



# KakaoBank

## 1Q 2024 Earnings Release

May 2024

kakaobank

# Contents

- I. 2024 Key Business Direction
- II. Customer Base
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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.

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1

Profit expansion from  
enhanced customer  
engagement

Expansion of competitive deposit franchise  
from stronger customer base



Stable loan growth

Expanding asset management portfolio, including  
bonds, fund investment, etc.

2

Significant growth in Fee &  
Platform revenue from  
robust traffic base

Steady growth of fee business

Platform revenue base diversification through  
credit loan comparison service, etc.

3

Stable risk management

Credit cost ratio to be maintained similar to 2023 level

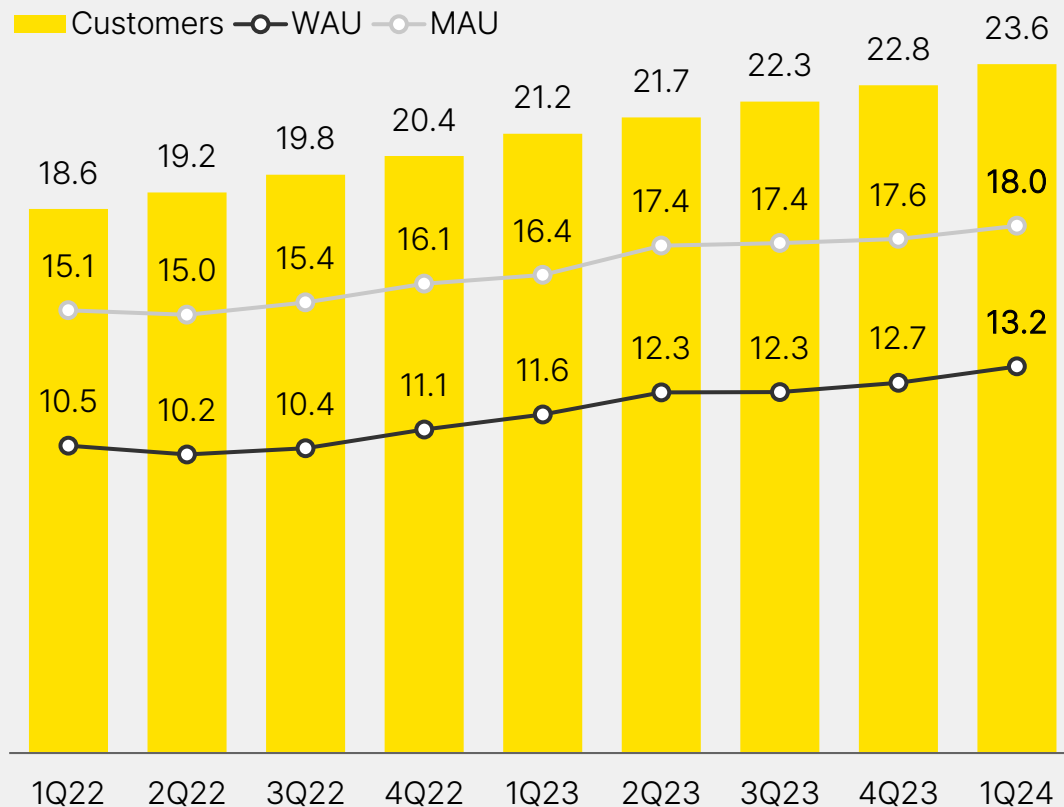
## II. Customer Base

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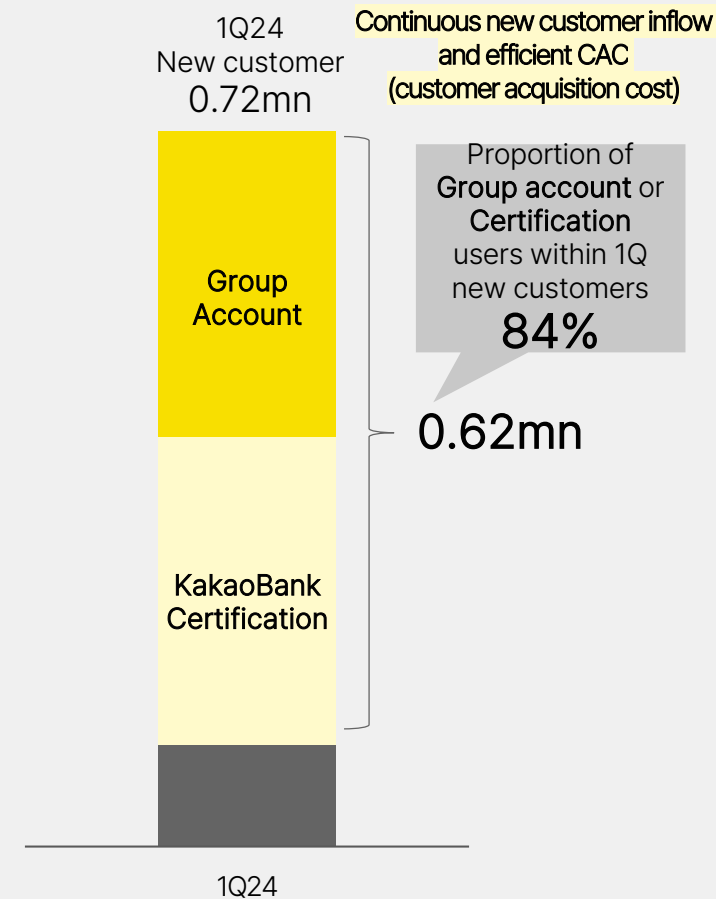
Customer base grew YoY +11.2% to 23.56mn customers (YTD +0.72mn);  
App traffic continuously improved, with MAU YoY +10.3% at 18.03mn and WAU YoY +14.2% at 13.22mn

### MAU, WAU<sup>(1)</sup> and Customer

(mn users)



### New Customer Composition



Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarterly average MAU

(2) Ministry of the Interior and Safety population by age group, ~10s population is based on 7~19 year old

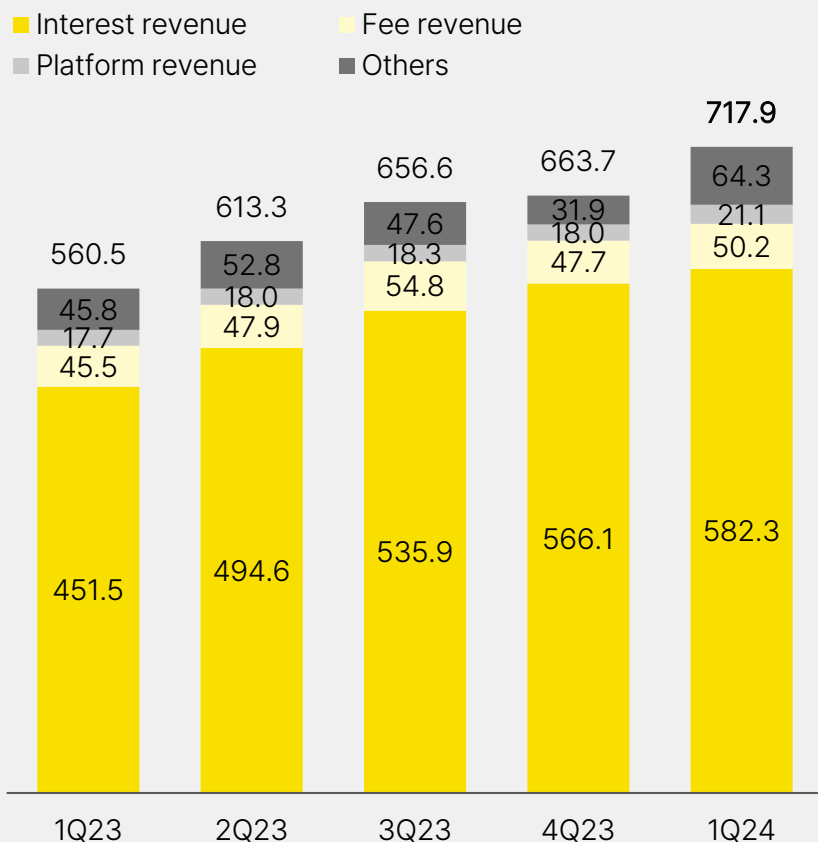
### III. Operating Revenue

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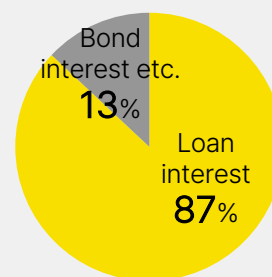
Operating revenue YoY +28%, QoQ +8%, thanks to growth from all business lines including Interest, Fee & Platform revenue; Other operating revenue increased significantly from expansion of managed asset

#### Operating Revenue

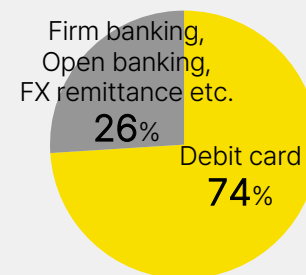
(Wbn)



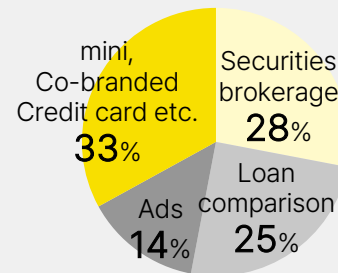
#### Key Components(1Q24)



