



**Happiness
with You**
HAPPY FINANCE

About The Report

Outline of the Report

BNK Financial Group publishes its annual Sustainability Report to transparently disclose its annual sustainability management activities and performance achievements. This eighth edition of the Report focuses on the key issues related to the company's sustainability management strategies, which were newly established in March 2020. We will continue to carry out our sustainability management activities in accordance with our strategic direction, and share our achievements and plans transparently with our stakeholders.

Period and Scope of Reporting

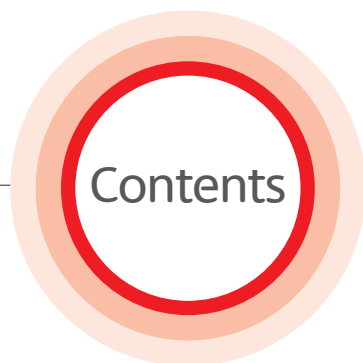
This Sustainability Report is based on our sustainability management performance from January 1 through to December 31, 2019. To deliver clearer insights to our stakeholders, it also includes selected data up to the first half of 2020. The report covers the eight affiliates of BNK Financial Group, including Busan Bank, Kyongnam Bank, BNK Capital, BNK Securities, BNK Savings Bank, BNK Asset Management, BNK Credit Information, and BNK System, as well as some qualitative results from BNK Venture Capital, which was launched in February 2020. Where necessary, the Report also discloses performance related to our overseas business.

Reporting Standards

This report has been written in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. Financial information is presented on a consolidated basis in line with the Korean International Financial Reporting Standards (K-IFRS). Performance relating to innovative finance and inclusive finance, and the amount of our investment in social contribution activities and initiatives are covered in the report, in keeping with the exclusive standards of BNK Financial Group.

Verification

In order to ensure the accuracy and reliability of all reported information, the report has been verified by a third-party assurance agency. The agency's opinions concerning verification are presented on pp. 106–107 of this report. The report contains financial information that has been audited by an independent auditor.



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CEO's Message



Under our management principle, 'Toward the World with Our Community, Toward a Better Future with Our Customers', BNK Financial Group has set 'Growing into a Global Standard Financial Group' as its mid- to long-term management vision. To this end, we are implementing sustainable management in order to grow together with our stakeholders while also pursuing efficient, profitability-oriented business management.

Global Standard Financial Group

We aim to realize sustainable finance in which our stakeholders' value grows in a virtuous cycle.

BNK Financial Group is a regional financial group that has grown rapidly in line with the impressive economic growth of the southwestern region of Korea, particularly Busan, Ulsan and Gyeongnam. It is now doing its utmost to fulfill its social responsibilities in terms of ESG (Environment, Society, and Governance). In 2019, BNK Financial Group was selected by the Korea Corporate Governance Service (KCGS) as the sole 'Company with the Best Corporate Governance' amongst all domestic financial institutions, in recognition of its constant efforts to disseminate a sound corporate culture and establish stable and transparent corporate governance, among other initiatives. For its innovative financing, worth a total of KRW 21 trillion, as well as its active promotion of inclusive finance throughout the year, the Group also won the 'Excellence in Small Finance Service' award presented by the Financial Supervisory Service (FSS). In the same year, the Group also acquired an international certification for environmental management and, in its capacity as a responsible corporate citizen, implemented a series of social contribution activities linked to environmental protection in its region, including a campaign to reduce fine dust and expand green spaces in local communities.

In March 2020, BNK Financial Group established strategies to promote sustainability management with the aim of realizing 'the Creation of Social Values through the Realization of Sustainable Finance.' Against such a backdrop, it is my great pleasure to publish this sustainability report, which will assure you of where we place our values when it comes to our social responsibilities, and of the direction the Group will continue on its journey in the future. Please note that our Group will prioritize the realization of the following three values, in particular, for our sustainable development and for shared growth with all our stakeholders.

First, to realize 'responsible growth' as a leading regional financial group, we will further enhance our sustainable management system in a proactive manner. Amid the global spread of sustainable finance, including socially responsible investments and green funds, BNK Financial Group has striven to practice sustainable finance by reflecting ESG elements in its credit and investment processes in accordance with its sustainability management strategy roadmap. In the second half of 2020, we will further bolster our competitiveness in sustainability management by reorganizing our governance system with the launch of the Sustainability Management Committee, as well as expanding our involvement in various global initiatives and fostering key talents in the field.

Second, BNK Financial Group will participate more actively in resolving local and environmental issues to achieve 'mutual growth' with local residents and people across the country. In line with the government's key values of fairness, innovation, and inclusion, we continue to work hard to promote innovative financing and inclusion financing

at the group level for the wellbeing of local SMEs and the general public nationwide. Meanwhile, to help outstanding SMEs in the region take the lead in innovation, we began implementing our plan to provide them with a total of KRW 21 trillion in innovative financing over a period of three years starting in 2019, in addition to considerable sums of money in inclusive financing that targets vulnerable social groups, as part of our efforts to help build a warm, people-centered society. Going forward, we plan to implement environmental management more actively and systematically by increasing our engagement in climate change response and local environmental protection, as a way to fulfill our social responsibilities.

Third, BNK Financial Group will fulfill its ethical responsibilities to achieve 'trustworthy growth' that puts customer value first. We have strengthened our ethical management system by enhancing our group level internal control system, while diagnosing our level of ethical management and carrying out ethical management inspection activities. We are also striving to protect the rights and interests of our consumers with the launch of the 'Working Group for the Protection of Consumer Interests' and the development of a digital banking fraud prevention system. In recognition of such efforts, we were awarded the Consumer Centered Management (CCM) certification by the Fair Trade Commission, and won the Financial Consumer Protection Grand Prize hosted by the Financial Consumer Agency in 2019. Moving forward, we do our utmost to be reborn as a financial institution trusted by the public by enhancing our customer experience-oriented services, expanding the general public's access to finance, and establishing high-level ethical management systems.

BNK Financial Group has grown hand-in-hand with the citizens of Busan, Ulsan and Gyeongnam for the past half century. In order to fulfill our mission of prospering together with the region, we will place particular emphasis on sustainability management projects aimed at solving community problems. In conclusion, allow me to bring to your attention that we have provided full-on support for a number of local shop owners and SMEs that have been pushed to the brink of bankruptcy due to trade restriction implemented by Japan, not to mention the damage caused by the global COVID-19 crisis.

In order to 'leap forward as a global standard financial group', BNK Financial Group will endeavor to respond more actively to global sustainability management issues, including the UN SDGs and climate change. We are confident that such an approach will have a positive impact on all our stakeholders, leading to a virtuous cycle of value creation. We look forward to your continued interest and support.

Ji-wan Kim
CEO of BNK Financial Group

기보지원

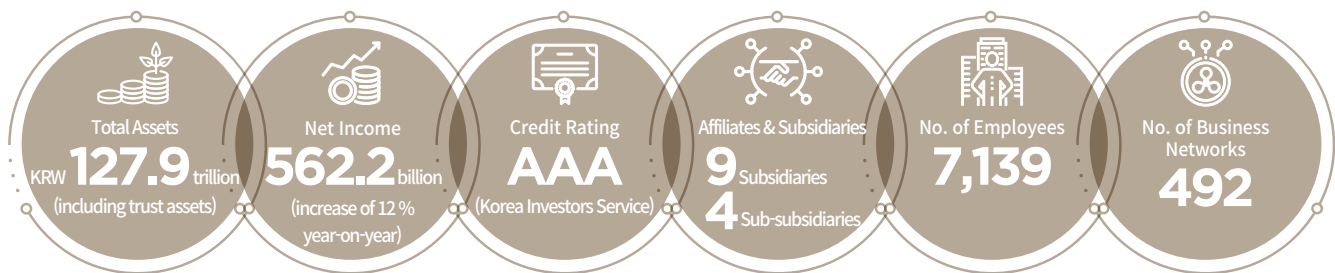
Introduction to the Company

Introduction to BNK Financial Group

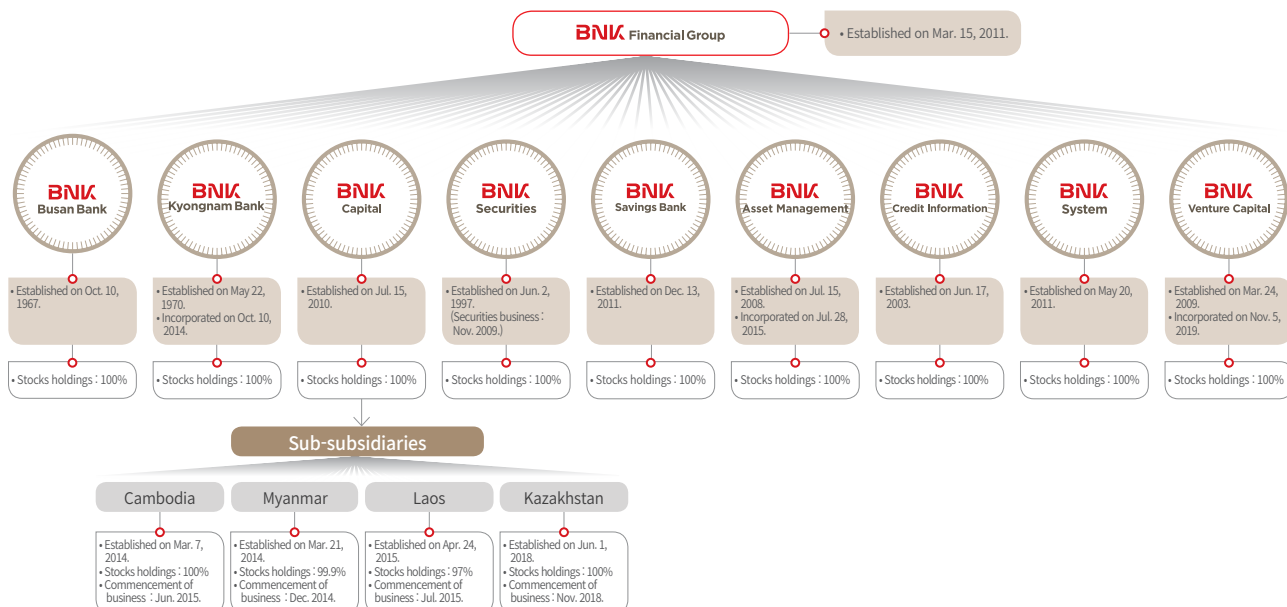
Launched in March 2011 as Korea's first financial holding company of local banks, BNK Financial Group has since established itself as the nation's leading regional financial group, based on its management philosophy of "Toward the world with our community, toward a better future with our customers." The Group acquired BNK Venture Capital in November 2019, hence becoming a substantial financial group with nine affiliates. It now aims to achieve sustainable growth and development by taking a major leap forward as a 'global standard financial group' by 2023.

General Information

Company Name	BNK Financial Group Inc.
Date of Foundation	March 15, 2011
Location of Headquarters	30, Munhyeongeumyung-ro, Nam-gu, Busan
CEO	Ji-wan Kim
Organization	9 Subsidiaries and 4 Sub-subsidiaries



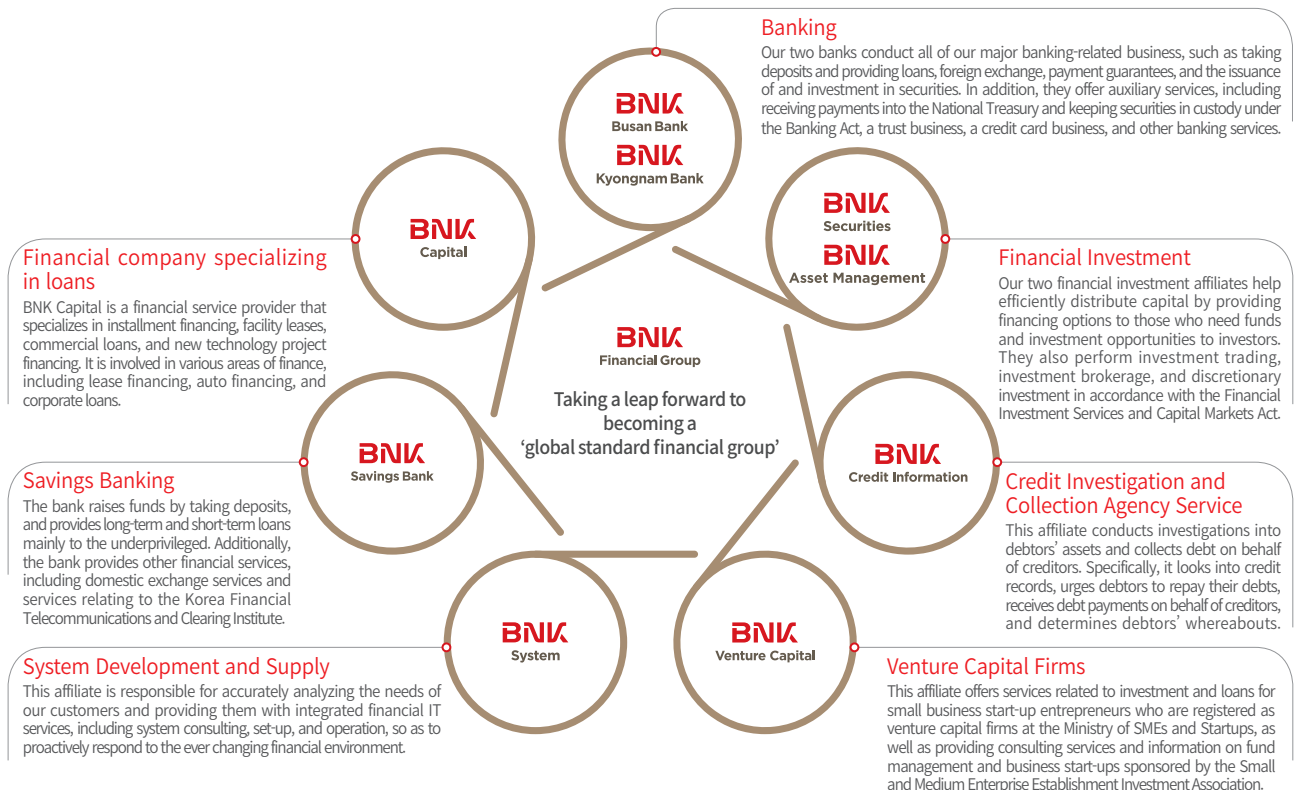
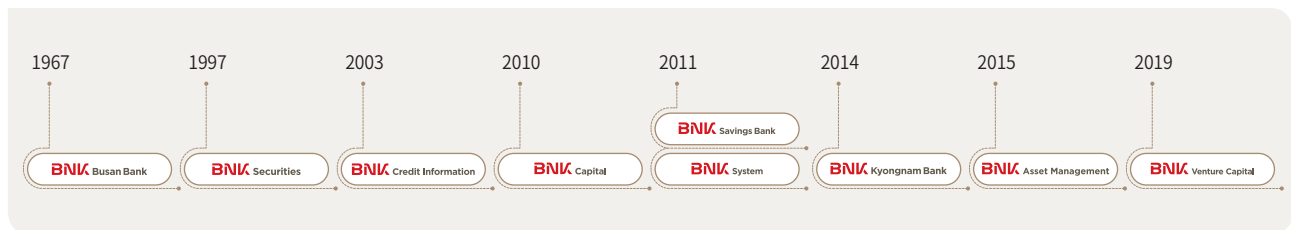
Group Organizational Chart



Business Portfolio

Since expanding its business areas with the acquisition of BNK Venture Capital in 2019, BNK Financial Group has built a 'One Stop' financial support system ranging from business start-up to the growth of local innovative companies, along with existing business areas such as banking, capital, and investment & securities. In addition, the Group

has streamlined its support for innovative companies by unifying its investment services for start-up businesses under BNK Venture Capital, whereas previously, these services were dispersed among its affiliates. The Group is now striving to take off as a substantial financial group by announcing GROW 2023, its mid- and long-term business vision.



Introduction to the Company

Major Business Achievements

BNK Financial Group operates 345 branches and 107 offices in Korea, and 37 branches and 3 representative offices overseas as of the end of 2019. The Group has been conducting preemptive risk management of vulnerable business areas due to the slowdown in domestic and overseas economic growth in 2019, and has focused on qualitative growth by adjusting its asset portfolio.

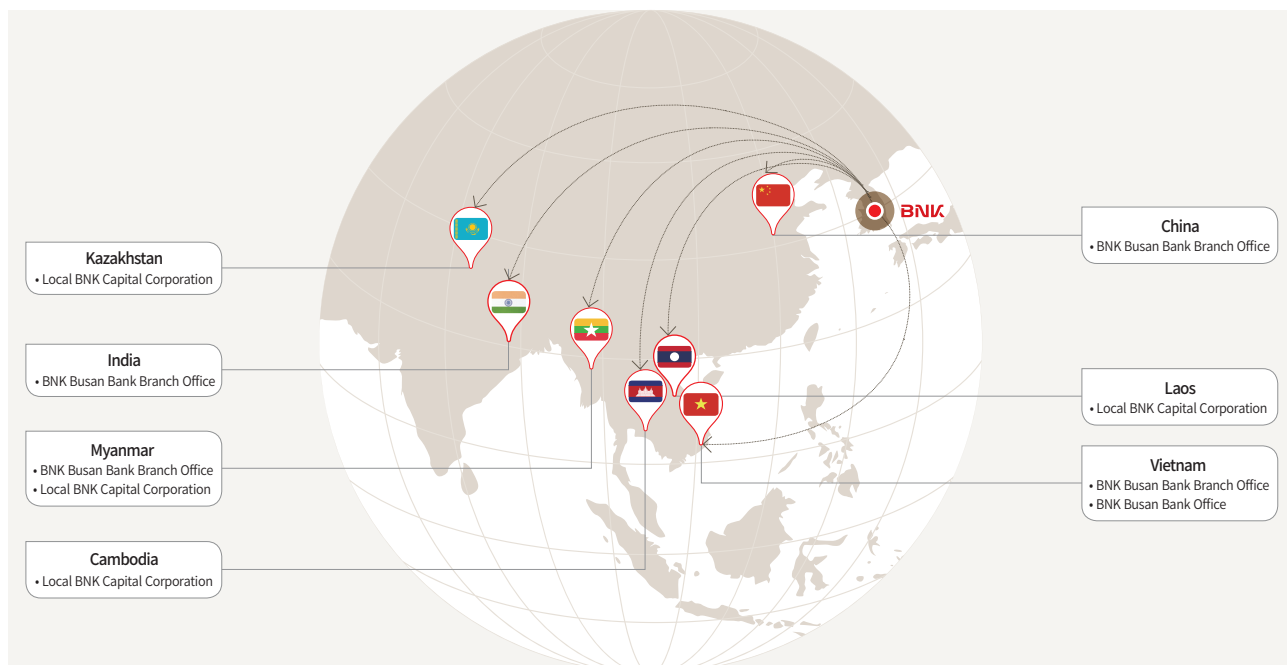
Business Performance of BNK Financial Group

As of the end of 2019, the total assets (including trust assets) of BNK Financial Group amounted to KRW 127.9 trillion, an increase of KRW 8.9 trillion year-on-year, while its annual net income stood at KRW 562.2 billion, an increase of 12% year-on-year. Analysis has shown that although interest-related profit fell due to a decrease in the profit accruing from the bank's net interest margin, the Group achieved a good result thanks to a reduction of the bad account cost and increases in the profits of the non-banking business and non-interest income. In particular, the non-banking net profit was KRW 125 billion, an increase of 25% year-on-year and accounting for 18.3% of the Group's total net income (KRW 562.2 billion). Moreover, the proportion of the Group's non-banking business is expanding, with its market share increasing by 2.1% over the previous year.

Overseas Business Performance

BNK Financial Group continues to make investments by selecting a promising global business area as one of the core businesses of the future. As the domestic financial market is transitioning into a mature economy, it has become necessary to invest in emerging markets. The Group is planning to increase its share of global investments to 5% by 2030. To this end, each affiliate within our Group is determining the strategic value of our overseas markets and establishing medium and long-term strategies for pioneering new markets in Asia. In addition, while examining the market attractiveness of each country we have already entered based on market growth and profitability, we are also using the successful model of overseas expansion to establish BNK's refined market strategy.

BNK Financial Group's global net profit ratio target



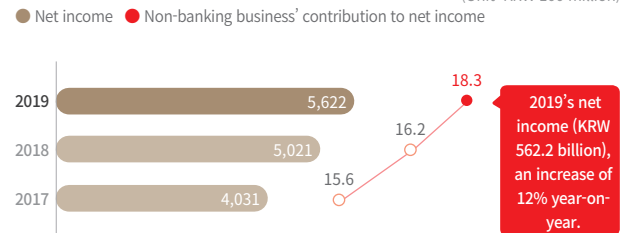
Status of BNK Financial Group's Network

(As of the end of 2019)

Classification	Domestic		Overseas		Total
	Branches	Offices	Branches	Offices	
Financial holding company					
BNK Financial Group	1	-	-	-	1
Subsidiary					
BNK Busan Bank	163	88	2	3	256
BNK Kyongnam Bank	153	6	-	-	159
BNK Capital	18	8	-	-	26
BNK Securities	4	-	-	-	4
BNK Savings Bank	3	5	-	-	8
BNK Asset Management	1	-	-	-	1
BNK Credit Information	1	-	-	-	1
BNK System	1	-	-	-	1
Sub-subsubsidiary					
BNKC(Cambodia) Microfinance Institution Plc.	-	-	7	-	7
BNK Capital Myanmar Co., Ltd	-	-	25	-	25
BNK Capital Lao Leasing Co., Ltd	-	-	2	-	2
MFO BNK Finance Kazakhstan LLP	-	-	1	-	1
Total	345	107	37	3	492

Group's Net Income (Controlling stake)

(Unit: KRW 100 million)



Group's Total Assets (Trust Assets included.)

(Unit: KRW trillion)



BNK Capital's Overseas Business and Results

BNK Capital has subsidiaries in four locations across Southeast Asia and Central Asia, including Myanmar, Laos and Kazakhstan, and runs a sales network focused on microfinance and auto loans. The subsidiaries are tasked with proactively responding to business expansion resulting from their countries' rapid economic growth. Accordingly, we are introducing digital finance, including mobile apps and online marketing, to the Southeast Asian market, and examining the differentiated strategy of local business models for each country. In addition, we plan to target Kazakhstan's auto financing and microfinance market with a two-track strategy that considers local needs and appropriate products. We will establish a sales portfolio with guaranteed profitability and stability by focusing on auto financing with high-yield products for cities with high purchasing power, as well as by approaching other regions with profit-oriented microfinance products.



BNK Capital in Cambodia

448% increase

*Overseas net income, year-on-year



BNK Capital in Myanmar

Market ranking 9th secured

* Based on operating assets in 2019, compared to 189 MFI companies.



BNK Capital in Kazakhstan

Early surplus

* Business vitalized after establishment in June 2018.



BNK Capital in Laos

Sales network for car loans established

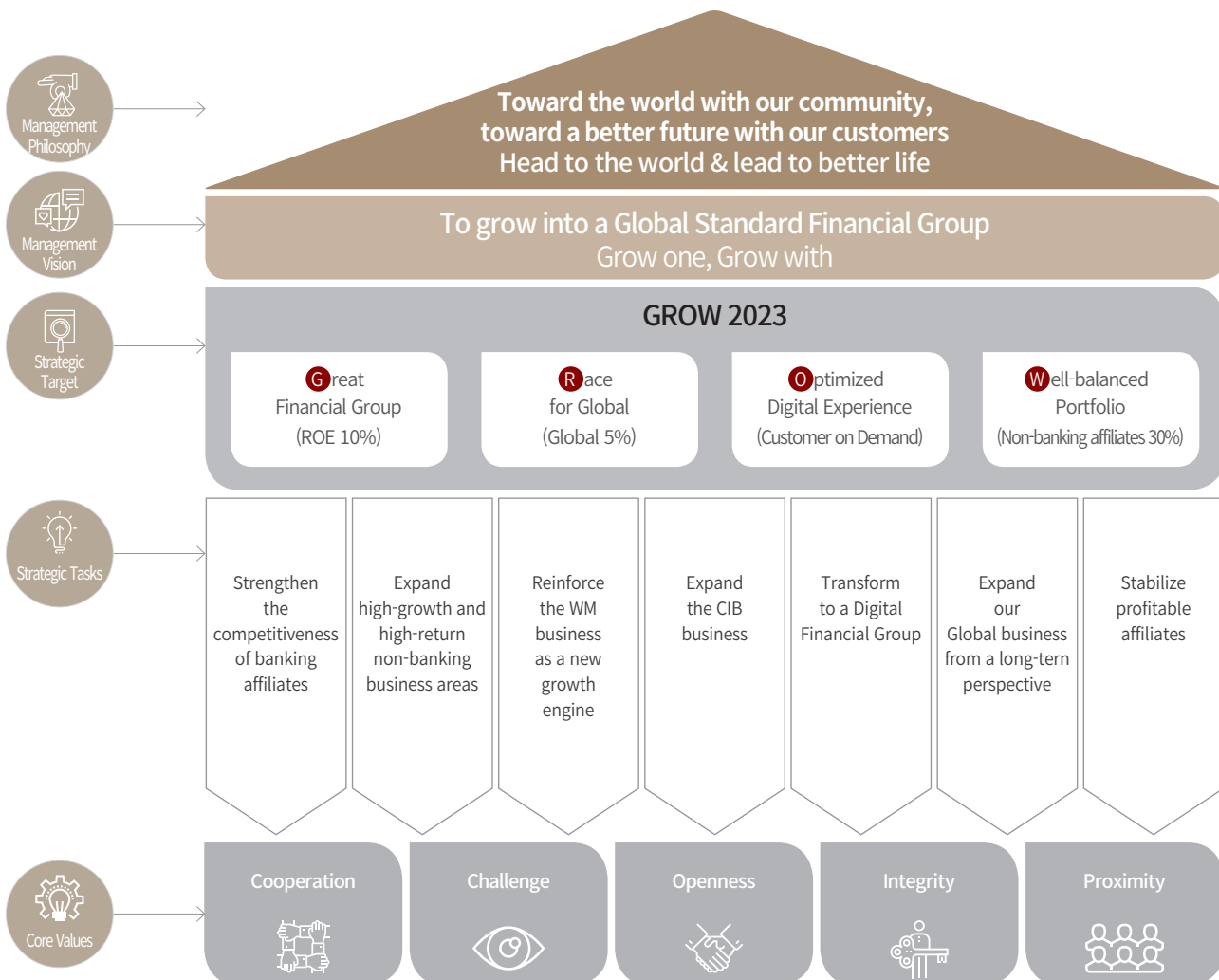
Introduction to the Company

Vision and Management Strategy

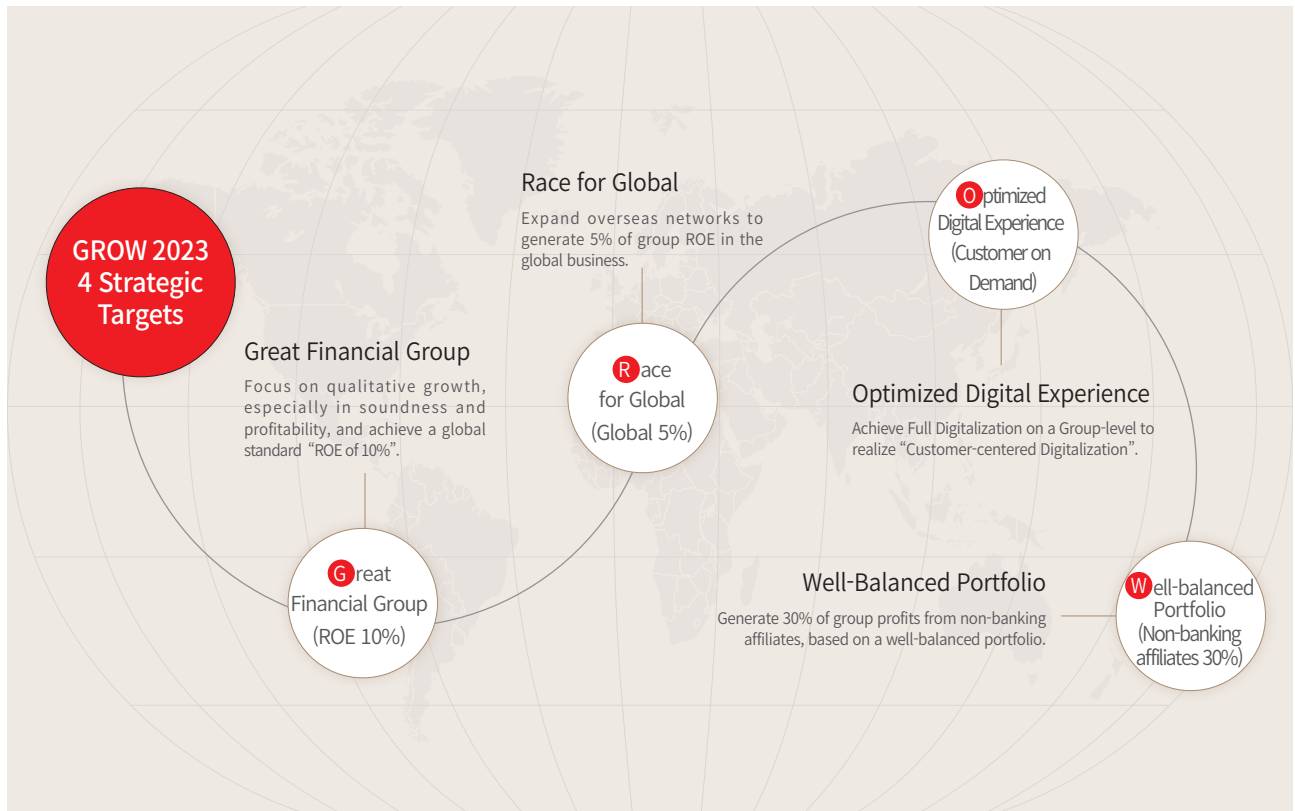
BNK Financial Group is making concerted efforts to implement diverse business activities in tandem with its medium and long-term management vision, 'GROW 2030'. This embodies the Group's goal of growing into a "global standard financial group" based on the management philosophy "Toward the world with our community, toward a better future with our customers." We have set a target of KRW 150 trillion for our consolidated total assets and a 10% Return on Equity (ROE) by 2023, by turning crisis into an opportunity amid a rapidly changing financial environment.

We have also established our management policy for 2019 as "Grow One 2019, Establishing a System for Qualitative Growth" and focused on undertaking strategic tasks aimed at promoting the qualitative growth of assets, increasing non-banking business profits and non-interest profits, enhancing digital innovation and risk management, and advancing our infrastructure. To this end, we have set 2019 as the first year of the Group's medium and long-term management vision for 2023.

BNK Financial Group's Vision Map



Strategic Targets for the New Management Vision of GROW 2023



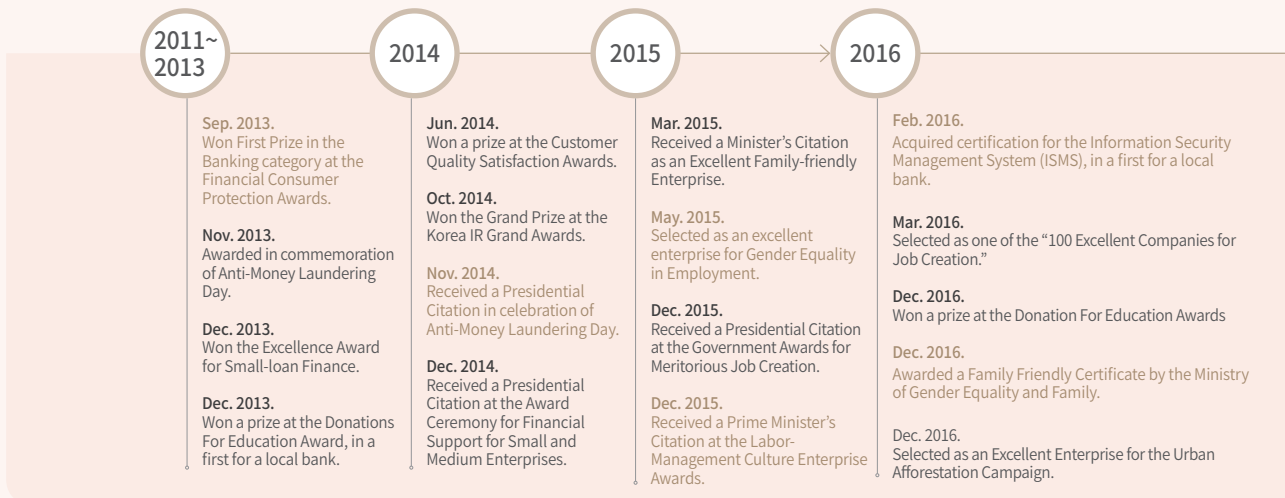
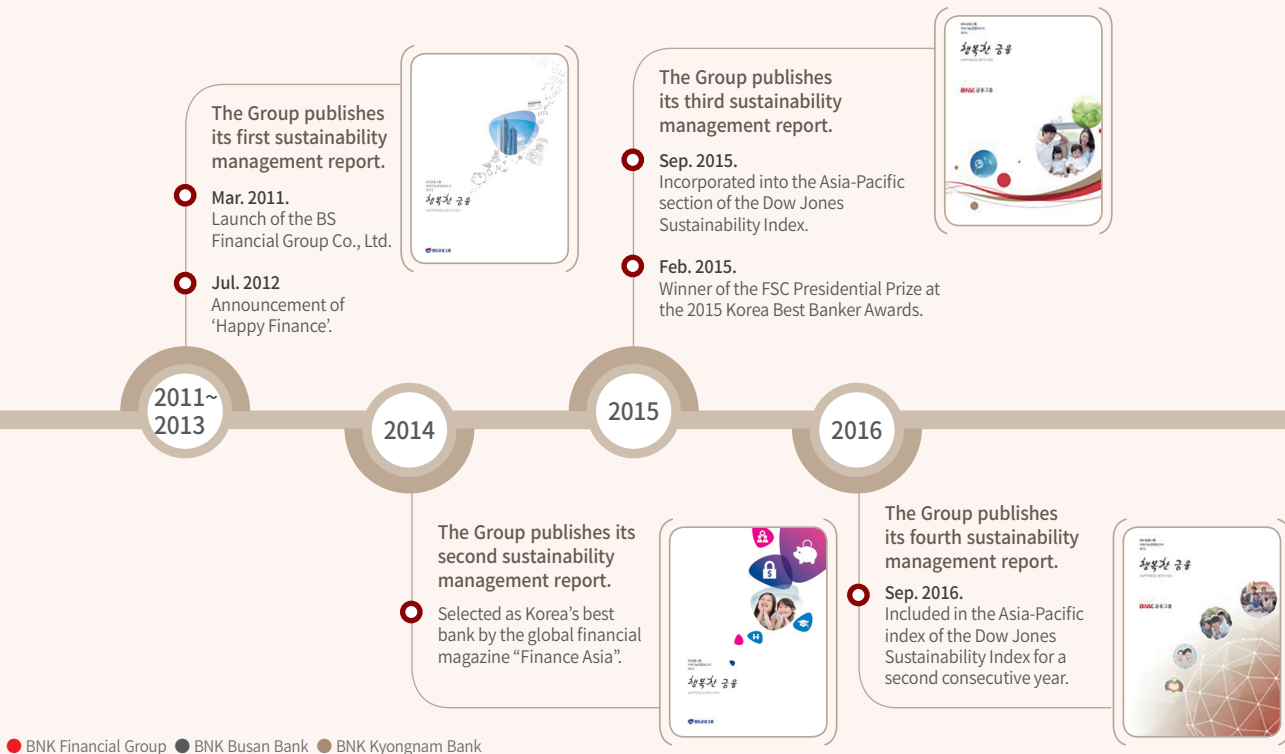
Medium and Long-Term Development Roadmap



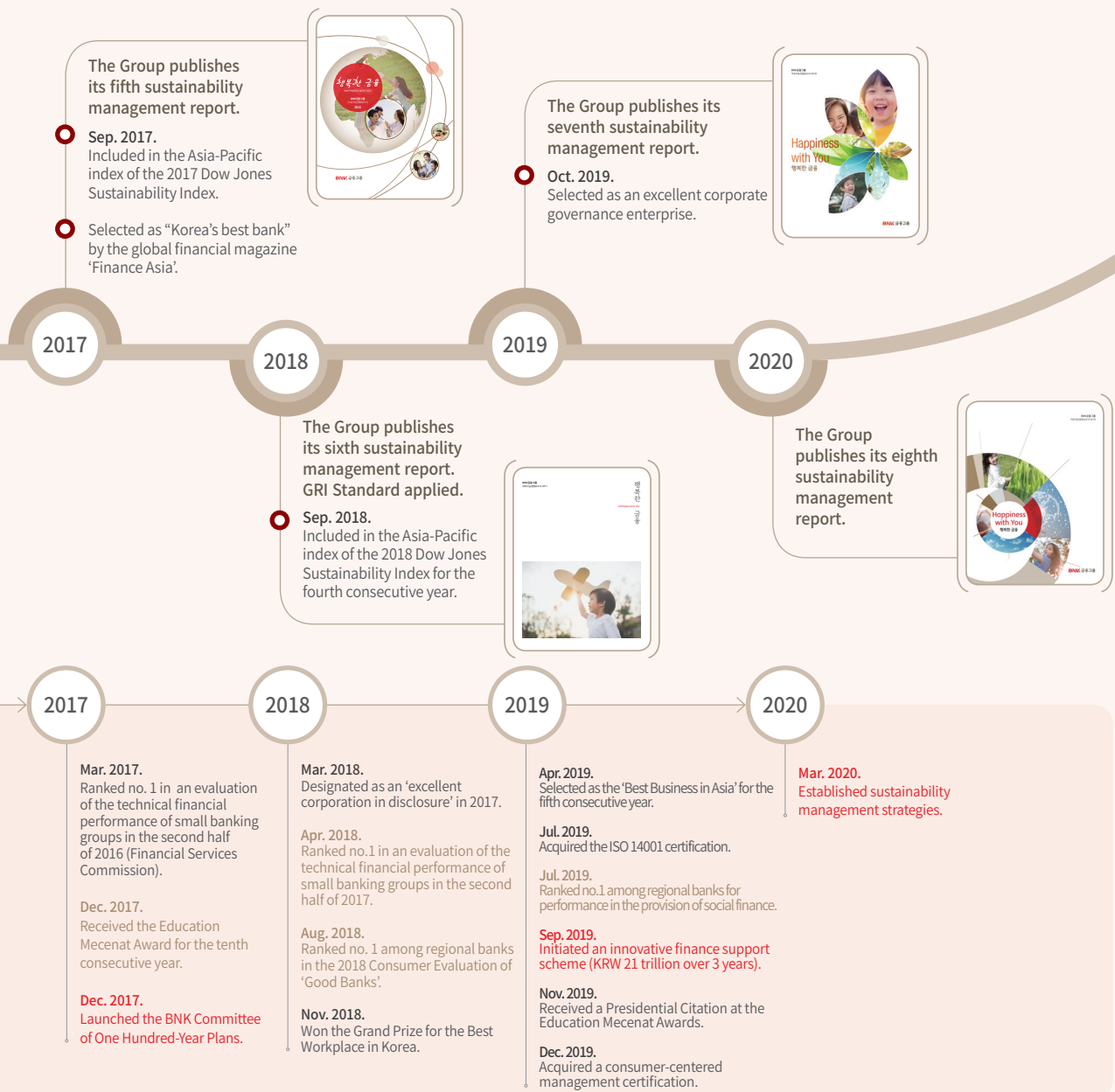
CSR Portfolio

The History of BNK Financial Group's Progress towards Sustainability Management

Launched as a holding company in 2011, BNK Financial Group began carrying out 'Happy Finance' activities in 2012 to enhance the inclusivity of finance and increase social value. Notably, based on our community-oriented social contribution projects, we continuously implement sustainability management by utilizing the characteristics and resources of our financial business. We published our first Sustainability Management Report in July 2013 in a bid to transparently disclose our activities to our stakeholders and express our determination to implement sustainability management. We have also joined the global sustainability management trend by actively participating in sustainability management initiatives such as the DJSI (Dow Jones Sustainability Index).



