



# Instabank

Interim Presentation Q3 – 2022  
November 3rd, 2022

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# Key highlights Q3-22

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## **Profit before tax of 24.6 MNOK, after-tax 18.4 MNOK**

Impacted by loss on securities of 4.5 MNOK and legal advisory cost of 1 MNOK



## **Growth in net loans of 93 MNOK**

Adjusted for NPL portfolio sales growth was 159 MNOK



## **Mortgages volume growth of 195 MNOK**

Mortgages represent 37 % of total net loans and 55 % of net loans in Norway



## **Rate hikes temporarily put pressure on the net interest margin**

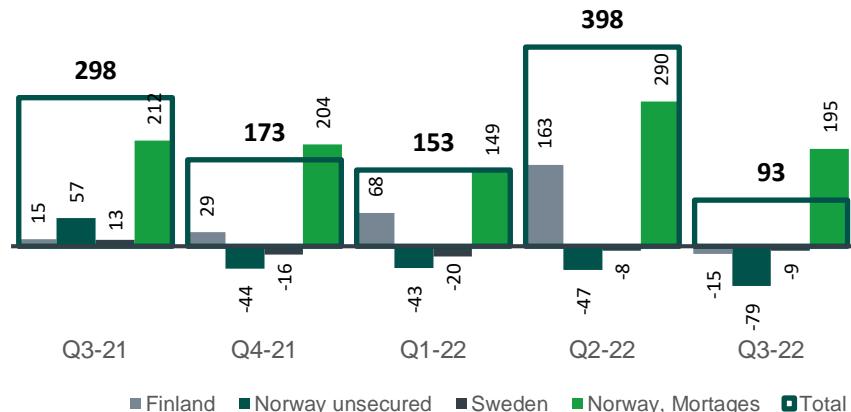
Six-week notice period on loan interest rates increases



# Net loan development

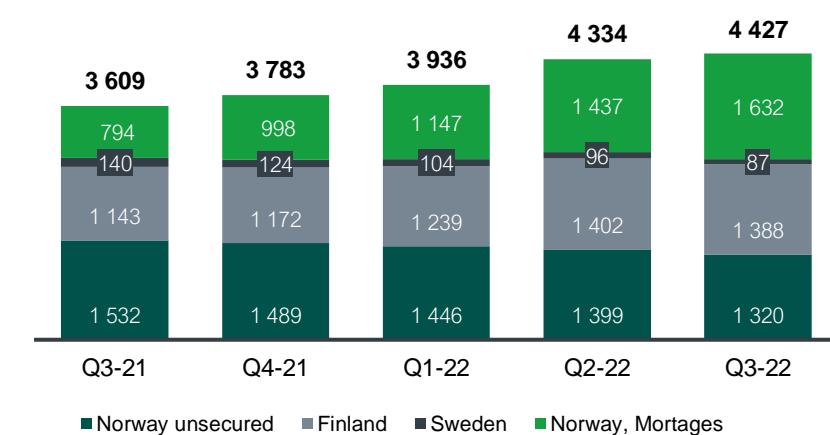
## Net loan balance growth

MNOK



## Net loans to customers

MNOK



## Key comments

- Adjusted for NPL portfolio sales, growth was 159 MNOK
- Strong growth in mortgages of 195 MNOK

## Key comments

- Well diversified loan book across products and markets
- Mortgages represents 55 % of net loans in Norway and 37 % of total net loans

# Diversified loan portfolio

	Net Loans	# Customers*	Avg Ticket Size*	Yield
 <b>Consumer Loans</b>	2,361''	23,432	101'	10.8 %
 <b>Mortgages</b>	1,632	1,941	841'	6.4 %
 <b>Sales Finance</b>	174''	21,436	8'	16.1 %
 <b>Credit Card</b>	259''	5,768	45'	14.9 %
<b>Total</b>	4,427''	52,577	84'	9.6 %

