



# Instabank

Interim Presentation Q1 – 2022

May 6<sup>th</sup>, 2022

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# Key highlights Q1-22

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**Profit before tax of 25.2 MNOK, after tax 20.6 MNOK**

Profit after tax up 47 % from Q1-21



**Net loans growth of 153 MNOK**

Adjusted for negative currency effects, growth was 194 MNOK



**Mortgages volume growth of 149 MNOK**

Mortgages represents 29 % of total net loans and 44 % of net loans in Norway



**Instabank is likely to become a part of Lunar after successful bid**

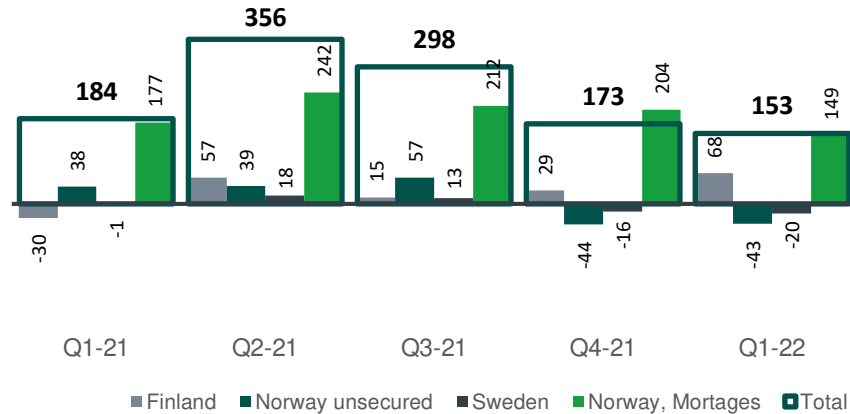
The completion of the offer is subject to regulatory approval



# Net loan development

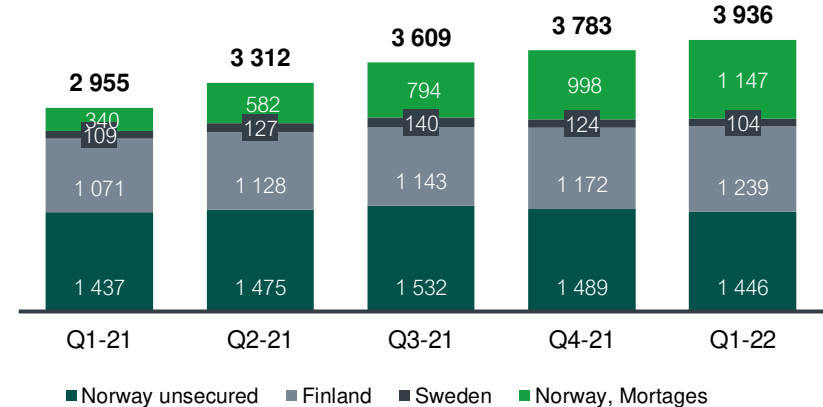
## Net loan balance growth

MNOK



## Net loans to customers

MNOK







## Key comments

- Growth in net loans adjusted for negative currency effects was 194 MNOK
- The mortgage volume increased by 149 MNOK

## Key comments

- Mortgages to total net loans grew to 29 % end Q1-22 from 26 % per end Q4-21
- In Norway, mortgages is 44 % 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
 <b>Consumer Loans</b>	2,398''	24,051	98'	10.9 %
 <b>Mortgages</b>	1,147''	1,628	704'	6.6 %
 <b>Sales Finance</b>	176''	17,328	10'	15,3 %
 <b>Credit Card</b>	216''	4,815	45'	14.9 %
<b>Total</b>	3,936''	50,134	79'	10.0 %

\*) 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 Q4-21</i>
	<b>Norway</b>	2,991''	8,467	353'	1.10 %*
	<b>Finland</b>	496''	3,231	154'	0.45 %
	<b>Germany</b>	783''	4,135	189'	0.09 %**
	<b>Sweden</b>	74''	1,711	43'	0.55 %
	<b>Total</b>	4,345''	17,544	248'	0.78 %

