INSTABANK ASA

INTERIM REPORT Q2 2022

Instabank

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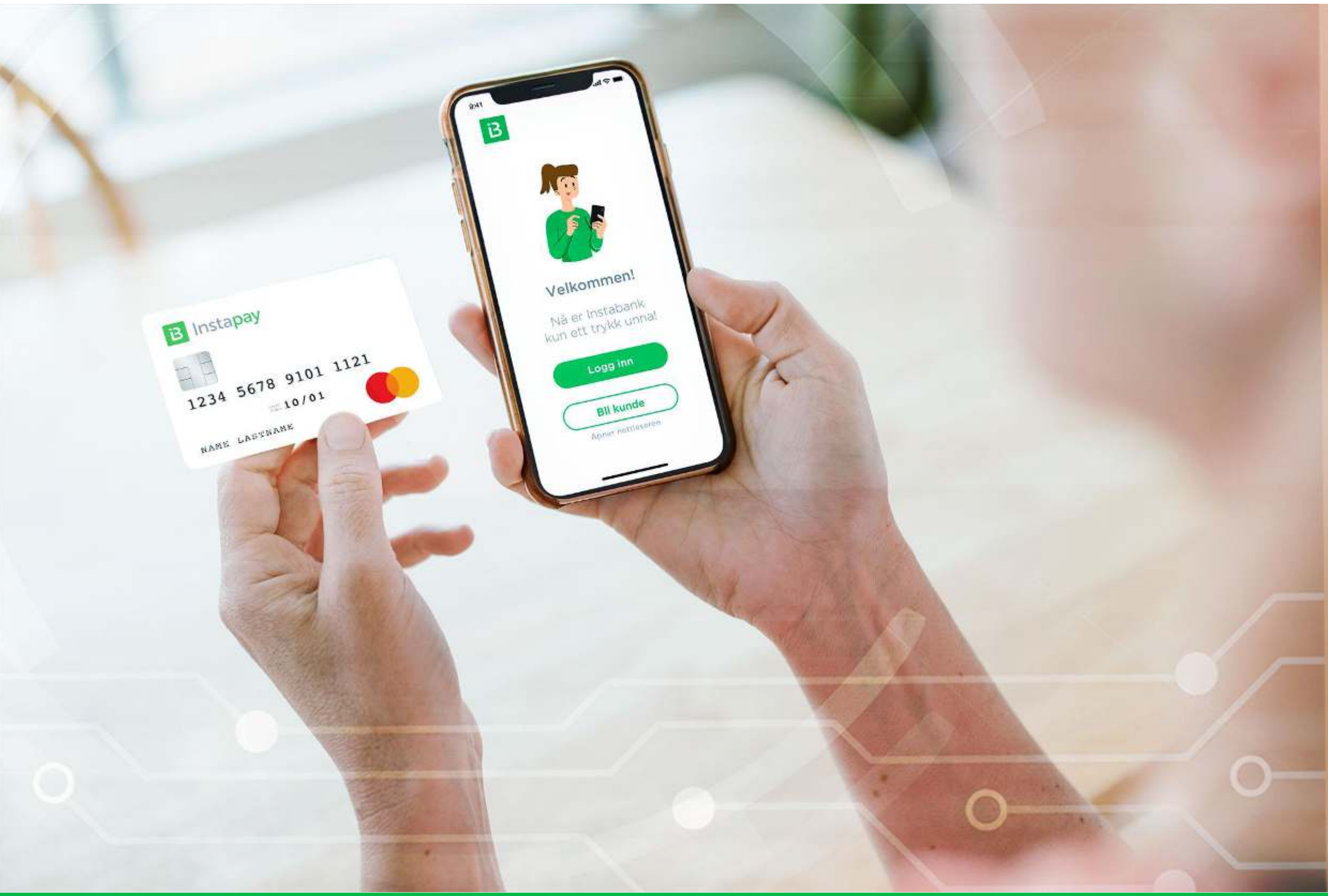
Key highlights & developments:

- **Record-high net loans growth of 398 MNOK**
  Adjusted for positive currency effects, growth was 307 MNOK

- **Record-high mortgages volume growth of 290 MNOK**
  Mortgages now represents 33 % of total net loans and ss 51 % of net loans in Norway

- **Profit before tax of 23.7 MNOK, after tax 17.8 MNOK**
  Impacted by high marketing cost

- **Lunar has difficulty raising the necessary capital to complete the transaction**



We value progress

INTERIM REPORT Q2 2022

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.

