

KakaoBank

3Q 2024 Earnings Release

November 2024

kakaobank

- I. 3Q24 Highlights
- II. Customer Base
- III. Operating Revenue
- IV. Banking Biz
- V. Fee & Platform Biz
- VI. SG&A and CIR
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Disclaimer

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I. 3Q24 Highlights

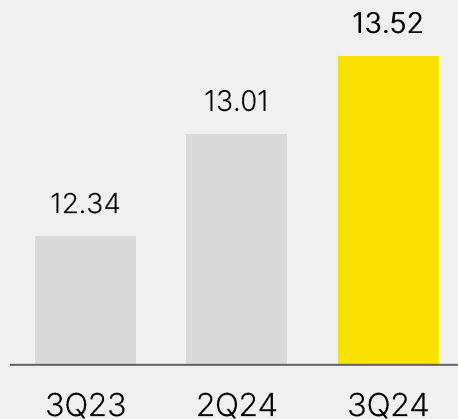
Record-high operating profit driven by high traffic and growth in Fee & Platform businesses owing to stronger user engagement

Continuous Expansion
in Active User

+1.18mn
(YoY)

WAU (Weekly Active User)

(mn users)

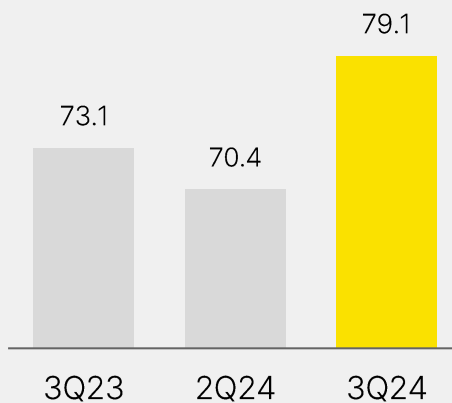


Fee & Platform
Revenue Expansion

+8%
(YoY)

Fee & Platform Revenue

(Wbn)

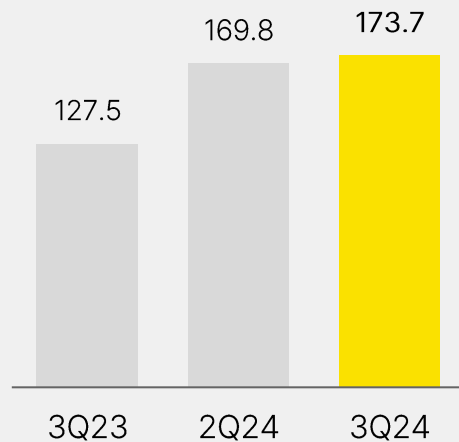


Significant growth in
Operating Profit

+36%
(YoY)

Operating Income

(Wbn)



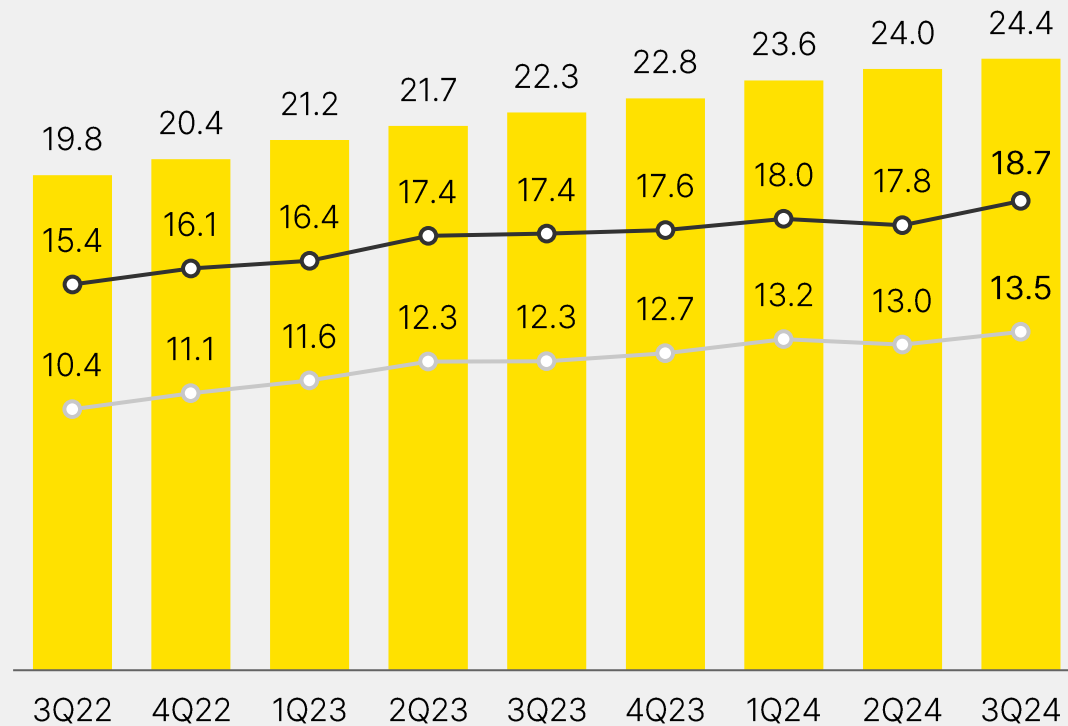
II. Customer Base

Customer base reached 24.43mn(YTD +1.59mn); MAU, WAU reached record-high at 18.74mn and 13.52mn thanks to stronger customer engagement owing to home screen renewal in Aug 2024

MAU, WAU⁽¹⁾ and Customer

(mn users)

Customer MAU WAU



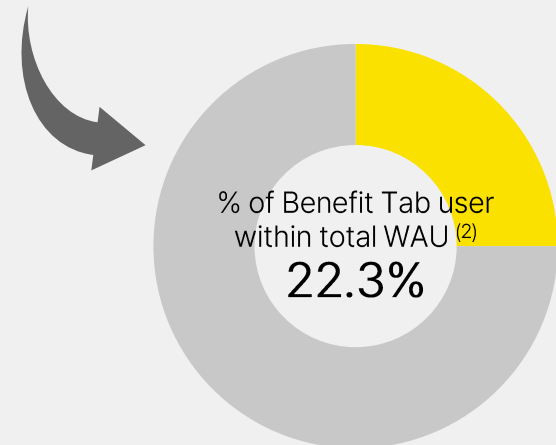
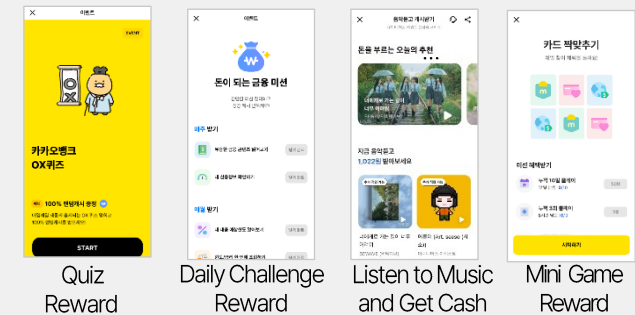
Source: Nielsen Media Korea Digital Data, Company data

Note: (1) Quarterly average MAU, Quarterly average WAU

(2) Average WAU of the Benefit Tab out of total WAU (3rd week of Aug ~ 5th week of Sep)

