

KakaoBank

2Q 2024 Earnings Release

August 2024

kakaobank

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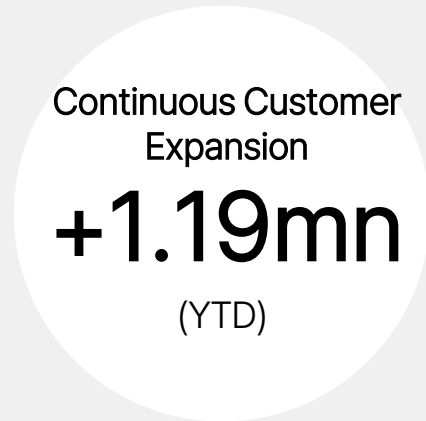
- I. 1H24 Highlights
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- VII. Operating Profit and ROE, ROA
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Disclaimer

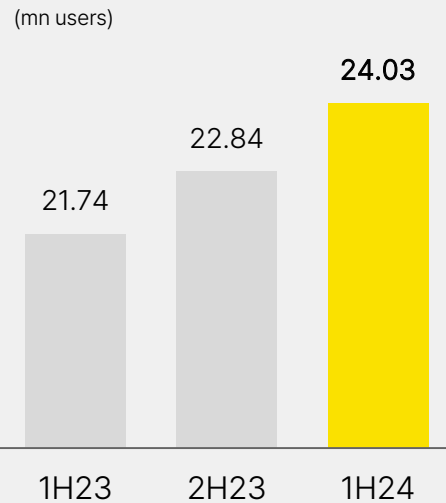
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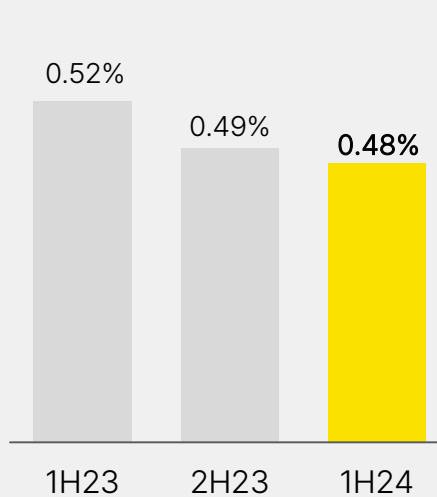
Reached highest operating income; thanks to steady customer base expansion and stable risk management



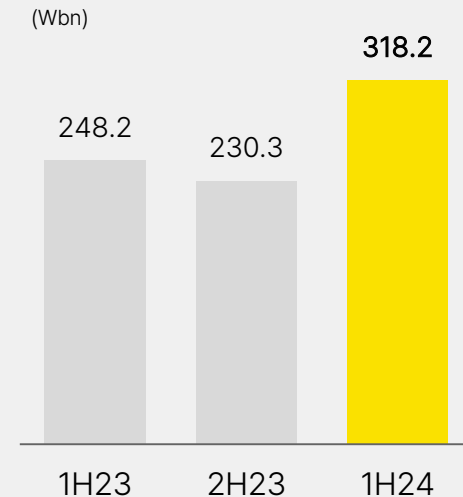
Customer base



Delinquency



Operating Profit



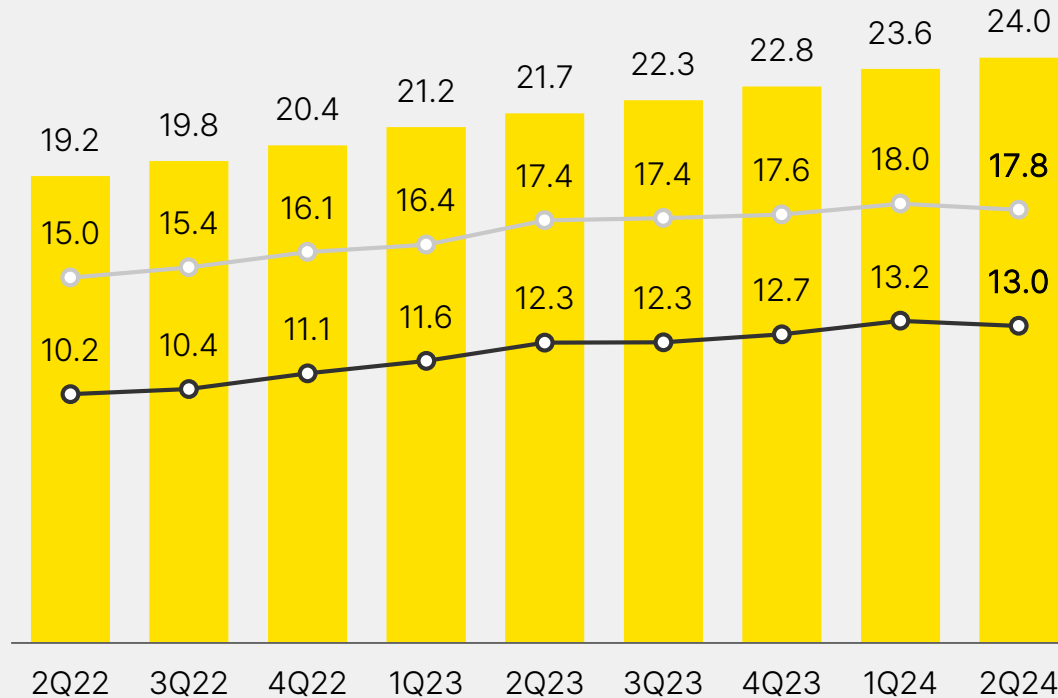
II. Customer Base

Customer base grew YoY +10.5% to 24.03mn(YTD +1.19mn) thanks to increased penetration across all age groups

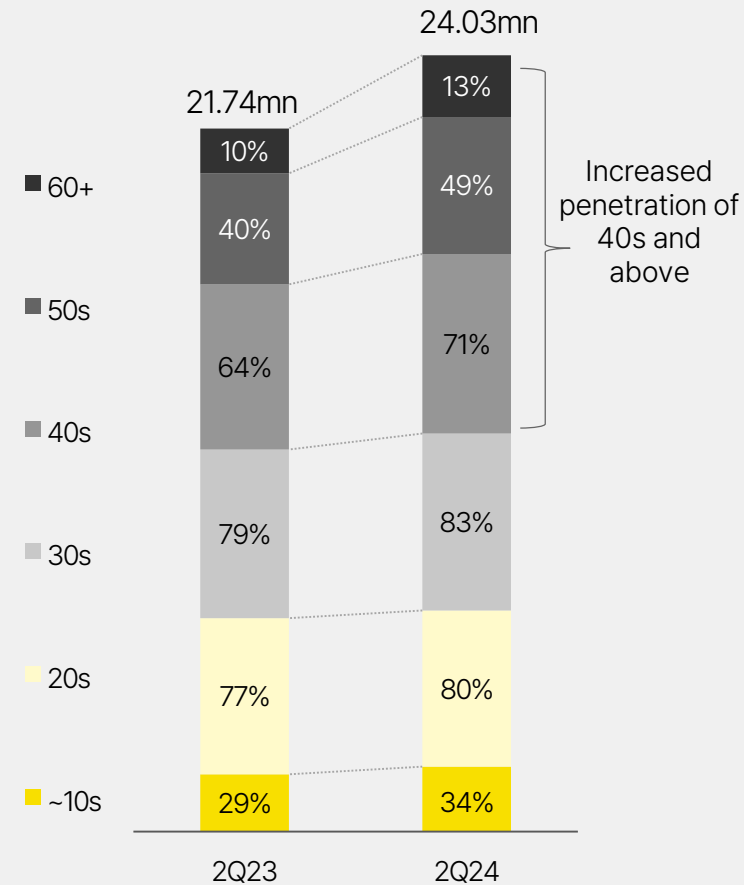
MAU, WAU⁽¹⁾ and Customer

(mn users)

