

BNK Financial Group Inc.

Separate financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

BNK Financial Group Inc.

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Independent auditor's report

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Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting

Internal Control over Financial Reporting Operating Status Report by CEO



**Shape the future
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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors BNK Financial Group Inc.

Opinion

We have audited the separate financial statements of BNK Financial Group Inc (the "Company"), which comprise the separate statements of financial position as of December 31, 2025 and 2024, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2025, based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 17, 2026 expressed an unqualified opinion thereon.

Basis for opinion

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

Key audit matter

We decided that there were no key audit matters to report in the audit report.

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

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



March 17, 2026

This audit report is effective as of March 17, 2026 the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

BNK Financial Group Inc.

Separate financial statements
for each of the two years in the period ended December 31, 2025

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

Dae In Bin
Chief Executive Officer
BNK Financial Group Inc.

BNK Financial Group Inc.
Separate Statements of Financial Position
as of December 31, 2025 and 2024

(In thousands of Korean won)	Notes	December 31, 2025		December 31, 2024	
Assets					
Cash and due from banks	5,6,7	₩	341,101,234	₩	184,693,378
Financial assets at fair value through profit or loss	5,6,8		105,845,700		107,051,600
Investments in subsidiaries	9		6,623,937,231		6,623,937,231
Loans and receivables	4,5,6,10		173,540,669		107,174,231
Property and equipment	11		10,173,011		13,266,668
Intangible assets	12		9,178,026		11,791,135
Net defined benefit assets	15		2,759,133		1,461,688
Other assets	13		1,066,462		1,086,120
Total assets		₩	7,267,601,466	₩	7,050,462,051
Liabilities					
Debentures	4,5,6,14	₩	1,828,522,661	₩	1,648,353,455
Current tax liabilities	18		151,485,761		85,702,235
Provisions	16		190,785		350,480
Other liabilities	4,5,6,17		30,063,004		29,817,762
Total liabilities			2,010,262,211		1,764,223,932
Equity					
Share capital	19		1,629,676,230		1,629,676,230
Hybrid equity securities	19		498,381,718		727,703,250
Other paid-in capital	19		2,275,830,978		2,256,391,584
Other components of equity	19		(5,867,334)		(5,490,755)
Retained earnings	20		859,317,663		677,957,810
Total equity			5,257,339,255		5,286,238,119
Total liabilities and equity		₩	7,267,601,466	₩	7,050,462,051

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

BNK Financial Group Inc.
Separate statements of comprehensive income
for each of the two years in the period ended December 31, 2025

<i>(In thousands of Korean won, except per share amounts)</i>	Notes	2025	2024
Net interest income	21		
Interest income		₩ 1,539,884	₩ 1,124,874
Interest expenses		<u>(58,090,655)</u>	<u>(49,944,641)</u>
		<u>(56,550,771)</u>	<u>(48,819,767)</u>
Net fee and commission income	22		
Commission income		15,113,800	14,494,741
Commission expenses		<u>(4,724,091)</u>	<u>(5,448,866)</u>
		<u>10,389,709</u>	<u>9,045,875</u>
Gain on financial assets at fair value through profit or loss	23	5,830,100	10,440,000
Income from financial assets at fair value through profit or loss		7,036,000	10,440,000
Expense from financial assets at fair value through profit or loss		(1,205,900)	-
Dividend income		682,500,000	351,009,500
General and administrative expenses	24	<u>(58,965,801)</u>	<u>(55,817,714)</u>
Operating profit		<u>583,203,237</u>	<u>265,857,894</u>
Non-operating income (expenses)	25		
Non-operating income		182,039	289,073
Non-operating expense		<u>(623,159)</u>	<u>(545,446)</u>
		<u>(441,120)</u>	<u>(256,373)</u>
Profit before income tax expense		582,762,117	265,601,521
Income tax expense	18	<u>-</u>	<u>-</u>
Profit for the year		<u>582,762,117</u>	<u>265,601,521</u>
Other comprehensive income, net of tax			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities		<u>(376,579)</u>	<u>(1,005,687)</u>
		<u>(376,579)</u>	<u>(1,005,687)</u>
Total comprehensive income for the year		<u>₩ 582,385,538</u>	<u>₩ 264,595,834</u>
Earnings per share (in Korean won)	26		
Basic and diluted earnings per share		₩ 1,774	₩ 728

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

BNK Financial Group Inc.

Separate statements of changes in equity

for each of the two years in the period ended December 31, 2025

(In thousands of Korean won)

	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total
Balance as of January 1, 2024	₩ 1,629,676,230	₩ 727,635,719	₩ 2,276,280,170	₩ (4,485,067)	₩ 654,830,042	₩ 5,283,937,094
Acquisition of treasury stocks	-	-	(32,995,953)	-	-	(32,995,953)
Retirement of treasury stocks	-	-	12,998,778	-	(12,999,508)	(730)
Issuance of hybrid equity securities	-	199,420,480	-	-	-	199,420,480
Repayment of hybrid equity securities	-	(199,352,949)	(647,051)	-	-	(200,000,000)
Changes in capital adjustments	-	-	755,640	-	(755,640)	-
Dividends on hybrid equity securities	-	-	-	-	(32,575,000)	(32,575,000)
Interim dividends	-	-	-	-	(64,087,345)	(64,087,345)
Annual dividends	-	-	-	-	(132,056,260)	(132,056,260)
Total comprehensive income						
Profit for the year	-	-	-	-	265,601,521	265,601,521

Other comprehensive income (loss)

Remeasurements of net defined benefit liabilities

Balance as of December 31, 2024	₩ 1,629,676,230	₩ 727,703,250	₩ 2,256,391,584	₩ (1,005,688)	₩ 677,957,810	₩ 5,286,238,119
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Balance as of January 1, 2025

Acquisition of treasury stocks	₩ 1,629,676,230	₩ 727,703,250	₩ 2,256,391,584	₩ (5,490,755)	₩ 677,957,810	₩ 5,286,238,119
Retirement of treasury stocks	-	-	(99,999,911)	-	-	(99,999,911)
Issuance of hybrid equity securities	-	-	119,997,087	-	(119,998,702)	(1,615)
Repayment of hybrid equity securities	-	149,473,636	-	-	-	149,473,636
Changes in capital adjustments	-	(378,795,168)	(1,204,833)	-	-	(380,000,001)
Dividends on hybrid equity securities	-	-	647,051	-	(647,051)	-
Quarterly dividends	-	-	-	-	(24,696,250)	(24,696,250)
Annual dividends	-	-	-	-	(112,787,677)	(112,787,677)
Total comprehensive income						
Profit for the year	-	-	-	-	582,762,117	582,762,117

Other comprehensive income (loss)

Remeasurements of net defined benefit liabilities

Balance as of December 31, 2025	₩ 1,629,676,230	₩ 498,381,718	₩ 2,275,830,978	₩ (376,579)	₩ 859,317,663	₩ 5,257,339,255
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The accompanying notes are an integral part of the separate financial statements.

BNK Financial Group Inc.
Separate statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(In thousands of Korean won)</i>	Notes	2025	2024
Cash flows from operating activities			
Profit for the year	₩	582,762,117	₩ 265,601,521
Adjustments to profit for the year:			
Loss (gain) on financial assets at fair value through profit or loss		1,205,900	(3,404,000)
Interest income		(1,539,884)	(1,124,874)
Interest expense		58,090,655	49,944,641
Depreciation		2,879,125	3,046,738
Amortization		3,728,490	3,727,133
Loss on disposal of property and equipment		408,596	19,397
Post-employment benefits		1,325,976	1,442,972
Dividend income		(689,536,000)	(358,045,500)
Other non-operating expenses		120	-
		<u>(623,437,022)</u>	<u>(304,393,493)</u>
Changes in operating assets and liabilities:			
Increase in receivables		(788,933)	(768,968)
Decrease in net defined benefit obligation		(3,000,000)	(6,000,000)
Decrease (increase) in other assets		19,658	(163,670)
Decrease in provisions		(169,400)	-
Increase in other liabilities		1,198,330	1,125,302
		<u>(2,740,345)</u>	<u>(5,807,336)</u>
Interest received		1,559,066	1,079,764
Interest paid		(56,406,914)	(47,999,422)
Dividend received		689,536,000	358,045,500
Net cash flows provided by operating activities		<u>591,272,902</u>	<u>266,526,534</u>
Cash flows from investing activities			
Acquisition of property and equipment		(674,647)	(1,872,532)
Disposal of property and equipment		-	16,700
Acquisition of intangible assets		(1,115,380)	(1,422,666)
Increase in lease deposits provided		171,129	642,480
Net cash flows used in investing activities		<u>(1,618,898)</u>	<u>(2,636,018)</u>
Cash flows from financing activities			
Increase in borrowings	28	499,099,031	499,010,687
Decrease in borrowings	28	(320,000,000)	(470,000,000)
Repayments of lease liabilities		(1,060,777)	(1,151,436)
Dividends paid to shareholders	27	(256,060,261)	(196,143,605)
Issuance of hybrid equity securities		149,473,636	199,420,480
Repayment of hybrid equity securities		(380,000,000)	(200,000,000)
Dividends paid on hybrid equity securities		(24,696,250)	(32,575,000)
Acquisition of treasury stocks		(99,999,911)	(32,995,953)
Retirement cost of treasury stocks		(1,615)	(730)
Net cash flows used in financing activities		<u>(433,246,147)</u>	<u>(234,435,557)</u>

(Continued)

BNK Financial Group Inc.
Separate statements of cash flows
for each of the two years in the period ended December 31, 2025

<i>(In thousands of Korean won)</i>	Notes	2025	2024
Net increase in cash and cash equivalents		156,407,857	29,454,959
Cash and cash equivalents at the beginning of the year	7	184,693,377	155,238,418
Cash and cash equivalents at the end of the year	7	₩ 341,101,234	₩ 184,693,377

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

BNK FINANCIAL GROUP INC.

Notes to separate financial statements

December 31, 2025 and 2024

1. GENERAL INFORMATION:

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

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

The Company’s headquarters is located at 30, Munhyeongeumyung-ro, Nam-gu, Busan.

Meanwhile, the Company’s share capital as of December 31, 2025, amounts to ₩1,629,676 million with 310,327,033 outstanding shares.

2. MATERIAL ACCOUNTING POLICIES:

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

2.1 Basis of Preparation

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

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

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

2.1 Basis of Preparation (cont'd)

The Company prepares its separate financial statements in accordance with KIFRS 1027 Separate Financial Statements. Separate financial statements are those presented by a parent, or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost, in accordance with KIFRS 1109 Financial Instruments, or using the equity method as described in KIFRS 1028 Investments in Associates and Joint Ventures.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of KIFRS 1102 Share-Based Payment; leasing transactions that are within the scope of KIFRS 1116 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in KIFRS 1002 Inventories or value in use in KIFRS 1036 Impairment of Assets.

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

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

2.2 Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the Company

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

The amendments define a situation where a currency is exchangeable for accounting purpose and specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When a currency is not exchangeable into another currency, the spot exchange rate is estimated at the measurement date, and an observable exchange rate without adjustment or another estimation technique shall be used.

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

- Amendments to KIFRS 1117 Insurance Contract – Disclosure of Methods for Estimating Inputs Used to Measure Insurance Contract

The amendments specify a disclosure requirement applied when entities use the estimation techniques for inputs in measuring insurance contracts different from the principle-based estimation techniques as required by insurance-related laws and regulations and the information about such differences is judged to be relevant and material to users of the financial statements. The amendments are effective from December 31, 2025 and applied for the first annual reporting period ending on or after the effective date. The amendments are effective through the annual reporting period that includes December 31, 2029.

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

(b) Standards and interpretations that have been published but not yet effective and have not been early adopted by the Company

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

(1) Derecognition of financial liabilities settled using an electronic payment

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy to derecognize the financial liability before settlement date, it must apply this treatment to all financial liabilities settled using the same electronic payment system.

2.2 Changes in Accounting Policies and Disclosures (cont'd)

(2) Classification of financial assets

- Contractual terms that are consistent with a basic lending arrangement

The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments are intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics of financial assets with features linked to environmental, social and governance (ESG) concerns.

