

Instabank

Interim Presentation – Q4/2017 – 12 February 2018

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Key highlights & developments Q4-2017

Q4 profit of NOK 2.1 million
Year to date profit of NOK 2.3 million

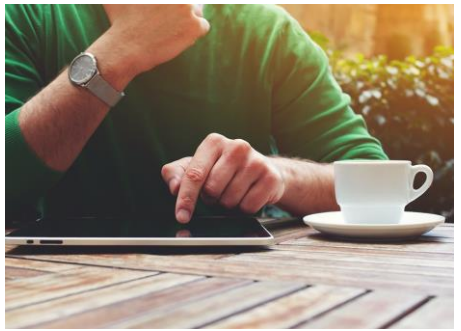
Continued high loan growth
NOK 221.5 million during Q4

Successful launch in the Finnish market - low cost to scale
Soft launch late Q4. 1 000 customers and subsequent entrance to debt registry late January 2018

Successful launch of retail finance in partnership with Skeidar
Continuous focus on business development within retail financing

Brand awareness has grown quickly
After just over a year in operation we have 20% brand awareness in our core target audience

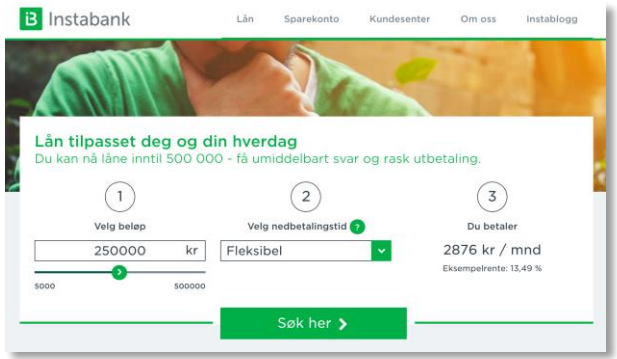




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Key figures Q4-2017

- Quarterly growth in net loans of NOK 225 million
- Outstanding net loans of NOK 1,318 million
- Customer deposits of NOK 1,805 million
- Total income of NOK 32.1 million
- Net profit after tax of NOK 2.1 million
- Total equity of NOK 283 million
- Operating expenses & loan losses developing as planned







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1 AWARENESS

Sponsorater og reklame på ulike TV-kanaler (NRK, Discorvery Networks Norway) - fokus på live sport.

Egen kampanje for **refinansiering** på P4 og Discovery sommer/høst.

Aktive på **SoMe** med nyheter, blogginnlegg og konkurranser.





2 ACQUISITION

Hovedfokus på "**native ads**", og **retargeting** i 2017. **Søk** og automatisert **oppfølging/purring** på e-post er også sentralt.

