

BNK Financial Group Inc. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024
with the independent auditor's report

**BNK Financial Group Inc.
and its subsidiaries**

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Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting

Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report by
CEO



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Independent auditor's report

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors BNK Financial Group Inc.

Opinion

We have audited the consolidated financial statements of BNK Financial Group Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2024 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 17, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

- Measurement of the allowances for credit losses for loan receivables measured at amortized cost

As mentioned in Note 3 (Material Accounting Estimates and Assumptions) to the consolidated financial statements, the Group recognizes an allowance for credit losses for loan receivables measured at amortized cost by using the expected credit loss impairment model.

The expected credit loss model requires the Group to subsequently measure the allowance for credit losses for a financial asset at either 12-month expected credit loss or lifetime expected credit loss i.e., expected credit loss for the entire loan receivables period, considering whether the credit risk has increased significantly after the initial recognition of the financial asset.

The assumptions used in measuring the allowance for credit losses, including the extent of increase in the credit risk, estimation on risk factors such as the default rate and default loss rate, estimation on the forward-looking information and inputs used for the individual evaluation, such as future cash flows and discount rates, are items that involve significant judgment by management. In this regard, we determined the allowance for credit losses for loan receivables at amortized cost as a key audit matter that draws our significant attention.

As described in Note 12 to the consolidated financial statements, as of December 31, 2024, the Group's loan receivables at amortized cost subject to the expected credit loss model amount to KRW 113,682,420 million, and the allowance for credit losses related thereto is KRW 1,637,531 million. The primary audit procedures we have performed regarding management's assertion on the measurement of allowance for credit losses for loan receivables at amortized cost are as follows:

- Understand the Group's internal controls related to the calculation of allowance for credit losses, and evaluate the design and operating effectiveness of those internal controls;
- Perform analytical procedures for the adequacy of the stage classification, and inspect methodology documents and test thereon;
- Involve internal specialists to perform inspection on documents and test for the estimation method used in estimating the Probability of Default (PD) and Loss Given Default (LGD);
- Involve internal specialists to perform inspection on documents for the estimation method used in estimating the forward-looking information; and
- Make inquiries and perform inspection on documents and test regarding the estimated future cash flows and appropriateness of the discount rate used in the calculation of allowance for losses for individual loan receivables.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the

Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ahn, Duk Soo.



March 17, 2025

This audit report is effective as of March 17, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

BNK Financial Group Inc. and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31,2024

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Dae In Bin
Chief Executive Officer
BNK Financial Group Inc.

BNK Financial Group Inc. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

<i>(In millions of Korean won)</i>	Notes	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Assets					
Cash and due from banks	4,6,7,42	W	5,818,382	W	5,359,110
Financial assets at fair value through profit or loss	4,6,8,11		8,455,341		7,223,889
Financial assets at fair value through other comprehensive income	4,6,9,13		9,062,986		7,187,862
Financial assets at amortized cost	4,6,10,13		8,425,326		9,220,251
Loans and receivables	4,6,12,13,14		113,945,592		110,857,874
Derivative assets	4,6,15		412,202		133,688
Investments in associates and joint ventures	16		1,863,498		1,558,015
Property and equipment	17		1,264,468		1,291,369
Intangible assets	18		269,086		267,779
Investment properties	19		629,309		617,039
Net defined benefit assets	25		109,728		162,105
Other assets	20		<u>2,214,572</u>		<u>1,904,653</u>
Total assets		W	<u>152,470,490</u>	W	<u>145,783,634</u>
Liabilities					
Deposit liabilities	4,6,21	W	107,855,430	W	106,761,234
Financial liabilities at fair value through profit or loss	4,6,22		2,125,900		1,108,862
Borrowings	4,6,23		11,301,497		8,815,876
Debentures	4,6,24		14,121,865		13,035,410
Derivative liabilities	4,6,15		351,030		122,132
Net defined benefit liabilities	25		4,286		3,488
Provisions	26,40		106,676		191,746
Current tax liabilities	38		85,702		37,921
Deferred tax liabilities	38		80,436		45,508
Other liabilities	4,6,27		<u>5,290,093</u>		<u>4,987,755</u>
Total liabilities			<u>141,322,915</u>		<u>135,109,932</u>
Equity					
Equity attributable to the owners of the Parent Company					
Share capital	28		1,629,676		1,629,676
Hybrid equity securities	28		727,703		727,636
Other paid-in capital	28		770,629		785,126
Other components of equity	28		(33,940)		(39,099)
Retained earnings	28		<u>7,604,753</u>		<u>7,121,661</u>
			10,698,821		10,225,000
Non-controlling interest			<u>448,754</u>		<u>448,702</u>
Total equity			<u>11,147,575</u>		<u>10,673,702</u>
Total liabilities and equity		W	<u>152,470,490</u>	W	<u>145,783,634</u>

The accompanying notes are an integral part of the consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries
Consolidated statements of comprehensive Income
for each of the two years in the period ended December 31, 2024

(In millions of Korean won, except per share amounts)

	Notes	2024	2023
Net interest income	29		
Interest income			
Financial assets at fair value through profit or loss	W	218,969	W 143,075
Financial asset at fair value through other comprehensive income		210,479	144,655
Financial assets at amortized cost		6,519,600	6,403,991
		6,949,048	6,691,721
Interest expenses		(3,971,743)	(3,786,267)
		2,977,305	2,905,454
Net fee and commission income	30		
Commission income		390,249	410,371
Commission expenses		(170,199)	(169,092)
		220,050	241,279
Gain on financial assets at fair value through profit or loss	31	167,517	161,584
Gain on financial assets at fair value through other comprehensive income	32	73,866	4,798
Gain (loss) on financial assets at amortized cost	33	1,100	(246)
Contribution to allowance for credit loss and others	34	(781,742)	(759,375)
General and administrative expenses	35	(1,566,842)	(1,475,965)
Other operating income (expenses)	15,36		
Gain (loss) on foreign currency transaction		(1,202)	32,841
Gain (loss) from derivatives		(6,322)	77,179
Other operating income		817,000	583,302
Other operating expenses		(1,024,810)	(969,677)
Operating profit		875,920	801,174
Non-operating income (expenses)	37		
Share of profit of associates		82,541	54,170
Other income		90,642	76,200
Other expenses		(57,317)	(55,984)
		115,866	74,386
Profit before income tax expense		991,786	875,560
Income tax expense	38	(241,809)	(196,655)
Profit for the year	5,39	W 749,977	W 678,905
Profit that is attributable to:			
Owners of the Parent Company		728,548	639,780
Non-controlling interest		21,429	39,125

(Continued)

BNK Financial Group Inc. and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2024, continued

(In millions of Korean won, except per share amounts)

	Notes	2024	2023
Other comprehensive income, net of tax	28		
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	₩	(27,227)	₩ (24,897)
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income		(14,368)	6,186
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk		(40)	(172)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Gain on valuation of debt instruments at fair value through other comprehensive income		40,791	141,166
Gain on translation of foreign operations		34,294	2,973
Loss on valuation of hedges of net investments in foreign operations		(33,497)	(4,106)
Share of other comprehensive income (loss) of associates		8,513	(839)
(Reversal of) impairment loss of debt instruments at fair value through other comprehensive income		(566)	898
Other comprehensive income for the year, net of tax		7,900	121,209
Total comprehensive income for the year		₩ 757,877	₩ 800,114
Total comprehensive income for the year that is attributable to:			
Owners of the Parent Company	₩	736,448	₩ 760,989
Non-controlling interests		21,429	39,125
Earnings per share (in Korean won)			
Basic and diluted earnings per share	39	₩ 2,174	₩ 1,905

The accompanying notes are an integral part of the consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2024

	Attributable to the owners of the Parent Company						Non-controlling interests	Total equity
	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total		
Balance at January 1, 2023	W 1,629,676	W 827,392	W 778,905	W (160,374)	W 6,766,697	W 9,842,296	W 10,789,883	
Annual dividends	-	-	-	-	(202,770)	(202,770)	(202,770)	
Interim dividends	-	-	-	-	(32,209)	(32,209)	(32,209)	
Issuance of hybrid equity securities	-	149,488	-	-	-	149,488	149,488	
Repayment of hybrid equity securities	-	(249,244)	(1,871)	-	(25,678)	(251,115)	(750,000)	
Dividends on hybrid equity securities	-	-	(16,000)	-	(22,998)	(39,125)	(64,803)	
Acquisition of treasury stocks	-	-	22,997	-	(1,095)	(1)	(16,000)	
Retirement of treasury stocks	-	-	-	-	-	-	(1)	
Change in capital adjustments	-	-	1,095	-	-	-	-	
Total comprehensive income	-	-	-	-	639,780	639,780	678,905	
Profit for the year	-	-	-	-	-	39,125	39,125	
Other comprehensive income	-	-	-	-	-	-	-	
Remeasurements of net defined benefit liabilities	-	-	-	(24,897)	-	(24,897)	(24,897)	
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	147,352	-	147,352	147,352	
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	-	-	-	66	(66)	-	-	
Gain on translation of foreign operations	-	-	-	2,973	-	2,973	2,973	
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(4,106)	-	(4,106)	(4,106)	
Share of other comprehensive income of associates	-	-	-	(839)	-	(839)	(839)	
Reversal of impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	898	-	898	898	
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk	-	-	-	(172)	-	(172)	(172)	
Balance at December 31, 2023	W 1,629,676	W 727,636	W 785,126	W (39,099)	W 7,121,661	W 10,225,000	W 10,673,702	
Balance at January 1, 2024	W 1,629,676	W 727,636	W 785,126	W (39,099)	W 7,121,661	W 10,225,000	W 10,673,702	
Annual dividends	-	-	-	-	(132,056)	(132,056)	(132,056)	
Interim dividends	-	-	-	-	(64,087)	(64,087)	(64,087)	
Issuance of hybrid equity securities	-	199,420	-	-	-	199,420	299,139	
Repayment of hybrid equity securities	-	(199,353)	(860)	-	-	(200,333)	(300,000)	
Dividends on hybrid equity securities	-	-	(32,996)	-	(32,575)	(65,571)	(64,004)	
Acquisition of treasury stocks	-	-	12,999	-	(13,001)	(1)	(32,996)	
Retirement of treasury stocks	-	-	1,871	-	(1,871)	-	(2)	
Change in capital adjustments	-	-	4,609	-	(4,609)	1	1	
Total comprehensive income	-	-	-	-	728,548	728,548	749,977	
Profit for the year	-	-	-	-	-	21,429	21,429	
Other comprehensive income	-	-	-	-	-	-	-	
Remeasurements of net defined benefit liabilities	-	-	-	(27,227)	-	(27,227)	(27,227)	
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	26,423	-	26,423	26,423	
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	-	-	-	(2,742)	2,742	-	-	
Gain on translation of foreign operations	-	-	-	34,294	-	34,294	34,294	
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(33,486)	-	(33,486)	(33,486)	
Share of other comprehensive income of associates	-	-	-	8,513	-	8,513	8,513	
Impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	(566)	-	(566)	(566)	
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk	-	-	-	(40)	-	(40)	(40)	
Balance at December 31, 2024	W 1,629,676	W 727,703	W 770,629	W (33,940)	W 7,604,753	W 10,698,821	W 11,147,575	

The accompanying notes are an integral part of the consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024

(In millions of Korean won)

	2024		2023	
Cash flows from operating activities				
Profit for the year	₩	749,976	₩	678,905
Adjustments to profit for the year:				
Interest income		(6,949,048)		(6,691,721)
Interest expense		3,971,743		3,786,267
Loss (gain) on financial assets at fair value through profit or loss, net		63,692		(142,475)
Gain on financial assets at fair value through other comprehensive income, net		(73,866)		(4,798)
Gain (loss) on financial assets at amortized cost, net		(1,100)		246
Loss (gain) on financial liabilities designated at fair value through profit or loss		(78,424)		9,340
Contribution to provision for credit loss		887,973		868,112
Loss (gain) on foreign currency translation		19,769		(3,673)
Gain on valuation of derivatives, net		(27,868)		(17,056)
Depreciation		120,729		115,086
Amortization		92,898		90,296
Post-employment benefits		45,843		40,056
Other operating expenses, net		360,396		408,667
Share of profit of associates		(82,541)		(54,170)
Gain (loss) on property and equipment, and intangible assets		(18,334)		1,844
Other non-operating expenses (income), net		342		(9,844)
Income tax expense		241,808		196,656
		(1,425,988)		(1,407,167)
Changes in operating assets and liabilities:				
Decrease (increase) in due from banks		23,560		(70,409)
Increase in financial assets at fair value through profit or loss		(1,194,614)		(2,222,354)
Increase in loans and receivables		(3,811,386)		(5,155,574)
Increase in derivative financial instruments		(24,770)		(20,533)
Increase in other assets		(656,343)		(691,449)
Increase in deposit liabilities		1,015,124		5,252,176
Increase in financial liabilities at fair value through profit or loss		1,095,409		237,927
Decrease in provisions		(83,691)		(17,463)
Increase in other liabilities		158,529		395,231
Decrease in defined benefit obligation		(14,692)		(25,161)
Increase in plan assets		(14,089)		(12,948)
		(3,506,963)		(2,330,557)
Interest received		6,845,093		6,488,867
Dividend received		80,686		38,451
Interest paid		(3,918,918)		(3,168,170)
Income tax paid		(159,465)		(306,128)
Net cash flows used in operating activities		(1,335,579)		(5,799)

(Continued)

BNK Financial Group Inc. and its subsidiaries

Consolidated statements of cash flows

for each of the two years in the period ended December 31, 2024

(In millions of Korean won)

	2024	2023
Cash flows from investing activities		
Disposal of financial assets at fair value through profit or loss	2,934,599	5,720,324
Acquisition of financial assets at fair value through profit or loss	(3,053,906)	(5,653,644)
Disposal of financial assets at fair value through other comprehensive income	5,372,287	2,016,503
Acquisition of financial assets at fair value through other comprehensive income	(7,116,234)	(3,902,906)
Disposal of financial assets at amortized cost	1,927,872	1,432,382
Acquisition of financial assets at amortized cost	(1,063,801)	(1,372,245)
Disposal of investments in associates	988,419	835,171
Acquisition of investments in associates	(1,230,852)	(1,231,598)
Disposal of property and equipment	22,407	5,152
Acquisition of property and equipment	(82,946)	(115,183)
Disposal of intangible assets	3,432	37
Acquisition of intangible assets	(89,700)	(66,542)
Acquisition of investment properties	(466)	(1,809)
Decrease in leasehold deposits provided	(1,199)	(4,262)
Net cash flows used in investing activities	(1,390,088)	(2,338,620)
Cash flows from financing activities		
Increase in borrowings	36,060,311	33,858,615
Decrease in borrowings	(33,671,590)	(32,801,670)
Issuance of debentures	8,306,078	6,974,147
Repayment of debentures	(7,328,427)	(6,160,858)
Repayments of lease liabilities	(33,034)	(31,838)
Dividends paid to shareholders	(196,144)	(234,979)
Issuance of hybrid equity securities	199,420	149,488
Repayment of hybrid equity securities	(200,333)	(250,000)
Dividends paid on hybrid equity securities	(32,575)	(25,677)
Acquisition of treasury stocks	(32,996)	(16,000)
Retirement cost of treasury stocks	(1)	(1)
Increase (decrease) in non-controlling interest	52	(500,000)
Dividends paid to non-controlling interest	(21,429)	(39,125)
Increase in other liabilities	103,524	493,502
Net cash flows provided by financing activities	3,152,856	1,415,604
Net increase (decrease) in cash and cash equivalents	427,189	(928,815)
Cash and cash equivalents at the beginning of the year	4,970,462	5,894,732
Effects of exchange rate changes on cash and cash equivalents	54,502	4,545
Cash and cash equivalents at the end of the year	₩ 5,452,153	₩ 4,970,462

The accompanying notes are an integral part of the consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

1. GENERAL INFORMATION:

The general information on BNK Financial Group Inc. (“BNK Financial Group” or the “Parent Company”), which is a controlling entity in accordance with KIFRS 1110 *Consolidated Financial Statements*, and its subsidiaries (collectively, the “Group”) is as follows:

1.1 BNK Financial Group

BNK Financial Group was incorporated on March 15, 2011, in accordance with the provisions of the Financial Holding Companies Act, whereby holders of the ordinary share of Busan Bank; BNK Securities Co., Ltd.; BNK Capital Co., Ltd.; and BNK Credit Information Co., Ltd. transferred all of their shares to the Parent Company, and in return received ordinary shares of the Parent Company in order to control, manage and provide financial support to subsidiaries engaged in financial business or financial industry-related subsidiaries. Meanwhile, BNK Financial Group established BNK Information System Co., Ltd. and BNK Savings Bank Co., Ltd. as its subsidiaries with 100% investment in 2011. The Parent Company obtained control of Kyongnam Bank by acquiring 56.97% of its shares in October 2014 and ultimately acquired 100% of shares of Kyongnam Bank through the comprehensive exchange of shares on June 4, 2015. In July 2015, the Parent Company also obtained 51.01% of shares in BNK Asset Management Co., Ltd. and established it as the Parent Company’s subsidiary through a paid-in capital increase and acquisition of ownership. In December 2017, the Parent Company took over the rest of BNK Asset Management Co., Ltd.’s shares; accordingly, it became a wholly owned subsidiary. In November 2019, the Parent Company also obtained 100% of shares in BNK Venture Capital Co., Ltd. and established it as a wholly owned subsidiary. The headquarters of BNK Financial Group is located at 30, Munhyeongeumyung-ro, Nam-gu, Busan. Meanwhile, the Parent Company's share capital as of December 31, 2024 amounts to ₩1,629,676 million with 320,436,727 outstanding shares.

BNK Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. GENERAL INFORMATION: (cont'd)

1.2 Consolidated Subsidiaries

Details of the Group's subsidiaries subject to its consolidation scope as of December 31, 2024 and 2023 are as follows:

Name of subsidiary	Industry	Location	Closing month	Ownership interests (%)	
				2024	2023
BNK Financial Group:					
Busan Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
Kyongnam Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
BNK Capital Co., Ltd.	Specialized credit financial business	Korea	December 31	100.00	100.00
BNK Securities Co., Ltd.	Investment brokerage and trading	Korea	December 31	100.00	100.00
BNK Savings Bank Co., Ltd.	Saving bank services	Korea	December 31	100.00	100.00
BNK Asset Management Co., Ltd.	Financial advisory and collective investment	Korea	December 31	100.00	100.00
BNK Credit Information Co., Ltd.	Credit investigation and collection agency	Korea	December 31	100.00	100.00
BNK System Co., Ltd.	System software developing and supply	Korea	December 31	100.00	100.00
BNK Venture Capital Co., Ltd.	Start-up venture capital advisory	Korea	December 31	100.00	100.00
BNK Capital Co., Ltd.:					
BNKC (Cambodia) MFI PLC	Specialized credit financial business	Cambodia	December 31	100.00	100.00
BNK Capital Myanmar Co., Ltd. ¹	Specialized credit financial business	Myanmar	March 31	99.99	99.99
BNK Capital Lao Leasing Co., Ltd. ¹	Leases	Laos	December 31	96.71	96.71
MFO BNK Finance Kazakhstan JSC	Specialized credit financial business	Kazakhstan	December 31	100.00	100.00
BNK Capital Lao NDTMFI Co., Ltd. ¹	Specialized credit financial business	Laos	December 31	99.99	99.99
MCC BNK Finance LLC	Specialized credit financial business	Kyrgyzstan	December 31	100.00	100.00

¹ The remaining shares of the subsidiary are also held by the Group.

BNK Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
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1. GENERAL INFORMATION: (cont'd)

1.3 Consolidated structured entities

Details of the Group's structured entities subject to its consolidation scope are as follows:

Category	Consolidated structured entities	Description
Trust	Busan Bank (unspecified money trust) and 18 others	As a money trust in accordance with the Financial Investment Services and Capital Markets Act, the Group owns less than 50% ownership of the trust. However, the Group is considered to have control over the trust because the Group is exposed to variable returns from its involvement with the trust and has the ability to affect those returns through its power to direct the activities of the trust.
Investment Fund	BNK Luxembourg private equity and 32 others	As a structured company for the purpose of marketable securities investment, the Group is considered to have control over the entity because the Group has a substantive power and is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.
Asset-Backed Securitization	BNK Jeju Global Co., Ltd. and 40 others	As a structured company for asset securitization, the Group does not own ownership of the company. However, the Group is considered to have control over the entity because the Group has substantive power and is exposed to variable returns from involvement and has the ability to affect those returns through its power.

BNK Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
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1. GENERAL INFORMATION: (cont'd)

1.4 Summarized Financial Information

The summarized financial information on the consolidated subsidiaries as of December 31, 2024 and 2023 and for each of the years in the period ended December 31, 2024 is as follows:

(In millions of Korean won)

Name of subsidiary	As of and for the year ended December 31, 2024						
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the year	Total comprehensive income
Busan Bank Co., Ltd. and its Subsidiaries	₩79,338,342	₩73,458,781	₩5,879,561	₩4,410,295	₩ 452,593	₩ 410,628	₩ 421,271
Kyongnam Bank Co., Ltd. and its Subsidiaries	52,392,006	48,742,994	3,649,012	2,759,883	366,935	310,151	315,281
BNK Capital Co., Ltd. and its Subsidiaries	10,012,943	8,637,686	1,375,257	1,382,140	148,857	112,184	114,118
BNK Securities Co., Ltd. and its Subsidiaries	8,128,729	6,954,707	1,174,022	1,265,024	14,568	12,258	164
BNK Savings Bank Co., Ltd.	1,972,542	1,729,045	243,497	152,839	8,749	3,863	4,629
BNK Asset Management Co., Ltd. and its Subsidiaries	218,122	44,105	174,017	44,483	10,593	8,312	8,312
BNK Venture Capital Co., Ltd.	57,440	953	56,487	6,726	1,237	1,697	1,709
BNK Credit Information Co., Ltd.	31,622	2,651	28,971	14,100	3,505	2,706	2,706
BNK System Co., Ltd.	51,765	20,583	31,182	98,914	4,804	3,733	3,733

(In millions of Korean won)

Name of subsidiary	As of and for the year ended December 31, 2023						
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the year	Total comprehensive income
Busan Bank Co., Ltd. and its Subsidiaries	₩77,271,486	₩71,622,886	₩5,648,600	₩4,716,914	₩ 434,711	₩ 379,120	₩ 443,216
Kyongnam Bank Co., Ltd. and its Subsidiaries	50,933,014	47,470,883	3,462,131	2,578,968	293,181	257,124	304,344
BNK Capital Co., Ltd. and its Subsidiaries	8,972,818	7,663,670	1,309,148	1,241,374	154,454	111,836	109,903
BNK Securities Co., Ltd. and its Subsidiaries	5,807,547	4,620,653	1,186,894	939,380	23,644	12,365	24,355
BNK Savings Bank Co., Ltd.	1,785,620	1,546,750	238,870	139,762	215	3,133	3,133
BNK Asset Management Co., Ltd. and its Subsidiaries	211,719	46,015	165,704	45,485	7,427	6,858	6,858
BNK Venture Capital Co., Ltd.	56,539	1,761	54,778	9,804	4,443	1,570	1,570
BNK Credit Information Co., Ltd.	28,818	2,554	26,264	13,113	4,078	3,170	3,170
BNK System Co., Ltd.	41,507	14,058	27,449	103,546	5,111	4,046	4,046

BNK Financial Group Inc. and its subsidiaries
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1. GENERAL INFORMATION: (cont'd)

1.5 Changes in Scope for Consolidation

There is no newly consolidated major subsidiary included in the consolidated financial statements for each of the two years in the period ended December 31, 2024.

However, subsidiaries that do not perform substantive business activities, such as trusts, beneficiary certificates, securitization specialization companies, unions and private equity investment companies are excluded.

1.6 Risks and Financial Support for Consolidated Structured Entities

Consolidated structured entities are established for asset securitization such as non-performing loans (NPL) or investment in beneficiary securities in real estate. The Group engages with consolidated structured entities by acquiring subordinated bonds issued by them or providing agreements to acquire ABCP or bonds issued by them, thereby being exposed to the risk of not being able to recover the investment amount based on investment performance.

Meanwhile, the nature and intention of contractual agreements through which the Group provides financial supports to major consolidated structured entities are as follows:

<u>Company name</u>	<u>Contractual agreement for financial supports</u>	<u>Intent of support</u>
BEM Securitization Specialty 1st CO., LTD.	The Group provided an agreement to acquire bonds issued by BEM Securitization First Co., Ltd. for 100 billion Korean won.	Granting of credit
Busan Bank Principal and Interest Guarantee Trust	The Group provides a guarantee of payment of principal and interest and a guarantee of payment of principal to trust accounts. The Group is required to compensate for the deficit amount in case the trust account stands below the principal or the principal and interest as a result of the operation.	Credit enhancement for cash management of trust accounts
Busan Bank Principal Guarantee Trust	The Group provides a guarantee of payment of principal and interest and a guarantee of payment of principal to trust accounts. The Group is required to compensate for the deficit amount in case the trust account stands below the principal or the principal and interest as a result of the operation	Credit enhancement for cash management of trust accounts
Busan Bank principal guarantee and non-guarantee mixed trust	The Group provides a guarantee of payment of principal and interest and a guarantee of payment of principal to trust accounts. The Group is required to compensate for the deficit amount in case the trust account stands below the principal or the principal and interest as a result of the operation.	Credit enhancement for cash management of trust accounts
BNK Hangdong Co., Ltd.	The Group provided an agreement to acquire bonds issued by BNK Hangdong Co., Ltd. for 5.1 billion Korean won.	Granting of credit
HK Yangdong First Co., Ltd.	The Group provided an agreement to acquire bonds issued by HK Yangdong No. 1 Co., Ltd. for 15 billion Korean won.	Granting of credit

BNK Financial Group Inc. and its subsidiaries
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<u>Company name</u>	<u>Contractual agreement for financial supports</u>	<u>Intent of support</u>
BNK Geumnam B Co., Ltd.	The Group provided an agreement to acquire bonds issued by BNK Geumnam B for 15 billion Korean won.	Granting of credit
BNK Geumnam C Co., Ltd.	The Group provided an agreement to acquire bonds issued by BNK Geumnam C for 20 billion Korean won.	Granting of credit
Seomeolaelri First Co., Ltd.	The Group provided an agreement to acquire bonds issued by Summer Rally No. 1 Co., Ltd. for 30 billion Korean won.	Granting of credit
SSDONGIN No. 2 CO., LTD.	The Group provided an agreement to acquire bonds issued by DOUBLE S DONGIN No. 2 CO., LTD. for 14 billion Korean won.	Granting of credit
TW Seocho No. 3 Co., Ltd.	The Group provided an agreement to acquire bonds issued by TW Seocho No. 3 Co., Ltd. for 20 billion Korean won.	Granting of credit
BKW No. 1 Co., Ltd.	The Group provided an agreement to acquire bonds issued by BKW No. 1 Co., Ltd. for 10 billion Korean won.	Granting of credit
KW Blue No. 1 Co., Ltd.	The Group provided an agreement to acquire bonds issued by KW Blue No. 1 Co., Ltd. for 14 billion Korean won.	Granting of credit
LAKSHMICHUNCHEON	The Group provided an agreement to acquire bonds issued by LAKSHMICHUNCHEON for 20 billion Korean won.	Granting of credit
Consus Hwado Co., Ltd.	The Group provided an agreement to acquire bonds issued by Cornsus Hwado Co., Ltd. for 10 billion Korean won.	Granting of credit
Silver Star No. 2 Co., Ltd.	The Group provided an agreement to acquire bonds issued by Silver Star No. 2 Co., Ltd. for 5 billion Korean won.	Granting of credit
Silver Star No. 3 Co., Ltd.	The Group provided an agreement to acquire bonds issued by Silver Star No. 3 Co., Ltd. for 3 billion Korean won.	Granting of credit
PT Gold No. 1 Co., Ltd.	The Group provided an agreement to acquire bonds issued by PT Gold No. 1 Co., Ltd. for 30 billion Korean won.	Granting of credit
Roy K Sanjeong Co., Ltd.	The Group provided an agreement to acquire bonds issued by Roy K. Sanjeong Co., Ltd. for 15 billion Korean won.	Granting of credit
Imachi Brothers No. 4 Co., Ltd.	The Group provided an agreement to acquire bonds issued by Imachi Brothers No. 4 Co., Ltd. for 9.83 billion Korean won.	Granting of credit
Roy K Bundang Co., Ltd.	The Group provided an agreement to acquire bonds issued by Roy K Bundang Co., Ltd. for 2.7 billion Korean won.	Granting of credit
G Tower 2nd Co., Ltd.	The Group provided an agreement to acquire bonds issued by G Tower 2nd Co., Ltd. for 20 billion Korean won.	Granting of credit
Goyangchangneunghazel Co., Ltd.	The Group provided an agreement to acquire bonds issued by Goyangchangneunghazel Co., Ltd. for 10.3 billion Korean won.	Granting of credit
Kyongnam Bank Principal and Interest Guarantee Trust	The Group provides a guarantee of payment of principal and interest and a guarantee of payment of principal to trust accounts. The Group is required to compensate for the deficit amount in case the trust account stands below the principal or the principal and interest as a	Credit enhancement for cash management of trust accounts

BNK Financial Group Inc. and its subsidiaries
Notes to the consolidated financial statements
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<u>Company name</u>	<u>Contractual agreement for financial supports result of the operation.</u>	<u>Intent of support</u>
Kyongnam Bank Principal Guarantee Trust	The Group provides a guarantee of payment of principal and interest and a guarantee of payment of principal to trust accounts. The Group is required to compensate for the deficit amount in case the trust account stands below the principal or the principal and interest as a result of the operation.	Credit enhancement for cash management of trust accounts
Sandcastle No. 1 Co., Ltd.	The Group provided an agreement to acquire bonds issued by Sandcastle No. 1 Co., Ltd. for 13.2 billion Korean won.	Granting of credit
Westwood No. 1 Co., Ltd.	The Group provided an agreement to acquire bonds issued by Westwood No. 1 Co., Ltd. for 30.414 billion Korean won.	Granting of credit
SL No. 3 Co., Ltd.	The Group provided an agreement to acquire bonds issued by SL No. 3 Co., Ltd. for 35 billion Korean won.	Granting of credit
SL No. 6 Co., Ltd.	The Group provided an agreement to acquire bonds issued by SL No. 6 Co., Ltd. for 28 billion Korean won.	Granting of credit
SL No. 7 Co., Ltd.	The Group provided an agreement to acquire bonds issued by SL No. 7 Co., Ltd. for 15 billion Korean won.	Granting of credit
BNK Ujeong First Co., Ltd.	The Group provided an agreement to acquire bonds issued by BNK Ujeong First Co., Ltd. for 20.3 billion Korean won.	Granting of credit

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES:

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Consolidation

The Group maintains its accounting records in Korean won (presented as “Korean won”, “KRW” or “W”) and prepares its statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group’s financial position, financial performance or cash flows is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with KIFRS.

The preparation of consolidated financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

As explained in the accounting policies below, the accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair value. Historical cost is generally based on the fair value of the considerations given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of KIFRS 1102 *Share-Based Payment* leasing transactions that are within the scope of KIFRS 1116 *Leases* and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

The management has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going-concern basis of accounting in preparing the consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.2 Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the Group

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

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period and emphasize that classification is unaffected by expectations regarding whether the entity will exercise its right to defer the settlement of a liability. Furthermore, the amendments define the meaning of settlement and specify that settlement refers to the transfer to the counterparty of cash, the entity's own equity instruments, other assets, or services.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. The amendments also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments add a disclosure objective to KIFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, KIFRS 1117 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

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Notes to the consolidated financial statements
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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to KIFRS 1116 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in KIFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to KIFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets; 2) holding virtual assets on behalf of customer; and 3) issuing virtual assets. When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period is required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance, and important contract details shall be disclosed.

The amendments had no impact on the Group's consolidated financial statements.

(b) The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed as below:

- Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

- Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* – Classification and Measurement Requirements of Financial Instruments

The amendments clarify the conditions related to the discharge of a financial liability before the settlement date when settling such financial liabilities using an electronic payment system. They further specify an interest feature, a contingent feature, financial assets with non-recourse features and contractually linked instruments which should be considered in assessing whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. Furthermore, the amendments include additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to KIFRS 1109 *Financial Instruments* – Derecognition of Lease Liabilities and Transaction Price

The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with KIFRS 1109, the lessee is required to recognise any resulting gain or loss in profit or loss. Additionally, the amendments have replaced "their transaction price (as defined in KIFRS 1115)" in KIFRS 1109:5.1.3 with "the amount determined by applying KIFRS 1115" to remove an inconsistency between KIFRS 1109 and the requirements in KIFRS 1115.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to KIFRS 1110 *Consolidated Financial Statements* – Determination of "de Facto Agent"

The amendments have amended KIFRS 1110 to use less conclusive language and to clarify that the relationship described in KIFRS 1110 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to KIFRS 1101 *First-time adoption of KIFRS* – Hedging Accounting by a First-Time Adopter

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The amendments have improved the consistency of the wording related to the requirements for hedge accounting in KIFRS 1109 and added cross-references to KIFRS 1109 to improve the understandability of KIFRS 1101. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to KIFRS 1107 *Financial Instruments: Disclosures* – Gain or Loss on Derecognition

The amendments have updated the obsolete cross-reference for fair value measurement and aligned the wording of related paragraph with the terms used in KIFRS 1113. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost method*

The amendments have replaced the term "cost method" with "at cost". The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.3 Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company (and its subsidiaries). Control is achieved where the Group 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup transactions and related assets and liabilities, income and expenses are eliminated in full-on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Parent Company loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under KIFRS 1109 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.4 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES: (cont'd)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with KIFRS 1012 – *Income Taxes* and KIFRS 1019 – *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with KIFRS 1102 – *Share-Based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with KIFRS 1105 – *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any), over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another KIFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with KIFRS 1109 – *Financial Instruments* or KIFRS 1037 – *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that has previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.5 Investments in Associates and Joint Ventures

Associates are entities over which the Group has significant influence, but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as an impairment loss.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.6 Goodwill

Goodwill resulting from an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in the subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Foreign Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units (KRW), which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (the "foreign currencies") are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currencies; and

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

- exchange differences on monetary items receivable from, or payable to, a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in currency units using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for that period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests, as appropriate).

