

**BNK FINANCIAL GROUP INC.  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

**AS OF JUNE 30, 2022, AND DECEMBER 31, 2021,  
AND FOR THE THREE-MONTH AND SIX-MONTH  
PERIODS ENDED JUNE 30, 2022 AND 2021**

**ATTACHMENT: INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT**

**BNK FINANCIAL GROUP INC.**

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

**Index**

**As of June 30, 2022, and December 31, 2021, and  
for the three-month and six-month periods ended June 30, 2022 and 2021**

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**Page(s)**

**Independent Accountants' Review Report** ..... 1 - 2

**Condensed Interim Consolidated Financial Statements**

Condensed Interim Consolidated Statements of Financial Position ..... 4

Condensed Interim Consolidated Statements of Comprehensive Income ..... 5 - 6

Condensed Interim Consolidated Statements of Changes in Equity ..... 7

Condensed Interim Consolidated Statements of Cash Flows ..... 8 - 9

Notes to the Condensed Interim Consolidated Financial Statements ..... 10 - 101

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean on August 16, 2022

To the Shareholders and the Board of Directors of  
BNK Financial Group Inc.:

### Report on the Condensed Interim Consolidated Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of BNK Financial Group Inc. and its subsidiaries (the "Group"). The condensed interim consolidated financial statements consist of the condensed interim consolidated statement of financial position as of June 30, 2022, the condensed interim consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021, and the condensed interim consolidated statements of changes in equity and the condensed interim consolidated statements of cash flows for the six-month periods ended June 30, 2022 and 2021, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Condensed Interim Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of the accompanying condensed interim consolidated financial statements in accordance with Korean International Financial Reporting Standard ("K-IFRS") 1034, *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Independent Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying condensed interim consolidated financial statements based on our reviews.

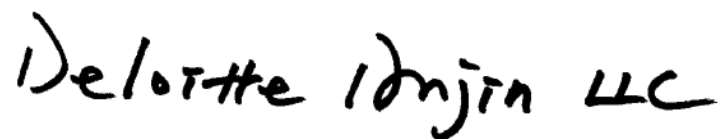
We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## Review Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of the Group are not presented fairly, in all material respects, in accordance with K-IFRS 1034, *Interim Financial Reporting*.

## Other

We have audited the consolidated statement of financial position of the Group as of December 31, 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with Korean Standards on Auditing. We expressed an unqualified opinion in our independent auditors' report dated March 16, 2022. The accompanying consolidated statement of financial position as of December 31, 2021, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

A handwritten signature in black ink that reads "Deloitte Idnjin LLC". The signature is written in a cursive, slightly slanted style.

August 16, 2022

## Notice to Readers

This report is effective as of August 16, 2022, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the condensed interim consolidated financial statements and may result in modifications to the independent accountants' review report.

# **BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF JUNE 30, 2022, AND DECEMBER 31, 2021,  
AND FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
JUNE 30, 2022 AND 2021

The accompanying condensed interim consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the management of BNK Financial Group Inc.

**Ji Wan Kim**  
**President and Chief Executive Officer**

Headquarters Address: (Road Name and Address) 30, Munhyeongeumyung-ro, Nam-gu, Busan  
(Phone Number) 051-642-3300

**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As of June 30, 2022, and December 31, 2021**

<i>(In millions of Korean won)</i>	<b>Notes</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
<b>Assets</b>					
Cash and due from banks	4,6,7	₩	4,845,217	₩	5,349,248
Financial assets at FVTPL	4,6,8,11		6,024,205		5,640,558
Financial assets at fair value through other comprehensive income	4,6,9,13		4,953,129		5,150,489
Financial assets at amortized cost	4,6,10,13		8,853,266		8,734,540
Loans and receivables	4,6,12,13		105,415,344		98,699,253
Derivative assets	4,6,14		177,515		33,905
Investments in associates and joint venture	15		1,178,568		1,116,386
Property and equipment	16		1,179,951		1,160,271
Intangible assets	17		279,865		293,035
Investment properties	18		652,726		661,799
Net defined benefit assets	22		78,546		18,718
Other assets			1,665,171		1,428,832
<b>Total assets</b>		₩	<b>135,303,503</b>	₩	<b>128,287,034</b>
<b>Liabilities</b>					
Deposit liabilities	4,6	₩	95,987,923	₩	93,282,006
Financial liabilities designated at FVTPL	4,6,19		253,326		203,255
Borrowings	4,6,20		9,704,909		7,779,249
Debentures	4,6,21		13,815,217		13,442,860
Derivative liabilities	4,6,14		171,748		34,431
Net defined benefit liabilities	22		5,186		-
Provisions	23		114,934		99,155
Current tax liabilities	35		128,690		153,480
Deferred tax liabilities	35		26,375		26,618
Other liabilities	4,6,24		4,287,048		3,042,797
<b>Total liabilities</b>			<b>124,495,356</b>		<b>118,063,851</b>
<b>Equity</b>					
<b>Equity attributable to owners of the Parent Company</b>					
Share capital	25		1,629,676		1,629,676
Hybrid equity securities	25		827,392		827,392
Other paid-in capital	25		780,000		780,000
Other components of equity	25		(193,947)		(122,162)
Retained earnings	25		6,518,534		6,210,820
			9,561,655		9,325,726
<b>Non-controlling interest</b>			<b>1,246,492</b>		<b>897,457</b>
<b>Total equity</b>			<b>10,808,147</b>		<b>10,223,183</b>
<b>Total liabilities and equity</b>		₩	<b>135,303,503</b>	₩	<b>128,287,034</b>

See notes to condensed interim consolidated financial statements.

**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Comprehensive Income**  
**For The Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

	Notes	Period ended June 30			
		2022		2021	
		Three months	Six months	Three months	Six months
<i>(In millions of Korean won, except per share amounts)</i>					
Net interest income	25				
Interest income					
Financial assets at FVTPL	W	21,424	39,870	14,864	28,346
Financial assets at fair value through other comprehensive income and amortized cost		1,081,282	2,062,265	844,760	1,651,242
		1,102,706	2,102,135	859,624	1,679,588
Interest expenses		(377,001)	(697,787)	(230,099)	(461,025)
		725,705	1,404,348	629,525	1,218,563
Net fee and commission income	26				
Commission income		161,922	349,034	192,263	340,859
Commission expenses		(41,524)	(82,931)	(36,904)	(75,953)
		120,398	266,103	155,359	264,906
Gain (loss) on financial assets at FVTPL	27	(37,696)	(53,568)	70,947	132,349
Gain on financial assets at fair value through other comprehensive income	28	299	3,403	3,216	11,764
Gain (loss) on financial assets at amortized cost	29	162	163	(287)	(784)
Contribution to provision for credit loss and others	30				
Contribution to provision for credit loss		(115,934)	(197,171)	(71,716)	(182,369)
Gain on disposal of loans		25,272	49,185	23,569	29,981
General and administrative expenses	31	(356,399)	(727,409)	(384,912)	(731,436)
Other operating income (expenses)					
Gain (loss) on foreign currency transaction		(11,400)	(13,859)	7,305	(1,915)
Gain (loss) from derivatives		4,030	23,561	(2,047)	(9,935)
Other operating income		166,142	318,799	119,424	242,673
Other operating expenses		(193,220)	(370,951)	(176,479)	(337,175)
<b>Operating profit</b>		<b>327,359</b>	<b>702,604</b>	<b>373,904</b>	<b>636,622</b>
<b>Non-operating income (expenses)</b>	32				
Share of profit (loss) of associates		(8,009)	(5,268)	3,274	12,677
Other income		15,822	29,197	14,200	30,496
Other expenses		(15,284)	(20,111)	(4,044)	(25,656)
		(7,471)	3,818	13,430	17,517
Profit before income tax expense		319,888	706,422	387,334	654,139
Income tax expense	33	(80,303)	(179,708)	(101,220)	(164,492)
<b>Profit for the period</b>		<b>W 239,585</b>	<b>W 526,714</b>	<b>W 286,114</b>	<b>W 489,647</b>
Profit for the period is attributable to:					
Owners of the Parent Company	W	228,775	505,092	275,304	468,027
Non-controlling interest		10,810	21,620	10,810	21,620

**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Comprehensive Income**  
**for the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

	Notes	Period ended June 30			
		2022		2021	
		Three months	Six months	Three months	Six months
<i>(In millions of Korean won, except per share amounts)</i>					
<b>Other comprehensive loss, net of tax</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	W	26,067	W 47,440	W 3,517	W 3,737
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income		1,164	(7,346)	3,531	5,046
Changes in the own credit risk of financial liabilities designated at FVTPL		91	2	-	-
<i>Items that may be subsequently reclassified to profit or loss</i>					
Loss on valuation of debt instruments at fair value through other comprehensive income		(62,802)	(119,055)	(20,253)	(37,582)
Exchange differences on translation of foreign operations		18,825	24,641	(2,923)	4,457
Gain (loss) on valuation of hedges of net investments in foreign operations		(16,948)	(20,083)	49	(4,413)
Share of other comprehensive income of associates		1,719	2,766	197	236
(Reversal of) impairment loss of debt instruments at fair value through other comprehensive income		(98)	(150)	14	(217)
Other comprehensive loss for the period, net of tax		<u>(31,982)</u>	<u>(71,785)</u>	<u>(15,868)</u>	<u>(28,736)</u>
<b>Total comprehensive income for the period</b>		<u>W 207,603</u>	<u>W 454,929</u>	<u>W 270,246</u>	<u>W 460,911</u>
Total comprehensive income for the period is attributable to:					
Owners of the Parent Company	W	196,793	W 433,309	W 259,436	W 439,291
Non-controlling interests		10,810	21,620	10,810	21,620
<b>Earnings per share (in Korean won)</b>					
34					
Basic and diluted earnings per share	W	680	W 1,508	W 824	W 1,394

See notes to condensed interim consolidated financial statements.



**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For The Six-Month Periods Ended June 30, 2022 and 2021**

	Attributable to owners of the Parent Company								Non-controlling interests	Total equity
	Share capital	Hybrid equity securities	Other paid-in capital	Other components of equity	Retained earnings	Total				
<i>(In millions of Korean won)</i>										
<b>Balance at January 1, 2021</b>	₩ 1,629,676	₩ 827,392	₩ 779,262	₩ (68,532)	₩ 5,561,025	₩ 8,728,823	₩ 897,457	₩ 9,626,280		
Dividends	-	-	-	-	(103,818)	(103,818)	-	(103,818)		
Dividends on hybrid equity securities	-	-	-	-	(15,698)	(15,698)	(21,620)	(37,318)		
Changes in capital adjustments	-	-	737	-	(737)	-	-	-		
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	468,027	468,027	21,620	489,647		
Other comprehensive income										
Remeasurements of net defined benefit liabilities	-	-	-	3,737	-	3,737	-	3,737		
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(32,535)	-	(32,535)	-	(32,535)		
Gain on overseas operations translation	-	-	-	4,457	-	4,457	-	4,457		
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(4,414)	-	(4,414)	-	(4,414)		
Share of other comprehensive income of associates	-	-	-	236	-	236	-	236		
Reversal of impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	(217)	-	(217)	-	(217)		
<b>Balance at June 30, 2021</b>	<u>₩ 1,629,676</u>	<u>₩ 827,392</u>	<u>₩ 779,999</u>	<u>₩ (97,268)</u>	<u>₩ 5,908,799</u>	<u>₩ 9,048,598</u>	<u>₩ 897,457</u>	<u>₩ 9,946,055</u>		
<b>Balance at January 1, 2022</b>	₩ 1,629,676	₩ 827,392	₩ 779,999	₩ (122,162)	₩ 6,210,820	₩ 9,325,725	₩ 897,457	₩ 10,223,182		
Dividends	-	-	-	-	(181,682)	(181,682)	-	(181,682)		
Issuance of hybrid equity securities	-	-	-	-	-	-	349,034	349,034		
Dividends on hybrid equity securities	-	-	-	-	(15,698)	(15,698)	(21,620)	(37,318)		
<b>Total comprehensive income</b>										
Profit for the period	-	-	-	-	505,092	505,092	21,620	526,712		
Other comprehensive income										
Remeasurements of net defined benefit liabilities	-	-	-	47,441	-	47,441	-	47,441		
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	-	(126,401)	-	(126,401)	-	(126,401)		
Gain (loss) on disposal of equity instruments at fair value through other comprehensive income	-	-	-	(1)	1	-	-	-		
Gain on overseas operations translation	-	-	-	24,641	-	24,641	-	24,641		
Loss on valuation of hedges of net investments in foreign operations	-	-	-	(20,083)	-	(20,083)	-	(20,083)		
Share of other comprehensive income of associates	-	-	-	2,767	-	2,767	-	2,767		
Reversal of impairment loss of debt instruments at fair value through other comprehensive income	-	-	-	(150)	-	(150)	-	(150)		
Changes in the own credit risk of financial liabilities designated at FVTPL	-	-	-	2	-	2	-	2		
<b>Balance at June 30, 2022</b>	<u>₩ 1,629,676</u>	<u>₩ 827,392</u>	<u>₩ 779,999</u>	<u>₩ (193,946)</u>	<u>₩ 6,518,533</u>	<u>₩ 9,561,654</u>	<u>₩ 1,246,491</u>	<u>₩ 10,808,145</u>		

See notes to condensed interim consolidated financial statements.

**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For The Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	<b>2022</b>		<b>2021</b>	
<b>Cash flows from operating activities</b>				
Profit for the period	₩	526,713	₩	489,647
Adjustments to profit for the period:				
Interest income		(2,102,134)		(1,679,588)
Interest expense		697,787		461,024
Loss (gain) on financial assets at FVTPL, net		102,297		(51,770)
Gain on financial assets at fair value through other comprehensive income, net		(3,403)		(11,764)
Loss (gain) on financial assets at amortized cost, net		(163)		784
Loss on financial liabilities designated at FVTPL		1,832		-
Contribution to provision for credit loss		197,171		182,369
Loss on foreign currency translation		18,121		10,963
Loss on valuation of derivatives, net		26,227		8,970
Depreciation		52,282		49,245
Amortization		38,926		36,633
Postemployment benefits		30,224		31,120
Other operating expenses, net		80,327		117,946
Share of loss (profit) of associates		5,268		(12,677)
Gain on property and equipment, and intangible assets		(352)		(130)
Other non-operating expenses, net		5,632		607
Income tax expense		179,708		164,492
		<u>(670,250)</u>		<u>(691,776)</u>
Changes in operating assets and liabilities:				
Decrease (increase) in due from banks		489,572		(480,397)
Increase in financial assets at FVTPL		(605,123)		(1,129,701)
Increase in loans and receivables		(6,814,895)		(8,910,556)
Increase in derivative assets and liabilities		(32,467)		(4,928)
Increase in other assets		(389,731)		(211,868)
Increase in financial liabilities designated at FVTPL		2,653,052		7,474,197
Increase in securities sold		48,242		-
Increase in deposit liabilities		273,983		246,195
Increase (decrease) in provisions		1,916		(864)
Increase in other liabilities		1,086,176		888,208
Decrease in defined benefit obligation		(95,858)		(51,858)
Decrease (increase) in plan assets		73,521		(17,478)
		<u>(3,311,612)</u>		<u>(2,199,050)</u>
Interest received		2,093,487		1,720,235
Dividend received		11,829		12,398
Interest paid		(575,309)		(546,183)
Income tax paid		(176,308)		(111,085)
<b>Net cash outflow for operating activities</b>		<u>(2,101,450)</u>		<u>(1,325,814)</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For The Six-Month Periods Ended June 30, 2022 and 2021**

<i>(In millions of Korean won)</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of financial assets at FVTPL	₩ 1,759,794	₩ 2,734,445
Payments for financial assets at FVTPL	(1,638,091)	(2,739,852)
Proceeds from disposal of financial assets at fair value through other comprehensive income	317,614	2,023,110
Payments for financial assets at fair value through other comprehensive income	(284,047)	(1,614,383)
Proceeds from disposal of financial assets at amortized cost	1,181,033	785,913
Payments for financial assets at amortized cost	(1,279,246)	(1,166,149)
Proceeds from disposal of investments in associates	502,457	59,717
Payments for investments in associates	(568,632)	(585,332)
Proceeds from disposal of property and equipment	7,116	25,614
Payments for property and equipment	(27,709)	(41,534)
Proceeds from disposal of intangible assets	139	364
Payments for intangible assets	(26,170)	(18,007)
Payments for investment properties	(822)	(1,299)
Decrease in leasehold deposits provided	6,766	7,064
<b>Net cash outflow for investing activities</b>	<b>(49,798)</b>	<b>(530,329)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings	13,220,416	11,982,481
Decrease in borrowings	(11,621,498)	(11,152,594)
Issuance of debentures	3,418,428	3,908,502
Repayment of debentures	(3,070,012)	(2,540,875)
Payments of lease liabilities	(14,277)	(12,851)
Dividends paid to shareholders	(181,682)	(103,818)
Dividends paid on hybrid equity securities	(15,698)	(15,698)
Increase in non-controlling interests	349,034	-
Dividends paid to non-controlling interests	(21,620)	(21,620)
Increase in other liabilities	36,466	9,292
<b>Net cash inflow from financing activities</b>	<b>2,099,557</b>	<b>2,052,819</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(51,691)</b>	<b>196,676</b>
Cash and cash equivalents at the beginning of the period	1,354,051	1,152,790
Effects of exchange rate changes on cash and cash equivalents	36,086	(12,189)
<b>Cash and cash equivalents at the end of the period</b>	<b>₩ 1,338,446</b>	<b>₩ 1,337,277</b>

See notes to condensed interim consolidated financial statements.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**1. GENERAL INFORMATION:**

General information of BNK Financial Group Inc. (“BNK Financial Group” or the “Parent Company”), which is a controlling entity in accordance with Korean International Financial Reporting Standard (“K-IFRS”) 1110, *Consolidated Financial Statements*, and its subsidiaries (collectively, the “Group”) is as follows:

**1.1 BNK Financial Group**

BNK Financial Group was incorporated on March 15, 2011, in accordance with the provisions of the Financial Holding Company Act, whereby holders of the ordinary shares of Busan Bank Co., Ltd.; BNK Securities Co., Ltd.; BNK Capital Co., Ltd.; and BNK Credit Information Co., Ltd. transferred all of their shares to the Parent Company and in return received shares of the Parent Company’s ordinary share in order to control, manage and provide financial support to subsidiaries engaged in financial business or financial industry-related subsidiaries. Meanwhile, BNK Financial Group established BNK Information System Co., Ltd. and BNK Savings Bank Co., Ltd. as its subsidiaries with 100% investment in 2011. The Parent Company obtained control of Kyongnam Bank Co., Ltd. by acquiring 56.97% of its shares in October 2014 and ultimately acquired 100% of shares of Kyongnam Bank Co., Ltd. through comprehensive exchange of shares on June 4, 2015. In July 2015, the Parent Company also obtained 51.01% of shares in BNK Asset Management Co., Ltd. and established it as its subsidiary through paid-in capital increase and acquisition of ownership. In December 2017, the Parent Company took over the rest of BNK Asset Management Co., Ltd.’s shares; accordingly, it became a wholly owned subsidiary. In November 2019, the Parent Company also obtained 100% of shares in BNK Venture Capital Co., Ltd. and established it as a wholly owned subsidiary. The headquarters of BNK Financial Group is located at Busan Nam-gu Munhyeongeumyu-ro, 30. Meanwhile, the Parent Company’s share capital as of June 30, 2022, amounts to ₩1,629,676 million with 325,935,246 outstanding shares.

**1.2 Consolidated Subsidiaries**

Details of the consolidated subsidiaries as of June 30, 2022, and December 31, 2021, are as follows:

Name of subsidiary	Industry	Location	Closing month	Ownership interest (%)	
				June 30, 2022	December 31, 2021
BNK Financial Group:					
Busan Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
Kyongnam Bank Co., Ltd.	Banking	Korea	December 31	100.00	100.00
BNK Capital Co., Ltd.	Specialized credit financial business	Korea	December 31	100.00	100.00
BNK Securities Co., Ltd.	Investment brokerage and trading	Korea	December 31	100.00	100.00
BNK Savings Bank Co., Ltd.	Saving bank services	Korea	December 31	100.00	100.00

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Name of subsidiary	Industry	Location	Closing month	Ownership interest (%)	
				June 30, 2022	December 31, 2021
BNK Asset Management Co., Ltd.	Financial advisory and collective investment	Korea	December 31	100.00	100.00
BNK Credit Information Co., Ltd.	Credit investigation and collection agency	Korea	December 31	100.00	100.00
BNK System Co., Ltd.	System software development and supply	Korea	December 31	100.00	100.00
BNK Venture Capital Co., Ltd.	Start-up venture capital advisory	Korea	December 31	100.00	100.00
BNKC (Cambodia) MFI PLC	Specialized credit financial business	Cambodia	December 31	100.00	100.00
BNK Capital Myanmar Co., Ltd. <sup>1</sup>	Specialized credit financial business	Myanmar	September 30	99.99	99.99
BNK Capital Lao Leasing Co., Ltd. <sup>1</sup>	Specialized credit financial business	Laos	December 31	96.71	96.71
MFO BNK Finance Kazakhstan LLP	Specialized credit financial business	Kazakhstan	December 31	100.00	100.00
BNK Capital Lao NDTMFI Co., Ltd.	Specialized credit financial business	Laos	December 31	100.00	100.00

<sup>1</sup> The remaining shares of the subsidiary are also held by the Group.

