

KakaoBank

2Q 2022 Earnings Release

August 2022

kakaobank

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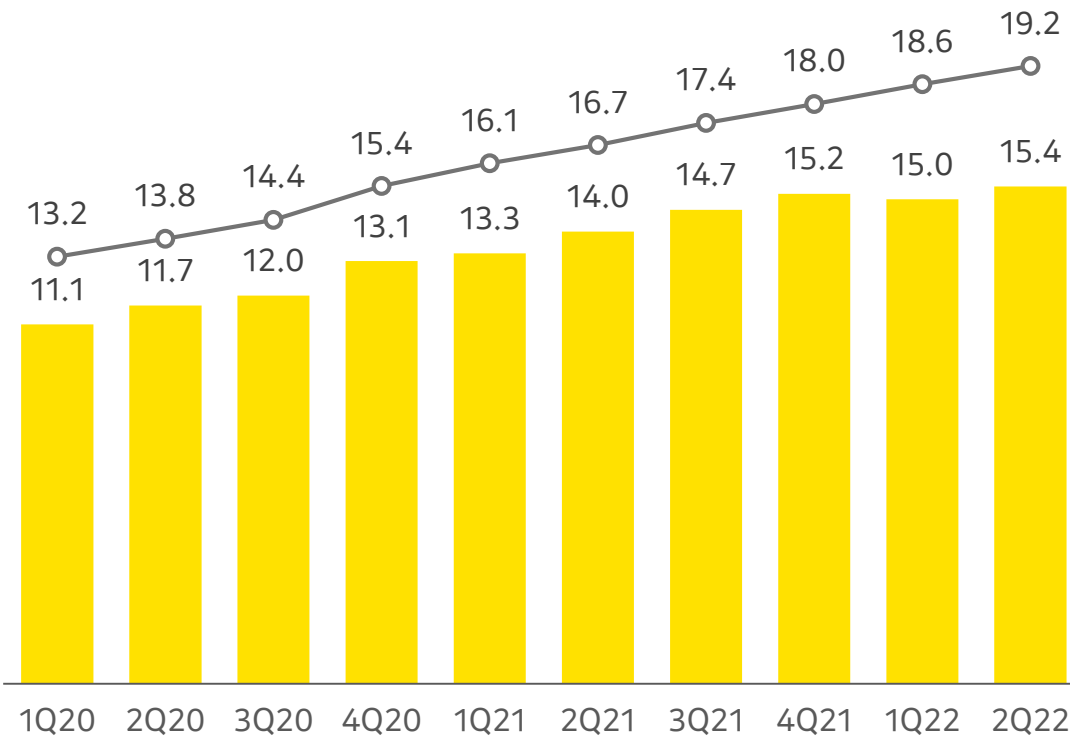
I. 1H22 Highlights - Customer Base

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

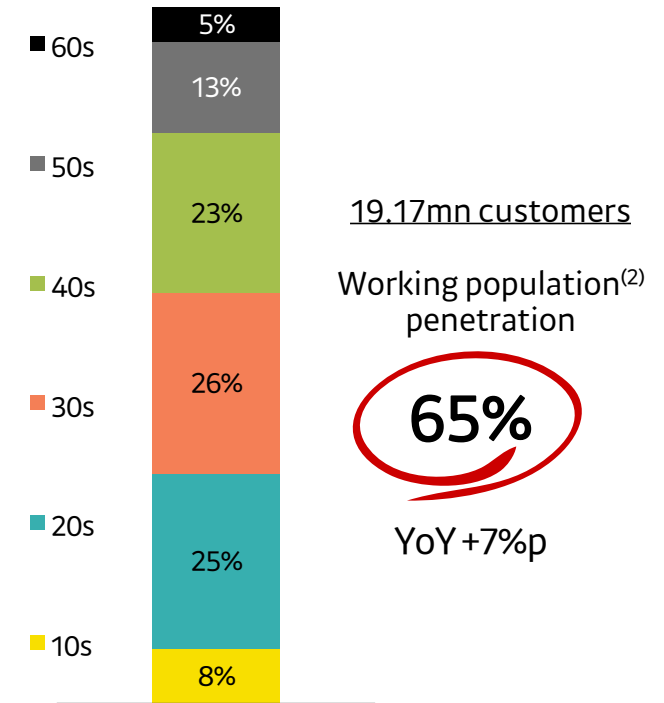
MAU⁽¹⁾ and Customers

(mn users)

■ MAU ○ Customers



2Q22 Customers by age group



Source: Nielsen Media Korea Digital Data, Company data
 Note: (1) Quarter end MAU
 (2) KOSIS (Korea working population 29.37mn as of Jun 2022)

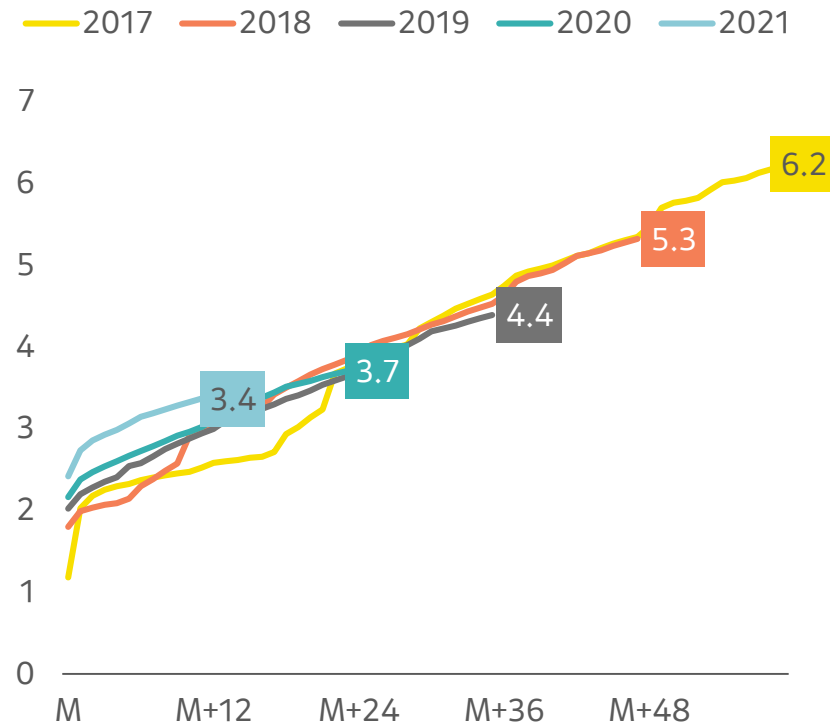
I. 1H22 Highlights - Customer Engagement

Increasing user engagement across all cohorts

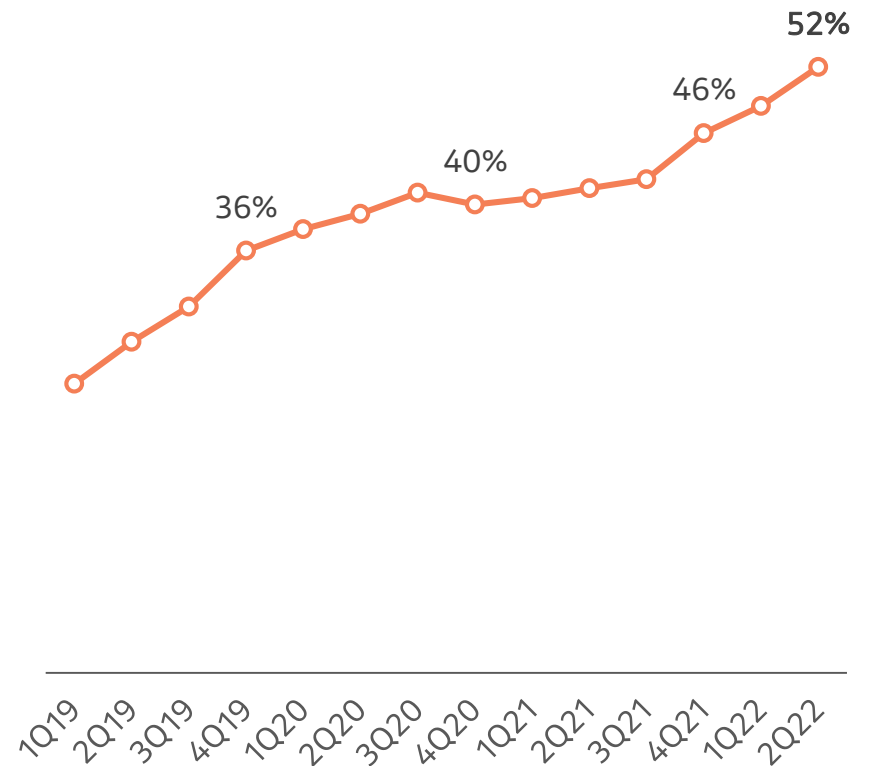
Customer lock-in into daily financial activities

