Inbank

Subordinated Bond Issue

December 2019

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Introduction

The following presentation has been prepared to introduce the planned subordinated bond issue by Inbank AS („Inbank"; "the Bank"; „the Company" and „The Group" if referring to Inbank AS with all its subsidiaries) to provide the potential investors with information to make an educated investment decision. Detailed information on the subordinated bond offering is provided in the Inbank AS Subordinated Bonds Public Offering, Listing and Admission to Trading prospectus, which has been published and is available, inter alia, at the website of the Company.

The Company is publicly offering up to 6 500 subordinated bonds with the nominal value of EUR 1 000 („the Bonds") to institutional and retail investors in Estonia („the Offering") with a total volume of up to EUR 6.5 million. In case of over-subscription of the Bonds in the course of the Offering, the Company has the right to increase the Offering volume and issue up to 1 500 additional Bonds as a result of which the total number of the Bonds offered in the course of the Offering may be up to 8 000 and the total volume of the Offering up to EUR 8 million.

The Offering Period commences on 03 December 2019 at 10:00 local time in Estonia and terminates on 13 December 2019 at 16:00 local time in Estonia.

The Company will decide on the allocation of the Bonds after the expiry of the Offering Period, and no later than on 17 December 2019. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

(i) under the same circumstances, all investors shall be treated equally, whereas dependent on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Bonds allocated to one investor;

(ii) the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors;

(iii) the allocation shall be aimed to create a solid and reliable investor base for the Company;

(iv) the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering;

(v) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; and

(vi) the Company shall be entitled to prefer the clients of the Company to other investors.

The Bonds allocated to investors will be transferred to their securities accounts on or about 19 December 2019 through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds.

The Company has the right to cancel the Offering in full or in part in its sole discretion, at any time until the end of the Offering Period. In particular, the Company may decide to cancel the Offering in the part not subscribed for.

Inbank at a glance

EUR 310m
Loan Portfolio

550 000 +
Active Contracts

22%
Return on Equity

7
Countries

1750+
Active Partners

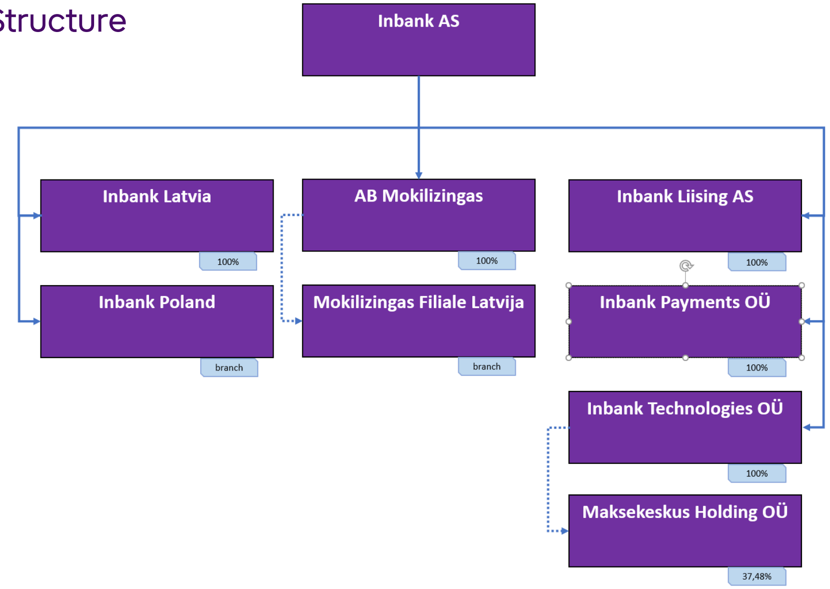
49%
Sales Growth

Data as of Q3 2019

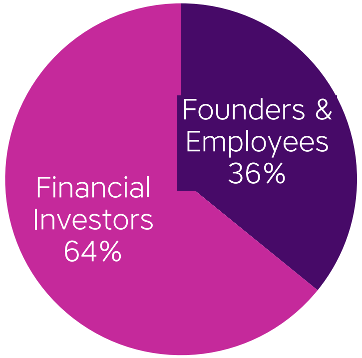
Group history and structure

First hire purchase contract	Co-branded credit cards with Coop retail chain	Joint venture in consumer loans with Krediidipank	Latvian consumer credit market entry	Banking licence and rebranding	Auto24.ee partnership	Co-operation with Raisin	Acquisition of Coop Pank and sale of affiliates to Coop Pank	Polish branch	Mokilizingas acquisition	Lithuanian branch
2011		2014		2015		2016	2017		2018	2019

Group Structure



Shareholder Structure

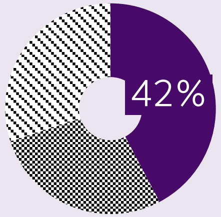


Owner	Shares	%
Cofi Investeeringud OÜ	24 635	27,3%
Pershing Hall Holding Limited	23 858	26,4%
Other (61 shareholders)	41 851	46,3%

Activity highlights

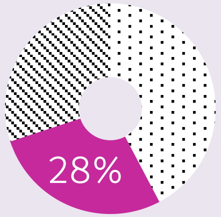
Sales Finance

- Integrated financing options for e-commerce
- Co-operation with PayU and Allegro in Poland and Bite in Lithuania and Latvia



Personal Loans

- Flexible small loans to consumers
- Tailored conditions depending on the loan purpose

