investments.

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## Strategy and Activities

### Raising Awareness on Employee's Human Rights

#### Establishing a System to Prevent Workplace Sexual Harassment and Bullying

The BNK Financial Group has established a system to prevent workplace sexual harassment and bullying, checking the level of human rights. We have established the guidelines for prevention and handling of workplace sexual harassment and bullying to suit the status of each subsidiary, stipulating the necessity of prevention, handling procedures, principles of victim protection, and confidentiality.

Busan Bank operates a sexual prevention and grievance handling team, inspecting the status of human rights violations within branches and conducting self-training for underperforming branches. Additionally, we appoint the grievance handling team within the HR department to carry out activities to prevent workplace bullying. When a formal investigation into workplace bullying is necessary, we promptly handle it by forming a committee comprised of the head of HR department, head of compliance department, the person in charge of workplace bullying, the person in charge of ethical management, in-house lawyer, and full-time union executives.

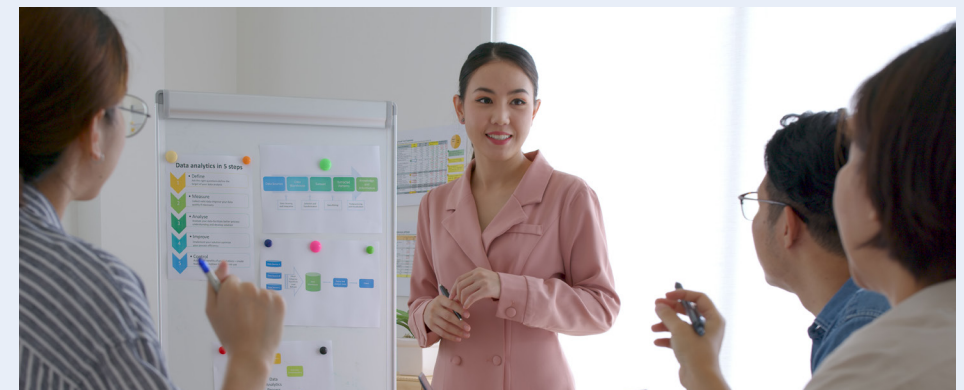
Furthermore, Kyongnam Bank operates an annual ethics and compliance self-check day with the topic of 'Prevention of Workplace Sexual Harassment', while BNK System shares the Ministry of Employment and Labor's sexual harassment response manual to all employees. The BNK Financial Group plans to continue efforts to establish a work environment where the human rights of employees are prevented.

#### Conducting Human Rights Education

The BNK Financial Group conducts regular human rights education for all employees at least once a year. In order to prevent human rights violations such as workplace sexual harassment and bullying, we educate regulations, grievance counseling, and relief procedures to employees based on guidelines for prevention and handling. In 2023, we conducted online training courses to guide real-life examples, handling procedures and response measures. Additionally, we conducted customized human rights education for each subsidiary to raise the human rights awareness of employees.

### | Status of Human Rights Education for Each Subsidiary

Subsidiary	2023 Achievement
<b>BNK Financial Group</b>	• Conducting mandatory ethical management education for all employees (training for prevention of workplace sexual harassment, prevention of workplace bullying, improvement of workplace disability awareness, ethical management, etc.)
<b>BNK Financial Group</b>	• Implementing online training for prevention of workplace sexual harassment
<b>BNK Busan Bank</b>	• Conducting self-training on prevention of workplace sexual harassment for underperforming branches
<b>BNK Kyongnam Bank</b>	• Implementing online training on prevention of workplace sexual harassment and improvement of disability awareness
<b>BNK Capital</b>	• Conducting training on prevention of sexual harassment, improvement of disability awareness, and prevention of workplace bullying
<b>BNK System</b>	• Providing public indecency (sexual harassment) prevention guidelines for new employees



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### Strategy and Activities

#### Prevention of Human Rights for Customer Service Workers

##### Prevention of Emotional Labor and Protection of Health Rights

The BNK Financial Group strives to prevent the psychological and physical health of counselors. We are making the Occupational Safety and Health Act disclaimer mandatory to be provided when connecting to the counselors. We have established the response manual that specifies response guidelines and departmental responsibilities for different types of malicious customers. We protect our counselors by guaranteeing the right to terminate calls in cases of customer's curse or verbal abuse.

Busan Bank conducts quarterly training sessions on handling malicious customers and ensures work suspension and rest time for counselors in the event of a customer complaint.

Additionally, Busan Bank convenes an employee protection association and take appropriate measures when requesting legal action from the HR department in accordance with the manual for supporting legal action to prevent customer service workers to legally prevent our counselors. Busan Bank also supports psychological health by operating the counseling program 'Healing Mind' and linking with the psychological health welfare center at the district office where employees work, and conducts CS refresh training once a month to recharge.

Kyongnam Bank operates a process where, in the event of customer's verbal abuse, sexual harassment, or other incidents, the case is transferred to the complaint handling department according to the manual, and legal action may be considered if the case recurs. Additionally, Kyongnam Bank conducts training for prevention of customer service workers, emotional labor training, stress management training, and leadership training led by the contractor.

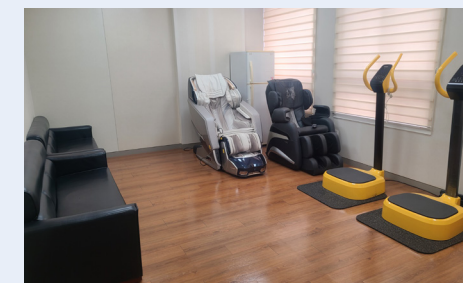


#### Improvement of Working Condition at Customer Center

The BNK Financial Group continuously promotes the improvement of working condition for counselors in customer center through regular meetings with contractor to identify necessary improvements.

#### | Activities to Improve Working Condition

Category	2023 Achievement
Reduction of workload	<ul style="list-style-type: none"> <li>• Mitigating workload through the transition to a specialized counseling system</li> <li>- Reducing the scope of responsibilities by distinguishing specialized areas such as loans compared to the existing integrated counseling system</li> </ul>
Improvement of treatment	<ul style="list-style-type: none"> <li>• (Busan Bank) Salary increase and expansion of monthly incentive rewards for counselors to improve their treatment</li> <li>• (Busan Bank) Additional meal support for counselors working outside of banking hours</li> </ul>
Guarantee of rest rights	<ul style="list-style-type: none"> <li>• Implementing flexible work hour system for counselors with children in elementary school and operate half-day leave system for efficient work</li> </ul>
Improvement of working environment	<ul style="list-style-type: none"> <li>• Operating a break area and sleeping rooms</li> <li>• Providing massage chairs, exercise equipment, air purifiers, etc., in break area</li> <li>• Continuously promoting to improve the working environment</li> </ul>
Strengthening training	<ul style="list-style-type: none"> <li>• Establishing a computer practice room for new counselors</li> <li>• Operating various training systems such as E-business courses for work-learning dual programs, new employee training, and QA coaching, etc.</li> </ul>



Busan Bank's break area within Customer Service Department



Kyongnam Bank's break area within Customer Service Department

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## Strategy and Activities

### Diversity Policy

The BNK Financial Group established principles of diversity in 2023 and is striving to create a corporate culture that ensures diversity, inclusion, and fairness. We prohibit discrimination based on personal characteristics and respect the diversity of minority groups to create corporate culture where talents from various backgrounds can demonstrate their capabilities.

[BNK Financial Group Diversity & Inclusion Policy Link](#)

### | The BNK Financial Group Diversity Policy

#### Fundamental Principles

##### Principles of Diversity and Inclusion

- The BNK Financial Group acknowledges that embracing diverse talents is a factor that improves corporate value, and provides fair opportunities without discrimination to minority groups in the process of human resource management including recruitment, employment, maintenance of employment status and promotions.
- The BNK Financial Group equally treats all employees and stakeholders regardless of gender, gender identity and sexual orientation, and adheres to a zero tolerance principle against perpetrators of sexual harassment and sexual violence.
- We operate a system that prevents unfair treatment and disadvantages due to family relationships such as marital status and presence of children, as well as pregnancy, childbirth, and parenting. At the same time, this system shall allow both men and women to pursue the balance between work and family.
- Without any rational reasons, we do not discriminate employees based on ethnic group, race, nationality, cultural background, religion and values. We encourage the communication and expression of opinions from minority groups such as foreigners, immigrants, expatriates, multicultural families, and North Korean defectors, as long as it does not infringe on the rights of others.
- Employees shall communicate with each other in a respectful and open manner, regardless of age. No one imposes unnecessary hierarchical orders based on age or interferes unnecessarily with work.
- Without any rational reasons, we do not discriminate employees based on disabilities or diseases, and strive to create a working environment where employees with disabilities or disease can work conveniently without any discomfort.
- We provide preferential treatment to veterans including men of national merit and independence patriots, and their families, as well as people with disabilities in the hiring process. In order to uphold the honorable lives of veterans who have contributed to the prosperity and security of the nation, we promote community activities such as offering educational and employment programs, supporting livelihood stability, and enhancing welfare improvement.
- We regularly conduct diversity education to enhance awareness of employees on diversity.

##### Principles of Fairness

- We provides equal employment opportunities to all applicants who meet job qualification requirements and demonstrate appropriate capabilities.
- We annually disclose an analysis of wage disparities based on gender.
- We provide same working environment for same job and job with same value.
- We conduct fair evaluations based on individual employees' capabilities and performance, and systematically incorporate these evaluations to ensure fair compensation.

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### Diversity Enhancement Programs

#### Social Equity in Employment

The BNK Financial Group operates a fair employment process based on the 'Exemplary Bank Employment Process Criteria.' We do not require information including hometown, physical condition, etc. during the employment process, and do not unfairly discriminate applicants. In addition, we are expanding job opportunities for social minority groups such as multicultural families, veterans, and the disabled. Busan Bank has adopted a work-at-home program for severe disabilities having difficulties commuting to work, and Kyongnam Bank has signed an agreement with the Changwon Customized Training Center for the Disabled to hire employees with disabilities through appropriate training. Furthermore, since 2020, Kyongnam Bank has been supporting local disabled athletes in cooperation with the Kyongnam branch of the Korea Employment Agency for Persons with Disabilities and the Kyongsangnam-do Sports Association for the Disabled. As of the end of 2023, a total of 4 athletes were employed, providing employment and systematic training in a safe environment.

#### Fostering Female Talents

The BNK Financial Group operates a program to foster female talents to solve the gender imbalance in management and certain departments and strengthen the Group competitiveness. Busan Bank carries out training courses to nurture female core talents. The 'Female Credit Talents Upskilling Course' is a program, conducted twice a year, in which 6 employees selected through a public competition are placed to work after 3 to 4 days of credit theory training. In addition, a total of 37 female employees who are dedicated to work in receiving credits participated in the 'AB(All Round Banker) Administrative Task Allocation Pre-Compulsory Training' in 2023. Kyongnam Bank has established the 'Investment Product Specialist Course' aimed at nurturing female professionals in the Ulsan area, conducting a total of 32 hours of training over 8 days, with 11 employees in charge of PB and receiving credits completed the course. Furthermore, Kyongnam Bank has provided theoretical and practical education by operating a 'Corporate Credit Preliminary Manager Training Course' for 51 female employees who aspire to handle corporate credit, and also has operated various basic training programs to foster future female CMO. We plan to continue supporting potential female talents to ensure diversity within the group.

#### Hiring Local Talent

The BNK Financial Group actively recruits local talents. Busan Bank and Kyongnam Bank operate a employment process for local talent during the recruitment of new employees, selecting candidates whose final educational background is in the Busan, Kyongnam, or Ulsan regions. In 2023, Busan Bank recruited 70% of new employees at grades 5 and 6, and 80% at grade 7 from local talents, while Kyongnam Bank recruited 90% of new employees at grades 5 and 6, and 97% at grade 7 from local talents, fulfilling our responsibility as a representative financial institution in the region.



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# Focus Area 03. Humancentric Finance

## Risk Management

### Human Rights Risk Management

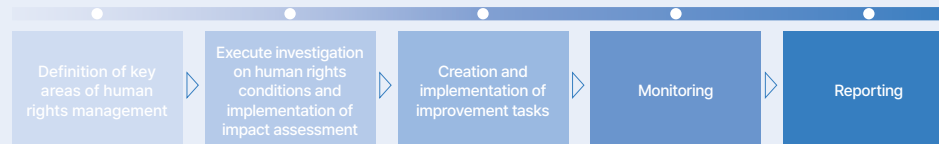
#### Human Rights Risk Management Process

The BNK Financial Group has established a human rights risk management process and periodically identifies and manages actual and potential human rights issues based on international human rights initiatives. We have set key areas for human rights management and identified the main stakeholders for each area. Through human rights impact assessments, we directly check the human rights situation experienced by stakeholders. We have identified the internal management status based on a checklist of implementation status (complete execution, partial execution, non-execution) and are also managing a customer center, for those vulnerable to human rights risks, and business-related human rights issues. Subsequently, we aim to develop appropriate improvement tasks for the identified human rights risks and evaluate the implementation status, and we intend to transparently disclose the improvement processes to stakeholders through this sustainability report. In 2024, we have expanded the scope of target subsidiaries to include BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, and BNK Securities, and plan to gradually expand the scope of target subsidiaries in the future.

#### Human Rights Impact Assessment

The BNK Financial Group conducts annual human rights impact assessments to check the human rights situation experienced by stakeholders and prepare improvement tasks. The human rights impact assessment is based on international human rights initiatives such as the UN Guiding Principles on Business and Human Rights and ILO guidelines and derives objective and independent results through external expert institutions ensuring anonymity. In 2024, we expanded the scope of the employees' human rights impact assessment to five companies and conducted the first assessment targeting counselors in customer center, for those vulnerable to human rights risks. We aimed to reflect the diverse opinions of our employees by including short-answer questions regarding areas and tasks with a high likelihood of human rights risk occurrences, in addition to multiple-choice questions to check the level of awareness of the management system and human rights issues.

#### | Human Rights Risk Management Process



#### | Key Areas of Human Rights Management

Business operation	Partner companies	Business
<ul style="list-style-type: none"> <li>• Promotion of non-discrimination and diversity</li> <li>• Prohibition of child labor and forced labor</li> <li>• Handling employee grievances</li> <li>• Health and safety management</li> <li>• Establishment of healthy labor-management relations</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of human rights management system</li> <li>• Improvement of working condition and working environment</li> <li>• Prevention of emotional labor and protection of the right to the health</li> <li>• Guaranteeing customer's right to know</li> </ul>	<ul style="list-style-type: none"> <li>• Support for financially vulnerable groups</li> <li>• Protection of financial consumer</li> <li>• Enhancement of employees' competence</li> <li>• Information Security and Personal Information Protection</li> </ul>
Employees, customers, community	Partner companies, Customers	Customer, employee, local community

#### | Overview of Human Rights Impact Assessment in 2024

Category	Human Rights Impact Assessment for Employee	Human Rights Impact Assessment for customer center
Method	Online Survey	Online Survey
Target	Employees of BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities	Counselors in customer center of Busan Bank, Kyongnam Bank
Questions	7 areas, 37 questions (36 multiple-choice, 1 short answer question)	4 areas, 13 questions (12 multiple-choice, 1 short answer question)
Areas	<ul style="list-style-type: none"> <li>• Human rights management system</li> <li>• Non-discrimination for employment and wages</li> <li>• Prohibition of child labor and forced labor</li> <li>• Grievance handling channels and mechanism</li> <li>• Human rights impact in the workplace</li> <li>• Occupational health and safety</li> <li>• Healthy labor-management relations</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights management system</li> <li>• Working condition and working environment</li> <li>• Prevention of emotional labor and protection of the right to the health</li> <li>• Customer's human rights impact</li> </ul>

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We conducted a human rights impact assessment and analyzed the overall score and the status by respondent characteristics (gender, workplace, employment type and length of service, etc.). We identified the implementation status of improvement tasks for 2023, and established new improvement tasks for the identified vulnerable areas for the five companies and customer centers that conducted the investigation on human rights condition and human rights impact assessment in 2024. Compared to the previous human rights impact assessment, non-discrimination for employment and wages, grievance handling channels and mechanisms are consistently selected as vulnerable areas, and healthy labor-management relations are newly identified as a vulnerable area. Additionally, based on the human rights status identified in the first human rights impact assessment conducted for counselors at the customer center, the overall human rights of customer centers, which had a broader scope compared to the previous 'emotional labor for customers,' was selected as a vulnerable area.

### Key Improvement Actions

Vulnerable Areas	Key improvements
Human rights management system	<ul style="list-style-type: none"> <li>• The ESG Committee under the Board of Directors performs the role of the highest governance body for ESG management, including human rights management</li> <li>• Disclosure of human rights management policy in the sustainability report</li> <li>• Declaration of commitment for promoting human rights management such as membership in global initiatives on the website</li> </ul>
Non-discrimination for employment and wages	<ul style="list-style-type: none"> <li>• Establishment of diversity targets and policies</li> <li>• Expansion of female workforce placement in credit jobs and conducting capacity building training</li> <li>• Operation of a systematic evaluation system through competency and performance evaluations and feedback</li> </ul>
Grievance handling channels and mechanism	<ul style="list-style-type: none"> <li>• Operation of grievance handling channels such as BNK Helpline, Redwhistle, and labor union reporting channels</li> <li>• Guidance on grievance handling procedures through prevention of workplace harassment and handling guidelines</li> <li>• Implementation of measures to strengthen the anonymity of internal whistleblowers</li> </ul>
Emotional labor for customers	<ul style="list-style-type: none"> <li>• Support for legal action to protect customer service staff and preparation of manuals and response manual for malicious customers</li> <li>• Operation of psychological counseling programs and conducting training for recharging</li> </ul>

### Improvement Plan for Human Rights Vulnerabilities

Vulnerable areas	Improvement task and implementation plan	
Non-Discrimination in Employment and Wage Negotiation <b>Maintenance</b>	<b>Developing diversity and anti-discrimination plans</b> <ul style="list-style-type: none"> <li>• Strengthening programs that improve capabilities of female employees</li> <li>• Improving working condition for part-time employees</li> </ul>	<b>Establishment of fairness monitoring system for employment and wage</b> <ul style="list-style-type: none"> <li>• Conducting regular self-evaluation and training for hiring managers on compliance with hiring guidelines</li> <li>• Monitoring and disclosure of wage ratios, parental leave return rates, and post-return retention rates based on potential discriminatory factors</li> </ul>
Grievance Handling Channels and mechanisms <b>Maintenance</b>	<b>Announcement and implementation of grievance handling procedure</b> <ul style="list-style-type: none"> <li>• Enhancing guidance on grievance handling procedures and reporting methods through various communication channels such as the company's intranet</li> <li>• Clear statement on principle of remedial procedures (e.g., justification, accessibility and fairness, continuous monitoring)</li> </ul>	<b>Improvement and advancement of grievance handling procedure</b> <ul style="list-style-type: none"> <li>• Enhancing accessibility of grievance handling channels through regularizing grievances handling tours</li> <li>• Applying guidelines related to the prevention of workplace sexual harassment and bullying to human rights violations by external stakeholders</li> </ul>
Healthy Labor Relations <b>New</b>	<b>Regular communication between labor-management</b> <ul style="list-style-type: none"> <li>• Regular operation of communication channels between labor-management, such as Labor union</li> <li>• Explicit prohibition of disadvantages due to union membership</li> </ul>	<b>Strengthening labor-management cooperation system</b> <ul style="list-style-type: none"> <li>• Review results and application status of employee opinions collected through labor-management communication channels</li> <li>• Expansion of communication programs with management</li> </ul>
Customer Center human rights overall <b>Expansion of Scope</b>	<b>Establishment and guidance of human rights management system</b> <ul style="list-style-type: none"> <li>• Guidance on available grievance handling channels and processes through various communication channels</li> <li>• Establishment of a regular inspection system for human rights violations occurring during the operation of the customer center</li> </ul>	<b>Protection of emotional labor and improvement of working condition</b> <ul style="list-style-type: none"> <li>• Strengthening follow-up protection such as temporary suspension of work in cases of customer's verbal abuse, physical assault, or sexual harassment</li> <li>• Expansion of mental health support program</li> <li>• Improvement of remuneration considering workload and reduction of work burden</li> </ul>

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## Risk Management

### Business Human Rights Risk Management

The BNK Financial Group examines human rights risks that may affect stakeholders in the course of conducting financial business. Following global guidelines that recommend managing potential negative human rights impacts at the product and service level, after deriving an agenda based on major human rights guidelines, we have identified human rights issues that may arise within the financial industry and defined relevant stakeholders. We have reviewed ongoing activities and performance in each management area and plan to continuously manage human rights risks from a business perspective in the future.

Management Area	Stakeholder	Potential Human Rights Issues	Key Activities	2023 Achievement
Overall financial industry	Support for financially vulnerable groups	<ul style="list-style-type: none"> <li>• Low financial literacy among low-income families and financially vulnerable groups</li> <li>• Low financial accessibility for financially vulnerable groups such as the disabled and the elderly, and foreigners</li> </ul>	<ul style="list-style-type: none"> <li>• Financial education for vulnerable groups such as the elderly, the disabled, and young people preparing for independence</li> <li>• (Busan Bank) Introduction of the first senior supporter system in the banking, operate visiting consultation windows</li> <li>• (Kyongnam Bank) Establishing dedicated counters for foreign workers, distributing financial transaction guidebooks for foreigners</li> </ul>	<p><b>Number of participants in financial education for financially vulnerable groups</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) 1,235 Persons</li> <li>• (Kyongnam Bank) 3,332 Persons</li> </ul>
	Protection of financial consumer	<ul style="list-style-type: none"> <li>• Infringement of financial consumer rights</li> <li>• Incomplete sales of financial products</li> <li>• Occurrence of customer complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment of the chief consumer officer (CCO)</li> <li>• Review about the suitability of investment product by the Financial Consumer Protection Department implementation of an internal mystery shopping to prevent incomplete sales</li> <li>• Efforts to prevent recurrence of complaints through system improvement</li> </ul>	<p><b>Performance of improvement measures for protection of financial consumer</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) Out of 99 improvement tasks, 69 completed</li> <li>• (Kyongnam Bank) Out of 43 improvement tasks, 38 completed</li> </ul> <p><b>Number and Completion rate of customer complaints received and processed</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) 935<sup>1)</sup> cases received, 100% processed</li> <li>• (Kyongnam Bank) 611<sup>2)</sup> cases received, 100% processed</li> </ul>
	Enhancement of employees' competence	<ul style="list-style-type: none"> <li>• Incomplete sales and money laundering due to lack of employee capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting essential job training on key product details and the Act on the Protection of Financial Consumers</li> <li>• Establishing a manual for money laundering prevention, conduct related certification education, and introduce a KPI bonus system for certification holders</li> </ul>	<p><b>Consumer protection training performance for employees</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) 2,953 Persons</li> <li>• (Kyongnam Bank) 1,923 Persons</li> </ul>
	Information Security and Personal Information Protection	<ul style="list-style-type: none"> <li>• Information security incidents</li> <li>• Employee and customer personal information leakage</li> <li>• Voice phishing and other financial fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Acquiring and Maintaining domestic and international information security certifications such as ISMS, ISO27001</li> <li>• Operating personal information management system, regular inspection of customer information handling status</li> <li>• Establishing integrated control system for voice phishing prevention, implement of preventive education</li> </ul>	<p><b>Number of customer personal information leakage incidents</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) 0 cases</li> <li>• (Kyongnam Bank) 0 cases</li> </ul> <p><b>Number and amount of voice phishing prevention</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) 308 cases, 8.642 billion KRW</li> <li>• (Kyongnam Bank) 93 cases, 1.485 billion KRW</li> </ul>
Financial products and services	Customer, local community	<ul style="list-style-type: none"> <li>• Risks and environmental/social damages from investments that do not consider ESG factors</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing best practices for managing environmental and social risks</li> <li>• Establishing a classification system for green finance products and performance management based on this system</li> </ul>	<p><b>Green investment performance</b></p> <ul style="list-style-type: none"> <li>• (Busan Bank) SOC 37.3 billion KRW, PI 112.8 billion KRW</li> <li>• (Kyongnam Bank) SOC 16 billion KRW, PI 112.2 billion KRW</li> </ul>

1) Number of cases received by the Financial Supervisory Service: 502 cases, number of cases received by Busan Bank: 433 cases

2) Number of cases received by the Financial Supervisory Service: 134 cases, number of cases received by Kyongnam Bank: 477 cases

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## Risk Management

### Human Rights Grievance Handling

The BNK Financial Group operates continuous grievance handling channels to receive reports of potential human rights abuse and unethical behavior arising from corporate activities. Stakeholders can report violations of human rights management policy and human rights abuses through various channels such as interview, call, and email, etc. According to the whistleblower program operations guideline, we guarantee identity protection and anonymity of the reporter, and prohibit retaliation that results in harm due to reporting. Through timely addressing grievances and handling, we aim to prevent the spread of human rights violations and identify and improve any issues within the current human rights management system.

### Operation of Grievance Handling Channel

Subsidiary	Details
BNK Financial Group	<ul style="list-style-type: none"> <li>• Operating group reporting channels such as 'BNK Helpline' for all employees</li> <li>- Ensuring access through various channels such as apps and QR codes</li> <li>- Handling grievances by the holding company's business support department and each subsidiary's HR department</li> </ul>
Busan Bank	<ul style="list-style-type: none"> <li>• Operating the mobile channel BNK Busan Bank Dudeurim' to handle employee greivances without any time or spatial constraints.</li> <li>• Operating reporting channels such as HR department and labor union</li> <li>- Notification of confidentiality in accordance with the guidelines for prevention and handling of workplace harassment, and ensuring anonymity of the whistleblower after the completion of the investigation</li> <li>- The head of HR department immediately notifies the results to the concerned parties</li> </ul>
Kyongnam Bank	<ul style="list-style-type: none"> <li>• Operating reporting channels such as HR System (ONE-HR) and labor union (via webmail, phone, etc.)</li> <li>• Listening to the voices on the ground through business branch visits</li> </ul>
BNK Capital	<ul style="list-style-type: none"> <li>• Operating grievance handling channels and 'Red Whistle' within the HR system</li> <li>• Establishing a reporting system based on guidelines for the prevention and response to workplace harassment, and ensuring that employees are aware of the reporting procedures by posting them regularly</li> </ul>
BNK Securities	<ul style="list-style-type: none"> <li>• Appointment of a dedicated personnel for grievance handling</li> <li>- One person from the HR department and one labor representative from the labor-management meetings</li> </ul>

### Grievance Handling Process



### Status of Grievance Reported and Ations Taken in 2023

- Number of reported cases
- Number of handled cases



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## Metrics and Targets

### Mid- to Long-term Human Rights and Diversity Targets

The BNK Financial Group has established a mid- to long-term human rights management roadmap to gradually expand the scope of management and enhance human rights management across the group-wide. Additionally, we have set human rights and diversity targets and continuously monitor the annual implementation status through the ESG Committee.

### Human Rights Management Roadmap



### Human Rights Metrics and Targets

Metrics	Classification	2023 Achievement	2024 Goals	2025 Goals
<b>Human rights</b>				
Scope for human rights impact assessment	Group	5 Companies	75 Companies	105 Companies
Rate of employee grievance	Busan Bank	81.7%	75.0%	90.0%
	Kyongnam Bank	55.7%	60.0%	65.0%

### Diversity Metrics and Targets

Metrics	Classification	2023 Achievement	2025 Goals	2027 Goals
<b>Human rights</b>				
Proportion of new hires from social minority group <sup>1)</sup>	Busan Bank	4.5%	7.5%	10.0%
	Kyongnam Bank	4.5%	5.0%	5.0%
Proportion of female leadership <sup>2)</sup>	Busan Bank	10.8%	16.0%	20.0%
	Kyongnam Bank	10.6%	15.0%	20.0%
Proportion women in key positions <sup>3)</sup>	Kyongnam Bank	17.9%	26.0%	30.0%
	Busan Bank	18.0%	26.0%	30.0%

1) The disabled, war veterans, foreigners, beneficiaries of national basic livelihood, etc.  
 2) Female managers above branch manager level  
 3) Female managers and bankers in charge of credit and foreign exchange

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Geochang Udu Mountain Suspension Bridge Scenery

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Touch Our Planet

# Green Finance (ENVIRONMENTAL)

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# Green Financial Products

## Governance

### Green Finance Operating System

The role of 'Green finance' is becoming increasingly important to secure the necessary funds for companies to develop eco-friendly technologies or transition to low-carbon sectors as part of the transition to a carbon-neutral society. The BNK Financial Group is committed to fulfilling its environmental and social responsibilities through finance by focusing on eco-friendly elements in funding and financial investments, and by expanding the development of products and services that consider environmental impacts. To this end, the BNK Financial Group has established the 'Regional Mutual ESG Promotion Committee', a consultative body centered on subsidiary's CEO, in the first half of 2024 to build a group-wide ESG financial product selection and management system. Going forward, the 'Regional Mutual ESG Promotion Committee' plans to establish strategies and detailed principles for practicing sustainable finance, including green finance. Our financial subsidiaries will classify existing financial products as green financial products according to the newly established green financial product classification system and will continuously strive to develop and provide new products based on this system to contribute to the promotion of low-carbon transition in domestic industries.



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# Green Financial Products

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### Green Loan Products

#### Loan Support for Green Companies

The BNK Financial Group offers various financial preferential benefits to green companies that practice energy efficiency, environmental pollution reduction, and the expansion of renewable energy. Busan Bank and Kyongnam Bank offer preferential interest rates of up to 0.5% to companies that meet ESG evaluation criteria or have received an eco-friendly company certification. In 2023, Busan Bank supported loans for green company through 9 products, and Kyongnam Bank through 8 products.

The BNK Financial Group actively supports loans to businesses in need of green investment funds. Busan Bank and Kyongnam Bank provide funds for policy such as 'Practical Energy Use Funds', 'Natural Gas Production Facility Installation Fund', and 'Fund to Foster the Recycling Industry' to enhance energy efficiency and promote resource circulation. BNK Capital promotes strategic partnerships with renewable energy companies, and supports asset fluidization of construction and power generation funds in renewable energy-related industries such as solar power plants and ESS. In 2023, a total of 171 projects, including solar power plants and LED lighting installation projects, was supported with 23.2 billion KRW.

#### | Sales of Major Green Loan

(Unit: 100 million KRW)

Category	Project name	Overview	Balance
<b>BNK</b> Busan Bank	ESG outstanding company loan	Providing Credit products for preferential support for companies that actively respond in the ESG field, a core element of sustainable management. In the environmental sector, providing preferential support for rating of BBB or above from the Korea Environmental Industry & Technology Institute's Environmental Management Performance Evaluation(enVinance)	385
	Green bus purchase loan	Providing preferential loan limits and interest rates for bus companies intending to purchase green bus (CNG, electric bus, etc.)	25
<b>BNK</b> Kyongnam Bank	E-Green Loan	Providing preferential loan limits and interest rates for green-certified companies, Korea Energy Agency certified companies, and ISO14000 series certified companies among companies belong to green industries such as renewable energy, green mobility.	130

#### Providing Financial Products Related to Green Vehicles

BNK Capital offers a loan limit that is 20% higher than the existing auto loan limit when clients apply for an auto loan using green vehicles as collateral. In 2023, BNK Capital has purchased and supplied 2,946 green vehicles(179 billion KRW), an increase of 306 vehicles compared to 2022, and handled a total of 1,186 cases(83.2 billion KRW) of auto finance for green vehicles. Additionally, BNK Capital is reviewing the development of financial support products related to EV batteries and charging facilities, striving to expand financial support measures for eco-friendly social infrastructure.



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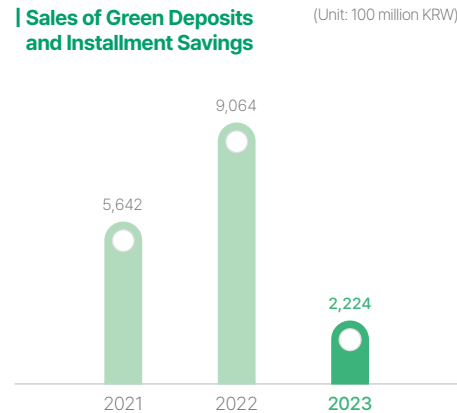
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# Green Financial Products

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### Green Deposit Products

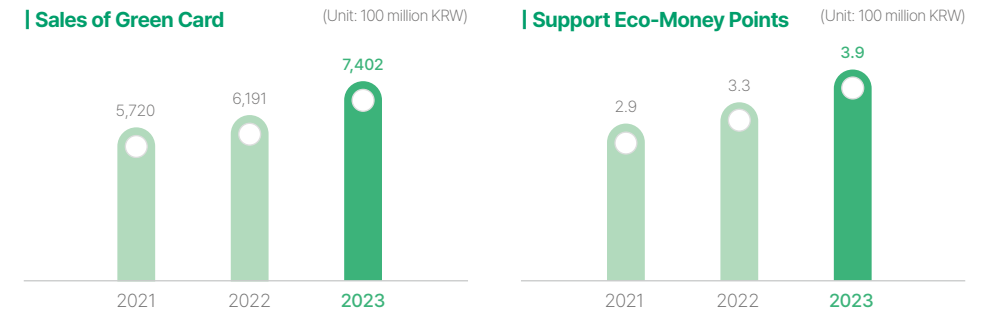
The BNK Financial Group contributes to the transition to an eco-friendly society through the sales of green deposits and installment savings for customers. Busan Bank, through the low-carbon deposit/installment savings s launched in 2021, has participated in the government-implemented 'Eco-mileage(carbon points) System' and offered preferential interest rates to customers who practice carbon reduction in the everyday life, such as using public transportation. In 2023, Busan Bank donated approximately 100 million KRW from the return on sales to environmental improvement projects. Kyongnam Bank plans to add eco-friendly preferential interest rates conditions to the existing 'BNK Withus Free Savings' product in the second half of 2024.



### Green Card Products

#### Green Card

Busan Bank and Kyongnam Bank sell the 'Green Card,' which allows customers to accumulate Eco-Money points based on their reduction in the amount of electricity, water, and city gas. Customers can accumulate Eco-Money points as a certain percentage of the price when purchasing eco-friendly products with the 'Green Card'. The Eco-Money points accumulated on the card can be used in various ways, including cash conversion, public transport payment, and eco-friendly donations. In 2023, Busan Bank and Kyongnam Bank have conducted a promotion that provides a 50% billing discount when customer charges a hydrogen vehicle using a green card. This way, it encourages customers to voluntarily lead a green consumption lifestyle.



#### Green Material Card

The BNK Financial Group contributes to the realization of a circular economy by issuing cards made from green materials certified from the Korea Environmental Industry & Technology Institute. We are adopting green materials such as Recycling-PVC from domestic plastic waste, and a PVC-free synthetic resin that reduces environmental pollution throughout the entire process of production, consumption, and disposal of products into our card plates. In November 2023, Kyongnam Bank has launched the 'Anywhere Green Card' made from recycled plastic materials. Throughout 2023, Busan Bank has issued a total of 249,214 green material cards, including DingDing credit card, DongbaekJeon prepaid card(two types), Today's e-card(two types), and green card, resulting in the recycling of approximately 1.3 tons of plastic wastes.



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# Green Financial Products

## Strategy and Activities



### Expansion of Eco-friendly Investments

#### Green PI and SOC Investments

The BNK Financial Group is continuously expanding its green project financing(PF) to enhance financial support needed for the growth of green industries and the establishment of green infrastructure. The BNK Financial Group categorizes green PF based on the newly established classification system for Green Finance Products, and specifically manages PF performance by differentiating between principal investment(PI) in the form of indirect investments, and investments in social overhead capital(SOC) to stimulate the establishment of green infrastructure. In 2023, a total of 313.3 billion KRW was invested in green Pland SOC.

#### | Sales of Green SOC Investments

(Unit: 100 million KRW)

	Project name	Project details	Investment
	CGN DAESAN POWER Biomass Power Generation Project	The total loan is 266 billion KRW, with participating a senior loan of 28 billion KRW for the project that constructs a 109MW biomass power plant within the Dasan petrochemical complex in Seosan, Chungnam.	233
	Ulsan resource recovery facility project	Project involves the expansion of a new landfill and the extension of an incineration plant in Seongam-dong, Nam-gu, Ulsan. The project operator will transfer ownership to the main authority after construction and receive the right to manage and operate the facilities, recovering the investment costs over 15 years through operation.	4
	Mokpo sewer pipeline maintenance BTL private investment project	Project involves the construction of sewer pipeline facilities in Mokpo city by Pureun Mokpo Environment Co., Ltd., which has been designated as the project operator by the competent authority, Mokpo City. After construction, the facilities will be donated to the competent authority, and the project operator will be granted the right to manage and operate the facilities, receiving the principal and interest of the investment in the form of facility lease fees through a BTL project.	45
	Yeongdeok sewerage BTL project	Project is a BTL project where Yeongdeok Enviro Co., Ltd., designated as the project operator by the main authority Yeongdeok, constructs the Yeongdeok sewerage facilities, donates them to the main authority, and then receives the right to manage and operate the facilities, receiving the principal and interest on the investment in the form of facility rental fees.	21
	Gyeongju Sewerage BTL Project	Project is a BTL project where Gyeongju SMC Co., Ltd., designated as the project operator by the main authority Gyeongju, constructs the Gyeongju sewerage facilities, donates them to the main authority, and then receives the right to manage and operate the facilities, receiving the principal and interest on the investment in the form of facility rental fees.	70
	Taebaek Biomass Power Generation Project	Project is a renewable energy project that involves the construction and operation of a 3MW-scale biomass power plant in Cheoram-dong, Taebaek City, Gangwon.	158
	Ulsan resource recovery facility project	Project involves the expansion of a new landfill and the extension of an incineration plant in Seongam-dong, Nam-gu, Ulsan. The project operator will transfer ownership to the main authority after construction and receive the right to manage and operate the facilities, recovering the investment costs over 15 years through operation.	2

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# Green Financial Products

## Strategy and Activities

### Expansion of Eco-friendly Investments

#### Eco-friendly PI Investment Performance

(Unit: 100 million KRW)

	Project Name	Investment Amount
<b>BNK</b> Busan Bank	Korean Peninsula BTL Private Asset Fund	402
	Korea BTL No.1 Investment Company	369
	Others	358
<b>BNK</b> Kyongnam Bank	Kyobo AXA Clean Energy Center Specialized Private Asset Investment Trust No.1	114
	Multi-Asset Hydrogen Infrastructure General Private Investment Trust No.1	284
	Others	724
<b>BNK</b> Capital	NP Growth No.6 Private Equity Partnership	21
	Daishin PS Mobility Private Equity Partnership	19
	Genesis Environmental Energy Company No. 6	18
	Others	256
<b>BNK</b> Securities	BNK-Cape ESG Renewable Energy New Technology Association No. 1	52
	BNK-K&Marine New Industry Investment Association No. 1, No. 2	136
<b>BNK</b> Venture Capital	BNK Fine Dust Solution Investment Association	25
	Smart BNK New Deal Fund	57
	Others	21

### Sales of Eco-friendly Funds

The BNK Financial Group classifies and manages eco-friendly fund products among the fund products sold based on the eco-friendly financial product classification system. In 2023, Busan Bank sold 7 eco-friendly fund products, Kyongnam Bank sold 7 eco-friendly fund products, and BNK Securities sold 1 eco-friendly fund product.

#### Eco-friendly Fund Sales Performance

(Unit: million KRW)

Fund Name	Busan Bank	Kyongnam Bank	BNK Securities
KB Global Hydrogen Economy Securities Investment Trust (Stocks)	31	32	-
Mirae Asset Green New Deal Index Securities Investment Trust (Stocks)	2,212	-	-
Mirae Asset Clean Tech Securities Investment Trust (Stocks)	224	3,196	-
Samsung Global Water Securities Investment Trust No. 1 (Stocks)	35	-	-
Samsung Global Clean Energy Securities Investment Trust No. 1 [Stocks - Indirect]	37	104	-
Korea Investment Global EVs & Battery Securities Investment Trust (Stocks)	1,025	940	-
KB Korea New Wave Securities Investment Trust (Stocks)	381	1,259	-
DB Global Next Generation Mobility Securities Investment Trust (H) (Stocks)	-	391	-
Kiwoom Next Generation Mobility Securities Investment Trust No. 1 (Stocks)	-	9,697	-
Hangang Solar Power Generation Private Special Asset No. 10 (SOC)	-	-	47,203

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# Green Financial Products

## Metrics and Targets

### Eco-friendly Financial Product Management Metrics and Targets



The BNK Financial Group is expanding green finance products to support the transition of domestic companies to a low-carbon economy and the growth of eco-friendly industries. For the products currently being handled, ESG elements are reviewed, and if such elements are identified, they are classified and managed as green finance products. Additionally, the BNK Financial Group plans to establish targets for green finance products and actively expand green assets by 2030. To achieve this, performance management against targets will be continuously carried out, and the activities to expand green finance products will be quantitatively managed. As of the end of December 2023, the amount of financial support classified as green loans was 370.9 billion KRW, and the balance of green deposits is 222.4 billion KRW. Furthermore, the balance of green investments is 338.9 billion KRW, and the sales amount of green funds is 66.7 billion KRW, with the green card usage amounting to 974.3 billion KRW based on usage amount. (Please refer to the appendix for the amounts by each product.)



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# Advanced Environmental Management

## Governance

### Environmental Management Operating System

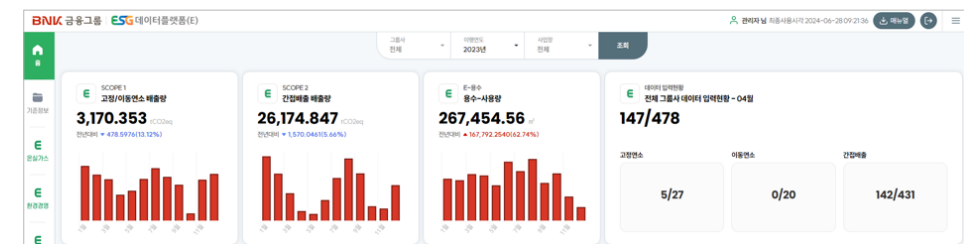
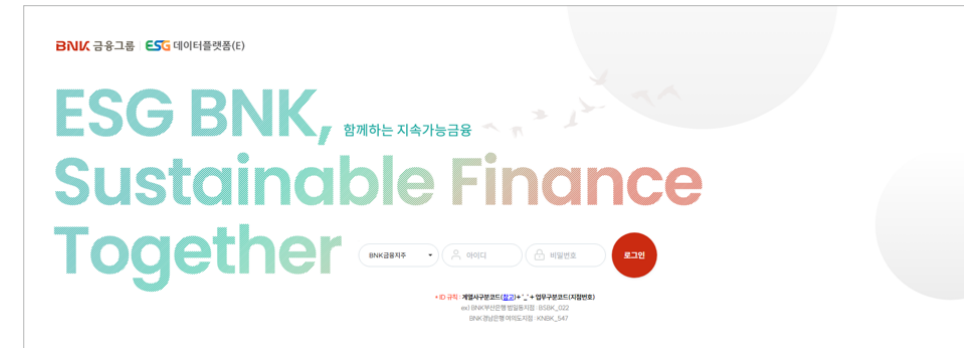
The BNK Financial Group is continuously enhancing its related organizations and systems to implement its green business management strategy. To ensure that environmental management and climate-related issues are discussed at the Board of Directors(BoD) level, the ESG Committee within the BoD is operational. The ESG Committee reports on the group's ESG strategy and policy establishment, including climate change response and environmental management initiatives. In 2023, the Environmental Management ESG Action Plan included in the ESG strategy tasks was compiled and reported by the BNK Financial Group and its subsidiaries. In April 2024, the newly established Mid- to Long-Term ESG Strategy's direction, one of which is 'Green Finance(Touch Our Planet, Realizing Green Finance to Protect the Environment),' was resolved and reported, including strategic tasks such as achieving carbon neutrality goals, establishing a management system for green financial products, advancing environmental management, and participating in global environmental initiatives.

Additionally, in 2024, the 'Regional Mutual ESG Promotion Committee', composed of the CEOs of the BNK Financial Group and its subsidiaries, plans to not only review the regional coexistence development policies and ESG business management status of the BNK Financial Group and its subsidiaries but also perform roles for the effective operation of the group's environmental management system. The ESG Strategy Team of the BNK Financial Group, as a dedicated organization promoting the group's environmental management, compiles the environmental management implementation status from all subsidiaries and reports it to the regularly held ESG Committee. Furthermore, the ESG departments of each subsidiary support poorly performing offices in smoothly performing eco-friendly related tasks in connection with the group's eco-friendly business management plans and promotion directions.

### Environmental Management Promotion Organization

Level	Organization Name
Board of Directors(BoD)	ESG Committee
CEO Council	Regional Mutual ESG Promotion Committee
General Department	BNK Financial Group's ESG Strategy Team
Practitioner Committee	ESG Practitioner Committee

The BNK Financial Group opened the 'ESG Data Platform' in 2023 to systematically manage the environmental management outcomes of its subsidiaries. The environmental management data of all subsidiaries is being managed comprehensively through the system. In 2024, the system is scheduled to be upgraded by connecting the internal systems of the subsidiaries with the 'ESG Data Platform'. This is expected to prevent human errors that may occur when managing environmental management-related data and to collect data more swiftly.



ESG Data Platform

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# Advanced Environmental Management

## Strategy and Activities

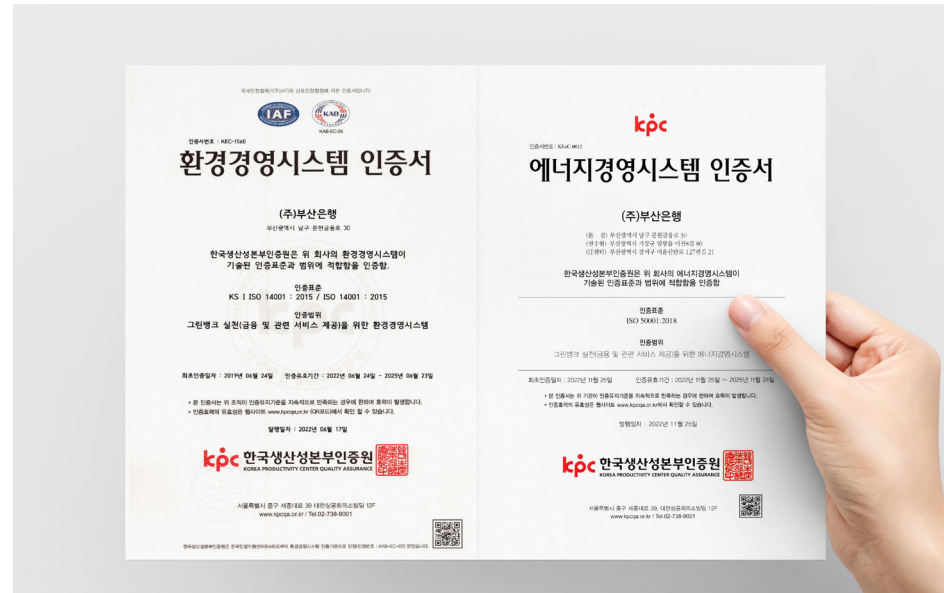
### Environmental Management Policy

The BNK Financial Group revised the 'BNK Financial Group Environmental Management Policy' in 2024 to strengthen the environmental management system of the entire subsidiaries. The BNK Financial Group plans to continuously reflect internal and external environmental issues to minimize the negative impact and maximize the positive impact on the environment through timely Environmental Management policy.

[BNK Financial Group's Environmental Management Policy Link](#)

### Environmental Management Certification

The BNK Financial Group's entire subsidiaries are actively promoting environmental management, and annually renew and acquire new International Standards certifications. Busan Bank obtained ISO14001(Environment Management System) certification in 2019 and ISO50001(Energy Management System) certification in 2022, renewing these certifications annually through follow-up management audits.



ISO14001 Certification ISO50001 Certification

### Conducting Environmental Education

The BNK Financial Group conducts annual environmental education for employees to enhance their awareness of environmental and ESG management. The BNK Financial Group's Talent Development Institute provides education on environmental issues and environmental management to group employees.

#### Environmental Management Promotion Organization

Online Platform	Target	Lecture Content	Number of Participants
KBI-Tube	Employees of Busan Bank and Kyongnam Bank	Thematic Environmental Education - Sector-specific KCGS ESG Evaluation(Environmental Evaluation), ESG Finance Implementation Methodology, Financial Risk Response in the Era of Climate Crisis, Green Finance(Overseas National Policy and Private Banks), Black & Green Swan and Climate Crisis Background, etc.	306 Persons

#### Environmental Management Promotion Organization

Category	Target	Lecture Content	Number of Participants
Internal Education	New Employee Training and ESG-Related Department Staff	ESG with a Story	110 Persons
	ESG-Related Department Managers(General Affairs Department, etc.)	ESG Data Platform(E)	45 Persons
	Busan/Kyongnam Bank Credit Officers	K-Taxonomy Education	20 Persons
External Education	Dong-A University, Department of Business Management, 4th Year	ESG with a Story ('23.12.11)	30 Persons
	(Association) Women's Startup Forum	ESG with a Story ('24.2.26)	20 Persons
	Kyungsu University Students and Graduates	ESG with a Story ('24.3.29)	30 Persons

#### Environmental Management Promotion Organization

Date	Target	Certification Name	Number of Persons
2023.8.24	ESG Strategy Team	Certification of FKI ESG Specialist	2 Persons

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### Energy Saving Efforts

#### Introduction of Low-Emission and Zero-Emission Business Vehicles




The BNK Financial Group is working to reduce greenhouse gases generated from business vehicles. Busan Bank adopted 103 low-emission and zero-emission vehicles for work in 2023, and as of the end of 2023, the Bank maintains an adoption rate of approximately 68% with 226 out of the total 330 business vehicles being low-emission vehicles. Additionally, the bank has further established electric vehicle charging infrastructure at the Mium IT Center, which includes one fast charger and seven slow chargers.

Kyongnam Bank has participated in K-EV100(Korean pollution-free vehicle conversion 100) in 2021, and is aiming to convert all its owned and leased vehicles to pollution-free vehicles by 2030. In 2023, the bank achieved a conversion rate of 120% of its target, with 2 vehicles being converted to zero-emission vehicles.

BNK Capital is also participated in the K-EV100. As of 2023, it added 459 zero-emission vehicles out of the planned increase of 500 vehicles, achieving a conversion rate of 91.8% of the target. BNK Capital plans to add 5,377 vehicles annually by 2030.

BNK Savings Bank plans to convert 11 existing business vehicles to low-emission vehicles by the first half of 2024, and BNK Venture Capital has converted 5 out of 6 business vehicles to low-emission vehicles. BNK System has 7 eco-friendly vehicles out of a total of 12, making the proportion of eco-friendly vehicles 58.3% of the total fleet.

