



**BNK Financial Group  
TCFD Report 2024**

**Sustainable Finance  
TOGETHER**

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# About This Report

## Overview

**BNK Financial Group will contribute to climate change response by achieving carbon neutrality by 2050 through the realization of green finance.**

BNK Financial Group is pursuing climate change response and the realization of green finance as core strategies under a mid- to long-term roadmap to achieve carbon neutrality (net-zero) by 2050, fulfilling its responsibilities as a financial institution.

As of 2025, BNK Financial Group is moving beyond the recognition of climate-related risks and opportunities to enhance its group-wide strategy development, emission reduction execution, and performance monitoring systems.

The international community agreed to limit the rise in global average temperature to within 1.5°C above pre-industrial levels through the 2015 Paris Agreement. Major countries around the world, including the Republic of Korea, have established Nationally Determined Contributions (NDCs) for greenhouse gas reduction as a response. Amid this global shift, corporations and financial institutions are emerging as key drivers of the transition to a decarbonized society, committing to emission reductions as well as enhancing their capacity to manage climate-related risks.

In order to fulfill its global responsibilities, BNK Financial Group published its first standalone report in 2024 aligned with the TCFD (Task Force on Climate-related Financial Disclosures) framework, enhancing the credibility and transparency of climate-related disclosures. This 2025 report is a comprehensive overview of the Group's progress relative to the previous year, advancements in implementation, efforts to refine internal systems, and the status of emissions reduction targets.

In 2024, BNK Financial Group received official approval from the Science Based Targets initiative (SBTi) for its GHG reduction targets covering Scope 1 to 3, establishing a reduction strategy incorporating the characteristics of each asset class and emission trajectories by sector, applying a combination of ▲ Sectoral Decarbonization Approach (SDA), ▲ Temperature Rating Approach (TRA), and ▲ Absolute Contraction Approach (ACA). BNK Financial Group was able to formulate specific response strategies for high-emission sectors such as power project finance (PF), cement, and commercial real estate. BNK Financial Group set science-based targets based on its internal criteria for areas where standard methodologies and not applicable.

Also, based on its membership in the Partnership for Carbon Accounting Financials (PCAF), BNK Financial Group established a financed emissions measurement system in 2023 and has been quantifying emissions and monitoring high-carbon sectors across seven asset classes. The Group's financed emissions in 2024 amounted to 27.07 million tCO<sub>2</sub>eq. Despite short-term increases caused by asset growth, BNK is steadily pursuing the realization of net-zero emissions in the mid- to long-term through a transition to a low-carbon-centered portfolio and the strengthening of reduction efforts. BNK Financial Group will continue to strengthen its role as a key partner in the transition to a sustainable financial ecosystem by integrating climate-related risks and opportunities into its strategies and maintaining transparent communication with stakeholders.

## Reporting Boundary

The reporting boundary of this report covers BNK Financial Group's domestic subsidiaries, including Financial Holding Company, Busan Bank, Kyongnam Bank, BNK Capital, BNK Investment & Securities, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System, and BNK Venture Investment. The scope is aligned the standards submitted to the Science Based Targets initiative (SBTi) for the establishment of science-based emissions reduction targets.



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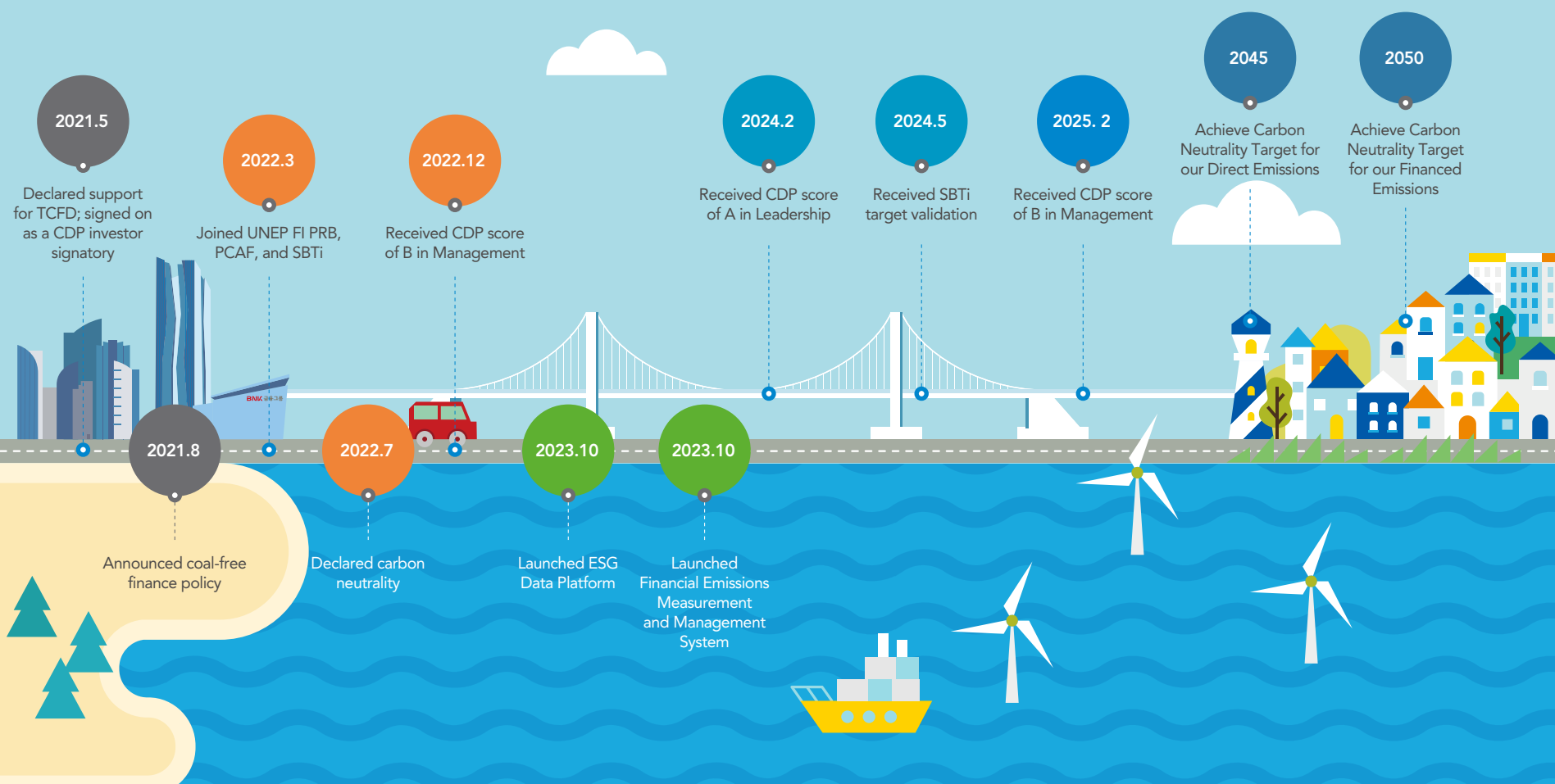
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# BNK Journey for Climate Action

Since declaring its support for the TCFD recommendations in 2021, BNK Financial Group has continued its groupwide efforts to achieve carbon neutrality – by 2045 for internal emissions and by 2050 for financed emissions. Notably, the Group received official approval from the Science Based Targets initiative (SBTi) in April 2024 for its greenhouse gas reduction targets, thereby confirming that its existing goals in line with global standards. Furthermore, BNK Financial Group is strengthening its greenhouse gas monitoring capabilities and systematically building practical organization-wide capacity for emission reductions by automatically integrating the ESG data platform and a financed emissions measurement and management system developed in-house with the internal systems of its subsidiaries, inspecting greenhouse gas and energy-related targets, and reflecting the latest emissions factors.



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# GOVERNANCE

## Governance for Climate Change Response

BNK Financial Group's governance structure for climate change response is centered on the Board of Directors, management, and responsible departments at BNK Financial Group and its subsidiaries.

### Board of Directors (BoD) Level

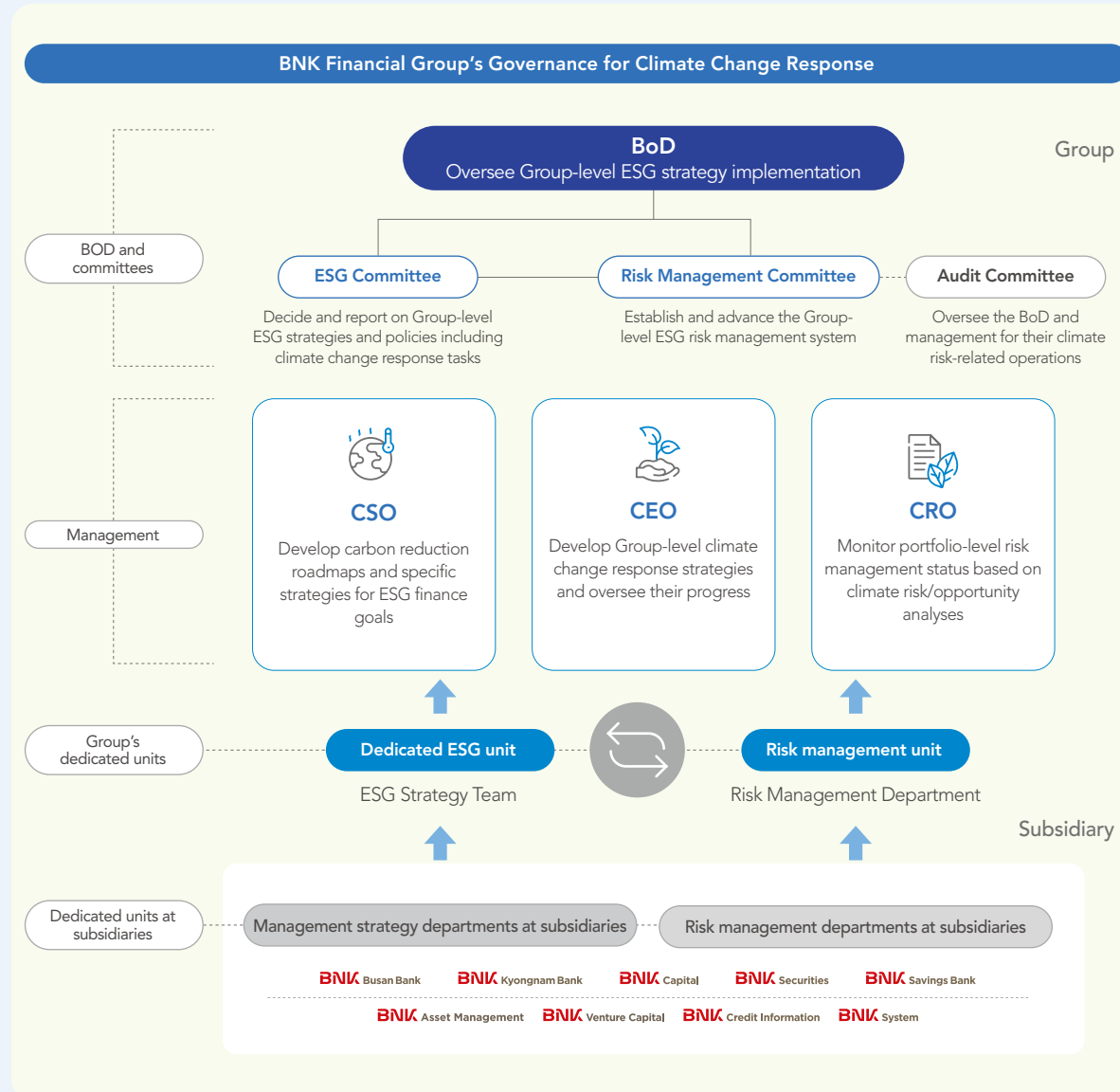
The ESG Committee and the Risk Management Committee under the Board of Directors play a central role in establishing and operating our Group-wide decision-making framework for climate change response. The ESG Committee deliberates and decides on Group-level ESG strategies and policies including climate change response tasks. The Risk Management Committee regularly reviews our response to emerging ESG risks including those associated with climate change. Notably, findings from climate change scenario analyses are used to assess both financial and non-financial implications and set our risk appetite levels, strengthening the overall proactive response framework. The Risk Management Committee reports on financed emissions and high-carbon sectors quarterly reports on financed emissions and high-carbon sectors, and as-needed reports on exceptions including environmental risk management monitoring status.

### Management Level

The CEO of BNK Financial Group oversees the development of Group-wide climate change response strategies and monitors their implementation. The Group Chief Strategy Officer (CSO) is responsible for formulating specific response strategies, including the carbon reduction roadmap and ESG finance goals. The Group Chief Risk Officer (CRO) monitors portfolio-level risk management status based on climate risk and opportunity analyses.

### Subsidiary Level

The ESG Strategy Team, a dedicated ESG unit of BNK Financial Group, develops climate change response strategies and monitors their progress. The Risk Management Department assesses relevant risks to analyze the information required to develop climate change response strategies. ESG departments across all Group subsidiaries ensure effective implementation of Group-wide climate strategies, customized according to the operational characteristics of each subsidiary.



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## Committee Reporting Structure

The ESG Committee and the Risk Management Committee under the Board of Directors play a role in approving climate change response strategies and goals and reviewing the implementation of ESG initiatives. The ESG Committee is responsible for formulating and reporting Group-wide ESG strategies and policies, including climate change response tasks.

In April 2024, the ESG Committee approved the newly established mid- to long-term ESG strategies, and has been regularly monitoring the implementation of action plans for four priority tasks associated with 'Green Finance', one of the three strategic pillars of the Group's ESG strategies. The Committee assessed progress made in line with Group-level Net-zero strategies, and reported target achievement rates for operational and financed emissions against the 2023 targets. In December 2023, the Risk Management Committee approved 'robust ESG climate risk management' as a priority task to advance Group-level risk management strategies, and has been reporting progress annually.