\*) Includes accounts with zero balance with an available credit limit

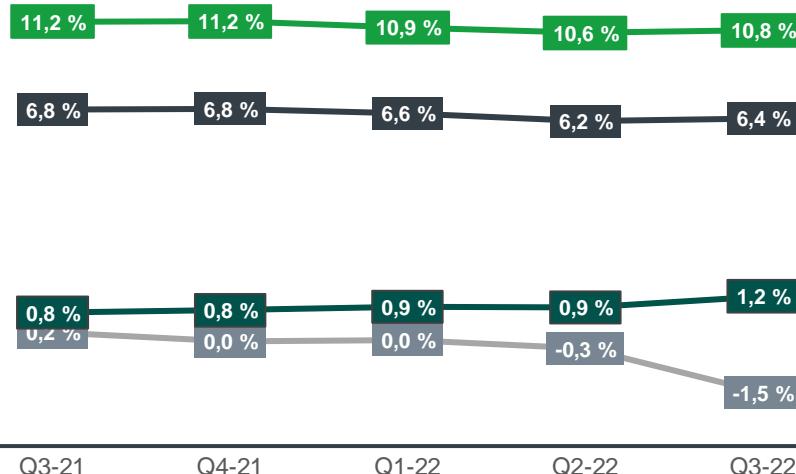
# Diversified funding volume

	<i>Volume</i>	<i># customers</i>	<i>Avg. deposit size</i>	<i>Avg. deposit rate in Q3-22</i>	
	<b>Norway</b>	2,711''	9,243	293'	1.68 %
	<b>Finland</b>	417''	3,935	106'	0.37 %
	<b>Germany</b>	1,519''	6,566	231'	0.58 %*
	<b>Sweden</b>	55''	1,723	32'	0.54 %
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	<b>Total</b>	4,703''	21,467	219'	1,23 %

\*) Includes partner margin

# Development in yields and funding cost

## Development in yields and funding cost

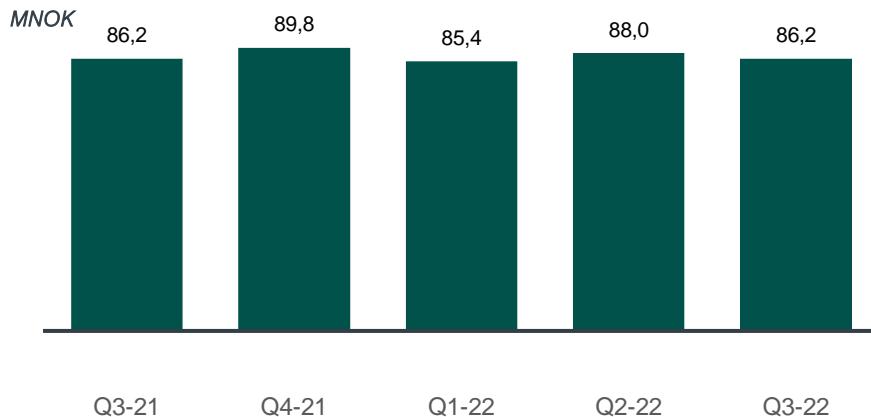


## Key comments

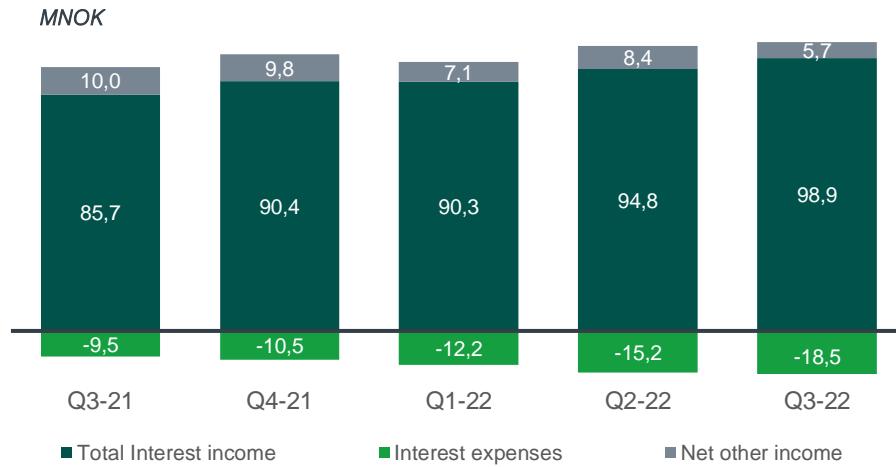
- The Norwegian central bank introduced several rate hikes in the third quarter of 2022 to fight inflationary pressure. Higher interest rates have substantially increased our funding cost, putting pressure on our net interest margin in the short term.
- Our loan interest rates have also increased following the rate hikes from the central banks. As there is a six-week notice period in Norway, the rate increases in August and September were not effective yet for our customers in Q3-22
- Liquidity yield was negatively impacted by the market turmoil and increased interest rates. The latter influence yield on securities negatively short term, but has a long-term positive effect on yield

