

A photograph of a young man and woman smiling and embracing each other outdoors. The man is on the left, wearing a denim jacket over a plaid shirt. The woman is on the right, wearing glasses and a denim jacket. The background is blurred, suggesting an outdoor setting like a park or street.

Instabank

Interim Presentation – Q1/2018 – May 2nd 2018

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Key highlights & developments Q1-2018



Q1 profit of NOK 4.0 million

Full year profit for 2017 was NOK 2.3 million



Continued high loan growth

NOK 251 million during Q1



Issued Bonds

Issued 65 MNOK in additional Tier 1 and Tier 2 bonds



Signed forward flow agreement

Forward Flow agreement regarding sale of non-performing loans to Axactor



Product development

Launch of “leasing”/sales financing products and Skeidar deferred payment option



Improved credit control in Finland

Improved credit control in Finland through a Finnish consumer debt registry



Key figures Q1-2018



Quarterly growth in net loans of **NOK 251 million**



Outstanding net loans of **NOK 1,569 million**



Customer deposits of **NOK 1,844 million**



Total income of **NOK 38.0 million**



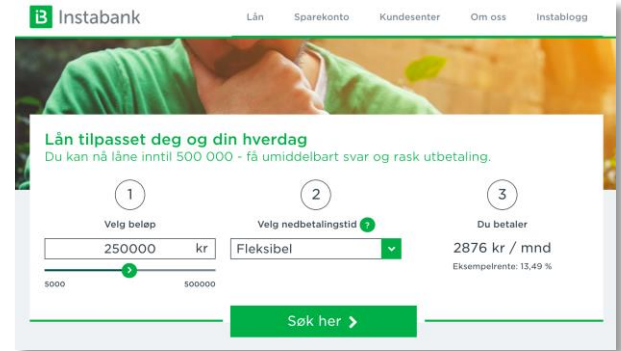
Net profit after tax of **NOK 4.0 million**



Total equity of **NOK 287 million**



Operating expenses & loan losses **developing as planned**



Product portfolio | Transparent and simple

Unsecured consumer loans

- Offered to private consumers older than 23 years in Norway and Finland
- Structured as either a revolving credit facility or an amortizing loan with upper credit limit of NOK 500,000 in Norway and EUR 50,000 in Finland
- No collateral obligation or specific use of proceeds are required by the bank
- The interest rate offered range from 7.99% to 19.99% per year based on an individual risk assessment

Deposit accounts


- Offered to private individuals in Norway
- No restrictions regarding deposit amount, no fixed fees, no minimum holding period and no maximum number of transactions
- Deposits up to NOK 2m are 100% guaranteed by the Norwegian Banks' Guarantee Fund
- Competitive interest rate in three separate tranches: NOK 0 – 2m, NOK 2m – 5m and > NOK 5m

Insurance products

- Offered to private individuals in Norway
- No insurance risk on own balance – clean agent setup with Troll Forsikring & AmTrust – fee based business model
- PPI offered to all new loan customers
- Broad insurance portfolio: car, caravan, MC, boat, house, cabin, property, accident, child, fatality, travel, pet, etc.
- Incentivized through discount structure: 3 insurances 20%, 4 insurances 22%, 5 insurances 25%, 6 insurances 30%

Point of sales financing

- Complete offering already in place:
 - Web payment solutions
 - In-shop payment solutions
 - Closed loop solutions
 - Hybrid leasing solutions
- Business model based on partnerships with established retail companies, irrespective of underlying industry, with existing customer base
- JV profit split agreement negotiated on a partner-to-partner basis



KEY METRICS *

NOK 1,569m
in net loans

11,000 loan
customers


NOK 143k in
avg. loan size

12.8 % in
avg. loan yield

Lån

Søk helt uforpliktet om beløpet du ønsker – få tilbud basert på din økonomi.

[Søk om lån >](#)



KEY METRICS *

NOK 1,843m
in deposits

3,300 deposit
customers

NOK 558k in
avg. deposit size

1.9 % in
deposit rate

Sparekonto

Start din sparing hos oss i dag – og få en av markedets beste renter.

[Start sparing >](#)



KEY METRICS *

NOK 1,843m
in deposits

3,300 deposit
customers

NOK 558k in
avg. deposit size


1.9 % in
deposit rate

Forsikring

Opptil 30% totalrabatt – hos oss lønner det seg å samle flere forsikringer.

[Sjekk rabatt >](#)

















POTENTIAL FUTURE PRODUCTS

- 01

Credit cards **
- 02

Factoring ***
- 03

Loyalty programs ***
- 04

Other payment products ***

Distribution channels (I) | Several customer in-roads

Brand distribution

The Instabank logo features a green square with a white 'iB' and the word 'Instabank' in grey. Below the logo are four smartphone screens displaying the Instabank app interface. At the bottom, there are social media icons for Facebook, Twitter, Instagram, and LinkedIn, along with a small photo of a group of people.

