



Instabank

Interim Presentation Q2 – 2021

August 12th, 2021

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Key highlights Q2-21



Record high profit before tax of 26.0 MNOK, after tax 19.5 MNOK
Profits nearly doubled from same quarter last year



Strong net loans growth of 356 MNOK
Growth of 541 MNOK for the first half of 2021



Mortgages volume growth of 242 MNOK, 37 % higher than the previous quarter
Mortgages hit 28 % of total loans in Norway



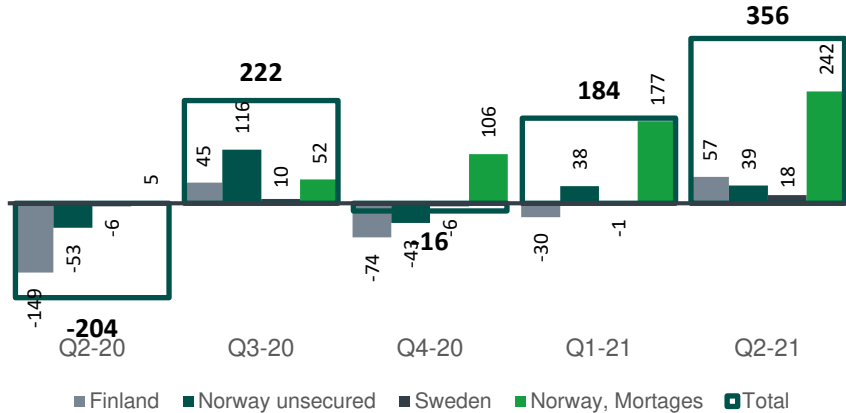
Credit losses continue to improve
Improvements in payment behavior for all products and all markets, only 1.4 % of the mortgages volume were more than 30 days past due



Net loan development

Net loan balance growth

MNOK

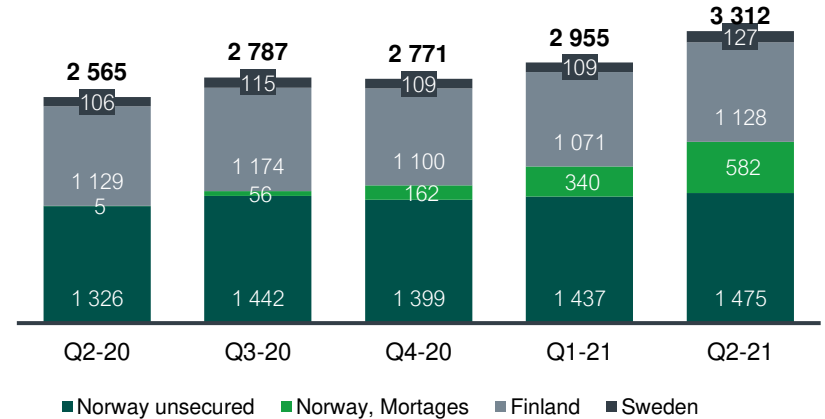


Key comments

- Mortgages had an increased growth rate, 37 % higher than in the first quarter due to extended distribution and internal improvements
- There were growth for unsecured loans in all three markets, but we prioritise to allocate capital to mortgages where the ROE is the most attractive

