

KakaoBank

2Q 2024 Earnings Release

August 2024

kakaobank

Contents

- I. 1H24 Highlights
- II. Customer Base
- III. Operating Revenue
- IV. Banking Biz
- V. Fee & Platform Biz
- VI. SG&A and CIR
- VII. Operating Profit and ROE, ROA
- VIII. Asset Quality
- IX. Appendix

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.

The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

I. 1H24 Highlights

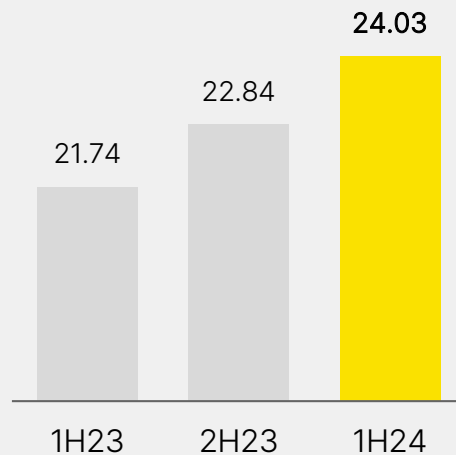
Reached highest operating income; thanks to steady customer base expansion and stable risk management

Continuous Customer
Expansion

+1.19mn
(YTD)

Customer base

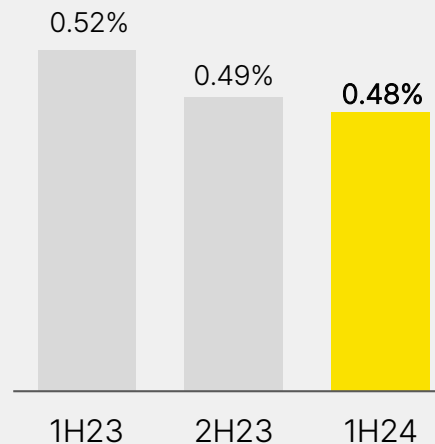
(mn users)



Sound
Asset Quality

-4bp
(YoY)

Delinquency

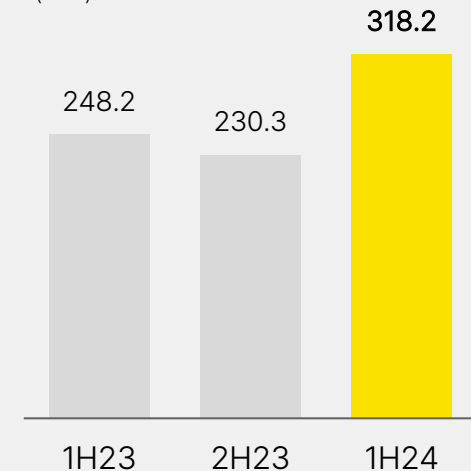


High Growth in
Operating Profit

+28%
(YoY)

Operating Profit

(Wbn)



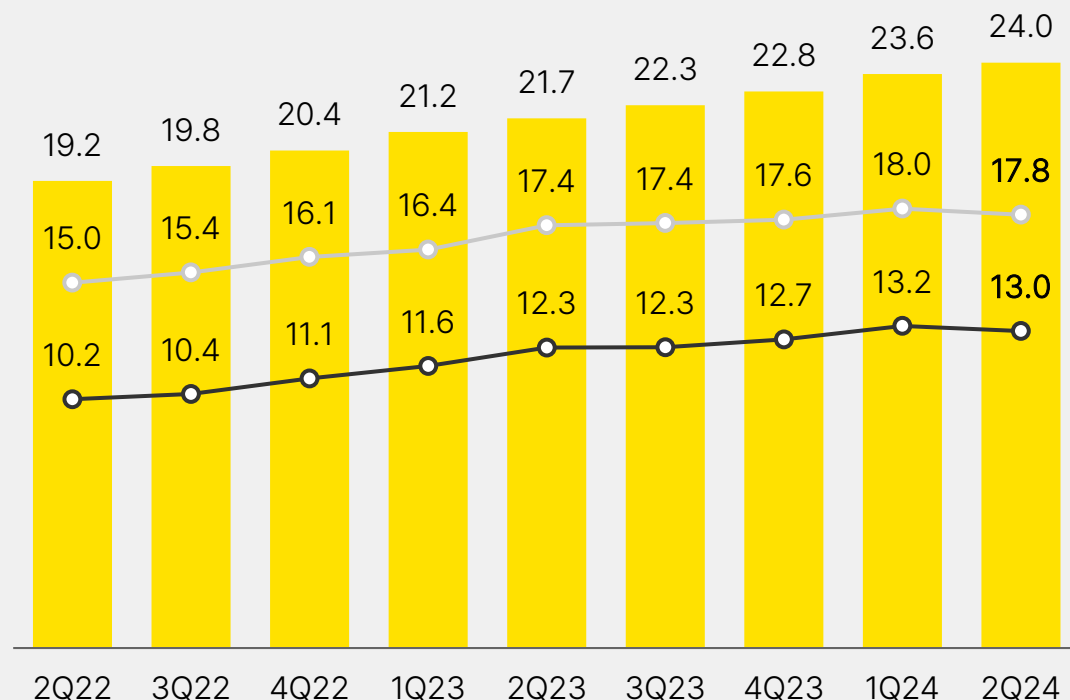
II. Customer Base

Customer base grew YoY +10.5% to 24.03mn(YTD +1.19mn) thanks to increased penetration across all age groups

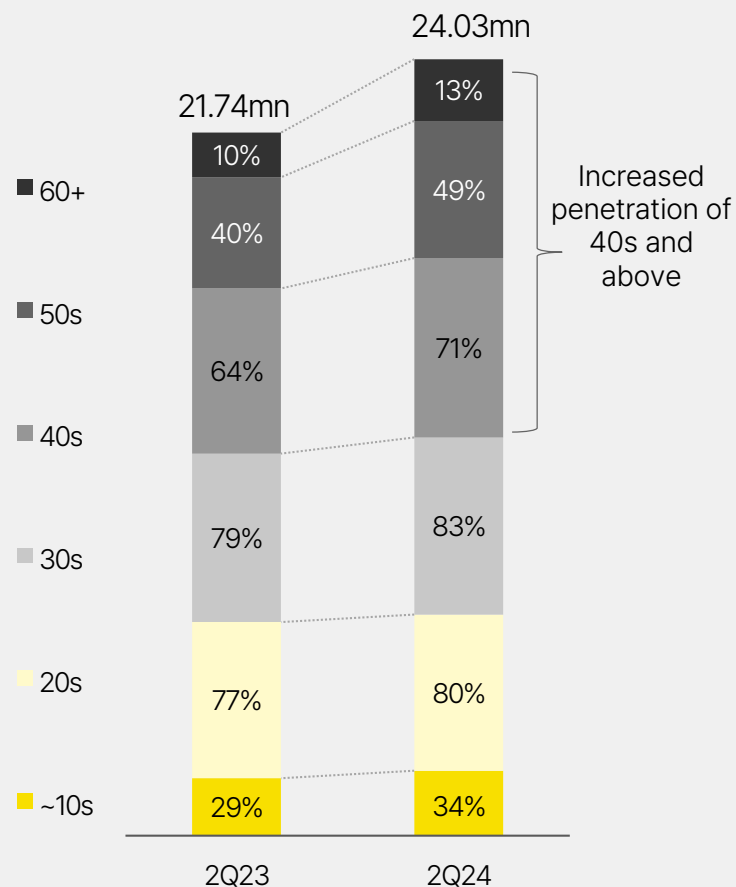
MAU, WAU⁽¹⁾ and Customer

(mn users)

Customers —●— WAU —○— MAU



Penetration by Age Group⁽²⁾



Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarterly average MAU

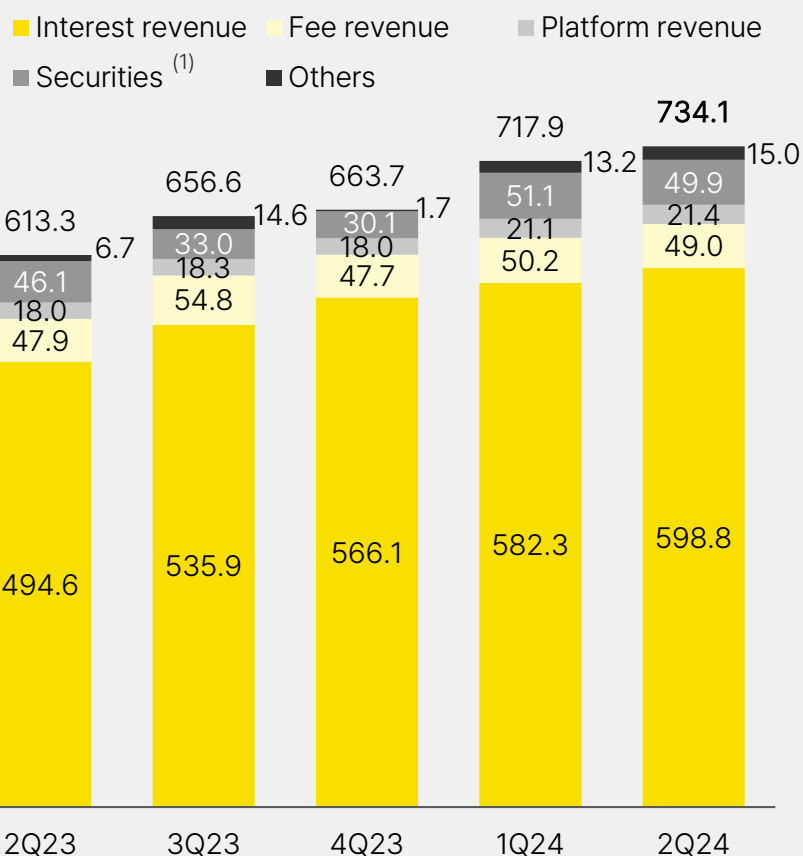
(2) Ministry of the Interior and Safety population by age group, ~10s population is based on 7~19 year old

