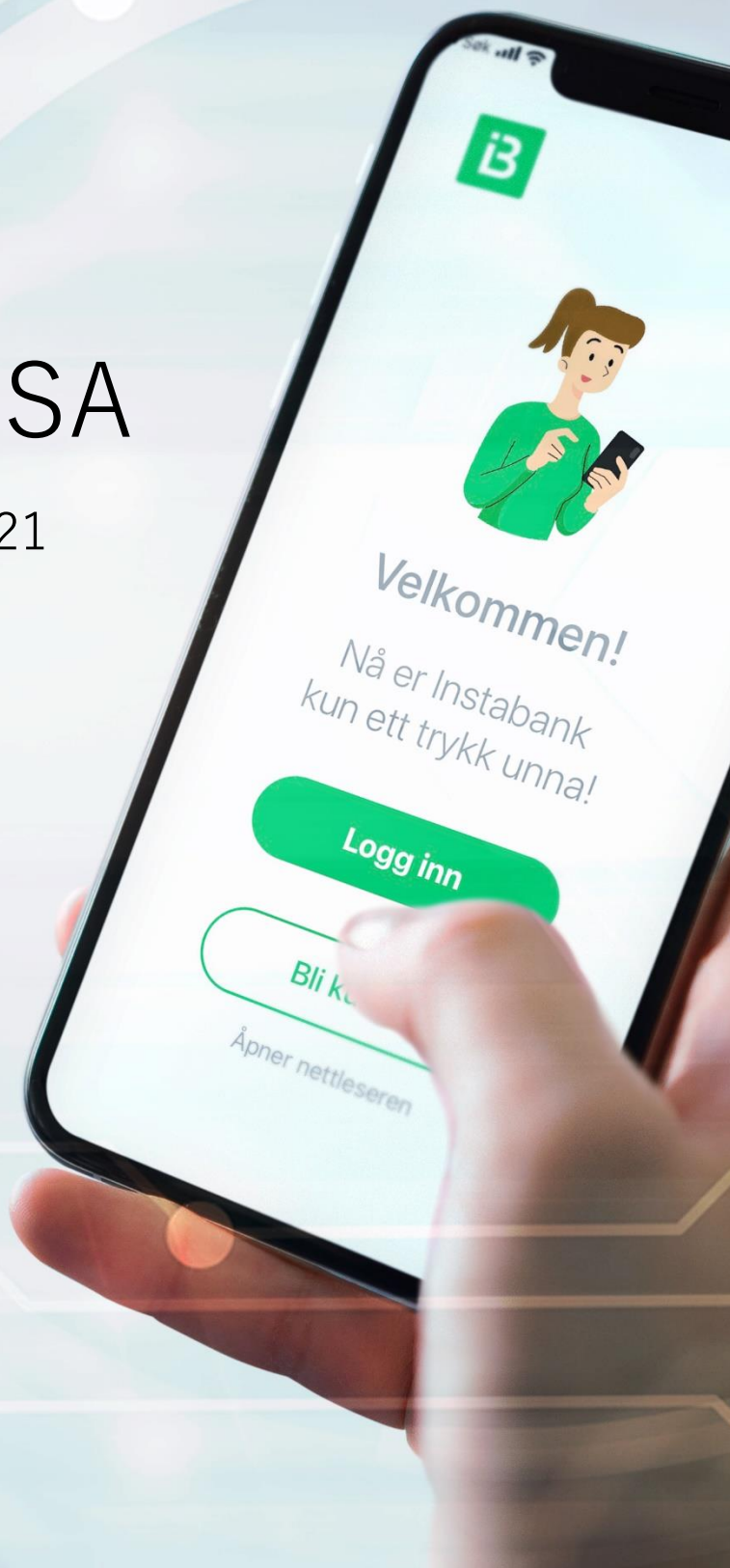


INSTABANK ASA

INTERIM REPORT Q4 2021



INTERIM REPORT Q4 2021

Key highlights & developments:

- ★ **Record high profit before tax of 34.9 MNOK, after tax 25.5 MNOK**
Profits up 82 % from the same quarter last year
- ★ **Net loans growth of 173 MNOK**
Net loans growth in 2021 of 1.012 MNOK
- ★ **Mortgages volume growth of 204 MNOK**
Mortgages now represents 26 % of total net loans and 40% of net loans in Norway
- ★ **Return on Equity of 16.6 % in Q4-21 and 14.4 % in 2021**
Return on equity above the target for 2021 of 14 %



We value progress

INTERIM REPORT Q4 2021

About Instabank ASA

Instabank is a Norwegian digital bank with offices in Oslo, Norway. Instabank ASA was granted a banking license by The Financial Supervisory Authority of Norway (Finanstilsynet) on September 19th, 2016. On September 23rd, 2016, the bank opened for business.