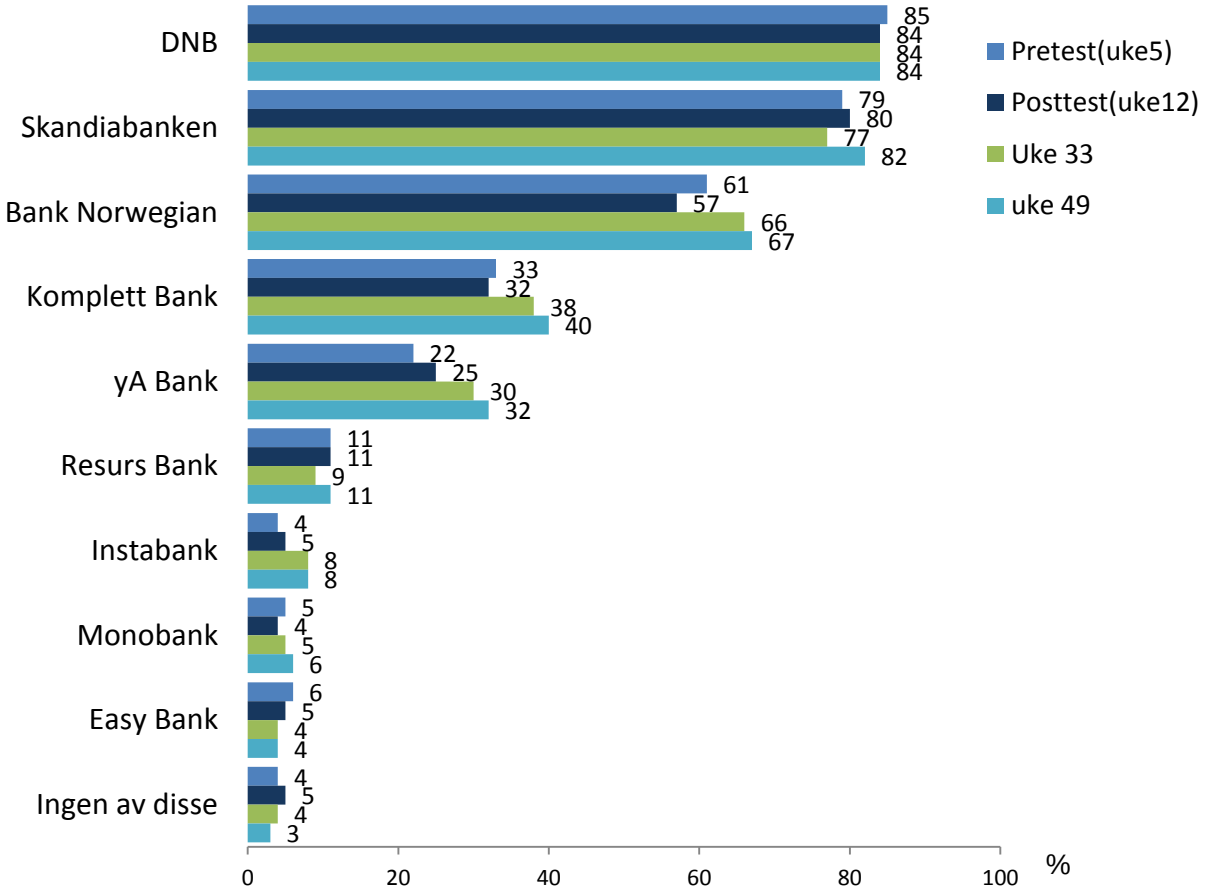


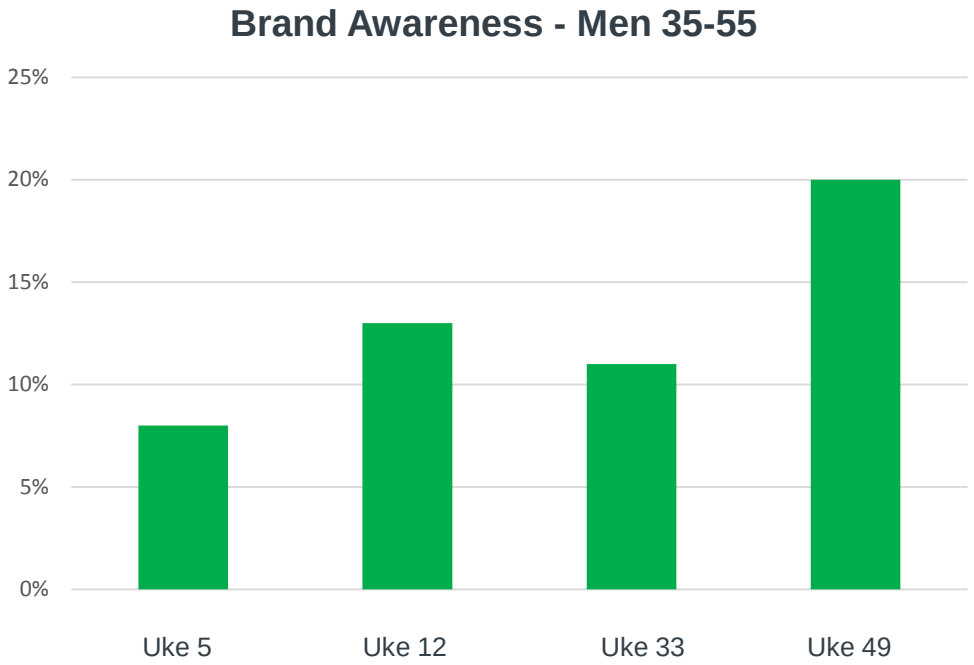
3 RETENTION

Vi følger opp kundene med **nyhetsbrev**, tilbud om **top-up** og andre **kundeaktiviteter**.



Hjulpet kjennskap til digitale banker



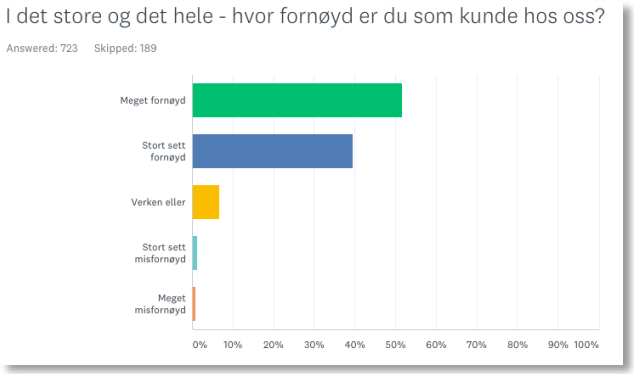


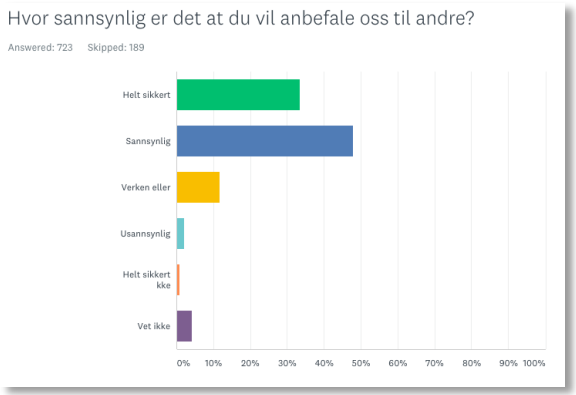
Menn i alderen 35-55 år (8% pre, 13% i post, 11% i uke 33 og **20%** i uke 49).