III. Operating Revenue

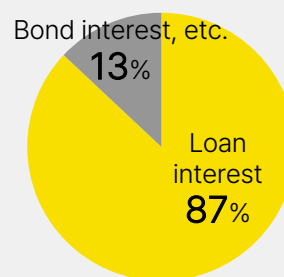
Operating revenue YoY +20%, QoQ +2%, thanks to revenue growth from interest and platform businesses

Operating Revenue

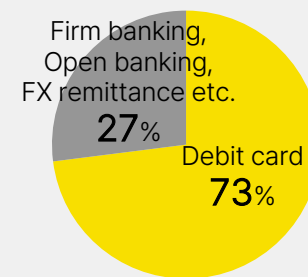
(Wbn)



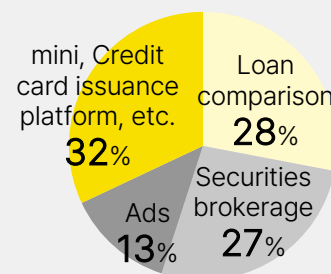
Key Components(1H24)



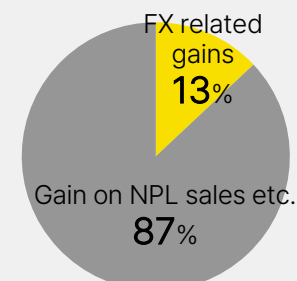
Interest revenue



Fee revenue



Platform revenue



Others

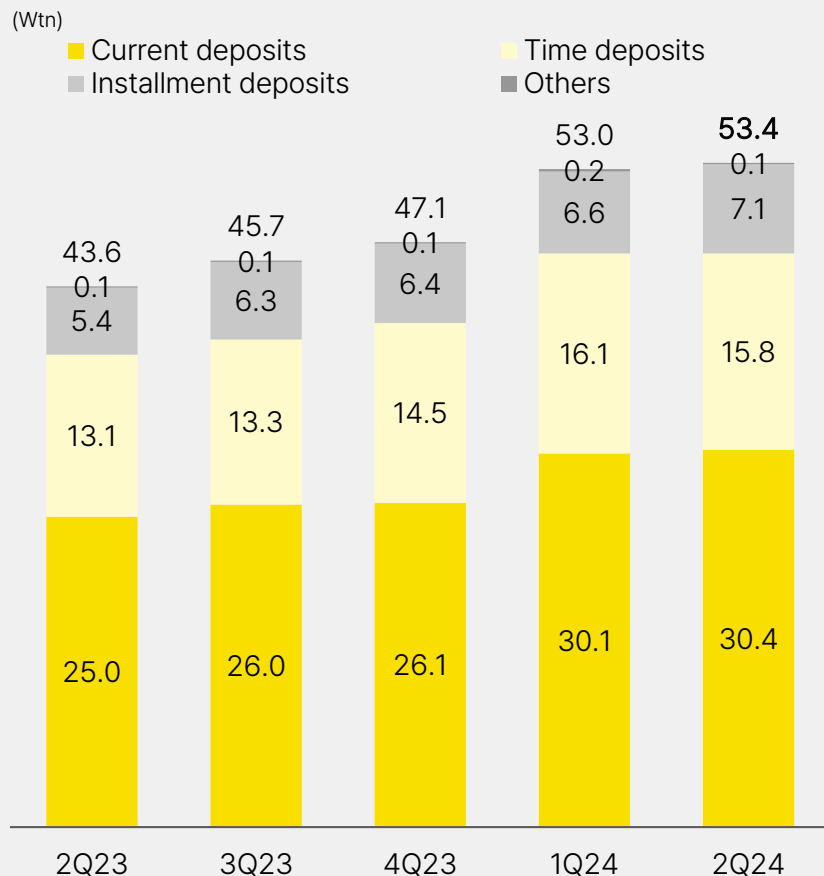
Note: (1) Securities: Revenue from fund(including MMF) and gain on bond sales

IV. Banking Biz : Deposit (1/2)

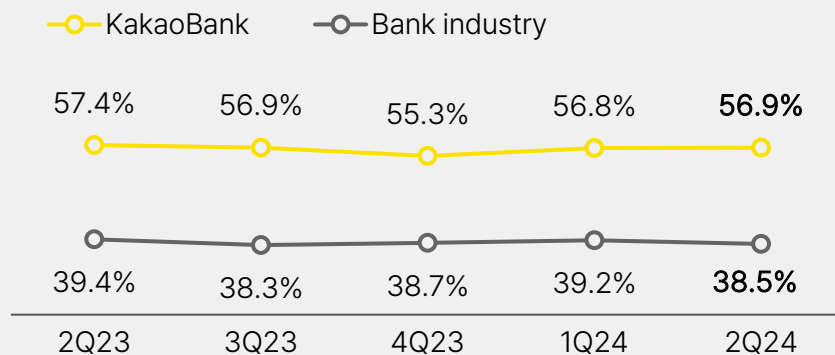
kakaobank

Deposit balance YoY +22%, QoQ +1%; Low-cost deposit portion expanded against peers, demonstrating a competitive funding structure

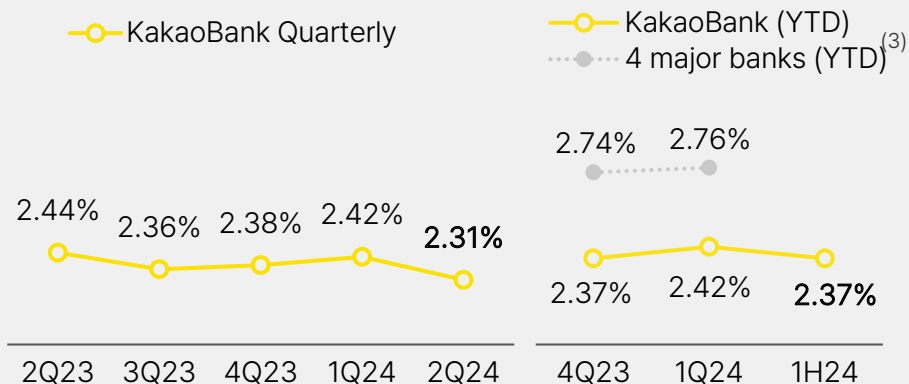
Deposit Balance Trend & Breakdown



Low-Cost Deposit Portion⁽¹⁾



Funding Cost⁽²⁾



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

(2) Average interest rate on deposits

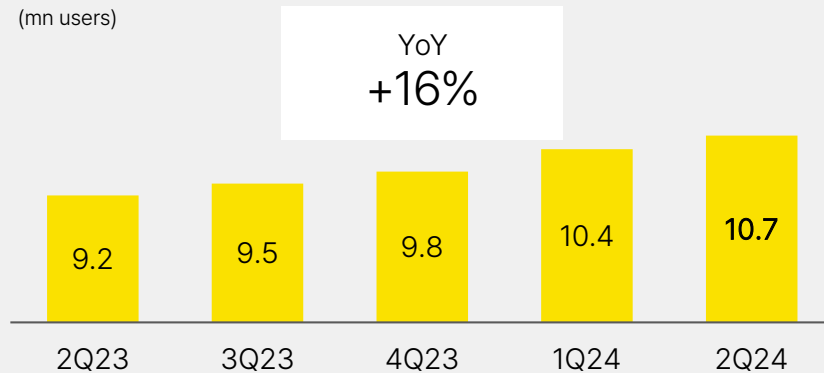
(3) Financial Statistics Information System - Average of 4 Major banks (KB, Shinhan, Hana, Woori)

IV. Banking Biz : Deposit (2/2)

Constant growth of Group Account contributing to low-cost deposits; Dollar Box, launched in June 2024, provides comprehensive FX service from currency exchange to payment and withdrawal

