

kakaobank

Company presentation

Sep 2022

What it takes to become a leading platform

“...**traffic and engagement** is the **foundation** of the business...”

Netflix, March 2020

“...when we have **engagement** grow, that gives us **more volume**. And of course, that gives us **more scale with our partners**, which gives us **more ability to negotiate** and **drive down our rates**.”

Snapchat, April 2021

#1 Customer base

19 million

Registered customers⁽¹⁾
in 5 years



15 million

Leading MAU amongst
all financial platforms⁽²⁾



65 %

Working population penetration⁽³⁾
with near-time massive upside



Proven financials

98 %

'17~'21 operating revenue CAGR
('21A operating revenue of ₩1,065bn)



1.5 years

Globally one of the fastest
to turn profitable



KRW 204bn

'21A net income for a ROE of 4.9%,
comparable to legacy banks already



Tech & Innovation driven DNA

100 %

Mobile native app enabling
best-in-class UI and UX



49 %

Employees in tech for
industry-leading tech
capabilities and innovation⁽⁴⁾



13 days

Creating massive fandom:
Days for key product to reach
1mn customers⁽⁵⁾



Source: KOSIS, Nielsen Media Korea Digital Data

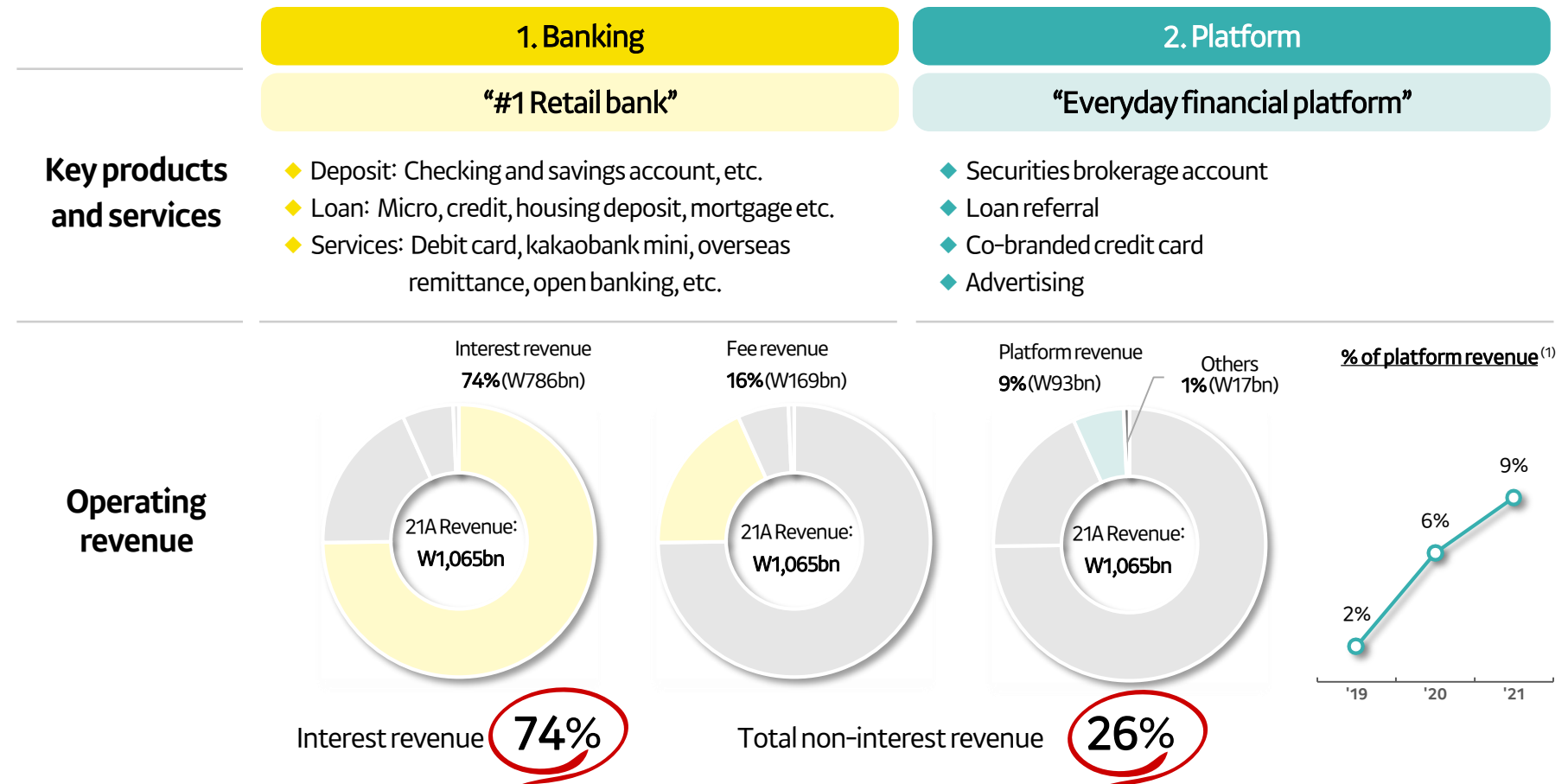
Note: (1) As of June 2022; (2) For the month of June 2022 (including both Android OS Mobile and iOS Mobile)

(3) % of Korea's working population as of June 2022; (4) % of total employees (excluding contract positions, as of June 2022); (5) Base on most recently launched Piggy Bank

kakaobank's one-of-a-kind business model

kakaobank

2 business segments driving diversified and robust growth



Note: (1) Platform revenue / Operating revenue

Remarkable growth history

Disruptive innovation in finance from the inside out with our banking license

Nov 2015

Preliminary approval
for banking license

Apr 2017

Final approval for
banking license

Jul 2017

Official launch of
service

Aug 2021

Successful IPO as first
Internet-only bank

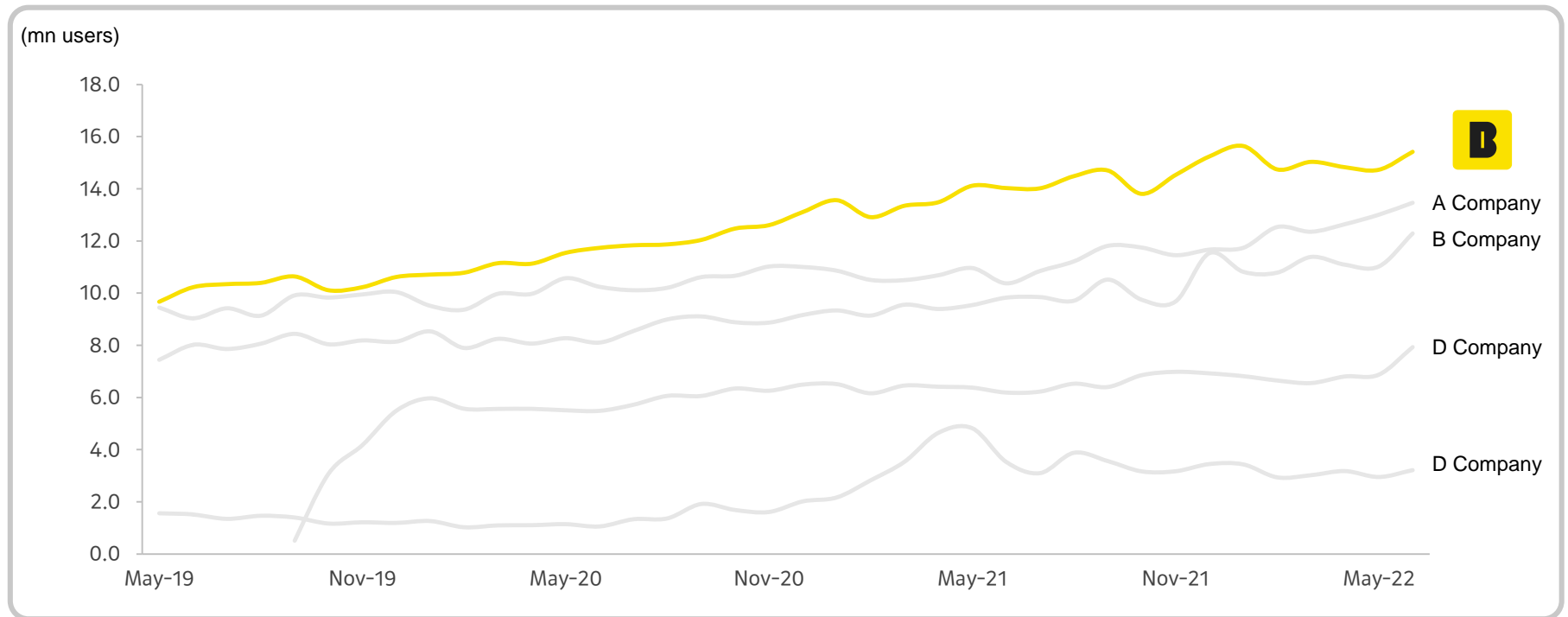
What's next?

1. No. 1 Customer base : Hypergrowth at scale

kakaobank

Explosive user growth driven by differentiated customer experience, not marketing

MAU of key financial apps in Korea⁽¹⁾



Source: Nielsen Media Korea Digital Data, FISIS

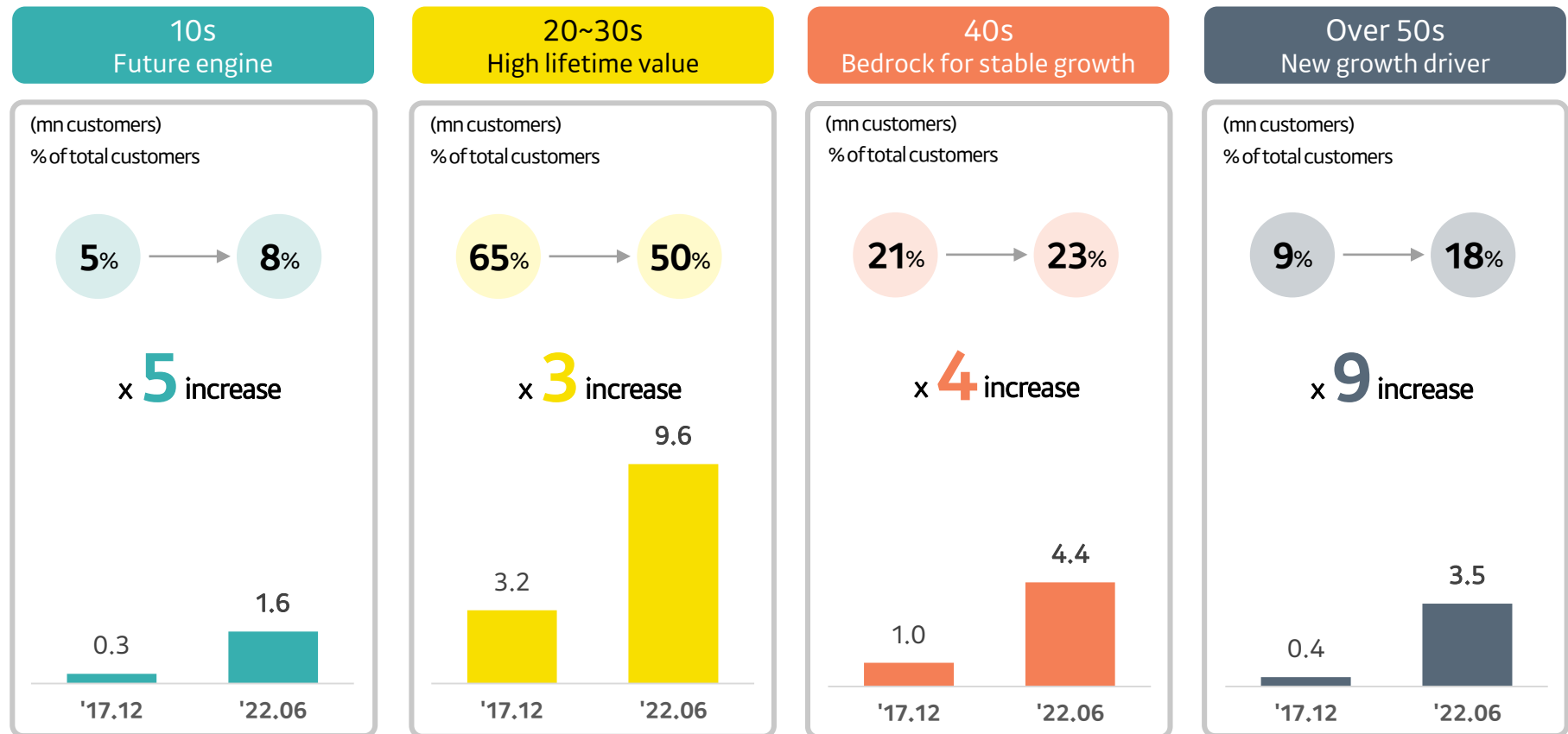
Not: (1) Including both Android OS Mobile and iOS Mobile for 2019.05~2022.06, only Android OS Mobile for 2017.07~2019.04

1. No. 1 Customer base : Massive fandom across all age groups

kakaobank

Our fandom expand across all age groups, not just 20-30s, for long-term sustainable growth

