BNK Financial Group

ESG Policy Book

Debt Collection Policy

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Debt Collection Policy

1. Objective

- The Financial Group has enacted a debt collection policy to maintain a positive relationship with debtors and fulfill its social responsibility in finance by conducting fair debt recovery activities. The policy aims to build a lawful and fair process to comply with relevant laws and regulations and guidelines. Through this policy, internal guidelines for lawful debt collection activities are established, and internal controls on debt collection activities are implemented to prevent illegal and unfair collection practices.

2. Application Scope

- This policy applies equally to BNK Financial Group and all its subsidiaries.

3. Basic Principles

- BNK Financial Group prevents indiscriminate debt collection activities and ensures the debtor's right to a dignified and peaceful life. Additionally, we follow the relevant laws and guidelines such as the 'Act on the Fair Debt Collection Practices', 'Act on the Credit Information Use and Protection', and the 'Debt Collection and Loan Sale Guidelines', to exercise rights fairly without any abuse.

4. Procedures, Precautions, and Compliance Matters

- BNK Financial Group has established debt collection procedures and step-by-step precautions and compliance matters based on the Financial Services Commission's 'Debt Collection and Loan Sale Guidelines'. These are clearly defined through internal regulations, ensuring that relevant employees adhere to these standards in their work. The main procedures and guidelines are as follows.

4.1 Debt Collection Procedure

4.1.1 First Notification

- Demand for debt repayment via phone, text message, and mail
- Notification of potential disadvantages in case of debt default

4.1.2 Second Notification and Visit

- Locate the debtor for debt repayment demands and property investigation (limited to the minimum necessary)
- Pre-arrange the location and time for face-to-face meetings with the debtor

4.1.3 Third Notice and Legal Action Warning

- Notify the debtor of impending legal actions (provisional seizure, payment order, auction application) in advance for forced recovery of debt by the creditor or creditors' committees.

4.1.4 Debt recovery through auction application or forced execution

- Apply for auction to enforce collateral or proceed with forced execution authorized by the court to recover debt.

- Apply to the court for property disclosure or default registration by creditors or creditors' committees

4.2 Precautions and Compliance Matters

4.2.1 Identification of the Debtor's location and urging repayment

- BNK Financial Group conducts the identification of the debtor's location within the minimum range necessary to achieve the purpose of debt collection, using reasonable and fair means in this process.

- When BNK Financial Group intends to visit the debtor to urge repayment, except in special cases, we will pre-arrange the time and place of the visit and ensure that urging repayment phone calls or mail will not be disclosed to the third party.

4.2.2 Prohibition of unfair behaviors such as physical assault, threats and false representation

- BNK Financial Group prohibits any direct or indirect acts that cause physical or mental distress, such as physical assault, threats, repeated visits, phone calls, and forcing the preparation of debt repayment funds through borrowing or other similar means.

5. Debt Adjustment System Support

- BNK Financial Group understands the difficulties faced by debtors on the brink of bankruptcy due to financial hardships and operates a debt resettlement system as part of its financial inclusion initiative to help debtors recover economically. Through this, the Group aims to fulfill its social responsibility in finance.

5.1 Individual Debtors

5.1.1 Credit Recovery Support System

- As a financial institution participating in the Credit Recovery Support Agreement, BNK Financial Group actively operates the credit recovery support system to prevent bankruptcy of individual debtors and support their economic recovery, thereby promoting household stability and asset soundness of creditor institutions.

1. Eligibility: Individual debtors and private business owners whose total debt amount to the Credit Recovery Support Agreement member institutions is 1.5 billion KRW or less (secured limit of 1 billion KRW, unsecured limit of 0.5 billion KRW)
2. Application Method: Apply through Credit Recovery Committee (online or in-person)
3. Support Details: Extension of repayment period, installment repayment, interest rate adjustment, deferment of repayment, and debt reduction

5.1.2 Personal Rehabilitation System

- Under the 'Debtor Rehabilitation and Bankruptcy Act', this program promotes the efficient rehabilitation of debtor and the interests of creditors for those who have the potential for continuous income.

1. Eligibility: Debtors with a total debt of 2.5 billion KRW or less(unsecured debt up to 1 billion KRW, secured debt up to 1.5 billion KRW) who has steady income such as salary or business income, and are currently in a state of inability to pay due to excessive debt or are likely to be unable to pay.
2. Application Method: Apply through the district court with jurisdiction over the debtor's address.
3. Support Details: Set up a repayment plan and repayment according to the plan.

5.2 Private Business Owners and Corporate Debtors

5.2.1 New Beginning Fund Debt Adjustment System

- Debt adjustment system to support credit recovery and restart for private business owners or small business entities affected by COVID-19.

1. Eligibility: Total debt of 1.5 billion KRW or less (unsecured debt up to 0.5 billion KRW, secured debt up to 1 billion KRW)
2. Application Method: Apply through New Start Fund website or Korea Inclusive Finance Agency center
3. Support Details: Depending on the support method, debt reduction (purchase type) or interest rate adjustment (intermediary type) are provided

6. Others

6.1 Reference

- The 'Fair Debt Collection Practices Act'
- Relevant laws, including the 'Credit Information Use and Protection Act'

6.2 Enactment and Revision History

- June 27, 2024. Policy enacted and implemented
- July 24, 2026. Approved by the ESG Committee

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