

BNK Financial Group Corporate Value-Up Plan Progress Report

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PROLOGUE

Prologue

BNK's Next Steps for Shareholder Value

Integrated Capital Framework: Launch & Optimization

Target ROE 10%+

RWA Control & Capital Reallocation

Establishing Dividend Growth Identity

Shareholder Return Policy & Tax-efficient Dividends



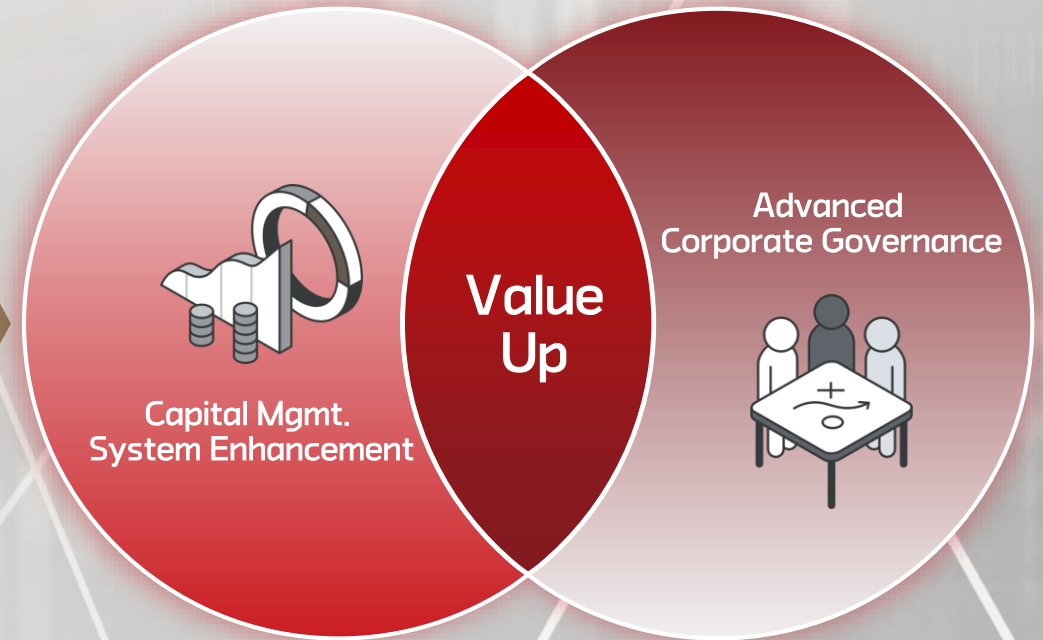
Advancing Corporate Governance

Active Shareholder-Nominated Directors

Board Transparency via Shareholder Engagement

Compensation Linked to Value-up KPIs

Efficiency-based KPIs for Group & Subsidiaries



CHAPTER 01.