2.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and highly liquid investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.9 Financial Assets

(a) Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss ("FVPL");
- those to be measured at fair value through other comprehensive income ("FVOCI"); and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset and the issuance of the financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories.

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses that are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized in profit or loss.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which are held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continues to be recognized in profit or loss when the right to receive payments is established.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

Changes in the fair value of financial assets at FVPL are recognized in profit or loss in the statements of profit or loss, as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at FVOCI is not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For debt securities at fair value through other comprehensive income and financial assets measured at amortized costs, expected credit losses are measured at estimation of probability weighted present value calculated as the difference between its cash flows, which are contractually expected to receive during over the life of financial instruments and actually expected to receive a discounted at the original effective interest rate.

Lifetime expected losses will be recognized on assets for which there is a significant increase in credit risk after initial recognition. The Group recognizes 12-month expected credit losses in profit or loss where credit risk did not increase significantly.

The Group considers a financial asset to be in default if it meets one or more of the following conditions:

- if a borrower is overdue 90 days or more from the contractual payment date; or
- if the Group judges that it is not possible to recover principal and interest without enforcing the collateral on a financial asset.

(d) Recognition and Derecognition

Regular-way purchases and sales of financial assets are recognized or derecognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred, substantially, all the risks and rewards of ownership. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.10 Financial Liabilities and Equity Instruments

(a) Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(c) Hybrid Capital Instruments

The Group classifies issued capital instrument, or its component parts, on initial recognition as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. Hybrid capital instruments in which the Group has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation are classified as equity instruments and presented in equity.

(d) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

1) Financial liabilities at FVPL

Financial liabilities are classified as of FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) it is designated as of FVPL.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as of FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and KIFRS 1109 permits the entire combined contract to be designated as of FVPL.

Financial liabilities at FVPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as of FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that is recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

2) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination; (ii) held for trading; or (iii) designated as of FVPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the amortized cost of a financial liability.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

(e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instruments.

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of the following:

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; or
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

(f) Derecognition of financial liabilities

Financial liabilities are removed from the statements of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or canceled or expired, or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and, in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.11 Derivative Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps (“IRSs”) and cross-currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in such case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives either as hedges of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(a) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as consolidated derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

(b) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of a hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The Group designates the full change in the fair value of a forward contract as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of the option as a hedging instrument when it used the option contract to hedge the expected transaction. In KIFRS 1039 (Financial Instrument: Recognition and Measurement), changes in the fair value of an option are immediately recognized in profit or loss. In KIFRS 1109, changes in the time value of the option associated with the hedged item in other comprehensive income and the accumulated amount of equity are reclassified to profit or loss during the period when the hedged item affects profit or loss or is removed from equity and included directly in the carrying amount of non-financial items.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

(c) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line item of the consolidated statements of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

(d) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss related to the ineffective portion is recognized immediately in profit or loss, and is included in the “other non-operating income and expenses” line item.

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2. **MATERIAL ACCOUNTING POLICIES: (cont'd)**

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statements of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. However, when a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

2.12 Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment directly attributable to their purchase or construction includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset, or as an asset, if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of the asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful life (years)	Depreciation method
Construction	50	Straight-line
Leasehold improvements	5	Straight-line
Equipment and vehicles	5	Straight-line

If each part of an item of property and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

2.13 Investment Property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

While the land is not depreciated, all other investment property is depreciated based on the respective assets estimated useful lives ranging from 50 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of investment property, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in net income in the period in which the asset is derecognized.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.14 Leases

1-1) The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed-lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a consolidated line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a consolidated lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability; lease payments made at or before the commencement day, less any lease incentives received; and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under KIFRS 1037. To the extent that the costs related to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies KIFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of Non-Financial Assets" policy (see Note 2.17).

1-2) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two consolidated contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of KIFRS 1109, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies KIFRS 1115 to allocate the consideration under the contract to each component.

2.15 Intangible Assets

(a) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

(b) Internally generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development. The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

(c) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	Useful life (years)
Development costs	3-5
Software	3-5
Industrial property rights	5
Others	3-10

(d) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.16 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in making decisions on the financial and operating policies of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control over the arrangement have rights to net assets relating to the arrangement. Joint control is the contractually agreed sharing of control over an arrangement that exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The profit for the year and the financial results of the joint ventures and associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with KIFRS 1105 *Non-Current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in the joint ventures and associates is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the net assets of the joint ventures and associates and any impairment. When the Group's share of losses in the joint ventures and associates exceeds the Group's interest in the associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

ventures and associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint ventures and associates recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognized immediately in profit or loss.

Upon a loss of significant influence over the joint ventures and associates, the Group discontinues the use of the equity method and measures at fair value of any investment that the Group retains in the former joint ventures and associates from the date when the Group loses significant influence. The fair value of the investment is regarded as its fair value on initial recognition, as a financial asset, in accordance with KIFRS 1109. The Group recognized differences between the carrying amount and fair value in profit or loss, and it is included in determination of the gain or loss on disposal of joint ventures and associates. The Group accounts for all amounts recognized in other comprehensive income in relation to the joint ventures and associates on the same basis as would be required if the joint ventures and associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity profit or loss as a reclassification adjustment.

When the Group's ownership of an interest in an associate or a joint venture decreases, but the Group continues to maintain significant influence over an associate or a joint venture, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that decrease in ownership interest if the gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. Meanwhile, if interest in an associate or a joint venture meets the definition of non-current asset held for sale, it is accounted for in accordance with KIFRS 1105.

The requirements of KIFRS 1036 to determine whether there has been a loss event are applied to identify whether it is necessary to recognize any impairment loss with respect to the Group's investment in the associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with KIFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use or fair value, less costs to sell) with its carrying amount. Any impairment loss recognized is not allocated to any asset (including goodwill) that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with KIFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement of fair value upon such changes in ownership interests.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

When the Group transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.17 Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGUs to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell or value in use. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.18 Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only, when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with KIFRS 1109 *Financial Instruments* unless the retained interest continues to be an associate or a joint venture, in which case, the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

2.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

(a) Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower one between the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

(b) Restructurings

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(c) Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized, less, where applicable, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

(d) Provision for acceptances and guarantees and provision for unused commitment

Provisions for confirmed and unconfirmed acceptances and guarantees, unfunded commitments of credit cards and unused credit lines of consumer and corporate loans are recognized using valuation model that applies the credit conversion factor, default rates and loss given default.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.20 Revenue and Expense Recognition

(a) Interest income and expense

Using the effective interest rate method, the Group recognizes interest income and expense on financial instruments at amortized cost and at fair value through other comprehensive income in the consolidated statements of comprehensive income. The amortized cost of financial assets or liabilities is calculated based on the effective interest rate method, and the interest income and expenses are allocated over the relevant period.

The effective interest rate reconciles the present value of expected future cash inflows and outflows over the expected life of financial instruments or, if appropriate, over a shorter period to the net carrying amount of financial assets or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments, except for the loss on future credit risk. Also, the effective interest rate calculation includes redemption costs, points (if it is a part of the effective interest rate) that are paid or earned between contracting parties, transaction costs, and other premiums and discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

In addition, interest income arising from debt instruments at FVPL is classified as interest income in the consolidated statements of comprehensive income.

(b) Commission income

Financial service fees are recognized in accordance with the accounting standard of the financial instrument related to the fees earned as follows:

① Fees that are a part of the financial instruments' effective yield

Fees that are a part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate. Such fees include compensation for activities, such as evaluating the borrower's financial condition; evaluating and recording guarantees, collateral and other security arrangements; negotiating the terms of the instrument; preparing and processing documents; and closing the transaction, as well as origination fees received on issuing financial liabilities measured at amortized cost. These fees are deferred and recognized as an adjustment to the effective interest rate. However, in case the financial instrument is classified as a financial asset at FVPL, the relevant fee is recognized as revenue when the instrument is initially recognized.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

② Commission from rendering services

Commission income from services is generally recognized as the services are provided.

Commission income from rendering services, such as asset management, trust business and financial guarantee, is recognized as the services are provided. When it is not probable that a specific loan agreement is contracted and agreed commission is not subject to KIFRS 1109, the commission income from those services will be recognized on a straight-line basis as the work is performed.

③ Commission earned on execution of significant act p

The recognition of revenue is postponed until the significant act is executed. On performing significant transactions, the earned commissions are recognized as gains and losses at the time the transactions are completed.

The commissions and sales commissions that are paid for the participation in negotiations for the third party are recognized as gains and losses at the time the transactions of the third party are completed.

If the Group arranges a syndicated loan but does not participate in the syndicate or has the same effective gains and losses as other participants, fees on syndicated loan are recognized as gains and losses when the transactions of syndicated loan are completed.

④ Unearned revenue from point programs (customer loyalty program)

The Group operates customer loyalty program to provide customers with incentives to buy their goods or services. If a customer buys goods or services, the entity grants the customer award credits (often described as "points"). The customer can redeem the award credits for awards, such as free or discounted goods or services. The award credits are accounted separately as an identifiable component of the sales transaction(s) in which they are granted (the "initial sales"). The fair value of the consideration received or receivable with respect to the initial sale shall be allocated between the award credits and the other components of the sale. If the Group supplies the awards itself, it shall recognize the consideration allocated to award credits as revenue when award credits are redeemed and it fulfills its obligation to supply awards. The amount of revenue recognized shall be based on the number of award credits that have been redeemed in exchange for awards, related to the total number expected to be redeemed.

If the third party supplies the awards, the Group shall assess whether it is collecting the consideration allocated to the award credits on its own account (as the principal in the transaction) or on behalf of the third party (as agent for the third party). The amount of revenue recognized shall be net amount retained on its own account.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

(c) Dividend income

Dividend income is recognized when the shareholders are entitled to receive dividends. According to the classification of equity securities, dividend income is indicated in the consolidated statements of comprehensive income.

2.21 Employee Benefits

(a) Short-term employee benefits

Short-term employee benefits are defined as employee benefits that fall due within 12 months after the end of the reporting period in which the employees render the related service. The Group recognizes the undiscounted amount of short-term employee benefits expecting payment in exchange for the services when the employee renders services.

(b) Other long-term employee benefits

If the Group does not pay employee benefits within 12 months from the end of the reporting period after providing services, other long-term employee benefits are discounted by present value of future benefits based on current and past terms. These benefits are also recognized as liabilities after deducting fair value of plan assets that can directly pay relevant liabilities. The liabilities are determined after discounting estimated future cash flow by using interest rate of sound finance bonds that have similar maturity with related benefits. Gains and losses arising from remeasurement are recognized as the amounts of the total gains and losses during the period of events.

(c) Postemployment benefit costs and termination benefits

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position, with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The defined benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by KIFRS 1019 paragraph 70 for the gross benefits.

(d) Share-based payments

i) Share-based payment

Equity-settled share-based payments granted to employees and others providing similar services are measured at fair value of equity instruments at grant date. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value. Refer to Note 35 for details of determination of fair value of equity-settled share-based payment.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to be vested as a result of a vesting condition other than a market condition. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in other component of equity.

Equity-settled share-based payments granted to parties other than employees are measured at fair value of the goods or services received. However, if the fair value of goods or services received cannot be estimated reliably, the Group measures the goods or services received by reference to the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders service.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

For the cash-settled share-based payment, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

ii) Share-based payment transactions of business combination of acquiree

The Group measures replacement of a Group's share-based payment transactions (hereinafter referred to as 'replacement award') with share-based payment transactions of the acquiree (hereinafter referred to as 'acquiree's payment') in accordance with the method in KIFRS 1102 *Share-Based Payment* at the acquisition date ('market-based measure'). The portion of the replacement award is the market-based measure of the acquiree award multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. Any excess of the market-based measure of the replacement award over the market-based measure of the acquiree award is recognized as the remuneration costs of the post-combination services.

However, in situations in which acquiree awards would expire as a consequence of a business combination and if the acquirer replaces those awards when it is not obliged to do so, replacement awards are measured at market-based measure in accordance with KIFRS 1102. All of the market-based measures of the replacement awards are recognized as the remuneration costs of the post-combination services.

If the Group does not exchange its share-based payment transactions for equity-settled share-based payment transactions held by employee of acquiree as of the acquisition date, the equity-settled share-based payment transactions are measured at their market-based measure at the acquisition date. If the acquiree's share-based payment transactions are vested, those acquiree's share-based payment transactions are part of the non-controlling interest in the acquiree. If acquiree's share-based payment transactions are unvested, the market-based measure of unvested share-based payment transactions is allocated to the non-controlling interest on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period and the original vesting period of the share-based payment transaction. The balance is allocated to the post-combination services.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.22 Income Tax Expense

Income tax expense consists of current and deferred taxes.

In accordance with the *Corporate Tax Act* of the Republic of Korea, the Group and its 100%-owned domestic subsidiaries have filed a consolidated tax return. Accordingly, the Group recognizes total corporate income tax due as a current tax liability and the amounts due from subsidiaries as loans and receivables. The Group applies the consolidated taxation system, the way that the Group reports and pays income tax based on the total amount of income regarding the Group and all domestic subsidiaries on which the Group completely controls over as a single taxation unit. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected combined profits or losses of eligible companies in accordance with the consolidated corporate tax system. The Group recognizes total amount of tax payables in accordance with the consolidated corporate tax system as a parent Group and recognizes receivables that will be received from subsidiaries.

(a) *Current tax*

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit or loss before tax expenses as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other periods. The Group's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the end of the reporting period.

(b) *Deferred tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred income tax assets and liabilities are not recognized if the taxable or deductible temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit (taxable deficit) nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Group shall offset deferred tax assets and deferred tax liabilities if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

If a deferred tax liability or asset arises from an investment property that is measured using the fair value model in KIFRS 1040 *Investment Property* there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Accordingly, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model, whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

(c) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.23 Accounting for Trust Accounts

In accordance with the Financial Investment Services and Capital Market Act, the Group establishes savings accounts under trust agreements ("trust account") separately from its bank accounts and administers the funds for the benefit of one or more beneficiaries. Funds transferred between a bank account and trust account are recognized as due to/from trust accounts. The fees and commissions received from trust accounts are recognized when the Group provides services to the trust accounts. With respect to certain trust account products, the Group guarantees the repayment of the principal of the trust accounts and, in certain cases, a fixed rate of return. If income from such trust accounts is insufficient to pay the guaranteed amount, such deficiency is satisfied by using special reserves maintained in the trust accounts, offsetting trust fees payable to the Group accounts and receiving compensating contributions from the Group accounts of the Group. If the Group pays compensating contributions to the trusts with the guaranteed return to cover such deficiencies, these contributions are reflected as operating expenses of the Group accounts and as other income of the trust accounts.

BNK Financial Group Inc. and its subsidiaries

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2. MATERIAL ACCOUNTING POLICIES: (cont'd)

2.24 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of KIFRS 1102 *Share-Based Payment* leasing transactions that are within the scope of KIFRS 1017 *Leases* and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 *Inventories* or value in use in KIFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.25 Operating Segments

The Group makes a decision about resources to be allocated within segments and divides segments based on internal reports for management to evaluate performances regularly. Each segment consists of the Group's own strategic business units. The segments provide their products and services, and they are separately operated by their business units due to the difference between technical and marketing strategies.

2.26 Approval of Issuance of the Consolidated Financial Statements

The consolidated financial statements for the 2024 reporting period of the Group were approved for issuance by the board of directors on March 7, 2025, and are planned for the approval at Shareholders' Meeting on March 26, 2025.

BNK Financial Group Inc. and its subsidiaries

Notes to the consolidated financial statements

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3. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

(a) Fair value of financial instruments

As described in Note 6, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 6 provides detailed information about key assumptions used in the determination of the fair value of financial instruments as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(b) Expected credit losses for financial instruments

The Group measures expected credit losses for debt securities at fair value through other comprehensive income, financial assets at amortized cost, acceptances and guarantees and loan commitments and other comprehensive income and debt securities measured at fair value. For debt securities at fair value through other comprehensive income are recognized as accumulated other comprehensive income, financial assets at amortized cost are recognized for allowance for losses, and provisions are recognized for confirmed acceptances and guarantees and loan commitments. The accuracy of allowance for losses on credit is determined by assumptions and variables, used in the model to estimate expected cash flows by individual borrowers for individual assessment and estimation of allowance for losses on credit by collective method and guarantees/unused credit limit liabilities.

The Group measures the expected credit losses using forward-looking information. The Group assumes that the risk component is correlated with changes in market conditions and uses statistical methods to estimate the relationship between modeling macroeconomic variables, expected credit loss and risk components.

The Group derived correlations between the long-term data over the past 10 years, major macroeconomic variables and then reflected future forecast information through regression estimation. The major macroeconomic variables identified by the Group are GDP growth rate, interest rate spread (National Treasury Bond-CD, Distribution Yield), producer price index, Busan and Gyeongnam default rate of bills, composite stock price index, unemployment rate, consumer price index, Busan apartment sales index, etc.

Forward looking information used to measure expected credit losses is calculated by comprehensively reviewing the possibility of occurrence of each scenario of the economic outlook based on forecasts from the government and public institutions such as the Bank of Korea and the Korea Development Institute.

BNK Financial Group Inc. and its subsidiaries

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4. FINANCIAL RISK MANAGEMENT:

4.1 General

(a) General risk management policy

The Group is exposed to various financial risks, such as credit, liquidity, market and operational, associated with financial instruments. There has not been a significant change in the Group's purpose of financial risk management and risk management policy since December 31, 2024.

4.2 Credit Risk

(a) General

The credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Group's loan, card assets and securities. The Group considers all the elements of individual borrower's credit risk exposure, including default and breach.

(b) Risk management framework

The Group assesses its required expected loss and economic capital by managing all credit exposures on or off-balance sheet.

The Group establishes and manages total exposure limits for borrowers and industries in order to optimize the use of credit availability and avoid excessive risk concentration.

The credit management division and management planning division manage the credit risk by integrating and establishing credit policy, monitoring loan portfolios and restructuring the loans independently from the marketing division. The risk management division conducts the measurement of the economic capital, total exposure management, credit evaluation and approval and reviews the credit evaluation model.

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

(c) Maximum exposure to credit risk

The Group's maximum exposures of financial instruments, except for equity securities to credit risk that does not consider the value of collateral as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
On balance:		
Cash and due from banks	₩ 366,229	₩ 388,650
Financial assets at FVPL	8,098,194	6,867,900
Financial assets at FVOCI	8,911,593	7,028,690
Financial assets at amortized cost	8,425,326	9,220,251
Loans	112,273,540	109,382,964
Receivables	1,672,052	1,474,910
Derivative assets	412,202	133,689
Subtotal	<u>140,159,136</u>	<u>134,497,054</u>
Off balance:		
Guarantees and acceptances	1,428,940	1,359,921
Loan commitments	24,289,082	23,553,296
Subtotal	<u>25,718,022</u>	<u>24,913,217</u>
Total	<u>₩ 165,877,158</u>	<u>₩ 159,410,271</u>

(d) Analysis of credit quality of financial assets

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

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

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4. FINANCIAL RISK MANAGEMENT: (cont'd)

The gross carrying amounts of loans, receivables and debt securities by credit risk grade as of December 31, 2024 are as follows:

(In millions of Korean won)

		December 31, 2024																
		Loans and receivables						Debt securities										
		Loans			Receivables			FVOCI		Amortized cost								
		Lifetime expected credit losses			Lifetime expected credit losses			Twelve months		Twelve months								
		Twelve months expected credit losses			Twelve months expected credit losses			Twelve months expected credit losses		Twelve months expected credit losses								
		Unrecognized impairment	Recognized impairment	Subtotal	Unrecognized impairment	Recognized impairment	Subtotal	expected credit losses	Subtotal	expected credit losses	Subtotal							
Grade 1	₩	49,442,327	2,119,312	-	₩	312,542	₩	3,123	₩	-	₩	51,877,304	₩	8,911,593	₩	8,417,519	₩	17,329,112
Grade 2		28,688,018	7,760,749	-		133,453		15,936		-		36,598,156		-		9,996		9,996
Grade 3		8,101,493	10,006,156	19,796		43,315		29,646		-		18,200,406		-		-		-
Grade 4		221,082	3,485,134	1,148,808		2,023		22,260		20,629		4,899,936		-		-		-
Non-graded		2,374,506	243,360	263,740		1,078,081		9,210		69,560		4,038,457		-		-		-
Total	₩	88,827,426	23,614,711	1,432,344	₩	1,569,414	₩	80,175	₩	90,189	₩	115,614,259	₩	8,911,593	₩	8,427,515	₩	17,339,108

The exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of December 31, 2024 is as follows:

(In millions of Korean won)

		December 31, 2024													
		Loan commitments				Guarantees and acceptances									
		Lifetime expected credit losses		Subtotal	Lifetime expected credit losses		Subtotal	Lifetime expected credit losses		Subtotal					
		Twelve months expected credit losses	Unrecognized impairment		Recognized impairment	twelve months expected credit losses		Unrecognized impairment	Recognized impairment						
Grade 1	₩	16,598,199	174,202	₩	-	₩	16,772,401	₩	248,353	₩	647	₩	-	₩	249,000
Grade 2		4,284,991	673,960		-		4,958,951		504,914		478,049		-		982,963
Grade 3		963,836	527,037		-		1,490,873		122,593		49,972		-		172,565
Grade 4		13,212	105,340	166			118,718		-		23,527		885		24,412
Non-graded		155,174	3,098	-			158,272		-		-		-		-
Total	₩	22,015,412	1,483,637	₩	166	₩	23,499,215	₩	875,860	₩	552,195	₩	885	₩	1,428,940

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

The gross carrying amounts of loans, receivables and debt securities by credit risk grade as of December 31, 2023 are as follows:

(In millions of Korean won)

		December 31, 2023																		
		Loans and receivables						Debt securities												
		Loans			Receivables			FVOCI		Amortized cost										
		Lifetime expected credit losses			Lifetime expected credit losses			Twelve months		Twelve months										
		Twelve months			Twelve months			Twelve months		Twelve months										
		expected credit losses			expected credit losses			expected credit losses		expected credit losses										
		Unrecognized impairment			Unrecognized impairment			Unrecognized impairment		Unrecognized impairment										
		Recognized impairment			Recognized impairment			Recognized impairment		Recognized impairment										
		Subtotal			Subtotal			Subtotal		Subtotal										
Grade 1	₩	49,224,082	₩	2,433,691	₩	-	₩	195,396	₩	10,720	₩	-	₩	51,863,889	₩	7,028,690	₩	9,218,538	₩	16,247,228
Grade 2		27,847,506		7,800,955		-		143,404		17,614		-		35,809,479		-		5,000		5,000
Grade 3		7,267,729		8,363,627		5,000		44,287		28,847		-		15,709,490		-		-		-
Grade 4		248,798		3,781,167		728,658		2,225		27,746		5,996		4,794,590		-		-		-
Non-graded		2,377,910		657,755		66,403		993,578		4,691		65,866		4,166,203		-		-		-
	₩	86,966,025	₩	23,037,195	₩	800,061	₩	1,378,890	₩	89,618	₩	71,862	₩	112,343,651	₩	7,028,690	₩	9,223,538	₩	16,252,228

The exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of December 31, 2023 is as follows:

(In millions of Korean won)

		December 31, 2023														
		Loan commitments					Guarantees and acceptances									
		Twelve months		Lifetime expected credit losses			twelve months		Lifetime expected credit losses							
		expected credit losses		Unrecognized impairment		Recognized impairment	Subtotal	expected credit losses		Unrecognized impairment		Recognized impairment		Subtotal		
Grade 1	₩	15,917,762	₩	194,641	₩	-	₩	16,112,403	₩	308,134	₩	1,360	₩	-	₩	309,494
Grade 2		4,301,921		692,076		-		4,993,997		483,993		239,730		-		723,723
Grade 3		802,625		575,937		-		1,378,562		115,380		160,956		-		276,336
Grade 4		15,600		152,379		291		168,270		96		45,710		4,562		50,368
Non-graded		142,385		28,186		-		170,571		-		-		-		-
	₩	21,180,293	₩	1,643,219	₩	291	₩	22,823,803	₩	907,603	₩	447,756	₩	4,562	₩	1,359,921

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

(e) Concentration analysis of credit risk

Details of loans and debt securities by borrower's country and industry as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Loans	Debt securities		
		FVOCI	Amortized cost	Subtotal
Country:				
Republic of Korea	₩ 112,581,093	₩ 8,811,882	₩ 8,364,315	₩ 17,176,197
China	233,512	-	-	-
Others	1,059,876	99,711	63,200	162,911
Total	₩ 113,874,481	₩ 8,911,593	₩ 8,427,515	₩ 17,339,108
Industry:				
Mining	₩ 27,432	₩ -	₩ -	₩ -
Manufacturing	21,081,271	-	7,712	7,712
Electricity, gas, steam and water service	742,188	341,948	316,031	657,979
Construction	4,098,882	423,615	168,610	592,225
Wholesale and retail	10,402,386	-	-	-
Transportation	2,046,015	111,320	205,018	316,338
Lodging and restaurant business	4,689,595	-	-	-
Publishing, visual entertainment, broadcasting and information	489,107	-	-	-
Financial and insurance business	3,193,839	2,627,179	2,439,960	5,067,139
Real estates and lease business	19,607,965	264,014	607,498	871,512
Business facility management and business support services	622,528	51,350	10,000	61,350
Public, national defense and social security system	70,660	4,970,026	4,612,770	9,582,796
Associations, organizations and household	5,139,050	81,949	59,916	141,865
Others	41,663,563	40,192	-	40,192
Total	₩ 113,874,481	₩ 8,911,593	₩ 8,427,515	₩ 17,339,108

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

(In millions of Korean won)

	December 31, 2023			
	Loans	Debt securities		
		FVOCI	Amortized cost	Subtotal
Country:				
The Republic of Korea	₩ 109,545,470	₩ 6,955,928	₩ 9,174,588	₩ 16,130,516
China	178,826	-	-	-
Others	1,078,985	72,762	48,950	121,712
Total	₩ 110,803,281	₩ 7,028,690	₩ 9,223,538	₩ 16,252,228
Industry:				
Mining	₩ 28,673	₩ 39,948	₩ -	₩ 39,948
Manufacturing	20,488,304	-	-	-
Electricity, gas, steam and water service	618,868	488,622	382,493	871,115
Construction	3,720,689	277,150	302,090	579,240
Wholesale and retail	10,099,021	-	-	-
Transportation	1,936,978	138,273	295,025	433,298
Lodging and restaurant business	4,758,493	-	-	-
Publishing, visual entertainment, broadcasting and information	479,769	-	-	-
Financial and insurance business	2,578,888	1,809,811	3,047,259	4,857,070
Real estates and lease business	20,066,205	319,585	747,827	1,067,412
Business facility management and business support services	618,763	20,312	40,000	60,312
Public, national defense and social security system	119,831	3,894,312	4,328,914	8,223,226
Associations, organizations and household	4,838,006	40,677	79,867	120,544
Others	40,450,793	-	63	63
Total	₩ 110,803,281	₩ 7,028,690	₩ 9,223,538	₩ 16,252,228

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

4.3 Liquidity Risk

(a) General

Liquidity risk is the risk that the Group is unable to meet its payment obligations arising from financial liabilities as they fall due. The Group classifies and discloses contractual maturity of all financial liabilities into six categories in relation to liquidity risks, such as immediately payable, less than one month, one month to three months, three months to one year, less than one year, one year to five years and more than five years.

Although off-balance-sheet items, such as loan commitment and financial guarantees, have contractual maturities, they are separately disclosed, as the Group will pay them immediately upon counterparty's request for payment.

(b) Liquidity risk management

General principles and the overall framework for managing liquidity risk across the Group are defined in the liquidity risk policy by risk management regulation, risk management instruction and liquidity risk manual.

All transactions that affect inflows and outflows of Korean/foreign currency funds across the Group are subject to the liquidity risk management.

Liquidity risk is centrally managed and controlled by the Financial Planning Department, which reports its analysis and statics of the liquidity, including liquidity gap, liquidity ratio, maturity mismatch ratio and liquidity risk situation, to the asset-liability management committee ("ALCO"). The financial strategies that are required to achieve the Group's risk management goal, including liquidity risk management, are set out and overseen by the ALCO.

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

(c) Remaining contractual maturity analysis of non-derivative and derivative financial liabilities

The Group's non-derivative financial liabilities as of December 31, 2024 and 2023 are summarized by remaining contractual maturity as follows:

(In millions of Korean won)

	December 31, 2024					
	Less than one month	1 – 3 months	3 – 12 months	1 – 5 years	More than five years	Total
Financial liabilities ¹:						
Deposits	₩ 43,930,802	₩ 16,424,106	₩ 45,646,263	₩ 3,776,246	₩ 194,640	₩ 109,972,057
Financial liabilities at						
FVPL	1,116,777	381,713	503,553	123,652	-	2,125,695
Borrowings	5,631,442	1,183,356	1,783,423	2,440,695	449,780	11,488,696
Debentures	821,721	1,951,092	4,384,609	7,624,880	106,114	14,888,416
Other financial liabilities ²	<u>3,752,796</u>	<u>44,645</u>	<u>147,395</u>	<u>663,747</u>	<u>569,174</u>	<u>5,177,757</u>
Subtotal	<u>₩ 55,253,538</u>	<u>₩ 19,984,912</u>	<u>₩ 52,465,243</u>	<u>₩ 14,629,220</u>	<u>₩ 1,319,708</u>	<u>₩ 143,652,621</u>
Derivative liabilities:						
Derivatives for hedging ³	₩ -	₩ -	₩ -	₩ 15,922	₩ 9,396	₩ 25,318
Derivatives for trading ³	<u>8,136</u>	<u>10,464</u>	<u>142,872</u>	<u>167,337</u>	<u>-</u>	<u>328,809</u>
Subtotal	<u>₩ 8,136</u>	<u>₩ 10,464</u>	<u>₩ 142,872</u>	<u>₩ 183,259</u>	<u>₩ 9,396</u>	<u>₩ 354,127</u>

¹ Principal and interest are included in financial liabilities.

² Consist of other payables, accrued expenses and leasehold deposits received and others.

³ Estimate the cash flows by offsetting the cash inflows and cash outflows.

(In millions of Korean won)

	December 31, 2023					
	Less than one month	1 – 3 months	3 – 12 months	1 – 5 years	More than five years	Total
Financial liabilities ¹:						
Deposits	₩ 42,276,426	₩ 15,592,687	₩ 46,659,878	₩ 4,514,201	₩ 195,468	₩ 109,238,660
Financial liabilities at						
FVPL	249,793	269,880	394,481	191,566	-	1,105,720
Borrowings	3,497,537	1,199,424	1,304,533	2,668,298	483,714	9,153,506
Debentures	534,655	1,880,268	4,990,049	6,206,989	174,687	13,786,648
Other financial liabilities ²	<u>3,563,286</u>	<u>47,691</u>	<u>135,635</u>	<u>587,938</u>	<u>539,578</u>	<u>4,874,128</u>
Subtotal	<u>₩ 50,121,697</u>	<u>₩ 18,989,950</u>	<u>₩ 53,484,576</u>	<u>₩ 14,168,992</u>	<u>₩ 1,393,447</u>	<u>₩ 138,158,662</u>
Derivative liabilities:						
Derivatives for hedging ³	₩ -	₩ -	₩ -	₩ 20,556	₩ 12,023	₩ 32,579
Derivatives for trading ³	<u>9,016</u>	<u>8,929</u>	<u>18,912</u>	<u>19,549</u>	<u>38,772</u>	<u>95,178</u>
Subtotal	<u>₩ 9,016</u>	<u>₩ 8,929</u>	<u>₩ 18,912</u>	<u>₩ 40,105</u>	<u>₩ 50,795</u>	<u>₩ 127,757</u>

¹ Principal and interest are included in financial liabilities.

² Consist of other payables, accrued expenses and leasehold deposits received and others.

³ Estimate the cash flows by offsetting the cash inflows and cash outflows.

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4. FINANCIAL RISK MANAGEMENT: (cont'd)

(d) Marginal residual maturity (payment guarantee, commitments and others)

Guarantees, loan commitments and other credit facilities provided by the Group have maturities. However, if the counterparty requests the payment immediately, the payment must be fulfilled. The off-balance-sheet items as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Guarantees	₩ 1,428,940	₩ 1,359,921
Loan commitments	<u>24,289,082</u>	<u>23,553,297</u>
	<u>₩ 25,718,022</u>	<u>₩ 24,913,218</u>

4.4 Market Risk

(a) General

Market risk is the risk to the Group's earnings arising from changes in interest rates, stock prices, currency exchange rates and commodity prices. It is derived from loans, deposits, securities and derivatives, and generated through both trading and non-trading positions. The trading market risk that the Group is mainly exposed to is the interest rate risk arising from the change in the value of debt instruments and interest rate-embedded securities due to changes in market interest rate. The Group is additionally exposed to stock price and foreign exchange rate fluctuation risk arising from loans, receivables, deposits, securities and financial derivatives.

(b) Market risk management

The Group monitors and sets up the economic capital limit of market risk and interest rate risk to manage trading and non-trading positions. To manage market risk effectively, trading position enforces trading policy regulation and market risk manual, while non-trading position enforces interest rate risk manual, risk management system and procedure. All such processes are approved by the Group's ALCO and risk management council.

The Group's risk management council establishes overall market risk management principles. It has delegated the responsibility of the market risk management for trading activities to the Market Risk Management Subcommittee of the Group. Based on the policies approved by the Group's risk management council, the Market Risk Management Subcommittee reviews and approves reports as required that include trading profits and losses, position reports, limit utilization, sensitivity analysis and VaR results from the trading activities.