BNK Financial Group has been carrying out balanced sustainability management activities in diverse areas such as small-loan finance, support for small businesses, family-friendly corporate culture, social contribution, and the cultivation of talented personnel. In 2019, we implemented innovative finance in earnest by providing approximately KRW 21 trillion to local innovative growth companies over a period of three years, and enhanced our competitiveness in sustainability management by being selected as an “excellent corporate governance enterprise”, and by acquiring both an environmental management certification and a consumer-centered management certification. From 2020, we will systematically implement sustainability management by conducting strategic tasks for each stage and monitoring strategic indicators and targets according to newly-established group-wide sustainability management strategies.



CSR Portfolio

Sustainability Management Strategies

BNK Financial Group, as a financial company involved in local communities, strives to pursue sustainability management in order to build relationships with customers and promote a win-win strategy with local residents. In particular, by conducting sustainability management activities related to local projects, we have endeavored to realize a sustainable society that creates social value and grows together by communicating with our stakeholders. In addition, we aim to fulfill our social responsibilities by generating social value in our local communities, repaying local residents' faith and trust. As we at BNK Financial Group take our corporate social responsibilities deeply to heart, we will continue to pursue sustainability management in a bid to become a global standard financial group.

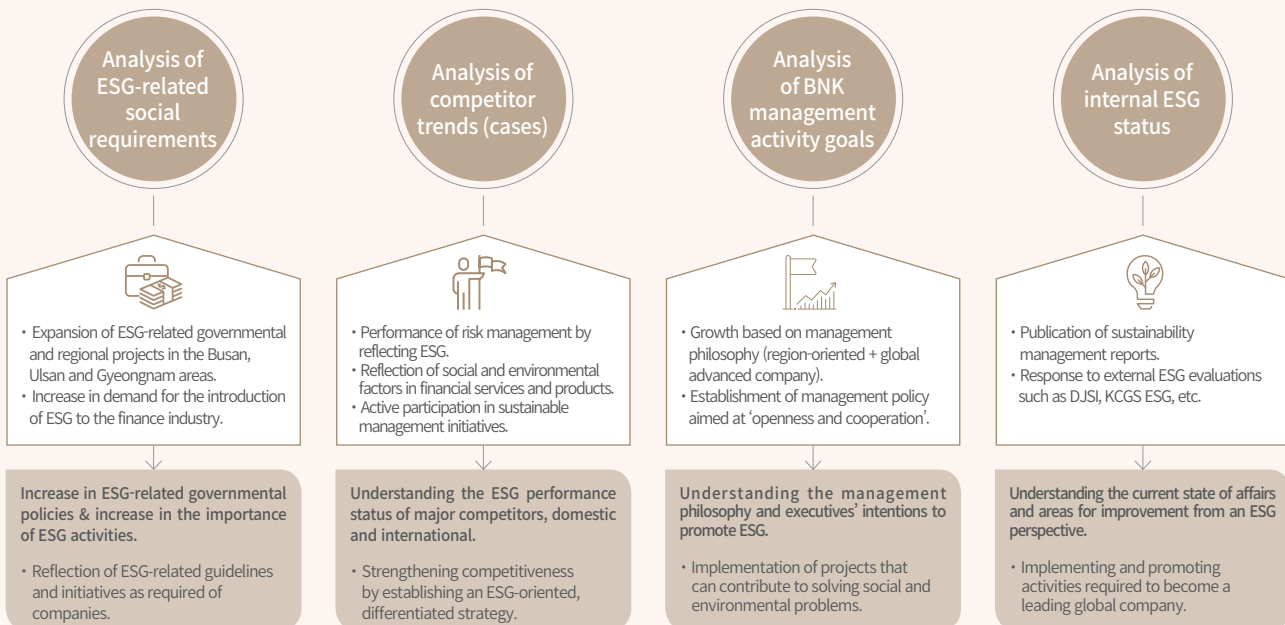
Background and Objectives Regarding Establishment of Sustainability Management Strategies

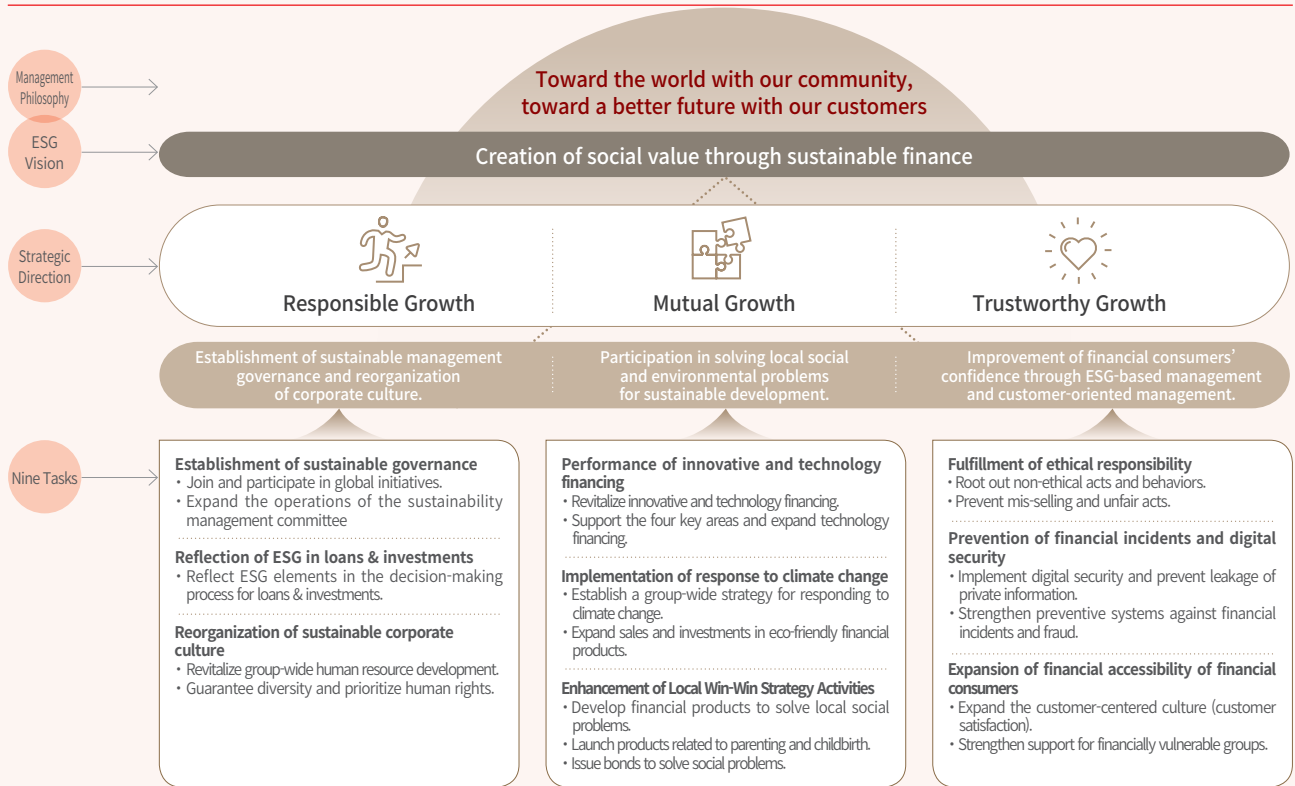
BNK Financial Group has assessed the external environment by identifying social requirements related to ESG (Environmental, Social, Governance) and analyzing trends among financial companies. Through analysis of internal assessments and management strategy data, we have identified internal state of affairs of our organization and the strategic direction of sustainable management. Based on our assessment of the external environment, we have realized that the government's policy on sustainability management is gradually being extended to resolve social problems such as climate change, human rights and employment, and that our industry is strengthening its competitiveness in sustainability management by establishing a strategy for responding to climate change and expanding the range of ESG financial products. BNK Financial Group, as the heart of domestic finance, must establish group-wide sustainability management strategies to implement management aimed at solving the problems of local communities and reinforcing global competitiveness in sustainability management, in conformance with international sustainability management initiatives.

Establishment of 2020 Sustainability Management Performance Strategies

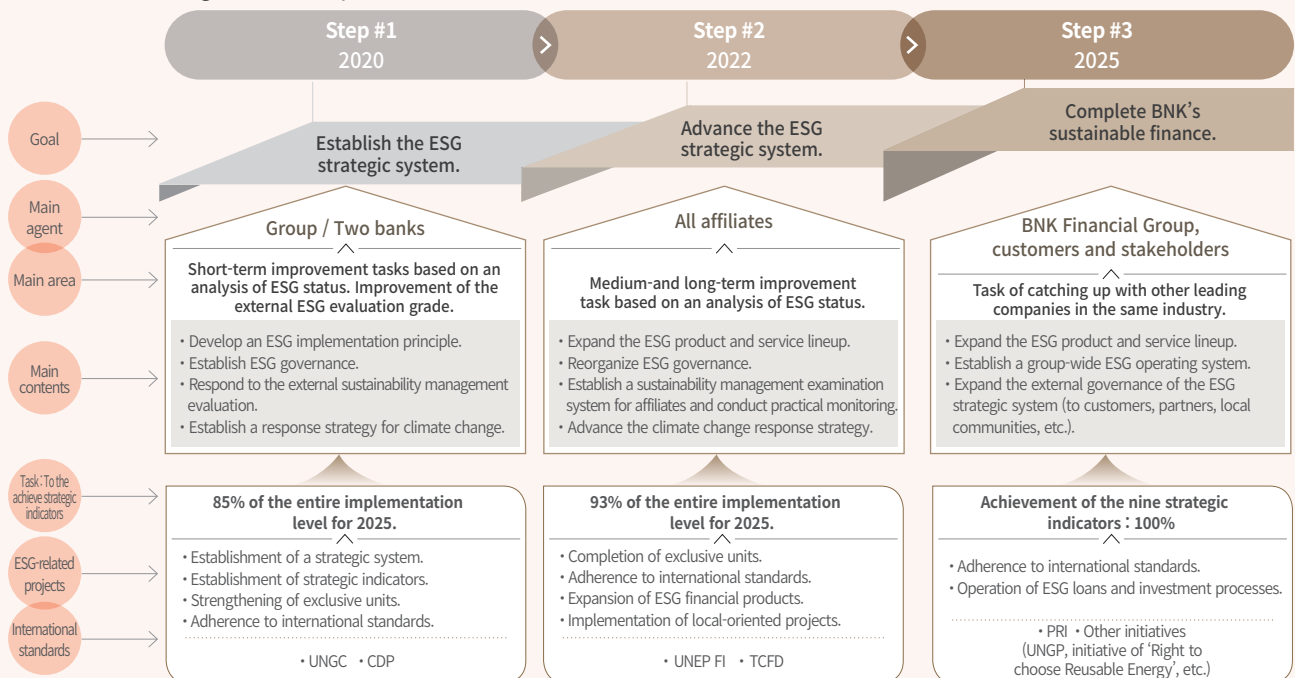
BNK Financial Group has set its ESG vision as the 'Creation of Social Value by Realizing Sustainable Finance' and established sustainability management strategies by reflecting both the government's sustainability management performance directions and our own internal management philosophy. In particular, we aim to conduct substantial sustainability management activities by establishing the following three strategic directions - 'Responsible Growth', 'Mutual Growth', and 'Trustworthy Growth', and nine strategic indicators. We will regularly monitor our sustainability management performance and targets to implement sustainability management effectively, and continue to pursue sustainable finance to create social value for our customers, local communities and the nation - as well as for the company.

Internal and External Environment ESG Analysis





ESG Medium-and Long-term Roadmap



CSR Portfolio

2019 CSR Highlights of BNK Financial Group



Dedication ceremony for the Group's new IT Center (Feb. 2019)

Construction of the Group's IT Center

BNK Financial Group held the building dedication ceremony for the Group's new IT Center in the Mieum Industrial Complex, Gangseo-gu, Busan, in January 2019. We expect to generate greater synergy, such as greater efficiency, reinforced digital security, and lower costs, by concentrating our IT infrastructure and personnel-including servers and security equipment distributed throughout affiliates-in the IT Center.



Award ceremony for the ISO 14001 certificate (Jul. 2019)



BNK Busan Bank's Acquisition of the international certificate for environmental management systems

BNK Busan Bank carried out various environment-related projects, including the establishment of environmental management regulations, the creation of a paper-free work environment, and the introduction of eco-friendly vehicles, in order to practice eco-friendly management. As a result, Busan Bank acquired the international standard, ISO 14001, in July 2019. We will continue to develop eco-friendly products and strengthen our eco-friendly management activities so as to fulfill our social responsibility.

Implementation of 'BNK Innovative Finance' in the Busan, Ulsan and Gyeongnam areas with the support of KRW 21 trillion

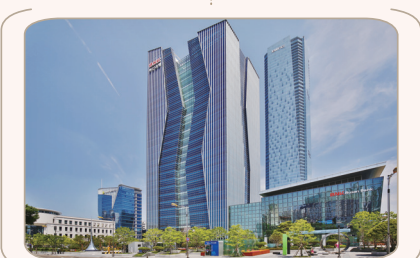
BNK Financial Group announced the project titled 'BNK Innovative Finance in the Busan, Ulsan and Gyeongnam Areas', which includes the provision of financial support worth a total of KRW 21 trillion over a period of three years for regional innovative companies, at the 'BNK Innovative Finance Conference' in September 2019. In particular, by dividing the support into four areas, namely, loans, capital investment, digital, and job innovation, the Group systematically provided innovative finance according to regional characteristics, resulting in the provision of support worth KRW 10.8197 trillion in 2019. By stepping up to our responsibility as a regional finance company, we will continue to promote the cultivation of innovative growth companies and implement regional win-win strategies.

Inauguration of 'BNK Sum', a professional women's basketball club

BNK Capital founded 'BNK Sum', Busan's first professional women's basketball club, in June 2019. Composed entirely of women players, including the manager and the coach, BNK Sum sparked a paradigm change in professional women's basketball in Korea. The club uses most of the ticket revenues to offer the fans souvenirs and gifts so that more Busan citizens can come to visit basketball stadiums and enjoy the games. As the first professional women's basketball club in Busan, it will do its utmost to contribute to revitalizing local sports and fostering local talent.



Inauguration Ceremony for BNK Sum, a professional women's basketball club (Jun. 2019)



Implementation of Innovative Finance in Busan, Ulsan and Gyeongnam (Sep. 2019)



Opening ceremony for the Fintech Lab (Oct. 2019)

Opening of the BNK Fintech Lab as a hub of digital financial innovation

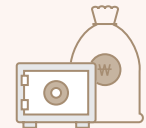
BNK Financial Group opened the BNK Fintech Lab in the U-Space BIF in order to establish a comprehensive, operational system designed to discover, foster, develop and invest in Fintech start-ups. Nine promising start-up businesses specializing in digital technologies, including AI, blockchain, and InsurTech, have moved into the BNK Fintech Lab, which is growing by providing professional acceleration programs and connecting selected businesses with its affiliates. BNK Financial Group also aims to discover future new growth engines and secure core digital technologies through the Fintech Lab.



2019's Excellence Award for Small-loan Finance in inclusive finance, the protection of financial consumers, and the eradication of financial fraud (Dec. 2019)

Winner of the Excellence Award for Small-loan Finance from the Financial Supervisory Service

BNK Kyongnam Bank received the Excellence Award for Small-loan Finance from the Financial Supervisory Service in December 2019, in recognition of its contribution to relieving people's financial difficulties. In particular, the bank has increased the amount of support loans for small businesses and retail companies over the last five years, and carried out the 'Hope Sharing Consulting' event to provide financial consulting in the Gyeongnam and Ulsan areas. We will do our best to revitalize small-loan finance by actively practicing inclusive finance.



Excellent enterprise for corporate governance, as selected by the KCGS

BNK Financial Group was selected as an excellent corporate governance enterprise in the financial sector by the KCGS (Korea Corporate Governance Service) at the 2019 Excellent Corporate Governance Enterprise Awards. The Group obtained an A+ grade in the evaluation of 99 financial companies, and was selected as an excellent enterprise for its corporate governance. In particular, the evaluation highly valued the Group's efforts to strengthen the transparency, stability, independence, and professionalism of its corporate governance, which it placed at the top of its agenda, and to normalize its corporate governance and stabilize the Group.



Selected as an Excellent corporate governance enterprise in the ESG evaluation (Oct. 2019)

Winner of the Mecenat Award in culture and art

BNK Busan Bank became the first regional company to receive the Presidential Citation, the top prize, at the 20th Mecenat Awards in recognition of its social contribution to culture and the arts. The Mecenat Awards, the most prestigious art awards ceremony in Korea, are presented to selected companies for their contribution to the development of Korean culture and arts. Furthermore, the bank won a prize at the 2019 ARKO Art Sponsor Night for a seventh consecutive year since the first event held in 2013, in recognition of its contribution as a regional bank to the development of culture and art in Korea.



The 20th Mecenat Awards (Nov. 2019)



— **BNK's Social Value**



Creation

#1. Practice of Innovative Finance	20
#2. Support for Mutual Growth with Local Communities	22
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#01

Practice of Innovative Finance

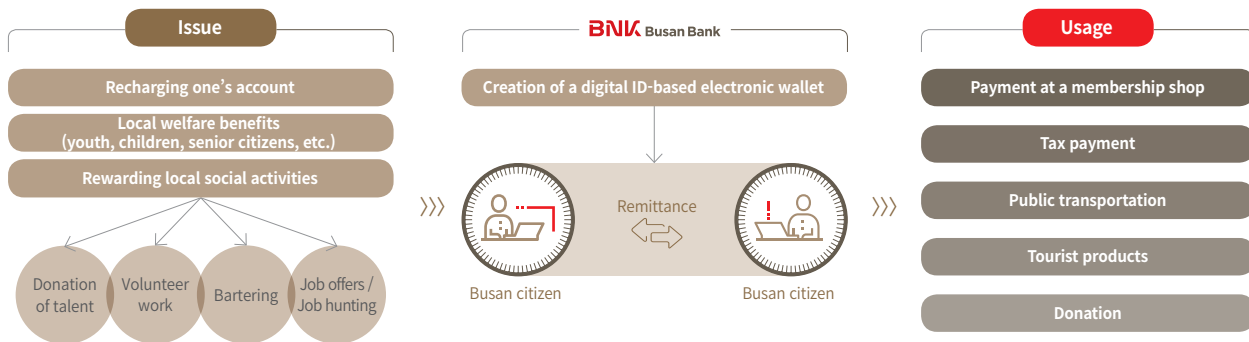
● We will invigorate the local economy with proactive innovative finance.



Best Practice Case

Creation of a Blockchain-based Industrial Ecosystem in Busan

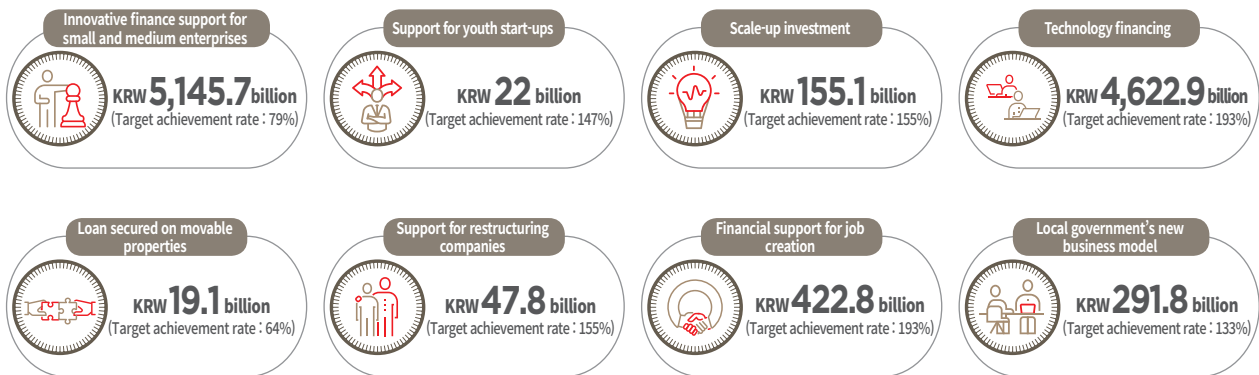
After being selected as Busan's Blockchain Regulation-Free Zone in 2019, BNK Busan Bank began building the Digital Voucher Platform to use as both a new financial method and a new payment method. The bank plans to open the platform in June 2020 to handle four areas - namely, finance, logistics, public safety, and tourism. Based on this platform, we will create a blockchain industrial ecosystem and reinvigorate the local economy. An electronic wallet will be given to each citizen through a digital voucher app so as to minimize charges and facilitate convenient payment using QR codes or other methods. In addition, we plan to provide a blockchain-based intermediate service for payment between companies, and allow companies to exchange their logistics information and automatize payment of incidental expenses. By doing so, we aim to revolutionize the structure of import/export logistics and revitalize port logistics businesses.





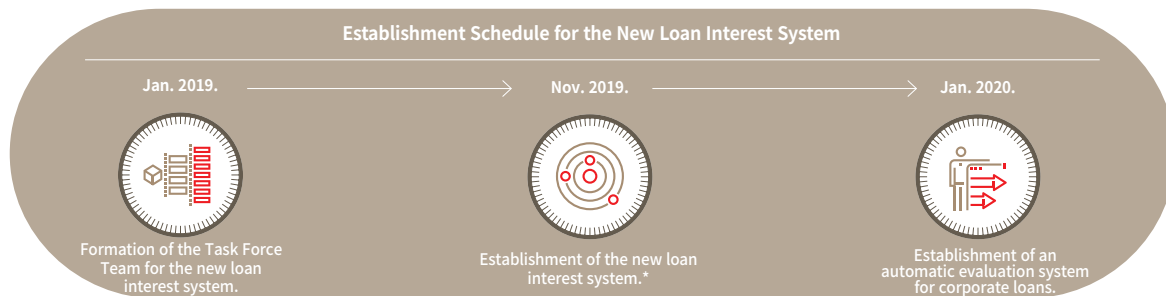
BNK Financial Group is making concerted efforts to manage potential risks such as insolvent enterprises within the local community, and is strengthening the socially responsible management of finance through the promotion of innovative finance. In particular, in accordance with the government's policy for overcoming the economic crisis and creating quality jobs by fostering small businesses, the Group announced in September 2019 its project for "BNK Innovative Finance in the Busan, Ulsan and Gyeongnam Areas", which is designed to support small and medium-sized businesses and enterprises in these regions with funds of KRW 21 trillion over a period of three years. Accordingly, we are greatly improving the corporate loan system and expanding financial support through the provision of technology financing and movables finance for small and medium-size businesses. Furthermore, we are leading the revitalization of the regional economy by promoting blockchain-based digital innovation.

Key Performance Relating to Innovative Finance in 2019
(Total : KRW 10,819.7 billion)



Innovation of the Corporate Loan System

In November 2019, BNK Kyongnam Bank established 'the new loan interest system' by increasing the rationality and calculation transparency of the loan interest system. The bank completed all processes involved-including system analysis, design, development, integration test and stability-by operating a Task Force Team for a period of ten months from January 2019. The 'new loan interest system', which will be applied in full, was established by reflecting existing interest calculation processes and loan interest rate determination methodologies to reasonably revise the model standards of the loan interest system. In addition, we have established mechanisms designed to protect the rights of consumers. The establishment of the new loan interest system has enabled us to enhance the rationality and objectivity of the interest calculation system in accordance with the policies of the financial authority, as well as strengthen the protection of consumer rights and our internal control system, including interest rate monitoring. We will always strive to become a bank trusted by our customers and local residents through the transparent and reasonable management of loan interest rates.



* A simple evaluation system for low-risk corporate loans, including a process for checking the documents required for a loan, has been introduced.

#02

Support for Mutual Growth with Local Communities

We will help people by practicing inclusive finance.

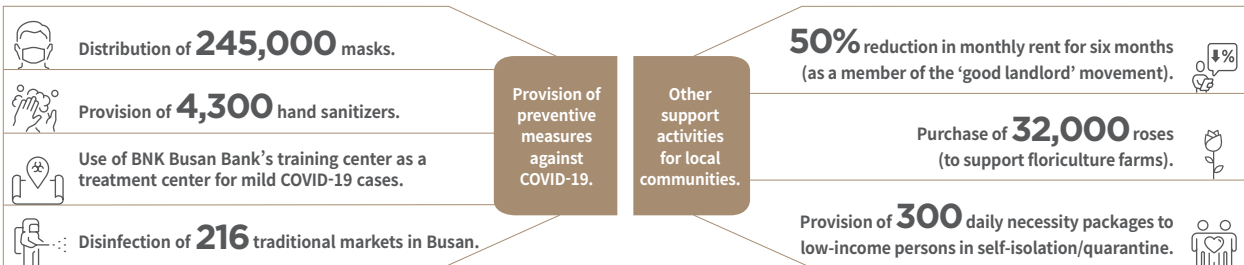


Best Practice Case

Implementing the 'Local Economy Reinvigoration Project'

BNK Financial Group is taking the lead in realizing mutual growth with local communities by initiating the 'local economy reinvigoration project' for small businesses and self-employed business owners who are experiencing difficulties due to the economic recession, Japan's restrictions on the export of materials to Korea, and COVID-19, among other factors. After the commencement of Japan's restrictions on exports to Korea in September 2019, BNK Busan Bank visited small and medium-size client companies to inspect their production facilities and identify business difficulties in order to provide customized support, including the extension of loans with a maturity date, delay of loans payable in installments, preferential foreign exchange fees related to imports and exports, and management consulting. In addition, after announcing support to SMEs worth KRW 21 trillion in April 2020 in order to overcome difficulties associated with COVID-19, we implemented financial support of about KRW 11.2 trillion (about 70,000 cases by group), distributed about 250,000 masks to our customers, and conducted quarantine of traditional markets in order to reinvigorate the local economy.

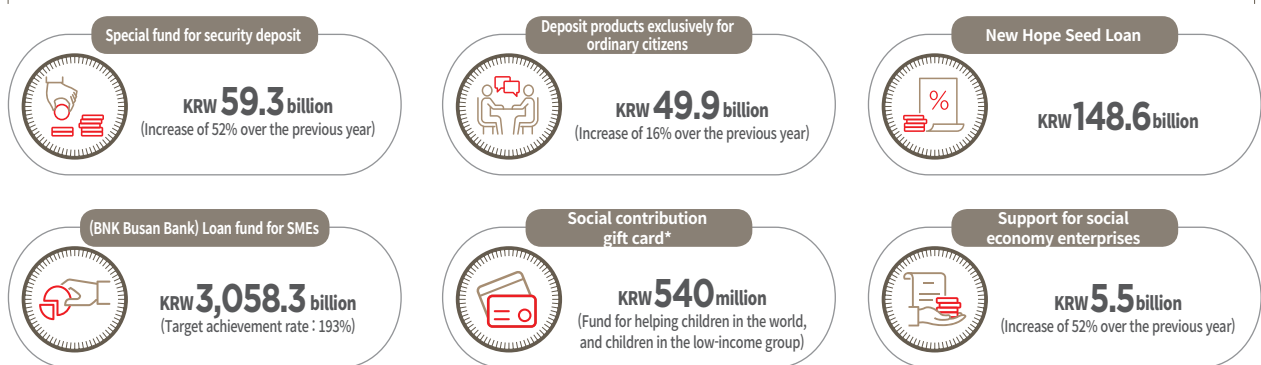
Performance Concerning Local Community Support related to COVID-19





BNK Financial Group is consistently expanding inclusive finance to lighten the financial burden of people who are experiencing hardship due to the economic recession, and to support the economic recovery of vulnerable social groups. We offer small loan finance at low interest rates to ensure stable accommodation for vulnerable social groups, and provide various financial benefits such as exemption from fees and a prime rate for beneficiaries of national basic livelihood and for heads of households who are still minors. In addition, the Group runs various programs designed to support self-employed small business owners, such as high-interest loans and financial reinvigoration support, as well as a 'project to revive the local economy' for ordinary people and the 'ten thousand-smile' project for self-employed business owners that are experiencing financial hardship due to the COVID-19 crisis, etc. We will continue to implement inclusive finance to alleviate financial blind spots and provide practical assistance, including financial support for ordinary citizens and vulnerable social groups.

Key Performance Regarding Inclusive Finance (Total : KRW 477 billion)



* A certain percentage (0.2~0.6%) of the amount used can be donated.

First bank to carry out a 'ten thousand-smile project for self-employed business owners' together with civil, public and media organizations

Since 2019, BNK Busan Bank has been carrying out the 'ten thousand-smile project for self-employed business owners' to help local self-employed business owners that are experiencing difficulties due to weak domestic demand. This project aims to help 10,000 self-employed business owners through various support programs, such as creating a mobile homepage to promote their business, consulting on commercial impact analyses, and media promotion, so that they can 'smile' again. BNK Busan Bank signed the 'agreement on support for self-employment success' together with Busan City and the Busan Daily Newspaper in January 2019, and opened the comprehensive support center for the self-employed inside the main branch of BNK Busan Bank. The Director of the Financial Supervisory Service visited the Self-Employment Support Center at BNK Busan Bank and held a meeting with representatives of the agencies which signed the agreement in May 2019. Furthermore, BNK Busan Bank was selected as the best regional bank in supporting self-employment management consulting by the Financial Supervisory Service, and participated in the excellent case presentation in November 2019.

Opening ceremony for the Self-Employment Support Center (Jan. 2019)



Support for the Self-Employment Support Center



#03 Support for Local Youth Business Start-ups

We will lead the innovative growth of the venture ecosystem in our local communities.

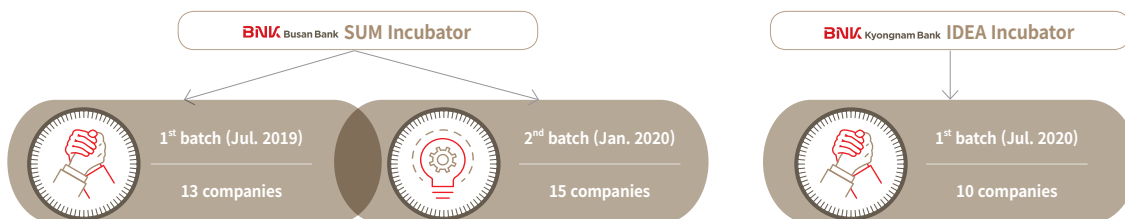


Best Practice Case

Opening of an incubator for local start-ups

In July 2019, BNK Busan Bank launched the SUM (Start-Up Matching) Incubator to support local start-up businesses. The SUM Incubator is a venture cultivation platform designed to establish a successful business model for local innovative companies, and to support them in their efforts to become global companies. The SUM Incubator provides comprehensive programs, encompassing both financial and non-financial areas, for innovative enterprises selected during a public contest according to a strict screening process. Its diverse start-up cultivation programs include the free provision of office space, customized coaching for each development stage, management consulting, and professional mentoring. BNK Kyongnam Bank also launched the IDEA (Innovation & Development, Eternal Accompany BNK) Incubator in February 2020 and selected ten venture enterprises related to future technologies, such as the IoT (Internet of Things), AI, information and communication, and knowledge-based services and platforms, as well as enterprises in the electrical, electronics, and manufacturing areas. The selected enterprises received various benefits, including free office space, preferential financial support, start-up education and advice, support in connection with governmental projects, linkage with investment support, and access to a communal conference room.

Performance concerning start-up business support



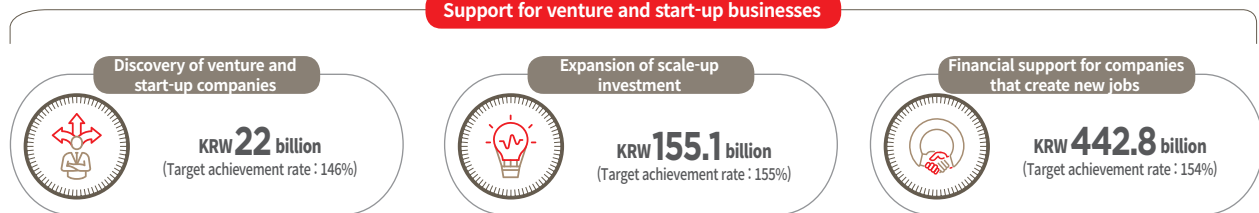


BNK Financial Group is promoting the reinvigoration of the local economy and venture ecosystem in the Busan, Ulsan and Gyeongnam regions by establishing a start-up support system and expanding investment. In November 2019, the Group opened the first office of the “BNK-Sunbo Start-up New Technology Business Investment Association in Busan, Ulsan and Gyeongnam”, a joint investment fund worth KRW 4 billion established in partnership with MIRAE Holdings and other companies. Consequently, the Group has expanded investment in local start-ups that are relatively isolated due to the specific nature of Korea’s investment environment, which is largely focused on Seoul and the capital region. In addition, we will continuously promote investment in connection with our tenant companies at the BNK SUM Incubator, the IDEA Incubator, and the BNK Fintech Lab, by actively discovering start-ups which are striving to enter major new industries in the region, including the Fintech, Bio, and new materials industries.

Launch of BNK Venture Capital and establishment of a One-Stop financial Support System

In February 2020, we officially launched BNK Venture Capital as part of our plan to expand existing venture investment projects and discover and invest in promising new start-ups in the region. In addition, BNK Venture Capital manages investment business for venture and start-up companies that were previously dispersed among our affiliates, so as to streamline the supply of venture capital to innovative enterprises. The BNK Venture Capital Center, an innovative finance support platform newly opened in March 2020, also dispatches venture investment experts to actively support promising regional companies in their efforts to become ‘next-generation unicorn companies’.

Support for venture and start-up businesses



The B-Startup Challenge, a venture business investment contest!

In April 2019, BNK Busan Bank held the ‘B-Startup Challenge’, a venture business investment contest, to establish a startup ecosystem. The ‘B-Startup Challenge’, jointly organized by Busan City and Busan MBC and supervised by the Busan Economic Promotion Agency, is a social contribution project designed to discover and support promising startup companies that possess excellent venture business concepts and show commercial potential. Some 175 companies from around the country participated in the month-long contest, of which five were selected via a strict screening process. These five companies received a total of KRW 100 million in the form of investment shares and prize money. Notably, Medical Innovation Development, which participated in the contest with its AI-based automated chest X-ray reader, won the grand prize. Furthermore, three companies that entered the e-commerce category of the contest qualified to participate in the Korea-China e-commerce innovation road show finals held in Weihai City, Shandong Province, China in August 2019.



B-Startup Challenge, a Busan venture business investment contest held in May 2019.



Agreement ceremony of the startup investment fund in Busan, Ulsan and Gyeongnam (Nov. 2019)

#04

Realization of an Eco-friendly Enterprise

We will take the initiative in creating an environmentally-friendly ecosystem.



Best Practice Case

Signing of an MOU for the construction and management of green spaces with Busan City

In September 2019, BNK Financial Group, alongside Busan City and BNK Busan Bank, signed an MOU for the construction and management of green spaces, with the aim of recreating Busan as a green city. The MOU is designed to provide space and administrative support for the building of green spaces. In addition, BNK Financial Group plans to establish the goal of spreading a green culture within its affiliates, while BNK Busan Bank will carry out voluntary work and cultural activities to promote the construction of green spaces and further spread green culture.



"We hope that Busan will become a green city and that the city's values and culture will be adopted across the entire country."

Implementation of a special environmental project to eliminate fine dust particles

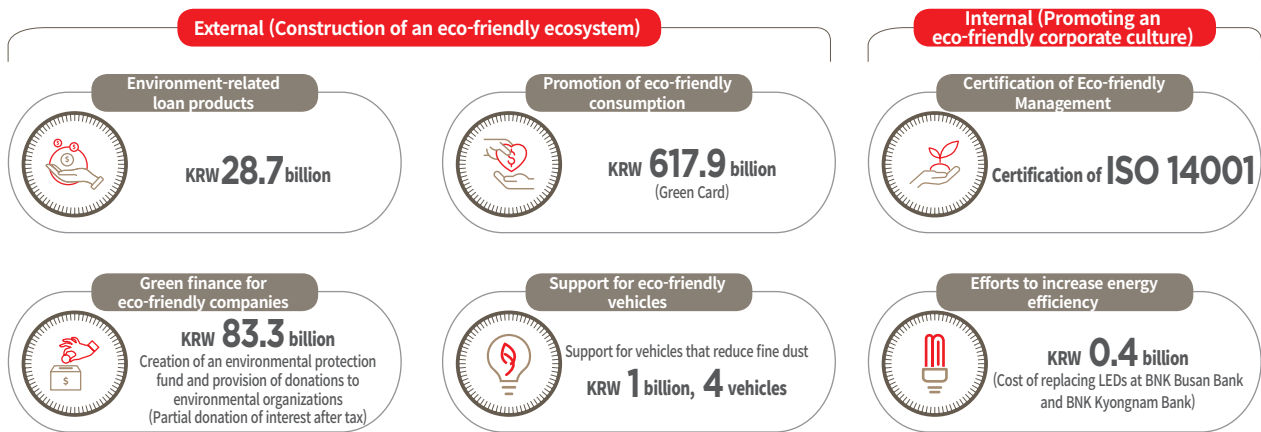
In commemoration of World Environment Day 2019, BNK Busan Bank entered a 'joint agreement on a fine dust reduction project' with the Busan Port Authority and other partners to solve the problem of fine dust generated by unloading equipment and operating vehicles at Busan Harbor. For this project, we plan to donate the KRW 1 billion required to operate four fine dust cleaning vehicles in the harbor area, and expect to improve air quality by eliminating about 55 tons of fine dust per year.



"We have donated a total of KRW 1 billion to cover the cost of leasing cleaning vehicles to improve air quality in the region."



BNK Financial Group will practice green management by setting climate change response as a key focus of its sustainability management strategy, and by setting a systematic strategic direction in this respect. BNK Busan Bank and BNK Kyongnam Bank are developing environment-related products for renewable energy and eco-friendly companies, and have released green cards for individual customers to promote eco-friendly consumption in a bid to spread an eco-friendly culture to society at large. In particular, BNK Busan Bank has announced a vision to be an eco-friendly, green bank and has acquired ISO 14001 certification to implement eco-friendly management in accordance with the bank's characteristics. Accordingly, it is carrying out distinctive social contribution activities, such as the Camellia Symbolic Forest Construction Project and the Fine Dust Reduction Project.



Environment-related Loans

We provide diverse eco-friendly loan products, including BNK Busan Bank's preferential loans at a reduced interest rate (0.5%) for BNK Clean Green Companies, and BNK Kyongnam Bank's BNK Auto Loan at a reduced interest rate for the purchase of eco-friendly vehicles, including hydrogen, electric and solar-powered cars. BNK Kyongnam Bank also runs a 'system to select promising small businesses' and offers them diverse financial benefits and consulting. Through these products and services, we support companies with high growth potential in their production of eco-friendly products and technical skills.



