



# Interim Report Q3 2021

Inbank AS

# Inbank AS General Information

Business name	Inbank AS
Address	Niine 11, 10414 Tallinn
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	01.01.2021-30.09.2021

## 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

Inbank AS interim report for Q3 2021 is unaudited.

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

# Declaration of the Management Board

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

- the data and information presented in this interim report for the Q3 of 2021 consisting of the management report and financial statements as at 30 September 2021 are correct and complete;
- this interim report gives a true and fair view of the financial position of the Inbank AS consolidation group as at 30 September 2021, its financial performance and cash flows for the Q3 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.

Inbank AS is a going concern.

Tallinn, 4 November 2021

Priit Põldoja

Chairman of the Management Board

## Management report

In the third quarter, Inbank continued solid growth in terms of loan volumes and profits. Quarterly sales of credit products amounted to 135 million euros, which was almost 50 million more than in the third quarter of last year and 10 million more than the previous peak in the second quarter of 2021. Inbank's loan portfolio grew 45% year on year and reached 543 million euros. The profit for the third quarter was 3.7 million euros, which is 153% more than a year ago.

In the first nine months of 2021, Inbank has financed retail customers in the amount of 361 million euros, up 69% from the same period a year ago. Inbank's nine months' profit was 8 million euros, up 92% from a year ago.

Inbank's third-quarter growth continued to be driven by the Polish business unit, where sales volumes more than doubled compared to a year ago. In terms of products, sales growth was broad-based across all product lines: sales finance accounted for the largest sales volume of 95 million euros due to strong growth in solar panel financing. Car financing also grew very strongly, with both Inbank and our subsidiary Mobire showing good results. It is gratifying to note that sales of small loans have doubled compared to the low point in 2020.

The third quarter of 2021 is characterised by record-low loan losses. First, Inbank's loan portfolio continues to become less risky due to the increased share of solar panel financing and car leasing. Second, the real economic situation and customers' payment behaviour are significantly better than we could have foreseen at the beginning of the coronavirus crisis in 2020. Third, decrease in overdues was impacted by the Estonian pension reform, as a result of which almost half of the overdue contracts in Estonia were duly repaid. As a result, Inbank's third-quarter credit loss was at a historical low of 1% of average loan portfolio.

Inbank continued to focus its business operations on a product-based growth strategy. Our goal is to design and build the best financing solutions for merchants and platforms and to take these solutions to new markets. Last year's success in Poland has encouraged Inbank to look for new markets, as a result of which the bank's management decided in early October to expand operations into the Czech market, where we expect to start business at the end of the second quarter of 2022.

In September, Inbank made an investment to acquire a 30% stake in Paywerk, a cross-border pay later fintech. Inbank has a number of synergies with the new start-up that can support the bank's future growth in existing and, above all, new European markets. Paywerk is currently in the development phase and hopes to start offering its services in the German market in the first quarter of 2022.

Overall, Inbank has every reason to be satisfied with its results for the third quarter and overall growth in 2021. For the first time in the past year, strong sales growth has been accompanied by considerably improved financial results. Inbank's business model is trending towards lower margins and risk, while continuing to be rapidly growing and profitable. Inbank's return on equity was again at the expected level of 21.5%, the cost/income ratio is improving after a temporary decline in efficiency, and risk costs are at a record low. We expect the strong growth in volume and profit to continue into the next quarter and next year.

### Priit Põldoja

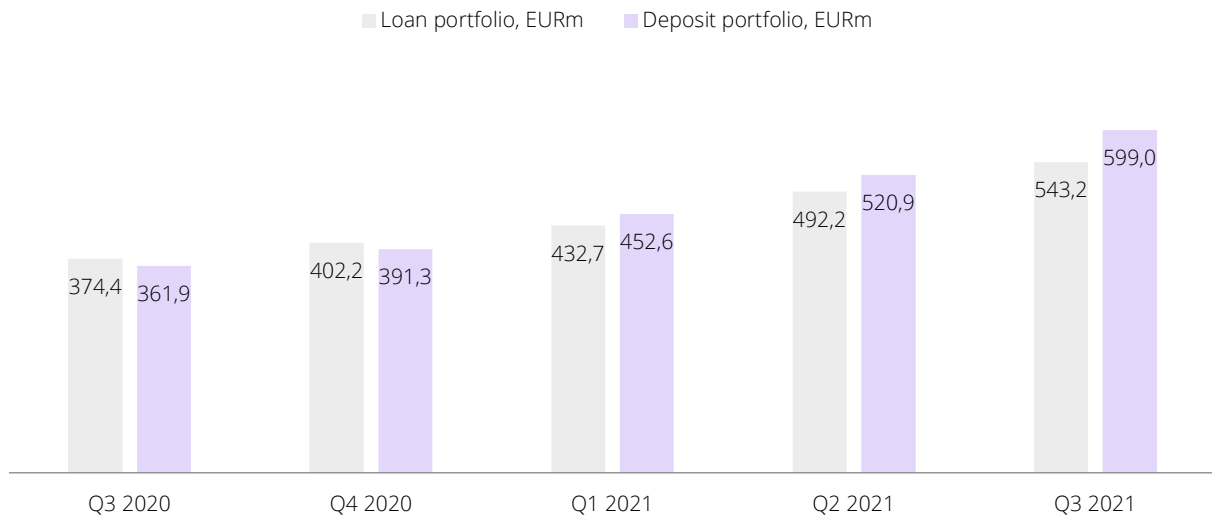
Chairman of the Management Board

# Key financial indicators and ratios

## Key financial indicators

In millions of euros	30.09.2021	30.09.2020	% change
Total assets	738,5	449,1	64,4%
Equity	70,0	51,6	35,5%
Net profit	8,0	4,2	91,6%
Loan portfolio	543,2	374,4	45,1%
Deposit portfolio	599,0	361,9	65,5%

