

# Interim presentation Q2-2023

August 10<sup>th</sup> 2023



## Key highlights



### **Net profit after tax increased 34 % to 23,8 MNOK from the same quarter last year**

Strong growth in Total income, cost to income ratio decreased to 38 % from 46 % in Q2-22

### **Growth in net loans of 109 MNOK in the quarter, YTD 547 MNOK**

Capital constraints hampered growth in the quarter

### **Mortgages volume growth of 120 MNOK to 2,075 MNOK**

Mortgages represents 40 % of total net loans and 63 % of net loans in Norway

### **Instabank ready to offer lending to small and medium sized businesses**

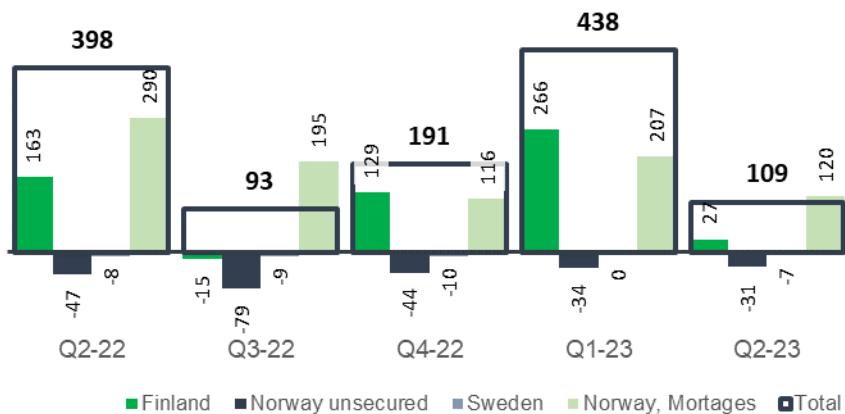
Further strengthening the position as a Nordic challenger bank

## Net loans and margin developments

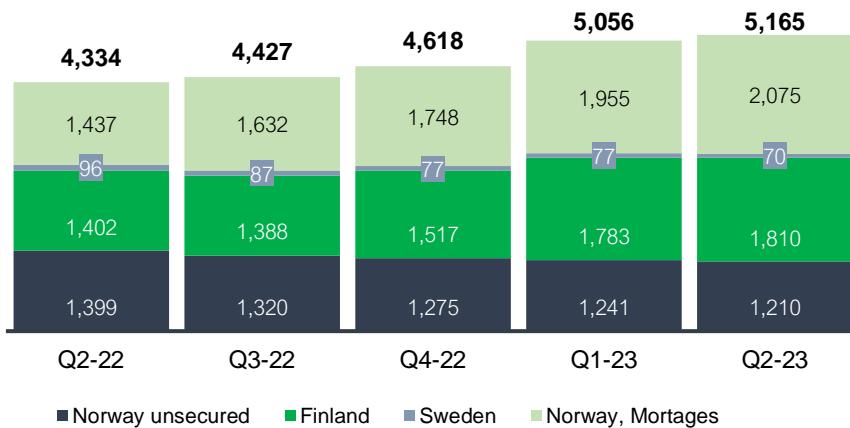


# Net loan development | Well diversified loan book

NET LOAN BALANCE GROWTH (MNOK)



NET LOANS TO CUSTOMERS (MNOK)