Number of product per customer

(No. of product ; customer joining year)



Mobile payment-lined accounts per MAU⁽¹⁾



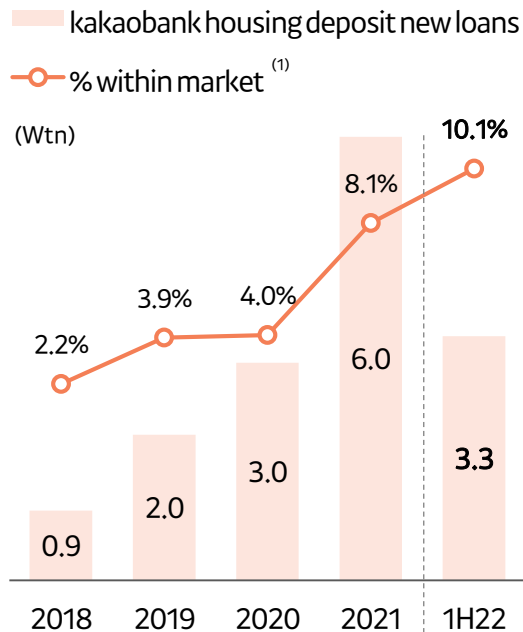
Note: (1) No. of accounts linked to mobile payment / MAU

I. 1H22 Highlights - Key Achievements

Banking

Housing deposit loan

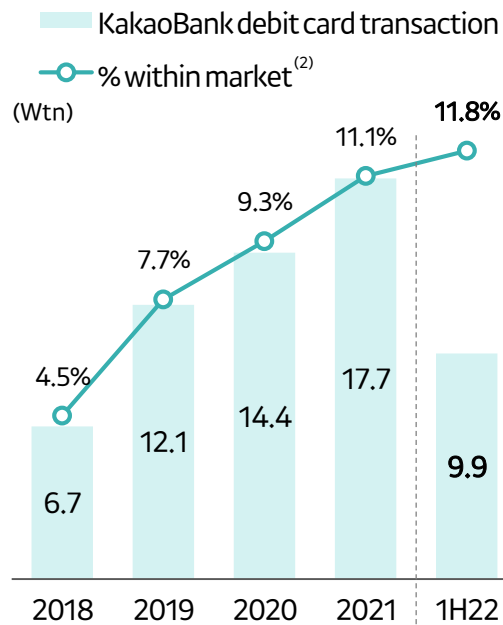
Key loan growth driver, thanks to convenient UI/UX



Fee

Debit card

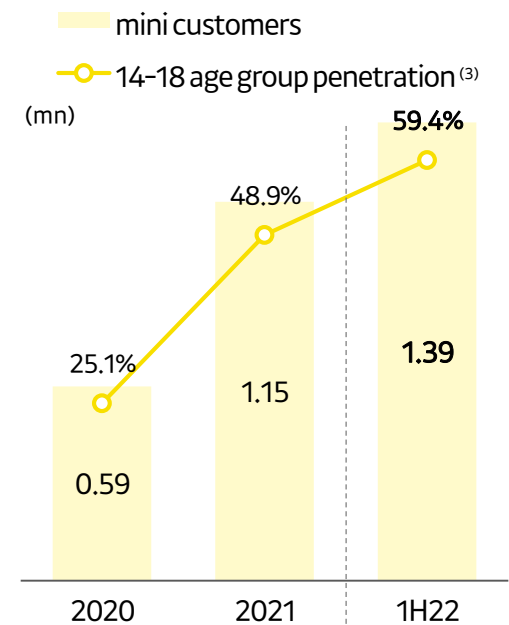
Achieved over 10 mn customers with differentiated benefits



Platform

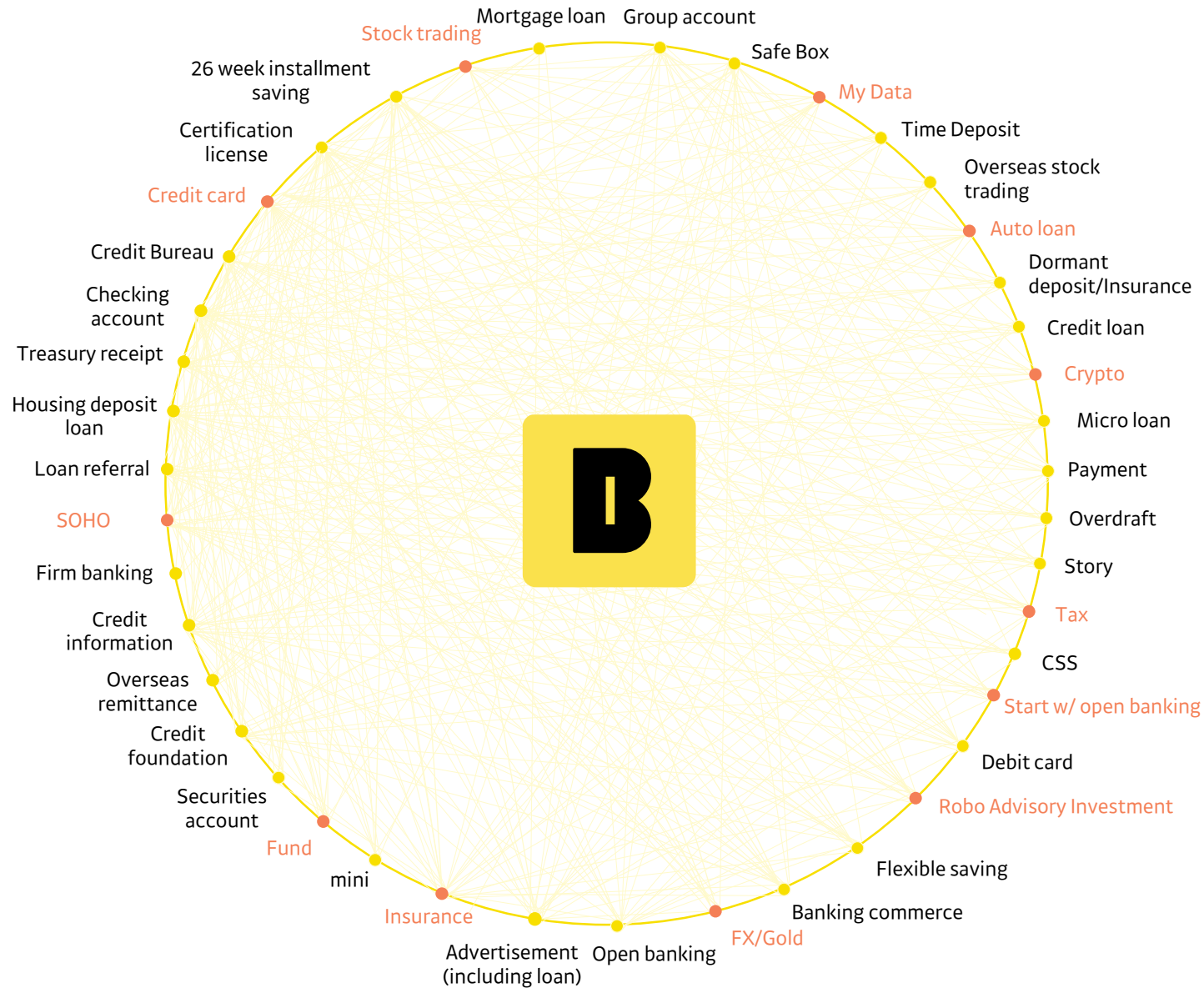
mini

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?

