

Interim Report Q4 2021

AS Inbank

AS Inbank General Information

| | |
|-------------------------|---|
| Business name | AS Inbank |
| Address | Niine 11, 10414 Tallinn, Estonia |
| Registration date | 05 October 2010 |
| Registry code | 12001988 (Commercial Register of the Republic of Estonia) |
| Legal entity identifier | 2138005M92IEIQVEL297 (LEI-code) |
| Telephone | +372 640 8080 |
| E-mail | info@inbank.ee |
| Website | www.inbank.ee |
| Reporting period | 01.01.2021-31.12.2021 |

Members of the Supervisory Board

Jan Andresoo, Chairman

Rain Rannu

Raino Paron

Roberto de Silvestri

Taavi Kotka

Triinu Bucheton

Members of the Management Board

Priit Põldoja, Chairman

Benas Pavlauskas

Jaanus Kõusaar

Maciej Pieczkowski

Margus Kastein

Marko Varik

Piret Paulus

AS Inbank interim report for Q4 2021 is unaudited.

The bank does not hold any ratings assigned by international rating agencies.

Declaration of the Management Board

The Management Board of AS Inbank is of the opinion that:

- the data and information presented in this interim report for the Q4 of 2021 consisting of the management report and financial statements as at 31 December 2021 are correct and complete;
- this interim report gives a true and fair view of the financial position of the AS Inbank consolidation group as at 31 December 2021, its financial performance and cash flows for the Q4 of 2021;
- the accounting policies and procedures used in preparing the interim report comply with IAS 34;
- the interim report has been prepared using the policies and procedures of the financial statements for the year concluded on 31 December 2020.

AS Inbank is a going concern.

Tallinn, 28 February 2022

Priit Põldoja

Chairman of the Management Board

Management report

In the fourth quarter, we successfully continued our partner-based sales strategy and once again broke previous sales records. Strong sales growth shows that consumer confidence continues to grow and financing volumes are exceeding pre-Covid levels. Inbank's quarterly sales of credit products amounted to 141 million euros, which was almost 52 million more than in the fourth quarter of last year and 6 million more than the previous peak in the third quarter of 2021. The profit for the fourth quarter was 2.9 million euros, which is 71% more than a year ago.

In 2021, Inbank financed retail customers in the amount of 500 million euros, up 64% compared to the same period a year ago. Inbank's loan portfolio grew 50% year on year and reached 604 million euros. Inbank's deposits increased by 58% over the year to 618 million euros.

As expected, sales growth mainly came from sales finance, which amounted to almost 360 million euros or 74% more than a year earlier. At the same time, all product groups showed good and broad-based growth. Of the markets, Poland grew the fastest, with sales volumes more than doubling to 230 million euros. Thanks to strong growth of solar panel financing in Poland, green financing already accounts for 26% of Inbank's loan portfolio.

Since the second quarter of 2020, Inbank's business model has undergone a major change. The effective interest rate of the Inbank credit portfolio was 13.3% in 2019 and 11.6% in 2020, but fell to 9.5% last year. The main reasons for the margin drop were successful growth in Poland, where competition is stronger, and a significantly higher share of green financing and car leasing in new sales, where contracts have a longer maturity and lower interest rate.

Rapid growth and new development opportunities also require Inbank to continuously raise capital. In the final quarter of last year, we were particularly active in this area, raising 25.5 million euros in new capital through three capital instruments. At the end of October, we raised 4.5 million euros of additional Tier 1 capital at 7.5% interest. In December, we issued subordinated bonds on the Nasdaq Tallinn stock exchange worth 15 million euros with an interest rate of 5.5%. We ended the year raising 6 million euros in equity, bringing the market value of Inbank to almost 225 million euros. A solid capitalisation level and strong investor interest in Inbank shares and bonds give us a good basis for future international growth.

Inbank made its largest ever profit of 11 million euros in 2021. Compared to the previous year, the profit increased by 86%. The return on equity was 15.6%. Trends over the past few quarters show that Inbank's business model has reached a new equilibrium and will enter 2022 with fast growth, lower margins and with a better risk profile.

Overall, we are very happy with 2021 results. In another difficult year, Inbank managed to grow its business by more than half. We put our foot firmly down in the Polish market and decided to expand into the Czech market. We continued to invest in both technology and new ventures. We improved profitability, strengthened our capital base and expanded our international organisation to 290 people in five countries.

Priit Põldoja

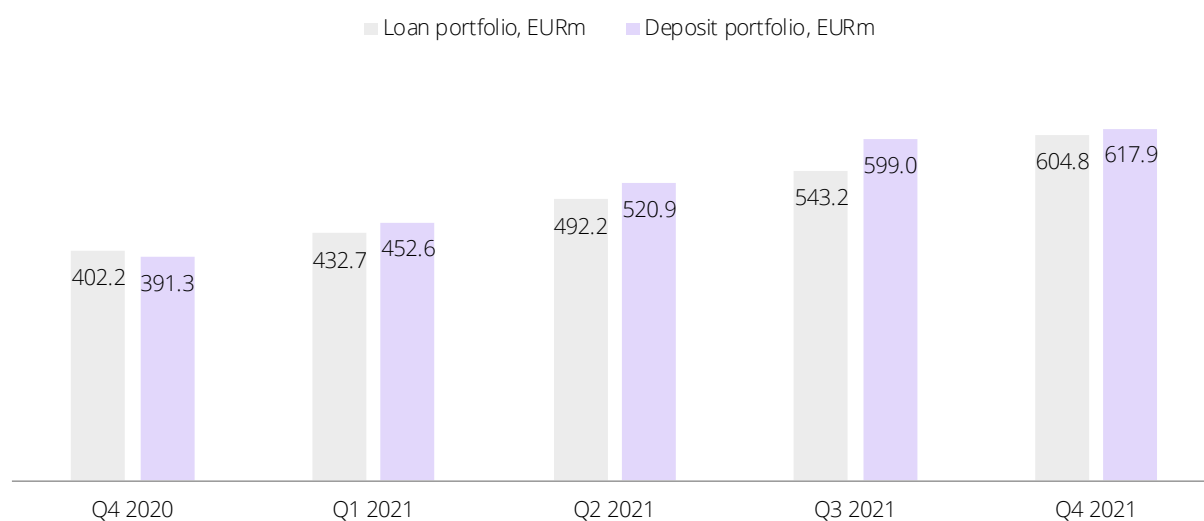
Chairman of the Management Board, Founder

Key financial indicators and ratios

Key financial indicators

| In millions of euros | 31.12.2021 | 31.12.2020 | % change |
|----------------------|------------|------------|----------|
| Total assets | 787.0 | 490.0 | 60.6% |
| Equity | 79.0 | 61.2 | 29.1% |
| Net profit | 11.0 | 5.9 | 85.8% |
| Loan portfolio | 604.8 | 402.2 | 50.4% |
| Deposit portfolio | 617.9 | 391.3 | 57.9% |

Loan and deposit portfolio development



Ratios

| | 12 months 2021 | 12 months 2020 |
|--|----------------|----------------|
| Return on equity | 15.6% | 10.8% |
| Return on total assets | 1.7% | 1.2% |
| Net interest margin | 6.6% | 7.8% |
| Impairment losses to loan portfolio (risk expense) | 1.3% | 3.1% |
| Cost/income ratio | 56.8% | 49.7% |
| Equity to total assets | 10.0% | 12.5% |

Explanations (key ratios are annualized):

