

**2022.1Q Earnings
Conference Call
Script**

(P1) Greetings

Dear shareholders,

I am Seong Jae Jeong, CFO of BNK Financial.

We thank you for joining our Earnings Conference Call.

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

(P3) 2022.1Q Group Earnings Highlights

-Group Earnings & Profitability

22.1Q Group NI recorded 276.3 KRW bn, YoY +93.6 KRW bn, +43.4%.

Even amidst uncertainties due to Covid19 & Russia-Ukraine War, the group managed to record the largest quarterly earnings.

All main subsidiaries have shown overall large growth in earnings power, interally due to core earnings growth(from interest & fee income) leading improvements in group's normalized earnings.

Next, earnings will be explained in detail.

Net Interest Income increased +89.7 KRW bn, +15.2% YoY, due to banks & capital interest earning asset growth & NIM improvements.

Net Fee Income increased +36.2 KRW bn, +33.1% YoY, mainly stemming from securities based PF Fee Income increase.

As for Others, even with large losses on securities due to increasing bond rates & unstable stock markets, Gains on NPL Sales increase & FX-derivative gains increase lowered the overall decrease YoY(-19.2 KRW bn).

Next, cost will be explained.

22.1Q SG&A increased 24.5 KRW bn, +7.1% YoY.

With Banks cost growth & Securities performance based incentive costs etc. led the overall growth in SG&A.

We will work on maintaining SG&A growth around 3%, and other than natural growth(banks salary step system & wage growth rate), we will try to control cost at a minimal level.

Group Provision Expense recorded 81.8 KRW bn, -30.3 KRW bn, -27.0% YoY. Even with additional preemptive Covid19 provisions, banks slower NPL formation & the AQ improvements in the capital company lead yearly decrease.

Next, subsidiaries' earnings will be explained.

22.1Q Acc. Banks NI increased +67.0 KRW bn, +45.1% YoY, due to banks net interest income increase & provision expense decrease.

22.1Q BSB NI recorded 128.2 KRW bn, +34.7% YoY, while 22.1Q KNB NI recorded 87.2 KRW bn, +63.9% YoY.

Due to main Non-banks subsidiaries such as the Capital & Securities, Non-banks earnings overall improved by 20.6 KRW bn, +28.3% YoY.

22.1Q Capital NI recorded 57.5 KRW bn, mainly from interest income growth & PF fee income growth, while provision exp. came down enabling earnings growth by +69.1 KRW bn YoY.

22.1Q Securities NI recorded 34.5 KRW bn. Although rate hike & the Ukraine issue led to losses on securities, PF fee income & derivative gains led the 9.5% YoY earnings growth, enabling stable earnings compared to peers.

(4p) Bank NIMs & KRW Loan Growth

22.1Q Group NIM recorded 1.97%, +5bps QoQ.

Even with rising funding costs from the government's expected end of liquidity easing, the Monetary Policy Board's rate hike has led NIS increase, leading NIM improvements.

22.1Q BSB NIM recorded 2.03%, QoQ +6bps, while KNB NIM recorded 1.88%, QoQ +2bps.

With a comparatively higher low-cost deposits portion, BSB's NIM increased more than KNB on a quarterly base.

After April's rate hike, the U.S. is also expecting a large rate hike in May, so we anticipate continued NIM improvements within the 2Q also.

Next, Banks KRW Loan Growth will be explained.

22.1Q BSB KRW Loan Growth recorded +1.1% YTD.

Corporate Loans have shown even growth among manufacturing & non-manufacturing, while household loans decreased by 1.8% quarterly due to the rate increase, gov. restrictions, and maturing large interim payment repayments.

22.1Q KNB KRW Loan Growth recorded +2.6% YTD.

Corporate Loans have shown non-manufacturing centered growth of 3.6%, while household loans showed slight growth of 0.5% due to unfriendly operating environments and maturing interim payment repayments.

With expectations for easing restrictions on household loans, and since actual demand for household loans is constant, household loan growth of 4~5% is expected to be achievable.

(5p) Asset Quality & Capital Adequacy

22.1Q Group NPL Ratio, Delinquency Ratio recorded 0.40%, 0.31% each, lower by 5bps evenly.

The banks AQ have been maintained at their historical low due to continued risk management & efforts to lower NPLs.

The Capital company has AQ slightly increased due to lower NPL write-offs; however, it still is managed better than its peers.

Group Credit Cost recorded 0.33%, down by 16bps QoQ, due to preemptive AQ control leading to lower prov. exp.

Next, Capital Adequacy will be explained.

22.1Q CET1 Ratio recorded 11.18%, QoQ +16bps, due to tight RWA control & earnings growth.

With continuous growth in mind, subsidiaries' earnings & RWA limit will be controlled to manage stable CET1.

(Ending Comment)

In the recent BOK regional economic report & Statistics Korea data, 1Q Southeastern Manufacturing produce has grown 2.8% YoY, due to increased orders for shipbuilders & increased demand for petroleum refining, machinery, steel etc.

Service growth slightly decreased in 1Q due to increased Covid confirmed cases; however, with booming exports & easing quarantine measures driving higher economic activities, it is expected to improve.

On a side note, geopolitical risk & inflation etc. has led expectations for an aggressive rate hikes from the FOMC, enabling global market rates to increase.

As we have two banks under the group structure, we expect higher interest income growth with expanding market rates.

As always, we ask for your continued interest & support for our group.
That ends our call.

Thank you.