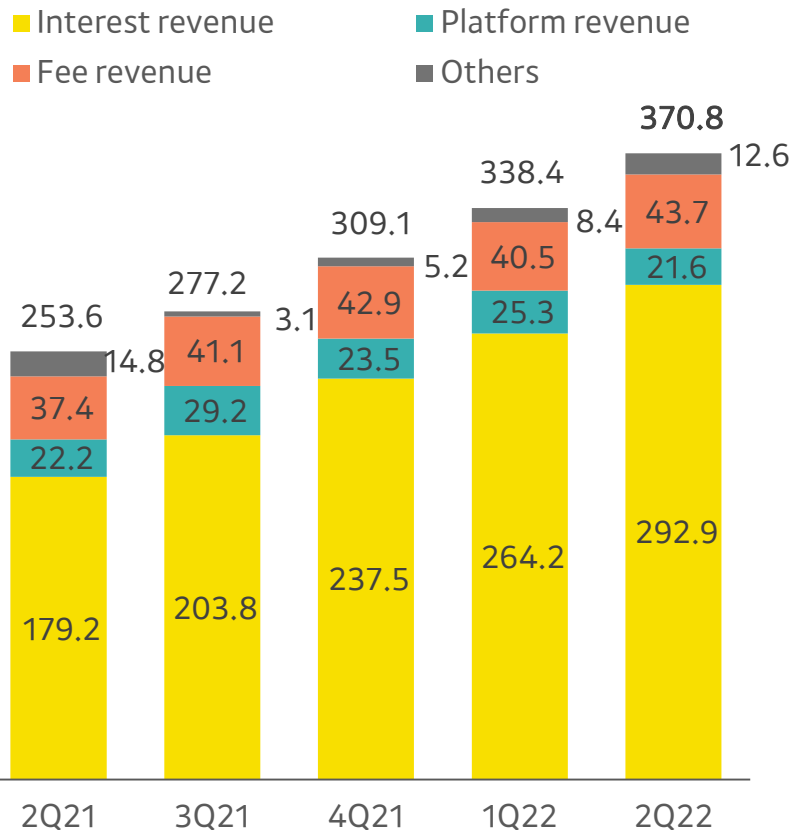


II. Operating Revenue

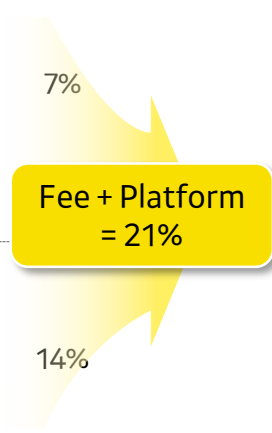
Operating revenue YoY +46%, QoQ +10%,
thanks to solid growth of interest and non interest revenue

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% |



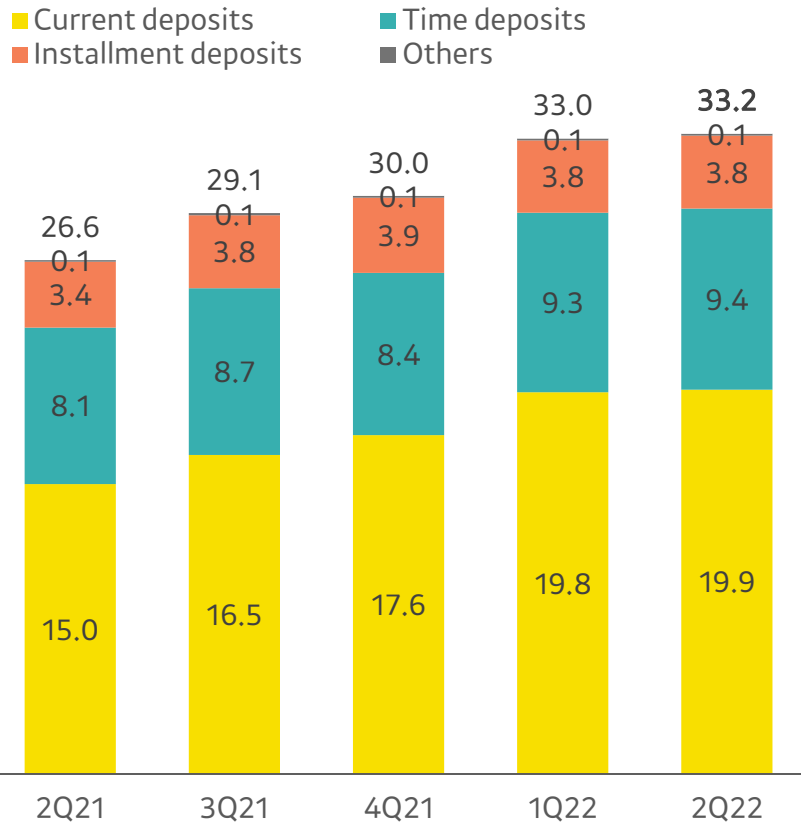
Note: (1) Changes in classification of financial investment asset sales (Fee revenue → other s)

III. Banking Biz : Deposit (1/2)

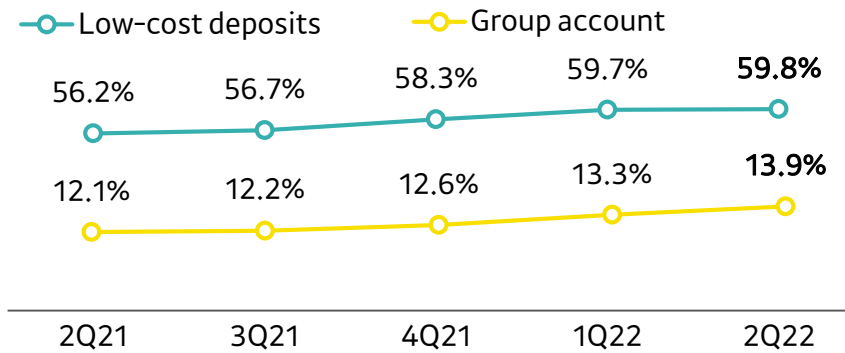
Deposit balance YoY +25%, QoQ +1%, low-cost deposit accounts for 60% of total deposit

Deposit balance trend & breakdown

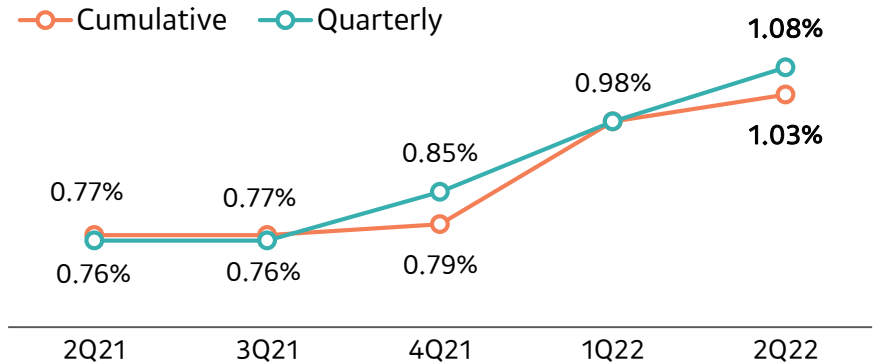
(Wtn)