Benefit Tab

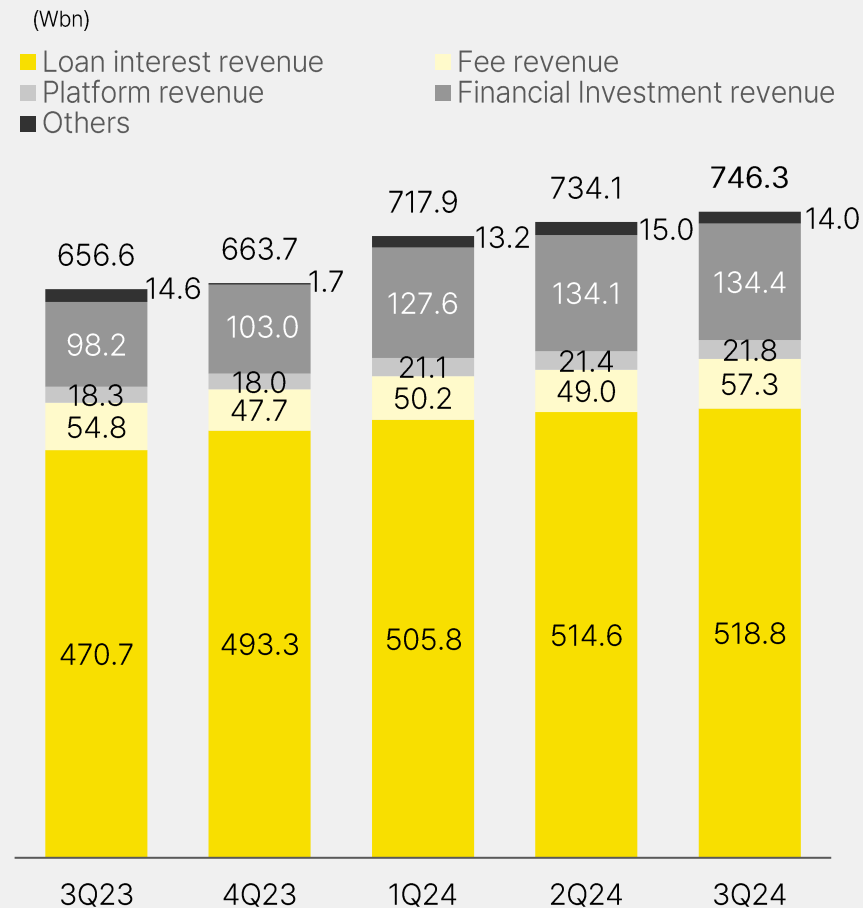
Benefit Tab with various offers launched in Aug 2024
Projected to enhance traffic driven business such as advertisement



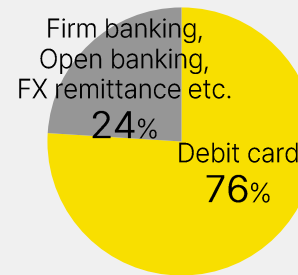
III. Operating Revenue

Operating revenue YoY +14%, QoQ +2%, thanks to Interest and Fee revenue expansion

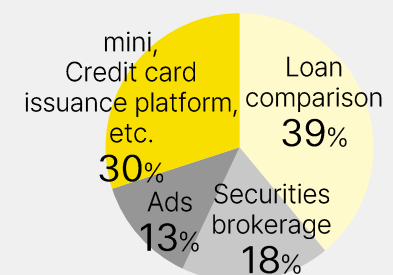
Operating Revenue



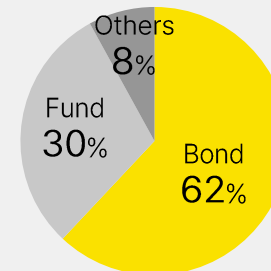
Key Components(3Q24)



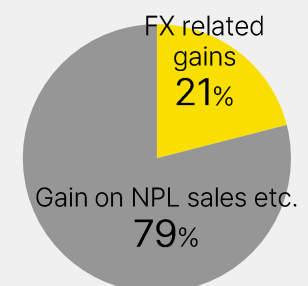
Fee revenue



Platform revenue



Financial Investment revenue⁽¹⁾



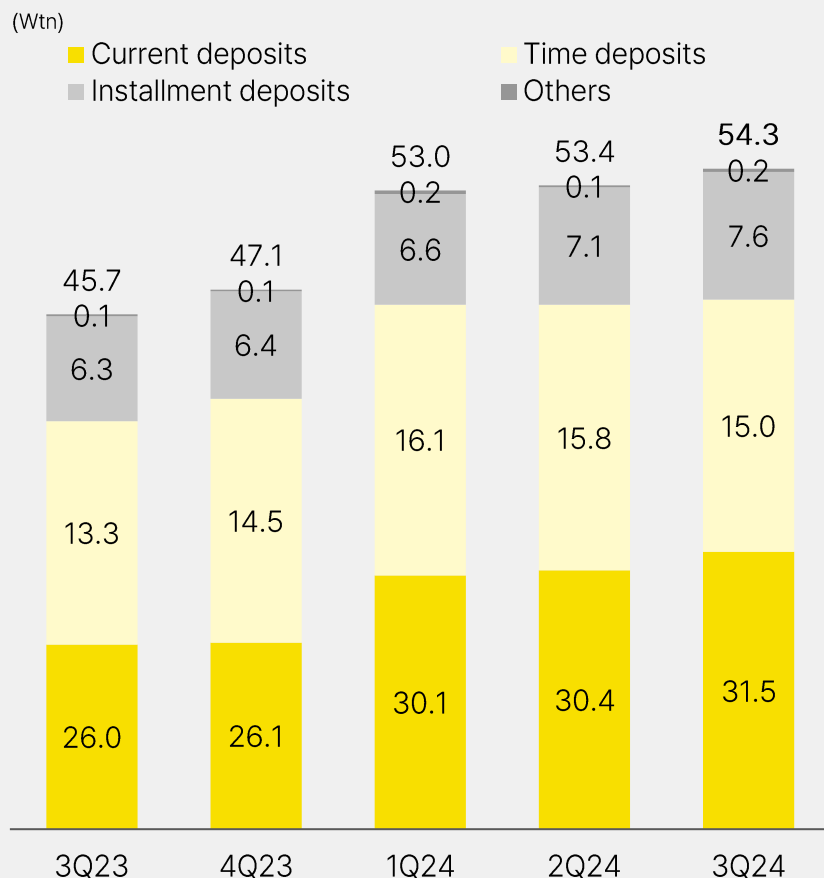
Others

Note: (1) Bond: Bond interest revenue and gain on bond sales / Fund: Revenue from fund(including MMF) / Others: Revenue from Call, RP, due from financial institutions, etc.

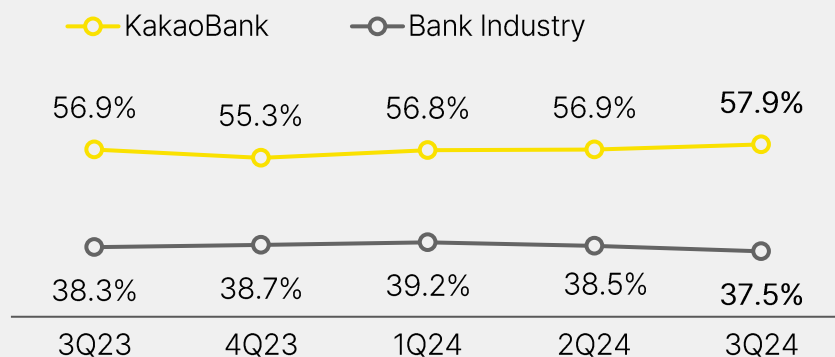
IV. Banking Biz : Deposit (1/2)

Deposit balance YoY +19%, QoQ +2%; Low-cost deposit portion expanded against peers, demonstrating a competitive funding structure