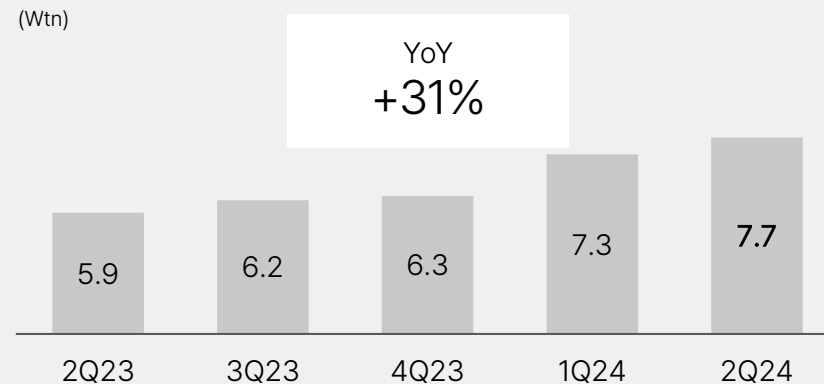
Group Account Users

(mn users)



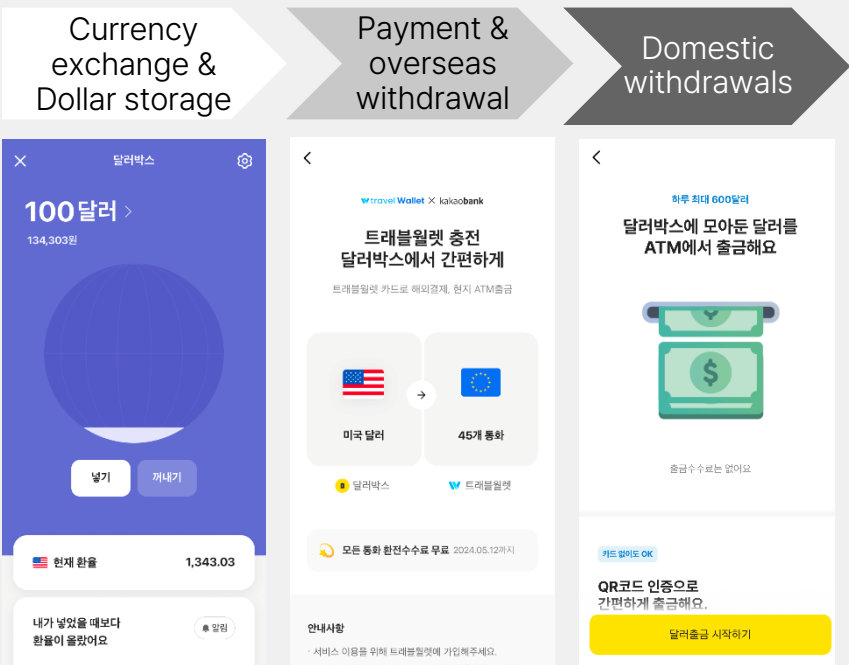
Group Account Balance

(Wtn)



Dollar Box (June 2024)

Convenient FX ecosystem, from currency exchange to withdrawal, through powerful partnership
Exceeded 100k users in just two days of launch



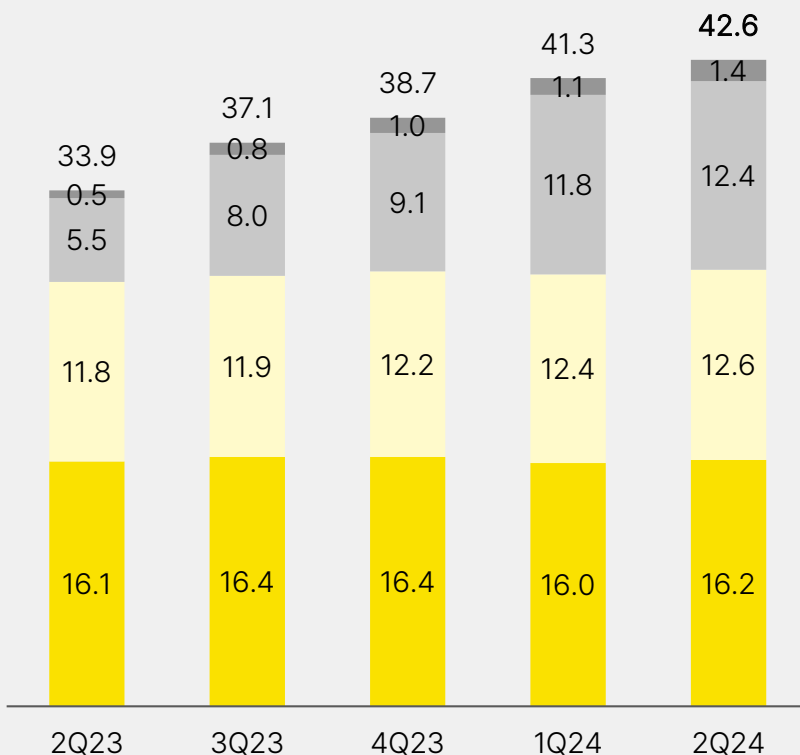
IV. Banking Biz : Loan (1/2)

Loan balance increased YoY +26%, QoQ +3% thanks to growth from all loan products;
Stable NIM as funding cost stabilized

Loan Balance Trend & Breakdown

(Wtn)

■ Credit+Overdraft ■ Housing deposit ■ Mortgage ■ SOHO

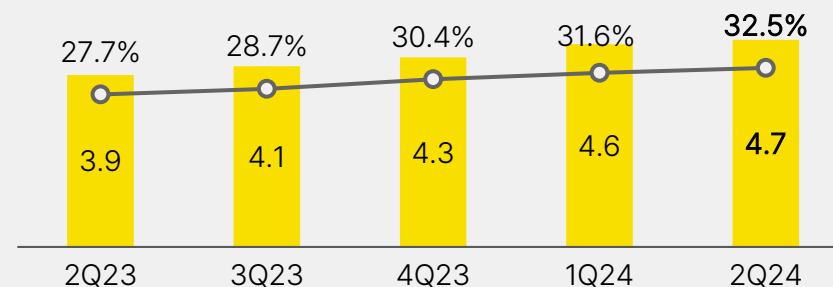


Mid-Credit Loan⁽¹⁾

(Wtn)

■ Balance

—○— % within credit loan



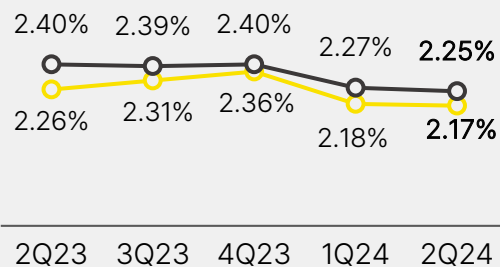
Net Interest Margin (NIM)

○ KakaoBank Quarterly

—○— Adjusted NIM⁽²⁾

○ KakaoBank (YTD)

—○— 4 major banks (YTD)⁽³⁾



Note: (1) 2Q23~4Q23: Based on retail unsecured loan end-balance / 1Q24~2Q24: Based on retail + SOHO unsecured loan average-balance

(2) Adjusted NIM including gain/ loss on MMF

(3) Financial Statistics Information System – Average of 4 Major banks(KB, Shinhan, Hana, Woori)

IV. Banking Biz : Loan (2/2)

First bank to provide 'Integrated interest-subsidized loan inquiry service' for business owners; Subsidized loan coverage to increase to 80% by 2025 through new region expansion

Integrated Subsidized Loan Inquiry Service (April 2024)