Customer growth by age group

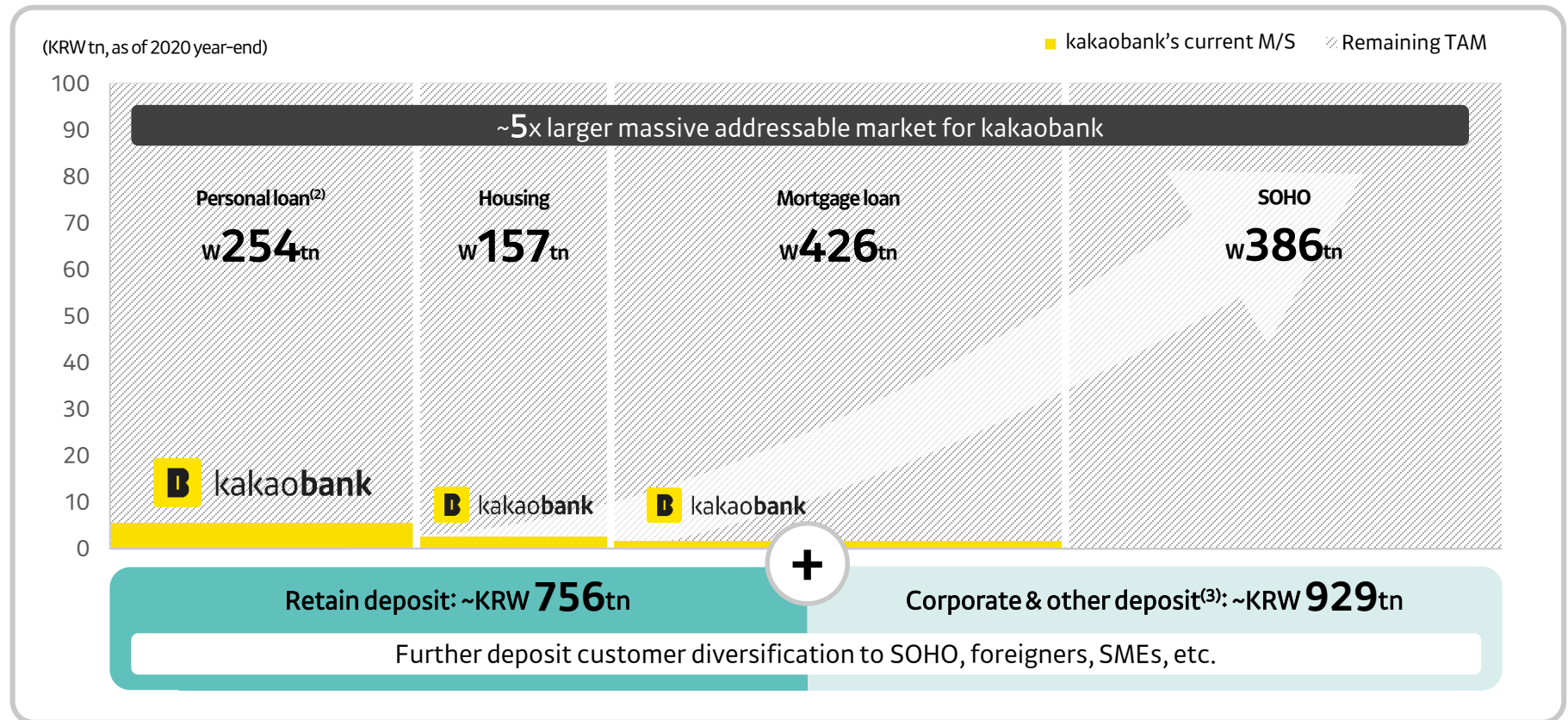


2. No.1 retail bank : Massive untapped market remains

kakaobank

Loan and deposit feeding on each other to fuel robust growth into a 5x larger massive market

Near-term loan and deposit TAM⁽¹⁾



Source: Frost&Sullivan, NICE, Bank of Korea

Note: (1) Total addressable market s of 2020 year-end

(2) Includes high and mid credit; (3) Corporate deposit: KRW561tn, Other deposit: KRW418tn (other financial institutions including securities, insurance, pension funds etc.)

3. No.1 financial platform : Success proven by numbers

kakaobank

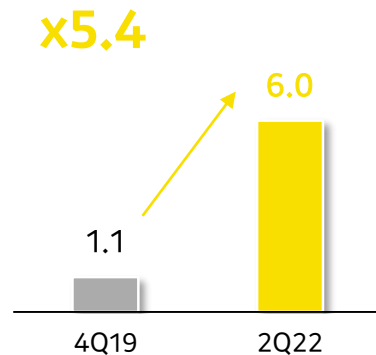
Our platform has already proven to be one of the most powerful platforms in 2 years

Robust growth trajectory of platform biz

Securities account

Launched in Mar 2019

of accounts opened⁽¹⁾ (Unit: mn accounts)



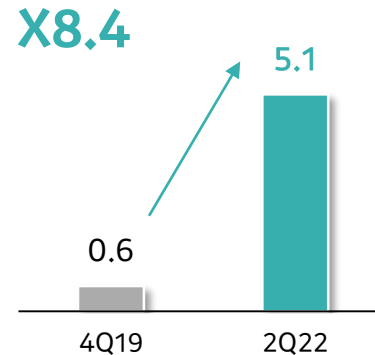
6 partners

Took us 2 years to do what took our partner 50 years (2mn securities account)

Loan referral

Launched in Apr 2019

Amount of loan referred⁽¹⁾ (Unit: Wtn)



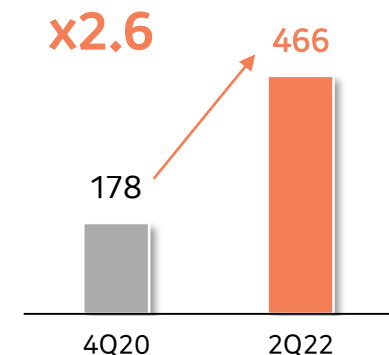
19 partners

#1 market share amongst all loan-referral platforms

Credit card

Launched in Apr 2020

of credit cards issued⁽¹⁾ (Unit: '000 cards)






5 partners

Payment data accumulated within kakaobank

3. No.1 financial platform : Significant upside remains

kakaobank

The success of our platform today is just the beginning, with countless new opportunities ahead of us

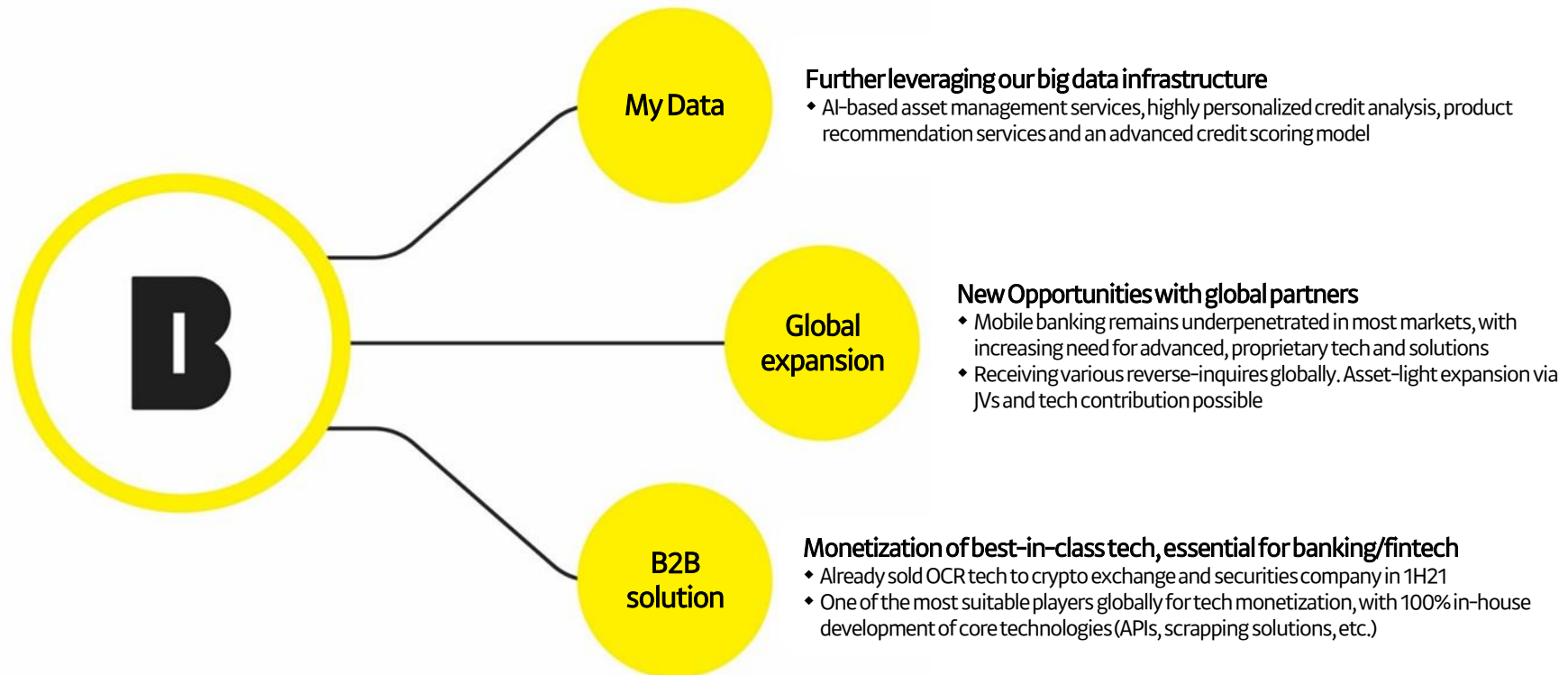
Opportunities	Current	Upside
Partners 	30 partners 6 securities companies 19 lending institutions 5 card companies	More partnerships available⁽¹⁾ 50+ securities companies 110+ lending institutions 8 card companies
Products 	Credit cards Securities Loan referral	Funds Insurance IRP FX Wealth management, and more
Services 		Banking Commerce Innovative saving & loan products with e-commerce, travel, F&B and many industries Advertisement / Digital ads

Note: (1) Total # of financial companies for each segment registered on FISIS, excluding companies which kakaobank already holds partnerships with

4. New growth engines : Multiple growth drivers

kakaobank

Our proven execution capabilities and success formula allows us to explore massive untapped opportunities in B2B solutions, MyData and overseas markets



5. What will make this possible?

kakaobank

Tech & Culture



Ecosystem



Financials

“Digital revolution with one-of-a-kind tech and cultural foundation”

“Irreplaceable brand equity and synergies with the kakao ecosystem”

“Globally unique combination of scale, growth and profitability”

- Unique identity and foundation differentiated from legacy incumbents
- Differentiated agile development culture, which legacy players cannot compete against

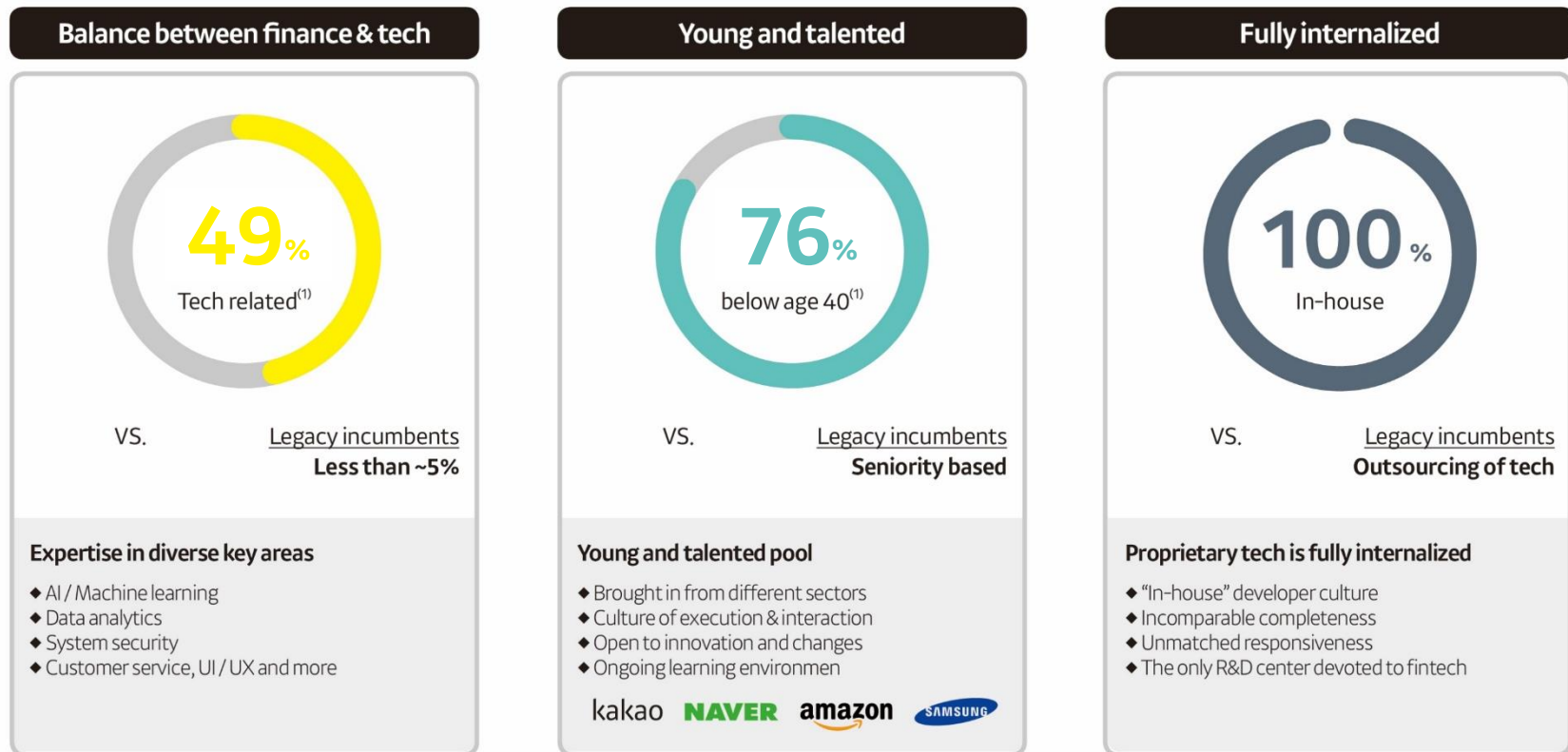
- Financial arm and hub of Korea's dominant mobile ecosystem
- Multi-directional synergies and partnerships with kakao's comprehensive ecosystem

