

Kakaobank 4Q 2021 Earnings Release

February 2022

kakaobank

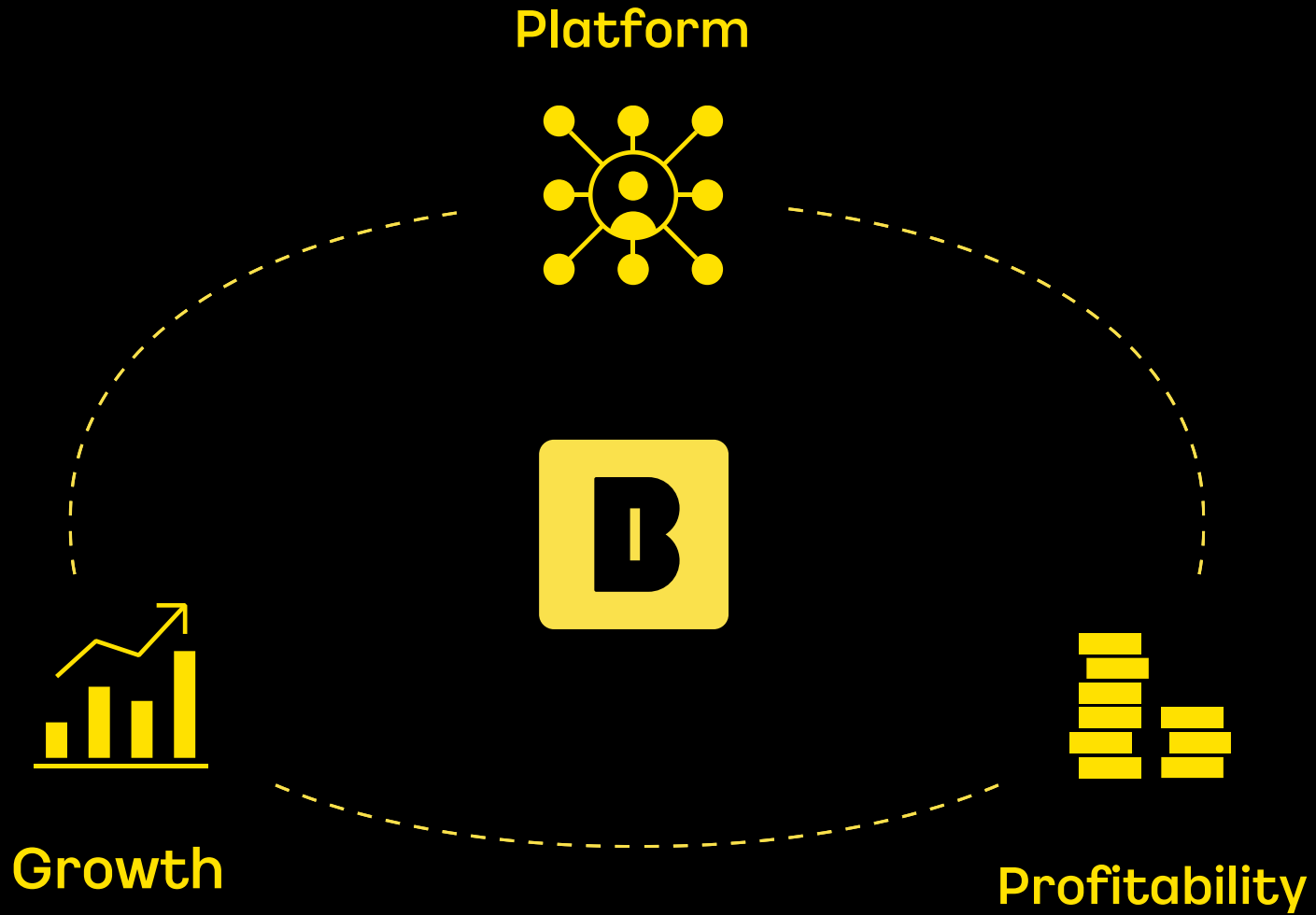
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Disclaimer

Financial information contained in this document is based on K-IFRS that have not been audited by an independent auditor. Therefore, the information and financial data of KakaoBank contained in this document are subject to change upon an independent auditor's audit.

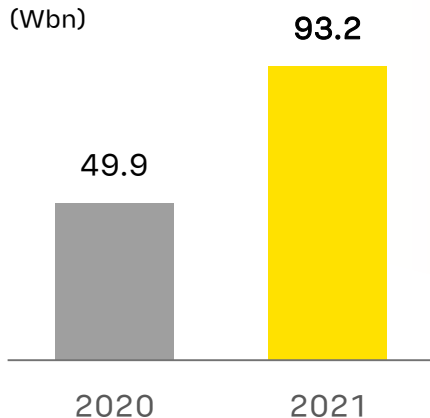
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Platform

2021 platform revenue contribution
8.8%

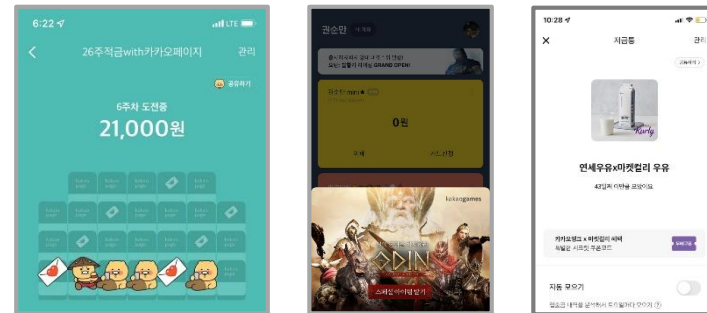
YoY +W43.3bn (+87%)



Note: (1) 2.35mn population in the age group of 14-18 as of Dec 2021 (Ministry of the Interior and Safety)

- **1.15mn mini customers, 49%⁽¹⁾** penetration in the age group of 14-18, securing future customer base
2020 588K customers → 2021 1.15mn customers (YoY +95%)

- **26-week savings partnership & ad inventory expansion**



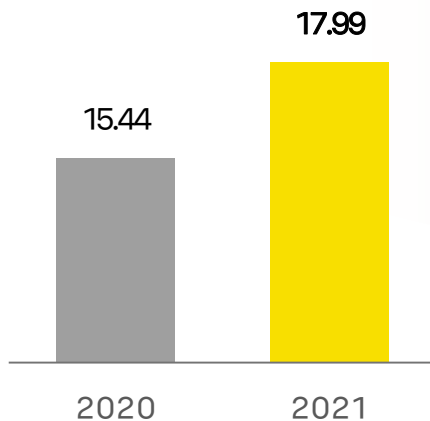
- Continued growth in **loan referral biz.** W4.1tn loans referred cumulatively
2020 W1.5tn → 2021 W2.1tn (YoY +39%) (Newly referred loans)

Growth

Increasing customer base
Customers 17.99mn

YoY +2.55mn customers (+25%)

(mn customers)



- Continued growth in customers thanks to the 40~50s

2021 YTD net increase in customers +2.55mn,
40+ age contribution 60%

- #1 MAU banking app

2020 13.11mn → 2021 15.23mn (YoY+2.12mn)

- Continued loan growth from robust housing deposit loans

2020 W2.1tn → 2021 W4.7tn (YoY +125%)
(based on net increase)

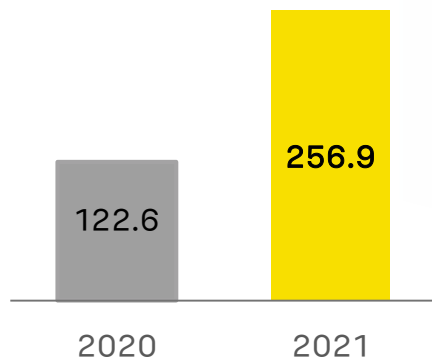
2021 total loan growth YoY +27%

Profitability

2021
Operating profit
W256.9bn

YoY +W134.4bn (+110%)

(Wbn)



Note: (1) Latest 4 quarters

- Expansion in net interest income from loan growth

2020 W408.0bn → 2021 W621.3bn (YoY+52%)

- Non-interest income turns to profit from platform·fee biz expansion

2020 -W24.0bn → 2021 W13.9bn (YoYTTB)

- CIR⁽¹⁾ continues to decline thanks to efficient cost structure

2020 51% → 2021 45% (YoY -6%p)