## Loan and deposit portfolio development



## Ratios

	9 months 2021	9 months 2020
Return on equity	16,4%	11,3%
Return on total assets	1,7%	1,2%
Net interest margin	6,6%	8,0%
Impairment losses to loan portfolio	1,4%	3,5%
Cost/income ratio	55,7%	49,2%
Equity to total assets	9,5%	11,5%

### 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:** 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	30.09.2021	31.12.2020
<b>Assets</b>			
Due from central banks	8	99 112	27 445
Due from credit institutions	8	11 744	19 784
Investments in debt securities	9	7 118	13 618
Loans and advances	3; 7; 21	543 206	402 212
Investments in associates	10	4 792	4 026
Tangible assets		16 426	833
Right of use asset	11	25 776	1 157
Intangible assets	12	21 521	16 139
Other financial assets	13	1 317	1 350
Other assets	13	5 078	1 297
Deferred tax asset		2 381	2 170
<b>Total assets</b>	<b>3</b>	<b>738 471</b>	<b>490 031</b>
<b>Liabilities</b>			
Customer deposits	14; 21	599 007	391 341
Other financial liabilities	17; 21	45 508	12 218
Current Income tax liability	17	788	864
Deferred income tax liability	17	72	0
Other liabilities	17	5 546	2 810
Debt securities issued	15	0	4 010
Subordinated debt securities	16	17 591	17 563
<b>Total liabilities</b>	<b>4</b>	<b>668 512</b>	<b>428 806</b>
<b>Equity</b>			
Share capital	19	970	961
Share premium	19	24 463	23 865
Statutory reserve capital	20	96	90
Other reserves	20	1 539	1 438
Retained earnings		42 891	34 871
<b>Total equity</b>		<b>69 959</b>	<b>61 225</b>
<b>Total liabilities and equity</b>		<b>738 471</b>	<b>490 031</b>

Notes set out on pages 10 - 27 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	Q3 2021	9 months 2021	Q3 2020	9 months 2020
Interest income based on EIR	4	12 270	34 859	10 694	31 974
Interest expense	4	-2 585	-6 992	-1 969	-5 910
<b>Net interest income</b>		<b>9 685</b>	<b>27 867</b>	<b>8 725</b>	<b>26 064</b>
Fee income	5	604	1 539	254	811
Fee expense	5	-735	-2 307	-546	-1 548
<b>Net fee and commission income</b>		<b>-131</b>	<b>-768</b>	<b>-292</b>	<b>-737</b>
Other operating income		5 008	13 561	107	469
Other operating expense		-3 681	-9 994	0	0
<b>Total net interest, fee and other income and expenses</b>		<b>10 881</b>	<b>30 666</b>	<b>8 540</b>	<b>25 796</b>
Personnel expenses	6	-2 947	-8 530	-2 152	-7 008
Marketing expenses	6	-626	-1 826	-301	-1 001
Administrative expenses	6	-1 367	-4 309	-962	-3 061
Depreciations, amortisation	12	-876	-2 421	-606	-1 627
<b>Total operating expenses</b>		<b>-5 816</b>	<b>-17 086</b>	<b>-4 021</b>	<b>-12 697</b>
<b>Profit before profit from associates and impairment losses on loans</b>		<b>5 065</b>	<b>13 580</b>	<b>4 519</b>	<b>13 099</b>
Share of profit from subsidiaries and associates	10	6	263	76	668
Impairment losses on loans and advances	7	-1 251	-4 997	-3 070	-9 229
<b>Profit before income tax</b>		<b>3 820</b>	<b>8 846</b>	<b>1 525</b>	<b>4 538</b>
Income tax		-145	-820	-74	-350
<b>Profit for the period</b>		<b>3 675</b>	<b>8 026</b>	<b>1 451</b>	<b>4 188</b>
incl. shareholders of parent company		3 675	8 026	1 451	4 188
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>					
Currency translation differences		-160	-101	-119	-195
<b>Total comprehensive income for the period</b>		<b>3 515</b>	<b>7 925</b>	<b>1 332</b>	<b>3 993</b>

Notes set out on pages 10 - 27 form an integral part of the consolidated financial statements.



