BNK Financial Group

SUSTAINABLE FINANCE TOGETHER

BNK Financial Group 2025 Special Report

TOUCH Your Heart, BNK

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TCFD REPORT


Panoramic View of Busan

Introduction

BNK Journey for Climate Action

Since declaring its endorsement of the TCFD recommendations in 2021, BNK Financial Group has made Group-wide efforts to achieve Net-Zero targets by 2045 for internal emissions and by 2050 for financed emissions. Notably, in April 2024 we obtained approval from the Science Based Targets initiative (SBTi) for our GHG emissions reduction targets, a clear testament to their alignment with global standards. In addition, we have established an ESG Data Platform and Financial Emissions Measurement and Management System, seamlessly integrated with the Group's internal systems. At the same time, we consistently review our GHG and energy reduction targets and update the latest emission factors, thereby strengthening our monitoring functions and building substantive reduction capacity under a structured approach.

2021
- **May** • Declared endorsement of TCFD
  • Signed on as a CDP investor signatory
- **Aug.** • Announced commitment to coal-free finance

2022
- **Mar.** • Joined UNEP FI PRB, PCAF, and SBTi
- **Jul.** • Declared Net-Zero targets
- **Dec.** • Received a B grade in the CDP Management category

2023
- **Oct.** • Launched ESG Data Platform
  • Established a system for financed emissions measurement and management

2024
- **Apr.** • Received SBTi validation for emissions reduction targets
- **Dec.** • Selected as a company excelling in environmental data disclosure (Minister of Environment Award)

2025
- **Dec.** • Recognized as an excellent green bond issuer (Minister of Climate, Energy and Environment Award)

2026
- **Feb.** • Established an ESG Data Disclosure System (upgraded the existing ESG Data Platform)
- **Apr.** • Received a Leadership A - grade in the CDP assessment

2045
- • Achieve Net-Zero target for internal emissions

2050
- Achieve Net-Zero for financed emissions

Governance and Policy for Climate Action

Oversight and Decision-Making Body for Climate-Related Risks and Opportunities

Climate Action Framework

BNK Financial Group operates a governance structure for climate action, structured at both the Group and subsidiary levels.

Group-Level Governance

BNK Financial Group's climate action governance framework at the Group level consists of the Board of Directors, management, and dedicated departments. The Board oversees the implementation of Group-wide ESG strategies, including climate-related initiatives, while management leadership is responsible for formulating climate action strategies and monitoring implementation progress. Dedicated departments within the holding company work closely with corresponding departments across subsidiaries to support the effective execution of the Group's climate action strategy.

Under the Board, the ESG Committee and the Risk Management Committee have been established to deliberate and approve climate risk response strategies and related initiatives. The ESG Committee discusses ESG matters, including climate action efforts, and approves related strategies and policies. The Risk Management Committee puts in place the Group's ESG risk management framework and reviews the status of responses to emerging ESG risks, including climate-related risks. In addition, based on climate scenario analysis, the Committee assesses both financial and non-financial impacts while monitoring the potential effects on the Group's capital adequacy ratio, further advancing its proactive response framework. The Audit Committee oversees and supervises climate risk-related activities of the Board and management and reviews internal control systems for climate change response as part of the Group's ESG management framework.

We established the ESG Strategy Team and the Risk Management Department as dedicated units at the holding company level to drive the Group's climate action strategies. The resulting progress and outcomes are reported to the CEO, CSO, and CRO for ongoing monitoring and oversight. The ESG Strategy Team leads the development and implementation performance of climate action strategies, while the Risk Management Department manages and monitors financed emissions data and asset class-specific information to support climate response planning and related risk assessments.

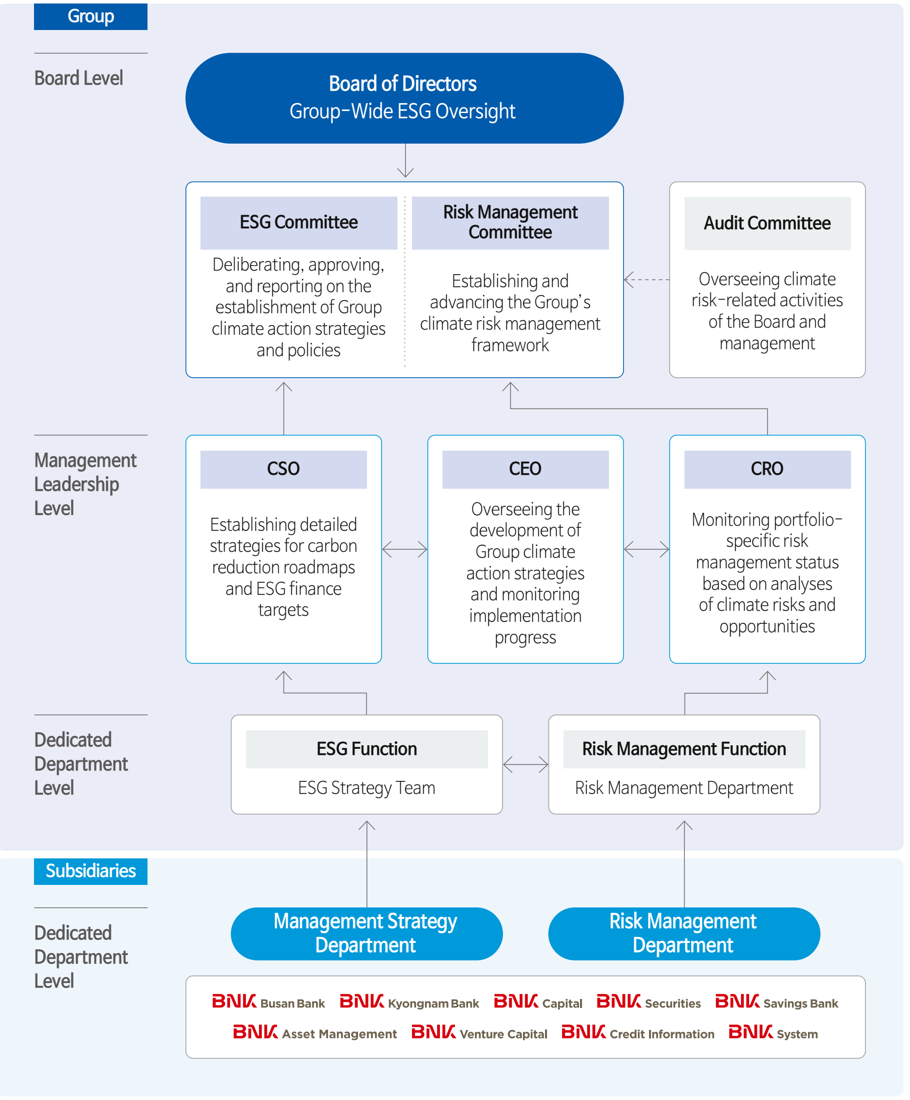
Subsidiary-Level Governance

BNK Financial Group has nine major subsidiaries under its holding company, including Busan Bank and Kyongnam Bank. Each subsidiary maintains a dedicated organization for climate action and carries out tailored activities designed to effectively advance climate response strategies aligned with its unique business characteristics.

Dedicated departments at each subsidiary consist of management strategy departments and risk management departments. The management strategy departments establish and execute climate action strategies for their respective subsidiaries, while the risk management departments manage financed emissions as well as exposure limits for high-carbon industries and other carbon-intensive sectors. The strategies and implementation outcomes of subsidiary-level management strategy and risk management departments are consolidated into the ESG Strategy Team and Risk Management Department at the holding company for Group-wide management.

We also operate the ESG Practitioner Committee to facilitate discussions on key ESG issues across subsidiaries and promote information sharing aimed at managing ESG risks and identifying new opportunities. The Committee is composed of ESG representatives from each subsidiary and supports the review of ESG management progress as well as the response and reporting processes related to major ESG issues. Regular quarterly meetings further reinforce collaboration among relevant departments across the Group.

BNK Financial Group Climate Action Governance Framework



Governance and Policy for Climate Action

Oversight and Decision-Making Body for Climate-Related Risks and Opportunities

Policies and Regulations Defining Responsibilities of Decision-Making Bodies

Operational regulations governing the ESG Committee and the Risk Management Committee, including their delegated authorities and job descriptions, are stipulated in the 「Board Regulations」 as well as in the respective regulations of each committee. Furthermore, the functions of each committee and their resolutions are explicitly defined in Article 2 and Article 6 of the 「Regulations of the ESG Committee」, and in Article 2 and Article 5 of the 「Regulations of the Risk Management Committee」.

Approach to Incorporating Climate Risks and Opportunities into Decision-Making

Under the leadership of the Board, the ESG Committee plays a central role in finalizing the formulation of ESG strategies, including climate change response measures, and in making decisions that take climate-related risks and opportunities into account. Key risks, including ESG material issues (climate opportunities and risks), are regularly reported to the ESG Committee. In addition, stakeholder material assessment outcomes are incorporated into the decision-making process for ESG strategies, thereby enhancing the overall effectiveness of those strategies.

Countermeasures for climate risks and opportunities are primarily addressed at the working level. When an issue arises within a subsidiary, it is reported to the ESG Strategy Team of the Group and subjected to review. Up to now, no cases have occurred that required discussion at the level of decision making. Nevertheless, we plan to establish a formal process in advance to respond should the likelihood of occurrence arise.

Climate Target Setting and Monitoring

To ensure the objectivity of its response to the climate crisis, BNK Financial Group has set its climate targets by comprehensively taking into account the SBTi guidelines, based on the advisory input of external expert institutions. The established targets undergo a feasibility review at the ESG Committee and are subsequently granted final approval. For continuous monitoring and follow-up management, the ESG Committee is regularly reported on the progress of key tasks toward achieving the targets by the responsible management. The review of ESG task implementation and countermeasures is generally conducted during regular committee meetings, which are convened at least once on a quarterly basis.

Climate-related task performance is utilized for the management and review of task implementation by the responsible departments and executives. Continuous monitoring is carried out for tasks aimed at achieving the climate targets. In the coming years, performance evaluation and its application to remuneration will be broadened to include subsidiaries and accountable departments, ensuring that performance is more closely tied to the compensation policy.

Regulations Governing Committee Responsibilities

Regulations of the ESG Committee

Article 2 (Roles)

The Committee is responsible for establishing the direction of ESG (Environment, Social, Governance) management and for making policy decisions to promote ESG management.

Article 6 (Resolutions, etc.)

① The Committee resolves the following matters:
1.Formulation of the Group's ESG strategies and policies
2.Establishment, amendment, and repeal of ESG-related internal regulations and related matters
3.Other matters deemed necessary by the Board of Directors or the Committee

② The following matters must be reported to the Committee:
1.Publication of the Sustainability Report
2.ESG-related evaluations by external institutions
3.Current status of ESG management implementation

③ The resolutions of the Committee must be submitted to or reported to the Board of Directors.

Regulations of the Risk Management Committee

Article 2 (Roles)

The Committee approves standards for each risk that may arise within the Group and its subsidiaries during the course of operations, and oversees compliance with those standards.

Article 5 (Resolutions, etc.)

The Committee resolves the following matters:
1. Establishment of policies for risk management in alignment with management strategies
2. Determination of risk levels within the tolerable scope
3. Setting of risk limits and approval for cases of limit excess
4. Approval of limits on appropriate investment and limits on tolerable losses
5. Establishment and amendment of the Risk Management Council and the Regulations of the Risk Management Committee
6. Matters concerning the risk management governance structure and allocation of responsibilities
7. Matters related to the operation of the risk management information system
8. Matters requiring resolution by the Committee under external regulations
9. Decision-making on the Group's risk measurement methods and the use of measurement models requiring approval from the authorities
10. Matters requiring approval from the Risk Management Committee in accordance with the "Group Credit Exposure Limit Management Guidelines"
11. Other matters deemed necessary by the Board of Directors or the Committee

Governance and Policy for Climate Action

Oversight and Decision-Making Body for Climate-Related Risks and Opportunities

Committee Composition and Operation

Composition

When considering the composition of the ESG Committee and the Risk Management Committee, we comprehensively evaluate the skills and competencies of directors to ensure effective climate action. The required competencies for the members of each committee are stipulated in the Director Succession Plan, and decisions are made based on the continuous management of independent director candidates. The Board Secretariat prepares and reviews the 'Board Skill Matrix (BSM)' at least once a year to assess the expertise of the members. When any deficiencies are identified, they are to be addressed prior to the convocation of the next regular shareholders' meeting, thereby ensuring that our climate action mechanism operates on a foundation of expertise.

Board Skill Matrix[1)]

Category			Internal Director	Independent Director						
			Dae-in Bin	Myongsook Susan, Oh	Nam-kyul Kim	Byung-jik Cha	Geon-seo Park	Nam-uh Rhee	Seung-su Kang	Hye-jin Park
Area of Expertise	Essential Area	Finance & Economics	●		●			●		
		Management	●		●			●		
		Accounting					●			
		Law				●			●	
	Optional Area	Consumer Protection								
		IT		●						●
		Climate		●						

1) As of March 2026

Climate Capacity Building

With the aim of sharpening the Board and its committees' capabilities in responding to climate change, BNK Financial Group offers a diverse range of educational programs. In 2025, a total of two climate capacity-building programs were delivered, including training focused on energy-related laws.

Programs for Climate Capacity Building

Date	Topic	Attended By	Provided By
Mar. 21, 2025	Highlights of the Three Energy Laws and Key Takeaways	Kyeong-soo Choi, Gwang-joo Lee, Byeong-deok Kim, Yeong-seok Jung, Myongsook Susan, Oh, Soo-deok Seo, Nam-kyul Kim (7)	BNK Management Research Institute
Nov. 19, 2025	2025 Southeast ESG Forum	Soo-deok Seo (1)	International ESG Association

Reporting Framework and Status

The ESG Committee and the Risk Management Committee receive reports on climate-related risks and opportunities from the relevant departments and deliberate on them. The ESG Committee primarily receives reports from the Strategic Planning Department and the ESG Strategy Team, while the Risk Management Committee receives reports from the Risk Management Department. The main content of each agenda item is briefed in advance by the responsible departments, and through the complete provision of supporting materials, rational decision-making is ensured. Each committee integrates the reported content with professional advisory input to deliberate and report its resolutions to the Board.

The ESG Committee convenes at least once every half-year to receive information on relevant agenda items. In 2025, the Committee met five times, addressing a total of nine agenda items. The primary agendas included the progress of the Group's mid- to long-term ESG strategic plans and Group-wide ESG pending issues. All meetings of the ESG Committee were attended by all members, which ensured rational decision-making.
The Risk Management Committee meets quarterly to oversee environmental risk monitoring as well as financed emissions and high carbon business exposure. Ad hoc reports are provided for exceptions. In 2025, the Committee convened six times, reviewing 30 agenda items, with full attendance by all members to ensure sound decision making.
The Board of Directors conducts an annual assessment of the operations of each committee. The outcomes of the 2025 assessment of the ESG Committee and the Risk Management Committee revealed that both maintained an S-grade, a testament to the effective functioning of our climate action framework.

Governance and Policy for Climate Action

Oversight of Management on Climate-Related Risks and Opportunities

Roles and Responsibilities of Management Leadership

The Group has put in place a management framework centered on key executives and dedicated departments to oversee climate change response strategies and climate risk management. The CEO is responsible for overseeing the implementation of the Group's climate change response strategy, while relevant departments and key executives carry out climate strategy implementation and climate risk management activities.

The Group CSO establishes and reviews climate response strategies, including the carbon reduction roadmap, the expansion of ESG finance, and eco-friendly business initiatives. The Group CRO identifies and assesses climate-related risks and opportunities and manages portfolio risks accordingly. In particular, under the Accountability Chart, the CRO is responsible for establishing and operating the Group's risk management policies, managing climate-related risks, and overseeing the estimation and management of risk measurement factors. The Audit Committee continuously monitors and evaluates management's performance of its responsibilities and the effectiveness of internal control operations.

Organizational Roles and Responsibilities in Climate Action

Category	ESG Strategy Team	Risk Management Department
Strategy	• Declaration of commitment to Net-Zero and formulation of strategies	• Provision of analytical information for strategy formulation
Responsible Executives	• CSO	• CRO
Organization	• Operation of the ESG Committee	• Operation of the Risk Management Committee
Disclosure	• Publication of sustainability reports and TCFD reports (response to supervisory authorities and investors)	• Provision of analytical information within publicly released reports (response to supervisory authorities)
Assessment and Management	• Setting net-zero targets and managing progress • Defining tasks to achieve GHG reduction targets and managing implementation • Identifying opportunities and developing execution strategies • Managing subsidiaries to ensure implementation	• Operating standards and guidelines for climate risk management • Incorporating environmental elements into corporate credit assessment • Responding to supervisory authorities • Measuring financed emissions and their intensity • Identifying key industries of concern and high carbon businesses, managing exposure, and setting limit management measures • Conducting scenario analysis
System	• Operating ESG Data Platform (Scope 1 and 2) • Tracking reduction status against targets	• Operating the financed emissions measurement system (Scope 3) • Operating a corporate credit evaluation model

Management Leadership-level Control Processes

The management is responsible for ensuring that the Group's activities remain aligned with international climate commitments, including the Paris Agreement. In order to support this responsibility, management receives regular updates from the ESG function on carbon reduction targets and implementation plans, as well as reports from the risk management function on climate-related risk exposure across portfolios. These reporting channels enable management to assess the potential business impacts of climate change, evaluate the adequacy of response measures, and incorporate relevant considerations into decision-making processes.

Aiming to facilitate the systematic oversight of climate-related risks, the Group operates dedicated risk governance bodies at both the Board and management levels. These bodies deliberate on practical risk control measures, including the establishment of credit exposure limits and the enactment of risk management guidelines, with key outcomes reported to the Board for final review and decision-making. The Group Risk Management Council, which includes the CROs of the holding company and its subsidiaries, serves as a platform for coordinating climate risk oversight across the Group. Through this structure, the Group promotes a consistent approach to identifying, assessing, and addressing climate-related risks from an enterprise-wide perspective.

Integration of Climate-related Metrics into Performance Evaluations

We incorporate ESG-related targets into Group-wide management innovation initiatives and key departmental business plans as part of our performance evaluation framework, while also linking these outcomes to financial compensation. For instance, Busan Bank and Kyongnam Bank apply ESG indicators such as energy consumption targets, reductions in paper and printer toner usage, and GHG emissions reduction rates into department-level KPI evaluations. Core ESG performance indicators are also utilized in reviewing ESG-related decision-making and implementation progress by senior management, supporting the effective execution of ESG management across the Group.

Climate Action Strategy

Climate-Related Risks and Opportunities

Process for Identifying and Assessing Climate Risks and Opportunities

Analysis Framework

BNK Financial Group systematically identifies climate-related risks and opportunities that could impact corporate value through scenario analysis of its overall asset portfolio and quantitative measurement of financed emissions. The identified risks and opportunities are then assessed for materiality based on strategies, policies, laws and regulations, board agenda items, and benchmarking studies. This process enables us to determine the likelihood and potential impact of each factor. Subsequently, we prioritize them through comprehensive consideration.

In alignment with prioritized risks and opportunities, plans to execute climate strategies are drawn up. This approach enables more effective implementation. In particular, we analyze potential crisis situations stemming from transition and physical risks, and establish a risk management framework and capabilities to address them accordingly.

Risk and Opportunity Identification	Priority Assessment	Implementation Planning
Formulation of an assessment pool in line with the TCFD recommendations	Priority assessments conducted to determine materiality and potential timing of occurrence	Prioritization of climate-related risks and opportunities
Development of a categorized list of transition risks, physical risks, and opportunities	Priority assessment factors • Board agenda items • Legal obligations and regulations • Natural disaster damage costs • Benchmarking • ESG strategies • Group policies	Establishment of risk response and opportunity implementation strategies

Analysis Period and Scope

With a view to systematically unpacking the impacts of climate risks and opportunities and formulating suitable countermeasures, BNK Financial Group has divided them into time horizons: short-term (by 2030), mid-term (by 2040), and long-term (by 2050). This classification reflects both Net-Zero targets and response feasibility.

Reasonable time horizons have been set for climate risks and opportunities according to the timing of their expected impacts. Based on this, financial implications are evaluated and countermeasures devised. In recognition of the importance of aligning our business strategies with climate targets, including Net-Zero, we intend to review a plan to adjust time horizons when shaping future strategies, ensuring consistency with the period.

Based on these time horizons, we have established a phased roadmap for achieving Net-Zero. In the short term, monitoring frameworks will be developed, including systems for measuring corporate carbon emissions. In the mid-term, more comprehensive emissions reduction initiatives will be implemented to accelerate progress toward carbon neutrality. Over the long term, we will expand climate-related investments and develop sustainable business models to support ongoing carbon neutrality efforts while contributing to the growth of a regional carbon-neutral ecosystem.

Short-term ~2030	Mid-term ~2040	Long-term ~2050
Laying the Foundation for Net-Zero	**Accelerating Net-Zero**	**Achieving Net-Zero and Creating Value**
• Targeting a 42% reduction in internal GHG emissions by 2030 compared to 2022 levels • Establishing a GHG monitoring framework through the environmental management system and the financed emissions management system • Encouraging portfolio decarbonization by offering financial incentives to companies pursuing carbon mitigation • Providing ESG capability-building advisory services and financial support, primarily across the Busan-Ulsan-Gyeongnam region • Positioning the short-term phase as a preparatory stage for building the foundation for Net-Zero	• Targeting a 55.2% reduction in financed emissions compared to 2022 levels • Preparing to apply SBTi-based decarbonization pathways to align asset class-specific temperature targets with the 1.5°C pathway • Planning to reduce exposure to high-carbon industries while expanding environmentally responsible sectors • Advancing institutional improvements to incorporate climate risks into credit assessment and risk management frameworks • Using the mid-term phase to establish the execution foundation for a decarbonized business structure	• Setting Net-Zero targets for Scope 1, 2, and 3 emissions by 2050 (Scope 1 and 2 by 2045, Scope 3 by 2050) • Planning to expand investments in ESG-leading companies while developing monetization strategies for sustainable finance products • Preparing to enhance systems for automated financed emissions management and alignment with global disclosure standards • Developing strategies to lead the ESG ecosystem in the southeastern region and foster regional carbon neutrality industries • Positioning the long-term phase as a stage of systematically integrating ESG with long-term profitability

Climate Action Strategy

Climate-Related Risks and Opportunities

Identification of Climate Related Risks and Opportunities

Climate-Related Risks

We identify climate-related risks by categorizing them into transition risks and physical risks. Transition risks are managed through a framework consisting of 15 factors across policy and legal, technology, market, and reputation categories, while physical risks are managed through six factors classified as either chronic or acute. For each risk factor, we assess the materiality of potential financial impacts and estimate the expected period of risk exposure. These assessments are made through a comprehensive review of Board discussions, industry trends, regulatory developments, the severity of natural disaster occurrences, and alignment with our GHG reduction strategies and internal policies. Identified risk factors and their associated potential impacts are incorporated into our strategic and financial planning processes, and we establish detailed action plans alongside management and mitigation measures for each factor to address them effectively.

Climate-Related Risk Factors

Materiality Score: ● 80~100 points ◕ 60~80 points ◑ 40~60 points ◔ 20~40 points ○ 0~20 points

Category		Risks	Materiality	Short-Term (By 2030)	Mid-Term (By 2040)	Long-Term (By 2050)	Potentially Affected Asset Type
Transition Risk	Policy and Legal	Rising carbon credit prices	●	●	●	-	Physical assets / Financial assets
		Higher policy-driven costs, including carbon taxes	●	-	●	-	Financial assets
		Strengthened emissions reporting requirements	◕	●	-	-	Physical assets / Financial assets
		Requirements and obligations related to existing products and services	◑	●	●	●	Financial assets
		Exposure to litigation	◔	-	●	●	Financial assets
	Technology	Substitution with lower-emission products and services	◕	●	●	-	Financial assets
		Higher investment expenditures for developing eco-friendly and low carbon technologies	◕	●	●	-	Financial assets
		Failure of new technology investments	○	-	●	●	Financial assets
	Market	Changes in customer behavior	◔	●	●	-	Financial assets
		Rising raw material costs	○	-	●	●	Financial assets
		Rising energy costs	◔	●	●	-	Physical assets / Financial assets
		Uncertainty in market signals	◑	●	●	●	Financial assets
	Reputation	Growing stakeholder concerns or negative feedback	●	●	●	-	Financial assets
		Investor divestment	◑	-	●	●	Financial assets
		Changes in consumer preferences	○	●	●	-	Financial assets
Physical Risk	Chronic	Rising average temperatures	◔	-	●	●	Physical assets / Financial assets
		Sea level rise	◔	-	-	●	Physical assets / Financial assets
	Acute	Earthquakes	○	-	-	●	Physical assets / Financial assets
		Typhoons (strong wind), flooding, and heavy rainfall (inundation)	●	●	●	●	Physical assets / Financial assets
		Cold waves and heavy snowfall	◔	-	●	●	Physical assets / Financial assets
		Wildfires and landslides	○	●	●	●	Physical assets / Financial assets

Climate Action Strategy

Climate-Related Risks and Opportunities

Identification of Climate Related Risks and Opportunities

Climate-Related Opportunities

We identify and manage climate-related opportunities through a framework consisting of 21 factors across resource efficiency, energy source, products and services, market, and resilience categories. For each opportunity factor, we assess the materiality of potential financial impacts and determine the expected timing of opportunity realization. These assessments are made through a comprehensive review of Board discussions, industry trends, regulatory developments, and alignment with our greenhouse gas reduction strategies and internal policies. We integrate identified opportunity factors and their associated potential impacts into our strategic and financial planning processes. We also establish implementation strategies and detailed action plans for each factor to effectively leverage these opportunities.

Climate-Related Opportunity Factors

Materiality Score: ● 80~100 points ◕ 60~80 points ◑ 40~60 points ◔ 20~40 points ○ 0~20 points

Category	Opportunities	Materiality	Short-Term (By 2030)	Mid-Term (By 2040)	Long-Term (By 2050)	Potentially Affected Asset Type
Resource Efficiency	Efficient energy use	◕	●	-	-	Physical assets
	Expansion of environmentally friendly building facilities	◔	●	●	-	Physical assets
	Expansion of eco-friendly transportation options	◑	●	-	-	Physical assets / Financial assets
	Use of recycling	◕	●	●	-	Physical assets / Financial assets
	Reduction in water consumption	◔	●	-	-	Physical assets
	Use of efficient production and distribution processes	◕	-	●	●	Financial assets
Energy Source	Transition to distributed energy generation	○	-	●	●	Physical assets / Financial assets
	Utilization of policy incentives and support programs	◔	●	-	-	Physical assets
	Use of low carbon energy sources	●	●	●	-	Physical assets
	Adoption of new energy related technologies	◑	-	●	●	Physical assets / Financial assets
	Participation in carbon markets	◔	●	●	-	Financial assets
Products and Services	Expanded development of low carbon products and services	●	●	●	-	Financial assets
	Climate adaptation and insurance solutions	○	-	●	●	Financial assets
	Changes in consumer preferences	○	-	●	●	Financial assets
	Ability to diversify business activities	◕	-	●	●	Financial assets
	Development of new products and services through R&D and innovation	◑	-	-	●	Financial assets
Market	Entry into new climate related markets	◕	-	●	●	Financial assets
	Utilization of public sector incentives	○	●	-	-	Financial assets
	Access to new assets and locations requiring insurance coverage	○	-	●	●	Financial assets
Resilience	Enhancement of portfolio resilience by supporting ESG initiatives of investee companies	●	●	●	●	Financial assets
	Engagement in renewable energy programs and adoption of energy efficiency measures	◔	●	●	-	Physical assets

Business Model and Value Chain

Impacts on Business Model and Value Chain

As part of the effort to identify where climate risks and opportunities arise and their implications from a value-chain perspective, BNK Financial Group reclassifies its businesses into banking, financial investment, capital, credit investigation and debt collection, and IT & infrastructure. Taking into account asset scale and revenue contribution, we identified the business models most susceptible to climate change. Based on the segmented value chain, both current and anticipated impacts of climate risks and opportunities are identified. As a result, banking, financial investment, and capital are recognized as the key business models. Meanwhile, models that fall under back-office support services are deemed to have limited implications from climate change and are therefore excluded from the scope of analysis.

Business Segments Where Climate-Related Risks and Opportunities Are Concentrated

To ensure proactive management of the areas most affected by climate change across the value chain, BNK Financial Group has segmented them into transition risks, physical risks, and opportunities, and monitored each category.

On the transition risk front, industries with high carbon intensity and concentrated asset exposure are identified as potentially vulnerable areas. Accordingly, we evaluate carbon intensity and exposure share in an integrated manner on an annual basis. Based on the outcomes, we designate high-carbon industries, develop tailored measures, and implement them. With respect to physical risks, we assess risk levels with a particular focus on assets located in regions prone to climate change. Drawing on the findings of climate scenario analysis, we identify high-risk areas and monitor them continuously.

From an opportunity perspective, we have formulated strategies to support local communities and companies in their carbon reduction initiatives from multiple angles. In particular, we will broaden the scope of green and transition finance to accelerate the shift toward a low-carbon society.

Impacts of Climate Change on Core Business Models

Key Business Model	Value Chain	Risk		Opportunity	
		Current Impact	Anticipated Impact	Current Impact	Anticipated Impact
Banking	Financing and product design	• Tightening regulations requiring reassessment of product structures	• Escalating financing costs	• Financing through the issuance of green bonds and ESG bonds	• Securing financing structures aligned with policies, including the K-Taxonomy
	Operation of financial services	• Escalating energy prices driving higher maintenance costs for branch offices and data centers	• Damage to branch offices and infrastructure assets caused by physical risks	• Expansion of digitally driven financial services reducing reliance on physical branches and lowering operating costs	• Improved operational efficiency through AI based monitoring of energy consumption
	Loan and bond management	• Rising credit risks associated with high carbon exposure	• Corporate failure derived from soaring production costs	• Diversified interest income through the identification of green enterprises	• Enhanced asset soundness supported by transition finance focused portfolios
Financial Investment	Financing and product design	• Increasing costs of investment product design due to growing ESG requirements from investors	• Tighter regulations imposing constraints on product design and leading to declining profitability	• Growing opportunities for climate friendly product development	• Growing demand for ESG and green finance driving expansion of related products and services
	Investment and commodity brokerage	• Stricter regulations leading to heightened portfolio transition risks	• Deterioration in investment returns of high carbon industries and falling asset values	• Increasing financial demand in low carbon industries, including renewable energy and electric vehicles (EVs)	• Broader financial opportunities arising from increased investment in clean energy companies and facilities
	Investment performance and data disclosure	• Costs incurred in establishing a platform for portfolio climate data provision and collection	• Undermined external credibility due to greenwashing issues	• Enhanced portfolio resilience through sophisticated, data driven investment target selection	• Strengthened brand reputation and credibility through the provision of transparent and accurate information
Capital	Financing and product design	• Rising financing costs due to limited access to ESG investments	• Asset - liability maturity mismatches arising during the transition to climate friendly portfolios	• Expansion of EV infrastructure creating new financial opportunities	• Reinforced stability through financing linked to green policies
	Credit evaluation and asset management	• Greater fluctuations in collateral asset values resulting from physical risks	• Unrecoverable assets resulting from heightened high carbon risks	• Review of introducing new climate friendly business models	• Stabilized profitability achieved through portfolio transition toward data driven, climate friendly assets

Climate Action Strategy

Strategy and Decision-Making

Climate Target Achievement Roadmap

We have set a goal of achieving Net-Zero by 2050. In order to support this objective, we have established a mid- to long-term roadmap aligned with our broader strategic direction. The roadmap consists of 11 detailed implementation initiatives structured around four strategic pillars: Greening, Positive Screening, Negative Screening, and Engagement.

The Net-Zero target will be pursued through three sequential phases. By 2030, we aim to establish the foundation for Net-Zero by focusing on the development of low-carbon finance operating models. By 2040, we plan to accelerate carbon neutrality through the full-scale operation of low-carbon finance. Through the continued implementation of detailed initiatives, we aim to first achieve Net-Zero for Scope 1 and 2 emissions by 2045, followed by the achievement of Net-Zero across all scopes, including Scope 3 emissions, by 2050.