- Scalable and profitable growth, proven by numbers
- Widening gap against late-movers with market leadership reinforced by robust and differentiated financials

Tech & Culture : Leading financial tech disruptor

kakaobank

We are a leading tech company specializing in finance.
Our foundation is unique and differentiated from legacy incumbents















Note: (1) % of total employees (excluding contract positions, as of June 2022)

Ecosystem : Multi-directional synergies with kakao

kakaobank

Despite being at an early stage, our synergies with kakao have been significant

Areas	Affiliates	Description
Customer acquisition 	kakao Corp. (kakao Friends) 	<ul style="list-style-type: none"> ◆ Nationwide popular kakao Friends characters deployed within our app and debit cards
	kakao Corp (kakaoTalk) 	<ul style="list-style-type: none"> ◆ Utilize kakaoTalk API to allow customers to invite kakaoTalk Friends ◆ Open a shared Group Checking Account
Big data analysis 	kakao Mobility 	<ul style="list-style-type: none"> ◆ Obtain ride hailing usage data ◆ Used to set rates, limits for loans, credit ratings and collaborative promotions
	kakao Commerce 	<ul style="list-style-type: none"> ◆ Obtain purchase history data ◆ Used to set rates, limits for loans, credit ratings and collaborative promotions
	kakao Pay 	<ul style="list-style-type: none"> ◆ Data sharing partnership with kakao Pay ◆ Build a comprehensive credit scoring model, integrating data from both platforms
Business synergies 	kakao Corp. (kakao Friends) 	<ul style="list-style-type: none"> ◆ Utilize kakaoTalk friends list within the kakaoTalk API ◆ Unique and instant mobile payment transfer service
	kakao Mobility 	<ul style="list-style-type: none"> ◆ Business partnership with kakao T for greater traffic / transaction generation ◆ Allows kakao T users to accumulate T points solely by using their kakaobank account
Tech 	kakao Corp. (kakao i Open Builder ⁽¹⁾) 	<ul style="list-style-type: none"> ◆ Built AI chatbot through kakao i Open Builder ◆ Our AI chatbot now handles over 50% of our customer service inquiries

Note: (1) An open source platform with machine learning capabilities

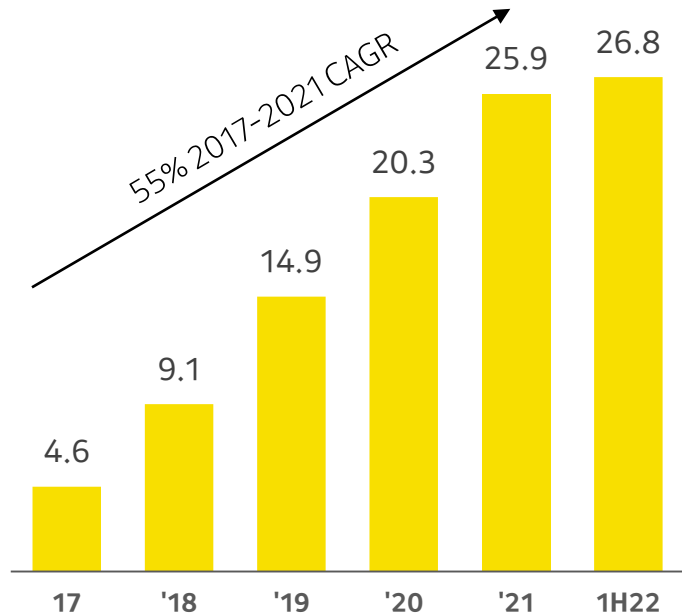
Financials : Unmatched robust growth

kakaobank

Unparalleled growth and scale with multiple future upsides from banking, platform and new business

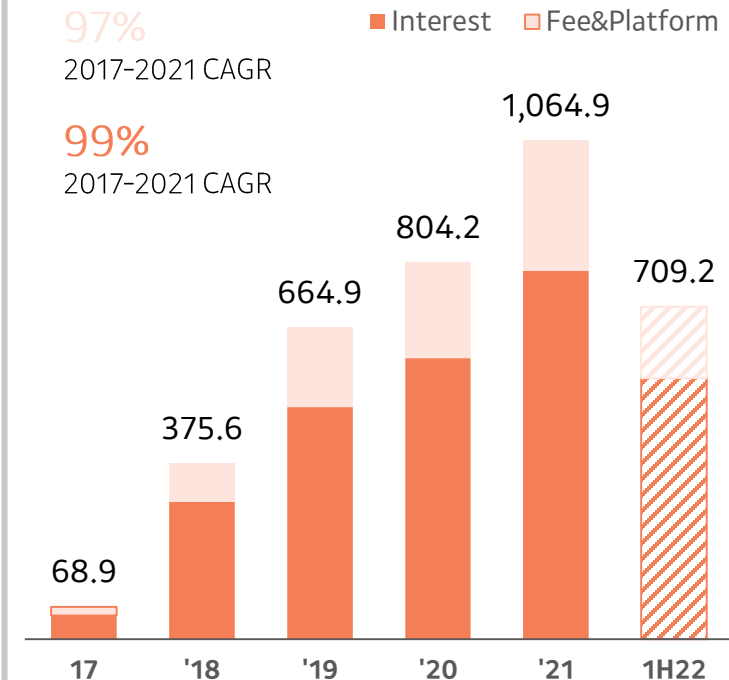
Total loan growth

(Wtn, %)



Operating revenue

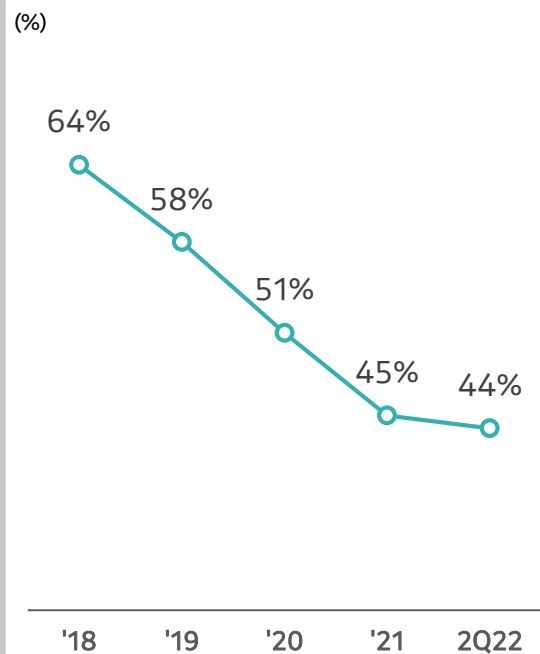
(Wbn, %)



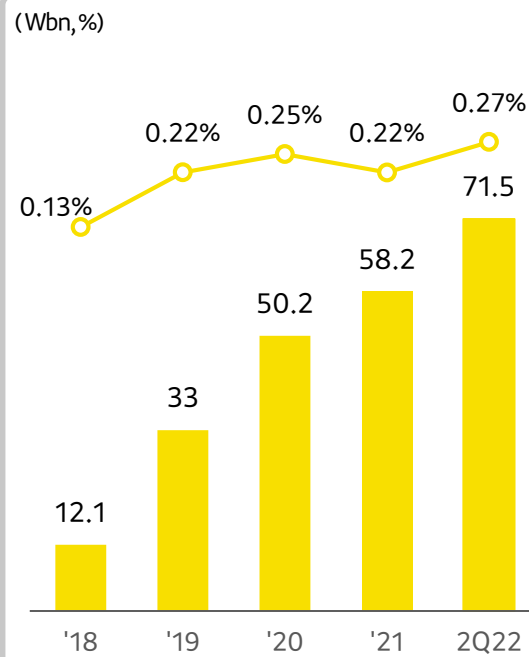
Financials : Industry leading profitability with more room for growth kakaobank

Our cost structure and asset quality is truly unique, leading to top notch profitability, with more room for growth

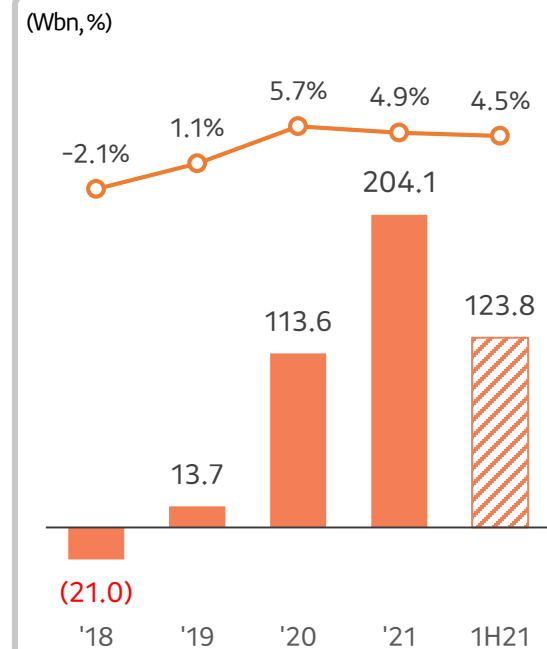
CIR trend



SBL⁽¹⁾ & NPL ratio



Net income and ROE⁽²⁾ trend

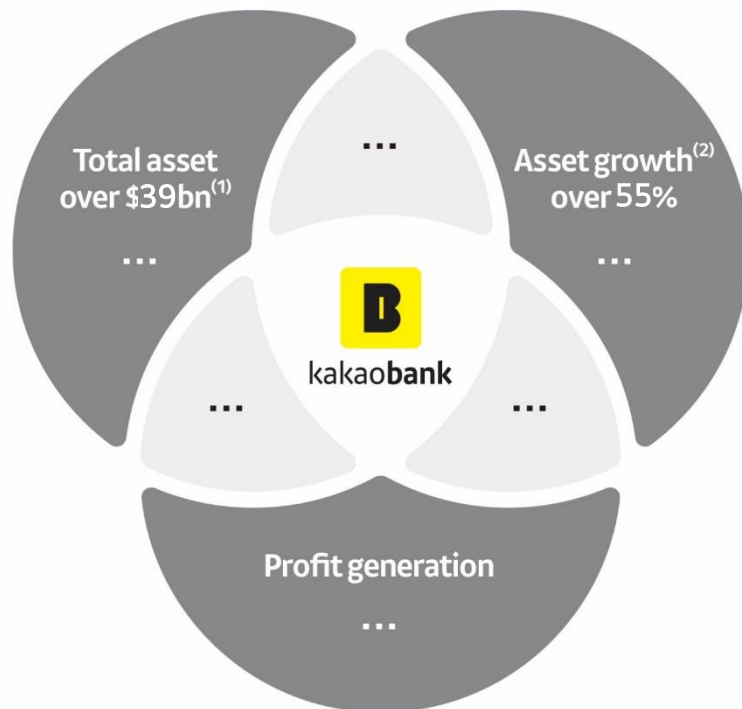


Note: (1) Substandard or below loans = Substandard, doubtful or presumed loss loans
(2) Annualized

Financials : Globally unique player

kakaobank

Globally unique player with a combination of scale, growth, and profitability



Over c.26,000
Fintech start-ups globally

Over c.240
Neo banks globally

Globally unique player
with scale, growth and profitability



2Q22 Earnings Result



I. 1H22 Highlights - Customer Base

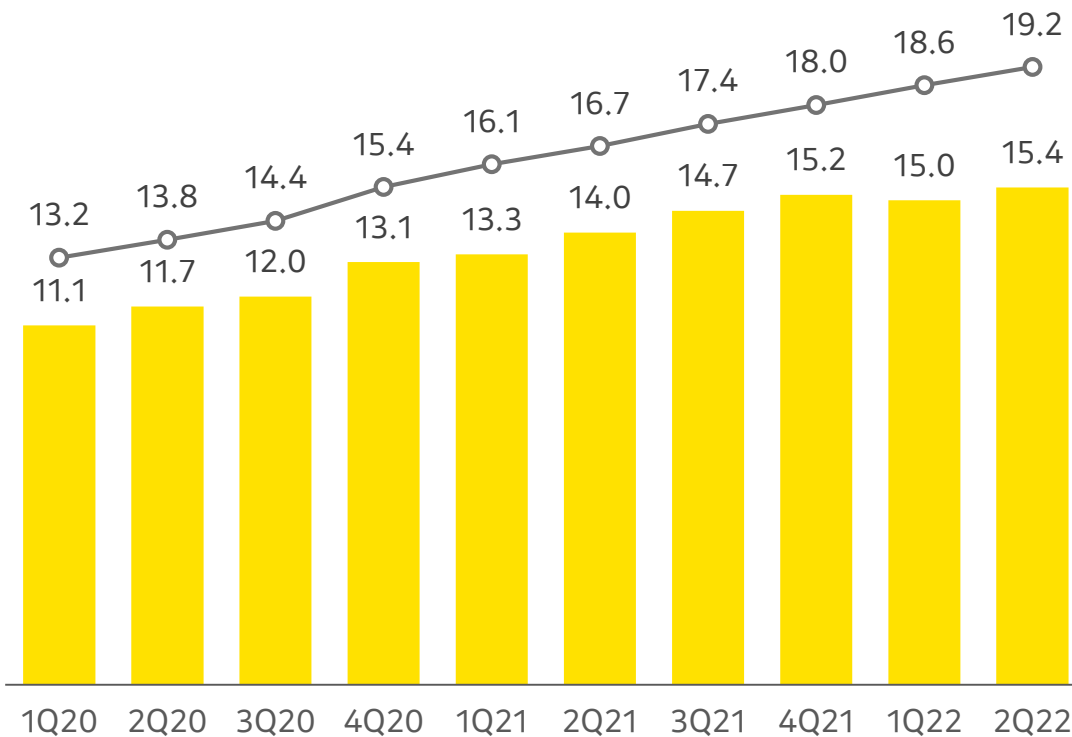
kakaobank

19.17mn customers(YTD +1.18mn), #1 banking app with 15.42mn MAU

MAU⁽¹⁾ and Customers

(mn users)