### Roles and Responsibilities among Climate-related Functions

Category	ESG Strategy Team	Risk Management Department
Strategy	<ul style="list-style-type: none"> <li>Announce net zero commitments and establish strategies</li> </ul>	<ul style="list-style-type: none"> <li>Provide analysis information for strategy development</li> </ul>
Organization	<ul style="list-style-type: none"> <li>Operate the ESG Committee</li> </ul>	<ul style="list-style-type: none"> <li>Operate the Risk Management Committee</li> </ul>
Disclosure	<ul style="list-style-type: none"> <li>Publish sustainability reports and TCFD reports (in response to supervisory bodies and investors)</li> </ul>	<ul style="list-style-type: none"> <li>Provide analysis information within disclosure reports (in response to supervisory bodies)</li> </ul>
Assessment and management	<ul style="list-style-type: none"> <li>Set and monitor net zero goals</li> <li>Select and manage implementation tasks to achieve GHG emissions reduction targets</li> <li>Identify opportunities and develop implementation strategies</li> <li>Manage implementation performance of subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Implement climate risk management standards and guidelines</li> <li>Incorporate environmental factors in corporate credit rating assessments</li> <li>Respond to regulations of supervisory bodies</li> <li>Measure financed emissions and monitor their intensity</li> <li>Develop measures to select high-risk and high-carbon industries and manage exposure levels and limits</li> <li>Conduct scenario analyses</li> </ul>
System	<ul style="list-style-type: none"> <li>Operate ESG data platforms (Scope 1, 2)</li> <li>Monitor progress in achieving reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>Operate a financed emissions measurement system (Scope 3)</li> <li>Operate corporate credit rating models</li> </ul>

### Executive Responsibilities Defined under the Accountability Chart

To ensure the systematic management of climate risks and other ESG issues, BNK Financial Group assigns the Chief Risk Officer (CRO) with direct oversight responsibility for ESG risk management, while the CEO holds ultimate responsibility for the overall ESG risk management framework. Executives at each subsidiary are responsible for identifying climate-related risks and opportunities within their areas of responsibility while developing corresponding strategies and overseeing their implementation. These roles and responsibilities are clearly defined in the Group's 'accountability framework', and are aligned with Board committees and the Group-wide risk management system.

### Incorporating Climate Change Metrics in Performance Appraisals

BNK Financial Group incorporates ESG targets into Group-wide management innovation tasks and key departmental business plans for performance evaluation and aligns these targets with financial incentives. Specifically, Busan Bank and Kyongnam Bank have defined their ESG metrics – achievement of energy consumption targets, reductions in paper and printer toner use, and reductions in GHG emissions – as part of their KPIs and apply these metrics in department-level performance evaluations. The KPIs of business headquarters are reflected in the performance assessment of headquarters executives, based on the progress achieved and efforts made in key operations. Looking ahead, BNK Financial Group will expand the application of ESG performance metrics across all subsidiaries and relevant departments.

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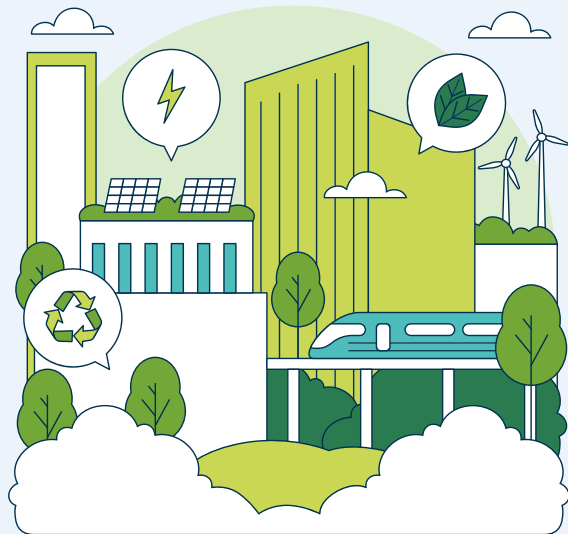
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## Climate-related Engagement

BNK Financial Group upholds the National 2050 Carbon Neutral Declaration in accordance with Paris Agreement and actively takes part in the global transition to sustainability by establishing climate strategies and strengthening the risk management system. Furthermore, given the consistency with the public policies aiming at achieving carbon neutrality targets, we are supporting and complying with the Paris Agreement by strategically allocating membership fees to relevant associations. BNK Financial Group has continuously reviewed the rationale sponsorships such as executing membership fees so that we can establish responsible corporate governance aligned with the public goal of carbon neutrality.

The Group's leadership is responsible for managing and supervising the execution to ensure that it does not breach the global climate goals, including the Paris Agreement. We also regularly monitor whether the activities of the associations for which we have a membership are in line with those goals. Additionally, if such activities are deemed inconsistent with the goals, we have an internal process in place to raise objections and request improvement. For example, in case where the activities of the Bankers' Association are found to conflict with the purport of the Paris Agreement, ESG strategy team under Strategic Planning Division of the Group will seek to resolve the issues with direct engagement with ESG Expert Committee of the Bankers' Association.



### Participation in Environmental Information Disclosure

BNK Financial Group was awarded the Minister of Environment Award in the Environmental Information Disclosure category at the "2024 Green Management and Green Finance Excellence Awards," hosted by the Ministry of Environment and organized by the Korea Environmental Industry & Technology Institute. This achievement reflects the Group's proactive participation in the Environmental Information Disclosure System and its continuous efforts to internalize ESG management. BNK Financial Group established ESG Data Platform and a financial measurement system in order to enhance the accuracy and transparency of its greenhouse gas emission calculations. In particular, BNK Financial Group has established globally aligned GHG reduction targets and is systematically implementing them with official approval from the Science Based Targets initiative (SBTi). In addition, we have strengthened its climate response capabilities by advancing its internal IT systems and building a group-wide collaboration framework. These efforts not only contribute to building trust with stakeholders but also serve as the foundation for realizing sustainable finance in partnership with the local community. BNK Financial Group will continue its proactive responses against climate risks and lead the way toward a sustainable financial future through responsible green management.



Awarded and Excellent Company prize in Green Management and Green Finance.

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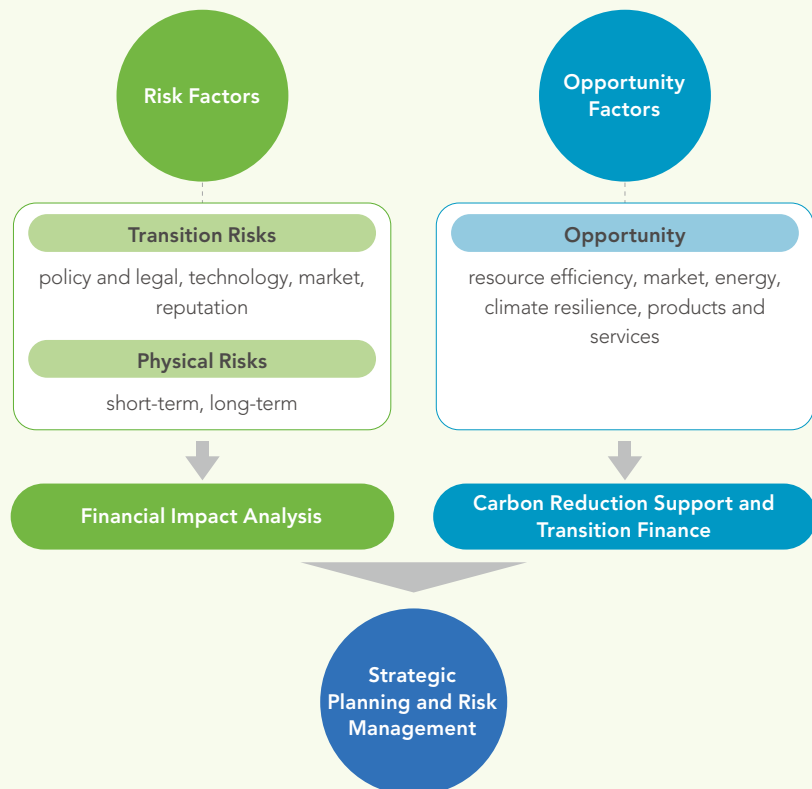
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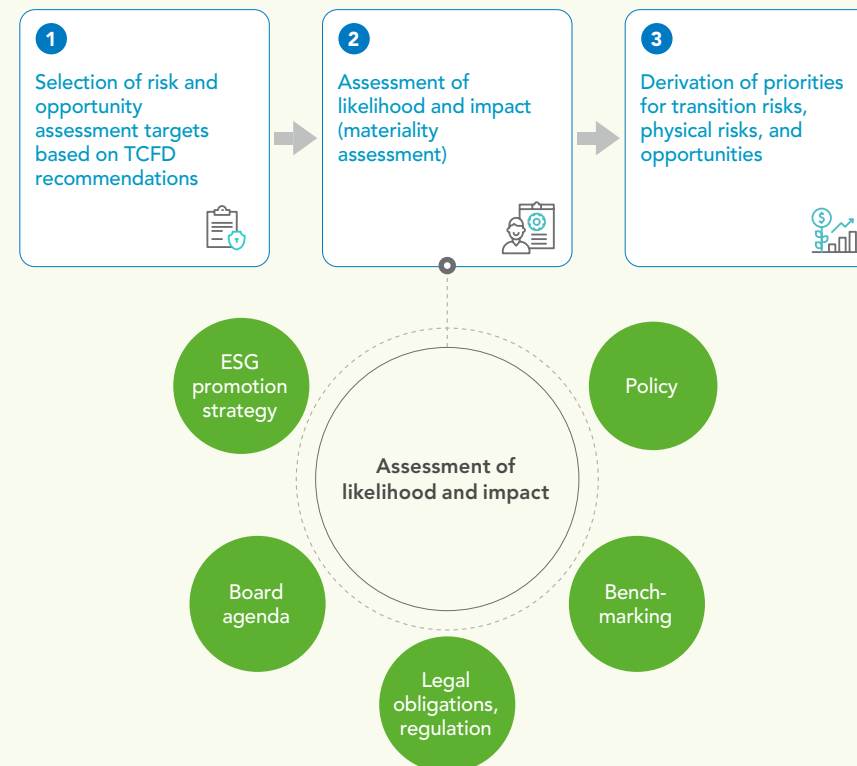
## Climate-Related Risks and Opportunities

BNK Financial Group is a regionally rooted financial institution based in Busan, Ulsan, and Gyeongnam. The Group is committed to leading the transition to a low-carbon economy in harmony with the local community. Climate change not only increases the likelihood of risk occurrences but also creates new business opportunities in the course of transitioning into a low-carbon economy. In response, BNK Financial Group has conducted scenario analyses across its asset portfolio and measured its financed emissions in a quantitative manner to systematically identify climate-related risks and opportunities. Based on these assessments, the Group has established climate-related strategies and financed emissions reduction plans, while also strengthening its capacity to drive meaningful change. In particular, it has enhanced its quantitative response capabilities by analyzing crisis scenarios related to both transition and physical risks and incorporating findings into its risk management framework. The Group is also actively expanding its support for low-carbon transition finance to aid domestic companies in their greenhouse gas reduction efforts, aiming to turn the climate crisis into a growth opportunity and contribute to the realization of carbon neutrality.

### • Strategizing Climate-related Risks and Opportunities



### • Derivation of Priorities for Risks and Opportunities from Climate Change



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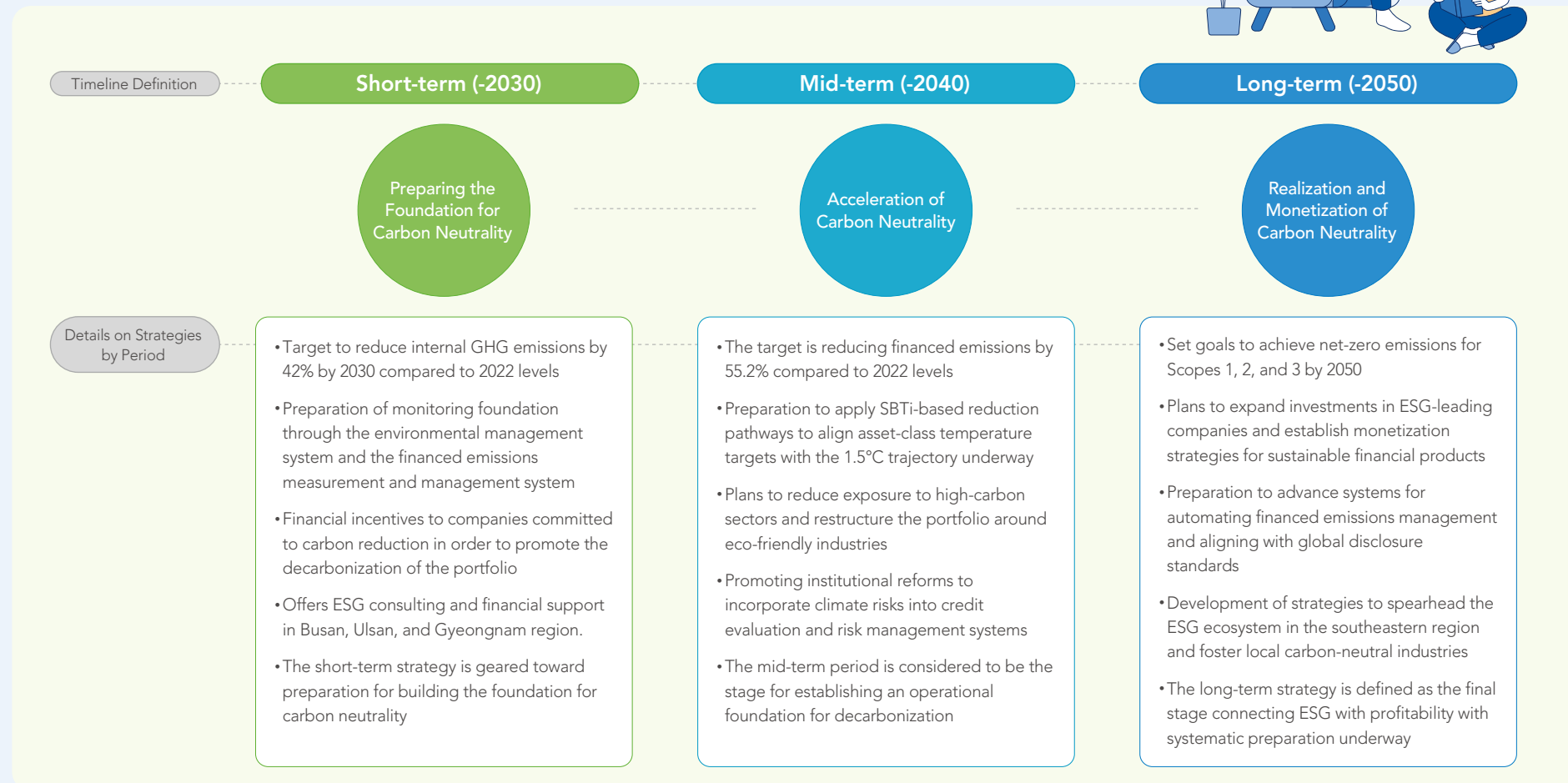
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BNK Financial Group is systematically analyzing climate-related risks and opportunities by dividing them according to time horizons in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The timeline for climate-related scenario has been defined as short-term (-2030), mid-term (-2040), and long-term (-2050). For each period, the Group conducts detailed assessments of risk likelihood, financial impact, and opportunity realization potential.