### 1.3 Consolidated structured entities

Consolidated structured entities are as follows:

Category	Consolidated structured entities	Description
Trust	Busan Bank Co., Ltd. (unspecified money trust) and 18 others	As a money trust in accordance with the Financial Investment Services and Capital Markets Act, the Group owns less than 50% ownership of the trust. However, the Group is considered to have control over the trust because the Group is exposed to variable returns from its involvement with the trust and has the ability to affect those returns through its power to direct the activities of the trust.
Investment Fund	BNK REPOPLUS Professional Private Investment Trust No. 1 and 28 others	As a structured company for purpose of marketable securities investment, the Group is considered to have control over the entity because the Group has a substantive power and is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.
Asset-Backed Securitization	BNK JEJU GLOBAL CO., LTD. and 72 others	As a structured company for asset securitization, the Group does not own ownership of the company. However, the Group is considered to have control over the entity because the Group has a substantive power and is exposed to variable returns from involvement and has the ability to affect those returns through its power.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**1.4 Summarized Financial Information**

Summarized financial information for consolidated subsidiaries as of June 30, 2022 and December 31, 2021, and for the six-month periods ended June 30, 2022 and 2021, is as follows:

(In millions of Korean won)

Name of subsidiary	June 30, 2022			2022			
	Assets	Liabilities	Equity	Operating income	Operating profit (loss)	Profit (loss) for the period	Total comprehensive income (loss)
Busan Bank Co., Ltd. and its subsidiaries	₩70,796,307	₩65,198,232	₩ 5,598,075	₩ 1,614,766	₩ 318,743	₩ 245,564	₩ 199,568
Kyongnam Bank Co., Ltd. and its subsidiaries	47,372,428	43,676,378	3,696,050	909,687	212,659	158,983	123,798
BNK Capital Co., Ltd. and its subsidiaries	9,489,581	8,339,492	1,150,089	566,736	159,355	118,729	119,227
BNK Securities Co., Ltd. and its subsidiaries	5,398,739	4,341,994	1,056,745	476,625	65,354	47,613	51,256
BNK Savings Bank Co., Ltd.	1,644,832	1,398,722	246,110	47,410	9,597	6,603	6,603
BNK Asset Management Co., Ltd. and its subsidiaries	185,598	25,394	160,204	14,474	(14,327)	(12,408)	(12,409)
BNK Credit Information Co., Ltd.	23,607	1,750	21,857	5,550	1,617	1,210	1,210
BNK System Co., Ltd.	31,929	9,538	22,391	43,960	2,653	2,052	2,052
BNK Venture Capital Co., Ltd.	55,092	1,926	53,166	3,729	734	987	987

(In millions of Korean won)

Name of subsidiary	December 31, 2021			2021			
	Assets	Liabilities	Equity	Operating income	Operating profit	Profit for the period	Total comprehensive income
Busan Bank Co., Ltd. and its subsidiaries	₩67,077,755	₩61,590,564	₩ 5,487,191	₩ 1,238,405	₩ 313,778	₩ 232,000	₩ 213,147
Kyongnam Bank Co., Ltd. and its subsidiaries	46,628,812	43,110,659	3,518,153	718,506	178,606	136,936	129,063
BNK Capital Co., Ltd. and its subsidiaries	8,444,534	7,463,475	981,059	470,321	91,716	71,410	68,722
BNK Securities Co., Ltd. and its subsidiaries	3,995,983	2,980,494	1,015,489	283,913	79,557	64,989	66,239
BNK Savings Bank Co., Ltd.	1,662,321	1,422,814	239,507	37,276	12,834	11,473	11,473
BNK Asset Management Co., Ltd. and its subsidiaries	189,589	16,977	172,612	17,782	9,425	7,040	7,040
BNK Credit Information Co., Ltd.	22,421	1,775	20,646	3,415	780	608	608
BNK System Co., Ltd.	27,733	7,394	20,339	32,498	1,475	1,234	1,234
BNK Venture Capital Co., Ltd.	53,365	1,186	52,179	3,344	1,180	1,635	1,635

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**1.5 Changes in Scope for Consolidation**

None of the major subsidiaries are newly included in the condensed interim consolidated financial statements for the six-month period ended June 30, 2022. However, they exclude subsidiaries that do not perform business activities, such as trusts, beneficiary certificates, securitization companies, unions and private equity investment companies.

Subsidiary newly included in the consolidation for the year ended December 31, 2021:

<b>Subsidiary</b>	<b>Purpose</b>
BNK Capital Lao NDTMFI Co., Ltd.	New investment

However, it excludes subsidiaries that do not perform business activities, such as trusts, beneficiary certificates, securitization companies, unions and private equity investment companies.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**2. SIGNIFICANT ACCOUNTING POLICIES:**

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

**2.1 Basis of Preparation**

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with K-IFRSs. The accompanying condensed interim consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The Group's condensed interim consolidated financial statements as of and for the six-month periods ended June 30, 2022 and 2021, have been prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. It is necessary to use the Group's annual consolidated financial statements as of and for the year ended December 31, 2021, for understanding the accompanying condensed interim consolidated financial statements.

Significant accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2021, except for the impact due to the application of amendment and enactments of standards described below.

(a) New and amended standards and interpretations adopted by the Group and the changes in the accounting policies are as follows:

- K-IFRS 1103, *Business Combination - Reference to the Conceptual Framework* (Amendment)

The amendment updates K-IFRS 1103 so that it refers to the Conceptual Framework (2018) instead of the Framework (2007). It also adds to K-IFRS 1103 a requirement that, for obligations within the scope of K-IFRS 1037, an acquirer applies K-IFRS 1037 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of K-IFRS 2121, *Levies*, the acquirer applies K-IFRS 2121 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendment adds an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendment is effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. The Group expects that the amendment will not have a significant impact on the condensed interim consolidated financial statements.



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

---

- K-IFRS 1016, *Property, Plant and Equipment* (Amendment)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with K-IFRS 1002, *Inventories*.

The amendment also clarifies the meaning of 'testing whether an asset is functioning properly.' K-IFRS 1016 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes.

If not presented separately in the consolidated statements of comprehensive income, the consolidated financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the consolidated statements of comprehensive income include(s) such proceeds and cost.

The amendment is applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendment.

The entity shall recognize the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other components of equity, as appropriate) at the beginning of that earliest period presented. The Group expects that the amendment will not have a significant impact on the condensed interim consolidated financial statements.

- K-IFRS 1037, *Onerous Contracts—Cost of Fulfilling a Contract* (Amendment)

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.'

Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (an example would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment applies to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendment. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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The Group expects that the amendment will not have a significant impact on the condensed interim consolidated financial statements.

- Annual Improvements to K-IFRSs 2018-2020

The annual improvements include amendment to two standards, such as K-IFRS 1109, *Financial Instruments*, and K-IFRS 1116, *Leases*.

(i) K-IFRS 1109, *Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

(ii) K-IFRS 1116, *Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements. The Group expects that the amendment will not have a significant impact on the condensed interim consolidated financial statements.

(b) The K-IFRSs that have been published are not mandatory for June 30, 2022, reporting periods and have not been early adopted by the Group.

- K-IFRS 1001, *Classification of Liabilities as Current or Non-Current*, and IFRS Practice Statement 2, *'Making Materiality Judgements'* (Amendments) - *Disclosure of Accounting Policies*

These amendments change the requirements of K-IFRS 1001 for disclosure of accounting policies and replace all terms of 'significant accounting policies' with 'Material accounting policy information.'

Paragraphs related to K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples have also been developed to describe and apply the application of the 'Four Steps of the Criticality Process' described in IFRS 2.

These amendments will be applied prospectively for the fiscal year beginning on or after January 1, 2023, and early application is permitted. Amendments to IFRS 2 do not include effective dates or transitional provisions.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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- K-IFRS 1008, *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates

This amendment replaces the definition of change in accounting estimates with the definition of accounting estimates. Under the new definition, the accounting estimate is "the amount of money in the financial statements affected by measurement uncertainty."

The amendment should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted.

- K-IFRS 1012, *Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

This amendment reduces the scope of application of the initial recognition exception. According to the amendment, the exception to initial recognition does not apply to transaction in which the equal taxable temporary difference and deductible temporary difference give rise.

Under applicable tax laws, a transaction that is not a business combination and that does not affect accounting profit or taxable profit may result in equal taxable temporary difference and deductible temporary difference when recognizing assets and liabilities. For instance, this situation may arise when a lease liability and a corresponding right-of-use asset are recognized by applying K-IFRS 1116 at the commencement date of the lease.

In accordance with K-IFRS 1012 amendment, the Group should recognize related deferred tax assets and deferred tax liabilities. Recognition of deferred tax assets is subject to the recoverability requirements of K-IFRS 1012.

The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

## **2.2 Significant Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements as of and for the year ended December 31, 2021, except for the changes due to the application of amendment and enactments of standards described in Note 2.1.(a) and the one described below.

### **2.2.1 Income Tax Expense**

Income tax expense for the interim period is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**2.2.2 Reform of Interest Rate Index**

In relation to the reform of interest rate index, the amendments provide exceptions, including adjusting effective interest rate instead of book amounts when interest rate index of financial instruments at amortized costs is replaced, and applying hedge accounting without discontinuance, although the interest rate index is replaced in hedging relationship.

As of June 30, 2022, the conversion to a replaced interest rate benchmark has been completed for currencies other than USD, and the ISDA protocol was adopted for derivatives.

The financial instruments that have not been converted to replaced interest rate benchmark among the London InterBank Offered Rate (“LIBOR”) interest rates as of June 30, 2022, are as follows:

Non-derivative financial instruments are in book value, while the derivatives and commitments and guarantee contracts are in nominal amount.

<i>(In millions of Korean won)</i>	<b>USD<sup>(1)</sup></b>
Non-derivative financial assets	
Financial instruments at amortized costs	495,967
Non-derivative financial liabilities	
Financial liabilities at amortized costs	145,451
Derivatives	
Interest rate related (Hedge)	323,225
Guarantees and loan commitments	217

<sup>1</sup> USD LIBOR (overnight, 1M · 3M · 6M · 12M) that are the maturity before the end of June 2023 are excluded.

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

The preparation of condensed interim consolidated financial statements requires the management to make estimates and assumptions concerning the amount recognized in the condensed interim consolidated financial statements (except for estimates) and an executive requires judgement about book amount of assets and liabilities that are not identified easily from other sources. Estimates and assumptions are based on historical experience and other factors. In addition, actual results can differ from those estimates based on such definitions.

Significant accounting estimates and assumptions applied in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2021, except for the following:

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**3.1 Uncertainty due to the pandemic of Coronavirus Infectious Disease 19 (“COVID-19”)**

The rapid spread of COVID-19 is having a negative impact on finance, foreign exchange markets and the real economy around the world, which may increase the overall volatility of macroeconomic indicators, such as stock prices, interest rates and exchange rates. COVID-19 could potentially affect the Group’s expected credit losses for certain portfolios and a decline in the fair value of financial instruments.

The Group cannot predict the size and duration of future COVID-19 damage, and due to uncertainties arising from COVID-19, important accounting estimates and assumptions used in the preparation of financial statements may change. The Group is continuously monitoring the impact of COVID-19 through the key market indicators, delinquency rates and liquidity ratios.

Matters related to the fair value of financial instruments are described in Note 6. Exposures by major industry as of June 30, 2022, affected by the future changes of significant accounting estimates and assumptions due to COVID-19, are as follows:

*(In millions of Korean won)*

		<b>June 30, 2022</b>								
		<b>Loans</b>								
		<b>Twelve months’ expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Subtotal</b>	<b>Provision for impairment</b>				
			<b>Unrecognize d impairment</b>	<b>Recognized impairment</b>						
Aviation, Travel and Hotel	₩	300,095	₩	1,162,217	₩	3,547	₩	1,465,859	₩	36,810
Refining, Gas and Petrochemical		698,057		135,132		2,564		835,753		7,228
Logistics		2,045,261		406,673		4,899		2,456,833		16,771
Restaurant		317,093		793,906		1,958		1,112,957		15,287
Small business owner		1,175,997		73,588		5,493		1,255,078		8,713
	₩	<u>4,536,503</u>	₩	<u>2,571,516</u>	₩	<u>18,461</u>	₩	<u>7,126,480</u>	₩	<u>84,809</u>

*(In millions of Korean won)*

		<b>June 30, 2022</b>								
		<b>Receivables</b>								
		<b>Twelve months’ expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Subtotal</b>	<b>Provision for impairment</b>				
			<b>Unrecognize d impairment</b>	<b>Recognized impairment</b>						
Aviation, Travel and Hotel	₩	420	₩	2,336	₩	-	₩	2,756	₩	166
Refining, Gas and Petrochemical		1,188		199		6		1,393		16
Logistics		3,360		654		19		4,033		39
Restaurant		567		1,392		2		1,961		43
Small business owner		4,235		363		20		4,618		57
	₩	<u>9,770</u>	₩	<u>4,944</u>	₩	<u>47</u>	₩	<u>14,761</u>	₩	<u>321</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

<b>June 30, 2022</b>										
<b>Loan commitments</b>										
		<b>Twelve months' expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Subtotal</b>	<b>Provision</b>				
			<b>Unrecognized impairment</b>	<b>Recognized impairment</b>						
Aviation, Travel and Hotel	₩	8,936	₩	21,431	₩	-	₩	30,367	₩	944
Refining, Gas and Petrochemical		104,401		3,903		-		108,304		246
Logistics		161,917		11,097		-		173,014		603
Restaurant		12,829		10,076		-		22,905		270
Small business owner		60,492		5,123		-		65,615		609
	₩	<u>348,575</u>	₩	<u>51,630</u>	₩	<u>-</u>	₩	<u>400,205</u>	₩	<u>2,672</u>

(In millions of Korean won)

<b>June 30, 2022</b>										
<b>Confirmed acceptances and guarantees</b>										
		<b>Twelve months' expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Subtotal</b>	<b>Provision</b>				
			<b>Unrecognized impairment</b>	<b>Recognized impairment</b>						
Aviation, Travel and Hotel	₩	8,081	₩	64,447	₩	-	₩	72,528	₩	9,489
Refining, Gas and Petrochemical		15,991		2,285		-		18,276		38
Logistics		60,439		2,671		-		63,110		374
Restaurant		-		-		-		-		-
Small business owner		286		-		-		286		-
	₩	<u>84,797</u>	₩	<u>69,403</u>	₩	<u>-</u>	₩	<u>154,200</u>	₩	<u>9,901</u>

Meanwhile, despite the economic contraction caused by COVID-19, the Group's actual default rate has been stable due to various government support policies.

In order to reflect the potential default risk, some of the borrowers from industries that are highly influenced by COVID-19 and borrowers who deferred payment of interest and repayment in installments were classified as borrowers with a significant increase in credit risk, and additional credit loss allowance was recognized. The exposure and credit loss allowance of those borrowers are as follows:

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Exposure	₩	3,995,442	₩	3,498,195
Provision for credit loss		186,717		120,295

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**4. FINANCIAL RISK MANAGEMENT:**

**4.1 General**

*(a) General risk management policy*

The Group is exposed to various financial risks, such as credit, liquidity, market and operational, associated with financial instruments. There has not been a significant change in the Group's purpose of financial risk management and risk management policy since December 31, 2021.

*(b) Credit risk*

*i) Maximum exposure to credit risk*

The maximum exposure of the Group's financial instruments, except for equity securities, to credit risk that does not consider value of collateral as of June 30, 2022, and December 31, 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
<b>On balance</b>		
Cash and due from banks	₩ 3,499,258	₩ 3,995,197
Financial assets at fair value through profit or loss ("FVTPL")	5,818,591	5,310,074
Financial assets at fair value through other comprehensive income	4,780,542	4,968,436
Financial assets at amortized cost	8,853,266	8,734,540
Loans	102,869,516	97,293,360
Receivables	2,545,828	1,405,893
Derivative assets	177,515	33,905
	<u>128,544,516</u>	<u>121,741,405</u>
<b>Off balance</b>		
Guarantees and acceptances	1,253,561	1,280,474
Loan commitments	24,511,562	23,019,015
	<u>25,765,123</u>	<u>24,299,489</u>
	<u>₩ 154,309,639</u>	<u>₩ 146,040,894</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

*ii) Analysis of credit quality of financial assets*

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

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

The gross carrying amount of loans, receivables and debt securities by credit risk grade as of June 30, 2022, is as follows:

(In millions of Korean won)

	June 30, 2022									
	Loans and receivables							Debt securities		
	Loans			Receivables				Fair value through other comprehensive income	Amortized cost	
	Twelve months' expected credit losses	Lifetime expected credit losses		Twelve months' expected credit losses	Lifetime expected credit losses		Subtotal	Twelve months' expected credit losses	Twelve months' expected credit losses	Subtotal
	Unrecognized impairment	Recognized impairment		Unrecognized impairment	Recognized impairment					
Grade 1	₩ 47,775,798	₩ 1,081,064	₩ -	₩ 523,500	₩ 2,720	₩ -	₩ 49,383,082	₩ 4,780,542	₩ 8,856,428	₩ 13,636,970
Grade 2	30,220,263	4,584,952	-	115,356	9,405	-	34,929,976	-	-	-
Grade 3	7,757,694	4,949,257	-	23,767	13,696	-	12,744,414	-	-	-
Grade 4	353,283	2,748,868	441,906	2,271	8,105	1,871	3,556,304	-	-	-
Non-graded	3,711,811	81,581	-	1,847,581	2,768	-	5,643,741	-	-	-
	₩ 89,818,849	₩ 13,445,722	₩ 441,906	₩ 2,512,475	₩ 36,694	₩ 1,871	₩ 106,257,517	₩ 4,780,542	₩ 8,856,428	₩ 13,636,970

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of June 30, 2022, is as follows:

(In millions of Korean won)

	June 30, 2022							
	Loan commitments				Guarantees and acceptances			
	Twelve months' expected credit losses	Lifetime expected credit losses			Twelve months' expected credit losses	Lifetime expected credit losses		
		Unrecognized impairment	Recognized impairment	Subtotal		Unrecognized impairment	Recognized impairment	Subtotal
Grade 1	₩ 16,426,046	₩ 87,061	₩ -	₩ 16,513,107	₩ 370,477	₩ 804	₩ 371,281	
Grade 2	4,506,442	632,625	-	5,139,067	516,269	118,438	634,707	
Grade 3	923,150	435,626	-	1,358,776	88,551	73,397	161,948	
Grade 4	44,583	102,795	-	147,378	710	79,226	85,625	
Non-graded	445,392	10,163	-	455,555	-	-	-	
	₩ 22,345,613	₩ 1,268,270	₩ -	₩ 23,613,883	₩ 976,007	₩ 271,865	₩ 1,253,561	



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The gross carrying amount of loans, receivables and debt securities by credit risk grade as of December 31, 2021, is as follows:

(In millions of Korean won)

	December 31, 2021									
	Loans and receivables						Debt securities			
	Loans			Receivables			Fair value through other comprehensive income	Amortized cost		Subtotal
	Twelve months' expected credit losses	Lifetime expected credit losses		Twelve months' expected credit losses	Lifetime expected credit losses			Twelve months' expected credit losses	Twelve months' expected credit losses	
	Unrecognized impairment	Recognized impairment		Unrecognized impairment	Recognized impairment					
Grade 1	₩ 45,412,016	₩ 932,494	₩ -	₩ 404,026	₩ 1,380	₩ -	₩ 46,749,916	₩ 4,968,436	₩ 8,737,235	₩ 13,705,671
Grade 2	27,357,849	4,430,599	-	82,597	8,173	-	31,879,218	-	-	-
Grade 3	7,646,305	5,488,282	-	20,307	12,452	-	13,167,346	-	-	-
Grade 4	440,308	2,603,081	498,875	1,145	6,688	1,069	3,551,166	-	-	-
Non-graded	3,138,173	73,967	-	868,799	3,432	727	4,085,098	-	630	630
	₩ 83,994,651	₩ 13,528,423	₩ 498,875	₩ 1,376,874	₩ 32,125	₩ 1,796	₩ 99,432,744	₩ 4,968,436	₩ 8,737,865	₩ 13,706,301

Exposure to credit risk for loan commitments and guarantees and acceptances by credit risk grade as of December 31, 2021, is as follows:

(In millions of Korean won)

	December 31, 2021							
	Loan commitments				Guarantees and acceptances			
	Twelve months' expected credit losses	Lifetime expected credit losses		Subtotal	Twelve months' expected credit losses	Lifetime expected credit losses		Subtotal
		Unrecognized impairment	Recognized impairment			Unrecognized impairment	Recognized impairment	
Grade 1	₩ 14,531,735	₩ 83,174	₩ -	₩ 14,614,909	₩ 370,618	₩ 7,304	₩ -	₩ 377,922
Grade 2	4,466,382	569,235	-	5,035,617	465,005	122,923	-	587,928
Grade 3	1,066,410	520,976	-	1,587,386	164,105	104,087	-	268,192
Grade 4	61,946	117,186	283	179,415	82	22,734	8,616	31,432
Non-graded	637,740	2,900	-	640,640	15,000	-	-	15,000
	₩ 20,764,213	₩ 1,293,471	₩ 283	₩ 22,057,967	₩ 1,014,810	₩ 257,048	₩ 8,616	₩ 1,280,474

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**5. OPERATING SEGMENT INFORMATION:**