Net loans to customers

MNOK

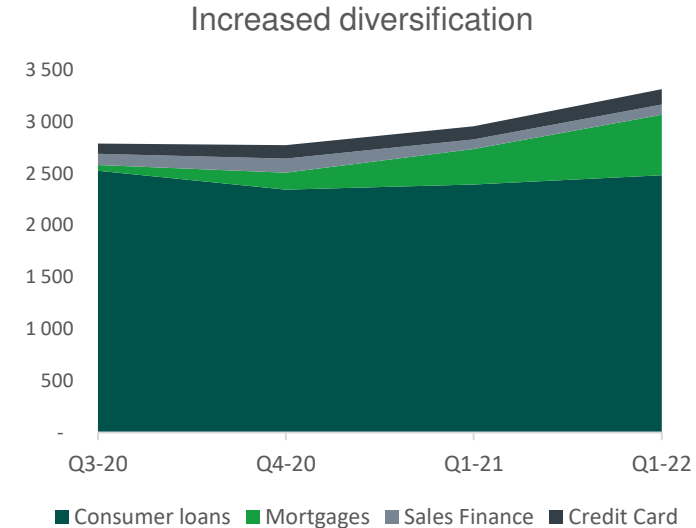


Key comments

- Mortgages to total net loans grew to 18 % end of Q2-21 from 11 % per end of Q1-21
- In Norway, mortgages are 28 % of total net loans, representing increased diversification and reduced credit risk in the Norwegian loan portfolio

Diversified loan portfolio

	<i>Net Loans</i>	<i># Customers*</i>	<i>Avg Ticket Size*</i>	<i>Yield</i>
 Consumer Loans	2,483''	24,057	78'	11.5 %
 Mortgages	582''	1,019	571'	6.9 %
 Sales Finance	100''	15,503	7'	15.6 %
 Credit Card	147''	3,399	43'	14.9 %
Total	3,312''	45,998	72'	10.9 %



Diversified funding volume

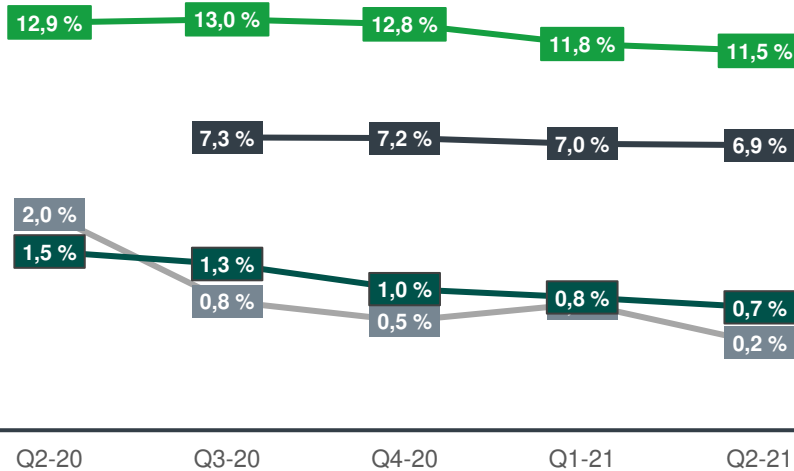
		<i>Volume</i>	<i># customers</i>	<i>Avg. deposit size</i>	<i>Deposit rates end Q2-21</i>
	Norway	2,162''	6,343	341'	1.00 %*
	Finland	742''	3,811	197'	0.45 %
	Sweden	104''	1,691	62''	0.55 %
	Germany	525''	2,545	206'	0.14 %**
	Total	3,540''	14,390	246'	0.71 %

*) Up to NOK 500', 0,90 % for deposits between NOK 500' – 2,000'

***) Does not include partner margin

Funding cost and yields

Development in funding cost and yields



Key comments

- Yield for unsecured loans continue a decreasing path because of margin pressure in all three countries
- Yield for mortgages were slightly down because of increase new volume and increased share of 1st priority loans
- Interest rate deposits decreased following decreased offered rates in Norway, Finland and Germany

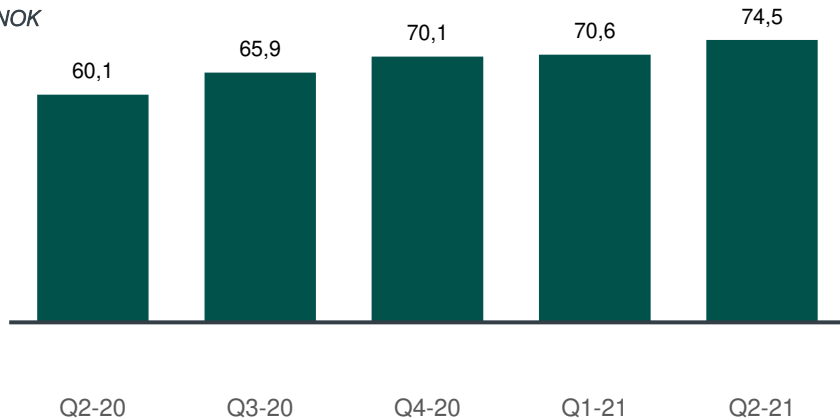
— Liquidity yield
— Yield - unsecured loans

