

kakaobank

Company presentation

September 2021

Who We Are

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

17 million

Registered customers⁽¹⁾
in 4 years



14 million

Leading MAU amongst
all financial platforms⁽²⁾



59 %

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



Proven financials

127 %

'17~'20 operating revenue CAGR
('20A operating revenue of ₩804bn)



1.5 years

Globally one of the fastest
to turn profitable



KRW **114** bn

'20A net income for a ROE of 5.7%,
comparable to legacy banks already



Tech & Innovation driven DNA

100 %

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



45 %

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

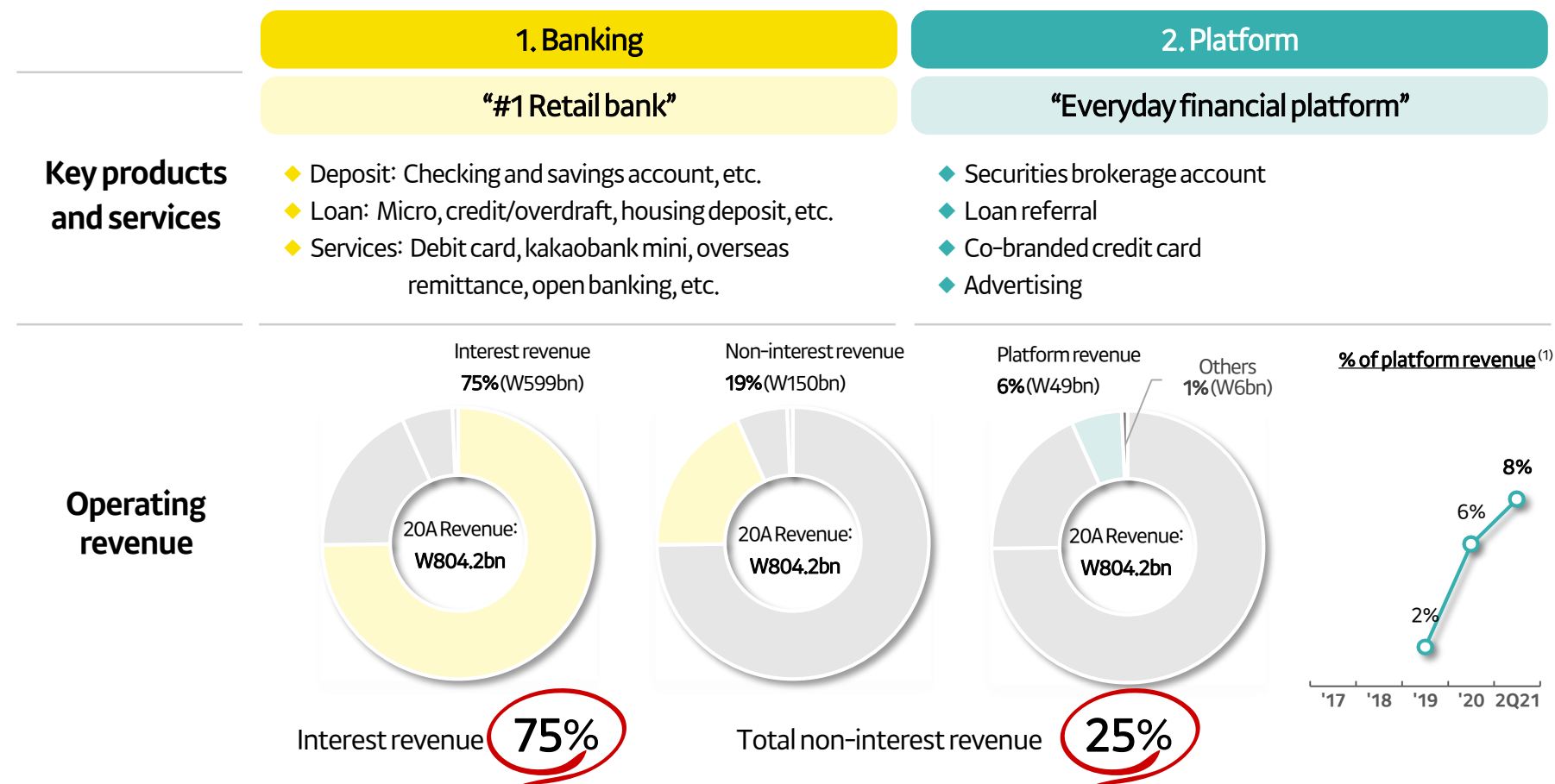
Note: (1) As of Aug 31, 2021; (2) For the month of Aug 2021 (including both Android OS Mobile and iOS Mobile)

(3) % of Korea's working population as of Jun 2021; (4) As of March 2021; (5) Base on most recently launched Piggy Bank

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

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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?