Return on equity: net profit attributable to owners of the parent / total equity attributable to owners of the parent (average over the period)

Return on total assets: net profit attributable to owners of the parent / total assets (average over the period)

Net interest margin: net interest income / interest-bearing assets (average over the period)

Impairment losses to loan portfolio (risk expense): impairment losses on loans / loan portfolio (average over the period)

Cost/income ratio: total operating expenses / total income

Equity to total assets: total equity attributable to shareholders of parent company / total assets

Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

| In thousands of euros | Note | 31.12.2021 | 31.12.2020 |
|-------------------------------------|----------|----------------|----------------|
| Assets | | | |
| Due from central banks | 8 | 77,453 | 27,445 |
| Due from credit institutions | 8 | 17,870 | 19,784 |
| Investments in debt securities | 9 | 7,684 | 13,618 |
| Loans and advances | 3; 7; 21 | 604,848 | 402,212 |
| Investments in associates | 10 | 774 | 4,026 |
| Tangible assets | | 19,147 | 833 |
| Right of use asset | 11 | 25,231 | 1,157 |
| Intangible assets | 12 | 22,423 | 16,139 |
| Other financial assets | 13 | 1,972 | 1,350 |
| Other assets | 13 | 2,948 | 1,297 |
| Deferred tax asset | | 2,401 | 2,170 |
| Assets held for sale | | 4,203 | 0 |
| Total assets | 3 | 786,954 | 490,031 |
| Liabilities | | | |
| Customer deposits | 14; 21 | 617,857 | 391,341 |
| Other financial liabilities | 17; 21 | 49,188 | 12,218 |
| Current tax liability | | 284 | 864 |
| Deferred tax liability | | 125 | 0 |
| Other liabilities | 17 | 3,296 | 2,810 |
| Debt securities issued | 15 | 0 | 4,010 |
| Subordinated debt securities | 16 | 37,187 | 17,563 |
| Total liabilities | 3 | 707,937 | 428,806 |
| Equity | | | |
| Share capital | 19 | 997 | 961 |
| Share premium | 19 | 30,436 | 23,865 |
| Statutory reserve capital | 20 | 96 | 90 |
| Other reserves | 20 | 1,625 | 1,438 |
| Retained earnings | | 45,863 | 34,871 |
| Total equity | | 79,017 | 61,225 |
| Total liabilities and equity | | 786,954 | 490,031 |

Notes set out on pages 10 - 31 form an integral part of the consolidated financial statements.

Condensed consolidated statement of profit and loss and other comprehensive income

| In thousands of euros | Note | Q4 2021 | 12 months 2021 | Q4 2020 | 12 months 2020 |
|---|----------|---------------|-------------------|---------------|-------------------|
| Interest income based on EIR | 4 | 13,179 | 48,038 | 11,061 | 43,035 |
| Interest expense | 4 | -2,598 | -9,590 | -1,945 | -7,855 |
| Net interest income | 4 | 10,581 | 38,448 | 9,116 | 35,180 |
| Fee income | 5 | 661 | 2,200 | 551 | 1,362 |
| Fee expense | 5 | -810 | -3,117 | -915 | -2,463 |
| Net fee and commission income | 5 | -149 | -917 | -364 | -1,101 |
| Other operating income | | 5,786 | 19,347 | 299 | 768 |
| Other operating expense | | -3,839 | -13,833 | 0 | 0 |
| Total net interest, fee and other income and expenses | | 12,379 | 43,045 | 9,051 | 34,847 |
| Personnel expenses | 6 | -3,093 | -11,623 | -2,199 | -9,207 |
| Marketing expenses | 6 | -1,003 | -2,829 | -556 | -1,557 |
| Administrative expenses | 6 | -2,318 | -6,627 | -1,162 | -4,223 |
| Depreciations, amortisation | 12 | -939 | -3,360 | -707 | -2,334 |
| Total operating expenses | | -7,353 | -24,439 | -4,624 | -17,321 |
| Profit before profit from associates and impairment losses on loans | | 5,026 | 18,606 | 4,427 | 17,526 |
| Share of profit from subsidiaries and associates | 10 | 72 | 335 | 121 | 789 |
| Impairment losses on loans and advances | 7 | -1,671 | -6,668 | -2,317 | -11,546 |
| Profit before income tax | | 3,427 | 12,273 | 2,231 | 6,769 |
| Income tax | | -490 | -1,310 | -517 | -867 |
| Profit for the period | | 2,937 | 10,963 | 1,714 | 5,902 |
| Other comprehensive income that may be reclassified subsequently to profit or loss | | | | | |
| Currency translation differences | | 42 | -59 | -24 | -219 |
| Total comprehensive income for the period | | 2,979 | 10,904 | 1,690 | 5,683 |

Notes set out on pages 10 - 31 form an integral part of the consolidated financial statements.

Condensed consolidated statement of cash flows

| In thousands of euros | Note | 12 months 2021 | 12 months 2020 |
|--|----------|----------------|----------------|
| Cash flows from operating activities | | | |
| Interest received | 4 | 47,450 | 43,258 |
| Interest paid | 4 | -7,953 | -5,938 |
| Fees received | 5 | 2,200 | 1,362 |
| Fees paid | 5 | -3,117 | -2,463 |
| Other operating income received | | 19,937 | 768 |
| Other operating expense paid | | -13,856 | 0 |
| Personnel expenses | 6 | -11,503 | -9,190 |
| Administrative and marketing expenses | 6 | -7,767 | -6,878 |
| Corporate income tax paid | | -1,943 | -693 |
| Cash flows from operating activities before changes from the operating assets and liabilities | | 23,448 | 20,226 |
| Changes in operating assets | | | |
| Loans and advances | | -193,373 | -77,416 |
| Mandatory reserve in central banks | | -5,151 | 1,812 |
| Other assets | | -5,902 | -552 |
| Changes of operating liabilities | | | |
| Customer deposits | | 224,505 | 11,905 |
| Other liabilities | | 6,778 | 287 |
| Net cash from operating activities | | 50,305 | -43,738 |
| Cash flows from investing activities | | | |
| Investments in debt securities | | 5,993 | -13,627 |
| Acquisition of tangible and intangible assets | 12 | -22,026 | -6,142 |
| Acquisition of subsidiaries and associates | 10 | -3,405 | 926 |
| Net cash used in investing activities | | -19,438 | -18,843 |
| Cash flows from financing activities | | | |
| Share capital contribution (including share premium) | | 6,607 | 8,180 |
| Subordinated debt securities issued | | 19,500 | 0 |
| Repayments of debt securities | | -4,000 | 0 |
| Lease liability payments | | -9,990 | -592 |
| Net cash used in financing activities | | 12,117 | 7,588 |
| Effect of exchange rate changes | | -23 | 301 |
| Cash and cash equivalents at the beginning of the reporting period | 8 | 44,476 | 99,168 |
| Net increase/decrease in cash and cash equivalents | 8 | 42,961 | -54,692 |
| Cash and cash equivalents at the end of the reporting period | 8 | 87,437 | 44,476 |

Notes set out on pages 10 - 31 form an integral part of the consolidated financial statements.

Condensed consolidated statement of changes in equity

| In thousands of euros | Share capital | Share premium | Statutory reserve capital | Other reserves | Retained earnings/ accumulated loss | Total equity |
|---------------------------------------|---------------|---------------|---------------------------|----------------|-------------------------------------|--------------|
| Balance, 01.01.2020 | 903 | 15,908 | 88 | 1,463 | 28,958 | 47,320 |
| Paid in share capital | 58 | 7,957 | 0 | 0 | 0 | 8,015 |
| Share-based payment reserve | 0 | 0 | 0 | 194 | 13 | 207 |
| Statutory reserve capital | 0 | 0 | 2 | 0 | -2 | 0 |
| Total profit for the reporting period | 0 | 0 | 0 | 0 | 5,902 | 5,902 |
| Other comprehensive income | 0 | 0 | 0 | -219 | 0 | -219 |
| Balance, 31.12.2020 | 961 | 23,865 | 90 | 1,438 | 34,871 | 61,225 |
| Balance, 01.01.2021 | 961 | 23,865 | 90 | 1,438 | 34,871 | 61,225 |
| Paid in share capital | 36 | 6,571 | 0 | 0 | 0 | 6,607 |
| Share-based payment reserve | 0 | 0 | 0 | 246 | 35 | 281 |
| Statutory reserve capital | 0 | 0 | 6 | 0 | -6 | 0 |
| Total profit for the reporting period | 0 | 0 | 0 | 0 | 10,963 | 10,963 |
| Other comprehensive income | 0 | 0 | 0 | -59 | 0 | -59 |
| Balance, 31.12.2021 | 997 | 30,436 | 96 | 1,625 | 45,863 | 79,017 |

Notes set out on pages 10 - 31 form an integral part of the consolidated financial statements.

Note 1 Accounting policies

The interim financial report has been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting", as adopted by the EU, and consists of condensed financial statements and selected explanatory notes. The accounting policies used in the preparation of the interim report are the same as the accounting policies used in the annual report for the year ended 31 December 2020, which comply with the International Financial Reporting Standards, as adopted by the European Commission (IFRS EU).

The interim financial report is not audited and does not contain the entire range of information required for the preparation of complete financial statements. The interim financial report should be read in conjunction with the Annual Report prepared for the year ended 31 December 2020, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

In addition to AS Inbank, the Inbank consolidation group includes following companies:

| Company name | Year of purchase/founded | Location | Activity | Holding (%) | Cost (EURt) |
|---|--------------------------|-----------|----------------------------|-------------|-------------|
| SIA Inbank Latvia | 2014 | Latvia | Financing | 100 | 519 |
| AS Inbank filialas | 2019 | Lithuania | Banking, branch | | |
| AS Inbank Spółka Akcyjna Oddział w Polsce | 2016 | Poland | Banking, branch | | |
| AS Inbank, odštěpný závod | 2021 | Czech | Banking, branch | | |
| Inbank Technologies OÜ | 2015 | Estonia | Hardware rental | 100 | 6,360 |
| Maksekeskus Holding OÜ | 2015 | Estonia | Holding company | 100 | 6,722 |
| Inbank Payments OÜ | 2019 | Estonia | Holding company | 100 | 3 |
| AS Aktiva Portfolio | 2020 | Estonia | Debt collection management | 34 | 506 |
| Maksekeskus AS | 2016 | Estonia | Payment services | 30 | 4,203 |
| Mobire Group OÜ | 2021 | Estonia | Full service rent | 53 | 3,445 |
| Mobire Eesti AS | 2021 | Estonia | Full service rent | 53 | |
| Mobire Latvija SIA | 2021 | Latvia | Full service rent | 53 | |
| Mobire Lietuva UAB | 2021 | Lithuania | Full service rent | 53 | |
| Inbank Finance AS | 2021 | Estonia | Financing | 100 | 33,135 |
| Paywerk AS | 2021 | Estonia | Payment services | 28.5 | 269 |

Associated companies Maksekeskus AS, AS Aktiva Portfolio and Paywerk AS are accounted for using the equity method.

Note 2 Significant accounting estimates

According to the IFRS, many of the financial indicators given in the report are based on strictly accounting-related management estimates and opinions, which have an impact on the value of the assets and liabilities presented in the financial statements as of the balance sheet date and on the income and expenses of the subsequent financial years. Although these estimates are based on the best knowledge of the management and conclusions from ongoing events, the actual result may not coincide with them in the end and may differ significantly from these estimates.

The management consistently reviews such decisions and estimates, including the ones that have an influence on the fair value of financial instruments, the write-down of impaired loans, impairment of tangible and intangible assets, deferred taxes and share-based payments.

The management relies on experience and the other factors it considers reasonable in the given situation when making these decisions and estimates.

Note 3 Business segments

Inbank divides its business activities into segments according to the geographical location of activities in Estonia, Latvia, Lithuania and Poland. The Estonian business segment includes Inbank and its subsidiary Inbank Finance. The financial indicators of the newly started Czech branch are insignificant; thus, they have been included in the Estonian business. Investments include companies that have investments in associates and subsidiaries, including Mobire, together with its subsidiaries in Latvia and Lithuania. Business segments are Inbank companies with separate financial data, which is also the basis upon the regular monitoring of business results by the decision makers of Inbank. Inbank monitors profitability, cost/benefit ratio, growth and quality of credit portfolio and impairment losses for each operating segment.

The business of Estonia, Latvia, Lithuania, and Poland is the offering of credit products with the largest product group being hire purchase. Inbank Technologies, which is part of the investment segment, offers hardware rental to the consolidation group companies and Mobire offers full-service car rental services.

The revenues of the reported segments contain revenues from transactions between the segments. Such transactions include loans given by Inbank, as well as services provided to the companies of the consolidation group by Inbank Technologies. The above transactions are accounted for at market prices.

Inbank does not have any customers, whose income accounts for more than 10% of the respective type of Inbank consolidated income.

Equity of major subsidiaries

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|------------------------|------------|------------|
| SIA Inbank Latvia | 5,148 | 3,991 |
| Mobire Group OÜ | 9,097 | - |
| AS Inbank Finance | 36,446 | - |
| Inbank Technologies OÜ | 7,112 | 3,642 |
| Maksekeskus Holding OÜ | 5,542 | 1,692 |

The development of segment revenue and net profit is presented below, in which significant segments are presented separately.

Income of reported segments and net profit structure

| In thousands of euros | | | | | | | |
|--|----------------|---------------|----------------|----------------|----------------|-----------------|----------------|
| 12 months 2021 | Estonia | Latvia | Lithuania | Poland | Investments | Eliminations | Total |
| Interest income based on EIR | 22,183 | 4,775 | 15,197 | 10,107 | 20 | -4,244 | 48,038 |
| incl. income from external customers | 17,939 | 4,775 | 15,197 | 10,107 | 20 | 0 | 48,038 |
| incl. Income from internal customers | 4,244 | 0 | 0 | 0 | 0 | -4,244 | 0 |
| Fee income | 1,313 | 214 | 19 | 654 | 0 | 0 | 2,200 |
| Other operating income | 5,936 | 51 | 220 | 146 | 19,457 | -6,463 | 19,347 |
| incl. income from external customers | 321 | 41 | 146 | 24 | 18,815 | 0 | 19,347 |
| incl. Income from internal customers | 5,615 | 10 | 74 | 122 | 642 | -6,463 | 0 |
| Total income | 29,432 | 5,040 | 15,436 | 10,907 | 19,477 | -10,707 | 69,585 |
| Interest expense | -7,622 | -571 | -2,220 | -2,615 | -806 | 4,244 | -9,590 |
| Fee expense | -1,129 | -184 | -966 | -838 | 0 | 0 | -3,117 |
| Other operating expense | -1 | 0 | 0 | -19 | -14,422 | 586 | -13,856 |
| Total expenses | -8,752 | -755 | -3,186 | -3,472 | -15,228 | 4,830 | -26,563 |
| Total net interest, fee and commission income and other income | 20,680 | 4,285 | 12,250 | 7,435 | 4,249 | -5,877 | 43,022 |
| Operating expenses | -14,198 | -2,652 | -7,675 | -3,250 | -2,617 | 5,976 | -24,416 |
| incl. depreciations, amortisation | -2,150 | -195 | -737 | -90 | -212 | 24 | -3,360 |
| Profit before profit from associates and impairment losses on loans | 6,482 | 1,633 | 4,575 | 4,185 | 1,632 | 99 | 18,606 |
| Profit of subsidiaries and associates | -150 | 0 | 0 | 0 | 485 | 0 | 335 |
| Impairment losses on loans and advances | -2,758 | -475 | -1,483 | -1,952 | 0 | 0 | -6,668 |
| Profit before income tax | 3,574 | 1,158 | 3,092 | 2,233 | 2,117 | 99 | 12,273 |
| Income tax | -143 | 0 | -736 | -457 | 26 | 0 | -1,310 |
| Net profit/loss | 3,431 | 1,158 | 2,356 | 1,776 | 2,143 | 99 | 10,963 |
| Total assets | 630,791 | 46,081 | 149,963 | 262,894 | 66,791 | -369,566 | 786,954 |
| Total liabilities | 540,635 | 40,933 | 131,283 | 267,462 | 45,037 | -317,413 | 707,937 |

| In thousands of euros | | | | | | | |
|--|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Q4 2021 | Estonia | Latvia | Lithuania | Poland | Investments | Eliminations | Total |
| Interest income based on EIR | 6,328 | 1,333 | 3,832 | 3,407 | 2 | -1,723 | 13,179 |
| incl. income from external customers | 4,605 | 1,333 | 3,832 | 3,407 | 2 | 0 | 13,179 |
| incl. Income from internal customers | 1,723 | 0 | 0 | 0 | 0 | -1,723 | 0 |
| Fee income | 357 | 54 | 19 | 231 | 0 | 0 | 661 |
| Other operating income | 2,508 | 8 | 61 | 27 | 5,718 | -2,536 | 5,786 |
| incl. income from external customers | 76 | 9 | 43 | 7 | 5,651 | 0 | 5,786 |
| incl. Income from internal customers | 2,432 | -1 | 18 | 20 | 67 | -2,536 | 0 |
| Total income | 9,193 | 1,395 | 3,912 | 3,665 | 5,720 | -4,259 | 19,626 |
| Interest expense | -2,444 | -182 | -625 | -834 | -236 | 1,723 | -2,598 |
| Fee expense | -281 | -49 | -244 | -236 | 0 | 0 | -810 |
| Other operating expense | -1 | 0 | 0 | -19 | -3,991 | 149 | -3,862 |
| Total expenses | -2,726 | -231 | -869 | -1,089 | -4,227 | 1,872 | -7,270 |
| Total net interest, fee and commission income and other income | 6,467 | 1,164 | 3,043 | 2,576 | 1,493 | -2,387 | 12,356 |
| Operating expenses | -4,558 | -835 | -2,316 | -1,069 | -837 | 2,285 | -7,330 |
| incl. depreciations, amortisation | -624 | -47 | -198 | -19 | -61 | 10 | -939 |
| Profit before profit from associates and impairment losses on loans | 1,909 | 329 | 727 | 1,507 | 656 | -102 | 5,026 |
| Profit of subsidiaries and associates | -39 | 0 | 0 | 0 | 111 | 0 | 72 |
| Impairment losses on loans and advances | -514 | -159 | -431 | -567 | 0 | 0 | -1,671 |
| Profit before income tax | 1,356 | 170 | 296 | 940 | 767 | -102 | 3,427 |
| Income tax | -15 | 0 | -204 | -261 | -10 | 0 | -490 |
| Net profit/loss | 1,341 | 170 | 92 | 679 | 757 | -102 | 2,937 |

| In thousands of euros | | | | | | | |
|--|----------------|---------------|----------------|----------------|--------------|-----------------|----------------|
| 12 months 2020 | Estonia | Latvia | Lithuania | Poland | Investments | Eliminations | Total |
| Interest income based on EIR | 21,863 | 4,828 | 15,953 | 4,665 | 29 | -4,303 | 43,035 |
| incl. income from external customers | 17,560 | 4,828 | 15,953 | 4,665 | 29 | 0 | 43,035 |
| incl. Income from internal customers | 4,303 | 0 | 0 | 0 | 0 | -4,303 | 0 |
| Fee income | 1,051 | 242 | 0 | 68 | 1 | 0 | 1,362 |
| Other operating income | 1,461 | 69 | 143 | 80 | 493 | -1,478 | 768 |
| incl. income from external customers | 476 | 69 | 143 | 80 | 0 | 0 | 768 |
| incl. Income from internal customers | 985 | 0 | 0 | 0 | 493 | -1,478 | 0 |
| Total income | 24,375 | 5,139 | 16,096 | 4,813 | 523 | -5,781 | 45,165 |
| Interest expense | -6,315 | -698 | -3,644 | -1,501 | 0 | 4,303 | -7,855 |
| Fee expense | -769 | -159 | -976 | -559 | 0 | 0 | -2,463 |
| Other operating expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total expenses | -7,084 | -857 | -4,620 | -2,060 | 0 | 4,303 | -10,318 |
| Total net interest, fee and commission income and other income | 17,291 | 4,282 | 11,476 | 2,753 | 523 | -1,478 | 34,847 |
| Operating expenses | -9,470 | -1,908 | -5,060 | -1,731 | -630 | 1,478 | -17,321 |
| incl. depreciations, amortisation | -1,379 | -151 | -567 | -103 | -134 | 0 | -2,334 |
| Profit before profit from associates and impairment losses on loans | 7,821 | 2,374 | 6,416 | 1,022 | -107 | 0 | 17,526 |
| Profit of subsidiaries and associates | 375 | 0 | 0 | 0 | 414 | 0 | 789 |
| Impairment losses on loans and advances | -5,451 | -885 | -3,170 | -2,039 | -1 | 0 | -11,546 |
| Profit before income tax | 2,745 | 1,489 | 3,246 | -1,017 | 306 | 0 | 6,769 |
| Income tax | -396 | 0 | -552 | 181 | -100 | 0 | -867 |
| Net profit/loss | 2,349 | 1,489 | 2,694 | -836 | 206 | 0 | 5,902 |
| Total assets | 354,705 | 28,573 | 144,238 | 114,099 | 5,584 | -157,168 | 490,031 |
| Total liabilities | 308,003 | 24,582 | 127,913 | 120,384 | 347 | -152,423 | 428,806 |

| In thousands of euros | | | | | | | |
|--|---------------|--------------|--------------|--------------|-------------|---------------|---------------|
| Q4 2020 | Estonia | Latvia | Lithuania | Poland | Investments | Eliminations | Total |
| Interest income based on EIR | 5,169 | 1,136 | 3,927 | 1,508 | 0 | -679 | 11,061 |
| incl. income from external customers | 4,490 | 1,136 | 3,927 | 1,508 | 0 | 0 | 11,061 |
| incl. Income from internal customers | 679 | 0 | 0 | 0 | 0 | -679 | 0 |
| Fee income | 453 | 56 | 0 | 42 | 0 | 0 | 551 |
| Other operating income | 769 | 18 | 69 | 5 | 493 | -1,055 | 299 |
| incl. income from external customers | -146 | 18 | 69 | 5 | 353 | 0 | 299 |
| incl. Income from internal customers | 915 | 0 | 0 | 0 | 140 | -1,055 | 0 |
| Total income | 6,391 | 1,210 | 3,996 | 1,555 | 493 | -1,734 | 11,911 |
| Interest expense | -1,470 | -122 | -570 | -470 | 8 | 679 | -1,945 |
| Fee expense | -446 | -41 | -248 | -180 | 0 | 0 | -915 |
| Other operating expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total expenses | -1,916 | -163 | -818 | -650 | 8 | 679 | -2,860 |
| Total net interest, fee and commission income and other income | 4,475 | 1,047 | 3,178 | 905 | 501 | -1,055 | 9,051 |
| Operating expenses | -2,424 | -750 | -1,810 | -421 | -274 | 1,055 | -4,624 |
| incl. depreciations, amortisation | -450 | -39 | -154 | -25 | -39 | 0 | -707 |
| Profit before profit from associates and impairment losses on loans | 2,051 | 297 | 1,368 | 484 | 227 | 0 | 4,427 |
| Profit of subsidiaries and associates | 0 | 0 | 0 | 0 | 121 | 0 | 121 |
| Impairment losses on loans and advances | -1,208 | -197 | -452 | -459 | -1 | 0 | -2,317 |
| Profit before income tax | 843 | 100 | 916 | 25 | 347 | 0 | 2,231 |
| Income tax | -150 | 0 | -739 | 472 | -100 | 0 | -517 |
| Net profit/loss | 693 | 100 | 177 | 497 | 247 | 0 | 1,714 |

Note 4 Net interest income

Net interest income

| In thousands of euros | Q4 2021 | 12 months 2021 | Q4 2020 | 12 months 2020 |
|--|---------------|----------------|---------------|----------------|
| Interest income based on EIR | | | | |
| Loans to households | 13,111 | 47,675 | 10,913 | 42,640 |
| Loans to corporates | 241 | 314 | 147 | 522 |
| Due from financial and credit institutions | -173 | 49 | 1 | -127 |
| Total interest income | 13,179 | 48,038 | 11,061 | 43,035 |
| Interest expense | | | | |
| Deposits received | -2,049 | -7,625 | -1,595 | -6,458 |
| Debt securities sold | -400 | -1,356 | -343 | -1,372 |
| Lease liability | -149 | -609 | -7 | -25 |
| Total interest expense | -2,598 | -9,590 | -1,945 | -7,855 |
| Net interest income | 10,581 | 38,448 | 9,116 | 35,180 |

Note 5 Net fee and commission income

Net fee and commission income

| In thousands of euros | Q4 2021 | 12 months 2021 | Q4 2020 | 12 months 2020 |
|------------------------------|-------------|----------------|-------------|----------------|
| Fee income | | | | |
| Households | 661 | 2,200 | 550 | 1,358 |
| Corporates | 0 | 0 | 1 | 4 |
| Total fee income | 661 | 2,200 | 551 | 1,362 |
| Fee expense | | | | |
| Loan administration expenses | -659 | -2,330 | -500 | -1,849 |
| Other fee expenses | -151 | -787 | -415 | -614 |
| Total fee expense | -810 | -3,117 | -915 | -2,463 |
| Net fee income | -149 | -917 | -364 | -1,101 |

Loan administration expenses comprise of loan management costs, e.g. costs related to sending of notifications etc.

Note 6 Operating expenses

Operating expenses

| In thousands of euros | Q4 2021 | 12 months 2021 | Q4 2020 | 12 months 2020 |
|---|--------------|----------------|--------------|----------------|
| Personnel expenses | | | | |
| Personnel expense | 2,497 | 9,367 | 1,739 | 7,448 |
| Social and other taxes | 596 | 2,256 | 460 | 1,759 |
| Total personnel expenses | 3,093 | 11,623 | 2,199 | 9,207 |
| Marketing expenses | | | | |
| Advertising and marketing | 761 | 2,255 | 394 | 1,136 |
| Sales costs | 242 | 574 | 162 | 421 |
| Total marketing expenses | 1,003 | 2,829 | 556 | 1,557 |
| Administrative expenses | | | | |
| Office maintenance and workplace expenses | 281 | 779 | 158 | 601 |
| IT expenses | 501 | 1,819 | 501 | 1,534 |
| Legal and recovery proceeding expenses | 198 | 631 | 129 | 461 |
| Training and business trip expenses | 99 | 216 | 20 | 207 |
| Supervision expenses | 143 | 500 | 119 | 341 |
| Transportation expenses | 63 | 185 | 40 | 168 |
| Other | 1,033 | 2,497 | 195 | 911 |
| Total administrative expenses | 2,318 | 6,627 | 1,162 | 4,223 |

Note 7 Loans and advances

Distribution of receivables by customer sector

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|
| Distribution of receivables by customer sector | | |
| Households | 607,343 | 403,861 |
| Corporates | 8,848 | 11,593 |
| Loans and advances before impairment allowance | 616,191 | 415,454 |
| Impairment allowance | -11,343 | -13,242 |
| Total loans and advances | 604,848 | 402,212 |

Impairment losses on loans and advances

| In thousands of euros | 12 months 2021 | 12 months 2020 |
|--|----------------|----------------|
| Impairment losses on loans and advances | | |
| Impairment losses of reporting period | -12,690 | -18,713 |
| Recoveries from written off from financial position | 6,022 | 7,167 |
| Total impairment losses on loans and advances | -6,668 | -11,546 |

Changes in impairments

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|
| Changes in impairments | | |
| Impairment allowance balance in the beginning of the period | -13,242 | -8,295 |
| Impairment provisions set up during reporting period | 12,690 | -18,713 |
| Written off from financial position during the period | -10,791 | 13,766 |
| Total impairment | -11,343 | -13,242 |

Inbank regularly sells receivables that are more than 90 days overdue, with no obligation to repurchase (except for fraud or death of the customer). The difference between pre-transaction and post transaction debt carrying amount is recognised in income statement and the total amount of debt is written off in the statement of financial position.