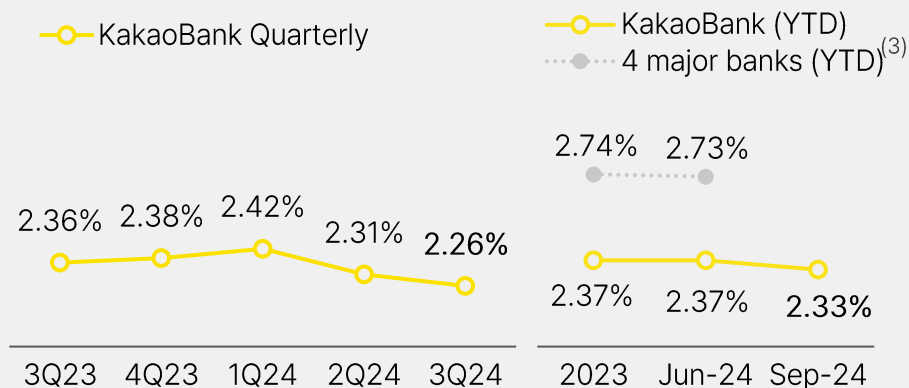
Deposit Balance Trend & Breakdown



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

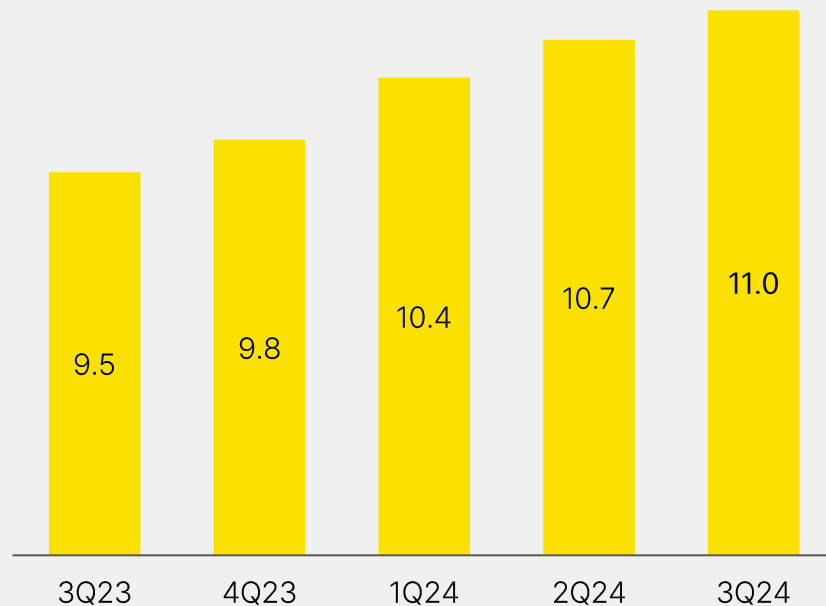
(3) Financial Statistics Information System - Average of 4 Major banks (KB, Shinhan, Hana, Woori)

Constant growth of Group Account user base and deposit balance, contributing to low-cost deposits

Group Account Users

(mn users)

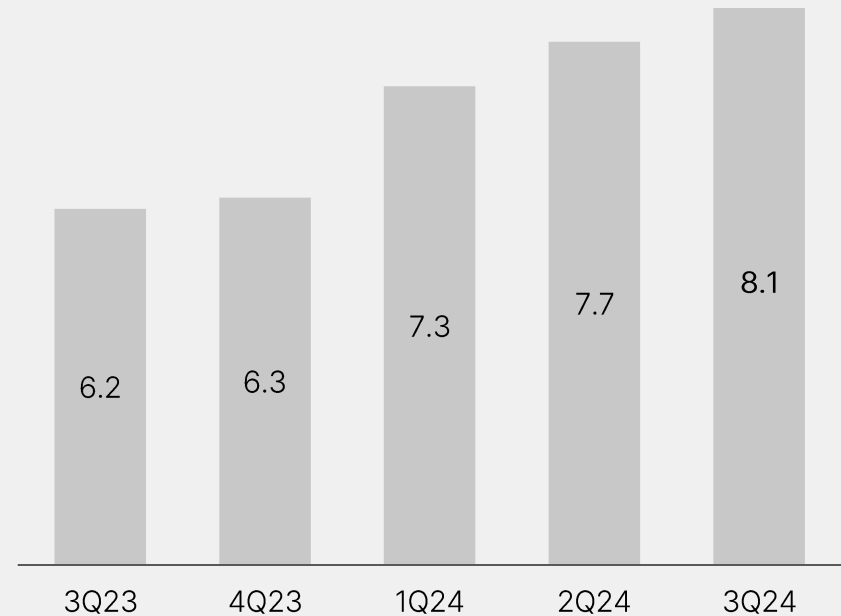
YoY
+16%



Group Account Balance

(Wtn)

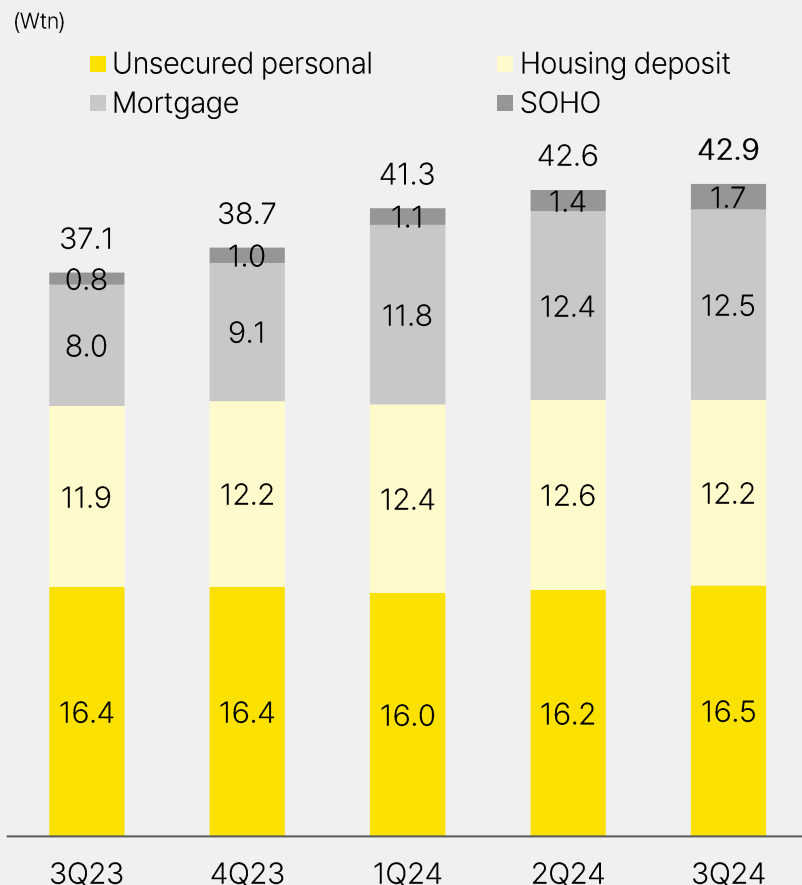
YoY
+31%



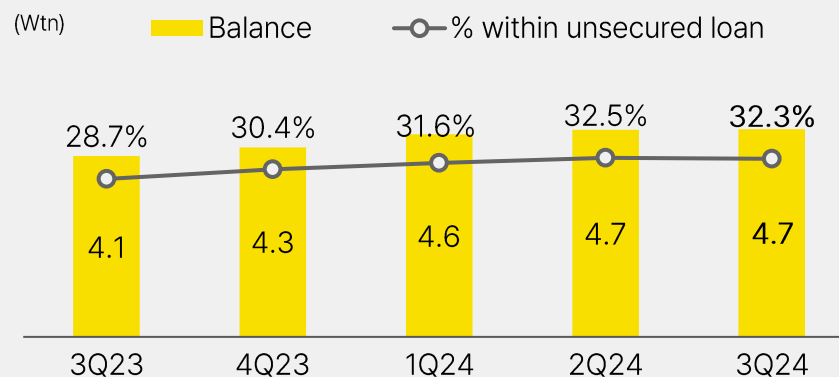
IV. Banking Biz : Loan (1/2)

Loan balance increased YoY +16%, QoQ +1% thanks to growth from SOHO and unsecured personal loans;
Despite stabilized funding cost, NIM slightly decreased QoQ as loan yield declined reflecting market interest rate