## Condensed consolidated statement of cash flows

In thousands of euros	Note	9 months 2021	9 months 2020
<b>Cash flows from operating activities</b>			
Interest received	4	34 524	31 950
Interest paid	4	-5 512	-5 983
Fees received	5	1 539	811
Fees paid	5	-2 307	-1 548
Other operating income received		13 561	469
Other operating expense paid		-9 994	0
Personnel expenses	6	-8 161	-6 841
Administrative and marketing expenses	6	-6 173	-4 403
Corporate income tax paid		-1 116	-618
<b>Cash flows from operating activities before changes from the operating assets and liabilities</b>		<b>16 361</b>	<b>13 837</b>
<b>Changes in operating assets</b>			
Loans and advances		-140 709	-45 727
Mandatory reserve in central banks		-1 305	1 404
Other assets		-2 578	341
<b>Changes of operating liabilities</b>			
Customer deposits		205 812	-15 682
Other liabilities		2 350	-2 402
<b>Net cash from operating activities</b>		<b>79 931</b>	<b>-48 229</b>
<b>Cash flows from investing activities</b>			
Investments in debt securities		6 495	-11 575
Acquisition of tangible and intangible assets	12	-16 959	-4 416
Acquisition of subsidiaries and associates	10	-3 651	671
<b>Net cash used in investing activities</b>		<b>-14 115</b>	<b>-15 320</b>
<b>Cash flows from financing activities</b>			
Share capital contribution (including share premium)		607	180
Repayments of debt securities		-4 000	0
<b>Net cash used in financing activities</b>		<b>-3 393</b>	<b>180</b>
Effect of exchange rate changes		-101	183
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>8</b>	<b>44 476</b>	<b>99 168</b>
Net increase/decrease in cash and cash equivalents		62 322	-63 186
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>8</b>	<b>106 798</b>	<b>35 982</b>

Notes set out on pages 10 - 27 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 attributable to owners of the parent
<b>Balance, 01.01.2020</b>	903	15 908	88	1 463	28 958	47 320
Paid in share capital	6	174	0	0	0	180
Share-based payment reserve	0	0	0	143	13	156
Statutory reserve capital	0	0	2	0	-2	0
Total profit for the reporting period	0	0	0	0	4 188	4 188
Other comprehensive income	0	0	0	-195	0	-195
<b>Balance, 30.09.2020</b>	909	16 082	90	1 411	33 157	51 649
<b>Balance, 01.01.2020</b>	961	23 865	90	1 438	34 871	61 225
Paid in share capital	9	598	0	0	0	607
Share-based payment reserve	0	0	0	202	0	202
Statutory reserve capital	0	0	6	0	-6	0
Total profit for the reporting period	0	0	0	0	8 026	8 026
Other comprehensive income	0	0	0	-101	0	-101
<b>Balance, 30.09.2021</b>	970	24 463	96	1 539	42 891	69 959

Notes set out on pages 10 - 27 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 Inbank AS, the Inbank AS 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		
Inbank Technologies OÜ	2015	Estonia	Hardware rental	100	6 722
Maksekeskus Holding OÜ	2015	Estonia	Holding company	100	5 466
Inbank Payments OÜ	2019	Estonia	Holding company	100	3
AS Aktiva Portfolio	2020	Estonia	Debt collection management	34	411
Maksekeskus AS	2016	Estonia	Payment services	30	4 018
Mobire Group OÜ	2001	Estonia	Full service rent	53	3 445
Inbank Finance AS	2021	Eesti	Financing	100	33 135
Paywerk AS	2021	Estonia	Holding company	30	290

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 financing activities into segments according to the geographical location of activities in Estonia, Latvia, Lithuania and Poland. Investments in other companies are considered separately. 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 loan portfolio and impairment losses for each operating segment.

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.

### Income of reported segments and net profit structure

In thousands of euros							
9 months 2021	Estonia	Latvia	Lithuania	Poland	Investments	Eliminations	Total
Interest income based on EIR	15 855	3 442	11 365	6 700	18	-2 521	34 859
incl. interest income from external customers	13 334	3 442	11 365	6 700	18	-2 521	32 338
incl. internal interest income	2 521	0	0	0	0	0	2 521
Fee income	956	160	0	423	0	0	1 539
Other operating income	3 428	43	159	119	14 190	-4 378	13 561
<b>Total income</b>	<b>20 239</b>	<b>3 645</b>	<b>11 524</b>	<b>7 242</b>	<b>14 208</b>	<b>-6 899</b>	<b>49 959</b>
Interest expense	-5 178	-389	-1 595	-1 781	-570	2 521	-6 992
Fee expense	-848	-135	-722	-602	0	0	-2 307
Other operating expense	0	0	0	0	-10 431	437	-9 994
<b>Total expenses</b>	<b>-6 026</b>	<b>-524</b>	<b>-2 317</b>	<b>-2 383</b>	<b>-11 001</b>	<b>2 958</b>	<b>-19 293</b>
<b>Total net interest, fee and commission income and other income</b>	<b>14 213</b>	<b>3 121</b>	<b>9 207</b>	<b>4 859</b>	<b>3 207</b>	<b>-3 941</b>	<b>30 666</b>
Operating expenses	-9 640	-1 817	-5 359	-2 181	-1 780	3 691	-17 086
incl. depreciations, amortisation	-1 526	-148	-539	-71	-151	14	-2 421
<b>Profit before profit from associates and impairment losses on loans</b>	<b>4 573</b>	<b>1 304</b>	<b>3 848</b>	<b>2 678</b>	<b>1 427</b>	<b>-250</b>	<b>13 580</b>
Profit of subsidiaries and associates	-111	0	0	0	374	0	263
Impairment losses on loans and advances	-2 244	-316	-1 052	-1 385	0	0	-4 997
Income tax	-128	0	-532	-196	36	0	-820
<b>Net profit/loss</b>	<b>2 090</b>	<b>988</b>	<b>2 264</b>	<b>1 097</b>	<b>1 837</b>	<b>-250</b>	<b>8 026</b>
<b>Total assets</b>	<b>619 766</b>	<b>41 156</b>	<b>148 249</b>	<b>219 411</b>	<b>60 019</b>	<b>-350 130</b>	<b>738 471</b>
<b>Total liabilities</b>	<b>537 028</b>	<b>36 178</b>	<b>129 659</b>	<b>224 700</b>	<b>39 160</b>	<b>-298 213</b>	<b>668 512</b>