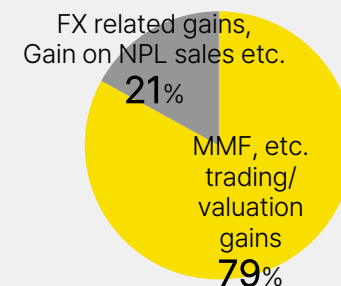
Interest revenue



Fee revenue



Platform revenue

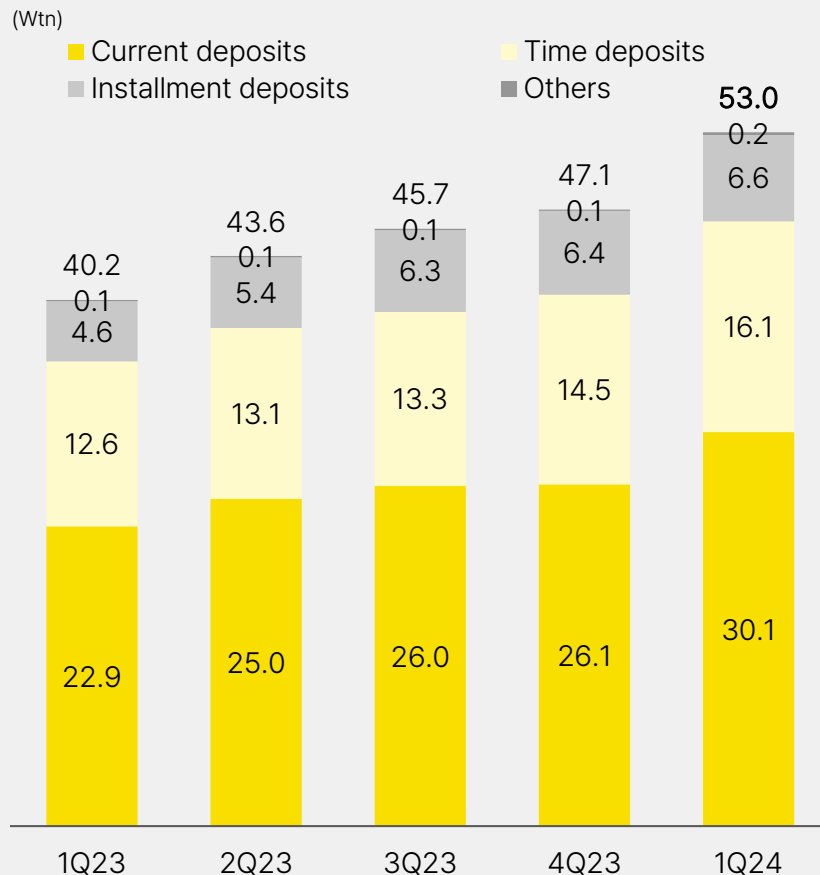


Others

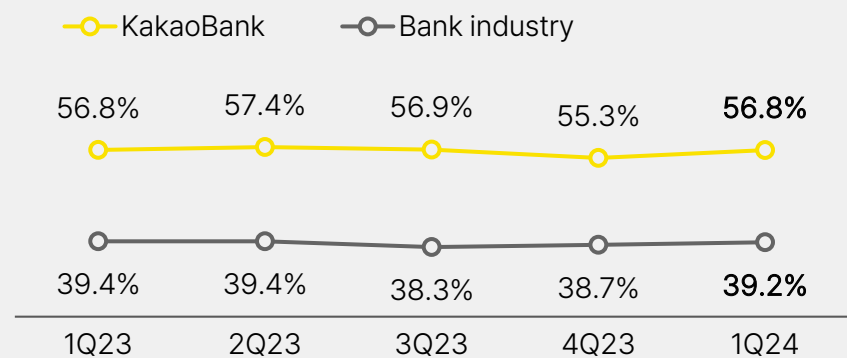
## IV. Banking Biz : Deposit (1/2)

Deposit balance YoY +32%, QoQ +12%; Low-cost deposit portion expanded against peers, demonstrating a competitive funding structure

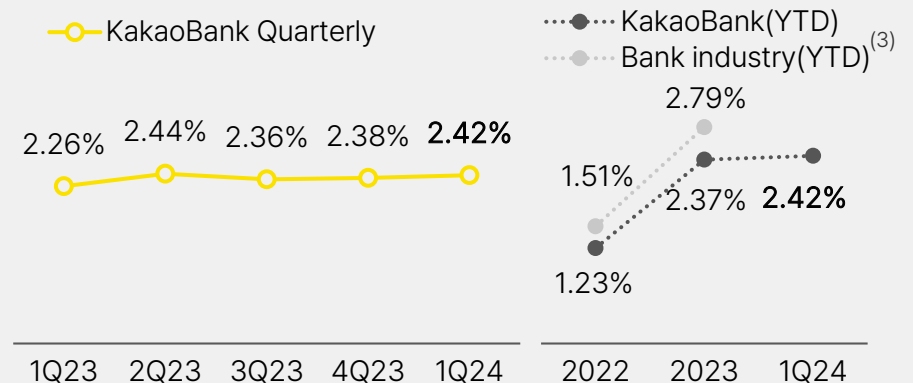
### Deposit Balance Trend & Breakdown



### Low-Cost Deposit Portion<sup>(1)</sup>



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



Note: (1) Bank of Korea Financial Market Trend - Money Market Deposits portion from total bank deposits

(2) Average interest rate on deposits

(3) Financial Statistics Information System - Average of 14 banks excluding specialized banks

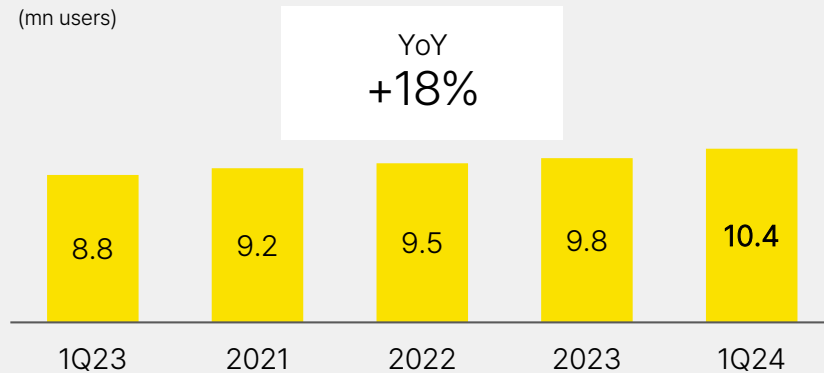
## IV. Banking Biz : Deposit (2/2)

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Group account exceeded 10mn users and balance increased YoY +33% contributing to low-cost deposits;  
Continuously enhancing usability through new features, including 'bulletin board' service and exclusive debit card

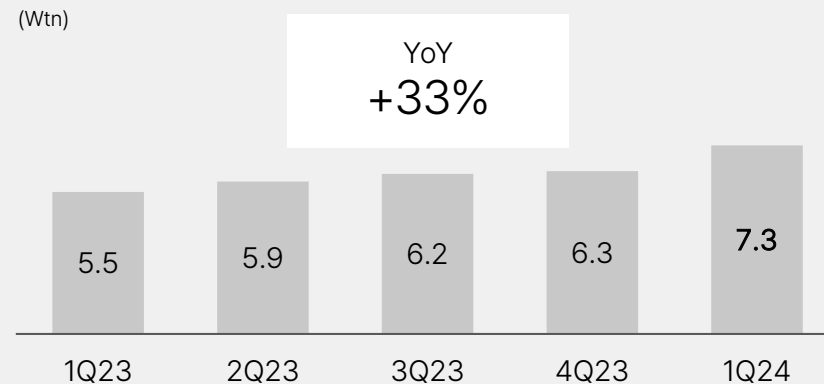
### Group Account Users

(mn users)



### Group Account Balance

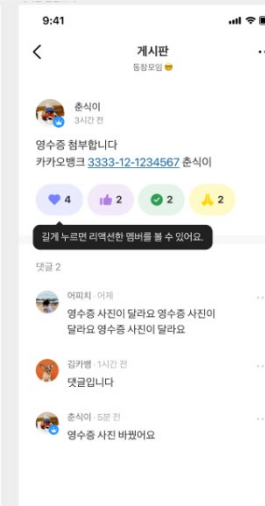
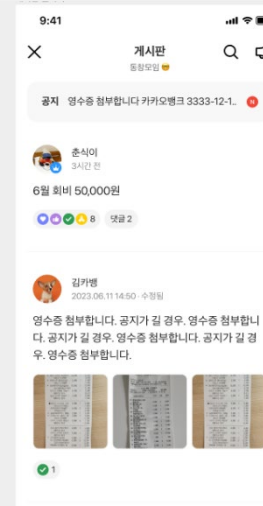
(Wtn)



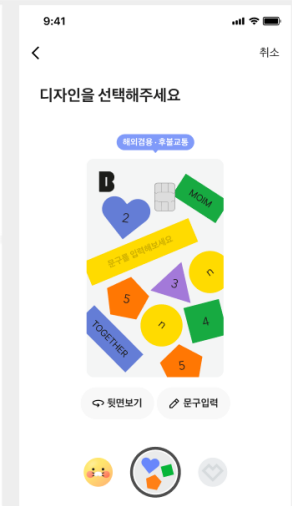
### Group Account Enhanced Features

- Bulletin board service launched, expanding community functions through notification or photo posting (Jan 2024)
- Group Account exclusive debit card launch (Apr 2024)