Customers — WAU — MAU



Penetration by Age Group⁽²⁾



Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarterly average MAU

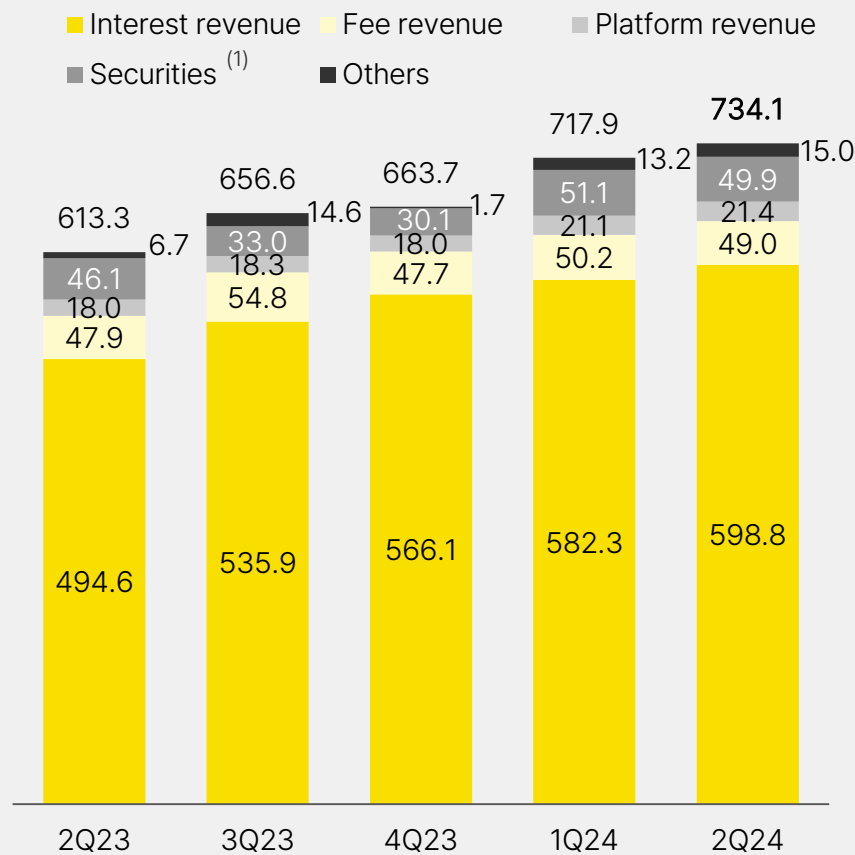
(2) Ministry of the Interior and Safety population by age group, ~10s population is based on 7~19 year old

III. Operating Revenue

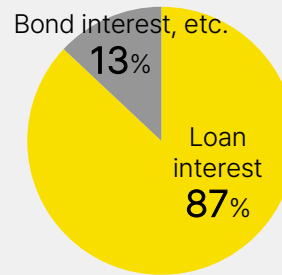
Operating revenue YoY +20%, QoQ +2%, thanks to revenue growth from interest and platform businesses

Operating Revenue

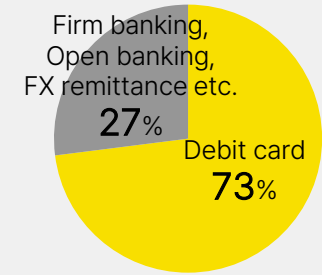
(Wbn)



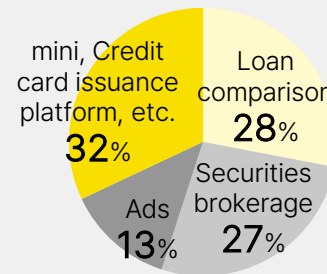
Key Components(1H24)



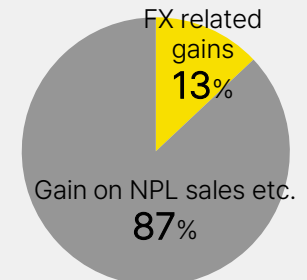
Interest revenue



Fee revenue



Platform revenue



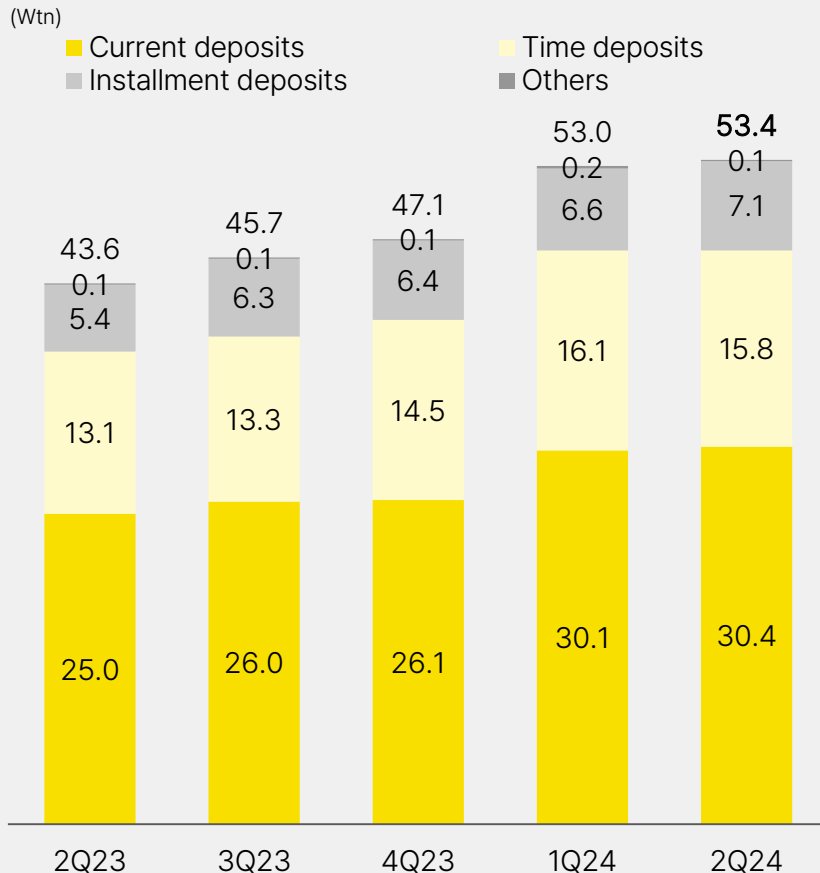
Others

Note: (1) Securities: Revenue from fund(including MMF) and gain on bond sales

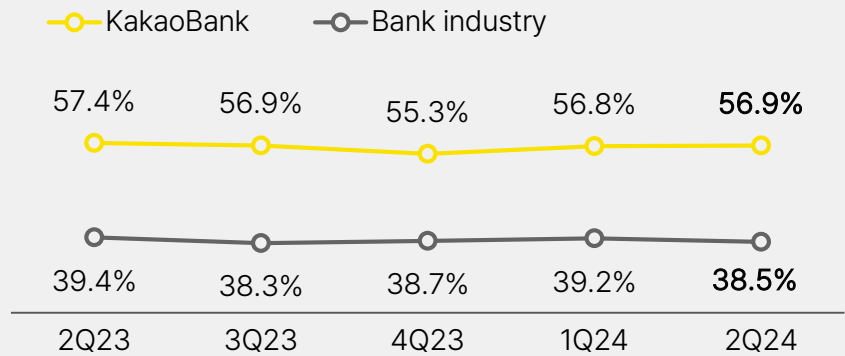
IV. Banking Biz : Deposit (1/2)

Deposit balance YoY +22%, QoQ +1%; Low-cost deposit portion expanded against peers, demonstrating a competitive funding structure

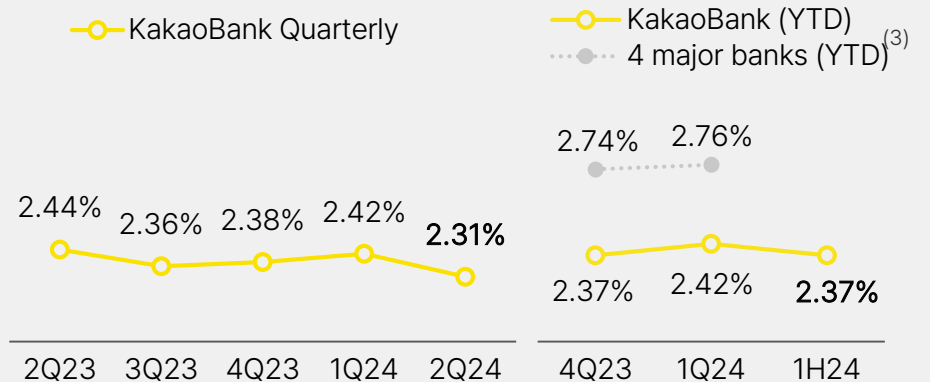
Deposit Balance Trend & Breakdown



Low-Cost Deposit Portion⁽¹⁾



Funding Cost⁽²⁾



Note: (1) Bank of Korea Financial Market Trend - Money Market Deposits portion from total bank deposits

