



INTERIM REPORT Q3 2023

Instabank ASA

Key highlights

- **Record-high net profit after tax: 28.2 MNOK**
53 % increase from the same quarter last year
- **Record-high growth in net loans: 460 MNOK**
Growth year to date: 1,013 MNOK
- **Successful launch of B2B Credit line product**
37 MNOK in net lending



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 over 90,000 customers who have chosen us for their lending, payment and 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 26 agents, various retail partners and directly on the bank's website and mobile app.

At the end of Q3-23, Instabank had 44 full-time and 13 part-time employees.

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

Operational Developments

Instabank reports a record-high growth in net loans of 466 MNOK in Q3-23. The growth comes from solid organizational performance, successfully delivering on the strategy, effective operations, distribution, and product offerings meeting customer demands.

+ 1,013 MNOK

Growth in net loans YTD-23

There is still a strong demand for the mortgage product representing an attractive yield, low risk and requiring less capital than unsecured loans. The growth in mortgage lending was 260 MNOK in the quarter, up from 120 MNOK in the previous quarter. At the end of Q3-23, mortgage lending amounted to 2,335 MNOK, representing 41 % of total lending.

In Q3-23, Instabank successfully launched a new credit line product for Small & Medium Sized Enterprises (SME). At the end of the quarter, we had 48 customers and net loans of 37 MNOK. 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.

Instabank has, as in the previous quarters, continued to increase the interest rates for existing lending customers and new loans, resulting in increased loan yields. For mortgages, the loan yield increased to 8.5 % by the end of Q3-23 from 8.3 % by the end of the previous quarter, and for consumer loans, yield increased to 12.1 % from 12.0%.

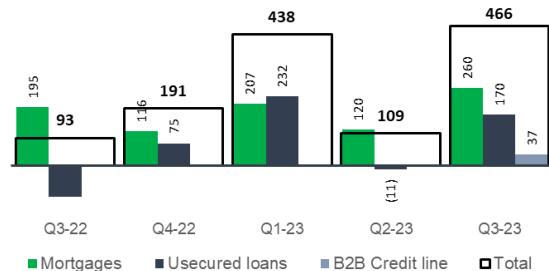
The increase in market rates also triggered increased funding costs, and the average deposit rate was 3.6 % in Q3-23, up from 2.9 % in the previous quarter.

At the end of Q3-23, the bank had 90,388 customers, of which 59,601 were loan customers and 30,787 were deposit customers.

Balance Sheet

Instabank achieved a record-high growth in net loans of 466 MNOK to 5,631 MNOK at the end of the quarter. Mortgages increased by 260 MNOK, and unsecured loans increased by 170 MNOK. In the first quarter, the B2B credit line product increased by 37 MNOK.

Growth in net loans:



Deposits from customers increased by 373 MNOK to 5,672 MNOK at the end of the quarter.

The Common Equity Tier 1 Capital (Cet1) ratio was 19.9 % at the end of the

quarter, 2.3 % points above the regulatory capital requirement.

Total assets at the end of Q3-23 were 6,771 MNOK.

Profit and Loss

Instabank reports a record-high profit before tax of 36.8 MNOK and after-tax of 28.2 MNOK, up 9.8 MNOK/ 53 % from the same quarter last year.

+ 53 %

Growth in net profit

Total interest income increased by 45.9 MNOK from the same quarter last year to 144.4 MNOK in Q3-23. The increase was driven by a 12-month net loan growth of 1,204 MNOK and increased loan yield to 10.6 % from 8.9 % in the same quarter last year.

Interest expenses came in at 56.7 MNOK, up from 45.1 MNOK in the previous quarter, following an increase in deposit volume and rates.

Net other income increased by as much as 16.5 MNOK from the same quarter last year to 22.3 MNOK in Q3-23 because of high yield on security holdings at 5.4 %.

+ 30 %

Growth in Total Income

Total income came in at 112.5 MNOK, up 26.8 MNOK / 30 % from the same quarter last year.