■ MAU ● Customers

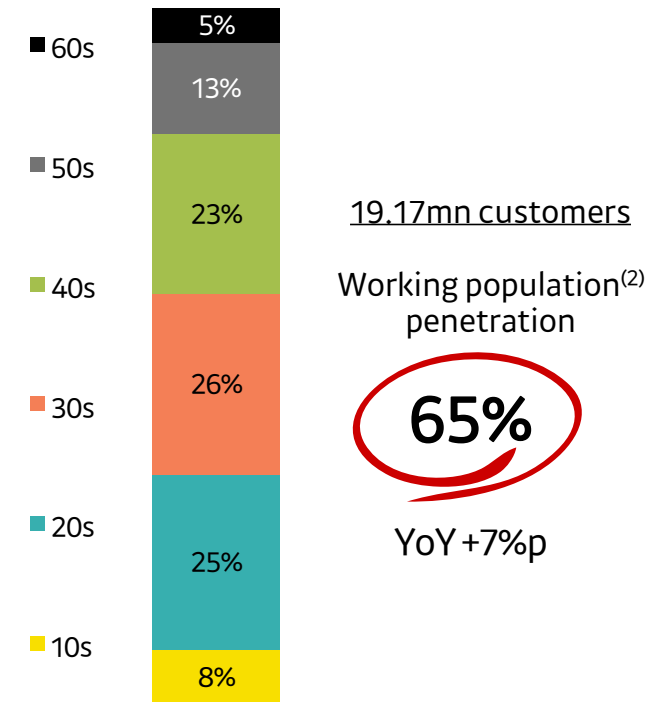


Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarter end MAU

(2) KOSIS (Korea working population 29.37mn as of Jun 2022)

2Q22 Customers by age group



I. 1H22 Highlights - Customer Engagement

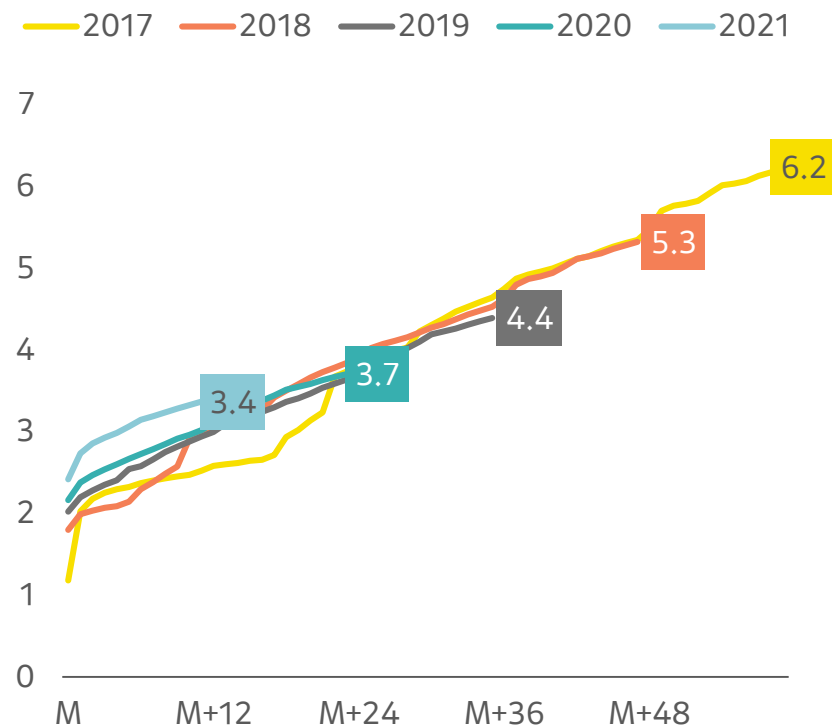
kakaobank

Increasing user engagement across all cohorts

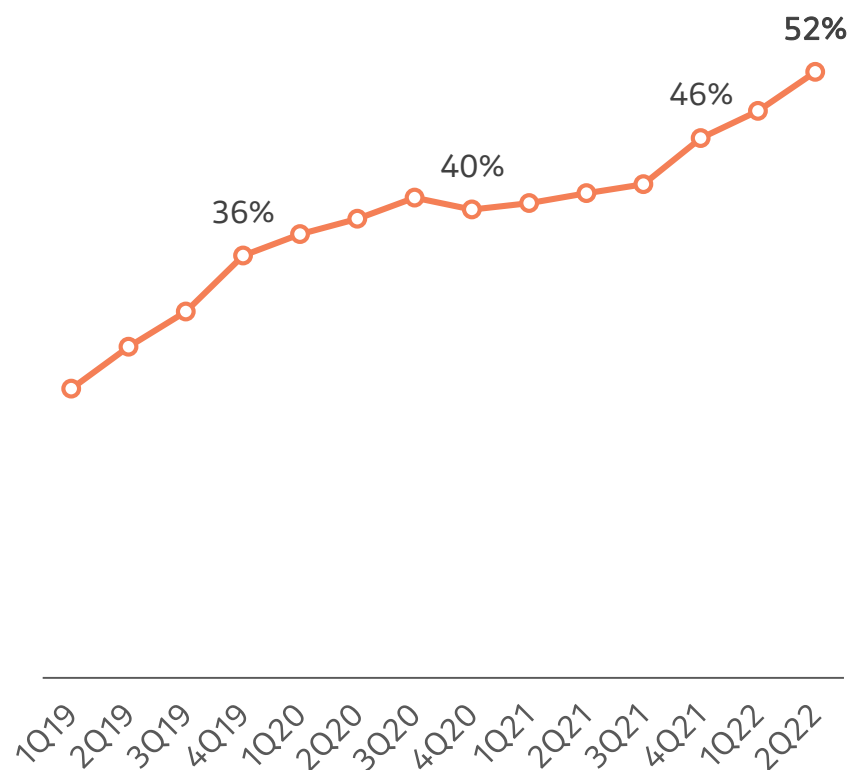
Customer lock-in into daily financial activities

Number of product per customer

(No. of product ; customer joining year)



Mobile payment-linked accounts per MAU⁽¹⁾



Note: (1) No. of accounts linked to mobile payment / MAU

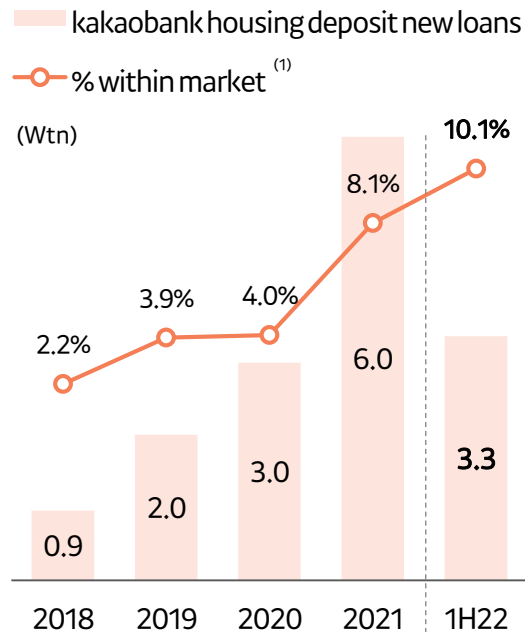
I. 1H22 Highlights - Key Achievements

kakaobank

Banking

Housing deposit loan

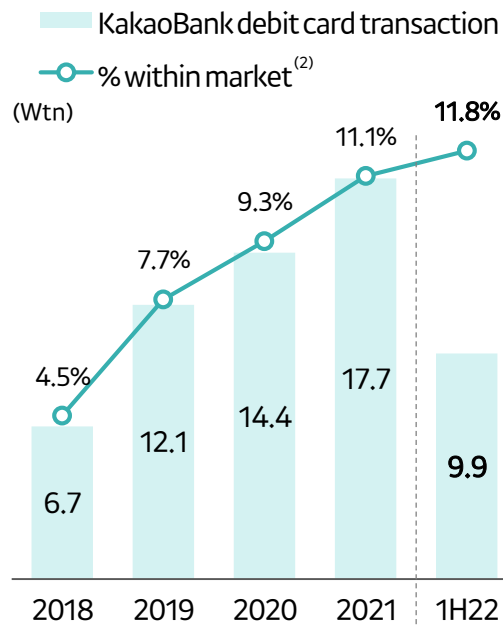
Key loan growth driver, thanks to convenient UI/UX



Fee

Debit card

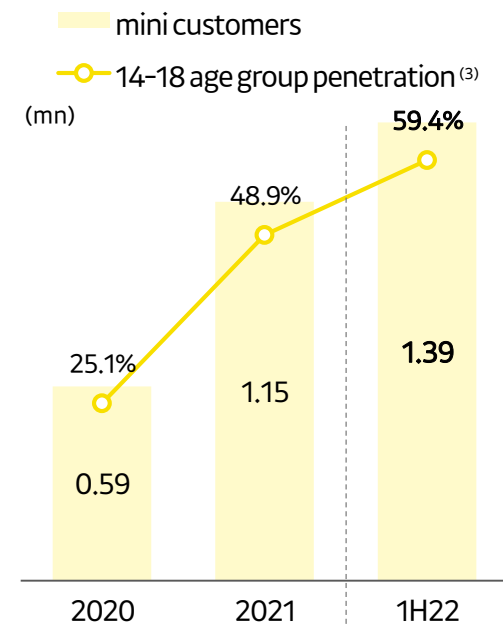
Achieved over 10 mn customers with differentiated benefits



Platform

mini

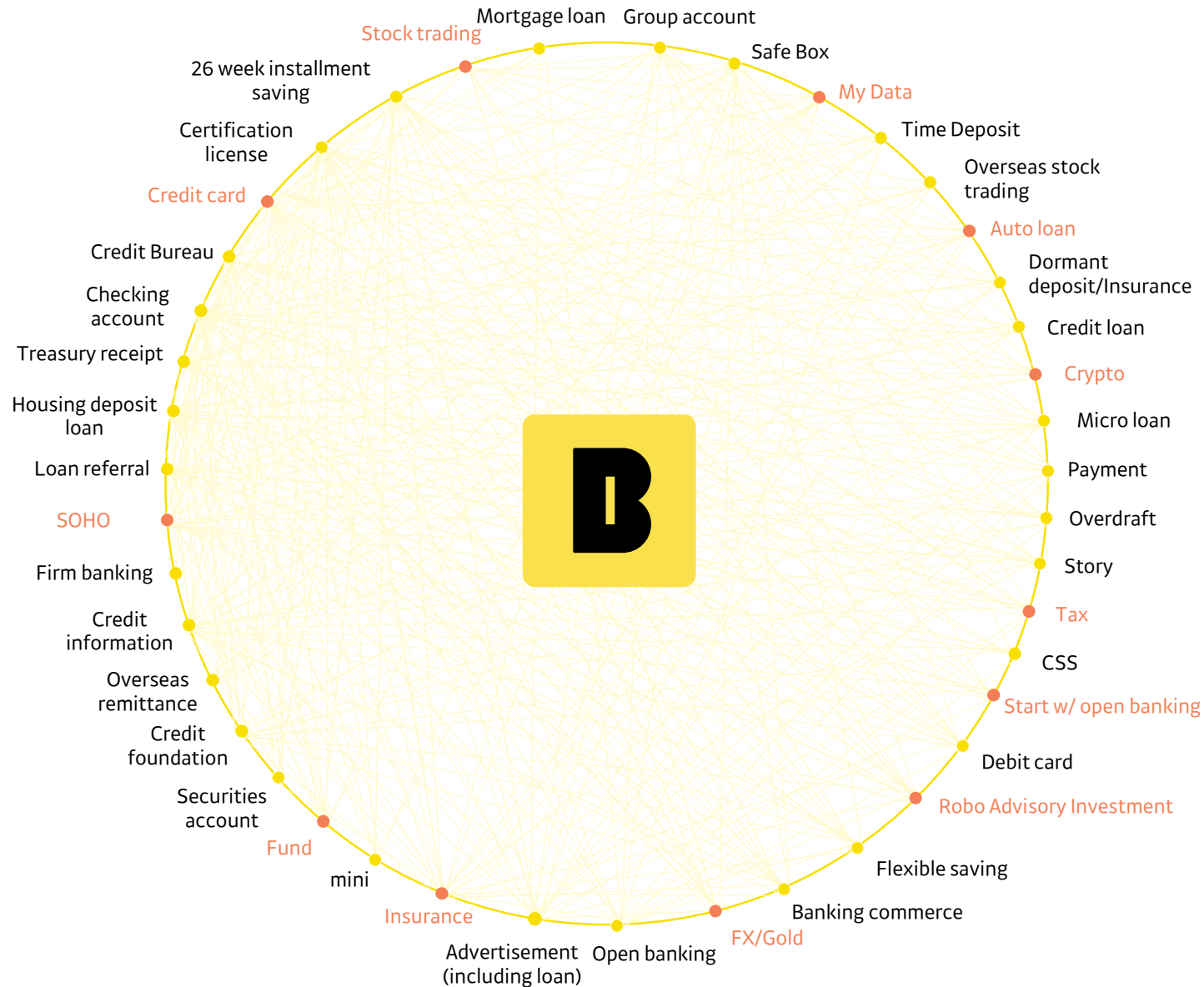
Secured future customer base, with 59% penetration



