

BNK Financial Group
2025.1H Business Results
Earnings Presentation
July 31, 2025

Good afternoon. I am Jaejung Kwon, CFO of BNK Financial Group.

Thank you for joining today's earnings presentation.

Let me now walk you through BNK Financial Group's business results for the first half of 2025.

Please refer to page 2 of the presentation for a summary of our results.

First, our net income for Q2 2025 was KRW 309.2 billion, a noticeable increase compared to the previous quarter. Cumulative net income for the first half of the year was KRW 475.8 billion.

Second, our CET1 ratio at the end of June stood at 12.56%, up 31 basis points from the end of March.

Third, today, the Board of Directors resolved to pay a Q2 dividend of KRW 120 per share and to implement share buybacks and cancellations worth KRW 60 billion in the second half.

Please turn to page 3 for our consolidated P&L performance.

Net income attributable to controlling interest in Q2 was KRW 309.2 billion, up KRW 142.6 billion or 85.6% from the previous quarter. While both interest income and non-interest income declined, credit costs dropped significantly due to the absence of such large-scale credit events as seen in Q1. In addition, one-off gains from non-operating income contributed to the sharp increase in net income.

Net income for the first half was KRW 475.8 billion, still KRW 16.5 billion lower year-on-year due to the weak performance in Q1.

We recorded a one-off gain of approximately KRW 67 billion in Q2, following the liquidation of the BNK Gangnam Core Office Fund in June, which had invested in an office building in Seoul's Gangnam district. This generated KRW 100.9 billion in non-operating income. After accounting for 49% non-controlling interest related profit deductions from interest income, approximately KRW 54.4 billion in after-tax income was recognized. (Refer to the slide page 3. Net Income movements)

Next, I'll explain segment-level performance.

Interest income declined by KRW 35.2 billion (2.4%) YoY, despite a KRW 3.2 trillion increase in interest-earning assets, due to a decline in NIS spreads. However, adjusting for KRW 47.8 billion in non-controlling interest's deduction from interest income related to the building sale, recurring interest income increased slightly.

Fee income declined by KRW 30.4 billion YoY due to lower real estate PF fees, while other non-interest income fell KRW 0.8 billion YoY due to reduced gains from NPL sales.

Moving on to the cost side:

SG&A expenses increased KRW 10.8 billion (1.4%) YoY, primarily due to higher personnel costs.

Provision expenses increased KRW 66.9 billion (18.2%) YoY, driven by a rise in credit costs from general loans, despite a decline in provisioning for real estate PF.

However, Q2 provisioning declined by KRW 109.2 billion (40.2%) QoQ, indicating that credit costs are on a path toward stabilization going forward.

Please refer to page 4 for NIM and KRW loan growth.

The Group's NIM in Q2 was 2.08%, up 2bps QoQ due to improved NIS, but down 5bps YoY.

Busan Bank's NIM improved 6bps QoQ to 1.90%, while Kyongnam Bank's NIM declined 3bps to 1.80%.

On a group level, KRW loans grew 1.2% YTD.

Busan Bank posted 1.0% growth, and Kyongnam Bank 1.5%.

In the second half, we will continue prioritizing asset quality management over quantitative growth, applying a pricing policy that reflects funding conditions and risk, to support sustainable and qualitative growth.

Now on to page 5, regarding asset quality.

The Group's NPL ratio for Q2 improved by 7bps QoQ to 1.62%.

However, the delinquency ratio rose by 27bps QoQ to 1.39%.

Note that around 25bps of the increase in delinquency was due to the reflection of large-scale NPLs regarding a corporate group's rehabilitation filings from March (Q1), which were booked as delinquent in April (Q2).

The credit cost ratio (CCR) increased by 9bps YoY to 0.74% due to a rise in NPLs stemming from the sluggish regional economy.

Although macroeconomic weakness is affecting the asset quality deterioration of key borrowers, we will continue to manage asset quality through balanced growth and enhanced credit monitoring.

Please turn to page 6 for capital adequacy.

Our Group CET1 ratio improved by 31bps QoQ to 12.56% in Q2.

Despite quarterly dividend payments and the expansion of share buybacks and cancellations, the ratio improved thanks to qualitative growth and effective RWA management.

As the CET1 ratio is a key metric supporting sustainable growth, shareholder returns, and regulatory readiness, we will continue working to enhance our capital strength.

Next, let me share our shareholder return policy.

Today, the Board resolved to pay a quarterly dividend of KRW 120 per share for Q2. The record date is Monday, August 18.

Additionally, we plan to cancel the 3.96 million treasury shares (worth KRW 40 billion) repurchased in the first half and execute an additional KRW 60 billion in share buybacks and cancellations in the second half.

We will continue to implement our shareholder return policy centered on maximizing share buybacks and cancellations within the scope of stable DPS growth and a higher total shareholder return ratio.

Although Q1 results were weak, credit costs have begun stabilizing since Q2, and performance is expected to improve gradually going forward. With asset quality recovery and earnings normalization as our top priorities, we will also focus on strengthening the loan portfolio and improving productivity to reinforce our fundamentals and build investor confidence.

That concludes my presentation.

Thank you.