Brand
distribution
volume
as of Q1-18

43%

Agent distribution

A collection of logos for various financial agents and partners, including Eminentor, CENTUM, compare king.no, [SAMBLA], Lendo, STK FINANS, SALUS GROUP, Zmarta, Telefinans, online24, and aconto.

Agent
distribution
volume
as of Q1-18

56%

Partner distribution

A collection of logos for various partners, including SKEIDAR, eplehuset, Finance Technology, POWER, SPACEWORLD SOUNDGARDEN, telering, telehuset, and a grey box containing the text '+ potential new partners'.

Partner
distribution
volume
as of Q1-18

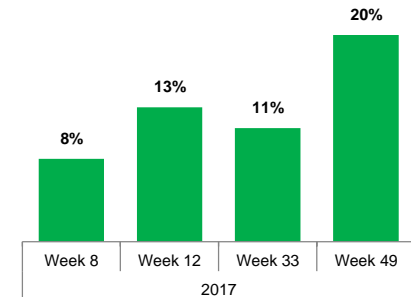
1%

Distribution channels (II) | Instabank as a brand

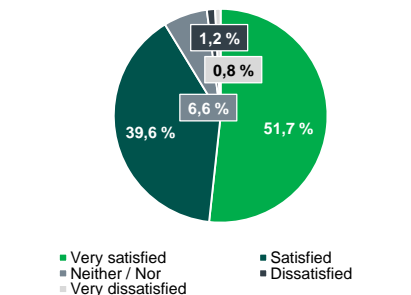
Customer acquisition strategy



Brand awareness – Men 35-55y *



Customer satisfaction – Aug '17 **



Distribution channels (III) | Instabank as a partner

POS Finance with SkeidarLiving Group AS

- In Q4-17 Instabank announced that the bank had been granted exclusive rights to the distribution of financing products within the SkeidarLiving Group
- Key figures 2016:
 - 52 retail stores all over Norway
 - > NOK 2bn turnover
- Skeidar has also acquired 10% of Instabank through a private placement – 20 million shares at NOK 2 per share (equivalent to NOK 40 million in new equity capital)
- Skeidar and Instabank will continuously work together to develop new consumer friendly and tailored financing products suitable for both parties
- The agreement will provide a flow of new customers with relatively small avg. loan sizes, solid credit quality and attractive avg. lending rates
- Skeidar has committed to participate with its relative share in the potential upcoming share issue at market price

SKEIDAR

Hybrid Leasing Solutions with Finance Technology AS

- In Q1-18 Instabank launched a hybrid leasing solution in cooperation with the fintech company Finance Technology AS
- Typical clients are electronics retailers and mobile operators which are selling appropriate products to end-customers such as mobile phones, tablets, laptops and other portable devices which have a well defined aftermarket / residual value
- When the clients' end-customers choose to finance their purchases through the hybrid leasing solution they receive a synthetic price deduction equal to the future residual value of the underlying products * given that they return the products within a pre-agreed time period. The financed products can be swapped (rolled / upgraded) from time period to time period in order to mimic a "full" purchase for the clients' end-customers.
- Distribution agreements have already been established with renowned electronics retailers such as Power Nordic, Spaceworld / Soundgarden, Telehuset / Telering and Eplehuset
- Finance Technology is responsible for the IT systems and the partner structure while Instabank provides the underlying credit

Finance Technology

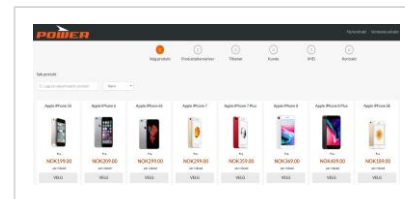
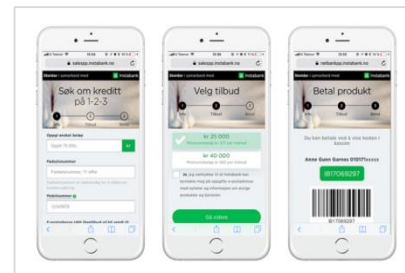
POWER

SPACEWORLD
SOUNDGARDEN

telering

telehuset

eplehuset



Note(*): fix(*) : fixed by an external buyback guarantor / insurance partner

Geographical presence | Gradual expansion strategy

Cross-boarder expansion strategy

- Operational platform capable of fast, agile and cost-efficient cross-boarder expansion already in place
- Strong internal focus on further cross-boarder expansion in order to unlock operational synergies, strengthen growth prospects and diversify underlying portfolio risk
- Continuous exploration of new markets – Northern Europe currently most interesting – probably Sweden in 2019

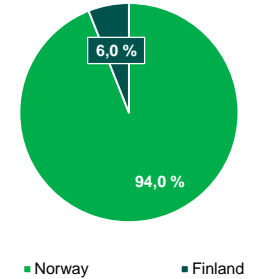
Launch of operations in Finland

- Instabank introduced its unsecured consumer loan product in the Finnish market 22 November 2017
- Controlled initial launch in order to acquire data, modify credit scorecard as well as tweak the general setup before scaling up in 2018
- The Finnish operations will be run from the bank's headquarters in Oslo which underlines scalability

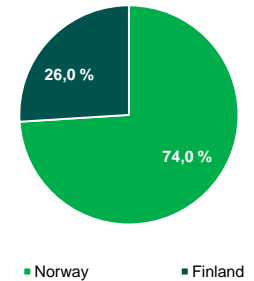
Illustration of geographical presence



Net loans distribution (%) *

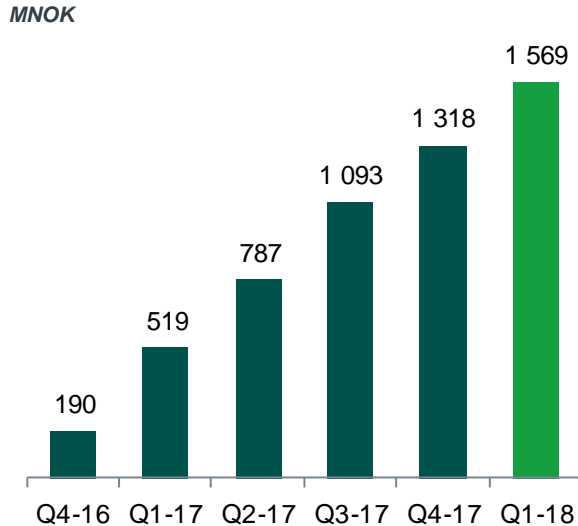


Net loan growth distribution (%) *

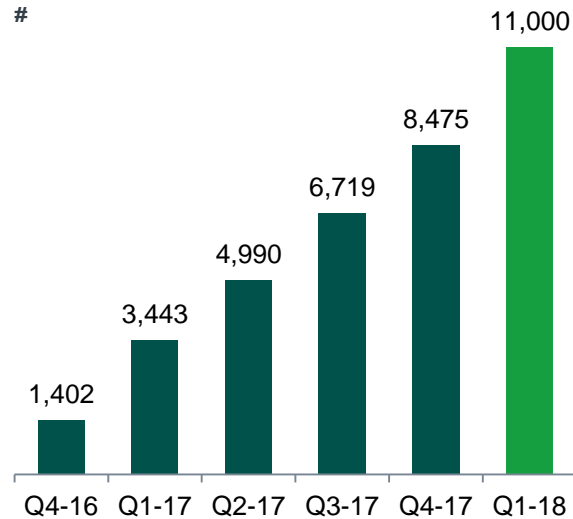


Continued high loan growth

Net loans to customers



Number of loan customers



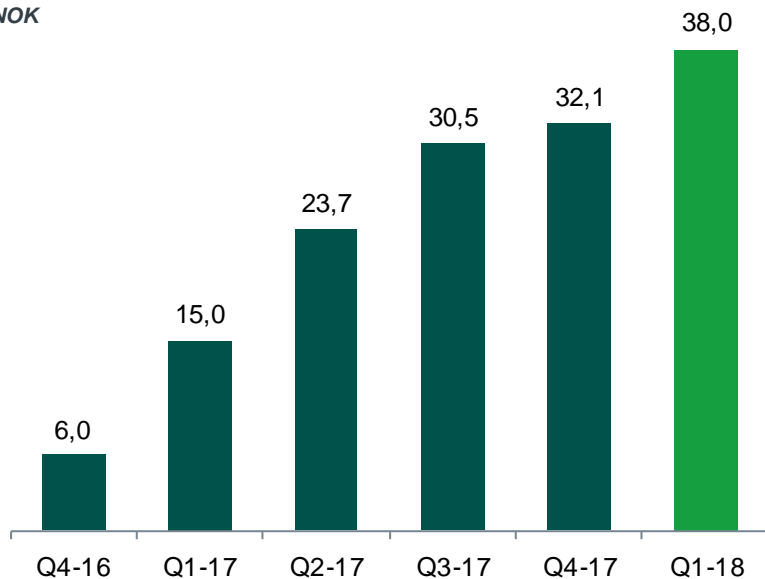
Key comments

- Strong emphasis on marketing through the year to strengthen brand awareness and to boost sales
- Stronger focus on sales finance as distribution channel for IB products & services
- Considering further geographical expansion

Continued profitability

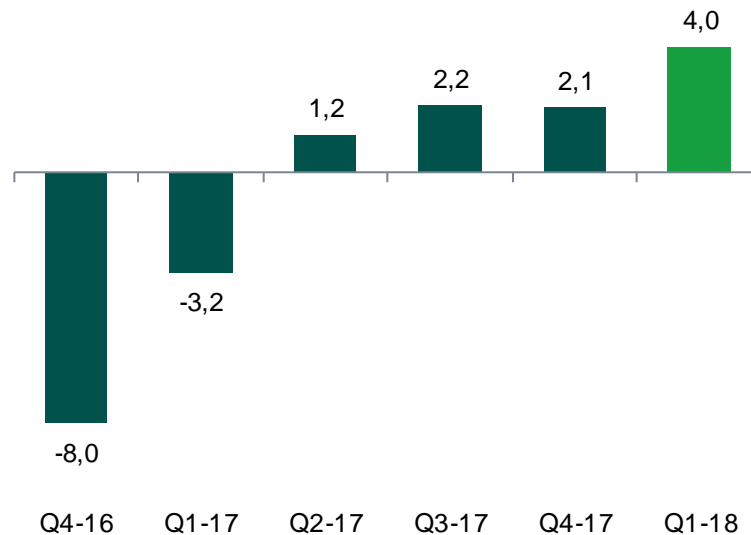
Total income

MNOK



Net result after tax

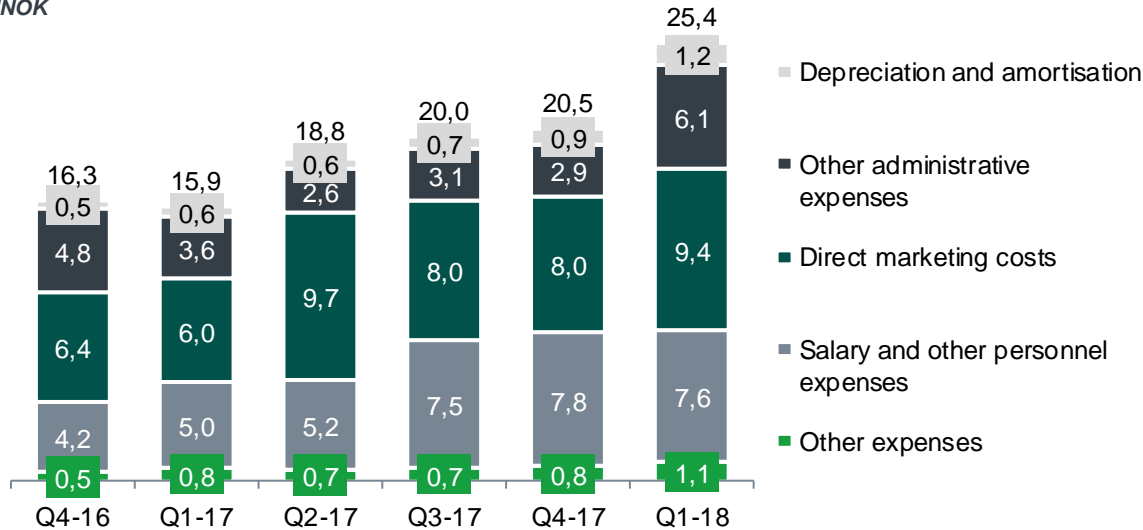
MNOK



Disciplined cost control

Operating expenses by category

MNOK

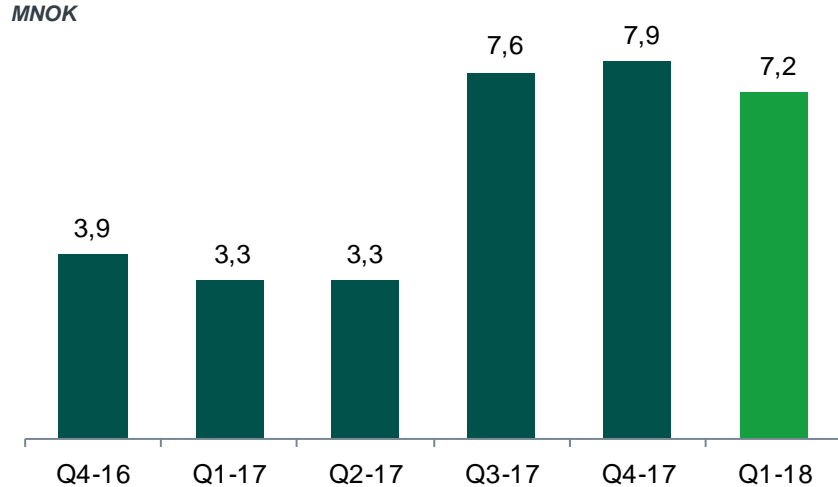


Key comments

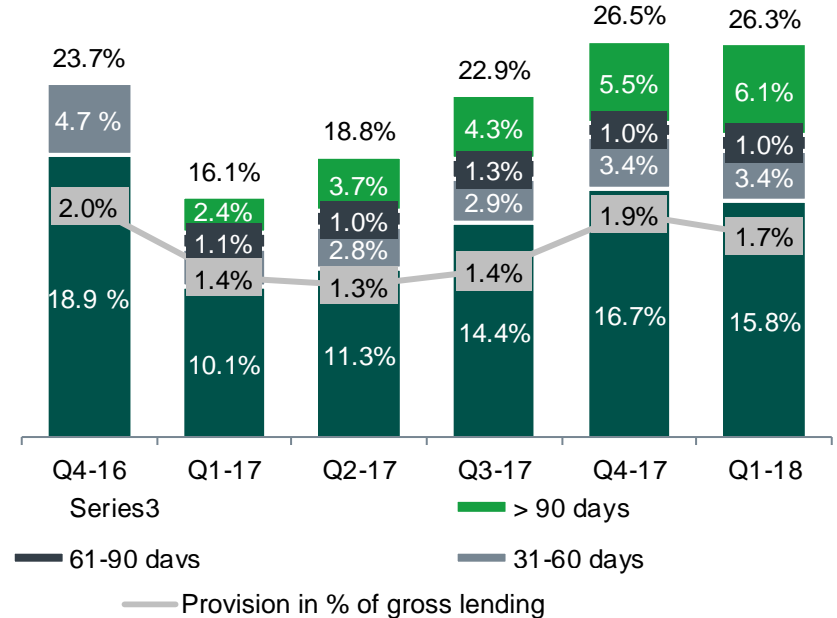
- Operating expenses developing according to plan
- Increased «Other administrative expenses» due to investments in point of sales products and the Finnish operation.

Well balanced credit risk management

Impairment losses

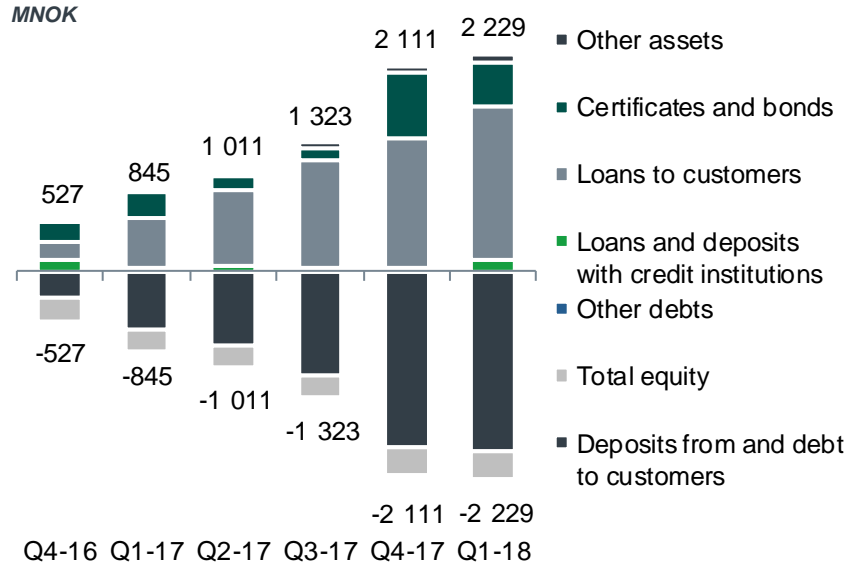


Past due at end of quarter

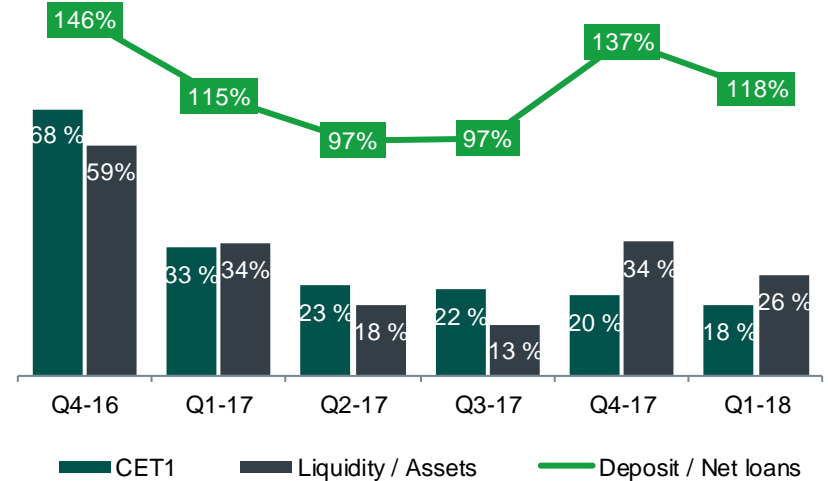


Balance sheet structure

Assets and liabilities & equity

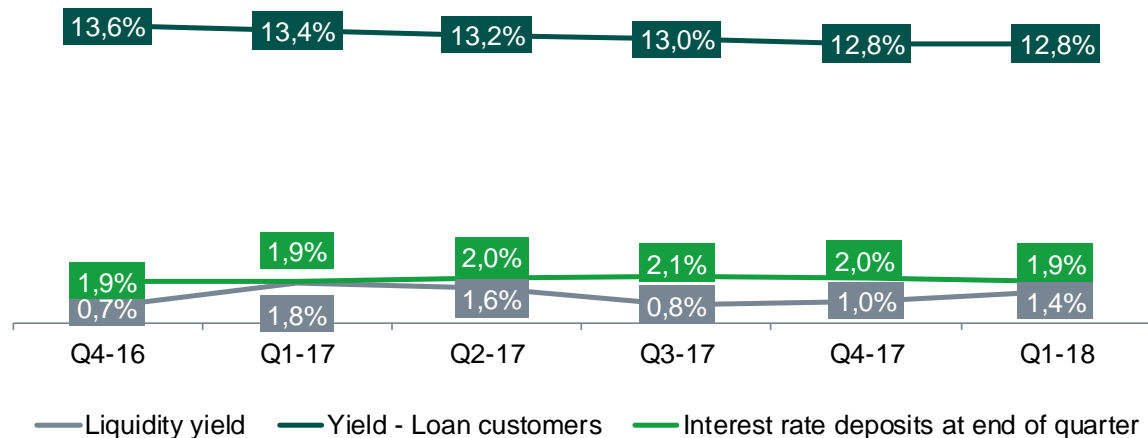


Key financial ratios



Funding costs and yields

Development in yields and funding costs



Key comments

- Attractive interest rate, affected by mix of products, distribution channel, and risk assessment
- Stable funding cost
- Low yield on liquidity, reflecting risk profile on portfolio

Instabank outlook

Strategy

- Exploring opportunities for further geographical expansion
- More products to diversify and attract new retail & online partners
- Continued focus on data insight, operational efficiency and optimal credit decision processes
- Distribution of related products as an aggregator for subcontractors

Continued strong profitable growth

Near term focus

- Scaling up lending operations in Finland
- Launching deposit in the Finnish market
- Distribution of «Leasing» (private customers) through more retailers and launch in the Finnish market

Diversified distribution through new markets and products

Outlook

<i>MNOK</i>	<i>Actual</i>			<i>Guiding 2018</i>
	<i>2016</i>	<i>2017 YTD</i>	<i>2018</i>	<i>Total</i>
Growth om Norway	190	1 095	187	700 - 800
Growth om Finland	-	33	64	400 - 500
Total growth	190	1 128	251	1 100 - 1 300
Net loans	190	1 318	1 569	2 400 - 2 600

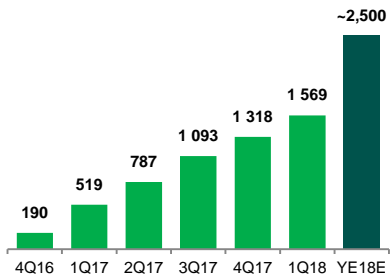
Exceeding goals continuously

Private placement of NOK [50-120]m at NOK [2.00-2.20] per share

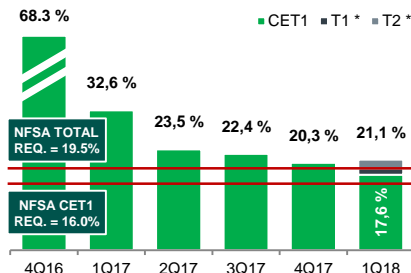
Transaction rationale

- 1 Maintain solid foothold within Norwegian Consumer Finance
- 2 Continue cross-border expansion strategy – Finland as first step
- 3 Further develop the POS Finance JV with SkeidarLiving Group AS
- 4 Launch Hybrid Leasing Solutions with Finance Technology AS

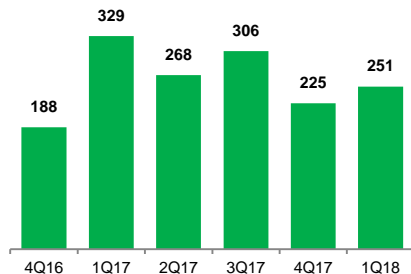
Net loans (NOKm)



Capital adequacy ratios (%)



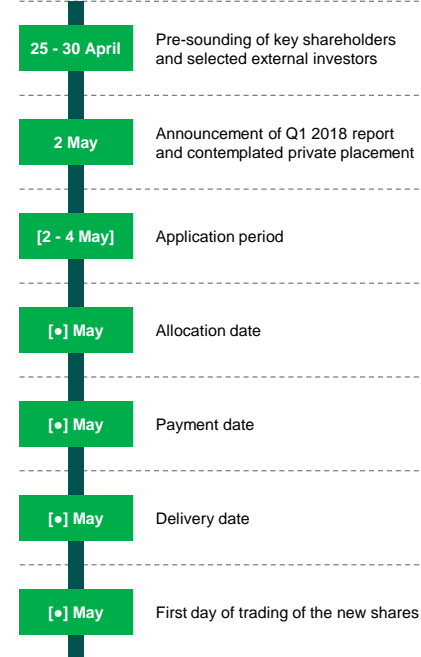
Growth in net loans (NOKm)



Selected transaction details **

Issuer	Instabank ASA
Listing venue	N-OTC (Ticker: INSTA)
Shares outstanding	205,000,000 shares
Market capitalization	Approximately NOK 440 million
Transaction size / structure	Private Placement of NOK [50-120] million
Pricing	NOK [2.00-2.20] per share
Use of proceeds	The net proceeds from the Private Placement will be used to strengthen regulatory capital and continue the Company's successful growth strategy
Minimum order	The NOK equivalent of EUR 100,000
Conditions	The BoD resolving to approve the Private Placement and allocate offer shares. Registration of the increased share capital of the Company pertaining to the Private Placement in the Norwegian Register of Business Enterprises
Managers & Bookrunners	Pareto Securities & SpareBank 1 Markets
Investor Documentation	Investor Presentation, Term Sheet and Application Agreement dated [•] 2018

Transaction timeline **



Note(*): adjusted down to maximum utilization if above NFSA limits (T1 = 1.5% & T2 = 2.0%) || Note(**) please consult the IP, TS and AA for the full set of transaction details



Appendix

Financial summary

P&L (NOK '000)

Items	Q1-18	FY 2017	Q4-17	Q3-17	Q2-17	Q1-17
Operating income						
Interest income	42 323	97 536	36 416	29 074	20 939	11 107
Interest expenses	9 710	17 948	7 930	4 592	3 235	2 190
Net interest income	32 614	79 587	28 486	24 482	17 703	8 917
Net commission fees and other income	5 418	21 793	3 608	6 043	6 038	6 104
Total income	38 032	101 380	32 094	30 525	23 741	15 020
Operating expenses						
Salary and other personnel expenses	7 629	25 459	7 767	7 493	5 217	4 982
Other administrative expenses, of which	15 460	43 917	10 919	11 097	12 278	9 622
- <i>direct marketing cost</i>	9 401	31 705	7 977	8 033	9 671	6 024
Depreciation and amortisation	1 243	2 784	919	672	617	577
Other expenses	1 125	3 044	845	743	693	763
Total operating expenses	25 457	75 204	20 450	20 006	18 804	15 943
Losses on loans	7 218	22 125	7 873	7 644	3 312	3 296
Operating (loss)/profit before tax	5 357	4 051	3 770	2 875	1 624	(4 219)
Tax	1 339	1 751	1 680	719	406	(1 055)
Profit/loss after tax	4 018	2 301	2 090	2 156	1 218	(3 165)

Balance sheet (NOK '000)

Items	Q1-18	Q4-17	Q3-17	Q2-17	Q1-17
Assets					
Loans and deposits with credit institutions	127 704	40 929	46 456	50 887	39 133
Loans to customers	1 568 603	1 317 942	1 092 977	787 401	519 198
Certificates and bonds	448 195	682 091	130 896	130 626	249 758
Deferred tax assets	6 290	7 629	9 310	10 029	10 435
Other intangible assets	20 151	17 175	9 810	9 282	9 007
Fixed assets	1 137	1 228	1 228	1 124	1 217
Other receivables, of which:	56 637	44 007	31 960	21 571	16 623
- <i>prepaid agent commissions</i>	42 698	36 706	29 798	21 058	14 703
Total assets	2 228 717	2 111 002	1 322 636	1 010 918	845 371
Liabilities					
Deposits from and debt to customers	1 843 890	1 804 600	1 062 458	760 053	594 736
Other debts	21 470	12 313	12 328	8 290	10 257
Accrued expenses and liabilities	11 174	11 420	10 780	7 663	6 684
Subordinated capital	65 000	0	0		
Total liabilities	1 941 534	1 828 332	1 085 567	776 006	611 677
Equity					
Share capital	294 228	294 228	254 266	254 266	254 266
Retained earnings	(7 045)	(11 557)	(17 196)	(19 353)	(20 571)
Total equity	287 182	282 670	237 070	234 913	233 695
Total liabilities and equity	2 228 717	2 111 002	1 322 636	1 010 918	845 371

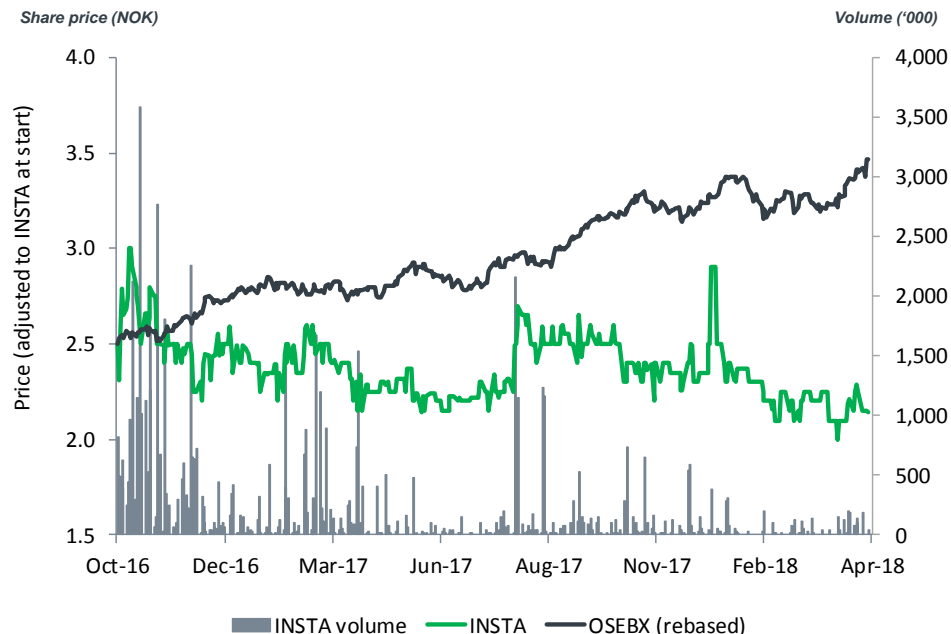
Share price and ownership

Top 20 shareholders as of 30.04.2018

#	Shareholders	# of shares	%
1	Skeidarliving Group AS	20,000,000	9.8%
2	Hodne Holding AS	14,385,419	7.0%
3	Velde Holding AS	13,605,856	6.6%
4	Kakb 2 AS	10,362,021	5.1%
5	Leikvollbakken AS	8,500,000	4.1%
6	Moroand AS	8,500,000	4.1%
7	Kristian Falnes AS	8,000,000	3.9%
8	T Sandvik AS	7,085,656	3.5%
9	Apollo Asset Limited	7,000,000	3.4%
10	Aito Holding AS	6,550,000	3.2%
11	Sonsinvest AS	5,108,195	2.5%
12	Leirin Holding AS	4,333,333	2.1%
13	Haugen Nichola Helen	3,503,667	1.7%
14	Grunnfjellet AS	3,010,000	1.5%
15	Cahe Finans AS	3,000,000	1.5%
16	Enzian AS	3,000,000	1.5%
17	Likholmen Invest AS	3,000,000	1.5%
18	Venadis Forvaltning AS	3,000,000	1.5%
19	Vendetta	2,111,802	1.0%
20	Grimstad Lill Anita Skåibones	2,070,000	1.0%
Sum Top20		136,125,949	66.4%
Other shareholders		68,874,051	33.6%
Total		205,000,000	100.0%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5,108,195	2.5%
CFO	Gard Haugen (Likholmen Invest AS og personlig)	4,711,028	2.3%
CRO	Evind Sverdrup (Leirin Holding AS)	4,343,833	2.1%
CMO	Lauren Pedersen	610,871	0.3%
CTO	Farzad Jalily	675,757	0.3%
COO	Egil Botnen	510,800	0.2%
Sum mgmt		15,960,484	7.8%
Other employees		1,443,622	0.7%
Board members		2,096,200	1.0%
Total		19,500,306	9.5%

Share price development since OTC listing in October 2016



■ INSTA volume ■ INSTA — OSEBX (rebased)

Thank You