Our Way Forward

Vast upside with differentiated growth initiatives

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No. 1 financial platform



17mn⁺(1) and growing
customer base

No. 1 retail bank



New growth engine



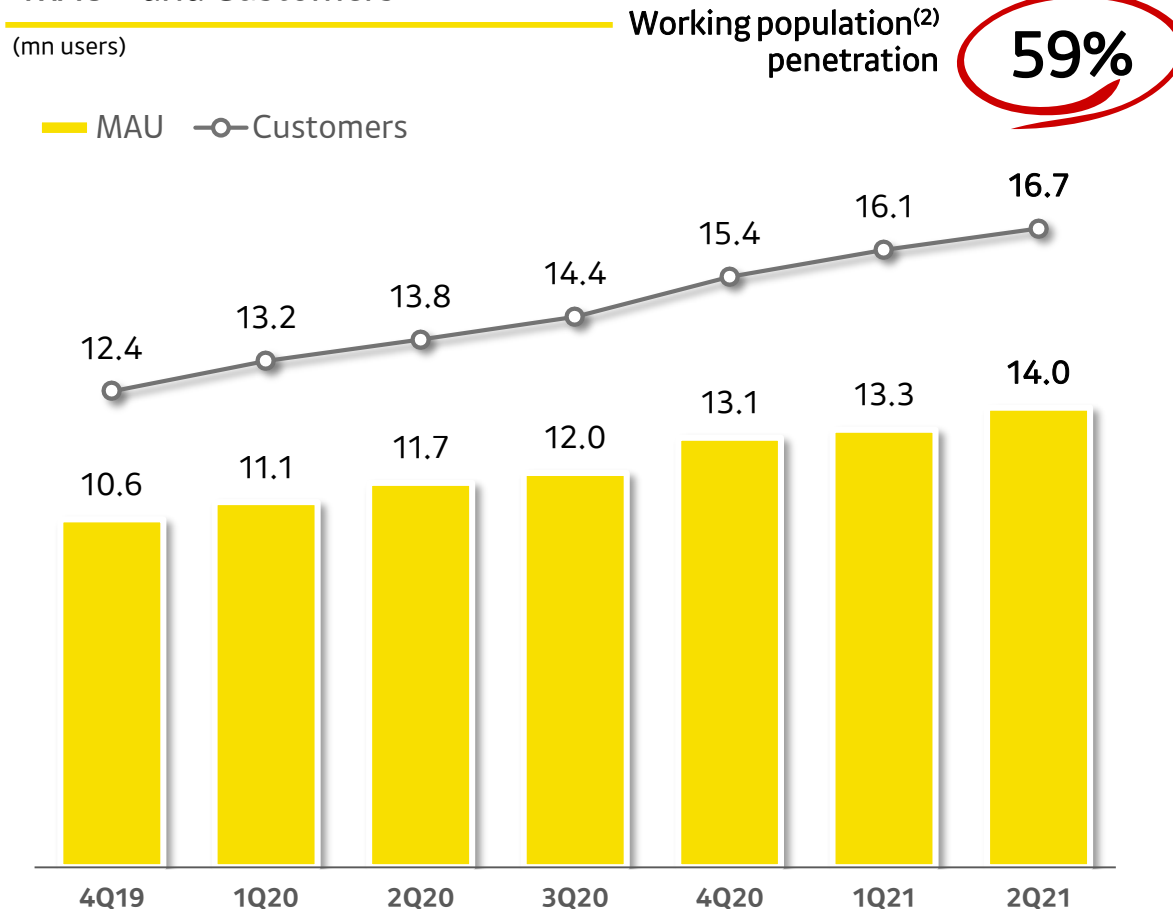
Note: (1) As of Aug 2021

1. No. 1 Customer base : Hypergrowth at scale

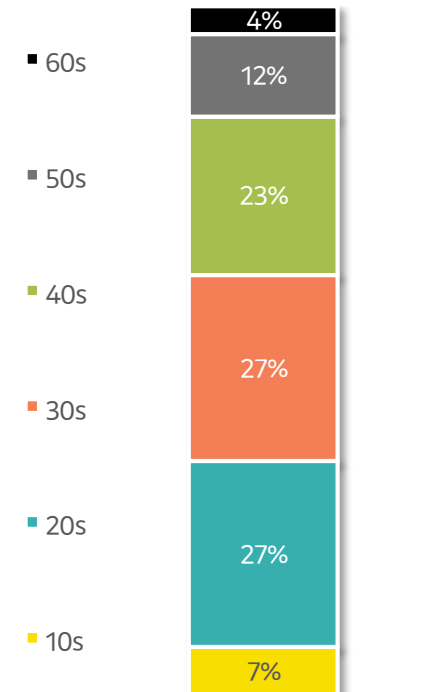
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Explosive user growth driven by differentiated customer experience, not marketing

MAU⁽¹⁾ and Customers



Customer portfolio by age group



Source: Nielsen Media Korea Digital Data
Not: (1) Quarter end MAU
(2) KOSIS (Korea working population 28.3mn as of Jun 2021)

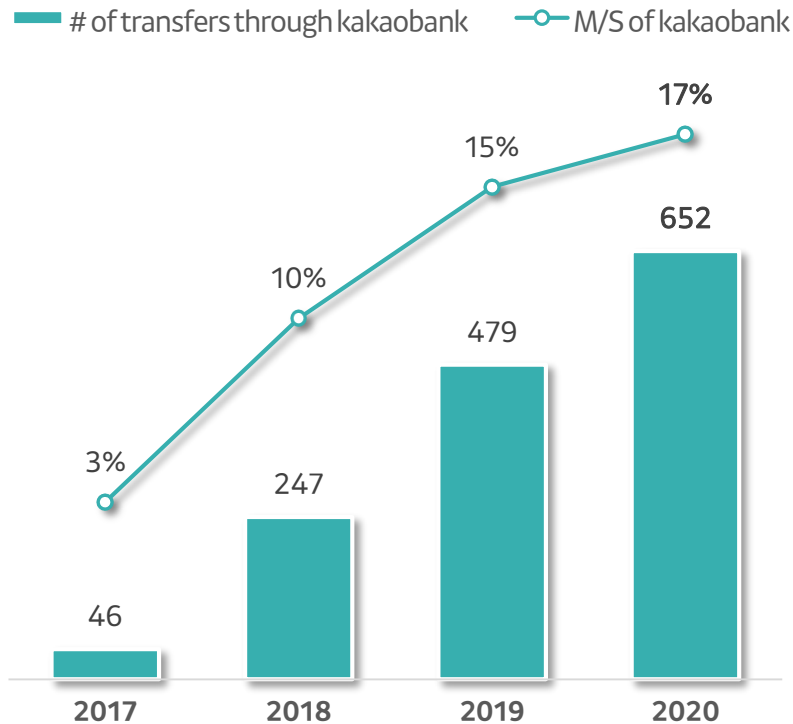
1. No. 1 Customer base : Best-in class customer engagement

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Rapidly becoming the most preferred and go-to bank as evident across all key metrics

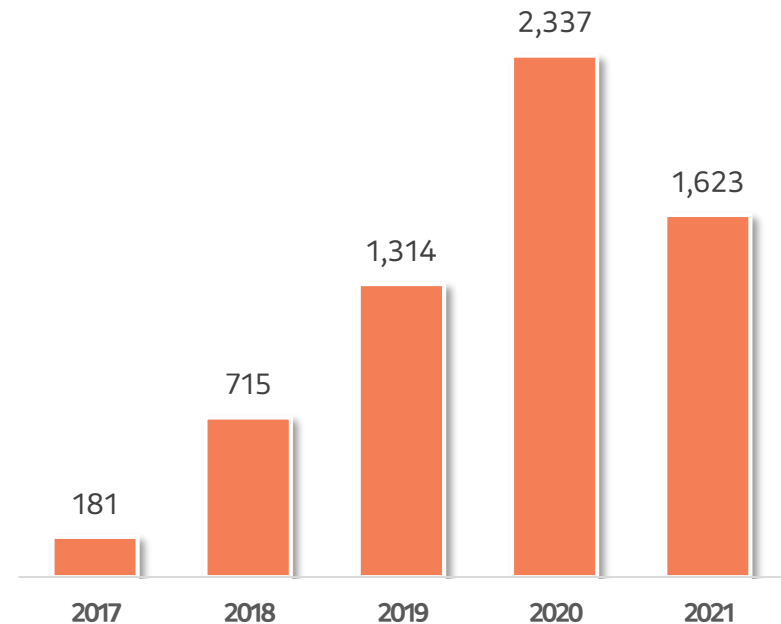
M/S of bank transfers⁽¹⁾

(mn transfers, %)