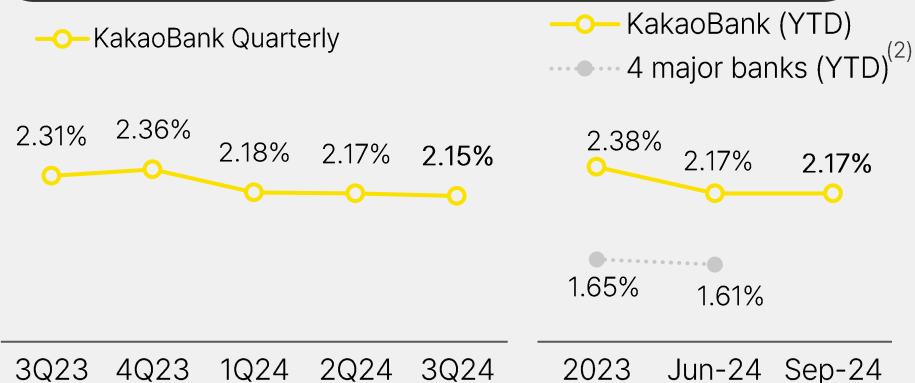
Loan Balance Trend & Breakdown



Mid-Credit Loan⁽¹⁾



Net Interest Margin (NIM)



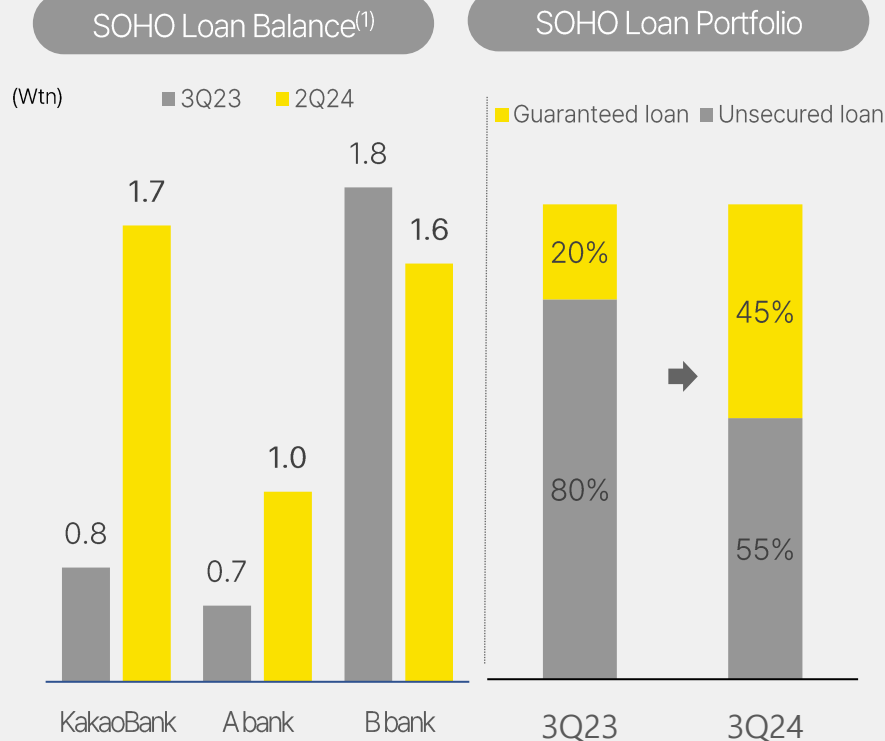
Note: (1) 2Q23~4Q23: Based on retail unsecured loan end-balance / 1Q24~2Q24: Based on retail + SOHO unsecured loan average-balance (in accordance with standard change in Dec 2023)

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

IV. Banking Biz : Loan (2/2)

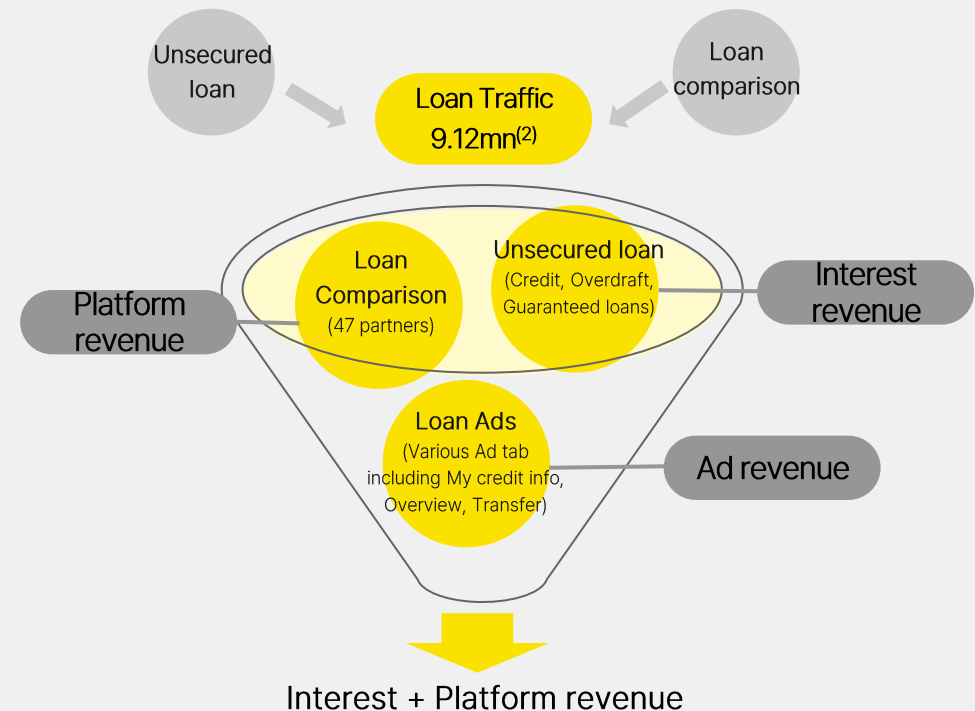
KakaoBank achieved the highest SOHO loan balance amongst digital banks in Korea;
Expand various revenue model, such as interest and platform revenue, based on overwhelming loan traffic

Stable growth of SOHO loan portfolio



- First bank to provide 'integrated interest-subsidized loan inquiry service for business owners
- Enhanced portfolio stability thanks to growth in guaranteed loans

Enhanced revenue model based on loan traffic



- Convert 1.01mn monthly loan traffic into interest/ platform revenue
- Expand 'Loan comparison' partnership → broaden customer choices → Strengthen Monetization

Note: (1) SOHO loan balance of 3 Internet-only banks based on Financial Statistics Information System. KakaoBank figures are based on 3Q24

(2) KakaoBank loan traffic based on Jan ~ Sep 2024

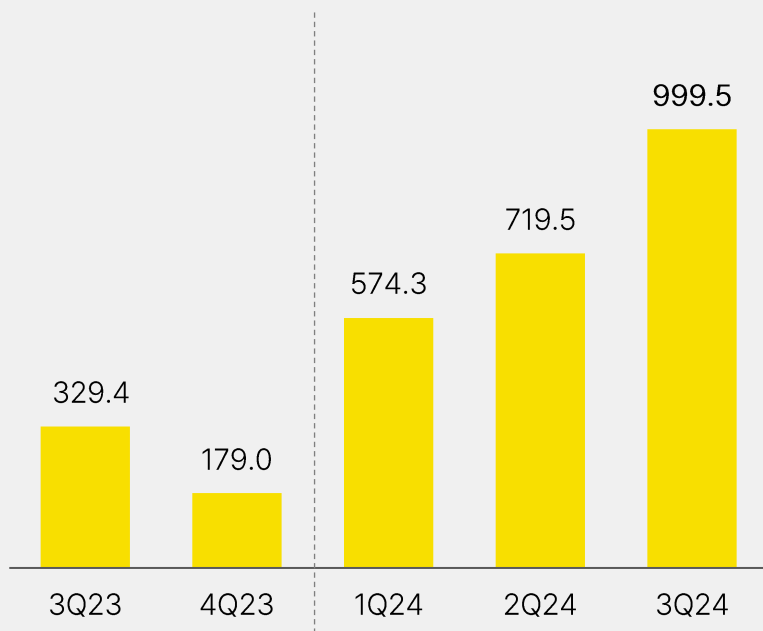
V. Fee & Platform Biz (1/3) – Loan Platform