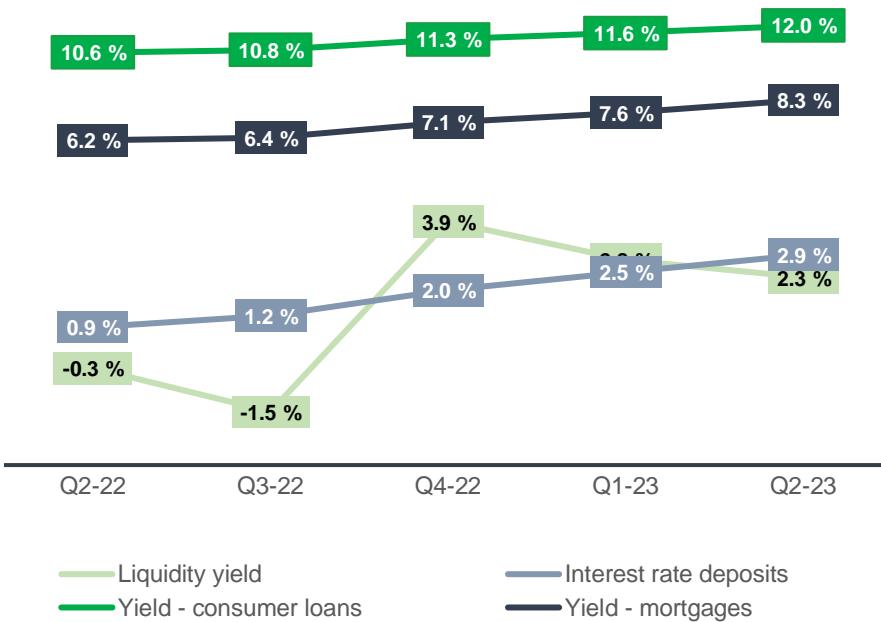


## KEY COMMENTS:

- Capital constraints was limiting growth the two first months
- Growth in net loans of 109 MNOK in Q2-23, YTD 547 MNOK
- Mortgage lending increased 120 MNOK in Q2-23 to 2,075 MNOK
- Mortgages represent 63% of net loans in Norway and 40 % of total net loans, representing lower credit risk than for unsecured loans
- Well diversified loan book across products and markets

# Yields and funding cost | Attractive margins

## Lending and liquidity yield, and interest rate deposits



## KEY COMMENTS:

- Increased market rates the last year have put pressure on the net interest margin
- The increase in mortgages yield from the same quarter last year exceeds the increase in interest rate for deposits



## Diversified loan portfolio | Transparent and simple

	Net Loans	# Customers	Avg Ticket Size	Yield
<b>Consumer Loans</b>    Unsecured loans offered in Norway, Finland and Sweden	2,632"	25,013	105'	12,0 %
<b>Mortgages</b>  First or second priority mortgages for refinancing of unsecured debt or house improvements	2,075"	2,268	914'	8,3 %
<b>Sales Finance</b>  Point of sale or web payment solutions offered through retail partners like Skeidar and Coop	169"	20,490	8'	16,9 %
<b>Credit Card</b>  Most attractive credit card in the market for revolving credit customers	288"	6,516	44'	15,6 %
<b>Total</b> Well diversified loan portfolio	<b>5,165"</b>	<b>54,287</b>	<b>95'</b>	<b>10,9 %</b>



## Deposits volumes | Diversified funding

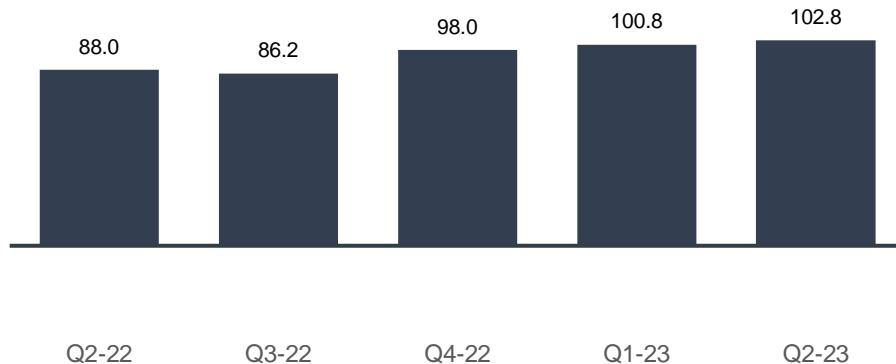
		Volume	# Customers	Avg. Deposit Size	Avg. deposit rate
Norway		3,275"	11,913	275'	3,4 %
Finland		253"	4,075	62'	1,1 %
Germany		1,752"	9,824	178'	2,4 %
Sweden		18"	1,760	10'	0,6%
Total		<b>5,298"</b>	<b>27,572</b>	<b>199'</b>	<b>2,9 %</b>