#### | Major Subsidiary K-EV100 Roadmap

			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Pollution-free Vehicles Purchase-Lease</b>  	Kyongnam Bank											
	Plan	Number of Pollution-free Vehicles	-	5	5	25	50	55	120	140	175	200
		Number of Internal Combustion Engine Vehicles	211	206	205	185	160	165	90	65	30	-
	Achievement	Number of Pollution-free Vehicles	-	4	6	-	-	-	-	-	-	-
		Number of Internal Combustion Engine Vehicles	-	207	205	-	-	-	-	-	-	-
	BNK Capital											
Plan	Number of Pollution-free Vehicles	-	1,230	1,730	1,780	11,780	16,880	22,080	27,380	32,680	37,871	
	Number of Internal Combustion Engine Vehicles	-	37,871	37,371	37,321	27,321	22,221	17,021	11,721	6,421	-	
Achievement	Number of Pollution-free Vehicles	-	-	2,690	-	-	-	-	-	-	-	
	Number of Internal Combustion Engine Vehicles	-	-	34,951	-	-	-	-	-	-	-	
<b>Charging infrastructure construction</b> 	Kyongnam Bank											
	Plan	Fast Charger	-	-	-	-	1	-	-	1	-	1
		Slow Charger	-	2	3	2	8	2	2	6	5	-
	Achievement	Fast Charger	-	-	-	-	-	-	-	-	-	-
Slow Charger		-	8	-	-	-	-	-	-	-	-	

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### 'GoGreen Plus' Membership

Busan Bank has joined the 'GoGreen Plus' service, becoming the first domestic bank to use Sustainable Aviation Fuel(SAF) by March 2024, to reduce carbon emissions generated during the delivery process. 'GoGreen Plus' is a service launched by international express company DHL for its clients to expand the use of sustainable aviation fuel. Sustainable aviation fuel, made from waste, residues, and by-products, can reduce greenhouse gas emissions by up to 80% over its lifecycle compared to conventional jet fuel. Accordingly, Busan Bank plans to reduce greenhouse gas emissions indirectly generated during logistics and distribution processes.

### Operation of Green Buildings

The BNK Financial Group is striving to reduce energy consumption and carbon emissions by introducing various eco-friendly facilities and adopting eco-friendly building materials.

Subsidiary	2023 Achievement
Mieum IT Center	<ul style="list-style-type: none"> <li>• Use of renewable energy such as LED lighting, geothermal heat pumps, and fuel cells</li> <li>• Selection and installation of inverter equipment, hybrid lighting, and high-efficiency energy equipment(actual power consumption reduction effect)</li> <li>• Production of 135,559 kWh in 2023 through solar power generation facilities(1% of the IT center's power consumption), reducing energy usage</li> </ul>
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Installation of solar power generation facilities at a total of 9 locations</li> <li>• Replacement of all lighting at the headquarters with LED lighting (annual energy savings of 102,960 kWh).</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• Use of eco-friendly materials and high-efficiency equipment in branch facilities</li> <li>• Construction: Use of certified eco-friendly building materials(ceiling materials, finishing materials, etc.)</li> <li>• Equipment and Electricity: Use of high-efficiency equipment and eco-friendly materials (air conditioning and heating systems, ventilation equipment, LED fixtures, etc.)</li> </ul>



BNK Financial Group Mieum IT Center

### Employee Participation in Environmental Management Campaigns

The BNK Financial Group has launched various Environmental Management campaigns in 2023, striving to ensure that employees can resonate with ESG management through their ESG practice activities.

Subsidiary	2023 Achievement
<b>BNK</b> Financial Group	<ul style="list-style-type: none"> <li>• Implementation of ESG Practice Day campaign (Munhyeon-dong headquarters)</li> <li>• Zero Disposable Items Day (the first Friday of every month)</li> <li>• Zero Food Waste Day (the third Friday of every month)</li> </ul>
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Conducting energy and resource-saving campaigns across all departments and branches</li> <li>• Nighttime lights-off for branch signs and headquarters building, and promotion of public transportation usage campaign (August 2023)</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• BNK Earth Hour Campaign</li> <li>• Together Green Training Center, We go Paperless</li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>• Zero Disposable Items Day (use of tumblers and mugs), Zero Food Waste Day (the third Friday of every month)</li> <li>• Energy saving (turning off power outlets when leaving work, and using stairs)</li> </ul>
<b>BNK</b> Securities	<ul style="list-style-type: none"> <li>• Encouragement of personal tumbler use among employees, and discouragement of paper cup use</li> <li>• Implementation of a rainwater removal equipment installation project at branches</li> <li>• Promotion of energy-saving campaign(prioritizing the use of recycled and eco-friendly products, encouraging the use of stairs for floors 3 and below, maintaining indoor temperature at 26°C, turning off unused electrical appliances)</li> </ul>
<b>BNK</b> Venture Capital	<ul style="list-style-type: none"> <li>• Discouragement of paper cup use and encouragement of tumbler use among internal employees</li> <li>• Reduction of plastic PET beverage consumption</li> </ul>
<b>BNK</b> System	<ul style="list-style-type: none"> <li>• Practicing resource circulation and everyday carbon neutrality through the 'Anabada (resource circulation) campaign'.</li> </ul>



ESG Practice Day Campaign

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### Enhance the Value of Resource Use

#### Resource circulation policy

The BNK Financial Group is establishing a system for the purchase and use of eco-friendly products and proper disposal as part of its Environmental Management. Based on the 'BNK Financial Group Resource Circulation Policy' established in 2024, we plan to carry out systematic resource circulation activities.

[BNK Financial Group Resource Circulation Policy Link](#)

#### Resource Circulation Reduction Activities

The BNK Financial Group's subsidiaries are conducting various activities to reduce resource consumption and contribute to the spread of a resource circulation culture.

Subsidiary	2023 Achievement
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Displaying the ["Save Trees! Save the Earth!"] advertisement on tablets at counters (August 2023)</li> <li>• Implementation of electronic documents for transaction slips on writing desks (September 2023)</li> <li>• [Re:Plastic] Campaign (Upcycled 2.5 million disposable cups in 2023 and donated them to child centers)</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• Introduction and installation of digital signage at branches (September to December 2023)</li> <li>• Posting of electronic image posters to reduce paper use and beautify branches</li> <li>• Expansion of electronic documents for office tasks</li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>• Discouragement of printing meeting materials and conducting meetings using tablets</li> <li>• Implementation of mobile agreements</li> <li>• Introduction of electronic signatures and electronic approval systems for internal documents</li> </ul>
<b>BNK</b> Securities	<ul style="list-style-type: none"> <li>• Introduction of door-to-door sales(promoting paperless sales activities)</li> </ul>
<b>BNK</b> Credit Information	<ul style="list-style-type: none"> <li>• Minimization of office paper consumption through the digitalization of internal documents and introduction of electronic approvals</li> </ul>

### Establish a System to Strengthen Biodiversity Conservation

The BNK Financial Group is establishing a group-wide framework to enhance awareness of nature conservation and biodiversity preservation. In the first half of 2024, we established the 'BNK Financial Group Biodiversity Policy.' Additionally, we are considering joining biodiversity-related initiatives and are planning to develop risk management systems and response measures, with each subsidiary setting directions for biodiversity conservation activities. [BNK Financial Group Biodiversity Policy Link](#)

The BNK Financial Group is actively participating in feasible biodiversity conservation activities, including local environmental cleanup activities. In April 2024, at the second BNK Social Contribution Day event, approximately 1,400 employees from our offices in Busan, Changwon, Ulsan, and Seoul participated in local environmental cleanup and ecosystem conservation activities. Specifically, around 700 BNK Financial Group's employees removed invasive plant species such as Canadian goldenrod and Japanese hop from a 3,045m<sup>2</sup> area that threatened the Nakdonggang ecosystem and planted 27,500 native plants of seven species, including Aster koraiensis and Aster yomena, in the ecological park.

Busan Bank has partnered with the Nakdonggang Management Headquarters to eradicate invasive species disrupting the ecosystem. The Bank plans to continuously identify and implement projects for the removal of invasive plant species and the planting of native species within the Nakdonggang basin to promote biodiversity conservation.



BNK Environmental Cleanup Campaign

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## Strategy and Activities

### Major Achievements of 'BNK Social Contribution Day' in April 2024

Category	Major Achievements
Ecosystem Conservation Activities	<ul style="list-style-type: none"> <li>Removal of invasive plants and planting of native species at Daejeo, Samnak, and Eulsukdo Ecological Parks</li> <li>Invasive plants: Canadian goldenrod, Japanese hop</li> <li>Native species: Planting 27,500 plants, including 13,650 asters, 500 hostas, and 5,000 blackberry lilies.</li> </ul>
Environmental Cleanup Activities	<ul style="list-style-type: none"> <li>Environmental cleanup of Sanho cheon in Changwon, Kyongnam(creating a loess path, flower beds, throwing EM mud balls, stream purification, etc.)</li> <li>Environmental cleanup at Hangang Park in Seoul and Jalgwae Stream in Ulsan</li> </ul>



BNK Ecosystem Conservation Activities

## Metrics and Targets

### Environmental Management Metrics



In 2023, the BNK Financial Group established an 'ESG Data Platform' to create a practical operational system and integrated process for managing environmental management data. In 2024, We plan to advance this by connecting each subsidiary's internal systems with the ESG Data Platform to manage ESG data more efficiently. Additionally, we aim to enhance our environmental magement by establishing an operational system for activities that strengthen resource circulation and biodiversity conservation.

### Environmental Management Targets

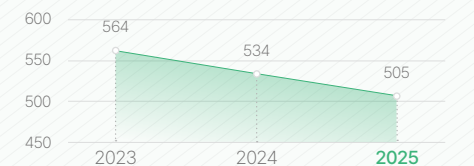
The BNK Financial Group has established energy consumption targets for its entire subsidiaries from 2023 to 2025 to enhance Environmental Management. The majority of the BNK Financial Group's energy consumption comes from electricity usage. The BNK Financial Group minimizes energy consumption by setting and managing electricity usage targets and performance for each subsidiary.

Unit: TJ

Year	Target	Performance	Achievement Rate
2023	564	547	103%

### BNK Financial Group's Energy Usage Target

(Unit: TJ)



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Touch Our Communities

# Co-prosperity Finance (SOCIAL)

## Expanding Co-prosperity Finance with the Local Community

Establishing ESG Ecosystem in Southeastern Regions	68	Protection of Financial Consumer Rights	78	Creation of Social Value in the Local Community	89
Inclusive Financial Products	71	Digital Finance	84	Contribution to Local Community	96



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# Establishing ESG Ecosystem in Southeastern Regions

## Governance

### Establishment of the Future Innovation Department and Regional Specialized Business Team

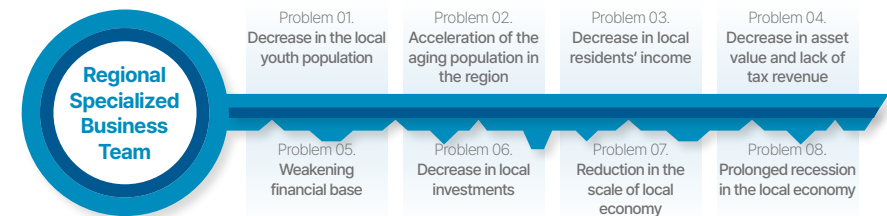
The BNK Financial Group has established the Future Innovation Department in 2024 to create new business models. The main tasks and roles of this department are divided into 'External Innovation' for changing the group portfolio, 'Internal Innovation' for enhancing the group operation system through efficient organizational management, and 'Subsidiary Innovation' aimed at improving the competitiveness of subsidiaries. Additionally, the BNK Financial Group has established the Regional Specialized Business Team under the Future Innovation Department to proactively address social issues faced by the Southeastern regions. The Regional Specialized Business Team, under the premise of "No BNK without the Region," plans to discover business models that secure future customers, generate profits, and fulfill regional coexistence, and to promote projects that create a business ecosystem that aligns with regional characteristics and sentiments.

#### | Future Innovation Department Key Tasks and Roles



In 2024, the Regional Specialized Business Team aims to establish and promote a group-wide direction and implementation system for regional specialized projects to ensure a smooth business foundation. The direction of regional specialized projects is divided into four areas, and the projects of each area are prioritized and sequentially carried out in collaboration with partners (local community, public institutions). Among these, for SMEs and medium-sized businesses in the Busan-Ulsan-Kyongnam (BUK) region that have high growth potential but require structural improvement, the BNK Group and KAMCO, the policy finance institution, are proactively developing support measures and dedicated support programs. The BNK Financial Group aims to contribute to the enhancement of the competitiveness of companies in the BUK region and the revitalization of the local economy, thereby fostering the Southeastern regions' industries.

#### | Role of the Regional Specialized Business Team



#### | Areas of Business Promotion by the Regional Specialized Business Team

Area	Business Description
Regional Development Projects	Promoting projects that can pursue mutual benefits for the BNK Financial Group and the local economy
Regional Specialized Industries	Promoting projects to revitalize industries in the Southeastern regions
External Cooperation	Promoting cooperation projects based on networks with regional governments and public institutions for regional coexistence and the realization of regional policies
Regional Citizens' Lives	Discovering and promoting win-win business models that provide convenient and prosperous finance to local citizens



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# Establishing ESG Ecosystem in Southeastern Regions

## Strategy and Activities

### Discovering and Supporting Local Venture and Startup Companies

The BNK Financial Group is promoting the revitalization of the local economy by discovering and supporting startup companies. To integrate the scattered startup support programs across its subsidiaries, the BNK Financial Group established 'Storage B' in 2023. Through this program, the group plans to streamline the processes of discovering, nurturing, collaborating with, and scaling up Fintech and startup companies, ensuring swift support and collaboration with promising enterprises.

Meanwhile, the BNK Financial Group has been actively supporting startups even before the establishment of 'Storage B,' and in 2023, both Banks and BNK Venture Capital promoted support projects for local startups.

Category	Business Description
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Operation of the 'Sum Incubator' program                             <ul style="list-style-type: none"> <li>- Providing step-by-step financial and non-financial services from startup to growth</li> <li>- Investment linkage, mentoring, and office space support for 103 companies (selected from 2019 to 2023)</li> <li>- Support through a dedicated startup branch(Bujeon-dong Finance Center) including financial consulting and business management consulting</li> </ul> </li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• The Connecting with US event Held(December 2023)                             <ul style="list-style-type: none"> <li>- Conducting IR(company presentation) and networking with AC(startup coaching companies) and venture capital firms for promising startups in the region</li> </ul> </li> <li>• Plan to recruit 10 startup companies in the first half of 2024                             <ul style="list-style-type: none"> <li>- Providing mentoring support through company diagnosis and analysis, offering special lectures in areas of interest, holding monthly IR demo days, and organizing the Connecting with US event</li> </ul> </li> </ul>



Busan Bank Sum Incubator 2023 Demo Day

### Storage B

#### BNK Fintech Universe 'Storage B'

'Storage B' is the name of the BNK Financial Group's fintech universe, combining 'Storage,' which signifies a repository for the dreams of fintech and startups, with BNK's 'B.' It is divided into three stages—Dream, Tech, and Business Storage—based on function and role, providing differentiated support. In December 2023, 18 companies were selected as the first members of 'Storage B,' and the 'Storage B Busan Regional Innovation Fund' was established to practically support promising startups. In the future, 'Storage B' plans to provide continuous support to link investment attraction and job creation.

#### 'StorageB' Structure

Category	Business Description
<b>Dream Storage</b>	<ul style="list-style-type: none"> <li>• Performing the role of supporting promising startups with growth potential</li> <li>• Comprising Busan Bank B Startup Challenge, Busan Bank Sum Incubator, and Kyongnam Bank IDEA Incubator</li> </ul>
<b>Tech Storage</b>	<ul style="list-style-type: none"> <li>• Performing the role of overseeing the investigation, recruitment, and operation of promising fintech companies</li> <li>• Discovering collaboration models and conducting POC through the BNK Fintech Lab program</li> </ul>
<b>Business Storage</b>	<ul style="list-style-type: none"> <li>• Executing tasks related to the commercialization of innovative business models, creation, and execution of investment funds</li> <li>• Conducting substantial investments through the BNK Ventures Lab program</li> </ul>



Busan Bank B-Startup Challenge

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# Establishing ESG Ecosystem in Southeastern Regions

## Strategy and Activities

### Support for Mutual Growth with Local Core Industries

The BNK Financial Group operates financial support programs for the development of key industries that hold significant weight in the local economy.

Category	Key Support Details
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>Through mutual growth finance support agreements with the Korea Shipping Association and Korea Ocean Business Corporation, we have created and operated a win-win fund(Korea Shipping Association in February 2020 / Korea Ocean Business Corporation in March 2020)</li> <li>Signed the 'Core Strategic Industry SMEs Regional Win-Win Finance Support Business Agreement'(2023), providing 39.7 billion KRW in support to SMEs facing liquidity shortages</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>Providing financial support amounting to 50 billion KRW through the Kyongnam Nuclear Industry Promotion Financial Support Business Agreement' with Kyongsangnam-do and the Technology Guarantee Fund</li> </ul>
<b>BNK</b> Securities	<ul style="list-style-type: none"> <li>Formation of BNK-K&amp;Marine New Industry Investment Association No. 2</li> <li>Planned formation of 2024 Leap Fund, Daewon Plant Project Fund, etc.</li> </ul>
<b>BNK</b> Venture Capital	<ul style="list-style-type: none"> <li>Formation of Busan Regional Innovation Venture Fund(Investment in Busan's 7 Strategic Industries)</li> </ul>

### Expanding Investment in Technology Financing and Movable Assets Finance

The BNK Financial Group aims to activate technology finance and movable assets finance for innovative small and medium-sized enterprises. Additionally, with the recent expansion of technology finance, we have established an Internet of Things(IoT)-based movable asset collateral loan management system to efficiently manage movable asset collateral.

Category	Key Support Details
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>Special loans for SMEs to support Innovative Finance</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>Expansion of Technology Financing supply scale for companies in Southeastern regions' technology industrial complexes</li> <li>Establishment of a Big Data-based search system for technology companies in Kyongnam and Ulsan</li> </ul>
<b>BNK</b> Securities	<ul style="list-style-type: none"> <li>BNK-Hyundai Defense Technology Innovation Fund(40 billion KRW), For-Human Life CDMO New Technology Business Investment Association(3 billion KRW)</li> </ul>

### Financial Support for Innovative Companies

Busan Bank and Kyongnam Bank are providing financial support to excellent technology innovation companies through special preferential loans for technology financing and secured loans for intellectual property.

Category	Key Support Details
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>In 2022, handling 'Technology finance special support loan'(10 billion KRW), and conducting the first simplified evaluation of intellectual property value assessment in the banking sector</li> <li>Providing supports to numerous new technology financing companies in 2023(968 companies)</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>Launching 'Corporate Growth Dream Loan' in 2023, and expanding financial support for companies in new growth and future promising industries, such as the establishment of specialized secondary battery complex</li> </ul>

## Metrics and Targets

### Southeastern Regions ESG Ecosystem Construction Management Metrics and Targets

The BNK Financial Group aims to build an ESG ecosystem in the Southeastern regions and lead a virtuous cycle in the local economy. The BNK Financial Group plans to continuously promote various and practical supports for innovative companies and promising startups, which are the foundation of revitalizing the local economy in the Southeastern regions.



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# Inclusive Financial Products

## Highlight

The BNK Financial Group, in collaboration with its four subsidiaries—Busan Bank, Kyongnam Bank, BNK Capital, and BNK Savings Bank—has been implementing the 'Overcoming Crisis Together Project' for self-employed individuals and financially vulnerable groups (such as small business owners, low-income individuals, and youth) from 2022 for a period of three years. The 'Crisis Overcoming Companion Project,' which consists of three programs: support for small loans, support for vulnerable groups, and support for recovery, is being carried out with a total scale of 14.7205 trillion KRW over three years. To alleviate the financial burden on self-employed individuals and financially vulnerable groups caused by prolonged recession concerns and rising prices, the project offers benefits such as interest rate reductions for high-interest loans (7% or more) used by vulnerable groups. As a result of the project's implementation, 4.5262 trillion KRW was achieved in 2022, and 6.6756 trillion KRW in 2023, exceeding the targets. The BNK Financial Group will strive to achieve substantial financial support outcomes through active monitoring during the 'Overcoming Crisis Together Project' period.

### | Key Support Contents of the Overcoming Crisis Together Project

Support Type	Support Direction	Detailed Support Content	3-Year Support Scale	Promotion Tasks	Promotion Performance	Progress Rate
Support for low-income families	Support focused on securing liquidity to assist loan customer in their economic activities	<ul style="list-style-type: none"> <li>- Preferential Interest Rates for Mortgage Loan Products</li> <li>- Specialized Credit Loan Support for Individual Business Owners</li> <li>- Expansion of support for small loans</li> <li>- Support for low-interest loans for newlyweds and youth rental deposits</li> </ul>	5.935 trillion KRW	16	15	93.8
Support for vulnerable groups	Support for reducing financial costs for vulnerable groups	<ul style="list-style-type: none"> <li>- Support for repayment deferral for vulnerable groups affected by COVID-19</li> <li>- Support for individual business owners and special guarantees for individuals</li> <li>- Provision of Relief Conversion Loan and interest rate cap mortgage support</li> <li>- Support for high-interest loan refinancing products</li> <li>- High-Interest Rate Reduction Support for Vulnerable Groups</li> <li>- Delinquency Interest Reduction Support for Vulnerable Groups</li> <li>- Waiver of Early Repayment Fees, etc.</li> </ul>	7.326 trillion KRW	25	25	100
Support for economic recovery	Support aimed at providing practical opportunities for economic recovery and normalization for vulnerable groups	<ul style="list-style-type: none"> <li>- Credit Loan 119 Program</li> <li>- High-Interest Loan Refinancing Program</li> <li>- COVID-19 Small Business Delinquency Interest Reduction</li> <li>- Statute of Limitations Expired Debt Forgiveness Program</li> <li>- Specialized Consulting Support for Self-Employed Individuals</li> </ul>	1.4595 trillion KRW	14	14	100
<b>Total Support Scale</b>			<b>14.7205 trillion KRW</b>	<b>55</b>	<b>54</b>	<b>98.1</b>

## Inclusive Financial Products

### Governance

#### Inclusive and Win-Win Finance Operating System

The BNK Financial Group aims to contribute to the proper economic circulation of the local community by helping financially vulnerable groups such as low-income individuals and youth achieve economic independence, and by supporting small business owners in building a solid economic foundation, self-sufficiency, and competitiveness for growth. Currently, the BNK Financial Group is solidifying its commitment to Win-Win Finance through an advanced inclusive and Win-Win Finance management system and the internalization of related processes, fulfilling the social responsibilities that a financial company can undertake. The 'Group CEO ESG Council(Regional Mutual ESG Promotion Committee Promotion Committee)' has been newly established to define and manage the group's Win-Win Finance from an integrated perspective of financial subsidiaries. Additionally, a product classification system for Win-Win Finance has been established by synthesizing the draft EU Social Taxonomy and the International Capital Markets Association(ICMA) Social Bond Principles. Financial subsidiaries classify financial products based on the social finance product classification system, set goals for inclusive and Win-Win Finance, and actively engage in collaboration and discussions among relevant departments to strengthen the responsibilities and roles of Win-Win Finance.

[BNK Financial Group Statement on Inclusive Finance Link](#)



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# Inclusive Financial Products

## Strategy and Activities

### Credit Products for Low-Income Households and Financially Vulnerable Group

The BNK Financial Group provides various products and services to support the coexistence with small business owners and financially vulnerable groups, fulfilling its social responsibility as a regional bank.

Classification	Key Support Details
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Implementation of 'Warm Finance Support'(March 2023~)                             <ul style="list-style-type: none"> <li>- Reduction of new loan interest rates by 0.6~0.8%p for all products including mortgage loans, Jeonse* loans, and credit loans</li> <li>- Reduction of interest rates for New Hope Spore Loan by up to 1%p</li> <li>- Uniform reduction of up to 0.5%p for charter and credit loans for low-credit customers</li> <li>- Full waiver of early repayment fees for one month in December 2023 to reduce the repayment burden for customers using household loans such as mortgage loans, Jeonse* loans, and credit loans</li> </ul> </li> <li>• Establishment of 'BNK Jeonse* Fraud Victim Counseling Center'(May 2023)                             <ul style="list-style-type: none"> <li>- Financial support and comprehensive counseling for victims due to the surge in Jeonse* fraud cases</li> <li>- Separate operation of 'Jeonse* Fraud Victim Counseling Support Desk' at all branches</li> <li>- New emergency living expenses support of up to 20 million KRW for customers confirmed as victims of Jeonse* fraud</li> <li>- When extending the term of a Jeonse* loan or applying for a new mortgage loan, an additional special reduction interest rate of 1.2%p will be applied for one year, with a maximum interest rate reduction of up to 2.0%p.</li> </ul> </li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• Exceeding the 2023 target for the New Hope Spore Loan by 150%</li> <li>• Launching the mobile-exclusive product, Sunshine Loan Bank(July 2023)                             <ul style="list-style-type: none"> <li>- Aiming to improve loan accessibility for low-income and lowest credit score individuals</li> </ul> </li> <li>• Implementing the Credit Loan 119 Program                             <ul style="list-style-type: none"> <li>- Providing support for new loans, term extensions, renewals, refinancing, and interest rate reductions</li> <li>- Supporting the conversion of delinquent and potentially delinquent customers to normal transactions</li> </ul> </li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>• Financial support measures for the financially excluded                             <ul style="list-style-type: none"> <li>- Providing financial products to platform workers such as Baemin riders(delivery man)</li> <li>- Total support limit of 10 billion KRW</li> </ul> </li> </ul>
<b>BNK</b> Savings Bank	<ul style="list-style-type: none"> <li>• Resolution by the Debt Adjustment Review Committee                             <ul style="list-style-type: none"> <li>- Implementation of win-win finance debt adjustment support for vulnerable financial consumers to mitigate repayment burdens for those concerned about credit loan delinquency and delinquent customers</li> <li>- Implementation of interest and maturity deferral for eligible individuals amounting to 30.9 billion KRW in 2023</li> </ul> </li> <li>• Operation of an independent debt adjustment support system                             <ul style="list-style-type: none"> <li>- Targeting individuals and SMEs experiencing difficulties due to the prolonged COVID-19 crisis</li> </ul> </li> <li>• Support programs for youth, low-income individuals, and the elderly                             <ul style="list-style-type: none"> <li>- Expansion of public policy finance such as 'Sunshine Loan' and 'Saitdol 2 Loan'</li> <li>- Active financial support for socially considerate groups, including beneficiaries of national basic livelihood and people with disabilities</li> </ul> </li> </ul>
<b>BNK</b> Credit Information	<ul style="list-style-type: none"> <li>• Implementation of special reduction campaigns for financially excluded groups                             <ul style="list-style-type: none"> <li>- Aiming to alleviate the debt burden of vulnerable groups and promote the recovery of financial soundness</li> </ul> </li> </ul>

\*Jeonse: A rental arrangement where the tenant provides a large lump-sum housing lease to the landlord



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## Strategy and Activities

### Deposit Products for Low-Income Households and Financially Vulnerable Groups

In 2023, the BNK Financial Group has made significant efforts to improve the accessibility of financial products for low-income households and financially vulnerable groups. In particular, we have provided various benefits in the deposit product sector to support asset formation for financially vulnerable groups.

Category	Main Support Contents
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• You Only Solo Savings                             <ul style="list-style-type: none"> <li>- Providing financial support to alleviate the economic burden of marriage and help the younger generation establish stable households</li> </ul> </li> <li>• Busan-type Tomorrow Filling Savings                             <ul style="list-style-type: none"> <li>- Providing a support fund of 4.5 million KRW from the Ministry of Employment and Labor and Busan Metropolitan City for full-time employees of SMEs in the shipbuilding, equipment, tourism, or MICE industries based in Busan, if they remain employed for one year and save a total of 1.5 million KRW over 12 months</li> </ul> </li> <li>• BNK Hope Cultivation Savings                             <ul style="list-style-type: none"> <li>- Providing high-interest rates to support the accumulation of funds for beneficiaries of national basic livelihood, child-headed households, North Korean defectors, and marriage immigrants(multicultural families)</li> </ul> </li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• Comprehensive savings for subscription of youth-friendly housing                             <ul style="list-style-type: none"> <li>- Offering preferential interest rates for housing subscription savings for youth aged 19 to 34</li> </ul> </li> <li>• Financial support measures for the financially excluded                             <ul style="list-style-type: none"> <li>- Providing youth with opportunities to accumulate funds, encouraging long-term employment at local companies</li> <li>- Providing youth support funds to individuals and company support funds to employers upon maturity in Kyongsangnam-do</li> </ul> </li> <li>• Hope-gathering Savings                             <ul style="list-style-type: none"> <li>- Offering preferential interest rates to help low-income and socially marginalized groups accumulate fund</li> </ul> </li> </ul>

### Card Products for Low-Income Households and Financially Vulnerable Group

The BNK Financial Group is also supporting socially disadvantaged groups through its card products. Both Busan Bank and Kyongnam Bank offer specialized products for multi-child families such as the Multi-Children Love Card, the Braille Card for the visually impaired, and the Citizen Happiness Card which can be used for various national vouchers.

Additionally, Busan Bank has launched the 'Happy Tomorrow Card' to support vocational high school students in preparing for employment, and Kyongnam Bank has introduced local government-linked youth support cards(Kyongnam Youth Dream Card, Ulsan Youth 199 Card, Changwon City Youth Startup Support Card) to provide activity and business operation expenses to young people seeking jobs in Kyongsangnam-do, Ulsan, and Changwon.

### Loan Products for Local Small Business Owners

The BNK Financial Group is actively providing financial support to local small business owners, who play a significant role in the local economy, to help them cope with the recession and the crises of high interest rates, high prices, and high exchange rates.

Category	Main Support Contents
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>• Fixed Interest Rate Support for Small Business Owners Affected by COVID-19                             <ul style="list-style-type: none"> <li>- Providing a fixed interest rate of 4.9% for extending the term for 'COVID-19 Affected Small Business Owners Agreement Loan' customers</li> </ul> </li> <li>• Promoting the Expansion of Busan City Small Business Owner Guarantee Loans (Special Contribution of 7 Billion KRW)</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>• You Only Solo Savings                             <ul style="list-style-type: none"> <li>- Continuous liquidity support through agreements with local guarantee foundations for small business owners in the region who lack collateral capacity</li> </ul> </li> <li>• Small Business Owner Hope Sharing Project                             <ul style="list-style-type: none"> <li>- Support up to 10 million KRW for small business owners with an annual income of less than 35 million KRW and their employees at the business site</li> </ul> </li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>• Livelihood Vehicle Purchase Fund Project                             <ul style="list-style-type: none"> <li>- Financial limit support for small business owners(individual business owners) purchasing cargo trucks of 0.5 tons or more or vans</li> </ul> </li> <li>• Long-term Car Rental Business for Small Business Owners                             <ul style="list-style-type: none"> <li>- Financial limit support for small business owners(individual business owners) renting domestic long-term rental cars with a vehicle price of less than 40 million KRW</li> </ul> </li> <li>• Debt Reduction Support Plan for Small Business Owners                             <ul style="list-style-type: none"> <li>- Support through debt reduction for socially vulnerable groups and small business owners who are in arrears, and repayment deferral support for those affected by COVID-19</li> </ul> </li> <li>• COVID-19 Affected Borrower Repayment Deferral Support Plan                             <ul style="list-style-type: none"> <li>- Support through principal(interest) repayment deferral and maturity extension for borrowers affected by COVID-19</li> </ul> </li> </ul>
<b>BNK</b> Savings Bank	<ul style="list-style-type: none"> <li>• Conclusion of 'New Start Fund Support Agreement for Small Business Owners and Self-employed'                             <ul style="list-style-type: none"> <li>- Operating a self-debt adjustment support system for individuals and SME debtors to support credit recovery for small business owners and self-employed individuals struggling with loan repayments due to COVID-19</li> </ul> </li> </ul>

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### Deposit Products for Local Residents

The BNK Financial Group has continued to provide various deposit products for local residents in 2023, positively impacting the local community. These efforts, as part of Financial Inclusion, have enabled us to deliver broader financial benefits to the general public and local residents.

Category	Financial Support Details
	<ul style="list-style-type: none"> <li>• Operation of 'Dongbaek Account'                             <ul style="list-style-type: none"> <li>- Providing preferential interest rates based on Dongbaekjeon payment performance to revitalize the local economy as the operator of the local currency project 'Dongbaekjeon'</li> </ul> </li> <li>• Provision of Youth-Specialized Financial Benefits                             <ul style="list-style-type: none"> <li>- Offering special financial benefits for youth through products such as the Busan Tomorrow Chaeum Installment Savings and the 'Busan Youth Happiness Twice Bankbook'</li> </ul> </li> <li>• Launch of 'Small Business Hope Savings 2030'                             <ul style="list-style-type: none"> <li>- Conducting savings events to support mutual growth for local traditional markets and small businesses</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Sale of Special Savings Accounts for Low-Income Youth                             <ul style="list-style-type: none"> <li>- Continuing to sell various special savings accounts for low-income youth through agreements with local governments such as Kyongnam, Changwon, Ulsan, and Geochang</li> </ul> </li> <li>• Launch of BNK With-us Free Savings Account                             <ul style="list-style-type: none"> <li>- Providing preferential interest rates to customers who have newly moved into the region</li> </ul> </li> </ul>

### Local Economy Revitalization Consulting

Busan Bank and Kyongnam Bank are supporting local small business owners and self-employed individuals to operate their businesses stably by providing business management consulting.

Busan Bank opened the 'Comprehensive Support Center for Self-Employed' in January 2019 and established a comprehensive support system through the 'Self-Employed Hopeful High Project' business agreement in April 2022 to assist local self-employed individuals. Through this agreement, the recruitment platform Needer Co., Ltd. provided free recruitment services, the Busan Regional Tax Association supported tax affairs, and Busan Bank launched a 'specialized credit loan' for self-employed individuals and produced and distributed free promotional videos.

To support local small business owners and self-employed individuals struggling due to domestic market stagnation, Kyongnam Bank has added a Small Business and Self-Employed Support Center on the first floor of the Seongnam-dong branch in Ulsan, following the one operating on the first floor of the Changwon Central branch, providing comprehensive financial services. Expert consulting is provided in various areas such as business feasibility analysis, tax, commercial district analysis, and store operation.

### Financial Support for Job-Creating Companies

The BNK Financial Group is proactively enhancing financial support for job-creating companies to preemptively address the potential risk of regional extinction due to the outflow of the youth population.

Category	Details of Financial Support
	<ul style="list-style-type: none"> <li>• BNK Job Creation and New Growth Company Support Credit Guarantee Fund Agreement Loan                             <ul style="list-style-type: none"> <li>- Financial support for companies corresponding to 275 items under the new growth joint standards and excellent job-creating companies</li> </ul> </li> <li>• Bank Job Creation Company Agreement Guarantee(KODIT, KOTEC)                             <ul style="list-style-type: none"> <li>- Financial support for job-creating companies, socioeconomic companies, and self-employed individuals</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Guaranteed Institution Agreement Loan                             <ul style="list-style-type: none"> <li>- Financial support loans for companies that create jobs and have received guarantee certificates from institutions such as KODIT and KOTEC</li> </ul> </li> <li>• Ulsan Special Management Fund Support                             <ul style="list-style-type: none"> <li>- Liquidity support for SMEs within Ulsan, focusing on key industries such as automotive, shipbuilding, petrochemicals, and hydrogen industry</li> </ul> </li> <li>• External Institution Agreement Loan                             <ul style="list-style-type: none"> <li>- Loans for job creation and social finance support</li> </ul> </li> <li>• Financial Support for Employment Excellence Companies                             <ul style="list-style-type: none"> <li>- Support for companies recognized for employment excellence by the government, local governments, and public institutions</li> </ul> </li> </ul>

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### Local Currency Operation

Busan Bank, as the first financial institution to operate a local currency platform since April 2022, is striving to revitalize the local economy through cooperation with small business owners, citizens, and traditional markets in Busan.

Currently, Dongbaekjeon has achieved a cumulative membership of 1.28 million and a cumulative issuance amount of 3.3 trillion KRW. Beyond the existing local currency operation business, it aims to become a representative citizen platform of Busan through various public, administrative, financial, and citizen convenience services, continuously contributing to the revitalization of Busan's economy. The total usage amount for the top 10 industries of Dongbaekjeon in 2023 is 994.4 billion KRW, and the QR payment usage amount is 19.79 billion KRW.

### | 2023 Busan Bank Dongbaekjeon Activities and Outcomes

Outcome	Details
Implementation of Dongbaek Pass	<ul style="list-style-type: none"> <li>Providing a maximum refund of 45,000 KRW when the monthly public transportation usage exceeds 45,000 KRW in Busan to promote the use of public transportation and reduce the burden of transportation costs</li> </ul>
Activation of QR Payment	<ul style="list-style-type: none"> <li>Creating and distributing QR codes for free to reduce the card payment fee burden on Dongbaekjeon affiliated store owners</li> <li>Improving the QR payment environment by allowing payment notification messages, which were previously only sent to existing store owners, to also be received by the employees of the affiliated stores</li> </ul>
Implementation of Dongbaek Plus Affiliated Stores	<ul style="list-style-type: none"> <li>Launching a service within the Dongbaekjeon app that allows affiliated stores to promote themselves</li> </ul>
Dongbaek Children's Art Competition	<ul style="list-style-type: none"> <li>Hosting an art competition for elementary school students in Busan with prize money support</li> </ul>
Dongbaek Supporters Operation	<ul style="list-style-type: none"> <li>Providing opportunities for university students or job seekers to participate in policy and business activities, along with activity support funds and scholarships</li> </ul>
Support for the Underprivileged	<ul style="list-style-type: none"> <li>Supporting 10,000 underprivileged families in Busan with Chuseok holiday essentials worth 50,000 KRW per household</li> <li>Delivering Happy Mom Boxes, composed of childcare items, to 250 households as part of support for families with newborns</li> </ul>



Dongbaek Pass Promotion Poster



Dongbaek Supporters Operation

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# Inclusive Financial Products

## Strategy and Activities

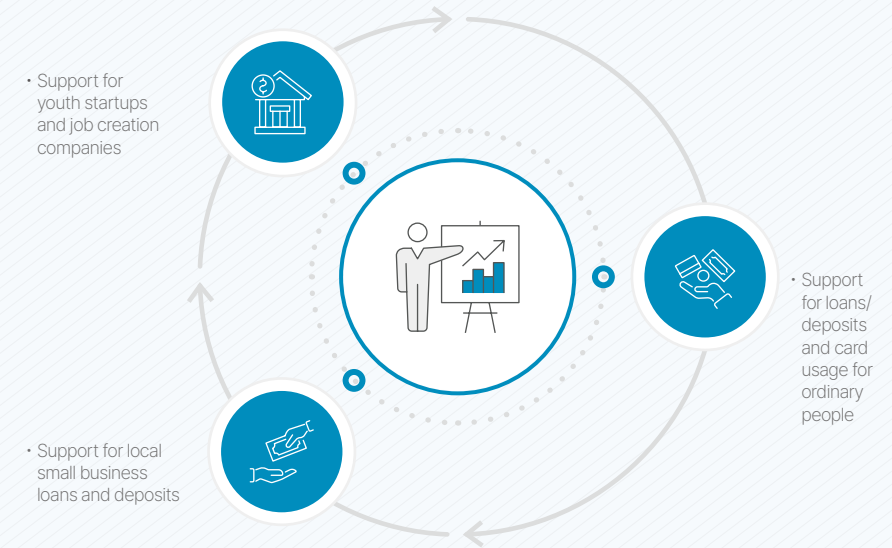
### Support for Local Community Policy

The BNK Financial Group, as a representative financial group of the region, is conducting a campaign to attract public interest and participation for the 'Gadeok Island New Airport Attraction,' which is the most significant issue in the Southeastern regions. The group has utilized all online and offline channels within the group, including installing large banners, posting promotional posters at branches, and providing information through mobile banking, to promote this issue. Additionally, to support the successful hosting of the 2024 World Table Tennis Championships held in Busan and to contribute to the development of sports culture, the group launched special savings products twice, selling a total of 7,686 accounts.

Kyongnam Bank actively promoted the launch of Changwon Special City in 2022 by introducing a new start regular savings product, promising preferential interest rates to customers who sign up for the product if the population of Changwon City increases, thereby supporting the local government's population policy. Furthermore, to commemorate and promote the 'Ulsan 2022 National Sports Festival,' the bank launched a special product called Ulsan 2022 Regular Savings. Additionally, the bank launched the Baseball Love Regular Savings to support the local baseball team, NC Dinos, and a portion of the sales proceeds is used to develop youth baseball in the region through donations to the NC Dinos.

## Metrics and Targets

### Inclusive and Co-prosperity Financial Product Management Indicators and Goals



As of the end of December 2023, the balance of mutual benefit loans for the common people was 2.3065 trillion KRW, the deposit balance was 2.06 trillion KRW, and the card performance was 1.85 trillion KRW. Additionally, the loan balance for local small businesses was 1.0251 trillion KRW, and the deposit balance from local residents was 585.2 billion KRW. Furthermore, we supported a total of 319.6 billion KRW for youth startups and local job creation. (Refer to the appendix for amounts by each product).

The BNK Financial Group is establishing an advanced Win-Win Finance system and planning to set new goals for social finance products that continue the 'Overcoming Crisis Together Project'. Through this, we aim to support the financial lives of more customers with financial products that encompass various marginalized groups.

2024 부산세계탁구선수권대회

**개최기념 특판 적금 출시!**

최고 연 5.0% (기본 연 3.4%, 세전, 6개월)

#한국팀 메달따면 금리우대!

#21,600좌 한정 판매

ITTF WORLD TEAM TABLE TENNIS CHAMPIONSHIPS FINALS **BUSAN 2024**

presented by **BNK Busan Bank**

2024 부산세계탁구선수권대회

2023 Busan Bank Busan World Table Tennis Championships Special Savings

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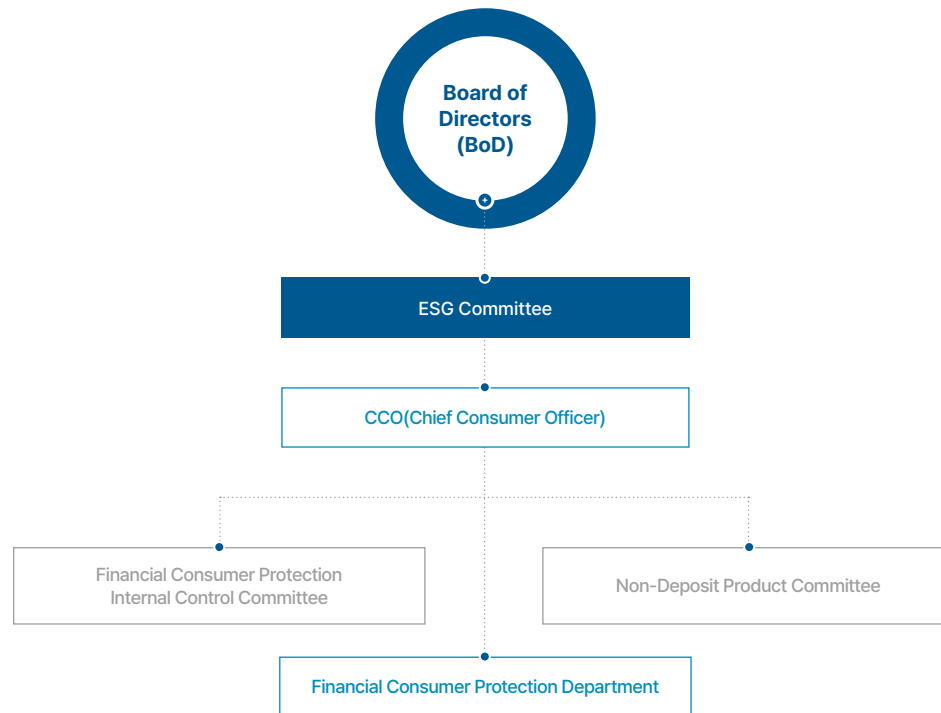
# Protection of Financial Consumer Rights

## Governance

### Financial Consumer Protection Operational System

The BNK Financial Group strengthens the protection of financial consumer rights through the establishment of an internal control system for financial consumer protection that is independent of the sales organization. Busan Bank, Kyongnam Bank, BNK Savings Bank, and BNK Capital have appointed a Chief Consumer Officer(CCO) directly under the CEO to manage and supervise the overall status of financial consumer protection tasks by dedicated employees. Additionally, the Financial Consumer Protection Internal Control Committee, composed mainly of key executives, is held at least once every half year, and the results of its operations are reported to the final Board of Directors(BoD), thereby establishing a system where the BoD can review risks related to consumer rights violations and related protection policies. Busan Bank and Kyongnam Bank operate an internal control inspection team within the Financial Consumer Protection Department, an independent department directly under the bank president, and conduct checklist inspections targeting branches and sales-related headquarters departments, reporting the results to the bank president and the Financial Consumer Protection Internal Control Committee. Furthermore, the Non-Deposit Product Committee, composed of the CCO and key executives, is operated continuously to manage and supervise the selection, sale, and post-management of non-deposit products, thereby preventing consumer damage from investment products.

### Financial Consumer Protection Management System



### Financial Consumer Protection Internal Control Committee Agenda

1. Management direction on financial consume protection
2. Major changes in system related to financial consumer protection
3. Matters on the development, sales method, and disclosure of information related to financial products
4. Evaluation of employee performance reward system from the perspective of financial consumer protection
5. Results of examination and measures on the adequacy and compliance status of these regulations and "Financial Consumer Protection Regulations"
6. Matters on follow-up measures for the evaluation, supervision, and inspection results according to Article 32, Paragraph 2 of the Act on the Protection of Financial Consumers
7. Result on responses to major complaints and disputes
8. Standards and procedures for advertisement production and internal review of advertisement
9. Review of new or amended financial product contact documents such as product descriptions
10. Necessary discussions between the overall organization for financial consumer

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# Protection of Financial Consumer Rights

## Strategy and Activities

### Financial Consumer Protection Policy

The BNK Financial Group, in accordance with the Act on the Protection of Financial Consumers, has established internal control standards for banks to protect financial consumers, compliance requirements related to business operations, and various measures to safeguard the rights and interests of financial consumers under the 'Internal Control Regulations on Financial Consumer Protection.' Additionally, to regulate the fundamental principles and implementation plans for conducting advertisements that prioritize the rights and interests of financial consumers, the BNK Financial Group has established the 'BNK Financial Group Fair Advertising Policy' for 2024. Through 'Our Resolution' for practicing the Financial Consumer Protection Act, employees of the BNK Financial Group have recognized that the protection of financial consumers is the highest value through our resolve to practice the 'Act on the Protection of Financial Consumers' and shared their commitment to providing the highest level of service for financial consumer satisfaction.

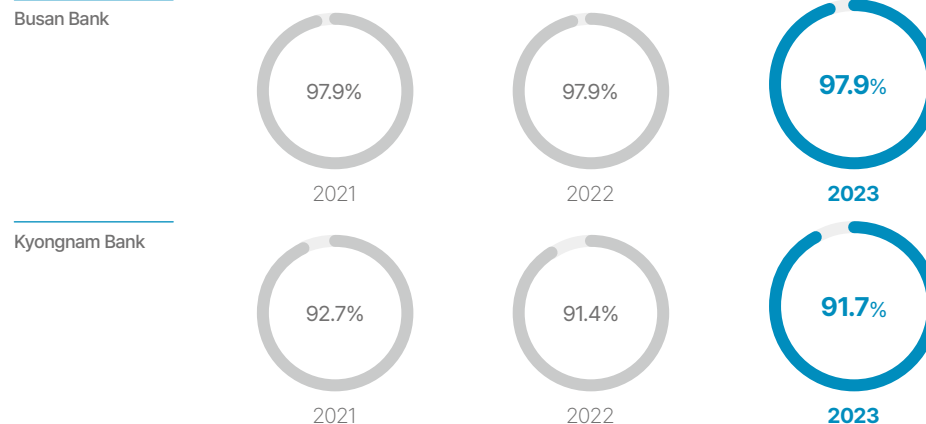
- [BNK Financial Group Financial Consumer Protection Charter Link](#)
- [BNK Financial Group Fair Advertising Policy Link](#)

### Customer-Centric Culture Expansion

#### Customer Satisfaction Management System

Busan Bank and Kyongnam Bank collect feedback from both in-person and non-face-to-face transaction customers to reflect on system improvements. They conduct on-site branch evaluations(once a month) and mobile evaluations to select outstanding branches and employees. These results are reported to the Financial Consumer Protection Internal Control Committee, and the annual operational performance is reported to the Board of Directors(BoD) once a year. In 2023, Kyongnam Bank switched its mobile customer satisfaction survey channel from SMS to KakaoTalk to expand the survey sample. BNK Capital selected 83 improvement requests from financial consumers in 2023 and requested improvements from the relevant departments, of which 71 were improved. These results are reported to the Financial Consumer Protection Internal Control Committee, and the annual operational performance is reported to the Board of Directors(BoD) once a year.

#### | Customer Satisfaction Rate (%)<sup>1)</sup>



<sup>1)</sup> Customer Satisfaction Ratio = Number of Satisfied Customers Who Responded to the Customer Satisfaction Survey / Number of Customers Who Responded to the Customer Satisfaction Survey

#### Customer Complaint Reception

The BNK Financial Group collects customer complaints through various communication channels and actively reflects them in the improvement of services and products. When a complaint is received, we identify the customer's inconvenience and provide assistance through communication with the customer. For issues that require improvement, we implement system enhancements to prevent the recurrence of complaints. Busan Bank and Kyongnam Bank report the occurrence and handling status of complaints to the bank president four times a year, and major complaints and improvement measures are reported to the Board of Directors(BoD) through the Financial Consumer Protection Internal Control Committee twice a year. BNK Capital operates a pre-complaint registration system, where complaints are registered in advance and actively addressed. In 2023, 116 pre-complaints were registered, resulting in the prevention of 108(93%) complaints from being escalated to the Financial Supervisory Service.

#### | Customer Complaint Handling Status

Busan Bank	
Number of customer complaints receive <b>935</b> cases	Completion rate of customer complaints received <b>100</b> %
Kyongnam Bank	
Number of customer complaints receive <b>611</b> cases	Completion rate of customer complaints received <b>100</b> %

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# Protection of Financial Consumer Rights

## Strategy and Activities

### Enhancing Communication with Customers

#### | Customer Panel System Operation

The BNK Financial Group operates a customer panel system to practice customer satisfaction based on open communication with customers. Busan Bank operates the customer panel system 'CX Explorers' to gather opinions on new product planning and development, as well as improvements to existing products and services. Customers selected as CX Explorers submit improvement suggestions from a consumer perspective on assigned tasks and free topics each month. The Financial Consumer Protection Department then discusses feasible suggestions at the CX Association, chaired by the Chief Consumer Officer(CCO). In 2023, a total of five CS meetings were held, discussing 93 improvement proposals, of which 57 were completed. Kyongnam Bank also selected the '8th Customer Panel' in 2023, consisting of 15 local customers. Discussions were held on various topics such as improving the convenience of mobile banking, difficulties in using the bank, ideas for preventing telecommunication financial fraud, and feedback on the metaverse, with the results being communicated to relevant departments. The 9th Customer Panel, consisting of 12 national customers, will be active in 2024 under the name 'Po(help) Yong(to move)'.

#### | Financial Consumer Rights Promotion Advisory Groups

Kyongnam Bank held a 'Financial Consumer Rights Promotion Advisory Groups Meeting' in April 2024, attended by 10 advisory committee members composed of experts from businesses, consumers organizations, academia, and the media to protect consumer rights and enhance customer trust. Attendees presented various opinions on the theme of 'The Role of Banks in Enhancing External Credibility,' and the bank plans to continue operating the advisory group to ensure that consumer opinions are reflected in overall business operations.