Significant expansion in loan comparison performance with stronger service competitiveness including partner expansion;
Loan comparison execution value YoY +203%, QoQ +39%, No. of loans executed YoY +233%, QoQ +43%

Loan Comparison Execution Value⁽¹⁾

(Wbn)

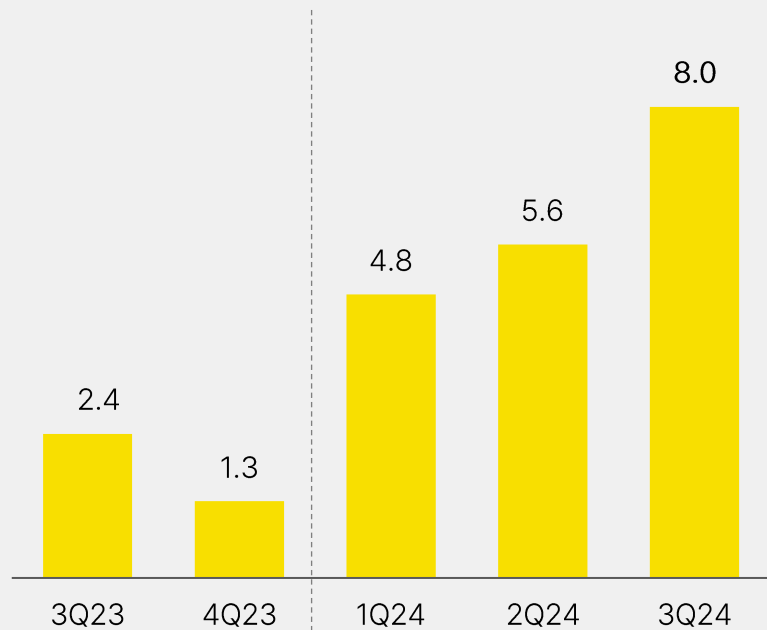
YoY
+203%



Loan Comparison No. of loans executed

(10k)

YoY
+233%



Note: (1) Credit loan comparison service opened in Dec 2023 (Previously loan referral service)

V. Fee & Platform Biz (2/3) – Investment

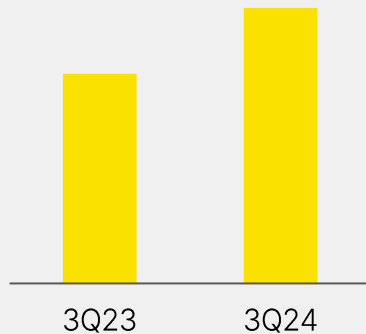
Established line up of stock investment(account opening, stock trading, IPO investment etc.) and financial product service (bond, issued notes, funds etc.); Evolving into an investment platform by connecting various partners and products

Stock Investment Service

Domestic & Overseas stock WTS Trading volume

(Daily average volume; period average)

YoY
+32%

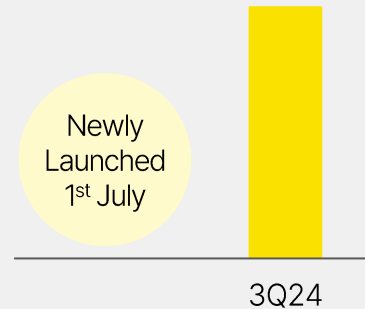


IPO service users

(No. of visitors)

QoQ
+530k

Newly
Launched
1st July



Investment Platform

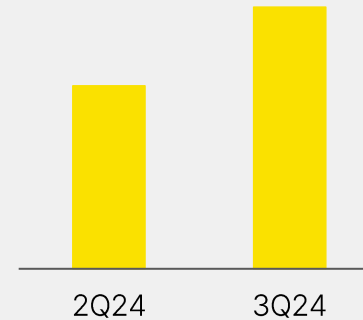
Enable access to broad range of services via KakaoBank app, including account opening, domestic & overseas stock trading, IPO investment

Financial Product Service

Financial Product Investment

(Issued notes & Bonds; Quarterly end)

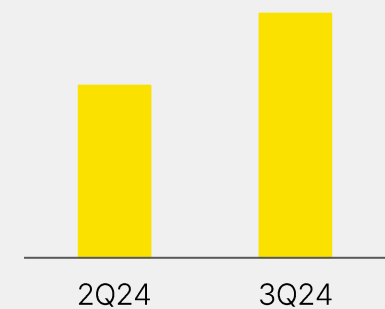
QoQ
+43%



Fund Balance

(Balance; Quarter end)

QoQ
+42%

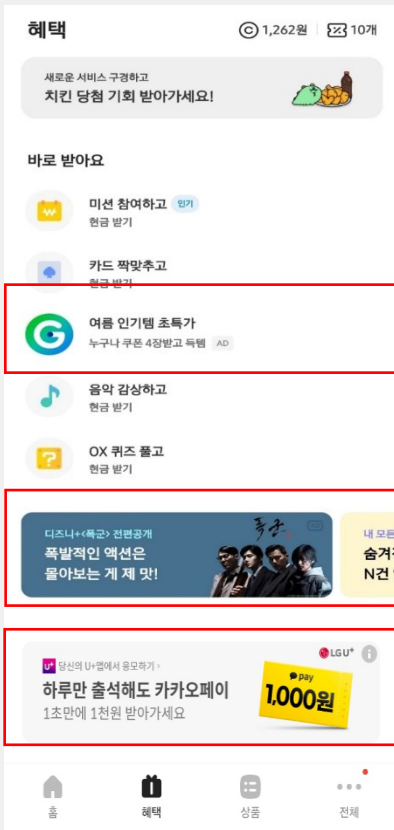


Financial Product Service

Expansion of product and partner coverage to enable investment in various financial products through KakaoBank app

Introduce new ad spaces to connect advertisers various needs and maximize ad effectiveness;
Increase unit price through diversified billing methods, ultimately resulting in ad revenue growth

Diversified ad products ('Benefit tab')



