

KakaoBank

1Q 2022 Earnings Release

May 2022

kakaobank

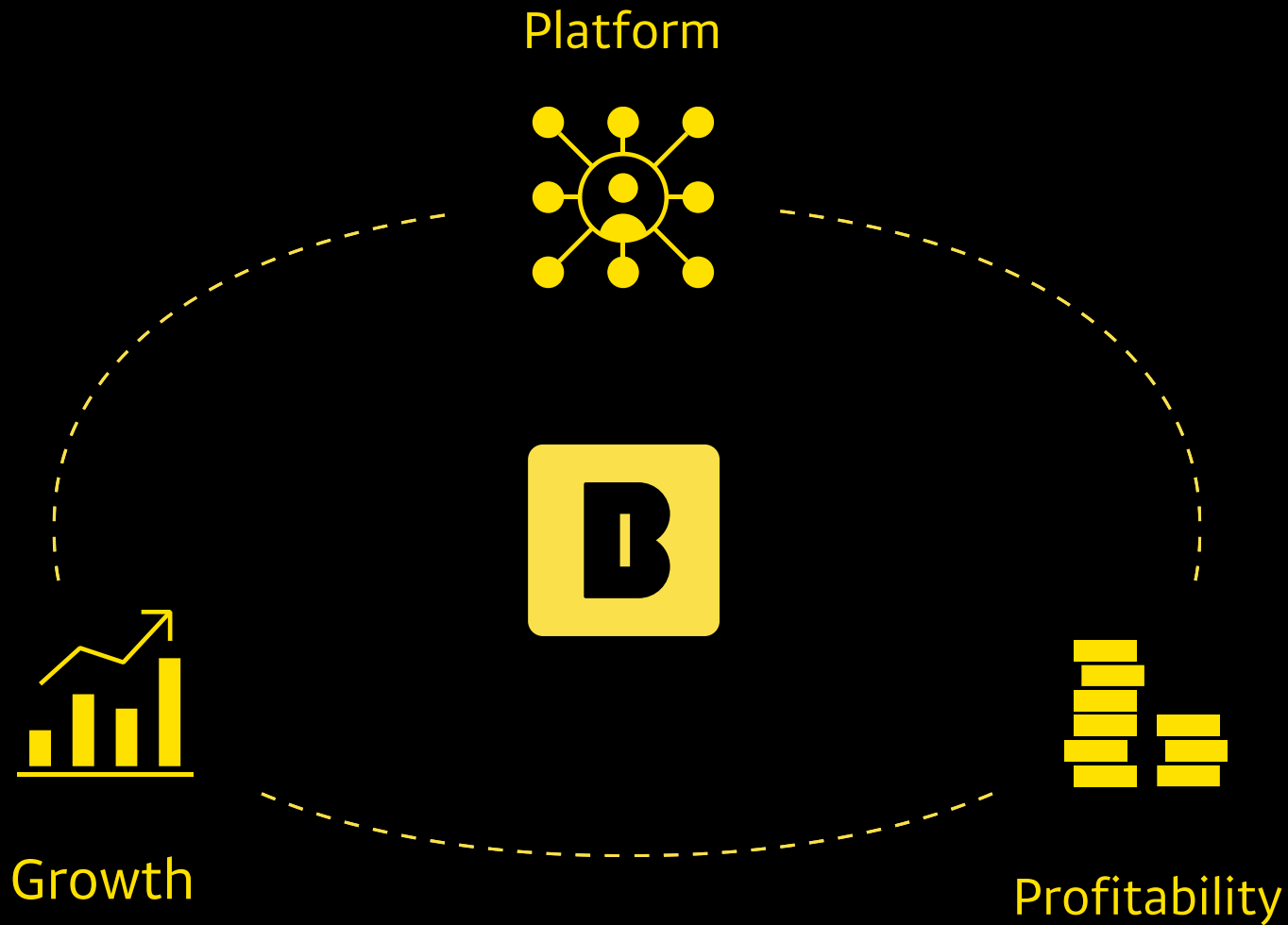
Contents

- I. 1Q22 Highlights
- II. Customer Base
- III. Operating Revenue - Interest revenue, Fee & Platform revenue
- IV. Platform Biz
- V. SG&A and CIR
- VI. Operating Profit & Net Profit
- VII. Asset Quality
- VIII. Capital Adequacy
- IX. Appendix

Disclaimer

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I. 1Q22 Highlights

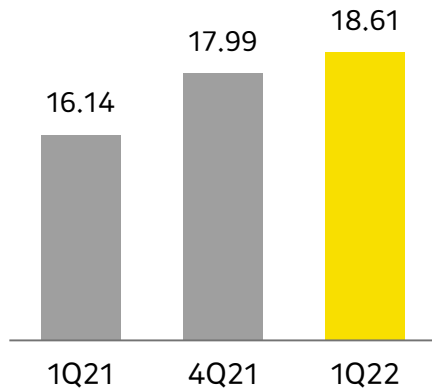
Growth

Increasing customer base

Customers
18.61mn

YoY +2.47mn customers (+15%)
QoQ +0.62mn customers (+3%)

(mn customers)



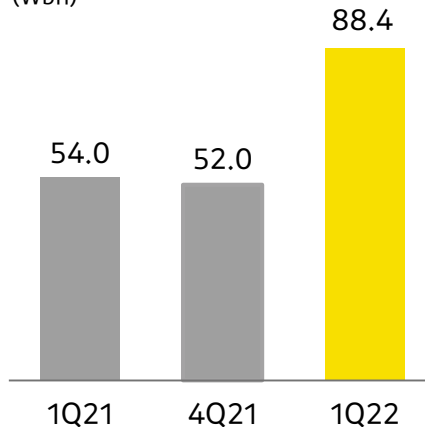
Profitability

Record-high Operating profit

W88.4bn

YoY +W34.4bn (+64%)
QoQ +W36.4bn (+70%)

(Wbn)



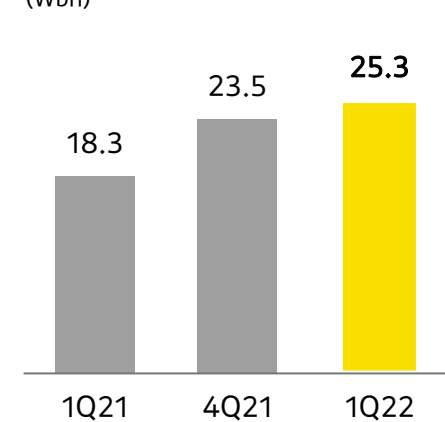
Platform

Platform revenue

W25.3bn

YoY +W7.0bn (+38%)
QoQ +W1.8bn (+8%)

(Wbn)