On 28th of Mars, Lunar Bank launched an offer to acquire all shares of Instabank and on 12th of April Lunar announced that the minimum 90% acceptance condition was met. As Instabank announced on the 29th of June, Lunar informed Instabank that it is looking *increasingly difficult* to be able to complete a transaction raising the necessary capital to meet the Norwegian FSA and the Danish FSA's requirements. On August 4th, Instabank received information that Lunar's management deems it *unlikely* that Lunar will be able to raise the required capital and complete the regulatory approval process before the long-stop date for the offer of 30 September 2022.

Instabank notes that there are no conditions in Lunar's offer relating to Lunar's capitalization or any capital raise by Lunar. Instabank will continue to assess the situation and any steps to be taken to protect the interests of Instabank and its shareholders.

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. Instabank also offers deposits in Germany through a partnership with Raisin Bank.

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. The bank continues to evolving its business strategy in 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 invest 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, various paytech partners and the bank's website.

At the end of Q2-22, Instabank had 40 full-time and 14 part-time employees.

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

Operational Developments

Instabank achieved in Q2-22 the highest quarterly growth in the bank's history with a growth in net loans of 398 MNOK. Adjusted for positive currency effects, growth was 307 MNOK.

The growth comes from solid 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 51 % of net loans in Norway and 33 % of total net loans, up from 44 %/ 29 % per the end of Q1-22.

The mortgage product performed very well in the quarter, and the growth in net loans was close to doubling from the previous quarter. The growth of 290 MNOK in net loans in Q2-22 was also the highest quarterly growth since the product was launched two years ago. The increased growth comes from a successful marketing campaign with TV commercials supported by online advertising, as well as strengthened agent distribution and improvement of customer handling processes.

Two years after launch, the mortgage product has proven to be 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 completely restructuring their debt, including their current mortgage, and do not offer the product to high-risk customers with loans in default that require a more complex restructuring of their debt. Depending on the best economic solution for the customer, we offer to refinance their unsecured debt in a second- or first-priority mortgage. Up until now, the majority of Instabank's disbursed mortgages are refinancing of unsecured debt. Instabank has a follow up program for customers that have refinanced unsecured including a free personal finance advice service from "Norsk Familieøkonomi"

In Finland, the market has 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 Q3-21. Growth in net loans in the quarter came in at 163 MNOK or 75 MNOK adjusted for positive currency effects.

In Sweden, Instabank does not allocate capital to growth as the loan yield is the lowest among the three countries Instabank operates. As a result, net loans declined by 8 MNOK.

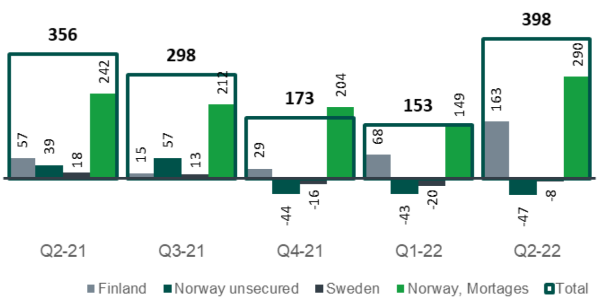
Despite increased prices and interest rates, the share of loans past due had a good performance in the quarter. By the end of Q2-22, 10.0 % of total loans were 1-30 days past due, versus 10.6 % same quarter last year. There was also a reduction in 30-60 days past due to 2.4 % versus 2.5 % by the end of the same quarter last year.

Non-performing loans (NPL) volume was 404 MNOK at the end of the quarter, only 8.9 % of total gross loans. Instabank does not currently have any forward flows agreement as we find it more attractive to make one-off NPL sales. In Q3-22, Instabank will complete a sale of a NPL portfolio in Norway representing a gross value of about 85 MNOK.

Balance Sheet

Net loans to customers increased by 398 MNOK in Q2-22 to 4,334 MNOK.

Net loan balance growth (MNOK):



Deposits from customers increased by 397 MNOK to 4,742 MNOK at the end of the quarter.

Common equity Tier 1 Capital ratio was 18.9 %, and the total capital ratio was 21.7 % at the end of Q2-22, 1,1 % points above the total regulatory capital requirement of 20.6 %. The countercyclical buffer requirement increased 0.5 % points to 1.50 % for exposures in Norway per the end of the quarter.

Total assets at the end of Q2-22 were 5.566 MNOK.

At the end of Q2-22, the bank had 72,321 customers, of which 52,472 were loan customers and 19,849 were deposit customers.

Profit and Loss

Total interest income increased to 94.5 MNOK from 90.3 MNOK in the previous quarter and 75.9 MNOK in the same quarter last year, representing a growth of 18.6 MNOK/ 24 %.

Interest expenses came in at 15.2 MNOK, up from 12.2 MNOK in the previous quarter. The increase came because of a higher than expected contribution amount to the Norwegians Banks guarantee fund, increased interest rate during the quarter as well as increased deposit volumes.

Net interest income came in at 79.6 MNOK, up from 66.8 MNOK in the same quarter last year and 78.3 MNOK in Q1-22

Net other income was negatively impacted by an unrealised loss on securities of 0.7 MNOK and came in at 8.4 MNOK, up from 8.3 MNOK in the same quarter last year and 7.1 MNOK in the previous quarter when there also was a loss on securities holdings.

Total income came in at 87.9 MNOK, up from 85.4 MNOK in the previous quarter and up 12.8 MNOK/ 17 % from the same quarter last year, following the growth in net loans.

A marketing campaign, contributing to the strong mortgage growth, impacted the operational expenses that came in at 40.2 MNOK, up from 39.7 MNOK in the previous quarter and 31.9 MNOK in the same quarter last year. The marketing cost was 8 MNOK, representing an increase of 4.8 MNOK from the previous quarter and 5.9 MNOK from the same quarter last year.

Losses on loans came in at 24.0 MNOK or 2.2 % of gross loans to customers, versus 17.1 MNOK/ 2.1 % in the same quarter last year. Losses on loans for the mortgage product remained at the same level as previous quarters measured in percentage and was only 1.6 MNOK or 0.5 % of gross loans.

Instabank reports a profit before tax of 23.7 MNOK, and after-tax profit of 17.8 MNOK in Q2-22, versus 20.6 MNOK after-tax profit in Q1-22 and 19.5 MNOK in the same quarter last year. A high marketing cost explains the decrease in profits in the quarter, which typically vary from quarter to quarter.

Outlook

Until the end of Q2-22, Instabank was confident that the Lunar acquisition would be completed following Lunar's announcement that they have reached the 90 % acceptance criteria on the 12th of April after the offer was launched by the end of March this year. However, as Instabank announced on the 29th of June, Lunar informed Instabank that it is looking *increasingly difficult* to be able to complete a transaction raising the necessary capital to meet the Norwegian FSA and the Danish FSA's requirements. On August 4th, Instabank received information that Lunar's management deems it *unlikely* that Lunar will be able to raise the required capital and complete the regulatory approval process before the long-stop date for the offer of 30 September 2022.

Instabank notes that there are no conditions in Lunar's offer relating to Lunar's capitalization or any capital raise by Lunar. Instabank will continue to assess the situation and any steps to be taken to protect the interests of Instabank and its shareholders.

Instabank operation throughout 2022 has been impacted by the acquisition process by Lunar primarily, Instabank has not been able to execute the capital plans for 2022 and all other aspects of such a process. The result is limited excess capital by the end of Q2-22, restraining the ability to continue the strong growth in net loans in the third quarter.

Instabank expects Lunar to use all efforts to obtain the required approvals from the Norwegian FSA and the Danish FSA within the long-stop date.

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

Other Information

There has been a limited review of the accounts in accordance with ISRE 2410 as of 30.06.22 by the bank's auditors and the result after tax is added to retained earnings in full.

Oslo, August 10th, 2022
Board of Directors, Instabank ASA

Condensed statements of profit or loss and other comprehensive income

NOK 1000	Note	Q2-2022	Q2-2021	YTD 2022	YTD 2021	Year 2021
Interest Income effective interest method		94 558	75 886	184 855	143 885	319 931
Other interest income		260	0	456	0	104
Interest expenses		15 234	9 096	27 482	18 682	38 608
Net interest income		**79 584**	**66 791**	**157 828**	**125 203**	**281 427**
Income commissions and fees		10 974	9 666	22 447	20 158	44 535
Expenses commissions and fees		2 286	2 320	4 076	2 444	7 977
Net gains/loss on foreign exchange and securities classified as current assets		-292	349	-2 838	2 214	2 007
Net other income		**8 395**	**7 695**	**15 533**	**19 929**	**38 565**
Total income		**87 979**	**74 486**	**173 361**	**145 132**	**319 992**
Salary and other personnel expenses		12 567	12 516	29 858	24 843	50 324
Other administrative expenses, of which:		21 965	13 371	39 740	27 731	56 191
- direct marketing cost		*8 057*	*2 535*	*11 285*	*4 928*	*7 275*
Other expenses		2 347	1 785	3 909	3 296	6 315
Depreciation and amortisation		3 366	3 662	6 448	7 151	14 102
Total operating expenses		**40 244**	**31 335**	**79 955**	**63 022**	**126 932**
Losses on loans	2	24 043	17 143	44 520	37 399	80 882
Operating profit before tax		**23 692**	**26 009**	**48 887**	**44 711**	**112 177**
Tax expenses		5 923	6 502	10 471	11 178	28 726
Profit and other comprehensive income for the period		**17 769**	**19 506**	**38 416**	**33 533**	**83 451**
Earnings per share (NOK)		0,12	0,06	0,12	0,10	0,25
Diluted earnings per share (NOK)		0,12	0,06	0,12	0,10	0,24

Condensed statement of financial position

NOK 1000	Note	30.06.2022	30.06.2021	31.12.2021
Loans and deposits with credit institutions	3, 4	288 835	212 392	281 279
Loans to customers	3, 4	4 389 273	3 366 753	3 832 071
Certificates and bonds	3, 4	842 237	632 290	679 759
Other intangible assets	3, 5	22 904	27 441	25 098
Fixed assets	3	4 791	7 175	5 909
Derivatives	3	1 644	65	1 213
Other receivables	3, 4	16 030	10 672	6 323
Total assets		**5 565 713**	**4 256 788**	**4 831 653**
Deposit from and debt to customers	4	4 741 687	3 540 343	4 047 128
Other debts	4	1 706	14 627	10 942
Accrued expenses and liabilities		16 154	13 754	18 844
Derivatives		2 643	593	338
Deferred tax		2 957	3 569	2 957
Tax payable		40 712	11 178	29 338
Subordinated loan capital	3	56 000	56 000	56 000
Total liabilities		**4 861 859**	**3 640 064**	**4 165 546**
Share capital	3	332 642	332 642	332 642
Share premium reserve	3	178 192	178 192	178 192
Retained earnings	3	152 120	64 989	114 373
Additional Tier 1 capital	3	40 900	40 900	40 900
Total equity		**703 854**	**616 723**	**666 107**
Total liabilities and equity		**5 565 713**	**4 256 788**	**4 831 653**

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**
Profit for the period				38 416	**38 416**
Changes in warrants				1 175	**1 175**
Paid interest on Tier 1 Capital				-1 844	**-1 844**
Equity per 30.06.2022	**332 642**	**178 192**	**40 900**	**152 120**	**703 854**

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 2021. The interim report was approved by the board of directors on August 10th, 2022

Note 2: Loans to customers

Gross and net lending:

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Revolving credit loans	617 637	550 587	599 994
Installament loans, unsecured	2 500 372	2 331 665	2 362 157
Installment loans, secured	1 443 932	585 578	1 003 649
Prepaid agent commission	121 858	91 052	104 218
Establishment fees	-67 055	-36 013	-55 132
Gross lending	**4 616 744**	**3 522 869**	**4 014 886**
Impairment of loans	-227 471	-156 116	-182 815
Net loans to customers	**4 389 273**	**3 366 753**	**3 832 071**

Credit impaired and losses:

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Gross credit impaired loans (stage 3)	404 808	232 841	307 111
Individual impairment of credit impaired loans (stage 3)	-173 814	-100 727	-125 436
Net credit impaired loans	**230 994**	**132 113**	**181 675**

Gross credit impaired loans are loans which are more than 90 days in arrear in relation to the agreed payment schedule.

Ageing of loans:

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Loans not past due	3 563 774	2 755 099	3 082 109
Past due 1-30 days	453 449	365 354	433 659
Past due 31-60 days	107 740	87 697	114 066
Past due 61-90 days	32 170	26 839	28 855
Past due 91+ days	404 808	232 841	307 111
Total	**4 561 940**	**3 467 830**	**3 965 800**

	30.06.2022	30.06.2021	31.12.2021
Loans not past due	78,1 %	79,4 %	77,7 %
Past due 1-30 days	9,9 %	10,5 %	10,9 %
Past due 31-60 days	2,4 %	2,5 %	2,9 %
Past due 61-90 days	0,7 %	0,8 %	0,7 %
Past due 91+ days	8,9 %	6,7 %	7,7 %
Total	**100,0 %**	**100,0 %**	**100,0 %**

Geographical distribution

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Norway	2 965 368	2 138 938	2 593 014
Finland	1 490 376	1 197 339	1 241 381
Sweden	106 196	131 553	131 405
Gross lending excl. prepaid agent provisions and establishment fees	**4 561 940**	**3 467 830**	**3 965 800**

Reconciliation of gross lending to customers

Q2 2022:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 31.03.2022	**3 332 874**	**463 898**	**339 051**	**4 135 824**
Transfers in Q2 2022:	-	-	-	-
Transfer from stage 1 to stage 2	-148 337	147 882	-	-454
Transfer from stage 1 to stage 3	-7 560	-	7 815	255
Transfer from stage 2 to stage 1	173 988	-186 938	-	-12 950
Transfer from stage 2 to stage 3	-	-60 504	60 222	-282
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	1 124	-1 425	-301
New assets	803 104	16 870	66	820 040
Assets derecognised	-427 706	-32 597	-18 997	-479 300
Changes in foreign exchange and other changes	68 400	12 633	18 076	99 108
Gross carrying amount as at 30.06.2022	**3 794 763**	**362 369**	**404 808**	**4 561 940**

Q2-2021:

Gross carrying amount as at 31.03.2021	**2 504 242**	**395 074**	**196 226**	**3 095 542**
Transfers in Q1 2022:				
Transfer from stage 1 to stage 2	-168 397	165 153	-	-3 244
Transfer from stage 1 to stage 3	-9 564	-	9 787	223
Transfer from stage 2 to stage 1	78 440	-86 766	-	-8 326
Transfer from stage 2 to stage 3	-	-48 656	48 369	-287
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2 341	-3 411	-1 070
New assets	680 301	16 731	302	697 333
Assets derecognised	-290 432	-25 490	-13 194	-329 117
Changes in foreign exchange and other changes	17 217	4 795	-5 238	16 774
Gross carrying amount as at 30.06.2021	**2 811 806**	**423 183**	**232 841**	**3 467 830**

2021:

Gross carrying amount as at 01.01.21	**2 409 875**	**324 163**	**168 250**	**2 902 289**
Transfers in 2021:				
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**

Reconciliation of loan loss allowances

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 31.03.2022	**25 943**	**28 004**	**145 687**	**199 633**
Transfers in Q2 2022:	0	0	0	0
Transfer from stage 1 to stage 2	-2 068	8 969	-	6 901
Transfer from stage 1 to stage 3	-190	-	1 607	1 417
Transfer from stage 2 to stage 1	2 711	-8 154	-	-5 443
Transfer from stage 2 to stage 3	-	-5 680	13 542	7 862
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	41	-385	-344
New assets originated or change in provisions	4 541	1 005	15	5 561
Assets derecognised or change in provisions	-2 565	-1 062	5 324	1 697
Changes in foreign exchange and other changes	1 096	1 066	8 024	10 187
Expected credit losses as at 30.06.2022	**29 467**	**24 190**	**173 814**	**227 471**

Q2 2021:

Expected credit losses as at 31.03.2021	**26 885**	**31 571**	**81 709**	**140 166**
Transfers in Q2 2021:				
Transfer from stage 1 to stage 2	-2 936	10 294	-	7 358
Transfer from stage 1 to stage 3	-246	-	1 979	1 733
Transfer from stage 2 to stage 1	1 598	-5 750	-	-4 152
Transfer from stage 2 to stage 3	-	-5 545	11 584	6 039
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	188	-814	-626
New assets originated or change in provisions	3 784	934	131	4 849
Assets derecognised or change in provisions	-3 426	-2 387	2 194	-3 619
Changes in foreign exchange and other changes	158	324	3 944	4 426
Expected credit losses as at 30.06.2021	**25 817**	**29 629**	**100 727**	**156 173**

2021:

Expected credit losses as at 01.01.21	**27 246**	**31 699**	**72 407**	**131 353**
Transfers in 2021:				
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**

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 criteria, 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.

	Secured	Unsecured		
	Norway	Norway	Finland	Sweden
Low Risk at origination	200 %	300 %	300 %	300 %
High Risk at origination	150 %	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 Reseach 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
Emplyment rate	77,87 %	77,87 %	78,16 %	78,53 %	78,47 %	78,67 %	79,34 %	79,53 %	79,56 %
3-Month NIBOR	0,65	0,65	1,27	0,65	0,65	1,52	0,65	0,66	1,81

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
Unemployment rate	9,70 %	7,88 %	6,83 %	7,69 %	6,80 %	6,38 %	7,08 %	6,43 %	6,20 %
Consumption	8 702	9 073	9 426	9 034	9 181	9 699	9 163	9 364	9 981

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
Unemployment rate	9,37 %	8,58 %	7,01 %	8,43 %	7,45 %	6,76 %	7,90 %	7,12 %	6,56 %
Consumption	175 495	179 465	188 260	180 380	184 764	200 207	184 598	191 356	213 810

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. These macroeconomic projections were utilized during 2021 due to uncertainty and volatility, especially regarding 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	135 357	90 550	11 191	237 098
Baseline scenario	128 701	87 941	9 987	226 629
Optimistic scenario	124 495	85 177	9 293	218 965
Final ECL	129 436	87 894	10 140	227 471

Note 3: Regulatory capital and LCR

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Share capital	332 642	332 642	332 642
Share premium	178 192	178 192	178 192
Other equity	152 120	64 989	114 373
Phase in effects of IFRS 9	16 023	32 045	32 045
Deferred tax asset/intangible assets/other deductions	-23 745	-28 072	-25 777
Common equity tier 1 capital	**655 232**	**579 797**	**631 476**
Additional tier 1 capital	40 900	40 900	40 900
Core capital	**696 132**	**620 697**	**672 376**
Subordinated loan	56 000	56 000	56 000
Total capital	**752 132**	**676 697**	**728 376**
Calculation basis - NOK 1000			
Credit risk:			
Loans and deposits with credit institutions	58 039	42 708	56 429
Exposures secured by mortgages	528 250	225 871	372 790
Retail exposures	2 075 376	2 015 388	2 030 087
Certificates and bonds	70 439	101 352	113 651
Other assets	22 464	17 912	13 446
Exposures in default	201 246	131 843	162 603
Deferred tax IFRS 9 phase inn effect		0	
Calculation basis credit risk	**2 955 815**	**2 535 074**	**2 749 005**
Calculation basis operational risk	516 502	434 202	516 502
Total calculation basis	**3 472 317**	**2 969 276**	**3 265 507**
Capital ratios including phase in impact of IFRS 9:			
Common equity Tier 1 Capital ratio	18,9 %	19,5 %	19,3 %
Tier 1 capital ratio	20,0 %	20,9 %	20,6 %
Total capital ratio	**21,7 %**	**22,8 %**	**22,3 %**
Capital ratios excluding phase in impact of IFRS 9:			
Common equity Tier 1 Capital ratio	18,5 %	18,6 %	18,5 %
Tier 1 capital ratio	19,7 %	20,0 %	19,8 %
Total capital ratio	21,3 %	21,9 %	21,5 %
Regulatory capital requirements:			
Common equity Tier 1 Capital ratio	16,8 %	16,8 %	16,8 %
Tier 1 capital ratio	18,3 %	18,3 %	18,3 %
Total capital ratio	20,3 %	20,3 %	20,3 %
LCR Total	385 %	251 %	193 %
LCR NOK	397 %	189 %	136 %
LCR EUR	252 %	133 %	128 %
LCR SEK	437 %	595 %	796 %

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	30.06.2022	30.06.2021	31.12.2021
Certificates and bonds - level 2	842 237	632 290	679 759
Derivatives- level 2	1 644	65	1 213

Liabilities

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Derivatives - level 2	2 643	593	338

Financial instruments at amortized cost

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

NOK 1000	30.06.2022	30.06.2021	31.12.2021
Loans and deposits with credit institutions	288 835	212 392	281 279
Net loans to customers	4 389 273	3 366 753	3 832 071
Other receivables	16 030	10 672	6 323
Total financial assets at amortised cost	**4 694 137**	**3 589 818**	**4 119 673**
Deposits from and debt to customers	4 741 687	3 540 343	4 047 128
Other debt	45 062	26 398	41 521
Subordinated loans	56 000	56 000	56 000
Total financial liabilitiies at amortised cost	**4 842 748**	**3 622 741**	**4 144 648**

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 4,4 MNOK and expires 30.06.2024. The right of use asset is 4,7 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.

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To the Board of Directors of Instabank ASA

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Instabank ASA as of 30 June 2022, the condensed statements of profit or loss and other comprehensive income and the statement of changes in equity for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the accounting policies described in note 1. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2022, and its financial performance for the three-month period then ended in accordance with the accounting policies described in note 1.

Oslo, 10. August 2022
KPMG AS

Svein A Lyngroth

Svein Arthur Lyngroth
State Authorised Public Accountant