



Instabank

Interim Presentation Q1 – 2021

May 6th, 2021

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Key highlights Q1-21



Strong net loans growth of 184 MNOK

Growth of 244 MNOK adjusted for negative currency effects



Mortgage product growth of 177 MNOK, 70 % higher than Q4-20

Mortgage volume hits 19 % of total loans in Norway



Profit before tax of 18.7 MNOK, after tax 14.0 MNOK

Increase in profits of 160 % from Q1-20



Coop Byggekonto product roll-out completed

Customers can now choose between paying with the Coopay app, the Coop Byggekonto Mastercard or by mobile using an Instabank QR code. Customer's preference is 1/3 on each alternative



Coop Byggekonto rollout-completed

Customers at Coop Obs Bygg and Coop Byggmix can now choose between three payment methods delivered by Instabank

Mastercard



Coopay app

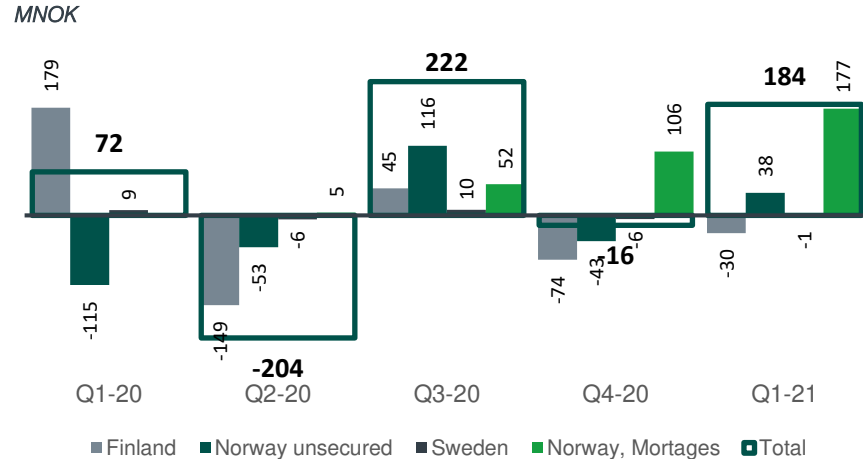


QR-code



Net loan development

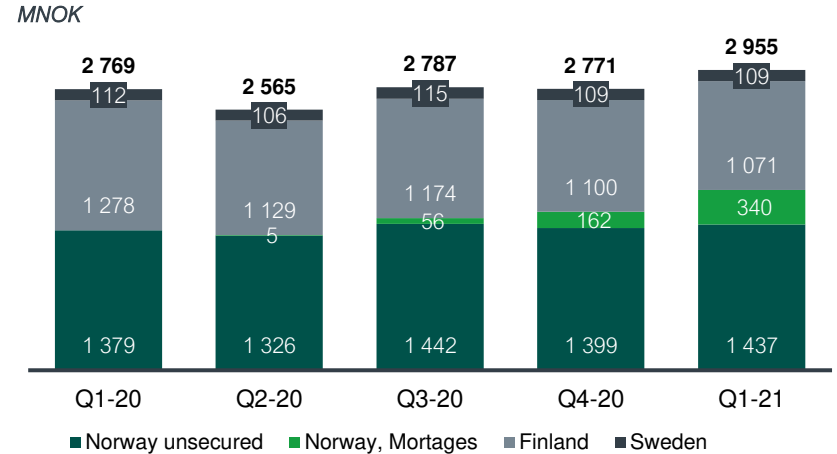
Net loan balance growth



Key comments

- Adjusted for negative FX effects, net loans growth was 244 MNOK
- Mortgages is driving the growth and hit a record high net loans growth of 177 MNOK in Q1-21, up from 106 MNOK in Q4-20
- Although there are margin pressure and high repayment rate in the unsecured loans market, net unsecured loans growth was 67 MNOK adjusted for FX effects





Net loans to customers



Key comments


- Mortgages to total net loans grew to 11 % end of Q1-21 from 6 % per end of Q4-20
- In Norway, mortgages are 19 % of total net loans representing increased diversification and reduced credit risk in the Norwegian loan portfolio

Diversified loan portfolio

	Net Loans	# Customers*	Avg Ticket Size*	Yield
 Consumer Loans	2,393''	23,177	79'	11.8 %
 Mortgages	343''	559	614'	7.0 %
 Sales Finance	130''	16,732	8'	14.2 %
 Credit Card	127''	2,821	45'	14.9 %
Total	2,995''	43,289	68'	11.5 %

