

# KakaoBank

## 3Q 2022 Earnings Release

November 2022

kakaobank

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## Disclaimer

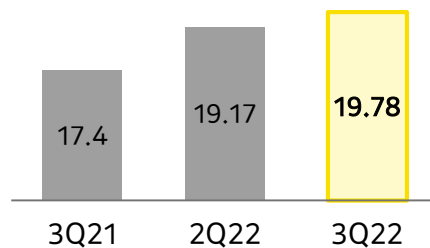
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Close to 20mn customers in 5 years of service; Record-high operating profit driven by product & service expansion and extended customer pool

**19.78mn**  
(No. of customers; end Sep)

(mn users)



- ◆ YoY +2.38mn (+14%)
- ◆ QoQ +0.61mn (+3%)
- ◆ 68% penetration of working population

**2.0%**  
(Mortgage loan M/S in Sep)

**30.9/month**  
(Monthly transaction per mini user)

## Mortgage Loan

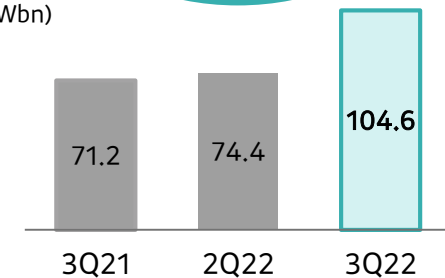
- ◆ New loans M/S recorded 2.0%
- ◆ M/S improved by product coverage expansion, despite sluggish mortgage market

## mini

- ◆ Active mini users, making at least one transaction per day
- ◆ Penetration rate continues to improve for teenagers

**w104.6bn**  
(3Q operating profit)

(Wbn)



- ◆ YoY +33.4bn (+47%)
- ◆ QoQ +30.2bn (+41%)
- ◆ Record-high operating profit on the back of customer growth and base rate hike

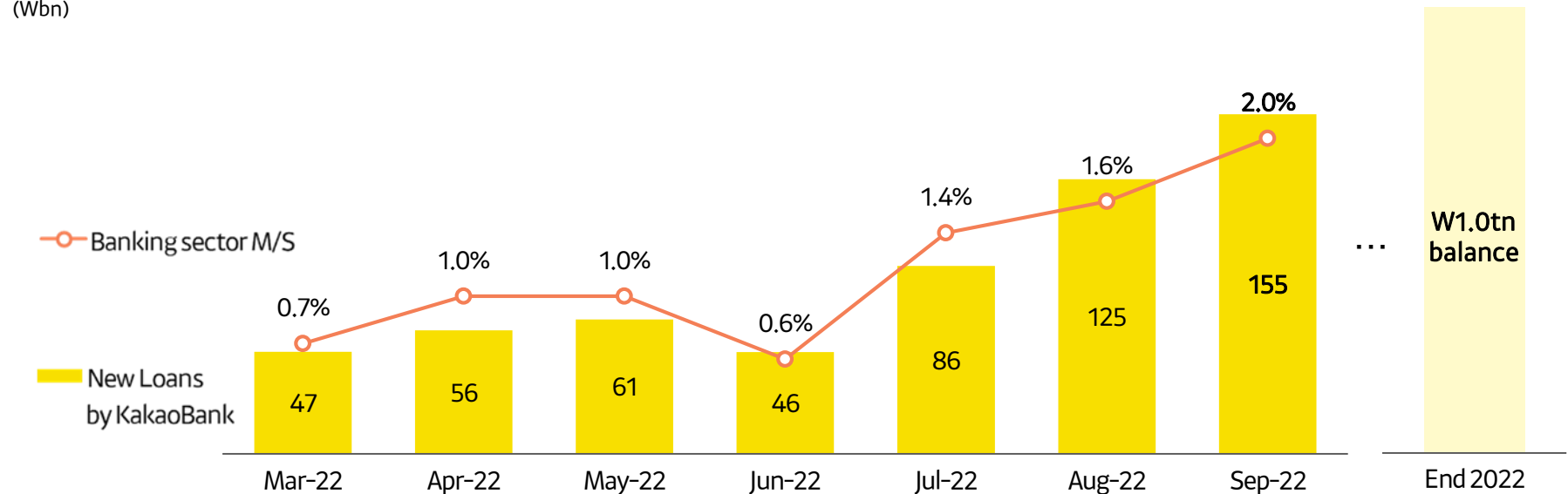
## 3Q22 Highlights

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Mortgage loan issued exceeds W150bn in September; Targets W1.0tr by year-end

### Kakaobank mortgage loan and M/S

(Wbn)

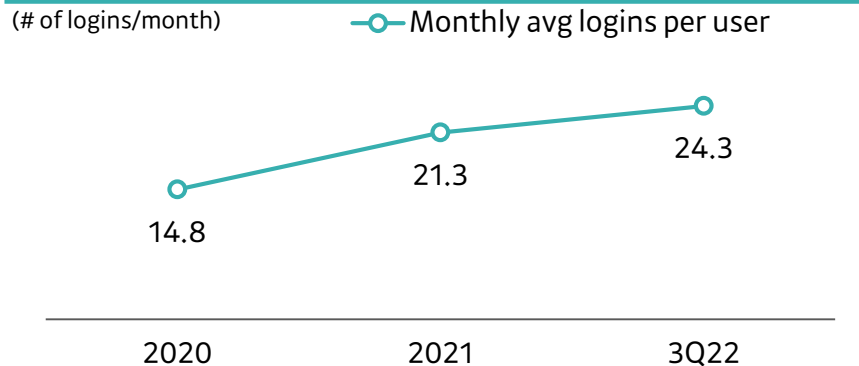


Location	Metropolitan area	+ Megalopolis	Nationwide
Price	Under ₩0.9bn	No price limitation (Excluding loan on houses over ₩1.5bn within speculative zone and loan for deposit repayment purpose)	
Customer	First home buyers	+ Existing home owners (1 House)	
House-type	Apartments (Expand into villas, etc. in 2023 )		

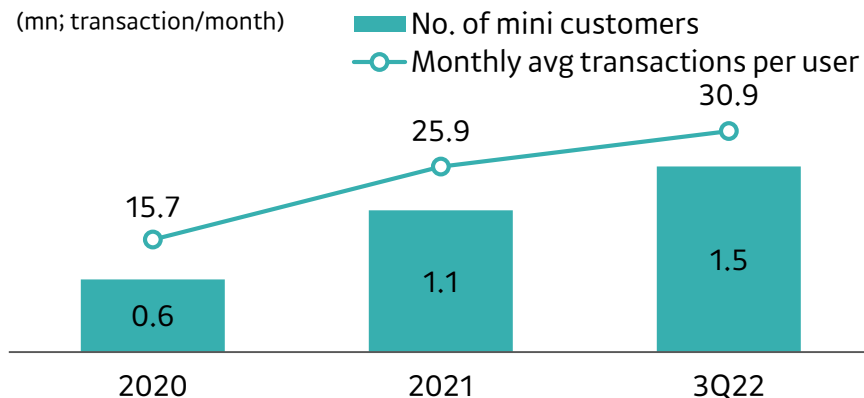
# 3Q22 Highlights

mini has become must-have item for teens, as teens use and log into mini everyday;  
mini T&T<sup>(1)</sup> to strengthen with 'T-money' top-up service launch

## mini log-in frequency

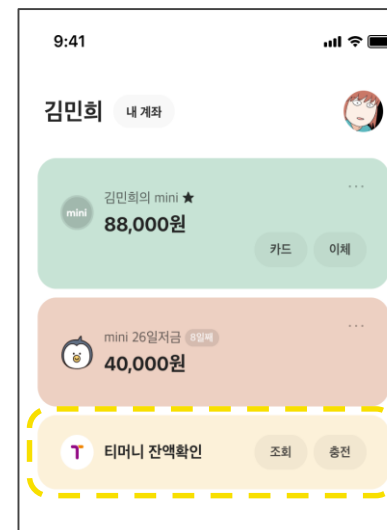


## No. of mini customers and transactions<sup>(1)</sup>



Note: (1) Traffic&Transaction  
(2) Sum of payment transactions and transfers

## "T-money" top-up service within KakaoBank App



### T-money Top-up

Currently 70% cash and 30% online top-up  
→ Easier and quicker with KakaoBank

### T-money balance check

Allows balance, usage and top-up history check

- Traffic& Transaction expansion
- All in one app and simple log-in improves convenience
- Stronger position as the No.1 application for teenagers

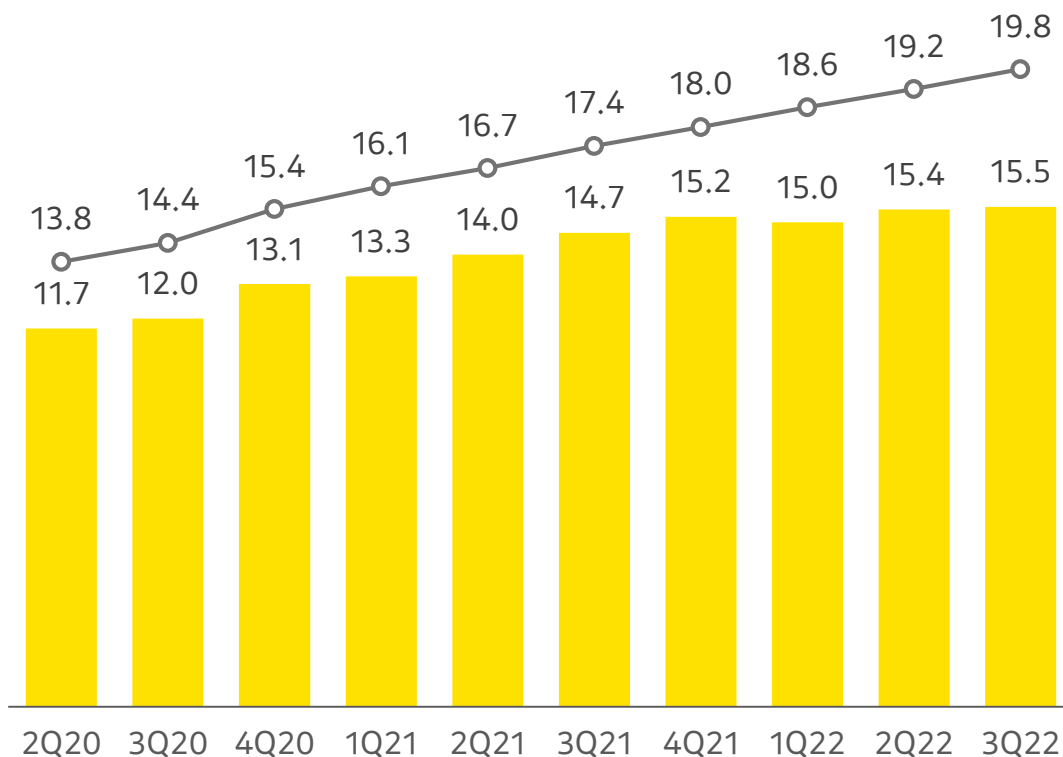
## I. Customer Base (1/2)