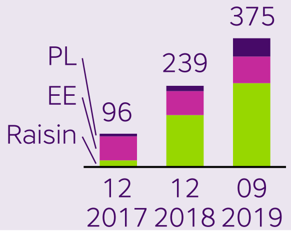


Car Loans

- Car Loan and Car Leasing
- Strategic partnership with auto24.ee in Estonia

Deposits

- Co-operation with deposit marketplace Raisin
- Term deposits offered in 5 EU countries



Baltics and Poland are our home markets

390 000 active customers and 520 000 active financing contracts

30 September 2019	Number of employees	Number of offices	Active contracts ('000)	Active Distribution partners	Net loan portfolio EURm
Group	215	7	520	1 755	310
Estonia	96	1	70	206	133
Latvia	28	1	144	170	53
Lithuania	65	3	269	1 120	94
Poland	26	2	35	259	30

Efficient and automated business model

Benefits for Partners

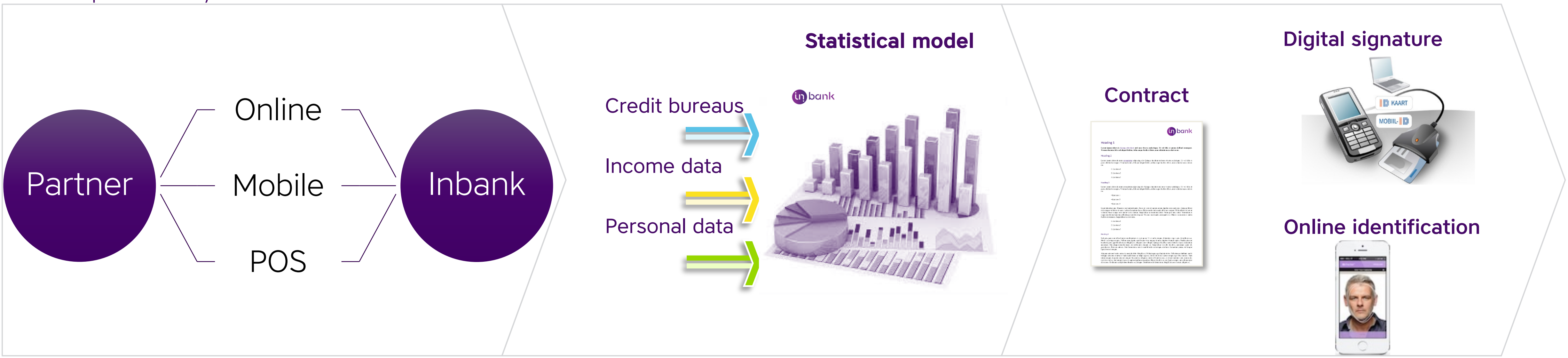
- ❑ Partner-centric and sector-focused approach
- ❑ Financing solution fully integrated into partners' business process through flexible API
- ❑ Repeat sales and greater conversion rates
- ❑ Complementary fee income

Benefits for Partners and Customers

- ❑ Quick and automated decision-making – credit decision in less than 7 seconds
- ❑ 90% of contracts completed automatically online or at point-of-sale