Source: (1) NICE AIMS(asset index monitoring system) housing deposit loans issued
 (2) Based on Credit Finance Association Debit card transaction value
 (3) mini launched in Oct 2020; population in the age group of 14-18 based on Ministry of the Interior and Safety

I. 1H22 Highlights - What's Next?

kakaobank



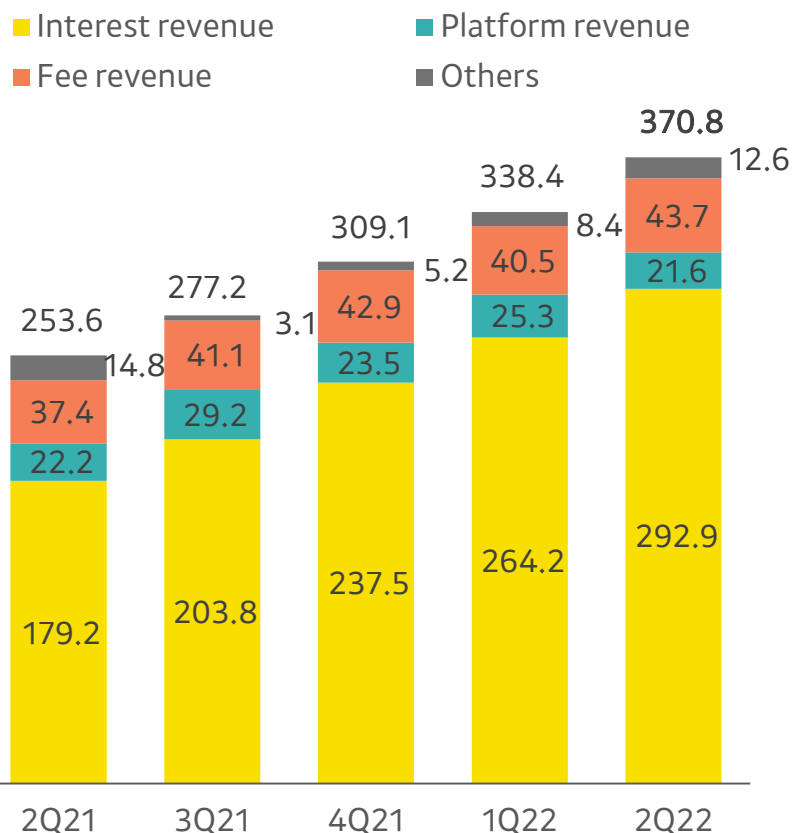
II. Operating Revenue

kakaobank

Operating revenue YoY +46%, QoQ +10%,
thanks to solid growth of interest and non interest revenue

Operating Revenue

(Wbn)



Division	Key product/services	1H22 Contribution
Interest revenue	Loan interest Financial investment interest	79%
Platform revenue	Securities account (Korea Investment, KB, Shinhan, NH, Samsung, Hana) Loan referral (10 savings banks, 7 capital co., 1 card co., 2 P2P) Co-branded credit card (Shinhan, Citi, Samsung, KB, Lotte) Advertisement Mini	7%
Fee revenue ⁽¹⁾ & Others	Debit card (transaction value YoY +21%) Firm banking (volume YoY +57%) FX remittance (volume YoY +10%)	14%

Fee + Platform = 21%

Note: (1) Changes in classification of financial investment asset sales (Fee revenue → others)

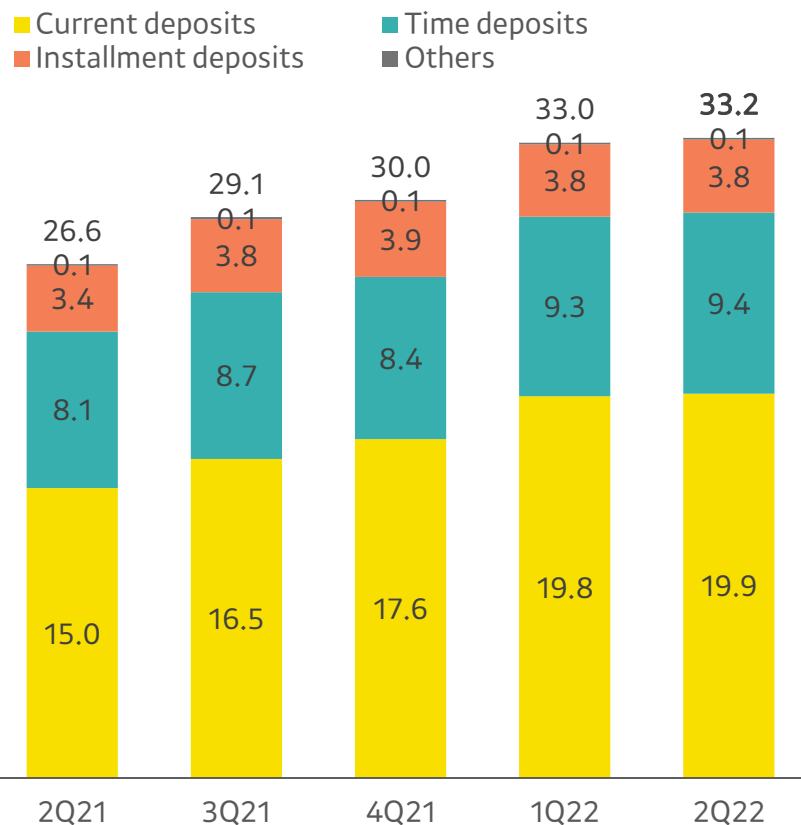
III. Banking Biz : Deposit (1/2)

kakaobank

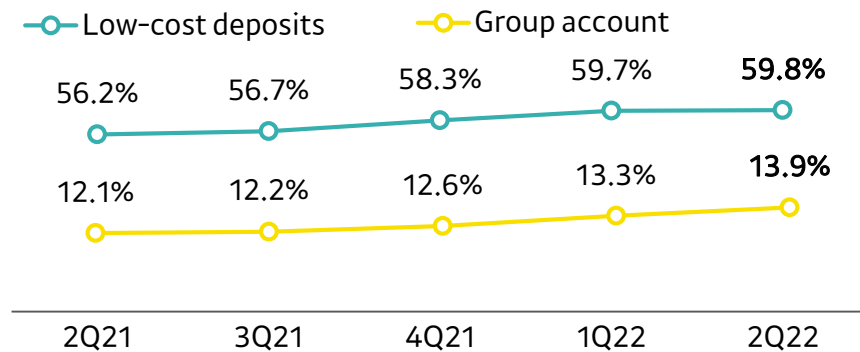
Deposit balance YoY +25%, QoQ +1%, low-cost deposit accounts for 60% of total deposit

Deposit balance trend & breakdown

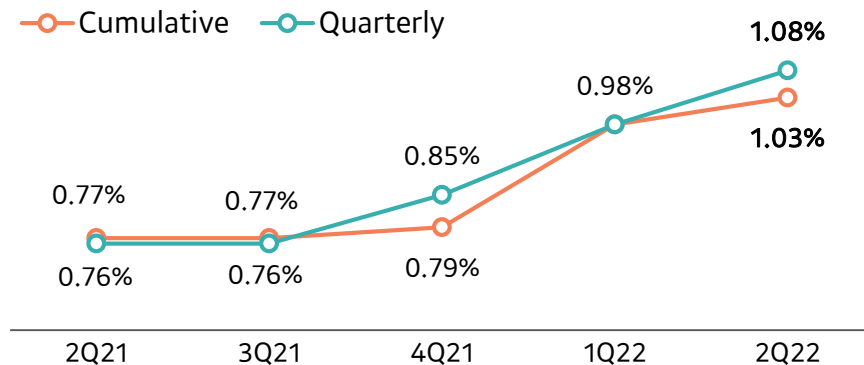
(Wtn)



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. Banking Biz : Deposit (2/2)

kakaobank

Provide customers with differentiated benefits and fun saving experience
26-wk installment savings with various partnerships, leading players across different industries

26-week installment savings with partners

26-week savings with 'E-mart' (Aug 20)

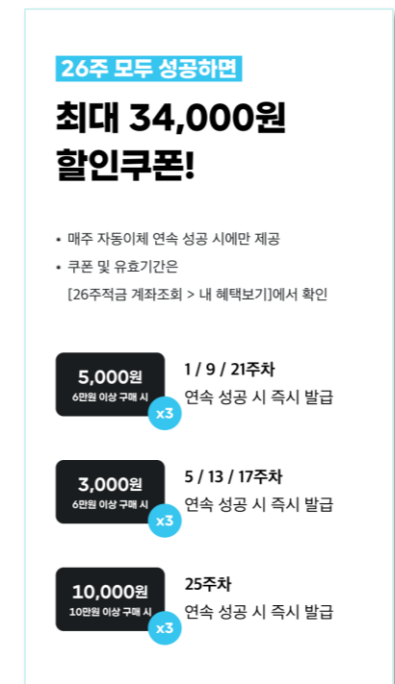
26-week savings with 'Market Kurly' (Dec 20)

26-week savings with 'Happy Point' (Aug 21)

26-week savings with 'Kakao Page' (Dec 21)

**Total 1.8mn accounts opened in
2020~2021**

26-week savings with 'oHouse' (June 2022)



Total of 450k accounts opened

III. Banking Biz : Loan

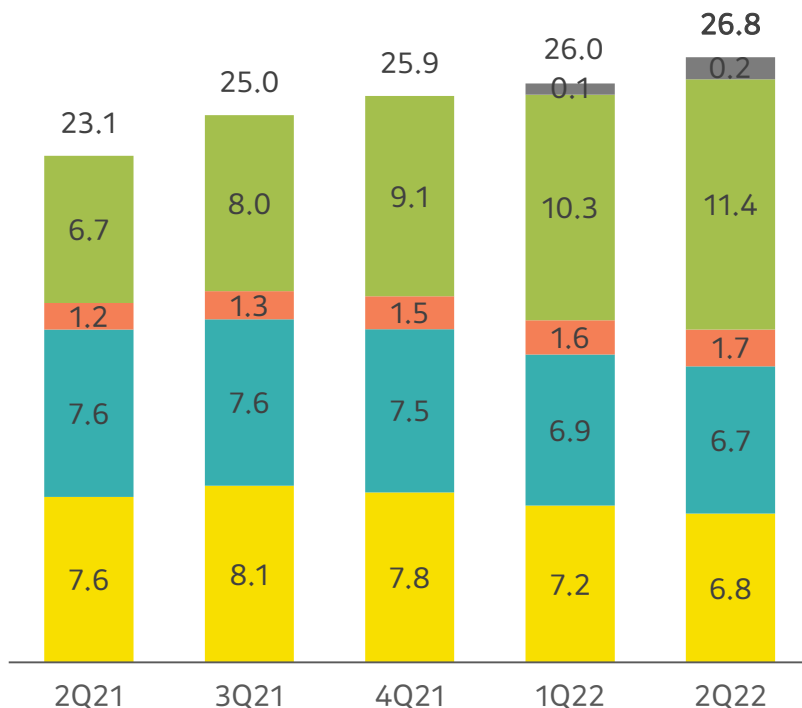
kakaobank

Loan balance YoY +16%, QoQ +3%, NIM improvement driven by base rate hike and mid-credit loan expansion

Loan balance trend & breakdown

(Wtn)

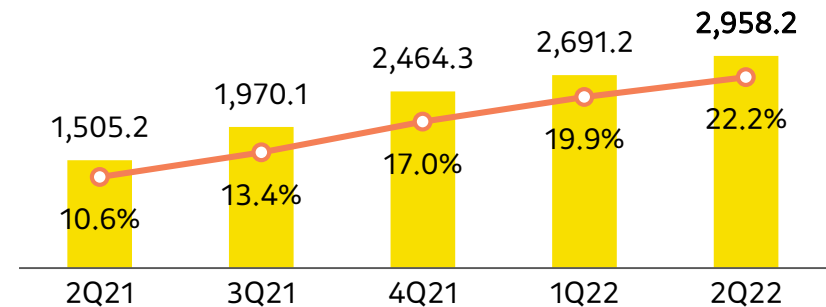
■ Credit ■ Overdraft ■ Micro
■ Housing deposit ■ Mortgage



Mid-credit loan

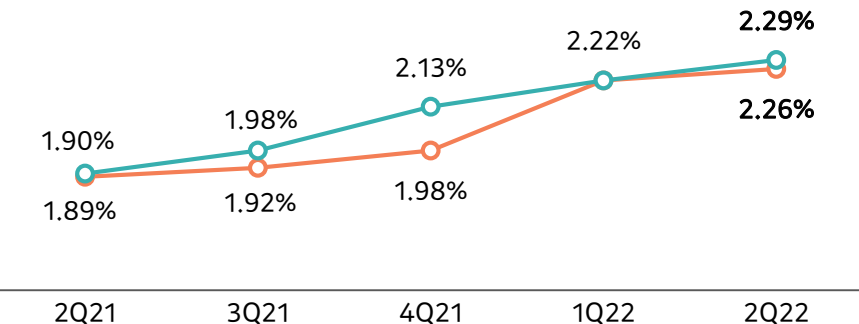
(Wbn)