Native banner⁽¹⁾

- Similar to 'Benefit tab' service, maximize effectiveness of advertisements

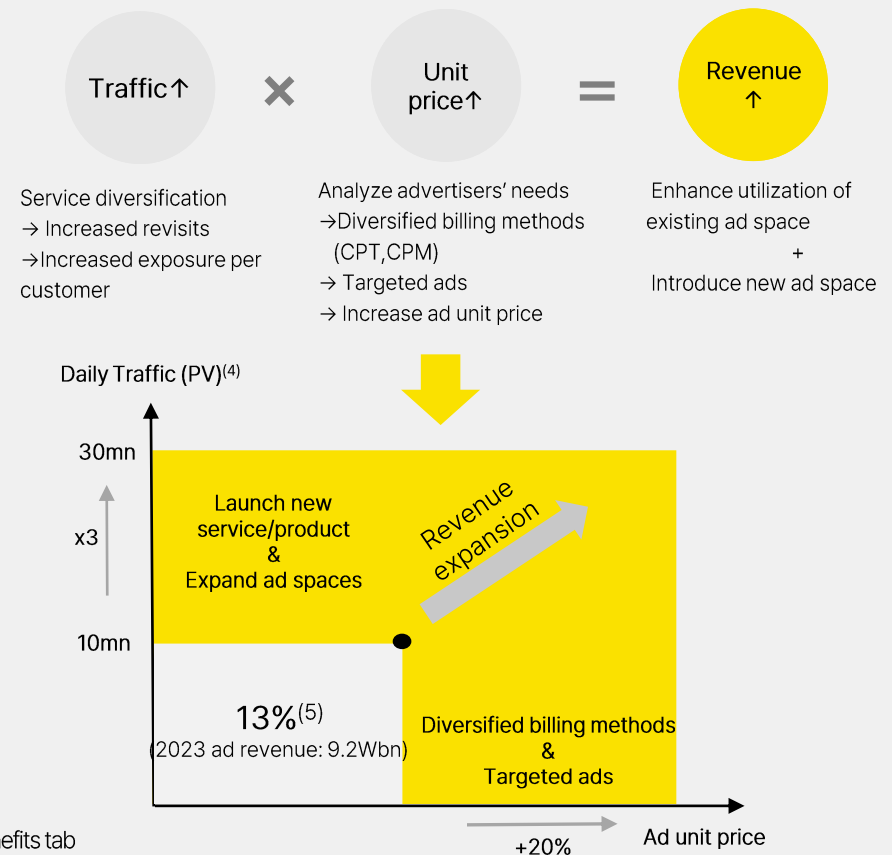
Carousel banner⁽²⁾

- Comparatively larger ad display
- Accommodating various ads

Adfit banner⁽³⁾

- Fixed display at the bottom
- Customized advertising based on analysis of customer activity

Ad revenue structure and expanding process



Note: (1) Native banner: Seamlessly displayed banner, designed to match the service listed in the Benefits tab
(2) Carousel banner: Similar to Carousel, banners are rotated to display multiple advertisements
(3) Adfit banner: Sourced from 'kakao customized advertising', revenue-generating banners, featuring advertisements, are displayed at the bottom of the Benefit tab
(4) PV: Page View (5) Proportion of 2023 ad revenue out of total platform revenue

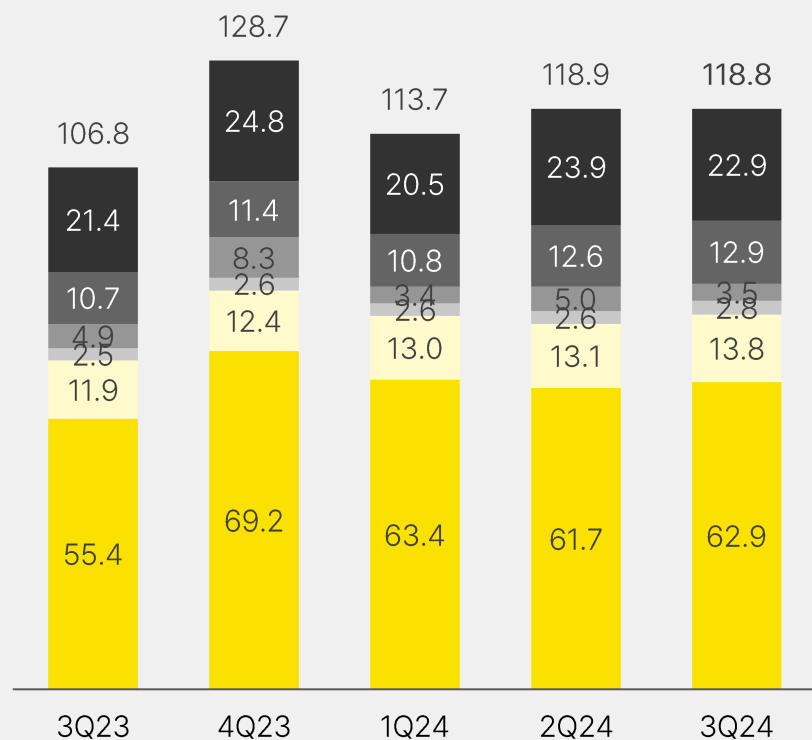
VI. SG&A and CIR

SG&A remained flat QoQ thanks to lower advertisement expense;
CIR improved significantly as profit expanded

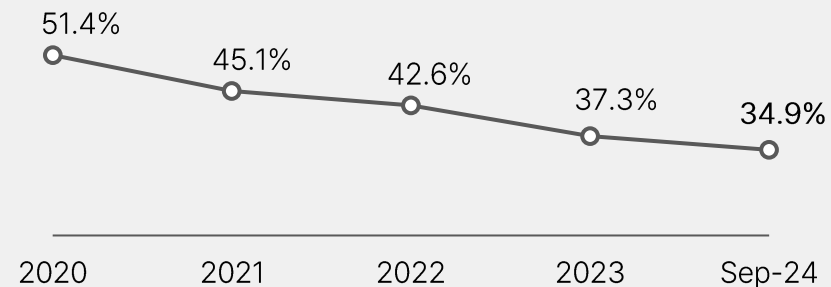
SG&A

(Wtn)

■ Labor ■ D&A ■ Rent
■ Advertisement ■ IT Expense ■ Others

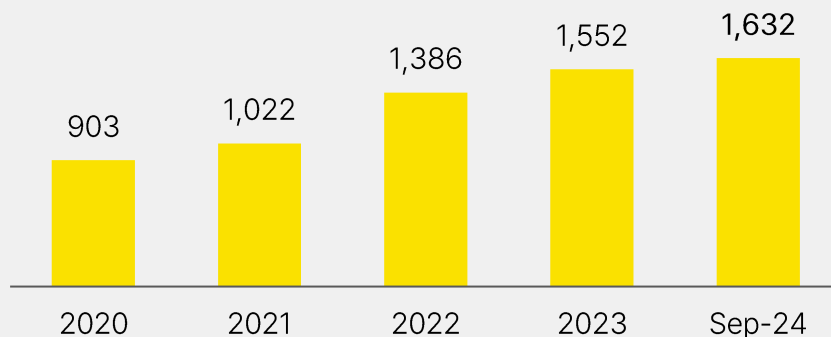


CIR (Cost to Income Ratio)⁽¹⁾



Number of Employees

(persons)



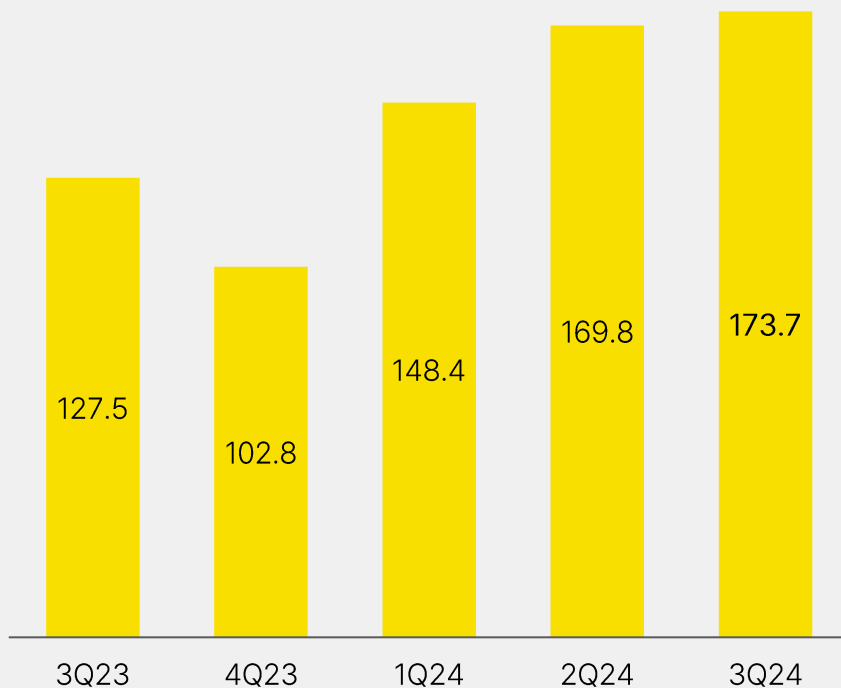
Note: (1) Yearly cumulative bases

VII. Operating profit and ROE, ROA

Operating profit increase YoY +36%, QoQ +2% thanks to Interest and Fee & Platform income;
ROE and ROA continues to improve along with the profit expansion

