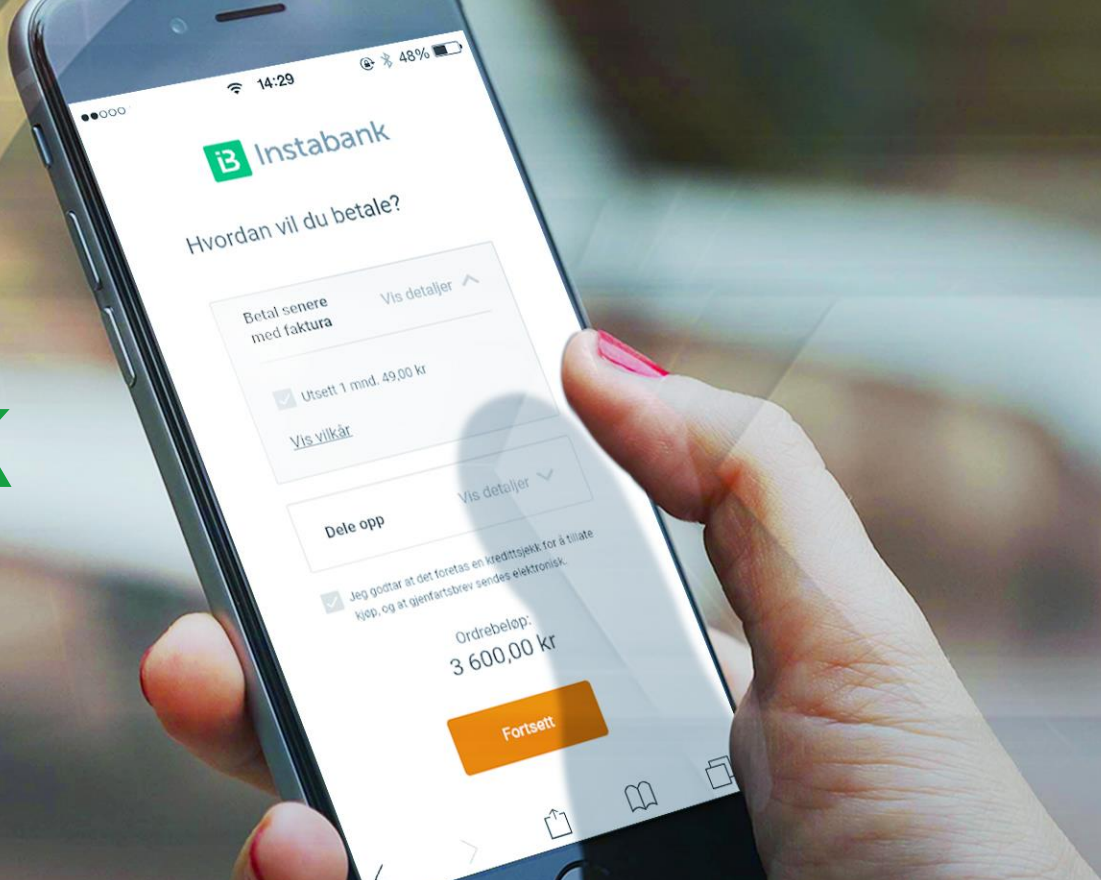


Instabank

Interim Presentation Q4 – 2020
February 10th, 2020



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Key highlights Q4-20



Profit before tax of 19.1 MNOK, after tax 14.3 MNOK

Total income increased, and loan losses were stable at a relatively low level



The sale of part of the NPL portfolio confirms NPL valuation and reduces risk

The NPL ratio was nearly halved and fell to 5.6 % of gross loans



Net loans growth of 137 MNOK adjusted for sold NPL portfolio and negative currency effects

Unadjusted, net loans decreased by 16 MNOK







Mortgage growth more than doubled to 106 MNOK in Q4-20 from 52 MNOK in Q3-20





New sales were better than planned at an attractive yield



Diversified loan portfolio

	<i>Net Loans</i>	<i># Customers</i>	<i>Avg Ticket Size</i>	<i>Yield</i>
 Consumer Loans	2 343''	19 930	89'	12.8 %
 Mortgages	163''	277	587'	7.2 %
 Sales Finance	137''	8 472	16'	15.5 %
 Credit Card	128''	4 548	28'	14.9 %
Total	2771''	33 227	83'	12.6 %

Diversified high funding volume

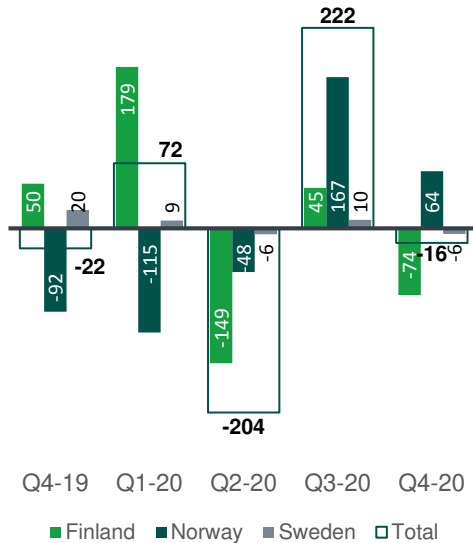
		<i>Volume</i>	<i># customers</i>	<i>Avg. deposit size</i>	<i>Deposit rates end Q4-20</i>
	Norway	1 997''	5 631	355'	1.15 %*
	Finland	897''	3 688	243'	0.60 %
	Sweden	220''	1 679	131'	0.55 %
	Germany	191''	1 119	170'	0.20 %
	Total	3 304''	12 117	273'	0.96 %

*) Deposit rate in Norway decreased to 1.00 % as per February 5th for new customers and the new rate will be effective May 1st for existing customers

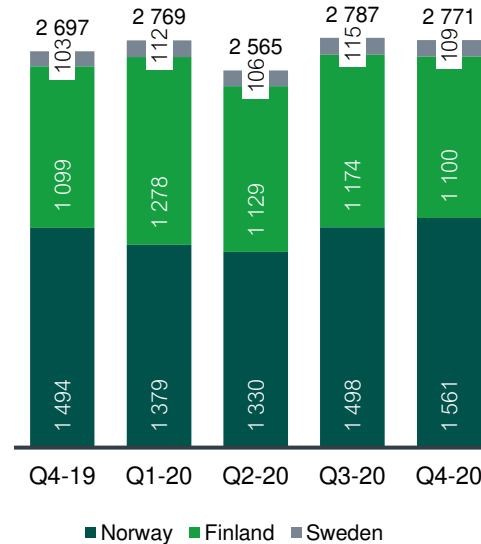
Net loan development

Net loan balance growth

MNOK



Net loans to customers



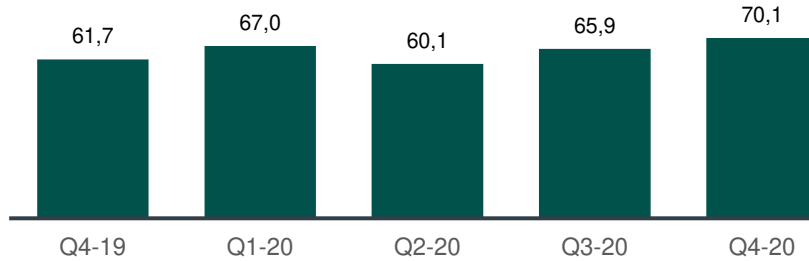
Key comments

- Excluding sale of the NPL portfolio (net - 82 MNOK) and currency effects (- 71 MNOK), net loans growth was 137 MNOK
- In Norway, the second priority mortgage product, launched by the end of Q2-20, continued its strong performance. Volumes increased by 107 MNOK to 163 MNOK

Total income

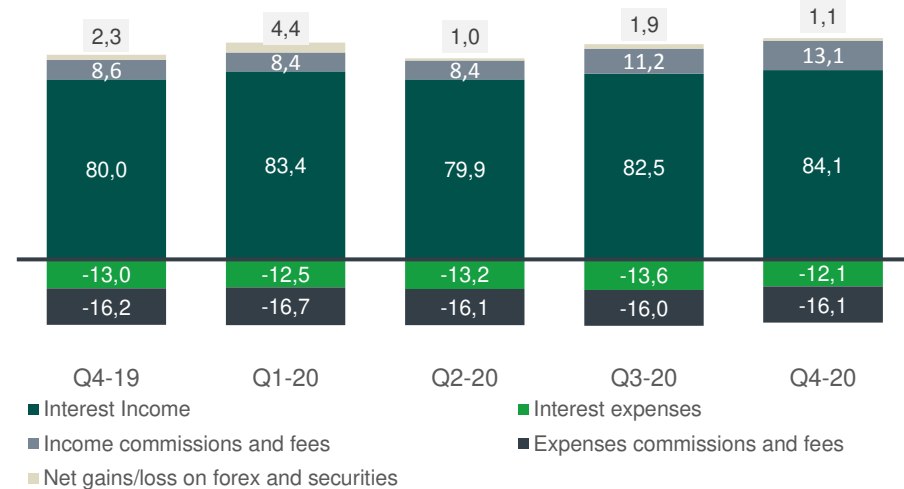
Total income

MNOK



Total income detailed

MNOK

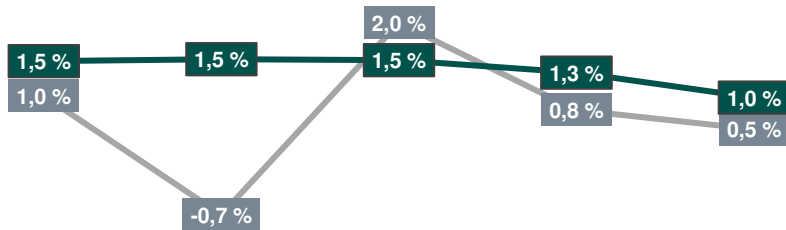


Key comments

- Interest income increased by 1.6 MNOK from the previous quarter as the average loan balance was higher in Q4-20 than the previous quarter.
- A decrease in deposit volume of 244 MNOK and reduced deposit rates led to a reduction of interest expenses of 1.5 MNOK from the previous quarter

Funding cost and yields

Development in funding cost and yields



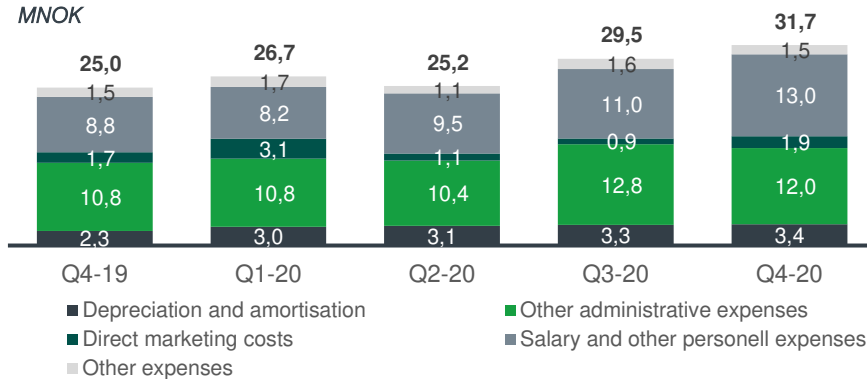
— Liquidity yield — Interest rate deposits — Yield - consumer loans

Key comments

- Loan yield decreased mainly due to increased share of mortgages at a lower rate
- The deposit interest rates continued its decreasing path following changes in rates in all three currencies

Operating expenses

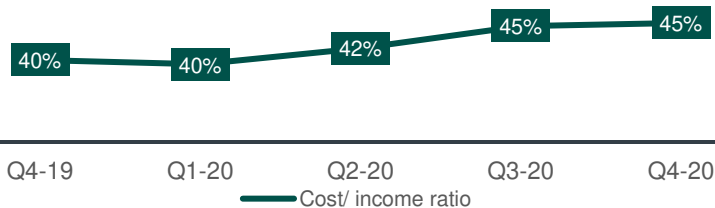
Operating expenses breakdown



Key comments

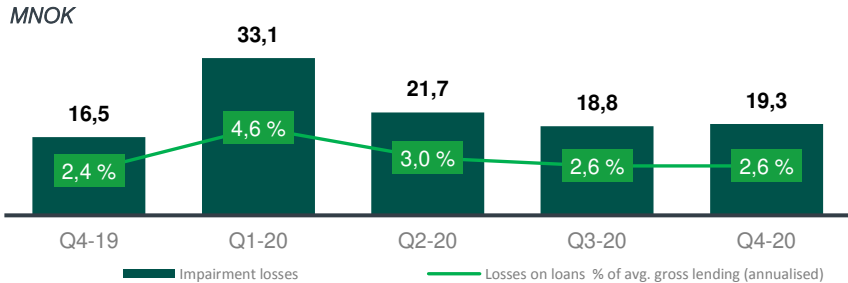
- The increase in operating expenses from the previous quarters in 2020 was due to an unevenly distribution of employee bonus provisions throughout the year as well as non- recurring items
- Personnel expenses increased by 1.9 MNOK as the employee bonus provisions were 3.0 MNOK compared to 1.4 MNOK if the provisions had been distributed evenly throughout each quarter in 2020. The increase in bonus provisions a consequence of achieving a higher target
- Administrative expenses included non-recurring advisory cost of 0,9 MNOK.

Cost/income ratio

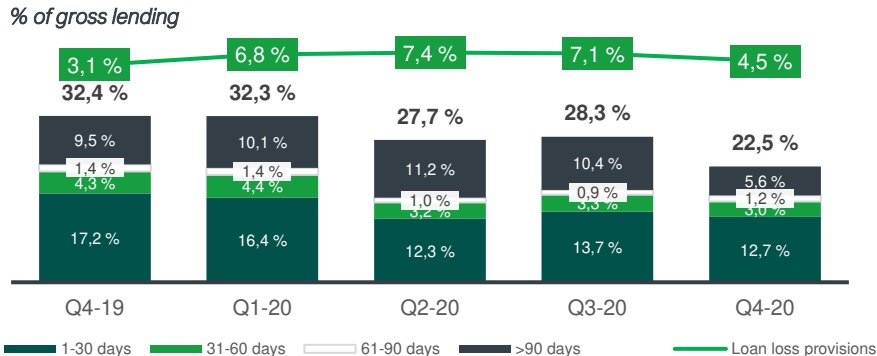


Credit risk

Impairment losses



Loans past due



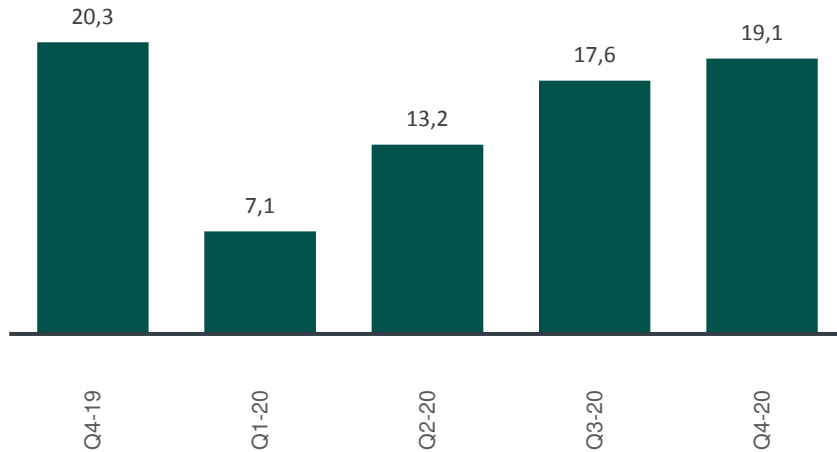
Key comments

- The relatively low loan losses provisions of 19.3 MNOK / 2.6 % is a result of good performance in terms of loans past due
- The negative seasonal developments in the share of loans past due we usually experience this time of year, did not incur and can be explained by better liquidity among most of our customers and stricter credit practice over time
- The share of loans past due 1-30 days was 12.7 % per year-end 2020, significantly lower than 17.2 % per year-end 2019
- At the end of Q4-20, all mortgages were performing loans, and no loans were in the 60-90 days past due category.
- Following the NPL portfolio sale, total NPL ratio dropped to 5.6 % from 10.4 % as per the end of the previous quarter

Profit development

Net profit before tax

MNOK

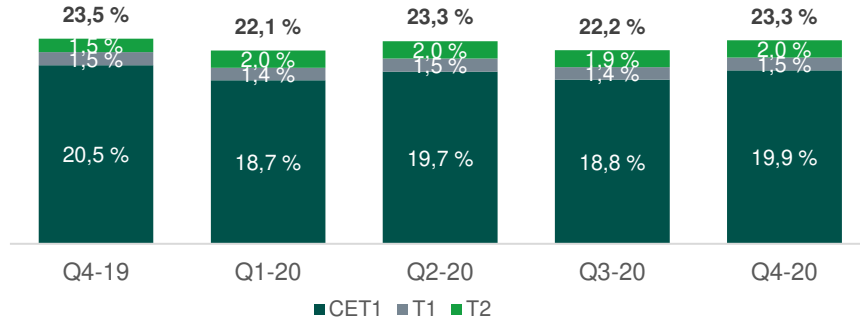


Key comments

- The increase in total income and relatively low losses on loans had a positive effect, while increased operating expenses partly due to non—recurring items as well as uneven distribution of employee bonus provisions throughout 2020, had a negative effect on the net profit
- Net profit after tax was 14.3 MNOK, up from 13.2 MNOK in the previous quarter
- Return on equity in the quarter was 10.7 %, up from 10.1 % in the previous quarter

Capital adequacy

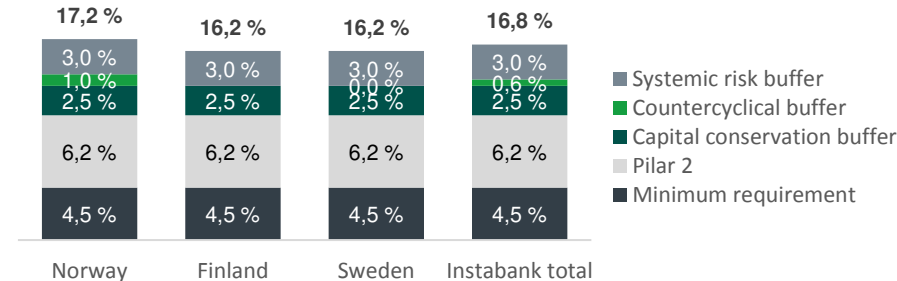
Developments in capital adequacy ratios



Key comments

- The NPL portfolio sale, with a risk weight of 100 %, improved capital ratios by approximately 0.7 % points representing an increased growth capacity of 110 MNOK if allocated to unsecured loans or 230 MNOK for mortgages
- Common equity Tier 1 Capital ratio was 19.8 % and the total capital ratio was 23.3 % at the end of Q4-20, 3.1 % points above the total regulatory capital requirement of 20.3 %.
- The surplus capital above the total regulatory capital requirement was 86 MNOK at the end of Q4-20

CET1 requirement per country and total



From startup to economies of scale

START UP 2016 | 2017

Establish core capabilities
Ensure profitability
Focus on loans and deposits

EXPANSION 2018 | 2020

Build and develop capabilities to enable product- and geographical expansion





ECONOMIES OF SCALE 2021 | 2023

Capitalize on strategic and operational platform;
Economies of scale, profitability & solidity



Markets and products

Target growth in markets with highest ROE at any given time

	Unsecured	Mortgage	Deposits	Retail	Online	Cards
	Q3-2016	Q2-2020	Q3-2016	Q4-2017	Q4-2018	Q2-2019
	Q4-2017	Tbd	Q3-2018	Q2-2020	Q2-2020	Tbd
	Q4-2018	Tbd	Q1-2019	Tbd	Tbd	Tbd
	na	na	Q3-2020	na	na	na

Our target is to achieve a more diversified portfolio by prioritizing mortgage loans going forward. This will reduce risk and improve profits.

Financials

*Updated outlook
Q4-20 report*

*Outlook from
Q3-20 report*

Strategic ambitions

ROE

Strong improvement in profits

> 13 %

2021

● Heading in the right direction

> 10 %

2021

● Heading in the right direction

15-20 %

Mid term

● Proof of success

Net loans

Growth is necessary to improve profits

3.7 Bn.

2021

● Growth shows direction

3.5 Bn.

2021

● Growth shows direction

~ 6.0 Bn.

Mid term

● Proof of growth capacity

Cost to income

Economies of scale reduce cost

< 38 %

2021

● Among the better

< 40 %

2021

● Among the better

~ 30 %

Mid term

● Compares with industry leaders

Ambitions for 2021

- **Increased diversification**
- Repositioning from a typical consumer loans bank
- **Growth approx. 1 billion NOK**
- Current excess equity and generated profits enable high growth
- **Strong profit growth**
- 75 % increase in result after-tax may be within reach



Share price and ownership

Instabank is listed at Euronext Growth at Oslo Børs, ticker "INSTA"

Top 20 shareholders as of 03.02.2021

#	Shareholders	# of shares	%
1	KISTEFOS AS	83 126 568	24.99%
2	HODNE INVEST AS	30 588 311	9.20%
3	VELDE HOLDING AS	24 275 000	7.30%
4	BIRKELUNDEN INVESTINGSSKAP AS	18 305 911	5.50%
5	BJELLA INVESTMENTS AS	13 112 021	3.94%
6	HJELLEGJERDE INVEST AS	9 161 000	2.75%
7	KRISTIAN FALNES AS	9 000 000	2.71%
7	LEIKVOLLBAKKEN AS	8 500 000	2.56%
9	MOROAND AS	8 500 000	2.56%
10	APOLLO ASSET LIMITED	6 562 741	1.97%
11	ALTO HOLDING AS	5 770 000	1.73%
12	SONSINVEST AS	5 108 195	1.54%
13	ENZIAN AS	5 000 000	1.50%
14	LEIRIN HOLDING AS	4 333 333	1.30%
15	VENDETTA AS	3 919 317	1.18%
16	MAGDALENA HOLDING AS	3 720 141	1.12%
17	CAHE FINANS AS	3 500 000	1.05%
18	TV EDT INVESTERING AS	3 138 000	0.94%
19	VELDE EBENDOM INVEST AS	3 050 000	0.92%
20	GRUNNFJELLET AS	2 590 556	0.78%
Sum Top20		251 261 094	75.53%
Other shareholders		81 380 945	24.47%
Total		332 642 039	100.00%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 497 195	1.7%
COO	Eivind Sverdrup (Leirin Holding AS)	4 403 833	1.3%
CTO	Farzad Jalily	742 417	0.2%
CFO	Per Kristian Haug	95 000	0.0%
CRO	Kjetil Andre Welde Knudsen	70 000	0.0%
COO	Anne Jørgensen	35 000	0.0%
CMO	Jørgen Flui	234 011	0.1%
Sum management		11 077 456	3.3%
Other employees		1 612 548	0.5%
Board members		2 150 000	0.6%
Total		14 840 004	4.5%

Share price development last 12 months

Share price (NOK)



Financial summary

P&L (NOK '000)

	FY 2020	Q4-20	Q3-20	Q2-20	Q1-20	FY 2019	Q4-19
Total income:							
Interest income using the effective interest method	329 514	84 080	82 478	79 854	83 102	305 752	79 957
Other interest income	400	33	0	37	330		
Interest expenses	51 346	12 053	13 598	13 164	12 531	53 158	12 952
Net interest income	278 568	72 060	68 880	66 727	70 901	252 594	67 006
Net commission fees and other income	-15 441	-1 942	-2 951	-6 648	-3 900	-10 429	-5 269
Total income	263 127	70 118	65 929	60 079	67 001	242 165	61 737
Operating expenses:							
Salary and other personnel expenses	41 666	12 976	11 019	9 507	8 164	39 355	8 788
Other administrative expenses, of which	52 920	13 885	13 644	11 466	13 925	62 384	12 438
- direct marketing cost	6 996	1 875	880	1 105	3 136	18 231	1 664
Depreciation and amortisation	12 742	3 385	3 271	3 106	2 980	8 719	2 306
Other expenses	5 878	1 452	1 608	1 144	1 674	5 302	1 458
Total operating expenses	113 206	31 698	29 542	25 223	26 743	115 761	24 989
Losses on loans	92 911	19 282	18 794	21 704	33 131	71 429	16 483
Operating profit before tax	57 010	19 138	17 593	13 152	7 127	54 974	20 264
Tax	14 331	4 863	4 398	3 288	1 782	13 735	5 133
Profit and other comprehensive income	42 679	14 275	13 195	9 864	5 345	41 239	15 131

Balance sheet (NOK '000)

	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19
Assets					
Loans and deposits with credit institutions	202 601	222 177	165 812	229 380	183 014
Loans to customers, of which	2 852 172	2 869 717	2 644 120	2 859 294	2 696 724
- prepaid agent commissions	81 236	82 557	79 006	90 339	
Certificates and bonds	889 664	1 035 261	863 415	328 138	516 194
Deferred tax assets	-	12 129	16 527	-	-
Other intangible assets	29 478	30 227	29 434	28 703	29 804
Fixed assets	8 414	9 067	9 740	10 414	563
Other receivables, of which:	13 802	57 128	50 504	101 827	114 520
- prepaid agent commissions					93 216
Total assets	3 996 129	4 235 706	3 779 552	3 557 756	3 540 819
Liabilities					
Deposits from and debt to customers	3 303 998	3 548 363	3 129 285	2 887 298	2 848 737
Other debts	14 706	28 122	9 973	38 565	22 378
Accrued expenses and liabilities	37 747	32 840	26 279	26 780	21 177
Subordinat	56 000	56 000	56 000	56 000	80 900
Total liabilities	3 412 451	3 665 326	3 221 537	3 008 644	2 973 193
Equity					
Share capital	332 642	332 642	332 642	332 642	332 642
Share premium reserve	178 192	178 192	178 192	178 192	178 192
Retained earnings	31 944	18 645	6 280	-2 622	56 792
Tier 1 capital	40 900	40 900	40 900	40 900	40 900
Total equity	583 679	570 380	558 014	549 113	567 626
Total liabilities and equity	3 996 129	4 235 706	3 779 552	3 557 756	3 540 819

Key figures Q4-2020



Net profit before tax of **19.1 MNOK** + vs 20.3 Q4-19



Total income of **70.1 MNOK** + 14 % vs Q4-19



Losses on loans **2.6 %** vs 2.4 % Q4-19



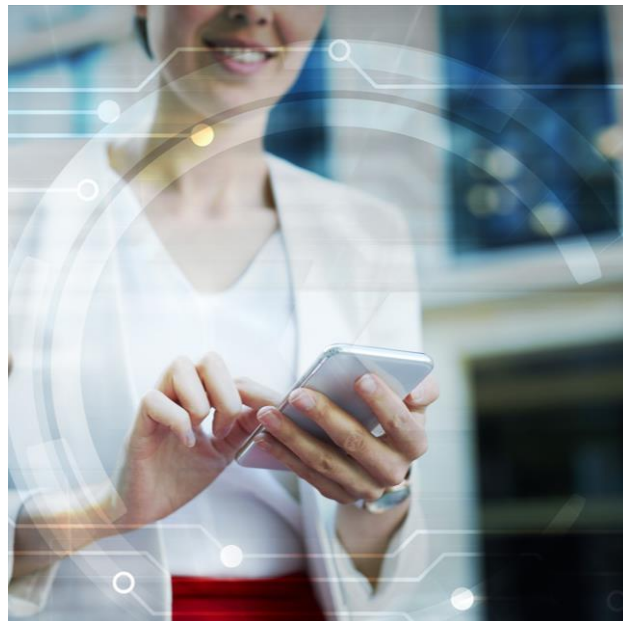
Outstanding net loans of **2,771 MNOK** vs 2,696 MNOK Q4-19



Equity per share of **1.63 NOK** vs 1.71 Q4-19



Return on Equity of **10.7 %** vs 10.8 % in Q4-19



Thank You