■ Balance —○— % within credit loan



Net Interest Margin

—○— Cumulative —○— Quarterly



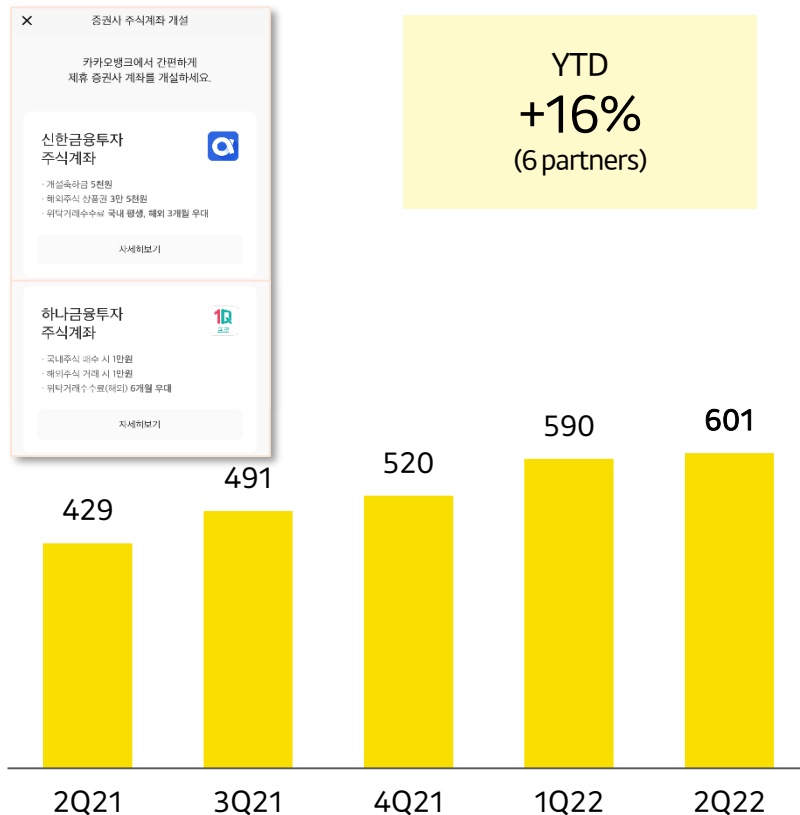
IV. Platform biz - (1/4)

kakaobank

New account openings affected by sluggish stock market

(1) Securities brokerage account

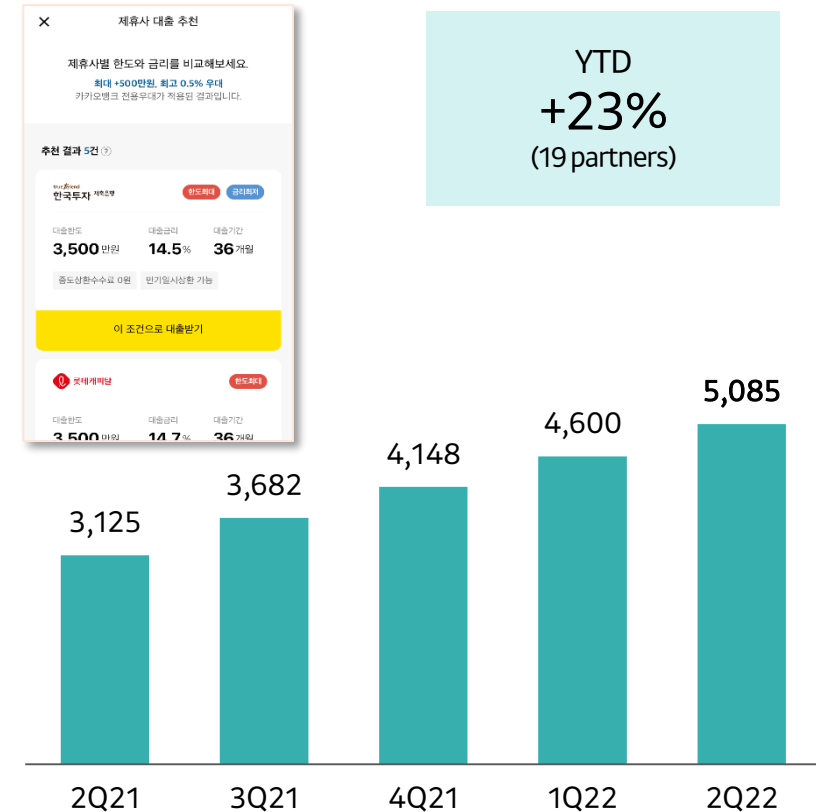
(mn accounts; cumulative)



Continued growth by adding more partnership; W5.1tn loans referred

(2) Loan referral

(Wbn; cumulative)



IV. Platform biz - (2/4)

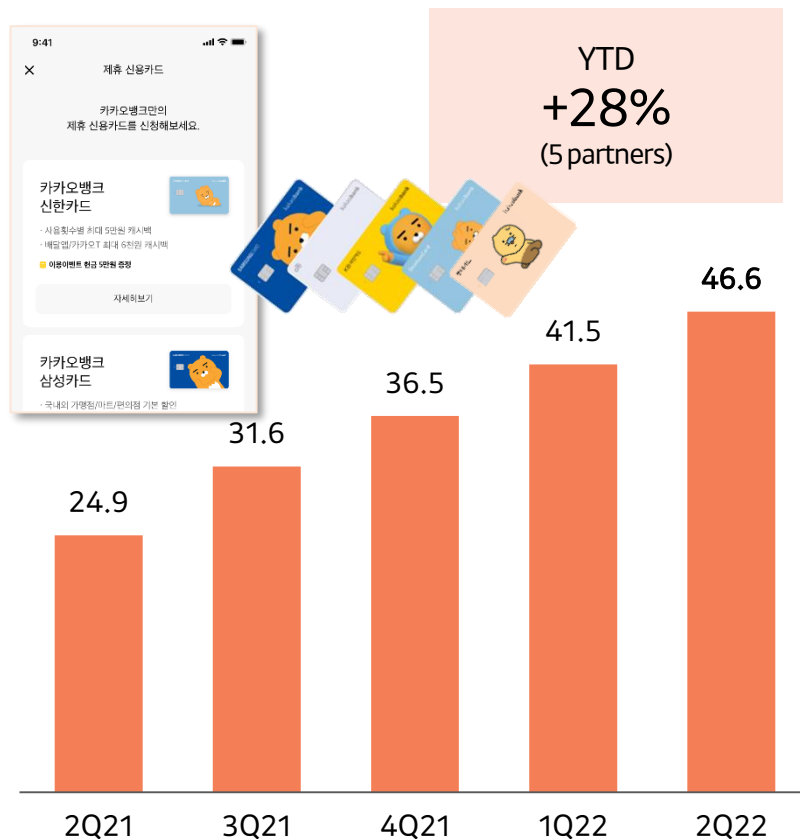
kakaobank

470k exclusive co-branded credit cards issued

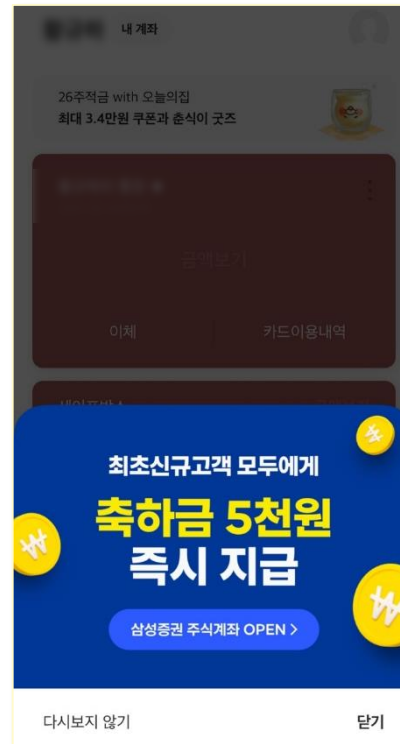
Increasing ad effectiveness thanks to improved impression

(3) Co-branded credit card

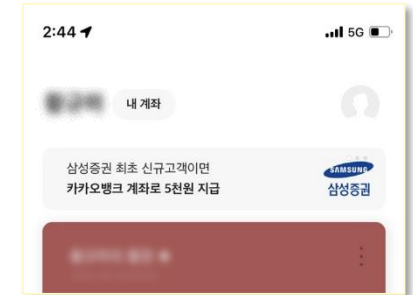
(10k; cumulative)



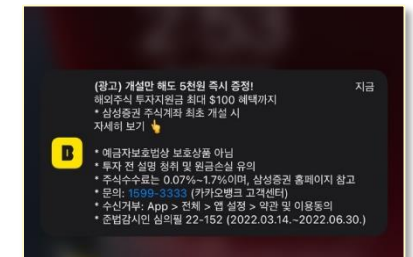
(4) Advertisement



Home pop-up



Top banner



App push

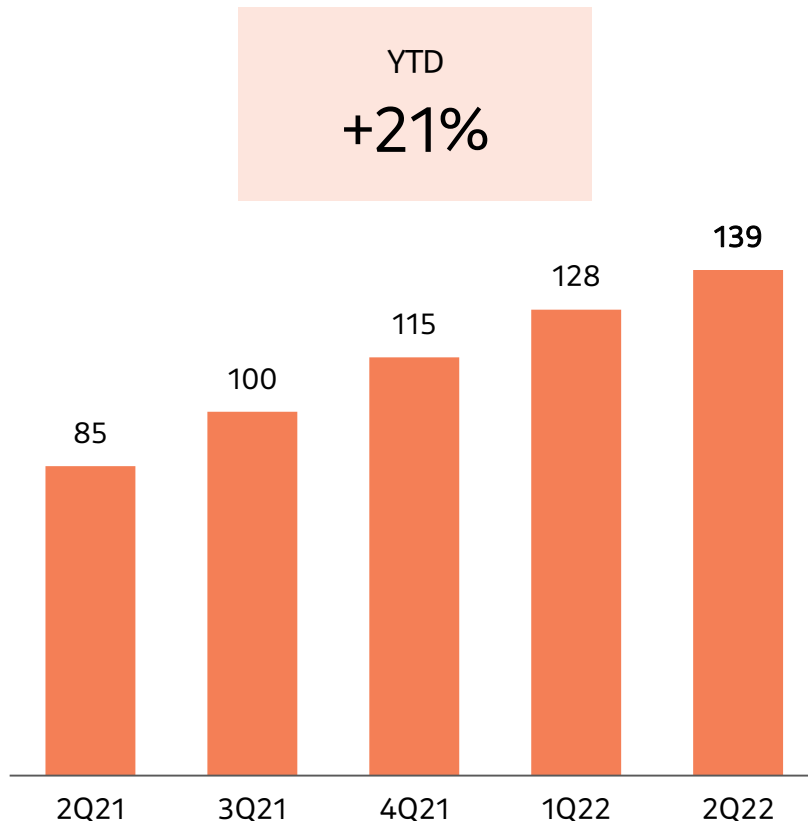
IV. Platform biz - (3/4)

kakaobank

1.39mn mini customers in the age of 14~18 with 59% penetration⁽¹⁾ in the 14~18 population
mini transaction value increased QoQ +20% as KakaoBank becomes primary bank for teens

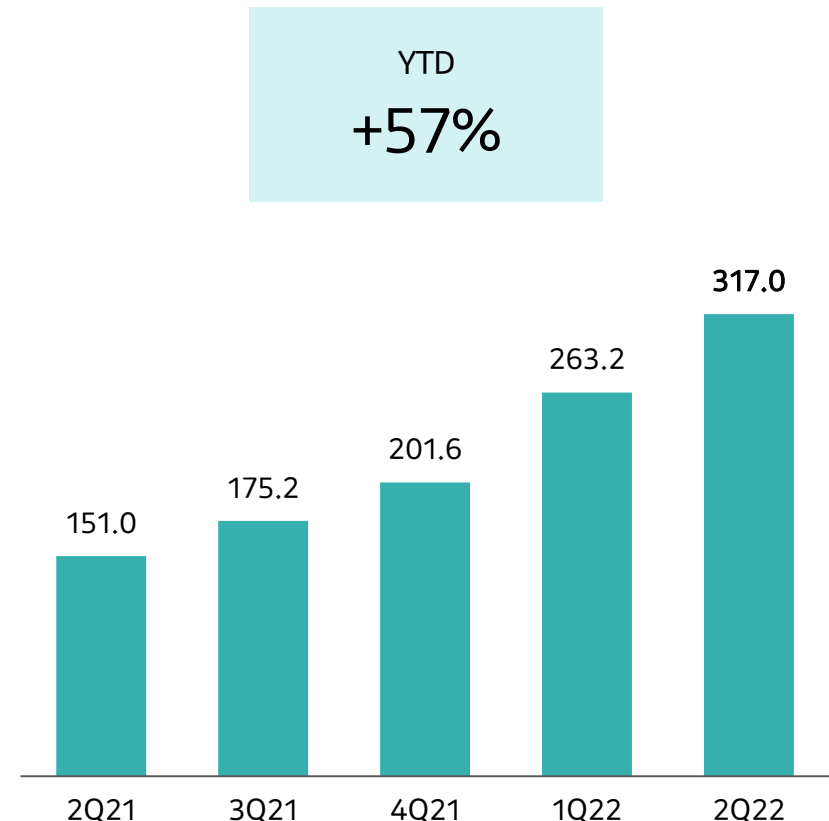
(5-1) mini customers

(mn customers; cumulative)



(5-2) mini transaction value

(Wbn; quarterly)