\*) Up to NOK 500', 1,05 % for deposits between NOK 500' – 2,000'

\*\*\*) Does not include partner margin

# Development in yields and funding cost

## Development in yields and funding cost

## Key comments

11,8 % 11,5 % 11,2 % 11,2 % 10,9 %

7,0 % 6,8 % 6,8 % 6,8 % 6,6 %

0,8 % 0,7 % 0,7 % 0,8 % 0,8 %

0,2 % 0,2 % 0,0 % -0,9 %

Q1-21 Q2-21 Q3-21 Q4-21 Q1-22

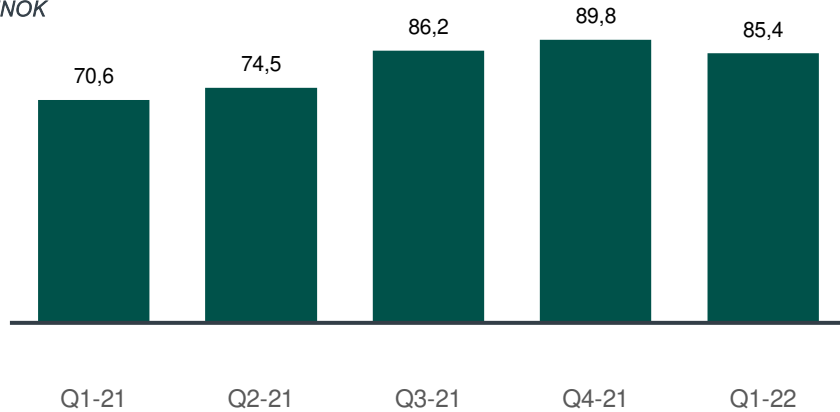
— Liquidity yield  
— Interest rate deposits  
— Yield - consumer loans  
— Yield - mortgages

- Yield for mortgages and consumer loans decreased slightly from the previous quarter
- The liquidity yield was negatively impacted by the market turmoil caused by the ongoing war in Ukraine

# Total income

## Total income

MNOK

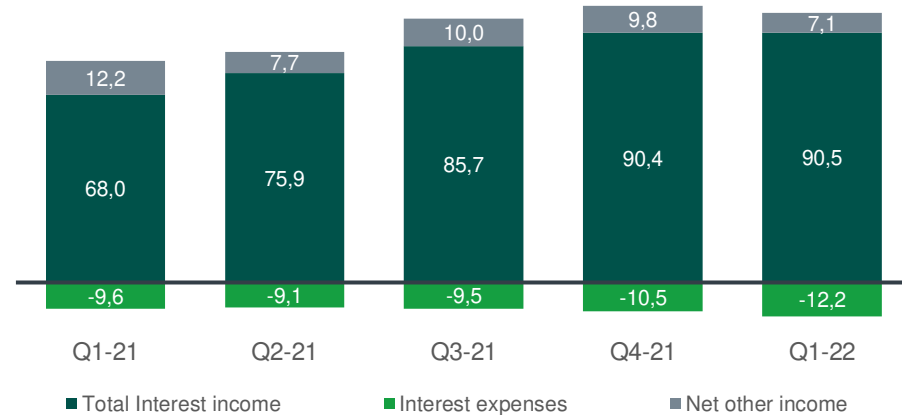


## Key comments

- The interest income was impacted by fewer interest days in Q1-22
- Interest expenses increased from the previous quarter as deposit volumes increased by 297 MNOK
- Net other income was negatively impacted by a decline in the value of securities of 2.5 MNOK due to market turmoil caused by the ongoing war in Ukraine