Progress Update

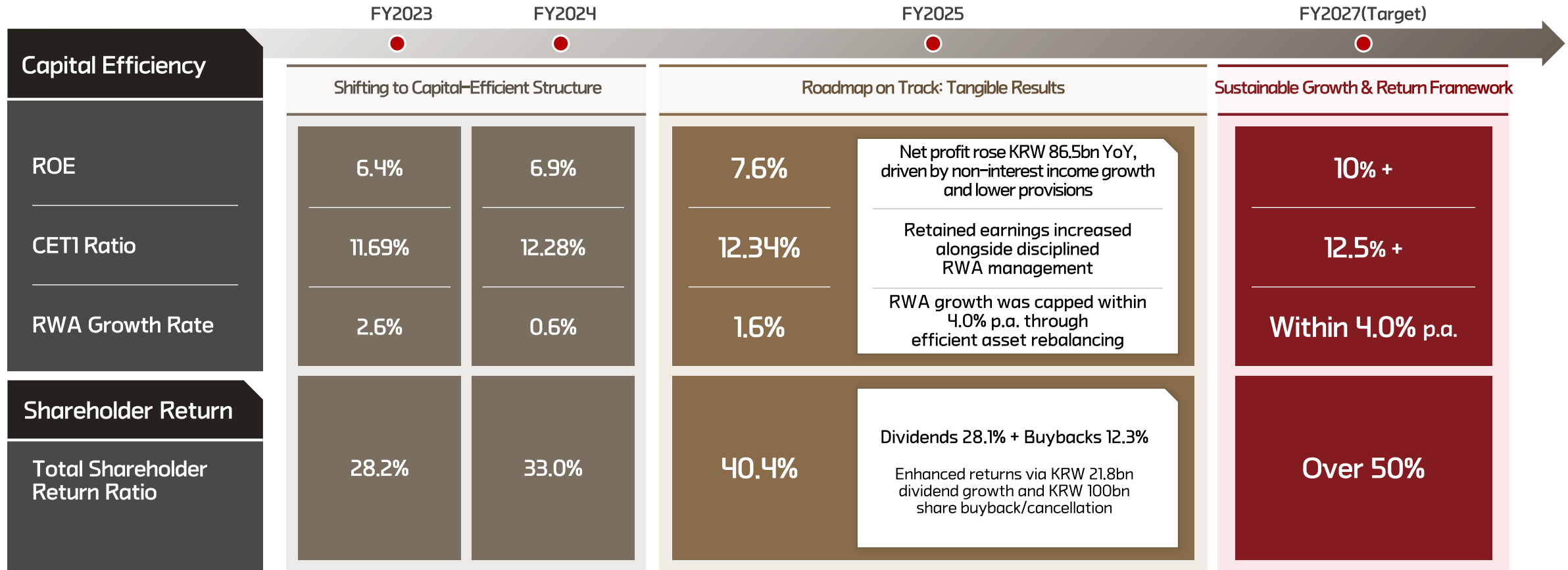
Progress Update

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Progress Update

2025 Value-Up Progress

On-track execution of the Value-up roadmap, driven by enhanced capital efficiency and key financial metrics. Continued focus on optimizing capital management and establishing concrete return policies to drive market re-rating.



Source: BNK

CHAPTER 02.