19.78mn customers(YTD +1.79mn), MAU reached record high of 15.51mn

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

(mn users)

■ MAU —○— Customers

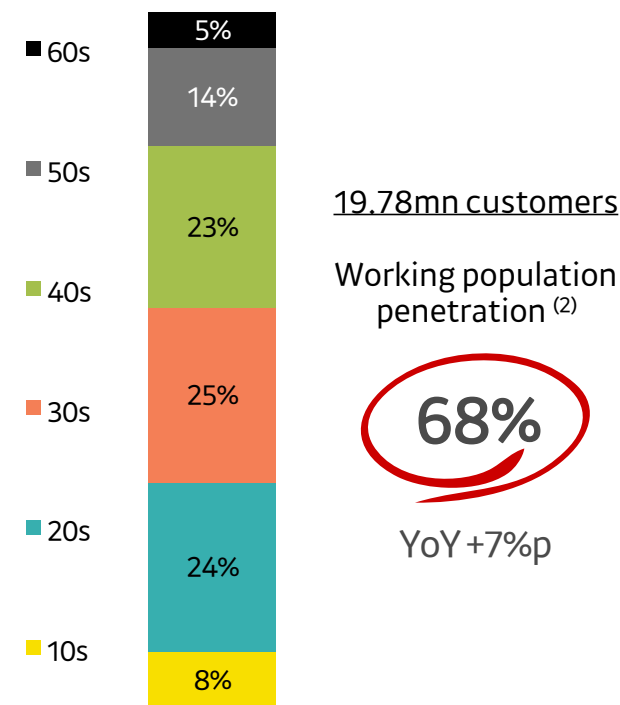


Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarter end MAU

(2) KOSIS (Korea working population 29.09mn in Sep 2022)

### 3Q22 Customers by age group



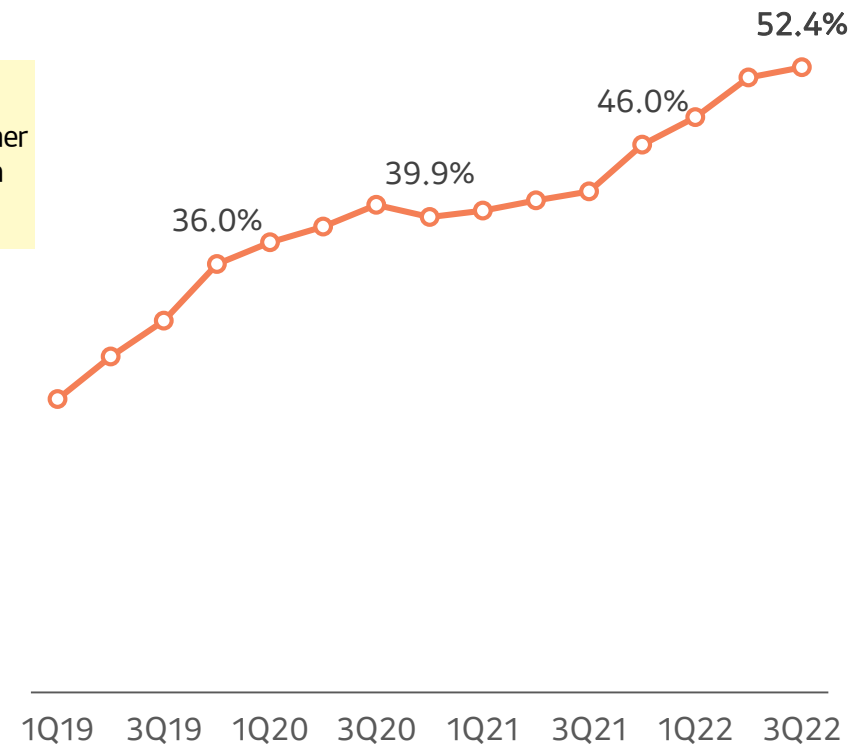
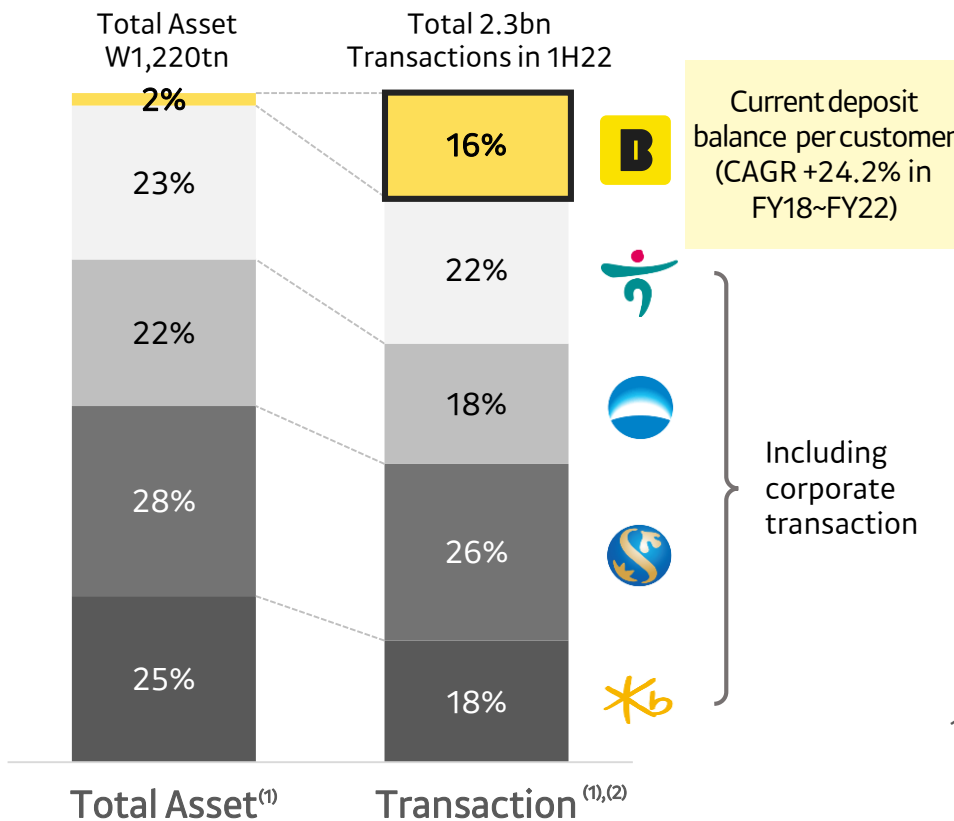
## I. Customer Base (2/2)

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Positioned as the most frequently used retail banking application;  
Strong customer engagement relative to asset size, customer lock-in into daily financial activities

High no. of transaction compared to asset size

Mobile payment-linked accounts per MAU<sup>(3)</sup>



Source: Korea Financial Telecommunications & Clearings Institute  
 Note: (1) Based on 5 banks (KB, Shinhan, Woori, Hana, KakaoBank) for 1H22  
 (2) KB, Shinhan, Woori, Hana Bank includes corporate account transactions  
 (3) No. of accounts linked to mobile payment / MAU

## II. Operating Revenue

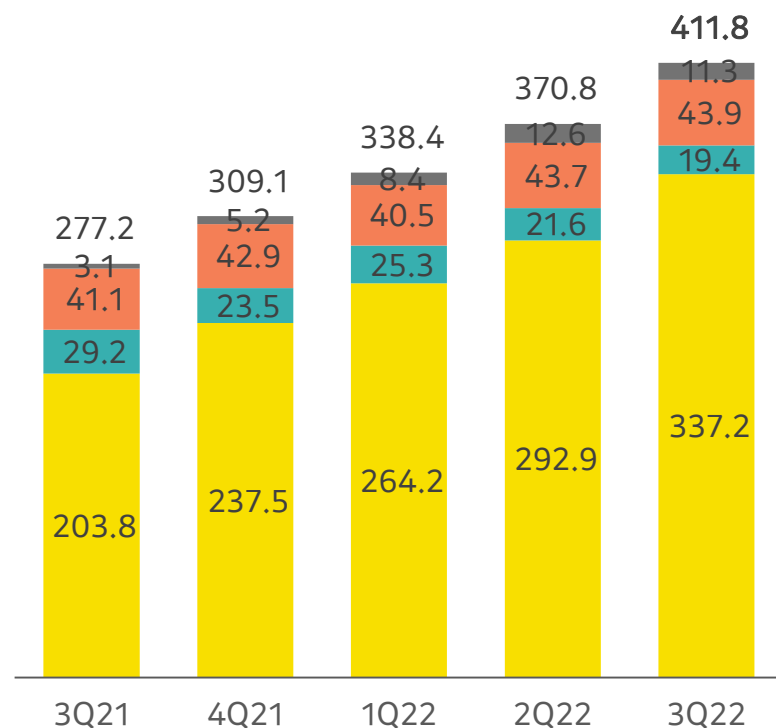
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Operating revenue YoY +49%, QoQ +11%, thanks to solid growth of interest and fee income

### Operating Revenue

(Wbn)

Interest Income  
Fee Income  
Platform Income  
Others



Division	Key product/services	3Q22 cumulative contribution
Interest revenue	Loan interest Financial investment interest	80%
Platform revenue	Securities account (Korea Investment, KB, Shinhan, NH, Samsung, Hana, Mirae) Loan referral (10 savings banks, 7 capital co., 1 card co., 2 P2P) Co-branded credit card (Shinhan, Citi, Samsung, KB, Lotte) Advertisement mini	6%
Fee revenue <sup>(1)</sup> & Others	Debit card (transaction value YoY +19%) Firm banking (volume YoY +57%) FX remittance (volume YoY +12%) Trading financial asset investment Gains from FX trading Bond disposal gains	14%

Fee + Platform = 20%

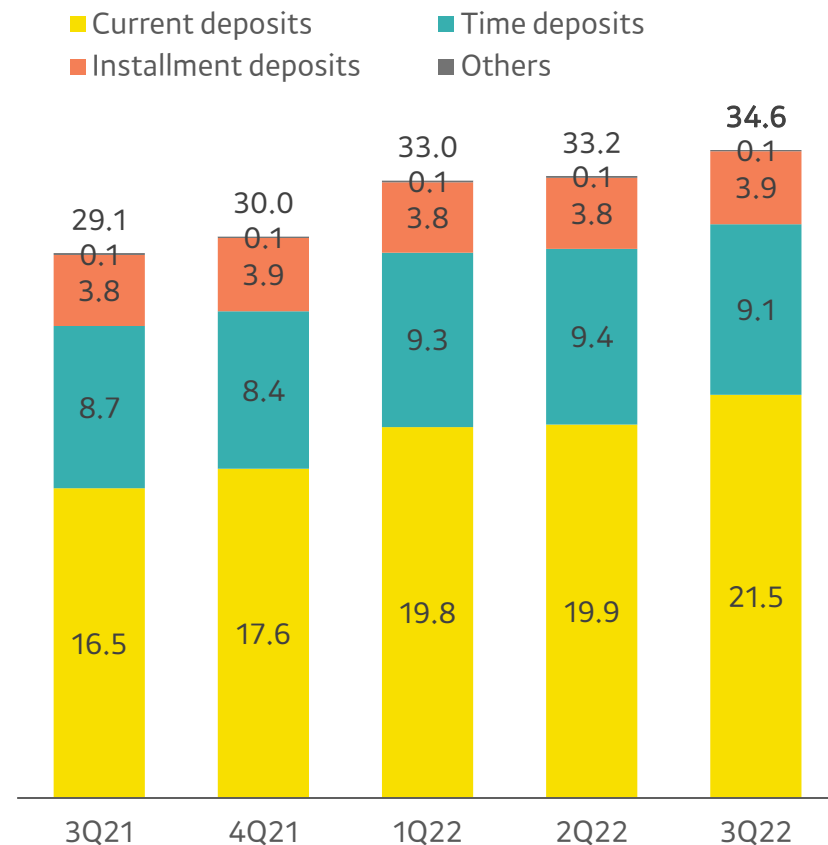


### III. Banking Biz : Deposit (1/2)

Deposit balance YoY +19%, QoQ +4%, low-cost deposit accounts for 62% of total deposit  
(with group account contribution exceeding 14%)