#### Bulletin Board



#### Exclusive Card



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

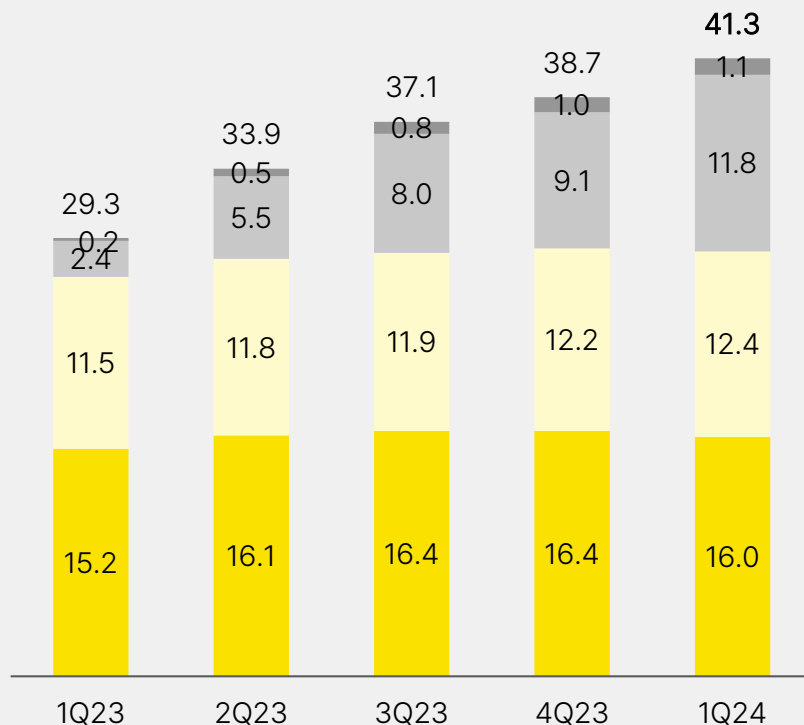
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Loan balance YoY +41%, QoQ +7% thanks to growth of secured loans including mortgage and housing deposit;  
NIM decreased QoQ -18bp as loan-to-deposit ratio declined

### Loan Balance Trend & Breakdown

(Wtn)

■ Credit+Overdraft ■ Housing deposit ■ Mortgage ■ SOHO

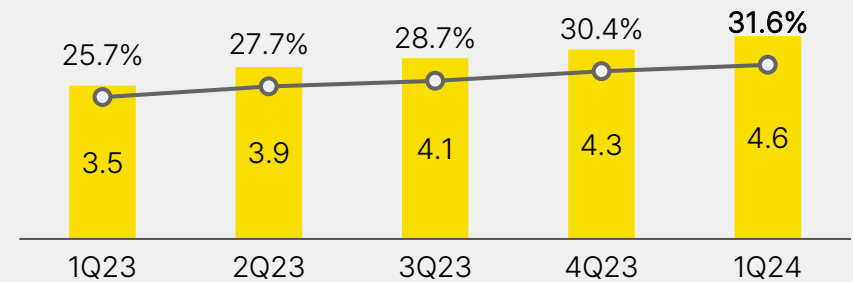


### Mid-Credit Loan<sup>(1)</sup>

(Wtn)

■ Balance

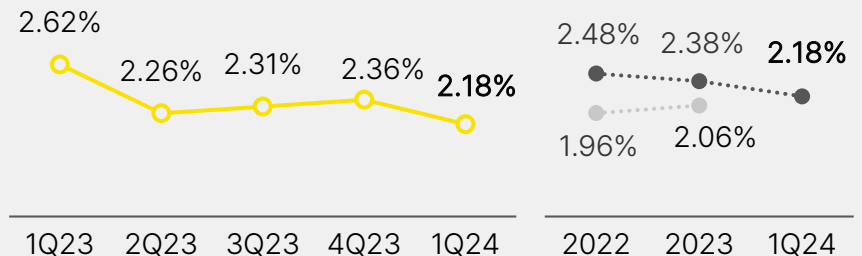
○ % within credit loan



### Net Interest Margin (NIM)

○ KakaoBank Quarterly

● KakaoBank(YTD)  
● Bank industry(YTD)<sup>(2)</sup>



Note: (1) 1Q23~4Q23: Based on retail unsecured loan end-balance / 1Q24: Based on retail + SOHO unsecured loan average-balance

(2) Financial Statistics Information System – Average of 14 banks excluding specialized banks



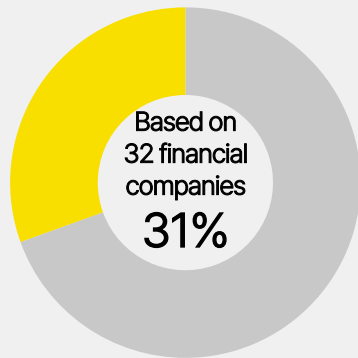
## IV. Banking Biz : Loan (2/2)

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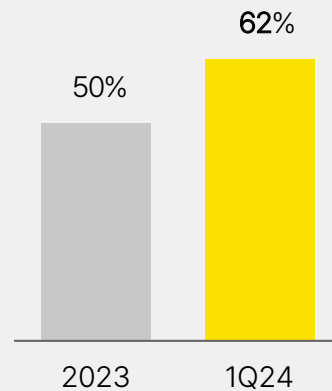
Continuous expansion of customer traffic and M/S through loan refinancing infrastructure;  
Proving competitiveness as a platform by achieving overwhelming M/S solely through internal loan traffic

### 'Mortgage Loan Refinancing Service' (Jan 2024 launch)

#### Mortgage Loan M/S<sup>(1)</sup>



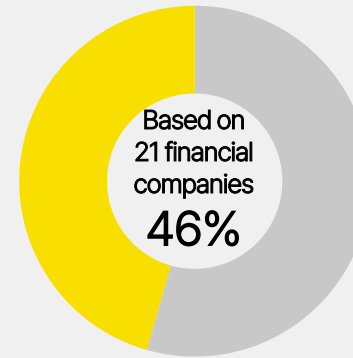
#### % of refinancing within new mortgage loan



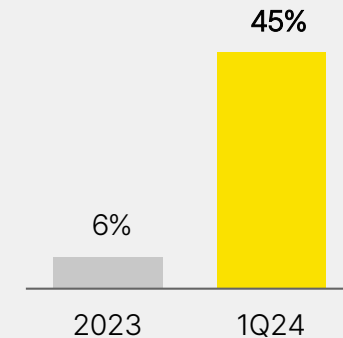
- Proving KakaoBank's competence in refinancing market
- Improved customer convenience and utility based on customer-centric UI/UX

### 'Housing deposit Loan Refinancing Service' (Jan 2024 launch)

#### Housing deposit Loan M/S<sup>(2)</sup>



#### % of refinancing within new housing deposit loan



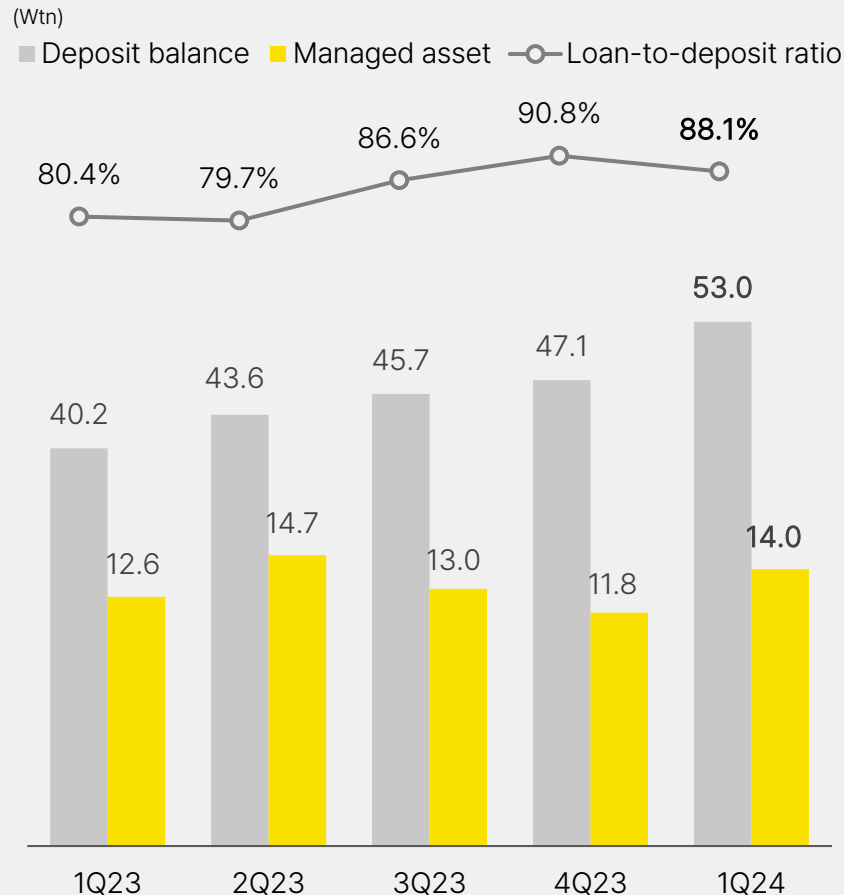
- Achieved close to 50% M/S from inflow of refinancing customers
- Expanded market coverage through refinancing infrastructure

Note: (1) M/S = 2024.01.09~2024.03.25 based on execution amount from FSC 'Loan refinancing service workshop' press release (Financial industry : W3.1274tn, KakaoBank : W952.7bn)  
(2) M/S = 2024.01.31~2024.03.25 based on execution amount from FSC 'Loan refinancing service workshop' press release (Financial industry : W920.6bn, KakaoBank : W420.0bn)

