

Instabank

Interim Presentation Q3 – 2021
November 4th, 2021

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Key highlights Q3-21



Record high profit before tax of 32.6 MNOK, after tax 24.4 MNOK
Profits up 85 % from the same quarter last year



Strong net loans growth of 298 MNOK
Net loans growth year to date of 838 MNOK



Mortgages volume growth of 212 MNOK
Mortgages now represents one third of total net loans in Norway



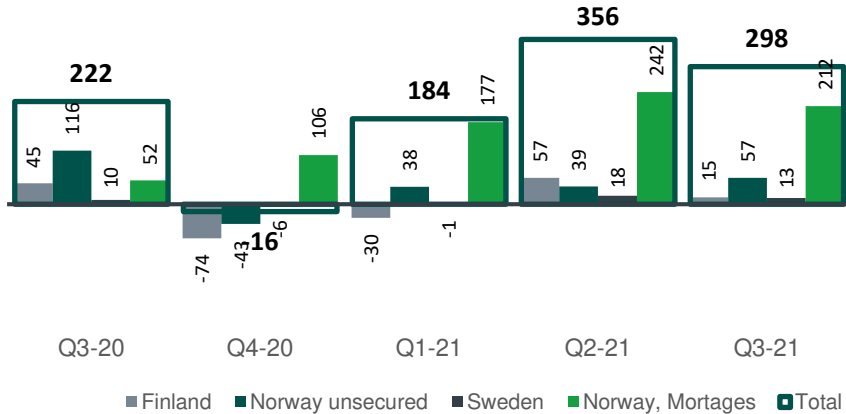
Return on Equity of 16.6 % in Q3-21 brings Instabank to the top among Norwegian Banks
Return on equity year-to-date is 13.6 %, well above the target for 2021 of 13 %



Net loan development

Net loan balance growth

MNOK

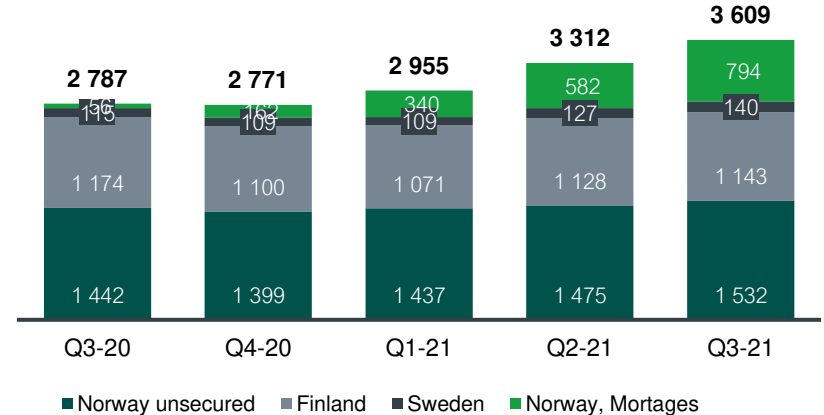


Key comments

- The mortgages volume grew by 212 MNOK or 36 % in the third quarter to 794 MNOK in net loans
- As in Q2-21, there were growth for unsecured loans in all three markets, mostly in Norway where Instapay credit card and Sales Finance contributed the most

Net loans to customers





MNOK



Key comments





- Mortgages to total net loans grew to 22 % end of Q3-21 from 18 % per end of Q1-21
- In Norway, mortgages are 34 % 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	2,528''	24,448	76'	11.2 %
 Mortgages	794''	1,207	658'	6.8 %
 Sales Finance	147''	19,041	8'	16.5 %
 Credit Card	179''	4,126	43'	14.9 %
Total	3,609''	48,822	74'	10.6 %