Instabank is listed on Euronext Growth at Oslo Børs, ticker INSTA.

Our aim has always been to make the customer experience as smooth as possible. The ability to grasp opportunities and quickly implement changes is at the heart of our culture.

Instabank operates in Norway, Finland and Sweden, offering competitive savings, insurance, point of sales (POS) financing, credit cards, mortgages and unsecured loan products to consumers who qualify after a credit evaluation. The loan product is highly customisable, and payment plans range from three to fifteen years, or a flexible credit facility. Instabank also offers deposits in Germany through a partnership with Raisin Bank.

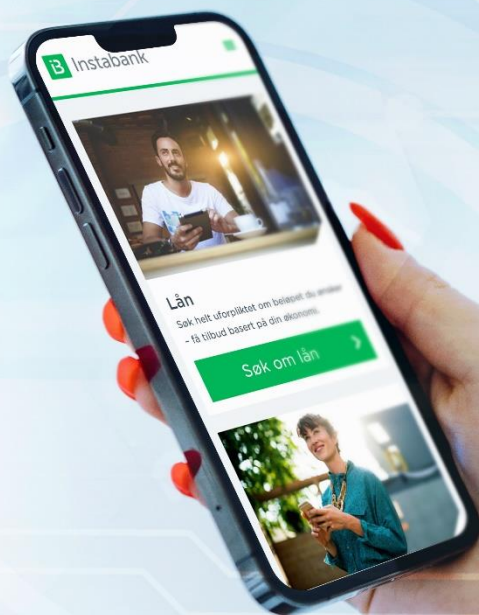
The bank continues to evolve its business strategy to a rapidly changing business environment. The trend of companies shifting from selling a product to selling product-as-a-service will often require a finance partner. Otherwise, the companies will need to make the investments upfront while the revenue streams will spread over time – for instance, as subscriptions. Our expertise within paytech makes Instabank an ideal partner for companies seeking to servitize and digitize their business models.

The bank's products and services are distributed primarily via 26 agents, through various paytech partners and the bank's website.

Instabank is a member of "Bankenes Sikringsfond", which secures all deposits up to 2 MNOK in Norway and EUR 100k in Sweden and Finland.

Instabank is primarily owned by Norwegian investors. By the end of Q4-21, Kistefos AS was the bank's largest shareholder owning 24.99 %. No other individual shareholders were holding more than 10 % of the shares.

At the end of Q4-21, Instabank had 35 full-time employees and 10 part-time employees.



Operational Developments

Instabank ended 2021 by delivering another strong quarter of growth in net loans, bringing total net loans growth in 2021 above 1 billion NOK delivering above the growth target for 2021. In a market, where growth in unsecured consumer loans is challenging, Instabank has found a recipe for growth with the mortgage product that delivered 835 MNOK in growth in net loans in 2021. While the traditional consumer loans products have had a reduction in yield for the last couple of years, mortgages deliver the strongest return on equity among Instabank's products with an attractive yield relative to risk, and losses on loans well below 1 %.

The growth in net loans came in at 173 MNOK in Q4-21, or 198 MNOK adjusted for negative currency effects. The mortgages volume increased by 204 MNOK in the quarter, a slight decline from 212 MNOK in the previous quarter as the market slowed down as usual at Christmas time. Average loan yield for mortgages remained stable at 6.8 %

The growth results from of strong performance throughout the organisation who successfully delivers on the strategy, effective operations, distribution and product offerings meeting customer demands. Instabank continued its path towards becoming a well-diversified bank with lower credit risk as the mortgage product increased to 40 % of net loans in Norway and 26 % of total net loans, up from 34 %/ 22 % per the end of the third quarter.

The mortgages product has proven to represent an attractive and simple solution for those seeking to refinance unsecured loans and are homeowners. We offer them a solution where they utilise the value of their home to achieve a lower interest rate and thus increased disposable income. We do not demand that customers do a complete restructuring of their debt, including their current mortgage, and do not offer the product to high-risk customers with loans in default. We offer refinancing of their unsecured debt in a second- or first-priority mortgage dependent on the best economic solution for the customer. For customers with a fully utilised mortgage credit line with their primary bank of 60 %, refinancing their unsecured debt in a second priority mortgage with Instabank is often the best solution. Up until now, the majority of Instabank's disbursed mortgages are refinancing of unsecured debt.