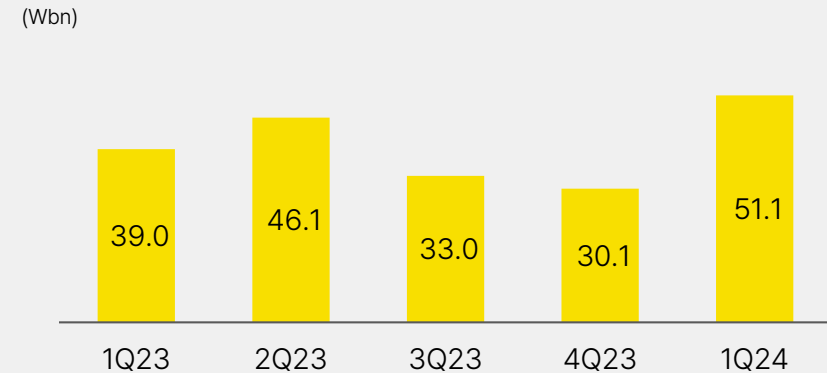
## IV. Banking Biz : Treasury Management

Strengthened treasury management in line with expansion of managed asset;  
Plan to diversify investment portfolio, including foreign currency funds

### Loan-to-deposit ratio<sup>(1)</sup> & Managed Asset<sup>(2)</sup> Trend



### MMF and Fund Investment Revenue



### Diversification of Asset Portfolio

Expansion into  
foreign currency funds,  
following launch of  
FX services

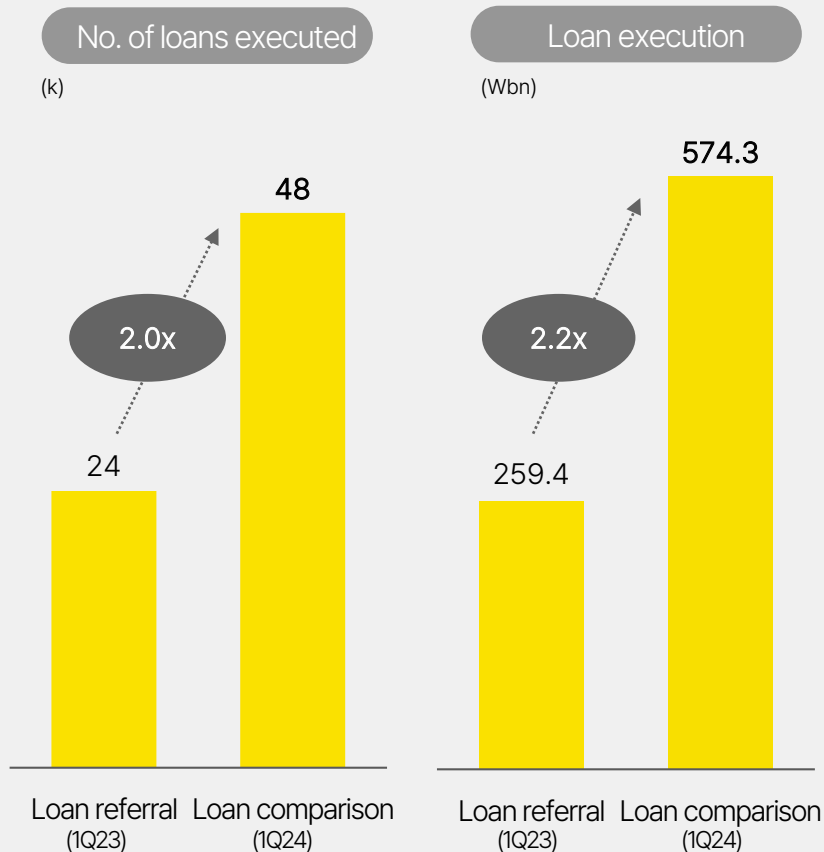
Diversification of  
domestic currency  
asset management

Note: (1) New loan-to-deposit ratio based on quarterly average balance  
(2) Asset management(MMF, beneficiary certificates, bonds, short term funds) based on quarterly average balance

## V. Fee & Platform Biz (1/5) – Loan Platform

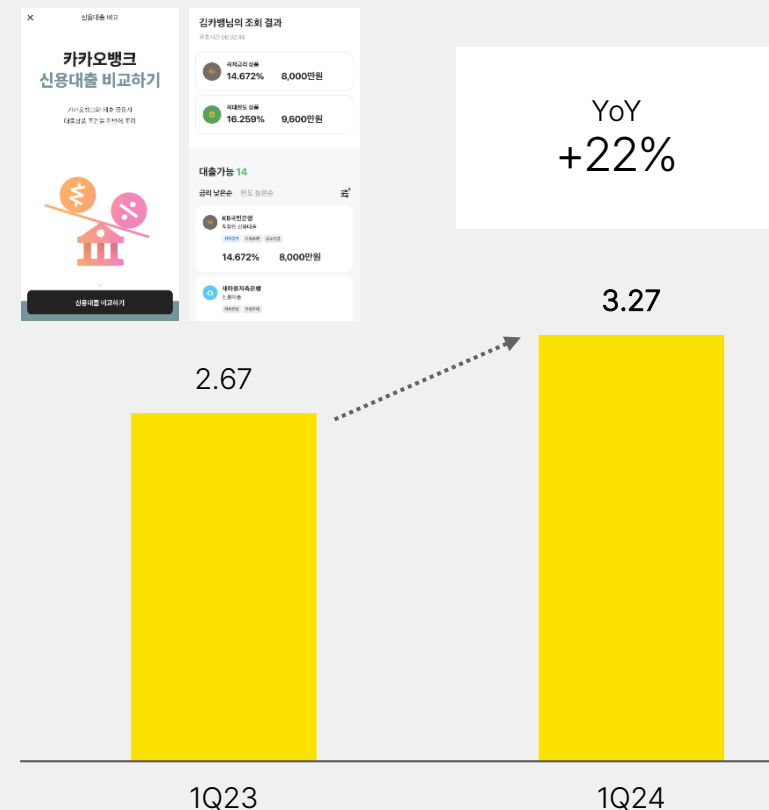
Amount and number of loans referred more than doubled with the launch of 'Credit Loan Comparison' service  
Credit loan traffic YoY +22% reaching 3.27mn views proving competitiveness as a loan platform

### Number & Amount<sup>(1)</sup> of Loan Disbursement from Credit Loan Comparison



### Credit Loan Traffic<sup>(2)</sup>

(mn views)



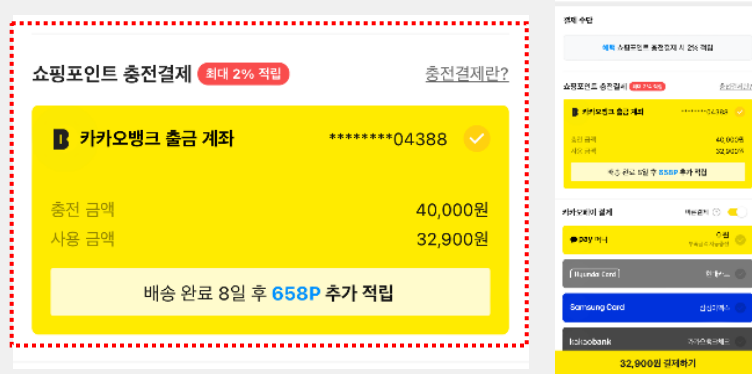
Note: (1) Credit loan comparison(1Q24): Excluding KakaoBank loan execution through credit loan comparison  
(2) Number of KakaoBank credit loan & Loan comparison service views

## V. Fee & Platform Biz (2/5) – Payment

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Expand payment business by introducing account-linked payment service within Kakao Gift/Shopping; Plan to strengthen credit card service ; Proved platform power by recording overwhelming M/S within Giftistar's 'Mobile Coupon Market Place'

### Kakao Gift/Shopping Account-Linked Payment (Jan 2024 Launch)



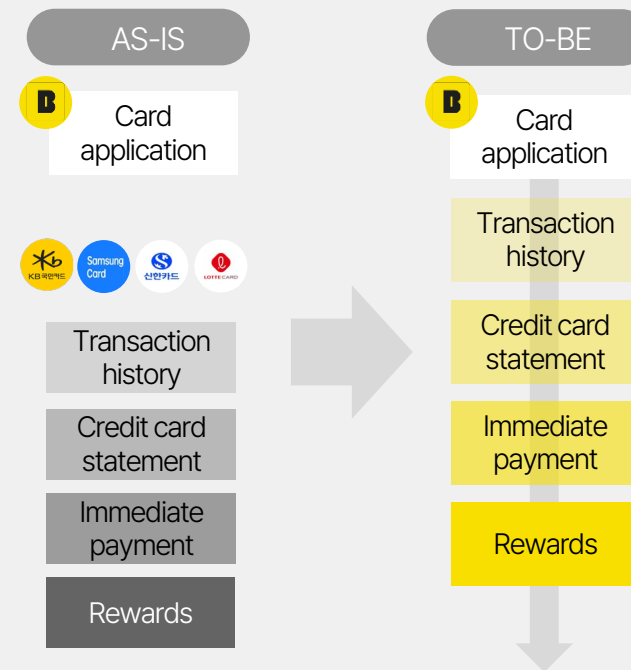
### Mobile Coupon Market Place <sup>(1)</sup> (Dec 2023 launch)

Accumulated users  
**0.95mn**

KakaoBank M/S  
of sales transactions  
**87%**

### Strengthen Credit Card Service

- Strong integration of payment enabling not only card application but also access to card company's service via KakaoBank App



Note: (1) Based on Giftistar's Mobile Coupon Market transactions by three major partners(including KakaoBank)

