

# KakaoBank

# 4Q 2022 Earnings Release

February 2022

kakaobank

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## Disclaimer

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Customers

**20.42mn**

(YoY +14%)

MAU

**16.44mn**

(YoY +8%)

Deposit balance

**33.1tn**

(YoY +10%)

Loan balance

**27.9tn**

(YoY +8%)

Operating Profit

**353.2bn**

(YoY +38%)

CIR

**42.6%**

(YoY -2.5%p)

## The year 2022 for Kakaobank...

- ◆ Efficient funding competency based on innovative deposit products
- ◆ Full retail banking product portfolio with successful launch of mortgage loan
- ◆ Gained ground for expansion into corporate finance through SOHO banking service launch
- ◆ Established foundation for diversification of sustainable and stable platform revenue sources, despite slow platform business under highly uncertain and volatile macro environment  
→ Resilient growth from 2023 onwards

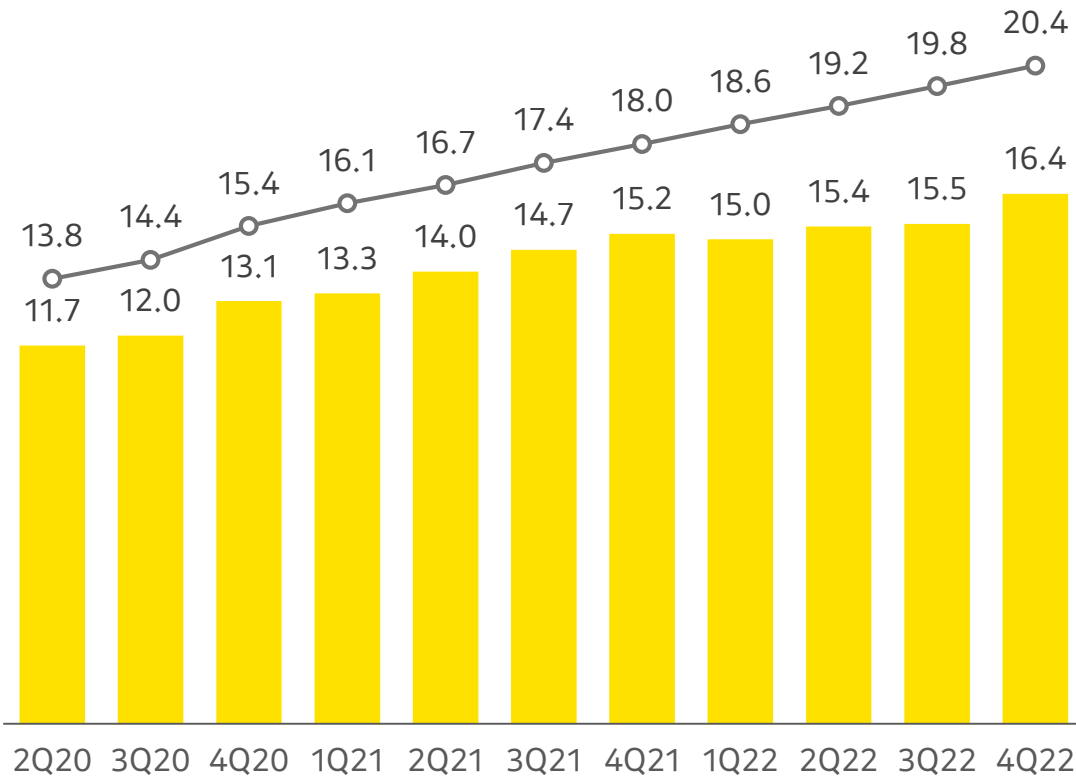
## II. Customer Base

20.42mn customers(YTD +2.43mn), MAU reached record high of 16.44mn

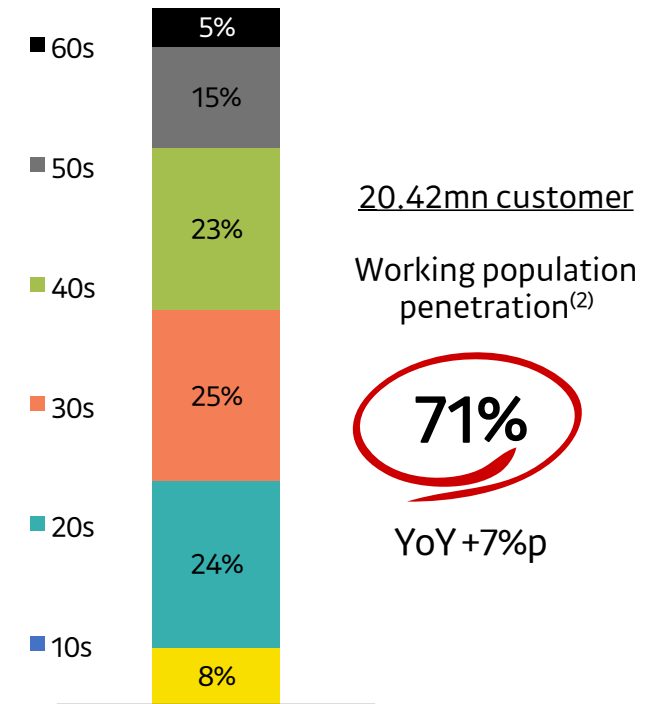
### MAU<sup>(1)</sup> and Customers

(mn users)

■ MAU ○ Customers



### 2022 Customer by Age Group



Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarter end MAU

(2) KOSIS (Korea working population 28.67mn in Dec 2022)

### III. Operating Revenue

Operating revenue YoY +57%, QoQ +18%, thanks to solid growth of interest and fee revenue

#### Operating Revenue

(Wbn)



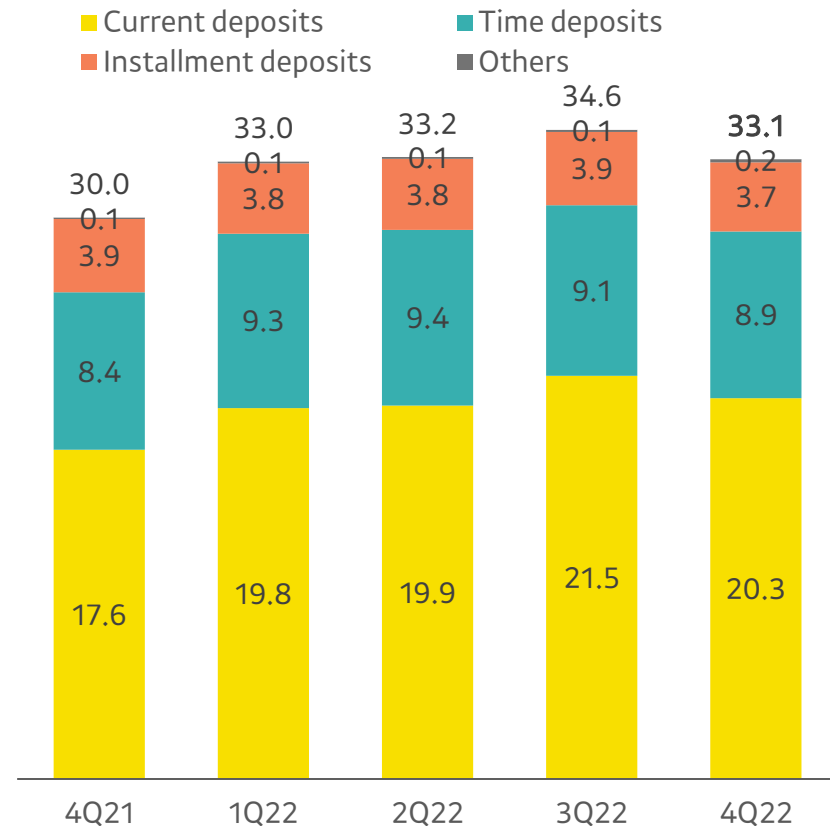
Division	Key product/services	2022 Contribution
Interest revenue	Loan interest Financial investment interest	80%
Platform revenue	Securities account (8 partners) Loan referral (21 partners) Co-branded credit card (6 partners) Advertisement mini	5%
Fee revenue & Others	Debit card (transaction value YoY +18%) Firm banking (volume YoY +34%) FX remittance (volume YoY +7%) Trading financial asset investment Gains from FX trading Loan disposal gain	15%

