



Instabank

Interim Presentation – Q2/2018 – August 13th 2018

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Key highlights & developments Q2-2018



Q2 profit of NOK 6.7 million

Q1 profit was NOK 4.0 million



Continued high loan growth

NOK 266 million during Q2



Successful Private Placement

Private placement with gross proceeds of 62,4 MNOK



Launched new sales finance product

New sales finance product (24 instalments) launched at Skeidar stores



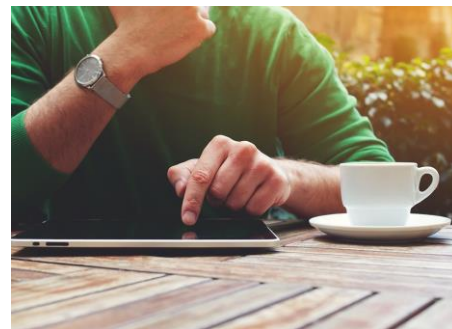
New distribution

Launch of Eplehuset “Oppdatert” hybrid leasing solution (dealer of Apple products)



Sponsorship of NRK/FIFA World Cup

Sponsorship of FIFA World Cup on NRK reaching millions of viewers



Key figures Q2-2018



Quarterly growth in net loans of **NOK 266 million**



Outstanding net loans of **NOK 1,835 million**



Customer deposits of **NOK 1,945 million**



Total income of **NOK 44.8 million**



Net profit after tax of **NOK 6.7 million**



Total equity of **NOK 379 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 Tryg 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.

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



Lån

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

[Søk om lån >](#)

KEY METRICS *

NOK 1,835m in net loans

16,000 loan customers

NOK 130k in avg. loan size

12.9 % in avg. loan yield



Sparekonto

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

[Start sparing >](#)

KEY METRICS *

NOK 1,945m in deposits

3,900 deposit customers

NOK 500k in avg. deposit size

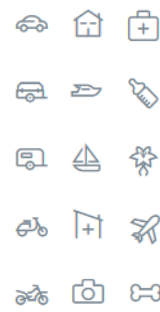
1.95 % in deposit rate



Forsikring

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

[Sjekk rabatt >](#)



POTENTIAL FUTURE PRODUCTS

- Credit cards ****
- Factoring *****
- Loyalty programs *****
- Other payment products *****

Distribution channels | 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 mobile app interface. At the bottom, there are social media icons for Facebook, Twitter, Instagram, and LinkedIn, followed by a row of four small photos of people.

Brand
distribution
volume
as of Q2-18

40%

Agent distribution

A collection of logos for agent distribution partners: Lendo (green), CENTUM (blue), compare king.no (orange), [SAMBLA] (red), Zmarta (black), STK FINANS (green), SALUS GROUP (black), Telefinans (colorful), online24 (red), and aconto (blue).

Agent
distribution
volume
as of Q2-18

57%

Partner distribution

A collection of logos for partner distribution partners: SKEIDAR (red), eplehuset (blue), Finance Technology (blue), POWER (orange), telering (blue), telehuset (black), and a grey box containing the text '+ potential new partners'.

Partner
distribution
volume
as of Q2-18

3%

Geographical presence | Gradual expansion strategy

Cross-border expansion strategy

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

Launched operations in Finland

- Instabank introduced its unsecured consumer loan product in the Finnish market 22 November 2017
- Deposit launched in the Finnish market in July 2018
- The Finnish operations are run from the bank's headquarters in Oslo which underlines scalability

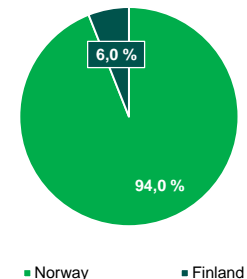
Project launched to enter Sweden

- Sweden will be the next market entered (Q1 2019). The operation will be run from the bank's headquarters in Oslo

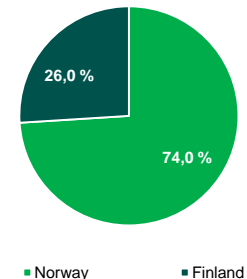
Illustration of geographical presence



Net loans distribution (%) *



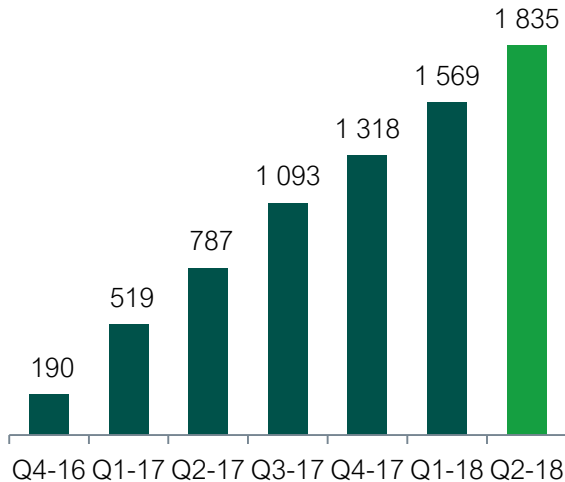
Net loan growth distribution (%) *



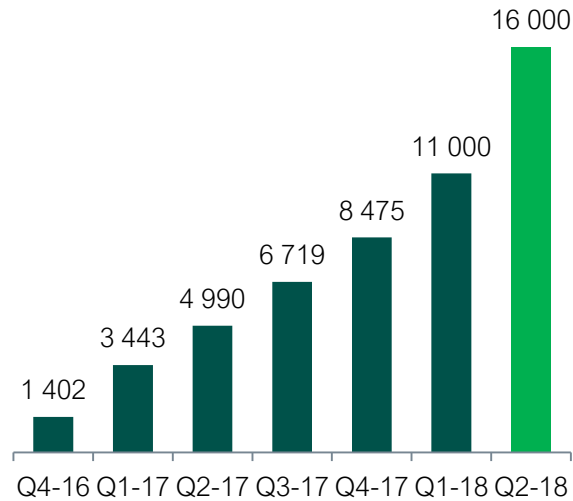
Continued high loan growth

Net loans to customers

MNOK



Number of loan customers



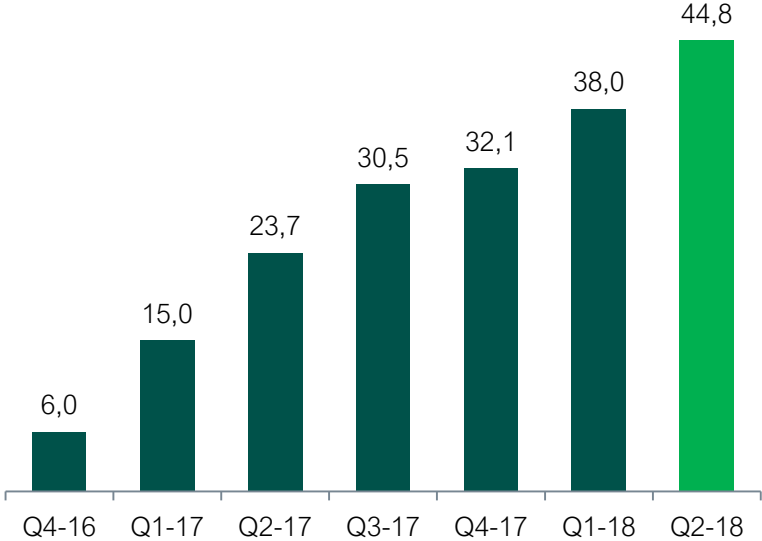
Key comments

- Strong emphasis on marketing to strengthen brand awareness and to boost sales
- Strong focus on sales finance as distribution channel
- Scaling up Finland and further geographical expansion

Continued profitability

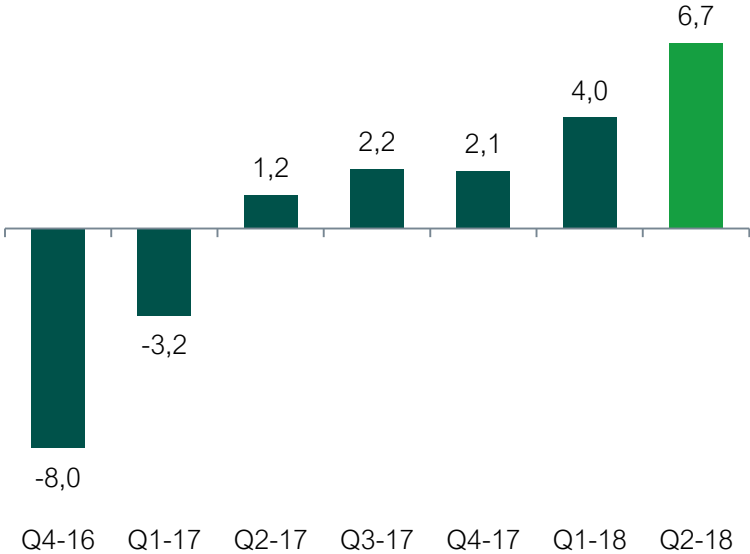
Total income

MNOK



Net result after tax

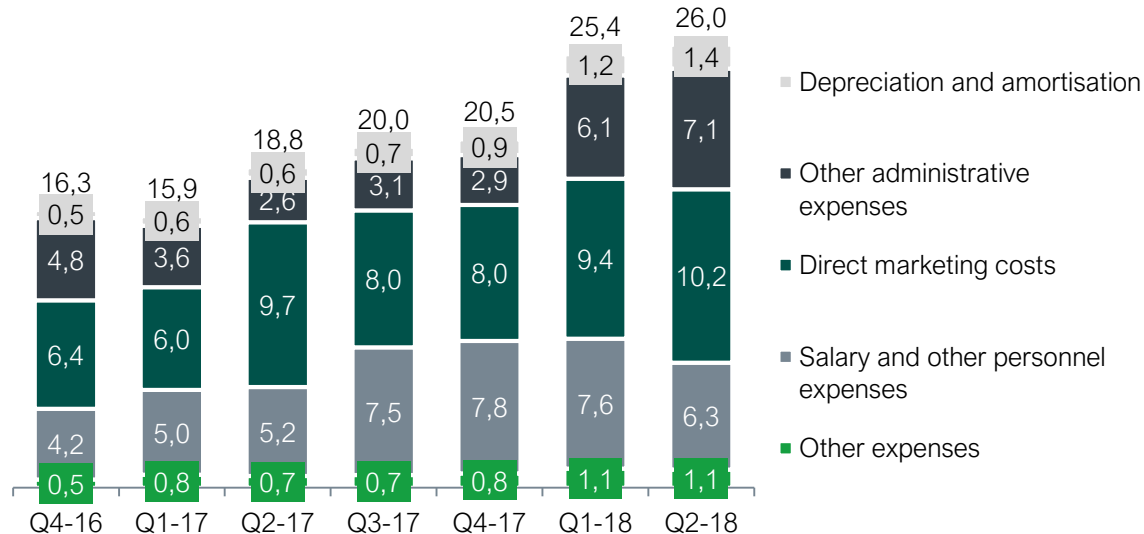
MNOK



Disciplined cost control

Operating expenses by category

MNOK



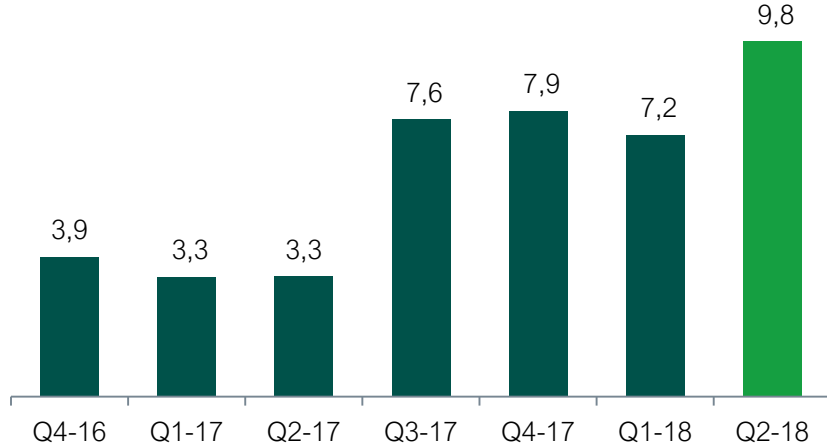
Key comments

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

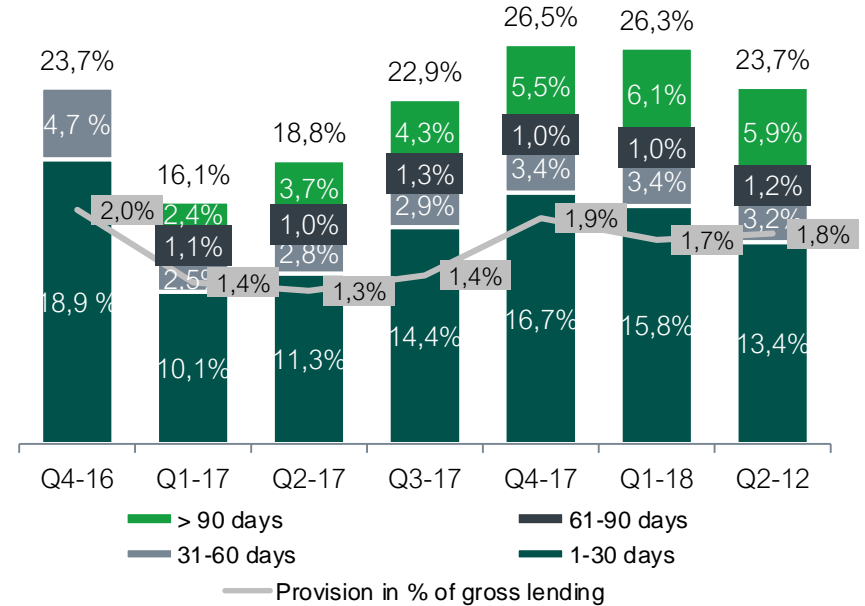
Well balanced credit risk management

Impairment losses

MNOK

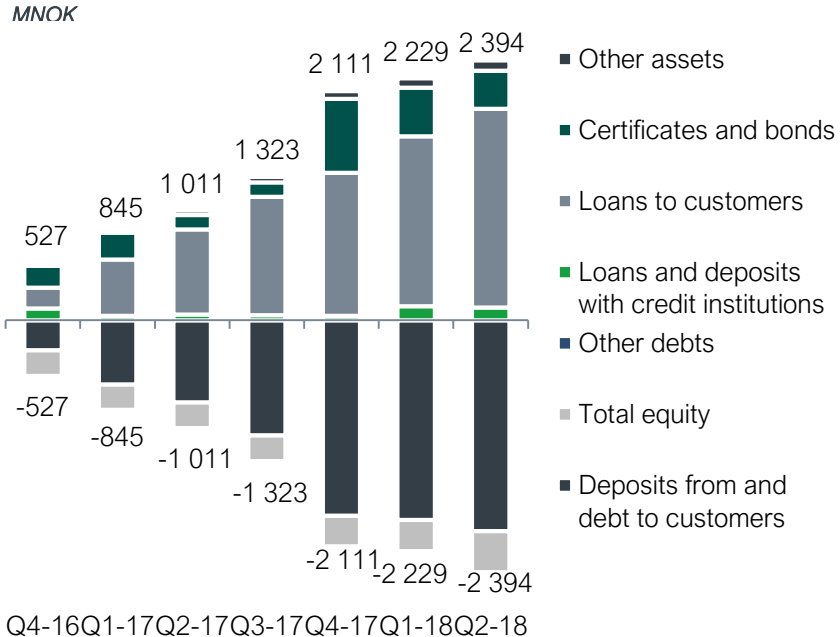


Past due days at end of quarter

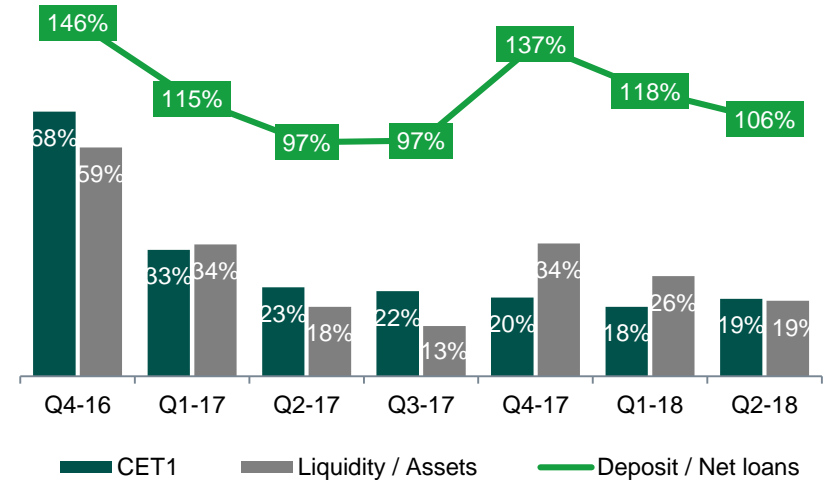


Balance sheet structure

Assets and liabilities & equity

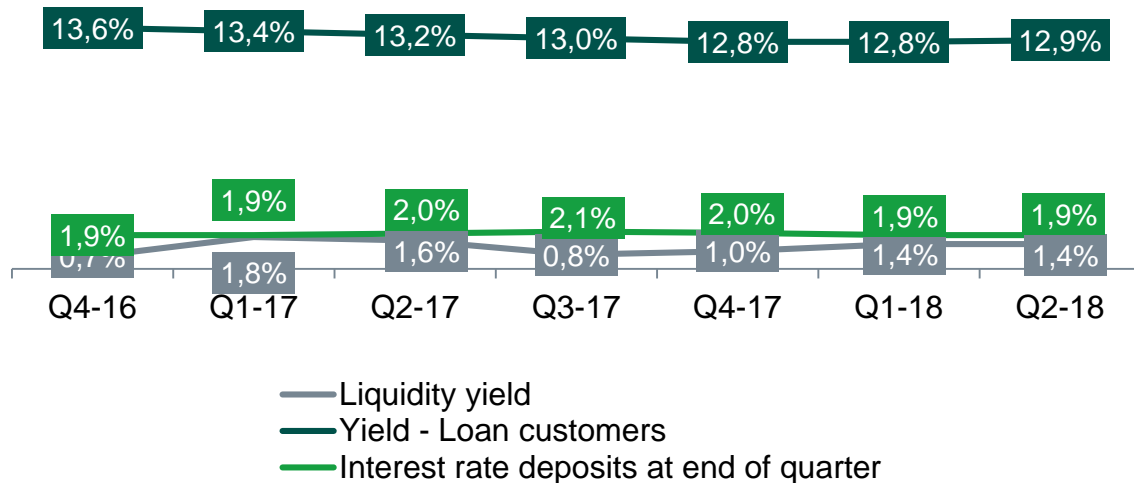


Key financial ratios



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

Continued strong profitable growth

Near term focus

- Scaling up lending operations and launching deposit in the Finnish market
- Webshop solutions and cards
- Setting up the operation in Sweden

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 in Norway	190	1 095	300	700-800
Growth in Finland	-	33	217	400-500
Total growth	190	1 128	517	1 100- 1 300
Net loans	190	1 318	1 835	2 400 - 2 600

Exceeding goals continuously



Appendix

Financial summary

P&L (NOK '000)

Items	Q2-18	Q1-18	FY 2017	Q4-17	Q3-17	Q2-17
Operating income						
Interest income	49 926	42 323	97 536	36 416	29 074	20 939
Interest expenses	10 231	9 710	17 948	7 930	4 592	3 235
Net interest income	39 695	32 614	79 587	28 486	24 482	17 703
Net commission fees and other income	5 099	5 418	21 793	3 608	6 043	6 038
Total income	44 793	38 032	101 380	32 094	30 525	23 741
Operating expenses						
Salary and other personnel expenses	6 287	7 629	25 459	7 767	7 493	5 217
Other administrative expenses, of which	17 251	15 460	43 917	10 919	11 097	12 278
- direct marketing cost	10 178	9 401	31 705	7 977	8 033	9 671
Depreciation and amortisation	1 415	1 243	2 784	919	672	617
Other expenses	1 067	1 125	3 044	845	743	693
Total operating expenses	26 019	25 457	75 204	20 450	20 006	18 804
Losses on loans	9 831	7 218	22 125	7 873	7 644	3 312
Operating (loss)/profit before tax	8 943	5 357	4 051	3 770	2 875	1 624
Tax	2 235	1 339	1 751	1 680	719	406
Profit/loss after tax	6 708	4 018	2 301	2 090	2 156	1 218

Balance sheet (NOK '000)

Items	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17
Assets					
Loans and deposits with credit institutions	116 521	127 704	40 929	46 456	50 887
Loans to customers	1 834 682	1 568 603	1 317 942	1 092 977	787 401
Certificates and bonds	349 391	448 195	682 091	130 896	130 626
Deferred tax assets	4 055	6 290	7 629	9 310	10 029
Other intangible assets	22 613	20 151	17 175	9 810	9 282
Fixed assets	1 066	1 137	1 228	1 228	1 124
Other receivables, of which:	65 972	56 637	44 007	31 960	21 571
- prepaid agent commissions	46 953	42 698	36 706	29 798	21 058
Total assets	2 394 299	2 228 717	2 111 002	1 322 636	1 010 918
Liabilities					
Deposits from and debt to customers	1 944 615	1 843 890	1 804 600	1 062 458	760 053
Other debts	18 896	21 470	12 313	12 328	8 290
Accrued expenses and liabilities	11 466	11 174	11 420	10 780	7 663
Subordinated capital	40 000	65 000	0	0	0
Total liabilities	2 014 977	1 941 534	1 828 332	1 085 567	776 006
Equity					
Share capital	354 161	294 228	294 228	254 266	254 266
Retained earnings	161	(7 045)	(11 557)	(17 196)	(19 353)
Tier 1 Capital	25 000				
Total equity	379 322	287 182	282 670	237 070	234 913
Total liabilities and equity	2 394 299	2 228 717	2 111 002	1 322 636	1 010 918

Share price and ownership

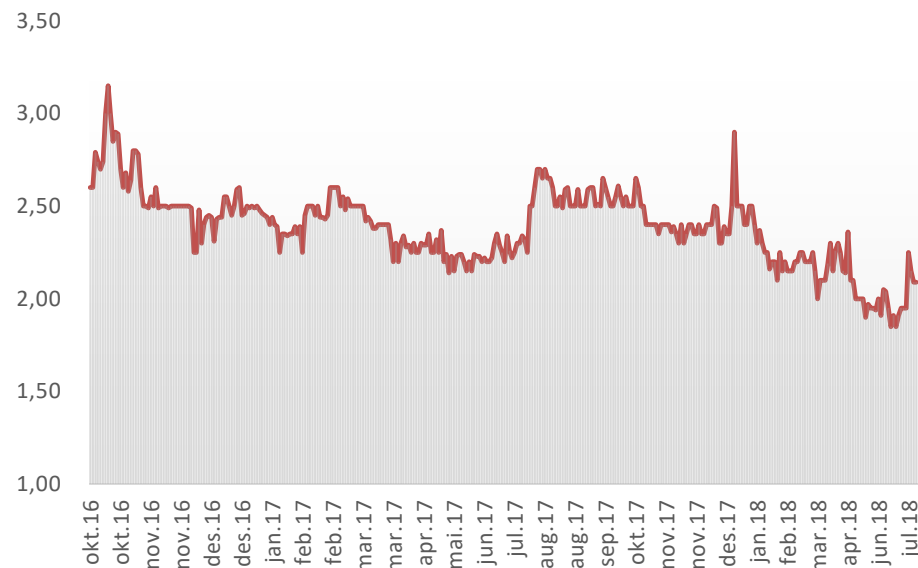
Top 20 shareholders as of 20.07.2018

#	Shareholders	# of shares	%
1	VELDE HOLDING AS	20 000 000	8,5%
2	BIRKELUNDEN INVESTERINGSSKAP AS	16 667 911	7,1%
3	HODNE HOLDING AS	14 385 419	6,1%
4	KAKB 2 AS	12 612 021	5,3%
5	LEIKVOLLBAKKEN AS	8 500 000	3,6%
6	KRISTIAN FALNES AS	8 500 000	3,6%
7	MOROAND AS	8 500 000	3,6%
8	APOLLO ASSET LIMITED	8 062 741	3,4%
9	T SANDVIK AS	7 841 853	3,3%
10	HODNE INVEST AS	7 000 000	3,0%
11	NYE IDE HOLDING AS	6 276 000	2,7%
12	ALTO HOLDING AS	5 919 050	2,5%
13	SONSINVEST AS	5 108 195	2,2%
14	LEIRIN HOLDING AS	4 333 333	1,8%
15	ENZIAN AS	4 300 000	1,8%
16	CAHE FINANS AS	3 500 000	1,5%
17	GRUNNFJELLET AS	3 010 000	1,3%
18	HJELLEGERDE INVEST AS	3 000 000	1,3%
19	VENADIS FORVALTNING AS	3 000 000	1,3%
20	VELDE EIENDOM INVEST AS	2 750 000	1,2%
Sum Top20		153 266 523	64,9%
Other shareholders		82 948 909	35,1%
Total		236 215 432	100,0%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 108 195	2,2 %
CRO	Eivind Sverdrup (Leirin Holding AS)	4 343 833	1,8 %
CMO	Lauren Pedersen	610 871	0,3 %
CTO	Farzad Jalily	675 757	0,3 %
COO	Egil Botnen	510 800	0,2 %
Sum management		11 249 456	4,8 %
Other employees		1 445 955	0,6 %
Board members		2 096 200	0,9 %
Total		14 791 611	6,3 %

Share price development since OTC listing in October 2016

Share price (NOK)



Thank You