# Total income

## Total income



## Total income detailed

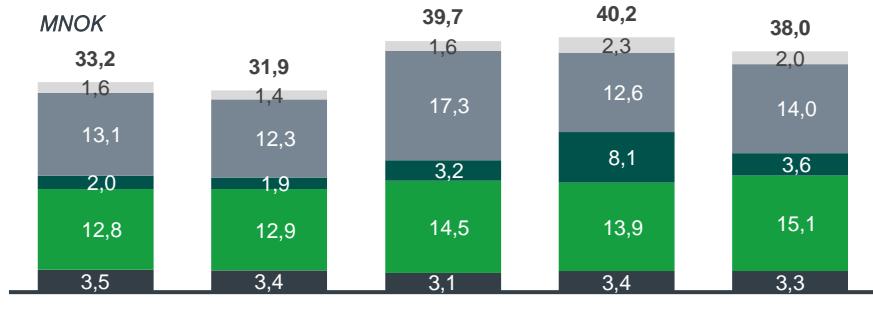


## Key comments

- Total interest income increased 4.1 MNOK from the previous quarter and 13.2 MNOK from the same quarter last year following growth in net loans
- Interest expenses increased because of increased deposit rates following the rate hikes from the Norwegian Central Bank
- Net other income was negatively impacted by an unrealised loss on securities of 4.5 MNOK

# Operating expenses

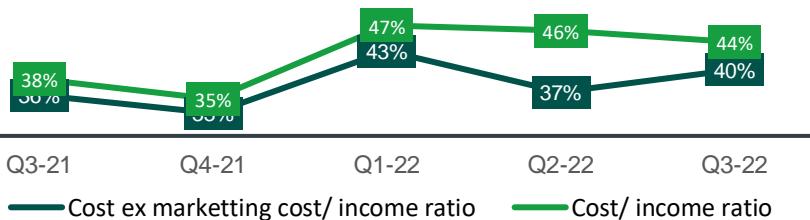
## Operating expenses breakdown



## Key comments

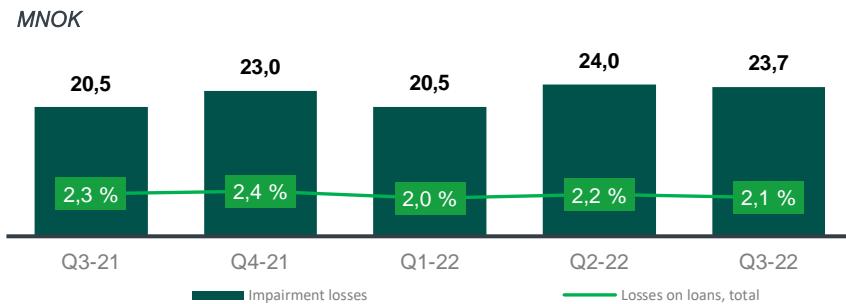
- The reductions in operating expenses from the last quarter came from reduced marketing cost, partly offset by increased personnel cost and administrative costs
- Off the increase in operating cost of 4.9 MNOK from the same quarter last year, 1 MNOK came from legal advisory costs related to the Lunar legal proceedings and 1.6 MNOK from increased marketing costs

