



# **INTERIM REPORT Q4 2023**

Instabank ASA



# Key highlights Q4-23

- **Profit before tax: 32.8 MNOK, +10 % vs Q4-22**  
Profit before tax 2023: 131 MNOK, + 28 MNOK from 2022
- **Growth in gross loans: 345 MNOK to 6,274 MNOK**  
Growth 2023: +1.415 MNOK vs +852 MNOK in 2022
- **Mortgage gross lending: 2.524 MNOK, +766 MNOK in 2023**  
Mortgages represents 40 % of gross loans



# The Nordic **challenger**

## About Instabank ASA

Instabank, *the Nordic challenger*, was established as a fully digital bank in the autumn of 2016. We are dedicated to improving the banking experience for both business and private customers. We believe in challenging established norms and finding agile solutions where others create complexity. Our goal is to make everyday life easier for our customers through better products, technology, and personal contact. In a short time, we have achieved a strong position in the Nordic market and are proud to have 98,000 customers who have chosen us for their lending, payment or deposit needs.

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 and small and medium-sized businesses. Instabank also offers deposits in Germany through a partnership with Raisin Bank.

The bank's products and services are distributed primarily through agents, various retail partners and the bank's website and mobile app.

At the end of Q4-23, Instabank had 46 full-time and 13 part-time employees.

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

## Operational Developments

Instabank reports a growth in gross loans of 345 MNOK in Q4-23. The growth comes from solid organizational performance, successfully delivering on the strategy, effective operations, distribution, and product offerings meeting customer demands.

**+ 1,455 MNOK**

Growth in gross loans 2023

The growth in mortgage lending was 174 MNOK in the quarter, and 766 MNOK in 2023. At the end of 2023, mortgage lending amounted to 5,524 MNOK, representing 40 % of total lending.

In Q3-23, Instabank successfully launched a credit line product for Small & Medium Sized Enterprises (SME). Instabank considers lending to SMEs an underserved market with attractive margins and volumes. When applying for a loan, SMEs often struggle to get attention in traditional banks and face a cumbersome onboarding and credit process that takes time and resources. At the end of the Q4-23, we had 98 customers and gross loans of 68 MNOK.



Instabank has, as in the previous quarters, increased the interest rates for existing lending customers and new loans following the increases by the Central Bank, resulting in increased lending yields. For mortgages, the yield increased to 8.9 % by the end of Q4-23 from 8.5 % by the end of the previous quarter, and for consumer loans, yield increased to 12.2 % from 12.1%.

The funding cost also continued to increase. The average deposit rate was 3.9 % in Q4-23, up from 3.6 % in the previous quarter.

At the end of Q4-23, the bank had 98,774 customers, of which 64,713 were loan customers and 34,061 were deposit customers.

### Profit and Loss

Instabank reports a profit before tax of 32.8 MNOK, up 2.9 MNOK/ 10 % from the same quarter last year.

**+ 10 %**

#### Growth in profit before tax

Total interest income increased by 51.5 MNOK from the same quarter last year to 159.4 MNOK in Q4-23. The increase comes from a gross lending growth of 1,455 MNOK in 2023 and increased loan yield to 10.9 % from 9.5 % in the same quarter last year.

Interest expenses came in at 65.7 MNOK, up from 56.7 MNOK in the previous quarter, following an increase in deposit volume and increase in funding cost to 4.4 % from 4.1 % the previous quarter.

Net other income increased by as much as 11.8 MNOK from the same quarter last year to 28.4 MNOK in Q4-23 because of high yield on security holdings at 7.1 %.

Total income came in at 125.1 MNOK, up 27.1 MNOK / 28 % from the same quarter last year.

**+ 28 %**

#### Growth in Total Income

Operating expenses were 45.7 MNOK, up 3.4 MNOK from the previous quarter. Personnel costs increased by 1.8 MNOK because of new hires and an increase in provisions. The increase in administrative costs of 0.6 MNOK comes from costs associated with the new SMEs lending product. Other expenses increased by 1 MNOK from the previous quarter because of provisions for a fine from the Financial Authorities.

The cost-to-income ratio was 36.5 % versus 37.6 % in the previous quarter.

Losses on loans came in at 46.6 MNOK or 3.1 % of average gross loans. While mortgages (0.2 %) and consumer lending in Norway (3.1 %) performed well and as expected, we experienced an increase in losses on loans in Finland to 5.9 % from 3.5 % in the previous quarter. (losses on loans to average gross loans, annualised).

**100.8 MNOK**

#### Net profit after tax 2023

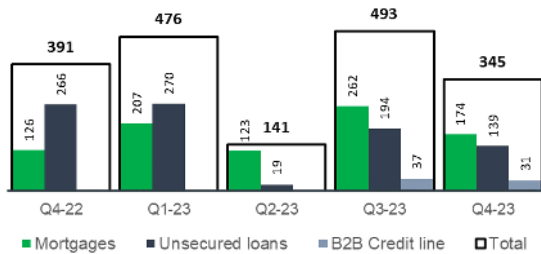
For FY 2023, net profit after tax was 100,8 MNOK, up from 82 MNOK in 2022.