# IV. Banking Biz : Deposit

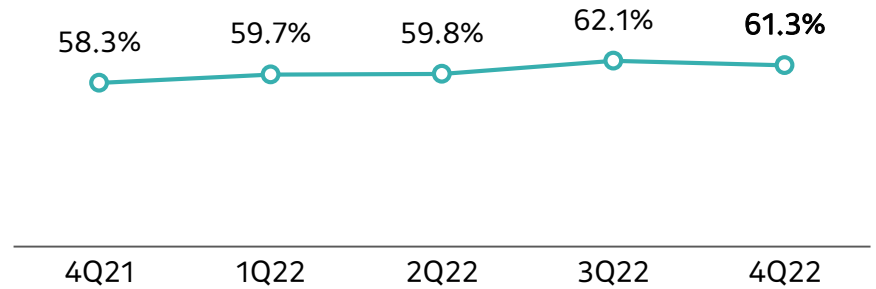
Deposit balance YoY +10%, QoQ -4%; Low-cost deposits account for 61% of total deposits

## Deposits Balance Trend & Breakdown

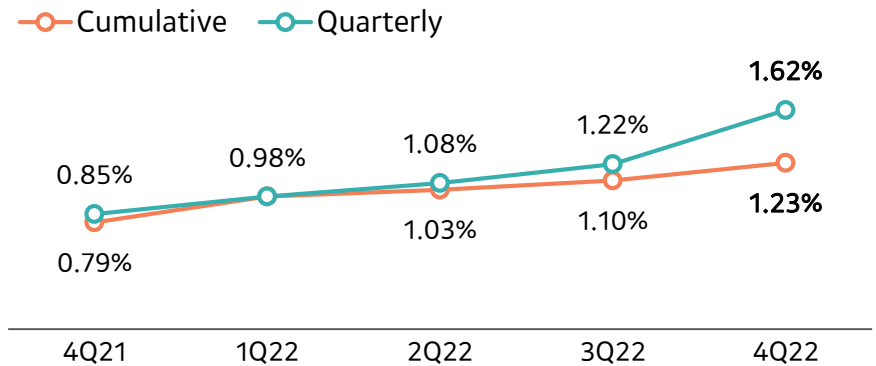
(Wtn)



## Low-Cost Deposits Portion



## Funding Cost<sup>(1)</sup>



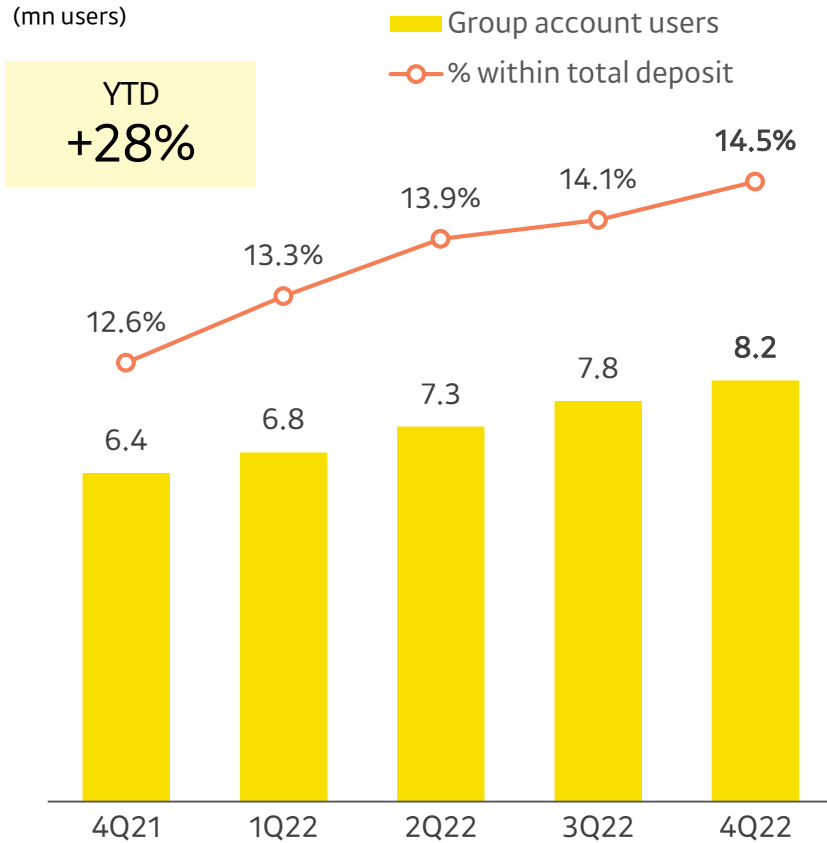
Note: (1) based on the average interest rate of the funding

# IV. Banking Biz : Deposit (2/2)

Continued growth in signature deposit products (Group Account & 26-wk installment savings w/ partners) thanks to differentiated service and benefits

## Group Account Users

(mn users)



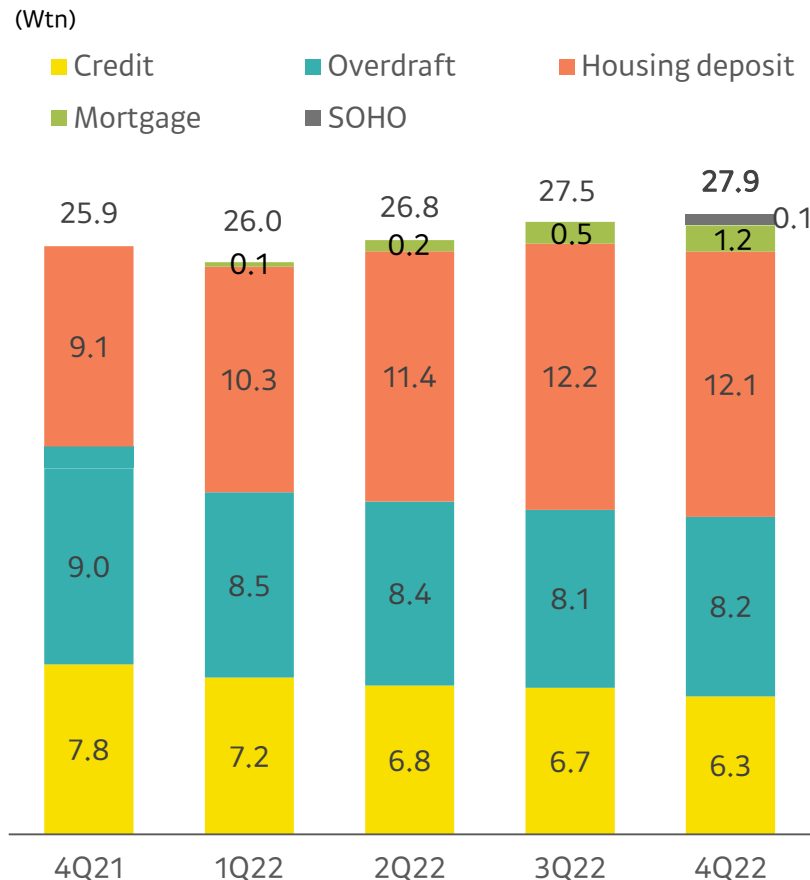
## 26-week Savings w/ GS Caltex, Kyochoon, GS Retail



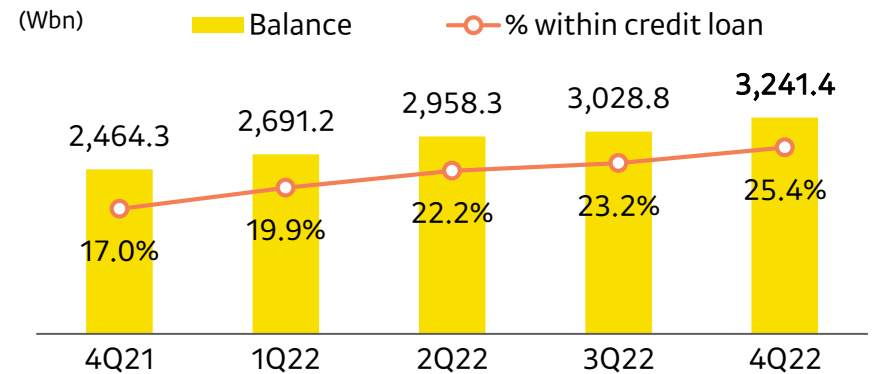
## IV. Banking Biz : Loan (1/2)

Loan balance YoY +8%, QoQ +2%, NIM improvement driven by base rate hike and efficient cost structure