## Cost/income ratio

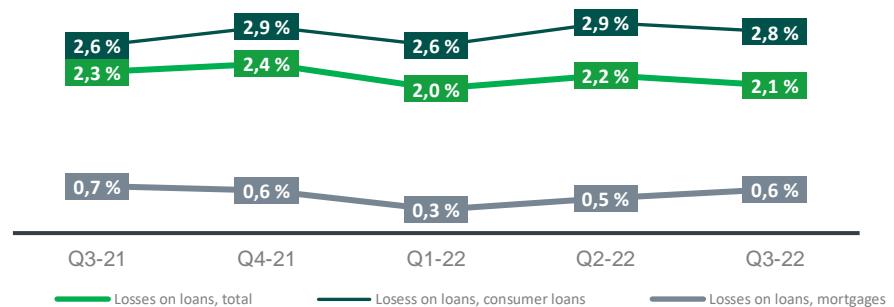


# Credit risk

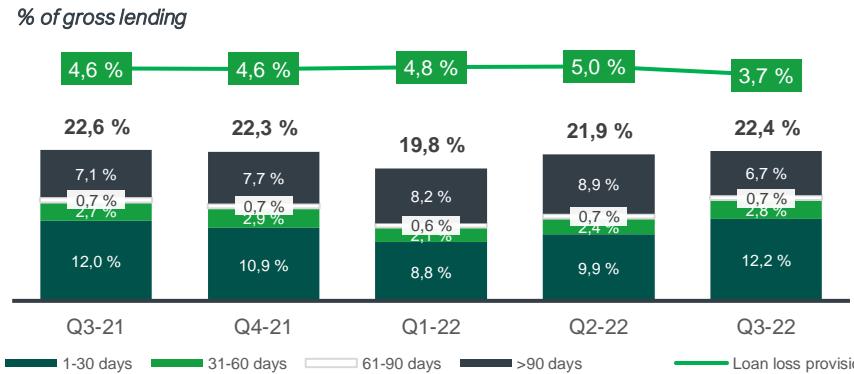
## Impairment losses



## Losses per loan type



## Loans past due



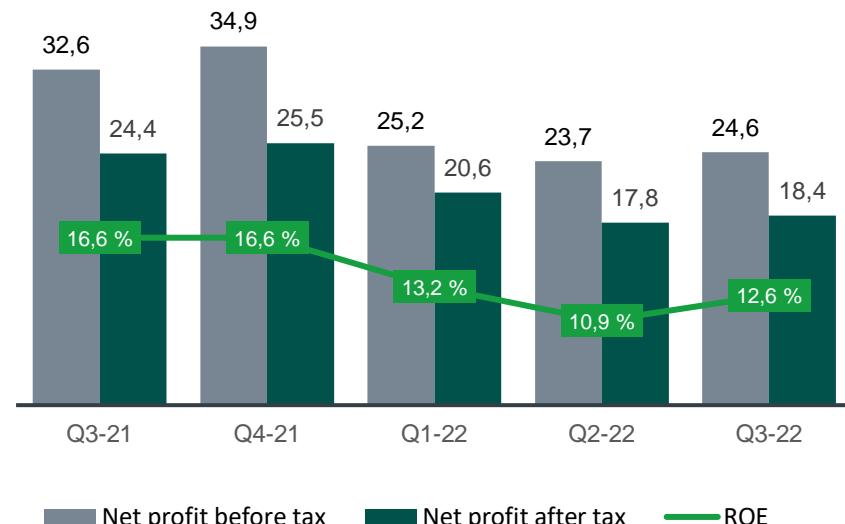
## Key comments

- Impairment losses for mortgages remained low at 1.5 MNOK or 0.6 % and total losses on loans benefits from an increased share of mortgages with less credit risk than for unsecured consumer loans
- The sales of two NPL portfolios had a positive impact on losses on loans, bringing NPL to gross loans down to 6.7 %