Operating Profit

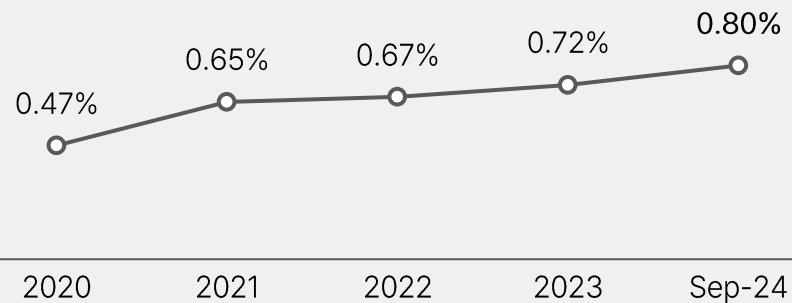
(Wbn)



ROE⁽¹⁾



ROA⁽¹⁾

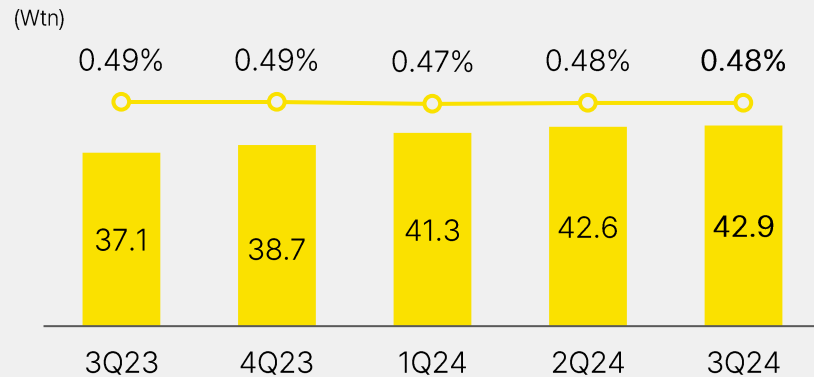


Note: (1) Financial Supervisory Service(FSS) Standard

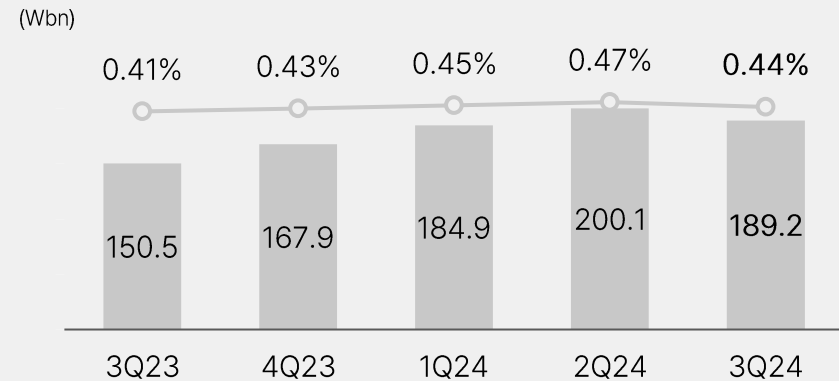
VIII. Asset Quality

Delinquency rate flat QoQ at 0.48% thanks to stable risk management;
Credit cost ratio YoY -26bp at 0.57% owing to stable portfolio expansion

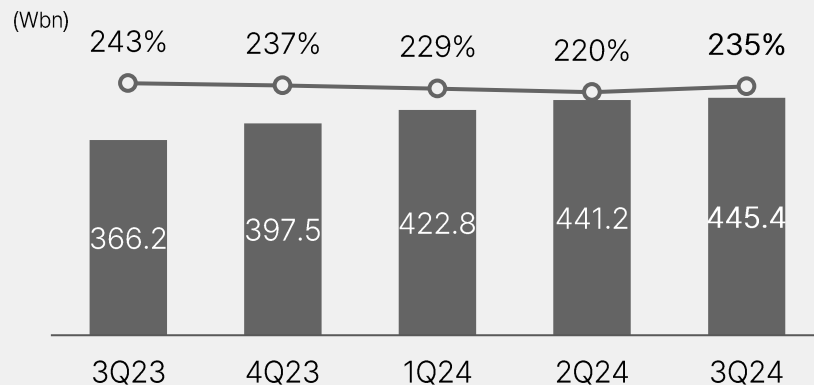
Total Loans & Delinquency Rate



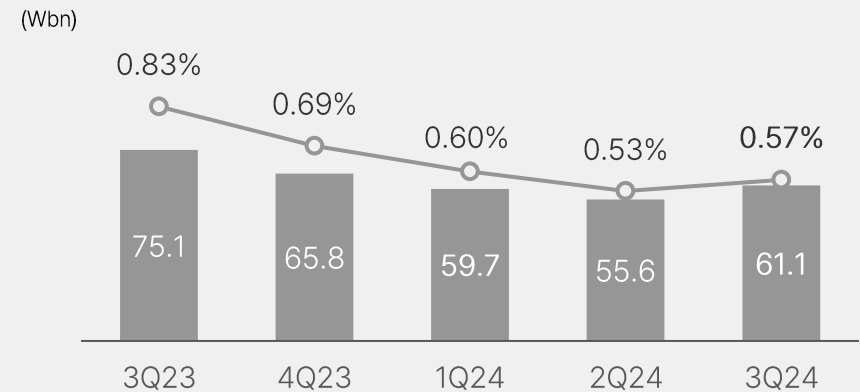
SBL & NPL Ratio



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

Superbank in Indonesia achieved more than 2mn customers since grand open in June;
SCBX-KakaoBank-WeBank consortium submitted virtual bank license application in Thailand on Sep 19th

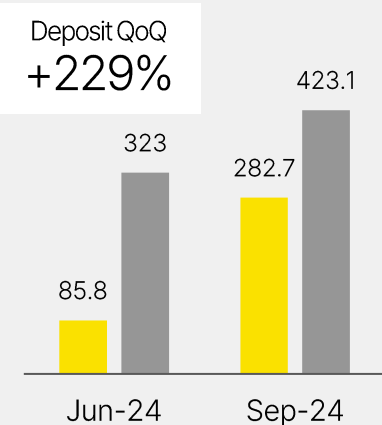
Superbank Records Resilient Growth Since Grand Open

- ✓ Deposit and loan grew QoQ +229% and +31% respectively within 1 quarter since launch
- ✓ Exceeded 1mn customers at a faster pace than other major digital banks in Indonesia

Loan & Deposit Growth

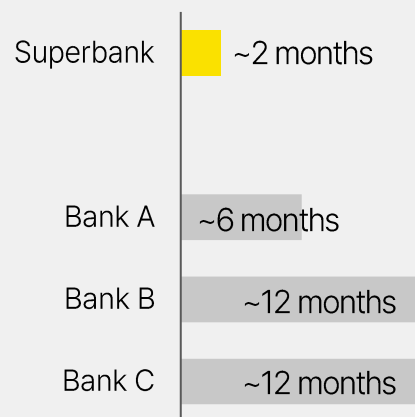
(Wbn)

■ Deposit ■ Loan



1mn customer acquisition period

(Indonesia Major Digital Banks)



Submitted Thailand Virtual Bank License Application

- ✓ 5 consortiums, including SCBX-KakaoBank, submitted applications for virtual bank license in Thailand
- ✓ The Bank of Thailand and the Ministry of Finance are expected to select the approved candidates by 1H25

Strength of SCBX-KakaoBank-WeBank Consortium

SCBX

kakaobank

WeBank

- ✓ SCBX, the holding company of Siam Commercial Bank, one of Thailand's top three banks, has experience in providing financial services to diverse customer segments in Thailand
- ✓ KakaoBank and WeBank possess experience in operating leading digital banks in Korea and China, respectively