## Balance Sheet

Instabank achieved a growth in gross loans of 345 MNOK to 6.274 MNOK at the end of the quarter.

Growth in gross loans:



Deposits from customers increased by 454 MNOK to 6.126 MNOK at the end of the quarter.

Total assets at the end of Q4-23 were 7,277 MNOK.

## Regulatory capital

As of 31.12.23, there were some changes in capital requirement regulations.

The systemic risk buffer requirement increased from 3 % to 4.5 % as of 31.12.23. Additionally, reciprocity was introduced, meaning that the domestic systemic risk buffer requirement would apply to exposures in each country. Since the systemic risk buffer requirement is 0 % in Finland, and exposures in Finland constitute 40% of risk-weighted exposures, this change positively impacted the capital requirement by 0.36 percentage points.

The Ministry of Finance implemented a transitional rule for capital composition applicable to all banks. The Pillar 2 requirement, currently at 6.2% for Instabank, can from the 31<sup>st</sup> of December 2023 be met with a

minimum of 56.25% Common Equity Tier 1 (CET1) capital, down from 100%.

At the end of the quarter, the Common Equity Tier 1 Capital (CET1) ratio was 18.9%, 4.3 % above the regulatory capital requirement. The total capital ratio was 22.9 %, 2.1 % above the regulatory capital requirement.

The Norwegian Financial Supervisory Authority (NFSA) is in the process of setting a new Pillar 2 requirement for Instabank.

## Outlook

We expect continued high demand for Instabank's lending products. For 2024, Instabank will prioritise growth in lending for mortgages, business lending and consumer loans in Finland. The latter as capital requirements has been reduced significantly for exposures in Finland.

We expect to receive final decision for the new Pillar 2 requirement including capital composition by the end of the first quarter.

## Other information

The result after tax is added to retained earnings in full.

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

Oslo, February 7th, 2024

Board of Directors, Instabank ASA



## Condensed statements of profit or loss and other comprehensive income:

NOK 1000	Note	Q4-2023	Q4-2022	2023	2022
Interest Income effective interest method		159,433	107,964	556,225	391,234
Other interest income		3,010	1,364	8,296	2,350
Interest expenses		65,759	27,952	204,694	73,890
<b>Net interest income</b>		<b>96,684</b>	<b>81,376</b>	<b>359,828</b>	<b>319,694</b>
Income commissions and fees		15,819	11,598	54,304	46,017
Expenses commissions and fees		2,487	2,236	10,629	9,213
Net gains/loss on foreign exchange and securities classified as current assets		15,078	7,258	37,580	1,086
<b>Net other income</b>		<b>28,410</b>	<b>16,619</b>	<b>81,256</b>	<b>37,889</b>
<b>Total income</b>		<b>125,095</b>	<b>97,995</b>	<b>441,083</b>	<b>357,584</b>
Salary and other personnel expenses		19,615	11,592	68,644	55,498
Other administrative expenses, of which:		20,269	19,293	76,556	77,690
- <i>direct marketing cost</i>		<i>3,840</i>	<i>2,962</i>	<i>13,244</i>	<i>17,843</i>
Other expenses		2,685	1,915	8,475	7,789
Depreciation and amortisation		3,132	3,260	12,440	13,045
<b>Total operating expenses</b>		<b>45,702</b>	<b>36,059</b>	<b>166,114</b>	<b>154,023</b>
Losses on loans	2	46,591	32,053	143,740	100,230
<b>Operating profit before tax</b>		<b>32,802</b>	<b>29,884</b>	<b>131,229</b>	<b>103,331</b>
Tax expenses		7,628	4,480	30,357	21,091
<b>Profit and other comprehensive income for the period</b>		<b>25,174</b>	<b>25,403</b>	<b>100,872</b>	<b>82,240</b>
Earnings per share (NOK)		0.07	0.08	0.27	0.25
Diluted earnings per share (NOK)		0.06	0.07	0.25	0.23



## Condensed statement of financial position:

<b>NOK 1000</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Loans and deposits with credit institutions	4	264,224	191,254
Loans to customers	2, 4	5,993,508	4,674,030
Certificates and bonds	4	943,254	867,806
Deferred tax assets		1,883	0
Other intangible assets	5	26,923	21,197
Fixed assets		15,094	3,645
Derivatives		1,273	1,773
Other receivables	4	31,124	39,527
<b>Total assets</b>		<b>7,277,283</b>	<b>5,799,233</b>
Deposit from and debt to customers	4	6,126,572	4,852,281
Other debts	4	19,648	20,491
Accrued expenses and liabilities		31,127	17,844
Derivatives		22,824	543
Deferred tax		0	734
Tax payable		32,974	25,065
Subordinated loan capital	3, 4	96,000	96,000
<b>Total liabilities</b>		<b>6,329,145</b>	<b>5,012,958</b>
Share capital	3	378,262	332,642
Share premium reserve	3	200,430	178,192
Retained earnings	3	288,547	194,541
Additional Tier 1 capital	3	80,900	80,900
<b>Total equity</b>		<b>948,139</b>	<b>786,275</b>
<b>Total liabilities and equity</b>		<b>7,277,283</b>	<b>5,799,233</b>