Mid- to Long-Term Net-Zero Roadmap

Short-term Phase 1 (~2030)	Mid-term Phase 2 (~2040)	Long-term Phase 3 (~2050)
Laying the Foundation for Net-Zero	Accelerating Net-Zero	Achieving Net-Zero and Creating Value
• Development of low-carbon finance operating models	• Operation of low-carbon finance in full swing	• Achievement of Net-Zero for internal and financed emissions • Monetization of low-carbon products

Net-Zero Strategy for Internal Emissions	Net-Zero Strategy for Financed Emissions		
Greening	**Positive Screening**	**Negative Screening**	**Engagement**
Strengthening activities aimed at achieving the Group's internal carbon emissions reduction targets	Investing in industries, companies, and projects demonstrating strong ESG-related performance	Excluding investments that increase carbon emissions and industries and companies that do not meet ESG standards	Encouraging companies to adjust and reduce GHG emissions through corporate engagement and networking
① Establish a carbon emissions management system for business sites ② Expand the transition to eco-friendly vehicles ③ Utilize renewable energy ④ Strengthen low-carbon lifestyle practices	① Establish a green financial product management system ② Increase investments in ESG-leading companies and green finance	① Strengthen climate-related risk management ② Reduce investments in high-carbon industries	① Manage ESG risks of client companies ② Broaden financial support for regional companies ③ Support ESG capacity building advisory services for companies in the southeastern region

Climate Action Strategy

Strategy and Decision-Making

Business Model Transformation

BNK Financial Group has formulated strategies in response to climate change and the transition to a low-carbon society. These countermeasures are classified according to their relevance to internal tangible assets and financial assets. Among them, the segments that drives business model transformation are strategies for financial assets, which are further divided into strategies for positive screening, negative screening, and engagement.

The strategies for positive screening focus on identifying new opportunities and diversifying them to enhance the sustainability of companies and local communities. To this end, we continuously monitor climate friendly technologies and industries, such as EV charging stations, regional distributed energy systems, and domestic and overseas carbon markets, thereby uncovering new investment opportunities and developing related products. In parallel, we have expanded transition finance to support companies, identifying climate related financial products that incorporate the K-Taxonomy and their sector specific contributions to carbon mitigation. Furthermore, we have refined credit evaluation systems by applying ESG categories and environmental management criteria, and we identify companies in sustainability related industries, including climate change and waste management, to review investment strategies tailored to them.

On the negative screening front, we regularly examine our asset exposure to high carbon industries and set reduction targets accordingly. Based on these assessments, we adopt a structured approach to controlling climate risks that may arise within carbon intensive sectors, while simultaneously bolstering the stability of our business portfolio.

When it comes to engagement, a diverse range of financial support strategies are in full swing, designed to facilitate the low-carbon transition of regional businesses and to respond to evolving demands and supply chain shifts. As part of this strategy, we have prepared financial programs that promote energy efficiency and equipment favoring environmental improvement, a clear manifestation of our commitment to expanding financial assistance for climate-friendly companies and businesses. At the same time, we are laying the groundwork to secure climate resilience through the expansion of insurance coverage for exposures to climate risks. To play a more active role as a partner in the low-carbon transition of local companies, we are advancing the formulation of financial support strategies for regions prone to climate change, alongside the development of sustainable financial guidelines, thereby empowering local companies to sharpen their capabilities for a low-carbon shift. Taken together, these combined strategies will minimize the risks posed by climate change across our portfolio and propel innovation in financial products that accelerate the conversion to low-carbon practices across industries and local communities.

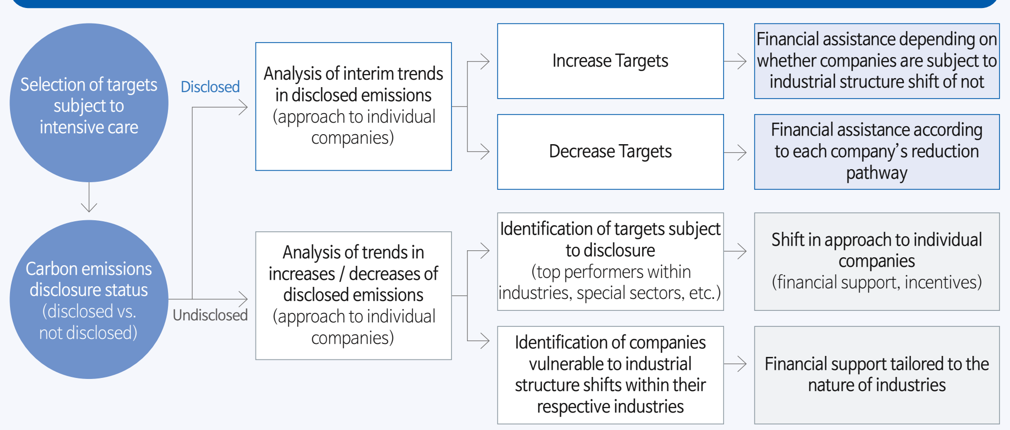
Identification and Promotion of Transition Finance

Entities Eligible for Financial Support

Selection of Companies Required for Low-Carbon Transition (Provision of Financial Assistance)	Support for Scope 1 Reduction	• Provide financing for CCUS (Carbon Capture, Utilization & Storage) facilities • Provide funding for changes in manufacturing methods (steelmaking, cement, petrochemicals, refining, etc.) • Provide financing for adjustments in the power mix and improvements in power generation equipment efficiency
	Support for Scope 2 Reduction	• Provide financing for energy efficiency enhancement (energy saving, machine replacement, substitution of outdated equipment)
	Support for Scope 3 Reduction	• Offer financing for changes in essential materials (raw materials, intermediates, components) used in the production of finished products • Provide financing for modified manufacturing methods of finished products and conversion to new products • Provide financing for the development of new materials • Offer funding for process changes in adaptation to modified materials

Selection of voluntary reduction targets and companies disclosing carbon emissions data (financial support and incentives) → Transition and securing of loan and investment destinations | Mitigation of corporate carbon emissions | BNK Financial Group's financed emissions reduction

Process for Identification and Support



Climate Action Strategy

Strategy and Decision-Making

Mitigation and Adaptation Efforts

We formulate future response strategies based on the potential impacts and time horizons identified through analyses of climate-related risks and opportunity factors.

Direct Mitigation and Adaptation Measures

Strategic Direction	Detailed Action Items	Key Achievements	Future Plans
Greening	Establish a carbon emissions management system for business sites	• Established an ESG disclosure system across all group subsidiaries, building an environmental management framework as a foundation for ESG management • Improved data collection and management efficiency through automated aggregation of key data based on RPA and ERP systems	• Expand the system into an integrated management platform covering ESG indicators across all areas through continuous enhancement • Renew ISO 14001 and ISO 50001 certifications through ongoing post certification audits
	Expand the transition to eco-friendly vehicles	• Continued the transition of business vehicles to environmentally friendly vehicles • Achieved environmentally friendly vehicle conversion results, including 272 out of 381 vehicles at Busan Bank and 13 out of 19 vehicles at BNK Savings Bank as of the end of 2025	• Continue prioritizing environmentally friendly vehicles for future replacements and new vehicle acquisitions
	Utilize renewable energy	• Minimized carbon emissions by applying renewable energy technologies and installing high efficiency equipment in newly constructed facilities, including Mium IT Center • Participated in 'GoGreen Plus' program to support broader adoption of sustainable aviation fuel	• Review and promote the installation of solar power generation facilities across subsidiary sites
	Strengthen low carbon lifestyle practices	• Promoted energy efficiency across all subsidiaries through initiatives such as vehicle use restrictions based on designated days, encouragement of public transportation use, compliance with recommended indoor temperature guidelines, and minimizing electricity consumption	• Identify and expand employee participation-based campaigns aimed at reducing carbon emissions

Indirect Mitigation and Adaptation Measures

Response Strategy	Detailed Action Items	Key Achievements	Future Plans
Positive Screening	Establish a green financial product management system	• Defined an ESG finance taxonomy aligned with the Korean Green Bond Guidelines to review ESG alignment and manage the contribution of each product	• Broaden classification criteria and scope of application while improving management accuracy through continuous monitoring of revisions to the Korean Green Taxonomy
	Expand investments in ESG leading companies and green finance	• Received the Minister of Climate, Energy and Environment Award in recognition of contributions to expanding green finance	• Drive further growth in sustainable finance through the continued development of sustainable finance products
Negative Screening	Reinforce climate-related risk management	• Established Environmental and Social Risk Management Policy Framework to proactively manage potential risks arising from the activities of each subsidiary	• Reinforce climate-related risk management by expanding the application of climate-related performance evaluation criteria across subsidiaries and relevant departments
	Reduce investments in high carbon industries	• Introduced a financed emissions monitoring system by asset type and established financing limits for high carbon industries	• Advance transition finance to actively support the transition of high carbon industries
Engagement	Manage ESG risks of client companies	• Provided differentiated benefits based on corporate sustainability performance assessments, with a focus on companies demonstrating outstanding performance	• Continuously improve management practices by advancing monitoring systems and strengthening regular review mechanisms
	Broaden financial support for regional companies	• Established a full cost support framework for carbon reduction technology companies through collaboration with Busan Metropolitan City and Korea Technology Finance Corporation, providing KRW 20 billion in financial support to a total of 42 companies	• Accelerate the energy transition through financial support focused on renewable energy and low carbon infrastructure across Busan, Ulsan, and Gyeongnam • Foster a low carbon economic ecosystem by supporting regional companies in investing in eco-friendly facilities and establishing sustainable production systems
	Support ESG capacity building for companies in the southeastern region	• Conducted the ESG Talent Development Training for SMEs in the Southeastern Region to strengthen regional companies' capabilities in responding to global policy developments	• Build an ESG ecosystem in the southeastern region through the Busan-Ulsan-Gyeongnam Growth Strategy Committee established in January 2026

Financial Status, Performance, and Cash Flow

Climate Change-Driven Financial Impacts

Potential Financial Impacts of Climate Risks and Opportunities

BNK Financial Group has identified climate-related risks and opportunities and grasped their potential financial implications across each area.

Potential Factors Affecting Financial Statements

Among the identified factors, we have not discovered any that could have potential significant implications for the current or next fiscal year's financial statements. At present, climate related risks and opportunities confronting us are managed from a long term perspective, and we project these risks and opportunities to have only minimal direct impacts on profit and loss or cash flows in the short term. BNK Financial Group will continuously examine the future materialization or occurrence possibility of potential risks and opportunities, and will faithfully disclose their concrete impacts should they occur within the financial statements.

Potential Financial Impacts Across Risks and Opportunities

Climate-Related Risks		Potential Financial Impacts
Transition Risks	Policy & Legal	• Increasing credit risks • Escalating operational costs of investee companies • Declining valuations of carbon intensive assets • Escalating challenges in portfolio realignment
	Technology	• Rising expenditures of investee companies • Depreciation in asset value of conventional manufacturers or energy businesses • Soaring CAPEX of investee companies, potentially leading to deterioration of financial structure • Decline in credit ratings derived from eroded competitiveness of companies failing to secure technologies
	Market	• Recovery of investment funds • Depreciation in share prices • Growing possibility of corporate insolvency arising from soaring costs • Eroded profitability of companies with high energy consumption
	Reputation	• Greenwashing issues • Decline in ESG ratings • Possibility of increased capital financing costs
Physical Risks	Chronic	• Decreasing profitability in climate sensitive industries • Escalating asset damage among coastal-area companies and resulting insurance risks • Undermining collateral asset values and reduced collateral recovery potential
	Acute	• Declining collateral value • Decreasing operating profit

Climate-Related Opportunities	Potential Financial Impacts
Resource efficiency	• Reduction in operational costs • Improved profitability • Growing financing opportunities stemming from the expansion of EV infrastructure • Increasing investment opportunities driven by the burgeoning resource-circulation industry
Energy resources	• Shrinking exposure to increases in carbon taxes and fossil fuel prices • Rising demand for financing derived from renewable energy projects • Growing possibility of rolling out policy-linked financial products • Expanding financial opportunities arising from increased equipment investments and clean-energy corporations
Products and services	• Growing demand for ESG and green finance, giving rise to an expanded scope of products and services • Increasing ESG-conscious choices in financial offerings • Opportunities to enhance brand trust and reputation
Market	• Rising demand for corporate finance, driven by the growth of the low-carbon industry • Greater possibility of launching financial products tied to green transition policies initiated by national and local governments • Escalating demand for insurance and guarantees, incurred by the surge in climate-related disasters
Resilience	• Strengthened portfolio resilience

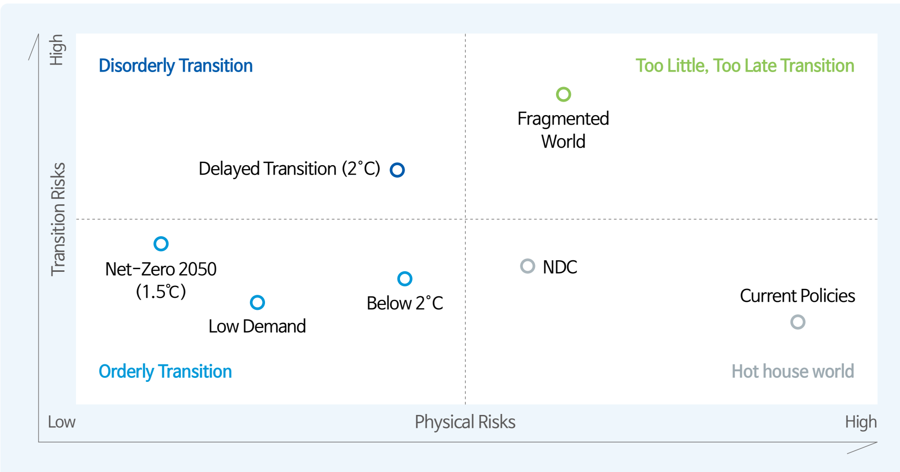
Climate Resilience

Corporate Climate Resilience Assessment

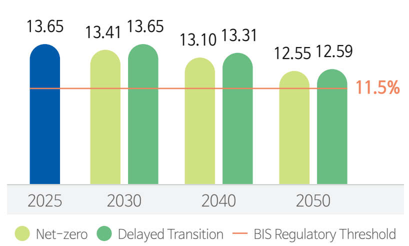
Transition Risk Scenario Analysis

We conduct transition risk scenario analysis to identify and proactively prepare for risks that may arise during the transition toward a low carbon economy. For this analysis, counterparties of Busan Bank and Kyongnam Bank, the subsidiaries of the Group, are included within the scope of assessment. Through transition risk scenario analysis, we assess projected changes in BIS and CET1 under different greenhouse gas emissions pathways and carbon pricing scenarios and use the results as indicators for evaluating climate resilience. Based on the analysis outcomes, we assess the adequacy of capital management and establish future management strategies and action plans considering the identified level of risk.

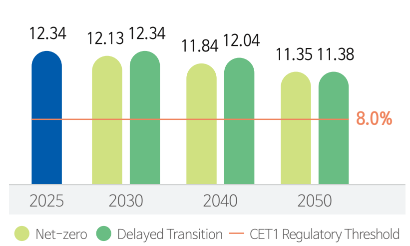
Transition Risk Analysis-Based Scenarios and Outcomes



Transition Risk Scenario BIS Ratio Analysis (Unit: %)



Transition Risk Scenario CET1 Ratio Analysis (Unit: %)



Disorderly Transition
- Scenario assuming delayed adoption of climate policies, or lack of international harmonization, such as divergent reduction targets set by nations or sectors
- Assume relatively higher transition risks, including soaring carbon prices

Orderly Transition
- Scenario assuming early adoption of climate policies, where the transition gradually gains momentum
- Assume alignment with the Paris Agreement

Too Little, Too Late Transition
- Scenario assuming delayed and sporadic implementation of climate policies
- Assumes partial achievement of targets even in countries with Net-Zero commitments (80% progress) while other nations maintain current policies

Hot House World
- Scenario assuming climate policies are implemented in certain countries and regions but remain insufficient, leading to significant physical risks prevailing globally

Climate Action Strategy

Climate Resilience

Physical Risk Scenario Analysis

We also utilize physical risk scenario analysis to evaluate the potential impacts of climate-related physical factors on assets within our portfolio and formulate appropriate response strategies. Through physical risk scenario analysis, we assess projected changes in BIS and CET1 under natural disaster scenarios and use the results as indicators for evaluating climate resilience. Based on the analysis outcomes, we assess the potential decline in the value of real estate collateral within our portfolio and establish plans to mitigate the impacts of climate change.

Physical Risk Analysis-Based Scenarios and Outcomes

✔ Key Focus Scenarios

RCP Scenarios[1]

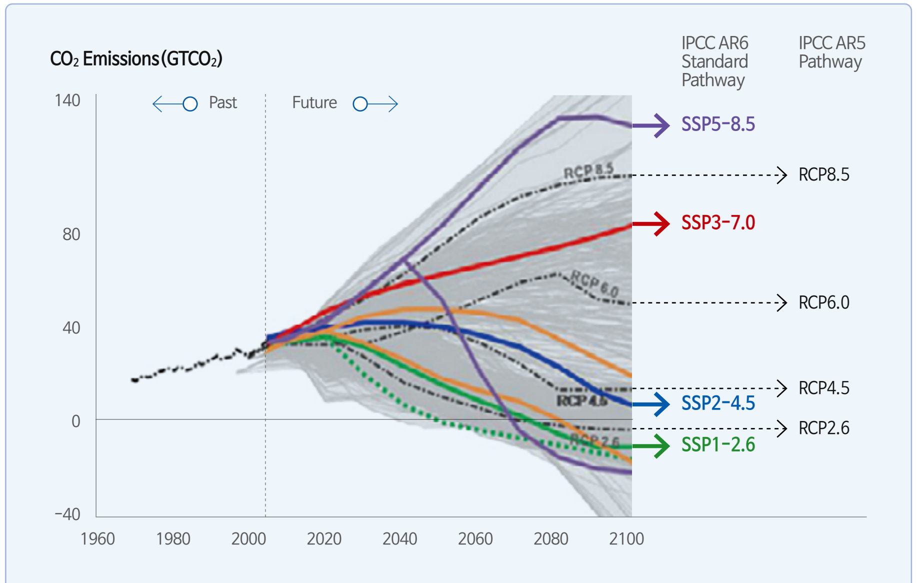
RCP2.6	Assumes immediate reductions in greenhouse gas emissions from human activities to limit the rise in global temperature to below 2.0°C
RCP4.5	Assumes GHG mitigation policies are effectively implemented, allowing emissions to peak around 2050 and gradually decline thereafter
RCP6.0	Assumes delayed implementation of mitigation policies and technologies, resulting in continued growth in greenhouse gas emissions until 2100 before transitioning to a declining trend
RCP8.5 ✔	Assumes the current greenhouse gas emission trend continues without mitigation efforts, resulting in severe climate impacts such as rising temperatures and sea level rise

SSP Scenarios[2]

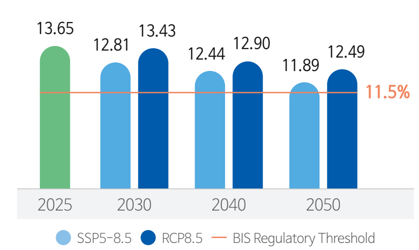
SSP1-2.6	Assumes that advances in renewable energy technologies minimize fossil fuel use and enable environmentally sustainable economic growth
SSP5-8.5 ✔	Assumes rapid growth driven by fossil fuel dependence, with expanded urban development and surging emissions leading to greater exposure to extreme climate change

1) RCP (Representative Concentration Pathway): A scenario first introduced in the IPCC Fifth Assessment Report that projects the degree of climate change based on radiative forcing levels by 2100 using greenhouse gas concentration pathways.
2) SSP (Shared Socioeconomic Pathways): A scenario introduced in the IPCC Sixth Assessment Report that integrates future climate mitigation and adaptation efforts by considering socioeconomic changes alongside radiative forcing levels by 2100 based on the existing RCP framework.

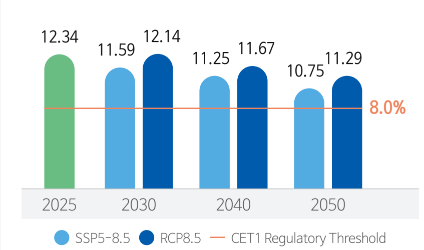
(Source: Korea Meteorological Administration Climate Information Portal)



Physical Risk Scenario BIS Ratio Analysis (Unit: %)



Physical Risk Scenario CET1 Ratio Analysis (Unit: %)



Climate Resilience

Methodologies for Climate-Related Scenario Analysis

Input Parameters

BNK Financial Group conducted climate scenario analysis based on NGFS[1] (Phase 5) and the IPCC (Sixth Assessment Report) methodologies, which align with recent international agreements and standardized climate scenarios. Each analysis covers time horizons extending to 2050 and assesses our primary subsidiaries. The scope of analysis includes borrowing enterprises subject to the credit evaluation model for general corporations, as well as accounts holding real estate-secured assets.

As part of the transition risk scenario analysis, we leveraged NGFS scenarios to examine the financial implications arising from the pace of transition to a low-carbon economy. Under a conservative approach, and taking into account the feasibility of the analysis, we selected the Delayed Transition (2°C) and Net Zero 2050 (1.5°C) scenarios as our core focus pathways. By inputting annual GHG emissions and estimated carbon prices as key variables, we derived the exposure levels of our asset portfolio to transition risks over the mid- to long-term horizon.

In terms of physical risk scenario analysis, we projected the potential scale of damage according to varying levels of climate action, based on IPCC[2] scenarios. To identify financial impacts under extreme climate disaster scenarios, we adopted the most conservative pathways, SSP5-8.5 and RCP 8.5. With particular focus on the risks of typhoons and heavy precipitation, which account for the majority of domestic natural disaster losses, we utilized frequency indicators, such as maximum daily rainfall, along with intensity data as key parameters. From this, we derived the probability of default among borrowing enterprises and the depreciation of collateral asset values stemming from an escalating climate crisis.

1) NGFS: Network for Greening the Financial System
2) IPCC: Intergovernmental Panel on Climate Change

Key Assumptions

For climate scenario analysis, we adopted the SSP2 (Middle of the Road) scenario, a moderate pathway that assumes the continuation of current global trends, as a common assumption for the social and economic background of the analysis. Accordingly, we project economic growth to shift toward a low-growth trajectory of advanced economies, following the period of high growth. On the demographic front, the population is expected to reach its peak and then gradually decline in line with the ongoing trends of low birth rates and population aging.

Furthermore, since NGFS Phase 5 reflects the policies of major countries released in March 2024, we adopted the contents of the 10th Basic Plan for Electricity Supply and Demand as the baseline for our energy mix, thereby ensuring consistency with national policy.

Scenario Analysis and Reporting Cycle

With the purpose of regularly inspecting climate change - related financial impacts, BNK Financial Group conducts transition and physical risk scenario analyses on a yearly basis. Based on the findings of these analyses, we re examine climate resilience annually to evaluate the effectiveness of our strategies.

The outcomes of the climate scenario analysis presented herein were derived from the financial data of the asset portfolios of Busan Bank and Kyongnam Bank, as well as their counterparties. The next round of analysis is scheduled to be conducted based on data as of the end of 2026. In the coming years, we will continue to monitor climate risk fluctuations through regular analysis.

Uncertainty and Constraints Intrinsic to Scenario Analysis

BNK Financial Group conducted a comprehensive scenario analysis of both transition and physical risks to evaluate its climate resilience, employing the most advanced data sets and methodologies available. The analysis incorporates potential factors identifiable at the time of assessment, however, it necessarily rests upon forward-looking projections. As such, inherent uncertainty is intrinsic to the analysis.

The transition risk scenario analysis presupposes a deterioration in profitability driven by rising transition costs borne by borrowing enterprises, in line with escalating carbon prices and reduction pathways. Nevertheless, the actual financial implications are subject to multifaceted variables, such as the capacity for investment in low carbon facilities, the timing of new technology commercialization, shifts in the national energy mix, and the evolving regulatory environment. Likewise, the physical risk scenario analysis is constrained by limitations stemming from the non linear occurrence patterns of extreme weather events and long term volatility.

The variability of such factors means that financial estimates, including the BIS ratio, may diverge from actual outcomes. We recognize the possibility of underestimating financial impacts arising from this uncertainty. Accordingly, we will continue to enhance scenario analysis and maintain ongoing monitoring, systematically incorporating emerging developments on a regular basis.

Climate Resilience

Climate Resilience Reinforcement Plan

On the basis of the transition and physical risk scenario analysis results, BNK Financial Group has formulated a plan to reinforce climate resilience. The plan is structured around four pillars, through which the impacts of climate risks on its assets and portfolio are managed in an integrated manner.

On the financial front, our objective is to secure resilience sufficient to maintain a stable capital ratio under climate crisis conditions, through proactive capital management and capital adequacy strategies grounded in scenario analysis. In parallel, we are enhancing capital utilization efficiency by optimizing risk-weighted assets and implementing more precise monitoring of exposures to climate-related risks. Furthermore, by incorporating climate-related opportunities alongside risks, we are broadening the scope of both green finance and transition finance.

Based on the currently available data and management systems, we have devised the plan and put it into practice. In the years ahead, we will continuously advance scenario analysis and reinforce climate resilience measures to enable more sophisticated assessments of the impacts of investments, asset reallocation, and the availability of financial resources.

Ramping up capital adequacy management based on scenario analysis	• Analyze BIS ratio trends under varying climate scenarios • Formulate strategies for capital augmentation
Promoting efficiency of risk-weighted assets	• Induce reduction of carbon-intensive portfolios
Devising proactive capital management plans	• Incorporate TCFD-NGFS crisis scenarios to proactively plan for the timing and methodology of capital augmentation • Align with the crisis management system to devise actionable plans enabling swift response to risks of capital ratio decline
Expanding green and transition finance	• Actively promote green finance as a means of mitigating climate risks

Physical Risk Adaptation Framework

BNK Financial Group has a Group-wide adaptation framework in place to minimize the impact of physical risks, such as floods, typhoons, and torrential rainfall, on financial services and business site operations. We identify physical risks based on the results of climate scenario analysis and risk assessments and incorporate them into our disaster and emergency preparedness plans and Business Continuity Management (BCM) framework. Through a phased response spanning prevention, emergency response, recovery, and improvement, we enhance the resilience of our business sites. This framework applies to existing business sites, including the headquarters, all branches, and major business facilities. When establishing or relocating new business sites and major business facilities or making large-scale facility investments, we conduct preliminary reviews of physical risks in the relevant area, including flooding, typhoons, and torrential rainfall, and reflect the findings in business continuity plans and safety management plans where necessary.

Operational Framework

In the event of physical climate risks, relevant departments in charge of safety management, strategic planning, general affairs, IT, and customer support carry out preventive measures, situation management, business continuity, and recovery measures under the coordination of the Emergency Response Headquarters, in accordance with their respective roles and responsibilities. Following a disaster, we analyze the causes and response outcomes and incorporate the findings into improvement plans to continuously advance our response framework.

Risk Assessment and Improvement

We conduct regular risk assessments of potential hazards at our business sites and implement improvement measures based on the results. Following a disaster, we analyze the causes of damage and response outcomes and incorporate the findings into preventive measures and business site management systems, continuously enhancing our capacity to adapt to physical risks.

Risk Identification	Prevention	Response	Business Continuity	Recovery	Improvement
1	2	3	4	5	6
• Climate scenario analysis (RCP/SSP) • Physical climate risk assessment of business sites • Identification of vulnerable business sites and key risk factors	• Business site safety inspections • Disaster prevention activities • Risk factor management	• Operation of the emergency response headquarters • Situation reporting and initial response • Protection of customers and employees	• Continuity of core financial services • Branch operations support • IT backup and disaster recovery (DR)	• Facility restoration • Resumption of normal operations • Damage mitigation	• Incident cause analysis • Risk reassessment • Improvement measures and response framework enhancement

Operating Principles	Each department carries out its assigned roles and responsibilities under the Group-wide governance framework to ensure prompt and systematic responses and enhance resilience.	Scope	Headquarters, all branches, and major business facilities (100% of existing business sites)

BNK Financial Group incorporates physical climate risks identified through climate scenario analysis into business site operations and BCM framework and continuously enhances climate resilience through an adaptation framework spanning prevention, recovery, and improvement.

Climate Action Strategy

Climate Resilience

Climate Scenario Analysis Procedures

Defining and Setting Scenarios → Analyzing the Real Economy, Risks, and Financial Impacts → Conducting Climate Stress Tests → Assessing Climate Resilience

Defining and Setting Scenarios

Transition Risks

Analyze financial impacts arising from rising costs associated with the transition to a low carbon economy

NGFS
- NGFS delayed transition
- NGFS 2050 Net-Zero

Physical Risks

Assess financial impacts resulting from declining collateral values of real estate assets due to natural disasters

IPCC
- SSP5-8.5
- RCP8.5

Analyzing the Real Economy, Risks, and Financial Impacts

Transition risks:
- GHG emissions regulations → Increasing costs in carbon-intensive sectors → Deterioration in corporate profitability
- → Decreases in credit ratings and rising probability of default (PD)
- → Estimated losses and credit RWA analysis → Assessment of impacts on BIS capital adequacy ratio

Physical risks:
- Natural disasters, such as heavy precipitation → Destruction of tangible assets and value depreciation
- → Decline in collateral value and rising loss given default (LGD); Rising debt ratios, declining credit ratings, and increasing probability of default (PD)
- → Estimated losses and credit RWA analysis → Assessment of impacts on BIS capital adequacy ratio

Conducting Climate Stress Tests

Transition risks:
- Delayed Transition Scenario: Analysis of BIS capital adequacy ratio
- Delayed Transition Scenario: Analysis of Common Equity Tier 1 ratio (CET1)
- 2050 Net-Zero Scenario: Analysis of BIS capital adequacy ratio
- 2050 Net-Zero Scenario: Analysis of Common Equity Tier 1 ratio (CET1)

Physical risks:
- SSP5-8.5 Scenario: Analysis of BIS capital adequacy ratio
- SSP5-8.5 Scenario: Analysis of Common Equity Tier 1 ratio (CET1)
- RCP8.5 Scenario: Analysis of BIS capital adequacy ratio
- RCP8.5 Scenario: Analysis of Common Equity Tier 1 ratio (CET1)

Assessing Climate Resilience

Verification of climate stress test outcomes
↓
Analysis of climate resilience
↓
Recognition of limitations in climate resilience analysis and monitoring
↓
Development of climate resilience enhancement plans

Risk Management for Climate Action

Risk Management

Climate-Related Risk Management Process

Recognizing climate change as a material financial risk, we continue to reinforce our risk management framework to enhance the resilience, profitability, and soundness of our investment portfolio. With an aim to support a proactive response, we operate a climate-related risk management process structured around four stages: risk identification, assessment, monitoring and reporting, and response and mitigation. This process is systematically overseen through the Risk Management Committee. Alongside these efforts, we have formalized climate risk response standards through the establishment of internal regulations, including risk management regulations and risk management guidelines, while continuously seeking measures to strengthen the overall management framework.

We identify and assess climate-related risks through a financed emissions calculation and monitoring system established based on the GHG accounting standards of the Partnership for Carbon Accounting Financials (PCAF). The system utilizes key input variables, including financial data such as exposures and corporate financial information, as well as physical attribute data such as gross floor area of real estate assets, to construct multidimensional risk profiles through the integration of diverse datasets. Based on this framework, financed emissions and carbon intensity are derived by asset class and industry sector, enabling granular monitoring of changes and trends over time. In particular, the system enables the identification of carbon-intensive sectors with concentrated emissions exposure. Where concentration risks are identified, we establish mitigation plans in advance to proactively manage potential risks.