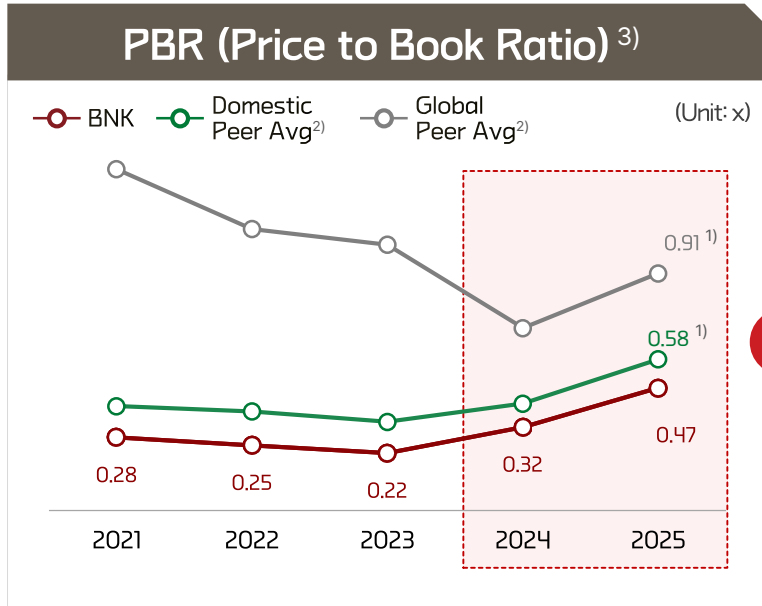
Diagnostics & Strategic Tasks

Market Metrics Analysis 09

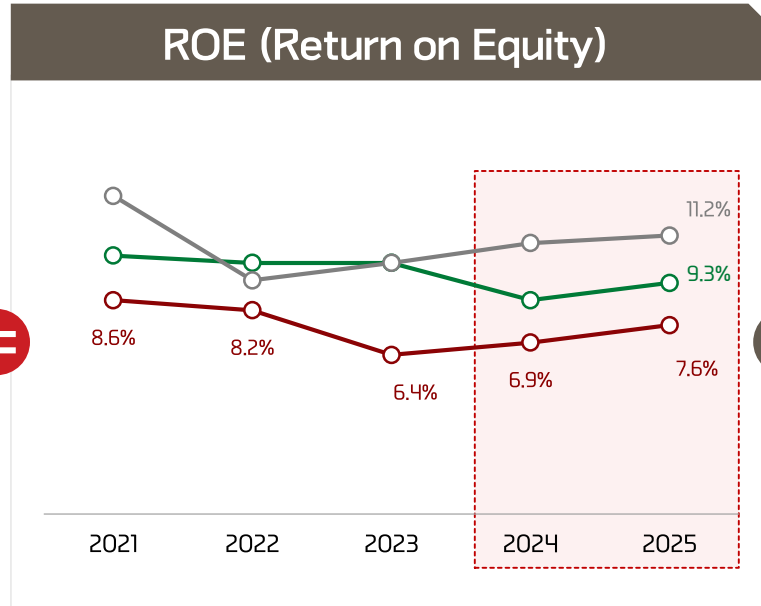
Financial Metrics Analysis 10

Shareholder Return Analysis 11

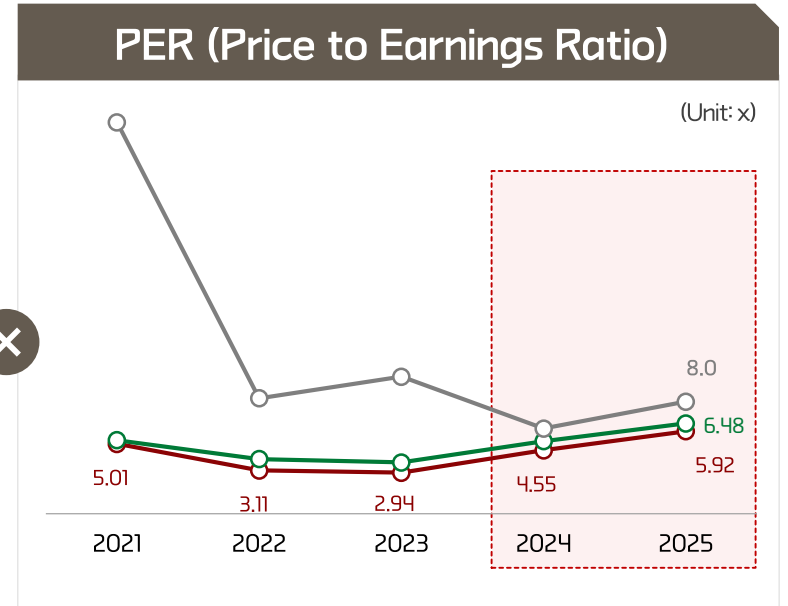
Market Metrics Analysis



Low PBR persists for K-Financials vs. Global Peers: BNK continues to trade at a significant discount even among domestic peers



Low PBR attributed to weak ROE; despite recent improvements, still remains below peer average



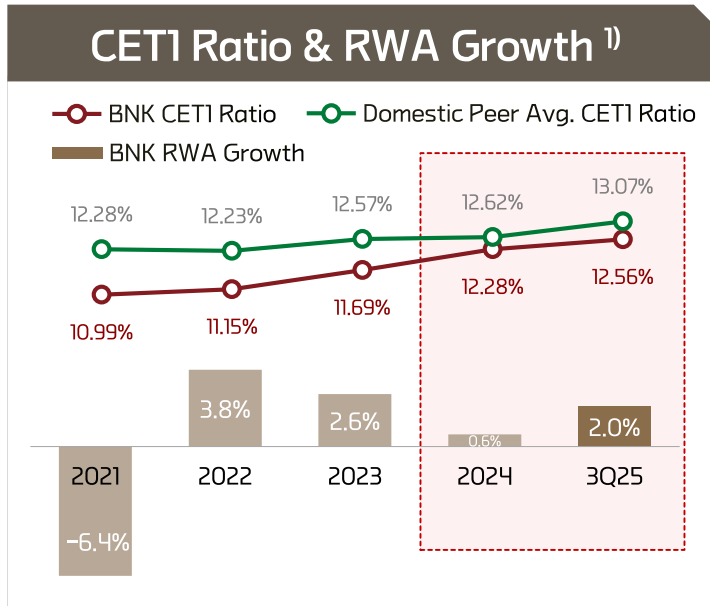
Low PER vs. Global Peers on weak dividend growth outlook; BNK valuation lags despite industry-wide return hikes