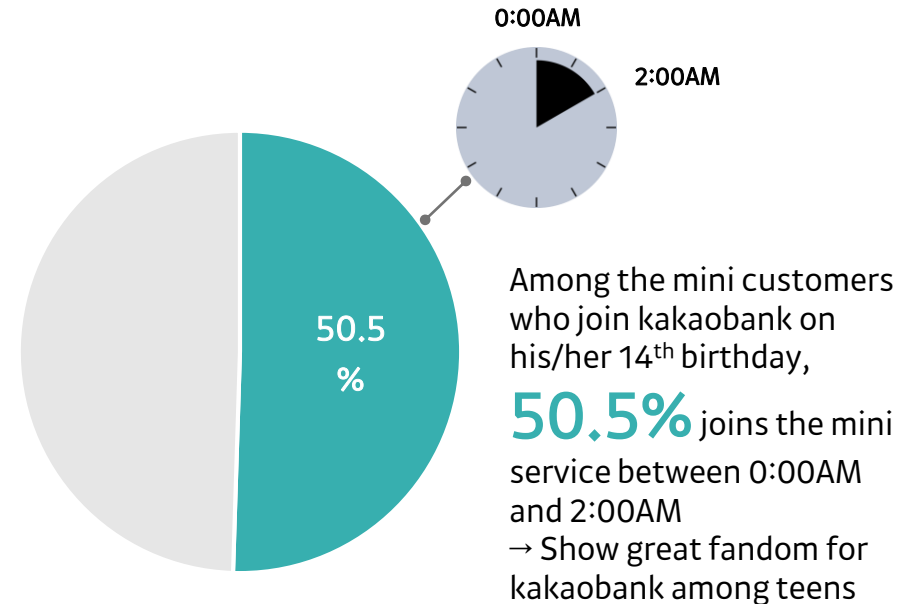
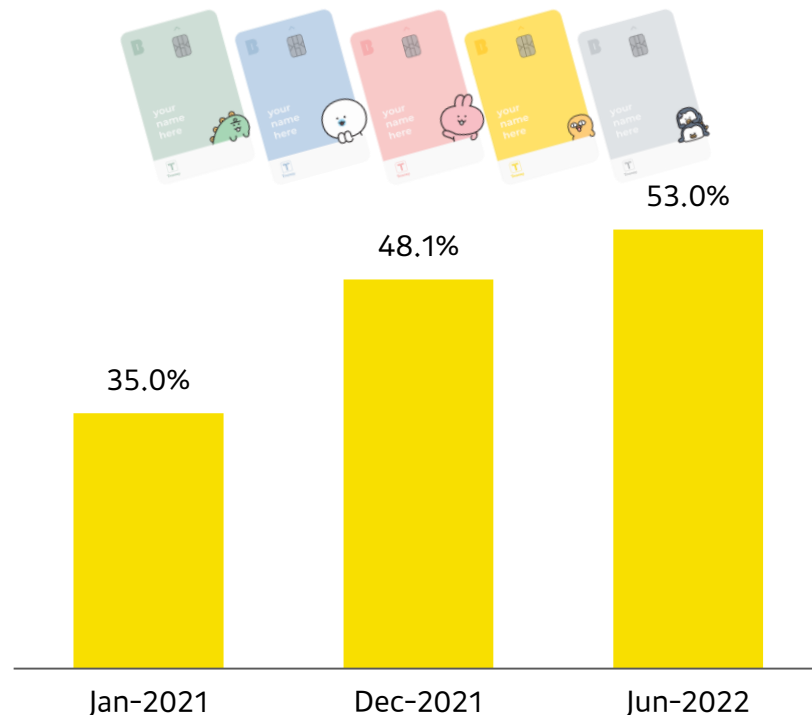
Note: (1) Ministry of Public Administration Demographics June 2022 (Age 14~18 population : 2.33mn)

mini positioned as “must-have” item among teens with great fandom
→ secure customers in early stage and help build base for healthy financial literacy

mini card = “first-ever card” for teens

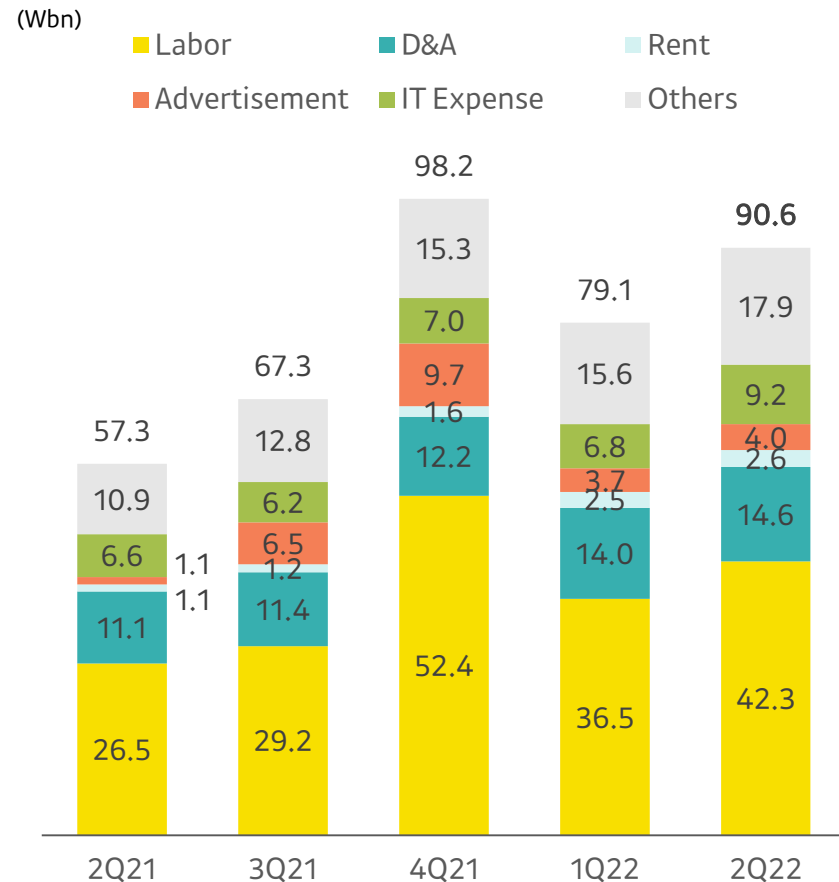
14th birthday with kakaobank mini

Portion of mini customers who apply for mini card within 30 days from his/her 14th birthday is steadily increasing

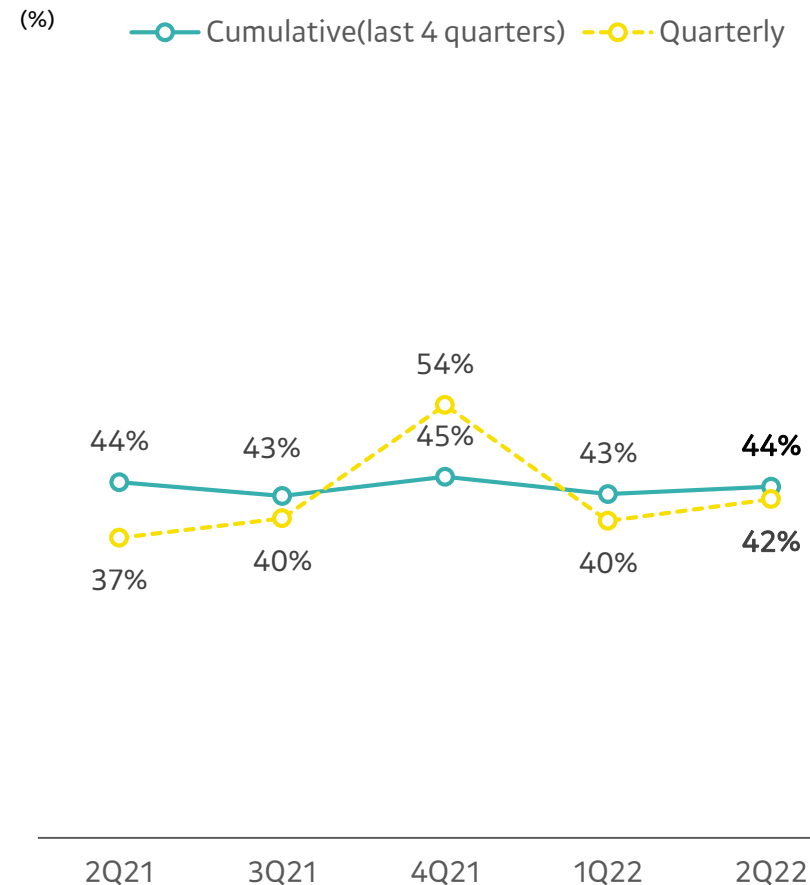


Increased SG&A and CIR from higher labor cost owing to additional hires

SG&A



CIR (Cost Income Ratio)



VI. Operating profit and ROE, ROA

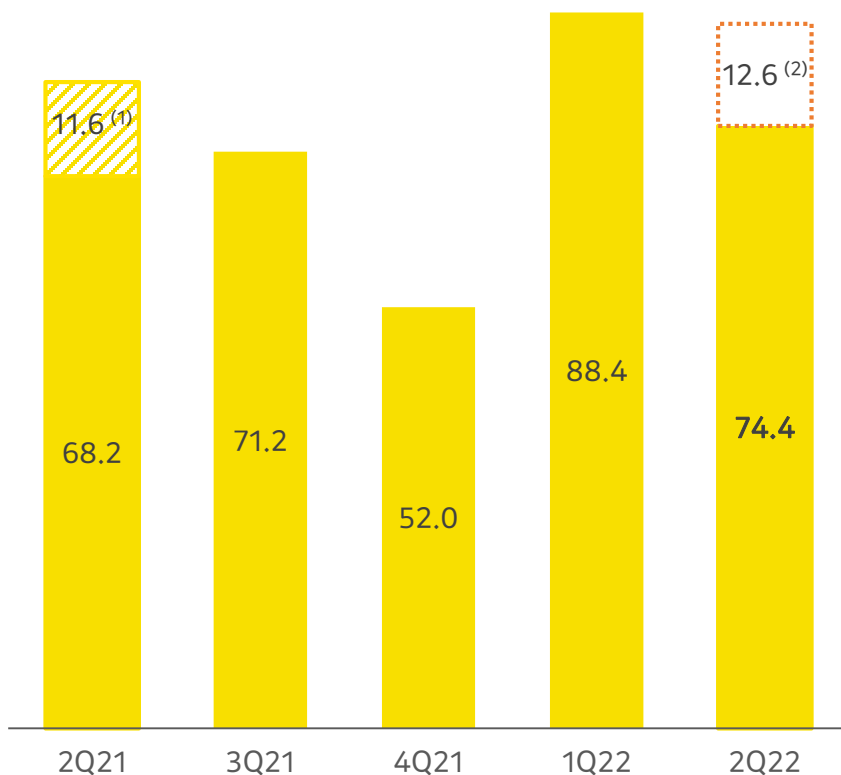
kakaobank

Operating profit excluding one-offs YoY +28%, QoQ -2%

Slight drop in ROE and ROA reflecting additional preemptive provisioning based on FLC

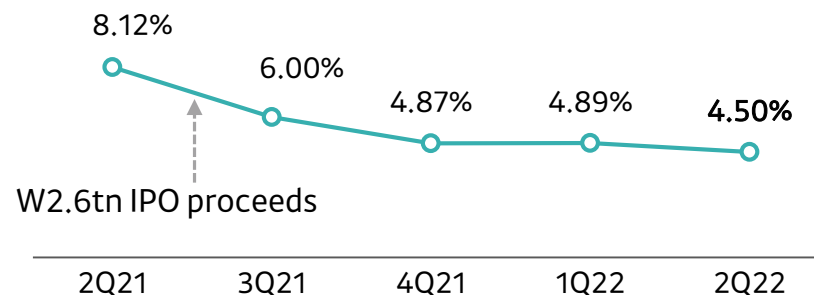
Operating profit

(Wbn)



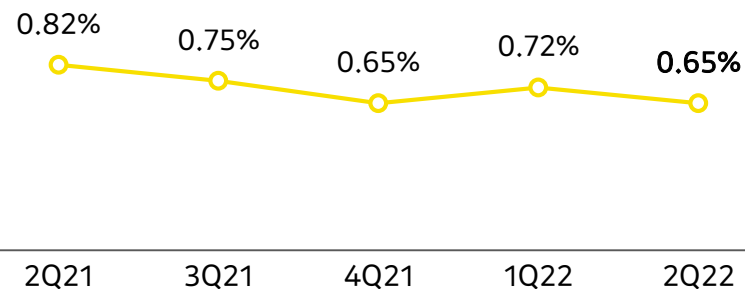
ROE⁽³⁾

(%)



ROA⁽³⁾

(%)



Note: (1) W11.6bn gains on NPL sale
(2) W12.6bn additional preemptive provisioning based on FLC
(3) Annualized

