

Interim Report Q2 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 | 01.01.2021-30.06.2021 |

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 Q2 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 Q2 of 2021 consisting of the management report and financial statements as at 30 June 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 June 2021, its financial performance and cash flows for the Q2 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, 5 August 2021

Priit Põldoja

Chairman of the Management Board

Management report

In the second quarter of this year, Inbank sold credit products for a record 125 million euros. This is 116% more than a year ago and more than in the first half of last year combined. Sales growth was once again driven by the Polish business unit, which already accounted for more than half of total sales. Inbank's loan portfolio grew to 492 million euros, of which a third, 160 million euros is made up by our Polish business.

Success in the Polish market clearly affects Inbank's financial results. The trend that started last spring after the first wave of the virus has intensified in the last 15 months. Rapid growth in Poland, especially in the green financing segment, has accelerated the growth of Inbank's portfolio, however, has reduced both our margins and loan losses. Although our loan portfolio grew by 41% in the second quarter, Inbank's total income increased by 24% year-on-year. At the same time, Inbank's loan losses were half as small as a year ago and accounted for 1.7% of the loan portfolio.

In terms of products, sales financing continued to grow the fastest, with sales volumes reaching 89 million euros in the second quarter. It was also good to see sales of loan products recovering, which reached the levels shown before the corona crisis for the first time. The deposit portfolio exceeded half a billion euros for the first time and grew to 521 million euros. The average total cost of deposits was 1.41%, decreasing by 0.3 percentage points over the year.

Although all of our product areas showed nice growth in the second quarter, solar panel financing grew the fastest in the sales financing segment and in the car financing segment, leasing was leading the growth. As a result, the effective interest rate of Inbank's loan portfolio has dropped to 10% and the net interest margin for the first half of the year to 7%.

Inbank's net profit in the second quarter of 2021 was 1.8 million euros, which is over three times more than in the second quarter of 2020, which was most affected by corona restrictions. The profit for the first half of the year was 4.4 million euros, which is 59% more than a year ago. However, the second quarter of 2021 was negatively impacted by the recognition of 0.4 million euros of costs arising from the revised purchase price allocation of the Mobire acquisition.

From the third quarter of 2020, Inbank has been making changes to its business model. In order to continue to develop, we have chosen a strategy of growth. Last summer, we changed our organisation to product-centric in order to accelerate international growth. Since the spring of this year, we have continued to invest in a product-based organisation. We want to further strengthen our product teams and look for ways to better align our product development and technology teams. However, in order to grow, we need to look beyond our traditional home market in

the Baltics. Strong growth in Poland shows that we are doing well in larger markets as well.

The year 2021 has already brought changes to Inbank's financial model. Rapid growth has not fully offset the decline in margins. At the same time, we have continued to invest in the future and have grown our organisation, as a result of which both our return on equity and the cost-income ratio have temporarily deteriorated. Nevertheless, we expect this trend to change already in the second half of this year and furthermore in 2022, when strong growth and lower credit losses should clearly contribute to our bottom line.

Priit Põldoja

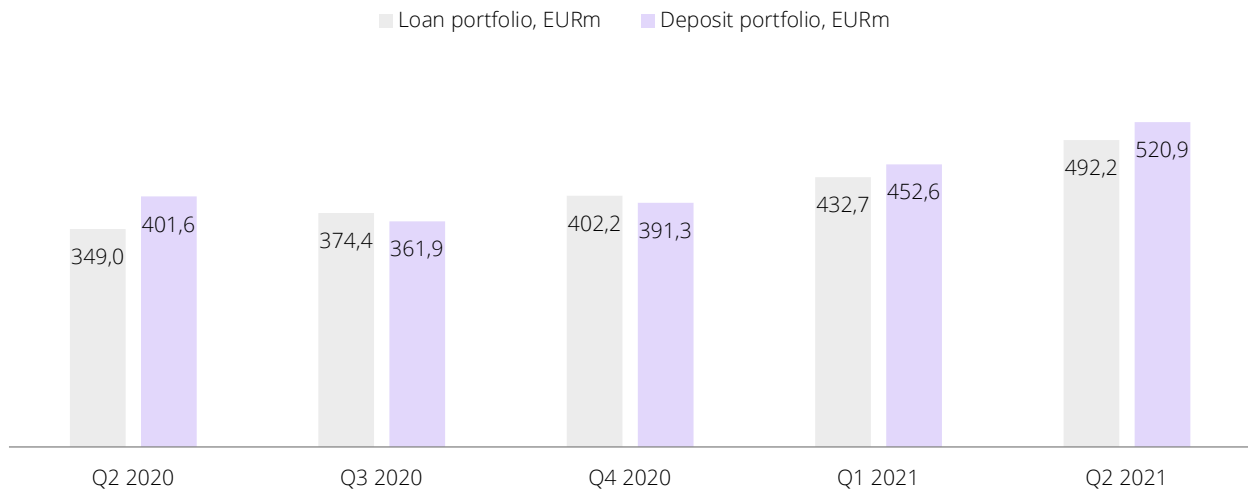
Chairman of the Management Board

Key financial indicators and ratios

Key financial indicators

| In millions of euros | 30.06.2021 | 30.06.2020 | % change |
|----------------------|------------|------------|----------|
| Total assets | 653,8 | 484,8 | 34,9% |
| Equity | 65,8 | 50,3 | 31,1% |
| Net profit | 4,4 | 2,7 | 58,8% |
| Loan portfolio | 492,2 | 349,0 | 41,0% |
| Deposit portfolio | 520,9 | 401,6 | 29,7% |