Diagnosis | Rebounded metrics in '25 via maximized buybacks/cancellations and capital efficiency, yet still undervalued vs. peers

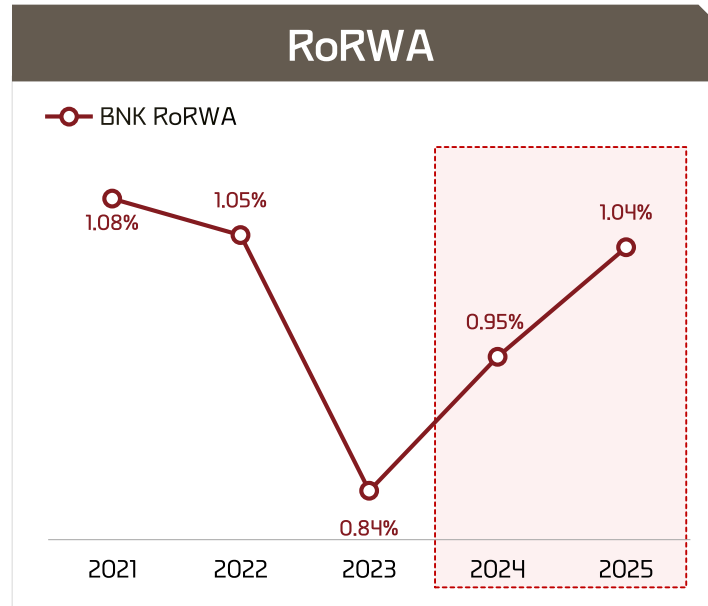
Tasks | Aim to narrow the peer gap by addressing capital inefficiencies and meeting market expectations for dividend growth

Note 1. Peer data as of 3Q25 TTM; BNK data reflects FY2025 (pre-annual results release)
 Note 2. Peers: (Domestic) KB, Shinhan, Hana, Woori, iM, JB; (Global) JPM, WFC, BAC, Citi
 Note 3. PBR = ROE × PER; ROE = Net Income (attr. to parent) / Avg. Equity (attr. to parent); PER = Market Cap / Net Income (attr. to parent)
 Source: Quantwise, Koyfin, BNK Financial Group

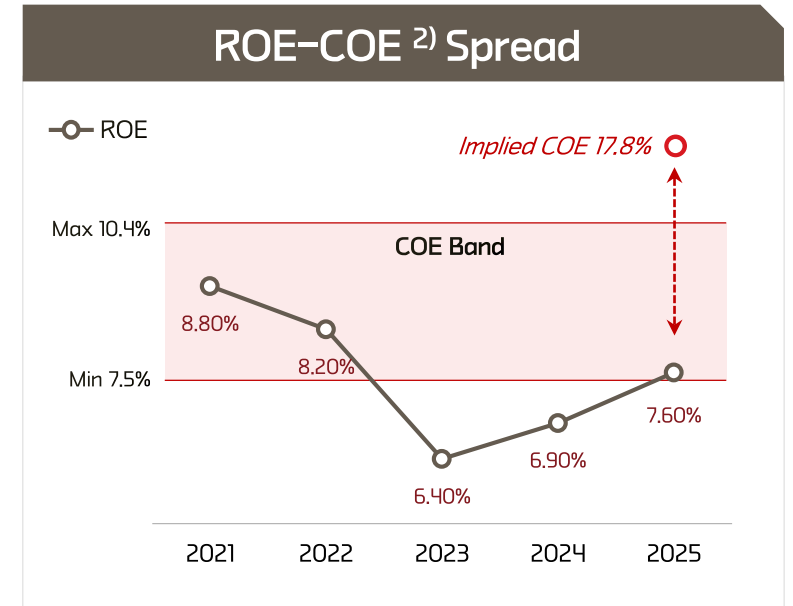
Financial Metrics Analysis



CET1 ratio trending upward on strict RWA growth control



Qualitative growth confirmed via improved RoRWA; yet review of low-yield/low-efficiency assets across subsidiaries is needed