#### | Strengthening Communication Channels with Financially Vulnerable Groups

The BNK Financial Group continues its efforts to strengthen communication with financially excluded groups. Busan Bank, as the first in the banking sector, selected 'Senior Supporters' composed of individuals aged 60 and above, and placed them in branches with a high number of elderly customers to support senior customers in using the bank more comfortably, including communication with senior customers, ATM(automated teller machine) and bill payment services. Kyongnam Bank opened a 'Foreign Worker Exclusive Counter' in 2024 and continues its efforts for foreign customers by producing and distributing a 'Foreign Financial Transaction Guidebook' in six languages to provide necessary financial service information to foreign customers.

#### | Enhancing the Capacities of Customer Contact Point Workers

The BNK Financial Group provides various customized CS(Customer Satisfaction) training tailored to the situation of branches to enhance the CS capabilities of employees and improve customer satisfaction. Busan Bank conducted a 'CS Coaching Program' once a month in 2023 for 533 customer service personnel at 40 branches and operated the 'CS Basic and Advanced(Certification) Course' twice for 95 employees. Kyongnam Bank publishes 'CS Magazine' once a month, which includes CS and complaint prevention educational materials, and has established and distributed a CS guide to standardize customer service. BNK Capital conducts CS training for all employees at least once a year, with a total of two sessions held in 2023. Additionally, they operate a compliment mileage system based on the number of customer compliments to reward excellent consultants and improve customer satisfaction.



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# Protection of Financial Consumer Rights




## Strategy and Activities

### Financial Education

#### Customer Financial Education

The BNK Financial Group is operating various educational programs to enhance consumers' financial competence. In 2023, we provided financial education tailored to different groups, including immersive metaverse-based financial education using virtual reality technology, basic financial education for infants, elementary, middle, and high school students, mobile branch financial education for remote and mountainous areas, and customized financial education for senior, foreign, and disabled customers. Recognizing these efforts, Busan Bank received the Education Mecenat Top Award for the 16th consecutive year in 2023, and Kyongnam Bank's 'Round and Round Financial Classroom with Rich Uncle' received a special award from the Child Rights Guarantee Agency.

#### | 2023 Financial Education Performance

Category	Financial Support Details	
 Children, Youth	Busan Bank	<ul style="list-style-type: none"> <li>'Happy Finance and Career Camp' for middle school students</li> <li>'Dream-filled Career Experience' for high school students</li> <li>'Financial Product Development Using Short-form Content'</li> </ul>
	Kyongnam Bank	<ul style="list-style-type: none"> <li>'Let's Play with Money' financial education for kindergartens</li> <li>'Steps Towards Tomorrow' self-reliance education camp for protected children</li> <li>'Poding Poding Finance Class' for youth in economics clubs</li> <li>Experiential mobile branch finance education 'Superpower Moving' for students in remote island and mountainous areas</li> </ul>
 Youth and Middle-aged Groups	Busan Bank	<ul style="list-style-type: none"> <li>Career experience education</li> <li>Visit to Finance History Museum education</li> <li>BIFC finance lecture</li> </ul>
	Kyongnam Bank	<ul style="list-style-type: none"> <li>Experiential finance career education for children leaving regional protection</li> <li>'Round and Round Finance Education' for vulnerable youth groups</li> <li>Advanced finance education 'FSS Finance Classroom' for university students in the Kyongnam region</li> <li>Joint smart economics education with the Kyongsangnam-do small business association</li> <li>Voice phishing prevention education for small business owners</li> </ul>
 Elderly / Disabled	Busan Bank	<ul style="list-style-type: none"> <li>Finance education for vulnerable groups such as seniors and disabled</li> </ul>
	Kyongnam Bank	<ul style="list-style-type: none"> <li>Senior finance education(ATM Education, Voice Phishing Prevention Education)</li> <li>Finance education for disabled and foreigners</li> </ul>

#### | Mid- and Long-term Goals of Customer Financial Education

(Unit: times)

Category	2023		2024	2025	2026
	Goal	Performance	Goal	Goal	Goal
Busan Bank	180	364	210	240	270
Kyongnam Bank	180	659	210	240	270



Finance Education for International Students



BNK Neulbom School Talent Donation Challenge

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# Protection of Financial Consumer Rights

## Strategy and Activities

### Strengthening Employee's Competence to Protect the Rights and Interests of Financial Consumers

The BNK Financial Group provides essential job training, including product-specific key content and the Act on the Protection of Financial Consumers, to enhance the financial consumer protection capabilities of its employees. Busan Bank and Kyongnam Bank operate a Financial Product Sale Qualification System that only gives financial product sales qualifications to employees who have completed mandatory job training. Sales of products are restricted according to whether qualifications are held. Furthermore, investment and guaranteed products can only be sold if external sales qualifications are acquired and separate individual training on the product must be completed when launching new products. BNK Capital designates the 10th of every month as Financial Consumer Protection Day and conducts various financial consumer protection training sessions. Additionally, to enhance financial consumer protection capabilities, they have conducted on-site inspections of sales agents and brokers and provided training to prevent incomplete sales.

### Financial Consumer Protection Education Contents

Common to Subsidiaries	<ul style="list-style-type: none"> <li>Mandatory education on the Act on the Protection of Financial Consumers</li> </ul>
	<ul style="list-style-type: none"> <li>Job training by financial product group</li> <li>Financial consumer protection officer collective training(workshop)</li> </ul>
	<ul style="list-style-type: none"> <li>Online explanation obligation guideline training</li> <li>Nearby financial consumer law training</li> </ul>
	<ul style="list-style-type: none"> <li>Financial investment product sales stage checklist</li> <li>Elderly investor protection standards</li> <li>Compliance requirements for financial product sales practices</li> <li>Financial dispute resolution system and financial supervision system</li> </ul>
	<ul style="list-style-type: none"> <li>Customer management compliance education</li> <li>Counselor checklist training</li> </ul>
	<ul style="list-style-type: none"> <li>Overview of the act on the protection of financial consumers, applicable targets, main contents, recent amendments education</li> <li>Key details of FAQ on the Act on the Protection of Financial Consumers</li> </ul>

### Preventive Activities for Incomplete Sales

#### Investment Product Selection and Follow-up Management

Prior to developing and launching new products, the BNK Financial Group systematically conducts a preliminary consultation stage for reviewing the possibility of consumer damages and incomplete sales of products. The Product Departments of Busan Bank and Kyongnam Bank perform primary checks for the prevention of consumer damage and financial consumer protection based on the checklist related to product and service development. Then, a preliminary consultation with the Financial Consumer Protection Department is requested. The Financial Consumer Protection Department presents opinions such as approval, disapproval, or conditional approval after reviewing the appropriateness from the perspective of financial consumer protection in accordance with the checklist. Particularly for non-deposit products with potential losses, the 'Non-Deposit Product Committee,' a meeting body at the executive level, is convened to review appropriateness based on the product's risk level. The Chief Consumer Officer(CCO), Compliance Officer, and Head of Risk Management Headquarters are mandatory attendees of the 'Non-Deposit Product Committee,' and especially the CCO has the authority to exercise a sole veto on product selection. BNK Savings Bank and BNK Capital are also activating pre-consultations related to investment product selection. The Compliance Monitoring Department of BNK Savings Bank conducts self-checks on whether consumer rights are infringed during the product and service development process. BNK Capital conducted a total of 237 pre-consultations, including 112 cases of financial product development, modification, and sales suspension, and 39 cases of form production and modification of product descriptions.

### Non-Deposit Product Review Procedure



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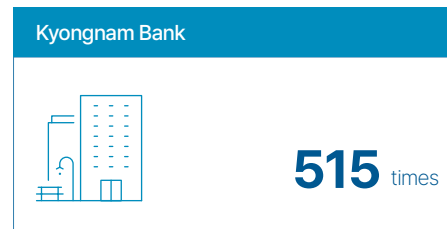
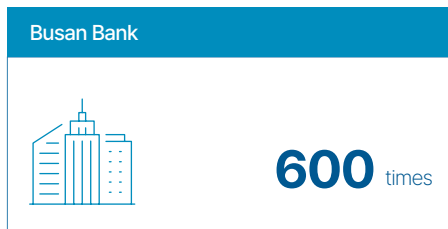
# Protection of Financial Consumer Rights

## Strategy and Activities

### Self-Mystery Shopping

Busan Bank and Kyongnam Bank implement their own mystery shopping system to prevent Incomplete sales and unfair trade practices. If the mystery shopping evaluation results are insufficient(below 70 points), improvement training is conducted, and sales are gradually restricted for branches and consulting employees with accumulated 'insufficient' evaluations. In 2023, all branches or sample inspections were completed for products such as beneficiary certificates, trust products, bancassurance, and loans.

### | 2023 Mystery Shopping Performance



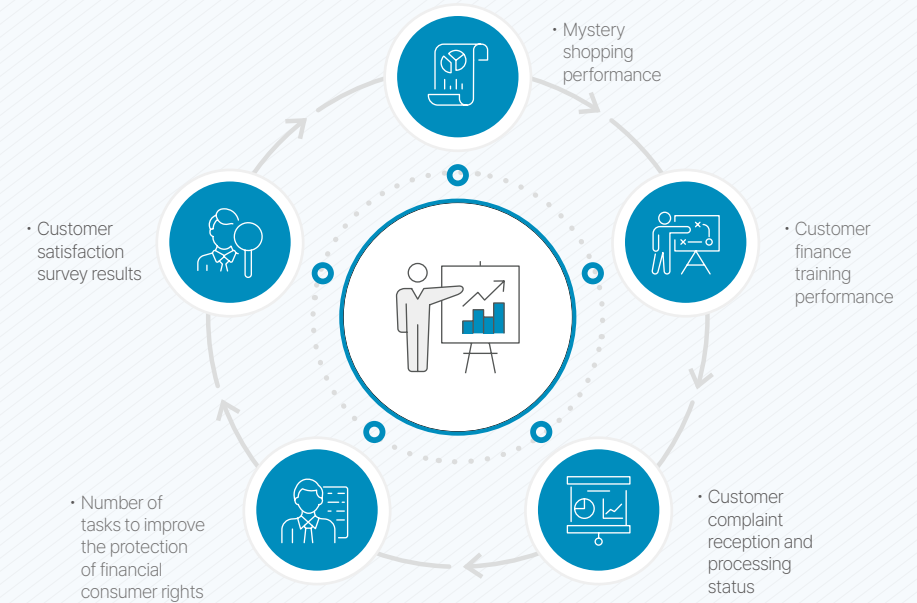
### Debt Collection Policy and Debt Adjustment System

The BNK Financial Group conducts debt collection procedures based on the 'BNK Financial Group Debt Collection Policy' to ensure fair debt collection activities and protect debtors and related parties. Kyongnam Bank and BNK Savings Bank adhere to the Financial Services Commission's 'Debt Collection and Loan Sale Guidelines' in their debt collection processes and provide regular training on these guidelines. In particular, BNK Savings Bank implemented the 'External Complaint Penalty System for Violations of Collection Activities' to foster a healthy debt collection environment. Additionally, to alleviate the repayment burden for customers concerned about credit loan delinquencies due to temporary income reduction and delinquent customers, they have established internal debt adjustment support systems such as the Pre-Workout Program and the Vulnerable Customer Pre-Support System temporarily in 2023.

[BNK Financial Group Debt Collection Policy Link](#)

## Metrics and Targets

### Financial Consumer Rights Protection Management Metrics and Goals



In 2023, 97.9% of Busan Bank customers and 91.7% of Kyongnam Bank customers were satisfied with the services provided by the BNK Financial Group. Additionally, Busan Bank selected and promoted 99 improvement tasks, and Kyongnam Bank selected and promoted 43 improvement tasks for the protection of financial consumer rights. Furthermore, the number of customers who completed financial consumer education provided by the BNK Financial Group has continuously increased, with 13,437 customers from Busan Bank and 21,294 customers from Kyongnam Bank completing financial education in 2023. The BNK Financial Group plans to continue its efforts to protect financial consumer rights by strengthening the financial consumer protection governance and establishing a financial consumer protection data management system in 2024, setting group-wide financial consumer protection goals, and continuously expanding the number of customer financial education sessions.

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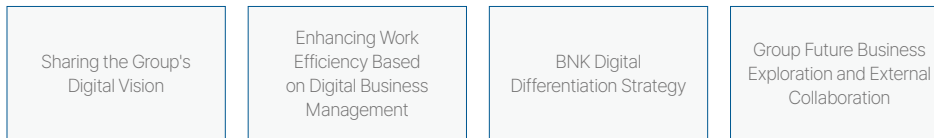
# Digital Finance

## Governance

### Digital Finance Operating System

The BNK Financial Group's digital transformation and innovation are being pursued with a consistent direction and strategy of 'Customer-Centric' from a group perspective, aiming to maximize synergy among group companies. To this end, the Digital Innovation Committee, directly under the Group CEO, was established in 2023, and the overall digital strategy direction was established through monthly regular meetings. Since then, we have been continuously discussing how to provide customer-centric digital financial services by regularly reviewing agendas related to new financial trends.

#### | Key Agendas of the Digital Innovation Committee



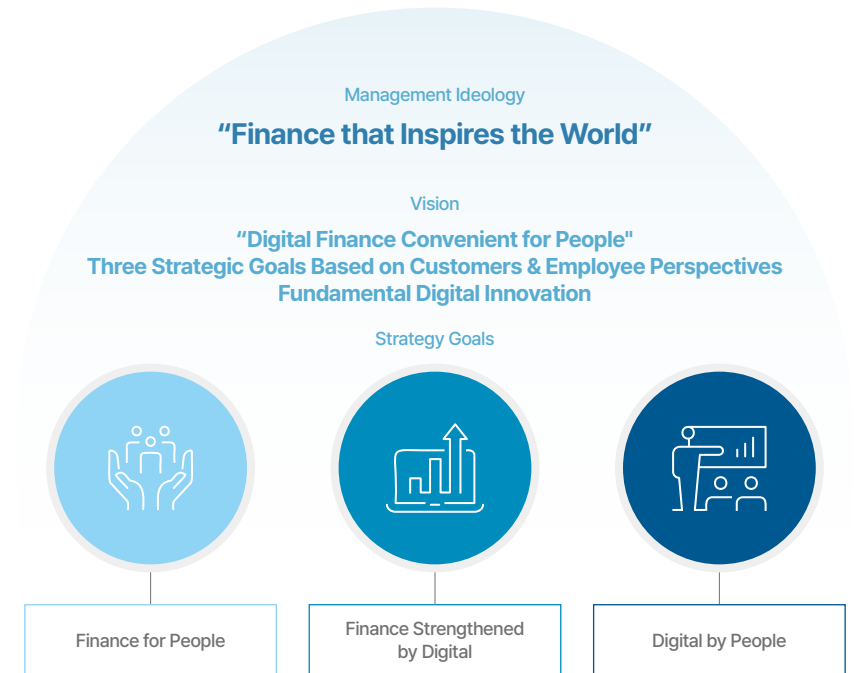
BNK Financial Group Digital Innovation Committee

## Strategy and Activities

### Digital Finance Strategy

The BNK Financial Group has set 'Digital Finance for Human Convenience' as its DT vision and established three strategic goals: 'Finance for People,' 'Finance Strengthened by Digital,' and 'Digital by People.' The purpose of enhancing efficiency and convenience in the financial sector through digital transformation ultimately lies in being driven by people(employees) and for people(customers). Under this vision and strategic goals, the BNK Financial Group is promoting digital transformation with five strategic directions: 'Differentiating Digital Experience for Customers/Products/Channels,' 'Innovating Data Capabilities,' 'Building Digital Ecosystems and Expanding Partnerships,' 'Transforming Processes/Regulations for Market Responsiveness,' and 'Optimizing Organizational and Human Capabilities for Digital.'

#### | Digital Business Management Vision



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# Digital Finance






## Strategy and Activities

### Securing Digital Customers

### Enhancing Mobile Banking Competitiveness

The BNK Financial Group is continuously improving the User Experience and User Interface(UX/UI) to ensure the 'convenience' that is fundamental to financial apps in the digital age. In particular, we have revamped numerous services to enhance convenience not only for general customers but also for financially vulnerable groups such as the elderly and disabled in 2023.

### | Details of Major Mobile Service Improvements in 2023

	<ul style="list-style-type: none"> <li>- Enhancing usability through user-centric main screen and expanded service menu</li> <li>- Enhancing security through the introduction and improvement of corporate banking security/authentication media(Digital OTP, FIDO authentication)</li> <li>- Application of original ID verification technology to prevent Financial Incidents</li> <li>- Improving accessibility for visually impaired individuals to use mobile banking services through assistive devices</li> </ul>
	<ul style="list-style-type: none"> <li>- Launching electronic certificate issuance and receipt system</li> <li>- Providing the largest variety of non-face-to-face certificate issuance services in the finance sector</li> <li>- Simplifying input fields and registration steps for mobile banking membership</li> <li>- Addition of integrated management and personalization functions for deposit and withdrawal bankbooks across multiple banks</li> <li>- Enhancing transfer convenience by adding multiple transfer functions</li> <li>- Expansion of application of large text mode to provide major menus in large font for individuals with low vision</li> </ul>
	<ul style="list-style-type: none"> <li>- Expansion of tasks that can be handled through chatbot service</li> <li>- Diversification of chatbot-linked notification talk types and expansion of linked loan products</li> <li>- Providing user-centric convenient services such as large text mode for the elderly Promotion of AI OCR Implementation for Expanding Business Automation</li> </ul>
	<ul style="list-style-type: none"> <li>- MTS Media Conditional Capital Securities Trading Commencement</li> <li>- Introduction of the financial settlement service for identity verification and account verification with other institutions</li> </ul>
	<ul style="list-style-type: none"> <li>- Introduction of an electronic signature system without a joint certificate</li> <li>- Establishment of simple account opening and simple loan process</li> </ul>

### Innovation in Online and Offline Customer Channels

The BNK Financial Group is enhancing customer channel competitiveness by introducing digital new technology-based infrastructure. In 2023, Busan Bank and Kyongnam Bank expanded the installation of 'Digital Desks' to 44 branches, allowing major banking tasks to be handled via video without waiting at the branch counters. Busan Bank introduced the 'Choco-mi Service' for minors in 2023 and expanded its mobile chatbot service platform. Additionally, they provided the external business system 'New-B,' which enables financial consultations and banking tasks via tablet PCs, allowing professional consultations at the level of branch offices anywhere. Kyongnam Bank, as part of its senior-friendly channel policy in 2023, offered the 'Senior Mode' on automated machines offline, which enhances visibility using simple, large text and color contrast. In 2024, they plan to provide a senior-exclusive banking service on mobile with large text mode and easy transfer options to improve digital convenience for senior customers. BNK Capital offers a chatbot based on the KakaoTalk channel, processing 60,000 tasks per month in 2023 with 99.8% accuracy. Additionally, BNK Capital Kazakhstan established a mobile service in 2023 to meet the demands of the local market.

### Digital Voucher Service Operation

Busan Bank operates a 'Digital Voucher Service' that not only facilitates easy use of payment and remittance services based on blockchain technology but also allows for the integrated management of government policy support funds and corporate welfare points. Utilizing this service, five scholarship and support fund vouchers were issued to Silla University in 2023, and approximately 648 new members have joined. We contributed to the revitalization of the local economy by using Digital currency worth 477 million KRW. Additionally, in 2023, we conducted security reviews and reliability tests on the Digital Voucher Blockchain System through an external verification agency to ensure the safety of the 'Digital Voucher Service'.

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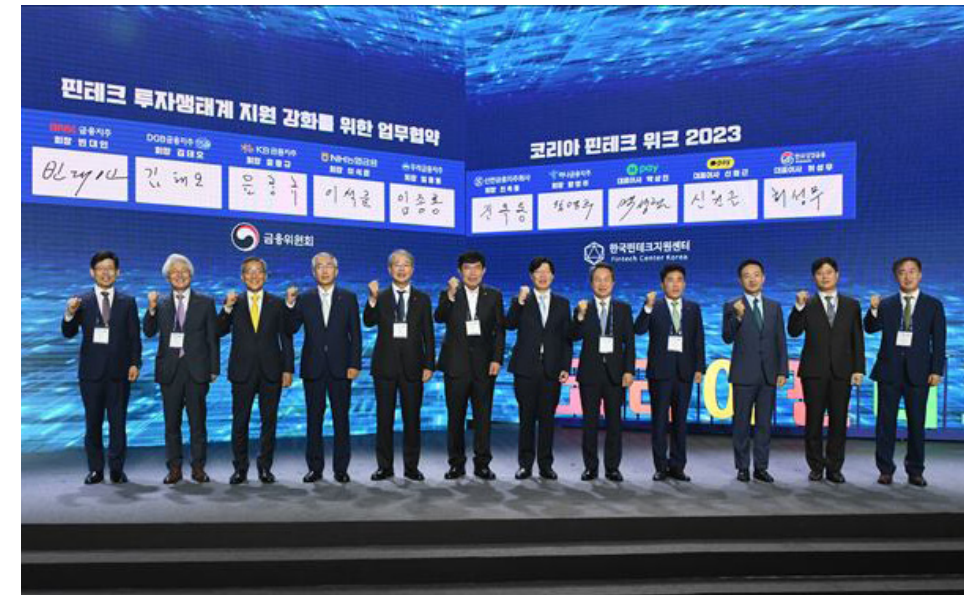
## Strategy and Activities

### Strengthening Cooperation with Fintech Companies

The BNK Financial Group is pursuing strategic alliances with various fintech companies to expand the application areas of fintech technology while seeking a win-win model with fintech companies. In particular, through the operation of the 'BNK Fintech Lab' since January 2020 to foster the fintech industry ecosystem in the Southeastern regions, a total of 63 companies have been selected. The 'BNK Fintech Lab' provides a professional accelerating program for the nurturing and growth of startups, and it is conducting new digital businesses by forming various business and technology alliances with the graduated companies.

### | 2023 Fintech Company Partnership Performance

Category	Partnership Company	Key Partnership Products and Services
<b>BNK</b> Busan Bank	Kakao Pay, Toss, Naver Financial, Better Monday, Food Travel, etc.	<ul style="list-style-type: none"> <li>• Through a partnership with 'Better Monday', a lifestyle platform for office workers, we provide a dedicated community platform service.</li> <li>• Through a partnership with 'Food Travel', a food truck group delivery service platform(a graduate of Fintech Lab 3rd batch), we have added 'Gift Truck' content to the Busan Bank mobile banking app and provide intermediary services to local food truck operators.</li> <li>• Through a partnership with 'Big Tech Plus', which operates an AI-based real estate big data platform(a graduate of Fintech Lab 4th batch), we provide real-time registration change notifications and AI-based customized housing recommendation services to Busan Bank mobile banking users.</li> </ul>
<b>BNK</b> Kyongnam Bank	Toss, Finda, PAYCO, Bizplay, etc.	<ul style="list-style-type: none"> <li>• Through a partnership with 'Bizplay', Kyongnam Bank provides brand gift certificate services via its mobile banking app.</li> </ul>
<b>BNK</b> Capital	Baemin Connect, Habit Factory, etc	<ul style="list-style-type: none"> <li>• In collaboration with 'Baedal Minjok', we offer emergency loan products for Baemin riders(delivery man) and low-interest non-face-to-face services for Baedal Minjok restaurant owners.</li> </ul>
<b>BNK</b> Savings Bank	Finda, Toss, Kakao Pay, etc.	<ul style="list-style-type: none"> <li>• Through business partnerships with Fintech companies like Finda and Toss, we cooperate on AI-based credit evaluation and advanced risk management technologies to support credit loans for mid-to-low credit individuals.</li> </ul>



Business Agreement to Strengthen Support for the Fintech Investment Ecosystem

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# Digital Finance

## Strategy and Activities

### Enhancing Work Efficiency through Digitalization

The BNK Financial Group is expanding the implementation of RPA(Robotic Process Automation) systems in repetitive and manual work processes to enhance the work efficiency of employees. By introducing a digital branch system that utilizes PCs and electronic pens, we have reduced the risk of information leakage associated with handling paper documents and saved work time and resources. In particular, Kyongnam Bank automated a significant portion of its telephone operations by establishing the ACS(Auto Call System) in 2023, and BNK Savings Bank has computerized its security system to improve work efficiency.

### RPA Utilization Status by Subsidiary

Category	RPA Utilization Status
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>Implementation of CSS deadline extension automation</li> <li>Development of web capture function for loan guarantee documents</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>Automatic extraction of corporate credit review materials</li> <li>Automation of Bulk Salary Deposit Data Registration</li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>Automation of Post-Management Processing for Auto Recall Notices</li> <li>Automation of Complaint Content Upload</li> </ul>
<b>BNK</b> Securities	<ul style="list-style-type: none"> <li>Automation of Daily Profit Status Aggregation for CIB Division</li> <li>Aggregation of Branch Product Sales Status, etc.</li> </ul>
<b>BNK</b> Savings Bank	<ul style="list-style-type: none"> <li>Automation of Closing Data and Business Status</li> <li>Integration of Bankruptcy, Discharge, and Litigation Case Inquiries</li> </ul>

### Data Management and Analysis System

To strengthen the data collection and analysis system, the BNK Financial Group introduced a cloud-based 'Group Big Data-Artificial Intelligence Platform'. Through data management collaboration among subsidiaries, we are forming a Single-View of the group's customers and developing intelligent algorithms to provide customized products and services, thereby enhancing our digital competitiveness. In this way, the BNK Financial Group has established a decision-making system to efficiently respond to changes in the digital finance environment.

### BNK Financial Group Automation Performance

<p>Use of electronic documents at branches</p> <p><b>81.9%</b></p> 	<p>Replacement of Paper Documents</p> <p><b>445</b> million cases</p> 
<p>Number of automated tasks</p> <p><b>314</b> cases</p> 	<p>Reduced work hours</p> <p><b>225,000</b> hours</p> 

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# Digital Finance

## Metrics and Targets

### Digital Finance Management Metrics



### | Digital Promotion Performance by Subsidiary

Category	Unit	Performance Status			
		2021	2022	2023	
Mobile MAU	Busan Bank	812,408	902,585	998,073	
	Kyongnam Bank	464,041	512,013	540,378	
	BNK Capital	Persons	38,089	44,893	50,786
	BNK Securities		3,817	3,538	3,474
	BNK Savings Bank		1,357	9,796	10,523
	<b>Total</b>		1,319,712	1,472,825	1,603,234
Mobile Customer Ratio	Busan Bank	37.6	43.8	48	
	Kyongnam Bank	32.9	49.5	53.7	
	BNK Capital	%	24.1	36.3	43.1
	BNK Securities	12.2	13.7	14.7	
	BNK Savings Bank	3	12.5	15.2	
	<b>Total</b>		34.1	43.8	47.9

### Digital Finance Management Goals

The BNK Financial Group is seeking to enhance and streamline operations through digital finance transformation while also improving customer financial accessibility. The group has set goals to reach 5.57 million mobile customer, 24.8 trillion KRW in digital deposits, and 11.5 trillion KRW in digital loans by 2026. We plan to periodically monitor the achievement of these digital finance goals.

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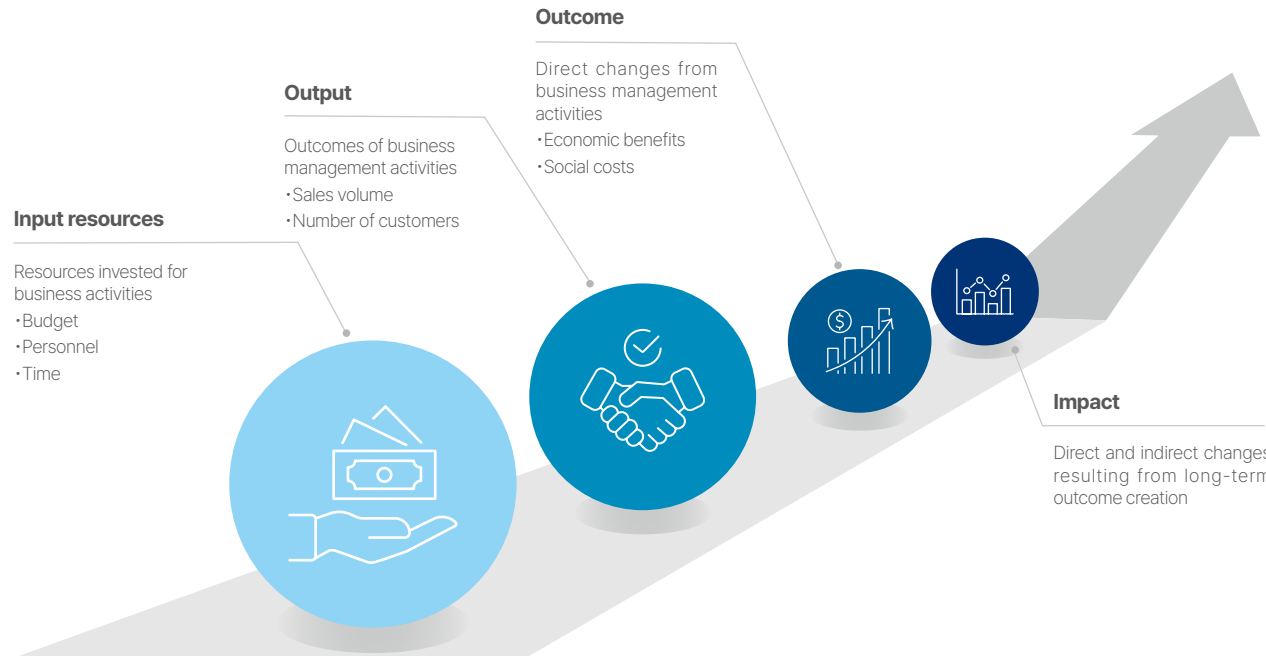
# Creating Social Value in the Local Community

## Measurement of Social Value

The BNK Financial Group recognizes the economic, social, and environmental impact directly and indirectly generated through its business activities and strives to consider these impacts in its business activities and decision-making process. Accordingly, the BNK Financial Group expanded the scope of social value measurement in 2023 to include the financial holding company and all subsidiaries, compared to Busan Bank and Kyongnam Bank in 2022. The impact generated through financial and non-financial performance was measured using the PwC Total Impact Measurement and Management (TIMM) methodology. The methodology developed in 2010 is widely used domestically and internationally, analyzing the social, environmental, tax and fiscal, and economic impacts of a company's business activities on a wide range of stakeholders. The BNK Financial Group utilized the TIMM methodology to analyze the social impact in economic, social, and environmental areas, considering both positive impact and negative impact to measure social value.

Impact	Evaluation Target and Period	Evaluation Method
Information on the positive or negative changes in the company or society due to the outcome (outcome, changes in the company or society resulting from activities)	Evaluation of the impact generated by the BNK Financial Group's business performance in 2023 and the indirect impact generated through employees	Utilization of public reporting/accountability data and internal data announced by the company based on laws and regulations, statistical data from national institutions and international organizations, and research results from related domestic and international papers

## BNK Financial Group Social Value Measurement Scope



## BNK Financial Group Social Value Measurement Dimensions

- Economic**  
 • The impact of the company's business activities on GDP
- Social**  
 • The impact of the company's business activities on society to enable members of society to lead better lives
- Environmental**  
 • The impact of the company's business activities on the environment and humans

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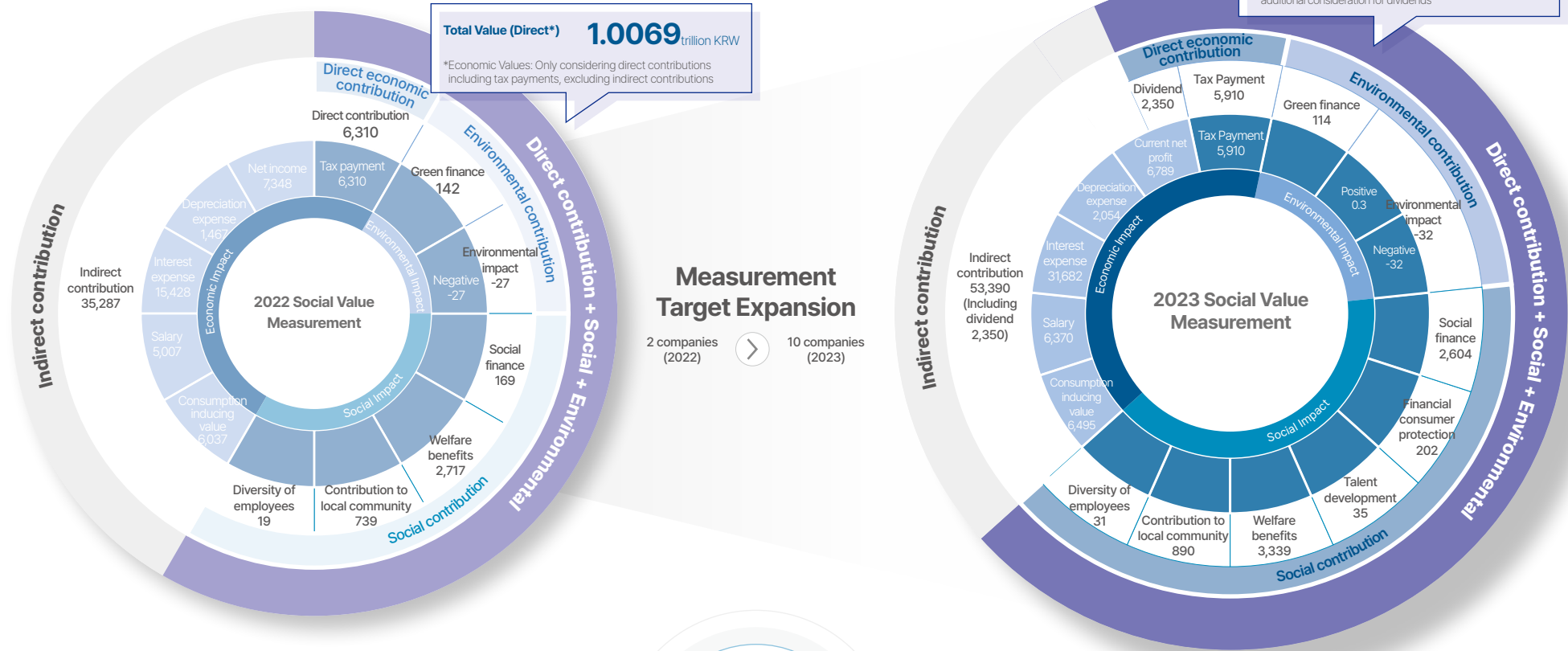
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# Creating Social Value in the Local Community

## 2023 BNK Financial Group Social Value Measurement Results

In 2022, the BNK Financial Group measured the social value created by Busan Bank and Kyongnam Bank. However, in 2023, the scope of social value measurement was expanded to include all subsidiaries, including the BNK Financial Group, resulting in the creation of 6.6482 trillion KRW in social value.



Economic (Indirect + Direct)	4.1596 trillion KRW
Social	364.4 billion KRW
Environmental	11.5 billion KRW
<b>Total Value (Indirect + Direct)</b>	<b>4.5355</b> trillion KRW

Approximately  
**47% increase** ↑  
(2.1127 trillion KRW)

Economic (Indirect + Direct)	5.93 trillion KRW
Social	710.1 billion KRW
Environmental	8.1 billion KRW
<b>Total Value (Indirect + Direct)</b>	<b>6.6482</b> trillion KRW

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# Creating Social Value in the Local Community

## 2023 BNK Financial Group Social Value Measurement Results

The BNK Financial Group has developed social value measurement metrics to more comprehensively measure the social value created through its business activities. In 2022, social value was measured based on 18 metrics, but in 2023, new metrics were developed for business activities that were not measured in 2022, resulting in a total of 36 metrics used to measure social value.

(Unit: Counts, 100 million KRW)

		Economic		Environmental		Social						
		Direct Contribution	Indirect Contribution	Environmental Impact		Green Finance	Social Finance	Financial Consumer Protection	Talent Development	Welfare Benefits	Contribution to Local Community	Diversity of Employee
				Positive	Negative							
												
2022	Metrics	1	5	0	1	3	5	0	0	1	1	1
	Social Value Creation Amount	6,310	35,287	-	-27	142	169	-	-	56	739	19
2023	Metrics	1	5	2	5	4	12	3	1	1	1	1
	Social Value Creation Amount	5,910	53,390 (Dividend 2,350)*	0.3	-32	114	2,604	202	35	3,339	890	31

\*Dividends are direct economic contributions

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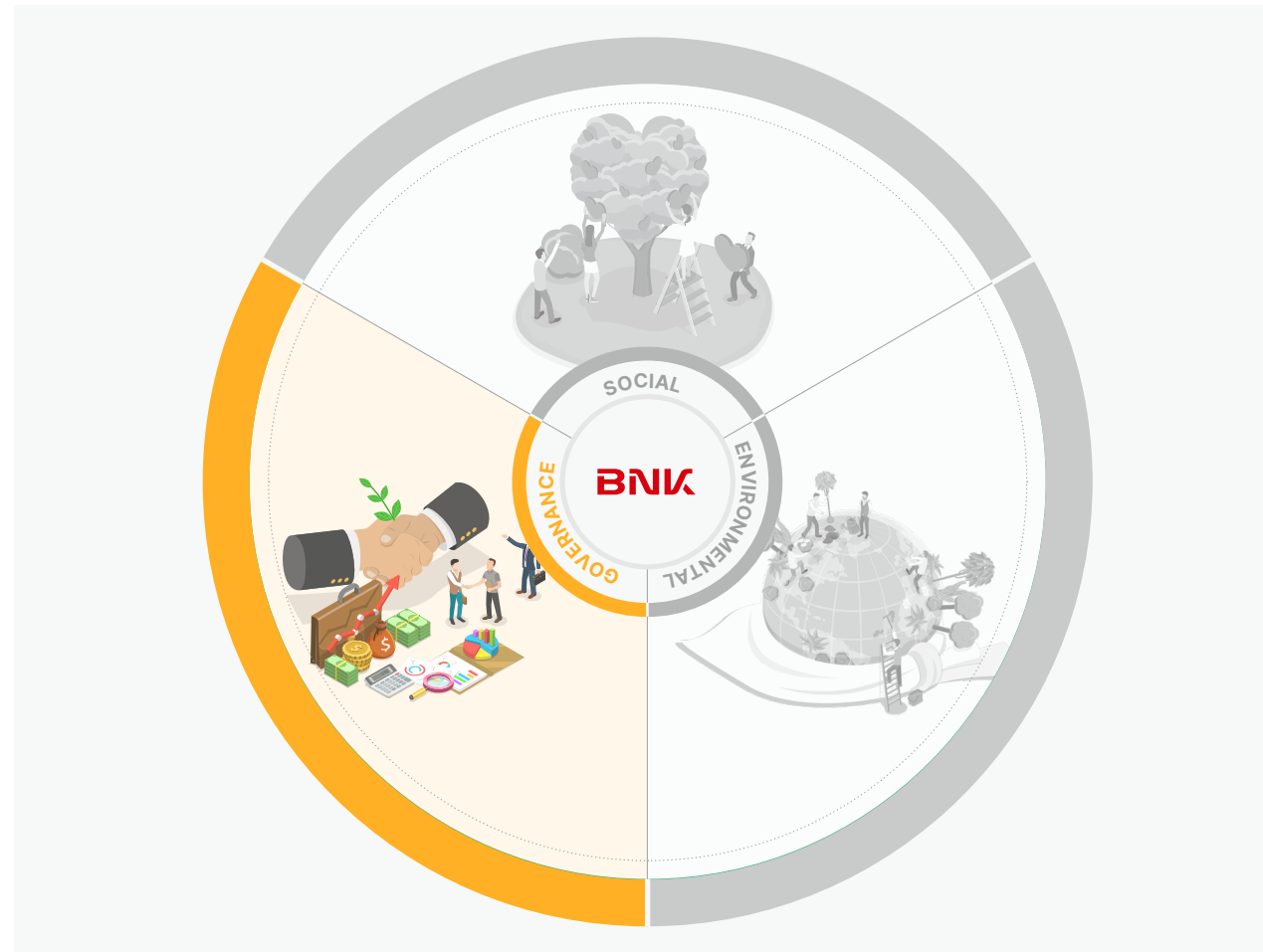
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# Creating Social Value in the Local Community

## 2023 BNK Financial Group Social Value Measurement Results

### Economic

The BNK Financial Group, based on the mission of 'Ease the finance, Enrich the future,' provides positive value to the local and national economy. We contribute directly to the economy through transparent and sincere tax payments, and indirectly through the consumption of employees, interest payments, and other means, thereby contributing to the local community and national economy.



(Unit: 100 million KRW)

Direct Economic Contribution	<b>Tax Payment</b>	<b>591 billion KRW</b>
Indirect Economic Contribution	<b>Net income</b>	6,789
	<b>(dividend)*</b>	(2,350)
	<b>Depreciation</b>	2,054
	<b>Interest expense</b>	31,682
	<b>Salary</b>	6,370
	<b>Consumption inducing value</b>	6,495

**Total Economic Contribution: 5.93 trillion KRW**

\*Dividends are considered direct economic contributions

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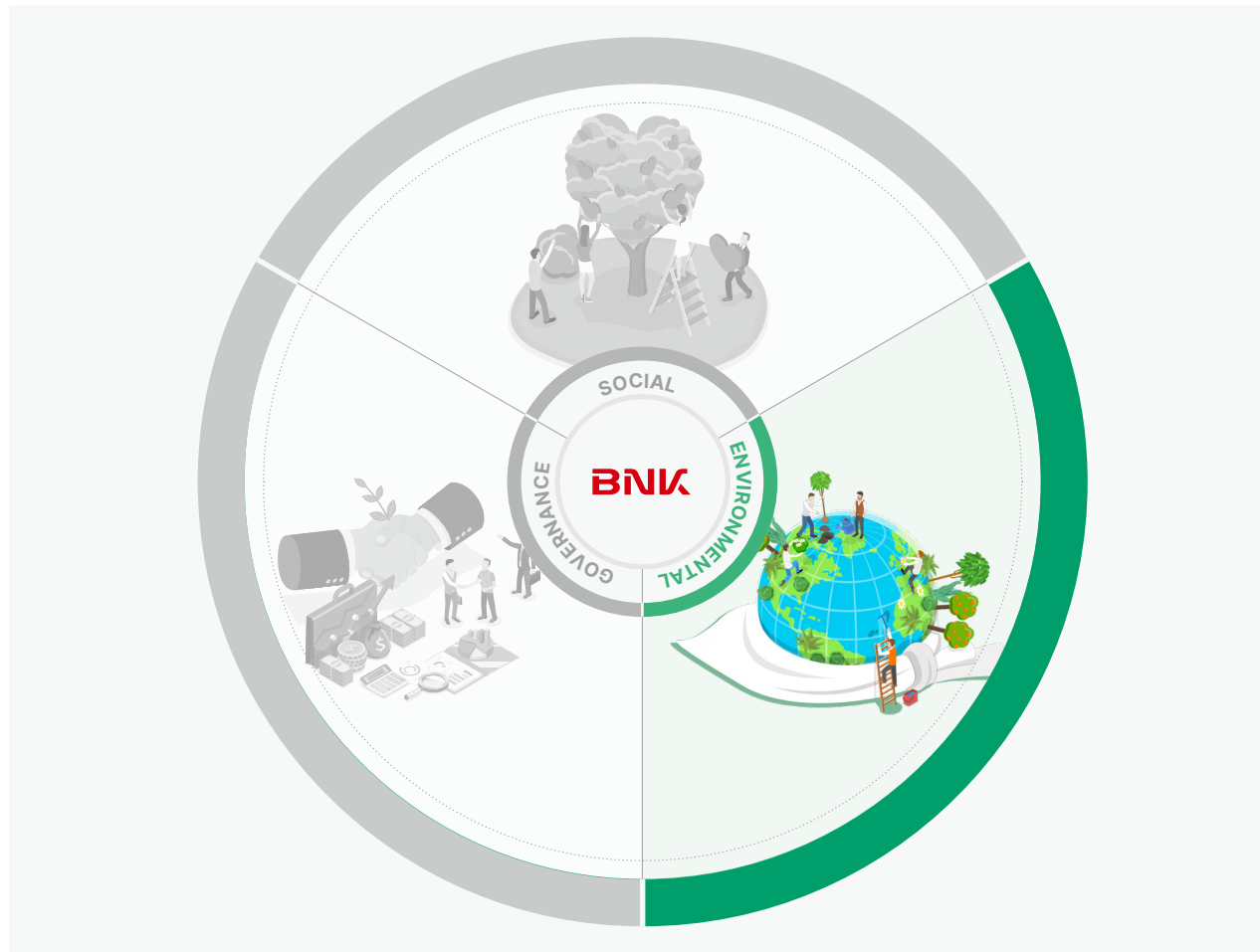
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# Creating Social Value in the Local Community


## 2023 BNK Financial Group Social Value Measurement Results


### Environmental


The BNK Financial Group is striving for the sustainable development of the nation and local community through green financial activities, including investments in green businesses and providing preferred interest rates for green finance products. Additionally, to minimize the negative environmental impact that may arise from business activities, we are practicing and expanding Environmental Management activities such as the use of renewable energy and the transition to eco-friendly vehicles.



(Unit: 100 million KRW)

Environmental Impact + 	<b>Renewable Energy Usage</b>	0.2
	<b>Eco-friendly Vehicle Usage</b>	0.1

Environmental Impact - 	<b>GHG Emissions</b>	-3
	<b>Energy Usage</b>	-25
	<b>Water Usage</b>	-4
	<b>Waste Disposal</b>	-0.5
	<b>Paper Usage</b>	-0.4

Eco-friendly Finance 	<b>Green Finance Deposits/loans</b>	53
	<b>Green Finance SOC</b>	49
	<b>Green Financial Card</b>	11

**Total Environmental Contribution: 8.1 billion KRW**

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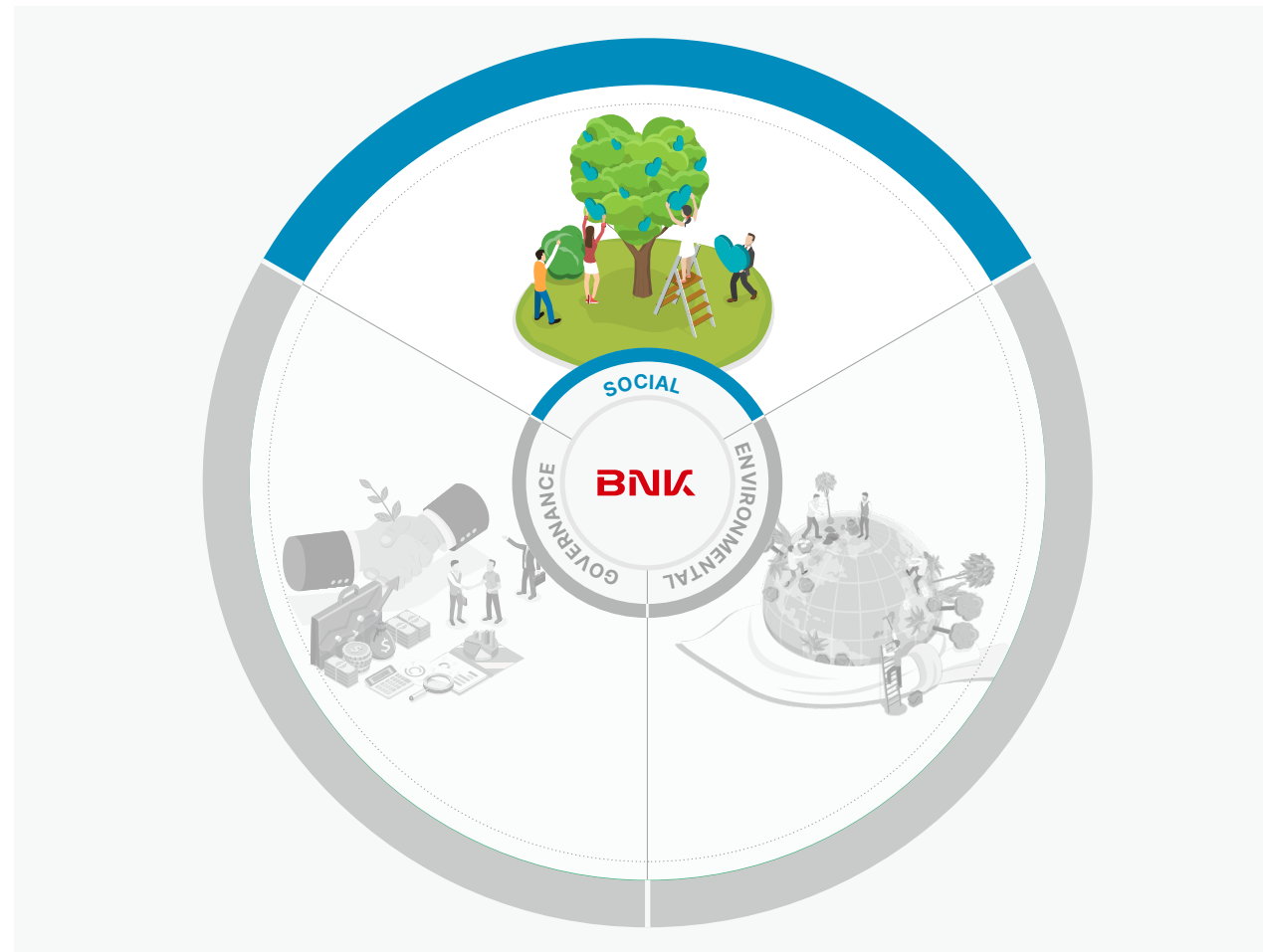
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# Creating Social Value in the Local Community

## 2023 BNK Financial Group Social Value Measurement Results

### Social

The BNK Financial Group is creating socially positive values in various fields for the sustainable growth of the Southeastern regions' local community. Moving forward, the BNK Financial Group will strive to provide social value across the nation by generating diverse social values for key stakeholders such as customers, employees, and the local community, including financial support for financially vulnerable groups and innovative companies.



(Unit: 100 million KRW)

Social Finance 	<b>Financial Inclusion</b>	217.8
	<b>Innovative Finance</b>	25.5
	<b>Win-Win Finance</b>	17.0

Financial Consumer Protection 	<b>Consumer Finance Education</b>	1
	<b>Prevent Financial Fraud</b>	202
	<b>Incomplete Sales Sanctions</b>	-0.5

Talent Development 	<b>Employee Education</b>	35
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Welfare Benefits 	<b>Fringe Benefits</b>	3,339
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Contribution to Local Community 	<b>Social Contribution</b>	890
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Diversity of Employees 	<b>Employment of Disabled Employees</b>	31
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**Social Contribution, Total 710.1 billion KRW**



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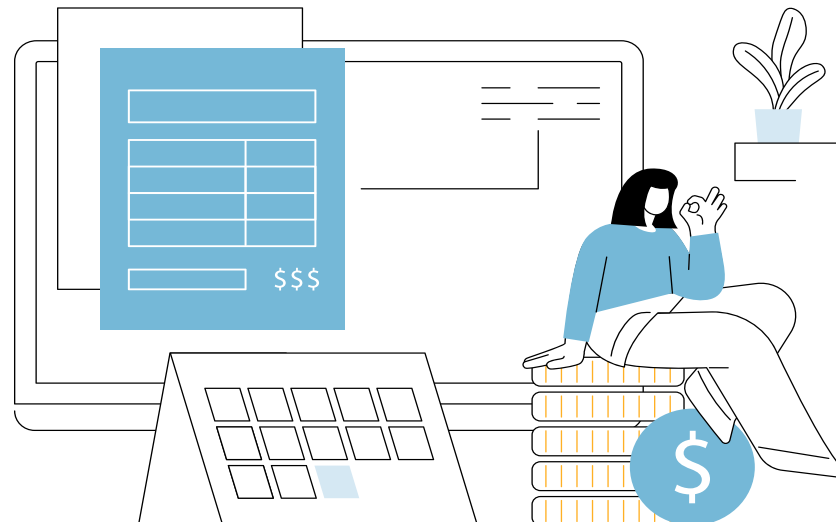
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## Creating Social Value in the Local Community

### Improvement and Advancement of Social Value Measurement

Social value measurement is an activity that identifies the positive and negative impacts(Impact) that the results(Output) of corporate activities have directly and indirectly on the economy, society, and environment.

