Public Offering, Listing and Admission to Trading Prospectus of up to 5,000 Unsecured Subordinated Bonds of AS Inbank with Nominal Value of EUR 1,000, Interest Rate 7% per annum and Maturity Date 28 September 2026

This Public Offering, Listing and Admission to Trading Prospectus has been drawn up and published by AS Inbank (an Estonian public limited company, registered in the Estonian Commercial Register under register code 12001988, having its registered address at Niine 11, 10414 Tallinn, Estonia; the **Company**) in connection with the public offering, listing and the admission to trading of the bonds issued by the Company on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (the **Prospectus**).

The Company is publicly offering up to 5,000 bonds with the nominal value of EUR 1,000 (the **Bonds**) to institutional and retail investors in Estonia (the **Offering**). In case of over-subscription of the Bonds in the course of the Offering, the Company has the right to increase the Offering volume and issue up to 2,000 additional Bonds as a result of which the total number of the Bonds offered in the course of the Offering may be up to 7,000 and the total volume of the Offering up to EUR 7,000,000.

The Bonds are offered for the price of EUR 1,000 per one Bond (the **Offer Price**). The Bonds may be subscribed for during the period commencing on 12 September 2016 and ending on 23 September 2016 (the **Offering Period**) in accordance with the terms and conditions described in this Prospectus. The Company will, simultaneously with the Offering, apply for the listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

The Bonds will be publicly offered in Estonia and there will not be any public offering of the Bonds in any other jurisdiction. The Bonds may be offered to institutional investors or by private placement in compliance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the **Prospectus Directive**) also in other jurisdictions. This Prospectus has been compiled in accordance with the requirements of the Estonian Securities Market Act and Regulation 809/2004/EC of the European Commission implementing the Prospectus Directive (the **Prospectus Regulation**) in particular the Annexes IV, V and XXVI thereof.

The Company reserves the right to cancel the Offering or change the terms and conditions thereof as described in this Prospectus.

It is estimated that trading with the Bonds will commence on or about 30 September 2016.

This prospectus has been registered in the Estonian Financial Supervision Authority (the **FSA**) on 5 September 2016 under the number 4.3-4.9/2973. Registration of the Prospectus in the FSA does not mean that the FSA has controlled the correctness of the information presented in the Prospectus.

The Bonds are subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Consent of the bond-holders is not necessary for effecting bail-in measures by the resolution authority. The Bonds may be redeemed prematurely by the Company on the grounds set forth in the terms of the Bonds only if the Estonian Financial Supervision Authority has granted its consent to the early redemption. The decision on granting the consent involves certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

Investing into the Bonds involves risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the risks related to the Company, the operations of the Company and its subsidiaries (the Group) and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus.

The date of this Prospectus is 5 September 2016

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1. SUMMARY

This Summary provides a brief overview of the information disclosed in this Prospectus. The Summary is made up on the basis of the applicable disclosure requirements, *e.g.* the "Elements". These Elements are numbered in the Sections A - E (A.1 - E.7). The Summary contains all Elements required to be included in a summary for this type of securities and issuer. As some Elements are not required to be addressed in the Summary, then there may be gaps in the numbering sequence of the Elements. If details on some Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In such case, a short description of the Element is included in this Summary with the mention of "N/A", with an explanation, where appropriate.

Element	**Title**	**Disclosure**
A.1	Introduction and warnings	This Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by an investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under Estonian legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.
A.2	Use of the Prospectus for subsequent resale of Bonds	Not applicable, the Prospectus shall not be used for the resale of Bonds.

Section B – Issuer

Element	**Title**	**Disclosure**
B.1	Legal and commercial name	Inbank AS
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts)*.
B.4b	Known trends affecting the Issuer and the industry	There has been no material adverse change in the prospects of the Group since 31 December 2015.
B.5	Group description; position of the Company within the Group	The Company is a parent company of the Group, at the same time the Company also has active business operations itself (engaged in financing activities and collecting deposits in Estonia, owns a credit institution licence). The Company has three subsidiaries, it owns (i) 100% of the shares of Inbank Technologies OÜ (engaged in IT development activities in Estonia), which in turn owns 60% of Veriff OÜ (engaged in providing IT services in Estonia); (ii) 90% of the shares in Inbank Līzings SIA (engaged in financing activities in Latvia); and (iii) 80% of the shares in Inbank Liising OÜ (engaged in corporate financing activities in Estonia, the subsidiary is in the process of starting its business activities). Additionally the Company has two affiliated companies, it owns (i) 49% of the shares of Krediidipank Finants AS (engaged in financing activities in Estonia); and (ii) 44% of the shares of Coop Finants AS (engaged in financing activities in Estonia).
B.9	Profit forecast	N/A; no profit forecast has been made.

B.10	Qualifications in audit report on the historical financial information	N/A; no qualifications have been made.
B.12	Selected historical key financial information; changes in prospects and financial position	Key financial indicators based on 2015 financial year audited financial report:

Key financial indicators	**2015**	**2014**
Balance sheet amount	43,277	15,708
Equity	8,239	5,576
Net profit/loss for the current period[1]	1,180	1,267
Loans and receivables	34,825	14,343
Deposit portfolio	29,711	0
Ratios[2]		
Net return on equity (ROE)	17.1%	43.1%
Net return on total assets (ROA)	4.0%	10.3%
Net interest margin	12.9%	16.7%
Rate of credit losses to loan portfolio	3.4%	2.4%
Cost/income ratio	64.6%	41.1%
Ratio of equity in the balance sheet amount	19.0%	35.5%

Key financial indicators based on restated financial data as presented, *inter alia*, in unaudited 2016 half-year interim report:

Key financial indicators	**6M '16**	**6M '15**	**2015**	**2014**
Balance sheet amount	63 033	23 546	42 555	15 410
Equity	9 270	7 337	8 250	5 583
Net profit for the current period[3]	1 020	294	1 207	1 276
Loans and receivables	53 996	17 840	35 188	14 204
Deposit portfolio	49 702	12 442	29 712	0
Ratios[4]	**6M '16**	**6M '15**	**2015**	**2014**
Net return on equity (ROE)	23.4%	9.2%	17.5%	43.3%
Net return on total assets (ROA)	3.9%	3.0%	4.2%	10.5%
Net interest margin	14.3%	15.1%	12.7%	17.5%
Rate of credit losses to loan portfolio	6.9%	4.3%	3.4%	2.5%
Cost/income ratio	45.2%	67.5%	61.7%	35.8%
Ratio of equity in the balance sheet amount	14.7%	31.2%	19.4%	36.2%

[1] Profit attributable to the parent company.

[2] Explanation of ratios:

- Net return on equity: net profit / equity (average over the period), annualised in case of interim results
- Net return on total assets: net profit / total assets (average over the period), annualised in case of interim results
- Net interest margin: net interest income / interest-bearing assets and liquid assets[2] (average over the period), annualised in case of interim results
- Rate of credit losses to loan portfolio: loan losses / loans and receivables (average over the period), annualised in case of interim results
- Cost/income ratio: total operating expenses / total income
- Ratio of equity in the balance sheet amount: equity / total assets

All averages over periods have been calculated as the average of the period start result and the period end result.

[3] Profit attributable to the parent company.

[4] See explanation of ratio calculation above.

Capital adequacy	30.06.2015	31.12.2015	31.12.2014
Capital adequacy (%)	15.96%	21.87%	40.53%
Regulative capital adequacy (%)	13.62%	18.13%	n.a.
Tier 1 Capital Ratio (%)	15.96%	21.87%	40.53%
Regulative Tier 1 Capital Ratio	13.62%	18.13%	n.a.

The restatements are in accordance with International Financial Reporting Standards (IFRS) to ensure conformity of the accounting principles of financial assets and revenue recognition of financial assets. Restatement was needed as earlier financial information was presented with statement error.

Restatement in accounting principles of financial assets is done as follows:

1. Prepaid sales channel fee in connection with Loans and receivables that has been paid but not recorded as cost in accordance with effective interest rate method is moved from Other assets to Loans and receivables

2. Income components connected with Loans and receivables that have been collected but not recognized as income in accordance with effective interest rate method is moved with minus from Other liabilities to Loans and receivables.

Restatement in revenue recognition is done as follows:

1. Commission income connected to Loans and receivables was moved from Fee and commission income to Interest income in accordance with effective interest rate method

2. Sales channel fee connected to Loans and receivables was moved with minus from Marketing expenses to Interest income in accordance with effective interest rate method

3. Other income related to operations and Personnel costs are corrected in first three months of 2016 due to consolidation error

In addition restatement is needed in 2015 statement of comprehensive income as consolidation effect of Inbank Technologies OÜ (acquired in Q2 2015) has been applied in first six months of 2015. Due to that restatements have been made to Interest expense, Other income related to operations, Personnel costs, Administrative expenses and Depreciation, amortisation and impairment rows in 2015 three and six months statement of comprehensive income.

The Management considers that the indicated key ratios and indicators are the most appropriate ratios and indicators, considering the activities of the Group. These ratios and indicators enable adequate evaluation of the profitability and capital adequacy of the operations of the Group. There have been no significant changes in the financial position of the Group since 30 June 2016.

B.13	Recent events relevant to evaluation of solvency of the Company	The Management is not aware of any recent events relevant to the evaluation of solvency of the Company.
B.14	Dependency upon Group	The Company is a parent company for the Group, having itself active business operations. Therefore, in order to be able to meet its obligations arising from the Bonds,

	companies	the Company is not dependent on any dividends, interest payments or payments from share capital decrease from the other companies of the Group.
B.15	Principal activities	According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2015, the field of activity of the Company was "credit institutions (banks)" (EMTAK 64191). The Company mostly provides consumer credit products and collects deposits. Other companies of the Group or companies affiliated with the Company are also mainly offering credit products or engaged in IT development or provision of IT services.
B.16	Controlling shareholders of the Company	There are no controlling shareholders of the Company. Only shareholders holding over 10% of the shares of the Company are Pershing Hall Holding Limited (owns 31.47% of all the Shares) and Cofi Investeeringud OÜ (owns 31.03% of all the Shares).
B.17	Credit ratings of the Bonds	N/A; no credit ratings have been issued.

Section C – Securities (Bonds)

Element	Title	Disclosure
C.1	Type and class of securities and security identification number	The Bonds are subordinated bonds with the nominal value of EUR 1,000. The Bonds represent an unsecured debt obligation of the Company before the bondholder. The Bonds are in a book-entry-only form and are un-numbered. The Bonds are registered in the ECRS under ISIN code EE3300110964.
C.2	Currency of the Bonds	The Bonds are issued in euro.
C.5	Restrictions on free transferability of securities	The Bonds are freely transferrable. Nevertheless, any bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as a public offering under the applicable law. According to the Terms of the Bonds, ensuring that any offering of the Bonds does not fall under the definition of public offering under the applicable law is the obligation of the bondholder.
C.8	Rights attached to the Bonds; ranking and limitations to the rights	The rights attached to the Bonds are established by the Terms. The main rights of bondholders arising from the Bonds are (i) the right to the redemption of the Bonds; and (ii) the right to interest. Following the contemplated listing of the Bonds on the Nasdaq Tallinn Stock Exchange, information on the Company and the operations of the Group companies required to be disclosed in accordance with applicable law and the Rules of the Nasdaq Tallinn Stock Exchange, including required financial statements, will be disclosed via the information system of the Nasdaq Tallinn Stock Exchange. The rights associated with the Bonds are subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law.
C.9	Interest, maturity date, yield and representative of Bond holders	The maturity date of the Bonds is 28 September 2026. The Bonds carry an annual coupon interest at a rate of 7% per annum, calculated from the date of issue of the Bonds on 28 September 2016, until the date of redemption. The interest is paid quarterly on the following dates - 28 March, 28 June, 28 September and 28 December. The interest on the Bonds is calculated based on 30-day calendar month and 360-day calendar year (30/360). Principal of the Bonds is repaid in one payment at the maturity date of the Bonds.

C.10	Impact of derivative component in the interest payment	N/A
C.11	Admission to trading in regulated market	The Company intends to apply for the listing and the admission for trading of the Bonds on the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is on or about 30 September 2016.

Section D – Risks

Element	Title	Disclosure
D.2	Key risks specific to the Company	**Counterparty Credit Risk** Due to the core operations of the Company and its Group (mostly provision of consumer credit) the financial performance of the Group companies could be severely affected by counterparty's not being able to meet their obligations to the Group companies. **Concentration Risk** Some of the receivables of the Company are due from concentrated number of counterparties. Financial difficulties of such counterparties could negatively affect the financial status of the Company. **Foreign Currency Risk** The Company is considering entering to the Polish market, which would expose the Group and its financial performance to foreign exchange risk related to the Polish zloty. **Interest Rate Risk** The amount of net interest income earned by the Group companies materially affects the revenues and the profitability of the operations of the Group. At the same time the interest rates are affected by numerous factors beyond the control of the Group companies. Adverse changes in interest rates could lead to diminishing financial performance of the Company. **Liquidity Risk** Due to the nature of the business of the Company there is a mismatch between maturities of its assets and liabilities. This mismatch could lead to the Company and its Group not being able to meet their contractual obligations on time. **Operating Risk** The Company could face financial losses due to human, process or information system failures and flaws, including due to corporate fraud and misconduct. **Dependency on Information Technology Systems** The specific business model of the Company relies extensively on a variety of custom-made information technology systems and web-based solutions. Failures of or material disruptions to the Company's information technology systems could prevent it from conducting its business operations. **Dependency on Qualified Staff** The Company and the Group are operating in an highly competitive environment and they have set ambitious expansion targets. Aside from information technology systems, the qualified, skilled and experienced staff is one of the most important factors enabling the activities of the Company. The loss of or the failure to attract qualified personnel could limit the activities and affect the financial performance of the Company.

		Exposure to Conduct of Other Market Participants The Company might not be able to finance all of it activities, if due to the actions of other market participants it is not able to obtain financing on reasonable terms. Previous could amplify the liquidity risk. **Subsidiaries and affiliated companies** The Company holds minority shareholdings in Coop Finants AS and in Krediidipank Finants AS and a 90% shareholding in Inbank Līzings SIA and an 80% shareholding in Inbank Liising AS. Actions of the other shareholders may affect the financial results of these joint ventures and in the end the financial results of the Company. **Changes in Economic Environment** Every business segment where the Company and the Group operates is affected by general economic and geopolitical conditions. Negative developments in the general economic conditions could lead to less demand for the services offered and also cause the realisation of counterparty credit risk. **Maintaining Capital Adequacy Ratios** The Company as a credit institution is subject to capital adequacy requirements, which in turn are affected by frequent reforms and changes. Rise of requirements could limit the operations of the Company and negatively affect the financial performance of the Company. **Exposure to Regulatory Actions and Investigations** The Company as a credit institution is subject to the supervisory actions of numerous authorities. Any determination by the authorities that the Company or any of its Group companies has not acted in compliance with all the applicable laws and regulations or issuance prescript could have serious legal and reputational consequences for the Company, which in turn could affect the financial position of the Company.
D.3	Key risks specific to the Bonds	**Credit Risk** An investment into the Bonds is subject to credit risk, *i.e.* the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Bonds are not bank deposits in the Company and are not guaranteed by the Guarantee Fund (in Estonian: *Tagatisfond*). **Subordination Risk** The Bonds are subordinated to all unsubordinated claims against the Company. Hence, in case of liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company. **Early Redemption Risk** The Bonds may be redeemed prematurely on the initiative of the Company, if the FSA has granted its consent to the early redemption. The Bonds may only be redeemed prematurely if prerequisite conditions provided in legislation have been met. The investors might not be able to invest the funds to an instrument offering the same risk/return characteristics. **No Ownership Rights** Ownership of the Bonds does not confer any legal or beneficial interest in the equity of the Company or any of the subsidiaries thereof or any voting rights or other rights which may arise from equity instruments. The value of the Bonds might be affected by the actions of the shareholders of the Company.

		Highly Volatile and Illiquid Market The Company will apply for the listing of the Bonds in the Nasdaq Tallinn Stock Exchange. However, the Company cannot assure that the Bonds will be listed and admitted to trading. Even if the Bonds are listed, there is no assurance that an active market for the Bonds will develop. This could affect the resale value of the Bonds. **Bail-In Risk** In the event that write-down or conversion powers deriving from the Bank Recovery and Resolution Directive (Directive 2014/59/EU) are exercised by a resolution authority („bail-in"), it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into ordinary shares or other instruments of ownership; (c) the terms of the Bonds are varied (e.g. the maturity of the Bonds is changed). Consent of the bond-holders is not necessary for effecting bail-in measures by the resolution authority.

Section E – Offer

Element	Title	Disclosure
E.2b	Reasons for offer; use of proceeds	The primary purpose of the Offering is to strengthen the capital structure of the Group. The proceeds from the Offering will be used for the general corporate purposes to support the further growth and strengthen the market position of the Group, finance expansion into new markets, increase the business volumes of the Group and ensure conservative capital buffer for the Group companies. The total amount of costs related to the Offering is estimated to range between EUR 75,000 and EUR 100,000, which will be deducted from the proceeds of the Offering before using the proceeds as described above.
E.3	Terms and conditions of offer	In the course of the Offering, altogether up to 5,000 Bonds are being offered to retail and institutional investors in Estonia (Retail Offering). In addition to the Retail Offering the Bonds may be offered to institutional investors outside Estonia or outside Estonia by private placement in compliance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (Institutional Offering); the institutional investors will only be provided the same information as the retail investors and will be provided an access to this Prospectus, however, the Institutional Offering will not be carried out as a public offering. The division of the Bonds between the Institutional Offering and the Retail Offering has not been predetermined. The number of the Bonds included in the Institutional Offering and in the Retail Offering will be decided by the Company. In case of over-subscription of the Bonds in the course of the Offering, the Company has the right to increase the Offering volume and issue up to 2,000 additional Bonds as a result of which the total number of the Bonds offered in the course of the Offering may be up to 7,000 and the total volume of the Offering up to EUR 7,000,000. The Retail Offering is directed to all retail and institutional investors in Estonia. The Offer Price is EUR 1,000 per one Offer Bond. The Offer Price will be the same in the Institutional Offering and in the Retail Offering. The Offering Period commences on 12 September 2016 at 12.00 local time in Estonia and terminates on 23 September 2016 at 12.00 local time in Estonia. The Company will decide on the allocation of the Bonds after the expiry of the Offering Period, and no later than on 27 September 2016. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles: i. the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering; ii. the Company shall be entitled to prefer its existing shareholders and bondholders to other investors;

		iii. the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors; iv. the allocation shall be aimed to create a solid and reliable investor base for the Company; and v. under the same circumstances, all investors shall be treated equally. The Bonds allocated to investors will be transferred to their securities accounts on or about 28 September 2016 through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds. In addition to other cancellation rights, the Company has reserved the right to cancel the Offering in the part not subscribed for in the course of the Offering.
E.4	Interests material to issue/ offer	According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.
E.7	Estimated expenses charged to the investor	N/A

2. RISK FACTORS

2.1. Introduction

Investing into the Bonds issued by the Company entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Company and its Group and result in a corresponding decline in the value of the Bonds or the ability of the Company to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Bonds. The risk factors are not listed in any order of priority with regard to significance or probability.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor in the Bonds must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Bonds is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

2.2. Business Risks

Counterparty Credit Risk. Counterparty credit risk is inherent to the core operations of the Company and its Group due to the activities of the Group (mostly provision of consumer credit). Counterparty credit risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. Credit risk affects cash and cash equivalents held with third parties (such as deposits with banks and other financial institutions), bonds, derivatives, but mostly credit exposures to customers, including outstanding loans, cover for guarantees, as well as other receivables and commitments. In order to mitigate credit risk relating to important counterparties, the Company constantly analyses the operations and financial position of such customers and other counterparties. In case of clients who qualify as important counterparties, after authorising their initial credit exposure, the solvency of the customer and the value of the collateral are monitored regularly. Further, the Company makes provisions for potential credit losses in accordance with the applicable requirements, including the IFRS requirements; however, such provisions are made based on the available information, estimates and assumptions, which by definition are subject to certain amount of uncertainty. Therefore there can be no assurance that provisions are sufficient to cover potential losses. The recoverability of credit provided to customers may be adversely affected by negative changes in the overall economic, political or regulatory environment, decrease in collateral values and other circumstances beyond the control of the Company. Materialisation of credit risk may have material adverse effect on the Group's operations, financial condition and results of operations.

Concentration Risk. The operations of the Group are subject to concentration risk. Concentration risk is risk arising from a large risk exposure to one counterparty or related counterparties or multiple counterparties impacted by a single risk factor. The Company addresses assets associated with one counterparty, related counterparties and one industry, region or risk factor as part of concentration risk. In its business operations the Company avoids the assumption of concentration risk by focusing above all on medium-sized and smaller loans in order to prevent high risk concentration levels. However, the Company does not exclude the issuance of larger loan amounts in case of adequate collateral or if other required conditions are met. In the case of collateral requirements applicable to large loans, one exception is liquid funds deposited with credit institutions for a term of up to three months. In such cases the Company relies on information regarding the financial strength of the counterparty and/or credit ratings assigned by international credit rating agencies to the counterparty in its risk management. As at 31 July 2016, the Company had five receivables that exceeded 10% of the Company's net own funds. Three of such receivables were from credit institutions. The concentration risk may have material adverse effect on the Group's operations, financial condition and results of operations.