CET1 and Group RoRWA improving, but still below COE; need to narrow gap with market-implied COE despite meeting minimum COE band

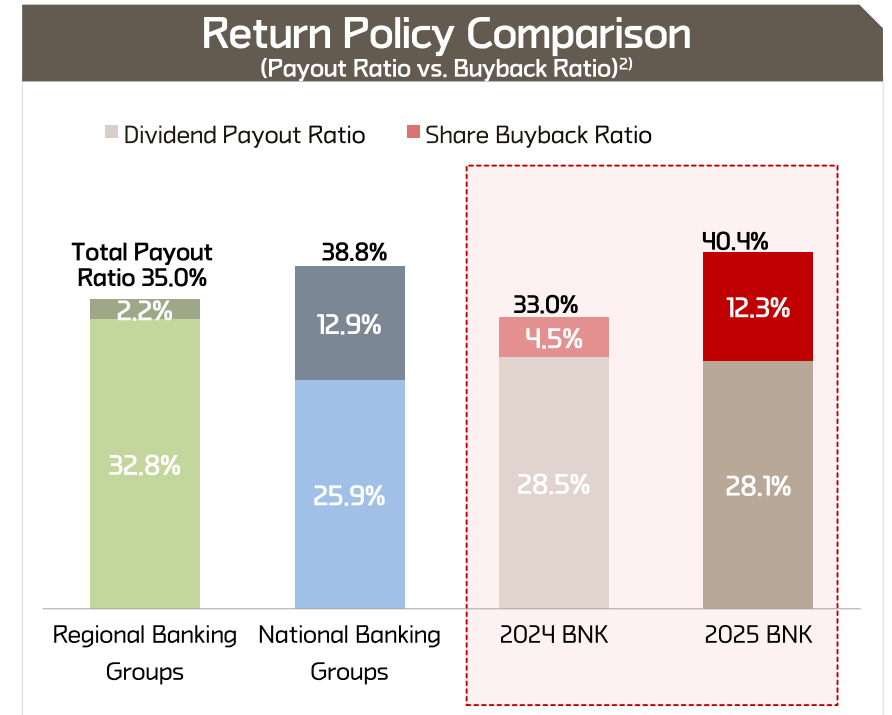
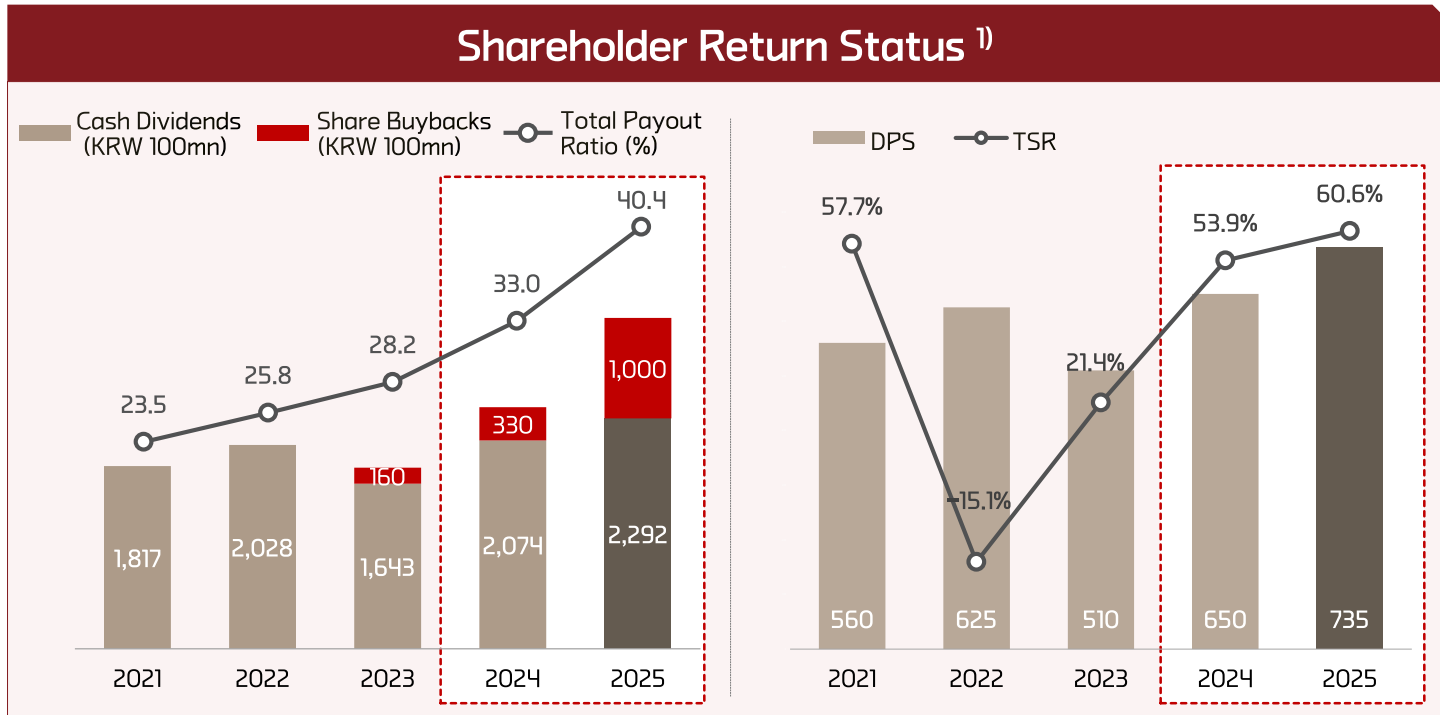


