

A photograph of a man and a woman smiling and embracing each other. The man is on the left, wearing a denim jacket over a plaid shirt. The woman is on the right, wearing glasses and a denim jacket. The background is blurred, suggesting an outdoor setting.

Instabank

Interim Presentation – Q3/2017 – 19 October 2017

Important information and disclaimer

THIS PRESENTATION (THE "PRESENTATION") HAS BEEN PRODUCED BY INSTABANK ASA (THE "COMPANY" OR "INSTABANK"), SOLELY FOR USE AT THE PRESENTATION TO INVESTORS AND IS STRICTLY CONFIDENTIAL AND MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON. TO THE BEST OF THE KNOWLEDGE OF THE COMPANY AND ITS BOARD OF DIRECTORS, THE INFORMATION CONTAINED IN THIS PRESENTATION IS IN ALL MATERIAL RESPECT IN ACCORDANCE WITH THE FACTS AS OF THE DATE HEREOF, AND CONTAINS NO MATERIAL OMISSIONS LIKELY TO AFFECT ITS IMPORT.

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS RELATING TO THE BUSINESS, FINANCIAL PERFORMANCE AND RESULTS OF THE COMPANY AND/OR THE INDUSTRY IN WHICH IT OPERATES. FORWARDLOOKING STATEMENTS CONCERN FUTURE CIRCUMSTANCES AND RESULTS AND OTHER STATEMENTS THAT ARE NOT HISTORICAL FACTS, SOMETIMES IDENTIFIED BY THE WORDS "BELIEVES", "EXPECTS", "PREDICTS", "INTENDS", "PROJECTS", "PLANS", "ESTIMATES", "AIMS", "FORESEES", "ANTICIPATES", "TARGETS", AND SIMILAR EXPRESSIONS. THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PRESENTATION, INCLUDING ASSUMPTIONS, OPINIONS AND VIEWS OF THE COMPANY OR CITED FROM THIRD PARTY SOURCES ARE SOLELY OPINIONS AND FORECASTS WHICH ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL EVENTS TO DIFFER MATERIALLY FROM ANY ANTICIPATED DEVELOPMENT. NONE OF THE COMPANY OR ANY OF THEIR PARENT OR SUBSIDIARY UNDERTAKINGS OR ANY SUCH PERSON'S OFFICERS OR EMPLOYEES PROVIDES ANY ASSURANCE THAT THE ASSUMPTIONS UNDERLYING SUCH FORWARD-LOOKING STATEMENTS ARE FREE FROM ERRORS NOR DOES ANY OF THEM ACCEPT ANY RESPONSIBILITY FOR THE FUTURE ACCURACY OF THE OPINIONS EXPRESSED IN THIS PRESENTATION OR THE ACTUAL OCCURRENCE OF THE FORECASTED DEVELOPMENTS. THE COMPANY ASSUMES NO OBLIGATION, EXCEPT AS REQUIRED BY LAW, TO UPDATE ANY FORWARD-LOOKING STATEMENTS OR TO CONFORM THESE FORWARD-LOOKING STATEMENTS TO OUR ACTUAL RESULTS.

AN INVESTMENT IN THE COMPANY INVOLVES INHERENT RISKS AND IS SUITABLE ONLY FOR INVESTORS WHO UNDERSTAND THE RISKS ASSOCIATED WITH THIS TYPE OF INVESTMENT AND WHO CAN AFFORD A LOSS OF ALL OR PART OF THE INVESTMENT. SEVERAL FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY STATEMENTS AND INFORMATION IN THIS PRESENTATION, INCLUDING, AMONG OTHERS, RISKS OR UNCERTAINTIES ASSOCIATED WITH THE COMPANY'S BUSINESS, ITS DEVELOPMENT, GROWTH MANAGEMENT, FINANCING, MARKET ACCEPTANCE AND RELATIONS WITH CUSTOMERS, AND, MORE GENERALLY, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS, TAXES, CHANGES IN COMPETITION AND PRICING ENVIRONMENTS AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED IN THIS DOCUMENT. THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT THE INFORMATION INCLUDED IN THIS PRESENTATION.

NO REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED) IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, ANY INFORMATION, INCLUDING PROJECTIONS, ESTIMATES, TARGETS AND OPINIONS, CONTAINED HEREIN, AND NO LIABILITY WHATSOEVER IS ACCEPTED AS TO ANY ERRORS, OMISSIONS OR MISSTATEMENTS CONTAINED HEREIN, AND, ACCORDINGLY, NONE OF THE COMPANY OR ANY OF THEIR PARENT OR SUBSIDIARY UNDERTAKINGS OR ANY SUCH PERSON'S OFFICERS OR EMPLOYEES ACCEPTS ANY LIABILITY WHATSOEVER ARISING DIRECTLY OR INDIRECTLY FROM THE USE OF THIS DOCUMENT.

THERE MAY HAVE BEEN CHANGES IN MATTERS WHICH AFFECT THE COMPANY SUBSEQUENT TO THE DATE OF THIS PRESENTATION. NEITHER THE ISSUE NOR DELIVERY OF THIS PRESENTATION SHALL UNDER ANY CIRCUMSTANCE CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THE AFFAIRS OF THE COMPANY HAVE NOT SINCE CHANGED, AND THE COMPANY DOES NOT INTEND, AND DOES NOT ASSUME ANY OBLIGATION, TO UPDATE OR CORRECT ANY INFORMATION INCLUDED IN THIS PRESENTATION. BY ATTENDING OR RECEIVING THIS PRESENTATION, YOU ACKNOWLEDGE THAT YOU WILL BE SOLELY RESPONSIBLE FOR FORMING YOUR OWN VIEW OF THE POTENTIAL FUTURE PERFORMANCE OF THE COMPANY.

THIS PRESENTATION SPEAKS AS OF 31 DECEMBER 2016. NEITHER THE DELIVERY OF THIS PRESENTATION NOR ANY FURTHER DISCUSSIONS OF THE COMPANY WITH ANY OF THE RECIPIENTS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

Key highlights & developments Q3-2017



Q3 profit of NOK 2.2 million

Year to date profit of NOK 0.2 million



Project on plan to launch in the Finnish market

Estimated launch early 2018



Continued high loan growth

NOK 306 million during Q3



Signed Skeidar agreement

Signed exclusive distribution and strategic ownership agreement with Skeidar



Branding campaign on NRK

High level brand exposure led to jump in brand awareness



Strengthened position within data and analysis

Implemented Provenir risk analysis and decision-making platform



Key figures Q3-2017



Quarterly growth in net loans of **NOK 306 million**



Outstanding net loans of **NOK 1,093 million**



Customer deposits of **NOK 1,062 million**



Total income of **NOK 30.5 million**



Net profit after tax of **NOK 2.2 million**



Total equity of **NOK 237 million**



Operating expenses & loan losses **developing as planned**

Instabank Lån Sparekonto Kundesenter Om oss Instablogg

Lån tilpasset deg og din hverdag
Du kan nå låne inntil 500 000 - få umiddelbart svar og rask utbetaling.

1 Velg beløp 2 Velg nedbetalingstid 3 Du betaler

250000 kr Fleksibel 2876 kr / mnd
Eksempelrente: 13,49 %

Søk her >



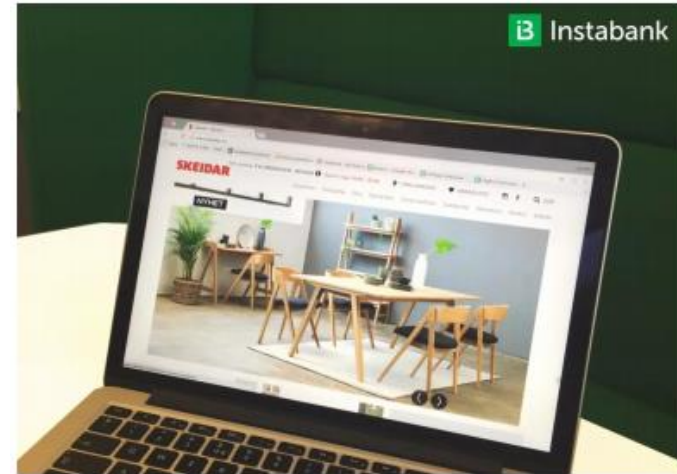
Skeidar partnership

Agreement

- Instabank is granted exclusive rights to the distribution of financing products in the Skeidar Group's 52 retail stores from 2018
- Skeidar acquires 10 percent share ownership in Instabank – a total of 20 million shares at a price of NOK 2 per share
- Skeidar is obliged to participate with its relative share in the next capital increase, at market price

Expectations

- Development of new and customer-friendly financing products tailored to Skeidar's business in particular and retail in general
- Supply of new customers with relatively small loan amounts and solid credit quality
- Attractive average lending rate



“Finanstilsynets” new guidelines

- Instabank is following the new guidelines
- Optimizing and making significant changes in the on-boarding process for loan customers in the weeks to come
- Refinancing important – still expect steady flow of new customers with credit card debt
- New products/distribution channels more important than before
- Some expected volume reduction on traditional repayment loans
- Geographic expansion will be prioritized

Summary

- The bank is well prepared for continued strong growth also after adaptation to the new guidelines



Scalable platform with tailored product offering

2016

Unsecured consumer loans

- One product, two variations:
 - Amortizing loan
 - Revolving credit and flexible repayment

Loan amount
NOK
5,000-500,000

Pricing

7.9-19.99% p.a.

Saving accounts

- NOK 50,000 – 2,000,000
- Attractive interest rate

Payment protection insurances

- Prepaid insurance
- Covers instalments within the initial period of 36 months

Online banking

- Deposit
- Loan and loan increases
- Invoice payments

2017 – 2018

Sales Finance

- Web payment solutions
- Shop payment solutions
- Closed loop solutions

Niche loans (not registered mortgage)

- Boat loans
- Car loans

Factoring

- Factoring

Partners

- Skeidar – 52 retail stores
(more than NOK 2 billion in turnover)

Geographical expansion

- Finland – to be launched early Q1-18

Payment solutions

- *Credit cards (Visa or MasterCard)*
- *Virtual cards*
- *Mobil payment applications*

Loyalty programs

- *Personal loyalty through tailored solutions*
- *Online portal with special / limited offers*

Further geographical growth ambitions

- *Next step*

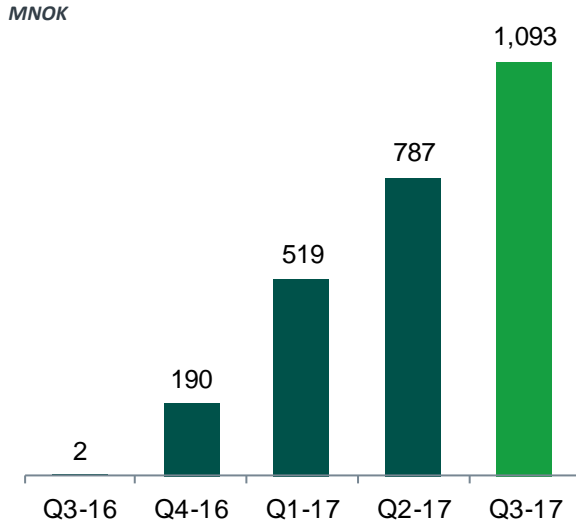
Current accounts?

- *Conventional debit cards linked to deposit accounts*
- *Instant access and flexible repayment*
- *Bundle with overdraft facility*

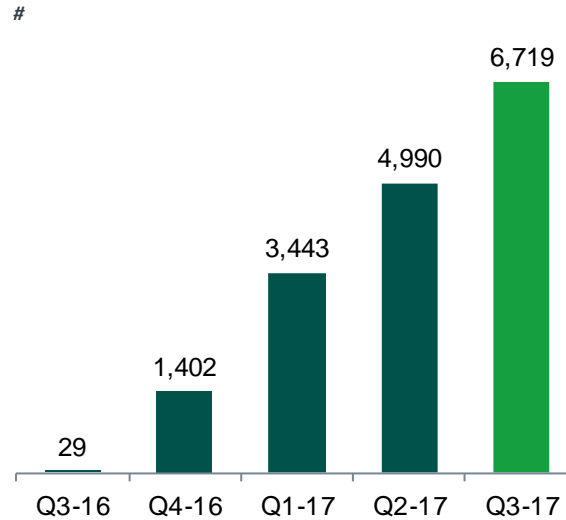
Note: Text in *italics* are products that have not yet been launched

Continued high loan growth

Net loans to customers



Number of loan customers



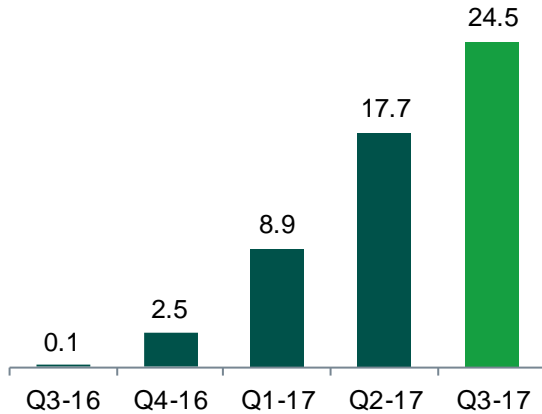
Key comments

- Strong emphasis on marketing through the year to strengthen brand awareness and to boost sales
- Project to launch in the Finnish market early 2018 on track
- Considering further geographical expansion

Income development

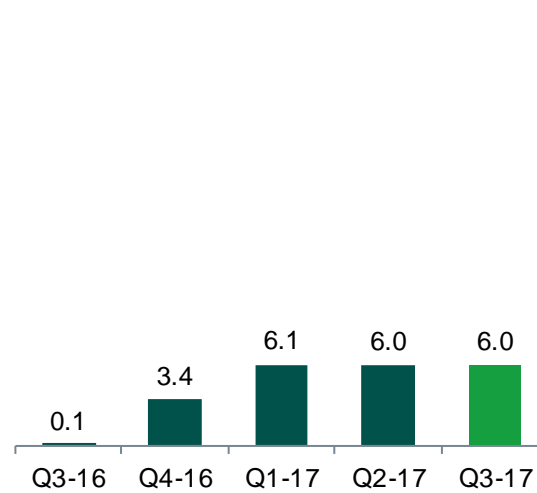
Net interest income

MNOK



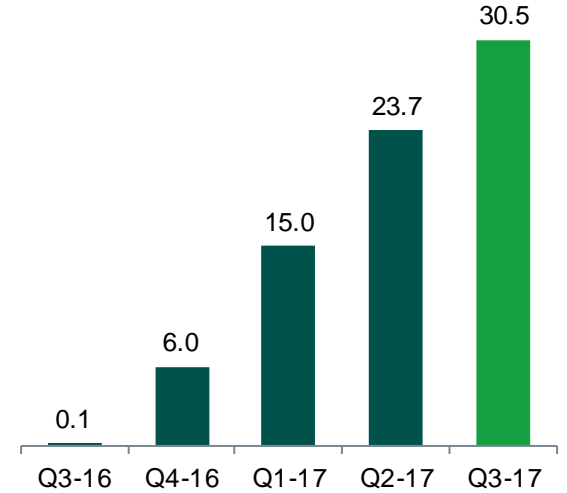
Net commission fees and other income

MNOK



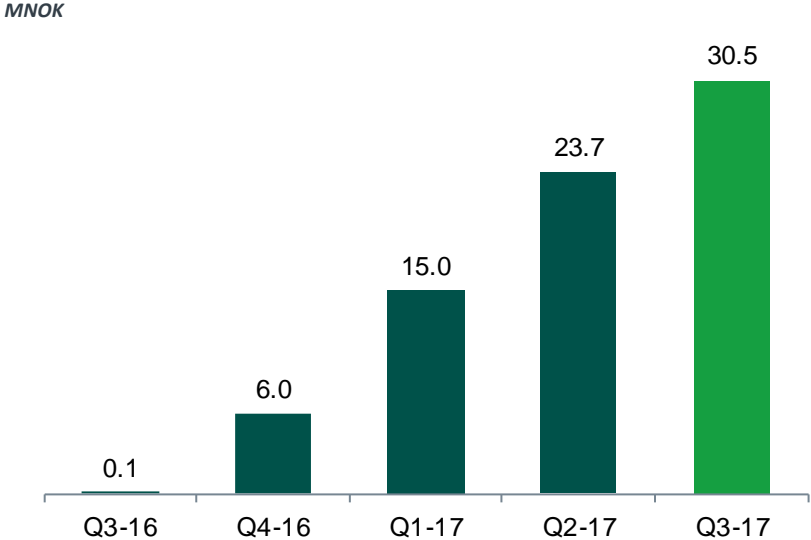
Total income

MNOK

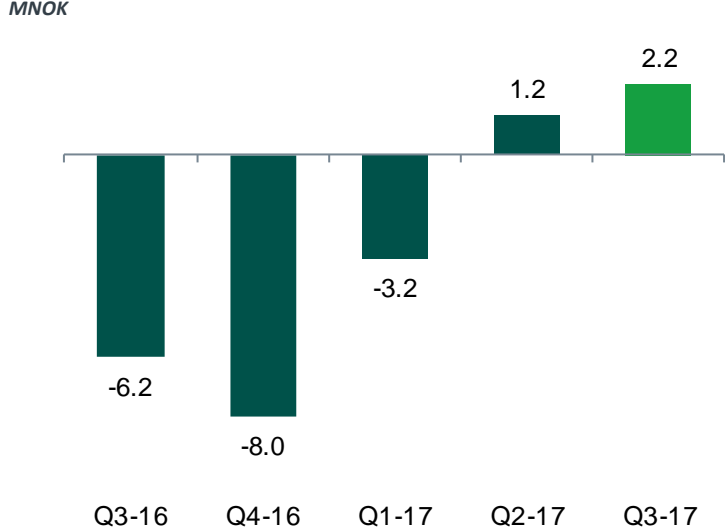


Continued profitability

Total income

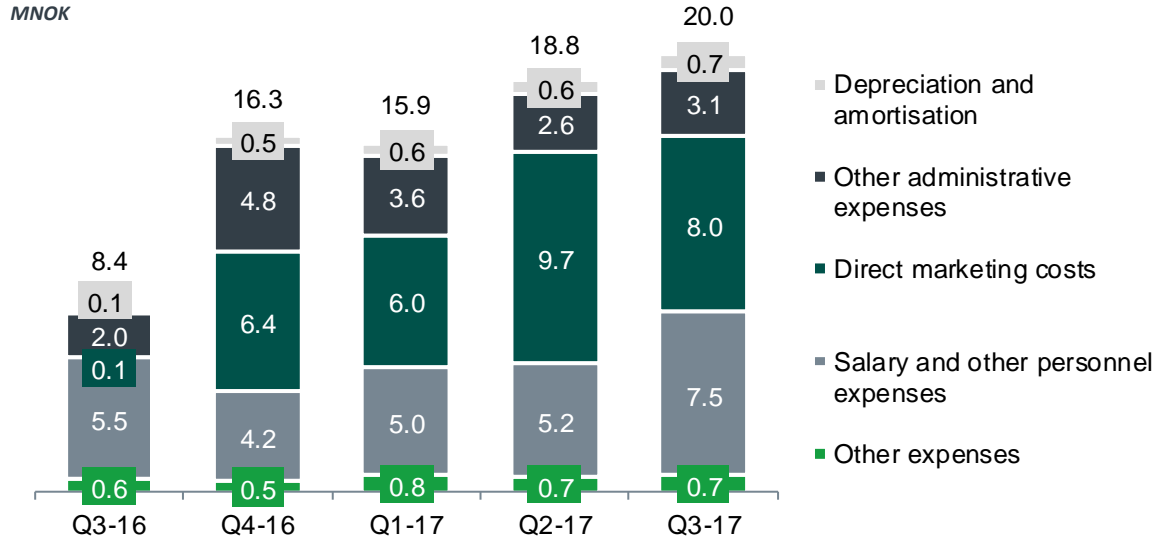


Net result after tax



Disciplined cost control

Operating expenses by category

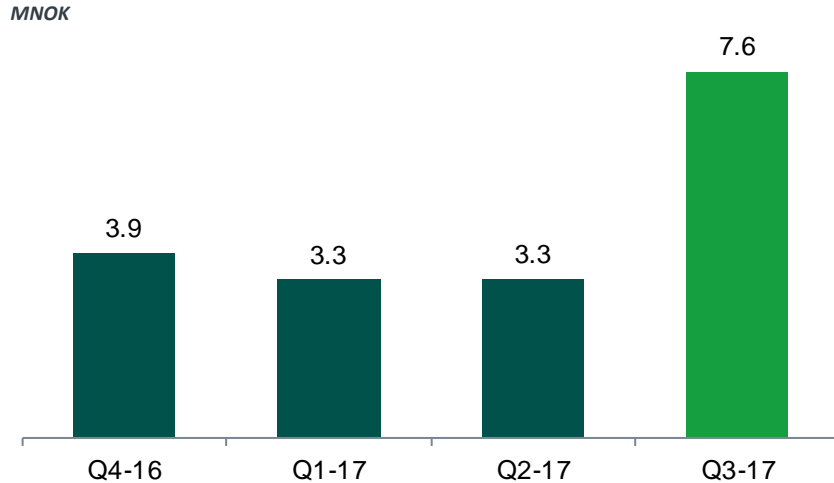


Key comments

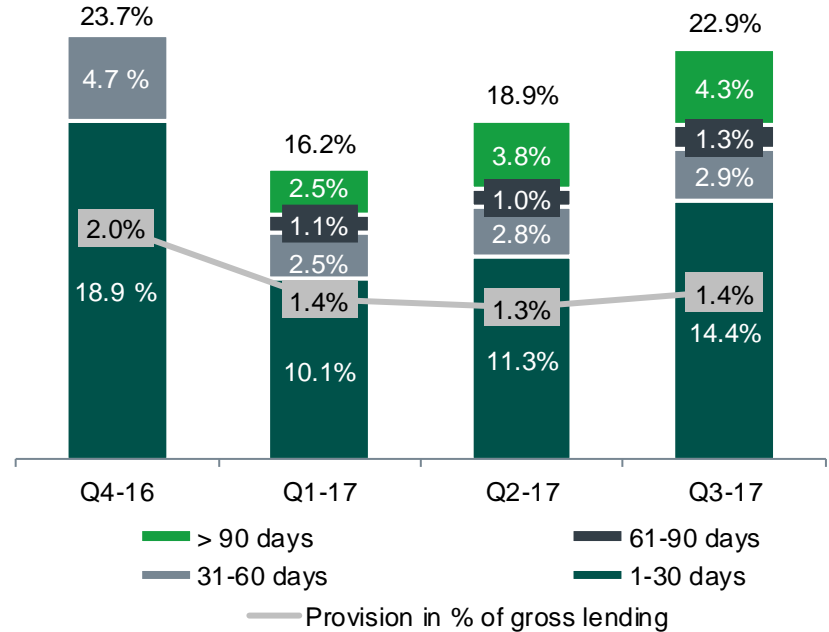
- Operating expenses developing according to plan
- Increased personnel expenses due to provision for employer's contribution on subscription rights

Well balanced credit risk management

Impairment losses

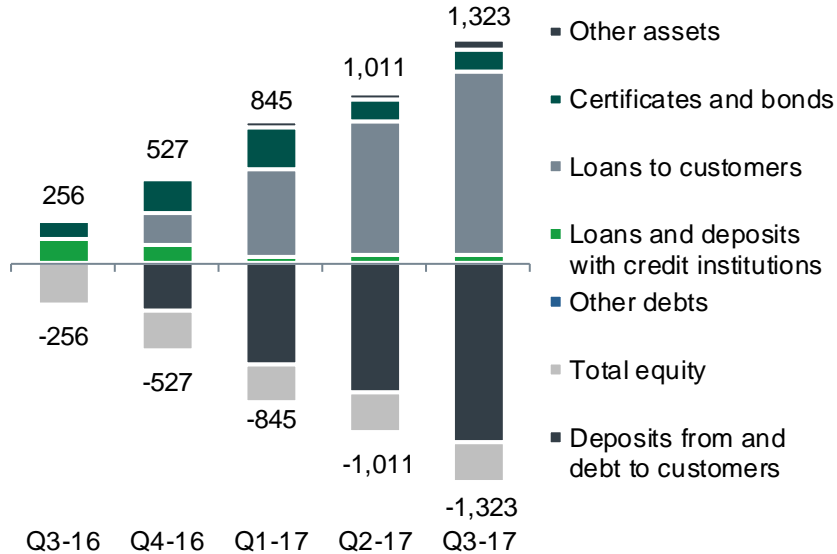


Past due days at end of quarter

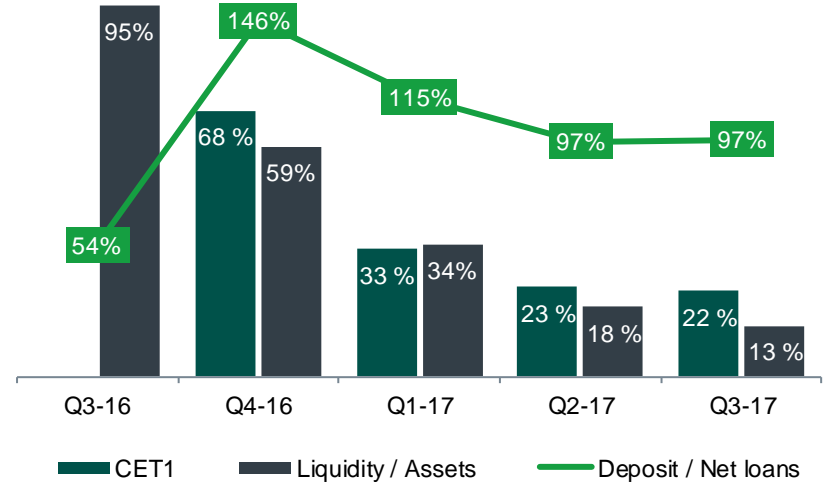


Balance sheet structure

Assets and liabilities & equity

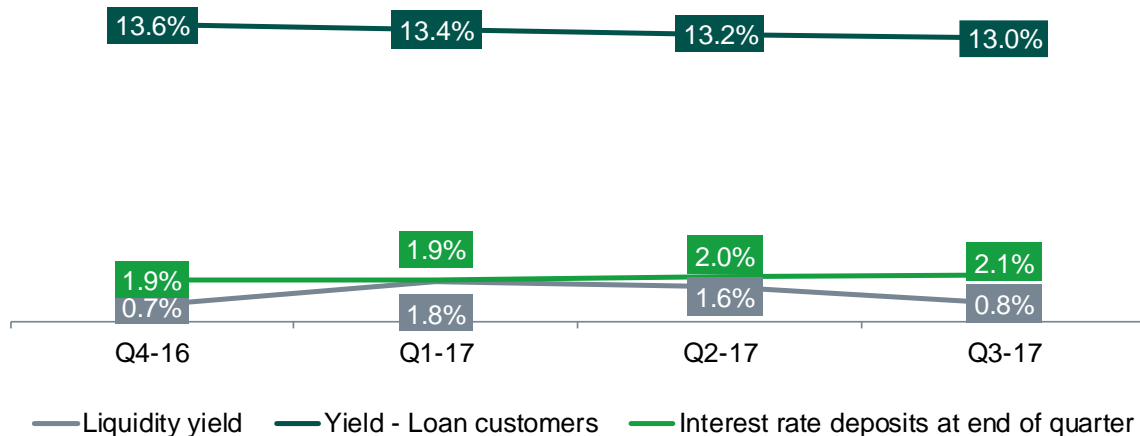


Key financial ratios



Stable funding costs and attractive yields

Development in yields and funding costs



Key comments

- Attractive interest rate, affected by mix of products, distribution channel, and risk assessment
- Stable funding cost
- Low yield on liquidity, reflecting risk profile on portfolio

Instabank outlook

Strategy

- Exploring opportunities for further geographical expansion
- More products to diversify and attract new retail & online partners
- Continued focus on data insight, operational efficiency and optimal credit decision processes
- Distribution of related products as an aggregator for subcontractors

Near term focus

- Launch of lending & saving products in the Finnish market
- Launch of consumer-friendly financing products at all 52 of Skeidar's retail outlets
- Adapt to new regulations from the Financial Supervisory Authority

Outlook

	2016	2017 YTD	2017 Guiding	2018 Guiding
Growth in Norway	190 310	902 294	1 050 000	800 000
Growth in Finland	-	-	-	500 000
Total Growth	190 310	902 294	1 050 000	1 300 000
Net loans	190 310	1 092 604	1 250 000	2 510 000

Continued strong profitable growth

Diversified distribution through new markets and products

Exceeding goals continuously



Appendix

Financial summary since start of operations

P&L (NOK '000)

Items	Q3-17	Q2-17	Q1-17	FY2016	Q4-16	Q3-16
Operating income						
Interest income	29,074	20,939	11,107	3,147	3,018	103
Interest expenses	4,592	3,235	2,190	505	495	11
Net interest income	24,482	17,703	8,917	2,641	2,524	92
Net commission fees and other income	6,043	6,038	6,104	3,487	3,436	50
Total income	30,525	23,741	15,020	6,128	5,960	142
Operating expenses						
Salary and other personnel expenses	7,493	5,217	4,982	12,368	4,157	5,528
Other administrative expenses, of which	11,097	12,278	9,622	14,831	11,179	2,089
- <i>direct marketing cost</i>	8,033	9,671	6,024	6,414	6,360	54
Depreciation and amortisation	672	617	577	624	477	137
Other expenses	743	693	763	1,240	477	596
Total operating expenses	20,006	18,804	15,943	29,062	16,290	8,350
Losses on loans	7,644	3,312	3,296	3,852	3,852	0
Operating (loss)/profit before tax	2,875	1,624	(4,219)	(26,787)	(14,182)	(8,208)
Tax	719	406	(1,055)	(9,380)	(6,229)	(2,052)
Profit/loss after tax	2,156	1,218	(3,165)	(17,407)	(7,953)	(6,156)

Balance sheet (NOK '000)

Items	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16
Assets					
Loans and deposits with credit institutions	46,456	50,887	39,133	109,542	142,595
Loans to customers	1,092,977	787,401	519,198	190,310	2,247
Certificates and bonds	130,896	130,626	249,758	199,817	100,000
Deferred tax assets	9,310	10,029	10,435	9,380	3,151
Other intangible assets	9,810	9,282	9,007	8,791	6,394
Fixed assets	1,228	1,124	1,217	1,309	1,303
Other receivables, of which:	31,960	21,571	16,623	7,756	198
- <i>prepaid agent commissions</i>	29,798	21,058	14,703	5,946	104
Total assets	1,322,636	1,010,918	845,371	526,905	255,888
Liabilities					
Deposits from and debt to customers	1,062,458	760,053	594,736	277,802	1,215
Other debts	12,328	8,290	10,257	7,360	6,218
Accrued expenses and liabilities	10,780	7,663	6,684	4,884	3,642
Total liabilities	1,085,567	776,006	611,677	290,046	11,076
Equity					
Share capital	254,266	254,266	254,266	254,266	254,266
Retained earnings	(17,196)	(19,353)	(20,571)	(17,407)	(9,453)
Total equity	237,070	234,913	233,695	236,859	244,813
Total liabilities and equity	1,322,636	1,010,918	845,371	526,905	255,888

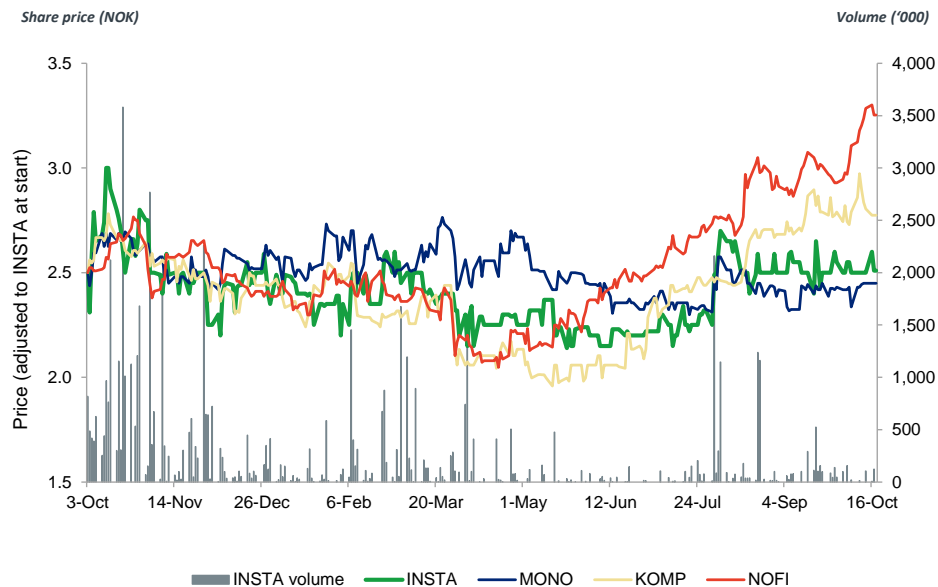
Share price and ownership

Top 20 shareholders as of 16.10.2017

#	Shareholders	# of shares	%
1	Hodne Holding AS	14,398,419	7.8%
2	Velde holding AS	12,267,838	6.6%
3	Kjb Holding AS	10,362,021	5.6%
4	Leikvollbakken AS	8,500,000	4.6%
5	Moroand AS	8,500,000	4.6%
6	Kristian Falnes AS	8,000,000	4.3%
7	T. Sandvik AS	7,109,506	3.8%
8	Apollo Asset Limited	7,000,000	3.8%
9	Alto Holding AS	6,550,000	3.5%
10	Sonsinvest AS	5,000,000	2.7%
11	Leirin Holding AS	4,333,333	2.3%
12	Nichola Helen Haugen	3,666,667	2.0%
13	Hava Financials AS	3,044,178	1.6%
14	Grunnfjellet AS	3,010,000	1.6%
15	Cahe Finans AS	3,000,000	1.6%
16	Enzian AS	3,000,000	1.6%
17	Likholmen Invest AS	3,000,000	1.6%
18	Venadis AS	3,000,000	1.6%
19	Lill Anita Skålbonnes Grimstad	2,070,000	1.1%
20	Velcon AS	2,000,000	1.1%
Sum Top20		117,811,962	63.7%
Other shareholders		67,188,038	36.3%
Total		185,000,000	100.0%

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5,000,000	2.7%
CFO	Gard Haugen (Likholmen Invest AS)	4,700,000	2.5%
CRO	Evind Sverdrup (Leirin Holding AS)	4,333,333	2.3%
CMO	Lauren Pedersen	1,200,000	0.6%
CTO	Farzad Jalily	666,667	0.4%
COO	Egil Botnen	500,000	0.3%
Sum mgmt		16,400,000	8.9%
Other employees		1,303,934	0.7%
Total		17,703,934	9.6%

Share price development since OTC listing in October



Thank You