(2) Average interest rate on deposits

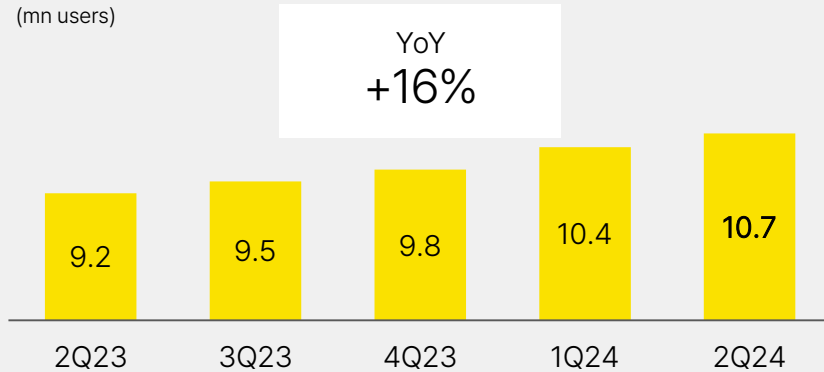
(3) Financial Statistics Information System - Average of 4 Major banks (KB, Shinhan, Hana, Woori)

IV. Banking Biz : Deposit (2/2)

Constant growth of Group Account contributing to low-cost deposits; Dollar Box, launched in June 2024, provides comprehensive FX service from currency exchange to payment and withdrawal

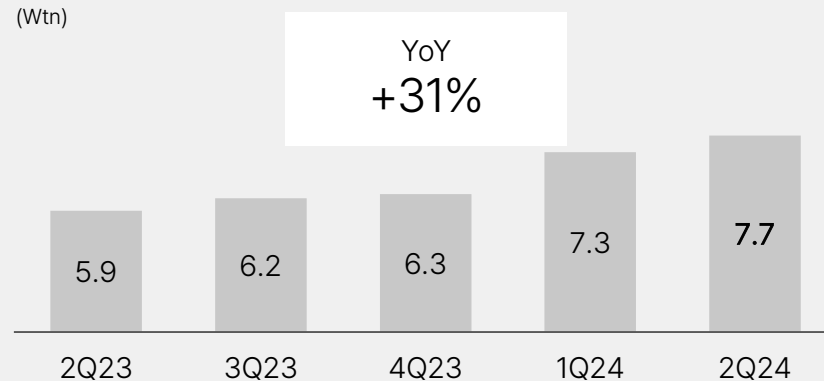
Group Account Users

(mn users)



Group Account Balance

(Wtn)



Dollar Box (June 2024)

Convenient FX ecosystem, from currency exchange to withdrawal, through powerful partnership
Exceeded 100k users in just two days of launch

Currency exchange & Dollar storage → **Payment & overseas withdrawal** → **Domestic withdrawals**

100 달러 (134,303원)
 [Add] [Withdraw]

트래블월렛 충전
 달러박스에서 간편하게
 (트래블월렛 카드, 해외결제, 현지 ATM출금)

미국 달러 → 45개 통화
 달러박스 | 트래블월렛

하루 최대 600달러
 달러박스에 모아둔 달러를
 ATM에서 출금해요

출금수 수표는 없어요

QR코드 인증으로
 간편하게 출금해요.
 달러출금 시작하기

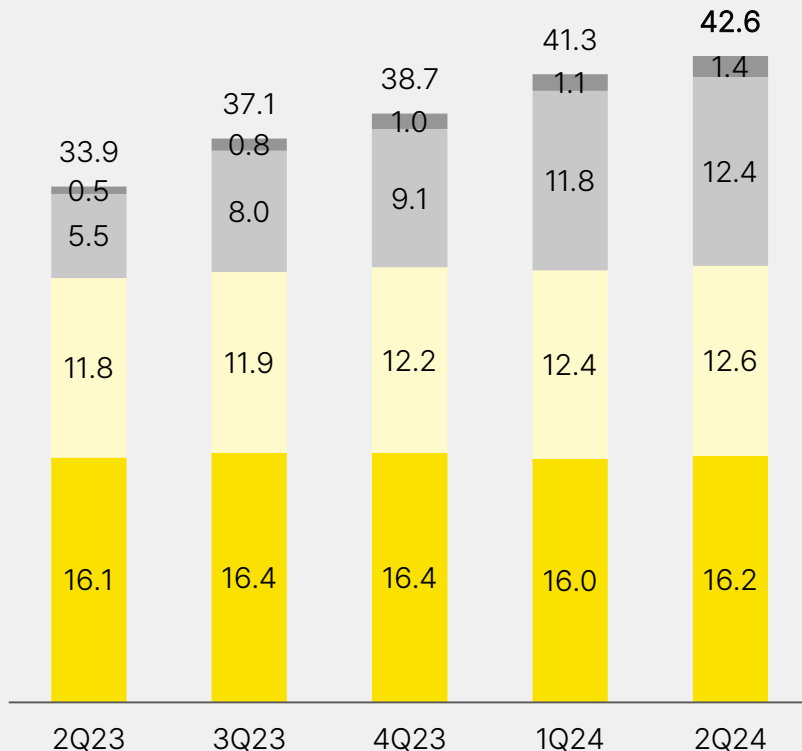
IV. Banking Biz : Loan (1/2)

Loan balance increased YoY +26%, QoQ +3% thanks to growth from all loan products;
Stable NIM as funding cost stabilized

Loan Balance Trend & Breakdown

(Wtn)

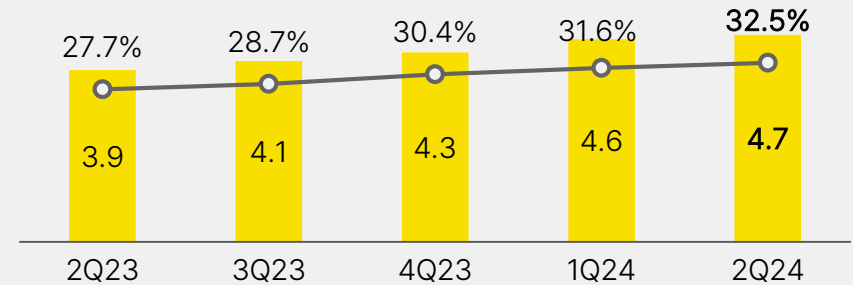
■ Credit+Overdraft ■ Housing deposit ■ Mortgage ■ SOHO



Mid-Credit Loan⁽¹⁾

(Wtn)

■ Balance ○ % within credit loan



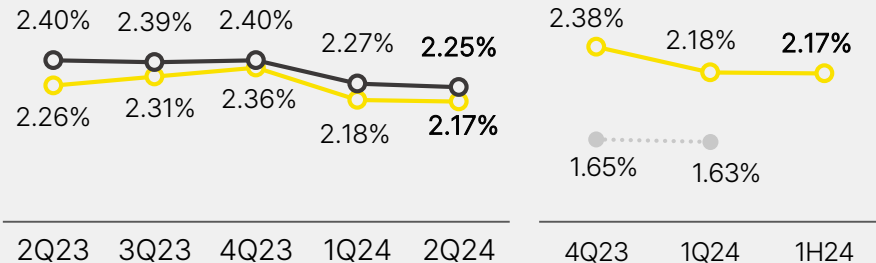
Net Interest Margin (NIM)

○ KakaoBank Quarterly

○ Adjusted NIM⁽²⁾

○ KakaoBank (YTD)

○ 4 major banks (YTD)⁽³⁾



Note: (1) 2Q23~4Q23: Based on retail unsecured loan end-balance / 1Q24~2Q24: Based on retail + SOHO unsecured loan average-balance

(2) Adjusted NIM including gain/ loss on MMF

(3) Financial Statistics Information System – Average of 4 Major banks(KB, Shinhan, Hana, Woori)

IV. Banking Biz : Loan (2/2)

First bank to provide 'Integrated interest-subsidized loan inquiry service' for business owners; Subsidized loan coverage to increase to 80% by 2025 through new region expansion

Integrated Subsidized Loan Inquiry Service (April 2024)