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)

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)



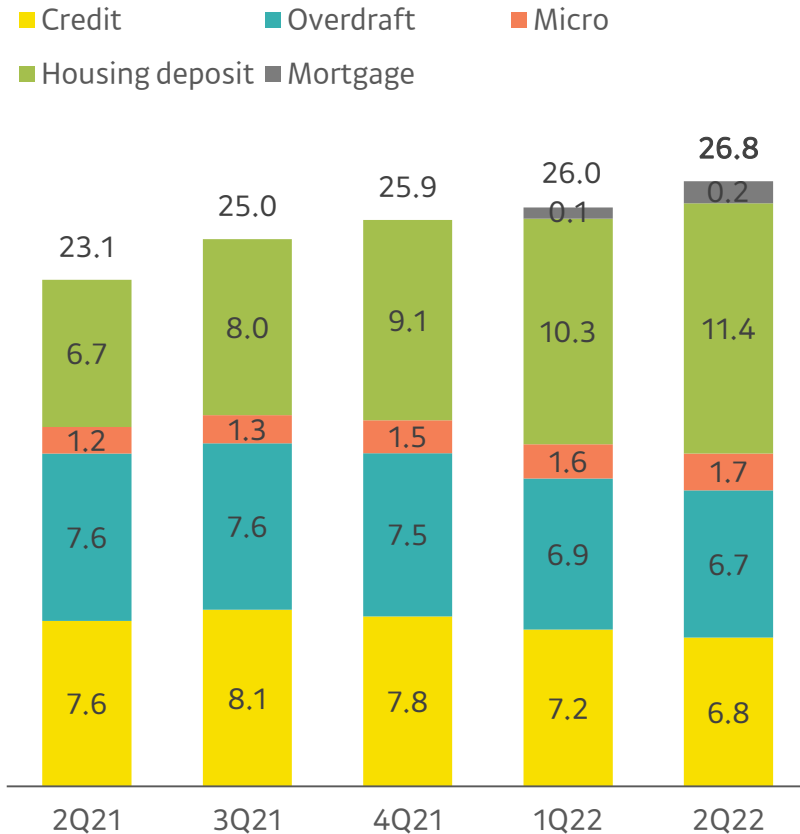
Total of 450k accounts opened

III. Banking Biz : Loan

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

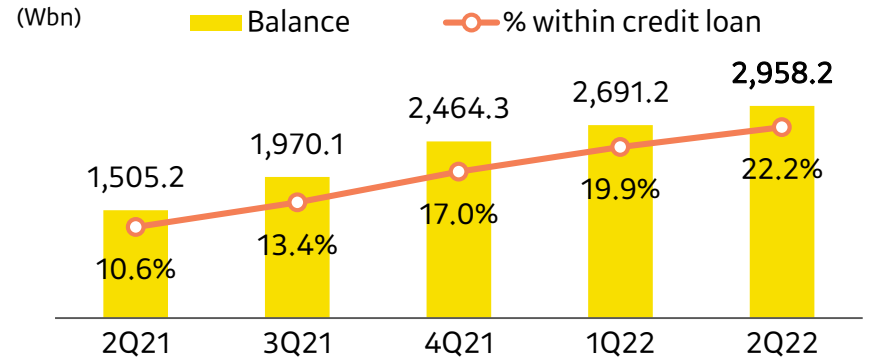
Loan balance trend & breakdown

(Wtn)

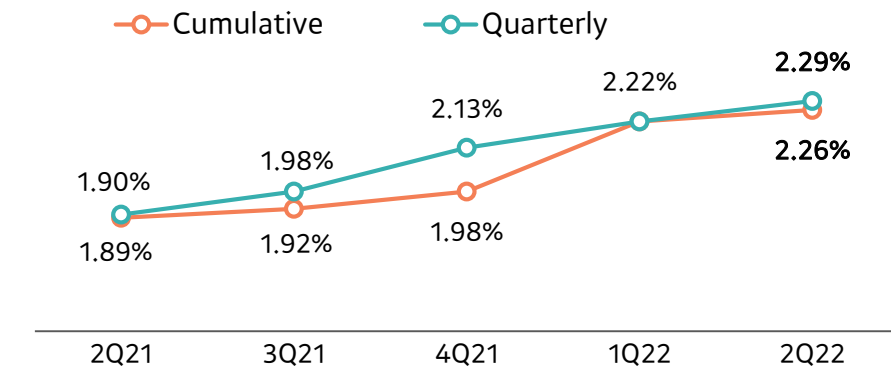


Mid-credit loan

(Wbn)



Net Interest Margin

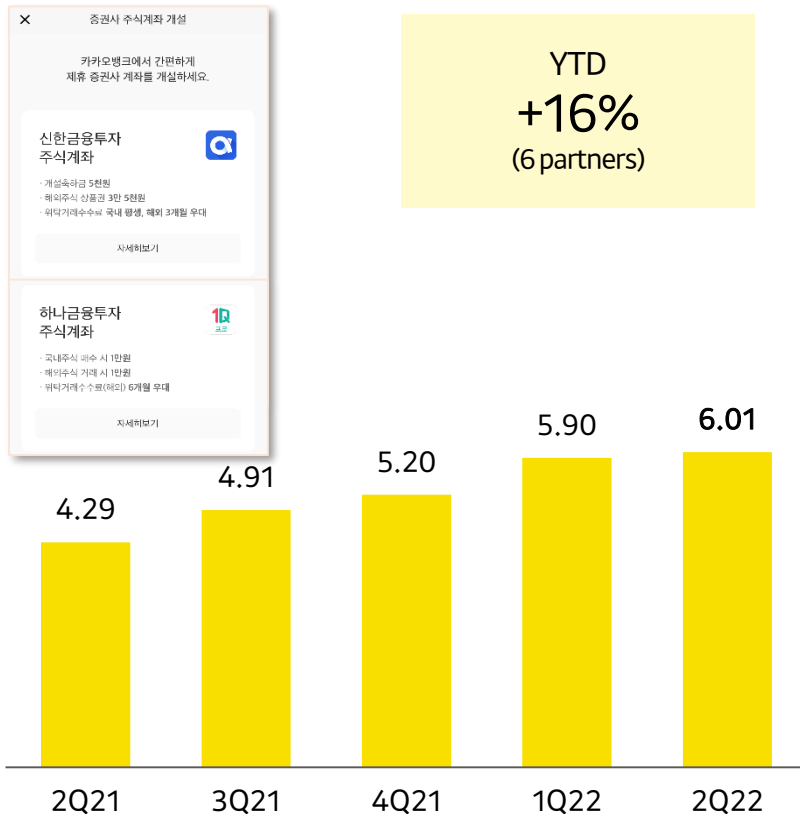


IV. Platform biz - (1/4)

New account openings affected by sluggish stock market

(1) Securities brokerage account

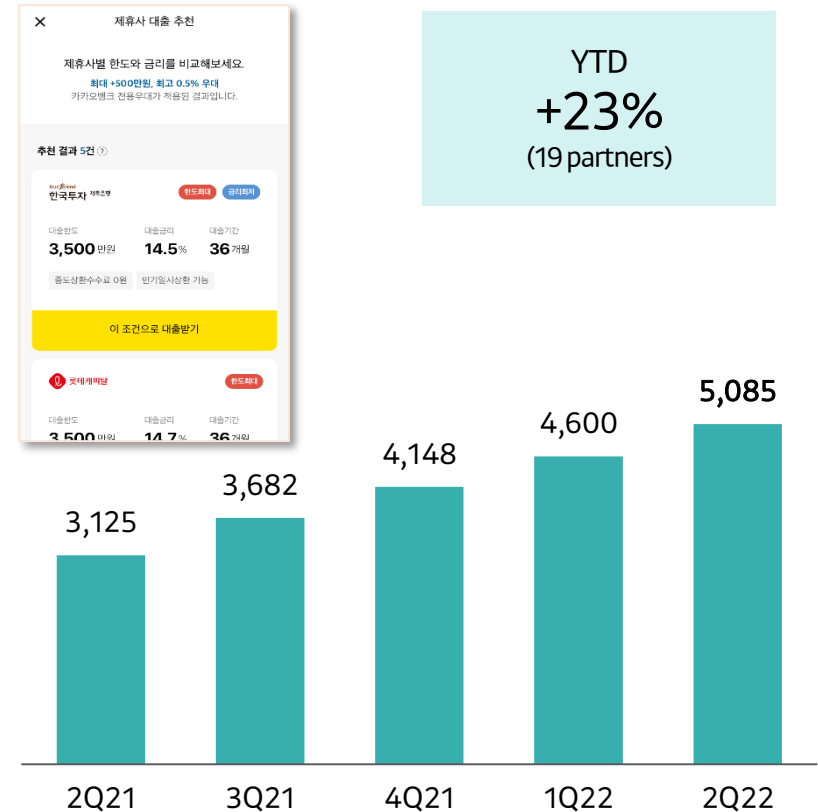
(mn accounts; cumulative)



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

(2) Loan referral

(Wbn; cumulative)



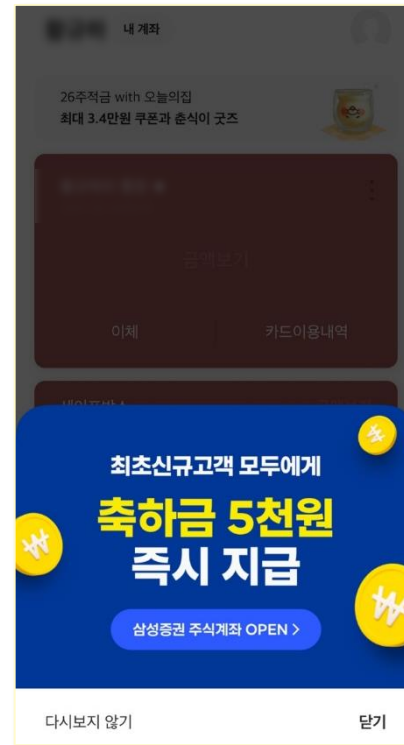
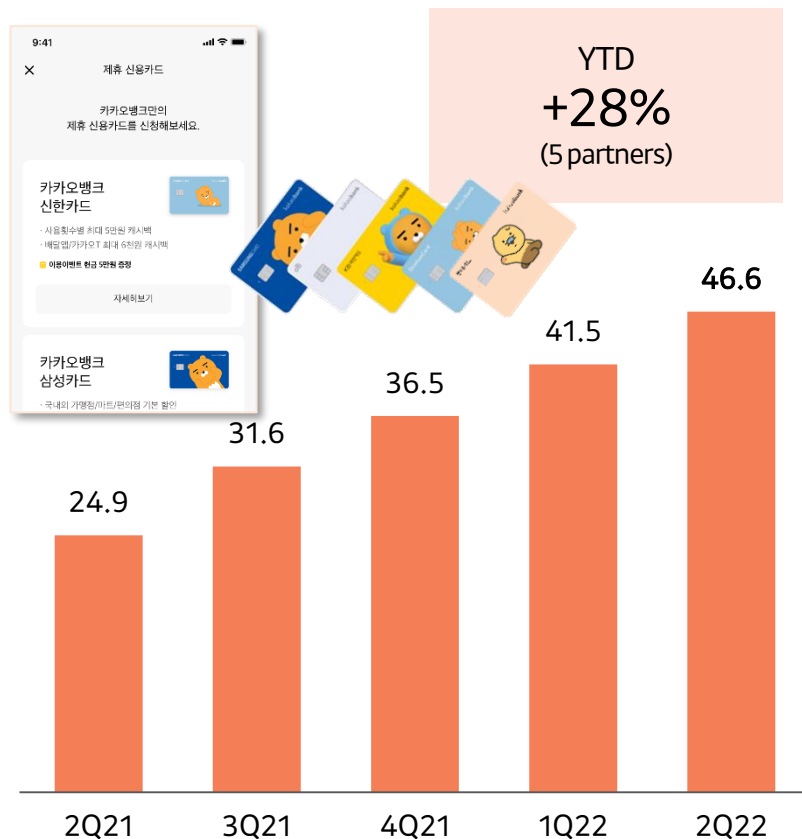
470k exclusive co-branded credit cards issued

Increasing ad effectiveness thanks to improved impression

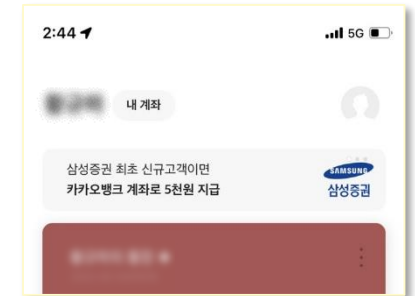
(3) Co-branded credit card

(4) Advertisement

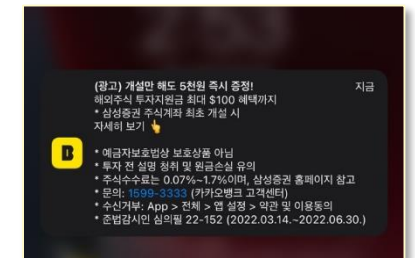
(10k; cumulative)



