

# Interim presentation Q3-2023

November 2<sup>nd</sup>, 2023



## Key highlights



### **Record-high net profit after tax: 28.2 MNOK**

53 % increase from the same quarter last year

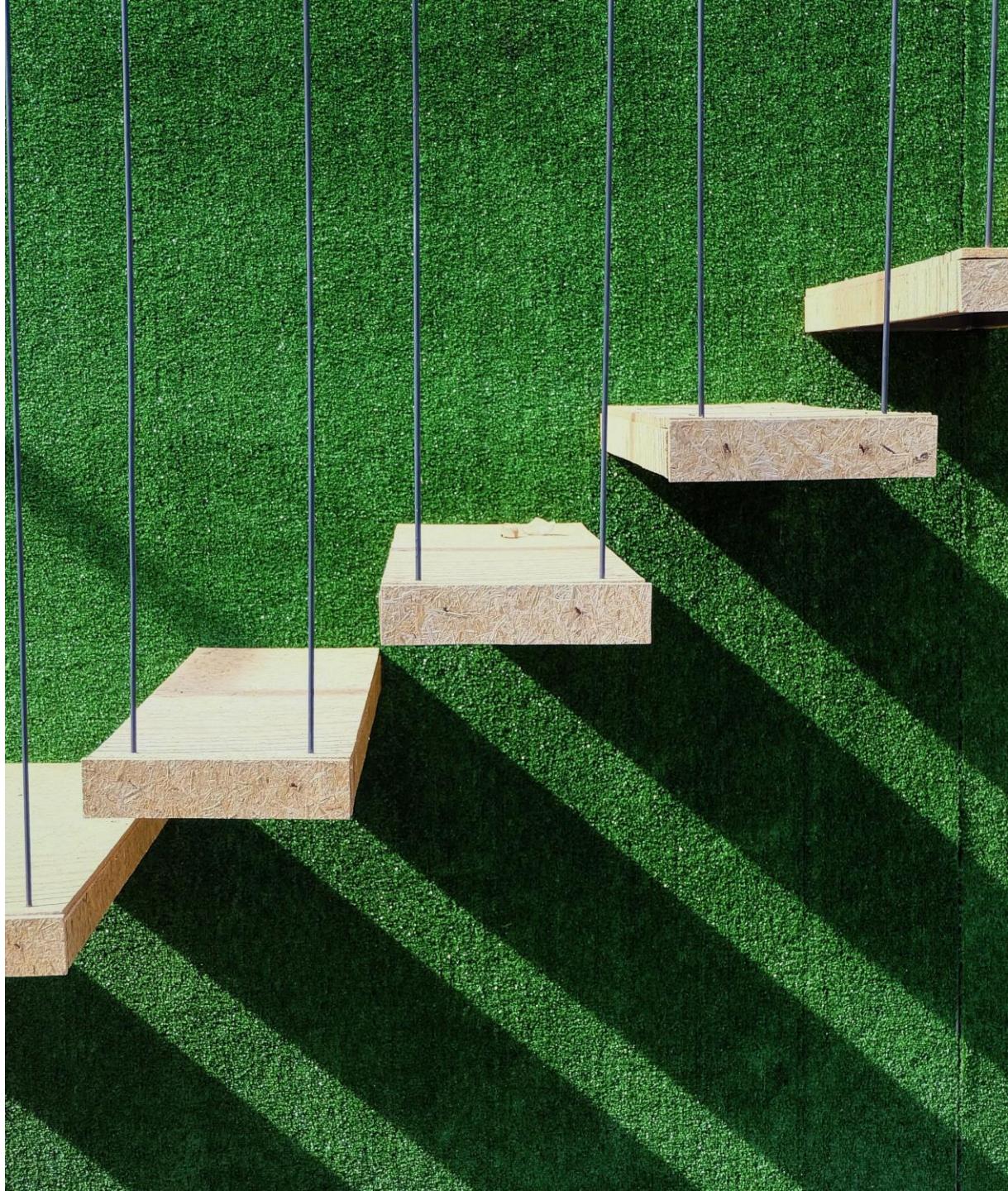
### **Record-high growth in net loans: 460 MNOK**