Market Risk. Market risk arises from the Company's trading and investment activities in the financial markets, primarily in interest rate products, foreign exchange and securities markets as well as from borrowing activities and other means of taking in financial resources. Market risk is the risk of potential loss which may arise from unfavourable changes in foreign exchange rates, prices of securities or interest rates. Currently the Company's business is geographically limited to Eurozone countries. All of the Company's assets and liabilities are denominated in euros. Also, the Company does not have a portfolio of money market instruments, or stocks or bonds that are traded on a market. However, the Company is due to its activities (provision of credit and collecting deposits) exposed to the interest rate risk. Additionally, the Company does not assure that its business activities remain the same regarding geographic borders, currency and portfolios of stocks or bonds, *e.g.* the Company plans to start operations in the Polish market, which in turn would lead to increase of market risks. The market value of financial instruments may be adversely affected by the volatility of financial markets arising from numerous market variables beyond the control of the Company. Due to such volatility, the value of the financial instruments held by the Company may decrease more than it is able to foresee, and therefore result in write-downs of certain assets. Within the Company, internal judgement and know-how is used to assess and avoid potential market losses; however, such internal judgement may turn out to be inaccurate due to changes in the financial markets not foreseen at the time of making the judgement. Despite the measures taken by the Company, the market risk may have material adverse effect on the Company's operations, financial condition and results of operations.

<u>Foreign Currency Risk</u>. Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. Foreign exchange rates may be affected by complex political and economic factors, including relative rates of inflation, interest rate levels, the balance of payments between countries, the extent of any governmental surplus or deficit, and from the monetary, fiscal and trade policies pursued by the governments of the relevant currencies. Devaluation, depreciation or appreciation of foreign currency may have significant adverse effect on the value of the Group's assets denominated in foreign currency or increase the euro value of the Group's foreign currency liabilities. The Group's foreign currency risk management is based on risk policies, limits and internal procedures, which, however, may turn out to be inadequate. Currently the Company's and the Group's business is geographically limited to Eurozone countries and of the Company's assets and liabilities are denominated in euros. However, the Group is considering entering the Polish market, which would expose the Group to foreign exchange risk related to the Polish zloty. Therefore foreign currency risk may in the future during the maturity of the issued bonds have material adverse effect on the Group's operations, financial condition and results of operations.

<u>Interest Rate Risk</u>. The operations of the Company and its Group are inherently exposed to interest rate risk. The Company is responsible for the management of interest rate risk at subsidiaries. The activity of the Company and its Group is provision of various financing products mostly for consumers for such activities the Company in turn obtains funds from various creditors. The profitability of the Company and its Group depends on the difference between the interest it charges from its debtors and the interest it pays to its creditors (net interest). The amount of net interest income earned by the Group companies materially affects the revenues and the profitability of the operations of the Group. Interest rates are affected by numerous factors beyond the control of the Group companies, which may not be estimated adequately. Such factors include the changes in the overall economic environment, level of inflation, monetary policies of states, etc. Due to the fluctuations of market interest rates there may be a mismatch between the interest income earned from the lending and crediting operations of the Group and the interest costs paid on the interest-bearing liabilities, which may have material adverse effect on the Group's operations, financial condition and results of operations.

<u>Liquidity Risk</u>. Liquidity risk relates to the ability of the Company and its Group to meet its contractual obligations on time and it arises from differences between maturities of assets and liabilities. Due to its business activities, the maturity of the assets of the Company (*e.g.* loans to its customers) tend to be longer than the maturity of its liabilities (*e.g.* on demand deposits). The Company's liquidity management and strategy is based on risk policies, resulting in various liquidity risk measures, limits and internal procedures. As per policy statements, the Company's liquidity management reflects a conservative approach towards liquidity risk. Such risk policies and internal procedures may, however, not be adequate or sufficient in order to ensure the Company's access to funding resources when needed in order to ensure sufficient liquidity. The liquidity risk may have material adverse effect on the Company's and its Group's operations, financial condition and results of operations.

<u>Operating Risk</u>. Operating risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition to human, process or information system failures and flaws, the operating risk embraces risk of corporate fraud and misconduct. For the Company and the Group this realization of such risks could lead to a disruption in provision of services and financial losses. The prior is true especially due to the Company relying strongly on the effective functioning of its processes and systems. The bank manages operational risk on the basis of an established operational risk policy. Operational risk is viewed at the Company as a separate risk management area within the Group, with the required resources allocated and an adequate amount of own funds provided for covering potential losses. The management of operational risk is integrated within the Company's day-to-day activities. The nature, impact and need to control the operational risk must be acknowledged by all employees within the bank. The evaluation of operational risk is, above all,

carried out qualitatively at the Company. The loss events are recorded in the operational risk database, specifying the amount of loss that was incurred. The bank monitors the dynamics of operational risk by analysing the main risk indicators on a quarterly basis. Reports are submitted to the management board on the loss events related to operational risk events and the main risk indicators on a regular basis at least once a quarter. The bank uses the basic indicator approach for the calculation of operational risk capital requirements. The Company's working procedures are reviewed periodically to ensure minimising human and process flaws and the potential loss arising therefrom; however, the risk of such losses cannot be eliminated altogether. The Company may, despite its efforts, fail to mitigate all risks and the operating risk may have material adverse effect on the Company's and its Group's operations, financial condition and results of operations.

Dependency on Information Technology Systems. The Company has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. The business model of the Company is specifically built upon providing its services with the help of innovative information technology solutions. Hence, any malfunctioning of the systems could potentially harm the operations of the company and lead to financial losses. The dependency on such systems is further increasing in time with the spread of online and mobile banking services and the development of cloud computing. This means that the Company is exceedingly open to risks over which it has no control, including system-wide failures of communication infrastructure, quality and reliability of equipment and software supplied by third parties and other similar risks. Failures of or significant disruptions to the Company's information technology systems could prevent it from conducting its operations. Furthermore, should the Company experience a significant security breakdown or other significant disruption to its information technology systems, sensitive information could be compromised, which in turn could result in civil and administrative liability of the Company before its customers, counterparties and state authorities, as well as in a general decrease in the trustworthiness of the Company and consequently in the demand for its services. Ensuring security and reliability of information technology systems is becoming more challenging in the environment where service providers are facing increasingly sophisticated and highly targeted attacks aimed at obtaining unauthorised access to confidential and sensitive information, disable or degrade service or sabotage information systems for other purposes. The Company has made significant investments into developing well-functioning and secure information technology systems and is constantly working on improving such systems and developing adequate contingency procedures; however, the Company may, despite its efforts, fail to mitigate all risks or fail to take appropriate and effective countermeasures if its information technology systems fall under attack, which in turn may have material adverse effect on the Company's operations, financial condition and results of operations.

Dependency on Qualified Staff. The results of operations of the Company depend highly on the ability to engage and retain qualified, skilled and experienced staff. Aside from the information technological systems the qualified, skilled and experienced staff is one of the other key factors enabling the Company to operate profitably and to grow further. In the highly competitive environment and in light of the Company's and the Group's expansion targets, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. New regulatory restrictions, such as the recently introduced limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV[5], could adversely affect the Company's ability to attract new qualified personnel and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel may have material adverse effect on the Company's operations, financial condition and results of operations.

Competitive Market. The Company operates in a highly competitive market. In addition to the licenced credit institutions and branches of foreign banks present in the geographical markets where the Company operates, there are market participants who are not subject to regulatory and capital requirements as burdensome as the Company, and who therefore may have a competitive advantage on the relevant market. Furthermore, recent trends in the crediting and lending market may be characterised by the development of new products and solutions, which compete with the products and services offered by the Company. Often such alternative service providers are able to offer more favourable terms, which may result in price pressure on the products and services offered by the Company. If the Company fails to respond to the competitive environment in its target markets by offering attractive and profitable product and service solutions, it may face the decrease of its market shares or the overall profitability of the Company may suffer.

[5] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Exposure to Conduct of Other Market Participants. The Company's access to financing and investment transactions may be adversely affected by market practices of other market participants. Unfettered access to the financial markets is needed to ensure that the Company is able to finance it activities, when needed. Financial and securities markets are interrelated and defaults and failures to conduct sound business by other market players could lead to market-wide liquidity problems or other market-wide issues, which could adversely affect the Company's access to capital resources. Further, the Company has exposure to many counterparties. Failure of such market participants to meet their obligations may result in the default of the Company before other counterparties and clients, which in turn may have material adverse effect on the Company's operations, financial condition and results of operations.

Subsidiaries and affiliated companies. The Company holds a 44% shareholding in Coop Finants AS, a 49% shareholding in Krediidipank Finants AS, a 90% shareholding in Inbank Līzings SIA and an 80% shareholding in Inbank Liising AS. The operations of these joint ventures may be adversely affected by the other shareholders of those companies. It cannot be excluded that the joint venture partners exercise their voting rights for influencing management decisions in a direction with which the Company disagrees, or fail to exercise their voting rights to adopt management decisions that in the view of the Company are necessary in the interest of those companies. Such behaviour by the other shareholders, in theory, cannot be excluded or prevented, and may have adverse effect on the financial position and results of operations of the subsidiaries and affiliated companies. Given that the financial results and the operations of the Company depend to an extent on the performance and the sound management of the subsidiaries and the affiliated companies, then this may have material adverse effect on the Company's operations, financial condition and results of operations.

2.3. Political, Economic and Legal Risks

Changes in Economic Environment. Each of the Company's operating segments is affected by general economic and geopolitical conditions. The general economic environment on the one hand affects the demand for the services of the Company, but on the other hand negative trends in the economy increase the credit risks. The repercussions of the global financial crisis of 2008-2009 continue to have some effect on the overall economic environment and there have been new adverse developments in recent years. Financial markets tend to behave unpredictably. Europe is struggling with the weakening of the euro, with uncertainties about the ability of Greece to remain in the Eurozone. Furthermore, the decision of the United Kingdom to leave the European Union and the uncertainty of the following steps can have a significant negative effect on the general economic situation. These or other, yet unknown, adverse developments of the global and local economies and of financial markets could have a degrading effect on the financial position of the Company and its Group. Any deterioration in the economic environment of the countries where the Group operates, in particular in Estonia, where most of the Group's services and products are focused, could have a direct negative impact on the financial position and profitability of the Group. The Estonian economy is a small open economy that is closely linked to the global economy and especially the macroeconomic conditions in the Eurozone countries and Russia. Over the recent years, the Eurozone debt crisis has had an adverse effect on the Estonian economy. Although the Group constantly monitors developments on both domestic and international markets, it is not possible to forecast the timing or extent of changes in the economic environment.

Exposure to Regulative Changes. The Company as a credit institution operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice. As a result of the recent global financial and economic crises, a number of regulatory initiatives have been taken to amend or implement rules and regulations in the fields where the Company operates. Considering the recent reforms and changes in the regulatory framework applicable in respect of the operations of the Company, the Company can predict neither to what extent laws and policies or their interpretations will change in the future nor the impact of such changes. Increased requirements and expectations, enhanced supervisory standards and uncertainty with regard to further changes may result in limitations of operating flexibility and certain lines of business, in additional costs and liabilities, in a necessity to change legal, capital or funding structures, and in decisions to exit or not to engage in certain business activities.

Maintaining Capital Adequacy Ratios. Credit institutions and investment firms are subject to strict capital adequacy requirements subject to frequent reforms and changes. At the start of 2014, the capital of banks and investment firms in the EU became subject to a new legal framework (CRD IV/CRR[6]), largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision. The objective of the new legal framework is to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy.

[6] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Significant changes implemented with the new rules include the requirement for credit institutions to maintain a higher level and quality of capital than before, and a unified framework for designing liquidity buffers. The new capital requirements directive also defines measures for macro-financial supervision that the Member States can use to control the behaviour of credit institutions in amplifying the cycles and to alleviate risks arising from market structure. In Estonia, in addition to the baseline capital requirements, credit institutions have been subjected to capital maintenance and systemic risk buffers imposed by the FSA and the Bank of Estonia (*Eesti Pank*). So far, the Company has complied with all applicable capital requirements. However, the capital requirements adopted in Estonia and the European Union may change, whether as a result of further changes of the EU or Estonian legislation, global standards or interpretation thereof. Such changes, either individually or in combination, may lead to unexpected increased requirements and have a material adverse effect on the business of the Company. This may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Company's or its Group's legal structure or even change the Company's business model.

<u>Exposure to Regulatory Actions and Investigations</u>. The Company provides various financial services and products and is therefore subject to extensive and comprehensive regulations imposed both through local and through European legal acts. Such risk arises mostly due to the sector in which the Company operates. Several local and European authorities, including financial supervision, consumer protection, anti-money laundering, tax, and other authorities, regularly perform investigations, examinations, inspections and audits of companies acting in the same sector as the Company business, including, but not limited to regarding capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc. Any determination by the authorities that the Company or any of its Group companies has not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Company, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have material adverse effect on the Company's operations, financial condition and results of operations.

<u>Contractual Risks</u>. The operations of the Company are materially dependent on the validity and enforceability of the transactions and agreements entered into by it. These transactions and agreements may be subject to the laws of Estonia or foreign laws. While due care is taken to ensure that the terms of these transactions and agreements are fully enforceable under the laws applicable to them, occasional contradictions and variations of interpretation may occur. Consequently, the Company may not be able to always enforce their contractual rights. Moreover, the legal environment where such transactions are effected and agreements are entered into, which is primarily that of the Baltic states, is subject to changes, both through the enactment of new laws and regulations and through changes in interpretation by the competent authorities and courts. Therefore, it cannot be fully excluded that certain terms of the transactions and agreements entered into by the Company turn out to be unenforceable, which in turn may have material adverse effect on the Company's operations, financial condition and results of operations. Risk is magnified by the fact that most of the agreements the Company concludes with its customers are based on standard terms and conditions. Hence, any change in law or interpretation could affect a large number of agreements concluded with the customers.

<u>Exposure to Civil Liability</u>. The Company operates in a legal and regulatory environment that exposes it to significant risk of claims, disputes and legal proceedings. Due to the nature of it business (provision of consumer credit) use of court system for enforcing claims in arrears is a part of the day-to day activity of the Company. The results of such disputes are inherently difficult to predict and even the disputes themselves, not only unfavourable outcomes, may result in the Company incurring significant expenses and damages, and in negative effects on the Company's reputation, which in turn may have material adverse effect on the Company's operations, financial condition and results of operations.

<u>Tax Regime Risks</u>. Tax regimes of the geographical markets where the Group operates are from time to time subject to change, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable. Any changes in the tax regimes in the jurisdictions where the Group companies operate or in the interpretation of such tax laws, regulations or treaties may have material adverse effect on the Group's operations, financial condition and results of operations.

2.4. Group's Risk Management

The principles of risk management of the Group, the respective facts and figures have been described in detail in the annual Financial Statements (Schedule 2; pages 36-42).

2.5. Risks Related to Bonds and Listing

Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Company's ability to meet its obligations arising from the Bonds and the ability of the holders of the Bonds to receive payments arising from the Bonds depend on the financial position and the results of operations of the Company and the Group, which are subject to other risks described in this Prospectus. The Bonds are not bank deposits in the Company and are not guaranteed by the Guarantee Fund (in Estonian: *Tagatisfond*).

Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company; however, not to the claims, which are subordinated to the Bonds or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the holders of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. The subordination may have adverse effect on the Company's ability to meet all its obligations arising from the Bonds.

Early Redemption Risk. According to the Terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Company, any time after the lapse of a certain period from the issue of the Bonds as described in Section "Bonds". If this early redemption right is exercised by the Company, the rate of return from an investment into the Bonds may be lower than initially anticipated. Also, the investors might not have an option to invest in financial instruments offering the similar risk/return characteristics at the time of the early redemption or could face additional costs in selecting a new investment. The Bonds may, however, be redeemed prematurely by the Company only if the FSA has granted its consent to the early redemption. The decision on granting the consent involves certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company.

No Ownership Rights. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the subsidiaries thereof or any voting rights or rights to receive dividends or other rights which may arise from equity instruments. The Bonds represent an unsecured debt obligation of the Company, granting the bondholders only such rights as set forth in the Bond Terms. The value of the Bonds might be affected by the actions of the shareholder of the Company over which the investors do not have control.

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

Cancellation of Offering. Although best efforts will be made by the Company to ensure that the Offering is successful, the Company cannot provide any assurance that the Offering will be successful and that the investors will receive the Bonds they subscribed for. The Company is entitled to cancel the Offering on the terms and conditions described in the Section "Cancellation of Offering".

Highly Volatile and Illiquid Market. The Company will apply for the listing of the Bonds in the Bond List of the Nasdaq Tallinn Stock Exchange; however, although every effort will be made by the Company to ensure the listing of the Bonds as anticipated by the Company, no assurance can be provided that the Bonds will be listed and admitted to trading. Further, even if the Bonds are listed on the Bond List of the Nasdaq Tallinn Stock Exchange, there is no assurance that an active market for the Bonds will develop and that the bondholders will be able to sell their Bonds on the open market, use them as collateral for other obligations or engage in other transactions requiring the existence of an active market. The Nasdaq Tallinn Stock Exchange, where the Company plans to list the Bonds, may be characterised by lower liquidity, higher volatility and lower investor activity compared to established exchanges such as those in other countries with highly developed securities markets. The market capitalisation of the Baltic regulated market (including the Nasdaq Tallinn Stock Exchange, the Nasdaq Riga Stock Exchange and the Nasdaq Vilnius Stock Exchange) as at 24 August 2016 was EUR 4,881 million. There are altogether 16 issuers whose debt instruments are listed on the Baltic regulated market, whereas one is listed on the Nasdaq Tallinn Stock Exchange. Such high volatility and illiquid market could affect the resale value of the Bonds.

Bail-In Risk. The Bonds may be subject to write-down or conversion powers in accordance with the Bank Recovery and Resolution Directive[7]. In the event that write-down or conversion powers are exercised by a resolution authority („bail-in“), it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into ordinary shares or other instruments of ownership; (c) the terms of the Bonds are varied (e.g. the maturity of the Bonds is changed). Financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. Consent of the bond-holders is not necessary for effecting bail-in measures by the resolution authority.

3. PERSONS RESPONSIBLE FOR THE PROSPECTUS

The person responsible for the information given in this Prospectus is the Company. The Company accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Company believes that the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

Inbank AS	**Inbank AS**	**Inbank AS**
Jan Andresoo	**Marko Varik**	**Liina Sadrak**
Chairman of the Management Board	Member of the Management Board	Member of the Management Board
[signed electronically]	*[signed electronically]*	*[signed electronically]*

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely on the basis of the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

4. GENERAL INFORMATION

4.1. Applicable Law

The Prospectus has been drawn up in accordance with and is governed by Estonian laws implementing the Prospectus Directive and in accordance with the Prospectus Regulation, in particular the Annexes IV, V and XXVI thereof. The Prospectus comprises of the registration document of the Company drawn up in accordance with Annexes XXVI and IV of the Prospectus Regulation and a securities note of the Bonds drawn up in accordance with Annex V of the Prospectus Regulation.

Before reading this Prospectus, please take notice of the following important introductory information.

[7] Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.

4.2. Presentation of Information

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision which is deemed by the Company to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of approximation. Exact numbers may be derived from the Financial Statements, to the extent that the relevant information is reflected therein.

Currencies. In this Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of Information. This Prospectus is drawn up based on information which was valid as of the date of the Prospectus. Where not expressly indicated otherwise, all information presented in this Prospectus (including the consolidated financial information of the Company, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Prospectus, this is identified by specifying the relevant date.

Third Party Information and Market Information. For portions of this Prospectus, certain information may have been sourced from third parties. Such information is accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information has been sourced from third parties, a reference to the respective source has been provided together with such information where presented in this Prospectus. Certain information with respect to the markets in which the Company and its subsidiaries operate is based on the best assessment made by the Management (as defined in Section "Glossary"). With respect to the industry in which the Company and its subsidiaries are active and certain jurisdictions in which they conduct their operations, reliable market information is often not available or is incomplete. While every reasonable care was taken to provide best possible assessments of the relevant market situation and the information on the relevant industry, such information may not be relied upon as final and conclusive. Investors are encouraged to conduct their own investigation of the relevant markets or employ a professional consultant.

Updates. The Company will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Company is under no obligation to update or modify forward-looking statements included in this Prospectus (please see Section "Forward-Looking Statements" below).

Definitions of Terms. In this Prospectus, capitalized terms have the meaning ascribed to them in Section "Glossary", with the exception of such cases where the context evidently requires to the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

4.3. Documents in Display

In addition to this Prospectus, certain additional documents and information on the Group, such as the Articles of Association and historic financial data of the Company and the Subsidiaries may be obtained from the website of the Company at https://www.inbank.ee/en/inside/investor/forinvestor/. All information presented on the Company's website which has not been incorporated by reference into this Prospectus does not form part of the Prospectus.

4.4. Accounting Principles

The consolidated financial statements of the Company for the financial year 2015 and from there onwards have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and interpretations to such standards (IFRIC). International Financial Reporting Standards are applied for the first time in the consolidated financial statements for the year 2015. The financial statements of the group through the end of the financial year 2014 were prepared in accordance with the accounting principles generally accepted in Estonia (Estonian GAAP). All financial data about the financial year 2014 and the first six months of the year 2015 in this prospectus have been calculated and presented according to the IFRS, as presented in, respectively, the financial statements of the year 2015 and the first six months of 2016. The generally accepted accounting principles of Estonia are accounting principles based on international accounting and reporting principles whose main requirements are prescribed by law and that are supplemented by the guidelines of the Accounting Standards Board.

The consolidated annual financial statements include the financial performance indicators of Inbank AS, its subsidiaries SIA Inbank Lizings and Inbank Technologies OÜ and associated companies Coop Finants OÜ and Krediidipank Finants OÜ. The financial statements for the period 1 January – 30 June 2016 also include the financial performance indicators for Inbank Liising AS.

Consolidated financial statements

The consolidated financial statements are comprised of the financial statements of the parent company and the subsidiaries controlled by the parent company. The criterion is that Inbank AS holds more than 50% of the voting rights in the subsidiary. Control also exists when the Company owns half or less of the voting rights of the subsidiary when the parent company:

a) has actual control over more than half of the voting rights by virtue of an agreement with other investors;

b) controls the financial and operating policies of the entity under the articles of association or an agreement;

c) has the power to appoint or remove the majority of the members of the management and the highest governing body (e.g. the management board and the supervisory board of a business entity);

d) has the power to determine the decision making of the management and the highest directing body.

Intra-group receivables and liabilities, transactions between group entities and the resulting unrealised gains and losses have been eliminated. The share of the non-controlling interests in the profit or loss and equity of the subsidiaries is presented in the consolidated balance sheet within equity, separately from the equity attributable to the owners of the parent company, and as a separate line item in the consolidated statement of comprehensive income.

The acquisition of subsidiaries is accounted for using the purchase method from the day that control is established. According to the purchase method of accounting, the cost is allocated to the fair value of the subsidiary's assets acquired, liabilities and contingent liabilities assumed; the difference between the cost of the acquisition and the fair value of acquired net assets is recognised either as a positive or negative goodwill. From the date of acquisition, the assets of subsidiaries that are acquired, the liabilities and contingent liabilities that are assumed and the goodwill that is generated are included in the consolidated balance sheet and the share in the income and expenses of the acquired subsidiary is included in the consolidated income statement. Negative goodwill is immediately recognised as income of the period.

Associated companies are all entities in which Inbank AS has significant influence but not control. Significant influence is generally presumed to exist when the company owns between 20% and 50% of the voting rights. Investments in associated companies are included in the consolidated balance sheet using the equity method of accounting.

In case of transactions involving minority interest, any difference between the transaction price and the changed carrying amount of minority interest is recognised directly in equity. Unconsolidated financial statements of the parent company presented in the notes to the consolidated financial statements.

The separate primary financial statements of the consolidating entity (parent company) are disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company the same accounting policies have been used as in preparing the consolidated financial statements.

4.5. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Sections "Summary", "Risk Factors", "Business Overview", “Planned Growth Projects” and "Reasons for Offering and Use of Proceeds"). Such forward-looking statements are based on current expectations and projections about future events, which are in turn made on the basis of the best judgment of the Management. Certain statements are based on the beliefs of the Management as well as assumptions made by and information currently available to the Management. Any forward-looking statements included in this Prospectus are subject to risks, uncertainties and assumptions about the future operations of the Group, the macro-economic environment and other similar factors.

In particular, such forward-looking statements may be identified by use of words such as "strategy", "expect", "plan", "anticipate", "believe", "will", "continue", "estimate", "intend", "project", "goals", "targets" and other words and expressions of similar meaning. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements contained in this Prospectus whether as a result of such changes, new information, subsequent events or otherwise.

The validity and accuracy of any forward-looking statements is affected by the fact that the Group operates in a highly competitive business. This business is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political and social conditions, consumer response to new and existing products and technological developments and other factors. The Group's actual results may differ materially from the Management's expectations because of the changes in such factors. Other factors and risks could adversely affect the operations, business or financial results of the Group (please see "Risk Factors" for a discussion of the risks which are identifiable and deemed material at the date hereof).

4.6. Use of Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the Bonds and listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. No public offering of the Bonds is conducted in any jurisdiction other than Estonia and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than for making the decision of participating in the Offering or investing into the Bonds. You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Company.

5. TERMS AND CONDITIONS OF OFFERING

5.1. Offering

In the course of the Offering, altogether up to 5,000 Bonds are being offered to retail and institutional investors in Estonia (the “**Retail Offering**”). In addition to the Retail Offering the Bonds may be offered to institutional investors outside Estonia or outside Estonia by private placement in compliance with the Prospectus Directive (the “**Institutional Offering**”); the institutional investors will only be provided the same information as the retail investors and will be provided an access to this Prospectus, however, the Institutional Offering will not be carried out as a public offering.

The division of the Bonds between the Institutional Offering and the Retail Offering has not been predetermined. The number of the Bonds included in the Institutional Offering and in the Retail Offering will be decided by the Company. This decision will be taken in conjunction with the allocation process, which will take place after the expiry of the Offering Period. The total amount of Bonds may decrease in case any part of the Offering is cancelled - please see the Section "Cancellation of Offering" for further details.

5.2. Right to Participate in Offering

The Retail Offering is directed to all retail and institutional investors in Estonia. For the purposes of the Offering, a natural person is considered to be "in Estonia" if such person has a securities account with the ECRS and such person's address recorded in the ECRS records in connection with such person's securities account is located in Estonia. A legal person is considered to be "in Estonia" if such person has a securities account with the ECRS and such person's address recorded in the ECRS records in connection with such person's securities account is located in Estonia or its registration code recorded in the ECRS records is the registration code of the Estonian Commercial Register.

5.3. Offer Price

The Offer Price is EUR 1,000 per one Bond. The Offer Price will be the same in the Institutional Offering and in the Retail Offering.

5.4. Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Retail Offering may submit Subscription Undertakings (please see Section "Subscription Undertakings" for further details) for the Bonds. The Offering Period commences on 12 September 2016 at 12.00 local time in Estonia and terminates on 23 September 2016 at 12.00 local time in Estonia.

5.5. Subscription Undertakings

The Subscription Undertakings may be submitted only during the Offering Period. An investor participating in the Retail Offering may apply to subscribe for the Bonds only for the Offer Price. Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation. All investors participating in the Retail Offering can submit Subscription Undertakings denominated only in euro. An investor shall bear all costs and fees charged by the respective custodian of the ECRS accepting the Subscription Undertaking in connection with the submission, cancellation or amendment of a Subscription Undertaking.

In order to subscribe for the Bonds, an investor must have a securities account with the ECRS. Such securities account may be opened through any custodian of the ECRS. As of the date hereof, the following banks and investment firms operate as custodians of the ECRS:

a) Swedbank AS;

b) AS SEB Pank;

c) AS LHV Pank;

d) Nordea Bank AB Estonian branch;

e) Danske Bank A/S Estonian Branch;

f) AS Eesti Krediidipank;

g) Tallinna Äripanga AS;

h) AS Citadele banka; and

i) Versobank AS.

An investor wishing to subscribe for the Bonds should contact a custodian that operates such investor's ECRS securities account and submit a Subscription Undertaking for the purchase of Bonds in the form set out below. The Subscription Undertaking must be submitted to the custodian by the end of the Offering Period. The investor may use any method that such investor's custodian offers to submit the Subscription Undertaking (e.g. physically at the client service venue of the custodian, over the internet or by other means). The Subscription Undertaking must include the following information:

Owner of the securities account:	name of the investor
Securities account:	number of the investor's securities account
Custodian:	name of the investor's custodian
Security:	Inbank subordinated bond 28.09.2026
ISIN code:	EE3300110964
Amount of securities:	the number of Bonds for which the investor wishes to subscribe
Price (per one offer Bond):	EUR 1,000
Transaction amount:	the number of Bonds for which the investor wishes to subscribe multiplied by the Offer Price
Counterparty:	Inbank AS
Securities account of counterparty:	99101628143
Custodian of the counterparty:	AS Swedbank

Value date of the transaction:	28 September 2016
Type of transaction:	"purchase"
Type of settlement:	"delivery versus payment"

An investor may submit a Subscription Undertaking through a nominee account only if such investor authorizes the owner of the nominee account to disclose the investor's identity to the registrar of the ECRS in writing. The Subscription Undertakings submitted through nominee accounts will be taken into consideration in the allocation only if the owner of the nominee account has actually disclosed the identity of the investor to the registrar of the ECRS in writing. Among other information it is also requested to disclose a permanent address and personal identification code in case of a natural person or a registration address for a legal entity. An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorized (in the form required by law) to submit the Subscription Undertaking.

A Subscription Undertaking is deemed submitted from the moment the registrar of the ECRS receives a duly completed transaction instruction from the custodian of the respective investor.

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions.

By submitting a Subscription Undertaking every investor:

i. accepts the terms and conditions of the Offering set out under this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the investor's acquisition of any Bonds;

ii. confirms that it/he/she has read the Terms of the Bonds and that the Terms of the Bonds are fully understandable and acceptable to it/him/her;

iii. acknowledges that the Retail Offering does not constitute an offer (in Estonian: *pakkumus*) of the Bonds by the Company in legal terms or otherwise and that the submission of a Subscription Undertaking does not itself entitle the investor to acquire the Bonds nor result in a contract for the sale of Bonds between the Company and the investor;

iv. accepts that the number of the Bonds indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the Bonds which the investor wishes to acquire (the **Maximum Amount**) and that the investor may receive less (but not more) Bonds than the Maximum Amount (please see Section "Distribution and Allocation");

v. undertakes to acquire and pay for any number of Bonds allocated to it/him/her in accordance with these terms and conditions, up to the Maximum Amount;

vi. authorises and instructs its/his/her custodian to forward the registered transaction instruction to the registrar of the ECRS;

vii. authorises the custodian and the registrar of the ECRS to amend the information contained in the investor's transaction instruction, including (a) to specify the value date of the transaction and (b) to specify the number of the Bonds to be purchased by the investor and the total amount of the transaction found by multiplying the Offer Price by the number of Bonds allocated to the relevant investor.

An investor may amend or cancel a Subscription Undertaking at any time before the expiry of the Offering Period. To do so, the investor must contact its/his/her custodian through whom the Subscription Undertaking in question has been made, and carry out the procedures required by the custodian for amending or cancelling a Subscription Undertaking (such procedures may differ between different custodians).

5.6. Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its/his/her securities account (which may or may not also be the investor's custodian) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the Subscription Price multiplied by the Maximum Amount. An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account connected to its/his/her ECRS securities account or its/his/her securities account to cover the whole transaction amount for that particular Subscription Undertaking.

5.7. Distribution and Allocation

The Company will decide on the allocation of the Bonds after the expiry of the Offering Period, and no later than on 27 September 2016. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

i. the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering;

ii. the Company shall be entitled to prefer its existing shareholders and bondholders to other investors;

iii. the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors;

iv. the allocation shall be aimed to create a solid and reliable investor base for the Company; and

v. under the same circumstances, all investors shall be treated equally.

The Company expects to announce the results of the allocation process, including the division of the Bonds between the Institutional Offering and the Retail Offering, through the information system of the Nasdaq Tallinn Stock Exchange and at the Company's website https://www.inbank.ee/en/inside/investor/forinvestor/ no later than on 27 September 2016.

5.8. Option to Increase Offering Volume

In case of over-subscription of the Bonds in the course of the Offering, the Company has the right to increase the Offering volume and issue up to 2,000 additional Bonds as a result of which the total number of the Bonds offered in the course of the Offering may be up to 7,000 and the total volume of the Offering up to EUR 7,000,000. The additional Bonds will be allocated to the investors participating in the Offering in accordance with the principles described in Section "Distribution and Allocation".

5.9. Settlement and Trading

The Bonds allocated to investors will be transferred to their securities accounts on or about 28 September 2016 through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds.

If an investor has submitted several Subscription Undertakings through several securities accounts belonging to it/him/her, the Bonds allocated to such investor are transferred to such investor's securities accounts proportionally with the respective securities amounts set out in such investor's Subscription Undertakings. The number of the Bonds to be transferred to each securities account may be rounded up or down, as necessary, in order to ensure that a whole number of Bonds is transferred to each securities account. If the transfer cannot be completed due to the lack of sufficient funds on the investor's cash account, the Subscription Undertaking of the respective investor will be rejected and the investor will lose all rights to the Bonds allocated to such investor.

Trading with the Bonds is expected to commence on the Nasdaq Tallinn Stock Exchange on or about 30 September 2016.

5.10. Return of Funds

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation deviates from the amount of Bonds applied for, the funds blocked on the investor's cash account, or a part thereof (the amount in excess of payment for the allocated Bonds) will be released by the respective custodian on or about 28 September 2016. The Company shall not be liable for the release of the respective amount and for the payment of interest on the released amount for the time it was blocked.

5.11. Cancellation of Offering

In addition to other cancellation rights, the Company has reserved the right to cancel the Offering in the part not subscribed for in the course of the Offering. Any cancellation of the Offering will be announced through publication of a notice in at least one Estonian national newspaper and through the Nasdaq Tallinn Stock Exchange. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated at the moment when such announcement is made public.

5.12. Conflicts of Interests

According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.

6. REASONS FOR OFFERING AND USE OF PROCEEDS

The primary purpose of the Offering is to strengthen the capital structure of the Group to retain a strong capital base in light of a growing risk weighted asset base. The proceeds from the Offering will be entirely used for strengthening the Tier 2 regulative capital base. Conservative capital buffers are needed in advance to support the general corporate purposes, further growth, strengthen the market position of the Group, finance expansion into new markets and increase the business volumes of the Group. During the first six months of 2016 the risk weighted assets of the Company have increased by nearly 51.2% from EUR 30.3 million to EUR 45.8 million[8]. According to the EU legislation applicable to credit institutions the increase in risk weighted assets need to be covered by regulative capital. From the assets side EUR 3 million of the funds will be used to repay current bond holders and the rest will serve as a liquidity buffer.

The Company is looking to engage additional capital in the amount of up to EUR 5,000,000 and should the Company choose to exercise the right to increase the number of Offer Bonds and the volume of the Offering as described in Section “Option to Increase Offering Volume” in the amount of up to EUR 7,000,000. The total amount of costs related to the Offering is estimated to range between EUR 75,000 and EUR 100,000, which will be deducted from the proceeds of the Offering before using the proceeds as described above.

7. BONDS

7.1. Bonds

Type and Class of Bonds
The Bonds are subordinated bonds with the nominal value of EUR 1,000. The Bonds represent unsecured debt obligation of the Company before the bondholder.

The Bonds will be issued by the relevant resolutions of the Management Board dated 2 September 2016 and of the Supervisory Board. The issue date of the Bonds will be 28 September 2016.

Applicable Law
The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia.

[8] These figures are based on the restated financial information as presented in Section 13.3 and the unaudited interim financial report of the first six months of 2016. For audited year 2015 financial results please see Section 13.2.

Form and Registration
The Bonds are in dematerialised book-entry form and are not numbered. The Bonds are registered in the ECRS under ISIN code EE3300110964.

Currency
The Bonds are denominated in euro.

Ranking and Subordination
The Bonds have not been rated by any credit rating agencies.

The Bonds are subordinated to all unsubordinated claims against the Company. For the avoidance of doubt, the Bonds are not subordinated to the claims, which are subordinated to the Bonds or which rank *pari passu* with the Bonds. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Therefore, upon the liquidation or bankruptcy of the Company, the bondholders of the Bonds are not entitled to any payments due under the Terms of the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. As long as there are no liquidation or bankruptcy proceedings initiated against the Company, all claims arising from the Bonds shall be satisfied in accordance with the Terms of the Bonds and the applicable law.

Rights Attached to Bonds
The rights attached to the Bonds have been established by the Terms of the Bonds. The main rights of bondholders arising from the Bonds and the Terms of the Bonds are the right to the redemption of the Bonds and the right to receive payment of interest.

In addition to the right to the redemption of the Bonds and the right to receive payment of interest, upon a delay in making any payments due under the Terms of the Bonds, the bondholders are entitled to a delay interest at the rate of 0.05% per each day in delay.

The rights arising from the Bonds can be exercised by the bondholders in accordance with the Terms of the Bonds and the applicable law. According to the Terms of the Bonds any dispute between the Company and a bondholder shall be solved by amicable negotiations and if the amicable negotiations have no outcome during a reasonable period of time, the dispute shall be settled by Estonian courts, whereas Harju County Court shall be the court of first instance. Claims arising from the Bonds shall expire in accordance with the statutory terms arising from applicable law.

After the contemplated listing of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange, information on the Company and the operations of the Group required to be disclosed in accordance with applicable law and the Rules of the Nasdaq Tallinn Stock Exchange, including required financial statements, will be disclosed via the information system of the Nasdaq Tallinn Stock Exchange.

Interest and Yield
The Bonds carry an annual coupon interest at the rate of 7% per annum, calculated from the date of issue of the Bonds, i.e. 28 September 2016, until the date of redemption. The interest is paid quarterly on the following dates: 28 March, 28 June, 28 September and 28 December. The interest on the Bonds is calculated based on 30-day calendar month and 360-day calendar year (30/360).

Maturity Date

The maturity date of the Bonds is 28 September 2026.

According to the Terms of the Bonds, the Company is entitled to redeem the Bonds prematurely at any time after the lapse of 5 years as from the date of issue, i.e. at any time after 28 September 2021, by notifying the bondholders at least 30 days in advance. The Company is further entitled to redeem the Bonds prematurely before the lapse of the 5-year term if there is a change in the regulative classification of the Bonds resulting in the Bonds being, in the opinion of the Company, excluded from the classification as own funds of a credit institution or if there is a significant change in the taxation regime applicable in respect of the Bonds, provided that the Company was not in a position to foresee such changes upon the issue of the Bonds.

The Bonds may be redeemed prematurely by the Company on the above-described grounds only if the FSA has granted its consent to the early redemption. The FSA may grant its consent for the early redemption of the Bonds as from 28 September 2021 only if the conditions of Article 78(1) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 are met. The FSA may grant its consent for the early redemption of the Bonds before 28 September 2021 only if the conditions of Article 78(4) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 are met.[9]

The bondholders are not entitled to claim early redemption of the Bonds under any circumstances.

Transferability

The Bonds are freely transferrable; however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such a transfer would not be qualified as a public offering in the meaning of the applicable law. According to the Terms of the Bonds, ensuring that any offering of the Bonds does not under the definition of public offering under the applicable law is the obligation and liability of the bondholder.

7.2. Taxation

Introductory Remarks. The purpose of this section is to give an overview of the tax regime applicable to the bondholders and the Company. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. In order to establish particular tax consequences of the Offering or the ownership of the Bonds, each individual investor is advised and strongly encouraged to seek specialist assistance.

Capital Gains from Sale or Exchange of Bonds. Gains realized by an Estonian resident individual are taxable on a cash-basis. Upon the sale or exchange of securities (including the Bonds) gains are subject to income tax at the rate of 20%. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution of profits, capital gains realized by resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to Estonian real estate). The non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of shares may be deducted from the gains but are generally rather limited.

Taxation of Interest. Estonian resident individuals are subject to paying income tax (20%) on the interest received from loans, securities (including the Bonds) and other debt obligations. Therefore, interest (coupon payments) received by Estonian resident individuals from the Bonds is subject to income tax in Estonia. Income tax is withheld by the payor unless the resident individual notifies the Issuer that Bonds were acquired from funds held in the Investment Account. Since all earnings of resident legal persons are taxed only upon distribution (as described below), interest received by Estonian resident legal persons is not subject to immediate taxation. As a rule, interest payments received by non-residents are exempt in Estonia (i.e. no withholdings are made). Note, however, that non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account. Individuals may defer the taxation of their investment income by using an investment account (in Estonian: *investeerimiskonto*) for the purposes of making transactions with financial assets (including the Bonds). An investment account is a monetary account opened with an European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, interest, etc.) a person wants to defer, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to

[9] Article 78 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 regulates the conditions of granting supervisory permission for reducing own funds, whereas the aim of the regulation as a whole is to ensure due compliance with the capital adequacy requirements applicable in respect of credit institutions and investment firms.

the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Corporate Income Tax. The system of taxation of corporate income currently in force in Estonia differs from the traditional model of corporate income taxation in that it shifts the point of corporate taxation from the moment of earning to the moment of distribution. Therefore, in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution. Corporate income tax is charged on profit distributions such as dividends, payments in the course of the reduction of share capital and acquisition of treasury shares when in excess of equity contributions, as well as on implicit distributions such as fringe benefits, gifts and donations, expenditures and payments not related to the business activities of a company. All of the above profit distributions are taxed at the rate of 20/80 (25%) of the net amount of the distribution, i.e. 20% of the gross amount of the distribution. The corporate income tax charged on above profit distributions is payable only at the company level with the company being responsible for calculating, declaring and paying of the respective corporate income tax. Corporate income tax imposed on distributed profit is not a withholding tax and thus is not influenced by the applicable international tax treaties. Payments made in the course of the reduction of share capital and redemption of shares are taxable at the company level only to the extent such payments exceed the monetary and in-kind contributions previously made by the shareholders into the company.

7.3. Listing and Admission to Trading

The Company intends to apply for the listing and admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The expected date of listing and the admission to trading of the Bonds is on or about 30 September 2016. While every effort will be made and due care will be taken in order to ensure the listing and the admission to trading of the Bonds by the Company, the Company cannot ensure that the Bonds are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. For the general information on the Nasdaq Tallinn Stock Exchange, please see Section "Estonian Securities Market".

8. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION

8.1. General Corporate Information

The business name of the Company is AS Inbank (formerly Cofi AS). The Company was registered in the Estonian Commercial Register on 5 October 2010 under the register code 12001988. The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or AS) and is established for an indefinite term.

The contact details of the Company are the following:

Address: Niine tn 11, Tallinn 10414, Estonia

Phone: +372 640 8080

Fax: +372 640 8081

E-mail: info@inbank.ee

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2015, the field of activity of the Company was "credit institutions (banks)" (EMTAK[10] 64191).

[10] EMTAK (the Estonian Classification of Economic Activities) is the basis for determining the fields of activity of Estonian companies. EMTAK is the national version of the international harmonised NACE classification. As of 1 January 2007, the Estonian companies are, instead of providing their fields of activity in the Articles of Association, required to report them in their annual reports using EMTAK classification.

8.2. Articles of Association

The latest version of the Articles of Association of the Company was adopted by the resolution of the General Meeting of shareholders of the Company, dated 10 September 2015. The main terms of the Articles of Association of the Company are the following:

i. the minimum amount of the share capital of the Company is EUR 500,000 and the maximum amount of the share capital of the Company is EUR 2,000,000;
ii. the Company has only one type of shares. The nominal value of the ordinary share of the Company is EUR 10 and each share grants the shareholder one vote at the General Meeting of shareholders;
iii. the Shares may be paid in by monetary contribution and in non-monetary contribution only if allowed by the applicable law;
iv. the Shares are freely transferrable and may be pledged in accordance with applicable law;
v. the Company may issue convertible bonds the aggregate nominal value of which may not be more than 1/10 of the share capital of the Company;
vi. the highest management body of the Company is the General Meeting of the shareholders of the Company. Annual General Meeting is convened during the first three months of the financial year. The annual General Meeting of the shareholders is operational if at least 2/3 of the votes represented by shares of the Company are present at the meeting. If the quorum is not met then the management convenes a new meeting, which is operational regardless of the number of votes present. A resolution of the General Meeting of the shareholders of the Company is adopted if 2/3 of the votes present at the General Meeting vote in favour of it, unless the law or the Article of Association specify otherwise. The persons are elected by a plurality of votes;
vii. the Supervisory Board comprises of five to seven members elected by the Annual Meeting of the shareholder of the Company for a period of three years. The members of the Supervisory Board elect a chairman for the Supervisory Board. The Supervisory Board meets at least once per three months. The Supervisory Board meeting is operational if at least half of the members of the Supervisory Board are present. A member of the Supervisory Board may take part in the meeting via electronical means of communication. A resolution of the Supervisory Board is adopted if at least half of the members of the Supervisory Board taking part that at the voting voted in favour of the resolution. The Supervisory Board may adopt resolutions without convening a meeting;
viii. the Supervisory Board approves the strategy, general activity plan, credit and investment policy, principles of remuneration of the members of the Management Board and employees of the Company, risk management principles and strategy, structure of the Company and its general principles, principles of compliance of the Company, annual budget and investment plan of the Company, general order of the internal audit department and the appointment and recalling of the head of the audit department; the Supervisory Board also approves the opening and closing of foreign branches and acquisition and disposal of stakes in other corporations, if the amount of the transaction is in excess of 10% of the own capital of the Company or via a transaction this level of ownership is reached in another company; the Supervisory Board adopts resolutions in matters placed into its competence on the basis of the law and the Articles of Association; the Supervisory board resolves the appointment and recalling the members of the Management;
ix. the Management Board comprises of three to seven members elected by the Supervisory Board for a period of three years, any member of the Management Board may represent the Company alone; Management Board organizes the everyday activities of the Company and prepares a report of its activities and the financial situation of the Company to the Supervisory Board at least once per three months;
x. the financial year of the Company is the calendar year.

9. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

9.1. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 688,810, which is divided into 68,881 ordinary shares of the Company (the Shares) with the nominal value of EUR 10. The Shares are registered in the ECRS under ISIN code EE3100109232. The Shares are not admitted to trading on any regulated market.

For information on the management and employees share option program, please see Section "Management and Key Employees Share Option Program".

9.2. Shareholders of Company

As at the date of this Prospectus, the Shareholders holding over 10% of all Shares in the Company are the following:

Name of Shareholder	Number of Shares	Proportion
Pershing Hall Holding Limited	21,676	31.47%
Cofi Investeeringud OÜ	21,371	31,03%

There are no persons who have an indirect qualifying holding in the Company.

The founders of the Company (Priit Põldoja and Jan Andresoo) and related persons (companies which they have a direct or indirect qualifying holding in) held 21,690 Shares as of the date of this Prospectus. This is 31.49% of all Shares issued.

The management board and supervisory board members of Inbank and related persons (companies which they have a qualifying holding in) held 50,130 Shares as of the date of this Prospectus. This is 72,78% of all Shares issued.

The Management is as at the date of this Prospectus not aware of any arrangements or circumstances, which may at a subsequent date result in a change in control over the Company.

9.3. Rights of Shareholders

General Remarks. This Section "Rights of Shareholders" aims to provide general overview of the rights of shareholders arising from Estonian law applicable in respect of the Shareholders of the Company.

Right to Participate in Corporate Governance. The shareholders of a public limited company are entitled to take part in the corporate governance of such company through the general meeting of shareholders, where they can exercise their powers to decide on certain important corporate matters, such as the amendment of the articles of association, the increase and decrease of the share capital, the issue of convertible bonds, the election and removal of the members of the supervisory board and the auditor, the approval of annual reports and the distribution of profit, the dissolution, merger, division or transformation of the company, and certain other matters. The general meeting of shareholders is the highest governing body of a public limited company.

The ordinary general meeting of shareholders must be held once a year pursuant to the procedure and at the time set forth by the law and the articles of association. Pursuant to the Estonian Commercial Code the ordinary general meeting of shareholders must be held within six months as from the end of a financial year. However, the Estonian Credit Institutions Act specifies that the audited annual report of a credit institution must be made public within four months as from the end of a financial year. According to the Estonian Commercial Code, before the ordinary general meeting of shareholders is held, supervisory board must review the annual report and provide the general meeting of shareholders with a written report on the annual report, indicating whether the supervisory board approves the report and providing information on how the supervisory board has organised and supervised the activities of the management of a public limited company in the respective year. In practice, the abovementioned report is made available together with the notice on convening the general meeting of shareholders.

An extraordinary general meeting of shareholders must be convened in the cases set forth in the articles of association of a public limited company but also: (i) in the event that the Company has insufficient own funds and the Company has not increased its own funds to the level required by the FSA within the time period nominated by the FSA; (ii) in the event where the net equity of the company decreases below the legally required minimum level, or (iii) if shareholders representing at least 1/10 of the share capital, the supervisory board, or the auditor request that a meeting is convened or (iii) if the meeting is required in the interests of the company. The Articles of Association of the Company do not include any deviation from the applicable law with respect to when the General Meeting of shareholders needs to be convened. Pursuant to applicable law, if the management board of a public limited company fails to convene the extraordinary general meeting within one month after the receipt of the relevant request from shareholders (or from the supervisory board or from the auditor), the shareholders (or, respectively, the supervisory board or the auditor) have the right to convene the meeting themselves.

The notice of an upcoming ordinary general meeting of shareholders must be sent to shareholders three weeks in advance. The notice of an upcoming extraordinary general meeting of shareholders must be sent to shareholders one week in advance. If in the future the Company will have more than 50 shareholders, notices of upcoming general meeting will not have to be sent to each shareholder, but such notice must be published in at least one national daily newspaper in Estonia. If there is a material breach of the requirements of convening a general meeting of shareholders, such meeting does not have the capacity to adopt resolutions, except if all the shareholders participate at the meeting. If the notice includes a proposal to amend the articles of association of the Company, a project of the planned amendments to the articles of association must be published through the information system of the Nasdaq Tallinn Stock Exchange simultaneously with sending the notice of convening the general meeting to the shareholders.

As a rule, the agenda of a general meeting of shareholders is determined by the supervisory board. However, if the meeting is convened by the shareholders or by the auditor, the agenda is determined by them. Furthermore, the management board or the shareholders whose shares represent at least 1/10 of the share capital of a public limited company may demand the inclusion of a certain item into the agenda. An item which is initially not on the agenda of a general meeting of shareholders may be included in the agenda upon the consent of at least 9/10 of the shareholders who participate at the meeting if their shares represent at least 2/3 of the share capital of such company.

Under Estonian law a general meeting of shareholders of a public limited company is capable of passing resolutions if more than 1/2 of the votes represented by all shares held by shareholders are present at the meeting. The Company's articles of association have increased that threshold to 2/3. If this quorum requirement is not met, the management board is required to convene a new meeting not more than three weeks but not less than seven days after the date of the initial meeting. There are no quorum requirements for the newly convened general meetings of shareholders convened in such a manner.

Only those shareholders are eligible to attend and vote at a general meeting of shareholders who were on the list of shareholders as of the date falling seven calendar days before the meeting.

As a rule under Estonian law, the resolutions of a general meeting of shareholders require the affirmative vote of the majority of the votes represented at the meeting. Certain resolutions, such as amending the articles of association, increasing or decreasing the share capital, resolutions relating to a merger or liquidation of the company, etc., require a qualified majority of 2/3 of the votes represented at the meeting of shareholders. According to the Company's articles of association an affirmative vote in all matters requires the votes of at least 2/3 of the votes represented at the meeting, unless prescribed otherwise by law. Under the law there are resolutions which require an even higher rate of affirmative votes of shareholders, such as excluding the shareholders' preferential right to subscribe for new shares upon an increase of the share capital, which requires the affirmative vote of 3/4 of the votes represented at the general meeting of shareholders, and squeeze-out of minority shares, which requires the affirmative vote of 95/100 of the votes represented at the general meeting of shareholders.

Right to Information. Pursuant to the Estonian Commercial Code, the shareholders of a public limited company have the right to receive information on the activities of the company from the management board at the general meetings of shareholders. However, management board may refuse to give information if there is a reason to presume that this may cause significant damage to the interests of the company. In the event the management board refuses to give information, shareholders may require the general meeting of shareholders to decide on the legality of such refusal or submit a respective claim to the competent court.

Right to Subscribe for New Shares. Pursuant to the Estonian Commercial Code, existing shareholders of a public limited company have, upon the increase of the share capital of the company and the issue of the new shares of the company, the preferential right to subscribe for such new shares of the company proportionally to their existing shareholding in the company. Such preferential right can be excluded by the respective resolution of the general meeting of shareholders, which requires the affirmative vote of 3/4 of the votes represented at the general meeting of shareholders.

Right to Dividends. All shareholders of a public limited company have the right to participate in the distribution of profit of the company and have the right to receive dividends proportionally to their shareholding in the company. Resolving the distribution of profit and the payment of dividends is in the competence of the general meeting of shareholders. The resolution of the distribution of profit and the payment of dividends is adopted on the basis of the approved annual report for the preceding financial year, whereas the management board is under the obligation to make a proposal for the distribution of profit and the payment of dividends in the annual report or in a separate document accompanying the annual report, whereas such a proposal of the management board is subject to a review by supervisory board, which is in turn entitled to introduce amendments to the proposal. The resolution on the distribution of profit and on the payment of dividends must include the following information - (i) the amount of net profit; (ii) the payments into statutory capital reserve; (iii) the payments into other reserves if such exist according to the applicable law or the articles of association (which is not the case for the Company); (iv) the amount of profit being distributed among shareholders; and (v) using the profit for other purposes, if applicable. Shareholders who are entitled to participate in the distribution of profit and receive dividends shall be determined on the basis of the list of shareholders as maintained by the ECRS, which is fixed on the date determined by the general meeting of shareholders resolving the distribution of profit, whereas in respect of companies listed on the Nasdaq Tallinn Stock Exchange, such date may not occur earlier than on the tenth trading day after the general meeting of shareholders. While distributing profit and making dividend payments to shareholders, a public limited company is under the obligation to treat all shareholders equally.

9.4. Convertible Bonds

The Company has no outstanding convertible bonds.

9.5. Shareholders' Agreements

The Company and its shareholders Cofi Investeeringud OÜ and Pershing Hall Holding Limited have on 8 September 2014 entered into a shareholders' agreement and on 9 December 2014 and 17 March 2015 amended the shareholders agreement. The shareholders' agreement, as amended, provides, most importantly, the following:

- 80% threshold for adopting resolutions at the Company's shareholders' meeting;
- each Cofi Investeeringud OÜ and Pershing Hall Holding Limited have a right to appoint one member of the Supervisory Board. The other 3-4 members of the Supervisory Board are independent members;
- right of first refusal and tag-along right of other shareholders in case of sale of the shares in the Company by one shareholder.

9.6. Management and Key Employees' Share Option Program

In order to successfully carry out its expansion plans and implement the strategy for 2016-2018, the Issuer's Supervisory Board has decided to implement a management and key employees' option program to retain and motivate key people within the organisation and have the incentives to recruit new people for key functions. The options have been issued as follows:

- total number of options – 2,500;
- period for issuing of options and signing of option agreements – May 2016;
- issue price per option – options were issued for free;
- strike price per option (price for which shares of AS Inbank would be purchased) – EUR 300 per share;
- time when options can be exercised – starting three years from the date of the issue of the option and during six months thereafter;
- condition of the right to exercise an option is continued employment/service agreement with AS Inbank at the date of exercise;
- the specific terms and conditions for exercise of options would be determined by the Management Board of AS Inbank.

Additionally upon request of the Management Board the Supervisory Board will decide issuing of additional 500 options on the above terms to incentivize hiring of new employees.

The Issuer's Supervisory Board has also decided to implement a management and key employees' option program for the managers and key employees of the Issuer's Polish branch to incentivise the recruitment of new people for key functions in the Polish branch and to retain and motivate key people within the Polish branch. The options to the two managers of the Polish branch have been issued as follows:

- total number of options – 2,200;
- period for issuing of options and signing of option agreements – August 2016;
- issue price per option – options were issued for free;
- strike price per option (price for which shares of Inbank would be purchased) – EUR 300 per share;
- time when options can be exercised – starting three years from the date of the issue of the option and during six months thereafter.

In addition, it has been agreed that the manager of the Polish branch has the right to issue in 2017, subject to approval of the Chairman of the Management Board, options to employees of the Polish branch to purchase 600 shares in the Company for EUR 300 per share, vesting after 3 years subject to performance of the Polish branch

The general meeting of the Company has also decided upon granting 180 share options to Rain Rannu, a member of the Supervisory Board.

By the date of this Prospectus, the Company has granted options to altogether 4,880 Shares.

10. MANAGEMENT

10.1. Management Structure

The Company has a three-layer management. The Management Board is responsible for the day-to-day management of the Company and each of its member is eligible to represent the Company in keeping with the law and the Articles of Association. The Supervisory Board of the Company is responsible for the strategic planning of the activities of the Company and for supervising the activities of the Management Board. The highest governing body of the Company is the general meeting of shareholders.

The address of operations of the Management Board and the Supervisory Board is Niine 11, 10414 Tallinn, Estonia (the registered address of the Company).

10.2. Management Board

<u>Role.</u> The Management Board of the Company is responsible for the day-to-day management of the Company's operations, representing the Company and for organising its accounting. Under the Credit Institutions Act the Management Board is, *inter alia*, responsible for:

i. developing a business plan for implementation of the strategy approved by the Supervisory Board;
ii. establishing and reviewing risk taking, management, monitoring and risk management principles and procedures which comprise both the current and also potential risks, including risks from macroeconomic environment;
iii. determining the risk tolerance for each relevant business line and unit;
iv. establishing the principles and procedures for the trading portfolio management;
v. approving and submitting to the FSA the financial position recovery plan prepared on the basis of the Financial Crisis Prevention and Resolution Act;
vi. identifying and assessing regularly all risks involved in the activities of the credit institution and ensure the monitoring and control of the extent of such risks;
vii. ensuring the existence of adequate financial instruments and members of staff or third persons for management of all the significant risks of the credit institution and for evaluation of the assets related to these risks, and for implementation of external credit quality assessments and internal models;

viii. developing and approving the organisational structure on the basis of the principles provided for in the articles of association;
ix. developing and implementing systems for monitoring the activities of the Company, ensuring adherence to such systems, assess the adequacy thereof regularly and improving them if necessary pursuant to the principles established by the Supervisory Board;
x. ensuring that all members of staff of the credit institution are aware of the provisions of legislation relating to their duties of employment and of the principles provided for in the documents approved by the directing bodies of the Company;
xi. organising the effective functioning of the internal control system and ensuring monitoring of the compliance of the activities of the Company and its managers and staff members with legislation and the documents approved by the directing bodies and with the principles of sound banking management;
xii. ensuring the existence and functioning of systems to guarantee that information necessary for members of staff to perform their duties is communicated thereto in a timely manner;
xiii. ensuring the safety and regular monitoring of information technology systems used by the Company and systems used for the safekeeping of assets of clients;
xiv. informing the Supervisory Board to the extent and pursuant to the procedure established of all discovered violations of legislation or of internal rules or other rules established in the Company;
xv. monitoring that adequate separation of functions is guaranteed in all the activities, and avoiding the creation of conflict of interests;
xvi. arranging the disclosure of the required data by the Company;
xvii. guaranteeing that the organisational structure of the Company is transparent, the areas of responsibility are clearly delineated and procedures for the identifying, measurement, management, constant monitoring and reporting of risks have been established and that such procedures are proportional to the nature, extent and level of complexity of the operation of the credit institution;
xviii. in the case the standard approach to operational risk is used, approving of the general principles of mapping business lines;
xix. ensuring the conforming functioning of the organisation of the management of the operational risk of the credit institution and to regularly appraise of the corresponding information;
xx. ensuring the conforming functioning of the organisation of the liquidity risk management of the credit institution, including approval of the business continuity plan specified in subsection.

Further, according to the Commercial Code, it is the obligation of the Management Board to coordinate preparation of the annual reports and submit the reports to the Supervisory Board's for review and to the General Meeting of shareholders for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions and to the strategy of the Company approved by the Supervisory Board.

Duties. The Management Board must present an overview of the economic activities and economic situation of the Company to the Supervisory Board at least once every three months and is under the obligation to give immediate notice of any material deterioration of the economic condition of the Company or of any other material circumstances related to its operations. If the Company is insolvent and the insolvency, due to the Company's financial situation, is not temporary, the Management Board must immediately submit a voluntary bankruptcy petition in respect of the Company.

The Management Board may only enter into transactions that lie outside the Company's ordinary scope of business with the consent of the Supervisory Board.

Members of Management Board. According to the Articles of Association, the Management Board comprises of three to seven members who are appointed by the Supervisory Board for a term of three years.

The Supervisory Board has appointed three members to the Management Board – Mr Jan Andresoo (Chairman of the Management Board, the authorities remain valid until 22 December 2018), Ms Liina Sadrak (the authorities remain valid until 18 March 2018) and Mr Marko Varik (the authorities remain valid until 18 March 2018).

Mr Jan Andresoo. Mr Andresoo is the chairman of the Management Board, who is responsible for the strategic management of the company and implementation of the short and long term plans. Mr Andresoo was born in 1975. Mr Andresoo was awarded a bachelor’s degree in International Business Administration in 1998 and a master’s degree in International Business Administration in 2002 from the Estonian Business School. Between 1996 and 1998 he worked for

Hansapanga Kindlustuse AS, between 1998 and 1999 for EstIB-Talinvest Varahaldus AS, between 1999 and 2004 for EBS Juhtimiskoolituse Keskus OÜ, between 2004 and 2006 for Estonian Business School and between 2009 and 2010 for Swedbank AS. Within the Group, in addition to holding the position of the Chairman of the Management Board, Mr Andresoo is also a member of the Supervisory Board of Inbank Liising AS. Mr Andresoo is additionally a member of the Management Board of Eesti Pangaliit.

Ms Liina Sadrak. Ms Sadrak is responsible for the fields of business and IT development and customer service. Ms Sadrak was born in 1976. Ms Sadrak was awarded a bachelor’s degree in Marketing and Foreign Economics from the Tallinn University of Technology in 2000. Between 1997 and 2008 she worked for Swedbank Liising AS, between 2008 and 2010 for Swedbank AS, in 2010 for Eesti Kvaliteediühing and in 2011 for Amserv Grupi AS. Within the Group, in addition to holding the position of member of the Management Board, Ms Sadrak is also a member of the Supervisory Board of Inbank Liising AS.

Mr Marko Varik. Mr Varik is the CFO of the Company, responsible for financial and risk management in the Company. Mr Varik was born in 1984. Mr Varik was awarded a bachelor’s degree in Mathematical Statistics and Economics from the University of Tartu in 2009. Between 2005 and 2006 he worked for AS Lõhmus, Haavel ja Viiseman, between 2006 and 2007 for Orthoclear Inc. and between 2007 and 2010 for Swedbank AS.

10.3. Supervisory Board

Role. In accordance with the Commercial Code, the Supervisory Board is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board. The Supervisory Board is elected by and accountable to the Shareholders of the Company (acting in the form of the General Meeting).

According to the Credit Institutions Act the Supervisory Board’s role includes:

i. approving the strategy and general principles of the Company’s activities;
ii. approving the general principles of risk management;
iii. approving the principles of remuneration of the members of the management board and members of staff of the Company;
iv. approving the principles of the organisational structure;
v. approving the general principles of monitoring of the activities of the Company;
vi. approving the statutes of the internal audit unit;
vii. electing and remove the chairman and members of the Management Board;
viii. appointing and removing from office the head of the internal audit unit and, on the proposal of the head of the internal audit unit, appointing and removing from office members of staff of the internal audit unit;
ix. approving the budget and the investment plan;
x. deciding on the foundation or closure of foreign branches;
xi. approving the general principles of the activities and the competence of the credit committee;
xii. deciding on the conclusion of transactions with members of the Management Board, and appointing the representative of the Company in such transactions;
xiii. filing claims against members of the Management Board, and appointing the representative in such claims;
xiv. approving the financial position recovery plan prepared on the basis of the Financial Crisis Prevention and Resolution Act;
xv. deciding on other matters placed in the competence of the Supervisory Board by the articles of association.

Duties. In accordance with the Commercial Code, before the ordinary General Meeting of shareholders is held, the Supervisory Board must review the annual report and provide the General Meeting of shareholders with a written report on the annual report, indicating whether the Supervisory Board approves the report and also provide information on how the Supervisory Board has organized the supervision of the activities of the Company during the year. According to the Articles of Association the Supervisory Board is responsible for:

i. approving the strategy and general principles of the Company;
ii. approving the credit and investment policies of the Company;
iii. approving and evaluating the execution of the remuneration principles of the members of the Management Board and employees of the Company;
iv. approving the general risk management policies and strategy of the Company;

v. approving the organizational structure of the Company and its general principles;
vi. approving the general principles of supervising the activities of the Company;
vii. electing, recalling and deciding upon the remuneration of the members of the Management Board, Chairman of the Management Board, co-Chairman of the Management Board and procurator of the Company;
viii. approving the statutes of the internal audit unit, electing and recalling the head of the internal audit unit and based on the suggestion of the head of the internal audit unit, hiring and firing the members of the internal audit unit;
ix. approving the budget and the planned investments of the Company;
x. deciding the opening and closing of branches in foreign countries;
xi. approving the purchasing (also increasing) and selling (also decreasing) stakes in other corporations (also founding and liquidating corporations), if the value of the transaction increases 10% of the own funds of the Company or the share capital of the other corporation or the transaction would lead to reaching the referred holding threshold;
xii. approving the general principles of operation and authorities of the credit committee;
xiii. approving the transactions that go outside the day-to-day management of the Company;
xiv. deciding upon conducting transactions with the members of the Management Board and appointing a representative of the Company for such transactions;
xv. filing claims against the members of the Management Board and appointing a representative of the Company for such claims;
xvi. determining the agenda for the General Meeting (except when otherwise provided by law);
xvii. deciding other questions over which the Supervisory Board has authority under the law and the Articles of Association.