Determination of interest rate and commission rate, enactment and amendment of asset-liability management ("ALM") risk management policy and interest rate and commission rate guidelines, and analysis of monthly ALM risks are the responsibilities of the ALCO. Interest rate risk limits are determined based on asset-liability position and expected interest rate volatility considering annual operational planning and are centrally measured and monitored by the financial planning team. Responsibility for management of interest rate risks, such as interest rate gap, duration gap, sensitivity and compliance, with interest rate risk limits policy resides with the Risk Management department, which reports the results to the ALCO on a monthly basis.

BNK Financial Group Inc. and its subsidiaries

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4. **FINANCIAL RISK MANAGEMENT: (cont'd)**

(c) Market risk management for trading activities

a. Definition of trading position

The trading position in accordance with 'Regulation of Trading Policy' is subject to the trading market management. The basic requirements of the trading position are as follows:

- the target position is not restricted to the sale. It is daily evaluated at fair value and should be a hedge against important risks in the market;
- the trading position should be controlled by the instruction of the trading policy and managed by a consolidated trading department;
- the target position is operated in accordance with a documented trading strategy and the limit of trading should be controlled;
- without the prior approval, a professional dealer or an operation division for the target position should be authorized to handle transactions within the predetermined limit; and
- the target position to control risk should be periodically reported to management.

b. Measurement of market risk occurring at trading position

The Group measures market risk as VaR, which is calculated by market risk management system. It generally manages market risk arising from the trading position at the level of the portfolio.

To manage the market risk, the Group monitors and sets up the economic capital limit based on VaR. It sets up and monitors the economic capital limit, position limit and loss cut within the economic capital limit. According to the regulations and rules of the Financial Supervisory Service, the Group controls and manages risks of derivative transactions.

c. Market Risk Status by Basel III Standardized Approach

The Group manages and measures market risk exposure for all trading positions using the Basel III Standardized Approach. This approach categorizes market risk into the Sensitivity Risk, Default Risk, and Residual Risk, which are then aggregated to calculate the total risk capital requirement.

- Sensitivity Risk: Represents potential losses from unfavorable fluctuations in risk factors such as interest rates, credit spreads, stock prices, and exchange rates.
- Delta Risk: Linear value fluctuations resulting from changes in risk factors.
- Vega Risk: Value fluctuations due to changes in the implied volatility of underlying assets.
- Default Risk: Losses that may occur due to an issuer's default, rather than changes in credit spreads or credit rating transitions.
- Residual Risk: Additional regulatory capital risk imposed for financial instruments with unique profit and loss structures or special underlying assets.

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4. FINANCIAL RISK MANAGEMENT: (cont'd)

The regulatory capital for market risk under the Basel III Standardized Approach for the trading positions held by the Group as of December 31, 2024 is as follows:

<i>(In millions of Korean won)</i>		Regulatory capital	
Risk by category		December 31, 2024	
Sensitivity-Based Risk	General Interest Rate Risk (GIRR)	₩	5,455
	Credit Spread Risk (Non-Securitization)		16,073
	Credit Spread Risk (Securitization, excluding CTP)		288
	Credit Spread Risk (CTP)		-
	Equity Risk		-
	Foreign Exchange Risk		2,924
	General Commodity Risk		-
Default Risk	Non-Securitization		10,785
	Securitization (excluding CTP)		894
Residual Risk	Securitization (CTP)		-
	Non-Standard Underlying Assets		-
	Other Residual Risks		166
		₩	<u>36,585</u>

(d) Market risk management for non-trading activities

a. Definition of non-trading position

The Group's principal market risk from non-trading activities is interest rate risk. Interest rate risk arises due to mismatches in the maturities or repricing periods of the rate-sensitive assets and liabilities. The Group measures interest rate risk for Korean won and foreign currency assets and liabilities in its bank accounts (including derivatives) and its principal-guaranteed trust accounts. Most of its interest-earning assets and interest-bearing liabilities are denominated in Korean won, and its foreign-currency-denominated assets and liabilities are mostly denominated in U.S. dollars.

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

b. Measurement of market risk occurring at non-trading position

The Group's principal interest rate risk management objectives are to generate stable net interest revenues and to protect its asset value against interest rate fluctuations. The Group principally manages this risk for its non-trading activities by analyzing and managing maturity gaps between its interest-earning assets and interest-bearing liabilities, as well as by measuring and monitoring interest rate risk under the Interest Rate Risk in the Banking Book (IRRBB) framework, specifically Δ EVE and Δ NII. Δ EVE (Economic Value of Equity) represents changes in the economic value of equity due to fluctuations in the present value of assets, liabilities, and off-balance-sheet items caused by interest rate changes. Δ NII (Net Interest Income) reflects the potential variation in net interest income over a specified period (e.g., one year) due to interest rate fluctuations. To calculate interest rate risk under the IRRBB framework, the Group applies six interest rate shock scenarios: Parallel Up, Parallel Down, Steepener, Flattener, Short-Term Rate Up, and Short-Term Rate Down. The maximum economic value fluctuation among these scenarios is selected as the final Δ EVE. Additionally, two scenarios (Parallel Up and Parallel Down) are used to determine the maximum Δ NII.

The Group's Δ EVE and Δ NII values calculated under the IRRBB framework for its assets and liabilities as of December 31, 2024, and 2023 are as follows:

<i>(In millions of Korean won)</i>		<u>December 31, 2024</u>	<u>December 31, 2023</u>
Δ EVE (Change in Economic Value of Equity)	₩	648,965	546,240
Δ NII (Change in Net Interest Income)		233,600	212,770

4.5 Operational Risk

(a) General

The Group defines operational risk broadly to include all financial and non-financial risks that may arise from its operations that could negatively affect its capital.

(b) Operational risk management

The Group's operational risk management objectives include not only satisfying regulatory requirements but also providing internal support through the encouragement of a strong risk management culture, reinforcement of internal controls, improvement of work processes and provision of timely feedback to management members and staff throughout the Group.

BNK Financial Group Inc. and its subsidiaries
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4. FINANCIAL RISK MANAGEMENT: (cont'd)

4.6 Capital Management

In accordance with financial holding Group regulations, the Group is required to maintain a minimum of 8% of the capital adequacy ratio. The capital adequacy ratio must correspond to the standard of capital regulation of the Bank for International Settlements ("BIS"), and is calculated by dividing own capital by asset (weighted with a risk premium – risk-weighted assets) based on the consolidated financial statements of a holding group. The Group calculates its capital adequacy ratio under Basel I, according to the Regulation on the Supervision of Financial Holding Companies.

In accordance with financial holding group regulations, the Group must maintain the share capital-common ratio of 7.0%, Tier 1 capital ratio of 8.5% and total capital ratio of 10.5% as of December 31, 2024.

The risk-weighted asset includes intrinsic risks in total assets, errors of internal operation processes and loss risk from external events. It indicates the size of assets reflecting the level of risks that the Group bears. The Group computes the risk-weighted asset by risk (credit, market and operational) and uses it for calculation of BIS capital ratio.

The Group's BIS capital ratios as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Share capital - common (A)	₩ 9,449,165	₩ 8,935,573
Other basic capital (B)	976,617	982,347
Tier 2 capital (C)	442,101	659,439
Total capital (D)	<u>₩ 10,867,883</u>	<u>₩ 10,577,359</u>
Credit risk-weighted assets	₩ 68,331,325	₩ 67,927,522
Market risk-weighted assets	2,734,363	2,769,413
Operational risk-weighted assets	5,871,784	5,753,961
Total risk-weighted assets (E)	<u>₩ 76,937,472</u>	<u>₩ 76,450,896</u>
Share capital - common ratio (A/E) (%)	12.28	11.69
Tier 1 capital ratio ((A+B)/E) (%)	<u>13.55</u>	<u>12.97</u>
Total capital ratio (D/E) (%)	<u>14.13</u>	<u>13.84</u>

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5. OPERATING SEGMENT INFORMATION:

(a) Segment report and division information

Segment information indicates details of the Group's divisions. Main divisions of business are based on the Group's internal report. The Group consists of six business divisions: two divisions of bank, securities, capital, savings bank and other. Such business divisions are divided by products, characteristics of services, customers and organization of the Group. Based on these categories, the main information by divisions is disclosed as follows:

The Group's business operations by segment for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024						Total	Adjustment	Consolidated financial statements
	Busan Bank	Kyongnam Bank	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others			
Net interest income (expenses)	₩ 1,528,316	₩ 1,024,925	₩ 316,243	₩ 89,206	₩ 69,530	₩ (34,442)	₩ 2,993,778	₩ (16,473)	₩ 2,977,305
Net commission income	40,973	42,103	31,538	75,408	7,001	25,160	222,183	(2,134)	220,049
Net gain on financial assets at FVPL	51,259	65,397	(1,786)	54,710	2,668	13,560	185,808	(18,291)	167,517
Net gain on financial assets at FVOCI	34,313	24,355	-	15,198	-	-	73,866	-	73,866
Net gain (loss) on financial assets at amortized cost	(348)	1,448	-	-	-	-	1,100	-	1,100
Contribution to provision for credit loss and others	(311,858)	(160,930)	(154,575)	(127,737)	(34,867)	8,174	(781,793)	51	(781,742)
General and administrative expenses	(742,019)	(517,687)	(109,359)	(85,519)	(25,244)	(123,415)	(1,603,243)	36,401	(1,566,842)
Other operating income (expenses), net	(148,043)	(112,676)	66,796	(6,698)	(10,339)	379,712	168,752	(384,085)	(215,333)
Operating profit	452,593	366,935	148,857	14,568	8,749	268,749	1,260,451	(384,531)	875,920
Non-operating income (expenses), net	72,607	30,605	(5,390)	(1,185)	1,013	37,988	135,638	(19,772)	115,866
Profit before income tax	525,200	397,540	143,467	13,383	9,762	306,737	1,396,089	(404,303)	991,786
Income tax income (expense)	(114,572)	(87,389)	(31,283)	(1,125)	(5,899)	(4,912)	(245,180)	3,370	(241,810)
Profit for the year	₩ 410,628	₩ 310,151	₩ 112,184	₩ 12,258	₩ 3,863	₩ 301,825	₩ 1,150,909	₩ (400,933)	₩ 749,976
Total assets	₩ 79,338,342	₩ 52,392,006	₩ 10,012,943	₩ 8,128,729	₩ 1,972,543	₩ 9,019,915	₩ 160,864,478	₩ (8,393,987)	₩ 152,470,491
Total liabilities	₩ 73,458,781	₩ 48,742,994	₩ 8,637,686	₩ 6,954,706	₩ 1,729,045	₩ 2,465,443	₩ 141,988,655	₩ (665,739)	₩ 141,322,916

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5. OPERATING SEGMENT INFORMATION : (cont'd)

(In millions of Korean won)	2023							Total	Adjustment	Consolidated financial statements
	Busan Bank	Kyongnam Bank	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank	Others				
Net interest income (expenses)	₩ 1,497,808	₩ 990,443	₩ 325,741	₩ 76,631	₩ 52,828	₩ (28,220)	₩ 2,915,231	₩ (9,777)	₩ 2,905,454	
Net commission income	61,750	41,826	24,060	80,570	8,588	26,846	243,640	(2,361)	241,279	
Net gain on financial assets at FVPL	56,835	56,078	6,535	39,300	1,137	25,255	185,140	(23,556)	161,584	
Net gain on financial assets at FVOCI	2,392	2,001	-	402	-	-	4,795	3	4,798	
Net gain (loss) on financial assets at amortized cost	(256)	10	-	-	-	-	(246)	-	(246)	
Contribution to provision for credit loss and others	(314,936)	(173,178)	(147,123)	(93,467)	(30,452)	(364)	(759,520)	145	(759,375)	
General and administrative expenses	(688,468)	(481,792)	(104,497)	(89,587)	(23,870)	(114,015)	(1,502,229)	26,264	(1,475,965)	
Other operating income (expenses), net	(180,415)	(142,206)	49,738	9,795	(8,016)	418,796	147,692	(424,047)	(276,355)	
Operating profit	434,710	293,182	154,454	23,644	215	328,298	1,234,503	(433,329)	801,174	
Non-operating income (expenses), net	31,196	33,835	(9,396)	(17)	844	32,849	89,311	(14,925)	74,386	
Profit before income tax	465,906	327,017	145,058	23,627	1,059	361,147	1,323,814	(448,254)	875,560	
Income tax income (expense)	(86,786)	(69,893)	(33,223)	(11,262)	2,074	(4,948)	(204,038)	7,383	(196,655)	
Profit for the year	₩ 379,120	₩ 257,124	₩ 111,835	₩ 12,365	₩ 3,133	₩ 356,199	₩ 1,119,776	₩ (440,871)	₩ 678,905	
Total assets	₩ 77,271,486	₩ 50,933,014	₩ 8,972,818	₩ 5,807,547	₩ 1,785,620	₩ 9,018,975	₩ 153,789,460	₩ (8,005,825)	₩ 145,783,635	
Total liabilities	₩ 71,622,886	₩ 47,470,883	₩ 7,663,670	₩ 4,620,653	₩ 1,546,750	₩ 2,409,450	₩ 135,334,292	₩ (224,359)	₩ 135,109,933	

(b) Information on financial services and geographical areas

As the financial products of the Group are categorized as interest bearing, non-interest bearing and others, and the categorization is already reflected in the composition of the reportable segments above, revenue from external customers is not separately disclosed. Revenue by geographical areas is not separately disclosed as the Group operates its business domestically.

BNK Financial Group Inc. and its subsidiaries
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5. OPERATING SEGMENT INFORMATION : (cont'd)

(c) Information on main customers

The information regarding the revenue and non-current assets of the Group by geographical areas as of and for the years ended December 31, 2024 and 2023 is as follows:

<i>(In millions of Korean won)</i>	<u>Revenue</u>		<u>Non-current assets</u>	
	2024	2023	Dec. 31, 2024	Dec. 31, 2023
Domestic	₩ 9,934,382	₩ 9,589,846	₩ 2,152,034	₩ 2,165,954
Overseas	<u>96,985</u>	<u>74,101</u>	<u>10,829</u>	<u>10,232</u>
Total	<u>₩ 10,031,367</u>	<u>₩ 9,663,947</u>	<u>₩ 2,162,863</u>	<u>₩ 2,176,186</u>

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

(a) *The fair value of financial instruments by category*

The carrying amounts and fair values of financial assets and financial liabilities by each category as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Cash and due from bank	₩ 5,818,382	₩ 5,818,382	₩ 5,359,110	₩ 5,359,110
Financial assets at FVPL	8,455,341	8,455,341	7,223,889	7,223,889
Financial assets at FVOCI	9,062,986	9,062,986	7,187,862	7,187,862
Financial assets at amortized cost	8,425,326	8,414,798	9,220,251	9,056,373
Loans and receivables	113,945,592	115,804,533	110,857,874	112,829,785
Derivative assets	<u>412,202</u>	<u>412,202</u>	<u>133,689</u>	<u>133,689</u>
Subtotal	<u>₩ 146,119,829</u>	<u>₩ 147,968,242</u>	<u>₩ 139,982,675</u>	<u>₩ 141,790,708</u>
Financial liabilities:				
Deposit liabilities	₩ 107,855,430	₩ 107,929,326	₩ 106,761,234	₩ 106,808,602
Financial liabilities at FVPL	2,125,900	2,125,900	1,108,862	1,108,862
Borrowings	11,301,497	11,283,443	8,815,876	8,771,491
Debentures	14,121,865	14,233,197	13,035,410	13,026,872
Derivative liabilities	351,030	351,030	122,132	122,132
Other financial liabilities ¹	<u>5,067,549</u>	<u>5,070,603</u>	<u>4,742,453</u>	<u>4,744,441</u>
Subtotal	<u>₩ 140,823,271</u>	<u>₩ 140,993,499</u>	<u>₩ 134,585,967</u>	<u>₩ 134,582,400</u>

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

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

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

Details of the fair value assessment methods and assumptions are as follows:

Classification	Fair value measurement technique
Cash and due from banks	The carrying amounts of cash are assumed to be, and demand due from banks and payment due from banks are reasonable approximations of fair values. These financial instruments do not have a fixed maturity and are receivable on demand. Fair value of ordinary due from banks is measured using DCF Model. However, if the contractual maturity and the interest resetting period from the settlement date are within three months, the carrying amounts are assumed to be the fair value.
Securities	The fair value of financial instruments that are quoted in active markets is determined using the quoted prices. Fair value is determined by independent third-party pricing services when quoted prices are not available. Pricing services use one or more of the valuation techniques, including DCF Model, Imputed Market Value Model, Free Cash Flow to Equity Model, Dividend Discount Model, Risk-Adjusted Discount Rate Method and Net Asset Value Method.
Derivatives	For exchange-traded derivatives, a quoted price in an active market is used to determine fair value, and for over-the-counter ("OTC") derivatives, fair value is determined using valuation techniques. The consolidated entity uses internally developed valuation models that are widely used by market participants to determine the fair value of plain OTC derivatives, including options, IRSs and currency swaps, based on observable market parameters. However, some complex financial instruments are valued using an advanced internal valuation model or the results of independent pricing services, where part or all of the inputs are not observable in the market. OTC derivatives with closed-form solutions in its valuation are valued using the appropriate model. Complex derivative instruments whose valuation method cannot be defined by closed-form solution are valued using techniques, including Finite Difference Method and Monte Carlo Simulation.
Loans and receivables	DCF is used to determine the fair value of loans and receivables. When DCF Model is applied, the expected cash flow is calculated by applying the early redemption risk rate to the contractual cash flow calculated according to the contract terms and discounted at an appropriate discount rate to calculate fair value. For those loans and receivables with residual maturities of less than three months as of the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Deposit liabilities	The carrying amount of demand deposit is regarded as fair value as it does not have the maturity and the amount approximates the fair value. Fair value of time deposit is determined using DCF. For those deposits with residual maturities of less than three months as of the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Borrowings	Fair value is determined using DCF discounting contractual future cash flows by an appropriate discount rate. However, for those borrowings with residual maturities of less than three months as of the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as fair value.
Debentures	Fair value is determined by using the valuation of independent third-party pricing services in accordance with the market prices that are quoted in active markets.
Other financial liabilities	Other financial liabilities mainly consist of financial liabilities with residual maturities of less than three months as of the closing date, and the carrying amount of those is regarded as fair value.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

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

The fair value hierarchy classifications of financial instruments that are subsequently measured at fair value as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVPL	₩ 1,255,100	₩ 5,546,586	₩ 1,653,655	₩ 8,455,341
Financial assets at FVOCI	3,348,652	5,573,937	140,397	9,062,986
Loans receivables at FVPL	-	-	36,589	36,589
Derivative assets	502	379,708	31,992	412,202
Subtotal	<u>₩ 4,604,254</u>	<u>₩ 11,500,231</u>	<u>₩ 1,862,633</u>	<u>₩ 17,967,118</u>
Financial liabilities:				
Financial liabilities at FVPL	₩ 878,297	₩ -	₩ 1,247,603	₩ 2,125,900
Derivative liabilities	216	325,496	25,318	351,030
Subtotal	<u>₩ 878,513</u>	<u>₩ 325,496</u>	<u>₩ 1,272,921</u>	<u>₩ 2,476,930</u>

(In millions of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVPL	₩ 343,910	₩ 5,436,502	₩ 1,443,477	₩ 7,223,889
Financial assets at FVOCI	3,497,596	3,541,810	148,456	7,187,862
Loans receivables at FVPL	-	-	51,250	51,250
Derivative assets	-	123,843	9,846	133,689
Subtotal	<u>₩ 3,841,506</u>	<u>₩ 9,102,155</u>	<u>₩ 1,653,029</u>	<u>₩ 14,596,690</u>
Financial liabilities:				
Financial liabilities at FVPL	₩ 178,149	₩ -	₩ 930,713	₩ 1,108,862
Derivative liabilities	-	83,798	38,334	122,132
Subtotal	<u>₩ 178,149</u>	<u>₩ 83,798</u>	<u>₩ 969,047</u>	<u>₩ 1,230,994</u>

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

The valuation techniques and input variables of Level 2 financial instruments, subsequently measured at fair value, as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024		
	Fair value	Valuation techniques	Input variables
Financial assets:			
Financial assets at FVPL			
Debt securities	₩ 4,791,579	DCF Model	Discount rate
Other securities	755,007	DCF Model, Net Asset Value Method and Monte Carlo Simulation	Discount rate, value of underlying assets, volatility
Financial assets at FVOCI			
Debt securities	5,573,937	DCF Model	Discount rate
Derivative assets	379,708	DCF Model, Binomial Trees and 1-factor Gaussian Copular model	Interest rate, discount rate, volatility, exchange rate, credit spread of reference entity, etc.
Financial liabilities:			
Derivative liabilities	₩ 325,496	DCF Model and 1-factor Gaussian Copular model	Interest rate, discount rate, exchange rate, credit spread of reference entity, etc.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

<i>(In millions of Korean won)</i>	December 31, 2023		
	Fair value	Valuation techniques	Input variables
Financial assets:			
Financial assets at FVPL			
Debt securities	₩ 4,522,848	DCF Model	Discount rate
Other securities	913,654	DCF Model, Net Asset Value Method and Monte Carlo Simulation	Discount rate, value of underlying assets, volatility
Financial assets at FVOCI			
Debt securities	3,541,810	DCF Model	Discount rate
Derivative assets	123,843	DCF Model and 1-factor Gaussian Copular model	Interest rate, discount rate, exchange rate, credit spread of reference entity, etc.
Financial liabilities:			
Derivative liabilities	₩ 83,798	DCF Model and 1-factor Gaussian Copular model	Interest rate, discount rate, exchange rate, credit spread of reference entity, etc.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

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

<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2024			
Financial assets				
Financial assets at FVPL	₩ 1,653,655			
Equity securities	313,992	Net Asset Value Method, DCF Model, Binomial Trees, Hull & White / G2++, Least Square Monte Carlo Simulation ("LSMC") and Comparable Company Analysis	Value of underlying assets Discount rate: 8.40%-9.76% Volatility: 0.48%-36.37% Growth rate: 0.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or volatility increases (decreases)
Debt securities	41,050	LSMC	Volatility: 23.86%-43.55%	Fair value increases (decreases) when volatility increases (decreases)
Other securities	1,298,613	Net Asset Value Method, Dividend Discount Model, Free Cash Flow Equity Model, Binomial Trees, Market Value Approach, LSMC and Comparable Company Analysis	Value of underlying assets Discount rate: 2.66%-125.11% Growth rate: 1.00% Liquidation value: 0.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)
Financial assets at FVOCI	140,397			
Equity securities	140,397	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis and DCF Model	Value of underlying assets Discount rate: 6.01%-15.72% Growth rate: 0.00%-1.00% Liquidation value: 0.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or liquidation value increases (decreases)

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<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2024			
Loans receivables at FVPL	36,589			
Hybrid (combined) instruments	36,589	Binomial Trees	Volatility: 0.65%-66.99% Discount rate: 3.37%-8.84%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets	31,992	Binomial Trees, LSMC and 1-factor Gaussian Copular model	Volatility: 0.49%-25.85% Discount rate : 2.70%-2.80% Credit spread: 5.00%	Fair value increases (decreases) when volatility increases (decreases), discount rate decreases (increases) or credit spread increases(decreases)
Financial liability				
Financial liabilities at FVPL	1,247,603	Hull & White Model and LSMC	Volatility: 0.00%-99.00% Correlation coefficient: -0.99-0.99	Fair value increases (decreases) when volatility increases (decreases) or correlation coefficient increases (decreases)
Derivative liabilities	25,318	Binomial Trees and LSMC	Volatility: 0.49%-99.00% Discount rate: 2.70%-2.80%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2023			
Financial assets				
Financial assets at FVPL	₩ 1,443,477			
Equity securities	217,781	Net Asset Value Method, DCF Model, Binomial Trees, Hull & White / G2++ and Least Square Monte Carlo Simulation ("LSMC")	Value of underlying assets Discount rate: 16.17% Volatility: 0.61%-76.22% Growth rate: 0.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or volatility increases (decreases)
Debt securities	114,761	LSMC	Volatility: 14.23%-53.75%	Fair value increases (decreases) when volatility increases (decreases)
Other securities	1,110,935	Net Asset Value Method, Dividend Discount Model, Free Cash Flow Equity Model, Binomial Trees, Market Value Approach and LSMC	Value of underlying assets Discount rate: 3.07%-125.11% Volatility: 0.54%-52.74% Growth rate: 1.00% Liquidation value: 0.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases), growth rate increases (decreases) or liquidation value increases (decreases)
Financial assets at FVOCI	148,456			
Equity securities	148,456	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis and DCF Model	Value of underlying assets Discount rate: 9.25%-17.54% Growth rate: 0.00%-1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases) or growth rate increases (decreases)
Loans receivables at FVPL	51,250			
Hybrid (combined) instruments	51,250	Binomial Trees	Volatility: 19.99%-61.28% Discount rate: 5.33%-21.21%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases)
Derivative assets	9,846	Binomial Trees and LSMC	Volatility: 0.00%-99.00% Discount rate : 3.70%-3.80%	Fair value increases (decreases) when volatility

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<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	December 31, 2023		Correlation coefficient: -0.99-0.99	increases (decreases) or correlation coefficient increases (decreases)
Financial liability				
Financial liabilities at FVPL	930,713	Hull & White Model and LSMC	Volatility: 0.00%-99.00% Correlation coefficient: -0.99-0.99	Fair value increases (decreases) when volatility increases (decreases) or correlation coefficient increases (decreases)
Derivative liabilities	38,334	Binomial Trees and LSMC	Volatility: 0.00%-99.00% Discount rate: 3.70%-3.80% Correlation coefficient: -0.99-0.99	Fair value increases (decreases) when volatility increases (decreases), discount rate decreases (increases) or correlation coefficient increases (decreases)

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

The following table shows the sensitivity analysis to disclose the effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments for each of the two years in the period ended December 31, 2024:

(In millions of Korean won)

	2024			
	Profit (loss) for the year		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Financial assets:				
Financial assets at FVPL ^{1, 5}	₩ 6,318	₩ (4,855)	₩ -	₩ -
Financial assets at FVOCI ¹	-	-	5,018	(2,487)
Loans receivables at FVPL ²	415	(417)	-	-
Derivative assets ³	86	(86)	-	-
Financial liabilities:				
Financial liabilities at FVPL ⁴	-	-	-	-
Derivative liabilities ³	6,515	(6,515)	-	-
Total	₩ 13,334	₩ (11,873)	₩ 5,018	₩ (2,487)

¹ The fair value changes of securities are calculated by increasing or decreasing growth rate (0% - 1%) and discount rate (-1% - 1%) or liquidation value (-1% - 1%) and discount rate (-1% - 1%). The growth rate, discount rate and liquidation value are major unobservable inputs.

² For convertible private bonds, changes in their fair value are calculated by decreasing the stock price (-20% - 20%), product price and others (-20% - 20%), and increasing or decreasing the interest rate (-2%p - 2%p), value of Korean won (-10% - 10%) and credit premium (additional interest rate) (-5%p - 5%p).

³ Changes in the fair value are calculated by increasing or decreasing 10% of KRW Swaption volatility that is a significant unobservable input variable related to Callable IRS.

⁴ The fair value changes of financial liabilities designated as at FVPL are calculated by increasing or decreasing volatility (-10% - 10%) and discount rate (-1% - 1%), which are unobservable input variables.

⁵ Beneficiary certificates and some contributions were excluded because it was practically impossible to calculate sensitivity due to changes in input variables.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

(In millions of Korean won)

	2023			
	Profit (loss) for the year		Other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Financial assets:				
Financial assets at FVPL ^{1,5}	₩ 4,842	₩ (3,974)	₩ -	₩ -
Financial assets at FVOCI ¹	-	-	3,334	(1,928)
Loans receivables at FVPL ²	351	(347)	-	-
Derivative assets ³	39	(53)	-	-
Financial liabilities:				
Financial liabilities at FVPL ⁴	(144)	202	-	-
Derivative liabilities ³	6,872	(6,917)	-	-
Total	₩ 11,960	₩ (11,089)	₩ 3,334	₩ (1,928)

¹ The fair value changes of securities are calculated by increasing or decreasing growth rate (0% - 1%) and discount rate (-1% - 1%) or liquidation value (-1% - 1%) and discount rate (-1% - 1%). The growth rate, discount rate and liquidation value are major unobservable inputs.

² For convertible private bonds, changes in their fair value are calculated by decreasing the stock price (-20% - 20%), product price and others (-20% - 20%), and increasing or decreasing the interest rate (-2%p - 2%p), value of Korean won (-10% - 10%) and credit premium (additional interest rate) (-5%p - 5%p).

³ Changes in the fair value are calculated by increasing or decreasing 10% of KRW Swaption volatility that is a significant unobservable input variable related to Callable IRS.

⁴ The fair value changes of financial liabilities designated as at FVPL are calculated by increasing or decreasing volatility (-10% - 10%) and discount rate (-1% - 1%), which are unobservable input variables.

⁵ Beneficiary certificates and some contributions were excluded because it was practically impossible to calculate sensitivity due to changes in input variables.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

Changes in Level 3 financial instruments subsequently measured at fair value for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

2024

	Financial assets at FVPL	Financial assets at FVOCI	Loans receivables at FVPL	Derivative assets	Derivative liabilities	Financial liabilities at FVPL
Beginning balance	₩ 1,443,477	₩ 148,455	₩ 51,250	₩ 9,846	₩ 38,334	₩ 930,713
Total profit (loss):						
Amount recognized in profit or loss ¹	179,385	-	8,231	1,950	(7,749)	56,025
Amount recognized in other comprehensive income	-	(2,523)	-	-	-	351
Purchases	565,143	135	8,000	30,000	-	2,308,970
Sales	(425,980)	(5,670)	(30,892)	(9,867)	(5,267)	(2,048,456)
Settlements	(99,357)	-	-	-	-	-
Other changes:						
Transfer into level 3	3,678	-	-	-	-	-
Transfer into other levels ²	(11,554)	-	-	-	-	-
Reclassification	(1,137)	-	-	63	-	-
Ending balance	<u>₩ 1,653,655</u>	<u>₩ 140,397</u>	<u>₩ 36,589</u>	<u>₩ 31,992</u>	<u>₩ 25,318</u>	<u>₩ 1,247,603</u>

¹ In relation to changes in Level 3 of the fair value hierarchy, the amounts recognized in profit or loss for the year ended December 31, 2024 and changes in unrealized gains or losses for assets and liabilities as of December 31, 2024 are presented as separate items (profit or loss) in the Group's consolidated statement of comprehensive income for the year ended December 31, 2024 as follows:

(In millions of Korean won)	Financial assets at FVPL	Loans receivables at FVPL	Derivatives	Financial liabilities at FVPL	Total
Profit (loss) for the year	₩ 179,385	₩ 8,231	₩ 9,699	₩ (56,025)	₩ 141,290
Change in unrealized gain (loss)	184,050	5,174	7,379	(52,126)	144,477

² It moved from Level 3 to Level 1 due to listing of equity securities for the year ended December 31, 2024.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

(In millions of Korean won)

2023

	Financial assets at FVPL	Financial assets at FVOCI	Loans receivables at FVPL	Derivative assets	Derivative liabilities	Financial liabilities at FVPL
Beginning balance	₩ 1,514,228	₩ 157,313	₩ 62,105	₩ 955	₩ 45,855	₩ 584,160
Total profit or loss:						
Amount recognized in profit or loss ¹	24,409	-	(2,903)	6,239	(13,707)	38,313
Amount recognized in other comprehensive income	-	(9,100)	-	-	-	303
Purchases	539,817	276	-	3,541	7,603	1,894,978
Sales	(342,521)	(33)	(7,952)	(889)	(1,417)	(1,587,041)
Other changes:						
Transfer into other levels ²	(8,535)	-	-	-	-	-
Reclassification	(283,921)	-	-	-	-	-
Ending balance	₩ 1,443,477	₩ 148,456	₩ 51,250	₩ 9,846	₩ 38,334	₩ 930,713

¹ In relation to changes in Level 3 of the fair value hierarchy, the amounts recognized in profit or loss for the year ended December 31, 2023 and changes in unrealized gains or losses for assets and liabilities as of December 31, 2023 are presented as separate items (profit or loss) in the Group's consolidated statement of comprehensive income for the year ended December 31, 2023 as follows:

(In millions of Korean won)	Financial assets at FVPL	Loans receivables at FVPL	Derivatives	Financial liabilities at FVPL	Total
Profit (loss) for the year	₩ 24,409	₩ (2,903)	₩ 19,946	₩ (38,313)	₩ 3,139
Change in unrealized gain (loss)	27,882	(1,289)	19,933	(9,266)	37,260

² It moved from Level 3 to Level 1 due to listing of equity securities for the year ended December 31, 2023.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

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

The fair value hierarchy classifications of financial instruments that are subsequently not measured at fair value as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 514,543	₩ 5,303,839	₩ -	₩ 5,818,382
Loans and receivables	-	59,929	115,708,015	115,767,944
Financial assets at amortized cost	413,432	7,985,369	15,997	8,414,798
Subtotal	<u>₩ 927,975</u>	<u>₩ 13,349,137</u>	<u>₩ 115,724,012</u>	<u>₩ 130,001,124</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 16,983,461	₩ 90,945,865	₩ 107,929,326
Borrowings	-	4,938,245	6,345,198	11,283,443
Debentures	-	14,233,197	-	14,233,197
Other financial liabilities	-	-	5,070,603	5,070,603
Subtotal	<u>₩ -</u>	<u>₩ 36,154,903</u>	<u>₩ 102,361,666</u>	<u>₩ 138,516,569</u>

(In millions of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and deposits	₩ 512,895	₩ 4,846,215	₩ -	₩ 5,359,110
Loans and receivables	-	124,561	112,653,974	112,778,535
Financial assets at amortized cost	1,115,554	7,940,819	-	9,056,373
Subtotal	<u>₩ 1,628,449</u>	<u>₩ 12,911,595</u>	<u>₩ 112,653,974</u>	<u>₩ 127,194,018</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 17,605,094	₩ 89,203,508	₩ 106,808,602
Borrowings	1,465,285	1,732,782	5,573,424	8,771,491
Debentures	-	13,026,872	-	13,026,872
Other financial liabilities	-	-	4,744,441	4,744,441
Subtotal	<u>₩ 1,465,285</u>	<u>₩ 32,364,748</u>	<u>₩ 99,521,373</u>	<u>₩ 133,351,406</u>

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

The valuation techniques and input variables of Level 2 financial instruments, subsequently not measured at fair value, as of December 31, 2024 and 2023, are as follows. The valuation techniques and inputs variables are not disclosed for the items that the carrying amounts are disclosed at fair value as the carrying amounts are considered to be the reasonable approximation of the fair value.