*(a) Segment report and division information*

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

Operations by divisions for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	2022									Condensed interim consolidated financial statements
	Busan Bank Co., Ltd.	Kyongnam Bank Co., Ltd.	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank Co., Ltd.	Others	Total	Adjustment		
Net interest income (expenses)	₩ 711,656	₩ 474,970	₩ 176,636	₩ 32,711	₩ 29,202	₩ (13,300)	₩ 1,411,875	₩ (7,528)	₩ 1,404,347	
Net commission income	54,854	37,457	43,592	114,753	2,610	19,046	272,312	(6,209)	266,103	
Net gain (loss) on financial assets at FVTPL	(9,460)	22,442	8,542	(55,968)	120	(17,088)	(51,412)	(2,156)	(53,568)	
Net gain (loss) on financial assets at fair value through other comprehensive income	3,290	(486)	-	599	-	-	3,403	-	3,403	
Net gain (loss) on financial assets at amortized cost	(5)	168	-	-	-	-	163	-	163	
Contribution to provision for credit loss and others	(48,708)	(43,079)	(43,348)	(3,025)	(10,176)	-	(148,336)	350	(147,986)	
General and administrative expenses	(327,110)	(222,703)	(44,789)	(84,023)	(10,292)	(42,233)	(731,150)	3,741	(727,409)	
Other operating income (expenses), net	(65,774)	(56,110)	18,722	60,307	(1,867)	386,430	341,708	(384,158)	(42,450)	
Operating profit	318,743	212,659	159,355	65,354	9,597	332,855	1,098,563	(395,960)	702,603	
Non-operating income (expenses), net	2,812	(4,092)	(1,195)	(323)	280	(565)	(3,083)	6,900	3,817	
Profit before income tax	321,555	208,567	158,160	65,031	9,877	332,290	1,095,480	(389,060)	706,420	
Income tax expense	(75,991)	(49,584)	(39,431)	(17,418)	(3,275)	1,264	(184,435)	4,727	(179,708)	
Profit for the period	₩ 245,564	₩ 158,983	₩ 118,729	₩ 47,613	₩ 6,602	₩ 333,554	₩ 911,045	₩ (384,333)	₩ 526,712	
Total assets	₩ 70,796,308	₩ 47,372,428	₩ 9,489,581	₩ 5,398,739	₩ 1,644,831	₩ 7,389,940	₩ 142,091,827	₩ (6,788,323)	₩ 135,303,504	
Total liabilities	₩ 65,198,233	₩ 43,676,378	₩ 8,339,492	₩ 4,341,994	₩ 1,398,721	₩ 1,734,461	₩ 124,689,279	₩ (193,922)	₩ 124,495,357	

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)	2021								Condensed interim consolidated financial statements
	Busan Bank Co., Ltd.	Kyongnam Bank Co., Ltd.	BNK Capital Co., Ltd.	BNK Securities Co., Ltd.	BNK Savings Bank Co., Ltd.	Others	Total	Adjustment	
Net interest income (expenses)	₩ 623,035	₩ 421,460	₩ 150,603	₩ 22,115	₩ 21,998	₩ (11,220)	₩ 1,227,991	₩ (9,428)	₩ 1,218,563
Net commission income	83,430	51,032	28,639	89,779	1,832	16,844	271,556	(6,650)	264,906
Net gain (loss) on financial assets at FVTPL	12,071	13,751	8,196	87,653	(19)	9,828	131,480	869	132,349
Net gain (loss) on financial assets at fair value through other comprehensive income	7,945	3,530	-	290	-	(1)	11,764	-	11,764
Net loss on financial assets at amortized cost	(7)	(777)	-	-	-	-	(784)	-	(784)
Contribution to provision for credit loss and others	(30,978)	(44,969)	(67,742)	(8,148)	(517)	-	(152,354)	(34)	(152,388)
General and administrative expenses	(326,880)	(219,326)	(41,741)	(97,765)	(8,441)	(39,515)	(733,668)	2,232	(731,436)
Other operating income (expenses), net	(54,839)	(46,095)	13,761	(14,367)	(2,019)	279,433	175,874	(282,226)	(106,352)
Operating profit	313,777	178,606	91,716	79,557	12,834	255,369	931,859	(295,237)	636,622
Non-operating income (expenses), net	(5,285)	1,892	2,339	6,890	94	212	6,142	11,375	17,517
Profit before income tax	308,492	180,498	94,055	86,447	12,928	255,581	938,001	(283,862)	654,139
Income tax expense	(76,492)	(43,562)	(22,645)	(21,458)	(1,455)	(2,969)	(168,581)	4,089	(164,492)
Profit for the period	₩ 232,000	₩ 136,936	₩ 71,410	₩ 64,989	₩ 11,473	₩ 252,612	₩ 769,420	₩ (279,773)	₩ 489,647
Total assets	₩65,737,696	₩44,986,773	₩ 8,045,248	₩ 4,268,765	₩ 1,596,912	₩ 6,939,117	₩131,574,511	₩ (6,239,950)	₩ 125,334,561
Total liabilities	₩60,389,852	₩41,540,920	₩ 7,225,489	₩ 3,305,060	₩ 1,417,389	₩ 1,378,428	₩115,257,138	₩ 131,365	₩ 115,388,503

*(b) Information on financial services and geographical areas*

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

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**6. FAIR VALUE:**

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

**6.1 Fair Value of Financial Instruments by Category**

The carrying amounts and fair value of financial assets and financial liabilities by each category as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>June 30, 2022</u>		<u>December 31, 2021</u>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets:</b>				
Cash and due from bank	₩ 4,845,217	₩ 4,845,217	₩ 5,349,248	₩ 5,349,248
Financial assets at FVTPL	6,024,205	6,024,205	5,640,559	5,640,559
Financial assets at fair value through other comprehensive income	4,953,129	4,953,129	5,150,489	5,150,489
Financial assets at amortized cost	8,853,266	8,437,582	8,734,540	8,686,996
Loans and receivables	105,415,344	105,397,457	98,699,253	99,246,216
Derivative assets	177,515	177,515	33,904	33,904
	<u>₩ 130,268,676</u>	<u>₩ 129,835,105</u>	<u>₩ 123,607,993</u>	<u>₩ 124,107,412</u>
<b>Financial liabilities:</b>				
Deposit liabilities	₩ 95,987,923	₩ 95,725,996	₩ 93,282,006	₩ 93,212,651
Financial liabilities designated as at FVTPL	253,326	253,326	203,255	203,255
Borrowings	9,704,909	9,630,923	7,779,249	7,730,685
Debentures	13,815,217	13,730,927	13,442,859	13,155,365
Derivative liabilities	171,748	171,748	34,430	34,430
Other financial liabilities <sup>1</sup>	4,076,789	4,075,213	2,869,284	2,869,268
	<u>₩ 124,009,912</u>	<u>₩ 123,588,133</u>	<u>₩ 117,611,083</u>	<u>₩ 117,205,654</u>

<sup>1</sup> Other financial liabilities consist of accounts payable and accrued expenses.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**6.2 Fair Value Assessment Method and Assumptions**

Fair value assessment method and assumptions for each type of financial instruments are as follows:

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

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**6.3 Fair Value Hierarchy of Financial Instruments Subsequently Measured at Fair Value**

Fair value hierarchy classifications of the financial instruments that are subsequently measured at fair value as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	<b>June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
Financial assets at FVTPL	₩ 318,163	₩ 4,232,292	₩ 1,473,750	₩ 6,024,205
Financial assets at fair value through other comprehensive income	2,240,292	2,548,435	164,402	4,953,129
Loans receivable at FVTPL	-	-	62,142	62,142
Derivative assets	727	175,939	849	177,515
	<u>₩ 2,559,182</u>	<u>₩ 6,956,666</u>	<u>₩ 1,701,143</u>	<u>₩ 11,216,991</u>
<b>Financial liabilities:</b>				
Financial liabilities designated as at FVTPL	₩ -	₩ 203,741	₩ 49,586	₩ 253,327
Borrowings	383,222	-	-	383,222
Derivative liabilities	492	135,164	36,092	171,748
	<u>₩ 383,714</u>	<u>₩ 338,905</u>	<u>₩ 85,678</u>	<u>₩ 808,297</u>

(In millions of Korean won)

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
Financial assets at FVTPL	₩ 352,769	₩ 3,893,892	₩ 1,393,898	₩ 5,640,559
Financial assets at fair value through other comprehensive income	2,122,778	2,858,114	169,597	5,150,489
Loans receivable at FVTPL	-	-	66,565	66,565
Derivative assets	261	32,297	1,346	33,904
	<u>₩ 2,475,808</u>	<u>₩ 6,784,303</u>	<u>₩ 1,631,406</u>	<u>₩ 10,891,517</u>
<b>Financial liabilities:</b>				
Financial liabilities designated as at FVTPL	₩ -	₩ 111,055	₩ 92,201	₩ 203,256
Borrowings	138,031	-	-	138,031
Derivative liabilities	250	30,318	3,862	34,430
	<u>₩ 138,281</u>	<u>₩ 141,373</u>	<u>₩ 96,063</u>	<u>₩ 375,717</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The valuation techniques and input variables of Level 2 financial instruments subsequently measured at fair value as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		
	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Input variables</b>
Financial assets:			
Financial assets at FVTPL			
Debt securities	₩ 3,345,669	DCF Model	Discount rate
Other securities	886,623	DCF Model, Net Asset Value Method	Discount rate, value of underlying assets, volatility, etc.
Financial assets at fair value through other comprehensive income			
Debt securities	2,548,435	DCF Model	Discount rate
Derivative assets	175,939	DCF Model	Discount rate, exchange rate
Financial liabilities:			
Financial liabilities designated as at FVTPL			
Derivative liabilities	₩ 203,741	DCF Model, Hull & White Model	Discount rate, etc.
Derivative liabilities	135,164	DCF Model	Discount rate, exchange rate
<i>(In millions of Korean won)</i>	<b>December 31, 2021</b>		
	<b>Fair value</b>	<b>Valuation techniques</b>	<b>Input variables</b>
Financial assets:			
Financial assets at FVTPL			
Debt securities	₩ 3,092,791	DCF Model	Discount rate
Other securities	801,101	DCF Model, Net Asset Value Method	Discount rate, value of underlying assets, volatility, etc.
Financial assets at fair value through other comprehensive income			
Debt securities	2,858,114	DCF Model	Discount rate
Derivative assets	32,297	DCF Model	Discount rate, exchange rate
Financial liabilities:			
Financial liabilities designated as at FVTPL			
Derivative liabilities	₩ 111,055	DCF Model	Discount rate, etc.
Derivative liabilities	30,318	DCF Model	Discount rate, exchange rate

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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 June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>Fair value</u>	<b>Valuation techniques</b>	<b>Range of significant unobservable inputs</b>	<b>Relationship between significant unobservable inputs and fair value</b>
	<u>June 30, 2022</u>			
Financial assets				
Financial assets at FVTPL	₩ 1,473,750			
Equity securities	142,539	Net Asset Value Method, DCF Model and Binomial Trees	Value of underlying assets Discount rate: 10.66% Volatility: 17.76%-27.43% Growth rate: 0%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), growth rate increases (decreases) or volatility increases (decreases).
Debt securities	183,315	Least-Squares Monte Carlo Simulation ("LSMC")	Volatility: 22.52%-57.59%	Fair value increases (decreases) when volatility increases (decreases).
Other securities	1,147,896	Net Asset Value Method, Dividend Discount Model, Comparable Company Analysis, DCF Model, Binomial Trees and others	Value of underlying assets Discount rate: 1.90%-144.42% Volatility: 0.00%-58.44% Growth rate: 0.00%-1.00% Liquidation value: -1.00%-1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases), growth rate increases (decreases) or liquidation value increases (decreases).
Financial assets at fair value through other comprehensive income	164,402			
Equity securities	164,402	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis and DCF Model	Value of underlying assets Discount rate: 6.77%-17.65% Volatility: 36.60%-43.56% Growth rate: 0.00%-1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases) or growth rate increases (decreases).



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	<u>June 30, 2022</u>			
Loans receivable at FVTPL	62,142			
Hybrid (combined) instruments	62,142	Binomial Trees, LSMC and DCF Model	Volatility: 21.62%-28.25% Discount rate: 1.20%-18.63%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases).
Derivative assets	849	Binomial Trees and LSMC	Volatility: 0.92%-27.43% Discount rate: 2.90%-3.20%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases).
Financial liabilities	85,678			
Financial liabilities designated as at FVTPL	₩ 49,586	Hull & White Model and Monte Carlo Simulation	Volatility: 0.00%-99.00% Correlation coefficient: -0.99-0.99	Fair value increases (decreases) when volatility increases (decreases) or correlation coefficient increases (decreases).
Derivative liabilities	36,092	Binomial Trees and LSMC	Volatility: 0.92%-0.96% Discount rate: 2.90%-3.20%	Fair value increases (decreases) when volatility increases (decreases) or discount rate decreases (increases).
<i>(In millions of Korean won)</i>	<u>Fair value</u>	Valuation techniques	Range of significant unobservable inputs	Relationship between significant unobservable inputs and fair value
	<u>December 31, 2021</u>			
Financial assets				
Financial assets at FVTPL	₩ 1,393,898			
Equity securities	117,280	Net Asset Value Method, DCF Model and Binomial Trees	Value of underlying assets Discount rate: 17.07%-19.55% Volatility: 6.06%-45.30% Growth rate: 1% Price multiple: 0.69	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases), growth rate increases (decreases) or price multiple increases (decreases).
Debt securities	213,210	LSMC	Volatility: 14.82%-41.37%	Fair value increases (decreases) when volatility increases (decreases).

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

<i>(In millions of Korean won)</i>	<u>Fair value</u>	<b>Valuation techniques</b>	<b>Range of significant unobservable inputs</b>	<b>Relationship between significant unobservable inputs and fair value</b>
	<b>December 31, 2021</b>			
Other securities	1,063,408	Net Asset Value Method, Dividend Discount Model, Comparable Company Analysis, DCF Model, Binomial Trees and others	Value of underlying assets Discount rate: 1.76%-29.48% Volatility: 1.00%-27.73% Growth rate: 0.00% Liquidation value: -1.00%-1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases), growth rate increases (decreases) or liquidation value increases (decreases).
Financial assets at fair value through other comprehensive income	169,597			
Equity securities	169,597	Net Asset Value Method, Free Cash Flow Equity Model, Dividend Discount Model, Comparable Company Analysis and DCF Model	Value of underlying assets Discount rate: 10.42%-17.26% Volatility: 18.94%-27.73% Growth rate: 0.00%-1.00% Liquidation value: -1.00%-1.00%	Fair value increases (decreases) when value of underlying assets increases (decreases), discount rate decreases (increases), volatility increases (decreases), growth rate increases (decreases) or liquidation value increases (decreases).
Loans receivable at FVTPL	66,565			
Hybrid (combined) instruments	66,565	Binomial Trees, LSMC and DCF Model	Discount rate: 2.18%-17.72% Volatility: 25.49%-27.74%	Fair value increases (decreases) when discount rate decreases (increases) or volatility increases (decreases).
Derivative assets	1,346	Binomial Trees and LSMC	Discount rate: 0.57%-0.96% Volatility: 0.54%-27.32%	Fair value increases (decreases) when discount rate decreases (increases) or volatility increases (decreases).
Financial liabilities	96,063			
Financial liabilities designated as at FVTPL	₩ 92,201	Black-Scholes Model	Volatility: 2%-72% Discount rate: 0.1%-21%	Fair value increases (decreases) when discount rate decreases (increases) or volatility increases (decreases).
Derivative liabilities	3,862	Binomial Trees and LSMC	Discount rate: 0.57%-0.96% Volatility: 0.54%	Fair value increases (decreases) when discount rate decreases (increases) or volatility increases (decreases).

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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 as of June 30, 2022, and December 31, 2021:

(In millions of Korean won)

	<b>June 30, 2022</b>			
	<b>Profit (loss) for the period</b>		<b>Other comprehensive income</b>	
	<b>Favorable changes</b>	<b>Unfavorable changes</b>	<b>Favorable changes</b>	<b>Unfavorable changes</b>
Financial assets:				
Financial assets at FVTPL <sup>1,5</sup>	₩ 9,198	₩ (8,194)	₩ -	₩ -
Financial assets at fair value through other comprehensive income <sup>1</sup>	-	-	6,091	(4,087)
Loans receivable at FVTPL <sup>2</sup>	735	(476)	-	-
Derivative assets <sup>3</sup>	291	(219)	-	-
Financial liabilities:				
Financial liabilities designated as at FVTPL <sup>4</sup>	173	(221)	-	-
Derivative liabilities <sup>3</sup>	6,646	(6,645)	-	-
	<u>₩ 17,043</u>	<u>₩ (15,755)</u>	<u>₩ 6,091</u>	<u>₩ (4,087)</u>

<sup>1</sup> Fair value changes of securities are calculated by increasing or decreasing growth rate (0%–1%) and discount rate (-1%–1%) or liquidation value (-1%–1%) and discount rate (-1%–1%). The growth rate, discount rate and liquidation value are major unobservable inputs.

<sup>2</sup> Fair value changes in privately placed convertible bonds are calculated by increasing or decreasing stock price (-20%–20%), commodity price (-20%–20%), interest rate (-2%p–2%p), value in Korean won (-10%–10%) and credit premium (added interest rate) (-5%p–5%p). The stock price, commodity price, interest rate, value in Korean won and credit premium are major unobservable inputs.

<sup>3</sup> Fair value changes in Callable IRS (Callable Interest Rate Swap) are calculated by increasing or decreasing KRW Swaption by 10%. The KRW Swaption is major unobservable input.

<sup>4</sup> Gains and losses from fair value changes of financial liabilities designated as at FVTPL are calculated by increasing or decreasing volatility (-10%–+10%) and correlation coefficient (-10%–+10%), which are significant but unobservable input variables.

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

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	<b>December 31, 2021</b>			
	<b>Profit (loss) for the period</b>		<b>Other comprehensive income</b>	
	<b>Favorable changes</b>	<b>Unfavorable changes</b>	<b>Favorable changes</b>	<b>Unfavorable changes</b>
Financial assets:				
Financial assets at FVTPL <sup>5</sup>	₩ 21,722	₩ (6,996)	₩ -	₩ -
Financial assets at fair value through other comprehensive income <sup>1</sup>	-	-	5,622	(4,234)
Loans receivable at FVTPL	819	(731)	-	-
Derivative assets <sup>3</sup>	134	(132)	-	-
Financial liabilities:				
Financial liabilities designated as at FVTPL <sup>4</sup>	1,616	(83)	-	-
Derivative liabilities <sup>3</sup>	5,973	(4,861)	-	-
	<u>₩ 30,264</u>	<u>₩ (12,803)</u>	<u>₩ 5,622</u>	<u>₩ (4,234)</u>

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

<sup>2</sup> Fair value changes in privately placed convertible bonds are calculated by increasing or decreasing stock price (-20% - 20%), commodity price (-20% - 20%), interest rate (-2%p - 2%p), value in Korean won (-10% - 10%) and credit premium (added interest rate) (-5%p - 5%p). The stock price, commodity price, interest rate, value in Korean won and credit premium are major unobservable inputs.

<sup>3</sup> Fair value changes in callable IRS are calculated by increasing or decreasing KRW Swaption by 10%. The KRW Swaption is major unobservable input.

<sup>4</sup> Fair value changes of financial liabilities designated as at FVTPL are calculated by increasing or decreasing volatility (-10% - 10%) and discount rate (-1% - 1%), which are unobservable input variables.

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

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Changes in Level 3 financial instruments subsequently measured at fair value for the six-month periods ended June 30, 2022 and 2021, are as follows:

	2022					
	Financial assets at FVTPL	Financial assets at fair value through other comprehensive income	Loans receivable at FVTPL	Derivative assets	Derivative liabilities	Financial liabilities designated as at FVTPL
Beginning balance	₩ 1,393,898	₩ 169,597	₩ 66,565	₩ 1,346	₩ 3,862	₩ 92,201
Total profit or loss:						
Amount recognized in profit or loss <sup>1</sup>	(13,854)	-	(9,918)	(497)	32,230	782
Amount recognized in other comprehensive income	-	(5,194)	-	-	-	7
Purchases	361,266	-	5,495	-	-	161,680
Sales	(237,265)	(1)	-	-	-	(205,084)
Other changes:						
Transfer into Level 3 <sup>2</sup>	-	-	-	-	-	-
Transfer into other levels <sup>2</sup>	(7,665)	-	-	-	-	-
Reclassification	(22,630)	-	-	-	-	-
Ending balance	<u>₩ 1,473,750</u>	<u>₩ 164,402</u>	<u>₩ 62,142</u>	<u>₩ 849</u>	<u>₩ 36,092</u>	<u>₩ 49,586</u>

<sup>1</sup> In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period 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 condensed interim consolidated statement of comprehensive income for the six-month period ended June 30, 2022, are as follows:

(In millions of Korean won)	Financial assets at FVTPL	Loans receivable at FVTPL	Derivatives	Financial liabilities designated as at FVTPL	Total
Loss for the period	₩ (13,854)	₩ (9,918)	₩ (32,727)	₩ (782)	₩ (57,281)
Change in unrealized loss	(8,997)	(4,908)	(32,727)	(128)	(46,760)

<sup>2</sup> The changes in levels occurred due to the change in the availability of observable market data for the securities during the six-month period ended June 30, 2022.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	2021				
	Financial assets at FVTPL	Financial assets at fair value through other comprehensive income	Loans receivable at FVTPL	Derivative assets	Derivative liabilities
Beginning balance	₩ 1,047,046	₩ 152,135	₩ 7,349	₩ 13,114	₩ 1,004
Total profit or loss:					
Amount recognized in profit or loss <sup>1</sup>	25,110	-	5,153	(7,548)	3,109
Amount recognized in other comprehensive income	-	3,595	-	-	-
Purchases	314,967	-	17,060	868	-
Sales	(135,647)	-	-	-	-
Other changes:					
Transfer into Level 3 <sup>2</sup>	900	-	-	-	-
Transfer into other levels <sup>2</sup>	-	-	-	-	-
Reclassification	(17,226)	-	7,713	-	-
Ending balance	₩ 1,235,150	₩ 155,730	₩ 37,275	₩ 6,434	₩ 4,113

<sup>1</sup> In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period 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 condensed interim consolidated statement of comprehensive income for the six-month period ended June 30, 2021, are as follows:

(In millions of Korean won)

	Financial assets at FVTPL	Loans receivable at FVTPL	Derivatives	Total
Profit (loss) for the period	₩ 25,110	₩ 5,153	₩ (10,657)	₩ 19,606
Change in unrealized gain (loss)	28,101	5,153	(10,657)	22,597

<sup>2</sup> The changes in levels occurred due to the change in the availability of observable market data for the securities during the six-month period ended June 30, 2021.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**6.4 Fair Value Hierarchy of Financial Instruments Subsequently Not Measured at Fair Value**

Fair value hierarchy classifications of the financial instruments that are subsequently not measured at fair value as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	<b>June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets:				
Cash and deposits	₩ 637,093	₩ 4,208,124	₩ -	₩ 4,845,217
Loans and receivables	-	-	105,335,315	105,335,315
Financial assets at amortized cost	288,613	8,148,969	-	8,437,582
	<u>₩ 925,706</u>	<u>₩ 12,357,093</u>	<u>₩ 105,335,315</u>	<u>₩ 118,618,114</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 21,751,995	₩ 73,974,001	₩ 95,725,996
Borrowings	711,301	1,586,213	6,950,187	9,247,701
Debentures	-	13,477,272	253,655	13,730,927
Other financial liabilities	-	-	4,075,213	4,075,213
	<u>₩ 711,301</u>	<u>₩ 36,815,480</u>	<u>₩ 85,253,056</u>	<u>₩ 122,779,837</u>

(In millions of Korean won)

	<b>December 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets:				
Cash and deposits	₩ 567,205	₩ 4,782,043	₩ -	₩ 5,349,248
Loans and receivables	-	-	99,179,651	99,179,651
Financial assets at amortized cost	184,984	8,502,012	-	8,686,996
	<u>₩ 752,189</u>	<u>₩ 13,284,055</u>	<u>₩ 99,179,651</u>	<u>₩ 113,215,895</u>
Financial liabilities:				
Deposit liabilities	₩ -	₩ 19,996,333	₩ 73,216,318	₩ 93,212,651
Borrowings	850,993	1,069,377	5,672,284	7,592,654
Debentures	-	12,801,375	353,990	13,155,365
Other financial liabilities	-	-	2,869,268	2,869,268
	<u>₩ 850,993</u>	<u>₩ 33,867,085</u>	<u>₩ 82,111,860</u>	<u>₩ 116,829,938</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The valuation techniques and input variables of Level 2 financial instruments, subsequently not measured at fair value as of June 30, 2022, and December 31, 2021, are as follows. The valuation techniques and input variables are not disclosed for the items that the carrying amounts are disclosed at fair value as the carrying amounts are considered to be the reasonable approximation of the fair value.