Members of Supervisory Board. According to the Articles of Association, the Supervisory Board consists of five to seven members who are appointed by the General Meeting of shareholders for a period of three years. The members of the Supervisory Board elect among themselves a Chairman of the Supervisory Board who is responsible for organizing the activities of the Supervisory Board. According to the Articles of Association, meetings of the Supervisory Board are held according to the actual necessity, but at least once per three months. A meeting of the Supervisory Board has quorum if more than one half of the members of the Supervisory Board participate and a resolution of the Supervisory Board is adopted if more than one half of the members of the Supervisory Board who participate in the meeting vote in favour. A member of the Supervisory Board may participate via electronic means. In case of a tied vote, the Chairman of the Supervisory Board has a casting vote. As at the date of this Prospectus there are five members in the Supervisory Board - Mr Priit Põldoja (the Chairman of the Supervisory Board), Ms Triinu Reinold, Mr Raino Paron, Mr Rain Rannu and Mr Roberto De Silvestri. The authorities of all the above mentioned persons, except for Mr Raino Paron, as the members of the Supervisory Board will remain valid until 25 March 2018. The authorities Mr Raino Paron as the member of the Supervisory Board will remain valid until 22 April 2019.

Mr Priit Põldoja. Mr Põldoja was born in 1969. Mr Põldoja was awarded a bachelor's degree in Business and Finance from the University Mount Saint Mary's College in 1994. Between 1995 and 1996 he worked for The Dai-Ichi Kangyo Bank, between 1996 and 1997 for Tallinna Panga Liisingu AS, between 1997 and 1998 for AS Tallinna Pank, between 1998 and 2000 for Hansabank Markets, between 2000 and 2006 for Hansapank AS and between 2008 and 2009 for Alta Capital Partners. Mr Põldoja is also a member of the Supervisory Board of affiliated companies to the Group Coop Finants AS and AS Krediidipank Finants. Mr Põldoja is additionally a member of the Supervisory Board of AS SmartCap and Maksekeskus AS and member of the Management Board of Cofi Investeeringud OÜ, Lamu Investeeringud OÜ, Maksekeskus Holding OÜ, MTÜ Eesti Tennise Liit and MTÜ FinanceEstonia.

Ms Triinu Reinold. Ms Reinold was born in 1985. Ms Reinold was awarded in 2006 a bachelor's degree on Social Sciences (Law) and in 2009 a master's degree in Law from the University of Tartu. Between 2009 and 2012 she worked for law firm Raidla Lejins & Norcous (currently Raidla Ellex). Since 2012 she is working for Colonna Varahaldus. Ms Reinold is additionally a member of the Management Board of Estonian Investments Holding OÜ, Lelle 22 Holding OÜ, Movie Invest OÜ, Nobili Kinnisvara OÜ, OÜ Hermitage, OÜ Innercity Invest, Pet Retail OÜ, Quinn OÜ, Sameah Holding OÜ, Selene Holding OÜ, Narva mnt Holding OÜ and Tina Invest OÜ.

Mr Raino Paron. Mr Paron was born in 1965. Mr Paron was awarded a BA degree in Law (equal to MA degree) from the Tartu University in 1993 and an LL.M from Georgetown University, USA in 1992. Between 1993 and 1995 he worked in the legal department of World Bank and the IMF. Since 1995 he is working in law firm Raidla & Partnerid (currently Raidla Ellex) as the head of the banking and financing practice group. Mr Paron is also a member of the Management Board of MTÜ FinanceEstonia.

Mr Rain Rannu. Mr Rannu was born in 1980. Mr Rannu was awarded in 2002 a bachelor's degree in Public Administration and in 2007 a master's degree in Business and Technology Management from the University of Tartu. He is co-founder and partner at Mobi Solutions since 2001 and founder and board member of Fortumo since 2007, where he also served as a CEO between 2007 and 2015. Mr Rannu is also a co-founder and member of the Supervisory Board of Garage 48 Foundation and Tulundusühistu Tuleva.

Mr Roberto de Silvestri. Mr de Silvestri was born in 1977. Mr Silvestri was awarded a Law degree in 2002 from the Universita di Giurisprudenza di Genoa and a degree in Asset Management in 2003 from the SDA Bocconi in Milan. Between 2003 and 2005 he worked for Finter Bank Zurich, between 2005 and 2009 for Finavest Monaco SAM. Since 2009 Mr de Silvestri is working for G&G Private Finance SAM. Mr Silvestri is also a member of the Management Board of 29 Estonian real estate companies, 21 Estonian holding companies and 5 companies in Monaco (S.C.P. MERIT 11, S.C.I CIRO 11, G&G Private Finance SAM, SCI Petite Maison2013; SCI Sciandra).

10.4. Audit Committee

Role and Duties. The Audit Committee is an advisory body to the Supervisory Board. The Audit Committee was formed to exercise oversight over the Management Board. The function of the Audit Committee is to verify and analyse the processing of financial information, efficiency of risk management and internal control, the process of auditing the financial statements and consolidated reports, and the independence of the external auditor in the fields of accounting, audit, risk management, internal control and internal audit, supervision, budgeting and compliance with legal requirements.

Members of Audit Committee. The Audit Committee of the Company currently has three members. The members of the Audit Committee are elected for a term of 3 years by the Supervisory Board. Currently, the Audit Committee consists of Raino Paron (chairman), Priit Põldoja and Triinu Reinold.

10.5. Remuneration Committee

Role and Duties. The Remuneration Committee is a corporate governance body formed by the Supervisory Board. The Remuneration Committee is formed for the purpose of assessing the principles of remuneration applied within the Company, developing a remuneration strategy for the members of the Management Board as well as for exercising supervision over the compliance with the applicable legal requirements in respect of risk management and capital adequacy.

Members of Remuneration Committee. The Remuneration Committee comprises of three members. According to the 12 February 2016 decision of the Supervisory Board, currently, the members of the Remuneration Committee are Priit Põldoja, Rain Rannu and Roberto de Silvestri.

10.6. Remuneration and Benefits

In remunerating its personnel, the Company's decisions are based on the principles arising from the Credit Institutions Act and Company's recruitment and remuneration policy. The principles for remunerating personnel stimulate sustainable growth and customer satisfaction, and are relying on trustworthy and effective risk management. In remuneration, the Company considers its employees' personal contribution and job performance as well as the Company's economic results.

The structure of employee remuneration consists of two parts:

- basic salary (fixed);
- performance pay (decided separately for each employee).

Basic salary and performance pay are in reasonable balance and the basic salary makes up a sufficiently high share of total remuneration so to enable non-payment of the bonus if needed. The basis for determining performance pay is a combination of the results by employees and the unit and Company's overall results.

Outside consultants are not involved in determining remuneration principles.

The Company follows the provisions of the Credit Institutions Act in determining severance pay. No severance pay was paid in 2015.

The total amount of remuneration and benefits paid to the members of the supervisory and management bodies of the Company during the financial year 2015 was EUR 291,000 (including applicable taxes). In addition to monetary remuneration, several members of the management bodies have been issued share options described in detail in Section "Management and Key Employees Share Option Program".

The Company has chosen not to disclose the amounts of remuneration and benefits of each single member of the supervisory and management bodies of the Group companies in order to protect the privacy and personal rights of the relevant persons.

10.7. Share Ownership

As at the date of this prospectus, 72.78% of all the Shares, i.e. in total 50,130 Shares were held by the members of the management bodies of the Group companies or their related parties (companies in which they directly or indirectly hold a qualifying holding).

None of the members of the management bodies of the Group companies held a direct qualifying holding in the Company.

10.8. Conflicts of Interests

According to the knowledge of the Management, there are no known actual or potential conflicts of interest between the duties of any of the members of the Management Board and the Supervisory Board to the Company or to any Group company, and their private interests or other duties.

10.9. Statement of Compliance with Corporate Governance

The Company complies with the corporate governance regime of the Republic of Estonia. The Company adheres to the Good Corporate Governance Code as approved by the FSA. The Good Corporate Governance Code is intended mostly for publicly listed companies and is designed for companies with a wide ownership. The Company has thus adapted the Good Corporate Governance Code to its own specifics.

The Good Corporate Governance Code is binding on the basis of "comply or explain principle". The requirements, which are currently not fully followed by the Company have been described in the latest Good Corporate Governance Report made available in the audited consolidated financial statements of the Group for the year ended on 31 December 2015.

10.10. External Auditors

According to the Articles of Association, the General Meeting of shareholders appoint an external auditor for up to five years. The General Meeting of shareholders held on 22 April 2016 appointed AS Deloitte Audit Eesti to act as the external auditors of the Group for financial year of 2016.

The annual Financial Statement for 2015 has also been audited and the interim Financial Statements reviewed by sworn auditors Veiko Hintsov (sworn auditor number 328) and Moonika Peetson (sworn auditor number 555) from the audit company AS Deloitte Audit Eesti.

11. PRINCIPAL MARKETS

Introduction. As at the date of this Prospectus, the Group is operating in two geographical markets, in the two Baltic countries – Estonia and Latvia. In Estonia, the Group is engaged in providing consumer financing and accepting public deposits. In Latvia, the Group operates through a Latvian subsidiary to the Company offers consumer financing services. As the Group is considering entering the Polish market within a year, the relevant market overview has also been presented.

Estonian banking sector. There are altogether nine licensed credit institutions in Estonia, and a further seven branches of foreign credit institutions operate in the Estonian banking market. The Estonian banking market is highly consolidated and is dominated by the credit institutions belonging to Nordic banking groups (Swedbank AS, AS SEB Pank, Nordea Bank AS Estonian branch and Danske Bank A/S Estonian branch).

The two main metrics for assessing a banking market are the total volume of loan portfolios and the total volume of deposits. In Estonia, the four largest banking groups hold a 89% combined market share in loans and 86% combined market share in deposits. The Company's main point of competition with the large retail banks is on the private deposit market. By the end of 2015, the total volume of deposits of the credit institutions operating in the Estonian market stood at EUR 15,536 million, of which the deposits of private persons was EUR 6,380million. The total volume of deposits has been growing year by year for the past 16 years, forming a very stable funding source for the credit institutions operating in the Estonian banking market.

Source: https://www.fi.ee/public/turg_seisuga_2015_12_inglis.pdf

Estonian Consumer Financing Market. In addition to the licensed credit institutions, consumer financing in the Estonian market is offered by several market participants who are not subject to as extensive financial supervision as the licensed credit institutions. This is also the main reason why it is difficult to determine the exact size and the credit volumes of the Estonian consumer financing market. In the end of 2013, the Estonian Ministry of Economic Affairs and Communications estimated the total size of the Estonian consumer financing market to be around EUR 709 million, of which EUR 591 million was provided by licensed credit institutions and the remaining EUR 118 million by others. In the end of 2015 the consumer loans provided to credit institutions increased to EUR 632 million which could be considered relatively modest growth. The volumes provided by other creditors cannot be monitored but our estimation is that the growth has been significant with 20-30% annually. However, even with significant growth the bulk of the market is provided by credit institutions.

The Estonian consumer financing market is undergoing significant reforms. In February 2015, the Estonian Creditors and Credit Intermediaries Act was adopted by the Estonian Parliament. The referred piece of legislation established extensive restrictions on the operations of the previously unlicensed credit providers and intermediaries; most notably, credit intermediaries became subject to licensing by the FSA, applicable as of 21 March 2016. These reforms are estimated to decrease the number of credit intermediaries operating in the market, which in turn may lead to the improvement of the market position held by licensed credit institutions. There were over 100 credit firms and intermediaries operating in the Estonian market, by 26 August 2016, 42 credit providers and intermediaries had obtained the required license.

Source:

https://www.mkm.ee/sites/default/files/kiirlanuturg_analyys_ja_ettepanekud.pdf

http://www.fi.ee/index.php?id=18372; http://www.fi.ee/index.php?id=18382

Latvian Consumer Financing Market: As of 31 December 2015, the public list of credit institutions in Latvia includes 24 companies, 8 of which are foreign bank branches. According to the Association of Latvian Commercial Banks (ALCB) and Central Bank of Latvia statistic in 2015 there was a total of EUR 579 million of consumer loans provided by credit institutions. Consumer loan portfolio has increased the last 3 consecutive years: 2014 comparing with 2013 by +3%, 2015 comparing with 2014 by +11%.

In addition to the licensed credit institutions consumer financing in the Latvian market is offered also by credit providers, which are authorised to provide consumer credit by Consumer Rights Protection Centre (CRPC). As of 31 December 2015, the public list of consumer credit providers in Latvia included 57 companies, where 19 of them specialized on consumer loan lending. According to CRPC overview of "Non-Bank Consumer Lending Market 2015" the volume of loans provided by credit providers to consumers in 2015 totalled EUR 468.01 million. Consumer loans credit group portfolio in 2015 increased by approximately 17.93% and totaled EUR 88.81 million. Consumer loans volume increase was observed for the third consecutive year, but the growth rate has become slower: 2014 comparing with 2013 count was +12.37% and amount +15.78%, while in 2015 to 2014 count increase was +1.83% and amount +8.68%. Credit providers total loan portfolio quality continued to improve in 2015 at was at 85.28% (82.15% in 2014). At the end of 2015 past due was 14.72% of the total loan portfolio. At 31 December 2015 consumer loans without delay was 85.21% of the portfolio (increased by 2.26% compared to 2014).

Source:

http://www.ptac.gov.lv/sites/default/files/2015_ii_pusgads_parskats_par_nebanku_kredit_tirgu.pdf

http://www.lka.org.lv/lv/pdf/Banku_statistika_www_12_2015.pdf

https://www.bank.lv/statistika/kr-statistika

Polish banking sector: The Polish banking sector experiences significant challenges in terms of effectiveness of the pursued business operations. Low interest rates, increased fees payable in favour of the Bank Guarantee Fund (BGF) and a decrease in revenues from interchange fees adversely affected the figures of the Polish banking sector.

In 2015, the interest rate result fell down by 4.8% per annum, whereas the result of the fees and charges decreased by 3.3% per annum. It caused the deterioration of the basic performance figures for banking operations: a cost to income ratio increased from 50.9% to 58.5% per annum, an interest margin decreased from 2.8% to 2.5% per annum, and return on assets decreased from 9.9% to 6.8%.

However, a positive economic growth and improvement of the situation on the labour market positively translated into rising wealth of the Polish households, which is shown as a systematic increase in the value of deposits in the same client segment. From 2012, the retail deposit market increased by approximately 9% per annum, to a total of EUR 151 billion at the end of 2015, following a growth by EUR 13.4 billion (9.7% per annum). The deposit value increased despite a decrease of average interest rates for newly opened deposits. In 2015 only, an average interest rate for new agreements decreased from 2.3% to 1.8%.

Polish Consumer Financing Market: The Polish market of consumer credits proves to be one of the most dynamically developing markets in the European Union (EU). Taking into consideration the aggregate data for the years 2008-2014, Poland is the fourth European market in terms of dynamics of the growth of retail receivables (9.2% increase against 7.4% decrease for the EU Member States) and is characterized by a very high share of consumer credits in the bank balance sheet sum (approximately 8% against 3.4% EU approximate average value).

In terms of nominal values, the increase of the portfolio of consumer credits was EUR 0.7 billion in 2013, EUR 1.3 billion in 2014 and EUR 1.9 billion in 2015. At the end of 2015, the approximate value of the consumer credit portfolio was EUR 32 billion, out of which cash loans constituted 60%. In the portfolio, in terms of quantities, small amount loans are predominant (approximately 60% of the portfolio), i.e. of up to EUR 900 which in terms of their value constitute only approximately 10% of the portfolio value. Sale of consumer credit totaled EUR 16 billion in 2013, EUR 17.7 billion in 2014 and EUR 17.9 billion in 2015.

The increase on the consumer credit market was mainly a result of favourable macroeconomic conditions. GDP growth in 2014 was 3.3% and 3.6% in 2015. The growth was also supported by the decrease in unemployment rate and a stable increase of the pay fund at approximately 3-3.5% per annum since 2014. As a result, this has increased household purchasing power including, creditworthiness and credit availability.

A credit availability also proved favourable to a downward tendency of the credit interest rate, following the cycle of the interest rate reductions initiated in 2012 by the National Bank of Poland (NBP) (in total approximately 50%). An average interest rate for newly executed consumer credit agreements decreased from 16.7% in 2012 to 8.0% in 2015, and their actual interest rate decreased from 23.1% in 2012 down to 15.3% in 2015.

Finally, the development on the consumer credit market was encouraged by successive and permanent improvement of the credit quality portfolio which created space for gradual liberalisation of the banks' credit policies. At the end of 2015, the value of consumer credits with value loss was below EUR 3.9 billion which, in comparison to a record irregular credit level observed in 2011, proves a 30% improvement.

Source:

„Biznes i ryzyko na rynku kredytów konsumpcyjnych w perspektywie 2019 roku", ("Business and Risk on Consumer Credit Market within 2019 Perspective"), IBnGR, 2015.

"Raport o sytuacji banków w 2015 r.", („2015 Bank Condition Report"), FSA, 2016.

German and Austrian Deposit Markets: The Company does not consider the German and Austrian deposit markets as principal markets, however we will provide a short overview as the company plans to use these markets as a secondary source of deposits.

The size of the German deposit market is EUR 2.3 trillion and the average interest rate as of March 2016 was 0.3%. The top interest rate offers in Germany at March 2016 for 1 year and 3 year deposits were 1.1% and 1.3%, respectively.

The size of the German deposit market is EUR 0.3 trillion and the average interest rate as of March 2016 was 0.3%. The top interest rate offers in Germany at March 2016 for 1 year and 3 year deposits were 1.2% and 1.3%, respectively.

"Raisin Update on Retail Deposit Interest Rates: Issue #21 – May 2016", Raisin

12. BUSINESS OVERVIEW

12.1. History and Development of Group

The Group's history goes back to 2010, the year in which a hire-purchase financing provider Cofi AS was founded. From the outset, the Company evolved out of the idea that banking should be local and product-based and that success hinges on having a precise focus. The Company was originally established by Mr Priit Põldoja and Mr Jan Andresoo who both are continuously actively contributing to the management of the Company as the Chairman of the Supervisory Board and as the Chairman of the Management Board.

The Company launched their first hire-purchase product in 2011. Only three years later, the Company assessed itself to be a probable market leader in consumer financing in this field. As hire-purchase was ideal for implementing a technology- and partner-based business model, the Company has thereafter broadened its partner-based cooperation model.

In late 2011, in cooperation with ETK, the Estonian consumers' cooperative (now known as Coop), the Company introduced Säästukaart Pluss – the first payment/loyalty/credit card of its kind in Estonia. Today Coop Finants AS as a joint venture between the Company and Coop has around 80,000 card holders, which makes up 20% of the credit cards in private hands in Estonia.

In 2014 the Company introduced a loan product – Sihtlaen – in cooperation with Krediidipank.

In 2014 the Company entered into its first foreign market – Latvia – by establishing Cofi Lizings. The loan portfolio of the Latvian subsidiary at 30 June 2016 was 31% of the total loan portfolio of the Group.

On 10 April 2015 the Company obtained a banking license and started operating under a business name AS Inbank. During the first campaign to collect deposits the Company collected 11 MEUR of deposits in three days.

On 28 May 2015 the Company purchased Desk Rock OÜ and changed its name to Inbank Technologies OÜ.