Diagnosis | CET1 and Group RoRWA improved, but ROE remains below COE

Tasks | Need to create shareholder value by exceeding COE through RWA control and reallocating low-yield/low-efficiency assets

Note 1. CET1 Ratio = Common Equity Tier 1 / RWA; RoRWA = Net Income (attr. to parent) / RWA
 Note 2. COE band based on CAPM(Rf: 10Y KY Avg., Beta: 104W weekly, MRP: KICPA Avg. of 8%); Implied COE = 1/Fwd 12m PER(as of Jan 16, 2026)
 Note 3. CET1 Ratio as of 3Q25 (pre-annual results release)
 Source: Quantiwise, KICPA, BNK Financial Group

Shareholder Return Analysis



Diagnosis | Shareholder returns trending upward; focused on buybacks/cancellations in '25 to maximize shareholder value

Tasks | Aim to ensure asset quality and earnings growth for capital preservation, while establishing identity as a dividend growth stock

Note 1. Total Payout Ratio = (Total Dividends + Buybacks) / Net Income (attr. to parent) × 100; TSR = [(Ending Price - Beginning Price) + DPS] / Beginning Price × 100
 Note 2. Dividend Payout Ratio = Total Dividends / Net Income (attr. to parent) × 100; Buyback Ratio = Buybacks / Net Income (attr. to parent) × 100
 Source: Quantwise, BNK Financial Group

CHAPTER 03.

Shareholder-Focused Capital Management

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Capital Allocation Principles & Strategy

Shareholder Value Maximization via Implied COE



Implied COE
(Market Required Return)

Implied risk premium reflected in share price
(Excessive distrust vs. Peers)



Theoretical COE
(Theoretical COE)

Required return based on CAPM model



Current ROE
(Return on Capital)

Profitability failing to meet shareholder expectations



Step 1
Analyze expected returns on new investments



Step 2
Does expected return exceed Implied COE?



NO

Yes

Enhance capital efficiency and ROE via active shareholder returns

Selective capital allocation

Core Strategy

Strategy to resolve absolute undervaluation

Trigger: PBR below 1.0x

Strategy: Focus on buybacks and cancellations

"Maximize shareholder value immediately by retiring undervalued shares"

- Execution: Prioritize excess capital for buybacks/cancellations
- Goal: Boost per-share value and ROE by reducing share count



Alpha Strategy

Strategy to overcome relative undervaluation

Trigger: Peer COE Gap + Policy Momentum (Tax Incentives)

Strategy: Stable Dividend Growth Policy

"Utilize policy momentum to close the Implied COE gap with peers and meet market expectations"

- Execution: 10%+ CAGR in total dividends through 2027
- Key Focus: Maximize after-tax returns via separate taxation
- Goal: Resolve undervaluation via improved liquidity and stabilized returns