Home pop-up



Top banner



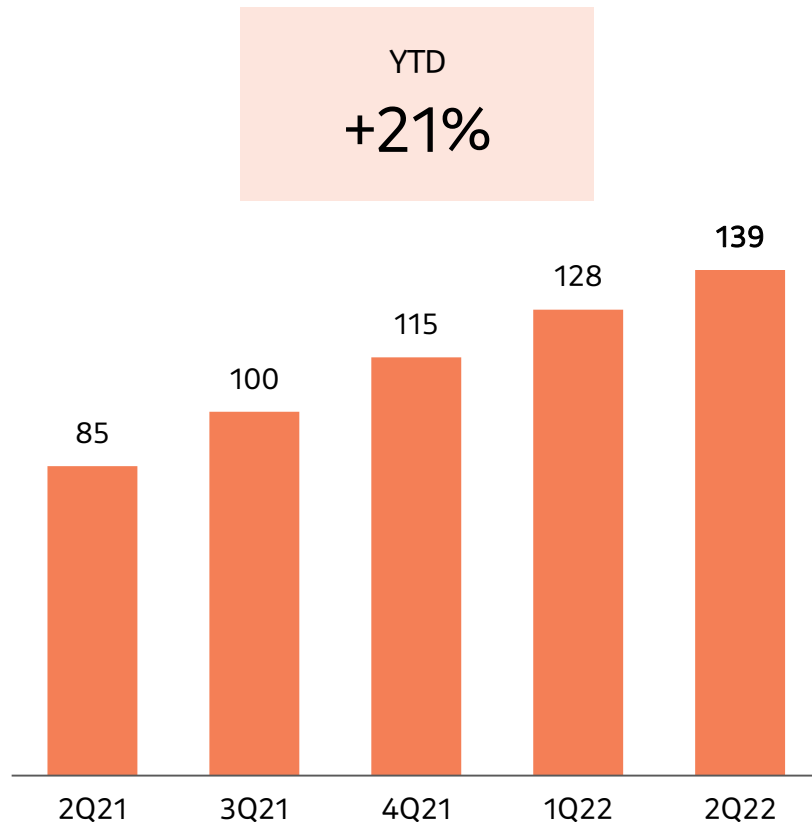
App push

IV. Platform biz - (3/4)

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

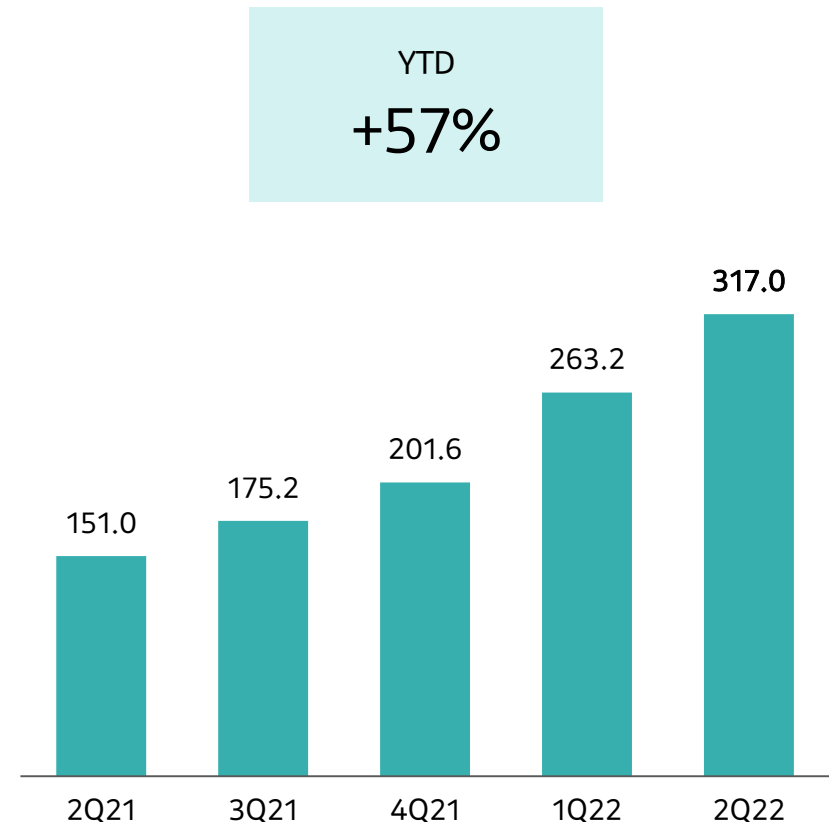
(5-1) mini customers

(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)

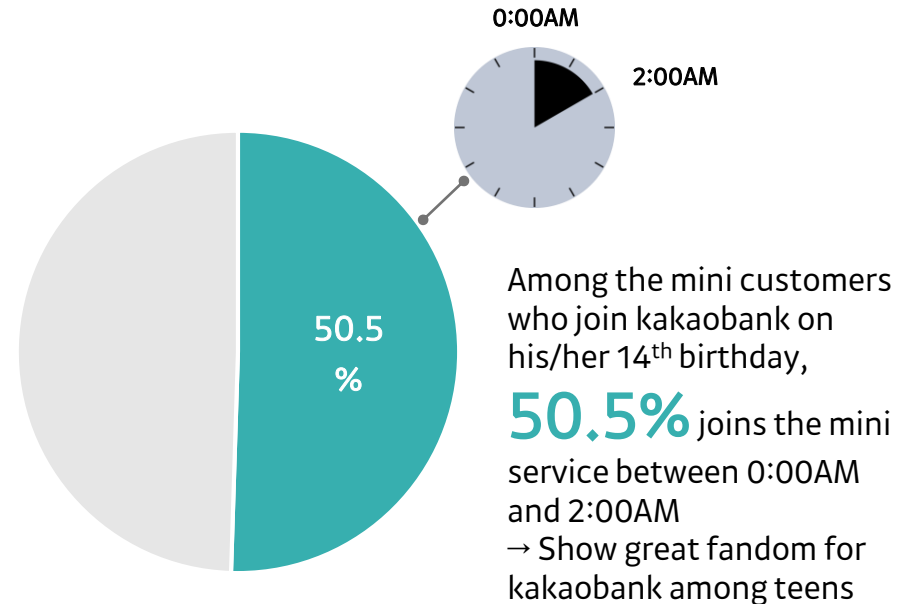
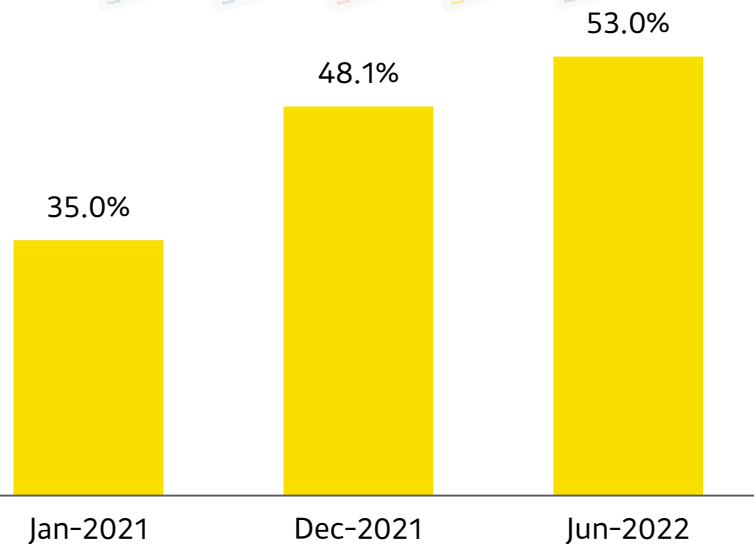
IV. Platform biz - (4/4)