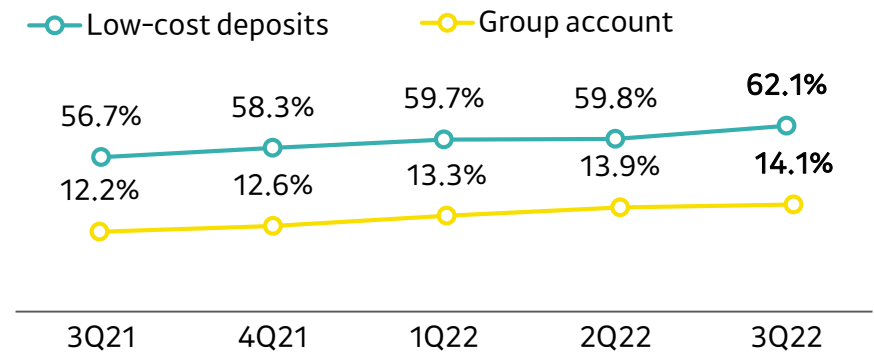
#### Deposit balance trend & breakdown

(Wtn)

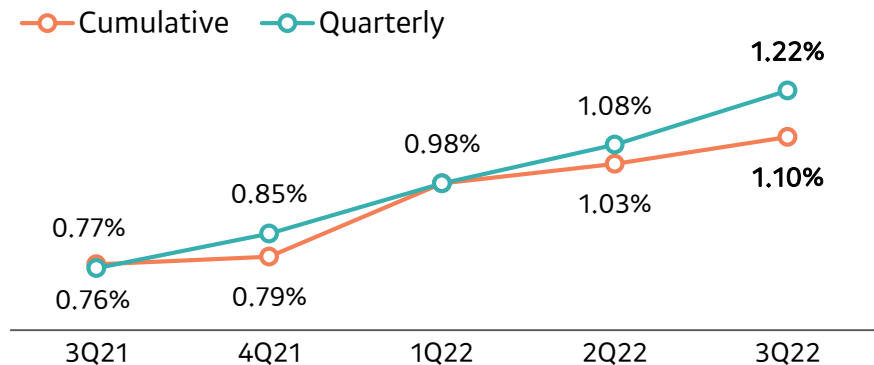


Note: (1) Low-cost deposits = checking account + safe box  
(2) based on the average interest rate of the funding

#### Low-cost deposits<sup>(1)</sup> / group account portion



#### Funding cost<sup>(2)</sup>



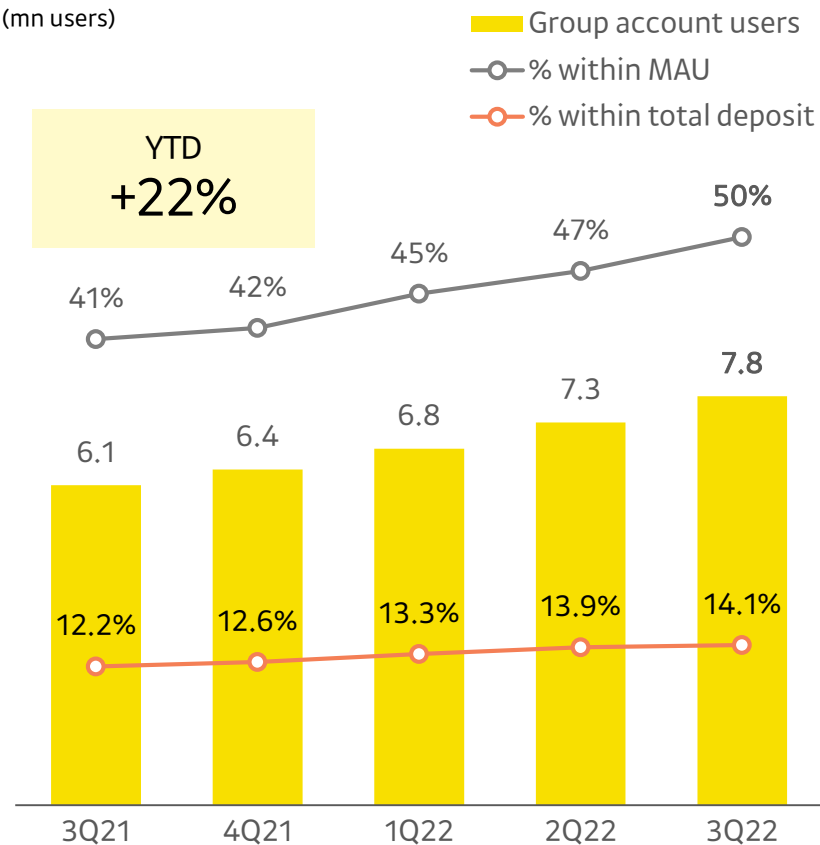
### III. Banking Biz : Deposits (2/2)

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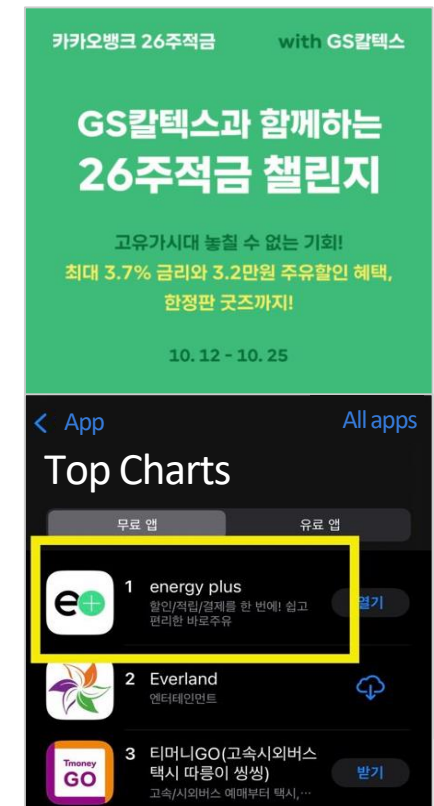
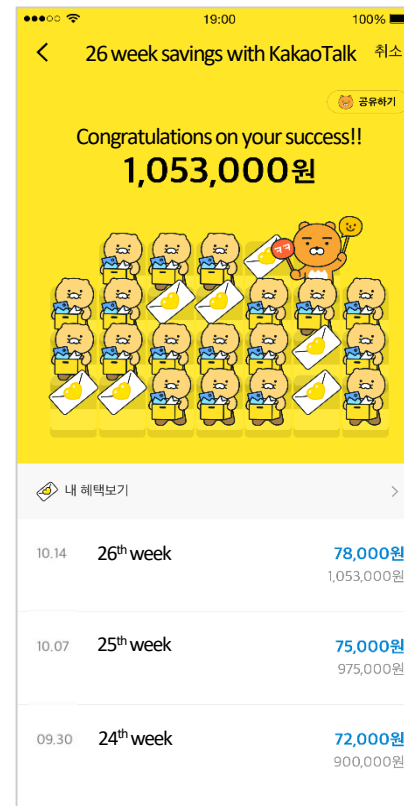
Continued growth in key-deposit products (group account & 26-wk installment savings w/ partners) thanks to differentiated service and benefits

#### Group account users

(mn users)



#### 26 week savings w/ KakaoTalk(Sep), GS Caltex(Oct)



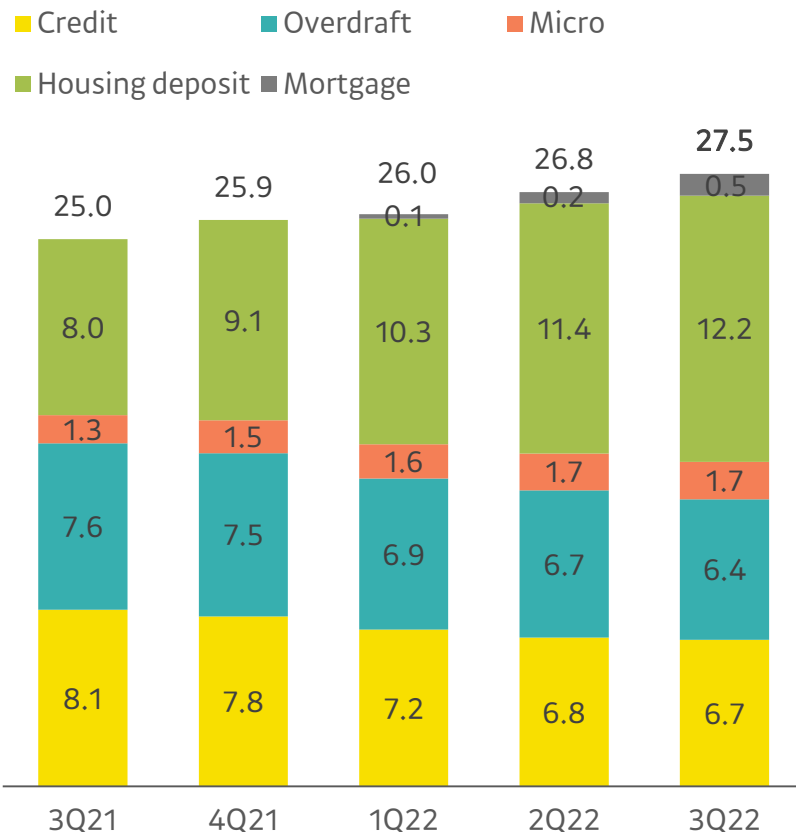
### III. Banking Biz : Loan

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Loan balance YoY +10%, QoQ +3%, NIM improvement driven by base rate hike and higher contribution of low-cost deposits

#### Loan balance trend & breakdown

(Wtn)