"We support Jeil Resources Co., Ltd. an eco-friendly company specializing in waste disposal (regeneration of industrial waste oil)."

Promotion of customers' eco-friendly consumption

BNK Busan Bank and BNK Kyongnam Bank operate the Green Card system so that customers can participate in eco-friendly activities, such as saving energy, using eco-friendly vehicles, and purchasing eco-friendly products in their everyday lives. In particular, we offer green card users a 50% discount on charging fees for their electric vehicles. We also provide a mini air purifier (drawn by lottery) to customers who purchase a fine dust event product so as to promote eco-friendly consumption. In addition, we actively carry out green marketing whereby customers applying for digital billing statements instead of paper statements receive a mobile coupon and a free gift.



"We provide a 50% discount on the recharging of electric vehicles in order to put the eco-friendly green life into practice."

#05

Creation of a 'Great Place to Work' Corporate Culture

We will create a workplace where our employees can work happily.

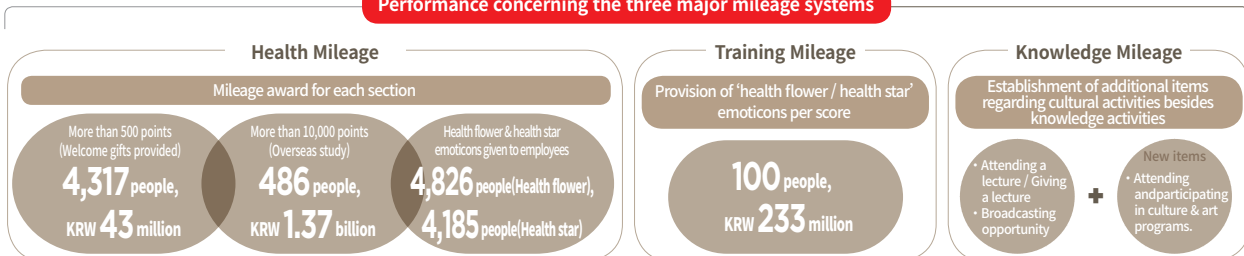


Best Practice Case

Realization of sound corporate culture based on three major mileage systems

BNK Financial Group is creating a healthy corporate culture by introducing unconventional mileage systems, such as the health, training, and knowledge mileage systems. First, 'health mileage' provides various benefits and awards, such as overseas study opportunities to employees who earn the highest score accumulated through individual, voluntary health activities such as jogging, hiking, and stair-climbing, with the aim of encouraging employees to make exercise a way of life and place greater emphasis on their health. Second, 'training mileage' is designed to encourage all employees to voluntarily cultivate and develop themselves. Employees receive training mileage points from reading, studying at a graduate school or institute, attending seminars and weekend training in groups, and other educational activities, and those who accumulate the most points receive an overseas study opportunity and win self-development incentives. Last but not least, 'knowledge mileage' targets the management (directors, executive directors and higher positions) of the holding company and all affiliates, providing mileage points to those who attend external training programs and forums, and/or those who give lectures at external events, so as to encourage their self-development.

Performance concerning the three major mileage systems





BNK Financial Group has been leading the realization of employee welfare based on a conviction that ‘when employees are happy, the company grows.’ In particular, we operate a healthy work-life balance program so that employees can leave work on time to normalize their working hours, and provide support for employees to participate in cultural activities with their families. Other programs are designed to satisfy employees and their family members by offering presents on family anniversaries, and there is also an experience program specially conceived for employees’ children. Consequently, BNK Busan Bank has been selected by the Great Place To Work Institute (GPTW) as a ‘Great Place To Work in Asia’ for five consecutive years, and as a ‘Great Place To Work in Korea’ for ten consecutive years, in recognition of our industry-leading levels of work-life balance. Moreover, in 2019, we were recognized as a company that operates an exemplary leisure activity system, receiving a ‘leisure-friendly management certification’ from the Ministry of Culture, Sports and Tourism.

Talent Management-related Performance		인재육성 관련 실적	
 BNK Busan Bank, BNK Kyongnam Bank, etc. Certification as a “family-friendly company”	 Selected as a Great Place to Work. Selection of BNK Busan Bank as a “Great Place to Work in Asia” for five consecutive years and as a “Great Place to Work in Korea” for ten consecutive years.	 Great Place to Work Award among SW companies Winner of the First Prize in recognition of BNK System’s enhancement of employees’ capabilities.	 Support for global MBA courses 3 employees supported
 Practice of exemplary work-leisure balance Selection as a “leisure-friendly company”	 Award of Health Mileage 4,803 people KRW 1.41 billion	 Award of Training Mileage 100 people KRW 233 million	 Group’s joint training performance 55,592 participants

Selection as a “Great Place to Work” for ten consecutive years

BNK Busan Bank has been selected as one of the “100 Great Places to Work in Korea” by the Great Place to Work Institute (GPTW). The GPTW is a world-wide consulting company that announces the Trust Index and, using the same method, selects a Great Place to Work in 60 countries. BNK Busan Bank listens to its employees via diverse communication channels and aims to raise their satisfaction through diverse welfare programs designed to promote a healthy work-life balance.



“We conduct the ‘employee happiness’ program to ensure our employees enjoy a healthy work-life balance.”

Selected as a ‘Leisure-friendly Company’ for the first time among banks

BNK Busan Bank has been awarded the ‘leisure-friendly management’ certification, organized by the Ministry of Culture, Sports and Tourism and supervised by the Regional Culture & Development Agency. This program selects and supports companies that operate an exemplary leisure activity program designed to give its employees’ a healthy work-life balance. BNK Busan Bank holds ‘Family Day’ five times a week, whereby all employees’ computers are turned off at 6pm so as to guarantee their evening leisure time. It has also introduced a leave request system, which allows employees to take a day off for wedding anniversaries and birthdays so as to spread a culture of happiness among employees.



“We run an exemplary leisure system that enables our employees to harmonize work with leisure.”



Global Standard

Sustainability Management Finance

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Strategy 3. Trustworthy Growth	56

Materiality Test

Materiality Assessment Process

BNK Financial Group has produced this report in accordance with the four major reporting principles of the Global Reporting Initiative (GRI) Standards—Sustainability Context, Materiality, Stakeholder Inclusiveness, and Completeness. Based on the analysis of international standards, benchmarking of advanced companies, media research and surveys of stakeholders,

we have identified potential issues related to BNK Financial Group's sustainability management activities, and set the major issues derived from the materiality test as the reporting topics contained herein. In particular, key issues selected for 2019 were focused by linking them with the strategic direction of our sustainability management.



STEP 01. Formation of a pool of issues for sustainability management

A pool of 43 issues related to the sustainability management of BNK Financial Group was formed by considering related industry characteristics, environmental changes, and pending internal issues.

Analysis of internal issues

- Identify the status of internal management and the direction of medium and long-term performance by analyzing the Group's management policy and strategies, the CEO's New Year's message, internal documents and sustainability management issues from the previous year.

Analysis of external issues

- Analyze international standards and initiative evaluation indicators (GRI standards, DJSI, ISO 26000, UNGC, UN SDGs, etc.) for sustainability management.
- Media research (analysis of 6,835 news articles related to sustainability management between Jan. 1, 2019 and Dec. 31, 2019).
- Benchmarking of leading companies (main issues relating to sustainability management).



STEP 02. Stakeholder survey and analysis

The priorities of the 43 selected sustainability management issues were determined in consideration of the importance of internal and external issues. The influence of the selected top issues was studied in terms of the financial results, operation, strategy and reputation of BNK Financial Group.

Target of the survey

- BNK Financial Group's internal and external stakeholders.

Survey period

- March 2 ~ 13, 2020.

Survey questions

- Questions were related to the assessment of the level of sustainability management, the deduction of main issues related to sustainability management, and the influence of each issue.

Selection of reporting topics

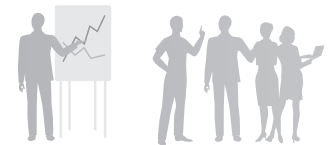
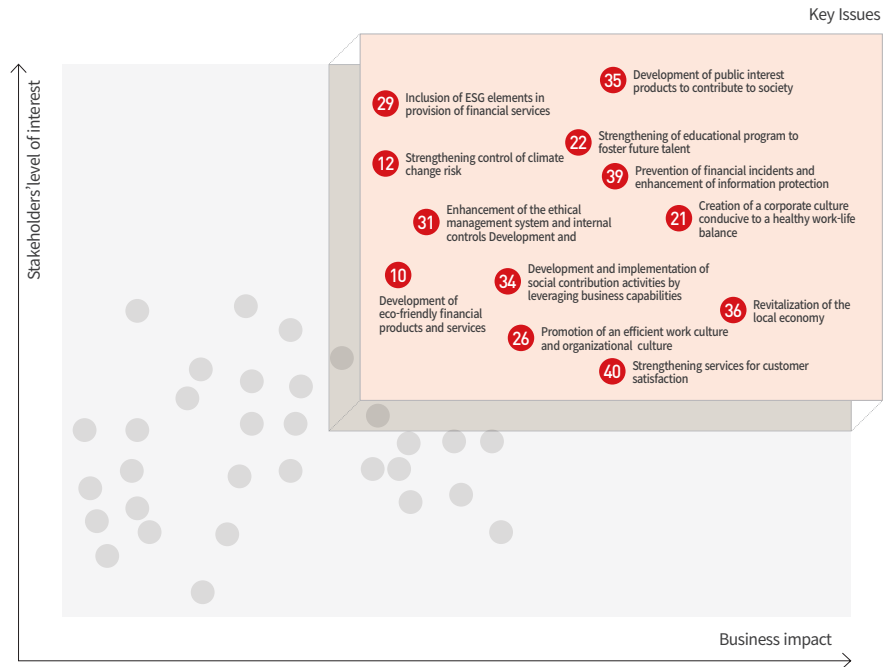
No.	Subject to be influenced	Issue	Influence of issue		
35	Local community, partnerships	Development of public interest products to contribute to society(Happy finance aimed at vulnerable social groups, including ordinary citizens, middle classes, SMEs).	Operation	Strategy	Reputation
22	Employees	Strengthening of educational program designed to foster future talent.	Operation	Strategy	Reputation
39	Customers, governmental agencies, local communities	Prevention of financial incidents and enhancement of information protection.	Operation	Strategy	Reputation
29	Investors, governmental agencies	Inclusion of ESG elements in provision of financial services(eco-friendly investment, sustainable bond, social investment fund, etc.).	Operation	Strategy	Reputation
21	Employees	Creation of a corporate culture conducive to a healthy work-life balance.	Operation	Strategy	Reputation
12	Investors, governmental agencies	Strengthening control of climate change risks.	Operation	Strategy	Reputation
36	Local communities	Revitalization of the local economy.	Operation	Strategy	Reputation
31	Employees, partnerships	Enhancement of ethical management system and internal controls.	Operation	Strategy	Reputation
34	Employees, local communities	Development and implementation of social contribution activities by leveraging business capabilities.	Operation	Strategy	Reputation
10	Customers, governmental agencies	Development of eco-friendly financial products and services (issuance of green cards, preferential benefits for green companies, etc.).	Operation	Strategy	Reputation
40	Customers	Strengthening services for customer satisfaction through customer-centered flexible ideas and bi-directional services.	Operation	Strategy	Reputation
26	Employees	Promotion of an efficient work culture and organizational culture.	Operation	Strategy	Reputation

Materiality Test



STEP 03. Materiality Test

Based on the results of the materiality test, a total of 12 key issues were selected by considering the business impact of each issue and the interests and expectations of external stakeholders (stakeholders' level of interest).



Reporting Topic (linking with strategic direction)	Detailed Issues	GRI
Strategy 1. Responsible Growth	Innovative financing & technology financing, Enhancement of local win-win strategies	-
Strategy 1. Responsible Growth	Vitalization of talent development companywide	404-1
Strategy 3. Trustworthy Growth	Prevention of financial incidents/digital security	418-1
Strategy 1. Responsible Growth	Reflection of ESG	FS 1
Strategy 1. Responsible Growth	Talent management (creation of a "great place to work" corporate culture)	401-3
Strategy 2. Mutual Growth	Implementation of climate change response	305-1, 305-2
Strategy 2. Mutual Growth	Innovative financing & technology financing (Enhancement of local win-win strategies, vitalization of the local economy)	413-1
Strategy 3. Trustworthy Growth	Fulfillment of ethical responsibilities	205-1
Establishment of Proactive Responsible Management	Win-win strategy management (Implementation of BNK Financial Group's social contribution activities)	413-1
Strategy 1 Responsible Growth	Implementation of eco-friendly financing	FS 8
Strategy 3. Trustworthy Growth	Expansion of financial consumers' access to finance	FS 13
Strategy 3. Trustworthy Growth	Reorganization of a sustainable corporate culture	-

01 STRATEGY Responsible Growth



Key Performances



Excellent Rating (A⁺)
Corporate Governance Rating by KCGS (2019)



KRW 8.73 billion
Social Investment Fund



53.4 hours/person
No. of hours of training per BNK employee

Business Relevance

While the impact of global issues, such as climate change, the COVID epidemic, and human rights, on corporations and countries is increasing, stakeholders are demanding that we fulfill our social responsibilities as a financial group by developing financial products in consideration of ESG (Environmental, Social and Governance). In addition, as social demand for transparency and the disclosure of corporate governance is increasing, financial companies are realizing social responsibility by improving their corporate governance and opening core information to the public. Meanwhile, by identifying human rights issues that may arise in our business processes and proactively responding to them, we are reducing management risks while strengthening our competitiveness in sustainability management.

BNK's Approach

BNK Financial Group is striving to realize sustainable finance by revising the standards for ESG products and systematically controlling the social responsible investment fund and project financing, in accordance with the sustainability management strategies newly established in 2020. Furthermore, we are doing our utmost to strengthen our sustainable competitiveness by preemptively protecting the rights of our stakeholders, including shareholders, customers and communities, and by fostering talented people who can create new values. In 2019, we were awarded Korea's best level 'A+' governance rating by the Korea Corporate Governance Service (KCGS), in recognition of our efforts to establish stable and transparent governance.

Our Plan

BNK Financial Group aims to reform its organizational culture and establish a more transparent and healthy governance structure in order to make the leap towards becoming a 'global standard financial group'. We will make concerted efforts to create social value by steadily preparing a springboard for growth based on established standards, with a view to fully realizing sustainable finance.

Medium and long-term tasks

Establishment of sustainable governance	<ul style="list-style-type: none"> Adherence to, and participation in, global initiatives. 	<ul style="list-style-type: none"> Expansion of the sustainability management committee's activities.
Reflection of ESG in loans and investments	<ul style="list-style-type: none"> Reflection of ESG in the decision-making process for loans and investments. 	
Reorganization of a sustainable corporate culture	<ul style="list-style-type: none"> Investment in employees' training. 	<ul style="list-style-type: none"> Ensuring diversity and emphasizing human rights.

Establishment of Sustainable Governance

Composition and Operation of Sound Governance

BNK Financial Group is striving to establish transparent and sound governance in order to ensure the company's long-term growth and development, and to protect the rights and interests of all its stakeholders-including shareholders, financial consumers and local communities. In 2019, in recognition of our efforts to improve our system for establishing transparent and stable governance, we received a governance rating of A+ and were selected as a corporation with excellent governance by the Korea Corporate Governance Service (KCGS).

Composition of the Board of Directors

BNK Financial Group's Board of Directors (BOD) is its permanent top decision-making body, and according to Group bylaws, should be composed of a majority of external directors whose independency and expertise have been verified in order to strengthen checks and balances on management. In particular, the chairman of the BOD is appointed from among the external directors, separating the role from the CEO, and every committee head under the board is an external director to achieve management transparency. As of the end of March 2020, the Group's BOD is composed of one internal director and seven external directors whose independency and expertise have been verified.

(As of the end of March, 2020)

Role	Name*	Experience	Specialization	Note (date of appointment ~ end of tenure)	Remarks
CEO	1. Ji-wan Kim	CEO of BNK Financial Group. Former vice-chairman of Hana Financial Group.	Finance	Sep. 27, 2017~Mar. 2023. Regular shareholders' meeting	
External director (Chairman of the BOD)	2. Kee-young Chung	Professor emeritus of the Department of Accounting, Keimyung University. Former chairman of the BOD at KB Financial Group.	Treasury and Accounting	Mar. 23, 2018~Mar. 2021. Regular shareholders' meeting	Independent director
External director	3. Yong-kyoo Cha	Former auditor of Harim Holdings. Former vice-chairman of Media OBS.	Business Management	Mar. 25, 2016~Mar. 2021. Regular shareholders' meeting	Independent director
External director	4. Il-jae Moon	Member of the KOSDAQ Market Commission. Former director at the Ministry of Finance and Economy.	Economy	Mar. 25, 2016~Mar. 2021. Regular shareholders' meeting	Independent director
External director	5. Jung-joon Yoo	Certified accountant at Shinhan Accounting Corporation. Former CEO and President of Hanyang Securities.	Treasury and Accounting	Mar. 23, 2018~Mar. 2021. Regular shareholders' meeting	Independent director
External director	6. Kwang-ik Son	Chairman of Korea Duty Free Institute Co., Ltd. Former CEO of Lotte Cinema.	Business Management	Mar. 23, 2018~Mar. 2021. Regular shareholders' meeting	Independent director
External director	7. Jin-ho Heo	Lawyer at Law Firm Grace. Former president of the Korea Legal Aid Corporation.	Law	Mar. 28, 2019~Mar. 2021. Regular shareholders' meeting	Independent director
External director	8. Chang-lok Kim	Former president of the Korea Development Bank Former director at the Ministry of Finance and Economy.	Economy	Mar. 20, 2020~Mar. 2022. Regular shareholders' meeting	Independent director

* As the current BOD is composed solely of men, we aim to increase the number of women in the BOD in the near future.

Independence of the BOD

BNK Financial Group appoints its directors in accordance with the independence criteria prescribed in the 'Act on Corporate Governance of Financial Institutions' and the relevant internal regulations of the Group. In particular, the Articles of Association specify that a majority of the members of the BOD should be external directors whose independence has been verified. As of March 2020, our BOD is composed of seven external directors out of eight members, accounting for 87.5%, i.e. more than required by the criteria. Directors are appointed at the shareholders' meeting following a verification and recommendation procedure conducted by the Executive Nominating Committee, which is composed entirely of external directors, the results of which are then confirmed by the BOD. Notably, our external directors are appointed from among those who are free from the influence of stakeholders who could have an effect on corporate governance.

Statutory Disqualifications of External Directors

(Act on Corporate Governance of Financial Companies)

- Largest shareholders and related parties.
- Major shareholders, their spouses, and immediate family members.
- Spouses and immediate family members of executives.
- Full-time employees of corporations that engage in statutorily critical transactions with BNK, or that are in business competition or partnership with BNK.

Our Group's Measures for Operating an Independent BOD

1. Directors are appointed in several steps by the Executive Nominating Committee, the BOD, and shareholders' general meetings.
2. Upon appointing directors, their qualifications are thoroughly reviewed in compliance with the relevant decrees and internal regulations.
3. The tenure of external directors is confined to two years and shall not exceed five years, to prevent collusion.
4. The transparent and fair succession of management and the exclusion of the CEO and Chairman in the appointment of external directors is ensured via internal regulations that bar the CEO and Chairman from the Executive Nominating Committee.
5. An external director is appointed as the chairman of the BOD to guarantee the independent management of the BOD.
6. The Group's major issues are regularly reported to the BOD to minimize information asymmetry and to facilitate the activities of the BOD.

Expertise and Diversity of the BOD

BNK Financial Group appoints external directors with diverse backgrounds and expertise to prevent the unequal distribution of certain backgrounds and professional groups. We do our utmost not to discriminate on the grounds of age, sex, nationality and others, and appoint experts with sufficient work experience and professional knowledge in finance, economy, business management, accounting, laws, consumer protection, information technology and other areas, in accordance with relevant laws and internal regulations. In addition, the appointment of directors is determined by considering whether they are capable of conducting operations fairly in the interest of all shareholders and financial consumers; whether they have the sense of ethics and accountability required for the execution of their roles; and whether they can afford sufficient time and effort to carry out their role as an external director. We continuously provide our external directors with training programs to bolster their contribution to sustainable development, based on their expertise and know-how in the relevant fields. In order to improve their understanding of the Group, we run training programs related to the Group's status, the laws and internal regulations related to the BOD, internal training on the operation of the BOD and regular training on risk management, as well as training based on the research materials of the Financial Management Research Institute. Furthermore, we support external directors in their efforts to strengthen their capabilities in various fields by organizing workshops, lectures by external instructors, and diverse forums and seminars.

Candidate group for external directors (female candidates)

Date	Total no. of persons	No. of female candidates	Increase and decrease
Feb. 2020.	55	5	Δ 3
Feb. 2019.	40	2	

External directors' areas of expertise

Category	No. of persons
Economy	2
Treasury & accounting	2
Business management	2
Laws	1



Training Performance Concerning External directors

31 training sessions conducted.
(324 hours of training via forums and use of educational materials from the BNK Financial Management Research Institute)

Establishment of Sustainable Governance

Efficient Operation of the BOD

The BOD holds regular (quarterly) and ad hoc board meetings which are held when certain criteria are met. Directors with special interests cannot exercise their voting right and decisions are made by affirmation of a majority of the registered directors in attendance. In addition, the minimum attendance rate of directors required for the BOD and committee meetings is prescribed as more than 80%. In 2019, a total of 9 BOD meetings were held to cover a total of 64 agenda items, including 24 items to be deliberated and 40 to be reported, with an average BOD attendance rate of 98.6%, greatly exceeding the minimum required attendance rate of 80% at BOD and committee meetings. Meanwhile, we aim to improve the operational efficiency of the BOD by holding preliminary meetings and briefing sessions to facilitate the sharing and proper consideration of the agenda before BOD meetings.

Operation of the BOD

(Unit: times, cases, %)

Category	2017	2018	2019
No. of meetings	25	12	9
No. of items discussed	63	65	64
No. of decisions	35	26	24
No. of reports	28	39	40
Attendance of external directors	98.4	98.7	98.6

Operation of the Committees under the BOD

According to the internal regulations of BNK Financial Group, the committees under the BOD are composed of a majority of external directors (more than 2/3 for the Audit Committee), and the head of each committee is also appointed from among the external directors. As of March 2020, the BOD operates five committees, all of whose members are appointed from among the external directors to ensure their independence. In particular, by excluding the CEO from the Executive Nominating Committee, their independence has been strengthened to ensure a transparent and fair procedure for CEO succession and executive appointment. In 2019, the committees under the BOD were convened 27 times and 35 decisions were deliberated and reported, with an attendance rate of 100%.

Committee	Members	Reported Agenda in 2019	Operation in 2019
Board steering committee	5 external directors	<ul style="list-style-type: none"> Operation of the BOD and its subcommittees. Decisions on policies for improving corporate governance. 	3 meetings/ Attendance: 100%
Risk management committee	4 external directors	<ul style="list-style-type: none"> Approval of risk policies. Oversight and supervision of compliance with risk policies within the Group and its affiliates. 	6 meetings/ Attendance: 100%
Executive nominating committee	5 external directors	<ul style="list-style-type: none"> Exploration, review, and recommendation of executive candidates. 	4 meetings/ Attendance: 100%
Compensation committee	4 external directors	<ul style="list-style-type: none"> Establishment of measures for raising the corporate management performance. Formation and evaluation of performance goals for management. 	4 meetings/ Attendance: 100%
Audit committee	4 external directors	<ul style="list-style-type: none"> Supervision of job execution of directors and the management. Auditing and evaluation of overall tasks including the internal control system. 	10 meetings/ Attendance: 100%



Performance Evaluation of the BOD

In order to check whether the BOD properly fulfills the roles and responsibilities required by the relevant laws and internal regulations, we evaluate the composition and operation of the BOD from January to February every year. The results of the evaluation are reported to the BOD and the general meeting of stockholders, and are also used as fundamental data for the Group's efforts to improve the operational efficiency of the relevant committees and to establish future policies. The evaluation of the BOD consists of the following five items, with ten detailed contents: appropriateness of the composition of the committees, appropriateness of the operation and agenda of the committees, appropriateness of the rights and performance of the committees, the level of communication with management, and the level of contribution to the Group's development. We conduct both mutual evaluations and self-evaluations to ensure independence, as well as an employee evaluation targeting division leaders and the department leaders responsible for supporting the BOD. The qualitative evaluation is conducted anonymously in the form of written documents to ensure fairness, while the quantitative evaluation considers the attendance rate of directors. In addition, in cases where the opinions of external specialists are deemed necessary for the effective operation of the BOD and the designation of external directors' roles, an external evaluation is conducted in accordance with the regulations.

Performance evaluation process concerning the external directors

Category	Qualitative (Multi-dimensional)			Quantitative
	Self	BOD	Employees	
Type of assessment				
Evaluator	External director & non-standing director	All directors except the evaluator (excluding internal director)	Division leader and department leader responsible for supporting the BOD	Attendance rate for the BOD and committee evaluation
Evaluation items	Key items			
	<ul style="list-style-type: none"> Competency and expertise Interest and engagement in the BOD Contribution to company development 			
Evaluation weight	20%	50%	20%	10%



Evaluation of the BOD in 2019

(Evaluation of committee members, employees, and attendance rate)

'S' Rating



Corporate governance rating

Excellent **(A⁺)**
(in the governance area of the ESG evaluation, 2019)

Strengthening of the BOD Remuneration System

The Compensation Committee establishes and implements transparent and sound compensation policies aimed at raising value for shareholders and stakeholders. The Compensation Committee establishes the management's compensation and performance evaluation system, and manages and supervises the system accordingly. If necessary, an external organization can be hired to design and operate the compensation system and perform an adequacy evaluation. We are currently preparing performance evaluation indicators that account for long-term performance and profitable financial soundness while avoiding short-term efforts to increase business, and are also forming a reasonable compensation system to control risks that may occur due to excessive management compensation.

Major Performance Measurement Indicators

Category	Details
Financial indicators	<ul style="list-style-type: none"> Profitability (ROE, ROA, RAROC) Soundness (Real non-performing loan ratio, real overdue loan and bond ratio) Capital adequacy (BIS total capital ratio, BIS common equity tier 1 capital ratio) Efficiency (Cost Income Ratio) Stability (Double leverage ratio, debt ratio) Shareholder return (Relative total shareholder return, etc.)
Non-financial indicators	<ul style="list-style-type: none"> Performance of the 'Group's management innovation tasks' Strategic tasks assigned to each business division' Personal competency evaluation of management and level of collaboration between the Group's affiliates to maximize the synergy and improve task performance

Management Compensation System

A significant portion of the variable compensation for management consists of compensation deferred over a number of years, which depends on both position and level of responsibility. The period of deferred payment (equity-linked cash compensation) is set at three years to reflect long-term management performance through linkage with the stock price at the time of payment. Moreover, if a personal work loss occurs, or business performance worsens, the payment is determined after reducing the amount of payment in accordance with the redemption rate, which is separately determined. The payment rate for short-term outcomes is determined by the Compensation Committee through an evaluation of annual management performance, key tasks for implementation, and individual competencies. For the Chairperson, short-term outcomes are paid 40% as cash compensation and 60% as stock price-linked cash compensation, while for other executives, the ratio is 60% and 40% respectively. For long-term performance, the payment rate is determined by the committee through an evaluation of long-term outcomes over a three-year period from the contract signing date, and the ratio of cash compensation and stock price-linked cash compensation follows the same structure as that for short-term outcomes.

Reflection of ESG in Loans and Investment

Realization of Sustainable Finance by Increasing ESG investment

Recently, global companies have begun to apply ESG (Environmental, Social, and Governance) criteria to measure the sustainability impact of their company's development, and these criteria are now becoming important investment guidelines for investors too. For global pension funds and the National Pension Service in Korea, ESG criteria are considered to be highly important factors in determining corporate value from a long-term investment perspective. BNK Financial Group plans to establish standards for its ESG products and systematically manage them for each item in accordance with the sustainability management strategies established in 2020, in order to gradually expand investment in ESG products.

Project Financing based on ESG Factors

BNK Financial Group reviews the results of both environmental impact assessments and social impact assessments as they are preconditions for approving licenses for Project Financing (PF)-related loans and investment. A candidate company must undergo an environmental impact assessment in accordance with related laws in order to obtain approval for a license for PF-related loans and investment, and the result of such an assessment must be approved by a governmental organization such as the Ministry of Environment or the Korea Forest Service. The result of the environmental impact assessment is not directly reflected in the approval of a license, but it is checked indirectly.

Sales of Socially Responsible Investment Fund

BNK Financial Group strives to comply with the principle of responsible investment supported by PRI, UNEP FI, etc. Recently, the sales of socially responsible investment products, which are invested in companies that pursue eco-friendly management and fulfill their social responsibilities, have been increasing. These products consider not only the financial factors of a company, but also non-financial factors such as environmental, social and governance factors. We are increasing investment in excellent ESG companies with high stability and sustainable profitability, and such investment can contribute to creating appropriate social values as well as guaranteeing stable profits for the Group.

Sales Performance of BNK Financial Group's Social Responsible Investment Fund (Unit: KRW billion)

Product	Balance
VI Social Responsible Investment Securities Investment Trust (Share)	5.579
Samsung Global Water Securities Investment Trust 1 (Share)	1.082
HDC Good Corporate Governance Securities Feeder Investment Trust (Share)	1.019
KB Shareholder Value Focus Securities Investment Trust (Share)	1.005
Samsung Global Alternative Energy Securities Investment Trust 1 (Share)	0.042
KB ESG Growth Leaders Securities Investment Trust (Share)	0.003
Total	8.73

* In principle, we review the feasibility of a business pursuant to approval of licensing (environmental impact assessment) during the loan and investment process stage, and confirm whether licensing has been approved or not before executing a loan. The items reviewed in the environmental impact assessment are specified according to each type of business in the Environmental Impact Assessment Act.

Factors to be considered in socially responsible investment

(E : Environment) ESG Factors

Carbon emissions, climate change, energy use, waste and recycling, regulation, legal risks, etc.

(S : Social) ESG Factors

Controversial business, employment relations, health and safety, human asset management, responsible sales, etc.

(G : Governance) ESG Factors

Reliability and transparency, bribery, corruption, shareholder's rights, procedure for exercise of shareholder's rights, executives' remuneration structure, etc.

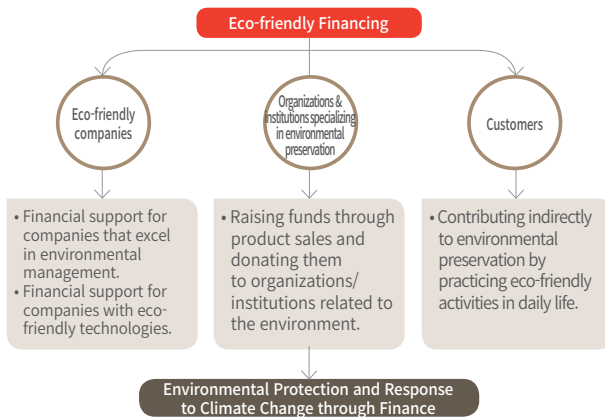


Sales of the Socially Responsible Investment Fund

KRW **8.73** billion

Expansion of Eco-friendly Financing

BNK Financial Group provides benefits such as financial support, lower interest rates, and premium banking charges to companies seeking to conduct eco-friendly projects and purchase eco-friendly equipment. In addition, we are striving to raise public awareness of environmental preservation and respond to climate change by selling financial products that offer financial benefits in accordance with each individual customer's performance regarding eco-friendly activities in their daily lives.



Offering environment-valued products

We issue a “green card” that allows people to naturally participate in eco-friendly, energy-saving activities by using public transportation and purchasing eco-friendly products. As for products designed to protect the environment, such as our Galmaetgil Installment Savings and Dullegil Installment Savings, a portion of the post-tax interest is donated to eco-friendly organizations and institutions to assist their environmental projects.

Developing and selling eco-friendly financing support products

BNK Financial Group provides various financial benefits to eco-friendly companies that practice energy efficiency, promote the recirculation and recycling of waste resources, and prevent environmental pollution. We have designated our major branches in the region as ‘E-Green Branches’ so that applicable companies can easily use the ‘Energy Use Rationalization Fund’, which is jointly supported by the Korea Energy Agency. In this way, we are able to proactively provide eco-friendly financing services,

ranging from the introduction of relevant facilities to consultation on low-interest and/or long-term loans to companies that require funds for investing in energy-saving facilities. Since 2019, we have been providing eco-friendly companies in the energy efficiency and renewable energy facility business with Korea Development Bank’s ‘Special On-Lending Loan’. We are also expanding our financial support to promote the supply of renewable energy, including via the new ‘loan for photovoltaic power generation facilities’, in order to fund the installation of eco-friendly and renewable energy facilities.

Environment-related Loans

(Unit: KRW billion)

Product	2017	2018	2019
Loans from the Energy Use Rationalization Fund	19.9	14.8	18.2
Fund to foster the recycling industry	8.9	7	8.3
Fund to improve and foster the environment	13.8	4.1	2.2
Fund to install natural gas supply facilities	3	0.6	-
Loan for photovoltaic power generation facilities	-	-	New
Total	45.5	26.5	28.7



Green Card

KRW **617.9** billion
(including credit and debit cards)



Products received for donation to environmental organizations & institutions

KRW **83.3** billion
(donated part of the post-tax interest)



E-Green Branches offering the Energy Use Rationalization Fund

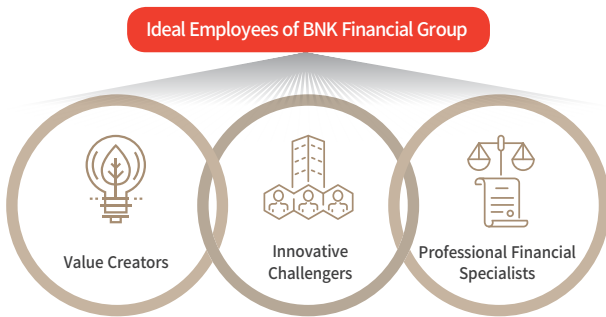
8 branches
(excluding the BNK Busan bank main office)



Reorganization of a Sustainable Corporate Culture

Invigoration of Companywide Talent Cultivation

To realize its management vision of ‘Growing into a Global Standard Financial Group,’ BNK Financial Group strives to cultivate talent that can pursue innovation and create new values. BNK FG’s ideal talent are value creators who, through performance-oriented thinking and action, passionately take the lead in everything they do; innovative challengers who take ownership of their work and actively participate as pioneers of the future; and professional financial specialists equipped with top-tier expertise and workplace capabilities.



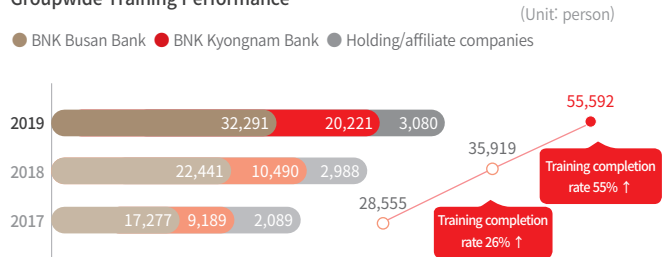
Reinforcement of Companywide Talent Cultivation Education

In 2018, BNK FG launched the BNK HR Development Institute, which reports directly to the chairman, to nurture competitive financial specialists. The institute currently offers various education programs, such as joint training and individualized coursework for all affiliate companies, groupwide management training programs, and global core talent courses. BNK also focuses on fostering professional experts by actively supporting global talent training courses, such as overseas MBA courses and Silicon Valley training programs, as well as domestic MBA programs at the Graduate School of Finance and the Department of Digital Finance. We also independently run AMP (Advanced Management Program) courses to enhance our management capabilities. We enhance the group’s future competitiveness by strategically fostering talent in key areas such as digital finance, CIB, and WM.

Expansion of Joint Training for All BNK Affiliates

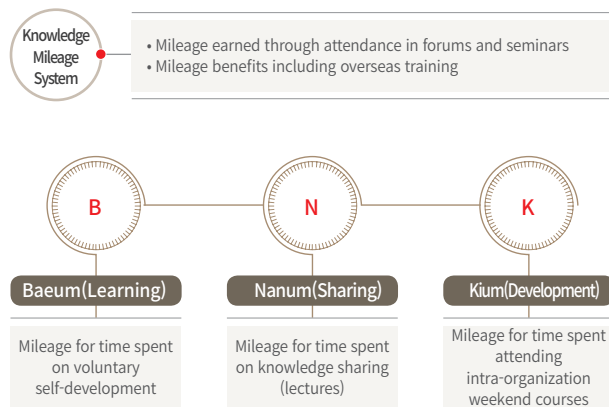
BNK conducts joint training for all its affiliates with the purpose of creating a sense of unity, while also boosting organizational competitiveness at the group level. In 2019, 55,600 employees participated in joint training programs. We also launched a weekend, open-theme training course through our employees’ voluntary participation. Active attendance not only enhanced their individual competencies but also brought significant changes to our corporate training culture.

Groupwide Training Performance



Invigoration of the BNK Education Mileage System

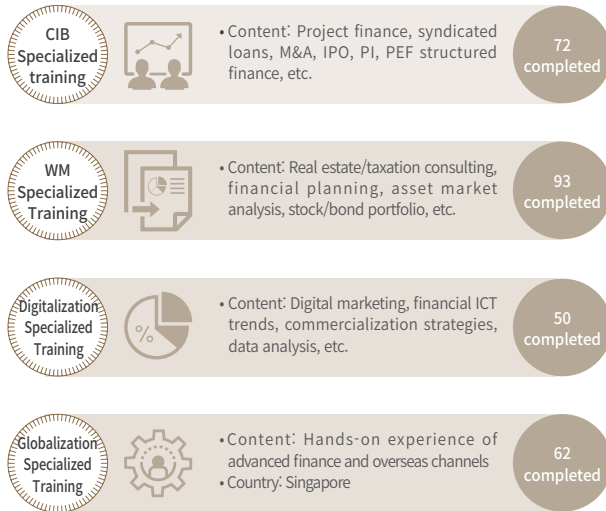
BNK runs the BNK Education Mileage System to foster a corporate culture that encourages self-development, as advocated in the CEO’s management philosophy. We provide mileage reimbursement to those who have voluntarily participated in self-development activities, with benefits ranging from gift certificates to overseas training opportunities. The mileage system has helped spread a groupwide self-development culture, with the global training opportunities in Singapore drawing particularly intense attention among employees in 2019.