## Total income detailed\*

MNOK

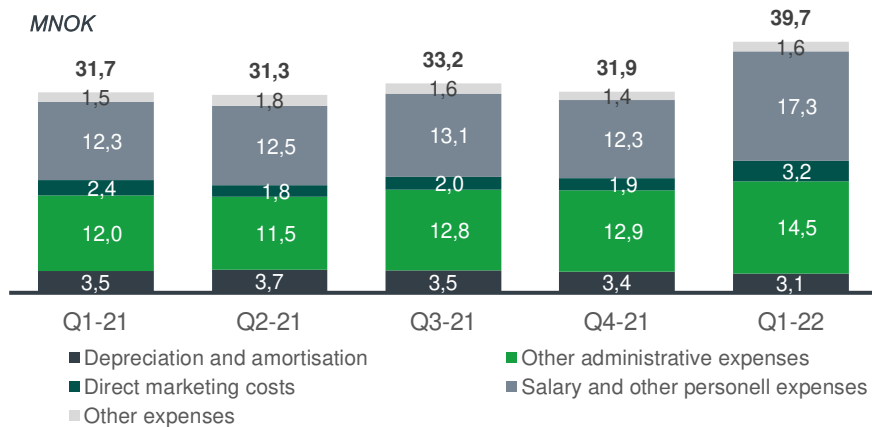


\*) Previously, agent commission and establishment fees were booked against expenses commission and fees and income commission and fees. From Q2-21, both are included in the interest income and historical figures have been restated.



# Operating expenses

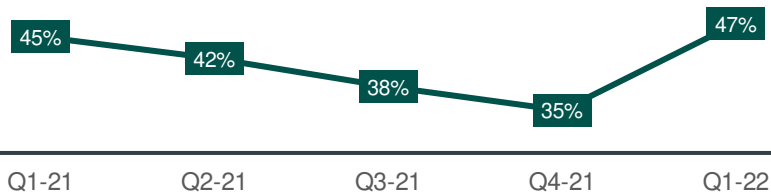
## Operating expenses breakdown



## Key comments

- Operating expenses was impacted by the Lunar bid process
- When the Lunar bid for all shares in Instabank was announced, the share price increased, causing an increase in provisions for social security cost for the warrants of 3.2 MNOK
- Advisory expenses related to the due diligence process in the quarter amounted to 1 MNOK