# Profit development

## Net profit

MNOK

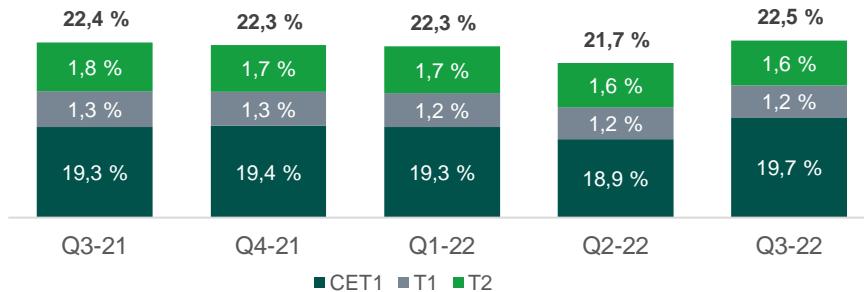


## Key comments

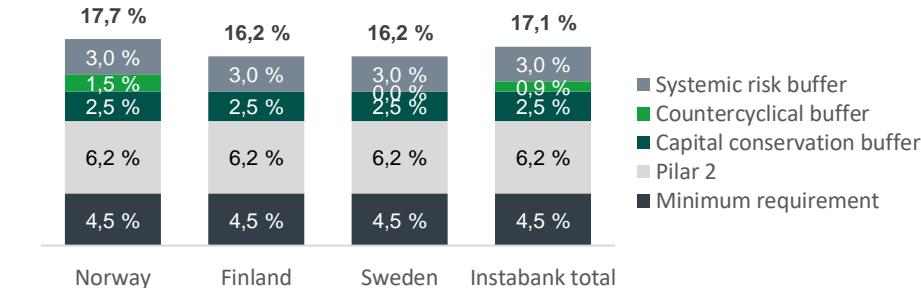
- Profits in Q3-22 was negatively impacted by an unrealised loss on securities of 4.5 MNOK and legal advisory costs related to the Lunar legal proceedings

# Capital adequacy

## Developments in capital adequacy ratios



## CET1 requirement per country and total



## Key comments

- Common equity Tier 1 Capital ratio increased to 19.7 % from 18.9 % per the end the previous quarter as a result of sale of NPL portfolios as well as increased share of mortgages that have lower risk weight than unsecured consumer loans
- the total capital ratio was 22.5 % at the end of Q3-22, up from 21.7 % at the end of the previous quarter, 1.9 % points above the total regulatory capital requirement of 20.6 %.
- The Norwegian Ministry of Finance has decided to increase the countercyclical capital buffer to 2.0 per cent as of 31st December 2022 and to 2.5 per cent as of 31st March 2023
- After the balance date on November 2nd, the board of directors decided that the bank would change to the standardised approach to establish the risk-weighted volume for operational risk, resulting in a positive impact on the capital adequacy by 0.7 % points based on the situation pr. 30.09.22

# Produkter og markeder

Banken leverer produkter rettet mot privatmarkedet og potensielt lønnsomme nisjer i bedriftsmarkedet

## Overordnet produktprioritering:

- Det er en ambisjon å oppnå en mer diversifisert utlånsbalanse.
- Lån med sikkerhet er forventet å bidra til økt avkastning på EK og redusert kredittrisiko/konsentrasjonsrisiko.

Område	Mål	Prio
Sikrede lån	Maksimeres	1
Kredittkort	Økes	2
POS	Økes	3
Usikret	Balanseres	4

Usikrede lån	Pantelån	Innskudd	Retail	Online	Kort	Bedrift	
	Q3-2016	Q2-2020	Q3-2016	Q4-2017	Q4-2018	Q2-2019	Tbd
	Q4-2017	Tbd	Q3-2018	Q2-2020	Q2-2020	Tbd	Na
	Q4-2018	Na	Q1-2019	Na	Na	Tbd	Na
	Tbd	Na	Q3-2020	Na	Na	Tbd	Na



Vekst prioriteres i det eller de markeder der banken til enhver tid oppnår best avkastning, for tiden er det i Norge gjennom pantelån!

