



Interim presentation **Q1-2024**

April 30th, 2024





Key highlights



Profit before tax: 24.2 MNOK vs 31.6 MNOK in Q1-23

Profit after tax: 18.2 MNOK



Growth in gross loans: 321 MNOK to 6,595 MNOK

Increased growth in business lending



New Security deposit account product launched

Will contribute to lower funding costs



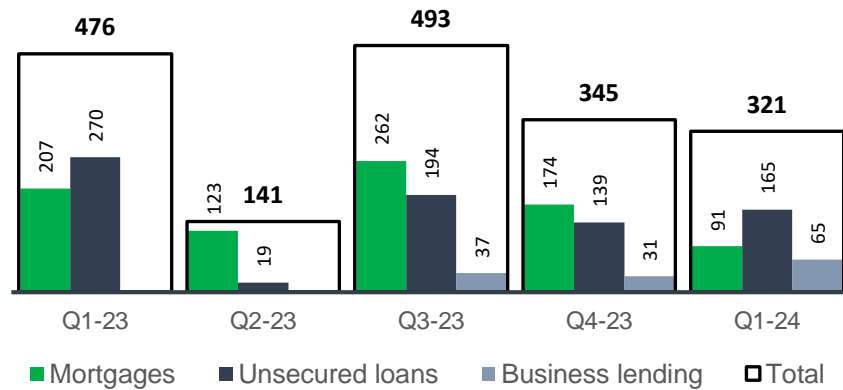
Net loans and margin developments



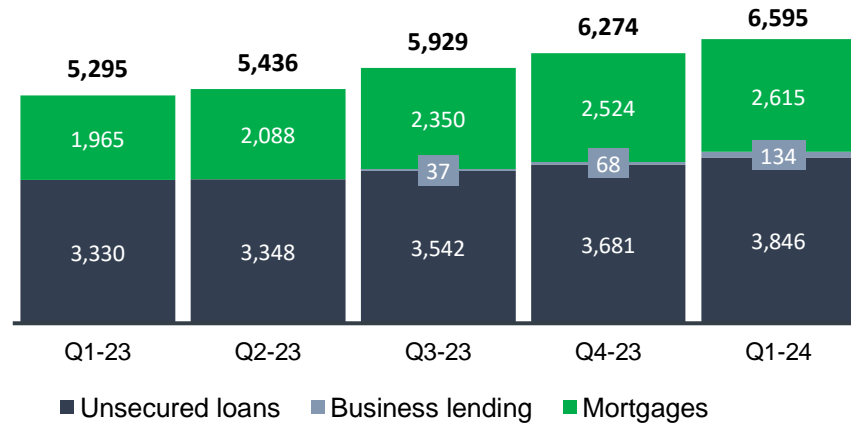


Gross loans development | Well diversified loan book

GROSS LOANS BALANCE GROWTH (MNOK)



GROSS LOANS VOLUME (MNOK)



KEY COMMENTS:

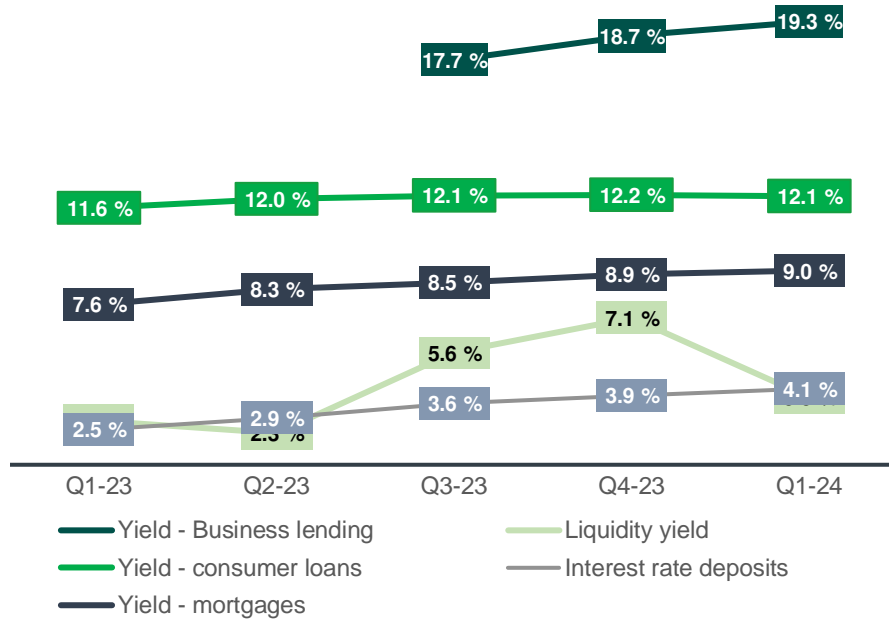
- Solid growth in gross loans of 321 MNOK in the quarter, of which 79 MNOK came from changes in exchange rates
- Lending to SMEs grew 65 MNOK to 134 MNOK, representing a very attractive yield and risk level
- The low volume of new mortgages at the beginning of the quarter had a negative impact on the growth of mortgages amounting to 91 MNOK
- Mortgage lending represents 40 % of total gross loans
- A well-diversified loan book across products and markets reduces risk