<i>(In millions of Korean won)</i>	Fair value		Valuation techniques	Input variables
	Dec. 31, 2024	Dec. 31, 2023		
Financial assets:				
Financial assets at amortized cost	₩ 7,985,369	₩ 7,940,819	DCF Model	Discount rate
Financial liabilities:				
Deposit liabilities	₩ 16,983,461	₩ 17,605,094	DCF Model	Discount rate
Borrowings	4,938,245	1,732,782	DCF Model	Discount rate
Debentures	14,233,197	13,026,872	DCF Model	Discount rate

The valuation techniques and input variables of Level 3 financial instruments, subsequently not measured at fair value, as of December 31, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	Fair value		Valuation techniques	Input variables
	Dec. 31, 2024	Dec. 31, 2023		
Financial assets:				
Loans and receivables	₩ 115,708,015	₩ 112,653,974	DCF Model	Discount rate and early repayment rate
Financial assets at amortized cost	15,997	-	DCF Model	Discount rate and early repayment rate
Financial liabilities:				
Deposit liabilities	₩ 90,945,865	₩ 89,203,508	DCF Model	Discount rate
Borrowings	6,345,198	5,573,424	DCF Model	Discount rate
Other financial liabilities	5,070,603	4,744,441	DCF Model	Discount rate

(e) Transfer of Financial Assets

The Group holds securities sold under repurchase and securities lending arrangements, and such transactions have resulted in transfer of financial assets. However, they have been recorded in the financial statements since the assets did not meet the removal criteria. In case of securities sold under repurchase agreements, the Group sells the assets to another party with a commitment to buy the assets back at a specified price. Loaned securities will be returned at the end of security lending agreement. Hence, the Group retains substantially all the risks and rewards of ownership of the financial assets. Liquidated financial assets represent exposures arising from a structured entity that is subject to consolidation, which has issued asset-backed securities using loans and other receivables held by the Group as underlying assets. The Group retains the associated risks through purchase arrangements or credit enhancements.

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

Details of the book amounts of transferred assets and relevant liabilities as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024		December 31, 2023	
	Book amount of transferred assets	Book amount of related liabilities	Book amount of transferred assets	Book amount of related liabilities
Securities sold under repurchase agreement	₩ 3,504,685	₩ 3,832,895	₩ 2,352,065	₩ 2,468,344
Loaned securities	660,279	-	1,520,342	-
Liquidated financial assets	472,543	506,999	642,590	683,434
Total	₩ 4,637,507	₩ 4,339,894	₩ 4,514,997	₩ 3,151,778

(f) *Offsetting financial instruments:*

Details of financial instruments that are set off and subject to an enforceable master netting arrangement or similar agreement as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities to be set off	Net amounts of financial assets presented in the consolidated statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral received	
Derivatives assets	₩ 411,700	₩ -	₩ 411,700	₩ 491,829	₩ -	₩ 351,501
Receivable spot exchanges	431,630	-	431,630			
Bonds purchased under resale agreement	420,600	-	420,600	420,600	-	-
Domestic exchange uncollected	2,052,283	1,774,144	278,139	-	-	278,139
Securities-related receivable	112,646	47,980	64,666	-	-	64,666
Total	₩ 3,428,859	₩ 1,822,124	₩ 1,606,735	₩ 912,429	₩ -	₩ 694,306

(In millions of Korean won)

	December 31, 2024					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral received	
Derivatives liabilities	₩ 350,814	₩ -	₩ 350,814	₩ 447,469	₩ -	₩ 308,425
Payable spot exchanges	405,080	-	405,080			
Bonds sold under repurchase agreement	3,832,895	-	3,832,895	3,832,895	-	-
Securities sold	878,297	-	878,297	878,297	-	-
Domestic currency exchange payables	1,942,872	1,774,145	168,727	-	-	168,727
Securities-related payables	115,583	47,980	67,603	-	-	67,603
Total	₩ 7,525,541	₩ 1,822,125	₩ 5,703,416	₩ 5,158,661	₩ -	₩ 544,755

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

(In millions of Korean won)

	December 31, 2023					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities to be set off	Net amounts of financial assets presented in the consolidated statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral received	
Derivatives assets	₩ 133,689	₩ -	₩ 133,689	₩ 327,574	₩ -	₩ 146,787
Receivable spot exchanges	340,672	-	340,672			
Bonds purchased under resale agreement	30,000	-	30,000	30,000	-	-
Domestic exchange uncollected	2,146,139	1,951,143	194,996	-	-	194,996
Securities-related receivable	77,148	17,427	59,720	-	-	59,721
Total	₩ 2,727,648	₩ 1,968,570	₩ 759,077	₩ 357,574	₩ -	₩ 401,503

(In millions of Korean won)

	December 31, 2023					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets to be set off	Net amounts of financial liabilities presented in the consolidated statement of financial position	Non-offsetting amount		Net amount
				Financial instruments	Cash collateral received	
Derivatives liabilities	₩ 122,132	₩ -	₩ 122,132	₩ 271,051	₩ -	₩ 167,375
Payable spot exchanges	316,294	-	316,294			
Bonds sold under repurchase agreement	2,468,344	-	2,468,344	2,468,344	-	-
Securities sold	178,149	-	178,149	178,149	-	-
Domestic currency exchange payables	2,209,221	1,951,143	258,078	-	-	258,078
Securities-related payables	75,861	17,427	58,434	-	-	58,434
Total	₩ 5,370,001	₩ 1,968,570	₩ 3,401,431	₩ 2,917,544	₩ -	₩ 483,887

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

(g) Financial instruments by category

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

(In millions of Korean won)

	December 31, 2024				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Risk hedging derivative assets	Net amount
Financial assets:					
Cash and deposits	₩ -	₩ -	₩ 5,818,382	₩ -	₩ 5,818,382
Financial assets at FVPL	8,455,341	-	-	-	8,455,341
Derivatives assets	-	-	-	412,202	412,202
Loans receivables at FVPL	36,589	-	-	-	36,589
Loans receivables at amortized cost	-	-	113,909,003	-	113,909,003
Financial assets at FVOCI	-	9,062,986	-	-	9,062,986
Financial assets at amortized cost	-	-	8,425,326	-	8,425,326
Total	₩ 8,491,930	₩ 9,062,986	₩ 128,152,711	₩ 412,202	₩146,119,829

(In millions of Korean won)

	December 31, D2024				
	Financial liabilities at FVPL	Financial liabilities designated at FVPL	Financial liabilities at amortized cost	Risk hedging derivative liabilities	Net amount
Financial Liabilities:					
Deposit liabilities	₩ -	₩ -	₩ 107,855,430	₩ -	₩107,855,430
Financial liabilities at FVPL	878,297	1,247,603	-	-	2,125,900
Borrowings	-	-	11,301,497	-	11,301,497
Debentures	-	-	14,121,865	-	14,121,865
Derivative liabilities	-	-	-	351,030	351,030
Others ¹	-	-	5,095,920	-	5,095,920
Total	₩ 878,297	₩ 1,247,603	₩ 138,374,712	₩ 351,030	₩140,851,642

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

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES: (cont'd)

(In millions of Korean won)

December 31, 2023

	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Risk hedging derivative assets	Net amount
Financial Assets:					
Cash and deposits	₩ -	₩ -	₩ 5,359,110	₩ -	₩ 5,359,110
Financial assets at FVPL	7,223,889	-	-	-	7,223,889
Derivatives assets	-	-	-	133,689	133,689
Loans receivables at FVPL	51,250	-	-	-	51,250
Loans receivables at amortized cost	-	-	110,806,624	-	110,806,624
Financial assets at FVOCI	-	7,187,862	-	-	7,187,862
Financial assets at amortized cost	-	-	9,220,251	-	9,220,251
Total	₩ 7,275,139	₩ 7,187,862	₩ 125,385,985	₩ 133,689	₩139,982,675

(In millions of Korean won)

December 31, 2023

	Financial liabilities at FVPL	Financial liabilities designated at FVPL	Financial liabilities at amortized cost	Risk hedging derivative liabilities	Net amount
Financial Liabilities:					
Deposit liabilities	₩ -	₩ -	₩ 106,761,234	₩ -	₩106,761,234
Financial liabilities at FVPL	178,149	930,713	-	-	1,108,862
Borrowings	-	-	8,815,876	-	8,815,876
Debentures	-	-	13,035,410	-	13,035,410
Derivative liabilities	-	-	-	122,132	122,132
Others ¹	-	-	4,785,397	-	4,785,397
Total	₩ 178,149	₩ 930,713	₩ 133,397,917	₩ 122,132	₩134,628,911

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

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7. CASH AND DUE FROM BANKS:

Details of cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Cash and cash equivalents:				
Cash	₩	377,069	₩	404,308
Foreign currencies		137,474		108,587
Due from the Bank of Korea		2,800,819		3,191,639
Time deposits		310,672		372,487
Other deposits		1,006,617		310,735
Deposits in foreign currencies		<u>819,502</u>		<u>582,704</u>
Total	₩	<u>5,452,153</u>	₩	<u>4,970,460</u>

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

Details of due from banks in local currency and foreign currencies as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Financial institution	<u>Dec. 31, 2024</u>		<u>Dec. 31, 2023</u>	
Due from banks in local currency:					
Due from the Bank of Korea	The BOK	₩	39,837	₩	-
Due from consigned transaction	Korea Exchange ("KRX")		4,447		41,259
Others	Woori Bank and others		<u>245,545</u>		<u>274,523</u>
Subtotal			<u>289,829</u>		<u>315,782</u>
Due from banks in foreign currencies:					
Offshore due from banks	Wells Fargo		5,579		1,286
Others	The People's Bank of China and others		<u>70,821</u>		<u>71,582</u>
Subtotal			<u>76,400</u>		<u>72,868</u>
Total		₩	<u>366,229</u>	₩	<u>388,650</u>

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7. CASH AND DUE FROM BANKS: (cont'd)

Details of cash and due from banks restricted in use as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Financial institution	Dec. 31, 2024	Dec. 31, 2023	Reason for restriction
Cash and cash equivalents				
Reserve deposits in Korean won	The BOK	₩ 3,481,460	₩ 3,514,050	Article 55 of the Bank of Korea Act
Reserve deposits in foreign currencies	The BOK	33,489	82,881	Article 55 of the Bank of Korea Act
Demand deposits in foreign currencies	The State Bank of Vietnam	1,833	8,724	Payment reserves
Other deposits in foreign currencies	The State Bank of Vietnam	998	517	Payment reserves
Subtotal		<u>3,517,780</u>	<u>3,606,172</u>	
Due from banks				
Due from banks in Korean won	The Korea Securities Finance Corporation	150,754	157,463	Deposits from investors and others
	Korea Federation of Savings Banks and others	61,798	55,696	Reserve deposits and others
	Korea Securities Depository and others	135	140	Deposits to performance guarantees
	KRX and others	46,648	56,192	Collective fund for default losses and others
	Seoul Guarantee Insurance Company	-	66	Collateral for Provisional Seizure
Subtotal		<u>259,335</u>	<u>269,557</u>	
Due from banks in foreign currencies	KRX and others	16,696	8,617	Reserve deposits and others
	The People's Bank of China and others	24,117	6,169	Reserve deposits for overseas affiliates and others
Subtotal		<u>40,813</u>	<u>14,786</u>	
Total		<u>₩ 3,817,928</u>	<u>₩ 3,890,515</u>	

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8. FINANCIAL ASSETS AT FVPL:

Details of financial assets at FVPL as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Equity securities	₩	357,147	₩	355,989
Government and public bonds		738,413		405,953
Finance bonds		931,980		747,157
Corporate bonds		2,987,958		3,060,065
Other debt securities		677,586		553,250
Beneficiary certificates		1,975,602		1,322,524
Others		786,655		778,951
Total	₩	<u>8,455,341</u>	₩	<u>7,223,889</u>

9. FINANCIAL ASSETS AT FVOCI:

Details of financial assets at FVOCI as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Equity securities ¹:				
Stock	₩	150,413	₩	158,192
Investment and others		980		980
Subtotal		<u>151,393</u>		<u>159,172</u>
Debt securities:				
Government and public bonds		3,412,314		2,219,638
Finance bonds		2,053,718		942,839
Corporate bonds		2,815,303		2,442,873
Loans in securities		630,258		1,423,340
Subtotal		<u>8,911,593</u>		<u>7,028,690</u>
Total	₩	<u>9,062,986</u>	₩	<u>7,187,862</u>

¹ The equity securities held for strategic purposes rather than short-term trading are designated as financial assets at FVOCI.

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9. FINANCIAL ASSETS AT FVOCI: (cont'd)

Changes in the carrying amounts of debt securities among financial assets at FVOCI for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 7,028,690	₩ -	₩ -	₩ 7,028,690
Acquisition	7,116,100	-	-	7,116,100
Repayment/disposal	(5,331,513)	-	-	(5,331,513)
Loss on valuation of fair value	73,397	-	-	73,397
Amortization of effective interest	9,238	-	-	9,238
Exchange differences	15,681	-	-	15,681
Ending balance	<u>₩ 8,911,593</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 8,911,593</u>

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 4,927,027	₩ -	₩ -	₩ 4,927,027
Acquisition	3,902,629	-	-	3,902,629
Repayment/disposal	(1,984,789)	-	-	(1,984,789)
Loss on valuation of fair value	174,317	-	-	174,317
Amortization of effective interest	7,315	-	-	7,315
Exchange differences	2,191	-	-	2,191
Ending balance	<u>₩ 7,028,690</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 7,028,690</u>

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9. FINANCIAL ASSETS AT FVOCI: (cont'd)

Details of dividend income recognized from equity securities designated as an item measured at FVOCI for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		2023	
	Derecognized equity securities	Equity securities on hand	Derecognized equity securities	Equity securities on hand
General stocks:				
Marketable stocks	₩ -	₩ 30	₩ -	₩ -
Non-marketable stocks	754	2,930	402	3,871
Total	₩ 754	₩ 2,960	₩ 402	₩ 3,871

Details of equity securities at fair value through other comprehensive income derecognized for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		2023	
	Disposal	Accumulated gain on valuation at disposal date	Disposal	Accumulated loss on valuation at disposal date
General stocks ¹ :				
Marketable stocks	₩ -	₩ -	₩ -	₩ -
Non-marketable stocks	5,670	3,670	(77)	(89)
Total	₩ 5,670	₩ 3,670	₩ (77)	₩ (89)

¹ The disposal is due to the retirement of shares without consideration, as a result of the authorization for rehabilitation of the investee company.

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10. FINANCIAL ASSETS AT AMORTIZED COST:

Details of financial assets at amortized cost as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Debt securities:				
Government and public bonds	₩	4,413,054	₩	4,073,102
Finance bonds		660,141		977,143
Corporate bonds		3,324,298		4,076,291
Loans in securities		30,021		97,003
Provision for impairment		(2,188)		(3,288)
Total	₩	<u>8,425,326</u>	₩	<u>9,220,251</u>

Changes in the carrying amounts of financial assets at amortized cost for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 9,223,538	₩ -	₩ -	₩ 9,223,538
Acquisition	1,063,801	-	-	1,063,801
Repayment/disposal	(1,927,872)	-	-	(1,927,872)
Amortization of effective interest	46,260	-	-	46,260
Exchange differences	21,851	-	-	21,851
Others	(63)	-	-	(63)
Ending balance	<u>₩ 8,427,515</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 8,427,515</u>

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 9,237,794	₩ -	₩ -	₩ 9,237,794
Acquisition	1,372,245	-	-	1,372,245
Repayment/Disposal	(1,432,382)	-	-	(1,432,382)
Amortization of effective interest	43,038	-	-	43,038
Exchange differences	3,089	-	-	3,089
Others	(246)	-	-	(246)
Ending balance	<u>₩ 9,223,538</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 9,223,538</u>

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11. ASSETS PROVIDED AS COLLATERAL:

Details of the investments in financial assets provided as collateral as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>		Face value		
	Provided to	December 31, 2024		Reason
Financial assets at FVPL	Korea Securities Depository	₩	3,108,760	Sold under repurchase agreements
	Korea Securities Finance Corp and others		1,003,523	Lending transaction
	Korea Investment & Securities and others		73,764	OTC derivatives transaction
Financial assets at FVOCI	Korea Securities Depository		369,912	Sold under repurchase agreements
	KRX		14,839	Substitute securities
	Nomura Finance Investment and others		28,496	Sold under repurchase agreements
	Bank of Korea		1,255,874	Borrowing collateral and overdraft and settlement
	Standard Chartered Bank and others		70,439	Collateral for OTC derivatives
Financial assets at amortized cost	BOA and others		77,910	Collateral for Credit Support Annex
	Korea Securities Depository		90,118	Sold under repurchase agreements
	Bank of Korea		2,538,979	Borrowing collateral and overdraft and settlement
	Korea Securities Depository		100	Collective fund for default losses
	Standard Chartered Bank and others		65,109	Foreign borrowings, Collateral for Credit Support Annex and others
	KB Securities and others		19,492	Margin for futures and others
Total		₩	8,717,315	

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11. ASSETS PROVIDED AS COLLATERAL: (cont'd)

(In millions of Korean won)

		Face value		
Provided to		December 31, 2023		Reason
Financial assets at FVPL	Korea Securities Depository	₩	1,841,540	Sold under repurchase agreements
	Korea Securities Finance Corp and others		478,253	Lending transaction
	Korea Securities Finance Corp		86	Margin loans
	Korea Investment & Securities and others		52,361	OTC derivatives transaction
Financial assets at FVOCI	Korea Securities Depository		164,731	Sold under repurchase agreements
	KRX		14,548	Substitute securities
	Nomura Finance Investment and others		27,785	Sold under repurchase agreements
	Bank of Korea		619,607	Borrowing collateral and overdraft and settlement
	Standard Chartered Bank and others		38,241	Collateral for OTC derivatives
	Societe Generale Bank		19,186	Collateral for Credit Support Annex
Financial assets at amortized cost	Korea Securities Depository		318,009	Sold under repurchase agreements
	Bank of Korea		2,156,085	Borrowing collateral and overdraft and settlement
	Korea Securities Depository		101	Collective fund for default losses
	Standard Chartered Bank and others		73,769	Foreign borrowings, Collateral for Credit Support Annex and others
	Eugene Investment & Futures Co., Ltd. and others		8,721	Margin for futures and others
Total		₩	5,813,023	

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11. ASSETS PROVIDED AS COLLATERAL: (cont'd)

Details of the land and buildings provided by the Group as collateral for the leasehold deposits as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	Secured assets	December 31, 2024		Maximum amount
		Carrying amount		
Property and equipment	Land	₩	15,293	₩ 1,460
	Buildings		10,522	
Total		₩	25,815	
Investment properties	Land	₩	25,069	
Total	Buildings		3,778	
		₩	28,847	

(In millions of Korean won)

	Secured assets	December 31, 2023		Maximum amount
		Carrying amount		
Property and equipment	Land	₩	15,293	₩ 1,460
	Buildings		10,853	
Total		₩	26,146	
Investment properties	Land	₩	25,069	
Total	Buildings		3,933	
		₩	29,002	

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11. ASSETS PROVIDED AS COLLATERAL: (cont'd)

Details of the land and buildings provided by the Group as collateral for the loans as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

		December 31, 2024			Maximum amount
		Secured assets	Carrying amount		
Property and equipment	Land	₩	116,723		
	Building		43,266		
Total		₩	159,989	₩	482,760
Investment properties	Land	₩	353,729		
	Building		119,765		
Total		₩	473,494		

(In millions of Korean won)

		December 31, 2023			Maximum amount
		Secured assets	Carrying amount		
Property and equipment	Land	₩	104,608		
	Building		39,509		
Total		₩	144,117	₩	482,760
Investment properties	Land	₩	365,844		
	Building		129,384		
Total		₩	495,228		

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12. LOANS AND RECEIVABLES:

Details of loans and receivables as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			December 31, 2023		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Loans receivable:						
Loans in Korean won:						
Corporates	₩ 69,823,053	₩ -	₩ 69,823,053	₩ 68,761,025	₩ -	₩ 68,761,025
Household	36,547,881	-	36,547,881	34,983,108	-	34,983,108
Public sector and others	2,047,104	-	2,047,104	2,211,975	-	2,211,975
Interbank loans	90,187	-	90,187	96,170	-	96,170
Subtotal loans in Korean won	108,508,225	-	108,508,225	106,052,278	-	106,052,278
Loans in foreign currencies	1,765,909	-	1,765,909	1,550,754	-	1,550,754
Call loans	418,896	-	418,896	486,142	-	486,142
Bills bought in local currency	19,690	-	19,690	980	-	980
Bills bought in foreign currencies	188,292	-	188,292	153,661	-	153,661
Advances for customers	2,765	-	2,765	1,834	-	1,834
Credit card receivables	857,422	-	857,422	846,549	-	846,549
Bonds purchased under repurchase agreement	420,600	-	420,600	30,000	-	30,000
Privately placed bonds	516,338	36,589	552,927	609,540	51,250	660,790
Finance lease receivables	478,787	-	478,787	461,909	-	461,909
Installment financing receivables	505,496	-	505,496	441,129	-	441,129
Subtotal loan receivables	113,682,420	36,589	113,719,009	110,634,776	51,250	110,686,026
Provision for impairment of loans receivable ¹	(1,637,531)	-	(1,637,531)	(1,471,567)	-	(1,471,567)
Deferred loan origination fees	(12,720)	-	(12,720)	(12,677)	-	(12,677)
Deferred loan origination costs	204,782	-	204,782	181,182	-	181,182
Total loan receivables	112,236,951	36,589	112,273,540	109,331,714	51,250	109,382,964
Receivables:						
Suspense payments	3,506	-	3,506	2,466	-	2,466
Non-trade receivable ²	594,985	-	594,985	496,492	-	496,492
Domestic exchange settlement debits	278,139	-	278,139	194,996	-	194,996
Guarantee deposits provided	248,520	-	248,520	252,111	-	252,111
Accrued income	621,051	-	621,051	601,327	-	601,327
Deposits under regulation	4,024	-	4,024	2,556	-	2,556
Bills unsettled	18	-	18	812	-	812
Others	232	-	232	173	-	173

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(In millions of Korean won)

	December 31, 2024			December 31, 2023		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Subtotal	1,750,475	-	1,750,475	1,550,933	-	1,550,933
Provision for impairment of receivables ²	(67,725)	-	(67,725)	(65,460)	-	(65,460)
Present value discounts (leasehold deposits provided)	(10,698)	-	(10,698)	(10,563)	-	(10,563)
Total receivables	1,672,052	-	1,672,052	1,474,910	-	1,474,910
Total loans and receivables	₩ 113,909,003	₩ 36,589	₩ 113,945,592	₩ 110,806,624	₩ 51,250	₩ 110,857,874

¹ Present value discounts of ₩6 million and ₩784 million are included as of December 31, 2024, and present value discounts of ₩352 million and ₩1,424 million are included as of December 31, 2023.

² Due to an employee embezzlement incident that occurred prior to the current year, the Group recognized illegal act receivables of ₩65,651 million as of December 31, 2024 and ₩65,651 million as of December 31, 2023. Additionally, the Group established provisions for bad debts of ₩48,889 million as of December 31, 2024 and ₩52,621 million as of December 31, 2023.

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12. LOANS AND RECEIVABLES: (cont'd)

Changes in the carrying amounts of loans and receivables for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 88,345,215	₩ 23,126,813	₩ 871,623	₩ 112,343,651
Transfer to 12 months' expected credit losses of financial assets	3,187,459	(3,180,237)	(7,222)	-
Transfer to expected lifetime credit losses	(5,990,332)	6,021,867	(31,535)	-
Transfer to credit-impaired financial assets	(542,955)	(734,424)	1,277,379	-
Amortization	-	-	(511,048)	(511,048)
Disposal	-	(99)	(831,643)	(831,742)
Exchange differences	1,546	-	-	1,546
Net increase	5,395,908	(1,539,034)	754,978	4,611,852
Ending balance	<u>₩ 90,396,841</u>	<u>₩ 23,694,886</u>	<u>₩ 1,522,532</u>	<u>₩ 115,614,259</u>

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 90,934,001	₩ 15,804,340	₩ 594,978	₩ 107,333,319
Transfer to 12 months' expected credit losses of financial assets	3,077,543	(3,065,393)	(12,150)	-
Transfer to expected lifetime credit losses	(6,654,910)	6,674,013	(19,103)	-
Transfer to credit-impaired financial assets	(421,327)	(261,717)	683,044	-
Amortization	-	-	(347,223)	(347,223)
Disposal	(14,014)	(2,426)	(457,386)	(473,826)
Exchange differences	(1,014)	-	-	(1,014)
Net increase	1,424,936	3,977,996	429,463	5,832,395
Ending balance	<u>₩ 88,345,215</u>	<u>₩ 23,126,813</u>	<u>₩ 871,623</u>	<u>₩ 112,343,651</u>

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12. LOANS AND RECEIVABLES: (cont'd)

Changes in deferred loan origination fees and costs for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Beginning balance	Increase	Decrease	Ending balance
Deferred loan origination fees	₩ (12,678)	₩ (16,310)	₩ 16,269	₩ (12,719)
Deferred loan origination costs	181,181	150,575	(126,974)	204,782
Total	₩ 168,503	₩ 134,265	₩ (110,705)	₩ 192,063

(In millions of Korean won)

	2023			
	Beginning balance	Increase	Decrease	Ending balance
Deferred loan origination fees	₩ (11,212)	₩ (11,616)	₩ 10,150	₩ (12,678)
Deferred loan origination costs	184,570	111,046	(114,436)	181,180
Total	₩ 173,358	₩ 99,430	₩ (104,286)	₩ 168,502

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13. PROVISION FOR IMPAIRMENT:

Changes in provisions for the impairment of loans and receivables for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 399,569	₩ 679,960	₩ 457,498	₩ 1,537,027
Transfer to 12 months' expected credit losses of financial assets	69,898	(68,860)	(1,038)	-
Transfer to expected lifetime credit losses	(50,786)	65,440	(14,654)	-
Transfer to credit-impaired financial assets	(107,726)	(245,532)	353,258	-
Written off during the year as uncollectible	-	-	(514,039)	(514,039)
Decrease in provision due to sales of loans	-	-	(220,609)	(220,609)
Financial assets issued or acquired	-	-	22,826	22,826
Changes from adjustments to receivables and payables	-	-	(1,092)	(1,092)
Exchange differences	570	173	1,661	2,404
Others	(1,960)	-	(10,049)	(12,009)
Subtotal	<u>309,565</u>	<u>431,181</u>	<u>73,762</u>	<u>814,508</u>
Additional provision for impaired receivables during the year	61,394	40,328	789,026	890,748
Ending balance	<u>₩ 370,959</u>	<u>₩ 471,509</u>	<u>₩ 862,788</u>	<u>₩ 1,705,256</u>

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13. PROVISION FOR IMPAIRMENT: (cont'd)

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 337,822	₩ 456,511	₩ 321,980	₩ 1,116,313
Transfer to 12 months' expected credit losses of financial assets	46,515	(44,233)	(2,282)	-
Transfer to expected lifetime credit losses	(52,434)	57,863	(5,429)	-
Transfer to credit-impaired financial assets	(43,189)	(91,954)	135,143	-
Written off during the year as uncollectible	-	-	(347,223)	(347,223)
Decrease in provision due to sales of loans	(10,810)	(1,781)	(124,455)	(137,046)
Financial assets issued or acquired	-	-	65,703	65,703
Changes from adjustments to receivables and payables	-	-	(268)	(268)
Exchange differences	24	12	25	61
Others	21	(1)	(14,237)	(14,217)
Subtotal	<u>277,949</u>	<u>376,417</u>	<u>28,957</u>	<u>683,323</u>
Additional provision for impaired receivables during the year	121,620	303,543	428,541	853,704
Ending balance	<u>₩ 399,569</u>	<u>₩ 679,960</u>	<u>₩ 457,498</u>	<u>₩ 1,537,027</u>

The percentage of provisions for the impairment of loans and receivables as of December 31, 2024 and 2023 is as follows:

(In millions of Korean won)

	December 31, 2024	December 31, 2023
Loans and receivables	₩ 115,614,259	112,343,651
Provision for impairment	<u>1,705,256</u>	<u>1,537,027</u>
Percentage of provision for impairment (%)	<u>1.47%</u>	<u>1.37%</u>

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13. PROVISION FOR IMPAIRMENT: (cont'd)

Changes in provisions for the impairment of financial assets at FVOCI for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 2,679	₩ -	₩ -	₩ 2,679
Decrease in provision from sales	(1,092)	-	-	(1,092)
Contribution to provision for impairment	334	-	-	334
Ending balance	<u>₩ 1,921</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,921</u>

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 1,476	₩ -	₩ -	₩ 1,476
Decrease in provision from sales	(12)	-	-	(12)
Contribution to provision for impairment	1,215	-	-	1,215
Ending balance	<u>₩ 2,679</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,679</u>

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13. PROVISION FOR IMPAIRMENT: (cont'd)

Changes in provisions for the impairment of financial assets at amortized cost for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 3,288	₩ -	₩ -	₩ 3,288
Contribution to provision for impairment	(1,100)	-	-	(1,100)
Ending balance	<u>₩ 2,188</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,188</u>

(In millions of Korean won)

	2023			
	Twelve months' expected credit losses	Lifetime expected credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 3,042	₩ -	₩ -	₩ 3,042
Contribution to provision for impairment	246	-	-	246
Ending balance	<u>₩ 3,288</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 3,288</u>

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14. FINANCIAL LEASE RECEIVABLES:

Details of financial lease receivables as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Lease receivables	₩	478,786	₩	461,909
Provision for impairment		(3,320)		(3,061)
Deferred origination fees		(245)		(569)
Deferred origination costs		1,105		1,308
Total	₩	<u>476,326</u>	₩	<u>459,587</u>

The total investments of finance leases and present values of minimum lease payments as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024		December 31, 2023	
	Total investment of finance leases	Present value of minimum lease payments	Total investment of finance leases	Present value of minimum lease payments
1 year or less	₩ 207,443	₩ 183,464	₩ 218,031	₩ 196,307
1-2 years	159,243	140,834	134,425	121,018
2-3 years	93,893	83,039	89,832	80,872
3-5 years	71,871	63,562	66,491	59,859
More than 5 years	8,919	7,887	4,280	3,853
Total	<u>₩ 541,369</u>	<u>₩ 478,786</u>	<u>₩ 513,059</u>	<u>₩ 461,909</u>

The difference between net investments in finance leases and the total investments as of December 31, 2024 and 2023 is as follows:

<i>(In millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Total investment on leases	₩	541,369	₩	513,059
Net investment on finance leases:				
Present value of minimum lease payments		478,786		461,909
Unrealized interest	₩	<u>60,272</u>	₩	<u>51,150</u>

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING:

The notional amounts outstanding for derivative contracts as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			December 31, 2023		
	Trading	Hedging	Total	Trading	Hedging	Total
Currency:						
Currency forwards ¹	₩ 8,182,867	₩ -	₩ 8,182,867	₩ 4,467,188	₩ -	₩ 4,467,188
Currency swaps ¹	632,710	-	632,710	-	-	-
Long currency futures ²	-	-	-	6,447	-	6,447
Short currency futures ²	258,354	-	258,354	-	-	-
Long currency options	1,189,712	-	1,189,712	923,375	-	923,375
Short currency options	1,307,312	-	1,307,312	949,163	-	949,163
Subtotal	11,570,955	-	11,570,955	6,346,173	-	6,346,173
Interest rate:						
Interest rate swaps ¹	2,915,819	437,500	3,353,319	2,722,420	392,350	3,114,770
Interest rate futures ²	545,282	-	545,282	319,177	-	319,177
Interest rate forwards	1,099,246	-	1,099,246	90,000	-	90,000
Subtotal	4,560,347	437,500	4,997,847	3,131,597	392,350	3,523,947
Stock:						
Stock futures ²	299,201	-	299,201	115,586	-	115,586
Stock options	995	-	995	926	-	926
Stock Swaps	56,930	-	56,930	111,170	-	111,170
Subtotal	357,126	-	357,126	227,682	-	227,682
Credit derivatives:						
Credit Swaps	1,582,000	-	1,582,000	1,344,700	-	1,344,700
Subtotal	1,582,000	-	1,582,000	1,344,700	-	1,344,700
Other derivatives:						
Other derivative instrument options	134	-	134	143	-	143
Subtotal	134	-	134	143	-	143
Total	₩ 18,070,562	₩ 437,500	₩ 18,508,062	₩ 11,050,295	₩ 392,350	₩ 11,442,645

¹ For transactions between local currency and foreign currencies, unsettled amount of transaction is presented using the basic foreign exchange rate on the contract amount in foreign currencies. For foreign currency-to-foreign currency transactions, unsettled amount is presented using the basic foreign exchange rate on the contract amount in foreign currencies purchased.

² Exchange-traded futures transactions are settled daily and are not recognized as derivative assets and derivative liabilities.