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

Diversified funding volume

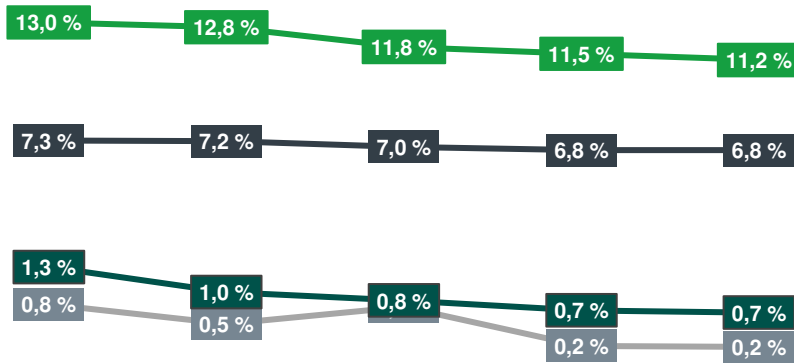
		<i>Volume</i>	<i># customers</i>	<i>Avg. deposit size</i>	<i>Deposit rates end Q3-21</i>
	Norway	2,434''	6,984	349'	1.05 %*
	Finland	646''	3,842	168'	0.45 %
	Sweden	95''	1,696	56'	0.55 %
	Germany	677''	3,120	217'	0.12 %**
	Total	3,853''	15,642	246'	0.68 %

*) 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



— Liquidity yield
— Yield - consumer loans

— Interest rate deposits
— Yield - mortgages

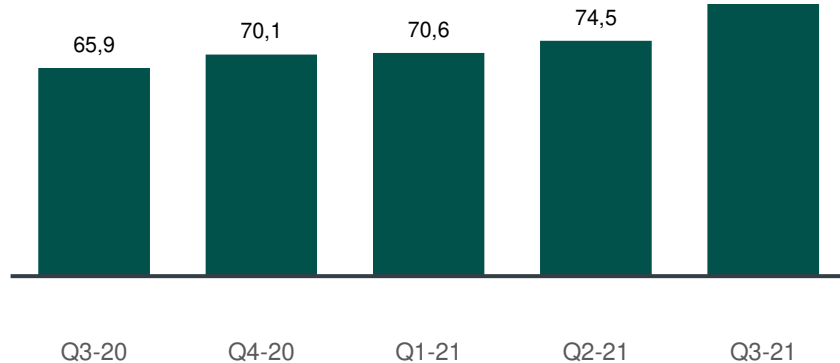
Key comments

- Yield for unsecured loans continue a decreasing path because of margin pressure in Norway and temporarily interest cap in Finland of 10 %
- Yield for mortgages remained stable during the quarter
- Interest rate for deposits were overall stable despite an increase of 0,05 % points for deposits in Norway late in the quarter. After a year with low deposit rates in Norway, we observe the offered rates are starting to move up again

Total income

Total income

MNOK

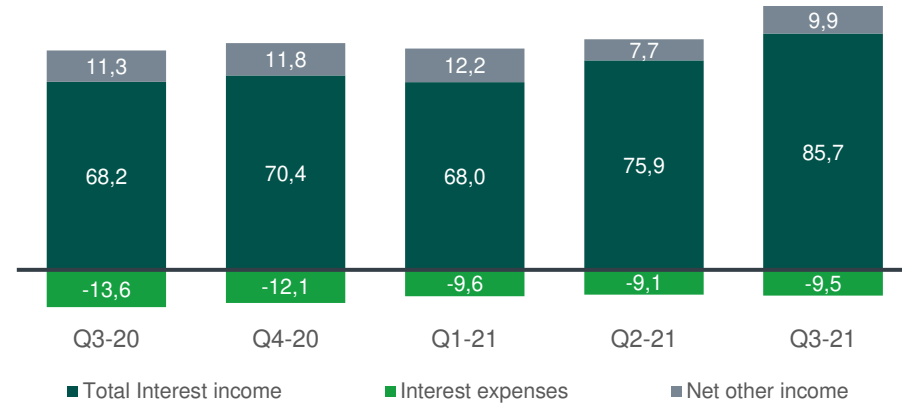


Key comments

- Total interest income increased by 9.8 MNOK from Q2-21 as a result of solid net loans growth
- Instabank acquired a portfolio of loans from Optin bank in June 2021 at 85 % of face value. The discount value is recognised as interest income during the expected lifetime of the loan portfolio, of which 1.5 MNOK were booked in Q3-21
- Net other income increased by 2.2 MNOK from Q2-21 to 9.9 MNOK as a result of strong insurance sales in the quarter