Yields and funding cost | Attractive margins

LENDING AND LIQUIDITY YIELD, INTEREST RATE DEPOSITS:

KEY COMMENTS:



• Highly attractive yield for business lending at 19.3 %

• Deposit rates developments influenced by markets rates as well as competition from saving banks


• Liquidity yield dipped to 3.8 % due to increased market rates in the quarter

Gross lending portfolio | Transparent and simple

	Gross Loans	# Customers	Avg Ticket Size	Yield
Consumer Loans  Unsecured loans offered in Norway, Finland and Sweden	3,172''	27,013	117'	13.2 %
Mortgages  First or second priority mortgages for refinancing of unsecured debt or house improvements	2,615''	2,818	928'	9.0 %
Credit Card  Most attractive credit card in the market for revolving credit customers	325''	7,056	46'	16.6 %
Sales Finance  Point of sale or web payment solutions offered through retail partners like Skeidar and Coop	349''	29,714	12'	14.4%
Business lending  Credit line product for small and medium sized enterprises	134''	152	879'	19.3 %
Total Well diversified loan portfolio	6,595''	66,753	99'	11.5 %

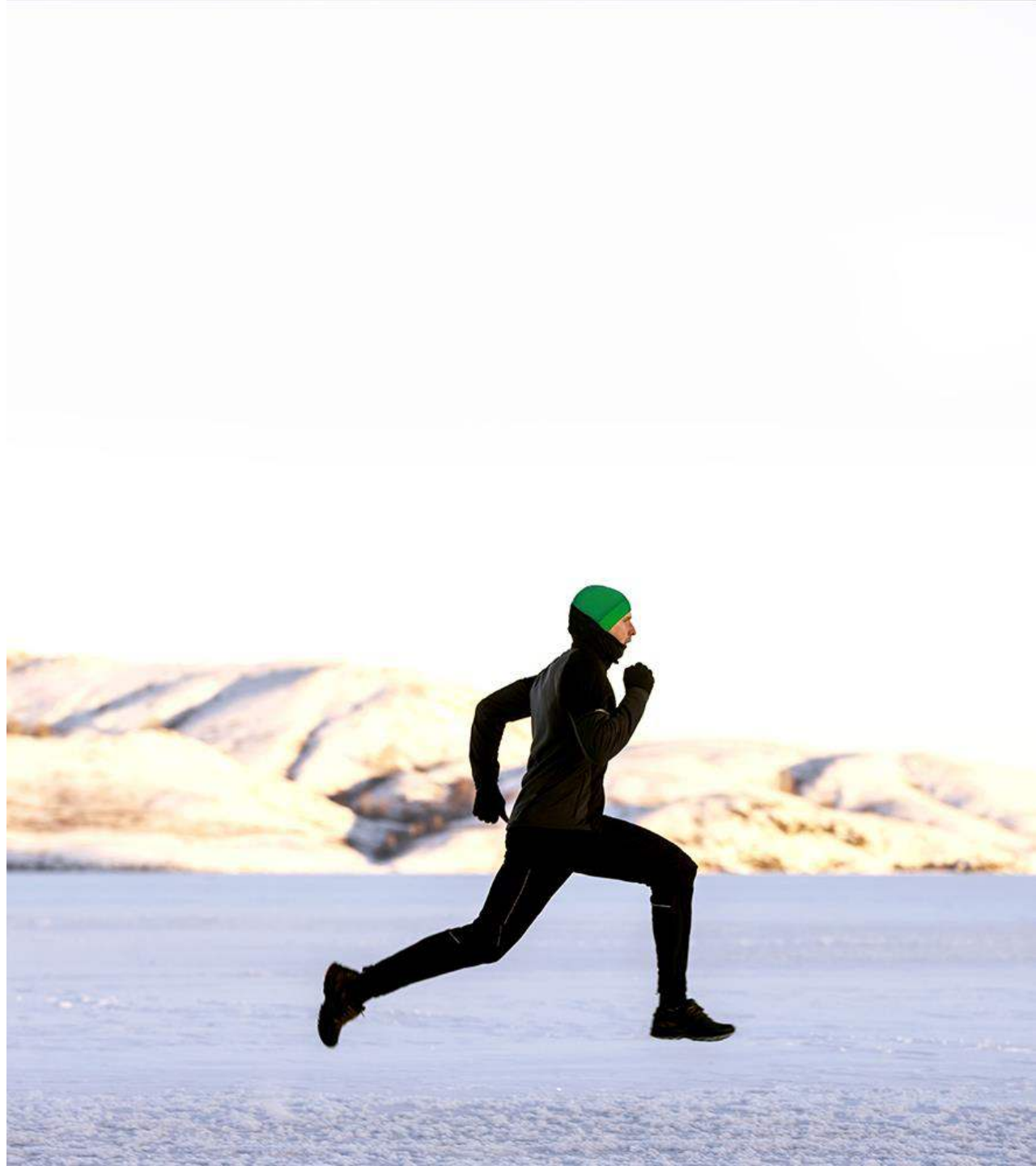


Deposits volumes | Diversified funding

	Volume	# Customers	Avg. Deposit Size	Avg. deposit rate
Norway 	3,536''	14,803	239'	4.6 %
Germany 	2,754''	15,735	175'	3.7 %
Finland 	104''	4,112	25'	1.1 %
Sweden 	16''	1,760	9'	0.5 %
Total	6,410''	36,410	176'	4.1 %