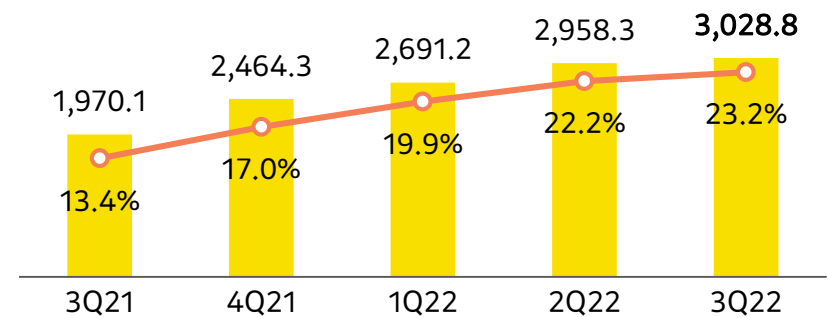


#### Mid-credit loan

(Wbn)

Balance

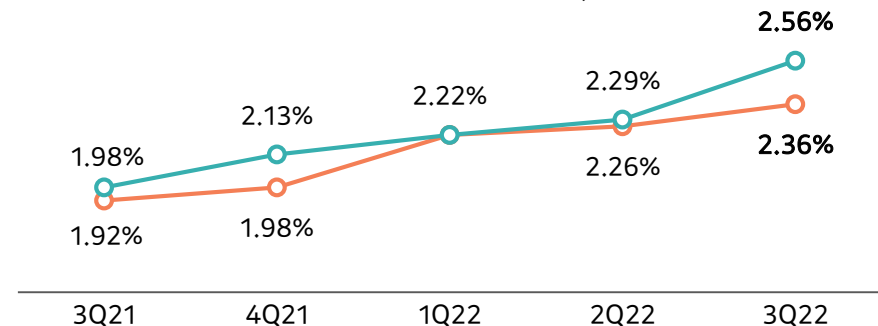
% within credit loan



#### Net Interest Margin

Cumulative

Quarterly



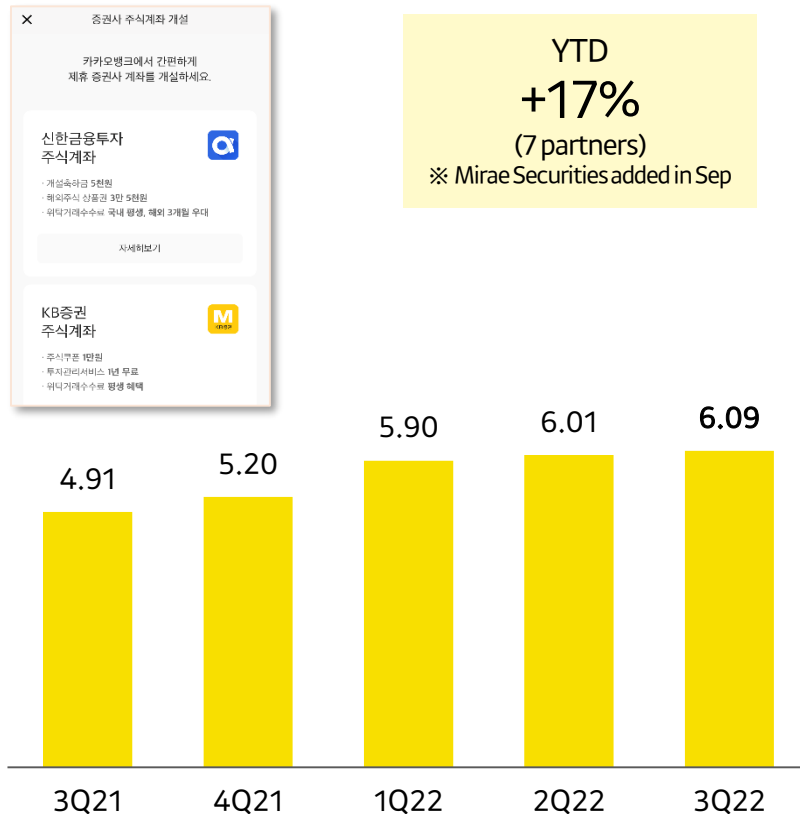
## IV. Platform Biz - (1/3)

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New account openings affected by sluggish stock market despite new partner addition

### (1) Securities brokerage account

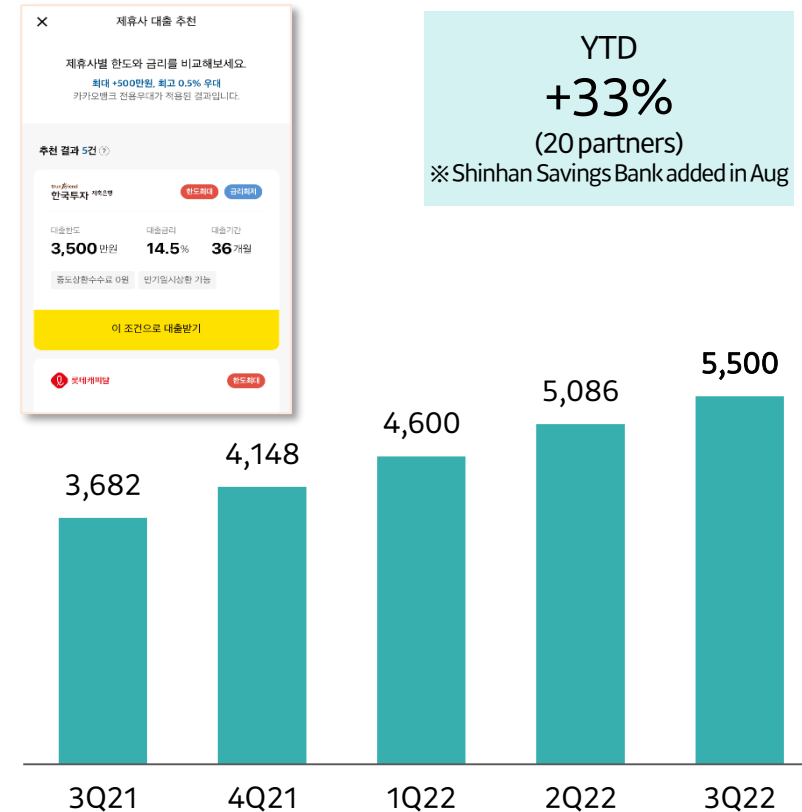
(mn accounts; cumulative)



Continued growth by adding more partnership; W5.5tn loans referred on cumulative base

### (2) Loan referral

(Wbn; cumulative)



## IV. Platform Biz - (2/3)

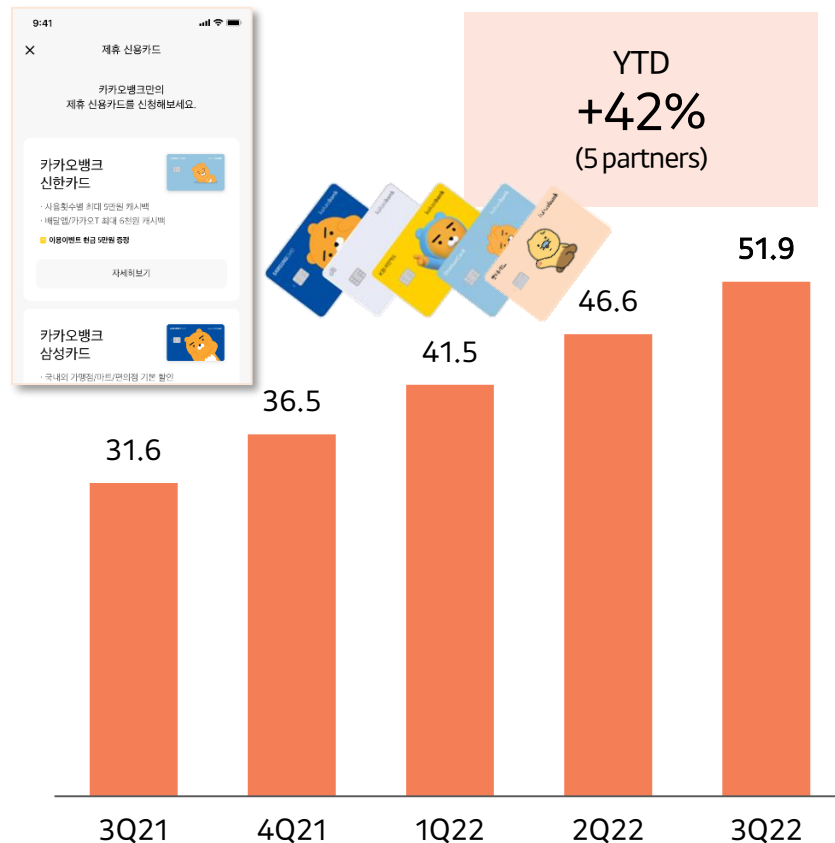
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520k exclusive co-branded credit cards issued

Stronger ad business from SSP<sup>(1)</sup> and loan ads

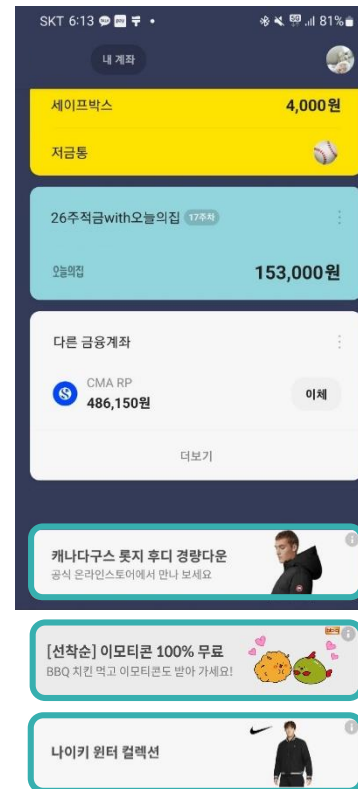
### (3) Co-branded credit card

(10k; cumulative)