- Assets with non-recourse features

The amendments enhance the description of the term “non-recourse”, in particular to specify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- Contractually linked instruments

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

(3) Disclosures

- Investments in equity instruments designated at fair value through other comprehensive income (“FVOCI”)

The requirements in KIFRS 1107 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

- Contractual terms that could change the timing or amount of contractual cash flows

The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVOCI and each class of financial liability measured at amortised cost.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

2.2 Changes in Accounting Policies and Disclosures (cont'd)

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact; or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with KIFRS 1008, with specific exceptions.

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

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

The amendments to KIFRS 1101 clarify to include cross-references to the qualifying criteria for hedge accounting in specific paragraphs of KIFRS 1109 and update the language thereon in KIFRS 1101 to be consistent with the requirements for hedge accounting in KIFRS 1109. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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

- Amendments to KIFRS 1107 *Financial Instruments: Disclosures*

- *Gain or loss on derecognition*

The amendments update the language on unobservable inputs in paragraph B38 of KIFRS 1107 and include a cross reference to paragraphs 72 and 73 of KIFRS 1113 *Fair Value Measurement*.

- *Disclosure of deferred difference between fair value and transaction price*

Paragraph IG14 of the Guidance on implementing KIFRS 1107 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of KIFRS 1107 to improve the consistency of the wording in the standard.

- *Credit risk disclosures*

The amendments clarify in paragraph IG1 that the Guidance on implementing KIFRS 1107 does not necessarily illustrate all the requirements and simplify the explanation of the aspects of the requirements that are not illustrated in KIFRS 1107:IG20B.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

2.2 Changes in Accounting Policies and Disclosures (cont'd)

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

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

- Amendments to KIFRS 1109 Financial Instruments –Derecognition of Lease Liabilities and Definition of Transaction Prices

The amendments clarify that, when a lease liability has been extinguished, any resulting gain or loss should be recognized in profit or loss. Additionally, the amendments update the language on transaction price in KIFRS 1109 with that in KIFRS 1115. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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

- Amendments to KIFRS 1110 Consolidated financial Statements – Determination of “de facto agent”

The amendments remove the inconsistency with the requirement in paragraph B73 and B74 for an entity to use judgement to determine whether other parties are acting as de facto agents, and clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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

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

The amendment replaces the term “cost method” with “at cost” in KIFRS 1007. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

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

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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2.2 Changes in Accounting Policies and Disclosures (cont'd)

- Amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures* — *Contracts Referencing Nature-dependent Electricity*

(1) Amendments to KIFRS 1109 *Financial Instruments*

The following requirements of KIFRS 1109 are affected by the amendments:

- the own-use requirements in KIFRS 1109 are amended to include the factors an entity is required to consider when applying KIFRS 1109 paragraph 2.4 to contracts to buy and be delivered renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in KIFRS 1109 are amended to allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions:
 - to designate a variable amount of forecast electricity transactions as the hedged item if specified criteria are met; and
 - to align the variable amount of nature-dependent electricity expected to be delivered by the generation facility with as referenced in the hedging instrument.

(2) Amendments to KIFRS 1107 *Financial Instruments: Disclosures*

KIFRS 1107 was amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. The amendments to the own use exemption are required to be applied retrospectively in accordance with KIFRS 1008 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The amendments are not expected to have a material impact on the Company's separate financial statements

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2.2 Changes in Accounting Policies and Disclosures (cont'd)

- Enactment of KIFRS 1118 *Presentation and Disclosures in Financial Statements*

KIFRS 1118 replaces KIFRS 1001 *Presentation of Financial Statements*. While much of KIFRS 1001 will be carried forward to the new standard with only limited wording changes, KIFRS 1118 introduces several new requirements. Some requirements previously included in KIFRS 1001 have been moved to KIFRS 1008, and to a much lesser extent, KIFRS 1107. Narrow scope consequential amendments have been made to other standards including KIFRS 1007 and KIFRS 1033.

KIFRS 1118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation.

An entity is required to apply KIFRS 1118 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to KIFRS 1007 and KIFRS 1033, as well as the revised KIFRS 1008 and KIFRS 1107, become effective when an entity applies KIFRS 1118. KIFRS 1118 requires retrospective application with specific transition provisions.

The Company is evaluating the impact of the enactment on Company's separate financial statements.

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2.3 Subsidiaries

The financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. Investments in subsidiaries are recognized at cost under the direct equity method. At the transition to KIFRS, however, the carrying amounts under the previous accounting principles at the time of transition were used as deemed cost of investments. The Company recognizes dividend income from subsidiaries in profit or loss when its right to receive the dividend is established.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The separate financial statements are presented in Korean won, which is the Company’s functional and presentation currency.

(b) Transactions and balances

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

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

- exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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2.4 Foreign Currency Translation (cont'd)

For the purpose of presenting the separate financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income.

2.5 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

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

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

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

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

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2.5 Financial Assets (cont'd)

(b) Measurement

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

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

A. Debt instruments

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

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

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2.5 Financial Assets (cont'd)

B. Equity instruments

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

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

(c) Impairment

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

The expected credit losses of debt securities at fair value through other comprehensive income and financial assets at amortized cost are measured as a probability-weighted estimate of the present value, that is, the difference between the contractual cash flows to be received over the expected life of the financial assets and cash flows expected to receive, discounted at the original effective interest rate.

At the end of each reporting period, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the end of each reporting period, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

(d) Recognition and derecognition

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

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2.6 Financial Liabilities and Equity Instruments

(a) Classification as debt or equity

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

(b) Equity instruments

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

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

(c) Hybrid capital instruments

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

(d) Financial liabilities

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as a hedging instrument and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as deposit liabilities, borrowings and other financial liabilities in the separate statements of financial position.

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2.6 Financial Liabilities and Equity Instruments (cont'd)

(e) Derecognition of financial liabilities

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

(f) Offsetting of financial instruments

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

2.7 Non-current Assets Held for Sale

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction, rather than through continuing use, and the sale is considered highly probable. The assets are measured at the lower of their carrying amount and the fair value less costs to sell.

2.8 Property and Equipment

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

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

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

	Useful life (years)	Depreciation method
Buildings	50	Straight line
Leasehold improvements	5	Straight line
Movable assets	5	Straight line

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2.8 Property and Equipment (cont'd)

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

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

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

2.9 Intangible Assets

(a) Intangible assets acquired separately

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

	Amortization method	Useful life (years)
Software	Straight line	5
Development costs	Straight line	5

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

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products and the Company can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

2.9 Intangible Assets (cont'd)

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

(c) Intangible assets acquired in a business combination

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

(d) Derecognition of intangible assets

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

2.10 Impairment of Non-Financial Assets

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

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

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

2.10 Impairment of Non-Financial Assets (cont'd)

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

The Company estimates the recoverable amount of an individual asset. If it is impossible to measure the recoverable amount of an individual asset, then the Company estimates the recoverable amount of a CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value, less costs to sell. The value in use is estimated by applying a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Except for impairment losses in respect of goodwill, which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.11 Financial Guarantee Contracts

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

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued and recognized in the separate statements of financial position within other financial liabilities. The liability is initially measured at fair value and subsequently at the higher of:

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

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2.12 Hybrid Financial Instruments

The hybrid financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to share premium. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to liability and equity components in proportion to the the gross proceeds. Transaction costs relating to equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible bonds using the effective interest method.

2.13 Provisions

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

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

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2.13 Provisions (cont'd)

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

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

(a) Onerous contracts

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

(b) Restructurings

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

(c) Contingent liabilities acquired in a business combination

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

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2.14 Income Tax Expense

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

(a) Current tax

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

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2.14 Income Tax Expense (cont'd)

(b) Deferred tax

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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2.14 Income Tax Expense (cont'd)

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(c) Current and deferred taxes for the year

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

2.15 Employee Benefits

(a) Postemployment benefit

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

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2.15 Employee Benefits (cont'd)

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

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

(b) Termination benefits

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

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

- If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by KIFRS 1019 paragraph 70 for the gross benefits.

(c) Share-based payments

Under cash-settled share-based payment plan, the Company compensates the difference of the market value and the exercise price of an option in the consideration for employee services received. Total expense that will be recognized over the vesting period is determined by reference to the fair value of the option granted. Until the liability is settled, the Company is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss.

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2.16 Revenue and Expense Recognition

(a) Interest income and expense

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

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

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

In addition, interest income arising from debt instruments at fair value through profit or loss is classified as interest income in the separate statements of comprehensive income.

(b) Commission income

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

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

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

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2.16 Revenue and Expense Recognition (cont'd)

② Commission from rendering services

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

③ Commission from significant act performed

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

(c) Dividend income

Dividend income is recognized when the shareholders are entitled to receive dividends.

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2.17 Leases

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

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

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

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

The lease liability is presented as other financial liabilities in the separate statements of financial position.

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

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2.17 Leases (cont'd)

The Company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or a rate, or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

The right-of-use assets are presented as a separate line in the separate statements of financial position.

The Company applies KIFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the note describing accounting policies for property and equipment (see Note 2.8).

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2.17 Leases (cont'd)

The Company does not include variable lease payments (excluding those based on an index or a rate) in the measurement of right-of-use assets and lease liabilities, and those lease payments are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

As a practical expedient, KIFRS 1116 permits a lessee not to separate non-lease components, but to account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.18 Approval of Issuance of the Separate Financial Statements

The Company's separate financial statements for the year ended December 31, 2025 of the Company were approved for issuance by the Board of Directors on February 6, 2026, and are planned to be approved finally at the shareholders' meeting on March 26, 2026.

BNK FINANCIAL GROUP INC.
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3. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

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

(a) Measurement of defined benefit obligations

Defined benefit obligations are calculated based on actuarial valuation method at the end of each reporting period. To apply actuarial valuation method, the Company is required to make estimates (actuarial assumptions) about demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and medical costs). Due to the uncertainty of the assumptions used, the amount of defined benefit retirement plans could be materially different from actual incurred payment in future periods. Details of defined benefit obligations are explained in Note 14.

(b) Income taxes

The Company's taxable income is subject to income taxes based on tax laws and interpretations of tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increases in wages or dividends in accordance with the *Tax System for Recirculation of Corporate Income*, the Company is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income taxes is affected by these tax effects. As the Company's income tax is dependent on the investments, the increase in wages and the dividends, there is an uncertainty in measuring the final tax effects.

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4. FINANCIAL RISK MANAGEMENT:

This Note indicates the level of exposure to risks and objectives, policies, risk assessment and management procedures of the Company. Additional quantitative information is disclosed throughout the separate financial statements.

The Company's risk management system is aimed at effectively support long-term strategies and decision-making process by enhancing its transparency regarding risk management and balancing risk and earnings. The procedures for recognition, measurement, evaluation, control, monitoring and report of risks are in place to achieve these aims.

The risk management is the decision-making process to evade and reduce the risk and understand the source and scale of risk. This process aims to increase the asset's soundness and is operated by risk management organization.

The risk management organization is composed of risk management committee, risk management council and risk management division. The risk management committee establishes risk management strategy, determining the possible level of risk and the allocation of risk-weighted capital as a top decision-making organization. The Company's risk management division performs detailed policies, procedures and business processes of risk management.

4.1 Credit Risk

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's deposits, securities, loans, off-balance accounts and trust accounts.

The purpose of credit risk management is to avoid excessive risks that damage the Company's soundness by improving the assets' soundness against risk exposure and quantifying and regularly reporting credit risks.

The Company calculates the credit risk-weighted assets in regulatory capital for managing the credit risk, and manages and provides allowance for credit loss by checking the asset's soundness such as loans and receivables with credit risks on a monthly basis.