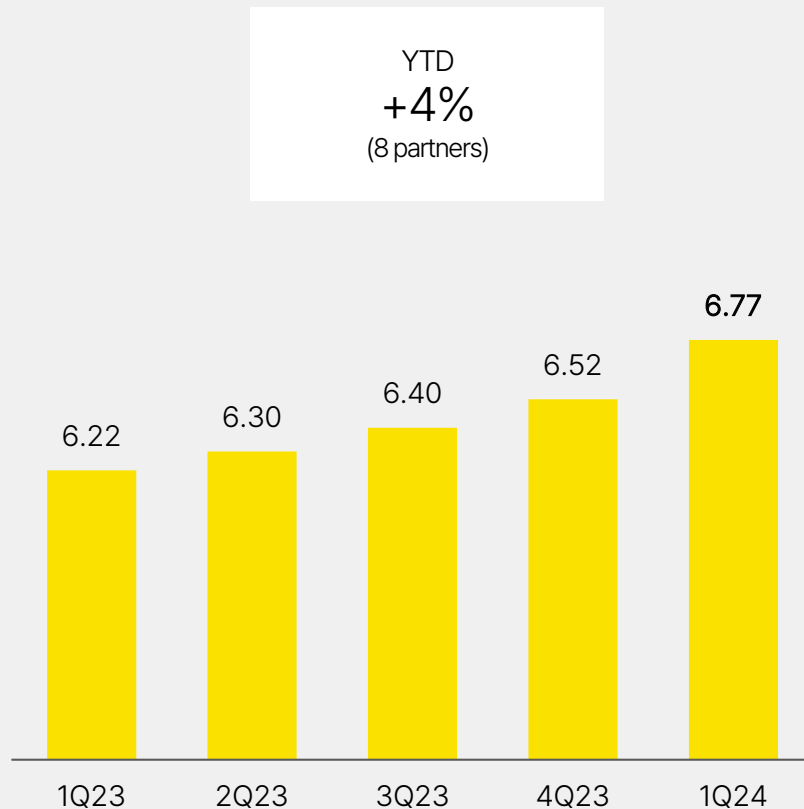
## V. Fee & Platform Biz (3/5) – Investment

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Securities brokerage account openings increased in 1Q as investor sentiment recovered;  
Fund service launched in January achieved high traffic and automatic transfer setup rates thanks to user-friendly and intuitive UI

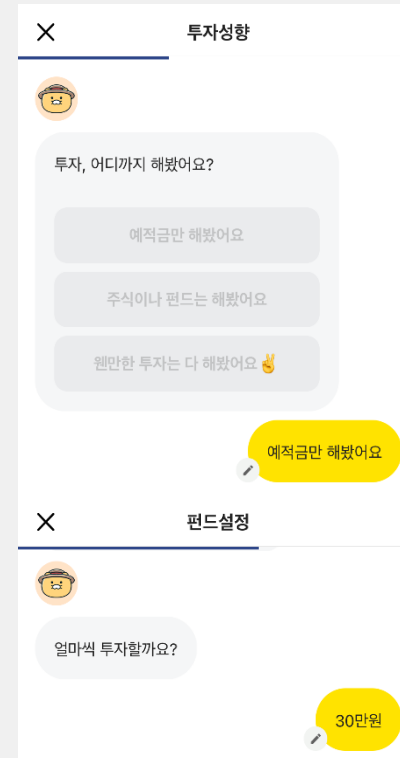
### Securities Brokerage Account

(mn account; cumulative)



### Fund Service

#### Conversational chatbot UI

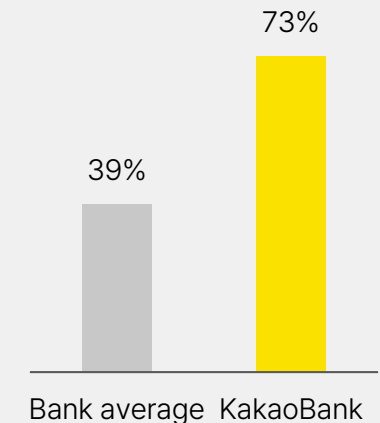


#### % of automatic transfer <sup>(1)</sup>

(based on number of accounts)

Average daily app visits by fund customers

**2.1 times**



**Automatic transfer setup rate at 73%, much higher than banking industry average, fund customer daily app visits at 2.1 times**

Note: (1) KakaoBank's ratio is based on proportion of automatic transfer setup account, Bank average ratio is based on proportion of accumulation funds, KakaoBank's frequency of average daily app visit is based on Feb 2024

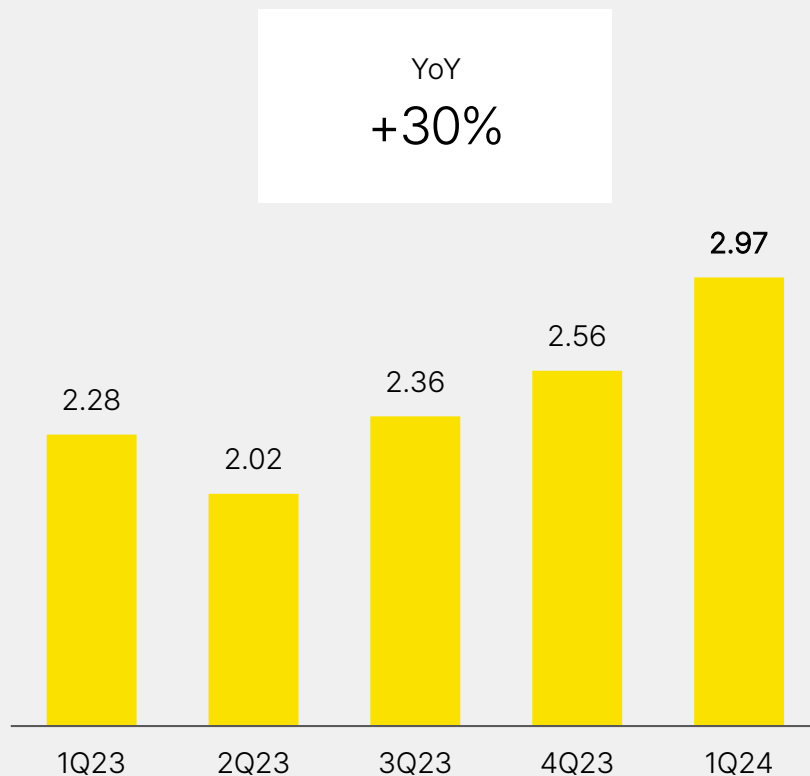
## V. Fee & Platform Biz (4/5) – Advertisement

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Inflow of new advertisers due to expansion of customer base, resulting continued growth of quarterly ad revenue;  
Enhance advertising effectiveness by expanding efficient, high-traffic and advertiser-friendly ad inventory

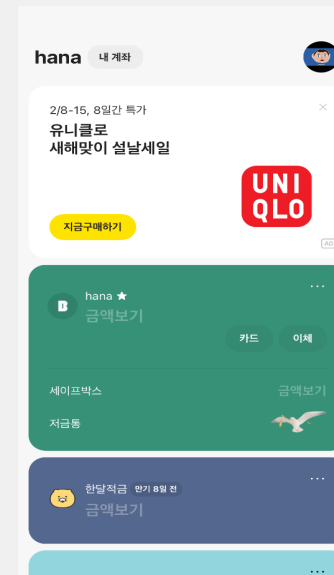
### Advertisement Revenue Trend

(Wbn; Quarterly)



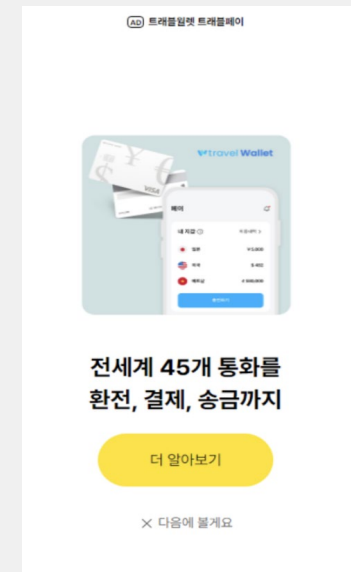
### Expansion of Advertisement Inventory

#### Large Ad Inventory



Attracting new advertisers by introducing highly visible, large-scale advertisement

#### Targeted Ads

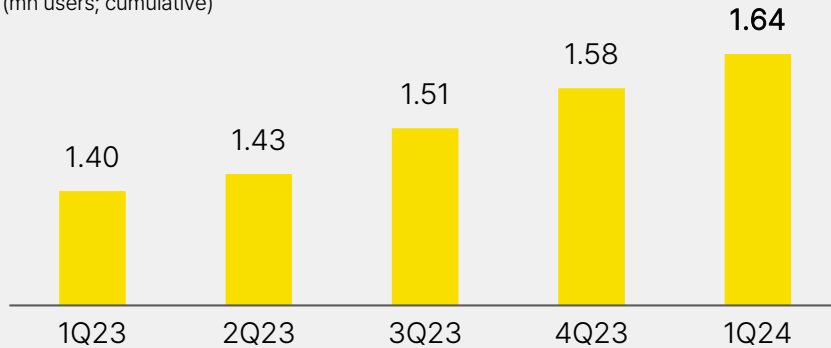


Maximizing efficiency by exposing relevant ads on FX page

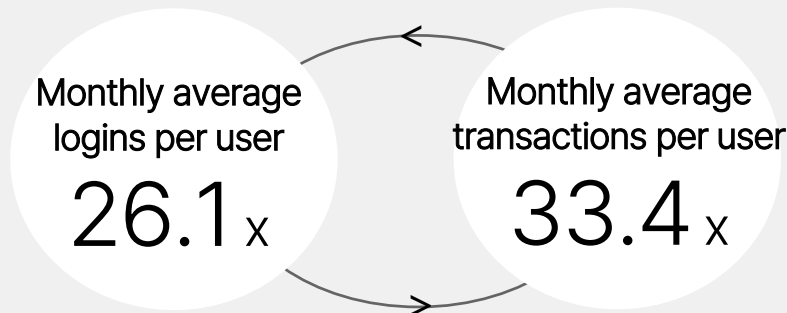
mini has become daily, financial essential app for teens, as mini users log into and use mini everyday;  
Industry's first generative AI service provides innovative UX that connects to the context of financial transactions