The BNK Financial Group plans to establish a metrics management process that considers the business specificity centered on the financial industry to objectively measure, systematically manage, and improve social value. Through the expansion of measurement metrics, we will continuously strive to fulfill broader social responsibilities and realize a sustainable future.



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# Contribution to Local Community

## Governance

### Social Contribution System

The BNK Financial Group has established a process for social contribution activities and is maximizing the effectiveness of social contributions through collaboration among its subsidiaries. Based on a unified direction and management system for social contributions at the group level, the BNK Financial Group form the group-centered 'BNK Volunteer Group', integrating the 'local volunteer groups' of each subsidiary in 2024.

Additionally, a meeting of the social contribution working group, which includes social contribution officers from each subsidiary, is regularly held to discuss the direction and key issues related to the BNK Financial Group's social contributions. Busan Bank and Kyongnam Bank have decided on whether to execute donations through a step-by-step agreement process of consultative bodies involving the working committee, deliberation committee, management committee, and the Board of Directors(BoD), depending on the amount of the donation, to make fair donations at a more appropriate time.

### Social Contribution Strategy

The BNK Financial Group is implementing various social contribution activities to practice 'Finance that inspires the world' and to coexist with the local community. To return corporate profits to the local community and fulfill corporate social responsibility through specific and differentiated social contribution activities linked to the local community, we have established the 'BNK Financial Group Local Community Engagement Policy' for 2024. The BNK Financial Group is diversifying its existing social contribution projects, which have been focused on public interest and mecenat activities in the local community, to present strategic directions encompassing childbirth, education, employment, old age, and biodiversity projects. Through strategic linkage with policy projects, we reflect the characteristics of local banks. We are promoting social contribution projects to practice coexistence with the local community. [BNK Financial Group Local Community Engagement Policy](#)

### | The BNK Financial Group Social Contribution Strategy



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# Contribution to Local Community

## 2023 Social Contribution Activities Highlight

### Held 'BNK Social Contribution Day'

| Approximately 2,000 employees from all subsidiaries of the BNK Financial Group participated in volunteer activities



The BNK Financial Group held the 'BNK Social Contribution Day' on January 20, 2024, with all subsidiaries participating, centered around BNK Financial Holdings. Approximately 2,000 employees from all subsidiaries of the BNK Financial Group attended and carried out large-scale volunteer activities. Among them, 1,200 employees from Busan participated in activities such as packaging daily necessities, making school supplies, donating blood, and sharing clothes to support vulnerable children. Around 600 employees from Ulsan and Changwon also participated in packaging daily necessities, and about 200 employees from the Seoul engaged in environmental cleanup activities around Cheonggyecheon.

On January 5, 2024, under the title 'NEW BEGINNING 2030,' a vision declaration ceremony was held, where the BNK Financial Group newly established its mission as 'Ease the finance, Enrich the Future,' and declared its vision, which serves as a focal point connecting the mission with specific goals, strategies, and culture, as 'Finance that inspires the world.'

### Support for Recovery from Heavy Rain Damage

On July 17, 2023, the BNK Financial Group prepared a donation of 300 million KRW and financial supports for the recovery from heavy rain damage. The 300 million KRW donation was used to provide relief supplies and supports for housing for flood victims through the National Disaster Relief Association. Busan Bank and Kyongnam Bank provided a total of 200 billion KRW in emergency financial support, including new credit support of up to 500 million KRW for corporate customers and up to 20 million KRW per person in emergency living expenses for individual customers, as well as extensions of maturity dates, deferments of installment repayments, and up to six months of deferment for BC card payment dues. Additionally, large-scale volunteer activities were conducted, including the organization of emergency volunteer teams for recovery efforts.



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# Contribution to Local Community

## Strategy and Activities

### Best Practice of Local Community Public Interest Activities

#### Economic Support Project for Crime Victims

Busan Bank

Busan Bank conducted a public interest project to support emergency medical expenses and living expenses to help victims of violent crimes quickly recover their daily lives, resulting in the creation of a fund totaling 20 million KRW.

#### Traditional Market Gift Certificate Purchase

Kyongnam Bank

Kyongnam Bank has donated traditional market gift certificates every holiday to support the purchase of food and daily necessities for low-income households and to revitalize traditional markets. As a result, in 2023, Kyongnam Bank were able to support a total of 8,320 households with 419 million KRW worth of traditional market gift certificates. Additionally, during the period when seafood consumption was reduced due to the release of contaminated water from the Fukushima nuclear power plant, employees of grade 3 and above received a portion of their salary in traditional market gift certificates and spent them, contributing to the revitalization of the local fisheries industry and economic activation.

#### Volunteer Activities for the Promotion of Welfare for the Disabled

BNK Capital

BNK Capital is conducting relief activities for vulnerable and marginalized groups to become a company that can achieve sustainable growth with various stakeholders. They visited a welfare center for the disabled to volunteer in wire assembly work necessary for generating economic income for the disabled and visited the Korean Red Cross Busan branch to participate in bread-making volunteer activities to be provided to residential facilities for the disabled, thereby striving to improve the welfare of the disabled.

#### Support for Vulnerable Groups

BNK System

BNK System is carrying out various support activities for vulnerable groups, such as supporting Chuseok Songpyeon-making experience activities and donating bread.

#### Warm Companionship

BNK Securities

Since 2022, BNK Securities has been supporting vulnerable groups in welfare blind spots within the local community under the theme of 'Warm Companionship.' In 2023, they sponsored school supply sets for the new semester, amusement park tickets for Children's Day, and electric heating mats for the winter. Additionally, they supported the purchase of ingredients for free meal centers and rice sharing events as part of their ad-hoc planning projects.

#### Giwoncharim Volunteer Group Love Rice Sharing

BNK Savings Bank

BNK Savings Bank, in collaboration with the non-profit organization Giwoncharim Volunteer Group, which promotes a culture of sharing within the local community through meal provision, held a rice donation ceremony to express gratitude to the elderly. The rice sponsored by BNK Savings Bank was provided as lunch for vulnerable elderly groups visiting the Giwoncharim Restaurant in Dongnae-gu, Busan.

#### Hope Sharing Packages

BNK Credit Information

BNK Credit Information has practiced corporate sharing management and promoted a culture of sharing within the local community by delivering 'Hope Sharing Packages' every holiday season. In the 2023 Chuseok holiday, employees personally prepared and delivered 50 'Hope Sharing Packages' containing 13 types of daily necessities and food items to the households of customers who are diligently repaying their debts despite difficult circumstances.

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## Strategy and Activities

### Best Practice of Academic and Educational Support Activities

#### BNK Happiness Scholarship Support Project

Busan Bank

Since 2007, Busan Bank has been awarding scholarships to elementary, middle, high school, and university students from vulnerable groups within the region to foster future talent. In 2023, a total of 284 students recommended by 26 universities in the Busan and Kyongnam regions and The Office of Education of Busan Metropolitan City were selected to receive scholarships.

#### Writing and Drawing Contest

Kyongnam Bank

Kyongnam Bank held the '32nd Writing and Drawing Contest' for women, children, and youth in the Kyongnam and Ulsan regions to provide opportunities for relaxation at local attractions and contribute to the revitalization of the local economy. Through this event, a total of 3,243 winners, including grand prize, excellence award, and first prize recipients, were awarded trophies, certificates, and prize money.



Kyongnam Bank Writing and Drawing Contest

### Best Practice of Mecenat Activities

#### Support for Busan International Film Festival

Busan Bank

Busan Bank has been sponsoring the Busan International Film Festival for 28 years, and in 2023, it received a Certificate of Appreciation for its contributions to the development of the Busan International Film Festival. The bank has also been recognized as an excellent institution for cultural and artistic sponsorship due to its various cultural and artistic support activities, such as sponsoring the Busan International Film Festival and the Young Artists Art Competition.

#### Hosting of Sports Events

Kyongnam Bank

Kyongnam Bank has organized various sports events such as local community soccer tournaments, the Kyongnam Bank regular gateball tournament, and the Jinju walking competition to promote physical activities and contribute to the local economy. In particular, most of the promotional materials such as banners and posters for event announcements were made from biodegradable materials and displayed to practice environmental protection efforts.

#### Support Agreement for Modern Pentathlon Professional Team

BNK Savings Bank

BNK Savings Bank has signed a sponsorship agreement with the Busan Metropolitan City Sports Association and the Modern Pentathlon professional team to promote less popular sports and contribute to the development of local physical activities, donating 100 million KRW to the Busan Metropolitan City Sports Association.

#### Youth Baseball Talent Scholarship Support

BNK Securities

BNK Securities provided scholarships to promising youth baseball players who are nurturing their dreams in challenging environments through the Korea Financial Investment Association Baseball Tournament.

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# Contribution to Local Community

## Strategy and Activities

### Best Practice of Biodiversity Conservation Activities

#### Plogging and Beachcombing

Kyongnam Bank

Kyongnam Bank conducts weekly environmental cleanup activities such as 'plogging' on walking trails and hiking paths, and 'beachcombing' along the coastline. Additionally, they hold 'underwater plogging' at least once a year to raise awareness about marine pollution and contribute to marine environment conservation. As a result, a total of 1,007 employees and family volunteers participated in 69 biodiversity conservation activities(62 plogging sessions, 6 beachcombing sessions, and 1 underwater plogging session).

#### Plogging Volunteer Activities

BNK Capital

BNK Capital conducted a total of 2 'plogging' activities in 2023, picking up trash along major hiking trails, parks, and coastlines within the region. Through these efforts, they were able to help clean the natural environment and restore the ecosystem within the local community. BNK System carried out environmental cleanup activities around Samnak Ecological Park and their workplace area, promoting local environmental protection.

### Best Practice of Environmental Protection

#### Support for Recovery in Natural Disaster-Affected Areas

Kyongnam Bank

Kyongnam Bank dispatched an emergency volunteer team to the affected areas immediately after super typhoons such as 'Khanun' and 'Hinnamnor' caused damage to facilities and crops, contributing to the recovery efforts. They also provided a financial support program for typhoon damage recovery. In 2023, when Typhoon Khanun caused damage, they supported SMEs and individuals affected by the disaster with emergency funds amounting to 100 billion KRW.

### Best Practice of Global Activities

#### Türkiye Earthquake Support

Busan Bank

Busan Bank has initiated support for Türkiye and Syria earthquake victims by promoting donations through mobile banking and providing aid for the Türkiye earthquake. Additionally, we supported the dispatch of 15 medical personnel from a non-profit medical organization.

#### Overseas Corporation HAPPY SHARING

BNK Capital

BNK Capital has conducted various donation events such as 'Happy Sharing,' a regular donation event for the underprivileged in overseas expansion areas. Through these events, BNK Capital has donated used clothing, used PCs, and multifunction printers to elementary schools in the areas where its Myanmar corporation operates.



BNK Capital Happy Sharing

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# Contribution to Local Community

## Metrics and Targets

### Contribution to Local Community Management Metrics

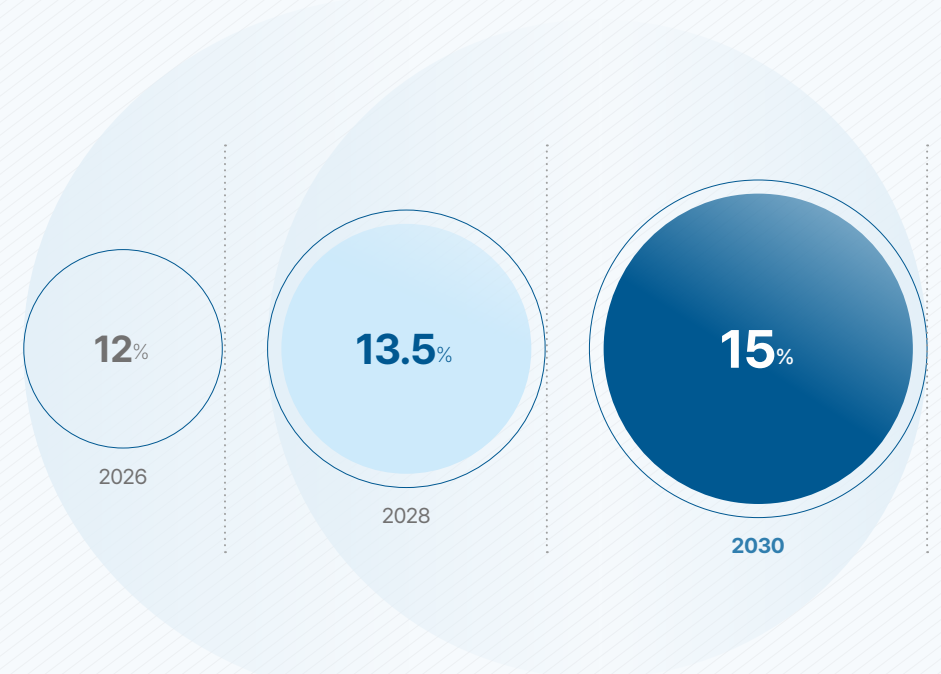


As the leading financial institution in the Southeastern regions, the BNK Financial Group manages metrics for the number of social contribution volunteers and the amount of social contribution investments to fulfill its social responsibilities. In 2023, a total of 6,555 employees of the BNK Financial Group participated in social contribution programs, and 88,744 million KRW was invested in social contribution donations.

### Contribution to Local Community Management Metrics

The BNK Financial Group has set a goal to return more than 12% of its current net profit to the local community by 2026, 13.5% by 2028, and 15% by 2030 to enhance its contribution to the local community.

#### | Social Contribution Ratio to Current Net Profit



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Touch Our Sustainability

# Righteous Finance (GOVERNANCE)

## Establishing Righteous Finance for Sustainability

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# ESG Management System

## Governance

### Board Composition

The BNK Financial Group is establishing a transparent and healthy governance to promote the continuous growth of the BNK Financial Group and enhance the rights and interests of all stakeholders including shareholders, customers, community, etc. through the realization of sustainable management. To this end, the Board of Directors is composed of one internal director and seven outside directors(as of 2024). In particular, the chairman of the Board of Directors is different from the CEO and is appointed among outside directors. To support the smooth activities of the outside directors, the Board Secretariat, a dedicated support organization for outside directors, is operated.

#### Board Composition Status<sup>1)</sup>

Role	Name	Experience	Expertise	Tenure (Date of appointment–end of tenure) <sup>2)</sup>	Remarks
CEO	Bin Dae-in	CEO, BNK Financial Group Former President, Busan Bank	Finance	2023.3.17–General meeting of shareholders of 2026	
Outside Director (chairman of BoD)	Choi Kyung-soo	Former CEO , Hyundai Securities Former Chairman, Korea Exchange Former Advisor, Duri Tax Corporation	Finance	2021.3.26–General meeting of shareholders of 2025	Independent director
Outside director	Lee Gwang-ju	Former Assistant Vice Governor, Bank of Korea Former Outside Director, Korea Standard Chartered Finance Group and Standard Chartered Bank Korea Ltd Former Specially-appointed professor, Yonsei University Graduate School of Economics	Economics	2023.3.17–General meeting of shareholders of 2025	Independent director
Outside director	Kim Byung-duck	Present Senior researcher, Korea Institute of Finance Former Visiting Research Fellow, Samsung Economic Research Institute Former President, the Korean Pension Association	Finance	2023.3.17–General meeting of shareholders of 2025	Independent director
Outside director	Jung Young-seok	Current Professor, Korea Maritime University at the Department of Maritime Law Former Expert Member, the Dispute Mediation Committee at the Financial Supervisory Service Current Legislative Advisor, the Ministry of Government Legislation(Legislative Advisor)	Law	2024.03.22– General meeting of shareholders of 2026	Independent director
Outside director	Oh Myong-sook	Former Professor of Chemical Engineering, School of Chemical Engineering and Materials Science, Hongik University Former President, Korean Federation of Women’s Science and Technology Association Present Member, Expert Committee on Energy Technology, Ministry of Trade, Industry and Energy Present Non-Executive Director, Korea Intellectual Property Strategy Agency	Information Technology-Climate	2024.03.22– General meeting of shareholders of 2026	Independent director
Outside director	Seo Soo-deok	Former Assistant Professor, Associate Professor, Department of Accounting, Kyungsoo University Former Chairman, Korea International Accounting Association Former Honorary Chairman, Korea International Accounting Association	Finance-Accounting	2024.03.22– General meeting of shareholders of 2026	Independent director
Outside director	Kim Nam-Kyul	Former Employee, Busan Bank Former Head of RM Division, Lotte Capital Former Standing Auditor, Lotte Capital	Business management	2024.03.22– General meeting of shareholders of 2026	Independent director

1) As of the end of March 2024

2) As of June 2024, the average tenure of the board members is 11.4 years

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# ESG Management System

## Governance

### Committees under the Board of Directors

The BNK Financial Group operates a total of seven committees under the Board of Directors, and internal regulations prescribe that at least half of committees be composed of outside directors(2/3 or higher for audit committee); the chairman of each committee must also be appointed from among outside directors.

As of March 2024, members of all committees excluding the ESG Committee and the Subsidiary CEO Nomination Committee were appointed among outside directors as part of the efforts to operate a more independent committee. In particular, internal regulations prescribe that the CEO and chairman be excluded from the Nomination Committee; thus strengthening independence for transparent and fair succession of management and appointment of directors.

#### | Committees under the Board of Directors

Committee	Composition	Role	Operation in 2023
Board Steering Committee	7 outside directors	- Hosting of board meetings and establishment of outside director operation plans - Discussions on improving corporate governance	Held 3 times, attendance rate 100%
Risk Management Committee	4 outside directors	- Approval of group risk policies - Supervision on risk policy compliance	Held 7 times, attendance rate 100%
Nomination Committee	4 outside directors	- Searching, screening, and recommending candidates for directors	Held 7 times, attendance rate 100%
Compensation Committee	4 outside directors	- Establishment of plans for improving company management performance - Setting and evaluating board performance goals	Held 4 times, attendance rate 100%
Audit Committee	4 outside directors	- Supervising the execution of duties by directors and management - General audit and evaluation of work such as internal control system, etc.	Held 9 times, attendance rate 100%
ESG Committee	1 internal director, 3 outside directors	- Establishing ESG strategies and policies of the group - Enactment and opening/closing of internal regulations related to ESG	Held 4 times, attendance rate 100%
Subsidiary CEO Nomination Committee	1 internal director, 3 outside directors	- Establishment and operation of subsidiary succession plans - Identification and management of subsidiary CEO candidates, and verification of disqualifications according to relevant laws and regulations	Held 9 times, attendance rate 100%

### Role of the ESG Committee

The BNK Financial Group established the ESG Committee in March 2021 to continuously strengthen the management and supervision of the practice of group ESG management. The ESG Committee is serving as the control tower of the ESG management activities. This forms the group's ESG strategies and policies and manages overall ESG management. In addition to the BNK Financial Group, Busan Bank and Kyongnam Bank have also established and operate ESG Committees, with both outside and internal directors participating as members to discuss and decide on major ESG-related matters. In principle, the ESG Committee is held at least semiannually. In 2023, the ESG Committee was convened four times and major reporting items included the publication of the sustainability report and external institute assessment results on ESG. In particular, in 2024, we plan to strengthen the role of the ESG Committee by approving the mid- to long-term ESG management strategy and formalizing the reporting of major ESG initiatives and progress.

#### | Operation of the BoD

Order	Date	Resolution/Reporting agendas
1st	2023.3.17	Appointment of chairman(suggestion)
2nd	2023.4.27	Reporting on key ESG-related issues in the group
3rd	2023.7.26	Announcement of 2022 sustainability management report publication
4th	2023.10.31	Reporting on Group ESG Major Issues

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# ESG Management System

## Strategy and Activities

### Efficient Operation of the Board of Directors

The BNK Financial Group BoD votes on matters prescribed by law or articles of incorporation, matters delegated by the general meeting of shareholders, basic policies of company management, and other important matters for executing work. We are constructing risk management systems that meet the business strategies and supervising the internal control and execution of jobs for management.

The BoD is convened for a regular BoD meeting held every quarter and a special BoD meeting. Directors deemed to have special interests related to BoD agendas are not allowed to exercise voting rights for the relevant issue. Unless prescribed by law or the articles of incorporation, decisions are made based on the majority vote of the attending directors constituting the majority of registered directors.

In 2023, a total of 13 board meetings were held, and a total of 85 agenda items were handled. The average participation rate of BoD meetings was 98%. Meanwhile, in order to enhance the efficiency of BoD and committee operations, briefings and pre-presentations were held so that opinions could be exchanged; thus ensuring sufficient discussions on the agendas.

#### Operation of the BoD

(Unit : meetings, cases, %)

Category	2021	2022	2023
No. of BoD Meetings	9	13	13
No. of Agendas Discussed	54	83	85
No. of Agendas Resolved	20	37	34
No. of Agendas Reported	34	46	51
Attendance Rate	97.2	96.7	98

### Independence of the Board of Directors

The BNK Financial Group appoints its directors in accordance with the independence criteria prescribed in the 'Act on Corporate Governance of Financial Companies' and the relevant internal regulations of the Group. Independence of the BoD has been secured by specifying that a majority of the members of the BoD should be outside directors whose independence has been verified in the Articles of Association. As of the end of March 2024, the proportion of outside directors on BoD is 87.5%, which is more than required by the regulations. This allows the BoD to effectively represent various stakeholders, including shareholders, and to perform its oversight function over the management.

In addition, the Nomination Committee, composed of outside directors, recommends internal and outside directors after a thorough verification process for qualification requirement and reason for disqualification. The Board of Directors confirms the recommended candidate; the director is finally appointed through the general meeting of shareholders.

In 2024, we have promoted various activities to support the efficient performance of the members of BoD. First, we established the Board Secretariat as an independent organization under the BoD, appointing a department-level or higher employee as the head of the Board Secretariat, and formalized in the internal regulations that concurrent positions are not allowed. Additionally, to support the independent activities of outside directors, we have institutionalized the operation of an outside directors' meeting where management does not participate. Lastly, information on corporate governance, trends in domestic and foreign financial markets, and risk management areas, etc. has been provided to outside directors through advisory from employees and external experts. Moreover, the independent decision-making of outside directors has been supported by joining in the Directors and Officers(D&O) liability insurance.

[BNK Financial Group Governance Internal Regulations Link](#)

[BNK Financial Group Board Independence and Diversity Policy Link](#)

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# ESG Management System

## Strategy and Activities

### Expertise of the Board of Directors

The BNK Financial Group considers expertise in the process of appointing directors for effective decision-making based on diverse perspectives for sustainable growth, improving corporate value and protecting shareholders, customers, and all other stakeholders. The expertise of the Board of Directors is secured based on practical experiences or professional knowledge in their relevant fields. This includes finance, economy, business management, accounting, law, consumer protection or information technology prescribed in the 'Act on Corporate Governance of Financial Companies' and the governance internal regulations of the Group to prevent the biased distribution of certain backgrounds and professional groups. Furthermore, directors are appointed by taking into comprehensive consideration on whether they can fairly perform their jobs, and whether they can spend sufficient time and effort to fulfill their duties as directors. The BNK Financial Group has provided various information and programs to actively utilize the expertise and know-how of outside directors on the group's business activities. To enhance the outside directors' understanding on the local economy and the group, internal education is periodically provided on the current state of the group, laws and internal regulations relevant to the operation of the Board of Directors, economy research material, etc.

### Board Skill Matrix

Category	Internal Director	Outside Director							
	Bin Dae-in	Choi Kyung-soo	Lee Gwang-ju	Kim Byung-duck	Cheong Yeong-seok	Oh Myong-sook	Seo Soo-deok	Kim Nam-Kyul	
Finance	●	●	○	●				○	
Economics		○	●	○					
Business management	○	○					○	●	
Finance / Accounting		○					●		
Law					●				
Information Technology						●			
Climate							○		

\*As of the end of March 2024 ● Main area of expertise ○ Additional area of expertise(related licenses or career)

### Diversity of the Board of Directors

The BNK Financial Group complies with the standard for composition of the Board of Directors prescribed in the 'Financial Investment Services and Capital Markets Act', and aims to ensure diversity in the decision-making process within the BoD by appointing at least one female outside director as a principle. To enhance the diversity of the BoD through an increased proportion of female outside directors, the group maintains a pool of female candidates for outside director positions at a rate of 20% or more (as of March 2024, the proportion of female outside director candidates is 24.7%). Additionally, we review the Board Skill Matrix for board members at least once a year to assess the expertise and diversity of the board composition. This ensures that the board consists of experts from various fields such as finance, economics, business management, law, and finance/accounting.

[BNK Financial Group Board Independence and Diversity Policy Link](#)

### Outside Director Candidate Group Management

The BNK Financial Group strives to secure the outside director candidate group recognized for their expertise in various fields through the efforts including the candidate discovery activities by the support department of the Nomination Committee, recommendations from outside directors, and recommendations from shareholders and external advisory institutions. The Nomination Committee manages the outside director candidate group twice a year and reports the results to the Board of Directors. As of March 2024, we have managed 77 members as the outside director candidate group, and they are being categorized and managed with consideration based on their expertise and diversity.

### | Status of Outside Director Candidate Group<sup>1)</sup>

Category	Number of Candidate Group
Finance	17
Economics	9
Business management	9
Law	13
Consumer protection	4
Finance/Accounting	19
Information Technology	6
<b>Subtotal</b>	<b>77</b>
Male	58
Female	19
<b>Subtotal</b>	<b>77</b>

1) As of the end of March 2024

### Outside Director Training

To enhance the outside directors' understanding on the local economy and the group, internal education is periodically provided on the current state of the group, laws and internal regulations relevant to the operation of the Board of Directors, economy research material, etc. In 2023, we conducted 13 trainings and educational courses based on various topics such as economics, business management, finance, sustainability, risk management, etc. In 2024, we are implementing mandatory educational courses for outside directors, reflecting best practices in governance. We plan to expand both internal and external educational courses to enhance the expertise of outside directors and provide them with experience in various fields. [Training Performance for Outside Directors in 2023 \(link to the business report\)](#)

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# ESG Management System

## Strategy and Activities

### Evaluation of the Board of Directors

The BNK Financial Group evaluates the composition, activities and compliance with law and internal regulations of the BoD for the previous year in the first quarter every year. For the evaluation of the BoD, the composition, activities, and compliance with laws and internal regulations are reviewed, and the evaluation results are confirmed by the BoD. The BoD evaluation is composed of eight items such as the ability to present strategies and respond to crisis management, etc. The BNK Financial Group plans to continue its efforts to enhance the efficiency and advancement of the BoD through professional and objective evaluations.

#### | Detailed Status of Board of Directors(BoD) Evaluation<sup>1)</sup>

Evaluation Items	Results
Ability to present strategies	Grade S (Excellent)
Ability to respond to crisis management	Grade S (Excellent)
Efficiency of management control and supervision	Grade S (Excellent)
Appropriateness of BoD authority and executive functions	Grade S (Excellent)
Appropriateness of BoD operations and agendas	Grade S (Excellent)
Appropriateness of composition of BoD	Grade S (Excellent)
Level of smooth communication with management	Grade S (Excellent)
Evaluation of attendance rate	Grade S (Excellent)
<b>Total</b>	<b>Grade S (Excellent)</b>

1) As of the end of March 2024



S Grade

2023 Board Evaluation  
Board Director Evaluation,  
Employee Evaluation, Attendance  
Rate Evaluation



A Grade

2023 Korea Institute of Corporate  
Governance and Sustainability  
ESG Evaluation Governance

### Evaluation of Outside Directors

The evaluation for outside directors of the BNK Financial Group is divided into qualitative evaluation and quantitative evaluation. The qualitative evaluation incorporates self-evaluation, mutual evaluation and employee evaluation, focusing on the expertise, fairness and responsibility of the outside directors' activities.

The 2023 BoD and outside director evaluation was conducted in January of 2024 by an external evaluation agency with no special interests, and the evaluation results were confirmed at the first BoD meeting held on February 5. To enhance the transparency and fairness of the evaluation, the results are disclosed through the annual report on governance.

#### | Outside Director Performance Evaluation Process(as of the end of 2023)

Category	Qualitative Evaluation			Quantitative Evaluation	
	Self-Evaluation	Mutual Evaluation	Employee Evaluation		
<b>Evaluator</b>	Outside director or non-executive director-self	All directors except for oneself (excluding internal directors and non-executive director serving concurrently as executives)	Executive and department head responsible for board support tasks	BoD and committee attendance rate	BoD and committee evaluation results
<b>Evaluation Items</b>	Key items of outside director evaluation table - Capabilities and expertise - Job fairness - Ethics and responsibility				
<b>Evaluation Weight</b>	5%	60%	20%	5%	10%

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# ESG Management System

## Strategy and Activities

### Compensation System for Management

The BNK Financial Group's performance evaluation on management is based on financial performance, but the evaluation is differentiated according to the applied operational characteristics. For risk management supervisors and legal compliance monitors who require independence, separate compensation and evaluation standards were established. These are being operated irrelevant to financial performance. Work by management reflects non-financial indicators such as management innovation projects, strategy projects, and encouraging inter-group collaboration to strengthen responsible management. For short-term performance, the Compensation Committee sets performance goals every year and determines the payment according to the evaluation results for items such as management performance, personal capacities, etc., and it is paid in full in cash the following year. For long-term performance, contracts are entered every year by the Compensation Committee, with the payment ratio determined through evaluation of the Compensation Committee for long-term business performance for three years. The entire amount is paid in stock-linked cash compensation over a period of at least three years from the end of evaluation period.

### Major Performance Evaluation Indicator(2023)

Category	Details
Financial indicator	<ul style="list-style-type: none"> <li>• Profitability index : ROE, ROA, RORWA</li> <li>• Soundness index : Actual non-performing loan ratio, actual overdue loan bond ratio</li> <li>• Capital adequacy index: BIS total capital ratio, BIS common stock capital ratio</li> <li>• Efficiency index : Cost Income Ratio</li> <li>• Stability ratio : Double leverage ratio, debt ratio</li> <li>• Shareholder rate of return : Relative TSR</li> </ul>
Non-financial indicator	<ul style="list-style-type: none"> <li>• Group management innovation project execution</li> <li>• 'Work strategy project' per business sector</li> <li>• 'Management individual capacity evaluation' and 'inter-group work collaboration' for maximizing synergy in the group, etc.</li> </ul>

## Metrics and Targets

### ESG Management System Metrics and Targets



The BNK Financial Group plans to enhance the expertise and diversity of the Board of Directors, and establish trust relationships with various stakeholders through periodic monitoring and disclosure of relevant indicators.



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# ESG Risk Management

## Governance

### Risk Management System

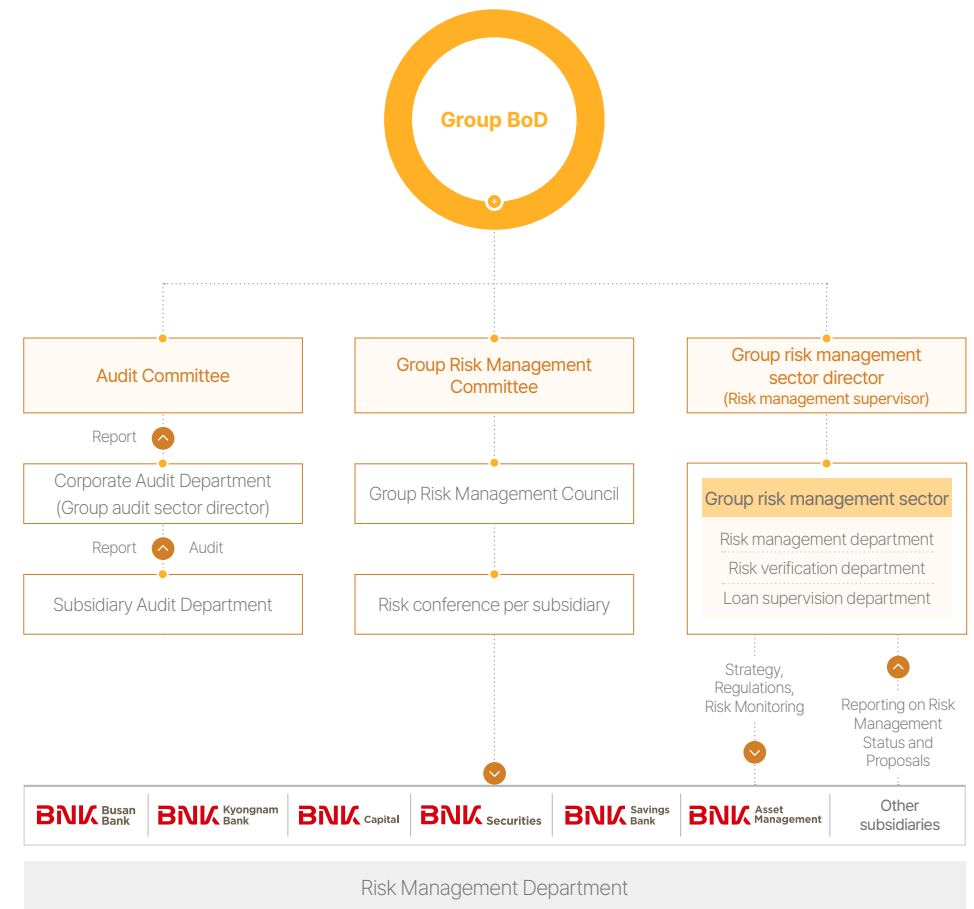
The BNK Financial Group has established and operates a risk management system to effectively manage various risks that may arise from changes in the internal and external business environment. The risk management system of the BNK Financial Group consists of the Group Risk Management Committee, the Group Risk Management Council composed of the risk management supervisors of the BNK Financial Group and its subsidiaries, and the subsidiary-specific risk conference that handles overall risk management for each subsidiary. The risk management department of the holding company is in charge of detailed group risk management policies and practices. In addition, each subsidiary's risk management organization implements the group's and subsidiaries' risk policies and strategies. Additionally, Group audit division, the independent third-party, regularly inspects the group's risk management processes at least once a year and reports the inspection results to the audit committee.

### Role of Risk Management Organization

Risk Management Committee	Highest decision-making organization for risk management in the group, established company-wide risk management strategies and plans
Risk Management Council	Discussion of detailed matters for the implementation of group risk management policies, monitoring of group risk management status, and review of the introduction of new products at the group level, etc.
Risk Management Department	In charge of works for detailed group risk management policies and work handling procedures * Risk Management Supervisor: Assists the Risk Management Committee and overseas the group's risk management work
Risk Management Organization of each subsidiary	Risk management organization of each company and implementation of risk policies
Corporate Audit Department	Independent third-party inspection of the risk management system and verification results of its suitability



### Risk Management Organization and System



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# ESG Risk Management


## Strategy and Activities

### Risk Management Activities

#### Emerging Risk Management

The BNK Financial Group has defined the risk that can have a material impact on future business as Emerging Risk and integrated them into the enterprise risk management system. In particular, we have identified and managed 'Strengthening internal controls and operational risk management', 'Digital ecosystem response' and 'Strengthen the climate change response system' as key Emerging Risks.

#### | Emerging Risk Response

 <p><b>Strengthening internal controls and operational risk management</b></p>	<p><b>Background</b></p> <ul style="list-style-type: none"> <li>The emergence of new types of operational risks, such as ICT and third-party risks, in addition to conventional financial incidents like embezzlement and malpractice by internal employees, has increased the importance of internal controls and operational risk management.</li> </ul>
	<p><b>Business Impact</b></p> <ul style="list-style-type: none"> <li>Financial incidents due to inadequate internal controls are expected to negatively impact the business, leading to customers leaving and a decline in external image, in addition to monetary losses.</li> </ul>
	<p><b>Risk Reduction</b></p> <ul style="list-style-type: none"> <li>By introducing principles for sound management of operational risk(PSMOR) and a three-stage control system(business departments, risk management, Corporate Audit Department, and compliance monitoring department), we have expanded and detailed the roles of each control system and are innovating the internal control management system by introducing a responsibility structure.</li> </ul>
 <p><b>Digital ecosystem response</b></p>	<p><b>Background</b></p> <ul style="list-style-type: none"> <li>The digital ecosystem that is quickly developing is being impacted due to the growing competition of the financial industry, and the digital risk is expected to expand throughout all financial activities including organization, platform, operational method, service, etc.</li> </ul>
	<p><b>Business Impact</b></p> <ul style="list-style-type: none"> <li>Contactless business fields are growing across the financial industry; accordingly, if there is insufficient technological response, there can be a negative impact on business such as customers leaving due to information security issues.</li> </ul>
	<p><b>Risk Reduction</b></p> <ul style="list-style-type: none"> <li>We are inspecting the management system by finding potential risk factors of the digitalization and improving the operational risk evaluation items. We are also actively supporting the improvement of infrastructure utilizing digital technologies such as elaborating the early warning model using big data, implementation of auto review AI system, etc.</li> </ul>
 <p><b>Strengthen the climate change response system</b></p>	<p><b>Background</b></p> <ul style="list-style-type: none"> <li>The climate change response levels of financial companies are continuously rising. Furthermore, direct and indirect financial risks occur as there are impacts on products and services such as loans and investments related to climate change.</li> </ul>
	<p><b>Business Impact</b></p> <ul style="list-style-type: none"> <li>With the strengthening of regulations related to climate change, it is expected that there will be changes in the risk exposure for invested projects, reduced earnings on interests, etc.</li> </ul>
	<p><b>Risk Reduction</b></p> <ul style="list-style-type: none"> <li>In preparation for the implementation of low-carbon economy and increased consumer demand for green financial services, we are applying various risk management techniques in various environmental sectors such as strengthening Environmental Management, expanding green finance, and conducting environmental impact evaluations when executing PFs.</li> </ul>

#### Risk Management by Each Type

The BNK Financial Group recognizes the credit risks, market risks, interest risks, operational risks, credit bias risks, and liquidity risk as major risks, and is focusing on managing major risks to respond to highly volatile market conditions and support the group's sustainable growth. Additionally, we classify and manage foreign exchange payment risk, strategic and reputation risks, and climate risk as other risks. Furthermore, we select and manage risk areas that require focused management each year, reflecting changes in the business environment.

#### | Major Risk Type

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

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# ESG Risk Management

## Strategy and Activities

### ESG Risk Management

The BNK Financial Group is conducting an ESG risk management process to respond preemptively to the rapidly changing financial environment such as changes in the economy or climate. First, in 2024, we plan to amend the risk management internal regulations to explicitly define climate risk as a type of risk, thereby managing climate risk activities at the same level as existing risks in an integrated manner.

When evaluating the credit of a company, we include ESG management activities in non-financial evaluation items to control ESG risks that can be caused by customers. Also, we set lower funding limits for industries with high carbon emissions, such as the oil and chemical industries, compared to other industries to prevent delays in the transition to a low-carbon economy due to the BNK Financial Group's resources. We also introduced a financial emissions management system to monitor financial emissions by industry and asset.

### ESG Risk Management Process

Category	Incorporation Review	Management after Incorporation
Credit Evaluation	Considering and reflecting ESG elements when calculating internal ratings	Reflecting ESG elements within the adjustment process of internal ratings
Limit Management	Managing businesses by reducing the total exposure of high-carbon businesses and checking the subtracted limit base	Continuous management with limit reduction elements
Carbon Emissions Management	Measuring the carbon emissions of incorporated assets and analyze the carbon reduction goal achievement impact	Monitoring the achievement of the continuous measurement reduction goal for total carbon emissions of assets

## Metrics and Targets

### ESG Risk Management Metrics and Targets



The BNK Financial Group is quantifying and managing credit risk, market risk, interest risk, operational risk, and credit bias risk to secure a stable management foundation through risk management. The BNK Financial Group plans to strengthen its management system for various risks and spread a risk management culture within the organization in the future.

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# Talent Development

## Governance

### Talent Development System

The BNK Financial Group operates the BNK Financial Group Human Resources Development Center to cultivate outstanding talents that align with our ideal talent. The Human Resources Development oversees the training of group employees through multiple programs, including joint training for the entire group, individual education, an executive training program, and global core talent development. Each subsidiary's HR department is responsible for job-related training. Through the cultivation of excellent talents, the BNK Financial Group is securing future competitiveness and sustainable growth momentum, advancing as a leading financial group.

### | Ideal Talent of the BNK Financial Group



## Strategy and Activities

### Talent Development Strategy

The BNK Financial Group has established a talent development direction to cultivate outstanding talents that align with the group's core values ('Integrity', 'Newness', 'Synergy'). The talent development direction of the BNK Financial Group focuses on nurturing talents with 'basic competencies' that align with the group's core values, 'expertise' in finance, and 'leadership' that continuously generates synergy. To cultivate outstanding talents in line with this direction, we are dedicating all efforts to employee education.

### | Development Direction of the BNK Financial Group Talent

Core Values	Talent Development Direction
Integrity	<b>Talent with 'Basic Competence'</b> Core Values & Competence of Finance Professionals
Newness	<b>Talent with 'Expertise'</b> Enhancing Financial Expertise (WM, CIB, Global, Digital)
Synergy	<b>Talent with 'Leadership'</b> Strengthening Leadership by Position (by employee, by position, by title)

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# Talent Development

## Strategy and Activities

### Talent Development Program

#### Core Sector Expert Training Program

The BNK Financial Group conducts professional training courses for developing experts in the four core business divisions of Wealth Management(WM), Corporate Investment Banking(CIB), Digital, and Global to continuously nurture key talents.

Sector	Mission	Professional Training Course	Number of Participants in 2023
WM	<ul style="list-style-type: none"> <li>Providing effective asset management solutions to customers, including portfolio-based product and investment consultations, tax and real estate consulting, and asset succession planning</li> </ul>	<ul style="list-style-type: none"> <li>Support for CPB qualification exam</li> <li>Advanced retirement finance course</li> <li>Enhancement of PB and WM Competencies</li> </ul>	353
CIB	<ul style="list-style-type: none"> <li>Providing differentiated corporate finance services that encompass various investment finance options such as loans, foreign exchange, capital increase, initial public offerings(IPO), project finance(PF), and structured finance</li> </ul>	<ul style="list-style-type: none"> <li>CIB basic course training</li> <li>CIB intermediate course training</li> <li>CIB advanced course training</li> </ul>	33
Digital	<ul style="list-style-type: none"> <li>Leading digital innovation through various attempts such as building a big data platform, data analysis, and digital marketing to provide new digital experiences and services to customers</li> </ul>	<ul style="list-style-type: none"> <li>Digital introductory course</li> <li>Digital Enhancement course</li> <li>Financial DT Test</li> </ul>	1,876
Global	<ul style="list-style-type: none"> <li>Leading the global finance market, realizing our management vision of 'Advancing to a Global Standard Financial Group' based on a deep understanding and expertise in global business</li> </ul>	<ul style="list-style-type: none"> <li>Education courses for developing global prospective professionals</li> </ul>	15

#### Leadership Enhancement Training by Rank

The BNK Financial Group is operating an internal training program called 'Group Advanced Management Program' for executive candidates to cultivate excellent management personnel. Additionally, through the 'External AMP' program for executives and branch managers, we provide opportunities to enhance leadership and business mindset for executives and branch managers. Additionally, starting from 2023, we have established the 'BNK Management Forum' for the group's management, which serves as an internal forum to foster insights such as leadership and facilitate communication among the management. Furthermore, we conduct leadership training for new employees and those promoted by position through group joint training.

#### BNK Management Forum Implementation Status (as of March 2024)

Implementation Date	Lecture Topic	Attendees
2023.6.19	Performance management	Group management
2023.8.25	Performance management, leadership	
2023.10.27	Domestic and international economic trends	
2023.11.16	Social trends	
2024.2.2	Leadership, Monetary economy	



2023 the 2nd BNK Management Forum

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# Talent Development

## Strategy and Activities

### Training to Support Acquiring Financial Certifications

The BNK Financial Group is supporting employees in becoming experts in their desired fields by collaborating with platforms such as KBI, Champ Study, and Ubion to offer various financial certification courses. Additionally, each subsidiary offers a wide range of specialized education programs through non-face-to-face cyber education courses, including finance and job certification courses, as well as courses in job skills, humanities, general education, and management. Busan Bank has established an internal certification system to measure job competency and customer service practice capabilities divided into three levels in seven areas: customer consultation, loans, foreign exchange, credit management, international finance, fund management, and risk management. Kyongnam Bank operates a step-by-step(Lv.1~Lv.3) training program in five specialized fields(Digital, IB, CMO, PB, IT) through its in-house qualification system. Upon completion, employees are granted internal certification if they meet the required certification and career conditions for each level. In the future, the bank plans to gradually expand the specialized fields to foster a diverse range of professionals. BNK Securities is supporting employees in obtaining certifications to enhance their professional capabilities by providing pre-education at the Financial Investment Education Institute and preparatory courses at E-Pass Korea.

### Certificate Training Performance in 2023

Category	No. of participants	No. of participants who acquired certification after training
Weekend training for acquisition of credit analyst certification	195	45
Training for acquisition of financial DT test certification	421	92

### Overseas Employee Invitation Training

The BNK Financial Group invited overseas local employees to Korea and provided various training programs to enhance their capabilities and global business capabilities. Busan Bank invited overseas local employees to Korea in January 2024 for a total of 1.5 days of training. We continue to strengthen the competitiveness of not only domestic employees but also overseas employees to grow further as a global financial group.

### Career Development and Re-employment Support System

Busan Bank and Kyongnam Bank provide 'Re-employment Support Service' to actively cope with changes in life after retirement and develop the capacity to design a second life for retired employees. Additionally, Busan Bank and Kyongnam Bank have provided a total of four days of group training, split into two-day sessions in the first and second half of the year, to help employees returning from parental leave quickly adapt to their duties at branches. Busan Bank has operated the AB(All-Round Banker) system to enhance the comprehensive consulting capabilities of its employees and conducted the "2nd Pre-Mandatory Training for AB Task Allocation" and "Comprehensive Consulting Capability Enhancement Training for Loan and Foreign Exchange Personnel" in 2023. Additionally, through internal recruitment, Busan Bank selected a total of six employees who wish to work in credit and foreign exchange operations but are not currently in loan-related positions. These employees were assigned to pre-job training and the credit sales center to gain field experience before being deployed as credit operations personnel at the branches. Kyongnam Bank is also activating the 'Re-employment Support Service' and 'Second act of life' programs which include career planning, asset management and financial planning, retirement tax savings, and government support systems to support employees' career development and re-employment.



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# Talent Development

## Strategy and Activities

### ESG Education

The BNK Financial Group is providing ESG cyber content that allows constant learning through its education platform called e-campus and external platforms(KBI-TUBE) for the group's entire employees to strengthen and enhance their capabilities and interests for ESG. In 2023, Busan Bank and Kyongnam Bank offered more than 38 types of the latest ESG courses through external education platforms and plan to continuously expand ESG courses in line with Global ESG trends.

#### | ESG Education Performance in 2023

Category	Description	Personnel (persons)	Total hours (hr)	Remarks
KBI TUBE (Busan Bank)	ESG Finance, growth background and process, management elements and focus of ESG, black and green swan, and background of the climate crisis	4,089	43,147	Online
KBI TUBE (Kyongnam Bank)	ESG Finance, growth background and process, ESG finance implementation methodology(measurement, scenario analysis, goal setting), KCGS ESG evaluation overview	234	1,961	Online



### Collaboration with External Institutions for Education

The BNK Financial Group is developing and operating group-wide joint education programs for employees by collaborating with various educational institutions such as KBI, Champ Study, Ubion, Human Value, Alpha Co and Mega Next to provide diverse educational opportunities that reflect the needs of employees. Additionally, through partnerships with prestigious local universities, we support the acquisition of associate degree, bachelor's, and master's degrees. To foster digital experts within the group, we established and operated a digital master's program in collaboration with Dong-A University in 2019, and in 2023, we have operated a newly established digital master's program in partnership with Pusan National University. Furthermore, through the Global MBA program, we have produced graduates from institutions such as Boston University, Indiana University, Emory University, the University of Texas, the National University of Singapore, and the Hong Kong University of Science and Technology.

#### | Bachelor's and Master's Application Status in 2023

Category	School name	Admission	Enrollment	Graduation
Associate Degree	Kyungnam College of Information & Technology	19	-	-
	Silla University	-	-	2
Bachelor's Degree	Kyugnam University	1	2	3
	Korea Maritime and Ocean University	-	4	9
	Pusan National University	33	5	5
Master	Korea Maritime and Ocean University	2	3	3
	KAIST	2	2	2
	Konkuk University	1	1	2
	Dong-A University	-	-	30



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# Talent Development

## Strategy and Activities

### Training for Enhancement of Job Capabilities

The BNK Financial Group provides a curriculum to strengthen the capabilities by job category, allowing employees to establish individual education plans and career goals, and to voluntarily participate in training.

Busan Bank encourages the acquisition of necessary knowledge for job performance by completing required courses for each position regarding basic bank operations such as deposit, loan, foreign exchange, etc. Additionally, to overcome the geographical limitations of the existing training center, a new urban training space called 'Gaya Campus' was established in 2023 to expand training opportunities through improved accessibility. We also offer 'Mini Class' courses, which are half-day job-related training sessions, to support employee capability enhancement and personal development.

Kyongnam Bank mandates the completion of mandatory job training courses(deposit, loan, foreign exchange, FEE-BIZ, digital) by position to learn basic job knowledge. An annual job comprehension diagnostic assessment is conducted to measure individual job capabilities and understanding of regulations. Furthermore, to enhance the professionalism and career development of employees, the bank operates an in-company qualification system and a 3-level masters system(Junior Master, Semi Master, Master) for each specialized field, motivating boom-up for self-directed learning. Masters are selected based on careers at each stage of recruitment, job evaluation within the company, qualifications, and personnel evaluation.

## Metrics and Targets

### Talent Development Management Metrics and Targets



The BNK Financial Group manages metrics such as training cost per employee and training hours per employee to enhance the capabilities of its employees. In 2023, a total of 5,936 employees completed worker education programs, and as of December 2023, the training cost per employee was 890,000 KRW. The BNK Financial Group plans to continuously expand opportunities for employees' capabilities and self-development.

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# ESG Corporate Culture

## Governance

### ESG Organizational Culture Operating System

The BNK Financial Group values a corporate culture that is integrity, creates new value, and works together.

The Management Support Department of the BNK Financial Group and the HR Department of its subsidiaries act as practical organizations overseeing the tasks related to corporate culture. They strive to create a corporate culture where employees can fully immerse themselves in their work and unleash their potential.

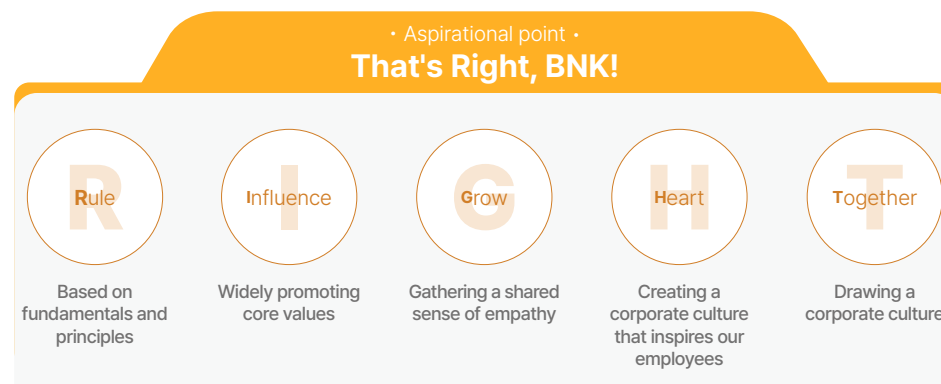
Kyongnam Bank holds a council for company development at least once a year, with participants including employee representatives, management, and relevant departments. This council aims to discuss necessary issues to improve unreasonable corporate practices and establish a corporate culture that promotes empathetic communication.