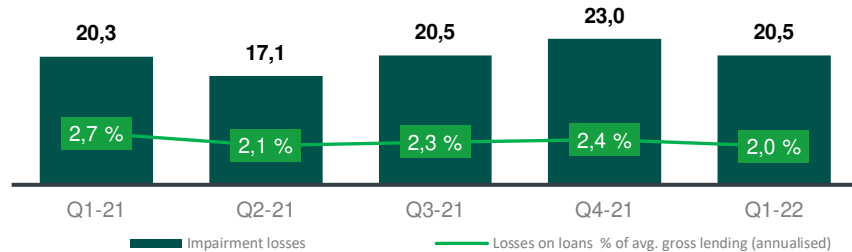
## Cost/income ratio



# Credit risk

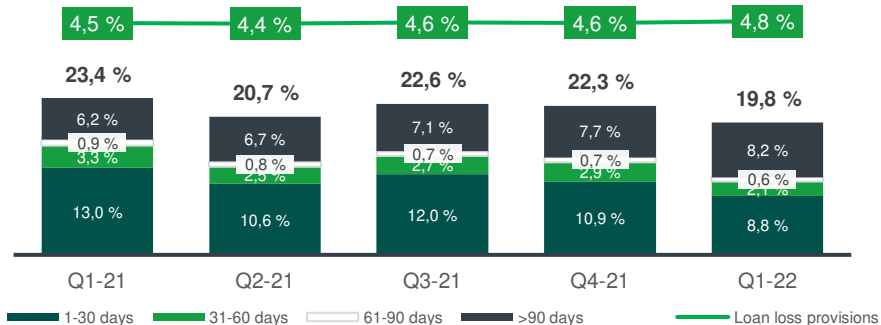
## Impairment losses

MNOK



## Loans past due

% of gross lending



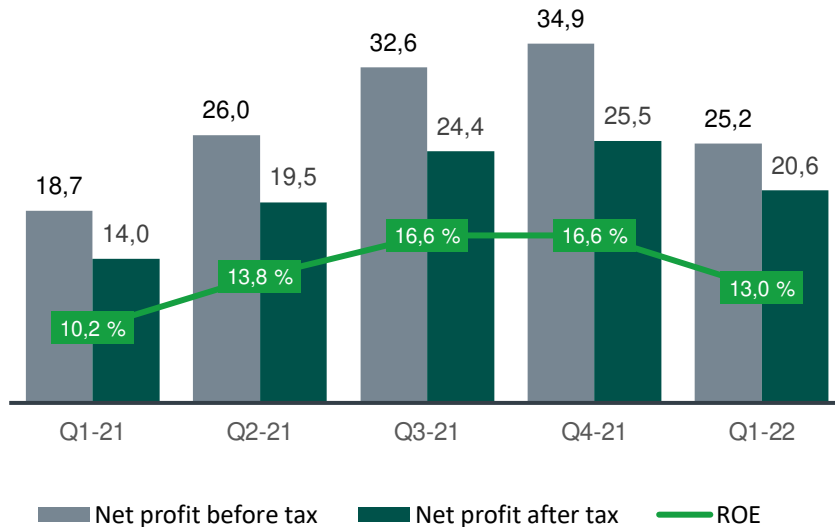
## Key comments

- Losses on loans came in at 20.5 MNOK or 2.0 % of gross loans to customers, down from 2.7 % in the same quarter last year
- The decrease in loan losses from the previous quarter is because of an increased share of low-risk mortgages in the quarter and historical low share loans past due 1-30 days
- By the end of Q1-22, only 8.8 % of total loans were 1-30 days past due, hitting its lowest level since end Q1-17
- Non-performing loans (NPL) volume were 339 MNOK at the end of the quarter, only 8.2 % of total gross loans

# Profit development

## Net profit

MNOK

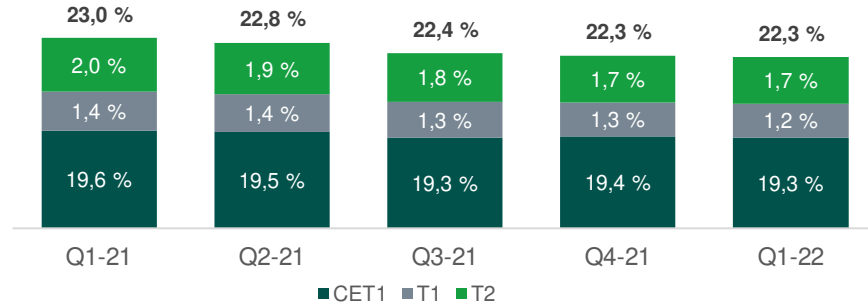


## Key comments

- Profits was impacted by fewer interest days, decline in value of securities and the Lunar bidding process
- Profit after tax increased 47 % from the same quarter last year

# Capital adequacy

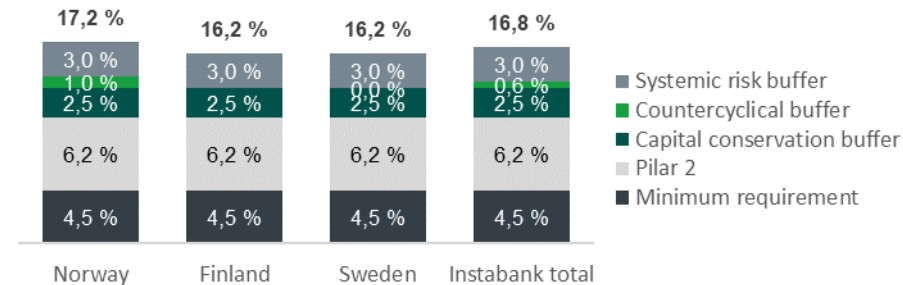
## Developments in capital adequacy ratios



## Key comments

- Common equity Tier 1 Capital ratio was 19.3 %, and the total capital ratio was 22.3 % at the end of Q1-22, 2.0 % points above the total regulatory capital requirement of 20.3 %
- 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 and to 2.5 per cent as of 31st March 2023

