2022.3Q Earnings Conference Call Script

BNK FINANCIAL GROUP

(P1) Greetings

Dear shareholders,

I am Seong Jae Jeong, CFO of BNK Financial.

We thank you for joining our Earnings Conference Call.

Now, the 3Q 'Highlights' portion in the PT will be explained.

(P3) 2022.3Q Group Earnings Highlights
-Group Earnings & Profitability

22.3Q Acc. Group NI recorded 763.2 KRW bn, YoY +19.8 KRW bn, +2.7%.
22.3Q Group NI recorded 258.1 KRW bn overall.

Even under overall uncertainties in the global market, preemptive risk management & core earnings growth enabled the group to achieve the largest accumulated earnings.

Although securities & AM saw overall decrease in earnings due to capital market issues etc., both banks & the capital company have shown large improvements YoY.

Next, earnings will be explained.

3Q Acc. Net Interest Income increased +267.1 KRW bn, +14.2% YoY, due to banks & capital interest earning asset growth & NIM improvements followed by int. rate hikes.

3Q Acc. Net Fee Income decreased 49.8 KRW bn, -12.8% YoY,
mainly from the decrease in PF loans leading to PF Fee Income decrease & mutual fund sales decrease, lower stocks & derivative fees etc.

As for Others, even with the increase in Gains on NPL Sales,
losses on securities based on increasing bond rates & unstable stock markets led to the overall decrease YoY(-168.5 KRW bn).

Next, cost will be explained.

22.3Q Acc. SG&A decreased 8.9 KRW bn, -0.8% YoY.
While stable SG&A in banks was maintained, Securities performance based incentive costs decrease led the overall decrease in SG&A.

We expect that Group SG&A growth will be maintained under annual guidance.

22.3Q Acc. Group Provision Expense decreased 7.1 KRW bn, -2.5% YoY.
Even with added preemptive Covid provisions, slower NPL formation in banks & the AQ improvements in the capital lead the decrease.

Next, subsidiaries' earnings will be explained.

22.3Q Acc. Banks NI increased +47.9 KRW bn, +8.0% YoY, even with lower PF fee income & lower securitie gains, due to banks net interest income increase.

22.3Q Acc. BSB NI recorded 390.4 KRW bn, +22.3 KRW bn, +6.1% YoY, while 22.3Q Acc. KNB NI recorded 254.5 KRW bn, +25.6 KRW bn, +11.2% YoY.

Even with Capital's strong earnings, with overall lower earnings power from Securities & AM lowered non-banks earnings by 16.4 KRW bn, -6.9% YoY.

22.3Q Acc. Capital NI recorded 159.6 KRW bn, due to interest income growth, while showing decrease in prov. exp. enabling earnings growth by +48.8 KRW bn, +44.0% YoY.

22.3Q Acc. Securities NI recorded 61.5 KRW bn, due to bond rate hikes & weak stock prices led to losses on securities lowering earnings by 36.6 KRW bn, -37.3% YoY.

(4p) Bank NIMs & KRW Loan Growth

22.3Q Group NIM recorded 2.07%, +6bps QoQ.

Even with announcements of normalizing liquidity measures leading funding costs up & lowering low-cost deposits, NIS improved with the rising int. rates & loan repricing continuing the NIM improvements quarterly.

22.3Q BSB NIM recorded 2.11%, QoQ +4bps, while KNB NIM recorded 2.02%, QoQ +9bps.

As for KNB, the 12mths–linked loan exposure enabled higher NIM improvements than BSB on a quarterly basis.

As we expect FOMC's / BOK's additional rate hikes toward the end of the year & added government's liquidity easing, we anticipate continued NIM improvements in 4Q as well.

<u>Next, Banks KRW Loan Growth will be explained.</u>

22.3Q BSB KRW Loan Growth recorded +6.9% YTD.

Corps. have shown growth focused on non-manufacturing sectors(Real Estate, Hotel&Food, Wholesale etc.) achieving high growth of +9.6%,

while Households. have been limited due to stricter DSR regulation & market rate increases leading to mortgage centered growth of +1.7% YTD.

22.3Q KNB KRW Loan Growth recorded +4.3% YTD.

Corps. have shown non-manufacturing centered growth of +6.3%.

However, Households. have shown a low growth of 1.0% due to unfriendly market conditions & lower balance loan transfers from group loans.

On the otherhand, even with the local real estate market downturn, the Southeastern region's release of adjustment target areas are expected to show inflows of actual demand in the housing subscription market,

and In 4Q, both banks are expected to see growth from mortgage centered Households.

(5p) Asset Quality & Capital Adequacy

22.3Q Group NPL Ratio recorded 0.42%, YTD -4bps, while Delinquency Ratio recorded 0.36%, which is the same level as the previous yearend.

The banks AQ(NPLs & Del.) have been sound low stable levels due to preemptive risk management & efforts to lower NPLs.

The Capital company has seen slight increases due to the previous yearend base effects regarding write-offs, however; it has been still managed better than its peers.

Group Credit Cost recorded 0.35%, down by 3bps YoY, even with added Covid prov. Exp. due to adequate loan & earnings growth enabling a stable ratio maintainance.

Next, Capital Adequacy will be explained.

22.3Q CET1 Ratio recorded 11.45%, QoQ +28bps, due to active risk management lowering RWA(incl. PF & securities exp.↓) while also improving earnings.

As the Group CET1 Ratio is crucial for the sustainable future growth,
We will be keen on restricting RWA limits while also showing qualitative growth overall.

(Ending Comment)

Due to the increased global uncertainties steming from US rate hikes & cash crunches, the government is introducing market stabilization measures.

For BNK, we have prepared for financial uncertainties in the market by preemptively setting RWA targets for risk management.

In the process, we have been able to lower RWA while also achieving higher profitability both in the banks & our capital company leading to a large increase in the CET1 Ratio QoQ.

While maintaining Group CET1 Ratio at a stable level, we will focus on improving shareholder value by gradually raising DPR up to nationwide bank levels, while also looking into interim dividends & share buyback etc.

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

Thank you.