## Strategy and Activities

### That's RIGHT, BNK!

The BNK Financial Group announced the catchphrase 'That's RIGHT, BNK!' in 2024, which contains the meanings of 'correct' and 'right,' to foster a corporate culture that resonates with many people. 'That's RIGHT, BNK!' reflects the company's commitment to creating a corporate culture that inspires employees by gathering a shared sense of empathy. With this catchphrase, we aim to cultivate a healthy corporate culture.

### | Corporate Culture Catchphrase



### Fair Performance Evaluation and Compensation

The BNK Financial Group operates a systematic performance evaluation system. We evaluate the achievement levels of each department, office, and branch based on the mid-to-long-term and current year's management policies and strategic tasks. Individual performance evaluations are conducted annually in the first quarter using the MBO(Management by Objective) method, which assesses the level of achievement for personal job performance goals based on the objectives set by their respective organizations. Additionally, every year, a leadership evaluation is carried out for employees of rank level 4 and above, and the results of this evaluation are used as HR reference materials for understanding leadership capabilities at the manager level and developing competencies.

Busan Bank introduced a multi-faceted evaluation system in 2023 to encourage employees to change their behaviors and improve teamwork among employees. The multi-faceted evaluation system targets regular and contracted employees who have worked for more than three months, conducting mutual evaluations and feedback on basic capabilities, job capabilities, and leadership capabilities. In 2023, all regular and contracted employees participated in the employee satisfaction evaluation. In the future, we plan to conduct reviews of the multi-faceted evaluation system based on surveys to identify and address areas for improvements.

In addition, the BNK Financial Group discloses the comprehensive work evaluation scores, which are key indicators for promotion reviews, once a year to enhance fairness and transparency of HR. We are concurrently conducting HR coaching and evaluator training using the results of the comprehensive work rating score to guide employees' growth directions.

The BNK Financial Group determines compensation based on the evaluation results that are tallied by subsidiary, by organization, and by individuals to provide fair compensation such as promotions and incentives. The performance of each unit organization from January to December is fairly evaluated, and the scores evaluated by each unit organization are used to calculate the payment ratio of organization bonuses for employees. In order to ensure that employees receive proper compensation for their performance, an objective, fair performance assessment system is being constructed through external consulting and TFT research.

### | Busan Bank Multi-faceted Assessment System

Category	Details
Purpose	<ul style="list-style-type: none"> <li>Encouraging self-driven behavior changes through employee feedback on diagnostic results</li> <li>Complementing the issues of existing capacity evaluation and leadership evaluation</li> <li>Improving teamwork through fostering an atmosphere of mutual respect and cooperation among employees</li> </ul>
Target	<ul style="list-style-type: none"> <li>Support for regular and contracted employees who have worked for more than 3 months (10 days of paid leave per year)</li> </ul>
Assessor	<ul style="list-style-type: none"> <li>Randomly selected from employees who have worked together within the past three years in current and former departments, offices, and branches</li> </ul>
Process	<ul style="list-style-type: none"> <li>Application submission(excluding the assessor) → Confirmation of assessor → Conducting the assessment → Feedback → Registration of personal opinions and plans</li> </ul>
Assessment Areas	<ul style="list-style-type: none"> <li>Basic capabilities + Job capabilities + Leadership capabilities (total of 20 questions)</li> </ul>

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# ESG Corporate Culture

## Strategy and Activities

### Strengthening Employee Communication and Satisfaction

The BNK Financial Group is striving to enhance mutual communication and satisfaction among employees through various programs, and in 2024, we will conduct the Birkman Assessment to evaluate and manage employee satisfaction.

#### | Programs for Strengthening Employee Communication and Satisfaction

Type	Program
Labor-Management Communication Programs	<ul style="list-style-type: none"> <li>• <b>(Busan Bank)</b> Conducting the 'Labor-Management Harmony Hope Day' annually, where representatives of both management and workers participate together to convey messages of harmony and coexistence</li> <li>• <b>(BNK Securities)</b> Through labor union, improving conditions for medical expense support and family health check-ups, and establishing a department head evaluation system to foster a horizontal corporate culture</li> <li>• <b>(BNK Capital)</b> Establishing a labor union in 2023. Concluding a non-dispute collective agreement to enhance communication and explore organizational innovation plans through workshops by each department</li> </ul>
Employee Communication and Harmony Programs	<ul style="list-style-type: none"> <li>• <b>(BNK Financial Group)</b> Conducting a public offering for all employees to express their wishes to the group in terms of changes and innovation within the group in 2023</li> <li>• <b>(BNK Financial Group)</b> Operating the BNK Management Forum, consisting of expert lectures in the first part and CEO communication sessions in the second part, every 1-2 months</li> <li>• <b>(Kyongnam Bank)</b> Activities to enhance the happiness of employees and their families through children's job experience programs for employees and their families</li> <li>• <b>(BNK Securities)</b> Conducting HR meetings for new employees to understand their organizational adaptation and gather various opinions</li> <li>• <b>(BNK Savings Bank)</b> Conducting communication meetings within the headquarters, and activating communication meetings between the CEO and employees to listen to grievances and opinions</li> <li>• <b>(BNK System)</b> Establishing plans to revitalize organizational culture through anonymous surveys of employees and conducting various events such as prize draws through autumn communication events</li> </ul>
Cultural Life Participation Programs	<ul style="list-style-type: none"> <li>• <b>(BNK Financial Group)</b> Conducting the BNK Cultural Concert in 2023, offering classes on various topics such as art, classical music, and humanities</li> <li>• <b>(Kyongnam Bank)</b> Supporting various cultural life activities, including an E-BOOK support system to foster reading culture and habits, and hosting employee viewing events for the Nakdonggang Derby of the professional baseball team NC Dinos</li> <li>• <b>(BNK Securities)</b> Providing a healing camp offering various classes such as parenting, sports, cooking, and finance, as well as cultural concerts consisting of art lectures, watching classical music performances and special lectures on marital relationships in 2023</li> </ul>

### Ensuring Work/Life Balance

The BNK Financial Group supports various programs to ensure work/life balance of its employees.

#### | Support system for ensuring work-life balance

Type	Support System
Promotion of leisure activities and guarantee of life with free evenings	<ul style="list-style-type: none"> <li>• 'Operate the 'PC shutdown' program and introduction of 'lunch saver' to guarantee lunch (rest) time</li> <li>• Introduction of 'Days without overtime'</li> <li>• Support for company club activities, operating after-work self-development programs</li> <li>• Building a reasonable meeting culture(no meetings before 9 A.M, meeting time is limited to 1 hour)</li> <li>• Installation of joint labor-management work hour normalization TFT</li> <li>• On 'Family Day' every Wednesday, refraining from using corporate cards for gatherings and minimizing overtime work</li> <li>• Implementing 'Focused Work Hours' to enhance work efficiency by minimizing personal tasks, limiting meetings, and restricting chat usage for two hours each in the morning and afternoon</li> </ul>
Improving the holiday system to ensure sufficient rest	<ul style="list-style-type: none"> <li>• Vacation bonus</li> <li>• Self-determined leave program, ensuring free use of leave by registering two months in advance</li> <li>• Extension of refresh leave program(preserve leave days)</li> <li>• Operation of Year-Round Resort for Providing Refresh Opportunities</li> <li>• Offering self-development bonuses when using annual paid leave</li> <li>• Dispatching employees from headquarters, etc. when there are vacancies due to employees taking leave</li> </ul>
Family participation program for spending time with family	<ul style="list-style-type: none"> <li>• Family Month bonus</li> <li>• Trips for parents, sport events and movies with family(NC Dinos baseball, etc.)</li> <li>• School enrollment gifts and college entrance exam gifts for children of employees</li> <li>• Operation of year-round resorts</li> </ul>

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# ESG Corporate Culture

## Strategy and Activities

### Child Care and Day Care Support

The BNK Financial Group is fostering cooperative and productive relationships with the company to enhance employee satisfaction. Busan Bank and Kyongnam Bank have obtained and maintained the family-friendly company certification from the Ministry of Gender Equality and Family, which recognizes companies that operate exemplary family-friendly programs to provide support for employees in working and taking care of their family. Specifically, Busan Bank supports employees in maintaining a work-life balance by implementing various programs that involve their families, such as weekend family farms, kids' pool resorts, and family psychological counseling programs. Kyongnam Bank has been highly praised for establishing support systems for childbirth and childcare, including reduced working hours during pregnancy, expanded eligibility for parental leave, operation of in-house daycare centers, and support for family health check-ups. In December 2023, Kyongnam Bank received the Prime Minister's Commendation at the '2023 Family-Friendly Corporation Certification and Government Awards Ceremony' hosted by the Ministry of Gender Equality and Family. We will continue to provide support so that employees can engage in comfortable family life, in addition to a professional life filled with energy.

#### Child Care and Day Care Support Programs

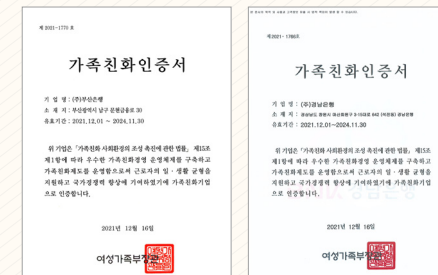
Type	Details
Support for childbirth and child care	<ul style="list-style-type: none"> <li>• Operating day care centers at work(Busan Bank 4 branches/Kyongnam Bank 2 branches)</li> <li>• Support for childbirth incentives and childbirth benefits</li> <li>• Provision of anti-electromagnetic wave clothes for pregnant employees</li> <li>• Expansion of the flexible working hours system for employees with children entering elementary school</li> <li>• Expansion of flexible working hour system and shortened working hours for employees returning from children in elementary school</li> <li>• 'Soon-to-be-mother name card' at branch windows and childbirth gifts</li> </ul>
Launching childbirth and parental vacation/leave programs	<ul style="list-style-type: none"> <li>• Support for family care leave (10 paid leave days per year)</li> <li>• Family care leave and shortened working hour system for family care leave</li> <li>• 90 days of prenatal and postnatal leave based on business days (BNK Capital)</li> <li>• Support for infertility treatment costs and infertility treatment leave</li> <li>• Implementation of shortened working hours for pregnant employees</li> <li>• Provision of leave for prenatal check-ups during pregnancy</li> </ul>
Activation of flexible work system	<ul style="list-style-type: none"> <li>• Flexible working hour system and shortened working hours for employees returning from parental leave or children in elementary school</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Miscarriage/Stillbirth compensation</li> <li>• Congratulatory money for children entering school(elementary, middle and high school, and university)</li> </ul>

## Metrics and Targets

### ESG Corporate Culture Management Metrics and Targets



The BNK Financial Group manages and monitors the status metrics of employees who have received regular performance and career development evaluations to create a corporate culture where employees can feel a sense of belonging and be satisfied with their job through fair performance evaluations. In 2023, a total of 5,943 employees underwent performance evaluations.



Busan Bank - Kyongnam Bank family-friendly certificates

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# Safety and Health Management

## Governance

### Safety and Health Management Governance

Busan Bank, Kyongnam Bank, and BNK Securities are forming and operating the Occupational Safety and Health Committee to create a safe and healthy workplace. The Occupational Safety and Health Committee is composed of the Head of Management Support, employee representative, members of workers and members of employers, with the Head of Business Support as the overall person in charge of safety and health management. The Occupational Safety and Health Committee convenes quarterly regular meetings to review or resolve on matters such as establishing industrial accident preventive plans, drafting and modifying Management of Health and Safety at Work Regulations, maintaining and enhancing the safety and health of employees and improving the work environment, investigating the causes of industrial accidents, and establishing measures to prevent recurrence.

#### | Safety and Health Management Governance



## Strategy and Activities

### Industrial Safety and Health Policy

The BNK Financial Group prioritizes the safety and health of its employees and workers, including subcontracted workers and labor providers(hereinafter referred to as 'employees and workers'), as the foremost(or core) value in its business management activities. We are committed to creating a safe and healthy workplace within its business sites. To this end, the BNK Financial Group has established and continuously implements the 'Occupational Safety and Health Policy' to prevent industrial accidents and strives to promote a culture of safety through employee participation.

[BNK Financial Group Occupational Safety and Health Policy Link](#)



BNK Safety and Health Goals and Management Policy

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# Safety and Health Management

## Strategy and Activities

### Safety and Health Management Strategy

The BNK Financial Group has established 'Employee Life Protection' and 'Safe Working Environment Establishment' as the top priority values of corporate management activities. Busan Bank has established five operation goals within its Safety and Health Management Policy that include achieving zero industrial accidents and protecting the lives of customers and all employees, and is striving to achieve these goals. The bank is making efforts to create a pleasant work environment for various stakeholders, including not only employees but also workers from outsourced services and contracted employees at the site of ordered construction works. BNK Securities sets safety goals and policies and formulates and implements plans annually to achieve them. Through these efforts, BNK Securities actively identifies harmful and hazardous factors within the workplace and aim to prevent safety accidents. Additionally, the company regularly solicit opinions from employees and workers and conduct safety promotions to enhance safety and health awareness.

Kyongnam Bank has been recognized for its systematic system built for the health and safety of its employees, as a result, it has obtained and maintained the International Occupational Health and Safety Management System Certificate(ISO45001).



Kyongnam Bank ISO45001 Certificate

### Safety and Health Risk Management

The BNK Financial Group has established a Serious Accidents Response Manual for the construction of a standardized safety and health management system at the group level. Furthermore, we are conducting semi-annual inspections for subsidiaries subject to related laws and regulations, and checking the compliance with the obligations specified in the business manual. The BNK Financial Group has established a risk assessment system in accordance with the Occupational Safety and Health Management Plan to identify risk factors in the workplace and reduce safety and health risks.

#### | Major Inspection for Semi-annual Inspection of Serious Accidents Response Manual

STEP 01		• Establishment of Safety and Health Objectives and Management Policies
STEP 02		• Identification and Improvement Measures for Harmful Risk Factors
STEP 03		• Safety and Health Related Budget Review
STEP 04		• Establishment of Serious Accidents Response Manual
STEP 05		• Establishment and Evaluation of Subcontractor Assessment Criteria
STEP 06		• Compliance with Safety and Health Related Laws and Regulations
STEP 07		• Whether to Conduct Hazardous Work Training

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# Safety and Health Management

## Strategy and Activities

### Supporting Employee Health Management

The BNK Financial Group is strengthening health management programs such as widening coverage of group injury insurance, expanded health examination recipient and increased expense support, etc. for the health care of employees. We have expanded the scope of our health examinations so that employees over 30 years of age and their spouses, and one of their parents or spouse's parents can receive health examinations every year. Additionally, Busan Bank helps relieve employee fatigue through the 'Visiting Health Keeper Refresh Day' program.

BNK Capital has partnered with a health examinations integrated management platform for employees and their spouses, providing a selection of check-up items through nationwide affiliated institutions, allowing employees to enjoy various health examinations benefits.

The BNK Financial Group offers the 'Guksundo' mind and body health management program to support not only physical health but also mental health. Busan Bank provides a psychological counseling program in collaboration with an EAP expert institution, available for employees and their families. This program supports healing for various issues such as family counseling, interpersonal relationships, and childcare problems.

### Programs for Strengthening Employee Communication and Satisfaction

Type	Details
Basic welfare program	<ul style="list-style-type: none"> <li>• Better coverage of group injury insurance(increased payout for cancer diagnosis, added traffic accident injuries, increased life insurance payout)</li> <li>• Expanding scope of medical fee support(examination costs for treatment, CT, MRI, ultrasound, etc.)</li> </ul>
Disease prevention support	<ul style="list-style-type: none"> <li>• Provided quick and systematic response plans by operating COVID-19 response emergency task force</li> </ul>
Psychological counseling program	<ul style="list-style-type: none"> <li>• Operation of 'Guksundo', a professional psychological counseling service, to ensure the mental health of employees</li> <li>• Busan Bank's 'Mind Healing Project,' a counseling support service for job-related issues, family counseling, and interpersonal relationships</li> </ul>
Expand Praise Culture	<ul style="list-style-type: none"> <li>• Developing and Implementing the Sweetheart Program</li> <li>• Creating a positive corporate culture through fostering a culture of mutual appreciation among employees</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Gym and employee lounge</li> </ul>

## Metrics and Targets

### Safety and Health Management Metrics and Targets



The BNK Financial Group manages safety management data, such as the number of days of absence due to illness or injury, to establish a safe corporate culture. In 2023, the number of serious accidents involving the BNK Financial Group employees and partner companies was zero. Busan Bank and Kyongnam Bank plan to continuously improve their business management to achieve zero industrial accidents by 2025, focusing on activities to ensure the life and safety of all employees and promote their health

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# Ethical and Compliance Management

## Lessons learned

### Promotion Timeline of Internal Control Innovation

In October 2023, the BNK Financial Group established the 'Internal Control Innovation Committee' and the 'Internal Control Innovation Promotion Team,' which are comprehensive bodies directly under the CEO, to review and prepare innovative measures for improving internal controls. The 'Internal Control Innovation Promotion Team' is composed of internal control employees from the holding company and its subsidiaries, and it has diagnosed and derived improvement tasks for 16 agenda items across 4 sectors related to the internal controls of each subsidiary. Additionally, in August 2023, to strengthen Kyongnam Bank's responsible management and prevent the recurrence of financial incidents, the 'Emergency Management Committee' was launched to carry out tasks for the improvement and innovation of the overall internal control system.

<p><b>July 2023</b></p> <p>Initial Recognition of Financial Incidents at Kyongnam Bank</p> 	<p><b>July 2023</b></p> <p>Preparation of Measures to Improve and Strengthen Management Structure of Kyongnam Bank</p> 	<p><b>August 2023</b></p> <p>Group Internal Controls T/F Established</p> 
<p><b>September 2023</b></p> <p>Report on Group Internal Controls T/F Results</p> 	<p><b>September 2023</b></p> <p>Group Compliance Officer Meeting Held</p> 	<p><b>October 2023</b></p> <p>Establishment of the Internal Control Innovation Promotion Team</p> 
<p><b>November 2023</b></p> <p>Commencement of Internal Controls Innovation Project</p> 	<p><b>December 2023</b></p> <p>Internal Controls Innovation Committee Held</p> 	<p><b>January 2024</b></p> <p>Internal Controls Compliance Pledge Ceremony</p> 

## Establishment of Right Management

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# Ethical and Compliance Management

## Lessons learned

### Group Internal Control Innovation Promotion Team Activities

The BNK Financial Group operated the 'Group Internal Control TF' for about a month starting from August 2023 to derive improvement measures to enhance the effectiveness and power of execution of internal controls. We identified a total of 16 tasks in areas such as activating the whistle-blowing program, refreshing internal control personnel, evaluating internal controls, and making internal controls more practical. We plan to continuously manage the task implementation status of the holding company and its subsidiaries centered on BNK Financial Holdings. Additionally, we have structured the internal control management system through measures such as preparing financial incident prevention measures by job group, conducting quarterly training and self-evaluation, and establishing a system to preemptively eliminate risks through digital branch audits. We are continuously promoting internal control innovation tasks and strengthening the capabilities of the constant monitoring roles.

#### Internal Control Innovation Tasks

Category	채권
Activation of Whistle-blowing Program	<ul style="list-style-type: none"> <li>• Establishment of a direct whistleblowing channel to the CEO(real-name reporting channel)</li> <li>• Implementation of Red Whistle Mock Reporting Event</li> <li>• Provision of industry-leading rewards (up to 1.5 billion KRW)</li> <li>• Strengthening of whistleblower protection measures</li> <li>• Implementation of Whistle-blowing Program and voluntary reporting system across all subsidiaries</li> <li>• Inducing practicality through strengthening reporting obligations and conducting audits</li> </ul>
Internal Control Personnel Renewal	<ul style="list-style-type: none"> <li>• Strengthening the internal controls expertise of department, offices, and branches managers</li> <li>• Early implementation of personnel renewal measures within the internal control innovation plan</li> <li>• Enhancing constant monitoring(system)</li> </ul>
Internal control innovation plan	<ul style="list-style-type: none"> <li>• Advancing auto-correlation inspection and standardization of Busan Bank and Kyongnam Bank</li> <li>• Introducing a Digital AI constant monitoring system</li> <li>• Early implementation of work processes vulnerable to accidents within the internal control innovation plan(2023.12)</li> <li>• Introduction of new internal control items and strengthening of scoring in the evaluation of subsidiary CEOs</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Holding a compliance pledge ceremony</li> <li>• Introducing a responsibility structure diagram</li> <li>• Internal control evaluation of subsidiary CEOs</li> </ul>



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# Ethical and Compliance Management

## Governance

### Ethics and Compliance Management Operating System

The BNK Financial Group revised the 'BNK Financial Group Code of Ethics' in 2024 to ensure that all employees practice 'righteous finance' as a fundamental and unchanging value of financial professionals. The responsibilities and obligations for kindness and service to financial consumers as well as fair competition and transactions with competitors and partners are stipulated through the code of conduct. Additionally, in accordance with the group's internal control regulations, we regularly operate the 'Internal Control Committee' chaired by the CEO and report the results of internal control activities to the BoD annually, thereby assigning ultimate responsibility for internal controls to the BoD. We established the Internal Control Practitioners Committee, composed of internal control practitioners from each subsidiary and, this committee meets on a quarterly basis. We enacted the work manual for the group's Internal Control Practitioners Committee in 2023 to enhance the operational efficiency of the group's internal control system. Also, we established the Ethics Management Department within the BNK Financial Group and all subsidiaries for the first time in the financial sector in 2023. By promoting cooperation between the existing internal control departments such as the Compliance Monitoring Department, Financial Consumer Protection Department, and Money Laundering Prevention Department, and the Ethics Management Department, we aim to strengthen the group's capacity to practice 'righteous finance,' which is our top priority. Kyongnam Bank conducts a diagnosis of the level of compliance with the code of ethics by having all employees complete an ethics checklist and pledge of adherence to the Code of Ethics twice a year, in the first and second halves of the year. [BNK Financial Group Code of Ethics Link](#)

### | 2023 Internal Controls Meeting Performance

Meeting name	Event date	Main agendas
Internal Control Committee	<ul style="list-style-type: none"> <li>1st: 2023.6.21</li> <li>2nd: 2023.12.13</li> </ul>	<ul style="list-style-type: none"> <li>- Report on matters related to 2023 group internal control meeting, key activities and initiatives, areas for improvement, and on-site inspection results</li> <li>- Financial Supervisory Service findings and improvement measures</li> </ul>
Compliance Officer Meeting	<ul style="list-style-type: none"> <li>1st: 2023.4.13</li> <li>2nd: 2023.9.18</li> <li>3rd: 2023.12.3</li> </ul>	<ul style="list-style-type: none"> <li>- Major compliance monitoring work plan and key internal control issues in 2023</li> <li>- Busan and Kyungnam bank: Progress on internal control innovation measures by the Financial Services Commission and the Financial Services Commission.</li> <li>- Discussion on TF activities to strengthen the group internal control, implementation of activity results and derived measures</li> </ul>
Financial Inclusion and Financial Consumer Protection Executives Meeting	<ul style="list-style-type: none"> <li>1st: 2023.3.22</li> <li>2nd: 2023.10.24</li> </ul>	<ul style="list-style-type: none"> <li>- Group financial inclusion and financial consumer protection policies, work plans, implementation results, and review (1st)</li> </ul>
Internal Control Practitioners Committee	<ul style="list-style-type: none"> <li>1st: 2023.2.10</li> <li>2nd: 2023.4.21</li> <li>3rd: 2023.7.28</li> <li>4th: 2023.10.10</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment of a reporting system for key subsidiary information, system development details, internal control implementation status, and formulation and improvement of the work manual for the group's Internal Control Practitioners Committee.</li> </ul>



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# Ethical and Compliance Management

## Strategy and Activities

### Anti-corruption and Bribery Prohibition System

The BNK Financial Group, through the 'BNK Financial Group Anti-Corruption & Anti-Bribery Policy' established in 2024, fundamentally prohibits improper solicitation and the acceptance of money or valuables from customers, partners, public officials, and others. In case money or gifts are received inevitably, employees are required to return it immediately and fill out the 'money, gift, return report' within three business days and report it to the department head through the compliance officer of the relevant department. In the event that returning is difficult for some reason, the reason must be reported to the compliance officer and departments, offices, and store managers, and the acquired goods will be used for social contribution purposes such as donating to neighbors or to charity organizations. Busan Bank temporarily operated a 'Gift Broadcasting Center' around New Year's Day in 2024 to collect items that were difficult to handle individually at each departments, offices, and store and donated them to social welfare organizations.

[BNK Financial Group Anti-Corruption & Anti-Bribery Policy Link](#)

### Whistle-blowing Program

The BNK Financial Group operates a whistle-blowing system through which any violations of ethical management and practice guidelines can be reported to the group's compliance officer. Whistleblowers can report through various channels such as the BNK Financial Group subsidiary websites, BNK Help-Line(mobile app), Red Whistle(external organization), or direct phone lines to the ethical management department. The report submitted through the whistle-blowing system and the person who reports using this system are anonymously managed. In 2023, a special 'Voluntary Reporting System for Strengthening Internal Controls' was implemented, significantly increasing the benefits for whistleblowers. Additionally, to raise awareness among employees about the whistle-blowing program and provide education on various types of cases, programs were operated focusing on the release of webtoon series and manuals to activate the whistle-blowing program.



### Spreading Ethical and Compliance Management Culture

The BNK Financial Group regularly conducts ethics education for all group employees, including regular employees, temporary employees, and dispatched workers, to enhance their awareness of ethics and compliance and to foster a clean corporate culture. Monthly ethical education topics are selected based on potential legal violations that may occur in the course of work, and related laws and cases are shared to raise awareness of ethical management. We conduct training to prevent unfair trading practices as defined by relevant laws and codes of conduct, such as the 'Banking Act' and the 'Financial Investment Services and Capital Markets Act.' In particular, we provide specialized training for credit business personnel to ensure that unfair business practices do not occur in the credit business process. Additionally, Busan Bank implemented the 'Visiting and Accompanying Compliance Officer' program in 2023. Through this program, compliance officers visited 122 branches to conduct internal control education and listened to the work-related grievances of compliance officers to establish an internal control network. BNK Capital conducted ethical code compliance education through on-site inspections by each headquarter and improved business processes through strengthening internal controls related to PF loans and adding internal reporting channels (BNK Guardian).

Category	Implementation Details
Common Education for All Employees	<ul style="list-style-type: none"> <li>• Code of Ethics Education(prevention of workplace sexual harassment and bullying, anti-graft act, money laundering prevention, anti-corruption, compliance with laws and regulations, and compliance monitoring education)</li> </ul>
Position-Specific Education	<ul style="list-style-type: none"> <li>• Customized internal controls education for new employees</li> <li>• Ethics education for newly appointed department, offices, and branches managers</li> <li>• Internal controls group education for audit supervisors and branch managers</li> <li>• Money laundering prevention education for outside directors and management</li> <li>• Education on unfair business practices in credit operations for credit business personnel</li> </ul>
Financial Product Education	<ul style="list-style-type: none"> <li>• Compliance level-up for non-deposit product sales</li> <li>• Online financial ethics education</li> </ul>
Ethical Management Practice Program	<ul style="list-style-type: none"> <li>• (Busan Bank) 'Ethical Management Compliance Declaration Ceremony' for all employees</li> <li>• (Busan Bank) 'Visiting and Accompanying Compliance Officer'</li> <li>• (BNK Capital) Education on whistle-blowing program, compliance education, money laundering prevention education, notification of employee code of ethics for establishing work discipline</li> <li>• (BNK Savings Bank) Writing 'Compliance and Internal Control Pledge' for all employees</li> </ul>

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# Ethical and Compliance Management

## Strategy and Activities

### Strengthening Internal Control Inspection System

In 2023, the BNK Financial Group strengthened the internal control inspection system for all subsidiaries by focusing on the operation of a regular monitoring system, strengthening on-site inspections, and conducting data-based intensive inspections. Busan Bank and Kyongnam Bank are conducting real-time monitoring throughout the year through a comprehensive audit system targeting all departments, offices, and stores. Additionally, regular on-site and remote inspections, as well as theme inspections, were conducted for all branches(business office) and headquarters departments. In 2023, Busan Bank revised the 'Regular Monitoring Business Manual' to enhance the internal control inspection system, establishing standards for the definition, extraction requirements, and inspection guidelines for 171 regular monitoring items, and strengthened intensive inspections based on risk factors identified through risk analysis of business departments. Kyongnam Bank also conducted external consulting to diagnose and improve the level of internal control, and reorganized its compliance support system by reflecting the improvement measures derived from the consulting. Furthermore, various systems such as expanding digital auto-correlation inspection, establishing a CEO hotline internal whistleblowing channel, improving the internal regulations management system, and automatically registering internal regulation revisions using Robotic Process Automation(RPA) are being implemented to strengthen internal controls. Based on the results of internal control inspections, the BNK Financial Group implemented a system to select and reward superior subsidiaries in the compliance monitoring sector. Subsidiaries are classified into two groups according to their nature and size, and inspections are conducted with differentiated monitoring items. In 2023, the evaluation and reward criteria were changed from semi-annual evaluations and awards to annual evaluations and the granting of group commendations(one person per group) to internal control employees.

### | 2023 Internal Control Inspection Performance

	Category	Target	Remarks
Busan Bank	Branches	153 units	Once a year
	Overseas Branches	3 units	Once a year
	Head Headquarters Departments	46 units	1 to 3 times a year
Kyongnam Bank	Branches	126 units	2 times a year
	Head Headquarters Departments	51 units	Once a year

### | 2023 Theme Inspection Topic

Implementation Month	Busan Bank	Kyongnam Bank
January	Inspection of "Adequacy of retail finance handling"	Unannounced internal controls on-site inspection [21 branches (business office)]
March	Inspection of "Adequacy of position reservation concentration businesses"	Inspection of adequacy of foreign exchange derivatives transaction
April・May	Inspection of "Adequacy of foreign currency purchase operations"	Special spot inspection of all branches (business office)
July・August	Intensive inspection of auto-correlation inspection(customer information, loan execution, overseas remittance, suspense account transactions)	Intensive inspection of auto-correlation inspection(client information, loan execution, overseas remittance, suspense account transactions)・self-inspection of implementation of internal control innovation plan for banking issues
September	Inspection of "Adequacy of bankbook operations under the name of departments, offices and stores"	Self-inspection of the adequacy of internal controls for accident prevention
November	Inspection of the "Adequacy of bank product disclosure and advertising review"	-

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# Ethical and Compliance Management

## Strategy and Activities

### Money Laundering Prevention System

The BNK Financial Group has established the 'BNK Financial Group Anti-Money Laundering Policy' in compliance with the standards of the Financial Action Task Force(FATF) to proactively respond to money laundering prevention regulations. Additionally, BNK Securities and BNK Savings Bank have revised their money laundering prevention regulations and manuals. Busan Bank has enacted a money laundering prevention manual related to virtual assets in 2023, and Kyongnam Bank has introduced new systems and improved business processes through separate consulting to respond to money laundering regulatory risks. Furthermore, the BNK Financial Group has introduced KPI bonus point programs for those who acquired certifications related to money laundering prevention to foster experts in this area. [BNK Financial Group Anti-Money Laundering Policy Link](#)

### Obtainment of Money Laundering Prevention Certificates and Education Status (Busan and Kyongnam)

Education Content	Busan Bank		Kyongnam Bank	
	Personnel Receiving Education	Education hours per person	Personnel Receiving Education	Education hours per person
Certified Global Sanctions Specialist (CGSS) certification <sup>1)</sup>	2 Persons	-	-	-
International CAMS (Certified Anti-Money Laundering Specialist) certification	15 Persons	-	16 Persons	-
Money Laundering Prevention Core Agent (Expert/Basic) certification	187 Persons (accumulated 1,618 Persons)	-	3 Persons (accumulated 614 Persons)	-
Anti-money laundering for the Board of Directors(BoD)	5 Persons	10 Hours	5 Persons	8 Hours
Money Laundering Reporting Officer Training Latest Money Laundering Prevention Case Education	214 Persons	8 Hours	-	-
Conducting cyber training for Branch employees	241 Persons	20 Hours	1,299 Persons	8 Hours
Branch Video conference training	All Employees	30minutes per session	All Employees	30 minutes per session
Branch collective training	All Employees	30 minutes per month (12 times a year)	146 Persons	2 Hours

### Major Money Laundering Prevention Activities

Activity	Description
Suspicious Transaction Report(STR)	<ul style="list-style-type: none"> <li>Establishment of the 'Three Lines of Defense Internal Controls System' as required by financial authorities</li> <li>Introduction of new suspicious transaction rules to strengthen monitoring of unusual foreign currency remittances</li> <li>Implementation of intensive monitoring on foreign exchange transactions</li> </ul>
Currency Transaction Report(CTR)	<ul style="list-style-type: none"> <li>Implementation of simplified monitoring procedures using RPA technology</li> <li>Development and implementation of automated inspection functions for contactless transactions through automated devices, etc.</li> <li>Enhancement of efficiency through improvement and automation of inspection processes</li> </ul>
Know Your Customer (KYC)	<ol style="list-style-type: none"> <li>Comprehensive improvement of corporations and organizational customers identification processes</li> <li>Abolition of post-approval for corporations and organizational customers identification and implementation of pre-inspection for all cases</li> <li>Intensive inspection of special items reflecting RBA Risk Assessment results</li> </ol> <ol style="list-style-type: none"> <li>Promotion of projects to enhance the completeness of customer verification(CDD, EDD)</li> <li>Issuance of official letters on proper work methods by customer type and theme</li> <li>System improvements for user convenience and error prevention</li> <li>Expansion of monitoring for the overall execution of customer verification</li> </ol>
Strengthening Money Laundering Prevention Management at Overseas Branches	<ol style="list-style-type: none"> <li>Revision of internal regulations and improvement of AML-related systems at overseas branches</li> <li>Revising money laundering prevention guidelines reflecting local laws in China and Vietnam</li> <li>Establishing a new suspicious transaction reporting inspection screen within GloBS</li> </ol> <ol style="list-style-type: none"> <li>On-site inspection of money laundering prevention implementation at overseas branches</li> <li>Targets: Ho Chi Minh City branch, Qingdao branch, Nanjing branch(September and October 2023)</li> <li>Inspection of the adequacy of business processes, compliance with local laws and our bank's internal regulations, etc.</li> </ol>
Conducting Customized Education to Strengthen the Capacity of Employees	<ol style="list-style-type: none"> <li>Increasing employee interest through diversification of training channels</li> <li>Conducting seminars inviting money laundering prevention experts from the Banking Institute</li> <li>Conducting smart education using KBI tube</li> <li>Specialized training on money laundering prevention for foreign exchange and credit managers</li> </ol> <ol style="list-style-type: none"> <li>Enhancing educational effectiveness through customized training by each position and task</li> <li>Customizing training on money laundering prevention for the Board of Directors(BoD) and management</li> <li>Personal finance money laundering prevention training for PB and WM managers</li> <li>Specialized training for foreign exchange, credit, and general counseling counter employees</li> </ol>

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# Ethical and Compliance Management

## Strategy and Activities

### Compliance with Market Orders

The BNK Financial Group conducts quarterly inspections to prevent unfair internal transactions between subsidiaries, verifying compliance with the Fair Trade Act, Financial Holding Companies Act and other applicable laws and regulations. Pursuant to the Group's internal transaction management guidelines, the holding company conducts quarterly reviews on the subsidiaries to ensure there are no internal transaction actions that violate fairness, such as the provision of funds, assets, and manpower in internal transactions, or transactions under favorable terms.

Additionally, the BNK Financial Group conducts bi-annual inspections of all stock transactions carried out by its employees within the group, and BNK Securities inspects appropriateness of transactions of financial investment instruments on a monthly basis to prevent the violations of the Capital Markets Act and unfair trading. Approximately 4,000 mutual transactions between subsidiaries for new and existing contracts annually based on the year of 2023 has been reviewed, and the compliance officer has reported significant matters to the CEO or Audit Committee in accordance with the internal regulations. The department responsible for internal transactions within the Group prepares a pre-inspection checklist for appropriateness on internal transactions to self-check the appropriateness of internal transactions and in case where it is difficult to make a judgment, a system has been set to refer to the compliance monitoring department for verification.

#### | 2023 Inspection on Internal Transactions the BNK Financial Group

Quarter	New	Existing	Total
1st Quarter	182	785	967
2nd Quarter	183	1,109	1,292
3rd Quarter	276	1,797	2,073
4th Quarter	337	1,998	2,335
<b>Total</b>			<b>6,667</b>

### Win-Win Activities of Partner Companies

The BNK Financial Group continuously strives for win-win with partner companies. Busan Bank is requiring a "Implementation memorandum of safety obligation" when signing contracts with suppliers to fulfill social responsibilities and prevent industrial accidents. Kyongnam Bank is participating in improving the working environment by investing in office and resting spaces for partner companies. BNK Savings Bank is operating separate office spaces for the counselors of the asset management department to improve their working environment, and making efforts to enhance communication by holding regular meetings with the consignment company to address the complaints of the counselors. In order to strengthen payment management, the BNK system has improved about 100 items, including payment due date management and convenience features, to improve work efficiency and prevent payment delays from partner companies.

[BNK Financial Group Supplier Management Policy Link](#)

### Exercise of Fair Trade with Partner Companies

The BNK Financial Group is practicing fair trade by establishing the 'BNK Financial Group Fair Trade Policy' to ensure compliance with fair trade-related laws such as the "Monopoly Regulation and Fair Trade Act" during business operations, thereby creating a fair competitive environment. The BNK Financial Group regularly conducts training on fair trade-related laws, including the "Monopoly Regulation and Fair Trade Act" (Fair Trade Act) and the "Fair Transactions in Subcontracting Act" (Subcontracting Act), for all employees to strengthen the capabilities of realizing the fair trade of the person in charge of purchase. In May 2023, the person in charge of purchasing at BNK System completed offline training on the Subcontracting Act conducted by the Fair Competition Federation and held three dissemination training sessions on the Subcontracting Act for the purchasing department. [BNK Financial Group Fair Trade Policy Link](#)

#### | 2023 BNK System Subcontracting Act Education Performance

Subcontracting Act-related Regulatory Integration Education

Target personnel

6 persons



No. of Completion

6 persons



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# Ethical and Compliance Management

## Metrics and Targets

### Metrics and Targets of Ethical and Compliance Management



The BNK Financial Group reported the results of internal controls inspections to the Board of Directors(BoD) a total of 7 times in 2023. The percentage of employees who completed ethical management education in 2023 was 90%, and there were 15 cases of major laws and regulations violations and sanctions. Through the efforts to strengthen internal controls within the group implemented in 2023, we aim to reduce the number of major laws and regulations violations in the future.



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# Autonomous Financial Security System

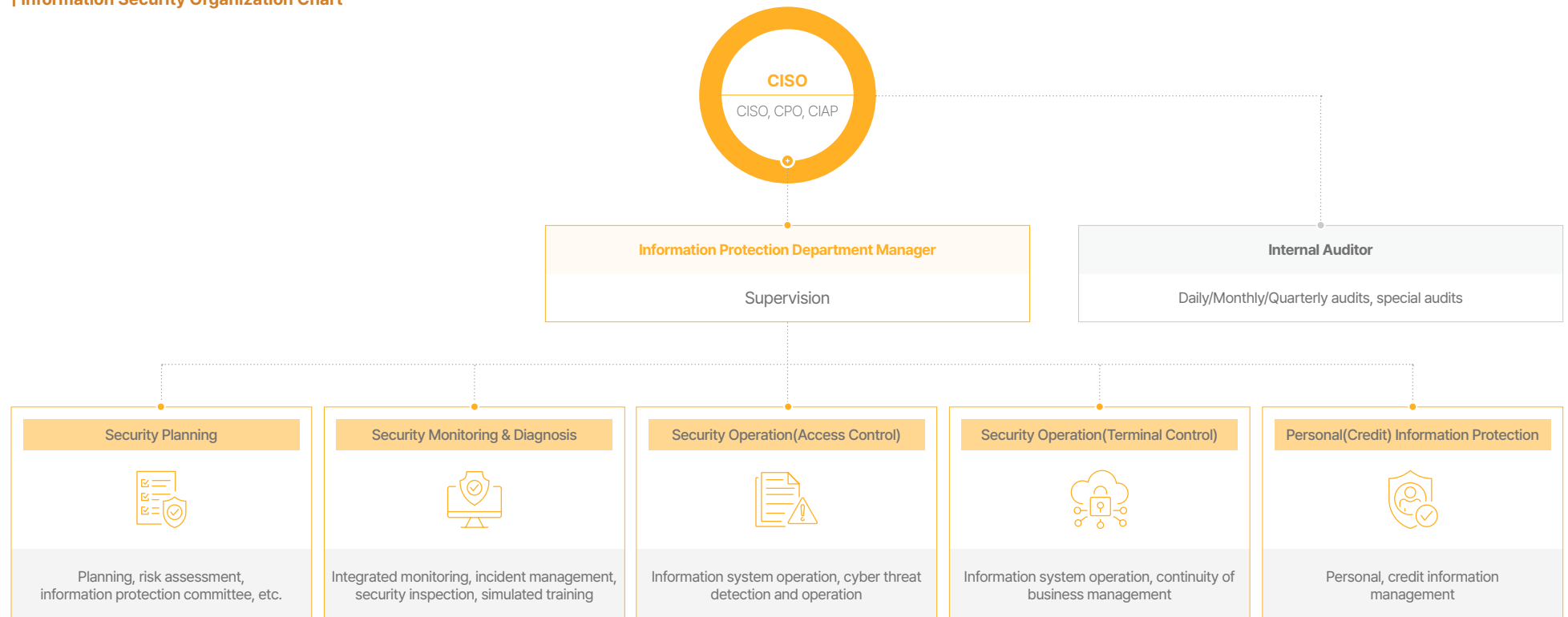
## Governance

### Information Security Promotion System

The BNK Financial Group appointed a qualified person with education or technical skills in the field of information protection or information technology(IT) as a Chief Information Security Officer(CISO), in accordance with the Electronic Financial Transactions Act and is currently operating under this structure. The Information Protection Department<sup>1)</sup> was established directly under the CEO to carry out operations in information protection and personal credit information such as security planning, security operation, security monitoring, vulnerabilities, etc. The Board of Directors of the BNK Financial Group receives quarterly reports on the results of the Group's customer information management inspection. Additionally, through the Information Protection Committee, which consists of 8 members including the department heads such as IT, information protection, and compliance monitoring centered on the Chief Information Security Officer(CISO), we are establishing regulations and guidelines for customer information protection and supporting major decision-making related to information protection. Each year, when establishing the information technology plan, an information protection plan is also established, and the related contents are reported to the Financial Services Commission after review and resolution by the Information Protection Committee and approval by the CEO. As of the end of 2023, the proportion of the information protection budget to the total IT budget is 9.3% for Busan Bank and 7.4% for Kyongnam Bank. Through active and sustainable investment, we aim to enhance our information protection capabilities and establish a risk management system. Additionally, Busan Bank and Kyongnam Bank are enhancing their financial security management systems through the operation of KPIs related to internal control and information protection.

1) In the case of the BNK Financial Group, as it does not meet the criteria for financial companies subject to appointment of Chief Information Security Officer(CISO) under the Electronic Financial Transactions Act and its enforcement regulations, the head of the IT planning department, who is not an executive but in charge of overall information protection, holds an additional position of Chief Information Security Officer(CISO).

### Information Security Organization Chart



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# Autonomous Financial Security System

## Strategy and Activities

### Information Security Strategy

The BNK Financial Group is reinforcing information security risk management in accordance with four information security promotion strategies: actively responding to potential threats to reduce internal and external risks, expanding the prevention of electronic financial transaction fraud, enhancing internal controls to raise security awareness, and strengthening the security of personal(credit) information management. In addition, we are strengthening digital security and preventing leakage of personal information through systematic operation of the information protection system. Busan Bank, Kyongnam Bank, and BNK System have obtained domestic Information Security Management System(ISMS) certification, and Busan Bank has additionally obtained and maintained the international Information Security Management System certification(ISO27001). These subsidiaries undergo regular inspections of information security system by external expert institutions to renew their information protection certifications.

### Information Security Strategy

Reduce internal and external risks by responding to potential threats	<ul style="list-style-type: none"> <li>- Achieve zero cyber hacking and information leaks</li> <li>- Improve vulnerability management for safe use of open source</li> <li>- Operate ASM to manage risk of attack surfaces</li> <li>- Enhance the Extended Detection and Response(XDR) by integrating threat detection and incident response</li> </ul>
Expand Electronic Financial Fraud Prevention	<ul style="list-style-type: none"> <li>- Enhance the monitoring system to prevent electronic financial incidents and telecommunication financial fraud</li> <li>- Implement the detection and prevention service for malicious apps and identity fraud</li> <li>- Establish a coordination system with an external institute such as the Financial Security Institute</li> <li>- Replace outdated systems for damage prevention(abnormal transaction detection)</li> </ul>
Enhance security awareness through the strengthening of internal controls	<ul style="list-style-type: none"> <li>- Prevent financial accidents by establishing of personalized authentication system</li> <li>- Enhance the internal controls through the operation of a portal site of information protection for employees</li> <li>- Establish a zero trust-based business environment</li> </ul>
Strengthen the security of personal (credit) information management	<ul style="list-style-type: none"> <li>- Establish a personal information monitoring system for account management</li> <li>- Establish a personal credit information protection system for outsourcing/ vender and affiliate companies</li> <li>- Conduct a comprehensive security inspections and training for consignees</li> </ul>



Information Protection Certification

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## Strategy and Activities

### Strengthening Employee Information Protection Capabilities



The BNK Financial Group and its various subsidiaries have mandated internal information protection training for their employees. In addition to mandatory training, we aim to effectively enhance the capabilities of security personnel by developing and providing a variety of educational content centered on job or cases. In the case of Busan Bank, it not only receives intensive education on the latest security trends and areas of interest through face-to-face education organized by the Financial Security Institute once a year, but also improves its information security capabilities through group education at various educational institutions such as multi-campus. BNK Capital is completing the information protection education course, which is strengthened beyond the time mandated by the Electronic Financial Supervision Regulations, and is also operating in conjunction with offline professional education.

#### Information Security Training Hours by Position

Category	Unit	Busan Bank	Kyongnam Bank	BNK Capital	
Information security training hours	Executives	Hours	3	3	13
	Employees	Hours	6	6	8
	Information Technology Officer	Hours	9	9	11
	Information Security Officer	Hours	12	12	14
	Total	Hours	30	30	46



#### Details of Information Protection Training Conducted

Subsidiary	Training Conducted in 2023
 Busan Bank  Kyongnam Bank	• Sharing the knowledge and experience of information protection department employees through 'Open Class: Security' and conduct lectures by external experts
	• Conducting 'Engineer Day' to share performances with partner companies
	• Conducting 'Collaboration Class' where security officer shares knowledge and experience
	• Conducting security training to raise employee security awareness and prevent accidents related to the use of generative AI(Chat GPT)
	• Conducting information protection training by designating personal credit information and pseudonymous/anonymous information as mandatory courses for all employees



4th Information Protection Engineer Day (2023.11.23)

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### Advancement of Information Protection and Security Policies related to AI

The BNK Financial Group is striving to mitigate security vulnerabilities arising from AI technology and to prevent new cases of customer information leakage due to technological advancements in advance. Busan Bank established the '10 Commandments for Security when Using Chat GPT' in May 2023 to guide the safe use of Chat GPT, which poses a risk of external leakage of important information. Additionally, they produced video training materials on the safe use of Chat GPT and conducted security training. This training was implemented with the aim of informing users that their carelessness can lead to the leakage of important corporate and personal information, resulting in legal liability, and to prevent potential risks associated with Chat GPT in advance.

#### 10 Commandments for Security when Using Chat GPT for Employees

1. Do not input personal and credit information collected and processed during work.
2. Do not input non-public information, such as decisions that have not been finalized or information that has not been announced.
3. Do not input important information, such as confidential information that is not allowed to be taken outside.
4. Do not use responses generated by Chat GPT without verifying their accuracy.
5. When using responses generated by Chat GPT, please indicate the source.
6. Do not use Chat GPT for malicious purposes to deceive or mislead people.
7. Chat GPT should be used for personal purposes only, and caution should be taken when used for commercial purposes.
8. Minimize the exposure of personal information when using social media services like Instagram and Facebook.
9. Make it a habit to conditionally disclose and anonymize all materials posted on social media services.
10. Report any issues or concerns arising from the use of Chat GPT to the security officer immediately.

\* Improper use of GPT can lead to legal liability for personal information leakage, intellectual property infringement, defamation, etc.

### Integrated Information Protection Monitoring White Paper

The BNK Financial Group has know-how in information protection through years of experience. The Information Protection Department of Busan Bank published a white paper titled [Successfully Implementing Integrated Information Protection Monitoring], which encapsulates seven years of accumulated know-how in 'Integrated Information Protection Monitoring'. This white paper not only provides a technical evaluation such as vulnerability analysis and assessment, but also details the know-how to build and operate a real-time risk management system, which will contribute to advancing the implementation of a 'risk-based security system'.



Busan Bank Integrated Information Protection Monitoring White Paper

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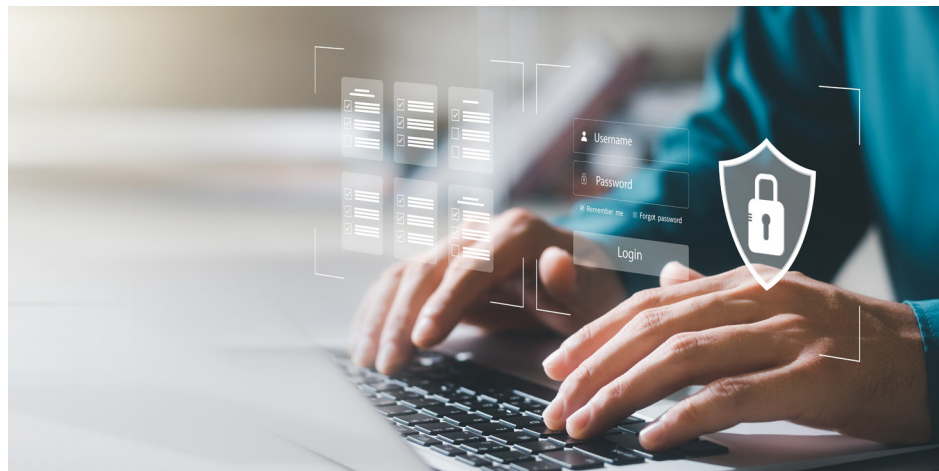
## Strategy and Activities

### Information Security Risk Assessment

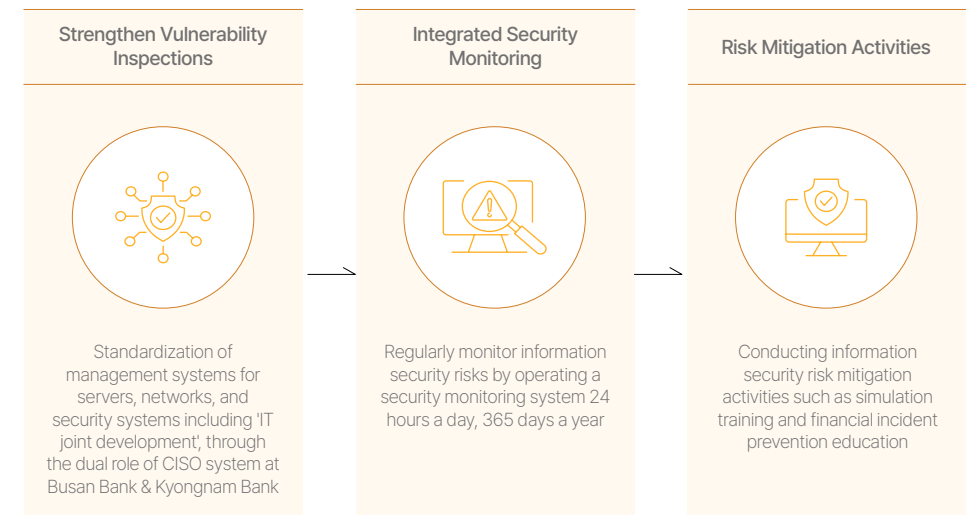
The BNK Financial Group is identifying information security risk factors and establishing protective measures in preparation for threats to information assets. Busan Bank conducts real-time risk assessment on electronic financial service information assets, rate the risk level, and if the calculated risk score is higher than the Degree of Acceptance(DoA), we immediately remove and manage it. Kyongnam Bank also annually establishes the management plan for information assets and performs risk reduction activities through risk analysis assessment and measures. In 2023, the high-risk ratio of Kyongnam Bank's information assets was 43%, a decrease from the 85% risk ratio in 2022.