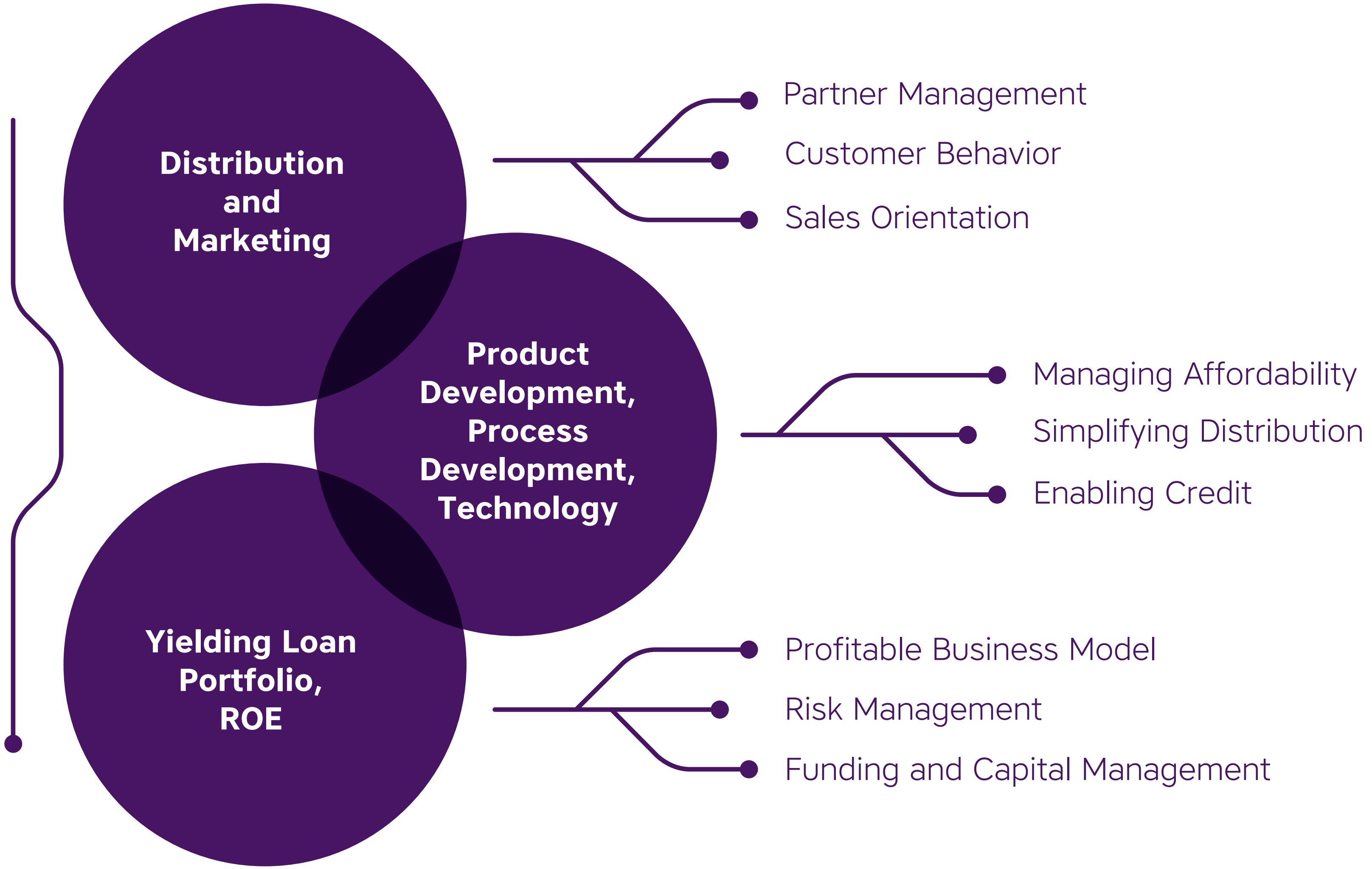
Benefits for Customers

- ❑ Flexible product offering with various options for increasing customer purchasing power
- ❑ All-digital experience convenient online identification and contract signing



Strategy & core competencies

We help our partners sell more by simplifying purchases and making financing more accessible to our customers



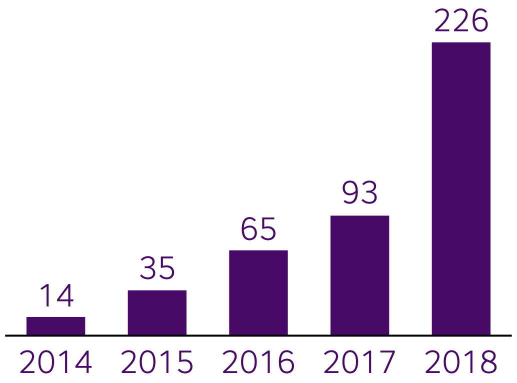
Condensed Financial Statements

EURt	2018	2017	'18 vs '17	2019 9m	2018 9m	'19 vs '18
Net interest income	19 873	11 014	*80%*	22 512	13 236	*70%*
Net fee and commission income	-388	-56	*593%*	-574	-197	*191%*
Net Other other operating income	1 870	705	*165%*	953	1 656	*-42%*
Total income	21 355	11 663	*83%*	22 891	14 695	*56%*
Labour costs	-5 795	-3 997	*45%*	-5 898	-4 034	*46%*
Sales and marketing expenses	-1 592	-929	*71%*	-1 687	-945	*79%*
Other expenses	-3 259	-1 817	*79%*	-3 651	-2 116	*73%*
Total costs	-10 646	-6 743	*58%*	-11 236	-7 095	*58%*
Operating profit	10 709	4 920	*118%*	11 655	7 600	*53%*
Gains/losses from the revaluation of loans	-2 686	-3 532	*-24%*	-4 845	-3 087	*57%*
Net profit for the accounting period before investments	8 023	1 388	*478%*	6 810	4 513	*51%*
Profit/loss from investments	1 986	6 203	*-68%*	164	1 986	*-92%*
Income tax	-733	-92	*697%*	-408	-274	*49%*
Net profit	9 276	7 499	*24%*	6 566	6 225	*5%*
incl. the share attributable to the shareholders of the Parent company	9 262	7 496	*24%*	6 566	6 214	*6%*

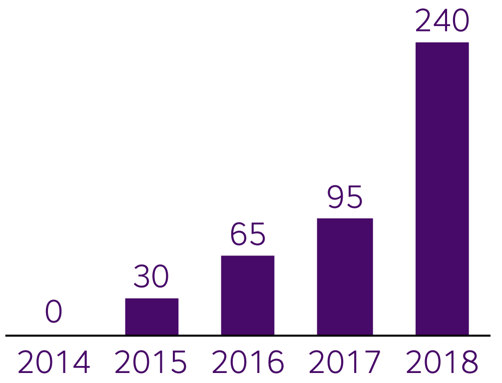
EURt	31.12.2018	31.12.2017	'18 vs '17	30.09.2019	30.09.2018	'19 vs '18
Loans granted	225 639	92 895	*143%*	310 341	199 534	*56%*
Deposits accepted	240 175	95 056	*153%*	375 133	187 209	*100%*
Equity	36 465	22 046	*65%*	43 949	33 389	*32%*

Key figures

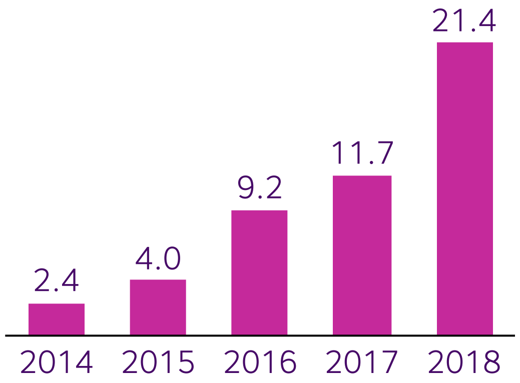
Loan Portfolio (EURm)



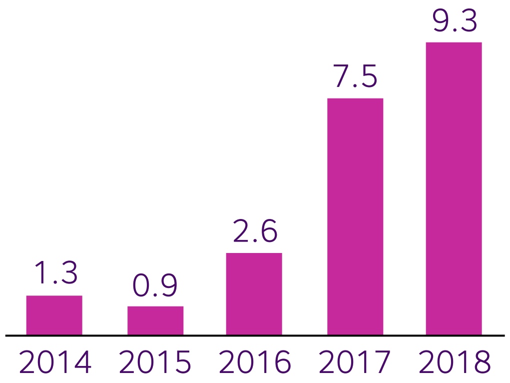
Deposit Portfolio (EURm)



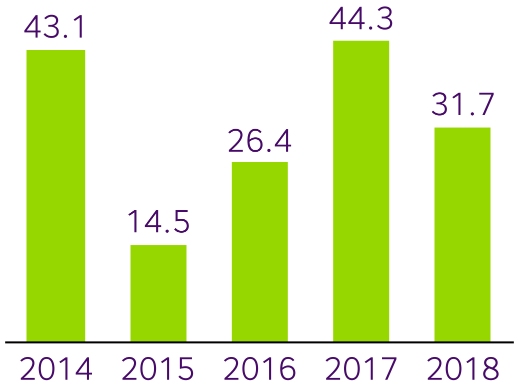
Net Income (EURm)



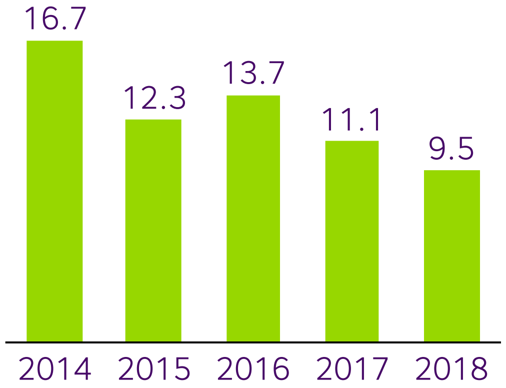
Net Profit (EURm)



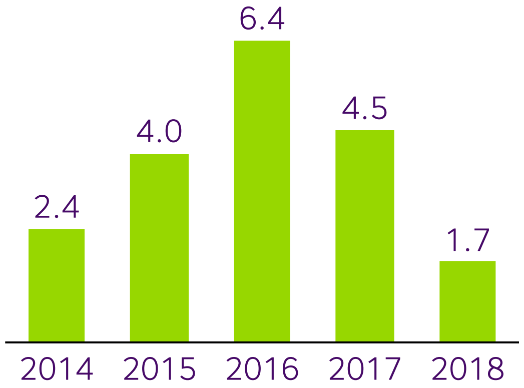
Return on Equity (%)



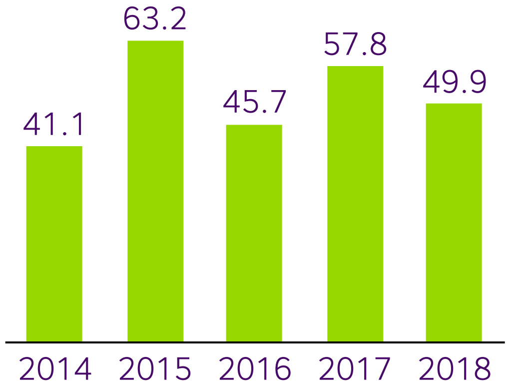
Net Interest Margin (%)



Impairment Losses to Loan Portfolio (%)

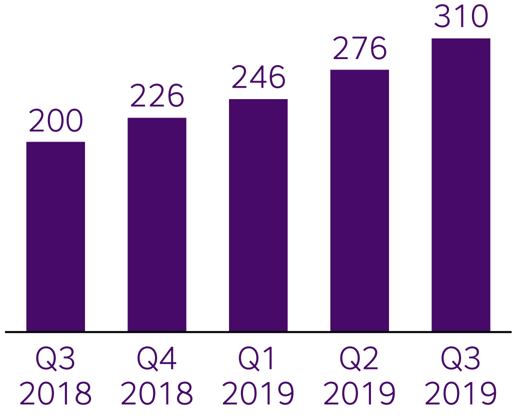


Cost Income Ratio (%)

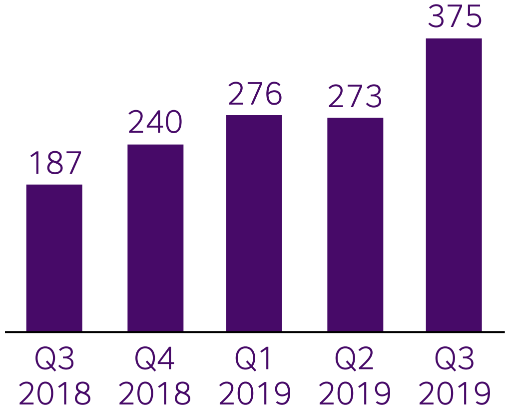


Quarterly key figures

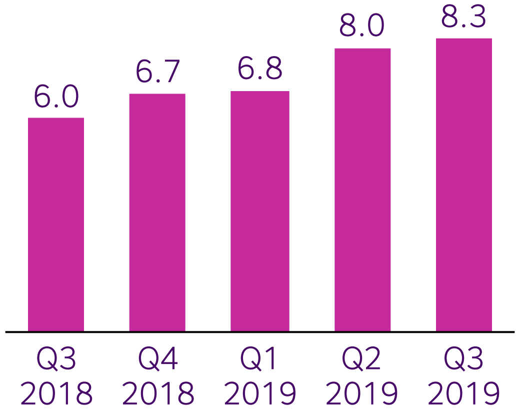
Loan Portfolio (EURm)