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## Risk and Opportunity Identification

BNK Financial Group analyzes climate-related risks and opportunities across different time horizons in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We define the short-term as up to 2030, the mid-term as up to 2040, and the long-term as up to 2050. Following the systematic identification of risks and opportunities that may arise due to climate change, we incorporate them into our financial planning process and continuously monitor them throughout the implementation stage. We also establish relevant management and mitigation strategies and develop specific action plans to advance progress in a phased manner.

### Climate-related Risks

Importance Score: ● 80~100 ● 60~80 ● 40~60 ● 20~40 ● 0~20

Category	Risk	Importance	Timeline	Potential Impact	Our Response Plan
Transition risk	Policy/legal	Increase in carbon credit prices	Short/mid/long-term	<ul style="list-style-type: none"> <li>Increased credit risk</li> <li>Rising operational costs for investee companies</li> <li>Decline in asset value of investments in high-carbon sectors</li> <li>Increased portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Monitor climate-related policies and risk management regulations and continue reviewing policies and procedures</li> <li>Establish robust governance through the ESG Committee and the Risk Management Committee</li> <li>Regularly assess exposure to assets in high-carbon sectors and set reduction targets</li> <li>Support corporate transition through the expansion of transition finance</li> <li>Advance integrated reporting aligned with external disclosure standards (ISSB, TCFD, CDP, etc.)</li> </ul>
		Increase in policy-driven costs such as carbon taxes			
		Enhanced emissions reporting obligations			
		Obligations and regulations on existing products and services			
		Exposure to litigation			
	Technology	Substitution of products/services with low-emission alternatives	Mid/long-term	<ul style="list-style-type: none"> <li>Increased expenses of investing companies</li> <li>Decline in asset value in investments in traditional manufacturing and energy sectors</li> <li>Potential deterioration in financial structure due to increased CAPEX of investee companies</li> <li>Credit rating downgrades due to weakened competitiveness of companies lacking technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expand the development of and investment in eco-friendly technologies</li> <li>Monitor eco-friendly technologies</li> <li>Establish evaluation criteria for companies expanding investment in environmental facilities</li> <li>Plan to incorporate 'technology risk' in ESG-based preliminary review items</li> <li>Expand the application of green taxonomy standards and strengthen ESG evaluations</li> </ul>
		Increased capital expenditure for the development of eco-friendly, low-carbon technologies			
		Failed investment in new technologies			
	Market	Change in customer behavior	Mid/long-term	<ul style="list-style-type: none"> <li>Withdrawal of investment capital</li> <li>Stock price depreciation</li> <li>Increased risk of corporate insolvency due to surging costs</li> <li>Declining profitability of high-energy-consuming companies</li> </ul>	<ul style="list-style-type: none"> <li>Monitor consumer behaviors and market shifts</li> <li>Establish a financial risk impact analysis framework</li> <li>Expand preferential financing conditions for companies with outstanding environmental management practices</li> <li>Improve credit evaluation systems based on sector-specific ESG sensitivity criteria</li> <li>Establish a climate strategy adjustment system by linking strategy and risk management functions</li> </ul>
		Rising raw material costs			
		Rising energy costs			
		Uncertainty in market signals			
Reputation	Heightened stakeholder concerns or increased negative stakeholder feedback	Mid/long-term	<ul style="list-style-type: none"> <li>Greenwashing issues</li> <li>Downgrade in ESG ratings</li> <li>Potential increase in capital financing costs</li> </ul>	<ul style="list-style-type: none"> <li>Disclose information through sustainability reports, TCFD reports, and CDP reports</li> <li>Clearly communicate climate strategies and strengthen communication with stakeholders</li> <li>Facilitate customer engagement and reinforce response capabilities</li> <li>Strengthen monitoring of stakeholders by high-risk issue</li> <li>Prepare for transition to ISSB-based integrated ESG disclosure</li> <li>Regularly share ESG strategies and performance with investors</li> </ul>	
	Divestment by investors				
	Shifting consumer preferences				
Physical risk	Chronic	Increase in average temperature	Long-term	<ul style="list-style-type: none"> <li>Declining profitability of climate-sensitive sectors</li> <li>Increased asset damage and insurance risk for companies located near coastal areas</li> <li>Decline in collateral asset value and difficulty in collateral recovery</li> </ul>	<ul style="list-style-type: none"> <li>Establish climate change response strategies by analyzing owned portfolios based on physical risk scenarios</li> <li>Advance ESG evaluation factors by incorporating heat risk</li> <li>Introduce collateral asset screening based on climate risk maps</li> <li>Develop guidelines to prepare for flood damage in coastal areas</li> </ul>
		Rising sea levels			
	Acute	Earthquakes	Mid/long-term	<ul style="list-style-type: none"> <li>Decline in collateral value</li> <li>Decline in operating profit</li> </ul>	<ul style="list-style-type: none"> <li>Identify buildings and branches owned by BNK Financial Group that are vulnerable to climate change and take action to prevent damage</li> <li>In light of the significant damage caused by wildfires which affected Busan, Ulsan, and Gyeongnam in 2025, assess the potential decline in collateral value of land, forests, and private property in these provinces and develop countermeasures</li> <li>Reassess collateral asset risks in disaster-prone areas</li> <li>Internalize industry-specific manuals for heavy snowfall and cold waves</li> <li>Review the development of an early warning system for wildfire-prone areas</li> </ul>
		Typhoons (extreme wind speeds, floods, heavy rainfall (inundation))			
		Cold waves, heavy snow			
		Wildfires, landslides			

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## Risk and Opportunity Identification

### • Climate-related Opportunities

Importance Score: ● 80~100 ● 60~80 ● 40~60 ● 20~40 ● 0~20

Category	Opportunity	Importance	Timeline	Potential Impact	Our Response Plan
Resource efficiency	Efficient use of energy	●	Mid/long-term	<ul style="list-style-type: none"> <li>Reduction in operating expenses</li> <li>Improved profitability</li> <li>Increased financing opportunities in line with expanding EV infrastructure</li> <li>Increased investment opportunities in line with the growth of the resource circulation industry</li> </ul>	<ul style="list-style-type: none"> <li>Establish and implement ESG daily routines including internal energy efficiency and recycling rates for the holding company and Group subsidiaries</li> <li>Continue expanding eco-friendly remodeling of aging branches</li> <li>Expand investments linked to achieving internal carbon reduction targets</li> <li>Review participation in financing EV charging infrastructure projects</li> <li>Develop sector-specific strategies for companies in the waste/recycling industries</li> </ul>
	Expansion of eco-friendly building facilities	●			
	Expansion of low-emission transportation options	●			
	Use of recycling	●			
	Reduction in water consumption	●			
	Adoption of efficient production and distribution processes	●			
Energy source	Transition to distributed energy generation	●	Short/mid/long-term	<ul style="list-style-type: none"> <li>Reduced exposure to carbon taxes and increasing fossil fuel prices</li> <li>Growing financial demand for renewable energy projects</li> <li>Increased potential for launching policy-linked financial products</li> <li>Expanded financing opportunities due to increased investments in clean energy companies and facilities</li> </ul>	<ul style="list-style-type: none"> <li>Review the feasibility of using electricity generated from renewable energy at Group affiliates</li> <li>Identify companies in the decentralized energy sector and review launching dedicated financial products</li> <li>Consider developing financial products linked to government incentives</li> <li>Review financial products linked to domestic and international carbon markets</li> <li>Consider developing products linked to emissions volume</li> </ul>
	Utilization of support policy incentives	●			
	Use of low-carbon energy sources	●			
	Adoption of emerging energy technologies	●			
	Participation in carbon markets	●			
Products and services	Expanded development of low-carbon products and services	●	Mid/long-term	<ul style="list-style-type: none"> <li>Expansion of products and services in line with growing demand for ESG and green finance</li> <li>Increased selection of ESG-based financial financial options</li> <li>Opportunity to enhance brand trust</li> </ul>	<ul style="list-style-type: none"> <li>Continue to develop eco-friendly financial products</li> <li>Expand financial support for climate-friendly industries, strengthen partnerships for low-carbon transition in local industries, and advance climate-related financial products</li> <li>Systematize financial products based on each sector's contribution to carbon reduction</li> <li>Diversify products based on green taxonomy criteria</li> <li>Develop disaster recovery finance models incorporating ESG risks</li> </ul>
	Climate adaptation and insurance solutions	●			
	Changing consumer preferences	●			
	Diversification of business activities	●			
	Development of new products and services through R&D and innovation	●			
Markets	Entry into new markets related to climate change	●	Mid/long-term	<ul style="list-style-type: none"> <li>Growing corporate financing demand driven by the growth of low-carbon industries</li> <li>Potential to launch financial products linked to green transition policies of central and local governments</li> <li>Rising demand for insurance and guarantees due to increased climate-related disasters</li> </ul>	<ul style="list-style-type: none"> <li>Explore opportunities to tap into new financial markets created by climate change response</li> <li>Seek our climate finance-related incentive programs by central and local governments in line with expanding project financing support in relation to green industries and carbon reduction</li> <li>Consider expanding insurance coverage to assets and regions exposed to climate risks</li> <li>Strengthen asset evaluation capabilities based on climate-related risks</li> <li>Develop financial support strategies for climate-affected regions as a regionally-based financial institution</li> </ul>
	Leverage of public incentive programs	●			
	Access to new assets and geographies requiring insurance coverage	●			
Resilience	Support for investee companies' ESG efforts to enhance portfolio resilience	●	Mid/long-term	<ul style="list-style-type: none"> <li>Increased portfolio resilience</li> </ul>	<ul style="list-style-type: none"> <li>Review support for enhancing ESG management capabilities of investee companies</li> <li>Operate financial support programs for investing in energy efficiency improvement facilities</li> <li>Encourage low-carbon transition capacity-building through sustainable finance guidelines</li> </ul>
	Participation in renewable energy programs and adoption of energy efficiency measures	●			

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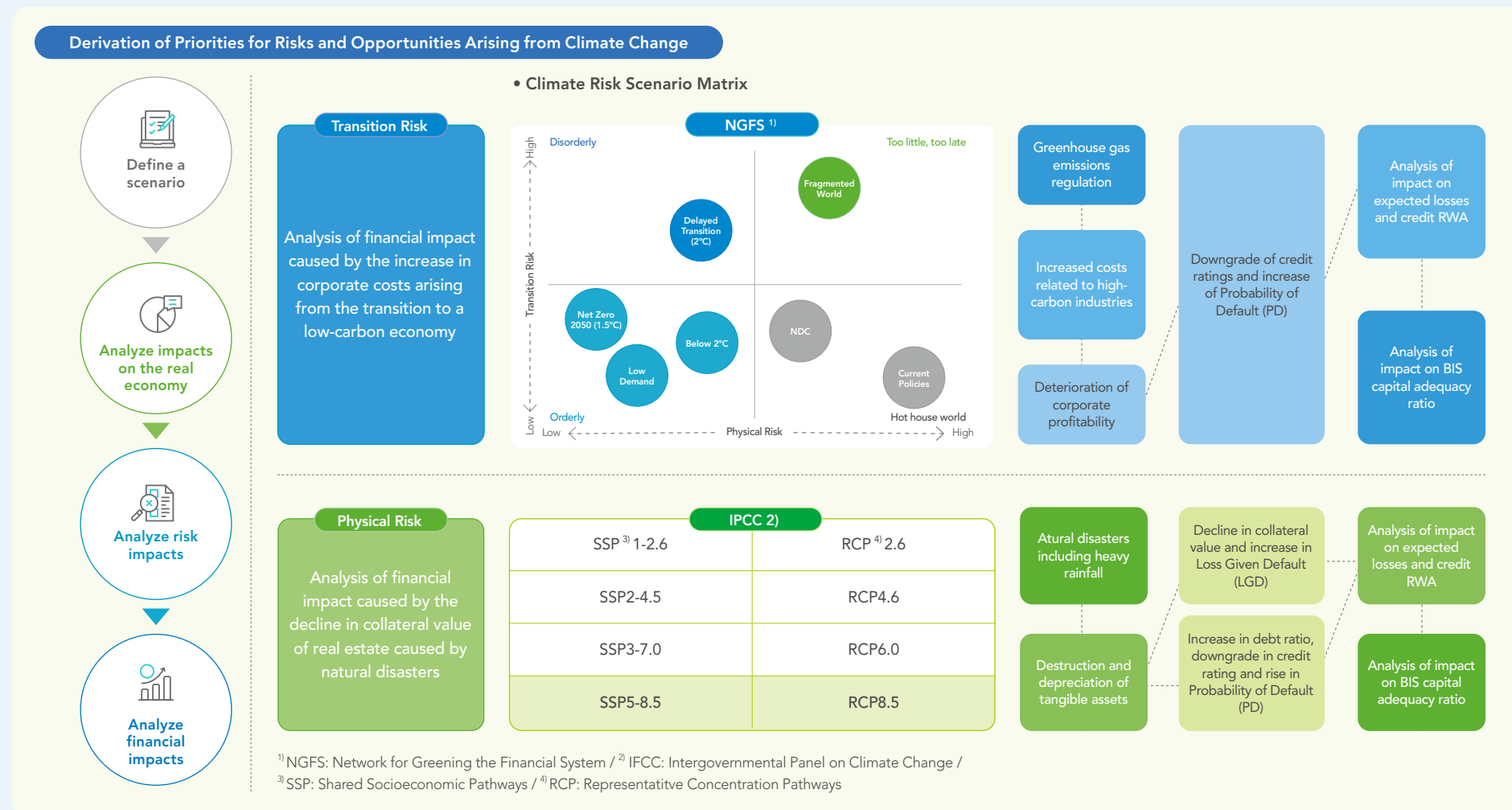
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## Climate Scenario Analysis