Risk Identification	• Identify risks that may arise from climate change • Recognize financial risks transmitted through transition channels
Risk Assessment	• Measure financed emissions on a regular basis • Analyze exposure, financed emissions, emissions intensity, and related trends by industry sector
Monitoring & Reporting	• Select and monitor high-carbon industries • Report to risk-related committees and management leadership • Support climate-related decision-making
Response & Mitigation	• Reflect climate-related risks in internal regulations • Set the selection and management process for industries requiring enhanced monitoring • Establish exposure limit management strategies

Building on this system infrastructure, we continuously assess the tangible impacts of climate-related risks by monitoring carbon emissions management across high-carbon industries. This process is conducted across both the pre-investment review stage and the post-investment monitoring stage. During the investment review stage, carbon emissions associated with the relevant asset are quantitatively assessed, while the financial impacts of carbon reduction targets and transition pathways are analyzed and incorporated into investment decision-making. Once incorporated into the portfolio, total financed emissions associated with the asset are continuously monitored, while progress toward emissions reduction targets is periodically reviewed and managed.

We also conduct climate scenario analysis to assess long-term financial impacts under various climate pathways. Through scenario analysis, we estimate projected fluctuations in BIS and CET1 ratios, which serve as key capital adequacy indicators used to assess the Group's capital resilience under stressed climate conditions. These indicators also serve as foundational reference data for evaluating climate resilience and establishing capital planning strategies. For further information, please refer to the 'Corporate Climate Resilience Assessment' section of the 'Climate Action Strategy.'

Climate-related risks are comprehensively managed alongside other major risk categories, including credit risk and market risk, within an integrated risk management framework. We plan to review the broader integration of climate-related risks into the framework in line with changes in internal and external conditions.

Risk Management for Climate Action

Risk Management

Climate-Related Risk Identification and Integration

Risk Identification

Risks from Low Carbon Transition

Climate Policy	Technology	Investment & Consumption
Energy policies, pollution regulations, resource preservation policies, and measures to curb GHG emissions	Technological changes driving the low carbon transition, including battery innovation, EVs, and CO_2 intensive reduction technologies	Consideration of evolving recognition of climate-related investment opportunities and shifts in consumption behaviors

Climate Driven Economic Risks

Acute	Chronic
Natural disasters, such as scorching heat, floods, wildfires, typhoons, heavy precipitation, etc.	Phenomena such as sea-level rise, increases in average temperature, ocean acidification, and desertification

Micro Channels

Corporates
- Business disruption
- Increase of stranded assets, new capital expenditures
- Changes in demand and cost structures

Households
- Depreciation in asset value
- Declining consumption
- Rising maintenance costs

Risk Pathways

Macro Channels

- Increasing investments and capital depreciation (assets → liabilities)
- Increments in prices (changing prices owing to supply shock)
- Changes in productivity (reinvestment for adaptation and reinforcement of risk-avoidance measures)
- Friction in the labor market caused by physical and transition risks
- Shocks affecting international trade, government revenues, fiscal capacity, interest rates, and exchange rates

Incorporation into Financial Risks

Credit Risk
- Damaged asset value owned by clients due to climate change
- Changes in clients' operations, profitability, and viability
- Possibility of clients' debt repayment issues and depreciation in collateral valuation

Market Risk
- Decline in the valuation of investment assets in companies contributing to environmental degradation and GHG-emitting industries

Operational Risk
- Negative impacts on infrastructure, systems, processes, and employees, leading to disruptions in business continuity
- Litigation for damages filed against environmental harm, and the need for loss recovery

Liquidity Risk
- Physical damage caused by natural disasters and associated costs incurred
- Demands for emergency loans, fund withdrawals, and aggravated liquidity

Risk Management

Climate Risk Assessment

Basic Data

1 Group RWA System
- Basic setting data
- Counterparty data
- Exposure data
- Collateral and linkage data

2 Input Management Interface
- Basic settings
- Management of public emissions data
- Management of emission factors
- Other data management

3 Affiliate Management Data
- Additional exposure information (products, purpose of funds, power generation, vehicles, etc.)
- Total real estate floor area
- Corporate financial data

Verification

Interface

Climate Risk Data Mart and Measurement System

Settings
- Basic settings
- Public emissions management
- Emission factor management
- Other data management

Basics
- Basic setting data
- Counterparty data
- Exposure data
- Collateral and linkage data
- Additional exposure collection
- Real estate floor area
- Company financials

- Counterparty aggregation
- Exposure aggregation
- Real estate collateral aggregation
- Collateral account linkage

Emissions
- General emissions
- Real estate emissions
- Power generation emissions
- Vehicle emissions
- Government-linked emissions
- Aggregated emissions calculation results

Report Aggregation
- Generate the report after the aggregation of results by exposure

Monitoring System

Report

Aggregation by Asset Class
- Emissions by industry
- Power generation emissions
- Real estate emissions
- Vehicle emissions
- Government-linked emissions

Borrower-Level Aggregation
- Top borrowers - by range
- Borrower details

Time Series and Non-Calculated Targets
- Time series analysis
- Emissions trend of public companies
- Emission trend by industry
- Status of non-calculated targets

Risk Management for Climate Action

Risk Management

Integration with the Group-wide Risk Management Framework

We have put in place a Group-wide risk management framework to proactively respond to heightened volatility in financial markets and achieve sustainable growth. Climate-related risk is defined as 'the risk that physical damage caused by climate change or deterioration in business conditions arising from the transition to a low-carbon economy may be transmitted to the financial sector' and has been designated as one of the Group's major risk categories. These climate-related risks are integrated into the enterprise risk management process alongside other major risk categories and are managed strategically through proactive response measures.

Climate-related risk is formally defined as one of the Group's major risks under the enterprise risk management regulations. As part of this framework, detailed guidelines covering the scope, principles, and processes of climate-related risk management are set forth in the risk management guidelines. This helps ensure alignment with the Group-wide risk management framework and promotes consistency in risk management practices.

In addition to major risk categories, we separately identify and manage potential risk factors that could materially affect overall business operations as 'Emerging Risks.' 'Strengthening the climate change response framework' has been designated as one of these Emerging Risks and is integrated into the enterprise risk management process to identify business impacts and establish risk mitigation measures. Through these efforts, we seek to minimize uncertainties that may arise across financial services due to the climate crisis while strengthening financial resilience.

Climate-Related Clause under the Risk Management Guidelines

Chapter 13 Climate Related Risk Management

Article 70 (Objectives of Management)

The objective is to minimize losses arising from climate related risks by responding appropriately to climate change and supporting the transition to a low carbon economy.

Article 72 (Management Targets)

① The targets include clients exposed to climate-related risks and portfolios, such as GHG emissions, vulnerability to extreme weather events, and association with unsustainable energy practices.

② With respect to GHG emissions, financed emissions are measured and managed across the following categories:

1. Investments in companies that manage their own emissions or industry-specific and financial data.
2. Project finance investments in power plants or infrastructure.
3. Loans for mortgages related to residential purchases, commercial real estate, and vehicles.
4. Investments in bonds issued by the government.

Article 74 (Monitoring and Reporting)

The Risk Management Department of the holding company consistently monitors climate-related risk levels and reports the following matters to executive management or the risk-related committees at least once a year:

1. Status of financed emissions measurement
2. Other significant matters regarding climate-related risks

Metrics and Targets for Climate Action

Climate-Related Metrics

GHG Emissions

Emissions Calculation Methodology

In compliance with domestic and global standards, BNK Financial Group has classified its GHG emissions into Scope 1, Scope 2, and Scope 3, and manages them accordingly. For each scope, we have adopted an optimized calculation methodology, taking into account international laws, global guidelines, and the data collection environment in a comprehensive manner.

In terms of Scope 1 emissions, the calculation is based on the Guidelines on Emissions Reporting and Verification under the Emissions Trading Scheme. Using 'city gas consumption' as a key input parameter, we apply the activity-based approach in parallel with the spend-based approach, depending on the specific data collection environment. When applying the activity-based approach, which requires unit conversion factors, we follow domestic guidelines. From a conservative perspective, we use data as of December 2025, such as unit prices required for the spend-based approach, thereby ensuring consistency.

With respect to Scope 2 emissions, the calculation is also based on the Guidelines on Emissions Reporting and Verification under the Emissions Trading Scheme. The activity-based approach is applied as the primary method, however, for business sites with limitations in data collection, emissions are calculated using area-based energy use intensity. Scope 2 emissions are calculated through a location-based approach. At present, the results are the same as those under the market-based approach, since no separate power purchase agreements exist. In 2025, we incorporated data on newly established facilities (7 sites) and closed facilities (24 sites) within the organizational boundary to enhance consistency. At the same time, ATM operations were excluded from the boundary to prevent double counting and to update calculation coverage.

As for Scope 3 emissions, we have established methodologies tailored to each category, based on international and domestic standards, including the GHG Protocol, Guidelines for Environmental Product Declaration, guidelines issued by the National Institute of Environmental Research, and Guidelines for Low-carbon Event. Emissions are calculated by leveraging activity data for each category, such as procurement amounts, as input parameters. In addition, we reference international data sources, such as the UNFCCC. In 2025, to advance emissions calculation, we added capital goods (Category 2) as a new calculation target and updated the share of waste generated in operations (Category 5) by disposal method to enhance accuracy.

Boundary of Emissions Calculation

The coverage of GHG emissions calculation encompasses 10 companies, including BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, and BNK System. This scope has been submitted to the Science Based Targets initiative (SBTi), and accordingly, it falls under the boundary consistent with approved emissions reduction targets.

BNK Financial Group is a holding company responsible for overseeing the entire Group, serving as the controlling entity of its subsidiaries. The nine subsidiaries, excluding BNK Financial Group itself, fall within the category of consolidated subsidiaries in which the Group holds a majority of voting rights. Beyond these, there are no investees subject to the GHG emissions calculation scope, such as affiliates, joint ventures, or non-consolidated subsidiaries.

Metrics and Targets for Climate Action

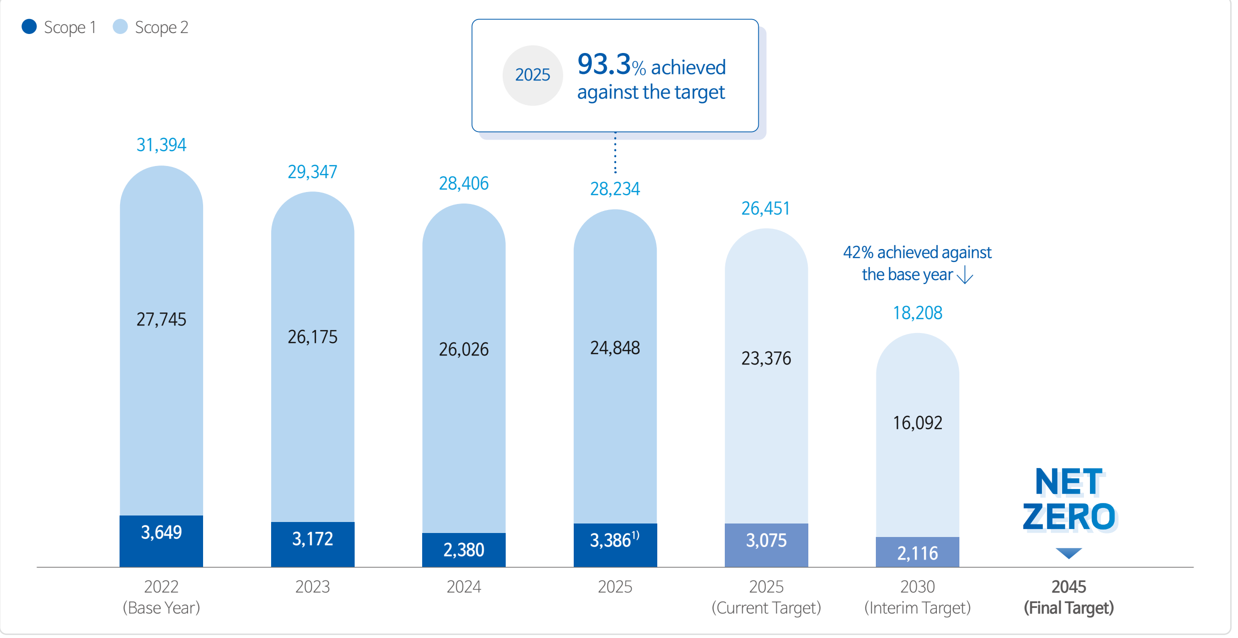
Climate-Related Metrics

Scope 1 and 2 Emissions

In 2025, total internal GHG emissions (Scope 1 and Scope 2) amounted to 28,234 tCO_2eq, representing a 0.6% decrease compared to the previous year. Specifically, Scope 1 emissions totaled 3,386 tCO_2eq and Scope 2 emissions totaled 24,848 tCO_2eq, accounting for 12.0% and 88.0% of total emissions, respectively. Based on combined Scope 1 and Scope 2 emissions, the Group achieved 93.3% of its 2025 target and reached 44.9% of its 2030 interim target. Going forward, we will continue its emissions mitigation efforts to achieve its targets.

Scope 1 and 2 Emissions Targets and Performance

(Unit: tCO_2eq)



1) Increases in Scope 1 emissions in 2025 were attributable to upgraded mobile combustion aggregation.

2025 Scope 1 and 2 Emissions by Subsidiary[1]

(Unit: tCO_2eq)

Subsidiary	Scope 1	Scope 2	Aggregated Emissions
BNK Financial Group	139	354	493
BNK Busan Bank	1,402	16,950	18,351
BNK Kyongnam Bank	1,441	5,179	6,620
BNK Capital	90	255	345
BNK Securities	134	409	543
BNK Savings Bank	45	237	282
BNK Asset Management	61	30	91
BNK Credit Information	15	101	116
BNK System	36	1,315	1,352
BNK Venture Capital	24	18	41
Total	3,386	24,848	28,234

1) Since GHG emissions are expressed as rounded integers, rounding errors may cause discrepancies compared with the aggregation of detailed items.

Metrics and Targets for Climate Action

Climate-Related Metrics

Financed Emissions (Scope 3 Category 15)

We joined the Partnership for Carbon Accounting Financials (PCAF) in 2022 and have since established a financed emissions accounting framework aligned with global standards to measure and manage our financed emissions performance. Since 2023, we have operated a dedicated financed emissions management system, enabling the monitoring of emissions across seven asset classes. Financed emissions are primarily calculated using publicly disclosed corporate emissions data. Where such data is unavailable, average emissions factors provided by PCAF are applied, with Scope 1, Scope 2, and Scope 3 emissions all taken into account.

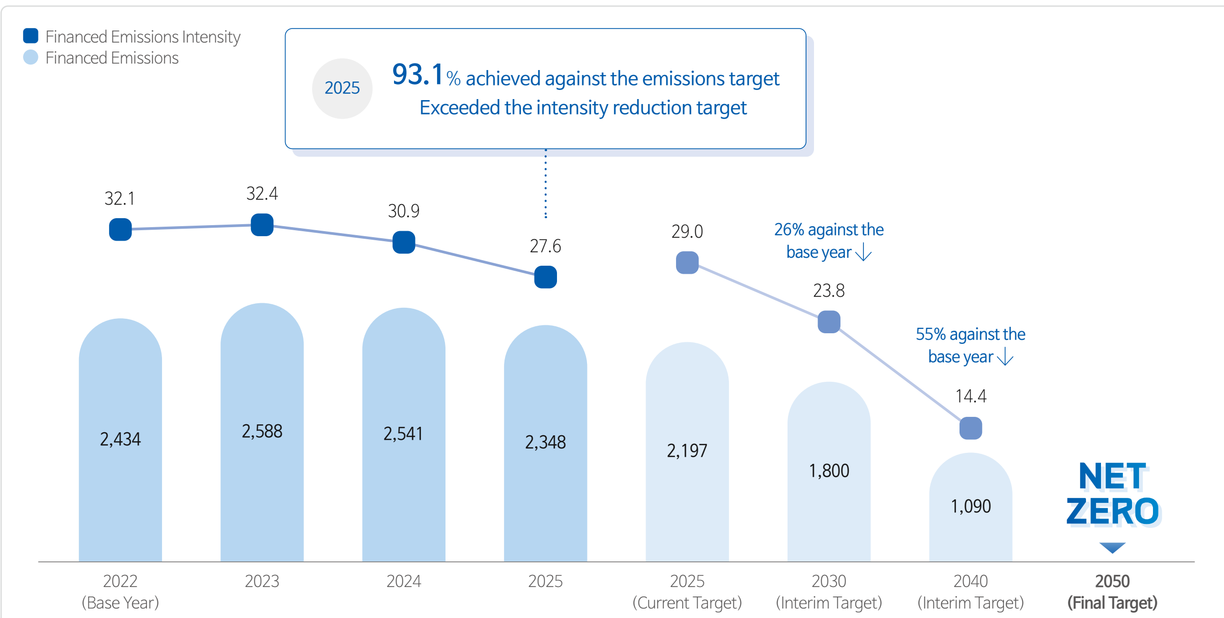
For assets subject to financed emissions measurement, cases where basic information such as financial data or industry classification codes is unavailable are classified as non-calculable and monitored separately. Additionally, annual financed emissions performance is calculated excluding government bonds, taking into consideration alignment with the SBTi guidelines that serve as the basis for the Group's emissions reduction target setting. Accordingly, assets covered by financed emissions calculations represented 47.5% of total assets under management during the reporting period. Our plan is to gradually expand data coverage and increase the proportion of assets included in financed emissions calculations.

In 2025, financed emissions totaled 23.48 million tCO_2eq, while financed emissions intensity amounted to 27.6 tCO_2eq per KRW 100 million. The construction sector accounted for the largest share of financed emissions at 12.0%. By asset class, corporate loans represented 95.6% of total financed emissions, accounting for the overwhelming majority of emissions.

We apply the methodology of the Science Based Targets initiative (SBTi) to financed emissions and have set a reduction pathway aligned with a 1.5°C scenario. Using 2022 financed emissions as the baseline, the Group aims to reduce financed emissions by 26% by 2030 and 55.2% by 2040, ultimately achieving Net-Zero by 2050.

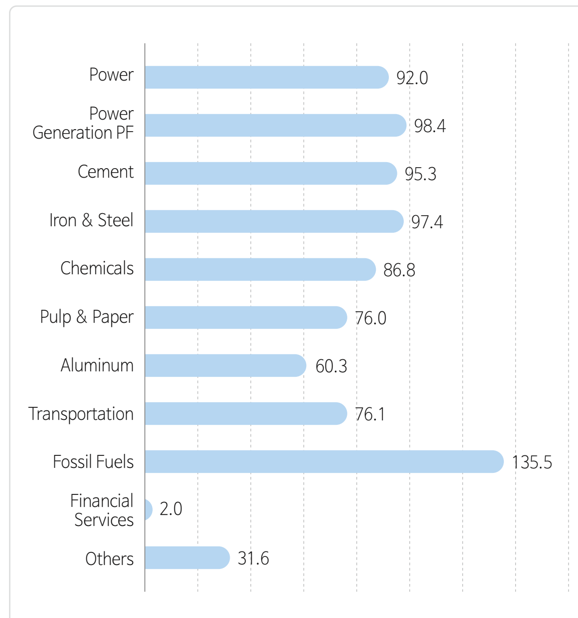
Financed Emissions Targets and Performance[1]

(Unit: 10,000 tCO_2eq, tCO_2eq/KRW 100 million)



Industry-Specific Financed Emissions Intensity

(Unit: tCO_2eq/KRW 100 million)



1) Financed emissions are calculated with government bonds excluded.

Metrics and Targets for Climate Action

Climate-Related Metrics

Financed Emissions Management System

With the aim of Group-wide climate risk management, financed emissions are segmented by financial activities, asset class, industry group, and Scope. Our financial activities are classified into commercial banking, asset management, and others, according to their business nature, while segmented into seven categories by asset class (listed equities and corporate bonds, corporate loans and unlisted equities, project financing, commercial real estate, mortgages, vehicle loans, and government bonds). Furthermore, based on the Korea Standard Industrial Classification, we map the industries of assets for industry-specific risk analysis.

Financed Emissions by Asset Class[1) 2)]

(Unit: KRW trillion, 10,000 tCO_2eq, tCO_2eq/KRW 100 million)

Category	2023			2024			2025		
	Measurement Target	Financed Emissions	Financed Emissions Intensity	Measurement Target	Financed Emissions	Financed Emissions Intensity	Measurement Target	Financed Emissions	Financed Emissions Intensity
Listed equity and corporate bonds	6.3	166	26.3	6.8	145	21.2	6.1	78	12.7
Business loans and unlisted equity	57.3	2,370	41.4	58.7	2,344	40	61.4	2,241	36.5
Project finance	0.3	38	134	0.2	38	165.6	0.4	15	41.4
Commercial real estate	5.2	4	0.8	4.9	4	0.8	4.9	3	0.7
Mortgages	10	5	0.5	10.7	5	0.5	11.4	5	0.5
Motor vehicle loans	0.9	5	5.9	0.9	5	5.3	0.9	5	5.4
Sovereign debt	5.6	189	33.6	6.1	166	27.4	7.1	180	25.2
Total (SBTi-based, government bonds excluded)	79.9	2,588	32.4	82.2	2,541	30.9	85.0	2,348	27.6
Total	85.5	2,777	32.5	88.3	2,707	30.7	92.2	2,528	27.4

1) Targets excluded from measurement: Retails, central bank, and municipal bonds other than short term holdings, mortgages, and car loans are excluded. In addition, groups for which PCAF does not provide methodologies for calculation are excluded, including private equity funds (PEF), green bonds, securitized assets, ETFs, derivatives, and IPO financing.
2) Since GHG emissions are expressed as rounded integers, rounding errors may cause discrepancies compared with the aggregation of detailed items.

Metrics and Targets for Climate Action

Climate-Related Metrics

Scope 3 Emissions

BNK Financial Group has selected eight Scope 3 categories for emissions calculation and management. Among them, financed emissions (Category 15) are managed separately to reflect our business attributes. In addition, the categories under management span purchased goods and services (Category 1), capital goods (Category 2), fuel- and energy-related activities (Category 3), waste generated in operations (Category 5), business travel (Category 6), employee commuting (Category 7), and end-of-life treatment of sold products (Category 12).

In 2025, Scope 3 emissions excluding financed emissions aggregated 7,841 tCO_2eq. By category share, fuel- and energy-related activities (51.1%) and employee commuting (33.5%) constituted the majority. By subsidiary, Busan Bank (54.9%) and Kyongnam Bank (26.3%), with their relatively larger number of business sites, were the largest contributors.

We will continuously expand the Scope 3 coverage and advance our management system through regular checks on the accuracy of the calculation methodology, thereby enhancing data reliability in a sustained manner.

2025 Subsidiary Scope 3 Emissions by Category (Excluding Category 15)[1]

Subsidiary	Scope 3 Category						
	1. Purchased goods and services	2. Capital goods	3. Fuel- and energy-related activities	5. Waste generated in operations	6. Business travel	7. Employee commuting	12. End-of-life treatment of sold products
BNK Financial Group	5.3	5.5	62.6	10.0	99.6	50.5	-
Busan Bank	152.3	21.0	2,699.4	55.2	203.6	1,150.4	19.3
Kyongnam Bank	203.1	43.2	865.5	13.9	64.4	858.4	10.5
BNK Capital	12.0	0.5	41.7	10.0	75.4	179.3	-
BNK Securities	8.6	2.0	66.7	8.7	66.3	155.7	0.0
BNK Savings Bank	5.6	1.1	37.9	3.0	13.9	53.7	0.0
BNK Asset Management	1.5	0.2	6.2	1.6	13.0	28.5	-
BNK Credit Information	3.8	0.3	16.0	1.4	2.0	24.5	-
BNK System	0.9	1.1	204.2	6.5	37.2	115.7	-
BNK Venture Capital	0.4	0.1	3.3	0.4	28.9	7.4	-
Total	393.5	75.0	4,003.7	110.7	604.2	2,624.1	29.8

1) Since GHG emissions are expressed as rounded integers, rounding errors may cause discrepancies compared with the aggregation of detailed items.

Metrics and Targets for Climate Action

Climate-Related Metrics

Assets and Business Operations Exposed to Climate Risks

Assets and Business Operations Vulnerable to Transition Risks

To manage risks that may arise during the low-carbon transition, BNK Financial Group has classified carbon-intensive, high-emission industries as assets vulnerable to transition risks, subject to intensive management. Each year, industries whose financed emissions intensity reaches 100 tCO_2eq per KRW 100 million or higher, with an exposure share of 5% or more, and which exceed the portfolio-wide average intensity (34.4 tCO_2eq per KRW 100 million), are designated as high-carbon industries. In 2025, the analysis identified a total of five industries, food & beverage, non-ferrous metals, utilities, consumer goods distribution, and construction, as high-carbon sectors.

For the selected high-carbon industries, we have stepped up risk management measures, including loan limit regulations. Beginning in 2026, taking into account the characteristics of each subsidiary's portfolio, we will impose penalties when setting limits. In the coming years, we will gradually reduce management limits for high-carbon sectors, thereby securing proactive response capabilities.

Meanwhile, our exposure to the coal-fired power generation industry amounts to KRW 93 billion, representing less than 0.1% of the total portfolio, with its financed emissions totaling 70,000 tCO_2eq.

Assets and Business Operations Vulnerable to Physical Risks

To identify the impacts of climate change on our portfolio, as well as to manage them, BNK Financial Group has selected vulnerable areas based on the findings of climate scenario analysis. The vulnerable areas refer to regions projected to experience a high rate of decline in tangible asset value by 2050, according to the outcomes of the physical risk scenario. In 2025, the analysis revealed that Gangwon State and Jeju Island were designated as vulnerable areas. Although the exposure shares of these regions remain below 1%, a relatively low level, we will conduct intensive monitoring to manage potential risks.

Financing

BNK Financial Group raises financing externally to support its responses to climate-related risks and opportunities. In particular, through Busan Bank and Kyongnam Bank, we issue green bonds. In 2025, total issuance amounted to KRW 360 billion. In 2026, we plan to secure financing of the same scale, with an issuance target of KRW 360 billion.

Top Industries Vulnerable to Transition Risks

Industry	Exposure Volume	Share	Financed Emissions Intensity
Food & Beverage	KRW 1.3414 trillion	2.0%	170.0
non-ferrous metals	KRW 1.0904 trillion	1.6%	154.6
Utilities	KRW 996.3 billion	1.5%	111.4
Consumer Goods Distribution	KRW 4.1570 trillion	6.1%	40.2
Construction	KRW 4.1483 trillion	6.1%	67.7

Top Industries Vulnerable to Physical Risks

Region	Exposure Volume	Exposure Share
Gangwon State	KRW 408.6 billion	0.44%
Jeju Island	KRW 295.7 billion	0.32%

2025 Financing Performance

Date	Funding Method	Issuing Entity	Funds Secured
Jun. 25, 2025	Green bond issuance	Kyongnam Bank	KRW 60 billion
Oct. 20, 2025	Green bond issuance	Busan Bank	KRW 150 billion
Nov. 21, 2025	Green bond issuance	Busan Bank	KRW 150 billion

Metrics and Targets for Climate Action

Climate-Related Metrics

Internal Carbon Pricing

BNK Financial Group has established internal carbon pricing to identify low-carbon risks and opportunities in decision-making, as well as to encourage behavioral change among employees. For internal carbon pricing, we have segmented 'Scope 1+2' emissions separately from 'Scope 3' emissions.

As for 'Scope 1+2' internal carbon prices, we reflected the costs incurred from renewable energy procurement to achieve our Net-Zero Target, and set the prices based on the projected market price of Renewable Energy Certificates (REC). In 2025, the prices were established in the range of KRW 40,000 to KRW 80,000 per ton. These prices are utilized as reference data when making decisions regarding reduction initiatives, including driving energy efficiency across the Group, identifying low-carbon opportunities through renewable energy procurement, and making transition investments.

With respect to 'Scope 3' internal carbon prices, we refer to the carbon prices defined in the NGFS scenarios (Net-Zero, Delayed Net-Zero) and utilize the integrated evaluation model GCAM (Global Change Assessment Model) to set the prices. In 2025, the prices were established in the range of KRW 130,000 to KRW 190,000 per ton. These prices will be incorporated into the decision-making process, including credit evaluation, investment review, and contract terms, thereby supporting the low-carbon transition.

Internal Carbon Pricing Overview

Category	Scope 1+2	Scope 3
Type	Potential Carbon Price (Shadow Price)	
Pricing Methodology	Based on projected REC prices	Based on NGFS scenarios
Purpose	Encouraging energy savings and employee behavioral change	Identifying low-carbon opportunities and formulating transition plans
Minimum Price	KRW 39,827 /tCO_2eq	KRW 126,612 /tCO_2eq
Maximum Price	KRW 82,845 /tCO_2eq	KRW 190,305 /tCO_2eq
Use Cases	Used for decision-making on mitigation initiatives (energy procurement and savings, as well as investments in facility transition)	Used for financial decision-making (credit evaluation, investment review, etc.)

Metrics and Targets for Climate Action

Climate-Related Targets

Approach to Target Setting

BNK Financial Group endorses the national declaration of Net-Zero goal by 2050, in compliance with the Paris Agreement. Accordingly, we have set climate targets and measures to achieve this goal, demonstrating our commitment to actively participating in the sustainable transition. With the adoption of the SBTi methodology, we have established financed emissions reduction targets as well as Scope 1 and Scope 2 emissions mitigation targets, aligned with the 1.5°C scenario. Target setting was based on the Absolute Contraction Approach (ACA) for Scope 1 and 2 emissions, while introducing the Sectoral Decarbonization Approach (SDA) and the Temperature Ratings Approach (TRA) for industry-specific financed emissions mitigation targets.

For Scope 1 and Scope 2 emissions, BNK Financial Group has set a target of reaching Net-Zero by 2045 while achieving Net-Zero by 2050 for financed emissions. In parallel, we have established an interim target for 2030 based on absolute contraction for Scope 1 and 2 emissions reduction, as well as two interim targets based on absolute reduction and emissions intensity for 2030 and 2040. The baseline year for all targets is 2022, and the scope includes all seven GHGs, including CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. The targets encompass the controlling entity operating domestically, as well as all subsidiaries (BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, and BNK System).

Meanwhile, BNK Financial Group has no plans to use carbon credits for offsetting in accomplishing our targets. This means our Net-Zero goal will be accomplished through the direct removal of emissions. In addition, we have no separate targets based on total emissions

Information on Climate Target Setting

Category	Scope 1	Scope 2	Financed Emissions
Objective	SBTi Methodology-Based Targets Consistent with 1.5°C Pathway		
Scope of Application	BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, and BNK System		
Target GHGs	Seven GHGs (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3)		
Target Type	Absolute reduction	Absolute reduction	Absolute reduction / intensity
Ultimate Target	2045 Net-zero	2045 Net-zero	2050 Net-zero
Interim Target	2030 2,116 tCO_2eq	2030 16,092 tCO_2eq	2030 • 18 million tCO_2eq • 23.8 tCO_2eq/ KRW 100 million; 2040 • 10.9 million tCO_2eq • 14.4 tCO_2eq/ KRW 100 million
Base Year	2022	2022	2022

Metrics and Targets for Climate Action

Climate-Related Targets

Target Review and Monitoring

Third-Party Verification

In 2024, BNK Financial Group obtained approval from the Science-Based Targets initiative (SBTi) for its Scope 1 and Scope 2 emissions reduction targets by 2030, as well as for financed emissions. All targets, including industry-specific mitigation targets, have been established in alignment with the 1.5°C scenario.

The financed emissions reduction targets have been established under the Sectoral Decarbonization Approach (SDA) and the Temperature Ratings Approach (TRA), depending on asset class and sector. For the power generation project finance (PF) asset class, as well as commercial real estate and cement within the corporate loans, bonds, and equity asset class, and for the power generation sector, the SDA has been adopted. For other asset classes and sectors, the targets have been established under the TRA. In addition, for project finance other than power generation and the vehicle loan sector, where SBTi methodologies are not yet presented for reduction target setting, the Absolute Contraction Approach (ACA) has been adopted, consistent with the methodology used for internal emissions measurement, to set reduction targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Target Review and Monitoring Process

BNK Financial Group has set reduction targets for Scope 1 and Scope 2 emissions, as well as financed emissions, as part of its climate objectives. We compile the emissions for each category to monitor progress against these targets.

In the years to come, BNK Financial Group will re-examine its reduction targets in accordance with SBTi standards on a five-year basis. Where necessary, revisions to targets may be made to remain aligned with the latest standards. The review and monitoring of progress against climate targets are conducted regularly under the oversight of the ESG Committee of the Board of Directors. Further information on this process is available in the section Climate Target Setting and Monitoring of the Governance and Policy for Climate Action.