## In thousands of euros

Q3 2021	Estonia	Latvia	Lithuania	Poland	Investments	Eliminations	Total
Interest income based on EIR	5 671	1 228	3 709	2 781	10	-1 129	12 270
incl. interest income from external customers	4 542	1 228	3 709	2 781	10	-2 521	9 749
incl. internal interest income	1 129	0	0	0	0	0	1 129
Fee income	370	52	0	182	0	0	604
Other operating income	2 148	9	65	25	5 604	-2 843	5 008
<b>Total income</b>	<b>8 189</b>	<b>1 289</b>	<b>3 774</b>	<b>2 988</b>	<b>5 614</b>	<b>-3 972</b>	<b>17 882</b>
Interest expense	-2 220	-101	-520	-650	-223	1 129	-2 585
Fee expense	-266	-45	-221	-203	0	0	-735
Other operating expense	0	0	0	0	-4 118	437	-3 681
<b>Total expenses</b>	<b>-2 486</b>	<b>-146</b>	<b>-741</b>	<b>-853</b>	<b>-4 341</b>	<b>1 566</b>	<b>-7 001</b>
<b>Total net interest, fee and commission income and other income</b>	<b>5 703</b>	<b>1 143</b>	<b>3 033</b>	<b>2 135</b>	<b>1 273</b>	<b>-2 406</b>	<b>10 881</b>
Operating expenses	-3 993	-672	-1 947	-754	-606	2 156	-5 816
incl. depreciations, amortisation	-571	-46	-190	-23	-55	9	-876
<b>Profit before profit from associates and impairment losses on loans</b>	<b>1 710</b>	<b>471</b>	<b>1 086</b>	<b>1 381</b>	<b>667</b>	<b>-250</b>	<b>5 065</b>
Profit of subsidiaries and associates	-39	0	0	0	45	0	6
Impairment losses on loans and advances	-209	-142	-401	-499	0	0	-1 251
Income tax	-1	0	-141	-66	63	0	-145
<b>Net profit/loss</b>	<b>1 461</b>	<b>329</b>	<b>544</b>	<b>816</b>	<b>775</b>	<b>-250</b>	<b>3 675</b>

## In thousands of euros

9 months 2020	Estonia	Latvia	Lithuania	Poland	Investments	Eliminations	Total
Interest income based on EIR	16 694	3 692	12 026	3 157	29	-3 624	31 974
incl. interest income from external customers	13 070	3 692	12 026	3 157	29	0	31 974
incl. internal interest income	3 624	0	0	0	0	0	3 624
Fee income	598	186	0	26	1	0	811
Other operating income	692	51	74	75	0	-423	469
<b>Total income</b>	<b>17 984</b>	<b>3 929</b>	<b>12 100</b>	<b>3 258</b>	<b>30</b>	<b>-4 047</b>	<b>33 254</b>
Interest expense	-4 845	-576	-3 074	-1 031	-8	3 624	-5 910
Fee expense	-323	-118	-728	-379	0	0	-1 548
Other operating expense	0	0	0	0	0	0	0
<b>Total expenses</b>	<b>-5 168</b>	<b>-694</b>	<b>-3 802</b>	<b>-1 410</b>	<b>-8</b>	<b>3 624</b>	<b>-7 458</b>
<b>Total net interest, fee and commission income and other income</b>	<b>12 816</b>	<b>3 235</b>	<b>8 298</b>	<b>1 848</b>	<b>22</b>	<b>-423</b>	<b>25 796</b>
Operating expenses	-7 046	-1 158	-3 250	-1 310	-356	423	-12 697
incl. depreciations, amortisation	-929	-112	-413	-78	-95	0	-1 627
<b>Profit before profit from associates and impairment losses on loans</b>	<b>5 770</b>	<b>2 077</b>	<b>5 048</b>	<b>538</b>	<b>-334</b>	<b>0</b>	<b>13 099</b>
Profit of subsidiaries and associates	375	0	0	0	293	0	668
Impairment losses on loans and advances	-4 243	-688	-2 718	-1 580	0	0	-9 229
Income tax	-246	0	187	-291	0	0	-350
<b>Net profit/loss</b>	<b>1 656</b>	<b>1 389</b>	<b>2 517</b>	<b>-1 333</b>	<b>-41</b>	<b>0</b>	<b>4 188</b>
<b>Total assets</b>	<b>345 069</b>	<b>28 482</b>	<b>137 907</b>	<b>84 320</b>	<b>5 388</b>	<b>-152 108</b>	<b>449 058</b>
<b>Total liabilities</b>	<b>307 175</b>	<b>24 593</b>	<b>122 235</b>	<b>90 597</b>	<b>171</b>	<b>-147 362</b>	<b>397 409</b>