Operating expenses were 42.3 MNOK, up 2.5 MNOK from the previous quarter. Personnel costs increased by 1.8 MNOK because of the full effect of annual salary increases in Q2-23 and an increase in the number of employees. Administrative costs increased by 1.4 MNOK of which 1 MNOK was related to increases in marketing costs. Costs associated with the new B2B Credit line business amounted to 1.3 MNOK in the quarter.

The cost-to-income ratio was 37.6 % versus 44 % in the same quarter last year, demonstrating economy of scale.

Losses on loans came in at 33.4 MNOK or 2.3 % of average gross loans, representing an increase of only 0.4 MNOK and 0.2 % points lower than in the previous quarter.

Outlook

A flexible and scalable business model and a very competent group of employees who have demonstrated the ability to act fast on market conditions and pursue opportunities are the basis for Instabank's success story. The Instabank team is committed to continuing to develop Instabank as the leading Nordic challenger bank.

Instabank has entered the business lending market with a credit line product for Small & Medium Sized Businesses (SMEs) to help them achieve their growth targets and scale their businesses. This initiative will contribute to growth in volume and improved profits for Instabank.

We expect continued high demand for Instabank's existing lending products and reiterate the target for growth in total net loans to 1.2 billion NOK for 2023.

The bank's liquidity and capital situation are expected to remain satisfactory. It should be noted that there is typically uncertainty related to assessments of future conditions.

Other information

Regarding capital requirement, there has been a limited review of the accounts in accordance with ISRE 2410 as of September 30th, 2023 by the bank's auditors and the result after tax is added to retained earnings in full.

Oslo, November 1st, 2023

Board of Directors, Instabank ASA



Condensed statements of profit or loss and other comprehensive income:

NOK 1000	Note	Q3-2023	Q3-2022	YTD 2023	YTD 2022	Year 2022
Interest Income effective interest method		144,374	98,416	396,792	283,271	391,234
Other interest income		2,523	530	5,286	986	2,350
Interest expenses		56,717	18,456	138,935	45,938	73,890
Net interest income		90,180	80,490	263,143	238,318	319,694
Income commissions and fees		13,943	11,972	38,485	34,419	46,017
Expenses commissions and fees		3,119	2,901	8,142	6,977	9,213
Net gains/loss on foreign exchange and securities classified as current assets		11,441	-3,334	22,502	-6,172	1,086
Net other income		22,265	5,737	52,845	21,270	37,889
Total income		112,445	86,227	315,988	259,588	357,584
Salary and other personnel expenses		17,814	14,048	49,028	43,906	55,498
Other administrative expenses, of which:		19,623	18,658	56,287	58,397	77,690
- <i>direct marketing cost</i>		3,852	3,596	9,404	14,881	7,275
Other expenses		1,664	1,966	5,790	5,875	7,789
Depreciation and amortisation		3,214	3,338	9,307	9,786	13,045
Total operating expenses		42,314	38,009	120,412	117,964	154,023
Losses on loans	2	33,364	23,658	97,149	68,177	100,230
Operating profit before tax		36,766	24,560	98,427	73,447	103,331
Tax expenses		8,587	6,140	22,728	16,611	21,091
Profit and other comprehensive income for the period		28,179	18,420	75,699	56,836	82,240
Earnings per share (NOK)		0.07	0.06	0.20	0.17	0.25
Diluted earnings per share (NOK)		0.07	0.05	0.19	0.16	0.23



Condensed statement of financial position:

NOK 1000	Note	30.09.2023	30.09.2022	31.12.2022
Loans and deposits with credit institutions	4	143,783	265,388	191,254
Loans to customers	2, 4	5,693,942	4,479,970	4,674,030
Certificates and bonds	4	811,153	755,391	867,806
Other intangible assets	5	25,575	21,567	21,197
Fixed assets		2,514	4,247	3,645
Derivatives		2,217	19,158	1,773
Other receivables	4	92,537	889	39,527
Total assets		6,771,721	5,546,610	5,799,233
Deposit from and debt to customers	4	5,671,957	4,702,782	4,852,281
Other debts	4	38,223	24,584	20,491
Accrued expenses and liabilities		14,378	17,979	17,844
Derivatives		2,776	2,188	543
Deferred tax		1,161	2,957	734
Tax payable		22,301	18,362	25,065
Subordinated loan capital	3, 4	96,000	56,000	96,000
Total liabilities		5,846,796	4,824,853	5,012,958
Share capital	3	378,262	332,642	332,642
Share premium reserve	3	200,430	178,192	178,192
Retained earnings	3	265,334	170,022	194,541
Additional Tier 1 capital	3	80,900	40,900	80,900
Total equity		924,925	721,757	786,275
Total liabilities and equity		6,771,721	5,546,610	5,799,233