## Statement of changes in equity:

<b>NOK 1000</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Tier 1 capital</b>	<b>Retained earnings and other reserves</b>	<b>Total equity</b>
<b>Equity per 01.01.2022</b>	<b>332,642</b>	<b>178,192</b>	<b>40,900</b>	<b>114,373</b>	<b>666,107</b>
Profit for the period				82,240	82,240
Changes in warrants				2,352	2,352
Paid interest on Tier 1 Capital				-4,424	-4,424
Additional Tier 1 capital issued			40,000		40,000
<b>Equity per 31.12.2022</b>	<b>332,642</b>	<b>178,192</b>	<b>80,900</b>	<b>194,540</b>	<b>786,275</b>
<b>Equity per 01.01.2023</b>	<b>332,642</b>	<b>178,192</b>	<b>80,900</b>	<b>194,540</b>	<b>786,275</b>
Capital issuance	45,619	22,238			67,857
Profit for the period				100,872	100,872
Changes in warrants				3,182	3,182
Paid interest on Tier 1 Capital				-10,048	-10,048
<b>Equity per 31.12.2023</b>	<b>378,262</b>	<b>200,430</b>	<b>80,900</b>	<b>288,547</b>	<b>948,139</b>





# 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 2022. The interim report was approved by the board of directors on February 7th, 2024.

## Note 2: Loans to customers

### GROSS AND NET LENDING;

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Unsecured consumer loans	3,681,338	3,060,236
Mortgages	2,524,139	1,758,131
B2B Credit Line	68,382	0
Prepaid agent commission	149,521	129,360
Establishment fees	-85,956	-73,118
<b>Gross lending</b>	<b>6,337,423</b>	<b>4,874,609</b>
Impairment of loans	-343,915	-200,579
<b>Net loans to customers</b>	<b>5,993,508</b>	<b>4,674,030</b>

### CREDIT IMPAIRED AND LOSSES:

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Gross credit impaired loans (stage 3)	663,605	366,475
Individual impairment of credit impaired loans (stage 3)	-277,168	-146,922
<b>Net credit impaired loans</b>	<b>386,437</b>	<b>219,553</b>

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

### AGEING OF LOANS:

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Loans not past due	4,500,310	3,597,043
Past due 1-30 days	794,218	663,461
Past due 31-60 days	263,108	156,549
Past due 61-90 days	52,618	34,838
Past due 91+ days	663,605	366,475
<b>Total</b>	<b>6,273,858</b>	<b>4,818,367</b>

	<b>31.12.2023</b>	<b>31.12.2022</b>
Loans not past due	71.7 %	74.7 %
Past due 1-30 days	12.7 %	13.8 %
Past due 31-60 days	4.2 %	3.2 %
Past due 61-90 days	0.8 %	0.7 %
Past due 91+ days	10.6 %	7.6 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>



## GEOGRAPHIC DISTRIBUTION:

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Norway	4,176,546	3,126,499
Finland	2,012,441	1,600,798
Sweden	84,871	91,070
<b>Gross lending excl. prepaid agent provisions and establishment fees</b>	<b>6,273,858</b>	<b>4,818,367</b>

## LOAN LOSS PROVISIONS IN THE PERIOD:

<b>NOK 1000</b>	<b>Q4-2023</b>	<b>Q4-2022</b>	<b>2023</b>	<b>2022</b>
Loan loss provisions stage 1	-481	2,603	-1,660	1,366
Loan loss provisions stage 2	-6,658	-560	-9,374	3,887
Loan loss provisions stage 3	-38,797	-33,186	-127,354	-34,420
<b>Total loan loss provisions in the period</b>	<b>-45,935</b>	<b>-31,143</b>	<b>-138,389</b>	<b>-29,168</b>
Realised losses in the period	-655	-909	-5,351	-71,062
<b>Losses on loans in the period</b>	<b>-46,591</b>	<b>-32,053</b>	<b>-143,740</b>	<b>-100,230</b>