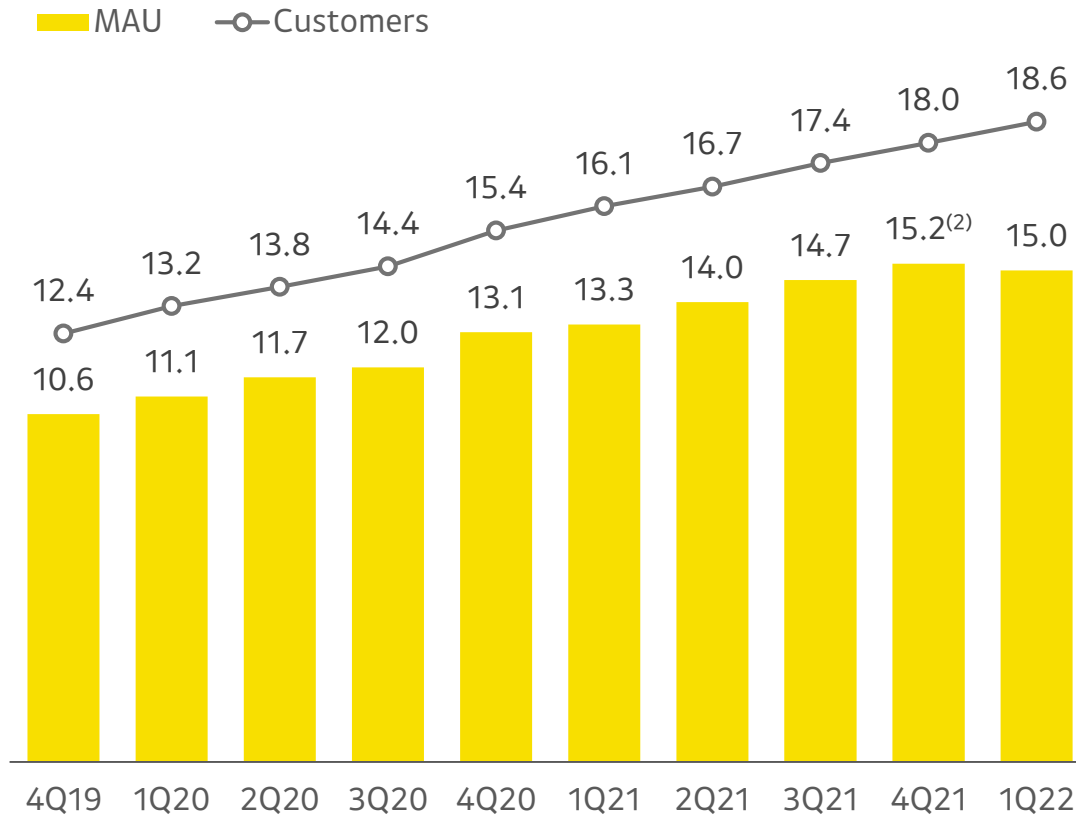


II. Customer Base - (1/3)

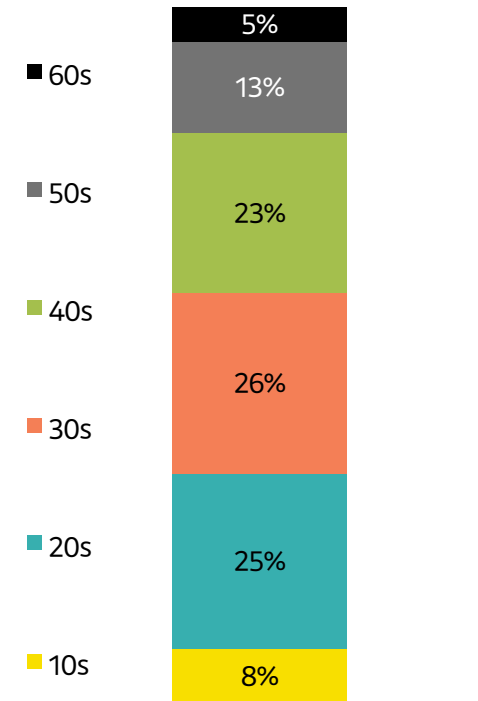
18.61mn customers, #1 banking app with 15.03mn MAU

MAU⁽¹⁾ and Customers

(mn users)



Customer portfolio by age group



Source: Nielsen Media Korea Digital Data, Company data

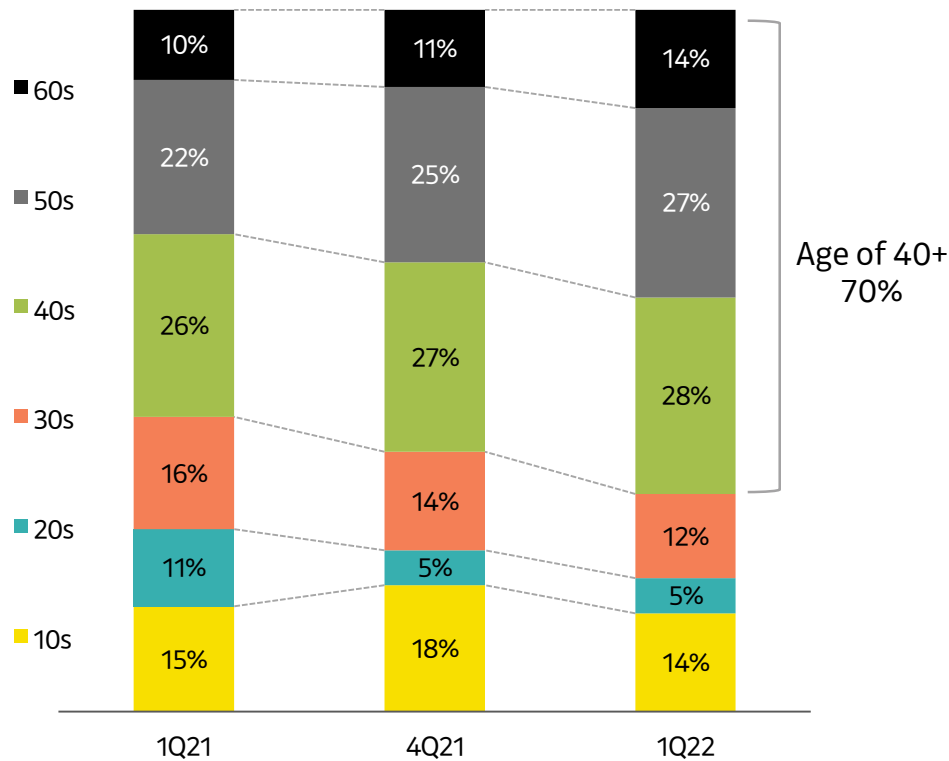
Not: (1) Quarter end MAU, (2) Company estimate due to absence of Nielsen Media Korea Digital Data figure

II. Customer Base - (2/3)

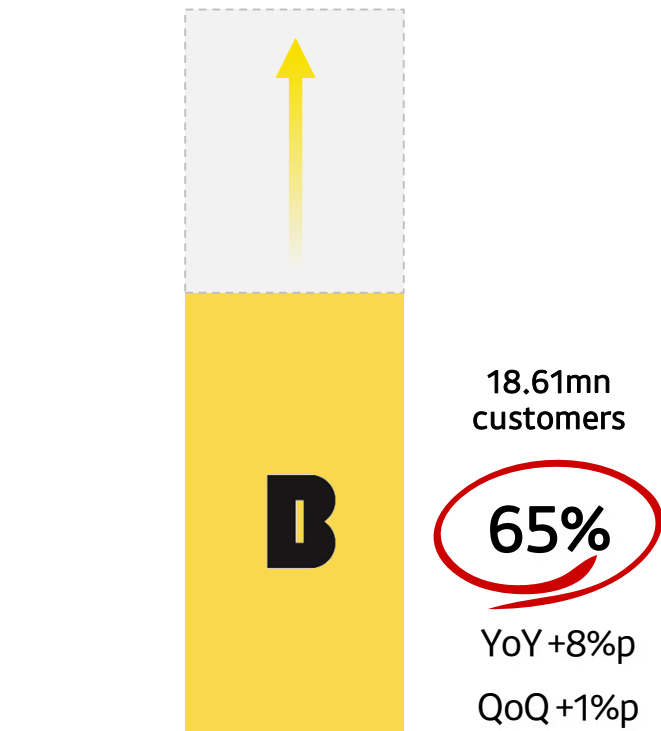
Continued growth in 2022 customers (YTD +0.62mn) thanks to solid growth in 4050 age group

Customer portfolio by age group

(mn customers)



Working population penetration⁽¹⁾



Note: (1)KOSIS (Korea working population 28.63mn as of March 2022)

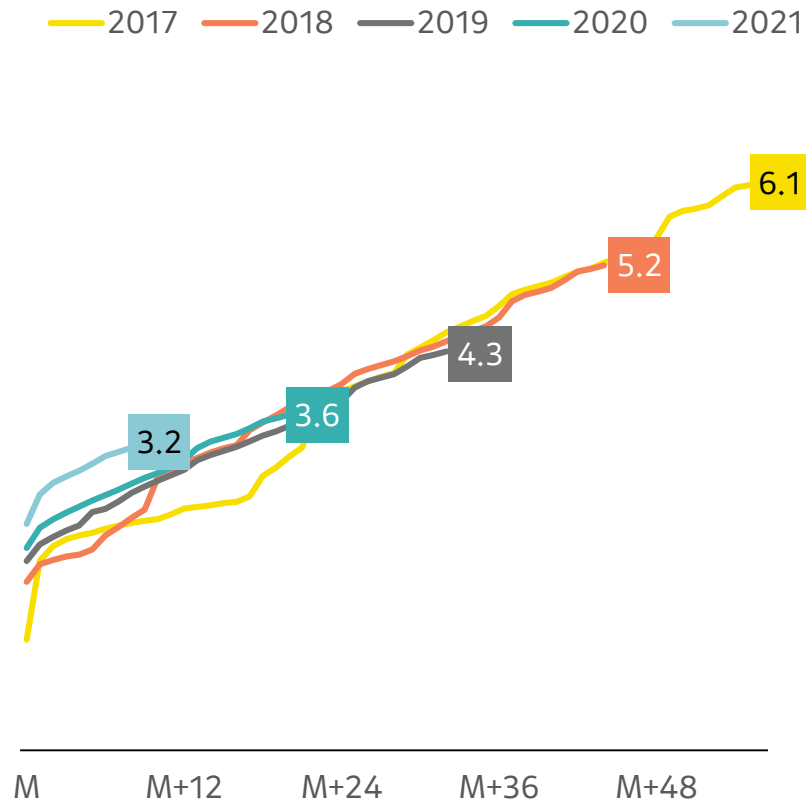
II. Customer Base - (3/3)