Statement of changes in equity:

NOK 1000	Share capital	Share premium	Tier 1 capital	Retained earnings and other reserves	Total equity
Equity per 01.01.2022	332,642	178,192	40,900	114,373	666,107
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
Equity per 31.12.2022	332,642	178,192	80,900	194,540	786,275
Equity per 01.01.2023	332,642	178,192	80,900	194,540	786,275
Capital issuance	45,619	22,238			67,857
Profit for the period				75,699	75,699
Changes in warrants				2,450	2,450
Paid interest on Tier 1 Capital				-7,356	-7,356
Equity per 30.09.2023	378,262	200,430	80,900	265,333	924,925



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 November 1st, 2023.

Note 2: Loans to customers

GROSS AND NET LENDING:

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Unsecured consumer loans	3,542,186	2,955,501	3,060,236
Mortgages	2,349,860	1,641,644	1,758,131
B2B Credit Line	37,266	0	0
Prepaid agent commission	147,031	123,712	129,360
Establishment fees	-83,970	-70,844	-73,118
Gross lending	5,992,372	4,650,014	4,874,609
Impairment of loans	-298,430	-170,044	-200,579
Net loans to customers	5,693,942	4,479,970	4,674,030

CREDIT IMPAIRED AND LOSSES:

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Gross credit impaired loans (stage 3)	556,318	305,934	366,475
Individual impairment of credit impaired loans (stage 3)	-238,613	-113,967	-146,922
Net credit impaired loans	317,705	191,967	219,553

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

AGEING OF LOANS:

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Loans not past due	4,392,694	3,567,131	3,597,043
Past due 1-30 days	670,655	562,187	663,461
Past due 31-60 days	250,832	128,440	156,549
Past due 61-90 days	58,812	33,453	34,838
Past due 91+ days	556,318	305,934	366,475
Total	5,929,312	4,597,145	4,818,367

	30.09.2023	30.09.2022	31.12.2022
Loans not past due	74.1 %	77.6 %	74.7 %
Past due 1-30 days	11.3 %	12.2 %	13.8 %
Past due 31-60 days	4.2 %	2.8 %	3.2 %
Past due 61-90 days	1.0 %	0.7 %	0.7 %
Past due 91+ days	9.4 %	6.7 %	7.6 %
Total	100.0 %	100.0 %	100.0 %



GEOGRAPHIC DISTRIBUTION:

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Norway	3,862,704	3,038,782	3,126,499
Finland	1,983,509	1,459,581	1,600,798
Sweden	83,100	98,782	91,070
Gross lending excl. prepaid agent provisions and establishment fees	5,929,312	4,597,145	4,818,367

LOAN LOSS PROVISIONS IN THE PERIOD:

NOK 1000	Q3-2023	Q3-2022	YTD 2023	YTD 2022	Year 2022
Loan loss provisions stage 1	-2,283	306	-1,180	-1,237	1,366
Loan loss provisions stage 2	-1,530	-1,883	-2,716	4,446	3,887
Loan loss provisions stage 3	-28,212	45,402	-88,557	-1,234	-34,420
Total loan loss provisions in the period	-32,026	43,825	-92,453	1,976	-29,168
Realised losses in the period	-1,339	-67,483	-4,696	-70,153	-71,062
Losses on loans in the period	-33,364	-23,658	-97,149	-68,177	-100,230