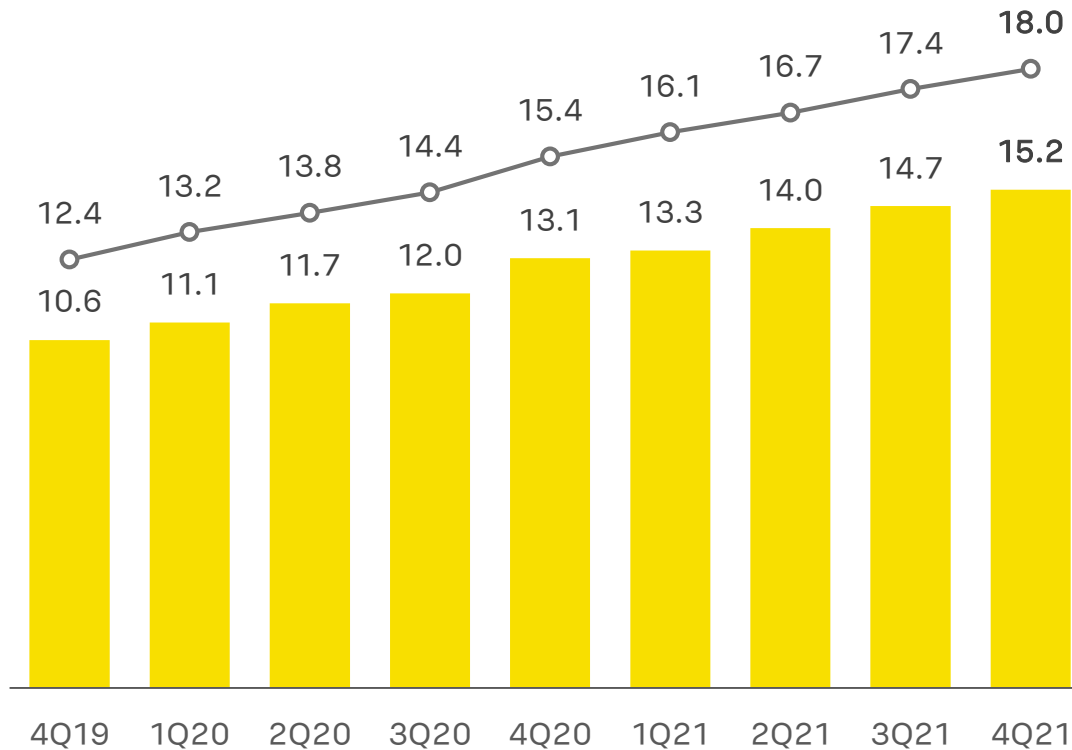
II. Customer Base – (1/2)

17.99mn customers, #1 banking app with 15.23mn MAU

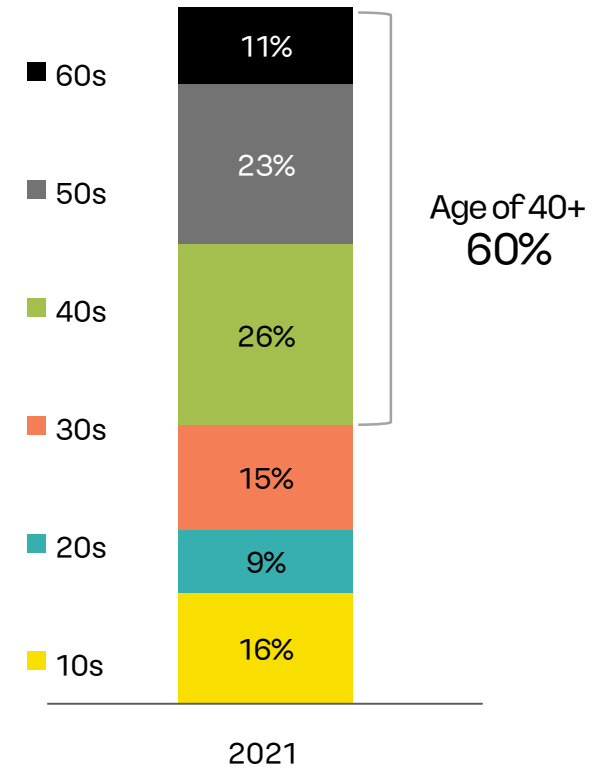
MAU⁽¹⁾ and Customers

(mn users)

■ MAU ○ Customers



2021 net increase in customer by age



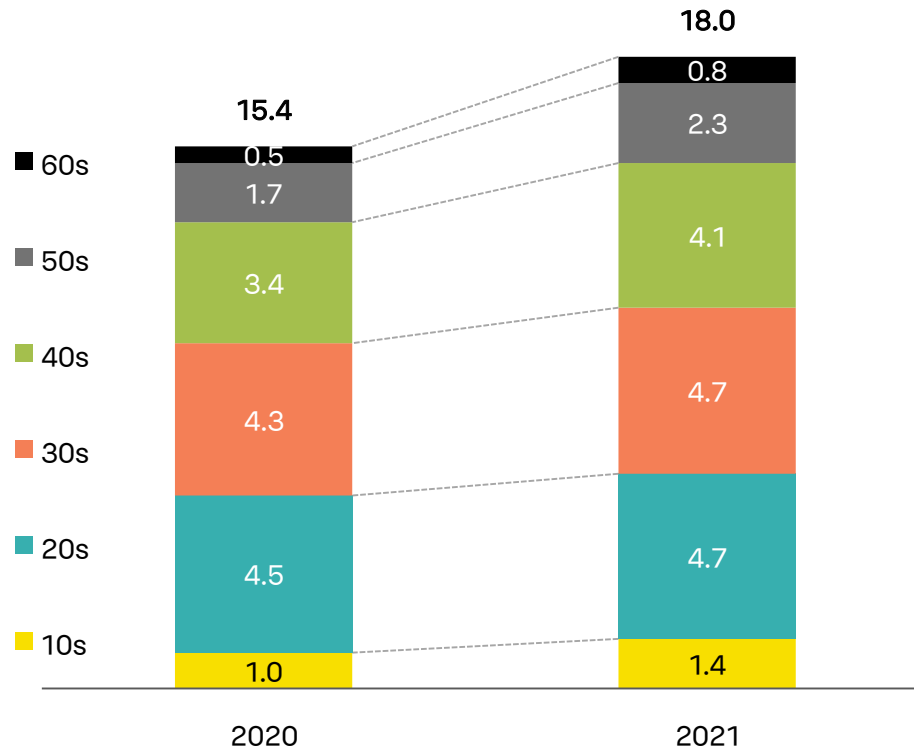
Source: Nielsen Media Korea Digital Data, Company data
 Not: (1) Quarter end MAU

II. Customer Base – (2/2)

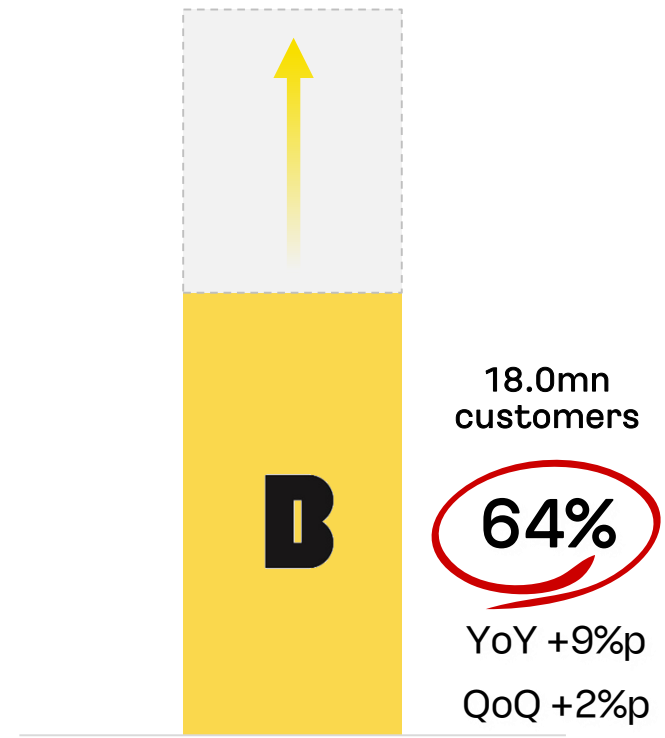
Continued growth in 2021 customers (YTD +2.55mn) thanks to solid growth in 4050 age group

Customer portfolio by age group

(mn customers)