— Interest rate deposits
— Yield - mortgages

Total income

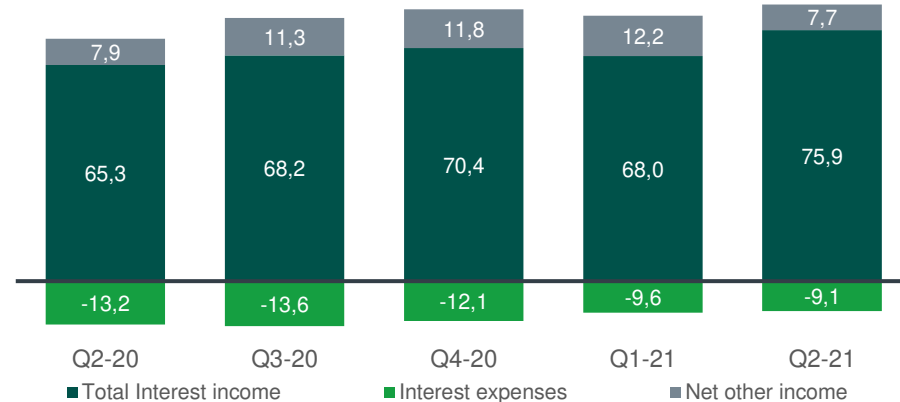
Total income

MNOK



Total income detailed*

MNOK



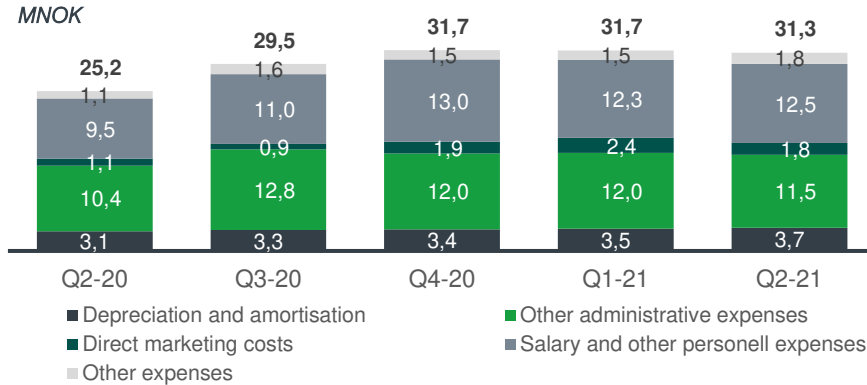
Key comments

- Total interest income increased 7.9 MNOK from Q1-21 following high growth in net loans
- Although deposits volume increased by 200 MNOK, interest expenses were reduced by 0.5 MNOK to 9.1 MNOK in Q2-21 because of decreased deposit rates
- Net other income impacted by decreased yield on securities and increased partner commission

**) Previously, agent commission and establishment fees were booked against expenses commission and fees and income commission and fees. From Q2-21, both are included in the interest income and historical figures have been restated.*

Operating expenses

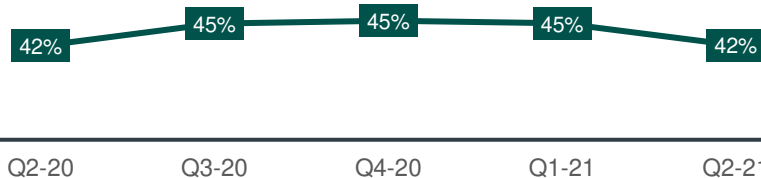
Operating expenses breakdown



Key comments

- Total operating expenses were stable compared to the previous quarter and came in at 31.3 MNOK and represent a normal level as they do not include any significant non-recurring costs
- Cost/income ratio fell to 42 % as operating expenses were stable and total income increased