RECONCILIATION OF GROSS LENDING TO CUSTOMERS, TOTAL LOANS

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01.07.23	4,295,505	618,662	522,094	5,436,262
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-269,344	266,500	-	-2,844
Transfer from stage 1 to stage 3	-13,276	-	13,444	168
Transfer from stage 2 to stage 1	99,166	-108,792	-	-9,626
Transfer from stage 2 to stage 3	-	-68,665	68,867	202
Transfer from stage 3 to stage 1	1,656	-	-1,610	46
Transfer from stage 3 to stage 2	-	1,781	-1,807	-26
New assets	1,020,257	42,278	351	1,062,886
Assets derecognised	-391,844	-35,313	-39,890	-467,047
Changes in foreign exchange and other changes	-77,950	-7,628	-5,129	-90,707
Gross carrying amount as at 30.09.23	4,664,170	708,824	556,318	5,929,312

Q3 2022:

Gross carrying amount as at 01.07.22	3,794,763	362,369	404,808	4,561,940
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-186,576	187,572	-	996
Transfer from stage 1 to stage 3	-12,751	-	12,917	166
Transfer from stage 2 to stage 1	70,701	-77,282	-	-6,582
Transfer from stage 2 to stage 3	-	-55,486	55,293	-193
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	798	-1,790	-991
New assets	637,071	16,079	21	653,171
Assets derecognised	-452,646	-24,506	-155,320	-632,471
Changes in foreign exchange and other changes	28,284	2,821	-9,996	21,109
Gross carrying amount as at 30.09.2022	3,878,846	412,365	305,934	4,597,145

2022:

Gross carrying amount as at 01.01.22	3,184,648	474,041	307,111	3,965,800
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-194,696	188,693	-	-6,003
Transfer from stage 1 to stage 3	-104,981	-	105,189	208
Transfer from stage 2 to stage 1	132,341	-148,621	-	-16,280
Transfer from stage 2 to stage 3	-	-89,363	83,856	-5,507
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	851	-857	-6
New assets	2,186,428	197,689	45,752	2,429,869
Assets derecognised	-1,275,748	-144,039	-180,875	-1,600,662
Changes in foreign exchange and other changes	34,902	9,746	6,300	50,948
Gross carrying amount as at 31.12.22	3,962,894	488,997	366,475	4,818,367



RECONCILIATION OF LOAN LOSS ALLOWANCES, TOTAL LOANS

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 01.07.23	27,596	29,886	214,083	271,565
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-2,708	11,597	-	8,888
Transfer from stage 1 to stage 3	-304	-	2,656	2,352
Transfer from stage 2 to stage 1	1,208	-4,335	-	-3,127
Transfer from stage 2 to stage 3	-	-5,392	14,726	9,334
Transfer from stage 3 to stage 1	15	-	-204	-189
Transfer from stage 3 to stage 2	-	92	-365	-273
New assets originated or change in provisions	5,256	1,263	137	6,656
Assets derecognised or change in provisions	-1,185	-1,709	7,634	4,740
Changes in foreign exchange and other changes	-745	-716	-55	-1,516
Expected credit losses as at 30.09.23	29,132	30,685	238,613	298,430

Q3 2022:

Expected credit losses as at 01.07.22	29,467	24,190	173,814	227,471
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-2,479	11,787	-	9,308
Transfer from stage 1 to stage 3	-295	-	2,583	2,288
Transfer from stage 2 to stage 1	1,188	-4,190	-	-3,002
Transfer from stage 2 to stage 3	-	-4,995	11,988	6,993
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	31	-495	-464
New assets originated or change in provisions	3,259	970	5	4,234
Assets derecognised or change in provisions	-2,000	-1,619	-62,696	-66,316
Changes in foreign exchange and other changes	456	308	-11,232	-10,468
Expected credit losses as at 30.09.22	29,596	26,481	113,967	170,044

2022:

Expected credit losses as at 01.01.22	27,324	30,055	125,436	182,815
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-2,447	10,660	-	8,213
Transfer from stage 1 to stage 3	-1,779	-	30,894	29,116
Transfer from stage 2 to stage 1	1,789	-7,978	-	-6,189
Transfer from stage 2 to stage 3	-	-8,517	30,830	22,314
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	25	-651	-625
New assets originated or change in provisions	13,342	9,033	11,185	33,560
Assets derecognised or change in provisions	-12,356	-7,258	-53,976	-73,589
Changes in foreign exchange and other changes	881	883	3,203	4,966
Expected credit losses as at 31.12.22	26,754	26,903	146,922	200,579