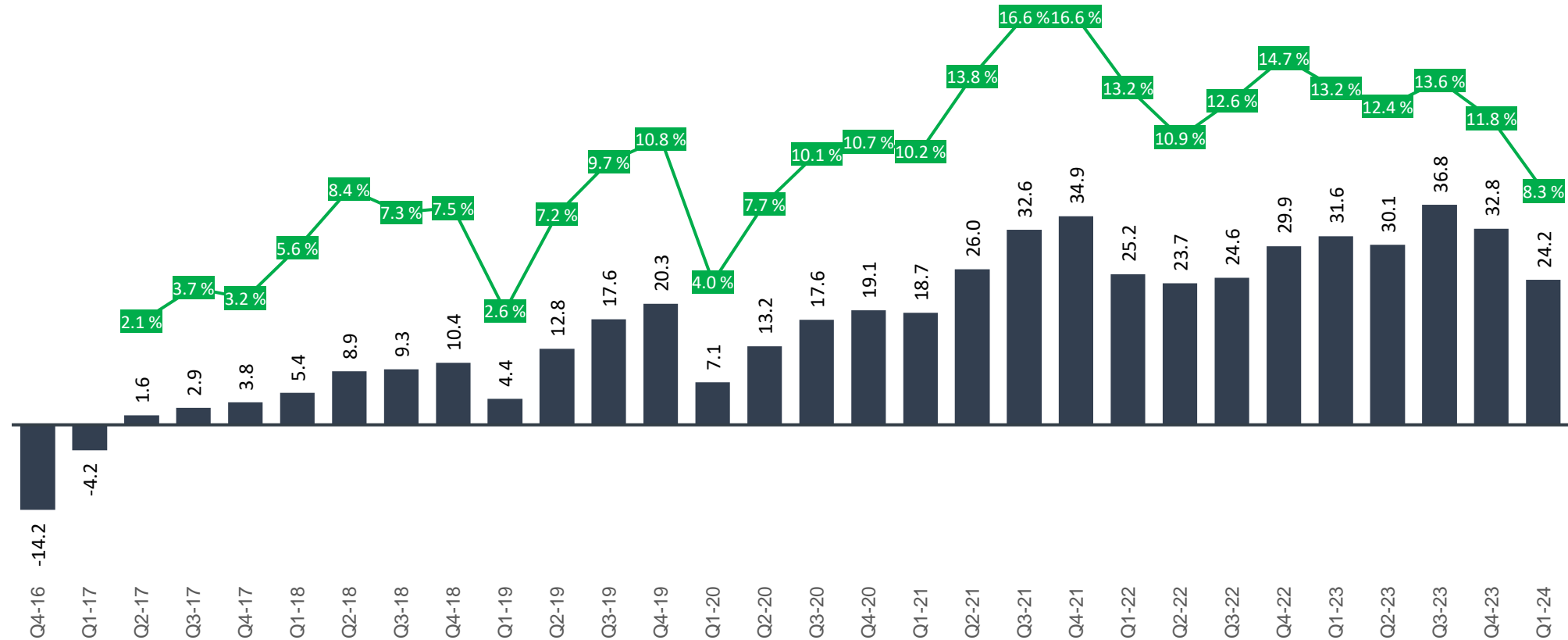
Profitability, risk
and capital





28 consecutive quarters with profits

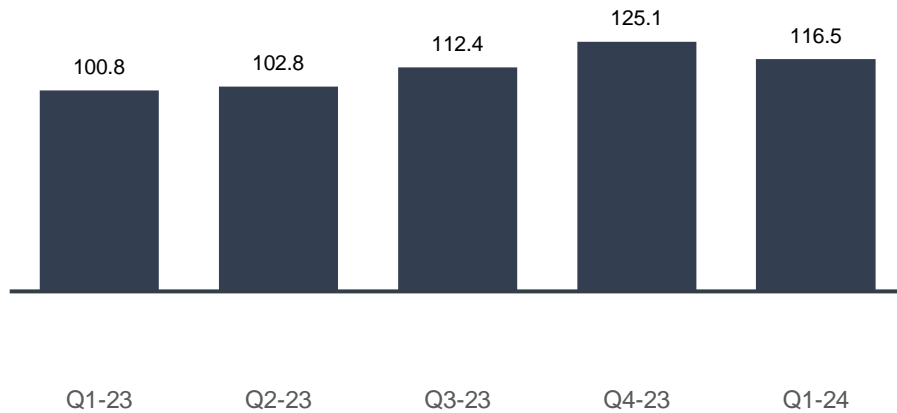
PROFIT BEFORE TAX (NOKM) & RETURN ON EQUITY:





Total income | High growth in income

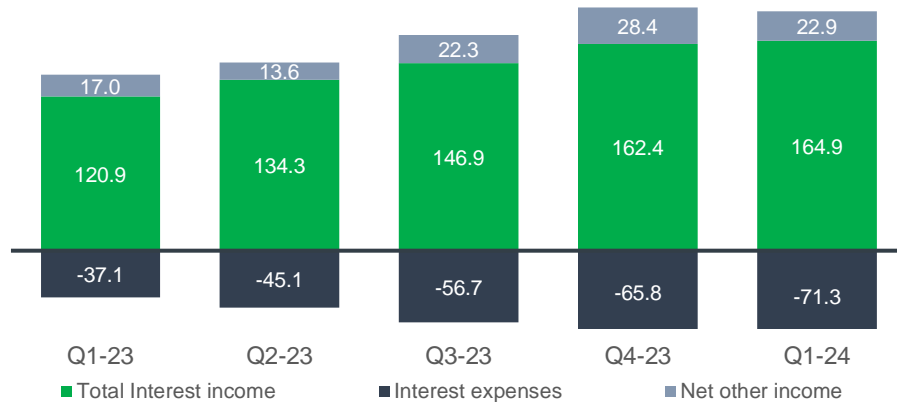
TOTAL INCOME (MNOK):



KEY COMMENTS:

- The increase in total interest income from Q1-23 of 44.9 MNOK to 164.9 MNOK comes from a 12-month gross lending growth of 1,300 MNOK and increased loan yield to 11.5 % from 10.4 % in the same quarter last year.
- Most of the lending growth came in the last month of the quarter, harming interest income growth from the previous quarter together with one less day
- Interest expenses came in at 71.3 MNOK, up from 65.8 MNOK in the previous quarter, following an increase in deposit volume and an increase in funding cost to 4.6 % from 4.4 % in the previous quarter
- Net other income was 22.9 MNOK in the quarter, down 3.1 MNOK from the previous quarter, as the yield on securities decreased from 7.1 % to 3.8 %.