Total income detailed*

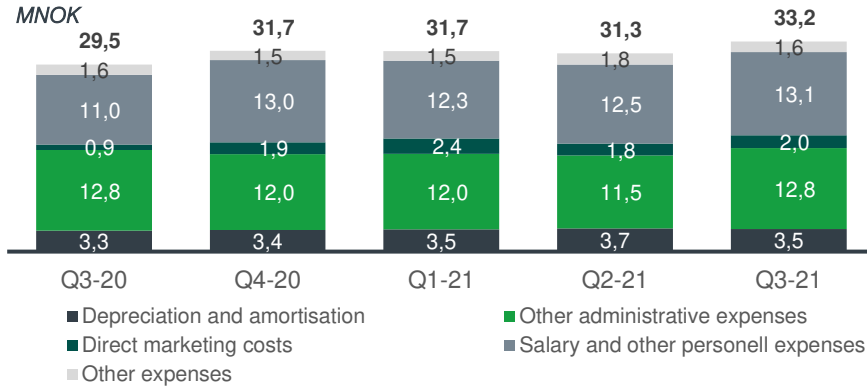
MNOK



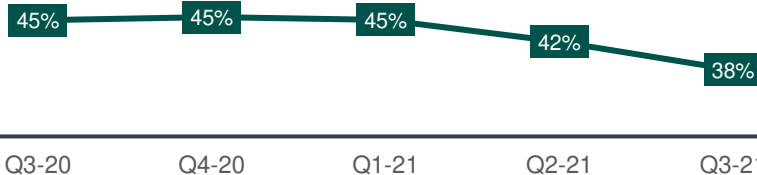
*) Previously, agent commission and establishment fees were booked against expenses commission and fees and income commission and fees. From Q2-21, both are included in the interest income and historical figures have been restated.

Operating expenses

Operating expenses breakdown



Cost/income ratio



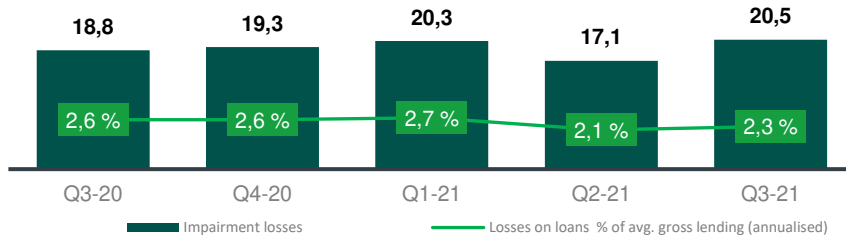
Key comments

- Cost to income improved significantly from the previous quarter by 4 % points down to 38 %, demonstrating economy of scale.
- The increase in operating expenses from Q2-21 was related to personnel expenses, marketing and other administrative expenses.