RECONCILIATION OF GROSS LENDING TO CUSTOMERS, UNSECURED CONSUMER LOANS

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01.07.23	2,582,252	309,723	456,508	3,348,483
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-123,578	124,160	-	582
Transfer from stage 1 to stage 3	-10,411	-	10,579	168
Transfer from stage 2 to stage 1	47,952	-52,010	-	-4,058
Transfer from stage 2 to stage 3	-	-51,999	52,216	218
Transfer from stage 3 to stage 1	416	-	-370	46
Transfer from stage 3 to stage 2	-	809	-818	-8
New assets	567,046	11,421	351	578,818
Assets derecognised	-250,054	-18,542	-20,178	-288,774
Changes in foreign exchange and other changes	-80,426	-7,628	-5,233	-93,287
Gross carrying amount as at 30.09.23	2,733,195	315,936	493,056	3,542,186

Q3 2022:

Gross carrying amount as at 01.07.22	2,481,693	245,489	390,085	3,117,267
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-115,545	116,456	-	911
Transfer from stage 1 to stage 3	-10,935	-	11,101	166
Transfer from stage 2 to stage 1	44,126	-48,212	-	-4,086
Transfer from stage 2 to stage 3	-	-45,311	45,122	-189
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	798	-1,790	-991
New assets	303,737	8,136	21	311,895
Assets derecognised	-320,232	-18,808	-150,862	-489,902
Changes in foreign exchange and other changes	28,284	2,821	-10,295	20,810
Gross carrying amount as at 30.09.2022	2,411,128	261,370	283,383	2,955,881

2022:

Gross carrying amount as at 01.01.22	2,271,084	394,404	298,057	2,963,544
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-124,095	119,036	-	-5,059
Transfer from stage 1 to stage 3	-89,664	-	90,129	465
Transfer from stage 2 to stage 1	119,814	-135,005	-	-15,191
Transfer from stage 2 to stage 3	-	-83,370	79,312	-4,058
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	851	-857	-6
New assets	1,142,914	85,598	39,207	1,267,719
Assets derecognised	-912,701	-108,647	-176,270	-1,197,618
Changes in foreign exchange and other changes	35,600	9,746	5,091	50,438
Gross carrying amount as at 31.12.22	2,442,953	282,614	334,670	3,060,236



RECONCILIATION OF LOAN LOSS ALLOWANCES, UNSECURED CONSUMER LOANS

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 01.07.23	26,487	26,470	205,651	258,608
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-2,499	10,469	-	7,970
Transfer from stage 1 to stage 3	-299	-	2,595	2,296
Transfer from stage 2 to stage 1	1,133	-3,882	-	-2,749
Transfer from stage 2 to stage 3	-	-5,210	13,718	8,508
Transfer from stage 3 to stage 1	15	-	-192	-177
Transfer from stage 3 to stage 2	-	82	-335	-253
New assets originated or change in provisions	4,363	970	137	5,470
Assets derecognised or change in provisions	-1,411	-1,350	7,320	4,559
Changes in foreign exchange and other changes	-745	-716	-158	-1,619
Expected credit losses as at 30.09.23	27,043	26,834	228,736	282,613

Q3 2022:

Expected credit losses as at 01.07.22	27,297	22,049	171,241	220,587
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-2,278	10,603	-	8,325
Transfer from stage 1 to stage 3	-283	-	2,432	2,149
Transfer from stage 2 to stage 1	1,100	-3,749	-	-2,648
Transfer from stage 2 to stage 3	-	-4,783	10,902	6,120
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	31	-495	-464
New assets originated or change in provisions	2,818	836	5	3,659
Assets derecognised or change in provisions	-2,032	-1,568	-62,567	-66,167
Changes in foreign exchange and other changes	456	308	-11,531	-10,767
Expected credit losses as at 30.09.22	27,078	23,727	109,988	160,792

2022:

Expected credit losses as at 01.01.22	25,600	28,637	124,166	178,402
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-2,259	9,569	-	7,309
Transfer from stage 1 to stage 3	-1,714	-	29,410	27,696
Transfer from stage 2 to stage 1	1,778	-7,764	-	-5,986
Transfer from stage 2 to stage 3	-	-8,380	30,425	22,045
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	25	-651	-625
New assets originated or change in provisions	11,819	7,434	10,724	29,976
Assets derecognised or change in provisions	-11,500	-6,712	-53,906	-72,118
Changes in foreign exchange and other changes	881	883	1,994	3,758
Expected credit losses as at 31.12.22	24,605	23,692	142,162	190,459



RECONCILIATION OF GROSS LENDING TO CUSTOMERS, MORTGAGES

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01.07.23	1,713,253	308,939	65,586	2,087,778
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-145,766	142,340	-	-3,426
Transfer from stage 1 to stage 3	-2,865	-	2,865	-
Transfer from stage 2 to stage 1	51,214	-56,782	-	-5,568
Transfer from stage 2 to stage 3	-	-16,666	16,650	-16
Transfer from stage 3 to stage 1	1,240	-	-1,240	-
Transfer from stage 3 to stage 2	-	972	-989	-17
New assets	416,299	30,857	-	447,156
Assets derecognised	-141,789	-16,771	-19,712	-178,273
Changes in foreign exchange and other changes	2,123	-	103	2,226
Gross carrying amount as at 30.09.23	1,893,709	392,888	63,262	2,349,860

Q3 2022:

Gross carrying amount as at 01.07.22	1,313,070	116,880	14,723	1,444,674
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-71,031	71,116	-	85
Transfer from stage 1 to stage 3	-1,816	-	1,816	-
Transfer from stage 2 to stage 1	26,575	-29,070	-	-2,496
Transfer from stage 2 to stage 3	-	-10,175	10,171	-4
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	333,334	7,942	-	341,277
Assets derecognised	-132,413	-5,698	-4,458	-142,570
Changes in foreign exchange and other changes	-	-	299	299
Gross carrying amount as at 30.09.2022	1,467,718	150,995	22,551	1,641,264

2022:

Gross carrying amount as at 01.01.22	913,564	79,637	9,054	1,002,255
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-70,601	69,656	-	-944
Transfer from stage 1 to stage 3	-15,317	-	15,060	-257
Transfer from stage 2 to stage 1	12,527	-13,616	-	-1,089
Transfer from stage 2 to stage 3	-	-5,993	4,544	-1,449
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets	1,043,514	112,091	6,545	1,162,149
Assets derecognised	-363,047	-35,392	-4,605	-403,044
Changes in foreign exchange and other changes	-698	-	1,208	510
Gross carrying amount as at 31.12.22	1,519,941	206,383	31,806	1,758,131



RECONCILIATION OF LOAN LOSS ALLOWANCES, MORTGAGES

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 01.07.23	1,109	3,415	8,432	12,956
<i>Transfers in Q3 2023:</i>				
Transfer from stage 1 to stage 2	-210	1,127	-	918
Transfer from stage 1 to stage 3	-5	-	61	56
Transfer from stage 2 to stage 1	75	-453	-	-378
Transfer from stage 2 to stage 3	-	-182	1,008	826
Transfer from stage 3 to stage 1	0	-	-12	-12
Transfer from stage 3 to stage 2	-	10	-30	-20
New assets originated or change in provisions	280	293	-	572
Assets derecognised or change in provisions	226	-359	315	182
Changes in foreign exchange and other changes	-	-	103	103
Expected credit losses as at 30.09.23	1,476	3,851	9,877	15,204

Q3 2022:

Expected credit losses as at 01.07.22	2,170	2,141	2,573	6,884
<i>Transfers in Q3 2022:</i>				
Transfer from stage 1 to stage 2	-201	1,184	-	983
Transfer from stage 1 to stage 3	-12	-	151	139
Transfer from stage 2 to stage 1	88	-442	-	-354
Transfer from stage 2 to stage 3	-	-213	1,086	873
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	441	135	-	575
Assets derecognised or change in provisions	33	-51	-130	-148
Changes in foreign exchange and other changes	-	-	299	299
Expected credit losses as at 30.09.22	2,519	2,754	3,979	9,252