Working population penetration⁽¹⁾



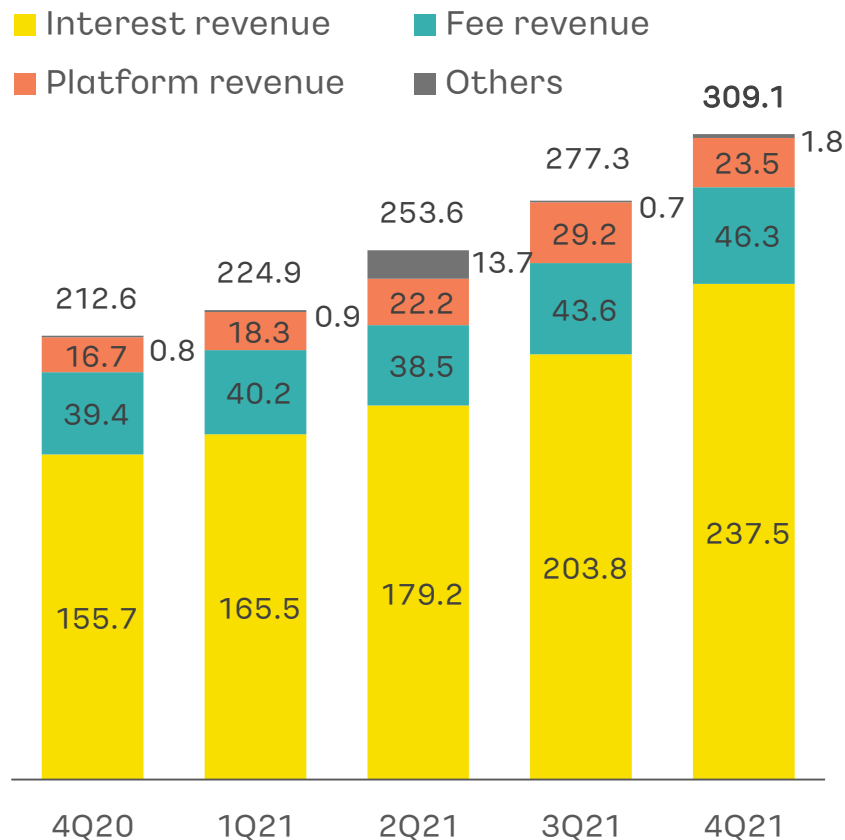
Note: (1) KOSIS (Korea working population 28.3mn as of Dec 2021)

III. Operating Revenue

Operating revenue YoY +45%, QoQ +12% thanks to solid growth from interest and fee revenue

Operating Revenue

(Wbn)



Division	Key products/services	2021 Contribution
Interest income	Loan interest Financial investment interest	74%
Fee income	Debit card Firm banking Open banking FX remittance	16%
Platform income	Securities account Loan referral Co-branded credit card Advertisement mini	9%
Others	Gains on FX transactions Gain on sales of loan	1%

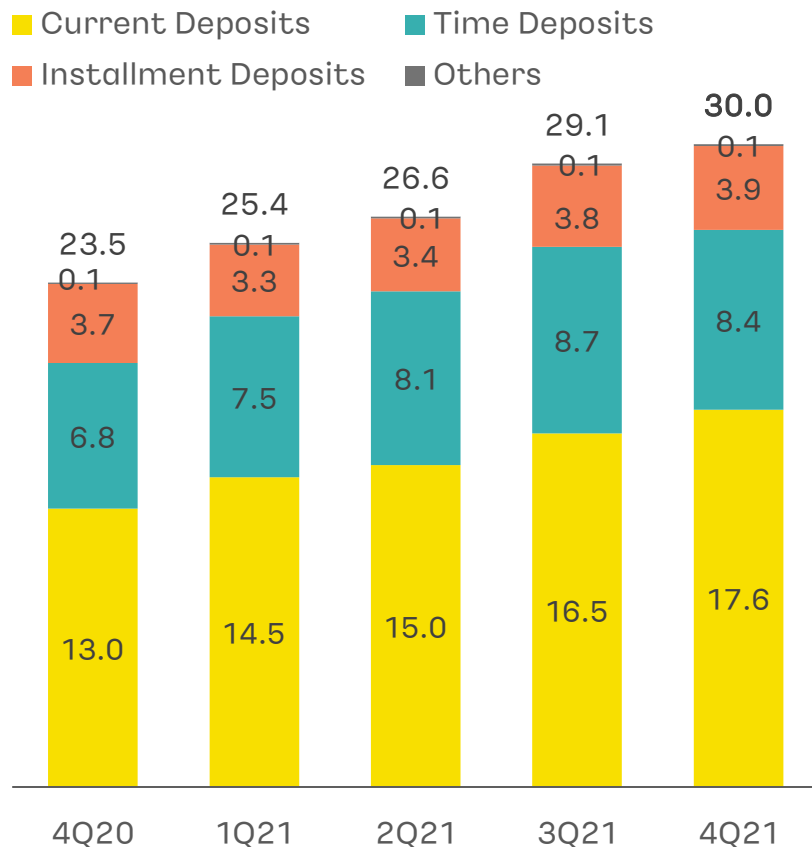
Fee + Platform = 25%

III. Interest Revenue : Deposit

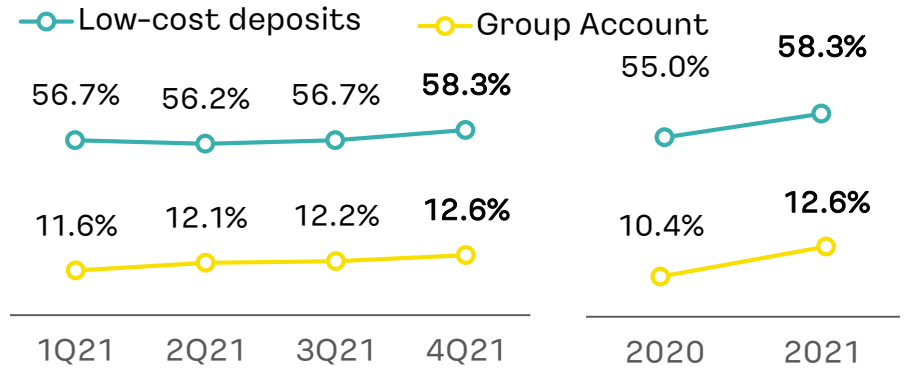
4Q21 deposit balance YoY +28%, QoQ +3%, low-cost funding accounts for 58% of total deposit

Deposit balance trend & breakdown

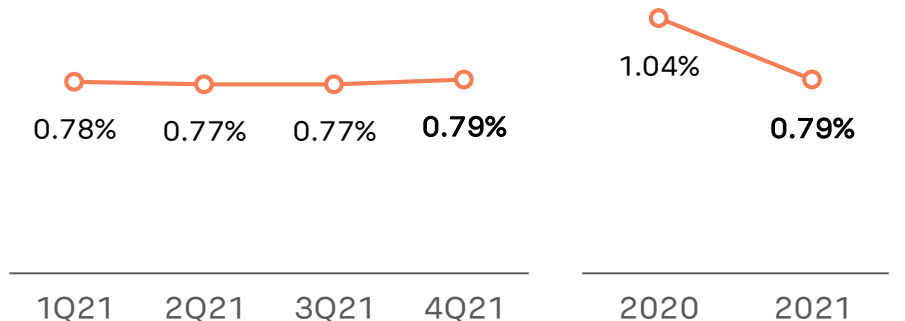
(Wtn)



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

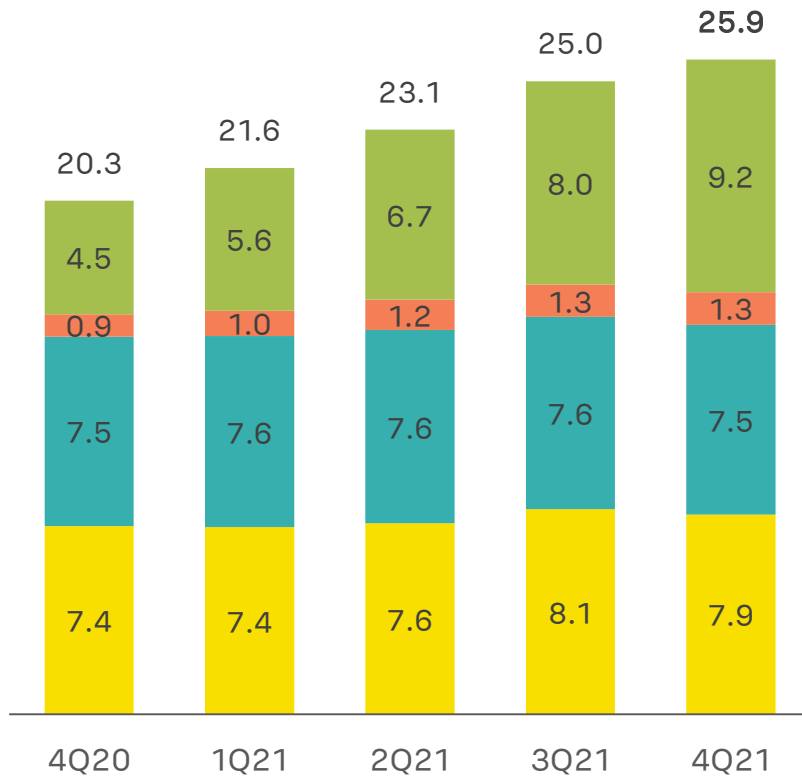
III. Interest Revenue : Loan

4Q21 loan balance YoY +27%, QoQ +3%, loan growth driven by robust housing deposit