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

The valuations of derivatives for trading as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Valuation gain	Valuation loss	Assets	Liabilities
Currency:				
Currency forwards	₩ 313,573	₩ 296,967	₩ 293,584	₩ 265,646
Currency swaps	24,677	17,919	21,007	15,141
Currency options	32,108	26,556	27,671	27,000
Subtotal	<u>370,358</u>	<u>341,442</u>	<u>342,262</u>	<u>307,787</u>
Interest rate:				
Interest rate forwards	686	12,917	3,620	11,390
Interest rate swaps	6,684	4,033	4,365	2,451
Interest rate futures	502	216	502	216
Subtotal	<u>7,872</u>	<u>17,166</u>	<u>8,487</u>	<u>14,057</u>
Stock:				
Stock options	1,153	1,203	30,536	1,015
Stock swaps	37	-	989	-
Subtotal	<u>1,190</u>	<u>1,203</u>	<u>31,525</u>	<u>1,015</u>
Credit:				
Credit swaps	3,337	5,430	29,779	2,853
Subtotal	<u>3,337</u>	<u>5,430</u>	<u>29,779</u>	<u>2,853</u>
Other derivative assets:				
Other derivative instrument options	-	-	149	-
Subtotal	<u>-</u>	<u>-</u>	<u>149</u>	<u>-</u>
Total	<u>₩ 382,757</u>	<u>₩ 365,241</u>	<u>₩ 412,202</u>	<u>₩ 325,712</u>

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

(In millions of Korean won)

	December 31, 2023			
	Valuation gain	Valuation loss	Assets	Liabilities
Currency:				
Currency forwards	₩ 40,912	₩ 38,239	₩ 50,774	₩ 43,176
Currency options	6,231	4,764	3,520	4,125
Subtotal	47,143	43,003	54,294	47,301
Interest rate:				
Interest rate forwards	3	1	153	-
Interest rate swaps	9,331	8,713	33,746	31,272
Subtotal	9,334	8,714	33,899	31,272
Stock:				
Stock options	2,878	1,160	10,302	6,201
Stock swaps	25	-	890	-
Subtotal	2,903	1,160	11,192	6,201
Credit:				
Credit swaps	16,611	19,173	34,147	4,779
Subtotal	16,611	19,173	34,147	4,779
Other derivative assets:				
Other derivative instrument options	-	1	157	-
Subtotal	-	1	157	-
Total	₩ 75,991	₩ 72,051	₩ 133,689	₩ 89,553

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

Hedge

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

The valuations of derivatives designated as a hedging instrument as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Valuation gain	Valuation loss	Assets	Liabilities
Interest rate:				
Interest rate swaps	₩ 10,352	₩ -	₩ -	₩ 25,318
	<u>₩ 10,352</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 25,318</u>

(In millions of Korean won)

	December 31, 2023			
	Valuation gain	Valuation loss	Assets	Liabilities
Interest rate:				
Interest rate swaps	₩ 13,116	₩ -	₩ -	₩ 32,579
	<u>₩ 13,116</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 32,579</u>

Gains (losses) on valuation of hedged items and hedging instrument for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024	2023
Gain on valuation of hedging instrument	₩ 10,352	₩ 13,116
Loss on valuation of hedged items	<u>(9,788)</u>	<u>(13,974)</u>
Total	<u>₩ 564</u>	<u>₩ (858)</u>

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

Details of the amounts, timing and uncertainty of future cash flows as of December 31, 2024 and 2023 are as follows:

		December 31, 2024						
<i>(In millions of Korean won)</i>		Less than 1 year	Between 1 – 2 years	Between 2 – 3 years	Between 3 – 4 years	Between 4 – 5 years	More than 5 years	Total
Fair value risk hedges								
Nominal amount of risk hedge instrument	₩	-	₩ 367,500	₩ -	₩ -	₩ -	₩ 70,000	₩ 437,500
Average hedge ratio (%)		-	100%	-	-	-	100%	100%
Risk hedges for net investments in foreign operation								
Nominal amount of risk hedge instrument	₩	115,395	₩ -	₩ 323,400	₩ -	₩ -	₩ -	₩ 438,795
Average hedge ratio (%)		100%	-	100%	-	-	-	100%
		December 31, 2023						
<i>(In millions of Korean won)</i>		Less than 1 year	Between 1 – 2 years	Between 2 – 3 years	Between 3 – 4 years	Between 4 – 5 years	More than 5 years	Total
Fair value risk hedges								
Nominal amount of risk hedge instrument	₩	-	₩ -	₩ 322,350	₩ -	₩ -	₩ 70,000	₩ 392,350
Average hedge ratio (%)		-	-	100%	-	-	100%	100%
Risk hedges for net investments in foreign operation								
Nominal amount of risk hedge instrument	₩	115,401	₩ -	₩ -	₩ 215,331	₩ -	₩ -	₩ 330,732
Average hedge ratio (%)		100%	-	-	100%	-	-	100%

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

The current interest rates of hedging instruments as of December 31, 2024 and 2023 are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value risk hedges		
Interest rate:		
Foreign currency interest rate swap	Fixed 1.38% Receive /SOFR AVG 3M+0.26% Pay	Fixed 1.38% Receive /LIBOR 3M Pay
	Fixed 1.367% Receive /SOFR AVG 3M+0.26% Pay	Fixed 1.367% Receive /LIBOR 3M Pay
KRW interest rate swap	Fixed 2.41% Receive /CD(91D)+0.15% Pay	Fixed 2.41% Receive /CD(91D)+0.15% Pay
	Fixed 1.91% Receive /CD(91D)+0.15% Pay	Fixed 1.91% Receive /CD(91D)+0.15% Pay

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

Impacts of hedge accountings on the statements of financial position, the statements of comprehensive income and the statements of changes in equity.

Details of impacts of risk hedge instruments on the consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity as of and for the years ended December 31, 2024 and 2023 are as follows:

As of and for the year ended December 31, 2024									
(In millions of Korean won)	Consolidated statement of financial position					Consolidated statement of comprehensive income and consolidated statement of changes in equity			
	Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit for the year	Other comprehensive loss ¹		
Fair value risk hedges:									
Interest rate risk hedge	₩ 437,500	₩ 10,352	₩ -	₩ 25,318	₩ -	₩ 10,352	₩ -		
Hedges for net investments in foreign operations:									
Currency risk hedge	438,795	(44,842)	-	-	438,795	-	(33,496)		
Total	₩ 876,295	₩ (34,490)	₩ -	₩ 25,318	₩ 438,795	₩ 10,352	₩ (33,496)		

¹ The amount recognized in other comprehensive income is net of income tax effect.

As of and for the year ended December 31, 2023									
(In millions of Korean won)	Consolidated statement of financial position					Consolidated statement of comprehensive income and consolidated statement of changes in equity			
	Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit for the year	Other comprehensive income ¹		
Fair value risk hedges:									
Interest rate risk hedge	₩ 392,350	₩ 13,116	₩ -	₩ 32,579	₩ -	₩ 13,116	₩ -		
Hedges for net investments in foreign operations:									
Currency risk hedge	330,731	1,857	-	-	330,731	-	1,388		
Total	₩ 723,081	₩ 14,973	₩ -	₩ 32,579	₩ 330,731	₩ 13,116	₩ 1,388		

¹ The amount recognized in other comprehensive income is net of income tax effect.

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

Details of impacts of the hedged items on the consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity as of and for the years ended December 31, 2024 and 2023 are as follows:

		As of and for the year ended December 31, 2024							
(In millions of Korean won)	Consolidated statement of financial position					Consolidated statement of comprehensive income and consolidated statement of changes in equity		Reserve for foreign currency translation	
	Nominal amount	Changes in fair value	Investments in Associates	Deposits received	Debentures	Loss for the year	Other comprehensive income ¹		
Fair value risk hedges:									
Interest rate risk hedge	₩ 437,500	₩ (9,788)	₩ -	₩ 60,802	₩ 366,953	₩ (9,788)	₩ -	₩ -	
Hedges for net investments in foreign operations:									
Currency risk hedge	438,795	52,998	22,050	-	-	-	39,589	54,267	
Total	₩ 876,295	₩ 43,210	₩ 22,050	₩ 60,802	₩ 366,953	₩ (9,788)	₩ 39,589	₩ 54,267	

¹ The amount recognized in other comprehensive income is net of income tax effect.

		As of and for the year ended December 31, 2023							
(In millions of Korean won)	Consolidated statement of financial position					Consolidated statement of comprehensive income and consolidated statement of changes in equity		Reserve for foreign currency translation	
	Nominal amount	Changes in fair value	Deposits received	Debentures	Loss for the year	Other comprehensive income ¹			
Fair value risk hedges:									
Interest rate risk hedge	₩ 392,350	₩ (13,974)	₩ 58,186	₩ 301,987	₩ (13,974)	₩ -	₩ -		
Hedges for net investments in foreign operations:									
Currency risk hedge	330,731	15,210	-	-	(622)	2,871	21,174		
Total	₩ 723,081	₩ 1,236	₩ 58,186	₩ 301,987	₩ (14,596)	₩ 2,871	₩ 21,174		

¹ The amount recognized in other comprehensive income is net of income tax effect.

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15. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING: (cont'd)

The amounts and items recognized as profit or loss due to ineffective portion in fair value risk hedges for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	Ineffective portion of risk hedges recognized as profit or loss		Items
	2024	2023	
Fair value risk hedges:			
Interest rate risk hedge	₩ 564	₩ (858)	Gain (loss) on valuation of derivatives

There is no amount recognized in profit or loss and other comprehensive income as an ineffective portion of cash flow hedges and hedges for net investments in foreign operations for each of the two years in the period ended December 31, 2024.

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE:

Details of investments in associates and joint venture as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Investments in associates:						
BNK T 2021 Korea Facilitator Venture Fund	Investment association	The Republic of Korea	December	32.00	₩ 11,264	₩ 9,618
BNK Intervalue Technology Finance Investment Association No.1	Investment association	The Republic of Korea	December	34.00	12,700	11,553
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	Financial investment	The Republic of Korea	December	50.00	10,000	11,177
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	Financial investment	The Republic of Korea	December	50.00	50,000	52,024
Samsung Rafael General Private Investment Trust No.8	Financial investment	The Republic of Korea	December	50.00	50,000	52,234
iM asset General Private Equity Securities Investment Trust No.32 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	52,170
Shinhan Corporation General Private Securities Investment Trust No.19(bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,431
Kioom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,473
GYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,014
KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond)	Financial investment	The Republic of Korea	December	30.00	30,000	30,012
Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1 ¹	Financial investment	The Republic of Korea	December	92.00	49,350	49,627
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	Financial investment	The Republic of Korea	December	46.00	22,726	23,045
Mirae Asset LNG General Private Investment Trust No. 5 ¹	Financial investment	The Republic of Korea	December	67.00	19,844	19,959
Igis Ulsan New Port Infrastructure Private Investment Trust	Financial investment	The Republic of Korea	December	32.00	15,930	16,295
Samsung Lapael	Financial	The Republic	December	50.00	50,000	52,233

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		December 31, 2024				
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Professional Private Securities Investment Trust 1st		of Korea				
SHBNPP Corporate Private Security Investment Trust 8th	Financial investment	The Republic of Korea	December	50.00	40,050	41,912
KB Leaders ESG Professional Private Securities Investment Trust No.1	Financial investment	The Republic of Korea	December	49.00	20,434	20,757
Kyobo Axa clean energy center Professional Private Special Asset Investment Fund-1	Financial investment	The Republic of Korea	December	28.00	11,812	11,624
VI Repo General Private Securities Investment Trust No.8	Financial investment	The Republic of Korea	December	50.00	50,000	52,238
Shinhan Corporate General Private Equity Securities Investment Trust No. 7 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	52,181
KYOBO Axa Alpha Plus General Private Investment Trust J -13	Financial investment	The Republic of Korea	December	50.00	50,000	52,211
KB Leaders General Private Investment Trust No. 29 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	51,211
Mirae-Asset Hydrogen Infrastructure Professional Investment Private No. 1	Financial investment	The Republic of Korea	December	49.00	32,535	32,786
Igis housing platform no.1 professional investors' private real estate fund	Trust and collective investment business	The Republic of Korea	December	20.00	12,060	10,859
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	Trust and collective investment business	The Republic of Korea	December	38.00	11,400	8,526
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	Trust and collective investment business	The Republic of Korea	December	23.00	18,305	18,300
Shinhan Public Offering Share Maturity Matching Professional Investment Private Fund No. 3 (Mixed Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	52,013
Daishin Plus Professional Investment Private No. 2401 (bond)	Financial investment	The Republic of Korea	December	50.00	50,000	50,317
NH-Amundi Professional Investment Private No. 29 (bond)	Financial investment	The Republic of Korea	December	50.00	30,000	31,363
Vogo Build-Up Private Investment Trust No. 1 C-S	Financial investment	The Republic of Korea	December	40.00	10,000	10,005
Eugene Champion Matching Bond Private Securities Investment Trust No. 1 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	52,321
KYOBO AXA ALPHA PLUS Professional Investment Private	Financial investment	The Republic of Korea	December	50.00	50,000	51,847

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	December 31, 2024					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Security Investment J-14 (Bond)						
NH-Amundi High-Quality Mid-term Note General Private Equity Securities Investment Trust No. 1 (Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,732
Shinhan Curve Focus General Private Equity Securities Investment Trust No. 1 (Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,369
IBK General Private Securities Investment Trust RP No.13(Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,443
Hanwha A General Private Securities Investment Trust RP No.6(Bond)	Financial investment	The Republic of Korea	December	36.00	50,000	50,187
Midas Chagog Chagog Repo Private Securities Investment Trust No. 15 (Bond)	Financial investment	The Republic of Korea	December	50.00	80,000	80,258
Koreainvestment Basic Private Securities Investment Trust No. 122 (USD, Bond)	Financial investment	The Republic of Korea	December	20.00	13,360	15,597
Hanwha Private Securities Investment Trust No. 127 (USD, Bond)	Financial investment	The Republic of Korea	December	20.00	26,544	30,863
BNK Professional Investment Private No. 5H (USD, Bond)	Financial investment	The Republic of Korea	December	25.00	13,387	15,403
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 47 (USD, Bond)	Financial investment	The Republic of Korea	December	33.00	13,679	15,306
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 48 (USD, Bond)	Financial investment	The Republic of Korea	December	50.00	26,790	29,893
Samsung Dollar S&B General Private Equity Securities Investment Trust No. 10 (USD, Bond)	Financial investment	The Republic of Korea	December	50.00	28,664	29,510
VI REPO General Private Equity Securities Investment Trust No. 15 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	50,163
Kyobo Axa ESG Alpha Plus General Private Securities Investment Trust J-20 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	50,092
Shinhan Long Short Maturity Matching General Private Securities Investment Trust No.4	Financial investment	The Republic of Korea	December	50.00	30,000	31,220
iM asset General Private Equity Securities Investment Trust No.41 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	52,101
KOREA Investment BASIC General Private Equity Securities Investment	Financial investment	The Republic of Korea	December	50.00	50,000	52,177

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		December 31, 2024				
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Trust No.123 (Bond)						
SOL Treasury Bond 10 years	Financial investment	The Republic of Korea	December	26.00	29,527	31,678
United Partners Real Estate Investment Trust No.14 ¹	Trust and collective investment business	The Republic of Korea	December	67.00	20,120	19,996
Others	Financial investment and others	The Republic of Korea		0.23 ~ 54.55	148,270	146,174
Total					<u>₩ 1,818,751</u>	<u>₩ 1,863,498</u>

¹ The Group is unable to exercise the control over the company in the decision-making process, thereby classifying it as an investment in associates.

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

(In millions of Korean won)

		December 31, 2023					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount	
Investments in associates:							
BNK Corporate MMF No.1 (Stock) C	Financial investment	The Republic of Korea	December	23.00	₩ 163,384	₩ 165,400	
NH-Amundi General Private Equity Investment Trust No.22 [bond]	Financial investment	The Republic of Korea	December	50.00	30,000	31,255	
Hanhwa A Professional Investment Private Security Investment Trust No.1(Bond)	Financial investment	The Republic of Korea	December	25.00	50,000	52,084	
Mirae Asset Triumph Professional Investment Private No. 2	Financial investment	The Republic of Korea	December	50.00	30,000	30,771	
NH-Amundi General Private Equity Investment Trust No.18 [bond]	Financial investment	The Republic of Korea	December	50.00	50,000	51,326	
DB Alpha Professional Investment Private No. 2 (Mixed Bond)	Financial investment	The Republic of Korea	December	33.00	10,000	10,299	
Shinhan IPO Maturity Matching Private Investment Trust No.2 [WithBonds]	Financial investment	The Republic of Korea	December	50.00	20,000	20,657	
Kiwoom Frontier General Private Securities Investment Trust 27th [bond]	Financial investment	The Republic of Korea	December	50.00	30,000	31,188	
Samsung REPO General Private Equity Securities Investment Trust No. 1 (Bond)	Financial investment	The Republic of Korea	December	30.00	30,000	31,264	
Hanwha A Professional Investment Private No. 120 (USD, bond)	Financial investment	The Republic of Korea	December	20.00	27,055	27,038	
Samsung Dollar S&B General Private Securites Investment Trust No.7(USD)(Bond)	Financial investment	The Republic of Korea	December	25.00	26,257	26,238	
Daishin Sell&Buy Professional Investment Private No. 4 (USD, bond)	Financial investment	The Republic of Korea	December	50.00	25,790	25,800	
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.45(USD) [Bond]	Financial investment	The Republic of Korea	December	50.00	25,975	25,957	
Petra7alpha Private Equity Partnership	Financial investment	The Republic of Korea	December	22.00	10,938	10,427	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 11st	Financial investment	The Republic of Korea	December	50.00	50,000	52,180	
BNK T 2021 Korea Facilitator Venture Fund	Investment association	The Republic of Korea	December	32.00	12,000	10,974	
BNK Intervalue Technology Finance Investment Association No.1	Investment association	The Republic of Korea	December	34.00	12,700	11,526	

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	December 31, 2023					
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	Financial investment	The Republic of Korea	December	33.00	10,000	11,122
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	Financial investment	The Republic of Korea	December	50.00	50,000	52,350
Samsung Rafael General Private Investment Trust No.8	Financial investment	The Republic of Korea	December	50.00	50,000	51,780
iM asset General Private Equity Securities Investment Trust No.32 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	51,340
Shinhan Corporation General Private Securities Investment Trust No.19(bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,890
Kioom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond)	Financial investment	The Republic of Korea	December	33.00	30,000	30,855
GYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond)	Financial investment	The Republic of Korea	December	50.00	30,000	30,058
KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond)	Financial investment	The Republic of Korea	December	30.00	30,000	30,013
Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1 ¹	Financial investment	The Republic of Korea	December	92.00	52,017	52,309
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	Financial investment	The Republic of Korea	December	46.00	16,727	16,971
Mirae Asset LNG General Private Investment Trust No. 5 ¹	Financial investment	The Republic of Korea	December	67.00	22,581	22,711
Igis Ulsan New Port Infrastructure Private Investment Trust	Financial investment	The Republic of Korea	December	32.00	21,108	21,535
Samsung Lapael Professional Private Securities Investment Trust 1st	Financial investment	The Republic of Korea	December	50.00	50,000	51,849
SHBNPP Corporate Private Security Investment Trust 8th	Financial investment	The Republic of Korea	December	50.00	40,050	41,517
KB Leaders ESG Professional Private Securities Investment Trust No.1	Financial investment	The Republic of Korea	December	49.00	20,434	20,677
Kyobo Axa clean energy center Professional Private Special Asset Investment Fund-1	Financial investment	The Republic of Korea	December	28.00	11,337	11,155
VI Repo General Private Securities Investment	Financial investment	The Republic of Korea	December	50.00	50,000	52,216

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		December 31, 2023				
	Main business	Location	Closing month	Percentage of ownership (%)	Acquisition cost	Carrying amount
Trust No.8						
Shinhan Corporate General Private Equity Securities Investment Trust No. 7 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	51,902
KYOBO Axa Alpha Plus General Private Investment Trust J -13	Financial investment	The Republic of Korea	December	25.00	50,000	52,388
KB Leaders General Private Investment Trust No. 29 (Bond)	Financial investment	The Republic of Korea	December	50.00	50,000	51,577
Mirae-Asset Hydrogen Infrastructure Professional Investment Private No. 1	Financial investment	The Republic of Korea	December	49.00	28,444	28,665
Igis housing platform no.1 professional investors' private real estate fund	Trust and collective investment business	The Republic of Korea	December	20.00	12,060	13,401
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	Trust and collective investment business	The Republic of Korea	December	38.00	11,400	10,583
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	Trust and collective investment business	The Republic of Korea	December	23.00	18,305	18,301
Others	Financial investment			0.23~54.55	148,272	137,466
Total					<u>₩ 1,536,834</u>	<u>₩ 1,558,015</u>

¹ The Group is unable to exercise the control over the company in the decision-making process, thereby classifying it as an investment in associates.

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

Changes in investments in associates and joint venture for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in associates:						
BNK Corporate MMF No.1 (Stock) C	₩ 165,400	₩ (165,400)	₩ -	₩ -	₩ -	₩ -
NH-Amundi General Private Equity Investment Trust No.22 [bond]	31,255	(31,457)	-	-	202	-
Hanhwa A Professional Investment Private Security Investment Trust No.1(Bond)	52,084	(50,423)	2,403	(2,403)	(1,661)	-
Mirae Asset Triumph Professional Investment Private No. 2	30,771	(31,888)	-	-	1,117	-
NH-Amundi General Private Equity Investment Trust No.18 [bond]	51,326	(52,144)	-	-	818	-
DB Alpha Professional Investment Private No. 2 (Mixed Bond)	10,299	(10,691)	-	-	392	-
Shinhan IPO Maturity Matching Private Investment Trust No.2 [WithBonds]	20,657	(21,273)	-	-	616	-
Kiwoom Frontier General Private Securities Investment Trust 27th [bond]	31,188	(32,132)	-	-	944	-
Samsung REPO General Private Equity Securities Investment Trust No. 1 (Bond)	31,264	(32,802)	-	-	1,538	-
Hanwha A Professional Investment Private No. 120 (USD, bond)	27,038	(27,941)	98	-	805	-
Samsung Dollar S&B General Private Securites Investment Trust No.7(USD)(Bond)	26,238	(27,546)	251	-	1,057	-
Daishin Sell&Buy Professional Investment Private No. 4 (USD, bond)	25,800	(30,463)	1,362	-	3,301	-
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.45(USD) [Bond]	25,957	(28,126)	567	-	1,602	-
Petra7alpha Private Equity Partnership	10,427	(13,399)	2,906	(2,906)	2,972	-
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 11st	52,180	(52,245)	-	-	65	-
BNK T 2021 Korea Facilitator Venture Fund	10,974	(736)	(620)	-	-	9,618
BNK Intervalue Technology Finance Investment Association No.1	11,526	-	27	-	-	11,553

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	2024					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	11,122	-	55	-	-	11,177
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	52,350	-	2,556	(2,882)	-	52,024
Samsung Rafael General Private Investment Trust No.8	51,780	-	2,330	(1,876)	-	52,234
iM asset General Private Equity Securities Investment Trust No.32 (Bond)	51,340	-	2,223	(1,393)	-	52,170
Shinhan Corporation General Private Securities Investment Trust No.19(bond)	30,890	-	1,538	(1,997)	-	30,431
Kioom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond)	30,855	-	1,571	(1,953)	-	30,473
GYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond)	30,058	-	1,311	(1,355)	-	30,014
KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond)	30,013	-	1,276	(1,277)	-	30,012
Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1	52,309	(2,683)	3,022	(2,979)	(42)	49,627
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	16,971	5,999	1,109	(1,034)	-	23,045
Multi-Asset LNG General Private Equity Investment Trust No.5	22,711	(2,753)	986	(969)	(16)	19,959
Igis Ulsan New Port Infrastructure Private Investment Trust	21,535	(5,303)	2,007	(1,837)	(107)	16,295
Samsung Lapael Professional Private Securities Investment Trust 1st	51,849	-	2,542	(2,158)	-	52,233
SHBNPP Corporate Private Security Investment Trust 8th	41,517	-	2,221	(1,826)	-	41,912
KB Leaders ESG Professional Private Securities Investment Trust No.1	20,677	-	824	(744)	-	20,757
Kyobo Axa clean energy center Professional Private Special Asset Investment Fund-1	11,155	475	408	(414)	-	11,624
VI Repo General Private Securities Investment Trust No.8	52,216	-	2,388	(2,366)	-	52,238
Shinhan Corporate General Private Equity Securities Investment Trust No. 7 (Bond)	51,902	-	2,591	(2,312)	-	52,181

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(In millions of Korean won)

	2024					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
KYOBO Axa Alpha Plus General Private Investment Trust J -13	52,388	-	2,229	(2,406)	-	52,211
KB Leaders General Private Investment Trust No. 29 (Bond)	51,577	-	2,125	(2,491)	-	51,211
Mirae-Asset Hydrogen Infrastructure Professional Investment Private No. 1	28,665	4,092	2,069	(2,040)	-	32,786
lgis housing platform no.1 professional investors' private real estate fund	13,401	-	(2,542)	-	-	10,859
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	10,583	-	(2,057)	-	-	8,526
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	18,301	-	1,002	(1,003)	-	18,300
Shinhan Public Offering Share Maturity Matching Professional Investment Private Fund No. 3 (Mixed Bond)	-	50,000	2,013	-	-	52,013
Daishin Plus Professional Investment Private No. 2401 (bond)	-	50,000	2,403	(2,086)	-	50,317
NH-Amundi Professional Investment Private No. 29 (bond)	-	30,000	1,363	-	-	31,363
Vogo Build-Up Private Investment Trust No. 1 C-S	-	10,000	5	-	-	10,005
Eugene Champion Matching Bond Private Securities Investment Trust No. 1 (Bond)	-	50,000	2,321	-	-	52,321
KYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-14 (Bond)	-	30,000	2,202	(941)	20,586	51,847
NH-Amundi High-Quality Mid- term Note General Private Equity Securities Investment Trust No. 1 (Bond)	-	30,000	732	-	-	30,732
Shinhan Curve Focus General Private Equity Securities Investment Trust No. 1 (Bond)	-	30,000	574	(205)	-	30,369
IBK General Private Securities Investment Trust RP No.13(Bond)	-	30,000	443	-	-	30,443
Hanwha A General Private Securities Investment Trust RP No.6(Bond)	-	50,000	187	-	-	50,187
Midas Chagog Chagog Repo Private Securities Investment Trust No. 15 (Bond)	-	80,000	258	-	-	80,258
Koreainvestment Basic Private Securities Investment Trust No. 122 (USD, Bond)	-	13,360	837	-	1,400	15,597

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	2024					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Hanwha Private Securities Investment Trust No. 127 (USD, Bond)	-	26,544	1,364	-	2,955	30,863
BNK Professional Investment Private No. 5H (USD, Bond)	-	13,387	659	-	1,357	15,403
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 47 (USD, Bond)	-	13,679	570	-	1,057	15,306
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 48 (USD, Bond)	-	26,790	470	-	2,633	29,893
Samsung Dollar S&B General Private Equity Securities Investment Trust No. 10 (USD, Bond)	-	28,664	110	-	736	29,510
VI REPO General Private Equity Securities Investment Trust No. 15 (Bond)	-	50,000	2,186	(2,023)	-	50,163
Kyobo Axa ESG Alpha Plus General Private Securities Investment Trust J-20 (Bond)	-	50,000	2,113	(2,021)	-	50,092
Shinhan Long Short Maturity Matching General Private Securities Investment Trust No.4	-	30,000	1,220	-	-	31,220
iM asset General Private Equity Securities Investment Trust No.41 (Bond)	-	50,000	2,101	-	-	52,101
KOREA Investment BASIC General Private Equity Securities Investment Trust No.123 (Bond)	-	50,000	2,177	-	-	52,177
SOL Treasury Bond 10 years	-	29,527	2,151	-	-	31,678
United Partners Real Estate Investment Trust No.14	-	20,120	(124)	-	-	19,996
Others	137,466	27,130	4,136	(5,119)	(17,439)	146,174
Total	₩ 1,558,015	₩ 260,362	₩ 73,249	₩ (55,016)	₩ 26,888	₩ 1,863,498

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

(In millions of Korean won)

	2023					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in associates:						
Hana UBS Professional Investment Private Security Investment Trust No.7 BNKREPOPLUS	₩ 31,184	₩ (32,566)	₩ -	₩ -	₩ 1,382	₩ -
Professional Investment Private Trust No.1	26,227	-	-	-	(26,227)	-
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 1st	20,156	(20,643)	-	-	487	-
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 6st	30,289	(31,458)	-	-	1,169	-
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 8th	30,083	(31,035)	-	-	952	-
VI Repo General Private Equity Securities Investment Trust No.9 (Bond)	30,445	(30,709)	-	-	264	-
DGB Professional Investment Private Security Investment Trust No.28 (Bond)	31,038	(30,487)	-	(1,054)	503	-
KB Leaders Professional Investment Private Security Investment Trust No.12 [bond]	31,014	(32,248)	-	-	1,234	-
KB Leaders Professional Investment Private Security Investment Trust No.15 [bond]	30,371	(30,904)	-	-	533	-
Samsung Rafael Professional Investment Private Security Investment Trust No.3	50,708	(50,755)	-	-	47	-
Shinhan IPO Maturity Matching Private Investment Trust No.1 [WithBonds]	52,133	(52,348)	-	-	215	-
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No.15	14,023	(12,456)	(134)	(413)	(1,020)	-
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.29	12,978	(13,311)	253	-	80	-
Kiwoom Frontier Private Securities Investment Trust 12th	39,829	(41,567)	1,738	-	-	-
Shinhan Corporation Specialized Private Securities Investment Trust 15th [bond]	50,026	(51,986)	1,960	-	-	-
KIAMCO Aviation Specialized Investment Type Private Equity Trust No.1	11,153	1,088	(11,899)	(342)	-	-
ANDA H Mezzanine Private Investment Trust 11th	14,048	(8,315)	1,484	(262)	364	7,319
BNK Intervalue Technology Finance Investment Association No.1	12,096	-	(570)	-	-	11,526

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	2023					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	50,677	-	2,804	(1,131)	-	52,350
NH-Amundi General Private Equity Investment Trust No.18 [bond]	30,482	20,000	2,133	(1,289)	-	51,326
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	12,565	4,304	785	(683)	-	16,971
Multi-Asset LNG General Private Equity Investment Trust No.5	25,462	(2,753)	1,204	(1,188)	(14)	22,711
Igis Ulsan New Port Infrastructure Private Investment Trust	27,168	(5,419)	2,142	(2,274)	(82)	21,535
Samsung Rafael Professional Investment Private Security Investment Trust No.1	50,473	-	2,091	(715)	-	51,849
SHBNPP Corporate Private Security Investment Trust 8th	40,400	-	1,519	(402)	-	41,517
Petra7alpha Private Equity Partnership	10,366	-	61	-	-	10,427
KB Leaders ESG Professional Private Securities Investment Trust No.1	19,860	-	817	-	-	20,677
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 11st	50,573	-	2,273	(666)	-	52,180
VI Repo General Private Securities Investment Trust No.8	50,609	-	2,283	(676)	-	52,216
Shinhan Corporation General Private Securities Investment Trust 7th [bond]	50,642	-	3,032	(1,772)	-	51,902
Igis housing platform no.1 professional investors' private real estate fund	12,540	-	861	-	-	13,401
BNK-T2021 Korea Support Venture Investment Association No. 1	8,124	3,600	(750)	-	-	10,974
Kyobo Axa Clean Energy Center Professional Investment-type Private Equity Special Asset Investment Trust No. 1	7,081	4,167	369	(462)	-	11,155
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	5,833	5,500	(750)	-	-	10,583
BNK Corporate MMF No.1 (Stock) C	-	165,000	400	-	-	165,400
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	-	10,000	1,122	-	-	11,122
NH-Amundi General Private Equity Investment Trust No.22 [bond]	-	30,000	1,255	-	-	31,255
Samsung Rafael General Investment Private Security Investment Trust No.8	-	50,000	1,780	-	-	51,780
Hanhwa A Professional Investment Private Security	-	50,000	2,084	-	-	52,084

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	2023					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investment Trust No.1(Bond)						
Mirae Asset Triumph Professional Investment Private No. 2	-	30,000	771	-	-	30,771
Hi General Private Equity Securities Investment Trust No.32 (Bond)	-	50,000	1,340	-	-	51,340
DB Alpha Professional Investment Private No. 2 (Mixed Bond)	-	10,000	299	-	-	10,299
Shinhan IPO Maturity Matching Private Investment Trust No.2 [WithBonds]	-	20,000	657	-	-	20,657
Kiwoom Frontier General Private Securities Investment Trust 27th [bond]	-	30,000	1,188	-	-	31,188
Shinhan Corporation General Private Securities Investment Trust 19th [bond]	-	30,000	890	-	-	30,890
Kiwoom Frontier General Private Securities Investment Trust 29th [bond]	-	30,000	855	-	-	30,855
Samsung REPO General Private Equity Securities Investment Trust No. 1 (Bond)	-	30,000	1,264	-	-	31,264
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 19th [Bond]	-	30,000	58	-	-	30,058
KB Leaders General Investment Private Security Investment Trust No.33 [bond]	-	30,000	13	-	-	30,013
Multi-Asset ESG Marine Transportation Infra General Private Investment Trust No.1	-	52,013	1,699	(1,408)	5	52,309
Hanwha A Professional Investment Private No. 120 (USD, bond)	-	25,142	1,271	-	625	27,038
Samsung Dollar S&B General Private Securites Investment Trust No.7(USD)(Bond)	-	26,752	457	-	(971)	26,238
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.45(USD) [Bond]	-	25,974	169	-	(186)	25,957
Daishin Sell&Buy Professional Investment Private No. 4 (USD, bond)	-	26,076	12	-	(288)	25,800
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 13th [Bond]	-	50,000	2,388	-	-	52,388
KB Leaders Professional Investment Private Security Investment Trust No.29 [bond]	-	50,000	1,577	-	-	51,577
Multi-Asset Hydrogen Infrastructure Professional Investment Private No. 1	-	28,444	221	-	-	28,665

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	2023					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	-	18,305	496	(500)	-	18,301
Others	136,006	(12,138)	9,433	(4,639)	1,485	130,147
Total	₩ 1,106,662	₩ 445,267	₩ 45,405	₩ (19,876)	₩ (19,443)	₩ 1,558,015

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

The financial information on associates and joint venture as of and for the years ended December 31, 2024 and 2023 is as follows:

(In millions of Korean won)