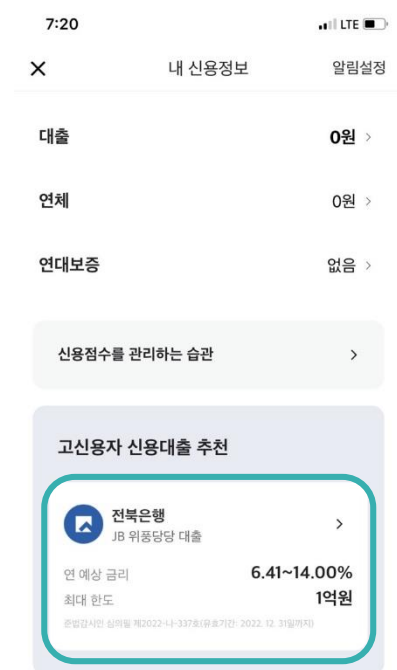


Note: (1) Supply side platform

### (4) Advertisement



Biz board ads



Loan ads

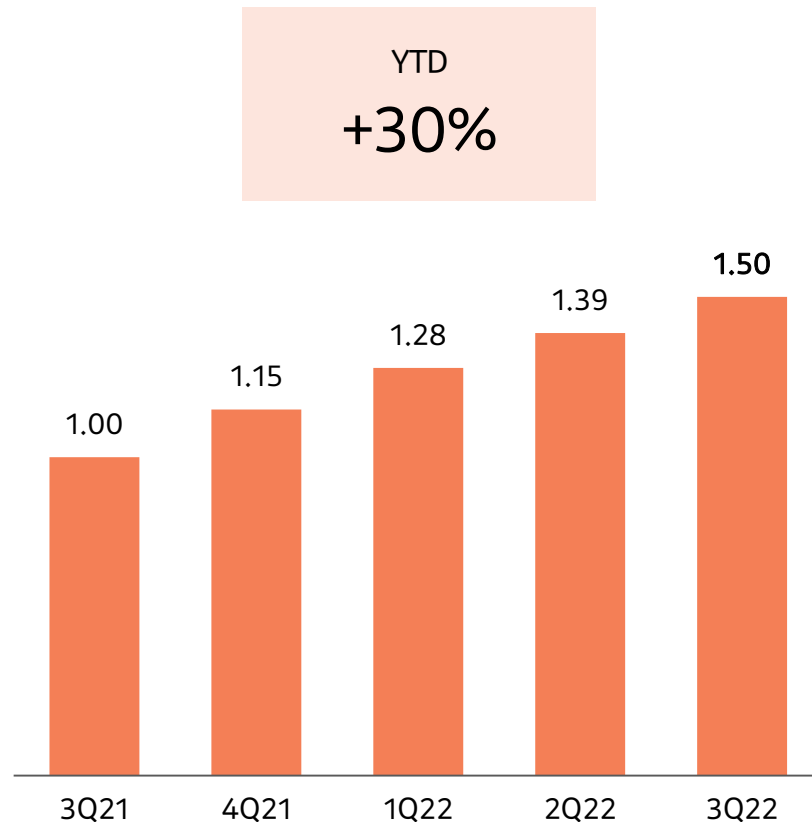
카카오뱅크는 국내 신용평가사인 코리아크레딧뷰로(KCB)와 제휴를 통해 신용정보를 제공하고 있습니다.

## IV. Platform Biz - (3/3)

1.50mn mini customers in the age of 14~18 with 64% penetration<sup>(1)</sup> in the 14~18 population  
mini transaction value increased QoQ +14% as KakaoBank becomes primary bank for teens

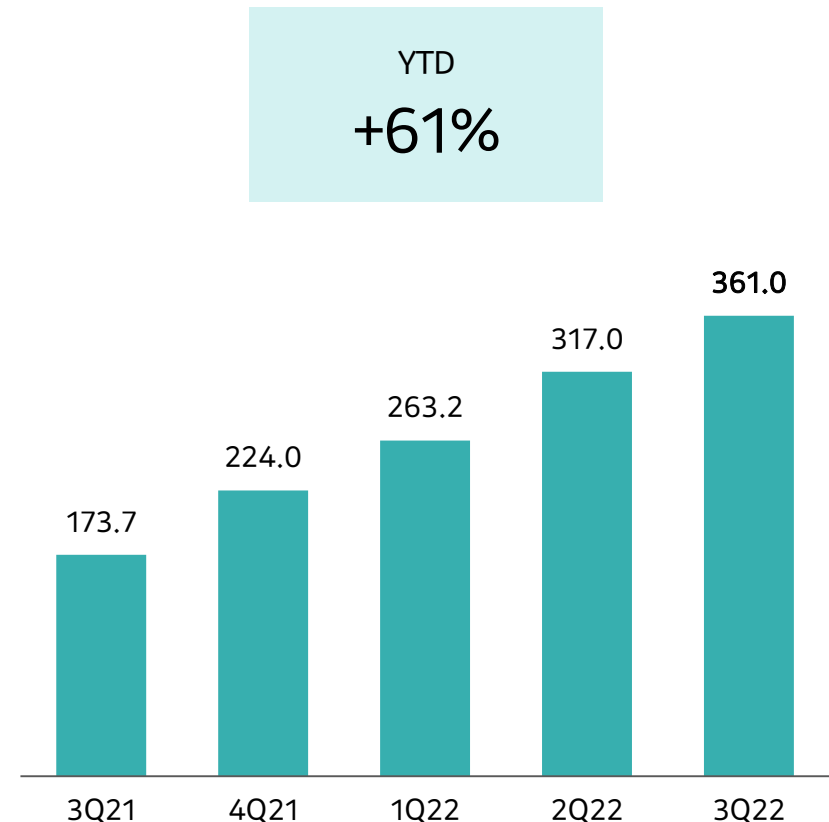
### (5-1) mini customer

(mn customers; cumulative)

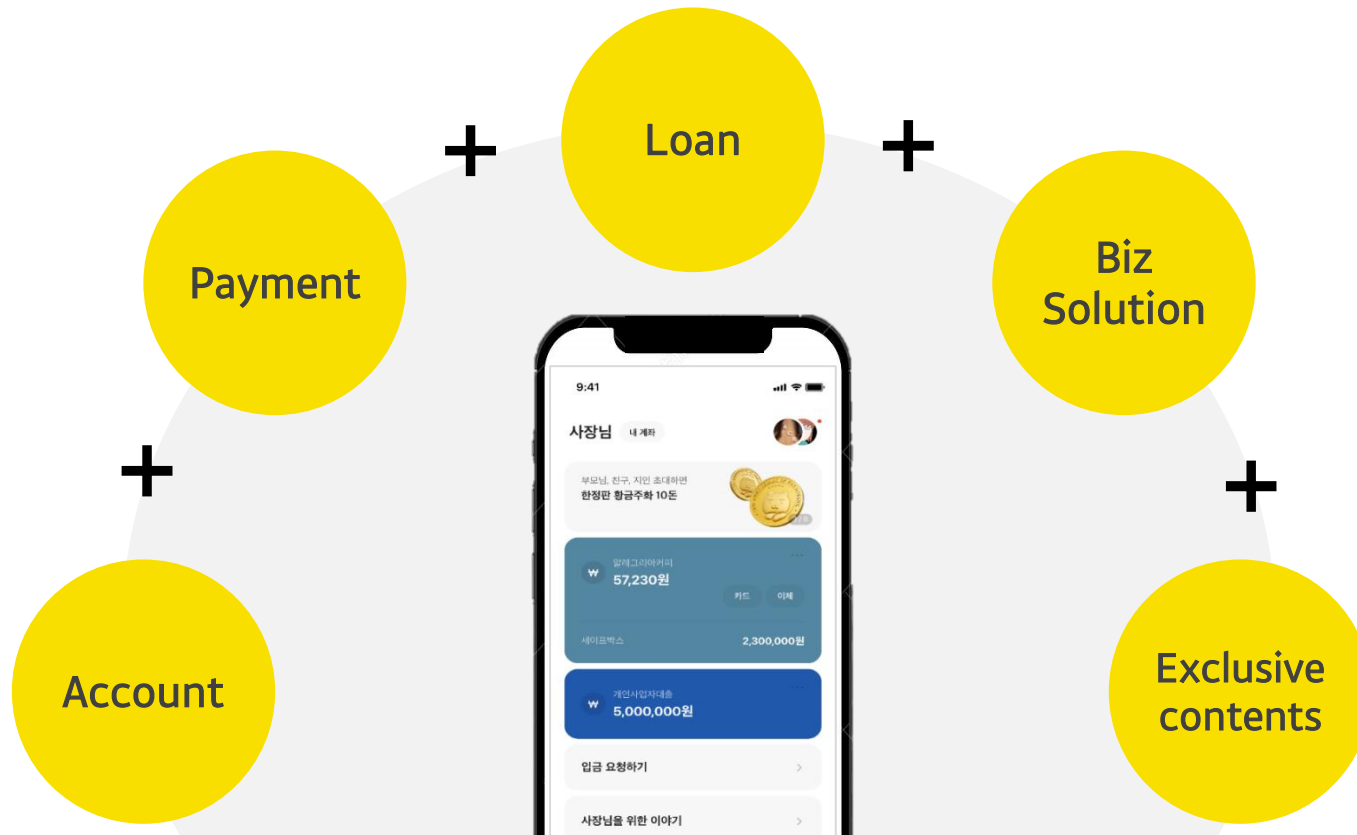


### (5-2) mini transaction value

(Wbn; quarterly)



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



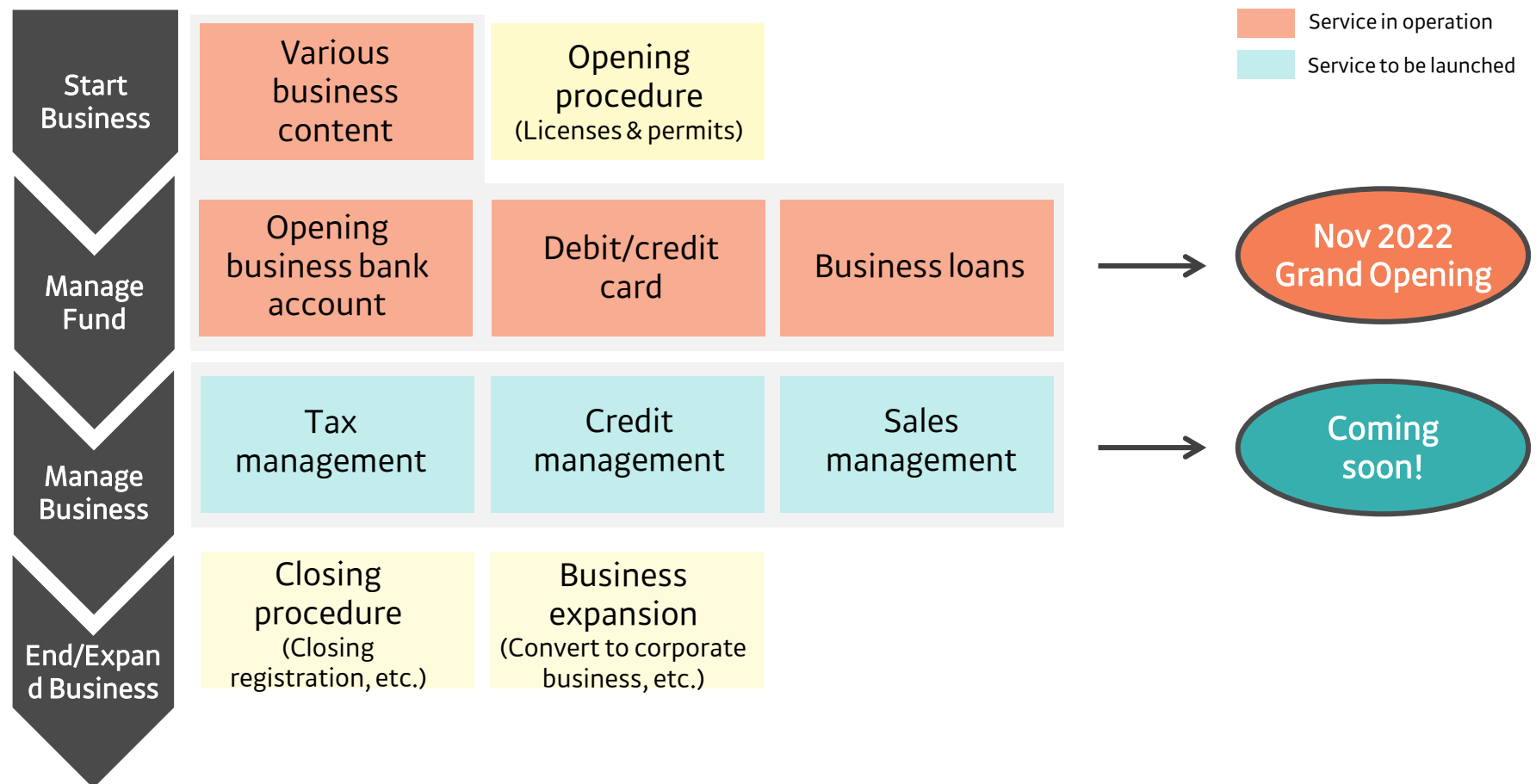
**“The most preferred total business platform  
with largest business owner customer pool”**