## RECONCILIATION OF GROSS LENDING TO CUSTOMERS, TOTAL LOANS

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 01.10.23</b>	<b>4,664,170</b>	<b>708,824</b>	<b>556,318</b>	<b>5,929,312</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-357,704	359,212	-	1,508
Transfer from stage 1 to stage 3	-15,889	-	16,045	156
Transfer from stage 2 to stage 1	82,381	-88,047	-	-5,665
Transfer from stage 2 to stage 3	-	-123,117	122,796	-321
Transfer from stage 3 to stage 1	36	-	-48	-13
Transfer from stage 3 to stage 2	-	402	-414	-12
New assets	819,062	32,479	333	851,875
Assets derecognised	-452,406	-50,086	-37,768	-540,259
Changes in foreign exchange and other changes	30,810	124	6,343	37,278
<b>Gross carrying amount as at 31.12.23</b>	<b>4,770,460</b>	<b>839,793</b>	<b>663,605</b>	<b>6,273,858</b>

### Q4 2022:

<b>Gross carrying amount as at 01.10.22</b>	<b>3,878,846</b>	<b>412,365</b>	<b>305,934</b>	<b>4,597,145</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-229,056	228,564	-	-492
Transfer from stage 1 to stage 3	-13,406	-	13,736	330
Transfer from stage 2 to stage 1	72,489	-81,508	-	-9,018
Transfer from stage 2 to stage 3	-	-67,543	67,182	-361
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	1,924	-2,211	-288
New assets	675,646	23,410	15	699,071
Assets derecognised	-412,943	-27,119	-21,320	-461,382
Changes in foreign exchange and other changes	-8,682	-1,097	3,141	-6,638
<b>Gross carrying amount as at 31.12.2022</b>	<b>3,962,894</b>	<b>488,997</b>	<b>366,475</b>	<b>4,818,367</b>

### 2023:

<b>Gross carrying amount as at 01.01.23</b>	<b>3,962,894</b>	<b>488,997</b>	<b>366,475</b>	<b>4,818,367</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-389,815	376,175	-	-13,640
Transfer from stage 1 to stage 3	-147,284	-	146,235	-1,049
Transfer from stage 2 to stage 1	78,202	-88,727	-	-10,525
Transfer from stage 2 to stage 3	-	-116,842	111,730	-5,112
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2,503	-2,491	12
New assets	2,476,400	305,439	89,213	2,871,053
Assets derecognised	-1,342,476	-139,644	-75,686	-1,557,806
Changes in foreign exchange and other changes	132,539	11,891	28,129	172,558
<b>Gross carrying amount as at 31.12.23</b>	<b>4,770,460</b>	<b>839,793</b>	<b>663,605</b>	<b>6,273,858</b>



## RECONCILIATION OF LOAN LOSS ALLOWANCES, TOTAL LOANS

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses as at 01.10.23</b>	<b>29,132</b>	<b>30,685</b>	<b>238,613</b>	<b>298,430</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-3,359	16,151	-	12,793
Transfer from stage 1 to stage 3	-410	-	3,913	3,503
Transfer from stage 2 to stage 1	1,173	-3,633	-	-2,460
Transfer from stage 2 to stage 3	-	-6,920	18,912	11,992
Transfer from stage 3 to stage 1	0	-	-25	-25
Transfer from stage 3 to stage 2	-	12	-110	-99
New assets originated or change in provisions	3,967	1,481	154	5,602
Assets derecognised or change in provisions	-935	-644	9,676	8,097
Changes in foreign exchange and other changes	9	39	6,036	6,083
<b>Expected credit losses as at 31.12.23</b>	<b>29,577</b>	<b>37,170</b>	<b>277,168</b>	<b>343,915</b>

### Q4 2022:

<b>Expected credit losses as at 01.10.22</b>	<b>29,596</b>	<b>26,481</b>	<b>113,967</b>	<b>170,044</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-2,835	11,508	-	8,672
Transfer from stage 1 to stage 3	-312	-	2,777	2,465
Transfer from stage 2 to stage 1	1,178	-4,088	-	-2,910
Transfer from stage 2 to stage 3	-	-6,001	14,490	8,489
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	158	-624	-465
New assets originated or change in provisions	4,319	1,439	3	5,761
Assets derecognised or change in provisions	-5,034	-2,479	12,503	4,989
Changes in foreign exchange and other changes	-158	-114	3,806	3,535
<b>Expected credit losses as at 31.12.22</b>	<b>26,754</b>	<b>26,903</b>	<b>146,922</b>	<b>200,579</b>

### 2023:

<b>Expected credit losses as at 01.01.23</b>	<b>26,754</b>	<b>26,903</b>	<b>146,922</b>	<b>200,579</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-3,706	17,804	-	14,098
Transfer from stage 1 to stage 3	-2,187	-	42,049	39,862
Transfer from stage 2 to stage 1	942	-4,383	-	-3,441
Transfer from stage 2 to stage 3	-	-9,641	40,307	30,666
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2	-44	-42
New assets originated or change in provisions	14,576	11,603	13,143	39,322
Assets derecognised or change in provisions	-7,948	-6,231	13,126	-1,053
Changes in foreign exchange and other changes	1,146	1,113	21,665	23,924
<b>Expected credit losses as at 31.12.23</b>	<b>29,577</b>	<b>37,170</b>	<b>277,168</b>	<b>343,915</b>