Portfolio-Specific Reduction Targets and Methodologies by Industry

Asset Class and Sector		Target Setting Approach	2025 Financed Emissions Target (tCO_2eq)	2025 Financed Emissions Intensity Target (tCO_2eq/KRW 100 million)
Personal Loans	Mortgages	SDA[1]	43,809	0.5
	Motor Vehicle Loans	ACA[2]	57,652	6.3
Project Finance	Power Generation PF	SDA	367,914	279.5
	Other PF (SOC, etc.)	ACA	118,141	27.5
Corporate Loans, Bonds, and Equities	Commercial Real Estate	SDA	34,252	0.6
	Power		690,495	184.3
	Cement		349,541	113.1
	Iron & Steel	TRA[3]	947,853	85.1
	Chemicals		854,204	94.8
	Pulp & Paper		172,198	72.8
	Aluminum		2,341,291	61.6
	Transportation -Passenger		197,615	33.6
	Transportation - Freight		485,273	91.5
	Transportation - Aviation		13,524	25.1
	Financial Services		106,705	2.1
	Other Industries[4]		15,186,122	32.8

1) SDA: Consistent with the 1.5°C scenario for mortgages, commercial real estate, power generation, and cement sectors, where both methodology and tools are presented by SBTi.
2) ACA: Applied to project finance other than power generation and vehicle loans, since SBTi does not currently provide reduction target-setting methodologies for these categories. Targets have therefore been established for Net-Zero by 2050 under the Absolute Contraction Approach.
3) TRA: As of 2040, pathways and targets have been established to achieve a 1.5°C-aligned reduction target, consistent with the standard temperature rating methodology.
4) Includes wholesale and retail; manufacturing (food and beverages, machinery, electronics, equipment, etc.); accommodations and restaurants; services (leisure, professional, technical, healthcare, welfare, education, rental, etc.); construction; transportation and storage; and telecommunications.

Metrics and Targets for Climate Action

Climate-Related Targets

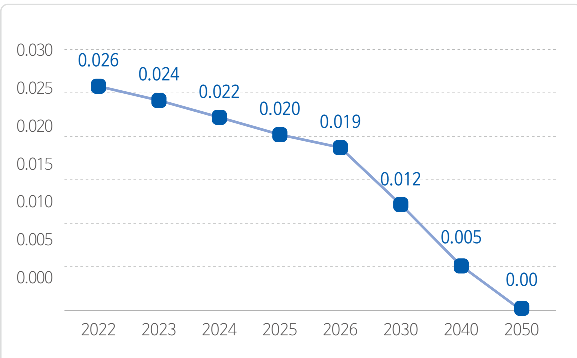
Sector-Specific Reduction Targets and Pathways

BNK Financial Group has set asset-class specific reduction targets under the Sectoral Decarbonization Approach (SDA) and the Temperature Rating Approach (TRA). Progress will be systematically monitored against defined reduction pathways to ensure consistent oversight of their implementation.

Sectoral Decarbonization Pathways (SDA)

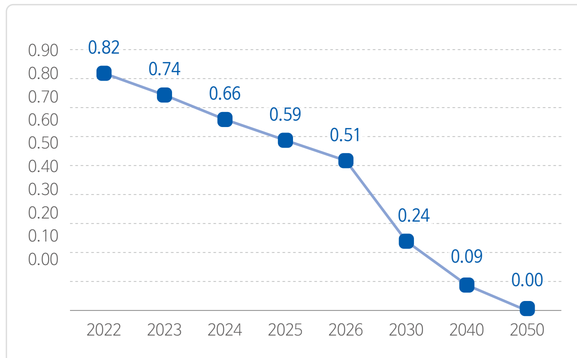
Mortgages

(Unit: tCO_2eq/m^2)



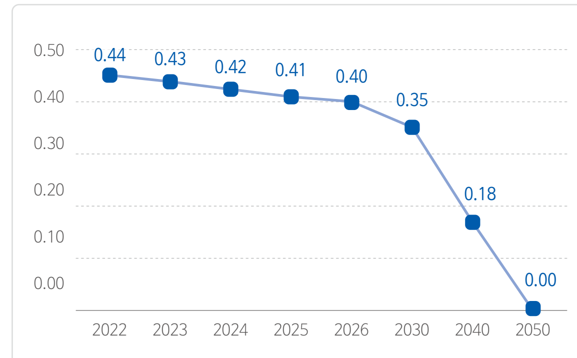
Power Generation PF

(Unit: tCO_2eq/MWh)



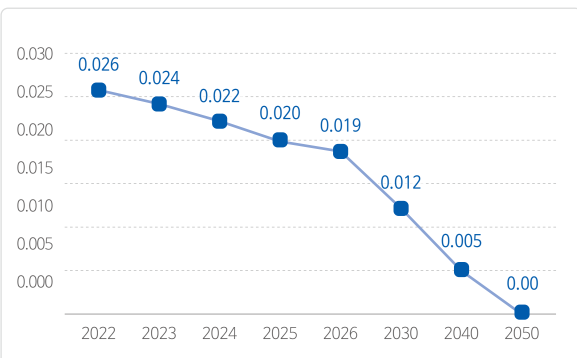
Cement

(Unit: tCO_2eq/m^2)



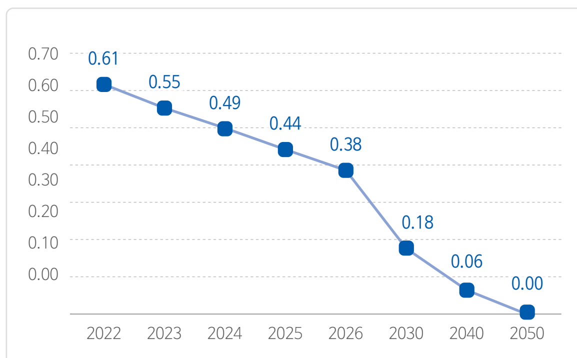
Commercial Real Estate

(Unit: tCO_2eq/m^2)



Power

(Unit: tCO_2eq/MWh)



Metrics and Targets for Climate Action

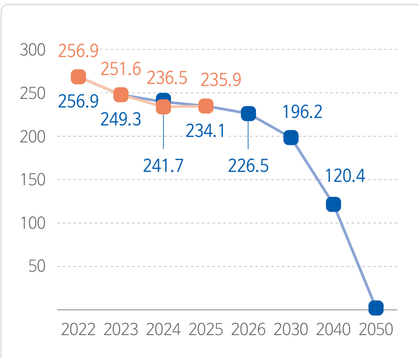
Climate-Related Targets

Sector-Specific Reduction Targets and Pathways

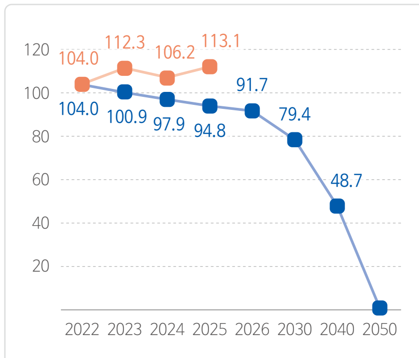
SBTi Sectoral Reduction Pathways

■ SBTi-aligned Reduction Targets ■ BNK Financial Group's Financed Emissions (Unit: 10,000 tCO_2eq)

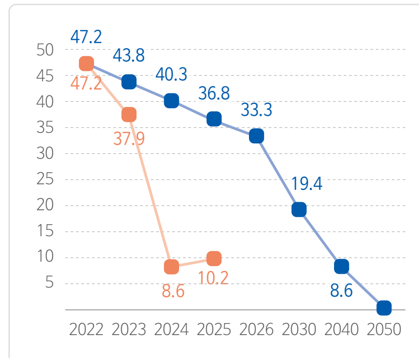
Aluminum



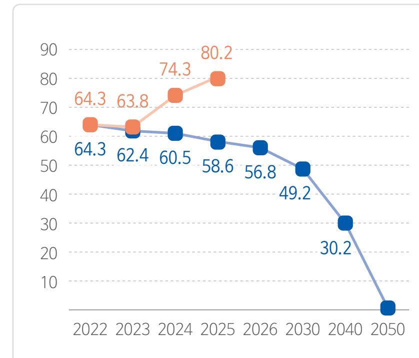
Iron & Steel



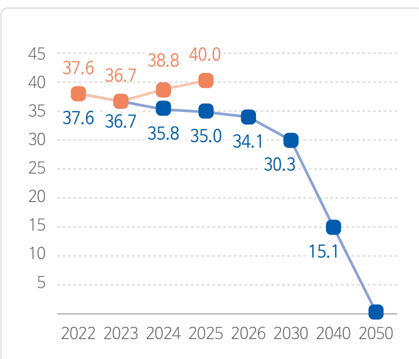
Power Generation PF



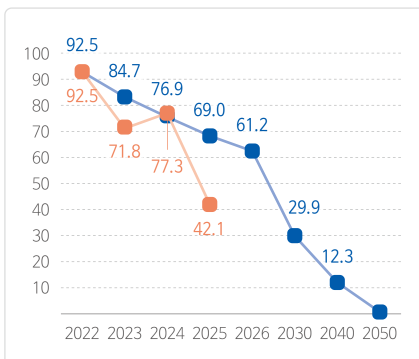
Chemicals



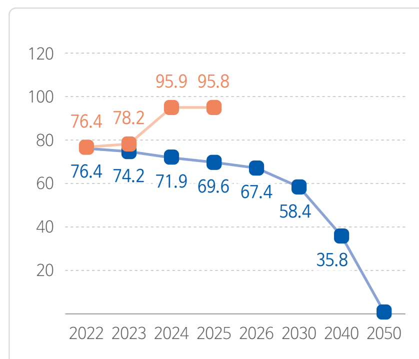
Cement



Power



Transportation



TNFD REPORT

Geumjeongsan Mountain, Busan – Designated as Korea's first urban national park in March 2026

Introduction

Natural Capital

Natural capital refers to the stock of natural assets provided by the Earth, including plants, animals, air, water, soil, and minerals. It forms the foundation of society, the economy, and human well-being, extending beyond the traditional concept of the environment. Encompassing both renewable and non-renewable resources, the condition of natural capital is closely linked to the long-term resilience and sustainability of business.

Our Role and Responsibility as a Financial Institution in Relation to Natural Capital

Unlike manufacturing or resource-intensive industries, a financial institution's relationship with natural capital may appear less direct. However, through its lending and investment portfolios, BNK Financial Group has the potential to influence natural capital across a wide range of economic activities. The impacts of financed activities on natural capital may ultimately affect the Group's financial soundness through their implications for portfolio performance and risk exposure. From this perspective, BNK Financial Group manages nature-related risks and opportunities across two dimensions.

- Direct: Nature-related impacts and dependencies arising from the Group's own operations
- Indirect: Nature-related dependencies, impacts, and associated risks and opportunities linked to clients through the Group's lending and investment portfolios

Failure to systematically identify and assess nature-related impacts and dependencies may translate into financial risks over the medium to long term, including credit and market risks. Conversely, proactively financing activities that protect and restore natural capital creates new business opportunities while contributing to a more resilient and sustainable economy.

Implementation of the TNFD Recommendations

BNK Financial Group recognizes the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) as a key framework for managing natural capital and refers to them in our approach to nature-related issues. Established in 2021 through a joint initiative of UNEP FI, UNDP, and WWF, the TNFD provides guidance for organizations to systematically assess and disclose nature-related financial information.

In line with the TNFD recommendations, we regularly assess our nature-related dependencies, impacts, risks, and opportunities, and transparently disclose the results to support financial decision-making that has a positive impact on nature.

Note 1) Direct impact pathways have a relatively limited scope of impact but are more controllable, whereas indirect impact pathways have a broader scope of impact but are more difficult to control.

Biodiversity Governance and Policies

Governance

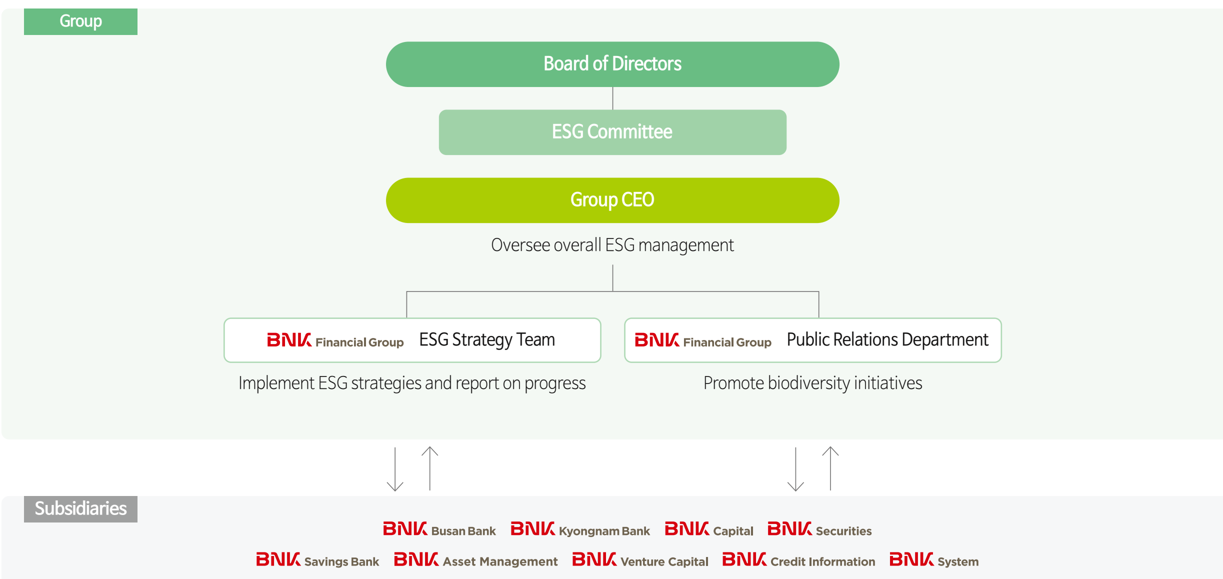
Biodiversity

Biodiversity is one of the most important components of natural capital. It refers to the variety of living organisms, including animals and plants, encompassing genetic diversity, species diversity, and ecosystem diversity. Biodiversity loss caused by pollution, habitat destruction, climate change, and other factors undermines ecosystem balance and resilience, reducing the ability of natural capital to provide ecosystem services. This, in turn, can have significant adverse impacts on the business activities of companies that depend on natural capital. BNK Financial Group recognizes the significance of biodiversity to business activities and society. We are committed to proactively managing biodiversity-related risks and opportunities.

Biodiversity Governance

BNK Financial Group has incorporated key environmental issues, including biodiversity, into its governance framework for integrated environmental management. On biodiversity issues, the ESG Strategy Team, a dedicated ESG unit, collaborates with the Public Relations Department to address relevant tasks in close cooperation with the involved subsidiaries.

Organizational Chart



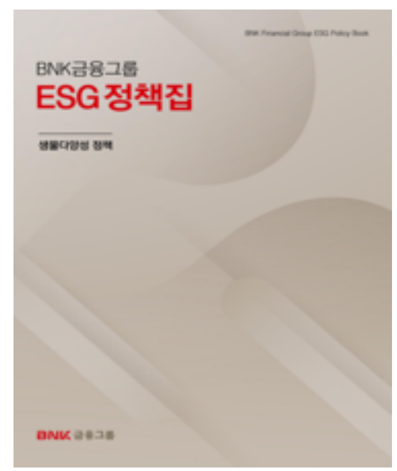
Biodiversity Policy

Since 2024, BNK Financial Group has established and implemented a Biodiversity Policy that sets out the fundamental principles and implementation measures for sustainable financial activities that coexist with the natural environment.

We promote and practice the protection and conservation of the natural environment, ecosystems, and biodiversity throughout our operations. With respect to biodiversity, we do not operate in areas containing critical habitats and seek to actively participate in discussions with global initiatives related to biodiversity in the financial sector. In addition, we have established an ESG Financial Policy to manage biodiversity-related risks that may arise in the process of corporate lending and investment.

This policy applies equally to BNK Financial Group and all of our subsidiaries. We also encourage our business partners to comply with this policy or adopt policies of an equivalent standard.

ESG Policy | Biodiversity Policy | ESG Financial Policy



BNK Financial Group
ESG Policy Book

Nature-related Disclosures

Strategy

Comprehensive Assessment of Nature Dependencies, Impacts, Risks, and Opportunities

BNK Financial Group efficiently manages nature-related risks and opportunities across our operations and client portfolio, promoting stable and sustainable growth for the Group. We also provide stakeholders with key data, including strategies, risks, and opportunities related to biodiversity, in a transparent manner.

In alignment with this approach, we selected Busan Bank's green business investment cases with potential financial implications to assess our dependencies and impacts on natural capital, and to identify risks and opportunities stemming from them. This assessment leveraged the LEAP (Locate - Evaluate - Assess - Prepare) methodology proposed by the TNFD. The target projects were the 'Sinan-Ui Offshore Wind Farm' and the 'Construction of a Hydrogen Production Facility in the Onsan Industrial Complex, Ulsan.' For each project, the impacts and dependencies on nature, along with the subsequent risks and opportunities, were comprehensively analyzed.

TNFD LEAP Approach

The LEAP approach is a methodology developed by the TNFD to help organizations systematically assess nature-related risks and opportunities and transparently disclose relevant information.
LEAP stands for Locate, Evaluate, Assess, and Prepare, and consists of the following four phases.

① LOCATE	② EVALUATE	③ ASSESS	④ PREPARE
Locate interface with nature	Evaluate dependencies and impacts	Assess risks and opportunities	Prepare to respond and report
Locate the interfaces with nature across the organization's operations and value chain	Evaluate the organization's nature-related dependencies and impacts	Assess the organization's nature-related risks and opportunities	Integrate the assessment results into strategy and risk management processes, and prepare for nature-related reporting and disclosures

Selected Case Study

Case 1

Sinan-Ui Offshore Wind Farm

Case 2

Hydrogen Production Facility Construction Project in the Ulsan Onsan Industrial Complex

Biodiversity Risk and Impact Management

Risk Management

CASE 1 CASE 2

Case 1

Sinan-Ui Offshore Wind Farm

BNK Busan Bank

The Sinan-Ui Offshore Wind Farm is a large-scale project with a capacity of approximately 390MW, located in the waters off Sinan, Jeollanam-do. This initiative was launched as the 'National Growth Fund No. 1 Project', combining policy finance and private capital. It represents a major infrastructure investment with a stable revenue structure, supported by long-term power sales contracts. Leveraging its extensive experience in marine finance, Busan Bank has participated in this project as part of the lenders, expanding financing capacity. We expect this project to contribute to job creation and the revitalization of related industries.

In Focus

1 LOCATE - Locate Interfaces with Nature

Understanding the Business Model and Value Chain L1

The Sinan Ui Offshore Wind Power Project is located offshore near Uido-ri, Docho-myeon, Sinan-gun, Jeollanam-do, approximately 4 km south of Uido. Busan Bank participates in the project primarily through project financing, representing an indirect role at the financing stage of the value chain.

Identifying Dependencies, Potential Impacts, and the Location L2 L3

Based on the environmental impact assessment, we reviewed the project's nature-related dependencies and potential impacts. The assessment found that the project's impacts on habitats, flora, and fauna are generally limited and can be managed appropriately.

The project is currently under construction with due consideration given to water quality, the marine environment, and the movement of small animals. As parts of the grid connection corridor overlap with habitats of protected marine species, managing potential impacts on ecosystems and biodiversity during both the construction and operational phases is essential.

Map of the Sinan Ui Offshore Wind Power Project
(Source: Hanwha)

BNK Financial Group

Risk Management

② EVALUATE - Evaluate Dependencies and Impacts

Identifying and Measuring Dependencies and Impacts on Natural Capital E1 E2

The installation, operation, and maintenance of the Sinan Ui Offshore Wind Power Project have been identified as the primary activities that affect natural capital. BNK Financial Group identified and assessed the project's dependencies and impacts on natural capital based on the 2026 ENCORE analysis*, the environmental impact assessment, and other relevant project information. The installation of offshore wind turbines and the occupation of seabed areas may affect habitat use and movement patterns of certain species and may also influence seabed morphology and ocean current flows. The analysis indicates that, among natural capital assets, the project has a high dependency on atmospheric conditions for maintaining stable climate conditions and wind resources. At the same time, by replacing fossil fuel-based power generation, the project is expected to have positive impacts on natural capital by reducing environmental pressures on the atmosphere, water resources, and land use.

* Based on the 2026 ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) Explore analysis, using ISIC Section D (Electricity, Gas, Steam and Air Conditioning Supply) and ISIC Group/Class (Wind Energy Production)

Dependency / Impact Level: Very Low ← Very Low | Low | Medium | High | Very High → Very High

E3

Dependencies on Natural Capital

Natural Capital	Main Ecosystem Services Relied Upon by Business	Nature of Dependency	Dependency Level
Water Resources	• It regulates water levels, including river flows, groundwater, and lakes, manages circulation, and purifies water resources.	• Water consumption and discharge • Cooling systems to prevent equipment overheating	Low
Atmosphere	• Carbon storage and absorption regulate atmospheric conditions, supporting climate stability (temperature, rainfall, and wind patterns)	• Efficient power generation and equipment reliability supported by stable temperature and climate conditions	High
Shoreline Systems	• Coastal features such as coral reefs, sandbars, and dunes protect shorelines and mitigate the impact of tidal surges and storms.	• Protecting facilities and equipment from physical risks	Medium
Seafloor Topography	• Marine shelves and seabed slopes form natural structures that help mitigate environmental impacts from pollutants and algal blooms.	• Providing essential infrastructure (plant foundations, subsea cable installation, etc.)	Medium

Impacts on Natural Capital

Natural Capital	Impacts of Our Business Operations on Key Ecosystems		Impact Level
Atmosphere	Positive impacts	• Reduce GHG emissions through green energy generation	High
Land & Water Resources	Positive impacts	• Lessen environmental burdens, including water consumption, soil damage, and ecosystem disruption, by replacing fossil fuel-powered generation, such as coal, oil, and natural gas	High
Land & Water Resources	Negative impacts	• Cause contamination of water and soil by discharging oils or other waste during maintenance	Low
Biological Species	Negative impacts	• Disrupt biological populations due to structure installation, noise, and vibration • Induce ecological changes such as species' habitat relocation or migration path shifts	Medium
Seafloor Topography	Negative impacts	• Alter seafloor topography or ocean currents owing to construction or occupied area	Medium

Risk Management

CASE 1 CASE 2

③ ASSESS - Assess Risks and Opportunities

Identifying and Managing Business-Related Risks and Opportunities A1

BNK Financial Group leveraged the 2026 WWF Biodiversity Risk Filter (WWF Biodiversity Risk Filter v3.0) to assess the location-specific nature-related risks associated with the Sinan Ui Offshore Wind Power Project. Based on the results of the environmental impact assessment, project analysis, and our understanding of the industry, we identified key nature-related risks and opportunities and developed business management measures for each identified factor.

The key risks identified include physical risks, such as equipment damage and operational disruptions resulting from extreme weather events; reputational risks arising from stakeholder concerns regarding biodiversity impacts; and regulatory risks associated with the potential strengthening of future environmental regulations. Key opportunities identified include enhanced resource efficiency through the replacement of fossil fuel-based power generation, expanded opportunities related to environmentally friendly businesses, and improved corporate reputation through enhanced ESG performance.

Going forward, we will implement management measures tailored to each identified risk and opportunity, while continuously enhancing our management framework.

A2

Key Risk Management

Category	⊖ Risks	Our Responses to Risks
Physical Risk	Suffer infrastructure damage and declining generation efficiency from climate extremes (scorching heat, heavy precipitation, floods, etc.)	• Conduct regular monitoring of facilities • Take climate action alongside activities to preserve ecosystems
	Degrade ecosystems and natural scenery, including marine and coastal habitats	• Carry out pre-investigation of areas prone to environmental and ecological impacts, and establish a management process • Apply methodologies that minimize impacts on natural environments
Reputation Risk	Earn negative reputation from environmental groups and local communities due to biodiversity loss and concerns about habitat disturbance	• Adopt sustainable practices in construction and operation to protect species • Ensure transparency through active communication and data disclosure
Policy & Legal Risk	Face tightened regulations coupled with growing management demands, creating additional burdens for compliance	• Proactively put in place an environmental management system that complies with international standards and embraces best practices • Formulate adaptive strategies to address evolving regulations by managing potential impacts

Key Opportunity Management

Category	⊕ Opportunities	Our Responses to Opportunities
Resource Efficiency	Ease natural capital burdens by replacing fossil fuels	• Monitor effects of reducing impacts on natural capital through energy transition • Set targets for expanding eco-friendly businesses in the portfolio to manage reductions in natural capital burdens in a structured way
Products and Services	Scale up green investments and expand opportunities for financial services	• Diversify sustainable finance portfolio through the development of green finance products and services • Draw up strategies to attract investments in sustainable finance and gain a competitive edge in the market
Reputation Improvement	Enhance stakeholder reputation through climate action and ESG performance	• Disclose climate action and ESG evaluation activities in a transparent manner • Report sustainable management and strengthen external communication

Biodiversity Risk and Impact Management

Risk Management

CASE 1 CASE 2

④ PREPARE - Prepare to Respond and Report

Reporting and Disclosure P3 P4

BNK Financial Group undertook a LEAP assessment of the Sinan Ui Offshore Wind Power Project as part of our approach to evaluating and managing risks associated with environmentally friendly projects, with the findings presented in this report. The assessment indicated that the project is dependent on the atmosphere and marine and coastal ecosystems and may influence seabed morphology and certain species throughout its construction and operational phases.

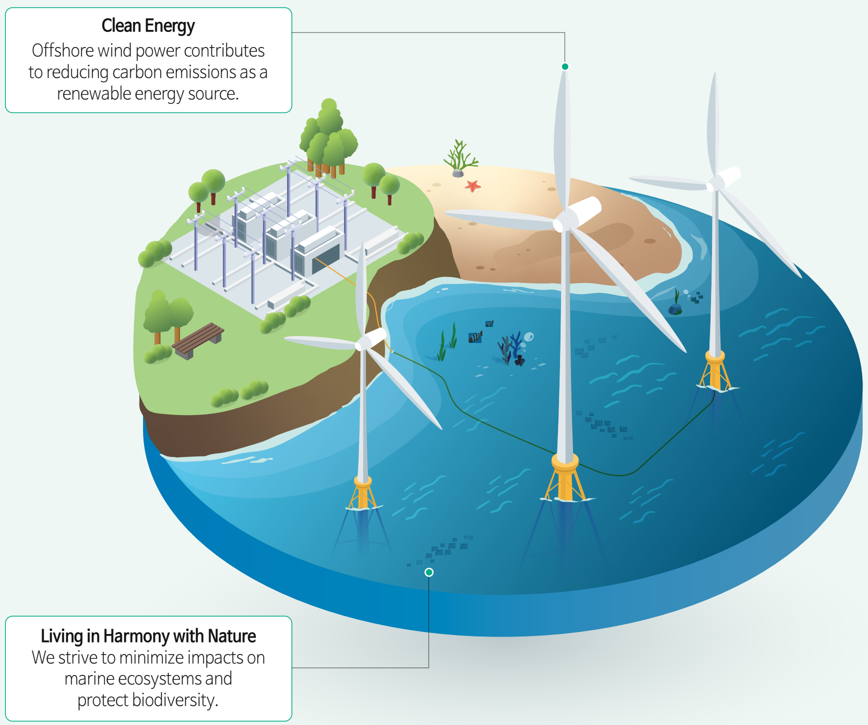
The assessment further indicated that, while the project delivers environmental benefits by displacing fossil fuel-based power generation, thereby improving atmospheric conditions and alleviating pressures on natural capital, it may also give rise to potential environmental impacts. Accordingly, the analysis underscored the importance of establishing a robust management framework to minimize impacts on the natural environment throughout the project lifecycle.

Going forward, we will continue to communicate nature-related risks, opportunities, and our governance and management approach through our Sustainability Report and other external channels, while further deepening stakeholder engagement through transparent disclosure.

Target Setting and Performance Management P2

BNK Financial Group identifies key nature-related risks and opportunities through the assessment and analysis of the Sinan Ui Offshore Wind Power Project and, based on these findings, establishes targets to enhance biodiversity and minimize impacts on natural capital.

Drawing on these targets, we conduct regular Group-wide monitoring and performance reviews to systematically track our progress in mitigating business-related risks and realizing nature-related opportunities.



Risk Management

CASE 1 CASE 2

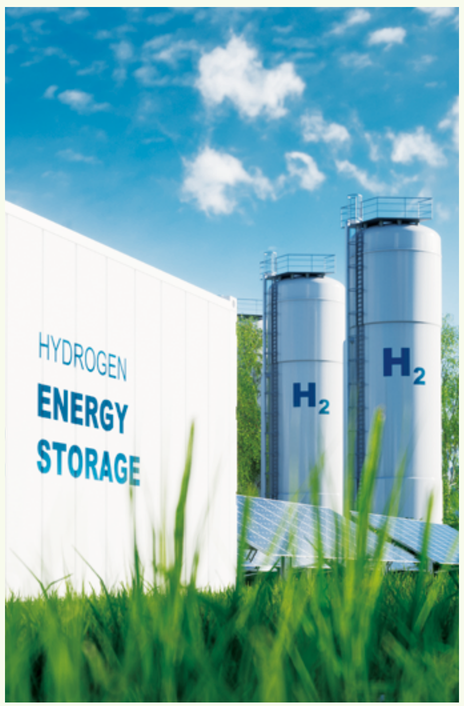
Case 2

Hydrogen Production Facility Construction Project in the Ulsan Onsan Industrial Complex

BNK Busan Bank

The hydrogen production plant in Onsan is a specialized facility dedicated to producing hydrogen for industrial purposes. It is being constructed within the Onsan Industrial Complex in Ulju-gun, Ulsan, and is slated for completion in 2026. This facility will be the largest of its kind in Korea, with a production capacity of 92,000 Nm^3, surpassing other commercial hydrogen production sites nationwide. Going forward, the hydrogen generated here will be utilized for manufacturing across a diverse spectrum of industries, including semiconductors, electrical and electronics, steel manufacturing, and petrochemicals.

In Focus



1 LOCATE - Locate Interfaces with Nature

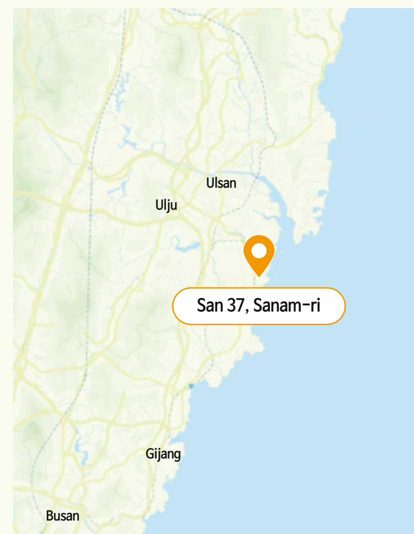
Understanding the Business Model and Value Chain L1

The Onsan hydrogen production facility is being constructed on a 33,000 m^2 site spanning 38 land parcels, including San 37, Sanam-ri, Onsan-eup, Ulju-gun, Ulsan. The facility will receive natural gas as its primary feedstock and produce high-purity hydrogen through purification, reforming, and separation processes.

Identifying Dependencies, Potential Impacts, and the Location L2 L3

Although the hydrogen production facility is being established within an existing petrochemical cluster, the cluster's proximity to the East Sea coastline means that facility operations may affect marine ecosystems, the coastal atmospheric environment, soil, and groundwater.

The facility also relies on the natural gas supply chain, as natural gas serves as its primary feedstock for hydrogen production. Accordingly, measures are required to ensure that natural gas extraction and transportation do not result in ecosystem degradation. In addition to natural gas, the facility uses electricity and water in its operations, and wastewater generated during operation is discharged to the Onsan Wastewater Treatment Plant.