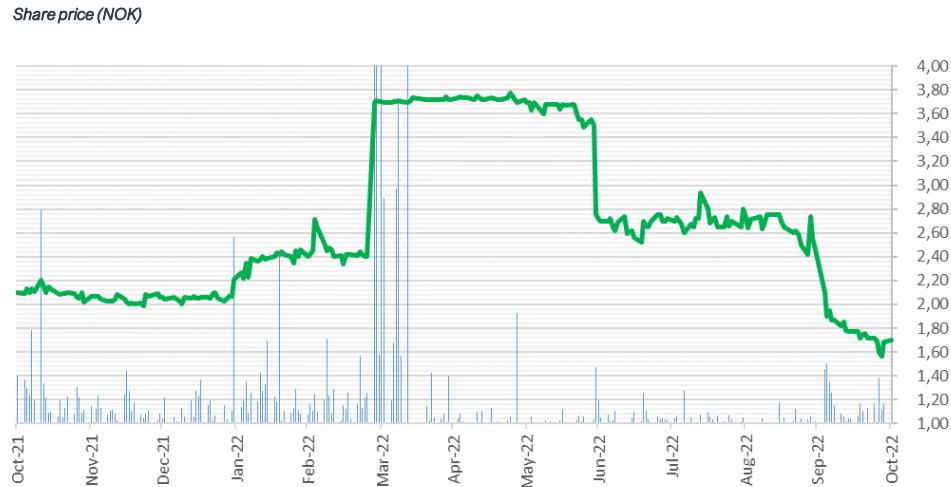
# Share price and ownership

Instabank is listed at Euronext Growth at Oslo Børs, ticker "INSTA"

Top 20 shareholders as of October 31<sup>st</sup> 2022

#	Shareholders	# of shares	%
1	KISTEFOS AS	83 126 568	24,99%
2	HODNE INVEST AS	30 588 311	9,20%
3	VELDE HOLDING AS	29 291 116	8,81%
4	BIRKELENDEN 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	Morgan Stanley & Co. Int. Plc.	13 039 355	3,92%
7	TORSTEIN TVENGE	10 000 000	3,01%
9	HJELLEGJERDE INVEST AS	9 161 000	2,75%
10	KRISTIAN FALNES AS	8 900 000	2,68%
11	LEKVOLLBAKKEN AS	8 500 000	2,56%
12	MOROAND AS	8 500 000	2,56%
13	SONSINVEST AS	5 108 195	1,54%
14	ALTO HOLDING AS	5 000 000	1,50%
15	BNP Paribas	4 937 134	1,48%
16	LEIRIN HOLDING AS	4 333 333	1,30%
17	CAHE FINANS AS	3 501 000	1,05%
18	BNP Paribas	2 481 183	0,75%
19	BNP Paribas	2 431 683	0,73%
20	Skandinaviska Enskilda Banken AB	2 125 405	0,64%
<b>Sum Top 20</b>		<b>275 889 366</b>	<b>82,94%</b>
Other shareholders		56 752 673	17,06%
<b>Total</b>		<b>332 642 039</b>	<b>100,00%</b>

Share price development last 12 months



Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 608 195	1,7 %
CCO	Eivind Sverdrup (Leirin Holding AS)	4 448 833	1,3 %
CTO	Jørgen Rui	1 072 292	0,3 %
CMO	Farzad Jalily	784 417	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 %
<b>Sum management</b>		<b>12 291 325</b>	<b>3,7 %</b>
Other employees		1 420 417	0,4 %
Board members		2 150 000	0,6 %
<b>Total</b>		<b>15 861 742</b>	<b>4,8 %</b>