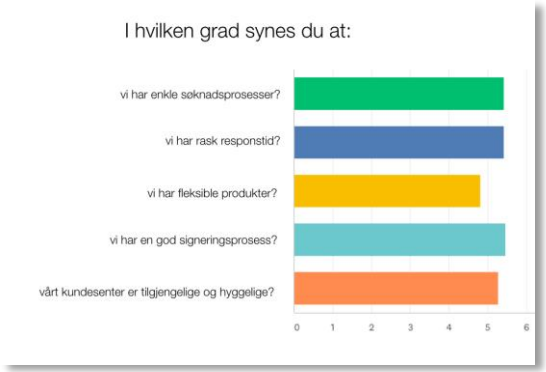
2017 - Ipsos webomnibus

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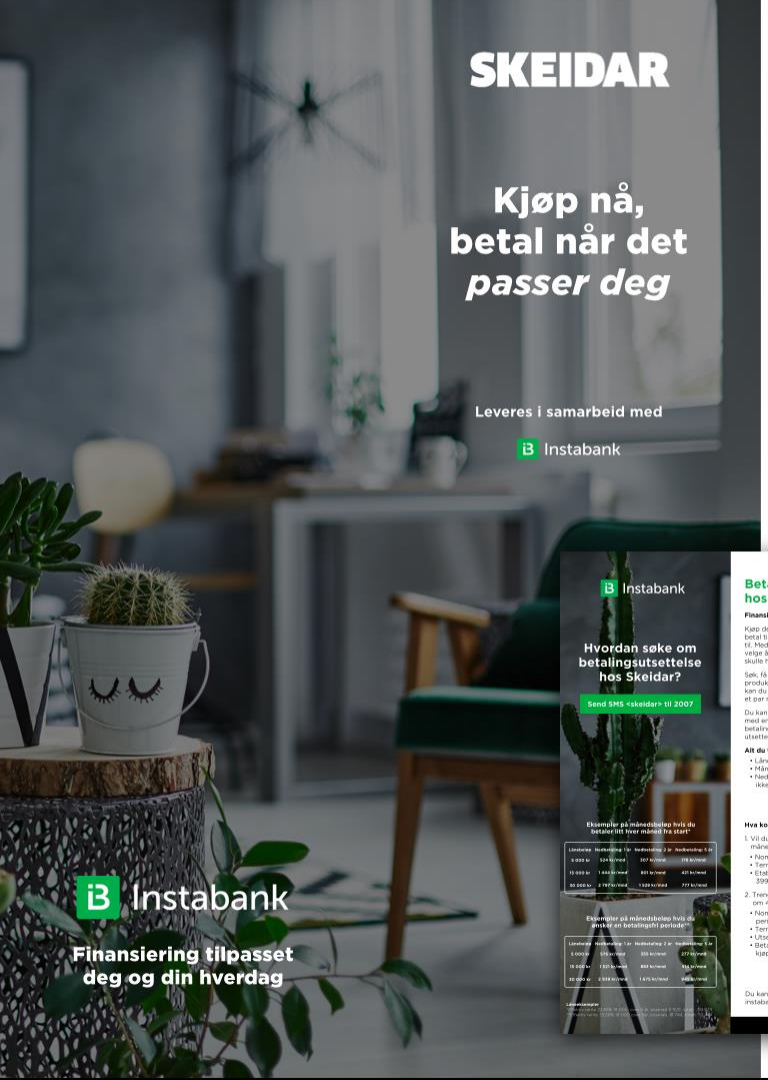
Customer Satisfaction in 2017







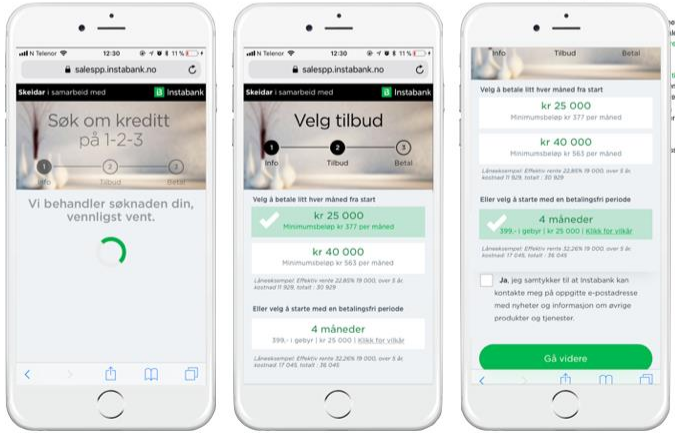
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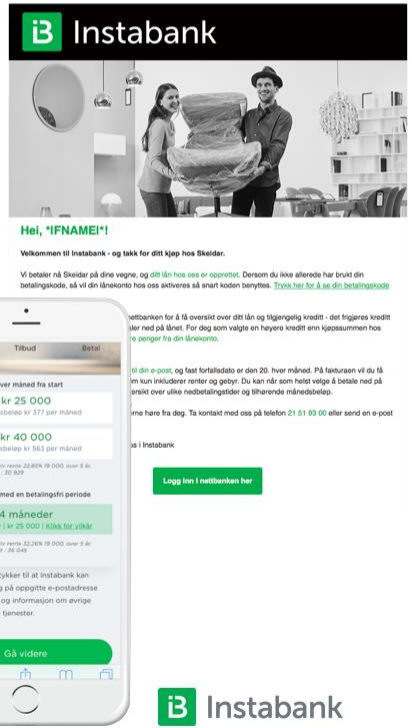


Skeidar

Salgsfinansiering

Alle kunder går inn i et kommunikasjonsløp

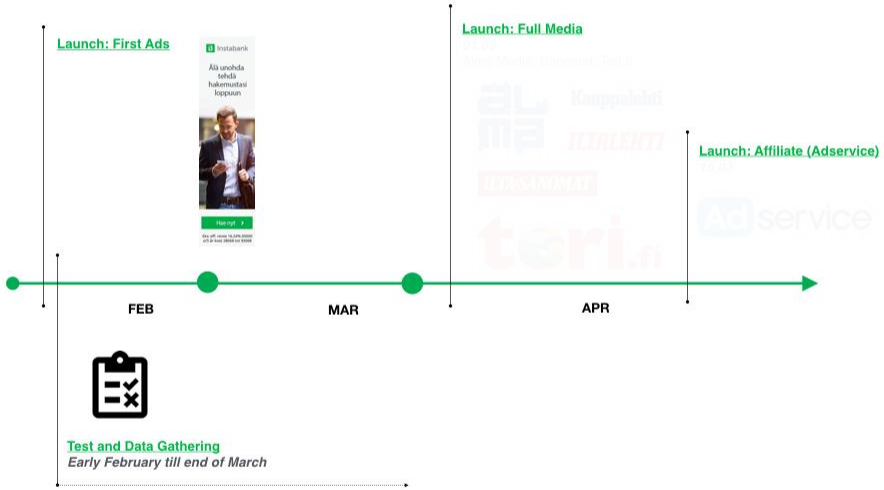






Finland Launch

Timeline: Direct Channel



Agents live:

- Lendo
- Zmarta
- Salus

Soon:

- Rhalaitos
- ETUA

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Skalerbar plattform med tilpassede produkter

2016

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

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

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 department stores (more than NOK 2 billion in turnover)

Geographical expansion
- Finland – launched late Q4-17

2018 - 2019

Upgrade
- *Partnership with Finance Technology*
- *"Leasing" / financing mobile devices*

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*

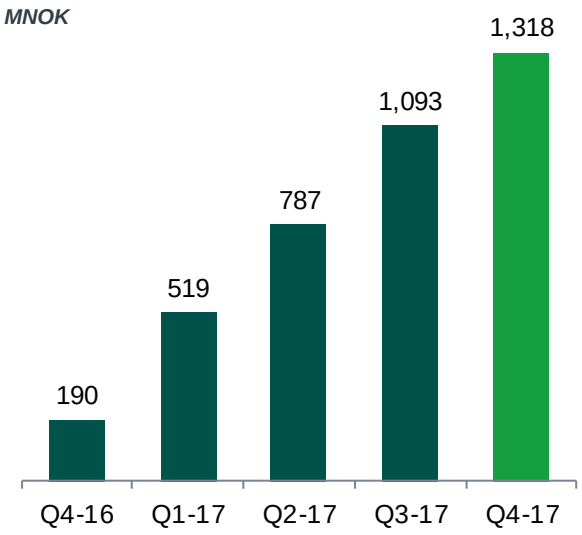
Further geographical growth ambitions
- *Next country launch*

Current accounts?
- *Debit cards linked to deposit accounts*
- *Instant access and flexible repayment*
- *Bundle with overdraft facility*

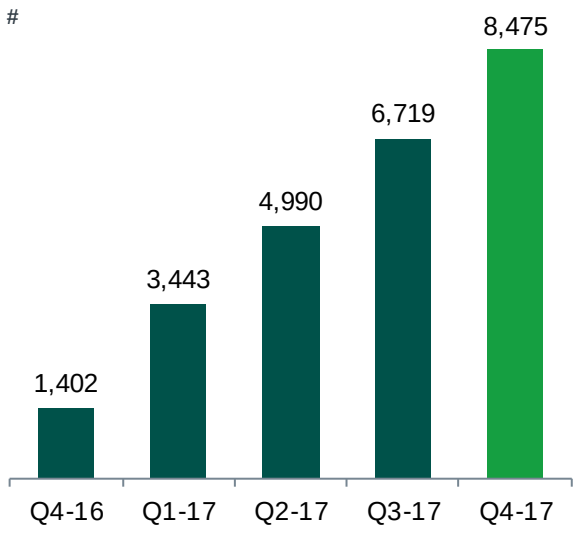
- Note: Text in *italics* are products that have not yet been launched

Continued high loan growth

Net loans to customers



Number of loan customers

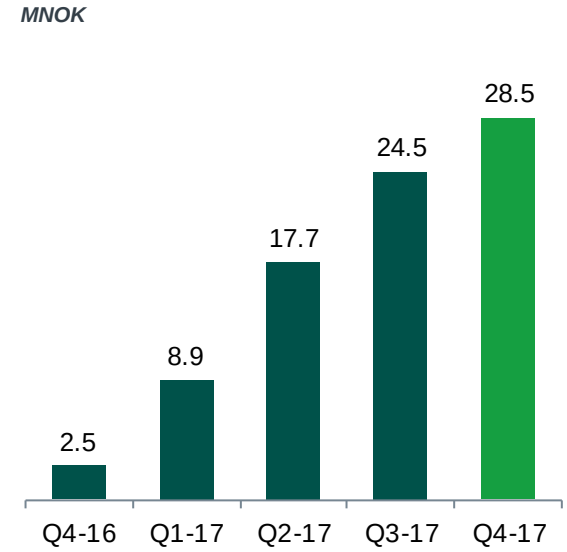


Key comments

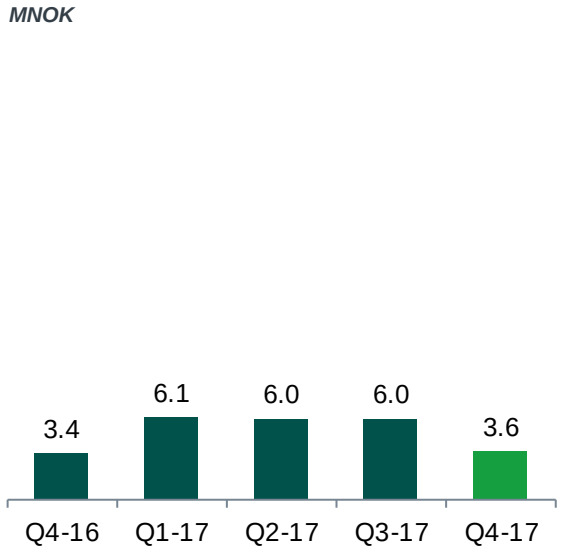
- Strong emphasis on marketing through the year to strengthen brand awareness and to boost sales
- Launched consumer loans in the Finnish market by end of Q4-17
- Considering further geographical expansion
- Focus on further business development within retail financing

Income development

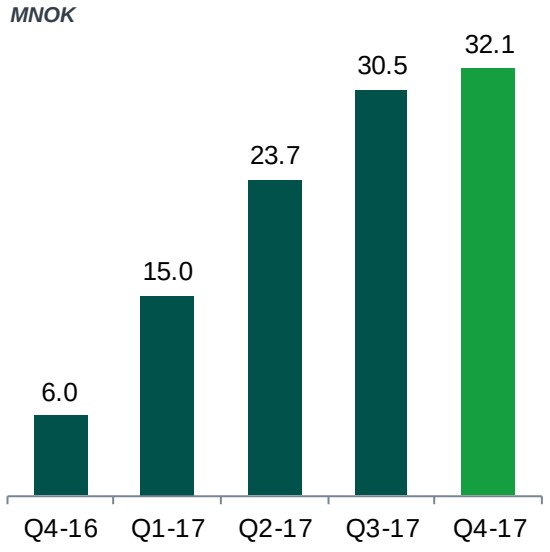
Net interest income



Net commission fees and other income

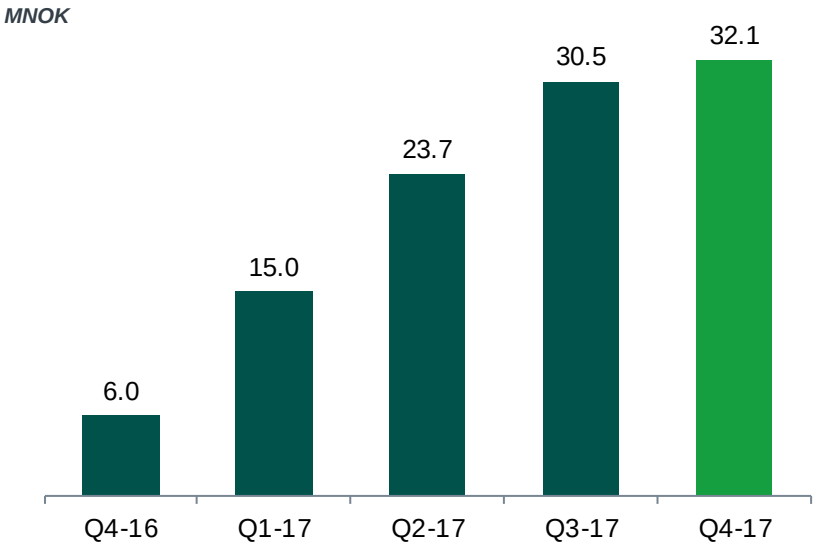


Total income

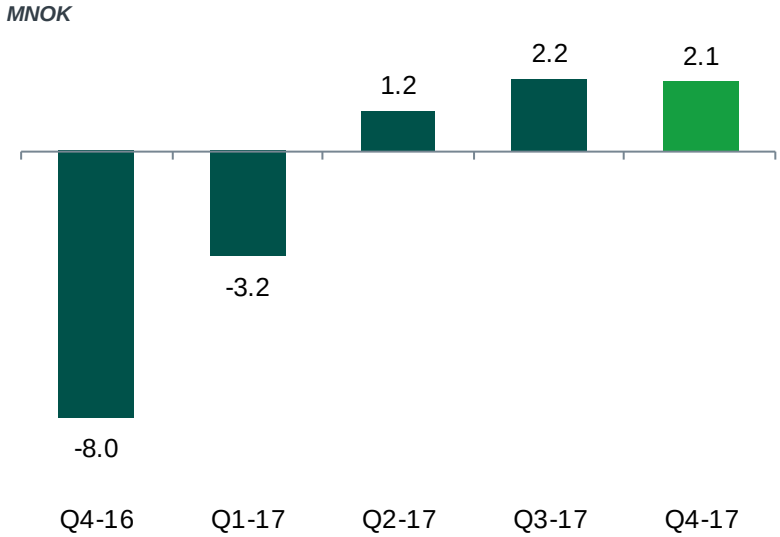


Continued profitability

Total income

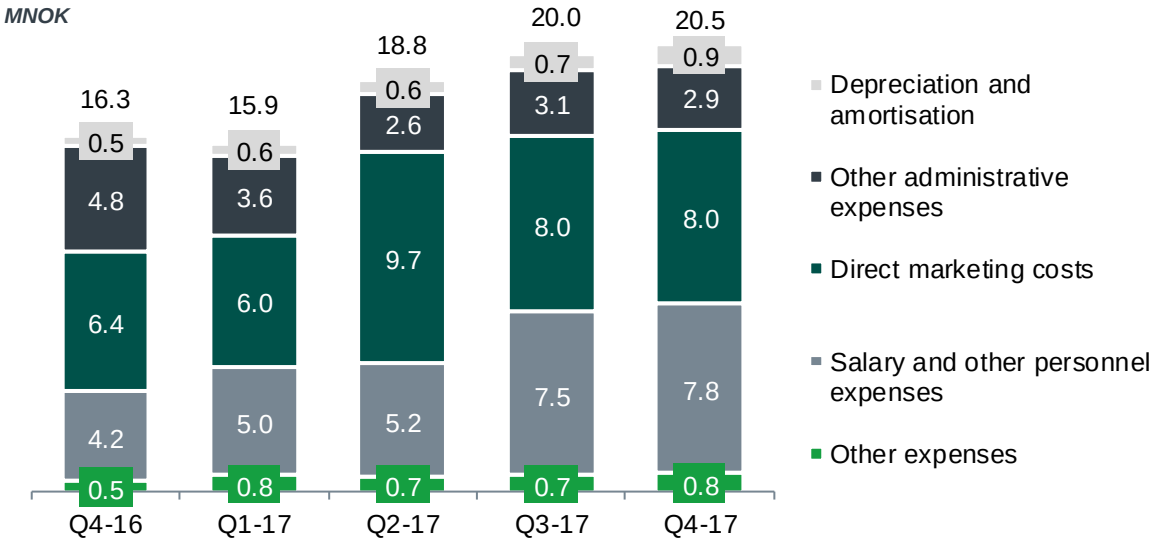


Net result after tax



Disciplined cost control

Operating expenses by category

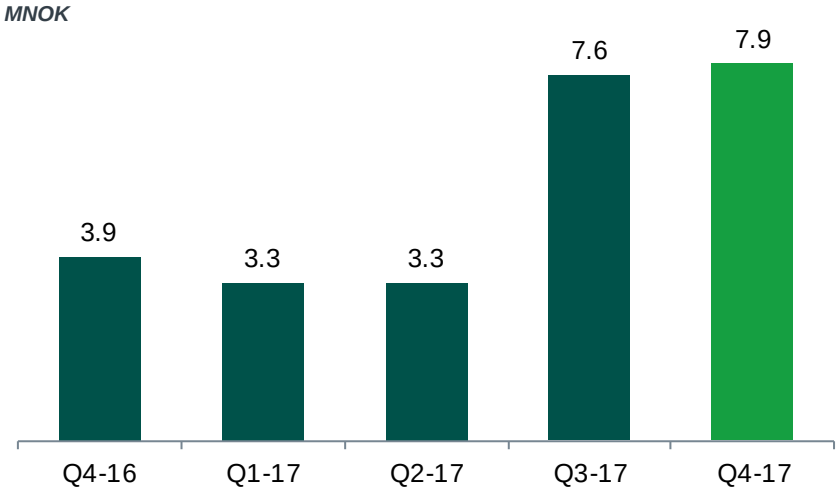


Key comments

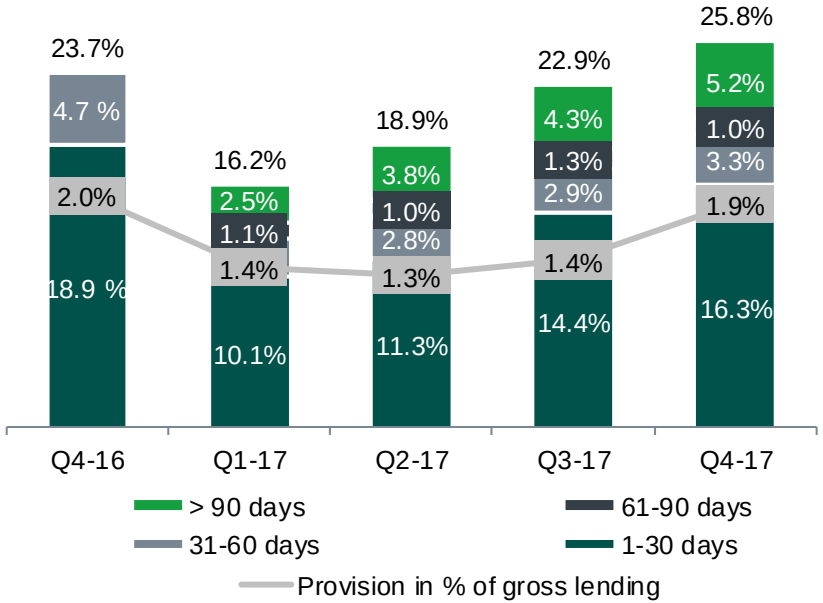
- Operating expenses developing according to plan
- Increased personel expenses due to build up of Finnish operations
- High operational efficiency, reducing cost/ income ratio to 64% at Q4.

Well balanced credit risk management

Impairment losses



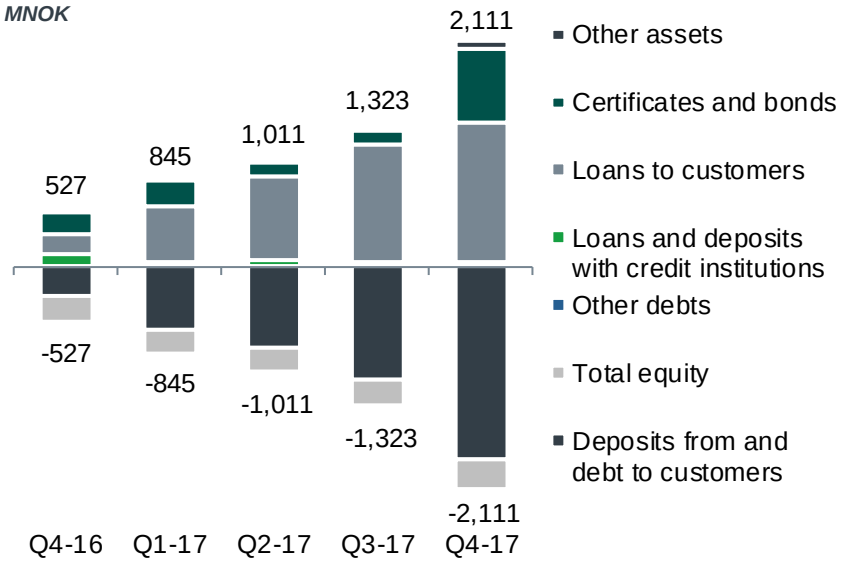
Past due days at end of quarter



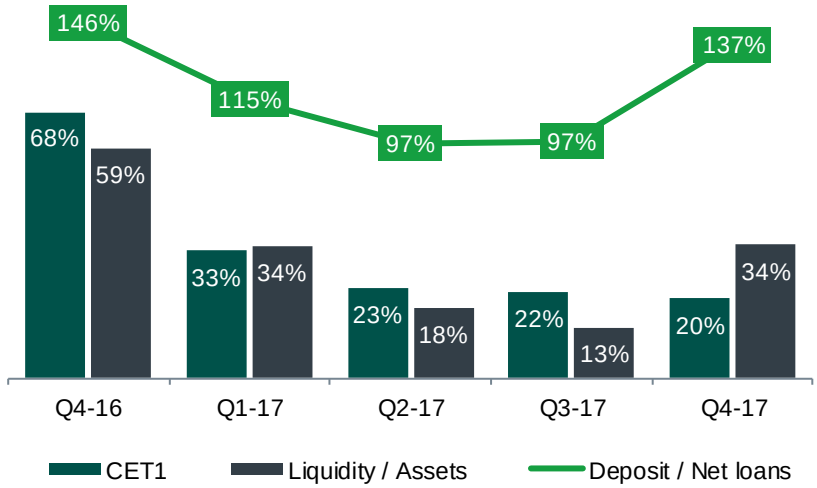
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Balance sheet structure

Assets and liabilities & equity

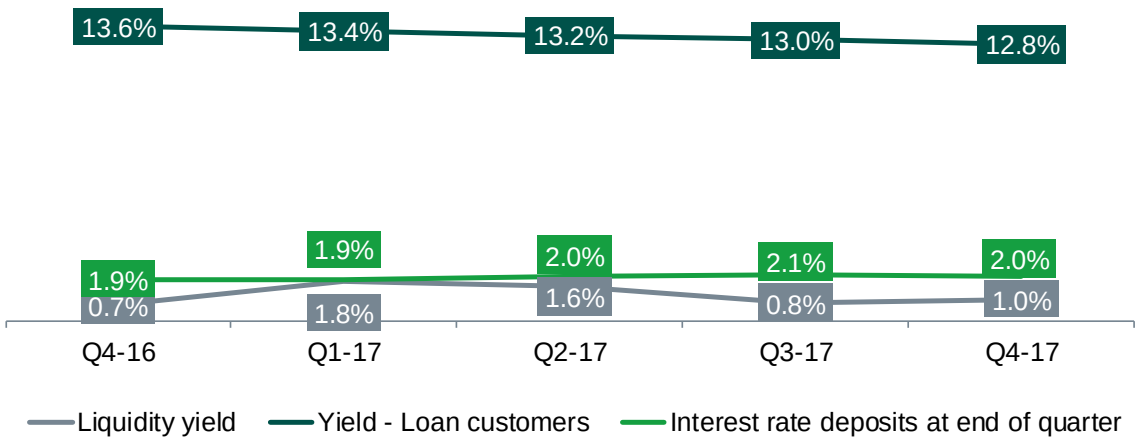


Key financial ratios



Funding costs and yields

Development in yields and funding costs



Key comments

- Attractive interest rate, affected by mix of products, distribution channel, and risk assessment. Launch in Finland based on small tickets at lower rates/ risk.
- Stable funding cost 2,03% at end of Q4, further reduced to 1,90% in January 2018.
- 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

Continued strong profitable growth

Near term focus

- Scale up lending operations in the Finnish market
- Scale up sales of consumer-friendly financing products at all of Skeidar's retail outlets
- Launch the new UPGRADE poduct in cooperation with several retailer chains

Diversified distribution through new markets and products

Outlook

MNOK	**Actual**		**Guiding 2018**	
	2 016	2 017	*From*	*To*
Growth	190	1 128	1 082	1 282
Net loans	190	1 318	2 400	2 600

Exceeding goals continuously

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Appendix

Financial summary since start of operations

P&L (NOK '000)

Items	FY 2017	Q4-17	Q3-17	FY 2016	Q4-16
Operating income					
Interest income	97,536	36,416	29,074	3,147	3,018
Interest expenses	17,948	7,930	4,592	505	495
Net interest income	**79,587**	**28,486**	**24,482**	**2,641**	**2,524**
Net commission fees and other income	21,793	3,608	6,043	3,487	3,436
Total income	**101,380**	**32,094**	**30,525**	**6,128**	**5,960**
Operating expenses					
Salary and other personnel expenses	25,459	7,767	7,493	12,368	4,157
Other administrative expenses, of which	43,917	10,919	11,097	14,831	11,179
- direct marketing cost	*31,705*	*7,977*	*8,033*	*6,414*	*6,360*
Depreciation and amortisation	2,784	919	672	624	477
Other expenses	3,044	845	743	1,240	477
Total operating expenses	**75,204**	**20,450**	**20,006**	**29,062**	**16,290**
Losses on loans	22,125	7,873	7,644	3,852	3,852
Operating (loss)/profit before tax	**4,051**	**3,770**	**2,875**	**(26,787)**	**(14,182)**
Tax	1,751	1,680	719	(9,380)	(6,229)
Profit/loss after tax	**2,301**	**2,090**	**2,156**	**(17,407)**	**(7,953)**

Balance sheet (NOK '000)

Items	Q4-17	Q3-17	Q4-16
Assets			
Loans and deposits with credit institutions	40,929	46,456	109,542
Loans to customers	1,317,942	1,092,977	190,310
Certificates and bonds	682,091	130,896	199,817
Deferred tax assets	7,629	9,310	9,380
Other intangible assets	17,175	9,810	8,791
Fixed assets	1,228	1,228	1,309
Other receivables, of which:	44,007	31,960	7,756
- prepaid agent commissions	*36,706*	*29,798*	*5,946*
Total assets	**2,111,002**	**1,322,636**	**526,905**
Liabilities			
Deposits from and debt to customers	1,804,600	1,062,458	277,802
Other debts	12,313	12,328	7,360
Accrued expenses and liabilities	11,420	10,780	4,884
Total liabilities	**1,828,332**	**1,085,567**	**290,046**
Equity			
Share capital	294,228	254,266	254,266
Retained earnings	(11,557)	(17,196)	(17,407)
Total equity	**282,670**	**237,070**	**236,859**
Total liabilities and equity	**2,111,002**	**1,322,636**	**526,905**

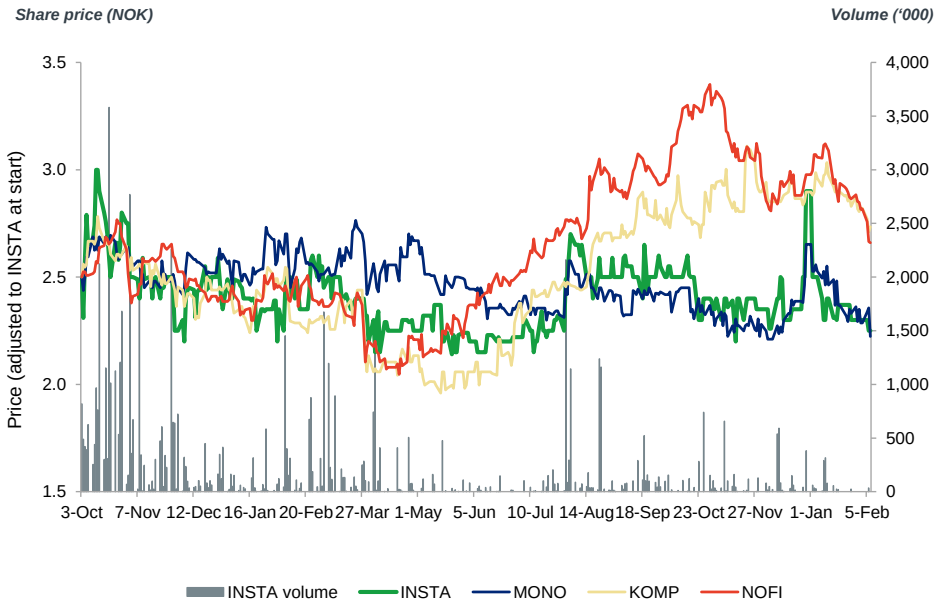
Share price and ownership

Top 20 shareholders as of 05.02.2018

#	Shareholders	# of shares	%
1	Skeidarliving Group AS	20,000,000	9.8%
2	Hodne Holding AS	14,385,419	7.0%
3	Velde Holding AS	13,605,856	6.6%
4	Kakb 2 AS	10,362,021	5.1%
5	Leikvollbakken AS	8,500,000	4.1%
6	Moroand AS	8,500,000	4.1%
7	Kristian Falnes AS	8,000,000	3.9%
8	T. Sandvik AS	7,205,656	3.5%
9	Apollo Asset Limited	7,000,000	3.4%
10	Alto Holding AS	6,550,000	3.2%
11	Sonsinvest AS	5,077,195	2.5%
12	Leirin Holding AS	4,333,333	2.1%
13	Haugen Nichola Helen	3,503,667	1.7%
14	Grunnfjellet AS	3,010,000	1.5%
15	Cahe Finans AS	3,000,000	1.5%
16	Enzian AS	3,000,000	1.5%
17	Likholmen Invest AS	3,000,000	1.5%
18	Venadis Forvaltning AS	3,000,000	1.5%
19	Grimstad Lill Anita Skålbones	2,070,000	1.0%
20	Velde Eiendom Invest AS	2,000,000	1.0%
	Sum Top20	**136,103,147**	**66.4%**
	Other shareholders	68,896,853	33.6%
	Total	**205,000,000**	**100.0%**

Position	Name	# of shares	% of total
CEO	Robert Berg (Sonsinvest AS)	5 077 195	2,5 %
CFO	Gard Haugen (Likholmen Invest AS)	4 700 000	2,3 %
CRO	Eivind Sverdrup (Leirin Holding AS)	4 333 333	2,1 %
CTO	Farzad Jalily	666 667	0,3 %
CMO	Lauren Pedersen	600 000	0,3 %
COO	Egil Botnen	500 000	0,2 %
	Sum mgmt	**15 877 195**	**7,7 %**
	Other employees	1 303 934	0,6 %
	Total	**17 703 934**	**8,6 %**

Share price development since OTC listing in October 2016



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Thank You

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