## CET1 requirement per country and total



# Financial summary

## P&L (NOK '000)

P&L	Q1-22	FY 2021	Q4-21	Q3-21	Q2-21	Q1-21
<b>Total income:</b>						
Interest Income using the effective interest method	90 492	320 034	90 444	85 705	75 886	67 999
Interest expenses	12 248	38 608	10 474	9 451	9 096	9 587
<b>Net interest income</b>	<b>78 244</b>	<b>281 426</b>	<b>79 970</b>	<b>76 254</b>	<b>66 791</b>	<b>58 412</b>
Net other income	7 138	39 684	9 786	9 969	7 695	12 233
<b>Total income</b>	<b>85 382</b>	<b>321 110</b>	<b>89 756</b>	<b>86 223</b>	<b>74 486</b>	<b>70 646</b>
<b>Operating expenses:</b>						
Salary and other personnel expenses	17 291	50 324	12 345	13 136	12 516	12 327
Other administrative expenses, of which	17 775	57 311	14 732	14 848	13 371	14 360
- direct marketing cost	3 228	8 154	1 868	2 044	1 849	2 393
Other expenses	1 562	6 315	1 374	1 644	1 785	1 511
Depreciation and amortisation	3 082	14 102	3 406	3 545	3 662	3 490
<b>Total operating expenses</b>	<b>39 711</b>	<b>128 052</b>	<b>31 856</b>	<b>33 174</b>	<b>31 335</b>	<b>31 687</b>
Losses on loans	20 476	80 882	23 020	20 463	17 143	20 256
<b>Operating profit before tax</b>	<b>25 195</b>	<b>112 177</b>	<b>34 879</b>	<b>32 586</b>	<b>26 009</b>	<b>18 702</b>
Tax	4 548	28 726	9 402	8 147	6 502	4 676
<b>Profit and other comprehensive income</b>	<b>20 647</b>	<b>83 451</b>	<b>25 478</b>	<b>24 440</b>	<b>19 507</b>	<b>14 027</b>

## Balance sheet (NOK '000)

Balance Sheet	31.03.22	31.12.21	30.09.21	30.06.21	31.03.21
<b>Assets</b>					
Loans and deposits with credit institutions	191 450	281 279	226 519	212 392	209 131
Loans to customers	3 988 389	3 832 071	3 659 766	3 366 753	3 015 839
Certificates and bonds	933 611	679 759	682 558	632 290	754 657
Other intangible assets	25 064	25 098	25 848	27 441	28 752
Fixed assets	5 390	5 909	6 512	7 175	7 827
Derivatives	4 105	1 213	1 116	65	1 623
Other receivables	7 793	6 323	5 590	10 672	17 327
<b>Total assets</b>	<b>5 155 801</b>	<b>4 831 653</b>	<b>4 607 910</b>	<b>4 256 788</b>	<b>4 035 157</b>
<b>Liabilities</b>					
Deposits from and debt to customers	4 344 527	4 047 128	3 852 877	3 540 343	3 340 513
Other debts	11 123	10 942	18 034	14 627	17 620
Accrued expenses and liabilities	18 729	17 941	15 817	13 754	15 087
Derivatives	1 231	338	483	593	233
Deferred tax	2 957	2 957	3 569	3 569	3 569
Tax payable	34 789	30 241	20 227	11 178	4 676
Subordinated loan capital	56 000	56 000	56 000	56 000	56 000
<b>Total liabilities</b>	<b>4 469 356</b>	<b>4 165 546</b>	<b>3 967 008</b>	<b>3 640 064</b>	<b>3 437 698</b>
<b>Equity</b>					
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	134 710	114 373	89 167	64 989	45 724
Additional tier 1 capital	40 900	40 900	40 900	40 900	40 900
<b>Total equity</b>	<b>686 445</b>	<b>666 107</b>	<b>640 901</b>	<b>616 723</b>	<b>597 459</b>
<b>Total liabilities and equity</b>	<b>5 155 801</b>	<b>4 831 653</b>	<b>4 607 910</b>	<b>4 256 788</b>	<b>4 035 157</b>

# Thank You