Growth year to date: 1,013 MNOK

### **Successful launch of B2B Credit line product**

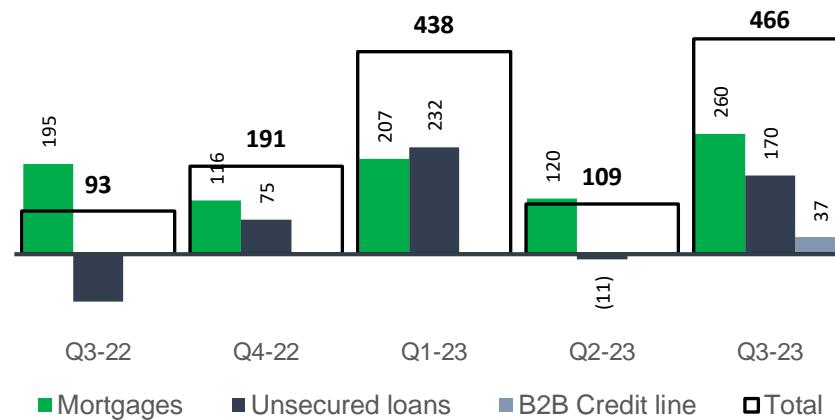
37 MNOK in net lending

## Net loans and margin developments



# Net loan development | Well diversified loan book

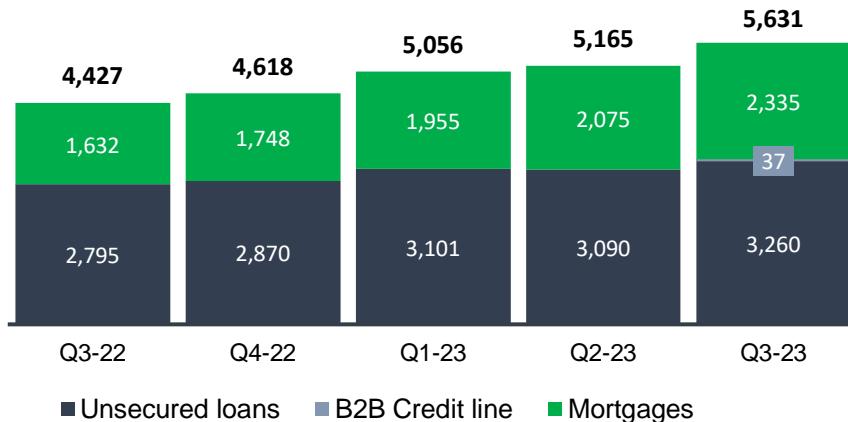
NET LOAN BALANCE GROWTH (MNOK)



KEY COMMENTS:

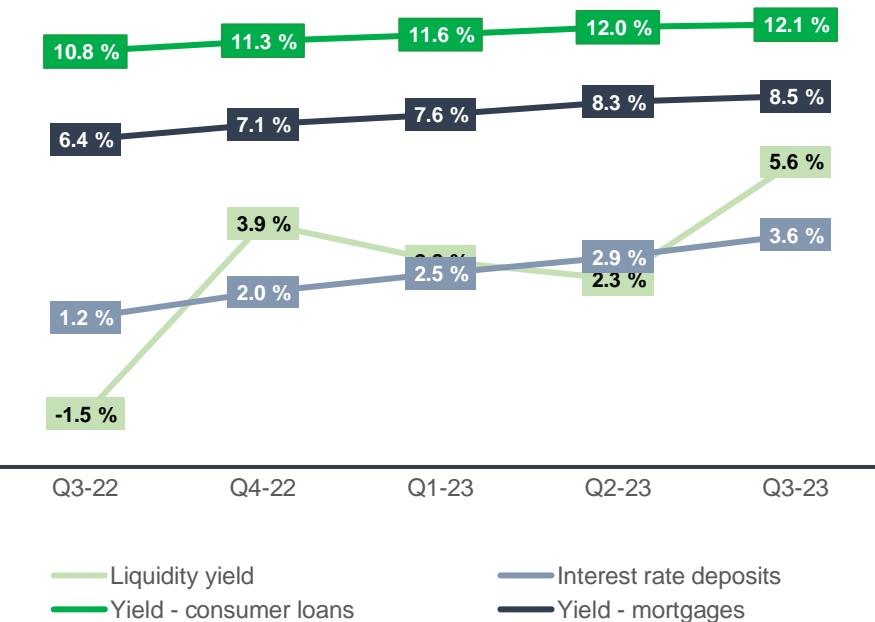
- Record-high growth in net loans of 466 MNOK, YTD 1,013 MNOK
- Mortgages lending increased by 260 MNOK, the second highest quarterly growth
- Mortgages represents 63% of net loans in Norway and 41 % of total net loans, representing lower credit risk than for unsecured loans
- Successful launch of the new credit line product for SMEs
- Well diversified loan book across products and markets reduces risk

NET LOANS TO CUSTOMERS (MNOK)



# Yields and funding cost | Attractive margins

## LENDING AND LIQUIDITY YIELD. INTEREST RATE DEPOSITS:



## KEY COMMENTS:

- Rate hike on loans effective in August following the 0.5 % increase from the Norwegian Central Bank in June
- Deposit rates developments influenced by markets rates as well as increased competition from saving banks
- Liquidity yield outperformed funding cost, making surplus liquidity profitable



# Diversified loan portfolio | Transparent and simple

		Net Loans	# Customers	Avg Ticket Size	Yield
<b>Consumer Loans</b>		2,743''	27,528	99'	12.1 %
Unsecured loans offered in Norway, Finland and Sweden					
<b>Mortgages</b>		2,335''	2,479	942'	8.5 %
First or second priority mortgages for refinancing of unsecured debt or house improvements					
<b>Credit Card</b>		306''	6,675	46'	15.7 %
Most attractive credit card in the market for revolving credit customers					
<b>Sales Finance</b>		210''	22,871	9'	13.4 %
Point of sale or web payment solutions offered through retail partners like Skeidar and Coop					
<b>B2B Credit Line</b>		37''	48	763'	17.7%
Credit line product for small and medium sized enterprises					
<b>Total</b>		<b>5,631''</b>	<b>59,601</b>	<b>94'</b>	<b>10.9 %</b>
Well diversified loan portfolio					



## Deposits volumes | Diversified funding

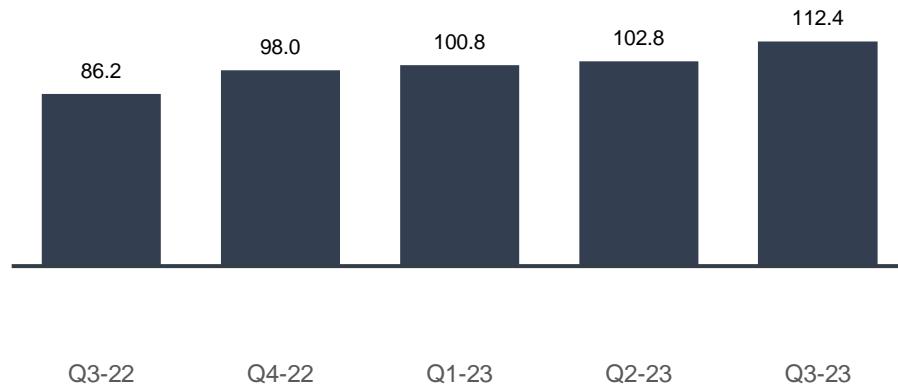
		Volume	# Customers	Avg. Deposit Size	Avg. deposit rate
Norway		3,527''	13,001	271'	4.0 %
Finland		162''	4,092	40'	1.1%
Germany		1,966''	11,934	165'	3.1 %
Sweden		17''	1,760	10'	0.5 %
Total		<b>5,672''</b>	<b>30,787</b>	<b>184'</b>	<b>3.6 %</b>

# Profitability, risk and capital



# Total income | High growth in income

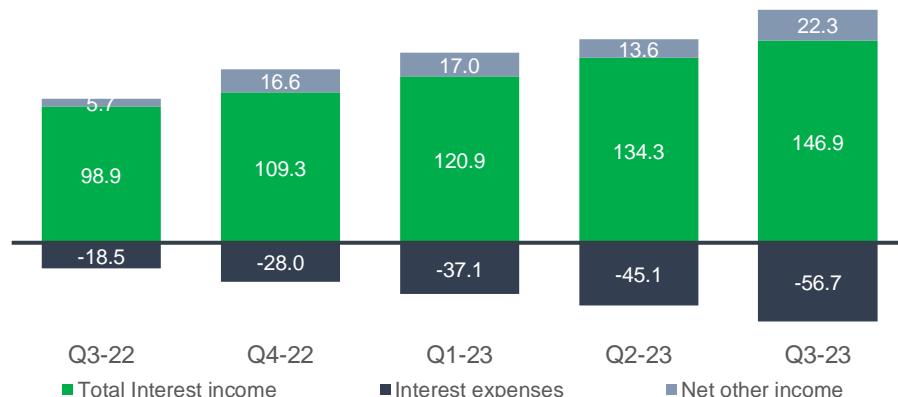
TOTAL INCOME (MNOK):



KEY COMMENTS:

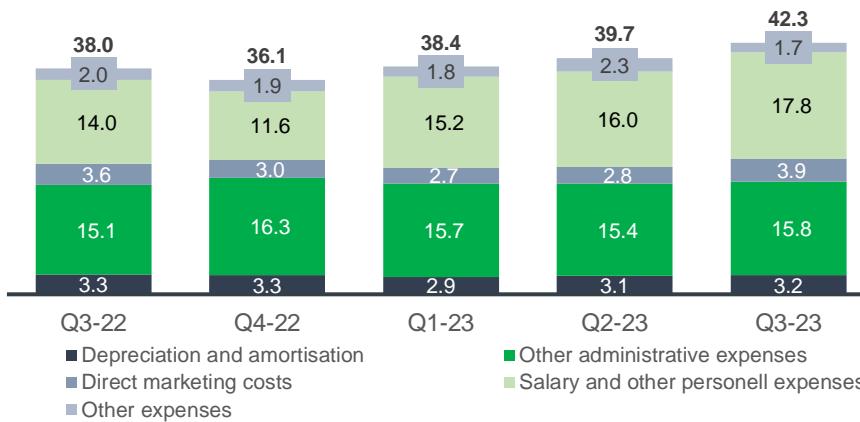
- Total interest income increased by 45.9 MNOK from the same quarter last year, driven by a 12-month net loan growth of 1,204 MNOK and increased loan yield to 10.6 % from 8.9 %
- The increase in interest expenses comes from higher deposit rates as well as an increased deposit volume of 373 MNOK in Q3-23
- Net other income was up 8.7 MNOK from Q2-23 resulting from a high yield on security holdings of 5.6% due to higher market rates and positive changes in value

TOTAL INCOME DETAILED (MNOK):



# Operating expenses | Demonstrating economy of scale

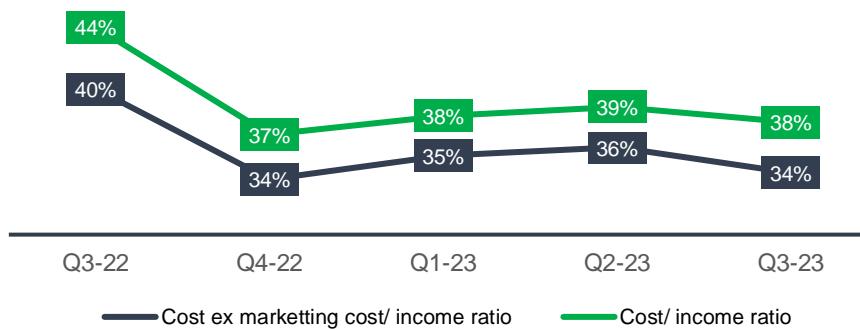
## OPERATING EXPENSES BREAKDOWN (MNOK):



## KEY COMMENTS:

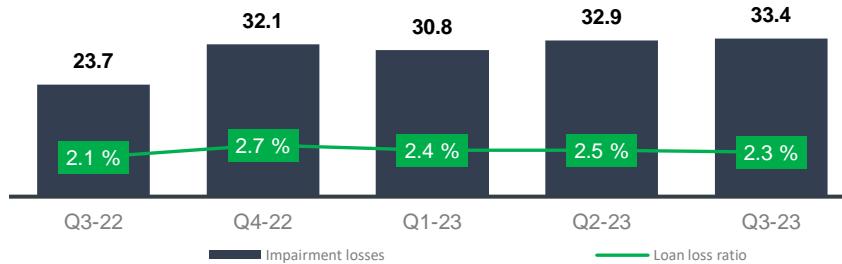
- Increase in personnel expenses comes from full effect of annual salary increase and new hires
- Marketing cost increase relates to marketing of the new B2B credit line product
- The cost-to-income ratio decreased to 38 % from 44 % in the same quarter last year, demonstrating economy of scale

## COST/INCOME RATIO:

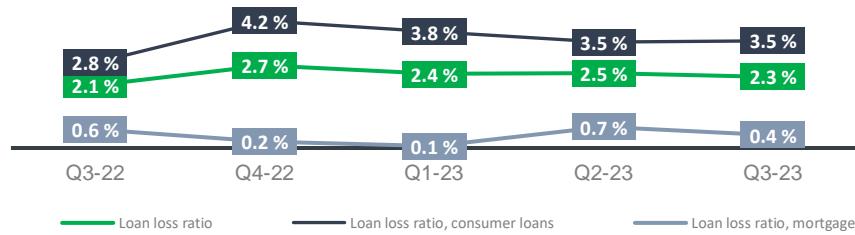


# Credit risk | Mortgages represent low credit risk

## IMPAIRMENT LOSSES (MNOK):



## LOAN LOSS RATIO PER TYPE OF LOAN:



## LOANS PAST DUE:



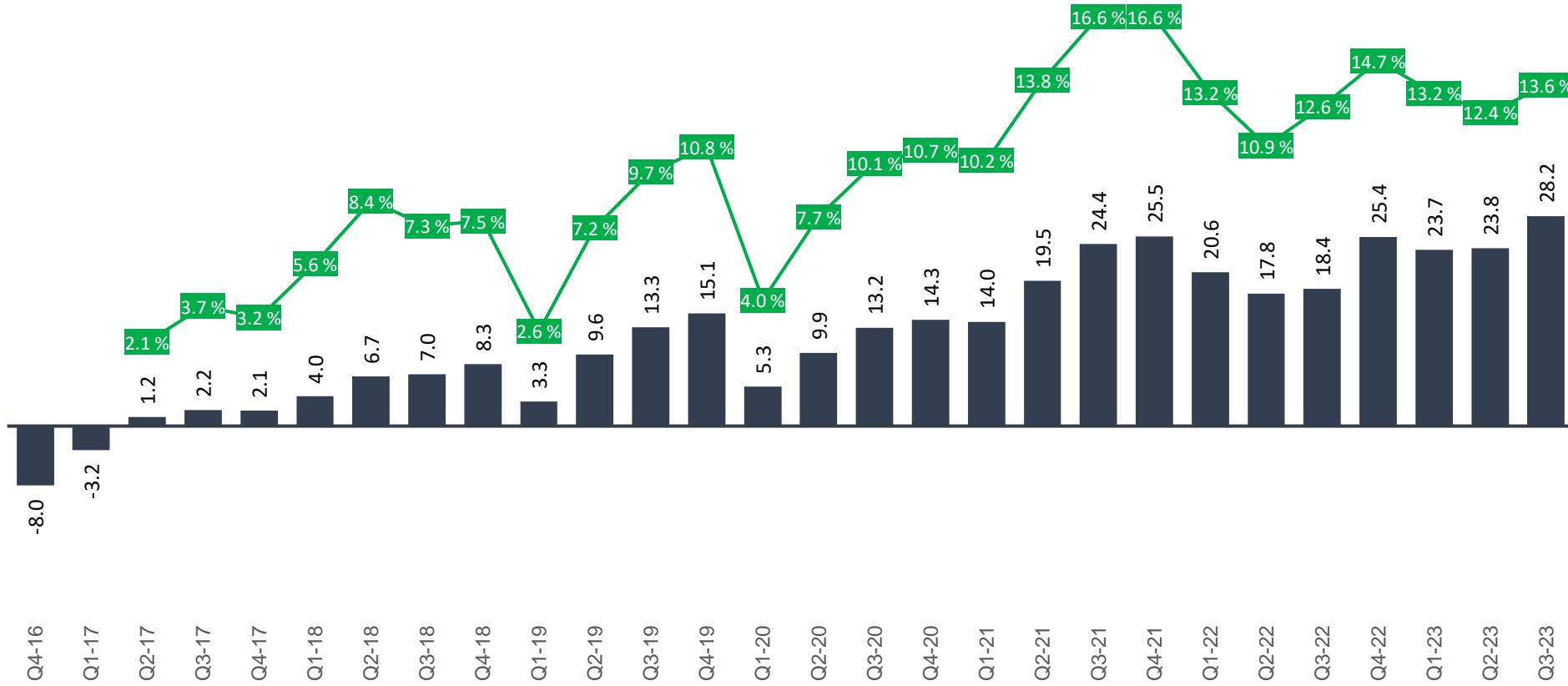
## KEY COMMENTS:

- Loan loss ratio came down to 2.3 % from 2.5 % in the previous quarter
- Consumer loans loan loss ratio stable at 3.5 %, well below industry peers
- Loan loss ratio for mortgages still at an attractive level and came down to 0.4 % from 0.7 in the previous quarter
- Share of loans past due 1-30 days at a lower level than one year ago and NPL portfolio decreased from 9.6 % from the previous quarter to 9.4 % because of repayments

## Profits | Long term growth in profit

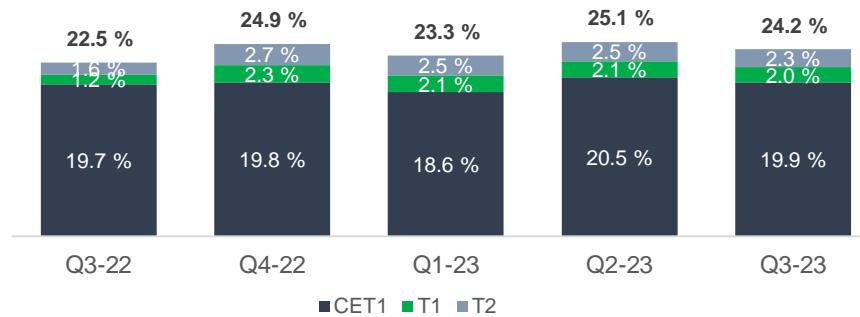
**26 consecutive profitable quarters**

PROFIT AFTER TAX (NOKM) &amp; RETURN ON EQUITY:



# Regulatory Capital | Solid capital adequacy

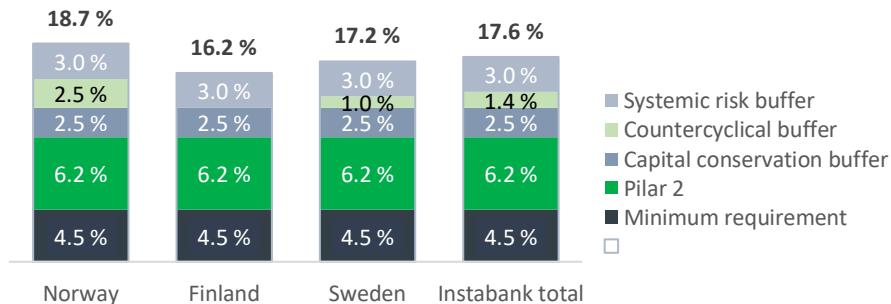
## DEVELOPMENTS IN CAPITAL ADEQUACY RATIOS:



## KEY COMMENTS:

- 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
- A solid capital position enables continued growth

## CET1 REQUIREMENTS PER COUNTRY AND TOTAL:

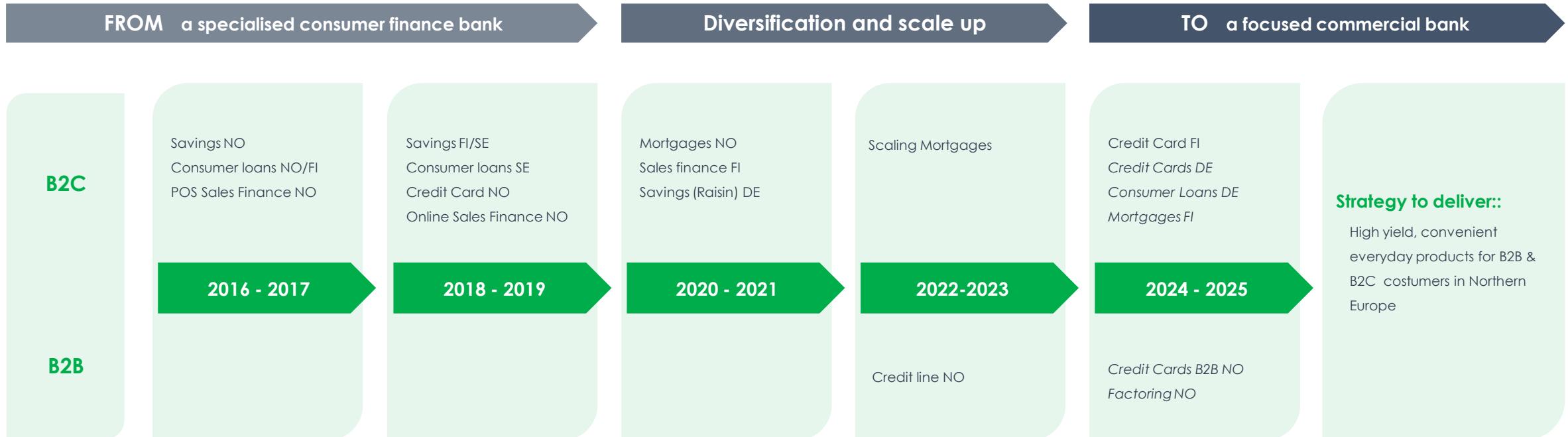


# Strategy

and ambitions



# Product strategy | Continued expansion and diversification



- Launched SME credit line product in Q3-23
- Ambitions to expand internationally in the 2024-2025 period

# Financials | Guiding as per Q3-23



## PROFIT AFTER TAX

Strong improvement in profits

## ROE

Strong improvement in performance

## GROSS LOANS

Growth is necessary to improve profits

## COST TO INCOME

Economies of scale

## Outlook 2023

~100 mill.

 Among the better

~ 13 %

 Among the better

> 6.0 Bn

 Growth shows direction

< 40 %

 Heading in the right direction

Strategic ambition  
mid-term

> 200 mill.

 Proof of Success

> 18 %

 Proof of Success

9.0 Bn

 Proof of growth capacity

< 35 %

 Compares with industry leaders

# Key value propositions | The Nordic Challenger Bank



<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	<b>4</b>	Continued strong growth in net loans at attractive margins
<b>2</b>	Lean operational platform and organisation with significant scalability enabling cross border operations from one location.	<b>5</b>	Proven track record delivering profits 25 consecutive quarters and heading for an increase in return on equity
<b>3</b>	Well diversified loan portfolio across markets, products and customers segments	<b>6</b>	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.

## 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 | 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.

## 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 (October 31<sup>st</sup>, 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	13,000,000	3.4%
8	HJELLEGJERDE INVEST AS	10,193,220	2.7%
9	KRISTIAN FALNES AS	10,100,000	2.7%
10	TORSTEN TVENGE	10,000,000	2.6%
11	LEIKVOLLABAKKEN 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	LEIRIN HOLDING AS	4,333,333	1.1%
16	CAHE FINANS AS	4,301,000	1.1%
17	NORDNET LIV/SFORSIKRING AS	3,966,233	1.0%
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>302,405,631</b>	<b>79.9%</b>
Other shareholders		75,855,881	20.1%
<b>Total</b>		<b>378,261,512</b>	<b>100.0%</b>

Share price development (last 12 months)



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	929,417	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>13,004,897</b>	<b>3.4 %</b>
Other employees		2,385,392	0.6 %
Board members		5,479,200	1.4 %
<b>Total</b>		<b>20,869,489</b>	<b>5.5 %</b>



# Income statement & Balance sheet | Overview

## INCOME STATEMENT (NOK THOUSAND)

P&L	Q3-23	Q2-23	Q1-23	FY 2022	Q4-22	Q3-22
<b>Total income:</b>						
Interest Income using the effective interest method	146,897	134,255	120,926	393,623	109,328	98,946
Interest expenses	56,717	45,088	37,130	73,890	27,952	18,456
<b>Net interest income</b>	<b>90,180</b>	<b>89,167</b>	<b>83,796</b>	<b>319,734</b>	<b>81,376</b>	<b>80,490</b>
Net other income	22,265	13,613	16,967	37,850	16,619	5,737
<b>Total income</b>	<b>112,445</b>	<b>102,780</b>	<b>100,763</b>	<b>357,584</b>	<b>97,995</b>	<b>86,227</b>
<b>Operating expenses:</b>						
Salary and other personnel expenses	17,814	16,015	15,199	55,498	11,592	14,048
Other administrative expenses, of which	19,623	18,258	18,406	77,690	19,293	18,658
- direct marketing cost	3,852	2,836	2,716	17,843	2,962	3,596
Other expenses	1,664	2,328	1,797	13,045	1,915	1,966
Depreciation and amortisation	3,214	3,146	2,947	7,789	3,260	3,338
<b>Total operating expenses</b>	<b>42,314</b>	<b>39,747</b>	<b>38,350</b>	<b>154,023</b>	<b>36,059</b>	<b>38,009</b>
Losses on loans	33,364	32,936	30,849	100,230	32,053	23,658
<b>Operating profit before tax</b>	<b>36,766</b>	<b>30,097</b>	<b>31,564</b>	<b>103,331</b>	<b>29,884</b>	<b>24,560</b>
Tax	8,587	6,250	7,891	21,091	4,480	6,140
<b>Profit and other comprehensive income</b>	<b>28,179</b>	<b>23,847</b>	<b>23,673</b>	<b>82,240</b>	<b>25,403</b>	<b>18,420</b>

## BALANCE SHEET (NOK THOUSAND)

Balance Sheet	30.09.23	30.06.23	31.03.23	31.12.22	30.09.22
<b>Assets</b>					
Loans and deposits with credit institutions	143,783	187,278	174,078	191,254	265,388
Loans to customers	5,693,942	5,221,209	5,115,359	4,674,030	4,479,970
Certificates and bonds	811,153	868,090	848,185	867,806	755,391
Other intangible assets	25,575	23,865	22,756	21,197	21,567
Fixed assets	2,514	3,083	3,623	3,645	4,247
Derivatives	2,217	2,197	4,002	1,773	19,158
Other receivables	92,537	32,849	36,735	39,527	889
<b>Total assets</b>	<b>6,771,721</b>	<b>6,338,571</b>	<b>6,204,739</b>	<b>5,799,233</b>	<b>5,546,610</b>
<b>Liabilities</b>					
Deposits from and debt to customers	5,671,957	5,298,457	5,234,665	4,852,281	4,702,782
Other debts	38,223	23,810	15,145	20,491	24,584
Accrued expenses and liabilities	14,378	11,686	13,461	17,844	17,979
Derivatives	2,776	-	3,361	543	2,188
Deferred tax	1,161	413	734	734	2,957
Tax payable	22,301	11,037	32,956	25,065	18,362
Subordinated loan capital	96,000	96,000	96,000	96,000	56,000
<b>Total liabilities</b>	<b>5,846,796</b>	<b>5,441,403</b>	<b>5,396,323</b>	<b>5,012,958</b>	<b>4,824,853</b>
<b>Equity</b>					
Share capital	378,262	377,228	332,642	332,642	332,642
Share premium reserve	200,430	200,081	178,192	178,192	178,192
Retained earnings	265,334	238,959	216,682	194,541	170,022
Additional tier 1 capital	80,900	80,900	80,900	80,900	40,900
<b>Total equity</b>	<b>924,925</b>	<b>897,168</b>	<b>808,417</b>	<b>786,275</b>	<b>721,757</b>
<b>Total liabilities and equity</b>	<b>6,771,721</b>	<b>6,338,571</b>	<b>6,204,739</b>	<b>5,799,233</b>	<b>5,546,610</b>



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