*) Includes accounts with zero balance with an available credit limit

Diversified funding volume

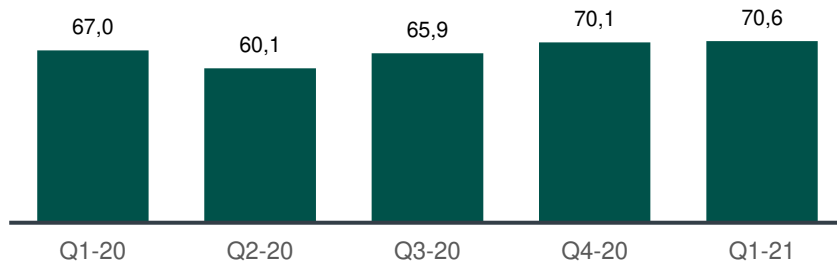
		<i>Volume</i>	<i># customers</i>	<i>Avg. deposit size</i>	<i>Deposit rates end Q1-21</i>
	Norway	2,045''	5,913	346'	1.00 %*
	Finland	788''	3,761	209'	0.60 %
	Sweden	116''	1,685	69'	0.55 %
	Germany	392''	2,004	196'	0.19 %
	Total	3 341''	13,363	250'	0.81 %

*) Currently new customers only per end of Q1-21, was effective May 1st for existing customers

Total income

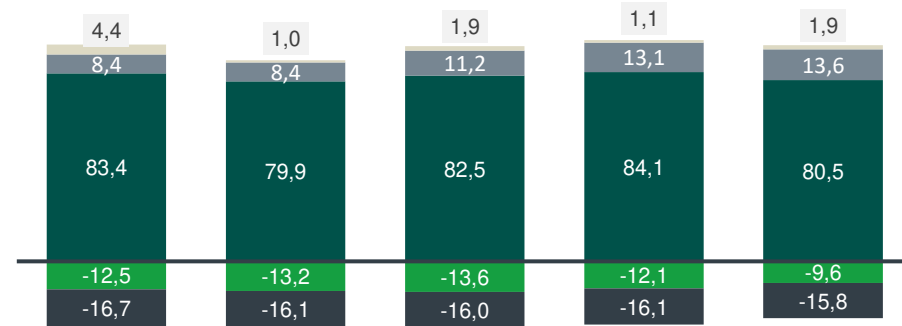
Total income

MNOK



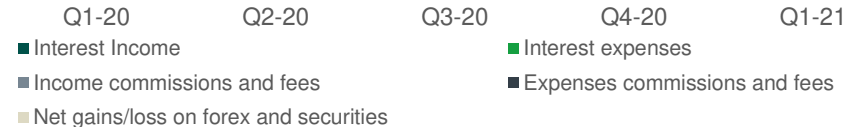
Total income detailed

MNOK



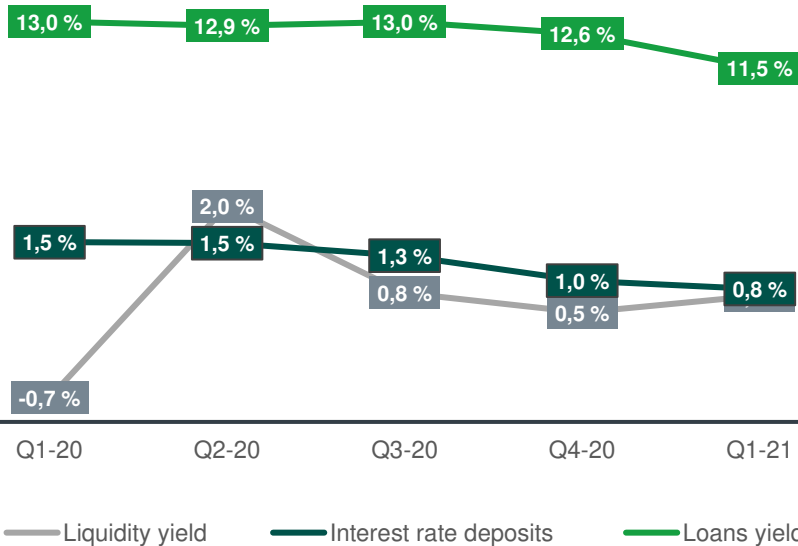
Key comments

- Interest income affected by two fewer interest days than the previous quarter and increased share of mortgages
- Interest expenses positive impacted by decreasing deposit rates
- Strong income from payment insurance commissions and upfront fees



