

BNK Financial Group

2026.1Q Business Results

Earnings Call

April 30, 2026

Good afternoon.

I am Sung-Wook Park, CFO of BNK Financial Group. Thank you all for joining today's earnings presentation.

I will now walk you through the highlights of BNK Financial Group's 1Q 2026 business results, focusing on key financial performance.

Group Earnings Overview (Page 3)

Let me begin with the Group's earnings performance.

In 1Q 2026, net income attributable to controlling interests reached KRW 211.4bn, representing an increase of KRW 44.8bn, or 26.9% YoY.

Despite a decline in non-interest income and higher SG&A expenses, net income increased YoY, supported by growth in net interest income and lower credit costs.

Profit Breakdown by Segment

Next, let me walk you through the performance by segment.

Net interest income increased by KRW 27.3bn, or 3.7% YoY, driven by growth in interest-earning assets and an improvement in net interest margin.

Net fee income rose by KRW 18.3bn, or 36.3% YoY, supported by higher real estate PF-related fees and increased brokerage fees from equities and derivatives trading.

Meanwhile, other non-interest income declined by KRW 33.1bn, or 48.4% YoY, mainly due to a decrease in securities-related gains.

Cost and Provisioning Trends

Moving on to expenses.

SG&A expenses increased by KRW 46.8bn, or 12.4% YoY, mainly due to the expansion of the scope of ordinary wages, base effects from the absence of prior-year one-off reversals related to unused annual leave (KRW 8.8bn), and the impact of an increase in the education tax rate (KRW 6.0bn), along with normal personnel cost increases.

Provisioning expenses declined by KRW 111.5bn, or 41.0% YoY, reflecting decreases in both real estate PF-related provisions and general loan loss provisions.

As a result of our continued efforts to improve asset quality,

credit costs are expected to remain on a gradual stabilization trend going forward.

NIM and Loan Growth (Page 4)

Next, I will cover Group NIM and KRW loan growth.

In 1Q, Group NIM stood at 2.11%, increasing by 9 bps QoQ, as NIM improved across banks, capital, and savings banks amid rising market interest rates.

Banks' NIM improved by 7 bps QoQ to 1.88%, supported by growth in interest-earning assets and an improved NIS(loan-deposit spread).

Busan Bank's NIM rose by 5 bps QoQ to 1.88%, while Kyongnam Bank's NIM increased by 8 bps QoQ to 1.87%.

Looking ahead, we will continue to reduce funding costs by expanding branch-based deposits, while pursuing profitability-focused asset growth to further enhance margins.

Group KRW loans grew by 1.9% YoY, with Busan Bank and Kyongnam Bank recording growth of 1.0% and 3.1%, respectively.

As in the prior year, our top priority remains asset quality management of existing loan assets, while new loan origination will focus on quality-driven growth centered on profitability rather than volume expansion.

Asset Quality (Page 5)

Now turning to asset quality.

In 1Q, the Group NPL ratio increased by 15 bps QoQ to 1.57%, while the delinquency ratio rose by 28 bps QoQ to 1.42%.

Despite our continued efforts to strengthen asset quality management, asset quality indicators showed some deterioration, mainly due to an increase in NPLs amid a delayed recovery of the economy, particularly in real estate PF exposures.

However, provisioning expenses for both real estate PF loans and general loans declined, resulting in the credit cost ratio (CCR) improving by 41 bps YoY to 0.52%.

We will continue to focus on disciplined growth and rigorous post-lending management to improve asset quality indicators going forward.

Capital Adequacy (Page 6)

Next, on capital adequacy.

In 1Q, the Group's CET1 ratio stood at 12.30%, improving by 5 bps YoY, supported by stable earnings generation and efficient RWA management.

As the CET1 ratio serves as a key foundation for the Group's sustainable growth and enhanced shareholder returns, we will continue to manage capital prudently to maintain a stable CET1 ratio.

Shareholder Return Policy

Now, let me turn to our shareholder return policy.

The Board of Directors resolved today to pay cash dividends of KRW 150 per share for 1Q 2026, representing an increase of 25% YoY.

In addition, in line with our Value-Up Plan, we plan to increase share buybacks and cancellations by 50% YoY to KRW 60.0bn, compared to KRW 40.0bn executed in 1H last year.

Going forward, within a framework of steadily increasing cash dividends to meet the requirements for the separate taxation of dividend income for retail investors, we will maximize the proportion of share buybacks and cancellations to enhance shareholder value.

In closing, since 2025, credit costs have been showing a gradual stabilization trend.

However, amid continued macroeconomic uncertainty, we will remain disciplined and vigilant in managing asset quality.

Looking ahead, we will prioritize restoring asset quality and improving earnings, while accelerating structural improvements by optimizing our loan portfolio and driving productivity gains.

We remain committed to delivering on market expectations through disciplined execution.

Thank you for your attention.