Loan balance trend & breakdown

(Wtn)

■ Credit ■ Overdraft ■ Micro ■ Housing deposit

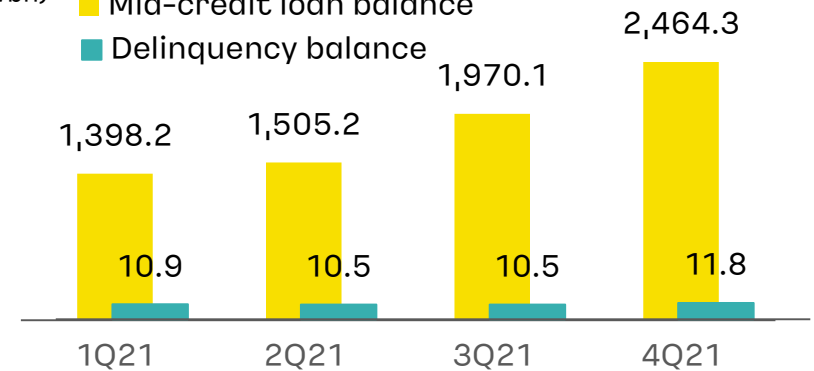


Mid-credit loan

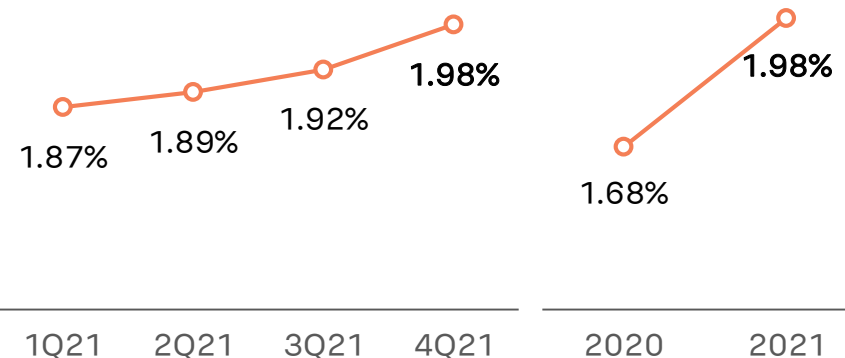
(Wbn)

■ Mid-credit loan balance

■ Delinquency balance



Net Interest Margin (Cumulative)

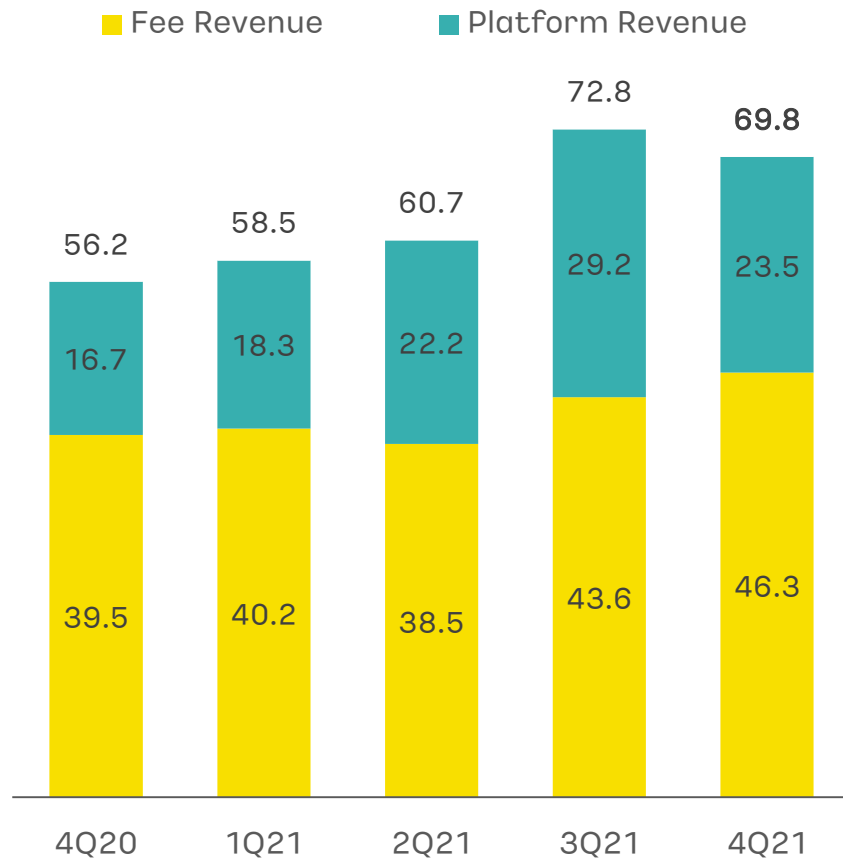


III. Fee & Platform Revenue

QoQ decline in platform revenue owing to a high base in securities account biz from massive IPOs in 3Q

Fee & Platform Revenue

(Wbn)



Note: (1) as of 2021

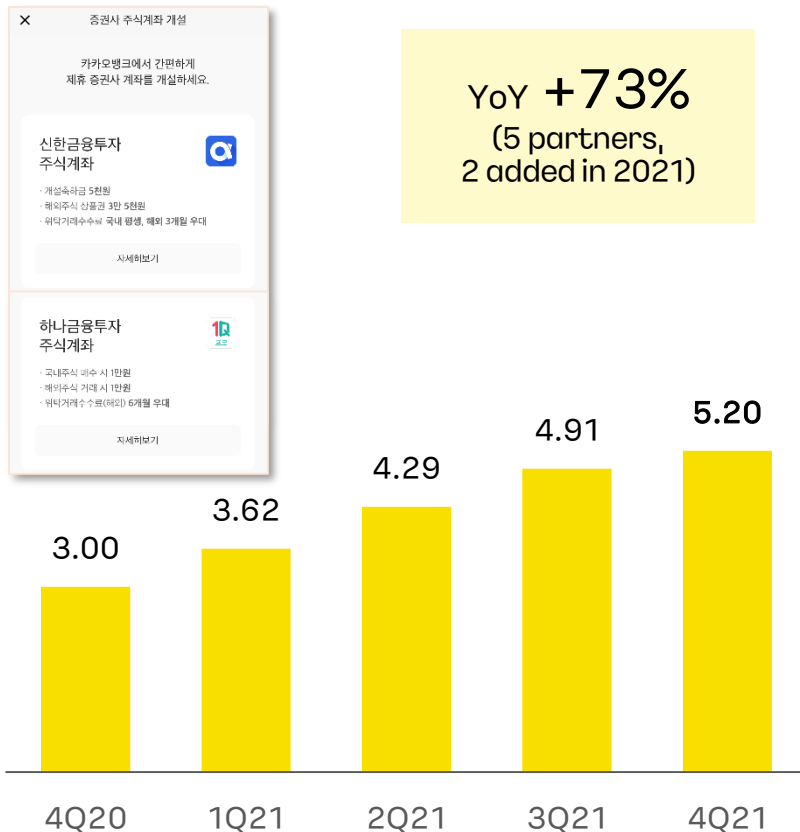
Division	Key products	Details ⁽¹⁾
Fee	Debit card	Increase in debit card transaction value (YoY +23%)
	FX remittance	Increase in FX remittance volume (YoY +9%)
Platform	Securities account	5 partners (KB, NH, Korea Investment, Hana, Shinhan)
	Co-branded credit card	5 partners (Citi, Shinhan, Samsung, KB, Lotte)
	Loan referral	16 partners (8 savings bank, 7 capital co., 1 card co.)
	mini	1.15mn mini customers in the age of 14~18
	Advertisement	Ad partnership & inventory expansion