All in one from basic banking service to business solutions

Diverse products and services to be released with the start of banking service

Product and service plans to cover overall journey of business owners



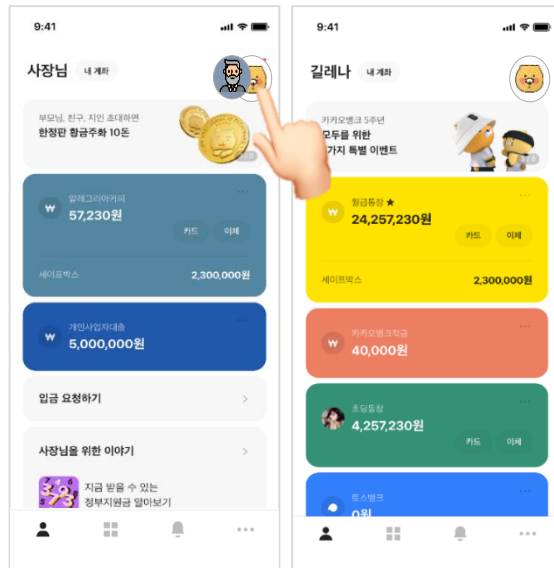


Opening service with 4 product line-up; Bank account, Debit card, Credit card, Credit loan  
Business owner's exclusive main page scheduled to open by year-end

### Banking (business owner exclusive)

#### “Quick and easy account opening and UX/UI”

- Quick account opening; no documents
- Fee waived for all banking transaction (ATM, etc.)
- Business owners exclusive main page



### Payment (Credit/Debit card)

#### “Exclusive card designed for business owners”

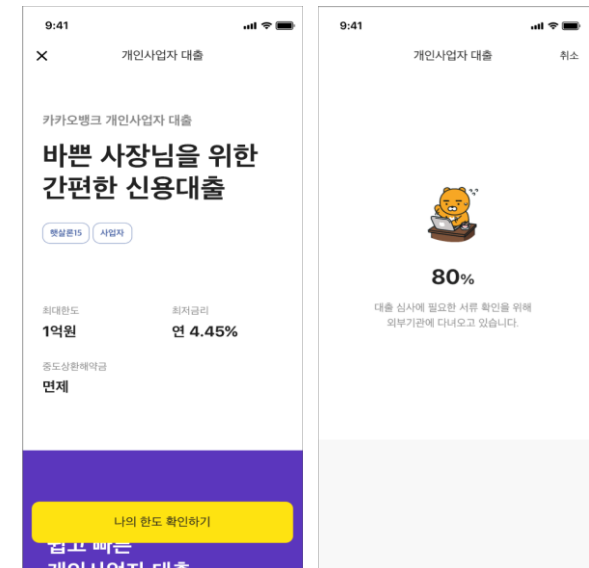
- Credit card: Exclusive benefits for loyal business customers
- Debit card: Universal benefits for all types of business customers



### Loan (Credit loan)

#### “Credit loan even for new business owners”

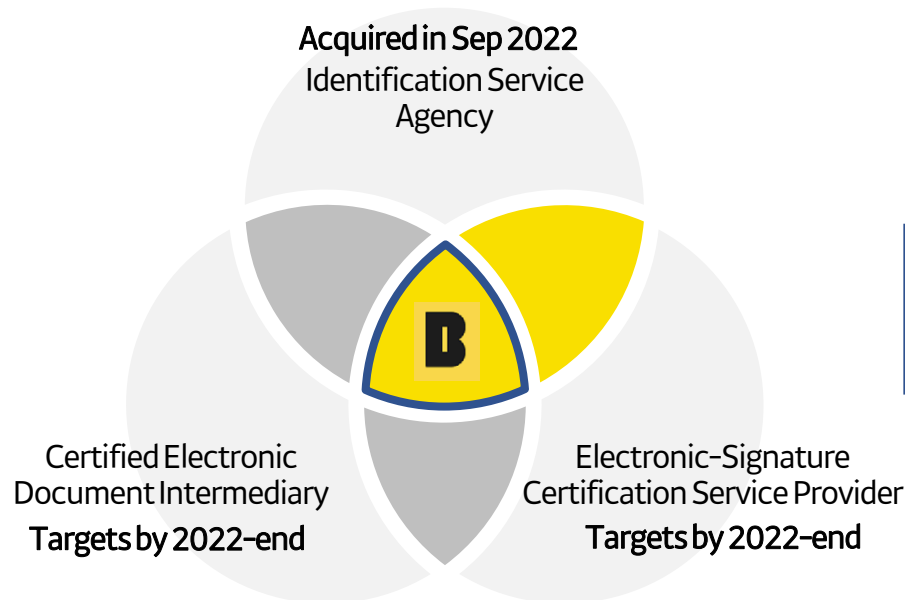
- Data scrapping that allows simple application within 3 minutes without document submission
- Loan available up to W100mn



Aim to provide certification solution that allows one-stop access to third party product/services

## Certification License

  New expandable service area through license



Common verification service

Common online identity verification service  
**Simple identification**: personal/age identification  
**Electronic signature**: product-service subscription

Identified and verified electronic signature

Identification service agency can provide verification service for real name-based transaction such as monetary, auto, real estate under **Digital Signature Act**

Certified Electronic Document

Allows distribution service of **registered electronic documents** verified and signed electronically



Personal Identification



Certified Electronic Document Intermediary

Plan to expand into investment features such as stock, crypto currency, fund, My Data, etc.



## [Dec] Domestic Stock MTS<sup>(1)</sup>

Stock trading function added for customers who opened securities account through KakaoBank



- ◆ Key features such as trading, news alert, managing stock portfolio, etc.
- ◆ Full stock trading service coverage : Overseas (mini stock) + Domestic (MTS)



## [1H23] My Data Service

Creating synergy with existing KakaoBank services, enriching customer's financial experience

- ◆ Smart management of asset, expenditure etc. + smooth link with existing services
- ◆ Providing new financial experience

## [Nov] Link with Crypto Exchange

Real name-based deposit account service for Coinone users in discussion



- ◆ Safe access to crypto assets for customers through KakaoBank
- ◆ Building stable services by preemptively responding to various new business environments

## [1H23] Fund Service

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

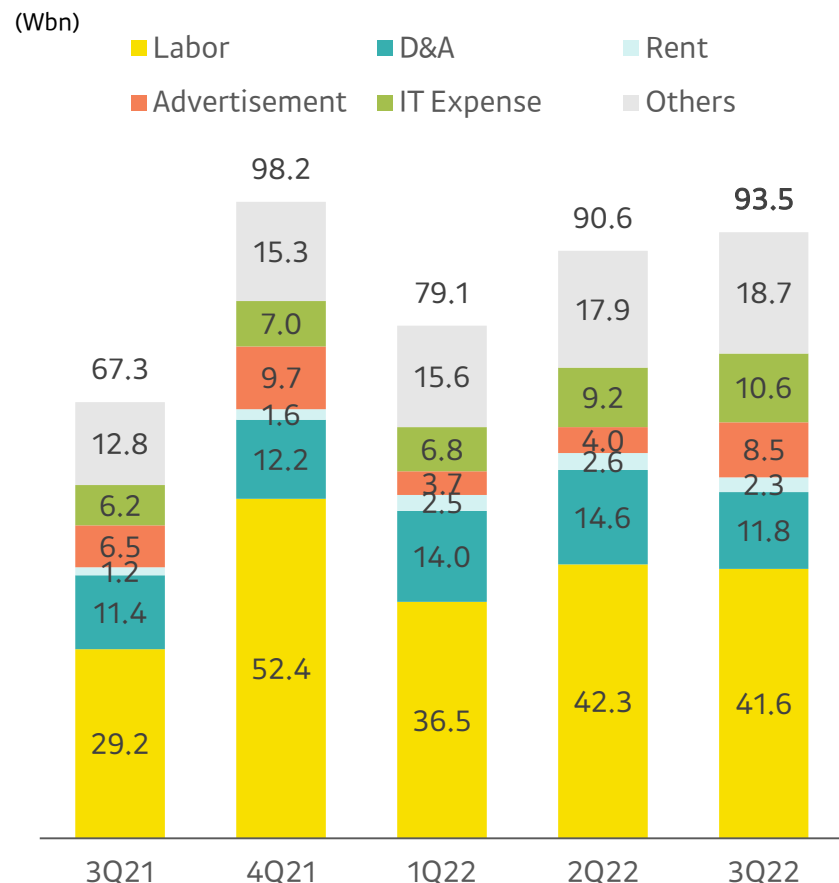


Note: (1) Mobile Trading System

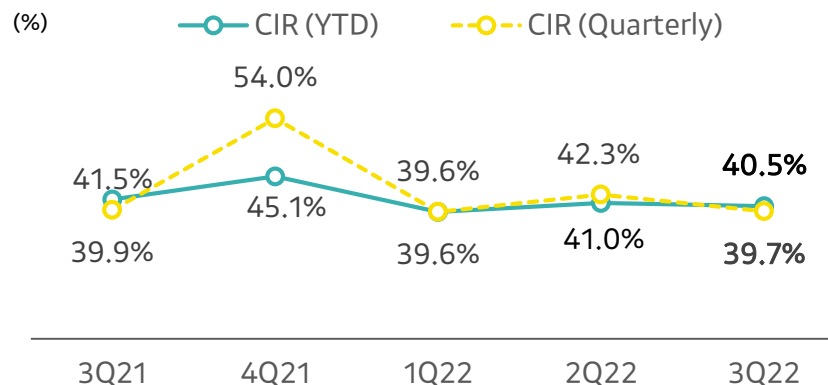
## V. SG&A and CIR

SG&A increased QoQ +3% from higher advertisement expense owing to mortgage loan TV ads and group account promotion; CIR improved by 2%p from stronger earnings

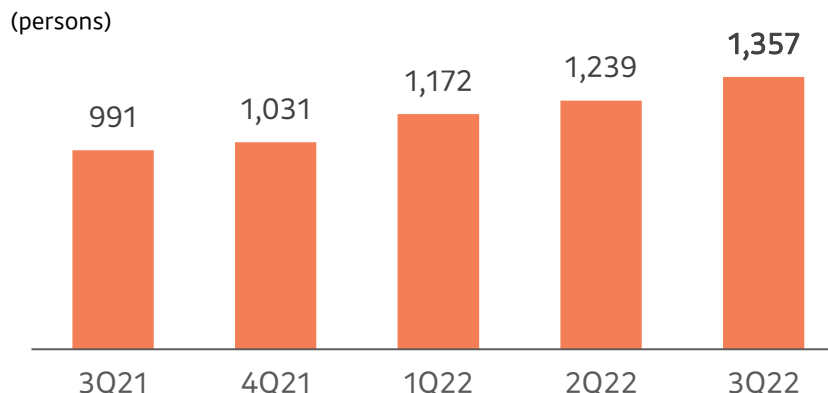
### SG&A



### CIR (Cost Income Ratio)



### Number of employees

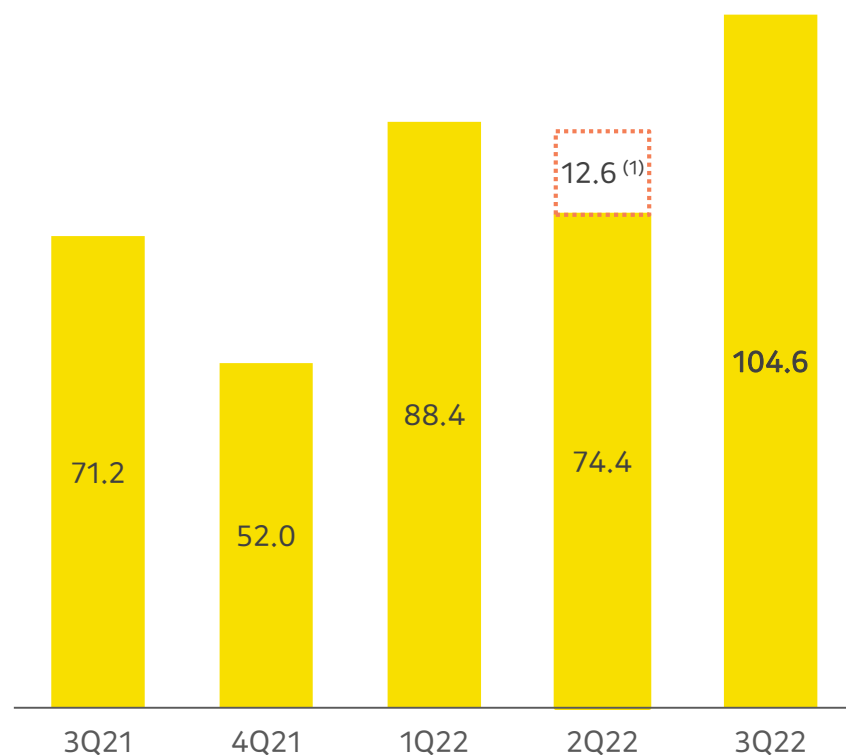


## VI. Operating profit and ROE, ROA

Operating profit increased YoY +47%, QoQ +41%, thanks to interest income growth;  
ROE and ROA slightly improved from operating profit expansion

### Operating profit

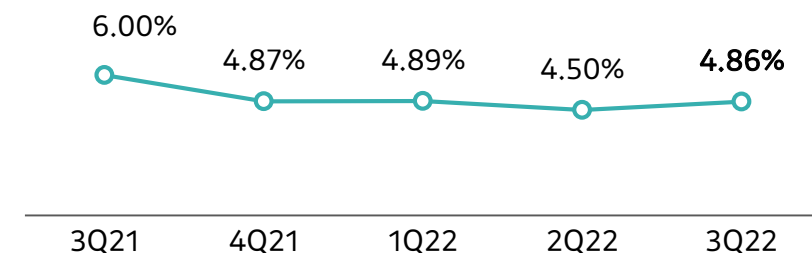
(Wbn)



Note: (1) W12.6bn additional preemptive provisioning based on FLC  
(2) Annualized

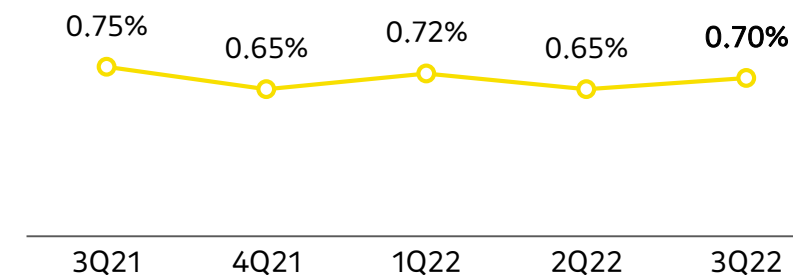
### ROE<sup>(2)</sup>

(%)



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

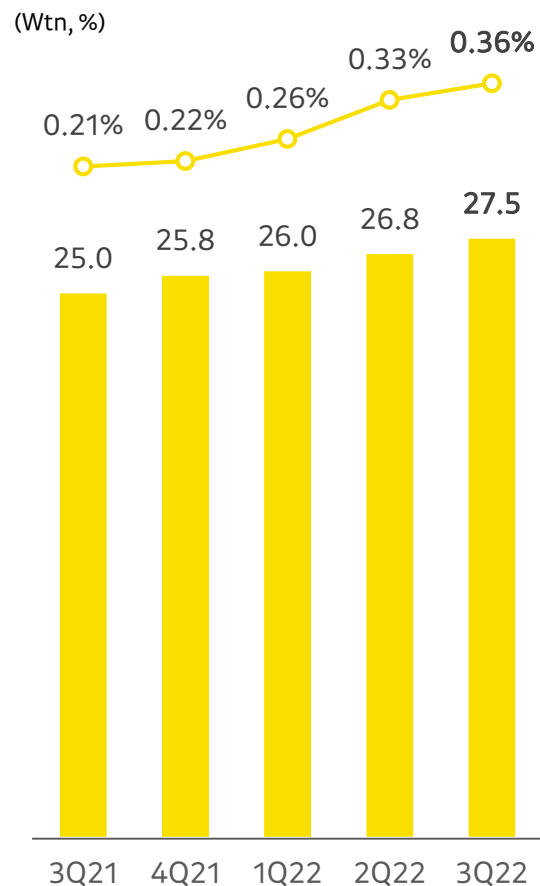
(%)



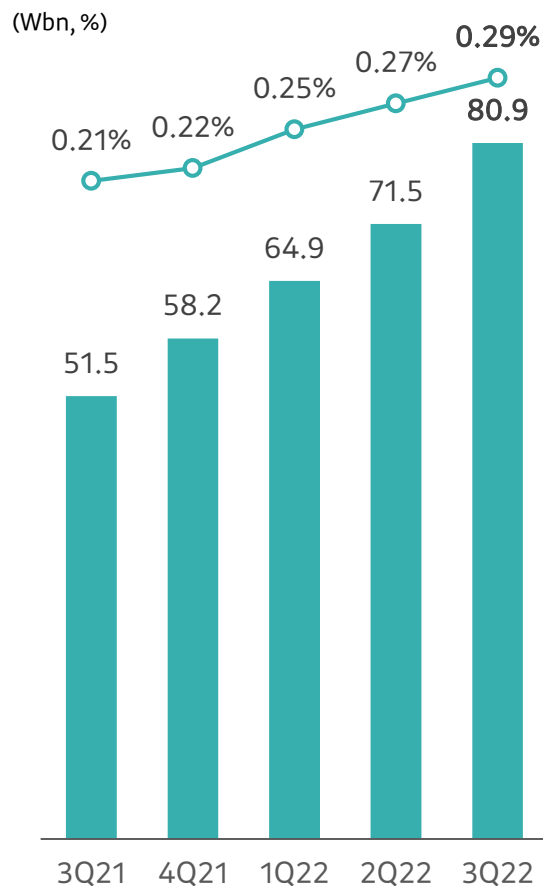
## VII. Asset Quality

Delinquency rate and NPL ratio slightly increased, Loan loss coverage ratio remains flattish

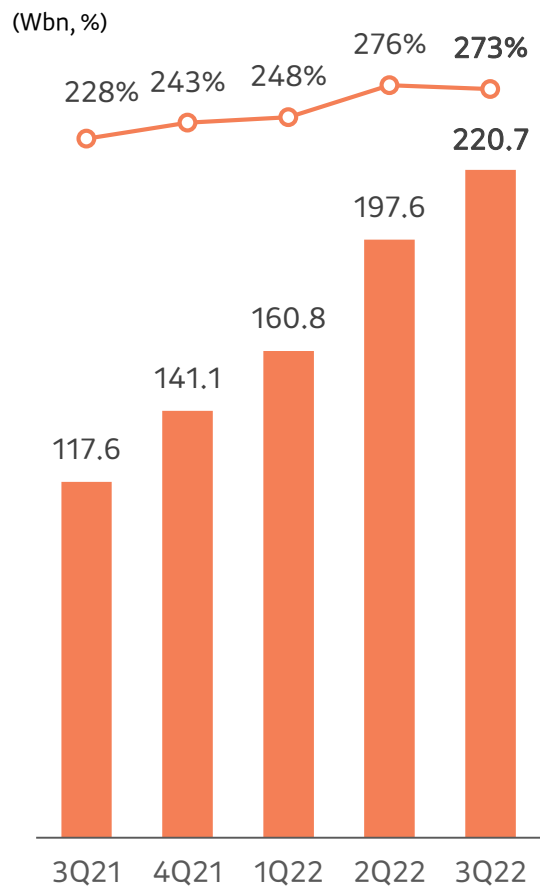
### Total Loans & Delinquency Rate



### SBL & NPL Ratio

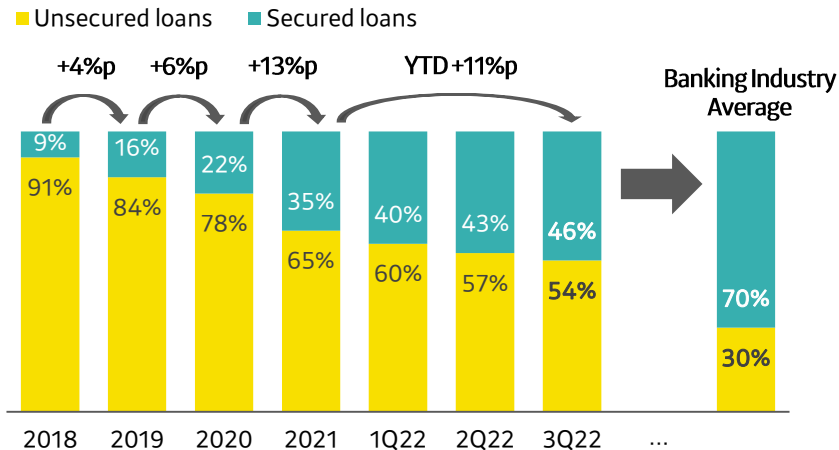


### Loan Loss Allowance & Coverage Ratio<sup>(1)</sup>



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

## Improved Stability in Loan Portfolio



## Strong Liquidity

- **Sufficient deposit**
  - : Conservative loan to deposit ratio operation
  - : Continuously increase the portion of current deposits with high customer loyalty
  - : Significant QoQ increase in deposit balance
- **Minimize liquidity risk** through asset management focusing on safe assets, such as government bonds
- **Maintaining liquidity coverage ratio** well above supervisory standard

## Robust Balance Sheet

- **Sufficient loss absorption capacity** to withstand extreme stress scenario<sup>(1)</sup>
  - : BIS ratio maintained above 20% even with decrease in GDP growth rate and volatility in asset market
- **No exposure to foreign currency or real estate PF**
- **Sufficient capital to acquire assets necessary for growth**
  - : W13.2tn worth of risk weighted assets<sup>(2)</sup> can be acquired while maintaining BIS ratio of 20%

## Preemptive Provisioning

- **Conservative provisioning reflecting higher probability of economic recession over the next one year**
  - : Secured provision buffer that exceeds the actual probability of default (based on forward looking criteria assumptions)
  - : FLC Provision of W47.7bn (vs. W23.7bn in 2021)
- **Sufficient provisioning for mid-credit customers sensitive to economic fluctuations**
  - : Sufficient to cover four times bigger level of substandard or below loans as of 3Q22

Note: (1) Assumes GDP decline, volatility of Housing Price Index, KRW/USD currency, KOSPI and others to the level of the 1997 IMF crisis  
(2) Based on RWA portfolio as of 3Q22

ESG Committee and ESG Governance established; First Sustainability Report published in Aug

## ESG Governance



First Sustainability Report published in Aug 2022

## 2030 ESG Roadmap

~ 2022

### Establishing ESG Governance

- ◆ Plan Mid to Long-term ESG objectives
- ◆ Strengthen stakeholder communication
- ◆ Join global ESG initiatives



2023 ~ 2025

### Execute ESG Strategy

- ◆ Design ESG related product & services
- ◆ Carbon disclosure (GHG emission)
- ◆ Take part in global ESG assessment



2026 ~

### Become ESG Leader

- ◆ Become inclusive financial service provider, and lead ESG investment
- ◆ Expand scope of ESG product & service
- ◆ Achieve carbon neutrality





## VIII. Appendix : Income Statement

(Wbn)	3Q22	3Q21	YoY		2Q22	QoQ	
<b>Operating Revenue</b>	<b>411.8</b>	<b>277.3</b>	<b>134.6</b>	<b>48.5%</b>	<b>370.8</b>	<b>41.0</b>	<b>11.1%</b>
Interest Revenue	337.2	203.8	133.4	65.5%	292.9	44.3	15.1%
Fee Revenue	43.9	41.1	2.8	6.8%	43.7	0.2	0.5%
Platform Revenue	19.4	29.2	-9.8	-33.6%	21.6	-2.2	-10.2%
Others	11.3	3.2	8.2	253.1%	12.6	-1.3	-10.3%
<b>Operating Expense</b>	<b>270.6</b>	<b>176.5</b>	<b>94.1</b>	<b>53.3%</b>	<b>249.5</b>	<b>21.1</b>	<b>8.5%</b>
Interest Expense	90.4	41.1	49.3	120.0%	75.6	14.8	19.6%
Fee & Commission Expense	63.7	51.8	11.9	23.0%	59.5	4.2	7.1%
Loan & Deposit related <sup>(1)</sup>	6.0	3.0	3.0	100.0%	6.0	0.0	0.0%
Non loan & Deposit related	57.7	48.8	8.9	18.2%	53.5	4.2	7.9%
SG&A	93.5	67.3	26.2	38.9%	90.6	2.9	3.2%
Others	23.0	16.3	6.7	41.1%	23.8	-0.8	-3.4%
<b>Provision for Credit Cost</b>	<b>36.6</b>	<b>29.6</b>	<b>7.0</b>	<b>23.6%</b>	<b>46.9</b>	<b>-10.3</b>	<b>-22.0%</b>
<b>Operating Profit</b>	<b>104.6</b>	<b>71.2</b>	<b>33.4</b>	<b>46.9%</b>	<b>74.4</b>	<b>30.2</b>	<b>40.6%</b>
% Operating Revenue	25.4%	25.7%		-0.3%p	20.1%		5.3%p
Non-operating Income	2.0	0.1	1.9	1900.0%	1.5	0.5	33.3%
Non-operating Expense	2.0	0.0	2.0	NA	0.4	1.6	400.0%
Pre-tax Profit	104.6	71.2	33.4	46.9%	75.5	29.1	38.5%
<b>Net Profit</b>	<b>78.7</b>	<b>52.0</b>	<b>26.7</b>	<b>51.3%</b>	<b>57.0</b>	<b>21.7</b>	<b>38.1%</b>
% Operating Revenue	19.1%	18.8%		0.3%p	15.4%		3.7%p

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

## VIII. Appendix : SG&A

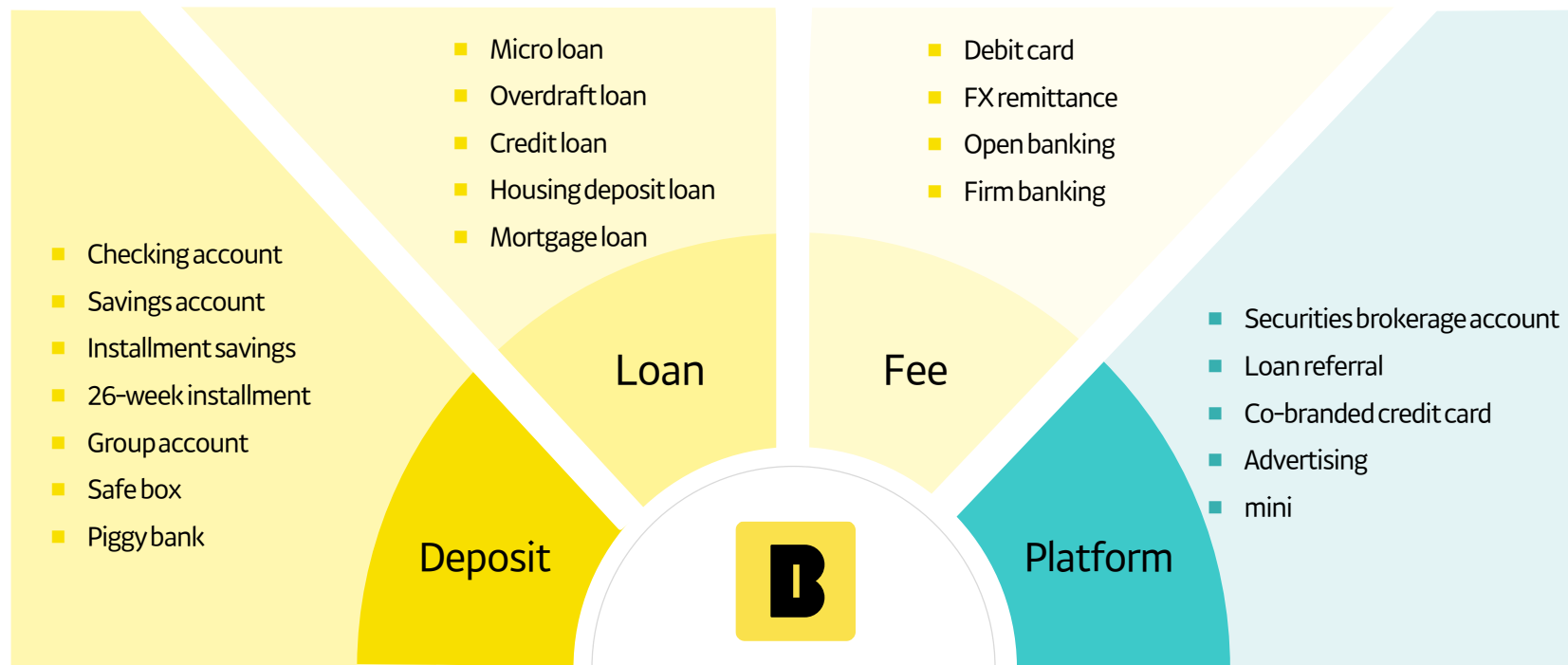
(Wbn)	3Q22	3Q21	YoY		2Q22	QoQ	
<b>SG&amp;A</b>	<b>93.5</b>	<b>67.3</b>	<b>26.2</b>	<b>38.9%</b>	<b>90.6</b>	<b>2.9</b>	<b>3.2%</b>
Labor Cost	41.6	29.2	12.4	42.5%	42.3	-0.7	-1.7%
D&A	11.8	11.4	0.4	3.5%	14.6	-2.8	-19.2%
IT Expense	10.6	6.2	4.4	71.0%	9.2	1.4	15.2%
Rent	2.3	1.2	1.1	91.7%	2.6	-0.3	-11.5%
Advertisement	8.5	6.5	2.0	30.8%	4.0	4.5	112.5%
Others	18.7	12.8	5.9	46.1%	17.9	0.8	4.5%

## VIII. Appendix : Balance Sheet

(Wbn)	2022.09	2021.12	YTD %	2021.09	YoY %
<b>Total Asset</b>	<b>40,839.8</b>	<b>36,040.1</b>	<b>13.3%</b>	<b>35,509.5</b>	<b>15.00%</b>
Cash & Cash Equivalent	2,066.3	1,219.2	69.5%	850.9	142.80%
Financial assets at FV through profit or loss	1,621.5	1,501.9	8.0%	2,001.4	-19.00%
Financial Investments	7,982.6	6,139.0	30.0%	5,816.1	37.30%
Loan	28,335.9	26,362.1	7.5%	24,970.9	13.50%
Tangible Assets	154.6	70.2	120.2%	53.7	187.90%
Intangible Assets	27.6	33.5	-17.6%	33.9	-18.60%
Other Assets	651.3	714.2	-8.8%	3,784.1	-82.80%
<b>Total Liabilities</b>	<b>35,227.2</b>	<b>30,518.7</b>	<b>15.4%</b>	<b>30,031.3</b>	<b>17.30%</b>
Deposit	34,556.0	30,026.1	15.1%	29,064.5	18.90%
Provision Liability	34.1	26	31.2%	25.5	33.70%
Tax Liability	26.9	14.1	90.8%	12.8	110.20%
Other Liabilities	610.2	452.5	34.9%	928.4	-34.30%
<b>Total Equity</b>	<b>5,612.7</b>	<b>5,521.4</b>	<b>1.7%</b>	<b>5,478.3</b>	<b>2.50%</b>
Share Capital	2,383.2	2,375.8	0.3%	2,375.5	0.30%
Capital Surplus	2,971.9	2,956.2	0.5%	2,956.9	0.50%
Capital Adjustments	5.3	26.8	-80.2%	12.1	-56.20%
AOCI	-140.5	-27.7	NA	-20.4	NA
Retained Earnings	392.8	190.3	106.7%	154.1	154.90%

## 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