김카뱅 사장님을 위한
대출 3개를 찾았어요!
8월 16일까지 신청 가능해요

부산 이자지원 대출

대상금리: 2.55% 대출한도: 5,000만원

이자지원 부산 사장님 직원심사 약 10일 소요 선택순

부산 상생 대출

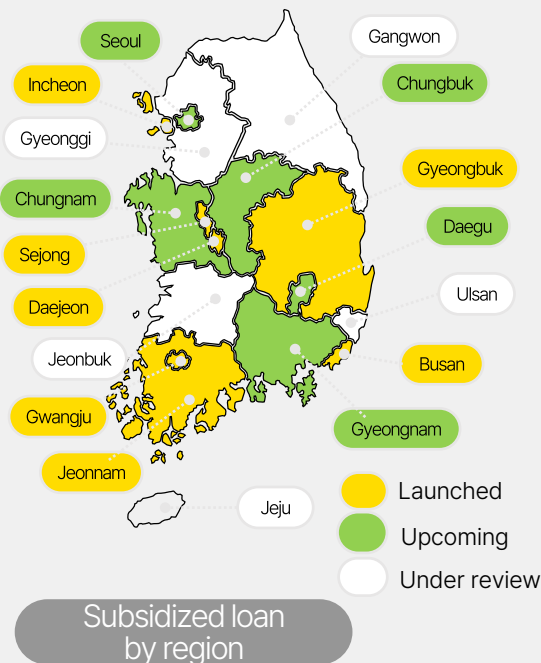
대상금리: 4.93% 대출한도: 1억원

부산 사장님 직원심사 약 10일 소요

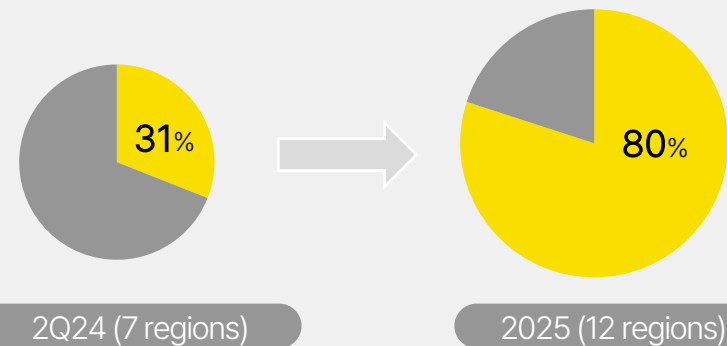
온택트 특례보증 대출

대상금리: 5.23% 대출한도: 3,000만원

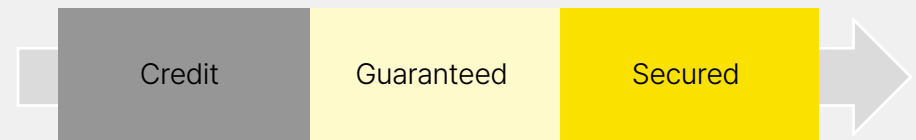
전국 사장님 자동심사 빠른입금



SOHO Subsidized Loan Coverage ⁽¹⁾



SOHO Loan Coverage Expansion



- Simple search to find suitable interest-subsidized loans based on borrowers region/industry/business experience
- Enhanced rate competitiveness and product line-up
- 7 out of total 17 regions launched and additional 5 regions upcoming

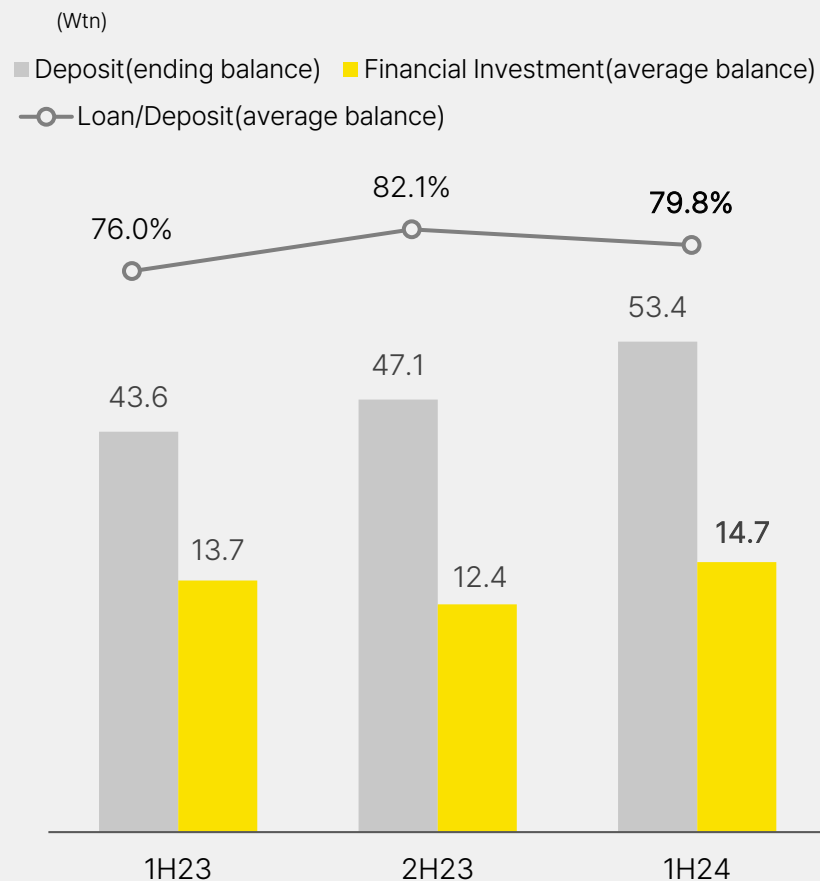
- Expanded coverage by launching interest-subsidized loan within guaranteed loan in 2Q24
- Higher growth potential with region and institution coverage expansion
- Online SOHO secured loan product launch planned in 2025

Note: (1) Based on yearly provision of subsidized loan for KakaoBank entered regions / Total yearly provision of subsidized loan by Korea Federation of Credit Guarantee Foundations (2024 estimated loan size 5.1Wtn)

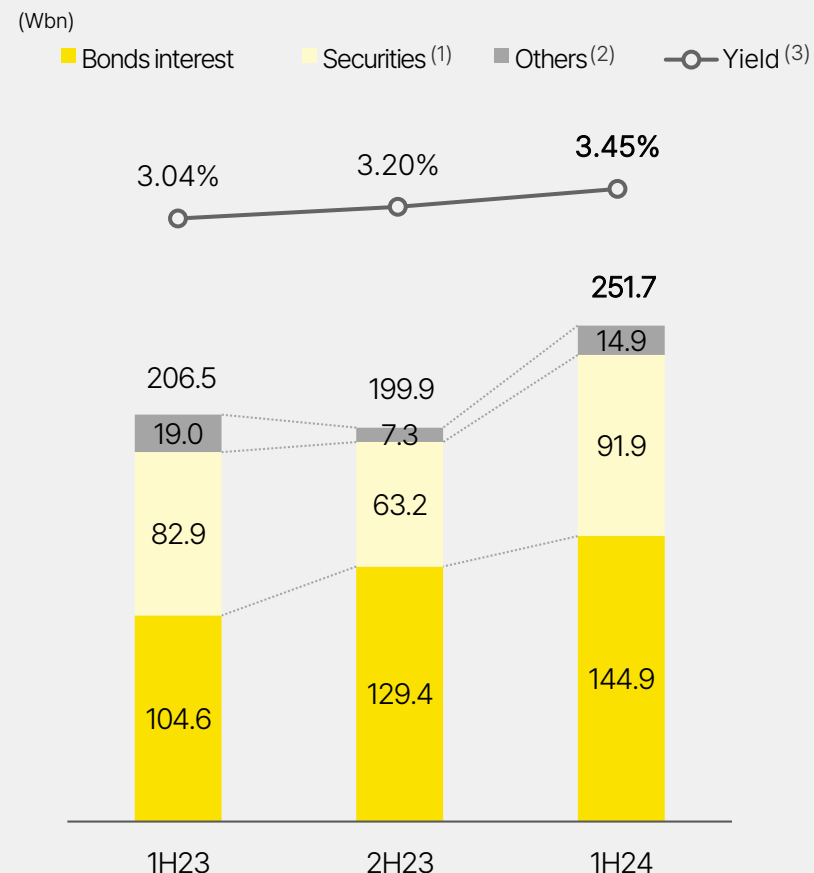
IV. Banking Biz : Treasury Management

1H24 profit on financial investment YoY +22% recording W251.7bn through expanded investment

Financial Investment Trend



Financial Investment Income & Yield



Note: (1) Securities: Fund(including MMF) and gain on bond sales

(2) Others: Call, RP, due from financial institutions, etc.

(3) Annualized yield

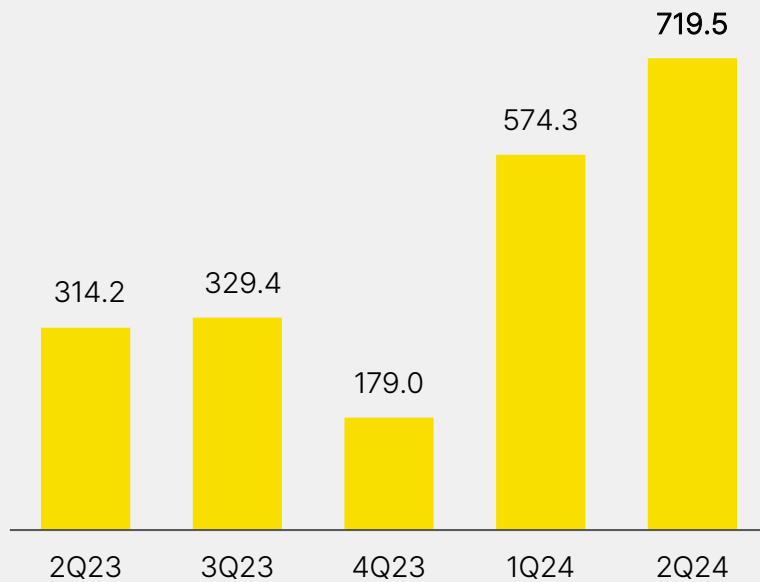
Enhanced loan platform business model through credit loan comparison service launch in Dec 2023

Credit loan comparison execution value increased YoY +129%, QoQ +25%, No. of loans executed YoY +115%, QoQ +17%

Credit Loan Comparison Execution Value

(Wbn)