	As of and for the year ended December 31, 2024						
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)	
Investments in associates:							
BNK T 2021 Korea Facilitator Venture Fund	₩ 30,268	₩ 211	₩ 30,057	₩ 1,704	₩ (38)	₩ (38)	
BNK Intervalue Technology Finance Investment Association No.1	34,416	757	33,659	913	143	143	
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	22,358	4	22,354	2,246	154	154	
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	252,875	148,827	104,048	12,278	6,883	6,883	
Samsung Rafael General Private Investment Trust No.8	192,100	87,633	104,467	7,523	4,659	4,659	
iM asset General Private Equity Securities Investment Trust No.32 (Bond)	200,960	96,620	104,340	6,362	4,446	4,446	
Shinhan Corporation General Private Securities Investment Trust No.19(bond)	180,988	120,125	60,863	3,764	3,076	3,076	
Kioom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond)	176,268	115,322	60,946	8,211	7,593	7,593	
GYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond)	145,141	85,114	60,027	4,057	3,933	3,933	
KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond)	100,041	3	100,038	6,351	6,350	6,350	
Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1	53,915	12	53,903	10,588	10,577	10,577	
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	50,429	497	49,932	3,709	3,697	3,697	
Multi-Asset LNG General Private Equity Investment Trust No.5	29,946	9	29,937	1,382	1,373	1,373	
Igis Ulsan New Port Infrastructure Private Investment Trust	51,705	671	51,034	6,018	6,018	6,018	
Samsung Lapael Professional Private Securities Investment Trust 1st	261,499	157,033	104,466	6,965	5,084	5,084	
SHBNPP Corporate Private Security Investment Trust 8th	237,650	153,825	83,825	8,392	4,443	4,443	

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(In millions of Korean won)

	As of and for the year ended December 31, 2024					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
KB Leaders ESG Professional Private Securities Investment Trust No.1	42,153	8	42,145	1,691	1,674	1,674
Kyobo Axa clean energy center Professional Private Special Asset Investment Fund-1	42,399	1,329	41,070	-	1,443	1,443
VI Repo General Private Securities Investment Trust No.8	171,310	66,833	104,477	8,341	4,775	4,775
Shinhan Corporate General Private Equity Securities Investment Trust No. 7 (Bond)	192,865	88,324	104,541	10,534	5,190	5,190
KYOBO Axa Alpha Plus General Private Investment Trust J -13	208,287	103,864	104,423	17,603	4,458	4,458
KB Leaders General Private Investment Trust No. 29 (Bond)	151,440	49,017	102,423	3,884	4,251	4,251
Mirae-Asset Hydrogen Infrastructure Professional Investment Private No. 1	66,531	22	66,509	516	4,197	4,197
lgis housing platform no.1 professional investors' private real estate fund	54,352	58	54,294	3,057	(12,709)	(12,709)
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	148,074	125,438	22,636	9,095	(5,459)	(5,459)
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	81,348	46	81,302	4,886	4,795	4,795
Shinhan Public Offering Share Maturity Matching Professional Investment Private Fund No. 3 (Mixed Bond)	234,282	130,257	104,025	9,957	4,025	4,025
Daishin Plus Professional Investment Private No. 2401 (bond)	225,692	125,059	100,633	5,460	4,807	4,807
NH-Amundi Professional Investment Private No. 29 (bond)	164,555	101,725	62,830	6,593	2,881	2,881
Vogo Build-Up Private Investment Trust No. 1 C-S	25,167	1	25,166	3,893	23	23
Eugene Champion Matching Bond Private Securities Investment Trust No. 1 (Bond)	284,078	179,437	104,641	11,922	7,736	7,736
KYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-14 (Bond)	198,918	95,225	103,693	4,404	4,404	4,404
NH-Amundi High-Quality Mid-term Note General Private Equity Securities Investment Trust No. 1 (Bond)	181,592	120,128	61,464	3,869	2,048	2,048
Shinhan Curve Focus General Private Equity Securities Investment Trust No. 1 (Bond)	120,296	59,557	60,739	3,087	1,149	1,149

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	As of and for the year ended December 31, 2024					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
IBK General Private Securities Investment Trust RP No.13(Bond)	176,612	115,726	60,886	1,954	1,491	1,491
Hanwha A General Private Securities Investment Trust RP No.6(Bond)	385,252	244,727	140,525	7,070	375	375
Midas Chagog Chagog Repo Private Securities Investment Trust No. 15 (Bond)	450,350	289,834	160,516	3,595	516	516
Koreainvestment Basic Private Securities Investment Trust No. 122 (USD, Bond)	78,016	33	77,983	4,364	3,924	5,323
Hanwha Private Securities Investment Trust No. 127 (USD, Bond)	157,431	3,114	154,317	7,262	6,820	9,776
BNK Professional Investment Private No. 5H (USD, Bond)	63,629	2,019	61,610	4,366	3,297	4,654
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 47 (USD, Bond)	45,889	3	45,886	1,276	1,141	2,198
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 48 (USD, Bond)	59,787	2	59,785	1,585	1,410	4,042
Samsung Dollar S&B General Private Equity Securities Investment Trust No. 10 (USD, Bond)	59,023	2	59,021	892	442	1,178
VI REPO General Private Equity Securities Investment Trust No. 15 (Bond)	169,551	69,225	100,326	619	4,373	4,373
Kyobo Axa ESG Alpha Plus General Private Securities Investment Trust J-20 (Bond)	236,821	136,637	100,184	598	4,225	4,225
Shinhan Long Short Maturity Matching General Private Securities Investment Trust No.4	176,277	113,836	62,441	6,235	2,440	2,440
iM asset General Private Equity Securities Investment Trust No.41 (Bond)	195,642	91,130	104,512	10,181	4,214	4,214
KOREA Investment BASIC General Private Equity Securities Investment Trust No.123 (Bond)	291,400	187,045	104,355	11,214	4,354	4,354
SOL Treasury Bond 10 years	120,574	21	120,553	8,709	8,186	8,186
United Partners Real Estate Investment Trust No.14	30,026	32	29,994	26	(186)	(186)
Others	821,926	276,818	545,108	40,926	(614)	14
Total	₩ 8,132,104	₩ 3,743,195	₩ 4,388,909	₩ 310,127	₩ 154,487	₩ 165,252

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

(In millions of Korean won)

	As of and for the year ended December 31, 2023						
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)	
Investments in associates:							
KIAMCO Aviation Specialized Investment Type Private Equity Trust No.1	₩ 56,345	₩ 26	₩ 56,319	₩ 88,656	₩ (4,879)	₩ (4,879)	
ANDA H Mezzanine Private Investment Trust 11th	28,942	5	28,937	9,899	4,825	4,825	
BNK Intervalue Technology Finance Investment Association No.1	34,296	716	33,580	66	(1,661)	(1,661)	
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	251,427	146,727	104,700	8,946	5,609	5,609	
NH-Amundi General Private Equity Investment Trust No.18 [bond]	201,601	98,948	102,653	5,953	4,266	4,266	
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	37,266	494	36,772	1,704	1,701	1,701	
Multi-Asset LNG General Private Equity Investment Trust No.5	34,075	11	34,064	1,837	1,827	1,827	
Igis Ulsan New Port Infrastructure Private Investment Trust	68,441	972	67,469	6,736	6,710	6,710	
Samsung Rafael Professional Investment Private Security Investment Trust No.1	169,631	65,933	103,698	5,322	4,182	4,182	
SHBNPP Corporate Private Security Investment Trust 8th	170,969	87,936	83,033	6,360	3,039	3,039	
Petra7alpha Private Equity Partnership	47,982	131	47,851	886	276	276	
KB Leaders ESG Professional Private Securities Investment Trust No.1	41,969	8	41,961	1,760	1,659	1,659	
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 11st	150,913	46,438	104,475	8,115	4,550	4,550	
VI Repo General Private Securities Investment Trust No.8	200,591	96,159	104,432	8,011	4,566	4,566	
Shinhan Corporation General Private Securities Investment Trust 7th [bond]	215,144	111,149	103,995	8,251	6,074	6,074	
Igis housing platform no.1 professional investors' private real estate fund	67,061	58	67,003	4,420	4,304	4,304	
BNK-T2021 Korea Support Venture Investment Association No. 1	34,511	216	34,295	45	(2,340)	(2,340)	
Kyobo Axa Clean Energy Center Professional Investment-type Private Equity Special Asset Investment Trust No. 1	40,211	798	39,413	-	1,304	1,304	
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	151,124	123,029	28,095	2,260	(1,973)	(1,973)	

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	As of and for the year ended December 31, 2023					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
BNK Corporate MMF No.1 (Stock) C	714,707	56	714,651	26,998	8,711	8,711
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	33,371	6	33,365	3,514	3,365	3,365
NH-Amundi General Private Equity Investment Trust No.22 [bond]	130,442	67,932	62,510	4,197	2,510	2,510
Samsung Rafael General Investment Private Security Investment Trust No.8	188,610	85,050	103,560	6,675	3,560	3,560
Hanhwa A Professional Investment Private Security Investment Trust No.1(Bond)	387,464	180,196	207,268	13,973	8,292	8,292
Mirae Asset Triumph Professional Investment Private No. 2	121,675	60,133	61,542	1,542	1,542	1,542
Hi General Private Equity Securities Investment Trust No.32 (Bond)	200,924	98,243	102,681	4,603	2,681	2,681
DB Alpha Professional Investment Private No. 2 (Mixed Bond)	33,165	2,217	30,948	1,043	898	898
Shinhan IPO Maturity Matching Private Investment Trust No.2 [WithBonds]	78,829	37,515	41,314	1,885	1,314	1,314
Kiwoom Frontier General Private Securities Investment Trust 27th [bond]	175,718	113,343	62,375	3,658	2,375	2,375
Shinhan Corporation General Private Securities Investment Trust 19th [bond]	175,004	113,225	61,779	2,486	1,779	1,779
Kiwoom Frontier General Private Securities Investment Trust 29th [bond]	268,738	176,175	92,563	3,560	2,564	2,564
Samsung REPO General Private Equity Securities Investment Trust No. 1 (Bond)	393,329	289,116	104,213	5,631	4,213	4,213
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 19th [Bond]	60,117	2	60,115	117	115	115
KB Leaders General Investment Private Security Investment Trust No.33 [bond]	100,043	1	100,042	43	42	42
Multi-Asset ESG Marine Transportation Infra General Private Investment Trust No.1	56,827	11	56,816	1,855	1,845	1,845
Hanwha A Professional Investment Private No. 120 (USD, bond)	135,200	10	135,190	7,093	6,355	6,355
Samsung Dollar S&B General Private Securites Investment Trust No.7(USD)(Bond)	104,953	2	104,951	1,990	1,828	1,828
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.45(USD) [Bond]	51,917	3	51,914	438	338	338

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(In millions of Korean won)

	As of and for the year ended December 31, 2023					
	Current assets	Current liabilities	Equity	Operating income	Operating profit (loss) from continuing operations	Total comprehensive income (loss)
Daishin Sell&Buy Professional Investment Private No. 4 (USD, bond)	51,600	1	51,599	409	23	23
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 13th [Bond]	287,630	78,077	209,553	17,923	9,553	9,553
KB Leaders Professional Investment Private Security Investment Trust No.29 [bond]	176,791	73,637	103,154	4,392	3,154	3,154
Multi-Asset Hydrogen Infrastructure Professional Investment Private No. 1	58,170	20	58,150	470	450	450
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	81,352	46	81,306	4,879	4,811	4,811
Others	<u>750,826</u>	<u>275,605</u>	<u>475,221</u>	<u>56,677</u>	<u>29,735</u>	<u>29,735</u>
Total	<u>₩ 6,819,901</u>	<u>₩ 2,430,376</u>	<u>₩ 4,389,525</u>	<u>₩ 345,278</u>	<u>₩ 146,092</u>	<u>₩ 146,092</u>

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

The reconciliations from the net assets of associates and joint venture based on the ownership ratio of the Group to its corresponding book amounts of investments in associates and joint venture as of December 31, 2024 and 2023 are as follows:

	December 31, 2024				
	Net assets of associates and joint venture (A)		The Group's ownership (B) (%)	Net assets owned (AXB) Book amount	
<i>(In millions of Korean won)</i>					
Investments in associates:					
BNK T 2021 Korea Facilitator Venture Fund	₩	30,057	32.00	₩	9,618 ₩ 9,618
BNK Intervalue Technology Finance Investment Association No.1		33,658	34.00		11,553 11,553
Hana Balance Professional Investment Private No. 1 (Mixed Bond)		22,353	50.00		11,177 11,177
Shinhan Corporation General Private Securities Investment Trust 14th [bond]		104,048	50.00		52,024 52,024
Samsung Rafael General Private Investment Trust No.8		104,467	50.00		52,234 52,234
iM asset General Private Equity Securities Investment Trust No.32 (Bond)		104,339	50.00		52,170 52,170
Shinhan Corporation General Private Securities Investment Trust No.19(bond)		60,863	50.00		30,431 30,431
Kioom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond)		60,946	50.00		30,473 30,473
GYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond)		60,027	50.00		30,014 30,014
KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond)		100,039	30.00		30,012 30,012
Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1		53,904	92.00		49,627 49,627
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2		49,932	46.00		23,045 23,045
Multi-Asset LNG General Private Equity Investment Trust No.5		29,937	67.00		19,959 19,959
Igis Ulsan New Port Infrastructure Private Investment Trust		51,034	32.00		16,295 16,295
Samsung Lapael Professional Private Securities Investment Trust 1st		104,465	50.00		52,233 52,233

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	December 31, 2024			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
SHBNPP Corporate Private Security Investment Trust 8th	83,824	50.00	41,912	41,912
KB Leaders ESG Professional Private Securities Investment Trust No.1	42,146	49.00	20,757	20,757
Kyobo Axa clean energy center Professional Private Special Asset Investment Fund-1	41,070	28.00	11,624	11,624
VI Repo General Private Securities Investment Trust No.8	104,477	50.00	52,238	52,238
Shinhan Corporate General Private Equity Securities Investment Trust No. 7 (Bond)	104,541	50.00	52,181	52,181
KYOBO Axa Alpha Plus General Private Investment Trust J -13	104,422	50.00	52,211	52,211
KB Leaders General Private Investment Trust No. 29 (Bond)	102,423	50.00	51,211	51,211
Mirae-Asset Hydrogen Infrastructure Professional Investment Private No. 1	66,509	49.00	32,786	32,786
Igis housing platform no.1 professional investors' private real estate fund	54,294	20.00	10,859	10,859
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	22,636	38.00	8,526	8,526
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	81,302	23.00	18,300	18,300
Shinhan Public Offering Share Maturity Matching Professional Investment Private Fund No. 3 (Mixed Bond)	104,025	50.00	52,013	52,013
Daishin Plus Professional Investment Private No. 2401 (bond)	100,633	50.00	50,317	50,317
NH-Amundi Professional Investment Private No. 29 (bond)	62,830	50.00	31,363	31,363
Vogo Build-Up Private Investment Trust No. 1 C-S	25,166	40.00	10,005	10,005
Eugene Champion Matching Bond Private Securities Investment Trust No. 1 (Bond)	104,642	50.00	52,321	52,321
KYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-14 (Bond)	103,693	50.00	51,847	51,847
NH-Amundi High-Quality Mid-term Note General Private Equity Securities Investment Trust No. 1 (Bond)	61,463	50.00	30,732	30,732

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<i>(In millions of Korean won)</i>	December 31, 2024			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
Shinhan Curve Focus General Private Equity Securities Investment Trust No. 1 (Bond)	60,739	50.00	30,369	30,369
IBK General Private Securities Investment Trust RP No.13(Bond)	60,886	50.00	30,443	30,443
Hanwha A General Private Securities Investment Trust RP No.6(Bond)	140,525	36.00	50,187	50,187
Midas Chagog Chagog Repo Private Securities Investment Trust No. 15 (Bond)	160,516	50.00	80,258	80,258
Koreainvestment Basic Private Securities Investment Trust No. 122 (USD, Bond)	77,983	20.00	15,597	15,597
Hanwha Private Securities Investment Trust No. 127 (USD, Bond)	154,317	20.00	30,863	30,863
BNK Professional Investment Private No. 5H (USD, Bond)	61,611	25.00	15,403	15,403
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 47 (USD, Bond)	45,886	33.00	15,306	15,306
KB Korea Short-Term Bond Professional Investment Private Security Investment Trust No. 48 (USD, Bond)	59,785	50.00	29,893	29,893
Samsung Dollar S&B General Private Equity Securities Investment Trust No. 10 (USD, Bond)	59,021	50.00	29,510	29,510
VI REPO General Private Equity Securities Investment Trust No. 15 (Bond)	100,326	50.00	50,163	50,163
Kyobo Axa ESG Alpha Plus General Private Securities Investment Trust J-20 (Bond)	100,184	50.00	50,092	50,092
Shinhan Long Short Maturity Matching General Private Securities Investment Trust No.4	62,440	50.00	31,220	31,220
iM asset General Private Equity Securities Investment Trust No.41 (Bond)	104,512	50.00	52,101	52,101
KOREA Investment BASIC General Private Equity Securities Investment Trust No.123 (Bond)	104,354	50.00	52,177	52,177
SOL Treasury Bond 10 years	120,552	26.00	31,678	31,678
United Partners Real Estate Investment Trust No.14	29,994	67.00	19,996	19,996
Others ¹	545,108	-	147,344	146,174

¹ The Group recognized impairment losses of ₩1,170 million for the year ended December 31, 2024, which were reflected in loss from investments in associates.

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16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE: (cont'd)

(In millions of Korean won)

	December 31, 2023			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
Investments in associates:				
KIAMCO Aviation Specialized Investment Type Private Equity Trust No.1	₩ 56,319	20.00	₩ 11,265	₩ -
ANDA H Mezzanine Private Investment Trust 11th	28,937	25.29	7,319	7,319
BNK Intersave Technology Finance Investment Association No.1	33,580	34.32	11,526	11,526
Shinhan Corporation General Private Securities Investment Trust 14th [bond]	104,700	50.00	52,350	52,350
NH-Amundi General Private Equity Investment Trust No.18 [bond]	102,653	50.00	51,326	51,326
Shinhan BNPPS Grail Professional Private Special Asset Fund No.1-2	36,771	46.15	16,971	16,971
Multi-Asset LNG General Private Equity Investment Trust No.5	34,065	66.67	22,711	22,711
Igis Ulsan New Port Infrastructure Private Investment Trust	67,468	31.92	21,535	21,535
Samsung Rafael Professional Investment Private Security Investment Trust No.1	103,698	50.00	51,849	51,849
SHBNPP Corporate Private Security Investment Trust 8th	83,033	50.00	41,517	41,517
Petra7alpha Private Equity Partnership	47,851	21.79	10,427	10,427
KB Leaders ESG Professional Private Securities Investment Trust No.1	41,961	49.28	20,677	20,677
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust-J 11st	104,475	49.95	52,180	52,180
VI Repo General Private Securities Investment Trust No.8	104,432	50.00	52,216	52,216
Shinhan Corporation General Private Securities Investment Trust 7th [bond]	103,995	49.91	51,902	51,902
Igis housing platform no.1 professional investors' private real estate fund	67,003	20.00	13,401	13,401
BNK-T2021 Korea Support Venture Investment Association No. 1	34,295	32.00	10,974	10,974
Kyobo Axa Clean Energy Center Professional Investment-type Private Equity Special Asset Investment Trust No. 1	39,413	28.30	11,155	11,155

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	December 31, 2023			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
Melon Asset Specialized Investment-Type Private Equity Investment Trust No. 13	28,095	37.67	10,583	10,583
BNK Corporate MMF No.1 (Stock) C	714,651	23.14	165,400	165,400
Hana Balance Professional Investment Private No. 1 (Mixed Bond)	33,365	33.33	11,122	11,122
NH-Amundi General Private Equity Investment Trust No.22 [bond]	62,510	50.00	31,255	31,255
Samsung Rafael General Investment Private Security Investment Trust No.8	103,560	50.00	51,780	51,780
Hanhwa A Professional Investment Private Security Investment Trust No.1(Bond)	207,268	25.13	52,084	52,084
Mirae Asset Triumph Professional Investment Private No. 2	61,542	50.00	30,771	30,771
Hi General Private Equity Securities Investment Trust No.32 (Bond)	102,681	50.00	51,340	51,340
DB Alpha Professional Investment Private No. 2 (Mixed Bond)	30,948	33.28	10,299	10,299
Shinhan IPO Maturity Matching Private Investment Trust No.2 [WithBonds]	41,314	50.00	20,657	20,657
Kiwoom Frontier General Private Securities Investment Trust 27th [bond]	62,375	50.00	31,188	31,188
Shinhan Corporation General Private Securities Investment Trust 19th [bond]	61,779	50.00	30,890	30,890
Kiwoom Frontier General Private Securities Investment Trust 29th [bond]	92,564	33.33	30,855	30,855
Samsung REPO General Private Equity Securities Investment Trust No. 1 (Bond)	104,213	30.00	31,264	31,264
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 19th [Bond]	60,115	50.00	30,058	30,058
KB Leaders General Investment Private Security Investment Trust No.33 [bond]	100,042	30.00	30,013	30,013
Multi-Asset ESG Marine Transportation Infra General Private Investment Trust No.1	56,816	92.07	52,309	52,309
Hanwha A Professional Investment Private No. 120 (USD, bond)	135,190	20.00	27,038	27,038

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(In millions of Korean won)

	December 31, 2023			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
Samsung Dollar S&B General Private Securites Investment Trust No.7(USD)(Bond)	104,951	25.00	26,238	26,238
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No.45(USD) [Bond]	51,914	50.00	25,957	25,957
Daishin Sell&Buy Professional Investment Private No. 4 (USD, bond)	51,599	50.00	25,800	25,800
Kyobo-Axa Alpha Plus General Private Securities Investment Trust-J 13th [Bond]	209,553	25.00	52,388	52,388
KB Leaders Professional Investment Private Security Investment Trust No.29 [bond]	103,154	50.00	51,577	51,577
Multi-Asset Hydrogen Infrastructure Professional Investment Private No. 1	58,150	49.30	28,665	28,665
Hyundai Investment Professional Investment Private Real Estate Investment Trust No.44	81,306	22.51	18,301	18,301
Others ¹	475,221		131,577	130,150

¹ The Group recognized impairment losses of ₩12,692 million for the year ended December 31, 2023, which were reflected in loss from investments in associates.

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17. PROPERTY AND EQUIPMENT:

Details of property and equipment as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book amount
Land for business purpose	₩ 436,016	₩ -	₩ -	₩ 436,016
Buildings for business purpose	748,483	(164,346)	-	584,137
Leasehold improvements	139,388	(113,644)	-	25,744
Movable properties for business purpose	567,648	(443,676)	-	123,972
Construction in progress	56,037	-	-	56,037
Right-of-use assets	179,765	(141,203)	-	38,562
Total	₩ 2,127,337	₩ (862,869)	₩ -	₩ 1,264,468

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book amount
Land for business purpose	₩ 433,835	₩ -	₩ -	₩ 433,835
Buildings for business purpose	732,600	(147,402)	-	585,198
Leasehold improvements	131,398	(107,551)	-	23,847
Movable properties for business purpose	586,834	(456,404)	-	130,430
Construction in progress	67,989	-	-	67,989
Right-of-use assets	173,167	(123,097)	-	50,070
Total	₩ 2,125,823	₩ (834,454)	₩ -	₩ 1,291,369

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17. PROPERTY AND EQUIPMENT: (cont'd)

Changes in property and equipment for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024							Ending balance
	Beginning balance	Acquisition	Disposal	Reclassification	Depreciation	Others		
Property and equipment:								
Land for business purpose	₩ 433,835	₩ -	₩ (3,575)	₩ 5,756	₩ -	₩ -	₩ -	₩ 436,016
Buildings for business purpose	585,198	1,250	-	14,037	(16,582)	234		584,137
Leasehold improvements	23,847	5,255	(521)	7,822	(10,820)	161		25,744
Movable properties for business purpose	130,430	27,503	(651)	8,274	(40,787)	(797)		123,972
Construction in progress	67,989	48,938	-	(60,891)	-	1		56,037
Right-of-use assets								
Properties for business purpose	48,265	43,958	(15,471)	21	(41,157)	1,400		37,016
Vehicles	984	4,559	(3,882)	-	(984)	4		681
Others	821	4,300	(206)	-	(4,051)	1		865
Total	₩1,291,369	₩ 135,763	₩ (24,306)	₩ (24,981)	₩ (114,381)	₩ 1,004		₩ 1,264,468

(In millions of Korean won)

	2023							Ending balance
	Beginning balance	Acquisition	Disposal	Reclassification	Depreciation	Others		
Property and equipment:								
Land for business purpose	₩ 416,829	₩ -	₩ (1,953)	₩ 19,166	₩ -	₩ (207)	₩ -	₩ 433,835
Buildings for business purpose	574,930	3,154	(2,587)	25,578	(15,643)	(234)		585,198
Leasehold improvements	24,745	5,957	(372)	3,885	(10,387)	19		23,847
Movable properties for business purpose	118,016	41,598	(959)	12,619	(40,058)	(786)		130,430
Construction in progress	32,982	64,474	-	(29,467)	-	-		67,989
Right-of-use assets								
Properties for business purpose	42,305	48,002	(3,903)	-	(38,145)	6		48,265
Vehicles	565	3,463	(2,183)	-	(892)	31		984
Others	533	2,940	764	-	(3,416)	-		821
Total	₩1,210,905	₩ 169,588	₩ (11,193)	₩ 31,781	₩ (108,541)	₩ (1,171)		₩ 1,291,369

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17. PROPERTY AND EQUIPMENT: (cont'd)

Details of right-to-use assets as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 169,637	₩ 1,558	₩ 8,570	₩ 179,765
Accumulated depreciation	<u>(132,622)</u>	<u>(876)</u>	<u>(7,705)</u>	<u>(141,203)</u>
Book amount of right-of-use asset	<u>₩ 37,015</u>	<u>₩ 682</u>	<u>₩ 865</u>	<u>₩ 38,562</u>

(In millions of Korean won)

	December 31, 2023			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 164,697	₩ 1,736	₩ 6,735	₩ 173,168
Accumulated depreciation	<u>(116,432)</u>	<u>(752)</u>	<u>(5,914)</u>	<u>(123,098)</u>
Book amount of right-of-use asset	<u>₩ 48,265</u>	<u>₩ 984</u>	<u>₩ 821</u>	<u>₩ 50,070</u>

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18. INTANGIBLE ASSETS:

Details of intangible assets as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book amount
Software	₩ 123,320	₩ (89,670)	₩ -	₩ 33,650
Goodwill	28,341	-	-	28,341
Core deposits	167,297	(167,297)	-	-
Development costs	302,120	(175,719)	(635)	125,766
Others	158,535	(77,010)	(196)	81,329
Total	₩ 779,613	₩ (509,696)	₩ (831)	₩ 269,086

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Book amount
Software	₩ 114,704	₩ (81,176)	₩ -	₩ 33,528
Goodwill	28,341	-	-	28,341
Core deposits	167,297	(154,750)	-	12,547
Development costs	279,430	(157,109)	-	122,321
Others	97,992	(26,732)	(218)	71,042
Total	₩ 687,764	₩ (419,767)	₩ (218)	₩ 267,779

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18. INTANGIBLE ASSETS: (cont'd)

Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024						
	Beginning balance	Acquisition	Disposal	Reclassification	Amortization	Others	Ending balance
Software	₩ 33,528	₩ 13,042	₩ -	₩ 578	₩ (13,282)	₩ (216)	₩ 33,650
Goodwill	28,341	-	-	-	-	-	28,341
Core deposits	12,547	-	-	-	(12,547)	-	-
Development costs	122,321	5,430	(455)	44,994	(45,884)	(640)	125,766
Others	71,042	72,641	(3,317)	(37,875)	(21,185)	23	81,329
Total	₩ 267,779	₩ 91,113	₩ (3,772)	₩ 7,697	₩ (92,898)	₩ (833)	₩ 269,086

(In millions of Korean won)

	2023						
	Beginning balance	Acquisition	Disposal	Reclassification	Amortization	Others	Ending balance
Software	₩ 27,893	₩ 20,182	₩ -	₩ -	₩ (14,420)	₩ (127)	₩ 33,528
Goodwill	28,341	-	-	-	-	-	28,341
Core deposits	29,277	-	-	-	(16,730)	-	12,547
Development costs	104,263	6,663	(9)	50,354	(38,094)	(856)	122,321
Others	91,799	50,016	(28)	(50,354)	(21,052)	661	71,042
Total	₩ 281,573	₩ 76,861	₩ (37)	₩ -	₩ (90,296)	₩ (322)	₩ 267,779

The impairment test on goodwill is based on value in use calculated by the recoverable amount of a CGU, and these calculations use pretax cash flow projections based on financial budgets covering a five-year period. The cost of capital reflected in discounting estimated cash flows is determined as follows:

BNK Savings Bank Co., Ltd.

Input	Applied rate	Basis
Risk-free interest rate	3.35%	Average of one year from the valuation date
Corporate Beta	0.20	Reflecting capital structure of similar companies
Market rate premium ("MRP")	8.00%	Average MRP of one year from the valuation date
Cost of capital	8.73%	

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18. INTANGIBLE ASSETS: (cont'd)

BNK Asset Management Co., Ltd.

Input	Applied rate	Basis
Risk-free interest rate	2.74%	Average of one year from the valuation date
Corporate Beta	0.91	Reflecting capital structure of similar companies
MRP	8.00%	Average MRP of one year from the valuation date
Cost of capital	6.90%	

BNK Venture Capital Co., Ltd.

Input	Applied rate	Basis
Risk-free interest rate	2.74%	Average of one year from the valuation date
Corporate Beta	0.87	Reflecting capital structure of similar companies
MRP	8.00%	Average MRP of one year from the valuation date
Cost of capital	6.71%	

As a result of the impairment test of goodwill, it is determined that the book amount of the CGU does not exceed the recoverable amount.

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19. INVESTMENT PROPERTIES:

Details of investment properties as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book amount
Land	₩ 441,608	₩ -	₩ -	₩ 441,608
Buildings	226,099	(38,398)	-	187,701
Total	₩ 667,707	₩ (38,398)	₩ -	₩ 629,309

(In millions of Korean won)

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Book amount
Land	₩ 447,364	₩ -	₩ -	₩ 447,364
Buildings	202,017	(32,342)	-	169,675
Total	₩ 649,381	₩ (32,342)	₩ -	₩ 617,039

Rental income from investment properties is ₩27,389 million and ₩16,963 million for the years ended December 31, 2024 and 2023, respectively.

Expenses (including repairs and maintenance) directly related to the investment properties of which rental income was generated and no rental income was generated are ₩6,075 million and ₩2,574 million for the years ended December 31, 2024 and 2023, respectively.

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19. INVESTMENT PROPERTIES: (cont'd)

The fair values and assessment methods of investment properties as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>	Valuation techniques	Input variables
Land	₩ 542,814	₩ 527,815	- The evaluation method of using officially assessed land pricing - Sales comparison approach	- Officially assessed land pricing - Transaction price - Discount rate - Rent increase rate, etc.
Building	242,691	210,425	- Evaluation by the prime cost - Evaluation by the standard land cost - Sales comparison approach	- Repurchase cost - Durable years - Transaction price - Rent increase rate, etc.
Total	<u>₩ 785,505</u>	<u>₩ 738,240</u>		

Investment properties are classified as Level 3 and measured by independent professionals who have specialty and similar experience in the area of investment properties located recently.

Changes in investment properties for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>		2024						
		Beginning balance	Acquisition	Disposal	Reclassification	Depreciation	Others	Ending balance
Land	₩	447,364	₩ -	₩ -	₩ (5,756)	₩ -	₩ -	₩ 441,608
Buildings		<u>169,675</u>	<u>466</u>	<u>-</u>	<u>23,925</u>	<u>(6,348)</u>	<u>(17)</u>	<u>187,701</u>
Total	₩	<u>617,039</u>	<u>₩ 466</u>	<u>₩ -</u>	<u>₩ 18,169</u>	<u>₩ (6,348)</u>	<u>₩ (17)</u>	<u>₩ 629,309</u>

<i>(In millions of Korean won)</i>		2023						
		Beginning balance	Acquisition	Disposal	Reclassification	Depreciation	Others	Ending balance
Land	₩	465,954	₩ -	₩ -	₩ (18,590)	₩ -	₩ -	₩ 447,364
Buildings		<u>181,688</u>	<u>1,809</u>	<u>-</u>	<u>(7,327)</u>	<u>(6,545)</u>	<u>50</u>	<u>169,675</u>
Total	₩	<u>647,642</u>	<u>₩ 1,809</u>	<u>₩ -</u>	<u>₩ (25,917)</u>	<u>₩ (6,545)</u>	<u>₩ 50</u>	<u>₩ 617,039</u>

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19. INVESTMENT PROPERTIES: (cont'd)

Operating lease

The Group entered into various operating lease agreements for land and buildings, which are classified as investment properties. The remaining periods of non-cancellable operating lease are within five years. The lease payments can be increased annually depending on the market condition under all operating lease agreements. The future minimum lease payments expected to be received in relation to the non-cancellable operating lease agreement for investment properties as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within one year	₩ 20,689	₩ 3,386
Later than one year, but not later than two years	14,639	9,583
Later than two years, but not later than three years	7,237	16,541
Later than three years, but not later than five years	3,405	20,206
Later than five years	1,302	1,354
Total	<u>₩ 47,272</u>	<u>₩ 51,070</u>

20. OTHER ASSETS:

Details of other assets as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Guarantee deposits	₩ 760	₩ 938
Articles for consumption	1,552	1,541
Prepaid expenses	122,236	87,523
Operating lease assets	2,026,259	1,740,131
Prepaid lease assets	37,712	45,451
Others	26,054	29,069
Total	<u>₩ 2,214,573</u>	<u>₩ 1,904,653</u>

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20. OTHER ASSETS: (cont'd)

Details of prepaid lease assets as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Operating lease assets:				
Operating lease assets	₩	2,636,668	₩	2,281,658
Accumulated depreciation		(701,987)		(620,465)
Accumulated impairment loss		(512)		(512)
Book value		<u>1,934,169</u>		<u>1,660,681</u>
Hedge lease assets:				
Hedge lease assets		12,412		12,412
Accumulated depreciation		(1,471)		(1,472)
Accumulated impairment loss		(10,941)		(10,940)
Book value		<u>-</u>		<u>-</u>
Initial direct costs		95,044		82,462
Prepaid lease assets		<u>34,758</u>		<u>42,439</u>
Total	₩	<u>2,063,971</u>	₩	<u>1,785,582</u>

Operating lease assets

Details of lessee of operating lease assets by industry based on the acquisition cost as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	Transport equipment	General industrial equipment	Total	Transport equipment	General industrial equipment	Total
Acquisition cost	₩ 2,627,209	₩ 21,871	₩ 2,649,080	₩ 2,272,162	₩ 21,908	₩ 2,294,070
Accumulated depreciation	(694,436)	(9,022)	(703,458)	(612,886)	(9,050)	(621,936)
Accumulated impairment losses	-	(11,453)	(11,453)	-	(11,453)	(11,453)
Book amount	<u>₩ 1,932,773</u>	<u>₩ 1,396</u>	<u>₩ 1,934,169</u>	<u>₩ 1,659,276</u>	<u>₩ 1,405</u>	<u>₩ 1,660,681</u>

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20. OTHER ASSETS: (cont'd)

The total future minimum lease payments to the lessor as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Within one year	₩ 439,539	₩ 386,730
Later than one year, but not later than two years	352,772	301,572
Later than two years, but not later than three years	263,325	221,555
Later than three years, but not later than five years	204,959	199,378
Later than five years	40	179
Total	<u>₩ 1,260,635</u>	<u>₩ 1,109,414</u>

21. DEPOSITS:

Details of deposits as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deposits in Korean won:		
Demand deposits	₩ 11,771,618	₩ 12,407,668
Term deposits	88,672,892	84,851,080
Mutual installment deposits	3,490	4,862
Mutual installment for housing	2,352	2,660
Others	424	291
Subtotal	<u>100,450,776</u>	<u>97,266,561</u>
Deposits in foreign currencies	1,564,227	1,488,446
Negotiable certificates of deposit	5,840,427	8,006,227
Total	<u>₩ 107,855,430</u>	<u>₩ 106,761,234</u>

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22. FINANCIAL LIABILITIES AT FVPL:

Details of financial liabilities at FVPL as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>	Reason for designation
Financial liabilities at FVPL:			
Securities sold	₩ 878,297	₩ 178,149	
Subtotal	<u>878,297</u>	<u>178,149</u>	
Financial liabilities designated at FVPL ¹ :			
Equity-linked securities sold	658,612	473,913	Hybrid (combined) financial instrument
Securities sold with embedded derivatives	588,456	453,466	
Credit risk assessment adjustment	357	303	
Adjustment of gain and losses on valuation at transaction date	<u>178</u>	<u>3,031</u>	
Subtotal	<u>1,247,603</u>	<u>930,713</u>	
Total	<u>₩ 2,125,900</u>	<u>₩ 1,108,862</u>	

¹ In accordance with KIFRS 1109, paragraph 6.7.1, the Group designated the financial liabilities at initial recognition (or subsequently) as FVPL.