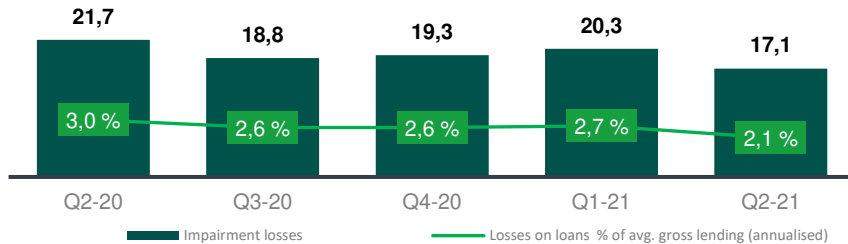
Cost/income ratio



Credit risk

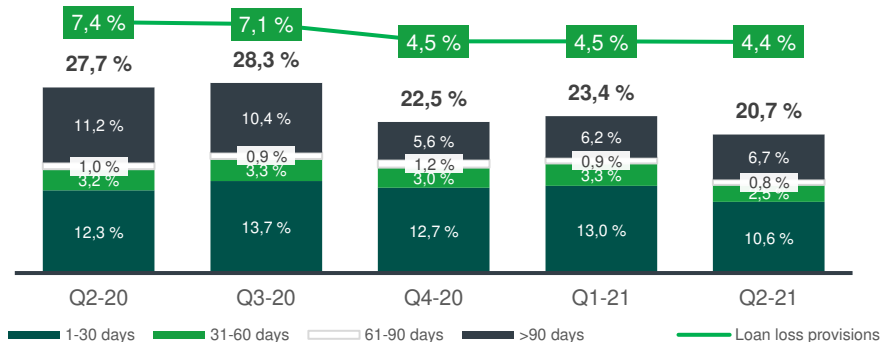
Impairment losses

MNOK



Loans past due

% of gross lending



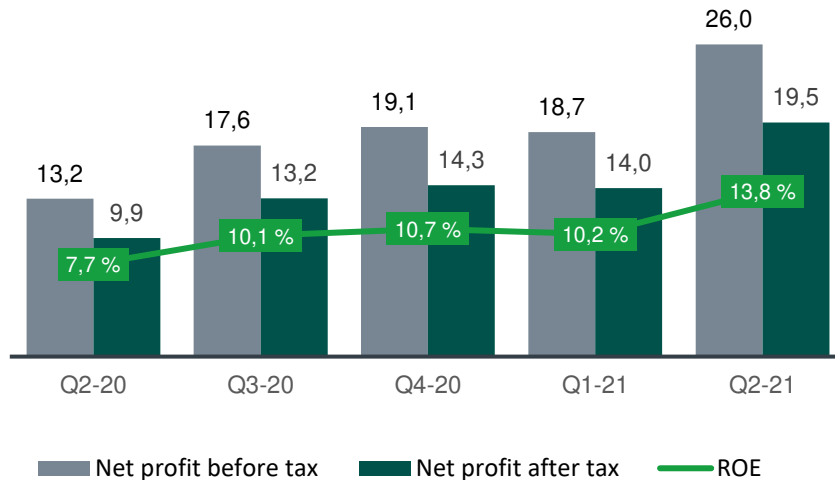
Key comments

- The bank has observed stable and good payment behaviour from the customers during the quarter resulting in a historically low share of loans past due by the end of the quarter
- For Mortgages, only 1.4 % of gross loans were more than 30 days past due at the end of the quarter. One year after launch of the product, only a very few loans have defaulted and most of them have been resolved shortly after
- Although an increased share of mortgages had a positive impact, we also observed historical low share of loans past due for unsecured loans
- The improvement in share of loans past due and impairment losses are, in addition to a seasonal effect, a consequence of an increased share of mortgages in the loan portfolio and improved credit quality over time for all products