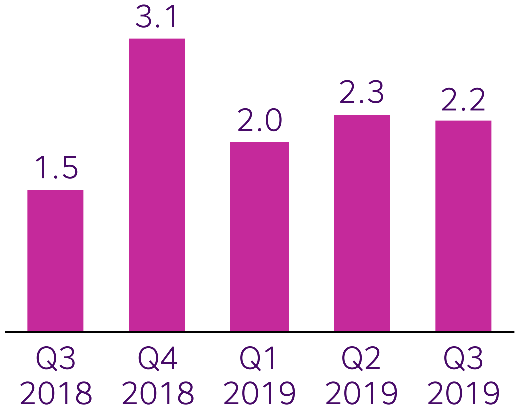
Deposit Portfolio (EURm)



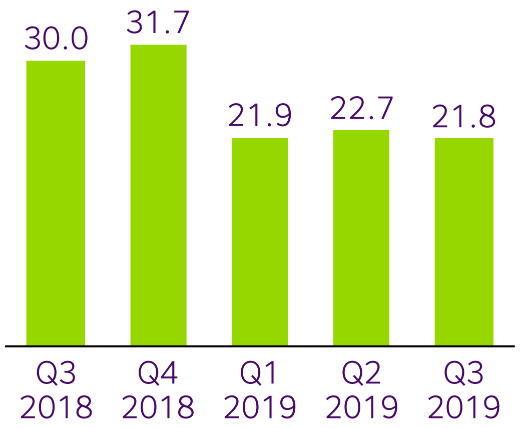
Net Income (EURm)



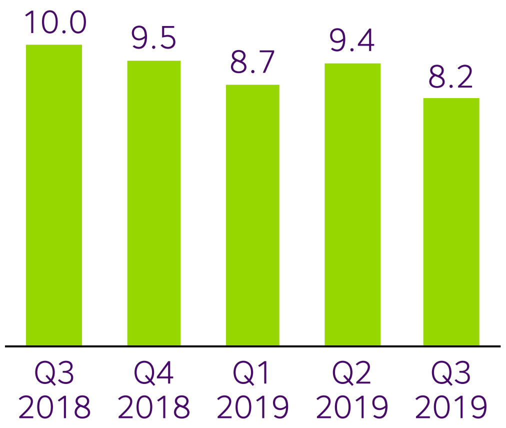
Net Profit (EURm)



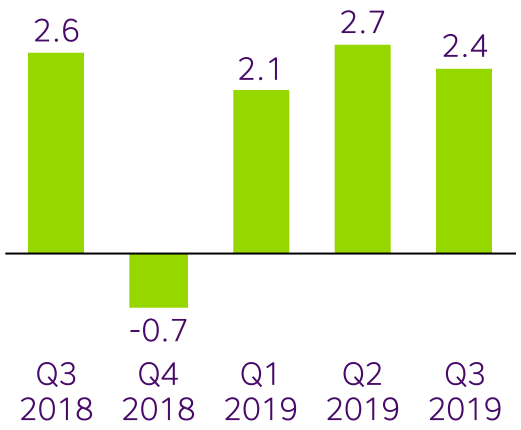
Return on Equity (%)



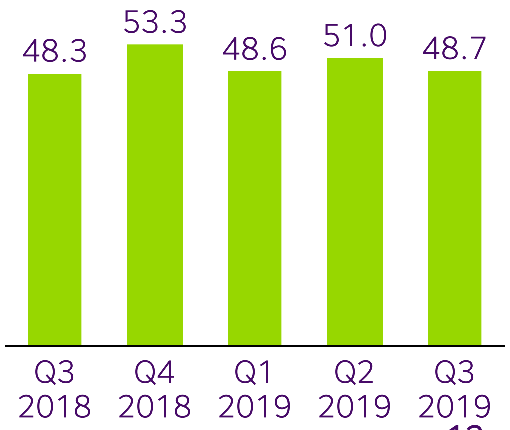
Net Interest Margin (%)



Impairment Losses to Loan Portfolio (%)



Cost Income Ratio (%)

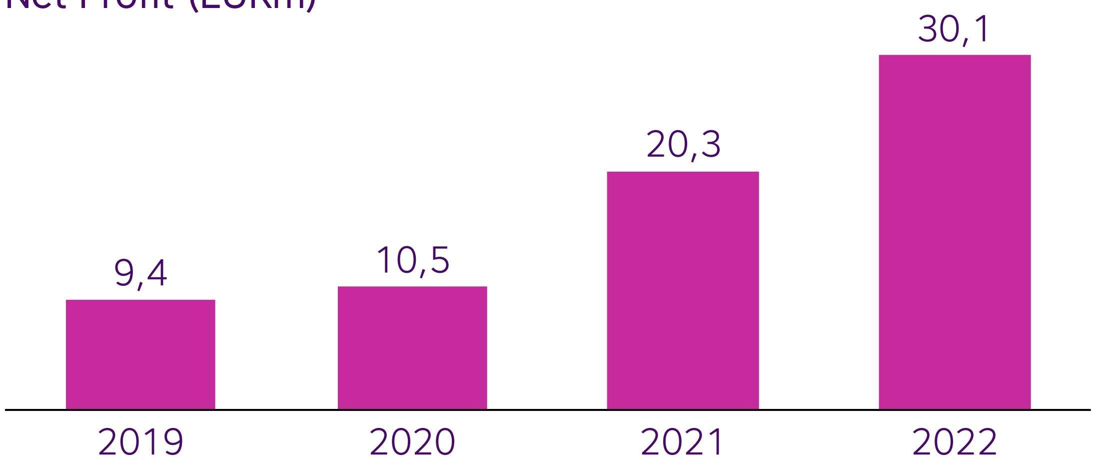


Projection 2020 – 2022

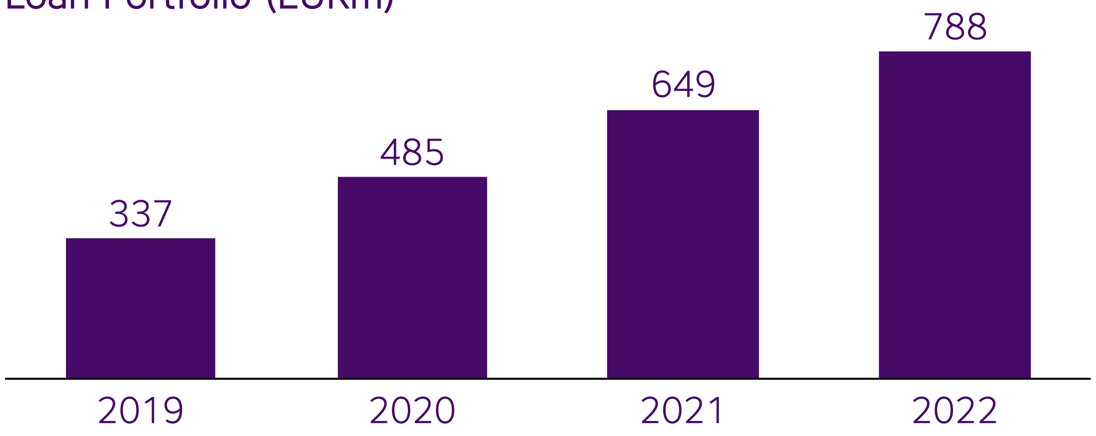
	2019	2020	2021	2022	CAGR
Loan Portfolio	337	485	649	788	35%
Deposit Portfolio	401	527	688	815	27%
Equity*	**47**	**57**	**76**	**107**	**31%**
Net Income	31,3	42,2	58,9	72,9	32%
Operating Expenses	-16,2	-20,9	-24,4	-27,2	19%
Operating Profit	**16,9**	**21,4**	**34,6**	**45,8**	**39%**
Loan impairment	-6,7	-9,5	-11,3	-12,8	24%
Net Profit	**9,4**	**10,5**	**20,3**	**30,1**	**47%**
Cost/Income	52%	50%	41%	37%	
Loan loss / Income	-21%	-23%	-19%	-18%	

Note: Equity without new issue

Net Profit (EURm)



Loan Portfolio (EURm)



Organisation

- 215 employees
- 7 offices in 4 countries
- Group management focuses on strategy, innovation and growth into new markets as well as meeting bank's capital return and risk appetite targets
- Finance, risk, product development and technology teams are centralised
- Sales & distribution and credit underwriting is handled by local teams

GROUP MANAGEMENT

Priit Põldoja
Chairman, Founder

Jan Andresoo
CEO, Founder

Piret Paulus
Business Development

Jaanus Kõusaar
Finance

Liina Sadrak
Business Processes

Marko Varik
Risk

Aet Toose
Technology

Erkki Saarniit
Product Development

COUNTRY MANAGEMENT

Margus Kastein
Inbank Estonia

Girts Ledins
Inbank Latvia

Maciej Pieczkowski
Inbank Poland

Benas Pavlauskas
Inbank Lithuania

Subordinated Bond Issue

Inbank has decided to issue publice traded subordinated bonds on the Nasdaq Tallinn Stock Exchange, Baltic Bond List

The primary purpose of the Offering is to strengthen the capital structure of the Bank to retain a strong capital base in light of a growing risk weighted asset base.

Inbank is looking to engage additional capital in the amount of 6.5EURm and in case of over-subscription the Company can exercise the right to increase the volume up to 8.0EURm.

The maturity date of the Bonds is 19 December 2029 with a nominal value of 1000 EUR.

The Bonds carry an annual coupon interest at a rate of 6% per annum paid quarterly.

The bonds are being offered to retail and institutional investors in Estonia.

The expected date of listing and the admission to trading of the Bonds is on or about 20 December 2019.

Inbank Subordinated Bond 19.12.2029

Nominal value	1 000 EUR
Interest	Annual coupon interest at a rate of **6%** per annum, calculated from the date of issue of the Bonds on 19 December 2019 The interest is paid quarterly on the following dates (starting from year 2020) - 28 March, 28 June, 28 September and 28 December
Period	The bonds are issued for a **10-year period** (19 December 2019 – 19 December 2029), with the consent from the Financial Supervisory Authority the the bonds may be redeemed prematurely **after 5 years** (19 December 2024)
Issue amount	Up to **6.5 EURm**, in case of over-subscription **up to 8 EURm**

Subordination & Use of proceeds

Subordination

The rights associated with the Bonds are subordinated to all unsubordinated claims against Inbank. The subordination of the Bonds means that upon the liquidation or bankruptcy of Inbank, all the claims arising from the Bonds shall fall due in accordance with the terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against Inbank in accordance with the applicable law.

Consent of the bondholders is not necessary for effecting bail-in measures by the EFSA.

Use of proceeds

The primary purpose of the Offering is to strengthen the capital structure of Inbank to retain a strong capital base in light of a growing risk weighted asset base.

The proceeds from the Offering will be entirely used for strengthening the Tier 2 regulative capital base. Conservative capital buffers are needed in advance to support the general corporate purposes, further growth, strengthen the market position of Inbank, finance launch of new products and increase the business volumes of Inbank.

Subscription Undertakings

Period	The Offering Period commences on 03 December 2019 at 10:00 local time in Estonia and terminates on 13 December 2019 at 16:00 local time in Estonia
Prerequisite	In order to subscribe for the Bonds, an investor must have a securities account with Nasdaq CSD Estonian settlement system. Such securities account may be opened through any custodian of Nasdaq CSD. Availability of the transaction amount, which will be reserved at subscription
Issue amount	6.5 EURm, in case of over-subscription up to 8.0 EURm
Allocation	Inbank will decide on the allocation of the Bonds after the expiry of the Offering Period, and no later than on 17 December 2019
Value date	19 December 2019
Expected trading date	20 December 2019

Risks summary (1)
Key risks specific to the Company

Investing in the subordinated bonds of Inbank entails various risks. All potential investor should thoroughly consider the risks involved, the scope and probability of the risks, and other relevant circumstances. If the risks are realized, investors may lose a part or all of the value of their investment. Below, please find examples of risks which, if realized, may reduce the value of Inbank and the subordinated bonds issued by Inbank.

Counterparty Credit Risk

As uncollateralized consumer lending to households is the Group's key activity, counterparty credit risk is inherent to the core operations of the Group, making the Group exposed to changes in the solvency of households that is impacted by the unemployment rate, level of wages etc. The Group considers credit risk as the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. The Group makes provisions for potential credit losses in accordance with the applicable requirements; however, such provisions are made based on the available information, estimates and assumptions, which by definition are subject to certain amount of uncertainty. Therefore, there can be no assurance that provisions are sufficient to cover potential losses.

Market Risk

Market risk, the risk of potential loss which may arise from unfavourable changes in interest rates, foreign exchange rates or price of securities, arises primarily from the Group's mismatched interest rate exposures between loans and deposits, open foreign currency positions

Foreign Currency Risk.

Foreign currency risk arises from the Group's activities through the Polish branch by offering consumer financing and accepting public deposits denominated in Polish zloty.

Interest Rate Risk.

Interest rate risk is inherent to the operations of the Group, and foremost the operations of the Company, and arises due to the fluctuations of market interest rates over time, while the Group's business involves intermediation activity that produces exposures to both maturity mismatch and rate mismatch.

Liquidity Risk and Dependence on Access to Funding Resources.

The Group's risk policies and internal procedures may not be adequate or sufficient in order to ensure the Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity, which may affect the ability of the Group to realise its strategic plans, finance its capital needs and meet its contractual obligations on time.

Operational Risk.

Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition, the operational risk also embraces risk of corporate fraud and misconduct. For the Group, the realisation of such risks could lead to a disruption in provision of services, non-conformity with applicable requirements and financial losses. The prior is true especially due to the Group relying strongly on the effective functioning of its processes and systems.

Risks summary (2)
Key risks specific to the Company

Dependency on Information Technology Systems and Risk of Cyber-Attacks

The Group has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. The business model of the Group is specifically built upon providing its services with the help of innovative information technology solutions. Hence, any malfunctioning of the systems could potentially harm the operations of the Group and may lead to financial losses.

Dependency on Qualified Staff

The results of operations of the Group depend highly on the ability to engage and retain qualified, skilled and experienced staff. In the highly competitive environment where the Group companies operate and considering the Group's expansion targets, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel may have material adverse effect on the Group's operations, financial condition and results of operations.

Strategic Risk

For reasons of corporate growth, the Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage, which may result in losses arising from the pursuit of wrong strategic decisions.

Reputational Risk

In the banking sector, where the Group companies and most notably the Company operate, a good reputation is paramount. It affects the trustworthiness of the bank which is the basis for conducting the business in the sector. As the Company obtained a banking license and started operating under a new business name (Inbank) only four years ago, the development of a strong brand and good reputation is especially important for the Company, and thus the Company is more susceptible to reputational risk than older and well-established brands in the financial sector.

Maintaining Capital Adequacy Ratios

The Company and the Group must adhere to strict capital adequacy requirements subject to frequent reforms and changes, which may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Group's legal structure or even change the Group's business model.

Exposure to Regulative Changes

The Group operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice, which are subject to changes. The increased requirements and expectations, enhanced supervisory standards and uncertainty with regard to further changes may result in limitations of operating flexibility and certain lines of business, additional costs and liabilities, a necessity to change legal, capital or funding structures, and decisions to exit or not to engage in certain business activities.

Risks summary (3)
Key risks specific to the Company

Exposure to Regulatory Actions and Investigations

Several local and European authorities, including financial supervision, consumer protection, data protection, tax and other authorities regularly perform investigations, examinations, inspections and audits of the Group's business, including, but not limited to, regarding capital requirements, standards of consumer lending, anti-money laundering (the "AML"), payments, reporting, corporate governance, etc. Any determination by the authorities that the Company or any Group entities have not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields.

Exposure to Money Laundering and Terrorist Financing (the "ML/TF") Risks

The target customers, operating regions as well as the offered products and services of the Group include modest ML/TF risks compared to the majority in the banking sector. Nevertheless, failure to comply with AML requirements would most likely lead to implementation of strict supervisory measures, reputational damage and could result in business disruption.

Changes in Economic Environment

Each of the Group's operating segments is affected by general economic and geopolitical conditions. The general economic environment on the one hand affects the demand for the services of the Group, but on the other hand negative trends in the economy increase the credit risks. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment.

Risks summary (4)
Key risks specific to the Bonds

Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner.

Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company, meaning that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due but shall be satisfied only after the full satisfaction of all recognised claims against the Company which do not qualify as own funds' instruments in accordance with the applicable law.