The Company's maximum exposure to credit risk as of December 31, 2025 and 2024 is as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025	December 31, 2024
On balance:		
Loans and receivables	₩ 173,540,669	₩ 107,174,231
Total	₩ 173,540,669	₩ 107,174,231

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4.1 Credit Risk (cont'd)

Details of credit risk by impairment of loans and receivables and general loan agreements as of December 31, 2025 and 2024 are summarized as follows:

	December 31, 2025					
	Lifetime expected credit losses			Total	Allowance for credit loss	Carrying amount
	12 months' expected credit losses	Not credit impaired	Credit Impaired			
Loans and receivables						
Non-trade receivables	₩151,509,964	₩ -	₩ -	₩151,509,964	₩ -	₩151,509,964
Guarantee deposits provided	21,992,901	-	-	21,992,901	-	21,992,901
Accrued income	37,804	-	-	37,804	-	37,804
Total	₩173,540,669	₩ -	₩ -	₩173,540,669	₩ -	₩173,540,669

	December 31, 2024					
	Lifetime expected credit losses			Total	Allowance for credit loss	Carrying amount
	12 months' expected credit losses	Not credit impaired	Credit Impaired			
Loans and receivables						
Non-trade receivables	₩ 85,759,321	₩ -	₩ -	₩85,759,321	₩ -	₩ 85,759,321
Guarantee deposits provided	21,357,924	-	-	21,357,924	-	21,357,924
Accrued income	56,986	-	-	56,986	-	56,986
Total	₩107,174,231	₩ -	₩ -	₩107,174,231	₩ -	₩107,174,231

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4.2 Liquidity Risk

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds resulting from, for example, maturity mismatches, obtaining funds at a high price or disposing of securities at an unfavorable price due to lack of available funds.

The objective of the Company's liquidity management is to secure stable sources of revenue and to contribute to optimal allocation of assets by managing mismatch between financing period and operating period and preventing the risk of insolvency due to liquidity crunch.

For all assets and liabilities that affect the Company's cash inflows and outflows, the Company calculates the table of liquidity gap, which represents mismatch between the maturity of assets and the maturity of liabilities. It uses liquidity ratio, which is the assets with less than a month of residual maturity divided by the liabilities with less than a month of residual maturity. In addition, it has established and operated contingency plans to prepare for unexpected liquidity crunch arising from unexpected changes in the market environment or in monetary policies.

Details of financial liabilities by maturity as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	December 31, 2025				
	Less than 1 month	1 month– 3 months	3–12 months	More than 1 year	Total
Debentures	₩ 106,120,625	₩ 158,051,650	₩ 402,989,400	₩ 1,246,664,825	₩ 1,913,826,500
Non-trade payables	249,482	-	-	1,094	250,576
Accrued expenses	248,501	6,029,251	3,341,258	9,362,307	18,981,317

(In thousands of Korean won)	December 31, 2024				
	Less than 1 month	1 month– 3 months	3–12 months	More than 1 year	Total
Debentures	₩ 104,967,000	₩ 98,697,575	₩ 165,722,800	₩ 1,386,863,825	₩ 1,756,251,200
Non-trade payables	197,225	-	-	935	198,160
Accrued expenses	1,254,728	8,205,776	-	8,409,805	17,870,309

The cash flows disclosed in the maturity analysis are undiscounted contractual amounts, including principal and future interest payments, which result in disagreement with the discounted cash flows ("DCF") included in the separate statements of financial position.

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4.3 Capital Management

In accordance with the *Regulation on Supervision of Financial Holding Companies*, for capital risk management, the Company monitors its capital by measuring debt-to-equity ratio (total liabilities divided by total equity) and double leverage ratio (total capital investment in subsidiaries divided by total equity).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS:

There are no significant changes in the business and economic environments that affect the fair value of the Company's financial assets and liabilities for the year ended December 31, 2025.

(a) Fair Value of Financial Instruments by Category

The carrying amount and fair value of financial instruments by category as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets at amortized cost				
Cash and due from banks	₩ 341,101,234	₩ 341,101,234	₩ 184,693,378	₩ 184,693,378
Loans and receivables	173,540,669	173,540,669	107,174,231	107,174,231
Financial assets at FVPL				
Equity securities	105,845,700	105,845,700	107,051,600	107,051,600
Subtotal	<u>₩ 620,487,603</u>	<u>₩ 620,487,603</u>	<u>₩ 398,919,209</u>	<u>₩ 398,919,209</u>
Financial liabilities:				
Debentures	₩ 1,828,522,661	₩ 1,838,404,576	₩ 1,648,353,455	₩ 1,661,290,940
Other financial liabilities ¹	26,535,475	26,535,475	24,768,230	24,768,230
Subtotal	<u>₩ 1,855,058,136</u>	<u>₩ 1,864,940,051</u>	<u>₩ 1,673,121,685</u>	<u>₩ 1,686,059,170</u>

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

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

(b) Fair Value Assessment Method and Assumptions

Details of Fair value assessment method and assumptions are as follows:

Classification	Fair value measurement technique
Cash and due from banks	The carrying amount of cash is regarded as the fair value. The carrying amount of demand deposits is regarded as the fair value as it does not have maturity and the amount approximates the fair value. The DCF model is used to determine the fair value of general deposits. For those general deposits with residual maturities of less than three months as at the closing date and the ones with a reset period of less than three months, the carrying amount is regarded as the fair value.
Securities	The fair value of financial instruments that are quoted in active markets is determined using the quoted prices. Fair value is determined by independent third-party pricing services when quoted prices are not available. Pricing services use one or more of the valuation techniques, including DCF Model, Imputed Market Value Model, Free Cash Flow to Equity Model, Dividend Discount Model, Risk-Adjusted Discount Rate Method and Net Asset Value Method.
Loans and receivables	For loans and receivables with the residual maturities of less than three months as of the closing date and the ones with reset period of less than three months, the carrying amount is regarded as the fair value. Among receivables, deposits provided are mostly considered as intracompany transactions; so, any new or renewed lease transactions are subject to the approval of the board of directors in pursuant to the Article 398 of the <i>Commercial Act</i> and the policy of the board of directors. The carrying amounts of deposits provided are regarded as fair value since the contracts have been kept considering fluctuation rate of officially assessed individual land price comparisons with local lease cases and others for fair trade.
Debentures	Fair value is determined by using the valuation of independent third-party pricing services in accordance with the market prices that are quoted in active markets.
Other financial liabilities	Other financial liabilities mainly consist of financial liabilities with the residual maturities of less than three months as of the closing date, and the carrying amount of those is regarded as fair value.

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

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

The fair value hierarchy of financial instruments that are subsequently measured at fair value as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		December 31, 2025			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at FVPL	₩	-	₩	- ₩ 105,845,700	₩ 105,845,700

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets at FVPL	₩	-	₩	- ₩ 107,051,600	₩ 107,051,600

The valuation techniques, input variables and range of significant unobservable input variables of Level 3 financial instruments, which are subsequently measured at fair value, as of December 31, 2025 and 2024 are as follows:

		December 31, 2025			
<i>(In thousands of Korean won)</i>		Fair value	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets					
Financial assets at FVPL	₩	105,845,700			
Equity securities	₩	105,845,700	Hull & White / G2++ LSMC(Least-Squares Monte Carlo)	Volatility: 0.50%	Fair value increases (decreases) volatility increases (decreases)
		December 31, 2024			
<i>(In thousands of Korean won)</i>		Fair value	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets					
Financial assets at FVPL	₩	107,051,600			
Equity securities	₩	107,051,600	Hull & White / G2++ LSMC(Least-Squares Monte Carlo)	Volatility: 0.56%	Fair value increases (decreases) volatility increases (decreases)

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

The following table shows the sensitivity analysis to disclose the effect of reasonably possible alternative assumptions on the fair value of Level 3 financial instruments for each of the two years in the period ended December 31, 2025:

		2025			
		Profit (loss) for the year		Other comprehensive income	
		Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes

Financial assets:

Financial assets at FVPL ¹	₩	3,400	₩	(2,500)	₩	-	₩	-
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¹ The fair value changes of securities are calculated by increasing or decreasing volatility (-1% - 1%) which are major unobservable input variables.

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

Financial assets:

Financial assets at FVPL ¹	₩	-	₩	(2,700)	₩	-	₩	-
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¹The fair value changes of securities are calculated by increasing or decreasing volatility (-1% - 1%) which are major unobservable input variables.

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

Changes in Level 3 financial instruments subsequently measured at fair value for each of the two years in the period ended December 31, 2025 are as follows:

(In thousands of Korean won)

	Financial assets at FVPL			
	2025		2024	
Beginning balance	₩	107,051,600	₩	103,647,600
Total profit or loss:				
Amount recognized in profit or loss ¹		(1,205,900)		3,404,000
Amount recognized in other comprehensive income		-		-
Purchases		-		-
Sales		-		-
Other changes:				
Transfer into level 3		-		-
Transfer into other levels		-		-
Reclassification		-		-
Ending balance	₩	105,845,700	₩	107,051,600

¹ In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the year and total gains or losses for the period included in profit or loss for financial instruments held at the end of the reporting period in the separate statement of comprehensive income for the year ended December 31, 2025 are as follows:

(In thousands of Korean won)

	Financial assets at FVPL			
	2025		2024	
Profit for the year	₩	(1,205,900)	₩	3,404,000
Change in unrealized gain		(1,205,900)		3,404,000

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

(d) Fair Value Hierarchy of Financial Instruments Subsequently Not Measured at Fair Value

The fair value hierarchy classifications of the financial instruments that are subsequently not measured at fair value as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and due from banks	₩ -	₩ 341,101,234	₩ -	₩ 341,101,234
Loans and receivables ¹	-	-	173,540,669	173,540,669
Subtotal	₩ -	₩ 341,101,234	₩ 173,540,669	₩ 514,641,903
Financial liabilities:				
Debentures	₩ -	₩ 1,838,404,576	₩ -	₩ 1,838,404,576
Other financial liabilities ¹	-	-	26,535,475	26,535,475
Subtotal	₩ -	₩ 1,838,404,576	₩ 26,535,475	₩ 1,864,940,051

<i>(In thousands of Korean won)</i>	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and due from banks	₩ -	₩ 184,693,378	₩ -	₩ 184,693,378
Loans and receivables ¹	-	-	107,174,231	107,174,231
Subtotal	₩ -	₩ 184,693,378	₩ 107,174,231	₩ 291,867,609
Financial liabilities:				
Debentures	₩ -	₩ 1,661,290,940	₩ -	₩ 1,661,290,940
Other financial liabilities ¹	-	-	24,768,230	24,768,230
Subtotal	₩ -	₩ 1,661,290,940	₩ 24,768,230	₩ 1,686,059,170

¹ The carrying amounts of loans and receivables and other financial liabilities at amortized cost, which are classified to Level 3, are disclosed in approximation of the fair value.

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

Valuation techniques and inputs of financial assets and liabilities subsequently not measured at fair value whose fair values are disclosed and classified as Level 2 as of December 31, 2025 and 2024 are as follows; however, fair value hierarchy, valuation techniques and inputs of items whose carrying amount is a reasonable approximation of fair value are not disclosed:

(In thousands of Korean won)

	Fair value		Valuation technique	Input
	December 31, 2025	December 31, 2024		
Financial liabilities:				
Debentures	₩ 1,838,404,576	₩ 1,661,290,940	DCF model	Discount rate

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6. FINANCIAL INSTRUMENTS BY CATEGORY:

(a) The carrying amounts of financial instruments by category

All financial instruments (financial assets and financial liabilities) are measured at fair value or at amortized cost. The carrying amounts of financial assets and financial liabilities by each category as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)		December 31, 2025				
		Financial assets at FVPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	
Financial assets:						
Cash and due from banks	₩	-	₩ 341,101,234	₩	-	₩ 341,101,234
Financial assets at FVPL		105,845,700	-		-	105,845,700
Loans and receivables		-	173,540,669		-	173,540,669
Subtotal	₩	105,845,700	₩ 514,641,903	₩	-	₩ 620,487,603
Financial liabilities:						
Debentures	₩	-	₩	-	₩ 1,828,522,661	₩ 1,828,522,661
Other financial liabilities ¹		-	-		29,173,147	29,173,147
Subtotal	₩	-	₩	-	₩ 1,857,695,808	₩ 1,857,695,808

(In thousands of Korean won)		December 31, 2024				
		Financial assets at FVPL	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	
Financial assets:						
Cash and due from banks	₩	-	₩ 184,693,378	₩	-	₩ 184,693,378
Financial assets at FVPL		107,051,600	-		-	107,051,600
Loans and receivables		-	107,174,231		-	107,174,231
Subtotal	₩	107,051,600	₩ 291,867,609	₩	-	₩ 398,919,209
Financial liabilities:						
Debentures	₩	-	₩	-	₩ 1,648,353,455	₩ 1,648,353,455
Other financial liabilities ¹		-	-		28,962,970	28,962,970
Subtotal	₩	-	₩	-	₩ 1,677,316,425	₩ 1,677,316,425

¹ Other financial liabilities consist of accounts payables, accrued expenses, etc.