김카뱅 사장님을 위한 대출 3개를 찾았어요!
8월 16일까지 신청 가능해요

부산 이자지원 대출

예상금리 2.55% 대출한도 5,000만원

이자지원 부산 사장님 직원심사 약 10일 소요 신속순

부산 상생 대출

예상금리 4.93% 대출한도 1억원

부산 사장님 직원심사 약 10일 소요

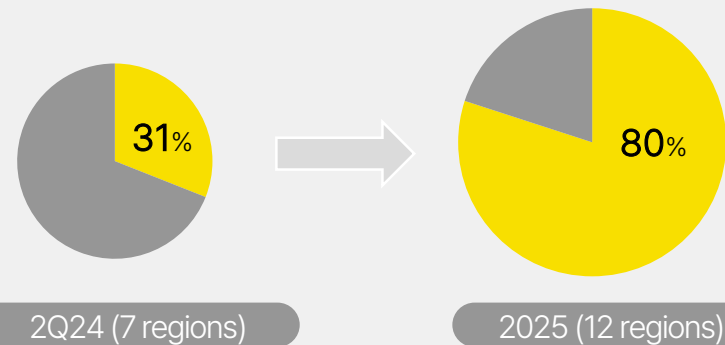
온택트 특례보증 대출

예상금리 5.23% 대출한도 3,000만원

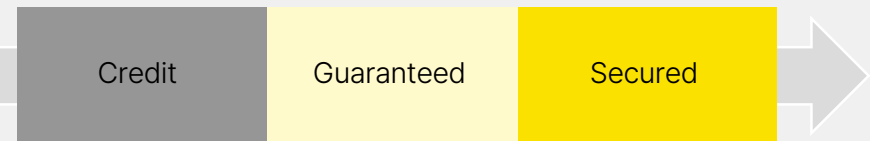
전국 사장님 자동심사 빠른입금

Subsidized loan by region

SOHO Subsidized Loan Coverage ⁽¹⁾



SOHO Loan Coverage Expansion



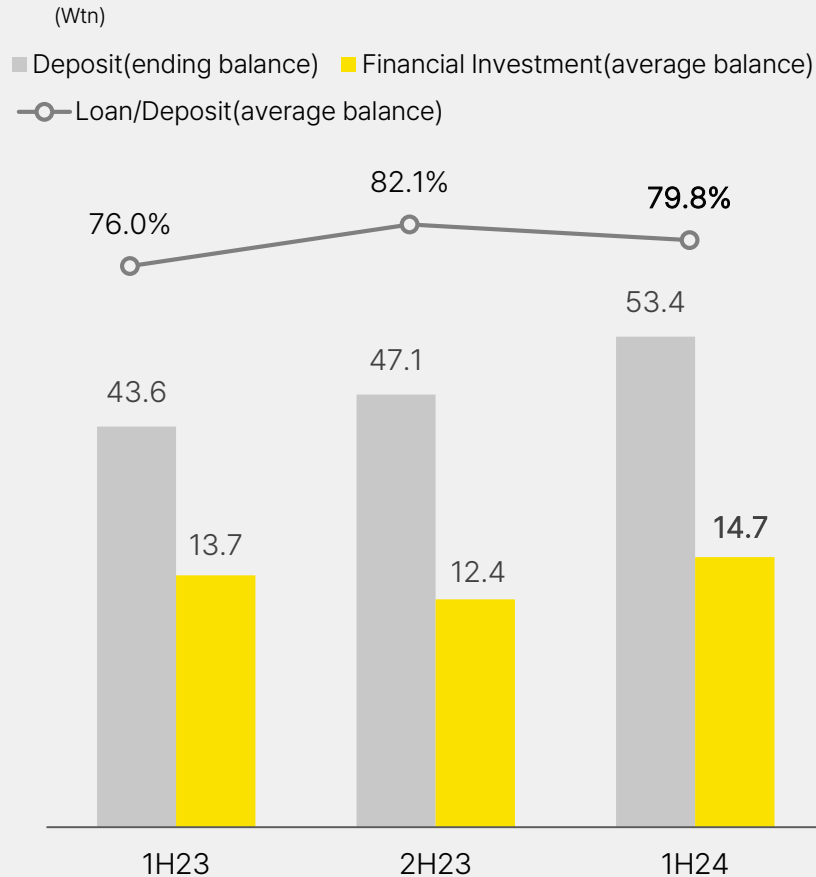
- Simple search to find suitable interest-subsidized loans based on borrowers region/industry/business experience
- Enhanced rate competitiveness and product line-up
- 7 out of total 17 regions launched and additional 5 regions upcoming

- Expanded coverage by launching interest-subsidized loan within guaranteed loan in 2Q24
- Higher growth potential with region and institution coverage expansion
- Online SOHO secured loan product launch planned in 2025

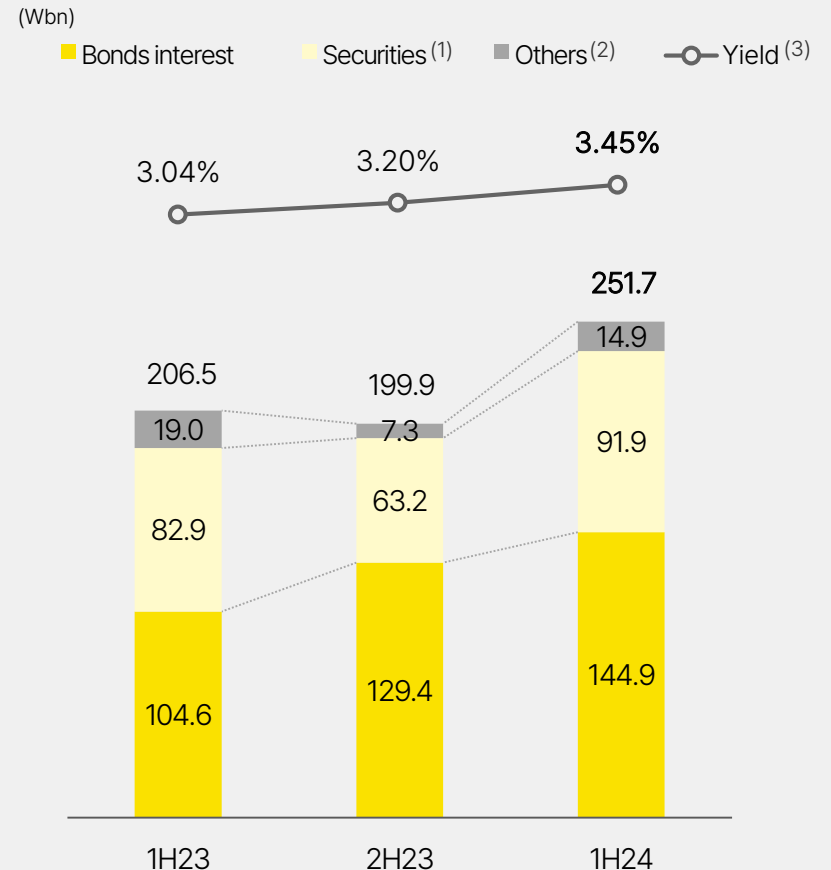
Note: (1) Based on yearly provision of subsidized loan for KakaoBank entered regions / Total yearly provision of subsidized loan by Korea Federation of Credit Guarantee Foundations (2024 estimated loan size 5.1Wtn)

1H24 profit on financial investment YoY +22% recording W251.7bn through expanded investment

Financial Investment Trend



Financial Investment Income & Yield



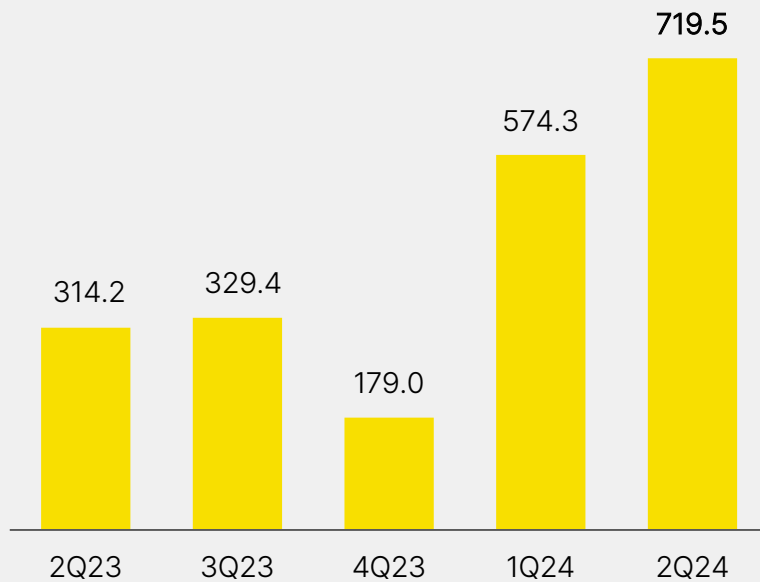
Note: (1) Securities: Fund(including MMF) and gain on bond sales
 (2) Others: Call, RP, due from financial institutions, etc.
 (3) Annualized yield

Enhanced loan platform business model through credit loan comparison service launch in Dec 2023
 Credit loan comparison execution value increased YoY +129%, QoQ +25%, No. of loans executed YoY +115%, QoQ +17%

Credit Loan Comparison Execution Value

(Wbn)