Enhancement of Specialist Programs in Four Key Areas

In a bid to continue fostering core talent that can lead its future development, BNK FG offers specialist training courses in four key areas-corporate investment banking(CIB), wealth management (WM), digitalization, and globalization. In 2019, we trained a total of 277 staff and executives in the four key areas as follows:

Strategy 01. Responsible Growth



(Unit: Person)

Category	2018	2019
CIB	69	72
WM	40	93
Digitalization	92	50
Globalization	50	62
Total	251	277

Support for Training of Digital Finance Experts

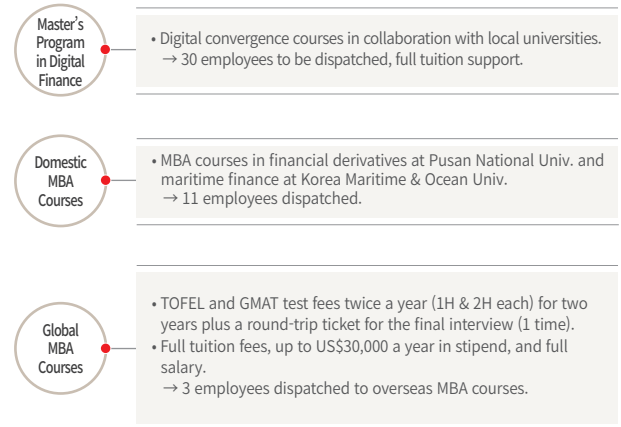
In collaboration with a domestic university, BNK FG has opened a master's degree in digital finance to foster digital talent that can lead in the era of the Fourth Industrial Revolution. In 2019, we dispatched 30 employees to the master's program in digital finance offered by Dong-A University, and they successfully completed advanced courses in both the digital and IT fields. With the goal of fostering specialists optimized for an increasingly complex financial environment and further boosting our competitiveness in the financial industry, in 2019 we dispatched 11 employees to Pusan National University's Graduate School of Finance to major in derivatives, and to Korea Maritime & Ocean University to study maritime finance, laying the foundation for talent cultivation in specialized areas.

Full Support for Global MBA Programs

BNK FG runs the 'Global MBA Sponsorship Program*' that is open to all employees to foster talent who can work effectively on the

global stage. We have dispatched 3 employees from BNK Busan and BNK Kyongnam to Indiana University in the United States, the Hong Kong University of Science and Technology, and the National University of Singapore respectively. These employees attended MBA courses and further enhanced their professional competencies. Moreover, as part of our global talent cultivation program, we dispatch our talent to Silicon Valley for a year so that they can gain hands-on experience of the latest state-of-the-art technologies being introduced.

* BNK pays tuition fees and living expenses while also paying salaries in full to its employees with more than seven years of employment who are admitted to top 30 MBA programs in the U.S. (USA News), Peking Univ. or Tsinghua Univ. in China, the Hong Kong Univ. of Science and Technology in Hong Kong, or the National Univ. of Singapore in Singapore.



Support for obtaining Certified Loan Officer (CLO) qualification

BNK actively supports its employees' efforts to acquire loan officer certification. Through certification, they can contribute to the effective supply of loanable funds to the Busan-Ulsan-Gyeongnam region through innovative situation analyses when reviewing loan applications, as well as more sophisticated credit evaluation practices. Since the second half of 2018, BNK FG has provided customized training for those eligible to take the loan officer qualification test, such as certified credit analysts or graduates of credit evaluation and credit legislation courses, so that they may take their time in preparing for the test in more stable conditions. In May 2019, 82 people passed the 29th Certified Loan Officer Qualification Examination, which was held nationwide. 23 people, or 28% of the successful test-takers, were BNK employees. As of the end of March 2020, BNK Financial Group has secured 47 certified loan officers, with the number having steadily increased over the years.

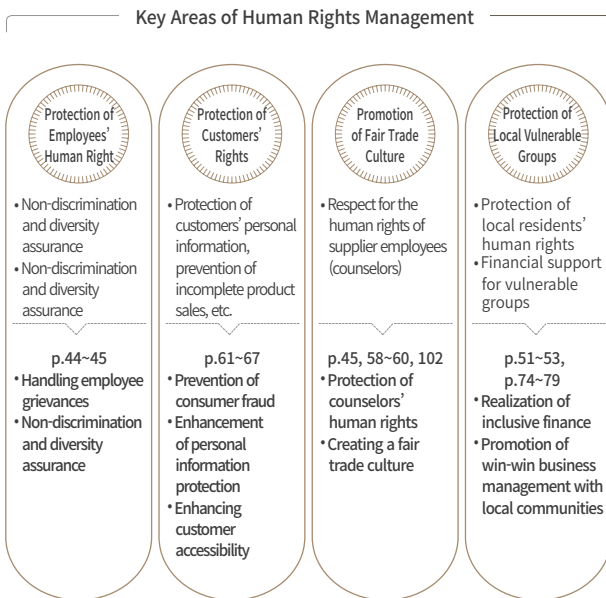
Reorganization of a Sustainable Corporate Culture

Respect for Diversity and Human Rights

BNK FG supports the protection of human rights and fundamental freedoms, as promulgated by the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We strictly comply with labor-related local laws and regulations in countries where we conduct business, including the Labor Standards Act at home and abroad.

BNK FG’s Human Rights Management Strategies

In accordance with its human rights management policies, BNK strives to identify potential human rights issues and prevent human rights violations in all its business activities, such as customer service, transactions with suppliers, community impact, and investment considerations, as well as promoting the internal protection of employee rights. We consider our human rights management efforts to be an integral part of our ethical management endeavors and always do our utmost to respect all stakeholders’ rights .



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BNK Financial Group’s Declaration of Human Rights

1. We proactively prevent unfair labor practices, such as forced labor and child labor, and comply with the labor principles ratified by the State regarding the health, safety and working hours of employees, as recommended by the International Labor Organization (ILO).
2. We denounce any form of discrimination based on academic or regional background, age, gender, race, religion, etc., in our personnel management, including in hiring, employment maintenance, evaluation, promotion, and pay, while cherishing diversity.
3. We regularly conduct employee training to prevent human rights violations, while striving to raise awareness of human rights.
4. We carry out regular evaluations to check the implementation of our human rights management policies and identify any human rights violation cases. We also operate a channel through which human rights violations can be reported, in accordance with a relevant manual.
5. When human rights issues arise concerning our employees, customers, suppliers, or local community members, we report them through the relevant channel while taking appropriate measures to prevent similar cases from recurring.
6. We endeavor to improve financial accessibility for disadvantaged groups in the utilization of financial products and services, and strive not to discriminate on the basis of the race, gender, age, or disability.
7. We take steps to prevent our customers from suffering infringement of their rights due to the leakage of their personal information. We strictly protect their personal information during business transactions and collect the minimum personal information necessary.
8. When making investment decisions on financial products and services, including project financing, we consider the risks of potential human rights violations, including forced and child labor.

Handling of Employee Grievances

BNK FG operates a grievance counseling process to listen to and resolve its employees' grievances. BNK Busan, for example, has opened a mobile channel called 'BNK Busan Bank Dudeorim' to handle employees' grievances at anytime, anywhere. In 2019, we handled a total of 201 grievances through our grievance channels, Healing Mind and OneHR, through in-depth interviews and customized solutions. BNK Kyongnam also runs a grievance handling system devoted to the resolution of its employees' grievances. In 2019, it received 106 grievances through the union and solved a total of 63 grievances during the year. The bank launched 'Personnel Grievance Troubleshooter Visits' in November 2019 to find solutions to its employees' grievances in ways more comfortable to the relevant employees, including in-person interviews, telephone calls and e-mails.

Socially Equitable Employment

BNK FG runs a fair recruitment process based on the 'Standard Hiring Procedures for the Bank Sector', whereby no job applicant is discriminated on the grounds of nationality, gender, or religion. We continue to promote the conversion of contract workers into regular workers in a bid to bring job security to those employees, while also striving to expand the proportion of local employment. BNK Kyongnam has signed an agreement with the 'Changwon Personalized Training Center for Persons with Disabilities' to promote employment among disadvantaged groups. It offers employment opportunities after selecting candidates and providing them with customized training. Selected as an excellent recruitment company by the Eastern Gyeongnam Regional Office of Patriots and Veterans Affairs, the bank constantly strives to expand the employment of patriots and veterans by attending 'Briefings for Company Executives to Increase Employment Opportunities.'

Education on Sexual Harassment Prevention and Human Rights Protection

BNK FG conducts groupwide sexual harassment prevention training for all its employees to raise awareness about human rights issues that have emerged as social issues, including in-house gapjil (abuse by people in power) and sexual harassment, in addition to affiliate-level, customized human rights education. We have invited external professionals to assess the adequacy of our workplace sexual harassment prevention mechanisms, and we implement preventive measures while also disseminating information on sexual harassment regulations, grievance counseling and remedial processes, and preventive measures, both online and offline. BNK

Busan provides education on sexual harassment reporting and handling procedures, as well as relevant disciplinary measures to underperforming branch offices. Moreover, BNK Kyongnam holds a self-reflection day under the theme of 'the prevention of sexual harassment' as part of its efforts to raise awareness of workplace sexual harassment. In particular, BNK System takes the lead in the prevention of sexual harassment in the workplace by educating new employees on its guidelines on the prevention of offenses against public decency (sexual harassment), as well as by familiarizing all employees with the Ministry of Employment and Labor's manual on responses to sexual harassment.



Human Rights Education Hours in 2019

21,938 hours

(including affiliates' human rights education hours, excl. legally required hours)

Improved Protection of Counselors' Human Rights

BNK FG is doing its utmost to protect the human rights of its customer service center counselors, who may experience mental stress and health problems due to increased emotional exertion. We are taking preemptive measures to prevent infringement of our counselors' human rights, by a minority of customers, through familiarizing employees with our manual on how to respond to different types of difficult customers, giving customers prior notice of the relevant details of the Occupational Safety and Health Act, and conducting education on the prevention of sexual harassment. We have also invited experts on mental health management and held 'Communication-Empathy-Happiness' workshops on the themes of emotional purification and imago therapy, among others, to teach our counselors how to manage workplace stress, while also improving convenience facilities in the workplace and expanding welfare benefits to boost job satisfaction. Amid the spread of COVID-19 in some of our call centers in 2020, we have proactively taken various countermeasures, including greater social distancing between counselors' workstations, holding virtual meetings, and implementing distributed work and childcare leave.

Description	Major Accomplishments in 2019
BNK Busan Bank	<ul style="list-style-type: none"> • Mental health education for 40 customer service center managers (including suppliers' centers) • Education on the protection of emotional laborers' rights • Healing Camp (emotional purification, imago therapy, cultural walks) and Communication-Empathy-Happiness Workshops
BNK Kyongnam Bank	<ul style="list-style-type: none"> • Stress management training provided by experts (100 employees) • Concert attendance (90 employees)

02 STRATEGY Mutual Growth



Key Performances



Innovative Finance

KRW **10.8197** trillion

(111% of our target)



Inclusive Finance

KRW **477** billion

(up 9.6% YoY)



Environmental Management Systems

ISO 14001 certified

(BNK Busan Bank)

Business Relevance

Amid uncertainty over the global economy and risks for the domestic economy, financial institutions are required to take responsible measures as their missteps greatly impact small businesses and the working class in particular. The Korean government has also selected innovative finance and inclusive finance among its core tasks to promote and demands that the country's financial institutions carry out internal innovation while playing the role of a social safety net. The Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB) issued a recommendation that that all companies disclose their climate change-related information starting from June 2017, while global banks are striving to reduce their funding of fossil fuel-based projects. Financial institutions are required to take preemptive measures in that Environmental, Social and Governance (ESG) is a material issue for the industry which must contribute to fighting climate change.

BNK's Approach

In September 2019, BNK Financial Group announced a plan to invest KRW 21 trillion in innovative finance earmarked for the Busan-Ulsan-Gyeongnam region. This investment is focused on supporting innovative growth companies in four sectors such as loans, job creation, capital investment, and digitalization. These efforts include financial support for small and medium-sized enterprises in the areas of the expansion of financial support, the utilization of movable assets as collateral, and the financing of social economy. We also provide customized inclusive finance across financial and non-financial sectors to vulnerable groups such as the working class and self-employed people in a bid to contribute to stabilizing their livelihoods. BNK Busan, which acquired ISO 14001, international certification for environmental management systems in 2019, is fighting climate change with various resources and energy saving efforts.

Our Plan

BNK FG will continue to provide innovative finance with the goal of creating an innovative startup ecosystem that will lay the stepping stone for the birth of unicorn startups in the Busan-Ulsan-Gyeongnam region, while taking the lead in practicing BNK's unique inclusive finance that makes the financial group a strong partner for local small business owners and the self-employed people. We will also find business opportunities in the climate change crisis by taking a proactive approach, while further enhancing our sustainable competitiveness.

Mid- to Long-term Plans

Promotion of Innovation and Technology Finance	<ul style="list-style-type: none"> Invigoration of innovation and technology finance. Support for 4 major sectors, expansion of technology finance. 	
Promotion of Climate Change Responses	<ul style="list-style-type: none"> Establishment of company-wide climate change response strategies. 	<ul style="list-style-type: none"> Expansion of sales and investment of eco-friendly financial products.
Enhancement of Local Win-win Activities	<ul style="list-style-type: none"> Launch of financial products to solve local community problems. 	

Innovative Financing/Technology Financing

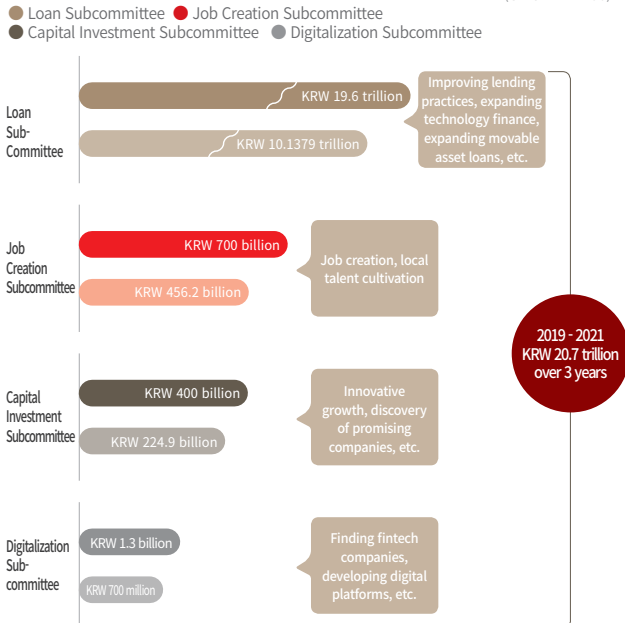
Promotion of Innovative Finance for Shared Growth with People

As a partner of the regional economy, BNK FG supports the growth of local companies and is playing a leading role in helping the local economy get over difficulties. In 2019, we undertook various efforts to promote regionwide shared growth with the vision of innovative finance beyond the level of productive finance.

Enhancement of Regional Support for Innovative Finance

In September 2019, BNK FG announced the BNK Innovative Finance Support Plan for the Busan-Ulsan-Gyeongnam Region which includes an investment of KRW 21 trillion in innovative growth companies and startups over a period of 3 years. To invigorate our performance in innovative finance, we have launched the BNK Innovative Finance Council headed by the group chairman and which includes the representatives of the affiliates as well as BNK Financial Group executives as members. The Council has already actively promoted our financial group's support for innovative growth company in the region over three years in the following four sectors including loans, job creation, capital investment, and digitalization: As of the end of 2019, BNK FG has provided KRW 10.8197 trillion, or 52% of the target amount for the entire period.

Innovative Finance Support Budget (2023) and Implementation Status (2019)
(Unit: KRW 100)



Expand Financial Support Devoted to Innovative Companies

Increased Investment in Technology Finance and Movable Asset Finance

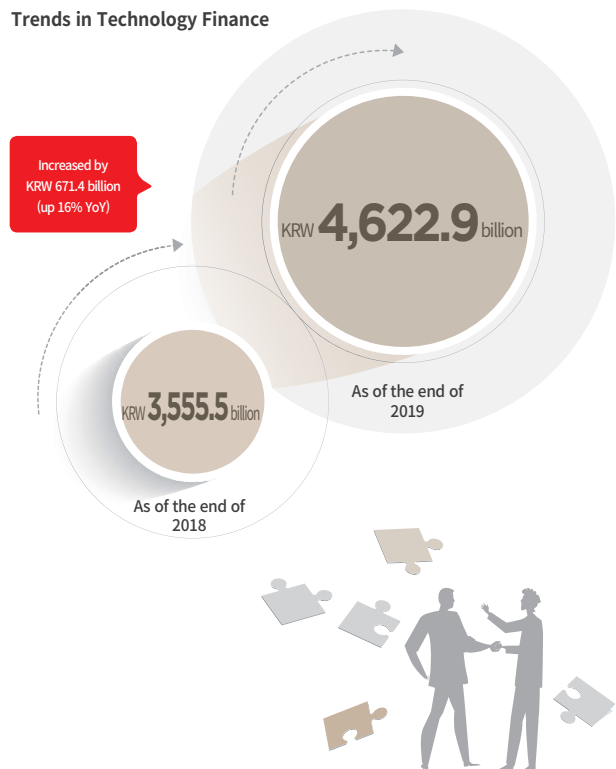
BNK FG is striving to expand its supply of technology finance and revitalize its movable asset finance as part of efforts to increase its financial support for innovative SMEs. As of the end of 2019, BNK Busan and BNK Kyongnam jointly provided innovative SMEs with KRW 5.1 trillion in loans, more than 50% of their target amount, with KRW 4.6 trillion or 93% of the target sum, offered to them as technology finance. We are also expanding their social economy finance as well as movable asset loans significantly.



Movable Asset Loans

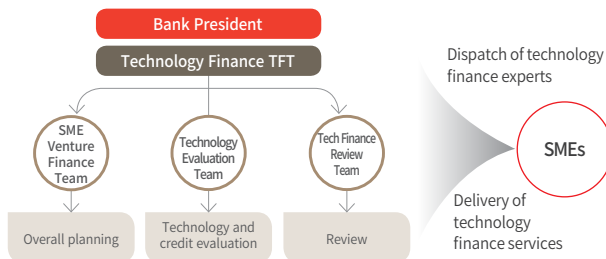
KRW **19.1** billion

Trends in Technology Finance



Operation of Exclusive Technology Finance Organizations

BNK Busan and BNK Kyongnam have launched technology finance organizations that report directly to their presidents to support SMEs that have developed prominent technology on their own, but which have had financial difficulties. The two dispatch experts in technology finance to the companies to select those with high growth potential provide technology finance in a systematic way through technology evaluation and funding consultancy. They are also running SME Support TFTs that provide management consulting services to SMEs that are struggling financially.



Description	Roles	Remarks
Technology Finance TFT-Innovative Finance Promotion Team	Overall control and support for technology finance	Under bank president's direct control
Technology Evaluation Team	Technology & credit evaluation for technologically advanced companies	In Credit Evaluation Dept
Technology Financing Review Team*	Technology funding reviews	In Credit Review Division
SME Support Team	Technology finance planning and marketing	In Credit Review Division

* Level-4 approval by the FSC for the first time among regional banks in Korea (April 2019)

BNK Busan and BNK Kyongnam operate Technology Evaluation Teams in their Credit Evaluation Divisions which serve as their respective technology credit bureaus (TCBs) that issue certificates for local technologically advanced SMEs in accordance with the guidelines on technology financing published by the Korea Credit Information Services. In the evaluation process, the SMEs' sustainability management practices are also reviewed through an evaluation of their representatives' external activities and reputation, the scope of the companies' local engagement, and acquisition of eco-friendly certificates.

Innovative SMEs' Launch of Specialized Products

BNK FG is undertaking various efforts to implement innovative financing, including providing financial support to outstanding tech

companies and reducing interest rates for job-creating companies. In 2019, BNK Busan offered financial support worth KRW 4 trillion to local companies with excellent technology through 'Speed-Up Special Loan' and 'Special Tech Loan', a special loan for tech financing. BNK Kyongnam has also launched various specialized products to support local SMEs, including 'Pride-Up Special Loan' and 'My Factory Start Loan.' In addition, BNK Busan launched 'Intellectual Property Rights (IP) Mortgage Loan' to finance innovative companies with excellent technology while expanding its movable asset collateral loan through the introduction of 'IoT Service.' BNK Gyeongnam also laid the foundation for financial support for tech companies through technology security and IP business agreements.



Performance of 'Speed-Up Special Loan' for SMEs

KRW **3,058.3** billion

Regional Win-win and Economic Revitalization

Proactive Support for Startup Companies

BNK FG is contributing to the revitalization of the local economy by expanding its investment in local innovative companies and discovering and fostering local startups. For the first time among regional banks in Korea, BNK Busan has launched a startup support center—the SUM Incubator—in July 2019 to provide customized financial and non-financial services to local startups from birth to growth. In 2019, BNK FG created a KRW 4 billion investment fund for the Busan-Ulsan-Gyeongnam region and further expanded investment in startup companies through Southeastern Region Job Creation & Investment Cooperative, among others. It offers support programs customized for the startups' growth stages such as preferential loan limits and interest rates, as well as business consulting.



Busan-Ulsan-Gyeongnam Startup Investment Fund

KRW **4** billion raised



Southeastern Region Job Creation & Investment Cooperative

KRW **146.1** billion paid(26 cases)

Innovative Financing/Technology Financing

Financial Support for Job-creating Companies

BNK FG operates a variety of job preferential support systems to fulfill the role of local banks in revitalizing the local economy. We offer a variety of benefits to outstanding job-creating creation companies including preferential interest rates and special loans for job creation. We also join forces with the Korea Housing Finance Corporation and the Busan Metropolitan City Office to operate the Mutual Fund for Job Creation and Shared Growth with SMEs to lay the groundwork for local SMEs to create jobs. In addition, we have continued to support job creation for the young and by SMEs through MoUs with local governments, while our job fair jointly organized with the Small and Medium Business Administration has been developed as an exemplary collaboration model for job creation in local communities.



Financial Support for Job Creation

KRW **442.8** billion

(KRW 281 bn by BNK Busan, KRW 161.8 bn by BNK Kyongnam)



Shared Growth & Win-Win Fund

KRW **7.7** billion

Financial Support for Companies Affected by Restructuring and Japan's Export Restrictions

BNK FG is actively striving for win-win with local suppliers hurt by the restructuring of the region's flagship industries. Most notably, we have launched Emergency Task Force for Responses to Japan's Export Restrictions and Counseling Window for Financial Difficulties Related to Japan's Export Restrictions to provide local companies with management stabilization loans, as well as reductions in interest rates. Most notably, we have initiated the Emergency Task Force for Responses to Japan's Export Restrictions and Counseling Window for Financial Difficulties Related to Japan's Export Restrictions to provide local companies with management stabilization loans and reductions in interest rates. We are also making every effort to minimize the impact on the local economy by extending term loan maturity dates and permitting delays in the payment of monthly installments so that local companies can recover more quickly.



Financial Support for Companies Suffering from Japan's Export Restrictions

KRW **157.9** billion (BNK Busan Bank)



BNK executive's visit to a company dealing with the negative consequences of Japan's export restrictions (Aug. 2019)

Creating New Business Models with Local Governments

As a regional bank, BNK Kyongnam is taking the lead in supporting local SMEs through the execution of MoUs with local governments. The bank provides financial support to SMEs that have received confirmation from the Gyeongnam Provincial Government about their establishment of smart factories as part of its various support measures aimed at invigorating the local economy and achieving shared growth with local communities through the execution of MoUs with local governments in Changwon, Gimhae, Ulsan, and Jinju among others.



Financial Support Fund in Association with Local Governments

KRW **644** billion

(Unit: KRW 100 million)

Description	MoU Title	Date	Ceiling	Performance
South Gyeongsang Province	Creation of Smart Factories (5 years)*	18. 11. 20	1,000	10
	Potential Job-creating Companies (3 years)	18. 09. 12	1,000	1,000
Changwon City	Shared Growth with Changwon City (1 year)	19. 02. 28	300	131
	Gimhae-style 'Small Giant Companies' (5 years)	19. 02. 12	1,000	78
Gimhae City	Reinvigoration of the Local Economy (2 years)	19. 07. 25	500	460
	Shared Growth with Gimhae City (1 year)	19. 07. 25	140	87
Ulsan City	Special Management Funds (2 years)	19. 06. 04	2,000	1,024
Jinju City	Reinvigoration of the Local Economy (1 year)	19. 08. 06	500	128
Total			6,440	2,918

* financial support to SMEs that have received confirmation from the Gyeongnam Provincial Government about their establishment of smart factories as part of its various support measures aimed at invigorating the local economy and achieving shared growth with local communities through the execution of MoUs with local governments in Changwon, Gimhae, Ulsan, and Jinju among others.

Enhancement of Local Win-Win Strategies

Realization of Inclusive Finance

As the largest financial institution in southeastern Korea including Busan, Ulsan and Gyeongnam, BNK Financial Group has been providing various inclusive financial programs aimed at promoting shared growth and reinvigoration of the regional economy. Most notably, we have offered customized financial and non-financial programs to support the working class, small merchants, social enterprises, and multicultural families as part of our efforts to alleviate their financial burdens and stabilize the livelihoods of ordinary citizens. In April 2020, we launched the Inclusive Finance Team in the Financial Consumer Protection Department. We plan to publish a group-level manual on inclusive finance and proceed with the cause more systematically.

Support Expansion for the Working Class and Small Business Owners

Launch of Self-employed Business Owner Support Center

BNK FG has launched the self-employed Business Owner Support Center* to help local small business owners and self-employed merchants who are struggling with the demand slowdown in the domestic market. In addition to basic financial counseling, the center helps local small business owners in various sectors switch from high-interest rate loans to mid-range-interest rate loans or refinancing by tapping the National Happiness Fund to lower their interest burdens. As part of its Full Smile Project for the Self-Employed, BNK Busan provides financial services at the Self-Employment Support Center as well as comprehensive services including free website creation and commercial district analysis. BNK Kyeongnam opened the Support Center for Small Business Owners & Self-employed People at its Changwon-Central branch office to provide them with comprehensive financial services.

* BNK Busan opened the Comprehensive Support Center for the Self-Employed in its head office in January 2019 to provide practical support to local self-employed persons, while BNK Kyongnam launched the Support Center for Small Business Owners & Self-employed People in its Changwon-Central branch office in November 2019.

‘Hope Sharing Project’ for Small Business Owners

In partnership with local governments, BNK Kyongnam has implemented the Hope Sharing Project for Small Business Owners to provide management consulting services and emergency livelihood security funds for vulnerable groups. The bank has implemented the project four times in areas with crucial need such as Changwon, Gimhae, Ulsan, and Jinju. This project offers a maximum of KRW 10 million per person in financial support through on-site interviews jointly led by bank management and local government officials regarding applicants’ financial hardship. As of December 2019, the bank provided a total of KRW 10.2 billion(1,020 cases) and as a result was selected as the Best Institution for Financing the Working Class by the Financial Supervisory Service(FSS) in recognition of its contribution to practicing inclusive finance.

Hope Sharing Project for Small Business Owners

(Unit: KRW 100 million)

Gimhae City	Ceil	Paid
Changwon City	30	27
Ulsan Metropolitan City	50	41
Gimhae City	30	16
Jinju City	20	18
Total	130	102



The ‘Hope Sharing Project for Small Business Owners’ being implemented in Gimhae-si

Services Provided by Comprehensive Support Centers for the Self-Employed

Description	No. of support cases	Support amount(KRW 1M)
Financial support	180	4,977
Mobile website creation	179	-
Business consulting	60	-
Total	419	4,977



Enhancement of Local Win-Win Strategies

Reinforced Support for the Financially Vulnerable

Enhanced Banking Loan Service for People with the Lowest Credit Score

In September 2019, BNK FG launched Sunshine Loan 17*, a joint financial product among the country's banking sector, in order to embrace people with the lowest credit scores who would otherwise have to turn to loan sharks of various forms in the country. Until the end of 2019, BNK Busan provided KRW 3.5 billion in a total of 435 cases, while BNK Kyongnam offered KRW 1.2 billion in 150 cases.

* Sunshine Loan 17 offers loans of up to KRW 14 million at an annual interest rate of 17.9% (bank interest rate 4.5% + guarantee fees 13.4%) to people earning less than KRW 35 million a year or those with a credit rating of 6-10 earning less than KRW 45 million a year.

Launch of Loan Care Program for the First Time in the Industry

BNK Busan implements the Loan Care Program* for customers suffering from excessive debts, multiple debts, and/or high interest rate loans with its own resources, a first in the banking industry. The bank has run the New Hope Seed Loan to Switch High Interest Rate Loans which enable a person to save KRW 675,000 a year in interest payments for a loan of KRW 5 million by allowing them to switch their high interest loans from loan sharks or second-tier banks to its mid-range interest rate loans. Moreover, the bank runs the Loan Repayment Burden Reduction Program for customers who have difficulty repaying their debts due to temporary lack of funds in addition to the Credit Rating Management Program that helps customers normalize their low credit ratings through an analysis of their credit rating trends followed by an appropriate level of financial education.

* The Loan Care Program offers customized loan care consulting services to the following customers: customers who suffer impaired credit and/or repayment burdens due to high interest rate loans from second-tier banks or loan sharks, (2) customers with a high level of loan repayment burden compared to their income, and (3) customers who have trouble having normal financial transactions due to job loss or business shutdown.

BNK Busan Bank's Loan Management Program

Description	Program content
New Hope Seed Loan to Replace High Interest Loans	· High interest loans from loan sharks or second-tier banks (as high as 25% interest rate a year) → Replacement with mid-range interest loans (up to 10.5% interest rate a year)
Loan Repayment Burden Reduction Program	· Short-term amortization loan within 5 years → Long-term amortization loan within 10 years · One-time repayment loans → Maturity extension for up to one year (different extension periods by credit rating)
Credit Rating Management Consulting	· Immediate notice and credit rating trend analysis provided in case of repayment delays
Loan Control Manager (LCM)	· On-site services and education on credit rating management

Launch of Loans to Ease the Housing Cost Burden of the Underprivileged

BNK Financial Group has launched a variety of financial products to support housing of the youth and vulnerable groups. In partnership with the Korea Housing Finance Corporation, we launched the Customized Jeonse(key money) and Monthly Rent Loan for Youth* in May 2019 to help reduce their housing cost burden. As of the end of 2019, BNK Busan has provided KRW 8.2 billion for 167 cases, while BNK Kyongnam offered KRW 2.1 billion in 42 cases. In addition, in April 2019, BNK Busan launched the Jeonse Loan for Newlyweds and Multicultural Families for the first time among regional banks to help support the housing stability of newlyweds and multicultural households in the Busan-Ulsan-Gyeongnam region with special interest rates.

* The Customized Jeonse and Monthly Rent Loan for Youth is available to young households that are not homeowners and earn less than KRW 70 million a year per household for a maximum amount of KRW 70 million within the limit of 90% of the total jeonse amount, and KRW 12 million, for jeonse and monthly rent contracts, respectively (annual interest rate of 2.58% at the end of 2019).

** Through the Household for newlyweds and multicultural families program, qualified families can be lent up to KRW 200 million up to 90% of the lease deposit and 5 times their the annual income. Unlike existing chartered loans, there are separate restrictions on income or rental housing area. The characteristic is that there is no (2.43% per year (as of December 31, 2019), which is operated at a special preferential rate).



MoU on the jeonse loan for newlyweds and multicultural families (Mar. 2019)

Deposit Products Exclusive for the Working Class

Card Products and Systems for the Socially Disadvantaged

BNK FG offers various card products and systems designed to support the socially disadvantaged. Examples include braille cards for the visually impaired and the Multicultural Love Card for multicultural families. We exempt debit card issuance fees for seniors 65 years or older and for people with disabilities.

BNK Busan offers the Busan Youth Stepping Stone Card+ that provides young job seekers with expense vouchers in addition to card products that offer welfare points to young people working for SMES. Prepaid cards that can be used as local currency in Busan are also offered and contribute to the revitalization of the local economy.

Card Products for the Working Class and the Socially Disadvantaged

(Unit: KRW 1 million)

Description	2017	2018	2019	Remarks
Multicultural Love Card	66	84	75	A card available to marriage immigrants and their spouses, offering credit/debit card services, preferential treatment in deposit/loan interest rates, and exemption from various fees
B Smart Card	105,605	97,637	89,827	A card that provides matching funds in proportion to its use and contributes to the construction of small libraries in association with local libraries and membership stores with the purpose of increasing interest in reading books, creating a social atmosphere encouraging reading habits, and promoting the use of local bookstores
Braille Cards	4	0.4	2	Braille cards for the visually impaired including Green Card and My Zone Debit Card
Happy Kid Card	38,194	42,112	42,253	A card that has integrated the Child Love Card of the Ministry of Health and Welfare to help with fees paid to childcare centers (children of up to five years) and Child Fun Card of the Ministry of Education to help with kids' education fees (children of 3-5 years old)
Happy People Card	24,560	36,733	44,251	A card that can be used as vouchers for teen pregnancy and childbirth, care of new mothers and infants, childcare fees and kindergarten fees, product purchase, energy costs, childcare expenses, social welfare services, and young women's sanitary goods
Busan Youth Stepping Stone Card +	1,662	4,366	2,265	A card that pays job search expenses to young job seekers in Busan between 18 and 35 years old

Preferential Interest Deposits & Installment Savings for Low-income People

BNK Financial Group offers low-income people various deposits and installment savings with preferential interest rates. Examples include BNK Hope Fostering Installment Savings and BNK Regional Love Free Installment Savings that offer preferential interest rates to the financially disadvantaged, people in the second-lowest income bracket, and the homeless, so that they can get practical assistance in their money-saving efforts.

We also offer a variety of products in the public interest such as the Education Love Card, which supports low income children's food costs, and the UNICEF Gift Card to help underprivileged children across the world by setting up a fund to which is added a certain percentage of card payments. We are planning to continue to expand such goods of public interest as a way to contribute to shared growth with local communities.

Deposits & Installment Savings for Low-income People

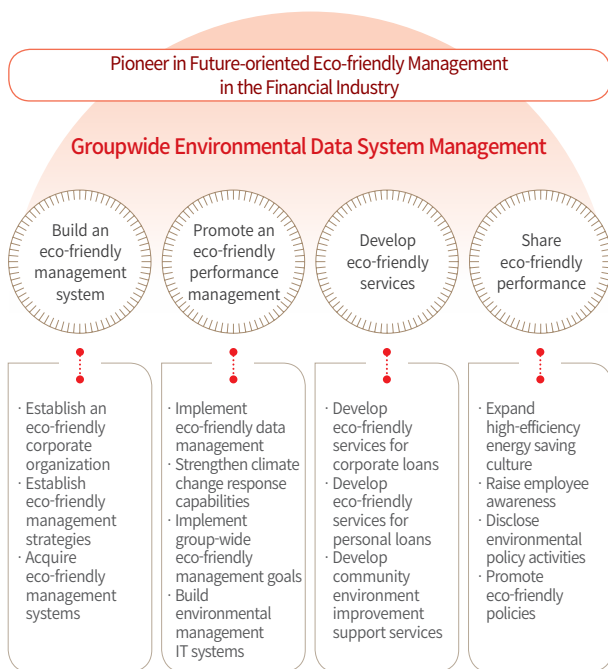
(Unit: KRW 100 million)

Description	2017	2018	2019	Content
BNK Hope Fostering Installment Savings	131	205	276	Beneficiaries : recipients of basic livelihood security allowances, child breadwinners, North Korean defectors, multicultural families, single-parent families, people with disabilities
BNK Busan Bank BNK Hopeful Future Installment Savings	255	169	139	Beneficiaries : people in the second-lowest income bracket and the homeless offered a special interest rate of 3% a year as part of the bank's social engagement efforts
Hope for Youth Bankbook	3	15	35	Beneficiaries : working young people in Busan selected by the Busan Metropolitan Government as part of the municipal government's policy efforts

Implementation of Climate Change Response

Enhancement of the Environmental Management System

BNK Financial Group pursues 'future-oriented eco-friendly management' strategies which reflect the characteristics of the financial industry. To this end, we have established an environmental management system and manage company-wide environmental data systematically, while providing various eco-friendly financial products and services as a way to contribute to spreading an eco-friendly culture in our society.



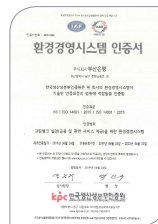
Acquired International Environmental Management Certification (ISO 14001)

Since it declared 'Green Bank' its slogan in September 2018, BNK Busan has striven to reduce disposable products and create a paperless work environment in a bid to promote green management as the key part of its corporate culture. As a result, it acquired ISO 14001 certification, an international standard for environmental management systems, from the Korea Productivity Center Quality Assurance in July 2019. 'ISO 14001 is the world's most highly regarded international standards for environmental management. BNK FG will expand its eco-friendly management practices groupwide in a bid to fulfill its corporate social responsibilities.

Groupwide Efforts for Resource Conservation

Building a Paperless Work Environment

We have distributed tablet PCs to our executives and heads of departments while turning most meetings held at our head office into paperless ones. Not only the head office, but branches, as well, have also established electronic payment and reporting systems to reduce printing on paper, while minimizing paper use by replacing paper promotional materials and posters by digital signage. To encourage our customers to participate in our resource conservation efforts, we offer mobile coupons to those that choose to receive bill statements by text or e-mail through Paper Statement Reduction Events.



ISO 14001 Certificate



Resource Conservation Campaigns

After issuing Guidelines on Reducing Disposables, BNK Busan has distributed personal tumblers to all its employees to reduce usage of paper cups. The program also prohibits the purchase of bottle water used for a variety of meetings. BNK Kyongnam also strives to recycle waste generated during its organizational restructuring and environmental improvements in its branches. The bank has also installed umbrella rainwater removers in its branches to minimize the utilization of disposable umbrella covers.

Plastic-Free Challenge

In November 2019, BNK FG launched the Plastic-Free Challenge, a relay environmental protection campaign designed to minimize plastic waste including disposable cups, under the sponsorship of the World Wildlife Fund (WWF) and Jeju Pass. This program included the participation of people from all walks of life including politicians and key personnel in the finance and entertainment industries. For instance, the CEO of BNK Kyongnam Bank, who participated in the campaign, has used mugs and tumblers while encouraging employees to join the effort.

Energy Conservation to Fight Climate Change

Energy Conservation Campaigns

In 2019, BNK Busan has conducted campaigns to spread the energy conservation culture under five action plans including 'complying with recommended indoor temperatures', 'minimizing standby power', 'using stairs instead of the elevator', 'turning unnecessary lights off' and 'improving energy efficiency'. BNK Kyongnam also launched an Energy and Resource Conservation Campaign under the four major themes such as 'conserve', 'recycle', 'maximize' and 'rethink' with the purpose of raising employee awareness and practicing conservation on a daily basis, as well as usual energy conservation activities including maintenance of HVAC systems and turning off all lights in the office building after hours. On the occasion of World Environment Day, BNK Financial Group held the Save the Earth Campaign to raise environmental awareness and encourage actions related to the cause by presenting gifts to those who posted pictures on one of the three main themes such as 'love for the environment', 'fine dust reduction' and 'plastic-free challenge' on their social media.

Environmental Education

BNK Busan continuously conducts environmental education for its employees to make sure that they comply with its own environmental management guidelines as well as relevant laws and regulations. Curricula include Environmental Management Policies, Processes, and System Requirements and Environmental Impacts of BNK Financial Group Products, Services, and Activities offered via various training methods such as lectures, audio-visual presentations, discussions, and field trips.