Early Redemption Risk. The Bonds may be redeemed prematurely on the initiative of the Company. The Bonds may, however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption.

No Ownership Rights. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments.

Tax Regime Risks. Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds.

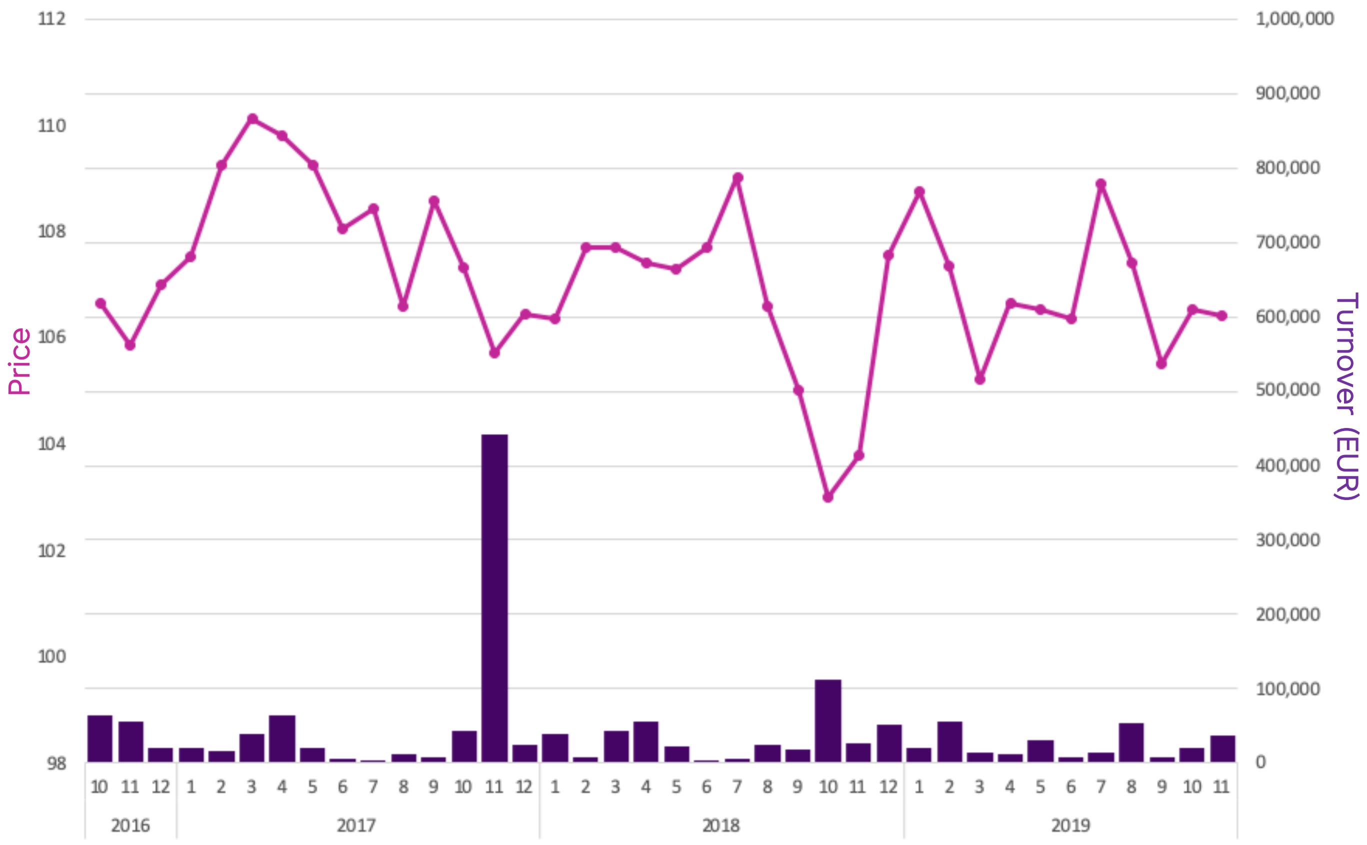
Cancellation of Offering. Although best efforts will be made by the Company to ensure that the Offering is successful, the Company cannot provide any assurance that the Offering will be successful and that the investors will receive the Bonds they subscribed for.

Bail-In Risk. If a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met), the Bail-In Powers may be exercised by the relevant Resolution Authority, through which: (i) the amount outstanding of the Bonds could be reduced, including to zero; (ii) the Bonds could be converted into shares, other securities or other instruments of the Company or another person; (iii) the Bonds could be cancelled; and/or (iv) the terms of the Bonds could be varied (e.g. the maturity date or interest rate of the Bonds could be changed).

Bond Price and Limited Liquidity of Bonds. Although every effort will be made to ensure that the admission of the Bonds to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange will occur, the Company cannot provide any assurance in that respect. Further, the Estonian market has limited liquidity and the bondholders may not be able to sell their Bonds at the desired price, or at all. The value of the Bonds can fluctuate on the securities market due to events and the materialisation of risks related to the Group, but also because of events outside the Group's control.

Negative or Insufficient Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading.

Trading Overview of Inbank 2016 Subordinated Bond



	2016	2017	2018	2019
Traded volume	128	650	382	246
Turnover mEUR	0.14	0.69	0.41	0.26

- Yield to maturity: 5.56%
- Yield to call: 2.42%

- 698 Investors subscribed for 11.1 million euros worth of bonds in total

- Inbank issued bonds for the amount of 6.5 million euros

- Bonds of Inbank were listed on the Tallinn Stock Exchange on 3 October 2016

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