

**2021.3Q Earnings
Conference Call
Script**

(Page 1) Greetings

Dear shareholders,

I am Seong Jae Jeong, CFO of BNK Financial. With the social distancing, I haven't had the chance to meet most of you in person.

It is an honor to meet you via this call today. Thank you for joining our 2021.3Q Earnings Conference Call.

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

(Page 3) 2021.3Q Group Earnings Highlights

-Group Earnings & Profitability

21.3Q, Acc. Group NI recorded 743.4 KRW bn, YoY +296.0 KRW bn, +66.2%, while 21.3Q, Group NI recorded 257.4 KRW bn.

All major subsidiaries have shown yearly improvements in earnings, and with growth in earnings power, overall group's normalized earnings have been upgraded.

Next, earnings will be explained in detail.

Net Interest Income increased +264.4 KRW bn, +16.3% YoY, due to banks & capital interest earning asset growth & NIM improvements.

Net Fee Income increased +105.7 KRW bn, +37.4% YoY, showing large growth due to subsidiaries' PF Fee Income increase.

As for Others, Gains on NPL Sales decreased YoY, however; the gains on securities increase led the yearly improvements(44.9 KRW bn, +81.8%).

Next, cost will be explained.

21.3Q Acc. SG&A increased 80.8 KRW bn, +8.1% YoY.

With the large-scale Banks ERP last year, both banks have shown YoY decrease, however; the fast earnings growth for Securities and its earnings-linked bonuses(YoY +59.6 KRW bn) is the main reason for SG&A growth.

Excluding Securities' bonuses, YoY SG&A growth was maintained around 2%.

Group Provision Expense recorded 286.8 KRW bn, -36.8 KRW bn YoY.

Both banks have shown yearly decrease due to the base effect after Covid19 preemptive provisions last year, while non-banks have seen growth due to asset growth & write-offs etc.

Next, subsidiaries' earnings will be explained.

21.3Q Acc. Banks NI increased +191.2 KRW bn, +47.1% YoY, due to banks net interest income increase & provision expense decrease.

21.3Q Acc. BSB NI recorded 368.1 KRW bn, +42.8% YoY, while 21.3Q Acc. KNB NI recorded 228.9 KRW bn, +54.6% YoY.

Non-banks have shown earnings growth, mainly from the Capital & Securities NI improvements by 117.9 KRW bn YoY.

21.3Q Acc. Capital NI recorded 110.8 KRW bn, driven by loan growth accompanied interest income, gains on securities, and PF fee income growth enabling the +73.7% YoY income growth.

21.3Q Acc. Securities NI recorded 98.1 KRW bn, PF fee income & securities gains leading the +171.7 YoY earnings growth.

MSB has continued to produce strong earnings through loan growth accompanied interest income growth,

while AM has also seen continuous growth in AUM leading fee income growth & PI profit growth, both enabling earnings improvement.

Core income growth & tight cost control will continue to improve group earnings going forward.

(4p) Bank NIMs & KRW Loan Growth

21.3Q Group NIM recorded 1.91%, -1bps QoQ.

21.3Q BSB NIM recorded 1.94%, QoQ -2bps, while KNB NIM recorded 1.86%, QoQ +1bps.

With the rate hike in August, deposit rates slightly increased, while lending yields have shown limited improvements due to expired one-offs(LOC Write-offs & Reorganized Credit related interest collection etc. for BSB), leading the quarterly 1bps decrease for the Group.

As for 4Q Group NIM, BoK's hints for another rate hike has led the bank bond rate's increase leading the lending yield up; however, expectations to end monetary easing in the future is also driving deposit rates up limiting the expected NIM improvements.

As for BoK's rate hike(25bps), both banks expect +4bps impact for the full year NIM,

And considering the high floating rate portion & repricing period etc., next year NIM is expected to continue a upward trend.

Next, Banks KRW Loan Growth will be explained.

21.3Q BSB KRW Loan Growth recorded +12.1% YTD, while KNB KRW Loan Growth recorded +10.8% YTD.

Corporate Loans for both banks have shown growth mostly in non-manufacturing (BSB +11.4% YTD, KNB 8.0% YTD).

Household Loans for both banks have shown growth mainly in mortgages etc. (BSB +13.3% YTD, KNB 16.5% YTD).

The government's household lending regulation should lead to limited loan growth for 4Q.

(5p) Asset Quality & Capital Adequacy

21.3Q Group NPL Ratio recorded 0.46%, -24bps YTD, while Group Delinquency Ratio recorded 0.33%, -15bps YTD.

Both banks' AQ ratios have maintained stable levels due to growth in higher credit quality loans and slower insolvency formation.

Capital's NPL Ratio (0.95%) and Delinquency Ratio (0.73%) have been maintained well due to constant write-offs etc. AQ control, even compared to local peers.

Regardless of the higher loan growth, 21.3Q Acc. Group Provision Expense recorded -36.8 KRW bn YoY,

leading Group Credit Cost down by 12bps to 0.38%, while continuously maintaining sound levels throughout this year.

Next, Capital Adequacy will be explained.

21.3Q Group CET1 Ratio recorded 11.44%, due to earnings growth & Group IRB transfer by 164bps YTD, regardless of strong asset growth.

2021 CET1 Ratio should be maintained over 11%, even with higher dividends based on earnings growth.

(Ending Comment)

Last, a word on dividends.

This year, non-banks earnings growth & banks profitability normalization is leading to higher earnings than we have initially planned.

With higher capital ratios and sound earnings, we will continue to focus on improving shareholder value including increasing DPR. As of now, the DPR for 2021's earnings will be around 22~23%.

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

That ends our call.

Thank you.