IV. Platform biz – (1/3)

Increasing demand due to growing interest in investments and convenient UI/UX

(1) Securities Brokerage Account

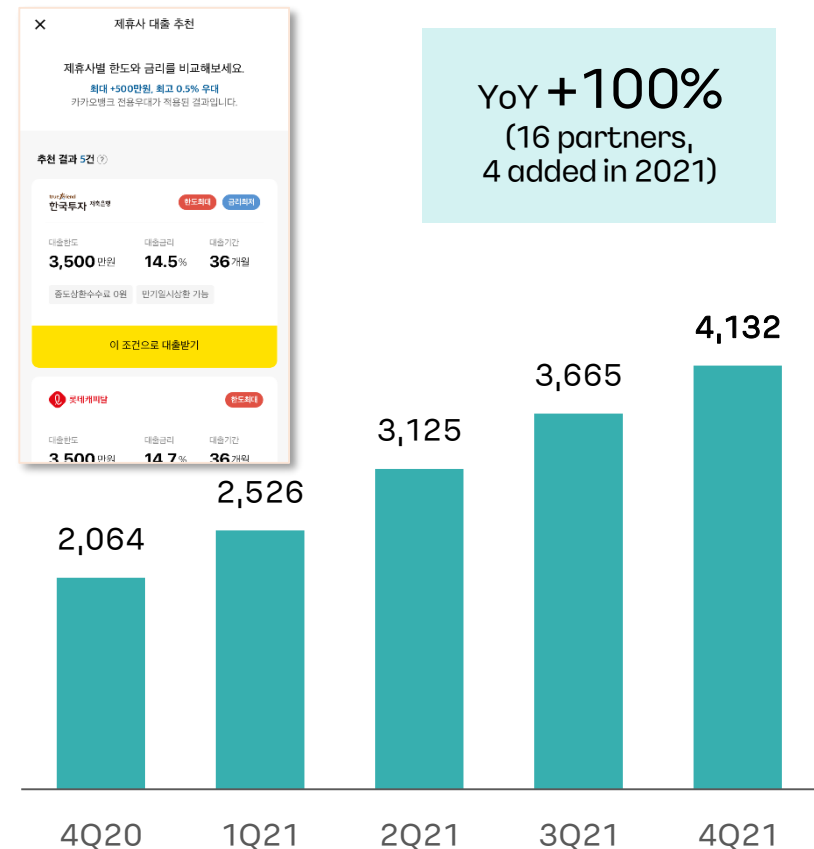
(mn accounts; cumulative)



W4.1tn loans referred; Continued growth by adding more partnership

(2) Loan Referral

(Wbn; cumulative)

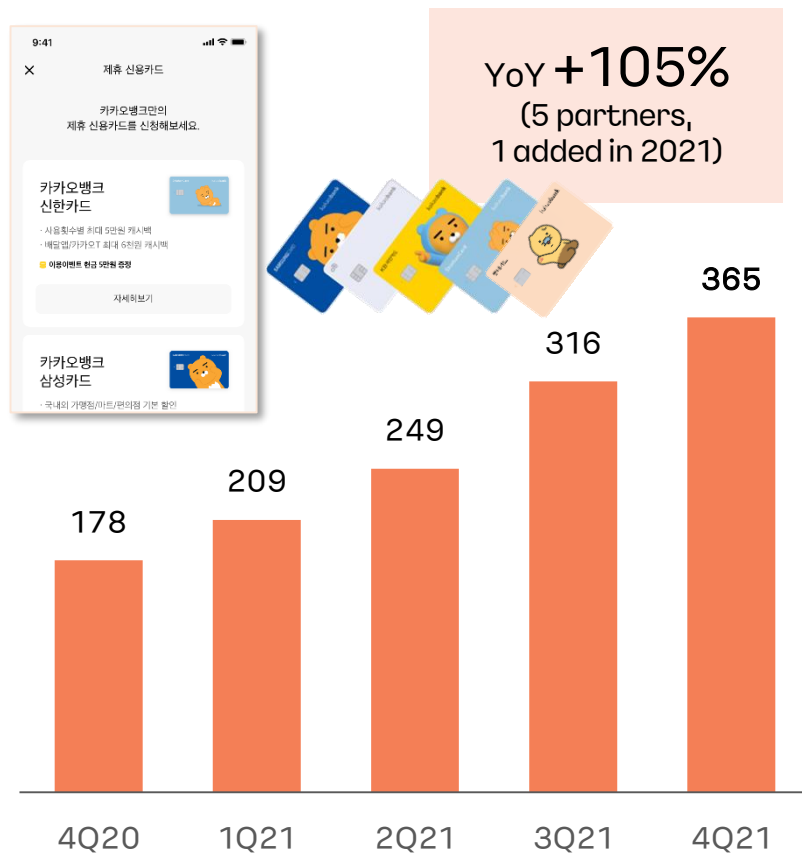


Exclusive co-branded credit cards 365K issued

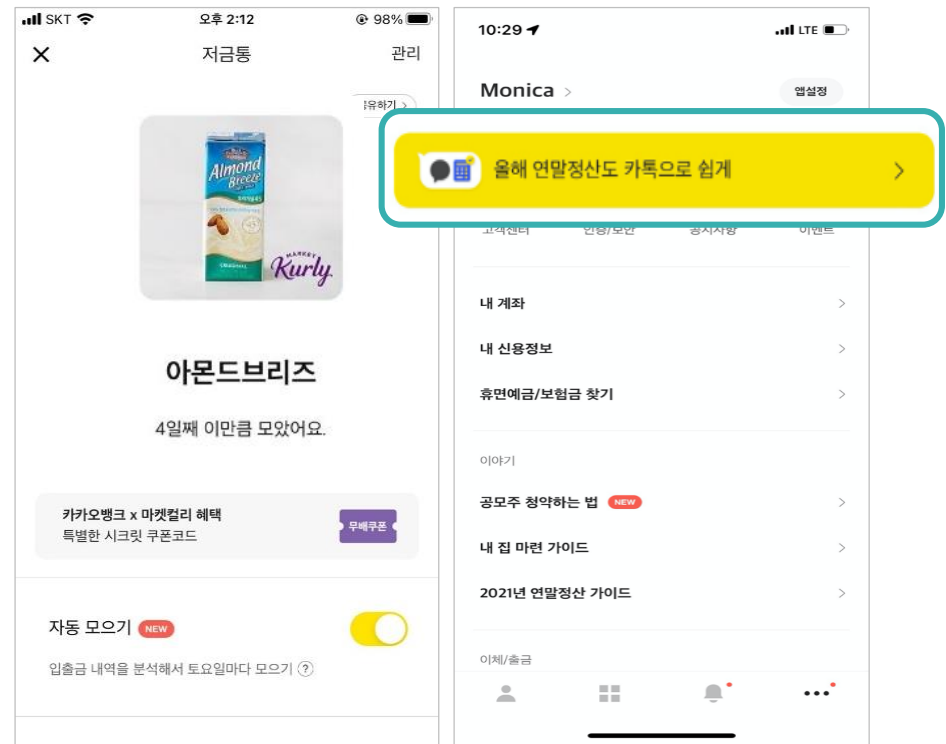
Various ad inventory expansion

(3) Co-branded Credit Card

('000 cards issued; cumulative)



(4) Advertisement



Piggy Bank

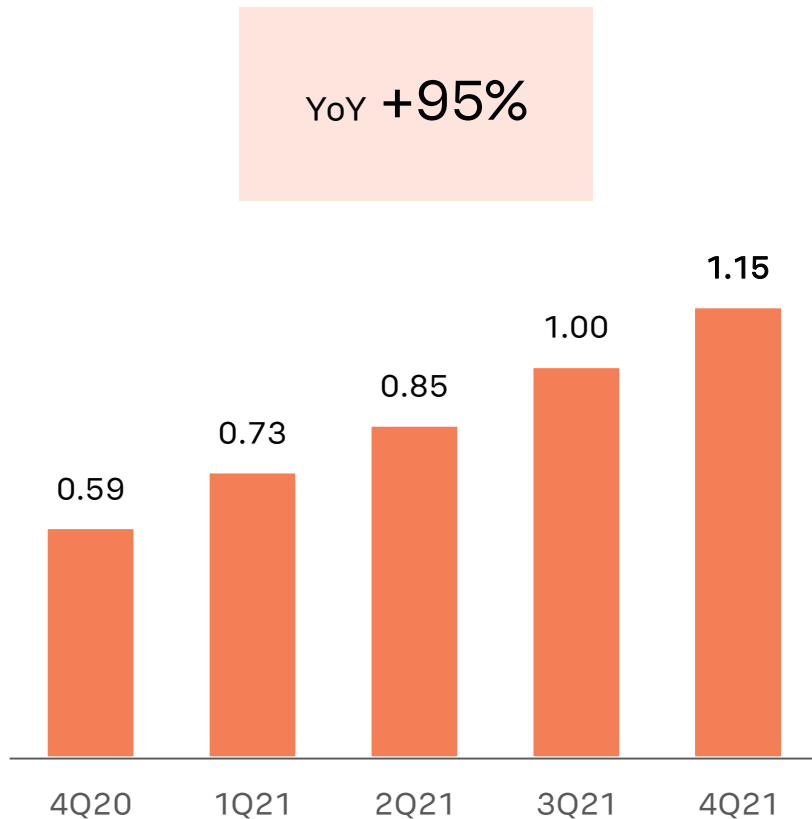
Banner Ad

IV. Platform biz – (3/3)

1.15mn mini customers in the age of 14~18 → 1 out of 2 are KakaoBank customers
mini transaction grew 13 folds YoY → KakaoBank is now the primary bank for the teens