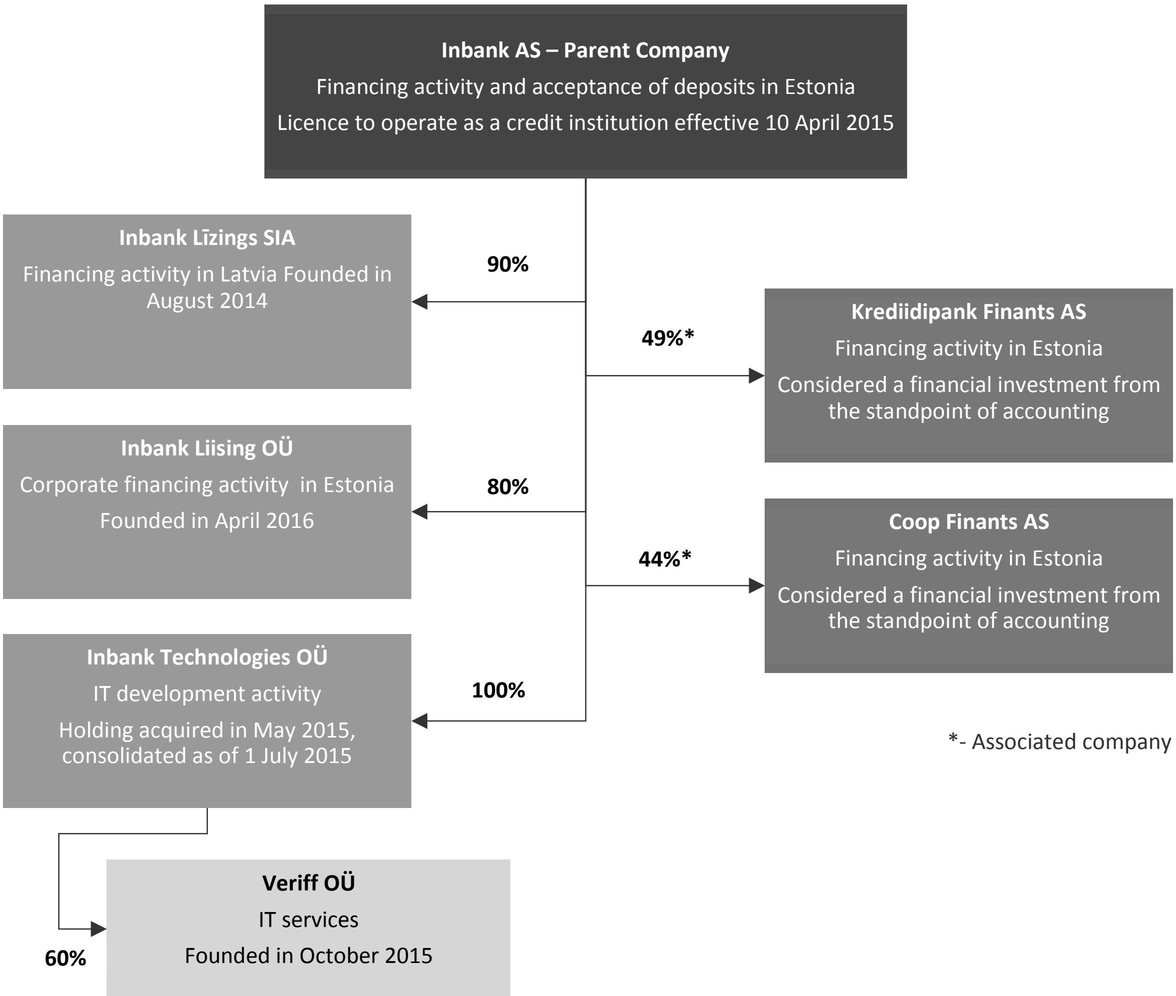
In the second half of 2015, the Company partnered with Sanoma Baltics AS to offer the auto24 car loan.

In April 2016, the Company founded Inbank Liising. Cooperation is ongoing with Fusion Varahalduse AS to develop and launch a corporate leasing product in the second half of 2016.

12.2. Group Structure, Group Companies and affiliated companies of the Company

Group Structure:

As at the date of this Prospectus, the Group structure is the following:



Group Companies:

AS Inbank. AS Inbank (the Company) is the holding company of the Group. The Company is an Estonian licensed credit institution with a main focus of issuing consumer credit products and collecting deposits. The whole Group employs 57 people. As at 30 June 2016 the consolidation group has a portfolio of nearly 55,000 consumer credit agreements of which 45,000 have been entered into by the Company. Together with affiliated companies the number of credit agreements is over 150,000. By the end of the second quarter of 2016, the total loan portfolio of the Company's consolidation group stood at EUR 55.2 million and the total amount of deposits was EUR 49.7 million. By the end of the second quarter of 2016, the total loan portfolio of the Company on a non-consolidated basis stood at EUR 38.2 million.

Inbank Liising AS. The Company was founded in April 2016 in cooperation with Fusion Varahalduse AS. The main purpose is to provide corporate clients with asset based financing. The product is currently in development phase with the retail launch planned for the second half of 2016.

Inbank Līzings SIA. Inbank Līzings SIA is a 90% held subsidiary of the Company. The main products of Inbank Līzings SIA are are car loan and hire-purchase products. By the end of second quarter of 2016 the size of the company's financial portfolio was EUR 17 million. The near term objectives of Inbank Lizings SIA are to continue its strong growth on the car loan market and to seek new partners for the hire-purchase product in order to increase its presence in the segment.

Inbank Technologies OÜ. Inbank Technologies OÜ (formerly known as Desk Rock OÜ) was purchased by the Company in 2015 and is active financial services IT related development. Inbank Technologies OÜ provides services mainly for other entities in the Group. Inbank Technologies OÜ is the sole external IT-provider to the Company. Inbank Technologies OÜ's main client is the Group and developing its IT systems, however, the developed product are also sold to external clients.

Coop Finants AS. Coop Finants AS (formerly known as ETK Finants AS) is a company founded in 2011 by AS ETK (new business name Coop Eesti Keskühistu; 51% holding) and the Company (44% holding) the main goal of which is to provide various financial services to Coop clients: the payment card Säästukaart Pluss, consumer loans and hire-purchase product. Coop Finants AS aims to use the existing client base of Coop. 2015 was a very successful year for Coop Finants AS – during the year, the number of Säästukaart Pluss cards rose from 58,000 to 74,000. By the end of second quarter of 2016 the number of Säästukaart Pluss cards stood at 80,000. The size of the company's financial portfolio at the end of second quarter of 2016 was EUR 16 million. The main objective of the investment into Coop Finants AS is to achieve a growth in the long-term value.

Krediidipank Finants AS. Krediidpank Finants AS is a company founded in 2013 by Krediidipank AS (51% holding) and the Company (49% holding), the main goal of which is to provide unsecured consumer loans to individuals. The company started offering the loan product in January 2014. By the end of that year, the company's financing portfolio was EUR 5.8 million and the loss for that year was EUR 121,000. The rapid growth in the company's business volumes continued in 2015. By the end of 2015, the company's financing portfolio was EUR 11.3 million and the profit was EUR 132,000 euros. By the end of second quarter of 2016 the size of the company's financial portfolio was EUR 13.5 million. The main objective of the investment into Krediidipank Finants AS is to achieve a growth in the long-term value.

Veriff OÜ. Veriff OÜ is a company founded by Inbank Technologies OÜ (60% shareholder), Mobi Solutions OÜ (35% shareholder) and Bevoke Estonia OÜ (5% shareholder) in 2015 the main goal of which is to develop a video banking and video identification solution that can be marketed in Estonian and foreign markets. Veriff OÜ started its activities in June 2016.

12.3. Business Segments

Banking Services. The Company's main business segment is the banking services business segment. The Company's activities are concentrated on certain market and product segments – deposits, consumer loans, hire-purchase, factoring – where the Company has a strong technological advantage over competitors. The banking services business segment can be further broken down into retail banking and corporate banking. The retail banking services are offered to private individuals, whereas the clients of the corporate banking services are small and medium-sized companies. The Company's loan portfolio as at 31 July 2016 comprised of 94% of consumer lending and 6% lending to companies.

12.4. Geographical Markets

As described in the previous Section "Principal Markets", as at the date of this Prospectus, the Group is operating in two geographical markets – Estonia and Latvia whereas the Company operates only in the Estonian market. During the year 2016 the Group plans to enter into a third geographical market - Poland. The Group is also considering entering the German and Austrian deposit markets.

12.5. Competitive Position and Competitive Strengths

Assessment of Competitive Position. The Group monitors and analyses their competitive position and developments on the market on the basis of publicly available data and statistics, e.g. market analyses and statistics prepared by the FSA and the local financial supervisors of the geographical markets where the Group companies operate. All statements made in this Prospectus in respect of the competitive position of the Group are based on such publicly available information.

Competitive Strengths. The Management believes the Group to have the following competitive strengths:

Focused business model – the Company clearly defines that it is a specialized bank, providing mainly uncollateralized credit products to private individuals. The main products are – hire purchase, credit cards and consumer loans.

The Company strongly believes that being excellent specialized consumer finance bank is dependent on following aspects:

1. Business process automation

a. Automated credit decision process
b. Automated agreement administrations process
c. Easy contract origination process

The Company understands that in order to be able to compete in consumer finance market the Company as a bank needs to build efficient and automated business processes in order to originate and administrate big number of relatively small credit contracts.

2. Technology
    a. In-house IT architecture competence
    b. In-house IT development competence
    c. In-house IT analysis competence

The Company understands that modern banking is a combination on banking competence, process competence and technological competence. Therefore, from the beginning Inbank made a strategic decision to build our own technological competence in-house. To support the technological need, the Company has a separate subsidiary Inbank Technologies.

3. Attractive to talent
    a. Strong, experienced team of professionals
    b. Entrepreneurial culture
    c. Attractive ownership based motivation scheme

The Company understands that business is done by people. Taking into account that the Company is mainly building systems and processes, the Company needs specific and highly professional people. The Company wants to build an organisation with purpose and want to provide the people interesting and development oriented environment. The Company also wants to see that key people are also owners in the Company and therefore a option based motivational scheme has been introduced.

4. Unique distribution model
    a. Partner based distribution strategy
    b. Strategic partnerships
    c. Technological integration with partner channels

The Company understands that financing products are tool for supporting partner’s business. Therefor the Company is constantly seeking new opportunities to help the partners to succeed and sell more. Looking for new unique distribution opportunities, were the Company can integrate their automated credit origination solution, is their everyday work. The Company has more than 250 partners who are using their technological credit origination solution in Estonia and Latvia. The Company has two successful strategic partnerships with Coop and Krediidipank.

5. Financing capabilities
    a. Strong capital base
    b. Access to deposit market
    c. Strong owners

The Company understands that the capability to grow is strongly dependent on availability of financing and strength of the own capital base. European banking licence creates an opportunity to enter into European deposit market and therefore gives the Company a source to provide credit products to the clients. The ownership structure of the Company and the commitment of the shareholders give the Company comfort that our growth is supported by necessary equity. To further strengthen the capital base and ensure that the bank is sufficiently capitalized the Company is looking to utilize subordinated debt instruments.

6. Internationalization strategy
    a. Centralized technological solution
    b. Centralized banking licence, access to funding and capital
    c. Local professional team and risk taking competence

The Company understands that success is dependent on the growth strategy. The Company believes that it is better to grow with existing product to new markets. Entering into Latvian market showed that the combination of centralized financing and technology and local management has provided a working formula of success and very quick time-to-market.

12.6. Investments

The Group companies have made no significant investments since date of the last published financial statements (Q2, 2016). The consolidated interim report of the Group for Q2 and 6 months of 2016 is incorporated into this Prospectus.

The Group companies are continuously seeking for opportunities for the expansion of their business operations by investing into organic growth.

As a general rule, the investments made by the Group companies are financed by own funds or by additional capital engaged from the shareholders or bondholders of the subordinated bonds of the Company.

12.7. Material Agreements

Introductory Remarks. The Group companies are not parties to any material agreements outside of their ordinary course of business, which may result in the Group companies obtaining rights or incurring obligations which may materially affect the Group companies' ability to perform their obligations or have a material adverse effect on the financial position or operations of the Group companies. Nevertheless, this Section provides a general description of most relevant agreements. The level of detail of the information provided is limited due to the confidentiality provisions included in agreements. However, the Management believes that the provided data is sufficient for comprehending the overall contents of the agreements.

Shareholders’ Agreement regarding Krediidipank Finants. On 16 September 2013 the Company and Aktsiaselts Eesti Krediidipank concluded a shareholders’ agreement under which the incorporation of Krediidipank Finants was agreed. The shareholders’ agreement regulates, *inter alia*, the launch of the business, obligations of the parties with regard to the launch and subsequent activities and financing Krediidipank Finants. In the opinion of the Management, the parties’ agreements contained in the shareholders’ agreement are in compliance with market practice for similar agreements.

Shareholders’ Agreement regarding Coop Finants AS. On 10 March 2011 the Company and Coop Eesti Keskühistu entered into a shareholders’ agreement with the purpose of incorporating Coop Finants AS (then named ETK Finants AS). The agreement regulates the relationships of the shareholders, the management structure and financing Coop Finants AS, principles of accounting and distribution of profit as well as other strategic questions. In addition, the agreement stipulates the principles of transfer of the shares of the Company (including rights of pre-emption, tag-along, drag-along).The Management finds that the agreement follows the market practice for similar agreements.

Cooperation agreement with Sanoma Baltics AS. In 2015 the Company and Sanoma Baltics AS concluded a cooperation agreement with regard to offering auto24 car loan. The agreement regulates the parties’ obligations in connection with the cooperation, including developing obligations, compensation matters and includes confidentiality clauses. The Management finds that the agreement protects the interests of the Company as it is detailed and the obligations of the parties’ are in balance.

12.8. Planned Growth Projects

There are two noteworthy projects that will influence the growth of the Company going forward:

Opening a branch in Poland

The Company notified the Estonian FSA on 5 August 2016 about its plans to establish a branch in Poland. The senior management with previous work experience from GE Money Poland was recruited and started working as of August 2016.

The Polish branch of Inbank will focus on consumer loans and hire purchase and also collect term deposits. The Polish branch is planned to self-finance its loan portfolio with deposits collected from the Polish market

The size of the Polish consumer finance portfolio is roughly EUR 35 billion, with monthly sales of EUR 1.5-1.7 billion. According to the financial outlook prepared by the Management the Polish portfolio is planned to form 19% of the Company's total portfolio by the end of 2017 and will grow to 40% of the total portfolio by the end 2018. The start of business activities is planned from the first quarter of 2017.

Expanding to the German and Austrian deposit markets

The company is planning to start collecting deposits from the German and Austrian markets. Strategic cooperation with Raisin.com was initiated and Inbank will use their platform for entering the markets. The Company submitted a passporting application to the Estonian FSA in July 2016.

The goal for the Company is to diversify its deposit funding base and lower the average interest rate for the deposit portfolio. The start of business activities is planned form the fourth quarter of 2016.

12.9. Trend Information

There has been no material adverse change in the prospects of Group since 31 December 2015.

12.10. Legal Proceedings

In the course of its everyday business operations, the Group companies are customarily parties to legal and administrative proceedings.

In legal proceedings (court proceedings) the Group companies act, in general, as plaintiffs seeking to recover debts from customers in default. Such debt recovery proceedings are part of everyday business operations of the Group companies. As at the date of this Prospectus, in all on-going legal proceedings, Group companies involved are acting as plaintiffs and all such proceedings concern debt recovery.

Since the Group companies (most relevantly the Company) operate in the fields subject to extensive legal regulation, they are subject to numerous administrative proceedings initiated primarily by the FSA in the course of ordinary financial supervision.

As of the date of this Prospectus, none of the legal or administrative proceedings to which a Group company is a party to (including any such proceedings which are pending or threatened of which the Management is aware) are considered likely to have any significant effects on the Group's financial position and there are no legal or administrative proceedings to which a Group company has been party to (including any such proceedings which are pending or threatened of which the Management is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, significant effects on the Group's financial position or profitability.

13. SELECTED FINANCIAL INFORMATION

13.1. Introduction

The following summary of the selected consolidated financial information of the Group should be read in conjunction with the Financial Statements. The below tables present only certain selected audited consolidated financial data as of and for the year ended on 31 December 2015 and certain selected reviewed unaudited consolidated financial data as of 30 June 2016 and for the three and six month periods ended on 30 June 2016 and on 30 June 2015.

The information regarding the end of the calendar years 2014 and 2015 has been audited. The interim financial information of the first six months of the year 2015 and the interim financial information of the first three and six months of the year 2016 has not been audited.

The financial statements below differ from the audited financial statements due to changes in accounting principles. The statements presented in this prospectus have been corrected to be in line with the accounting principles used in the 2016 6-month financial report. The restatements are in accordance with International Financial Reporting Standards (IFRS) to ensure conformity of the accounting principles of financial assets and revenue recognition. A detailed description of the changes made can be view under paragraph 13.5.

The audited financial information has been provided in Section 13.2. Section 13.5 provides the restated non-audited financial information for the financial years 2014 and 2015, which is comparable with the interim non-audited financial information provided in Section 13.3.

13.2. Selected Historical Financial Information

The financial information provided in this section is based on the audited financial report of 2015. The financial information has been restated are in accordance with International Financial Reporting Standards (IFRS) to ensure conformity of the accounting principles of financial assets and revenue recognition. A detailed description of the changes made can be view under paragraph 13.5. The new principles have been applied starting with the interim financial report of the first six months of the financial year 2016. Restated unaudited financial information for the financial years 2014 and 2015 has been provided in Section 13.5 below.

Consolidated statement of comprehensive income

EUR thousands	**2015**	**2014**
Continuing operations		
Interest income	4 237	2 412
Interest expense	-705	-480
Net interest income	**3 532**	**1 932**
Fee and commission income	711	455
Fee and commission expense	-246	-131
Net fee and commission income	**465**	**324**
Other income related to operations	689	94
Net income from other operations	**689**	**94**
Total income	**4 686**	**2 350**
IT services purchased	-51	0
Personnel costs	-1 505	-383
Marketing expenses	-687	-265
Administrative expenses	-153	-68
Depreciation, amortisation and impairment	-154	-27
Other income and expenses	-520	-221
Total operating expenses	**-3070**	**-964**
Operating profit	**1 616**	**1 386**
Loan losses	-846	-278
Net profit for financial year before investments	**770**	**1108**
Profit/loss from investments	365	159
Profit before income tax	**1 135**	**1 267**
Deferred income tax	**45**	**0**
Comprehensive income	**1 180**	**1 267**
Profit (loss) attributable to the parent company	1 207	1 275
Profit (loss) attributable to non-controlling interest	-27	-8
Total comprehensive income for the period	**1 180**	**1 267**

Consolidated financial position

EUR thousands	31.12.2015	31.12.2014	01.01.2014
Assets			
Cash on hand	3	0	0
Due from central banks	499	0	0
Due from credit institutions	4 882	376	22
Loans and receivables	34 825	14 343	8 420
Investments in associates	868	444	285
Property, plant and equipment	95	30	16
Intangible assets	760	189	107
Income tax assets	45	0	0
Other assets	1 300	326	127
Total assets	**43 277**	**15 708**	**8 977**
Liabilities			
Loans	110	4 543	5 680
Deposits	29 711	0	0
Debt securities issued	3 114	4 770	2 086
Other liabilities	2 103	819	905
Total liabilities	**35 038**	**10 132**	**8 671**
Equity			
Share capital	569	500	300
Share premium	5 393	4 002	200
Other reserves	1 360	30	0
Accumulated loss	-279	-224	-194
Profit/loss for the financial year (+/-)	1 207	1 275	0
Total equity attributable to shareholders of the parent	**8 250**	**5 583**	**306**
Non-controlling interest	-11	-7	0
Total equity	**8 239**	**5 576**	**306**
Total liabilities and equity	**43 277**	**15 708**	**8 977**

Ratios

Key financial indicators	2015	2014
Balance sheet amount	43,277	15,708
Equity	8,239	5,576
Net profit/loss for the current period[11]	1,180	1,267
Loans and receivables	34,825	14,343
Deposit portfolio	29,711	0
Ratios		
Net return on equity (ROE)	17.1%	43.1%
Net return on total assets (ROA)	4.0%	10.3%
Net interest margin	12.9%	16.7%
Rate of credit losses to loan portfolio	3.4%	2.4%
Cost/income ratio	64.6%	41.1%
Ratio of equity in the balance sheet amount	19.0%	35.5%

[11] Profit (loss) attributable to the parent company.

Explanation of ratios

Net return on equity:	net profit / equity (average over the period)
Net return on total assets:	net profit / total assets (average over the period)
Net interest margin:	net interest income / interest-bearing assets and liquid assets[12] (average over the period)
Rate of credit losses to loan portfolio:	losses from the impairment of loans / loans and receivables (average over the period), annualised
Cost/income ratio:	total operating expenses / total income
Ratio of equity in the balance sheet amount:	equity / total assets

All averages over periods have been calculated as the average of the period start result and the period end result.

Capital adequacy

EURt

Capital base	**31.12.2015**	**31.12.2014**
Paid-in share capital	569	500
Share premium	5 393	4 002
Statutory reserve capital	1 360	30
Retained earnings	-279	-224
Intangible assets (subtracted)	-760	-189
Profit for financial year [13]	1 207	1 275
Shares in affiliates[14]	-868	0
Total Tier 1 capital	**6 622**	**5 394**
Subordinated debt	0	0
Total Tier 2 capital	**0**	**0**
Net own funds for capital adequacy calculation	**6 622**	**5 394**

Risk-weighted assets		
Credit institutions, standardised approach	976	75
Non-financial customers, standardised approach	1 379	579
Claims secured by mortgage, standardised approach	1 148	0
Retail claims, standardised approach	23 486	10 049
Claims past due, standardised approach	195	92
Equity investments	0	1 112
Other assets, standardised approach	1 440	356
Total credit risk and counterparty credit risk	**28 624**	**12 263**
Operational risk, basic indicator approach	2 462	1 046
Total risk-weighted assets	**31 086**	**13 309**

Capital adequacy (%)	21,30%	40,53%
Regulative capital adequacy	18,13%	n.a.
Tier 1 Capital Ratio (%)	21,30%	40,53%
Regulative Tier 1 Capital Ratio (%)	18,13%	n.a.

[12] Assets due from central banks (including mandatory reserve), assets due from credit institutions, loans and receivables.

[13] In accordance with EU regulation, audited and approved profit for the financial year may be included in retained earnings upon prior approval by competent agencies. The profit for the financial year was unaudited and unapproved in the calculations made in accordance with the EU regulation and such profit was not included in the capital base as submitting regulatory capital adequacy reporting, thus the difference between regulative capital adequacy ratio and capital adequacy ratio.