(In millions of Korean won)

	Fair value		Valuation techniques	Input variables
	June 30, 2022	December 31, 2021		
Financial assets:				
Financial assets at amortized cost				
Debt securities	₩ 8,148,969	₩ 8,502,012	DCF Model	Discount rate
Financial liabilities:				
Deposit liabilities	₩ 21,751,995	₩ 19,996,333	DCF Model	Discount rate
Borrowings	1,586,213	1,069,377	DCF Model	Discount rate
Debentures	13,477,272	12,801,375	DCF Model	Discount rate

The valuation techniques and input variables of Level 3 financial instruments, subsequently not measured at fair value as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	Fair value		Valuation techniques	Input variables
	June 30, 2022	December 31, 2021		
Financial assets:				
Loans and receivables	₩ 105,335,315	₩ 99,179,651	DCF Model	Discount rate and early repayment rate
Financial liabilities:				
Deposit liabilities	₩ 73,974,001	₩ 73,216,318	DCF Model	Discount rate
Borrowings	6,950,187	5,672,284	DCF Model	Discount rate
Other financial liabilities	4,075,213	2,869,268	DCF Model	Discount rate

### 6.5 Transfer of Financial Assets

The Group holds securities sold under repurchase and securities-lending arrangements, and such transactions have resulted in transfer of financial assets. However, they have been recorded in the financial statements since the assets did not meet the removal criteria. In case of securities sold under repurchase agreements, the Group sells the assets to another party with a commitment to buy the assets back at a specified price. Loaned securities will be returned at the end of security-lending agreement. Hence, the Group retains substantially all the risks and rewards of ownership of the financial assets.



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Details of book amounts of transferred assets and relevant liabilities as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022		December 31, 2021	
	Book amount of transferred assets	Book amount of related liabilities	Book amount of transferred assets	Book amount of related liabilities
Securities sold under repurchase agreement	₩ 1,553,667	₩ 1,624,759	₩ 1,520,961	₩ 1,363,145
Loaned securities	1,681,747	-	984,964	-
Liquidated financial assets	1,015,247	1,066,932	705,467	809,741
	<u>₩ 4,250,661</u>	<u>₩ 2,691,691</u>	<u>₩ 3,211,392</u>	<u>₩ 2,172,886</u>

**7. CASH AND DUE FROM BANKS:**

Restricted cash and due from banks as of June 30, 2022, and December 31, 2021, consist of the following:

(In millions of Korean won)

	Financial institution	June 30, 2022	December 31, 2021	Reason for restriction
Due from banks in local currency	The Bank of Korea (BOK)	₩ 3,062,758	₩ 3,470,148	The BOK Act
	The Korea Securities Finance Corporation	10,231	793	Deposits from investors and others
	Korea Federation of Savings Banks	45,231	54,954	Reserve deposits and others
	Korea Securities Depository and others	161,876	-	Deposits to performance guarantees
	Korea Exchange (KRX) and others	12,405	38,947	Collective fund for default losses and others
		<u>3,292,501</u>	<u>3,564,842</u>	
Due from banks in foreign currencies	The BOK	82,361	107,778	Reserve deposits
	KRX	4,745	4,539	Deposits from investors and others
	The People's Bank of China and others	94,600	24,575	Reserve deposits for overseas affiliates and others
		<u>181,706</u>	<u>136,892</u>	
		<u>₩ 3,474,207</u>	<u>₩ 3,701,734</u>	

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**8. FINANCIAL ASSETS AT FVTPL:**

Financial assets at FVTPL as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Equity securities	₩	205,614	₩	330,484
Government and public bonds		249,214		220,213
Finance bonds		340,851		405,801
Corporate bonds		2,216,620		1,961,331
Other debt securities		880,182		835,679
Beneficiary certificates		1,427,594		1,221,121
Others		704,130		665,929
	₩	<u>6,024,205</u>	₩	<u>5,640,558</u>

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:**

Financial assets at fair value through other comprehensive income as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
<b>Equity securities</b>	₩	<u>172,587</u>	₩	<u>182,053</u>
<b>Debt securities</b>				
Government and public bonds		905,859		1,413,009
Finance bonds		644,457		687,040
Corporate bonds		1,719,254		1,989,583
Loans in securities		1,510,972		878,804
		<u>4,780,542</u>		<u>4,968,436</u>
	₩	<u>4,953,129</u>	₩	<u>5,150,489</u>

**10. FINANCIAL ASSETS AT AMORTIZED COST:**

Financial assets at amortized cost as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
<b>Debt securities</b>				
Government and public bonds	₩	3,949,460	₩	3,870,021
Finance bonds		738,752		729,284
Corporate bonds		3,997,441		4,032,401
Loans in securities		170,775		106,160
Provision for impairment		(3,162)		(3,326)
	₩	<u>8,853,266</u>	₩	<u>8,734,540</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**11. ASSETS PROVIDED AS COLLATERAL:**

The investments in financial assets provided as collateral as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>		<b>Face value</b>		
	<b>Provided to</b>	<b>June 30, 2022</b>		<b>Reason</b>
Financial assets at FVTPL	KRX	₩	4,453	Collective funds for OTC derivatives and others
	Mirae Asset Global Investments Co., Ltd. and others		67,440	Sold under repurchase agreements
	BNK Securities Co., Ltd. and others		21,898	Margin for futures and others
	Korea Securities Depository		1,166,418	Sold under repurchase agreements
	Korea Securities Finance Corp and others		724,306	Lending transaction
	Korea Investment & Securities Co., Ltd. and others		64,784	OTC derivatives transaction
	Financial assets at fair value through other comprehensive income	Korea Securities Depository		221,410
	Nomura Finance Investment and others		28,394	Sold under repurchase agreements
	Bank of Korea		242,346	Borrowing collateral and overdraft and settlement
	Sumitomo Mitsui Banking Corporation		23,026	Foreign borrowings
	Standard Chartered Bank Korea Limited. and others		55,538	Collateral for OTC derivatives
	Societe Generale Bank		26,738	Collateral for Credit Support Annex
Financial assets at amortized cost	Korea Securities Depository		70,005	Sold under repurchase agreements
	Bank of Korea		1,918,701	Borrowing collateral and overdraft and settlement
	Korea Securities Depository		259,524	Collective fund for default losses and others
	Standard Chartered Bank Korea Limited. and others		127,598	Foreign borrowings, Collateral for Credit Support Annex and others
	Eugene Investment & Futures Co., Ltd. and others		47,587	Margin for futures and others
		₩	<b>5,070,166</b>	

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	Provided to	Face value		Reason
			December 31, 2021	
Financial assets at FVTPL	Korea Securities Depository	₩	873,396	Sold under repurchase agreements
	KB Asset Management Co., Ltd. and others		133,680	Sold under repurchase agreements
	Samsung Futures Inc. and others		86,277	Margin for futures and others
	Korea Securities Finance Corp and others		506,754	Lending transaction
Financial assets at fair value through other comprehensive income	Korea Securities Depository		124,278	Sold under repurchase agreements
	Nomura Finance Investment and others		29,667	Sold under repurchase agreements
	Bank of Korea		221,099	Borrowing collateral and overdraft and settlement
	Sumitomo Mitsui Banking Corporation		23,997	Foreign borrowings
Financial assets at amortized cost	Societe Generale Bank		10,373	Collateral for Credit Support Annex
	Korea Securities Depository		359,940	Sold under repurchase agreements
	Bank of Korea		1,740,143	Borrowing collateral and overdraft and settlement
	Korea Securities Depository		82	Collective fund for default losses and others
	KRX		5,296	Collective funds for OTC derivatives and others
	Industrial Bank of Korea and others		97,998	Foreign borrowings, Collateral for Credit Support Annex and others
	Futures Companies		32,130	Margin for futures and others
		₩	<u>4,245,110</u>	

Details of the land and building provided by the Group as collateral for the leasehold deposits as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	Secured assets	June 30, 2022		Maximum amount
		Carrying amount		
Property and equipment	Land	₩	11,365	₩
	Building		28,998	
		₩	<u>40,363</u>	
Investment properties	Land	₩	10,842	1,170
	Building		4,327	
		₩	<u>15,169</u>	

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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<i>(In millions of Korean won)</i>	<b>December 31, 2021</b>		
	<b>Secured assets</b>	<b>Carrying amount</b>	<b>Maximum amount</b>
Property and equipment	Land	₩ 11,365	₩ 1,170
	Building	10,735	
		<u>₩ 22,100</u>	
Investment properties	Land	₩ 28,997	₩ 1,170
	Building	4,390	
		<u>₩ 33,387</u>	

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**12. LOANS AND RECEIVABLES:**

Loans and receivables as of June 30, 2022, and December 31, 2021, consist of the following:

(In millions of Korean won)

	June 30, 2022			December 31, 2021		
	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Loans receivable:						
Loans in Korean won						
Corporates	₩ 64,832,910	₩ -	₩ 64,832,910	₩ 60,330,234	₩ -	₩ 60,330,234
Household	31,124,500	-	31,124,500	30,965,263	-	30,965,263
Public sector and others	2,026,299	-	2,026,299	1,942,459	-	1,942,459
Interbank loans	98,261	-	98,261	102,212	-	102,212
	<u>98,081,970</u>	<u>-</u>	<u>98,081,970</u>	<u>93,340,168</u>	<u>-</u>	<u>93,340,168</u>
Loans in foreign currencies	1,838,185	-	1,838,185	1,563,484	-	1,563,484
Call loans	322,545	-	322,545	219,318	-	219,318
Bills bought in local currency	22,845	-	22,845	2,181	-	2,181
Bills bought in foreign currencies	243,682	-	243,682	204,598	-	204,598
Advances for customers	4,075	-	4,075	769	-	769
Credit card receivables	829,666	-	829,666	823,380	-	823,380
Bonds purchased under repurchase agreement	363,900	-	363,900	265,100	-	265,100
Privately placed bonds	797,937	62,142	860,079	463,649	66,565	530,214
Finance lease receivables	587,852	-	587,852	615,590	-	615,590
Installment financing receivables	430,046	-	430,046	350,637	-	350,637
	<u>103,522,703</u>	<u>62,142</u>	<u>103,584,845</u>	<u>97,848,874</u>	<u>66,565</u>	<u>97,915,439</u>
Provision for impairment of loans receivable <sup>1</sup>	(899,103)	-	(899,103)	(795,154)	-	(795,154)
Deferred loan origination fees	(6,078)	-	(6,078)	(6,621)	-	(6,621)
Deferred loan origination costs	189,852	-	189,852	179,696	-	179,696
	<u>102,807,374</u>	<u>62,142</u>	<u>102,869,516</u>	<u>97,226,795</u>	<u>66,565</u>	<u>97,293,360</u>
Receivables:						
Suspense payments	1,184	-	1,184	1,465	-	1,465
Non-trade receivable	1,748,465	-	1,748,465	435,444	-	435,444
Domestic exchange settlement debits	169,953	-	169,953	360,290	-	360,290
Guarantee deposits provided	253,979	-	253,979	261,661	-	261,661
Accrued income	385,317	-	385,317	360,085	-	360,085
Deposits under regulation	836	-	836	1,022	-	1,022
Bills unsettled	30	-	30	22	-	22
Other	964	-	964	16	-	16
	<u>2,560,728</u>	<u>-</u>	<u>2,560,728</u>	<u>1,420,005</u>	<u>-</u>	<u>1,420,005</u>
Provision for impairment of receivables	(5,212)	-	(5,212)	(4,902)	-	(4,902)
Discounted present value (leasehold deposits provided)	(9,688)	-	(9,688)	(9,210)	-	(9,210)
	<u>2,545,828</u>	<u>-</u>	<u>2,545,828</u>	<u>1,405,893</u>	<u>-</u>	<u>1,405,893</u>
Loans and receivables	<u>₩ 105,353,202</u>	<u>₩ 62,142</u>	<u>₩ 105,415,344</u>	<u>₩ 98,632,688</u>	<u>₩ 66,565</u>	<u>₩ 98,699,253</u>

<sup>1</sup> Discounted present value of ₩9 million and ₩1,006 million are included as of June 30, 2022, and discounted present value of ₩13 million and ₩1,822 million are included as of December 31, 2021.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**13. PROVISION FOR IMPAIRMENT:**

Changes in provision for impairment of loans and receivables for six-month periods ended June 30, 2022 and 2021, are as follows:

*(In millions of Korean won)*

	<b>2022</b>			
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>	
Beginning balance	₩ 305,766	₩ 303,769	₩ 190,521	₩ 800,056
Transfer to 12 months expected credit losses of financial assets	36,699	(36,054)	(645)	-
Transfer to lifetime expected credit losses	(18,432)	20,049	(1,617)	-
Transfer to credit-impaired financial assets	(5,613)	(23,159)	28,772	-
Written off during the year as uncollectible	-	-	(67,671)	(67,671)
Decrease in provision due to sales of loans	-	-	(57,860)	(57,860)
Increase in provision due to collections of written-off receivables	-	-	41,873	41,873
Changes from adjustments to receivables and payables	-	-	(90)	(90)
Exchange differences	582	238	402	1,222
Other	-	-	(6,638)	(6,638)
	<u>319,002</u>	<u>264,843</u>	<u>127,047</u>	<u>710,892</u>
Additional provision for impaired receivables during the period	25,028	74,202	94,193	193,423
Ending balance	<u>₩ 344,030</u>	<u>₩ 339,045</u>	<u>₩ 221,240</u>	<u>₩ 904,315</u>

*(In millions of Korean won)*

	<b>2021</b>			
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>	
Beginning balance	₩ 255,191	₩ 291,472	₩ 204,195	₩ 750,858
Transfer to 12 months expected credit losses of financial assets	46,234	(37,134)	(9,100)	-
Transfer to lifetime expected credit losses	(16,447)	21,469	(5,022)	-
Transfer to credit-impaired financial assets	(7,026)	(52,491)	59,517	-
Written off during the year as uncollectible	-	-	(110,901)	(110,901)
Decrease in provision due to sales of loans	-	-	(64,013)	(64,013)

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	<b>2021</b>			
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>	
Increase in provision due to collections of written-off receivables	-	-	35,348	35,348
Changes from adjustments to receivables and payables	-	-	(127)	(127)
Exchange differences	(35)	231	-	196
Other	2,119	-	(3,396)	(1,277)
	<u>280,036</u>	<u>223,547</u>	<u>106,501</u>	<u>610,084</u>
Additional provision for impaired receivables during the period <sup>1</sup>	20,467	42,392	117,379	180,238
Ending balance	₩ 300,503	₩ 265,939	₩ 223,880	₩ 790,322

<sup>1</sup> Included collection of written-off loans amounting to ₩35,348 million.

Changes in provision for impairment for financial assets at fair value through other comprehensive income for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions of Korean won)

	<b>2022</b>			
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>	
Beginning balance	₩ 1,484	₩ -	₩ -	₩ 1,484
Decrease in provision from sales	(65)	-	-	(65)
Reversal of provision for impairment	(131)	-	-	(131)
Ending balance	<u>₩ 1,288</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,288</u>

(In millions of Korean won)

	<b>2021</b>			
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>	
Beginning balance	₩ 1,840	₩ -	₩ -	₩ 1,840
Decrease in provision from sales	(621)	-	-	(621)
Contribution to provision for impairment	331	-	-	331
Ending balance	<u>₩ 1,550</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,550</u>



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Changes in provision for impairment for securities at amortized cost for the six-month periods ended June 30, 2022 and 2021, are as follows:

*(In millions of Korean won)*

	<b>2022</b>					
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>		
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>			
Beginning balance	₩ 3,326	₩ -	₩ -	₩	-	₩ 3,326
Reversal of provision for impairment	(164)	-	-	-	-	(164)
Ending balance	<u>₩ 3,162</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩</u>	<u>-</u>	<u>₩ 3,162</u>

*(In millions of Korean won)*

	<b>2021</b>					
	<b>Twelve months expected credit losses</b>	<b>Lifetime expected credit losses</b>		<b>Total</b>		
		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>			
Beginning balance	₩ 2,524	₩ -	₩ -	₩	-	₩ 2,524
Contribution to provision for impairment	608	-	-	-	-	608
Ending balance	<u>₩ 3,132</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩</u>	<u>-</u>	<u>₩ 3,132</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**14. DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING:**

The notional amounts outstanding for derivative contracts as of June 30, 2022, and December 31, 2021, are as follows:

*(In millions of Korean won)*

	<b>June 30, 2022</b>			
	<b>Valuation gain</b>	<b>Valuation loss</b>	<b>Assets</b>	<b>Liabilities</b>
Currency:				
Currency forwards	₩ 48,730	₩ 45,312	₩ 53,535	₩ 47,248
Currency swaps	-	156	-	157
Currency options	40,286	36,998	40,966	43,432
	<u>89,016</u>	<u>82,466</u>	<u>94,501</u>	<u>90,837</u>
Interest rate:				
Interest rate swaps	21,829	22,062	16,520	16,386
Interest rate futures	233	-	233	-
	<u>22,062</u>	<u>22,062</u>	<u>16,753</u>	<u>16,386</u>
Stock:				
Stock options	645	663	1,343	493
	<u>645</u>	<u>663</u>	<u>1,343</u>	<u>493</u>
Credit:				
Credit swaps	17,162	17,010	64,918	27,939
	<u>17,162</u>	<u>17,010</u>	<u>64,918</u>	<u>27,939</u>
	<u>₩ 128,885</u>	<u>₩ 122,201</u>	<u>₩ 177,515</u>	<u>₩ 135,655</u>

*(In millions of Korean won)*

	<b>December 31, 2021</b>			
	<b>Valuation gain</b>	<b>Valuation loss</b>	<b>Assets</b>	<b>Liabilities</b>
Currency:				
Currency forwards	₩ 29,870	₩ 27,411	₩ 17,028	₩ 16,502
Currency swaps	-	1,027	572	-
Currency options	6,199	5,910	13,345	13,642
	<u>36,069</u>	<u>34,348</u>	<u>30,945</u>	<u>30,144</u>
Interest rate:				
Interest rate forwards	-	12	-	-
Interest rate swaps	1,959	6,566	1,353	174
	<u>1,959</u>	<u>6,578</u>	<u>1,353</u>	<u>174</u>
Stock:				
Stock forwards	-	5	-	-
Stock options	189	237	1,124	251
	<u>189</u>	<u>242</u>	<u>1,124</u>	<u>251</u>
	<u>₩ 38,217</u>	<u>₩ 41,168</u>	<u>₩ 33,422</u>	<u>₩ 30,569</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The credit risk adjustment for derivative assets and own credit risk adjustment for derivative liabilities as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Fair value of derivative assets				
Derivative assets (before credit risk adjustment)	₩	182,198	₩	34,289
Provision for credit risk adjustment		<u>(4,683)</u>		<u>(386)</u>
	<u>₩</u>	<u>177,515</u>	<u>₩</u>	<u>33,903</u>
Fair value of derivative liabilities				
Derivative liabilities (before credit risk adjustment)	₩	175,393	₩	34,221
Provision for own credit risk adjustment		<u>(3,645)</u>		<u>(16)</u>
	<u>₩</u>	<u>171,748</u>	<u>₩</u>	<u>34,205</u>