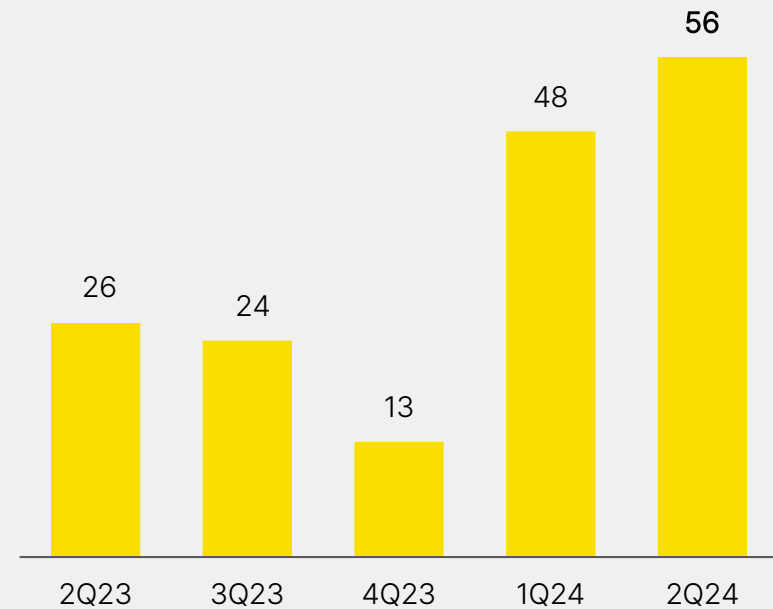
YoY
+129%



Credit Loan Comparison No. of loans executed

(k)

YoY
+115%

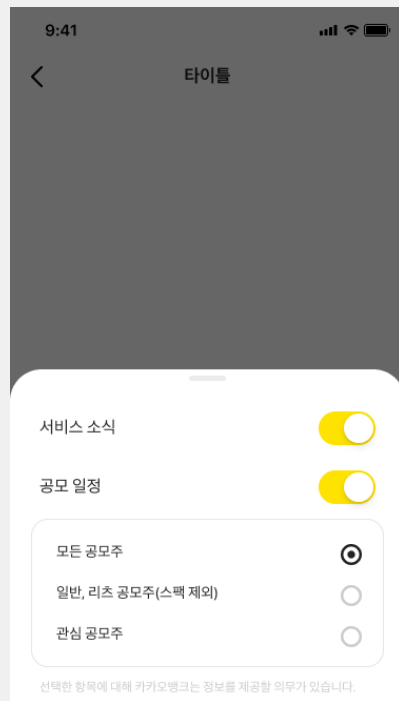


V. Fee & Platform Biz (2/4) – Investment

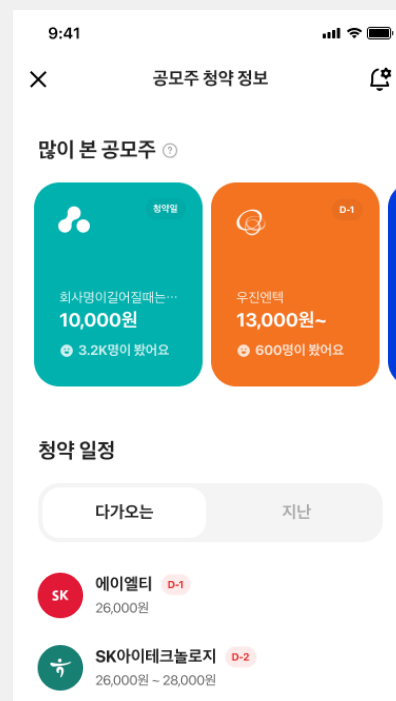
kakaobank

IPO investment service, launched in July, connects all necessary processes for IPO investment including schedule inquiry to account opening, making it easy for beginners

IPO Notification and Schedule Inquiry Service

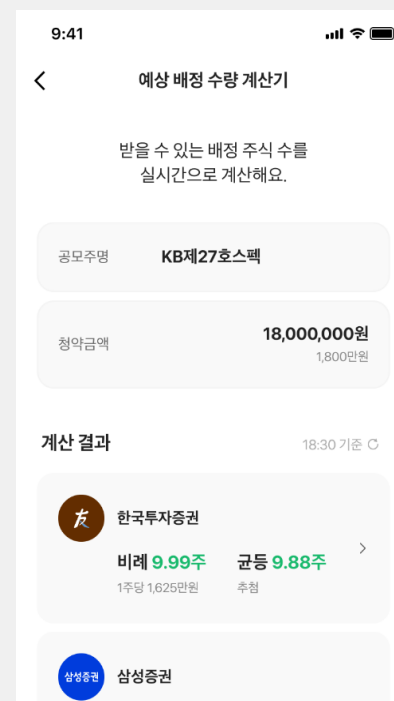


Set alarm to get notification of new IPO information

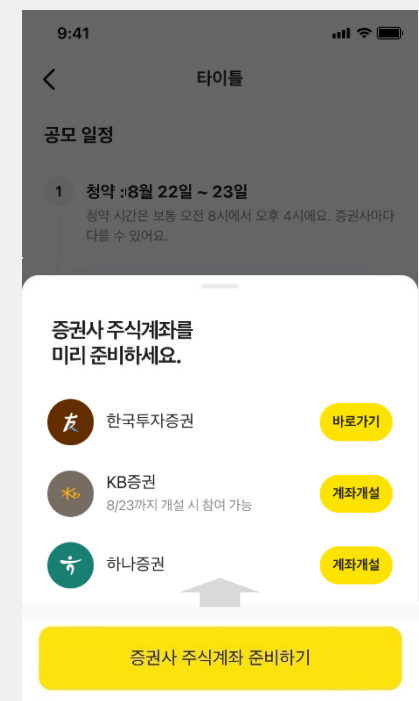


Check IPO schedule and recent IPO trends

Calculating Expected Shares and Easy Subscription



Calculate expected no. of shares based on competition and subscription amount

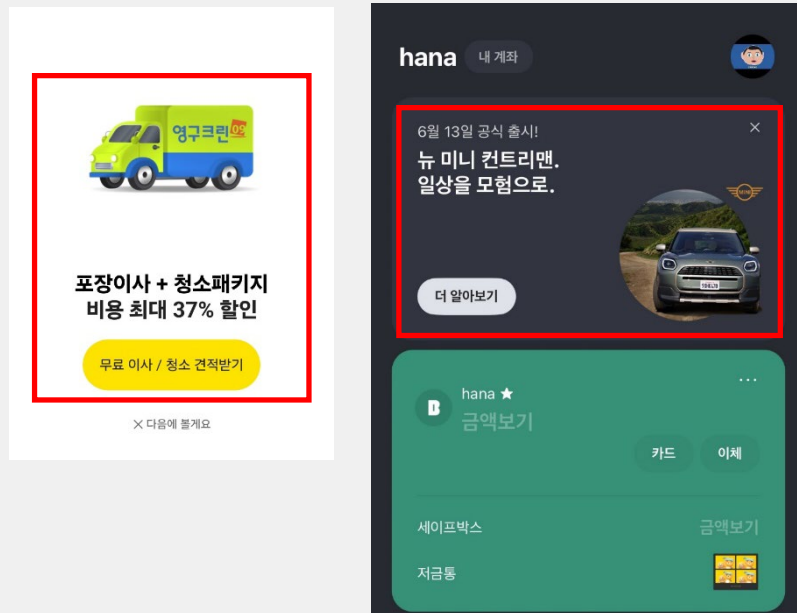


Check existing account or create new account to proceed subscription

Expanded ad business with new ad inventory to maximize efficiency and continuous inflow of new advertisers; 'mini', with an unrivaled user base, strengthened the role as a financial platform for teenagers

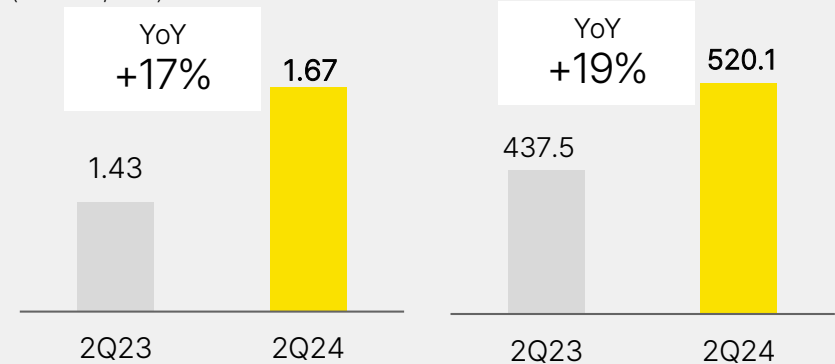
Targeted Ads and Ads Revenue

- Mortgage loan customers → Show housing related ads
- High ad efficiency attracting new advertisers
- Ad business recorded 13% of total platform revenue