To assess the impact of climate change on the Group's portfolio, BNK Financial Group conducted scenario analyses on transition and physical risks, respectively. The scenarios were based on internationally recognized frameworks including NGFS Climate Scenarios and the IPCC's SSP and RCP pathways. The transition risk analysis evaluated financial impacts on companies in carbon-intensive sectors, driven by stricter regulations and rising costs. The physical risk analysis measured financial impacts resulting from natural disasters causing the destruction of tangible assets and the impairment of asset values.



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## Transition Risk Scenario Analysis

Transition risks are considered highly probable during the transition to a low-carbon economy. Among the seven climate change scenarios presented by the NGFS, we focused on the 'Net Zero 2050 (1.5°C)' and 'Delayed Transition (2°C)' scenarios in analyzing transition risks. The NGFS provides GHG emissions trajectories and carbon pricing pathways for each scenario. Based on these datasets, we assessed the impact of rising carbon costs on corporate credit ratings under varying GHG emissions trajectories and carbon pricing assumptions, and incorporated the results into our projected financial impact analysis.

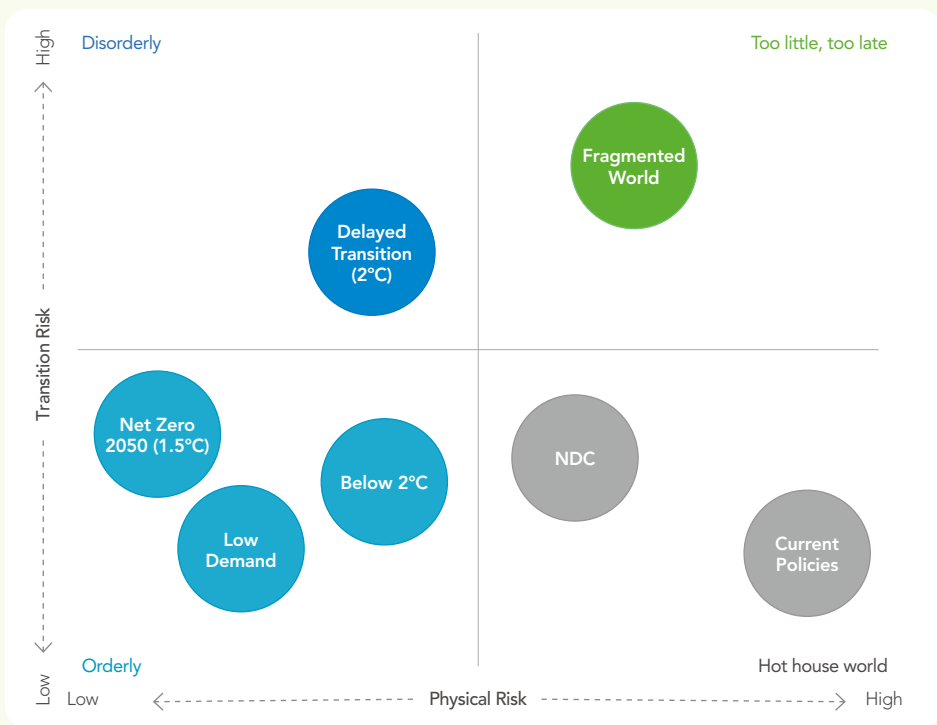
### Climate Risk Scenario Matrix

#### Disorderly Transition

- If the introduction of climate policies is delayed or where different countries or sectors establish inconsistent reduction targets, a lack of coordinated response may lead to a sharp rise in carbon prices after a certain period, causing relatively high transition risks.

#### Orderly Transition

- A scenario in which climate policies are introduced early and strengthened over time, aligning with the goals of the Paris Agreement



#### Too Little, Too Late Transition

- Delay and fragmentation of climate policies
- Even countries with net-zero targets have only achieved partial goals (around 80% of the target), with other countries maintaining current policies without further strengthening them.

#### A Greenhouse-like World

- A scenario in which climate policies are introduced by some countries and regions, but lack of measures to curb climate change causes severe levels of physical risk.

### Transition Risk Scenario Analysis Results (BIS ratio)

2024	Net Zero(1.5°C)			Delayed Transition(2°C)		
	2030	2040	2050	2030	2040	2050
14.13	13.90	13.59	13.04	14.12	13.80	13.07

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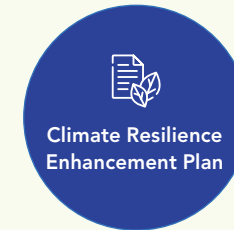
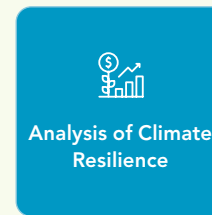
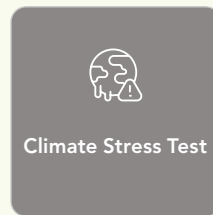
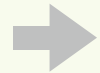
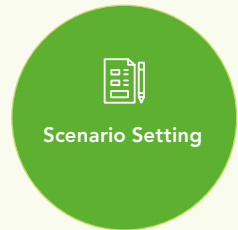
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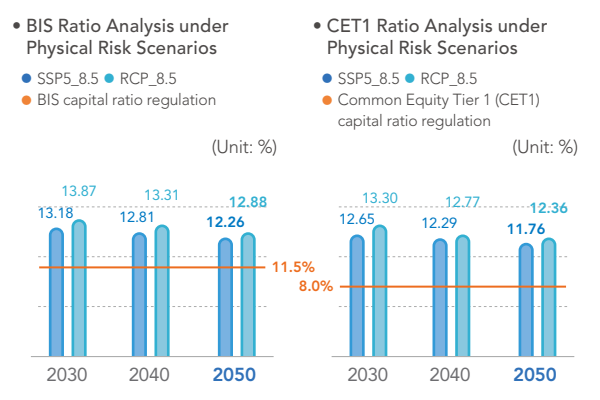
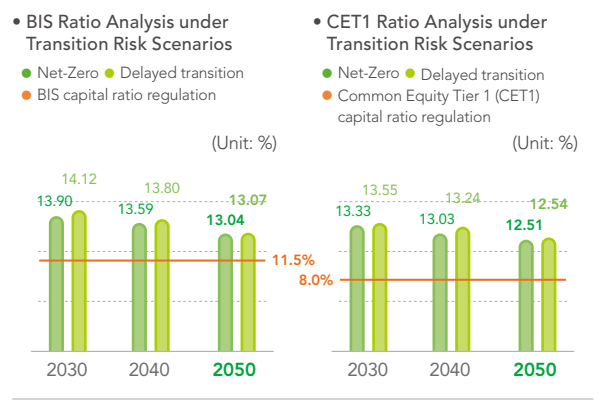
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- Transition Risk
- NGFS delayed transition
- NGFS 2050 Net-Zero

- Physical Risk
- RCP 8.5
- SSP5\_8.5



Based on the analysis of transition risk and physical risk scenarios, it was assessed that regulatory levels of the BIS capital adequacy ratio and the Common Equity Tier 1 (CET1) capital ratio can be maintained.

\* Continuous monitoring and analysis are required in recognition of the limitations of climate scenario analysis and the potential for underestimation of impacts

- Strengthening Scenario-based Capital Adequacy Management**
  - Analysis of BIS ratio trends under each climate scenario
  - Establishment of capital replenishment strategies
- Promotion of Risk-Weighted Asset Efficiency**
  - Guiding reduction of carbon-intensive portfolios
- Preemptive Capital Management Planning**
  - Planning of timing and methods of capital raising in advance by incorporating TCFD and NGFS-based crisis scenarios
  - Preparation of execution plans linked to the crisis management system to enable rapid response to risks of capital ratio decline
- Expansion of Green and Transition Finance**
  - Active promotion of green finance to mitigate climate risks

## Physical Risk Scenario Analysis

In analyzing the financial impact of physical risks, we took into account the potential negative impacts of climate-driven physical changes on the Group's owned physical assets. This analysis was conducted using the SSP5-8.5 scenario from the IPCC 6th Assessment Report. Among major natural disasters, we focused on the frequency and severity of precipitation events including heavy rainfall and typhoons that represent a significant share of losses. The results informed our efforts to quantify the impact of climate change on asset values in consideration of potential decline in the value of real estate collateral assets owned by the Group.

### SSP1-2.6

Under the scenario in which the development of renewable energy technologies minimizes the use of fossil fuels and enables environmentally sustainable growth

### SSP2-4.5

Under the scenario of moderate level of climate change mitigation and socioeconomic impact

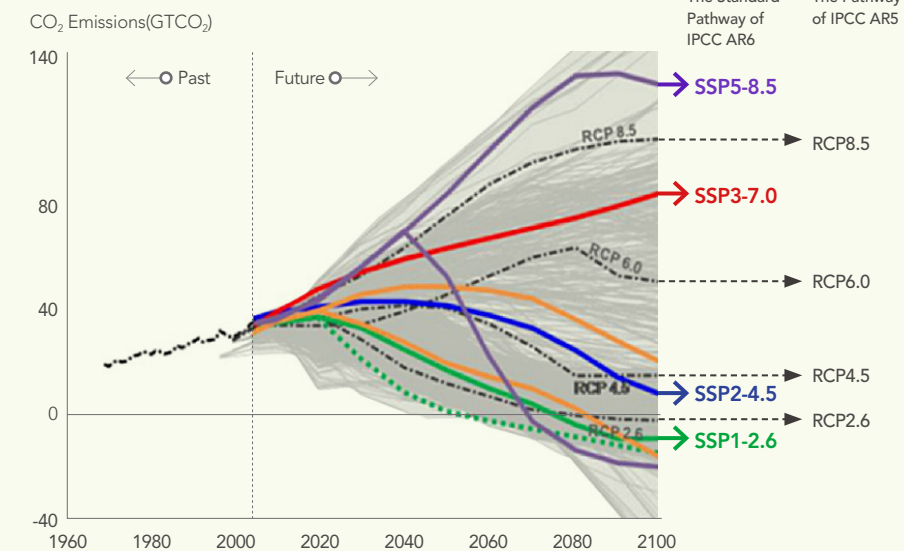
### SSP3-7.0

Under the scenario of a society vulnerable to climate change due to passive climate mitigation policies and delayed technological advancement

### SSP5-8.5 (Scenario for Analysis Purpose)

Under the scenario of rapid industrial and technological development, high fossil fuel usage, and widespread unregulated urban expansion

### RCP and SSP climate scenario



### Physical Risk Scenario Analysis Results (BIS ratio)

2024	SSP5-8.5		
	2030	2040	2050
14.13	13.18	12.81	12.26

<sup>1)</sup> SSP(Shared Socioeconomic Pathways, Scenarios developed for the IPCC 6th Assessment Report that combine future radiative forcing levels (formerly the RCP concept) with socioeconomic changes to explore possible pathways for climate change mitigation and adaptation efforts through the year 2100.