2022:

Expected credit losses as at 01.01.22	1,724	1,418	1,270	4,412
<i>Transfers in 2022:</i>				
Transfer from stage 1 to stage 2	-187	1,091	-	904
Transfer from stage 1 to stage 3	-65	-	1,484	1,419
Transfer from stage 2 to stage 1	11	-214	-	-203
Transfer from stage 2 to stage 3	-	-137	405	268
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
New assets originated or change in provisions	1,523	1,599	461	3,583
Assets derecognised or change in provisions	-856	-546	-70	-1,472
Changes in foreign exchange and other changes	-	-	1,208	1,208
Expected credit losses as at 31.12.22	2,149	3,211	4,760	10,120



RECONCILIATION OF GROSS LENDING TO CUSTOMERS, B2B CREDIT LINE

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01.07.23	-	-	-	-
<i>Transfers in Q3 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	37,266	-	-	37,266
Assets derecognised	-	-	-	-
Changes in foreign exchange and other changes	-	-	-	-
Gross carrying amount as at 30.09.23	37,266	-	-	37,266

RECONCILIATION OF LOAN LOSS ALLOWANCES, B2B CREDIT LINE

Q3 2023:

NOK 1000	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 01.07.23	-	-	-	-
<i>Transfers in Q3 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	613	-	-	613
Assets derecognised or change in provisions	-	-	-	-
Changes in foreign exchange and other changes	-	-	-	-
Expected credit losses as at 30.09.23	613	-	-	613

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 90 days past due definition. The overall staging criteria is based on a combination of observed events, past due observations and submodels 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.

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. Macroeconomic indicators that are expected to correlate with probability of default in terms of economic logic are the basis for setting factors used to adjust ECL by the scenarios. The indicators included are "Gross Domestic Product" (market exchange rate in bil. 2012 USD), "Unemployment Rate" (labor force survey, in %), "Consumer Price Index" (total index, 2010=100, 2015=100 and 1980=100 respectively for Finland, Norway and Sweden), "Interest Rate" (three month interbank offered rate, in %) and "House Price Index" (nominal index, 2010=100).



COUNTRY	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28
NORWAY	600.8	593.1	643.2	617.5	627.1	667.3	623.2	635.6	674.6
Gross Domestic Product	5.0	5.3	3.5	3.9	3.9	3.3	3.8	3.8	3.1
Unemployment Rate	126.6	125.3	136.5	130.2	132.1	144.7	129.4	131.3	144.0
Consumer Price Index	3.0	2.3	1.6	4.1	4.2	3.2	3.2	3.5	3.5
Interest Rate	168.7	162.4	208.4	172.9	172.1	213.0	173.8	175.4	220.8
House Price Index									
FINLAND	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28
Gross Domestic Product	278.6	270.9	291.6	289.2	292.3	305.7	294.8	298.6	311.1
Unemployment Rate	7.1	8.4	7.2	6.7	6.7	6.5	6.5	6.5	6.5
Consumer Price Index	130.8	129.1	137.0	132.4	134.1	143.9	132.4	134.1	143.6
Interest Rate	4.2	0.8	0.9	4.0	3.3	2.0	4.1	3.1	2.1
House Price Index	104.6	100.1	110.3	106.9	104.0	117.5	107.4	105.7	119.6
SWEDEN	Pessimistic scenario			Baseline scenario			Optimistic scenario		
	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28	31.12.23	31.12.24	31.12.28
Gross Domestic Product	683.3	674.2	741.3	693.7	704.6	763.7	708.7	720.7	773.4
Unemployment Rate	5.0	5.3	3.5	3.9	3.9	3.3	3.8	3.8	3.1
Consumer Price Index	394.1	391.5	419.8	402.5	410.8	443.1	403.0	410.2	442.7
Interest Rate	4.3	0.4	1.6	4.1	2.8	2.5	4.4	2.8	2.5
House Price Index	168.5	170.0	205.1	173.5	181.7	223.4	175.2	185.8	230.2
Factors pr. 30.09.2023				Mortgages	B2B		Unsecured		
Pessimistic Scenario				Norway	Credit Line		Norway	Finland	Sweden
Baseline Scenario				1.15	1.153		1.153	1.223	1.238
Optimistic Scenario				1.03	1.035		1.035	1.059	1.088
				1.00	1.003		1.003	1.024	1.077