Distribution of receivables from households

| In thousands of euros | | Impairment allowance | | | Net receivables | Impairment coverage |
|-----------------------------|-------------------|----------------------|---------------|---------------|-----------------|---------------------|
| 31.12.2021 | Gross receivables | Stage 1 | Stage 2 | Stage 3 | | |
| Distribution of receivables | | | | | | |
| 0-3 days | 580,325 | -4,036 | -113 | -353 | 575,823 | 0.8% |
| 4-30 days | 13,606 | -923 | -116 | -108 | 12,459 | 8.4% |
| 31-89 days | 8,201 | -1 | -1,412 | -207 | 6,581 | 19.8% |
| 90-179 days | 1,341 | 0 | 0 | -860 | 481 | 64.1% |
| 180+ days | 3,870 | 0 | 0 | -3,189 | 681 | 82.4% |
| Total receivables | 607,343 | -4,960 | -1,641 | -4,717 | 596,025 | 1.9% |

| 31.12.2020 | | Impairment allowance | | | Net receivables | Impairment coverage |
|-----------------------------|-------------------|----------------------|---------------|---------------|-----------------|---------------------|
| Distribution of receivables | Gross receivables | Stage 1 | Stage 2 | Stage 3 | | |
| 0-3 days | 360,075 | -3,286 | -49 | -126 | 356,614 | 1.0% |
| 4-30 days | 27,698 | -1,722 | -51 | -124 | 25,801 | 6.8% |
| 31-89 days | 8,173 | -5 | -1,640 | -201 | 6,327 | 22.6% |
| 90-179 days | 1,238 | 0 | 0 | -711 | 527 | 57.4% |
| 180+ days | 6,677 | 0 | 0 | -5,289 | 1,388 | 79.2% |
| Total receivables | 403,861 | -5,013 | -1,740 | -6,451 | 390,657 | 3.3% |

Distribution of receivables from corporates

| In thousands of euros | | | | | | |
|-----------------------------|--------------|----------------------|----------|----------|--------------|-------------|
| 31.12.2021 | Gross | Impairment allowance | | | Net | Impairment |
| Distribution of receivables | receivables | Stage 1 | Stage 2 | Stage 3 | receivables | coverage |
| 0-3 days | 6,187 | -14 | 0 | 0 | 6,173 | 0.2% |
| 4-30 days | 2,661 | -11 | 0 | 0 | 2,650 | 0.4% |
| 31-89 days | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 90-179 days | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 180+ days | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total receivables | 8,848 | -25 | 0 | 0 | 8,823 | 0.3% |

| 31.12.2020 | | | | | | |
|-----------------------------|---------------|----------------------|----------|-----------|---------------|-------------|
| Distribution of receivables | Gross | Impairment allowance | | | Net | Impairment |
| | receivables | Stage 1 | Stage 2 | Stage 3 | receivables | coverage |
| 0-3 days | 11,544 | -33 | 0 | 0 | 11,511 | 0.3% |
| 4-30 days | 4 | 0 | 0 | 0 | 4 | 0.0% |
| 31-89 days | 1 | 0 | 0 | 0 | 1 | 0.0% |
| 90-179 days | 9 | 0 | 0 | -2 | 7 | 22.2% |
| 180+ days | 35 | 0 | 0 | -3 | 32 | 8.6% |
| Total receivables | 11,593 | -33 | 0 | -5 | 11,555 | 0.3% |

According to management's estimates, overdues up to 3 days do not objectively reflect the quality of customer receivables as overdues of that tenure are often the result of interbank payments processing rules.

Note 8 Due from central banks and credit institutions

Due from central banks and credit institutions

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|---------------|---------------|
| Due from central banks | 69,549 | 24,692 |
| Mandatory reserve in central banks | 7,904 | 2,753 |
| Due from credit institutions | 17,870 | 19,784 |
| Total due from central banks and credit institutions | 95,323 | 47,229 |

Cash and cash equivalents in the statement of cash flows include cash in hand, receivables from central banks (excluding the statutory reserve) and short-term (up to 3 months) receivables from other credit institutions.

Note 9 Investments in debt securities

Investments in debt securities

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|--------------|---------------|
| Investments in debt securities | 7,589 | 13,582 |
| incl. investments in central government debt securities | 0 | 10,009 |
| incl. investments in corporate debt securities | 7,589 | 3,537 |
| Interest accruals | 95 | 36 |
| Total investments in debt securities | 7,684 | 13,618 |

As of 31.12.2021, Inbank's debt securities portfolio consists of long-term securities with different maturities between 29.09.2027 and 29.12.2028 with an interest rate of 3% p.a. + 12 months euribor.

Note 10 Business combinations and investments to associates

Further information on Inbank consolidation group has been disclosed in Note 1.

Maksekeskus AS, AS Aktiva Portfolio and Paywerk AS are associates of the Inbank consolidation group and the rest of the companies are subsidiaries.

Maksekeskus AS is one of the largest payment services providers in Estonia, also operating in Latvia and Lithuania. AS Aktiva Portfolio has been established for more efficient management of debt portfolio. Paywerk AS is a start-up company that will offer a cross-border "pay later" service. Inbank has several synergies with the new company that may support the bank's growth in both existing and new markets in the future.

Investments are accounted for using the equity method. In 2021, income from equity investments was calculated in the amount of EUR 335 thousand (2020: EUR 414 thousand).

Balance sheet values of associates

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|--------------|--------------|
| Maksekeskus AS | 4,203 | 3,689 |
| AS Aktiva Portfolio | 506 | 337 |
| Paywerk AS | 269 | 0 |
| Total value of associates in the balance sheet | 4,978 | 4,026 |

Purchase analysis of Mobire Group OÜ

In January 2021, Inbank acquired 53% of the shares in Mobire, a full-service rental company. The purpose of the transaction was to strengthen Inbank's position in the car financing market and to enter an innovative fixed use car business model. Joint synergies are seen in the growth opportunities in the Latvian and Lithuanian markets.

| | |
|--|----------------------------|
| Share % | 53 |
| Acquisition date | 25.01.2021 |
| | Fair value acquired |
| Cash and cash equivalents | 313 |
| Loans and advances | 200 |
| Non-current asset | 35,003 |
| Other financial and non-financial liabilities | 3,376 |
| Loans received | -136 |
| Other liabilities | -31,862 |
| Net identified assets and liabilities | 6,894 |
| Total consideration paid | -3,100 |
| Consideration future payment 2022, financial liability | -345 |
| Redemption liability | -6,215 |
| Goodwill | 2,766 |

Mobire's profit from the time of purchase until the reporting date of 31.12.2021 amounted to EUR 2,202 thousand. The purchase and sale agreement includes Inbank's option to acquire 100% of the shares of Mobire Group OÜ, therefore the non-controlling interest is recognized as a redemption liability.

Acquisitions and disposals of associates

| In thousands of euros | 12 months 2021 | 12 months 2020 |
|---|----------------|----------------|
| Acquisitions | | |
| Equity contribution, financial assets at fair value through profit and loss | 3,150 | 0 |
| Equity contribution, associates | 619 | 305 |
| Total acquisitions | 3,769 | 305 |
| Disposals | | |
| Proceeds from disposals of subsidiary | 0 | 780 |
| Total disposals | 0 | 780 |

In 2020, Inbank sold its 100% share in the full-service leasing company Inbank Liising AS (now called Täisteenusliisingu AS). The price of the sale transaction was 780 thousand euros, of which the income received in the amount of 375 thousand euros is recognised in the income statement under "Share of profit from subsidiaries and associates".

Inbank has not received dividends from its associates.

Note 11 Right of use asset and lease liability

Inbank rents various office facilities and vehicles. Leases have been entered into for a fixed period of 1 to 5 years. Under "Additions" are recognised the vehicle lease contracts through the acquisition of the subsidiary.

Distribution of right to use asset

| In thousands of euros | Buildings | Vehicles | Total |
|---------------------------------------|--------------|---------------|---------------|
| Carrying amount, 01.01.2020 | 773 | 0 | 773 |
| Paid in share capital | 733 | 137 | 870 |
| Statutory reserve capital | -476 | -2 | -478 |
| Total profit for the reporting period | -8 | 0 | -8 |
| Carrying amount, 31.12.2020 | 1,022 | 135 | 1,157 |
| Carrying amount, 01.01.2021 | 1,022 | 135 | 1,157 |
| Paid in share capital | 1,429 | 33,156 | 34,585 |
| Share-based payment reserve | 0 | -5,945 | -5,945 |
| Statutory reserve capital | -509 | -4,057 | -4,566 |
| Carrying amount, 31.12.2021 | 1,942 | 23,289 | 25,231 |

Interest expense from lease liability of the reporting period was EUR 609 thousand and Q4 2021 EUR 150 thousand (12 months 2020: EUR 25 thousand and Q4 2020: EUR 6 thousand).