Profit development

Net profit

MNOK

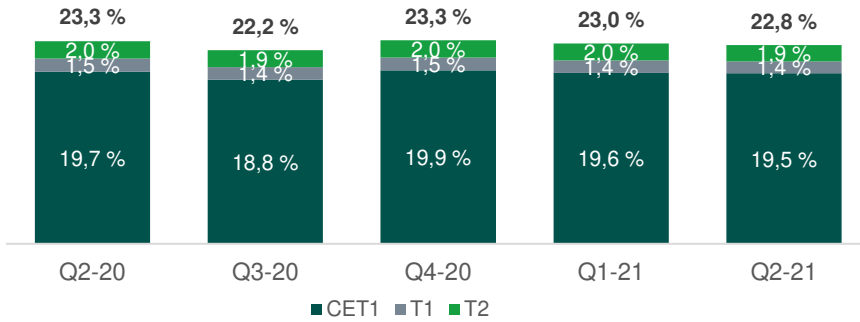


Key comments

- A significant increase in Total Income, decreased losses on loans and stable operating expenses, lead to an increase in net profit after tax of 5.5 MNOK from the previous quarter to record high 19.5 MNOK
- Return on equity (ROE) in the quarter was 13.8 %, up from 7.7 % in Q2-20.
- ROE year-to-date is 12.0 % compared to a target of above 13.0 % for the year 2021.

Capital adequacy

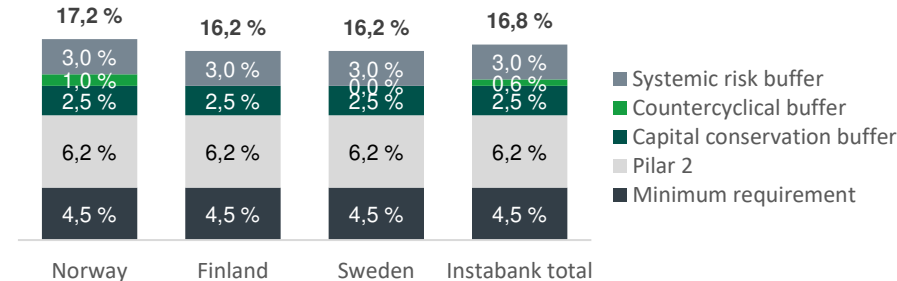
Developments in capital adequacy ratios



Key comments

- Common equity Tier 1 Capital ratio was 19.5 %, and the total capital ratio was 22.8 % at the end of Q2-21, 2.7 % points above the total regulatory capital requirement of 20.3 %

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

Outlook 2021

Strategic ambitions

ROE

Strong improvement in profits

>13 %

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

~ 6.0 Bn.

Mid term

● Proof of growth capacity

Cost to income

Economies of scale reduce cost

< 42 %

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 10.08.2021

#	Shareholders	# of shares	%
1	KISTEFOS AS	83 126 568	24,99%
2	HODNE INVEST AS	30 588 311	9,20%
3	VELDE HOLDING AS	26 029 963	7,83%
4	BIKJELUNDEN INVESTERINGSSELSKAP AS	18 305 911	5,50%
5	BJELLA INVESTMENTS AS	13 112 021	3,94%
6	TORSTEIN TVENGE	10 000 000	3,01%
7	HJELLEGERDE INVEST AS	9 161 000	2,75%
7	KRISTIAN FALNES AS	9 000 000	2,71%
9	LEKVOLLBAKKEN AS	8 500 000	2,56%
10	MOROAND AS	8 500 000	2,56%
11	ALTO HOLDING AS	7 120 000	2,14%
12	SONSINVEST AS	5 108 195	1,54%
13	LEIRIN HOLDING AS	4 333 333	1,30%
14	MAGDALENA HOLDING AS	4 080 611	1,23%
15	VENDETTA AS	4 043 365	1,22%
16	CAHE FINANS AS	3 501 000	1,05%
17	TVEDT INVESTERING AS	3 138 000	0,94%
18	VELDE EBENDOM INVEST AS	3 050 000	0,92%
19	T SANDVIK AS	2 599 945	0,78%
20	MIDLFART CAPITAL AS	2 500 000	0,75%
Sum Top 20		255 798 223	76,90%
Other shareholders		76 843 816	23,10%
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 Jallily	784 417	0,2 %
CMO	Jørgen Rui	438 463	0,1 %
CFO	Per Kristian Haug	154 935	0,0 %
CRO	Kjetil Andre Welde Knudsen	123 028	0,0 %
COO	Anne Jørgensen	75 625	0,0 %
Sum management		11 633 496	3,5 %
Other employees		1 666 739	0,5 %
Board members		2 150 000	0,6 %
Total		15 450 235	4,6 %

