BNK Financial Group
2026.1H Business Results
Earnings Call
July 28, 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 2Q 2026 business results, focusing on key financial performance.

Group Earnings Overview (Page 3)

Let me begin with the Group's earnings performance.

In 1H 2026, net income attributable to controlling interests amounted to KRW 411.8bn, representing a decrease of KRW 64.0bn, or 13.5% YoY.

Despite higher total operating income and lower provision expenses, net income declined YoY, mainly due to the base effect of last year's KRW 100.9bn gain on the property sale by the BNK Gangnam Core Office Fund.

Reference: Comparison of Group Net Income Before and After One-off Items (Page 4)

Before moving on, let me briefly explain the reference information on Group net income shown on page 4.

The table compares Group net income before and after excluding one-off items related to the real estate funds.

For comparison purposes, after excluding the KRW 54.4bn gain on the disposal of BNK Digital Tower by the BNK Gangnam Core Office Fund in 2Q 2025 and the KRW 44.0bn settlement loss from the exercise of a contractual purchase right for the BNK Yeouido Core Office Fund, or BNK Financial Tower, in 2Q 2026, Group net income for 1H 2026 was KRW 455.8bn, an increase of KRW 34.4bn, or 8.2% YoY.

The settlement amount paid upon the acquisition of non-controlling interests was determined based on the fair value of the underlying property. As a result, the difference between the carrying amount and the settlement amount was recognized as an accounting-related settlement loss within interest expense in the current reporting period.

Through this transaction, the Group secured 100% of the economic rights to BNK Financial Tower in Yeouido,Seoul. Accordingly, all future rental income and any gains from a potential disposal of the property will accrue entirely to the Group.

Profit Breakdown by Segment (Page 3)

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

Group net interest income increased by KRW 42.9bn, or 3.0% YoY, driven by growth in interest-earning assets and an improvement in net interest margin.

Net fee income rose by KRW 48.3bn, or 54.6% YoY, supported by higher real estate PF-related fees and increased brokerage fees from equities and derivatives trading.

Other non-interest income increased by KRW 2.0bn, or 1.4% YoY, due to higher gains on NPL sales despite a decline in securities-related income.

Cost and Provision Expense Trends

Moving on to expenses.

SG&A expenses increased by KRW 81.8bn, or 10.6% YoY, mainly due to the expansion of the scope of ordinary wages, the base effect from the prior-year reversal of KRW 8.8bn related to the exclusion of compensation for eight days of unused annual leave, and the KRW 10.0bn impact of the increase in the education tax rate, in addition to normal personnel expense increases.

Provision expenses declined by KRW 45.7bn, or 10.5% YoY, reflecting lower provisions for both real estate PF loans and general loans.

Supported by 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 5)

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

In 2Q, Group NIM stood at 2.06%, declining by 5 bps QoQ. Despite rising market interest rates, growth focused on high-quality assets and higher deposit funding costs narrowed the net interest spread, or NIS.

Banks' NIM declined by 4 bps QoQ to 1.84%. Busan Bank's NIM fell by 6 bps QoQ to 1.82%, while Kyongnam Bank's NIM remained unchanged QoQ at 1.87%.

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

KRW loans at both banks grew by 5.2% from year-end 2025, with Busan Bank and Kyongnam Bank recording growth of 4.4% and 6.2%, respectively.

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

Asset Quality (Page 6)

Now turning to asset quality.

In 2Q, the Group NPL ratio improved by 11 bps QoQ to 1.46%, while the delinquency ratio improved by 8 bps QoQ to 1.34%.

Despite pressure from credit deterioration amid the economic slowdown, our continued asset quality management efforts led to a modest improvement in asset quality indicators.

In addition, provision expenses for both real estate PF loans and general loans declined, resulting in the credit cost ratio(CCR), improving by 13 bps YoY to 0.61%.

We will continue to strengthen post-lending management and remain focused on further improving asset quality indicators.

Capital Adequacy (Page 7)

Next, on capital adequacy.

In 2Q, the Group's CET1 ratio stood at 12.14%, declining by 16 bps QoQ. Despite higher retained earnings and disciplined RWA management, the ratio declined due to growth in high-quality assets and expanded shareholder returns.

Although the ratio declined QoQ, mainly due to RWA growth and share buybacks, it remained within the Group's operational target range of 12.0% to 12.5%.

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

Shareholder Return Policy

Now, let me turn to our shareholder return policy.

The Board of Directors resolved today to pay a quarterly cash dividend of KRW 150 per share for 2Q 2026, representing an increase of 25% YoY.

In addition, approximately 3.49 million treasury shares, equivalent to around KRW 60.0bn, repurchased under the 1H 2026 share buyback program are scheduled to be fully cancelled in 3Q 2026.

Details regarding the size of the share buyback and cancellation program for 2H 2026 will be announced with our 3Q earnings results.

Going forward, we will ensure stable DPS growth to meet the requirements for high-dividend payout company status under the separate taxation regime for dividend income, while maximizing the proportion of share buybacks and cancellations to enhance shareholder value.

Closing Remarks

Since last year, credit costs related to both real estate PF loans and general loans have been showing a gradual stabilization trend. In addition, both the Group NPL ratio and delinquency ratio have been improving since peaking in 1Q.

However, amid continued macroeconomic uncertainty, asset quality still requires rigorous management.

Accordingly, we will continue to prioritize the recovery of asset quality and improvement in earnings, while accelerating structural improvements through loan portfolio optimization and productivity gains.

Through disciplined execution, we will continue working to earn the trust of the market.

Thank you for your attention.