Funding cost and yields

Development in funding cost and yields

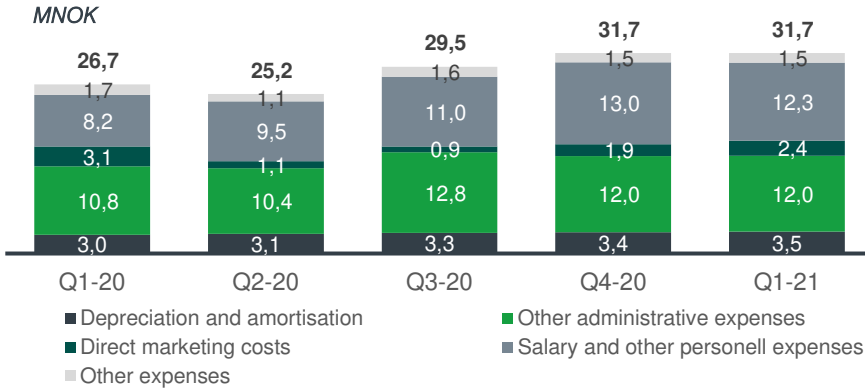


Key comments

- Loan yield decreased mainly due to increased share of mortgages at a lower loan yield as well as unsecured loans margin pressure in all three countries
- The deposit interest rates continued its decreasing path following changes in rates in all three currencies

Operating expenses

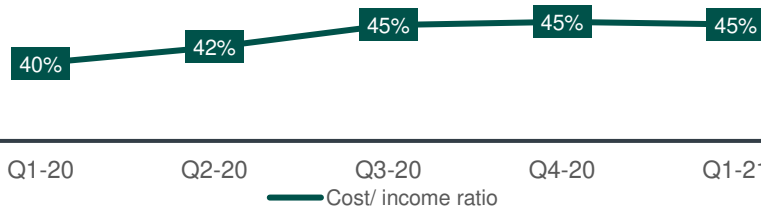
Operating expenses breakdown



Key comments

- Total operating expenses were stable compared to the previous quarter and came in at 31.7 MNOK.
- Increased marketing expenses offset a decrease in employee bonus provisions