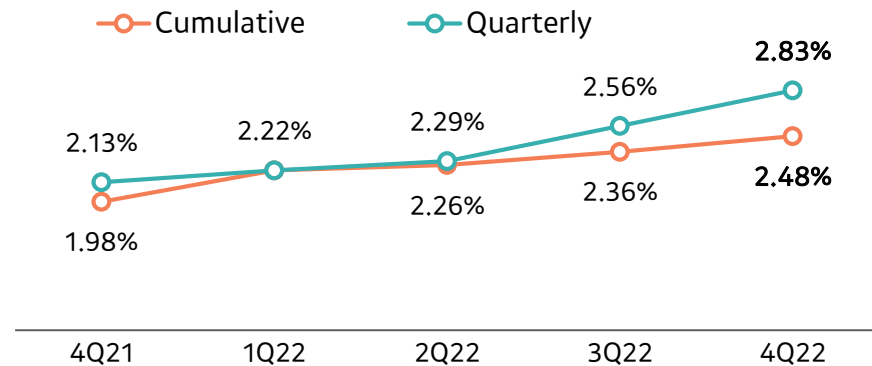
### Loan Balance Trend & Breakdown



### Mid-Credit Loan



### Net Interest Margin



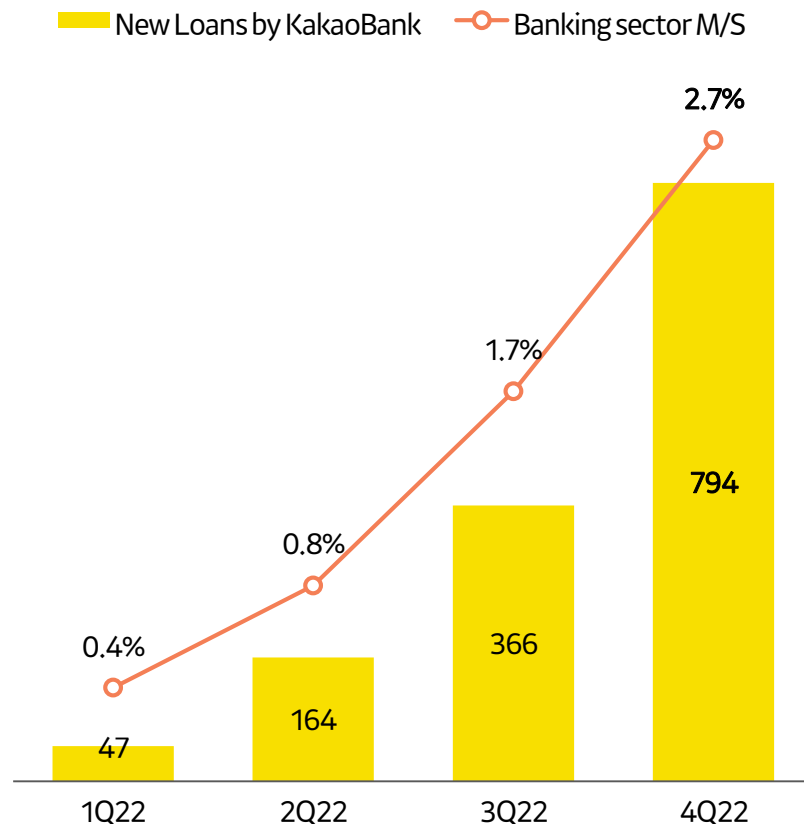


## IV. Banking Biz : Loan (2/2)

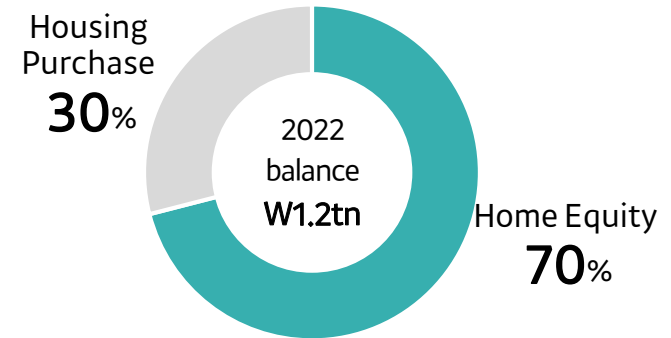
Mortgage loan balance exceeds W1.0tn, with growth driven by home equity usage despite sluggish property market; KakaoBank's market coverage at 32%, with more room for further expansion

### KakaoBank Mortgage Loan and M/S

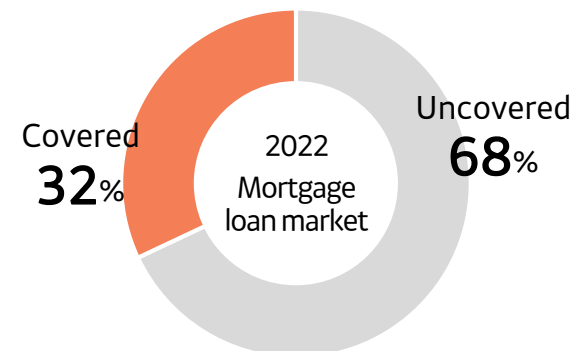
(Wbn)



### Mortgage Loan Portfolio by Purpose (end-2022)



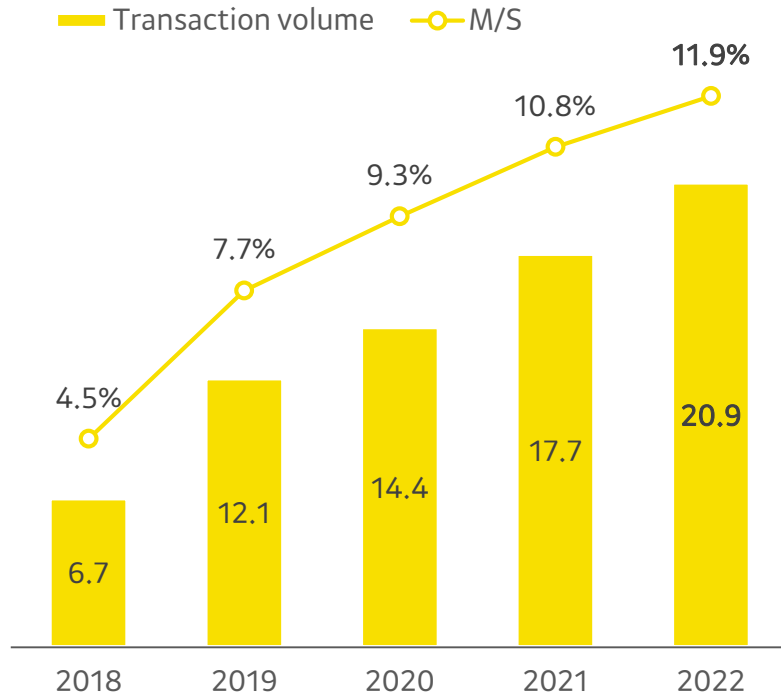
### KakaoBank Mortgage Market Coverage (end-2022)



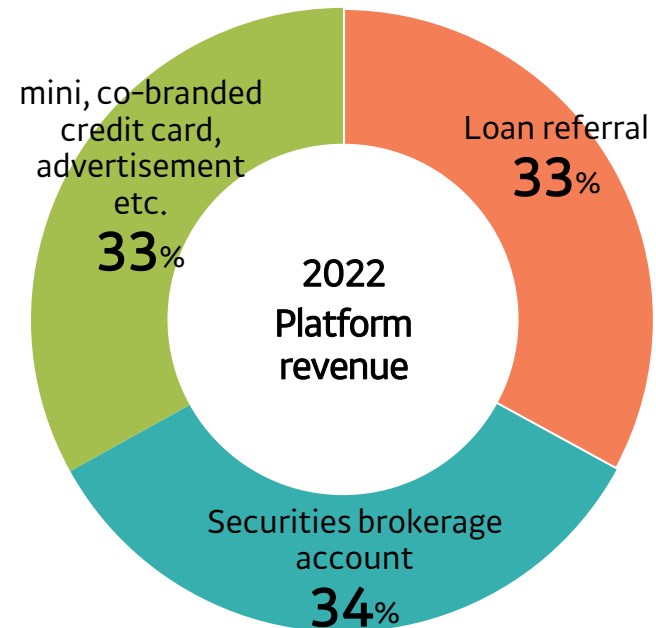
Fee revenue growth driven by increased debit card transaction volume  
 Portfolio diversification achieved through platform business line-up expansion

### Debit Card Transaction Volume and M/S

(Wtn)



### Platform Business Breakdown

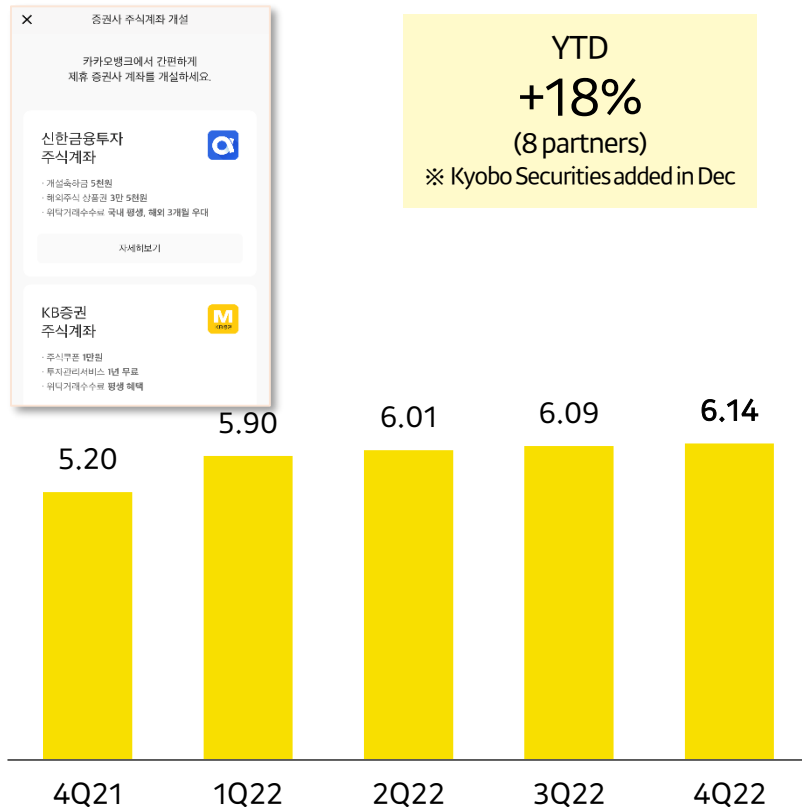


# VI. Platform Biz (1/4)

Focus on expanding investment features by adding stock trading service(WTS) to securities brokerage account service; Targeting to add more investment asset types and WM services

## (1-1) Securities Brokerage account

(mn accounts; cumulative)



Note: (1)Web TradingSystem

## (1-2) Domestic and Overseas Stock Trading (WTS<sup>(1)</sup>)

### Full stock trading coverage within KakaoBank App

Overseas

Domestic

+

Mini stock released in Sept 2020

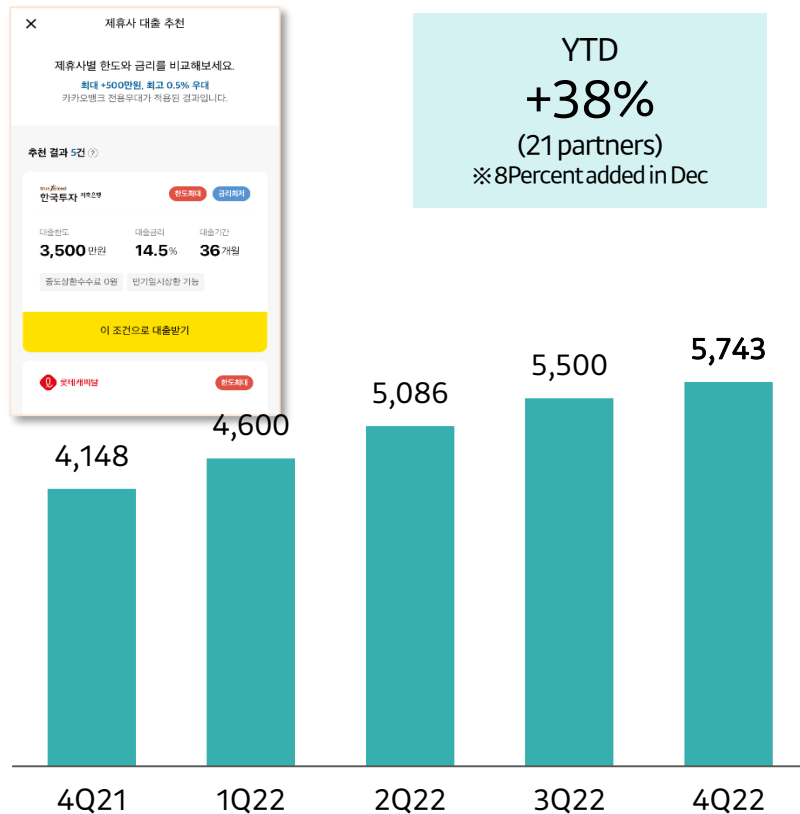
After service launch on 12<sup>th</sup> Dec 2022

- ◆ Account openings through KIS (Korea Investment Securities) increased 2.5x vs. Nov average
- ◆ Increased transaction per daily visitors (active trading account/DAU)

Continued growth by adding more partnership;  
 ₩5.7tn loans referred on cumulative base

## (2) Loan Referral

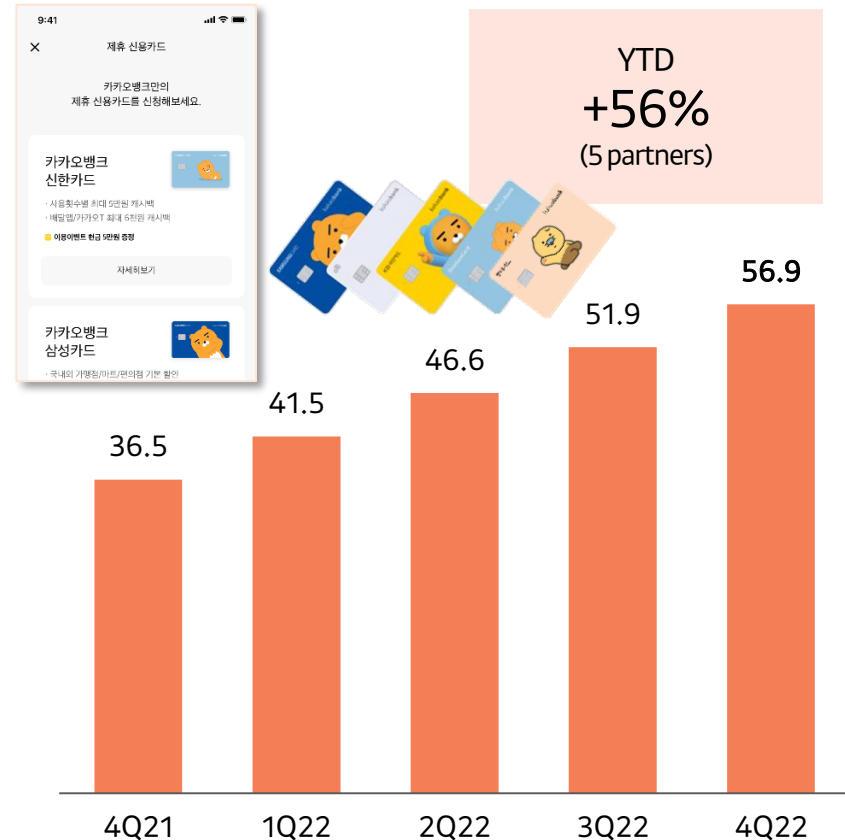
(Wbn; cumulative)



570k exclusive co-branded credit cards issued

## (3) Co-branded Credit Card

(10k; cumulative)



Established foundation for sustainable business structure with 3 product mix with differentiated customer target and strategy; Revenue expansion expected from stronger ad biz

## (4) Advertisement

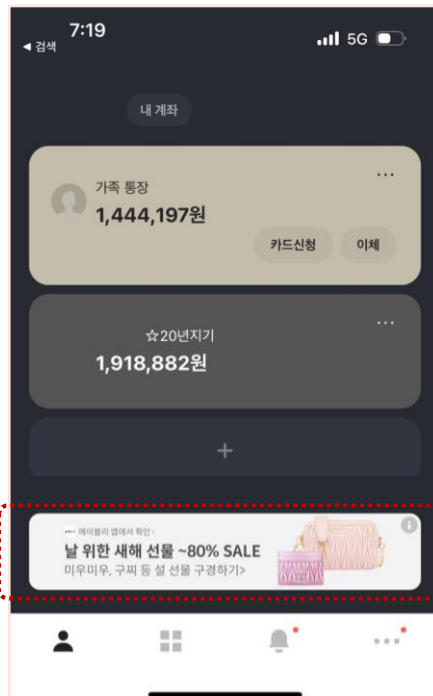
### Premium ads

Switchable ad section allows multiple ad display



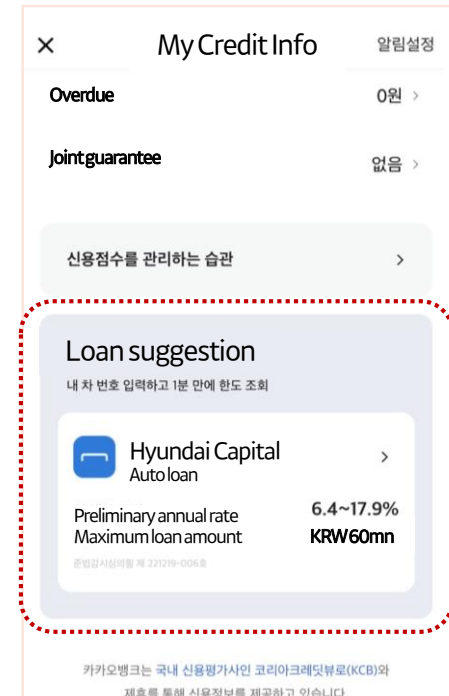
### Kakao Adfit ads

Kakao biz board ad



### Loan ads

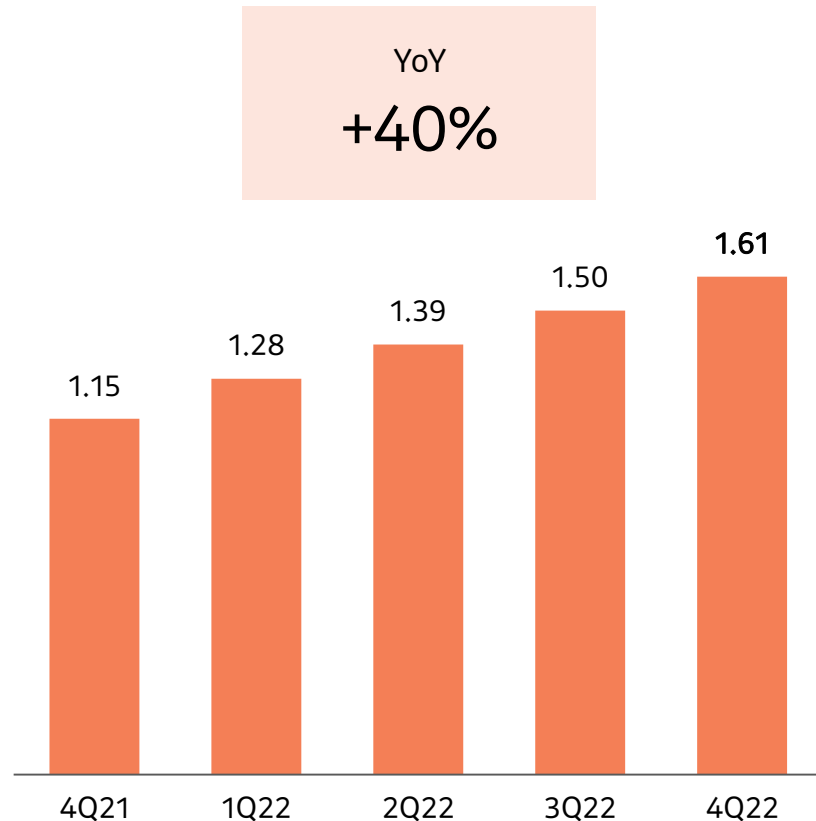
Third party loan ads (My Credit Information page)



1.61mn mini customers with 69% penetration<sup>(1)</sup> in the 14~18 population;  
 mini transaction value increased QoQ +7% as KakaoBank becomes essential for teens financial life

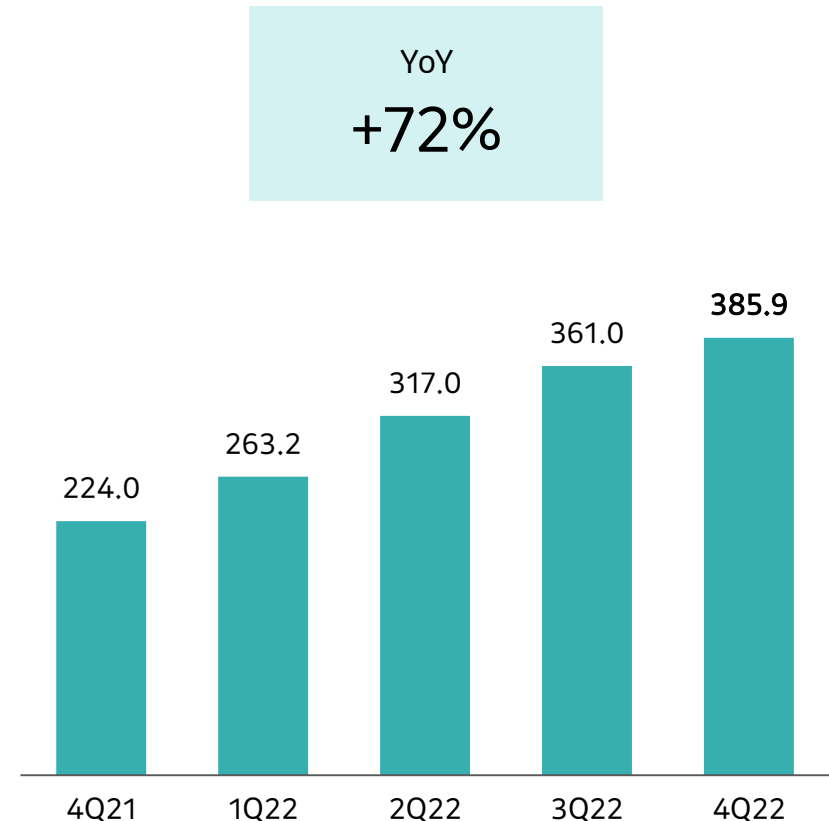
### (5-1) mini Customer

(mn customers; cumulative)



### (5-2) mini Transaction Value

(Wbn; quarterly)



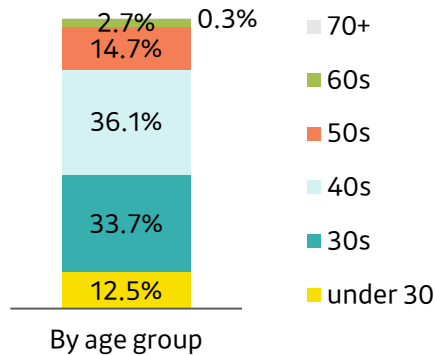
Note: (1) Ministry of Public Administration Demographics Dec.2022 (Age 14~18 population : 2.32mn)

Acquired over 200 thousand customers;  
Expansion of business solutions, with the start of simple tax inquiry/reporting service

Customer Demographics

Customer by age group

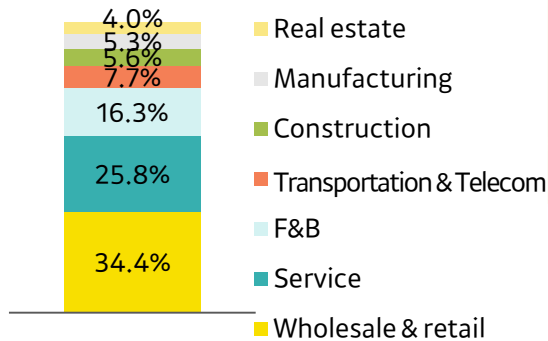
- 70% of customers in 30~40s  
(familiar with mobile banking)



Top 7 by business type

- Majority of KakaoBank SOHO customers are engaged in wholesale & retail, service industries

- KakaoBank SOHO shows high penetration in wholesale & retail and F&B industry



Tax Inquiry/Reporting Service (launched 16<sup>th</sup> Jan, 2023)

**Banking Service**  
Basic Offering

VAT inquiry & Reporting  
made easy and fast for business owners

kakaobank × SSEM

View VAT

**Platform Service**  
Connecting finance and life

No need to enter each and every item  
**Simple**  
Use KakaoBank simple certificate to automatically collect sales/purchase data

세금계산서 매출	87,290,250원
공급가	87,100,150원
부가세	190,100원
현금영수증 매출	3,885,100원
공급가	3,350,050원
부가세	535,050원
카드 단말기 매출	5,605,290원
공급가	4,834,100원
부가세	771,190원

VAT reporting One-step solution  
수수료 33,000원 결제하면 국세청 신고까지 완료할 수 있어요.

VAT reporting completed  
SSEM 이용료 33,000원

View VAT receipt

부가가치세 조회·신고에 대한 안내 및 서비스는 SSEM에서 제공합니다.

- Providing tax inquiry and reporting service via partnership with sole provider of general income tax, VAT reporting solution
- Unprecedented customer experience through one-stop verification with KakaoBank certificate, low cost etc.

Recorded 180 thousand customer view in 2 weeks

New service launch to diversify platform business revenue and enhance traffic & transaction

**[Jan] Tax Service for business owners**

Providing tax inquiry / reporting service to business owners through partnership

- ◆ Partnership with specialized algorithm-based online tax solution provider(SSEM)
- ◆ Expanding from banking service to business solutions necessary for business operation



**[2Q] Expansion of investment platform**

Expansion of financial product portfolio in collaboration with partners to meet customer's various investment needs

- ◆ Provide products tailored to customers' preferences in response to macro changes, such as rising base rate and high inflation
- ◆ Service various financial products in addition to domestic & foreign stock and crypto asset trading



**[2Q~3Q] Fund license**

First Internet bank to acquire its own license to establish fund services

- ◆ Differentiated UX to customer unfamiliar with fund investment
- ◆ Contribution to sound investing culture, as fund service is based on financial consumer protection



**[Apr] Fan-based deposit product**

KakaoBank's unique deposit product following group account and 26-wk savings

- ◆ Connecting finance and life through reinterpretation of banking services
- ◆ Discovering the fun of finance and providing new experiences in various moments in life

**[2Q] Expand customer base for mini**

Lower target customer age for mini service which is currently available for teens in the age of 14~18

- ◆ Expansion of service target so that a wider customer age group can use it to develop a wise financial mindset
- ◆ Preemptive customer acquisition by allowing access to financial platform from an early age



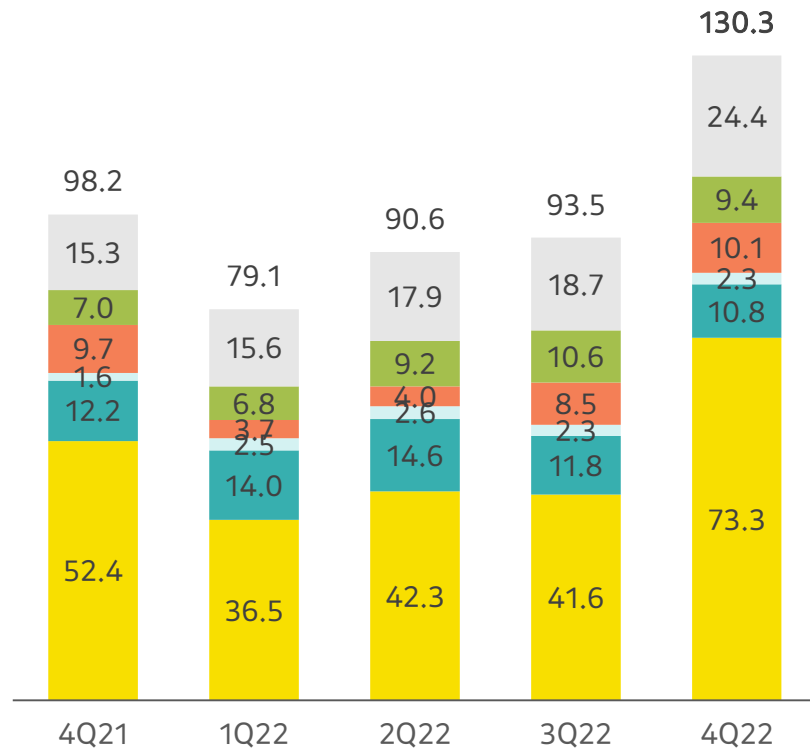
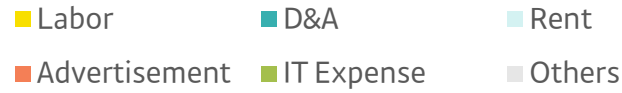


## VII. SG&A and CIR

SG&A increase from higher labor cost owing to annual incentive & welfare expense and advertisement expense; CIR increase from higher SG&A

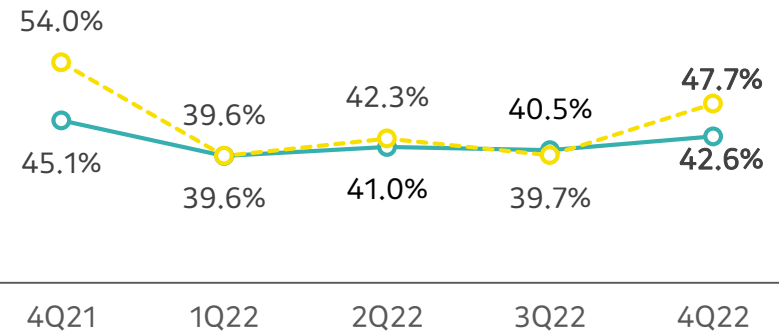
### SG&A

(Wbn)



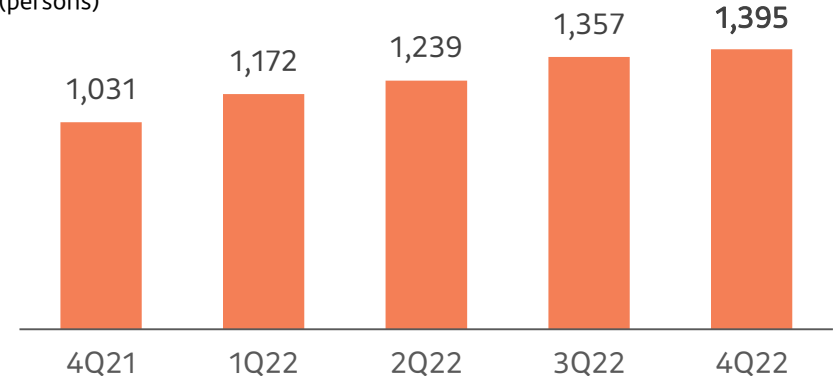
### CIR(Cost to Income Ratio)

(%)



### Number of Employees

(persons)

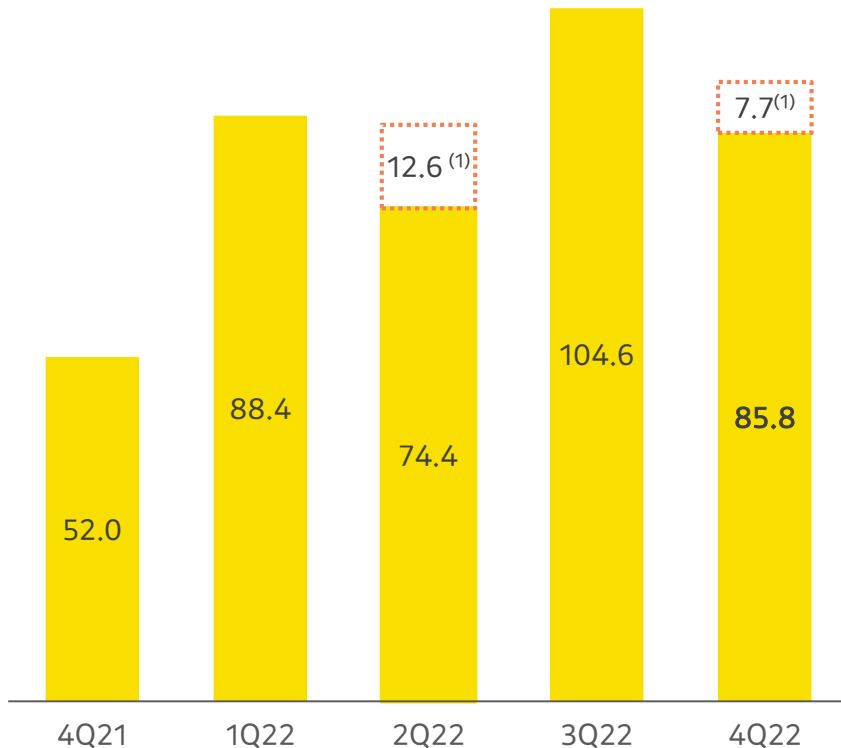


## VIII. Operating profit and ROE, ROA

Operating profit YoY +65%, QoQ -18%, from temporary increase in expenses, despite interest revenue expansion

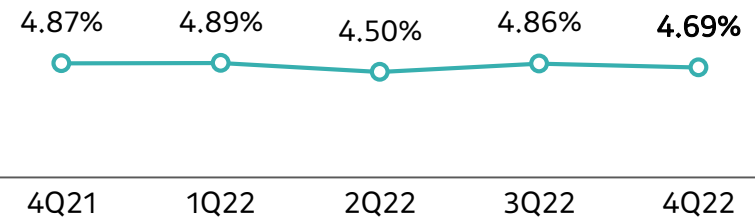
### Operating Profit

(Wbn)



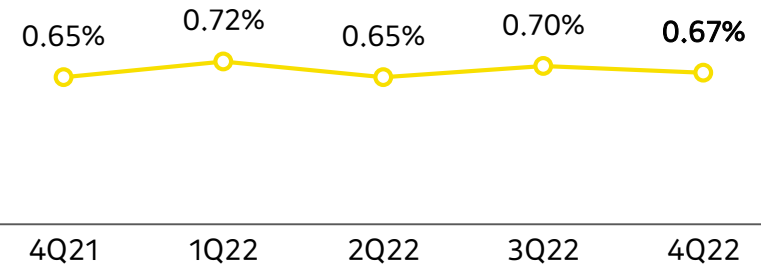
### ROE<sup>(2)</sup>

(%)



### ROA<sup>(2)</sup>

(%)

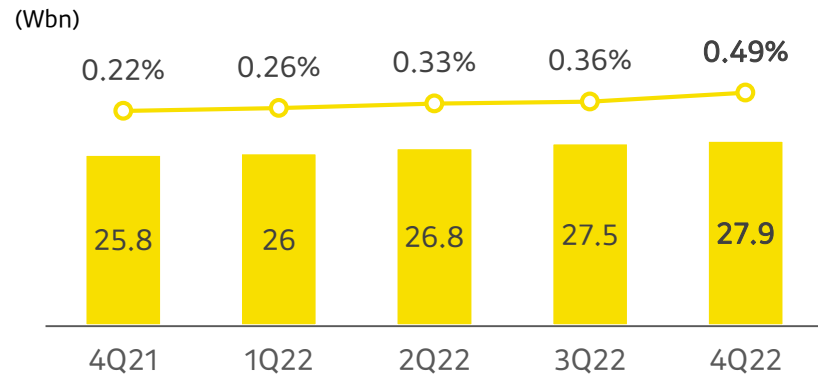


Note: (1) Additional preemptive provisioning based on FLC  
(2) Annualized

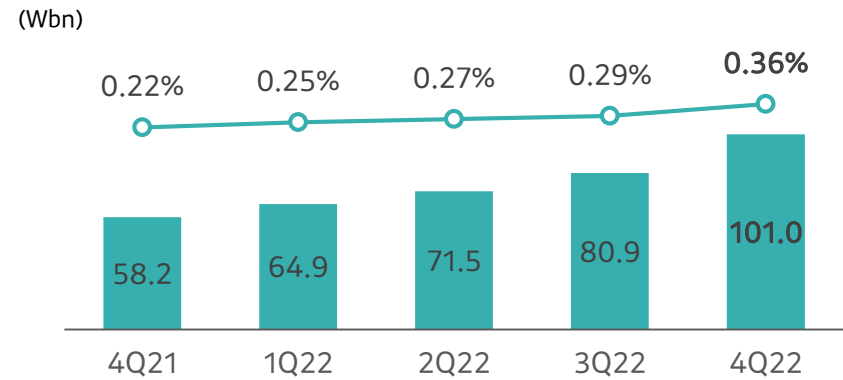
# IX. Asset Quality

Delinquency rate and NPL ratio slightly increased

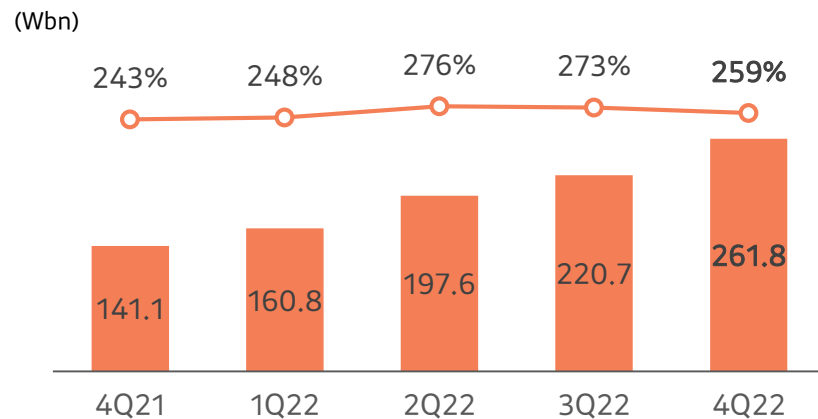
## Total Loans & Delinquency Rate



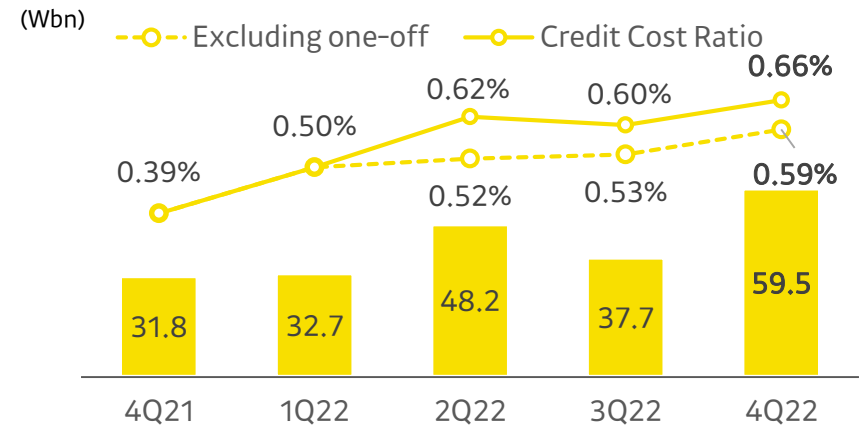
## SBL & NPL Ratio



## Loan Loss Allowance & Coverage Ratio<sup>(1)</sup>



## Provisioning & Credit Cost Ratio



Note: (1) NPL coverage ratio = Loan Loss Allowance / Substandard or Below Loans

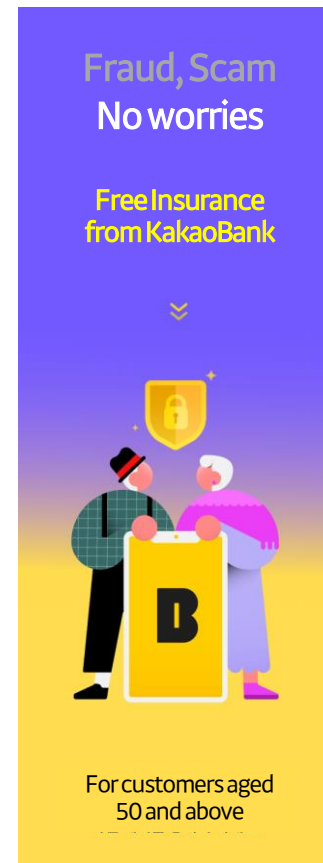
First internet bank to join world's largest global initiative UNGC;  
Launched financial safety insurance campaign for KakaoBank customers

### UN Global Compact



- ✓ UN world's largest voluntary sustainability initiative with over 20,000 members from 162 countries
- ✓ Incorporate 10 core ESG values, including human rights/labor/environment, into corporate management and release implementation report annually
- ✓ KakaoBank, in particular, will primarily focus on enhancing mobile financial safety net, such as Fraud Detection System etc.

### Financial Safety Insurance Campaign



Feel safe using KakaoBank!

KakaoBank will pay for your insurance

For 26 weeks, up to W5mn coverage on mobile finance fraud

#### Financial Safety Insurance Campaign

- ◆ Free insurance coverage up to W5mn in case of non-F2F financial damage for customers aged 50+
- ◆ Active prevention of mobile financial crimes, such as voice phishing prevention contents and abnormal transaction detection system
- ◆ Integrating ESG and business, while expanding social responsibility and providing services to senior customers unfamiliar with mobile finance

## X. Appendix : Income Statement

(Wbn)	4Q22	4Q21	YoY		3Q22	QoQ	
<b>Operating Revenue</b>	<b>484.7</b>	<b>309.1</b>	<i>175.6</i>	<i>56.8%</i>	<b>411.8</b>	<i>72.9</i>	<i>17.7%</i>
Interest Revenue	399.6	237.5	<i>162.1</i>	<i>68.3%</i>	292.9	<i>106.7</i>	<i>36.4%</i>
Fee Revenue	42.9	42.9	<i>0.0</i>	<i>0.0%</i>	43.7	<i>-0.8</i>	<i>-1.8%</i>
Platform Revenue	16.4	23.5	<i>-7.1</i>	<i>-30.2%</i>	21.6	<i>-5.2</i>	<i>-24.1%</i>
Others	25.8	5.2	<i>20.6</i>	<i>396.2%</i>	53.6	<i>-27.8</i>	<i>-51.9%</i>
<b>Operating Expense</b>	<b>341.2</b>	<b>224.7</b>	<i>116.5</i>	<i>51.8%</i>	<b>270.7</b>	<i>70.5</i>	<i>26.0%</i>
Interest Expense	122.2	49.9	<i>72.3</i>	<i>144.9%</i>	90.4	<i>31.8</i>	<i>35.2%</i>
Fee & Commission Expense	65.4	57.9	<i>7.5</i>	<i>13.0%</i>	63.7	<i>1.7</i>	<i>2.7%</i>
Loan & Deposit related <sup>(1)</sup>	8.0	5.6	<i>2.4</i>	<i>42.9%</i>	6.0	<i>2.0</i>	<i>33.3%</i>
Non loan & Deposit related	57.5	52.3	<i>5.2</i>	<i>9.9%</i>	57.7	<i>-0.2</i>	<i>-0.3%</i>
SG&A	130.3	98.2	<i>32.1</i>	<i>32.7%</i>	93.5	<i>36.8</i>	<i>39.4%</i>
Others	23.3	18.7	<i>4.6</i>	<i>24.6%</i>	23.1	<i>0.2</i>	<i>0.9%</i>
<b>Provision for Credit Cost</b>	<b>57.7</b>	<b>32.4</b>	<i>25.3</i>	<i>78.1%</i>	<b>36.6</b>	<i>21.1</i>	<i>57.7%</i>
<b>Operating Profit</b>	<b>85.8</b>	<b>52.0</b>	<i>33.8</i>	<i>65.0%</i>	<b>104.6</b>	<i>-18.8</i>	<i>-18.0%</i>
<i>% Operating Revenue</i>	17.7%	16.8%		<i>0.9%pt</i>	25.4%		<i>-7.7%pt</i>
Non-operating Income	0.3	0.1	<i>0.2</i>	<i>200%</i>	2.0	<i>-1.7</i>	<i>-85.0%</i>
Non-operating Expense	2.6	0.3	<i>2.3</i>	<i>766.7%</i>	2.0	<i>0.6</i>	<i>30.0%</i>
Pre-tax Profit	83.5	51.8	<i>31.7</i>	<i>61.2%</i>	104.6	<i>-21.1</i>	<i>-20.2%</i>
<b>Net Profit</b>	<b>60.6</b>	<b>36.2</b>	<i>24.4</i>	<i>67.4%</i>	<b>78.7</b>	<i>-18.1</i>	<i>-23.0%</i>
<i>% Operating Revenue</i>	12.5%	11.7%		<i>0.8%pt</i>	19.1%		<i>-6.6%pt</i>

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

## X. Appendix : SG&A

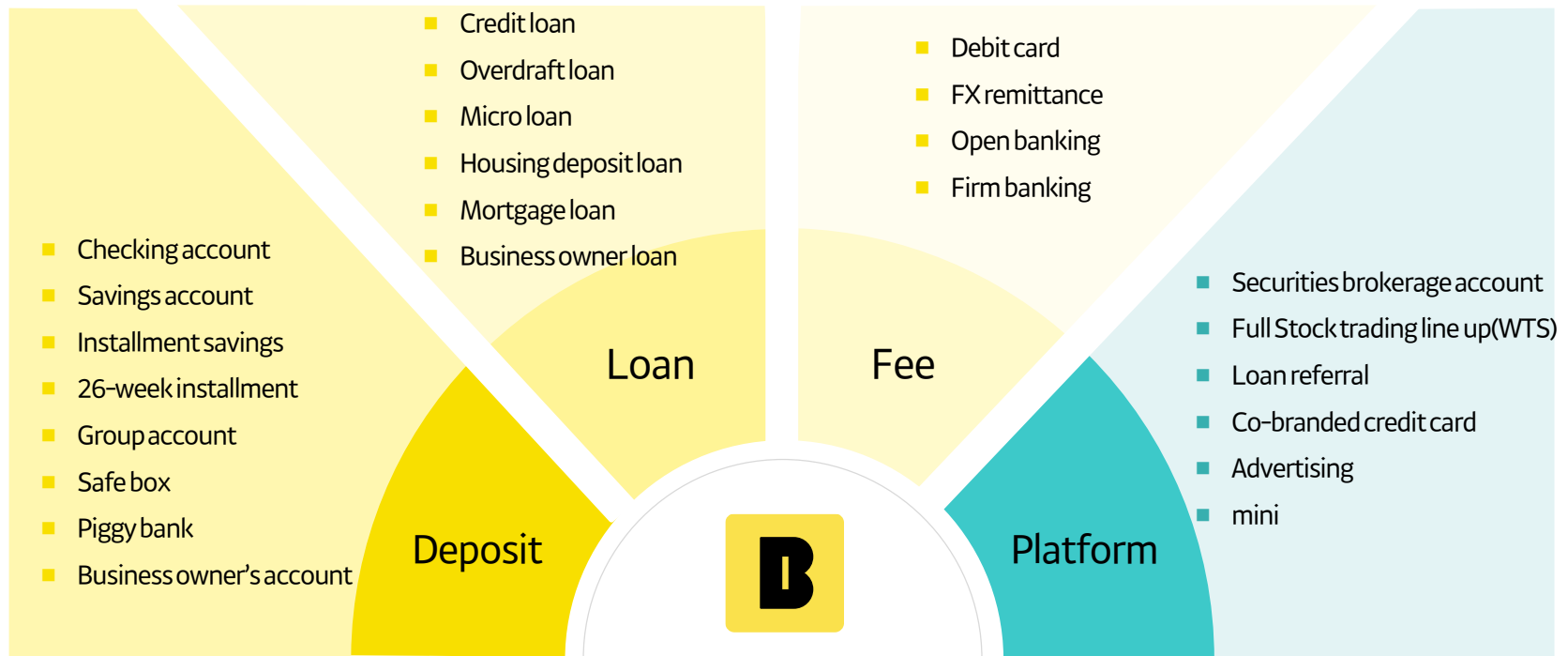
(Wbn)	4Q22	4Q21	YoY		3Q22	QoQ	
<b>SG&amp;A</b>	<b>130.3</b>	<b>98.2</b>	<b>32.1</b>	<b>32.7%</b>	<b>93.5</b>	<b>36.8</b>	<b>39.4%</b>
Labor Cost	73.3	52.3	21.0	40.2%	41.6	31.7	76.2%
D&A	10.8	12.2	-1.4	-11.5%	11.8	-1.0	-8.5%
IT Expense	9.4	7.0	2.4	34.3%	10.6	-1.2	-11.3%
Rent	2.3	1.6	0.7	43.8%	2.3	0.0	0.0%
Advertisement	10.1	9.7	0.4	4.1%	8.5	1.6	18.8%
Others	24.4	15.4	9.0	58.4%	18.7	5.7	30.5%

## X. Appendix : Balance Sheet

(Wbn)	2022.12	2021.12	YoY %	2022.09	QoQ %
<b>Total Asset</b>	<b>39,516.1</b>	<b>36,040.1</b>	<b>9.6%</b>	<b>40,839.8</b>	<b>-3.2%</b>
Cash & Cash Equivalent	1,381.5	1,219.2	13.3%	2,066.3	-33.1%
Financial assets at FV through profit or loss	1,324.4	1,501.9	-11.8%	1,621.5	-18.3%
Financial Investments	7,686.9	6,139.0	25.2%	7,982.6	-3.7%
Loan	28,053.4	26,362.1	6.4%	28,335.9	-1.0%
Tangible Assets	172.9	70.2	146.3%	154.6	11.8%
Intangible Assets	28.2	33.5	-15.8%	27.6	2.2%
Other Assets	868.8	714.2	21.6%	651.3	33.4%
<b>Total Liabilities</b>	<b>33,801.0</b>	<b>30,518.7</b>	<b>10.8%</b>	<b>35,227.2</b>	<b>-4.0%</b>
Deposit	33,055.8	30,026.1	10.1%	34,556.0	-4.3%
Provision Liability	35.6	26.0	36.9%	34.1	4.4%
Tax Liability	37.0	14.1	162.4%	26.9	37.5%
Other Liabilities	672.6	452.5	48.6%	610.2	10.2%
<b>Total Equity</b>	<b>5,715.1</b>	<b>5,521.4</b>	<b>3.5%</b>	<b>5,612.7</b>	<b>1.8%</b>
Share Capital	2,383.6	2,375.8	0.3%	2,383.2	0.02%
Capital Surplus	2,986.8	2,956.2	1.0%	2,971.9	0.5%
Capital Adjustments	-6.7	26.8	NA	5.3	NA
AOCI	-102.0	-27.7	NA	-140.5	NA
Retained Earnings	453.4	190.3	138.3%	392.8	15.4%

# X. Appendix : Our broad product offering

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



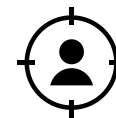
ALL in One App



100% Mobile



Intuitive UI/UX



User Utility