

**2021.1Q Earnings
Conference Call
Script**

(Page 1) Greetings

Dear shareholders,

I am Seong Jae Jeong, the newly appointed CFO of BNK Financial. It is an honor to meet with you during these testing times.

Thank you for joining our 2021.1Q Earnings Conference Call.

Now, the 1Q 'Highlights' portion in the PT will be explained.

(Page 3) 2021.1Q Group Earnings Highlights

-Group Earnings & Profitability

For 21.1Q, Group NI recorded 192.7 KRW bn, YoY +39.9%.

All major subsidiaries have shown yearly improvements in earnings, and as for non-banks, the Capital & Securities have driven the non-banks earnings growth overall by 46.1 KRW bn, improving non-banks Group NI contribution to 32.9%.

Starting from 2021, non-bank subsidiaries' profit-generation improvements should add growth to the normal level of quarterly group earnings.

Next, earnings will be explained in detail.

Net Interest Income increased +9.8% YoY, due to banks & capital interest earning asset growth & NIM improvements.

Net Fee Income showed large growth around 40.9 KRW bn YoY(+59.6%), due to subsidiaries' PF Fee Income & Stock/Derivative products related fee income growth.

As for Others, Gains on NPL Sales decreased YoY, however; the gains on securities for the Securities led YoY growth by 11.1 KRW bn.

Next, cost will be explained.

21.1Q SG&A recorded 346.5 KRW bn, +18.9 KRW bn(+5.8% YoY)

Having gone through the yearend ERP last year, banks have shown YoY decrease, however; the earnings surprise in Securities(SG&A +22.4 KRW bn YoY) has driven the increase in overall SG&A

Group Provision Expense increased 28.9 KRW bn YoY, due to normal growth in loans, Covid19 preemptive provisions, and 2 large NPLs(in KNB) resulting in extra provision expense(21.1 KRW bn) driving the growth.

Next, subsidiaries' earnings will be explained.

21.1Q Banks NI increased YoY by 10.1%, due to interest & pf fee income growth.

BSB has shown 8.9% increase YoY, while KNB has shown growth in interest & fee income leading YoY 12.2% increase, even with increased provision expenses.

Non-banks have shown overall earnings growth, and among the subsidiaries, the Capital & Securities mainly drove the yearly increase by

46.1 KRW bn, +172.7%.

The Capital's earnings has been driven by loan growth accompanied by improving NIMs(led by decreasing funding costs), increasing interest income by 14.8 KRW bn YoY.

Securities has shown growth in pf fee income & securities gains leading the YoY earnings growth by 24.7 KRW bn.

MSB has continued its earnings growth, while AM has also seen continuous growth in AUM, while PI profit growth led the net gain.

Core Income growth & tight Cost control will continue to improve group earnings going forward.

(4p) Bank NIMs & KRW Loan Growth

21.1Q BSB NIM recorded 1.91%, QoQ +4bps, while KNB NIM recorded 1.84%, QoQ +6bps.

Both banks have shown core deposit growth lowering funding costs. Even with larger loan growth, the lending yield has decreased at a minimal range also helping NIM improve for 2 consecutive quarters.

Since NIS is continuously improving, we believe the NIMs should also maintain an upward trend for 2Q.

Next, Banks KRW Loan Growth will be explained.

21.1Q BSB & KNB's KRW Loan Growth recorded +4.6% YTD, +4.2% YTD each.

Corporate Loans for both banks have shown growth mostly in non-manufacturing(BSB +4.5% YTD, KNB 3.7% YTD).

Household Loans for both banks have shown growth mainly in mortgages etc. (BSB +4.8% YTD, KNB 5.3% YTD).

(5p) Asset Quality & Capital Adequacy

21.1Q Group NPL Ratio recorded 0.73%, +3bps QoQ, while Group Delinquency Ratio recorded 0.49%, +1bps QoQ. Both banks have shown growth in higher credit quality loans while the operating regions have shown a continuing slower insolvency formation.

YTD household NPL growth in the Capital led increase in Group's NPL & Delinquency Ratio's slight increase.

However, the Capital's NPL Ratio(0.99%) and Delinquency Ratio(0.95%) are still lower than peers.

21.1Q Group Provision Expense recorded 112.1 KRW bn, even with slower regional insolvency formations, KNB's large NPL etc. led the YoY increase of 28.6 KRW bn.

21.1Q Group Credit Cost recorded 49bps, and will be maintained under 50bps throughout 2021.

Next, Capital Adequacy will be explained.

21.1Q Group CET1 Ratio recorded 9.48%, -32bps YTD, due to asset growth increasing RWA etc.

As for the group's IRB transfer, FSS is expected to conduct an on-site examination during May, and we currently expect IRB approval within 2Q.

Shift to IRB on the group level is expected to improve the CET1 Ratio around 200bps.

(Ending Comment)

FY2021 target for the group is 602.0 KRW bn.

Higher growth accompanied by improving NIMs, stable provisions are recovering the bank's profitability, while non-banks profit-generation has drastically improved leading the growth in earnings for non-banks.

We will focus on achieving the annual guidance, and also in turn provide increased dividends etc. to improve the shareholder's value.

We ask for your continued interest & support for our group.

That ends our call.

Thank you.