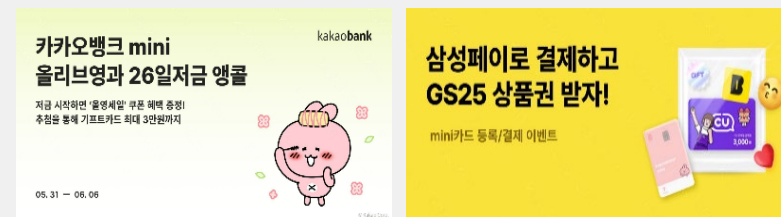


mini Users and mini Card Transaction⁽¹⁾

(mn users, Wbn)



mini 26 days Savings Partnership



- Highest partnership event performance ⁽²⁾
 - 45k new teenage users with 40k users making their first payment
- Launched various teenager targeted products with new partners
 - 1H24 partners : Samsung Electronics, Olive Young, Lotte World

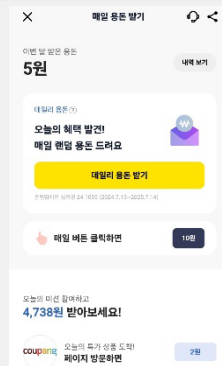
Note: (1) Quarterly aggregated mini card transaction
 (2) Olive young partnership and event period : 31st May 2024 ~ 6th June 2024

v. Fee & Platform Biz (4/4) – Lifestyle Benefits

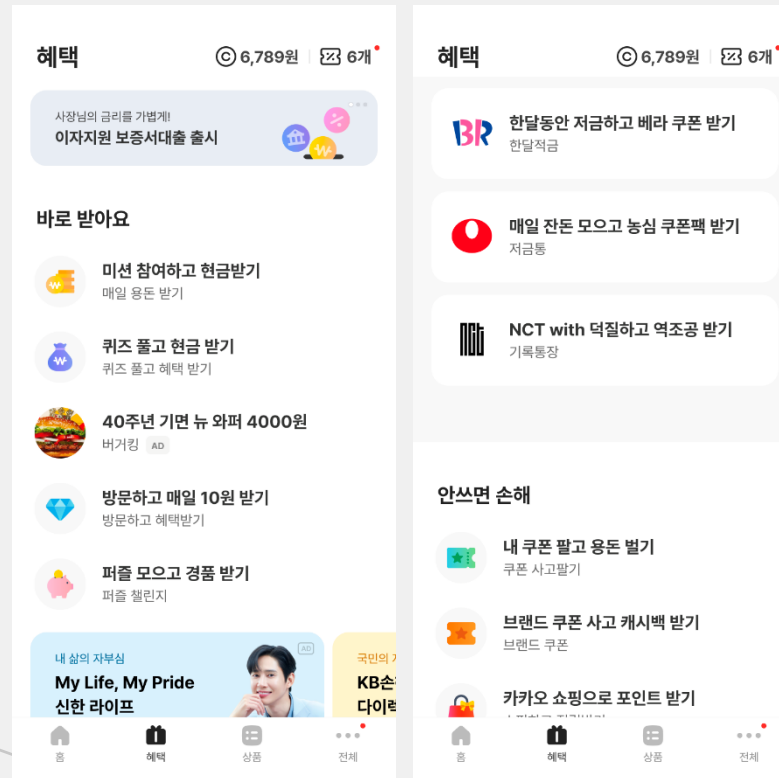
kakaobank

Expanded line-up of benefit based services, including Brand Coupon, Telecom Expense Saving, Rewarded Ads to enhance customer engagement; App home screen renewal in August to allow easy view of all benefit based service

Daily Allowance Service (Aug 2023)



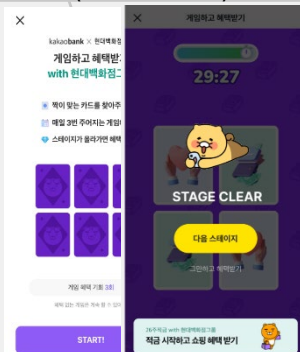
Benefit Tab (Coming Soon)



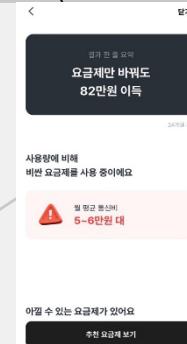
Brand Coupon (June 2024)



Rewarded Ads (June 2024)



Telecom Expense Saving (June 2024)

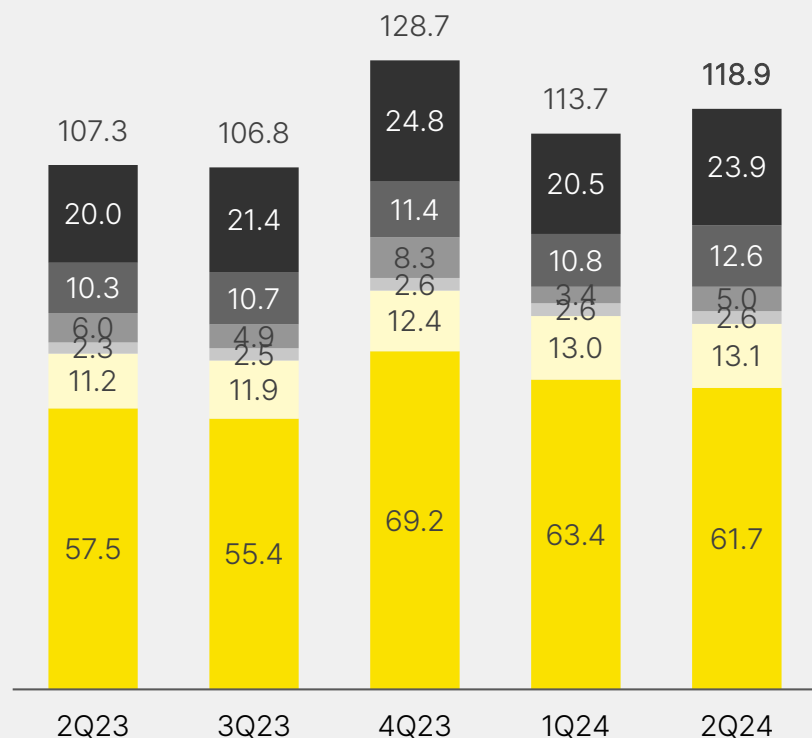
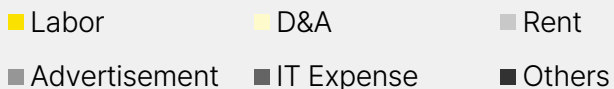


VI. SG&A and CIR

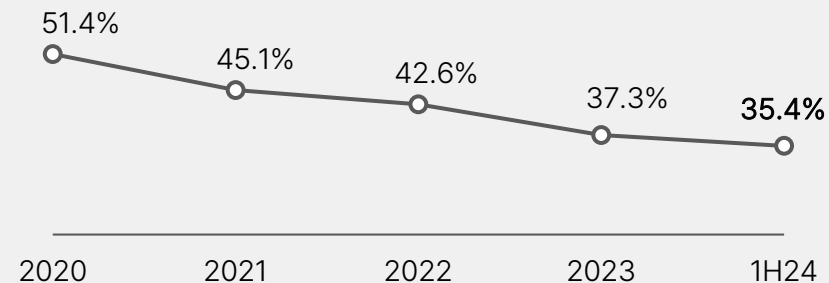
SG&A increased YoY +11% from higher advertisement expense related to new product & service promotion;
CIR improved significantly as profit expanded

SG&A

(Wbn)

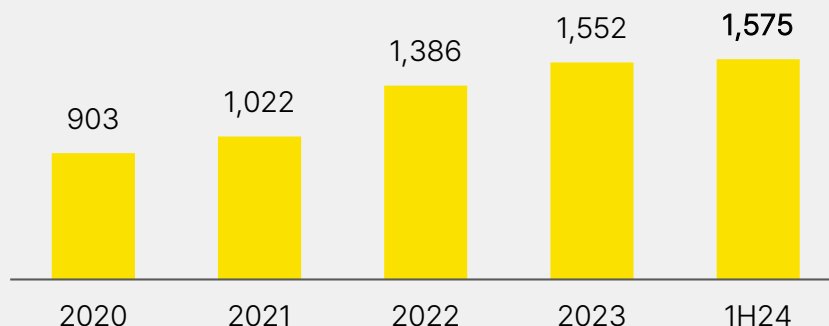


CIR(Cost to Income Ratio)⁽¹⁾



Number of Employees

(persons)



