Instabank

Investor Presentation | 4 May 2023

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Important information | Risk factors (I)

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If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flows and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Company's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information below is as of the date of this Presentation.

1. RISK RELATING TO THE BUSINESS OF THE COMPANY AND THE INDUSTRY IN WHICH IT OPERATES

Fluctuations and/or adverse development in economic conditions and markets may adversely affect the Company's business and results of operations

The Company's business and financial performance have been and will continue to be affected by general economic conditions, particularly in its main market Norway, but also in other markets where the Company operates or will operate and elsewhere, and any adverse developments in economic conditions in Norway or other markets where the Company operates or will operate or elsewhere including global economic and financial markets could affect the Company negatively.

As the Company's revenue is mainly derived from customers based in Norway, Sweden and Finland, the Company is directly and indirectly subject to the inherent risks arising from general economic conditions in the Nordic region, in particular Norway, other economies which impact the Nordic economy and the state of the Nordic and global financial markets both generally and as they specifically affect financial enterprises.

Moreover, the Company's profits are very sensitive to the macroeconomic development. Rising energy prices, higher interest rates and the ongoing war in Ukraine contribute to increased uncertainty in the macroeconomic environment. In addition, price levels for groceries and other goods are expected to increase. A decline in the economy may result in weaker growth, higher losses and weaker earnings, and it may make it difficult to raise capital at the same time. By way of examples, an increase in interest rate levels may reduce margins, increase the risk of credit losses and/or result in reduced willingness to take up new loans, increased unemployment is likely to increase overall loan losses, while lower economic activity dampens growth.

Risk related to competitive markets

The Company faces competition from both domestic and international banks and other suppliers of credit. A number of niche banks, like the Company, have started up in recent years and the competitive landscape may continue to change. Increased competition may lead to competition for customers and/or lower net margins. Also, ESG (Environment, Social and Governance) and sustainability are gaining focus among customers and other third parties, and customers may enter into a customer relationship with a competitor of the Company instead of the Company, if the competitor's ESG and sustainability profile is preferred over the Company's. If the Company is unable to compete efficiently, its competitive position may be adversely affected, which as a result, may have a material adverse effect on its business, financial condition, results of operations and/or prospects. ESG (Environment, Social and Governance) and sustainability has gained increasing focus among customers and other third parties, and

Failure or inadequacy in IT systems, processes or interfaces may adversely affect the Company's financial condition, results of operations and/or prospects.

The Company relies heavily on the uninterrupted operation of its IT systems for the efficient running of its business and operations, and, in particular in order to offer customers an online bank with 24 hours availability. The Company relies on certain financial infrastructure services that are widely used in the Norwegian financial services market to process payments and transactions, such as MasterCard and "eFaktura". In addition, the Company depends on a few third party providers for the supply of important IT services, such as Banqsoft and Basefarm. The Company's ability to conduct its business may be adversely affected by a disruption in the infrastructure that supports the business of the Company.

Risks related to reliance on third party suppliers

The Company outsources certain key functions to external partners, including, but not limited to, IT infrastructure and provision of scoring models and data. In the event that such outsourcing becomes unsatisfactory, or the Company's third party suppliers are unable to fulfil their obligations, the Company may be unable to locate new outsourcing partners on economically attractive terms, which in turn could have a material and adverse effect on the Company's business, results of operations and/or prospects

Risks related to reliance on partners

The Company relies on certain partners (Skeidar, Obs Bygg and Coop Byggmix being the most important partners) for the sale of its products. If the Company is unable to maintain its agreements with such partners, this may have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Inability to maintain sufficient insurance to cover all risks related to its operations

Although the Company seeks to maintain insurance or contractual coverage to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with the Company's operations, which could have a material and adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Risks associated with the Company's strategic initiatives and overall strategy

The overall strategy of the Company, requires the Company to make complex judgements, including anticipating customer needs and competitor activity and the likely direction of a number of macro-economic assumptions regarding the Norwegian and Nordic economy and the consumer finance sector in these areas as well as the regulatory environment the Company operates in.

The Company's ability to further develop and implement initiatives and the overall strategy is subject to for example execution risks, management of its cost base and limitations in its management, operational capacity and costumer and market reaction. These risks may increase by a number of external factors, including a downturn in the Norwegian, Nordic or global economy, increased competition in the consumer finance sector and/or significant or unexpected changes in the regulation of the financial services sector in Norway or the Nordic region, or the materialization of any of the risk factors mentioned herein, which may require the Company's focus and resources which could imply failure to successfully adapt and implement the Company's business strategies. The Company is planning several new initiatives in 2023, such as credit cards in Finland, simplified loan products to Norwegian businesses with a focus on SMEs, and credit cards in Germany. There can be no guarantee that any of these new initiatives will be successful.

Cyber-crime may have a material adverse effect on the Company's business, results of operations, financial position and/or prospects.

Due to its reliance on digital solutions and interfaces, the Company is exposed to risk of cyber-crime in the form of, for example, Trojan attacks, phishing and denial of service attacks. The nature of cybercrime is continually evolving. The protection of its customer and company data, and its customers' trust in the Company's ability to protect such information, is of key importance to the Company. The Company relies in part on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as personal identifiable information, personal financial information, payment card data, account transcripts and loan and security data. It further relies on third parties for hosting and servicing. Despite the security measures in place, the Company's facilities and systems, and those of its third party service providers, may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors which exposes the Company for cyber-crime and/or other similar events.

If one or more of such events occur, any one of them could potentially jeopardise confidential and other information related to the Company, its customers and its counterparties. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by the Company or its vendors, could damage the Company's reputation, expose it to risk of litigation, increased capital requirements or sanctions from the Norwegian Financial Supervisory Authority (the "**NFSA**"), disrupt its operations or affect the Company negatively in other ways, hereunder that the Company may also be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. This could in turn have a material adverse effect on the Company's business, results of operations, financial position and/or prospects.

Risks associated with people, systems and processes

The Company has a risk of loss resulting from inadequate or failed internal processes, people and systems or from external events other than those covered under other risks described here, including any kind of fraud and other criminal acts carried out against the Company as well as human errors and misconduct. Its business is dependent upon accurate and efficient processing and reporting of a high volume of complex transactions across numerous and diverse products and services. Any weakness in these systems or processes, or deliberate misconduct, could have a material adverse effect on the Company's business, results of operations and/or prospects.

There can be no assurance that the risk controls, loss mitigation and other internal controls or actions that are applied by the Company could help prevent the occurrence of events resulting in severe interruptions, delays, the loss or corruption of data or the cessation of the availability of systems or other operational issues leading to a loss for the Company.

Further, some of the measures used by the Company to identify and mitigate risks are based on historical information, and there is a risk that such measures are inadequate in predicting future risk exposure. Furthermore, risk management methods may rely on estimates, assumptions and information that may be incorrect, inadequate or outdated. If the risk management is insufficient or inadequate, this could have a material adverse effect on the Company.

Risks associated with non-face-to-face automated customer processes and procedures

As a digital bank, the Company offers its loan products only through its digital platforms. The customer provides information used in automated assessments, and certain input factors are collected from or verified by external sources, either by documents forwarded to the Company for manual review or information automatically retrieved from external information providers. For the most part, the loan applications are determined automatically based on the input from the customer and such third-party information, and in accordance with predetermined risk policies and financial models.

There are inherent risks associated with online processing of loan applications and reliance on information provided by the customers in non-face-to-face automated processes and without personal contact. Consequently, the Company is exposed to risks relating to the accuracy and completeness of the information used in assessments under its risk policies and its financial models on which credit decisions are based, as well as risks relating to the reliability of the input provided by the customer and/or collected from third party providers. If these risks materialize, this may, as a result, have a material adverse effect on the Company's business, results of operations and/or prospects.

Continued or increased negative attention on the consumer finance segment may affect the Company's financial position, operations or it strategies.

The growth of the Norwegian consumer finance market and the corresponding growth in consumer loans to Norwegian households have led and may continue to lead to increased attention on consumer finance from both public authorities as well as the general media. Such attention has for a large degree focused on borrowers who due to negative development of personal finances, lack of structure on repayment plan or for other reasons have experienced that the loan and related costs has become unnecessary burdensome. Further, pending cases relating to identity fraud, whereby the current legislation entails that the person under certain circumstances has to repay the loans taken up in his/her name have also gotten negative attention from the public.