Transaction value⁽²⁾

(Wtr)



Source: Nielson Media Korea Digital Data, FISIS, Bank of Korea

Note: (1) Based on the total # of transfers through kakaobank App out of total mobile banking transfers in Korea

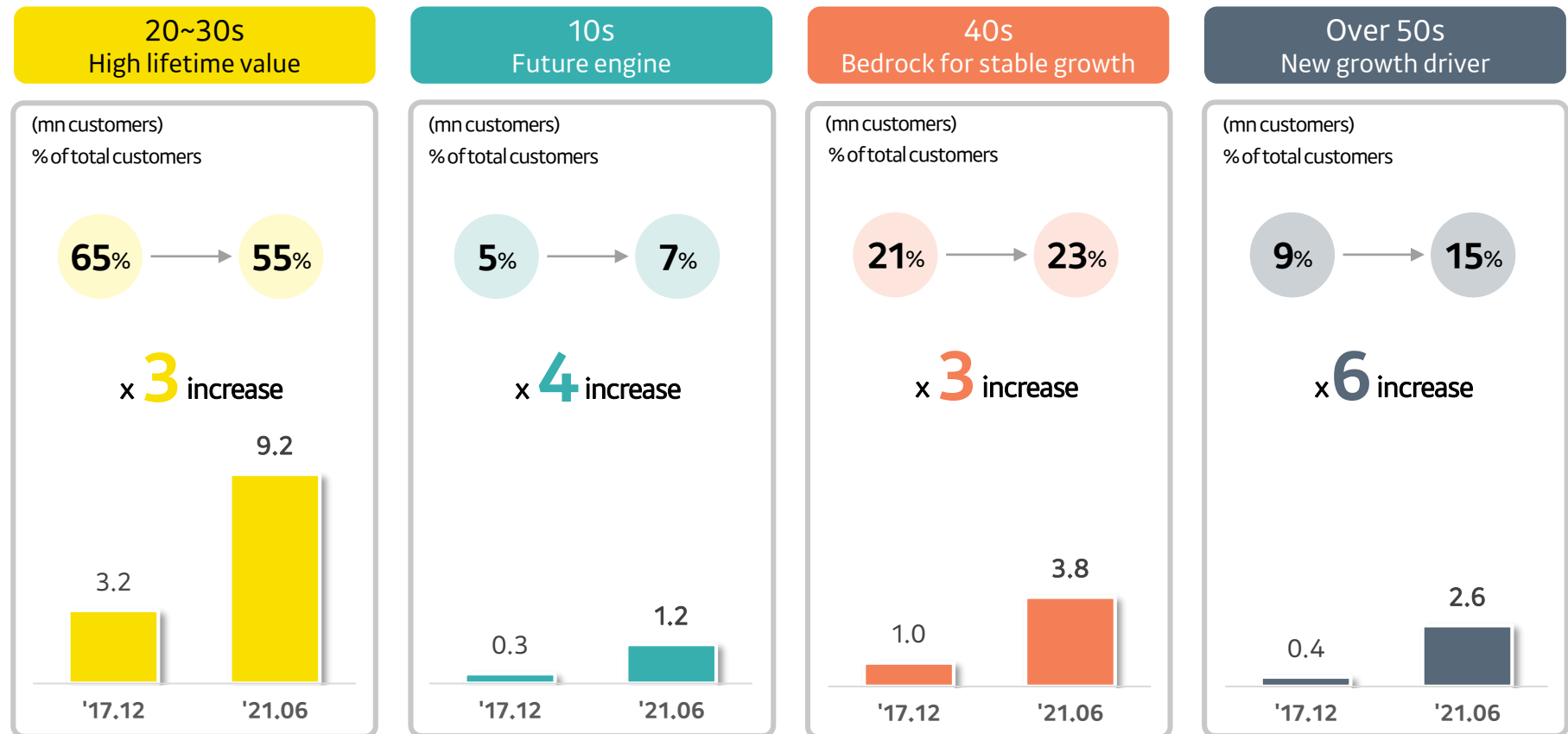
(2) Based on total account-to-account transfers occurred within a given year (2021: cumulative over Jan-Jun, 2021)