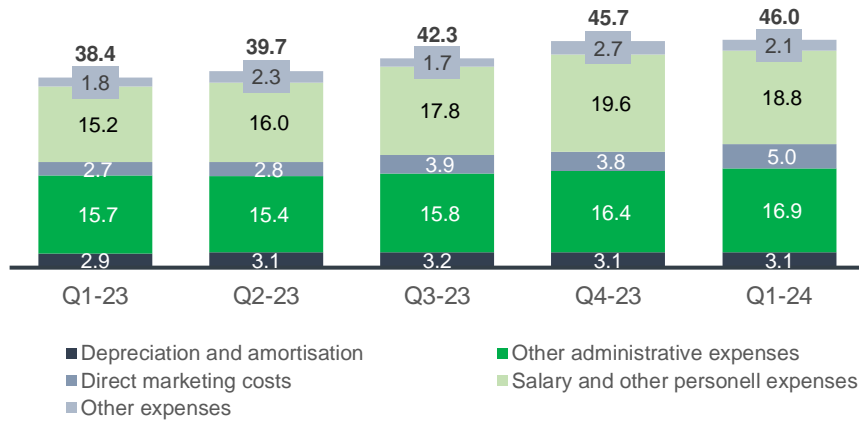
TOTAL INCOME DETAILED (MNOK):





Operating expenses | Demonstrating economy of scale

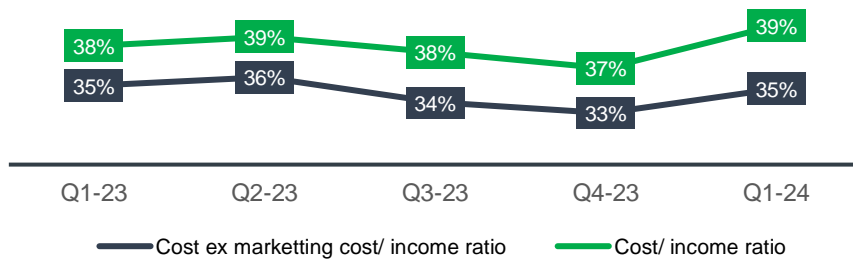
OPERATING EXPENSES BREAKDOWN (MNOK):



KEY COMMENTS:

- Total operating expenses were at the same level as in the previous quarter.
- We increased marketing efforts for SME lending, increasing total marketing costs by 1.2 MNOK.
- The cost-to-income ratio increased to 39 % from 37 % in the previous quarter, as total income was down

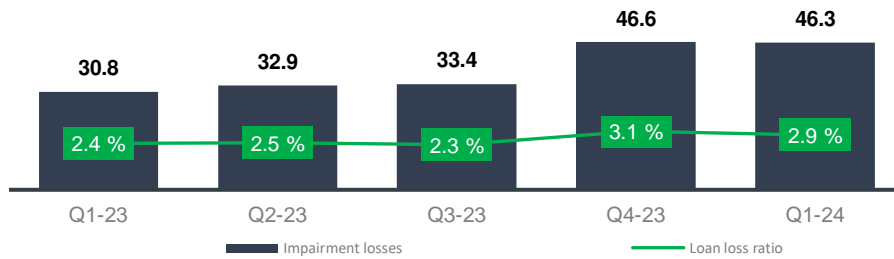
COST/INCOME RATIO:





Credit risk | Mortgages represent low credit risk

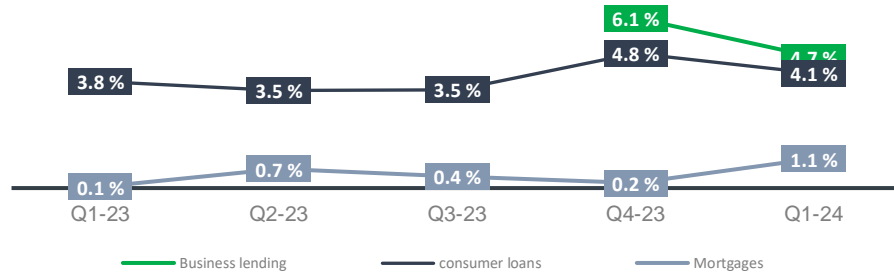
IMPAIRMENT LOSSES (MNOK):



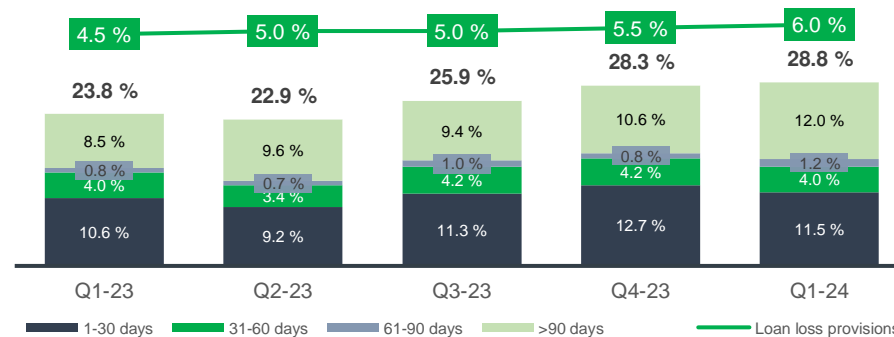
KEY COMMENTS:

- The loan loss ratio decreased to 2.9 % from 3.1 % in the previous quarter
- A decrease in losses on loans in Finland was partly offset by an increase in losses for consumer loans in Norway, bringing the loan loss ratio for consumer loans to 4.1 % from 4.8 % the previous quarter
- The loan loss ratio for mortgages increased to 1.1 % following an increase in loans to collection

LOAN LOSS RATIO PER TYPE OF LOAN:



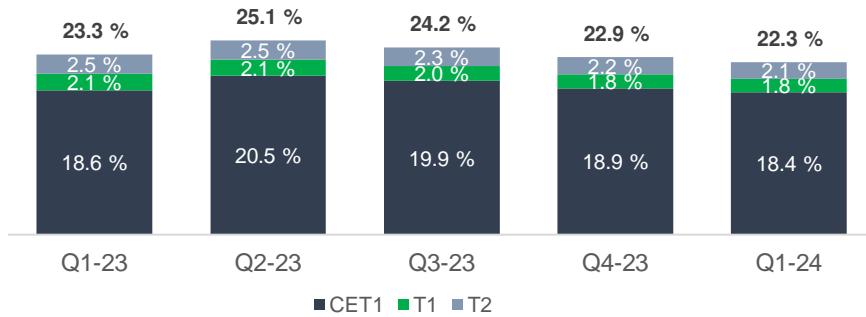
LOANS PAST DUE:





Regulatory Capital | Solid capital adequacy

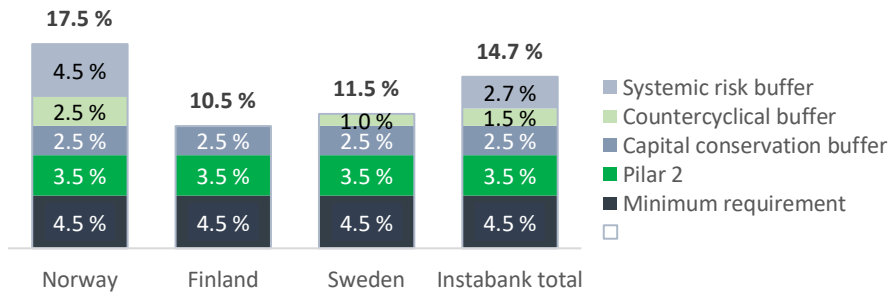
DEVELOPMENTS IN CAPITAL ADEQUACY RATIOS:



KEY COMMENTS:

- Common Equity Tier 1 Capital (CET1) ratio was 18.4 %, 3.8 % points above the regulatory capital requirement
- The Ministry of Finance implemented a transitional rule for capital composition applicable to all banks in December 2023. The Pillar 2 requirement, currently at 6.2% for Instabank can be met with a minimum of 56.25% Common Equity Tier 1 (CET1) capital, down from 100%
- The Norwegian Financial Supervisory Authority (NFSA) is in the process of setting a new Pillar 2 requirement for Instabank

CET1 REQUIREMENTS PER COUNTRY AND TOTAL:





Strategy and ambitions





Where do we stand today, and where are we headed?

Turning point: Market conditions are probably at a low point now

Current situation:

- Net interest margins have decreased due to higher funding costs that haven't been fully offset by higher loan yields
- Increased loan loss provisions as inflation and increased interest rates have reduced disposal income among our customers
- High inflation has driven an increase in operating expenses

Consequences

- Decreased margins, increased loan losses, and higher operating expenses have pressured profitability

Expected developments:

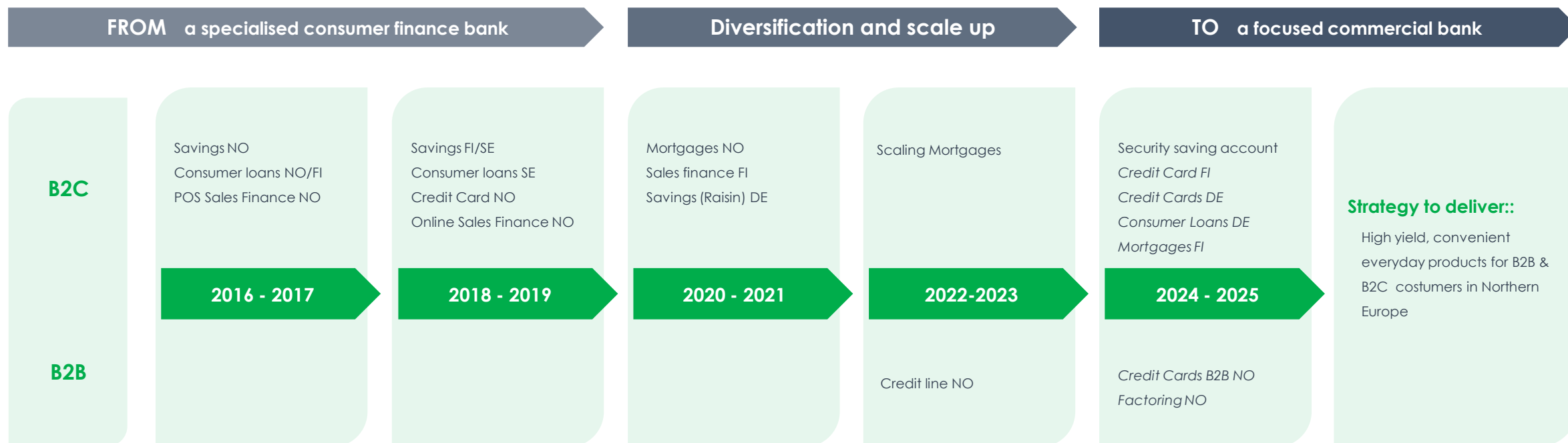
- The Central banks are finished increasing policy rates and cuts are expected late 2024 or 2025
- Deposit rates have already flattened and are expected to decrease this year
- Declining interest rates are expected to have a positive impact on our net interest margins
- Wages are expected to increase > 5 % this spring, improving disposal income that will benefit loans loss provisions
- Declining inflation will have long-term positive effect on growth in operating expenses as well as customers' disposable income

Consequences

- This spring will mark a turning point, as disposable income will increase for the first time in a long time.
- When deposit rates start to decrease, even minor improvements in net interest margin will have a considerable effect on profitability. For example, an increase of 0.5 % will have an annual effect of 32 MNOK based on current volumes.
- In addition, lowered loan costs for customers will reduce loan losses



Product strategy | Continued expansion and diversification



- Launched Security deposit account in Q1-24

- Ambitions to expand internationally in the 2024-2025 period



Key value propositions | The Nordic Challenger Bank

1

A dynamic and innovative challenger bank with a solid market position, a customer-centric approach, and significant growth potential in the fintech sector

2

Lean operational platform and organisation with significant scalability enabling cross border operations from one location.

3

Well diversified loan portfolio across markets, products and customers segments

4

Continued strong growth in net loans at attractive margins

5

Proven track record delivering profits 27 consecutive quarters

6

Experienced team with significant track record within consumer finance



Thank you for your attention

Continue to see lists of management, board of directors, share holders, income statement and balance sheet.





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 Kreditor. 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. Jalily 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.

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.

GUNN ISABEL WESTERLUND INGEMUNDSEN | BOARD MEMBER



Ingemundsen is Head of Compliance & Risk at Hafslund Oslo Celsio AS. 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

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

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.

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 Investeringselskap (which owns 5.5% of the outstanding shares in Instabank). Berntsen holds an MSc in Business Administration from the Norwegian Business School.

ANNE JØRGENSEN | EMPLOYEE REPRESENTATIVE



Jørgensen holds the position as COO in Instabank. 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.



The share | Euronext Growth Oslo Børs, ticker "INSTA"

Top 20 shareholders (Per April 26th, 2024)