Capital Management Plan

Establish virtuous cycle of capital efficiency to boost ROE

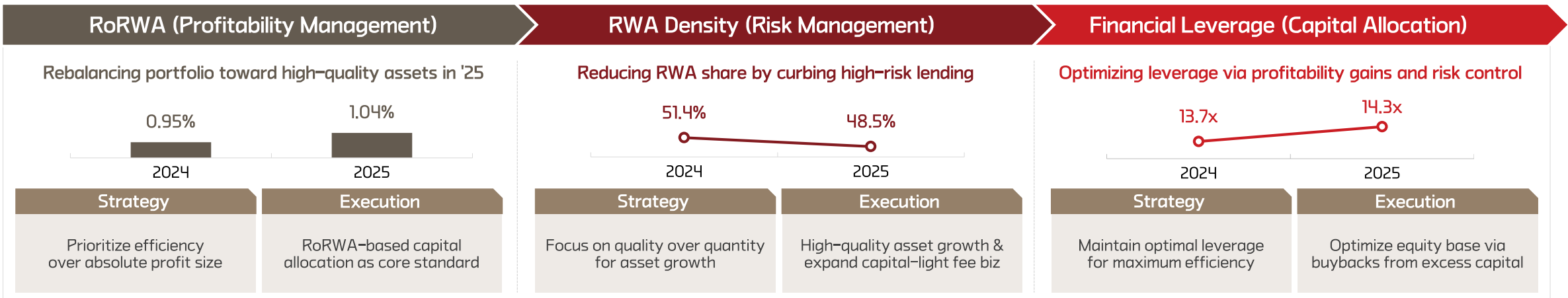
Problem Definition

Current ROE below theoretical COE (Max 10%) → Need to create Economic Value Added (EVA) to achieve 10%+ ROE

Dupont ROE

$$ROE = \frac{\overset{1}{Net\ Income}}{RWA} \times \frac{\overset{2}{RWA}}{Total\ Assets} \times \frac{\overset{3}{Total\ Assets}}{Total\ Equity}$$

ROE Enhancement Flow via Component Strategies

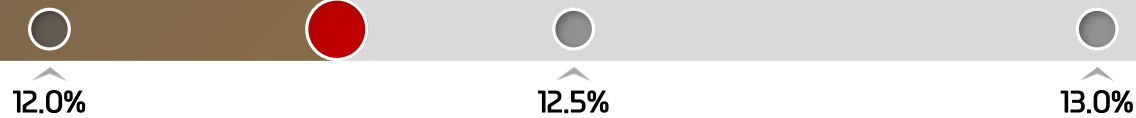


Predictable Shareholder Return Policy

Predictable, Rule-based Shareholder Returns via CET1 Ratio

Policy by CET1 Ratio Zone

FY2025 12.34%(BNK)



Category	Zone 1: Below 12.0%	Zone 2: 12.0% - 12.5%	Zone 3: 12.5%~13.0%	Zone 4: Above 13.0%
Target Total Payout Ratio	40% Below	40%~50%	50%+	50%+
Return Policy Stance	Prioritize Capital Preservation	Ensure Credibility (Deliver on Promises)	Step-by-step Increase	Active Return Expansion
Action Plan	<ul style="list-style-type: none"> Return suspension possible Activate contingency plan 	<ul style="list-style-type: none"> Max RWA curbs Asset sacrifice for returns 	<ul style="list-style-type: none"> Profit-linked returns RWA growth under 4% 	<ul style="list-style-type: none"> Buybacks via excess capital
Status	Capital Buffering	Current Status	Target Achieved	Capital Surplus