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23. BORROWINGS:

Details of borrowings at amortized cost as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Annual interest rate (%)		Dec. 31, 2024		Dec. 31, 2023	
	Minimum	Maximum				
Borrowings in Korean won:						
The BOK	1.50	2.00	₩	1,081,627	₩	606,671
Others	-	5.33		3,885,579		4,056,254
Subtotal				4,967,206		4,662,925
Borrowings in foreign currencies:						
Overdraft on our account	-	-		3,414		6,346
Banks	1.06	16.50		1,583,798		1,057,712
Others	0.77	9.67		272,202		346,107
Subtotal				1,859,414		1,410,165
Call money	1.98	5.50		629,261		260,110
Bonds sold under repurchase agreement:						
Korean won	0.55	5.50		3,814,166		2,450,091
Foreign currencies	1.26	1.26		18,729		18,253
Subtotal				3,832,895		2,468,344
Bills sold	1.50	3.38		14,956		16,301
Deferred expenses from borrowings				(2,235)		(1,969)
Total			₩	11,301,497	₩	8,815,876

Details of borrowings at financial institution as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024			
	The BOK	Other banks	Others	Total
Borrowings in Korean won	₩ 1,095,977	₩ 717,915	₩ 1,201,200	₩ 3,015,092
Borrowings in foreign currencies	-	1,859,414	-	1,859,414
Call money	-	529,261	100,000	629,261
Bonds sold under repurchase agreement	640,000	1,255,400	571,430	2,466,830
Total	₩ 1,735,977	₩ 4,361,990	₩ 1,872,630	₩ 7,970,597

<i>(In millions of Korean won)</i>	December 31, 2023			
	The BOK	Other banks	Others	Total
Borrowings in Korean won	₩ 606,671	₩ 337,374	₩ 1,315,000	₩ 2,259,045
Borrowings in foreign currencies	-	1,410,165	-	1,410,165
Call money	-	260,110	-	260,110
Bonds sold under repurchase agreement	400,000	-	1,049,253	1,449,253
Total	₩ 1,006,671	₩ 2,007,649	₩ 2,364,253	₩ 5,378,573

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24. DEBENTURES:

Details of debentures issued by the Group as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Annual interest rate (%)			Dec. 31, 2024		Dec. 31, 2023
	Minimum	Maximum				
Debentures in Korean won:						
Unsecured coupon bond	1.47	7.34	₩	13,386,399	₩	11,930,818
Subordinated bond	3.05	3.85		350,000		700,000
Present value discounts				(10,088)		(9,785)
Subtotal				<u>13,726,311</u>		<u>12,621,033</u>
Debentures in foreign currencies:						
Senior bond	5.77	5.77		44,100		112,823
Subordinated bond	3.63	3.63		367,500		322,350
Loss on fair value hedge				(15,146)		(19,575)
Present value discounts				(900)		(1,221)
Subtotal				<u>395,554</u>		<u>414,377</u>
Total			₩	<u>14,121,865</u>	₩	<u>13,035,410</u>

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25. NET DEFINED BENEFIT LIABILITIES (ASSETS):

Defined benefit plan

The Group operates a retirement benefit plan, which is an arrangement, whereby the Group provides benefits as a lump sum, based on current salary and tenure of employment provided to employees on or after termination of their service. The retirement benefit plan is normally described as a defined benefit plan and its own characteristics are as follows:

- the obligation of the Group is to pay existing and previous employees promised retirement benefits; and
- the Group will have the actuarial risk due to the fact that actual retirement benefits exceed expected retirement benefits and investment risk.

The defined benefit obligation recognized in the consolidated financial statements is measured by an independent actuary. The Group uses the projected unit credit method in order to determine defined benefit obligation.

Actuarial assumptions and variables, such as market rate risk, wage rate risk, death rate risk, consumer price index, expected rate of return and others, are based on market information and historical data, and are renewed annually. Profit or loss incurred from the change in actuarial assumptions and the difference between assumptions and actual results are recognized for the year.

As of December 31, 2024 and 2023, the amounts recognized in the consolidated statements of financial position related to postemployment benefits are as follows:

<i>(In millions of Korean won)</i>	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Present value of funded defined benefit obligations	₩ 730,305	₩ 639,498
Fair value of plan assets	<u>(835,747)</u>	<u>(798,115)</u>
Net defined benefit liabilities (assets) ¹	<u>₩ (105,442)</u>	<u>₩ (158,617)</u>

¹ As of December 31, 2024, the amounts recognized under the defined benefit plan of ₩105,442 million represent the net defined benefit assets of ₩109,728 million less net defined benefit liabilities of ₩4,286 million.

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25. NET DEFINED BENEFIT LIABILITIES (ASSETS): (cont'd)

Changes in net defined benefit liabilities for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		
	Present value of defined benefit obligation	Plan assets at fair value	Total
Beginning balance	₩ 639,498	₩ (798,115)	₩ (158,617)
Current service cost	53,932	-	53,932
Interest expenses (interest revenues)	29,609	(37,699)	(8,090)
Others	1	-	1
Subtotal	<u>83,542</u>	<u>(37,699)</u>	<u>45,843</u>
Remeasurements:			
Expected return on plan assets	-	10,312	10,312
Actuarial gains arising from changes in demographic assumptions	(703)	-	(703)
Actuarial losses arising from changes in financial assumptions	21,457	(5)	21,452
Others	5,052	-	5,052
Subtotal	<u>25,806</u>	<u>10,307</u>	<u>36,113</u>
Contributions from the employer	-	(29,173)	(29,173)
Benefits paid	(19,910)	20,302	392
Transfer of employees between the Group and the related companies	1,369	(1,369)	-
Ending balance	<u>₩ 730,305</u>	<u>₩ (835,747)</u>	<u>₩ (105,442)</u>

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25. NET DEFINED BENEFIT LIABILITIES (ASSETS): (cont'd)

(In millions of Korean won)

	2023		
	Present value of defined benefit obligation	Plan assets at fair value	Total
Beginning balance	₩ 569,699	₩ (763,342)	₩ (193,643)
Current service cost	51,657	-	51,657
Interest expenses (interest revenues)	30,879	(42,480)	(11,601)
Subtotal	<u>82,536</u>	<u>(42,480)</u>	<u>40,056</u>
Remeasurements:			
Expected return on plan assets	-	18,678	18,678
Actuarial gains arising from changes in demographic assumptions	(905)	-	(905)
Actuarial losses arising from changes in financial assumptions	39,240	-	39,240
Others	(23,808)	6	(23,802)
Subtotal	<u>14,527</u>	<u>18,684</u>	<u>33,211</u>
Contributions from the employer	-	(37,621)	(37,621)
Benefits paid	(29,126)	28,638	(488)
Transfer of employees between the Group and the related companies	1,862	(1,994)	(132)
Ending balance	<u>₩ 639,498</u>	<u>₩ (798,115)</u>	<u>₩ (158,617)</u>

Details of plan assets at fair value as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won and
in percentage, %)

	December 31, 2024		December 31, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Time deposits	₩ 812,517	97.22	₩ 780,028	97.73
Others	23,230	2.78	18,088	2.27
Total	<u>₩ 835,747</u>	<u>100</u>	<u>₩ 798,116</u>	<u>100</u>

The significant actuarial assumptions as of December 31, 2024 and 2023 are as follows:

(In percentage, %)

	December 31, 2024	December 31, 2023
Discount rate	3.77 – 5.17	4.41 – 5.66
Salary growth rate (including inflation)	1.88 – 5.86	3.88 – 7.18

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25. NET DEFINED BENEFIT LIABILITIES (ASSETS): (cont'd)

Assuming that all the other assumptions remain as they are at the end of the reporting period, the effect of the defined benefit obligation to changes in the principal assumptions is as follows:

<i>(In millions of Korean won)</i>	1% increase		1% decrease	
Change in discount rate	₩	(54,468)	₩	73,193
Change in salary growth rate		74,188		(56,312)

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

The weighted-average duration of the defined benefit obligation is 9.40 years and 9.74 years for the years ended December 31, 2024 and 2023, respectively.

The expected maturity analysis on undiscounted pension benefits as of December 31, 2024 and 2023 is as follows:

<i>(In millions of Korean won)</i>	December 31, 2024				
	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years	Total
Pension benefits	₩ 34,854	₩ 44,092	₩ 155,570	₩ 898,644	₩ 1,133,160

<i>(In millions of Korean won)</i>	December 31, 2023				
	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years	Total
Pension benefits	₩ 26,305	₩ 34,916	₩ 147,311	₩ 861,688	₩ 1,070,220

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26. PROVISIONS:

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

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Provision for acceptances and guarantees	₩ 3,573	₩ 5,224
Provision for unused credit limit	45,825	44,794
Financial guarantee contract liabilities	1,607	2,047
Provision for restoration costs	14,939	13,669
Provision for credit card point	301	433
Others ¹	40,431	125,579
Total	<u>₩ 106,676</u>	<u>₩ 191,746</u>

¹ In other provisions, provisions for employee embezzlement incident of ₩ 9,267 million and ₩ 8,961 million are included as of December 31, 2024 and 2023, respectively.

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26. PROVISIONS: (cont'd)

Changes in provisions for acceptances and guarantees and provisions for unused credit limits for each of the years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Twelve months expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 34,523	₩ 15,828	₩ 1,714	₩ 52,065
Transfer to 12 months expected credit loss	4,308	(4,308)	-	-
Transfer to expected lifetime credit losses	(1,274)	1,274	-	-
Transfer to credit-impaired financial liabilities	(95)	(41)	136	-
Foreign currency translation and others	68	61	-	129
Others	176	(31)	-	145
Subtotal	37,706	12,783	1,850	52,339
Provision (reversal)	(2,693)	3,178	(1,819)	(1,334)
Ending balance	₩ 35,013	₩ 15,961	₩ 31	₩ 51,005

(In millions of Korean won)

	2023			
	Twelve months expected credit losses	Expected lifetime credit losses		Total
		Unrecognized impairment	Recognized impairment	
Beginning balance	₩ 27,245	₩ 23,585	₩ 1,193	₩ 52,023
Transfer to 12 months expected credit loss	4,683	(4,683)	-	-
Transfer to expected lifetime credit losses	(1,332)	1,332	-	-
Transfer to credit-impaired financial liabilities	(17)	(28)	45	-
Foreign currency translation and others	2	27	-	29
Others	(2)	(74)	-	(76)
Subtotal	30,579	20,159	1,238	51,976
Provision (reversal)	3,944	(4,332)	477	89
Ending balance	₩ 34,523	₩ 15,827	₩ 1,715	₩ 52,065

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26. PROVISIONS: (cont'd)

Changes in other provisions for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 13,669	₩ 1,308	₩ (64)	₩ 26	₩ 14,939
Provision for credit card point	433	-	(132)	-	301
Others ¹	125,578	1,672	(86,819)	-	40,431
Total	₩ 139,680	₩ 2,980	₩ (87,015)	₩ 26	₩ 55,671

¹ As for the provisions related to the Lime Asset Management redemption deferral period, the Group's sales of Lime Asset Management redemption deferral fund were ₩62,236 million as of December 31, 2024, and ₩26,623 million was recognized as provision.

(In millions of Korean won)

	2023				
	Beginning balance	Increase	Decrease	Others	Ending balance
Provision for restoration costs	₩ 13,444	₩ 779	₩ (511)	₩ (41)	₩ 13,670
Provision for credit card point	740	-	(307)	-	433
Others ¹	56,204	87,368	(17,994)	-	125,578
Total	₩ 70,387	₩ 88,147	₩ (18,812)	₩ (41)	₩ 139,681

¹ As for the provisions related to the Lime Asset Management redemption deferral period, the Group's sales of Lime Asset Management redemption deferral fund were ₩62,370 million as of December 31, 2023, and ₩28,801 million was recognized as provision.

Asset retirement obligation liabilities represent the estimated cost to restore the existing leased properties, which is discounted to the present value using the appropriate discount rate at the end of the reporting period. Disbursements of such costs are expected to incur at the end of lease contract, and such costs are reasonably estimated using the past three-year historical data of average lease year of expired leases. In addition, the expected restoration expense is calculated based on the average of actual costs incurred in the past and the prior year's inflation rate.

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27. OTHER LIABILITIES:

Other liabilities as of December 31, 2024 and 2023 consist of the followings:

<i>(In millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Other financial liabilities:				
Due to trust accounts	₩	1,164,956	₩	1,063,674
Due to fund accounts		1,560		1,084
Foreign exchange remittances pending		25,737		28,423
Prepaid card liabilities		13,042		13,590
Debit card liabilities		19,118		13,675
Deposits for letter of guarantees and others		668,609		582,836
(Present value discounts)		(71,221)		(65,856)
Accounts payable		672,988		582,877
Accrued expenses		1,614,430		1,584,149
Agency business accounts		256,797		133,134
Unsettled domestic exchange liabilities		168,727		258,078
Deposits held by agency relationship		101,390		106,354
Guarantee deposits for securities subscription		619		6,340
Lease liabilities		28,371		42,944
Remittance pending		21		560
Others		430,776		433,535
Subtotal		<u>5,095,920</u>		<u>4,785,397</u>
Other non-financial liabilities:				
Withholding taxes		50,747		53,865
Unearned revenues		112,437		117,352
Others		30,990		31,142
Subtotal		<u>194,174</u>		<u>202,359</u>
Total	₩	<u>5,290,094</u>	₩	<u>4,987,756</u>

The maturity structure of lease liabilities not discounted as of December 31, 2024 and 2023 is as follows:

<i>(In millions of Korean won)</i>	December 31, 2024					
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Lease liabilities	₩ 1,828	₩ 3,171	₩ 10,718	₩ 12,262	₩ 1,045	₩ 29,024

<i>(In millions of Korean won)</i>	December 31, 2023					
	Less than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Lease liabilities	₩ 1,851	₩ 3,640	₩ 13,364	₩ 23,448	₩ 2,791	₩ 45,094

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27. OTHER LIABILITIES: (cont'd)

The amounts recognized in the consolidated statement of comprehensive income related to leases for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Depreciation in right-of-use assets		
Properties	₩ 41,157	₩ 38,145
Constructions	4,051	3,416
Vehicles	984	892
Total	<u>₩ 46,192</u>	<u>₩ 42,453</u>
Interest rate of lease liabilities (included in financial cost)	₩ 1,416	₩ 1,356
Leases of low-value assets that are not short-term leases (included in administrative expense)	2,819	2,621

Cash outflows from lease contract were ₩ 38,672 million (Low-value leases ₩ 2,819 million included) as of December 31, 2024, and ₩ 34,459 million (Low-value leases ₩ 2,621 million included) as of December 31, 2023.

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28. EQUITY:

Share capital

As of December 31, 2024, the Group has 700 million shares authorized with a par value of ₩5,000 and 320,436,727 shares have been issued. The Parent Company's share capital as of December 31, 2024, amounts to ₩1,629,676 million. Due to the retirement of earnings, the capital stock differs from the total par value of the issued shares.

Other paid-in capital

Details of other paid-in capital as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Share premium	₩	678,953	₩	678,953
Other reserves		102,340		102,340
Treasury shares		(19,997)		-
Gain on disposal of treasury share		5,826		5,826
Loss on disposal of treasury share		(122)		(122)
Capital adjustment-other		3,629		(1,871)
Total	₩	<u>770,629</u>	₩	<u>785,126</u>

Hybrid equity securities

Details of hybrid equity securities issued by the Parent Company as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Issue date	Maturity	Interest rate (%)	<u>Dec. 31, 2024</u>		<u>Dec. 31, 2023</u>	
Hybrid equity securities in Korean won	Jun. 24, 2015	Jun. 24, 2045	5.10	₩	30,000	₩	30,000
	Feb. 20, 2019	-	3.74		-		100,000
	Aug. 29, 2019	-	3.20		-		100,000
	Feb. 19, 2020	-	3.35		150,000		150,000
	Jun. 23, 2020	-	3.30		100,000		100,000
	Aug. 4, 2020	-	3.38		100,000		100,000
	Sep. 22, 2023	-	5.70		150,000		150,000
	Feb. 15, 2024	-	4.97		200,000		-
Issuance cost					<u>(2,297)</u>		<u>(2,364)</u>
				₩	<u>727,703</u>	₩	<u>727,636</u>

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28. EQUITY: (cont'd)

Details of hybrid equity securities classified as non-controlling equity as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Issue date	Maturity	Interest rate (%)	Dec. 31, 2024	Dec. 31, 2023
Hybrid equity securities in Korean won	Apr. 29, 2019	-	3.60	₩ -	₩ 100,000
	Apr. 7, 2022	-	4.30	150,000	150,000
	May 10, 2022	-	5.20	200,000	200,000
	Apr. 29, 2024	-	4.37	100,000	-
Issuance cost				(1,246)	(1,298)
				<u>₩ 448,754</u>	<u>₩ 448,702</u>

The Group can exercise its right to early repayment after 5 or 10 years after issuing hybrid equity securities, and at the date of maturity, the contractual agreements allow the group to indefinitely extend the maturity date with the same contractual terms. In addition, the Group decides not to pay the dividends of ordinary share at general shareholders' meeting; the Group may not pay interest on the hybrid equity securities.

Other components of equity

Other components of equity as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024	December 31, 2023
Gain on valuation of financial instruments at FVOCI	₩ 93,894	₩ 62,108
Gain on translation of foreign operations	65,021	19,087
Remeasurements of net defined benefit liabilities	(142,044)	(105,454)
Loss on valuation of hedges of net investments in foreign operations	(76,537)	(31,653)
Share of other comprehensive income of associates	12,665	1,267
Others	1,565	2,373
Tax effects	11,495	13,173
Total	<u>₩ (33,941)</u>	<u>₩ (39,099)</u>

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28. EQUITY: (cont'd)

Changes in accumulated other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024				
	Beginning balance	Changes ¹ (excluded from reclassification)	Reclassification ¹	Tax effects	Ending balance
Gain (loss) on valuation of financial instruments at FVOCI	₩ 48,458	₩ 84,107	₩ (53,163)	₩ (7,828)	₩ 71,574
Gain (loss) on translation of foreign operations	14,278	43,189	-	(8,896)	48,571
Remeasurements of net defined benefit liabilities	(78,879)	(36,113)	-	8,885	(106,107)
Gain (loss) on valuation of hedges of net investments in foreign operations	(23,677)	(46,986)	2,145	11,345	(57,173)
Share of other comprehensive income (loss) of associates	948	17,175	(5,086)	(3,576)	9,461
Changes of credit risk of financial liabilities at FVPL	(227)	(53)	-	13	(267)
Total	₩ (39,099)	₩ 61,319	₩ (56,104)	₩ (57)	₩ (33,941)

¹ The increase and decrease in financial asset valuation profit or loss at fair value through other comprehensive income is a change due to the period evaluation and the reclassification adjustments. The reclassification adjustments are changes in disposal and impairment losses for the year ended December 31, 2024.

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28. EQUITY: (cont'd)

(In millions of Korean won)

	2023				
	Beginning balance	Changes ¹ (excluded from reclassification)	Reclassification ¹	Tax effects	Ending balance
Gain (loss) on valuation of financial instruments at FVOCI	₩ (99,858)	₩ 186,659	₩ 11,720	₩ (50,063)	₩ 48,458
Gain (loss) on translation of foreign operations	11,305	3,699	-	(726)	14,278
Remeasurements of net defined benefit liabilities	(53,982)	(33,212)	-	8,315	(78,879)
Gain (loss) on valuation of hedges of net investments in foreign operations	(19,571)	(5,352)	-	1,246	(23,677)
Share of other comprehensive income (loss) of associates	1,787	(809)	-	(30)	948
Changes of credit risk of financial liabilities at FVPL	(55)	(230)	-	58	(227)
	<u>₩ (160,374)</u>	<u>₩ 150,755</u>	<u>₩ 11,720</u>	<u>₩ (41,200)</u>	<u>₩ (39,099)</u>

¹ The increase and decrease of financial asset valuation profit or loss at fair value through other comprehensive income is a change due to the period evaluation and the reclassification adjustments. The reclassification adjustments are changes in disposal and impairment losses for the year ended December 31, 2023.

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28. EQUITY: (cont'd)

Retained earnings

Details of retained earnings as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Reserve:		
Earned profit reserves ¹	₩ 1,009,647	₩ 933,650
Regulatory reserve for credit loss	368,839	441,563
Discretionary reserves	<u>3,840,217</u>	<u>3,465,716</u>
Subtotal	<u>5,218,703</u>	<u>4,840,929</u>
Retained earnings before appropriation	<u>2,386,050</u>	<u>2,280,731</u>
Total	<u>₩ 7,604,753</u>	<u>₩ 7,121,660</u>

¹ Article 53 of the *Financial Holding Companies Act* requires the Parent Company to appropriate at least 10% of profit for the period to legal reserve, until such reserve equals 100% of its paid-up capital. This reserve is not available for payment of cash dividends; however, it can be used to reduce deficit or be transferred to capital.

Regulatory reserve for credit loss

In accordance with the Regulations for Supervision of Financial Company Holding, if provision for impairment under KIFRS for the accounting purpose do not exceed those for the regulatory purpose, the Group discloses such shortfall amount as regulatory reserve for credit loss. Due to the fact that regulatory reserve for credit loss is a discretionary reserve, amounts exceeding the existing reserve for credit loss are over the compulsory reserve for credit loss at the period-end date and are able to be reversed in profit. In case of accumulated deficit, the Group should set aside reserve for credit loss at the time when accumulated deficit is gone.

Details of regulatory reserves for credit losses as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Provided reserve for credit loss ¹	₩ 368,839	₩ 441,563
Expected reversal of reserve for credit loss	<u>99,481</u>	<u>(72,724)</u>
Regulatory reserve for credit loss:	<u>₩ 468,320</u>	<u>₩ 368,839</u>
Owners of the Parent Company	₩ 468,320	₩ 368,839
Non-controlling interests	-	-

¹ Provided reserve for credit loss as of December 31, 2024 and 2023, is the amount after appropriations of retained earnings.

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28. EQUITY: (cont'd)

The expected provisions of reserves for credit losses, adjusted profit after the provision of regulatory reserve and adjusted earnings per share after the provision of regulatory reserve for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Profit for the year of owners of the Parent Company	₩ 728,548	₩ 639,780
Reversal of reserve for credit losses	(99,481)	72,724
Adjusted profit after the provision of regulatory reserve ¹	<u>₩ 629,067</u>	<u>₩ 712,504</u>
Adjusted earnings per share after the provision of regulatory reserve ¹ <i>(in Korean won)</i>	₩ 1,863	₩ 2,130

¹ The adjusted profit and earnings per share after provision of reserve for credit loss are not in accordance with KIFRS, but are calculated on the assumption that provision or reversal of reserve for credit loss is adjusted to the profit for the year of owners of the Parent Company. Earnings per share after provision of reserve for credit loss are presented net of dividends on hybrid equity securities.

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Dividends on hybrid equity securities	₩ (32,575)	₩ (25,678)
Adjusted profit after reflecting dividend effect	596,492	686,826
Weighted-average number of ordinary shares outstanding	320,134,692 shares	322,393,506 shares
Adjusted earnings per share after the provision of regulatory reserve <i>(in Korean won)</i>	₩ 1,863	₩ 2,130

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28. EQUITY: (cont'd)

Treasury shares

Details of acquisition and retirement of treasury shares for each of the two years in the period ended December 31, 2024 are as follows:

*(In millions of Korean won and
in shares)*

	2024		2023	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Beginning balance	-	₩ -	1,503,577	₩ 6,997
Acquisition ¹	3,704,919	32,996	2,343,231	16,000
Retirement ²	(1,651,711)	(12,999)	(3,846,808)	(22,997)
Ending balance	<u>2,053,208</u>	<u>₩ 19,997</u>	<u>-</u>	<u>₩ -</u>

¹ In order to enhance shareholders' value, the Group entered into a treasury shares trust agreement with Korea Investment & Securities Co., Ltd., through which the Group acquired treasury shares.

² In accordance with the resolution of the Board of Directors dated February 5, 2024, 1,651,711 treasury shares that had been acquired were retired on August 23, 2024.

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29. NET INTEREST INCOME:

Details of interest income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Interest income:		
Due from banks	₩ 33,027	₩ 31,148
Financial instruments at fair value through profit or loss	218,969	143,075
Financial instruments at fair value through other comprehensive income	210,479	144,655
Financial assets at amortized cost	245,473	234,634
Loans receivable	6,241,100	6,138,209
Subtotal	<u>6,949,048</u>	<u>6,691,721</u>
Interest expense:		
Deposit liabilities	(3,013,289)	(3,016,787)
Borrowings	(350,413)	(275,011)
Debentures	(531,130)	(443,128)
Others	(76,911)	(51,341)
Subtotal	<u>(3,971,743)</u>	<u>(3,786,267)</u>
Net interest income	<u>₩ 2,977,305</u>	<u>₩ 2,905,454</u>

30. NET COMMISSION INCOME:

Details of commission income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Commission income:		
Commission received	₩ 368,973	₩ 390,949
Guarantees	12,014	11,691
Credit card	8,356	6,903
Others	905	827
Subtotal	<u>390,248</u>	<u>410,370</u>
Commission expenses:		
Commission paid	(96,881)	(103,007)
Credit card	(73,318)	(66,084)
Subtotal	<u>(170,199)</u>	<u>(169,091)</u>
Net commission income	<u>₩ 220,049</u>	<u>₩ 241,279</u>

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31. GAIN OR LOSS ON FINANCIAL ASSETS AT FVPL:

Gains or losses on financial assets at FVPL for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Gain on financial assets at FVPL:		
Gain on disposal of financial assets at FVPL	₩ 5,734	₩ 8,742
Gain on sale of financial assets at FVPL	261,905	297,698
Gain on valuation of financial assets at FVPL	142,933	150,775
Dividend income and others	76,242	55,877
Subtotal	<u>486,814</u>	<u>513,092</u>
Loss on financial assets at FVPL:		
Loss on disposal of financial assets at FVPL	(4,693)	(2,913)
Loss on sale of financial assets at FVPL	(188,048)	(289,167)
Loss on valuation of financial assets at FVPL	(126,556)	(59,421)
Purchase expenses of financial assets at FVPL	-	(7)
Subtotal	<u>(319,297)</u>	<u>(351,508)</u>
Net gains on financial assets at FVPL	<u>₩ 167,517</u>	<u>₩ 161,584</u>

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32. GAIN OR LOSS ON FINANCIAL ASSETS AT FVOCI:

Gains or losses on financial assets at FVOCI for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Gain on financial assets at FVOCI		
Gain on sale of financial assets at FVOCI	₩ 71,639	₩ 1,787
Reversal of impairment loss	306	221
Dividend income	3,714	4,274
Subtotal	<u>75,659</u>	<u>6,282</u>
Loss on financial assets at FVOCI:		
Loss on sale of financial assets at FVOCI	(1,153)	(46)
Impairment loss on financial assets at FVOCI	(640)	(1,438)
Subtotal	<u>(1,793)</u>	<u>(1,484)</u>
Net gains on financial assets at FVOCI	<u>₩ 73,866</u>	<u>₩ 4,798</u>

33. GAIN OR LOSS ON FINANCIAL ASSETS AT AMORTIZED COST:

Gains or losses on financial assets at amortized cost for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Gain on financial assets at amortized cost:		
Reversal of impairment loss on financial assets at amortized cost	₩ 1,809	₩ 756
Subtotal	<u>1,809</u>	<u>756</u>
Loss on financial assets at amortized cost:		
Impairment loss on financial assets at amortized cost	(709)	(1,002)
Subtotal	<u>(709)</u>	<u>(1,002)</u>
Net gains (losses) on financial assets at amortized cost	<u>₩ 1,100</u>	<u>₩ (246)</u>

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34. PROVISION FOR CREDIT LOSS:

Details of provisions for credit losses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Reversal of provision for credit loss and others:		
Reversal of provisions:		
Reversal of provision for impairment	₩ 1,755	₩ 13
Reversal of provision for credit loss on acceptances and guarantees	1,780	7,537
Reversal of provision for credit loss on financial guarantee contract	4,161	-
Reversal of provision for credit loss on unused credit limits	574	-
Subtotal	<u>8,270</u>	<u>7,550</u>
Gain on disposal of loans receivable	157,029	138,089
Gain on loans receivable at FVPL	8,519	5,116
Subtotal	<u>173,818</u>	<u>150,755</u>
Contribution to provision for credit loss and others:		
Contribution to provisions:		
Impairment loss	(896,235)	(866,747)
Contribution to provision for credit loss on acceptances and guarantees	-	(64)
Contribution to provision for credit loss on unused credit limits	(5,181)	(7,102)
Contribution to provision for credit loss on financial guarantee contract	-	(460)
Subtotal	<u>(901,416)</u>	<u>(874,373)</u>
Loss on disposal of loans receivable	(53,856)	(27,738)
Loss on loans receivable at FVPL	(287)	(8,019)
Subtotal	<u>(955,559)</u>	<u>(910,130)</u>
Contribution to provision for credit loss	<u>₩ (781,741)</u>	<u>₩ (759,375)</u>

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35. GENERAL AND ADMINISTRATIVE EXPENSES:

Details of general and administrative expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Employee benefits:		
Salaries	₩ 694,526	₩ 636,954
Employee welfare	179,412	181,563
Postemployment benefits	55,085	52,950
Termination benefits	35,190	15,654
Subtotal	<u>964,213</u>	<u>887,121</u>
Rents	13,382	13,887
Business promotion	27,710	28,487
Depreciation	120,729	115,086
Amortization	92,898	90,296
Taxes and dues	69,607	68,187
Other administrative expenses	278,303	272,901
Total	<u>₩ 1,566,842</u>	<u>₩ 1,475,965</u>

Share-based payments

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

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

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

1) Key terms and conditions

i) Linked to short-term performance

- *Initially granted*

<i>(In shares)</i>	2021	2022	2023	2024
Number of shares granted	103,177	649,857	69,646	85,298
Residual shares	17,126	216,647	46,441	85,298
Date of grant	Feb. 28, 2021	Feb. 25, 2022	Feb. 14, 2023	Feb. 26, 2024
Grant method	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩ -	₩ -	₩ -	₩ -
Vesting conditions	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance
Settlement method	Cash	Cash	Cash	Cash
Service period	1 year	1 year	1 year	1 year

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

ii) Linked to long-term performance

- *Initially granted*

<i>(In shares)</i>	2019	2020	2021	2022	2023	2024
Number of shares granted	33,620	1,212,858	3,150,362	1,835,399	2,407,216	2,108,690
Residual shares	688	323,366	1,152,116	1,455,611	1,943,975	1,904,604
Date of grant	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024
Grant method	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Vesting conditions	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance
Settlement method	Cash	Cash	Cash	Cash	Cash	Cash
Service period	3 years	1 year	1 year	1 year	1 year	1 year

- *Deferred grants*

<i>(In shares)</i>	Deferred grant in 2025	Deferred grant in 2026	Deferred grant in 2027	Deferred grant in 2028	Deferred grant in 2029
Residual shares ¹	1,065,232	917,332	520,193	355,025	172,289
Grant method	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩ -	₩ -	₩ -	₩ -	₩ -
Settlement method	Cash	Cash	Cash	Cash	Cash
Vesting conditions	Vested	Vested	Vested	Vested	Vested

¹ The number of deferred grants is less than the granted shares after meeting the vesting conditions at the end of reporting period.