## RECONCILIATION OF GROSS LENDING TO CUSTOMERS, UNSECURED CONSUMER LOANS

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 01.10.23</b>	<b>2,733,195</b>	<b>315,936</b>	<b>493,056</b>	<b>3,542,186</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-162,191	163,100	-	908
Transfer from stage 1 to stage 3	-14,805	-	14,961	156
Transfer from stage 2 to stage 1	44,994	-48,348	-	-3,353
Transfer from stage 2 to stage 3	-	-64,347	64,578	232
Transfer from stage 3 to stage 1	36	-	-48	-13
Transfer from stage 3 to stage 2	-	402	-414	-12
New assets	397,830	15,295	333	413,458
Assets derecognised	-272,726	-17,694	-16,978	-307,398
Changes in foreign exchange and other changes	29,016	124	6,034	35,174
<b>Gross carrying amount as at 31.12.23</b>	<b>2,755,348</b>	<b>364,469</b>	<b>561,521</b>	<b>3,681,338</b>

### Q4 2022:

<b>Gross carrying amount as at 01.10.22</b>	<b>2,411,128</b>	<b>261,370</b>	<b>283,383</b>	<b>2,955,881</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-124,544	124,371	-	-172
Transfer from stage 1 to stage 3	-11,362	-	11,692	330
Transfer from stage 2 to stage 1	40,306	-45,963	-	-5,657
Transfer from stage 2 to stage 3	-	-53,666	53,312	-354
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	1,924	-2,211	-288
New assets	412,749	14,938	15	427,702
Assets derecognised	-276,368	-19,263	-14,179	-309,810
Changes in foreign exchange and other changes	-8,957	-1,097	2,658	-7,397
<b>Gross carrying amount as at 31.12.2022</b>	<b>2,442,953</b>	<b>282,614</b>	<b>334,670</b>	<b>3,060,236</b>

### 2023:

<b>Gross carrying amount as at 01.01.23</b>	<b>2,442,953</b>	<b>282,614</b>	<b>334,670</b>	<b>3,060,236</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-183,849	177,844	-	-6,005
Transfer from stage 1 to stage 3	-120,599	-	119,592	-1,008
Transfer from stage 2 to stage 1	48,600	-54,179	-	-5,579
Transfer from stage 2 to stage 3	-	-100,614	97,303	-3,310
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	31	-46	-15
New assets	1,303,907	110,447	39,168	1,453,522
Assets derecognised	-855,663	-63,565	-55,927	-975,154
Changes in foreign exchange and other changes	119,999	11,891	26,762	158,651
<b>Gross carrying amount as at 31.12.23</b>	<b>2,755,348</b>	<b>364,469</b>	<b>561,521</b>	<b>3,681,338</b>



## RECONCILIATION OF LOAN LOSS ALLOWANCES, UNSECURED CONSUMER LOANS

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses as at 01.10.23</b>	<b>27,043</b>	<b>26,834</b>	<b>228,736</b>	<b>282,613</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-3,024	14,662	-	11,638
Transfer from stage 1 to stage 3	-408	-	3,878	3,470
Transfer from stage 2 to stage 1	1,135	-3,355	-	-2,221
Transfer from stage 2 to stage 3	-	-6,381	16,781	10,400
Transfer from stage 3 to stage 1	0	-	-25	-25
Transfer from stage 3 to stage 2	-	12	-110	-99
New assets originated or change in provisions	3,076	1,431	154	4,662
Assets derecognised or change in provisions	-558	285	10,256	9,983
Changes in foreign exchange and other changes	7	38	5,726	5,772
<b>Expected credit losses as at 31.12.23</b>	<b>27,271</b>	<b>33,526</b>	<b>265,396</b>	<b>326,193</b>

### Q4 2022:

<b>Expected credit losses as at 01.10.22</b>	<b>27,078</b>	<b>23,727</b>	<b>109,988</b>	<b>160,792</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-2,482	10,121	-	7,639
Transfer from stage 1 to stage 3	-303	-	2,663	2,359
Transfer from stage 2 to stage 1	1,073	-3,504	-	-2,432
Transfer from stage 2 to stage 3	-	-5,682	13,757	8,074
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	158	-624	-465
New assets originated or change in provisions	4,054	1,315	3	5,372
Assets derecognised or change in provisions	-4,656	-2,328	13,053	6,069
Changes in foreign exchange and other changes	-158	-114	3,322	3,051
<b>Expected credit losses as at 31.12.22</b>	<b>24,605</b>	<b>23,692</b>	<b>142,162</b>	<b>190,459</b>