[14] In accordance with EU regulation, shares in affiliates were included in the risk-weighted assets as of 31.12.2014

13.3. Selected Interim Financial Information

The restatements are in accordance with International Financial Reporting Standards (IFRS) to ensure conformity of the accounting principles of financial assets and revenue recognition. A detailed description of the changes made can be view under paragraph 13.5. The changes will affect the following items in the balance sheet and income statement lines:

Consolidated statement of comprehensive income

EURt	Q2 2016	6M 2016	Q2 2015	6M 2015
Continuing operations				
Interest income	2 345	4 161	861	1 603
Interest expense	-301	-559	-155	-292
Net interest income	**2 044**	**3 602**	**706**	**1 311**
Fee and commission income	141	261	88	149
Fee and commission expense	-81	-153	-61	-110
Net fee and commission income	**60**	**108**	**27**	**39**
Other income related to operations	142	313	82	292
Total income	**2 246**	**4 023**	**815**	**1 642**
Personnel costs	-580	-1 080	-325	-583
Marketing expenses	-143	-231	-89	-111
Administrative expenses	-266	-417	-163	-348
Depreciation, amortisation and impairment	-47	-91	-35	-67
Total operating expenses	**-1 036**	**-1 819**	**-612**	**-1 109**
Operating profit	**1 210**	**2 204**	**203**	**533**
Loan losses	-1 073	-1 532	-98	-345
Net profit for financial year before investments	**137**	**672**	**105**	**188**
Profit/loss from investments	96	273	30	91
Profit before income tax	**233**	**945**	**135**	**279**
Deferred income tax	**41**	**43**	**0**	**0**
Net profit	**274**	**988**	**135**	**279**
Profit (loss) attributable to the parent company	308	1 020	142	294
Profit (loss) attributable to non-controlling interest	-34	-32	-7	-15
Total comprehensive income for the period	**274**	**988**	**135**	**279**

Consolidated financial position

EURt	30.06.2016	Adjusted 31.12.2015
Assets		
Cash on hand	6	3
Due from central banks; mandatory reserve	299	154
Due from central banks	4 599	345
Due from credit institutions	1 830	4 882
Loans and receivables	53 996	35 188
Investments in associates	1 173	868
Property, plant and equipment	121	95
Intangible assets	788	760
Other assets	221	260
Total assets	**63 033**	**42 555**
Liabilities		
Loans	0	110
Deposits	49 702	29 711
Debt securities issued	2 974	3 114
Other liabilities	1 109	1 381
Total liabilities	**53 785**	**34 316**
Equity		
Share capital	569	569
Share premium	5 393	5 393
Accumulated loss	901	-279
Reserves	1 387	1 360
Profit/loss for the financial year (+/-)	1 020	1 207
Total equity attributable to shareholders of the parent	**9 270**	**8 250**
Non-controlling interest	-22	-11
Total equity	**9 248**	**8 239**
Total liabilities and equity	**63 033**	**42 555**

Consolidated statement of cash flows

EURt	6M 2016	6M 2015
Cash flows from operating activities		
Profit from operating activities	2 204	533
Interest income	-4 161	-1 603
Interest expense	559	292
Loan losses	-1 532	-345
Depreciation, amortisation and impairment	91	67
Cash flows from/used in operating activities before change in operating assets and liabilities	**-2 839**	**-1 056**
Net increase/decrease in operating assets:		
Loans and advances to customers	-18 808	-5 096
Other assets	59	-98
Net increase/decrease in operating liabilities:		
Customer deposits	19 991	12 263
Other liabilities	-272	472
ash flow from operating activities	**-1 869**	**6 485**
Adjustments to current assets and current liabilities		
Interest received	4 161	1 603
Interest paid	-559	-292
Other adjustments	43	-2
Net adjustments to current assets and current liabilities	**3 645**	**1 309**
Cash flows from investing activities		
Acquisition of non-current assets	-145	-675
Investment in associates	-31	-57
Net cash flow from investing activities	**-176**	**-732**
Cash flows from financing activities		
Redemption of debt securities	-140	-1 656
Loans received and repayments	-110	-4 543
Proceeds from issue of share capital	0	69
Proceeds from share premium	0	1 391
Net cash flow from financing activities	**-250**	**-4 739**
Net increase in cash and cash equivalents	**1 350**	**2 323**
Cash and cash equivalents at the beginning of the year	5 384	376
Cash and cash equivalents at the end of the year	**6 734**	**2 699**

Consolidated statement of changes in equity

EURt	Share capital	Share premium	Legal reserve	Voluntary reserve	Retained earnings (accumulated loss)	Total share attributable to the shareholders of the parent company	Non-controlling interest	Total equity
Balance as at 01.01.2015	**500**	**4 002**	**30**	**0**	**-278**	**4 254**	**-7**	**4 247**
Share capital issued	69	1 391	0	0	0	**1 460**		**1 460**
Net profit of the reporting period	0	0	0	0	294	**294**	-15	**279**
Legal reserve	0	0	0	1 330	0	**1 330**	0	**1 330**
Balance as at 30.06.2015	**569**	**5 393**	**30**	**1 330**	**16**	**7 338**	**-22**	**7 316**
Balance as at 01.01.2016	**569**	**5 393**	**30**	**1 330**	**928**	**8 250**	**-11**	**8 239**
Net profit of the reporting period	0	0	0	0	1 020	**1 020**	-11	**1 009**
Legal reserve	0	0	27	0	-27	**0**	0	**0**
Balance as at 30.06.2016	**569**	**5 393**	**57**	**1 330**	**1 921**	**9 270**	**-22**	**9 248**

Ratios

Key financial indicators	EURt	6M '16	Q2 '16	6M '15	Q2 '15
Balance sheet amount		63 033	63 033	23 546	23 546
Equity		9 270	9 270	7 337	7 337
Net profit/loss for the current period[15]		1 020	308	294	142
Loans and receivables		53 996	53 996	17 840	17 840
Deposit portfolio		49 702	49 702	12 442	12 442

Ratios	6M '16	Q2 '16	6M '15	Q2 '15
Net return on equity (ROE)	23,4%	13,6%	9,2%	8,1%
Net return on total assets (ROA)	3,9%	2,2%	3,0%	2,8%
Net interest margin	14,3%	15,0%	15,1%	15,4%
Rate of credit losses to loan portfolio	6,9%	8,8%	4,3%	2,4%
Cost/income ratio	45,2%	46,1%	67,5%	75,1%
Ratio of equity in the balance sheet amount	14,7%	14,7%	31,2%	31,2%

Explanation of ratios

Net return on equity:	net profit / equity (average over the period), annualised
Net return on total assets:	net profit / total assets (average over the period), annualised
Net interest margin:	net interest income / interest-bearing assets and liquid assets[16] (average over the period), annualised
Rate of credit losses to loan portfolio:	losses from the impairment of loans / loans and receivables (average over the period), annualised
Cost/income ratio:	total operating expenses / total income
Ratio of equity in the balance sheet amount:	equity / total assets

All averages over periods have been calculated as the average of the period start result and the period end result.

[15] Profit (loss) attributable to the parent company.
[16] Assets due from central banks (including mandatory reserve), assets due from credit institutions, loans and receivables.

Segments report

Inbank AS divides its business activities into segments based on its legal entities and nature of its product lines (consumer finance, IT services, leasing), whereas consumer finance segment is built up by hire purchase and small loan products.
Income of the reported segments includes inter-segment transactions**.**
Business segments are parts of bank`s business having separate financial accounting data and performance of which is being regularly reviewed by the Management Board..
Income of the reported segments include such inter-segment transactions as loans given by Inbank AS to its group companies and IT services provided by Inbank Technologies OÜ to group companies.
None of Inbank AS customers have income over 10% of its respective income of the consolidation group.
Inbank AS (Estonia) line "other income" presents mainly consultancy services offered to bank`s associated companies.
Intersegment transactions constitute mainly of loan interests of loans given to subsidiaries. All named intercompany transactions are accounted for at market prices, including IT services.

	6M 2016						6M 2015					
Income of reportable segments	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegment income**	**Income from external customers**	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegment income**	**Income from external customers**
Inbank AS (Estonia)	2 991	185	-709	152	-385	2 234	1 548	125	-387	35	-7	1 314
Inbank Lizings SIA (Latvia)	1 556	75	-3	0	0	1 628	62	24	-8	0	-7	71
Inbank Liising AS (Estonia)	0	0	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Estonia)	3	0	0	212	-54	161	0	0	0	257	0	257
Total	**4 550**	**260**	**-712**	**364**	**-439**	**4 023**	**1 610**	**149**	**-395**	**292**	**-14**	**1 642**

	Q2 2016						Q2 2015					
Income of reportable segments	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegment income**	**Income from external customers**	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegment income**	**Income from external customers**
Inbank AS (Estonia)	1 642	98	-382	81	-228	1 211	828	65	-203	82	-21	751
Inbank Lizings SIA (Latvia)	931	43	0	0	0	974	54	23	-8	0	-5	64
Inbank Liising AS (Estonia)	0	0	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Estonia)	0		0	90	-29	61	0	0	0	0	0	0
Total	**2 573**	**141**	**-382**	**171**	**-257**	**2 246**	**882**	**88**	**-211**	**82**	**-26**	**815**

	6M 2016					6M 2015				
Operating and net profit development	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**
Inbank AS (Estonia)	1 418	-416	273	0	1 275	628	-157	0	91	562
Inbank Lizings SIA (Latvia)	856	-1 116	0	43	-217	-152	-188	0	0	-340
Inbank Liising AS (Estonia)	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Estonia)	-70	0	0	0	-70	57	0	0	0	57
Total	**2 204**	**-1 532**	**273**	**43**	**988**	**533**	**-345**	**0**	**91**	**279**

	Q2 2016					Q2 2015				
Operating and net profit development	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**
Inbank AS (Estonia)	748	-212	96	0	632	214	-98	0	30	146
Inbank Lizings SIA (Latvia)	503	-861	0	41	-317	-68	0	0	0	-68
Inbank Liising AS (Estonia)	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Estonia)	-41	0	0	0	-41	57	0	0	0	57
Total	**1 210**	**-1 073**	**96**	**41**	**274**	**203**	**-98**	**0**	**30**	**135**

30.06.2016	Inbank AS (Estonia)	Inbank Lizings SIA (Latvia)	Inbank Liising AS (Estonia)	Inbank Technologies OÜ (Estonia)	Total
Cash on hand	3	0	0	3	**6**
Due from central banks; mandatory reserve	299	0	0	0	**299**
Due from central banks	4 599	0	0	0	**4 599**
Due from credit institutions	1 063	591	100	76	**1 830**
Loans and receivables	37 739	16 257	0	0	**53 996**
Investments in associates	1 172	0	0	1	**1 173**
Property, plant and equipment	69	16	0	36	**121**
Intangible assets	442	0	104	242	**788**
Other assets	105	87	0	29	**221**
Total assets	**45 491**	**16 951**	**204**	**387**	**63 033**
Loans	49 702	0	0	0	**49 702**
Deposits	2 974	0	0	0	**2 974**
Other liabilities	878	165	0	66	**1 109**
Total liabilities	**53 554**	**165**	**0**	**66**	**53 785**

31.12.2015	Inbank AS (Estonia)	Inbank Lizings SIA (Latvia)	Inbank Liising AS (Estonia)	Inbank Technologies OÜ (Estonia)	Total
Cash on hand	0	0	0	3	**3**
Due from central banks; mandatory reserve	154	0	0	0	**154**
Due from central banks	345	0	0	0	**345**
Due from credit institutions	4 370	445	0	67	**4 882**
Loans and receivables	26 687	8 435	0	66	**35 188**
Investments in associates	867	0	0	1	**868**
Property, plant and equipment	59	16	0	20	**95**
Intangible assets	451	71		238	**760**
Other assets	190	36	0	34	**260**
Total assets	**33 123**	**9 003**	**0**	**429**	**42 555**
Loans	0	110	0	0	**110**
Deposits	29 711	0	0	0	**29 711**
Debt securities issued	2 111	1 003	0	0	**3 114**
Other liabilities	709	634	0	38	**1 381**
Total liabilities	**32 531**	**1 747**	**0**	**38**	**34 316**

Capital adequacy

EURt

Capital base	**30.06.2016**	**31.12.2015**
Paid-in share capital	569	569
Share premium	5 393	5 393
Statutory reserve capital	1 387	1 360
Retained earnings	901	-279
Intangible assets (subtracted)	-788	-760
Profit for financial year[17]	1 020	1 207
Shares in affiliates[18]	-1 173	-868
Total Tier 1 capital	**7 309**	**6 622**
Subordinated debt	0	0
Total Tier 2 capital	**0**	**0**
Net own funds for capital adequacy calculation	**7 309**	**6 622**
Risk-weighted assets		
Credit institutions, standardised approach	366	976
Non-financial customers, standardised approach	1 618	1 379
Claims secured by mortgage, standardised approach	1 148	1 148
Retail claims, standardised approach	37 353	23 758
Claims past due, standardised approach	561	195
Other assets, standardised approach	342	355
Total credit risk and counterparty credit risk	**41 388**	**27 811**
Operational risk, basic indicator approach	4 396	2 462
Total risk-weighted assets	**45 784**	**30 273**
Capital adequacy (%)	15.96%	21.87%
Regulative capital adequacy (%)	13.62%	18.13%
Tier 1 Capital Ratio (%)	15.96%	21.87%
Regulative Tier 1 Capital Ratio (%)	13.62%	18.13%

According to the reports submitted to the regulator the regulative capital adequacy ratio is 13.62% (31.12.2016: 18.13%) and the subtracted balance sheet value of „shares in affiliates“ is 900 EURt (31.12.2015: 868 EURt).

Total capital requirement that includes both Tier 1 and Tier 2 own funds is 8.0%

[17] The profit for 6 months 2016 in the amount of 1020 EURt (2015: 1207 EURt) was unaudited and unapproved in the calculations made in accordance with the EU regulation and such profit was not included in the capital base as submitting regulatory capital adequacy reporting. The profit from affiliates using the equity method of accounting in the amount of 273 EURt (2015: 423 EURt) was not included in the capital base as submitting regulatory capital adequacy reporting.

[18] In accordance with EU regulation, audited and approved profit for the period may be included in retained earnings upon prior approval by competent agencies.

13.4. Changes in Financial Position

There have been no significant changes in the financial or trading position of the Group since 30 June 2016.

13.5. Additional Remarks on Financial Statements

There are certain inaccuracies in the Notes of the Financial Statements. Although the Management is of the opinion that such inaccuracies are not material for proper and adequate assessment of the results of operations or the financial position of the Group for the financial years ended on 31 December 2014 and 31 December 2015, for the sake of full disclosure such inaccuracies have been indicated in the following tables together with correct data. All the described inaccuracies have occurred due to arithmetical errors.

Financial Statements for Financial Year ended on 31 December 2015.

Reference	Inaccurate Data	Correct Data
Page 30; Table “Consolidated statement of changes in equity Row “Comprehensive income of the reporting period”	965	1,207
Page 58; Table “Note 21 Staff costs” Row “Salaries and wages“	228	383

The company has made changes in the accounting principles during the preparation of the 2016 6-months financial reports. The restatements are in accordance with International Financial Reporting Standards (IFRS) to ensure conformity of the accounting principles of financial assets and revenue recognition of financial assets. Restatement was needed as earlier financial information was presented with statement error.

Restatement in accounting principles of financial assets is done as follows:

1. Prepaid sales channel fee in connection with Loans and receivables that has been paid but not recorded as cost in accordance with effective interest rate method is moved from Other assets to Loans and receivables
2. Income components connected with Loans and receivables that have been collected but not recognized as income in accordance with effective interest rate method is moved with minus from Other liabilities to Loans and receivables.

Restatement in revenue recognition is done as follows:

1. Commission income connected to Loans and receivables was moved from Fee and commission income to Interest income in accordance with effective interest rate method
2. Sales channel fee connected to Loans and receivables was moved with minus from Marketing expenses to Interest income in accordance with effective interest rate method
3. Other income related to operations and Personnel costs are corrected in first three months of 2016 due to consolidation error

In addition restatement is needed in 2015 statement of comprehensive income as consolidation effect of Inbank Technologies OÜ (acquired in Q2 2015) has been applied in first six months of 2015. Due to that restatements have been made to Interest expense, Other income related to operations, Personnel costs, Administrative expenses and Depreciation, amortisation and impairment rows in 2015 three and six months statement of comprehensive income.

The changes will affect the following items in the balance sheet and income statement lines:

Consolidated statement of comprehensive income

EURt	Adjusted 2015	Adjusted 2014
Continuing operations		
Interest income	4 209	2 491
Interest expense	-705	-480
Net interest income	**3 504**	**2 011**
Fee and commission income	274	184
Fee and commission expense	-246	-131
Net fee and commission income	**28**	**53**
Other income related to operations	689	94
Net income from other operations	**689**	**94**
Total income	**4 221**	**2 158**
IT services purchased	-51	0
Other income and expenses	-520	-221
Personnel costs	-1 505	-383
Marketing expenses	-222	-73
Administrative expenses	-153	-68
Depreciation, amortisation and impairment	-154	-27
Total operating expenses	**-2605**	**-772**
Operating profit	**1 616**	**1 386**
Loan losses	-846	-278
Net profit for financial year before investments	**770**	**1108**
Profit/loss from investments	365	159
Profit before income tax	**1 135**	**1 267**
Deferred income tax	45	0
Net profit	**1 180**	**1 267**
Profit (loss) attributable to the parent company	1 207	1 275
Profit (loss) attributable to non-controlling interest	-27	-8
Total comprehensive income for the period	**1 180**	**1 267**

Consolidated financial position

EURt	Adjusted 31.12.2015	Adjusted 31.12.2014	Adjusted 01.01.2014
Assets			
Cash on hand	3	0	0
Due from central banks; mandatory reserve	154	0	0
Due from central banks	345	0	0
Due from credit institutions	4 882	376	22
Loans and receivables	35 188	14 204	8 397
Investments in associates	868	444	285
Property, plant and equipment	95	30	16
Intangible assets	760	189	107
Income tax assets	45	0	0
Other assets	215	167	23
Total assets	**42 555**	**15 410**	**8 850**
Liabilities			
Loans	110	4 543	5 680
Deposits	29 711	0	0
Debt securities issued	3 114	4 770	2 086
Other liabilities	1 381	521	778
Total liabilities	**34 316**	**9 834**	**8 544**
Equity			
Share capital	569	500	300
Share premium	5 393	4 002	200
Accumulated loss	-279	-224	-194
Reserves	1 360	30	0
Profit/loss for the financial year (+/-)	1 207	1 275	0
Total equity attributable to shareholders of the parent	**8 250**	**5 583**	**306**
Non-controlling interest	-11	-7	0
Total equity	**8 239**	**5 576**	**306**
Total liabilities and equity	**42 555**	**15 410**	**8 850**

Consolidated statement of cash flows

EURt	Adjusted 2015	Adjusted 2014
Cash flows from operating activities		
Profit from operating activities	1 661	1 386
Interest income	-4 209	-2 491
Interest expense	705	480
Loan losses	-846	-278
Depreciation, amortisation and impairment	154	27
Cash flows from/used in operating activities before change in operating assets and liabilities	**-2 535**	**-876**
Net increase/decrease in operating assets:		
Loans and advances to customers	-20 984	-5 807
Other assets	-48	-144
Net increase/decrease in operating liabilities:		
Customer deposits	29 711	0
Other liabilities	860	-257
Cash flow from operating activities	**7 004**	**-7 084**
Adjustments to current assets and current liabilities		
Interest received	4 209	2 491
Interest paid	-705	-480
Other adjustments	-22	1
Net adjustments to current assets and current liabilities	**3 482**	**2 012**
Net cash flow from operating activities	**10 486**	**-5 072**
Cash flows from investing activities		
Acquisition of non-current assets	-790	-123
Investment in associates	-59	0
Net cash flow from investing activities	**-849**	**-123**
Cash flows from financing activities		
Redemption of debt securities	-1 656	2 684
Loans received and repayments	-4 433	-1 137
Proceeds from issue of share capital	69	200
Proceeds from share premium	1 391	3 802
Net cash flow from financing activities	**-4 629**	**5 549**
Net increase in cash and cash equivalents	**5 008**	**354**
Cash and cash equivalents at the beginning of the year	376	22
Cash and cash equivalents at the end of the year	**5 384**	**376**

Consolidated statement of changes in equity

EURt	Share capital	Share premium	Legal reserve	Voluntary reserve	Retained earnings (accumulated loss)	Total share attributable to the shareholders of the parent company	Non-controlling interest	Total equity
Balance as at 01.01.2014	**300**	**200**	**0**	**0**	**-194**	**306**	**0**	**306**
Share capital issued	200	3 802	0	0	0	**4 002**	0	**4 002**
Net profit of the reporting period	0	0	0	0	1 275	**1 275**	-7	**1 268**
Legal reserve	0	0	30	0	-30	**0**	0	**0**
Balance as at 31.12.2014	**500**	**4 002**	**30**	**0**	**1 051**	**5 583**	**-7**	**5 576**
Balance as at 01.01.2015	**500**	**4 002**	**30**	**0**	**1 051**	**5 583**	**-7**	**5 576**
Share capital issued	69	1 391	0	0	0	**1 460**	0	**1 460**
Net profit of the reporting period	0	0	0	0	1 207	**965**	-4	**1 203**
Voluntary reserve	0	0	0	1 330	-1 330	**0**	0	**0**
Legal reserve	0	0	0	0	0	**0**	0	**0**
Balance as at 31.12.2015	**569**	**5 393**	**30**	**1 330**	**928**	**8 008**	**-11**	**8 239**

Ratios

Key financial indicators	EURt	2015	2014
Balance sheet amount		42 555	15 410
Equity		8 250	5 583
Net profit/loss for the current period[19]		1 207	1 276
Loans and receivables		35 188	14 204
Deposit portfolio		29 712	0
Ratios		**2015**	**2014**
Net return on equity (ROE)		17.5%	43.3%
Net return on total assets (ROA)		4.2%	10.5%
Net interest margin		12.7%	17.5%
Rate of credit losses to loans and receivables portfolio		3.4%	2.5%
Cost/income ratio		61.7%	35.8%
Ratio of equity in the balance sheet amount		19.4%	36.2%

Explanation of ratios

Net return on equity:	net profit / equity (average over the period)
Net return on total assets:	net profit / total assets (average over the period)
Net interest margin:	net interest income / interest-bearing assets and liquid assets[20] (average over the period)
Rate of credit losses to loan portfolio:	loan losses / loans and receivables (average over the period)
Cost/income ratio:	total operating expenses / total income
Ratio of equity in the balance sheet amount:	equity / total assets

All averages over periods have been calculated as the average of the period start result and the period end result.

