

BNK Financial Group
2026.3Q Business Results
Earnings Call
Oct 26, 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 3Q 2026 business results, focusing on key financial performance.

Group Earnings Overview (Page 5)

Let me begin with the Group's Net Income performance on page 5.

For the first nine months of 2026, Net Income attributable to controlling interests amounted to KRW 622.3bn, a decrease of KRW 147.7bn, or 19.2% YoY.

Despite an increase in Total Operating Income, Net Income declined YoY, mainly due to the base effect of last year's large non-operating gain of KRW 100.9bn from the disposal of the BNK Gangnam Core Office Fund, as well as lower non-interest income.

However, Net Income for 3Q alone was KRW 210.5bn, up KRW 10.1bn, or 5.0% QoQ. Despite a decline in securities-related income amid a sharp rise in interest rates and heightened market volatility, Net Income increased due to higher Net Interest Income and lower SG&A and Provision Expenses.

Profit Breakdown by Segment (Page 6)

Next, let me walk you through the profit breakdown by segment on page 6.

Group Net Interest Income increased by KRW 102.5bn, or 4.7% YoY, driven by growth in interest-earning assets and an improvement in net interest margin.

Net Fee Income increased by KRW 79.1bn, or 57.2% YoY, supported by higher real estate PF-related fees and increased brokerage fees from equities and derivatives trading. Other non-interest income declined by KRW 142.0bn, or 58.4% YoY, due to lower securities-related income following an increase in market interest rates, as well as lower gains on NPL sales.

Moving on to expenses.

Group SG&A expenses increased by KRW 98.5bn, or 8.5% YoY. This mainly reflected normal personnel expense increases, the expanded scope of ordinary wages, the base effect of the prior-year reversal of KRW 10.2bn related to the exclusion of compensation for eight days of unused annual leave, and the KRW 22.8bn impact of the higher education tax rate.

Group Provision Expenses increased by KRW 24.7bn, or 4.3% YoY, as higher provisions for general

loans more than offset a decline in provisions for real estate PF loans.

Supported by our continued efforts to improve asset quality, we expect credit costs to gradually stabilize going forward.

NIM and Loan Growth (Page 7)

Next, I will cover Group NIM and KRW loan growth on page 7.

In 3Q, Group NIM stood at 2.03%, declining by 3 bps QoQ, mainly due to higher funding costs following an increase in market interest rates.

The combined NIM of the two banks declined by 4 bps QoQ to 1.80%. Busan Bank's NIM fell by 3 bps QoQ to 1.79%, while Kyongnam Bank's NIM declined by 6 bps QoQ to 1.81%.

Looking ahead, we will continue to lower funding costs by expanding the customer deposit base, while pursuing profitability-focused asset growth to improve margins.

KRW loans at the two banks grew by 5.3% from year-end 2025, with corporate loans increasing by 4.3% and household loans by 5.3%.

Our top priority remains managing the asset quality of our existing loan portfolio. For new loans, we will continue to focus on quality-driven growth centered on profitability rather than volume expansion.

Asset Quality (Page 8)

Now, turning to asset quality on page 8.

In 3Q, the Group NPL ratio improved by 1 bp QoQ to 1.45%, while the delinquency ratio rose by 6 bps QoQ to 1.40%.

Provision Expenses for both real estate PF loans and general loans declined, and the credit cost ratio(CCR), improved by 1 bp YoY to 0.61%.

Our real estate PF loan exposure continues to decline, and the portfolio is entering a stabilization phase, supported by a higher proportion of guarantee-backed loans. However, asset quality pressure in the general loan portfolio amid the economic slowdown require continued vigilance in asset quality management.

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

Capital Adequacy (Page 9)

Next, on capital adequacy on page 9.

In 3Q, the Group's CET1 ratio stood at 12.18%, improving by 4 bps QoQ, supported by disciplined RWA, management and higher retained earnings.

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 the ratio at a stable

level through sustainable earnings generation.

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 3Q 2026, representing an increase of 25% YoY.

In addition, we will implement a KRW 60.0bn share buyback program in 2H 2026.

Including the KRW 60.0bn share buyback completed in the first half, the total share buyback amount for 2026 will reach KRW 120.0bn, up 20% from KRW 100.0bn in 2025.

Going forward, we will continue to steadily increase cash dividends to meet the requirements for high-dividend payout company status under the separate taxation regime for retail investors' dividend income, while maximizing the proportion of share buybacks and cancellations to enhance shareholder value.

Closing Remarks

Net Income declined YoY, mainly due to the base effect of last year's large non-operating gain and lower securities-related income following an increase in market interest rates.

However, we expect to deliver a more normalized level of quarterly earnings in 4Q this year, unlike in previous years. Historically, our fourth-quarter results were often weighed down by additional provisions for real estate PF loans, contributions to financial support programs, and deterioration in large corporate exposures. This year, we expect fourth-quarter earnings to be more in line with a normal quarter.

We will also accelerate the ROE improvement initiatives outlined in our Value-up 2.0 plan announced this September, with a clear commitment to improving profitability.

We will continue to prioritize asset quality recovery and earnings improvement, while strengthening our fundamentals through loan portfolio optimization and productivity gains. Through consistent execution, we will work to earn the trust of the market.

Thank you for your attention.