### 2023:

<b>Expected credit losses as at 01.01.23</b>	<b>24,605</b>	<b>23,692</b>	<b>142,162</b>	<b>190,459</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-3,139	16,422	-	13,283
Transfer from stage 1 to stage 3	-2,127	-	39,249	37,122
Transfer from stage 2 to stage 1	918	-3,956	-	-3,038
Transfer from stage 2 to stage 3	-	-9,354	38,207	28,853
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	0	-12	-12
New assets originated or change in provisions	12,653	10,105	11,384	34,142
Assets derecognised or change in provisions	-6,784	-4,496	14,108	2,827
Changes in foreign exchange and other changes	1,146	1,113	20,298	22,557
<b>Expected credit losses as at 31.12.23</b>	<b>27,271</b>	<b>33,526</b>	<b>265,396</b>	<b>326,193</b>



## RECONCILIATION OF GROSS LENDING TO CUSTOMERS, MORTGAGES

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 01.10.23</b>	<b>1,893,709</b>	<b>392,888</b>	<b>63,262</b>	<b>2,349,860</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-192,892	193,010	-	118
Transfer from stage 1 to stage 3	-1,084	-	1,084	-
Transfer from stage 2 to stage 1	37,387	-39,699	-	-2,312
Transfer from stage 2 to stage 3	-	-58,771	58,218	-553
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	391,588	17,184	-	408,773
Assets derecognised	-181,020	-32,392	-20,790	-234,201
Changes in foreign exchange and other changes	2,144	-	310	2,454
<b>Gross carrying amount as at 31.12.23</b>	<b>1,949,833</b>	<b>472,222</b>	<b>102,084</b>	<b>2,524,138</b>

### Q4 2022:

<b>Gross carrying amount as at 01.10.22</b>	<b>1,467,718</b>	<b>150,995</b>	<b>22,551</b>	<b>1,641,264</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-104,513	104,193	-	-319
Transfer from stage 1 to stage 3	-2,044	-	2,044	-
Transfer from stage 2 to stage 1	32,183	-35,545	-	-3,362
Transfer from stage 2 to stage 3	-	-13,877	13,870	-7
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	262,897	8,472	-	271,369
Assets derecognised	-136,576	-7,856	-7,142	-151,573
Changes in foreign exchange and other changes	275	-	484	759
<b>Gross carrying amount as at 31.12.2022</b>	<b>1,519,941</b>	<b>206,383</b>	<b>31,806</b>	<b>1,758,131</b>

### 2023:

<b>Gross carrying amount as at 01.01.23</b>	<b>1,519,941</b>	<b>206,383</b>	<b>31,806</b>	<b>1,758,131</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-205,966	198,331	-	-7,635
Transfer from stage 1 to stage 3	-26,685	-	26,643	-41
Transfer from stage 2 to stage 1	29,601	-34,547	-	-4,946
Transfer from stage 2 to stage 3	-	-16,228	14,426	-1,802
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2,472	-2,444	27
New assets	1,107,214	191,890	50,045	1,349,149
Assets derecognised	-486,813	-76,079	-19,759	-582,651
Changes in foreign exchange and other changes	12,540	-	1,367	13,907
<b>Gross carrying amount as at 31.12.23</b>	<b>1,949,833</b>	<b>472,222</b>	<b>102,084</b>	<b>2,524,138</b>



## RECONCILIATION OF LOAN LOSS ALLOWANCES, MORTGAGES

### Q4 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses as at 01.10.23</b>	<b>1,476</b>	<b>3,851</b>	<b>9,877</b>	<b>15,204</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-287	1,431	-	1,144
Transfer from stage 1 to stage 3	-2	-	35	33
Transfer from stage 2 to stage 1	38	-278	-	-240
Transfer from stage 2 to stage 3	-	-540	2,131	1,592
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	181	50	-	231
Assets derecognised or change in provisions	-450	-929	-581	-1,960
Changes in foreign exchange and other changes	-	-	310	310
<b>Expected credit losses as at 31.12.23</b>	<b>957</b>	<b>3,586</b>	<b>11,772</b>	<b>16,314</b>

### Q4 2022:

<b>Expected credit losses as at 01.10.22</b>	<b>2,519</b>	<b>2,754</b>	<b>3,979</b>	<b>9,252</b>
<i>Transfers in Q4 2022:</i>				
Transfer from stage 1 to stage 2	-353	1,387	-	1,033
Transfer from stage 1 to stage 3	-9	-	114	105
Transfer from stage 2 to stage 1	106	-584	-	-478
Transfer from stage 2 to stage 3	-	-319	734	414
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	265	124	-	389
Assets derecognised or change in provisions	-379	-151	-550	-1,080
Changes in foreign exchange and other changes	-	-	484	484
<b>Expected credit losses as at 31.12.22</b>	<b>2,149</b>	<b>3,211</b>	<b>4,760</b>	<b>10,120</b>