**Hedging accounting**

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

The valuation of derivatives designated as a hedging instrument as of June 30, 2022 and December 31, 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>			
	<b>Valuation gain</b>	<b>Valuation loss</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate:				
Interest rate swaps	₩	-	₩ 32,911	₩ -
			₩	₩ 36,093
<i>(In millions of Korean won)</i>	<b>December 31, 2021</b>			
	<b>Valuation gain</b>	<b>Valuation loss</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate:				
Interest rate swaps	₩	-	₩ 16,785	₩ 483
			₩	₩ 3,862

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Gain (loss) on valuation of hedged items and hedging instrument for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
Loss on valuation of hedging instrument	₩	(32,911)	₩	(11,216)
Gain on valuation of hedged items		<u>32,758</u>		<u>10,613</u>
	₩	<u>(153)</u>	₩	<u>(603)</u>

Amount, timing and uncertainty of future cash flows as of June 30, 2022 and December 31, 2021, are as follows:

<b>June 30, 2022</b>														
<i>(In millions of Korean won)</i>	<b>Less than 1 year</b>		<b>Between 1 year–2 years</b>		<b>Between 2–3 years</b>		<b>Between 3–4 years</b>		<b>Between 4–5 year</b>		<b>More than 5 years</b>		<b>Total</b>	
Fair value risk hedges														
Nominal amount of risk hedge instrument	₩	-	₩	-	₩	-	₩	-	₩	323,225	₩	70,000	₩	393,225
Average hedge ratio (%)		-		-		-		-		100%		100%		100%
Risk hedges for net investments in foreign operation														
Nominal amount of risk hedge instrument	₩	216,561	₩	122,826	₩	22,626	₩	-	₩	-	₩	-	₩	362,013
Average hedge ratio (%)		100%		100%		100%		-		-		-		100%
<b>December 31, 2021</b>														
<i>(In millions of Korean won)</i>	<b>Less than 1 year</b>		<b>Between 1 year–2 years</b>		<b>Between 2–3 years</b>		<b>Between 3–4 years</b>		<b>Between 4–5 year</b>		<b>More than 5 years</b>		<b>Total</b>	
Fair value risk hedges														
Nominal amount of risk hedge instrument	₩	-	₩	-	₩	-	₩	-	₩	296,375	₩	70,000	₩	366,375
Average hedge ratio (%)		-		-		-		-		100%		100%		100%
Risk hedges for net investments in foreign operation														
Nominal amount of risk hedge instrument	₩	59,275	₩	70,537	₩	68,166	₩	-	₩	-	₩	-	₩	197,979
Average hedge ratio (%)		100%		100%		100%		-		-		-		100%

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

*Impacts of hedge accountings on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity*

Impacts of risk hedge instruments on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022							
	Condensed interim consolidated statements of financial position					Condensed interim consolidated statements of changes in equity		
	Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit or loss	Other comprehensive income <sup>1</sup>	
Fair value risk hedges								
Interest rate risk hedge	₩ 393,225	₩ (32,911)	₩ -	₩ 36,092	₩ -	₩ (32,911)	₩ -	
Hedges for net investments in foreign operations								
Currency risk hedge	₩ 362,012	₩ (27,213)	₩ -	₩ -	₩ 362,012	₩ -	₩ (20,083)	
	₩ 755,237	₩ (60,124)	₩ -	₩ 36,092	₩ 362,012	₩ (32,911)	₩ (20,083)	

<sup>1</sup> The amount recognized in other comprehensive incomes is after tax, taking into account the effect of corporate tax.

(In millions of Korean won)

	December 31, 2021							
	Condensed interim consolidated statements of financial position					Condensed interim consolidated statements of changes in equity		
	Nominal amount	Changes in fair value	Derivative assets	Derivative liabilities	Borrowings	Profit or loss	Other comprehensive income <sup>1</sup>	
Fair value risk hedges								
Interest rate risk hedge	₩ 366,375	₩ (16,785)	₩ 483	₩ 3,862	₩ -	₩ (16,785)	₩ -	
Hedges for net investments in foreign operations								
Currency risk hedge	₩ 197,979	₩ (15,131)	₩ -	₩ -	₩ 197,979	₩ -	₩ (11,227)	
	₩ 564,354	₩ (31,916)	₩ 483	₩ 3,862	₩ 197,979	₩ (16,785)	₩ (11,227)	

<sup>1</sup> The amount recognized in other comprehensive incomes is after tax, taking into account the effect of corporate tax.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Impacts of the hedged items on the condensed interim consolidated statements of financial position, the condensed interim consolidated statements of comprehensive income and the condensed interim consolidated statements of changes in equity as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022							
	Nominal amount	Changes in fair value	Condensed interim consolidated statements of financial position		Condensed interim consolidated statements of comprehensive income and condensed interim consolidated statements of changes in equity		Reserve for foreign currency translation	
			Deposits received	Debentures	Profit or loss	Other comprehensive income <sup>1,2</sup>		
Fair value risk hedges								
Interest rate risk hedge	₩ 393,225	₩ 32,758	₩ 55,778	₩ 301,447	₩ 32,758	₩ -	₩ -	
Hedges for net investments in foreign operations								
Currency risk hedge	362,012	29,544	-	-	-	21,804	24,739	
	<u>₩ 755,237</u>	<u>₩ 62,302</u>	<u>₩ 55,778</u>	<u>₩ 301,447</u>	<u>₩ 32,758</u>	<u>₩ 21,804</u>	<u>₩ 24,739</u>	

<sup>1</sup> The amount recognized in other comprehensive incomes is after tax, taking into account the effect of corporate tax.

<sup>2</sup> Changes in other comprehensive income related to currency risk hedge include ₩7,386 million of changes in other comprehensive income related to investments in foreign operations.

(In millions of Korean won)

	December 31, 2021							
	Nominal amount	Changes in fair value	Condensed interim consolidated statements of financial position		Condensed interim consolidated statements of comprehensive income and Condensed interim consolidated statements of changes in equity		Reserve for foreign currency translation	
			Deposits received	Bonds	Profit or loss	Other comprehensive income <sup>1</sup>		
Fair value risk hedges								
Interest rate risk hedge	₩ 366,375	₩ 16,558	₩ 66,239	₩ 296,851	₩ 16,558	₩ -	₩ -	
Hedges for net investments in foreign operations								
Currency risk hedge	197,979	16,499	-	-	-	12,251	6,206	
	<u>₩ 564,354</u>	<u>₩ 33,057</u>	<u>₩ 66,239</u>	<u>₩ 296,851</u>	<u>₩ 16,558</u>	<u>₩ 12,251</u>	<u>₩ 6,206</u>	

<sup>1</sup> The amount recognized in other comprehensive incomes is after tax, taking into account the effect of corporate tax.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The amounts and items recognized as profit or loss due to ineffective portion in fair value risk hedges for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	Ineffective portion of risk hedges recognized as profit or loss				Items
	2022		2021		
Fair value risk hedges					
Interest rate risk hedge	₩	(153)	₩	(603)	Loss on valuation of derivatives

There is no amount recognized in profit or loss and other comprehensive income as an ineffective portion of cash flow hedges and hedges for net investments in foreign operations for the six-month periods ended June 30, 2022 and 2021.

**15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE:**

Details of investments in associates and joint venture as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	June 30, 2022					
	Main business	Location	Percentage of ownership (%)	Acquisition cost	Carrying amount	
Investments in associates:						
BSK No. 9 Youth Startup Investment Association	Investment association	The Republic of Korea	29.94%	₩ 10,000	₩	10,225
BNK-INTERVALUE Technology Financing Fund	Investment association	The Republic of Korea	34.32%	12,700		12,240
ANDA H Mezzanine Private Investment Trust 11th	Financial investment	The Republic of Korea	24.82%	14,000		14,046
Hana UBS Professional Investment Private Security Investment Trust No. 7 [bond]	Financial investment	The Republic of Korea	23.42%	30,000		30,742
HI Private Investment Trust 28th (bond)	Financial investment	The Republic of Korea	50.27%	30,000		30,483
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	Financial investment	The Republic of Korea	39.92%	20,000		19,844
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	Financial investment	The Republic of Korea	50.00%	30,000		29,734
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	Financial investment	The Republic of Korea	50.00%	50,000		50,334
KB Leaders Professional Investment Private Security Investment Trust No. 12 [bond]	Financial investment	The Republic of Korea	30.43%	30,000		30,620
KB Leaders Professional Investment Private Security Investment Trust No. 15 [bond]	Financial investment	The Republic of Korea	49.64%	30,000		29,971

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

	June 30, 2022				
	Main business	Location	Percentage of ownership (%)	Acquisition cost	Carrying amount
(In millions of Korean won)					
Shinhan IPO Maturity Matching Private Investment Trust [With Bonds]]	Financial investment	The Republic of Korea	27.91%	50,000	51,389
Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2	Financial investment	The Republic of Korea	46.15%	10,710	10,805
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-6	Financial investment	The Republic of Korea	30.05%	30,000	30,278
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	Financial investment	The Republic of Korea	50.00%	12,556	14,984
General Private Equity Investment Trust No. 14 for Shinhan Corporation	Financial investment	The Republic of Korea	50.00%	50,000	49,926
VI REPO General Private Equity Securities Investment Trust No. 9 (Bond)	Financial investment	The Republic of Korea	50.00%	30,000	29,968
Samsung Raphael General Private Equity Investment Trust No. 6	Financial investment	The Republic of Korea	50.00%	50,000	50,040
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-12 (Bond)	Financial investment	The Republic of Korea	50.00%	30,000	29,947
Multi-Asset LNG General Private Equity Investment Trust No. 5	Financial investment	The Republic of Korea	66.67%	26,830	26,838
NH-Amundi General Private Equity Investment Trust No. 18	Financial investment	The Republic of Korea	50.00%	30,000	30,009
Igis Ulsan New Port Infrastructure Private Investment Trust	Financial investment	The Republic of Korea	31.97%	28,200	28,211
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No. 29 (USD) (bonds) (specialized)	Financial investment	The Republic of Korea	50.00%	12,633	12,947
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	Financial investment	The Republic of Korea	50.00%	50,000	49,801
SHBNPP Corporate Private Security Investment Trust 8th	Financial investment	The Republic of Korea	50.00%	50,000	39,834
Kiwoom Frontier Private Securities Investment Trust 12th	Financial investment	The Republic of Korea	39.26%	39,194	39,881
Petra 7 alpha Private Equity Partnership	Financial investment	The Republic of Korea	21.79%	10,938	10,420
KB Leaders ESG Professional Private Securities Investment Trust No. 1 (Bonds)	Financial investment	The Republic of Korea	30.00%	30,401	29,465
Kyobo Axa Alpha Plus Professional Private Investment Trust J - 11	Financial investment	The Republic of Korea	50.00%	50,000	49,846
Hana UBS Professional Investment Private Security Investment Trust No. 10	Financial investment	The Republic of Korea	42.86%	30,000	29,981
HDC Flying Initial Public Offering Alpha Securities Investment Trust No. 1 (With Bonds)	Financial investment	The Republic of Korea	50.56%	10,000	10,272



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	Main business	Location	June 30, 2022		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
VI Repo General Private Securities Investment Trust No. 8	Financial investment	The Republic of Korea	50.00%	50,000	49,902
Shinhan Corporation General Private Securities Investment Trust No. 7 (Bonds)	Financial investment	The Republic of Korea	49.91%	50,000	50,127
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	Financial investment	The Republic of Korea	20.00%	10,945	11,151
IGIS Private Securities Investment Trust 331st	Financial investment	The Republic of Korea	33.76%	10,000	10,133
IGIS Housing Platform No. 1 Professional Investors' Private Real Estate Fund	Financial investment	The Republic of Korea	20.00%	10,260	10,326
BNK Teunteun Short-Term Bond	Financial investment	The Republic of Korea	36.43%	10,463	10,430
Others	Financial investment and others	The Republic of Korea	3.00~54.55	147,391	153,418
				<u>₩ 1,177,221</u>	<u>₩ 1,178,568</u>

<sup>1</sup> All of the joint arrangements, which the Group holds joint control of that arrangements, were structured through other entities. However, there are no contractual terms and/or conditions stating that the parties have rights to the assets and obligations for the liabilities relating to the arrangements. Since the parties having joint control of the arrangements believe that they have rights to the net assets of the joint arrangements, such parties are classified as joint ventures. Additionally, the net assets of the joint venture are incorporated in the Group's financial statements using the equity method of accounting.

(In millions of Korean won)

	Main business	Location	December 31, 2021		
			Percentage of ownership (%)	Acquisition cost	Carrying amount
Investments in associates:					
BSK No. 9 Youth Startup Investment Association	Investment association	The Republic of Korea	29.94%	₩ 8,000	₩ 7,644
BNK-INTERVALUE Technology Financing Fund	Investment association	The Republic of Korea	34.32%	12,700	12,386
ANDA H Mezzanine Private Investment Trust 11th	Financial investment	The Republic of Korea	24.59%	14,000	14,052
Hana UBS Professional Investment Private Security Investment Trust No. 7 [bond]	Financial investment	The Republic of Korea	36.52%	40,000	40,763
HI Private Investment Trust 28th (bond)	Financial investment	The Republic of Korea	50.27%	30,000	30,351
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	Financial investment	The Republic of Korea	37.81%	30,000	30,335
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	Financial investment	The Republic of Korea	50.00%	30,000	30,146
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	Financial investment	The Republic of Korea	50.00%	50,000	50,029
KB Leaders Professional Investment Private Security Investment Trust No. 12 [bond]	Financial investment	The Republic of Korea	36.67%	40,000	40,864

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

	December 31, 2021				
	Main business	Location	Percentage of ownership (%)	Acquisition cost	Carrying amount
KB Leaders Professional Investment Private Security Investment Trust No. 15 [bond]	Financial investment	The Republic of Korea	49.64%	30,000	30,353
Shinhan IPO Maturity Matching Private Investment Trust [With Bonds]	Financial investment	The Republic of Korea	28.56%	50,000	51,765
Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2	Financial investment	The Republic of Korea	46.15%	8,778	8,847
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-6	Financial investment	The Republic of Korea	30.05%	30,000	30,218
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	Financial investment	The Republic of Korea	50.00%	13,464	14,362
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	Financial investment	The Republic of Korea	50.00%	50,000	49,741
SHBNPP Corporate Private Security Investment Trust 8th	Financial investment	The Republic of Korea	50.00%	50,000	49,692
Kiwoom Frontier Private Securities Investment Trust 12th	Financial investment	The Republic of Korea	26.34%	39,194	39,614
Petra 7 alpha Private Equity Partnership	Financial investment	The Republic of Korea	21.79%	10,938	10,447
KB Leaders ESG Professional Private Securities Investment Trust No. 1 (Bonds)	Financial investment	The Republic of Korea	29.41%	50,166	49,852
Hana UBS Professional Investment Private Security Investment Trust No. 10	Financial investment	The Republic of Korea	42.86%	30,000	29,987
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	Financial investment	The Republic of Korea	20.00%	10,945	10,997
IGIS Private Securities Investment Trust 331st	Financial investment	The Republic of Korea	33.76%	10,000	10,776
IGIS Housing Platform No. 1 Professional Investors' Private Real Estate Fund	Financial investment	The Republic of Korea	20.00%	2,880	2,880
BNK Teunteun Short-Term Bond	Financial investment	The Republic of Korea	34.63%	14,640	14,728
Others	Financial investment and others	The Republic of Korea	3.00 ~ 54.55	570,065	455,557
				₩ 1,225,770	₩ 1,116,386

<sup>1</sup> All of the joint arrangements, which the Group holds joint control of that arrangements, were structured through other entities. However, there are no contractual terms and/or conditions stating that the parties have rights to the assets and obligations for the liabilities relating to the arrangements. Since the parties having joint control of the arrangements believe that they have rights to the net assets of the joint arrangements, such parties are classified as joint ventures. Additionally, the net assets of the joint venture are incorporated in the Group's condensed interim consolidated financial statements using the equity method of accounting.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Changes in investments in associates and joint venture for the six-month period ended June 30, 2022, and the year ended December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022					
	Beginning balance	Acquisition/disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in associates:						
BSK No. 9 Youth Startup Investment Association	₩ 7,644	₩ 2,000	₩ 581	₩ -	₩ -	₩ 10,225
BNK-INTERVALUE Technology Financing Fund	12,386	-	(146)	-	-	12,240
ANDA H Mezzanine Private Investment Trust 11th	14,052	-	(6)	-	-	14,046
Hana UBS Professional Investment Private Security Investment Trust No. 7 [bond]	40,763	(10,028)	(37)	-	44	30,742
HI Private Investment Trust 28th (bond)	30,351	-	132	-	-	30,483
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,335	(10,032)	(380)	-	(79)	19,844
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	30,146	-	(412)	-	-	29,734
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	50,029	-	305	-	-	50,334
KB Leaders Professional Investment Private Security Investment Trust No. 12 [bond]	40,864	(9,984)	(248)	-	(12)	30,620
KB Leaders Professional Investment Private Security Investment Trust No. 15 [bond]	30,353	-	(382)	-	-	29,971
Shinhan IPO Maturity Matching Private Investment Trust [with bonds]	51,765	-	(376)	-	-	51,389
Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2	8,847	1,932	179	(153)	-	10,805
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-6	30,218	-	60	-	-	30,278
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	14,362	(712)	220	(169)	1,283	14,984

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
General Private Equity Investment Trust No. 14 for Shinhan Corporation	-	50,000	(74)	-	-	49,926
VI REPO General Private Equity Securities Investment Trust No. 9 (bond)	-	30,000	(32)	-	-	29,968
Samsung Raphael General Private Equity Investment Trust No. 6	-	50,000	40	-	-	50,040
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-12 (bond)	-	30,000	(53)	-	-	29,947
Multi-Asset LNG General Private Equity Investment Trust No. 5	-	26,830	476	(468)	-	26,838
NH-Amundi General Private Equity Investment Trust No. 18	-	30,000	9	-	-	30,009
Igis Ulsan New Port Infrastructure Private Investment Trust	-	28,200	11	-	-	28,211
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No. 29 (USD) (bonds) (specialized)	-	12,633	18	-	296	12,947
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	49,741	-	60	-	-	49,801
SHBNPP Corporate Private Security Investment Trust 8th	49,692	(9,950)	92	-	-	39,834
Kiwoom Frontier Private Securities Investment Trust 12th	39,614	-	267	-	-	39,881
Petra 7 alpha Private Equity Partnership	10,447	-	(27)	-	-	10,420
KB Leaders ESG Professional Private Securities Investment Trust No. 1 (bonds)	49,852	(19,765)	(622)	-	-	29,465
Kyobo Axa Alpha Plus Professional Private Investment Trust J - 11	-	50,000	(154)	-	-	49,846
Hana UBS Professional Investment Private Security Investment Trust No. 10	29,987	-	100	(106)	-	29,981

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
HDC Flying Initial Public Offering Alpha Securities Investment Trust No. 1 (with bonds)	-	10,000	272	-	-	10,272
VI Repo General Private Securities Investment Trust No. 8	-	50,000	(98)	-	-	49,902
Shinhan Corporation General Private Securities Investment Trust No. 7 (bonds)	-	50,000	127	-	-	50,127
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	10,997	-	497	(343)	-	11,151
IGIS Private Securities Investment Trust 331st	10,776	-	(404)	(239)	-	10,133
IGIS Housing Platform No. 1 Professional Investors' Private Real Estate Fund	2,880	7,380	66	-	-	10,326
BNK Teunteun Short-Term Bond	14,728	(4,313)	15	-	-	10,430
Others	455,557	(298,384)	(1,641)	(3,276)	1,162	153,418
	<u>₩ 1,116,386</u>	<u>₩ 65,807</u>	<u>₩ (1,565)</u>	<u>₩ (4,754)</u>	<u>₩ 2,694</u>	<u>₩ 1,178,568</u>

(In millions of Korean won)

	December 31, 2021					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
Investments in associates:						
BNK Inter-Value Technology Finance Investment Association	₩ 2,527	₩ 10,160	₩ (301)	₩ -	₩ -	₩ 12,386
ANDA H Mezzanine Private Investment Trust 11th	-	14,000	52	-	-	14,052
Hana UBS Professional Investment Private Security Investment Trust No. 7	30,791	10,000	(28)	-	-	40,763
HI Private Investment Trust 28th	30,441	-	(90)	-	-	30,351
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	30,269	-	66	-	-	30,335
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	30,122	-	24	-	-	30,146

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	December 31, 2021					
	Beginning balance	Acquisition/ disposal	Share of profit or loss of associates and joint venture	Dividends received	Others	Ending balance
NH-Amundi Enhanced Bond Private Securities Investment Trust 1st Samsung Rafael Professional Investment Private Security Investment Trust No. 3	31,410	-	(174)	-	-	31,236
KB Leaders Professional Investment Private Security Investment Trust No. 12	50,197	-	327	(495)	-	50,029
KB Leaders Professional Investment Private Security Investment Trust No. 15	30,817	10,000	47	-	-	40,864
IBK Private Securities Investment Trust 15th	30,362	-	(9)	-	-	30,353
Shinhan IPO Maturity Matching Private Investment Trust,	-	30,000	(153)	-	-	29,847
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	-	50,000	1,765	-	-	51,765
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	14,322	(1,222)	375	(371)	1,258	14,362
SHBNPP Corporate Private Security Investment Trust 8th	51,452	-	-	(1,711)	-	49,741
Consus_Clean Water_Private Special Asset Fund-1	51,122	-	106	(1,536)	-	49,692
Kiwoom Frontier Private Securities Investment Trust 11th	10,877	(732)	1,117	(1,244)	-	10,018
Kiwoom Frontier Private Securities Investment Trust 12th	50,853	-	20	(1,229)	-	49,644
Petra 7 alpha Private Equity Partnership	39,566	-	196	(148)	-	39,614
Hana UBS Professional Investment Private Security Investment Trust No. 6	10,579	-	3	(135)	-	10,447
HDC Presto Private Securities Investment Trust 9th	30,933	-	(15)	-	-	30,918
KB New Wave Ordinary Private Securities Trust 1st	-	50,000	19	-	-	50,019
Shinhan Corporation Private Securities Investment Trust 13th	-	50,166	(314)	-	-	49,852
	-	30,000	(56)	-	-	29,944