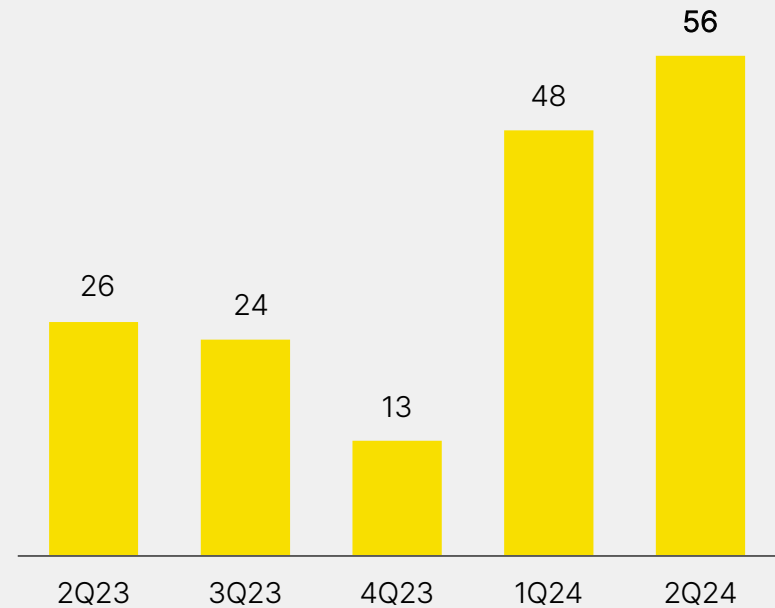
YoY
 +129%



Credit Loan Comparison No. of loans executed

(k)

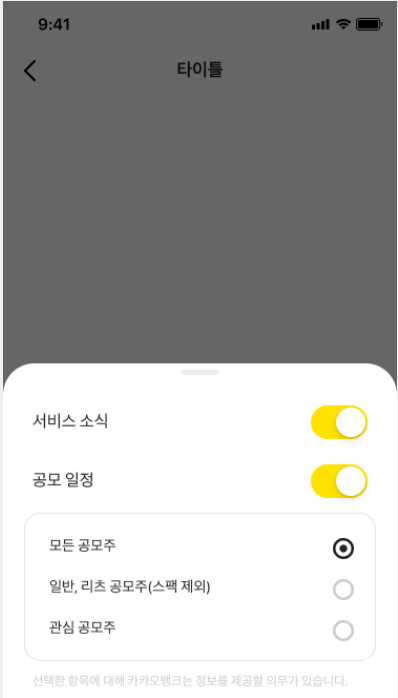
YoY
 +115%



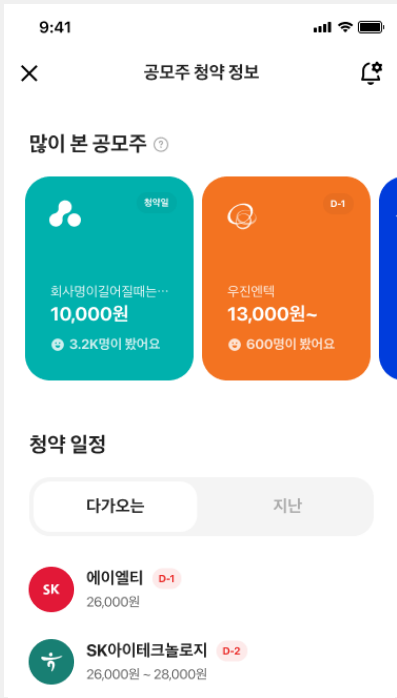
IPO investment service, launched in July, connects all necessary processes for IPO investment including schedule inquiry to account opening, making it easy for beginners

IPO Notification and Schedule Inquiry Service

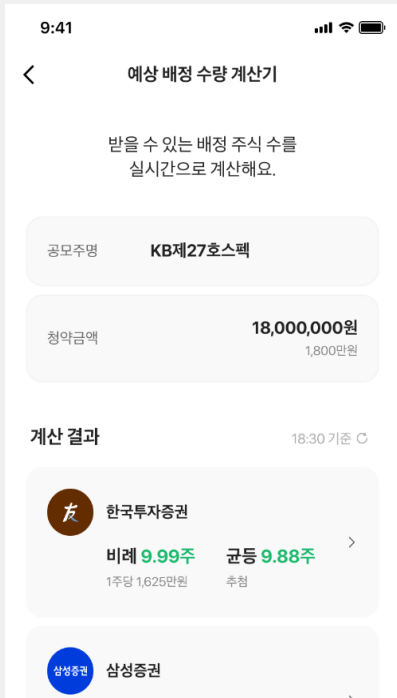
Calculating Expected Shares and Easy Subscription



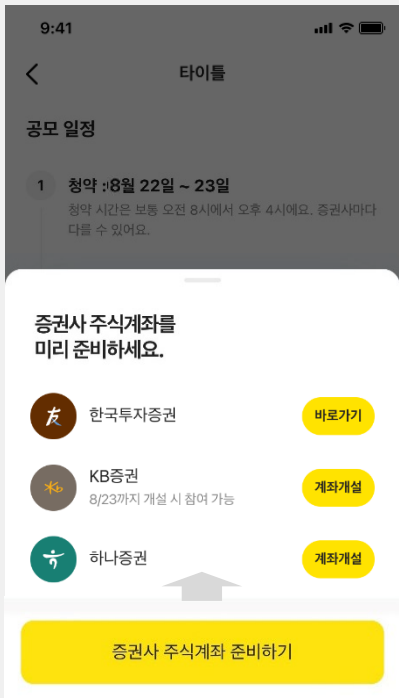
Set alarm to get notification of new IPO information



Check IPO schedule and recent IPO trends



Calculate expected no. of shares based on competition and subscription amount

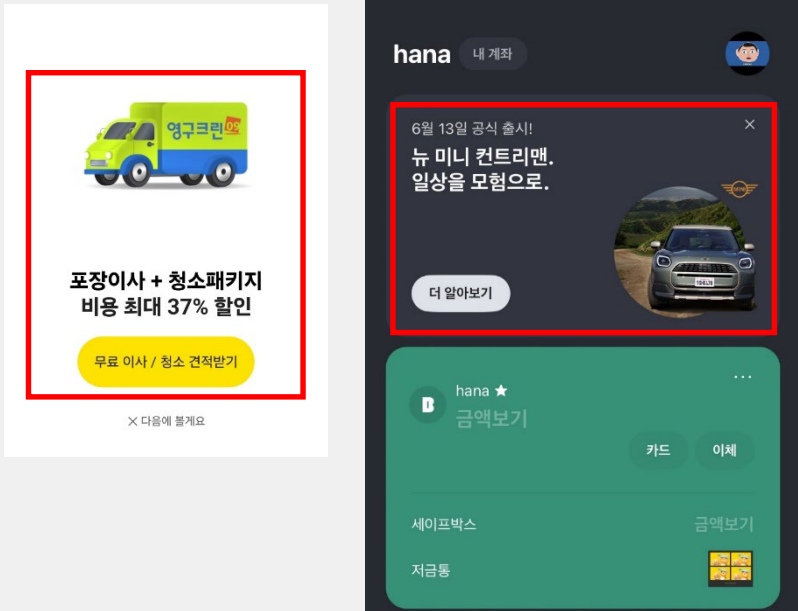


Check existing account or create new account to proceed subscription

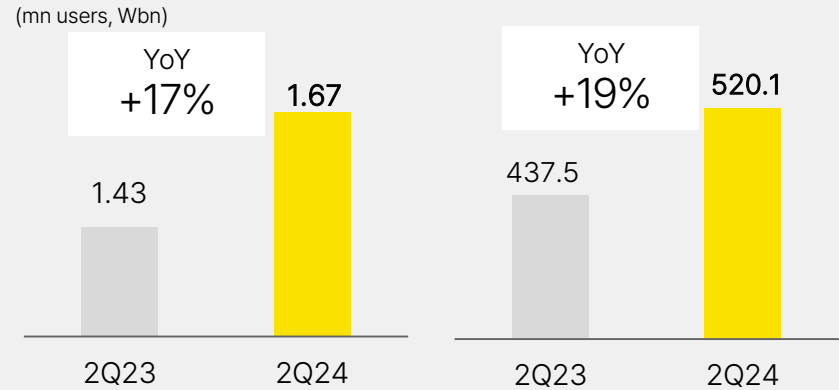
Expanded ad business with new ad inventory to maximize efficiency and continuous inflow of new advertisers; 'mini', with an unrivaled user base, strengthened the role as a financial platform for teenagers

Targeted Ads and Ads Revenue

- Mortgage loan customers → Show housing related ads
- High ad efficiency attracting new advertisers
- Ad business recorded 13% of total platform revenue



mini Users and mini Card Transaction⁽¹⁾



mini 26 days Savings Partnership



- Highest partnership event performance ⁽²⁾
 - 45k new teenage users with 40k users making their first payment
- Launched various teenager targeted products with new partners
 - 1H24 partners : Samsung Electronics, Olive Young, Lotte World

Note: (1) Quarterly aggregated mini card transaction
 (2) Olive young partnership and event period : 31st May 2024 ~ 6th June 2024

Expanded line-up of benefit based services, including Brand Coupon, Telecom Expense Saving, Rewarded Ads to enhance customer engagement; App home screen renewal in August to allow easy view of all benefit based service