Credit risk

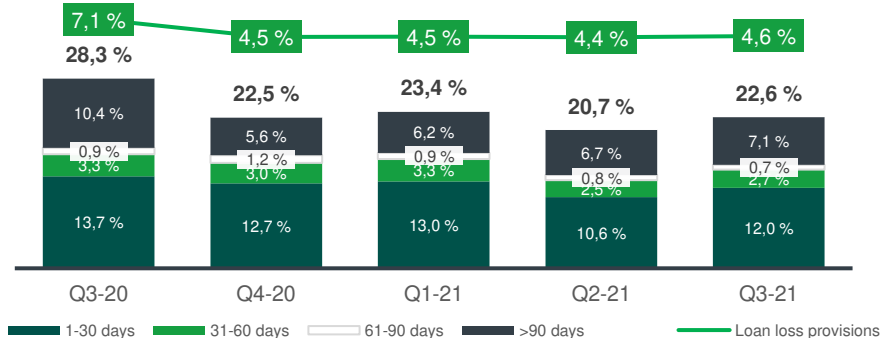
Impairment losses

MNOK



Loans past due

% of gross lending



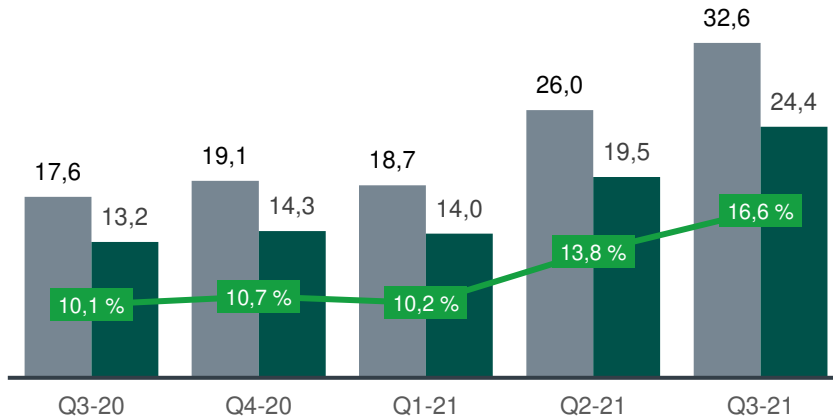
Key comments

- Losses on loans were 2.3 % versus 2.6 % for the same quarter last year and the share of loans past due was also considerably lower in all intervals
- The increase from the previous quarter is because of seasonal variations
- The bank has observed stable and good payment behaviour from the customers during the quarter
- Although the increasing share of mortgages has a positive impact, we also have observed improvement in credit measures for unsecured loans compared to same quarter last year
- Non-performing loans (NPL) volume was 268 MNOK at the end of the quarter, only 7.1 % of total gross loans, down from 315 MNOK/ 10.4 % one year ago. More than half of the NPL volume is less than one year old
- For mortgages, only 0.2 % of the volume are NPL

Profit development

Net profit

MNOK



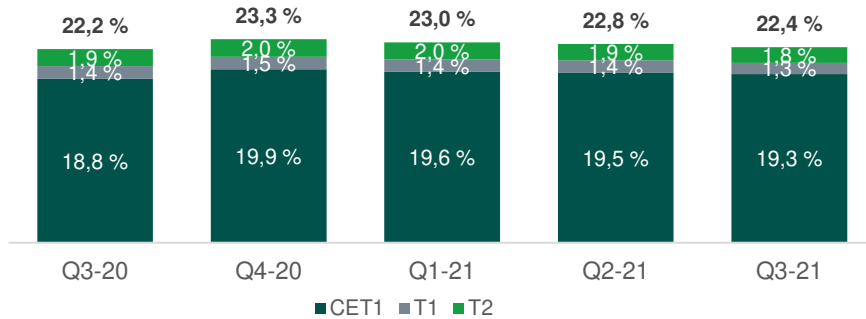
■ Net profit before tax ■ Net profit after tax — ROE

Key comments

- Profit after tax increased by 4.9 MNOK from the previous quarter to 24.4 MNOK because of the strong increase in Total Income
- Return on equity (ROE) in the quarter was 16.6 %, up from 10.1 % in Q3-20 bringing Instabank to the top among Norwegian banks
- ROE year-to-date is 13.6 %, well above target of 13.0 % for the year 2021

Capital adequacy

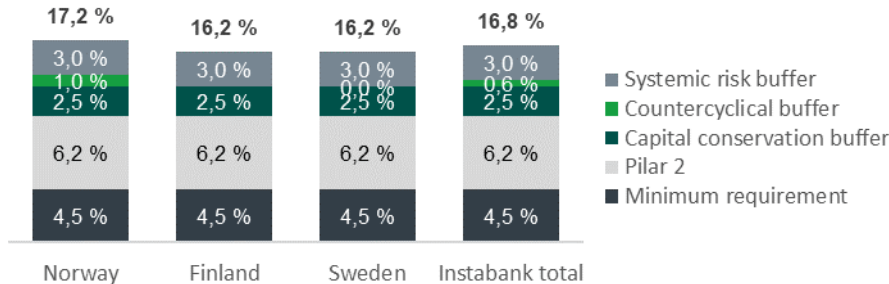
Developments in capital adequacy ratios



Key comments

- Common equity Tier 1 Capital ratio was 19.3 %, and the total capital ratio was 22.4 % at the end of Q3-21, 2.0 % 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 prioritising mortgage loans going forward. This will reduce risk and improve profits.

Financials

Outlook 2021

ROE

Strong improvement in profits

14% (13%)

2021

● Heading in the right direction

Net loans

Growth is necessary to improve profits

> 3.8 Bn (3.7 Bn.)

2021

● Growth shows direction

Cost to income

Economies of scale reduce cost

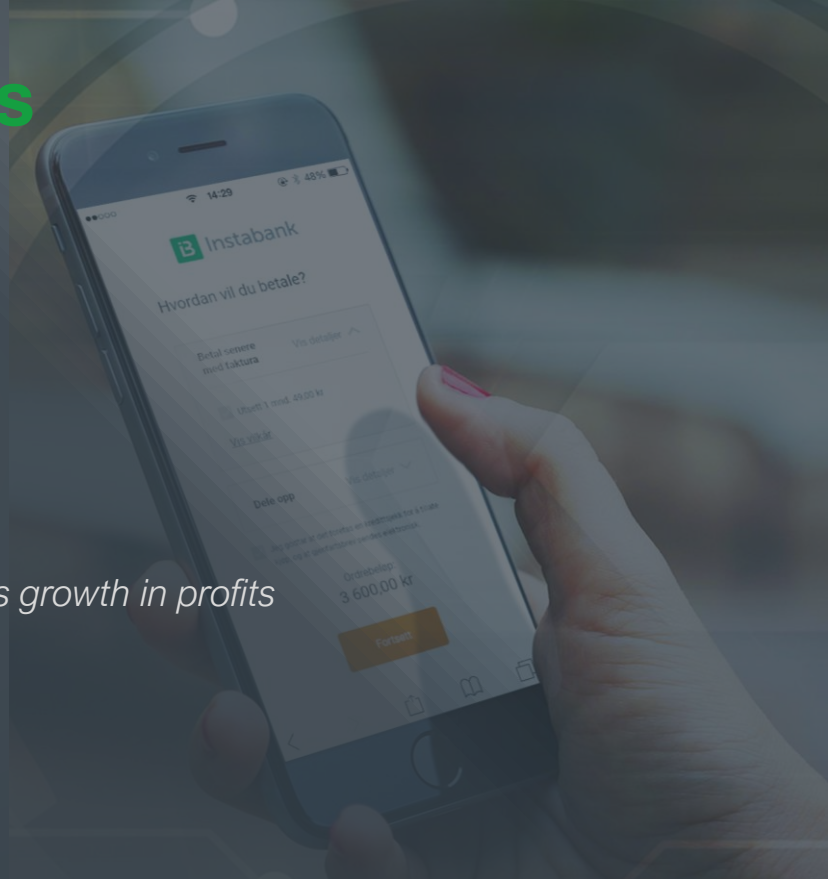
< 42%

2021

● Among the better

Ambitions

- **Increased diversification**
- Repositioning from a typical consumer loans bank
- **Continued sound growth**
- Excess equity and generated profits enable growth
- **Profit growth**
- Volume growth, economies of scale and low risk drives growth in profits



Share price and ownership

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

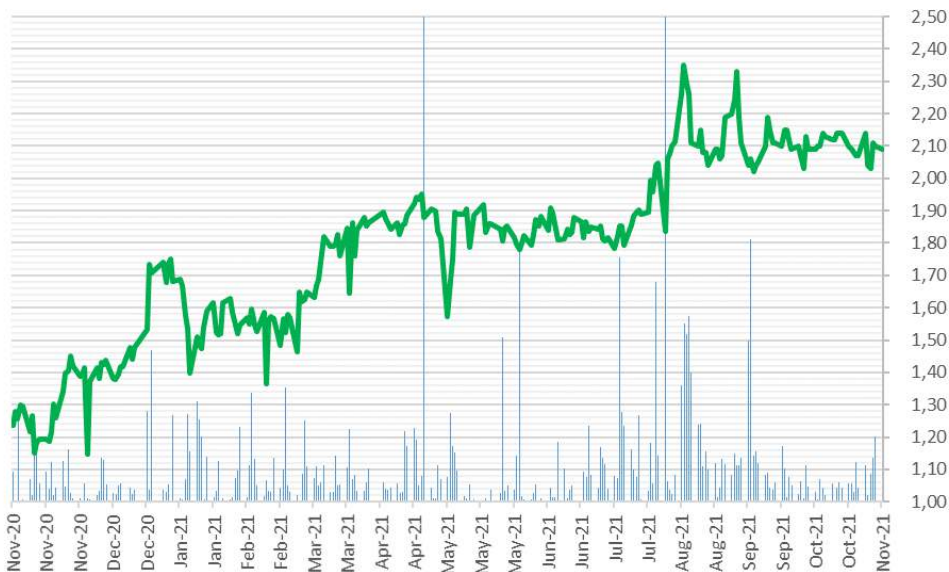
Top 20 shareholders as of 02.11.2021

Shareholders	# of shares	%
KISTEFOS AS	83 126 568	24,99%
HODNE INVEST AS	30 588 311	9,20%
VELDE HOLDING AS	26 195 836	7,88%
BIRKELUNDEN INVESTINGSELSKAP AS	18 305 911	5,50%
BJELLA INVESTMENTS AS	13 112 021	3,94%
TVENGE	10 000 000	3,01%
HJELLEGGERDE INVEST AS	9 161 000	2,75%
KRISTIAN FALNES AS	8 900 000	2,68%
LEIKVOLLBAKKEN AS	8 500 000	2,56%
MOROAND AS	8 500 000	2,56%
ALTO HOLDING AS	6 930 000	2,08%
SONSINVEST AS	5 108 195	1,54%
LEIRIN HOLDING AS	4 333 333	1,30%
MAGDALENA HOLDING AS	4 080 611	1,23%
CAHE FINANS AS	3 501 000	1,05%
VENDETTA AS	3 262 800	0,98%
TVEDT INVESTERING AS	3 138 000	0,94%
VELDE EIENDOM INVEST AS	3 050 000	0,92%
T SANDVIK AS	2 811 339	0,85%
SENNI EIENDOM AS	2 358 564	0,71%
Sum Top 20	254 963 489	76,65%
Other shareholders	77 678 550	23,35%
Total	332 642 039	100,00%

Name	# of shares	% of total
Robert Berg (Sonsinvest AS)	5 608 195	1,7 %
Evind Sverdrup (Leirin Holding AS)	4 448 833	1,3 %
Jørgen Rui	1 072 292	0,3 %
Farzad Jalily	784 417	0,2 %
Per Kristian Haug	154 935	0,0 %
Kjetil Andre Welde Knudsen	123 028	0,0 %
Anne Jørgensen	99 625	0,0 %
Sum management	12 291 325	3,7 %
Other employees	2 087 388	0,6 %
Board members	2 150 000	0,6 %
Total	16 528 713	5,0 %