② EVALUATE - Evaluate Dependencies and Impacts

Identifying and Measuring Dependencies and Impacts on Natural Capital E1 E2

Drawing on the 2026 ENCORE analysis* and relevant project information, BNK Financial Group assessed the Ulsan Onsan hydrogen production facility and found that the steam methane reforming (SMR) process for hydrogen production gives rise to both dependencies on and impacts to natural capital. The facility exhibits a high degree of dependence on the reliable supply of natural gas, water, and electricity, while also relying on regulating ecosystem services, including atmospheric dispersion and the capacity of water resources to absorb heat and substances. During operation, carbon dioxide emissions affect the atmospheric environment and climate regulation functions. Although a portion of these emissions is captured and utilized through carbon capture and utilization (CCU), residual emissions may remain. At the same time, where the hydrogen produced substitutes for fossil fuels, the facility has the potential to contribute positively to long-term greenhouse gas emissions reduction.

* Based on the 2026 ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) Explore analysis, using ISIC Section C (Manufacturing), ISIC Division (Manufacture of Chemicals and Chemical Products), and ISIC Group/Class (Manufacture of Basic Chemicals).

Dependency / Impact Level: Very Low ← Very Low | Low | Medium | High | Very High → Very High

E3

Dependencies on Natural Capital

Natural Capital	Main Ecosystem Services Relied Upon by Business	Nature of Dependency	Dependency Level
Fossil Fuels	• Energy supply (Methane)	• Utilize natural gas as a primary feedstock with partial use for power generation	High
Water Resources	• Steam supply, heat absorption, cooling, and water purification (freshwater, seawater)	• Provide water essential to the steam methane reforming process, and buffer discharged water	High
Atmosphere	• Pollution dispersion and dilution (regulating service), and atmospheric stability	• Discharge carbon dioxide into the atmosphere, and use nitrogen during the process	Medium
Land	• Physical support	• Ensure facility stability by serving as a foundation	Medium

Impacts on Natural Capital

Natural Capital	Impacts of Our Business Operations on Key Ecosystems		Impact Level
Atmosphere	⊕ Positive impacts	• Contribute to energy transition by replacing fossil fuels with hydrogen, and reduce carbon dioxide emissions and air pollution over the long term	High
Atmosphere	⊖ Negative impacts	• Increase GHG emissions during the process owing to partial discharge of uncollected carbon dioxide	High
Water	⊖ Negative impacts	• Consume large volumes of water for steam generation and cooling (increasing burdens on streams and groundwater) • Affect aquatic ecosystems through potential changes in seawater temperature caused by heat impacts	Medium
Land	⊖ Negative impacts	• Occupy industrial sites and infrastructure (limited impacts by utilizing existing industrial complexes)	Low

Risk Management

CASE 1 CASE 2

③ ASSESS - Assess Risks and Opportunities

Identifying and Managing Business-Related Risks and Opportunities A1

BNK Financial Group identified nature-related risks and opportunities associated with the hydrogen production facility by applying the TNFD framework, taking into account the characteristics of the project and its production process.

Key risks identified include regulatory risks associated with carbon dioxide and air pollutant emissions, physical risks related to dependence on water resources and operational disruption arising from climate change, and reputational risks associated with hydrogen production based on fossil fuels. Key opportunities include expanding market opportunities driven by growing hydrogen demand and the wider deployment of carbon capture and utilization (CCU), cost savings through enhanced preparedness for carbon-related regulations, and improved operational efficiency through greater resource efficiency and process optimization within the industrial complex.

We will establish management measures aimed at minimizing risks and maximizing opportunities, while driving their effective implementation on an ongoing basis.

A2

Key Risk Management

Category	Risks	Our Responses to Risks
Policy & Legal Risk	Face rising costs stemming from potential environmental regulations and policy changes (stricter rules on carbon emissions and air pollution, supply chain risks, and tighter water resource regulations)	• Expand CCS & CCU, advance low-carbon transition, and manage carbon accounting (Scope 1 - 3) in an integrated manner • Secure long-term contracts for natural gas sourcing, while diversifying supply chains • Establish water reuse systems and expand circulating water use
Physical Risk	Experience production limits and higher operational expenses resulting from changes in natural capital (water scarcity and competition, climate change, and risks associated with coastal locations)	• Reuse industrial water • Optimize seawater cooling efficiency and design processes based on climate scenarios • Strengthen coastal facility resilience
Reputation Risk	Encounter restricted access to investment and markets due to shifting ESG perceptions among investors and local communities (greenwashing controversies, limited ESG investments, and community grievances)	• Enhance TNFD-based disclosure of nature-related impacts and transparently report CCUS performance data • Apply precise definitions of low-carbon hydrogen, and develop strategies aligned with ESG rating requirements • Operate local community councils and expand renewable energy integration

Key Opportunity Management

Category	Opportunities	Our Responses to Opportunities
Market Change	Growing hydrogen demand and expansion of the CCU market	• Secure long-term demand contracts, strengthen hydrogen price competitiveness, and establish integrated supply chains • Convert carbon into revenue assets (commercialization), and capture high-value clients
Regulatory Compliance	Proactive response to evolving carbon regulations	• Design structures that minimize ETS costs, while ensuring transparency in carbon accounting
Operational Efficiency	Optimized resource efficiency and synergy created within industrial clusters	• Enhance resource circulation within industrial complexes across hydrogen, heat, and carbon dioxide • Integrate energy and material flows under unified management to improve environmental efficiency across the industrial ecosystem

Risk Management

CASE 1 CASE 2

④ PREPARE - Prepare to Respond and Report

Reporting and Disclosure P3 P4

BNK Financial Group applied the LEAP approach, in accordance with the TNFD framework, to assess the hydrogen production facility located within the Ulsan Onsan Industrial Complex in which Busan Bank has invested. The assessment indicated that the natural gas-based hydrogen production process is highly dependent on energy resources, water, and the atmosphere, while potentially affecting climate, atmospheric conditions, and water resources through GHG emissions and water consumption during operations.

The assessment further indicated that, while the facility is inherently associated with carbon emissions, it also presents opportunities to contribute to economy-wide decarbonization and improved resource efficiency through carbon capture and utilization (CCU) and the supply of hydrogen. Accordingly, the assessment underscored the importance of a robust management framework to minimize impacts on the natural environment through carbon mitigation, water stewardship, and air pollution control.

Building on these findings, we will continue to evolve our approach to managing nature-related risks and opportunities while enhancing the effectiveness of our response strategies and performance. Stakeholder engagement will remain integral to this process, enabling us to continuously improve environmental performance across the project.

Target Setting and Performance Management P2

The TNFD LEAP assessment enabled the identification of key nature-related risks and opportunities associated with the hydrogen production facility, providing the basis for recognizing the need to address key impact areas, including carbon emissions, water use, and air pollution. Given the characteristics of the steam methane reforming (SMR) process, consideration has been given to both the facility's impacts on the natural environment and its dependencies on critical natural resources.

BNK Financial Group is developing measures to address the identified risks and opportunities and intends to progressively establish related targets and a structured management framework. We also plan to introduce monitoring and performance evaluation mechanisms to strengthen our approach to mitigating nature-related risks and capturing emerging opportunities over time.

Biodiversity Risk and Impact Management

Risk Management

Overseas

Biodiversity Risk Management at Overseas Business Sites

BNK Financial Group assessed biodiversity risks across all 12 overseas operations (including branches, representative offices, and subsidiaries) in 2026 using the WWF Biodiversity Risk Filter v3.0, a biodiversity risk assessment tool developed by the World Wide Fund for Nature (WWF).

The assessment was based on the geographic locations of our overseas operations and provided a comprehensive evaluation of biodiversity-related risks, encompassing physical risks associated with changes in the natural environment, reputational risks arising from evolving societal expectations, and regulatory risks reflecting the level of biodiversity-related regulation in each jurisdiction.

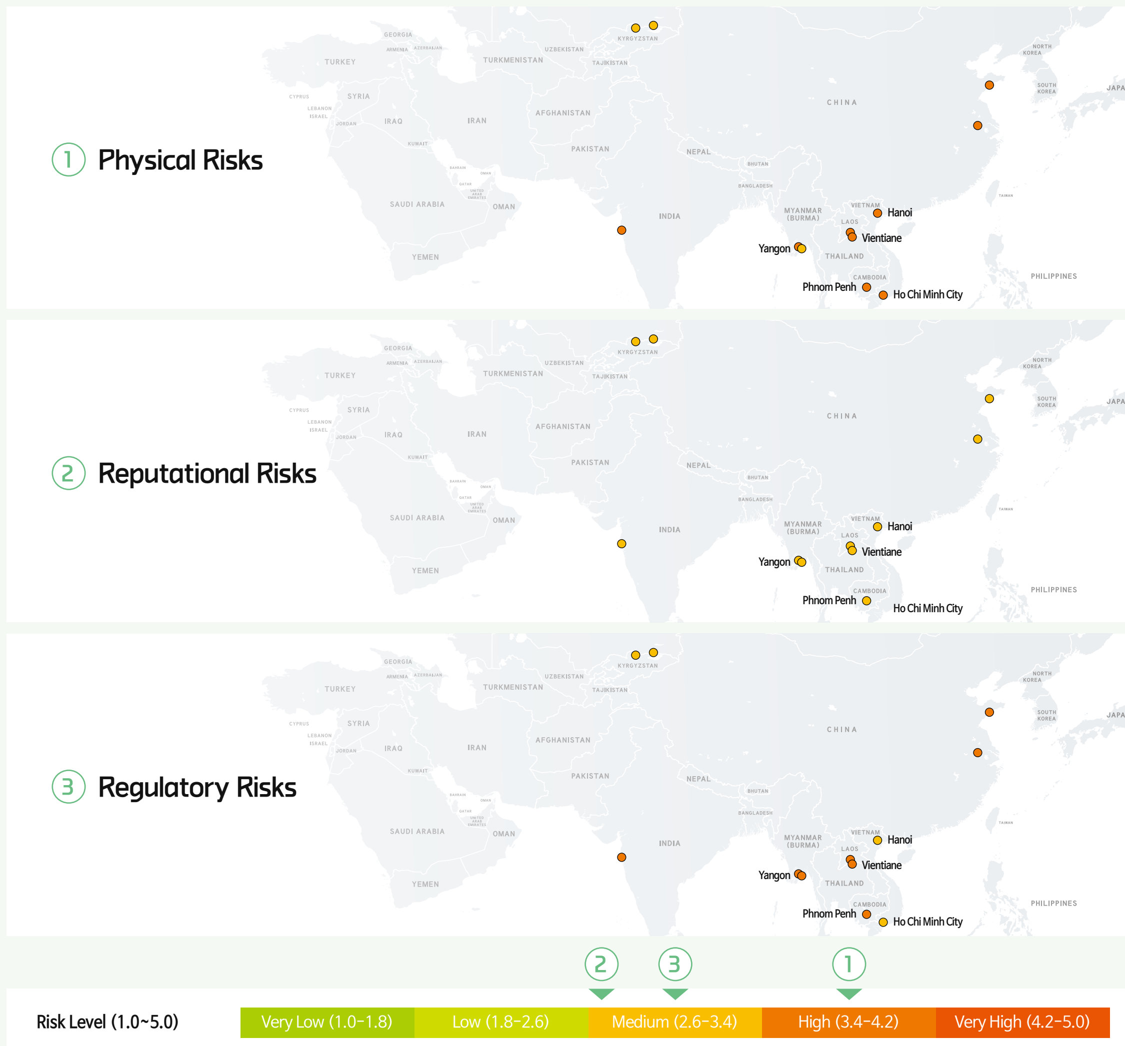
The assessment assigned average scores of 3.63 for physical risks, 2.89 for reputational risks, and 3.24 for regulatory risks, based on a five-point scale.

Relatively higher levels of physical risk were identified at certain overseas operations, particularly in China and Vietnam, while Myanmar recorded comparatively elevated regulatory risk due to gaps in the regulatory framework.

This assessment was undertaken to better understand the biodiversity risk exposure of the regions in which our overseas operations are located and to inform the development of appropriate response strategies. Building on these insights, we will continue to solidify our approach to biodiversity risk management while further enhancing our monitoring framework.

In Focus

BNK Financial Group



* Source : WWF, Biodiversity Risk Filter

Biodiversity Risk and Impact Management

Risk Management

Korea

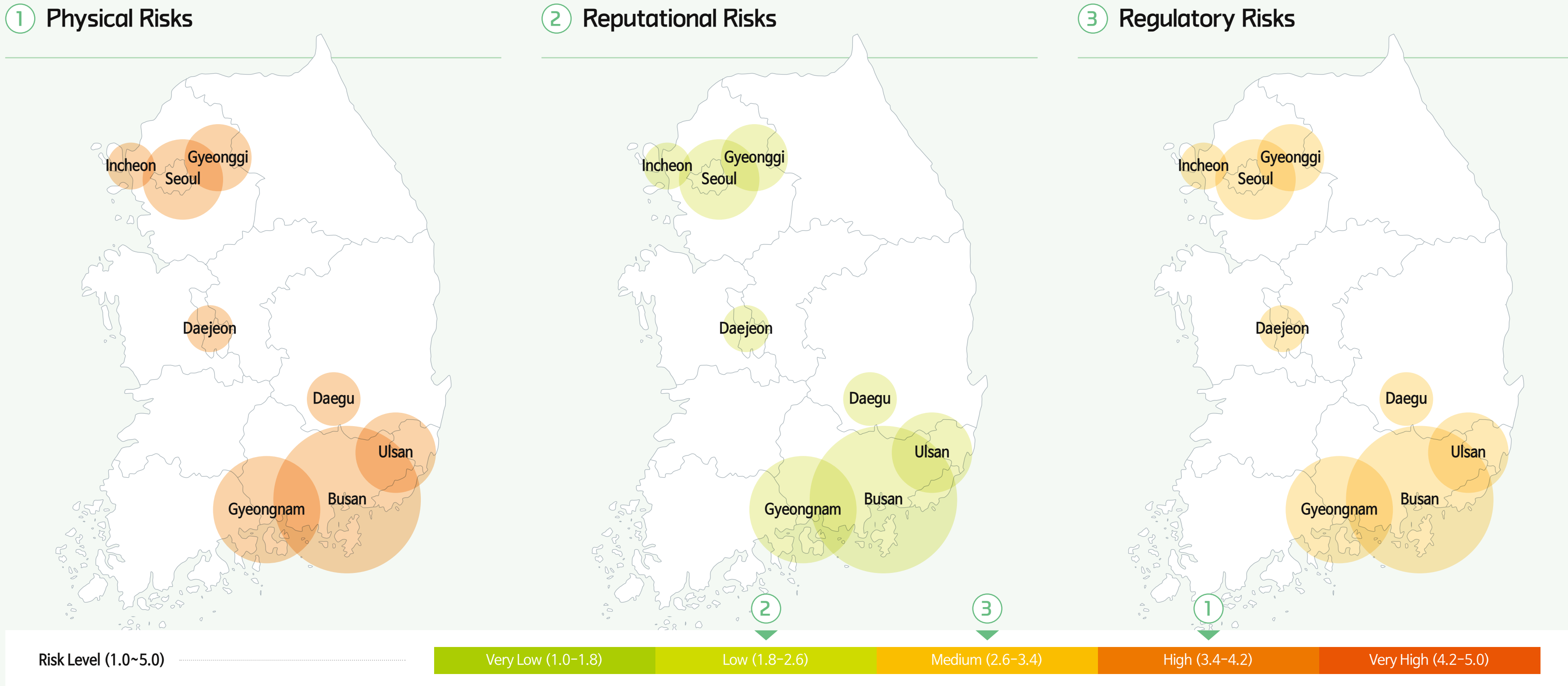
Biodiversity Risk Management at Domestic Business Sites

BNK Financial Group assessed biodiversity-related risks across selected domestic branch locations* in 2026 using the WWF Biodiversity Risk Filter v3.0. The assessment assigned average scores of 3.86 for physical risks, 2.38 for reputational risks, and 3.25 for regulatory risks on a five-point scale. While physical risks were assessed at a relatively higher level, reputational risks remained comparatively low. These findings highlighted the importance of strengthening our risk management framework, with a particular focus on physical risks associated with changes in the natural environment. Accordingly, we plan to advance proactive response strategies by continuously monitoring the impacts of climate and ecosystem change on our operations.

* The assessment covered 35 business sites in Korea, selected using proportional stratified sampling and a minimum allocation approach, taking into consideration their proximity to biodiversity hotspots and the representativeness of the selected assets, such as symbolic significance and scale.

In Focus

BNK Financial Group



* Source : WWF, Biodiversity Risk Filter

Biodiversity Targets and Performances

Metrics and Targets

Setting Nature and Biodiversity Targets

BNK Financial Group has established a mid to long term roadmap to advance its management framework for nature and biodiversity in phases. As part of this effort, we have assessed its core assets and business projects for biodiversity risks, followed by participation in relevant global initiatives and the development of a disclosure system. Going forward, the scope will expand to the full portfolio, embedding monitoring and performance management systems. A KPI driven framework will underpin continuous enhancement of biodiversity management capabilities.

Medium- and Long-Term Targets for Nature and Biodiversity

BNK Financial Group

~ 2026
Laying the groundwork for nature and biodiversity management

- Assess key tangible assets and business projects at home and abroad to analyze biodiversity risks
- Join global biodiversity initiatives and establish a disclosure system
- Define BNK Financial Group's role in meeting the targets of the Kunming-Montreal Global Biodiversity Framework (GBF)[1]

~ 2028
Broadening application and embedding the management system

- Analyze dependencies and impacts of major business portfolios on nature, and broaden the scope of coverage in phases
- Embed regular monitoring of nature-related risks and opportunities, and establish a performance management system

~ 2030
Upgrading the management framework and driving business outcomes

- Take the internal risk management framework for nature and biodiversity to higher levels
- Develop opportunity management structures connected to sustainable revenue streams
- Establish a KPI management system for risk and opportunity oversight

1) Kunming-Montreal Global Biodiversity Framework (GBF): Adopted in 2022, it is an international biodiversity agreement that aims to halt biodiversity loss by 2030 and to achieve the 2050 Vision of living in harmony with nature.

Biodiversity Targets and Performances

Metrics and Targets

Biodiversity Conservation Activities and Achievements

BNK Financial Group develops and implements employee participation programs for environmental clean-up and ecosystem conservation, contributing to biodiversity conservation.

BNK Busan Bank

Preserving Ecosystems, Cultivating Green Spaces
Aiming to preserve local environments and create sustainable value, Busan Bank has carried out a variety of initiatives. The establishment of the 'Busan Bank Corporate Garden,' a 621m^2 space created around the Nakdong River Samnak Ecological Park, testifies to its commitment. The garden hosts 2,740 native plants, including nationally protected species such as Aster koraiensis and Aster yomena, along with Pusan spike speedwell, Korean chrysanthemum, and Anemone hupehensis. It offers citizens a place to rest while supporting local ecosystem conservation.

In addition, BNK Financial Group has regularly conducted environmental cleanup activities across diverse regions, including ongoing plogging campaigns.

BNK Kyongnam Bank

Laying the Groundwork for Wetland Biodiversity and Carbon Absorption
With the objective of preserving biodiversity and contributing to the achievement of Net-Zero, Kyongnam Bank is undertaking a project to restore Suaeda japonica habitats in the Bongam Tidal Flat, designated as Wetland Protection Area No. 10.
Beginning with a one-year pilot project in 2025, the initiative has been scaled up in phases according to a mid- to long-term plan. The goal is to restore a healthy ecosystem and enhance carbon absorption by reintroducing Suaeda japonica, which had disappeared due to environmental pollution.
Suaeda japonica is a representative blue carbon halophyte, alongside eelgrass and reeds among coastal plants, playing a critical role in strengthening the tidal flat's capacity to store and absorb carbon. Kyongnam Bank has planted 1,200 Suaeda japonica in an area of 185.8m^2 around the artificial island of the Bongam Tidal Flat, following approval from the Ministry of Oceans and Fisheries. The project is now at the stage of verifying the possibility of natural growth and spread.

Restoring Fire-Affected Regions for Nature and Community
Kyongnam Bank has provided various forms of support for the restoration of areas damaged by the wildfire in Sancheong and Hadong in March 2025. The affected area spanned approximately 3,397 hectares, equivalent to about 4,800 football fields. To help recover the environment, the bank created 'BNK Garden for Hope' along Jirisan-daero in Sicheon-myeon, Sancheong-gun, one of the most severely damaged regions. The garden also serves as a resting space for local residents.

Covering 380.1m^2, the Hope Garden is designed to restore both ecological functions and scenic value. It includes plantings of various herbaceous species such as Korean lawn grass and festuca glauca, as well as trees, shrubs, and flowering plants. This project goes beyond environmental restoration, symbolizing 'regeneration and recovery' in the wildfire-affected area while contributing to the healing of the local community.

HUMAN RIGHTS REPORT

Human Rights & Diversity Management

Human Rights & Diversity Management at BNK Financial Group

BNK Financial Group is proactively responding to evolving internal and external expectations, including strengthened financial consumer protection, the expanded application of the Human Rights Management Implementation Guidelines, and broader human rights due diligence requirements introduced by ESG rating agencies. We recognize effective human rights risk management as a key management priority. Guided by this commitment, we are progressively extending the scope of our human rights management beyond our employees to encompass our business partners and local communities. Through these endeavors, we are fostering a sustainable and responsible organizational culture that upholds respect for human rights across all areas influenced by the Group.

BNK Financial Group's Human Rights & Diversity Targets

BNK Financial Group has set mid- to long-term goals on human rights and diversity, aiming not only to strengthen diversity across the organization but also to ensure the protection of human rights for all stakeholders. Our first goal is to embed our human rights management framework into every corner of the organization by 2026. By 2028, we will drive meaningful changes in employee awareness and behavior, thereby establishing a culture that truly upholds human rights management. Furthermore, by 2030, the scope of this commitment will extend to our key overseas subsidiaries and partner companies, ensuring that they also embrace the values of human rights management.

Mid- to Long-term Goals for Human Rights Management

2025~2026	2027~2028	2029~2030
Settling the Human Rights Management Framework	Embedding a Culture Upholding Human Rights	Disseminating the Human Rights Management Culture
• Broaden human rights assessment to cover 10 subsidiaries • Upgrade grievance redress system and ensure it is actively utilized	• Provide more educational programs on human rights and diversity • Embed diversity- and inclusion-oriented HR and talent management systems into the organization	• Expand assessment coverage (overseas subsidiaries and partner companies) • Add human rights assessment checkpoints

Human Rights & Diversity Governance

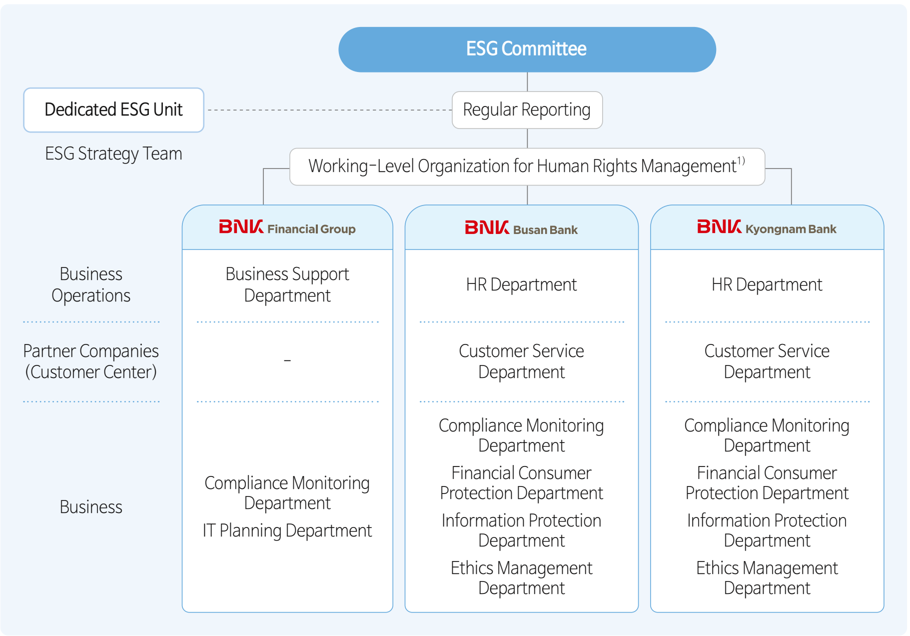
Human Rights & Diversity Management Framework at BNK Financial Group

BNK Financial Group has operated a human rights and diversity management framework designed to uphold respect for human rights across all aspects of its business activities, ensuring that all stakeholders, including employees, customers, business partner employees, investors, and local communities, are treated with dignity and respect. Through this framework, we continuously monitor human rights and diversity-related risks while proactively identifying and managing potential human rights issues, enabling effective preventive measures to protect our stakeholders. Going forward, we will continue to enhance the framework to further embed respect for human rights throughout the Group and cultivate a corporate culture where diversity and inclusion are fully embraced.

Organizational Functions for Human Rights and Diversity

BNK Financial Group has established a structured system to promote human rights and diversity, assigning responsibilities from the Board of Directors down to subsidiaries' working-level units. The ESG Committee under the Board serves as the top decision-making body, holding ultimate accountability for human rights management. Its functions encompass defining approaches to human rights and diversity, and supervising the development of related policies and strategies. The ESG Strategy Team, dedicated to the Group, sets Group-wide goals in collaboration with the Business Support Department of the Group and subsidiaries' HR Departments. It also conducts human rights impact assessments and comprehensively manages improvement tasks. At the working level, subsidiaries put human rights management into practice through initiatives tailored to their departmental functions. Their efforts span safeguarding employees' labor rights and dignity, protecting partner company customer service staff, and preventing abuses that could impact customers during service delivery, thereby embedding human rights management directly into daily operations.

Governance for Human Rights Management



1) In addition to the Group, subsidiaries are monitoring their initiatives and progress in human rights management and diversity under the leadership of their HR departments.

Human Rights and Diversity Management Organizations and Functions

Category	Organization in Charge	Roles and Functions
Under the Board	ESG Committee	• Defining approaches to human rights and diversity • Supervising policy and strategy development
Dedicated ESG Unit under the Group	ESG Strategy Team	• Setting Group-wide goals for human rights management in collaboration with the Business Support Department and subsidiaries' HR Departments, conducting human rights impact assessments, and comprehensively managing improvement tasks
Working-Level Units at Subsidiaries	Business Support Department (the Group) HR Department (Subsidiary)	• Promoting human rights and diversity policies, and addressing related issues (including workplace bullying)
	Customer Service Department	• Managing human rights of customer service workers, including those employed by partner companies
	Compliance Monitoring Department	• Operating internal controls and preemptive monitoring
	Financial Consumer Protection Department	• Safeguarding financial consumers' rights and interests (prevention of mis-selling and unfair practices)
	Information Protection Department and IT	• Conducting initiatives aimed at data protection and information security
	Ethics Management Department	• Investigating and tracking ethical issues such as integrity in contracts and workplace sexual harassment

Human Rights & Diversity Policies

Human Rights Policy

Recognizing that our business activities directly affect the lives of a wide range of stakeholders, including employees, customers, shareholders and investors, business partner employees, and local communities, BNK Financial Group formally established its Human Rights Policy in 2023. Following continuous review after its adoption, the policy was revised in 2025 to comprehensively integrate our human rights governance structure, risk identification and management procedures, and grievance mechanisms, evolving into a comprehensive policy governing our overall human rights management framework.

We comply with labor laws and regulations in all jurisdictions where we operate as a fundamental standard while embracing internationally recognized human rights and labor principles as the foundation of our business activities, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Core Conventions, and the Ten Principles of the UN Global Compact. When human rights violations, such as discrimination or harassment, or breaches of the policy are identified, we investigate the underlying causes through internal review procedures and promptly implement corrective actions and disciplinary measures where appropriate.

With an aim to protect labor rights, we implement practical safeguards for workers throughout our value chain. We provide compensation above the statutory minimum wage and ensure equal pay for equal work regardless of gender or disability. We prohibit working hours in excess of the statutory 52-hour workweek, actively encourage the use of paid annual leave, and foster a working environment that helps prevent employee burnout caused by excessive workloads. Where termination of employment is necessary, we provide at least one month's prior notice to allow affected employees sufficient time to prepare.

This policy applies to all employees of our headquarters, subsidiaries, and second-tier subsidiaries. We also expect external stakeholders, including customers and business partners, to uphold the same values and principles.

Human Rights Policy

Diversity Policy

BNK Financial Group formalized its Diversity Policy in June 2024 to foster a more inclusive society. The policy applies to all employees across our headquarters, subsidiaries, and second-tier subsidiaries. We prohibit discrimination against employees on any grounds, including gender, race, nationality, disability, age, gender identity, and religion, and are committed to fostering a workplace where every employee has an equal opportunity to realize their full potential.

We provide fair and equal opportunities to all employees, including underrepresented groups, throughout the entire employee lifecycle, including recruitment, promotion, and compensation. We strictly prohibit inappropriate conduct, such as sexual harassment, bullying, and workplace harassment, and apply a zero-tolerance policy toward perpetrators. In addition, we prevent disadvantages associated with pregnancy, childbirth, and childcare while supporting work-life balance. We continue to improve working conditions for employees with disabilities or illnesses and promote programs that support veterans and other eligible beneficiaries. We also uphold the principle of equal pay for equal work, analyze and disclose the gender pay gap annually, and operate a fair performance evaluation and compensation system based on individual capabilities and performance.

As we move forward, we will continuously embed the values of diversity and inclusion throughout our organization and put these principles into practice together with all stakeholders, including our customers, business partners, and local communities.

Diversity & Inclusion Policy

Human Rights & Diversity Risk Management

Regular Human Rights Due Diligence

Human rights due diligence is a structured process that enables companies to identify, prevent, and mitigate adverse impacts of their business operations on human rights, while also establishing systematic responses. Leveraging this as a core means of practicing human rights management, BNK Financial Group conducts annual human rights due diligence across its entire value chain, including its own business sites, subsidiaries, and key partner companies. The process is anchored in major domestic and international due diligence standards, including the UN Guiding Principles on Business and Human Rights and the Guidelines for Human Rights Management issued by the National Human Rights Commission of Korea. During the course of due diligence, we actively engage with stakeholders vulnerable to human rights infringements, incorporating their perspectives throughout the process. Based on findings, we implement remediation and enhancement measures, mitigating human rights risks in phases across the Group.

Human Rights Due Diligence Process

1. **Design Human Rights Impact Assessment**
   Identify focus areas in human rights management for the year and pinpoint stakeholders prone to human rights risks. Based on these findings, refine the checklist and determine appropriate means of assessment
2. **Conduct Human Rights Impact Assessment**
   Assess both potential and actual adverse impacts of business operations and management relations on human rights, using the checklist. Formulate risk-mitigation and improvement plans
3. **Implement Improvement Plans**
   Take measures to remediate human rights risks and address ongoing human rights issues
4. **Monitor Effectiveness**
   Monitor and evaluate remediation and mitigation measures (qualitative and quantitative assessments)
5. **Report Results**
   Communicate the outcomes of human rights impact assessments, initiatives to rectify and reduce risks, the effectiveness of actions taken, and future plans to stakeholders

Human Rights & Diversity Risk Management

Designing 2026 Human Rights Impact Assessment

For 2026, BNK Financial Group identified fair HR practices, work environment and humane treatment, and the establishment of a human rights management system as priority areas for human rights management. We also identified non-regular workers, female employees, customer service staff, lower-ranked employees, and financially vulnerable groups as stakeholders that are relatively more vulnerable to human rights risks and incorporated these considerations into the assessment design.

The assessment tool was refined based on the checklist developed in the previous year, with selected items updated. The checklist comprises 14 human rights areas, 48 assessment items, and 87 detailed indicators, designed to assess the human rights impacts on key stakeholder groups, including employees, customers, workers of partner companies, shareholders and investors, and local communities. In particular, the checklist was designed to retain and further refine the vulnerable areas identified through the previous year's human rights impact assessment, enabling more targeted improvement measures to be developed for each issue.
Built on this systematic assessment framework, which encompasses human rights risk areas across different stakeholder groups, we conduct human rights impact assessments and continue to effectively manage human rights risks affecting each stakeholder group.