Increasing user engagement across all cohort

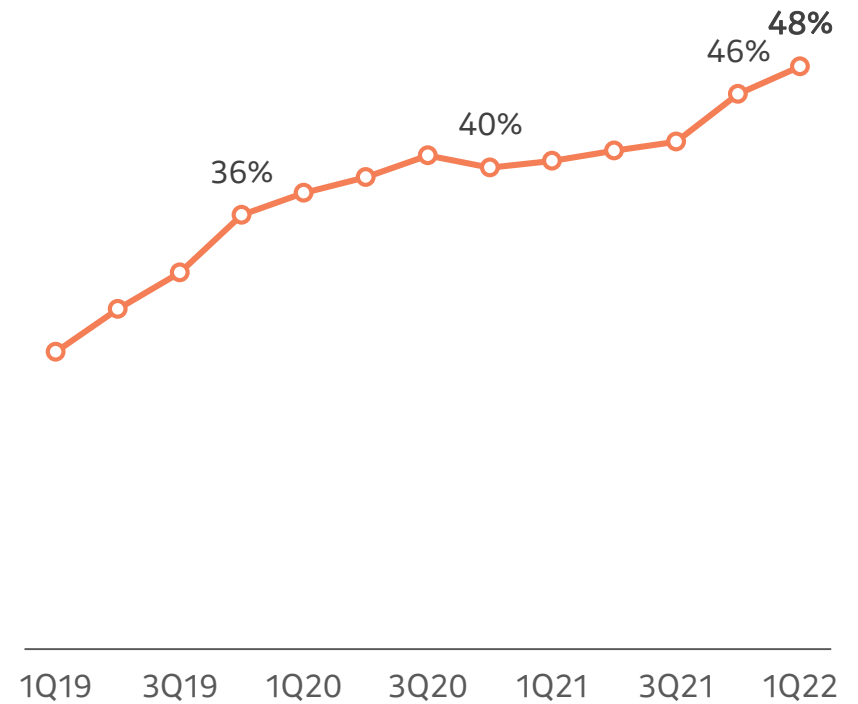
Customer lock-in into daily financial activities

of products per MAU by cohort

(mn customers)



Mobile payment-lined accounts per MAU



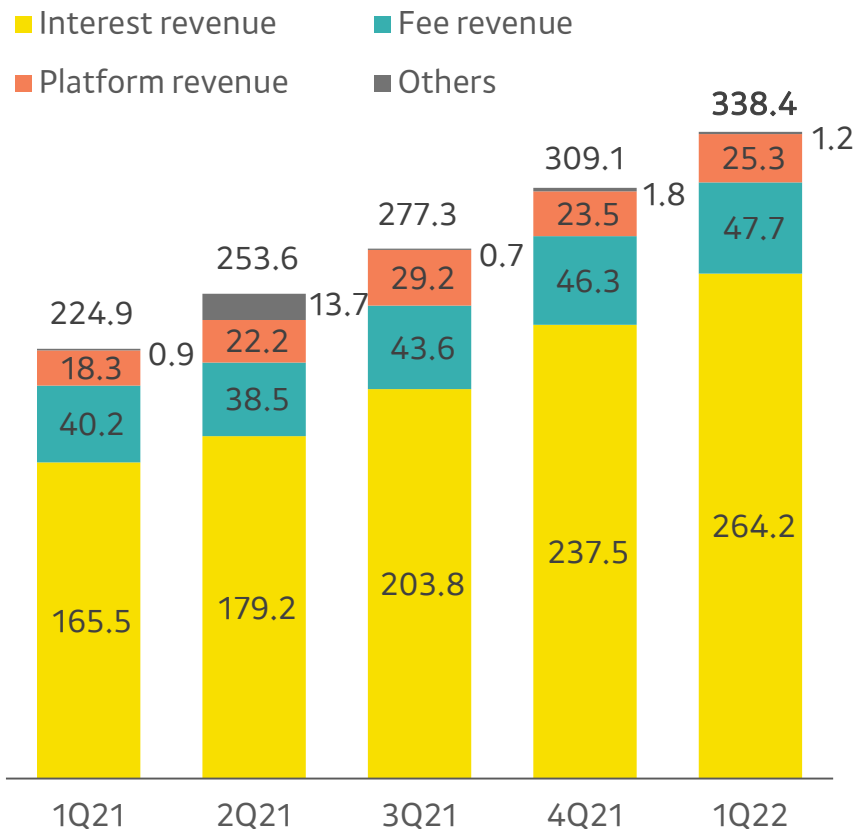
Note: (1) Number of accounts linked to mobile payments / MAU

III. Operating Revenue

Operating revenue YoY +50%, QoQ +9% thanks to solid growth from interest and platform revenue

Operating Revenue

(Wbn)



Division	Key products/services	1Q22 Contribution
Interest income	Loan interest Financial investment interest	78%
Fee income	Debit card Firm banking Open banking FX remittance	14%
Platform income	Securities account Loan referral Co-branded credit card Advertisement mini	8%
Others	Gain on FX transactions Gain on sales of loan	0%

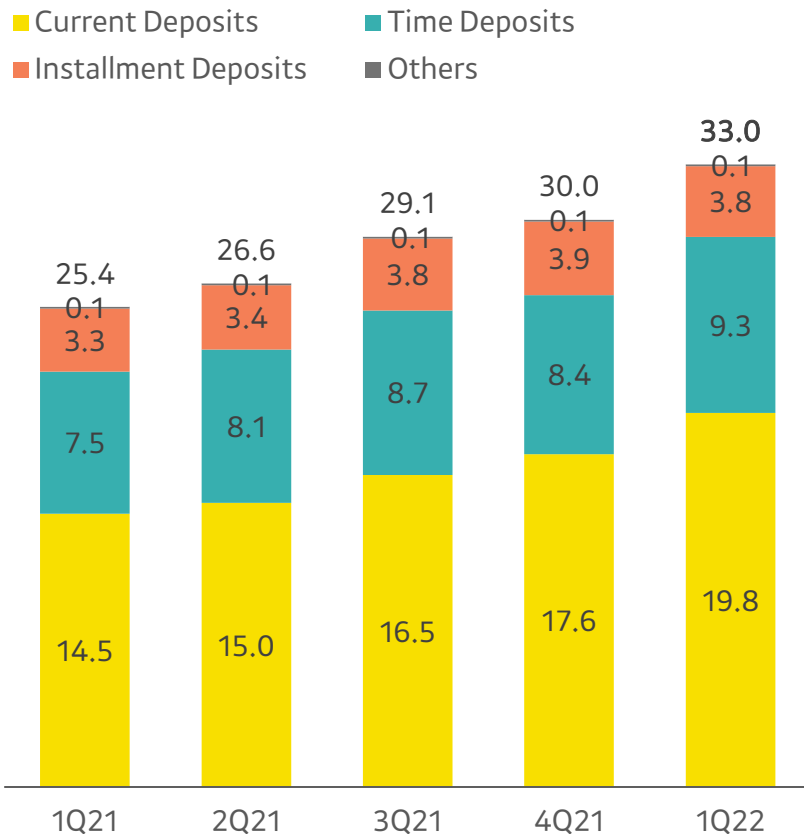
Fee+Platform = 22%

III. Interest Revenue : Deposit

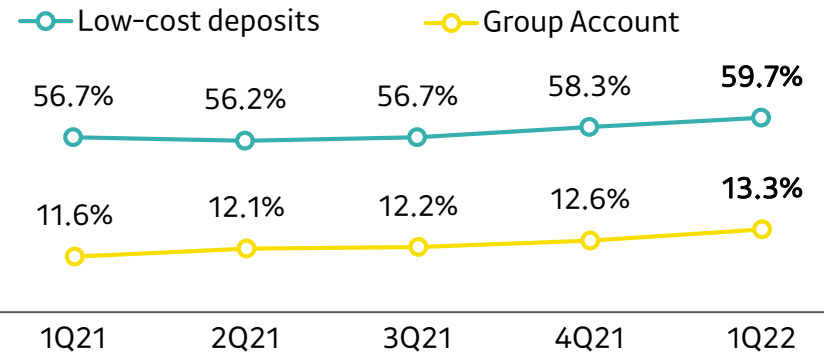
1Q22 deposit balance YoY +30%, QoQ +10%, low-cost deposits accounts for 60% of total deposit

Deposit balance trend & breakdown

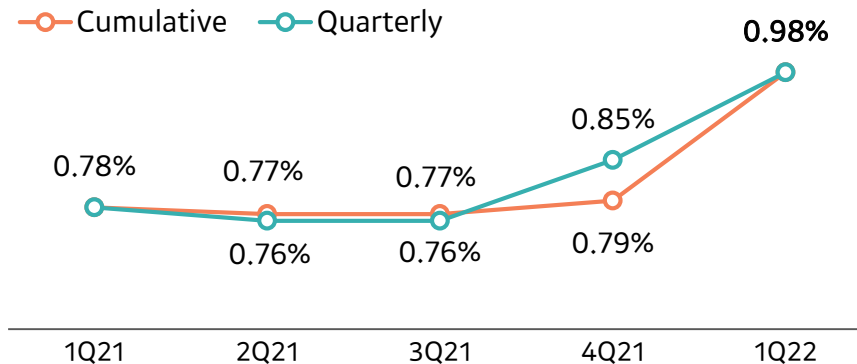
(Wtn)