## mini Users<sup>(1)</sup>

(mn users; cumulative)



## mini Engagement<sup>(2)</sup>



## Today's Journal Event<sup>(3)</sup> (Generative AI)

- AI analyzes mini users' financial transactions and automatically creates journal entries
- 'Application of AI in financial life' (Jan 29 ~ Feb 29, 2024)
- Participating users DAU +12%, # of card transaction +15%

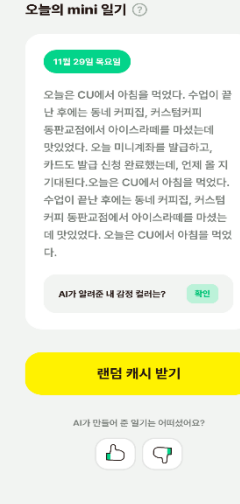
### Service Overview



### Data Collection



### Journal Generation



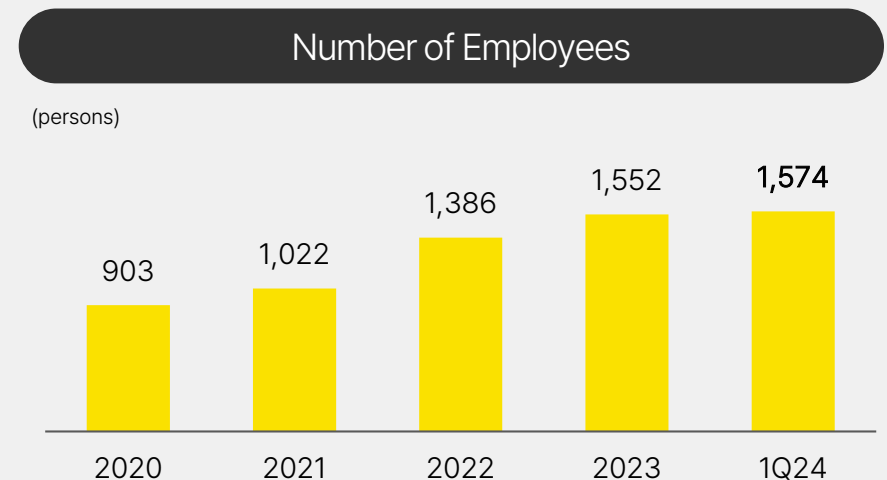
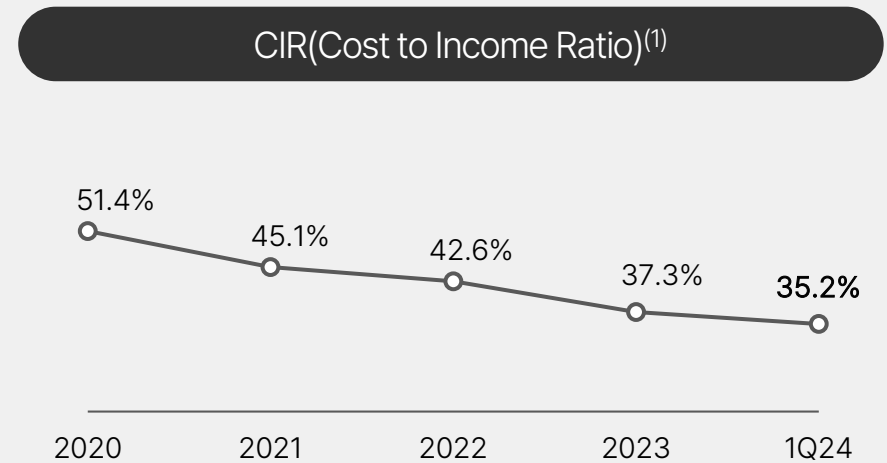
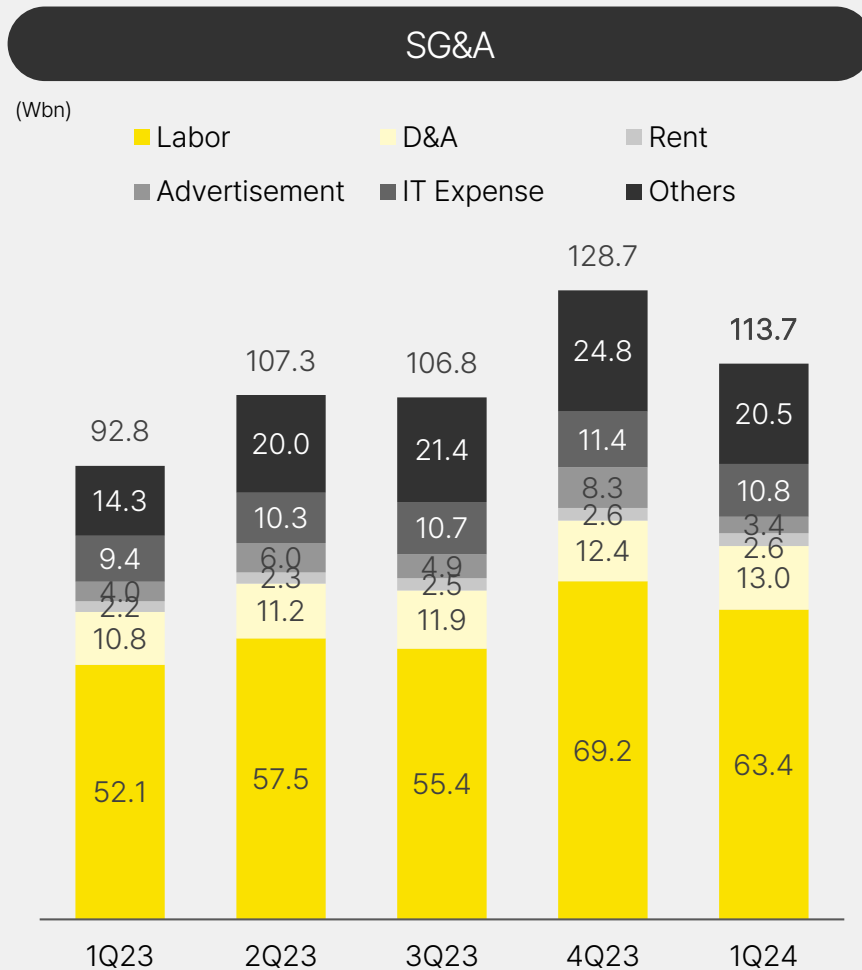
Note: (1) Users in 1Q23~2Q23, age of 14~18 / Users in 3Q23~1Q24, age of 7~18

(2) Monthly average number of log-in and transaction(payment + transfer) per user during Jan 2024~Mar 2024

(3) Comparison between Today's Journal event period(29th Jan 2024 ~ 29th Feb 2024) and one month prior to the event(28th Dec 2023 ~ 28th Jan 2024)

## VI. SG&A and CIR

Stable SG&A thanks to normalized costs; CIR significantly improved due to cost stabilization



Note: (1) Yearly cumulative bases

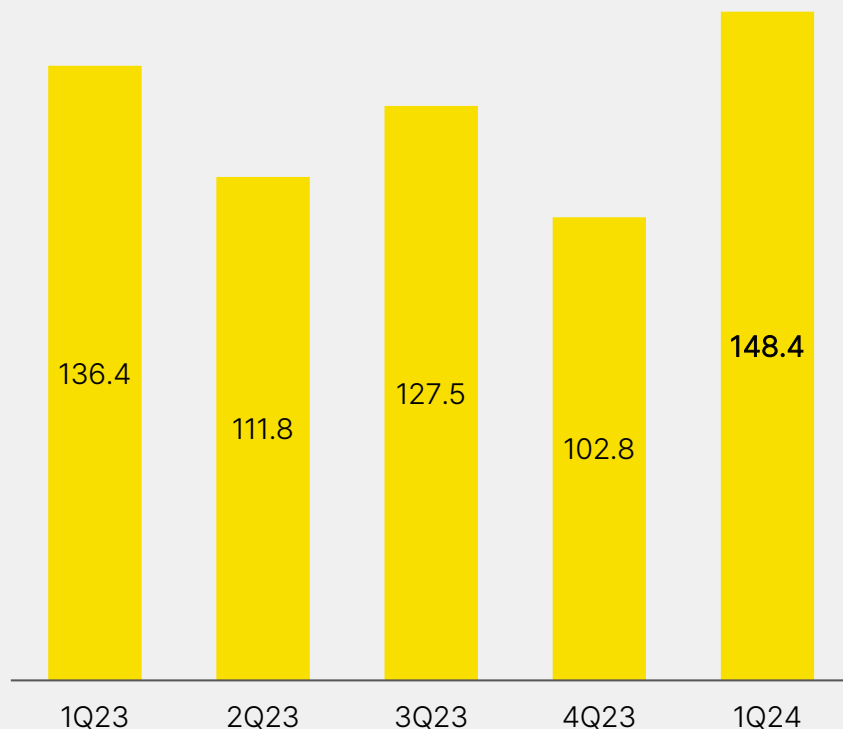


## VII. Operating profit and ROE, ROA

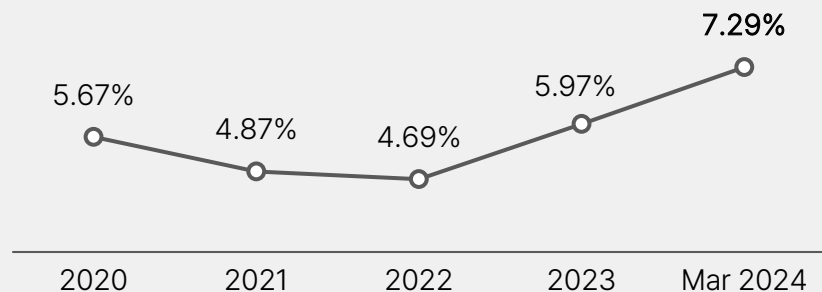
Operating profit increased YoY +9%, QoQ +44% thanks to Fee & Platform revenue expansion;  
ROE and ROA improved significantly along with profit expansion