Human Rights Impact Assessment Checklist

	Main Areas	Items		Key Stakeholders
1	Establishment of the Human Rights Management System	• Policy • Organizational structure	• Education • Grievance channels operation	Employees, workers of partner companies
2	Non-Discrimination in Employment	• Recruitment • Performance evaluation • Pay and compensation • Workforce allocation	• Leave of absence • Non-discrimination against vulnerable groups (e.g. women, non-regular workers)	
3	Freedom of Association and Collective Bargaining	• Freedom of association	• Collective bargaining	
4	Prohibition of Forced Labor	• Physical and psychological harassment • Involuntary overtime • Restrictions on annual leave	• Freedom to change jobs or resign • Prohibition of human trafficking	
5	Prohibition of Child Labor	• Prohibition of child labor		
6	Occupational Safety and Health	• Management system • Prevention and management • Education	• Protection of vulnerable groups (e.g. employees with disabilities, pregnant employees)	
7	Ensuring Environmental Rights	• Environmental rights		

	Main Areas	Items		Key Stakeholders
8	Responsible Supply Chain Management	• Fair trade with partner companies • Protection of the human rights of workers of partner companies	• Occupational safety and health	Workers of partner companies
9	Responsibilities to Local Communities	• Protection of the human rights of local community members	• Community development	Local community residents
10	Protection of Consumer (Customer) Human Rights	• Collection and management of personal information • Customers' right to know • Prevention of unnecessary financial burdens	• Grievance handling • Support for vulnerable groups (e.g. financially vulnerable groups, older adults, foreign nationals)	Customers
11	Responsibilities to Shareholders and Investors	• Information disclosure • Respect for shareholder opinions	• Enhancement of shareholder value	Shareholders and investors
12	Anti-Corruption and Corporate Governance	• Anti-corruption	• Corporate governance	Employees, customers, shareholders and investors
13	Prohibition of Unfair Trade and Unfair Competition	• Unfair trade practices	• Unfair competition	
14	Work Environment and Humane Treatment	• Workplace harassment • Workplace sexual harassment • Emotional labor in customer service • Work-life balance	• Wages • Personal information protection • Human resource development • Physical and mental health	Employees, workers of partner companies

Human Rights & Diversity Risk Management

Human Rights Impact Assessment in 2026

In the first quarter of 2026, BNK Financial Group conducted a human rights impact assessment across the Group. The assessment was carried out using three methods: anonymous online surveys of employees across all subsidiaries, anonymous online surveys of customer service staff, and checklist-based in-person assessments and interviews conducted by human rights managers at each subsidiary. To ensure fairness and objectivity throughout the assessment process, we conducted the assessment in collaboration with a specialized third-party agency.

The employee survey covered nine human rights areas related to employees and customers, while the customer service staff survey assessed seven human rights areas related to customer service staff and customers. Both surveys guaranteed respondent anonymity to encourage candid responses and included open-ended questions to gather participants' views on perceived human rights risks and potential areas for improvement.

Human rights managers at each subsidiary conducted in-depth assessments of how the Group's policies, regulations, and business activities affect the human rights of various stakeholder groups through checklist-based evaluations. In particular, individual interviews with the human rights managers were conducted this year to further enhance the depth of the assessment and strengthen its practical relevance.

2026 Human Rights Impact Assessment Overview

	(1) Employee Human Rights Assessment	(2) Customer Service Staff Human Rights Assessment	(3) Subsidiary Human Rights Manager Assessment
Method	Anonymous Online Survey	Anonymous Online Survey	Checklist-Based In-Person Assessment and Interviews
Target	Employees across BNK Financial Group and its subsidiaries, including Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Credit Information, BNK System, BNK Savings Bank, BNK Asset Management, and BNK Venture Capital	Customer service staff across Busan Bank and Kyongnam Bank (partner companies' staff included)	HR Department staff and human rights managers across BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Credit Information, BNK System, BNK Savings Bank, BNK Asset Management, and BNK Venture Capital
Survey Questions	35 questions in 9 areas (33 multiple-choice questions and 2 essay questions)	28 questions in 7 areas (26 multiple-choice questions and 2 essay questions)	55 questions in 13 areas

Stakeholders Vulnerable to Human Rights Risks

With an objective of supporting an effective human rights impact assessment, BNK Financial Group identified stakeholders that are particularly vulnerable to human rights risks, as shown in the table on the right. Based on this stakeholder identification, we designed survey questionnaires for employees and customer service staff, as well as checklists for human rights managers, to enable a comprehensive assessment of human rights risks affecting each stakeholder group.

Identified Stakeholders Vulnerable to Human Rights Risks

	Business Operations		Business Relationships
Stakeholders Vulnerable to Human Rights Risks	**Organizational Operations** Part-time employees, female employees, customer service staff, and lower-ranked employees	**Business (Finance)** Financially vulnerable groups	**Partner Companies** Customer service staff

Human Rights & Diversity Risk Management

Areas Vulnerable to Human Rights and Diversity Risks and Improvement Plans

The 2026 human rights impact assessment confirmed that overall human rights risks across BNK Financial Group are being managed at an appropriate level across all assessment areas. No serious human rights infringements or related cases were identified. However, through a thorough analysis of areas vulnerable to human rights issues by stakeholder group, we derived key areas of focus requiring intensive care. All ten subsidiaries of the Group that conducted human rights impact assessments have drawn up their own remediation and improvement plans, alongside risk-mitigation measures. Under this structured approach, we will continue to refine our practices, thereby elevating our human rights protection to new heights.

Stakeholders	Vulnerable Areas (Human Rights Risks)	Improvement Priorities	Key Mitigation and Improvement Plans
Employees	Healthy Labor-Management Relations	Regularize labor-management communication	• Hold labor-management council meetings four times a year and convene additional meetings as needed to discuss emerging agenda items • Support joint labor-management employee welfare events three times a year
		Solidify the labor-management cooperation framework	• Improve employee welfare programs through labor-management council discussions, including increased commuting allowances and family benefits • Form and operate a joint labor-management task force for organizational culture development • Encourage employees to participate in labor union activities and organize labor-management harmony events • Prohibit disadvantageous treatment based on labor union membership
	Grievance Channels and Mechanisms	Communicate grievance handling procedures	• Operate a permanent grievance reporting channel through the HR system • Provide separate guidance on grievance reporting prior to regular personnel appointments • Provide guidance on grievance handling procedures under the workplace harassment prevention and response guidelines. • Enhance and expand grievance handling procedures through anonymous reporting channels
		Advance the grievance channels	• Establish both in-person and telephone / online grievance reporting channels • Operate a prompt support system for handling grievances upon employee request
	Fair HR Practices	Establish a monitoring system for fairness in employment and compensation	• Ensure fair recruitment of new employees through reviews by the Compliance Monitoring Department • Establish a transparent management system for assessment criteria and results at each stage of the recruitment process
		Improve working conditions for non-regular workers	• Provide non-regular workers with welfare benefits equivalent to those of regular employees • Prohibit discrimination based on gender, employment status, or region of origin
	Occupational Safety and Health	Prevent and manage physical and psychological risk factors affecting employees	• Conduct annual health check-ups for employees and operate the employee assistance program (EAP)
	Work Environment and Humane Treatment	Eradicate workplace harassment	• Provide psychological counseling for affected employees, monitor recurrence prevention, and impose strict disciplinary measures on offenders
		Strengthen employee personal data protection	• Offer annual information protection training for all employees

Stakeholders	Vulnerable Areas (Human Rights Risks)	Improvement Priorities	Key Mitigation and Improvement Plans
Female Employees	Fair HR Practices	Advance capability development programs for female employees	• Conduct leadership and lending capability development programs for female employees twice a year • Operate private banker (PB) development programs for female professionals
Suppliers (Customer Service Staff)	Overall Human Rights of Customer Service Staff (Customer Counselors)	Establish and communicate the human rights management system	• Operate a grievance reporting channel for customer service staff • Include the Human Rights Policy as a mandatory component of new employee training and provide regular refresher guidance
		Regularly monitor and support human rights issues arising during customer interactions	• Conduct quarterly customer service training and call quality monitoring • Operate a system for handling abusive complaints and provide support for affected customer service staff
		Improve working conditions and the work environment	• Provide break time following intensive customer consultations and operate flexible working arrangements, including reduced working hours for pregnant employees • Offer early leave on employees' birthdays and special benefits for long-serving employees • Conduct annual occupational safety and health training and encourage short breaks to reduce prolonged call handling
		Prevent emotional labor and protect employees' health	• Measure stress levels and provide customized health management programs • Offer psychological counseling by external specialists and operate Healing Day programs
	Work Environment and Humane Treatment	Protect emotional laborers and provide appropriate response measures	• Grant the right to suspend calls involving abusive customers and provide time for emotional recovery • Clearly define the authority to terminate calls involving abusive customers and strictly apply customer response guidelines
		Offer effective training to support knowledge and capability development	• Conduct monthly training on new financial products, capability development, customer service, and personal information protection • Share best practices through internal training sessions and expand opportunities to participate in internal and external training programs
Customers	Right to Know	Strengthen training for customer service staff (counselors)	• Enhance pre-launch training for new financial products and conduct customer interaction scenario training
	Consideration for the Information-Disadvantaged	Provide information for information-disadvantaged groups	• Operate dedicated service personnel for older adults to improve financial accessibility for digitally disadvantaged customers
	Grievance Resolution	Improve the customer complaint handling system	• Operate customer complaint reception channels

Human Rights & Diversity Risk Management

Risk Management and Improvement Initiatives for Human Rights Vulnerabilities Identified in 2025

Based on the findings of the 2025 human rights impact assessment, BNK Financial Group identified mitigation measures and improvement priorities for the human rights vulnerabilities identified at each subsidiary and carried out corresponding improvement initiatives. We continue to identify human rights-related risks through regular human rights impact assessments and pursue ongoing mitigation and improvement efforts across the Group.

Stakeholders	Vulnerable Areas (Human Rights Risks)	Improvement Priorities	2025 Improvement Initiatives and Achievements
Employees	Establishment of a Human Rights Management System	Providing Guidance on Human Rights Management Policies and Dedicated Units	• Participated in BNK Financial Group's human rights impact assessment • Provided guidance on human rights management - related policies and institutions • Operated online courses for human rights education
		Enhancing the Grievance Resolution System	• Ran an HR system - based grievance channel • Regularly received and addressed grievances and employee pain points • Strengthened guidance regarding grievance handling procedures and channels
	Fair and Equitable HR Practices	Establishment of a Fairness Monitoring System	• Conducted performance assessment consulting led by external specialized agencies • Operated blind recruitment • Reviewed compliance in recruitment and assessment procedures
		Prohibition of Discriminatory Treatment for Female Employees, Non-Regular Workers, and Employees Returning from Leave	• Put in place female manager development programs • Applied equal pay for equal work • Enhanced fringe benefits for non regular workers
	Freedom of Association and Collective Bargaining Rights	Non-Discrimination in Union Membership	• Ensured zero cases of disadvantage due to union membership • Guaranteed union activities and rights
		Expansion of Labor-Management Communication and Consultation	• Held quarterly labor-management council meetings • Made discussions for wage negotiations and collective agreements • Operated events designed to achieve labor-management harmony
	Environmental Rights	Creation of a Healthy and Pleasant Work Environment	• Regularly checked air purifiers, and heating and cooling facilities • Ameliorated the fire evacuation system • Upgraded obsolete equipment and improved office environment
	Work Environment and Humane Treatment	Provision of Guidelines for Employee Protection and Situational Response in the Event of Human Rights Issues During Customer Interaction	• Put in place a response process to malicious complaints • Operated a stepwise customer service manual • Forged a response system that puts counselor protection at its core
		Refinement of the Work Environment to Support Work-Life Balance	• Operated a working hour coordination system for childcare • Supported employees with flexible work hours and shortened working hours • Enhanced work processes
		Education for Upskilling and Effective Job Performance	• Compiled and regularly amended job manuals • Put in place the career development program (CDP) • Offered educational programs on job-specific skills, leadership, and financial laws
		Employee Personal Data Protection	• Formulated and implemented personal data protection plans • Provided data protection education • Controlled access and carried out regular security inspections

Stakeholders	Vulnerable Areas (Human Rights Risks)	Improvement Priorities	2025 Improvement Initiatives and Achievements
Customers	Grievance Resolution	Refinement of the System to Accept and Address Customer Pain Points	• Operated a customer complaint reporting center • Established a system where complaints are transferred to responsible departments upon receiving • Had in place a swift complaint handling process
	Consideration for the Information Disadvantaged	Provision of Information for the Information-Disadvantaged	• Operated a counseling process dedicated to the elderly • Deployed skilled counselors • Improved access to information for vulnerable groups
	Right to Know	Education for Counselors on Guaranteeing Customers' Right to Know	• Provided education immediately after a new product was released or policy was changed • Distributed job manuals and Q&A materials • Operated regular educational programs for counseling quality
Suppliers (Customer Counselors)	Establishment of a Human Rights Management System	Guidance for the Grievance Resolution System and Grievance Redressal	• Put in place channels for grievance reception, such as on-site voice box, and QR channel • Carried out stress management programs • Operated statutory education
	Fair and Equitable HR Practices	Establishment of a Fair Assessment and Remuneration Framework, and Ban on Discrimination Against Non-Regular Workers	• Operated 360-degree assessment for performance • Rewarded outstanding counselors and long-service workers • Applied equal pay for equal work
	Prohibition of Forced labor	Guarantee of Annual Leave Use and Freedom of Turnover and Retirement	• Ensured the use of annual leave on days employees wanted to take it • Respected their voluntary decision to retire • Introduced a policy to minimize overtime work
	Occupational Safety and Health	Assistance for Customer Counselors in Their Safety and Health	• Operated a protection manual for emotional labor workers • Provided psychological counseling and stress management programs • Built a system to support complaint-related counseling
	Work Environment and Humane Treatment	Protection of Emotional Laborers, Guarantee of Proper Workload, and Advance Notification of Monitoring for the Protection of Customer Counselors' Human Rights	• Operated a manual for handling abusive customers, and granted the right to suspend counseling • Allowed time for emotional recovery, and provided external psychological counseling programs • Assigned proper workload, operated flexible work hours alongside rest areas • Notified monitoring in advance, and offered coaching-focused feedback to support their growth

Human Rights & Diversity Risk Management

CASE

Key Risk Mitigation and Improvement Initiatives for Human Rights Vulnerabilities Related to Workers of Partner Companies Identified in 2025

From 2025 through the first half of 2026, BNK Financial Group carried out a range of initiatives to mitigate human rights risks and address the human rights vulnerabilities related to workers of partner companies identified through the 2025 human rights impact assessment.

Supporting Occupational Safety and Health for Partner Companies

Health and Wellness Programs for Customer Service Staff

BNK Busan Bank

Aiming to promote the health and well-being of customer service staff, Busan Bank operates the Healing Mind program. The program is designed to help alleviate work-related stress arising from the nature of customer service roles while supporting both physical and mental well-being. In 2025, the program offered a magic performance designed to provide emotional relief and psychological relaxation. During the first half of 2026, a yoga program was introduced to promote physical relaxation and mental well-being.

'Healing Mind' program

Supporting Occupational Safety and Health for Business Partners

BNK Busan Bank BNK Kyongnam Bank

Busan Bank and Kyongnam Bank entered into a business agreement for the corporate industrial accident awareness improvement initiative, establishing a collaborative framework to enhance occupational safety and health standards among business partners. Through this initiative, we provide occupational safety and health assessments and consulting services for small and medium-sized enterprises in regions with relatively high industrial accident rates, while also offering financing support for the adoption of industrial accident prevention facilities. By leveraging our profound regional network, we contribute to fostering a culture of workplace safety among business partners and supporting the development of practical occupational safety infrastructure.

Human Rights & Diversity Risk Management

CASE

Key Risk Mitigation and Improvement Initiatives for Ethics and Organizational Culture-Related Human Rights Vulnerabilities Identified in 2025

From 2025 through the first half of 2026, BNK Financial Group carried out a range of initiatives to mitigate human rights risks and address the human rights vulnerabilities identified for partner companies through the 2025 human rights impact assessment.

Ethical Management Culture

Campaign to Promote an Ethical Management Culture

BNK Kyongnam Bank

Kyongnam Bank carried out the BARUN BNK ethical management campaign based on the Group's ethical management philosophy. Each letter of BARUN represents a core principle of ethical management: **B**uilding the Principles, **A**nti-Malfeasance, **R**esponsibility & Accountability, **U**pper-level Integrity, and **N**etworking and Collaboration. BNK represents behavioral guidelines based on these principles: **B**ehavior in Ethics, **N**otify the Risks, and **K**nock on the Whistle-blowing System. Through this campaign, we strive to foster a sound organizational culture and encourage employees to recognize ethical management as the guiding principle for their decisions and actions.

Organizational Culture Excellence

Programs to Cultivate an Engaging Organizational Culture

BNK Capital

BNK Capital operates a variety of organizational culture programs designed to encourage communication among employees and foster collaboration-driven performance. Through its 'Family Day' program, the company provides partial travel expense support for employees traveling together, helping strengthen interpersonal connections. The 'We Will' program encourages interaction and collaboration among departments with closely related responsibilities. On top of that, 'BNK Culture Day' offers employees opportunities to connect and recharge through a variety of after-work activities, including flower arranging and perfume-making workshops. Looking ahead, BNK Capital plans to introduce a parent appreciation family trip program, allowing employees to travel with their parents as part of its continued efforts to cultivate a more family-friendly corporate culture.

Open Organizational Culture

BNK Asset Management

BNK Asset Management promotes an open organizational culture and strengthens trust across the organization by expanding communication between management and employees. In addition to creating opportunities for direct dialogue between the CEO and employees, the company encourages open communication through small-group engagement programs, including division lunch meetings, birthday lunches with employees, and meetings with department heads, team leaders, and division heads. BNK Asset Management also hosts 'BNK Open Table 2025 Hope Day,' bringing together all employees to foster shared understanding and strengthen organizational cohesion.

BNK Asset Management also incorporates team members' use of annual leave into the KPI evaluations of managers and above, encouraging a workplace culture where employees can take leave more freely while supporting work-life balance and enhancing organizational engagement.

Expanding Opportunities for Communication

BNK Savings Bank

BNK Savings Bank holds regular HR and management briefing sessions to improve employees' understanding of management and promote transparent communication across the organization. These sessions provide updates on the company's business performance and key management policies while fostering shared understanding among employees. In addition, the CEO personally participates in communication and team-building programs with each division and department, creating opportunities to reflect employees' perspectives in management decisions while strengthening organizational cohesion and a collaborative workplace culture.

Organizational Culture Assessment and Improvement Initiatives

BNK Securities

BNK Securities conducts systematic organizational culture assessments to build a healthy and sustainable workplace culture. By comprehensively measuring key indicators, the company identifies areas requiring improvement and carries out targeted initiatives based on the assessment results. In order to help new employees adapt to the organization and build a strong foundation from the outset, BNK Securities offers onboarding and retention programs. Besides, a variety of employee engagement activities, including the Securities Marathon for employees and their families (140 participants in total), running classes for employees, and special lectures by distinguished guest speakers, encourage communication and participation across the organization. These initiatives contribute not only to enhancing employees' physical and mental well-being, but also to fostering a stronger sense of belonging and higher employee satisfaction.

Human Rights & Diversity Risk Management

CASE

Key Risk Mitigation and Improvement Initiatives for Human Rights Vulnerabilities Related to Non-Discrimination and Labor-Management Relations Identified in 2025

With an aim to address the human rights vulnerabilities related to non-discrimination and labor-management relations identified through the 2025 human rights impact assessment, BNK Financial Group carried out a range of risk mitigation and improvement initiatives from 2025 through the first half of 2026.

Non-Discrimination

Supporting Inclusive Employment for Persons with Disabilities

BNK Securities

BNK Securities is expanding employment opportunities for persons with disabilities, taking the lead in fostering an inclusive workplace. In collaboration with the Korea Employment Agency for Persons with Disabilities (Busan Branch) and the Busan Sports Association for Persons with Disabilities, the company currently employs seven athletes with disabilities, supporting their economic independence and active participation in society. BNK Securities has achieved a 100% compliance rate with the statutory employment quota for persons with disabilities and continues to enhance its policies and workplace culture to ensure that no discrimination occurs on the basis of disability.

Shared Growth and Non-Discrimination for Workers of Partner Companies

BNK Savings Bank

BNK Savings Bank is committed to fostering a fair and inclusive working environment for customer service staff employed by partner companies. To minimize discrimination based on employment status, the company extends a portion of the cash bonuses provided during major holidays and commemorative occasions, including Lunar New Year, Chuseok, and Labor Day, to employees of partner companies.

Improving Employment Policies for Fixed-Term Workers and Eliminating Discrimination

BNK Credit Information

In 2025, BNK Credit Information comprehensively revised its employment policies to eliminate discriminatory practices affecting fixed-term workers and foster a fair working environment. Through these revisions, the company improved unreasonable disparities based on employment status and established a foundation that enables all employees to work under equal standards.

Labor-Management Consultation and Communication

Driving Sustainable Growth Through Labor-Management Cooperation

BNK Busan Bank

Busan Bank continues to strengthen organizational competitiveness and productivity through a relationship of trust and cooperation between labor and management while sharing the resulting value with local communities. As part of these endeavors, the bank held a joint labor-management declaration ceremony in March 2026 under the theme, 'revitalizing the regional economy and advancing Busan Bank's next leap forward.' Through the joint declaration, labor and management reaffirmed their shared commitment to delivering the benefits of innovation to local communities and further establishing Busan Bank as a trusted regional financial institution. Moving forward, Busan Bank will continue to contribute to regional economic revitalization and pursue sustainable growth based on a spirit of shared growth and cooperation.

Shared Growth through Labor-Management Cooperation

BNK Kyongnam Bank

Kyongnam Bank holds quarterly Labor-Management Council meetings to build stable labor-management relations founded on trust. Through these meetings, the bank listens to employees' concerns and incorporates diverse perspectives into management, strengthening mutual understanding and cooperation.

Labor-Management Communication Framework

BNK Credit Information

BNK Credit Information established a Labor-Management Council in 2025 and has maintained structured communication through quarterly meetings. The council serves as an official channel for listening to employees' concerns and reflecting diverse perspectives in management, contributing to the development of sound labor-management relations built on mutual trust.

Human Rights & Diversity Risk Management

Human Rights Grievance Redress Process

BNK Financial Group operates 24/7 grievance redress channels for stakeholders to report actual or potential human rights violations and grievances that may arise in the course of our business operations. These channels serve as a key mechanism for mitigating adverse human rights impacts before they occur and for ensuring appropriate remedy and corrective actions when issues are identified.

Grievance Redress Procedures and Channels

Stakeholders may raise grievances through a variety of channels, including mobile applications, QR codes, in-person reporting, telephone, and email. Once received, each case is handled by the responsible department in accordance with internal procedures through a five phases: (1) report submission, (2) in-depth interview and investigation, (3) implementation of follow-up actions based on the investigation findings, (4) outcome reporting with feedback provision, and (5) case termination. We provide stakeholders with the investigation results and follow-up feedback throughout the process. Key remedy measures include personnel transfers and job reassignments, where appropriate and upon request.

Follow-up Actions and Recurrence Prevention

We strictly protect the anonymity of whistleblowers in accordance with our internal operating guidelines and prohibit any form of disadvantageous treatment or retaliation related to grievance reporting. All reported cases are carefully reviewed, and where allegations are substantiated, appropriate corrective and disciplinary measures are taken under a zero-tolerance policy. During the case closure stage, we also implement improvement measures to prevent similar incidents from recurring, thereby continuously enhancing the effectiveness of our grievance redress process.

Subsidiary Grievance Redress Channels

Category	Grievance Redress Channels
BNK Financial Group	• Put in place the 'BNK Help-Line,' the Group's whistleblowing channel for all employees (accessible via app and QR code) - Grievances managed by the Group's Business Support Department and subsidiary HR Departments
Busan Bank	• 'BNK Busan Bank Dudeurim' (mobile channel) • Channel run by HR Department • Channel run by Labor Union
	• Dedicated channel for client complaints • Receiving grievances via Financial Supervisory Service
Kyongnam Bank	• HR system whistleblowing channel (ONE-HR) • Channel run by Labor Union • Red Whistle reporting channel
	• Dedicated channel for client complaints (website, customer centers, VOC, etc.) • Receiving grievances via Financial Supervisory Service
BNK Capital	• Help-Line access via Red Whistle or BNK Guardian • Grievance handling channel within HR system • Reporting system based on workplace bullying prevention manual
BNK Securities	• Shortcut button for grievance consultation requests available on the HR system main screen • Access to remedy procedures and principles available on the regulation board in the groupware system
BNK Savings Bank	• BNK Help-Line (the Group's whistleblowing channel) • Dedicated grievance redress channel within its HR system • 'Grievance Resolution Committee,' reporting channel run by labor management council
BNK Asset Management	• BNK Help-Line, the Group's whistleblowing channel for all employees • 'Grievance Resolution Committee,' reporting channel run by HR Department and labor-management council
BNK Venture Capital	• Red Whistle and Help-Line, reporting channels • Grievances addressed by the Compliance Officer and the Ethics Management Department
BNK Credit Information	• BNK Help-Line, the Group's whistleblowing channel • 'Grievance Resolution Committee,' reporting channel run by labor management council
BNK System	• BNK Help-Line, the Group's whistleblowing channel for all employees • 'Grievance Resolution Committee,' reporting channel run by HR Department and labor-management council

Human Rights & Diversity Targets and Metrics

Metrics and Targets to Achieve Mid- to Long-Term Human Rights & Diversity Goals

BNK Financial Group has put in place key human rights and diversity metrics to promote respect for human rights across stakeholder groups and foster a more diverse and inclusive organization. Based on these metrics, we systematically monitor and manage the performance of our human rights management practices. We regularly assess the implementation of human rights management and the status of diversity across the Group while continuously monitoring related performance and progress. We also use these metrics to evaluate the effectiveness of our human rights management framework, identify areas requiring improvement, and progressively enhance our management system. Through these efforts, we will continue to strengthen the effectiveness of our human rights management practices and foster a culture of respect for human rights throughout the Group.

Key Diversity Metrics and Targets

Indicator	Performance			Mid- to Long-term Goals
	2023	2024	2025	2030
Female Workforce Representation	46%	46%	46%	50%
Female Manager Representation[1]	25%	25%	25%	30%
• Female Senior Manager[1] Representation	11%	11%	8%	15%
• Female Middle Manager[1] Representation	29%	29%	31%	33%
Female Core Workforce Representation[2]	32%	31%	32%	35%
Female Representation in STEM Roles	21%	24%	22%	25%

Indicator	Category	Performance			Mid- to Long-term Goals	
		2023	2024	2025	2027	2030
Representation of Socially Minority Groups[3]	Busan Bank	4.5%	6.3%	6.4%	8.0%	10.0%
	Kyongnam Bank	4.5%	4.4%	4.1%	7.0%	8.0%

1) In 2025, standards for management roles across subsidiaries were reset. However, the data from 2023 through 2024 were disclosed based on the previous standards.
2) Female managers in sales generating departments (sales departments).
3) This category includes persons with disabilities, persons eligible for veterans benefits, and foreigners. For 2023, the data represent the ratio of 'new hires.'

Scope of Human Rights Impact Assessments

	Performance			Goals	
	2023	2024	2025	2026	2027
Group	5 Companies	7 Companies	10 Companies	10 Companies	10 Companies

Operations with Mitigation Plans Established

Performance			Goals	
2023	2024	2025	2026	2027
5 Companies	7 Companies	10 Companies	10 Companies	10 Companies

Human Rights & Diversity Targets and Metrics

Metrics and Performance to Address Human Rights Risks in Business Operations

BNK Financial Group systematically manages human rights risks that may arise in the delivery of financial services through a set of key performance indicators (KPIs), which are regularly monitored across the Group. In particular, we have identified customer-related human rights risks as a key focus area and manage dedicated indicators across major areas, including financial consumer protection, support for financially vulnerable groups, information security, and personal information protection. In the area of financial consumer protection, we monitor complaint resolution rates to assess service quality and the effectiveness of consumer rights protection. To support financially vulnerable groups, we track participation in financial education programs as part of our efforts to foster a more inclusive financial environment. In the areas of information security and personal information protection, we systematically monitor customer information protection through indicators such as personal data leakage incidents and voice phishing prevention performance. We review our human rights management performance on a regular basis using these key indicators and continuously upgrade our management framework based on the results. Through these efforts, we seek to minimize human rights risks and provide responsible financial services.

Human Rights Risks in Financial Services (Targets, Metrics, and Performance)

Management Area	Stakeholders	Key Focus Areas	Potential Human Rights Issues	Key Risk Management Activities	2025 Performance Measured by Key Metrics
Financial Services	Customers	Financial consumer protection	• Infringement of customer rights due to the mis-selling of financial products • Customer complaints	• Implemented corrective measures to strengthen financial consumer protection • Received and resolved customer complaints	No. of customer complaints received and resolution rate • (Busan Bank) 858 complaints received, 100% resolved • (Kyongnam Bank) 515 complaints received, 100% resolved
		Support for financially vulnerable groups	• Low financial literacy among financially vulnerable groups • Limited financial accessibility for financially vulnerable groups, including older adults, foreign nationals, and persons with disabilities • Limited access to financial services, digital financial exclusion, and exposure to fraud and financial crime	• Provide financial education for financially vulnerable groups	No. of participants in financial education programs for financially vulnerable groups • (Busan Bank) 3,703 participants • (Kyongnam Bank) 448 participants
	Customers and Employees	Employee capability development	• Mis-selling of financial products and money laundering resulting from insufficient employee capabilities	• Provide employee training to strengthen financial consumer protection and uphold their right to know	No. of employees participating in consumer protection training • (Busan Bank) 2,692 participants • (Kyongnam Bank) 2,556 participants
		Information security and personal information protection	• Information security incidents • Leakage of customers' and employees' personal information • Financial fraud, including voice phishing	• Prevent information security incidents • Strengthen personal information protection	No. of personal information breaches • (Busan Bank) 0 cases • (Kyongnam Bank) 0 cases No. of voice phishing incidents prevented • (Busan Bank) 699 cases • (Kyongnam Bank) 98 cases
Financial Products and Services	Customers and Local Communities	Investment risk management	• Economic, environmental, and social damages resulting from investments that fail to consider ESG factors	• Promote environmentally friendly investments that incorporate ESG considerations	Amount of green investments incorporating ESG considerations • (Busan Bank) SOC: KRW 77.3 billion, PI: KRW 171.1 billion • (Kyongnam Bank) SOC: KRW 241.5 billion, PI: KRW 145.2 billion

SUSTAINABLE FINANCE REPORT

Geumjeongsan Mountain, Busan – Designated as Korea's first urban national park in March 2026

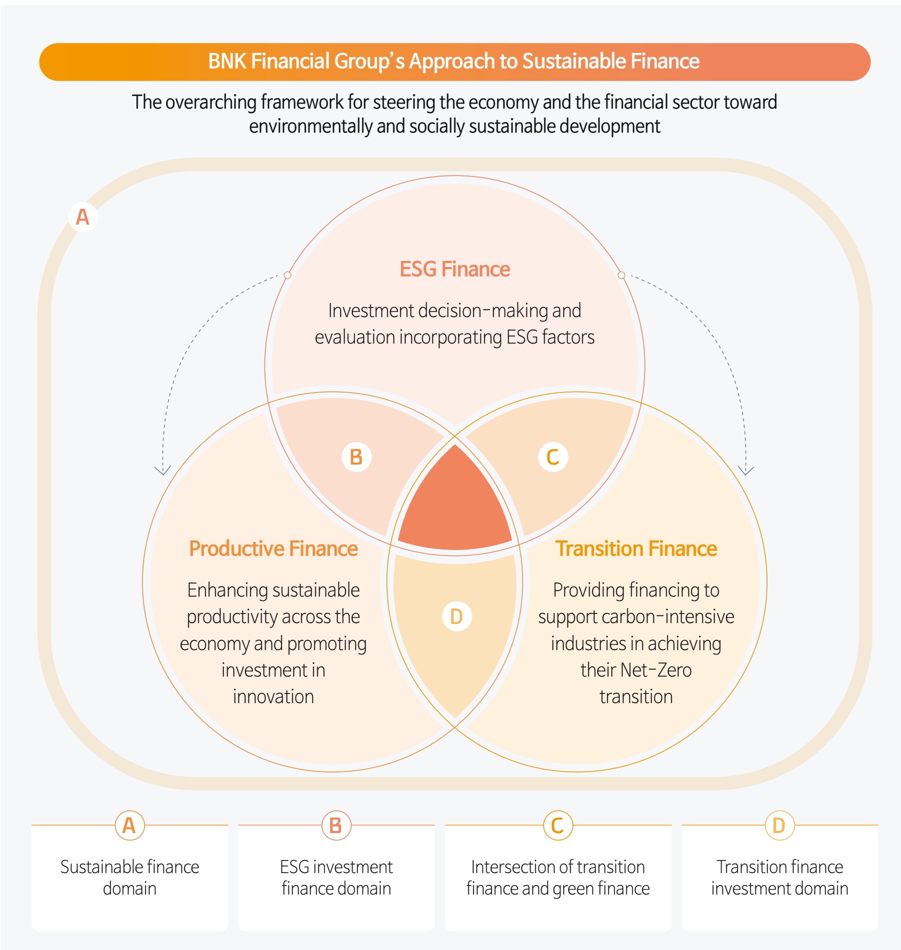
Sustainable Finance Framework

BNK Financial Group's Integrated Sustainable Finance Model

BNK Sustainable Finance

As a regional financial group, BNK Financial Group pursues a sustainable finance strategy designed to create lasting value for local communities by advancing regional economic growth, expanding financial inclusion, and reinforcing the social role of finance. At the heart of this strategy is the Group's proprietary regional shared growth finance model, which integrates productive finance and transition finance beyond the traditional ESG finance.