### 2023:

<b>Expected credit losses as at 01.01.23</b>	<b>2,149</b>	<b>3,211</b>	<b>4,760</b>	<b>10,120</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-567	1,382	-	815
Transfer from stage 1 to stage 3	-60	-	2,800	2,740
Transfer from stage 2 to stage 1	24	-427	-	-402
Transfer from stage 2 to stage 3	-	-287	2,099	1,812
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	2	-32	-30
New assets originated or change in provisions	573	1,440	1,759	3,772
Assets derecognised or change in provisions	-1,163	-1,735	-981	-3,880
Changes in foreign exchange and other changes	0	-	1,367	1,367
<b>Expected credit losses as at 31.12.23</b>	<b>957</b>	<b>3,586</b>	<b>11,772</b>	<b>16,314</b>





## RECONCILIATION OF GROSS LENDING TO CUSTOMERS, B2B CREDIT LINE

### Q4 2023:

<b>NOK 1000</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at 01.10.23</b>	<b>37,266</b>	-	-	<b>37,266</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-2,621	3,102	-	482
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	29,644	-	-	29,644
Assets derecognised	1,340	-	-	1,340
Changes in foreign exchange and other changes	-350	-	-	-350
<b>Gross carrying amount as at 31.12.23</b>	<b>65,279</b>	<b>3,102</b>	-	<b>68,382</b>

### 2023:

<b>Gross carrying amount as at 01.01.23</b>	-	-	-	-
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	65,279	3,102	-	68,382
Assets derecognised	-	-	-	-
Changes in foreign exchange and other changes	-	-	-	-
<b>Gross carrying amount as at 31.12.23</b>	<b>65,279</b>	<b>3,102</b>	<b>0</b>	<b>68,382</b>



## RECONCILIATION OF LOAN LOSS ALLOWANCES, B2B CREDIT LINE

### Q4 2023:

<b>NOK 1000</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Expected credit losses as at 01.10.23</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>613</b>
<i>Transfers in Q4 2023:</i>				
Transfer from stage 1 to stage 2	-48	58	-	10
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	709	-	-	709
Assets derecognised or change in provisions	74	-	-	74
Changes in foreign exchange and other changes	1	1	-	2
<b>Expected credit losses as at 31.12.23</b>	<b>1,349</b>	<b>58</b>	<b>-</b>	<b>1,408</b>

### 2023:

<b>Expected credit losses as at 01.01.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Transfers in 2023:</i>				
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	1,349	58	-	1,408
Assets derecognised or change in provisions	-	-	-	-
Changes in foreign exchange and other changes	-	-	-	-
<b>Expected credit losses as at 31.12.23</b>	<b>1,349</b>	<b>58</b>	<b>-</b>	<b>1,408</b>



## 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 sub-models 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. Loans that are more than 90 days past due transfer from Stage 2 to Stage 3. The below table show the trigger thresholds that define a significant increase in PD origination and the reporting date. The thresholds for high and low risk at origination are 10 %, 11 % and 5 % for Norway, Finland and Sweden respectively.

	Mortgages	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 employ macroeconomic models for each mass market product portfolio in measuring ECL which include a pessimistic, a baseline and an optimistic macroeconomic scenario. The macroeconomic projections in the scenarios are based on data from Moody's Analytics' Global Macroeconomic Model (GMM), which is a structural model that produce more than 16.000 interrelated macroeconomic time series spanning 73 countries and reflecting specific economic conditions and relationships. The output from GMM is a baseline scenario and 10 standard alternative scenario forecasts over a 30-year time horizon which are produced at a quarterly basis and updated at a monthly basis from the source. The bank updates the scenarios quarterly at the start of a quarter. Macroeconomic indicators from the model that are expected to correlate with probability of default in terms of economic logic are the basis for setting factors used to adjust ECL for each scenario. The macro factors are adjusted based on quantitative relationships between the portfolio default rates and changes in the KPIs over time and qualitative adjustments may also be applied in extraordinary situations. The indicators included are "Unemployment Rate" (labor force survey, in %), "Interest Rate" (three month interbank offered rate, in %) and "House Price Index" (nominal index, 2010=100).



	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.24	31.12.25	31.12.26	31.12.24	31.12.25	31.12.26	31.12.24	31.12.25	31.12.26
<b>NORWAY</b>									
Unemployment Rate	4.4	4.6	4.1	3.8	3.6	3.4	3.7	3.5	3.4
Interest Rate	2.1	2.0	2.0	4.7	3.1	3.1	5.3	3.1	3.1
House Price Index	174.3	182.8	193.2	177.7	184.7	197.3	178.0	184.7	198.6
<b>FINLAND</b>									
Unemployment Rate	8.3	8.4	7.9	6.7	6.6	6.5	6.4	6.6	6.6
Interest Rate	0.9	0.9	0.9	3.1	1.9	1.7	3.3	2.2	1.7
House Price Index	94.9	94.3	97.4	102.9	103.9	107.7	104.1	105.4	109.3
<b>SWEDEN</b>									
Unemployment Rate	10.0	9.3	8.2	7.7	7.3	7.0	8.0	7.7	7.4
Interest Rate	2.3	0.8	0.9	4.4	2.4	2.5	4.7	2.4	2.5
House Price Index	162.0	172.4	182.0	176.0	190.3	203.6	175.8	189.3	200.9

## ECL SENSITIVITY BETWEEN MACRO SCENARIOS

The weighting of the scenarios is set at [30 % pessimistic - 40 % baseline - 30 % optimistic] for all portfolios. The indicators from the scenarios reflect the probability of the economy performing worse or better than the projection. For the baseline scenario, the probability that the economy performing better or worse than the projection is both equal at 50 % and is thereby the most likely outcome. For the optimistic scenario, there is a 10 % probability that the economy will perform better than projections and 90 % probability that it will perform worse and vice versa for the pessimistic scenario.