Thus, the Company is subject of the risk of continued negative attention of the consumer finance market in general as well as potential focus on the Company's operations in particular. Negative attention on consumer finance from the media and public authorities may lead to a negative development of or trigger changes in the Company's business operations. Such negative attention may influence consumer demand for the Company's products, the Company's ability to attract and retain qualified personnel as well as the general business environment the Company operates in. Further, negative attention may also further affect the decision making of public authorities or trigger changes to the regulatory environment of which the Company operates and/or the content of industry norms relating to consumer finance which may in turn affect the Company's operations and strategies.

2. FINANCIAL RISKS

The Company's business is significantly affected by credit risk

The Company is subject to credit risk (the risk that the Company's borrowers and other counterparties are unable to fulfil their payment obligations). Adverse changes in the credit quality or behavior of the Company's customers, a general deterioration in Norwegian, Finnish, Swedish, German or global economic conditions or adverse changes arising from systemic risk in the global financial system could affect the recoverability and value of the Company's assets and require an increase in the Company's impairments. Further, a range of macroeconomic events and other factors, including but not limited to increased unemployment, reduced asset values, lower consumer spending, increased customer indebtedness, increased interest rates and/or higher default rates, may also affect the overall credit quality profile of the Company's customers. Also, errors in or changes to the Company's models and systems used to assess the credit risk may also affect the credit quality profile of the Customers. Any significant increase in the Company's credit risk may have a material adverse effect on its results of operations, financial condition or prospects.

The Company's business is exposed to liquidity risk

The Company is exposed to liquidity risk, which is the risk of losses due to a maturity or other mismatch between outstanding loans and deposits and other funding. It is vital for the Company to be able to fund its financing needs through customer deposits and funding from the capital market, at any given point of time.

The Company may experience difficulties in attracting sufficient customer deposits and funding from the market to match its liquidity needs. In such cases, the Company may have to reduce its loan growth or increase its cost of funding, hereunder interest rates for deposits, and this may result in slower business growth and/or weaker earnings than forecasted. If the Company has difficulty in securing adequate sources of short- and long-term funding, this could have a material adverse effect on its business, financial condition and/or results of operations.

In the case of turbulence in capital markets and/or if the Company develops weaker than expected, the liquidity risk can be significant. This may also be caused by sudden increased demand for its lending products including but not limited to draw-down of outstanding credit lines. Deposits from the public can be withdrawn quickly in a stressed situation (bank-run). To counteract negative consequences of fluctuations in deposit volume and lending payments, the Company maintains a liquidity buffer to absorb expected fluctuations.

The Company only accepts up to a moderate level of liquidity risk and strives at all times to diversify its funding sources with various deposit products in order to carry out its business irrespective of market fluctuations as far as possible. However, the Company's operations involve a natural liquidity risk which could have a significant negative impact on *inter alia* the Company's operations, results and liquidity position.

The Company is exposed to funding risk

The Company is dependent on access to sufficient funding on acceptable terms to be able to meet its obligations as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Furthermore, the Company is dependent on sufficient funding in order to carry out its lending business.

The Norwegian savings market is the Company's principal source of funding and the Company is therefore dependent upon the development in the Norwegian savings market. In the event of a temporary or permanent decline in the Norwegian savings ratio (being the amount Norwegian households save as a proportion of disposable income) or a material change in instruments that Norwegian households allocate their savings to or any other material change in savings behaviour, the Company's deposits from customers may decline. Also, changes to the reputation or similar of the Company's or the industry may cause a decline in the deposits from its customers. This may in turn have a material adverse effect on the ability of the Company to fund its business, lending activity and affect the Company's ability to deliver its strategic income targets, which may in turn have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company is exposed to market risk

Market risk is the potential loss caused by changes in market prices such as changes in prices of securities, widening credit spreads, changes in interest rates, and fluctuations in currency exchange rates. The Company's exposure to market risk is related to the Company's holding of financial assets apart from its lending to the public and currency risk exposure in relation to cross border activities.

Fluctuations in market prices may lead to significant losses for the Company.

The Company is exposed to the risk of material deterioration in the quality of its loan portfolio and resulting impairments

The Company records impairments of its loans in accordance with IFRS. However, the impairments made are based on available information, estimates and assumptions, are subject to uncertainty and there can be no assurance that they will be sufficient to cover the amount of actual losses as they occur. Adverse changes in the credit quality of Company's borrowers and counterparties or a decline in collateral values would likely require an increase in individual impairments and/or in collective impairments, which, in turn, would adversely affect the Company's financial performance.

Any significant increase in the size of the Company's impairments, or write-offs of loans not covered by impairments, could have a material adverse effect on the Company's business, financial condition and results of operations.

3. RISK RELATING TO LAWS AND REGULATIONS

The Company is subject to extensive regulation that is subject to change

The Company's business is subject to ongoing regulatory and associated risks. The Company is subject to financial services laws and regulation (including, but not limited to, those relating to capital adequacy, conduct of business, anti-money laundering, payments, consumer credits, reporting and corporate governance), as well as administrative actions and policies in Norway and in each other jurisdiction in which the Company carries on business. The NFSA is the Company's primary regulator, although the Company is also subject to the supervision of regulators in each country where it carries out activities on a cross-border basis.

The Company is required to maintain certain capital adequacy ratios, which are calculated in accordance with Basel III requirements, as implemented in Norwegian law and regulations. Any increase in the Company's risk-weighted assets due to, among other things, market volatility, widening credit spreads, changes in foreign exchange rates or further deterioration in the economic environment could potentially reduce the Company's capital adequacy ratios. If the Company were to experience a reduction in its capital adequacy ratios for any reason (including due to a change in the regulatory capital framework) and/or due to changes in the additional Pillar 2 planning buffer, it may have to reduce its lending or investments in other operations or, in more severe circumstances, raise further capital.

Changes in the supervision and regulation of financial institutions, particularly in Norway, could materially affect the Company's business, the products and services offered or the value of its assets. Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the Nordic markets and other European markets, (ii) changes in the capital adequacy framework and imposition of onerous compliance obligations, (iii) changes in consumer protection legislation affecting the Company's services and products (iv) differentiation among financial institutions by governments with respect to the extension of guarantees of customer deposits and the terms attaching to such guarantees.

Regulatory developments such as these or any other requirements, restrictions, limitations on the operations of financial institutions and costs involved, unexpected requirements under, or uncertainty with respect to, the regulatory framework to be applied to the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in the supervision and regulation of consumer legislation may have a negative impact on the Company's business, results of operations and overall financial condition.

The Company is subject to laws and regulations concerning the Company's activities directed towards consumers. The Company's target customers are consumers and the Company is therefore in particular exposed to the effects of newly adopted regulations and guidelines targeted at consumer financing in specific, as well as any changes to these and to the NFSA's or other government agencies' interpretation or operation of these or changes to such.

Important information | Risk factors (IV)

In recent years, several legislative measures have been introduced for consumer finance, such as the regulation on bank's consumer loan practices and a regulation on specific marketing requirements for consumer loan. Further, in December 2020, a new act on financial contracts was adopted by the Norwegian parliament ("**Financial Contracts Act**"). The new financial contracts act with appurtenant regulations came into effect on 1 January 2023, and includes, inter alia, new provisions that strengthens consumer protection upon conclusion of credit agreements as well as a duty for financial institutions to reject credit applications due to poor debt servicing capacity of the applicant and a stricter liability for damages.

The recent introduction of the new Financial Contracts Act, as well as any future changes in laws and regulations concerning consumer financing and or marketing activities towards consumers, could have a negative effect on the Company's business, results of operations and overall financial condition.

A new Norwegian act on loan mediation was adopted in December 2022 ("**Loan Mediation Act**") and will enter into force as of 1 July 2023. The law will be supplemented by a separate regulation. The Loan Mediation Act entails new and stricter requirements regarding loan intermediaries (financial agents and financial brokers) and their activities. The rules apply to all types of loans to consumers and may affect the volume of new potential customers for the Company.

The Company is in general exposed to similar developments and regulatory risks related to amendments in financial contract laws and loan intermediation laws in the Swedish and Finnish market.