## In thousands of euros

Q3 2020	Estonia	Latvia	Lithuania	Poland	Investments	Eliminations	Total
Interest income based on EIR	5 228	1 167	3 892	1 262	0	-855	10 694
incl. interest income from external customers	4 373	1 167	3 892	1 262	0	0	10 694
incl. internal interest income	855	0	0	0	0	0	855
Fee income	183	59	0	12	0	0	254
Other operating income	482	14	29	5	-198	-225	107
<b>Total income</b>	<b>5 893</b>	<b>1 240</b>	<b>3 921</b>	<b>1 279</b>	<b>-198</b>	<b>-1 080</b>	<b>11 055</b>
Interest expense	-1 572	-156	-713	-383	0	855	-1 969
Fee expense	-120	-39	-237	-150	0	0	-546
Other operating expense	0	0	0	0	0	0	0
<b>Total expenses</b>	<b>-1 692</b>	<b>-195</b>	<b>-950</b>	<b>-533</b>	<b>0</b>	<b>855</b>	<b>-2 515</b>
<b>Total net interest, fee and commission income and other income</b>	<b>4 201</b>	<b>1 045</b>	<b>2 971</b>	<b>746</b>	<b>-198</b>	<b>-225</b>	<b>8 540</b>
Operating expenses	-2 265	-371	-1 023	-433	-154	225	-4 021
incl. depreciations, amortisation	-362	-38	-146	-25	-35	0	-606
<b>Profit before profit from associates and impairment losses on loans</b>	<b>1 936</b>	<b>674</b>	<b>1 948</b>	<b>313</b>	<b>-352</b>	<b>0</b>	<b>4 519</b>
Profit of subsidiaries and associates	0	0	0	0	76	0	76
Impairment losses on loans and advances	-1 242	-119	-1 063	-646	0	0	-3 070
Income tax	-8	0	321	-387	0	0	-74
<b>Net profit/loss</b>	<b>686</b>	<b>555</b>	<b>1 206</b>	<b>-720</b>	<b>-276</b>	<b>0</b>	<b>1 451</b>

## Equity of major subsidiaries

In thousands of euros	30.09.2021	31.12.2020
SIA Inbank Latvia	4 978	3 991
Mobire Group OÜ	8 321	-

## Note 4 Net interest income

In thousands of euros	Q3 2021	9 months 2021	Q3 2020	9 months 2020
<b>Interest income based on EIR</b>				
Loans to households	12 194	34 564	10 601	31 727
Loans to corporates	60	73	128	375
Due from financial and credit institutions	16	222	-35	-128
<b>Total interest income</b>	<b>12 270</b>	<b>34 859</b>	<b>10 694</b>	<b>31 974</b>
<b>Interest expense</b>				
Deposits received	-2 112	-5 576	-1 615	-4 863
Debt securities sold	-310	-956	-348	-1 029
Lease liability	-163	-460	-6	-18
<b>Total interest expense</b>	<b>-2 585</b>	<b>-6 992</b>	<b>-1 969</b>	<b>-5 910</b>
<b>Net interest income</b>	<b>9 685</b>	<b>27 867</b>	<b>8 725</b>	<b>26 064</b>
<b>Interest income by customer location</b>				
Estonia	4 552	13 352	4 494	13 099
Latvia	1 228	3 442	1 167	3 692
Lithuania	3 709	11 365	3 892	12 026
Poland	2 781	6 700	1 141	3 157
<b>Total interest income by customer location</b>	<b>12 270</b>	<b>34 859</b>	<b>10 694</b>	<b>31 974</b>

## Note 5 Net fee and commission income

In thousands of euros	Q3 2021	9 months 2021	Q3 2020	9 months 2020
<b>Fee income</b>				
Households	604	1 539	254	808
Corporates	0	0	0	3
<b>Total fee income</b>	<b>604</b>	<b>1 539</b>	<b>254</b>	<b>811</b>
<b>Fee expense</b>				
Loan administration expenses	-566	-1 671	-546	-1 548
Other fee expenses	-169	-636	0	0
<b>Total fee expense</b>	<b>-735</b>	<b>-2 307</b>	<b>-546</b>	<b>-1 548</b>
<b>Net fee income</b>	<b>-131</b>	<b>-768</b>	<b>-292</b>	<b>-737</b>
<b>Fee income by customer location</b>				
Estonia	370	956	183	599
Latvia	52	160	59	186
Poland	182	423	12	26
<b>Total fee income by customer location</b>	<b>604</b>	<b>1 539</b>	<b>254</b>	<b>811</b>