In Finland, the market improved after the governmental restrictions on consumer loans with an interest cap of 10 % and restrictions for the marketing of consumer loans, ended by the end of the third quarter. Growth in net loans came in at 29 MNOK or 54 MNOK adjusted for negative currency effects.

In Sweden, Instabank does not allocate capital to growth as the loan yield are the lowest among the three countries Instabank operates in. As a result, net loans declined by 16 MNOK.

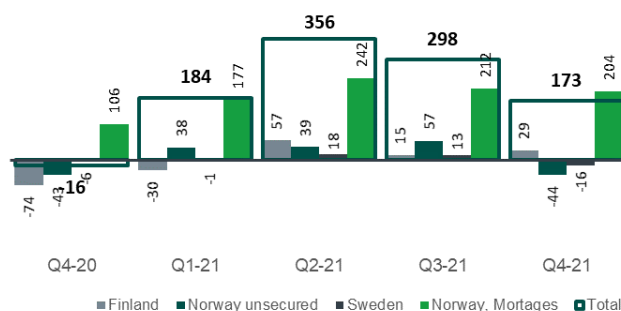
Covid-19 restrictions came back in December after they were lifted in September. This illustrates that the pandemic is still ongoing, and we still do not know what to come next. However, we have experienced that the pandemic has not had any negative operational or financial impact on Instabank. Losses and share of loans past-due have performed well and better than before the pandemic. One of the reasons is believed to be that the liquidity has been better among our customers as mortgages interest rates were lowered in 2020 and leisure spending went down. Although interest rates were increasing and consumer spending increased in the second half of 2021, we still observed good payment behaviour. For unsecured lending, past due 1-30 days was 11.7 % by the end of Q4-21, down from 12.7 one year earlier. Past-due 31-60 days and 60-90 days were also down from the year before.

Non-performing loans (NPL) volume were 307 MNOK at the end of the quarter, only 7.7 % of total gross loans. Instabank does not currently have any forward flows agreement as we find it more attractive to do one-off NPL sales. In Q4-21, Instabank sold 27 MNOK of the NPL portfolio in Finland, representing the NPL portfolio's oldest part.

Balance Sheet

Net loans to customers increased by 173 MNOK in Q4-21 to 3,783 MNOK. Of total net loans, 34 % was outside Norway at the end of the quarter, down from 36 % at the end of Q3-21.

Net loan balance growth (MNOK):



Deposits from customers increased by 194 MNOK to 4,047 MNOK at the end of the quarter, representing a well-balanced growth of deposits and loan volumes.

Common equity Tier 1 Capital ratio was 19.4 %, and the total capital ratio was 22.3 % at the end of Q4-21, 2.0 % points above the total regulatory capital requirement of 20.3 %.

Total assets at the end of Q4-21 were 4.831 MNOK.

At the end of Q4-21, the bank had 65,096 customers, of which 48,348 were loan customers and 16,748 were deposit customers.

Profit and Loss

Instabank reports a record-high profit before tax of 34.9 MNOK, and after tax of 25.5 MNOK in Q4-21, representing an 82 % increase in net profit before tax from the same quarter last year when net profit came in at 14.3 MNOK.

Total interest income increased by 4.7 MNOK from Q3-21 to 85.7 MNOK in Q4-21 following the growth in net loans. Instabank acquired a portfolio of unsecured loans at a principal value of 47.7 MNOK from Optin Bank ASA in June 2021. The purchase price was 85 % of face value. The discount value is recognised as interest income during the expected lifetime of the loan portfolio of which 1.2 MNOK was booked in Q4-21.

As a result of a deposit volume increase of 194 MNOK and a deposit rate increase in Norway, interest

expenses increased by 1 MNOK to 10.5 MNOK. The funding cost margin increased to 1.05 % from 1.00 % in Q3-21 but was still lower than the two first quarters of 2021.

Net interest income came in at 79.9 MNOK, up 3.7 MNOK from the previous quarter.

Net other income was 9.8 MNOK, down 0.2 MNOK from the previous quarter because of a loss on forex and securities of 0.4 MNOK.

Total income came in at 89.8 MNOK, an increase of 3.5 MNOK from the previous quarter and 19.6 MNOK higher than in the same quarter last year.

Total operating expenses decreased 1.3 MNOK from the previous quarter and came in at 31.9 MNOK. Despite growth in net loans of more than 1 billion NOK in 2021, operating costs have remained stable with an increase of only 0.2 MNOK from the same quarter last year, demonstrating economy of scale. Cost to income hits 35.5 % in the quarter, down from 45.5 % for Q4-20.

