

**2020.4Q Earnings
Conference Call
Script**

(Page 1) Greetings

Dear shareholders,

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

Thank you for joining our 2020.4Q Earnings Conference Call.

Now, the 4Q 'Highlights' portion in the PT will be explained.

(Page 3) 2020.4Q Group Earnings Highlights

-Group Earnings & Profitability

Group FY NI recorded 519.3 KRW bn, YoY -7.6%.

For 4Q, Group NI recorded 71.9 KRW bn.

The main reason for yearly decrease in NI is due to Covid19 Provisions of 146.5 KRW bn, Bank's ERP(91.4 KRW bn). If the above factors are excluded, NI was managed well overall.

Next, Earnings will be explained in detail.

Net Interest Income only showed limited decrease(YoY -0.1%) due to growth interest earning assets growth, even with yearly NIM decrease.

Net Fee Income showed large growth YoY(+47.6%), due to subsidiaries' PF Fee Income & Stock/Derivative products related income growth.

Next, SG&A will be explained.

2020 FY SG&A increased 12.8% yearly due to growth in the Bank's ERP(91.4 KRW bn). However, by taking ERP out, yearly increase was managed around 5.7%.

This will put less pressure on personnel related SG&A in 2021.

2020 FY Provision Expense recorded 453.6 KRW bn, YoY +5%.

However; if the Covid19 impact is excluded, 2020 FY Provision Expense was maintained lower than 2019.

Next, the subsidiaries' earnings will be explained.

Banks NI decreased YoY by 15%, due to preemptive Covid19 provisions & ERPs, while Securities' NI growth drove the Non-Banks earnings YoY by 21.9%.

Busan Bank recorded 308.5 KRW bn, a decrease by 17.7% YoY. Even with growth in PF Fee Income, Covid19 provisions & ERP(4Q & 2Q) led the decrease.

Kyongnam Bank recorded 164.6 KRW bn, a 9.4% decrease YoY.

As for Non-banks, BNK Capital showed decrease in earnings(-8.9% YoY), while BNK Securities recorded YoY over 154.0% in earnings growth, from income growth in Stocks/Derivative Fee Income & Gains on Securities.

(4p) Bank NIMs & KRW Loan Growth

20.4Q Group NIM recorded 1.83%, QoQ +1bp.

This quarterly increase has been the first after 18.1Q.

We believe the NIM is finally stabilizing after the continued downturn in NIM.

20.4Q BSB NIM recorded 1.87%, while 20.4Q KNB NIM recorded 1.78%, due to core deposit growth & improving NIS that led the slight increase(for BSB) and stable NIM(for KNB).

As for the Bank's NIMs, we expect core deposit growth & stricter control over interest rates(loans & deposits) to improve NIS, and also with increasing market rates, additional margin improvements will be possible.

For 2020, we expect Group NIM to increase by 2~3bps yearly, and we will focus on achieving the target.

Next, Banks KRW Loan Growth will be explained.

2020 BSB & KNB's KRW Loan Growth recorded +9.1% YTD, +7.1% YoY, showing strong growth overall.

Even in 2021, we expect continued stable growth from both banks.(BSB + 8.8%, KNB +6.3% YoY)

(5p) Asset Quality & Capital Adequacy

20.4Q Group NPL Ratio recorded 0.70%, -24bps QoQ, based on slower insolvency formations & NPL Sales/Write-offs etc.

20.4Q BSB's NPL Ratio recorded 0.67%, -13bps QoQ, while 20.4Q KNB's NPL Ratio recorded 0.74%, -18bps QoQ.

20.4Q Group Delinquency Ratio recorded 0.48%, -13bps QoQ, based on continued asset quality control efforts.

BSB & KNB's Delinquency Ratio recorded 0.43% and 0.50% each(-7bps, -10bps QoQ). Also, the 4Q Group NPL & Delinquency Ratio recorded the lowest level after the establishment of the Financial Holding Company.

2020 Group Provision Expense recorded 453.6 KRW bn, YoY +5%, due to Covid19 provisions. As a result, Group NPL Cov. Ratio recorded 123.6%, +24.5%p YoY.

2020 Group Credit Cost recorded 51bps, -2bps YoY. If Covid19 provisions are excluded, the Group Credit Cost would have been 35bps.

Next, Capital Adequacy will be explained.

20.4Q Group CET1 Ratio recorded 9.80%, +26bps YoY, even with RWA growth due to overall loan growth, due to the final application of Basel III.

As for the Group, transfer to IRB is still underway, and the following will explain our current status on the change.

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%.

As of 27th of January, FSS is reviewing the model for approval. We expect to see transfer to IRB as early as the 1st Quarter.

In application of Group IRB, Group CET1 Ratio is expected to increase around 200bps.

Next, dividend policy will be explained.

Although the final decision will be made during our March AGM, we have referred to the FSC guidance, and have declared a 20% DPR(DPS at 320 KRW, -40 KRW YoY) during our BOD meeting. Also, Dividends at Market Yield(5.4%) will be publicly disclosed.

We expect the Capital Ratios to drastically improve this year. We promise that shareholder value will be our top priority while we continuously improve dividend payout going forward.

Next, the 2021 Group NI Target is 602.0 KRW bn, including the regional economy turnaround.

Stable NIM/loan growth will lead to interest revenue growth, while IB related new growth will diversify the earnings portfolio. In addition, costs including provisions & SG&A will be tightly managed to successfully achieve the FY Target.

(6p) Group ESG

Last, I will touch on the Group ESG Strategy.

We are executing ESG Management that corresponds to the global standard.

The Group's ESG Vision 'Social Value Creation through realization of Sustainable Finance' will be the basis of the mid-long term roadmap that will preemptively deal with environment changes etc.

With continued efforts, KCGS(Korea Corporate Governance Service) rewarded our company for 'Excellence in Governance' 2 consecutive years since 2019, which shows the company's strength(regarding Corporate Governance) in ESG.

We will continue to work on modernizing the Group ESG Management structure.

That ends our call.

Thank you.