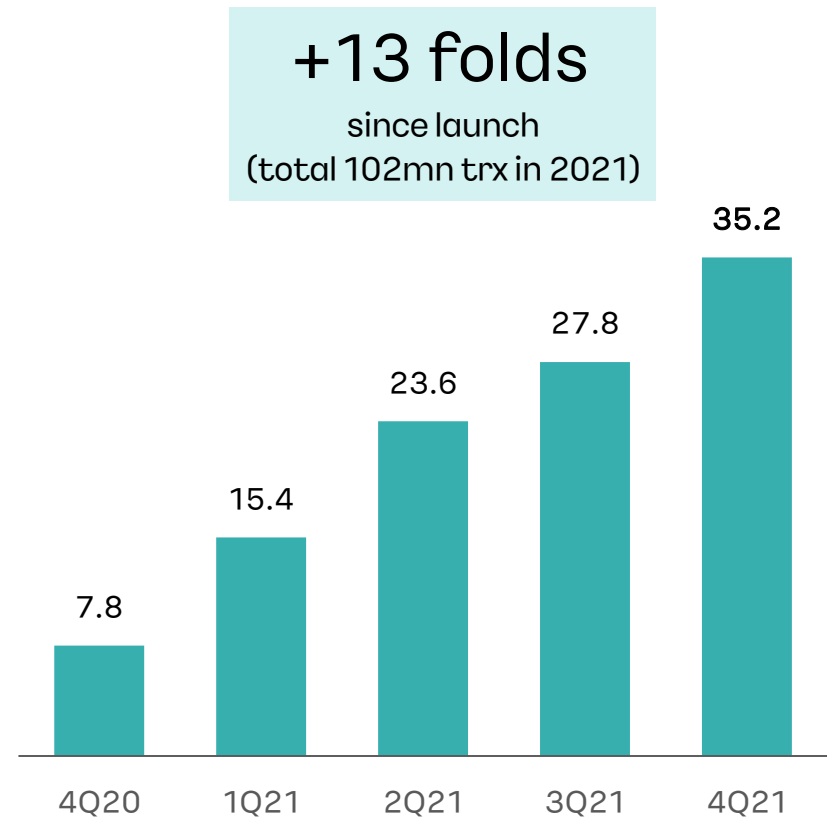
(5-1) mini customers

(mn customers; cumulative)



(5-2) mini transactions

(mn transactions; quarterly)

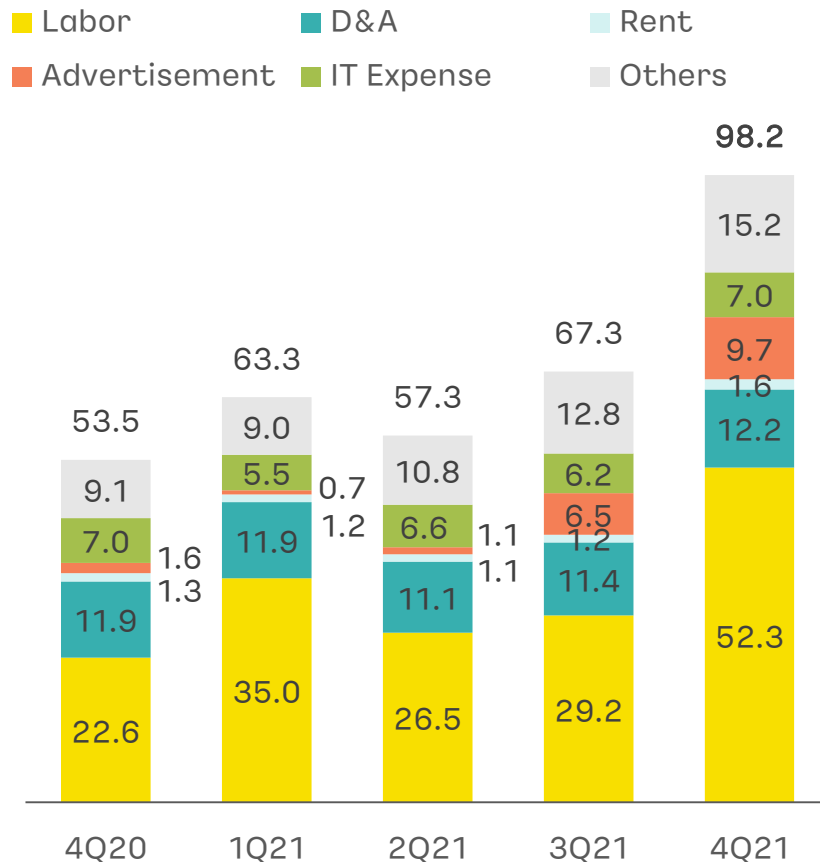


V. SG&A and CIR

Increase in SG&A due to higher labor cost and ad cost for marketing;
Increase in CIR from one-off cost recognition

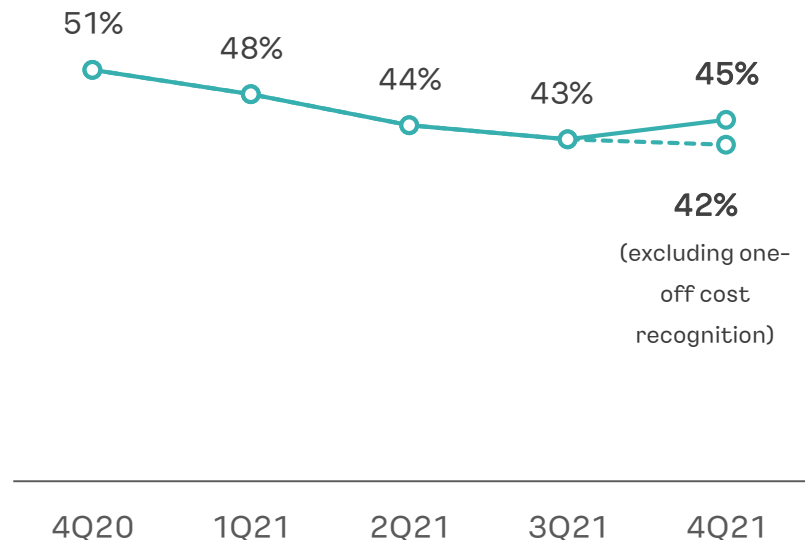
SG&A

(Wbn)



CIR (Cost Income Ratio)⁽¹⁾

(%)



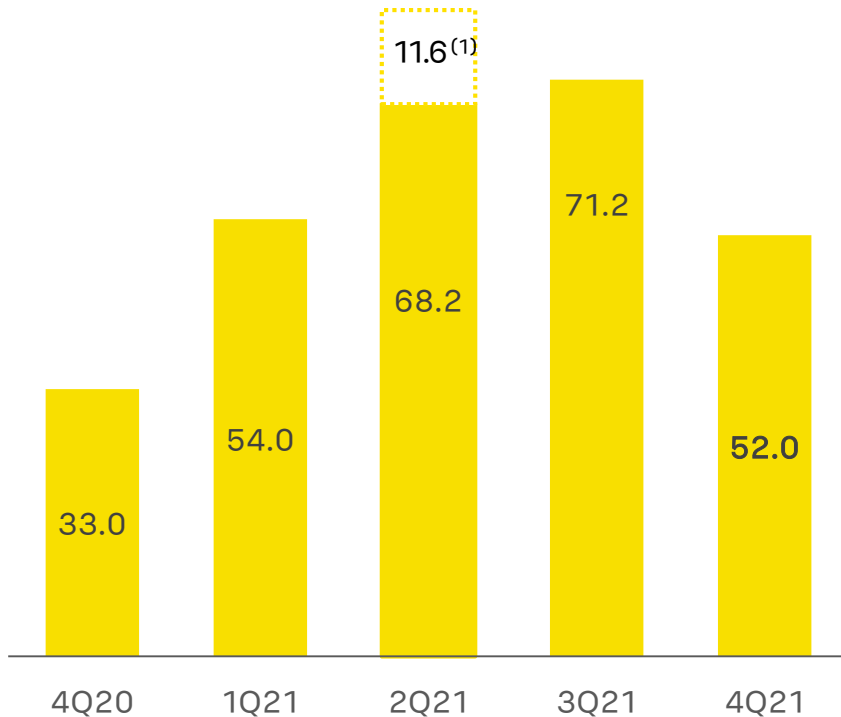
Note: (1) Latest 4 quarters

VI. Operating Profit & Net Profit

Operating profit YoY +58%, QoQ -27%
Decline in ROE & ROA from one-off cost recognition