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

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

Customer growth by age group

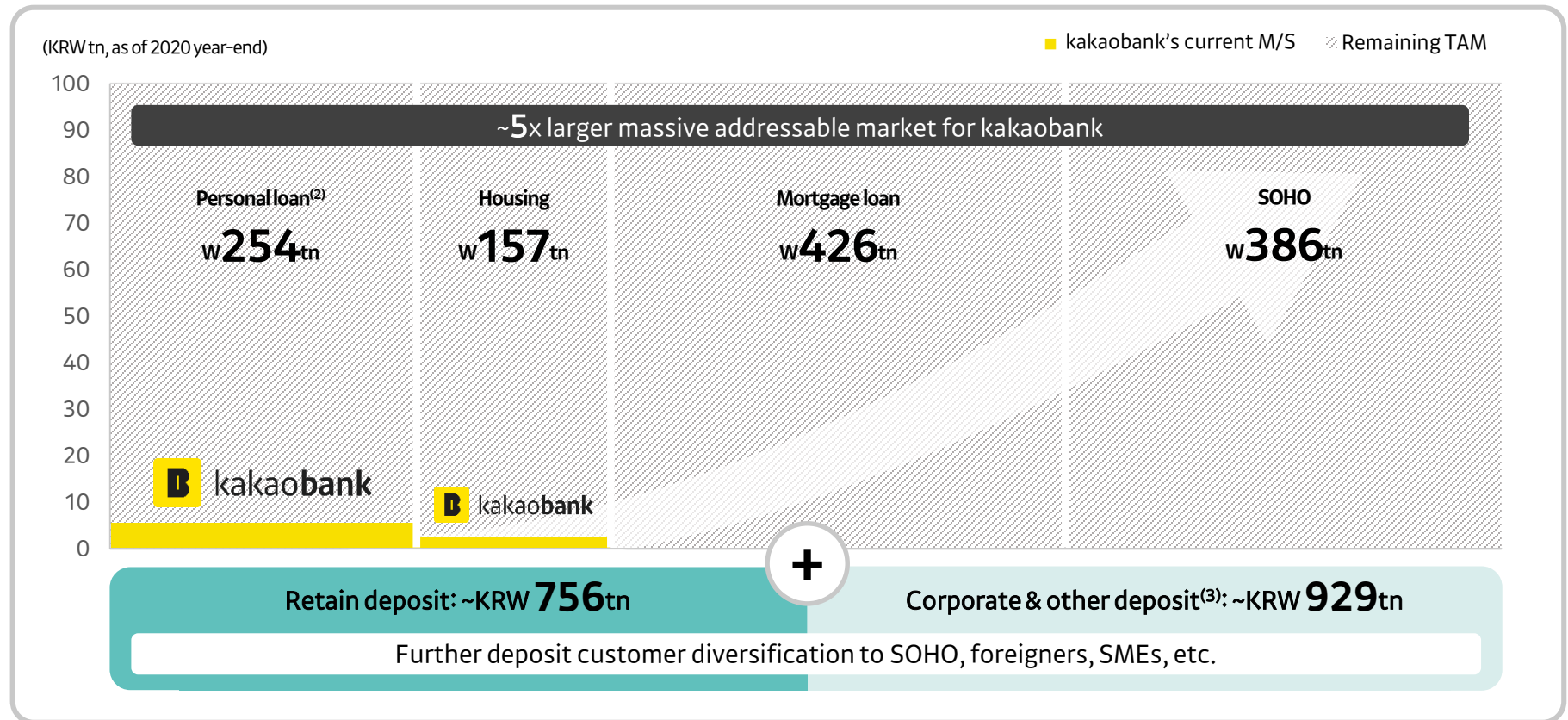


2. No.1 retail bank : Massive untapped market remains

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.)

2. No.1 retail bank : Game-changing product pipeline

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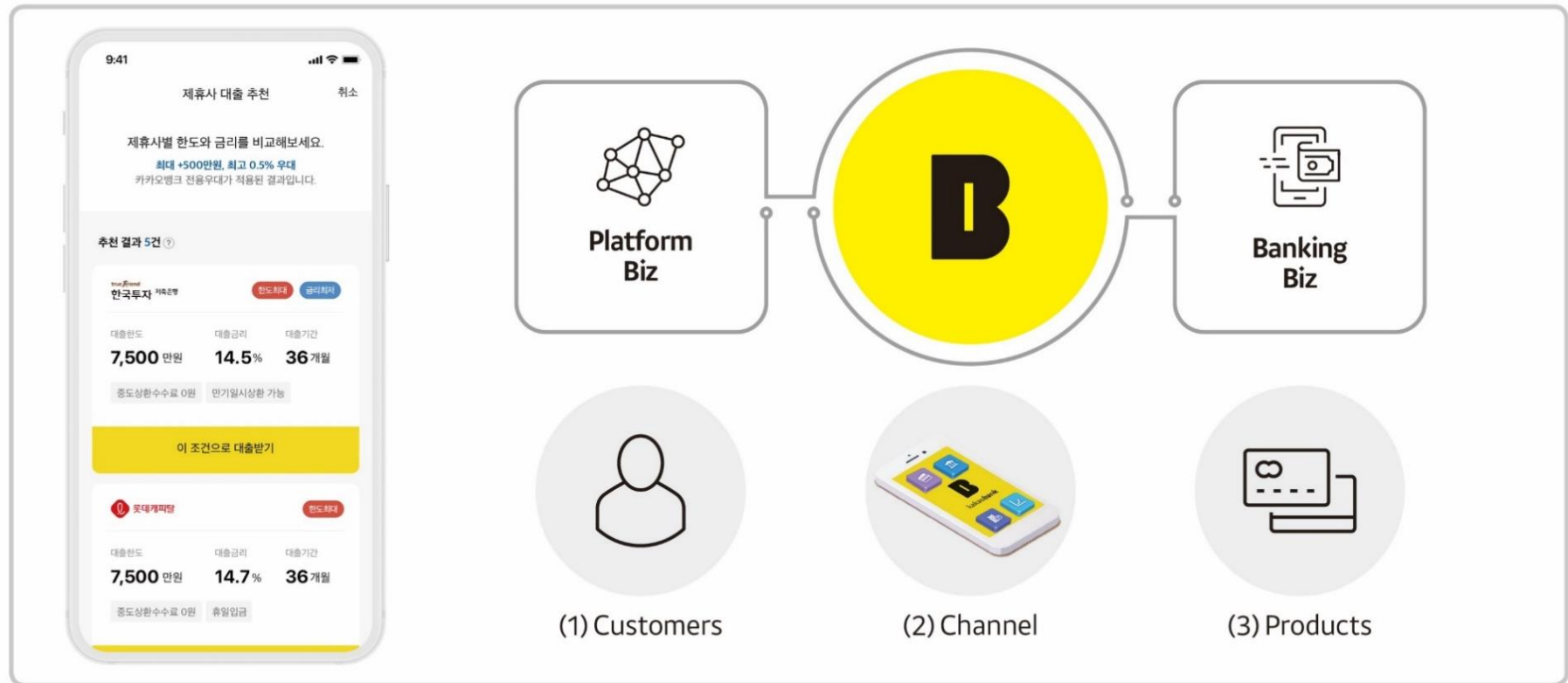
Extending market leadership into new offerings and massive markets

Loan product	Launched	Growth trajectory (kakaobank loan book)	Strategic implication
 High credit	 (2017.07)	2017  KRW4.1tn +3.4x 2020  KRW13.9tn	Strong customer base High quality customers & stable foundation
 Housing	 (2018.01)	2018  KRW0.8tn +5.3x 2020  KRW4.5tn	Leading mobile banking First to fully digitalize → "Mobile completeness"
 Mid credit	Imminent		Inclusive finance New, large user segment for cross-selling synergies
 Mortgage			Game-changer First to fully digitalize, long-term maturity & greater ticket size
 SOHO	Mid-term		Targeted & specialized finance New, large user segment with unmet needs Greater ticket size Cross-selling opportunities
 Auto loan			