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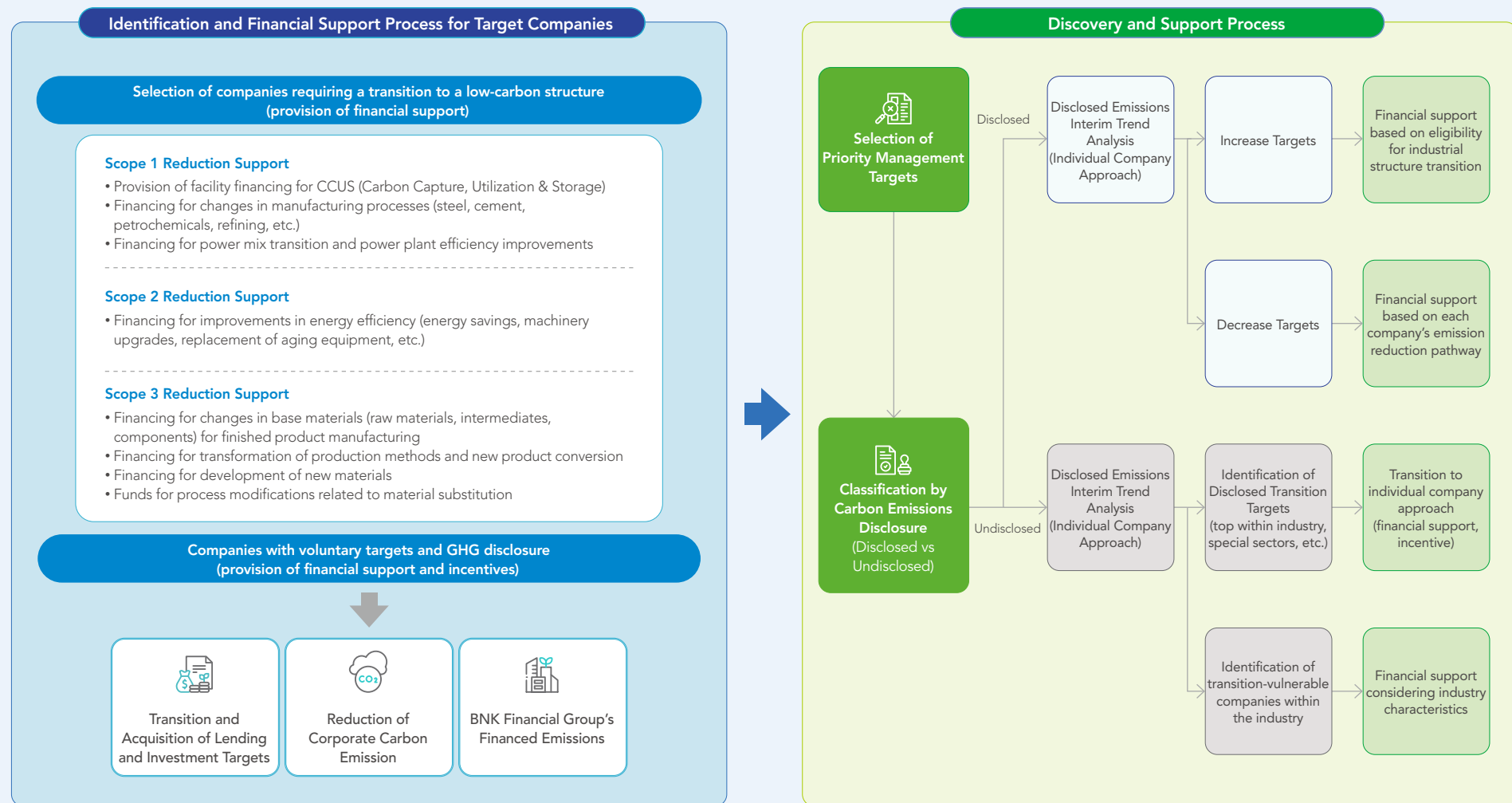
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## Risk and Opportunity Response Strategies

BNK Financial Group is expanding transition finance based on its analysis of climate-related risks and opportunities. Its transition finance initiatives is an engagement-driven strategy aimed at encouraging companies to participate in the shift toward low-carbon operations, which not only promotes emissions reductions at the corporate level but also contributes to the reduction of BNK Financial Group's financed emissions.



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## Carbon Emissions Reduction Roadmap and Implementation Performance

We are implementing 11 implementation tasks to achieve our net zero goal in line with our Mid-to Long-term ESG Strategy.

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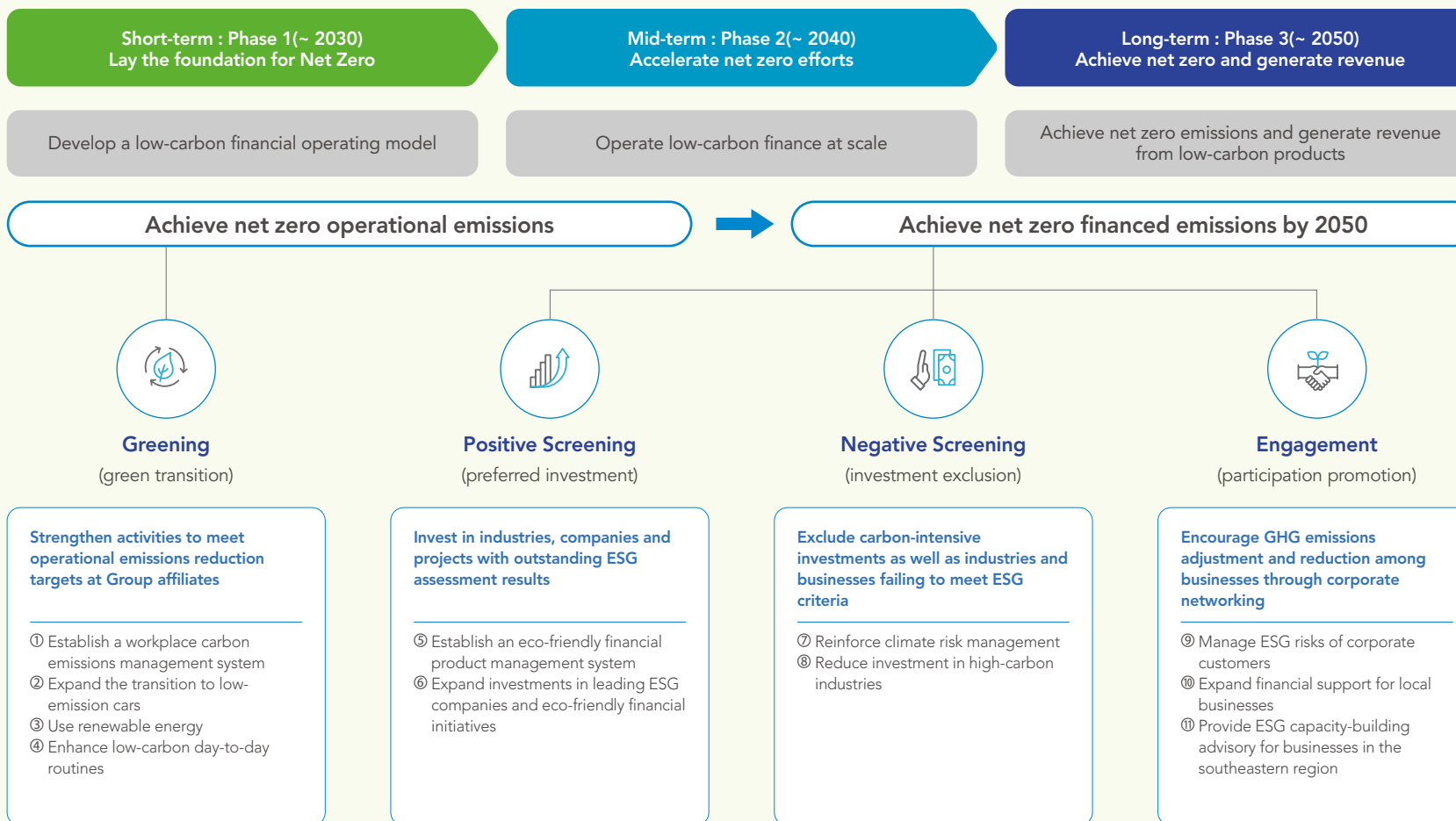
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## Detailed Performance Based on Carbon Reduction Implementation Strategy

Strategy Directions	Detailed Transition Tasks	Key Achievements	Report Page
<p><b>Greening</b> (Green Transition)</p>	1 Establishment of a carbon emissions management system at each business site	<ul style="list-style-type: none"> <li>Establishment and operation of an ESG data platform geared towards systematically measuring greenhouse gas emissions from business sites at the group level</li> <li>Establishment of globally aligned reduction targets through official approval from the Science Based Targets initiative (SBTi)(April 2024)</li> <li>BNK Financial Group demonstrated its green finance leadership by receiving the Minister of Environment Award in the Environmental Information Disclosure category (December 2024)</li> </ul>	Please refer to pages 25, 36, 47, and 144–147 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	2 Expansion of Transition to Eco-Friendly Vehicles	<ul style="list-style-type: none"> <li>BNK Financial Group is transitioning to eco-friendly vehicles such as electric and hybrid vehicles, while also expanding EV chargers at headquarters to enhance convenience for employees and visitors using green vehicles</li> <li>Kyongnam Bank and BNK Capital are participating in the Korean Zero-Emission Transition Program (K-EV100), establishing and managing a roadmap to complete the transition to eco-friendly vehicles by 2030.</li> </ul>	Please refer to pages 43, 49, and 148 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	3 Expansion of Transition to Eco-Friendly Vehicles	<ul style="list-style-type: none"> <li>BNK Financial Group is transitioning to eco-friendly vehicles such as electric and hybrid vehicles, while also expanding EV chargers at headquarters to enhance convenience for employees and visitors using green vehicles</li> <li>Kyongnam Bank and BNK Capital are participating in the Korean Zero-Emission Transition Program (K-EV100), establishing and managing a roadmap to complete the transition to eco-friendly vehicles by 2030.</li> </ul>	Please refer to pages 26, 49, and 149 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	4 Strengthening Low-Carbon Lifestyle Practices	<ul style="list-style-type: none"> <li>Conducted campaigns such as Zero Disposable Day, Zero Food Waste Day, and ESG Practice Day aiming at a culture of eco-friendly management.</li> <li>Expansion of environmental education programs for employees and internal idea contests to promote ESG awareness within the organization</li> </ul>	Please refer to pages 48, 50, and 143 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
<p><b>Positive Screening</b> (Investment Preference)</p>	5 Establishment of a Management System for Eco-friendly Financial Products	<ul style="list-style-type: none"> <li>Establishment of a sustainable finance management system reflecting the Korean Green Taxonomy, creating tangible results in eco-friendly deposits, green loans, project finance (PF), and green bonds</li> <li>Busan Bank was recognized for its efforts to expand investment in local eco-friendly projects through the issuance of green bonds and received the President's Award from the Korea Environmental Industry &amp; Technology Institute (December 2024)</li> </ul>	Please refer to pages 164, 166, and 169–174 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	6 Expansion of Investments in ESG-Leading Companies and Green Finance	<ul style="list-style-type: none"> <li>Expansion of green finance through financial support for eco-friendly and green sectors, support for ESG-leading companies, and sales of green financial products</li> <li>BNK Financial Group signed a business agreement with the Busan Metropolitan Government and Korea Technology Finance Corporation to fully cover financing costs for carbon reduction technology companies, becoming the first in the financial sector to develop a product offering two years of interest-free working capital support</li> <li>In particular, BNK Capital is expanding its green auto finance for eco-friendly vehicles and is developing financial products to support electric vehicle batteries and charging infrastructure</li> </ul>	Please refer to pages 25–26 and 40–46 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
<p><b>Negative Screening</b> (Investment Exclusion)</p>	7 Strengthening of Climate Risk Management	<ul style="list-style-type: none"> <li>The ESG Committee deliberates and approves ESG strategies and policies, including climate change response initiatives, while the Risk Management Committee regularly reviews the status of responses to new ESG-related risks such as climate risk.</li> <li>Operation of a Financed Emissions Measurement System, which measures the carbon emissions of asset portfolios, applying the PCAF (Partnership for Carbon Accounting Financials) methodology.</li> <li>In 2024, internal risk management regulations have been revised to classify climate risk as an independent risk category, allowing it to be managed in an integrated manner on par with other key risk types.</li> </ul>	Please refer to pages 29–34 and 100–101 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	8 Reduction of Investments in High-Carbon Industries	<ul style="list-style-type: none"> <li>New investments in high-carbon industries such as coal-fired power generation are restricted, while existing investments are subject to phased reduction or supported for eco-friendly transition.</li> <li>Stricter funding limits are applied for sectors with high financial intensity (financed emissions relative to outstanding balance), such as steel and non-ferrous metals, to manage exposure</li> </ul>	Please refer to pages 35, 37, 39, and 101 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
<p><b>Engagement</b> (Participation Promotion)</p>	9 ESG Risk Management for Corporate Clients	<ul style="list-style-type: none"> <li>Establishment and public disclosure of the Environmental and Social Risk Management Guidelines to identify, assess, and manage environmental and social risks that may arise during financial support</li> <li>Reflection of ESG management activities as non-financial factors in credit evaluations to proactively manage ESG-related risks originating from corporate clients</li> </ul>	Please refer to pages 42 and 101 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	10 Expansion of Financial Support for Local Enterprises	<ul style="list-style-type: none"> <li>Funding through business agreements and fund creation to promote the development of key regional industries</li> <li>Delivered both financial and non-financial support for the sustainable growth of local startups</li> </ul>	Please refer to pages 63–67 and 78 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.
	11 ESG Capacity Building Support for Southeastern Region Enterprises	<ul style="list-style-type: none"> <li>Support for ESG capacity building for local SMEs through providing free online and offline ESG-related training programs free of charge</li> <li>Establishment of a Regional Special Project Team to address social issues in the southeastern region and exploration of group-wide participation strategies for regional development</li> </ul>	Please refer to page 62 of the BNK Financial Group Sustainability Report for details on the progress and achievement of the initiatives.