Energy Cost Reduction

KRW **238** million
(BNK Busan: energy consumption down 4.2% YoY)



KRW **133** million
(BNK Kyongnam: energy consumption down 3.9% YoY)

Eco-friendly Building Operations

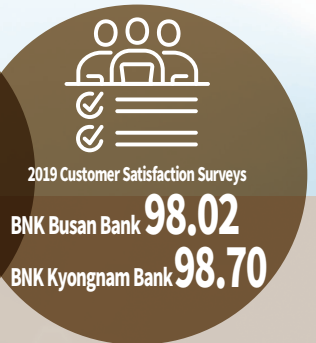
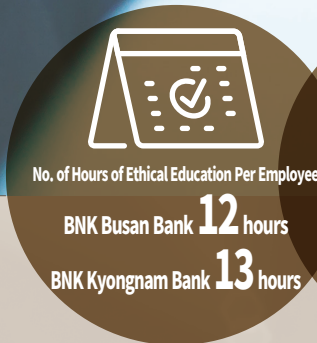
BNK Busan Head Office has won a grade-1 building energy efficiency certificate for its adoption of the replacement of lights with LED lights, the installation of solar control glass, the use of geothermal systems, and the introduction of inverter motors for all office air-conditioning units. BNK Kyongnam has created a pleasant working environment by improving indoor air quality through the upgrade of ventilation facilities in branches and the installation of fine dust filters, among others. It runs the training center and the group IT center as eco-friendly buildings by installing PV power stations, LED lighting, and geothermal heating and cooling systems. Some departments in headquarters have increased energy efficiency in heating and cooling through the adoption of a partition-free open office system, while BNK Financial Group is pushing for energy conservation through the implementation of no-driving day system and the replacement of vehicles with eco-friendly ones when they reach maturity.



03 STRATEGY Trustworthy Growth



Key Performances



Strategy 03. Trustworthy Growth

Business Relevance

As excessive competition and unfair trade practices in the financial industry raise the chance of financial consumer damages and disputes, calls have been mounting for financial firms to do something about it by strengthening their ethical management. In response, the government is pursuing various financial policies (detection of unethical sales practices, increased monitoring of potential risks, etc.) aimed at establishing an order of transparency and fairness in the financial market. In addition, the escalating number of cyber financial crimes using smartphone and telephone phishing, along with the increasing amount of damages, is forcing financial companies to preemptively strengthen their information security capability and create a system for protecting financial industry consumers.

BNK's Approach

To realize its vision of becoming a global standard financial group, BNK Financial Group is improving its ethical management system by strengthening its Internal Regulation system and increasing inspections of its ethical management practices. In addition, we have ramped up our financial consumer protection activities by strengthening our voice phishing and fraud protection system, and by creating a consumer rights protection team. We are also realizing customer-centered services through the management of our customers' finance experience.

Our Plan

BNK Financial Group will continue to upgrade its anti-corruption policy and system to the global standard level, and, by implanting a culture of ethics and integrity, strive to become a financial institution trusted by the public. In addition, we will expand our financial consumer protection activities and strengthen our information protection system while implementing "customer-impression management" through customer experience-centered services and financial accessibility.

Long-term Tasks

Meeting our ethical responsibilities	• Eradicating unethical behavior.	• Preventing incomplete sales and unfair practices.
Preventing financial mishaps and improving digital security	• Implementing digital security and averting personal information leaks.	• Augmenting the financial mishap/fraud prevention system.
Expanding consumer access to financial services	• Spreading the customer-centric culture (customer satisfaction).	• Increasing support for consumers who lack the means to obtain financial services.

Fulfillment of Ethical Responsibilities

Strengthened Ethical Management System and Internal Regulation

In order to realize its sustainability management vision of “Becoming a Global Standard Financial Group,” BNK Financial Group is strengthening its ethical management system throughout the entire group. After establishing our Code of Ethics in 2011, BNK Financial Group revised it on several occasions in order to satisfy the changing policy requirements of financial authorities and to meet various global initiatives. BNK Financial Group shares its ethical management values with all its affiliates. The group complies with the code of conduct and the principles of conduct, which were declared both internally and externally, and operates a broad range of programs designed to promote sound ethical management.

Ethical Management Implementation Inspections

BNK Financial Group provides education and conducts inspections to raise employee awareness of the importance of applying ethical codes of conduct to their work. In particular, we urge our employees to pay close attention to such codes of conduct via official company mails and workplace inspections during national holidays because we are living through a time when conscientious behavior on the part of all employees is particularly required. We frequently check for ethical violations such as unscrupulous expense claims, exchanges of gifts by employees, company dinner culture, office bullying, and sexual harassment.

Total number of workplaces	BNK Busan Bank	BNK Kyongnam Bank	Other affiliate companies
309	152	144	13

Whistleblower Reporting System

BNK Financial Group operates a whistleblower reporting system that allows employees to report violations of the ethical management rules to the Group’s Legal Compliance Auditor. Under this system, potential infringements of the ethical and compliance rules are prevented in advance, while actual infringements are dealt with immediately. In particular, with the Internet/mobile telephone-based BNK Helpline app, employees can report anonymously, while inquiries on compliance can be sent conveniently anytime anywhere. The processing of an inquiry request can be tracked, and the completion of a request can be checked. Through continuous development of this system, we are increasing access and constructing a more systemized whistleblower reporting process. Instead of resting on our laurels, we will continue to improve and upgrade our internal reporting system in order to strengthen our ethical management.

BNK Financial Group’s Internal Regulation System

BNK Financial Group has set up an internal regulation system for ethical management to prevent legal sanctions, financial losses, or damage to our reputation due to violations of ethical and compliance regulations. Through the group-level Internal Control Committee, Internal Control Council, and Compliance Officers Council, we operate a preemptive internal regulation system consisting of our own ethical standard diagnosis and inspection practices and identify areas for improvement. We also carry out other kinds of internal regulation activities, such as the monitoring and reporting of ethical/legal compliance violations by the compliance officers and the audit committee, respectively. In November 2019, we held a workshop aimed at increasing our competencies in the group’s internal regulation of ethics. Presided over by the chairman and attended by audit executives and compliance officers from the holding company and affiliate companies, the event went a long way in cementing the internal regulation system.

2019 Conferences on Internal Regulation

Category	Date
Internal Control Committee	June, December 2019
Group Internal Control Committee	June, December 2019
Compliance Officers Council	March, October, November 2019
Group Internal Control Competency Building Workshop	November 2019

BNK Financial Group’s Ethical Management Activities

Improved Compliance with the Improper Solicitation and Graft Act

BNK Financial Group prohibits the improper solicitation and receipt of money or goods in accordance with the Improper Solicitation and Graft Act. An employee who unwittingly receives money, goods or gifts must return them immediately and fill out a Notice on the Return of Gift/Money and report it to their departmental head by way of the compliance officer within 3 business days. If, for some other reason, return of the gift(or money) is impossible, then it must be used for social contribution purposes in the form of a donation after reporting the matter to the compliance officer and departmental head. The compliance officer assigned to each department records the details of the money or gifts received in a ledger and manages the record transparently.

Expanded Ethical Education

BNK Financial Group regularly provides ethical education to raise awareness among executives and employees of the importance of ethics and compliance with ethical codes of conduct and to promote an ethical corporate culture. We especially focus on teaching employees about the duty of compliance by selecting a monthly topic on ethical violations that could occur in the office and educating them about laws and cases concerning such violations. In 2019, the Group's Legal Compliance Auditor gave ethical education to newly appointed department/division/branch heads. Some of the topics discussed at these sessions included guidelines on putting into practice the ethical code of conduct, conducting AML tasks, using the whistleblower reporting system, prohibiting acts of solicitation, and applying specific economic crime laws. This education program is designed to transmit essential knowledge about ethics that leaders must possess, so that behaviors that could violate the rules set up for internal control can be prevented in advance.



Total No. of Ethical Education Hours per Employee

BNK Busan Bank **12** hours, BNK Kyongnam Bank **13** hours

Group Consolidates Anti-Money Laundering Policy

In order to respond early to the ever-increasing variety of illegal money laundering and to regulations designed to stop such practices, we have completely reformed our group-level anti-money laundering system. We have developed a common internal regulation policy to be applied to all organizations within our group and completely revised our anti-money laundering regulations. By pursuing these group-wide policies, we are hopeful that the management capabilities of our affiliates will be upwardly standardized and that the quality of risk management of the entire group will be improved.

Expanded Anti-Money Laundering Education

Based on the July 2019 revision of the Act on the Reporting and Using Specified Financial Transaction Information/Enforcement Decree, the government has begun to hold financial companies more accountable for preventing money laundering. To fulfill this obligation, affiliate companies under the BNK Financial Group provide education tailored to individuals, based on their annual educational plans. At a workshop held in November 2019 for outside directors, lectures were given to the outside directors and executives of BNK Financial Group and its affiliate companies on preventing money laundering. Furthermore, at a group Internal Regulation committee meeting held in December 2019, lawyers were invited to give lectures on the subject to auditors from BNK Financial Group and its affiliate companies.

Diagnosis and Strengthening of Ethical Management at BNK's Two Banks

BNK Busan Bank and BNK Kyongnam Bank are currently reviewing how well the implementation of ethical management is proceeding in their respective organizations. Based on the results of this review, both banks are providing consulting to lower-level branches on how to better regulate the implementation of ethical management in each of the branches. If ethical management cannot be regulated in the lower-level branches, the bank's president launches internal control watch programs, such as sending messages urging individual employees to exercise caution. The banks are trying to implement ethical management in this way. The banks also designate one day of every month as a day for self-inspections of ethics and compliance. On this day, the banks choose an ethical management keyword and distribute educational materials on its implementation to raise awareness of the importance of ethical management and the importance of internally regulating ethics within the banks' own organizations.



Total Number of Audits Performed to Assess the Implementation of Internal Regulations

469 branches and offices

- BNK Kyongnam Bank, BNK Securities: Ethics management at their sales branches and teams at headquarters whose internal regulations were not up to standard was managed with alerts.
- BNK Capital: The company was found not to have complied with the rules requiring it to keep a record of orders and maintain the record and rules on consultation fees.



Fulfillment of Ethical Responsibilities

Prevention of Incomplete Sales and Unfair Trade Practices

The rapid changes taking place in the financial market environments of South Korea and overseas, as well as the introduction of increasingly diverse financial products are leading to increasing calls for the protection of consumer rights. We at BNK Financial Group have formed a dedicated organization tasked with looking after financial consumers and protecting them from any unnecessary harm, and by proactively moving to protect the rights of financial consumers by, for example, taking steps to avert incomplete sales.

Consumer-Centered Management (CCM) Certification

BNK Busan Bank received the Consumer-Centered Management (CCM) certification from the Fair Trade Commission in December 2019 in recognition of its efforts to implement consumer-centered management. The CCM certification is a program that evaluates and certifies whether a company's business management activities are being improved upon from the consumer's perspective. During the certification stage, BNK Busan Bank received high marks for its efforts to protect financial consumers, prevent customer complaints and voice phishing, increase convenience for consumers in the financially strapped segment of society, improve business management issues faced by SME owners and the self-employed, and fulfill its corporate social responsibilities.



Activities for Preventing Incomplete Sales

BNK Financial Group conducted its own "mystery shopping" campaign at all of its sales branches for the purpose of verifying the completed sales of financial investment products. The mystery shopping campaign was conducted under the same conditions established by the Financial Supervisory Service. If the evaluation grade for a sales branch was below 70 points, a department warning was issued and group education given. In the first half of 2020, BNK Busan Bank introduced a Robotic Process Automation (RPA) system that monitors financial investment products. The system allows the Group to check more thoroughly for missing required documents and missing entries.



Mystery Shopping

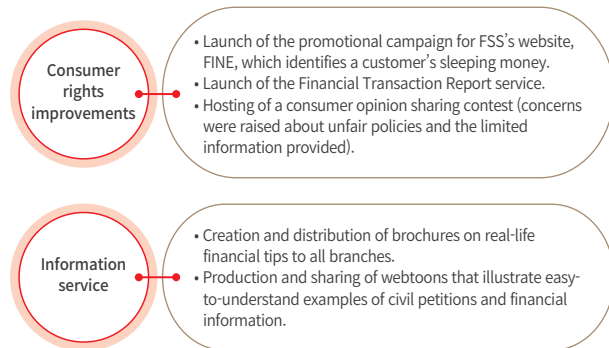
BNK Busan Bank (all branches) **7** rounds

BNK Kyongnam Bank (all branches) **3** rounds

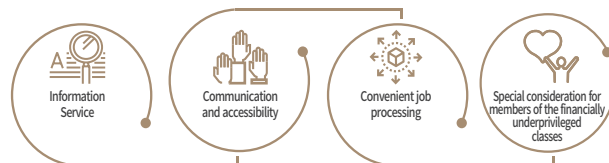
Organizational Reinforcements to Protect the Rights of Financial Consumers

BNK Financial Group develops products and services from the consumer's perspective in order to practice consumer-centered management, and continuously improve systems that could be disadvantageous to consumers. Since 2016, the company has been operating a customer panel through which it actively collects ideas on improving its banking products and services. In 2018, through the Consumer Protection Policy Advisory Board (BNK Busan Bank) and the Financial Consumer Rights Improvement Advisory Board (BNK Kyongnam Bank), both of which are composed of experts in various fields including academia, legal circles, and civic groups, we are constantly analyzing and improving the level of consumer protection. In February 2020, BNK Busan Bank established the Consumer Rights Protection Action Task Force, whose mission is to review and restrict negative impacts on its consumers by studying the risks in its financial investment products and analyzing their potential impacts on consumers. Meanwhile, we hosted an event in which we pledged our commitment to guard the rights of our financial consumers. The event was held to increase employee awareness of finance consumer-centered management and the importance of protecting the rights of consumers.

Financial Consumer Rights Improvement Activities



Consumer Protection Diagnostic Evaluation Items



※ After 3 rounds of diagnosis and evaluations, our scores for all 4 items showed improvements (i.e. above average scores). Among the 28 improvement items proposed for programs and processes, 18 have been completed (9 are being improved upon, while 1 is being reviewed on a long-term basis).

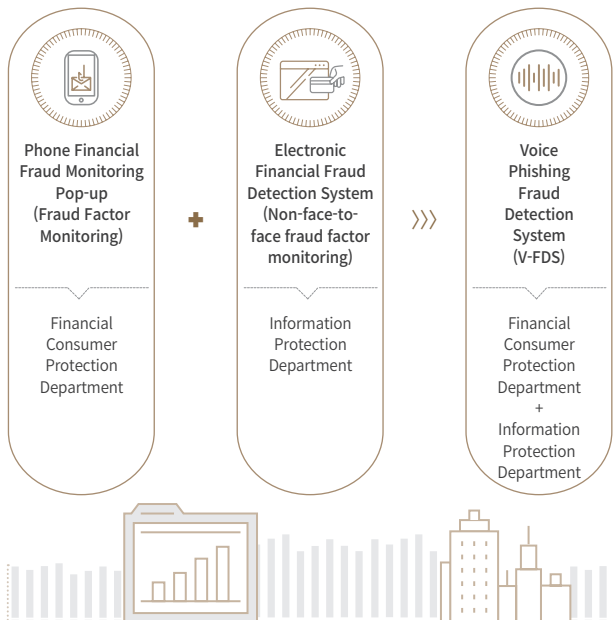
Digital Security and Prevention of Financial Incidents

Strengthened Financial Mishap, Financial Fraud Prevention System

The popularity of online transactions and non-face-to-face transactions are giving rise to harmful financial incidents including withdrawals from fake deposit accounts and voice phishing. BNK Financial Group has deployed numerous Big Data-based AI solutions throughout its business operations, creating a financial environment where customers can complete transactions with the utmost confidence, and is striving to prevent financial accidents in advance through education and campaigns aimed at detecting financial fraud.

Enhancement of the Electronic Financial Fraud Prevention System

BNK Busan Bank introduced an AI-based Voice Phishing-Fraud Detection System (V-FDS) in 2019. This advanced financial fraud prevention system uses Big Data to detect signs of voice phishing by analyzing in real time the patterns and money flows of customers' financial transactions. It is capable of not only detecting withdrawals from fake deposit accounts, but also detecting fraudulent transactions that trick customers into approving money transfers. If a transaction is suspected to be fraudulent after a Big Data-based comparative analysis of the customer's regular transaction pattern, that electronic financial transaction is automatically blocked. In 2019, BNK Busan Bank and BNK Kyongnam Bank detected 642 cases of fraudulent transactions, preventing financial damages of around KRW 4.7 billion.



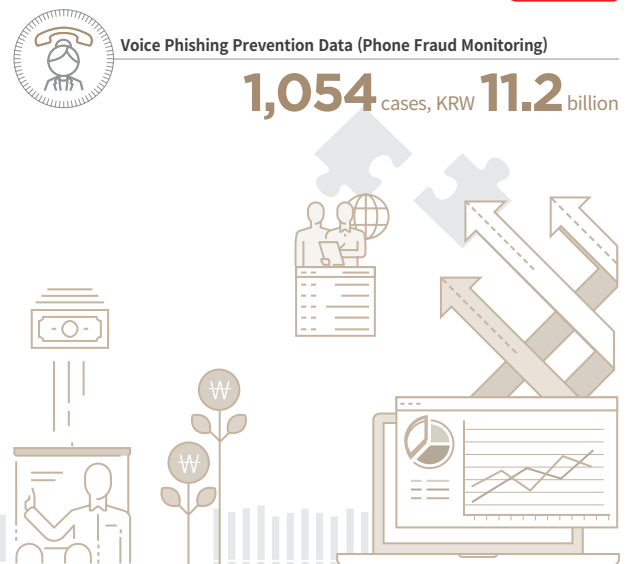
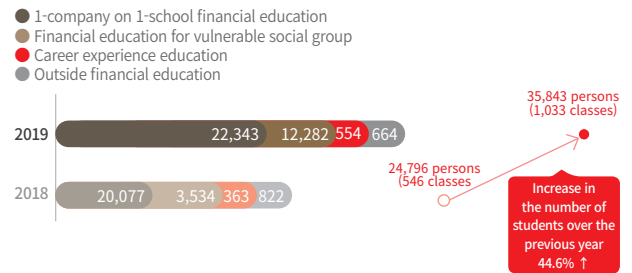
Financial Fraud Prevention Activities

BNK Busan Bank operates easy-to-understand finance education and career-experience programs for children and teenagers, and tailored finance education for members of financially excluded segments of the community, such as teenagers, people with disabilities, and senior citizens. The bank staged a comedy musical called Geumsabangne for an audience of elderly customers which taught them how to avoid financial fraud in a very comical way. We also invited senior citizens to an auditorium where they were given free classes on digital finance and how to avoid financial fraud. The bank also runs visiting classroom programs at welfare centers for the elderly and senior citizens' centers. Furthermore, the bank operates a free legal advisory service called Communication for Correcting Misunderstandings to help senior citizens and other people with limited access to financial services avoid financial fraud.

* Communication for Correcting Misunderstandings is a customer service in which BNK Busan Bank lawyers specializing in financial consumer protection visit the homes of customers who are confronted with specific legal issues in order to provide free counseling.

BNK Financial Group Financial Education Results

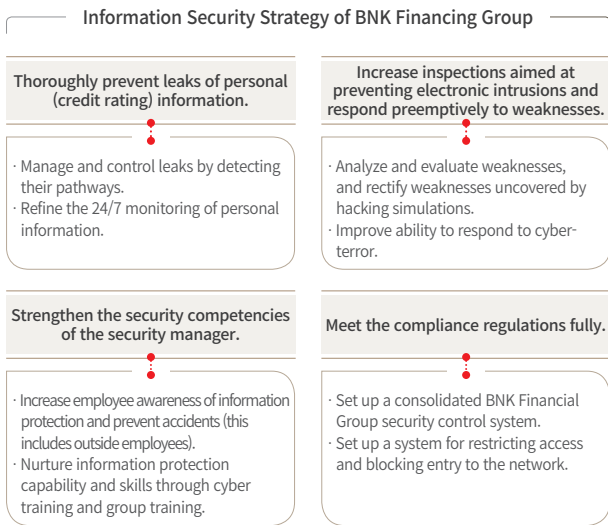
(unit: classes)



Digital Security and Prevention of Financial Incidents

Digital Security and Prevention of Personal Information Leaks

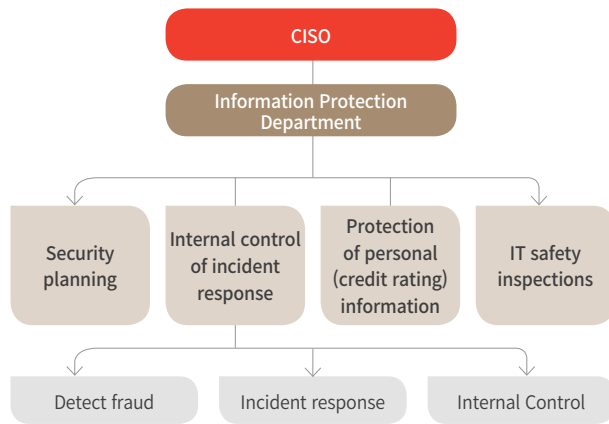
BNK Financial Group is bolstering its information security risk management based on four major information security strategies. First, we have improved our process for managing the diagnosis of information security weaknesses and built a systemized response system which analyzes (confidentiality, integrity and availability) risk factors that could impact key information systems like servers and networks. In addition, we have established an integrated security control system and network access control and intrusion blocking system in the IT Development Center. The flow of personal information leaks is monitored in real time, and leaks are prevented with the deployment of a personal information (credit rating) protection system.



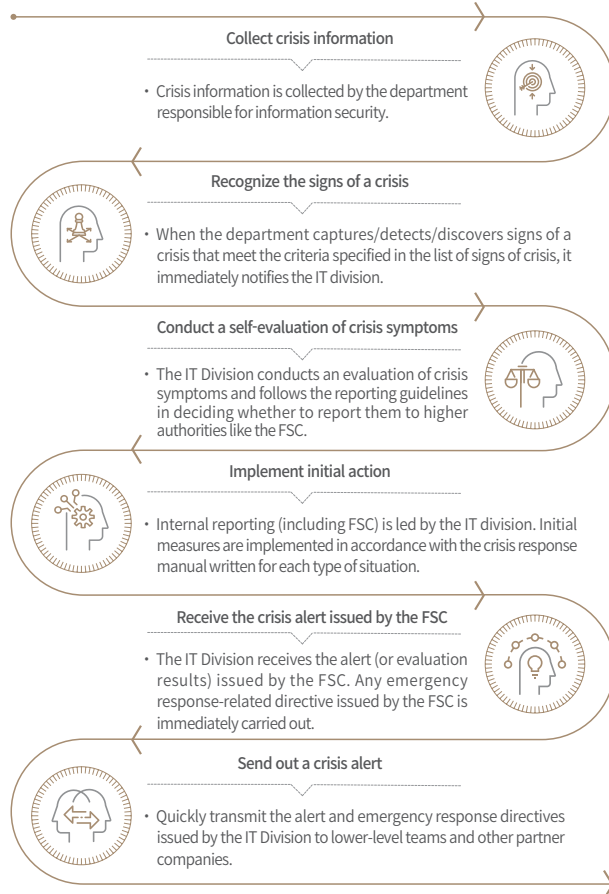
Information Security Risk Management Process

BNK Financial Group appoints a Chief Information Security Officer (CISO) to assume overall responsibility for information security, while the Information Protection Department is tasked with security planning, intrusion response and internal control, and personal (credit rating) information protection. In the event of an information security crisis, the bank responds to information security risks by following a six-stage process (ranging from information collection to warning dissemination) described in the bank's crisis response manual.

Information Security Organization



Process for Responding to Information Security Risks

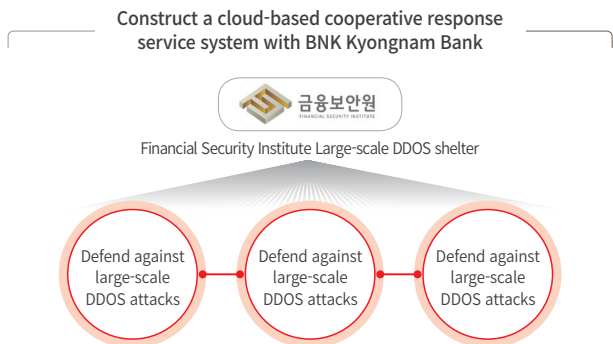


Strengthened Information Protection System

BNK Busan Bank manages its information protection by adopting the ISO 27001 standard for the bank's information protection policy, physical security, and safety of information access control. Based on the stipulations set forth in the Electronic Financial Transactions Act and the Electronic Finance Supervision Regulations, we analyze weaknesses in our electronic financial facilities and continuously upgrade our information protection management system by revising the related regulations. Our efforts to enhance our autonomous security system have greatly strengthened user protection, as has our early adoption of the IT security needed for new electronic financial services such as Fintech. BNK Kyongnam Bank was also the first regional bank to obtain the information security management system (ISMS) certification, and since then we have been strengthening information security and operating the information protection system by renewing this certification every year.

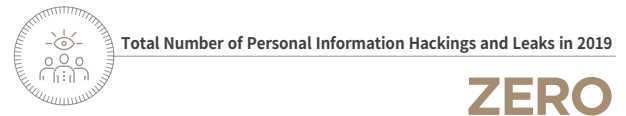
Operation of Real-time Cyber Security Control Center

BNK Financial Group operates a security control center on a 24/365 basis to continuously monitor cyber-threat information from both inside and outside the bank. We have also created an integrated monitoring environment by diverting all the data collected by the different security systems installed in each section to the bank's central control system. Furthermore, we are fundamentally preventing security mishaps by immediately responding to abnormalities with security alerts. Meanwhile, BNK Kyongnam Bank became the first company in the finance industry to cooperate with the Financial Security Institute in setting up a cloud-based DDOS attack response system. Meanwhile, we have been working to provide stable financial services to our customers by removing attack data from the cloud shelter and sending only normal data to the bank in the event of a massive DDOS attack.

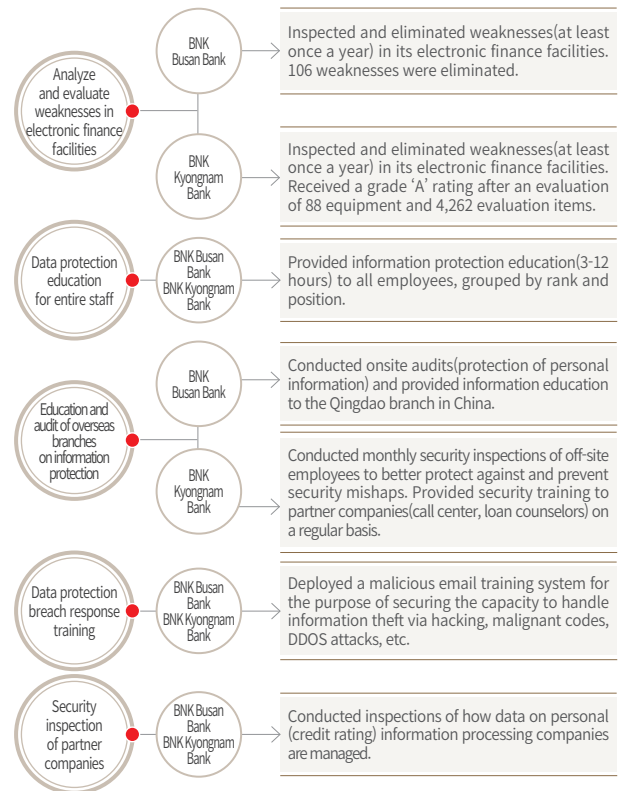


Strengthened Protection of Customer Personal Information

BNK Financial Group is taking the lead in strengthening its personal information protection system in order to prevent possible leaks of personal information. To enhance the stability of financial transactions, BNK Busan Bank encrypts and manages customers' unique identification numbers and unstructured personal information (address, phone number, image, voice file, etc.). To ensure the safety of financial trading, BNK Busan Bank keeps track of customer ID numbers and unstructured personal information (address, phone number, image, voice file) in encrypted form. Especially in the case of unstructured information, the bank has built a separate encryption system to completely prevent illegal leaks. As a result, the bank reported no leaks of personal information in 2019. However, rather than remaining satisfied with the current level of protection, the bank intends to pursue an even more robust personal information protection program by making continuous system and process improvements.



Key Information Protection Activities of 2019



Expansion of Financial Consumers' Access to Finance

Spread of the Customer-Centered Culture

As customers' use of financial services grows from one year to the next, global financial companies are quickly identifying their needs through various channels and providing a variety of products and services designed to fulfill their needs. BNK Financial Group is also striving to strengthen its customer-centered service by listening more intently to customer voices so that it can meet their diverse needs. By increasing access to financial services for the finance-deprived segment of society, we intend to put into practice genuine customer impression management.

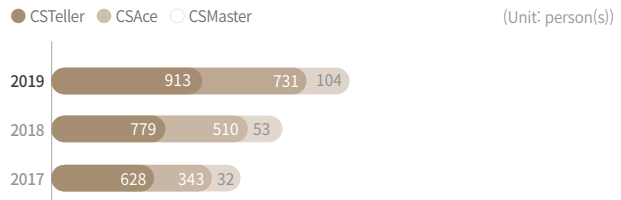
Customer-Centered Service through Customer Experience Management(CEM)

BNK Busan Bank dispatches CEM(Customer Experience Management) researchers to its branches where they are tasked with promoting the adoption of a CS culture centered on the customers. Each researcher starts by "reliving" the experience of a typical customer at the bank. Afterwards, the researcher assesses the sales branch on such factors as customer reception, expert consultation, job support for customer managers, customer lounge guidance activities, attitude towards work, and the work environment. Finally, the researcher selects the most outstanding employee in the field of customer experience management. As one method of enhancing customer value, the bank chooses a monthly CS theme("Do not waste your customer's precious time", "Look around you,"etc.) at the beginning of each month. The researcher then instructs the bank to provide services while following some specific action guidelines for the chosen theme. The bank also actively seeks out valuable customer-centered service experiences by holding an employee ideas contest called Adding Experience to Service. BNK Kyongnam Bank also selects one item for the CS improvement agenda every month and provides training to all bank employees in order to better manage the customer point of contact service. The bank periodically broadcasts IPTV educational videos filmed at various sales branches to communicate the correct methods of managing and improving the customer services.

Enhancing the Competencies of Customer Contact Point Managers

BNK Financial Group concentrates on building up its employees' CS competencies because improving customer satisfaction is one sure way of enhancing corporate competitiveness. It conducts regular service competency evaluations and then selects and awards one outstanding CS employee and one outstanding CS sales branch. We encourage employees to voluntarily adopt the CS culture by presenting specially framed caricatures to employees selected on the basis of excellent customer recommendations. We also operate a qualification certification program(CS Master, CS Ace, CS Teller) based on evaluations of CS competency in the field. Furthermore, to engage our customers with financial service experts who are sincere and professional, we provide a wide range of training programs for sales branch employees, such as CS training sessions and group training sessions.

* In 2019, BNK Busan Bank appointed 24 employees as CS High Touch Leaders, BNK Kyongnam Bank appointed 161 employees as CS Angels. We also evaluate service competencies and appoint a quarterly CS Champion every quarter.



Qualification Levels	Required Points (CS mileage)	Must Meet Criteria	
		Selected as an outstanding employee	Learning Mileage
Master	100 pts or above	More than 8 times	At least 10 pts
Ace	50 pts or above	More than 6 times	At least 5 pts
Teller	30 pts or above	More than 4 times	At least 5 pts



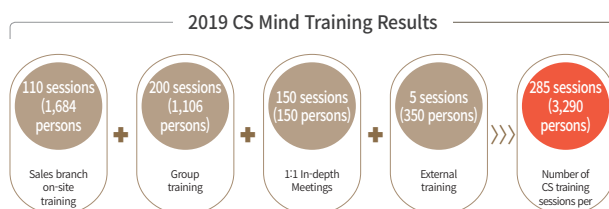
Appointment ceremony for BNK Busan Bank CS High Touch Leaders (24 persons)



Framed caricatures of outstanding CS employees of BNK Kyongnam Bank

Outstanding Performance in Customer Experience Management
Annually **844** persons

Contest Results
Total **54** cases received, Outstanding employees **6**



Strategy 03. Trustworthy Growth

Increased Communication with Customers

BNK Financial Group requests all related departments to make improvements and changes* to the website and systems for the purpose of resolving customer complaints and preventing their recurrence. Through numerous channels including the Customer Center, we listen to the voices of our customers (VoC) and reflect them in diverse aspects of our business, whether it is for developing customer-tailored products or improving the process of collecting the VoC. With the introduction of mentor/mentee counseling and the Pre-VoC service, BNK Busan Bank is working to ensure simple customer discontents do not lead to customer complaints. Furthermore, we analyze the root causes behind customer complaints and request the relevant departments to make the necessary improvements to systems, processes, and programs so as to resolve customer complaints and prevent the recurrence of similar complaints.

* System improvement requests, 2019: 30 in total(26 cases of completed improvements, 3 cases of requests being rejected, 1 case currently being processed)

Number of Customer Complaints Received

Organization	2018	2019	Increase
FSS	133	77	56 ▽
BNK Busan Bank*	2	-	2 ▽
BNK Kyongnam Bank*	1	-	1 ▽
Total	139	77	59 ▽

* Customer complaints received via our website and considered reasonable.

Construction of a Future-oriented Contact Center

Digital innovations result not only in advancements of our customer channel operations like job innovations and platforms, but also have an impact on the VoC responses of our customer centers. BNK Financial Group has established a customer behavior analysis system and a consultation analysis system for the purpose of building a future-oriented contact center and is currently enhancing the knowledge management system. Upon completion of the future-oriented contact center, we will be able to analyze customer behavior and customer counseling data with AI and provide even better products and services to our customers.

Results of Customer Complaint Prevention Efforts (Unit: No. of cases)

Category	2018	2019	Increase over previous year
Mentor-Mentee	87	145	58 ↑
Pre-VoC	28	68	40 ↑
Total	115	213	98 ↑

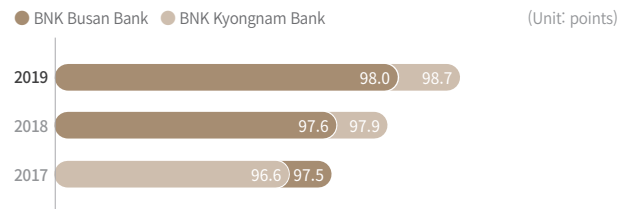
Construction of the Future-Oriented Contact Center



Customer Satisfaction Improvement Efforts and Results

BNK Financial Group evaluates its customer-centered management by conducting a customer satisfaction survey every year. Of particular note is the continuing rise in our customer satisfaction score, which is attributable to the activities we have launched with the aim of stirring customers' emotions and conveying our sincerity. In the future, BNK Financial Group will continue spreading a customer-centered service culture through a wide range of customer satisfaction activities.

Customer Satisfaction Results



Top Award for Protecting Financial Consumers

In December 2019, BNK Kyongnam Bank received the top award given by the Financial Consumer Agency to the "bank with the best performance in financial consumer protection." BNK Kyongnam Bank was highly praised for the rapid and proactive ways in which it tackles issues related to financial consumer protection. It has developed products and services that can protect financial consumers, improved the process of handling civil petitions and made it more consumer-friendly, and revolutionized its organizational culture and response system for better financial consumer protection. BNK Financial Group will continue striving to protect the rights and interests of financial consumers and to create a fair financial environment.

Expansion of Financial Consumers' Access to Finance

Expanded Financial Service Support for the Financially Excluded

Access to finance refers not only to the physical distance between customers and sales branches, but can also mean more convenient financial services for underprivileged social groups and expanded financial services for financially excluded people. BNK Financial Group is gradually expanding its services to increase access to financial services for the socially underprivileged.

Expanded support services for the financially excluded

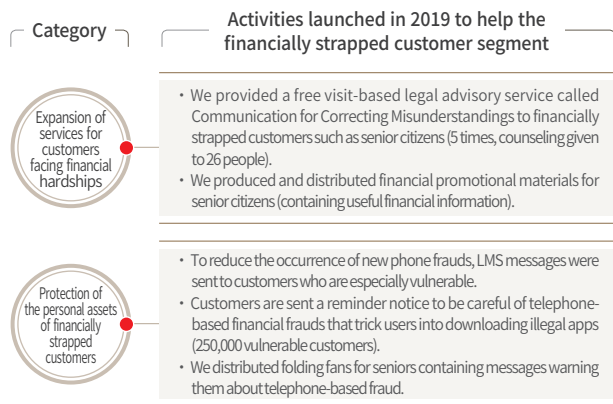
BNK Financial Group is making concerted efforts to improve access to financial services for ordinary people who are rarely eligible to receive such services. BNK Busan Bank and BNK Kyongnam Bank have recently expanded, to all of their branches, not just financial support services for working class and small business owners, but also bank teller services (debt restructuring and financial counseling) catering to financially excluded customers. By helping these people regain their credit ratings, normalize financial trading, and accumulate wealth, we are paving the way for their economic “comeback.”

Specialized service for foreign customers

On May 20, 2019, BNK Financial Group published and distributed a guidebook in six languages (including English and Chinese) containing information on how to open bank accounts, exchange foreign currencies and send remittances, and other information necessary for financial transactions. The bank also launched an ARS service in English, Japanese and Chinese, and assigned consultants to help foreign customers, even those who do not speak Korean, to conveniently use our financial services.

Financial services for the socially vulnerable

To meet the needs of our elderly and customers with physical disabilities, BNK Financial Group operates Happy Financial Service Windows at all of its branches. We provide financial services that are tailored for the elderly, such as our Easy to Understand Service, Senior Citizen Counseling Service, and Large Font ARS. From Visible ARS for deaf customers to Voice Recognition ARS' Braille Security Card and Braille Terms & Conditions, we provide diverse financial services for people who are largely excluded from receiving them. In 2019, we introduced the See-Talk Video Phone for hearing and language impaired customers, and we also began operating a sign language counseling service in which professional counselors explain various types of financial transactions and products.



An employee counseling a customer in sign language via the See-Talk video phone.



Strategy 03. Trustworthy Growth

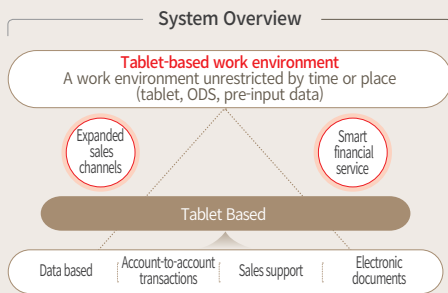
Increased Digital Accessibility

Opening of the Futuristic Digital Sales Branch

BNK Kyongnam Bank is investing its resources in creating a smart working environment where digital technologies are used in various office environment locations. As part of this effort, the Myunggok branch was selected for pilot operation of the digital branch concept. By expanding the use of electronic documents at teller windows and installing digital signage, the bank has created a paperless sales branch environment where simple repetitive tasks are handled by a robot to increase work efficiency. In addition, using Big Data, customers are provided with the financial services they need at the right times. With the mobile visit reservation service, customers can use the bank at their desired times without having to wait in line, greatly enhancing access to financial services. We plan to continue digitalizing our branches by adopting 80% Digitization of All Sales Branches as a mid-to-long-term strategy.



디지털브랜치 sites점



A tablet-based sales environment unrestricted by time or place

As digital channel innovation accelerates across society, the financial sector must also adapt quickly to this change. BNK Busan Bank has established a tablet-based work environment in which bank employees can process all aspects of their jobs using a tablet, regardless of the time or place, from customer counseling to signing up new members for a service. In addition, we create high-level data-based content for the digital era to provide a variety of services that meet customer needs.

Strengthening the competitiveness of non-face-to-face channels

BNK Busan Bank and BNK Kyongnam Bank are working on increasing the competitiveness of their non-face-to-face channels by improving their online financial platforms.