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

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

Net gains or losses on each category of financial instruments for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Financial assets at amortized cost:		
Interest income	₩ 1,539,884	₩ 1,124,874
Financial assets at FVPL:		
Dividend income	7,036,000	7,036,000
Gain(loss) on valuation	(1,205,900)	3,404,000
Financial liabilities at amortized cost:		
Interest expenses	(58,090,655)	(49,944,641)

(c) Credit quality of financial assets

The credit quality of financial assets is divided into prime and normal excluding financial assets at FVPL. The distinction between prime grade and normal grade is as follows:

Type of Borrowers	Corporate and banks
Grade: 1. Prime	External credit rating of BBB+ or above
Grade: 2. Normal	External credit rating of below BBB+ or unrated

Details of financial assets excluding financial assets at FVPL by credit quality as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Grade: 1. Prime	₩ 514,387,124	₩ 291,217,313
Grade: 2. Normal	254,779	650,296
Total	₩ 514,641,903	₩ 291,867,609

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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7. CASH AND DUE FROM BANKS:

(a) Details of cash and cash equivalents as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	Financial institution	Interest rate (%)	December 31, 2025		December 31, 2024	
Cash and cash equivalents:						
Checking deposits	Busan Bank Co., Ltd. and Kyongnam Bank Co., Ltd.	0.01	₩	297,954,488	₩	159,164,481
Corporate saving deposits	Busan Bank Co., Ltd.	0.01-0.50		7,238,111		9,853,251
Corporate savings	BNK Savings Bank Co., Ltd.	0.01		15,908,587		15,672,821
Time deposits	Korea Investment & Securities Co., Ltd.	2.42		20,000,000		-
Subtotal				341,101,186		184,690,553
Deposits	Korea Investment & Securities Co., Ltd.	2.63		-		2,825
	BNK Securities Co., Ltd.	1.00		48		-
Total			₩	341,101,234	₩	184,693,378

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

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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7. CASH AND DUE FROM BANKS (cont'd):

(b) Details of Cash and Due from banks by term structures as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025				
	Less than 1 month	1 month–3 months	3–12 months	More than 1 year	Total
Cash and cash equivalents	₩ 341,101,234	₩ -	₩ -	₩ -	₩ 341,101,234

<i>(In thousands of Korean won)</i>	December 31, 2024				
	Less than 1 month	1 month–3 months	3–12 months	More than 1 year	Total
Cash and cash equivalents	₩ 184,690,553	₩ 2,825	₩ -	₩ -	₩ 184,693,378

(c) There is no restricted due from banks as of December 31, 2025 and 2024.

8. FINANCIAL ASSETS AT FVPL:

Details of financial assets at FVPL as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Equity securities	₩ 105,845,700	₩ 107,051,600

BNK FINANCIAL GROUP INC.
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9. INVESTMENTS IN SUBSIDIARIES:

Details of investments in subsidiaries as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

Name of subsidiaries	Location	December 31, 2025		
		Closing month	Percentage of ownership (%)	Carrying amount
Busan Bank Co., Ltd.	Korea	December	100.00	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	December	100.00	1,949,160,438
BNK Capital Co., Ltd.	Korea	December	100.00	528,488,236
BNK Securities Co., Ltd.	Korea	December	100.00	784,166,758
BNK Savings Bank Co., Ltd.	Korea	December	100.00	165,000,600
BNK Asset Management Co., Ltd.	Korea	December	100.00	156,930,000
BNK Venture Capital Co., Ltd.	Korea	December	100.00	50,600,000
BNK Credit Information Co., Ltd.	Korea	December	100.00	11,451,045
BNK System Co., Ltd.	Korea	December	100.00	10,000,000
Total				<u>₩ 6,623,937,231</u>

(In thousands of Korean won)

Name of subsidiaries	Location	December 31, 2024		
		Closing month	Percentage of ownership (%)	Carrying amount
Busan Bank Co., Ltd.	Korea	December	100.00	₩ 2,968,140,154
Kyongnam Bank Co., Ltd.	Korea	December	100.00	1,949,160,438
BNK Capital Co., Ltd.	Korea	December	100.00	528,488,236
BNK Securities Co., Ltd.	Korea	December	100.00	784,166,758
BNK Savings Bank Co., Ltd.	Korea	December	100.00	165,000,600
BNK Asset Management Co., Ltd.	Korea	December	100.00	156,930,000
BNK Venture Capital Co., Ltd.	Korea	December	100.00	50,600,000
BNK Credit Information Co., Ltd.	Korea	December	100.00	11,451,045
BNK System Co., Ltd.	Korea	December	100.00	10,000,000
Total				<u>₩ 6,623,937,231</u>

There are no changes in investments in subsidiaries for the years ended December 31, 2025 and 2024.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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10. LOANS AND RECEIVABLES:

Details of loans and receivables as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-trade receivables	₩ 151,509,964	₩ 85,759,321
Accrued income	37,804	56,986
Guarantee deposits provided	24,031,069	24,202,198
Present-value discounts	<u>(2,038,168)</u>	<u>(2,844,274)</u>
Total	<u>₩ 173,540,669</u>	<u>₩ 107,174,231</u>

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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11. PROPERTY AND EQUIPMENT:

Details of property and equipment as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		December 31, 2025			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Property and equipment:					
Land for business purpose	₩	1,220,861	₩ -	₩ -	₩ 1,220,861
Building for business purpose		2,252,590	(247,469)	-	2,005,121
Leasehold improvements		3,303,792	(1,839,491)	-	1,464,301
Movable properties for business purpose		7,124,795	(6,070,854)	-	1,053,941
Right-of-use assets		10,639,081	(6,210,294)	-	4,428,787
Properties		9,651,682	(5,438,540)	-	4,213,142
Vehicles		987,399	(771,754)	-	215,645
Total	₩	24,541,119	₩ (14,368,108)	₩ -	₩ 10,173,011

(In thousands of Korean won)

		December 31, 2024			
		Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Property and equipment:					
Land for business purpose	₩	1,220,861	₩ -	₩ -	₩ 1,220,861
Building for business purpose		2,252,591	(202,326)	-	2,050,265
Leasehold improvements		3,598,015	(1,892,118)	-	1,705,897
Construction in progress		6,897,056	(5,706,597)	-	1,190,459
		191,000	-	-	191,000
Right-of-use assets		12,667,549	(5,759,363)	-	6,908,186
Properties		11,826,754	(5,139,362)	-	6,687,392
Vehicles		840,795	(620,001)	-	220,794
Total	₩	26,827,072	₩ (13,560,404)	₩ -	₩ 13,266,668

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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11. PROPERTY AND EQUIPMENT (cont'd):

Changes in property and equipment for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	2025					
	Beginning balance	Acquisition	Disposal	Depreciation	Transfer	Ending balance
Property and equipment						
Land for business purpose	₩ 1,220,861	₩ -	₩ -	₩ -	₩ -	₩ 1,220,861
Building for business purpose	2,050,265	-	-	(45,144)	-	2,005,121
Leasehold improvements	1,705,897	410,066	(358,116)	(484,546)	191,000	1,464,301
Movable properties for business purpose	1,190,459	264,581	(11,918)	(389,181)	-	1,053,941
Construction in progress	191,000	-	-	-	(191,000)	-
Right-of-use assets						
Properties	6,687,392	184,940	(906,076)	(1,753,114)	-	4,213,142
Vehicles	220,794	204,414	(2,423)	(207,140)	-	215,645
Total	₩ 13,266,668	₩ 1,064,001	₩ (1,278,533)	₩ (2,879,125)	₩ -	₩ 10,173,011

(In thousands of Korean won)

	2024					
	Beginning balance	Acquisition	Disposal	Depreciation	Transfer	Ending balance
Property and equipment						
Land for business purpose	₩ 1,220,861	₩ -	₩ -	₩ -	₩ -	₩ 1,220,861
Building for business purpose	2,095,409	-	-	(45,144)	-	2,050,265
Leasehold improvements	1,057,036	1,178,048	(41,316)	(487,871)	-	1,705,897
Movable properties for business purpose	1,031,953	503,064	(2)	(344,556)	-	1,190,459
Construction in progress	-	191,000	-	-	-	191,000
Right-of-use assets						
Properties	6,252,293	2,631,460	(233,449)	(1,962,912)	-	6,687,392
Vehicles	250,636	180,504	(4,091)	(206,255)	-	220,794
Total	₩ 11,908,188	₩ 4,684,076	₩ (278,858)	₩ (3,046,738)	₩ -	₩ 13,266,668

Depreciation expense for the year ended December 31, 2025 amounting to ₩2,879 million (₩3,047 million for the year ended December 31, 2024) is included in general and administrative expenses.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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12. INTANGIBLE ASSETS:

Details of Intangible assets as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		2025			
		Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Software	₩	3,132,431	₩ (2,520,885)	₩ -	₩ 611,546
Development costs		17,696,403	(13,519,160)	-	4,177,243
Construction in progress (intangible)		680,026	-	-	680,026
Right of membership		3,430,447	-	-	3,430,447
Trademark		278,763	-	-	278,763
Total	₩	<u>25,218,070</u>	<u>₩ (16,040,045)</u>	<u>₩ -</u>	<u>₩ 9,178,025</u>

(In thousands of Korean won)

		2024			
		Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Software	₩	3,021,711	₩ (2,204,289)	₩ -	₩ 817,422
Development costs		17,133,250	(10,107,266)	-	7,025,984
Construction in progress (intangible)		238,519	-	-	238,519
Right of membership		3,430,447	-	-	3,430,447
Trademark		278,763	-	-	278,763
Total	₩	<u>24,102,690</u>	<u>₩ (12,311,555)</u>	<u>₩ -</u>	<u>₩ 11,791,135</u>

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12. INTANGIBLE ASSETS (cont'd):

Changes in intangible assets for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	2025				
	Beginning balance	Acquisition	Amortization	Transfer	Ending balance
Software	₩ 817,422	₩ 110,720	₩ (316,596)	₩ -	₩ 611,546
Development costs	7,025,984	44,492	(3,411,894)	518,661	4,177,243
Construction in progress (intangible)	238,519	960,168	-	(518,661)	680,026
Right of membership	3,430,447	-	-	-	3,430,447
Trademark	278,763	-	-	-	278,763
Total	₩ 11,791,135	₩ 1,115,380	₩ (3,728,490)	₩ -	₩ 9,178,025

(In thousands of Korean won)

	2024				
	Beginning balance	Acquisition	Amortization	Transfer	Ending balance
Software	₩ 1,049,079	₩ 180,394	₩ (412,051)	₩ -	₩ 817,422
Development costs	8,685,929	119,191	(3,315,082)	1,535,946	7,025,984
Construction in progress (intangible)	652,179	1,123,081	-	(1,536,741)	238,519
Right of membership	3,430,447	-	-	-	3,430,447
Trademark	277,968	-	-	795	278,763
Total	₩ 14,095,602	₩ 1,422,666	₩ (3,727,133)	₩ -	₩ 11,791,135

13. OTHER ASSETS:

Details of other assets as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	2025	2024
Advance payments and others	₩ 1,066,462	₩ 1,086,120

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14. DEBENTURES:

Details of debentures as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	Issuance date	Maturity date	Interest rate (%) as of December 31, 2025		December 31, 2025		December 31, 2024
25-2nd non-guaranteed coupon bonds	Aug. 23, 2018	Aug. 23, 2028	2.75	₩	30,000,000	₩	30,000,000
32nd non-guaranteed coupon bonds	Jan. 12, 2021	Jan. 12, 2026	1.58		100,000,000		100,000,000
34th non-guaranteed coupon bonds	May 31, 2021	May 31, 2026	1.92		100,000,000		100,000,000
35-1st non-guaranteed coupon bonds	Jul. 14, 2021	Jul. 14, 2026	2.00		110,000,000		110,000,000
35-2nd non-guaranteed coupon bonds	Jul. 14, 2021	Jul. 14, 2028	2.09		40,000,000		40,000,000
36-2nd non-guaranteed coupon bonds	Mar. 24, 2022	Mar. 24, 2025	3.03		-		90,000,000
37-3rd non-guaranteed coupon bonds	Jun. 29, 2022	Jun. 27, 2025	4.36		-		30,000,000
39th non-guaranteed coupon bonds	Jan. 17, 2023	Jan. 17, 2025	3.87		-		100,000,000
40th non-guaranteed coupon bonds	Feb. 23, 2023	Feb. 23, 2026	4.07		150,000,000		150,000,000
41-1st non-guaranteed coupon bonds	Apr. 28, 2023	Apr. 28, 2026	3.88		60,000,000		60,000,000
41-2nd non-guaranteed coupon bonds	Apr. 28, 2023	Apr. 28, 2028	4.07		140,000,000		140,000,000
42nd non-guaranteed coupon bonds	Aug. 29, 2023	Aug. 29, 2026	4.35		100,000,000		100,000,000
43rd non-guaranteed coupon bonds	Nov. 24, 2023	Nov. 24, 2025	4.19		-		100,000,000
44th non-guaranteed coupon bonds	Jun. 26, 2024	Jun. 26, 2027	3.53		100,000,000		100,000,000
45th non-guaranteed coupon bonds	Jul. 25, 2024	Jul. 25, 2027	3.36		100,000,000		100,000,000
46th non-guaranteed coupon bonds	Aug. 28, 2024	Aug. 28, 2027	3.28		100,000,000		100,000,000
47th non-guaranteed coupon bonds	Nov. 22, 2024	May 21, 2027	3.28		200,000,000		200,000,000
48th non-guaranteed coupon bonds	Jan. 21, 2025	Jan. 21, 2028	2.99		150,000,000		-
49th non-guaranteed coupon bonds	Feb. 28, 2025	Feb. 26, 2027	2.91		100,000,000		-
50th non-guaranteed coupon bonds	Jul. 24, 2025	Jan. 24, 2028	2.66		150,000,000		-
51st non-guaranteed coupon bonds	Sep. 30, 2025	Sep. 30, 2027	2.73		100,000,000		-
Subtotal					<u>1,830,000,000</u>		<u>1,650,000,000</u>
					<u>(1,477,339)</u>		<u>(1,646,545)</u>
	Less: Present-value discounts						
Total					<u>₩ 1,828,522,661</u>		<u>₩ 1,648,353,455</u>

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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14. DEBENTURES (cont'd):

The above non-guaranteed coupon bonds are fully repaid at maturity.

Details of issuance and repayment of debentures for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,650,000,000	₩ 500,000,000	₩ (320,000,000)	₩ 1,830,000,000

<i>(In thousands of Korean won)</i>	2024			
	Beginning balance	Issuance	Repayment	Ending balance
Debentures in Korean won	₩ 1,620,000,000	₩ 500,000,000	₩ (470,000,000)	₩ 1,650,000,000

15. POSTEMPLOYMENT BENEFITS:

Details of net defined benefit liabilities recognized in the separate statements of financial position as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Present value of funded defined benefit obligations	₩ 19,941,964	₩ 18,752,120
Fair value of plan assets	(22,701,097)	(20,213,808)
Net defined benefit assets	₩ (2,759,133)	₩ (1,461,688)

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
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15. POSTEMPLOYMENT BENEFITS (cont'd):

Income and expenses related to net defined benefit asset (liability) for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	2025		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 18,752,120	₩ (20,213,808)	₩ (1,461,688)
Current service cost	1,390,744	-	1,390,744
Interest expense (income)	817,828	(882,596)	(64,768)
Subtotal	2,208,572	(882,596)	1,325,976
Remeasurements:			
Expected return on plan assets	-	324,633	324,633
Actuarial loss from change in demographic assumptions	(3,213)	-	(3,213)
Actuarial loss arising from changes in financial assumptions	(608,853)	-	(608,853)
Actuarial gain from experience adjustments	664,012	-	664,012
Subtotal	51,946	324,633	376,579
Benefits paid	(353,952)	353,952	-
Contributions	-	(3,000,000)	(3,000,000)
Transfer of employees between the Company and the related companies	(716,722)	716,722	-
Ending balance	₩ 19,941,964	₩ (22,701,097)	₩ (2,759,133)

BNK FINANCIAL GROUP INC.
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15. POSTEMPLOYMENT BENEFITS (cont'd):

(In thousands of Korean won)

	2024		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 17,372,387	₩ (15,282,734)	₩ 2,089,653
Current service cost	1,337,800	-	1,337,800
Interest expenses (income)	859,528	(754,356)	105,172
Subtotal	2,197,328	(754,356)	1,442,972
Remeasurements:			
Expected return on plan assets	-	149,655	149,655
Actuarial loss from change in demographic assumptions	(19,430)	-	(19,430)
Actuarial loss arising from changes in financial assumptions	576,267	-	576,267
Actuarial gain from experience adjustments	299,195	-	299,195
Subtotal	856,032	149,655	1,005,687
Benefits paid	(897,931)	897,931	-
Contributions	-	(6,000,000)	(6,000,000)
Transfer of employees between the Company and the related companies	(775,696)	775,696	-
Ending balance	₩ 18,752,120	₩ (20,213,808)	₩ (1,461,688)

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15. POSTEMPLOYMENT BENEFITS (cont'd):

Details of fair values of plan assets as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposits	₩ 22,701,097	₩ 20,213,808

The significant actuarial assumptions as of December 31, 2025 and 2024 are as follows:

<i>(In percentage)</i>	<u>2025</u>	<u>2024</u>
Discount rate	4.79	4.43
Weighted-average rate of salary increase	1.85	1.88
Mortality ratio	Standardized mortality ratio by Korea Insurance Development Institute	
Retirement ratio	Retirement ratio per age company	

Assuming that all other assumptions remain as they are at the end of the reporting period, the effect of any changes in significant actuarial assumptions, which were made within the reasonable limit on defined benefit obligations, is as follows:

<i>(In thousands of Korean won)</i>	1% increase	1% decrease
Change in discount rate	₩ (1,565,570)	₩ 1,772,386
Change in salary growth rate	1,806,516	(1,621,614)

The above sensitivity analyses are based on changes in significant assumptions while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized in the separate statements of financial position.

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

The weighted-average duration of the defined benefit obligation as of December 31, 2025 and 2024, is 8.74 years and 9.13 years, respectively.

BNK FINANCIAL GROUP INC.
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15. POSTEMPLOYMENT BENEFITS (cont'd):

The expected maturity analysis of undiscounted postemployment benefits as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	December 31, 2025				
	Less than 1 year	1 year- 2 years	2-5 years	More than 5 years	Total
Postemployment benefits	₩ 703,593	₩ 925,249	₩ 4,321,899	₩ 25,050,033	₩ 31,000,774

(In thousands of Korean won)	December 31, 2024				
	Less than 1 year	1 year- 2 years	2-5 years	More than 5 years	Total
Postemployment benefits	₩ 559,242	₩ 697,413	₩ 3,730,950	₩ 23,599,503	₩ 28,587,108

16. PROVISIONS:

Details of provisions for other liabilities and charges as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	December 31, 2025		December 31, 2024	
Provision for restoration costs	₩	190,785	₩	350,480

Changes in provision for other liabilities and charges for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	2025			
	Beginning balance	Increase	Decrease	Ending balance
Provision for restoration costs	₩ 350,480	₩ 9,744	₩ (169,439)	₩ 190,785

(In thousands of Korean won)	2024			
	Beginning balance	Increase	Decrease	Ending balance
Provision for restoration costs	₩ 164,238	₩ 186,242	₩ -	₩ 350,480

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17. OTHER LIABILITIES:

Details of other liabilities as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Non-trade payables	₩ 250,576	₩ 198,160
Accrued expenses	26,284,899	24,570,070
Lease liabilities	2,637,671	4,194,740
Others ¹	889,857	854,792
Total	<u>₩ 30,063,003</u>	<u>₩ 29,817,762</u>

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

Undiscounted lease liabilities by term structures as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>December 31, 2025</u>					
	Less than 1 month	1 month-3 months	3-12 months	1 year-5 years	More than 5 years	Total
Lease liabilities	₩ 95,233	₩ 172,776	₩ 693,196	₩ 1,829,752	₩ -	₩ 2,790,957

<i>(In thousands of Korean won)</i>	<u>December 31, 2024</u>					
	Less than 1 month	1 month-3 months	3-12 months	1 year-5 years	More than 5 years	Total
Lease liabilities	₩ 140,967	₩ 268,850	₩ 983,635	₩ 3,118,004	₩ -	₩ 4,511,456

The total cash outflow for leases in 2025 was ₩1,212,375 thousand (2024: ₩ 1,339,527 thousand).

Expense relating to leases of low-value assets that are not short-term leases in 2025 is ₩30,531 thousand (2024: ₩41,730 thousand).

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18. TAX EXPENSE AND DEFERRED TAX

Details of Income tax expense for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Current tax	₩ -	₩ -
Changes in deferred tax liabilities by temporary difference	-	-
Changes in deferred tax by taxable loss	-	-
Tax effect	-	-
Changes in deferred tax liabilities reflected directly in equity	-	-
Income tax expense	₩ -	₩ -

Reconciliation between accounting profit and income tax expense for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Profit before income tax expense	₩ 582,762,117	₩ 265,601,521
Taxes payable ¹	143,487,199	60,891,951
Tax effect of:		
Non-taxable income	(156,921,834)	(71,943,057)
Non-deductible expenses	622,527	669,148
Consolidated tax and others	12,812,108	10,381,958
Income tax expense	₩ -	₩ -
Effective tax rate (income tax expense/profit before income tax expense)	0.00%	0.00%

¹ Taxes payable in 2025 and 2024 are calculated by applying the income tax rate (9.9% for less than ₩200 million, 20.9% for ₩200 million to ₩20 billion, 23.1% for ₩20 billion to ₩300 billion and 26.4% for more than ₩300 billion) to profit before income tax expense.

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18. TAX EXPENSE AND DEFERRED TAX (cont'd):

Changes in accumulated temporary differences and tax loss carried forward as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	2025				
	Beginning balance	Decrease	Increase ¹	Ending balance	Deferred tax assets (liabilities)
Taxable temporary differences:					
Pension plan assets	₩ (5,123,466)	₩ (4,145,841)	₩ (4,108,238)	₩ (5,085,863)	₩ (1,332,496)
Financial assets at FVPL	(7,051,600)	(7,051,600)	(5,845,700)	(5,845,700)	(1,531,573)
Right-of-use assets	(6,908,185)	(6,908,185)	(4,428,786)	(4,428,786)	(1,160,342)
Subtotal	(19,083,251)	(18,105,626)	(14,382,724)	(15,360,349)	(4,024,411)
Deductible temporary differences and tax loss carried forward:					
Unconfirmed costs	4,938,522	4,938,522	3,334,584	3,334,584	873,661
Defined benefit obligations	3,053,360	3,053,360	2,260,518	2,260,518	592,256
Stock compensation cost	11,882,319	11,882,319	14,231,543	14,231,543	3,728,664
Accumulated depreciation	250,484	91,563	106,081	265,002	69,431
Provision for restoration costs	350,480	350,480	190,785	190,785	49,986
Present-value discounts for lease deposits	2,844,274	2,844,274	2,038,168	2,038,168	534,000
Lease liabilities	4,194,740	4,194,740	2,637,671	2,637,671	691,070
Commission paid	33,000	33,000	-	-	-
Intangible assets	278,827	39,777	-	239,050	62,630
Subtotal	₩ 27,826,006	₩ 27,428,035	₩ 24,799,350	₩ 25,197,321	₩ 6,601,698
Not recognized as deferred tax assets					₩ 2,577,287
Recognized as deferred tax assets					₩ 4,024,411

¹ Tax adjustments include adjustments that eventuated from additional adjustments made at the time of filing of taxation report.

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18. TAX EXPENSE AND DEFERRED TAX (cont'd):

(In thousands of Korean won)	2024				
	Beginning balance	Decrease	Increase ¹	Ending balance	Deferred tax assets (liabilities)
Taxable temporary differences:					
Pension plan assets	₩ (6,032,890)	₩ (6,032,890)	₩ (5,123,466)	₩ (5,123,466)	₩ (1,296,237)
Financial assets at FVPL	(3,647,600)	(3,647,600)	(7,051,600)	(7,051,600)	(1,784,055)
Right-of-use assets	(6,502,929)	(6,502,929)	(6,908,185)	(6,908,185)	(1,747,771)
Subtotal	(16,183,419)	(16,183,419)	(19,083,251)	(19,083,251)	(4,828,063)
Deductible temporary differences and tax loss carried forward:					
Unconfirmed costs	4,502,587	4,502,587	4,938,522	4,938,522	1,249,447
Defined benefit obligations	2,227,514	2,227,514	3,053,360	3,053,360	772,500
Stock compensation cost	9,411,389	9,411,389	11,882,319	11,882,319	3,006,228
Accumulated depreciation	223,003	71,943	99,424	250,484	63,372
Provision for restoration costs	164,238	164,238	350,480	350,480	88,671
Present-value discounts for lease deposits	3,600,635	3,600,635	2,844,274	2,844,274	719,601
Lease liabilities	2,979,161	2,979,161	4,194,740	4,194,740	1,061,269
Commission paid	55,000	22,000	-	33,000	8,349
Intangible assets	349,266	70,439	-	278,827	70,543
Subtotal	₩ 23,512,793	₩ 23,049,906	₩ 27,363,119	₩ 27,826,006	7,039,980
Not recognized as deferred tax assets					₩ 2,211,917
Recognized as deferred tax assets					₩ 4,828,063

¹ Tax adjustments include adjustments that eventuated from additional adjustments made at the time of filing of taxation report.

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18. TAX EXPENSE AND DEFERRED TAX (cont'd):

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are recognized for up to taxable temporary differences for tax loss carried forward and deductible temporary differences in consideration of their realizability. The amounts of deferred tax assets and deferred tax liabilities are identical as of December 31, 2025, and the deferred tax assets and liabilities are offset as the deferred tax balances relate to the same taxation authority; therefore, no deferred tax is presented in the separate financial statements.

The Company, as the parent company on behalf of its subsidiaries, recognizes total corporate income tax payables as a current tax liability amounting to ₩151,485,761 thousand and ₩85,702,235 thousand as of December 31, 2025 and 2024, respectively, in accordance with the consolidated corporate tax system.

As the ultimate parent company of a multinational company subject to the global minimum tax regime, we bear the responsibility for any additional tax liabilities incurred by the constituent companies subject to the global minimum tax. Accordingly, the company has conducted an analysis of the corporate tax impacts on the entities subject to the global minimum tax. Since this does not have a material effect on the company's current corporate tax expense, we have not recognized any current corporate tax expense arising from the global minimum tax. Furthermore, the company is applying the exception provisions regarding the recognition and disclosure of deferred corporate tax related to the global minimum tax.

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19. SHARE CAPITAL AND OTHER PAID-IN CAPITAL:

(a) Share capital

As of December 31, 2025, the Company has 700 million ordinary shares authorized with a par value per share of ₩5,000 and 310,327,033 shares have been issued. Share capital is ₩1,629,676 million. Due to the retirement of earnings, the capital stock differs from the total par value of the issued shares.

(b) Hybrid equity securities

Hybrid equity securities classified as equity as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	Issue date	Maturity	Annual interest rate (%)	December 31, 2025	December 31, 2024
Hybrid equity securities	2015-06-24	2045-06-24	5.10	₩ -	₩ 30,000,000
	2020-02-19	-	3.35	-	150,000,000
	2020-06-23	-	3.30	-	100,000,000
	2020-08-04	-	3.38	-	100,000,000
	2023-09-22	-	5.70	150,000,000	150,000,000
	2024-02-15	-	4.97	200,000,000	200,000,000
	2025-10-28	-	3.50	150,000,000	-
Issuance cost				(1,618,281)	(2,296,750)
		Total		₩ 498,381,719	₩ 727,703,250

The Company can exercise its right to early repayment after 5 or 10 years from the issuance date, and at the date of maturity, the contractual agreements allow the Company to indefinitely extend the maturity date with the same contractual terms. In addition, the Company decides not to pay the dividends of ordinary shares at general shareholders' meeting and is not required to pay interest on the hybrid equity securities.

(c) Other paid-in capital

Other paid-in capital consists of share premium, which is the difference between the acquisition cost of subsidiaries and the par value of the Company's transfer shares, net of treasury shares acquired to eliminate fractional shares arising from the share exchange and those acquired to stabilize share price and increase enterprise value.

<i>(In thousands of Korean won)</i>	December 31, 2025	December 31, 2024
Share premium	₩ 2,277,035,810	₩ 2,277,035,810
Treasury shares	-	(19,997,175)
Other capital adjustments	(1,204,832)	(647,051)
Total	₩ 2,275,830,978	₩ 2,256,391,584

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

(d) Other components of equity

Other components of equity for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	2025			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities (assets)	₩ (5,490,755)	₩ (376,579)	₩ -	₩ (5,867,334)

(In thousands of Korean won)	2024			
	Beginning balance	Decrease	Effect of deferred tax	Ending balance
Remeasurements of net defined benefit liabilities (assets)	₩ (4,485,068)	₩ (1,005,687)	₩ -	₩ (5,490,755)

20. RETAINED EARNINGS:

Details of retained earnings as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	December 31, 2025		December 31, 2024	
Reserves:				
Earned profit reserves ¹	₩	229,644,407	₩	203,083,407
Regulatory reserve for credit loss		430,000		191,000
Reserve for claims liability		2,000,000		2,000,000
Discretionary reserves		301,963,768		316,743,735
Subtotal		534,038,175		522,018,142
Retained earnings before appropriation		325,279,487		155,939,668
Total	₩	859,317,662	₩	677,957,810

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

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20. RETAINED EARNINGS (cont'd):

Details of appropriation of retained earnings for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Unappropriated retained earnings:		
Unappropriated retained earnings carried over from prior year	₩ -	₩ -
Retirement of treasury shares	(119,998,702)	(12,999,508)
Dividends from hybrid equity securities	(24,696,250)	(32,575,000)
Interim dividends (dividend per share, dividend ratio to face value):		
₩360 (7.2%) in 2025		
₩200 (4.0%) in 2024	(112,787,678)	(64,087,345)
Profit for the year	582,762,117	265,601,521
Subtotal	325,279,487	155,939,668
Transfers, such as discretionary reserves:		
Transfer of discretionary reserves	-	14,779,119
Reversal of regulatory reserves for loan losses	-	-
Subtotal	-	14,779,119
Appropriation of retained earnings:		
Legal reserve	58,277,000	26,560,152
Reserve for credit losses	328,000	239,000
Discretionary reserves	149,097,017	-
Loss on redemption of hybrid equity securities	1,204,833	647,051
Cash dividends (dividend per share, dividend per share, dividend ratio to face value):		
₩375 (7.5%) in 2025		
₩450 (9.0%) in 2024	116,372,637	143,272,584
Subtotal	325,279,487	170,718,787
Unappropriated retained earnings to be carried forward	₩ -	₩ -

The appropriation of retained earnings for the year ended December 31, 2025, is expected to be appropriated on March 26, 2026. The appropriation date for the year ended December 31, 2024, was March 26, 2025.

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20. RETAINED EARNINGS (cont'd):

Regulatory reserve for credit losses

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

Balances of regulatory reserve for credit losses as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Provided regulatory reserve	₩ 430,000	₩ 191,000
Expected provision(reversal) of reserve for credit losses	<u>328,000</u>	<u>239,000</u>
Total	<u>₩ 758,000</u>	<u>₩ 430,000</u>

The expected provisions of reserves for credit losses, adjusted profit after the provision of regulatory reserve and adjusted earnings per share after the provision of regulatory reserve for each of the two years in the period ended December 31, 2025, are as follows:

<i>(In thousands of Korean won)</i>	<u>2025</u>	<u>2024</u>
Profit for the year	₩ 582,762,117	₩ 265,601,521
Reversal (Provision) of reserve for credit losses	<u>(328,000)</u>	<u>(239,000)</u>
Adjusted profit after the reversal (provision) of regulatory reserve ¹	<u>₩ 582,434,117</u>	<u>₩ 265,362,521</u>
Adjusted earnings per share after the provision of regulatory reserve ¹ <i>(in Korean won)</i>	<u>₩ 1,773</u>	<u>₩ 727</u>

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

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20. RETAINED EARNINGS (cont'd):

Treasury shares

Details of acquisition and retirement of treasury shares for each of the two years in the period ended December 31, 2025, are as follows.

*(In thousands of Korean won
and*

	2025		2024	
<i>in shares)</i>	Number of shares	Carrying amount	Number of shares	Carrying amount
Beginning balance	2,053,208	₩ 19,997,175	-	₩ -
Acquisition ¹	8,056,486	99,999,911	3,704,919	32,995,953
Retirement ²	(10,109,694)	(119,997,086)	(1,651,711)	(12,998,778)
Total	-	₩ -	2,053,208	₩ 19,997,175

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

² In accordance with the resolution of the Board of Directors dated July 31, 2024, 2,053,208 treasury shares that had been acquired were retired on February 21, 2025. In accordance with the resolution of the Board of Directors dated July 31, 2025, 4,098,121 treasury shares that had been acquired were retired on December 29, 2025.

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

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21. NET INTEREST EXPENSES:

Net interest expenses and interest income and expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Interest income:		
Cash and due from banks	₩ 718,068	₩ 341,240
Other interest income:		
Present value discounts	821,816	783,634
Subtotal	<u>1,539,884</u>	<u>1,124,874</u>
Interest expenses:		
Debentures	(57,959,843)	(49,786,953)
Lease liabilities	(121,068)	(145,941)
Miscellaneous interest:		
Provision for restoration costs	(9,744)	(11,747)
Subtotal	<u>(58,090,655)</u>	<u>(49,944,641)</u>
Net interest expenses	<u>₩ (56,550,771)</u>	<u>₩ (48,819,767)</u>

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22. NET COMMISSION INCOME:

Net commission income and commission income and expenses for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

	2025	2024
Commission income:		
Brand income	₩ 15,113,000	₩ 14,493,000
Other commission income	800	1,741
Subtotal	<u>15,113,800</u>	<u>14,494,741</u>
Commission expenses:		
Other commission expenses	<u>(4,724,091)</u>	<u>(5,448,866)</u>
Net commission income	<u>₩ 10,389,709</u>	<u>₩ 9,045,875</u>

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23. NET GAIN ON FINANCIAL ASSETS AT FVPL

Net gain on financial assets at FVPL for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Gain on financial assets at FVPL:		
Dividend income	₩ 7,036,000	₩ 7,036,000
Gain on valuation	-	3,404,000
Subtotal	7,036,000	10,440,000
Loss on financial assets at FVPL:		
Loss on valuation	(1,205,900)	-
Net gain on financial assets at FVPL	₩ 5,830,100	₩ 10,440,000

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24. GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Employee benefits:		
Salaries	₩ 27,704,829	₩ 26,064,530
Employee benefits	3,785,645	3,908,918
Postemployment benefits	1,769,566	1,798,676
Subtotal	<u>33,260,040</u>	<u>31,772,124</u>
Rent expense	685,864	830,193
Business promotion expenses	2,221,198	2,328,343
Depreciation	2,879,125	3,046,738
Amortization	3,728,490	3,727,133
Taxes and dues	556,189	493,729
Service fees	3,343,353	3,049,674
Advertisement expenses	9,367,399	7,611,998
Others	2,924,143	2,957,781
Total	<u>₩ 58,965,801</u>	<u>₩ 55,817,713</u>

(a) Share-based payments

The Company grants long-term incentive compensation linked to shares to employees and calculates the cost of compensation using the fixed value approach for these rights. The long-term incentive compensation scheme determines the maximum number of shares that can be issued at the initial agreement date, and compensation is made in cash when predetermined conditions are met.