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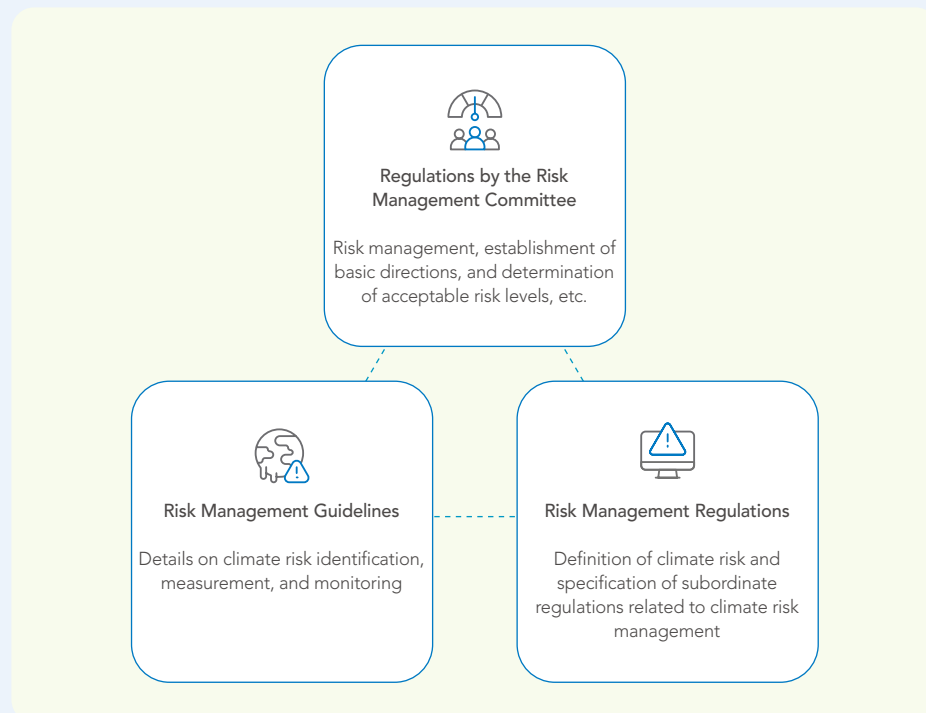
# RISK MANAGEMENT

## Risk Management Framework

BNK Financial Group recognizes climate change-induced risks as significant financial risks, and is focused on advancing its risk management system to ensure both profitability and stability in investment operations. In line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we systematically identify environmental and social risks and conduct quantitative and qualitative assessments while establishing a financed emissions measurement system and building databases to enhance the consistency and credibility of relevant information. We have also aligned and reinforced our risk management governance and internal regulatory framework, solidifying the foundation for climate risk response.

To proactively address climate risks, we operate an integrated risk management process consisting four steps of risk identification, assessment, monitoring & reporting, and response & mitigation. This process is systematically implemented with the Group-wide Risk Management Committee playing a central role.

We have also established relevant internal regulations – regulations for the Risk Management Committee, risk management regulations, and risk management guidelines – to stipulate internal standards for climate change risk response. In 2024, these regulations were revised to strengthen our overarching climate risk governance framework. Looking ahead we will continue exploring ways to align and apply these regulations to day-to-day operational processes including the management of uncommitted credit exposures.



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## Environmental and Social Risk Management

### Analysis of Sectors with High Climate-Related financial Impact

BNK Financial Group recognizes the environmental and social impacts of its business activities as a financial institution, taking proactive measures to identify and manage potential risks in advance. Accordingly, BNK Financial Group established the 「Environmental and Social Risk Management Best Practice Guidelines」 in 2024 to systematically manage risks from environmental and social perspectives. These guidelines are applied uniformly across to all financial products and services offered by BNK Financial Group and its financial subsidiaries (e.g. corporate finance, retail finance, private banking, investment banking (IB), project finance (PF), and asset management). They serve as a standard for responsible finance integrating environmental and social risk considerations. Through these efforts, BNK Financial Group is building an integrated management system for environmental and social risks and continuously enhancing its internal capabilities to practice sustainable finance.

#### BNK Financial Group complies with the following principles in managing environmental and social risks.

- Recognition of management of environmental and social risks as a critical factor for the Group's sustainable growth
- Operation of a system for identifying, measuring, and managing environmental and social risks, and incorporates these factors into the Group's investment and credit decision-making process.
- Identification of areas with significant negative environmental and social impacts by designating them as exclusion or cautionary sectors.
- Assessment of the environmental and social impact of large-scale development projects, and evaluation of the associated risks and establishment of mitigation measures to reduce them in cases where negative effects are significant
- Transparent disclosure of key policies related to environmental and social risk management and active communication with stakeholders.
- Promotion of awareness and enhancement of risk management capabilities by encouraging participation and training of all employees on environmental and social risks.

### Establishing a High-Carbon Industry Management Plan

BNK Financial Group defines high-carbon industries as those with a financial intensity score of 100 or higher, an exposure ratio of 5% or more, and a carbon intensity exceeding the average benchmark of 38.5. For these carbon-intensive sectors, we plan to apply penalties by lowering their exposure thresholds when setting limits for subsidiary business portfolios (2026). We are also considering placing caps on non-financial environmental ESG indicators in the borrower credit assessment process.

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

Category <sup>1)</sup>	Investment Balance (KRW 100 million)	Exposure Ratio	Financial Intensity
F&B	12,837	2.0%	190.6
Public service	11,792	1.8%	159.5
Non-ferrous and non-metallic	10,566	1.6%	157.9
Steel	10,525	1.6%	100.9
Construction	44,197	6.7%	84.3
Consumer goods distribution	40,267	6.1%	45.4

<sup>1)</sup> We have selected the top 6 industries with high financial intensity or significant exposure.

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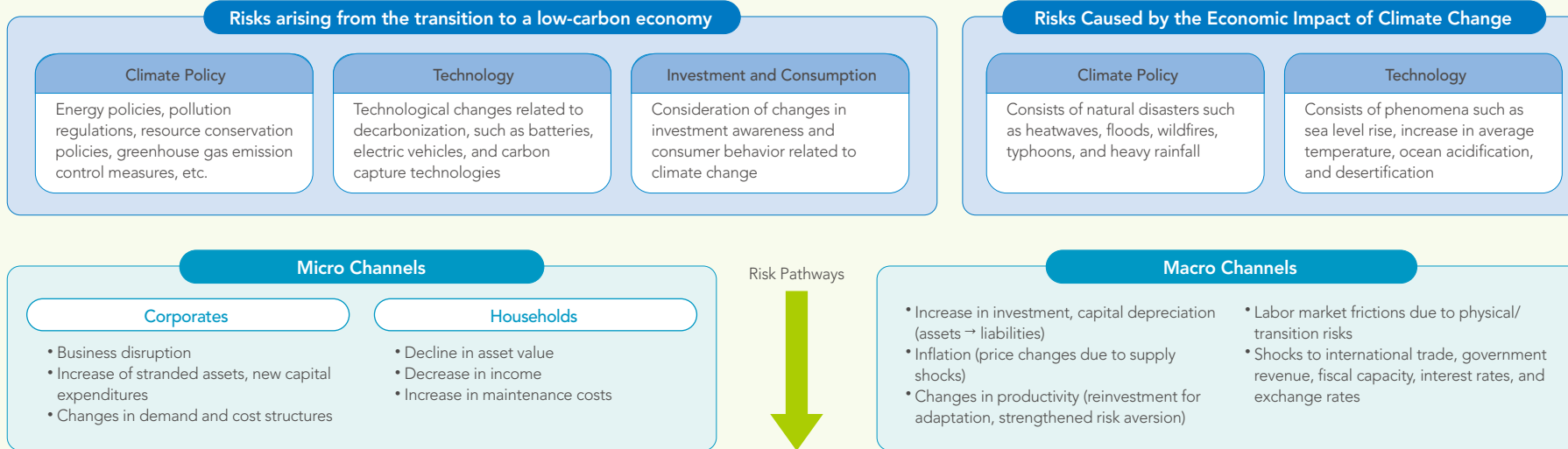
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## Risk Identification

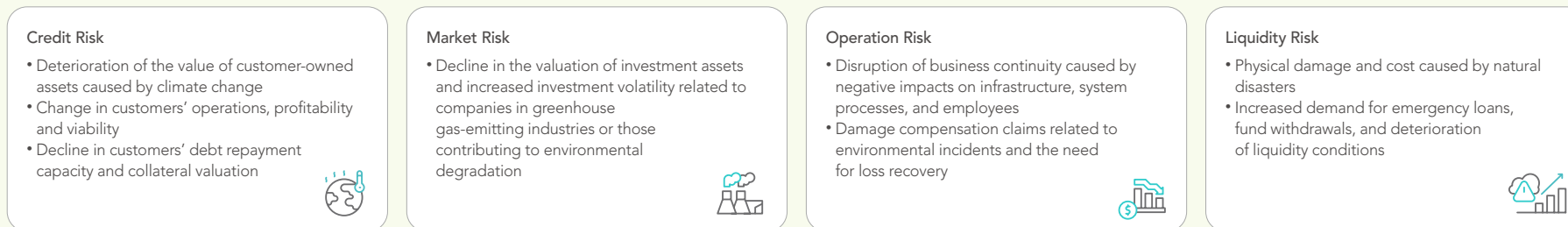
BNK Financial Group classifies climate-related risks into transition risks, which arise during the net-zero transition process, and physical risks, which result from the physical impacts of climate change. Physical risks in particular encompass both chronic impacts (such as sea level rise and changes in climate patterns) and acute events (such as typhoons, floods, and other extreme weather events).

Because climate risks can spread to financial risks through various economic transmission channels across multiple business sectors of a financial institution, they must be recognized as not merely environmental risks, but as financial risks. To that end, BNK Financial Group recognizes that both transition and physical risks can translate into credit, market, operational, liquidity, or reputational risks from both microeconomic and macroeconomic perspectives. This recognition serves as the foundation for the BNK Financial Group's structured risk management approach.

### • Risk Identification



### • Linkage to Financial Risks



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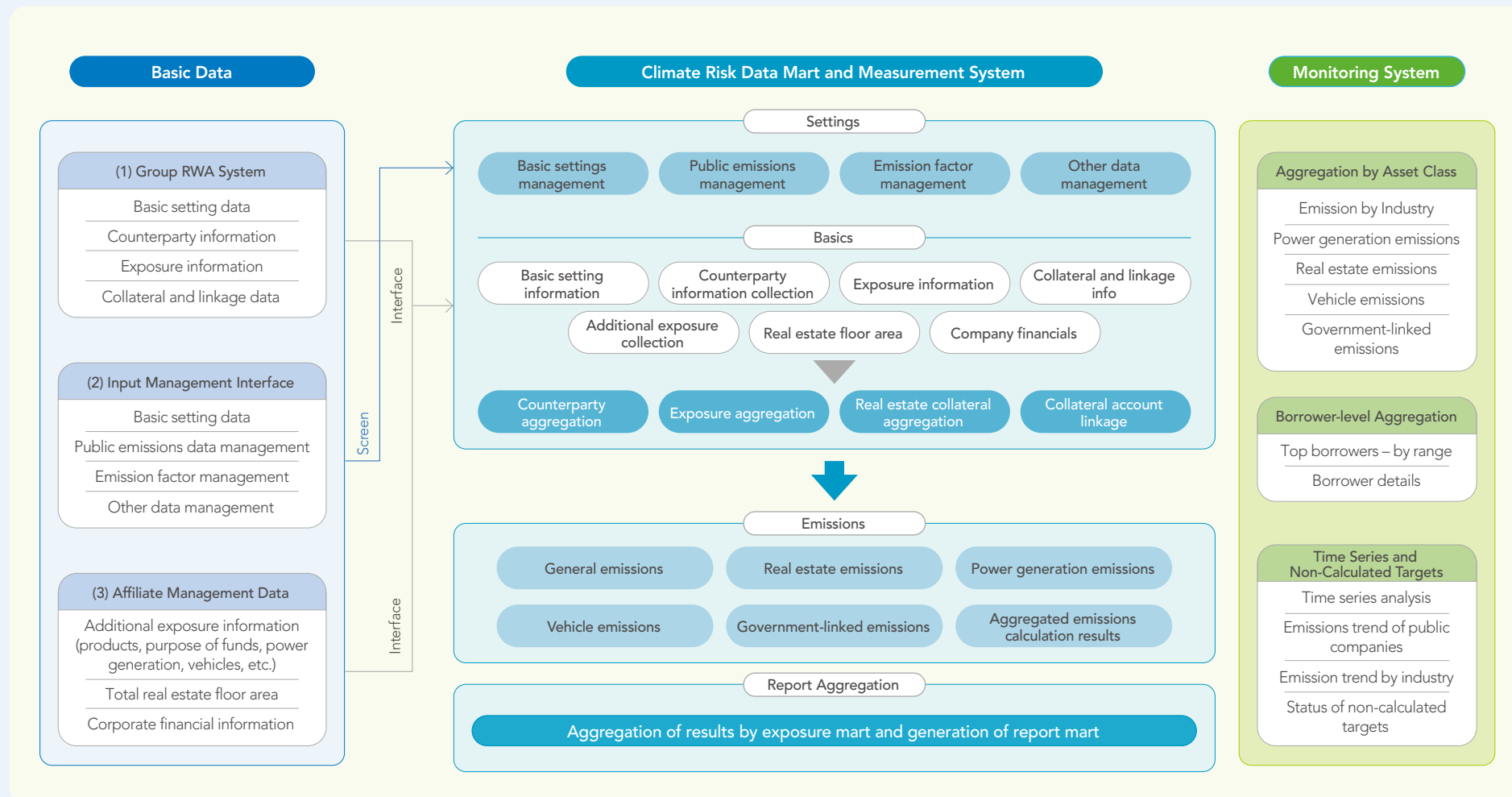
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## Risk Assessment

BNK Financial Group classifies its loans and investment assets into seven asset classes based on the greenhouse gas accounting standards of the Partnership for Carbon Accounting Financials (PCAF). The Group also operates a dedicated system to calculate and monitor financed emissions, which is designed to precisely monitor trends in emissions and carbon intensity across asset portfolios and is particularly used to identify carbon-intensive concentrations within specific industries and manage related risks in advance. The Group identifies and manages high-carbon-intensive sectors and actively incorporates this into strategic business decision-making based on these quantitative analyses.



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## Risk Response and Mitigation

Accurate understanding of the impact of climate risks on customers and the overall business is a prerequisite for effective risk management. Accordingly, BNK Financial Group systematically identifies potential risks and opportunities arising from climate change, incorporating them into financial planning and continuously monitoring them throughout the implementation process. Also, the Group establishes management and mitigation strategies and implements them through concrete, stepwise action plans.