BNK Busan Bank completed a mobile banking rebuilding project in 2019 so as to be able to provide all its financial services(banking service, authentication, push alarm, etc.) via a single application. In recognition of this achievement, the bank was awarded the top prize in the banking category at the 2019 Smart App Awards and the Service Innovation Award at the 2019 Internet Echo Awards. Meanwhile, Sum Bank focused on expanding its services to hospitals, parking lots, and concert ticket reservation. To make its services even more accessible to consumers, the bank added functions for linking payment to Blockchain digital vouchers and made improvements to the bank's platform.



BNK Kyongnam Bank also launched its new mobile banking setup project in 2019 and rolled out a new app in March 2020. It integrated six previously separate applications(banking service, alarm and authentication, etc.) into the single app. This simplified the banking process and increased user convenience by offering another means of authentication and a simplified method of expanding the transfer limit. In the future, we will continue helping our customers to enjoy a convenient financial lifestyle, while overcoming regional limitations by expanding the scope of our non-face-to-face channels.



Establishment of Preemptive

Responsible Management

Risk Management	70
Digital Management	72
Win-Win Strategy Management	74
Human Resource Management	80
Communication with Stakeholders	82

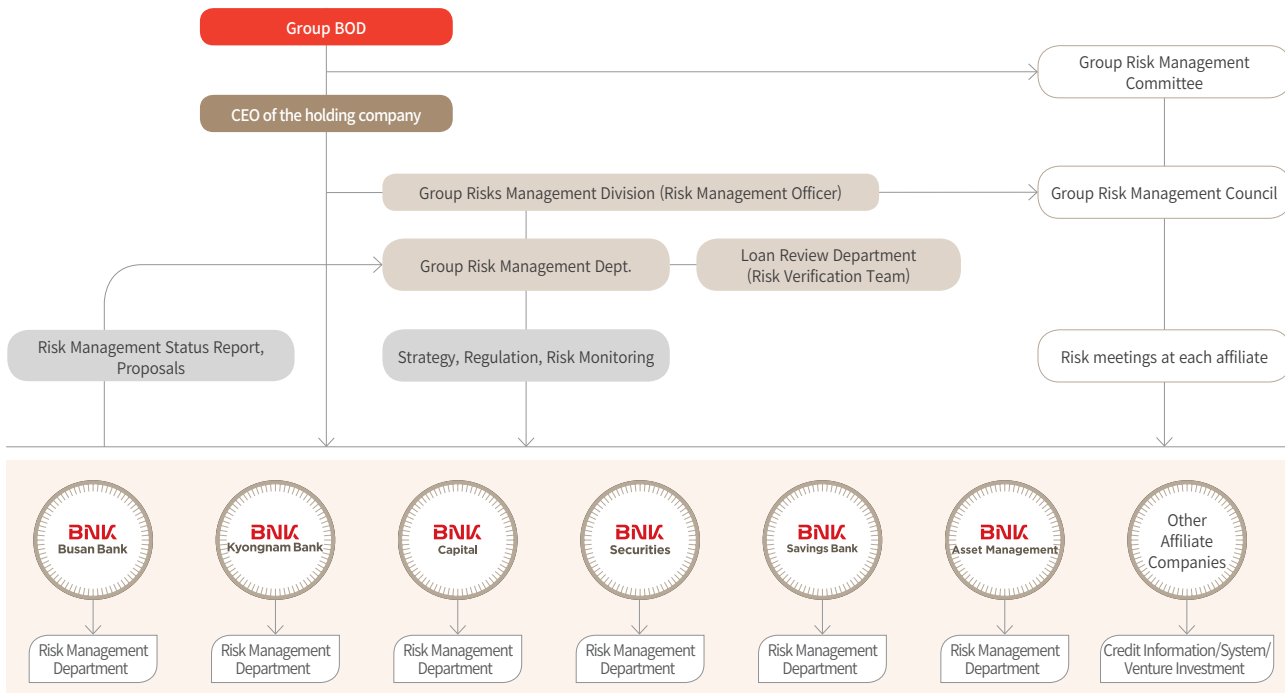
Risk Management

Group-wide Risk Management System

BNK Financial Group conducts the risk management activities of its businesses at the group level by first defining the different categories of risk types faced by our company, then developing the plans and policies for managing risks, operating an asset soundness management system, measuring and monitoring risks, and making additional system and infrastructure improvements. In 2019, we boosted the quality growth of the group by improving our portfolio, strengthened our risk management by making improvements to the limitation management system, refined risk management for the future growth of the company, and pursued the adoption of an internal grading method across the entire group.

Risk Management Ownership Structure and Roles

The Risk Management Committee establishes a risk management strategy aligned with the strategic direction set by the BOD and plays the role of the highest decision-making body by approving key risk related decisions. Meanwhile, the Risk Management Council holds discussions on general risk-related issues and makes decisions on important issues, while the Risk Management Department implements detailed policies, procedures, and business processes.



Risk Management Committee	The Group's top decision-making body for risk management Establishes enterprise-wide risk management strategies and plans
Risk Management Council	Reviews key decisions made by the Risk Management Committee with regard to affiliate companies and review the results of implementation. Reviews new products adopted at the group level
Risk Management Department	Takes care of basic tasks attached to work processing procedures and group risk management policies\ * Risk Management Officer: Assists the Risk Management Committee, responsible for group risk management
Loan Review Department	Improves asset soundness through better loan management functions, establishes ex-post management policies * Risk Verification Team: Verifies the group risk measurement model and the propriety of the risk management process
Affiliates' Risk Management Unit	Managing the risk management unit and implementing risk policies in each affiliate

Management of Different Risk Types



BNK Financial Group recognizes the following risks to be important and manages them with extreme care and attention: credit risk, market risk, interest rate risk, operational risk, credit concentration risk, strategic risk, and reputation risk.

Key Risk Categories	Definition of Risk
Primary Risks	Credit Risk Potential risk of economic losses arising from debtors' bankruptcy and breaches of contract by business counterparts.
	Market Risk Potential risk of economic losses arising from changing market factors like interest rates, stocks, foreign exchange rates and product pricing.
	Interest Risk The risk of a fall in the value of net assets or a decrease in net interest income when interest rate changes are not favorable for the financial situation
	Operational Risk Potential risk of losses arising from inappropriate or incorrect work or workforce procedures, system errors, and external events.
	Credit Concentration Risk Risk arising from a single or group exposure which could cause losses large enough to hurt the financial soundness (e.g. total capital and total assets) of the organization.
Other Risks	Liquidity Risk Risk of losses arising from failure to meet payment obligations (due to inconsistency in the date of funding between assets and liabilities or a sudden outflow of funds), raising funds above market prices, or operating surplus funds at a lower level.
	Foreign Currency Payment Risk Risk of all kinds of losses arising from foreign exchange transactions.
	Strategic Risk Risk of losses due to an adverse business decision, improper execution of a decision, lack of countermeasures to changes in the business environment, etc.
	Reputational Risk Risk of economic losses due to worsening external public opinion (that of customers and shareholders) due to poor management, financial accidents, and social controversies.

Management of Emerging Risk

BNK Financial Group defines emerging risk as one that could have the most significant impact on future business in a rapidly changing business environment.

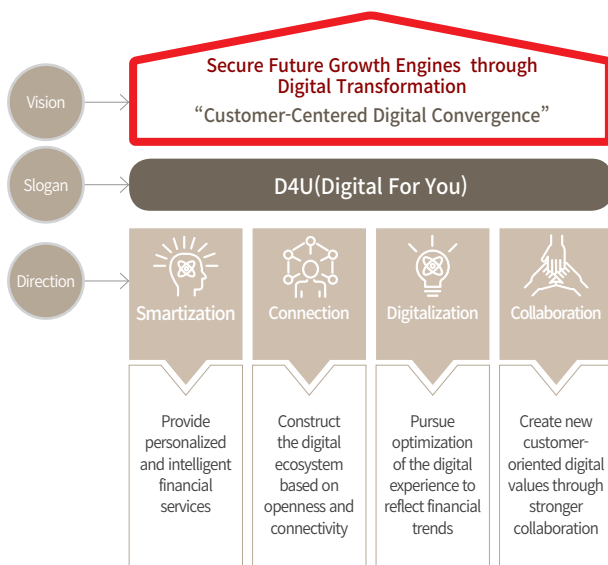
In particular, we selected Digital Ecosystem Response and Strengthening Climate Change Response System as major emerging risks for management.

Category	Description of Risk	Effect on Business	Risk Reduction
 <p>Digital Ecosystem Response</p>	The digital ecosystem, which is rapidly evolving due to the onset of the Fourth Industrial Revolution, is having a particularly noticeable effect on the competitiveness of the financial industry. Digital risks are expected to increase across all financial service operations from organization to platform, sales process, and services.	Due to the massive amount of data used in financial service activities, the non-face-to-face portion of the business is expanding. If our technical response to this trend is inadequate, our business could be negatively impacted, for example, customers could depart because they lack confidence in our information security.	To reduce risks, we are constantly searching out potential risk factors produced by the ongoing digitalization of the financial environment and reviewing the management system. We have already improved the operational risk evaluation items. In addition, we are lending support aimed at improving the infrastructure using digital technologies(refinement of the early warning model using Big Data and deployment of an automated review system).
 <p>Strengthen climate change response system</p>	From supporting the recommendations of the TCFD(Task Force on Climate-related Financial Disclosures) to participating in the Declaration of Equator financial companies are increasingly responding to climate change. Furthermore, climate change can affect products and services, such as climate change related loans and investments, creating financial risks through both direct and indirect routes.	As regulations related to climate change become increasingly strict, the risk exposure of investment projects is expected to change and returns on investment are expected to decline.	To prepare for the transition to a low carbon economy and the rising consumer demand for green financial services, we are applying various environmental risk management techniques (strengthened environmental management, expanded eco-friendly finance, assessment of environmental impact as part of project financing).

Digital Management

Strengthened Digital Competitiveness

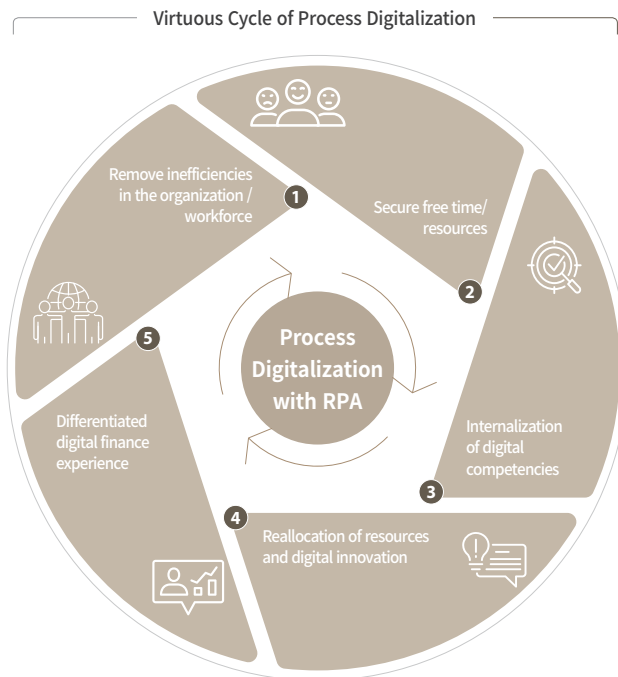
In January 2019, BNK Financial Group declared its transition to Digital for You at the opening ceremony of the Group IT Center and proclaimed D4U(meaning 'Digital for You!') as the group's new digital slogan. The core values of the D4U slogan are smartization, digitalization, connection, and collaboration, which means we will provide 'smart' digital financial services to customers, and pursue the 'digitalization' of our job processes in order to build, through 'connection' and 'collaboration' with non-finance, a differentiated digital ecosystem.



Digitalization of Job Processes with RPA(Robot Process Automation)

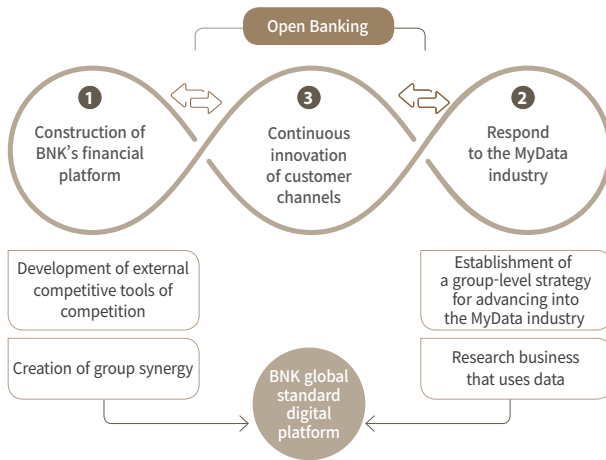
In 2018, BNK Busan Bank began the pilot operation of robot process automation(RPA) with the objective of digitalizing the job process. As of December 31, 2019, the automation system was deployed in 14 departments at headquarters and in all sales branches for the automation of 36 unit jobs. In 2019, BNK Kyongnam Bank also automated 14 unit jobs(corporate loan review, data extraction, etc.) after a training process consisting of environment analysis, benchmarking, and solution review. BNK Capital has also completed the digitalization of 6 unit jobs(car rental, lodging an appeal, etc.) through the 1st phase RPA project. By eliminating simple repetitive jobs done by employees, we have created an environment where employees can focus on more

professional and valuable jobs, and by reducing the job pending times, we have been able to improve customer services even further. In the future, we will create a virtuously circulating system of digital innovation that provides a differentiated digital finance experience. The system will feature an innovative job process that relies on IT(AI linked to RPA, OCR, Chatbots, and robot advisors) and the digital competencies of our employees.



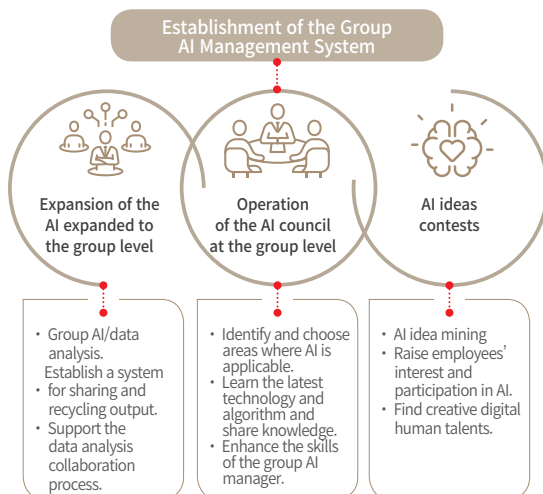
Deployment of a consolidated group mobile platform

The digitalization trend currently sweeping across every industry is bringing changes to customers and markets and giving rise to new trends like Open Banking and MyData. To respond to these changes, BNK Financial Group is developing the BNK Financial Platform which encompasses financial services, daily life services, and information services. This group level financial platform will enable us to strengthen our mobile banking competitiveness and analyze consumer trends using the accumulated Big Data. With these new resources made available to us, we will begin to develop new financial products and services that fulfil customer needs and supply financial services that are optimized and tailored to customers.



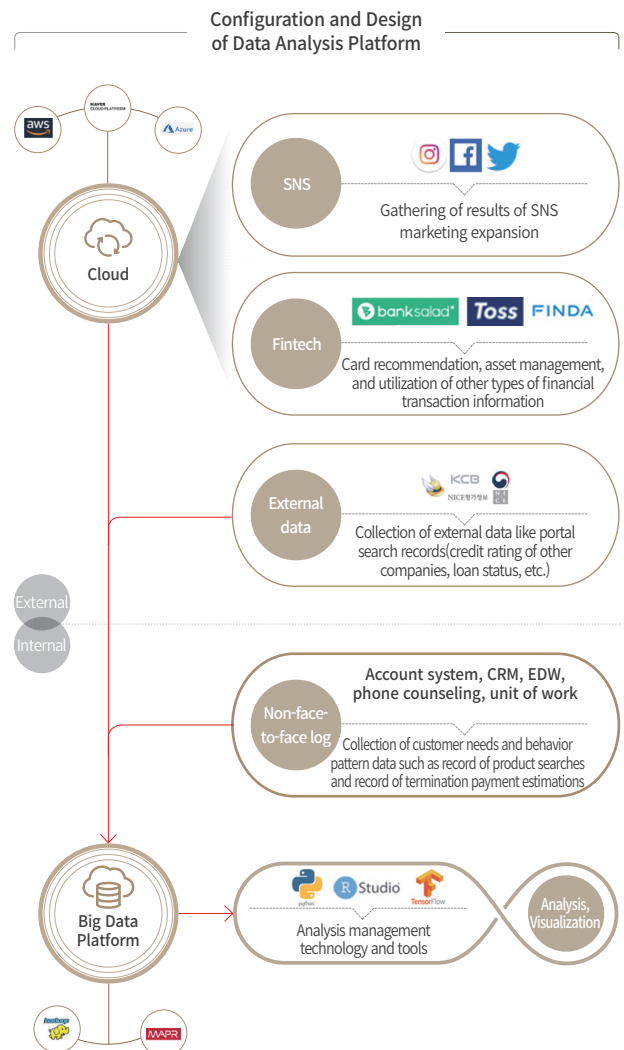
Personalize and Intelligent Financial Service

We have moved rapidly to adopt core AI technologies of the future and are trying to maximize their efficiency through well-structured AI algorithm management at the group level. In 2019, we deployed an interactive digital marketing system that uses AI technology and mobile banking technology. With this system, we provide product recommendation and financial counseling services that are unrestricted by time or place and tailored to each individual customer. For us, 2020 will be “Year One” in our plan to implement data-based AI in all aspects of our operations. Notably, our focus will be on raising awareness of the importance and efficiency of AI through our AI management system, which is currently under construction.



Construction of a Storage Platform for Big Data

In 2019, BNK Financial Group constructed a Hadoop-based platform for storing a vast corpus of data. With this platform, we have the capacity to store internal and external data needed for marketing, decision making, customer needs analysis, and personalized services. Furthermore, in the second half of 2019 we introduced analytical tools capable of distributed processing, in-memory processing, and open source interlocking to promote the effective analysis of Big Data, and we are currently using these tools in large-scale data processing and machine learning(A) analysis in a bid to develop new insights continuously.

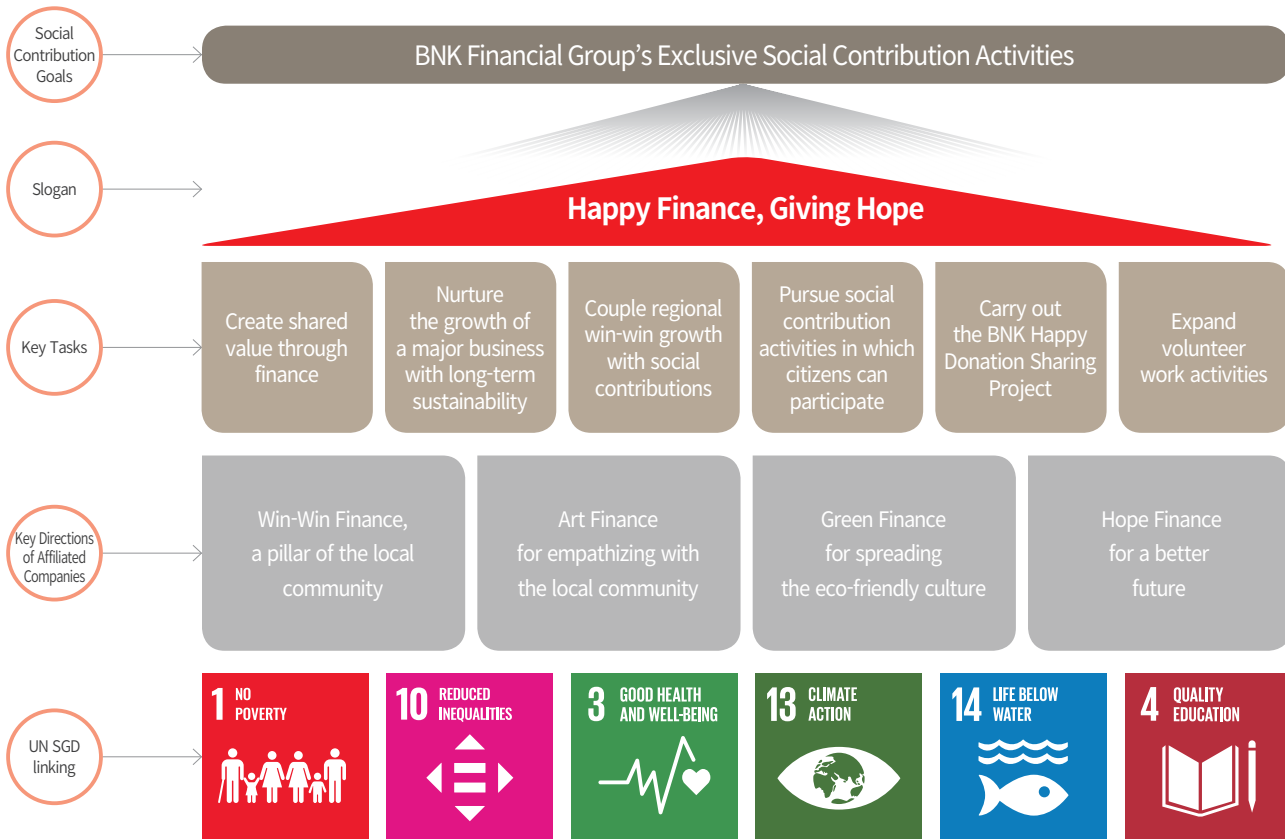


Win-Win Strategy Management

BNK Financial Group's Social Contribution Activities

Under the slogan, "Happy Finance, Giving Hope," BNK Finance Group engages in social contribution activities aimed at sharing hope and achieving win-win growth with the local community. BNK Finance Group aims to fulfill its social

responsibilities by returning corporate profits to the local community according to a detailed and differentiated plan.



Well-organized Social Contribution Activities

Operation of a Transparent Social Contribution System

BNK Financial Group's Business Support Division oversees all of the different social contribution activities currently undertaken at the group-level. BNK Busan Bank and BNK Kyongnam Bank each have a dedicated department for social contribution activities, and they have established annual plans for implementing social contribution activities that are specifically tailored to each organization. In addition, in the interest of pursuing social contribution activities more efficiently, we maintain open communication channels with civic organizations such as regional volunteer centers and professional fundraising institutions like social welfare funds, listening to the demands placed on corporations by local communities. Meanwhile, to ensure impartiality and the proper timing of donations, donation disbursements must be approved in stages by consultative bodies like the Working Committee, Review Committee, Management Committee, and the BOD. We have also established a transparent process for obtaining approvals from departmental heads, executives and compliance officers, while at the same time, we are maximizing our social contribution activities through close discussions with each part.

Operation of an Organization Dedicated to Social Contribution Activities

All subsidiary companies of BNK Financial Group operate a team dedicated to social contribution activities. Through the operation of structured social contribution organizations, BNK Busan Bank's Hope Dream Volunteer Group, BNK Kyongnam Bank's Share Love Foundation, and social contribution activity teams in non-banking subsidiaries are expanding their social contribution activities in their respective regions. We also send out newsletters on the company's social contribution activities to all employees to increase their interest in our social contribution efforts.



BNK Busan Bank talent donation volunteer group



BNK Kyongnam Bank volunteer activity (Life Forest Gardening)

Social Contribution Promotional Program

Citizen Participatory 'BNK Empathy Donation Project'

BNK Busan Bank operates the 'BNK Empathy Donation Project', a joint project started with media companies and professional fundraising organizations with the goal of popularizing the donation culture in the regions where it operates its business. In this project, the stories of neighbors in need are posted on the bank website every week, and donations from ordinary citizens are collected (based on the number of user clicks) and sent to those who need it. In 2019, approximately KRW 116 million was raised for 78 individual cases of people in need. Meanwhile, BNK Kyongnam Bank is financially helping socially neglected people in need of help and sponsoring young talent with dreams of forging a career in cultural arts and sport through the Share Love Project (58 households, KRW 199 million raised) and the Teenager Dream Star (27 persons, KRW 135 million raised) program, which it introduced to the public via the newly established Sponsor Happiness and Hope section of its website.

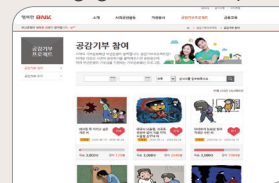
to which the bank contributes a matching amount. This fund is used to support several projects aimed at helping laborers, small enterprise owners and the economically deprived segment of Busan society. The fund is particularly significant in that it is the country's first regional social solidarity fund to be created jointly by both the labor and the management of a company.

Operation of the Volunteer Work Promotion Program

We operate incentive programs like volunteer mileage and stamp tours to promote a culture of volunteering within our organization. In our Stamp Tour program, employees can collect stamps when they visit different worksites every week to do volunteer work. By selecting top performers in volunteer work and awarding them prizes (totaling KRW 3 million), we are promoting social contribution activities among our employees and encouraging them to contemplate the true meaning of sharing.

Employee Participatory Social Contribution Fund

BNK Busan Bank operates a social solidarity fund for which executives and employees contribute a certain amount from their monthly pay



BNK Busan Bank website (Participate in Empathy Donation)



BNK Kyongnam Bank's Share Love website

Win-Win Strategy Management

Win-Win Finance, the Pillar of the Local

Because at BNK Financial Group we think of ourselves as a company whose fate is tied to that of the local community, we are continuously performing social contribution activities that bring hope and happiness to neighbors experiencing hardships and difficulties. We intend to launch various projects in 2020 with the aim of providing differentiated social contributions backed with stories and emotions.



National Holiday Sharing Project

On New Year's Day and Chuseok, BNK Financial Group turns its focus to underprivileged people and vigorously pursues sharing projects. For example, in 2019 BNK Busan Bank distributed KRW 950 million worth of gift boxes containing daily necessities and food items to 19,000 households. Especially noteworthy is the fact that all of these items were produced by social enterprises headquartered in the region. BNK Kyongnam Bank also distributed products from traditional markets worth around KRW 400 million to some 8,000 low-income households in 2019. Furthermore, the bank holds free rice cake soup tasting and rice cake making events on these national holidays.



Charity work for low-income households during Chuseok



3rd Happy Mom Box event hosted by BNK Busan Bank

Childbirth Promotion and Assistance for Single Moms

BNK Busan Bank launched its Happy Mom Box project to encourage childbirth and provide assistance to single moms. Since 2017, the bank has been distributing around 20 childbirth/baby related products (including baby eye focus books made by employees) every year to a total of 200 low-income families. BNK Kyongnam Bank sends childbirth related products and meaningful presents like handwritten letters to expectant mothers with the intention of cheering them up. In addition, we operate the Free Consultation Center for Women's Employment, a regular program which provides customized employment information to women whose careers have been interrupted by the birth of a child and childcare. In this manner, BNK Financial Group is contributing to fixing the problems of low birthrate and low employment among women in the region.

Public Interest Social Contribution Activities

In 2019, BNK Financial Group hosted many events to commemorate the centennial of the March 1st Independence Movement and the Establishment of the Provisional Government of Korea in 1919. BNK Busan Bank organized the March 1st Independence Movement Centennial Concert, a Taegugki donation event, and introduced a special savings account for the general public. BNK Kyongnam Bank also worked with local communities in organizing public interest social contribution activities. It launched campaigns to publicize the lives of hometown national patriots, cleaned up the environment surrounding patriot memorials, and held exhibitions on the history of Taegugki, the national flag of South Korea.



Taegugki donation event



Onion consumption promotion campaign

Active Support for Mitigating Local Social Issues

BNK Kyongnam Bank participated in the Onion Consumption Promotion Campaign to help local onion farmers suffering from falling prices. After purchasing and distributing onions to all branches nationwide, each branch held an Onion Day event and donated the onions to its customers. In addition, we have made donations to the Korea Disaster Relief Association to help victims and bereaved families who were devastated by such disasters as the Ulsan Agricultural and Fishery Wholesale Market fire and the forest fires which ravaged parts of Gangwon Province.

Hope Finance for a Better Future

BNK Financial Group provides financial and career education aimed at instilling teenagers with a proper set of values and supporting their career development activities. We also provide senior citizens with educational programs on how to design their retirement, including voice phishing prevention education, to help them dream of a better tomorrow.



BNK Happy Scholarship Program

To develop a pool of talented individuals for the local community, we run a Mécénat program whereby we select a group promising students and award them scholarships. Since 2007, BNK Busan Bank has provided scholarships to 400 to 500 middle/high school and college students in the Busan region who are unable to afford the cost of attending school. The bank has consistently nurtured future talent in the region by providing around KRW 6.2 billion in scholarships to a total of 7,000 people (including KRW 400 million in 2019). BNK Kyongnam Bank also gave out scholarships through its Kyongun Scholarship, which was established in 1971. In 2019, 225 students in Busan, Ulsan, and South Gyeongsang Province were awarded scholarships amounting to about KRW 140 million. As of today, scholarships totaling KRW 3.2 billion have been awarded to 5,400 students.



BNK Happy Scholarship awarding ceremony



Handover ceremony for school backpack safety covers

Children's Safe Walking Program

At a time when protecting children from traffic accidents has become a major public concern, BNK Busan Bank is sponsoring various projects with the goal of making the streets safer for children. Starting with the Children's Yellow Carpet Supply project, the bank distributed school backpack covers to 30,000 grade 1 elementary school students. These covers are expected to contribute to preventing traffic accidents because the 30 km/h school zone speed limit sign emblazoned on their front is designed to capture the attention of drivers.

Tailored Financial Education

We provide tailored financial educational programs to students and the elderly with the goal of disseminating correct financial knowledge to the general public. One such program is the Happy Finance/Career Camp which we host to help young people in local communities choose their career paths and teach them the right financial skills. This camp is popular among youngsters because the curriculum revolves around experience activities such as mock investing and value auctions, rather than rote learning of finance concepts that are difficult to understand. In addition, we try to instill senior citizens with a sense of wariness about financial frauds and voice phishing through musical performances about financial frauds (Geumsabangne) and a visiting financial camp for senior citizens.



Finance/Career Camp for middle school students



BNK Happy Healing School Musical Performance

BNK Happy Healing School

BNK Busan Bank runs a teenager growth assistance program which aims to teach local community teenagers the right values, financial knowledge, and how to seek shelter in an emergency situation using an easy-to-understand performance concert format. This program, consisting of three separate performances (Happy Healing School, Ssamjie Economic Concert, Help Me Safety Man), was performed at 110 schools in 2019. Launched in 2013, the BNK Happy Healing School Musical Concert received an award from the Ministry of Education in recognition of the excellence of its content, which is focused on teenage issues.

Win-Win Strategy Management

Art Finance that Local Residents Can Empathize With

Just as the sponsorship of cultural arts by the powerful Medici family of Italy heralded the Renaissance movement in Europe, we believe that culture is the driving force behind economic vitalization. This is the same philosophy that drives BNK Financial Group to fulfill its social responsibility to the local community by funding diverse cultural and artistic endeavors and pursuing social contribution projects of common interest to both local residents and the company.



Hosting Cultural Performances for Customers and Local Residents

BNK Financial Group regularly holds free cultural performances such as musicals, plays, and classical music for the benefit of local residents. Since 2018, BNK Busan Bank has been running a monthly program of cultural performances, called the Work-Life Balance Culture in Busan project, at its main building(Ocean Hall Auditorium) with the goal of promoting the cultural arts in Busan. By the end of 2019, some 20,860 citizens had attended 60 of these cultural performances. BNK Kyongnam Bank also expressed gratitude to its customers by holding an opera and a Mécénat concert to commemorate the 28th anniversary of its founding in 2019. Approximately 2,600 customers came to enjoy these events. Moreover, we are also contributing to the growth of the local performing arts market by giving local artists opportunities to perform live.



Work-Life Culture in Busan concert



Awards ceremony for Essay Writing Contest for Women and Drawing Contest for Children

Support for Fine Art Competitions and Art Galleries

To nurture young local talents the arts, we organize and hold such events as the Young Artists Exhibition, Children's Art Competition, and the Essay Writing Contest for Women, as well as supporting artists' creative endeavors. BNK Kyongnam Bank's Essay Writing Contest for Women and Drawing Contest for Children is a regional family-oriented festival that has been held in both Kyongnam and Ulsan for 29 years, usually attracting around 25,000 participants. We also run art galleries in BNK Busan Bank(headquarters and 3 branches in Busan) and BNK Kyongnam Bank(headquarters) where free exhibition of artworks can be held. With these galleries, we are fulfilling our social responsibilities by providing artists with a space in which to showcase their talents and local residents with opportunities to enjoy culture.

Support for International Events

BNK Busan Bank wants to see Busan become a great city of festivals. To that end, we generously fund major festivals every year, spending some KRW 400 million annually on such festivals as the Busan International Fireworks Festival, as well as various regional/international events including the Busan International Comedy Festival. We are contributing to the development of Busan as a venue for international festivals, particularly in the case of the Busan International Film Festival (BIFF), which has emerged as a world-class film festival. We are the only enterprise to sponsor Busan International Film Festival (BIFF) every year, beginning with the inaugural festival in 1996 and continuing right up to the 24th festival in 2019.



Signing of sponsorship agreement with BIFF



Awards ceremony for track & field athletes and coaches

Support for Sports Activities

We provide support aimed at expanding the regional base of sports activities and incubating and training outstanding athletes. We sponsor a BNK track & field team consisting of 1 coach and 5 athletes and are trying hard to find and encourage promising local talent to take up sports by presenting awards to some of the most outstanding track athletes every year. Meanwhile, BNK Kyongnam Bank is helping low-income youngsters with talent in arts and sports to achieve their dreams by sponsoring them through its Teenage Dream Star project.

Green Finance for Promoting an Eco-friendly Culture

BNK Financial Group is reacting to the growing environmental problem including atmospheric pollution by carrying out diverse social contribution activities to address the environmental issues of local communities. We selected eco-friendly social contribution activities as a major theme and are now pursuing several projects to transform Busan, Ulsan, and Gyeongsang Province into green cities. We are also taking the lead in publicizing the overwhelming importance of the environment.



Fine Dust Reduction Project

BNK Busan Bank has launched a project to reduce fine dust by funding the acquisition of 2 dust absorption vehicles and 2 spray vehicles which can remove fine dust discharged into the air by trailers and ships that travel to and from the docks of Busan. This is a long-term project entailing KRW 1 billion in vehicle leasing costs to be paid out over a 7-year period. This project is expected to remove around 55 tons of fine dust per year and is already contributing to enhancing the air quality in Busan.



Signing of a joint agreement on a project to reduce fine dust in the air



Environmental clean-up activities on a beach in Busan

Environmental Cleanup Volunteer Activities

As South Korea's leading resort city, Busan inevitably has to deal with the mounds of garbage discarded by tourists every year. To lend a hand with the garbage problem, employees of BNK Busan Bank carried out environmental cleanup work at six tourist sites, including the world-famous Haeundae Beach, for one full month in August 2019. In addition, BNK Kyongnam Bank organized beach-combing activities to collect marine waste washed up ashore in major vacation spots in Gyeongnam and Ulsan. BNK Kyongnam Bank also selected 50 places with good walking trails and held Plogging 50 Volunteer Work events where bank employees, together with local residents, jogged along the trails and picked up any trash they came across.

Creation of Symbolic Camelia Forest at Dongbaek Park

To improve air quality and wish for the successful hosting of the Korea-ASEAN Special Summit, BNK Busan Bank spent KRW 1 billion on creating Dongbaek Symbolic Forest in Haeundae's Dongbaek Park. The planting of 4,000 camellias in the park has turned it into a lush forest. As Busan becomes an internationally renowned tourist city, the bank will continue to provide supporting projects. Furthermore, through BNK Busan Bank's Be a Friend to the Park Day tree planting festival and BNK Kyongnam Bank's Life Forest Gardening Volunteer Work, we are trying to awaken people to the importance of greenery and promoting green culture.



Dongbaek Symbolic Forest at Dongbaek Park



BNK Savings Bank's delivery ceremony for a water-saving device.

Water Saving Machine Donations to commemorate the World Water Day

To commemorate the UN-designated "World Water Day" (March 22), BNK Savings Bank delivered 400 water-saving machines to the ChildFund Korea Busan Social Welfare Center. In addition, to commemorate World Water Day, BNK Kyongnam Bank chose the theme of the 100,000°C Relay Volunteering Season 1 for an environmental cleanup campaign in which its employees gathered trash and waste materials littering local streams and the surrounding areas. Through these activities, employees and local residents were able to reflect on the seriousness of water shortages and the value of water.

Human Resource Management

Creation of a Good Workplace Culture

BNK Financial Group is leading the movement towards a more family-friendly corporate culture where employees will feel joy and satisfaction when they come to their workplace. With our tailored welfare system(annual leave encouragement policy, vacation encouragement policy, Day of Families, flexible working hours), we are trying to create the right balance between workplace and family and an office atmosphere that leaves workers happy.



A Family-Friendly Company

Recertified

(BNK Busan Bank, BNK Kyongnam Bank, ~End of 2021)

Ensuring a Healthy Work-Life Balance

With the country's formal adoption of the 52-hour work week, BNK Financial Group has begun to operate the PC Shutdown Policy to ensure a healthy work-life balance for all employees. Under this policy, all the PCs in company offices are automatically shut down at 6pm every day. We also prohibit meetings from starting before 9:00 AM and from lasting longer than one hour. We have introduced these measures in a bid to instill a sensible meeting culture. We also give our employees KRW 500,000 to spend on long-term vacations, while we have also introduced an emergency vacation policy to celebrate birthdays and wedding anniversaries. We are currently developing several programs that could help revitalize the working lives of our employees, for instance, by operating resorts under a program that allows employees to use them anytime of the year.



Encourage leisure time use and guaranteed "life with evening time"

- The PC shutdown policy takes effect after 6PM. During lunchtime, Lunch Saver is activated to turn off employee PCs.
- Sponsorship of company club activities, provision of after-office-hours self-development programs, subsidized costs of attending cultural and sports events(2 times per year).



Improved vacation policy to ensure adequate rest for employees

- Increase of incentive money for taking a vacation(KRW 200,000 → KRW 300,000), family month incentive money of KRW 150,000, support fund for long-term vacations(employees must take 5 or more consecutive days of annual leave).
- Introduction of hour-based vacation policy, provision of vacation lodgings(condominiums, hotels, pension, glamping) available 365 days a year, hosting of a vacation photo contest.



Family program in which all family members can spend time together

- Filial piety trips, drawing contest for children of employees, sports and movie watching with families(Movie previews, Sumbank women's basketball games, Lotte Giants baseball games, etc.).
- Matriculation gifts for children, encouragement gift for students taking college entrance exams.



Day of Families

6PM Office Checkout Time

(5-day work week)



Lunch Saver

Lunch Time PC-OFF

11:00

- Lunch saver advance notification

11:30~14:30

- Execute lunch saver individually (1 hour after clicking)

14:30

- Automatically activated for non-registered users

Maternity and Childcare Support

BNK Financial Group actively supports maternity protection by helping female employees during childbirth and infant care periods. In particular, we are striving to create a good environment for employees by increasing the capacity of our workplace daycare centers and implementing flexible work systems for employees with elementary school children in order to alleviate the burden of taking care of their children during working hours. We have also introduced policies specifically aimed at helping pregnant employees, for example, we have distributed EMI shield dresses and "Expectant Mom" signs to soon-to-be mothers.



Workplace daycare centers for employees' children

- 4 BNK Busan Bank sales branches / 2 BNK Kyongnam Bank sales branches



Maternity and infant care vacation/leave of absence policy

- Expansion of paternity leave(5 days → 10 days), introduction of prenatal testing leave, introduction of shorter working hour policy for pregnant and infant care periods.
- Working Mom first policy(1 hour late office check-in time, EMI shield dress), family care paid leave policy(also to stop spread of Covid-19).



Flexible working hours

- Flexible working hours are applicable to employees returning from infant care leave and employees with children entering elementary school.



Others

- Expectant Mom signs placed in teller windows, Happy Mom Box support(congratulatory gifts on birth of a child), matriculation money for children of employees entering school(elementary/middle/high school/university).

Health Management Support for Employees

BNK Financial Group is always looking at ways of improving its health management program so that its employees can stay healthy. For example, earlier this year we expanded workers' compensation insurance benefits and the eligibility of those receiving medical checkups. We also pay close attention to the mental health of our employees through a mental counseling service in order to alleviate the many forms of work-related stress.



Basic Welfare Program

- Expansion of employee eligibility for comprehensive health checkups(spouse or 1 parent: biennial → annual), strengthening of collective injury insurance coverage(addition of traffic accidents, increased death insurance premiums), expansion of medical expense coverage(medical examination fees for treatment purposes, CT, MRI, ultrasound scanning expenses).



Help with Preventing Illness/Disease

- Visiting health keeper service(visit to sales branches, employee health management support), CPR training, etc.



Health Fund

- Operation of incentive programs for employee fitness and health, e.g. diet fund and quit smoking fund.



BNK Healing Mind

- Operation of a professional counseling service for the mental health of employees, Smile Day, Healing Therapy lectures.



Others

- Operation of a physical fitness center, 'STEP UP! HEALTH UP!' campaign, BNK Busan Bank HQ Greenroom(leisure lounge).



Employee Communication and Satisfaction Improvements

As a way of promulgating the core values of the group and increasing a sense of belonging among employees, BNK Financial Group runs a program designed to build team spirit and promote closer communication in which all employees must take part. We have worked especially hard to open diverse communication channels such as executive mentoring sessions where employees can freely engage in dialogue with top executives, the Hof Day for fostering friendly labor-management relations, and the labor-management council which functions as a communication channel between labor and management. These events enable the Bank to collect employee opinions regarding key issues related to the company's business, and the improvement of working conditions and welfare benefits. Meanwhile, BNK Busan Bank has been designated as a great place to work by the global consulting firm GPTW(Great Place to Work Institute). In 2019, the bank received 81 points in the employee satisfaction survey, a significant improvement over the preceding year.

Employee Satisfaction Survey

(unit: points)



Gender	2017	2018	2019
Men	73	74	83
Women	69	71	80

Impartial Job Performance Evaluation and Compensation System

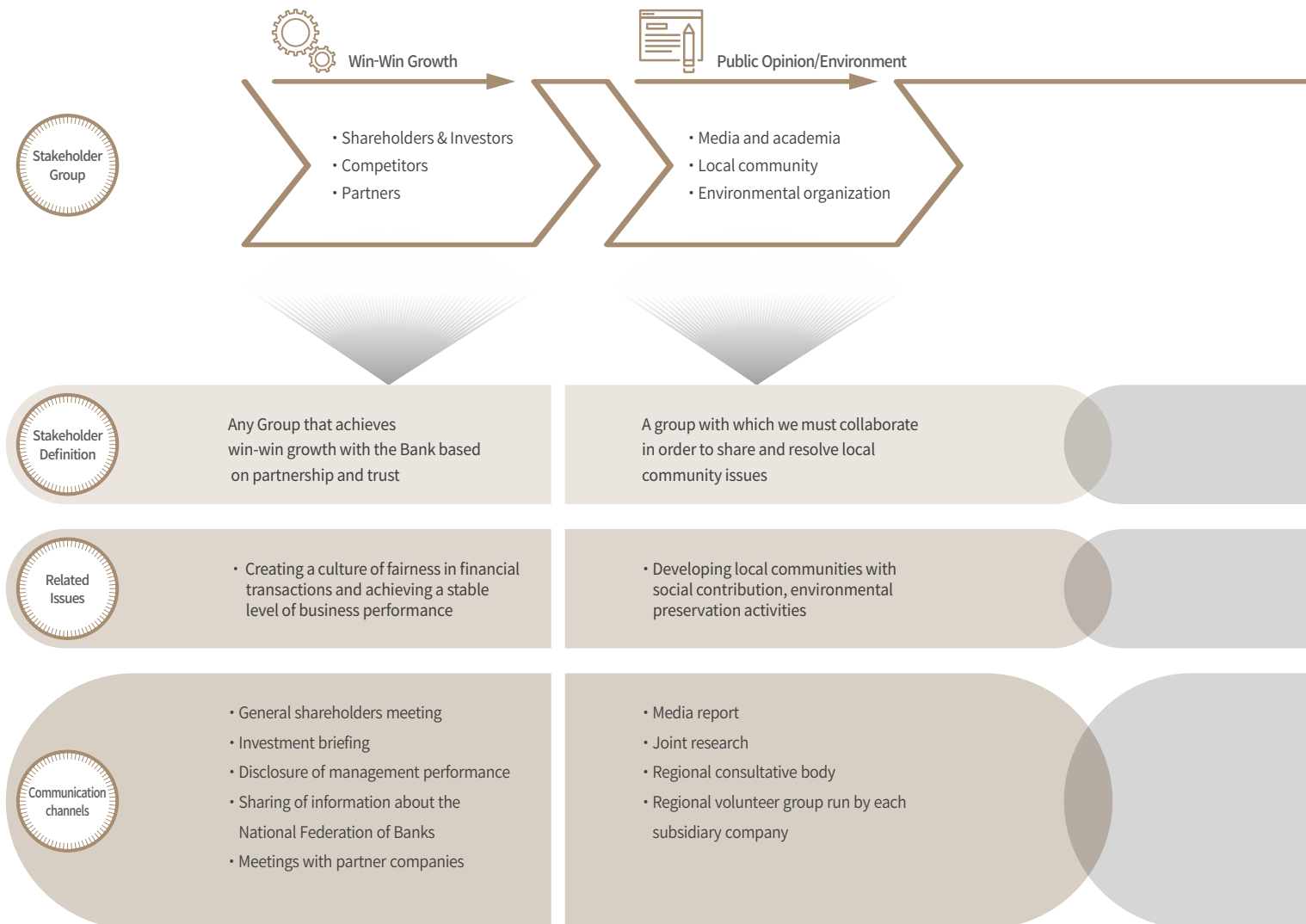
BNK Financial Group has a well-structured and logical system of performance evaluation. Under this system, the group first establishes the organizational targets of each department, division, and sales branch around its long-term and current-year business direction and strategic agenda. Then, each employee defines his or her individual targets, aligning them with those of the organization. Furthermore, in order to create a performance-centered organizational culture, we provide very fair compensation (promotions, awards) based on reviews of the performance results of the entire company, each organization, and each individual. At the same time, through external consulting and TFT research, we are ceaselessly improving our HR system by developing an objective and a reasonable job performance evaluation system.

Communication with Stakeholders

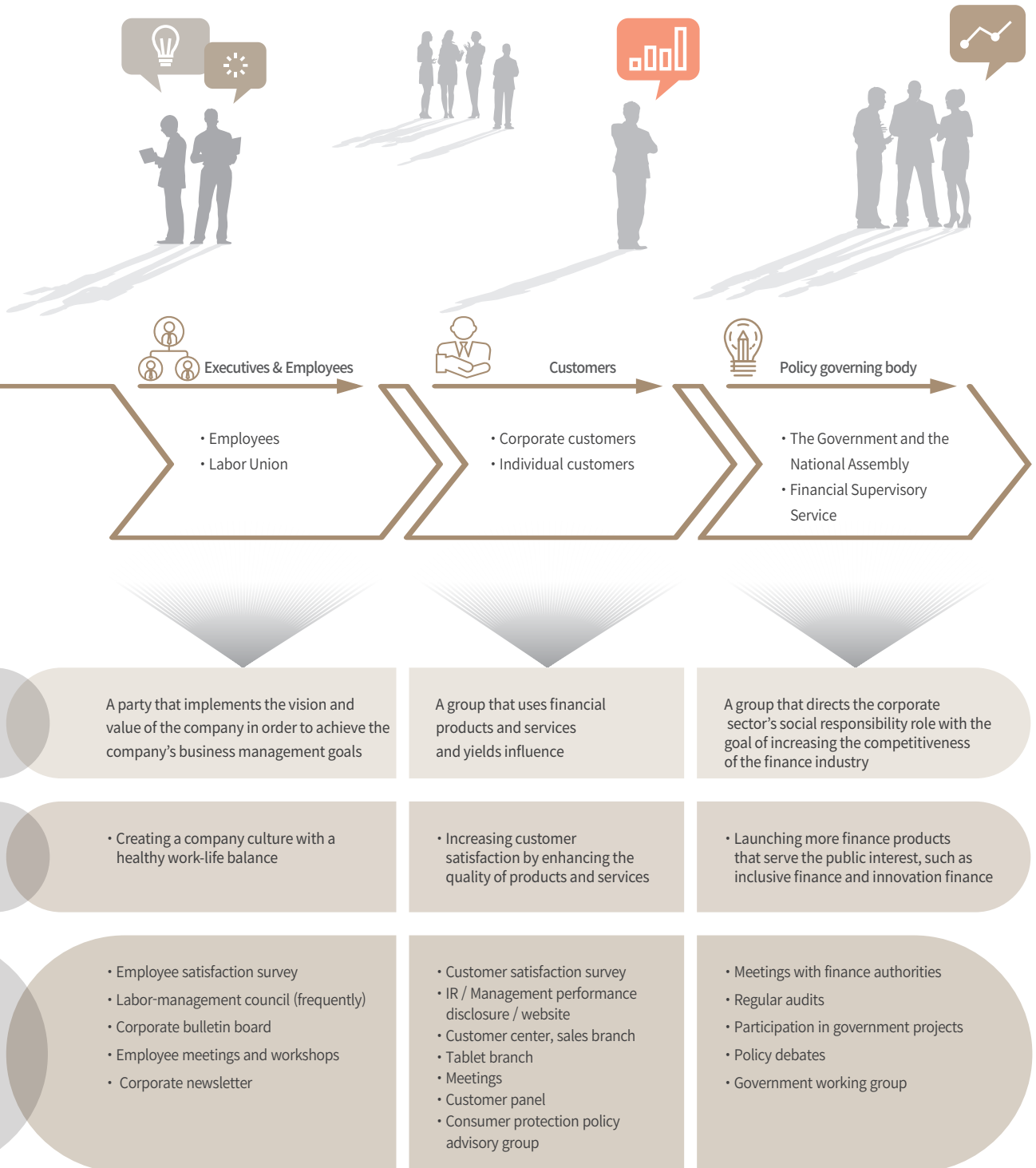
Stakeholder Definition and Communication

BNK Financial Group manages its stakeholders systematically by judging them on importance and impact and then categorizing them into customers, employees, win-win growth, public opinion & environment, and policy governing body. In addition, we establish communication strategies that match the characteristics

of each group of stakeholders and operate a distinct channel of communication with each group. BNK Financial Group will continue to gather the opinions of the company's stakeholders and actively reflect them in our overall management activities with an eye towards growing together with them.



Communication with Stakeholders





— Appendix



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Practicing Happy Financing Together



“BNK Busan Bank, the leading bank of the Busan region, was established in 1967 with the mission of revitalizing the local economy and fulfilling the hopes and dreams of Busan’s citizens and its business community. To that end, we are expanding our productive and inclusive financing for ordinary citizens, self-employed people, and local SMEs through the local economy revival project and simultaneously fulfilling our social responsibilities as a local corporation through our environmentally-friendly greenbelt project and our art bank project for promoting local art and culture.”



“BNK Busan Bank will vigorously pursue a broad range of activities aimed at realizing win-win growth with our local regions through Creation Shared Value (CSV), the principle of generating both economic and social values.”

BNK Busan Bank CEO Bin Dae In

Company Information

(As of December 31, 2019)

Date of Establishment	October 10, 1967
Shareholders' Equity	KRW 5.2152 trillion
HQ Address	30 Munhyeongeumyung-ro, Nam-gu, Busan Metropolitan City
Employees	3,304 persons
Website	www.busanbank.co.kr

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - creating a corporate culture that is receptive to communication and cooperation

With the revision of our regulations on how responsibilities should be divided, we clarified the division of labor among different departments, eliminated overlapping job responsibilities, and reduced unnecessary work through “work dieting”. In addition, we are promoting fast decision making and execution of tasks by improving inefficient business practices and creating an advanced corporate culture through close communication and collaboration. We are also striving to establish a company culture that advocates a healthy work-life balance including long-term vacations and flexible working hours.



Mutual Growth

Strengthening regional win-win growth activities - pursuing projects that increase societal and universal values

While continuing to sponsor projects for promoting universal values in society, such as supporting small business owners and low-income families, and encouraging childbirth, we launched socially responsible management activities such as establishing a social solidarity fund for Busan, hosting a startup competition called the B-Startup Challenge, and funding the acquisition of fine dust reduction vehicles for use at Busan Port. Furthermore, to contribute towards the revival of art and culture in the Busan region, we have sponsored the Busan International Film Festival and the Busan Fireworks Festival. In recognition of these contributions, we became the first local company to be awarded the Presidential Commendation Award at the 2019 Mécénat Awards.



Trustful Growth

Preventing financial mishaps and strengthening digital security - pursuing activities for preemptively protecting financial consumers

Through civil petitions, the consumer protection policy advisory group, customer panels and other means of communication, we listen to customers' voices about their overall banking service experience and collect their opinions on how to improve some of the inconvenient or unfair aspects of our system. With the data thus collected, we are actually building a better system. To prevent incomplete sales, we conducted our own “mystery shopping” program seven times at all of our stores, and eradicated customer complaints in advance by accepting pre-VOC from customers who are dissatisfied with something. In addition, we are expanding our range of support for customers who are neglected by our industry to include help with averting phone-based financial frauds, free finance education for the underprivileged, and free legal counseling services for the elderly.

Financial education performance.

Total cumulative number of education classes given compared to last year



47.41% Increase

(The increase came from classes that targeted seniors, teenagers, and other economically disadvantaged people.)

BNK Kyongnam Bank

“As a regional bank based in the Kyongnam and Ulsan regions, BNK Kyongnam Bank is committed to supporting small- and medium-sized enterprises in these regions and participates in many local community contribution projects. We are expanding both our productive finance and inclusive finance. For instance, we have established a support center where self-employed business owners and small businesses that are suffering from the economic recession can receive management consulting services and obtain comprehensive financial service support.”



“BNK Kyongnam Bank, which celebrates its 50th anniversary this year, pursues the happiness of its customers and the development of regional economies as its most important values. We shall become a sharing bank that returns the love we have received from our customers over the past 50 years.”

BNK Kyongnam Bank CEO
Hwang Yun Cheol

Company Information

(As of December 31, 2019)

Date of Establishment	May 22, 1970
Shareholders' Equity	KRW 3.3977 trillion
HQ Address	642, 3-15-daero, MasanHoewon-gu, Changwon City, South Gyeongsang Province
Employees	2,536 persons
Website	www.knbank.co.kr

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - creating a workplace centered on the value of our employees

The current social trend of prioritizing a healthier work-life balance is also affecting the culture of the banking industry. We at BNK Financial Group have overhauled our systems and policies so that the 9:00 am to 6:00 pm working day can take root. We now give our employees ample opportunities to recharge and refresh themselves by increasing the number of annual leave days permitted. In addition, we provide various types of structured training programs (language training in overseas locations, self-paced foreign language training, etc.) in order to give employees opportunities to develop their job skills and cultivate their knowledge.



Mutual Growth

Strengthening regional win-win growth activities - fulfilling the role of supplying regional financial services with inclusive finance

For small business owners and self-employed people experiencing hardships as a result of the ongoing economic recession, we have opened a support center to assist them with comprehensive financial services including management consulting. To fulfil our role as the regional provider of financial services, we are expanding our productive finance and inclusive finance businesses. In addition, we are working hard to fulfill our social responsibilities as a leading regional bank by conducting theme-based volunteer activities in which employees and their family members can participate of their own free will. We are also expanding our program of regional festivals in which local residents are invited to participate.



Trustful Growth

Greater access to financial services for finance consumers - providing financial services customers can trust

To transform our business model into a fully financial consumer-oriented service business, we have pilot-tested the concept of the Hub & Spoke System in which adjacent sales branches are combined to function as a single financial center. Professional financial services that were previously offered only by one particular sales branch have now been expanded to all sales branches associated with the financial center. However, before the official rollout of these services, we reassigned our workforce and made some job adjustments. For small business owners and self-employed people suffering from the economic recession, we have established a support center to provide comprehensive financial services, including management consulting, and we are expanding productive/inclusive financing to fulfill our regional financial role. We also provide convenient online/offline financial services such as the digital branch, the AI-based asset management system, and the customer analysis system. Furthermore, we have modified our mobile system to provide mobile banking services that are as convenient as the latest Internet banks.



Practicing Happy Financing Together



“BNK Capital, as a loan specialist whose main business priority is to develop South Korea’s regional economies, provides a variety of specialized financial services from automobile finance to personal finance, leasing finance, and corporate finance. With our expanded sales network, we are developing new businesses and making inroads into the markets of Southeast Asia and Central Asia. We are determined to consolidate our position as a global premium-brand capital company by ceaselessly pursuing fresh innovation and rising to new challenges.”



“In the face of the coming era of the Fourth Industrial Revolution and the accompanying transition to digital technology, BNK Capital seeks to sustain growth via the digitalization of the financial environment and customer-centered financial services. We shall do our best to fulfill our social responsibilities and establish a fair and transparent corporate culture.”

BNK Capital CEO Lee Doo Ho

Company Information

(As of December 31, 2019)

Date of Establishment	July 15, 2010
Shareholders' Equity	KRW 716.3 billion
HQ Address	Bldg. 1, Saessak-ro, Busanjin-gu, Busan
Employees	596 persons
Website	www.bnkcapital.co.kr

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - creating a corporate culture that makes employees want to come to work

In line with the social trend of maintaining a healthy balance of work and family, we have changed the PC shutdown time to 6:00 PM, and we are striving to enable employees to leave work promptly at 6:00 PM so they can maintain the right balance between their lives and work. In addition, as part of the BNK Capital, the Company You Want to Work For campaign, we have introduced a concentrated working hour system, which has dramatically improved the work culture. We are also working to improve the meeting and organizational culture, including the adoption of tablet PCs, resulting in a paperless office, a separate time period for supervisors to give instructions, and extensive use of oral reporting.



Mutual Growth

Strengthening regional win-win growth activities - promoting the growth of sports in regions

The creation of Busan BNK SUM, the women's basketball team fielded by our company, earlier this year has brought joy and energy to the citizens of Busan and South Gyeongsang Province. The creation of the basketball team has expanded the market for popular sports, which had been concentrated in the greater Seoul metropolitan area, and invigorated popular sports in the Busan area. Our policy of returning all proceeds from the sale of tickets to the spectators in the form of gifts has made basketball so much more fun to watch. Meanwhile, in 2019, we sought to fulfill our social responsibilities by organizing the 2019 BNK Happy Sharing festival, which sent clothing and goods donated by our employees to underprivileged people in overseas markets where our company has established a presence.



Trustful Growth

Greater access to financial services for finance consumers - development of customer apps

We have released a customer app that will enable us as a company to respond actively to the changing financial environment. We have also introduced a simplified user certification service and greatly improved access to and the convenience of our services with an app that introduces our loan products and enables users to apply for loans. In addition, we have established a consumer protection department and protect our financial consumers by strictly complying with the laws on personal information protection amending and improving the relevant regulations whenever necessary. Meanwhile, we also operate a customer satisfaction team with the remit of increasing customer satisfaction by professionally handling various civil petitions and improving user convenience of our financial services.



BNK Securities

“BNK Securities was born in 1997 as a company specializing in futures trading. After entering the securities market in 2009, however, we began to expand into investment banking and asset management in phases and recorded our largest short-term profits in 2019. However, the financial investment industry has become even more competitive with the passing of the Capital Market Act, and we are now securing market competitiveness through business innovation, business specialization, and tailored sales strategies.”



“Guided by the management principles of sustainable growth, job creation and social contribution, BNK Securities practices management based on growth and sharing with the aim of securing win-win growth with customers, employees, and local communities. We will do our best to become South Korea’s leading financial investment company by adopting differentiated strategies.”

BNK Securities CEO Kim Byung Young

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of corporate culture - creating a corporate culture that makes the company a good place to work

With the aim of increasing employee welfare, the company offers employee welfare programs like subsidies for group injury insurance fees and financial support for medical expenses, as well as funds to cover employees' club activities. We also give employees gifts on special anniversaries to boost their morale. We help employees effectively maintain separation of work and family by allowing shorter working hours for employees during the infant caring period, along with expanded emergency leave and family participation programs. In addition, by adopting the PC shutdown policy and the concentrated working hour policy, we are also doing our best to cultivate a corporate culture where a healthy work-life balance is respected.



Mutual Growth

Pursuing innovation and technology finance - achieving win-win growth with local SMEs

We help local companies in Busan, Ulsan, and South Gyeongsang Province to obtain financing through the issuance of corporate bonds, new shares for capital increases, and through acceptance financing. We have formed an investment association for the purpose of nurturing the stable growth of promising SMEs in the region and creating new jobs. We are continuing with our efforts to find new companies and are actively engaged in capital investment activities. We carry out volunteer work at nursing homes and recuperation centers and pay a certain portion of our employees' monthly wage in the form of traditional gift certificates. As such, whenever our employees purchase goods at a traditional market with their gift certificates, they are in effect stimulating the growth of the local market. In this way our company is practicing management by sharing with local communities.

Increased investments in promising SMEs



KRW 22.7 billion

We have established 4 funds (investment funds for creating jobs in the southeast region and investment funds for startups) and continued investing in SMEs.

Trustful Growth

Greater access to financial services for finance consumers - improving accessibility and convenience with better customer services

We have rolled out an app that lets users open new accounts without ever having to physically visit a sales branch, which we hope will enhance customer access and convenience in all regions where we operate. We have held cost saving events where customers are offered reduced transaction costs, such as lower online stock transaction fees (lifetime) and reduced credit-based interest rates for new accounts opened online without requiring a physical visit by the customer. Furthermore, to increase the CS mindset of our employees, we provide CS training on a regular basis and approach the challenge of boosting customer satisfaction from multiple angles, while operating a customer response monitoring system and implementing customer audit events.



Company Information

(As of December 31, 2019)

Date of Establishment	June 2, 1997
Shareholders' Equity	KRW 442.1 billion
HQ Address	Busan Bank Bujeondong (Annex) 3,4F Bujeon 1-Dong 259-4 Busanjin-gu Busan
Employees	246 persons
Website	www.bnkn.co.kr

Practicing Happy Financing Together

BNK Savings Bank

“ As a financial institution established in 2012, BNK Savings Bank aims to set a strong example for the savings bank industry by reinforcing social responsibility, ethical management, and the protection of customer assets. Starting with 2020 as “Year One” of our drive to maximize our corporate value, we intend to increase customer value and pursue inclusive and win-win growth financing with three main objectives: 1) to increase cross-company sales to improve group synergy, 2) to improve our risk management capability for more balanced growth, and 3) to raise each employee’s level of skill and establish a workplace culture that emphasizes communication. ”



“BNK Savings Bank will do its very best to become a leading savings bank that continuously improves itself by embracing the changes and innovations of the Fourth Industrial Revolutions, all while remaining faithful to its original role as a financial institution for the working class and by keeping its focus on the task of managing assets safely rather than pursuing external growth.”

BNK Savings Bank CEO
Sung Myeong Hwan

Company Information

(As of December 31, 2019)

Date of Establishment	December 13, 2011
Shareholders' Equity	KRW 151.5 billion
HQ Address	Beomil-ro 92, Dong-gu, Busan
Employees	115 persons
Website	www.bnksb.com

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - building an efficient HR system

We have established an HR system to deal with changes in the internal and external business environments and improve inefficient business processes. In particular, we have digitalized the HR planning, HR management, welfare benefit and HR development aspects of our business operations and established a computerized system for processing expenses in order to increase efficiency. Every quarter, we provide books to our employees and hold book talks where employees can review and discuss their views of the books they have read. We also provide generous support to employees who improve their skills; for example, we give monetary incentives to those who obtain professional licenses.



Mutual Growth

Strengthening regional win-win growth activities - reinforcing financial support for local self-employed businesses

In response to the continuing economic hardships facing self-employed people due to the global Covid-19 pandemic and the ongoing economic recession, we are helping affected businesses survive by allowing an extended payback period and deferring principal and interest payments, as well as running the Sunshine Loan program(KRW 10 billion) which comes with preferential interest rates(2.0%) and special loans(4.9% interest rate) for locally self-employed people. We are listening attentively to the voices of self-employed business operators and the challenges they face in running their businesses, and we offer them free financial counseling through our special self-employed business owner window. In this way we are doing our utmost to serve our local communities as the go-to financial institution for the common people.

Support for self-employed business owners who affected by economic downturn caused by Covid-19

KRW 10 billion

Financial support program for self-employed business owners

Trustful Growth

Fulfilling our ethical responsibilities - establishment of an RBA-based money laundering prevention system

In accordance with the new recommendations issued by the Financial Action Task Force(FATF), financial companies in every country are adopting a money-laundering risk assessment system(RBA) in order to implement procedures for identifying and assessing the risks of money laundering and the illegal funding of terrorist groups. BNK Savings Bank has also deployed a dedicated system that has enabled us to improve our responsiveness and competitiveness when reacting to trends in financial markets. The bank’s performance in implementing its ethical responsibilities is also expected to be enhanced when it reports to the Korea Financial Intelligence Unit(KOFIU), the government body responsible for monitoring and preventing money laundering.

Adoption of the Money Laundering Risk Assessment System (RBA)

BNK Asset Management

“ Since its incorporation into the Group in 2015, BNK Asset Management has improved its financial structure through the issuance of new shares(a strategic decision taken by the Group), and has successfully laid the foundation for the next phase of growth by securing loyal sales channels and developing differentiated products for the market. We have obtained the license required to operate a general asset management business and we are developing new businesses in leasing and SOC (infrastructure). We have also developed and released new differentiable products for the asset management market(retirement pensions and other assets regarded as retirement funds). By managing all of these businesses and products with a steady hand, we will become an asset management company that contributes to increasing the wealth of our customers.”



“We at BNK Asset Management are wholly committed to managing the valuable assets of our customers by basing our operations on our philosophy of value-based asset management, reliance on research data, and the consistent application of operating principles according to the long-term perspective. In the future, we will rejuvenate ourselves as the asset management company most trusted by the customers based on our high ethical standards and expertise.”

BNK Asset Management CEO Lee Yun Hak

Company Information

(As of December 31, 2019)

Date of Establishment	July 15, 2008
Shareholders' Equity	KRW 23 billion
HQ Address	32, Gukjegeumyung-ro 2-gil, Yeongdeungpo-gu, Seoul
Employees	55 persons
Website	www.bnkasset.co.kr

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - early adoption of our new BNK organizational culture

We have simplified our employee ranking system and switched to a job-centered system. We have implanted a new BNK organizational culture in which collaboration occurs and collective intelligence is gathered, while respecting individual creativity and independent decision making. In addition, to attract the best talent in the industry, we have adopted several performance-based pay systems. We continually review our salary and performance-based pay systems to make sure that we as a company stay ahead of the curve in competitiveness.



Mutual Growth

Pursuing innovation and technology finance - development of products to stimulate the growth of the Southeast Asian maritime finance market

Since the Busan/Ulsan/South Gyeongsang Province region is the center of the country's marine and fisheries industry, we are making every effort to develop regional-linked alternative investment products that can contribute to the growth of the local economy and stimulate the marine fisheries and other related industries. For this purpose, we have signed an agreement for investment in the marine fisheries industry and for encouraging entrepreneurship with the Ministry of Oceans and Fisheries and the local governments of Busan/Ulsan/ South Gyeongsang Province. In the future, to promote the marine fisheries industry in the Busan/Ulsan/ South Gyeongsang Province region, we will expand our financial products for marine and fisheries companies based in this region. These include products related to starting or investing in a marine fisheries business in the southeast corner of the Korean peninsula, and the creation of marine and fisheries funds.



Trustful Growth

Fulfilling our ethical responsibilities - boosting customer trust through preemptive risk management

We are flexibly supplying products to meet the needs of our customers and developing financial investment products in coordination with a comprehensive strategic risk management system. Especially worth mentioning is the fact that we are able to control risk management internally because we have formed a risk management and compliance team within our company. Through preemptive risk management, we are effectively minimizing the likelihood of compliance infringements. We not only achieve excellent operating performance by developing financial investment products based on a multidimensional risk management system, we also manage them transparently and ethically by protecting our customers' assets and respecting our duty of care. Consequently, we have been able to raise customer trust and increase transparency in our asset management.

Improving asset management performance



Ranked **No.1**

The highest returns posted over a 3-year period among all South Korean equity public offering funds (Korea Financial Investment Association, selected from among 53 domestic asset management companies)

Practicing Happy Financing Together

BNK Credit Information

“BNK Credit Information specializes in the quick recovery of bad debts arising from transactions made by financial institutions and private/commercial parties, as well as credit investigations and the filing of civil petitions on behalf of other parties. Thanks to our advanced debt management system and financial experts with extensive industry experience, we are able to provide services that leave customers very satisfied. Backed by the trust and belief of our customers, we will always be a reliable companion who puts customers’ interests first, and a provider of accurate and dependable credit information who knows how to grow together with the local community.”



“BNK Credit Information conducts management according to sound principles and ethics under the management slogan of “Lenient Debt Collection, Reliable Credit Management”, and fulfills its social responsibilities as a corporation to achieve win-win growth with the local regions. We promise to do our best in delivering better value to our customers and contributing to the sustainable growth of our local communities in the future.”

BNK Credit Information CEO
Sung Dong Hwa

Company Information

(As of December 31, 2019)

Date of Establishment	June 17, 2003
Shareholders' Equity	KRW 10.6 billion
HQ Address	92, Beomil-ro, Dong-gu, Busan
Employees	24 persons
Website	www.bnkci.co.kr

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - establishing a workplace culture with a healthy work-life balance

We are making every effort to establish a workplace culture characterized by a healthy work-life balance where work and family life can be kept separate. We have accomplished this by introducing such policies as PC Shutdown, Happy Time, and the 1-1-1 system for improving compliance with the 9-to-6 working hour rule, as well as improving our systems and increasing work efficiency. In addition, we are striving to become a great place to work by providing medical checkups, financial assistance for medical, transportation, and clothing expenses, signing up for group injury insurance, scholarships for employees' children, and congratulatory/condolence gifts(money).



Mutual Growth

Strengthening regional win-win growth activities - expanding opportunities for people on low-incomes to recover their credit ratings

We provide opportunities for economically vulnerable people to recover their credit rating and also help them to regain their economic wherewithal and become economically rehabilitated. Furthermore, we regularly send out notices to our customers on how to restructure their debts, operate an advisory service on recovering credit ratings, and faithfully perform our role as a manager of public debt restructuring tasks, i.e. personal rehabilitation and credit recovery. In addition, we are strengthening support for people with limited access to financial services - particularly services related to the deferment of debt repayment and the reduction of overdue interest for low-income debtors such as recipients of the basic living allowance and work incentives.

Debt reductions

KRW 16.0 billion
2,128 cases

(as of the end of 2019)

Trustful Growth

Greater access to financial services for finance consumers - credit rating processing that is fair and sound

In order to identify customer needs and secure new revenue sources, we develop new credit survey tasks(e.g. investigating the credit evaluations of companies), as well as maximizing synergy between group companies. We have also expanded other tasks related to credit surveys. The amendments to the Credit Information Act are expected to result in increased subsidiary tasks and other businesses that we must take care of as a responsible credit information company. As such, we have developed a comprehensive action plan to prepare for these changes. Thanks to our fair and transparent manner of handling our work and proactively responding to complaints, last year we received just one civil petition, one of the lowest levels of complaints in the credit information industry. In the future we will establish a sound process for the collection of debts and continue building an upright and fair organizational culture.

The lowest number of complaints in the credit information industry!

1 case

We will not stop our efforts to reduce the number of complaints until we reach zero complaints!

BNK System

“ Under the banner of aspiring to be an IT Service Leader in Digital Finance, BNK System is strengthening its competencies in executing smart finance and building competitiveness through core technology R&D, the recruitment of outstanding IT talent, and greater participation in digital business. In addition, we are supplying many types of digital services designed to increase work efficiency to our subsidiary companies, thereby increasing the synergy in our group. Meanwhile, we are also working towards achieving co-prosperity with regional economies by finding promising IT companies, recruiting local talent, and providing help to people on a low income. ”



“The BNK system continues to grow by providing stable and differentiated financial IT services; while against the backdrop of a rapidly changing financial environment, it contributes to the advancement of the IT business environment by developing application technologies that harness IT technology.”

BNK System CEO Kim Seuk Kuo

Key CSR Performances by Strategic Direction

Responsible Growth

Sustainable reform of the corporate culture - accreditation and award for HR development

The HR development at BNK System is excellent. A person's ability is the only criterion used in our recruitment and management of HR. We provide educational and training opportunities to improve the practical skills of our employees. In recognition of our excellence in HRD development, our company was selected for accreditation by the government as the "Best HRD," and we also received the top award in the Great SW Company to Work For category (in 2019). We have utilized our own technological resources to develop an HR system that enables us to manage our human resources more effectively and systematically. By implementing the system in 3 of our subsidiary companies, we have increased the synergy in our group.



Mutual Growth

Pursuing innovation and technology finance - realizing win-win growth with the region

We actively unearth promising local IT companies and give them the chance to participate in our group's IT projects, thereby contributing to increasing their sales and overall competitiveness. In addition, through our IT Sharing Seminar, we educate local IT companies on the latest IT trends and provide job information to jobseekers. Because we are particularly interested in creating jobs in local areas, we visit college campuses and hold traveling job briefing sessions. Furthermore, through our system of combining work and learning, we seek to develop human resources who are finely tailored to meet the needs of the highly demanding corporate world.

Local IT company selection and cooperation

110 companies

Local talent recruitment

15 events (13 local colleges, job fairs)

26 persons (recruitment of local IT talent)

Company Information

(As of December 31, 2019)

Date of Establishment	May 20, 2011
Shareholders' Equity	KRW 9.8 billion
HQ Address	21, Mieumsandan-ro, 127beon-gil, Gangseo-gu, Busan
Employees	198 persons
Website	www.bnksys.co.kr

Trustful Growth

Greater access to financial services for finance consumers - contributing to integrated IT for group subsidiary companies

We are continuing to expand our group joint work systems such as the video conferencing system and the visitor management system. To build a unified cloud system for our entire group, we are converting our internal work system into a cloud-based system and accumulating an abundance of technical and operational know-how through this process. In addition, by applying a standardized project management system to our subsidiaries' IT system development projects, we are raising the quality of the output and boosting the productivity of our development efforts. In addition, we constantly supplement areas requiring improvement by analyzing feedback and conducting a performance evaluation upon completing each project.



Practicing Happy Financing Together

BNK Venture Capital

“ In accordance with the requirements of the Act on Support for the Establishment of Small and Medium Enterprises, BNK Venture Capital was registered with the Ministry of SMEs and Startups in April 2009 as a Business Start-up Investment and became a part of BNK Financial Group in November 2019. Today we provide investments and loans to small business start-ups, fund management of start-up investment funds, and offer start-up counseling and information services. We will do our best to promote the ecosystem of venture companies in the Busan, Ulsan, and South Gyeongsang Province identifying early stage companies with growth potential and establishing one-stop services for each stage of their corporate growth.”



“BNK Venture Capital contributes to the development of the national economy by providing venture capital so that promising SME/venture companies can continue to grow. We will do our best to make sure that all our shareholders, investors, investment companies, executives and employees are happy.”

BNK Venture Capital CEO
Doh Seung Hwan

Key CSR Performances by Strategic Direction

Responsible Growth

ESG investments - investments in new energy-related industries and convergence industries

As an energy investment fund, BNK Venture Capital invests in companies in new energy-related industries and convergence industries. In particular, we are contributing to the development of the energy and environmental industries by identifying and investing in venture capital backed startups that aim to develop fine dust prevention, eco-friendly vehicles, and solar energy generation technologies.

Energy related investments



KRW 44 billion (~end of 2019)

*Investment areas: fine dust measurement/air quality management, environmentally-friendly vehicle/electric vehicle parts, solar power IT service platform, development and operation of solar power plants, floating solar power plants, development of dust sensors, etc.

Mutual Growth

Innovation and technology finance investments - expanded investments in promising new SMEs and venture capital backed companies

Based on reasonable and transparent management principles, we are committed to maintaining fairness when investing in SMEs and venture capital-backed companies. We are working hard to lay solid foundations for mutual growth with the companies that are the targets of our investments. Especially when it comes to SMEs and venture capital-backed companies that are developing a business with great potential, we not only provide funds through direct investments, but also support them with consulting services on issues related to human resources, finance, accounting and information disclosure.

Investments in SMEs and venture companies



KRW 27.5 billion (14 companies)

(2019 data)

Trustful Growth

Greater access to financial services for finance consumers - opening of a venture investment center for the Busan, Ulsan, and South Gyeongsang Province

We have opened a venture investment center for the Busan, Ulsan and South Gyeongsang regions with the aim of stimulating the growth of the start-up ecosystems in these three regions. By concentrating our investments on early-stage high-tech companies operating in the region, we are providing the financial services needed for the advanced development of the regional industries and the long-term growth of these companies. In the past, each of our subsidiaries invested in startups and venture companies separately. However, by consolidating all investment related tasks to the venture investment center, we plan to make even more dynamic venture capital investments in local innovative companies in the years to come.