BNK Financial Group's Integrated Sustainable Finance Model



BNK Financial Group's Approach to Sustainable Finance

Category	ESG Finance	Transition Finance	Productive Finance
Definition	Financial activities that incorporate environmental (E), social (S), and governance (G) factors into financing, asset management, and investment decisions to support sustainable growth and create social value Examples include green bonds, ESG funds, and sustainability-linked loans	Financial activities that provide financing to support carbon-intensive industries in their transition toward environmentally friendly and low-carbon operations Examples include transition bonds, sustainability-linked loans (SLLs), and transition funds	Financial activities and investments that expand productive capacity, foster sustainable economic growth, and make a significant contribution to the real economy
Characteristics	• Restructure financial activities through an ESG lens to strengthen long-term risk management and sustainability	• Focus on the dynamic process of becoming sustainable, rather than defining what is already sustainable	• Drive the expansion of productive capacity through investments in manufacturing facilities, equipment, R&D, technology, and infrastructure • May require long-term investment commitments
Primary Focus	• RE100 and renewable energy initiatives (e.g., green bonds, social bonds, sustainability-linked bonds (SLBs), renewable energy, green infrastructure, electric vehicles, and hydrogen projects)	• Carbon-intensive industries (e.g., steel, cement, and petrochemicals) through transition bonds, transition loans, transition funds, and technology and infrastructure investments	• Industries with the potential to expand productive capacity in the real economy (e.g., long-term investment funds, industrial and infrastructure project funds, and private equity investments)

Sustainable Finance Framework

Distinctive Features of BNK's Sustainable Finance Model _ Industry-Based Finance for Fundamental Industry Growth and a Virtuous Cycle of Shared Growth

RE:BOUND: The Core of BNK Sustainable Finance

At the heart of BNK's sustainable finance philosophy is RE:BOUND, a framework built around seven core business areas and an industry-based approach. By driving both the quantitative and qualitative growth of our ESG finance business, we create a virtuous cycle of shared growth that generates lasting value for shareholders, companies, industries, and other stakeholders alike.

Sustainable Finance

Finance Service | Key Business Areas

Reshoring	**Regional Finance** Support reshoring to revitalize regional economies through regional finance	R
Expand	**Global Finance** Expand business through global finance	E
Boost	**Innovation Finance** Boost venture and startup growth through innovation finance	B
Ocean	**Maritime Finance** Support Southeast region's ocean industries, including ports, shipbuilding, and fisheries	O
Upgrade	**Industrial Finance** Upgrade traditional manufacturing into future industries	U
Net-zero	**Carbon Finance** Transition to a net-zero economy through carbon finance	N
Digital	**Digital Finance** Drive financial innovation through digital finance	D

Stakeholders

Shareholders

Local Communities

Customers & Companies

R Resilience

Inclusive Finance
Enhancing resilience by supporting low-income households and small business owners

Core Industry | Key Business Areas

R	Robotics, software, and AI industries	Robotics
E	Secondary batteries and renewable energy industries	Energy
B	Biohealth industry	Bio
O	Maritime industries, including ports, shipbuilding, and fisheries	Ocean
U	Aerospace industry	Universe
N	Nuclear industry	Nuclear
D	Defense industry	Defense

Sustainable Finance Framework

ESG Finance Classification

ESG Finance Classification System

In 2024, BNK Financial Group formed its ESG finance classification, which applies to all financial products of the Group, and has been operated in a systematic manner. This system categorizes financial products into environmental, social, and governance (ESG) areas, while setting aside integrated products that span the entire ESG spectrum. This approach enables customized management according to the characteristics of each product.

Furthermore, we ensure the incorporation of revisions to the K-Taxonomy into our system on a regular basis while reviewing our classification standards in line with the evolving market environment and expanding their scope. These efforts allow us to get a firm grip on the contribution level of financial products to ESG, while solidifying the efficient management of sustainable finance assets.

Category	Classification Criteria	Classification
Green Financial Products	K-Taxonomy	Low-carbon products Green transportation industry Green energy industry Green building and construction Green infrastructure Biodiversity conservation Eco-friendly R&D Integrated green initiatives
Social Financial Products	EU Social Taxonomy draft and ICMA Social Bond Principles	Local economy revitalization Preferential products for financially vulnerable groups Social basic services and infrastructure Social enterprises Integrated social finance
Governance Financial Products	Functions and features of governance-related financial products provided by financial subsidiaries	Enhancing shareholder value Improving governance structure
Across all ESG dimensions		Integrated ESG

ESG-Integrated Investments

In adherence to the ESG Financial Policy, BNK Financial Group has incorporated ESG elements into the financial products and investments of its major subsidiaries, thereby pushing back the boundaries of sustainable finance. Taking advantage of an ESG checklist, Busan Bank and Kyongnam Bank assess the performance of companies across environmental, social, and governance domains. Loans or investments are approved only when these requirements are met. If a company falls short of the standards, we consult external advisors to complement the decision-making process.

On top of that, we have institutionalized the practice of setting the proportion of fund inclusion according to each company's integrated ESG rating. This approach demonstrates our investment decision-making system, which embraces not only financial aspects but also ESG considerations.

Preferential Benefits for High-Performing Companies in ESG

BNK Financial Group offers financial products that provide preferential benefits linked to companies' sustainable management performance.

Through ESG assessments, we identify firms with high sustainability value and deliver differentiated financial advantages tied to their ESG achievements. This expands the ecosystem of sustainable finance while actively supporting companies that excel in ESG performance.

ESG Assessment Criteria for Sustainable Finance Incentives

Assessment Dimensions	Assessment Criteria	Preferential Benefits
Environmental	Environmental management certifications covering climate change, water pollution, waste management, and related accreditations	Preferential interest rates for companies with outstanding environmental management performance
Social	Provision of social services for vulnerable groups, including low-income individuals, persons with disabilities, and elderly groups	Financial benefits to social value creators
Governance	Protection of shareholders' rights and operation of the Board of Directors in accordance with the OECD Principles of Corporate Governance and the Corporate Governance Code	Preferential financial products for companies that excel in governance

[New in 2025] Green Loan Management Framework

Establishment of Green Loan Process

Based on the 'Green Loan Management Guidelines' issued by the Financial Services Commission in December 2024, BNK Financial Group has established an internal management framework to assess whether the use of proceeds for loans is aligned with K-Taxonomy.
We have also established a green loan process that incorporates the key activities prescribed in the Green Loan Management Guidelines throughout the entire credit lifecycle, including loan planning, credit assessment, loan execution, credit management, and post-loan monitoring.

K-Taxonomy Eligibility Assessment Process

Step	Assessment	Description
Step 1	Activity Assessment	Assess whether the economic activity falls within the eligible activity categories
Step 2	Technical Screening Criteria Assessment	Assess whether the economic activity meets the technical screening criteria for achieving one or more of the six environmental objectives
Step 3	DNSH Assessment	Assess whether the economic activity satisfies the DNSH (Do No Significant Harm) requirements, ensuring that it does not cause significant harm to other environmental objectives while contributing to a specific environmental objective
Step 4	Minimum Safeguards Assessment	Assess whether the economic activity complies with applicable laws and regulations related to human rights, labor, occupational safety, anti-corruption, and cultural heritage protection

Key Green Loan Activities throughout Credit Process

Stage	Activities
Loan Planning	• Develop procedures for providing guidance on green loans to customers • Define green loan eligibility criteria and assessment procedures • Develop green loan certification procedures • Formulate strategies for green loans, including the review of customer incentives
Credit Assessment	• Evaluate alignment with the K-Taxonomy (Green / Non-Green) • Determine loan eligibility • Retain related documentation
Post-Loan Monitoring	• Monitor each loan account to ensure continued compliance with green loan eligibility requirements
Other Management Activities	• Manage green loan statistics and portfolio status • Deliver internal green loan training • Respond to inquiries from external organizations regarding green loans • Disclose green loan information

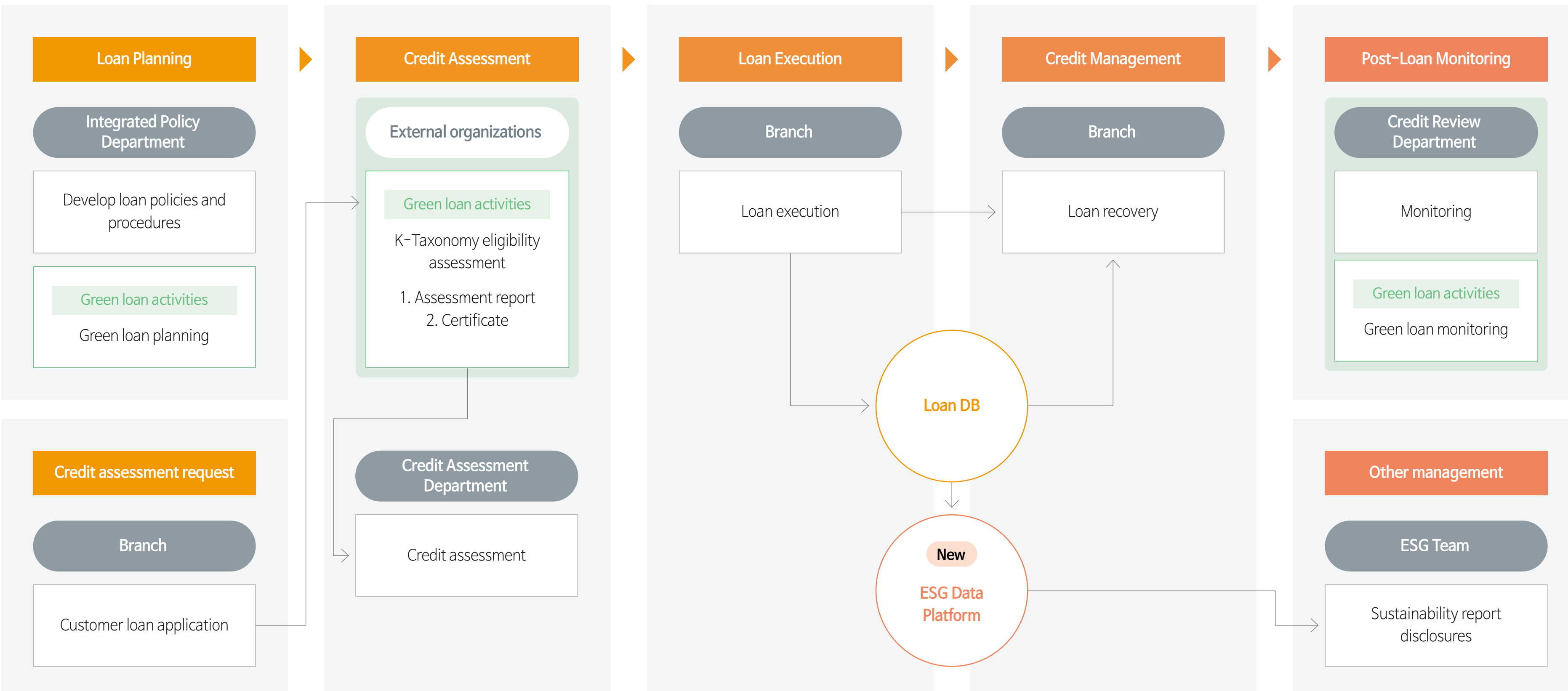
[New in 2025] Green Loan Management Framework

Green Loan Management Process

BNK Financial Group has established and operates a green loan process based on the Green Loan Management Guidelines. During the loan planning stage, green loan products are designed, while at the credit assessment stage, we review whether green loan activities are aligned with K-Taxonomy in collaboration with external organizations to support green loan eligibility assessments.

During the loan execution and credit management stages, green loan performance is tracked and monitored through a data interface between the existing loan management system and the ESG Data Platform, enabling classified green loans to be systematically managed within the Group's systems.

Green Loan Process



[New in 2025] Sustainable (ESG) Finance Management System

ESG Finance Management System within ESG Information Disclosure System

In February 2026, alongside the launch of its ESG Information Disclosure System, BNK Financial Group introduced an ESG Finance Management System to enable centralized management of ESG finance data within the platform. The system supports the aggregation and management of financial assets classified as ESG finance across loans, deposits, investments, funds, project finance (PF), bonds, and cards. To improve data accuracy and reduce errors associated with manual data collection, the system has been integrated with the Group's existing financial asset management systems, enabling automated data linkage and more efficient management of ESG finance performance.

System Integration for Operational Efficiency and Data Integrity

For the efficient management of ESG finance, BNK Financial Group has established a system that integrates data from existing platforms, including deposit, loan, and card systems, with the ESG Information Disclosure System through data interfaces. This enables efficient aggregation of ESG finance data while enhancing data integrity, consistency, and reliability.

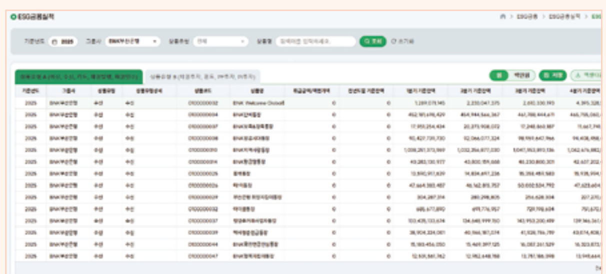
Departmental Approval Functions for ESG Finance Accountability

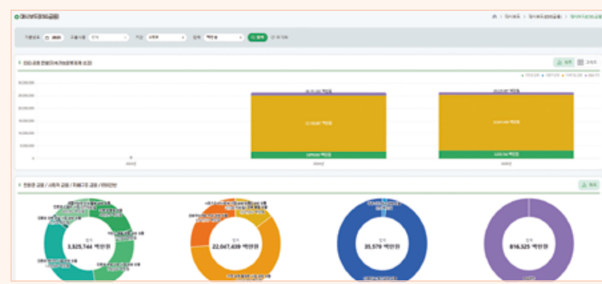
The system classifies newly acquired assets in accordance with BNK Financial Group's ESG Finance Classification Framework through an internal review and approval process. It also aggregates ESG finance performance on a quarterly basis, enabling the management of both quarterly and annual targets. In addition, departmental approval functions have been incorporated into the system to reinforce accountability for the departments responsible for managing the relevant assets.

Flexible Management of ESG Finance Classification Criteria

ESG finance classification criteria are established and managed in accordance with globally and nationally recognized standards. Recognizing that these criteria are continuously refined and updated, the system has been designed to maintain a history of classification criteria, allowing changes to be reflected flexibly within the system whenever revisions are made.

Main Interface of BNK ESG Data Disclosure System


ESG Finance Data Aggregation Screen


ESG Finance Dashboard

Sustainable Finance Initiatives

Global Strategic Partnership with ING

BNK Financial Group signed an MOU with ING Bank to establish a strategic partnership aimed at strengthening global sustainability and expanding sustainable finance. Through this partnership, the two institutions will leverage their respective financial expertise and global networks to broaden sustainable finance solutions and further enhance regionally specialized financial services. The partnership will place particular emphasis on identifying sustainable investment opportunities and expanding project finance collaboration in renewable energy and environmentally friendly projects, including offshore wind power and ship finance. On top of that, the two institutions seek to support regional economic development and foster future growth industries by providing financial solutions for major development projects in Southeast region. The partnership also encompasses cooperation in introducing sustainable bonds and sustainability-linked finance, establishing expert networks, and organizing joint workshops to promote the development of the global sustainable finance ecosystem. Through these initiatives, we aim to sharpen our competitive edge as a regional financial group while promoting sustainable regional growth and financial innovation.

Korea-Japan-Vietnam Partnership to Build a Global Startup Ecosystem

BNK Financial Group entered into an MOU with Kiraboshi Financial Group of Japan and Thanh Long Group of Vietnam to support the overseas expansion of startups, marking a significant step toward expanding its regional productive finance model on a global scale. The partnership brings together public institutions, financial groups, and industrial partners from Korea, Japan, and Vietnam under a One-Team approach to support promising startups in expanding into overseas markets. Through this collaboration, the participating organizations will work together to support startups' global expansion, identify and foster innovative companies, provide investment opportunities and financial solutions, and promote networking and information exchange. Together, they aim to establish a one-stop growth ecosystem that supports startups throughout their growth journey, from discovery and incubation to investment and global expansion. Through this initiative, we will redefine our regional productive finance model while utilizing our global financial network to foster stronger synergies with regional industries. The partnership is expected to serve as a meaningful platform through which the public and private sectors, financial institutions, and industries across Korea, Japan, and Vietnam collaborate to support the global expansion of startups. Going forward, we will continue to broaden our regional productive finance solutions to help innovative Korean companies sharpen their competitiveness in global markets.

Sustainable Finance Initiatives

Launch of the Productive Finance Council

BNK Financial Group launched the Productive Finance Council in October 2025, bringing together the Group's senior management to oversee productive finance initiatives at the Group level. Serving as the central coordinating body for productive finance, the Council formulated a plan to provide a total of KRW 10.5 trillion across the Busan-Ulsan-Gyeongnam region in 2026, including KRW 8.6 trillion for productive finance to promote balanced regional growth and KRW 960 billion for inclusive finance to support vulnerable communities. In order to ensure strategies and execution remain closely aligned, we created the 'Sustainable Finance Division' and the 'Productive Finance Support Division' in 2026. These organizations are responsible for identifying growth opportunities across the Busan-Ulsan-Gyeongnam region, coordinating implementation initiatives for each subsidiary, and reinforcing alignment with government policies to advance a sustainable finance model that balances public value with financial performance. In the area of productive finance, the Group is directing capital toward key regional industries, including maritime and shipbuilding, defense, energy, and data centers. Busan Bank and Kyongnam Bank are broadening their corporate finance businesses, while BNK Securities, BNK Asset Management, and BNK Venture Capital are supporting the growth of startups and innovative companies through IPOs and innovation funds.

Organizational Realignment for Productive and Sustainable Finance

In January 2026, BNK Financial Group carried out an organizational restructuring to support region-led growth and expand productive finance. The restructuring focused on supporting region-led growth, strengthening sustainable finance based on productive finance, enhancing financial consumer protection and the integrated internal control framework, and elevating shareholder value. It was designed to raise the Group's overall capabilities and strengthen execution across the organization. As part of the restructuring, the Group established the Sustainable Finance Division and the Productive Finance Support Division to build a Group-wide governance framework for productive finance and systematically support implementation initiatives across its subsidiaries. The Group also plans to further advance its sustainable finance model by strengthening financial support for regional economic revitalization and reinforcing alignment with government policies. In order to safeguard financial consumers, BNK Financial Group newly established the Group Consumer Protection and Internal Control Division. The Group also plans to enhance the protection of consumer rights and interests by advancing the internal control framework, which had previously been dispersed across different functions, into a unified financial safety model. With an aim to promote shareholder communication and capital market-oriented initiatives, the Group also established the Value-Up Unit. The unit will enhance profitability, improve capital efficiency, and advance shareholder return policies at the Group level, while simultaneously elevating corporate value and solidifying trust in the Group through internal and external communication.

Sustainable Finance Achievements

Green Loans and Renewable Energy Investments

Green Loans

Busan Bank and Kyongnam Bank are facilitating the transition to a low-carbon economy by providing financing for renewable energy and low-carbon infrastructure projects, solar energy, natural gas infrastructure, and low-carbon transportation. Through financial support for solar photovoltaic facilities, natural gas supply infrastructure, and the adoption of eco-friendly vehicles, the two banks contribute to the transition from a fossil fuel-based energy structure to a lower-carbon economy while promoting both GHG reduction and the expansion of green infrastructure within local communities.

The banks also provide financing for energy efficiency improvements, climate tech companies, resource circulation initiatives, and environmental improvement projects, encouraging GHG emissions reduction and pollution mitigation across industrial sectors. Through these initiatives, we support corporate investments in green facilities and the adoption of low-carbon production systems, while helping lay the foundation for a more sustainable and resilient regional economy.

Green Loan Products

Category	Description	Related Products
Renewable energy & infrastructure transition	Solar energy, low-carbon transportation, and low-carbon energy infrastructure	• Busan Bank: solar power facility loans, eco-friendly bus financing, natural gas financing • Kyongnam Bank: solar ECO corporate loans, natural gas financing, eco-friendly vehicle adoption financing
Energy efficiency & low-carbon transition	Energy conservation, environmentally friendly manufacturing processes, and carbon emissions reduction	• Busan Bank: energy efficiency financing, preferential loans for green businesses • Kyongnam Bank: energy efficiency financing, E-Green Loan, carbon reduction and carbon neutrality project financing
Resource circulation & pollution mitigation	Recycling and environmental facility investments	• Busan Bank, Kyongnam Bank: recycling industry financing, environmental improvement financing

Sinan-Ui Offshore Wind Farm Project

The Sinan-Ui Offshore Wind Farm Project is a 390 MW renewable energy infrastructure project being developed offshore near Ui-do Island in Sinan County, Jeollanam-do, with commercial operations scheduled to commence in January 2029. The project has adopted the Equator Principles (EP4), an internationally recognized framework for environmental and social risk management, and underwent written verification by TÜV NORD Korea, an independent verification body. The verification confirmed compliance with key principles covering environmental assessment, stakeholder engagement, monitoring systems, and information disclosure. Through its participation as a senior lender in the project financing arrangement, Busan Bank continues to provide financial support for clean energy generation and the transition toward Net-Zero.

Sinan-Ui Offshore Wind Farm Project Overview

Category	Details
Project Overview	Development of a 390 MW offshore wind farm (26 × 15 MW turbines) off Ui-do Island, Sinan County, Jeollanam-do (Commercial operations scheduled to commence in January 2029)
Equity Structure	Construction equity, operating equity, strategic equity, and financial equity investors
Total Project Cost	Approx. KRW 3.4 trillion
Environmental and Social Risk Assessment and Mitigation Measures	• **Environmental assessment:** Analysis of potential impacts on landscape, noise, biodiversity, water quality, and the marine environment, together with mitigation measures and post-construction monitoring plans • **Environmental and Social Management System (ESMS):** Operation of environmental and social management plans based on the ESG management frameworks of the project sponsor and related parties, as well as domestic permitting requirements and environmental impact assessments • **Independent verification and monitoring:** Independent verification completed by TÜV NORD Korea, with periodic site inspections established during construction (semi-annually) and the initial operational phase (annually), supported by a reporting framework for financial institutions • **Transparency in disclosure:** Disclosure of environmental and social information and establishment of reporting mechanisms for participating financial institutions
Role of Busan Bank	Participation in the project financing (PF) arrangement as a senior lender

Green Investment Funds and ESG-Related Bonds

Green Investment Fund Management

Both Busan Bank and Kyongnam Bank are embedding environmental considerations across their investment and asset management activities while expanding the Group's sustainable investment portfolio. Their investment strategies span a broad range of sustainable investment approaches, from Best-in-Class strategies that selectively invest in ESG leaders to thematic investment products focused on clean energy and green mobility, as well as overseas funds aligned with global ESG standards, including SFDR Article 8. Going forward, BNK Financial Group will continue to identify and develop investment products aligned with K-Taxonomy and plans to further increase its green investment assets by 2030.

Green Investment Fund Portfolio

Environmental Theme	Investment Approach
Leading ESG companies	Prioritize portfolio inclusion of companies with top-tier ESG ratings from external ESG rating agencies while selectively investing in companies with strong ESG improvement potential
Clean energy · hydrogen	Invest in companies with core technologies in hydrogen and clean energy, as well as renewable energy and CO_2 reduction solutions
Renewable energy and Green New Deal	Track ESG benchmark indices while investing in renewable energy and energy efficiency-related companies
Clean technology	Invest in environmentally focused companies across the clean energy, clean mobility, clean living, and clean IT sectors
Green mobility	Invest in companies and ETFs related to electric vehicles, batteries, hydrogen-powered vehicles, and autonomous driving technologies
Water resources	Invest in water and water-related companies based on global ESG assessments
High ESG-rated bonds	Invest in bonds, commercial paper, and ESG-labelled bonds, including green bonds, issued by companies with strong ESG ratings
Global ESG integration	Pursue globally diversified ESG investments through overseas collective investment schemes aligned with SFDR Article 8

Sustainable (ESG) Bond Management Framework

BNK Financial Group operates an ESG bond management framework aligned with both domestic and international standards, including the Ministry of Environment and Financial Services Commission's Green Bond Guidelines, K-Taxonomy, and the International Capital Market Association (ICMA) Green Bond Principles. The credibility of issued ESG bonds is reinforced through external verification by independent review providers, while proceeds are managed and allocated according to the intended use of each bond category. Following issuance, we continuously track and monitor the allocation and utilization of bond proceeds and disclose information on the economic, environmental, and social impacts of funded projects through our website and the ESG bond platform operated by the Korea Exchange, together with external review opinions.

Green Bond Issuance

Kyongnam Bank issued KRW 60 billion in Green Bonds in 2025 to finance projects aligned with K-Taxonomy. The proceeds were used to provide financing, through private equity fund investments, to a borrower participating in a liquefied hydrogen plant project promoted by a local government. The borrower used the funds to develop liquefied hydrogen facilities to expand hydrogen infrastructure. Additionally, the proceeds supported the construction of a residential housing project in Incheon that minimizes environmental impacts through the application of renewable energy and energy-efficient technologies. Kyongnam Bank provided financing to the borrower developing the green building project, and the proceeds were allocated to the project.

(Unit: KRW 100 million)

Project	Description	Issuance Amount
Liquefied hydrogen plant development	Establishing liquefaction facilities to supply liquefied hydrogen	300
New residential housing development in Incheon	Building a new residential complex in Incheon with preliminary certification for the highest G-SEED grade	300
Total		600

Busan Bank became the first regional bank in Korea to issue a Green Bond, issuing KRW 100 billion in 2024. In 2025, it issued two additional Green Bonds totaling KRW 300 billion, with KRW 150 billion issued in each offering. Rather than serving solely as a source of funding, the proceeds were allocated to green building projects in line with K-Taxonomy.

(Unit: KRW 100 million)

Project	Description	Issuance Amount
New residential housing development in Incheon	Building a new residential complex in Incheon with preliminary certification for the highest G-SEED grade	3,000
Total		3,000

Sustainable Finance Achievements

Inclusive Finance

Promoting Inclusive Finance

BNK Financial Group has expanded financial products and services for financially underserved groups, including older adults, persons with disabilities, foreign nationals, and small business owners, under its Inclusive Finance Declaration, which was publicly announced with the approval of the CEO. As a regional financial group, we are committed to revitalizing local economies and addressing the challenges of regional decline through a wide range of financial initiatives.

Asset Building Support for Low-Income Households and Youth

Public-Private Collaboration for Inclusive Finance Support

In March 2026, Busan Bank signed an MOU with the Korea Inclusive Finance Agency and the Credit Counseling & Recovery Service to implement its '2026 Comprehensive Support Plan' and establish a community-based public-private integrated support framework. This marks the first case in the Korean financial sector in which the Korea Inclusive Finance Agency and the Credit Counseling & Recovery Service have partnered with a private financial institution to build a regionally tailored integrated support system. Under the agreement, the three organizations plan to jointly open an Inclusive Finance Integrated Support Center in the Busan region within the third quarter of 2026. The center will offer one-stop services covering policy microfinance, private financial support, debt restructuring counseling, and employment and welfare linkage counseling. Busan Bank also plans to launch unsecured microcredit loan products and savings products designed to support asset building within the third quarter, helping users of policy microfinance reenter the mainstream financial system. In parallel, Busan Bank will operate an outreach-based integrated support service that directly visits areas with limited access to financial services, thereby fortifying the foundation for economic self-reliance among vulnerable groups.

Youth Asset Building and Financial Empowerment

BNK Financial Group further solidified its asset-building support framework in 2025, moving beyond preferential deposit and lending products to provide meaningful financial support for the settlement and self-reliance of local youth. In November 2025, Kyongnam Bank signed an MOU with the Gyeongsangnam-do Institute for Talent & Lifelong Education (Nammyung Dormitory) to support youth return and long-term settlement in Gyeongsangnam-do. Through this partnership, Kyongnam Bank adopted a two-track strategy by introducing new loan products designed to retain local youth while encouraging young people from the Seoul metropolitan area to settle in the region. The newly launched products allow customers to select repayment structures tailored to different income levels and stages of the youth life cycle, including settlement, growth, and stabilization phases, enabling more personalized and flexible financial planning.

Enhancing Financial Inclusion for Vulnerable Groups

BNK Financial Group is broadening inclusive financial access through customized financial products and services tailored to financially vulnerable groups. The Group particularly provides inclusive finance products for customers with low credit ratings or limited financial histories while maintaining soundness through internal monitoring systems that track key risk indicators, such as delinquency rates and changes in credit ratings.

Busan Bank lowered interest rates on new 'A New Hope Loan' products by up to 1.0%p through the end of the year. In addition, Busan Bank provided foreign workers employed by regional shipbuilding equipment company SB SUNBO with access to the 'BNK Welcome Global Loan' (starting from 9.34%) and preferential USD exchange rate benefits of up to 90%, linking inclusive finance support for foreign workers facing language and cultural barriers to broader shared growth initiatives with partner companies. Kyongnam Bank exceeded its 2025 supply target for 'A New Hope Loan' products by 123.2%, becoming one of six banks among 15 nationwide banks to surpass their annual targets.

Key Financial Products and Services for Financially Vulnerable Groups

Subsidiary	Key Support Measures
Busan Bank	• BNK Welcome Global Loan (specialized loan product for foreign workers) • 1.0%p interest rate reduction for A New Hope Loan (KRW 60 billion supported as of October 31, 2025) • BNK Hope Cultivation Savings (high-interest savings product for vulnerable groups) • Expanded provision of private mid-rate loans • Operated customized card products for socially vulnerable groups, including Braille cards, Happy People Card, Youth Joy Card, Busan Youth Stepping Stone Card+, and Busan small business owner cards
Kyongnam Bank	• Exceeded the A New Hope Loan supply target by 123.2% (2025) • Provided KRW 33.5 billion through Small Business Hope Sharing Co-prosperity Finance (across Gyeongsangnam-do and Ulsan) • Operated special savings accounts for low-income youth and youth support cards linked with local governments
BNK Capital	• Guaranteed a 30-day subscription withdrawal period for senior citizens • Applied preferential interest rates for persons with disabilities • Operated a designated person notification service → Operated a dedicated protection service package for the three major vulnerable groups

Sustainable Finance Achievements

Local Economy Revitalization

Finance Giving Vitality to Local Economies

BNK Financial Group has put in place a large-scale financing framework to support the sustainable development of key regional industries. In September 2025, we unveiled the Regional Economy Hope Declaration, publicly reaffirming our commitment to supporting regional economic recovery through three strategic pillars: productive finance, inclusive finance, and responsible finance. As our productive finance and inclusive finance strategies have taken shape, we now manage both areas in an integrated manner through the Productive Finance Council, advancing sustainable growth across Busan, Ulsan, and Gyeongnam while reinforcing the public role of finance.