### • Climate Risk Response Measures

Risk		Details
Transition Risk	Policy, Legal	<ul style="list-style-type: none"> <li>Continuous monitoring of climate-related policies and risk management regulations, and continued review of policies and procedures</li> <li>Establishment of strong governance through ESG Committee, Risk Management Committee, and others</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>Expansion of development and investment in products related to eco-friendly technologies</li> <li>Monitoring of green technologies</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Monitoring of consumer behavior and market changes</li> <li>Establishment of financial risk impact analysis system</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>Information disclosure through Sustainability Reports, TCFD Reports, and CDP</li> <li>Clarification of climate strategy and strengthened communication with stakeholders</li> <li>Enhancement of customer engagement and response capabilities</li> </ul>
Reputation	Acute Risks	<ul style="list-style-type: none"> <li>Establishment of climate response strategies based on physical risk scenario analysis of existing portfolios</li> <li>Identification of buildings and branches owned by BNK Financial Group vulnerable to climate issues and efforts to prevent damage</li> </ul>
	Chronic Risks	

## Internal Carbon Pricing

BNK Financial Group manages greenhouse gas emissions across Scope 1, 2, and 3 categories in accordance with the GHG Protocol. The Group has introduced an internal carbon pricing system and established price levels for both operational emissions and financed emissions, with plans to progressively integrate this into business decision-making processes.

For Scope 1 and 2 emissions, BNK set an internal carbon price in the range of approximately KRW 40,000–80,000 per ton, reflecting the projected market prices of Renewable Energy Certificates (RECs) as a proxy for renewable energy procurement costs required to achieve its carbon neutrality targets. This pricing will be applied in future decisions related to energy efficiency, renewable energy purchases, and facility transition investments.

For Scope 3 financed emissions, BNK adopted reference values from the NGFS (Net-Zero and Delayed Net-Zero) scenarios, further refined through the Global Change Assessment Model (GCAM), which best reflects national conditions. Based on this approach, an internal carbon price of approximately KRW 130,000–190,000 per ton has been established. The Group intends to apply this in credit assessments, investment reviews, and contractual terms to accelerate the transition toward low-carbon industries. BNK Financial Group will continue to expand the scope and depth of internal carbon pricing applications, advancing it as a core tool for executing its Net-Zero strategy.

### • Internal Carbon Pricing

Type of internal carbon pricing	Shadow pricing
Scope of emissions	Scope 1+2, Scope 3
Method of carbon pricing	(Scope 1+2) REC price outlook-based decision, (Scope 3) NGFS scenario-based decision
Purpose of introducing internal carbon pricing	Internal employees' behavioral change, identification and utilization of low-carbon opportunities, energy saving inducement, reflection of low-carbon transition plans
Applied internal carbon price – minimum	(Scope 1+2) 39,827 KRW/tCO <sub>2</sub> eq, (Scope 3) 126,612 KRW/tCO <sub>2</sub> eq
Applied internal carbon price – maximum	(Scope 1+2) 82,845 KRW/tCO <sub>2</sub> eq, (Scope 3) 190,305 KRW/tCO <sub>2</sub> eq
Process for business decision making	To be expanded to operation, financing, climate risk management, etc.

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## Status and Reduction Targets of Internal Greenhouse Gas Emission

BNK Financial Group leverages an Environmental Management System (EMS) to manage its operational GHG emissions (Scope 1 & 2) generated from energy consumption.

In 2025, we plan to advance the EMS to enhance our GHG emissions measurement and monitoring methodology. The EMS will also support more timely assessments of our progress against the set targets for reducing operational emissions and delivery of our net zero commitments.

In March 2024, we established our net zero targets in alignment with the SBTi's Absolute Contraction Approach (ACA). Following the ACA, we aim to reduce our Scope 1 and 2 emissions by 42% by 2030 from the 2022 base year, and achieve net zero emissions by 2045.

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### Status and Reduction Targets of Internal Greenhouse Gas Emissions

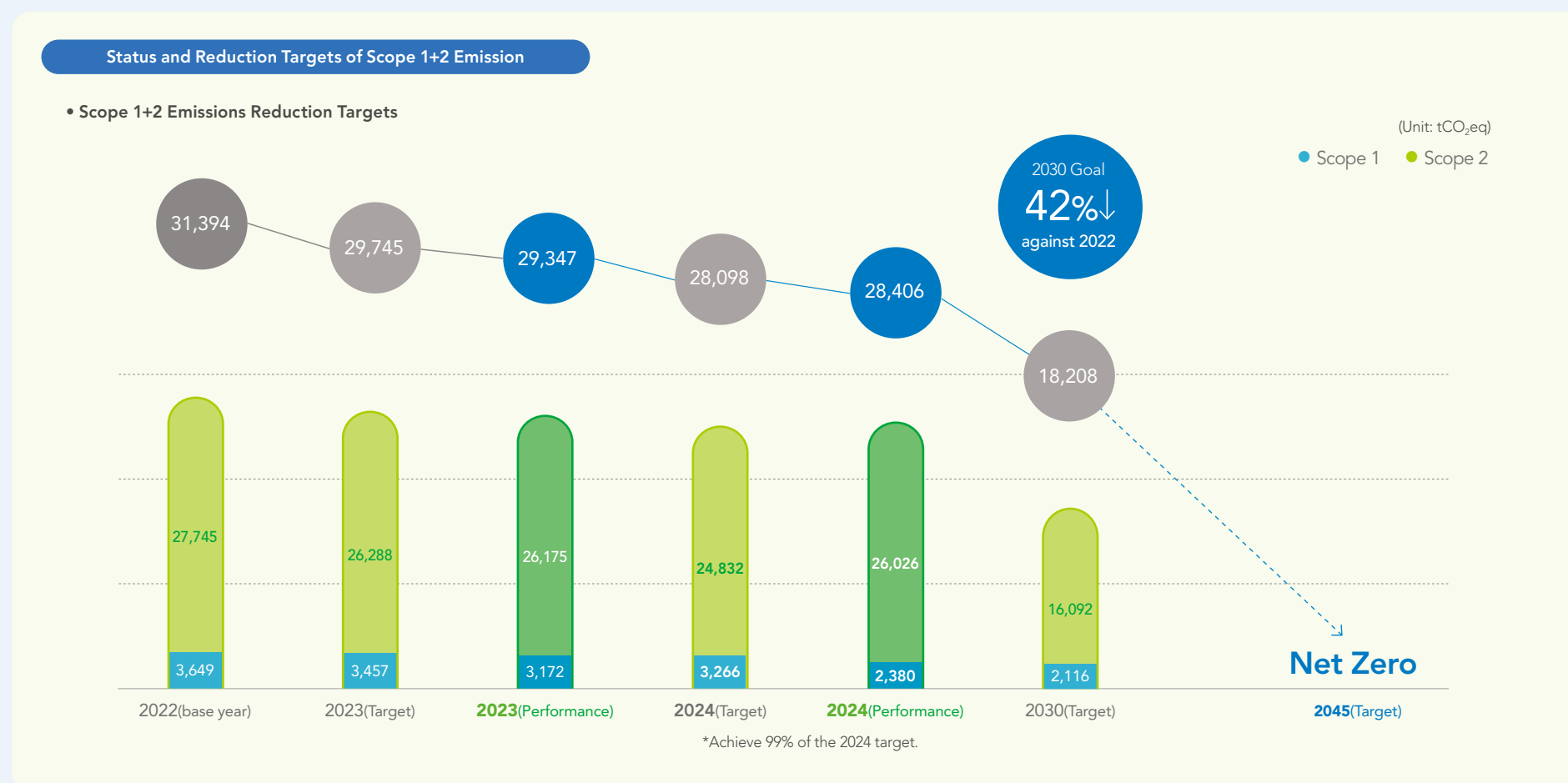
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## Portfolio Carbon Emissions (Financed Emissions) Based on PCAF Standards

BNK Financial Group joined the Partnership for Carbon Accounting Financials (PCAF) in 2022, establishing a Scope 3 financed emissions calculation framework aligned with global standards. In 2023, we introduced a dedicated financed emissions measurement system to manage emissions across seven asset classes, including listed equities, corporate bonds, business loans, project finance (PF), and commercial real estate. We primarily use corporate disclosure data, and if any data gap exists, we apply PCAF's industry-average emission factors. By accounting for all Scope 1, 2, and 3 emissions, we are proactively preparing for the mandatory disclosure of Scope 3 emissions in 2025.

### • Financed Emissions (Scope 3) Inventory

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

Category	2022			2023			2024		
	Measured Target	Financed Emissions	Financial Intensity	Measured Target	Financed Emissions	Financial Intensity	Measured Target	Financed Emissions	Financial Intensity
Listed equity and corporate bonds	5.7	131	23.2	6.3	166	26.3	6.8	145	21.2
Corporate loans and unlisted equity	53.8	2,228	41.4	57.3	2,370	41.4	58.7	2,344	40.0
Project finance	0.6	60	107.7	0.3	38	134.0	0.2	38	165.6
Commercial real estate	5.5	4	0.8	5.2	4	0.8	4.9	4	0.8
Mortgages	9.3	5	0.6	10.0	5	0.5	10.7	5	0.5
Automobile loans	0.9	6	7.1	0.9	5	5.9	0.9	5	5.3
Government bonds	4.1	140	33.6	5.6	189	33.6	6.1	166	27.4
Total(in line with SBTi standards, excluding government bonds)	75.8	2,434	32.1	79.9	2,588	32.4	82.2	2,541	30.9
Total	79.9	2,574	32.2	85.5	2,777	32.5	88.3	2,707	30.7

<sup>1)</sup> Excluded from measurement: Retails, central bank, and municipal bonds other than short-term holdings, mortgages and car loans are excluded. And PEF, green bonds, securitized assets, ETF, derivatives, and IPO financing for underwriting, for which PCAF did not provide methodologies, are excluded from measurement.

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# METRICS AND TARGETS

## Financed Emissions Status and Reduction Targets

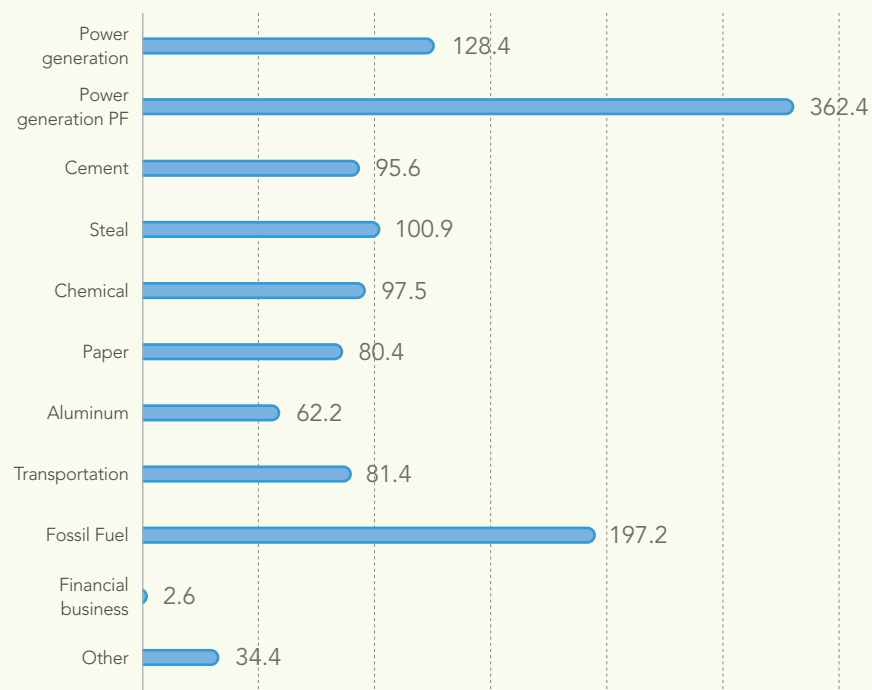
BNK Financial Group marked a total of 25.41 million tCO<sub>2</sub>eq in financial emissions in 2024, exceeding 2.65 million tCO<sub>2</sub>eq, annual reduction targets. Meanwhile, based on financial intensity, the amount is showing a decreasing trend compared to the previous year, from 32.4 tCO<sub>2</sub>eq/bn won in 2023 to 30.9 tCO<sub>2</sub>eq/bn won in 2024. Despite the fact that the assets have partially expanded in size compared to a year before, BNK Financial Group continues to implement the strategies for achieving mid-long term carbon neutrality targets by restructuring carbon-centered portfolio.

In addition, BNK Financial Group has established a pathway for reduction in line with 1.5°C scenario by applying SBTi(Science-Based Target initiative) methodology, and starting from financial emissions of 2022, we aim at achieving reduction targets of 26% by 2030, 55.2% by 2040, and Net-zero by 2050.