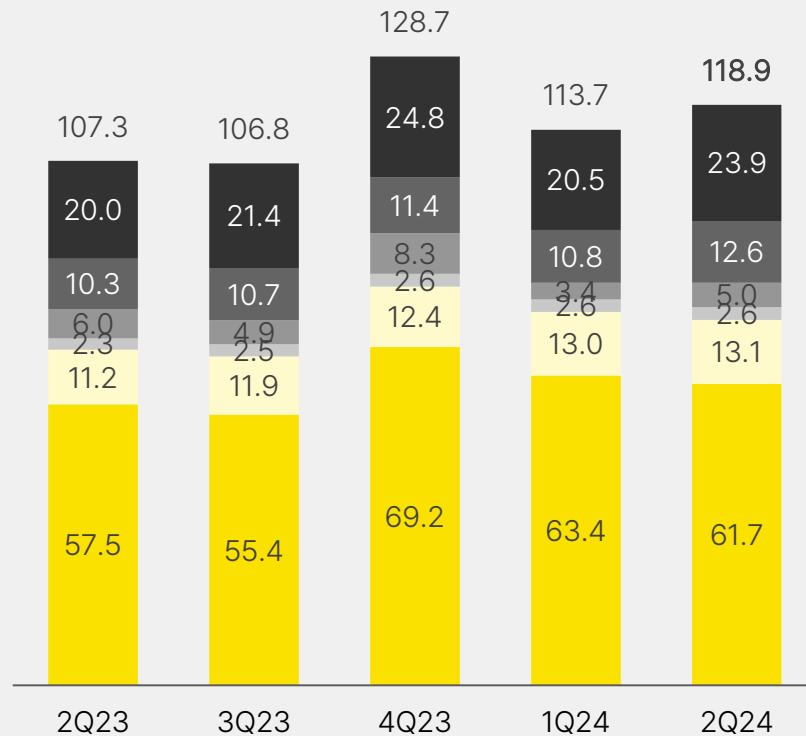
VI. SG&A and CIR

SG&A increased YoY +11% from higher advertisement expense related to new product & service promotion;
CIR improved significantly as profit expanded

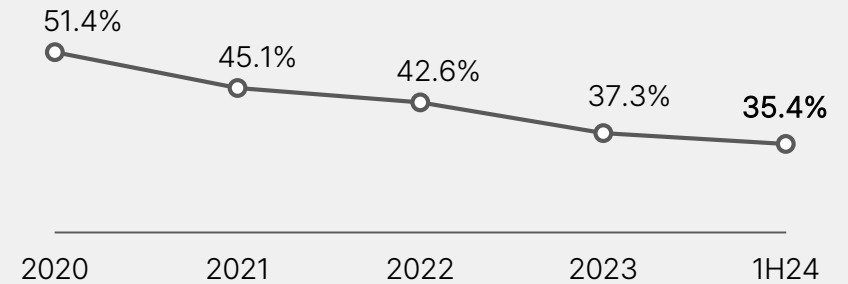
SG&A

(Wbn)

- Labor
- D&A
- Rent
- Advertisement
- IT Expense
- Others

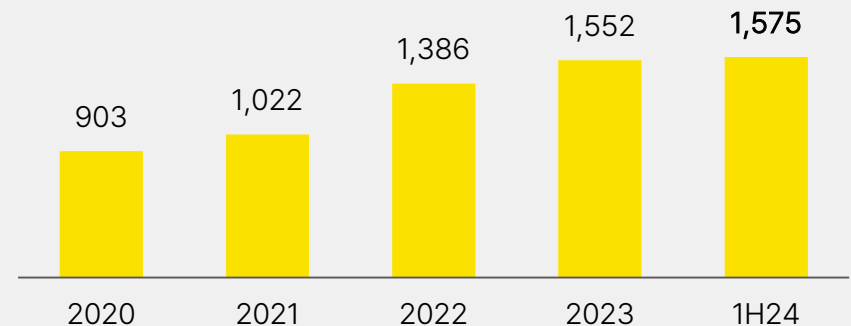


CIR(Cost to Income Ratio)⁽¹⁾



Number of Employees

(persons)



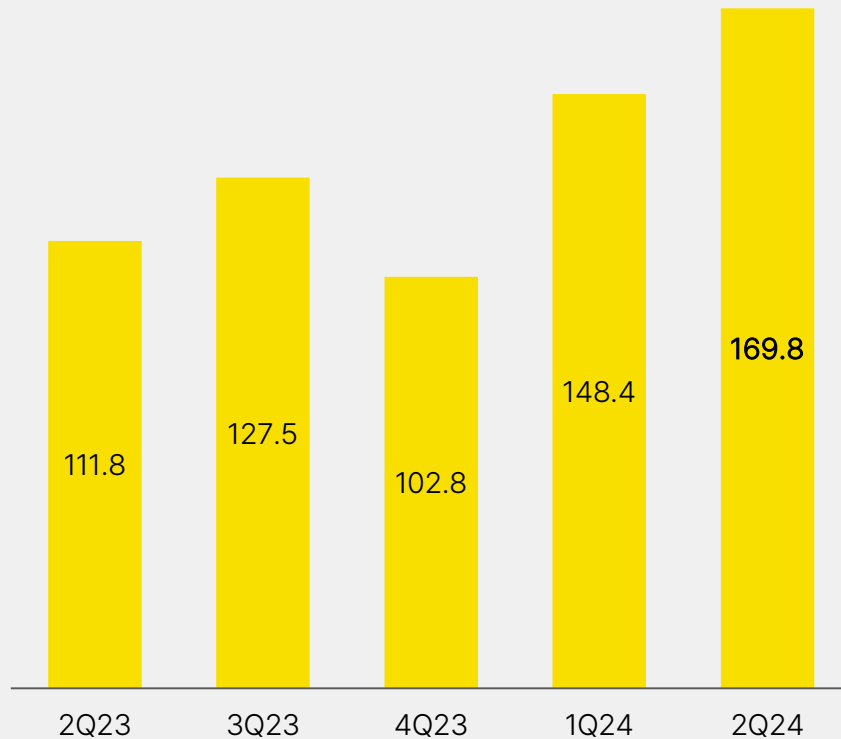
Note: (1) Yearly cumulative bases

VII. Operating profit and ROE, ROA

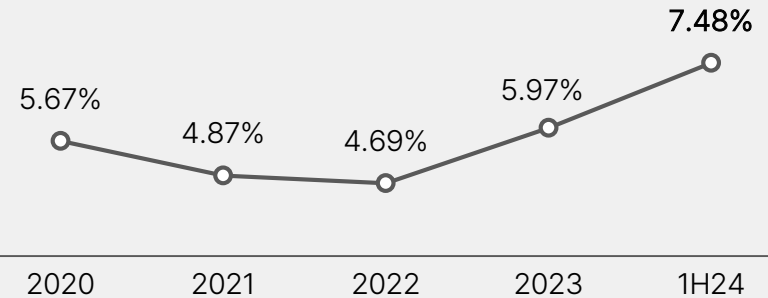
Operating profit increased YoY +52%, QoQ +14% thanks to interest revenue expansion;
ROE and ROA continues to improve along with profit expansion

Operating Profit

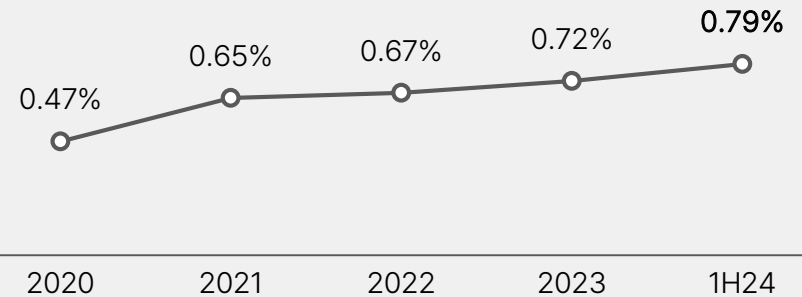
(Wbn)