### Information Security Risk Management Activities

The BNK Financial Group is conducting various activities to mitigate information security risks. Busan Bank and Kyongnam Bank conduct monthly information security inspections for employees and reported to the CEO. Busan Bank and Kyongnam Bank have introduced approval procedures to strengthen control over the IT development environment. We have established an integrated authentication system based on personalized authentication, applying a biometric-based pattern method for system login and using vein recognition for transactions requiring supervisor approval. Additionally, we conduct blind training for the banking sector, simulated training for responding to malicious emails, and financial incident prevention education. Busan Bank, Kyongnam Bank, and BNK Capital conduct simulated training for server hacking and DDoS attack responses. BNK Capital checks for vulnerabilities through training and re-establishes plans and reviews with the Information Security Committee. We have also implemented security solutions for information assets and real-time log file encryption solutions, and replaced outdated security equipment. Furthermore, we conduct regular disaster recovery system transition training to ensure their ability to respond to information security incidents.



### Information Security Risk Management Process



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### Personal Information Protection Strategy

The BNK Financial Group recognizes that the protection of customers' personal information is an important value that the Group must protect. In 2024, the 'BNK Personal Information Protection Policy' based on relevant laws and regulations such as the Electronic Financial Transactions Act' and the 'Credit Information Use and Protection Act' was enacted with the approval of the CEO. This policy stipulates that the finance holding company, subsidiaries, and partner companies minimize the collection of personal information and prohibits the use of information for purposes other than the intended purpose, as well as the leasing, selling, or providing of personal information to third parties. The finance holding company, Busan Bank, and Kyongnam Bank annually inspect the management status of personal credit information utilization from the previous year through the Financial Security Institute and submit the results to the Financial Security Institute. In the 2023 evaluation, the finance holding company, Busan Bank, and Kyongnam Bank received an S Grade.


The BNK Financial Group operates a system to manage the process of collection, use, provision, storage, and destruction of personal information. Major subsidiaries handling customer personal information, including Busan Bank and Kyongnam Bank, have designated personal information management education as a mandatory course for all employees. To prevent the misuse and leakage of customers' personal credit information, we regularly inspect the status of customer information handling. Additionally, the BNK Financial Group subscribes to liability insurance or accumulates policy reserve to fulfill its responsibility for damages such as personal information leakage. [BNK Financial Group Personal Information Protection Policy Link](#)

### Comprehensible Privacy Policy

The BNK Financial Group has added a labeling version of the 'Comprehensible Privacy Policy' on our Website in accordance with the 'Comprehensible Personal Information Processing Agreement Guide' guidelines of the Personal Information Protection Commission. This has enhanced the accessibility and readability of the Privacy Policy for customers.

**개인정보는 어떻게 이용되나요?**

처리하는 모든 개인정보는 관련법령에 근거하거나 정보주체의 동의에 의하여 수집·보유하고 있으며, 내부 경영관리, 상품 및 서비스 개발 목적으로 처리하고 있습니다.

 내부 경영 관리 목적
  상품 및 서비스 개발

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**개인정보가 제3자에게 제공되나요?**

고객의 동의하는 경우 또는 별도 법령의 특정한 규정이 해당하는 경우에만 개인정보를 제3자에게 제공합니다. 개인정보처리 위탁 시 개인정보 보호 관련 법규의 준수여부를 관해·감독하고 있습니다.



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**개인정보 파기는 어떻게 진행되나요?**

보유기간의 경과되거나, 처리 목적이 달성된 고객의 개인정보는 지체없이 안전하게 삭제 합니다. 다만, 다른 법령에 따라 일정기간 보존이 필요한 정보는 별도로 분리 보관합니다.






Comprehensible Privacy Policy

### Goal of Personal Information Protection

The BNK Financial Group has established and is implementing mid- to long-term goals to achieve transparency in customers' personal information processing, lead in cyber security in the financial sector, and upgrade the Group's information protection level by 2026.

2023	2024	2025
Review of personal credit information protection system for outsourcing/vender and affiliate companies	Completion of Busan Bank personal credit information system for outsourcing/vender and affiliate companies	Completion of Kyongnam Bank personal credit information system for outsourcing/vender and affiliate companies

	Information Protection Promotion Tasks	Target Level for 2026
Advancement of financial security regulations	<ol style="list-style-type: none"> <li>1. Effective response to rapidly changing digital environment and security risks</li> <li>2. Transition to a risk-based voluntary security system</li> </ol>	<p><b>Righteous</b></p> <p>Securing customer trust by enhancing transparency and management of customers' personal information processing</p> 
Strengthening the protection of personal information	<ol style="list-style-type: none"> <li>3. Third-party risk management to ensure the safety of electronic financial services</li> <li>4. Maintaining security levels in accordance with international standards through security audits and certifications</li> </ol>	<p><b>New</b></p> <p>Leading cyber security in the finance sector</p> 
Employee education and awareness enhancement	<ol style="list-style-type: none"> <li>5. One-stop information protection governance management through the portal site of information protection for employees</li> <li>6. Establishment and implementation of a finance security-friendly strategy</li> </ol>	<p><b>Together</b></p> <p>Upgrade the Group's information protection level</p> 
Establishment of zero trust information protection system	<ol style="list-style-type: none"> <li>7. Redesign of detailed role-based access control system when accessing the system</li> <li>8. Strengthening supply chain security management</li> <li>9. Stabilization of Extended Detection and Response(XDR) by integrating threat detection and incident response</li> </ol>	

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### Advancement of Electronic Financial Fraud Prevention System

The BNK Financial Group has established a Voice Phishing Damage Prevention Integrated Monitoring System to respond to electronic financial fraud such as voice phishing, which is becoming more sophisticated. Busan Bank and Kyongnam Bank, especially Kyongnam Bank, applied 51 excellent rules for detecting abnormal transactions in the Fraud Detection System(FDS) in 2022 and adjusted the thresholds to strengthen the criteria for abnormal transactions and optimize the system. From January to May 2024, Busan Bank detected 181 cases of abnormal transactions through the Fraud Detection System(FDS), which is an increase in electronic financial fraud prevention performance compared to the annual detection performance of 130 cases in 2023. Kyongnam Bank also recorded a total of 1,521 cases of fraud transaction prevention in 2023. Additionally, Kyongnam Bank established an Fraud Detection System(FDS) committee in 2022 to develop FDS policies reflecting various fraud methods and enhance the system by implementing additional ARS authentication, account payment suspension, and SMS notification procedures to victims upon confirmation of abnormal financial transactions.

Additionally, Busan Bank and Kyongnam Bank have collaborated to establish a service for the detection of malicious apps in 2023, are carrying out a project to establish an identity theft detection service in the first half of 2024. The detection and prevention service for identity theft detects illegally activated or identity-stolen mobile phones and blocks access to provide customers with a stable transaction environment. In addition, through the 'Agreement for promoting prevention of contactless financial incidents' recently signed with the Financial Supervisory Service, we are promoting responses related to the responsibility sharing standards for contactless financial incidents. BNK Capital is operating a firewall registration to prevent access to our app or website through the Financial Security Institute's abnormal financial transaction information and Fraud Voice phishing Sharing System(FVS). Additionally, by providing a mobile app for the purpose of preventing voice phishing, we encourage users to install a voice phishing blocking app and inform about free voice phishing insurance at the time of mobile agreement.

### Electronic Financial Fraud Prevention Education and Activities

The BNK Financial Group conducts various electronic financial fraud prevention activities targeting employees and customers to prevent electronic financial fraud damages. Moving forward, the BNK Financial Group will continue to develop campaigns with timely content to prevent damage to customers in response to increasingly sophisticated electronic financial fraud.

#### | Electronic Financial Fraud Prevention Activities

Subsidiaries	Electronic Financial Fraud Prevention Activities in 2023
<b>BNK</b> Busan Bank	<ul style="list-style-type: none"> <li>Conducted voice phishing prevention education for vendors by visiting three traditional markets in the Busan area</li> <li>Launched prevention campaigns that are practically helpful to small businesses owners, including learning financial fraud prevention through songs, preventive measures for different types of financial fraud, response actions in case of damage, and case studies of damages to private business owners</li> </ul>
<b>BNK</b> Kyongnam Bank	<ul style="list-style-type: none"> <li>Conducted a total of 4 voice phishing prevention education sessions for international students</li> <li>As part of the Janggeumi partnership' activities with local traditional markets, visited local traditional markets and nearby areas to carry out voice phishing prevention activities</li> <li>Regularly sent SMS messages and posted on social media about voice phishing incidents and response methods for customers</li> </ul>
<b>BNK</b> Capital	<ul style="list-style-type: none"> <li>Operated a service to send alert messages about financial fraud incidents and preventive measures to customers by age group 10 days before the end of each month</li> <li>Posted educational videos on prevention of voice phishing and smishing, voice phishing cases and prevention methods, and tips on how to deal with damage through social media accounts</li> </ul>
<b>BNK</b> Savings Bank	<ul style="list-style-type: none"> <li>Distributed a casebook on voice phishing prevention that can be used while performing work</li> <li>Revised and updated the manual to enhance the understanding of branch practitioners about the prevention of electronic financial fraud damages and refunds, and conducted training for the managers</li> </ul>

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## Strategy and Activities

### Security Inspections for Consignee and Supplier

The BNK Financial Group ensures that not only its employees but also the employees of its affiliates safely perform personal information protection tasks through regular monitoring and managers training. Busan Bank and Kyongnam Bank are jointly conducting inspections(written and on-site) with the Financial Security Institute on various items such as compliance with information protection regulations by consignees with handling customer personal information, and reporting the results. Additionally, to prevent operational risks in advance when outsourcing tasks, we have established risk management policies and plan to expand related procedures and systems by setting up an independent management system. Kyongnam Bank inspects protective measures for personal credit information when contracting with personal(credit) information consignees and when using services such as cloud, it is undergoing the review and resolution process of the Information Protection Committee by reviewing the safety assessment based on related regulations. Furthermore, information protection training is provided not only to employees but also to all IT subcontracted personnel. BNK Capital is conducting quarterly inspections and reports on its affiliate companies(consignees), and is more conservatively checking the status of information destruction and training completion during the mandatory annual inspection.



## Metrics and Targets

### Autonomous Financial Security System Metrics and Targets



In 2023, a total of 5,408 employees from Busan Bank and Kyongnam Bank, along with 355 employees from partner companies, completed information protection education. Additionally, the number of Voice Phishing prevention cases for both banks has been increasing annually. Busan Bank received the Minister of SMEs and Startups Award at the 2023 Voice Phishing Excellent Response Performance Report Conference, and the employees of the Bonggok-dong branch of Kyongnam Bank received a letter of appreciation from the Changwon Seobu Police Station. Moving forward, the BNK Financial Group plans to enhance the quantitative management of information protection performance through the establishment of mid- to long-term personal information protection plans.

#### | Electronic Financial Fraud Prevention Activities

Category		Unit	Busan Bank	Kyongnam Bank	BNK Capital
FDS Prevention Data	No. of malicious app inspections	Cases	1,819,241	1,482,000	3,140
	No. of detection responses	Cases	750	586	637

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# Creating Financial Synergy



Busan Bank CEO  
**Bang Sung-bin**

“Busan Bank is continuously striving to become a new leading bank that grows together with customers. We will practice finance of coexistence and trust with our customers and local communities at all times and everywhere, through customer-centered, righteous, and internal growth.”

## Company Info

<b>Founding Date</b>	October 10, 1967
<b>Address of headquarters</b>	30 Munhyeongeumyung-ro, Nam-gu, Busan
<b>Homepage</b>	www.busanbank.co.kr

<p><b>Proprietary capital</b></p> <p><b>5.6486</b> trillion KRW</p>	<p><b>No. of Employees</b></p> <p><b>2,983</b> persons</p>
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Busan Bank is making great efforts to contribute to the growth of the local economy through substantial and righteous management based on the trust of customers and the local community. As a leading ESG company representing the region, we will continue to fulfill our environmental and social responsibilities through customer-centered management and social contribution activities unique to Busan Bank, striving for mutual growth with our customers and the local community.

## Busan Bank Major ESG Achievements

### Environmental

#### Major Matters Promoted

- Introduction of ESG climate risk management system and establishment of data platform
- Sales of green finance products and support for green finance
- Issuance of ESG bonds(Green Bond)
- Implementation of local environment improvement projects and volunteer activities

#### Major Achievements

Busan Bank has introduced an ESG climate risk management system to achieve "2050 carbon neutrality" and has established a financial emissions measurement and monitoring system as well as an ESG data platform to reduce greenhouse gas emissions. Additionally, we have actively supported green finance by selling green finance products and supporting ESG excellent companies. We issued the first local bank's Korean Green Bonds worth 60 billion KRW to fund eco-friendly projects. Through participation in the 'Disposable items Zero Challenge' campaign, we encouraged ESG practices and executed local environmental improvement projects such as the 'Green Busan!', a fine dust reduction project and environmental cleanup activities for disaster prevention and recovery. In recognition of these efforts, we were awarded the 'ESG Management Award' by the 2023 Korean Marketing Management Association.

### Social

#### Major Matters Promoted

- Expansion of social finance support for coexistence with the region
- Development and sale of financial products to overcome social issues
- Promotion of social contribution activities for local community benefits

#### Major Achievements

Busan Bank has fulfilled its social responsibility by providing direct and indirect financial assistance of a total of 81,346 cases and a total amount of 2.8261 trillion KRW to SMEs, small business owners, and vulnerable groups through the win-win finance programs such as the 'Crisis Overcoming Together Project' and 'Warm Finance.' Additionally, we launched a high-interest deposit product specialized for marriage(You Only Solo Savings) to address the issue of declining marriage rates. Through the formation of a large-scale volunteer corps, 3,844 employees participated annually, performing a total of 7,688 hours of social contribution volunteer activities. In recognition of these efforts, Busan Bank received the 'Social Value Realization Institution Award' at the 2023 The Institute of Internal Auditors Korea Awards and the 'Excellent Institution Award in the support for small loans' at the 2023 Financial Supervisory Service Inclusion Finance Division Excellent Institution.

### Governance

#### Major Matters Promoted

- Strengthening the ethical management system and establishing a righteous corporate culture
- Expansion of financial consumer rights and interests protection activities
- Strengthening the internal control system for financial consumer protection

#### Major Achievements

Busan Bank is committed to adhering to ethical management and establishing a clean corporate culture of righteous management to foster a trusted banking culture. To protect the rights and interests of financial consumers, we operate the CX explorers(customer panel), an integrated consulting system for financial consumer protection branches, and an internal control inspection team for financial consumer protection, striving to achieve customer satisfaction. Additionally, we are dedicated to supporting the financial activities of the financially marginalized classes by operating the senior supporters system, happy finance customized counters, and senior exclusive consultation centers. In recognition of these efforts, we were selected as the 'No. 1 Company for two consecutive years' in the customer contact point sector of the 2023 Korea Service Quality Index(KSQI) and as an 'Excellent Company for two consecutive years' in the 2023 Korean Consumer Protection Index(KCPI).

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# Creating Financial Synergy



Kyongnam Bank CEO  
**Ye Kyung-tak**

“**Kyongnam Bank** has grown in harmony with the local community, and strives to be of great help by supporting the regional economy in any situation of change or crisis. As a close and constant partner to our customers, we practice warm win-win finance, and we will do our best to become a bank that fulfills its role and responsibility in the local community as a reliable and trusted bank like a deep-rooted tree.”

## Company Info

<b>Founding Date</b>	May 22, 1970
<b>Address of headquarters</b>	642, 315-daero, Masanhoewon-gu, Changwon, Kyongsangnam-do
<b>Homepage</b>	www.knbank.co.kr

<p><b>Proprietary capital</b></p> <p><b>3.4642</b> trillion KRW</p> <p>(Separate basis)</p>	<p><b>No. of Employees</b></p> <p><b>2,271</b> persons</p>
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Kyongnam Bank is committed to achieve sustainable growth in response to the rapidly changing business landscape, including ESG management and digital acceleration, through various innovations. To this end, we are pursuing a broad range of projects to establish a robust ESG management system. In 2021, we took a significant step forward by forming the ESG Committee within the Board of Directors. Building on this progress, we established the ESG Planning Team in January 2023. Furthermore, we are driving various businesses by incorporating ESG elements into the performance evaluations of our headquarters departments. Kyongnam Bank will continue to further strengthen the ESG management system in the ever-changing financial environment and strive for sustainable growth through various innovations.

## Kyongnam Bank Major ESG Achievements

### Environmental

#### Major Matters Promoted

- Introduction of ESG climate risk management system and establishment of data platform
- Implementation of greenhouse gas emissions reduction and energy saving
- Implementation of environmental protection activities
- Launching environmental-related products and services

#### Major Achievements

Kyongnam Bank has established various strategies to respond to climate change and is carrying out various activities to reduce greenhouse gas emissions. By implementing the 'BNK Earth Hour Campaign,' we have promoted the reduction of electricity usage through measures such as turning off lights during the summer period. During the remodeling of branch buildings, we contribute to reducing carbon emissions by using eco-friendly products and high-efficiency LED lights. Additionally, we support various volunteer activities for environmental protection and have launched the 'Anywhere Green Card' to promote greenhouse gas reduction and eco-friendly consumption, thereby making efforts to respond to climate change and save energy.

### Social

#### Major Matters Promoted

- Strengthening win-win finance support
- Promoting various social contribution activities
- Issuance of ESG bonds
- Special contributions to Local Credit Guarantee Foundation(Kyongnam, Ulsan)

#### Major Achievements

Kyongnam Bank continued to promote win-win finance for the local community in 2023 and achieved the highest rating, 'excellent grade', at the Financial Company Local Reinvestment Evaluation in August 2023. In particular, we expanded loan interest rate reductions and liquidity support for SMEs, small business owners, and vulnerable groups within the region. Additionally, we carried out various social contribution and donation activities, including the 'Sharing Walking Donation Challenge' and 'Essay and Art Contest'. In the future, as a local bank, we will continue to fulfill our role as a bank that supports the local community by providing various financial support and social contribution activities for the local community.

### Governance

#### Major Matters Promoted

- Strengthening of internal controls management
- Opening of new money laundering prevention system
- Establishment and implementation of employee information protection education and training plans
- Expansion of internal controls inspection for consumer protection

#### Major Achievements

Kyongnam Bank is making various efforts to enhance the soundness of financial transactions, achieve trusted growth, and practice transparent ethical management. Since September 2023, we have been identifying and improving company-wide internal control-related tasks, focusing on the Internal Control Analysis Team and related departments. Additionally, we have established an internal control system that reflects issues related to money laundering, and in April 2023, we launched a new money laundering prevention system. Furthermore, we provide information protection education to employees and conduct internal control inspections at branches to check on the compliance status of the laws and regulations for the protection of financial consumers during the sale of financial products.

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# Creating Financial Synergy

**BNK Capital**





BNK Capital CEO  
**Kim Sung-joo**

“BNK Capital is continuously striving in the rapidly changing financial environment through customer-centric digital innovation and strengthened service capabilities. Moving forward, BNK Capital will always be with customers and fulfill our missions of corporate social responsibilities. BNK Capital strives to repay the faith and trust of our customers. Additionally, we will strengthen our core competitiveness to achieve our future vision and develop based on a solid internal controls system that complies with fundamentals and principles.”

## Company Info

<b>Founding Date</b>	July 15, 2010
<b>Address of headquarters</b>	1 Saessak-ro, Busanjin-gu, Busan
<b>Homepage</b>	www.bnkcapital.co.kr

<p><b>Proprietary capital</b></p> <p><b>1.3208</b> trillion KRW</p> 	<p><b>No. of Employees</b></p> <p><b>459</b> persons</p> 
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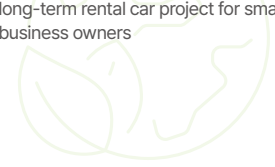
BNK Capital has achieved continuous growth in the rapidly changing financial environment through customer-centric digital innovation and strengthened service capabilities. Always prioritizing our customers' interests, we will fulfill our missions of corporate social responsibilities. BNK Capital strives to repay the faith and trust of our customers.

## BNK Capital Major ESG Achievements

### Environmental

#### Major Matters Promoted

- Implementation of the livelihood vehicle purchase fund project and the long-term rental car project for small business owners



#### Major Achievements

BNK Capital has implemented the 'Livelihood vehicle purchase fund project' and the 'Long-term rental car project for small business owners' to support small business owners. The performance of each project for the year 2023 was 19.2 billion KRW and 39.6 billion KRW, respectively. Additionally, as a result of increased purchases of eco-friendly vehicles, the number of eco-friendly vehicles purchased in 2023 was 2,946 units(179 billion KRW), an increase of 306 units(59.5 billion KRW) compared to 2,640 units(119.5 billion KRW) in 2022. This contributed to the reduction of carbon emissions.

### Social

#### Major Matters Promoted

- Conducting HAPPY SHARING events at overseas corporations
- Local community contribution activities and relief activities for vulnerable groups



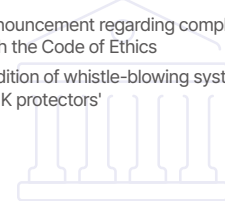
#### Major Achievements

BNK Capital is making various efforts to strengthen local win-win activities. Through the global donation event (HAPPY SHARING), we are actively conducting social contribution activities in overseas markets, and by purchasing traditional market gift certificates as part of employee salaries, we are contributing to the revitalization of traditional markets. Additionally, we participate in sharing events for vulnerable groups in the local community through meal service volunteer activities, volunteer activities for people with disabilities, and the delivery of sponsorship funds.

### Governance

#### Major Matters Promoted

- Announcement regarding compliance with the Code of Ethics
- Addition of whistle-blowing system 'BNK protectors'



#### Major Achievements

BNK Capital is cultivating a culture to strengthen ethical management. By alerting all employees of the code of ethics twice a year, the company has strengthened their awareness of ethics. Additionally, by adding a whistle-blowing channel and providing education on the whistle-blowing system, we have educated various channels for reporting and types of reportable subjects, thereby creating and reinforcing an environment where various issues arising within the company can be reported and voluntarily participate in ethical management.

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**BNK Securities**



BNK Securities CEO  
**Shin Myeong-Ho**

“BNK Securities implements management for growth and sharing with the goal of win-win development with customers, employees, and the community that is in accordance to the management principle of sustainable growth, job creation, and social contribution. Moving forward, we will continue to strive to become representative financial investment company, dedicated to creating greater happiness and value for our customers, based on righteous management that upholds the values of righteousness and balance.”

**Company Info**

<b>Founding Date</b>	June 2, 1997
<b>Address of headquarters</b>	1 Saessak-ro, Busanjin-gu, Busan
<b>Homepage</b>	www.bnkfn.co.kr

<p><b>Proprietary capital</b></p> <p><b>1.1869</b> trillion KRW</p>	<p><b>No. of Employees</b></p> <p><b>365</b> persons</p>
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BNK Securities started out as a futures trading company in 1997 but was converted into a securities company in 2009. Starting with investment brokering and investment transactions businesses in 2009, we have now grown into a comprehensive securities company that acquired over-the-counter derivatives authorization. In 2021, we have achieved continued growth such as achieving the highest current net profit in our history in 2021. In 2022, we wisely overcame the crisis in the financial market. BNK Securities is continuously expanding market competitiveness through business innovation and specialized/customized sales strategies in the fiercely competitive environment of the financial investment industry. We will continue to strive to become a leading securities company in the Korean securities market.

**BNK Securities Major ESG Achievements**

**Environmental**

**Major Matters Promoted**

- Introduction of door-to-door sales service
- Promotion of eco-friendly and innovative finance



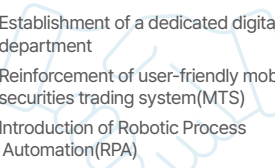
**Major Achievements**

BNK Securities has introduced a door-to-door sales service starting from December 2023 and has replaced paper documents at branch counters with electronic documents using tablet PCs. We are currently exploring additional service operations and activation plans linked with the digital counters that is under development. Investments have been made in innovative new technology finance sectors, including the formation of the BNK-Hyundai Defense Technology Innovation Fund, the For Human Life CDMO New Technology Venture Investment Association, and the BNK-K New Marine Industry Investment Association. In 2024, we plan to expand investments by forming the Daewon Plant Project Fund and others.

**Social**

**Major Matters Promoted**

- Establishment of a dedicated digital department
- Reinforcement of user-friendly mobile securities trading system(MTS)
- Introduction of Robotic Process Automation(RPA)
- Improvement of corporate culture through employee communication



**Major Achievements**

BNK Securities established a Digital Planning Department, recruited digital experts, and clarified the R&R in the digital sector. We enhanced customer convenience through the reorganization of the Mobile Trading System (MTS) screen, which included simplifying the account opening process, providing large text menus for senior customers, and improving convenience with easy authentication. In the future, we plan to form partnerships with fintech companies to strengthen our content capabilities. By introducing RPA solutions, we saved a total of 6,543 hours related to 16 tasks at the headquarters. Through the operation of labor-management meetings, we improved employee welfare systems and established a department head assessment system, contributing to the establishment of a horizontal corporate culture. Additionally, we expanded family-friendly policies by implementing childbirth and child care support systems.

**Governance**

**Major Matters Promoted**

- Strengthening financial consumer protection capabilities
- Establishment of the ethical management department



**Major Achievements**

BNK Securities conducted face-to-face and non-face-to-face financial consumer protection training sessions once each in the first and second half of 2023 to enhance financial consumer protection capabilities. In 2024, we plan to establish an ethical management department dedicated to ethical management tasks, enact related guidelines such as ethical management standard regulations, and operate relevant programs through regular steering councils on ethical management among subsidiaries.

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# Creating Financial Synergy

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

**BNK Savings Bank**





BNK Savings Bank CEO  
**Kim Young-moon**

“BNK Savings Bank, as an institute specializing in small loans, is diligently fulfilling its inherent role and striving to practice 'Finance that inspires the world' by providing more convenient digital financial infrastructure.”

**BNK Savings Bank CEO**

<b>Founding Date</b>	December 13, 2011
<b>Address of headquarters</b>	92 Beomil-ro, Dong-gu, Busan
<b>Homepage</b>	www.bnksb.com

<p><b>Proprietary capital</b></p> <p><b>1.1869</b> trillion KRW</p> 	<p><b>No. of Employees</b></p> <p><b>365</b> persons</p> 
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**BNK Savings Bank Major ESG Achievements**

<p><b>Environmental</b></p> <p><b>Major Matters Promoted</b></p> <ul style="list-style-type: none"> <li>• Implementation of a paperless campaign</li> <li>• Practice of eco-friendly green management</li> <li>• Computerization of expenses</li> <li>• Promotion of electronic mail service contracts</li> <li>• Practice of carbon reduction for corporate vehicles</li> </ul>	<p><b>Major Achievements</b></p> <p>BNK Savings Bank is promoting work efficiency by reducing unnecessary printed materials through the paperless campaign and eco-friendly green management, which discourage the use of disposable items and paper documents, and by computerizing the expense system, we manage expenditure reports electronically instead of printing them on paper. Additionally, through the use of email services, we have been able to enhance the speed of our operations and reduce labor and paper costs. Starting from January 2024, we plan to sequentially replace existing internal combustion engine vehicles used for business purposes with eco-friendly(hybrid, electric) vehicles to contribute to carbon emissions reduction.</p>
<p><b>Social</b></p> <p><b>Major Matters Promoted</b></p> <ul style="list-style-type: none"> <li>• Agreement to support modern pentathlon business team</li> <li>• Introduction of linked employment system for people with disabilities</li> <li>• Debt adjustment</li> </ul>	<p><b>Major Achievements</b></p> <p>BNK Savings Bank, as a regional savings bank, is sponsoring a modern pentathlon business team through an agreement with the Busan City Sports Association to promote unpopular sports. Additionally, we are practicing regional win-win finance as a preemptive support system for financially vulnerable groups who have faced difficulties due to the COVID-19 pandemic, and are fulfilling social responsibility through the linked employment system for people with disabilities.</p>
<p><b>Governance</b></p> <p><b>Major Matters Promoted</b></p> <ul style="list-style-type: none"> <li>• Activation of public interest report on corruption</li> <li>• Communication through the red whistle helpline, financial fraud prevention guidance and system improvement</li> <li>• Enhancing the specializations of the Board of Directors</li> </ul>	<p><b>Major Achievements</b></p> <p>BNK Savings Bank has bolstered the company's transparency and credibility, and improved risk management capabilities by enhancing the expertise of its committees. Additionally, we have established a mechanism to fulfill our social obligations by conducting compliance and ethics training for internal executives and staff, and we are doing our best efforts to create social value and promote sustainable management.</p>

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## BNK Asset Management



BNK Asset Management CEO  
**Bae Sang-hwan**

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

### Company Info

<b>Founding Date</b>	July 15, 2008
<b>Address of headquarters</b>	21st Flr., 32 Gukjegeumyungro 2-gil (Yeouido Finance Tower), Yeongdeungpo-gu, Seoul
<b>Homepage</b>	www.bnkasset.co.kr

<p><b>Proprietary capital</b></p> <p><b>165.7</b> billion KRW</p>	<p><b>No. of Employees</b></p> <p><b>82</b> persons</p>
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Since its incorporation into the group in 2017, BNK Asset Management has improved its financial structure through capital increase based on the dedication to strategic fostering. It has been growing continuously by further developing its expertise as a comprehensive asset management company by maintaining top performance in traditional assets such as stocks and bonds as well as through investments in blue chip assets such as real estate in key areas. Under the ESG management policy, we will continue to launch distinguished products such as ESG funds, TDF, and ETF and manage them stably to become an asset management company that contributes to building wealth for customers.

## BNK Asset Management Major ESG Achievements

### Environmental

#### Major Matters Promoted

- Continuous fostering of the 'BNK Sustainable ESG Fund' considering environmental factors



#### Major Achievements

Since 2021, BNK Asset Management has established the 'ESG Committee' and the ESG-dedicated organization 'Research Center' within the company to build a system and process that can respond in real-time to ESG regulations and market environments. Additionally, by launching the 'BNK Sustainable ESG Fund,' we have continued our journey as a leading management company in sustainable finance by investing in companies that align with ESG aspects. Following the launch of the aforementioned ESG public offering fund, we have attracted funds by being selected as the socially responsible entrusted management company for major domestic pension funds in 2023, based on our excellent management track record over the past two years.

### Social

#### Major Matters Promoted

- Excellent ESG Fund management



#### Major Achievements

BNK Asset Management was recognized for its excellent ESG fund management capabilities and was entrusted with the investment of an equity-type private fund in the field of social responsibility by an institutional investor in June 2023. This entrusted investment contributes to creating a financial environment where companies with excellent social elements can expand by excluding industries unsuitable for the social(S) element of ESG through Negative Screening.

### Governance

#### Major Matters Promoted

- Following compliance and establishment ethical management team
- Strengthening employee financial incident prevention
- Establishment of pre-inspection system for financial consumer protection



#### Major Achievements

BNK Asset Management has established an enhanced pre-inspection system by including a checklist for new product launches in financial consumer protection standards to protect the interests of our fund investors. Furthermore, we have strengthened our regular and occasional inspection system to prevent financial incidents in advance, and we have achieved zero incidents for the past five years. Starting in 2024, we have reorganized the organization by establishing a new ethical management team so that we can further refine and deepen the ethical management activities that we have been practicing.

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## BNK Credit Information





BNK Credit Information CEO  
**Kang Sang-gil**

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

### Company Info

<b>Founding Date</b>	June 17, 2003
<b>Address of headquarters</b>	92 Beomil-ro, Dong-gu, Busan
<b>Homepage</b>	www.bnkci.co.kr

<p><b>Proprietary capital</b></p> <p><b>26.3</b> billion KRW</p> 	<p><b>No. of Employees</b></p> <p><b>73</b> persons</p> 
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BNK Credit Information is a credit information company representing in the southeastern region. Having established an ESG management system, we are doing our best to fulfill our social responsibilities to the community. We are looking for change and innovation to respond to new environmental shifts by setting righteous and ethical management, discovery of new growth engines, and strengthening of innovative capacities as our management policies. As a financial consultant for improving asset quality for creditors and a reliable partner for happiness that can help debtors when they are facing difficulties, we are actively realizing happy finances with warm debt collection that can give hope.

## BNK Credit Information Major ESG Achievements

### Environmental

#### Major Matters Promoted

- Greenhouse gas reduction activities
- Reinforcement of eco-friendly mutual cooperation
- Expansion of eco-friendly product purchases
- Electronic documents, mobile electronic notices

#### Major Achievements

BNK Credit Information is making great efforts to reduce greenhouse gas emissions and energy consumption by reducing non-essential travel and maximizing the use of conferencing systems and messengers. We also promote the use of stairs over elevators to achieve these objectives. Additionally, we maintain a suitable indoor temperature and discourage any unnecessary use of electricity. Furthermore, we utilize financial products related to the environment to strengthen eco-friendly mutual cooperation, and verify whether suppliers or partners are eco-friendly company when making purchases or selections.

### Social

#### Major Matters Promoted

- Hosting a Happy Hope Sharing event
- Expanding the financial safety net for the rehabilitation and comeback of marginalized classes

#### Major Achievements

BNK Credit Information is making various efforts to practice corporate sharing management and spread local sharing. We are reinforcing our support for recovering credit for the financially vulnerable groups such as extension of debt repayment periods, extended periods for allowing installment payments of debts, exclusion of assets needed for everyday life from collection, and increase of overdue interest deductions, etc. for low-income debtors such as those receiving basic life support and employment subsidies. In addition, since 2016, we have held the 'Happy Hope Sharing Event' every year on holidays, delivering hope sharing packages to the families of customers who are faithfully repaying their debts despite difficult family circumstances.

### Governance

#### Major Matters Promoted

- Conducting anti-corruption training and rescuing organizational culture
- Executing an ethical management practice pledge
- Sound and fair credit management

#### Major Achievements

BNK Credit Information has set righteous and ethical management as its management principle, and it engages in fair and transparent operations based on a high level of ethical values. Furthermore, we are strengthening education and monitoring with regard to fair collection methods as well as the Personal Information Protection Act; thus achieving 'zero complaints' as the lowest in the credit information industry. Moving forward, BNK Credit Information will continue to strive to implement a sound credit order and maintain transparent management.

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# Creating Financial Synergy

**BNK** System





BNK System CEO  
**Park Il-yong**

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

## Company Info

<b>Founding Date</b>	May 20, 2011
<b>Address of headquarters</b>	21 Mieumsandan-ro 127-beongil, Gangseo-gu, Busan
<b>Homepage</b>	www.bnksys.co.kr

<p><b>Proprietary capital</b> <b>27.4</b> billion KRW</p> 	<p><b>No. of Employees</b> <b>272</b> persons</p> 
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As an 'IT service leader that guides digital finance,' BNK System is growing continuously by expanding its service areas and with qualitative improvements. In other words, it is expanding its roles such as group IT integration, expansion and building of financial and digital solutions, and strengthening of digital transformation promotion capacities while securing competitiveness. Furthermore, by continuously finding and providing various digital services for the goal of achieving work efficiency for subsidiaries, we are enhancing group synergy effects. We are also striving for coexistence with the region by discovering promising local IT companies, hiring local human resources, and supporting marginalized classes.

## BNK System Major ESG Achievements

### Environmental

#### Major Achievements

- Promoting of paperless policies through the entire IT integrated purchase work
- Replacement and expansion of high-efficiency energy equipment
- Implementation of social contribution volunteer activities related to environmental purification
- Expansion of the conversion of work

#### Major Achievements

BNK Systems is consistently pushing for digitization and paperless operation to enhance business efficiency. The restructuring of the electronic procurement system has achieved workflow simplification and a paperless environment. We are striving to minimize energy waste and emission of pollutants by replacing equipment with energy-efficient ones and converting work vehicles to eco-friendly ones. Additionally, we have conducted social responsibility volunteer activities through environmental purification activities like plogging.

### Social

#### Major Achievements

- Reinforcing management of partner companies
- Acquiring Information Security Management System(ISMS) certification

#### Major Achievements

The BNK system has established and acquired an Information Security Management System(ISMS) certification to strengthen information security capabilities and ensure service stability. In addition, vulnerability assessments are conducted to protect key internal information assets. Through the assessment results, we identify risks and manage them through the establishment of risk management plans and continuous verification of whether actions have been completed.

### Governance

#### Major Matters Promoted

- Executing an ethical management practice pledge(anti-corruption) by related personnel
- Developing a purchasing system and strengthening transaction transparency
- Conducting regular(semi-annual) special audits related to inspection of anti corruption practices

#### Major Achievements

Through the Integrated Purchase System, we are conducting fair trade by providing opportunities for our business partner companies to freely participate and create a fair competitive environment, and transparent selection of contract companies. Furthermore, we improved the convenience of our business partner companies for strengthening the transparency of contract businesses through regular education and inspection, and computerization. We will continue these efforts to establish a culture of anti-corruption and fair trade, and for mutual growth with our partner companies.

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**BNK** Venture Capital





BNK Venture Capital CEO  
**Jeong Seong-Jae**

“Busan Bank is continuously striving to become a new leading bank that grows together with customers. We will practice finance of coexistence and trust with our customers and local communities at all times and everywhere, through customer-centered, righteous, and internal growth.”

**Company Info**

<b>Founding Date</b>	March 24, 2009
<b>Address of headquarters</b>	12th Flr., 398 Seocho-daero, Seocho-gu, Seoul (Seocho-dong BNK Digital Tower)
<b>Homepage</b>	www.bnkvc.co.kr

<p><b>Proprietary capital</b></p> <p><b>54.9</b> billion KRW</p> 	<p><b>No. of Employees</b></p> <p><b>20</b> persons</p> 
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BNK Venture Capital was established in March 2009 and became part of the BNK Financial Group in November 2019, and it is doing its best to become a venture capital supplier wherein stockholders, investors, investment companies, and employees can all be satisfied as partners in continuous growth. In particular, we will strive to establish a healthy industrial ecosystem for the Republic of Korea by discovering sustainable and eco-friendly high-tech companies in major investment areas such as the fourth industrial revolution, renewable energy, and bio and agricultural and fisheries industries.

**BNK Venture Capital Major ESG Achievements**

**Environmental**

**Major Achievements**

- Operation of eco-friendly investment associations such as the Fine Dust Solution Fund Investment and the Green Bio Investment Association



**Major Achievements**

BNK Venture Capital is building a system to establish and review ESG policies and reflect them to the investment process. Increases in investments are being pursued in the environmental and climate tech sectors in accordance with the sustainable growth of the ESG sector. In 2023, we invested 4.3 billion KRW in four companies operating in the eco-friendly and alternative energy sectors through the investment association we manage. Additionally, in order to expand investments in the eco-friendly and alternative energy sectors, we formed one additional investment association worth a total of 25 billion KRW linked with policy funds.

**Social**

**Major Achievements**

- Establishing the future business foundation of the Group through investments in new industries and new technology-holding companies within the region
- Investment of 11.8 billion KRW in 8 companies within the region



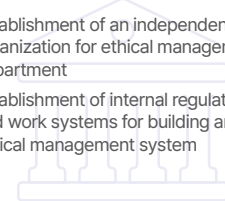
**Major Achievements**

BNK Venture Capital pursues investing in innovative companies in the Southeastern regions and outside of the metropolitan area while searching for new growth engines for the local economy. For this, we have focused investments worth 11.8 billion KRW and 12 billion KRW in 8 companies and 8 companies of the Southeastern regions and outside of the metropolitan area, respectively, in 2023. We also made investment associations with subsidiaries to increase investments in innovative companies, and we are doing our best to support innovative companies in various ways such as actively pursuing investments for climate change response.

**Governance**

**Major Achievements**

- Establishment of an independent organization for ethical management department
- Establishment of internal regulations and work systems for building an ethical management system



**Major Achievements**

BNK Venture Capital has established an independent organization of ethical management department to build an ethical management system. This includes: establishing internal regulations, creating work systems, detailing investment and follow-up management regulations, strengthening risk management and internal control, requiring ethical standards pledges and compliance pledges to employees, and conducting a variety of other mandatory ethical management education. Through this, we have reorganized the internal regulation system, and we are close to achieving a high level of ethical awareness.

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## Financial Performance

### | Summary of Consolidated Statements of Financial Position

Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
Total assets	100 million KRW	1,282,721	1,369,326	1,457,836
Total liabilities	100 million KRW	1,180,662	1,261,427	1,351,099
Total equity	100 million KRW	102,059	107,899	106,737

1) Figures changes in 2021 and 2022 due to restatement of Kyongnam Bank's Financial Statements

### | Summary of Consolidated Statements of Comprehensive Income

Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
Operating income	100 million KRW	10,899	11,561	8,012
Income before income tax expense	100 million KRW	10,999	11,252	8,756
Net income	100 million KRW	8,169	8,332	6,789
Total comprehensive income	100 million KRW	7,581	7,950	8,001

1) Figures changes in 2021 and 2022 due to restatement of Kyongnam Bank's Financial Statements

### | Operating Income by Business Division

Category	Unit	2021	2022	2023
Banking	100 million KRW	38,781 <sup>1)</sup>	54,291 <sup>1)</sup>	72,959
Financial Investment	100 million KRW	5,794	8,851	9,849
Loans	100 million KRW	9,858	11,287	12,412
Savings	100 million KRW	851	1,009	1,398
Other	100 million KRW	4,187	5,208	5,394

1) Figures changes in 2021 and 2022 due to restatement of Kyongnam Bank's Financial Statements

### | Creation and Distribution of Direct Economic Value<sup>1)</sup>

Category	Unit	2020	2021	2022	2023		
Creation of direct economic values	100 million KRW	52,214 <sup>2)</sup>	55,786 <sup>2)</sup>	75,601 <sup>2)</sup>	96,640		
Distribution of economic value	Wage and welfare benefits of employee	100 million KRW	9,793	11,172	9,879	8,871	
	Payment of dividends and interests	Payment of dividends	100 million KRW	1,038	1,817	2,028	1,643
		Payment of interests	100 million KRW	11,190 <sup>2)</sup>	9,802 <sup>2)</sup>	18,579 <sup>2)</sup>	37,863

1) Tax and local community investment amount disclosed as separate index.

2) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### | Soundness Indicator: Composition of Leverage of the Bank for International Settlements (BIS)

Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
Core capital (Tier 1)	100 million KRW	90,873	95,018	99,179
Amount of exposure among Basel III Tier 1 ratio	100 million KRW	1,403,331	1,492,274	1,566,831
Basel III Tier 1 ratio	%	6.48	6.37	6.33

1) Figures changes in 2021 and 2022 due to restatement of Kyongnam Bank's Financial Statements

### | Credit Ratings

#### Overseas Credit Ratings

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

#### Domestic Credit Rating Status

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

### | Tax

Category	Unit	2021	2022	2023
Nominal tax amount	100 million KRW	2,985	2,991	2,208
Amount of tax paid	100 million KRW	2,022	2,968	3,061
Corporate tax expense	100 million KRW	2,829 <sup>1)</sup>	2,921 <sup>1)</sup>	1,967
Effective tax rate	%	26	26	22
Tax rate paid	%	18	26	35

1) Figures changes in 2021 and 2022 due to restatement of Kyongnam Bank's Financial Statements

[BNK Financial Group Tax Policy Link](#)

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### | Materials Usage<sup>1)</sup> (Amount of paper purchased)

Category	Unit	2021	2022	2023
BNK Financial Group	Ton	4	4	5
Busan Bank	Ton	185	155	152
Kyongnam Bank	Ton	212	203	183
BNK Capital	Ton	14	12	10
BNK Securities	Ton	9	9	11
BNK Savings Bank	Ton	4	5	6
BNK Asset Management	Ton	2	1	1
BNK Credit Information	Ton	2	2	2
BNK System	Ton	1	1	2
BNK Venture Capital	Ton	-	0.4	0.3
<b>Total</b>	<b>Ton</b>	<b>433</b>	<b>392</b>	<b>372</b>

1) Based on amount purchased at head and branch

### | Materials Usage (Amount of product and service purchased from all subsidiaries)

Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
Printing paper	Ton	433	392	372
Credit cards	ea	316,347	587,743	399,680
Bankbooks	ea	2,178,012	1,978,013	1,774,004

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### | Waste

Category	Unit	2020	2021	2022	2023
Busan Bank	Ton	161	159	110	167
Kyongnam Bank	Ton	375	129	86	116

### | Water Usage

Category	Unit	2020	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	Ton	3,912	3,192	1,308	3,516
Busan Bank	Ton	124,740	109,363	73,447	167,500
Kyongnam Bank	Ton	64,503	57,434	33,164	55,961
BNK Capital	Ton	3,491	4,990	1,987	11,059
BNK Securities	Ton	1,152	1,248	961	228
BNK Savings Bank	Ton	2,345	2,366	1,034	27,318
BNK Asset Management	Ton	27	29	35	36
BNK Credit Information	Ton	2,219	2,366	1,243	919
BNK System	Ton	613	-	7	30
BNK Venture Capital	Ton	-	-	-	11
<b>Total</b>	<b>Ton</b>	<b>203,002</b>	<b>180,988</b>	<b>113,186</b>	<b>266,578</b>
Water intensity (Based on sales)	Ton/100 million KRW	5	3	1	3

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.



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### | Total Energy Consumption (Direct + Indirect)

Category	Unit	2020	2021	2022 <sup>1)</sup>	2023
BNK Financial Group	TJ	8	12	5	10
Busan Bank	TJ	314	343	429	399
Kyongnam Bank	TJ	146	196	141	133
BNK Capital	TJ	7	18	25	11
BNK Securities	TJ	8	13	14	13
BNK Savings Bank	TJ	3	13	7	6
BNK Asset Management	TJ	1	1	1	2
BNK Credit Information	TJ	2	4	2	2
BNK System	TJ	5	5	31	28
BNK Venture Capital	TJ	-	1	0.39	0.38
<b>Total</b>	<b>TJ</b>	<b>494</b>	<b>606</b>	<b>655</b>	<b>604</b>
Energy use intensity (Based on consolidated sales) <sup>1)</sup>	TJ/100 million KRW	0.009	0.011	0.009	0.006

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### | Direct Energy Consumption

Category	Unit	2021 <sup>1)</sup>	2022	2023
BNK Financial Group	TJ	-	2	2
Busan Bank	TJ	-	27	28
Kyongnam Bank	TJ	-	20	16
BNK Capital	TJ	-	4	3
BNK Securities	TJ	-	4	3
BNK Savings Bank	TJ	-	2	1
BNK Asset Management	TJ	-	1	1
BNK Credit Information	TJ	-	0.32	0.29
BNK System	TJ	-	1	1
BNK Venture Capital	TJ	-	0.25	0.28
<b>Total</b>	<b>TJ</b>	<b>-</b>	<b>61</b>	<b>56</b>

1) Starting from 2022, energy is categorized into direct and indirect, and the data for 2021 is not disclosed.

### | Indirect Energy Consumption (Electricity)

Category	Unit	2021 <sup>1)</sup>	2022	2023
BNK Financial Group	TJ	-	3	7
Busan Bank	TJ	-	401	371
Kyongnam Bank	TJ	-	121	116
BNK Capital	TJ	-	22	8
BNK Securities	TJ	-	10	10
BNK Savings Bank	TJ	-	5	5
BNK Asset Management	TJ	-	1	1
BNK Credit Information	TJ	-	2	2
BNK System	TJ	-	31	27
BNK Venture Capital	TJ	-	0.14	0.1
<b>Total</b>	<b>TJ</b>	<b>-</b>	<b>596</b>	<b>547</b>

1) Starting from 2022, energy is categorized into direct and indirect, and the data for 2021 is not disclosed.

### | Renewable Energy Consumption<sup>1)</sup>

Category	Unit	2020	2021	2022	2023
BNK Financial Group	TJ	-	-	-	-
Busan Bank	TJ	-	2	3	4
Kyongnam Bank	TJ	-	-	-	-
BNK Capital	TJ	-	-	-	-
BNK Securities	TJ	-	-	-	-
BNK Savings Bank	TJ	-	-	-	-
BNK Asset Management	TJ	-	-	-	-
BNK Credit Information	TJ	-	-	-	-
BNK System	TJ	-	-	-	-
BNK Venture Capital	TJ	-	-	-	-
<b>Total</b>	<b>TJ</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>4</b>
Renewable energy usage rate	%	-	0.26	0.40	0.64

1) Starting from 2021, renewable energy is being recorded, and the data for 2020 is not disclosed.