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	<b>December 31, 2021</b>					
	<b>Beginning balance</b>	<b>Acquisition/ disposal</b>	<b>Share of profit or loss of associates and joint venture</b>	<b>Dividends received</b>	<b>Others</b>	<b>Ending balance</b>
Hana UBS Professional Investment Private Security Investment Trust No. 10	-	30,000	(13)	-	-	29,987
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	11,164	-	556	(723)	-	10,997
IGIS Private Securities Investment Trust 331st	-	10,000	1,137	(361)	-	10,776
BNK Teunteun Short-Term Bond	-	14,640	88	-	-	14,728
KTB IPO 10 Securities Investment Trust	-	20,000	(14)	-	-	19,986
KB New Wave Ordinary Private Securities Trust 1st	-	30,000	20	-	-	30,020
Kyobo-Axa ESG Alpha Plus Private Securities Investment Trust – J 6th	-	30,043	175	-	-	30,218
Hyundai Dual Strategies Private Securities Investment Trust 1st	-	10,000	56	-	-	10,056
Others	123,453	51,993	16,751	(9,722)	765	183,240
Investments in joint venture:						
M-park Capital Co., Ltd.	3,175	(3,175)	-	-	-	-
	<u>₩ 664,432</u>	<u>₩ 445,873</u>	<u>₩ 21,733</u>	<u>₩ (17,675)</u>	<u>₩ 2,023</u>	<u>₩ 1,116,386</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Financial information of associates and joint venture as of June 30, 2022, and December 31, 2021, is as follows:

(In millions of Korean won)

	June 30, 2022					
	Current assets	Current liabilities	Equity	Operating income	Profit (loss) for the period	Total comprehensive income (loss)
Investments in associates:						
BSK No. 9 Youth Startup Investment Association	₩ 34,152	₩ 1	₩ 34,151	₩ 2,368	₩ 1,943	₩ 1,943
BNK-INTERVALUE Technology Financing Fund	35,878	219	35,659	19	(425)	(425)
ANDA H Mezzanine Private Investment Trust 11th	56,590	8	56,582	6	(11)	(11)
Hana UBS Professional Investment Private Security Investment Trust No. 7 [bond]	253,915	122,636	131,279	3,128	(130)	(130)
HI Private Investment Trust 28th (bond)	119,445	58,813	60,632	584	(487)	(487)
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	98,426	48,711	49,715	2,155	(869)	(869)
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	116,783	57,316	59,467	1,083	(824)	(824)
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	175,697	75,027	100,670	1,263	611	611
KB Leaders Professional Investment Private Security Investment Trust No. 12 [bond]	142,940	42,324	100,616	1,420	(695)	(695)
KB Leaders Professional Investment Private Security Investment Trust No. 15 [bond]	90,398	30,021	60,377	1,310	(797)	(797)
Shinhan IPO Maturity Matching Private Investment Trust [with bonds]	329,975	145,849	184,126	1,995	(1,504)	(1,504)
Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2	23,902	491	23,411	144	138	138
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-6	193,971	93,220	100,751	2,288	553	553
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	29,970	1	29,969	440	440	440



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022					
	Current assets	Current liabilities	Equity	Operating income	Profit (loss) for the period	Total comprehensive income (loss)
General Private Equity Investment Trust No. 14 for Shinhan Corporation VI REPO General Private Equity Securities Investment Trust No. 9 (bond)	286,978	187,125	99,853	1,622	(147)	(147)
Samsung Raphael General Private Equity Investment Trust No. 6 GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-12 (bond)	110,648	50,711	59,937	743	(63)	(63)
Multi-Asset LNG General Private Equity Investment Trust No. 5 NH-Amundi General Private Equity Investment Trust No. 18 Igis Ulsan New Port Infrastructure Private Investment Trust	284,111	184,030	100,081	1,850	81	81
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No. 29 (USD) (bonds) (specialized)	114,603	54,708	59,895	720	(105)	(105)
Samsung Rafael Professional Investment Private Security Investment Trust No. 1 SHBNPP Corporate Private Security Investment Trust 8th Kiwoom Frontier Private Securities Investment Trust 12th Petra 7 alpha Private Equity Partnership	40,268	13	40,255	726	713	713
KB Leaders ESG Professional Private Securities Investment Trust No. 1 (bonds) Kyobo Axa Alpha Plus Professional Private Investment Trust J - 11 Hana UBS Professional Investment Private Security Investment Trust No. 10 HDC Flying Initial Public Offering Alpha Securities Investment Trust No. 1 (with bonds)	97,431	37,413	60,018	266	18	18
	88,240	5	88,235	51	35	35
	25,895	1	25,894	36	36	36
	179,229	79,628	99,601	688	119	119
	142,481	62,812	79,669	806	186	186
	139,796	38,217	101,579	2,229	680	680
	47,835	15	47,820	-	(124)	(124)
	158,261	60,045	98,216	(921)	(2,076)	(2,076)
	204,229	104,537	99,692	1,115	(308)	(308)
	135,064	65,109	69,955	286	231	231
	20,315	-	20,315	733	537	537

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022					
	Current assets	Current liabilities	Equity	Operating income	Profit (loss) for the period	Total comprehensive income (loss)
VI Repo General Private Securities Investment Trust No. 8	189,435	89,631	99,804	719	(196)	(196)
Shinhan Corporation General Private Securities Investment Trust No. 7 (bonds)	129,441	29,012	100,429	1,227	255	255
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,799	28	55,771	2,451	2,394	2,394
IGIS Private Securities Investment Trust 331st	84,473	49,567	34,906	-	(3)	(3)
IGIS Housing Platform No. 1 Professional Investors' Private Real Estate Fund	36,103	30	36,073	391	328	328
BNK Teunteun Short-Term Bond	29,637	1,008	28,629	662	58	58
Others	702,619	168,934	533,685	36,330	16,201	16,201
	<u>₩ 5,004,933</u>	<u>₩ 1,937,216</u>	<u>₩ 3,067,717</u>	<u>₩ 70,933</u>	<u>₩ 16,793</u>	<u>₩ 16,793</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	December 31, 2021					
	Current assets	Current liabilities	Equity	Operating income	Profit (loss) for the year	Total comprehensive income (loss)
Investments in associates:						
BNK Inter-Value Technology Finance Investment Association	₩ 36,305	₩ 220	₩ 36,085	₩ 16	₩ (877)	₩ (877)
ANDA H Mezzanine Private Investment Trust 11th	56,973	5	56,968	341	213	213
Hana UBS Professional Investment Private Security Investment Trust No. 7	209,533	97,927	111,606	2,693	(83)	(83)
HI Private Investment Trust 28th	119,383	59,012	60,371	2,645	(152)	(152)
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	149,138	68,915	80,223	3,056	51	51
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	117,206	56,915	60,291	2,356	320	320
NH-Amundi Enhanced Bond						
Private Securities Investment Trust 1st	242,725	112,550	130,175	3,492	(818)	(818)
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	170,189	70,130	100,059	2,452	333	333
KB Leaders Professional Investment Private Security Investment Trust No. 12	159,656	48,229	111,427	2,524	(37)	(37)
KB Leaders Professional Investment Private Security Investment Trust No. 15	97,359	36,211	61,148	3,687	132	132
IBK Private Securities Investment Trust 15th	137,676	68,033	69,643	1,368	(357)	(357)
Shinhan IPO Maturity Matching Private Investment Trust, Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	307,729	126,470	181,259	12,069	7,404	7,404
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	28,724	1	28,723	749	749	749
SHBNPP Corporate Private Security Investment Trust 8th	239,528	140,045	99,483	1,559	-	-
	179,103	79,720	99,383	6,826	211	211

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Consus_Clean						
Water_Private Special Asset Fund-1	20,288	253	20,035	2,235	2,235	2,235
Kiwoom Frontier Private Securities Investment Trust 11th	199,314	100,027	99,287	2,562	38	38
Kiwoom Frontier Private Securities Investment Trust 12th	244,794	94,627	150,167	1,966	743	743
Petra 7 alpha Private Equity Partnership	48,073	129	47,944	5,129	11	11
Hana UBS Professional Investment Private Security Investment Trust No. 6	176,965	109,122	67,843	2,093	(34)	(34)
HDC Presto Private Securities Investment Trust 9th	195,864	93,825	102,039	2,383	39	39
KB Leaders ESG Private Securities Investment Trust 1st	259,946	90,449	169,497	4,867	(1,067)	(1,067)
Shinhan Corporation Private Securities Investment Trust 13th	223,196	113,630	109,566	2,343	(207)	(207)
Hana UBS Professional Investment Private Security Investment Trust No. 10	134,876	64,906	69,970	1,016	(30)	(30)
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,011	28	54,983	74,418	2,563	2,563
IGIS Private Securities Investment Trust 331st	72,813	41,965	30,848	3,901	3,198	3,198
BNK Teunteun Short-Term Bond	45,511	2,977	42,534	1,054	402	402
KTB IPO 10 Securities Investment Trust	40,633	19	40,614	650	540	540
KB New Wave Ordinary Private Securities Trust 1st	30,191	1	30,190	20	20	20
Kyobo-Axa ESG Alpha Plus Private Securities Investment Trust – J 6th	194,368	93,818	100,550	471	352	352
Hyundai Dual Strategies Private Securities Investment Trust 1st	90,304	40,025	50,279	2,145	279	279
Others	802,658	170,128	632,530	70,010	51,157	51,157
	<u>₩ 5,086,032</u>	<u>₩1,980,312</u>	<u>₩ 3,105,720</u>	<u>₩ 223,096</u>	<u>₩ 67,328</u>	<u>₩ 67,328</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

The reconciliations from the net assets of associates and joint venture based on the ownership ratio of the Group to its corresponding book amount of investments in associates and joint venture as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
Investments in associates:				
BSK No. 9 Youth Startup Investment Association	₩ 34,151	29.94	₩ 10,225	₩ 10,225
BNK-INTERVALUE Technology Financing Fund	35,659	34.32	12,240	12,240
ANDA H Mezzanine Private Investment Trust 11th	56,582	24.82	14,046	14,046
Hana UBS Professional Investment Private Security Investment Trust No. 7 [bond]	131,279	23.42	30,742	30,742
HI Private Investment Trust 28th (bond)	60,632	50.27	30,483	30,483
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	49,715	39.92	19,844	19,844
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	59,467	50.00	29,734	29,734
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	100,670	50.00	50,334	50,334
KB Leaders Professional Investment Private Security Investment Trust No. 12 [bond]	100,616	30.43	30,620	30,620
KB Leaders Professional Investment Private Security Investment Trust No. 15 [bond]	60,377	49.64	29,971	29,971
Shinhan IPO Maturity Matching Private Investment Trust [with bonds]	184,126	27.91	51,389	51,389
Shinhan BNPP SGrail Professional Private Special Asset Fund No. 1-2	23,411	46.15	10,805	10,805
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-6	100,751	30.05	30,278	30,278
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	29,969	50.00	14,984	14,984
General Private Equity Investment Trust No. 14 for Shinhan Corporation	99,853	50.00	49,926	49,926

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
VI REPO General Private Equity Securities Investment Trust No. 9 (bond)	59,937	50.00	29,968	29,968
Samsung Raphael General Private Equity Investment Trust No. 6	100,081	50.00	50,040	50,040
GYOBO AXA ESG ALPHA PLUS General Private Equity Investment Trust J-12 (bond)	59,895	50.00	29,947	29,947
Multi-Asset LNG General Private Equity Investment Trust No. 5	40,255	66.67	26,838	26,838
NH-Amundi General Private Equity Investment Trust No. 18	60,018	50.00	30,009	30,009
Igis Ulsan New Port Infrastructure Private Investment Trust	88,235	31.97	28,211	28,211
KB Korea Short-Term Bonds Premium General Private Equity Securities Investment Trust No. 29 (USD) (bonds) (specialized)	25,894	50.00	12,947	12,947
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	99,601	50.00	49,801	49,801
SHBNPP Corporate Private Security Investment Trust 8th	79,669	50.00	39,834	39,834
Kiwoom Frontier Private Securities Investment Trust 12th	101,579	39.26	39,881	39,881
Petra 7 alpha Private Equity Partnership	47,820	21.79	10,420	10,420
KB Leaders ESG Professional Private Securities Investment Trust No. 1 (bonds)	98,216	30.00	29,465	29,465
Kyobo Axa Alpha Plus Professional Private Investment Trust J - 11	99,692	50.00	49,846	49,846
Hana UBS Professional Investment Private Security Investment Trust No. 10	69,955	42.86	29,981	29,981
HDC Flying Initial Public Offering Alpha Securities Investment Trust No. 1 (with bonds)	20,315	50.56	10,272	10,272
VI Repo General Private Securities Investment Trust No. 8	99,804	50.00	49,902	49,902

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	June 30, 2022			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (A*B)	Book amount
Shinhan Corporation General Private Securities Investment Trust No. 7 (bonds)	100,429	49.91	50,127	50,127
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	55,771	20.00	11,151	11,151
IGIS Private Securities Investment Trust 331st	34,906	33.76	10,133	10,133
IGIS Housing Platform No. 1 Professional Investors' Private Real Estate Fund	36,073	20.00	10,326	10,326
BNK Teunteun Short-Term Bond	28,629	36.43	10,430	10,430
Others	533,685		153,418	153,418

(In millions of Korean won)

	December 31, 2021			
	Net assets of associates and joint venture (A)	The Group's ownership (B) (%)	Net assets owned (AXB)	Book amount
Investments in associates:				
BNK Inter-Value Technology Finance Investment Association	₩ 36,085	34.32	₩ 12,386	₩ 12,386
ANDA H Mezzanine Private Investment Trust 11th	56,968	24.59	14,052	14,052
Hana UBS Professional Investment Private Security Investment Trust No. 7	111,606	36.52	40,763	40,763
HI Private Investment Trust 28 <sup>th</sup>	60,371	50.27	30,351	30,351
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 1st	80,223	37.81	30,335	30,335
Kyobo-Axa Investment Alpha Plus Private Securities Investment Trust - J 8th	60,291	50.00	30,146	30,146
NH-Amundi Enhanced Bond Private Securities Investment Trust 1st	130,175	24.00	31,236	31,236
Samsung Rafael Professional Investment Private Security Investment Trust No. 3	100,059	50.00	50,029	50,029

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

<i>(In millions of Korean won)</i>	<b>December 31, 2021</b>			
	<b>Net assets of associates and joint venture (A)</b>	<b>The Group's ownership (B) (%)</b>	<b>Net assets owned (AXB)</b>	<b>Book amount</b>
KB Leaders Professional Investment Private Security Investment Trust No. 12	111,427	36.67	40,864	40,864
KB Leaders Professional Investment Private Security Investment Trust No. 15	61,148	49.64	30,353	30,353
IBK Private Securities Investment Trust 15th	69,643	42.86	29,847	29,847
Shinhan IPO Maturity Matching Private Investment Trust	181,259	28.56	51,765	51,765
Multi-Asset KDB Ocean Value-up Professional Private Investment Trust No. 15	28,723	50.00	14,362	14,362
Samsung Rafael Professional Investment Private Security Investment Trust No. 1	99,483	50.00	49,741	49,741
SHBNPP Corporate Private Security Investment Trust 8th	99,383	50.00	49,692	49,692
Consus_Clean Water_Private Special Asset Fund-1	20,035	50.00	10,018	10,018
Kiwoom Frontier Private Securities Investment Trust 11th	99,287	50.00	49,644	49,644
Kiwoom Frontier Private Securities Investment Trust 12th	150,167	26.34	39,614	39,614
Petra 7 alpha Private Equity Partnership	47,944	21.79	10,447	10,447
Hana UBS Professional Investment Private Security Investment Trust No. 6	67,843	45.57	30,918	30,918
HDC Presto Private Securities Investment Trust	102,039	49.02	50,019	50,019
KB Leaders ESG Private Securities Investment Trust 1st	169,497	29.41	49,852	49,852
Shinhan Corporation Private Securities Investment Trust 13th	109,566	27.33	29,944	29,944
Hana UBS Professional Investment Private Security Investment Trust No. 10	69,970	42.86	29,987	29,987



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	<b>December 31, 2021</b>			
	<b>Net assets of associates and joint venture (A)</b>	<b>The Group's ownership (B) (%)</b>	<b>Net assets owned (AXB)</b>	<b>Book amount</b>
KIAMCO Aviation Specialized Investment Type Private Equity Trust No. 1	54,983	20.00	10,997	10,997
IGIS Private Securities Investment Trust 331st	30,848	33.76	10,776	10,776
BNK Teunteun Short-Term Bond	42,534	34.63	14,728	14,728
KTB IPO 10 Securities Investment Trust	40,614	49.21	19,986	19,986
KB New Wave Ordinary Private Securities Trust 1st	30,190	99.44	30,020	30,020
Kyobo-Axa ESG Alpha Plus Private Securities Investment Trust – J 6th	100,550	30.05	30,218	30,218
Hyundai Dual Strategies Private Securities Investment Trust 1st	50,279	20.00	10,056	10,056
Others	632,530		183,240	183,240

**16. PROPERTY AND EQUIPMENT:**

Changes in property and equipment for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions of Korean won)

	<b>2022</b>						
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Reclassifi- cation<sup>1</sup></b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending balance</b>
Land	₩ 403,300	₩ 14	₩ (1,968)	₩ 9,275	₩ -	₩ -	₩ 410,621
Building	582,125	1,488	(3,339)	(181)	(8,033)	-	572,060
Leasehold improvements	23,009	2,862	(438)	2,632	(4,651)	39	23,453
Equipment and vehicles	99,220	13,524	(245)	14,873	(18,582)	(337)	108,453
Construction in progress	13,865	9,821	-	(6,573)	-	-	17,113
Right-of-use assets	38,752	29,927	(2,559)	-	(17,935)	66	48,251
	<u>₩1,160,271</u>	<u>₩ 57,636</u>	<u>₩ (8,549)</u>	<u>₩ 20,026</u>	<u>₩ (49,201)</u>	<u>₩ (232)</u>	<u>₩1,179,951</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	2021							Ending balance
	Beginning balance	Acquisition	Disposal	Reclassifi-cation <sup>1</sup>	Depreciation	Others		
Land	₩ 379,490	₩ 2,098	₩ (2,092)	₩ 21,329	₩ -	₩ -	₩ -	₩ 400,825
Building	564,095	2,425	(3,398)	(5,550)	(5,797)		4	551,779
Leasehold improvements	27,390	1,796	(265)	1,604	(5,448)		(235)	24,842
Equipment and vehicles	92,324	10,810	(58)	5,160	(17,108)		(597)	90,531
Construction in progress	31,425	24,405	(267)	(22,391)	-		-	33,172
Right-of-use assets	58,691	20,527	(22,701)	-	(16,491)		30	40,056
Others	19,260	-	(19,260)	-	-		-	-
	<u>₩1,172,675</u>	<u>₩ 62,061</u>	<u>₩ (48,041)</u>	<u>₩ 152</u>	<u>₩ (44,844)</u>	<u>₩ (798)</u>		<u>₩1,141,205</u>

Details of right-of-use assets as of June 30, 2022, and December 31, 2021, are as follows:

(In millions of Korean won)

	June 30, 2022			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 123,150	₩ 3,818	₩ 5,886	₩ 132,854
Accumulated depreciation	<u>(78,725)</u>	<u>(1,794)</u>	<u>(4,084)</u>	<u>(84,603)</u>
Book amount of right-of-use asset	<u>₩ 44,425</u>	<u>₩ 2,024</u>	<u>₩ 1,802</u>	<u>₩ 48,251</u>

(In millions of Korean won)

	December 31, 2021			
	Properties	Vehicles	Others	Total
Cost of right-of-use asset	₩ 103,179	₩ 3,713	₩ 4,630	₩ 111,522
Accumulated depreciation	<u>(67,761)</u>	<u>(1,555)</u>	<u>(3,454)</u>	<u>(72,770)</u>
Book amount of right-of-use asset	<u>₩ 35,418</u>	<u>₩ 2,158</u>	<u>₩ 1,176</u>	<u>₩ 38,752</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**17. INTANGIBLE ASSETS:**

Changes in intangible assets for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions or Korean won)

	2022							
	Beginning balance	Acquisition	Disposal	Reclassification <sup>1</sup>	Amortization	Others	Ending balance	
Software	₩ 28,121	₩ 6,962	₩ (3)	₩ 76	₩ (6,073)	₩ (83)	₩ 29,000	
Goodwill	28,341	-	-	-	-	-	28,341	
Core deposits	46,007	-	-	-	(8,365)	-	37,642	
Development costs	86,228	2,584	-	24,338	(14,247)	(2)	98,901	
Others	104,338	16,424	(139)	(24,414)	(10,241)	13	85,981	
	<u>₩ 293,035</u>	<u>₩ 25,970</u>	<u>₩ (142)</u>	<u>₩ -</u>	<u>₩ (38,926)</u>	<u>₩ (72)</u>	<u>₩ 279,865</u>	

<sup>1</sup> Transferred from construction in progress.