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		B2B			Unsecured loans			Total
	Norway	Credit Line	Norway	Finland	Sweden				
Pessimistic scenario	16,268	667	132,872	16,480	20,820	324,316			
Baseline scenario	14,952	598	122,567	14,671	18,629	290,200			
Optimistic scenario	14,474	580	118,819	14,285	18,468	281,473			
Final ECL	15,204	613	124,534	15,098	19,238	298,430			



Note 3: Regulatory capital and LCR

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Share capital	378,262	332,642	332,642
Share premium	200,430	178,192	178,192
Other equity	265,334	170,022	194,541
Phase in effects of IFRS 9	0	16,023	16,023
Deferred tax asset/intangible assets/other deductions	-26,502	-22,321	-22,065
Common equity tier 1 capital	817,523	674,558	699,333
Additional tier 1 capital	80,900	40,900	80,900
Core capital	898,423	715,458	780,233
Subordinated loan	96,000	56,000	96,000
Total capital	994,423	771,458	876,233

Calculation basis - NOK 1000

Credit risk:

Loans and deposits with credit institutions	43,030	53,364	38,302
Exposures secured by mortgages	840,956	590,883	629,980
Retail exposures	2,327,840	2,002,902	2,040,938
Certificates and bonds	92,446	50,631	78,654
Other assets	27,799	24,294	44,945
Exposures in default	312,149	192,124	219,553
Calculation basis credit risk	3,644,221	2,914,198	3,052,373
Calculation basis operational risk	470,911	516,502	470,911
Total calculation basis	4,115,132	3,430,700	3,523,284

Capital ratios including phase in impact of IFRS 9:

Common equity Tier 1 Capital ratio	19.9 %	19.7 %	19.8 %
Tier 1 capital ratio	21.8 %	20.9 %	22.1 %
Total capital ratio	24.2 %	22.5 %	24.9 %

Capital ratios excluding phase in impact of IFRS 9:

Common equity Tier 1 Capital ratio	19.9 %	19.3 %	19.5 %
Tier 1 capital ratio	21.8 %	20.5 %	21.8 %
Total capital ratio	24.2 %	22.1 %	24.5 %

Regulatory capital requirements:

Common equity Tier 1 Capital ratio	17.6 %	17.1 %	17.4 %
Tier 1 capital ratio	19.1 %	18.6 %	18.9 %
Total capital ratio	21.1 %	20.6 %	20.9 %

Leverage ratio

LCR Total	258 %	275 %	307 %
LCR NOK	227 %	351 %	383 %
LCR EUR	129 %	177 %	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

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Certificates and bonds - level 1	811,153	755,391	867,806
Derivatives- level 2	2,217	19,158	1,773

Liabilities

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Derivatives - level 2	2,776	2,188	543

FINANCIAL INSTRUMENTS AT AMORTIZED COST

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

NOK 1000	30.09.2023	30.09.2022	31.12.2022
Loans and deposits with credit institutions	143,783	265,388	191,254
Net loans to customers	5,693,942	4,479,970	4,674,030
Other receivables	92,537	889	39,527
Total financial assets at amortised cost	5,930,263	4,746,248	4,904,811
Deposits from and debt to customers	5,671,957	4,702,782	4,852,281
Other debt	63,300	45,135	46,098
Subordinated loans	96,000	56,000	96,000
Total financial liabilities at amortised cost	5,831,257	4,803,917	4,994,379

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 1,7 MNOK and expires 30.06.2024. The right of use asset is 1,8 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.



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To the Board of Directors of Instabank ASA

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Instabank ASA as of 30 September 2023, the condensed statements of profit or loss and other comprehensive income and the statement of changes in equity for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the accounting policies described in note 1. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as of 30 September 2023, and its financial performance for the three-month period then ended in accordance with the accounting policies described in note 1.

Oslo, 01.11.2023
KPMG AS

Anders Sjöström
State Authorized Public Accountant

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund