

# KakaoBank

# 4Q 2022 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.

This presentation contained herein should not be utilized for any legal purposes in regards to investors' investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

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

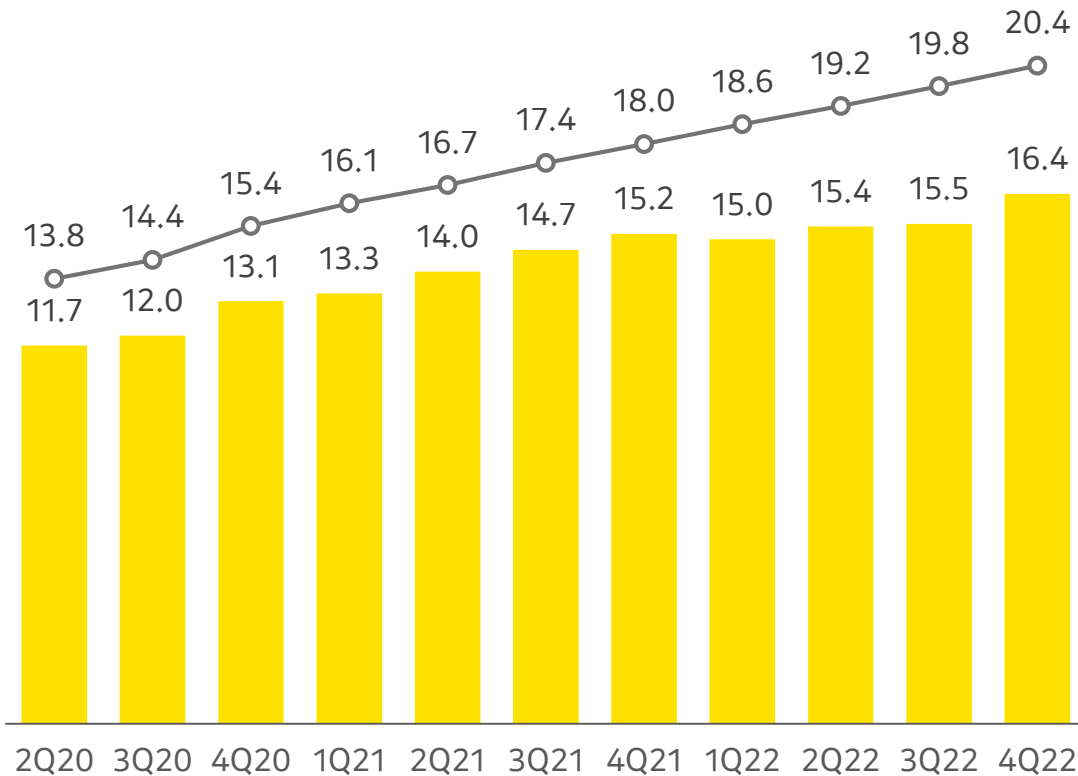
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20.42mn customers(YTD +2.43mn), MAU reached record high of 16.44mn

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

(mn users)

■ MAU    ○ Customers

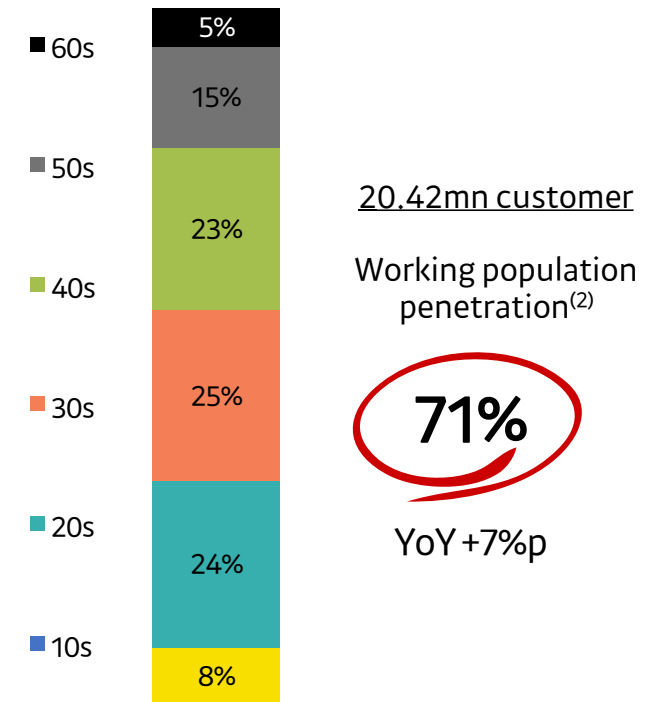


Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarter end MAU

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

### 2022 Customer by Age Group



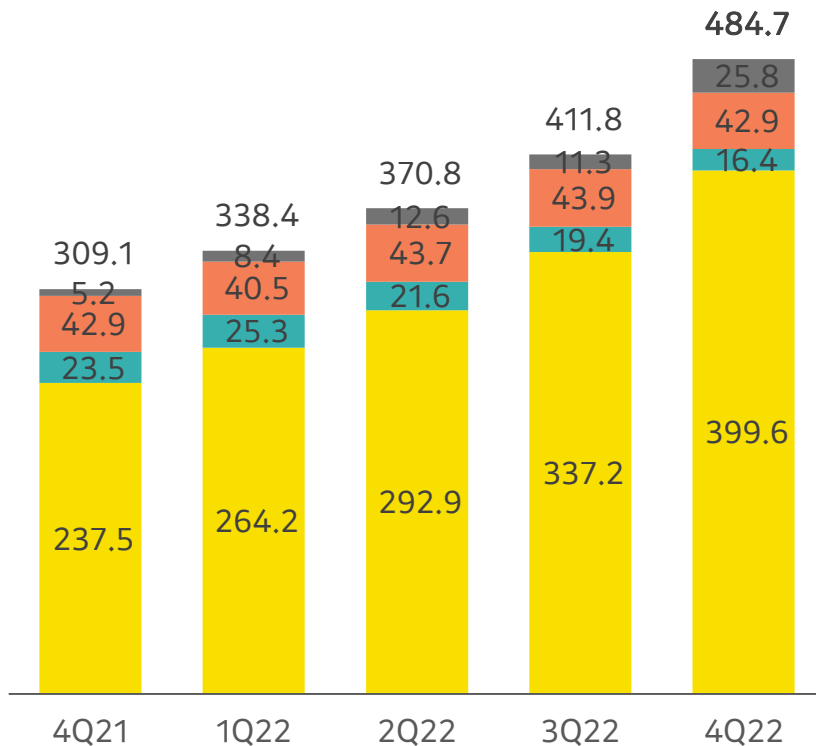
### III. Operating Revenue

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

#### Operating Revenue

(Wbn)

Interest revenue      Platform revenue  
Fee revenue      Others



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%

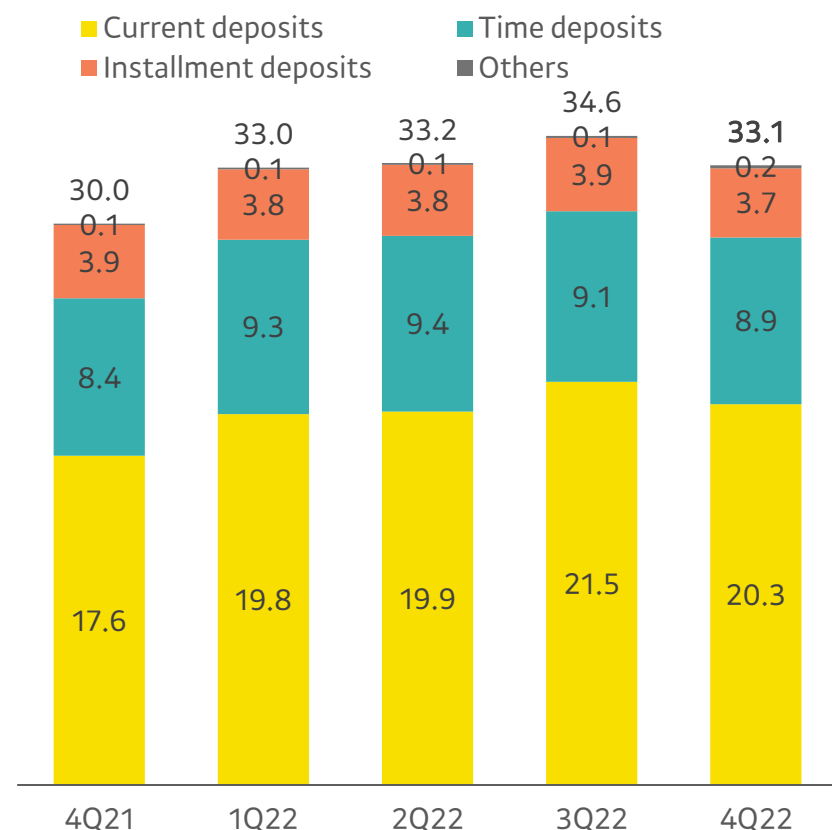
## IV. Banking Biz : Deposit

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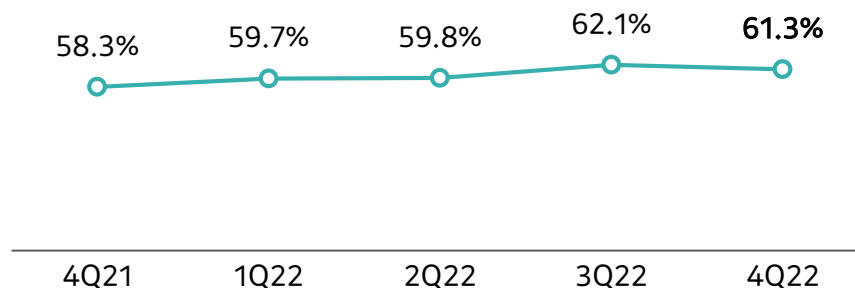
Deposit balance YoY +10%, QoQ -4%; Low-cost deposits account for 61% of total deposits

### Deposits Balance Trend & Breakdown

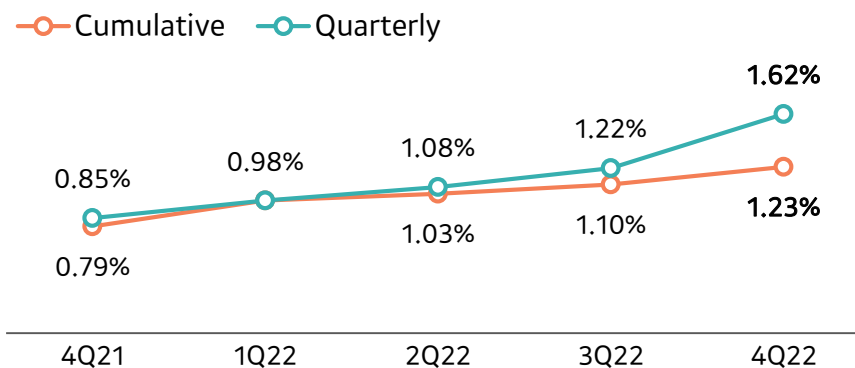
(Wtn)



### Low-Cost Deposits Portion



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



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

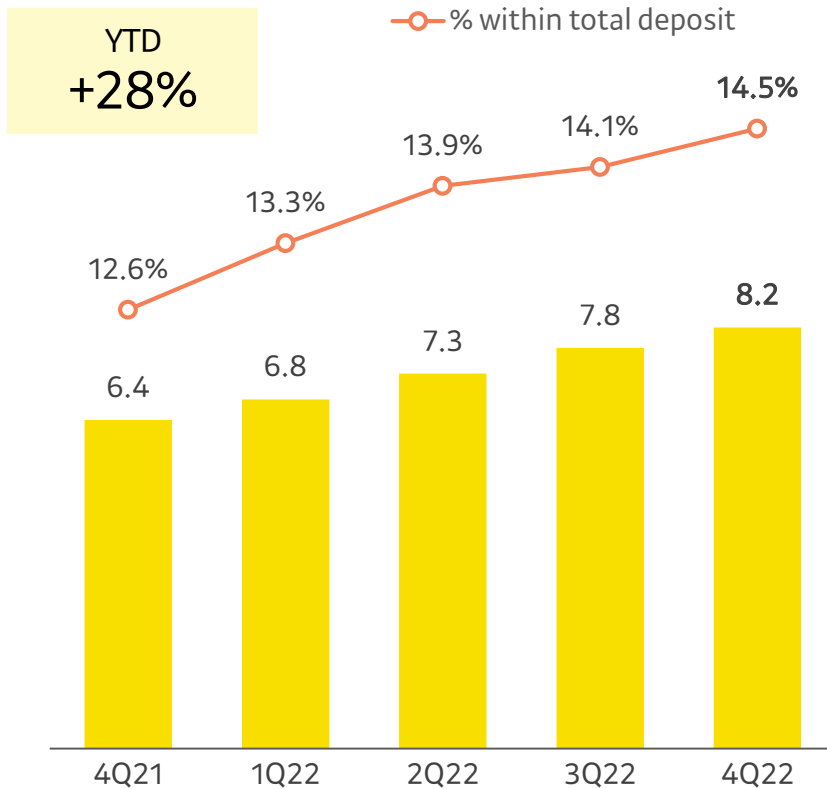
## IV. Banking Biz : Deposit (2/2)

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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, Kyochon, GS Retail

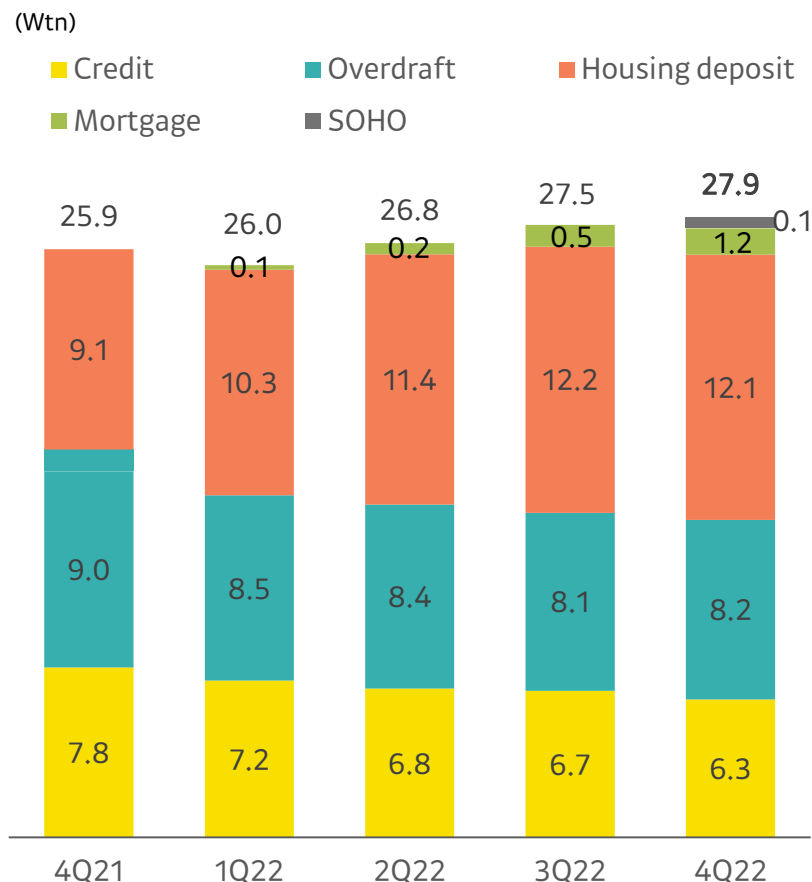


## IV. Banking Biz : Loan (1/2)

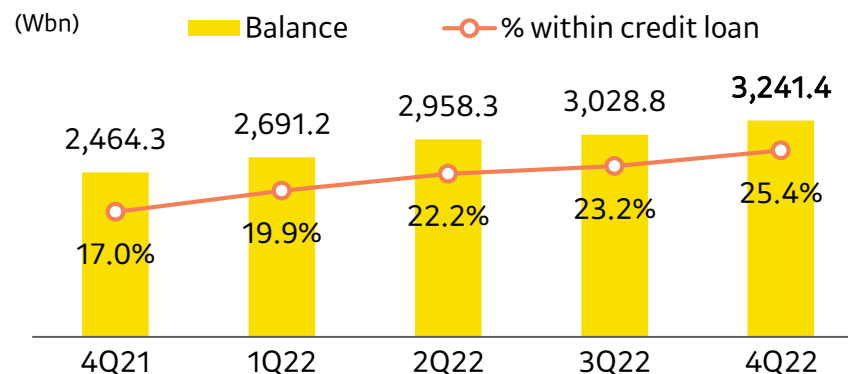
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Loan balance YoY +8%, QoQ +2%, NIM improvement driven by base rate hike and efficient cost structure

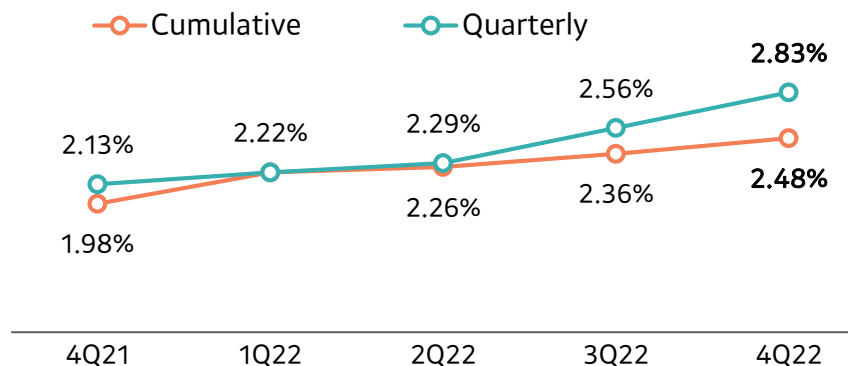
### Loan Balance Trend & Breakdown



### Mid-Credit Loan



### Net Interest Margin





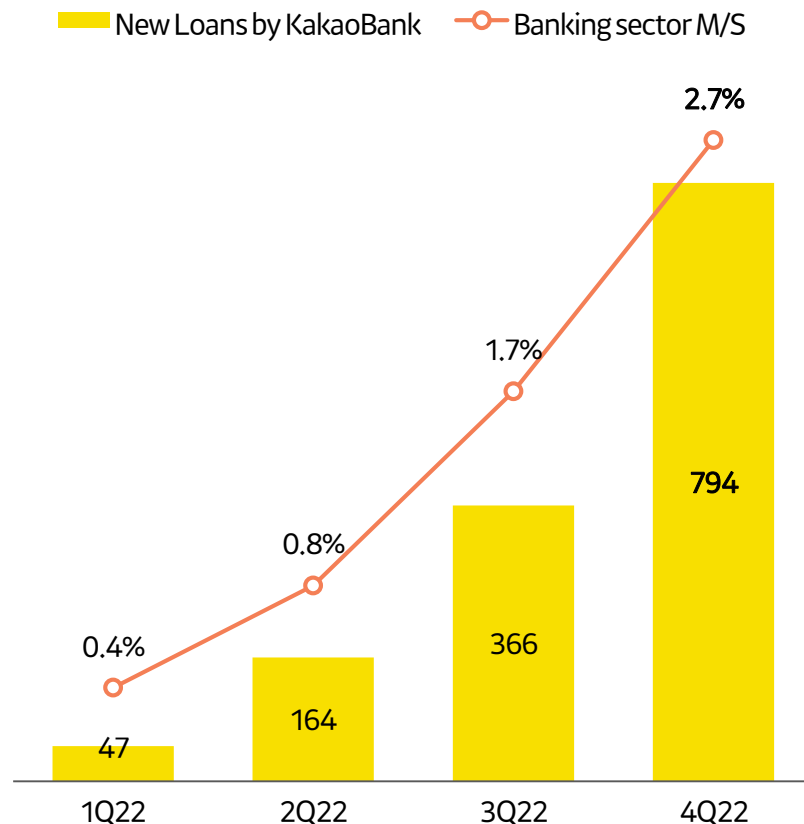
## IV. Banking Biz : Loan (2/2)

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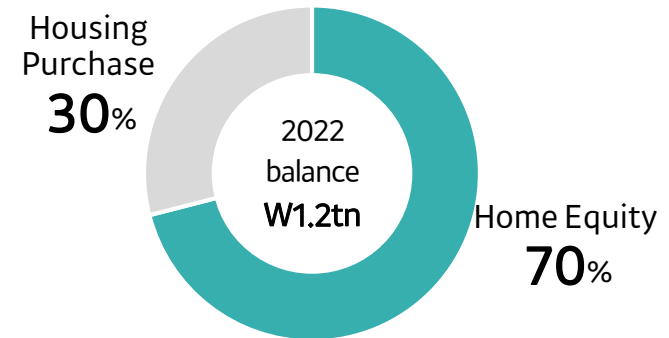
Mortgage loan balance exceeds W1.0tn, with growth driven by home equity usage despite sluggish property market; KakaoBank's market coverage at 32%, with more room for further expansion

### KakaoBank Mortgage Loan and M/S

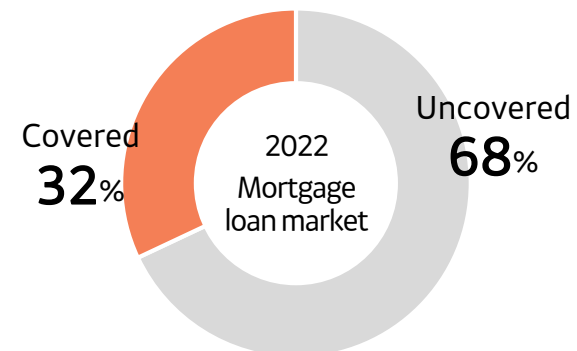
(Wbn)



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



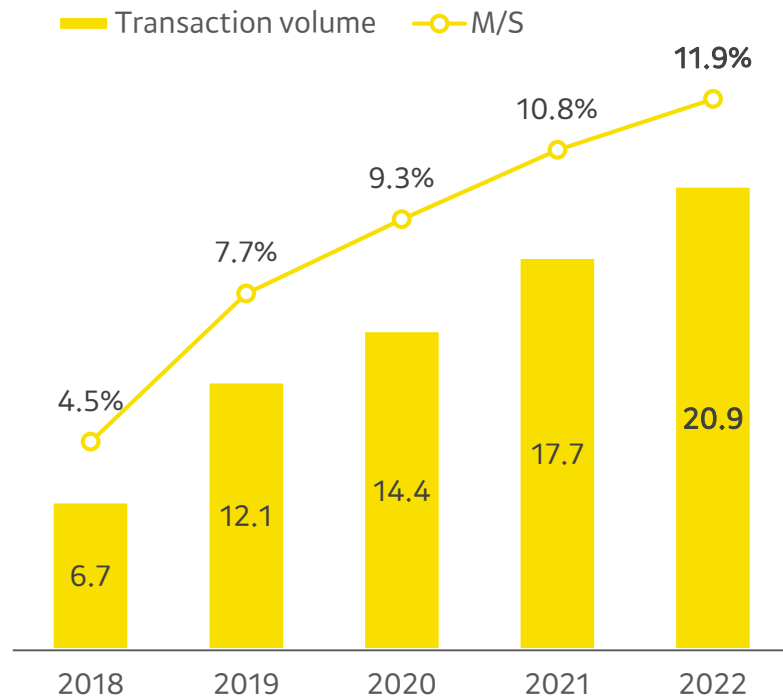
### KakaoBank Mortgage Market Coverage (end-2022)



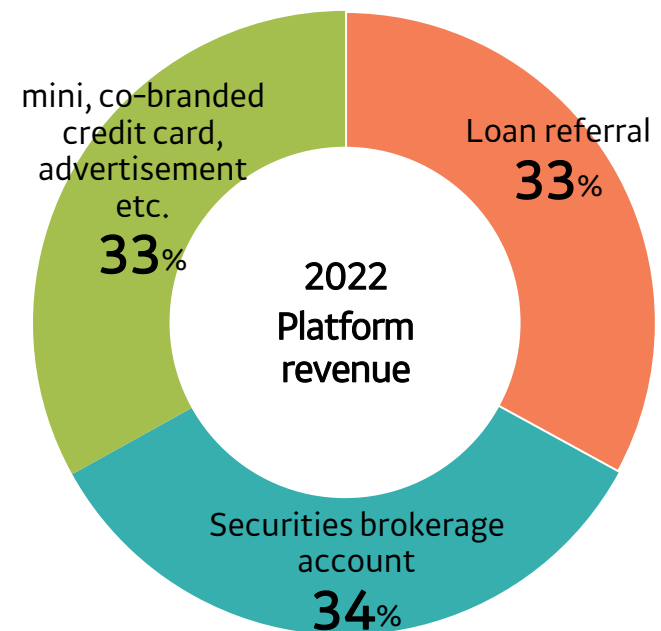
Fee revenue growth driven by increased debit card transaction volume  
Portfolio diversification achieved through platform business line-up expansion

### Debit Card Transaction Volume and M/S

(Wtn)



### Platform Business Breakdown

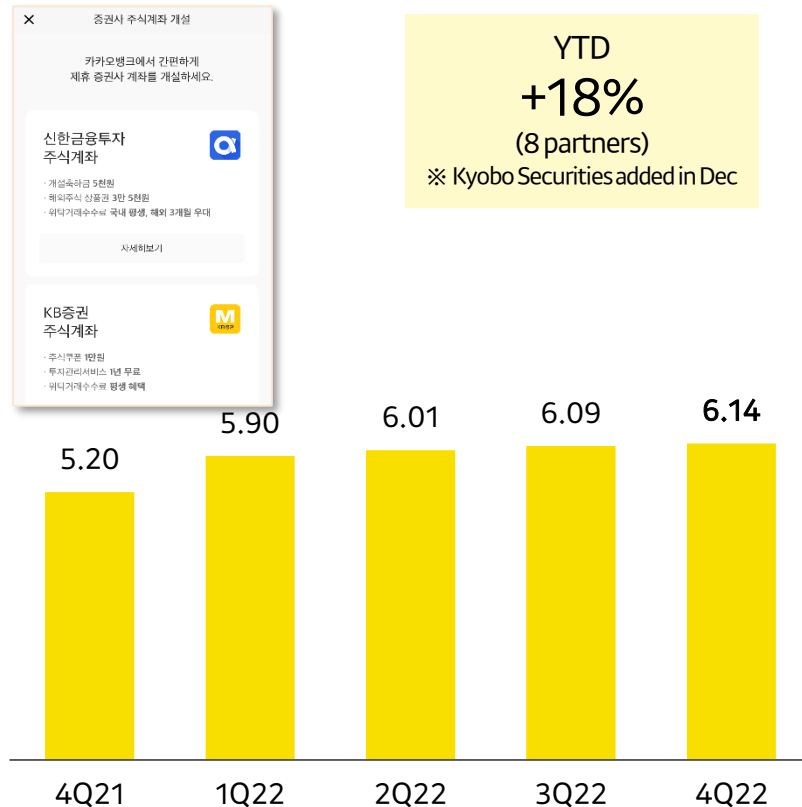


## VI. Platform Biz (1/4)

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

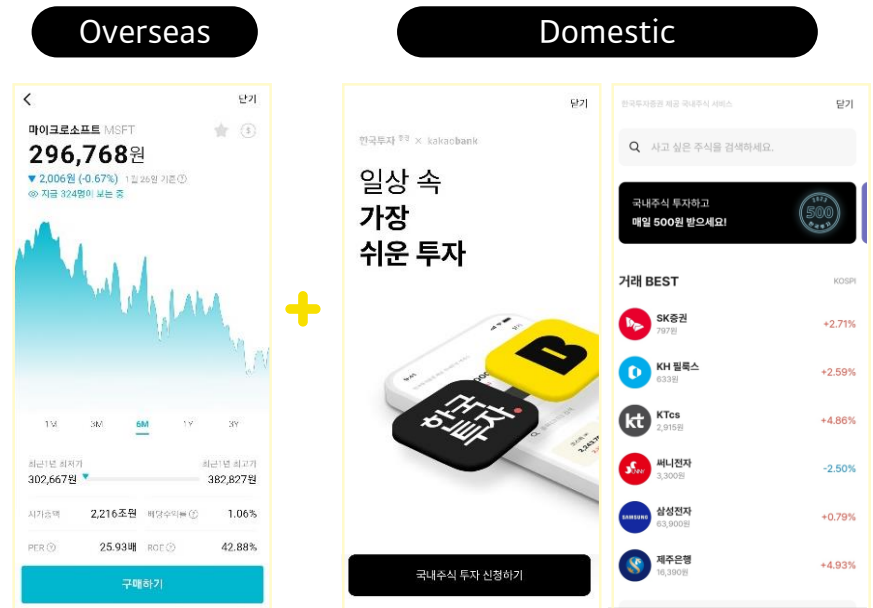
(mn accounts; cumulative)



Note: (1) Web Trading System

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

Full stock trading coverage within KakaoBank App



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)

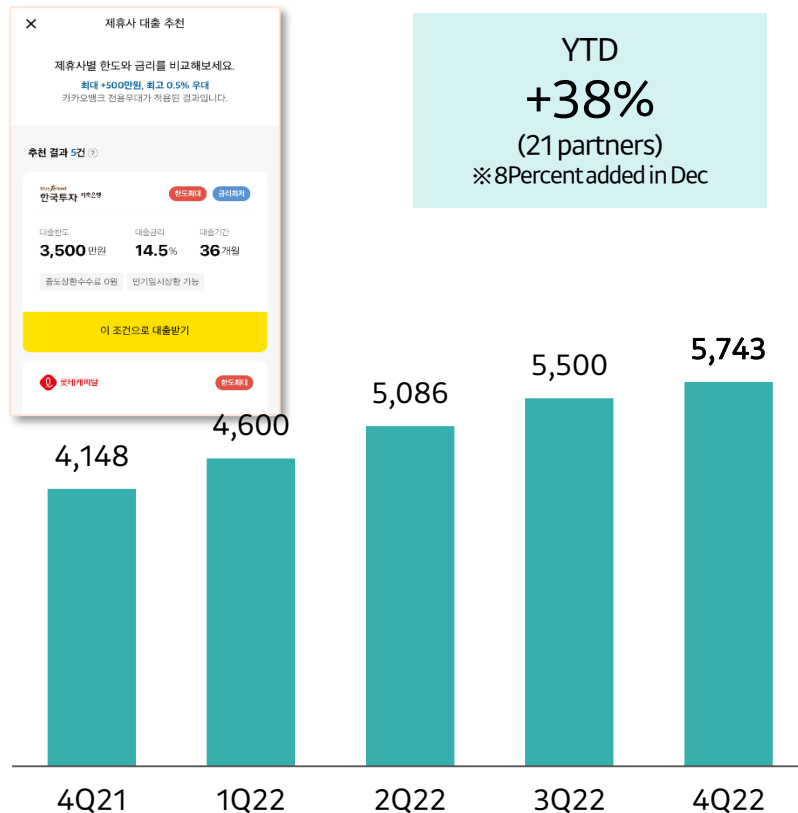
## VI. Platform Biz (2/4)

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Continued growth by adding more partnership;  
W5.7tn loans referred on cumulative base

### (2) Loan Referral

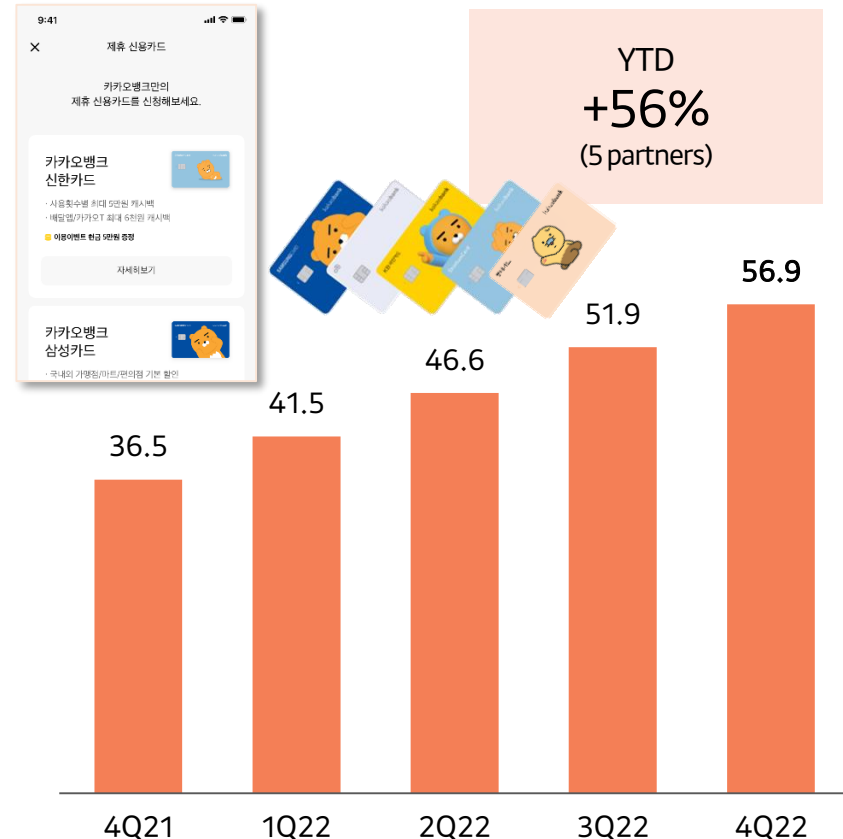
(Wbn; cumulative)



570k exclusive co-branded credit cards issued

### (3) Co-branded Credit Card

(10k; cumulative)

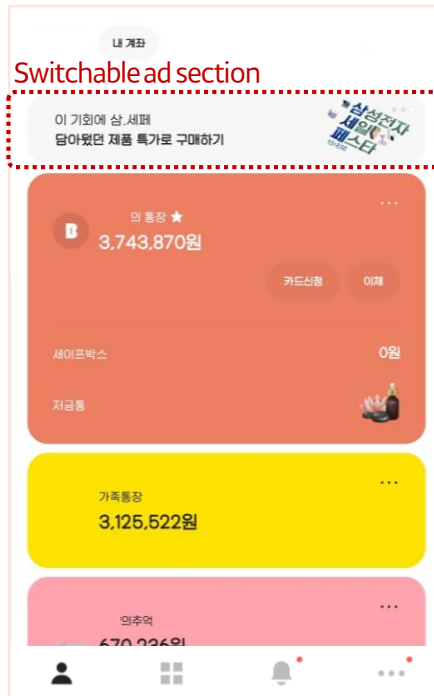


Established foundation for sustainable business structure with 3 product mix with differentiated customer target and strategy; Revenue expansion expected from stronger ad biz

### (4) Advertisement

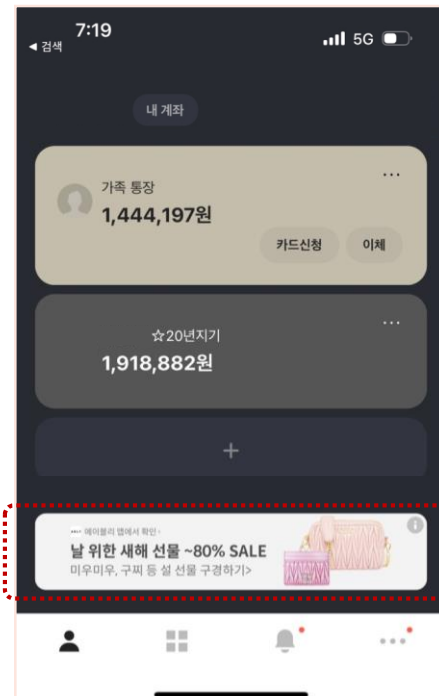
#### Premium ads

Switchable ad section allows multiple ad display



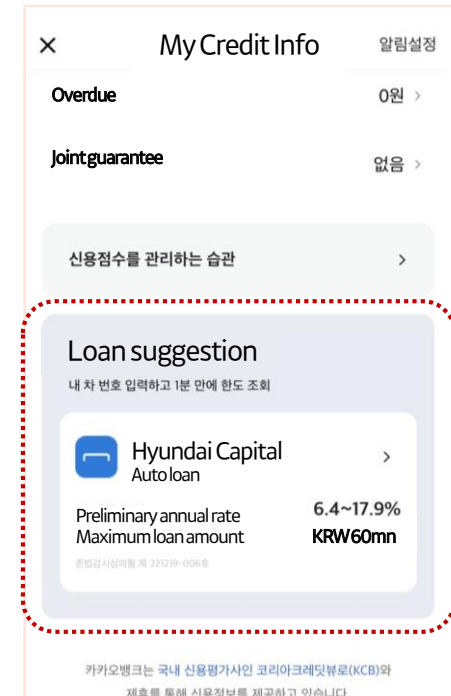
#### Kakao Adfit ads

Kakao biz board ad



#### Loan ads

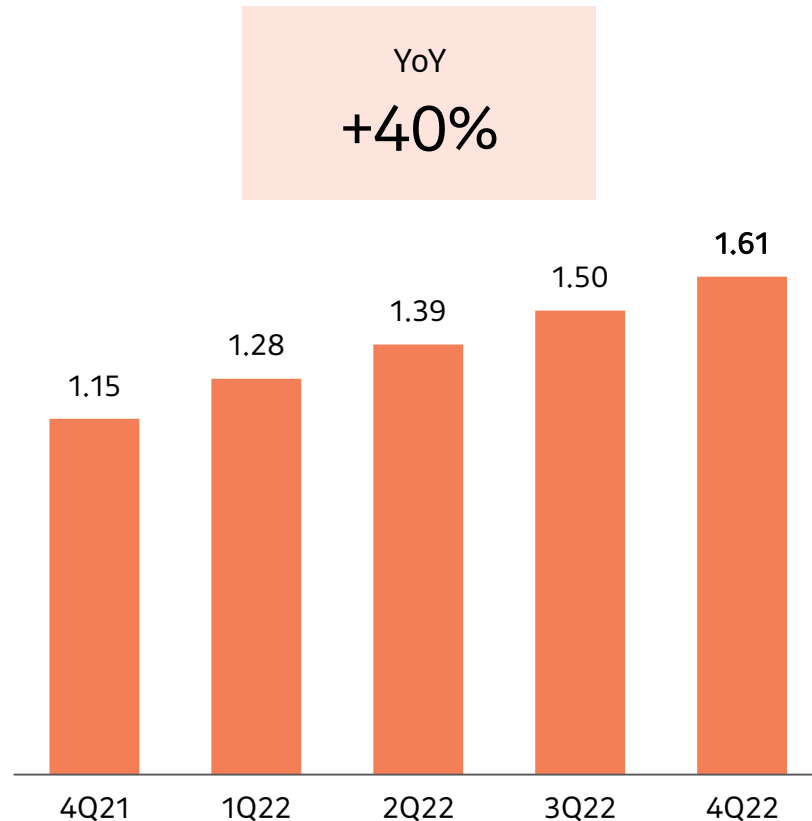
Third party loan ads  
(My Credit Information page)



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

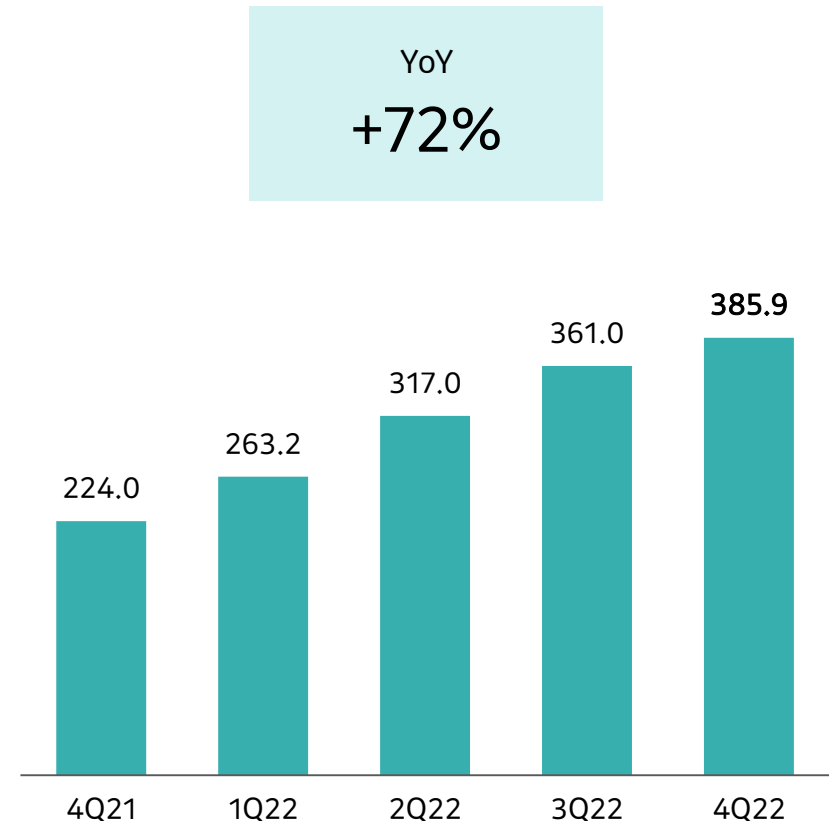
### (5-1) mini Customer

(mn customers; cumulative)



### (5-2) mini Transaction Value

(Wbn; quarterly)



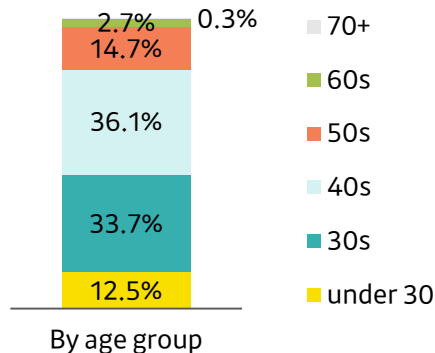
Note: (1) Ministry of Public Administration Demographics Dec 2022 (Age 14~18 population : 2.32mn)

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

## Customer Demographics

### Customer by age group

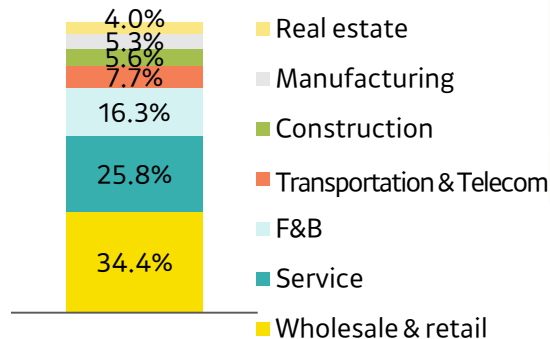
- 70% of customers in 30~40s  
(familiar with mobile banking)



### 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.

Recorded 180 thousand customer view in 2 weeks

- 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.

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

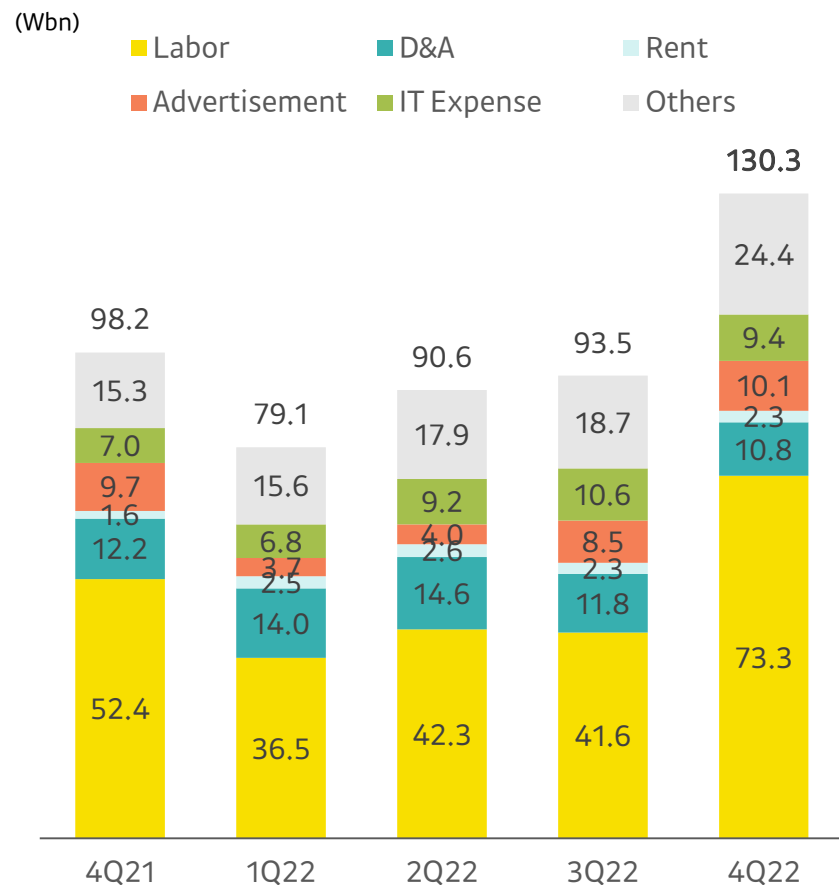




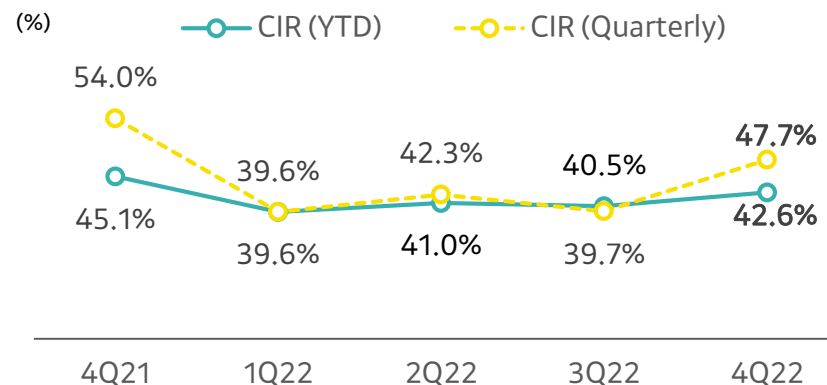
## VII. SG&A and CIR

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

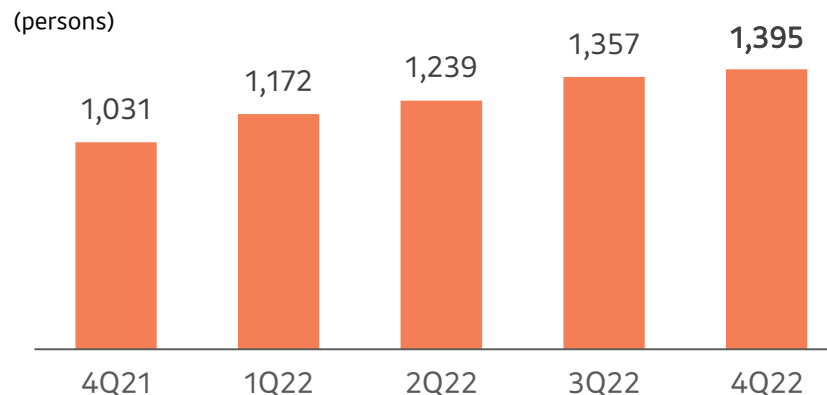
### SG&A



### CIR(Cost to Income Ratio)



### Number of Employees

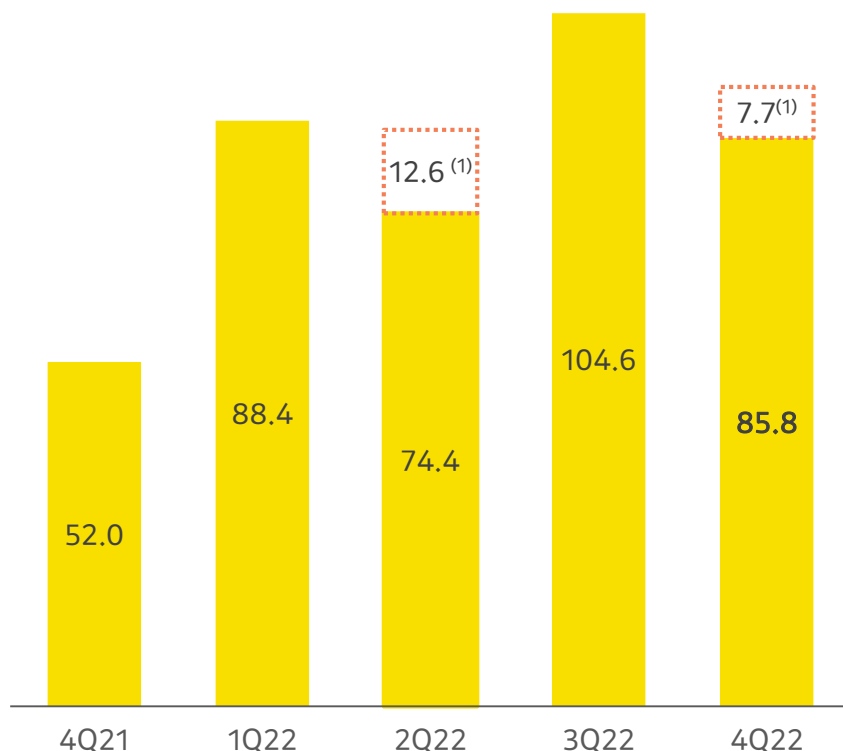


## VIII. Operating profit and ROE, ROA

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

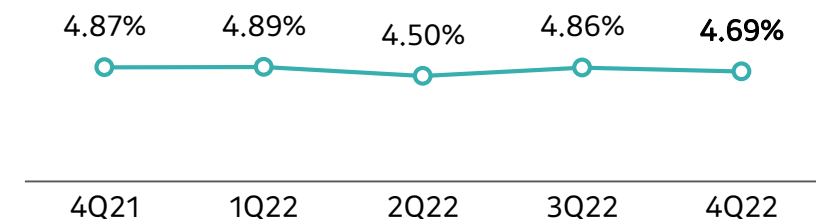
### Operating Profit

(Wbn)



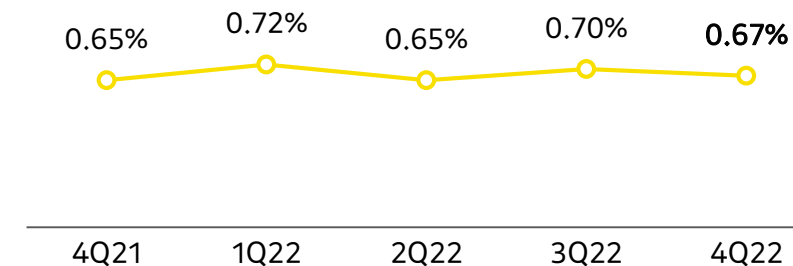
### ROE<sup>(2)</sup>

(%)



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

(%)



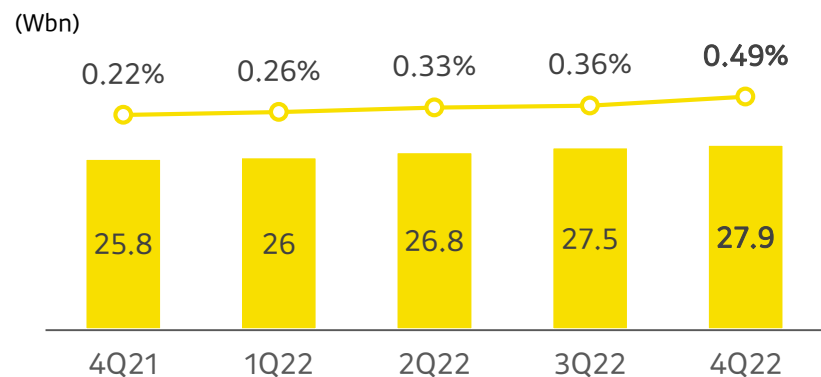
Note: (1) Additional preemptive provisioning based on FLC  
(2) Annualized

## IX. Asset Quality

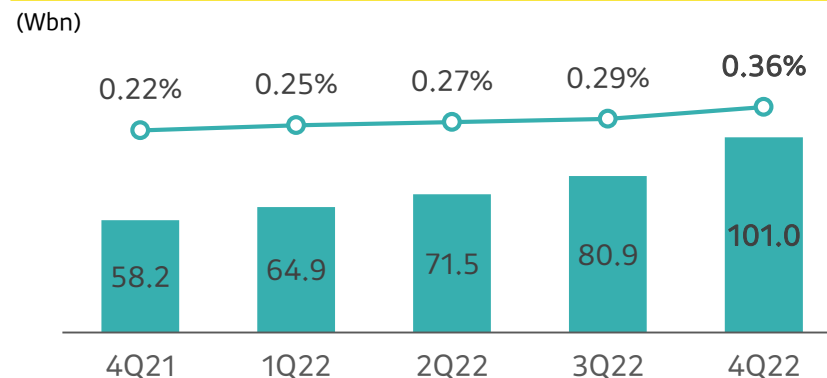
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Delinquency rate and NPL ratio slightly increased

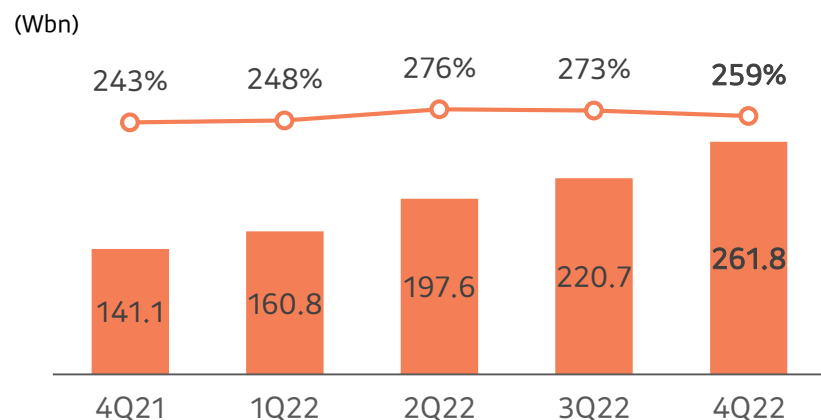
### Total Loans & Delinquency Rate



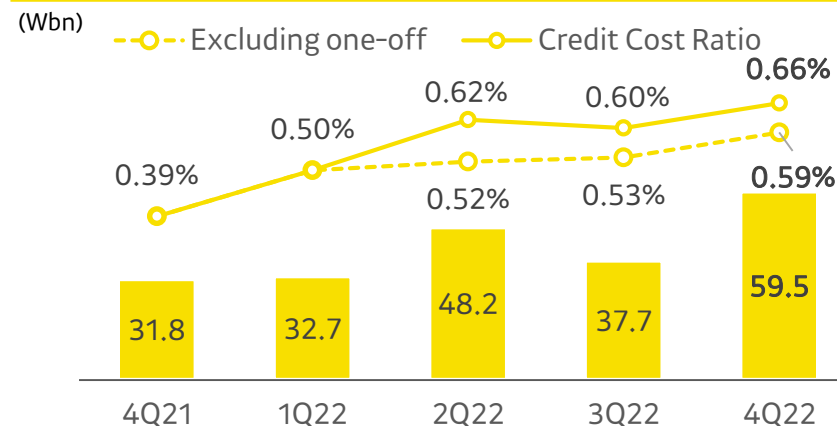
### SBL & NPL Ratio



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



### Provisioning & Credit Cost Ratio



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

## [Reference] Key ESG achievement

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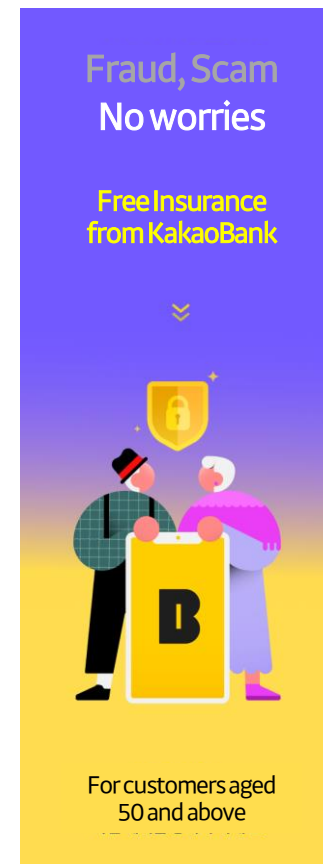
First internet bank to join world's largest global initiative UNGC;  
Launched financial safety insurance campaign for KakaoBank customers

### 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

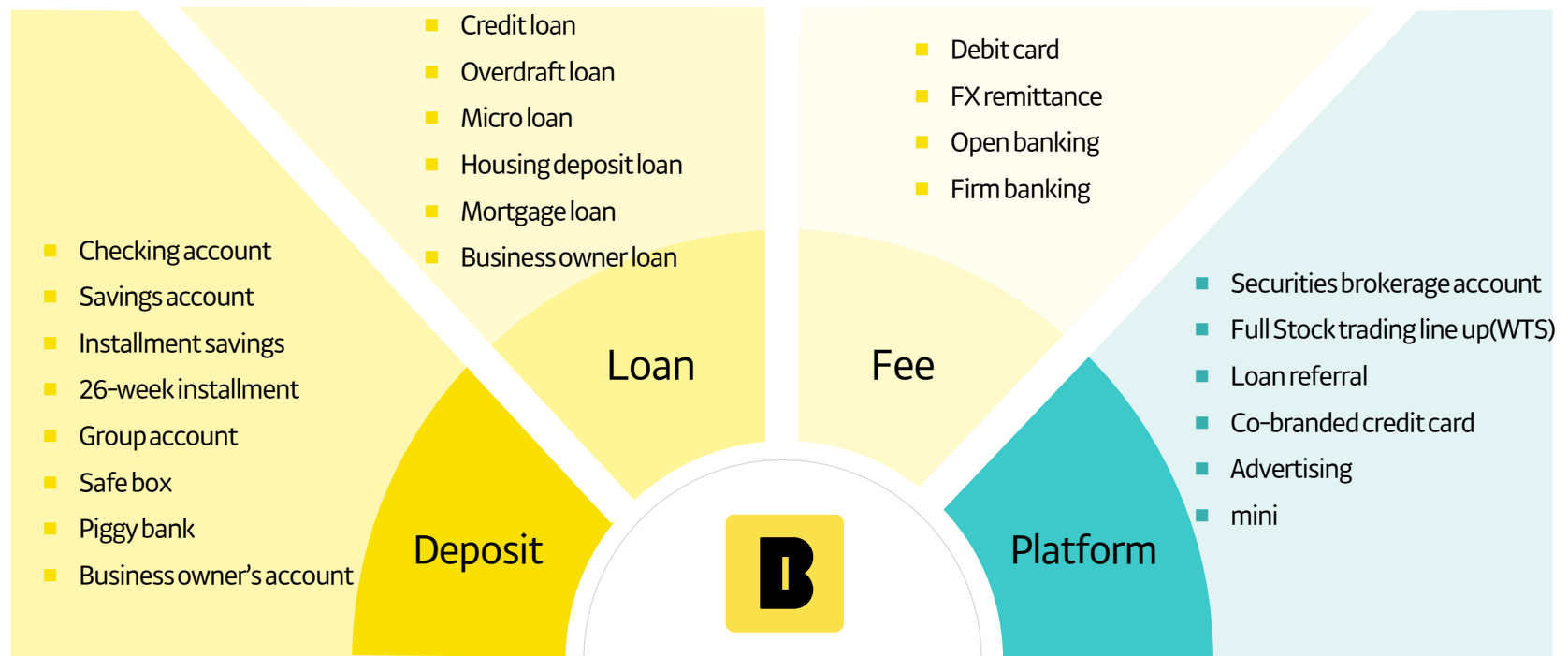
(Wbn)	4Q22	4Q21	YoY		3Q22	QoQ	
<b>SG&amp;A</b>	<b>130.3</b>	<b>98.2</b>	<b>32.1</b>	<b>32.7%</b>	<b>93.5</b>	<b>36.8</b>	<b>39.4%</b>
Labor Cost	73.3	52.3	21.0	40.2%	41.6	31.7	76.2%
D&A	10.8	12.2	-1.4	-11.5%	11.8	-1.0	-8.5%
IT Expense	9.4	7.0	2.4	34.3%	10.6	-1.2	-11.3%
Rent	2.3	1.6	0.7	43.8%	2.3	0.0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



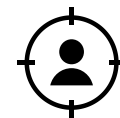
ALL in One App



100% Mobile



Intuitive UI/UX



User Utility