ROE⁽¹⁾



ROA⁽¹⁾

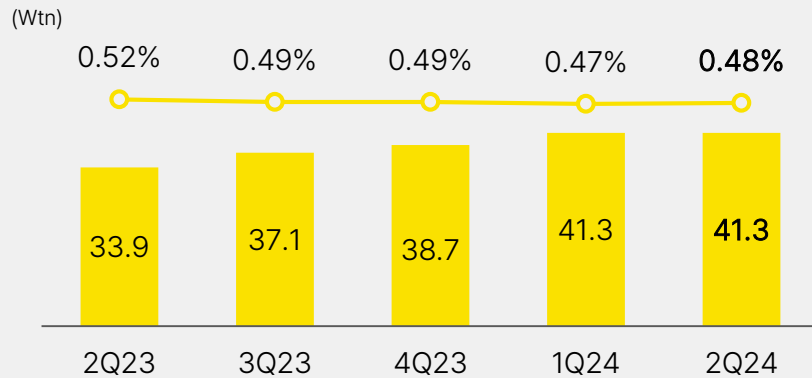


Note: (1) Financial Supervisory Service(FSS) Standard

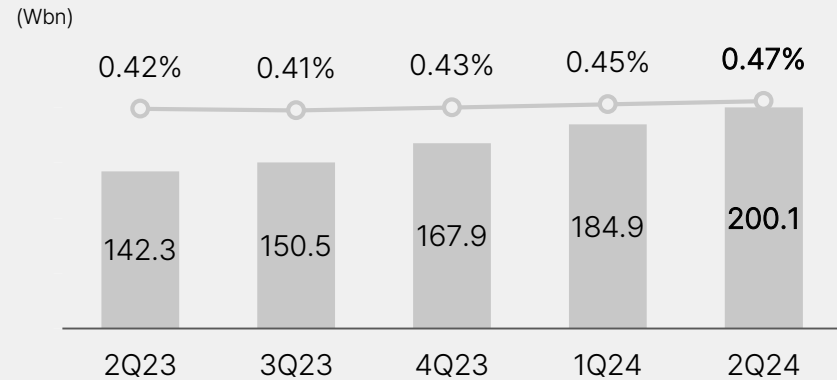
VIII. Asset Quality

Delinquency rate increased QoQ +1bp at 0.48% thanks to stable risk management;
Credit cost down QoQ -7bp at 0.53% owing to stable portfolio expansion

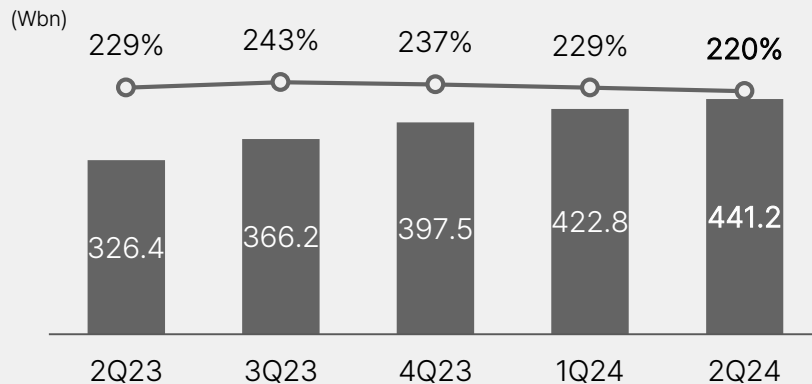
Total Loans & Delinquency Rate



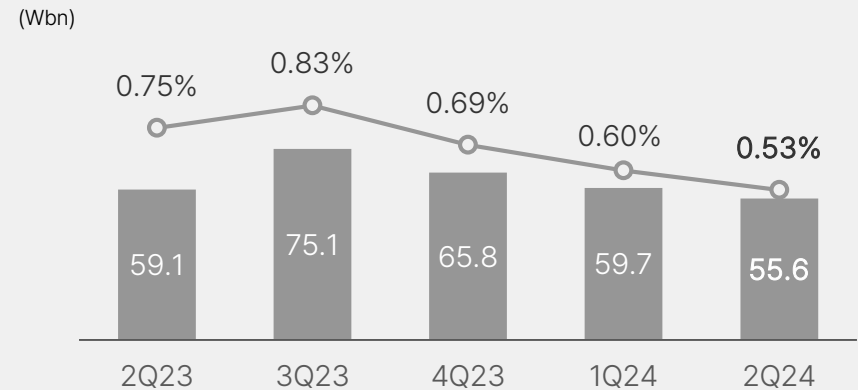
SBL & NPL Ratio



Loan Loss Allowance & Coverage Ratio⁽¹⁾



Provisioning & Credit Cost Ratio⁽²⁾

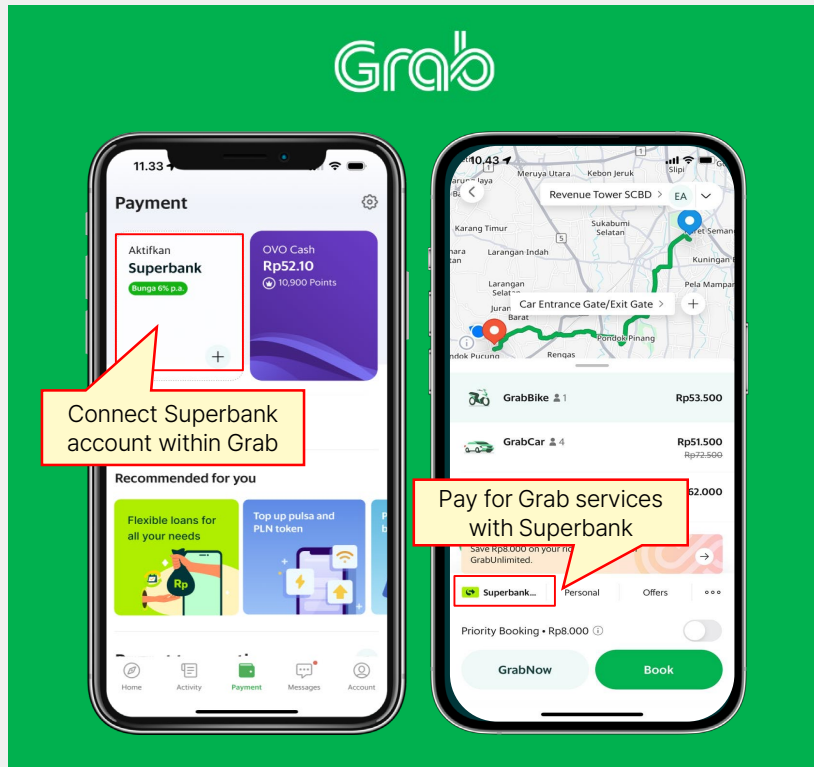


Note: (1) NPL coverage ratio = Loan loss allowance / Substandard or below loans
(2) Credit Cost Ratio = Provision for credit losses / Average balance of total outstanding credits

Indonesia Superbank achieved 800k customers in one month since June launch; Seeking growth based on differentiated product & service and Grab ecosystem allowing account opening and payment via Grab app

Grab Ecosystem Integration

Connecting Superbank account for Grab app payment; Direct Payment for Grab services such as Grab taxi, Grab delivery via Superbank



Superbank Product & Service

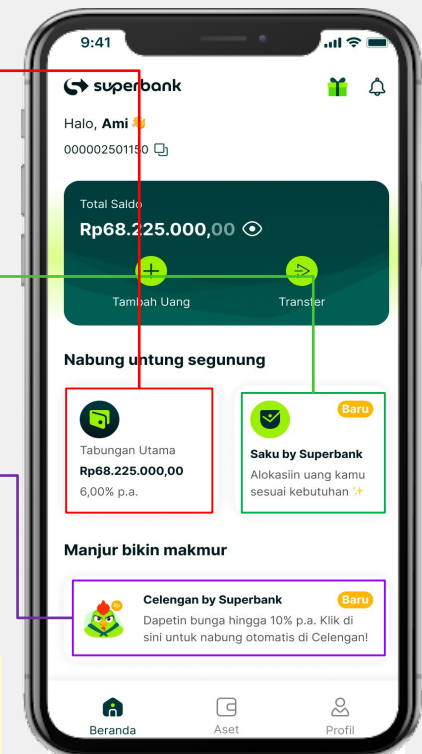
Differentiated product line-up including 'Celengan' a product adopting KakaoBank's piggy bank concept that automatically saves spare change

Primary Account
Superbank default account

Pocket Account
Up to 8 pocket accounts that can be created and categorized for different purposes

Celengan (Piggy bank)
AI piggy bank saving small daily spare change automatically