Loan and deposit portfolio development



Ratios

| | 6 months 2021 | 6 months 2020 |
|-------------------------------------|---------------|---------------|
| Return on equity | 14,3% | 11,2% |
| Return on total assets | 1,6% | 1,2% |
| Net interest margin | 7,0% | 7,8% |
| Impairment losses to loan portfolio | 1,7% | 3,6% |
| Cost/income ratio | 56,2% | 50,3% |
| Equity to total assets | 10,1% | 10,4% |

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 | 30.06.2021 | 31.12.2020 |
|-------------------------------------|----------|----------------|----------------|
| Assets | | | |
| Due from central banks | 8 | 64 123 | 27 445 |
| Due from credit institutions | 8 | 18 881 | 19 784 |
| Investments in debt securities | 9 | 6 194 | 13 618 |
| Loans and advances | 3; 7; 21 | 492 211 | 402 212 |
| Investments in associates | 10 | 4 429 | 4 026 |
| Tangible assets | | 12 563 | 833 |
| Right of use asset | 11 | 27 385 | 1 157 |
| Intangible assets | 12 | 21 043 | 16 139 |
| Other financial assets | 13 | 1 388 | 1 350 |
| Other assets | 13 | 3 326 | 1 297 |
| Deferred tax asset | | 2 258 | 2 170 |
| Total assets | 3 | 653 801 | 490 031 |
| Liabilities | | | |
| Customer deposits | 14; 21 | 520 907 | 391 341 |
| Other financial liabilities | 17; 21 | 45 027 | 12 218 |
| Current Income tax liability | 19 | 637 | 864 |
| Other liabilities | 17 | 3 891 | 2 810 |
| Debt securities issued | 15 | 0 | 4 010 |
| Subordinated debt securities | 16 | 17 582 | 17 563 |
| Total liabilities | 4 | 588 044 | 428 806 |
| Equity | | | |
| Share capital | 19 | 961 | 961 |
| Share premium | 19 | 23 865 | 23 865 |
| Statutory reserve capital | 20 | 96 | 90 |
| Other reserves | 20 | 1 619 | 1 438 |
| Retained earnings | | 39 216 | 34 871 |
| Total equity | | 65 757 | 61 225 |
| Total liabilities and equity | | 653 801 | 490 031 |

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 | Q2 2021 | 6 months 2021 | Q2 2020 | 6 months 2020 |
|-------------------------------------------------------------------------------------------|------|---------------|----------------|---------------|---------------|
| Interest income based on EIR | 4 | 11 473 | 22 589 | 10 393 | 21 280 |
| Interest expense | 4 | -2 264 | -4 407 | -2 005 | -3 941 |
| Net interest income | | 9 209 | 18 182 | 8 388 | 17 339 |
| Fee income | 5 | 486 | 935 | 263 | 557 |
| Fee expense | 5 | -783 | -1 572 | -512 | -1 002 |
| Net fee and commission income | | -297 | -637 | -249 | -445 |
| Other operating income | | 5 031 | 8 553 | 222 | 362 |
| Other operating expense | | -3 592 | -6 313 | 0 | 0 |
| Total net interest, fee and other income and expenses | | 10 351 | 19 785 | 8 361 | 17 256 |
| Personnel expenses | 6 | -2 832 | -5 583 | -2 457 | -4 856 |
| Marketing expenses | 6 | -657 | -1 200 | -193 | -700 |
| Administrative expenses | 6 | -1 888 | -2 942 | -1 052 | -2 099 |
| Depreciations, amortisation | 12 | -805 | -1 545 | -542 | -1 021 |
| Total operating expenses | | -6 182 | -11 270 | -4 244 | -8 676 |
| Profit before profit from associates and impairment losses on loans | | 4 169 | 8 515 | 4 117 | 8 580 |
| Share of profit from subsidiaries and associates | 10 | -79 | 257 | 176 | 592 |
| Impairment losses on loans and advances | 7 | -1 941 | -3 746 | -3 740 | -6 159 |
| Profit before income tax | | 2 149 | 5 026 | 553 | 3 013 |
| Income tax | | -344 | -675 | 3 | -276 |
| Profit for the period | | 1 805 | 4 351 | 556 | 2 737 |
| Other comprehensive income that may be reclassified subsequently to profit or loss | | | | | |
| Currency translation differences | | 185 | 59 | 40 | -76 |
| Total comprehensive income for the period | | 1 990 | 4 410 | 596 | 2 661 |

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 | 6 months 2021 | 6 months 2020 |
|----------------------------------------------------------------------------------------------------|----------|---------------|----------------|
| Cash flows from operating activities | | | |
| Interest received | 4 | 22 447 | 21 613 |
| Interest paid | 4 | -3 005 | -2 497 |
| Fees received | 5 | 935 | 557 |
| Fees paid | 5 | -1 572 | -1 002 |
| Other operating income received | | 8 553 | 362 |
| Other operating expense paid | | -6 313 | 0 |
| Personnel expenses | 6 | -5 897 | -5 202 |
| Administrative and marketing expenses | 6 | -4 146 | -2 977 |
| Corporate income tax paid | | -835 | -578 |
| Cash flows from operating activities before changes in the operating assets and liabilities | | 10 167 | 10 276 |
| Changes in operating assets | | | |
| Loans and advances | | -89 459 | -16 273 |
| Mandatory reserve in central banks | | -291 | 1 315 |
| Other assets | | 1 192 | 37 |
| Changes of operating liabilities | | | |
| Customer deposits | | 127 790 | 22 188 |
| Other liabilities | | -2 387 | -4 444 |
| Net cash from operating activities | | 47 012 | 13 099 |
| Cash flows from investing activities | | | |
| Investments in debt securities | | 7 418 | -20 043 |
| Acquisition of tangible and intangible assets | 12 | -11 520 | -3 156 |
| Acquisition of subsidiaries and associates | 10 | -3 294 | 400 |
| Net cash used in investing activities | | -7 396 | -22 799 |
| Cash flows from financing activities | | | |
| Subordinated debt securities issued | | 0 | 180 |
| Repayments of debt securities | | -4 000 | 0 |
| Net cash used in financing activities | | -4 000 | 180 |
| Effect of exchange rate changes | | -132 | -370 |
| Cash and cash equivalents at the beginning of the reporting period | 8 | 44 476 | 99 168 |
| Net increase/decrease in cash and cash equivalents | | 35 484 | -9 890 |
| Cash and cash equivalents at the end of the reporting period | 8 | 79 960 | 89 278 |

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 equity |
|---------------------------------------|---------------|---------------|---------------------------|----------------|-------------------------------------|---------------|
| Balance, 01.01.2020 | 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 | 91 | 13 | 104 |
| Statutory reserve capital | 0 | 0 | 2 | 0 | -2 | 0 |
| Total profit for the reporting period | 0 | 0 | 0 | 0 | 2 737 | 2 737 |
| Other comprehensive income | 0 | 0 | 0 | -76 | 0 | -76 |
| Balance, 30.06.2020 | 909 | 16 082 | 90 | 1 478 | 31 706 | 50 265 |
| Balance, 01.01.2021 | 961 | 23 865 | 90 | 1 438 | 34 871 | 61 225 |
| Paid in share capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Share-based payment reserve | 0 | 0 | 0 | 122 | 0 | 122 |
| Statutory reserve capital | 0 | 0 | 6 | 0 | -6 | 0 |
| Total profit for the reporting period | 0 | 0 | 0 | 0 | 4 351 | 4 351 |
| Other comprehensive income | 0 | 0 | 0 | 59 | 0 | 59 |
| Balance, 30.06.2021 | 961 | 23 865 | 96 | 1 619 | 39 216 | 65 757 |

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 |

Associated companies Maksekeskus AS and AS Aktiva Portfolio 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 past 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

| 6 months 2021 | Estonia | Latvia | Lithuania | Poland | Invest-ments | Eliminations | Total |
|----------------------------------------------------------------------------|----------------|---------------|----------------|----------------|---------------|-----------------|----------------|
| Interest income based on EIR | 10 184 | 2 214 | 7 656 | 3 919 | 8 | -1 392 | 22 589 |
| incl. interest income from external customers | 8 792 | 2 214 | 7 656 | 3 919 | 8 | 0 | 22 589 |
| incl. internal interest income | 1 392 | 0 | 0 | 0 | 0 | 0 | 1 392 |
| Fee income | 586 | 108 | 0 | 241 | 0 | 0 | 935 |
| Other operating income | 1 280 | 34 | 94 | 94 | 8 586 | -1 535 | 8 553 |
| Total income | 12 050 | 2 356 | 7 750 | 4 254 | 8 594 | -2 927 | 32 077 |
| Interest expense | -2 958 | -288 | -1 075 | -1 131 | -347 | 1 392 | -4 407 |
| Fee expense | -582 | -90 | -501 | -399 | 0 | 0 | -1 572 |
| Other operating expense | 0 | 0 | 0 | 0 | -6 313 | 0 | -6 313 |
| Total expenses | -3 540 | -378 | -1 576 | -1 530 | -6 660 | 1 392 | -12 292 |
| Total net interest, fee and commission income and other income | 8 510 | 1 978 | 6 174 | 2 724 | 1 934 | -1 535 | 19 785 |
| Operating expenses | -5 647 | -1 145 | -3 412 | -1 427 | -1 174 | 1 535 | -11 270 |
| incl. depreciations, amortisation | -955 | -102 | -349 | -48 | -96 | 5 | -1 545 |
| Profit before profit from associates and impairment losses on loans | 2 863 | 833 | 2 762 | 1 297 | 760 | 0 | 8 515 |
| Profit of subsidiaries and associates | -72 | 0 | 0 | 0 | 329 | 0 | 257 |
| Impairment losses on loans and advances | -2 035 | -174 | -651 | -886 | 0 | 0 | -3 746 |
| Income tax | -127 | 0 | -391 | -130 | -27 | 0 | -675 |
| Net profit/loss | 629 | 659 | 1 720 | 281 | 1 062 | 0 | 4 351 |
| Total assets | 424 501 | 34 844 | 143 261 | 172 782 | 57 133 | -178 720 | 653 801 |
| Total liabilities | 377 047 | 30 195 | 125 220 | 178 728 | 37 000 | -160 146 | 588 044 |

In thousands of euros

| Q2 2021 | Estonia | Latvia | Lithuania | Poland | Invest-ments | Eliminations | Total |
|----------------------------------------------------------------------------|---------------|-------------|--------------|--------------|--------------|---------------|---------------|
| Interest income based on EIR | 5 141 | 1 134 | 3 693 | 2 223 | 3 | -721 | 11 473 |
| incl. interest income from external customers | 4 426 | 1 134 | 3 693 | 2 223 | 4 | 0 | 11 480 |
| incl. internal interest income | 715 | 0 | 0 | 0 | -1 | 671 | 1 385 |
| Fee income | 285 | 53 | 0 | 148 | 0 | 0 | 486 |
| Other operating income | 736 | 15 | 55 | 66 | 4 869 | -710 | 5 031 |
| Total income | 5 888 | 972 | 3 597 | 3 255 | 8 494 | -1 450 | 20 756 |
| Interest expense | -1 504 | -141 | -550 | -578 | -212 | 721 | -2264 |
| Fee expense | -278 | -49 | -252 | -204 | 0 | 0 | -783 |
| Total expenses | -1 782 | -190 | -802 | -782 | -212 | 721 | -3 047 |
| Total net interest, fee and commission income and other income | 4 054 | 851 | 3 453 | 2 154 | 1 843 | -1 465 | 10 890 |
| Operating expenses | -2 915 | -615 | -1 847 | -860 | -831 | 886 | -6182 |
| incl. depreciations, amortisation | -504 | -51 | -179 | -24 | -52 | 5 | -805 |
| Profit before profit from associates and impairment losses on loans | 1 465 | 397 | 1 099 | 795 | 413 | 0 | 4 169 |
| Profit of subsidiaries and associates | -39 | 0 | 0 | 0 | -40 | 0 | -79 |
| Impairment losses on loans and advances | -978 | -117 | -429 | -417 | 0 | 0 | -1941 |
| Income tax | -84 | 0 | -126 | -120 | -14 | 0 | -344 |
| Net profit/loss | 364 | 280 | 544 | 258 | 359 | 0 | 1 805 |

In thousands of euros

| 6 months 2020 | Estonia | Latvia | Lithuania | Poland | Invest-ments | Eliminations | Total |
|----------------------------------------------------------------------------|----------------|---------------|----------------|---------------|--------------|-----------------|----------------|
| Interest income based on EIR | 11 466 | 2 525 | 8 134 | 1 895 | 29 | -2 769 | 21 280 |
| incl. interest income from external customers | 8 697 | 2 525 | 8 134 | 1 895 | 29 | 0 | 21 280 |
| incl. internal interest income | 2 769 | 0 | 0 | 0 | 0 | 0 | 2 769 |
| Fee income | 415 | 127 | 0 | 14 | 1 | 0 | 557 |
| Other operating income | 210 | 37 | 45 | 70 | 198 | -198 | 362 |
| Total income | 12 091 | 2 689 | 8 179 | 1 979 | 228 | -2 967 | 22 199 |
| Interest expense | -3 273 | -420 | -2 361 | -648 | -8 | 2 769 | -3 941 |
| Fee expense | -203 | -79 | -491 | -229 | 0 | 0 | -1 002 |
| Other operating expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total expenses | -3 476 | -499 | -2 852 | -877 | -8 | 2 769 | -4 943 |
| Total net interest, fee and commission income and other income | 8 615 | 2 190 | 5 327 | 1 102 | 220 | -198 | 17 256 |
| Operating expenses | -4 781 | -787 | -2 227 | -877 | -202 | 198 | -8 676 |
| incl. depreciations, amortisation | -567 | -74 | -267 | -53 | -60 | 0 | -1 021 |
| Profit before profit from associates and impairment losses on loans | 3 834 | 1 403 | 3 100 | 225 | 18 | 0 | 8 580 |
| Profit of subsidiaries and associates | 375 | 0 | 0 | 0 | 217 | 0 | 592 |
| Impairment losses on loans and advances | -3 001 | -569 | -1 655 | -934 | 0 | 0 | -6 159 |
| Income tax | -238 | 0 | -134 | 96 | 0 | 0 | -276 |
| Net profit/loss | 970 | 834 | 1 311 | -613 | 235 | 0 | 2 737 |
| Total assets | 404 269 | 28 358 | 137 411 | 60 929 | 5 162 | -151 306 | 484 823 |
| Total liabilities | 366 760 | 25 022 | 122 468 | 66 848 | 21 | -146 561 | 434 558 |

In thousands of euros

| Q2 2020 | Estonia | Latvia | Lithuania | Poland | Invest- ments | Eliminations | Total |
|----------------------------------------------------------------------------|---------------|--------------|---------------|-------------|------------------|---------------|---------------|
| Interest income based on EIR | 5 626 | 1 229 | 3 996 | 904 | 0 | -1 362 | 10 393 |
| incl. interest income from external customers | 4 264 | 1 229 | 3 996 | 904 | 0 | 1 407 | 11 800 |
| incl. internal interest income | 1 362 | 0 | 0 | 0 | 0 | 0 | 1 362 |
| Fee income | 191 | 63 | 0 | 9 | 0 | 0 | 263 |
| Other operating income | 240 | 13 | 30 | 67 | 0 | -128 | 222 |
| Total income | 6 057 | 1 305 | 4 026 | 980 | 0 | -1 490 | 10 878 |
| Interest expense | -1 663 | -204 | -1 169 | -331 | 0 | 1 362 | -2 005 |
| Fee expense | -106 | -38 | -251 | -117 | 0 | 0 | -512 |
| Total expenses | -1 769 | -242 | -1 420 | -448 | 0 | 1 362 | -2 517 |
| Total net interest, fee and commission income and other income | 4 288 | 1 063 | 2 606 | 532 | 0 | -128 | 8 361 |
| Operating expenses | -2 382 | -362 | -961 | -538 | -129 | 128 | -4 244 |
| incl. depreciations, amortisation | -311 | -37 | -138 | -26 | -30 | 0 | -542 |
| Profit before profit from associates and impairment losses on loans | 1 906 | 701 | 1 645 | -6 | -129 | 0 | 4 117 |
| Profit of subsidiaries and associates | 176 | 0 | 0 | 0 | 0 | 0 | 176 |
| Impairment losses on loans and advances | -2 045 | -435 | -871 | -366 | -23 | 0 | -3 740 |
| Income tax | 0 | 0 | -35 | 38 | 0 | 0 | 3 |
| Net profit/loss | 37 | 266 | 739 | -334 | -152 | 0 | 556 |

Equity of major subsidiaries

Equity

In thousands of euros

| | 30.06.2021 | 31.12.2020 |
|-------------------|------------|------------|
| SIA Inbank Latvia | 4 649 | 3 991 |
| Mobire Group OÜ | 7 652 | - |

Note 4 Net interest income

| In thousands of euros | Q2 2021 | 6 months 2021 | Q2 2020 | 6 months 2020 |
|---------------------------------------------------|----------------|----------------------|----------------|----------------------|
| Interest income based on EIR | | | | |
| Loans to households | 11 382 | 22 370 | 10 305 | 21 126 |
| Loans to corporates | -55 | 13 | 218 | 247 |
| Due from financial and credit institutions | 146 | 206 | -130 | -93 |
| Total interest income | 11 473 | 22 589 | 10 393 | 21 280 |
| Interest expense | | | | |
| Deposits received | -1 781 | -3 464 | -1 655 | -3 248 |
| Debt securities sold | -312 | -646 | -344 | -681 |
| Lease liability | -171 | -297 | -6 | -12 |
| Total interest expense | -2 264 | -4 407 | -2 005 | -3 941 |
| Net interest income | 9 209 | 18 182 | 8 388 | 17 339 |
| In thousands of euros | Q2 2021 | 6 months 2021 | Q2 2020 | 6 months 2020 |
| Interest income by customer location | | | | |
| Estonia | 4 478 | 8 800 | 4 143 | 8 605 |
| Latvia | 1 134 | 2 214 | 1 229 | 2 525 |
| Lithuania | 3 693 | 7 656 | 3 996 | 8 134 |
| Poland | 2 223 | 3 919 | 1 025 | 2 016 |
| Total interest income by customer location | 11 528 | 22 589 | 10 393 | 21 280 |

Note 5 Net fee and commission income

| In thousands of euros | Q2 2021 | 6 months 2021 | Q2 2020 | 6 months 2020 |
|----------------------------------------------|-------------|---------------|-------------|---------------|
| Fee income | | | | |
| Households | 486 | 935 | 262 | 554 |
| Corporates | 0 | 0 | 1 | 3 |
| Total fee income | 486 | 935 | 263 | 557 |
| Fee expense | | | | |
| Loan administration expenses | -561 | -1 105 | -512 | -1 002 |
| Other fee expenses | -222 | -467 | 0 | 0 |
| Total fee expense | -783 | -1 572 | -512 | -1 002 |
| Net fee income | -297 | -637 | -249 | -445 |
| In thousands of euros | | | | |
| Fee income by customer location | | | | |
| Estonia | 285 | 586 | 191 | 416 |
| Latvia | 53 | 108 | 63 | 127 |
| Poland | 148 | 241 | 9 | 14 |
| Total fee income by customer location | 486 | 935 | 263 | 557 |

Note 6 Operating expenses

| In thousands of euros | Q2 2021 | 6 months 2021 | Q2 2020 | 6 months 2020 |
|-------------------------------------------|--------------|------------------|--------------|------------------|
| Personnel expenses | | | | |
| Personnel expense | 2 740 | 4 947 | 2 014 | 3 978 |
| Social and other taxes | 92 | 636 | 443 | 878 |
| Total personnel expenses | 2 832 | 5 583 | 2 457 | 4 856 |
| Marketing expenses | | | | |
| Advertising and marketing | 537 | 1 014 | 123 | 536 |
| Sales costs | 120 | 186 | 70 | 164 |
| Total marketing expenses | 657 | 1 200 | 193 | 700 |
| Administrative expenses | | | | |
| Office maintenance and workplace expenses | 173 | 321 | 129 | 279 |
| IT expenses | 456 | 840 | 345 | 700 |
| Legal and recovery proceeding expenses | 139 | 271 | 133 | 231 |
| Training and business trip expenses | 27 | 41 | 30 | 112 |
| Supervision expenses | 120 | 237 | 74 | 146 |
| Transportation expenses | 46 | 68 | 34 | 82 |
| Other | 927 | 1 164 | 307 | 549 |
| Total administrative expenses | 1 888 | 2 942 | 1 052 | 2 099 |

Note 7 Loans and advances

| In thousands of euros | 30.06.2021 | 31.12.2020 |
|-------------------------------------------------------------|----------------------|----------------------|
| Distribution of receivables by customer sector | | |
| Households | 493 227 | 403 861 |
| Corporates | 10 497 | 11 593 |
| Loans and advances before impairment allowance | 503 724 | 415 454 |
| Impairment allowance | -11 513 | -13 242 |
| Total loans and advances | 492 211 | 402 212 |
| In thousands of euros | 6 months 2021 | 6 months 2020 |
| Impairment losses on loans and advances | | |
| Impairment losses of reporting period | -7 353 | -7 737 |
| Recoveries from written off from financial position | 3 607 | 1 578 |
| Total impairment losses on loans and advances | -3 746 | -6 159 |
| In thousands of euros | 30.06.2021 | 31.12.2020 |
| Changes in impairments | | |
| Impairment allowance balance in the beginning of the period | -13 242 | -12 712 |
| Impairment provisions set up during reporting period | -7 353 | -18 719 |
| Written off from financial position during the period | 9 082 | 18 189 |
| Total impairment | -11 513 | -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

| 30.06.2021 | Gross | Impairment allowance | | | Net | Impairment |
|-----------------------------|----------------|----------------------|---------------|---------------|----------------|-------------|
| Distribution of receivables | receivables | Stage 1 | Stage 2 | Stage 3 | receivables | coverage |
| 0-3 days | 448 039 | -3 547 | -102 | -194 | 444 196 | 0,9% |
| 4-30 days | 31 391 | -1 852 | -37 | -61 | 29 441 | 6,2% |
| 31-89 days | 8 813 | -5 | -1 740 | -175 | 6 893 | 21,8% |
| 90-179 days | 1 214 | 0 | -7 | -795 | 412 | 66,1% |
| 180+ days | 3 770 | 0 | 0 | -2 968 | 802 | 78,7% |
| Total receivables | 493 227 | -5 404 | -1 886 | -4 193 | 481 744 | 2,3% |

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% |
| Total receivables | 403 861 | -5 013 | -1 740 | -6 451 | 390 657 | 3,3% |

Distribution of receivables from corporates

In thousands of euros

| 30.06.2021 | Gross | Impairment allowance | | | Net | Impairment |
|-----------------------------|---------------|----------------------|----------|-----------|---------------|-------------|
| Distribution of receivables | receivables | Stage 1 | Stage 2 | Stage 3 | receivables | coverage |
| 0-3 days | 10 495 | -29 | 0 | 0 | 10 466 | 0,3% |
| 4-30 days | 0 | 0 | 0 | 0 | 0 | 0,0% |
| 31-89 days | 1 | 0 | 0 | 0 | 1 | 0,0% |
| 90-179 days | 0 | 0 | 0 | 0 | 0 | 0,0% |
| 180+ days | 1 | 0 | 0 | -1 | 0 | 100,0% |
| Total receivables | 10 497 | -29 | 0 | -1 | 10 467 | 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

| In thousands of euros | 30.06.2021 | 31.12.2020 |
|-------------------------------------------------------------|---------------|---------------|
| Due from central banks | 61 079 | 24 692 |
| Mandatory reserve in central banks | 3 044 | 2 753 |
| Due from credit institutions | 18 881 | 19 784 |
| Total due from central banks and credit institutions | 83 004 | 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

| In thousands of euros | 30.06.2021 | 31.12.2020 |
|---------------------------------------------------------|--------------|---------------|
| Investments in debt securities | 6 163 | 13 582 |
| incl. investments in central government debt securities | 0 | 10 009 |
| incl. investments in credit institution debt securities | 100 | 0 |
| incl. investments in corporate debt securities | 6 063 | 3 537 |
| Corrections | 31 | 36 |
| Total investments in debt securities | 6 194 | 13 618 |

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.

Investments are accounted for using the equity method. Income from equity investments accounted for EUR 257 thousand (6 months 2020: EUR 217 thousand).

Acquisitions and disposals of associates

Balance sheet values of associates

| In thousands of euros | 30.06.2021 | 31.12.2020 |
|-------------------------------------------------------|--------------|--------------|
| Maksekeskus AS | 4 018 | 3 689 |
| AS Aktiva Portfolio | 411 | 337 |
| Total value of associates in the balance sheet | 4 429 | 4 026 |

| In thousands of euros | 6 months 2021 | 6 months 2020 |
|-----------------------------------------------------------------------------|---------------|---------------|
| Acquisitions | | |
| Equity contribution, financial assets at fair value through profit and loss | 3 150 | 0 |
| Equity contribution, associates | 144 | 110 |
| Total acquisitions | 3 294 | 110 |

| | | |
|---------------------------------------|----------|------------|
| Disposals | | |
| Proceeds from disposals of subsidiary | 0 | 780 |
| Total disposals | 0 | 780 |

On 14 December 2020 Inbank signed an agreement to acquire 53% of the full-service vehicle lease provider Mobire Group OÜ. The transaction was completed on 26 January 2021. 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 |
| Total net assets acquired | 6 894 |
| 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 | Buldings | Vehicles | Total |
|------------------------------------------------|----------|----------|--------|
| Carrying amount, 01.01.2020 | 773 | 0 | 773 |
| Additions | 733 | 137 | 870 |
| Depreciation charge | -476 | -2 | -478 |
| Effect of translation to presentation currency | -8 | 0 | -8 |
| Carrying amount, 31.12.2020 | 1 022 | 135 | 1 157 |
| Carrying amount, 01.01.2021 | 1 022 | 135 | 1 157 |
| Additions | 332 | 29 861 | 30 193 |
| Disposals | 0 | -1 520 | -1 520 |
| Depreciation charge | -260 | -2 185 | -2 445 |
| Carrying amount, 30.06.2021 | 1 094 | 26 291 | 27 385 |

Interest expense from lease liability of the reporting period was EUR 297 thousand (6 months 2020: EUR 12 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 |
| Opening carrying value | 50 | 7 504 | 2 428 | 6 157 | 16 139 |
| Additions | 0 | 1 791 | 1 433 | 2 766 | 5 990 |
| Amortisation charge | -6 | -844 | -236 | 0 | -1 086 |
| Closing carrying value | 44 | 8 451 | 3 625 | 8 923 | 21 043 |
| Cost, 30.06.2021 | 164 | 11 066 | 4 534 | 8 923 | 24 687 |
| Accumulated amortisation | -120 | -2 615 | -909 | 0 | -3 644 |
| Carrying value | 44 | 8 451 | 3 625 | 8 923 | 21 043 |

* Internally generated software consists of capitalised development costs.

Management has carried out tests of recoverable amount of goodwill as at 30 June 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 | 30.06.2021 | 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 growth rates (9.16%) 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 | 30.06.2021 | 31.12.2020 |
|-----------------------------------|--------------|--------------|
| Financial assets | | |
| Prepaid guarantee amounts | 249 | 149 |
| Accrued receivables | 1 139 | 1 201 |
| Total financial assets | 1 388 | 1 350 |
| Non-financial assets | | |
| Prepaid expenses | 1 663 | 772 |
| Prepaid taxes | 393 | 182 |
| Other assets | 1 270 | 343 |
| Total non-financial assets | 3 326 | 1 297 |

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

Note 14 Customer deposits

| | | |
|-----------------------------------------------|----------------|----------------|
| In thousands of euros | 30.06.2021 | 31.12.2020 |
| Customer deposits | | |
| Deposits from households | 497 654 | 377 757 |
| Deposits from non-financial corporates | 8 039 | 9 357 |
| Deposits from financial corporates | 15 214 | 4 227 |
| Total customer deposits | 520 907 | 391 341 |
| In thousands of euros | 30.06.2021 | 31.12.2020 |
| Deposits by clients' residency | | |
| Estonia | 75 643 | 66 900 |
| Germany | 241 223 | 186 587 |
| Poland | 160 026 | 106 365 |
| Austria | 10 955 | 10 072 |
| Netherlands | 27 337 | 18 687 |
| Lithuania | 2 617 | 2 523 |
| Other residence | 3 106 | 207 |
| Total deposits by clients' residency | 520 907 | 391 341 |
| In thousands of euros | 30.06.2021 | 31.12.2020 |
| Deposits by contractual maturity | | |
| On demand | 10 995 | 8 616 |
| 1-90 days | 81 210 | 33 683 |
| 91-365 days | 203 330 | 160 755 |
| 1-5 years | 225 372 | 188 287 |
| Total deposits by contractual maturity | 520 907 | 391 341 |

Deposits include accrued interest liabilities in the amount of EUR 7 038 thousand (31.12.2020: EUR 5 636 thousand).

Note 15 Debt securities

| | | |
|------------------------------|------------|--------------|
| In thousands of euros | 30.06.2021 | 31.12.2020 |
| Debt securities issued | 0 | 4 000 |
| Corrections | 0 | 10 |
| Total debt securities | 0 | 4 010 |

| 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 | 30.06.2021 | 31.12.2020 |
|-------------------------------------------|---------------|---------------|
| Subordinated debt securities issued | 17 653 | 17 653 |
| Adjustments | -71 | -90 |
| Total subordinated debt securities | 17 582 | 17 563 |

| 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 | 30.06.2021 | 31.12.2020 |
|------------------------------------|---------------|---------------|
| Financial liabilities | | |
| Accounts payable | 17 054 | 10 068 |
| Lease liability | 26 236 | 1 168 |
| Client prepayments | 1 582 | 982 |
| Total financial liabilities | 44 872 | 12 218 |
| Other liabilities | | |
| Payables to employees | 1 995 | 1 964 |
| Payroll taxes | 480 | 480 |
| Tax liability | 637 | 864 |
| Other liabilities | 1 416 | 366 |
| Total other liabilities | 4 528 | 3 674 |

The accounts payable includes liabilities to customers and partners related loan granting activities and payments for operating expenses. Of the amount, EUR 5 160 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 | 30.06.2021 | 31.12.2020 |
|---------------------------------|------------|------------|
| Revocable commitments | | |
| Liability in contractual amount | 5 079 | 7 448 |
| incl. unused credit card limits | 2 992 | 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 |
| incl transaction costs arising on share issues | - | - | 165 | 165 |
| Balance, 30.06.2021 | 9 610 530 | 961 | 23 865 | 24 826 |

Inbank's share capital consists of 9,610,530 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 | 30.06.2021 | 31.12.2020 |
|----------------------------------------|--------------|--------------|
| Statutory reserve | 96 | 90 |
| Voluntary reserve | 1 330 | 1 330 |
| Share based payments reserve | 467 | 346 |
| Other accumulated comprehensive income | -178 | -238 |
| Total reserves | 1 715 | 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 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 | 30.06.2021 | | | 31.12.2020 | | |
|------------------------------------|----------------|-----------------|-------|----------------|-----------------|-------|
| | Fair value | Carrying amount | Level | Fair value | Carrying amount | Level |
| Assets | | | | | | |
| Due from central banks | 64 123 | 64 123 | 2 | 27 445 | 27 445 | 2 |
| Due from credit institutions | 18 881 | 18 881 | 2 | 19 784 | 19 784 | 2 |
| Investments in debt securities | 6 194 | 6 194 | 3 | 13 618 | 13 618 | 3 |
| Loans and advances | 492 211 | 492 211 | 3 | 402 212 | 402 212 | 3 |
| Other financial assets | 1 388 | 1 388 | 3 | 1 350 | 1 350 | 3 |
| Total assets | 582 797 | 582 797 | | 464 409 | 464 409 | |
| Liabilities | | | | | | |
| Customer deposits | 520 907 | 520 907 | 2 | 391 341 | 391 341 | 2 |
| Debt securities issued | 0 | 0 | 3 | 4 010 | 4 010 | 3 |
| Subordinated debt securities | 15 271 | 14 489 | 2 | 14 954 | 14 476 | 2 |
| Subordinated debt securities (AT1) | 3 093 | 3 093 | 3 | 3 087 | 3 087 | 3 |
| Other financial liabilities | 45 027 | 45 027 | 3 | 12 218 | 12 218 | 3 |
| Total liabilities | 584 298 | 583 516 | | 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. Management estimates that the interest rates today are comparable therefore fair value of the securities equals carrying amount, 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

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 | 6 months 2021 | 6 months 2020 |
|------------------------------------------------------------|---------------|---------------|
| Remuneration of the Management Board and Supervisory Board | 675 | 467 |

| In thousands of euros | 30.06.2021 | | | 31.12.2020 | | |
|-------------------------------------------|------------|------------|-------|------------|------------|-------|
| Balances as of end of reporting period | Management | Associates | Total | Management | Associates | Total |
| Investments in debt securities | 0 | 6 063 | 6 063 | 0 | 3 537 | 3 537 |
| Loans and advances | 71 | 0 | 71 | 17 | 0 | 17 |
| Deposits and subordinated debt securities | 602 | 0 | 602 | 1 266 | 0 | 1 266 |

| In thousands of euros | 6 months 2021 | | | 6 months 2020 | | |
|-----------------------|---------------|------------|-------|---------------|------------|-------|
| Transactions | Management | Associates | Total | Management | Associates | Total |
| Interest income | 0 | 63 | 63 | 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%).

Inbank AS

Niine 11, 10414 Tallinn

info@inbank.ee

+372 640 8080

www.inbank.ee