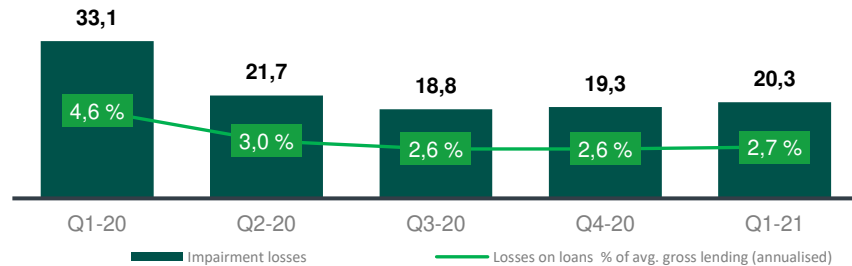
Cost/income ratio



Credit risk

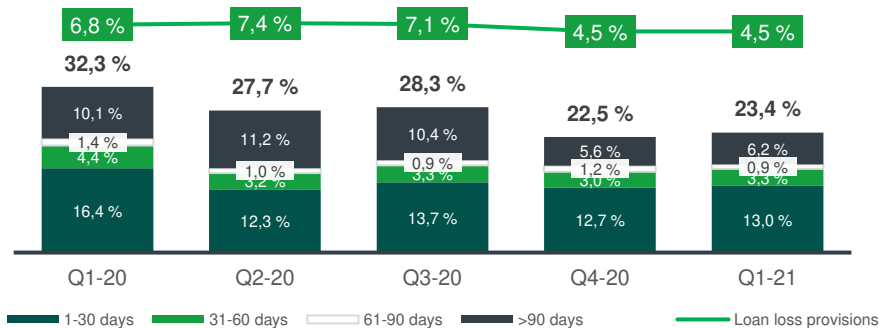
Impairment losses

MNOK



Loans past due

% of gross lending



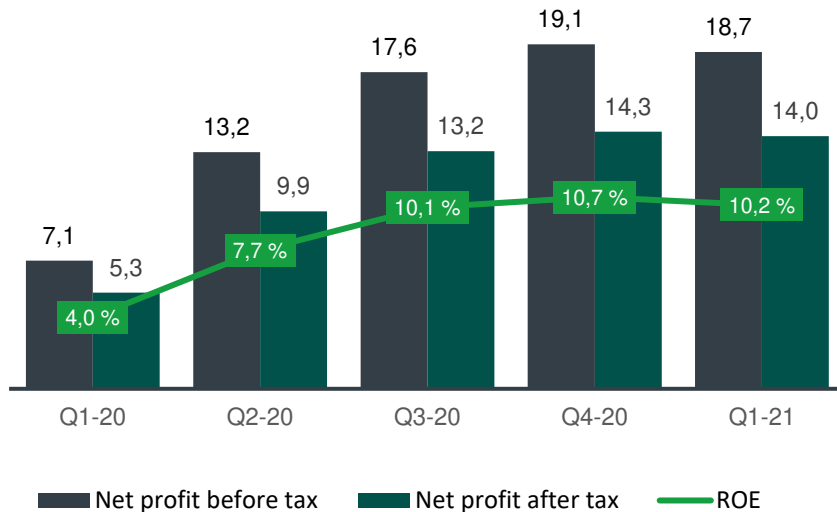
Key comments

- Losses on loans remained relatively low and were 20.3 MNOK or 2.7 % off average gross loans in the period, compared to 19,3 MNOK/ 2.6 % in the previous quarter
- The share of loans past due 1-30 by the end of the quarter was 13.0 %, significantly lower than one year earlier when it was 16.4 %
- The improvement in payment behavior is assumed to be a consequence of an increased share of mortgages in the loan portfolio, improved liquidity for most of our customers, and improved credit quality
- The share of non-performing loans was only 6.2 %, up from 5.6 % per end of Q4-20. The increase is mainly because the forward flow agreements in all three countries ended during the quarter and were not prolonged

Profit development

Net profit

MNOK

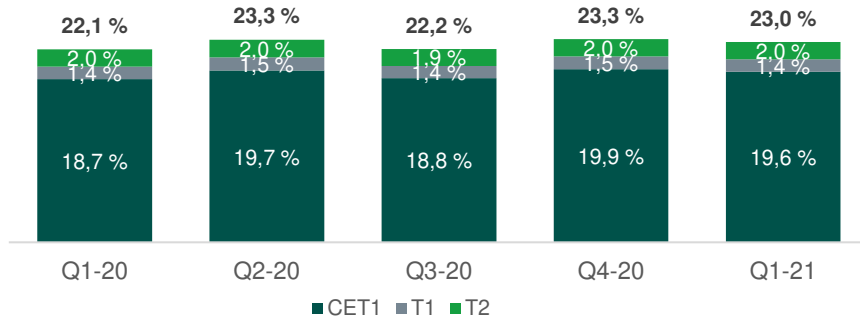


Key comments

- An increase in Total Income was offset by a slightly increase in losses on loans, while operating cost where stable compared to the previous quarter
- Net profit after tax was 14.0 MNOK, up from 5.3 MNOK in the same quarter last year
- Return on equity in the quarter was 10.2 %, up from 4.0 % in the same quarter last year

Capital adequacy

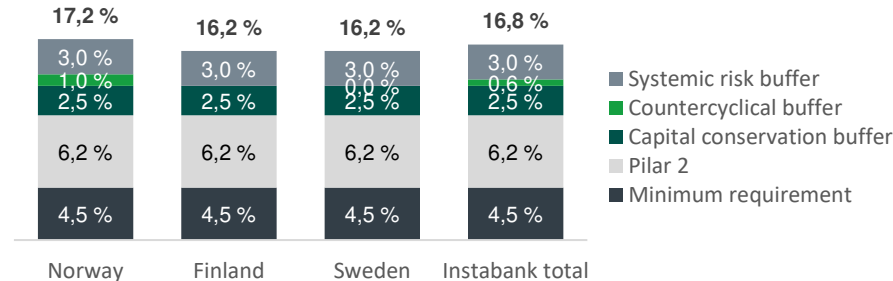
Developments in capital adequacy ratios



Key comments

- Common equity Tier 1 Capital ratio was 19.6 %, and the total capital ratio was 23.0 % at the end of Q1-21, 2.7 % points above the total regulatory capital requirement of 20.3 %.
- The surplus capital above the total regulatory capital requirement was 76 MNOK at the end of Q1-21

