

**2020.2Q Earnings
Conference Call
Script**

(Page 1) Greetings

Dear shareholders,

I am Hyoung Guk Myoung, CFO of BNK Financial Group.

Thank you for joining our 2020.2Q Earnings Conference Call.

The 'Highlights' portion in the PT will be explained.

(Page 3) 2020.2Q Group Earnings Highlights

-Group Earnings & Profitability

20.2Q Group NI, even under the spread of Corona19, recorded 173.2 KRW bn(QoQ +25.8%), while 20.1H Group NI recorded 310.9 KRW bn.

While 20.1H Net Interest Income came down by 3.3% YoY, due to continued rate cuts,

Net Fee Income, including LCT PF advisor fees, sound IB earnings, growth in securities' fee business led the large increase YoY(+57.4%).

Decrease in gains on NPL sales led YoY drop in Others by 37.2 KRW bn.

Next, SG&A will be explained.

20.1H Group SG&A saw a 8.8% YoY increase, led by BSB's ERP & securitie's bonus etc.

However, by excluding one-offs, YoY increase was maintained around 4.4%, which is within the FY target.

20.1H Provision Expense recorded 182.1 KRW bn, YoY -2.0%. Preemptive provisioning for Corona(Banks 25.5 KRW bn) & Lime AM(11.6 KRW bn) has been included.

Considering factors mentioned, slower NPL formation is still targeting gradual improvements in AQ.

Next, the subsidiarie's earnings will be explained.

20.1H Banks NI recorded 282.7 KRW bn, YoY -17.6%, due to Net Interest Income decrease led by market rate drop etc.

Non-banks NI recorded 78.0 KRW bn, YoY +18.4%, driven by securitie's NI improvements.

20.1H BSB NI recorded 178.1 KRW bn, YoY -20.0%.

LCT PF advisor fees & IB fees led the large growth in fee income, while the bottom line was negatively affected by ERP & conservative provisioning, disappearance of large-scale provision writeback.

20.1H KNB recorded 104.6 KRW bn, YoY -13.1%.

While top line including Net Interest Income & Others decreased, cost control from lower Provisions Expense & top line Fee Income growth etc. lowered the YoY NI decrease.

Capital & MSB continued maintained stable growth & sound asset quality, which led to sound earnings. Although, for MSB, the decrease in one-offs(-2.7 KRW bn) YoY led the slight decrease in earnings.

Securities NI increased YoY +77.2%, driven by strong IB business & fee income in the securities business.

(4p) Bank NIMs & KRW Loan Growth

20.2Q Group NIM recorded 1.86%, QoQ -3bps.

20.2Q BSB NIM recorded 1.88%, QoQ -6bps, led by decrease in NIS & reduction in interest collection for reorganized credit,

while 20.2Q KNB NIM recorded 1.83%, QoQ +1bps.

Even with market yield decrease leading the lending yield drop, maturing high-yield time deposits & growth in core deposits led the improvement in NIM.

Moving into 3Q, bank NIMs will continue to contract based on repricing of lending yields, however; core deposit growth & maturing high-yield

time deposits etc. are expected to continue to help limit the NIM decrease.

Next, banks KRW Loan growth will be explained.

20.1H BSB KRW Loan growth recorded +1.7% YTD.

Household loans decreased by 3.3% YTD, led by maturing group loans(including LCT).

Corporate Loans increased by 4.7% YTD, mainly from SME support loans(guaranteed by gov.) growth.

20.1H KNB KRW Loan growth +4.2% YTD.

Household loans decreased by 1.4% YTD, however; maturing group loans transferred into intermediate payment loans reduced the 2Q household loan decrease.

Corporate Loans increased with growth in SME support loans & real estate PFs showing +6.9% YTD.

(5p) Asset Quality & Capital Adequacy

20.2Q Group NPL Ratio 1.05%, slower insolvency formation in operating regions & continued asset cleanup(NPL sales & write-offs) efforts etc. led the 3bps drop.

20.2Q BSB NPL Ratio recorded 0.96%, 1 large Real Estate PF's loan's reclassification negatively impacted the ratio(+9bps) quarterly.

20.2Q KNB NPL Ratio recorded 0.90%, asset reclassification for NPL & continued NPL sales/write-offs led the large 20bps decrease.

20.2Q Group Delinquency Ratio recorded 0.77%, Bank's NPL sale & write-offs reduced the ratio by 7bps quarterly.

BSB's Delinquency Ratio slightly increased by 2bps, due to a large Real Estate PF delinquency,

While KNB's delinquency ratio went down by 17bp QoQ.

20.1H Group provision expense recorded 182.1 KRW bn, YoY -2.0%.

Even with conservative provisioning, Lime AM related one-offs etc., continued reductions in insolvencies & tight asset quality management led YoY improvements in AQ.

Credit Cost recorded 44bps, 9bps lower than 2019's yearend.

Next, Capital Adequacy will be explained.

20.2Q Group CET1 Ratio recorded 9.41%, due to loan growth accompanied by RWA growth, leading the 12bps drop.

However, with the final Basel III, 20.3Q CET1 Ratio is expected to be over 9.6%.

Last, dividend policy will be explained.

We have continuously communicated to you regarding our stance on dividends.

With the planned IRB transfer roadmap, that will improve our capital adequacy, we will focus on gradual improvement of DPR going forward. Regarding Corona, FSC may recommend conservative payouts. However, we will strive to least maintain DPS around last year's level.

That ends our call.

Thank you.