Share price development last 12 months

Share price (NOK)



Financial summary

P&L (NOK '000)

P&L	Q3-21	Q2-21	Q1-21	FY 2020	Q4-20	Q3-20
Total income:						
Interest Income using the effective interest method	85 705	75 886	67 999	272 117	70 421	68 187
Interest expenses	9 451	9 096	9 587	51 346	12 053	13 598
Net interest income	76 254	66 791	58 412	220 771	58 368	54 590
Net other income	9 933	7 695	12 233	42 356	11 750	11 339
Total income	86 187	74 486	70 646	263 127	70 118	65 929
Operating expenses:						
Salary and other personnel expenses	13 136	12 516	12 327	41 666	12 976	11 019
Other administrative expenses, of which	14 848	13 371	14 360	52 920	13 885	13 644
- <i>direct marketing cost</i>	<i>2 044</i>	<i>1 849</i>	<i>2 393</i>	<i>6 996</i>	<i>1 875</i>	<i>880</i>
Other expenses	1 644	1 785	1 511	5 878	1 452	1 608
Depreciation and amortisation	3 545	3 662	3 490	12 742	3 385	3 271
Total operating expenses	33 174	31 335	31 687	113 206	31 698	29 542
Losses on loans	20 463	17 143	20 256	92 911	19 282	18 794
Operating profit before tax	32 551	26 009	18 702	57 010	19 138	17 593
Tax	8 147	6 502	4 676	14 331	4 863	4 398
Profit and other comprehensive income	24 404	19 507	14 027	42 679	14 275	13 195

Balance sheet (NOK '000)

Balance Sheet	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Assets					
Loans and deposits with credit institutions	226 519	212 392	209 131	202 601	222 177
Loans to customers	3 659 766	3 366 753	3 015 839	2 836 451	2 858 740
Certificates and bonds	682 558	632 290	754 657	889 664	1 035 261
Other intangible assets	25 848	27 441	28 752	29 478	42 356
Fixed assets	6 512	7 175	7 827	8 414	9 067
Derivatives	1 116	65	1 623	1 972	-
Other receivables	5 590	10 672	17 327	11 829	53 079
Total assets	4 607 910	4 256 788	4 035 157	3 980 409	4 220 679
Liabilities					
Deposits from and debt to customers	3 852 877	3 540 343	3 340 513	3 303 998	3 548 363
Other debts	18 034	14 627	17 620	14 583	16 782
Accrued expenses and liabilities	15 817	13 754	15 087	18 457	21 863
Derivatives	483	593	233	123	6 445
Deferred tax	3 569	3 569	3 569	3 569	4 895
Tax payable	20 227	11 178	4 676	-	-
Subordinated loan capital	56 000	56 000	56 000	56 000	56 000
Total liabilities	3 967 008	3 640 064	3 437 698	3 396 730	3 654 349
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	89 167	64 989	45 724	31 944	18 645
Additional tier 1 capital	40 900	40 900	40 900	40 900	40 900
Total equity	640 901	616 723	597 459	583 679	570 380
Total liabilities and equity	4 607 910	4 256 788	4 035 157	3 980 409	4 224 728

Key figures Q3-21



Net profit before tax of **24.4 MNOK** + 85 % vs Q3-20



Total income of **86.2 MNOK** + 31 % vs Q3-20



Losses on loans **2.3 %** vs 2.6 % Q3-20



Outstanding net loans of **3.609 MNOK** + 822 MNOK vs Q3-20



Equity per share of **1.80 NOK** vs 1.59 Q3-20



Return on Equity of **16.6 %** vs 10.1 % in Q3-20



Thank You