Lease liability

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|--------------------------------|---------------|--------------|
| Short-term lease liabilities | 8,327 | 481 |
| Long-term lease liabilities | 18,167 | 687 |
| Total lease liabilities | 26,494 | 1,168 |

Note 12 Intangible assets

Intangible assets

| In thousands of euros | Licences | Software | Internally generated software* | Goodwill | Total |
|-------------------------------|-----------|--------------|--------------------------------|--------------|---------------|
| Cost, 01.01.2021 | 164 | 9,275 | 3,101 | 6,157 | 18,697 |
| Accumulated amortisation | -114 | -1,771 | -673 | 0 | -2,558 |
| Opening carrying value | 50 | 7,504 | 2,428 | 6,157 | 16,139 |
| Additions | 0 | 3,521 | 2,402 | 2,766 | 8,689 |
| Write-offs | -1 | 0 | 0 | 0 | -1 |
| Amortisation charge | -11 | -1,948 | -445 | 0 | -2,404 |
| Closing carrying value | 38 | 9,077 | 4,385 | 8,923 | 22,424 |
| Cost, 31.12.2021 | 163 | 12,796 | 5,503 | 8,923 | 27,385 |
| Accumulated amortisation | -125 | -3,719 | -1,118 | 0 | -4,962 |
| Carrying value | 38 | 9,077 | 4,385 | 8,923 | 22,423 |

* Internally generated software consists of capitalised development costs.

Management has carried out tests of recoverable amount of goodwill as at 31 December 2021 and 31 December 2020. The cash generating units of goodwill are segments, which are entities of Inbank group. The breakdown of goodwill between segments is as follows:

The breakdown of goodwill between segments

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|-------------------------|--------------|--------------|
| Business segment | | |
| Estonia | 3,004 | 238 |
| Lithuania | 5,919 | 5,919 |
| Total | 8,923 | 6,157 |

The recoverable amount of goodwill was identified by value in use which was determined using detailed pre-tax operating cash flow estimates for the next three years. Discounted cash flow method (DCF) was used for the value in use assessment. The weighted average cost of capital used (Lithuanian branch 7.77% and Mobire 10.46%) was pre-tax and reflects specific risks applicable to the specific market and industry. The growth rates used for projections have been derived from the experience of the growth in respective industry and the management's expectations of the respective growth rates in the projected future years in the respective region.

The recoverable amount of the unit does not significantly differ from its carrying amount (including goodwill), therefore, no adjustments have been made to the consolidated statement of financial position.

Note 13 Other assets

Other assets

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|-----------------------------------|--------------|--------------|
| Financial assets | | |
| Prepaid guarantee amounts | 295 | 149 |
| Accrued receivables | 1,677 | 1,201 |
| Total financial assets | 1,972 | 1,350 |
| Non-financial assets | | |
| Prepaid expenses | 2,704 | 772 |
| Prepaid taxes | 6 | 182 |
| Other assets | 238 | 343 |
| Total non-financial assets | 2,948 | 1,297 |

Prepaid taxes include prepaid VAT. Accrued receivables are of short-term nature (1 – 30 days).

Note 14 Customer deposits

Deposits

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|--|----------------|----------------|
| Customer deposits | | |
| Deposits from households | 607,597 | 377,757 |
| Deposits from non-financial corporates | 8,142 | 9,357 |
| Deposits from financial corporates | 2,118 | 4,227 |
| Total customer deposits | 617,857 | 391,341 |

Deposits by clients' residency

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|----------------|----------------|
| Deposits by clients' residency | | |
| Estonia | 60,253 | 66,900 |
| Germany | 264,731 | 186,587 |
| Poland | 251,335 | 106,365 |
| Austria | 11,122 | 10,072 |
| Netherlands | 27,678 | 18,687 |
| Lithuania | 2,404 | 2,523 |
| Other residence | 334 | 207 |
| Total deposits by clients' residency | 617,857 | 391,341 |

Deposits include accrued interest liabilities in the amount of EUR 7,728 thousand (31.12.2020: EUR 5,636 thousand).

Note 15 Debt securities

Debt securities

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|------------------------------|------------|--------------|
| Debt securities issued | 0 | 4,000 |
| Interest accruals | 0 | 10 |
| Total debt securities | 0 | 4,010 |

Debt securities detailed information

| Debt securities | Nominal value | Amount | Issue date | Maturity date |
|-----------------|---------------|--------|------------|---------------|
| EE3300111673 | 250,000 EUR | 16 | 28.02.2019 | 01.03.2021 |

The debt securities issued are recorded in the balance sheet at amortised cost.

Note 16 Subordinated debt securities

Subordinated debt securities

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---|---------------|---------------|
| Subordinated debt securities issued | 37,153 | 17,653 |
| Interest accruals | 34 | -90 |
| Total subordinated debt securities | 37,187 | 17,563 |

Subordinated debt securities detailed information

| Subordinated debt securities | Nominal price | Amount | Interest rate | Issue date | Maturity date |
|------------------------------|---------------|--------|---------------|------------|---------------|
| EE3300110964 | 1,000 EUR | 6,503 | 7.0% | 28.09.2016 | 28.09.2026 |
| EE3300111590 | 10,000 EUR | 315 | 8.5% | 19.12.2018 | perpetual |
| EE3300001544 | 1,000 EUR | 8,000 | 6.0% | 19.12.2019 | 19.12.2029 |
| EE3300002286 | 10,000 EUR | 450 | 7.5% | 01.11.2021 | perpetual |
| EE3300002302 | 1,000 EUR | 15,000 | 5.5% | 16.12.2021 | 15.12.2031 |

Inbank's subordinated bonds include AT1 bonds included in Tier 1 capital. AT1 bond is a perpetual subordinated financial instrument, for which AS Inbank is obliged to pay quarterly perpetual coupon payments. The coupon payments may be deferred or cancelled at the discretion of AS Inbank. The AT1 bond is accounted for as liability because in specific circumstances AS Inbank is obliged to pay back the debt instrument to investors.

The subordinated debt securities issued are recorded in the balance sheet at amortised cost by using the effective interest rate method. In addition to coupon interest rate, the effective interest rate mainly depends on transaction costs, recognised as a change in nominal value of the debt securities and charged to interest expense over a term of five years.

Note 17 Other liabilities

Other liabilities

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|------------------------------------|---------------|---------------|
| Financial liabilities | | |
| Accounts payable | 21,292 | 10,068 |
| Lease liability | 26,494 | 1,168 |
| Client prepayments | 1,402 | 982 |
| Total financial liabilities | 49,188 | 12,218 |
| Other liabilities | | |
| Payables to employees | 2,147 | 1,964 |
| Payroll taxes | 711 | 480 |
| Other liabilities | 438 | 366 |
| Total other liabilities | 3,296 | 2,810 |

The accounts payable includes liabilities to customers and partners related loan granting activities and payments for operating expenses. Of the amount, EUR 4,664 thousand is Inbank's branch and subsidiaries liability to partners for loan granting activities (31.12.2020 EUR 6,484 thousand).