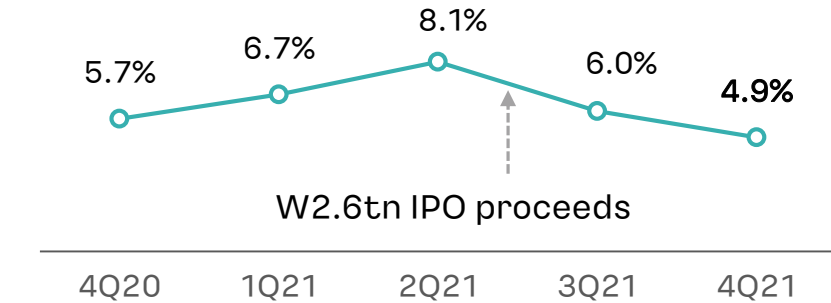
Operating Profit

(Wbn)



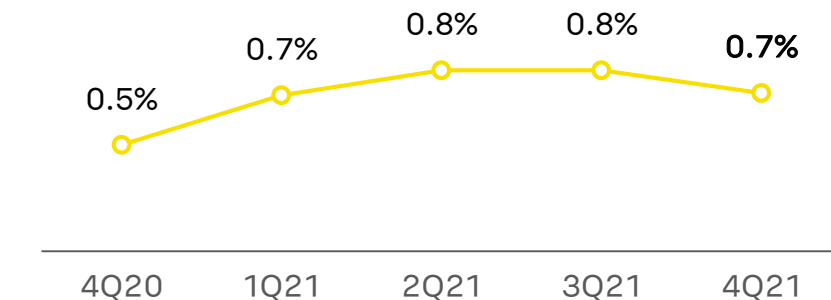
ROE⁽²⁾

(%)



ROA⁽²⁾

(%)



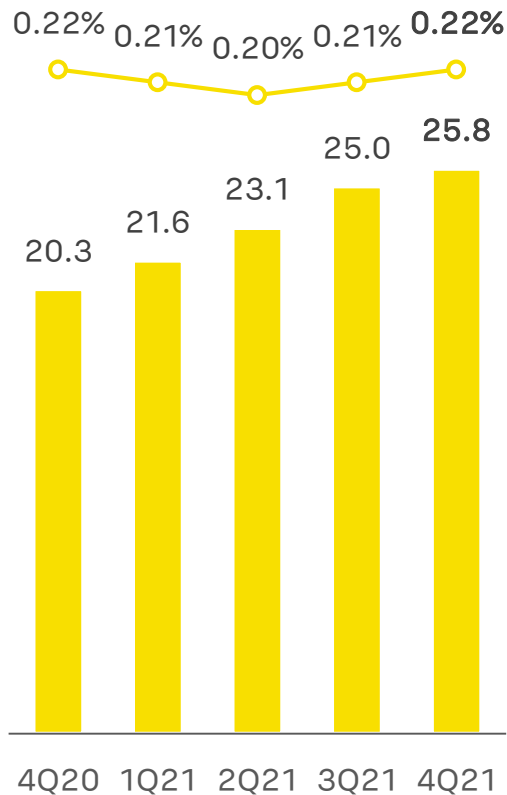
Note: (1) W11.6bn of gain on NPL sale
(2) Annualized

VII. Asset Quality

Delinquency rate and NPL ratio stabilizing

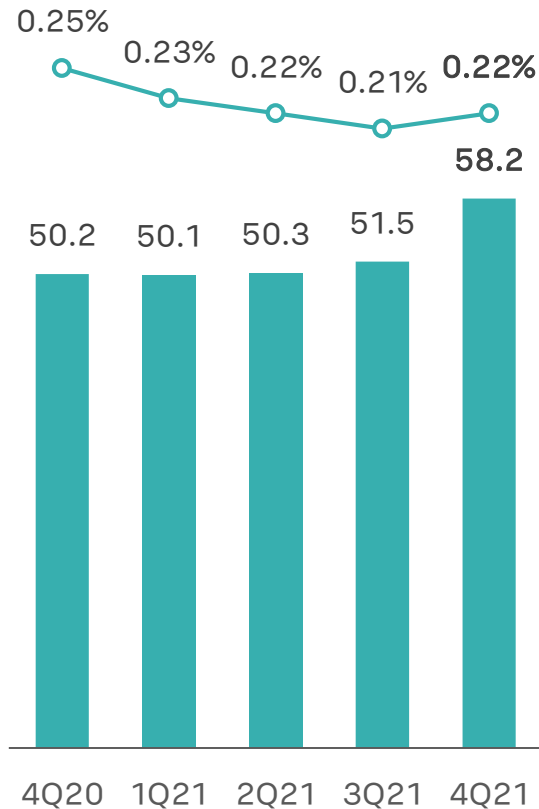
Total Loans & Delinquency Rate⁽¹⁾

(Wtn, %)



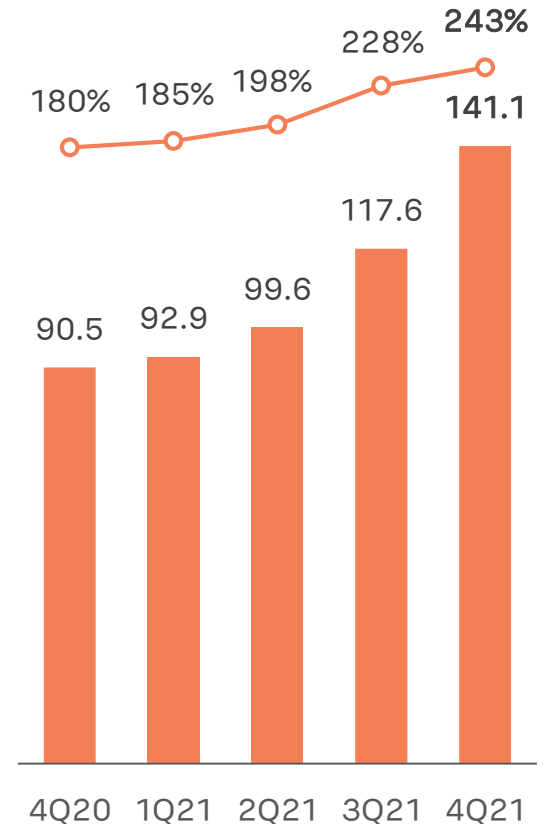
SBL⁽²⁾ & NPL Ratio

(Wbn, %)



Loan Loss Allowance & Coverage Ratio⁽³⁾

(Wbn, %)



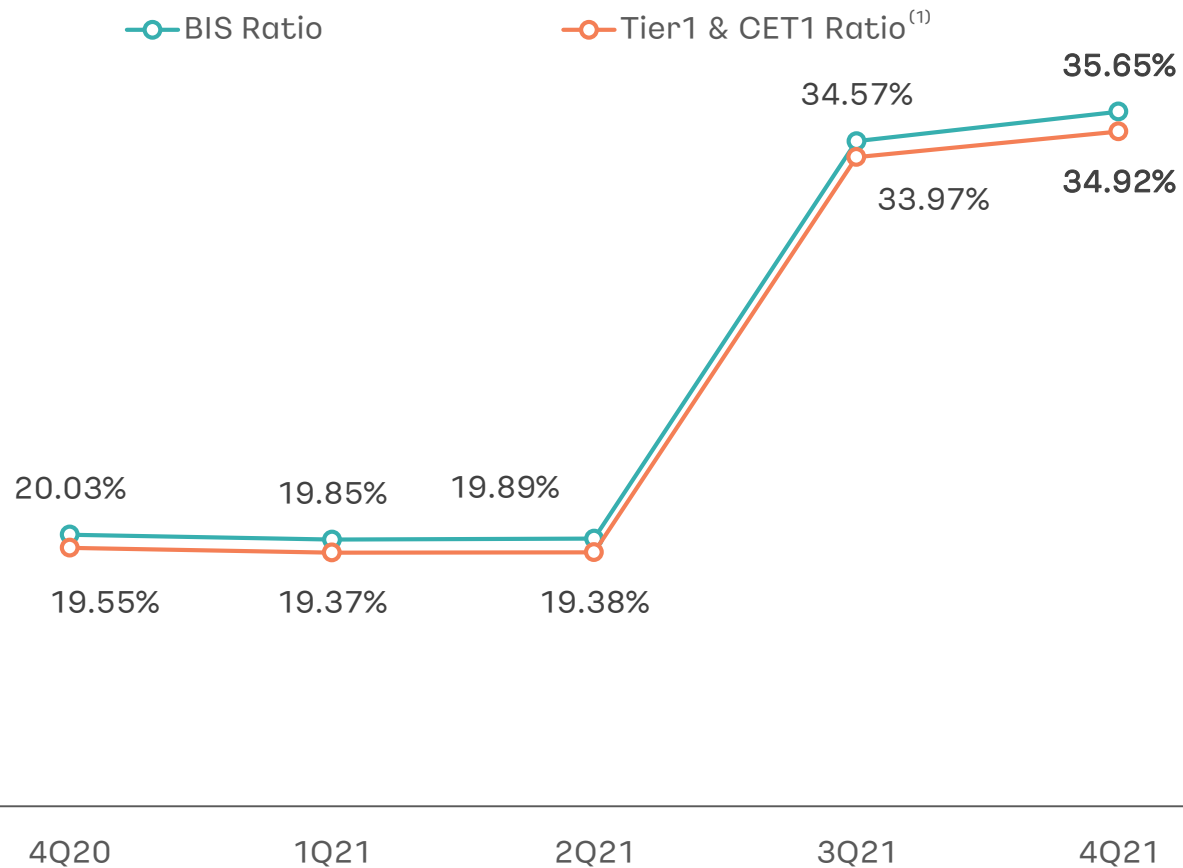
Note: (1) Delinquent for 1 month and over
 (2) Substandard or below loans = Substandard, doubtful or presumed loss loans
 (3) NPL Coverage Ratio = Loan Loss Allowance / Substandard or Below Loans