NOK 1000	Mortgages		Unsecured loans			Total
	Norway	B2B Credit Line	Norway	Finland	Sweden	
Pessimistic scenario	17,393	1,530	145,411	187,495	23,712	<b>375,540</b>
Baseline scenario	15,961	1,369	133,465	161,795	21,158	<b>333,748</b>
Optimistic scenario	15,708	1,337	130,731	157,042	21,028	<b>325,846</b>
<b>Final ECL</b>	<b>16,314</b>	<b>1,408</b>	<b>136,229</b>	<b>168,079</b>	<b>21,885</b>	<b>343,915</b>



## Note 3: Regulatory capital and LCR

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2022</b>
Share capital	378,262	332,642	332,642
Share premium	200,430	178,192	178,192
Other equity	288,547	194,541	194,541
Phase in effects of IFRS 9	0	16,023	16,023
Deferred tax asset/intangible assets/other deductions	-30,560	-22,065	-22,065
<b>Common equity tier 1 capital</b>	<b>836,679</b>	<b>699,333</b>	<b>699,333</b>
Additional tier 1 capital	80,900	80,900	80,900
<b>Core capital</b>	<b>917,579</b>	<b>780,233</b>	<b>780,233</b>
Subordinated loan	96,000	96,000	96,000
<b>Total capital</b>	<b>1,013,579</b>	<b>876,233</b>	<b>876,233</b>
<i>Calculation basis:</i>			
<i>Credit risk:</i>			
Institutions	53,779	38,302	38,302
Corporates	50,249	0	0
Retail	2,348,747	2,040,938	2,040,938
Exposures secured by mortgages	909,450	629,980	629,980
Exposures in default	380,747	219,553	219,553
Collective investments undertakings (CIU)	70,382	78,654	78,654
Other items	47,491	44,945	44,945
Calculation basis credit risk	<b>3,860,845</b>	<b>3,052,373</b>	<b>3,052,373</b>
Calculation basis operational risk	559,889	470,911	470,911
<b>Total calculation basis</b>	<b>4,420,734</b>	<b>3,523,284</b>	<b>3,523,284</b>
<b>Capital ratios including phase in impact of IFRS 9:</b>			
Common equity Tier 1 Capital ratio	18.9 %	19.8 %	19.8 %
Tier 1 capital ratio	20.8 %	22.1 %	22.1 %
<b>Total capital ratio</b>	<b>22.9 %</b>	<b>24.9 %</b>	<b>24.9 %</b>
<b>Capital ratios excluding phase in impact of IFRS 9:</b>			
Common equity Tier 1 Capital ratio	18.9 %	19.5 %	19.5 %
Tier 1 capital ratio	20.8 %	21.8 %	21.8 %
Total capital ratio	22.9 %	24.5 %	24.5 %
<b>Regulatory capital requirements:</b>			
Common equity Tier 1 Capital ratio	14.6 %	17.4 %	17.4 %
Tier 1 capital ratio	17.3 %	18.9 %	18.9 %
Total capital ratio	20.8 %	20.9 %	20.9 %
<b>Leverage ratio</b>	<b>12.5 %</b>	<b>13.4 %</b>	<b>13.4 %</b>
<b>LCR Total</b>	<b>274 %</b>	<b>307 %</b>	<b>307 %</b>
LCR NOK	323 %	383 %	383 %
LCR EUR	191 %	124 %	124 %



## 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

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Certificates and bonds - level 1	943,254	867,806
Derivatives- level 2	1,273	1,773

#### Liabilities

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Derivatives - level 2	22,824	543

### FINANCIAL INSTRUMENTS AT AMORTIZED COST

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

<b>NOK 1000</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Loans and deposits with credit institutions	264,224	191,254
Net loans to customers	5,993,508	4,674,030
Other receivables	31,124	39,527
<b>Total financial assets at amortised cost</b>	<b>6,288,856</b>	<b>4,904,811</b>
Deposits from and debt to customers	6,126,572	4,852,281
Other debt	52,622	45,556
Subordinated loans	96,000	96,000
<b>Total financial liabilities at amortised cost</b>	<b>6,275,194</b>	<b>4,993,836</b>

## 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 14,2 MNOK and expires 30.06.2029. The right of use asset is 14,3 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.