Note 18 Contingent liabilities

Contingent liabilities

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|---------------------------------|------------|------------|
| Revocable commitments | | |
| Liability in contractual amount | 5,485 | 7,448 |
| incl. unused credit card limits | 3,460 | 5,111 |

Note 19 Share capital

Share capital

| | No of shares | Nominal value (EURt) | Share premium (EURt) | Total |
|---|------------------|-------------------------|-------------------------|---------------|
| Balance, 01.01.2021 | 9,610,530 | 961 | 23,865 | 24,826 |
| Share issue | 356,667 | 36 | 6,571 | 6,607 |
| incl. transaction costs arising on share issues | 0 | 0 | 166 | 166 |
| Balance, 31.12.2021 | 9,967,197 | 997 | 30,436 | 31,433 |

Inbank's share capital consists of 9,967,197 shares with a nominal value of 0.10 euros. All issued shares have been paid. The share premium reflects the difference between the nominal value of the shares and the contributions received.

Note 20 Reserves

Reserves

| In thousands of euros | 31.12.2021 | 31.12.2020 |
|--|--------------|--------------|
| Statutory reserve | 96 | 90 |
| Voluntary reserve | 1,330 | 1,330 |
| Share based payments reserve | 591 | 346 |
| Other accumulated comprehensive income | -296 | -238 |
| Total reserves | 1,721 | 1,528 |

A part of the annual net profit is transferred to the statutory reserve in accordance with the Commercial Code.

The general meeting of AS Inbank has previously decided to increase the reserves through voluntary increase of reserves. The voluntary reserve may also be used for increasing the share capital, but not for making payouts to shareholders.

The fair value of share options issued to employees is recognised as a payroll expense over the term of the option programme, and in equity as share-based payments reserve.

Note 21 Fair value of financial assets and liabilities

Fair value of financial assets and liabilities

| In thousands of euros | 31.12.2021 | | | 31.12.2020 | | |
|------------------------------------|----------------|-----------------|-------|----------------|-----------------|-------|
| | Fair value | Carrying amount | Level | Fair value | Carrying amount | Level |
| Assets | | | | | | |
| Due from central banks | 77,453 | 77,453 | 2 | 27,445 | 27,445 | 2 |
| Due from credit institutions | 17,870 | 17,870 | 2 | 19,784 | 19,784 | 2 |
| Investments in debt securities | 7,684 | 7,684 | 3 | 13,618 | 13,618 | 3 |
| Loans and advances | 604,848 | 604,848 | 3 | 402,212 | 402,212 | 3 |
| Other financial assets | 1,972 | 1,972 | 3 | 1,350 | 1,350 | 3 |
| Total assets | 709,827 | 709,827 | | 464,409 | 464,409 | |
| Liabilities | | | | | | |
| Customer deposits | 617,857 | 617,857 | 2 | 391,341 | 391,341 | 2 |
| Debt securities issued | 0 | 0 | 3 | 4,010 | 4,010 | 3 |
| Subordinated debt securities | 30,382 | 29,524 | 2 | 14,954 | 14,476 | 2 |
| Subordinated debt securities (AT1) | 7,663 | 7,663 | 3 | 3,087 | 3,087 | 3 |
| Other financial liabilities | 49,188 | 49,188 | 3 | 12,218 | 12,218 | 3 |
| Total liabilities | 705,090 | 704,232 | | 425,610 | 425,132 | |

Level 2 fair value is estimated using market information (rates and interest rate curves for similar transactions).

The fair value in 3 were estimated using the discounted cash flow valuation technique. The fair value of fixed rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The investments in debt securities fair value does not differ significantly from the book value, classified as level 3 in fair value hierarchy.

The small loans and hire-purchase products granted to customers are short-term. The effective interest rate of consumer loans granted by Inbank is comparable to the interest rates of comparable loan products offered on the market. In general, the fair market interest and the fair value of loans have not significantly changed over the loan period. The carrying amount of loans does not therefore significantly differ from their fair value. Loans to customers are classified as level 3.

Loans granted to corporates are sufficiently short-term and the interest environment has remained stable ever since the issue of loans. In the management's opinion, their fair value does not therefore significantly differ from the net book value. Loans to corporates are classified as level 3.

Fixed-interest customer deposits are mostly short-term. The interest rate of term deposits accepted and loans received by Inbank are comparable to the comparable contract interest rates on the market. In general, the fair market interest and the fair value of deposits have not significantly changed over the deposit period. The carrying amount of deposits does not therefore significantly differ from their fair value. These are classified as level 2 in fair value hierarchy.

Debt securities were issued at market terms, classified as level 3 in fair value hierarchy.

Subordinated debt securities are listed on the Nasdaq Baltic Stock Exchange and their fair value can be determined based on the transaction history. As a result the debt security is classified as level 2 in fair value hierarchy.

Subordinated debt securities (AT1) were issued at market terms and considering that the interest rate environment has been relatively stable, consequently the fair value is close to the carrying value, classified as level 3 in fair value hierarchy.

Note 22 Related parties

Remuneration of the Management Board and Supervisory Board

| In thousands of euros | 12 months 2021 | 12 months 2020 |
|--|----------------|----------------|
| Remuneration of the Management Board and Supervisory Board | 1,189 | 897 |

The following are considered to be the Inbank's related parties:

- members of the Management Board and Supervisory Board, their family members and related companies (hereinafter the management),
- associates,
- parent company or persons that have control or significant influence over the parent company.

Balances as of end of reporting period

| In thousands of euros Balances as of end of reporting period | 31.12.2021 | | | 31.12.2020 | | |
|---|------------|------------|-------|------------|------------|-------|
| | Management | Associates | Total | Management | Associates | Total |
| Investments in debt securities | 0 | 7,684 | 7,684 | 0 | 3,537 | 3,537 |
| Loans and advances | 84 | 0 | 84 | 17 | 0 | 17 |
| Deposits and subordinated debt securities | 1,100 | 0 | 1,100 | 1,266 | 0 | 1,266 |

Transactions

| In thousands of euros Transactions | 12 months 2021 | | | 12 months 2020 | | |
|---------------------------------------|----------------|------------|-------|----------------|------------|-------|
| | Management | Associates | Total | Management | Associates | Total |
| Interest income | 1 | 172 | 173 | 0 | 0 | 0 |
| Interest expenses | 80 | 0 | 80 | 41 | 0 | 41 |
| Services purchased | 434 | 0 | 434 | 27 | 0 | 27 |

The table provides an overview of the significant transactions and balances with related parties. Inbank finances its subsidiaries and branches with short- and long-term loans issued under market conditions. The interest rate of deposits received from related parties matches with the interest rate offered to customers, interest rates are in between 1.1% and 2.25% (2020: 0.6 and 2.6%).

Note 23 Events after the reporting period

While harmonizing the legal structure, Inbank Technologies OÜ and Maksekeskus Holding OÜ will be merged into one company, through which Inbank's holding in Maksekeskus AS and Mobire Group OÜ will be managed. After registering the transaction in the Business Register ("*Äriregister*"), the name of the merged company will be Inbank Ventures OÜ. The accession will take place during the first half of 2022. The transaction does not affect Inbank's business.

Inbank will sell its 29.8% stake in the Maksekeskus, the sale transaction will be completed in the first half of 2022. Inbank invests the proceeds of the sale in the international expansion of the Central and Eastern European region.

AS Inbank

Niine 11, 10414 Tallinn

info@inbank.ee

+372 640 8080

www.inbank.ee