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### | Energy Consumption Reduction

Category	Unit	2021	2022	2023
BNK Financial Group	TJ	4	(7)	5
Busan Bank	TJ	29	86	(30)
Kyongnam Bank	TJ	50	(55)	(8)
BNK Capital	TJ	11	7	(14)
BNK Securities	TJ	5	1	(1)
BNK Savings Bank	TJ	10	(6)	(1)
BNK Asset Management	TJ	-	0.15	1
BNK Credit Information	TJ	2	(2)	-
BNK System	TJ	-	26	(3)
BNK Venture Capital	TJ	1	(0.62)	-
<b>Total</b>	TJ	<b>112</b>	<b>49</b>	<b>(52)</b>
Energy consumption reduction rate	%	23	8	(8)

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

Category	Unit	2020	2021	2022 <sup>1)</sup>	2023	
BNK Finance Group	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	135	196	113	147
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	303	436	156	343
	<b>Total</b>	tCO <sub>2</sub> eq	<b>438</b>	<b>632</b>	<b>269</b>	<b>490</b>
Busan Bank	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	1,299	2,131	1,498	1,396
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	14,254	14,717	18,720	17,751
	<b>Total</b>	tCO <sub>2</sub> eq	<b>15,553</b>	<b>16,848</b>	<b>20,218</b>	<b>19,147</b>
Kyongnam Bank	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	1,564	1,302	1,287	1,000
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	5,844	8,367	5,748	5,568
	<b>Total</b>	tCO <sub>2</sub> eq	<b>7,408</b>	<b>9,669</b>	<b>7,035</b>	<b>6,568</b>
BNK Capital	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	237	230	243	172
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	189	700	1,033	384
	<b>Total</b>	tCO <sub>2</sub> eq	<b>426</b>	<b>930</b>	<b>1,275</b>	<b>555</b>
BNK Investment Securities	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	201	225	263	221
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	225	473	475	462
	<b>Total</b>	tCO <sub>2</sub> eq	<b>426</b>	<b>698</b>	<b>737</b>	<b>683</b>
Greenhouse gas (GHG) emissions	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	72	83	119	80
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	100	551	243	231
	<b>Total</b>	tCO <sub>2</sub> eq	<b>172</b>	<b>634</b>	<b>362</b>	<b>311</b>
BNK Asset Management	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	52	62	41	77
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	17	22	26	38
	<b>Total</b>	tCO <sub>2</sub> eq	<b>69</b>	<b>84</b>	<b>67</b>	<b>115</b>
BNK Credit Information	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	24	22	22	20
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	66	179	81	84
	<b>Total</b>	tCO <sub>2</sub> eq	<b>90</b>	<b>201</b>	<b>103</b>	<b>103</b>
BNK System	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	88	58	47	40
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	156	203	1,257	1,309
	<b>Total</b>	tCO <sub>2</sub> eq	<b>244</b>	<b>261</b>	<b>1,304</b>	<b>1,349</b>
BNK Venture Capital	Direct Emissions (Scope 1)	tCO <sub>2</sub> eq	-	19	17	19
	Indirect Emissions (Scope 2)	tCO <sub>2</sub> eq	-	13	7	5
	<b>Total</b>	tCO <sub>2</sub> eq	<b>-</b>	<b>32</b>	<b>24</b>	<b>24</b>
	<b>Direct Emissions (Scope 1)</b>	tCO <sub>2</sub> eq	<b>3,672</b>	<b>4,328</b>	<b>3,649</b>	<b>3,170</b>
	<b>Indirect Emissions (Scope 2)</b>	tCO <sub>2</sub> eq	<b>21,154</b>	<b>25,661</b>	<b>27,745</b>	<b>26,175</b>
	<b>Total</b>	tCO <sub>2</sub> eq	<b>24,826</b>	<b>29,989</b>	<b>31,394</b>	<b>29,345</b>
GHG in Korean won	Sales (based on consolidated sales)	billion KRW	5,212	5,579	7,560	9,664
	Emission intensity (Scope 1, 2)	tCO <sub>2</sub> eq/billion KRW	4.76	5.38	4.15	3.04

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.



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### | Greenhouse gas (GHG) emissions (Scope 3 Category 15 - Investments)<sup>1)</sup>

Category	Unit	2020	2021	2022 <sup>2)</sup>	2023
Listed stocks and loans	10,000 tCO <sub>2</sub> eq	-	135	132	166
Corporate loans and unlisted stocks	10,000 tCO <sub>2</sub> eq	-	1,986	2,225	2,370
Project finance	10,000 tCO <sub>2</sub> eq	-	50	61	38
Commercial real estate	10,000 tCO <sub>2</sub> eq	-	4	4	4
Mortgage	10,000 tCO <sub>2</sub> eq	-	5	5	5
Car loan	10,000 tCO <sub>2</sub> eq	-	8	6	5
Treasury Bond	10,000 tCO <sub>2</sub> eq	-	126	140	189
<b>Total</b>	<b>10,000 tCO<sub>2</sub>eq</b>	<b>-</b>	<b>2,314</b>	<b>2,573</b>	<b>2,777</b>

1) Other Indirect Emissions : Calculation of greenhouse gas emissions within the asset portfolio from 2021. Calculated for Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, and BNK Asset Management

2) Disclosure of changes in greenhouse gas figures due to re-verification in 2022.

### Greenhouse gas (GHG) emissions (Scope 3 Category 2, 3, 6)<sup>1)</sup>

Category	Unit	2020	2021	2022	2023	
Busan Bank	Category 2 Purchased product	tCO <sub>2</sub> eq	-	-	107	98
	Category 3 Fuel and energy related activities	tCO <sub>2</sub> eq	-	-	1,612	1,521
	Category 6 Employee business trip <sup>2)</sup>	tCO <sub>2</sub> eq	36	-	108	349
<b>Sub-total</b>		tCO <sub>2</sub> eq	<b>36</b>	<b>-</b>	<b>1,827</b>	<b>1,968</b>
Kyongnam Bank	Category 2 Purchased product	tCO <sub>2</sub> eq	-	-	115	118
	Category 3 Fuel and energy related activities	tCO <sub>2</sub> eq	-	-	456	497
	Category 6 Employee business trip <sup>2)</sup>	tCO <sub>2</sub> eq	363	-	273	325
<b>Sub-total</b>		tCO <sub>2</sub> eq	<b>363</b>	<b>-</b>	<b>844</b>	<b>940</b>

1) Previous year's disclosure data is not counted due to change in Scope 3 emissions calculation system. The Scope 3 emissions excluding Category 15 are self-calculated data.

2) System calculated emissions

### | Eco-friendly Cars

Category	Unit	2023	
Total number of cars owned	BNK Financial Group	cars	21
	Busan Bank	cars	331
	Kyongnam Bank	cars	224
	BNK Capital	cars	61
	BNK Securities	cars	44
	BNK Savings Bank	cars	19
	BNK Asset Management	cars	8
	BNK Credit Information	cars	3
	BNK System	cars	12
	BNK Venture Capital	cars	4
Number of environmentally friendly cars owned	BNK Financial Group	cars	1
	Busan Bank	cars	226
	Kyongnam Bank	cars	6
	BNK Capital	cars	23
	BNK Securities	cars	-
	BNK Savings Bank	cars	-
	BNK Asset Management	cars	-
	BNK Credit Information	cars	-
	BNK System	cars	7
	BNK Venture Capital	cars	-
<b>Total number of cars owned (Sum)</b>	cars	<b>727</b>	
<b>Number of environmentally friendly cars owned (Sum)</b>	cars	<b>263</b>	
Proportion of environmentally friendly cars owned	%	36.18	

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### | Employee Data (Classified by gender and employment type)

Category	Unit	2021 <sup>1)</sup>			2022 <sup>1)</sup>			2023			
		Regular	Contracted	Total	Regular	Contracted	Total	Regular	Contracted	Total	
BNK Financial Group	Male	persons	68	33	101	71	28	99	91	21	112
	Female	persons	5	7	12	4	9	13	5	11	16
	Total	persons	73	40	113	75	37	112	96	32	128
Busan Bank	Male	persons	1,282	165	1,447	1,211	193	1,404	1,201	205	1,406
	Female	persons	1,544	84	1,628	1,483	100	1,583	1,478	99	1,577
	Total	persons	2,826	249	3,075	2,694	293	2,987	2,679	304	2,983
Kyongnam Bank	Male	persons	1,136	47	1,183	1,065	68	1,133	1,046	77	1,123
	Female	persons	1,146	25	1,171	1,117	26	1,143	1,113	35	1,148
	Total	persons	2,282	72	2,354	2,182	94	2,276	2,159	112	2,271
BNK Capital	Male	persons	301	54	355	296	50	346	291	46	337
	Female	persons	148	4	152	130	2	132	120	2	122
	Total	persons	449	58	507	426	52	478	411	48	459
BNK Securities	Male	persons	62	190	252	58	202	260	55	201	256
	Female	persons	45	59	104	43	67	110	42	67	109
	Total	persons	107	249	356	101	269	370	97	268	365
BNK Savings Bank	Male	persons	46	28	74	45	34	79	54	26	80
	Female	persons	38	18	56	39	14	53	47	10	57
	Total	persons	84	46	130	84	48	132	101	36	137
BNK Asset Management	Male	persons	4	49	53	19	32	51	6	45	51
	Female	persons	9	16	25	15	15	30	14	17	31
	Total	persons	13	65	78	34	47	81	20	62	82
BNK Credit Information	Male	persons	8	20	28	9	22	31	9	24	33
	Female	persons	2	13	15	19	18	37	19	21	40
	Total	persons	10	33	43	28	40	68	28	45	73
BNK System	Male	persons	170	25	195	184	31	215	215	9	224
	Female	persons	30	1	31	41	-	41	48	-	48
	Total	persons	200	26	226	225	31	256	263	9	272
BNK Venture Capital	Male	persons	7	6	13	9	9	18	8	7	15
	Female	persons	2	-	2	4	-	4	5	-	5
	Total	persons	9	6	15	13	9	22	13	7	20

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

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### | Employee Data (Classified by age)

	Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	Under 30	persons	5	4	3
	30 years old or older - less than 50 years old	persons	73	70	94
	50 years old or older	persons	35	38	31
Busan Bank	Under 30	persons	243	191	266
	30 years old or older - less than 50 years old	persons	2,243	2,165	2,115
	50 years old or older	persons	589	631	602
Kyongnam Bank	Under 30	persons	231	186	174
	30 years old or older - less than 50 years old	persons	1,739	1,646	1,618
	50 years old or older	persons	384	444	479
BNK Capital	Under 30	persons	12	12	12
	30 years old or older - less than 50 years old	persons	428	384	354
	50 years old or older	persons	67	82	93
BNK Securities	Under 30	persons	27	17	20
	30 years old or older - less than 50 years old	persons	262	269	266
	50 years old or older	persons	67	84	79
BNK Savings Bank	Under 30	persons	27	15	25
	30 years old or older - less than 50 years old	persons	80	86	85
	50 years old or older	persons	23	31	27
BNK Asset Management	Under 30	persons	10	13	14
	30 years old or older - less than 50 years old	persons	52	51	49
	50 years old or older	persons	16	17	19
BNK Credit Information	Under 30	persons	-	1	2
	30 years old or older - less than 50 years old	persons	22	45	46
	50 years old or older	persons	21	22	25
BNK System	Under 30	persons	50	66	60
	30 years old or older - less than 50 years old	persons	165	172	194
	50 years old or older	persons	11	18	18
BNK Venture Capital	Under 30	persons	1	2	1
	30 years old or older - less than 50 years old	persons	8	11	13
	50 years old or older	persons	6	9	6
<b>Total</b>	<b>Under 30</b>	persons	<b>606</b>	<b>507</b>	<b>577</b>
	<b>30 years old or older - less than 50 years old</b>	persons	<b>5,072</b>	<b>4,899</b>	<b>4,834</b>
	<b>50 years old or older</b>	persons	<b>1,219</b>	<b>1,376</b>	<b>1,379</b>

### | Performance on Diversity (Nationality)

	Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	Korea	persons	113	112	128
	Foreign country	persons	-	-	-
Busan Bank	Korea	persons	3,075	2,987	2,983
	Foreign country	persons	-	-	-
Kyongnam Bank	Korea	persons	2,351	2,273	2,268
	Foreign country	persons	3	3	3
BNK Capital	Korea	persons	507	478	459
	Foreign country	persons	1,110	1,089	1,043
BNK Securities	Korea	persons	352	368	364
	Foreign country	persons	4	2	1
BNK Savings Bank	Korea	persons	130	132	137
	Foreign country	persons	-	-	-
BNK Asset Management	Korea	persons	78	81	82
	Foreign country	persons	-	-	-
BNK Credit Information	Korea	persons	43	68	73
	Foreign country	persons	-	-	-
BNK System	Korea	persons	226	256	272
	Foreign country	persons	-	-	-
BNK Venture Capital	Korea	persons	15	22	20
	Foreign country	persons	-	-	-

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

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### Performance on Diversity (Including data from all subsidiaries)<sup>1)</sup>

	Category	Unit	2021 <sup>2)</sup>	2022 <sup>2)</sup>	2023
Female Leadership	Female executives	persons	4	4	3
	Female executive ratio	%	3	3	2
	Female managements <sup>3)</sup>	persons	676	713	773
	Female management ratio	%	22	24	25
	Female mid-level managements <sup>4)</sup>	persons	623	647	693
	Female mid-level management ratio	%	27	28	29
	Number of female managements in sales-related departments	persons	427	457	476
	Ratio of female management in sales-related departments	%	26	32	32
	Number of female employees performing STEM jobs	persons	109	155	158
	Number of veterans	-	persons	267	247
Number of disabled employees <sup>5)</sup>	-	persons	76	65	71

1) The figures for 2021-2022 do not include the performance of BNK Venture Capital.  
 2) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.  
 3) Management: Although the position system varies by subsidiary, it generally refers to deputy general managers and department head based on Busan Bank & Kyongnam Bank.  
 4) Mid-level management: Although the position system varies by subsidiary, it generally refers to associate directors based on Busan Bank & Kyongnam Bank.  
 5) Based on the reported to the Employment Agency for Persons with Disabilities.

### Newly Hired Employees and Employee Turnover

Category	Unit	New employees				Employee turnovers			
		2020 <sup>1)</sup>	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2020 <sup>1)</sup>	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	persons	7	10	6	9	10	4	8	11
Busan Bank	persons	100	63	113	157	172	235	227	183
Kyongnam Bank	persons	60	42	60	90	149	171	176	119
BNK Capital	persons	52	27	31	29	109	65	62	50
BNK Securities	persons	75	90	77	58	18	35	60	67
BNK Savings Bank	persons	19	25	19	21	14	18	19	16
BNK Asset Management	persons	19	33	29	8	10	16	23	7
BNK Credit Information	persons	6	33	40	33	6	15	15	29
BNK System	persons	12	38	48	34	7	15	22	20
BNK Venture Capital	persons	5	4	12	4	1	1	5	6
<b>Total</b>	<b>persons</b>	<b>355</b>	<b>365</b>	<b>435</b>	<b>443</b>	<b>496</b>	<b>575</b>	<b>617</b>	<b>508</b>

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### Internal Recruitment Rate

	Category	Unit	2021	2022	2023
BNK Financial Group		%	-	-	-
Busan Bank		%	97.78	95.95	93.75
Kyongnam Bank		%	96.3	95	92.5
BNK Capital		%	87	86	85
BNK Securities		%	23	27	24
BNK Savings Bank		%	62.12	70.31	66.67
BNK Asset Management		%	6	-	-
BNK Credit Information		%	-	-	-
BNK System		%	42	33	52
BNK Venture Capital		%	-	-	-

### Newly Hired Employees (Including data from all subsidiaries)

	Category	Unit	2020	2021	2022	2023
Total number of employees	Regular	persons	127	81	147	178
	Contracted	persons	228	284	288	265
Gender	Male	persons	256	259	281	279
	Female	persons	99	106	154	164
Nationality	Korea	persons	355	364	434	443
	Foreign country	persons	-	1	1	-
Age	Under 30	persons	118	88	93	159
	31-50 years old	persons	155	184	222	176
	51 years old or older	persons	82	93	120	108



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### | Turnover (Including data from all subsidiaries)

	Category	Unit	2020	2021	2022	2023
Employment type	Regular	persons	224	288	373	236
	Contracted	persons	272	287	244	272
Gender	Male	persons	349	390	381	316
	Turnover rate of male employee	%	70%	68%	62%	62%
	Female	persons	147	185	236	192
	Turnover rate of female employee	%	30%	32%	38%	38%
Nationality	Korea	persons	496	575	615	508
	Turnover rate of Korean employee	%	100%	100%	100%	100%
	Foreign country	persons	-	-	2	-
	Turnover rate of Foreign employee	%	0%	0%	0%	0%
Age	Under 30	persons	46	43	38	39
	Turnover rate of employees under 30 years	%	9%	7%	6%	8%
	30 years old person or older - less than 50 years old	persons	208	253	321	265
	Turnover rate of employees between 30 and 50 years of age	%	42%	44%	52%	52%
	50 years old or older person	persons	242	279	258	204
	Turnover rate of employees over 50 years	%	49%	49%	42%	40%

### | Voluntary Turnover (Including data from all subsidiaries)

	Category	Unit	2020 <sup>1)</sup>	2021 <sup>2)</sup>	2022	2023
	Number of voluntary turnovers	persons	271	366	466	303
	Voluntary turnover rate	%	4%	5%	7%	4%

1) BNK Financial Group, BNK System, BNK Venture Capital are not reflected in 2020 figures.

2) BNK Venture Capital are not reflected in 2021 figures.

### | Length of Service of Employees (Busan Bank, Kyongnam Bank)

	Category	Unit	2020	2021	2022	2023
	Average of all employees	Years	14	15	15	15
	Average of male employees	Years	16	16	16	16
	Average of female employees	Years	12	13	14	14

### | Number of Labor Union Meetings

	Category	Unit	2021	2022	2023
	BNK Financial Group	sessions	-	4	4
	Busan Bank	sessions	4	4	4
	Kyongnam Bank	sessions	4	4	4
	BNK Capital	sessions	4	7	4
	BNK Securities	sessions	5	5	4
	BNK Savings Bank	sessions	-	-	4
	BNK Asset Management	sessions	5	4	4
	BNK Credit Information	sessions	-	-	-
	BNK System	sessions	4	4	4
	BNK Venture Capital	sessions	-	-	-

### | Labor Union Subscription Rate

	Category	Unit	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
	Busan Bank	%	100	100	100
	Kyongnam Bank	%	99.94	99.94	99.94

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

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### | Current Status of CEO Remuneration

Category		Unit	2021	2022	2023
CEO and Chairman	Earned income	million KRW	729	729	575
	Bonus	million KRW	611	498	-
	Retirement	million KRW	-	1,073	-
	Total remuneration amount	million KRW	1,340	2,300	575

### | Status of Total Remuneration for Employees<sup>1)</sup>

Category		Unit	2021	2022	2023
BNK Financial Group	Total remuneration amount for employees	100 million KRW	197	205	220
	Average remuneration of employees	million KRW	115	112	106
Busan Bank	Total remuneration amount for employees	100 million KRW	3,371	3,426	3,344
	Average remuneration of employees	million KRW	109	118	112
Kyongnam Bank	Total remuneration amount for employees	100 million KRW	2,430	2,533	2,555
	Average remuneration of employees	million KRW	103	111	113

1) Average compensation for executives and employees: Busan Bank, Kyongnam Bank(based on average annual number of employees)

### | Defined Benefits Retirement Pension Scheme of the Organization

Category	Unit	2021	2022	2023
Plan assets	100 million KRW	6,767	7,633	7,981
Defined benefit obligations	100 million KRW	6,580	5,697	6,395
Net defined benefit liabilities (assets)	100 million KRW	-187	-1,936	-1,586

### | New Employee Hourly Wage by Gender (Compared to local minimum wage in major business regions)

Category		Unit	Hourly wage for new employees	Ratio
BNK Financial Group	Male	KRW, %	25,495	258.57
	Female	KRW, %	21,243	215.44
Busan Bank	Male	KRW, %	24,968	260
	Female	KRW, %	16,084	167
Kyongnam Bank	Male	KRW, %	17,489	181.8
	Female	KRW, %	17,489	181.8

### | Employee Compensation Status by Gender<sup>1)</sup>

Category	Unit	Male	Female	Ratio of total salary between male and female
Total employee salary	million KRW, %	354,333	251,996	71

1) Based on BNK Financial Holdings, Busan Bank, and Kyongnam Bank

### | Labor Productivity

Category	Unit	2020	2021	2022	2023
Group-adjusted operating income(A)	100 million KRW	26,386	31,022	32,284	32,298
Total number of employees in the Group(B)	person	7,039	6,897	6,772	6,790
Per-capita labor productivity(C=A/B)	100 million KRW/person	3.75	4.5	4.77	4.76
Human capital ROI	-	4.86	4.56	7.11	10.23

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### | Number of Employees on Parental Leave (2023)

Category	Unit	Number of persons eligible for parental leave			Number of employees on parental leave			Number of returnees from parental leave			Number of employees with more than one year of service after returning from parental leave		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
BNK Financial Group	persons	48	1	49	-	-	-	-	-	-	-	-	-
Busan Bank	persons	366	475	841	7	164	171	5	97	102	1	25	26
Kyongnam Bank	persons	401	513	914	9	157	166	6	80	86	2	94	96
BNK Capital	persons	158	51	209	2	20	22	2	14	16	2	8	10
BNK Securities	persons	-	-	-	-	9	9	-	3	3	-	1	1
BNK Savings Bank	persons	15	4	19	-	2	2	-	-	-	-	2	2
BNK Asset Management	persons	9	9	18	1	1	2	-	1	1	-	2	2
BNK Credit Information	persons	-	1	1	-	1	1	-	-	-	-	-	-
BNK System	persons	98	10	108	1	2	3	-	1	1	-	-	-
BNK Venture Capital	persons	2	1	3	-	1	1	-	-	-	-	-	-

### | Employee Training (Per Employee)

Category	Unit	Training cost per employee			Training hours per employee		
		2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	10,000 KRW, time	129	210	117	32	45	41
Busan Bank	10,000 KRW, time	75	82	80	96	74	93
Kyongnam Bank	10,000 KRW, time	86	98	92	69	68	63
BNK Capital	10,000 KRW, time	41	84	80	37	68	67
BNK Securities	10,000 KRW, time	35	36	19	15	15	29
BNK Savings Bank	10,000 KRW, time	35	93	74	46	53	95
BNK Asset Management	10,000 KRW, time	34	60	34	34	20	18
BNK Credit Information	10,000 KRW, time	3	29	14	12	24	4
BNK System	10,000 KRW, time	14	29	16	112	92	53
BNK Venture Capital	10,000 KRW, time	15	104	147	3	3	8

### | Number of Employees Receiving Regular Performance and Career Development Reviews

Category	Unit	Number of employees who are subjects of evaluations			Ratio		
		2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
BNK Financial Group	persons, %	105	104	117	93	93	91
Busan Bank	persons, %	2,754	2,599	2,613	90	87	88
Kyongnam Bank	persons, %	2,080	2,012	2,017	88	88	89
BNK Capital	persons, %	442	417	410	88	88	89
BNK Securities	persons, %	295	329	313	83	89	86
BNK Savings Bank	persons, %	106	110	121	82	83	88
BNK Asset Management	persons, %	64	66	74	82	81	90
BNK Credit Information	persons, %	9	9	7	20	20	10
BNK System	persons, %	215	224	246	95	88	91
BNK Venture Capital	persons, %	15	22	16	100	100	80

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

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### | Human Rights Education<sup>1)</sup>

Category	Unit	Number of participants in human rights education			Human rights education hours		
		2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2021	2022	2023
BNK Financial Group	time, person	113	112	128	351	366	417
Busan Bank	time, person	3,075	2,987	2,983	10,556	17,500	17,329
Kyongnam Bank	time, person	2,354	2,276	2,271	4,442	4,388	4,514
BNK Capital	time, person	507	478	459	4,263	3,036	3,294
BNK Securities	time, person	356	370	365	1,068	1,110	1,095
BNK Savings Bank	time, person	130	132	137	726	750	786
BNK Asset Management	time, person	78	81	82	174	171	231
BNK Credit Information	time, person	43	68	73	123	149	146
BNK System	time, person	226	256	272	666	776	834
BNK Venture Capital	time, person	15	22	20	45	51	160

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### | Ethical Education

Category	Unit	Number of participants in ethical education			
		2021	2022	2023	
BNK Financial Group	Regular	person	73	75	96
	Contracted	person	40	37	32
	Total	person	113	112	128
Busan Bank	Regular	person	2,826	2,694	2,679
	Contracted	person	249	293	304
	Total	person	3,075	2,987	2,983
Kyongnam Bank	Regular	person	2,282	2,182	2,159
	Contracted	person	72	94	112
	Total	person	2,354	2,276	2,271

### | Information Security Education

Category	Unit	Information security training hours			Number of participants in information security education			
		2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	
BNK Financial Group	Executives	time, person	608	600	696	104	104	119
	External/ Partner companies	time, person	5	4	14	18	14	45
Busan Bank	Executives	time, person	19,614	19,400	19,419	3,180	3,140	3,136
	External/ Partner companies	time, person	2,046	2,298	2,952	226	254	267
Kyongnam Bank	Executives	time, person	13,752	13,350	13,521	2,229	2,160	2,184
	External/ Partner companies	time, person	61	70	88	61	70	88
BNK Capital	Members	time, person	3,854	3,680	3,661	494	457	445

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures.

### | Grievance Handling

Category	Unit	Number of grievance reported			Number of grievance handled			Completion rate of grievance handling		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Busan Bank	cases, %	117	96	93	24	54	76	21	56	82
Kyongnam Bank <sup>1)</sup>	cases, %	70	56	79	-	32	44	-	57	56

1) Unable to aggregate 2021 data for Kyongnam Bank due to the new disclosure index introduced in 2023.

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### Information Security (Customer Privacy Protection)

Category	Unit	Number of privacy breaches			Number of customers affected breaches by the privacy			Financial damage caused by privacy breaches		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Busan Bank	case, person, million KRW	-	-	-	-	-	-	-	-	-
Kyongnam Bank	case, person, million KRW	-	-	-	-	-	-	-	-	-

### Information Security (Information Security Investment Status)

Category	Unit	Ratio of investment in information security sector to investment in information technology sector		
		2021	2022	2023
BNK Financial Group	%	10	12	7
Busan Bank	%	11	10	9
Kyongnam Bank	%	8	6	7
BNK Capital	%	21	12	9
BNK Securities	%	11	10	10
BNK Savings Bank	%	13	14	10
BNK Asset Management	%	21	10	12
BNK Credit Information	%	50	4	34
BNK System	%	8	7	5
BNK Venture Capital	%	-	-	-
<b>Total</b>	<b>%</b>	<b>10</b>	<b>9</b>	<b>8</b>

### Prevention of Voice Phishing

Category	Unit	Number of voice phishing prevention cases			Voice phishing prevention amount		
		2021	2022	2023	2021	2022	2023
Busan Bank	cases, million KRW	319	285	308	6,140	6,665	8,642
Kyongnam Bank <sup>1)</sup>	cases, million KRW	164	145	93	2,016	1,927	1,485

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### Electronic Financial Fraud Prevention

Category	Unit	Number of electronic financial fraud prevention			Electronic financial fraud prevention amount		
		2021	2022	2023	2021	2022	2023
Busan Bank	cases, million KRW	277	163	130	4,408	3,900	2,057
Kyongnam Bank <sup>1)</sup>	cases, million KRW	443	1,497	848	9,574	10,641	8,375

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### Access to Digital Finance

Category	Unit	Number of mobile users			Non-face-to-face reception (balance)			Non-face-to-face		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
BNK Financial Group	thousand people, 100 million KRW	1,833	2,142	2,410	13,728	42,201	62,700	12,024	14,777	19,689
Busan Bank	thousand people, 100 million KRW	1,171	1,308	1,487	14,902	21,958	32,463	12,132	13,050	17,647
Kyongnam Bank	thousand people, 100 million KRW	84	144	197	-	-	-	3,800	6,155	9,747
BNK Capital	thousand people, 100 million KRW	13	15	17	-	-	-	698	452	451
BNK Securities	thousand people, 100 million KRW	7	32	46	1,088	1,873	2,533	2,141	2,558	4,563

1) Due to the establishment of the current data management system, the calculation method for metrics has been changed, resulting in differences from the previously reported figures.

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### | Customer Complaints

Category	Unit	Number of customer complaints received and processes			Completion rate of customer complaints received		
		2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023	2021	2022	2023
Busan Bank	cases, %	586	635	935	100	100	100
Kyongnam Bank	cases, %	524	385	611	100	100	100
BNK Capital	cases, %	119	169	162	100	100	97
BNK Securities	cases, %	7	5	12	100	100	100
BNK Savings Bank	cases, %	14	10	23	100	100	100

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### | Number of Days of Absence due to Illness or Injury

Category	Unit	Number of days of absence due to illness or injury (vacation days excluded)				Number of days of absence due to illness or injury			
		2020	2021	2022	2023	2020	2021	2022	2023
BNK Financial Group	days	-	-	-	-	-	-	-	-
Busan Bank	days	1,891	2,794	2,417	2,471	-	-	-	-
Kyongnam Bank	days	2,829	3,389	2,662	2,522	-	-	-	-

### | Customer Satisfaction

Category	Unit	Number of customers responding to customer satisfaction survey				Number of satisfied customers responding to customer satisfaction survey				Percentage of satisfied customers			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Busan Bank	cases, %	39,135	43,573	40,133	38,344	38,280	42,675	39,329	37,574	97.8	97.9	97.9	97.9
Kyongnam Bank	cases, %	20,654	17,176	14,586	10,962	19,086	15,921	13,332	10,051	92.4	92.7	91.4	91.7

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### | Number of Social Contribution Volunteer Workers

Category	Unit	2021	2022	2023
BNK Financial Group	person	87	69	-
Busan Bank	person	789	1,112	3,777
Kyongnam Bank	person	1,644	1,631	2,262
BNK Capital	person	-	100	173
BNK Securities	person	30	30	18
BNK Savings Bank	person	-	-	-
BNK Asset Management	person	-	-	-
BNK Credit Information	person	-	-	-
BNK System	person	136	384	325
BNK Venture Capital	person	-	-	-

### | Social Contribution Investment Amounts

Category	Unit	2021	2022 <sup>1)</sup>	2023
BNK Financial Group	million KRW	1,165	169	117
Busan Bank	million KRW	52,297	40,313	54,853
Kyongnam Bank	million KRW	23,908	24,291	33,291
BNK Capital	million KRW	61	40	66
BNK Securities	million KRW	307	331	300
BNK Savings Bank	million KRW	229	218	109
BNK Asset Management	million KRW	6	7	1
BNK Credit Information	million KRW	14	3	-
BNK System	million KRW	16	1	6
BNK Venture Capital	million KRW	1	6	1

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### Establishment of a fair trading culture

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

### | Establishment of a Fair Trading Culture

Category	Unit	2022 <sup>1)</sup>	2023
Number of cases awarded through electronic bidding using the consolidated purchase system	cases	513	468
Number of evaluations to check for fair trading	cases	916	727

1) Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### | Management of Integrity Pledge for Partner Companies

Category	Unit	2021	2022	2023
Number of partner companies signing integrity pledge	cases	82	85	88

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## Social Performance

### Significant Fines and Non-monetary Sanctions Imposed for Non-compliance with Laws and Regulations in the Social and Economic Area (2023)

Category	Unit	Number of monetary sanctions	Amount of fines	Number of non-monetary sanctions
BNK Financial Group	cases, million KRW	-	-	-
Busan Bank	cases, million KRW	3	39	-
Kyongnam Bank	cases, million KRW	7	260	-
BNK Capital	cases, million KRW	1	218	1
BNK Securities	cases, million KRW	1	1	-
BNK Savings Bank	cases, million KRW	-	-	-
BNK Asset Management	cases, million KRW	1	50	1
BNK Credit Information	cases, million KRW	-	-	-
BNK System	cases, million KRW	-	-	-
BNK Venture Capital	cases, million KRW	-	-	-

### Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices (2023)

Category	Unit	Total Number of Workplaces	Number of Inspected Workplaces
Anti-competitive behavior, anti-trust, and monopoly practices	cases	-	-

### Corruption Cases Identified

Category	Unit	2021	2022	2023
Corruption cases identified	cases	-	-	3

### Number of Discrimination-related Sanctions (Including data from all subsidiaries)

Category	Unit	2021	2022	2023
Number of sanctions related to discrimination	cases	-	-	2

### Financial Accessibility

Category	Unit	2021	2022	2023	
Busan Bank	Corporate loan amount	100 million KRW	23,720	26,140	31,251
	Small business loan	cases	366	389	385
	Number of small business loan	100 million KRW	306,160	337,393	348,546
	Number of SME Loans	cases	152,262	171,344	162,148
	Personal loan amount	100 million KRW	162,217	173,253	192,634
	Number of personal loans	cases	239,324	254,600	265,057
Kyongnam Bank	Corporate loan amount	100 million KRW	17,359	17,121	19,299
	Small business loan	cases	560	483	570
	Number of small business loan	100 million KRW	213,466	230,776	248,496
	Number of SME Loans	cases	116,120	133,365	137,900
	Personal loan amount	100 million KRW	121,358	120,958	124,728
	Number of personal loans	cases	196,889	195,897	202,139

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## Governance Performance

### | Size of the Board of Directors (BoD)

Category		Unit	2021	2022	2023
BNK Financial Group	Total number of directors	persons	8	9	7
	Number of outside directors	persons	7	6	6
	Number of internal directors	persons	1	1	1
	Number of non-executive directors	persons	-	2	-
Busan Bank	Total number of directors	persons	7	7	7
	Number of outside directors	persons	5	5	5
	Number of internal directors	persons	2	2	2
	Number of non-executive directors	persons	-	-	-
Kyongnam Bank	Total number of directors	persons	7	7	7
	Number of outside directors	persons	5	5	5
	Number of internal directors	persons	2	2	2
	Number of non-executive directors	persons	-	-	-

### | Independence of the Board of Directors (BoD)

Item		단위	2021	2022	2023
BNK Financial Group	Number of BoD meetings	cases	9	13	13
	Average participation rate of BoD meetings	%	97	97	98
Busan Bank	Number of BoD meetings cases	cases	15	11	14
	Average participation rate of BoD meetings	%	98	100	99
Kyongnam Bank	Number of BoD meetings cases	cases	15	11	18
	Average participation rate of BoD meetings	%	100	100	94

### | Expertise of the Board of Directors (BoD)

Item		단위	2021	2022	2023
BNK Financial Group	Number of committees within the Board of Directors (BoD) that outside directors belong to	committee	4	5	5
	Number of outside directors with experience in the finance industry	persons	4	3	3
Busan Bank	Number of committees within the Board of Directors (BoD) that outside directors belong to	committee	4	4	4
	Number of outside directors with experience in the finance industry	persons	2	4	3
Kyongnam Bank	Number of committees within the Board of Directors (BoD) that outside directors belong to	committee	4	4	4
	Number of outside directors with experience in the finance industry	person	2	2	2

### | Diversity of the Board of Directors (BoD)

Category	Unit	BNK Financial Group			Busan Bank			Kyongnam Bank			
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
Members of the Board of Directors (by gender)	Male	persons	8	8	6	6	7	7	7	7	7
	Female	persons	-	1	1	1	-	-	-	-	-
	Female employee ratio	%	-	11	14	14	-	-	-	-	-
Members of the Board of Directors (by age)	Under 30	persons	-	-	-	-	-	-	-	-	-
	Percentage of employees under 30	%	-	-	-	-	-	-	-	-	-
	30 years old or older – less than 50 years old	persons	-	1	1	1	-	-	-	-	-
	Percentage of employees with 30 years old or older – less than 50 years old	%	-	11	14	14	-	-	-	-	-
	50 years old or older	persons	8	8	6	6	7	7	7	7	7
	Percentage of employees with 50 years old or older	%	100	89	86	86	100	100	100	100	100
Members of the Board of Directors (by nationality)	Korea	persons	8	9	7	7	7	7	7	7	7
	Foreign	persons	-	-	-	-	-	-	-	-	-



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## Governance Performance

### Stock Ownership Status and Requirements of the Management of BNK Financial Group

BNK Financial Group, in accordance with the Finance Law which limits individual ownership in commercial bank shares to less than 4% to ensure the public interest of financial institutions, does not have stock ownership requirements for the CEO and Management. However, as part of responsible management, some of the management have acquired and held treasury shares.

### | Current Status of Employee's Stock Ownership (Based on BNK Financial Group, as of 2023.12.31)

Name	Title	Unit	Number of shares held
Dae-in Bin	CEO	share	31,885
Jong-hoon Kang	Senior Managing Director	share	17,307
Han-chang Lee	Senior Managing Director	share	10,000
Seong-wook Park	Senior Managing Director	share	12,000
Seok-jun Yoon	Managing Director	share	4

### | BNK Financial Group Shareholders (Based on BNK Financial Group, as of 2023.12.31)

Shareholder name	Number of shares (Common stocks)	Ownership (%)
Busan Lotte Hotel and related parties	33,562,072	10.42
National Pension Service	26,749,446	8.31
Hyeopseong Construction Co., Ltd. and related parties	20,760,000	6.45
Total number of stocks issued	322,088,438	100

### | Director Remuneration Status (Based on BNK Financial Group, as of 2023.12.31)

Category	Unit	personnel	Total remuneration	Remuneration per person
Registered directors (excluding outside directors and members of the audit committee)	person, million KRW	1	685	685
Outside directors (excluding members of the audit committee)	person, million KRW	2	171	85
A member of the audit committee	person, million KRW	4	314	78

### | Stock Issuance Status (Based on BNK Financial Group, as of 2023.12.31)

Category	Unit	Number of shares
Number of shares issued	share	322,088,438
Number of shares outstanding	share	322,088,438

### | Dividend Status (Based on BNK Financial Group, as of 2023.12.31)

Category	Unit	Amount and Ratio
Total cash dividends	million KRW	1,643
Cash dividend payout ratio	%	26

[BNK Financial Group Dividend Policy Link](#)

### | Record of Payments of Membership Fees to Key Associations

Category	Unit	2020	2021 <sup>1)</sup>	2022 <sup>1)</sup>	2023
Korea Chamber of Commerce and Industry	million KRW	392	411	429	419
The Korea Federation of Banks	million KRW	1,724	1,600	1,869	1,974
The Credit Finance Association	million KRW	191	191	212	207
Korea Financial Investment Association	million KRW	287	379	518	540
Korea Federation of Savings Bank	million KRW	339	355	445	539
Credit Information Companies Association	million KRW	21	15	23	25

<sup>1)</sup> Due to the establishment of the data management system in the current period, the method of calculating index has been changed, resulting in differences from the previously disclosed performance figures

### BNK Financial Group's Measures for Political Engagement

BNK Financial Group cannot donate political funds to foreigners and corporations and organizations at home and abroad as per Chapter 6 and Article 31 of the Political Fund Act. It is also prescribed that no one should be allowed to donate political funds with funds related to corporations and organizations at home and abroad. Therefore, BNK Financial Group is not involved in any political activities according to laws, and employees may participate in politics, but are prohibited from conducting any suspicious activities causing misunderstanding at the corporate level. However, we donate to associations and areas of public interest which are not related to political engagement, in which case, the current status of donations is strictly managed to fundamentally block possibilities of corruption and irregularities.

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## ESG Financial Performance

### | Deposit Products for SMEs, Small Business Owners, and Local Residents

		Category	Unit	2021	2022	2023
Busan Bank	Support for small business owners	Town Boss Preferential Installment Savings	100 million KRW	27	7	1
		Lifetime Main Bank Business Owner Bankbook	100 million KRW	1,710	1,231	945
		BNK Success Era Bankbook	100 million KRW	984	770	667
		BNK Golden Egg Bankbook	100 million KRW	372	350	264
	Support for local residents	BNK Youth Sympathy Installment Savings	100 million KRW	51	13	1
		Busan International Film Festival Bankbook	100 million KRW	379	310	311
		The Special Installment Savings	100 million KRW	621	901	2,752
		Dongbaek Bankbook	100 million KRW	-	2	91
		Busan Youth Happiness Twice Bankbook	100 million KRW	-	62	96
		Traffic Safety Preferential Installment Savings	100 million KRW	-	68	395
Kyongnam Bank	Support for small business owners	Changwon City Youth Tomorrow Bankbook	100 million KRW	1	-	0.04
		Changwon City Youth Tomorrow Bankbook	100 million KRW	34	27	16
	Support for local residents	New Start!! Regular Deposit	100 million KRW	-	6,081	7
		BNK Gyeongsangnam-do Mutual Growth Deduction Installment Savings	100 million KRW	13	20	12
		Ulsan 2022 Regular Deposit	100 million KRW	-	708	10
		BNK With-Us Free Installment Savings	100 million KRW	-	-	269
		Geochang-gun Agreement Savings	100 million KRW	-	1	0.3
		Geoje-si Agreement Savings	100 million KRW	-	2	5
		Ulsan-si Agreement Savings	100 million KRW	-	3	10
		Gaya Kingdom Gimhae Love Bankbook	100 million KRW	1	-	0.05
True Jinju City Love Bankbook	100 million KRW	11	1	-		
Ulsan City Love Dream Bankbook	100 million KRW	23	11	0.16		

### | Card Products for SMEs, Small Business Owners, and Local Residents

		Category	Unit	2021	2022	2023
Busan Bank	Support for local residents	Multicultural Love Card	100 million KRW	0.6	0.5	0.4
		B Smart Card	100 million KRW	683	624	596
		Braille Card	100 million KRW	0.03	0.06	0.06
		Happy Kid Card	100 million KRW	249	146	92
		Happy People Card	100 million KRW	594	665	670
		[YO]Check Card	100 million KRW	82	56	56
	Communities	Busan Youth Stepping Stone Card+	100 million KRW	33	35	29
		COVID-19 Win-Win Grant Card	100 million KRW	3,270	1,760	-
		Youth Pleasure Card	100 million KRW	11	11	12
		Dongbaekjeon Card	100 million KRW	2,438	5,874	6,411
Kyongnam Bank	Support for local residents	Education Love Card	100 million KRW	5.3	1,439	1,610
		UNICEF Gift Card	100 million KRW	0.002	-	-
		Ulsan City Multiple Children Card(credit)	100 million KRW	267	220	106
		Ulsan City Multiple Children Card(check)	100 million KRW	72	90	90
		New Ulsan City Multiple Children Card (credit)	100 million KRW	179	271	411
		Ulsan Child Card Love Card	100 million KRW	341	345	325
Communities	Braille Card	100 million KRW	0.6	0.6	0.6	
	Happy Kid Card	100 million KRW	235	196	156	
	Happy People Card	100 million KRW	237	267	259	
	Kyongnam Youth Support Card	100 million KRW	24	25	25	

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### | Deposit Products for the Working Class

	Category	Unit	2021	2022	2023
Busan Bank	Youth Hope Savings	100 million KRW	-	973	1,784
	BNK Hope Fostering Installment Savings	100 million KRW	368	344	312
	BNK Property-making Savings	100 million KRW	983	646	115
	You are SOLO Installment Savings	100 million KRW	-	-	124
	Comprehensive savings for subscription of youth-friendly housing	100 million KRW	-	-	193
	BNK Happiness Protection Bankbook	100 million KRW	80	90	100
	BNK National Pension Security Account	100 million KRW	100	114	130
	BNK Regional Love Bankbook	100 million KRW	11,219	10,085	9,762
	BNK Danbi Account	100 million KRW	5,853	4,556	4,482
	Baekse Youth Pension Account	100 million KRW	254	223	273
	Baekse Youth Silver Savings	100 million KRW	656	241	937
	Baekse Youth Silver Regular Deposit	100 million KRW	7,747	854	506
	BNK Childcare & Nurturing Bankbooks, etc.	100 million KRW	247	260	357
	Kyongnam Bank	ManiMani Free Savings	100 million KRW	210	159
Youth Hope Savings		100 million KRW	-	125	229
Together 100-Year Pension Deposit		100 million KRW	36	22	84
Together 100-Year Pension Bankbook		100 million KRW	161	182	224
National Pension Safe Bankbook		100 million KRW	37	46	52
Childcare-only Bankbook		100 million KRW	54	57	45
Comprehensive savings for subscription of youth-friendly housing, etc.		100 million KRW	97	96	143

### | Green Deposits and Installment Savings Products

	Category	Unit	2021	2022	2023
Busan Bank	Low-carbon Practice Deposits	100 million KRW	3,360	6,912	1,758
	Low-carbon Practice Deposits	100 million KRW	580	1,568	332
	Galmet-gil Installment Savings	100 million KRW	1,680	582	133
	BNK Eco Savings	100 million KRW	2	2	1
Kyongnam Bank	Health Dullegil	100 million KRW	22	2	0.04

### | Green Card Products

	Category	Unit	2021	2022	2023
Busan Bank	Green Card	100 million KRW	3,367	3,736	4,292
	My Zone Green Card	100 million KRW	432	429	413
	Green Company Check Card	100 million KRW	650	769	1,219
	Green Card v2	100 million KRW	75	69	70
	Passenger Car Day Card	100 million KRW	-	-	6
Kyongnam Bank	Green Card (credit)	100 million KRW	448	449	581
	Green Card (check)	100 million KRW	331	318	311
	Anywhere Green Card	100 million KRW	-	-	0.5
	Green Company Card (credit)	100 million KRW	286	278	275
	Green Company Card (check)	100 million KRW	132	143	141
	NEW Dandi Card	100 million KRW	2,260	2,379	2,434

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## ESG Financial Performance

### | Loan Products for the Working Class

	Category	Unit	2021	2022	2023
Busan Bank	Sunshine Loan Bank	100 million KRW	4	32	51
	Stepping Stone Mid-Range -Interest Rate Loan	100 million KRW	79	36	312
	New Hope Seed Loan I and II	100 million KRW	933	870	1,439
	Safety Net Loan I and II	100 million KRW	6	6	4
	Sunshine Loan 15-17	100 million KRW	191	1,416	1,093
	A Place to Stay Loan	100 million KRW	68	533	527
	Busan Metropolitan City Charter Loan for Newlyweds	100 million KRW	1,705	2,235	3,123
	Convention Newlywed, Multicultural	100 million KRW	1,512	1,281	859
	Standard Loan for ONE Office Workers	100 million KRW	1,804	2,810	4,716
	Reliable Support Charter Loan <sup>1)</sup>	100 million KRW	-	-	1,095
Kyongnam Bank	Bogeumjari Loan <sup>1)</sup>	100 million KRW	-	-	773
	A New Hope Loan	100 million KRW	875	1,028	1,268
	Sunshine Loan 15-17	100 million KRW	27	49	66
	Regional Credit Guarantee Foundation Bridge Guarantee Finance Support Special Guarantee Loan <sup>1)</sup>	100 million KRW	-	-	72
	Sunshine Loan Bank	100 million KRW	4	12	14
	Warm Sunshine Loan Bank	100 million KRW	-	-	152
	Change Dream Loan <sup>1)</sup>	100 million KRW	-	-	1
	Charter Loan for Newlyweds <sup>1)</sup>	100 million KRW	-	-	275
	Safety Net Loan I and II <sup>1)</sup>	100 million KRW	-	-	1
	Charter and Monthly Rent Loan for Youth	100 million KRW	115	120	70
BNK Capital	Stepping Stone Mid-Range-Interest Rate Loan	100 million KRW	79	34	16
	U-Bogeumjari Loan <sup>1)</sup>	100 million KRW	-	-	20
	BNK Mobile Credit Loan Plus	100 million KRW	3,008	2,050	3,395
	Successful Dream CAR	100 million KRW	343	332	398
	Support for Small Business Loans	100 million KRW	783	689	506
	Sunshine Loan <sup>1)</sup>	100 million KRW	-	-	2,724
	BNK Stepping Stone Mid-Range-Interest Rate Loan <sup>2)</sup>	100 million KRW	-	-	88
	Special Guarantee for Low Credit Individuals <sup>1)</sup>	100 million KRW	-	-	9

1) This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period

### | Loan Products for Innovative SME

	Category	Unit	2021	2022	2023
Busan Bank	Technology Finance	100 million KRW	65,949	70,881	75,241
	Relational Finance	100 million KRW	2,670	3,704	3,716
	Busan Shipbuilding & Marine Equipment Company Special Guarantee Loan <sup>1)</sup> , etc.	100 million KRW	-	-	252
	Technology Guarantee Fund Innovative Growth Technology Small and Medium Business Agreement Guarantee Loan <sup>1)</sup>	100 million KRW	-	-	318
	Technology Finance	100 million KRW	-	13,095	20,047
	Relational Finance	100 million KRW	275	1,426	3,042
Kyongnam Bank	Medium Interest Rate Loan_ Social Enterprise	100 million KRW	131	366	297
	Medium Interest Rate Loan_ Chattel Mortgage Loan	100 million KRW	103	90	63
	Kyongnam New Deal Industry Convention Loan	100 million KRW	17	26	12
BNK Capital	Technology Support Project for Outstanding Small and Medium Enterprises	100 million KRW	129	156	295

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### | Loan Products for Local Small Business Owners

	Category	Unit	2021	2022	2023
Busan Bank	2021 Busan Small Business Lease Business Agreement Guarantee Loan	100 million KRW	299	260	167
	Three-non Guarantee Loans	100 million KRW	993	784	403
	Three-non Plus Guarantee Loan	100 million KRW	203	721	596
	2021 Busan Small Business Support Agreement Guarantee Loan (I-II)	100 million KRW	1,565	1,336	779
	Special guarantee loans for small and medium-sized business owners with low and medium-sized credit	100 million KRW	104	356	238
	Secondary financial support (consignment guarantee) loans for small business owners	100 million KRW	555	502	304
	Guarantee loan for Busan prohibition and limited industry support agreement	100 million KRW	95	91	46
	Modoo Loan(loan for everyone)	100 million KRW	184	237	385
	Loans for liquidity support for small businesses and small business owners in Gyeongsangnam-do	100 million KRW	100	78	49
	Special loans for financial support for SMEs and small business owners in Ulsan Metropolitan City	100 million KRW	24	24	20
	Seoul Credit Guarantee Foundation Convention Loan	100 million KRW	48	31	14
	Hope Plus Special Guarantee Loans	100 million KRW	-	1,009	880
	Convention Loan for Secondary Conservation of Small Businesses affected by COVID-19)	100 million KRW	-	-	1,140
	IKEA Korea special appearance small business agreement guarantee loans	100 million KRW	-	3	4
	2022 Busan Small Business Support Agreement Guarantee Loan	100 million KRW	-	779	611
	Busan Small Business Dongbaekpium Agreement Guarantee	100 million KRW	-	419	316
	2022 Busan Small Business Lease Business Agreement Guarantee Loan	100 million KRW	-	176	143
	Korea Credit Guarantee Fund's small business consignment guarantee loans replaced with low-interest rate	100 million KRW	-	17	51
	2023 Busan City Tenant Small Business Support Agreement Guarantee Loan	100 million KRW	-	-	159
	Re-venture Special Guarantee Loan <sup>1)</sup> , etc.	100 million KRW	-	-	36
Special Guarantee Loan for SMEs and Small Business Owners with Medium Credit <sup>1)</sup>	100 million KRW	-	-	131	
Bank Joint Financial Support Agreement Guarantee Loan for SMEs and Small Business <sup>1)</sup>	100 million KRW	-	-	129	

<sup>1)</sup> This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period

	Category	Unit	2021	2022	2023
Kyongnam Bank	Hope Sharing Project for Local Small Businesses	100 million KRW	131	156	240
	Our local energy-up support loan	100 million KRW	339	430	373
	Convention Loan for Secondary Conservation of Small Businesses	100 million KRW	900	774	310
	Support for Small Business Owners affected by Coronavirus	100 million KRW	968	686	387
	COVID-19 Emergency Liquidity Support Special Guarantee Loan	100 million KRW	43	41	30
	Special Guarantee Loan for SMEs and Small Business Owners with Medium Credit <sup>1)</sup>	100 million KRW	-	-	232
	Special guarantee for supporting small businesses with low and medium credit	100 million KRW	52	189	125
	Support for growth finance for small business owners in Gyeongsangnam-do	100 million KRW	57	116	62
	Korea Credit Guarantee Fund's COVID-19 guarantee loans replaced with low-interest rate, etc. <sup>1)</sup>	100 million KRW	-	-	325
	Hope Plus Credit Loan <sup>1)</sup>	100 million KRW	-	-	935
	Hope Plus Financial Support Special Guarantee Loan <sup>1)</sup>	100 million KRW	-	-	632

<sup>1)</sup> This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period

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## ESG Financial Performance

### | Youth Start-up and Job Creation Support Products

	Category	Unit	2021	2022	2023
Busan Bank	Innovation Growth and Job Creation(Korea Credit Guarantee Fund)	100 million KRW	788	1,264	791
	Innovation Growth and Job Creation (Korea Technology Finance Corporation)	100 million KRW	360	338	76
	Guarantee of Agreements for banking sector job creation companies (Korea Credit Guarantee Fund/ Korea Technology Finance Corporation)	100 million KRW	193	172	91
Kyongnam Bank	Innovation Growth and Job Creation(Korea Technology Finance Corporation)	100 million KRW	55	50	27
	Special Guarantee Loan for Restructuring and Job Creation Support <sup>1)</sup>	100 million KRW	-	-	76
	Creation of Smart Factories with	100 million KRW	165	236	219
	Gyeongsangnam-do Gimhae-si Small Giant Companies	100 million KRW	4	-	-
	Reinvigoration of the Local Economy with Gimhae-si	100 million KRW	55	41	-
	Changwon Chamber of Commerce and Industry Co-operative Growth Loan	100 million KRW	31	7	-
	Support projects for youth-friendly enterprises	100 million KRW	3	3	-
	Korea Aerospace Convention Loan	100 million KRW	62	90	66
	TOPPLUS Corporate Loan <sup>1)</sup>	100 million KRW	-	-	1,520
	Co-operative Growth Loan <sup>1)</sup>	100 million KRW	-	-	15
BNK Capital	New Growth Job Support Loan <sup>1)</sup>	100 million KRW	-	-	241
	Big Benefit Corporate Loan <sup>1)</sup>	100 million KRW	-	-	73

1) This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period

### | Green Loan

	Category	Unit	2021	2022	2023
Busan Bank	ESG Good Company Loan	100 million KRW	35	191	385
	Loan for Photovoltaic Power Generation Facilities	100 million KRW	10	9	4
	Eco-friendly(semi-public) Bus Purchase Fund	100 million KRW	67	49	25
	Loans from the Energy Use Rationalization Fund	100 million KRW	574	525	174
	Fund to Foster the Recycling Industry	100 million KRW	170	119	31
	Clean Green Enterprise Preferred Loan	100 million KRW	4	14	2
	Fund to Improve and Foster the Environment	100 million KRW	138	343	96
	Natural gas production facility installation fund	100 million KRW	59	50	17
	Funds to Promote Green Vehicles <sup>1)</sup>	100 million KRW	-	-	30
	Loans from the Energy Use Rationalization Fund	100 million KRW	558	1,324	588
Kyongnam Bank	Fund to Foster the Recycling Industry	100 million KRW	88	62	35
	Environmental Improvement and Development Fund Loans	100 million KRW	193	214	404
	Fund to Install Natural Gas Supply Facilities	100 million KRW	21	19	16
	Carbon Neutrality Transition Leading Project <sup>1)</sup>	100 million KRW	-	-	7
	Secondary Conservation for Funds to Promote the Supply of Green Vehicles <sup>1)</sup>	100 million KRW	-	-	14
	Photovoltaic Power Eco-friendly Corporate Loan	100 million KRW	374	339	256
	E-Green Loan	100 million KRW	2	137	130
BNK Capital	Support for eco-friendly rental cars	100 million KRW	203	436	1,192
	Financial support for eco-friendly enterprises	100 million KRW	37	111	305

1) This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period



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## ESG Financial Performance

### | ESG Bonds Issue

	Category	Unit	Amount of issue	Date of issue
Busan Bank	Busan Bank 2020-11 I 2.0A-30 (Ji) (Byun) 2A-(Sa)	100 million KRW	1,000	2020.11.30
	Busan Bank 2021-10 I (Byun) 2A-29 (Sa)	100 million KRW	1,000	2021.10.29
	Busan Bank 2204 I Young Gu A07 (Sa) Amortization conditional capital securities (new)	100 million KRW	1,500	2022.04.07
	Busan Bank 2023-09 I 1.2A-19 (Nok)	100 million KRW	600	2023.09.19
	Busan Bank 2404 I Young Gu A29 (Nok) Amortization conditional capital securities (new)	100 million KRW	1,000	2024.04.29
Kyongnam Bank	Kyungnam Bank 2021-04 E2A-12 (company)	100 million KRW	2,000	2021.04.12
	Kyungnam Bank Conditional(upper)22-05 E(new) Young A-10(company)	100 million KRW	2,000	2022.05.10
	Kyungnam Bank 2023-11 EByun1A-27 (company)	100 million KRW	2,000	2023.11.27
BNK Capital	BNK Capital 292 (company)	100 million KRW	400	2022.09.19
	BNK Capital 314 (Nok)	100 million KRW	300	2023.04.18

### | ESG Bonds Investment

	Category	Unit	2023
Busan Bank <sup>1)</sup>	Green Bond	100 million KRW	₩200
	Social Bond	100 million KRW	21,094
	Sustainability Bond	100 million KRW	300
Kyongnam Bank <sup>1)</sup>	Green Bond	100 million KRW	300
	Social Bond	100 million KRW	9,260
	Sustainability Bond	100 million KRW	600

1) This index has been newly added following the establishment of the data management system in the current period, and data performance has been aggregated starting from the current period

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## GRI Standards Index

Statement of use	GRI 1 used	Applicable GRI Sector Standard(s)
Refer to GRI 2021 Standards in BNK Financial Group Sustainability Report 2023 (Reporting Period: 2023.01.01~2023.12.31)	GRI 1 : Foundation 2021	There are no GRI Sector Standards applicable to BNK Financial Group among the GRI Sector Standards announced by GRI as of June 2023.