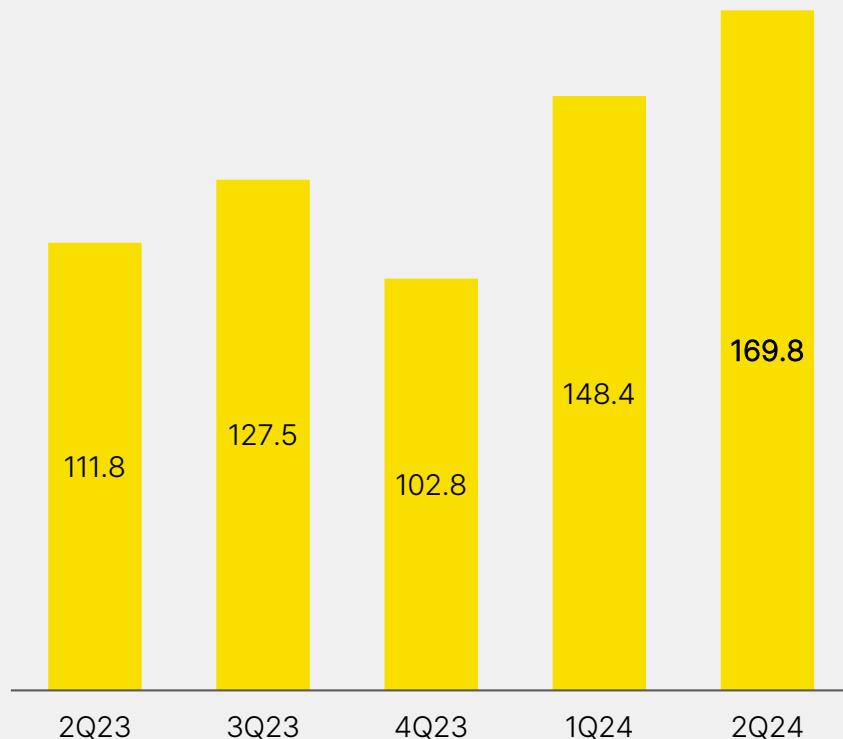
Note: (1) Yearly cumulative bases

VII. Operating profit and ROE, ROA

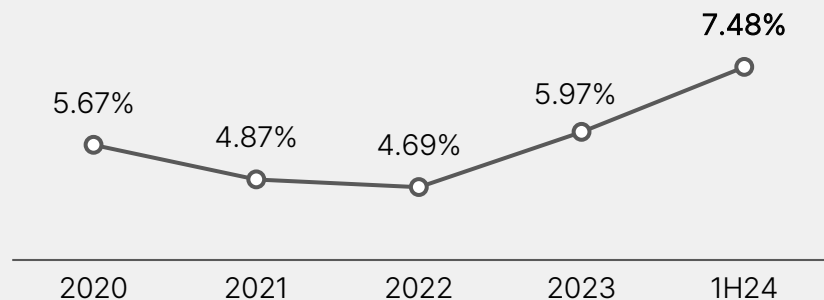
Operating profit increased YoY +52%, QoQ +14% thanks to interest revenue expansion;
ROE and ROA continues to improve along with profit expansion

Operating Profit

(Wbn)



ROE⁽¹⁾



ROA⁽¹⁾

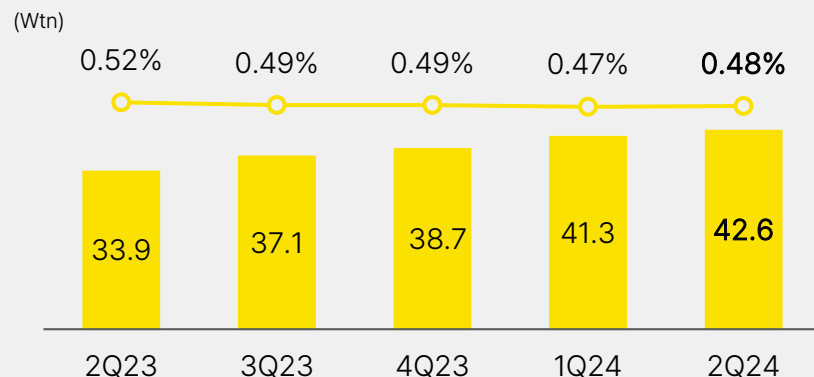


Note: (1) Financial Supervisory Service(FSS) Standard

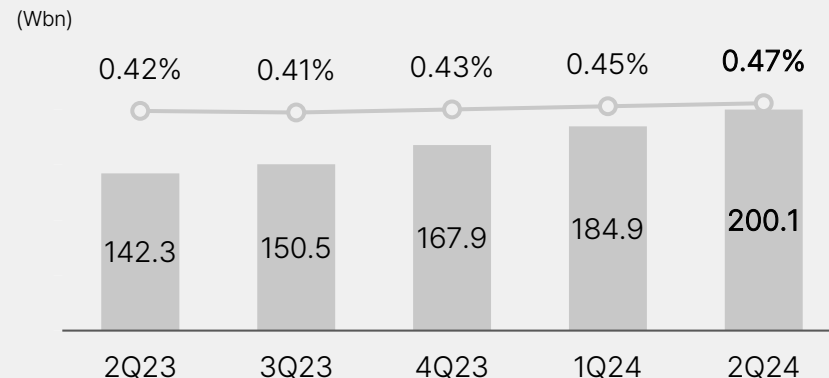
VIII. Asset Quality

Delinquency rate increased QoQ +1bp at 0.48% thanks to stable risk management;
Credit cost down QoQ -7bp at 0.53% owing to stable portfolio expansion

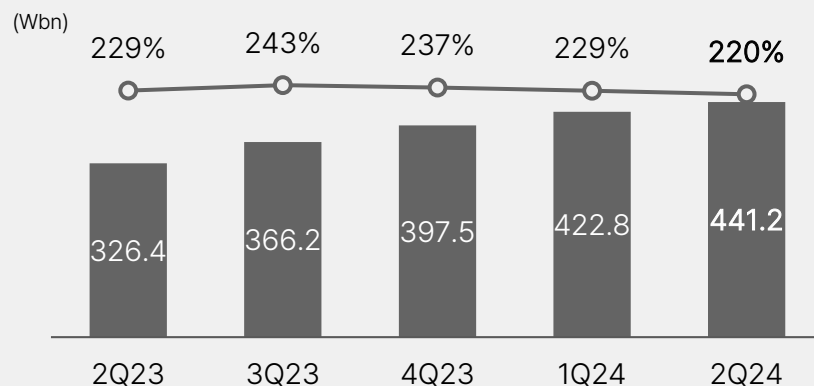
Total Loans & Delinquency Rate



SBL & NPL Ratio



Loan Loss Allowance & Coverage Ratio⁽¹⁾



Provisioning & Credit Cost Ratio⁽²⁾

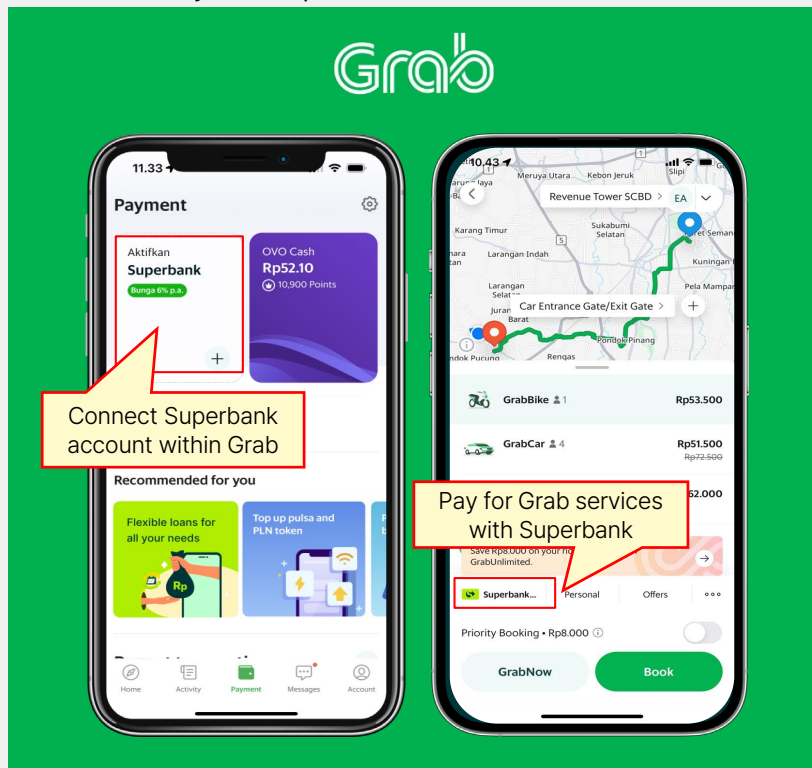


Note: (1) NPL coverage ratio = Loan loss allowance / Substandard or below loans
(2) Credit Cost Ratio = Provision for credit losses / Average balance of total outstanding credits

Indonesia Superbank achieved 800k customers in one month since June launch; Seeking growth based on differentiated product & service and Grab ecosystem allowing account opening and payment via Grab app

Grab Ecosystem Integration

Connecting Superbank account for Grab app payment;
Direct Payment for Grab services such as Grab taxi,
Grab delivery via Superbank



Superbank Product & Service

Differentiated product line-up including 'Celengan' a product adopting KakaoBank's piggy bank concept that automatically saves spare change