Decision Logic

Automate next-year allocation based on year-end CET1

Return Execution Policy

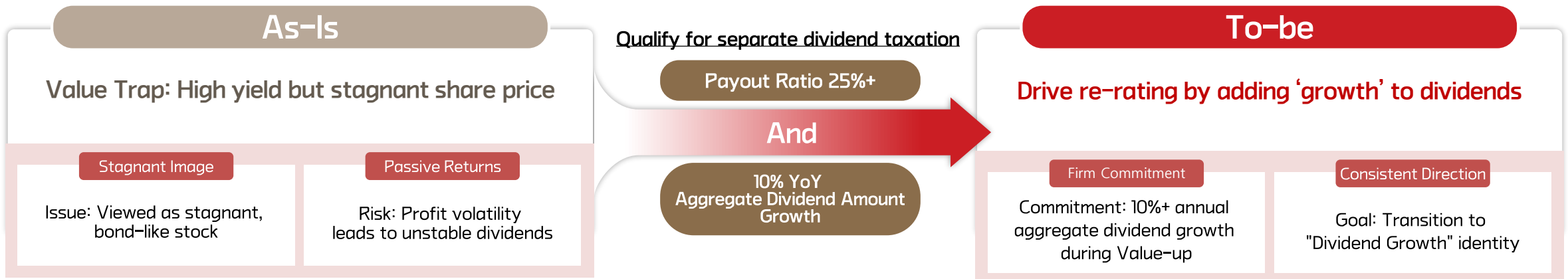
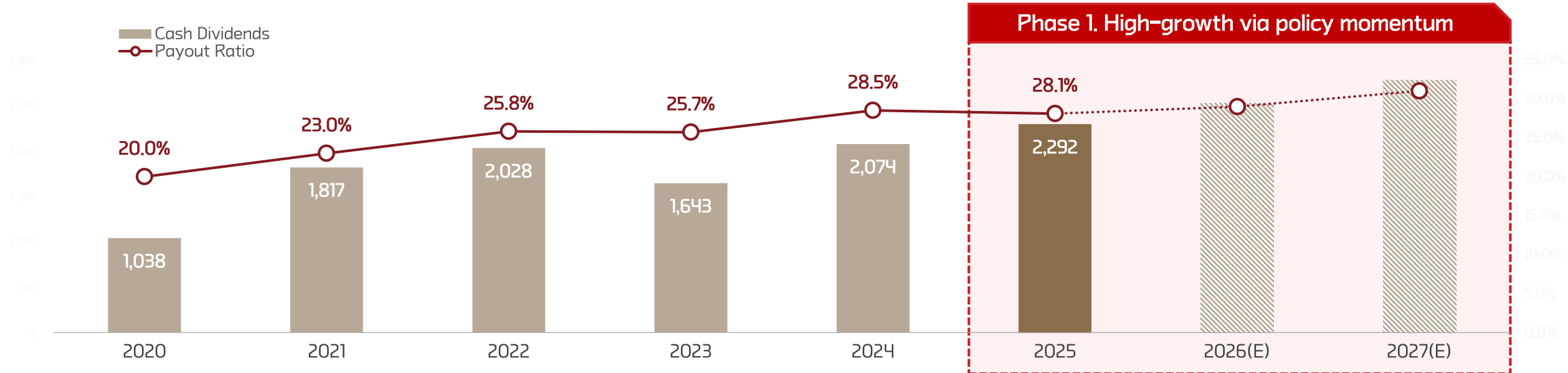
Prioritize "Dividend Growth"; fill payout gap with buybacks

Capital Allocation Optimization

If ROE < COE: Curb RWA and prioritize capital returns

Predictable Shareholder Return Policy

High dividend growth through '27, followed by stable growth identity based on sustainable earnings



Establishing Advanced Governance

Establish transparent, advanced governance via board independence and incentive alignment

Adopt shareholder-led director nominations

Strengthen board independence via shareholder nominations

Advance Governance systems

Align executive pay with performance

Drive accountability by linking performance to pay

Build independent board and responsible management systems

Shareholder-led Director Nominations

- Adopt shareholder-led director nominations
- Boost board independence & diversity via direct participation

Current

Existing external nominations

Enhanced

Majority shareholder-led board

Official shareholder-led nominations

Public open call for candidates

All-independent Nom-Com

Tighten Performance-Pay Link

구분	Holding Co.	Subsidiaries
KPI Setting	ROE, Total Payout Return Ratio	RoRWA
Evaluation Process	① Identify Inefficient Capital	③ Adjust Capital & Pay if Targets Missed

② Self-help (Inv/Div)

CHAPTER 04.

Communication

Communication

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Communication

Regular CEO-led IR by Investor Type