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

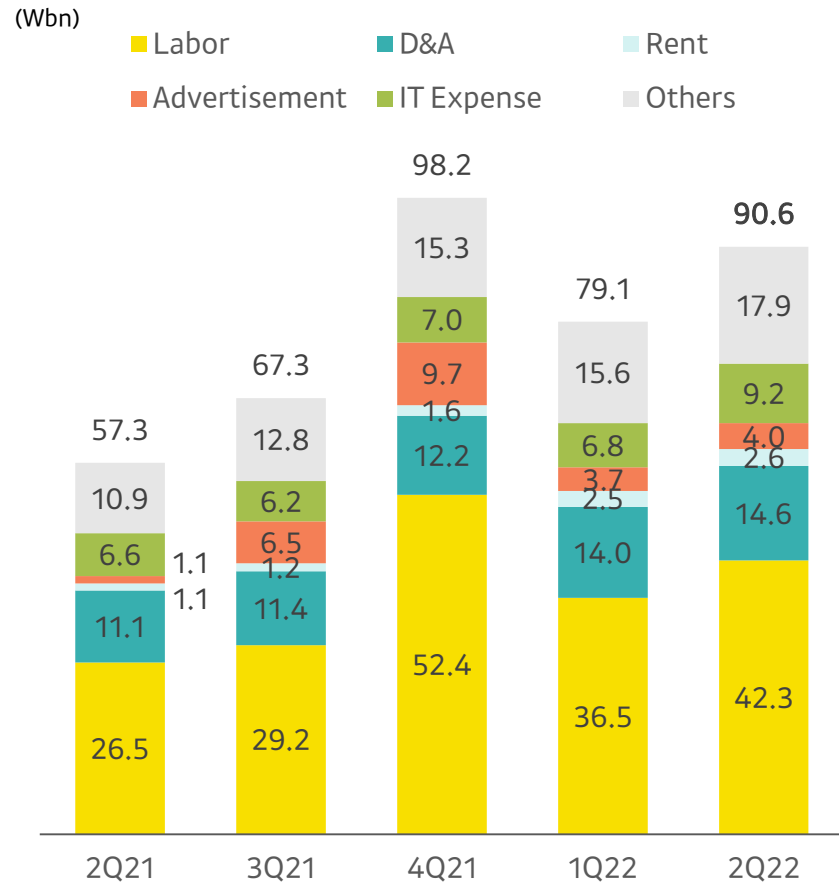
14th birthday with kakaobank mini

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

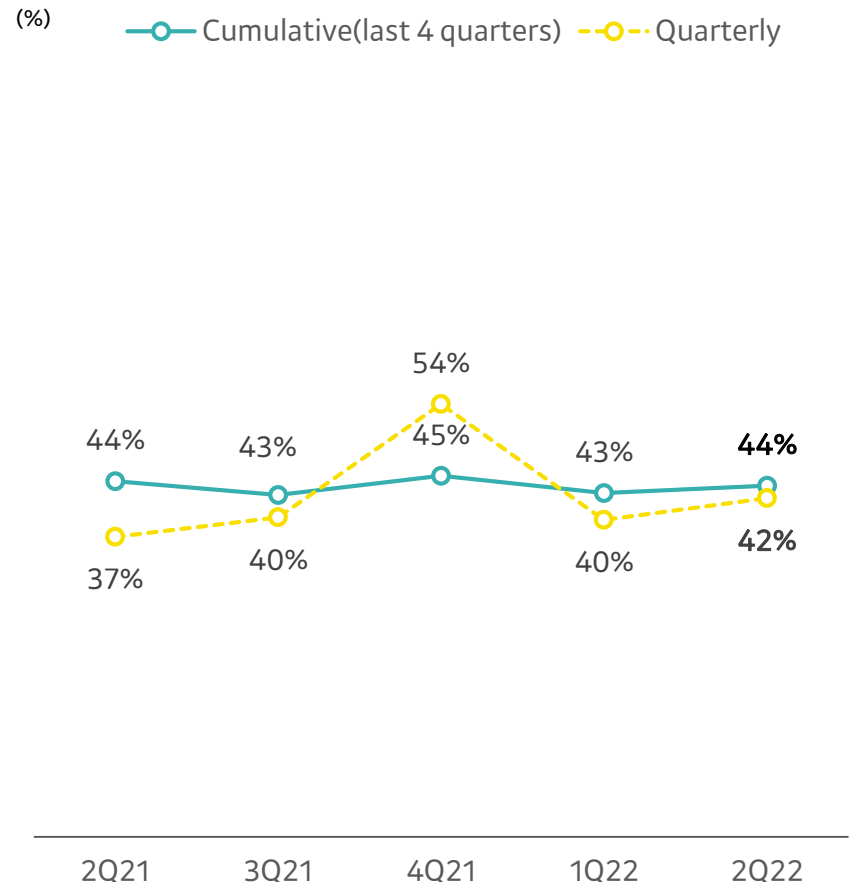


Increased SG&A and CIR from higher labor cost owing to additional hires

SG&A



CIR (Cost Income Ratio)



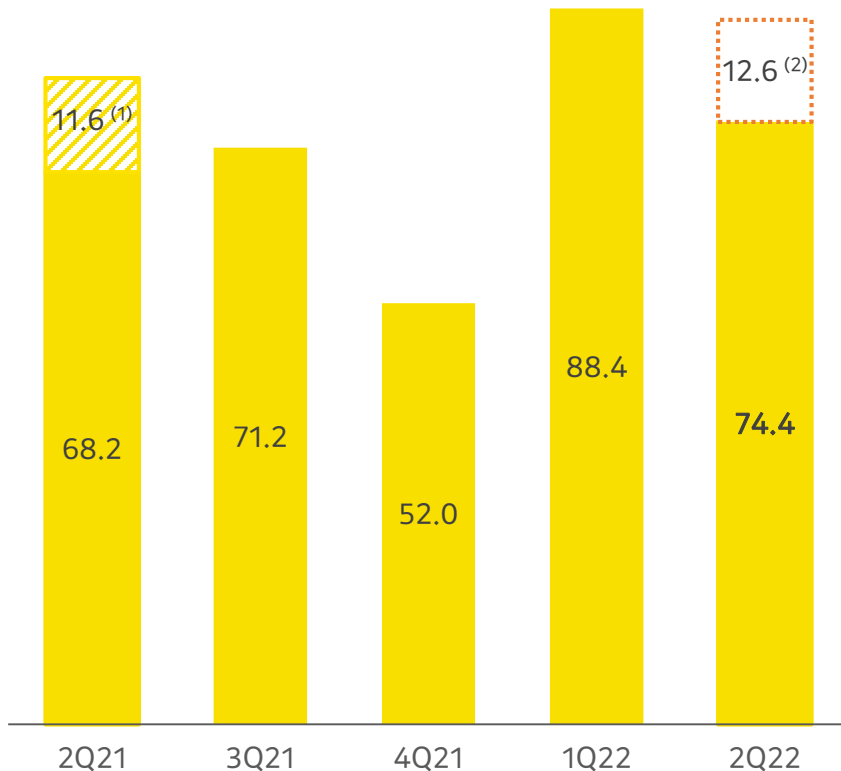
VI. Operating profit and ROE, ROA

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

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

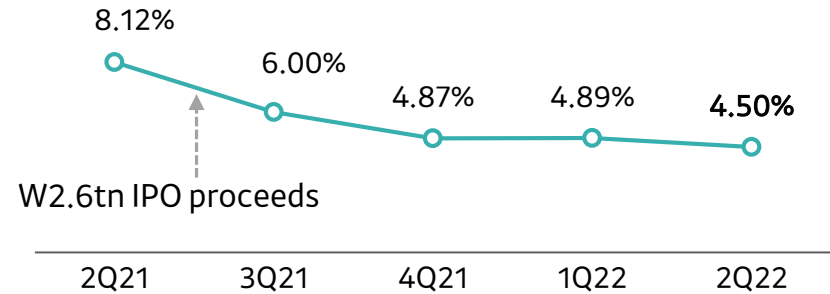
Operating profit

(Wbn)



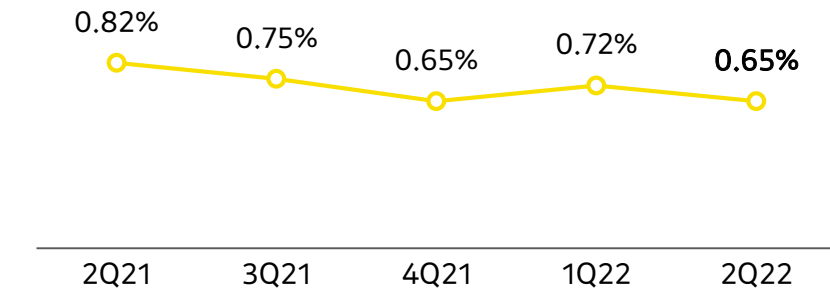
ROE⁽³⁾

(%)



ROA⁽³⁾

(%)



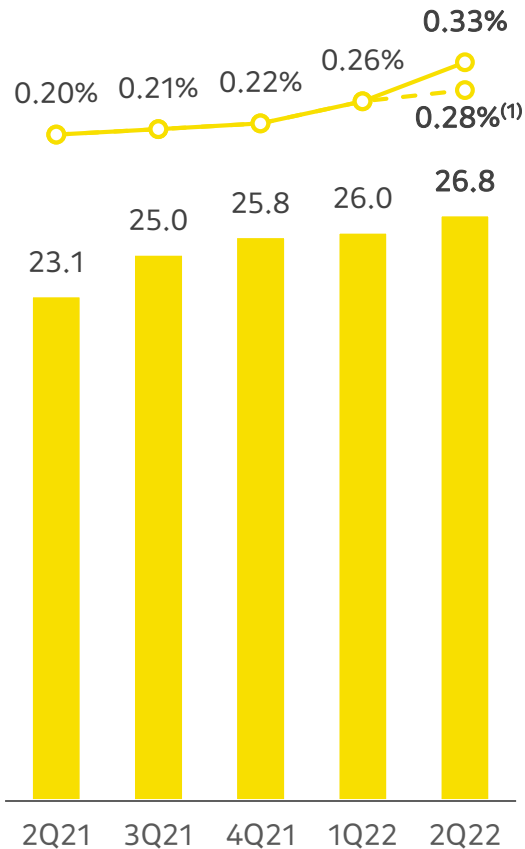
Note: (1) W11.6bn gains on NPL sale
 (2) W12.6bn additional preemptive provisioning based on FLC
 (3) Annualized