### Operating Profit

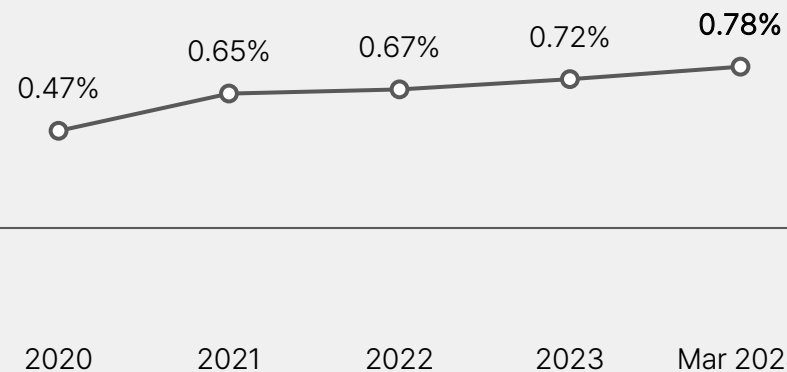
(Wbn)



### ROE<sup>(1)</sup>



### ROA<sup>(1)</sup>

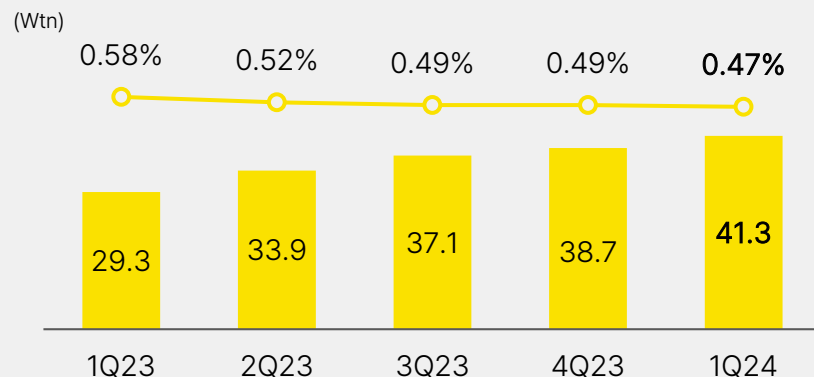


Note: (1) Financial Supervisory Service(FSS) Standard

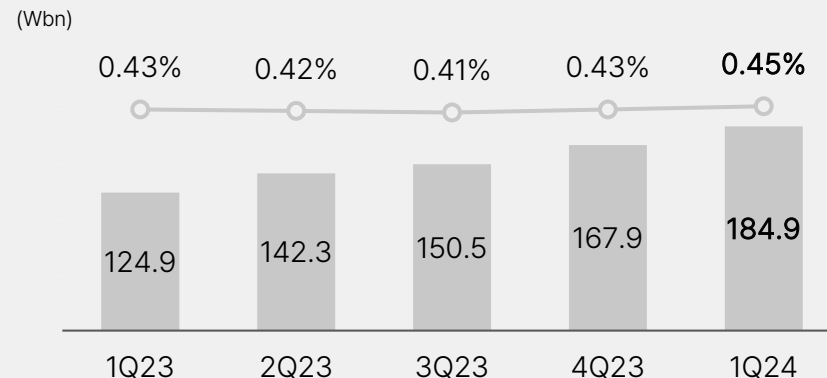
## VIII. Asset Quality

Delinquency rate improved QoQ -2bp thanks to stable risk management and loan growth despite increased mid-credit loan proportion; Credit cost ratio fell QoQ -9bp due to lower level of provisioning and increase in average loan balance

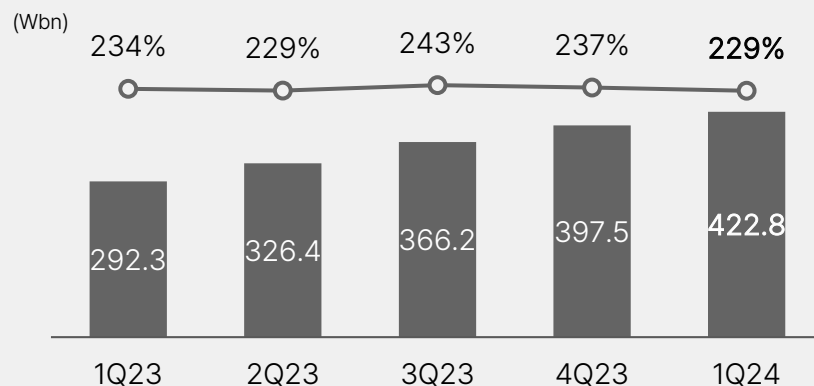
### Total Loans & Delinquency Rate



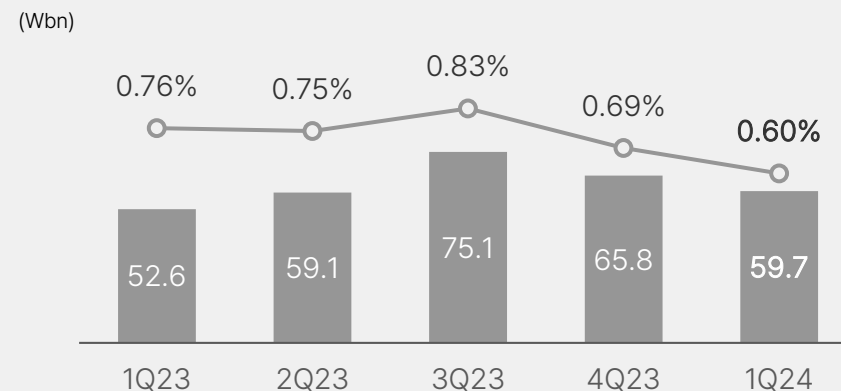
### SBL & NPL Ratio



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



### Provisioning & Credit Cost Ratio<sup>(2)</sup>



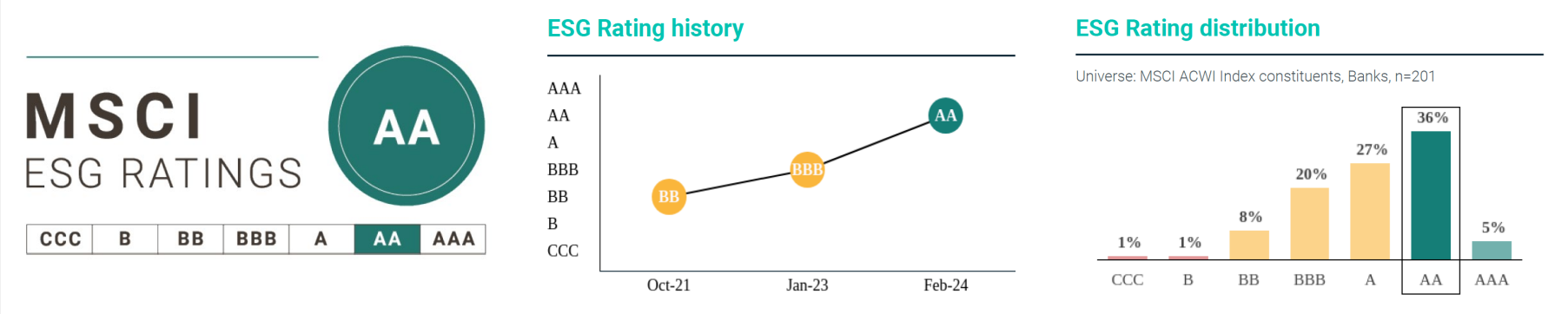
Note: (1) NPL coverage ratio = Loan loss allowance / Substandard or below loans  
 (2) Credit Cost Ratio = Provision for credit losses / Average balance of total outstanding credits

# [Reference] ESG Key Achievements

2023 MSCI<sup>(1)</sup> ESG Rating improved by two notches, reaching AA;  
KakaoBank achieved improved ratings on data security, governance and consumer financial protection

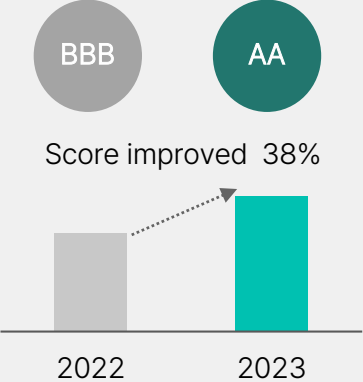
## MSCI ESG Rating

- MSCI ESG rating is a reputable index evaluating over 8,500 listed companies globally
- AA rating is top-tier level, with only 5 AAA-rated domestic companies as of Mar 2024