# Profitability, risk and capital



# Total income | High growth in income

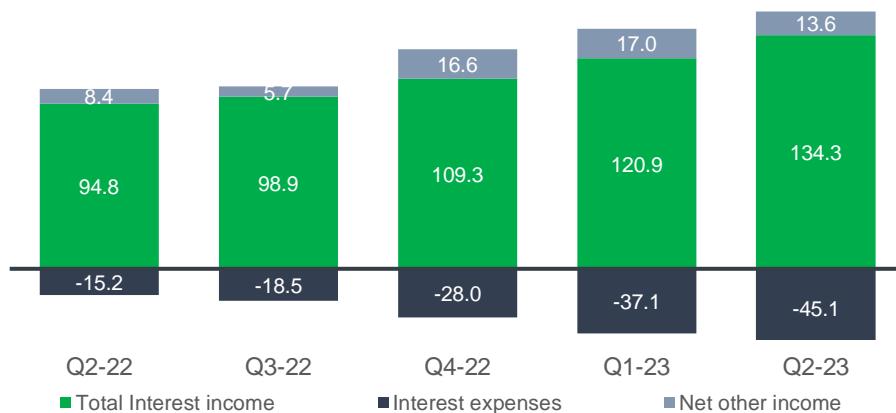
TOTAL INCOME (MNOK):



KEY COMMENTS:

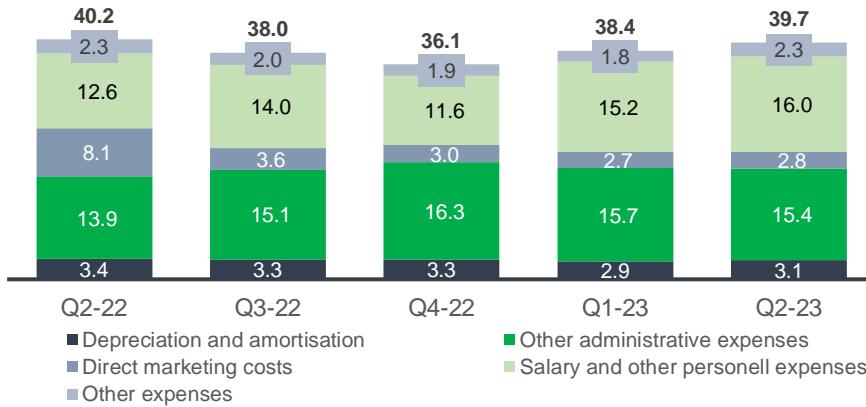
- Total interest income increased by 38.2 MNOK from the same quarter last year to 132.7 MNOK in Q2-23 driven by increased loan yield to 10,4 % from 9,2 % and growth in net loans
- The increase in interest expenses comes from the increase in deposit rates as well as increased deposit volume
- The reduction in net other income from the previous quarter was a result of decreased yield on security holdings.

TOTAL INCOME DETAILED (MNOK):



# Operating expenses | Demonstrating economy of scale

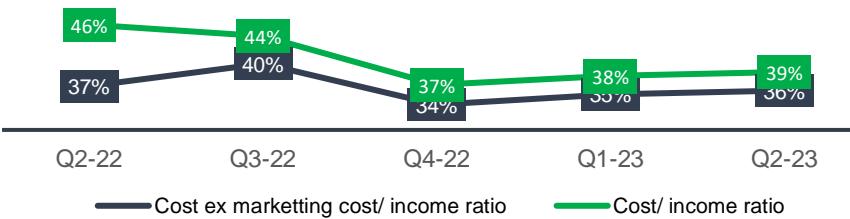
## OPERATING EXPENSES BREAKDOWN (MNOK):



## KEY COMMENTS:

- Stable development in operating expenses despite the growth in net loans in the period, demonstrating economy of scale
- The cost to income ratio decreased from 46 % same quarter last year to 39 % in Q2-23