VII. Asset Quality

Slight increase in delinquency rate and NPL ratio

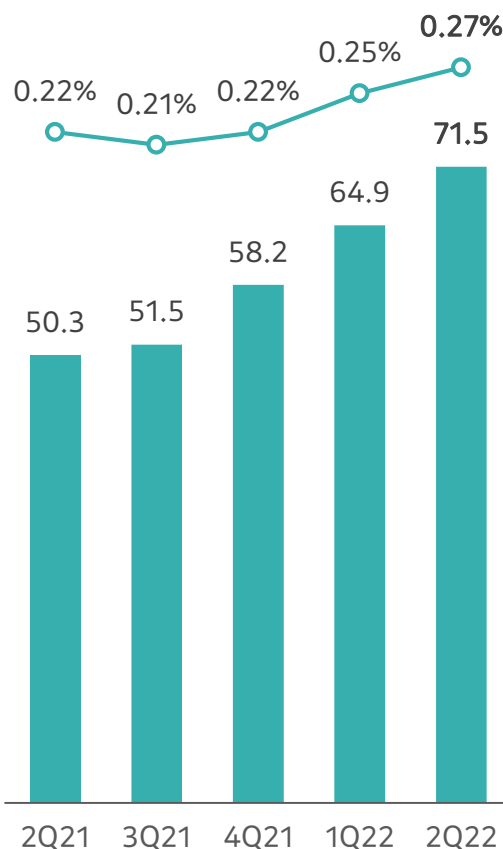
Total Loans & Delinquency Rate⁽¹⁾

(,Wtn %)



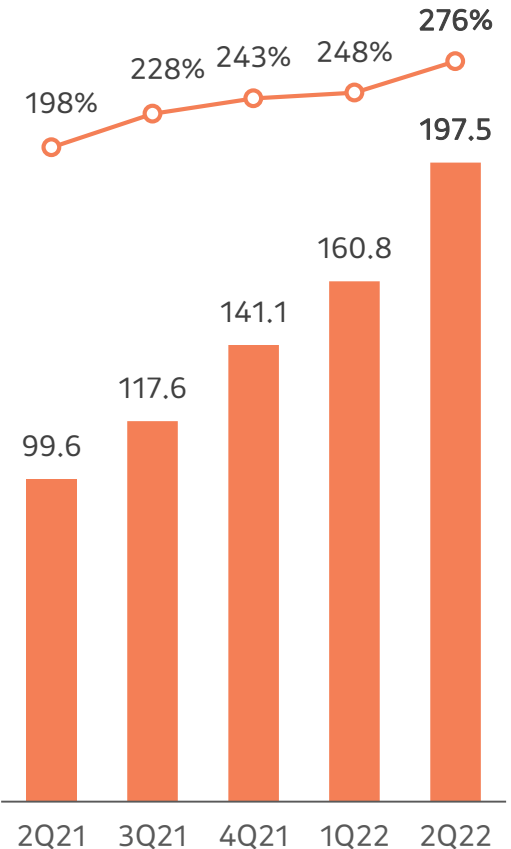
SBL⁽²⁾ & NPL Ratio

(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

| (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

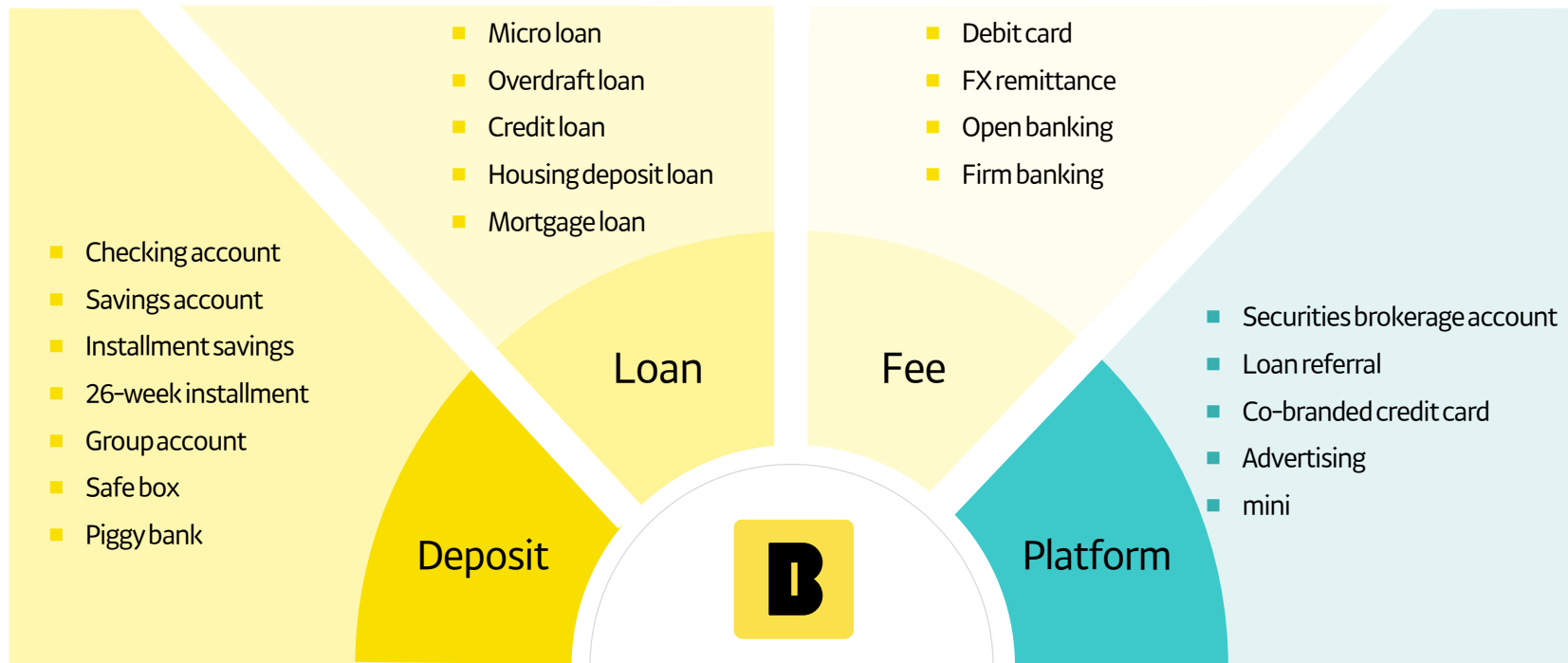
| (Wbn) | 2Q22 | 2Q21 | YoY | | 1Q22 | QoQ | |
|-----------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|
| SG&A | 90.6 | 57.3 | 33.3 | 58.1% | 79.1 | 11.5 | 14.5% |
| Labor Cost | 42.3 | 26.5 | 15.8 | 59.6% | 36.5 | 5.8 | 15.9% |
| D&A | 14.6 | 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

| (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% |

VIII. Appendix : Our broad product offering

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



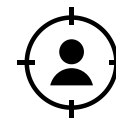
ALL in One App



100% Mobile



Intuitive UI/UX



User Utility