Losses on loans came in at 23.0 MNOK or 2.4 % of gross loans to customers, up from 20.4 MNOK/ 2.3 % in Q3-21. The increase is because of seasonal effects as expected, partly offset by an increased share of low-risk mortgages in the quarter and a profit from the sale of a non-performing loans portfolio in Finland. Losses on loans for the mortgages volume of 1 billion NOK was only 1.2 MNOK in the quarter or 0.55 % of gross loans.

Profit before tax hits record high 34.9 MNOK, and net profit was 26.2 MNOK, up from 14.2 MNOK in the same quarter last year. The quarterly return on equity (ROE) was 17.1 %, up from 10.7 % in Q4-20.

For 2021, Instabank achieved a net profit of 83.5 MNOK, close to twice the net profit for 2020. Return on equity for 2021 reached 14.4 %, well above the target of 13.0 % and up from 10.8 % in 2020.

Outlook

Instabank is committed to continuing the successful growth story, delivering attractive products in the best interests of our customers and our partners, as well as continued growth in profits and return on equity to our shareholders.

One and a half years after launch, the mortgage product has proven to represent low-risk growth, an attractive yield and a positive contribution to the overall ROE as mortgages require less capital than unsecured loans. Instabank expects mortgages to continue to deliver growth in loans and profits in the coming year.

For 2022, Instabank has the ambition to deliver growth in net loans of 1.4 billion NOK and a net profit of 115 MNOK.

Instabank will continue developing the customer experience and bringing our expertise within paytech to companies seeking to innovate and digitize their business models and strengthen the bank's market position as a preferred paytech partner.

With a solid capital and liquidity situation, a flexible and scalable business model across three markets, an increasing share of mortgages and a low NPL ratio, Instabank is resilient to changing market conditions.

The Norwegian Ministry of Finance has decided to increase the countercyclical capital buffer to 1.5 per cent as of 30th June 2022, followed by an increase to 2.0 per cent as of 31st December 2022.

The bank's liquidity and capital situation are expected to remain at a satisfactory level in the future. It should be noted that there is typically uncertainty related to assessments of future conditions.

Other Information

The accounting profit for Q4-21 is entirely predisposed against retained earnings.

The presented figures are not audited by the bank's external auditor.

Oslo, February 9th, 2022
Board of Directors, Instabank ASA



Condensed statements of profit or loss and other comprehensive income

NOK 1000	Note	Q4-2021	Q4-2020	2021	2020
Interest Income effective interest method	6	90 347	70 388	319 931	271 717
Other interest income		98	33	104	400
Interest expenses		10 474	12 053	38 608	51 346
Net interest income		79 970	58 368	281 427	220 771
Income commissions and fees	6	12 291	10 696	44 535	33 976
Expenses commissions and fees	6	2 138	0	6 858	0
Net gains/loss on foreign exchange and securities classified as current assets		-366	1 054	2 007	8 380
Net other income		9 787	11 750	39 684	42 356
Total income		89 757	70 118	321 111	263 127
Salary and other personnel expenses		12 345	12 976	50 324	41 666
Other administrative expenses, of which:		14 732	13 885	57 311	52 920
- <i>direct marketing cost</i>		1 868	1 875	7 275	6 996
Other expenses		1 374	1 452	6 315	5 878
Depreciation and amortisation		3 406	3 385	14 102	12 742
Total operating expenses		31 856	31 698	128 052	113 206
Losses on loans	2	23 021	19 282	80 882	92 911
Operating profit before tax		34 880	19 138	112 177	57 010
Tax expenses		9 402	4 863	28 726	14 331
Profit and other comprehensive income for the period		25 478	14 275	83 451	42 679
Earnings per share (NOK)		0,08	0,04	0,25	0,13
Diluted earnings per share (NOK)		0,08	0,04	0,25	0,13

Condensed statement of financial position

NOK 1000	Note	31.12.2021	31.12.2020
Loans and deposits with credit institutions	3, 4	281 279	202 601
Loans to customers	3, 4	3 832 071	2 836 451
Certificates and bonds	3, 4	679 759	889 664
Other intangible assets	3, 5	25 098	29 478
Fixed assets	3	5 909	8 414
Derivatives	3	1 213	1 972
Other receivables	3, 4	6 323	11 829
Total assets		4 831 653	3 980 409
Deposit from and debt to customers	4	4 047 128	3 303 998
Other debts	4	10 942	14 583
Accrued expenses and liabilities		17 941	18 457
Derivatives		338	123
Deferred tax		2 957	3 569
Tax payable		30 241	0
Subordinated loan capital	3	56 000	56 000
Total liabilities		4 165 546	3 396 730
Share capital	3	332 642	332 642
Share premium reserve	3	178 192	178 192
Retained earnings	3	114 373	31 944
Additional Tier 1 capital	3	40 900	40 900
Total equity		666 107	583 679
Total liabilities and equity		4 831 653	3 980 409

Statement of changes in equity

NOK 1000	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Equity per 01.01.2021	332 642	178 192	40 900	31 944	583 678
Profit for the period				83 451	83 451
Changes in warrants				2 368	2 368
Paid interest on Tier 1 Capital				-3 390	-3 390
Equity per 31.12.2021	332 642	178 192	40 900	114 373	666 107
Equity per 01.01.2020	332 642	178 192	40 900	-7 299	544 435
Profit for the period				42 679	42 679
Changes in warrants				177	177
Paid interest on Tier 1 Capital				-3 612	-3 612
Equity per 31.12.2020	332 642	178 192	40 900	31 944	583 678

NOTES

Note 1: General accounting principles

The interim report is prepared in accordance with chapter 8 in regulations for annual accounts of banks, credit companies and financial institutions, which means interim financial statement in accordance with IAS 34 and those exceptions included in the regulations for annual accounts of banks, credit companies and financial institutions, as presentation of statement of cashflows. For further information see note 1 accounting principles in the annual report of 2020. The interim report was approved by the board of directors on February 9th, 2022

Note 2: Loans to customers

Gross and net lending:

NOK 1000	31.12.2021	31.12.2020
Revolving credit loans	599 994	548 789
Installment loans, unsecured	2 362 157	2 190 544
Installment loans, secured	1 003 649	162 956
Prepaid agent commission	104 218	81 236
Establishment fees	-55 132	-15 637
Gross lending	4 014 886	2 967 888
Impairment of loans	-182 815	-131 353
Net loans to customers	3 832 071	2 836 535

Credit impaired and losses:

NOK 1000	31.12.2021	31.12.2020
Gross credit impaired loans (stage 3)	307 111	161 957
Individual impairment of credit impaired loans (stage 3)	-125 436	-72 867
Net credit impaired loans	181 675	89 090

Ageing of loans:

NOK 1000	31.12.2021	31.12.2020
Loans not past due	3 082 109	2 254 712
Past due 1-30 days	433 659	364 889
Past due 31-60 days	114 066	87 209
Past due 61-90 days	28 855	33 765
Past due 91+ days	307 111	161 714
Total	3 965 800	2 902 289

	31.12.2021	31.12.2020
Loans not past due	77,7 %	77,7 %
Past due 1-30 days	10,9 %	12,6 %
Past due 31-60 days	2,9 %	3,0 %
Past due 61-90 days	0,7 %	1,2 %
Past due 91+ days	7,7 %	5,6 %
Total	100,0 %	100,0 %

Geographical distribution

NOK 1000	31.12.2021	31.12.2020
Norway	2 593 014	1 635 958
Finland	1 241 381	1 154 044
Sweden	131 405	112 286
Gross lending excl. prepaid agent provisions and establishment fees	3 965 800	2 902 289

Reconciliation of gross lending to customers

Q4-2021:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 30.09.21	3 064 705	451 613	268 671	3 784 989
<i>Transfers in Q4 2021:</i>				
Transfer from stage 1 to stage 2	-210 225	208 410	-	-1 815
Transfer from stage 1 to stage 3	-9 576	-	9 791	215
Transfer from stage 2 to stage 1	91 455	-102 287	-	-10 832
Transfer from stage 2 to stage 3	-	-54 486	54 080	-406
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	718	-1 081	-363
New assets	645 771	17 328	54	663 154
Assets derecognised	-361 913	-43 702	-41 387	-447 002
Changes in foreign exchange and other changes	-35 570	-3 554	16 984	-22 140
Gross carrying amount as at 31.12.21	3 184 648	474 041	307 111	3 965 800

Q4-2020:

Gross carrying amount as at 30.09.20	2 215 266	469 945	315 270	3 000 481
<i>Transfers in Q4 2020:</i>				
Transfer from stage 1 to stage 2	-110 739	111 163	-	424
Transfer from stage 1 to stage 3	-3 648	-	3 743	94
Transfer from stage 2 to stage 1	163 208	-171 246	-	-8 038
Transfer from stage 2 to stage 3	-	-22 397	22 530	133
Transfer from stage 3 to stage 1	-	553	-2 785	-2 233
Transfer from stage 3 to stage 2	-	455	-525	-70
New assets	405 840	8 539	1 358	415 738
Assets derecognised	-205 947	-59 742	-171 080	-436 769
Changes in foreign exchange and other changes	-54 104	-13 106	-261	-67 471
Gross carrying amount as at 31.12.20	2 409 876	324 163	168 250	2 902 289

2021:

Gross carrying amount as at 01.01.21	2 409 875	324 163	168 250	2 902 289
<i>Transfers in 2021:</i>				
Transfer from stage 1 to stage 2	-223 409	209 028	-	-14 382
Transfer from stage 1 to stage 3	-84 198	-	83 430	-767
Transfer from stage 2 to stage 1	58 522	-70 291	-	-11 769
Transfer from stage 2 to stage 3	-	-68 211	64 685	-3 526
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	1 730	-1 816	-86
New assets	1 963 258	175 580	37 013	2 175 851
Assets derecognised	-882 362	-90 138	-54 555	-1 027 055
Changes in foreign exchange and other changes	-57 038	-7 820	10 104	-54 754
Gross carrying amount as at 31.12.21	3 184 648	474 041	307 111	3 965 800

2020:

Gross carrying amount as at 01.01.20	2 053 890	460 755	269 750	2 784 394
<i>Transfers in 2020:</i>				
Transfer from stage 1 to stage 2	-158 153	146 031	-	-12 122
Transfer from stage 1 to stage 3	-34 674	-	25 271	-9 403
Transfer from stage 2 to stage 1	130 444	-153 030	-	-22 586
Transfer from stage 2 to stage 3	-	-45 576	29 321	-16 255
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	725	-4 861	-4 135
New assets	1 121 459	74 681	9 637	1 205 777
Assets derecognised	-737 988	-171 576	-170 252	-1 079 816
Changes in foreign exchange and other changes	34 898	12 154	9 383	56 435
Gross carrying amount as at 31.12.20	2 409 875	324 163	168 250	2 902 289

Reconciliation of loan loss allowances

Q4-2021:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 30.09.21	26 891	29 429	119 291	175 612
<i>Transfers in Q4 2021:</i>				
Transfer from stage 1 to stage 2	-2 979	11 859	-	8 879
Transfer from stage 1 to stage 3	-227	-	2 087	1 860
Transfer from stage 2 to stage 1	1 605	-5 126	-	-3 521
Transfer from stage 2 to stage 3	-	-5 037	12 045	7 008
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	65	-370	-305
New assets originated or change in provisions	4 220	1 523	12	5 755
Assets derecognised or change in provisions	-1 907	-2 347	-10 762	-15 016
Changes in foreign exchange and other changes	-280	-311	3 132	2 542
Expected credit losses as at 31.12.21	27 324	30 055	125 436	182 815

Q4-2020:

Expected credit losses as at 30.09.20	26 591	38 996	147 735	213 322
<i>Transfers in Q4 2020:</i>				
Transfer from stage 1 to stage 2	-2 320	10 549	-	8 229
Transfer from stage 1 to stage 3	-82	-	850	768
Transfer from stage 2 to stage 1	2 873	-8 688	-	-5 815
Transfer from stage 2 to stage 3	-	-2 359	5 231	2 871
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	63	-1 208	-1 144
New assets originated or change in provisions	3 096	721	120	3 936
Assets derecognised or change in provisions	-2 181	-6 254	-72 052	-80 487
Changes in foreign exchange and other changes	-731	-1 326	-8 269	-10 326
Expected credit losses as at 31.12.20	27 246	31 700	72 407	131 353

2021:

Expected credit losses as at 01.01.21	27 246	31 699	72 407	131 353
<i>Transfers in 2021:</i>				
Transfer from stage 1 to stage 2	-3 482	12 944	-	9 461
Transfer from stage 1 to stage 3	-1 504	-	24 787	23 283
Transfer from stage 2 to stage 1	1 102	-5 828	-	-4 726
Transfer from stage 2 to stage 3	-	-7 154	21 694	14 539
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	115	-568	-453
New assets originated or change in provisions	13 212	9 794	8 805	31 812
Assets derecognised or change in provisions	-8 606	-10 600	-13 673	-32 880
Changes in foreign exchange and other changes	-645	-915	11 984	10 425
Expected credit losses as at 31.12.21	27 324	30 055	125 436	182 815

2020:

Expected credit losses as at 01.01.2020	24 774	39 604	108 762	173 139
<i>Transfers in 2020:</i>				
Transfer from stage 1 to stage 2	-2 888	14 409	-	11 521
Transfer from stage 1 to stage 3	-563	-	6 956	6 392
Transfer from stage 2 to stage 1	2 277	-10 466	-	-8 189
Transfer from stage 2 to stage 3	-	-3 781	9 307	5 526
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	74	-1 765	-1 691
New assets originated or change in provisions	11 461	7 383	2 145	20 989
Assets derecognised or change in provisions	-8 687	-16 871	-60 490	-86 048
Changes in foreign exchange and other changes	872	1 347	7 494	9 713
Expected credit losses as at 31.12.2020	27 246	31 699	72 407	131 353

Expected Credit Loss

Instabank apply the IFRS9 framework and methodology consisting of three stages of impairment when calculating Expected Credit Loss (ECL). The three stages include Stage 1 which consist of non-impaired exposure, Stage 2 which consist of exposure where credit risk has significantly increased since origination and Stage 3 which consist of observed impairment exposure following a 90 days past due definition. The overall staging criteria is based on a combination of observed events, past due observations and submodels predicting the probability of default (PD), exposure at default (EAD) and loss given default (LGD). Predictions follow a 12-month accumulation in Stage 1, while Stage 2 and 3 follow a lifetime approach.

Significant increase in credit risk

Stage 2 consist of exposure where credit risk has significantly increased since origination following several different criterias, including early past due observations (30 - 90 days), current forbearance history and increase in probability of default (PD) between origination and the reporting date. The latter predictive model employs historical behavior data in order to predict the probability of default in the next 12 months, where default is defined as 90 days past due. The below table show the trigger thresholds that define a significant increase in PD origination and the reporting date.

Trigger thresholds significant increase in PD	Norway	Finland	Sweden
Low Risk at origination	300 %	300 %	300 %
High Risk at origination	150 %	110 %	110 %

Macroeconomic input to ECL model

Instabank has employed one macroeconomic model for each country in measuring ECL in accordance with difference macroeconomic scenarios, including a pessimistic, baseline and optimistic scenario. The models explain historical correlation between macroeconomic indicators and portfolio default levels and future projection of the macroeconomic indicators in turn adjust PD according to model correlations and the model variables. The macroeconomic projections are based on the NiGEM-model developed by UK's Institute of Economic and Social Research and the model parameters vary per country due to differences in goodness-of-fit between macroeconomic indicators and the portfolio default levels and its development. In addition, macroeconomic indicators are evaluated in terms of economic logic towards probability of default. In the Norway model, "Employment Rate" is the ratio between the Employment and the Population Working Age and in the Sweden and Finland model, Consumption is shown in millions and employed as the increase of the Consumption being an indicator for improving economic conditions and incomes with a further expectancy of a decrease in probability of default.

NORWAY	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27
<i>Employment rate</i>	77,87 %	77,83 %	78,19 %	78,50 %	78,52 %	78,71 %	79,47 %	79,58 %	79,58 %
<i>3-Month NIBOR</i>	0,65	0,65	1,37	0,65	0,65	1,66	0,65	0,72	1,95

FINLAND	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27
<i>Unemployment rate</i>	8,53 %	7,72 %	6,76 %	7,17 %	6,69 %	6,41 %	6,66 %	6,26 %	6,19 %
<i>Consumption</i>	8 927	9 140	9 476	9 099	9 246	9 765	9 284	9 439	10 058

SWEDEN	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27	31.12.22	31.12.23	31.12.27
<i>Unemployment rate</i>	8,89 %	8,35 %	7,01 %	7,62 %	7,31 %	6,76 %	7,31 %	6,97 %	6,56 %
<i>Consumption</i>	178 329	180 390	189 985	182 546	186 601	202 192	188 329	194 333	216 522

ECL sensitivity between macro scenarios

The weighting of the scenarios was unaltered at [30 % pessimistic - 40 % baseline - 30 % optimistic] during Q2-2021 after an update in Q2-2020 of future projection of macroeconomic indicators, including short- and long-term effects of COVID-19. The projections reflect a worsening in all employment and consumption-based indicators, especially in shorter term, and in addition cause ECL per scenario to differ to a greater extent. The projections of macroeconomic indicators including impacts due to COVID-19 and its impact on defaults are still uncertain at this time due to the net effect of worsening macroeconomic conditions and the numerous governments supports at different levels, hence the equal probability weighting of the pessimistic and optimistic scenario occurring in the final ECL.

NOK 1000	Norway	Finland	Sweden	SUM
Pessimistic scenario	112 596	72 197	8 312	193 105
Baseline scenario	105 411	69 501	7 037	181 949
Optimistic scenario	100 760	66 612	6 307	173 679
Final ECL	106 171	69 443	7 201	182 815

Note 3: Regulatory capital and LCR

NOK 1000	31.12.2021	31.12.2020
Share capital	332 642	332 642
Share premium	178 192	178 192
Other equity	114 373	31 944
Phase in effects of IFRS 9	32 045	44 863
Deferred tax asset/intangible assets/other deductions	-25 777	-30 367
Common equity tier 1 capital	631 476	557 275
Additional tier 1 capital	40 900	40 900
Core capital	672 376	598 175
Subordinated loan	56 000	56 000
Total capital	728 376	654 175
Calculation basis - NOK 1000		
Credit risk:		
Loans and deposits with credit institutions	56 429	40 624
Exposures secured by mortgages	372 790	60 331
Retail exposures	2 030 087	1 927 423
Certificates and bonds	113 651	149 499
Other assets	13 446	103 451
Exposures in default	162 603	89 308
Calculation basis credit risk	2 749 005	2 370 635
Calculation basis operational risk	516 502	434 202
Total calculation basis	3 265 507	2 804 837
Capital ratios including phase in impact of IFRS 9:		
Common equity Tier 1 Capital ratio	19,3 %	19,9 %
Tier 1 capital ratio	20,6 %	21,3 %
Total capital ratio	22,3 %	23,3 %
Capital ratios excluding phase in impact of IFRS 9:		
Common equity Tier 1 Capital ratio	18,5 %	18,5 %
Tier 1 capital ratio	19,8 %	20,0 %
Total capital ratio	21,5 %	22,0 %
Regulatory capital requirements:		
Common equity Tier 1 Capital ratio	16,8 %	16,8 %
Tier 1 capital ratio	18,3 %	18,3 %
Total capital ratio	21,3 %	20,3 %
LCR Total	193 %	258 %
LCR NOK	136 %	165 %
LCR EUR	128 %	221 %
LCR SEK	796 %	564 %

Note 4: Financial instruments

Financial instruments at fair value

Level 1: Valuation based on quoted prices in an active market.

Level 2: Valuation is based on observable market data, other than quoted prices. For derivatives, the fair value is determined by using valuation models where the price of underlying factors, such as currencies. For certificates and bonds, valuation is based on market value reported from the fund and asset managers.

Level 3: Valuation based on unobservable market data when valuation cannot be determined in level 1 or 2.

Assets

NOK 1000	31.12.21	31.12.20
Certificates and bonds - level 2	679 759	889 664
Derivatives- level 2	1 213	1 972

Liabilities

NOK 1000	31.12.21	31.12.20
Derivatives - level 2	338	123

Financial instruments at amortized cost

Financial instruments at amortized cost are valued at originally determined cash flows, adjusted for any impairment losses.

NOK 1000	31.12.21	31.12.20
Loans and deposits with credit institutions	281 279	202 601
Net loans to customers	3 832 071	2 770 936
Other receivables	6 323	93 065
Total financial assets at amortised cost	4 119 673	3 066 602
Deposits from and debt to customers	4 047 128	3 303 998
Other debt	41 521	14 706
Subordinated loans	56 000	56 000
Total financial liabilities at amortised cost	4 144 648	3 374 704

Note 5: Leasing obligation

The bank has a right to use asset for lease of offices in Drammensveien 175 in Oslo. The leases liability is 6,3 MNOK and expires 30.06.2024. The right of use asset is 5,8 MNOK and is measured at amortised cost using the effective interest method and is depreciated using the straight-line method. Instabank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Note 6: Restated financial figures for comparison purposes

The bank changed the accounting practices of commission to agents and establishment fees effective from Q2 2021. Previously agent commission and establishment fees were booked against expenses commission and fees and income commission and fees. From Q2 2021 both were booked against interest income. The following table illustrates the changes for comparative figures for year 2020 in the condensed statements of profit or loss and other comprehensive income. Total income was not affected by these changes.

NOK 1000	Q4 2020 Restated	Q4 2020 original	Change	2020 restated	2020 original	Change
Interest income	70 388	84 080	-13 692	271 717	329 515	-57 797
Other interest income	33	33	-	400	400	-
Interest expenses	12 053	12 053	-	51 346	51 346	-
Net interest income	58 368	72 060	-13 692	220 771	278 568	-57 797
Income commissions and fees	10 696	13 068	-2 372	33 976	41 067	-7 091
Expenses commissions and fees	-	16 064	-16 064	-	64 888	-64 888
Net gains/loss on foreign exchange and securities classified as current assets	1 054	1 054	-	8 380	8 380	-
Net other income	11 750	-1 942	13 692	42 356	-15 441	57 797
Total income	70 118	70 118	-	263 127	263 127	-