## Ratings and Scores

(Rating : CCC-AAA)



## Improved Criteria

- Data Security
- Governance
- Consumer Financial Protection

## Key Evaluation

- Data security policy such as privacy data access control & protection and response plan on data breach was rated as industry-best measures
- Key committees were accessed to be fully independent which strengthens management oversight
- Positive evaluations on financial education initiatives to prevent financial fraud for seniors / youngsters and proactive guidance on interest rate reduction demands

Note: (1) MSCI : Morgan Stanley Capital International

## IX. Appendix : Income Statement

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(Wbn)	1Q24	1Q23	YoY		4Q23	QoQ	
<b>Income Statement</b>							
<b>Operating Revenue</b>	<b>717.9</b>	<b>560.5</b>	<b>157.4</b>	<b>28.1%</b>	<b>663.7</b>	<b>54.2</b>	<b>8.2%</b>
Interest Revenue	582.3	451.5	130.8	29.0%	566.1	16.2	2.9%
Fee Revenue	50.2	45.5	4.7	10.3%	47.7	2.5	5.2%
Platform Revenue	21.1	17.7	3.4	19.2%	18.0	3.1	17.2%
Others	64.3	45.8	18.5	40.4%	31.9	32.4	101.6%
<b>Operating Expense</b>	<b>512.0</b>	<b>373.1</b>	<b>138.9</b>	<b>37.2%</b>	<b>496.1</b>	<b>15.9</b>	<b>3.2%</b>
Interest Expense	281.2	189.3	91.9	48.5%	254.9	26.3	10.3%
Loan & Deposit related Expense <sup>(1)</sup>	6.5	3.9	2.6	66.7%	7.8	-1.3	-16.7%
Fee & Platform Expense	45.8	43.7	2.1	4.8%	45.4	0.4	0.9%
CD/ATM Expense	16.7	16.2	0.5	3.1%	16.4	0.3	1.8%
SG&A	113.7	92.8	20.9	22.5%	128.7	-15.0	-11.7%
Others	48.1	27.2	20.9	76.8%	42.9	5.2	12.1%
<b>Provision for Credit Cost</b>	<b>57.5</b>	<b>51.0</b>	<b>6.5</b>	<b>12.7%</b>	<b>64.8</b>	<b>-7.3</b>	<b>-11.3%</b>
<b>Operating Profit</b>	<b>148.4</b>	<b>136.4</b>	<b>12.0</b>	<b>8.8%</b>	<b>102.8</b>	<b>45.6</b>	<b>44.4%</b>
<i>% Operating Revenue</i>	20.7%	24.3%		-3.6%p	15.5%		5.2%p
Non-operating Income	1.5	0.1	1.4	1,400.0%	0.6	0.9	150.0%
Non-operating Expense	2.0	1.3	0.7	53.8%	4.4	-2.4	-54.5%
Pre-tax Profit	147.9	135.2	12.7	9.4%	99.0	48.9	49.4%
<b>Net Profit</b>	<b>111.2</b>	<b>101.9</b>	<b>9.3</b>	<b>9.1%</b>	<b>75.7</b>	<b>35.5</b>	<b>46.9%</b>
<i>% Operating Revenue</i>	15.5%	18.2%		-2.7%p	11.4%		4.1%p

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

## IX. Appendix : SG&A

kakaobank

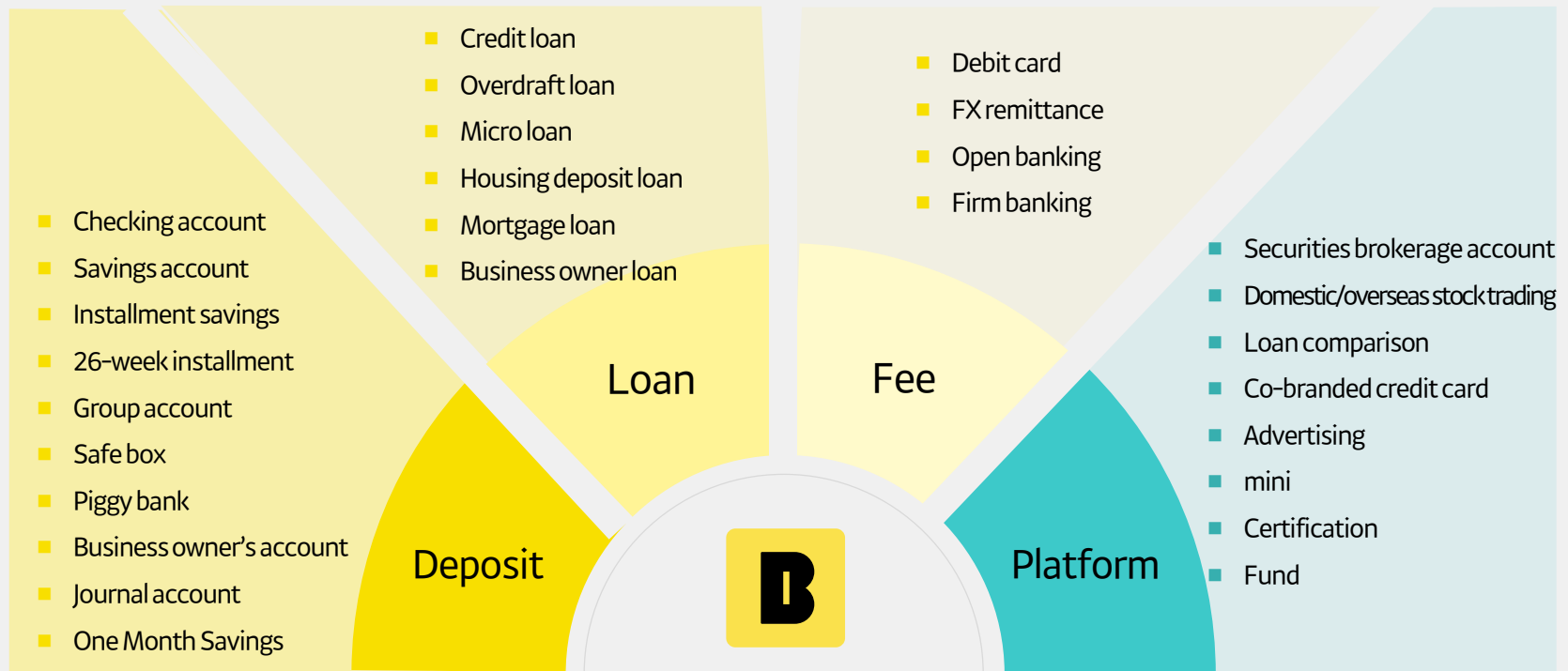
(Wbn)	1Q24	1Q23	YoY		4Q23	QoQ	
<b>SG&amp;A</b>	<b>113.7</b>	<b>92.8</b>	<b>20.9</b>	<b>22.5%</b>	<b>128.7</b>	<b>-15.0</b>	<b>-11.7%</b>
Labor Cost	63.4	52.1	11.3	21.7%	69.2	-5.8	-8.4%
D&A	13.0	10.8	2.2	20.4%	12.4	0.6	4.8%
IT Expense	10.8	9.4	1.4	14.9%	11.4	-0.6	-5.3%
Rent	2.6	2.2	0.4	18.2%	2.6	-0.0	-0.0%
Advertisement	3.4	4.0	-0.6	-15.0%	8.3	-4.9	-59.0%
Others	20.5	14.3	6.2	43.4%	24.8	-4.3	-17.3%

## IX. Appendix : Balance Sheet

(Wbn)	Mar 2024	Dec 2023	YTD	Mar 2023	YoY
<b>Balance Sheet</b>					
<b>Total Asset</b>	<b>60,397.4</b>	<b>54,488.2</b>	<b>10.8%</b>	<b>46,846.3</b>	<b>28.9%</b>
Cash & Cash Equivalent	2,682.6	2,733.2	-1.9%	4,405.8	-39.1%
Financial assets at FV through profit or loss	4,348.3	2,554.9	70.2%	3,458.3	25.7%
Financial Investments	9,814.1	9,174.3	7.0%	8,622.0	13.8%
Loan	42,108.1	38,649.0	9.0%	29,338.0	43.5%
Tangible Assets	178.4	180.8	-1.3%	165.7	7.7%
Intangible Assets	33.4	34.2	-2.3%	28.7	16.4%
Other Assets	1,232.6	1,161.8	6.1%	827.8	48.9%
<b>Total Liabilities</b>	<b>54,245.9</b>	<b>48,370.5</b>	<b>12.1%</b>	<b>41,020.1</b>	<b>32.2%</b>
Deposit	52,954.1	47,142.8	12.3%	40,230.6	31.6%
Provision Liability	53.2	56.1	-5.2%	38.9	36.8%
Other Liabilities	1,238.5	1,171.6	5.7%	750.6	65.0%
<b>Total Equity</b>	<b>6,151.5</b>	<b>6,117.7</b>	<b>0.6%</b>	<b>5,826.2</b>	<b>5.6%</b>
Share Capital	2,384.6	2,384.4	0.0%	2,383.8	0.0%
Capital Surplus	2,987.6	2,987.5	0.0%	2,986.8	0.0%
Capital Adjustments	1.7	0.9	88.9%	10.2	-83.3%
AOCI	-16.7	-9.7	72.2%	-56.2	-70.3%
Retained Earnings	794.3	754.6	5.3%	501.6	58.4%

## IX. 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