VIII. Capital Adequacy

BIS ratio 35% after capital raise at IPO

Capital Adequacy

(%)



Note: (1) CET 1 ratio and Tier 1 ratio are equivalent as Kakaobank only has common shares

IX. Appendix : Income Statement

(Wbn)	2021	2020	YoY		4Q21	3Q21	QoQ	
Operating Revenue	1,064.9	804.2	260.8	32.4%	309.1	277.3	31.9	11.5%
Interest Revenue	786.0	599.4	186.6	31.1%	237.5	203.8	33.7	16.5%
Fee Revenue	168.6	149.2	19.4	13.0%	46.3	43.6	2.7	6.2%
Platform Revenue	93.2	49.9	43.3	86.8%	23.5	29.2	-5.7	-19.5%
Others	17.1	5.7	11.4	200.6%	1.8	0.7	1.1	157.1%
Operating Expense	715.7	620.7	95.0	15.3%	224.7	176.5	48.2	27.3%
Interest Expense	164.7	191.4	-26.7	-14.0%	49.9	41.1	8.8	21.4%
Fee & Commission Expense	201.9	178.0	23.9	13.4%	57.9	51.8	6.1	11.9%
SG&A	286.0	200.6	85.4	42.6%	98.2	67.3	30.9	46.0%
Others	63.2	50.7	12.5	24.7%	18.7	16.3	2.4	14.6%
Provision for Credit Cost	92.3	60.9	31.4	51.5%	32.4	29.6	2.9	9.6%
Operating Profit	256.9	122.6	134.3	109.6%	52.0	71.2	-19.2	-27.0%
<i>% Operating Revenue</i>	24.1%	15.2%		8.9%pt	16.8%	25.7%		-8.9%pt
Non-operating Income	0.3	0.1	0.2	203.7%	0.1	0.1	0.1	102.7%
Non-operating Expense	0.5	0.4	0.1	28.5%	0.3	0.0	0.3	7315.3%
Pre-tax Profit	256.7	122.3	134.4	109.9%	51.8	71.2	-19.5	-27.3%
Net Profit	204.1	113.6	90.5	79.7%	36.2	52.0	-15.8	-30.4%
<i>% Operating Revenue</i>	19.2%	14.1%		5.0%pt	11.7%	18.8%		-7.0%pt

IX. Appendix : SG&A

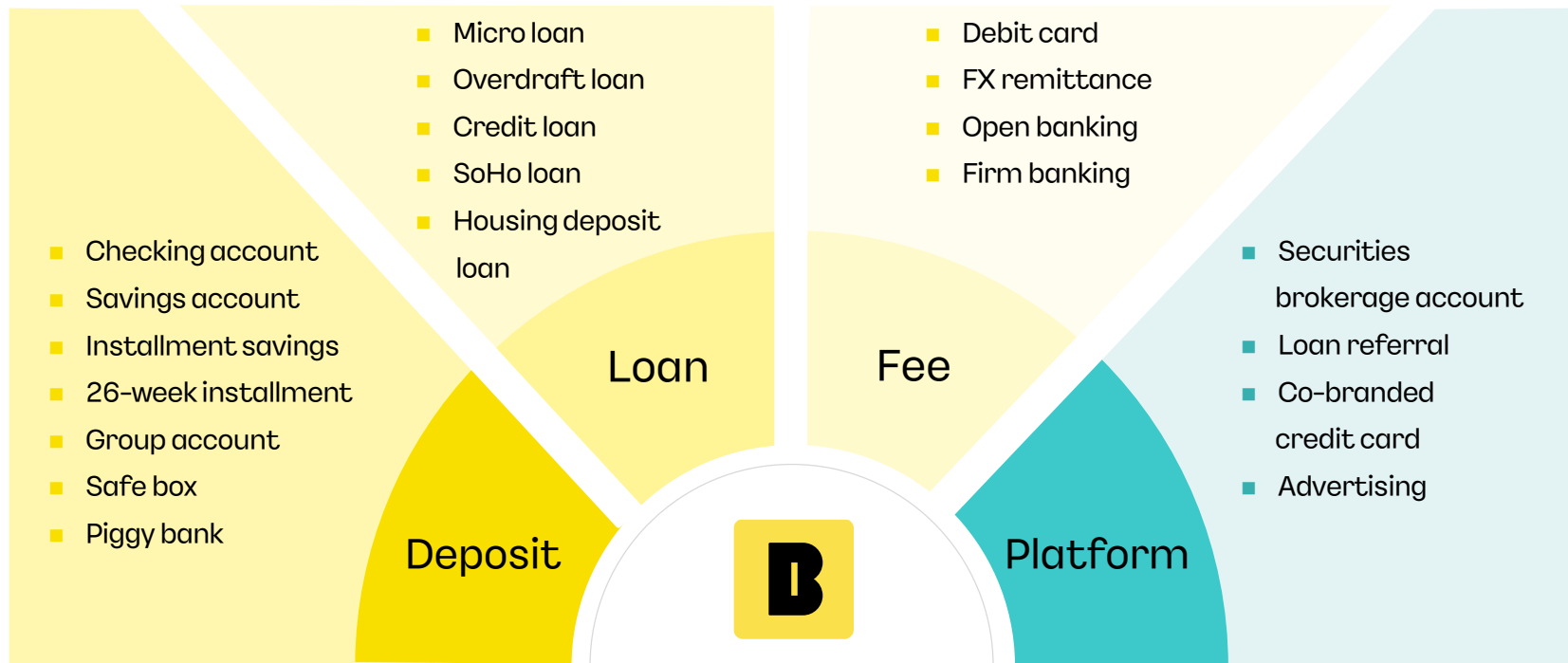
(Wbn)	2021	2020	YoY		4Q21	3Q21	QoQ	
SG&A	286.0	200.6	85.4	42.6%	98.2	67.3	30.9	45.8%
Labor Cost	143.0	93.2	49.8	53.5%	52.3	29.2	23.1	79.3%
D&A	46.6	43.1	3.5	8.2%	12.2	11.4	0.8	7.3%
IT Expense	25.3	21.2	4.1	19.4%	7.0	6.2	0.8	13.2%
Rent	5.0	5.3	-0.3	-5.5%	1.6	1.2	0.4	31.5%
Advertisement	18.1	5.3	12.8	240.5%	9.7	6.5	3.2	49.6%
Others	47.9	32.5	15.5	47.6%	15.2	12.8	2.4	19.1%

IX. Appendix : Balance Sheet

(Wbn)	2021.12	2020.12	YTD %	2021.09	QoQ %
Total Asset	36,040.1	26,650.0	35.2%	35,509.5	1.5%
Cash & Cash Equivalent	1,219.2	1,195.9	1.9%	850.9	43.3%
Financial Investments	6,139.0	4,011.3	53.0%	5,816.1	5.6%
Loan	26,362.1	20,662.8	27.6%	24,970.9	5.6%
Tangible Assets	70.2	46.2	52.2%	53.7	30.8%
Intangible Assets	33.5	44.9	-25.4%	33.9	-1.2%
Other Assets	2,216.1	688.9	221.7%	3,784.1	-41.4%
Total Liabilities	30,518.7	23,853.0	27.9%	30,031.3	1.6%
Deposit	30,026.1	23,539.3	27.6%	29,064.5	3.3%
Provision Liability	26.0	22.4	16.1%	25.5	2.0%
Tax Liability	14.1	3.6	291.7%	12.8	10.2%
Other Liabilities	452.5	287.7	57.3%	928.4	-51.3%
Total Equity	5,521.4	2,797.0	97.4%	5,478.3	0.8%
Share Capital	2,375.8	2,038.3	16.6%	2,375.5	0.0%
Capital Surplus	2,956.2	759.8	289.1%	2,956.9	0.0%
Capital Adjustments	26.8	4.9	444.3%	12.1	120.6%
AOCI	-27.7	7.8	NA	-20.4	NA
Retained Earnings	190.3	-13.8	NA	154.1	23.5%

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