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

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

The terms and conditions of granted share options as of December 31, 2025, are as follows:

i) Linked to long-term performance

- *Initially granted*

<i>(In shares)</i>	2021	2022	2023	2024	2025
Number of shares granted ¹	597,959	486,607	357,869	448,604	255,409
Residual shares	152,054	174,489	357,869	448,604	255,409
Date of grant	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024	Jan. 1, 2025
Grant method	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩-	₩-	₩-	₩-	₩-
Vesting conditions	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance	Service period/non-market performance
Settlement method	Cash	Cash	Cash	Cash	Cash
Service period	1 year	1 year	1 year	1 year	1 year

¹ The number of shares granted outstanding was awarded upon the determination of performance evaluation.

- *Deferred grants*

<i>(In shares)</i>	Deferred grant in 2026	Deferred grant in 2027
Residual shares ¹	239,293	87,250
Grant method	Cash-settled share-based payment	Cash-settled share-based payment
Exercise price	₩-	₩-
Settlement method	Cash	Cash
Vesting conditions	Vested	Vested

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

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

Changes in granted number of share options for the years ended December 31, 2025 and 2024 are as follows:

i) Linked to short-term performance

- *Initially granted*

<i>(In shares)</i>	2025	2024
Beginning balance	93,302	186,593
Granted	-	-
Exercised	(93,302)	(93,291)
Others	-	-
Ending balance	-	93,302

ii) Linked to long-term performance

- *Initially granted*

<i>(In shares)</i>	2025	2024
Beginning balance	1,592,438	1,523,558
Granted	255,409	448,604
Exercised	(327,493)	(249,119)
Others	(131,929)	(130,605)
Ending balance	1,388,425	1,592,438

- *Deferred grants*

<i>(In shares)</i>	2025	2024
Beginning balance	392,308	186,014
Granted	261,728	456,154
Exercised	(327,493)	(249,119)
Others	-	(741)
Ending balance	326,543	392,308

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

The fair value of share options and the significant inputs into the option-pricing model as of December 31, 2025, are as follows:

(In Korean won)		2025					
		Option-pricing model	Share price	Exercise price	Price volatility	Expected option life	Risk-free interest rate
Grant expected in 2026	Black-Scholes model		15,990	-	31.65%	1 year	2.55%
Grant expected in 2027	Black-Scholes model		15,990	-	28.56%	2 years	2.79%
Grant expected in 2028	Black-Scholes model		15,990	-	25.04%	3 years	2.95%
							Fair value
							14,923
							13,927
							12,995

Expenses recognized related to the share options granted for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	2025	2024
Linked to short-term performance	₩ -	₩ 374,981
Linked to long-term performance	5,849,796	4,245,156

Liabilities recognized related to the share options granted for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)	2025	2024
Accrued expenses (short-term performance)	₩ -	₩ 997,305
Accrued expenses (long-term performance)	14,231,543	11,882,319

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25. NON-OPERATING INCOME AND EXPENSES:

Non-operating income and expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025	2024
Non-operating income:		
Miscellaneous income	₩ 181,876	₩ 266,601
Gain on disposal of property and equipment	124	22,472
Gain from restoration work	39	-
Subtotal	<u>182,039</u>	<u>289,073</u>
Non-operating expenses:		
Donations	(210,761)	(489,924)
Loss on disposal of property and equipment	(38,687)	(41,869)
Loss on retirement of property and equipment	(370,033)	-
Miscellaneous expense	(3,678)	(13,653)
Subtotal	<u>(623,159)</u>	<u>(545,446)</u>
Total	₩ <u>(441,120)</u>	₩ <u>(256,373)</u>

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26. EARNINGS PER SHARE:

Weighted-average number of ordinary shares for the years ended December 31, 2025 and 2024 are as follows:

<i>(In shares)</i>	2025		
	Period	Number of shares	Accumulation of days
Number of ordinary shares outstanding	Jan. 1, 2025 – Dec. 31, 2025	320,436,727	116,959,405,355
Treasury shares	Jan. 1, 2025 – Dec. 31, 2025	(2,053,208)	(749,420,920)
Acquisition of treasury shares	Apr. 6, 2025 – Dec. 31, 2025	(8,056,486)	(1,392,910,734)
	Subtotal(①)		114,817,073,701
	Weighted-average number of ordinary shares(②)=(①/365) ¹		314,567,325

¹ The Company had 320,436,727 ordinary shares issued as of January 1, 2025 and the weighted average number of outstanding shares was calculated after reflecting the 2,053,208 treasury shares acquired for the year ended December 31, 2024, as well as the 8,056,486 treasury shares purchased between April 6, 2025 and October 27, 2025.

<i>(In shares)</i>	2024		
	Period	Number of shares	Accumulation of days
Number of ordinary shares outstanding	Jan. 1, 2024 – Dec. 31, 2024	322,088,438	117,884,368,308
Acquisition of treasury shares	Feb. 29, 2024 – Dec. 31, 2024	(3,704,919)	(715,071,156)
	Subtotal(①)		117,169,297,152
	Weighted-average number of ordinary shares(②)=(①/366) ¹		320,134,692

¹ The Company had 322,088,438 ordinary shares issued as of January 1, 2024, and the weighted average number of outstanding shares was calculated after reflecting the 3,704,919 treasury shares acquired for the year ended December 31, 2024.

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26. EARNINGS PER SHARE(cont'd):

Basic earnings per share for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won and in shares)</i>	2025	2024
Profit attributable to ordinary shares	₩ 582,762,117	₩ 265,601,522
Dividends from hybrid equity securities	<u>(24,696,250)</u>	<u>(32,575,000)</u>
Profit for the year attributable to ordinary shares	558,065,867	233,026,522
Weighted-average number of ordinary shares outstanding	<u>314,567,325</u>	<u>320,134,692</u>
Basic earnings per share	<u>₩ 1,774</u>	<u>₩ 728</u>

Diluted earnings per share from continuing operations and diluted net earnings per share are computed by dividing the earnings from continuing operations and net earnings by the number of ordinary shares outstanding, plus dilutive securities outstanding during that period. Diluted earnings per share from continuing operations and diluted net earnings per share are not calculated because the Company had no dilutive potential ordinary shares.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

27. DIVIDENDS:

The annual dividends for the year ended December 31, 2024 amounting to ₩143,272,584 thousand shareholders at the annual general meeting held on March 26, 2025, and was paid on April 9, 2025.

In addition, the Board of Directors held a meeting on April 25, 2025 resulting in a resolution to pay a quarterly dividend of ₩37,817,415 thousand to shareholders as of May 12, 2025, and the quarterly dividend was paid on May 23, 2025.

The Board of Directors held on July 31, 2025 resulting in a resolution to pay a quarterly dividend of ₩37,731,018 thousand to shareholders as of August 18, 2025, and the quarterly dividend was paid on August 29, 2025.

Furthermore, the Board of Directors held on October 30, 2025 resulting in a resolution to pay a quarterly dividend of ₩37,239,244 thousand to shareholders as of November 14, 2025, and the quarterly dividend was paid on November 28, 2025.

Meanwhile, the annual dividends for the year ended December 31, 2025 amount to ₩116,372,637 thousand, and scheduled to be proposed to shareholders at the annual general meeting on March 26, 2026.

The separate financial statements for the year ended December 31, 2025 do not reflect the above dividend payable.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

28. SEPARATE STATEMENTS OF CASH FLOWS:

Details of material transactions without cash inflows and outflows for the years ended December 31, 2025 and 2024

<i>(In thousands of Korean won)</i>		2025		2024
Right-of-use assets, lease liabilities appropriation	₩	480,582	₩	2,394,288

Changes in liabilities arising from financial activities for the years ended December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>	2025					
	Beginning balance	Cash flows	Non-cash movements			Ending balance
			Exchange rate changes	Fair value hedge	Others	
Debentures	₩ 1,648,353,455	₩ 179,099,031	₩ -	₩ -	₩ 1,070,175	₩ 1,828,522,661

<i>(In thousands of Korean won)</i>	2024					
	Beginning balance	Cash flows	Non-cash movements			Ending balance
			Exchange rate changes	Fair value hedge	Others	
Debentures	₩ 1,618,376,304	₩ 29,010,687	₩ -	₩ -	₩ 966,464	₩ 1,648,353,455

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

29. COMMITMENTS:

Details of commitments with financial institutions as of December 31, 2025 and 2024 are as follows:

<i>(In thousands of Korean won)</i>		December 31, 2025		December 31, 2024	
Commitment	Financial institution	Limit	Balance	Limit	Balance
General loans	Korea Development Bank ¹	₩ 150,000,000	₩ -	₩ 150,000,000	₩ -

¹ The Company has entered into a general loan facility agreement with Korea Development Bank to secure liquidity in response to potential tightening in the domestic bond market and to diversify its funding sources.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES:

Related parties as of December 31, 2025, are as follows:

Relationship	Name of the related party
Subsidiaries	Busan Bank Co., Ltd.; Kyongnam Bank Co., Ltd.; BNK Capital Co., Ltd.; BNK Securities Co., Ltd.; BNK Savings Bank Co., Ltd.; BNK Asset Management Co., Ltd.; BNK Credit Information Co., Ltd.; BNK System Co., Ltd.; BNK Venture Capital Co., Ltd.; BNKC (Cambodia) MFI PLC; BNK Capital Myanmar Co., Ltd.; BNK Capital Lao Leasing Co., Ltd.; MFO BNK Finance Kazakhstan JSC; MCC BNK Finance LLC; BNK Capital Lao NDTMFI Co., Ltd.; Busan Bank Co., Ltd. (unspecified money trust) and 18 others; BNK Luxembourg private equity and 39 others; BNK Jeju Global Co., Ltd. and 38 others
Associates	BSK No. 9 Youth Startup Investment Association, BNK-K& New Marine Industry No.1 Fund, BNK-Cape ESG Renewable energy Fund No.1, BNK T 2021 Korea Facilitator Venture Fund, BNKK& Yeonghonam Special Zone Company Development No.1 Fund, For Human Life CDMO New Technology Business Investment Fund, BNK-INTERVALUE Technology Financing Fund, BNK-NAU Busan Local Innovation Fund, BNK Shareholder Yield Active ETF, SPACETIME-BNK Metaverse Fund, Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2, Igis Ulsan New Port Infrastructure Private Investment Trust, Mirae-Asset ESG Maritime Transportation Infrastructure General Private Investment Trust No.1, iM asset General Private Equity Securities Investment Trust No.32 (Bond), Kiwoom Busan Green Infrastructure Professional Private Investment Trust, Shinhan Corporation General Private Securities Investment Trust No.19(bond), Kiwoom Frontier Professional Investment-Type Private Equity Securities Investment Trust No. 29 (Bond), KYOBO AXA ALPHA PLUS Professional Investment Private Security Investment J-19 (Bond), KB Leaders Professional Investment Private Security Investment Trust No. 33 (Bond) and 102 others.