Low-cost deposits⁽¹⁾/group account portion



Funding cost⁽²⁾

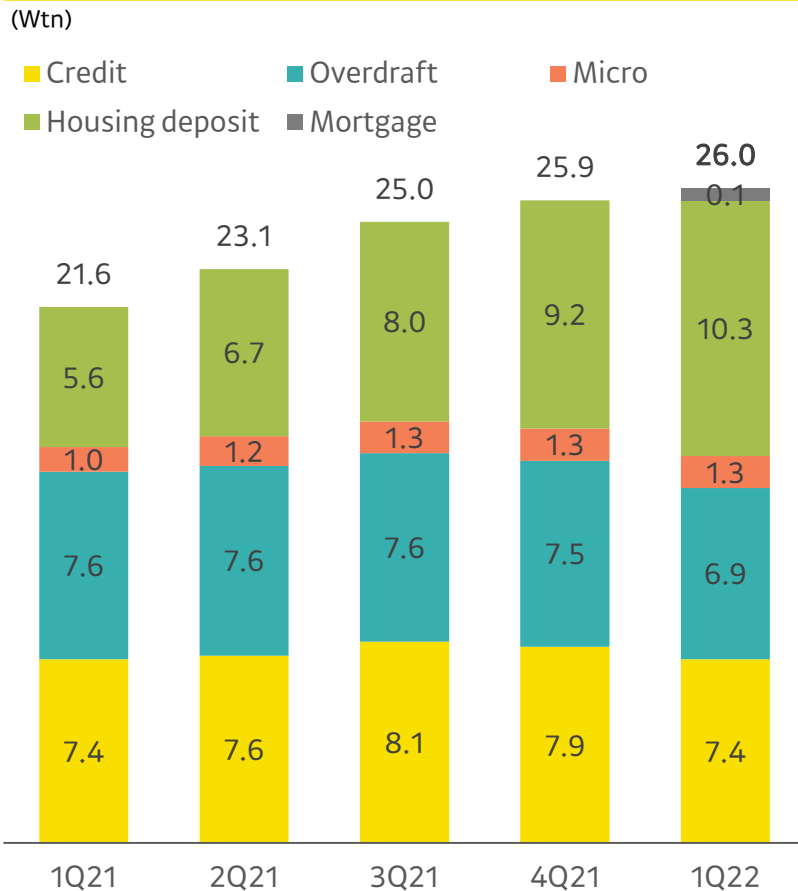


Note: (1) Low-cost deposits = checking account + safe box
 (2) based on the average interest rate of the funding

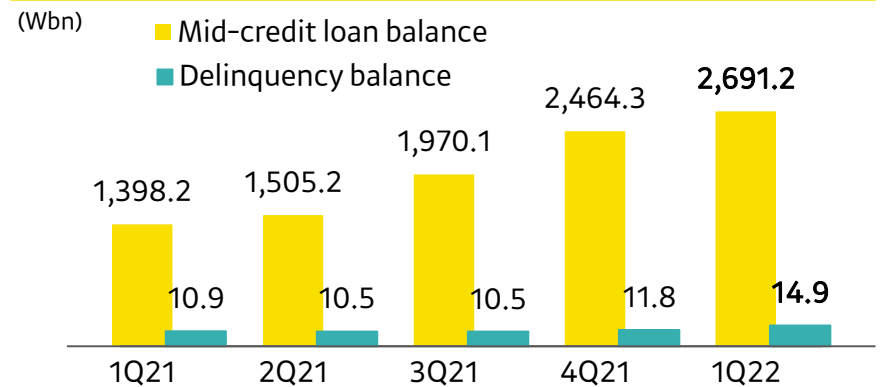
III. Interest Revenue : Loan (1/2)

1Q22 loan balance YoY +20%; Improving NIM thanks to base rate hike and mid-credit loan expansion

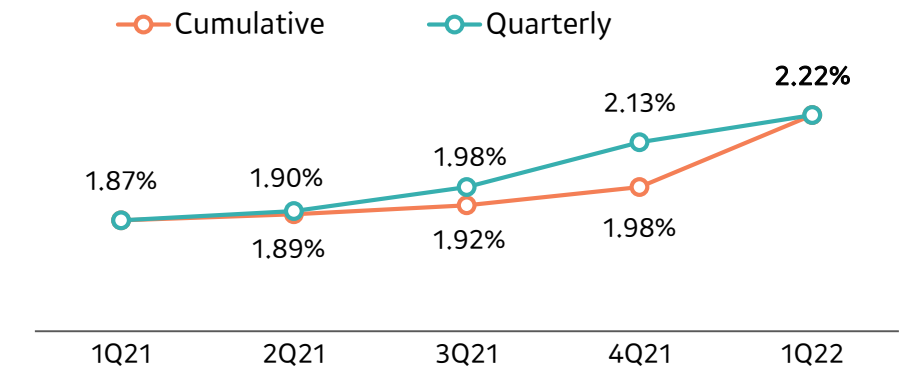
Loan balance trend & breakdown



Mid-credit loan

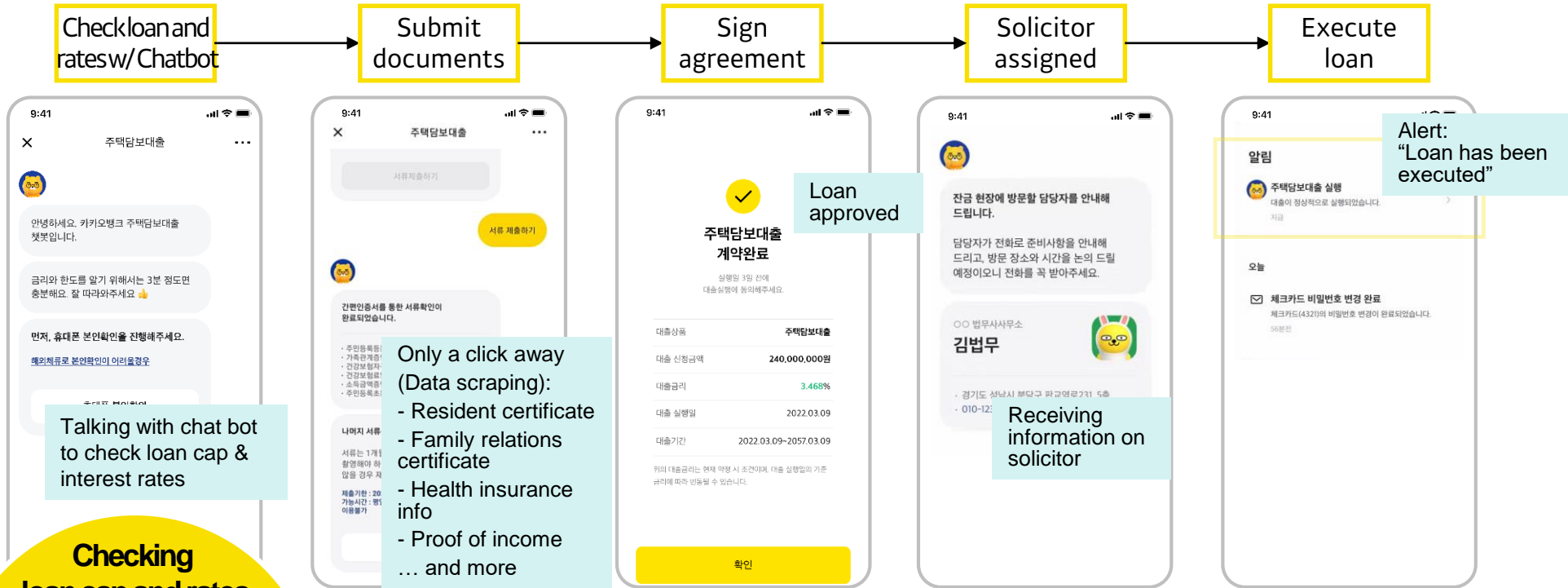


Net Interest Margin



III. Interest Revenue : Loan (2/2)

140k cumulative loan & rate checks; price-restrictions lifted on 5 April
Continued TAM expansion by servicing wider region and house-types



Checking loan cap and rates only takes...

20s	'3 "59
30s	'3 "24
40s	'3 "13
50s	'3 "50
60s ≤	'3 "50

Avg. '3 "29

- ◆ Checking loan cap & rates take **'3 "29** on average
- ◆ **39**: Average age of mortgage loan customers
- ◆ Less than **5%** requires consulting among users submitting documents through chatbot

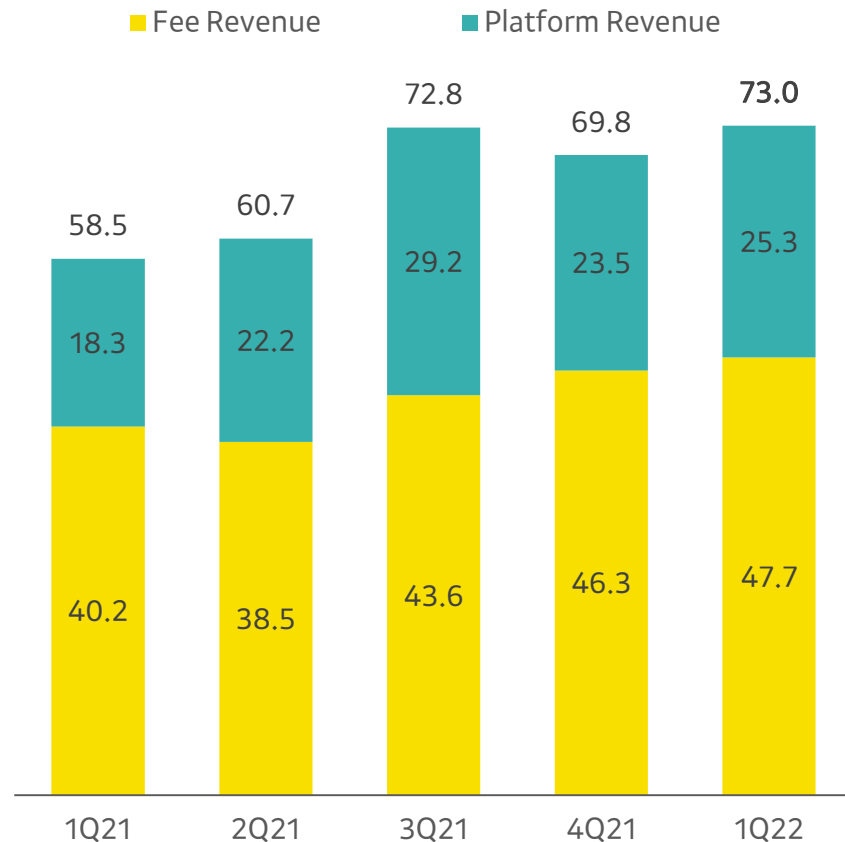
“Easy-to-use mobile mortgage loan for all age groups”