### | Universal Standards (GRI 2)

Topic	No.	Disclosure	Page	Name of Index
The organization and its reporting practices	2-1	Organizational details	5-6	Introduction of the BNK Financial Group>About The Report
	2-2	Entities included in the organization's sustainability reporting	193	About The Report
	2-3	Reporting period, frequency and contact point	193	About The Report
	2-4	Restatements oof information		Reported as a footnote within the corresponding page
	2-5	External assurance	189-191	Independent Assurance Statement, Greenhouse Gas Verification Statement
Activities and workers	2-6	Activities, value chain and other business relationships	5	BNK Financial Group Organization
	2-7	Employees	154-155	Employee Data
	2-8	Workers who are not employees	154-155	Employee Data
Governance	2-9	Governance structure and composition	103-104	Board Composition, Committees under the Board of Directors
	2-10	Nomination and selection of the highest governance body	105-106	Independence of the Board of Directors, Management of Outside Director Candidate Group
	2-11	Chair of the highest governance body	103	Board Composition
	2-12	Role of the highest governance body in overseeing the management of impacts	10, 104, 111	Double Materiality Assessment Process, Role of the ESG Committee, ESG Risk Management
	2-13	Delegation of responsibility for managing impacts	10, 104, 111	Double Materiality Assessment Process, Role of the ESG Committee, ESG Risk Management
	2-14	Role of the highest governance body in sustainability reporting	10	Materiality Assessment Process
	2-15	Conflicts of interest	105	Independence of the Board of Directors
	2-16	Communication of critical concerns	14	Communication with Stakeholders
	2-17	Collective knowledge of the highest governance body	106	Education for Outside Directors
	2-18	Evaluation of the performance of the highest governance body	107	Evaluation of the Board of Directors

Topic	No.	Disclosure	Page	Name of Index
Governance	2-19	Remuneration policies	107-108	Evaluation of the Board of Directors, Compensation System for Management
	2-20	Process to determine remuneration	107-108	Evaluation of the Board of Directors, Compensation System for Management
	2-21	Annual total compensation ratio	158	Status of Total Remuneration for Employees
	2-22	Statement on sustainable development strategy	4	CEO Message
Compliance with laws and regulations and practices	2-23	Policy commitments	9	ESG Promotion Strategy
	2-24	Embedding policy commitments	9	ESG Mid- to Long-term Roadmap
	2-25	Processes to remediate negative impacts	12-13	Management of Material Issues
	2-26	Mechanisms for seeking advice and raising concerns	106	Education for Outside Directors
	2-27	Compliance with laws and regulations	164	Significant Fines and Non-monetary Sanctions for Non-compliance with Laws and/or Regulations in the Social and Economic area
Stakeholder engagement	2-28	Joined associations	166, 188	Record of Payments of Membership Fees to Key Associations, Status of Participation in Global Initiatives
	2-29	Approach to stakeholder engagement	14	Definition of Stakeholders, Communication with Stakeholders
	2-30	Collective bargaining agreements	157	Labor Union Subscription Rate

### | Universal Standards (GRI 3)

Topic	No.	Disclosure	Page	Name of Index
Disclosures on material topics	3-1	Process to determine material topics	10	Double Materiality Assessment Process
	3-2	List of material topics	11	Double Materiality Assessment Results
	3-3	Management of material topics	12-13	Management of Material Issues

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## GRI Standards Index

### | Universal Standards (GRI 200)

Topic	No.	Disclosure	Page	Name of Index
Economic Performance	201-1	Direct economic value	149	Creation and distribution of direct economic values
	201-2	Financial implications and other risks and opportunities due to climate change	21	Strategies to Respond to Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	158	Defined Benefits Retirement Pension Scheme of the Organization
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	158	The Gender Wage of New Employees compared to the Local Minimum Wage in Major Business Areas
Significant indirect economic impacts	203-2	Significant indirect economic impacts	90-94	Social Value Measurement Results
Anti-corruption	205-1	Operations assessed for risks related to corruption	127, 129	Strengthening Internal Control Inspection System, Strengthening Compliance with Market Orders
	205-2	Communication and training about anti-corruption policies and procedures	125-127	Internal Control System, Internal Control Promotion Activities
	205-3	Confirmed incidents of corruption and actions taken	164	Corruption Cases Identified and Countermeasures
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	164	Legal Actions for Anti-Competitive Behavior, Anti-trust, and Monopoly Practices
Tax	207-1	Approach to tax	149	BNK Financial Group's Taxation Strategies
	207-2	Tax governance, control, and risk management	149	BNK Financial Group's Taxation Strategies

### | Universal Standards (GRI 300)

Topic	No.	Disclosure	Page	Name of Index
Materials	301-1	Materials used by weight or volume	150	Materials Used
	302-1	Energy consumption within the organization	151	Energy Consumption
Energy	302-2	Energy consumption outside of the organization	-	N/A
	302-3	Energy intensity	151	Energy Consumption (Energy Use Intensity)
	302-4	Reduction of energy consumption	63-64	Energy Saving Efforts
Water and Effluents	302-5	Reductions in energy requirements of products and services	57	Card with Eco-friendly Materials
	303-3	Water intake	150	Water Resource (Water Consumption)
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	N/A
	304-3	Habitats protected or restored	65, 100	Establishment of a system to strengthen biodiversity conservation, Biodiversity Conservation Activities
	304-4	Number of Endangered Species and National Conservation Species (by extinction level) of the International Union for Conservation of Nature (IUCN) with habitats in areas affected by business sites	-	N/A
Emissions	305-1	Direct (Scope 1) GHG emissions	152	Greenhouse Gas Emissions (Scope 1,2)
	305-2	Energy indirect (Scope 2) GHG emissions	152	Greenhouse Gas Emissions (Scope 1,2)
	305-3	Other indirect (Scope 3) GHG emissions	153	Greenhouse Gas Emissions (Scope 3)
	305-4	GHG emissions intensity	152	Greenhouse Gas Emissions (Scope 1,2)
	305-5	Reduction of GHG emissions	63-64	Energy Saving Efforts
	305-6	Emissions of ozone-depleting substances (ODS)	-	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	N/A
Waste	306-3	Waste generated	150	Waste

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## GRI Standards Index

### | Universal Standards (GRI 400)

Topic	No.	Disclosure	Page	Name of Index
Employment	401-1	New employee hires and employee turnover	156	Number of Newly Hired Employees and Employee Turnover
	401-2	Benefits and welfare that are not provided to temporary or part-time workers but provided to full-time workers	118-119	Ensuring work-life balance, Child Care and Day Care Support
	401-3	Parental leave	119, 159	Childcare and Childcare Support, Number of Employees Who Took Childcare Leave
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	118	Strengthening Employee Communication and Satisfaction
Occupational Health and Safety	403-1	Occupational health and safety management system	120-121	Safety and Health Management Strategy, Safety and Health Management Promotion System
	403-2	Hazard identification, risk assessment, and incident investigation	121	Safety and Health Risk Management
	403-3	Occupational health services	122	Supporting Employee Health Management
	403-4	Worker participation, consultation, and communication on occupational health and safety	122	Supporting Employee Health Management
	403-5	Worker training on occupational health and safety	122	Supporting Employee Health Management
	403-6	Promotion of worker health	122	Supporting Employee Health Management
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121	Safety and Health Risk Management
	403-8	Workers covered by an occupational health and safety management system	121	Safety and Health Management Strategy
	403-9	Work-related injuries	162	Number of Days of Absence Due to Illness or Injury
	403-10	Work-related ill health	162	Number of Days of Absence Due to Illness or Injury
Training and Education	404-1	Average hours of training per year per employee	159	Employee Training
	404-2	Programs for upgrading employee skills and transition assistance programs	113-116	Talent Development Program
	404-3	Percentage of employees receiving regular performance and career development reviews	159	Employees Receiving Regular Performance and Career Development Reviews

### | Universal Standards (GRI 400)

Topic	No.	Disclosure	Page	Name of Index
Diversity and Equal Opportunity	405-1	Diversity of governance BoDies and employees	46, 155-156	Diversity Policies, Fostering Female Talents, Status of Diversity
	405-2	Ratio of basic salary and remuneration of women to men	158	The Gender Wage of New Employees Compared to the Local Minimum Wage in Major Business Areas
Non-discrimination	406-1	Diversity of governance BoDies and employees	48, 164	Human rights risk management process, Human rights impact assessment, Number of sanctions related to discrimination
Freedom of Association and Collective Bargaining	407-1	Ratio of basic salary and remuneration of women to men	-	N/A
Child Labor	408-1	Incidents of discrimination and corrective actions taken	-	N/A
Forced or Compulsory Labor	409-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	N/A
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	N/A
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	96-101, 163	Contribution to local community, Social Contribution Investment Amounts
	413-2	Operations with significant actual and potential negative impacts on local communities		N/A
Public Policy	415-1	Political contributions	-	In accordance with Article 31 of the Political Funds Act, we do not make political donations.
	417-1	Requirements for product and service information and labeling	79	Financial Consumer Protection Policy (Fair Advertising Policy)
마케팅 및 라벨링	417-2	Incidents of non-compliance concerning product and service information and labeling	82-83	Incomplete sales prevention activities
	417-3	Incidents of non-compliance concerning marketing communications	82-83	Incomplete sales prevention activities
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	136	Personal information protection strategies

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## SASB Index

Three industries that can represent BNK Financial Group's business portfolio (Commercial Banks, Asset Management & Custody Activities, Investment Banking & Brokerage) were selected as the reporting standards, and overlaps between industries were marked as Multiple Sectors.

### Multiple Sectors

Topic	Code	Unit	Disclosure Items	2023 Disclosure
Business ethics	FN-CB-510a.1 FN-IB-510a.1	100 million KRW	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	For detailed information, please refer to pages 123-130 of this report.
	FN-CB-510a.2 FN-IB-510a.2	Not Applicable	Description of whistleblower policies and procedures	The BNK Financial Group operates an insider reporting system through which violations of ethical management and practice guidelines can be reported to the group's compliance officer. Whistleblowers can report through various channels such as websites of subsidiaries of the BNK Financial Group, BNK Help-Line (mobile app), Red Whistle (external consignment), or direct phone lines to the Ethical Management Department. All matters received through the whistleblowing system and the personal information of whistleblowers are managed anonymously. In 2023, we specially implemented a 'Voluntary Reporting System for Strengthening Internal Controls,' which significantly increased the benefits for whistleblowers. Additionally, to raise awareness among employees about the whistleblowing system and provide education on various types of cases, we operated programs centered on the release of webtoon series and manuals to activate the internal reporting system.
System risk management	FN-CB-550a.1 FN-IB-550a.1	Basic points(bps)	Global Systemically Important Bank(G-SIB) score, by category	We do not fall under the G-SIB.
	FN-CB-550a.2 FN-IB-550a.2	Not Applicable	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	The BNK Financial Group selects and focuses on managing key risks such as credit risk, market risk, interest rate risk, operational risk, and credit concentration risk to respond to highly volatile market conditions and support the group's sustainable growth. Additionally, we classify and manage other risks such as liquidity risk, foreign exchange settlement risk, and strategic and reputational risks. Furthermore, we select risk areas to focus on each year, reflecting changes in the business environment.

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## SASB Index

### | Commercial Banks

Topic	Code	Unit	Disclosure Items	2023 Disclosure
Data security	FN-CB-230a.1	number, percentage (%)	(1) Number of data breaches (2) Personal involving personally identifiable information(PII) (3) Number of account holders affected	There were no data breaches or leaks in the reporting year.
	FN-CB-230a.2	Not Applicable	Description of approach to identifying and addressing data security risks	The BNK Financial Group appointed a qualified person with education or technical skills in the field of information protection or information technology(IT) as a CISO(Chief Information Security Officer), in charge of overseeing information security, in accordance with the Electronic Financial Transactions Act. <sup>1)</sup> The Information Protection Department was established directly under the CEO to carry out operations in information protection and personal credit information such as security planning, security operation, security monitoring, vulnerabilities, etc. The Board of Directors of the BNK Financial Group annually receives reports on the results of inspections regarding the management of personal credit information within the Group, as well as the results of risk related to information security and actions. To support major decision-making related to information protection, we operate an Information Protection Committee comprised of seven members, including department heads in charge of information protection security, computer operations and development, and legal compliance, centered on the CISO(Chief Information Security Officer). The Information Protection Committee establishes regulations and guidelines for information protection and customer information protection, and supports timely decisions on related key issues. Moreover, it establishes an information technology plan including information protection every year, and the related contents are reported to the Financial Services Commission after review and decision by the Information Protection Committee and approval by the CEO. Furthermore, Busan Bank has a proportion of the information protection budget of 9.3% against the total IT budget, and Kyongnam Bank has reached 7.4% (based on the budget execution at the end of 2023). We plan to continue our efforts to enhance our information protection capabilities through sustainable investment.

<sup>1)</sup> In the case of the BNK Financial Group, as it does not meet the criteria for financial companies subject to appointment of CISO under the Electronic Financial Transactions Act and its enforcement regulations, the head of the IT planning department, who is not an executive but in charge of overall information protection, holds an additional position of CISO (Chief Information Security Officer).

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### | Commercial Banks

Topic	Code	Unit	Disclosure Items	2023 Disclosure	
Financial inclusion & capacity building	FN-CB-240a.1	number, 100 million won	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	<b>[Busan Bank]</b> (1) Number of outstanding loans: 40,950 cases (2) Unpaid loan amount: 1,924.4 billion KRW	<b>[Kyongnam Bank]</b> (1) Number of outstanding loans: 26,350 cases (2) Unpaid loan amount: 1,585.3 billion KRW
	FN-CB-240a.2	number, 100 million won	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	<b>[Busan Bank]</b> (1) 1,404 cases (2) 19.5 billion KRW	<b>[Kyongnam Bank]</b> (1) 829 cases (2) 11.3 billion KRW
	FN-CB-240a.3	case	Number of free retail checking accounts provided to clients who previously did not have bank accounts or did not use banking services	As of the end of 2023, the number of opening accounts of new personal clients is 345,226 cases.	
	FN-CB-240a.4	number	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	<b>[Busan Bank]</b> 1,235 persons	<b>[Kyongnam Bank]</b> 3,332 persons

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## SASB Index

### | Commercial Banks

Topic	Code	Unit	Disclosure Items	2023 Disclosure	
Incorporation of environmental, social, and governance factors in credit analysis	FN-CB-410a.1	100 million KRW, %	Commercial and industrial credit exposure, by industry * The ratio of manufacturing/non-manufacturing industries is based on loans in KRW equal to corporate loans (both banks, as of December ever year)	<b>[Busan Bank-Kyongnam Bank]</b> Corporate Loans: 6,6700.8 billion KRW, 100% -Manufacturing: 19,138.6 billion KRW, 28.7% -Non-manufacturing: 47,562.2 billion KRW, 71.3% Household loan: 31,736.2 billion KRW Loan in Korean won: 98,437 billion KRW	
	FN-CB-410a.2	Not applicable	Description of approach to incorporation of environmental, social, and governance(ESG) factors in credit analysis	The BNK Financial Group developed 'BNK Financial Group ESG Financial Policy' with an emphasis on importance of corporate social responsibility and sustainable business management. This Policy outlines the business processes, organizational responsibilities, and activities that the BNK Financial Group shall follow when providing sustainable finance products. Through this, the BNK Financial Group actively fulfills its responsibilities to clients and society and strives for sustainable business management. Additionally, by incorporating ESG factors into the credit and investment processes, the Group makes its efforts to ensure that ESG excellent companies receive preferential treatment in the funding process. For more details, please refer to page 36.	
Financial emissions	FN-CB-410b.1	t CO <sub>2</sub> eq	(1) Scope 1, (2) Scope 2, (3) Scope 3 emissions	For detailed information, please refer to pages 28, 30, and 152-153 of this Report.	
	FN-CB-410b.2	100 million KRW	Total exposure by asset groups for each industry	For detailed information, please refer to page 29 of this Report.	
	FN-CB-410b.4	Not applicable	Explanation of the methodology used for calculating financial emissions	For detailed information, please refer to page 29 of this Report	
Activity	FN-CB-000.A	number, 100 million KRW	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	<b>[Busan Bank]</b> Number and amount of individual customers: (1-a) 7,273,592 people (2-a) 19,765 billion KRW	<b>[Kyongnam Bank]</b> Number and amount of individual customers: (1-a) 4,930,294 people (2-a) 13,931.8 billion KRW
				<b>Number and amount of SMEs/small business owners</b> (1-b) 104,549 people (2-b) 3,278 billion KRW	<b>Number and amount of SMEs/small business owners</b> (1-b) 122,416 people (2-b) 6,033.8 billion KRW
	FN-CB-000.B	number, million KRW	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	<b>[Busan Bank]</b> Number and amount of individual customers (1-a) 265,057 cases (2-a) 19,263.4 billion KRW	<b>[Kyongnam Bank]</b> Number and amount of individual customers (1-a) 202,129 cases (2-a) 12,472.8 billion KRW
				<b>Number and amount of small business owners</b> (1-b) 162,148 cases (2-b) 34,854.6 billion KRW	<b>Number and amount of small business owners</b> (1-b) 137,900 cases (2-b) 24,849.6 billion KRW
				<b>Number and amount of loans to companies</b> (1-c) 385 cases (2-c) 3,125.1 billion KRW	<b>Number and amount of loans to companies</b> (1-c) 570 cases (2-c) 1,929.9 billion KRW

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## SASB Index

### | Asset Management & Custody Activities Topic

Topic	Code	Unit	Disclosure Items	2023 Disclosure
Providing transparent information and fair advisory to customers	FN-AC-270a.1	number, percentage (%)	(1) Number and (2) percentage of employees with records of investment-related investigations, customer complaints received, civil lawsuits, or other legal regulations	Among the employees responsible for investment transactions, those who have been subject to investment-related investigations, client complaints received, civil lawsuits, and other legal regulations are (1) 3 persons, which account for (2) 4%.
	FN-AC-270a.2	100 million KRW	Total monetary loss incurred as a result of legal procedures related to the information delivery and marketing of financial products to new and re-enrolled customers	There is no total monetary loss incurred as a result of legal procedures related to the information delivery and marketing of financial products.
Reflecting ESG elements in investment management and advisory	FN-AC-410a.1	100 million KRW	Size of assets under management by the following categories (1) ESG integration (2) Sustainable theme investing (3) Screening method	(1) ESG integration: 11.2 billion KRW (2) Sustainable theme investing: N/A (3) Screening method: 234 billion KRW
Awards	FN-AC-410a.2	100 million KRW	Methods of incorporating ESG elements into investment and asset management processes and strategies	Please refer to page 36 of this Report for the relevant information.
Activity	FN-AC-000.A	100 million KRW	Total Assets Under Management (AUM)	BNK Asset Management's total assets under management amount to 10 trillion 42.2 billion KRW.

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## SASB Index

### | Investment Banking & Brokerage

Topic	Code	Unit	Disclosure Items	2023 Disclosure
Reflecting ESG elements in investment banking and brokering activities	FN-IB-410a.1	case, 100 million KRW	Revenue by industry from transactions of (1) acquisition, (2) advisory, and (3) securitization that reflect ESG elements	BNK Securities achieved a performance of approximately 15.3 billion KRW through transactions amounting to 3.9 trillion KRW as an underwriter and 112.6 trillion KRW in acquisition transactions in 2023. Moving forward, we plan to calculate ESG-related performance through the definition of ESG classifications.
	FN-IB-410a.2	case, 100 million KRW	(1) Number and (2) amount of investments and loans that reflect ESG elements	BNK Securities is contributing to the environment and local community through ESG investments such as the 'BNK-Cape ESG Renewable Energy No.1 New Technology Association' with 5.1 billion KRW and the Southeastern regions job creation investment association with approximately 28 billion KRW.
Employee incentives and risk-taking	FN-IB-550b.1	Percentage (%)	Total variable remuneration ratio of Material Risk Takers (MRTs)	As of the end of 2023, BNK Securities surpassed 5 trillion KRW in assets, and in accordance with the 'Act on Corporate Governance of Financial Companies' by the end of March 2024, established a Compensation Committee and have institutionalized deferred payment (3 years) and clawback provisions for bonuses.
	FN-IB-550b.2	Percentage (%)	Variable remuneration ratio of Material Risk Takers (MRTs) to which the regulations of remuneration reduction or clawback are applied	
	FN-IB-550b.3	Not Applicable	Discussion of policies to supervise, manage, and verify trader's pricing for assets and liabilities classified as fair value level 3	BNK Securities reviews whether the classification of derivatives as Level 3 is appropriate based on internal guidelines.
Activity	FN-IB-000.A	case, 100 million KRW	Number and amount of transactions(acquisition/advisory services/ securitization transactions) * For syndicated transactions, only the portion relevant to the Group is considered	The size and revenue of each transaction are as follows: - Corporate bond underwriting and acquisition transaction amount: 3.4 trillion KRW / Fees: 2.6 billion KRW - Paid-in capital increase underwriting and transaction amount: 0.1 trillion KRW / Fees: 2.7 billion KRW - Corporate Paper (CP) underwriting and transaction amount: 111 trillion KRW / Fees: 7.6 billion KRW - Fees through financial advisory: 33.9 billion KRW
	FN-IB-000.B	case, 100 million KRW	Number and amount of equity capital investments and loans	Non-disclosure due to business reasons

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## TCFD Index

Subject	Recommended Disclosures	Reporting Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	19-20
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	19-20
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	21
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	21-25
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	22-25
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	26
	b) Describe the organization's processes for managing climate-related risks.	27
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	26-27
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	28-30
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	28-30
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	28, 30-32

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## UN SDGs Index

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

UN SDGs	Response status	Page
 Elimination of all forms of poverty	<ul style="list-style-type: none"> <li>• Inclusive and win-win financial products</li> <li>• Local community contribution</li> </ul>	73-75, 96-101
 Good health and well-being	<ul style="list-style-type: none"> <li>• Safety and health management</li> </ul>	120-122
 Ensure quality education	<ul style="list-style-type: none"> <li>• Customer financial education</li> <li>• Human resource development</li> </ul>	81, 112-116
 Achieve gender equality	<ul style="list-style-type: none"> <li>• Diversity policies</li> <li>• Diversity enhancement programs</li> </ul>	46-47
 Sustainable energy	<ul style="list-style-type: none"> <li>• Efforts to save energy</li> </ul>	63-64
 Economic growth, full employment and decent job creation	<ul style="list-style-type: none"> <li>• Discovery and support of local ventures and startups</li> <li>• Support for mutual growth with key local industries</li> <li>• Financial support for innovative companies</li> <li>• Expansion of investments in technology finance and movable assets finance</li> </ul>	69-70

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

UN SDGs	Response status	Page
 Alleviating inequality	<ul style="list-style-type: none"> <li>• Human rights management</li> </ul>	42-52
 Sustainable consumption and production	<ul style="list-style-type: none"> <li>• Finance that considers sustainability</li> </ul>	34-40
 Climate change solution	<ul style="list-style-type: none"> <li>• Finance that responds to climate change</li> </ul>	19-32
 Conservation of marine resources	<ul style="list-style-type: none"> <li>• Establishment of enhanced biodiversity conservation system</li> <li>• Biodiversity conservation activities</li> </ul>	65, 100
 Establishment of a just judicial system	<ul style="list-style-type: none"> <li>• Activities of internal control innovative task force</li> <li>• Ethical and compliance management</li> </ul>	123-130

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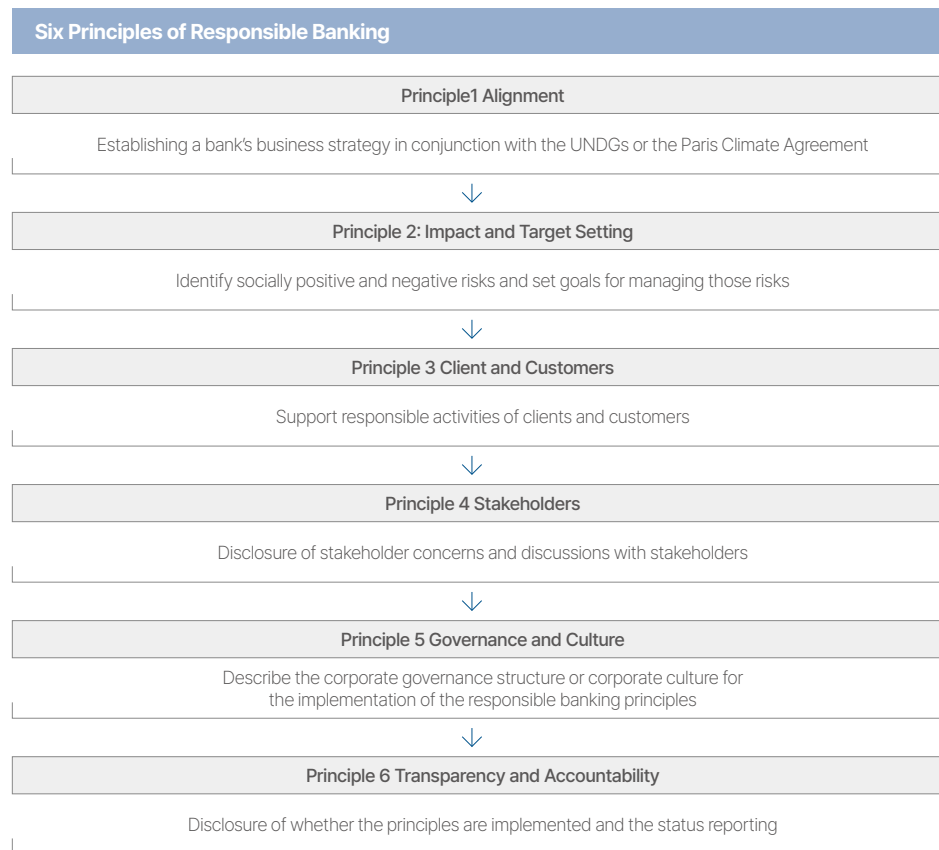
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## PRB Index

### | PRB Implementation Declaration

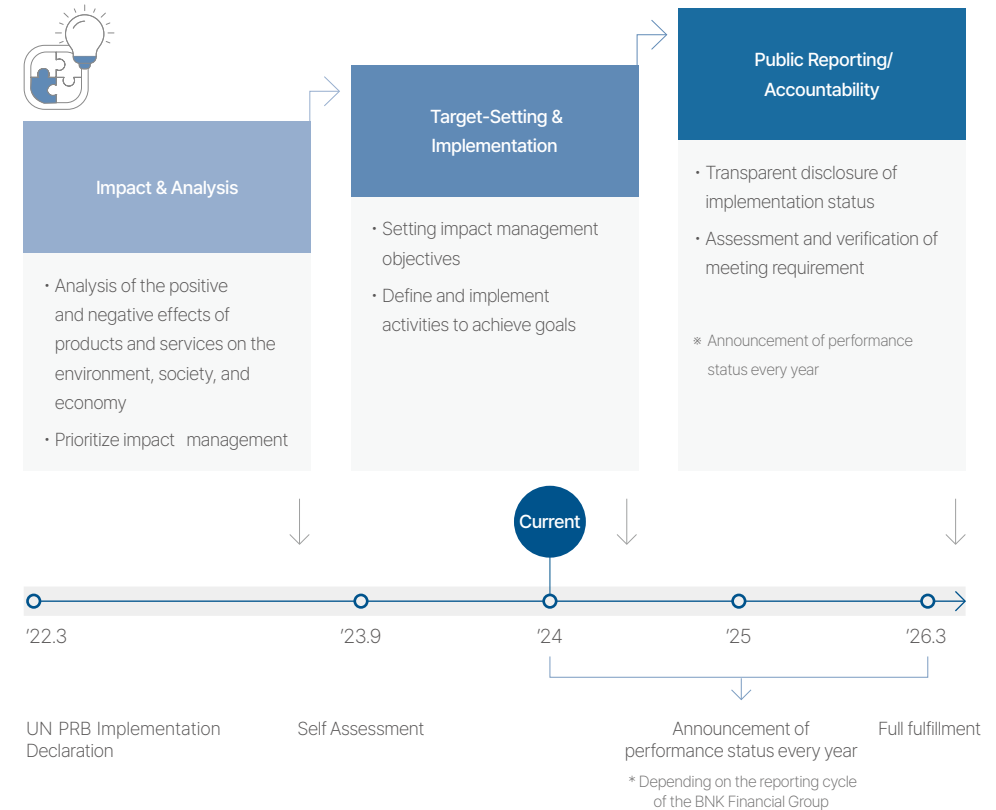
The BNK Financial Group joined the UNEPFI in March 2022 and officially declared the implementation of UN PRB(United Nations Principles for Responsible Banking).

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



### | PRB Implementation Plan

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



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## PRB Index

Principle	Self Assessment Requirements and Agendas Reported	Response by BNK Financial Group	Reporting location
1. Linkage	Encourage to link business strategies with social objectives presented in the SDGs, the Paris Climate Agreement and national/regional frameworks		
	<p>1.1</p> <p>Describe the bank's business model including financing techniques for major customer sectors, types of products and services, main industrial and activity types, and areas where the bank operates or where products and services are provided</p>	<p>Launched on March 15, 2011 as South Korea's first financial holding company of local banks, the BNK Financial Group is growing as a financial group leading the global financial market based on a network of 381 domestic branches and 77 overseas branches as of May 2023. The group has become the nation's leading regional and total financial group by expanding business area into overall financial business including banking, loan-specializing financial business, financial investment, savings bank business, start-up investment, credit check and debt collection, and system supply and development.</p>	<p>•Business report (The Company overview)</p>
2. Setting the Impact and Objectives	<p>1.2</p> <p>As explicitly set out in the SDGs, the Paris Climate Agreement and related national/regional frameworks, describe how the bank adjusts and plans strategies to correspond and contribute to the objectives of the society</p>	<p>We have established three strategic directions: 'Realizing green finance that protects the environment,' 'Expanding win-win finance with the local community,' and 'Establishing righteous finance for sustainability.' To achieve these, we have selected 12 key focus areas. Additionally, to accelerate ESG management across the entire group, we have developed the 'ESG Action Plan,' which consists of strategic tasks linked to the 12 key focus areas.</p>	<p>•Sustainability Report p. 9</p>
	Continue to enhance positive impacts while minimizing and managing the negative impacts and risks on people and the environment from activities, products and services. For this, set and disclose targets that can have the most significant impact		
	<p>2.1</p> <p>Impact Analysis: Identifying areas that have the most important positive and negative impacts in consideration of the following factors</p> <p>a) Scope: Scope: Key business scope, Products and services provided to key business areas</p> <p>b) Portfolio composition: Consideration of technological and geographical aspects by area</p> <p>c) Context and relevance: Consideration of priority related to the national SDGs</p> <p>d) Performance measurement: Identifying the segment and industry that have the most important positive and negative impact, and the type of customers, and the method of evaluating their performance</p>	<p>The BNK Financial Group has identified the impact of business activities on climate change and has established response measures. To manage the impact from the long-term perspectives, the group has developed and operated the climate change risk management system. In addition, BNK Financial Group has established a regional specialized business team under the Future Innovation Department to proactively address social issues faced by the Southeastern regions. Under the premise that "BNK does not exist without the region," the regional specialized business team aims to secure future clients, generate profits, and promote coexistence with the region by discovering business models that meet these goals and creating a business ecosystem that aligns with regional characteristics and sentiments.</p>	<p>•Sustainability Report p. 19-32, p 68-70</p>
<p>2.2</p> <p>Impact and goal setting</p> <p>a) Actions taken in consideration of the relevance and contribution to the SDGs, the Paris Climate Agreement and other national framework, as well as positive and negative impacts</p> <p>b) Current level and index, and base year</p> <p>c) SMART goals and KPI used in monitoring</p> <p>d) Implementation plan</p>	<p>The BNK Financial Group established the goals of achieving internal emissions Net Zero by 2045 and financial emissions Net Zero by 2050 to accomplish carbon neutrality goals. At the same time, through the 'Crisis Overcoming Together Project', which will carry out support activities worth 14 trillion 720.5 billion KRW over three years from 2022, the group aims to contribute to the stable landing of financially vulnerable groups.</p>	<p>•Sustainability Report p. 19-32, p 71</p>	

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## PRB Index

Principle	Self Assessment Requirements and Agendas Reported	Response by BNK Financial Group	Reporting location
3. Client	<b>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations</b>		
	3.1 Method of cooperation with customers for sustainable practices and economic activities	The BNK Financial Group is providing the foundation that can respond to climate change and transition to a low-carbon economy by developing products and services necessary for the growth of eco-friendly companies. Furthermore, we are constructing an environment where customers can voluntarily participate in eco-friendly finance by developing ecofriendly deposit and eco-material card products for individual customers.	• Sustainability Report p.55-60
4. Stakeholders	<b>Preliminary consultation, engagement, and collaboration with stakeholders for the achievement of society's goals</b>		
	3.2 Describe what business opportunities and efforts in relation to the increase of positive and the reduction of negative impacts	The BNK Financial Group has established the 'BNK Environmental and Social Risk Management Best Practices' to systematically manage environmental and social risks in the group's financial support process. Accordingly, environmental and social risks are measured and managed to be incorporated in the group's investment and credit decision-making processes. The BNK Financial Group has established and operated environmental and social risk management procedures to preemptively identify and prevent environmental and social risks of financial transactions and investment support targets. For potential or identified risks, the Group actively takes improvement measures by presenting principles and standards related to exclusion areas, caution areas, and support areas as follows.	• Sustainability Report p.26-27, 36-38
5. Governance and Culture	<b>We will implement the principles through effective governance and a culture of responsible banking</b>		
	4.1 Types of stakeholders, methods of identifying/consulting/ collaborating with stakeholders, overview of addressed issues and achieved results in relation to the impact analysis and target setting process	The BNK Financial Group has defined six key stakeholder groups in order to communicate effectively with stakeholders who influence management activities, and is communicating by diversifying communication channels for each stakeholder group.	• Sustainability Report p.14
	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage positive and negative (potential) impacts and support the effective implementation of the Principles	The BNK Financial Group has defined six key stakeholder groups in order to communicate effectively with stakeholders who influence management activities, and is communicating by diversifying communication channels for each stakeholder group.	• Sustainability Report p.14
6. Public Reporting/ Accountability	5.2 Initiatives and measures of your bank to foster a culture of responsible banking among its employees	The BNK Financial Group has announced the catchphrase 'That's RIGHT, BNK!' which embodies the meanings of 'right' and 'righteous' to create a healthy corporate culture together with employees.	• Sustainability Report p.117-119
	5.3 Policies that address environmental and social risks within the portfolio, due diligence processes that have installed to identify and manage environmental and social risks associated with your portfolio	BNK Financial Group has established a 'Sustainable Finance Classification System' to systematically classify and distinguish sustainable financial products. Moving forward, BNK Financial Group's financial subsidiaries plan to incorporate this classification system in the financial product performance management stage and product development stage to promote the expansion of sustainable financial assets.	• Sustainability Report p.34-40
6. Public Reporting/ Accountability	<b>Disclose the negative/positive impacts on society arising from regular inspections and management activities</b>		
	6.3 Performance matters for the next 12 months (or 18 months after the first report following the signature)	The BNK Financial Group has established the ESG strategy and mid-to-long term roadmap pursuant to the ESG vision of 'Creating Social Value by Realizing Sustainable Finance.' In order to advance the ESG strategy system, we intend to perform a variety of tasks as described below.	• Sustainability Report p.9

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## UNGC Index

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

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

	Principle	Major activities	Page
Human Rights	Principle 1. Businesses support and respect internationally declared protection of human rights.	· Establishment of human rights management principles and strategies	42-52
	Principle2. Businesses do not participate in human rights violations.	· Compliance with labor principles and laws · Evaluation of Human Rights Vulnerability · Operation of the member grievance process	
Labour	Principle3. The entity recognizes freedom of association and the right to collective bargaining.	· Operation of trade unions and labor-management Councils	49, 117-119
	Principle4. Companies exclude all forms of forced labor.	· Operation of a fair performance management system	
	Principle5. Businesses effectively abolish child labor.		
	Principle6. Businesses eliminate discrimination in employment and work.		

	Principle	Major activities	Page
Environment	Principle7. Businesses support a preventive approach to environmental issues.	· ESG Management Declaration · Preparation for implementation of TCFD Recommendation	34-40, 55-60
	Principle8. Companies take measures to promote environmental responsibility.	· Declaration of implementation of responsible bank principles · Financial support for eco-friendly enterprises · Sales of eco-friendly products (including loan/deposit products, cards, etc.)	
Anti-Corruption	Principle9. Companies support the development and dissemination of environmentally friendly technologies.	· Operation and inspection activities of the internal control system · Operation of an organization dedicated to ethical management and establishment of a reporting/consultation system	123-130
	Principle10. Companies strive to eradicate all forms of corruption, including unfair gains and bribes.	· Ethical management and anti-corruption education implementation	

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## Global Initiative Membership Status

Initiative	Details	Date of join
 <b>United Nations</b> Global Compact	<b>UNGC</b> The UN Global Compact(UNGC) is the world's largest voluntary corporate citizenship initiative, offering ten principles of human rights, labor, environment, and anti-corruption.	2020.7
 <b>CDP</b> DRIVING SUSTAINABLE ECONOMIES	<b>CDP</b> The Carbon Disclosure Project is a global initiative and evaluation agency for the disclosure of information related to environmental aspects such as climate change and water management of major listed companies around the world.	2021.5
 <b>TCFD</b>   TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	<b>TCFD</b> An international organization that develops standards and guidelines for climate-related financial information, and an initiative that recommends that the disclosure of financial information reflecting the risks of climate change.	2021.5
 <b>FINANCE</b> UNEP INITIATIVE	<b>UNEP FI</b> As a global initiative involving over 300 leading global financial institutions aims to promote sustainable management in the financial industry; a global partnership between UNEP and the international financial sector.	2022.3
 <b>PRINCIPLES FOR RESPONSIBLE BANKING</b>	<b>UN PRB</b> An international agreement that defines the roles and responsibilities of the financial industry, developed to promote sustainable management in terms of environment, society, and governance in the global banking sector.	2022.3
 <b>PCAF</b> Partnership for Carbon Accounting Financials	<b>PCAF</b> A global initiative led by financial institutions focusing on the calculation and disclosure of financial emissions resulting from the asset management of financial institutions	2022.3
 <b>SCIENCE BASED TARGETS</b> DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	<b>SBTi</b> The Science-based Target Initiative(SBTi) is an initiative that presents and monitors the carbon reduction target standards of businesses and financial institutions to achieve the Paris Climate Agreement.	2022.3



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# Independent Assurance Statement

## Assurance Statement

### Introduction

Korea Management Registrar(KMR) was commissioned by BNK Financial Group to conduct an independent assurance of its Sustainability Report 2023(the "Report"). The data and its presentation in the Report is the sole responsibility of the management of BNK Financial Group. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with the BNK Financial Group and issue an assurance statement.

### Scope and Standards

The BNK Financial Group described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP(2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative(GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic specific disclosures of standards which were identified in the double materiality assessment process.

- GRI Sustainability Reporting Standards 2021
- Universal Standards
- Topic Specific Standards
  - GRI205: Anti-Corruption
  - GRI206: Anti-competitive Behavior
  - GRI305: Emissions
  - GRI405: Diversity and Equal Opportunity
  - GRI413: Local Communities
  - GRI418: Customer Privacy

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

### KMR's Approach

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

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

### Limitations and Recommendations

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

### Conclusion and Opinion

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

### Inclusivity

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



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## Assurance Statement

### Materiality

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

### Responsiveness

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

### Impact

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

### Reliability of Specific Sustainability Performance Information

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

### Competence and Independence

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

June 2024 Seoul, Korea



CEO *황은규*

# Greenhouse Gas Verification Statement

## Verification Statement on 2023 Greenhouse Gas Emissions Report

### BNK Financial Group

Domestic business sites: BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System, BNK Venture Capital. The Korea Management Registrar Inc. (hereinafter "KMR") has conducted the verification on the greenhouse gas (hereinafter "GHG") emission (Scope 1, 2&3) of BNK Financial Group (hereinafter "the Group") in 2022 and 2023.

### Scope

Verification of all places of business and emission facilities under the operational control of the Group.

### Standards

- ISO 14064-1:2018, ISO 14064-3:2019
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories
- Guidelines for Reporting and Certification GHG Emissions Trading System

### Procedures

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

### Independence

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

### Limitation

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

### Opinion

- The assurance engagement was performed to satisfy a limited assurance level.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an "qualified" opinion.
- Criticality: meets the criterion, which is less than 5%
- GHG emissions and energy consumption

Division	2022			2023		
	Direct emission Scope 1	Indirect emission Scope 2	Total (tCO <sub>2</sub> eq)	Direct emission Scope 1	Indirect emission Scope 2	Total (tCO <sub>2</sub> eq)
BNK Financial Group	113.097	155.863	269	147.197	343.107	490
Busan Bank	1,498.443	18,719.894	20,218	1,395.706	17,750.971	19,147
Kyongnam Bank	1,286.907	5,748.351	7,035	999.858	5,568.177	6,568
BNK Capital	242.679	1,032.700	1,275	171.724	383.742	555
BNK Securities	262.701	474.579	737	220.951	461.771	683
BNK Savings Bank	119.130	242.577	362	79.843	230.746	311
BNK Asset Management	40.955	25.939	67	76.899	38.291	115
BNK Credit Information	21.682	81.092	103	19.736	83.69	103
BNK System	46.533	1,257.070	1,304	39.514	1,309.494	1,349
BNK Venture Capital	16.995	6.647	24	18.925	4.867	24
Total	3,649	27,745	31,394	3,170	26,175	29,345

\* The total GHG emissions of BNK Financial Group and its subsidiaries are rounded to the nearest integer

Scope 3 Cat 15	2022 (10,000 tCO <sub>2</sub> eq.)	2023 (10,000 tCO <sub>2</sub> eq.)
Listed stocks and corporate bonds	132	166
Corporate loans and unlisted Stocks	2,225	2,370
Project financing (Generation and infrastructure)	61	38
Industrial real estate	4	4
Mortgage (Purchasing funds)	5	5
Automobile loans	6	5
Government exposure	140	189
Total	2,574	2,777

### Comprehensive Opinion

Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

\* The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.

\* The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

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# Awards

Subsidiary Name	Date	Organizer	Awards
Busan Bank	2023.07.19	KMA Consultants	No. 1 Local Bank in Moments of Truth (MOT) of 2023 Korean Service Quality Index
	2023.10.31	KMA Consultants	Selection of Outstanding Companies in the Local Bank Sector of the 2023 Financial Consumer Protection Index in Korea
	2023.11.03	Korean Marketing Management Association	2023 Fall Marketing Integrated Academic Conference ESG Management Award
	2023.11.09	Arts Council Korea	2023 Excellent Institution for Arts and Culture Sponsorship
	2023.11.14	Money Today Network	The 12th MTN 100-Year Era Finance Awards, Financial Services Commission Chairman's Award
	2023.11.28	Korea Business Communicators Association	2023 Korea Communication Awards, Print External Magazine Category, Journalist Association of Korea Chairman's Award
	2023.12.07	The Institute of Internal Auditors Korea	2023 Social Value Realization Institution Award of the Institute of Internal Auditors Korea, Excellence Award in Private Sector
	2023.12.11	Financial Services Commission, Financial Supervisory Service	2023 Voice Phishing Excellent Responsiveness Outcome Report Conference, Minister of SMEs and Startups' Award
	2023.12.15	Busan Metropolitan City Office of Education	The 16th Education Mecenat Awards Ceremony, Awarded the Education Mecenat Top for 16 consecutive years
	2023.12.28	Financial Supervisory Service	2023 Excellence in Financial Inclusion Award, Excellence in Small Loans Support Award
Kyongnam Bank	2024.05.03	ChosunMedia	No. 1 Local Bank in the 2024 Top Consumer Recommendation Award
	2023.02.23	The Financial News	The 12th Small Loans Forum and Small Loans Awards, Awarded the Minister of Economy and Finance's Award' in the Institutional Category
	2023.8.30	Financial Services Commission	Outstanding Grade in Local Investment Evaluation of Financial Company (Top comprehensive grade for 3 consecutive years)
	2023.10.03	Asia Today	Awarded the 'Best Local Economy Award in the Local Bank Sector' at the Asia Today Finance Awards
	2023.12.20	Ministry of Gender Equality and Family	Received the Prime Minister's Commendation in 2023 Family-Friendly Corporation Certification and Government Award
	2023.12.28	Financial Supervisory Service	"Awarded the 'Institution Award' in the SME Support Sector for Small and Medium-sized Banks at the 2023 Financial Inclusion Merit Awards Ceremony"
	2024.05.10	Digital Chosun Inc.	Awarded the 'Banking Sector Grand Prize' at the Mobile Awards Korea

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# About this Report

<b>Report Overview</b>	This report is the 12th Sustainability Report published by the BNK Financial Group. We would like to share major activities and achievements related to the sustainable management of the BNK Financial Group with our stakeholders. The BNK Financial Group transparently discloses corporate sustainability through the publication of its annual sustainability report and will continue our efforts to actively communicate with stakeholders.
<b>Reporting Period</b>	This report contains the sustainable management activities and achievements of the BNK Financial Group from January 1 to December 31, 2023. Information for up to the first half of 2024 is included in the report in cases where they could have a significant impact on stakeholder decisions. For quantitative performance, 3-4 year performance was reported to enhance comparability.
<b>Reporting Scope</b>	The reporting range of this report includes the BNK Financial Group and nine subsidiaries such as Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, BNK System. It includes all branches and performance related to overseas businesses is also disclosed if necessary.
<b>Reporting Principles and Standards</b>	This report was drafted in accordance with the GRI(Global Reporting Initiative) Standards 2021, the international reporting standard for sustainability reports. In addition, it observes the announced recommendations related to climate change based on TCFD(Task Force on Climate-related Financial Disclosures) and SASB(Sustainability Accounting Standards Board) considering the features by industry. The report also references the sustainability disclosure standards of the Korea Sustainability Standards Board(KSSB). Financial information was drafted with consolidation standards according to the Korea International Financial Reporting Standards(K-IFRS).
<b>Third-Party Verification</b>	In order to secure reliability and enhance the quality of the report information, this report received verification from a third-party verification institute, the Korea Management Registrar(KMR). The verification results are presented on page 189-190 of this report

You can download the PDF file of 'The BNK Financial Group Sustainability Report' from the website of the BNK Financial Group. If you need additional information or have any questions about the BNK Financial Group Sustainability Report, please contact us at the contact information below.

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