Company Information

(As of December 31, 2019)

Date of Establishment	March 24, 2009(became a subsidiary on November 15, 2019)
Shareholders' Equity	KRW 11 billion
HQ Address	520 Teheran-ro, Gangnam-gu, Seoul
Employees	8 persons
Website	www.bnkv.co.kr

ESG Data

Financial Performance

Summary of Consolidated Statements of Financial Position

(Unit: KRW 100 million)

Category	2017	2018	2019
Total Assets	943,500	987,936	1,045,388
Total Liabilities	866,940	903,686	953,576
Total Liabilities	76,560	84,250	91,812
Total Liabilities and Total Equity	943,500	987,936	1,045,388

Summary of Consolidated Statements of Comprehensive Income

(Unit: KRW 100 million)

Category	2017	2018	2019
Operating Income	5,943	7,498	8,069
Income before income tax expense	5,577	7,186	7,934
Consolidated net income*	4,031	5,021	5,622
Total comprehensive income	3,867	5,574	6,176

* Net income attributable to owners of the company

Operating Income by Business Division

(Unit: KRW 100 million)

Category	2017	2018	2019
Banks	41,767	42,906	43,347
Financial investment	1,339	1,493	1,671
Loans	4,880	5,968	7,044
Savings	519	578	660
Other	2,542	1,675	2,469

Soundness Indicator: Composition of leverage of the Bank for International Settlements(BIS)

(Unit: KRW 100 million, %)

Category	2017	2018	2019
Core capital(Tier 1)	70,829	77,651	83,970
Amount of exposure among Basel III Tier 1 ratio	998,902	1,086,701	1,157,493
Basel III Tier 1 ratio(%)	7.09	7.15	7.25
Basel III Risk Weighted Assets	667,239	706,946	754,132
Basel IIITier 1 Capital ratio	10.62	10.98	11.13

ESG Data

(201-1) Direct economic value generated and distributed

(Unit: KRW 100 million)

Category		2017	2018	2019	
Creation of direct economic values	Revenues	48,203	50,985	52,793	
	Wage and welfare benefits of employees	7,214	8,180	8,055	
Distribution of economic values	Payment of dividends	Payment of dividends	750	750	978
		Payment of interests	2,389	2,416	2,596
	Tax (corporate tax expense)	1,328	1,805	1,944	
	Investment in community (donation and support for social contribution activities)	610	606	512	

Effective Tax Rate

(Unit: KRW 100 million, %)

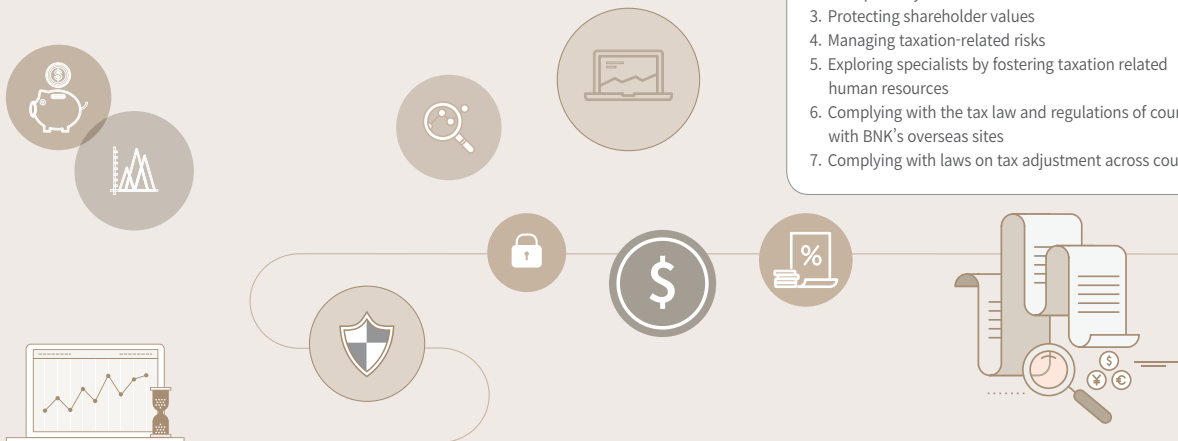
Category	2017	2018	2019
Profit before income tax	5,577	7,186	7,934
Nominal tax amount	1,328	1,805	1,944
Effective tax rate (%)	23.81	25.12	24.51
Amount of tax paid	1,839	1,247	1,145
Tax rate paid (%)	32.97	17.36	14.43

BNK Financial Group's Taxation Strategies

BNK Financial Group duly pays various types of taxes including corporate tax, value added tax and local tax in accordance with the taxation procedure prescribed by the tax law. The Group's tax paying policies consist of seven parts, defining tax-related risk types (tax risks and reputation risks), evaluating risk-specific levels, and categorizing into and managing three levels: moderate, significant and severe stages.

7 Taxation Policies of BNK Financial Group

1. Duly reporting on earnings(income) and complying with rules on tax payment
2. Disclosing financial records on taxation rationally and transparently
3. Protecting shareholder values
4. Managing taxation-related risks
5. Exploring specialists by fostering taxation related human resources
6. Complying with the tax law and regulations of countries with BNK's overseas sites
7. Complying with laws on tax adjustment across countries



Environmental Performance

(301-1) Materials used by weight or volume(Amount of copy paper purchased)

(Unit: ton, weight(1BOX = 11.7kg))

Category	2017	2018	2019	Scope of data collection
BNK Financial Group	4	3	4	Based on amount purchased at head branch
BNK Busan Bank	240	223	211	Based on amount purchased at head branch
BNK Kyongnam Bank	213	231	232	Based on amount purchased at head branch
BNK Capital	7	27	5	Based on amount purchased at head branch
BNK Securities	4	9	7	Based on amount purchased at head branch
BNK Savings Bank	9	5	2	Based on amount purchased at head branch
BNK Asset Management	1	1	2	Based on amount purchased at head branch
BNK Credit Information	1	2	2	Based on amount purchased at head branch
BNK System	1	1	1	Based on amount purchased at head branch
Total	480	502	466	

Category	unit	2017	2018	2019
Product and service purchase data	Printing paper	Box	41,178	43,018
	Credit cards	sites	601,480	396,900
	Bankbooks	sites	3,303,558	2,962,725
				39,753
				417,245
				2,734,475

(306-2) Amount of Waste Disposed*

(Unit: ton)

Category	2017	2018	2019
BNK Busan Bank	513	356	127
BNK Kyongnam Bank	270	129	168

* Other subsidiaries also dispose waste, but in very low amounts when compared to BNK Busan Bank and BNK Kyongnam Bank. Therefore, they were not included in this report.

(302-1, 2) Energy consumption levels inside/outside the organization

(unit: TJ)

Category	2017	2018	2019
BNK Financial Group	5	7	8
BNK Busan Bank	411	342	330
BNK Kyongnam Bank	190	172	159
BNK Capital	23	27	14
BNK Securities	2	7	9
BNK Savings Bank	10	6	1
BNK Asset Management	1	1	1
BNK Credit Information	0	2	2
BNK System	2	3	3
Total	644(67,084MWh)	567(58,869MWh)	527(54,872MWh)

* Energy consumption (Mwh) could fluctuate slightly due to system numerical error.

ESG Data

(303-1) Total water withdrawal by source

(unit: m³)

Category	2017	2018	2019
BNK Financial Group	3,520	2,748	3,596
BNK Busan Bank	178,147	91,298	96,706
BNK Kyongnam Bank	69,957	73,878*	72,668
BNK Capital	3,370	1,570	3,697
BNK Securities	2,220	4,290	2,902
BNK Savings Bank	3,364	1,118	1,209
BNK Asset Management	4,223	684	527
BNK Credit Information	1,282	558	1,617
BNK System	611	386	407
Total	266,694	176,530	183,329

* 2018 data for Kyongnam Bank was modified because numerical errors.

(305-1, 2, 3) Greenhouse gas(GHG) emissions

(unit: tCO₂eq)

Category	2017	2018	2019	
BNK Financial Group	Direct Emissions(Scope1)	88	77	100
	Indirect Emissions(Scope2)	150	271	307
	Other Indirect Emissions(Scope3)	6	55	24
BNK Busan Bank	Direct Emissions(Scope1)	1,211	1,663	1,661
	Indirect Emissions(Scope2)	19,095	15,286	14,702
	Other Indirect Emissions(Scope3)	65	88	117
BNK Kyongnam Bank	Direct Emissions(Scope1)	1,930	2,041	1,886
	Indirect Emissions(Scope2)	7,709	6,679	6,214
	Other Indirect Emissions(Scope3)	150	200	70
BNK Capital	Direct Emissions(Scope1)	788	735	680
	Indirect Emissions(Scope2)	561	782	194
	Other Indirect Emissions(Scope3)	95	42	75
BNK Securities	Direct Emissions(Scope1)	36	129	191
	Indirect Emissions(Scope2)	94	228	311
	Other Indirect Emissions(Scope3)	33	25	28
BNK Savings Bank	Direct Emissions(Scope1)	194	86	78
	Indirect Emissions(Scope2)	312	235	212
	Other Indirect Emissions(Scope3)	2	2	1
BNK Asset Management	Direct Emissions(Scope1)	47	40	46
	Indirect Emissions(Scope2)	1	6	5
	Other Indirect Emissions(Scope3)	7	15	30
BNK Credit Information	Direct Emissions(Scope1)	15	24	24
	Indirect Emissions(Scope2)	7	59	60
	Other Indirect Emissions(Scope3)	4	1	5
BNK System	Direct Emissions(Scope1)	30	32	32
	Indirect Emissions(Scope2)	69	130	146
	Other Indirect Emissions(Scope3)	4	4	14
Total	Direct Emissions(Scope1)	4,339	4,827	4,698
	Indirect Emissions(Scope2)	27,998	23,676	22,151
	Other Indirect Emissions(Scope3)	366	432	364

Social Performance

(102-8) Information on employees and workers

(unit: persons)

Subsidiary		2017				2018				2019			
		Total number of employees	No. of regular employees	No. of contracted employees (excluding executives)	No. of executives	Total number of employees	No. of regular employees	No. of contracted employees (excluding executives)	No. of executives	Total number of employees	No. of regular employees	No. of contracted employees (excluding executives)	No. of executives
BNK Financial Group	male	105	82	17	6	122	96	19	7	92	71	14	7
	Female	18	10	8	-	18	13	5	-	9	4	5	-
	Total	123	92	25	6	140	109	24	7	101	75	19	7
BNK Busan Bank	male	1,645	1,456	183	6	1,625	1,417	200	8	1,596	1,386	203	7
	Female	1,632	1,527	105	-	1,652	1,550	102	-	1,681	1,562	119	-
	Total	3,277	2,983	288	6	3,277	2,967	302	8	3,277	2,948	322	7
BNK Kyongnam Bank	male	1,318	1,186	123	9	1,303	1,174	121	8	1,303	1,188	108	7
	Female	1,240	1,092	148	-	1,235	1,123	112	-	1,233	1,136	97	-
	Total	2,558	2,278	271	9	2,538	2,297	233	8	2,536	2,324	205	7
BNK Capital	male	373	285	83	5	393	294	92	7	396	317	73	6
	Female	200	124	76	-	195	136	59	-	185	150	35	-
	Total	573	409	159	5	588	430	151	7	581	467	108	6
BNK Securities	male	167	104	58	5	179	90	83	6	175	83	86	6
	Female	58	45	13	-	72	41	31	-	69	43	26	-
	Total	225	149	71	5	251	131	114	6	244	126	112	6
BNK Savings Bank	male	74	56	13	5	69	57	7	5	69	56	8	5
	Female	43	31	12	-	43	38	5	-	46	42	4	-
	Total	117	87	25	5	112	95	12	5	115	98	12	5
BNK Asset Management	male	24	4	16	4	31	2	23	6	39	1	32	6
	Female	10	8	2	-	11	6	5	-	15	7	8	-
	Total	34	12	18	4	42	8	28	6	54	8	40	6
BNK Credit Information	male	28	8	16	4	23	8	11	4	22	11	7	4
	Female	4	3	1	-	4	3	1	-	4	4	-	-
	Total	32	11	17	4	27	11	12	4	26	15	7	4
BNK System	male	159	135	20	4	161	140	17	4	176	154	18	4
	Female	14	13	1	-	17	17	-	-	22	22	-	-
	Total	173	148	21	4	178	157	17	4	198	176	18	4
BNK Venture Capital	male	-	-	-	-	-	-	-	-	5	2	-	3
	Female	-	-	-	-	-	-	-	-	2	2	-	-
	Total	-	-	-	-	-	-	-	-	7	4	-	3

(401-1) Newly hired employees and employee turnover and ratio

(Unit: persons)

Subsidiary	2017		2018		2019	
	No. of new employees	No. of retired employees	No. of new employees	No. of retired employees	No. of new employees	No. of retired employees
BNK Financial Group	1	1	3	-	-	-
BNK Busan Bank	91	31	102	20	84	14
BNK Kyongnam Bank	77	126	71	21	32	20
BNK Capital	29	33	23	24	29	16
BNK Securities	10	10	11	20	5	8
BNK Savings Bank	34	24	10	14	19	17
BNK Asset Management	0	5	3	2	3	2
BNK Credit Information	7	4	3	8	7	7
BNK System	33	13	21	13	21	4

이직률

(unit: %)

Category	2017	2018	2019	
BNK Busan Bank	Total turnover rate	0.33	0.31	0.42
	Voluntary turnover rate	0.33	0.31	0.42
BNK Kyongnam Bank	Total turnover rate	1.15	0.96	1.00
	Voluntary turnover rate	1.06	0.92	1.00

ESG Data

(102-41) Labor union subscription rate

(unit: %)

Category	2017	2018	2019
BNK Busan Bank	99.92	99.91	99.92
BNK Kyongnam Bank	99.94	99.95	99.95

* Labor union subscription rate = Number of eligible labor unionists / Number of labor union subscribers (based on data from Dec. 31, 2019)

Number of labor union meetings

(unit: cases)

Category	2017	2018	2019
BNK Busan Bank	4	4	4
BNK Kyongnam Bank	4	4	4

(401-3) Number of employees who took childcare leave and returned to work in 2019

(unit: persons)

Category	No. of employees who are eligible to take childcare leave			No. of employees who took childcare leave			No. of employees who returned to work after completing childcare leave			No. of employees still working 1 year after returning from childcare leave in the previous year		
	male	Female	Total	male	Female	Total	male	Female	Total	male	Female	Total
BNK Financial Group	-	-	-	-	-	-	-	-	-	-	-	-
BNK Busan Bank	102	139	241	1	95	96	-	99	99	-	94	94
BNK Kyongnam Bank	431	556	987	1	204	205	1	71	72	-	73	73
BNK Capital	334	90	424	3	17	20	2	6	8	1	6	7
BNK Securities	-	10	10	-	9	9	-	2	2	-	3	3
BNK Savings Bank	57	46	103	-	3	3	-	3	3	-	1	1
BNK Asset Management	4	8	12	-	1	1	-	1	1	-	1	1
BNK Credit Information	5	2	7	-	1	1	-	-	-	-	-	-
BNK System	-	1	1	-	1	1	-	-	-	-	4	4

(403-2) Number of days of absence due to illness or injury

Category	2017		2018		2019	
	No. of days of absence due to illness or injury (vacation days excluded)	No. of days of absence due to illness or injury sustained while working	No. of days of absence due to illness or injury (vacation days excluded)	No. of days of absence due to illness or injury sustained while working	No. of days of absence due to illness or injury (vacation days excluded)	No. of days of absence due to illness or injury sustained while working
BNK Financial Group	-	-	50	-	-	-
BNK Busan Bank	1,794	1,008	1,307	658	1,865	1,191
BNK Kyongnam Bank	997	475	1,924	724	2,454	1,121
BNK Capital	66	-	195	-	185	-
BNK Securities	-	-	9	-	-	-
BNK Savings Bank	-	-	60	-	-	-
BNK Asset Management	-	-	-	-	-	-
BNK Credit Information	-	-	8	-	7	-
BNK System	-	-	25	-	20	-

Performance on diversity (includes data from all subsidiaries)

(unit: persons)

Category		2017	2018	2019
Female Leadership	Executives	1	1	3
	Mid-level supervisors	421	478	536
	Managers	181	204	239
No. of veterans		295	293	289
No. of employees with disabilities		91	98	88

Employee Training and Evaluation

(404-1) Average hours of training per year per employee

Category	Training cost per employee (KRW 10000)			Training hours per employee (hours/person)		
	2017	2018	2019	2017	2018	2019
BNK Financial Group	44	98	197	36	65	66
BNK Busan Bank	89	93	130	133	134	160
BNK Kyongnam Bank	51	70	89	78	78	71
BNK Capital	34	56	59	43	48	51
BNK Securities	35	34	46	18	42	48
BNK Savings Bank	35	30	52	30	45	48
BNK Asset Management	19	21	31	14	14	10
BNK Credit Information	0	13	16	13	14	16
BNK System	20	29	22	57	78	49

(404-3) Percentage of employees receiving regular performance and career development reviews

Category	2017			2018			2019		
	No. of employees who are subjects of evaluations (persons)	Total no. of employees (persons)	Performance evaluation ratio (%)	No. of employees who are subjects of evaluations (persons)	Total no. of employees (persons)	Performance evaluation ratio (%)	No. of employees who are subjects of evaluations (persons)	Total no. of employees (persons)	Performance evaluation ratio (%)
BNK Financial Group	85	108	79	106	123	86	87	97	90
BNK Busan Bank	2,907	3,526	82	2,843	3,241	88	2,798	3,277	85
BNK Kyongnam Bank	2,286	2,558	89	2,281	2,538	90	2,282	2,536	90
BNK Capital	474	569	83	479	588	81	483	577	84
BNK Securities	174	222	78	223	247	90	202	240	84
BNK Savings Bank	88	106	83	89	109	82	91	111	82
BNK Asset Management	30	30	100	36	36	100	52	52	100
BNK Credit Information	8	23	35	8	24	33	8	24	33
BNK System	140	167	84	145	176	82	187	196	95

Social Contributions

(203-1) Infrastructure investment and service support provided for public benefit

a. Social contribution investment amounts

(unit: KRW million)

Category	2017	2018	2019
BNK Financial Group	3,010.0	9,137.4	14,891.30
BNK Busan Bank	37,714.0	40,505.0	43,622.0
BNK Kyongnam Bank	20,227.0	22,100.0	22,073.0
BNK Capital	11.0	141.0	30.0
BNK Securities	8.0	14.0	33.0
BNK Savings Bank	1.1	7.6	17.1
BNK Asset Management	-	-	-
BNK Credit Information	2.0	3.0	2.0
BNK System	1.0	5.0	1.0
Total	60,974.1	71,913.0	80,669.4

b. Number of social contribution volunteer workers

(unit: persons)

Category	2017	2018	2019
BNK Financial Group	37	92	85
BNK Busan Bank	17,896	18,685	11,023
BNK Kyongnam Bank	2,179	3,550	3,132
BNK Capital	196	217	104
BNK Securities	97	129	225
BNK Savings Bank	208	206	259
BNK Asset Management	-	-	-
BNK Credit Information	42	55	26
BNK System	161	101	215
Total	20,816	23,035	15,069

Establishment of a fair trading culture

We always disclose bidding information through our consolidated purchase system, and by selecting suppliers through a fair competitive process made possible with electronic bidding, we can guarantee fair business participation and transparent transactions to our suppliers. Furthermore, during stages (notice of tender, budget price estimation, bidding and examination of the appropriateness of the contract payment) where supplier companies are competing against each other, we always make sure an auditor is present during the proceedings in order to guarantee impartiality. Even for the implementation part of a project, we manage the output delivery date and inspection date through an online system. This way, we can always monitor possible issues faced by the suppliers. In the interest of managing and evaluating suppliers objectively, regular training is given to purchasing managers to familiarize them with laws related to fair trade (subcontract). Even after a project has ended, we conduct evaluations whenever needed and also regularly once a year to be perfect in our management of companies who have been contracted to supply IT resources to our group. In the future, we will do our best to create a culture of reliable and fair trading by using the screening process (which is linked to the Korea ON-Line E-Procurement System) in our consolidated purchase system to screen for fraudulent candidates when selecting companies to award contracts.



Number of cases awarded through electronic bidding using the consolidated purchase system

329 cases(as of 2019)



Number of evaluations to check for fair trading

2,055 cases(as of 2019)

ESG Data

Transparency in Operation

Current Status of Employee's Stock Ownership (as of 2020. 3. 31) (unit: shares)

Name	Job Rank	Number of shares held
Kim Ji Wan	Chairman	101,600
Cha Yong-Kyoo	External Director	2,080
Moon Il-Jae	External Director	-
Chung Kee-Young	External Director	1,300
Yoo Jung-Joon	External Director	2,000
Son Kwang-Ik	External Director	3,000
Hur Jin-Ho	External Director	-
Kim Chang-Rok	External Director	-
Park Hun Gi	Vice President	17,000
Kim Sang-Yun	Vice President	10,000
Myung Hyung-Guk	Vice President	35,999
Kim Young-Moon	Managing Director	5,500
Kwak Wee-Yeol	Managing Director	12,963
Kim Sung-Joo	Managing Director	20,012
Chung Sung Jae	Managing Director	16,000
Koo Kyu Sung	Managing Director	14,639
Kim Sung Hwa	Managing Director	8,500

Status of Total Remuneration for Employees)

Year	Total remuneration amount for employees (A)*	Net income before corporate tax (B)**	Ratio (A/B)	Number of employees (C)	Average remuneration of employees(A/C)
unit	KRW 100M	KRW 100M	%	persons	KRW 10,000
2017	110	6,884	1.6	186	5,900
2018	188	5,577	3.4	211***	8,900
2019	178	7,186	2.5	188****	9,500

* The total amount of remuneration for employees (A) is stated based on earned income shown on the statement of payment of earned income submitted to the competent tax office pursuant to Article 20 of the Income Tax Act.

** Net income before corporate tax (B) is the amount from the t-1 period (For example if the year is 2019: Enter the net income before tax deduction at the end of 2018).

*** Includes 42 employees working for both our company and a subsidiary and employees who resigned during the year.

**** Includes 22 employees working for both our company and a subsidiary and employees who resigned during the year.

Status of Remuneration for Directors and Auditors

(Unit: persons, KRW 10,000)

Category	Number of employees	Total remuneration amount	Average remuneration per person
Registered directors (external directors and Audit Committee are excluded)	1	911	911
External Directors	3	190	63
Members of the Audit Committee	4	265	44

(201-3) Defined benefits retirement pension scheme of the organization

Category	unit	BNK Financial Group	BNK Busan Bank	BNK Kyongnam Bank	BNK Capital	BNK Securities	BNK Savings Bank	BNK Asset Management	BNK Credit Information	BNK System
Date of opening		2011. 05. 19	2010. 07. 30	2010. 06. 30	2011. 12. 28	2011. 11. 28	2013. 03. 29	2013. 12. 19	2007. 11. 12	2013. 11. 12
Amount under management	KRW 100M	51.4	2,675	1,633	127	43.8	25.7	5	6	40
No. of subscribers(DB)	persons	95	3,272	2,522	577	162	112	-	24	171
No. of subscribers(DC)	persons	-	-	-	-	53	-	51	-	-

Current Status of CEO Remuneration

(Unit: KRW million)

Type	Type of Remuneration	Total	
		2018	2019
CEO and Chairman	Earned Income	730	729
Kim Ji Wan	Bonus	41	182

※ Calculation criteria and methods

- Earned income: Decided on the basic income of KRW 480 million through the deliberation of the Compensation Committee by comprehensively considering the directors' rank and job function within the income ceiling approved at the shareholders' meeting, and the allowance of business activities of the management paid for business activities of the CEO and the chairman at KRW 250 million per year. KRW 60 million per month was paid for the total annual wage by dividing in 1/12 based on the executive income regulations.

- Bonus: The short-term performance pay for 2017 is evaluated as a quantitative/qualitative index task, while the comprehensive score is calculated based on the comprehensive evaluation table through the evaluation of qualitative indicators consisting of the Group's management innovative tasks, as well as quantitative indicators consisting of profitability (ROA, ROE and RAROC), capital adequacy (BIS ratio and BIS common equity Tier 1 ratio), soundness (actual NPL ratio and actual overdue loan ratio), efficiency, stability and the shareholder return. It is paid within the scope of 0~150% of the basic wage.

Labor Productivity

(Unit: KRW 100 million, persons, KRW 100 million/persons)

Type	2017	2018	2019
Group-adjusted operating income (a)	22,756	25,168	25,122
Total number of employees in the (b)	6,584	7,168	7,128
Per-capita labor productivity (c=a/b)	3.46	3.51	3.53

(202-1) Ratios of standard entry level wage by gender compared to local minimum wage

Category	unit	BNK Financial Group	BNK Busan Bank *	BNK Kyongnam Bank	BNK Capital	BNK Securities	BNK Savings Bank	BNK Asset Management	BNK Credit Information	BNK System
National minimum wage hourly	KRW	8,590	8,590	8,590	8,590	8,590	8,590	8,590	8,590	8,590
Hourly wage for new employees (Male)	KRW	16,154	23,430	15,517	12,759	16,202	12,759	13,955	10,065	13,073
Hourly wage for new employees (Female)	KRW	14,750	19,410	15,517	11,563	16,202	11,962	13,955	10,065	11,757
Proportion of Males	%	193%	273%	181%	149%	189%	149%	162%	117%	152%
Proportion of Females	%	177%	226%	181%	135%	189%	139%	162%	117%	137%

※ unit: In the case of an organization that uses hourly wage and annual salary system, the monthly wage is calculated based on total number of hours worked.

※ In the case of BNK Busan Bank, the standard entry level wage is calculated based on new 5th grade employees.

BNK Financial Group Shareholders

(As of 2020. 3. 31)

(unit: shares, %)

Key Shareholders	Number of shares(common stocks)	Ownership(%)
National Pension Service	37,684,776	11.56
Busan Lotte Hotel and related parties*	36,320,167	11.14
Employee stock ownership association	13,109,000	4.02
Parkland Co., Ltd and related parties*	12,952,172	3.97
THE OAKMARK INTERNATIONAL SMALL CAP FUND	7,750,792	2.38
Samsung Asset Management (Inc.)	5,370,184	1.65
VANGUARD TOTAL INTERNATIONAL STOCK INDEX	4,831,347	1.48
HSBC POOLED INVESTMENT FUND	3,932,639	1.21
PEOPLES BANK OF CHINA	3,615,050	1.11
Total number of stocks issued	125,566,127	38.52

※ Includes relevant shareholders virtually controlled by the same person.

BNK Financial Group's Measures for Political Engagement

BNK Financial Group cannot donate political funds to foreigners and corporations and organizations at home and abroad as per Chapter 6 and Article 31 of the Political Fund Act. It is also prescribed that no one should be allowed to donate political funds with funds related to corporations and organizations at home and abroad. Therefore, BNK Financial Group is not involved in any political activities according to laws, and employees may participate in politics, but are prohibited from conducting any suspicious activities causing misunderstanding at the corporate level. However, we donate to associations and areas of public interest which are not related to political engagement, in which case, the current status of donations is strictly managed to fundamentally block possibilities of corruption and irregularities.

Record of payments of membership fees to key associations (BNK Busan Bank , BNK Kyongnam Bank , BNK Capital, BNK Savings Bank)

(unit: KRW)

Organization	2016	2017	2018	2019
Korea Chamber of Commerce and Industry	301,790,800	304,852,330	353,278,700	354,026,000
Korea Federation of Banks	1,758,740,247	1,371,217,632	1,682,074,802	1,609,768,491
Korea Financial Telecommunication and Clearings Institute	2,357,313,724	2,418,805,115	1,901,711,662	2,133,214,888

Third-party Assurance Statement

To Management and Stakeholders of BNK Financial Group,

The Korea Sustainability Investment Forum (hereinafter “KoSIF”) has been commissioned by BNK Financial Group (hereinafter “Company”) to provide an independent assurance statement on its ‘Sustainability Report 2019’ (hereinafter “the report”), and hereby presents the following third-party assurance statement.

Responsibility and Independence

Other than providing this independent assurance statement, KoSIF does not hold any interest in the Company that may affect the independence and fairness of the verification. Although this assurance statement is written for the management and stakeholders of BNK Financial Group, KoSIF expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Assurance Criteria and Principles

The verification procedure is conducted in accordance with the following:

- Type I, Moderate Level used in AA1000AS(2008);
- Three accountability principles(inclusivity, materiality, responsiveness) included in AA1000APS (2008); Core Option of the GRI Standard Guidelines.

Assurance Process and Limitations

After carrying out an initial review based on publicly available IR materials and supporting data obtained directly from the Company, KoSIF conducted an on-site audit whose scope was limited to the headquarters of the company. KoSIF verified the basis of claims related to the environmental, social, and economic data listed in the report by checking their consistency and conducting a sampling inspection. KoSIF sought to increase the level of confidence by carrying out face-to-face interviews with the personnel responsible for the overall report and other staff from the departments that provided the data for the report. KoSIF confirmed that the financial data were appropriately drawn retrieved from financial statements verified in the Data Analysis, Retrieval, and Transfer System(DART)¹, and also that the GHG data were consistent with the verification opinion of certified professionals. Data and information that exceeded the scope of reporting on the Company(e.g. data pertaining to suppliers) were excluded from the audit. The result of the assurance may differ if an additional assessment is made.

Assurance Results

Nothing has come to KoSIF’s attention that causes it to believe that the information and data provided in the report are misplaced or misleading. Furthermore, KoSIF could not find anything that may provide grounds for supposing that the report was not prepared in accordance with the Core Option of the GRI Standard Guidelines. KoSIF’s opinion regarding the principles of AA1000(2008) is as follows:

Inclusivity

The Company categorizes its stakeholders into five groups as follows:

1. mutual growth(shareholders and investors, industry peers, suppliers);
2. media and environment(media and academia, local communities, environmental organizations);
3. employees(employees, labor union);
4. customers(corporate customers, private customers);
5. policy supervisors(Government, National Assembly, financial authority).

The Company gathers the opinions of each group of stakeholders through established communication channels. The Company also reflects their opinions by conducting surveys to identify material topics. KoSIF is not aware of any key stakeholder group that has been omitted. However, KoSIF recommends that the Company establish a measure for collecting opinions from a wider group of stakeholders.

Materiality

After the Company derived 43 sustainability topics after analyzing internal issues(management policy and strategy, sustainability topics from the previous year, etc.) and external issues(international initiatives, benchmarking industry peers, media research, etc.), 12 key topics were selected in light of the stakeholder survey, business impact, and the interests of stakeholders. The Company also chose the 12 key topics in line with its sustainable management strategy. KoSIF confirms that the Company selected the core topics based on the materiality test and that it could not find any material issue that has been omitted from the report.

Responsiveness

The Company executes and reports activities and performances related to issues that have an impact on its stakeholders. The activities and performance regarding the 12 top topics among the pool of 43 sustainability topics are described in depth in the report. KoSIF could not find any evidence of omission or misplacement in the Company's reporting of material issues. However, KoSIF suggests that the Company strengthen its activities related to climate change, an emerging material issue, because it has the potential to have a substantial effect on the quality of the Company's assets.

Recommendations

KoSIF recommends the following to enhance the sustainability management of the Company and improve its stakeholders' sustainability:

- BNK Financial Group has established its ESG vision and mid-term roadmap. KoSIF suggests that the Company build a governance system (such as forming an ESG committee within the board, and a sustainable management committee that reports directly to the CEO, etc.) to enable systematic and thorough implementation of the roadmap.
- The Company needs to advance its data management because sound data management helps to measure the achievement of sustainable management and report to stakeholders with clarity.
- Major international financial authorities(G20, IMF, BIS, etc.) are issuing warnings that climate change could result in a financial crisis. Legislation, frameworks, and policies related to sustainable finance led by climate/green finance, such as the TCFD(Taskforce on Climate-related Financial Disclosures) and the NGFS(Network of central banks and supervisors for Greening the Financial System) are being implemented at an accelerated speed. KoSIF recommends the Company establish and execute a strategy inside sustainable finance to deal with climate change, which simultaneously poses a great risk and presents a great opportunity to financial institutions.



Sustainability Management Initiatives

GRI Standards Index

GRI – 102: General Disclosures

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Reporting Practice	102-45	Entities included in the consolidated financial statements	32~33	
	102-46	Defining report content and topic Boundaries	32~33	
	102-47	List of material topics	32~33	
	102-48	Restatements of information		No reporting changes
	102-49	Changes in reporting	2	
	102-50	Reporting period	2	
	102-51	Date of most recent report	2	
	102-52	Reporting cycle	2	
	102-53	Contact point for questions regarding the report	113	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI content index	108~110	
	102-56	External assurance	106~107	

GRI – 103: Management-Approach

Topic	Disclosure	Indicators	Page	Remarks
Management Approach	103-1	Explanation of the material topic and its boundary	34~35,	
	103-2	Management approach and its components	46~47,	
	103-3	Evaluation of the management approach	56~57	

GRI – 200: Economic

Topic	Disclosure	Indicators	Page	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	95~96	
	201-3	Defined benefit plan obligations and other retirement plans	104	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	105	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	74~79, 103	
	205-1	Operations assessed for risks related to corruption	102	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	102	
	205-3	Confirmed incidents of corruption and actions taken	102	
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	60~61	

GRI – 300: Environmental

Topic	Disclosure	Indicators	Page	Remarks
Energy	302-1	Energy consumption within the organization	97	
	302-2	Energy consumption outside of the organization	97	
	302-4	Reduction of energy consumption	55	
Water	303-1	Water withdrawal by source	98	
	305-1	Direct(Scope 1) GHG emissions	98	
Emissions	305-2	Energy indirect(Scope 2) GHG emissions	98	
	305-3	Other indirect(Scope 3) GHG emissions	98	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	No infringements

GRI – 400: Social

Topic	Disclosure	Indicators	Page	Remarks
Employment	401-1	New employee hires and employee turnover	99	
	401-3	Parental leave	100	
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	100	
	404-1	Average hours of training per year per employee	101	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	42~43	
	404-3	Percentage of employees receiving regular performance and career development reviews	101	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	36, 101	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	No discrimination reported
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	74~79	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	62~63	
Socioeconomic Compliance	419-1	Incidents of non-compliance concerning the health and safety impacts of products and services	103	




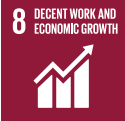


Sustainability Management Initiatives

GRI – Financial Services Sector Supplementary Standards

Disclosure	Indicators	Page	Remarks
G4-FS1	Policies with specific environmental and social components applied to business lines.	40~41, 48~55	
G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	20~25, 48~53	
G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	26~27	
G4-FS13	Access points in low-populated or economically disadvantaged areas by type.	64~67	
G4-FS14	Initiatives to improve access to financial services for disadvantaged people.	64~67	
G4-FS15	Policies for the fair design and sale of financial products and services.	60	
G4-FS16	Initiatives to enhance financial literacy by type of beneficiary	61	

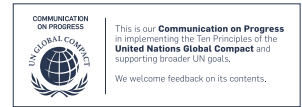
Support for UN SDGs(Sustainable Development Goals)

The UN Sustainable Development Goals(SDGs) are the global objectives that the international community must achieve by the year 2030 to overcome poverty worldwide and realize sustainable development. BNK Financial Group actively supports UN SDGs and by linking its sustainability management activities with UN SDGs, we have increased the feasibility of reaching these objectives.

UN SDGs	Our Response	Page
 <p>1 NO POVERTY</p> <p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> • Implementation of innovation finance and support for win-win growth with local community • Assistance for youth entrepreneurs starting a business 	20~25 48~53 74~79
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> • Human talent development was pursued at the group wide level. • Provided education for preventing financial frauds and mishaps. • Provided education to local area residents like teenagers and senior citizens. 	42~43, 61
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • Childbirth and infant care support • Female talent nurturing by offering maternity protection support 	81~82
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Financial support for job creation. • Support youth startups in local areas. • Priority considerations given to low-income candidates when hiring new employees. 	20~21, 24~25, 45, 48~50
 <p>10 REDUCED INEQUALITIES</p> <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Implementation of innovation finance and support for win-win growth with local community. • Assistance for youth entrepreneurs starting a business. 	20~25, 48~53, 74~79
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> • Company-wide efforts to reduce energy and resource consumption. • Development and sale of financial products in renewable energy and environment protection. 	26~27, 41, 54~55

Participate and Support UNGC

BNK Financial Group supports the 10 principles of human rights, labor, environment and anti-corruption, as defined in the UN Global Compact(UNGC). Therefore, we intend to faithfully fulfill our corporate social responsibility by reflecting the ten principles of the UN Global Compact in our sustainable management.



Human Rights

Principle	Page
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	44~45
Principle 2: make sure that they are not complicit in human rights abuses.	



Labour

Principle	Page
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	28~29, 44~45, 100
Principle 4: the elimination of all forms of forced and compulsory labor.	
Principle 5: the effective abolition of child labor.	
Principle 6: the elimination of discrimination in respect of employment and occupation.	



Environment

Principle	Page
Principle 7: Businesses should support a precautionary approach to environmental challenges.	26~27, 41, 54~55
Principle 8: Undertake initiatives to promote greater environmental responsibility.	
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	



Anti-Corruption

Principle	Page
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	58~59

Awards

Date of Award	Subsidiary	Description of Award	Awarded by
Dec., 2019	BNK Busan Bank	Received the Education Mecenat Awards for 12th consecutive year.	Busan City and 3 other agencies
Dec., 2019	BNK Kyongnam Bank	Award for excellent common citizen financing services in the inclusive financing category	Financial Supervisory Service
Dec., 2019	BNK Kyongnam Bank	Received the top award in financial consumer category	Financial Consumer Agency
Nov., 2019	BNK Busan Bank	Received the President's Award at the Korea Mecenat Competition	Korea Mecenat Association
Nov., 2019	BNK Busan Bank	Received the Best CEO Prize at the 2019 Work and Life Balance Best Company Awards ceremony	Busan City
Oct., 2019	BNK Financial Group	Selected as a company with excellent governance structure	Korea Corporate Governance Service (KCGS)
Sep., 2019	BNK System	Obtained certification as an organization with outstanding performance in human talent development	Ministry of Employment and Labor and 3 agencies
Jul., 2019	BNK Kyongnam Bank	Named the regional bank with the best performance in social financing	Financial Services Commission
May., 2019	BNK Busan Bank	Received award for bank with the best call center for 4th year in a row.	KMAC
Apr., 2019	BNK Busan Bank	Named most respected CEO in Asia and the best company to work for in Asia (5 years in a row).	GPWT
Dec., 2018	BNK Busan Bank	Received the top award at the 2019 Korea Sustainability Management Awards	Korea Broadcasting News Association
Nov., 2018	BNK Busan Bank	Awarded the grand prize in One of the Best Companies to Work For category	GPWT
Sep., 2018	BNK Financial Group	Included in the Asia Pacific Index of 2018 Dow Jones Sustainability Index (DJSI)	S&P Dow Jones Indices, Robeco SAM
Sep., 2018	BNK Busan Bank	Achieved 1st place in small-group evaluation of technical financial performance in the first half of 2018	Financial Services Commission
Aug., 2018	BNK Kyongnam Bank	Chosen by consumers as top regional bank in 'Good Bank' category.	Financial Consumers Union
May., 2018	BNK Kyongnam Bank	Received award for bank with the best call center for 3rd year in a row.	KMAC
Apr., 2018	BNK Kyongnam Bank	Achieved 1st place in small-group evaluation of technical financial performance in the second half of 2017	Financial Services Commission
Mar., 2018	BNK Financial Group	Designated as the corporation with excellence in disclosure in 2017.	Korea Exchange
Sep., 2017	BNK Financial Group	Included in the Asia Pacific Index of 2017 Dow Jones Sustainability Index (DJSI)	S&P Dow Jones Indices, Robeco SAM
Sep., 2017	BNK Kyongnam Bank	Received a certification of appreciation for our efforts to prevent telecom-based financial frauds.	Financial Supervisory Service
Jun., 2017	BNK Busan Bank	Selected as the best South Korean bank in 2017 by Finance Asia	Finance Asia
Mar., 2017	BNK Busan Bank	Achieved 1st place in small-group evaluation of technical financial performance in the second half of 2016	Financial Services Commission



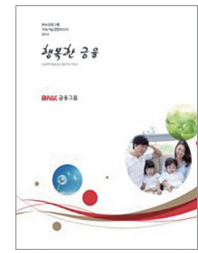
Cover Story ■



2012



2013



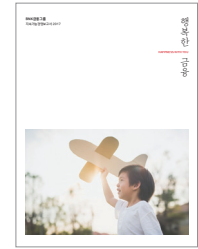
2014



2015



2016



2017



2018



2019

BNK Financial Group Sustainability Report 2019 ■

For additional information or with any questions about this report, please contact us through the information shown below. In addition, you can download the PDF file of 'BNK Financial Group Sustainability Management Report 2019' from the website of BNK Financial Group and check the detailed information about the report.

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