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 30.04.2021

#	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 INVESTERINGSSKAP AS	18 305 911	5,50%
5	BJELLA INVESTMENTS AS	13 112 021	3,94%
6	HJELLEGERDE 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	FREDLY	6 562 741	1,97%
11	ALTO HOLDING AS	5 870 000	1,76%
12	SONSINVEST AS	5 108 195	1,54%
13	LEIRIN HOLDING AS	4 333 333	1,30%
14	ENZIAN AS	4 172 387	1,25%
15	MAGDALENA HOLDING AS	4 001 301	1,20%
16	VENDETTA AS	3 831 578	1,15%
17	CAHE FINANS AS	3 501 000	1,05%
18	TVEDT INVESTERING AS	3 138 000	0,94%
19	VELDE EIENDOM INVEST AS	3 050 000	0,92%
20	T SANDVIK AS	2 816 000	0,85%
Sum Top 20		250 953 346	75,44%
Other shareholders		81 688 693	24,56%
Total		332 642 039	100,00%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 608 195	1,7 %
COO	Eivind Sverdrup (Leirin Holding AS)	4 448 833	1,3 %
CTO	Farzad Jalily	784 417	0,2 %
CMO	Jørgen Rui	300 011	0,1 %
CFO	Per Kristian Haug	154 935	0,0 %
CRO	Kjetil Andre Welde Krudsen	123 028	0,0 %
COO	Anne Jørgensen	75 625	0,0 %
Sum management		11 495 044	3,5 %
Other employees		1 666 739	0,5 %
Board members		2 150 000	0,6 %
Total		15 311 783	4,6 %

Share price development last 12 months

Share price (NOK)



Financial summary

P&L (NOK '000)

	Q1-21	FY 2020	Q4-20	Q3-20	Q2-20	Q1-20	FY 2019
Total income:							
Interest Income using the effective interest method	80 501	329 514	84 080	82 478	79 854	83 102	305 752
Other interest income	0	400	33	0	37	330	
Interest expenses	9 587	51 346	12 053	13 598	13 164	12 531	53 158
Net interest income	70 914	278 568	72 060	68 880	66 727	70 901	252 594
Net commission fees and other income	-268	-15 441	-1 942	-2 951	-6 648	-3 900	-10 429
Total income	70 646	263 127	70 118	65 929	60 079	67 001	242 165
Operating expenses:							
Salary and other personnel expenses	12 327	41 666	12 976	11 019	9 507	8 164	39 355
Other administrative expenses, of which	14 360	52 920	13 885	13 644	11 466	13 925	62 384
- <i>direct marketing cost</i>	2 393	6 996	1 875	880	1 105	3 136	18 231
Depreciation and amortisation	3 490	12 742	3 385	3 271	3 106	2 980	8 719
Other expenses	1 511	5 878	1 452	1 608	1 144	1 674	5 302
Total operating expenses	31 687	113 206	31 698	29 542	25 223	26 743	115 761
Losses on loans	20 256	92 911	19 282	18 794	21 704	33 131	71 429
Operating profit before tax	18 702	57 010	19 138	17 593	13 152	7 127	54 974
Tax	4 676	14 331	4 863	4 398	3 288	1 782	13 735
Profit and other comprehensive income	14 027	42 679	14 275	13 195	9 864	5 345	41 239

Balance sheet (NOK '000)

	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20
Assets					
Loans and deposits with credit institutions	209 131	202 601	222 177	165 812	229 380
Loans to customers, of which	3 040 171	2 852 172	2 869 717	2 644 120	2 859 294
- <i>prepaid agent commissions</i>	84 795	81 236	82 557	79 006	90 339
Certificates and bonds	754 657	889 664	1 035 261	863 415	328 138
Deferred tax assets	-	-	12 129	16 527	-
Other intangible assets	28 752	29 478	30 227	29 434	28 703
Fixed assets	7 827	8 414	9 067	9 740	10 414
Other receivables, of which:	18 950	13 802	57 128	50 504	101 827
Total assets	4 059 489	3 996 129	4 235 706	3 779 552	3 557 756
Liabilities					
Deposits from and debt to customers	3 340 513	3 303 998	3 548 363	3 129 285	2 887 298
Other debts	17 620	14 706	28 122	9 973	38 565
Accrued expenses and liabilities	47 898	37 747	32 840	26 279	26 780
Subordinated loans	56 000	56 000	56 000	56 000	56 000
Total liabilities	3 462 031	3 412 451	3 665 326	3 221 537	3 008 644
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	45 724	31 944	18 645	6 280	-2 622
Tier 1 capital	40 900	40 900	40 900	40 900	40 900
Total equity	597 459	583 679	570 380	558 014	549 113
Total liabilities and equity	4 059 489	3 996 129	4 235 706	3 779 552	3 557 756

Key figures Q1-21



Net profit before tax of **19.0 MNOK** + vs 7.1 MNOK Q1-20



Total income of **70.9 MNOK** + 6 % vs Q1-20



Losses on loans **2.7 %** vs 4.6 % Q1-20



Outstanding net loans of **2,955 MNOK** vs 2,769 MNOK Q1-20



Equity per share of **1.67 NOK** vs 1.53 Q1-20



Return on Equity of **10.2 %** vs 4 % in Q1-20



Thank You