#	Shareholders	# of shares	%
1	KISTEFOS AS	94,268,606	24.9%
2	HODNE INVEST AS	37,546,909	9.9%
3	VELDE HOLDING AS	30,044,521	7.9%
4	BIRKELUNDEN INVESTERINGSSKAP AS	20,758,140	5.5%
5	GOLDMAN SACHS BANK EUROPE SE	13,447,151	3.6%
6	BJELLA INVESTMENTS AS	13,112,021	3.5%
7	APOLLO ASSET LIMITED	13,000,000	3.4%
8	HJELLEGJERDE INVEST AS	10,193,220	2.7%
9	KRISTIAN FALNES AS	10,100,000	2.7%
10	TORSTEIN TVENGE	10,000,000	2.6%
11	LEIKVOLLBAKKEN AS	8,500,000	2.2%
12	MOROAND AS	8,500,000	2.2%
13	ALTO HOLDING AS	6,100,000	1.6%
14	SONSINVEST AS	5,108,195	1.4%
15	NORDNET LIVSFORSIKRING AS	4,376,027	1.2%
16	LEIRIN HOLDING AS	4,333,333	1.1%
17	CAHE FINANS AS	4,301,000	1.1%
18	Skandinaviska Enskilda Banken AB	3,745,407	1.0%
19	KAARE BERNTSEN AS	3,184,713	0.8%
20	Nordnet Bank AB	2,210,237	0.6%
Sum Top 20		302,829,480	80.1%
Other shareholders		75,432,032	19.9%
Total		378,261,512	100.0%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5,841,195	1.5 %
CCO	Eivind Sverdrup (Leirin Holding AS)	4,448,833	1.2 %
CTO	Jørgen Rui	1,407,864	0.4 %
CMO	Farzad Jalily	1,000,000	0.3 %
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		13,075,480	3.5 %
Other employees		2,385,392	0.6 %
Board members		5,479,200	1.4 %
Total		20,940,072	5.5 %

Share price development (last 12 months)



Share price (NOK) and volume



Income statement & Balance sheet | Overview

INCOME STATEMENT (NOK THOUSAND)

P&L	Q1-24	FY 2023	Q4-23	Q3-23	Q2-23	Q1-23
Total income:						
Interest Income using the effective interest method	164,924	564,521	162,443	146,897	134,255	120,926
Interest expenses	71,314	204,694	65,759	56,717	45,088	37,130
Net interest income	93,610	359,828	96,684	90,180	89,167	83,796
Net other income	22,918	81,256	28,410	22,265	13,613	16,967
Total income	116,528	441,083	125,095	112,445	102,780	100,763
Operating expenses:						
Salary and other personnel expenses	18,807	68,644	19,615	17,814	16,015	15,199
Other administrative expenses, of which	21,863	76,556	20,269	19,623	18,258	18,406
- direct marketing cost	4,993	13,244	3,840	3,852	2,836	2,716
Other expenses	2,146	8,475	2,685	1,664	2,328	1,797
Depreciation and amortisation	3,141	12,440	3,132	3,214	3,146	2,947
Total operating expenses	45,956	166,114	45,702	42,314	39,747	38,350
Losses on loans	46,332	143,740	46,591	33,364	32,936	30,849
Operating profit before tax	24,239	131,229	32,802	36,766	30,097	31,564
Tax	6,060	30,357	7,628	8,587	6,250	7,891
Profit and other comprehensive income	18,179	100,872	25,174	28,179	23,847	23,673

BALANCE SHEET (NOK THOUSAND)

Balance Sheet	31.03.24	31.12.23	30.09.23	30.06.23	31.03.23
Assets					
Loans and deposits with credit institutions	238,576	264,224	143,783	187,278	174,078
Loans to customers	6,260,957	5,993,508	5,693,942	5,221,209	5,115,359
Certificates and bonds	1,013,267	943,254	811,153	868,090	848,185
Derivatives	13,166	1,273	2,217	2,197	4,002
Shares and other equity instruments	6,000				
Other intangible assets	27,451	26,923	25,575	23,865	22,756
Fixed assets	14,393	15,094	2,514	3,083	3,623
Deferred tax assets	1,883	1,883			
Other receivables	14,860	31,124	92,537	32,849	36,735
Total assets	7,590,552	7,277,283	6,771,721	6,338,571	6,204,739
Liabilities					
Deposits from and debt to customers	6,409,638	6,126,572	5,671,957	5,298,457	5,234,665
Other debts	65,965	19,648	38,223	23,810	15,145
Accrued expenses and liabilities	25,947	31,127	14,378	11,686	13,461
Derivatives	2,842	22,824	2,776	-	3,361
Deferred tax	-	-	1,161	413	734
Tax payable	26,501	32,974	22,301	11,037	32,956
Subordinated loan capital	96,000	96,000	96,000	96,000	96,000
Total liabilities	6,626,893	6,329,145	5,846,796	5,441,403	5,396,323
Equity					
Share capital	378,262	378,262	378,262	377,228	332,642
Share premium reserve	200,430	200,430	200,430	200,081	178,192
Retained earnings	304,068	288,547	265,334	238,959	216,682
Additional tier 1 capital	80,900	80,900	80,900	80,900	80,900
Total equity	963,659	948,139	924,925	897,168	808,417
Total liabilities and equity	7,590,552	7,277,283	6,771,721	6,338,571	6,204,739



Instabank is the Nordic challenger bank for corporate and private customers. Founded in 2016.