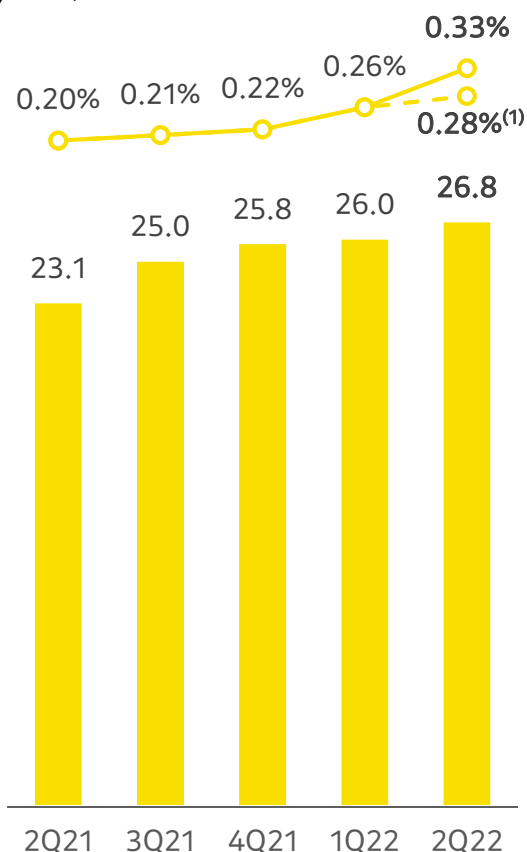
VII. Asset Quality

kakaobank

Slight increase in delinquency rate and NPL ratio

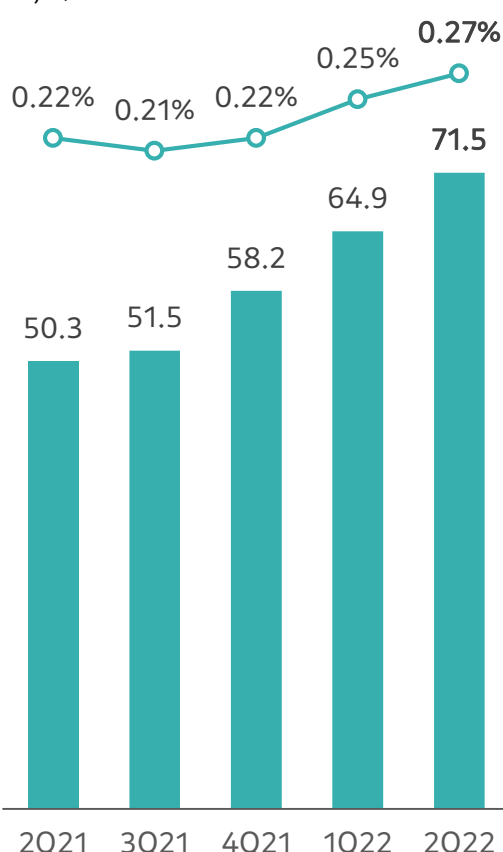
Total Loans & Delinquency Rate⁽¹⁾

(,Wtn %)



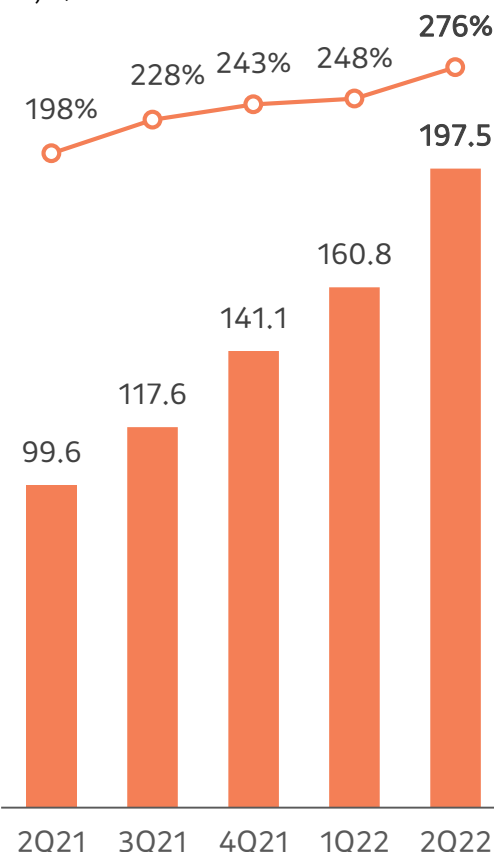
SBL⁽²⁾ & NPL Ratio

(Wbn, %)



Loan Loss Allowance & Coverage Ratio⁽³⁾

(Wbn, %)



Note: (1) Excluding the temporary impact from delayed subrogation on housing deposit loans
(2) NPL Coverage Ratio = Loan Loss Allowance / Substandard or Below Loans

VIII. Appendix : Income Statement

kakaobank

(Wbn)	2Q22	2Q21	YoY		1Q22	QoQ	
Operating Revenue	370.8	253.6	117.2	46.2%	338.4	32.4	9.6%
Interest Revenue	292.9	179.2	113.7	63.4%	264.2	28.7	10.9%
Fee Revenue	43.7	37.4	6.3	16.8%	40.5	3.2	7.9%
Platform Revenue	21.6	22.2	-0.6	-2.7%	25.3	-3.7	-14.6%
Others	12.6	14.8	-2.2	-14.9%	8.4	4.2	50.0%
Operating Expense	249.5	157.4	92.1	58.5%	218.0	31.5	14.4%
Interest Expense	75.6	37.7	37.9	100.5%	63.5	12.1	19.1%
Fee & Commission Expense	59.5	47.7	11.8	24.7%	54.7	4.8	8.8%
SG&A	90.6	57.3	33.3	58.1%	79.1	11.5	14.5%
Others	23.8	14.7	9.1	61.9%	20.7	3.1	15.0%
Provision for Credit Cost	46.9	16.4	30.5	186%	32.0	14.9	46.6%
Operating Profit	74.4	79.8	-5.4	-6.8%	88.4	-14.0	-15.8%
<i>% Operating Revenue</i>	<i>20.1%</i>	<i>31.5%</i>		<i>-11.4%pt</i>	<i>26.1%</i>		<i>-6.1%pt</i>
Non-operating Income	1.5	0.1	1.4	1,400%	0.1	1.4	1,400%
Non-operating Expense	0.4	0.1	0.3	300%	0.4	0.0	0.0%
Pre-tax Profit	75.5	79.8	-4.3	-5.4%	88.1	-12.6	-14.3%
Net Profit	57.0	69.3	-12.3	-17.7%	66.9	-9.9	-14.3%
<i>% Operating Revenue</i>	<i>15.4%</i>	<i>27.3%</i>		<i>-11.9%pt</i>	<i>19.8%</i>		<i>-4.4%pt</i>

VIII. Appendix : SG&A

kakaobank

(Wbn)	2Q22	2Q21	YoY		1Q22	QoQ	
SG&A	90.6	57.3	33.3	58.1%	79.1	11.5	14.5%
Labor Cost	42.3	26.5	15.8	59.6%	36.5	5.8	15.9%
D&A	14.6	11.1	3.5	31.5%	14.0	0.6	4.3%
IT Expense	9.2	6.6	2.6	39.4%	6.8	2.4	35.3%
Rent	2.6	1.1	1.5	136.4%	2.5	0.1	4.0%
Advertisement	4.0	1.1	2.9	263.6%	3.7	0.3	8.1%
Others	17.9	10.9	7.0	64.2%	15.6	2.3	14.7%

VIII. Appendix : Balance Sheet

kakaobank

(Wbn)	2022.06	2021.12	YTD %	2021.06	YoY %
Total Asset	39,582.6	36,040.1	9.8%	29,901.3	32.4%
Cash & Cash Equivalent	2,884.1	1,219.2	136.6%	1,197.9	140.8%
FVTPL Assets	970.7	1501.9	-35.4%	600.2	61.7%
Financial Investments	7,950.0	6,139.0	29.5%	4,007.3	98.4%
Loan	26,650.2	26,362.1	1.1%	23,594.3	13.0%
Tangible Assets	154.1	70.2	119.5%	54.1	184.8%
Intangible Assets	28.6	33.5	-14.6%	36.9	-22.5%
Other Assets	944.9	714.2	-13.6%	410.6	130.1%
Total Liabilities	34,026.3	30,518.7	11.5%	26,993.3	26.1%
Deposit	33,180.8	30,026.1	10.5%	26,625.9	24.6%
Provision Liability	33.2	26.0	27.7%	24.0	38.3%
Tax Liability	18.6	14.1	31.9%	5.0	272.0%
Other Liabilities	793.7	452.5	75.4%	338.4	134.5%
Total Equity	5,556.3	5,521.4	0.6%	2,908.0	91.1%
Share Capital	2,381.4	2,375.8	0.2%	2,048.3	16.3%
Capital Surplus	2,957.9	2,956.2	0.1%	762.6	287.9%
Capital Adjustments	19.6	26.8	-26.9%	6.5	201.5%
AOCI	-116.7	-27.7	NA	-11.5	NA
Retained Earnings	314.1	190.3	65.1%	102.1	207.6%

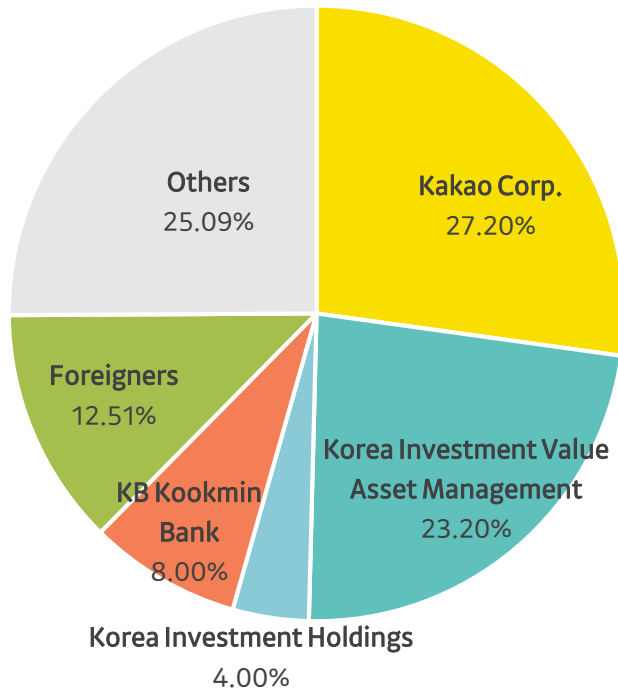


[Appendix]

Shareholding Structure

kakaobank

Ownership Structure



Shareholder

of shares

Stake

Kakao Corp.

129,533,725

27.20%

Korea Investment
Value Asset
Management

110,484,081

23.20%

Korea Investment
Holdings

19,049,643

4.00%

KB Kookmin Bank

38,097,959

8.00%

Foreigners

59,587,820

12.51%

Others

119,529,209

25.09%

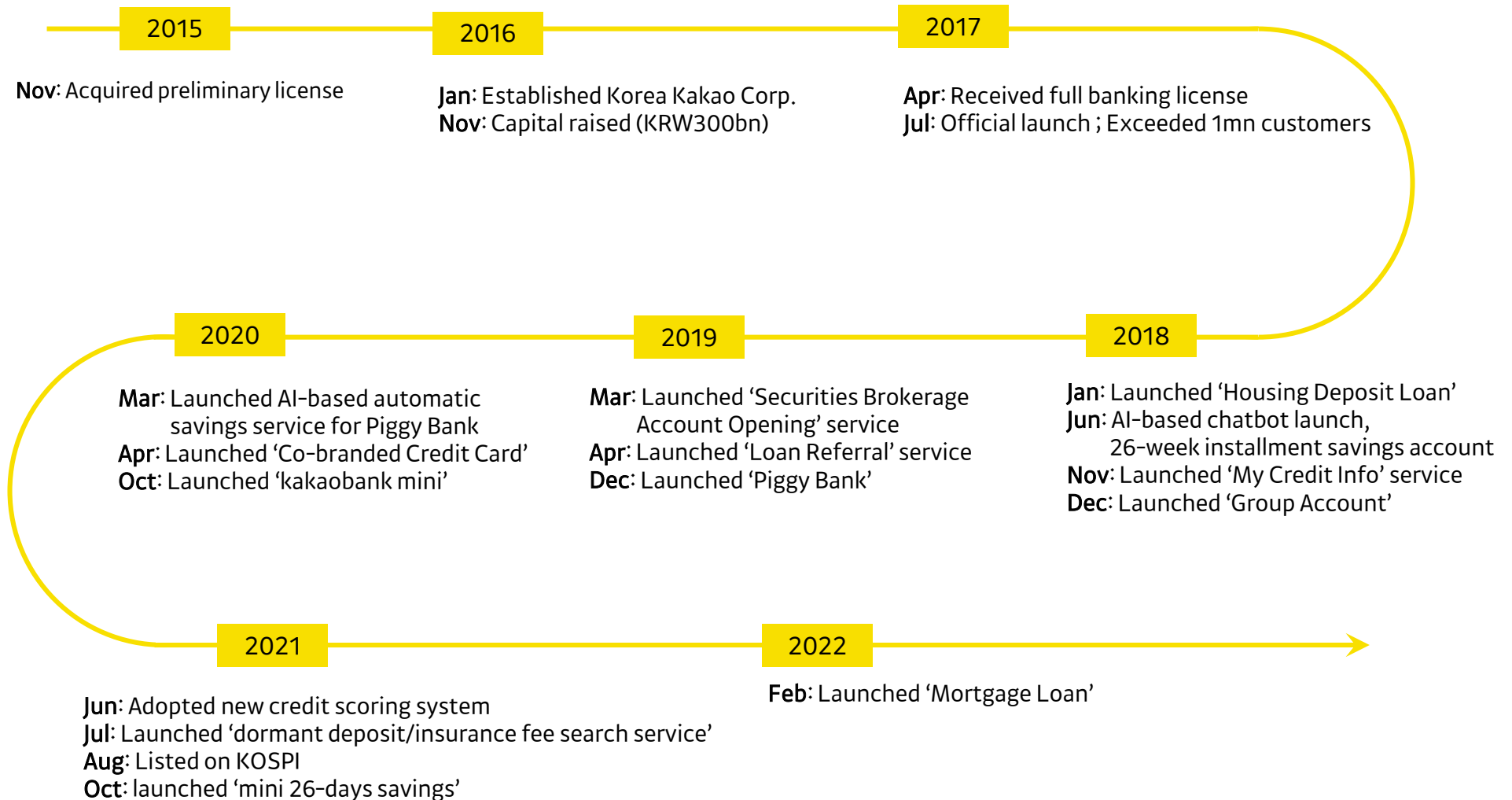
Total

476,282,437

100.00%

History

kakaobank



Our vision

kakaobank

B

“Bank, Beyond Bank”

To deliver the best customer experience beyond banking through our innovative technology, powerful platform and one-of-a-kind ecosystem