

**2020.3Q Earnings
Conference Call
Script**

(Page 1) Greetings

Dear shareholders,

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

Thank you for joining our 2020.3Q Earnings Conference Call.

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

(Page 3) 2020.3Q Group Earnings Highlights

-Group Earnings & Profitability

With Corona slowing the overall economy, 2020.3Q Accumulated Group NI recorded 447.4 KRW bn(YoY -15.5%),

however; excluding the preemptive Provision Expense(97.0 KRW bn), group earnings has been managed as planned.

20.3Q Group NI recorded 136.5 KRW bn, down by -21.2% QoQ.

3Q Accumulated Interest Income came down YoY by 2.3%(38.2 KRW bn), due to 20.1H BOK rate cuts,

however; Net Fee Income, including IB earnings growth from PF Fee Income & Stock/Derivative products related income growth led the large increase YoY(+43.9%).

Next, SG&A will be explained.

3Q Accumulated SG&A increased by 6.8% YoY(+64.1 KRW bn), due to 20.1H BSB's ERP etc., however; if the one-offs are excluded, YoY increase was maintained under 5%.

3Q Accumulated Provision Expense recorded 323.6 KRW bn, YoY +15.3%(+43.0 KRW bn).

Slower NPL formation within the operating region led the improved asset quality indicators, however; Corona-related preemptive provisioning(97.0 KRW bn) was added for the recent 2 quarters.

Next, the subsidiaries' earnings will be explained.

3Q Accumulated Banks NI decreased YoY by 21.7%, due to rate-cut driven lower interest income & preemptive corona-related provisions,

While, Non-Banks NI recorded 119.6 KRW bn, YoY +23.6%, driven by the capital & securities' NI improvements.

3Q Accumulated BSB's NI recorded 257.7 KRW bn, YoY -27.6%.

Even with PF Fee Income growth, decrease in NIM & Corona-related provision expense led the large earnings decrease, however, by considering the base effect for SG&A & excluding the Corona-related provision expense, quarterly earnings were acceptable.

3Q Accumulated KNB's NI recorded 148.1 KRW bn, YoY -8.9%.

Although, quarterly improvements in Fee Income & SG&A cost control was done, decrease in both interest income & gains on NPL Sales led the YoY decrease in earnings.

Capital showed YoY improvements in earnings(+7.4%), driven by stable growth in interest income & PF fee income.

Securities recorded YoY +89.0% growth in earnings, even with rising SG&A & additional impairment losses(5.0 KRW bn), mainly driven by IB & Stock/Derivative Fee Income, Gains on Securities etc.

(4p) Bank NIMs & KRW Loan Growth

20.3Q Group NIM recorded 1.82%, QoQ -4bps.

20.3Q BSB NIM recorded 1.84%, QoQ -4bps, even with core deposit growth, due to rate cut-related NIS decrease.

As for 20.3Q KNB NIM recorded 1.78%, QoQ -5bps, based on NIS decrease regardless of falling market rates & maturing high-yield time deposits.

Based on internal data, we expect 3Q NIM to be the lowest level, and going forward, stabilization of NIM is expected starting from 4Q. This is possible due to lower funding costs based on increase in core deposits etc.

Next, Banks KRW Loan Growth will be explained.

20.3Q BSB KRW Loan Growth recorded +4.2% YTD, +2.5% QoQ.

Household loans increased by +1.5% YTD, +4.9% QoQ, mainly driven by mortgage loans.

Corporate Loans increased by +6.5% YTD, +1.7% QoQ, mainly from growth in SME support loans(guaranteed by gov.).

20.1H KNB KRW Loan growth +7.3% YTD, +3.0% QoQ.

Household loans increased by +3.9% YTD, +5.3% QoQ, due to new group loans etc.

Corporate Loans increased by +8.9% YTD, +1.9% QoQ, with growth in SME support loans & Real Estate PFs.

(5p) Asset Quality & Capital Adequacy

20.3Q Group NPL Ratio recorded 0.94%, -11bps QoQ, based on slower insolvency formation in operating regions & continued asset cleanup efforts etc.

20.3Q BSB NPL Ratio recorded 0.80%, -16bps QoQ, while 20.3Q BSB NPL Ratio recorded 0.92%, slightly up by 2bps QoQ.

20.3Q Group Delinquency Ratio recorded 0.61%, -16bps QoQ, based on the Bank's NPL sale & write-offs.

BSB & KNB's Delinquency Ratio both recorded 0.50% and 0.60% each(-18bps, -7bps QoQ), due to the bank's asset cleanup mentioned above.

20.3Q Group Provision Expense recorded 323.6 KRW bn, YoY +15.5%. This increase was led by conservative provisioning driven by Corona-led extra provision expenses within 2Q & 3Q. However, continued reductions in insolvencies are still shown in regional data.

Group Credit Cost recorded 50bps, 4bps higher than 2019.3Q.

Next, Capital Adequacy will be explained.

20.3Q Group BIS Ratio recorded 13.45%, +50bps YTD, mainly due to the final application of Basel III, regardless of growth in RWA stemming from loan growth,

While CET1 Ratio also recorded 10.25%, +71bps YTD.

For reference, impact for applying the final Basel III was around 99bps increase in the CET1 Ratio.

Next, IRB transfer status will be explained.

After rigorous consultations with the FSS, we aim to see a total transfer(not a divided transfer as expected before) in 2021.

After the Group's IRB transfer, the initial Group CET1 Ratio is expected to be over 12%.

Last, dividend policy will be explained.

We stand by our stance to continuously improve dividend payout with continued capital improvements.

Although the FSS has requested the banks to limit growth in dividends due to the Corona impact, we will do our best to maintain an acceptable level of dividend payout for our loyal shareholders.

That ends our call.

Thank you.