III. Fee & Platform Revenue

Platform revenue YoY +38%, QoQ +8% owing to robust securities account biz from mega IPO in 1Q

Fee & Platform Revenue

(Wbn)



Division	Key products	Details ⁽¹⁾
Fee	Debitcard	Increase in debitcard transaction value (YoY +14%)
	FX remittance	Increase in FX remittance volume (YoY +26%)
Platform	Securities account	6 partners (KB, NH, Korea Investment, Hana, Shinhan, Samsung)
	Co-branded creditcard	5 partners (Citi, Shinhan, Samsung, KB, Lotte)
	Loan referral	18 partners (9 savings bank, 7 capital co., 1 card co., 1 P2P)
	mini	1.28mn mini customers in the age of 14~18
	Advertisement	Ad partnership & inventory expansion

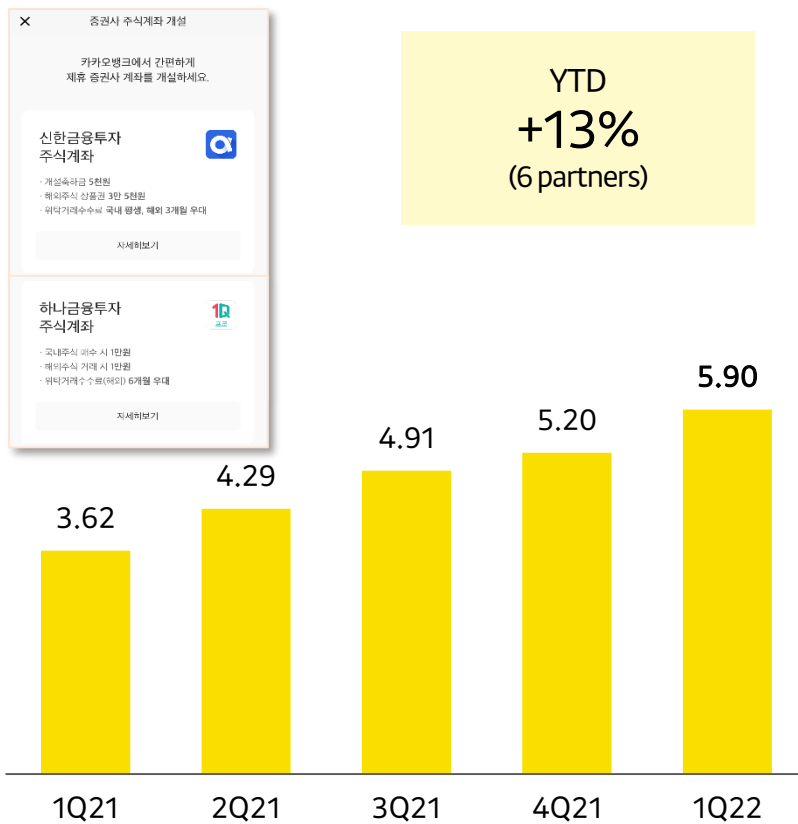
Note: (1) as of 2021

Strong QoQ growth thanks to mega IPO in 1Q

W4.6tn loans referred; Continued growth by adding more partnership

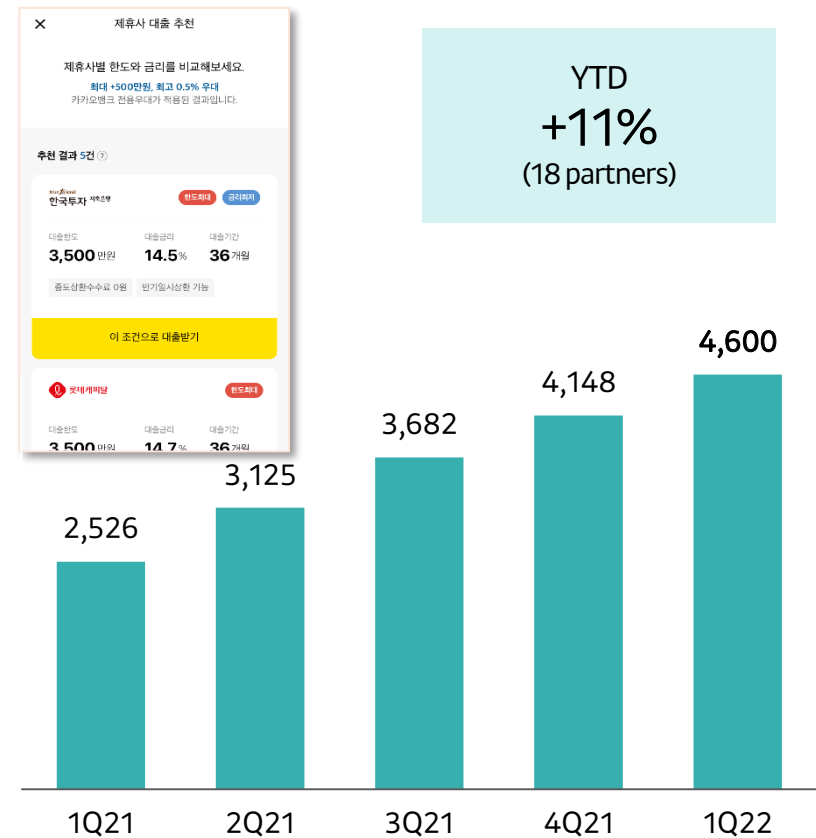
(1) Securities Brokerage Account

(mn accounts; cumulative)



(2) Loan Referral

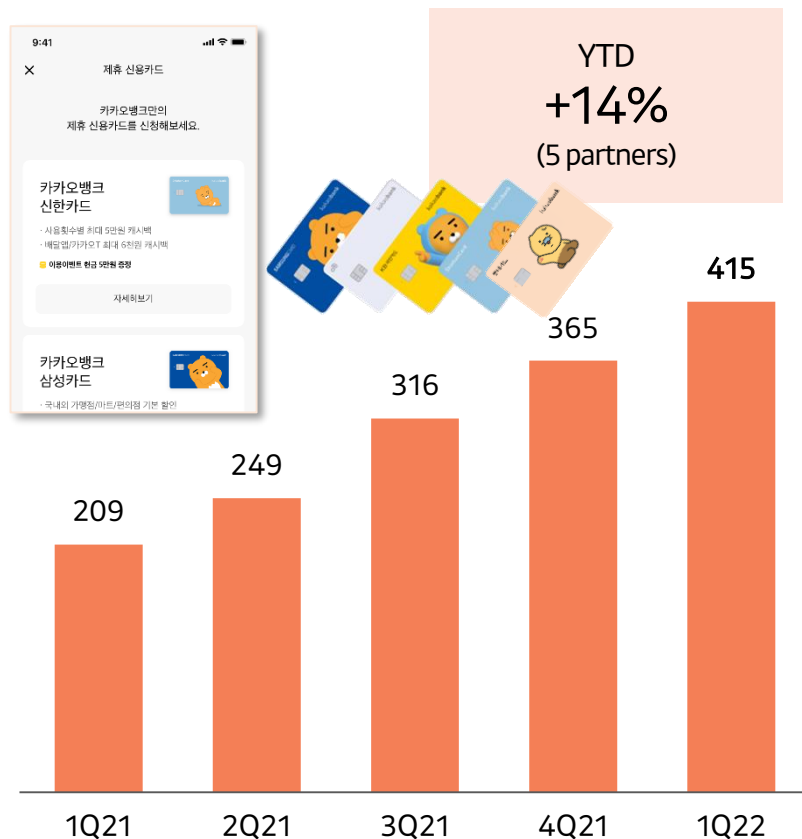
(Wbn; cumulative)



Exclusive co-branded credit cards 415K issued Various ad inventory expansion

(3) Co-branded Credit Card

('000 cards issued; cumulative)



(4) Advertisement

mini

- 무조건 지급 3,000원 할인
- 카카오뱅크 미니 3,000원
- 100% 현금
- 100% 지급 최대 1만원 당첨!