3. No.1 financial platform : Platform with powerful banking license kakaobank

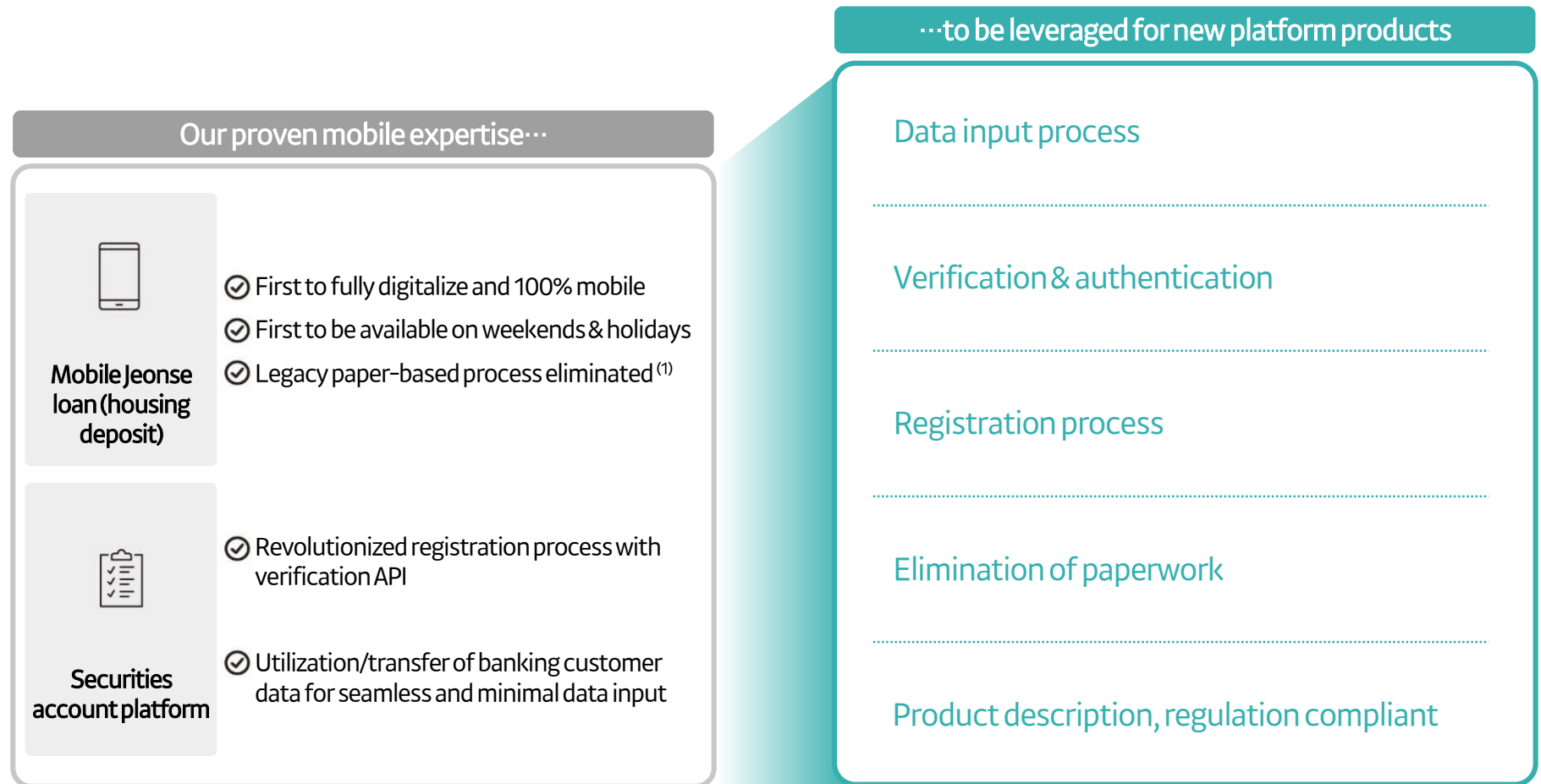
Our banking biz and license create powerful synergies with our platform biz

Why our platform is superior



3. No.1 financial platform : Differentiated channel competitiveness **kakaobank**

Confidence to pursue “mobile completeness”, even for products that are challenging to implement via mobile



Note: (1) Resident Registration Certificate, Family Relation Certificate

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

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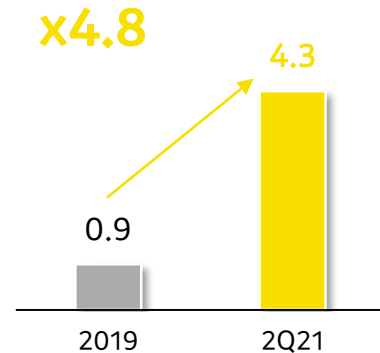
Our platform has already proven to be one of the most powerful platforms in 2 years

Robust growth trajectory of platform biz

Securities account

Launched in Mar 2019

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



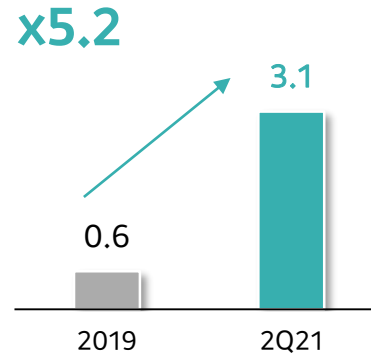
4 partners

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: Wtr)



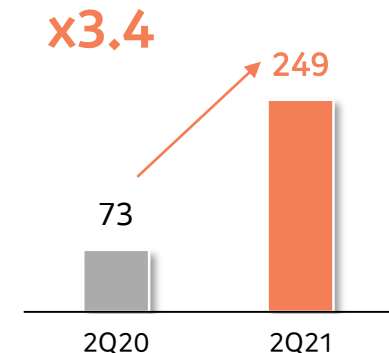
16 partners

#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

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

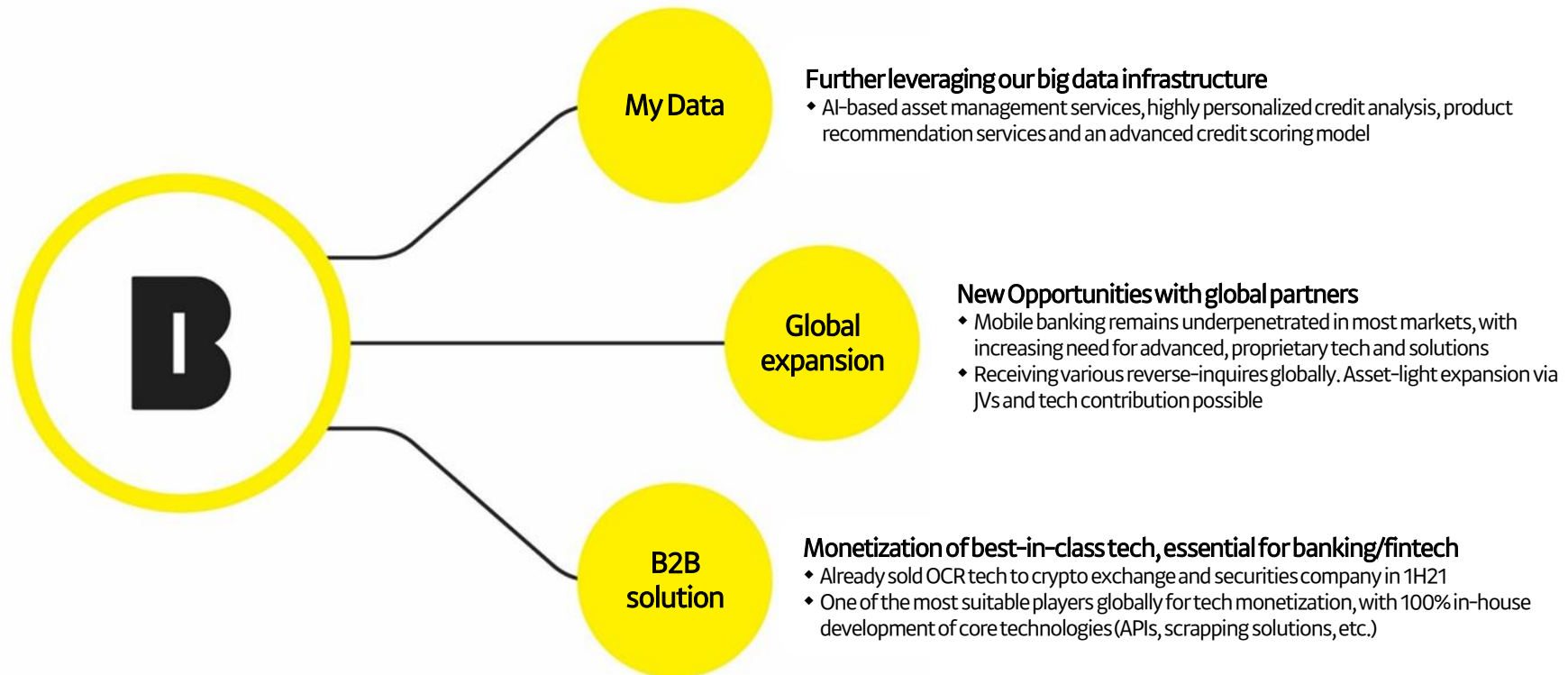
Opportunities	Current	Upside
Partners 	25 partners 4 securities companies 16 lending institutions 5 card companies	More partnerships available⁽¹⁾ 50+ securities companies 110+ lending institutions 5 card companies
Products 	Credit cards Securities Loan referral	Funds Insurance IRP FX Wealth management, 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

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



What will make this possible?

What will make this possible?

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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

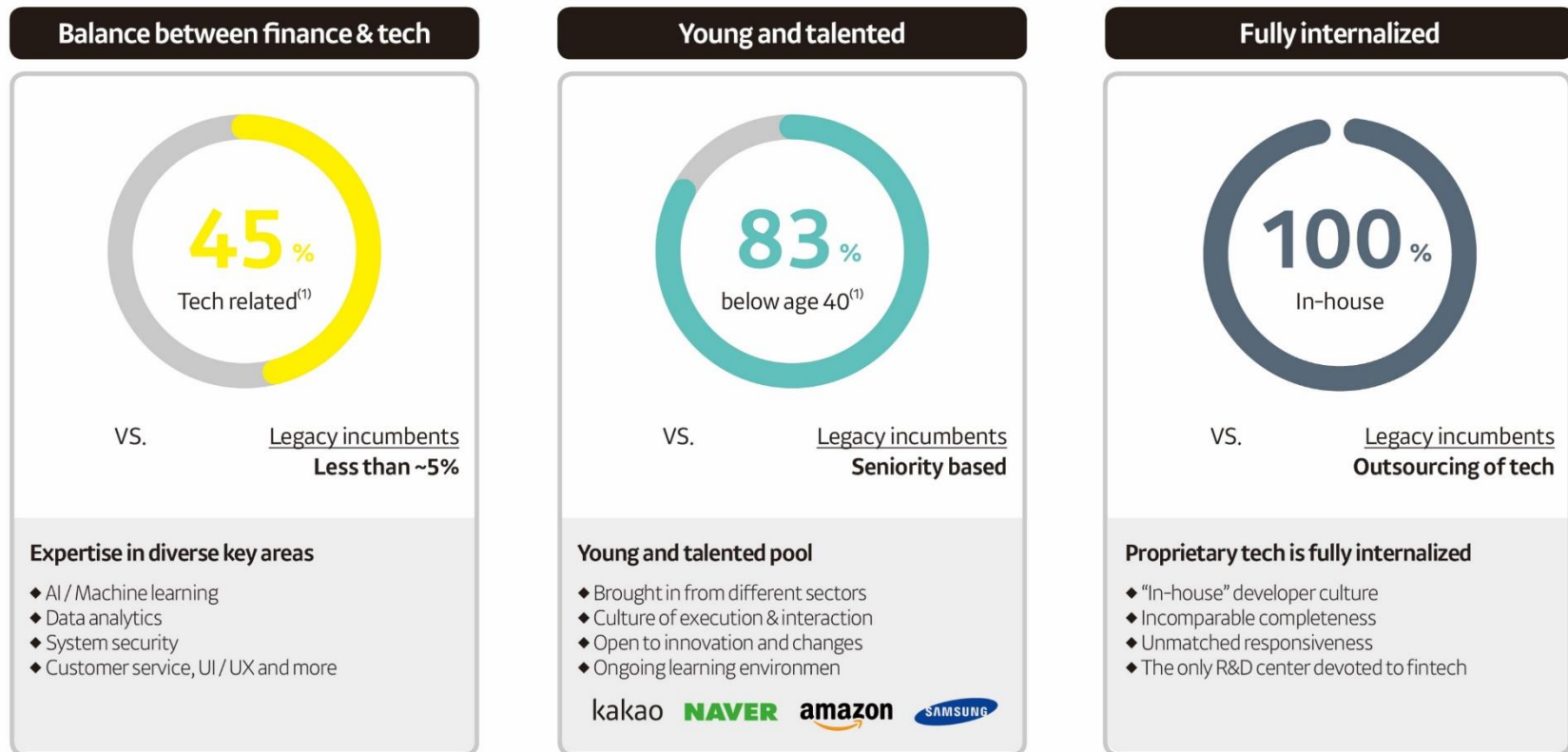
- Financial arm and hub of Korea's dominant mobile ecosystem
- Multi-directional synergies and partnerships with kakao's comprehensive ecosystem

- 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

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

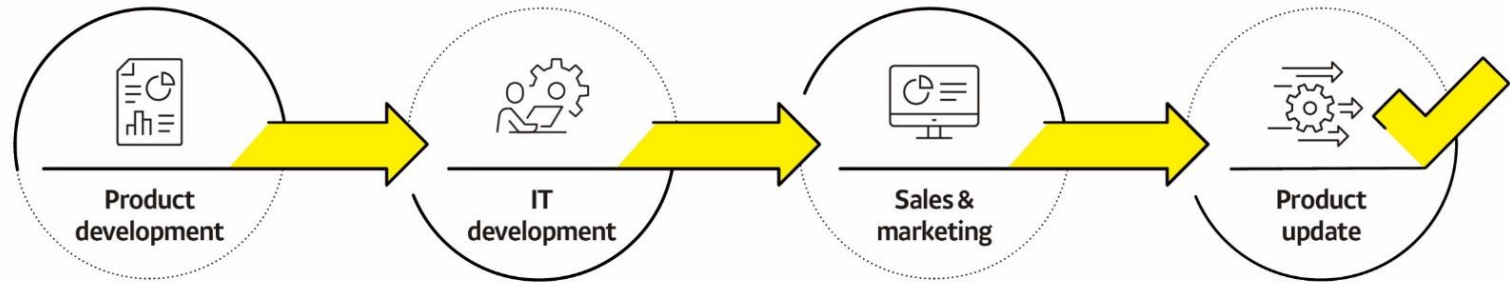


Note: (1) Employees as a % of total employees, as of March 2021

Tech & Culture : In-house agile development culture

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Our fundamentally different tech and cultural foundation creates unbridgeable gaps



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All parties engaged

- ◆ Redesigning old products
- ◆ Maximize customer utility
- ◆ Social & fun, 'kakaobank way'

In-house development

1. Developers engaged at ideation
2. Qualified in-house team executes
3. Ownership, detailed, trial & error
Unmatched 'mobile completeness'
4. Monitor for improvements
- Success repeats itself

100% mobile

- ◆ Social & network based
- ◆ Synergies with kakao
- ◆ No outbound sales

Real-time

- ◆ Company in charge of monitoring
- ◆ Real-time analysis of feedback
- ◆ Company-driven updates

Legacy
incumbents

Limited parties engaged

- ◆ Conventional product approach
- Rates, regulations, competition, etc.
- ◆ Complicated cross-selling factors
- Different benefits to different users

Outsourced

1. Product team passes on requirement
2. Search of 3rd party contractor
3. Complete minimum requirement
4. Project is closed
- Complaints are poorly addressed

Offline branch based

- ◆ Recommendation by bank clerks
- ◆ Pamphlets and handouts
- ◆ Outbound sales













Passive

- ◆ Contractors conduct monitoring
- ◆ Limited and slow follow-ups
- ◆ Contractor driven passive updates

Ecosystem : Multi-directional synergies with kakao

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

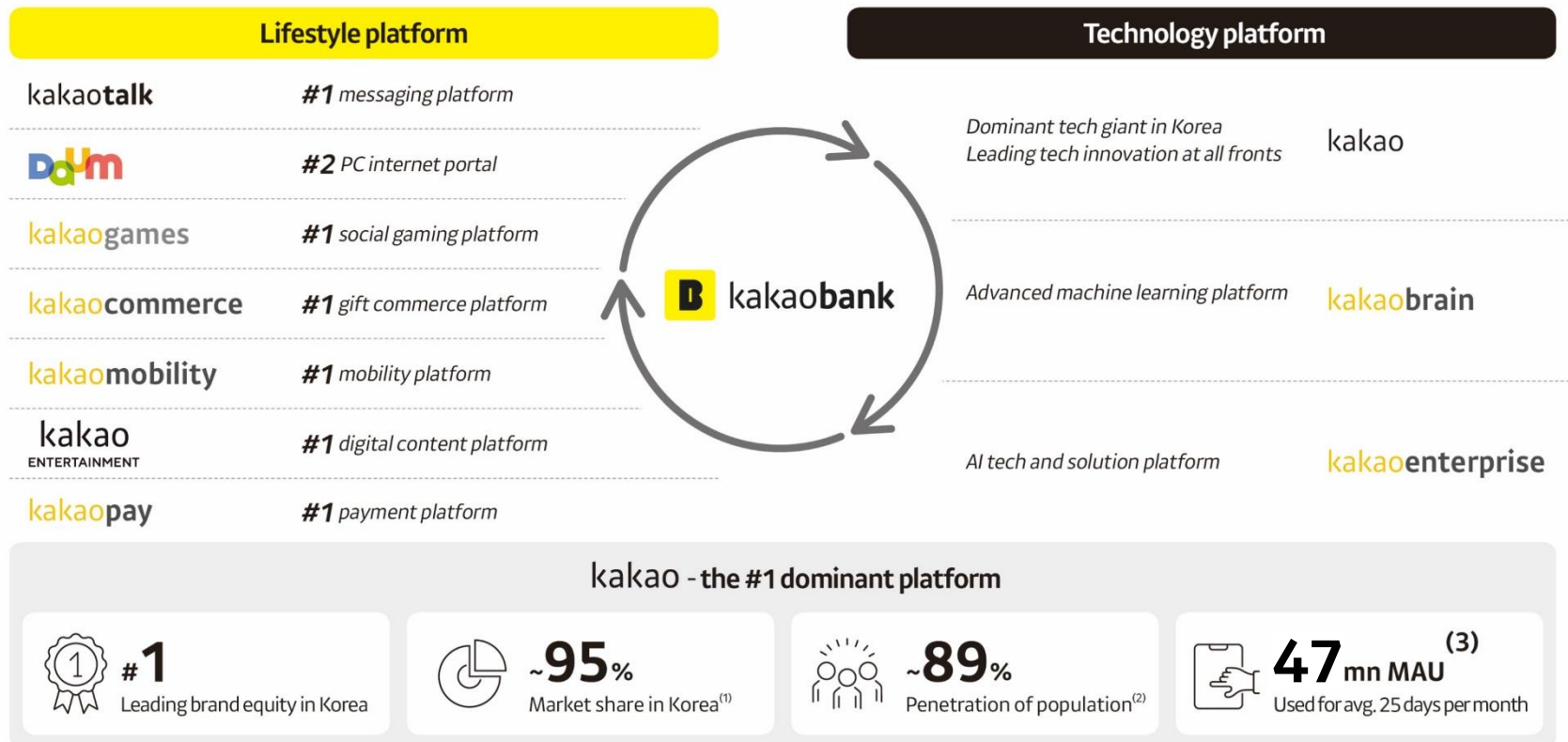
Areas	Affiliates	Description
Customer acquisition 	kakao Corp. (kakao Friends) 	<ul style="list-style-type: none"> ◆ Nationwide popular kakao Friends characters deployed within our app and debit cards
	kakao Corp (kakaoTalk) 	<ul style="list-style-type: none"> ◆ Utilize kakaoTalk API to allow customers 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

Ecosystem: Vast upside with the kakao ecosystem

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Kakaobank, as the financial hub of the kakao ecosystem,
Will enjoy unique access and vast upside with kakao's comprehensive ecosystem



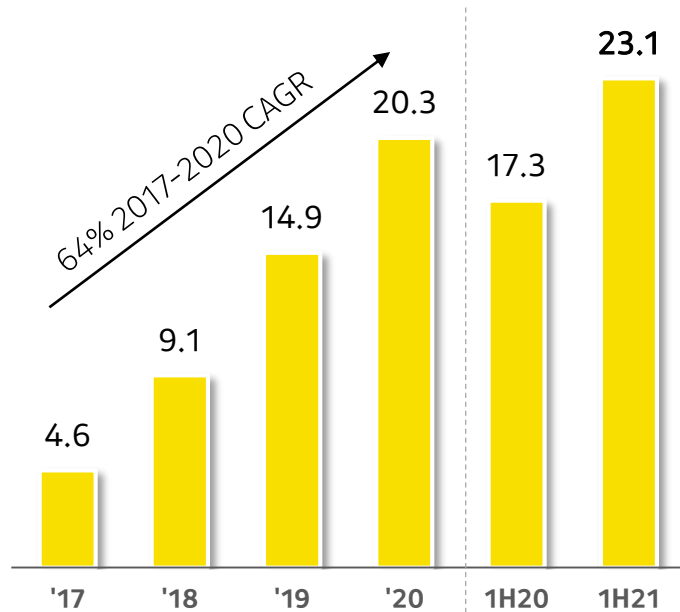
Financials : Unmatched robust growth

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Our growth and scale is unparalleled with multiple future upsides from banking, platform and new business

Total loan balance

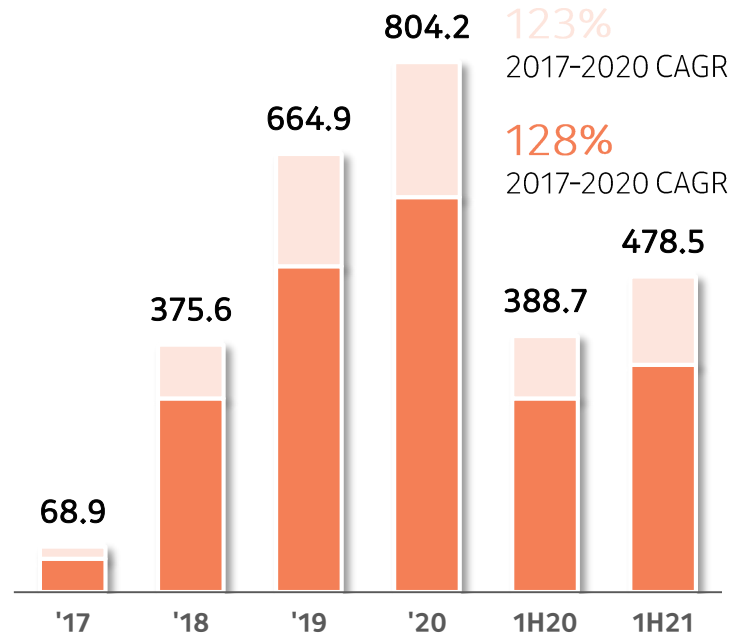
(Wtr, %)



Operating revenue

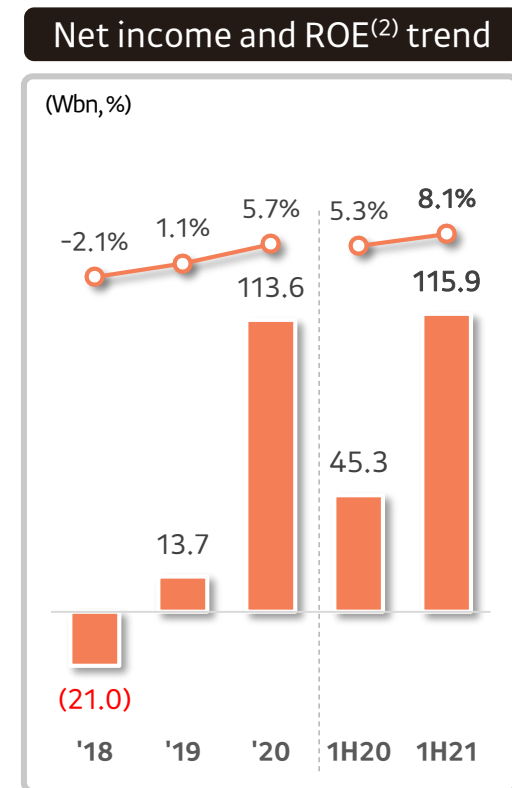
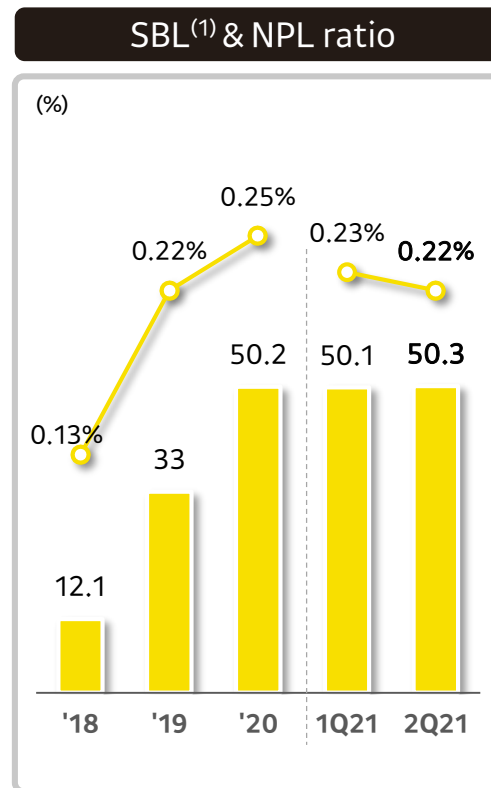
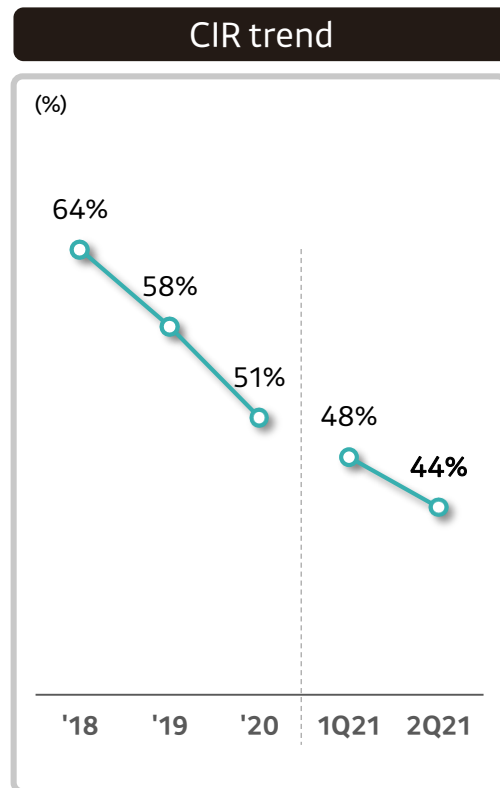
(Wbn, %)

Interest Fee & Platform



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



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

Our vision

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B

“Bank, Beyond Bank”

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