## Note 6 Operating expenses

In thousands of euros	Q3 2021	9 months 2021	Q3 2020	9 months 2020
<b>Personnel expenses</b>				
Personnel expense	1 923	6 870	1 731	5 709
Social and other taxes	1 024	1 660	421	1 299
<b>Total personnel expenses</b>	<b>2 947</b>	<b>8 530</b>	<b>2 152</b>	<b>7 008</b>
<b>Marketing expenses</b>				
Advertising and marketing	480	1 494	206	742
Sales costs	146	332	95	259
<b>Total marketing expenses</b>	<b>626</b>	<b>1 826</b>	<b>301</b>	<b>1 001</b>
<b>Administrative expenses</b>				
Office maintenance and workplace expenses	177	498	164	443
IT expenses	478	1 318	333	1 033
Legal and recovery proceeding expenses	162	433	101	332
Training and business trip expenses	76	117	75	187
Supervision expenses	120	357	76	222
Transportation expenses	54	122	46	128
Other	300	1 464	167	716
<b>Total administrative expenses</b>	<b>1 367</b>	<b>4 309</b>	<b>962</b>	<b>3 061</b>

## Note 7 Loans and advances

In thousands of euros	30.09.2021	31.12.2020
<b>Distribution of receivables by customer sector</b>		
Households	543 922	403 861
Corporates	10 447	11 593
<b>Loans and advances before impairment allowance</b>	<b>554 369</b>	<b>415 454</b>
Impairment allowance	-11 163	-13 242
<b>Total loans and advances</b>	<b>543 206</b>	<b>402 212</b>

In thousands of euros	9 months 2021	9 months 2020
<b>Impairment losses on loans and advances</b>		
Impairment losses of reporting period	-9 912	-12 643
Recoveries from written off from financial position	4 915	3 414
<b>Total impairment losses on loans and advances</b>	<b>-4 997</b>	<b>-9 229</b>

In thousands of euros	30.09.2021	31.12.2020
<b>Changes in impairments</b>		
Impairment allowance balance in the beginning of the period	-13 242	-8 295
Impairment provisions set up during reporting period	-9 912	-18 713
Written off from financial position during the period	11 991	13 766
<b>Total impairment</b>	<b>-11 163</b>	<b>-13 242</b>

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						
30.09.2021	Gross	Impairment allowance			Net	Impairment
Distribution of receivables	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
0-3 days	500 463	-3 625	-76	-219	496 543	0,8%
4-30 days	30 615	-1 687	-53	-113	28 762	6,1%
31-89 days	7 387	-4	-1 265	-162	5 956	19,4%
90-179 days	1 339	0	0	-783	556	58,5%
180+ days	4 118	0	0	-3 145	973	76,4%
<b>Total receivables</b>	<b>543 922</b>	<b>-5 316</b>	<b>-1 394</b>	<b>-4 422</b>	<b>532 790</b>	<b>2,0%</b>

31.12.2020						
Distribution of receivables	Gross	Impairment allowance			Net	Impairment
	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
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%
<b>Total receivables</b>	<b>403 861</b>	<b>-5 013</b>	<b>-1 740</b>	<b>-6 451</b>	<b>390 657</b>	<b>3,3%</b>

### Distribution of receivables from corporates

In thousands of euros						
30.09.2021	Gross	Impairment allowance			Net	Impairment
Distribution of receivables	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
0-3 days	10 445	-31	0	0	10 414	0,3%
4-30 days	1	0	0	0	1	0,0%
31-89 days	0	0	0	0	0	0,0%
90-179 days	0	0	0	0	0	0,0%
180+ days	1	0	0	0	1	0,0%
<b>Total receivables</b>	<b>10 447</b>	<b>-31</b>	<b>0</b>	<b>0</b>	<b>10 416</b>	<b>0,3%</b>

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%
<b>Total receivables</b>	<b>11 593</b>	<b>-33</b>	<b>0</b>	<b>-5</b>	<b>11 555</b>	<b>0,3%</b>

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

In thousands of euros	30.09.2021	31.12.2020
Due from central banks	95 054	24 692
Mandatory reserve in central banks	4 058	2 753
Due from credit institutions	11 744	19 784
<b>Total due from central banks and credit institutions</b>	<b>110 856</b>	<b>47 229</b>

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

In thousands of euros	30.09.2021	31.12.2020
Investments in debt securities	7 087	13 582
incl. investments in central government debt securities	0	10 009
incl. investments in corporate debt securities	7 087	3 537
Corrections	31	36
<b>Total investments in debt securities</b>	<b>7 118</b>	<b>13 618</b>

## Note 10 Business combinations and investments to associates

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

Inbank has a 29.8% stake in AS Maksekeskus and a 34% stake in AS Aktiva Portfolio. Closer cooperation with Maksekeskus allows Inbank offer our products to the customers of Maksekeskus. AS Aktiva Portfolio has been established for more efficient management of debt portfolio. In September 2021, Inbank acquired a 30% stake in the start-up company Paywerk. The payment solution developed by Paywerk will support the bank's growth in the existing and new markets in the future.

Investments are accounted for using the equity method. Income from equity investments accounted for EUR 263 thousand (9 months 2020: EUR 293 thousand).

## Acquisitions and disposals of associates

### Balance sheet values of associates

In thousands of euros	30.09.2021	31.12.2020
Maksekeskus AS	4 074	3 689
AS Aktiva Portfolio	429	337
<b>Total value of associates in the balance sheet</b>	<b>4 503</b>	<b>4 026</b>

In thousands of euros	9 months 2021	9 months 2020
<b>Acquisitions</b>		
Equity contribution, financial assets at fair value through profit and loss	3 150	0
Equity contribution, associates	501	110
<b>Total acquisitions</b>	<b>3 651</b>	<b>110</b>

### Disposals

Proceeds from disposals of subsidiary	0	780
<b>Total disposals</b>	<b>0</b>	<b>780</b>

On 14 December 2020 Inbank acquired 53% of the full-service vehicle lease provider Mobire Group OÜ. The purpose of the transaction is to strengthen Inbank's position in the car financing market and enter into an innovative subscription-based business model. The acquisition of a stake in Mobire Group will not have a significant impact on the economic activities of Inbank. Total consideration paid was EUR 3,4 million and in second quarter the initial purchase price allocation has been revised.

Share %	53
Acquisition date	25.01.2021

### Fair value acquired

Cash and cash equivalents	313
Loans and advances	200
Non-current asset	36 899
Other financial and non-financial liabilities	3 326
Loans received	-136
Other liabilities	-33 754
<b>Total net assets acquired</b>	<b>6 894</b>
Goodwill	2 766
Total consideration paid	3 445
Option liability	6 215

Inbank has not received dividends from its associates.

## Note 11 Right of use asset

Inbank rents various office facilities. 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
<b>Carrying amount, 01.01.2020</b>	<b>773</b>	<b>0</b>	<b>773</b>
Paid in share capital	733	137	870
Statutory reserve capital	-476	-2	-478
Total profit for the reporting period	-8	0	-8
<b>Carrying amount, 31.12.2020</b>	<b>1 022</b>	<b>135</b>	<b>1 157</b>
<b>Carrying amount, 01.01.2021</b>	<b>1 022</b>	<b>135</b>	<b>1 157</b>
Paid in share capital	332	30 959	31 291
Share-based payment reserve	0	-3 031	-3 031
Statutory reserve capital	-269	-3 372	-3 641
<b>Carrying amount, 30.09.2021</b>	<b>1 085</b>	<b>24 691</b>	<b>25 776</b>

Interest expense from lease liability of the reporting period was EUR 459 thousand (9 months 2020: EUR 19 thousand).

## Note 12 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
<b>Opening carrying value</b>	<b>50</b>	<b>7 504</b>	<b>2 428</b>	<b>6 157</b>	<b>16 139</b>
Additions	0	2 580	1 751	2 766	7 097
Amortisation charge	-8	-1 298	-409	0	-1 715
<b>Closing carrying value</b>	<b>50</b>	<b>10 084</b>	<b>4 179</b>	<b>8 923</b>	<b>23 236</b>
Cost, 30.09.2021	164	11 855	4 852	8 923	25 794
Accumulated amortisation	-122	-3 069	-1 082	0	-4 273
<b>Carrying value</b>	<b>42</b>	<b>8 786</b>	<b>3 770</b>	<b>8 923</b>	<b>21 521</b>

\* Internally generated software consists of capitalised development costs.

Management has carried out tests of recoverable amount of goodwill as at 30 September 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:

In thousands of euros	30.09.2021	31.12.2020
<b>Business segment</b>		
Estonia	3 004	238
Lithuania	5 919	5 919
<b>Total</b>	<b>8 923</b>	<b>6 157</b>

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 growth rates (8.89%) used for estimates have been derived from the past experience of the growth in respective industry and the management's expectations of the respective growth rates in the estimated future periods 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

In thousands of euros	30.09.2021	31.12.2020
<b>Financial assets</b>		
Prepaid guarantee amounts	253	149
Accrued receivables	1 064	1 201
<b>Total financial assets</b>	<b>1 317</b>	<b>1 350</b>
<b>Non-financial assets</b>		
Prepaid expenses	1 390	772
Prepaid taxes	502	182
Other assets	3 186	343
<b>Total non-financial assets</b>	<b>5 078</b>	<b>1 297</b>

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

## Note 14 Customer deposits

In thousands of euros	30.09.2021	31.12.2020
<b>Customer deposits</b>		
Deposits from households	576 368	377 757
Deposits from non-financial corporates	7 513	9 357
Deposits from financial corporates	15 126	4 227
<b>Total customer deposits</b>	<b>599 007</b>	<b>391 341</b>

In thousands of euros	30.09.2021	31.12.2020
<b>Deposits by clients' residency</b>		
Estonia	74 073	66 900
Germany	275 024	186 587
Poland	207 513	106 365
Austria	11 770	10 072
Netherlands	27 835	18 687
Lithuania	2 470	2 523
Other residence	322	207
<b>Total deposits by clients' residency</b>	<b>599 007</b>	<b>391 341</b>

In thousands of euros	30.09.2021	31.12.2020
<b>Deposits by contractual maturity</b>		
On demand	15 880	8 616
1-90 days	87 617	33 683
91-365 days	247 445	160 755
1-5 years	248 065	188 287
<b>Total deposits by contractual maturity</b>	<b>599 007</b>	<b>391 341</b>

Deposits include accrued interest liabilities in the amount of EUR 7 116 thousand (31.12.2020: EUR 5 636 thousand).

## Note 15 Debt securities

In thousands of euros	30.09.2021	31.12.2020
Debt securities issued	0	4 000
Corrections	0	10
<b>Total debt securities</b>	<b>0</b>	<b>4 010</b>

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

In thousands of euros	30.09.2021	31.12.2020
Subordinated debt securities issued	17 653	17 653
Adjustments	-62	-90
<b>Total subordinated debt securities</b>	<b>17 591</b>	<b>17 563</b>

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

Inbank issued 10-year subordinated debt securities with fixed interest rate of 7% on 28 September 2016. The debt securities are listed on Nasdaq Tallinn Stock Exchange. On the prior approval of the Financial Supervision Authority Inbank has the right to redeem the debt securities in five years from the date of issue (28 September 2021).

Inbank issued AT1 bonds (part of Tier 1 capital) on 19 December 2018, raising capital in the amount of EUR 3.15 million with private placement. AT1 capital instrument is a perpetual subordinated financial instrument, for which Inbank AS is obliged to pay quarterly perpetual coupon payments. The coupon payments may be deferred or cancelled at the discretion of Inbank AS. The AT1 bond is accounted for as liability because in specific circumstances Inbank AS is obliged to pay back the debt instrument to investors.

Inbank issued 10-year subordinated debt securities with fixed interest rate of 6% on 19 December 2019. The debt securities are listed on Nasdaq Tallinn Stock Exchange. On the prior approval of the Financial Supervision Authority Inbank has the right to redeem the debt securities in five years from the date of issue (19 December 2024).

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

In thousands of euros	30.09.2021	31.12.2020
<b>Financial liabilities</b>		
Accounts payable	17 823	10 068
Lease liability	24 841	1 168
Client prepayments	2 844	982
<b>Total financial liabilities</b>	<b>45 508</b>	<b>12 218</b>
<b>Other liabilities</b>		
Payables to employees	1 855	1 964
Payroll taxes	573	480
Tax liability	860	864
Other liabilities	3 118	366
<b>Total other liabilities</b>	<b>6 406</b>	<b>3 674</b>

The accounts payable includes liabilities to customers and partners related loan granting activities and payments for operating expenses. Of the amount, EUR 5 534 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

Inbank had the following loan commitments:

In thousands of euros	30.09.2021	31.12.2020
<b>Revocable commitments</b>		
Liability in contractual amount	5 513	7 448
incl. unused credit card limits	3 513	5 111

## Note 19 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	90 000	9	598	607
incl transaction costs arising on share issues	0	0	165	165
<b>Balance, 30.09.2021</b>	<b>9 700 530</b>	<b>970</b>	<b>24 463</b>	<b>25 433</b>

Inbank's share capital consists of 9,700,530 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

In thousands of euros	30.09.2021	31.12.2020
Statutory reserve		
Voluntary reserve	1 330	1 330
Share based payments reserve	548	346
Other accumulated comprehensive income	-339	-238
<b>Total reserves</b>	<b>1 635</b>	<b>1 528</b>

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

The general meeting of Inbank AS 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

In thousands of euros	30.09.2021			31.12.2020		
	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level
<b>Assets</b>						
Due from central banks	99 112	99 112	2	27 445	27 445	2
Due from credit institutions	11 744	11 744	2	19 784	19 784	2
Investments in debt securities	7 118	7 118	3	13 618	13 618	3
Loans and advances	543 206	543 206	3	402 212	402 212	3
Other financial assets	1 317	1 317	3	1 350	1 350	3
<b>Total assets</b>	<b>662 497</b>	<b>662 497</b>		<b>464 409</b>	<b>464 409</b>	
<b>Liabilities</b>						
Customer deposits	599 007	599 007	2	391 341	391 341	2
Debt securities issued	0	0	3	4 010	4 010	3
Subordinated debt securities	15 267	14 498	2	14 954	14 476	2
Subordinated debt securities (AT1)	3 093	3 093	3	3 087	3 087	3
Other financial liabilities	0	45 508	3	12 218	12 218	3
<b>Total liabilities</b>	<b>617 367</b>	<b>662 106</b>		<b>425 610</b>	<b>425 132</b>	

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

In thousands of euros

Remuneration of the Management Board and Supervisory Board

9 months 2021

832

9 months 2020

653

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.

In thousands of euros	30.09.2021			31.12.2020		
	Management	Associates	Total	Management	Associates	Total
<b>Balances as of end of reporting period</b>						
Investments in debt securities	0	7 118	7 118	0	3 537	3 537
Loans and advances	80	0	80	17	0	17
Deposits and subordinated debt securities	578	0	578	1 266	0	1 266
<b>In thousands of euros</b>						
	9 months 2021			9 months 2020		
<b>Transactions</b>	Management	Associates	Total	Management	Associates	Total
Interest income	0	125	125	0	0	0
Interest expenses	21	0	21	41	0	41
Services purchased	300	0	300	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% and 2.25% (2020: 0.6 and 2.25%).

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