Piggy Bank

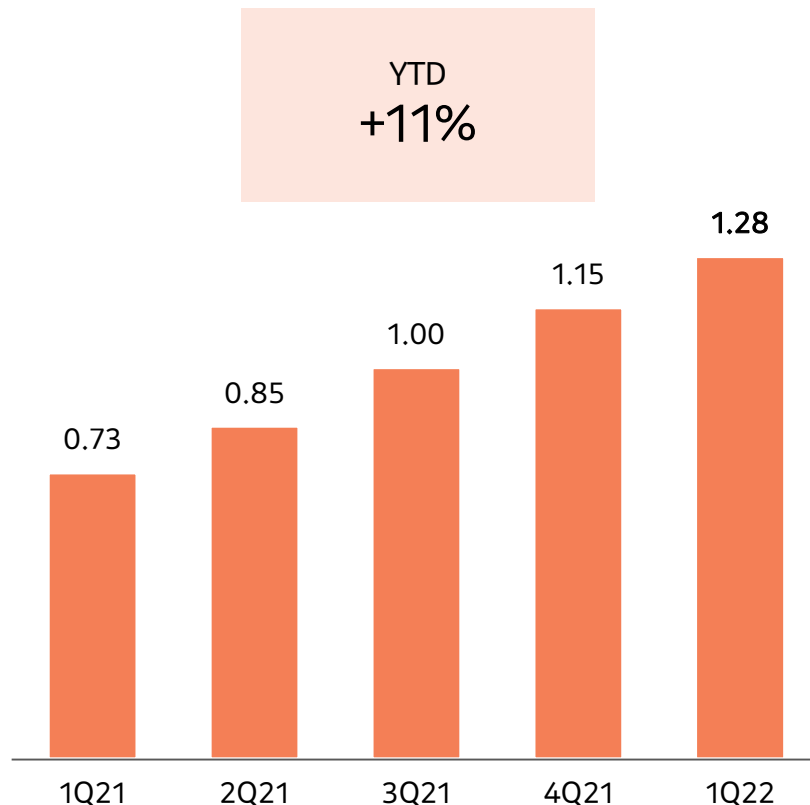
- 저금통
- 테슬라 1천원
- 1일째 이만큼 모았어요.
- 미니스탁 가입하면 해외주식 100% 증정
- 자동 모으기

IV. Platform biz - (3/3)

1.28mn mini customers in the age of 14~18 → 55% penetration in the 14~18 population
mini transaction value QoQ +17% as KakaoBank is now the primary bank for the teens

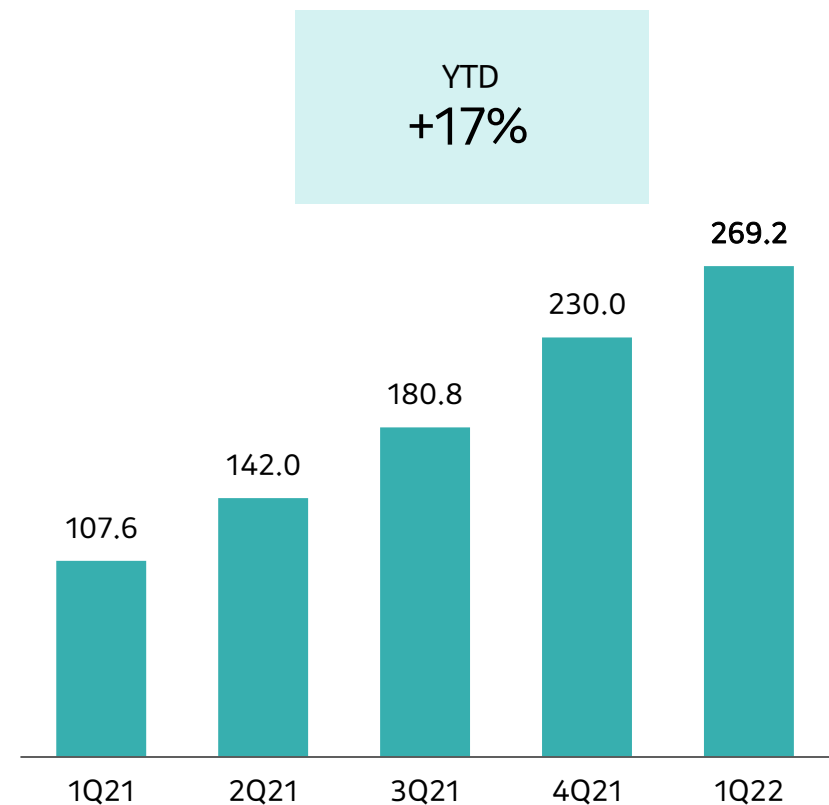
(5-1) mini customers

(mn customers; cumulative)



(5-2) mini transaction value

(Wbn; quarterly)



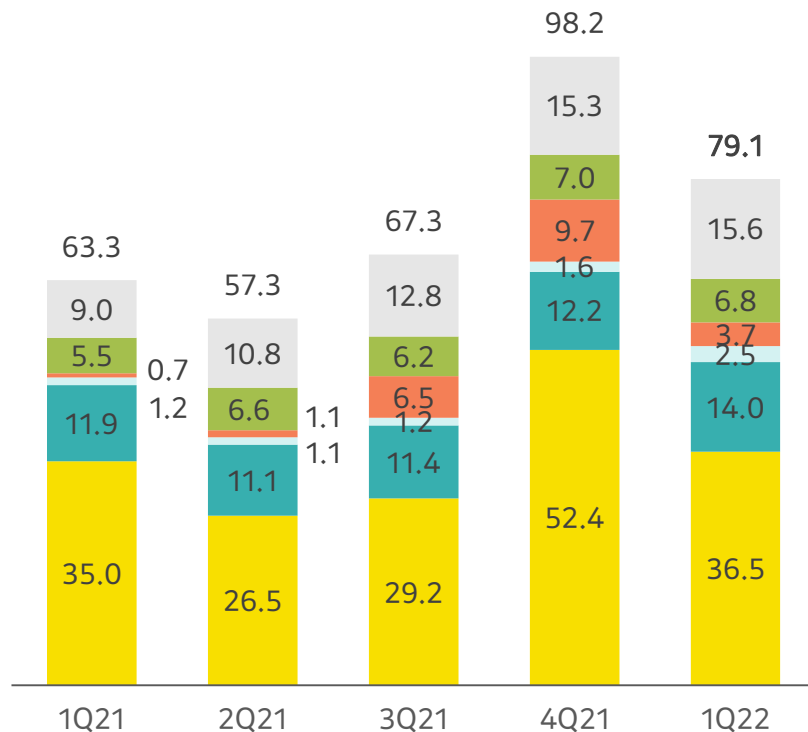
V. SG&A and CIR

Stable SG&A thanks to normalized costs; CIR trending downward due to cost stabilization

SG&A

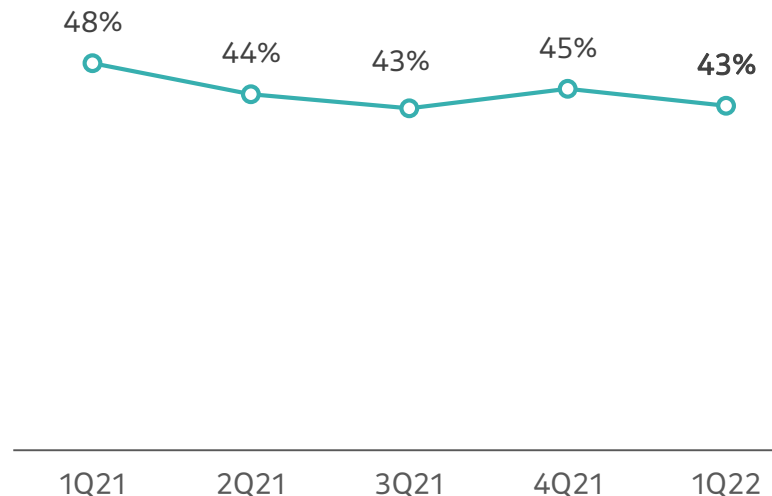
(Wbn)

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



CIR (Cost Income Ratio)⁽¹⁾

(%)