## COST/INCOME RATIO:

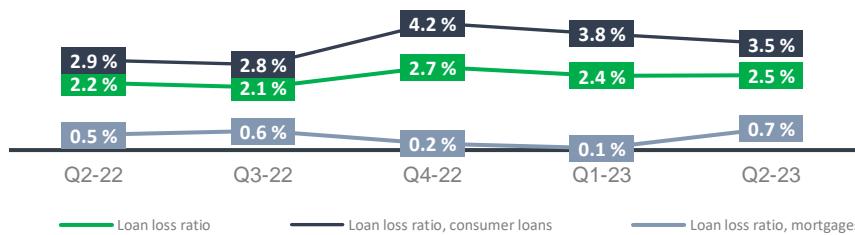


# Credit risk | Mortgages represent low credit risk

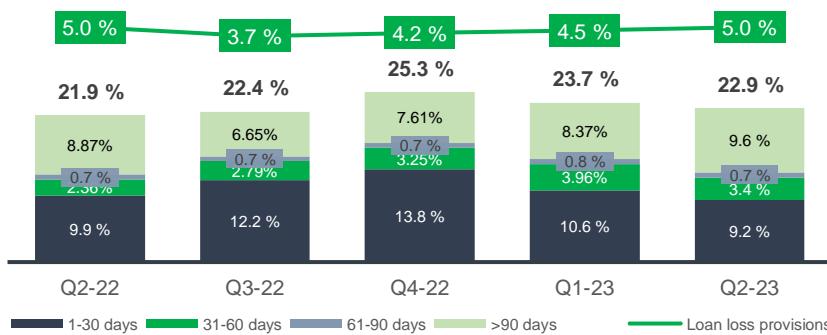
## IMPAIRMENT LOSSES (MNOK):



## LOAN LOSS RATIO PER TYPE OF LOAN:



## LOANS PAST DUE:

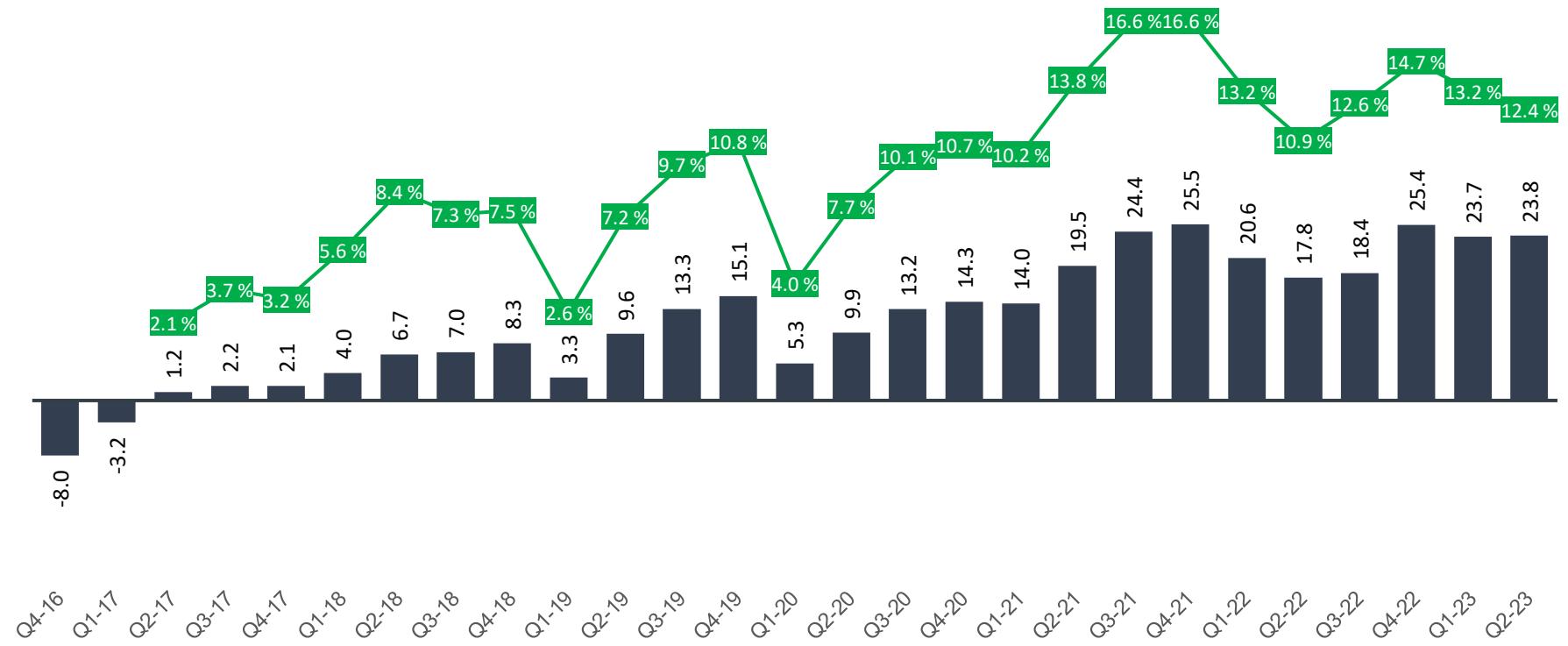


## KEY COMMENTS:

- Stable development in losses on loans in the last quarters
- A decrease in loan loss ratio for consumer loans offset an increase in losses for mortgages
- Loans past due 1-30 days hitting 9.2 % at the end of Q2-23, down from 10.6 % the previous quarter and 9.9 % the same quarter last year.

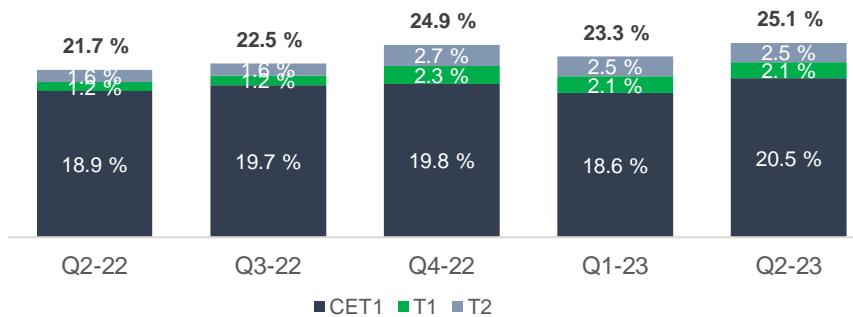
# Profits | Long term growth in profit

PROFIT AFTER TAX (NOKM) & RETURN ON EQUITY:



# Regulatory Capital | Solid capital adequacy

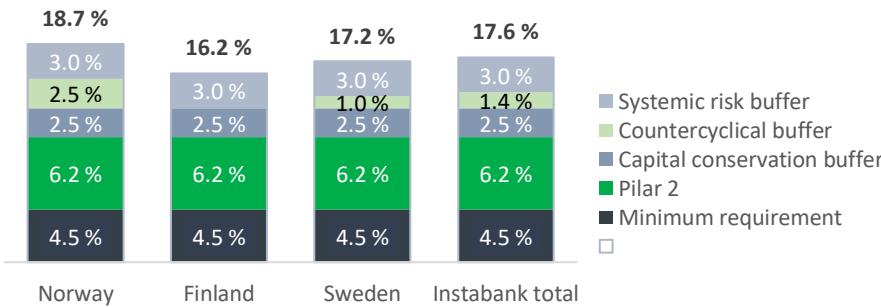
## DEVELOPMENTS IN CAPITAL ADEQUACY RATIOS:



## KEY COMMENTS:

- Successfully completed a private placement of new shares in Q2-23, raising 70 MNOK in gross proceeds
- The private placement improved capital ratios, and the CET1 ratio was 20.5 % at the end of the quarter, 3.0 % above the regulatory capital requirement
- A solid capital position enables accelerating growth

## CTE1 REQUIREMENT PER COUNTRY AND TOTAL:

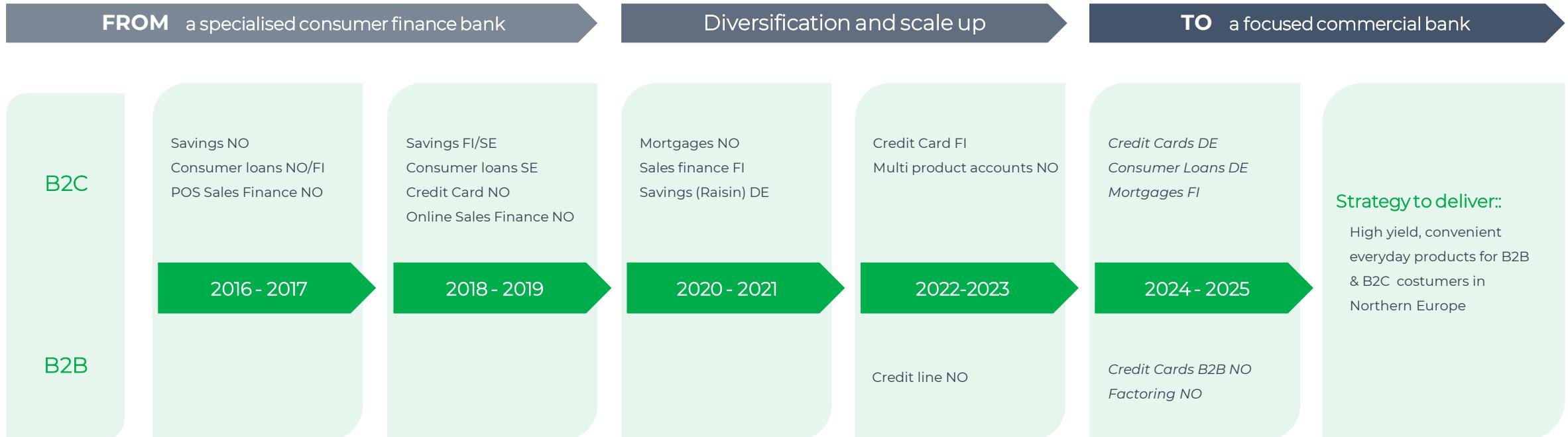


# Strategy

and ambitions



# Product strategy | Continued expansion and diversification



- Launched pilot for SME credit line product in July, ready for full launch in August
- 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



# Financials | Guiding as per Q2-23

	Outlook 2023	Strategic ambition mid-term
<b>PROFIT AFTER TAX</b> Strong improvement in profits	~100 mill. Among the better	> 210 mill. Proof of Success
<b>ROE</b> Strong improvement in performance	>13 % Among the better	> 19 % Proof of Success
<b>GROSS LOANS</b> Growth is necessary to improve profits	> 6.0 Bn Growth shows direction	9.0 Bn Proof of growth capacity
<b>COST TO INCOME</b> Economies of scale	< 40 % Heading in the right direction	< 35 % Compares with industry leaders

# Key value propositions| The Nordic Challenger Bank

<p><b>1</b> A dynamic and innovative challenger bank with a solid market position, a customer-centric approach, and significant growth potential in the fintech sector</p> <p><b>2</b> Lean operational platform and organisation with significant scalability enabling cross border operations from one location.</p> <p><b>3</b> Well diversified loan portfolio across markets, products and customers segments</p>	<p><b>4</b> Continued strong growth in net loans at attractive margins</p> <p><b>5</b> Proven track record delivering profits 25 consecutive quarters and heading for an increase in return on equity</p> <p><b>6</b> Experienced team with significant track record within consumer finance</p>
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**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.

## PER KRISTIAN HAUG | CFO



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

## 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.

## 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.

## 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.

## 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.

# Board of directors | Season 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 Investeringsselskap (which owns 5.5% of the outstanding shares in Instabank). Berntsen holds an MSc in Business Administration from the Norwegian Business School.

## FARZAD JALILY | EMPLOYEE REPRESENTATIVE



Jalily holds the positions as CTO in Instabank. 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.

# The share | Euronext Growth Oslo Børs, ticker “INSTA”

Top 20 shareholders (1. August 2023)

#	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 INVESTERINGSSELSKAP 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	12,112,314	3.2%
7	HJELLEGJERDE INVEST AS	10,193,220	2.7%
9	KRISTIAN FALNES AS	10,100,000	2.7%
10	TVENGE	10,000,000	2.6%
11	LEIKVOLLAKKEN AS	8,500,000	2.2%
12	MOROAND AS	8,500,000	2.2%
13	ALTO HOLDING AS	6,000,000	1.6%
14	SONSINVEST AS	5,108,195	1.4%
15	LEIRIN HOLDING AS	4,333,333	1.1%
16	CAHE FINANS AS	4,301,000	1.1%
17	NORDNET LIVSFORSIKRING AS	4,120,114	1.1%
18	Skandinaviska Enskilda Banken AB	3,745,407	1.0%
19	KAARE BERNTSEN AS	3,184,713	0.8%
20	BNP Paribas	2,196,182	0.6%
<b>Sum Top 20</b>		<b>301,571,826</b>	<b>79.7%</b>
Other shareholders		76,689,686	20.3%
<b>Total</b>		<b>378,261,512</b>	<b>100.0%</b>

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 Jalliy	864,417	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>12,939,897</b>	<b>3.4 %</b>
Other employees		2,335,392	0.6 %
Board members		5,479,200	1.4 %
<b>Total</b>		<b>20,754,489</b>	<b>5.5 %</b>

Share price development (last 12 months)



Share price (NOK) and volume



# Income statement & Balance sheet | Overview

## INCOME STATEMENT (NOK THOUSAND)

P&L	Q2-23	Q1-23	FY 2022	Q4-22	Q3-22	Q2-22
<b>Total income:</b>						
Interest Income using the effective interest method	134,255	120,926	393,623	109,328	98,946	94,818
Interest expenses	45,088	37,130	73,890	27,952	18,456	15,234
<b>Net interest income</b>	<b>89,167</b>	<b>83,796</b>	<b>319,734</b>	<b>81,376</b>	<b>80,490</b>	<b>79,584</b>
Net other income	13,613	16,967	37,850	16,619	5,737	8,395
<b>Total income</b>	<b>102,780</b>	<b>100,763</b>	<b>357,584</b>	<b>97,995</b>	<b>86,227</b>	<b>87,979</b>
<b>Operating expenses:</b>						
Salary and other personnel expenses	16,015	15,199	55,498	11,592	14,048	12,567
Other administrative expenses, of which	18,258	18,406	77,690	19,293	18,658	21,965
- direct marketing cost	2,836	2,716	17,843	2,962	3,596	8,057
Other expenses	2,328	1,797	13,045	1,915	1,966	2,347
Depreciation and amortisation	3,146	2,947	7,789	3,260	3,338	3,366
<b>Total operating expenses</b>	<b>39,747</b>	<b>38,350</b>	<b>154,023</b>	<b>36,059</b>	<b>38,009</b>	<b>40,244</b>
Losses on loans	32,936	30,849	100,230	32,053	23,658	24,043
<b>Operating profit before tax</b>	<b>30,097</b>	<b>31,564</b>	<b>103,331</b>	<b>29,884</b>	<b>24,560</b>	<b>23,692</b>
Tax	6,250	7,891	21,091	4,480	6,140	5,923
<b>Profit and other comprehensive income</b>	<b>23,847</b>	<b>23,673</b>	<b>82,240</b>	<b>25,403</b>	<b>18,420</b>	<b>17,769</b>

## BALANCE SHEET (NOK THOUSAND)

Balance Sheet	30.06.23	31.03.23	31.12.22	30.09.22	30.06.22
<b>Assets</b>					
Loans and deposits with credit institutions	187,278	174,078	191,254	265,388	288,835
Loans to customers	5,221,209	5,115,359	4,674,030	4,479,970	4,389,273
Certificates and bonds	868,090	848,185	867,806	755,391	842,237
Other intangible assets	23,865	22,756	21,197	21,567	22,904
Fixed assets	3,083	3,623	3,645	4,247	4,791
Derivatives	2,197	4,002	1,773	19,158	1,644
Other receivables	32,849	36,735	39,527	889	16,030
<b>Total assets</b>	<b>6,338,571</b>	<b>6,204,739</b>	<b>5,799,233</b>	<b>5,546,610</b>	<b>5,565,713</b>
<b>Liabilities</b>					
Deposits from and debt to customers	5,298,457	5,234,665	4,852,281	4,702,782	4,741,687
Other debts	23,810	15,145	20,491	24,584	1,706
Accrued expenses and liabilities	11,686	13,461	17,844	17,979	16,154
Derivatives	-	3,361	543	2,188	2,643
Deferred tax	413	734	734	2,957	2,957
Tax payable	11,037	32,956	25,065	18,362	40,712
Subordinated loan capital	96,000	96,000	96,000	56,000	56,000
<b>Total liabilities</b>	<b>5,441,403</b>	<b>5,396,323</b>	<b>5,012,958</b>	<b>4,824,853</b>	<b>4,861,859</b>
<b>Equity</b>					
Share capital	377,228	332,642	332,642	332,642	332,642
Share premium reserve	200,081	178,192	178,192	178,192	178,192
Retained earnings	238,959	216,682	194,541	170,022	152,120
Additional tier 1 capital	80,900	80,900	80,900	40,900	40,900
<b>Total equity</b>	<b>897,168</b>	<b>808,417</b>	<b>786,275</b>	<b>721,757</b>	<b>703,854</b>
<b>Total liabilities and equity</b>	<b>6,338,571</b>	<b>6,204,739</b>	<b>5,799,233</b>	<b>5,546,610</b>	<b>5,565,713</b>



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