Share price development last 12 months

Share price (NOK)



Financial summary

P&L (NOK '000)

P&L	Q2-21	Q1-21	FY 2020	Q4-20	Q3-20	Q2-20
Total income:						
Interest Income using the effective interest method	75 886	67 999	272 117	70 421	68 187	65 298
Interest expenses	9 096	9 587	51 346	12 053	13 598	13 164
Net interest income	66 791	58 412	220 771	58 368	54 590	52 134
Net other income	7 695	12 233	42 356	11 750	11 339	7 945
Total income	74 486	70 646	263 127	70 118	65 929	60 079
Operating expenses:						
Salary and other personnel expenses	12 516	12 327	41 666	12 976	11 019	9 507
Other administrative expenses, of which	13 371	14 360	52 920	13 885	13 644	11 466
- <i>direct marketing cost</i>	1 849	2 393	6 996	1 875	880	1 105
Depreciation and amortisation	3 662	3 490	12 742	3 385	3 271	3 106
Other expenses	1 785	1 511	5 878	1 452	1 608	1 144
Total operating expenses	31 335	31 687	113 206	31 698	29 542	25 223
Losses on loans	17 143	20 256	92 911	19 282	18 794	21 704
Operating profit before tax	26 009	18 702	57 010	19 138	17 593	13 152
Tax	6 502	4 676	14 331	4 863	4 398	3 288
Profit and other comprehensive income	19 507	14 027	42 679	14 275	13 195	9 864

Balance sheet (NOK '000)

Balance Sheet	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20
Assets					
Loans and deposits with credit institutions	212 392	209 131	202 601	222 177	165 812
Loans to customers	3 366 753	3 015 839	2 836 451	2 858 740	2 636 782
Certificates and bonds	632 290	754 657	889 664	1 035 261	863 415
Other intangible assets	27 441	28 752	29 478	42 356	45 961
Fixed assets	7 175	7 827	8 414	9 067	9 740
Derivatives	65	1 623	1 972	4 049	5 213
Other receivables	10 672	17 327	11 829	53 079	45 291
Total assets	4 256 788	4 035 157	3 980 409	4 224 728	3 772 214
Liabilities					
Deposits from and debt to customers	3 540 343	3 340 513	3 303 998	3 548 363	3 129 285
Other debts	14 627	17 620	14 583	16 782	9 146
Accrued expenses and liabilities	13 754	15 087	18 457	21 863	14 046
Derivatives	593	233	123	6 445	827
Deferred tax	3 569	3 569	3 569	4 895	4 895
Tax payable	11 178	4 676	-	-	-
Subordinated loan capital	56 000	56 000	56 000	56 000	56 000
Total liabilities	3 640 064	3 437 698	3 396 730	3 654 349	3 214 200
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	64 989	45 724	31 944	18 645	6 280
Additional tier 1 capital	40 900	40 900	40 900	40 900	40 900
Total equity	616 723	597 459	583 679	570 380	558 014
Total liabilities and equity	4 256 788	4 035 157	3 980 409	4 224 728	3 772 214

Key figures Q2-21



Net profit before tax of **26.0 MNOK** + 98 % vs Q2-20



Total income of **74.5 MNOK** + 24 % vs Q2-20



Losses on loans **2.1 %** vs 3.0 % Q2-20



Outstanding net loans of **3.312 MNOK** + 747 MNOK vs Q2-20



Equity per share of **1.73 NOK** vs 1.55 Q2-20



Return on Equity of **13.8 %** vs 7.7 % in Q2-20



Thank You