# Financial summary

## P&L (NOK '000)

P&L	Q3-22	Q2-22	Q1-22	FY 2021	Q4-21	Q3-21
<b>Total income:</b>						
Interest Income using the effective interest method	98 946	94 818	90 492	320 034	90 444	85 705
Interest expenses	18 456	15 234	12 248	38 608	10 474	9 451
<b>Net interest income</b>	<b>80 490</b>	<b>79 584</b>	<b>78 244</b>	<b>281 426</b>	<b>79 970</b>	<b>76 254</b>
Net other income	5 737	8 395	7 138	39 684	9 786	9 969
<b>Total income</b>	<b>86 227</b>	<b>87 979</b>	<b>85 382</b>	<b>321 110</b>	<b>89 756</b>	<b>86 223</b>
<b>Operating expenses:</b>						
Salary and other personnel expenses	14 048	12 567	17 291	50 324	12 345	13 136
Other administrative expenses, of which	18 658	21 965	17 775	57 311	14 732	14 848
- direct marketing cost	3 596	8 057	3 228	8 154	1 868	2 044
Other expenses	1 966	2 347	1 562	6 315	1 374	1 644
Depreciation and amortisation	3 338	3 366	3 082	14 102	3 406	3 545
<b>Total operating expenses</b>	<b>38 009</b>	<b>40 244</b>	<b>39 711</b>	<b>128 052</b>	<b>31 856</b>	<b>33 174</b>
Losses on loans	23 658	24 043	20 476	80 882	23 020	20 463
<b>Operating profit before tax</b>	<b>24 560</b>	<b>23 692</b>	<b>25 195</b>	<b>112 177</b>	<b>34 879</b>	<b>32 586</b>
Tax	6 140	5 923	4 548	28 726	9 402	8 147
<b>Profit and other comprehensive income</b>	<b>18 420</b>	<b>17 769</b>	<b>20 647</b>	<b>83 451</b>	<b>25 478</b>	<b>24 440</b>

## Balance sheet (NOK '000)

Balance Sheet	30.09.22	30.06.22	31.03.22	31.12.21	30.09.21
<b>Assets</b>					
Loans and deposits with credit institutions	265 388	288 835	191 450	281 279	226 519
Loans to customers	4 479 970	4 389 273	3 988 389	3 832 071	3 659 766
Certificates and bonds	755 391	842 237	933 611	679 759	682 558
Other intangible assets	21 567	22 904	25 064	25 098	25 848
Fixed assets	4 247	4 791	5 390	5 909	6 512
Derivatives	19 158	1 644	4 105	1 213	1 116
Other receivables	889	16 030	7 793	6 323	5 590
<b>Total assets</b>	<b>5 546 610</b>	<b>5 565 713</b>	<b>5 155 801</b>	<b>4 831 653</b>	<b>4 607 910</b>
<b>Liabilities</b>					
Deposits from and debt to customers	4 702 782	4 741 687	4 344 527	4 047 128	3 852 877
Other debts	24 584	1 706	11 123	10 942	18 034
Accrued expenses and liabilities	17 979	16 154	18 729	17 941	15 817
Derivatives	2 188	2 643	1 231	338	483
Deferred tax	2 957	2 957	2 957	2 957	3 569
Tax payable	18 362	40 712	34 789	30 241	20 227
Subordinated loan capital	56 000	56 000	56 000	56 000	56 000
<b>Total liabilities</b>	<b>4 824 853</b>	<b>4 861 859</b>	<b>4 469 356</b>	<b>4 165 546</b>	<b>3 967 008</b>
<b>Equity</b>					
Share capital	332 642	332 642	332 642	332 642	332 642
Share premium reserve	178 192	178 192	178 192	178 192	178 192
Retained earnings	170 022	152 120	134 710	114 373	89 167
Additional tier 1 capital	40 900	40 900	40 900	40 900	40 900
<b>Total equity</b>	<b>721 757</b>	<b>703 854</b>	<b>686 445</b>	<b>666 107</b>	<b>640 901</b>
<b>Total liabilities and equity</b>	<b>5 546 610</b>	<b>5 565 713</b>	<b>5 155 801</b>	<b>4 831 653</b>	<b>4 607 910</b>

# Thank You