Note: (1) Latest 4 quarters

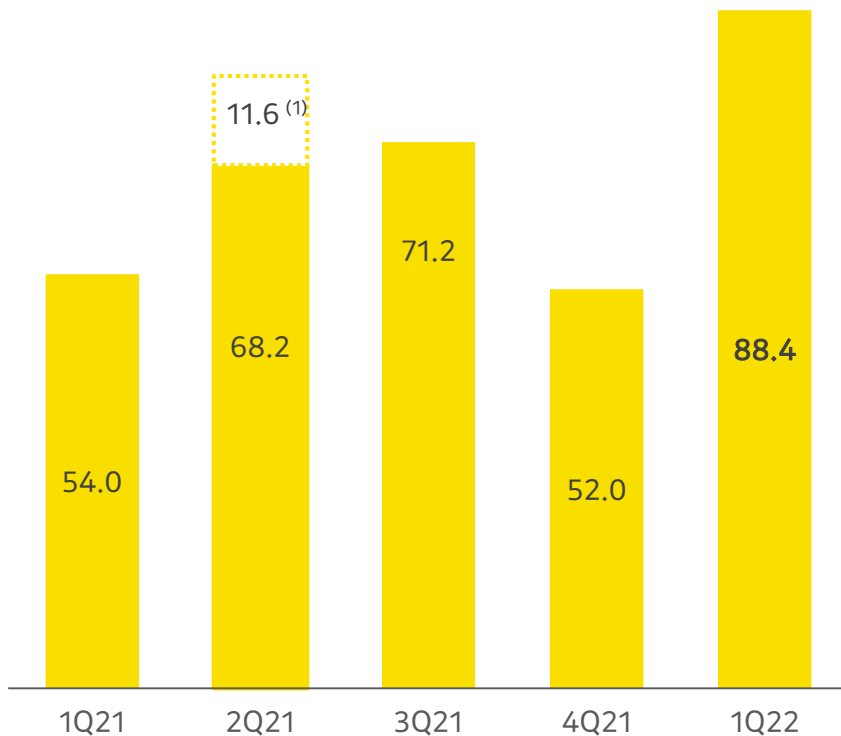
VI. Operating Profit & Net Profit

Operating profit YoY +64%, QoQ +70%

Steady improvement in ROE & ROA thanks to increasing profit

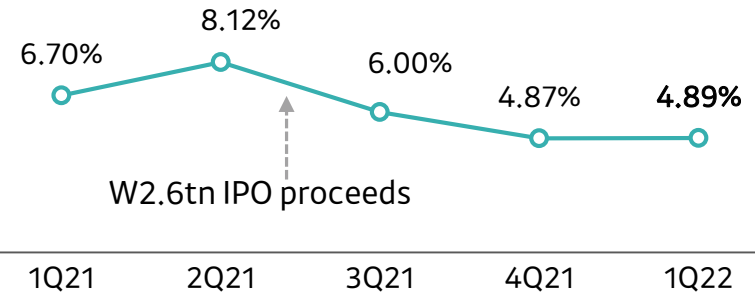
Operating Profit

(Wbn)



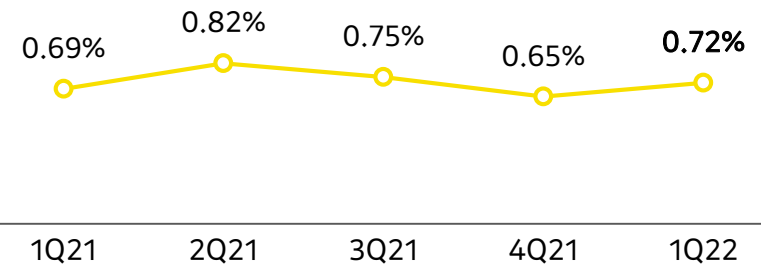
ROE⁽²⁾

(%)



ROA⁽²⁾

(%)



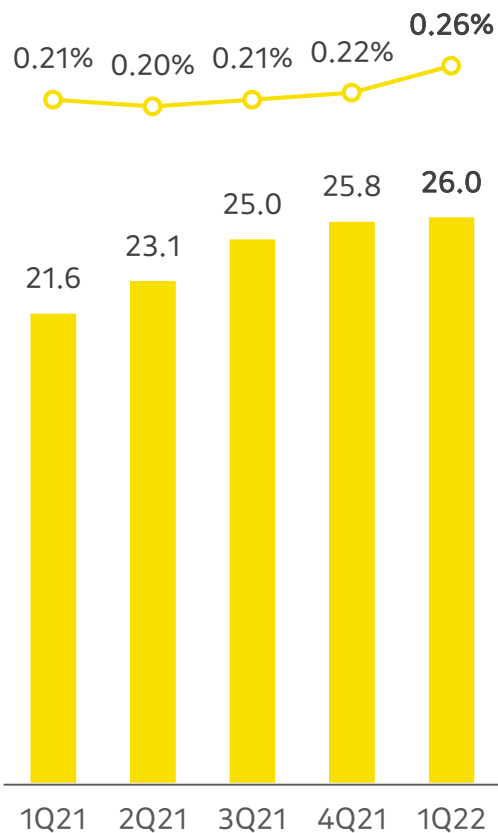
Note: (1) W11.6bn of gain on NPL sale
(2) Annualized

VII. Asset Quality

Slight increase in delinquency rate and NPL ratio

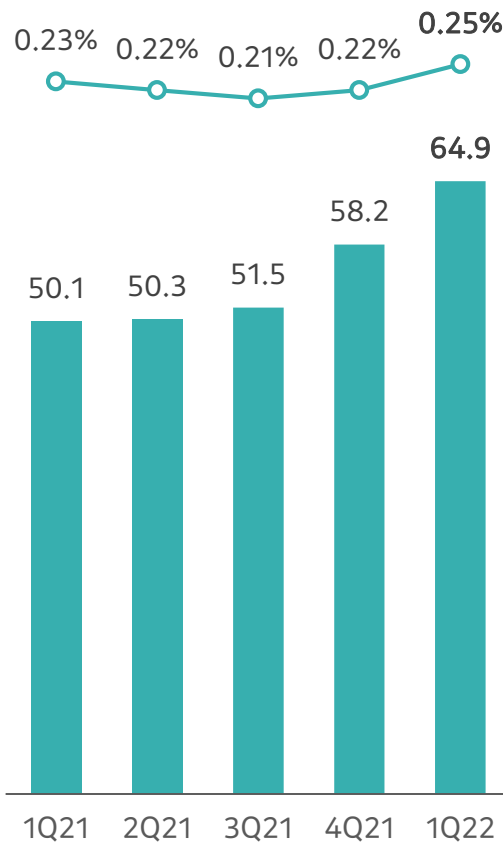
Total Loans & Delinquency Rate⁽¹⁾

(Wtn, %)



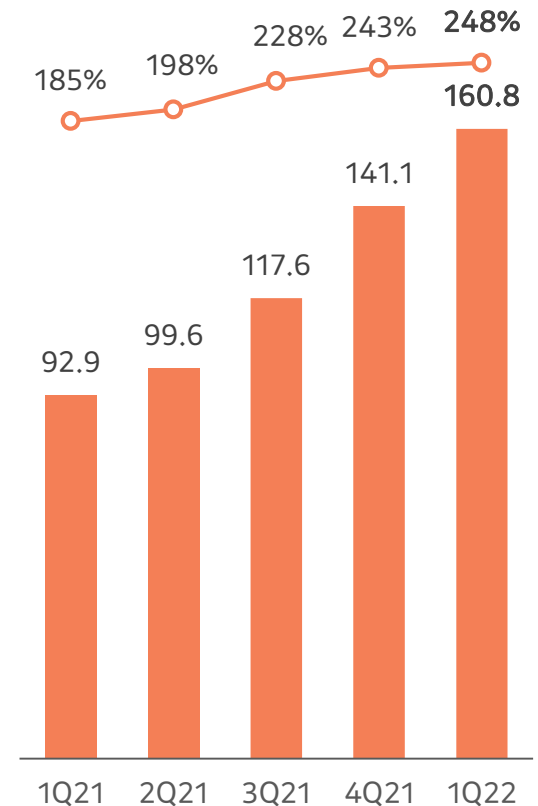
SBL⁽²⁾ & NPL Ratio

(Wbn, %)



Loan Loss Allowance & Coverage Ratio⁽³⁾

(Wbn, %)



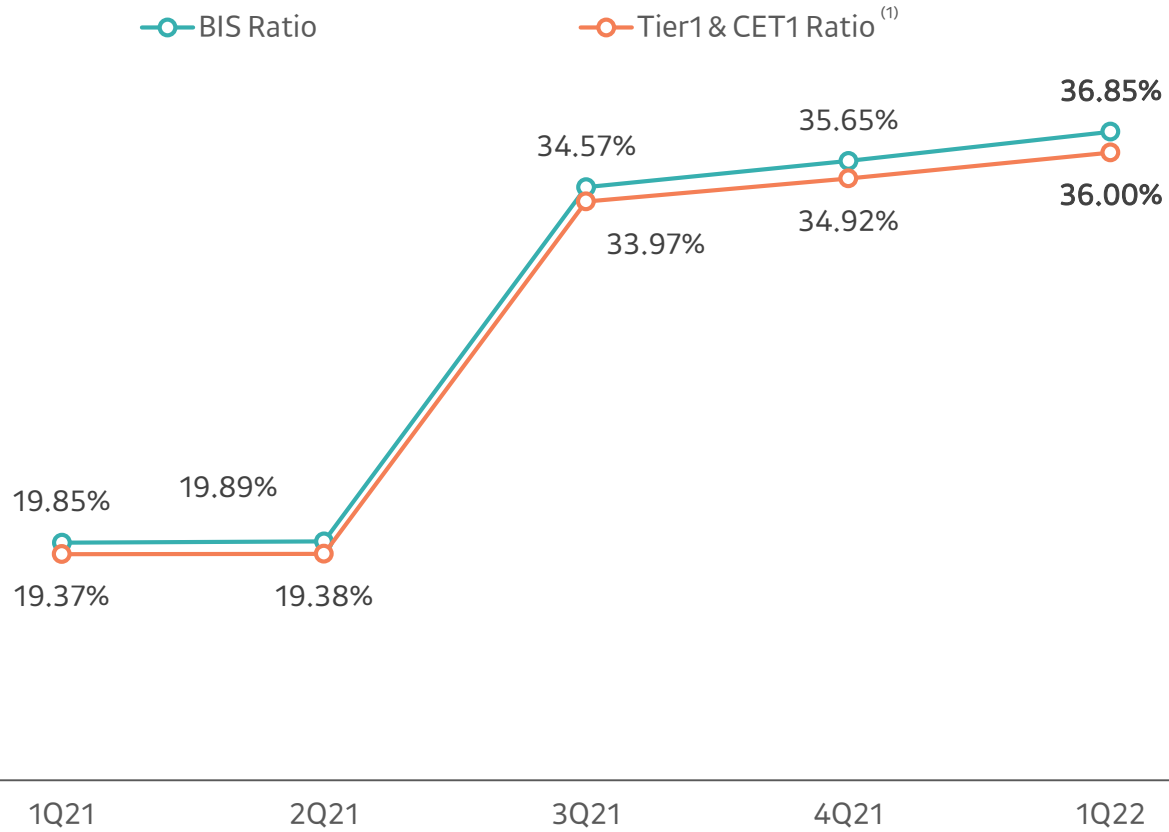
Note: (1) Delinquent for 1 month and over
 (2) Substandard or below loans = Substandard, doubtful or presumed loss loans
 (3) NPL Coverage Ratio = Loan Loss Allowance / Substandard or Below Loans