Primary Account

Superbank default account



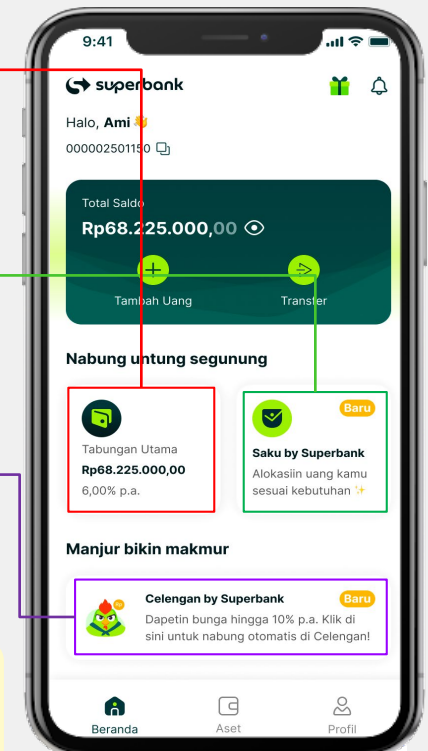
Pocket Account

Up to 8 pocket accounts that can be created and categorized for different purposes



Celengan (Piggy bank)

AI piggy bank saving small daily spare change automatically



Collaborating with KakaoBank to bring innovative product & service offering

IX. Appendix : Income Statement

kakaobank

(Wbn)	2Q24	2Q23	YoY		1Q24	QoQ	
Income Statement							
Operating Revenue	734.1	613.3	120.8	19.7%	717.9	16.2	2.3%
Interest Revenue	598.8	494.6	104.2	21.1%	582.3	16.5	2.8%
Fee Revenue	49.0	47.9	1.1	2.3%	50.2	-1.2	-2.4%
Platform Revenue	21.4	18.0	3.4	18.9%	21.1	0.3	1.4%
Others	64.9	52.8	12.1	22.9%	64.3	0.6	0.9%
Operating Expense	508.8	442.9	65.9	14.9%	512.0	-3.2	-0.6%
Interest Expense	284.1	240.4	43.7	18.2%	281.2	2.9	1.0%
Loan & Deposit related Expense ⁽¹⁾	8.4	6.7	1.7	25.4%	6.5	1.9	29.2%
Fee & Platform Expense	45.2	44.8	0.4	0.9%	45.8	-0.6	-1.3%
CD/ATM Expense	16.3	16.2	0.1	0.6%	16.7	-0.4	-2.4%
SG&A	118.9	107.3	11.6	10.8%	113.7	5.2	4.6%
Others	35.9	27.5	8.4	30.5%	48.1	-12.2	-25.4%
Provision for Credit Cost	55.5	58.6	-3.1	-5.3%	57.5	-2.0	-3.5%
Operating Profit	169.8	111.8	58.0	51.9%	148.4	21.4	14.4%
<i>% Operating Revenue</i>	23.1%	18.2%		4.9%p	20.7%		2.4%p
Non-operating Income	1.6	0.2	1.4	700.0%	1.5	0.1	6.7%
Non-operating Expense	11.3	3.7	7.6	205.4%	2.0	9.3	465.0%
Pre-tax Profit	160.1	108.3	51.8	47.8%	147.9	12.2	8.2%
Net Profit	120.2	82.0	38.2	46.6%	111.2	9.0	8.1%
<i>% Operating Revenue</i>	16.4%	13.4		3.0%p	15.5%		0.9%p

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

IX. Appendix : SG&A

kakaobank

(Wbn)	2Q24	2Q23	YoY		1Q24	QoQ	
SG&A	118.9	107.3	11.6	10.8%	113.7	5.2	4.6%
Labor Cost	61.7	57.5	4.2	7.3%	63.4	-1.7	-2.7%
D&A	13.1	11.2	1.9	17.0%	13.0	0.1	0.8%
IT Expense	12.6	10.3	2.3	22.3%	10.8	1.8	16.7%
Rent	2.6	2.3	0.3	13.0%	2.6	0.0	0.0%
Advertisement	5.0	6.0	-1.0	-16.7%	3.4	1.6	47.1%
Others	23.9	20.0	3.9	19.5%	20.5	3.4	16.6%

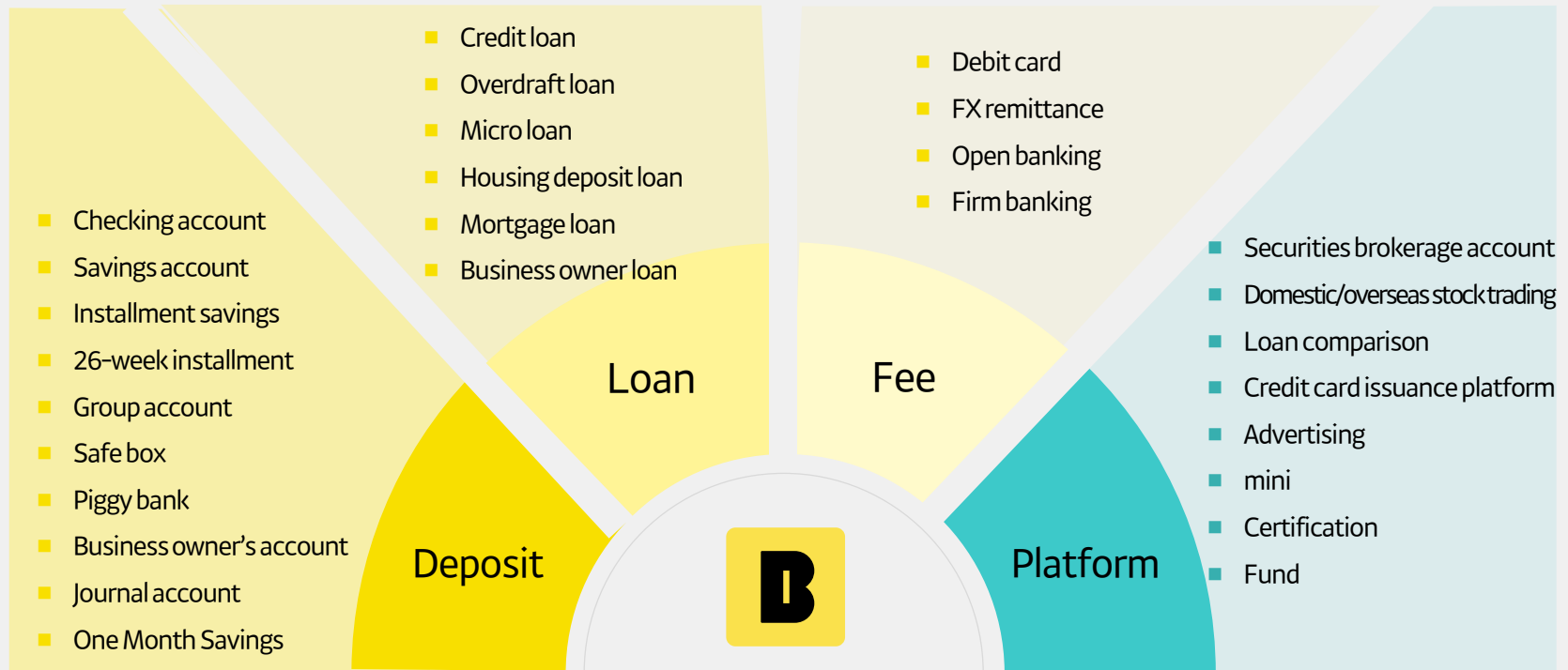
IX. Appendix : Balance Sheet

kakaobank

(Wbn)	2024.06	2023.12	YTD	2023.06	YoY
Balance Sheet					
Total Asset	61,030.4	54,488.2	12.0%	50,527.0	20.8%
Cash & Cash Equivalent	2,598.3	2,733.2	-4.9%	2,651.9	-2.0%
Financial assets at FV through profit or loss	3,907.2	2,554.9	52.9%	3,746.3	4.3%
Financial Investments	10,680.6	9,174.3	16.4%	8,697.7	22.8%
Loan	42,748.4	38,649.0	10.6%	34,431.1	24.2%
Tangible Assets	177.4	180.8	-1.9%	166.6	6.5%
Intangible Assets	36.1	34.2	5.6%	33.3	8.4%
Other Assets	882.4	1,161.8	-24.0%	800.1	10.3%
Total Liabilities	54,741.0	48,370.5	13.2%	44,648.9	22.6%
Deposit	53,444.6	47,142.8	13.4%	43,611.1	22.5%
Provision Liability	54.5	56.1	-2.9%	41.0	32.9%
Other Liabilities	1,241.9	1,171.6	6.0%	996.8	24.6%
Total Equity	6,289.4	6,117.7	2.8%	5,878.1	7.0%
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	0.6	0.9	-33.3%	-1.5	NA
AOCI	2.0	-9.7	NA	-74.5	NA
Retained Earnings	914.6	754.6	21.2%	583.5	56.7%

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