IX. Appendix : Income Statement

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(Wbn)	3Q24	3Q23	YoY		2Q24	QoQ	
Income Statement							
Operating Revenue	746.3	656.6	89.7	13.7%	734.1	12.2	1.7%
Interest Revenue	611.0	535.9	75.1	14.0%	598.8	12.2	2.0%
Fee Revenue	57.3	54.8	2.5	4.6%	49.0	8.3	16.9%
Platform Revenue	21.8	18.3	3.5	19.1%	21.4	0.4	1.9%
Others	56.2	47.6	8.6	18.1%	64.9	-8.7	-13.4%
Operating Expense	511.7	455.1	56.6	12.4%	508.8	2.9	0.6%
Interest Expense	284.0	247.7	36.3	14.7%	284.1	-0.1	0.0%
Loan & Deposit related Expense ⁽¹⁾	6.4	7.8	-1.4	-17.9%	8.4	-2.0	-23.8%
Fee & Platform Expense	47.1	44.9	2.2	4.9%	45.2	1.9	4.2%
CD/ATM Expense	15.9	16.0	-0.1	-0.6%	16.3	-0.4	-2.5%
SG&A	118.8	106.8	12.0	11.2%	118.9	-0.1	-0.1%
Others	39.5	31.9	7.6	23.8%	35.9	3.6	10.0%
Provision for Credit Cost	60.9	74.0	-13.1	-17.7%	55.5	5.4	9.7%
Operating Profit	173.7	127.5	46.2	36.2%	169.8	3.9	2.3%
% Operating Revenue	23.3%	19.4%		3.9%p	23.1%		0.2%p
Non-operating Income	0.5	0.2	0.3	150.0%	1.6	-1.1	-68.8%
Non-operating Expense	5.2	1.1	4.1	372.7%	11.3	-6.1	-54.0%
Pre-tax Profit	169.0	126.6	42.4	33.5%	160.1	8.9	5.6%
Net Profit	124.2	95.4	28.8	30.2%	120.2	4.0	3.3%
% Operating Revenue	16.6%	14.5%		2.1%p	16.4%		0.2%p

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

IX. Appendix : SG&A

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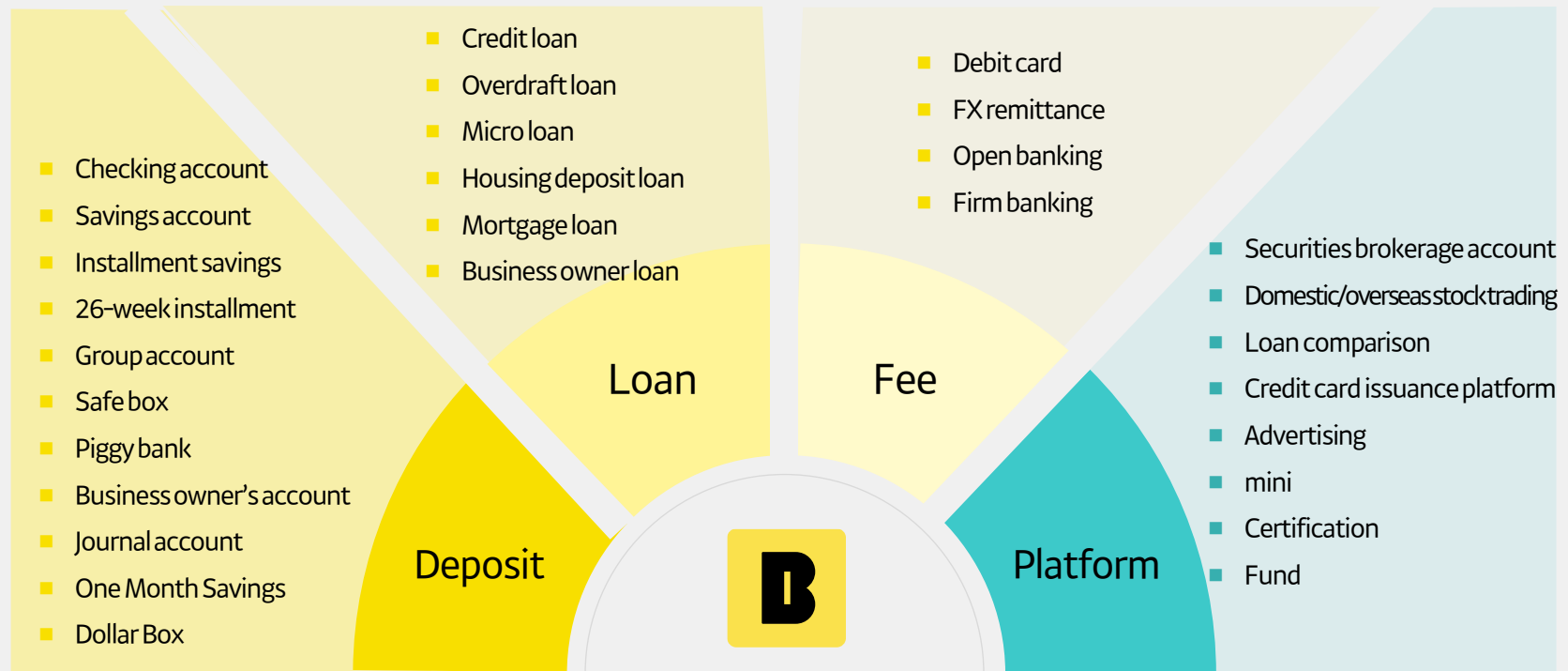
(Wbn)	3Q24	3Q23	YoY		2Q24	QoQ	
SG&A	118.8	106.8	12.0	11.2%	118.9	-0.1	-0.1%
Labor Cost	62.9	55.4	7.5	13.5%	61.7	1.2	1.9%
D&A	13.8	11.9	1.9	16.0%	13.1	0.7	5.3%
IT Expense	12.9	10.7	2.2	20.6%	12.6	0.3	2.4%
Rent	2.8	2.5	0.3	12.0%	2.6	0.2	7.7%
Advertisement	3.5	4.9	-1.4	-28.6%	5.0	-1.5	-30.0%
Others	22.9	21.4	1.5	7.0%	23.9	-1.0	-4.2%

IX. Appendix : Balance Sheet

(Wbn)	2024.09	2023.12	YTD	2023.09	YoY
Balance Sheet					
Total Asset	62,159.3	54,488.2	14.1%	53,011.7	17.3%
Cash & Cash Equivalent	2,427.6	2,733.2	-11.2%	1,572.1	54.4%
Financial assets at FV through profit or loss	3,676.2	2,554.9	43.9%	2,429.6	51.3%
Financial Investments	10,423.3	9,174.3	13.6%	9,216.6	13.1%
Loan	44,538.7	38,649.0	15.2%	38,253.7	16.4%
Tangible Assets	179.3	180.8	-0.8%	178.2	0.6%
Intangible Assets	37.5	34.2	9.6%	32.9	14.0%
Other Assets	876.7	1,161.8	-24.5%	1,328.6	-34.0%
Total Liabilities	55,714.1	48,370.5	15.2%	47,045.8	18.4%
Deposit	54,340.7	47,142.8	15.3%	45,689.0	18.9%
Provision Liability	56.6	56.1	0.9%	44.7	26.6%
Other Liabilities	1,316.8	1,171.6	12.4%	1,312.1	0.4%
Total Equity	6,445.2	6,117.7	5.4%	5,965.9	8.0%
Share Capital	2,384.8	2,384.4	0.0%	2,383.8	0.0%
Capital Surplus	2,987.7	2,987.5	0.0%	2,986.8	0.0%
Capital Adjustments	0.7	0.9	-22.2%	-0.3	NA
AOCI	33.3	-9.7	NA	-83.4	NA
Retained Earnings	1,038.7	754.6	37.6%	679.0	53.0%

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