VIII. Capital Adequacy

BIS ratio 36% after capital raise at IPO

Capital Adequacy

(%)



Note: (1) CET1 ratio and Tier1 ratio are equivalent as Kakaobank only has common shares

IX. Appendix : Income Statement

(Wbn)	1Q22	1Q21	YoY		4Q21	QoQ	
Operating Revenue	338.4	224.9	113.5	50.5%	309.1	29.3	9.5%
Interest Revenue	264.2	165.5	98.7	59.6%	237.5	26.7	11.2%
Fee Revenue	47.7	40.2	7.5	18.8%	46.3	1.4	3.1%
Platform Revenue	25.3	18.3	7.0	38.5%	23.5	1.8	7.7%
Others	1.2	0.9	0.3	26.5%	1.8	-0.6	-34.8%
Operating Expense	218.0	157.1	60.9	38.7%	224.7	-6.7	-3.0%
Interest Expense	63.5	35.9	27.6	76.8%	49.9	13.6	27.1%
Fee & Commission Expense	54.7	44.5	10.2	23.0%	57.9	-3.2	-5.6%
SG&A	79.1	63.3	15.8	24.9%	98.2	-19.1	-19.4%
Others	20.7	13.4	7.3	54.4%	18.7	2.0	11.0%
Provision for Credit Cost	32.0	13.8	18.2	132.2%	32.4	-0.4	-1.3%
Operating Profit	88.4	54.0	34.4	63.8%	52.0	36.4	70.1%
<i>% Operating Revenue</i>	26.1%	24.0%		2.1%p	16.8%		9.3%p
Non-operating Income	0.1	0.1	0.0	24.9%	0.1	0.0	-14.9%
Non-operating Expense	0.4	0.1	0.3	415.4%	0.3	0.1	21.2%
Pre-tax Profit	88.1	54.0	34.1	63.2%	51.8	36.3	70.2%
Net Profit	66.8	46.7	20.1	43.2%	36.2	30.6	84.6%
<i>% Operating Revenue</i>	19.7%	20.7%		-1.0%p	11.7%		8.0%p

IX. Appendix : SG&A

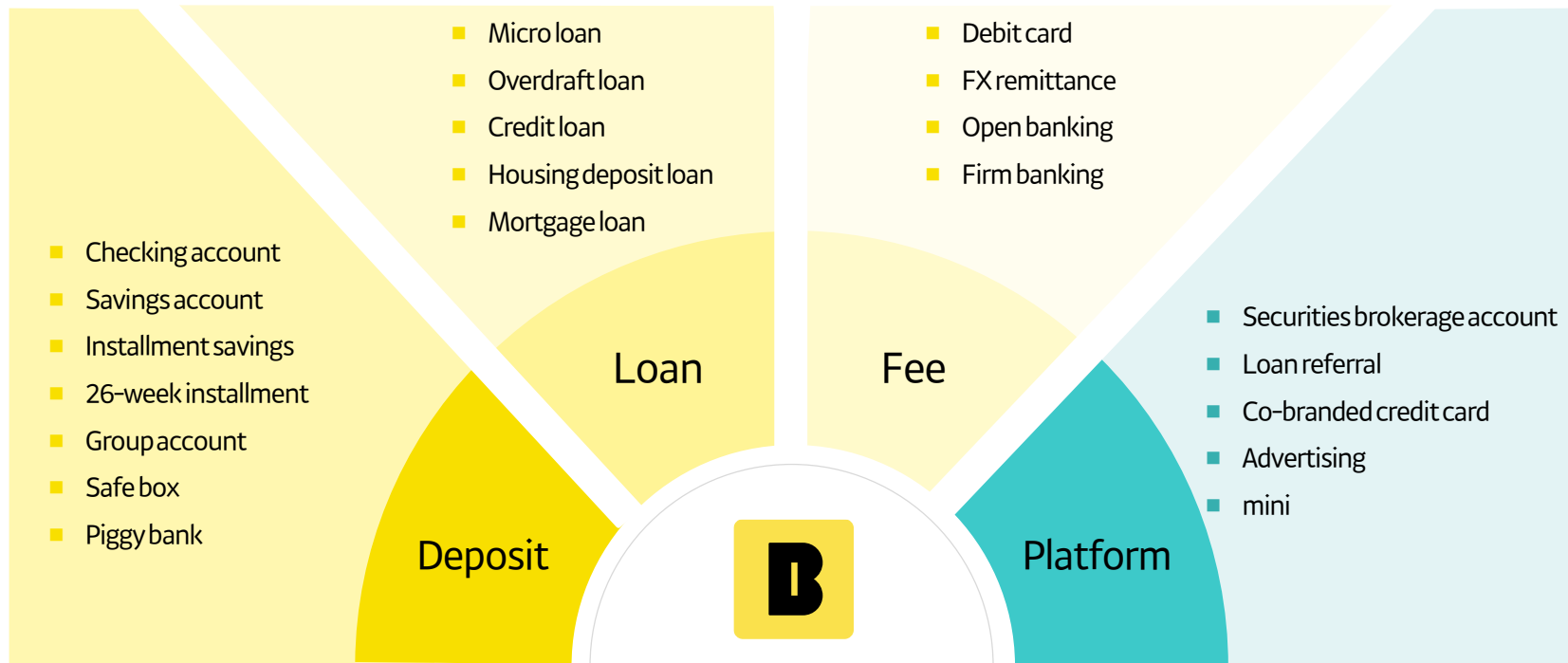
(Wbn)	1Q22	1Q21	YoY		4Q21	QoQ	
SG&A	79.1	63.3	15.8	<i>24.9%</i>	98.2	-19.1	<i>-19.4%</i>
Labor Cost	36.5	35.0	1.5	<i>4.4%</i>	52.4	-15.9	<i>-30.3%</i>
D&A	14.0	11.9	2.1	<i>17.7%</i>	12.2	1.8	<i>14.6%</i>
IT Expense	6.8	5.5	1.3	<i>23.1%</i>	7.0	-0.2	<i>-3.2%</i>
Rent	2.5	1.1	1.4	<i>111.7%</i>	1.6	0.9	<i>56.2%</i>
Advertisement	3.7	0.7	3.0	<i>446.3%</i>	9.7	-6.0	<i>-62.3%</i>
Others	15.6	9.1	6.5	<i>71.8%</i>	15.3	0.3	<i>2.4%</i>

IX. Appendix : Balance Sheet

(Wbn)	2022.03	2021.12	YTD %	2021.03	YoY%
Total Asset	39,205.1	36,040.1	8.8%	28,616.4	37.0%
Cash & Cash Equivalent	2,098.8	1,219.2	72.1%	858.7	144.4%
Financial Investments	7,727.2	6,139.0	25.9%	3,947.9	95.7%
Loan	26,685.7	26,362.1	1.2%	22,407.3	19.1%
Tangible Assets	155.0	70.2	120.8%	46.0	237.0%
Intangible Assets	33.9	33.5	1.2%	40.4	-16.1%
Other Assets	2,504.5	2,216.1	13.0%	1,316.1	90.3%
Total Liabilities	33,652.5	30,518.7	10.3%	25,766.9	30.6%
Deposit	33,041.4	30,026.1	10.0%	25,391.0	30.1%
Provision Liability	30.5	26.0	17.3%	23.6	29.2%
Tax Liability	7.5	14.1	-46.8%	0.4	1775.0%
Other Liabilities	573.1	452.5	26.7%	351.9	62.9%
Total Equity	5,552.6	5,521.4	0.6%	2,849.5	94.9%
Share Capital	2,381.0	2,375.8	0.2%	2,048.3	16.2%
Capital Surplus	2,957.7	2,956.2	0.1%	762.7	287.8%
Capital Adjustments	23.9	26.8	-10.8%	6.2	285.5%
AOCI	-67.1	-27.7	NA	-0.5	NA
Retained Earnings	257.1	190.3	35.1%	32.8	683.8%

IX. Appendix : Our broad product offering

Providing all banking services in one app, making everyday finance easier



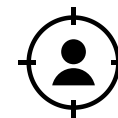
ALL in One App



100% Mobile



Intuitive UI/UX



User Utility