<sup>1)</sup> Monitor the outcomes targeting asset groups except for the government bonds

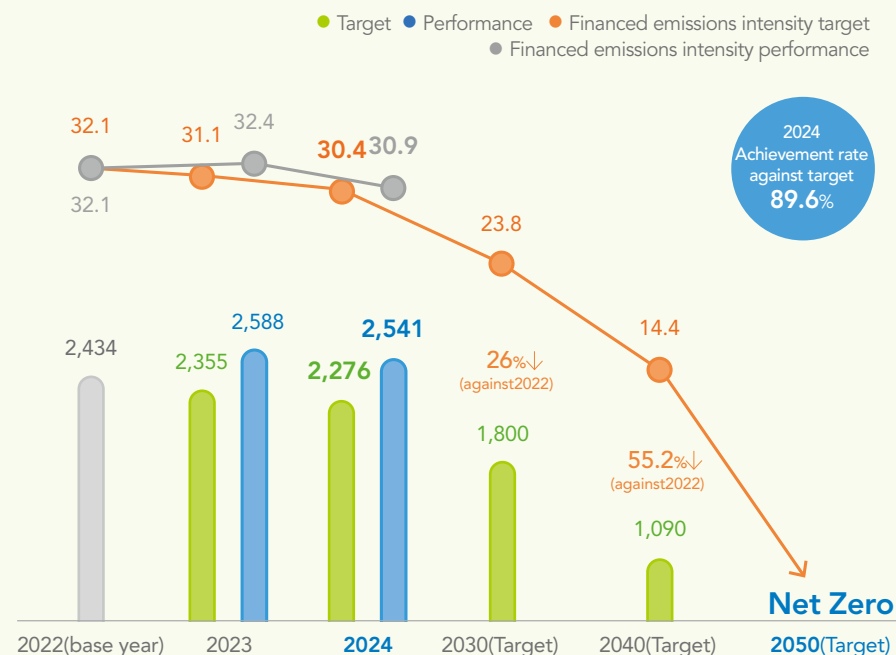
### • Industry-specific Intensity

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



### • Targets and Achievement of Financial Emission <sup>1)</sup>

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



\* Target = performance

<sup>1)</sup> Performance data is in line with SBTi standards, excluding financed emissions from government bonds

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## Reduction Target Setting Methodology

In 2024, BNK Financial Group gained approval from the Science Based Targets initiative (SBTi) for its Scope 1, 2, and 3 carbon reduction targets. The SBTi methodology applies either the Sectoral Decarbonization Approach (SDA) or the Temperature Ratings Approach (TRA) depending on the asset class and sector.

In line with the 1.5°C scenario, we applied the SDA to the power generation Project Finance (PF) asset class as well as to the commercial real estate, cement, and power generation sectors within the corporate loan/bond/stock asset classes. For other asset classes and sectors, the TRA was applied. For non-power generation PF and Automobile loans sectors where no SBTi methodology currently exists, we adopted the Absolute Contraction Approach (ACA) that we also apply to our operational emission measurement to set reduction targets.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### • Financed Emissions by Asset Class Covered by Sector-specific Reduction Targets

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

Asset Class and Sector		Target-setting Approach	Target Asset	Financed Emissions
Individual loans	Mortgages	SDA <sup>1)</sup>	10.7	5
	Automobile loans	ACA <sup>2)</sup>	0.9	5
Project finance	Power generation PF	SDA	0.1	38
	PF outside power generation (SOC)	ACA	0.1	0
Corporate loans/bonds/equities	Commercial real estate	SDA	4.9	4
	Power generation		0.6	77
	Cement		1.1	106
	Steel	TRA <sup>3)</sup>	0.4	39
	Chemicals		0.8	74
	Paper		0.3	22
	Aluminum		3.8	237
	Transportation-passenger		0.6	22
	Transportation-cargo		0.6	64
	Transportation-aviation		0.0	10
	Fossil fuels (oil & gas)		0.3	61
	Financial business		5.9	15
	Other businesses <sup>4)</sup>		51.2	1,762
<b>Total</b>			<b>82.2</b>	<b>2,541</b>

<sup>1)</sup> SDA: Mortgage with methodology and tool presented, commercial real estate, development, and the cement sector are based on 1.5 °C scenario in application

<sup>2)</sup> ACA: As the methodologies to set reduction targets for PF and car loans other than development are not provided by SBTi, the Absolute Contraction Approach was established to achieve Net-zero by 2050.

<sup>3)</sup> TRA: As of 2040, the pathway and targets were established to achieve a reduction target of 1.5 °C, standard temperature rating, by 2040

<sup>4)</sup> Include wholesale and retail, manufacturing (food and beverages, machinery, electronics, equipment, etc), accommodations and restaurants, service (Leisure, professional, technical, healthcare service, welfare, education, rental, etc), construction, transportation and storage, and telecommunications, etc.

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## Reduction Targets and Pathways by Asset Class and Portfolio

BNK Financial Group has established emission reduction targets by asset class based on the Sectoral Decarbonization Approach (SDA) and Temperature Rating Approach (TRA) recommended by the Science Based Targets initiative (SBTi). The Group plans to systematically track performance in line with these reduction pathways and continuously review implementation status.

### • Sectoral Decarbonization Reduction Target(SDA)

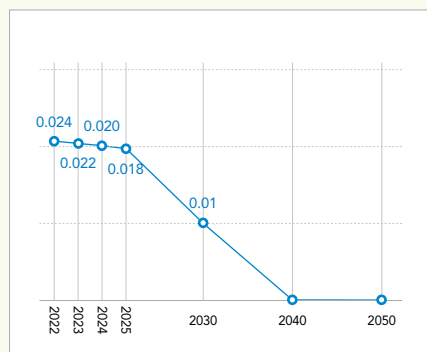
### • Temperature Reduction Targets by Portfolio (TRA)

(Unit: °C)

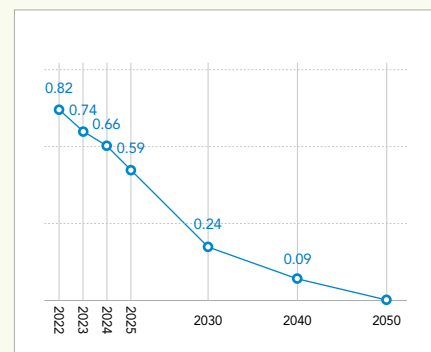
—○— SBTi-based reduction targets

● Baseline 2022

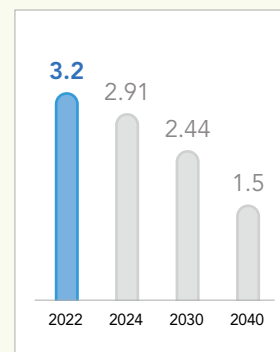
Cozmercial real estate (Unit: tCO<sub>2</sub>eq/m<sup>2</sup>)



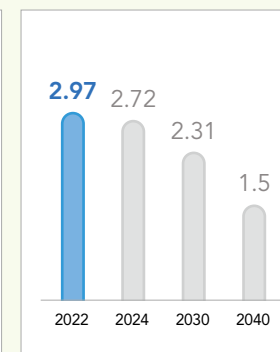
Power PF (PPF) (Unit: tCO<sub>2</sub>eq/MWh)



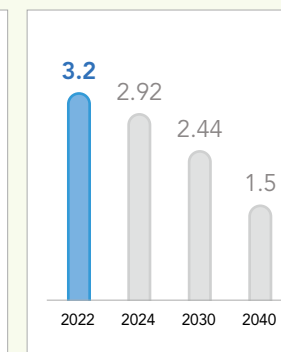
Loans(Scope 1+2)



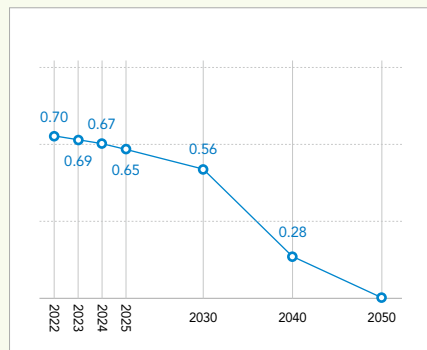
Bonds(Scope 1+2)



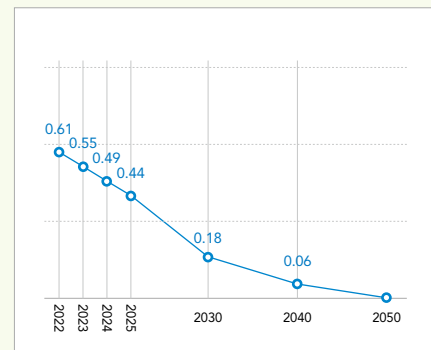
Equities(Scope 1+2)



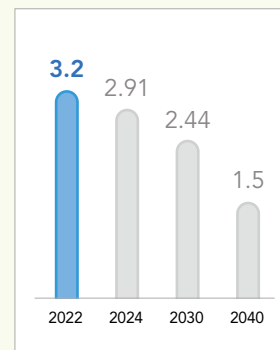
Cement (Unit: tCO<sub>2</sub>eq/t)



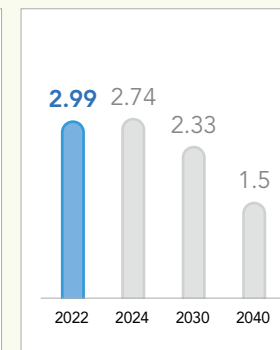
Power Generation (Unit: tCO<sub>2</sub>eq/MWh)



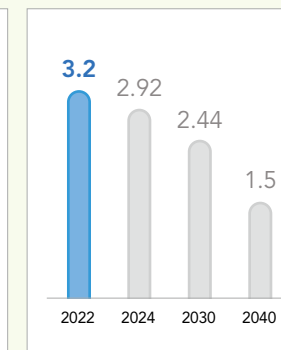
Loans(Scope 1+2+3)



Bonds(Scope 1+2+3)



Equities(Scope 1+2+3)



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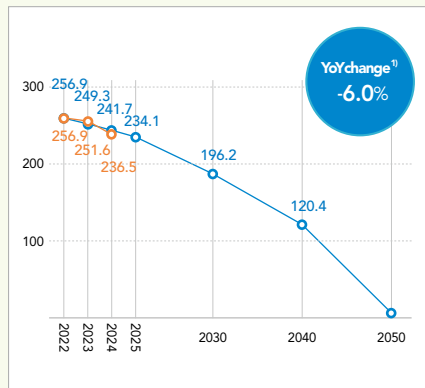
## Sector-specific Emission Reduction Targets Based on SBTi

### SBTi-aligned Sector-specific Emissions Reduction Targets

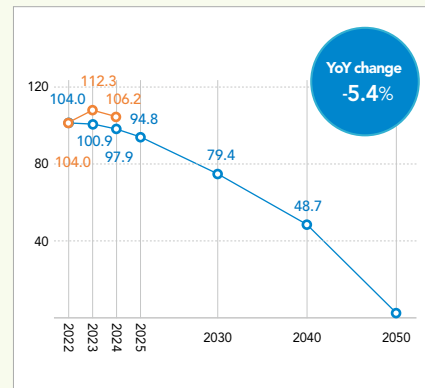
(Unit: 10,000 tCO<sub>2</sub>eq)

— SBTi-aligned reduction targets — BNK Financial Group's emissions

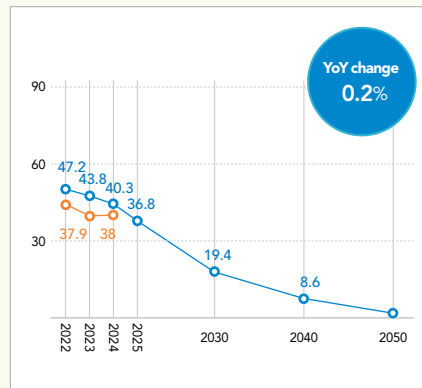
Aluminum



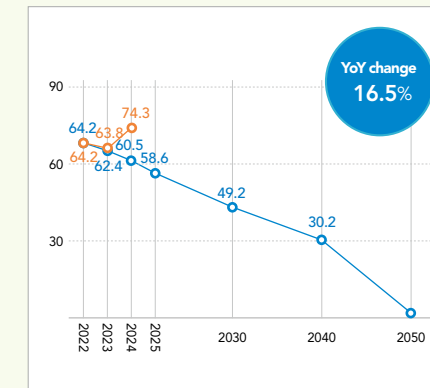
Steel



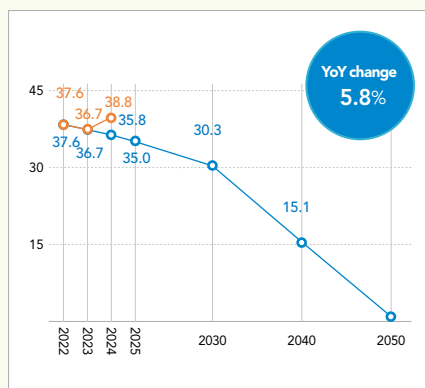
Power generation PF



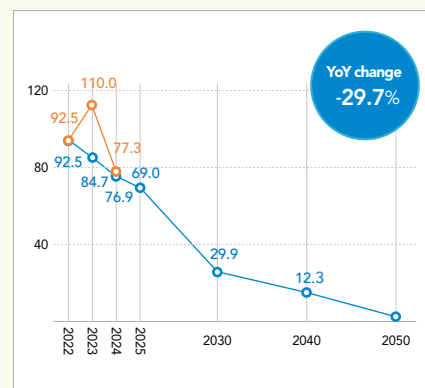
Chemical



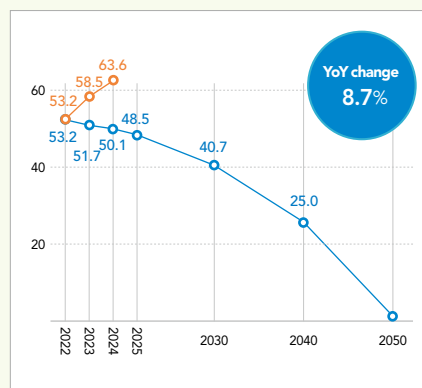
Cement



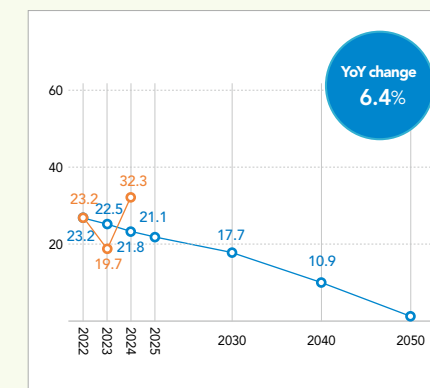
Power generation



Transport- Freight



Transport – Passenger and Aviation



<sup>1)</sup> YoY change (2023 vs. 2024)

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**BNK** Financial Group