Should any of the above risks materialise, there is a risk that it will have an adverse effect on the Company's ability to maintain or grow its loan portfolio, which will in turn have an adverse effect on the Company's interest revenue.

The Company may incur additional cost in monitoring and complying with new capital adequacy and recovery and resolution framework requirements

At the international level, a number of regulatory and supervisory initiatives have been implemented in recent years in order to increase the quantity and quality of capital and raise liquidity levels in the banking sector. Among such initiatives are a number of specific measures proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") and implemented by the EU through EU directive 2013/36/EU (CRD IV) and Regulation (EU) No. 575/20013 (CRR).

On 29 March 2019, the CRD IV and the CRR were incorporated into the Agreement on the European Economic Area (the "EEA Agreement"). Legislation implementing the CRD IV and the CRR for Norwegian institutions entered into force on 31 December 2019, implementing CRR as is and reflecting the provisions of CRD IV not already implemented in Norwegian legislation. Further, on 1 June 2022, regulation (EU) 2019/876 (CRR2), directive (EU) 2019/875 (CRD V) and directive (EU) 2019/879 (BRRD2) (together, the EU Banking Reform Legislation) was implemented into Norwegian legislation.

EU's regulatory framework for crisis resolution of banks ("**BRRD**") was implemented into Norwegian legislation with effect from 1 January 2019. The Company is subject to these rules and entail that the Norwegian competent authorities may decide *inter alia* that the Company's regulatory capital, including Common Equity Tier 1 Capital, shall be written down. This may cause significant losses to the Company's shareholders. The rules also provide the Norwegian competent authorities with a number of tools (crisis resolution measures) which, depending on the circumstances, may negatively affect the Company and the Company's shareholders. In addition, the Company is subject to the Norwegian rules on so-called liquidation under public administration, which will be relevant in as so far the Norwegian competent authorities have assessed that the Company does not qualify for crisis resolution in accordance the BRRD framework as implemented into Norwegian legislation.

Finally, further changes to CRD and CRR have been proposed by the EU Commission (also known as the Banking Package 2021). The proposal is still under consideration by relevant EU bodies. Overall, these rules may entail changes to the Company's operations and capital requirements, which – in turn - may affect the Company negatively.

Heightened capital requirements, the continuing regulatory developments and higher demands on liquidity have resulted, and are likely to continue to result, in the Company, similar to other financial institutions, incurring substantial costs in monitoring and complying with these new requirements, which may also adversely affect the business environment in the financial sector. There can be no assurance that the capital requirements will not be amended in the future to include new and more onerous capital requirements, which could result in the Company being required to incur the cost of raising more capital, and which could have a material adverse effect on the Company's financial condition.

The Company is subject to Norwegian provisions on ownership control

Pursuant to the Norwegian Act on Financial Undertakings and Financial Groups ("**FUA**"), acquisition of qualifying holdings in a financial institution is subject to prior approval by the Norwegian Ministry of Finance or the NFSA. A qualifying holding is a holding that represents 10% or more of the capital or voting rights in a financial institution or allows for the exercise of significant influence on the management of the institution and its business. Approval may only be granted if the acquirer is considered appropriate according to specific non-discriminatory tests described in the FUA (the so-called fit and proper test). Any person intending to acquire 10% or more of the capital or voting rights of the Company, must be explicitly approved by NFSA, as the Norwegian regulator, and/or the Norwegian Ministry of Finance, as applicable before the transaction can be carried through. Such persons run a risk that their application for approval is denied or that Norwegian authorities impose unfavorable conditions related to an approval. It should be noted that Norwegian authorities have adopted a practice under which non-financial investors cannot own more than 25 per cent of the shares in Norwegian banks.

Violations of anti-money laundering and countering financing of terrorism legislation may result in administrative fines and/or criminal prosecution which in turn could have an adverse impact on the Company's financial condition or operations.

The Company is subject to rules and regulations regarding anti-bribery, anti-money laundering, anti-terrorist financing and economic sanctions. In general, the risk that banks will be subjected to or used for bribery or money laundering has increased worldwide. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. While efforts to combat money laundering in recent years have been prioritized, the anti-money laundering efforts are a work in progress and the authorities' requirements and expectations have become more stringent.

While the Company continues to improve methods and systems to prevent anti-money laundering, it cannot guarantee that its anti-money laundering and anti-terrorism financing policies and procedures prevent instances of money laundering or terrorism financing, or that there will not be instances of employee non-compliance with such policies. Any violation of anti-money laundering or anti-terrorism financing rules, or even the suggestion of violations, may have severe legal and reputational consequences for the Company and could, as a result, have a material adverse effect on the Company's financial condition and results of operations.

Changes to debt collection legislation may impede with the Company's ability to recover overdue claims and/or the Company's financial condition.

The Company offers unsecured credit to consumers at high interest margins, and such credits involve a high risk of defaults. Thus, the Company is highly dependent on the possibility to initiate effective measures to recover debt from such customers, including transfer of claims to other financial enterprises.

Recovery of debt from Norwegian debtors is subject to the procedures set forth in the Act on Debt Collection and Other Recovery of Overdue Pecuniary Claims of 13 May 1988 no. 26 ("**Debt Collection Act**"). operations and/or overall financial conditions. On 27 January 2020, an expert group proposed a new act on debt collection and an appurtenant regulation, which inter alia includes proposals which will entail significant reductions in applicable late fees and debt collection fees. Whilst the new act is not yet adopted, the Ministry of Justice and Public Security implemented reductions of general debt collection fee levels due to the COVID-19 breakout by adjusting the debt collection regulation of 14 July 1989 (the "**Debt Collection Regulation**") with effect from 1 October 2020. The changes to the Debt Collection Regulation together with any future changes to or replacement of the Debt Collection Act and the Debt Collection Regulation or changes in other laws and regulations which impede the Company's ability to recover debt may have an adverse effect on the Company's operations and/or overall financial condition, including its ability to sell portfolios of non-performing loans, and/or the price purchasers are willing to pay for such portfolios.

Moreover, the Company also operates in other jurisdictions and there is a risk that regulations and procedures in such countries concerning debt recovery impede the Company's ability to recover debt from its customers. In addition, the Company will be exposed to changes or amendments to such jurisdictions which may impede the Company's ability to recover debt in these jurisdictions.

Changes to the Norwegian deposit guarantee scheme may have a material adverse effect on the Company's funding

Under Directive 2014/749/EC, a harmonized level of deposit guarantee of EUR 100,000 was introduced which applies in the EU. For the time being, the Norwegian guarantee scheme have been kept at a higher level i.e. a deposit guarantee of NOK 2 million per deposit per customer. A change in the Norwegian deposit guarantee scheme may have a material adverse effect on the Company's funding.

4. RISK RELATED TO THE SHARES

The price of the Shares could fluctuate significantly

The trading volume and price of the Shares could fluctuate significantly. Euronext Growth Oslo has a history of having a lower trading volume and liquidity compared to Oslo Børs, and the volatility in trading may also significantly higher. Securities markets in general, including Euronext Growth Oslo, have been volatile in the past. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors’ and analysts’ earnings expectations, investors’ evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions, changes in customer preferences, changes in shareholders and other factors. In addition, third parties may seek to acquire all or a majority of the Shares, and if such acquisition(s) fails, like Lunar A/S's publicly announced acquisition of Company, the price of the Shares may decline. Any third-party seeking to acquire all or a majority of the Shares, may also divert the attention of management and other key employees, which in turn could negatively affect the Company's operations, and have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes.

There is no assurance that the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted.

Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares registered in a nominee account (through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (Nw.: Verdipapirsentralen i Norge) (VPS) prior to any general meeting of the Company. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

Norwegian law could limit shareholders' ability to bring an action against the Company

The Company is a public limited company organised under the laws of Norway. The majority of the members of the Company's Board of Directors and Management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

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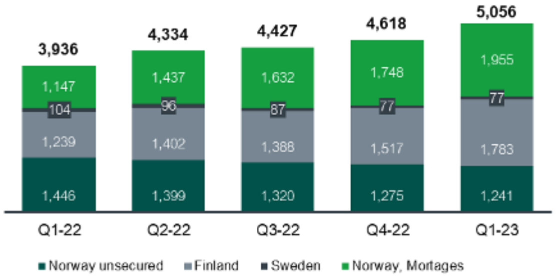
Business overview | Instabank at a glance

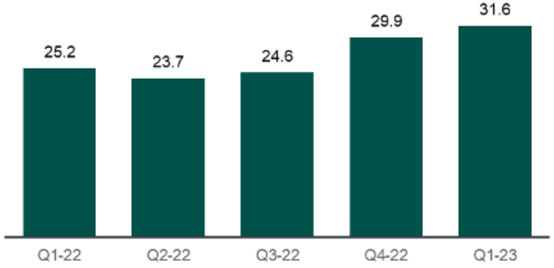
Key comments

- Operates in Norway, Finland and Sweden
- Offering competitive mortgages, unsecured loans, credit cards, point of sales (POS) financing, savings and insurance to private consumers. Instabank also offers deposits in Germany through a partnership with Raisin Bank
- Distribution through 1) direct online distribution, 2) agent distribution, and 3) partner distribution
- Lean and flexible operational model based on efficient IT infrastructure - ensures scalability and enables Instabank to operate in several markets from one location
- 42 full-time and 11 part-time employees, all located in Oslo.
- The demand for mortgages and consumer finance products in the Nordic markets has proven to be strong which has facilitated solid consecutive growth quarter by quarter
- The business model is characterized by attractive interest margins, cost efficient operations and moderate loan losses which combined results in an attractive underlying profitability
- Listed on Euronext Growth under the ticker INSTA

Net loans (NOKm)



Profit before tax (NOKm



Key milestones since inception

Q3 2016
- Official banking license received 4 Jul. 2016
- First broad equity issue of NOK 240m
- Successful launch 21 Sept. 2016

Q3 2017
- Equity issue towards Skeidar of NOK 40m

Q4 2017
- Launches operations in Finland
- Launches exclusive distribution partnership with Skeidar within point of sale financing

Q3 2018
- Share issue to Kistefos ASA of NOK 48.6m
- Launch of deposits in Finalnd

Q3 2018
- New share issue to Kistefos ASA of NOK 65.9m
- Launch of loan products in Sweden

Q2 2020
- Launch of mortgage loans to increase diversification

Q3 2020
- Admitted to trading on Euronext Growth

Q1 2023
- Mortgage loans amounts to NOK 1.9 billion and represents 39 % of total net loans demonstrating success in becoming a well diversified bank

Product strategy | Continued expansion and increased diversification

From a specialised consumer finance bank → **Diversification and scale up** → *To* a focused commercial bank

	2016-2017	2018-2019	2020-2021	2022-2023	2024-2025	
B2C	Savings NO Consumer loans NO/FI POS Sales Finance NO	Savings FI/SE Consumer loans SE Credit cards NO Online Sales finance NO	Mortgages NO Sales finance FI Savings (Raisin) DE	Credit Card FI Multi product accounts NO	*Credit cards DE* *Consumer loans DE* *Mortgages FI*	**Strategy to deliver:** High yield, conveniant everyday products for B2C & B2B customers in northern Europe
B2B				Credit line NO *Factoring NO*	*Credit cards B2B NO*	

- On track to launch SME credit line product in H2-23 - key management hired, systems being implemented
- Launch of credit cards in Finland and multi product accounts in Norway during H2-23 will further diversify Instabank's retail offering
- Ambitions to expand internationally in the 2024-2025 period

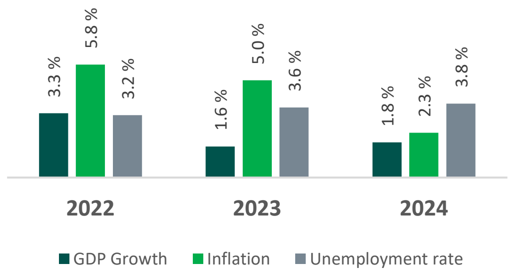
Instabank

The Market | Strong demand for lending in the Nordic region

- Higher cost of living following increasing interest rates and inflation is expected to increase demand
- Credit risk is expected to remain at an attractive level as the Nordic economy is set to avoid recession and unemployment will remain relatively stable
- Increasing interest rates on unsecured debt motivate homeowners to refinancing to mortgages

Norway

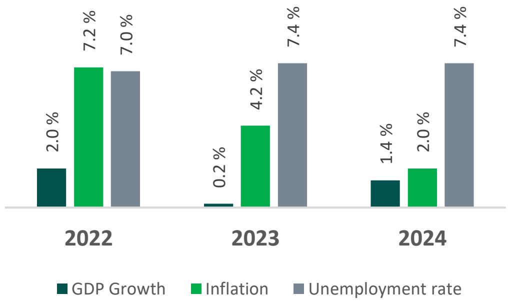
- Norway has the strongest economic indicators among the countries Instabank operates in



63 %
of net
loans

Finland

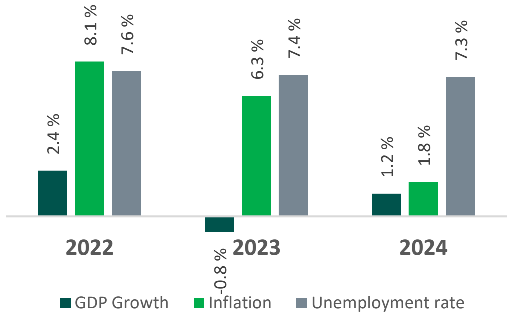
- Inflation is expected to decline faster than in Norway and Sweden



35 %
of net
loans

Sweden

- Highest inflation and unemployment ratio as per 2022



2 %
of net
loans

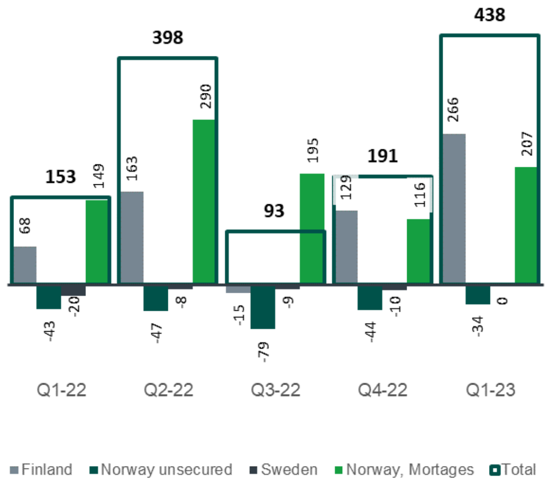
Financials | Issuance of NOK 70m equity enables growth beyond existing guiding

Guiding as per Q1-23

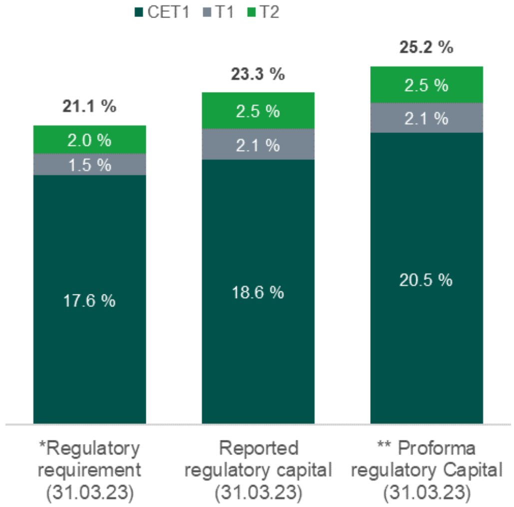
	Outlook 2023	*Strategic ambitions*
Profit after tax Strong improvement in profits	~100 mill. 2023 Among the better	>210 mill. Mid term Proof of success
ROE Strong improvement in performance	>13 % 2023 Among the better	>19 % Mid term Proof of success
Gross loans Growth is necessary to improve profits	>5.7 Bn. 2023 Growth shows direction	>8.5 Bn. Mid term Proof of growth capacity
Cost to income Economies of scale reduce cost	< 40 % 2023 Heading in the right direction	~34 % Mid term Compares with industry leaders

Transaction rationale | Enhanced growth in loans and profits

Growth in net loans (NOKm)



Strengthening regulatory capital structure (%)



- Instabank experiences continued attractive demand across key segments
- Increasing equity by NOK 70m represents a ~1.9 % points strengthening of the CET1 as of Q1-23
- Allows for continued strong and profitable growth

Following the issuance of NOK 70m equity Instabank will be well positioned to enhance its highly profitable growth story

Note(*): CET1 = 11,4 % Base Rate + 6.2 % Pillar II || Note(**): based on: 1) issuance of NOK 70m equity (CET1) investing proceeds in assets with 0% risk-weights (no change in RWA)

Investment highlights | Key value propositions

Instabank

01	Lean operational platform and organisation with significant scalability enabling cross border operations from one location	✓
02	Strong and experienced management team with significant track record within consumer finance	✓
03	Well diversified loan portfolio across markets, products and customers segments	✓
04	Continued strong growth at attractive margins - net loan portfolio of NOK 5,056m per Q1-2023	✓
05	Q1-23 profit after tax of NOK 23.7m and ROE of 13.2 %	✓
06	On track to achieve 2023 financial targets – profit after tax above NOK 100m and ROE +13 %	✓
07	Ambitious expansion plan on track – new products will boost growth and profits	✓

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Diversified loan portfolio | Transparent and simple

		Net Loans	# Customers*	Avg Ticket Size*	Yield
Consumer Loans	Unsecured loans offered in Norway, Finland and Sweden	2,635''	25,398	104'	11.6 %
Mortgages	First or second priority mortgages for refinancing of unsecured debt or house improvements	1,955''	2,115	924'	7.6 %
Sales Finance	Point of sale or web payment solutions offered through retail partners like Skeidar and Coop	187''	22,189	8'	16.7 %
Credit Card	Most attractive credit card in the market for revolving credit customers	279''	6,105	46'	14.9 %
Total	Well diversified loan portfolio	5,056''	55,807	91'	10.4 %

Note(*): as of Q1-23

Diversified funding volume

	Volume	# customers	Avg. deposit size	Avg. deposit rate in Q1-23
Norway	3,237''	11,381	284'	3.06 %
Finland	274''	4,012	68'	0.85 %
Germany*	1,697''	9,167	185'	1.65 %**
Sweden	27''	1,731	16'	0.55 %
Total	5,235''	26,291	199'	2.47 %

Note(*): Deposits in Germany are offered through Raisin Bank
Note (**): Includes partner margin

Management | Experienced and competent

Robert Berg | CEO

- Berg is one of the Co-founders who established Instabank in 2016
- Prior to that he has been CEO in yA Bank, Commercial Director in Ikano Bank and has held various positions in Gjensidige, Santander Consumer Bank, SEB and Europay et al.
- Berg holds a BSc in Marketing from the Norwegian Business School

Kjetil Knudsen | CRO

- Knudsen joined the Company in 2018
- He has previously held various positions in Santander Consumer Finance, including Risk Manager for Analytics & Controlling and Risk Manager for Cards, and has also worked as a senior analyst for Lindorff
- Holds an MSc in Finance and Investments from The University of Edinburgh

Per Kristian Haug | CFO

- Haug was recruited to the Instabank team in 2018
- He has previously held positions as CFO in yA Bank, Navigea Securities and LUUP
- Haug has also been a board member in Kredinor. He holds an MSc in Management & Marketing from the Norwegian Business School

Jørgen Rui | CMO

- Rui was recruited to the Instabank team in 2020
- He has previously served as Director for Consumer Loans in Resurs Bank, been CMO in yA Bank and held various positions in Santander Consumer Bank
- Rui holds an MSc in Marketing from the Norwegian Business School

Eivind Sverdrup | CCO

- Sverdrup is also a Co-founder and has been with the Company since it was established in 2016
- Prior to establishing Instabank he held the position as CLO in yA Bank. Sverdrup has also been a Lawyer at Vierdal Advokatfirma
- He holds a Master of Laws degree from the University of Oslo

Farzad Jalily | CTO

- Jalily has been with the Company since 2016
- Prior to joining the Instabank team, he held the position as Enterprise Architect in SpareBank 1
- Jailiy holds an MSc in Computer Science from the Norwegian School of IT

Anne Jørgensen | COO

- Jørgensen has been with Instabank since 2019
- Prior to joining the Company, she held the position as Head of Contracts in Waterlogic
- She has also been Service Delivery Manager and Head of Operations in Ikano Bank. Jørgensen is educated at the Norwegian School of Sport Sciences

Board of Directors | Seasoned and diligent

Mona Cathrine Nylander | Chairperson

- Nylander is currently CFO in Kitron
- Her previous experiences include positions as CFO in Diplom-Is, CFO in SEB Kort (Norway), CFO in Ementor Norway (Atea), CFO in Draka Norsk Kabel and Group Controller in ABB
- Nylander holds a BSc in Business Administration from Lund University

Odd Harald Hauge | Board member

- Hauge is an investor, consultant and author
- He is the founder of Nettavisen where he also served as Chief Editor
- Furthermore, he has served as Business Editor in Aftenposten, Director Corporate Finance in ABG Sundal Collier and Chief Editor in Kapital
- Hauge holds an MSc in Business Administration from the Norwegian School of Economics

Siv Felling Galligani | Board member

- Galligani is the owner and chairman in Engø Gård (hotel and restaurant)
- Her previous experiences include positions as Head of Treasury and Deputy CEO in Kommunalbanken
- Furthermore, she served as a board member in yA Bank from 2015 to 2018. Galligani holds an MSc in Business Administration from the Norwegian Business School

Thomas Berntsen | Board member

- Berntsen is the owner, chairman and managing partner in F2 Management
- Furthermore, he is the chairman of the board in Skeidarliving Group and a board member in Birkelunden Investeringsselskap (which owns 5.5% of the outstanding shares in Instabank)
- Berntsen holds an MSc in Business Administration from the Norwegian Business School

Gunn Isabel Westerlund Ingemundsen | Board member

- Experienced Risk Management/Compliance/BoD Executive
- Her previous experience includes positions as CRO at Danske Bank Norway and VP Head of Risk Management, Financial Services at Telenor
- Board experience from various companies incl. listed
- Ingemundsen holds a Master in Shipping, Trade and Finance from City, University of London

Farzad Jalily | Employee Representative

- Jalily holds the positions as CTO in Instabank

Alexander Farooq | Deputy Board member

- Farooq is currently Partner at Norselab
- His previous experience includes four years as Investment Manager at Instabank’s main shareholder, Kistefos ASA
- Board experience from various companies
- Farooq holds a Master in Finance & Private Equity from The London School of Economics

The share | Strong shareholder base and aligned incentives

TOP 20 shareholders *

#	Shareholders	# of shares	%
1	KISTEFOS AS	83 126 568	24,99%
2	HODNE INVEST AS	33 088 311	9,95%
3	VELDE HOLDING AS	29 291 116	8,81%
4	BIRKELUNDEN INVESTERINGSSELSKAP AS	18 305 911	5,50%
5	GOLDMAN SACHS BANK EUROPE SE	13 447 151	4,04%
6	BJELLA INVESTMENTS AS	13 112 021	3,94%
7	TORSTEIN TVENGE	10 000 000	3,01%
7	HJELLEGJERDE INVEST AS	9 161 000	2,75%
9	KRISTIAN FALNES AS	8 900 000	2,68%
10	LEIKVOLLBAKKEN AS	8 500 000	2,56%
11	MOROAND AS	8 500 000	2,56%
12	Apollo Asset Limited	5 742 888	1,73%
13	SONSINVEST AS	5 108 195	1,54%
14	ALTO HOLDING AS	5 000 000	1,50%
15	LEIRIN HOLDING AS	4 333 333	1,30%
16	CAHE FINANS AS	3 501 000	1,05%
17	Skandinaviska Enskilda Banken AB	3 000 000	0,90%
18	BNP Paribas	2 302 489	0,69%
19	BNP Paribas	2 196 182	0,66%
20	LILL ANITA SKÅLBONES GRIMSTAD	2 070 000	0,62%
	Sum Top 20	**268 686 165**	**80,77%**
	Other shareholders	63 955 874	19,23%
	Total	**332 642 039**	**100,00%**

Internally owned shares and warrants **

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 841 195	1,8 %
CCO	Eivind Sverdrup (Leirin Holding AS)	4 448 833	1,3 %
CTO	Jørgen Rui	1 407 864	0,4 %
CMO	Farzad Jalily	814 417	0,2 %
CFO	Per Kristian Haug	154 935	0,0 %
CRO	Kjetil Andre Welde Knudsen	123 028	0,0 %
COO	Anne Jørgensen	99 625	0,0 %
	Sum management	**12 889 897**	**3,9 %**
	Other employees	1 599 433	0,5 %
	Board members	2 150 000	0,6 %
	Total	**16 639 330**	**5,0 %**

Key warrant details

- 22 million outstanding warrants
- Granted December 2020
- Received by management and other key employees
- Exercisable within 3 to 5 years
- Strike of NOK 1.50 – adjusted upwards 5% annually
- The right to exercise the warrants is conditioned upon continued employment and will lapse if the conditions of employment are annulled (resignation / dismissal)

Share performance on Euronext Growth***

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Key highlights Q1-23

Profit before tax increased 25 % to 31.6 MNOK from Q1-22
Strong growth in Total income
Cost to income ratio decreased to 38 % from 46 % in Q1-22

Record-high growth in net loans of 438 MNOK
Net lending exceeds 5 billion NOK

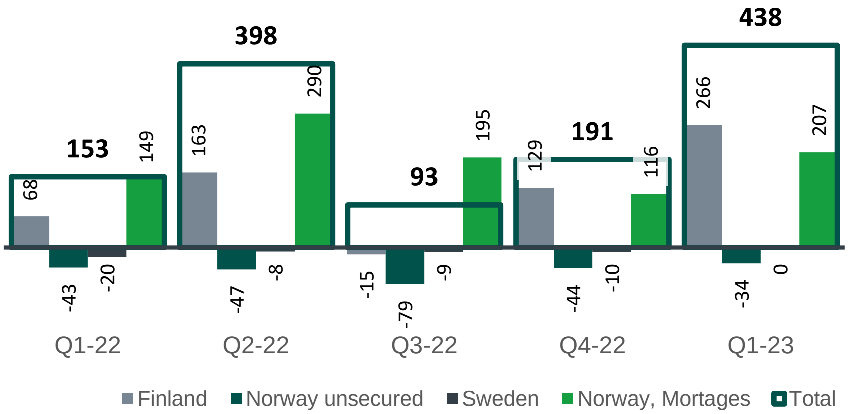
Strong mortgages volume growth of 207 MNOK
Mortgages represents 39 % of total net loans and 61 % of net loans in Norway

Instabank to offer lending to small and medium sized businesses
Further strengthening the position as a Nordic challenger bank

Net loan development | Well diversified loan book

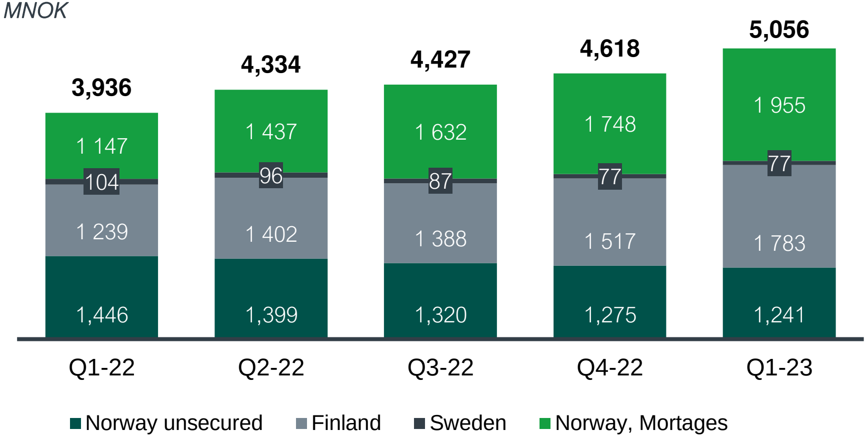
Net loan balance growth

MNOK



Net loans to customers

MNOK



Key comments

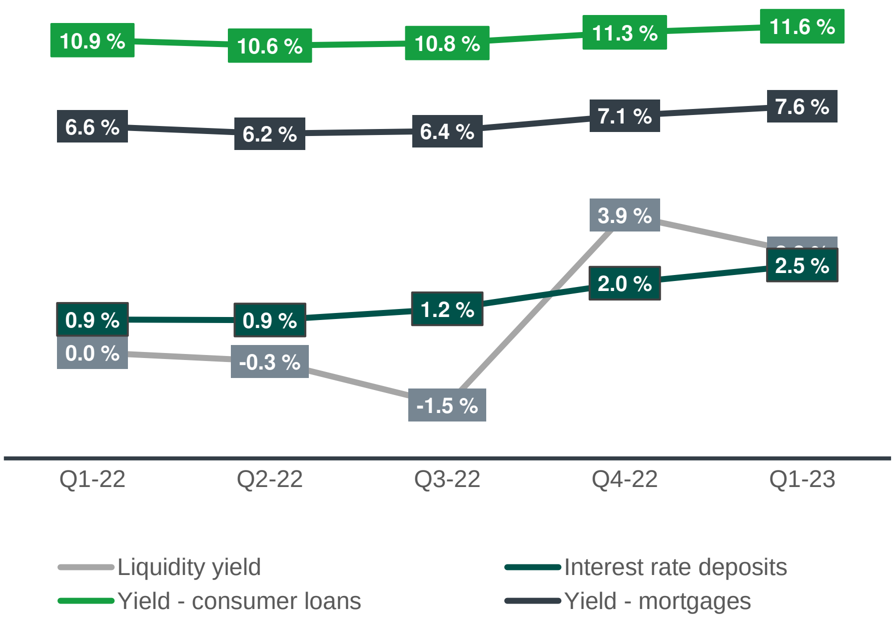
- Record-high growth in net loans of 438 MNOK in Q1-23
- 145 MNOK came from changes in currency exchange rate
- Growth in mortgage lending of 207 MNOK, up 116 MNOK in Q4-22

Key comments

- Well diversified loan book across products and markets
- Mortgages represents 61% of net loans in Norway and 39 % of total net loans

Yield and funding cost | Attractive margins

Development in yields and funding cost

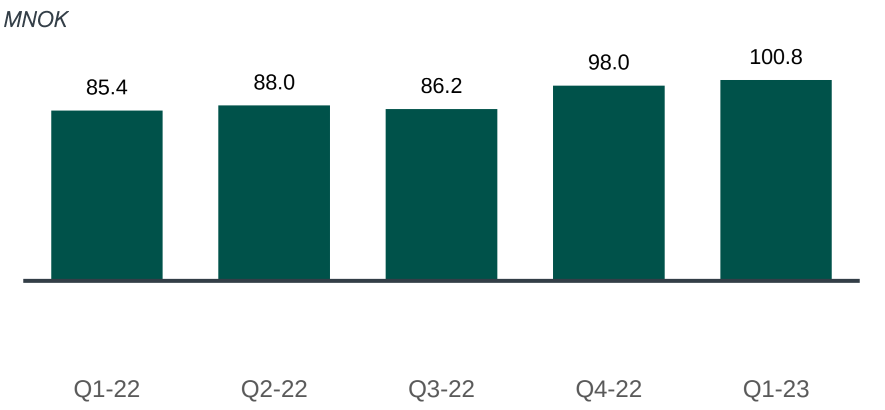


Key comments

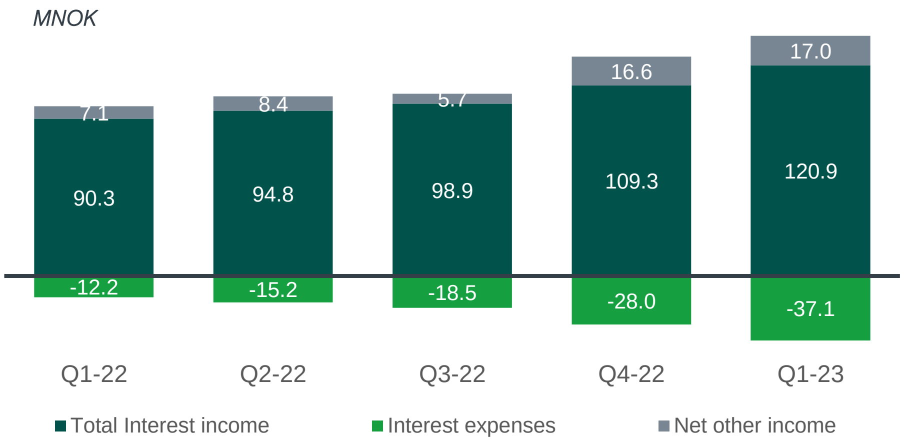
- Increased interest rates for existing and new lending customers have resulted in increased loan yield for both consumer loans and mortgages over two last quarters
- The increase in market rates has resulted in increased funding costs. While the Norwegian market had the most significant increase in deposit rates during H2-22, The Euro deposit rates rose during Q1-23 from a very low level.
- The liquidity yield was for the second consecutive quarter higher than the funding cost and came in at 2.8 % in Q1-23

Total income | High growth in income

Total income



Total income detailed

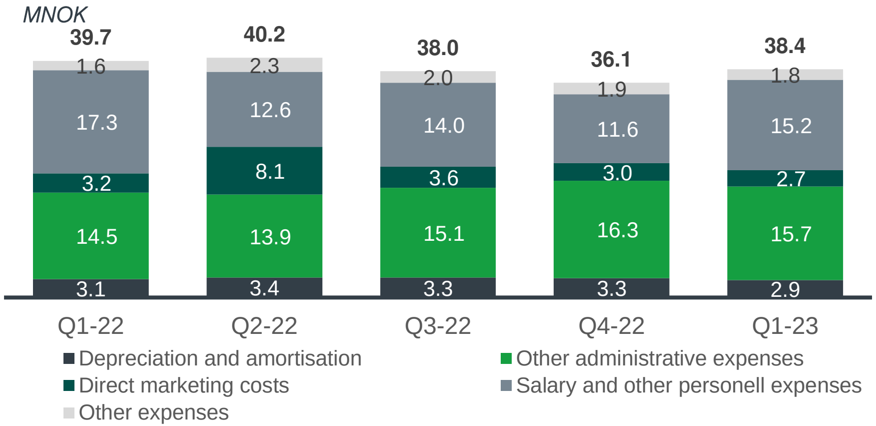


Key comments

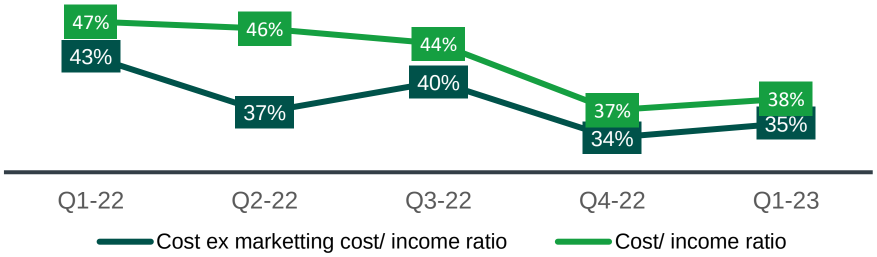
- Strong increase of 30 MNOK in Total interest income in Q1-23 from same quarter last year following a 12 months net lending growth of 1,120 MNOK and increased yield despite a higher share of mortgages
- Interest expenses increased 9.1 MNOK from the previous quarter as deposits volume and rates were up.
- Net other income more than doubled from same quarter last year

Operating expenses | Demonstrating economy of scale

Operating expenses breakdown



Cost/income ratio



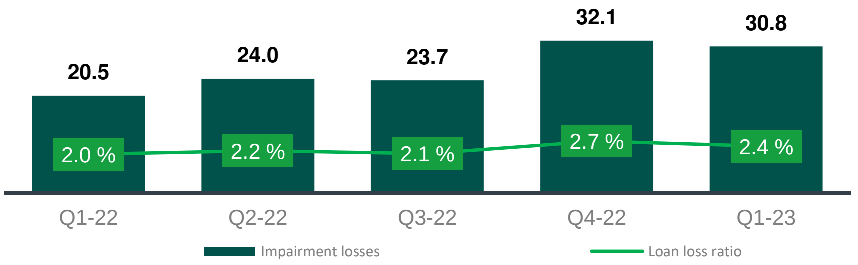
Key comments

- Despite high growth in net loans over the last year, the operating expenses have been stable, demonstrating economy of scale
- Cost-to-income came in strong at in Q1-23 at 38 %, the second consecutive quarter below the 40 % mark and target for 2023

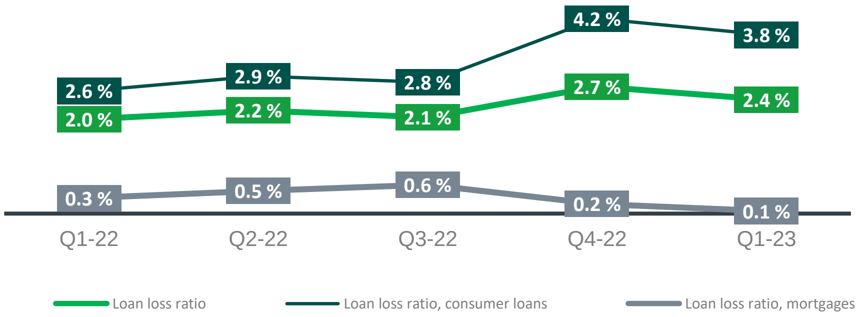
Credit risk | Mortgages represent low credit risk

Impairment losses

MNOK

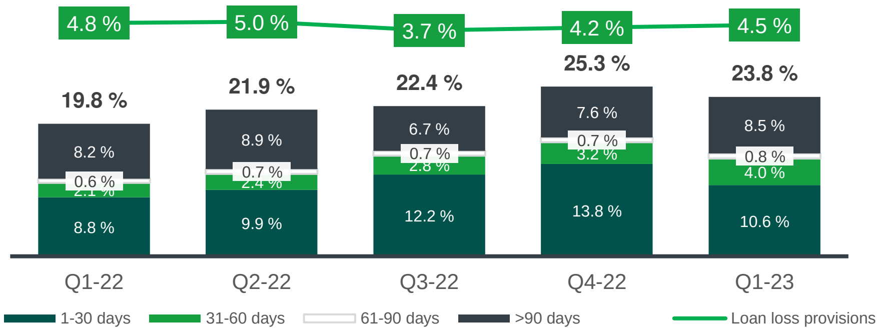


Losses per type of loan



Loans past due

% of gross lending

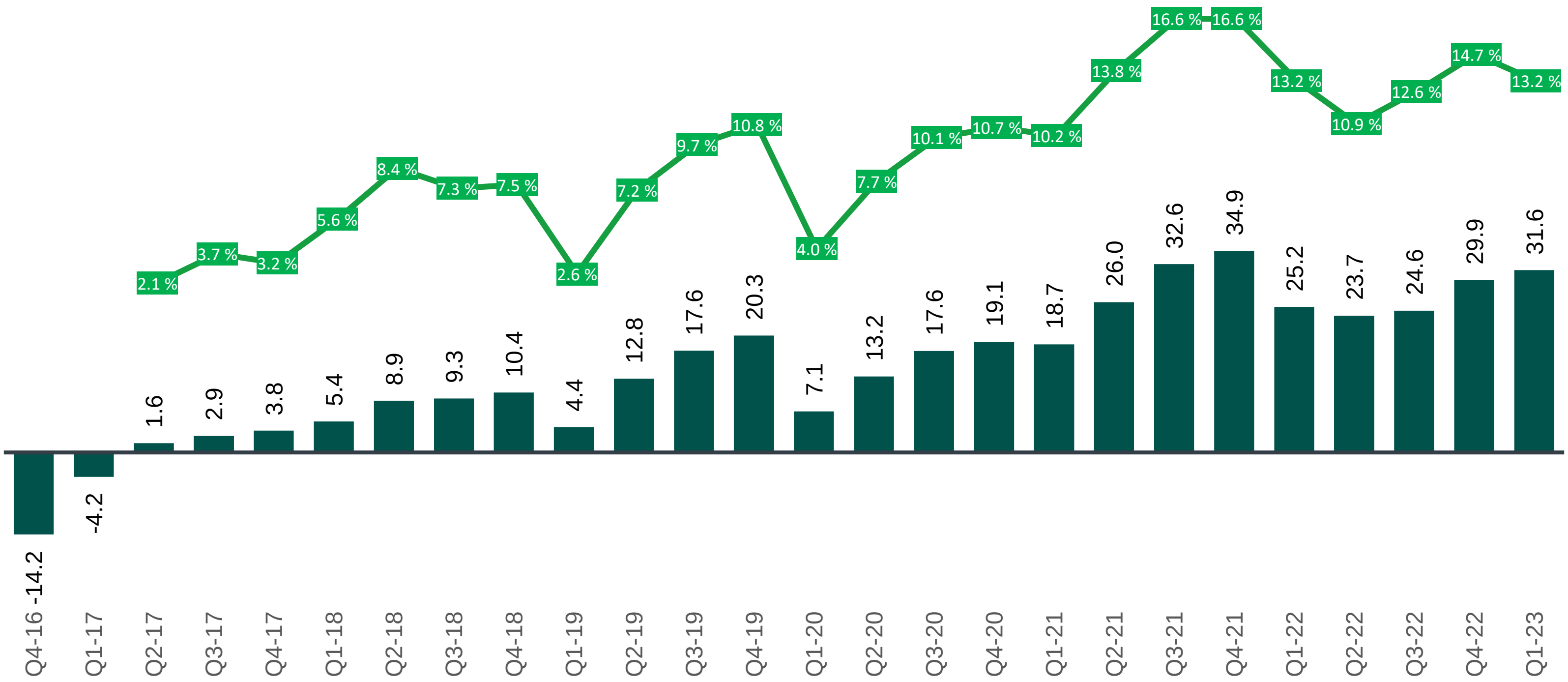


Key comments

- Losses on loans decreased for both consumer loans and mortgages from the previous quarter despite the high growth in net loans.
- The rise we observed in the share of loans past due 1-30 days at the end of Q4-22 came down to 10.6 % at the end of Q1-23 from 13.8 %
- Changes in the IFRS 9 model in Q1-23 had a positive impact on impairment for mortgages, offset by a negative impact for consumer loans

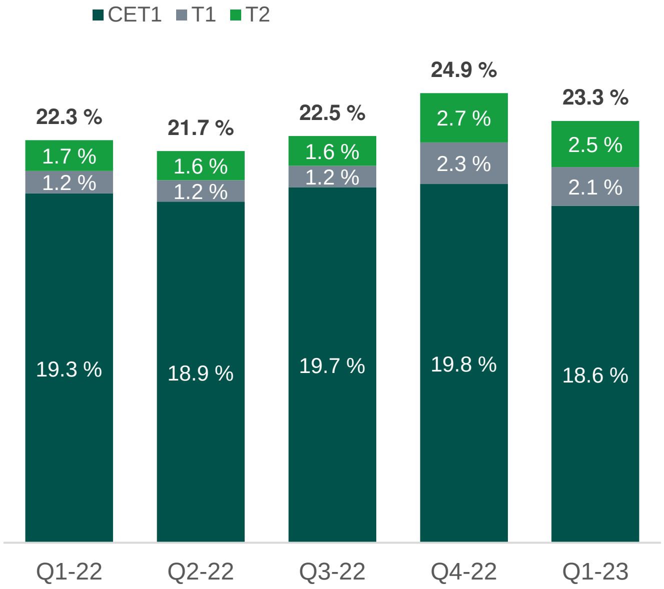
Profits | Long term growth in profits

Profit before tax (NOKm) & Return on Equity after tax

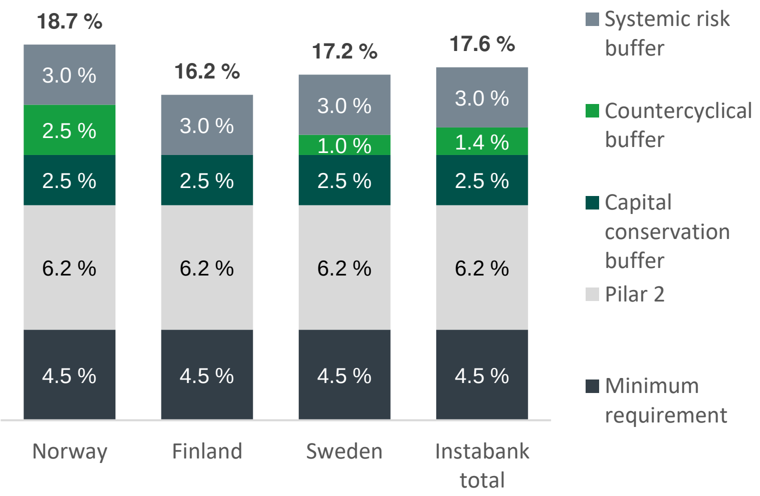


Regulatory capital | Satisfactory adequacy

Capital adequacy ratios (%)



CET1 requirement per country and total



Income statement & Balance sheet | Overview

Income statement (NOK thousand)

P&L	Q1-23	FY 2022	Q4-22	Q3-22	Q2-22	Q1-22
Total income:						
Interest Income using the effective interest method	120,926	393,623	109,328	98,946	94,818	90,492
Interest expenses	37,130	73,890	27,952	18,456	15,234	12,248
Net interest income	**83,796**	**319,734**	**81,376**	**80,490**	**79,584**	**78,244**
Net other income	16,967	37,850	16,619	5,737	8,395	7,138
Total income	**100,763**	**357,584**	**97,995**	**86,227**	**87,979**	**85,382**
Operating expenses:						
Salary and other personnel expenses	15,199	55,498	11,592	14,048	12,567	17,291
Other administrative expenses, of which	18,406	77,690	19,293	18,658	21,965	17,775
- direct marketing cost	*2,716*	*17,843*	*2,962*	*3,596*	*8,057*	*3,228*
Other expenses	1,797	13,045	1,915	1,966	2,347	1,562
Depreciation and amortisation	2,947	7,789	3,260	3,338	3,366	3,082
Total operating expenses	**38,350**	**154,023**	**36,059**	**38,009**	**40,244**	**39,711**
Losses on loans	30,849	100,230	32,053	23,658	24,043	20,476
Operating profit before tax	**31,564**	**103,331**	**29,884**	**24,560**	**23,692**	**25,195**
Tax	7,891	21,091	4,480	6,140	5,923	4,548
Profit and other comprehensive income	**23,673**	**82,240**	**25,403**	**18,420**	**17,769**	**20,647**

Balance sheet (NOK thousand)

Balance Sheet	31.03.23	31.12.22	30.09.22	30.06.22	31.03.22
Assets					
Loans and deposits with credit institutions	174,078	191,254	265,388	288,835	191,450
Loans to customers	5,115,359	4,674,030	4,479,970	4,389,273	3,988,389
Certificates and bonds	848,185	867,806	755,391	842,237	933,611
Other intangible assets	22,756	21,197	21,567	22,904	25,064
Fixed assets	3,623	3,645	4,247	4,791	5,390
Derivatives	4,002	1,773	19,158	1,644	4,105
Other receivables	36,735	39,527	889	16,030	7,793
Total assets	**6,204,739**	**5,799,233**	**5,546,610**	**5,565,713**	**5,155,801**
Liabilities					
Deposits from and debt to customers	5,234,665	4,852,281	4,702,782	4,741,687	4,344,527
Other debts	15,145	20,491	24,584	1,706	11,123
Accrued expenses and liabilities	13,461	17,844	17,979	16,154	18,729
Derivatives	3,361	543	2,188	2,643	1,231
Deferred tax	734	734	2,957	2,957	2,957
Tax payable	32,956	25,065	18,362	40,712	34,789
Subordinated loan capital	96,000	96,000	56,000	56,000	56,000
Total liabilities	**5,396,323**	**5,012,958**	**4,824,853**	**4,861,859**	**4,469,356**
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	216,682	194,541	170,022	152,120	134,710
Additional tier 1 capital	80,900	80,900	40,900	40,900	40,900
Total equity	**808,417**	**786,275**	**721,757**	**703,854**	**686,445**
Total liabilities and equity	**6,204,739**	**5,799,233**	**5,546,610**	**5,565,713**	**5,155,801**

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