(In millions or Korean won)

	2021							
	Beginning balance	Acquisition	Disposal	Reclassification <sup>1</sup>	Amortization	Others	Ending balance	
Software	₩ 32,212	₩ 2,895	₩ -	₩ 62	₩ (5,850)	₩ (69)	₩ 29,250	
Goodwill	28,341	-	-	-	-	-	28,341	
Core deposits	63,524	-	-	-	(8,759)	-	54,765	
Development costs	62,763	2,271	-	15,661	(11,959)	-	68,736	
Others	91,796	48,127	(384)	(15,723)	(10,065)	(1)	113,750	
	<u>₩ 278,636</u>	<u>₩ 53,293</u>	<u>₩ (384)</u>	<u>₩ -</u>	<u>₩ (36,633)</u>	<u>₩ (70)</u>	<u>₩ 294,842</u>	

<sup>1</sup> Transferred from construction in progress.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**18. INVESTMENT PROPERTIES:**

The fair value and assessment method of investment properties as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>		<b>Valuation techniques</b>	<b>Input variables</b>
Land	₩	505,184	₩	588,073	- The evaluation method of using officially assessed land pricing - Sales comparison approach	- Officially assessed land pricing - Sales history - Discount rate - Rent increase rate, etc.
Building		184,709		162,206	- Evaluation by the prime cost - Evaluation by the standard land cost - Sales comparison approach	- Repurchase cost - Durable years - Sales history - Discount rate - Rent increase rate, etc.
		<u>₩ 689,893</u>		<u>₩ 750,279</u>		

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

Changes in investment properties for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>					
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Reclassification</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending balance</b>
Land	₩ 478,167	₩ -	₩ (9,275)	₩ -	₩ -	₩ 468,892
Building	183,632	822	2,331	(3,081)	130	183,834
	<u>₩ 661,799</u>	<u>₩ 822</u>	<u>₩ (6,944)</u>	<u>₩ (3,081)</u>	<u>₩ 130</u>	<u>₩ 652,726</u>

<i>(In millions of Korean won)</i>	<b>2021</b>					
	<b>Beginning balance</b>	<b>Acquisition</b>	<b>Reclassification</b>	<b>Depreciation</b>	<b>Others</b>	<b>Ending balance</b>
Land	₩ 489,998	₩ -	₩ (13,497)	₩ -	₩ -	₩ 476,501
Building	175,350	1,299	13,345	(4,401)	-	185,593
	<u>₩ 665,348</u>	<u>₩ 1,299</u>	<u>₩ (152)</u>	<u>₩ (4,401)</u>	<u>₩ -</u>	<u>₩ 662,094</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**19. FINANCIAL LIABILITIES DESIGNATED AS AT FVTPL:**

Financial liabilities designated as at FVTPL as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Equity-linked securities sold	₩	174,704	₩	111,058
Securities sold with embedded derivatives		78,419		92,198
Credit risk assessment adjustment		(35)		(32)
Adjustment of gains and losses on valuation at transaction date		238		31
	₩	<u>253,326</u>	₩	<u>203,255</u>

**20. BORROWINGS:**

Borrowings at amortized cost as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>	<b><u>Annual interest rate (%)</u></b>		<b>June 30,</b>	<b>December 31,</b>
	<b>Minimum</b>	<b>Maximum</b>	<b>2022</b>	<b>2021</b>
Borrowings in Korean won:				
The BOK	0.25	0.75	₩ 997,307	₩ 1,058,749
Others	1.24	4.11	<u>4,891,588</u>	<u>3,880,444</u>
			<u>5,888,895</u>	<u>4,939,193</u>
Borrowings in foreign currencies:				
Overdraft on our account	-	-	4,839	7,513
Banks	0.15	17.00	1,181,913	842,125
Others	0.15	3.48	<u>476,278</u>	<u>409,551</u>
			<u>1,663,030</u>	<u>1,259,189</u>
Call money	0.90	2.45	116,737	45,035
Bonds sold under repurchase agreement:				
Korean won	0.55	4.50	1,605,830	1,342,541
Foreign currencies	0.58	0.58	<u>18,929</u>	<u>20,604</u>
			<u>1,624,759</u>	<u>1,363,145</u>
Bills sold	1.19	1.90	28,267	34,657
Deferred expenses from borrowings			(1)	(1)
			₩ <u>9,321,687</u>	₩ <u>7,641,218</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Borrowings at FVTPL as of June 30, 2022 and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>	<u>Annual interest rate (%)</u>			<b>June 30,</b>		<b>December 31,</b>
	<b>Minimum</b>	<b>Maximum</b>		<b>2022</b>		<b>2021</b>
Securities sold	0.88	3.75	₩	383,222	₩	138,031

**21. DEBENTURES:**

Debentures issued by the Group as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>Annual interest rate (%)</u>			<b>June 30,</b>		<b>December 31,</b>
	<b>Minimum</b>	<b>Maximum</b>		<b>2022</b>		<b>2021</b>
Debentures in Korean won:						
Unsecured coupon bond	1.01	3.98	₩	12,042,155	₩	11,479,627
Subordinated bond	3.05	4.06		1,300,000		1,500,000
Discounted present value				(11,039)		(11,249)
				<u>13,331,116</u>		<u>12,968,378</u>
Debentures in foreign currencies:						
Senior bond	1.50	3.68		184,238		178,978
Subordinated bond	3.63	3.63		323,225		296,375
Loss (gain) on fair value hedge				(21,778)		476
Discounted present value				(1,584)		(1,348)
				<u>484,101</u>		<u>474,481</u>
			₩	<u>13,815,217</u>	₩	<u>13,442,859</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**22. NET DEFINED BENEFIT ASSETS:**

As of June 30, 2022, and December 31, 2021, the amounts recognized in the condensed interim consolidated statements of financial position related to postemployment benefits are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Present value of funded defined benefit obligations	₩	503,160	₩	658,021
Fair value of plan assets		<u>(576,520)</u>		<u>(676,739)</u>
Net defined benefit assets <sup>1</sup>	₩	<u>(73,360)</u>	₩	<u>(18,718)</u>

<sup>1</sup> As of June 30, 2022, the amounts recognized under the defined benefit plan of ₩73,360 million represent the net defined benefit assets of ₩78,546 million less net defined benefit liabilities of ₩5,186 million.

Movements in the net defined benefit liabilities for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		
	<b>Present value of defined benefit obligation</b>	<b>Fair value of plan assets</b>	<b>Total</b>
Current service cost	₩ 30,861	₩ -	₩ 30,861
Interest expenses (interest revenues)	<u>10,394</u>	<u>(11,031)</u>	<u>(637)</u>
	₩ 41,255	₩ (11,031)	₩ 30,224

<i>(In millions of Korean won)</i>	<b>2021</b>		
	<b>Present value of defined benefit obligation</b>	<b>Fair value of plan assets</b>	<b>Total</b>
Current service cost	₩ 31,159	₩ -	₩ 31,159
Interest expenses (interest revenues)	7,765	(7,806)	(41)
Gain on settlement	<u>2</u>	<u>-</u>	<u>2</u>
	₩ 38,926	₩ (7,806)	₩ 31,120

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**23. PROVISIONS:**

Details of provisions for other liabilities and charges as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Provision for acceptances and guarantees	₩	12,277	₩	6,640
Provision for unused credit limit		35,878		36,343
Financial guarantee contract liabilities		7,884		4,730
Provision for restoration costs		11,379		10,984
Provision for credit card point		821		838
Provision for litigation		471		471
Others		46,224		39,148
	₩	<u>114,934</u>	₩	<u>99,154</u>

Changes in provision for acceptances and guarantees, provision for unused credit limit and financial guarantee contract liabilities for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>							
	<b>12 months'</b>		<b>Expected lifetime credit losses</b>			<b>Total</b>		
	<b>expected credit losses</b>		<b>Unrecognized impairment</b>	<b>Recognized impairment</b>				
Beginning balance	₩	28,694	₩	14,836	₩	4,183	₩	47,713
Transfer to 12 months' expected credit loss		3,222		(3,222)		-		-
Transfer to lifetime expected credit losses		(2,872)		2,872		-		-
Transfer to credit-impaired financial liabilities		(77)		(28)		105		-
Foreign currency translation and others		63		226		-		289
Others		3,272		126		-		3,398
		<u>32,302</u>		<u>14,810</u>		<u>4,288</u>		<u>51,400</u>
Provision (reversal)		(2,052)		9,129		(2,438)		4,639
Ending balance	₩	<u>30,250</u>	₩	<u>23,939</u>	₩	<u>1,850</u>	₩	<u>56,039</u>



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

(In millions of Korean won)

	2021							
	12 months' expected credit losses		Expected lifetime credit losses			Total		
			Unrecognized impairment	Recognized impairment				
Beginning balance	₩	27,205	₩	14,687	₩	9,607	₩	51,499
Transfer to 12 months' expected credit loss		5,394		(5,064)		(330)		-
Transfer to lifetime expected credit losses		(1,493)		1,493		-		-
Transfer to credit-impaired financial liabilities		(7)		(12)		19		-
Foreign currency translation and others		(131)		17		3		(111)
		30,968		11,121		9,299		51,388
Provision (reversal)		6,418		2,436		(6,621)		2,233
Ending balance	₩	37,386	₩	13,557	₩	2,678	₩	53,621

Changes in other provisions for the six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Provision for restoration costs	₩ 10,984	₩ 641	₩ (294)	₩ 48	₩ 11,379	
Provision for credit card point	838	52	(69)	-	821	
Provision for litigation	471	-	-	-	471	
Others <sup>1</sup>	39,148	7,639	(563)	-	46,224	
	₩ 51,441	₩ 8,332	₩ (926)	₩ 48	₩ 58,895	

<sup>1</sup> As for the provisions related to the Lime Asset Management redemption deferral period, the Group's sales of Lime Asset Management Redemption Deferral Fund were ₩63,515 million for the six-month period ended June 30, 2022, and ₩34,551 million was recognized as provision.

(In millions of Korean won)

	2021					
	Beginning balance	Increase	Decrease	Others	Ending balance	
Provision for restoration costs	₩ 10,068	₩ 1,011	₩ (94)	₩ (190)	₩ 10,795	
Provision for credit card point	1,374	-	(388)	-	986	
Provision for litigation	312	-	-	150	462	
Others	20,591	4	(105)	319	20,809	
	₩ 32,345	₩ 1,015	₩ (587)	₩ 279	₩ 33,052	

<sup>1</sup> As for the provisions related to the Lime Asset Management redemption deferral period, the Group's sales of Lime Asset Management Redemption Deferral Fund were ₩55,457 million as of June 30, 2021, and ₩19,311 million was recognized as provision.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**24. OTHER LIABILITIES:**

Other liabilities as of June 30, 2022, and December 31, 2021, consist of the following:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Other financial liabilities:				
Due to trust accounts	₩	401,178	₩	343,159
Due to fund accounts		1,042		777
Foreign exchange remittances pending		54,082		50,941
Prepaid card liabilities		129,986		60,193
Debit card liabilities		13,287		13,831
Deposits for letter of guarantees		445,665		390,068
Discounted present value		(26,447)		(17,274)
Accounts payable		1,578,228		573,844
Accrued expenses		718,928		736,602
Agency business accounts		167,497		173,762
Unsettled domestic exchange liabilities		131,158		89,898
Deposits held by agency relationship		150,434		163,972
Guarantee deposits for securities subscription		9,056		14,788
Lease liabilities		40,263		30,404
Accrued marketable securities		270		612
Remittance pending		239		-
Others		302,186		274,111
		<u>4,117,052</u>		<u>2,899,688</u>
Other non-financial liabilities:				
Withholding taxes		35,467		26,235
Unearned revenues		109,376		86,647
Others		25,153		30,229
		<u>169,996</u>		<u>143,111</u>
	₩	<u>4,287,048</u>	₩	<u>3,042,799</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Undiscounted lease liabilities by term structure as of June 30, 2022, and December 31, 2021, are as follows:

*(In millions of Korean won)*

	June 30, 2022					
	Less than 1 month	1 month – 3 months	3 – 12 months	1 year – 5 years	More than 5 years	Total
Lease liabilities	₩ 2,444	₩ 4,611	₩ 12,828	₩ 19,673	₩ 2,078	₩ 41,634

*(In millions of Korean won)*

	December 31, 2021					
	Less than 1 month	1 month – 3 months	3 – 12 months	1 year – 5 years	More than 5 years	Total
Lease liabilities	₩ 1,593	₩ 2,800	₩ 9,439	₩ 15,262	₩ 2,260	₩ 31,354

Cash outflow due to lease contracts entered into as of June 30, 2022 and 2021, is ₩15,153 million (including low-value assets of ₩876 million) and ₩13,697 million (including low-value assets of ₩846 million), respectively.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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**25. EQUITY:**

*(a) Share capital*

As of June 30, 2022, the Group has 700 million shares authorized with a par value of ₩5,000, and 325,935,246 shares have been issued. The Parent Company's share capital as of June 30, 2022, amounts to ₩1,629,676 million.

*(b) Other paid-in capital*

Other paid-in capital as of June 30, 2022, and December 31, 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Share premium	₩	678,953	₩	678,953
Other reserves		102,340		102,340
Treasury shares		(6,997)		(6,997)
Gain on disposal of treasury share		5,826		5,826
Loss on disposal of treasury share		(123)		(123)
	₩	<u>779,999</u>	₩	<u>779,999</u>

*(c) Hybrid equity securities*

Details of hybrid equity securities issued by the Parent Company as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>Issue date</b>	<b>Maturity</b>	<b>Interest rate (%)</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Hybrid equity securities in Korean won	2015.06.24	2045.06.24	5.10	₩	30,000	₩	30,000
	2018.02.13	-	4.83		100,000		100,000
	2018.03.02	-	4.26		150,000		150,000
	2019.02.20	-	3.74		100,000		100,000
	2019.08.29	-	3.20		100,000		100,000
	2020.02.19	-	3.35		150,000		150,000
	2020.06.23	-	3.30		100,000		100,000
	2020.08.04	-	3.38		100,000		100,000
Issuance cost					(2,608)		(2,608)
				₩	<u>827,392</u>	₩	<u>827,392</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Hybrid equity securities classified as non-controlling equity as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>Issue date</b>	<b>Maturity</b>	<b>Interest rate (%)</b>		<b>June 30, 2022</b>		<b>December 31, 2021</b>
Hybrid equity securities in Korean won	2013.04.25	2043.04.25	4.75	₩	60,000	₩	60,000
	2013.05.27	2043.05.27	4.83		40,000		40,000
	2013.10.25	2043.10.25	5.55		90,000		90,000
	2013.11.07	2043.11.07	5.72		10,000		10,000
	2013.11.11	2043.11.11	6.00		37,000		37,000
	2013.11.28	2043.11.28	6.14		63,000		63,000
	2017.07.24	-	4.58		150,000		150,000
	2017.09.19	2047.09.19	4.79		150,000		150,000
	2018.05.04	-	4.50		100,000		100,000
	2018.06.26	-	4.65		100,000		100,000
	2019.04.29	-	3.60		100,000		100,000
	2022.04.07	-	4.30		150,000		-
	2022.05.10	-	5.20		200,000		-
Issuance cost					(3,508)		(2,543)
				₩	<u>1,246,492</u>	₩	<u>897,457</u>

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

*(d) Other components of equity*

Other components of equity as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>		<b>June 30, 2022</b>		<b>December 31, 2021</b>
Gain (loss) on valuation of financial instruments at fair value through other comprehensive income	₩	(145,587)	₩	24,968
Exchange differences on translation of foreign operations		29,741		(3,468)
Remeasurements of net defined benefit liabilities		(116,193)		(180,129)
Loss on valuation of hedges of net investments in foreign operations		(33,341)		(6,275)
Share of other comprehensive income of associates		3,961		233
Others		35		33
Tax effects		67,438		42,477
	₩	<u>(193,946)</u>	₩	<u>(122,161)</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

*(e) Retained earnings*

Retained earnings as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Reserve:				
Legal reserves <sup>1</sup>	₩	827,329	₩	737,569
Regulatory reserve for credit loss		568,892		467,892
Discretionary reserves		<u>3,028,104</u>		<u>2,926,740</u>
		<u>4,424,325</u>		<u>4,132,201</u>
Retained earnings before appropriation		<u>2,094,209</u>		<u>2,078,619</u>
	₩	<u>6,518,534</u>	₩	<u>6,210,820</u>

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

*Regulatory reserve for credit loss*

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

Regulatory reserve for credit loss as of June 30, 2022, and December 31, 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Provided reserve for credit loss <sup>1</sup>	₩	568,892	₩	467,892
Estimated addition (reversal) of reserve for credit losses for the period		<u>(64,554)</u>		<u>101,000</u>
Regulatory reserve for credit loss	₩	<u>504,338</u>	₩	<u>568,892</u>
Owners of the Parent Company	₩	504,338	₩	568,892
Non-controlling interests		-		-

<sup>1</sup> Provided reserve for credit loss as of June 30, 2022, and December 31, 2021, is the amount after appropriations of retained earnings.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Expected provision of reserve for credit losses, adjusted profit after the provision of regulatory reserve and adjusted earnings per share after the provision of regulatory reserve for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit for the period of owners of the Parent Company	₩ 228,775	₩ 505,092	₩ 275,304	₩ 468,027
Reversal (provision) of reserve for credit losses	45,349	64,554	(5,654)	(36,624)
Adjusted profit after the provision of regulatory reserve <sup>1</sup>	₩ 274,124	₩ 569,646	₩ 269,650	₩ 431,403
Adjusted earnings per share after the provision of regulatory reserve <sup>1</sup> <i>(in Korean won)</i>	₩ 821	₩ 1,707	₩ 807	₩ 1,281

<sup>1</sup> Profit and earnings per share after the expected provision of reserve for credit losses are not in accordance with K-IFRSs, but are calculated on the assumption that provision or reversal of reserve for credit loss is adjusted to the profit for the period of owners of the Parent Company. Earnings per share after the expected provision of reserve for credit losses are presented net of dividends on hybrid equity securities.

*Treasury shares*

Details of acquisition of treasury shares as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Number of shares</b>	<b>Book amount</b>	<b>Number of shares</b>	<b>Book amount</b>
Beginning balance	1,503,577	₩ 6,997	1,503,577	₩ 6,997
Acquisition	-	-	-	-
Disposal	-	-	-	-
Ending balance	1,503,577	₩ 6,997	1,503,577	₩ 6,997

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**26. NET INTEREST INCOME:**

Net interest income, interest income and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Three months	Six months	Three months	Six months
Interest income:				
Due from banks	₩ 2,078	₩ 3,742	₩ 1,160	₩ 2,214
Financial instruments at FVTPL	21,424	39,870	14,864	28,347
Financial instruments at fair value through other comprehensive income	18,145	35,640	15,866	32,375
Financial assets at amortized cost	44,825	87,458	39,168	77,292
Loans receivable	1,016,233	1,935,424	788,566	1,539,360
	<u>1,102,705</u>	<u>2,102,134</u>	<u>859,624</u>	<u>1,679,588</u>
Interest expense:				
Deposit liabilities	(264,960)	(488,163)	(149,771)	(299,452)
Borrowings	(34,214)	(59,282)	(15,785)	(32,360)
Debentures	(72,614)	(140,722)	(61,501)	(122,958)
Others	(5,213)	(9,620)	(3,042)	(6,255)
	<u>(377,001)</u>	<u>(697,787)</u>	<u>(230,099)</u>	<u>(461,025)</u>
Net interest income	<u>₩ 725,704</u>	<u>₩ 1,404,347</u>	<u>₩ 629,525</u>	<u>₩ 1,218,563</u>

**27. NET COMMISSION INCOME:**

Net commission income, commission income and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

(In millions of Korean won)

	2022		2021	
	Three months	Six months	Three months	Six months
Commission income:				
Commission received	₩ 157,318	₩ 337,027	₩ 182,726	₩ 326,220
Guarantees	2,583	7,130	7,503	10,889
Credit card	1,655	4,215	1,708	3,342
Others	365	662	326	408
	<u>161,921</u>	<u>349,034</u>	<u>192,263</u>	<u>340,859</u>
Commission expenses:				
Commission paid	(27,202)	(53,291)	(23,841)	(47,639)
Credit card	(14,322)	(29,640)	(13,062)	(28,314)
	<u>(41,524)</u>	<u>(82,931)</u>	<u>(36,903)</u>	<u>(75,953)</u>
Net commission income	<u>₩ 120,397</u>	<u>₩ 266,103</u>	<u>₩ 155,360</u>	<u>₩ 264,906</u>



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**28. GAIN OR LOSS ON FINANCIAL ASSETS AT FVTPL:**

Gain or loss on financial assets at FVTPL for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Gain on financial assets at FVTPL:				
Gain on disposal of financial assets at FVTPL	₩ 531	₩ 763	₩ 34	₩ 101
Gain on sale of financial assets at FVTPL	52,139	91,255	50,511	104,463
Gain on valuation of financial assets at FVTPL	15,347	42,479	34,637	67,180
Dividend income and others	18,953	37,217	13,762	21,810
	<u>86,970</u>	<u>171,714</u>	<u>98,944</u>	<u>193,554</u>
Loss on financial assets at FVTPL:				
Loss on disposal of financial assets at FVTPL	(811)	(1,352)	(1,429)	(2,078)
Loss on sale of financial assets at FVTPL	(67,324)	(111,963)	(19,555)	(39,814)
Loss on valuation of financial assets at FVTPL	(56,531)	(111,952)	(7,011)	(19,309)
Purchase expenses of financial assets at FVTPL	-	(15)	(2)	(4)
	<u>(124,666)</u>	<u>(225,282)</u>	<u>(27,997)</u>	<u>(61,205)</u>
Net gain (loss) on financial assets at FVTPL	₩ (37,696)	₩ (53,568)	₩ 70,947	₩ 132,349