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES (cont'd):

Transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		2025				2025			
		Revenues				Expenses			
Type	Name of entity	Interest income	Other Revenues	Dividend income	Interest expenses	Other expenses	Acquisition of property and equipment		
Subsidiaries	Busan Bank Co., Ltd.	₩ 817,379	₩ 6,679,000	₩ 352,700,000	₩ -	₩ 2,098,586	₩ -		
	Kyongnam Bank Co., Ltd.	2,011	4,182,000	258,100,000	-	290,296	-		
	BNK Capital Co., Ltd.	-	2,000,113	42,000,000	8,465	-	134,988		
	BNK Securities Co., Ltd.	5,737	8,915,000	29,700,000	16,391	1,368,707	229		
	BNK Saving Bank Co., Ltd.	236,516	228,000	-	-	-	-		
	BNK Asset Management Co., Ltd.	-	39,000	-	-	-	881		
	BNK Venture Capital Co., Ltd.	-	12,000	-	-	-	-		
	BNK Credit Information Co., Ltd.	-	19,200	-	-	-	-		
	BNK System Co., Ltd.	-	75,600	-	-	1,186,989	1,366,334		
	BNK Gangnam Core Office Co., Ltd.	3,435	-	-	2,371	56,224	-		
Total	BNK Yeouido Core Office Co., Ltd.	8,246	-	-	44,481	155,985	-		
		₩ 1,073,324	₩ 22,149,913	₩ 682,500,000	₩ 71,708	₩ 5,156,787	₩ 1,502,432		

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES (cont'd):

(In thousands of Korean won)

		2024						
Type	Name of entity	Revenues			Expenses			Acquisition of property and equipment
		Interest income	Other Revenues	Dividend income	Interest expenses	Other expenses		
Subsidiaries	Busan Bank Co., Ltd.	₩ 771,958	₩ 7,117,571	₩ 179,000,000	₩ -	₩ 213,430	₩ 155,739	
	Kyongnam Bank Co., Ltd.	2,204	3,882,000	118,000,000	-	60,074	-	
	BNK Capital Co., Ltd.	-	1,794,262	48,009,500	9,678	1,918,740	180,504	
	BNK Securities Co., Ltd.	4,933	11,813,000	6,000,000	23,046	84,331	699,763	
	BNK Saving Bank Co., Ltd.	233,622	209,000	-	-	-	-	
	BNK Asset Management Co., Ltd.	-	40,540	-	406	-	-	
	BNK Venture Capital Co., Ltd.	-	15,000	-	-	-	-	
	BNK Credit Information Co., Ltd.	-	18,350	-	-	-	-	
	BNK System Co., Ltd.	-	73,300	-	-	1,156,318	1,347,013	
	BNK Gangnam Core Office Co., Ltd.	10,134	-	-	28,456	200,100	-	
	BNK Yeouido Core Office Co., Ltd.	2,665	-	-	16,854	52,302	1,527,847	
Total		₩ 1,025,516	24,963,023	₩ 351,009,500	₩ 78,440	₩ 3,685,295	₩ 3,910,866	

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES (cont'd):

Details of fund transactions with related parties for the years ended December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		2025	
		Deposit transactions	
Type	Name of entity	Deposits	Withdrawals
Subsidiaries	Busan Bank Co., Ltd.	₩ 660,039,240	₩ 678,115,797
	Kyongnam Bank Co., Ltd.	154,251,424	-
	BNK Securities Co., Ltd.	48	-
	BNK Saving Bank Co., Ltd.	235,765	-
Total		₩ 814,526,477	₩ 678,115,797

(In thousands of Korean won)

		2024	
		Deposit transactions	
Type	Name of entity	Deposits	Withdrawals
Subsidiaries	Busan Bank Co., Ltd.	₩ 301,056,454	₩ 271,143,284
	Kyongnam Bank Co., Ltd.	-	697,731
	BNK Saving Bank Co., Ltd.	236,696	-
Total		₩ 301,293,150	₩ 271,841,015

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES (cont'd):

Outstanding receivables and payables from related parties as of December 31, 2025 and 2024 are as follows:

(In thousands of Korean won)

		December 31, 2025				
Type	Name of entity	Receivables			Payables	
		Loans/due from banks	Fair Value Through Profit or Loss	Other assets ¹	Deposit liabilities	Other liabilities
Subsidiaries	Busan Bank Co., Ltd.	₩ 145,126,667	₩ -	₩ 84,925,308	₩ -	₩ 221,215
	Kyongnam Bank Co., Ltd.	160,065,933	-	35,620,631	-	-
	BNK Capital Co., Ltd.	-	-	24,412,751	-	228,048
	BNK Securities Co., Ltd.	48	105,845,700	23,333,247	-	394,873
	BNK Saving Bank Co., Ltd.	15,908,587	-	459,911	-	-
	BNK Asset Management Co., Ltd.	-	-	3,266,088	-	-
	BNK Venture Capital Co., Ltd.	-	-	225,730	-	-
	BNK Credit Information Co., Ltd.	-	-	-	-	52,276
	BNK System Co., Ltd.	-	-	90,028	-	378,997
	BNK Yeouido Core Office Co., Ltd	-	-	254,779	-	1,152,966
Total		₩ 321,101,235	₩ 105,845,700	₩ 172,588,473	₩ -	₩ 2,428,375

BNK FINANCIAL GROUP INC.
Notes to separate financial statements
December 31, 2025 and 2024

30. TRANSACTIONS WITH RELATED PARTIES (cont'd):

(In thousands of Korean won)

		December 31, 2024					
Type	Name of entity	Receivables			Payables		
		Loans/due from banks	Fair Value Through Profit or Loss	Other assets ¹	Deposit liabilities	Other liabilities	
Subsidiaries	Busan Bank Co., Ltd.	₩ 163,203,223	₩ -	₩ 41,800,084	₩ -	₩ 178,655	
	Kyongnam Bank Co., Ltd.	5,814,509	-	42,697,415	-	-	
	BNK Capital Co., Ltd.	-	-	12,100,574	-	230,346	
	BNK Securities Co., Ltd.	-	107,051,600	7,617,416	-	554,287	
	BNK Saving Bank Co., Ltd.	15,672,822	-	6,441	-	540,194	
	BNK Asset Management Co., Ltd.	-	-	1,419,826	-	-	
	BNK Venture Capital Co., Ltd.	-	-	-	-	217,597	
	BNK Credit Information Co., Ltd.	-	-	357,705	-	-	
	BNK System Co., Ltd.	-	-	464,983	-	-	
	BNK Gangnam Core Office Co., Ltd.	-	-	412,127	-	871,639	
	BNK Yeouido Core Office Co., Ltd.	-	-	238,169	-	1,416,834	
Total		₩ 184,690,554	₩ 107,051,600	107,114,740	₩ -	₩ 4,009,552	

¹ As of December 31, 2025 and 2024, the amount due to consolidated tax payment is ₩151,485,761 thousand and ₩85,702,235 thousand, respectively.

The Company paid ₩829,459 thousand (2024: ₩837,021 thousand) for the lease payments in relation to related parties for the year ended December 31, 2025.

Compensation for key executives for the years ended December 31, 2025 and 2024, is as follows:

(In thousands of Korean won)	2025	2024
Short-term employee benefits	₩ 1,506,293	₩ 1,441,455
Performance compensation	1,455,303	994,632
Postemployment benefits	40,000	40,000

Details of unused loan commitment of related parties as of December 31, 2025 and 2024 are as follows:

Provider	Provided to	Unused loan commitment	December 31, 2025	December 31, 2024
Busan Bank Co., Ltd.	BNK Financial Group Inc.	Credit Card	₩ 578,785	₩ 421,345

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of BNK Financial Group Inc. (the "Company") and the separate financial statements of the Company for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Internal Control over Financial Reporting Operating Status Report by CEO

Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

BNK Financial Group Inc.

The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of BNK Financial Group Inc. (the "Company") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2025 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the separate statement of financial position as of December 31, 2025, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including material accounting policy information, of the Company, and our report dated March 17, 2026 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

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

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, operating and maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Internal Control over Financial Reporting Operating Status Report by CEO.

Those charged with governance are responsible for overseeing the Company's ICFR process.

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company's ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The company's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of separate financial statements in accordance with KIFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company that could have a material effect on the separate financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the separate financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Ernst & Young Han Young

March 17, 2026

This audit report is effective as of March 17, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

Internal Control over Financial Reporting("ICFR") Operating Status Report by CEO

To the Shareholders, Board of Directors and Audit Committee of BNK Financial Group

We, as the Chief Executive Officer("CEO") and the Internal Accounting Manager ("IAM") of BNK Financial Group ("the Company"), assessed the operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ending December 31, 2025.

The design and operation of ICFR is the responsibility of the Company's management, including the CEO and the IAM(collectively "We", "Our", or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information.

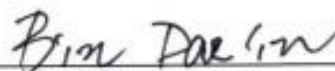
We used the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting" established by the Operating Committee of Internal Control over Financial Reporting in Korea(the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. And we conducted an evaluation of ICFR based on the "Detailed Regulations on External Audit Accounting, etc., Appendix 6: Standards for the Evaluation and Reporting of Internal Control over Financial Reporting".

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting".

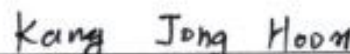
We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

(Attachment) Internal Control Activities Performed by the Company to Respond to Fraud Risks Related to Funds

February 27, 2026



Chief Executive Officer



Internal Control over Financial Reporting Officer

(Attachment) Internal Control Activities Performed by the Company to Respond to Fraud Risks Related to Funds

Classification	Control Activities Performed by the Company	Design & Operating Status Inspection Results
Entity-Level Controls	<Mandatory Leave System> The Company operates a mandatory leave system to eliminate incentives and opportunities for fund fraud.	"No material weaknesses were found as a result of the test." (Compliance Department, Jul, Nov '25, Feb '26)
	<Operation of Compliance Reporting System> The Company operates a compliance reporting system to prevent fraud and promotes the system through strict confidentiality for reporters and prohibition of disadvantageous personnel actions.	"No material weaknesses were found as a result of the test." (Compliance Department, Jul, Nov '25, Feb '26)
	<Fraud Risk Pre-inspection & Post-action> The Company evaluates potential fraud risks through the ongoing monitoring system and takes post-actions in the event of accidents caused by fraud.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Segregation of Duties> The Company defines job classifications and responsibilities by organization, periodically segregates duties, and designates control owners accordingly.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Ongoing Monitoring> The Company operates ongoing monitoring, surveillance, and internal audit systems to reduce fraud on a regular basis.	"No material weaknesses were found as a result of the test." (Compliance Department, Jul, Nov '25, Feb '26)
Fund Controls	<Securities - Segregation of Authority for Entry & Execution> The authority for transaction entry and execution in the securities system is segregated.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)

Fund Controls	<Securities - Transaction Approval> The General Manager of Finance Management Department approves after checking whether the person in charge has reviewed the supporting documents, account classification, and deposit/withdrawal details related to securities transactions.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Securities - Review of Securities Transfer Details> The General Manager of Finance Management Department verifies whether the transfer was made to the designated account according to the approved securities transaction conditions and approves it.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Securities - Balance Confirmation> The General Manager of Finance Management Department approves after checking whether the person in charge has reviewed the balance certificate of the securities balance and reconciled the physical inspection details.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	< Securities - Interest & Dividend Deposits Confirmation> The General Manager of Finance Management Department reviews and approves the details reconciled and confirmed by the person in charge regarding the system input amount, actual deposit amount, and related materials when interest and dividends on securities are deposited.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Segregation of Duties for Fund Slip Approval> The fund slip initiator, approver, and execution approver are segregated.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution - Payment Approval> The General Manager of Finance Management Department reviews the fund procurement draft and related evidence and approves them.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)

Fund Controls	<Fund Execution - Daily Transaction Reconciliation> The General Manager of Financial Planning Department reviews the consistency between slips and payment details at the daily closing and approves them.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution - Fund Withdrawal Approval> The General Manager of Finance Management Department reconciles and confirms the fund withdrawal draft and related evidence and approves the withdrawal.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution - Segregation of Fund Settlement Authority> Accounts and OTPs used for fund settlement are managed by a designated manager separately, and fund transfers are only possible with the manager's approval.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution & Operation - Corporate Account Management> The General Manager of Financial Planning Department reviews the reasons for application and approves the opening and closing of accounts.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution & Operation - Seal Usage Management> Assets such as important seals are managed separately from passbooks by a designated manager.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Execution & Operation - Execution Review> The General Manager of Finance Management Department reviews and approves the details confirmed by the person in charge regarding whether the transfer was made to the designated account according to the approved financial product conditions.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)

Fund Controls	<Fund Execution & Operation - Cash & Deposit Balance Confirmation> The General Manager of Finance Management Department confirms whether the amount of cash and deposits matches the financial statements through total account balance inquiry.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)
	<Fund Procurement Review> The General Manager of Finance Management Department reviews and approves the details confirmed by the fund procurement staff regarding whether the approved draft matches the related documents.	"No material weaknesses were found as a result of the test." (Financial Planning Department, Jul, Nov '25, Feb '26)