Collaborating with KakaoBank to bring innovative product & service offering



IX. Appendix : Income Statement

| (Wbn) | 2Q24 | 2Q23 | YoY | | 1Q24 | QoQ | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Income Statement | | | | | | | |
| Operating Revenue | 734.1 | 613.3 | 120.8 | 19.7% | 717.9 | 16.2 | 2.3% |
| Interest Revenue | 598.8 | 494.6 | 104.2 | 21.1% | 582.3 | 16.5 | 2.8% |
| Fee Revenue | 49.0 | 47.9 | 1.1 | 2.3% | 50.2 | -1.2 | -2.4% |
| Platform Revenue | 21.4 | 18.0 | 3.4 | 18.9% | 21.1 | 0.3 | 1.4% |
| Others | 64.9 | 52.8 | 12.1 | 22.9% | 64.3 | 0.6 | 0.9% |
| Operating Expense | 508.8 | 442.9 | 65.9 | 14.9% | 512.0 | -3.2 | -0.6% |
| Interest Expense | 284.1 | 240.4 | 43.7 | 18.2% | 281.2 | 2.9 | 1.0% |
| Loan & Deposit related Expense ⁽¹⁾ | 8.4 | 6.7 | 1.7 | 25.4% | 6.5 | 1.9 | 29.2% |
| Fee & Platform Expense | 45.2 | 44.8 | 0.4 | 0.9% | 45.8 | -0.6 | -1.3% |
| CD/ATM Expense | 16.3 | 16.2 | 0.1 | 0.6% | 16.7 | -0.4 | -2.4% |
| SG&A | 118.9 | 107.3 | 11.6 | 10.8% | 113.7 | 5.2 | 4.6% |
| Others | 35.9 | 27.5 | 8.4 | 30.5% | 48.1 | -12.2 | -25.4% |
| Provision for Credit Cost | 55.5 | 58.6 | -3.1 | -5.3% | 57.5 | -2.0 | -3.5% |
| Operating Profit | 169.8 | 111.8 | 58.0 | 51.9% | 148.4 | 21.4 | 14.4% |
| <i>% Operating Revenue</i> | 23.1% | 18.2% | | 4.9%p | 20.7% | | 2.4%p |
| Non-operating Income | 1.6 | 0.2 | 1.4 | 700.0% | 1.5 | 0.1 | 6.7% |
| Non-operating Expense | 11.3 | 3.7 | 7.6 | 205.4% | 2.0 | 9.3 | 465.0% |
| Pre-tax Profit | 160.1 | 108.3 | 51.8 | 47.8% | 147.9 | 12.2 | 8.2% |
| Net Profit | 120.2 | 82.0 | 38.2 | 46.6% | 111.2 | 9.0 | 8.1% |
| <i>% Operating Revenue</i> | 16.4% | 13.4 | | 3.0%p | 15.5% | | 0.9%p |

Note: (1) Mortgage loan related commissions, credit fund fee, commission related to debt recovery and delegation

IX. Appendix : SG&A

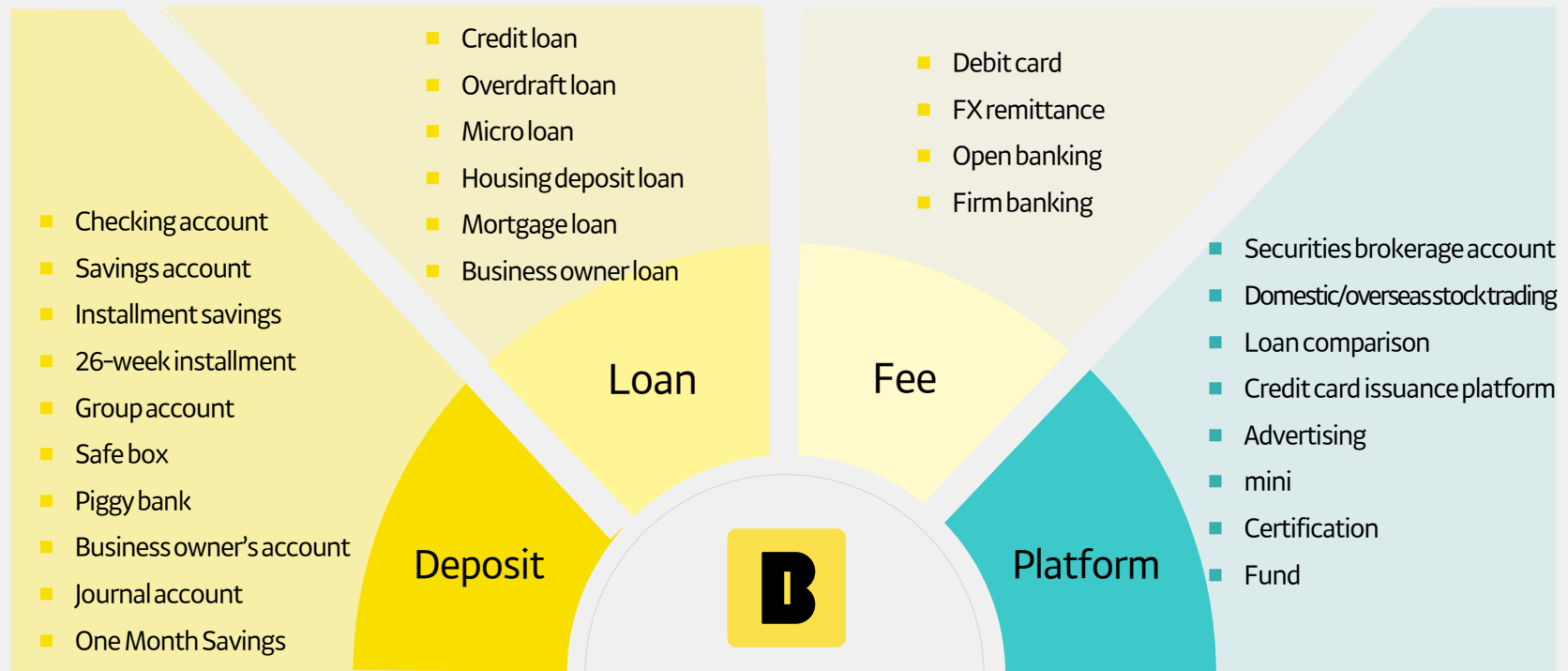
| (Wbn) | 2Q24 | 2Q23 | | YoY | 1Q24 | QoQ | |
|-----------------|--------------|--------------|-------------|--------------|--------------|------------|-------------|
| SG&A | 118.9 | 107.3 | 11.6 | 10.8% | 113.7 | 5.2 | 4.6% |
| Labor Cost | 61.7 | 57.5 | 4.2 | 7.3% | 63.4 | -1.7 | -2.7% |
| D&A | 13.1 | 11.2 | 1.9 | 17.0% | 13.0 | 0.1 | 0.8% |
| IT Expense | 12.6 | 10.3 | 2.3 | 22.3% | 10.8 | 1.8 | 16.7% |
| Rent | 2.6 | 2.3 | 0.3 | 13.0% | 2.6 | 0.0 | 0.0% |
| Advertisement | 5.0 | 6.0 | -1.0 | -16.7% | 3.4 | 1.6 | 47.1% |
| Others | 23.9 | 20.0 | 3.9 | 19.5% | 20.5 | 3.4 | 16.6% |

IX. Appendix : Balance Sheet

| (Wbn) | 2024.06 | 2023.12 | YTD | 2023.06 | YoY |
|---|-----------------|-----------------|--------------|-----------------|--------------|
| Balance Sheet | | | | | |
| Total Asset | 61,030.4 | 54,488.2 | 12.0% | 50,527.0 | 20.8% |
| Cash & Cash Equivalent | 2,598.3 | 2,733.2 | -4.9% | 2,651.9 | -2.0% |
| Financial assets at FV through profit or loss | 3,907.2 | 2,554.9 | 52.9% | 3,746.3 | 4.3% |
| Financial Investments | 10,680.6 | 9,174.3 | 16.4% | 8,697.7 | 22.8% |
| Loan | 42,748.4 | 38,649.0 | 10.6% | 34,431.1 | 24.2% |
| Tangible Assets | 177.4 | 180.8 | -1.9% | 166.6 | 6.5% |
| Intangible Assets | 36.1 | 34.2 | 5.6% | 33.3 | 8.4% |
| Other Assets | 882.4 | 1,161.8 | -24.0% | 800.1 | 10.3% |
| Total Liabilities | 54,741.0 | 48,370.5 | 13.2% | 44,648.9 | 22.6% |
| Deposit | 53,444.6 | 47,142.8 | 13.4% | 43,611.1 | 22.5% |
| Provision Liability | 54.5 | 56.1 | -2.9% | 41.0 | 32.9% |
| Other Liabilities | 1,241.9 | 1,171.6 | 6.0% | 996.8 | 24.6% |
| Total Equity | 6,289.4 | 6,117.7 | 2.8% | 5,878.1 | 7.0% |
| Share Capital | 2,384.6 | 2,384.4 | 0.0% | 2,383.8 | 0.0% |
| Capital Surplus | 2,987.6 | 2,987.5 | 0.0% | 2,986.8 | 0.0% |
| Capital Adjustments | 0.6 | 0.9 | -33.3% | -1.5 | NA |
| AOCI | 2.0 | -9.7 | NA | -74.5 | NA |
| Retained Earnings | 914.6 | 754.6 | 21.2% | 583.5 | 56.7% |

IX. Appendix : Our broad product offering

Highly expandable financial platform with banking and platform services all in one app



ALL in One App



100% Mobile



Intuitive UI/UX



User Utility