In the maritime sector, Busan Bank established the BNK Dynamic Growth Fund, a KRW 1 trillion fund established to accelerate the growth of regional industries. The fund is structured into three categories: industry-leading companies (KRW 200 billion), high-growth-potential companies (KRW 600 billion), and maritime and fisheries companies (KRW 200 billion). Companies in Busan, Ulsan, and Gyeongnam are eligible to receive between KRW 5 billion and KRW 10 billion in financing, depending on their industry classification. In addition, in October 2025, we launched the BNK New Maritime Powerhouse Fund, jointly funded by Group subsidiaries, establishing a framework for proactive investment in Northern Sea Route, eco-friendly shipbuilding, and energy industries.

In the field of technology finance, Busan Bank ranked first in the Small League category in the Financial Services Commission's technology finance evaluation, driven by its performance in IP-backed lending and startup support, while Kyongnam Bank ranked second. BNK Venture Capital was selected as the general partner (GP) of the Gyeongnam-KDB Regional Innovation Venture Fund and established a KRW 18.4 billion fund. More than 50% of its 2025 investment target has been allocated to companies in the Busan-Ulsan-Gyeongnam region, demonstrating our commitment to fostering regional innovation and growth.

Major Regional Industry Financing Initiatives in 2025

Category	Details	Subsidiary
BNK Dynamic Growth Fund	• KRW 1 trillion fund (KRW 200 billion for industry-leading companies, KRW 600 billion for high-growth potential companies, and KRW 200 billion for maritime and fisheries industries)	Busan Bank
Technology Finance Evaluation	• Top rankings in the small-league category (Busan Bank 1st, Kyongnam Bank 2nd, as of the second half of 2024)	Busan Bank, Kyongnam Bank
BNK New Maritime Powerhouse Fund	• Jointly funded by Group subsidiaries to support investments in Northern Sea Route, eco-friendly shipbuilding, and energy industries (launched in October 2025)	BNK Financial Group
Gyeongnam-KDB Regional Innovation Venture Fund	• KRW 8.7 billion committed by the Fund of Funds, resulting in the formation of a KRW 18.4 billion fund	BNK Venture Capital

Financial Support for Businesses in the Southeastern Region

Shared Growth Loan Fund for Local SMEs

Busan Bank, in partnership with the Korea Housing Finance Corporation (KHFC), operates a KRW 20 billion Shared Growth Loan Fund aimed at supporting job creation and the growth of small and medium sized enterprises. Utilizing interest-free deposits provided by KHFC as its funding source, the fund extends loans of up to twice the deposited amount while offering preferential interest rates and financing of up to KRW 500 million per company to local businesses, including leading employers and technology startups. This initiative contributes to accelerating technology transfer and fostering a virtuous cycle within the regional economy, while ensuring effective fund operation and performance management through close collaboration across relevant departments.

Strategic Funds for Regional Innovation and Growth

BNK Financial Group is actively deploying strategic funds to secure future growth drivers and foster regionally specialized industries. Through the BNK Future Innovation Growth Fund (KRW 25 billion), jointly sponsored by Busan Bank, Kyongnam Bank, and BNK Capital, we are driving the growth of the regional startup ecosystem by allocating more than KRW 10 billion in investments to companies located in the Busan-Ulsan-Gyeongnam region. In addition, we support innovation in future agriculture by investing in the green bio and food tech sectors through the BNK Agrifood Investment Fund IV (KRW 20 billion), established in partnership with the Agrifood Fund of Funds. The fund has earmarked more than KRW 8 billion for regional companies, promoting both industrial diversification and regional economic revitalization.

Shared Growth Loan Fund for SMEs

	Job-creating companies	Technology-based startups	Technology transfer contributors
Eligible Beneficiaries	• Companies with year on year employment growth of 5% or more	• Companies established within the past seven years with a Technology Credit Bureau (TCB) rating	• Companies that have transferred or received technology, including patents
Performance* (number of cases / amount)	number of cases 55 cases	amount KRW 15.7 billion	

* Jan. 2025-Mar. 2026

Non Financial Contributions and Achievements

Revitalizing the Regional Startup Ecosystem

Startup Incubation and Development

BNK Financial Group operates a comprehensive startup support framework designed to support local startups across the region. In 2025, Busan Bank's 'Sum Incubator' entered its 10th round, selecting 19 companies in innovative sectors such as AI and fintech. The program was also extended to prospective entrepreneurs and, to date, has supported a total of 113 startups while attracting cumulative investment of KRW 13.1 billion. Kyongnam Bank's CHAIN-G Program has been expanded into its second round, with the adoption of a 1:1 Startup Clinic program. This initiative brings together experts across six domains, which span investment and contracts, psychological counseling, accounting and labor, marketing, and branding, to provide tailored support for startups. In addition, the Integrated Networking Day was held to strengthen peer bonding and help employees further develop their professional capacity.

Identifying Innovative Enterprises through Industry Academia Partnerships

BNK Financial Group is broadening its reach across the regional innovation ecosystem to uncover promising businesses. BNK Venture Capital works closely with industry-academia cooperation foundations at leading regional universities, including Pusan National University, UNIST, and Korea Maritime & Ocean University, to proactively identify faculty-led ventures and youth-led startups. The firm has also strengthened the expertise of its sourcing network through collaboration with public-sector initiatives, including the Ministry of SMEs and Startups' Startup Leap Package Consortium. In addition, BNK Venture Capital generates synergies in the formation of investment funds through partnerships with related organizations such as Busan Startup Investment Agency and Korea Development Bank. To support investments in technology startups operating in the southeastern region's key industries, including maritime, shipbuilding, and aerospace, it has established collaborative networks with specialized institutions such as Korea Institute of Ocean Science & Technology (KIOST) and Korea Aerospace Industries (KAI), contributing to the continued growth of the regional innovation ecosystem.

Regional Startup Ecosystem Support Initiatives in 2025

Program	Sum Incubator (10th Round)	CHAIN-G (2nd Round)	B-Startup Challenge
Key Activities in 2025	• Selected 19 startups (7:1 competition ratio) • Focused on AI, fintech, and edtech sectors • Included 8 teams of prospective entrepreneurs • 113 startups supported and KRW 13.1 billion in cumulative investment secured	• Expanded operations, marking the 2nd round • Startup Clinic (1:1 tailored consulting across six areas) • 1st and 2nd round Integrated Networking Day (34 companies)	• Jointly organized by Busan Metropolitan City, Busan Bank, and Busan MBC • Managed by BNK Venture Capital • Korea's only startup competition based on an equity investment model
Subsidiary	Busan Bank	Kyongnam Bank	BNK Venture Capital, Busan Bank

Management Consulting and Educational Support for Small Business Owners

BNK Financial Group provides integrated support for the sustainable growth of small business owners through management consulting, educational programs, and hands-on non-financial assistance, on top of financial support.

Recognition for Excellence in Small Business Management Consulting

In July 2025, Busan Bank established the 'Regional Economy Support Center' to systematically deliver customized financial counseling, management consulting, and educational programs for small business owners. In recognition of these efforts, Busan Bank was selected as the only regional bank honored as an outstanding case at the '2025 Banking Sector Small Business Management Consulting Best Practice Conference' hosted by the Korea Federation of Banks in December 2025 and received the Award from the Governor of the Financial Supervisory Service.
The featured best practice case, 'An Entrepreneurial Story Taking Flight with Two Wings: Consulting and Start-up Financing,' highlighted how customized consulting and start-up financing support helped a prospective entrepreneur with a career interruption achieve self-reliance and business growth. The case was recognized as a leading example demonstrating the practical impact of hands-on consulting support.

Linking Financial Support to Occupational Accident Prevention Consulting

In September 2025, BNK Financial Group signed an MOU with NICE Information Service and Korea Rating & Data for the corporate industrial accident awareness improvement initiative. As the financial sector's first private-sector collaboration framework dedicated to industrial accident prevention for regional companies, the initiative promotes a range of collaborative programs targeting small and medium-sized enterprises in the Busan-Ulsan-Gyeongnam region, where industrial accident rates remain high. These initiatives include data-driven risk diagnostics, occupational safety assessments and consulting support, as well as financing support for facility improvements aimed at preventing industrial accidents.

ESG Talent Development Training for SMEs in the Southeastern Region

On September 24, 2025, BNK Financial Group hosted the Second ESG Talent Development Training for SMEs in the Southeastern Region at Busan City Hotel. First launched in 2024 in collaboration with the Financial Supervisory Service, the program expanded its organizing framework in 2025, with Busan Metropolitan City serving as the host and BNK Financial Group, Busan Chamber of Commerce & Industry, and Busan Carbon Neutrality Support Center acting as co-organizers. Approximately 100 employees from SMEs across the region participated, reflecting strong interest in corporate sustainability.

Sustainable Finance Performance

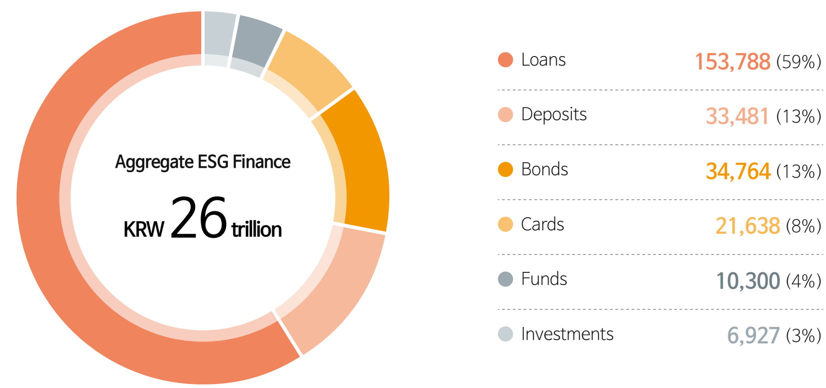
ESG Finance Performance

2025 ESG Financial Product by Category

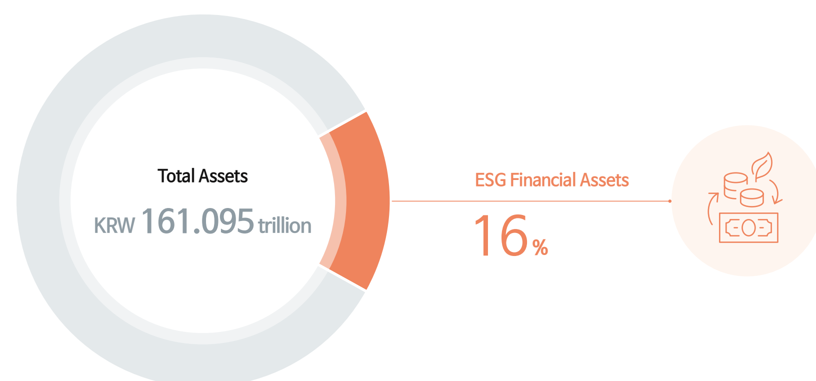
(Unit: KRW 100 million)

Area	Classification	Performance
Loans	Loan products supporting innovative SMEs	98,593
	Loan products supporting inclusive finance	34,881
	Loan products supporting local business owners	7,822
	Loan products supporting youth entrepreneurship and job creation	3,670
	Green loan products	8,822
	Total	153,788
Deposits	Deposit products for financially vulnerable groups	15,019
	Deposit products supporting SMEs, small business owners, and local communities	16,891
	Green deposit and savings products	1,571
	Total	33,481
Bonds	ESG bond issuance	4,100
	ESG bond investment	24,324
	ESG bond underwriting	6,340
	Total	34,764
PF & Investments	PF and eco-friendly SOC investments	3,634
	Green principal investments (PI)	3,293
	Total	6,927
Cards	Inclusive finance cards	15,283
	Green cards	6,355
	Total	21,638
Funds	ESG fund management and distribution performance	10,300
	Total	10,300
Total		260,898

2025 ESG Finance Share by Category



2025 ESG Finance Ratio to Total



* Based on loans, deposits, bonds, cards, and funds

Sustainable Finance Performance

ESG Finance Performance

Performance by ESG Finance Classification

(Unit: KRW million)

Area	Category	2024	2025
Green Financial Products	Green transportation products	923,752	826,606
	Green energy products	912,373	1,226,480
	Low-carbon products	118,641	127,654
	Integrated green products	378,010	584,072
	Green infrastructure products	545,007	453,592
	Biodiversity conservation	49	37
	Green building and construction products	1,700	61,700
	Green research products	-	-
	Total	2,879,531	3,280,141
Social Financial Products	Regional economic development products	14,779,336	14,227,509
	Products for financially vulnerable groups	4,017,983	4,808,814
	Integrated social finance products	3,333,884	2,877,632
	Social enterprise products	578	1,106
	Social services and infrastructure products	28,106	44,728
	Total	22,159,887	21,959,789
Governance Financial Products	Shareholder value enhancement products	278	579
	Governance improvement products	45,000	35,000
	Total	45,278	35,579
ESG General	Other general ESG	1,066,625	814,325

ESG Finance Performance by Product Type

(Unit: KRW 100 million)

Area	Category	2023	2024	2025
Loans	Loan products supporting innovative SMEs	103,402	105,197	98,593
	Loan products supporting inclusive finance	3,711	6,237	34,881
	Green loan products	4,141	4,350	8,822
	Loan products supporting local business owners	23,065	27,332	7,822
	Loan products supporting youth entrepreneurship and job creation	10,250	6,857	3,670
Deposits	Deposit products supporting SMEs, small business owners, and local communities	17,496	18,494	16,891
	Deposit products for financially vulnerable groups	22,119	24,323	15,019
	Green deposit and savings products	2,225	3,626	1,571
Bonds	ESG bond underwriting	2,796	2,194	6,340
	ESG bond issuance	6,800	6,000	4,100
	ESG bond investment	31,754	30,845	24,324
Investments	Green principal investments (PI)	2,816	3,053	3,293
PF	PF and eco-friendly SOC investments	532	864	3,634
Cards	Inclusive finance cards	10,851	13,513	15,283
	Green cards	9,742	9,471	6,355
Funds	ESG fund management and distribution performance	4,124	9,576	10,300

KSSB Index

Topic		Paragraph	Disclosure	Page	Contents
Governance		6-(1)-(a)	The governance body responsible for oversight of climate-related risks and opportunities, and related policies	5-6	• Climate Action Framework • Policies and Regulations Defining Responsibilities of Decision-Making Bodies
		6-(1)-(b)	Assessment of the governance body's skills and competencies, and plans for development	7	• Committee Composition and Operation
		6-(1)-(c)	Reporting relevant information to the governance body	7	• Committee Composition and Operation
		6-(1)-(d)	How the governance body considers and incorporates climate-related risks and opportunities	6	• Approach to Incorporating Climate Risks and Opportunities into Decision-Making
		6-(1)-(e)	Target setting and monitoring by the decision-making body of the progress against the targets	6	• Climate Target Setting and Monitoring
		6-(2)-(a)	Management responsible for oversight of climate-related risks and opportunities	8	• Management's Responsibilities
		6-(2)-(b)	Integration of controls and procedures used by management into internal functions	8	• Management Control Framework
Strategy	Climate-Related Risks and Opportunities	10	List of climate-related risks and opportunities, and the time horizons over which they could reasonably be expected to affect	9-11	• Process for Identifying and Assessing Climate-Related Risks and Opportunities • Identification of Climate Related Risks and Opportunities
	Business Model and Value Chain	13-(1)	Impacts of climate-related risks and opportunities on the entity's business model and value chain	12	• Impacts on Business Model and Value Chain
		13-(2)	Business segments where climate-related risks and opportunities are concentrated	12	• Business Segments Where Climate-Related Risks and Opportunities Are Concentrated
	Strategy and Decision-Making	14-(1)-(a)	Business model transformation	14	• Business Model Transformation
		14-(1)-(b)	Direct mitigation and adaptation efforts	15	• Our Commitment to Mitigation and Adaptation
		14-(1)-(c)	Indirect mitigation and adaptation efforts	15	• Our Commitment to Mitigation and Adaptation
		14-(1)-(d)	Plans for climate-related transition	-	-
		14-(1)-(e)	Plans to achieve climate-related targets	13	• Roadmap to Achieving Climate Targets
		14-(2)	Financing plans	31	• Financing
		14-(3)	Progress against reported plans	-	-
	Financial Status, Performance, and Cash Flow	16-(1)	Impacts of climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows	16	• Climate Change-Driven Financial Impacts
		16-(2)	Significant climate-related risks and opportunities that could reasonably be expected to affect the entity's financial statements	16	• Climate Change-Driven Financial Impacts
		16-(3)	Estimated changes in the entity's financial position	-	-
		16-(4)	Estimated changes in the entity's financial performance and cash flows	-	-
	Climate Resilience	22-(1)	Analysis and assessment of climate-related scenarios	17-19	• Corporate Climate Resilience Assessment • Climate Resilience Reinforcement Plan
		22-(2)	Approach to climate scenario analysis and timing of reporting	19-20	• Uncertainty and Constraints Intrinsic to Scenario Analysis

KSSB Index

Topic		Paragraph	Disclosure	Page	Contents
Risk Management		25-(1)	The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks	22-24	• Process for Managing Climate-Related Risks
		25-(2)	The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities	-	-
		25-(3)	How those processes are integrated into the entity's overall risk management process	25	• Integration into the Overall Risk Management Framework
Metrics and Targets	Climate-Related Metrics	29-(1)	Greenhouse gases, and approach to measure its greenhouse gas emissions	26-30	• GHG Emissions
		29-(2)	Assets or business activities vulnerable to climate-related transition risks	31	• Assets and Business Operations Exposed to Climate Risks
		29-(3)	Assets or business activities vulnerable to climate-related physical risks	31	• Assets and Business Operations Exposed to Climate Risks
		29-(4)	Assets or business activities aligned with climate-related opportunities	-	-
		29-(5)	Capital deployment	31	• Financing
		29-(6)	Internal carbon prices	32	• Internal Carbon Pricing
		29-(7)	Remuneration	8	• Embedding Climate Performance in Evaluation
	Climate-Related Targets	33	Metrics used to set the target	33	• Approach to Target Setting
		34	Climate-related target setting and measures to monitor	33	• Approach to Target Setting
		35	Progress against climate-related targets	27, 28, 35-36	• GHG Emissions • Sector-Specific Reduction Targets and Pathways
		36	Information on greenhouse gas emissions targets	33	• Approach to Target Setting

Third-party Assurance Statement

Assurance Statement

Dear Management and Stakeholders of BNK FINANCIAL GROUP

Introduction

Korean Standards Association ("KSA") was commissioned by BNK FINANCIAL GROUP ("the Company") to perform a third-party Assurance Engagement of '2025 BNK FINANCIAL GROUP Sustainability Report and Special Report' ("the Report"). KSA presents independent opinions as follows as a result of the feasibility of the data contained in this Report. The Company has sole responsibility for the content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kind of commercial interest in businesses of the Company apart from undertaking a third-party assurance on the Report. KSA has no other contract with the Company that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards: AA1000AS v3

Assurance Level and Type: Moderate, Type2

Note: Moderate assurance has a lower level of confidence than high assurance because it is based on limited evidence.

Assurance Scope

The assurance scope includes systems and activities such as sustainability management policies, goals, businesses, standards, and achievements of the Company during the reporting period. While the Company's environmental and social data, as well as financial data in a broad sense, was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

- in adherence with the four principles of AA1000AP(AccountAbility Principles) 2018
- in accordance with GRI Standards 2021

(Topic Standards)
201-1, 203-1, 205-3, 206-1, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 404-2, 405-1, 415-1, 417-1, 417-2, 417-3, 418-1

- Company-specific Indicator: Mobile Customer Ratio, Monthly Mobile Service Users, Employee compensation by gender, Days of absence due to all illnesses and injuries, Days of absence due to work-related illnesses and injuries

Assurance Methodology

KSA used the following methods to gather information, documents, and evidence with respect to the assurance scope.

- Confirmation of stakeholder engagement and materiality assessment process by the sustainability expert.
- Verification of environmental information disclosure data and information by the environmental expert.
- Examination of internal documents and basic materials.

Assurance limitations

This assurance was conducted primarily on disclosures and assured indicators related to material issues, and certain disclosure items deemed less relevant to the material issues were excluded from the assurance scope. In addition, as the Special Report was prepared to explain the status of the application of recommendations related to TCFD, TNFD, human rights impact assessments, and sustainable finance, the review focused on the factual accuracy of the disclosures and the supporting evidence. The ESG Data Pack was assured only for data related to the assured indicators, and other information was excluded from the assurance scope.

Assurance Results and Opinions

KSA reviewed the draft version of this Report within the scope of this assurance and presented our opinions as an assurance provider. Modifications were made to the Report content if deemed necessary. KSA was not aware of any suspicions of significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, KSA presents our opinions of the '2025 BNK FINANCIAL GROUP Sustainability Report and Special Report' as follows.

Third-party Assurance Statement

Assurance Statement

Four principles of AA1000AP(AccountAbility Principles) 2018

Inclusivity

- Has the Company engaged its stakeholders in strategically responding to sustainability?

KSA believes the Company is aware of the importance of stakeholder engagement and is making an all-out effort to establish a process that will increase their engagement. The Company has selected stakeholders including Customers, Employees, Shareholders and Investors, Business Partners, Local Communities, Government and Regulatory Authorities and has communication channels for each group to receive diverse feedbacks and opinions.

Materiality

- Has the Company included material information in the Report to help stakeholders make informed decisions?

KSA is not aware of any significant omissions or exclusions of data that are material to stakeholders. KSA verified that the Company conducted a materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

- Has the Company appropriately responded to stakeholder requirements and interest in this Report?

KSA verified that the Company responded to stakeholders' needs and interests by reflecting stakeholders' opinions in the Report. KSA is not aware of any evidence that the Company's response to significant issues of stakeholders was reported inappropriately.

Impact

- Has the Company appropriately monitored its impact on the stakeholders?

KSA verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

Reliability and quality of specified performance

- Has the Company appropriately collected and disclosed specified performance information based on a reliable process?

The assurance provider performed a reliability assurance of the sustainability performance information on the subject of Type 2 assurance. To assure this information, interviews were conducted with relevant personnel, and it was determined that the performance information disclosed in the Report was collected and disclosed based on a reliable process and evidence. Additionally, no evidence was found indicating that specific sustainability information was inaccurately reported.

June 2026

Dong Min Moon

KSA Chairman & CEO

AA1000
Licensed Report
000-70/V3-KHD5C

The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and as an assurance provider of the Korean government's greenhouse gas energy target management system.

GHG Emissions Verification

Assurance Statement for 2025 GHG Emissions

GI-26-V025-01-00

BNK Financial Group

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 1, 2 Greenhouse Gas Emissions (hereinafter 'GHG emissions') of BNK Financial Group[1] (hereinafter 'Company') for 2025. KFQ is responsible for providing an assurance statement on the GHG emissions based on the verification scope and criteria described below, while the responsibility for the claims made regarding the GHG emissions rests with the company.

1) Address (based on headquarters) : 30 Munhyeongeumyung-ro, Nam-gu, Busan

Verification Purpose

The purpose is to provide an independent verification opinion on the company's voluntary GHG emissions inventories.

Verification Scope

KFQ's verification scope covered facilities and emission sources at BNK Financial Group and nine subsidiaries[2] under the operational control and organizational boundary of the company during 2025.

2) BNK Busan Bank, BNK Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, BNK System

Verification Criteria

The verification was carried out at the request of the company using:

- ISO 14064-1:2018, ISO14064-3:2019
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- Rule for emission reporting and certification of greenhouse gas emission trading Scheme (Notification No. 2025-64 of Ministry of Environment)

Verification Approach

The verification has been conducted in accordance with the verification principles and standards of the 'ISO14064-3:2019' under the limited verification level. The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Conclusion

Based on the criteria and guidelines stated above, KFQ's verification opinion is as follows.

1) GHG emissions Company were properly calculated according to the verification standards.

2) The data and information used in calculating the GHG emissions were appropriate, reasonable, and no significant errors or omissions could affect verification statement were not found. The materiality assessment result of GHG emissions has met the agreed-upon criterion of less than 5%.

3) Accordingly, KFQ provides a verification opinion that is "Unmodified".

Unit : tCO_2eq

Scope 1	Scope 2	Total
3,385.852	24,847.844	28,234

* Because total emissions from each site are rounded, the company's total emissions may differ from the actual values by ±1 tCO_2eq.

Appendix. 2025 Emissions Calculation Results

Organization : BNK Financial Group and nine subsidiaries
Emission calculation period : January 1st to December 31st, 2025

Scope 1, 2 Emissions

Unit : tCO_2eq

Year	Sites	Scope 1	Scope 2	Total
2025	BNK Financial Group	138.871	354.462	493
	BNK Busan Bank	1,401.757	16,949.654	18,351
	BNK Kyongnam Bank	1,441.318	5,178.961	6,620
	BNK Capital	90.223	254.535	345
	BNK Securities	133.622	409.006	543
	BNK Savings Bank	44.519	237.467	282
	BNK Asset Management	61.136	29.850	91
	BNK Venture Capital	23.528	17.580	41
	BNK Credit Information	14.711	100.985	116
	BNK System	36.167	1,315.344	1,352
Total				28,234

* Because total emissions from each site are rounded, the company's total emissions may differ from the actual values by ±1 tCO_2eq.

2026-06-18

CEO Ji-Young Song
Korean Foundation for Quality

Ji Young Song

National Institute of Environmental Research

Korean Foundation for Quality

GHG Emissions Verification

Assurance Statement for 2025 GHG Emissions

GI-26-V025-02-00

BNK Financial Group

Verification Target

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 3 Greenhouse Gas Emissions (hereinafter 'GHG emissions') of BNK Financial Group[1] (hereinafter 'Company') for 2025. KFQ is responsible for providing an assurance statement on the GHG emissions based on the verification scope and criteria described below, while the responsibility for the claims made regarding the GHG emissions rests with the company.

1) Address (based on headquarters) : 30, Munhyeon-geumyung-ro, Nam-gu, Busan, 48400, Republic of Korea

Verification Purpose

The purpose is to provide an independent verification opinion on the company's Scope 3 emissions.

Verification Scope

The verification covered eight emission categories [2] selected by the company [3] during 2025.

2) Category 1, 2, 3, 5, 6, 7, 12, 15
3) Domestic business sites: BNK Financial Group, BNK Busan Bank, BNK Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System, BNK Venture Capital

Verification Criteria

The following criteria and coefficients used by the company were applied.

- Criteria
  - ISO 14064-1:2018, ISO14064-3:2019
  - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
  - GHG Protocol Corporate Standard
  - WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard
  - The Global GHG Accounting and Reporting Standard for the Financial Industry(PCAF)
- Coefficient
  - Environmental Product Declaration evaluation coefficient (2021)
  - Ministry of Environment Guideline for Low-carbon Events(2008)

Level of Assurance

The verification has been conducted in accordance with the verification principles and standards of the 'ISO14064-3:2019' under the limited verification level.

Verification Limitation

GHG emissions verification involves inherent limitations that may arise depending on the organization's data characteristics, calculations and estimates, sampling method, and limited assurance level. Additionally, this verification does not include responsibility for the accuracy of the original data provided by the company.

Conclusion

Based on the criteria and guidelines stated above, KFQ's verification opinion is as follows.

1) GHG emissions of the company for 2025 were properly calculated based on the materials provided, and no material errors or omissions that could affect the verification opinion were identified.
2) The criteria and process established by the company for calculating GHG emissions were transparently documented in the internal calculation process to prevent potential misunderstandings.
3) Accordingly, KFQ provides a verification opinion that is "Unmodified".

Appendix. 2025 Scope 3 Emissions Calculation Results

Organization : BNK Financial Group
Emission calculation period : The emission calculation period is from January 1st to December 31st, 2025.

Scope 3 Emissions verification Results

Unit : tCO_2eq

	Category	Total emissions
1	Purchased goods & services	393
2	Capital goods	75
3	Fuel and Energy-related activities not included in Scope 1+2	4,004
5	Waste generated in operations	111
6	Business travel	604
7	Employee commuting	2,624
12	End of life treatment of sold products	30
15	Investments	25,283,859
	Total	25,291,700

* The total emissions are rounded to the nearest whole number, and the difference from the actual value may be less than ± 1 tCO_2eq.
* Based on the PCAF (Partnership for Carbon Accounting Financials) methodology, seven asset classes — listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign exposures — were included in the calculation, with the scope limited to assets for which emissions data are currently available.

Category 15 Emissions by Asset Class

Unit : tCO_2eq

	Category 15 Asset Classes	Total emissions
1	Listed stocks and corporate bonds	780,811
2	Corporate loans and unlisted Stocks	22,412,492
3	Project Finance (Generation and infrastructure)	154,018
4	Industrial real estate	33,537
5	Mortgage (Purchasing funds)	52,661
6	Automobile loans	48,142
7	Government exposure	1,802,197
	Total	25,283,859

2026-06-19

CEO Ji-Young Song
Korean Foundation for Quality

National Institute of Environmental Research

Korean Foundation for Quality

About this report

Overview

This Special Report provides a comprehensive overview of our climate action, natural capital management, human rights management, and ESG finance performance for stakeholders. The report is structured around TCFD, TNFD, human rights impact assessments, and ESG finance policies, activities, and outcomes, while detailing BNK Financial Group's strategy for transitioning to a sustainable financial ecosystem and the progress achieved. In pursuit of green finance, we are driving forward our 2050 Net-Zero commitment while sharpening our capabilities to respond to climate-related and nature-related risks. Another key focus is advancing our sustainability management framework in recognition of our social responsibility and human rights. In parallel, we remain committed to transparent communication with stakeholders to ensure the reliability of sustainability data and to improve disclosure consistency.

Reporting Period

This report covers our activities and achievements during the period from January 1, 2025 through December 31, 2025. In recognition of the timeliness and significance of data, certain information regarding activities and policies from the first half of 2026 has also been included.

Reporting Scope

The coverage of this report spans BNK Financial Group as well as its primary subsidiaries, including Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Venture Capital, BNK Credit Information, and BNK System. With respect to human rights impact assessments, the scope extends not only to our own business sites but also to the entire value chain, including subsidiaries and key suppliers. Certain data is limited to specific subsidiaries, in such cases, this is clearly indicated in the footnotes.

For further information, please refer to the BNK Financial Group website. This report is also available for download in PDF format. For any inquiries or requests for additional data regarding this report, please contact us using the following information.

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Reporting Principles and Frameworks

TCFD Report

In line with the TCFD (Task Force on Climate related Financial Disclosures) recommendations, the core data of this report has been prepared, covering climate related risks and opportunities, governance, strategy, and metrics and targets. To ensure consistency with both international and domestic disclosure standards, we have referenced the KSSB 2 Climate Related Disclosure issued in February 2026. In addition, we follow the approval criteria of the SBTi (Science Based Targets initiative) and apply the PCAF (Partnership for Carbon Accounting Financials) methodology for GHG reduction targets and financed emissions data.

TNFD Report

The data regarding natural capital disclosures presented herein has been prepared in accordance with the TNFD (Task Force on Nature related Financial Disclosures) recommendations.

Human Rights Impact Assessment Report

We have adhered to both international and domestic standards for human rights due diligence, including the UN Guiding Principles on Business and Human Rights (UNGPs) and the guidelines of the National Human Rights Commission of Korea, to disclose data related to human rights impact assessments. The scope of these assessments extends not only to our own business sites but also to subsidiaries and key suppliers.

Sustainable Finance Report

With respect to ESG finance and green finance, the data has been prepared in accordance with the Green Loan Management Guidelines issued by the Financial Services Commission and the K-Taxonomy. Key initiatives related to green loans are managed throughout the entire loan process, structured into planning, screening, execution, bond management, and post-review.

Third-Party Assurance

To ensure data reliability and quality, this report has undergone third-party verification by the Korean Standards Association. The assurance statement is provided on page 86.

BNK Financial Group