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**29. GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER**  
**COMPREHENSIVE INCOME:**

Gain or loss on financial assets at fair value through other comprehensive income for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

*(In millions of Korean won)*

	2022		2021	
	Three months	Six months	Three months	Six months
Gain on financial assets at fair value through other comprehensive income:				
Gain on sale of financial assets at fair value through other comprehensive income	₩ -	₩ 27	₩ 3,390	₩ 9,336
Reversal of impairment loss	97	148	25	95
Dividend income and others	265	4,516	292	3,112
	<u>362</u>	<u>4,691</u>	<u>3,707</u>	<u>12,543</u>
Loss on financial assets at fair value through other comprehensive income:				
Loss on sale of financial assets at fair value through other comprehensive income	(67)	(1,271)	(334)	(353)
Impairment loss on financial assets at fair value through other comprehensive income	4	(17)	(157)	(426)
	<u>(63)</u>	<u>(1,288)</u>	<u>(491)</u>	<u>(779)</u>
Net gain on financial assets at fair value through other comprehensive income	₩ 299	₩ 3,403	₩ 3,216	₩ 11,764

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**30. GAIN OR LOSS ON FINANCIAL ASSETS AT AMORTIZED COST:**

Gain or loss on financial assets at amortized cost for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Gain on financial assets at amortized cost:				
Reversal of impairment loss on financial assets at amortized cost	₩ 357	₩ 629	₩ 65	₩ 107
	<u>357</u>	<u>629</u>	<u>65</u>	<u>107</u>
Loss on financial assets at amortized cost:				
Loss on disposal of financial assets at amortized cost	-	-	(176)	(176)
Impairment loss on financial assets at amortized cost	(195)	(466)	(176)	(715)
	<u>(195)</u>	<u>(466)</u>	<u>(352)</u>	<u>(891)</u>
Net gain (loss) on financial assets at amortized cost	₩ 162	₩ 163	₩ (287)	₩ (784)

**31. PROVISION FOR CREDIT LOSS:**

Provision for credit loss for the three-month and six-month periods ended June 30, 2022 and 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Reversal of provision for credit loss and others:				
Reversal of provisions:				
Reversal of provision for impairment	₩ 375	₩ 546	₩ 2	₩ 10
Reversal of provision for credit loss on acceptances and guarantees	(205)	80	709	724
Reversal of provision for credit loss on unused credit limits	596	1,133	339	1
Reversal of provision for credit loss on financial guarantee contract	(698)	243	2,773	2,773
	<u>68</u>	<u>2,002</u>	<u>3,823</u>	<u>3,508</u>
Gain on disposal of loans receivable	26,024	53,173	29,416	39,213
Gain on loans receivable at FVTPL	421	889	(202)	102
	<u>26,513</u>	<u>56,064</u>	<u>33,037</u>	<u>42,823</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Contribution to provision for credit loss and others:				
Contribution to provisions:				
Impairment loss	(116,012)	(193,967)	(71,968)	(180,248)
Contribution to provision for credit loss on acceptances and guarantees	66	(5,428)	(806)	(959)
Contribution to provision for credit loss on unused credit limits	(661)	(667)	(3,203)	(4,772)
Contribution to provision for credit loss on financial guarantee contract	184	-	640	-
	<u>(116,423)</u>	<u>(200,062)</u>	<u>(75,337)</u>	<u>(185,979)</u>
Loss on disposal of loans receivable	(751)	(3,988)	(5,847)	(9,232)
	<u>(117,174)</u>	<u>(204,050)</u>	<u>(81,184)</u>	<u>(195,211)</u>
Contribution to provision for credit loss	₩ (90,661)	₩ (147,986)	₩ (48,147)	₩ (152,388)

**32. GENERAL AND ADMINISTRATIVE EXPENSES:**

General and administrative expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Employee benefits:				
Salaries	₩ 158,942	₩ 330,505	₩ 205,262	₩ 380,851
Employee benefit expenses	43,378	93,285	45,556	87,322
Postemployment benefits	20,345	48,472	14,745	32,054
Termination benefits	7	17	-	31
	<u>222,672</u>	<u>472,279</u>	<u>265,563</u>	<u>500,258</u>
Rent	2,816	5,669	2,535	5,253
Business promotion expenses	7,412	13,371	5,502	10,521
Depreciation	26,288	52,282	24,741	49,245
Amortization	19,825	38,926	18,510	36,633
Taxes and dues	16,170	30,398	14,151	26,622
Other administrative expenses	61,216	114,484	53,911	102,904
	<u>₩ 356,399</u>	<u>₩ 727,409</u>	<u>₩ 384,913</u>	<u>₩ 731,436</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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(a) *Share-based payments*

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

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

Changes in granted number of share options for the six-month period ended June 30, 2022, and the year ended December 31, 2021, are as follows:

i) Linked to short-term performance

- Initially granted

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	612,596	894,181
Granted	392,922	103,177
Exercised	<u>(310,919)</u>	<u>(384,762)</u>
Ending balance	<u>694,599</u>	<u>612,596</u>

ii) Linked to long-term performance

- Initially granted

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	4,312,698	1,447,693
Granted	1,596,593	3,139,606
Exercised	(132,424)	(222,452)
Others	<u>(919,278)</u>	<u>(52,149)</u>
Ending balance	<u>4,857,589</u>	<u>4,312,698</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

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- Deferred grants

<i>(In shares)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	1,425,514	75,315
Granted	1,167,215	1,385,551
Exercised	(30,110)	(35,352)
Others	1,014,377	-
Ending balance	<u>3,576,996</u>	<u>1,425,514</u>

Expenses recognized related to the share option granted for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<u>2022</u>		<u>2021</u>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Linked to short-term performance (reversal)	₩ (1,804)	₩ (531)	₩ 1,855	₩ 2,695
Linked to long-term performance (reversal)	(2,374)	1,818	4,009	7,573

Liabilities recognized related to the share option granted as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Accrued expenses (short-term performance)	₩ 1,615	₩ 14,082
Accrued expenses (long-term performance)	16,472	20,700

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**33. OTHER OPERATING INCOME AND EXPENSES:**

Gains and losses on foreign currency transactions for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Gains on foreign currency transactions:				
Gain on foreign currency transactions	₩ 113,380	₩ 172,940	₩ 31,548	₩ 69,511
Foreign currency translation gains	(19,344)	141,445	23,780	100,547
	<u>94,036</u>	<u>314,385</u>	<u>55,328</u>	<u>170,058</u>
Losses on foreign currency transactions:				
Loss on foreign currency transactions	(111,033)	(168,678)	(26,488)	(60,463)
Foreign currency translation losses	5,597	(159,566)	(21,535)	(111,510)
	<u>(105,436)</u>	<u>(328,244)</u>	<u>(48,023)</u>	<u>(171,973)</u>
	<u>₩ (11,400)</u>	<u>₩ (13,859)</u>	<u>₩ 7,305</u>	<u>₩ (1,915)</u>

Net income and loss related to derivatives for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Gains on financial derivatives:				
Gains on derivative transactions	₩ 88,325	₩ 185,056	₩ 28,774	₩ 71,285
Gains on valuation of derivatives	92,285	128,885	(4,560)	26,937
	<u>180,610</u>	<u>313,941</u>	<u>24,214</u>	<u>98,222</u>
Losses on financial derivatives:				
Losses on derivative transactions	(75,170)	(135,267)	(31,220)	(72,250)
Losses on valuation of derivatives	(101,410)	(155,113)	4,959	(35,907)
	<u>(176,580)</u>	<u>(290,380)</u>	<u>(26,261)</u>	<u>(108,157)</u>
	<u>₩ 4,030</u>	<u>₩ 23,561</u>	<u>₩ (2,047)</u>	<u>₩ (9,935)</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Other operating revenues and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Other operating revenue:				
Gain on fair value hedged items	₩ 12,123	₩ 32,758	₩ (1,311)	₩ 10,613
Trust fees and commissions received from trust account	6,445	12,543	7,473	15,432
Reversal of other provisions	(76)	170	(31)	493
Operating lease income	125,939	238,999	104,609	204,673
Gain on financial liabilities at FVTPL	19,807	31,471	1,048	1,048
Gain on financial liabilities designated as at FVTPL	69	69	-	-
Others	1,835	2,789	7,636	10,414
	<u>166,142</u>	<u>318,799</u>	<u>119,424</u>	<u>242,673</u>
Other operating expenses:				
Trust management fees	(22)	(43)	(21)	(44)
Credit card charges	(2)	(16)	(4)	(7)
Contribution to credit guarantee fund	(28,400)	(54,526)	(25,056)	(50,571)
Contribution to housing credit guarantee fund	(11,237)	(21,041)	(8,965)	(17,347)
Insurance fees on deposits	(30,800)	(60,347)	(28,050)	(55,817)
Other provisions	(2,330)	(2,627)	36	(886)
Operating lease expense	(112,101)	(212,771)	(93,566)	(184,287)
Loss on financial liabilities at FVTPL	(184)	(2,678)	(4,203)	(4,203)
Loss on financial liabilities designated as at FVTPL	(1,511)	(2,811)	-	-
Others	(6,633)	(14,091)	(16,650)	(24,013)
	<u>(193,220)</u>	<u>(370,951)</u>	<u>(176,479)</u>	<u>(337,175)</u>
	<u>₩ (27,078)</u>	<u>₩ (52,152)</u>	<u>₩ (57,055)</u>	<u>₩ (94,502)</u>



**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**34. NON-OPERATING INCOME AND EXPENSES:**

Non-operating income and expenses for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Income from investments in associates:				
Share of profit of associates	₩ (1,097)	₩ 5,107	₩ 3,281	₩ 10,684
Gain on disposal of investments in associates	186	720	316	4,365
Share of loss of associates	(3,963)	(6,672)	(520)	(2,361)
Loss on disposal of investments in associates	(3,135)	(4,423)	197	(11)
	<u>(8,009)</u>	<u>(5,268)</u>	<u>3,274</u>	<u>12,677</u>
Non-operating income:				
Gain on disposal of property and equipment	1,260	1,567	2,279	3,338
Rental income	6,628	13,165	6,666	12,839
Restoration income	-	125	103	118
Gain on collection of charge-offs	1,129	1,266	414	595
Gain on changes in leases	112	216	100	162
Other non-operating income	6,693	12,858	4,638	13,444
	<u>15,822</u>	<u>29,197</u>	<u>14,200</u>	<u>30,496</u>
Non-operating expenses:				
Expenses on collection of charge-offs	(229)	(290)	(234)	(286)
Loss on disposal of property and equipment	(130)	(206)	(105)	(2,898)
Loss on retirement of property and equipment	(80)	(319)	(81)	(166)
Loss on disposal of intangible assets	(3)	(3)	(20)	(20)
Donations	(2,129)	(3,574)	(440)	(16,095)
Loss on changes in leases	(3)	(13)	(3)	(4)
Restoration loss	(224)	(469)	(188)	(312)
Other non-operating expenses	(12,485)	(15,238)	(2,973)	(5,875)
	<u>(15,283)</u>	<u>(20,112)</u>	<u>(4,044)</u>	<u>(25,656)</u>
	<u>₩ (7,470)</u>	<u>₩ 3,817</u>	<u>₩ 13,430</u>	<u>₩ 17,517</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**35. INCOME TAX EXPENSE:**

Reconciliation between profit before income tax and income tax expense for the six-month periods ended June 30, 2022 and 2021, is as follows:

<i>(In millions of Korean won)</i>	<b>2022</b>		<b>2021</b>	
Profit before income tax	₩	706,420	₩	654,139
Taxes payable <sup>1</sup>		189,085		174,707
Tax effect of:				
Non-taxable income				
(₩38,713 million in 2022, ₩38,373 million in 2021)		(10,362)		(10,249)
Non-deductible expenses				
(₩13,486 million in 2022, ₩11,367 million in 2021)		3,610		3,036
Consolidated tax		50		(2,939)
Others		(2,675)		(63)
Income tax expense	₩	<u>179,708</u>	₩	<u>164,492</u>
Effective tax rate (income tax expense/profit before income tax)		25.44%		25.15%

<sup>1</sup> Taxes payable are calculated by applying income tax rate (11% for less than ₩200 million, 22% for ₩200 million to ₩20 billion, 24.2% for ₩20 billion to ₩300 billion and 27.5% for more than ₩300 billion) to profit before income tax.

**36. EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing profit attributable to owners of the Parent Company by weighted-average number of ordinary shares outstanding for the six-month periods ended June 30, 2022 and 2021.

Weighted-average number of ordinary shares for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In shares)</i>	<b>2022</b>		<b>2021</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Number of ordinary shares outstanding	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,431,669</u>
Weighted-average number of ordinary shares outstanding	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,431,669</u>	<u>324,431,669</u>

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Basic earnings per share attributable to owners of the Parent Company for the three-month and six-month periods ended June 30, 2022 and 2021, are as follows:

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

	2022		2021	
	Three months	Six months	Three months	Six months
Profit for the period attributable to owners of the Parent Company	₩ 228,775	₩ 505,092	₩ 275,304	₩ 468,027
Dividends on hybrid equity securities	(7,849)	(15,698)	(7,849)	(15,698)
Profit attributable to the ordinary equity holders	220,926	489,394	267,455	452,329
Weighted-average number of ordinary shares outstanding	324,431,669	324,431,669	324,431,669	324,431,669
Basic earnings per share	₩ 680	₩ 1,508	₩ 824	₩ 1,394

Diluted earnings per share for the six-month periods ended June 30, 2022 and 2021, are equal to the basic earnings per share because the Group did not have any potentially dilutive ordinary shares during the period.

**37. CONTINGENCIES AND COMMITMENTS:**

Payment guarantees as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	Type	June 30, 2022	December 31, 2021
Confirmed acceptances and guarantees:			
Confirmed acceptances and guarantees in Korean won	Payment guarantee for loans	₩ 58,017	₩ 107,039
	Others	523,271	504,602
		581,288	611,641
Confirmed acceptances and guarantees in foreign currencies	Acceptances on letters of credit	30,749	51,700
	Acceptances on letters of guarantee for importers	21,438	34,807
	Others	311,736	279,612
		363,923	366,119
		945,211	977,760
Unconfirmed acceptances and guarantees:	Letters of credit	302,327	293,922
	Others	6,000	8,771
		308,327	302,693
Others:	Endorsed bill	23	21
		₩ 1,253,561	₩ 1,280,474

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Unused commitments as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Corporates	₩	8,860,485	₩	7,844,610
Households		9,711,931		9,196,331
Credit card		5,041,468		5,017,027
Securities purchase agreement		897,678		961,047
	₩	<u>24,511,562</u>	₩	<u>23,019,015</u>

The Group has entered into loan agreement in ₩760,000 million with KDB Development Bank and borrowing agreements in foreign currencies of CNY 350,000,000, JPY 3,000,000,000, USD 233,850,000 and KZT 3,400,000,000 with Sumitomo Mitsui Trust Bank, Shinhan Bank, etc., to secure liquidity and diversify financing channels in preparation for the domestic bond market crunch.

*Lawsuits*

As of June 30, 2022, and December 31, 2021, the Group's major lawsuits are as follows:

<i>(In millions of Korean won)</i>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>As a plaintiff</b>	<b>As a defendant</b>	<b>As a plaintiff</b>	<b>As a defendant</b>
Number (cases)	45 cases	72 cases	46 cases	77 cases
Amount	₩ 138,653	₩ 117,210	₩ 138,562	₩ 117,023
Provisions related to these lawsuits		₩ 471		₩ 471

The Group filed a lawsuit against Korea Deposit Insurance Corporation to seek compensation for loss (litigation value: ₩52.6 billion) as of the end of the reporting period. On December 15, 2017, the court ordered Korea Deposit Insurance Corporation to pay ₩52.6 billion to the Group in the first trial. In respect of the first court decision, Korea Deposit Insurance Corporation paid ₩52.6 billion in advance and the Group recognized the corresponding amount as other liabilities. As per the second trial held on January 24, 2019, the Group returned certain amount to Korea Deposit Insurance Corporation, which is the case after the reporting period that requires amendment, and the amount of the liability has been revised, including the interest paid after the end of the reporting period. In addition, although the Group returned the loss and filed an appeal for the final judgement in the Supreme Court on February 13, 2019, and the ultimate outcome of the appeal cannot be reasonably estimated, the management judges that the outcome of the suit does not exceed the amount of the liability recognized at the end of the reporting period.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

**38. TRANSACTIONS WITH RELATED PARTIES:**

All intercompany transactions, including intercompany receivables and payables, are eliminated while preparing the condensed interim consolidated financial statements.

Outstanding balances arising from sales/purchases of goods and services as of June 30, 2022, and December 31, 2021, are as follows:

<i>(In millions of Korean won)</i>		<b>June 30,</b>		<b>December 31,</b>
		<b>2022</b>		<b>2021</b>
Associates/associates of entities under common control:				
Future Creation UQIP Investment Association	Other assets	₩ 291	₩	495
UQIP Energy Fusion Investment Fund Partnership	Other assets	267		617
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Other assets	126		278
2019 UQIP Innovative Growth Follow-on Fund Partnership	Other assets	84		439
BNK Fisheries Investment Association	Other assets	93		95
BNK Inter-Value Technology Finance Investment Association	Other assets	131		131
BNK Agricultural Food Investment Association No. 3		94		-
BNK Teunteun Dividend Securities Investment Trust No. 1	Other assets	-		95
Anda H Mezzanine Private Investment Private Fund No. 11	Other assets	1		1
BNK Teunteun Short-Term Bond	Other assets	4		-
BNK Winning Securities Investment Trust 1	Other assets	2		-
BNK-K& Creating jobs No. 1 Fund	Other assets	166		-
BNK Cape ESG Renewable Energy No. 1 Fund	Other assets	15		-
BNK Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	Other assets	27		-
BNK Teunteun Korea Securities No. 1	Other assets	7		-
Key management <sup>1</sup>	Loans receivable	154		130
	Credit card receivable	4		2
	Deposit liabilities	892		973

<sup>1</sup> Key management includes the main management of the Group and major subsidiaries, including Busan Bank Co., Ltd.; Kyongnam Bank Co., Ltd.; BNK Capital Co., Ltd.; and BNK Securities Co., Ltd.

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Transactions with related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

<i>(In millions of Korean won)</i>		<b>2022</b>	<b>2021</b>
Associates/associates of entities under common control:			
DGB Professional Investment Private Security Investment Trust No. 28	Commission revenues	W -	W 2
Future Creation UQIP Investment Association	Commission revenues	-	120
UQIP Energy Fusion Investment Fund Partnership	Commission revenues	267	332
UQIP Agricultural and Fishery Food Investment Fund Partnership No. 2	Commission revenues	126	139
2019 UQIP Innovative Growth Follow-on Fund Partnership	Commission revenues	172	176
BNK Fisheries Investment Association	Commission revenues	186	186
BNK Inter-Value Technology Finance Investment Association	Commission revenues	262	262
BNK Agricultural Food Investment Association No. 3	Commission revenues	188	-
BNK-K& Creating jobs No. 1 Fund	Commission revenues	166	-
BNK-K& New Marine Industry No. 1 Fund	Commission revenues	136	-
BNK Eastsouthern DigitalNewDeal 1st NewTechnologyBusiness Investment Fund	Commission revenues	27	-
BNK Cape ESG Renewable Energy No. 1 Fund	Commission revenues	31	-
BNK T 2021 Korea Facilitator Venture Fund	Commission revenues	214	-
BNK-K& Yeonghonam Special Zone Company Development No. 1 Fund	Commission revenues	143	-
BNK-Kiwoom New Technology Investment Fund 1st	Commission revenues	22	4
Orion KOSDAQ venture fund #52	Commission revenues	1	-
Anda H Mezzanine Private Investment Private Fund No. 11	Commission revenues	2	-
HI Private Investment Trust 28th	Commission revenues	2	-
Heungkuk Discretionary	Commission revenues	-	5
BNK Teunteun Short-Term Bond	Commission revenues	11	11
BNK Winning Securities Investment Trust 1	Commission revenues	2	-
BNK Teunteun Korea Securities No. 1	Commission revenues	37	-
Key management	Commission revenues	-	2
	Interest expenses	4	-
	Interest income	3	-
	Other income	5	-

**BNK Financial Group Inc. and its Subsidiaries**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**As of June 30, 2022, and December 31, 2021, and**  
**For the Three-Month and Six-Month Periods Ended June 30, 2022 and 2021**

Fund transactions with related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

*(In millions of Korean won)*

		<b>2022</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending balance</b>
Key management	Loans receivable	₩ 130	₩ 79	₩ 55	₩ 154
	Deposit liabilities	973	1,667	1,748	892

*(In millions of Korean won)*

		<b>2021</b>			
		<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending balance</b>
Key management	Loans receivable	₩ 62	₩ -	₩ 62	₩ -
	Deposit liabilities	459	1,443	1,086	816

Unused commitments for related parties for the six-month periods ended June 30, 2022 and 2021, are as follows:

*(In millions of Korean won)*

	<b>2022</b>		<b>2021</b>	
	<b>Loan limit</b>	<b>Credit card</b>	<b>Loan limit</b>	<b>Credit card</b>
Key management	₩ 143	₩ 141	₩ 59	₩ 146

Compensation for key management for the six-month periods ended June 30, 2022 and 2021, is as follows:

*(In millions of Korean won)*

	<b>2022</b>		<b>2021</b>	
Short-term employee benefits	₩	1,980	₩	2,053
Share-based payment		2,497		1,620
Postemployment benefits		357		1,003
	₩	4,834	₩	4,676

**39. SUBSEQUENT EVENTS:**

The Group was aware of the embezzlement by an internal employee in July 2022, and an internal investigation is in progress. The Group expects that this case will not have a significant impact on the condensed interim consolidated financial statements.