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

Details of the granted number of share options as of December 31, 2024 and 2023 are as follows:

i) Linked to short-term performance

- *Initially granted*

<i>(In shares)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Beginning balance	554,431	914,745
Granted	85,298	69,646
Exercised	<u>(274,217)</u>	<u>(429,960)</u>
Ending balance	<u>365,512</u>	<u>554,431</u>

ii) Linked to long-term performance

- *Initially granted*

<i>(In shares)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Beginning balance	6,296,560	4,889,202
Granted	2,108,690	2,393,071
Exercised	(921,152)	(367,745)
Others	<u>(703,738)</u>	<u>(617,968)</u>
Ending balance	<u>6,780,360</u>	<u>6,296,560</u>

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

- *Deferred grants*

<i>(In shares)</i>	Deferred grant	
	December 31, 2024	December 31, 2023
Beginning balance	2,453,001	2,724,069
Granted	2,740,052	291,412
Exercised	(927,836)	(359,191)
Others	(1,235,146)	(203,289)
Ending balance	<u>3,030,071</u>	<u>2,453,001</u>

The fair values of share options and the significant inputs into the option-pricing model as of December 31, 2024 are as follows:

<i>(In Korean won)</i>	December 31, 2024						
	Option pricing model	Share price	Exercise price	Price volatility	Expected option life	Risk-free interest rate	Fair value
Grant expected in 2025	Black-Scholes Model	₩ 10,340	-	25.78%	1 year	2.70%	₩ 9,621
Grant expected in 2026	Black-Scholes Model	10,340	-	21.32%	2 years	2.77%	8,952
Grant expected in 2027	Black-Scholes Model	10,340	-	22.76%	3 years	2.60%	8,330

Details of expenses recognized related to the share options granted for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Linked to short-term performance	₩ 859	₩ 1,248
Linked to long-term performance	18,988	13,508

Details of liabilities recognized related to the share-options granted as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024	December 31, 2023
Accrued expenses (short-term performance)	₩ 3,920	₩ 5,706
Accrued expenses (long-term performance)	51,308	38,130

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36. OTHER OPERATING INCOME AND EXPENSES:

Gains and losses on foreign currency transactions for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Gains on foreign currency transactions:		
Gain on foreign currency transactions	₩ 113,811	₩ 564,024
Foreign currency translation gains	165,253	164,727
Subtotal	<u>279,064</u>	<u>728,751</u>
Losses on foreign currency transactions:		
Loss on foreign currency transactions	(95,245)	(534,855)
Foreign currency translation losses	(185,021)	(161,055)
Subtotal	<u>(280,266)</u>	<u>(695,910)</u>
Net income (loss) on foreign currency transactions	<u>₩ (1,202)</u>	<u>₩ 32,841</u>

Gains and losses on derivatives for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Gains on financial derivatives:		
Gains on derivative transactions	₩ 464,800	₩ 490,100
Gains on valuation of derivatives	393,109	89,106
Subtotal	<u>857,909</u>	<u>579,206</u>
Losses on financial derivatives:		
Losses on derivative transactions	(498,990)	(429,978)
Losses on valuation of derivatives	(365,241)	(72,049)
Subtotal	<u>(864,231)</u>	<u>(502,027)</u>
Net income (loss) on derivatives	<u>₩ (6,322)</u>	<u>₩ 77,179</u>

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36. OTHER OPERATING INCOME AND EXPENSES: (cont'd)

Details of other operating revenues and expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Other operating revenue:		
Trust fees and commissions received from trust account	₩ 27,346	₩ 24,305
Reversal of other provisions	1,781	308
Operating lease income	639,844	553,168
Gain related to financial liabilities at FVPL	146,860	3,284
Gain related to financial liabilities designated as at FVPL	7	65
Others	1,163	2,172
Subtotal	<u>817,001</u>	<u>583,302</u>
Other operating expenses:		
Loss on fair value hedged items	(9,788)	(13,974)
Trust management fees	(80)	(81)
Credit card charges	(24)	(24)
Contribution to credit guarantee fund	(137,676)	(123,113)
Contribution to housing credit guarantee fund	(47,218)	(48,699)
Insurance fees on deposits	(128,928)	(124,652)
Other provisions	(557)	(84,619)
Operating lease expense	(556,601)	(486,962)
Loss related to financial liabilities at FVPL	(47,167)	(13,957)
Loss related to financial liabilities designated as at FVPL	(60,371)	(35,540)
Others	(36,400)	(38,056)
Subtotal	<u>(1,024,810)</u>	<u>(969,677)</u>
Total	<u>₩ (207,809)</u>	<u>₩ (386,375)</u>

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37. NON-OPERATING INCOME AND EXPENSES:

Details of non-operating income and expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Net income from investments in associates:		
Share of profit of associates	₩ 88,847	₩ 63,223
Gain on disposal of investments in associates	12,025	9,480
Share of loss of associates	(14,428)	(5,656)
Loss on disposal of investments in associates	(2,880)	(715)
Impairment loss on investments in associates	(1,170)	(12,162)
Reversal of impairment loss on investments in associates	147	-
Subtotal	<u>82,541</u>	<u>54,170</u>
Non-operating income:		
Gain on disposal of property and equipment	23,523	653
Reversal of impairment loss on intangible assets	200	-
Rental income	33,734	30,591
Restoration income	192	351
Gain on collection of charge-offs	449	687
Gain on changes in leases	718	819
Other non-operating income	31,826	43,099
Subtotal	<u>90,642</u>	<u>76,200</u>
Non-operating expenses:		
Expenses on collection of charge-offs	(499)	(493)
Loss on disposal of property and equipment	(2,465)	(1,389)
Loss on retirement of property and equipment	(314)	(30)
Loss on disposal of intangible assets	(540)	-
Impairment loss on intangible assets	(635)	-
Donations	(27,557)	(26,374)
Loss on changes in leases	(44)	(62)
Restoration loss	(69)	(106)
Other non-operating expenses	(25,194)	(27,530)
Subtotal	<u>(57,317)</u>	<u>(55,984)</u>
Total	<u>₩ 115,866</u>	<u>₩ 74,386</u>

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38. INCOME TAX EXPENSE:

Details of income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>		<u>2023</u>	
Current tax	₩	208,798	₩	167,218
Changes in deferred tax liabilities by temporary difference:				
Opening balance of deferred tax assets(liabilities)		34,928		70,095
Ending balance of deferred tax assets(liabilities)		(45,508)		24,587
Tax effect		<u>243,726</u>		<u>237,313</u>
Changes in deferred tax liabilities reflected directly in equity		(1,917)		(40,657)
Income tax expense	₩	<u>241,809</u>	₩	<u>196,656</u>

Details of accumulated temporary differences as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	Accumulated temporary difference	Deferred tax assets (liabilities)	Accumulated temporary difference	Deferred tax assets (liabilities)
Temporary difference to be deducted:				
Loss on valuation of financial assets	₩	95,295	₩	24,110
Accrued expenses		153,300		38,757
Adjustment of acquisition value for debt-to-equity swap		16,097		4,072
Deferred loan origination fees		8,248		2,087
Provision for losses on unused credit limits		54,262		13,728
Honorary retirement benefits		11,891		3,009
Loss on valuation of derivative instruments		337,818		85,468
Deposits that the statute of limitation expired		17,924		4,535
Guarantee deposits for leases (discounted present value)		6,091		1,541
Unearned point revenues		14,143		3,578
Other provision		76,165		19,270
Loss on valuation of unsettled spot transactions		171		43
Provision for possible losses on acceptances and guarantees		4,516		1,143
Provision for retirement benefits disallowance		548,248		138,707
Unearned revenues (leasehold		96,356		24,378
				69,970
				17,702
				138,195
				34,911
				10,934
				2,766
				11,981
				3,031
				56,804
				14,371
				7,185
				1,818
				70,425
				17,818
				19,004
				4,808
				7,166
				1,813
				13,965
				3,533
				171,875
				43,238
				119
				30
				6,203
				1,569
				483,460
				122,316
				106,400
				26,919

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deposits provided)				
Impairment of available-for-sale financial assets	1,056	267	1,056	267
Claim for reimbursement	2,000	506	2,000	506
Others	215,441	57,615	376,688	95,155
Tax deficit	1	-	1	-
Subtotal	<u>1,659,023</u>	<u>422,814</u>	<u>1,553,431</u>	<u>392,571</u>
Temporary difference to be added:				
Interest receivables on securities	(229,526)	(58,070)	(192,867)	(48,795)
Revaluation of excess of land	(48,771)	(12,339)	(48,771)	(12,339)
Gain on valuation of debentures invested (adjustment of book amount)	(475,234)	(120,234)	(282,322)	(71,427)
Gain on valuation of derivative instruments	(144,167)	(36,474)	(65,843)	(16,658)
Investments in credit rehabilitation fund	(30,073)	(7,609)	(25,999)	(6,578)
Deferred loan origination costs	(194,218)	(49,137)	(175,378)	(44,371)
Guarantee deposits for leases (prepaid rent)	(355)	(90)	(5,375)	(1,360)
Discounted present value	(64,341)	(16,278)	(60,127)	(15,212)
Initial direct costs of lease	(110,281)	(27,901)	(528,276)	(133,654)
Remeasurements of defined benefit plan	(689,108)	(174,344)	(162,817)	(41,193)
Others	(22,774)	(774)	(182,613)	(46,492)
Subtotal	<u>(2,008,848)</u>	<u>(503,250)</u>	<u>(1,730,388)</u>	<u>(438,079)</u>
Net of temporary difference	<u>₩ (349,825)</u>	<u>₩ (80,436)</u>	<u>₩ (176,957)</u>	<u>₩ (45,508)</u>

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38. INCOME TAX EXPENSE: (cont'd)

Details of temporary difference reflected directly in equity as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024		December 31, 2023	
	Other comprehensive income	Tax effect	Other comprehensive income	Tax effect
Temporary difference reflected directly in equity:				
Loss on valuation of securities at fair value through other comprehensive income	₩ (93,894)	₩ (23,755)	₩ (63,570)	₩ (17,114)
Provision for debt securities through other comprehensive income	(1,921)	(486)	(2,679)	(678)
Loss on translation of foreign operations	(64,204)	(15,633)	(16,266)	(1,989)
Remeasurements of defined benefit plan	141,278	34,330	109,718	30,839
Gain on valuation of hedges of net investments in foreign operations	95,578	24,288	26,253	6,753
Share of other comprehensive loss of associates	(12,665)	(3,204)	(3,624)	(2,676)
Others (credit risk adjustments)	(12,352)	(3,126)	5,888	1,486
Total	₩ 51,820	₩ 12,414	₩ 55,719	₩ 16,620

The reconciliations between profit before income tax and income tax expense for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		2023	
Profit before income tax	₩	991,786	₩	875,560
Taxes payable ¹		251,469		220,786
Tax effect of:				
Non-taxable income (₩62,477 million in 2024 and ₩69,527 million in 2023)		(15,841)		(17,532)
Non-deductible expenses (₩28,091 million in 2024 and ₩28,728 million in 2023)		7,123		7,244
Consolidated tax		(13,671)		(22,995)
Others		12,730		9,152
Income tax expense	₩	241,810	₩	196,655
Effective tax rate (income tax expense/profit before income tax)		24.38%		22.46%

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38. INCOME TAX EXPENSE: (cont'd)

¹ Taxes payable in 2024 and 2023 are calculated by applying income tax rate (9.9% for less than ₩200 million, 20.9% for ₩200 million to ₩20 billion, 23.1% for ₩20 billion to ₩300 billion and 26.4% for more than ₩300 billion) to profit before income tax.

Details of current tax liabilities (income tax payable) and current tax assets (income tax refundable) before offsetting as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Income tax refundable prior to offsetting	₩ 135,176	₩ 136,227
Tax payables prior to offsetting	<u>220,878</u>	<u>174,148</u>
Deferred tax liabilities	<u>₩ 85,702</u>	<u>₩ 37,921</u>

As the ultimate Parent Company of a multinational group subject to the global minimum tax regime, the Group bears the responsibility for any additional tax liabilities incurred by the constituent companies subject to the global minimum tax. Accordingly, the Group has conducted an analysis of the income tax impacts on the entities subject to the global minimum tax. Since this does not have a material effect on the Group's current income tax expense, the Group has not recognized any current income tax expenses arising from the global minimum tax. Furthermore, the Group is applying the exception provisions regarding the recognition and disclosure of deferred income tax related to the global minimum tax.

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39. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing profit attributable to owners of Parent Company by weighted-average number of ordinary shares outstanding for each of the two years in the period ended December 31, 2024.

The weighted-average number of ordinary shares for each of the two years in the period ended December 31, 2024 is calculated as follows:

<i>(In shares)</i>	2024	Number of shares	Accumulation of days
Period			
Number of ordinary shares outstanding	Jan. 1, 2024 ~ Dec. 31, 2024	322,088,438	117,884,368,308
Acquisition of treasury shares	Feb. 29, 2024 ~ Dec. 31, 2024	<u>(3,704,919)</u>	<u>(715,071,156)</u>
	Subtotal (①)		<u>117,169,297,152</u>
	Weighted-average number of ordinary shares (②)=(①/366) ¹		<u>320,134,692</u>

¹ The total number of ordinary shares issued by the Company is 322,088,438 shares, and the weighted average number of outstanding shares is calculated by reflecting the 3,704,919 treasury shares acquired during the period.

<i>(In shares)</i>	2023	Number of shares	Accumulation of days
Period			
Number of ordinary shares outstanding	Jan. 1, 2023 ~ Dec. 31, 2023	325,935,246	118,966,364,790
Treasury shares	Jan. 1, 2023 ~ Dec. 31, 2023	(1,503,577)	(548,805,605)
Acquisition of treasury shares	Feb. 7, 2023 ~ Dec. 31, 2023	<u>(2,343,231)</u>	<u>(743,929,555)</u>
	Subtotal (①)		<u>117,673,629,630</u>
	Weighted-average number of ordinary shares (②)=(①/365) ¹		<u>322,393,506</u>

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

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39. EARNINGS PER SHARE: (cont'd)

Basic earnings per share attributable to owners of the Parent Company for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In Korean million won and in shares)</i>	2024	2023
Profit for the year attributable to owners of the Parent Company	₩ 728,548	₩ 639,780
Dividends on hybrid equity securities	<u>(32,575)</u>	<u>(25,678)</u>
Profit attributable to the ordinary equity holders	695,973	614,102
Weighted-average number of ordinary shares outstanding	<u>320,134,692</u>	<u>322,393,506</u>
Basic earnings per share <i>(In Korean won)</i>	<u>₩ 2,174</u>	<u>₩ 1,905</u>

Diluted earnings per share are equal to the basic earnings per share because the Group did not have any potentially dilutive ordinary shares for each of the two years in the period ended December 31, 2024.

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40. CONTINGENCIES AND COMMITMENTS:

Details of payment guarantees as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	Type	Dec. 31, 2024	Dec. 31, 2023
Confirmed acceptances and guarantees:			
Confirmed acceptances and guarantees in Korean won	Payment guarantee for loans	₩ 52,870	₩ 52,522
	Others	427,849	482,993
	Subtotal	<u>480,719</u>	<u>535,515</u>
Confirmed acceptances and guarantees in foreign currencies	Acceptances on letters of credit	21,515	55,106
	Acceptances on letters of guarantee for importers	17,249	17,899
	Others	682,025	502,092
	Subtotal	<u>720,789</u>	<u>575,097</u>
		<u>1,201,508</u>	<u>1,110,612</u>
Unconfirmed acceptances and guarantees:	Letters of credit	221,609	245,412
	Others	5,798	3,875
	Subtotal	<u>227,407</u>	<u>249,287</u>
Others	Endorsed bill	25	22
	Total	<u>₩ 1,428,940</u>	<u>₩ 1,359,921</u>

Details of confirmed and unconfirmed acceptances and guarantees by customer as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Confirmed acceptances and guarantees:				
Large corporate	₩ 663,855	55.25	₩ 541,539	48.76
Small- and medium-sized corporate ¹	515,784	42.93	523,752	47.16
Household	21,869	1.82	45,321	4.08
Subtotal	<u>₩ 1,201,508</u>	<u>100.00</u>	<u>₩ 1,110,612</u>	<u>100</u>
Unconfirmed acceptances and guarantees:				
Large corporate	₩ 79,502	34.96	₩ 84,967	34.08
Small- and medium-sized corporate ¹	147,905	65.04	164,320	65.92
Subtotal	<u>₩ 227,407</u>	<u>100.00</u>	<u>₩ 249,287</u>	<u>100</u>
Endorsed bill:				
Small- and medium-sized corporate ¹	25	100.00	22	100.00
	<u>₩ 25</u>	<u>100.00</u>	<u>₩ 22</u>	<u>100.00</u>

¹ Small- and medium-sized corporate indicates SME (Small-and-Medium-sized Enterprises) in Article 2, Section 1, of small- and medium-sized Enterprise Basic Law.

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40. CONTINGENCIES AND COMMITMENTS: (cont'd)

Details of confirmed and unconfirmed acceptances and guarantees by country as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)

	December 31, 2024		December 31, 2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Confirmed acceptances and guarantees:				
Korea	₩ 1,184,104	98.55	₩ 1,083,349	97.55
Others	17,404	1.45	27,263	2.45
Subtotal	<u>₩ 1,201,508</u>	<u>100.00</u>	<u>₩ 1,110,612</u>	<u>100</u>
Unconfirmed acceptances and guarantees:				
Korea	₩ 221,625	97.46	₩ 246,209	98.77
China	102	0.04	801	0.32
Others	5,680	2.50	2,277	0.91
Subtotal	<u>₩ 227,407</u>	<u>100</u>	<u>₩ 249,287</u>	<u>100</u>
Endorsed bill:				
Korea	₩ 25	100.00	₩ 22	100.00
	<u>₩ 25</u>	<u>100.00</u>	<u>₩ 22</u>	<u>100.00</u>

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40. CONTINGENCIES AND COMMITMENTS: (cont'd)

Details of unused commitments as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Corporates	₩	9,252,238	₩	9,199,326
Households		8,965,538		8,550,293
Credit card		5,281,439		5,074,185
Securities purchase agreement		789,867		729,493
Total	₩	<u>24,289,082</u>	₩	<u>23,553,297</u>

The Group has entered into loan agreement of ₩1,338,989 million with KDB Development Bank and borrowing agreements in foreign currencies, including CNY 500,000,000, JPY 2,000,00,000, USD 161,900,000 and MMK 9,600,000,000 with Sumitomo Mitsui Trust Bank, and etc., to secure liquidity and diversify financing channels in preparation for the domestic bond market crunch.

Lawsuits

As of December 31, 2024 and 2023, the Group's major lawsuits are as follows:

<i>(In millions of Korean won)</i>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	As a plaintiff	As a defendant	As a plaintiff	As a defendant
Number of cases	54 cases	120 cases	35 cases	58 cases
Amount	₩ 129,557	₩ 110,706	₩ 129,265	₩ 15,561
Provisions related to these lawsuits		₩ -		₩ -

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41. TRANSACTIONS WITH RELATED PARTIES:

All intercompany transactions, including intercompany receivables and payables, are eliminated while preparing consolidated financial statements.

Details of outstanding balances arising from sales/purchases of goods and services with the related parties as of December 31, 2024 and 2023 are as follows:

<i>(In millions of Korean won)</i>		<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associate/Associate of entities under common control			
BNK BNK Shareholder Yield Active ETF	Other assets	₩ -	₩ 15
BNK Winning Securities Investment Trust 1(Equity)	Other assets	5	6
BNK IPO High Yield Securities Investment Trust 1	Other assets	1	-
BNK Strong Korea Securities Investment Trust 1(Equity)	Other assets	8	9
BNK-Cape ESG Renewable energy Fund No.1	Other assets	31	16
BNK-K& New Marine Industry No.1 Fund	Other assets	210	98
BNK T 2021 Korea Facilitator Venture Fund	Other assets	85	108
BNKK& Yeonghonam Special Zone Company Development No.1 Fund	Other assets	49	71
BNK-Kiwoom New Technology Investment Fund 1st	Other assets	-	15
BNK-Hyundai Defense Industry Innovation Fund	Other assets	115	115
For Human Life CDMO New Technology Business Investment Fund	Other assets	-	21
Energy Fusion UQIP Investment Fund	Other assets	-	478
UQIP Agriculture and Food Venture Fund II	Other assets	-	214
2019 UQIP Innovative Growth Follow-on Investment Fund	Other assets	102	311
BNK Fisheries Venture Fund	Other assets	237	262

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<i>(In millions of Korean won)</i>		<u>December 31, 2024</u>	<u>December 31, 2023</u>
No.1			
BNK-INTERVALUE			
Technology Financing Fund	Other assets	452	465
BNK Agrifood Venture Fund			
No.3	Other assets	69	94
Clobe Private Debt Fund I	Other assets	10	-
BNK storage Investment			
Fund	Other assets	36	-
BNK-NAU BUSAN LOCAL			
INNOVATION FUND	Other assets	5	-
Key management ¹	Loans receivable	1,050	1,153
	Credit card receivable	4	-
	Deposit liabilities	936	2,064

¹ Key management includes the main management of the Group and major subsidiaries, including Busan Bank, Kyongnam Bank, BNK Capital and BNK Securities.

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41. TRANSACTIONS WITH RELATED PARTIES: (cont'd)

Details of transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>		2024	2023
Associate			
BNK BNK Shareholder Yield Active ETF	Commission revenues	₩ -	₩ 58
BNK Winning Securities Investment Trust 1(Equity)	Commission revenues	38	38
BNK IPO High Yield Securities Investment Trust 1	Commission revenues	24	-
BNK Strong Korea Securities Investment Trust 1(Equity)	Commission revenues	152	163
BNK-K& New Marine Industry No.1 Fund	Commission revenues	240	192
BNK-Cape ESG Renewable energy Fund No.1	Commission revenues	62	62
BNK T 2021 Korea Facilitator Venture Fund	Commission revenues	330	433
BNKK& Yeonghonam Special Zone Company Development No.1 Fund	Commission revenues	241	285
BNK-Kiwoom New Technology Investment Fund 1st	Commission revenues	72	61
BNK-Hyundai Defense Industry Innovation Fund	Commission revenues	460	453
BNK-KAKAOPAY SECURITIES-MOSAIC Big- Data Fund No.1	Commission revenues	11	14
For Human Life CDMO New Technology Business Investment Fund	Commission revenues	92	21
BNK-K&New Marine Industry No.2 Fund	Commission revenues	250	28
Energy Fusion UQIP Investment Fund	Commission revenues	125	474
UQIP Agriculture and Food Venture Fund II	Commission revenues	114	214
2019 UQIP Innovative Growth Follow-on Investment Fund	Commission revenues	102	305
BNK Fisheries Venture Fund	Commission revenues	237	262

BNK Financial Group Inc. and its subsidiaries
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<i>(In millions of Korean won)</i>		2024	2023
No.1			
BNK-INTERVALUE			
Technology Financing Fund	Commission revenues	453	464
BNK Agrifood Venture Fund			
No.3	Commission revenues	285	375
UQIP miraechangjo fund			
No.1	Commission revenues	-	830
BNK safety Investment Fund	Commission revenues	34	-
BNK safety Investment Fund			
No.2	Commission revenues	12	-
Invictus BNK Fund No.1	Commission revenues	56	-
BNK storage Investment Fund	Commission revenues	101	-
BNK-MOSAIC-			
LEADINGACE IT Innovation	Commission revenues	12	-
Equipment Fund No.1			
BNK-Mosaic Super-Gap AI			
Security Fund No.1	Commission revenues	18	-
Clobe Private Debt Fund I	Commission revenues	11	-
BNK-Gyeongnam Smart			
Innovation Fund	Commission revenues	77	-
BNK-NAU BUSAN LOCAL			
INNOVATION FUND	Commission revenues	5	-
Key management	Commission revenues	7	1
	Interest expenses	15	11
	Interest income	71	73
	Other income	10	7
	Other expenses	1	1

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41. TRANSACTIONS WITH RELATED PARTIES: (cont'd)

Details of fund transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024			
	Loan transactions		Deposit transactions	
	Loans	Repayments	Increase	Decrease
Key management	₩ 230	₩ 365	₩ 6,832	₩ 7,744

(In millions of Korean won)

	2023			
	Loan transactions		Deposit transactions	
	Loans	Repayments	Increase	Decrease
Key management	₩ -	₩ 83	₩ 4,892	₩ 3,526

There were no payment guarantees between related parties for each of the two years in the period ended December 31, 2024.

Details of unused commitments for the related parties for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		2023	
	Loan limit	Credit card	Loan limit	Credit card
Key management	₩ 14	₩ 152	₩ 24	₩ 150

Details of compensations for key management for each of the two years in the period ended December 31, 2024 are as follows:

(In millions of Korean won)

	2024		2023	
	₩	₩	₩	₩
Short-term employee benefits	6,609		6,232	
Share-based payment		5,351		5,087
Post-employment benefits		544		457
Total	₩ 12,504		₩ 11,776	

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42. STATEMENTS OF CASH FLOWS:

Details of material transactions not involving cash inflows and outflows for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>	<u>2023</u>
Reclassification between property and equipment, investment properties and intangible assets	₩ (18,169) ₩	25,917
Increase in right-of-use assets and lease liabilities	59,332	76,037

Changes in net debts for each of the two years in the period ended December 31, 2024 are as follows:

<i>(In millions of Korean won)</i>	<u>2024</u>					
Beginning balance	Cash flows	Non-cash movements			Ending balance	
		Exchange differences	Fair value hedge	Others		
Borrowings	₩ 8,815,876 ₩	₩ 2,388,722 ₩	₩ (1,373) ₩	₩ - ₩	₩ 98,272 ₩	₩ 11,301,497
Debentures	13,035,410	977,651	49,191	7,172	52,441	14,121,865
Lease liabilities	42,944	(34,790)	-	-	20,217	28,371
Total	₩ 21,894,230 ₩	₩ 3,331,583 ₩	₩ 47,818 ₩	₩ 7,172 ₩	₩ 170,930 ₩	₩ 25,451,733

<i>(In millions of Korean won)</i>	<u>2023</u>					
Beginning balance	Cash flows	Non-cash movements			Ending balance	
		Exchange differences	Fair value hedge	Others		
Borrowings	₩ 7,716,089 ₩	₩ 1,056,945 ₩	₩ (707) ₩	₩ - ₩	₩ 43,549 ₩	₩ 8,815,876
Debentures	12,145,457	813,289	6,762	10,098	59,804	13,035,410
Lease liabilities	33,565	(31,838)	-	-	41,217	42,944
Total	₩ 19,895,111 ₩	₩ 1,838,396 ₩	₩ 6,055 ₩	₩ 10,098 ₩	₩ 144,570 ₩	₩ 21,894,230

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43. DIVIDENDS:

Dividend to be paid in 2024 is ₩143,273 million (₩450 per share) and the dividend paid in 2023 is ₩132,056 million (₩410 per share).

A dividend in respect of the year ended December 31, 2024, of ₩450 per share, amounting to a total dividend of ₩143,273 million, is to be proposed to shareholders at the annual general meeting on March 26, 2025. These consolidated financial statements do not reflect this dividend payable.

In addition, the board of directors held on July 31, 2024 decided to pay an interim dividend of ₩64,087 million (₩200 per share) to shareholders as of August 16, 2024, and the interim dividend was paid on August 30, 2024.

44. UNCONSOLIDATED STRUCTURED ENTITIES:

The Group owns interests in unconsolidated structured entities where the Group does not have control in accordance with KIFRS 1110. The nature of interests and risks are as follows:

Interests owned by the Group in unconsolidated structured entities have been classified per nature and purpose of each structured entity into structured financing and investment fund.

Unconsolidated structured entities classified as 'structured financing' include real estate project financing investment entity, infrastructure development entity and special-purpose entity for shipping and aviation financing. Each entity was incorporated as a consolidated entity to efficiently carry out the Group's business. The funds are raised through channels, such as equity investments, loans from financial institutions and participating organizations. Structured financing is a way of funding large-scale businesses with risks. The structured financing invests in qualifying companies not based on credit or physical collateral of the Group leading the project, but the economic feasibilities of the specific project. Investors of the entity benefit from the income arising from the ongoing projects, and the Group recognizes interest income, income from valuation of equity investments and dividend income. Although an entity that provides funds, joint guarantees, unsubordinated credit offerings and others exists prior to the Group's financial support, if the funds are not collected by the predetermined schedule or if circumstances, such as cessation of a project occur, the Group could be exposed to principal losses due to decrease in value of equity investments or losses arising from uncollectible loans.

Unconsolidated structured entities classified as 'investment fund' include investment trust company and private equity firm. The investment trust company delegates investment and management to fund managers according to the trust agreement and distributes operating profit to the investors. The private equity firm invests in equity securities through private placement in order to participate in management, enhance governance and others. The income from the investment is distributed to the investors. The Group, as an investor to the investment fund, recognizes income from valuation of equity investments and dividend income in proportion to its share ratio. If the value of the private equity fund decreases, the Group will be exposed to the risk of principal losses.

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44. UNCONSOLIDATED STRUCTURED ENTITIES: (cont'd)

Details of the information on the nature and associated risks of the Group's equity interests in the unconsolidated structured entities as of December 31, 2024 and 2023 are as follows:

(In millions of Korean won)	December 31, 2024			
	Investment fund	Structured financing	Asset-backed securitization	Project financing
Total assets of unconsolidated structured entity	₩ 72,157,381	₩ 1,132,115,588	₩ 65,544,853	₩ 10,978,838
Recognized assets related to unconsolidated structured entities:				
Financial assets at FVPL	1,853,506	252,162	-	-
Financial assets at FVOCI	-	-	-	-
Financial assets at amortized cost	-	-	479,756	-
Equity method investments	2,271,903	619	-	-
Loans and receivables	495	5,786,382	-	1,001,859
(Provision for impairment)	-	(102,761)	-	(7,310)
Subtotal	4,125,904	5,936,402	479,756	994,549
Recognized liabilities related to unconsolidated structured entities:				
Financial guarantees	-	1,600	-	-
Provision of debt guarantee	-	5,537	-	-
Maximum exposure to loss ¹				
Investments	4,152,402	5,936,401	479,756	-
Investment commitments	764,886	9,077	-	-
Loan commitments	-	287,722	-	1,129,321
Financial guarantees	-	1,600	-	-
Credit offer	-	278,014	-	-
Purchase commitment	-	-	70,000	-
Subtotal	4,917,288	6,519,951	549,756	1,129,321
Loss on unconsolidated structured entity	₩ (8,278)	₩ (27,817)	₩ -	₩ -

¹ The maximum exposure to loss includes the amount of investment assets recognized in the consolidated statements of financial position, and the amount readily determinable when specific criteria of contracts, including purchase agreement or credit grants, are met.

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44. UNCONSOLIDATED STRUCTURED ENTITIES: (cont'd)

(In millions of Korean won)	December 31, 2023			
	Investment fund	Structured financing	Asset-backed securitization	Project financing
Total assets of unconsolidated structured entity	₩ 79,139,952	₩ 635,051,845	₩ 66,172,092	₩ 19,238,333
Recognized assets related to unconsolidated structured entities:				
Financial assets at FVPL	1,722,740	260,885	-	-
Financial assets at FVOCI	-	1,954	-	-
Financial assets at amortized cost	69	-	539,800	-
Equity method investments	1,811,826	710	-	-
Loans and receivables	-	5,912,204	-	1,411,408
(Provision for impairment)	-	(146,981)	-	-
Subtotal	3,534,635	6,028,772	539,800	1,411,408
Recognized liabilities related to unconsolidated structured entities:				
Financial guarantees	-	1,576	-	-
Provision of debt guarantee	-	355	-	-
Maximum exposure to loss ¹				
Investments	3,534,635	6,028,772	539,800	1,411,408
Investment commitments	665,379	45,321	-	-
Loan commitments	-	796,630	-	-
Financial guarantees	-	1,576	-	-
Credit offer	-	183,293	-	-
Purchase commitment	-	104,646	70,000	-
Subtotal	4,200,014	7,162,169	609,800	1,411,408
Loss on unconsolidated structured entity	₩ (1,007)	₩ (40,651)	₩ -	₩ -

¹ The maximum exposure to loss includes the amount of investment assets recognized in the consolidated statements of financial position, and the amount readily determinable when specific criteria of contracts, including purchase agreement or credit grants, are met.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of BNK Financial Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Internal Control over Financial Reporting("ICFR") for Consolidation Purposes Operating Status Report by CEO

Independent auditor's report on internal control over financial reporting

(English Translation of a Report Originally Issued in Korean)

BNK Financial Group Inc.

The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of BNK Financial Group Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 17, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Internal Control over Financial Reporting for Consolidation Purposes Operating Status Report by CEO.

Those charged with governance are responsible for overseeing the Group's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

An ICFR of a company and its subsidiaries is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The ICFR of the company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Ahn, Duk Soo.

Ernst & Young Han Young

March 17, 2025

This audit report is effective as of March 17, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

**Internal Control over Financial Reporting("ICFR") for Consolidation Purposes
Operating Status Report by CEO**

To the Shareholders, Board of Directors and Audit Committee of BNK Financial Group

We, as the Chief Executive Officer("CEO") and the Internal Accounting Manager ("IAM") of BNK Financial Group ("the Company"), assessed the operating status of the Company's Internal Control over Financial Reporting("ICFR") for Consolidation Purposes for the year ending December 31, 2024.

The design and operation of ICFR for Consolidation Purposes is the responsibility of the Company's management, including the CEO and the IAM(collectively "We", "Our", or "Us").

We evaluated whether the Company effectively designed and operated its ICFR for Consolidation Purposes to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

We used the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting(name of the framework in case different one was used)" established by the Operating Committee of Internal Control over Financial Reporting in Korea(the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. for Consolidation Purposes And we conducted an evaluation of ICFR based on the "Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting" established by the ICFR committee.

Based on our assessment, we concluded that the Company's ICFR for Consolidation Purposes is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting".

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 25, 2025



Chief Executive Officer



Internal Control over Financial Reporting Officer