[19] Profit (loss) attributable to the parent company.
[20] Assets due from central banks (including mandatory reserve), assets due from credit institutions, loans and receivables.

Segments report

Inbank AS divides its business activities into segments based on its legal entities and nature of its product lines (consumer finance, IT services), whereas consumer finance segment is built up by hire purchase and small loan products.
Income of the reported segments includes inter-segment transactions**.**
Business segments are parts of bank`s business having separate financial accounting data and performance of which is being regularly reviewed by the Management Board..
Income of the reported segments include such inter-segment transactions as loans given by Inbank AS to its group companies and IT services provided by Inbank Technologies OÜ to group companies.
None of Inbank AS customers have income over 10% of its respective income of the consolidation group.
Line "other income" presents mainly consultancy services offered to bank`s associated companies.
Intersegment transactions constitute mainly of loan interests of loans given to subsidiaries. All named intercompany transactions are accounted for at market prices, including IT services.

	2015						2014					
Income of reportable segments	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegmen t income**	**Income from external customers**	**Interest income**	**Fee and commission income**	**Interest and commission expense**	**Other income**	**Intersegmen t income**	**Income from external customers**
Inbank AS (Estonia)	3 683	272	-741	163	-141	3 236	2 490	184	-611	94	0	2 157
Inbank Lizings SIA (Latvia)	667	2	-148	526	-57	990	7	0	0	0	-6	1
Inbank Technologies OÜ (Estonia)	0	0	-4	0	-1	-5	0	0	0	0	0	0
Total	**4 350**	**274**	**-893**	**689**	**-199**	**4 221**	**2 497**	**184**	**-611**	**94**	**-6**	**2 158**

	2 015					2 014				
Operating and net profit development	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**	**Operating profit**	**Loan losses**	**Profit from investments**	**Deferred income tax**	**Net profit**
Inbank AS (Estonia)	1 542	-552	365	0	1 355	1 463	-278	0	159	1 344
Inbank Lizings SIA (Latvia)	-30	-294	0	45	-279	-77	0	0	0	-77
Inbank Technologies OÜ (Estonia)	104	0	0	0	104	0	0	0	0	0
Total	**1 616**	**-846**	**365**	**45**	**1 180**	**1 386**	**-278**	**0**	**159**	**1 267**

31.12.2015	Inbank AS (Estonia)	Inbank Lizings SIA (Latvia)	Inbank Technologies OÜ (Estonia)	Total
Cash on hand	0	0	3	**3**
Due from central banks; mandatory reserve	154	0	0	**154**
Due from central banks	345	0	0	**345**
Due from credit institutions	4 370	445	67	**4 882**
Loans and receivables	26 687	8 435	66	**35 188**
Investments in associates	867	0	1	**868**
Property, plant and equipment	59	16	20	**95**
Intangible assets	451	71	238	**760**
Other assets	190	36	34	**260**
Total assets	**33 123**	**9 003**	**429**	**42 555**
Loans	0	110	0	**110**
Deposits	29 711	0	0	**29 711**
Debt securities issued	2 111	1 003	0	**3 114**
Other liabilities	709	634	38	**1 381**
Total liabilities	**32 531**	**1 747**	**38**	**34 316**

31.12.2014	Inbank AS (Estonia)	Inbank Lizings SIA (Latvia)	Inbank Technologies OÜ (Estonia)	Total
Due from central banks	29	347	0	**376**
Loans and receivables	14 202	2	0	**14 204**
Investments in associates	444	0	0	**444**
Property, plant and equipment	17	13	0	**30**
Intangible assets	119	70	0	**189**
Other assets	162	5	0	**167**
Total assets	**14 973**	**437**	**0**	**15 410**
Loans	4 543	0	0	**4 543**
Debt securities issued	4 770	0	0	**4 770**
Other liabilities	499	22	0	**521**
Total liabilities	**9 812**	**22**	**0**	**9 834**

Capital adequacy

EURt

Capital base	31.12.2015	31.12.2014
Paid-in share capital	569	500
Share premium	5 393	4 002
Statutory reserve capital	1 360	30
Retained earnings	-279	-224
Intangible assets (subtracted)	-760	-189
Profit for financial year[21]	1 207	1 275
Shares in affiliates[22]	-868	0
Total Tier 1 capital	**6 622**	**5 394**
Subordinated debt	0	0
Total Tier 2 capital	**0**	**0**
Net own funds for capital adequacy calculation	**6 622**	**5 394**
Risk-weighted assets		
Credit institutions, standardised approach	976	75
Non-financial customers, standardised approach	1 379	579
Claims secured by mortgage, standardised approach	1 148	0
Retail claims, standardised approach	23758	10 049
Claims past due, standardised approach	195	92
Equity investments	0	1 112
Other assets, standardised approach	355	356
Total credit risk and counterparty credit risk	**27 811**	**12 263**
Operational risk, basic indicator approach	2 462	1 046
Total risk-weighted assets	**30 273**	**13 309**

Capital adequacy (%)	21.87%	40.53%
Regulative capital adequacy (%)	18.13%	n.a.
Tier 1 Capital Ratio (%)	21.87%	40.53%
Regulative Tier 1 Capital Ratio (%)	18.13%	n.a.

[21] In accordance with EU regulation, audited and approved profit for the financial year may be included in retained earnings upon prior approval by competent agencies. The profit for the financial year was not audited or approved in the calculations made in accordance with the EU regulation and for that reason such profit was not included in the capital base as submitting regulatory capital adequacy reporting.
[22] In accordance with EU regulation, shares in affiliates were included in the risk-weighted assets as of 31.12.2014.

The following 31.03.2016, 31.12.2015, 31.12.2014 and 01.01.2014 consolidated financial position statements have been adjusted compared to the previous versions, due to that the following lines have changed:

EURt	31.03.2016 Adjusted	31.03.2016	Adjustment
Loans and receivables	43 428	43 747	-319
Other assets	281	1 636	-1 355
Other liabilities	1 268	2 942	-1 674

EURt	31.12.2015 Adjusted	31.12.2015	Adjustment
Loans and receivables	35 188	34 825	363
Other assets	260	1 345	-1 085
Other liabilities	1 381	2 103	-722

EURt	31.12.2014 Adjusted	31.12.2014	Adjustment
Loans and receivables	14 204	14 343	-139
Other assets	167	326	-159
Other liabilities	521	819	-298

EURt	01.01.2014 Adjusted	01.01.2014	Adjustment
Loans and receivables	8 397	8 420	-23
Other assets	23	127	-104
Other liabilities	778	905	-127

The following 31.03.2016, 31.12.2015, and 31.12.2014 consolidated statement of comprehensive income statements have been adjusted compared to the previous versions, due to that the following lines have changed:

EURt	Q1 2016 Adjusted	Q1 2016	Adjustment
Interest income	1 816	1 871	-55
Fee and commission income	120	302	-182
Other income related to operations	173	204	-31
Personnel costs	-500	-531	31
Marketing expenses	-88	-325	237

EURt	Q1 2015 Adjusted	Q1 2015	Adjustment
Interest income	742	749	-7
Interest expense	-137	-136	-1
Fee and commission income	61	121	-60
Other income related to operations	210	40	170
Personnel costs	-258	-176	-82
Marketing expenses	-22	-89	67
Administrative expenses	-185	-116	-69
Depreciation, amortisation and impairment	-32	-14	-18

EURt	6M 2015 Adjusted	6M 2015	Adjustment
Interest income	1 603	1 619	-16
Fee and commission income	149	274	-125
Other income related to operations	292	302	-10
Personnel costs	-583	-630	47
Marketing expenses	-111	-252	141
Administrative expenses	-348	-311	-37
Loan loss	-345	-159	-186
Profit/loss from investments	91	-58	149
Net profit	279	316	-37

EURt	2015 Adjusted	2015	Adjustment
Interest income	4 209	4 237	-28
Fee and commission income	274	711	-437
Marketing expenses	-222	-687	465

EURt	2014 Adjusted	2014	Adjustment
Interest income	2 491	2 412	79
Fee and commission income	184	455	-271
Marketing expenses	-73	-265	192

The 31.12.2015, capital adequacy note has been updated, due to that the following lines have changed:

EURt	2015 Adjusted	2015	Adjustment
Retail claims, standardised approach	23 758	23 486	272
Other assets, standardised approach	184	455	-1 085
Capital adequacy (%)	21,87%	21,30%	0,57%
Tier 1 Capital Ratio (%)	21,87%	21,30%	0,57%

EURt	2015 Adjusted	2015	Adjustment
Interest income	4 209	4 237	-28
Loans and advances to customers	-20 984	-20 482	-502
Other assets	-48	-974	926
Other liabilities	860	1 284	-424
Interest received	4 209	4 237	-28

EURt	2014 Adjusted	2014	Adjustment
Interest income	2 491	2 412	79
Loans and advances to customers	-5 807	-5 923	116
Other assets	-144	-199	55
Other liabilities	-257	-86	-171
Interest received	2 491	2 412	79

14. ESTONIAN SECURITIES MARKET

14.1. Nasdaq Tallinn Stock Exchange

Nasdaq Tallinn Stock Exchange is the only regulated securities market in Estonia. The ultimate owner of the Nasdaq Tallinn Stock Exchange is Nasdaq, Inc. Nasdaq is the world's largest exchange company, providing trading, exchange technology and public company services across six continents, with over 3,500 listed companies. Nasdaq group offers multiple capital raising solutions to companies around the globe, including its U.S. listings market, Nasdaq Nordic and Nasdaq Baltic including Nasdaq First North, and the U.S. 144A sector and Nasdaq Private Market. The company offers trading across multiple asset classes including equities, derivatives, debt, commodities, structured products and ETFs.

Nasdaq technology supports the operations of over 70 exchanges, clearing organizations and central securities depositories in more than 50 countries. Nasdaq Nordic and Nasdaq Baltic are not legal entities but describe the common offering from NASDAQ OMX Group exchanges in Helsinki, Copenhagen, Stockholm, Reykjavik, Tallinn, Riga, and Vilnius.

Nasdaq stock exchanges in Tallinn, Riga and Vilnius form the Baltic Market, the core idea of which is to minimize to the extent possible the differences between the three Baltic markets in order to facilitate cross-border trading and attract more investments to the region. This includes sharing the same trading system and harmonizing rules and market practices, all with the aim of reducing the costs of cross-border trading in the Baltic region.

Nasdaq Tallinn is a self-regulated organization, issuing and enforcing its own rules and regulations consistent with standard exchange operating procedures. It is licensed and supervised by the Financial Supervisory Authority of Estonia.

Nasdaq Tallinn uses the Nasdaq trading platforms INET Nordic and Genium INET, which are also used by exchanges in Sweden, Finland, Denmark, Iceland, Latvia and Lithuania.

14.2. ECRS and Registration of Securities

The shareholders' registers of all public limited companies (and some private limited companies who opted to register their shares) including those that are traded on the Nasdaq Tallinn Stock Exchange are held in the ECRS. The ECRS also contains book entry records of all securities, pension accounts, registered bonds and all other electronic securities and transactions with such securities in Estonia. This register is maintained by a securities market infrastructure enterprise AS Eesti Väärtpaberikeskus that is owned by Nasdaq Tallinn AS and belongs to the Nasdaq group.

Every person, whether natural or legal person, has the right to open an account with the ECRS, where all securities are registered in book entry form on the securities accounts of their owners. All transactions with securities registered in the ECRS are recorded and can be performed only through account administrators. Account administrators may be either investment companies or credit institutions operating in Estonia, or other certified entities. For securities registered in the ECRS no physical share certificates may be issued.

In addition to regular securities accounts, professional participants of the securities market (account holders) can open a nominee account (in Estonian: *esindajakonto*). This account type gives the account holder the right to hold securities in its own name but on behalf of another person (a client). The client retains the right to dispose of the securities and use rights arising therefrom.

14.3. Listing Securities on Nasdaq Tallinn Stock Exchange

The Nasdaq Baltic stock exchanges have a common presentation of all listed Baltic companies on a common list, the companies in which are grouped in the lists described below. In legal terms, the companies are listed on their home market, i.e. the exchange in Tallinn, Riga or Vilnius and supervised by the local financial supervisory authority.

The structure of the lists of securities traded on the Nasdaq Tallinn, Riga and Vilnius exchanges is as follows:

(i) Baltic Main List;

(ii) Baltic Secondary List;

(iii) Baltic Bond List;

(iv) Baltic Fund List;

(v) First North (alternative marketplace, multilateral trading facility, not a regulated market).

<u>Baltic Main List</u>. The Baltic Main List is a line-up of all blue-chip companies listed on the Tallinn, Riga and Vilnius stock exchanges. To be eligible for inclusion, a company must have 3 years of operating history, an established financial position, market capitalisation of not less than EUR 4 million, with reporting according to the International Financial Reporting Standards, and a free float of at least 25%.

<u>Baltic Secondary List</u>. The Baltic Secondary List comprises companies that do not meet quantitative admission requirements (free float, capitalization) for the Baltic Main List.

<u>Baltic Funds List</u>. The Baltic Funds List contains the investment fund units or shares of collective investment subjects that are listed and traded on the Baltic exchanges in a similar manner to equities.

<u>Baltic Bond List</u>. The Baltic fixed-income instruments are presented in a joint Baltic Bond List. The fixed-income instruments include Latvian and Lithuanian government bonds, and corporate and mortgage bonds of different maturities. Listing of and trading in fixed-income instruments is possible in EUR and in certain other currencies.

<u>First North</u>. Nasdaq First North is a multilateral trading facility (MTF), also known as an alternative market, operated by the different exchanges within Nasdaq. It does not have the legal status of a regulated market. Companies on First North are subject to the rules of First North and not the legal requirements for the admission to trading on a regulated market. The Baltic First North is divided into two separate lists - First North Baltic Share List and First North Baltic Bond List, whereas the first list is for trading in shares and the second one for trading in bonds.

14.4. **Trading on Nasdaq Tallinn Stock Exchange**

Nasdaq Baltic stock exchanges employ two trading systems:

i. INET Nordic - the electronic trading system used for trading in equity-market instruments traded on the regulated market and the alternative market place First North;

ii. Genium INET - the electronic trading system used for trading in fixed-income instruments on the regulated market, as well as for the execution of auctions and special procedures, such as tender offers, public share sales, IPOs.

Commonly recognized as the most sophisticated trading platform in the world, INET is the proprietary core technology utilized across Nasdaq's global markets.

Transactions can be effected in two ways - automatic matching, which means that buy and sell orders are matched by the trading system automatically according to price, displayed volume and time priorities; and manual trades - trades negotiated between stock exchange members outside of the trading system, with brokers entering the deal in the trading system within three minutes after its conclusion.

14.5. **Financial Supervision**

The operations of the Nasdaq Tallinn Stock Exchange are supervised by the FSA with the purpose of ensuring the compliance with the rules and requirements applicable in respect of the operations of regulated markets.

14.6. Abuse of Securities Market

According to the Securities Market Act, the abuse of a securities market is defined as either the misuse of inside information or as market manipulation. The provisions of the Securities Market Act relating to the abuse of securities market also apply to such securities that are not traded on the Estonian securities market or in any of the Member States of the European Economic Area but the value of which depends on the financial instruments traded on those markets.

According to the Estonian Securities Market Act, "inside information" is defined as specific information that directly or indirectly relates to an issuer or to its securities and that, if disclosed, may likely materially influence the security of derivate security of the issuer. Among numerous other things, this includes information on operations and future prospects of the issuer, insofar as not yet officially disclosed. When such information is made public, there is an increased risk of fluctuations in the price of the relevant security and of related derivative instruments. Inside information can only be possessed by "insiders". As defined in the Securities Market Act, an insider is a member of the management of the issuer, a person who obtains access to inside information in discharge of his/her professional duties or due to a shareholding in the issuer, as well as third persons who obtain inside information and are aware or should be aware that the information obtained is inside information by its nature. Inside information is usually regarded to be misused when used as basis for transactions (or as basis for advice to third parties) or disclosed to the public. In order to reduce the risk of the abuse of inside information, each issuer whose securities are listed on a regulated market is required to establish internal information rules, extending also to individuals who are related to the issuer.

As to market manipulation, the Securities Market Act sets forth a non-exhaustive list of actions that qualify as market manipulation, such as transactions that are misleading in respect of bid or ask price of a security, actions and transactions distorting the price of a security, disclosing misleading information, etc.

The Estonian Securities Market Act establishes a number of administrative offences related to misuse of inside information and market abuse that are punishable with fines of variable gravity. Depending on the circumstances of the offence, misuse of inside information and market manipulation may be qualified as criminal offences under the Estonian Penal Code.

15. GLOSSARY

Term	Definition
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
Bonds	shall mean any and all the Company's subordinated bonds offered in accordance with this Prospectus.
Company	shall mean AS Inbank, an Estonian public limited company, registered in the Estonian Commercial Register under register code 12001988, having its registered address at Niine 11, 10414 Tallinn, Estonia.
Coop Finants AS	shall mean Coop Finants AS, an Estonian public limited company, registered in the Estonian Commercial Register under register code 12087992, having its registered address at Kalda tn 7c, 11625 Tallinn, Estonia.
ECRS	shall mean the Estonian Central Register of Securities, operated by AS Eesti Väärtpaberikeskus, registered in the Estonian Commercial Register under register code 10111982, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia.
EUR	shall mean the official currency of Eurozone countries, including Estonia and Latvia, the euro.
EURt	shall mean thousands of euro.
Eurozone	shall mean the economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.
Financial Statements	shall mean the audited consolidated financial statements of the Group for the two years ended on 31 December 2014 and 31 December 2015 and the unaudited interim consolidated financial statements for the six months ended on 30 June 2016 as included in this Prospectus.
FSA	shall mean the Estonian Financial Supervision Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
GDP	shall mean gross domestic product, the market value of all officially recognized final goods and services produced within a country in a year, or another given period of time.
General Meeting	shall mean the General Meeting of shareholders of the Company, the highest governing body of the Company.
Group	shall mean the Company and all its Subsidiaries.
IFRS	shall mean the International Financial Reporting Standards as adopted by the European Union.
Institutional Offering	shall mean the offering of the Bonds to institutional investors worldwide in reliance on certain exemptions found in the national securities legislation of each relevant country, which does not constitute a public offering of the Bonds in any jurisdiction.
Inbank Lizings SIA	shall mean Inbank Lizings SIA, an Latvian limited liability company, registered in the Latvian Register of Enterprises under register code 40103821436, having its registered address at

	Elizabetes iela 10b-10, Rīga, LV-1010.
Inbank Technologies OÜ	shall mean Inbank Technologies OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 12104213, having its registered address at Niine 11, 10414 Tallinn, Estonia.
Krediidipank Finants AS	shall mean aktsiaselts Krediidipank Finants, an Estonian public limited company, registered in the Estonian Commercial Register under register code 12546980, having its registered address at Narva mnt 4, 15014 Tallinn, Estonia.
Management	shall mean the Management Board and the Supervisory Board of the Company.
Management Board	shall mean the Management Board of the Company.
MEUR	shall mean millions of euro.
Nasdaq Tallinn Stock Exchange	shall mean the only regulated market operated by Nasdaq Tallinn AS (register code 10359206).
Offer Price	shall mean the final price per each Bond, which shall be a fixed price of EUR 1,000.
Offering	shall mean the Retail Offering and the Institutional Offering together.
Offering Period	shall mean the period within which investors will have the opportunity to submit Subscription Undertakings starting from 12 September 2016 at 12.00 Estonian time and ending on 23 September 2016 noon Estonian time.
Prospectus	shall mean this document, including the registration document of the Company and the securities notes of the Bonds.
Retail Offering	shall mean the offering of the Bonds to institutional and retail investors in Estonia, which is a public offering of securities within the meaning of the Estonian Securities Market Act.
Section	shall mean a section of this Prospectus.
Share	shall mean the ordinary shares of the Company with the nominal value of EUR 10, registered in the ECRS under ISIN code EE3100109232.
Shareholder	shall mean natural or legal person(s), holding the Share(s) of the Company at any relevant point of time.
Subscription Undertaking	shall mean the order submitted by an investor for the purchase of the Bonds in accordance with the terms and conditions of the Offering.
Subsidiaries	shall mean Inbank Lizings SIA and Inbank Technologies OÜ.
Supervisory Board	shall mean the Supervisory Board of the Company.
Summary	shall mean the summary of this Prospectus.
Veriff OÜ	shall mean Veriff OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 12932944, having its registered address at Niine 11, 10414 Tallinn, Estonia.

16. INDEX OF SCHEDULES

Schedule 1: Terms and Conditions of Subordinated Bonds
Schedule 2: Audited consolidated financial statements for the year ending at 31 December 2015
Schedule 3: Unaudited consolidated interim financial statements for the six months ending at 30 June 2016
Schedule 4: Articles of Association of the Company

COMPANY

AS Inbank

(Niine tn 11, Tallinn, Harju maakond, 10414, Estonia)

LEGAL COUNSEL TO COMPANY

Raidla Ellex

(Roosikrantsi 2, Tallinn, Harju maakond, 10119, Estonia)

AUDITORS

AS Deloitte Advisory

(Roosikrantsi 2, Tallinn, Harju maakond, 10119, Estonia)

SCHEDULE 1

Terms and Conditions of Subordinated Bonds

TERMS AND CONDITIONS OF SUBORDINATED BONDS

AS Inbank (the "**Issuer**") issues subordinated bonds, each bond with a nominal value of EUR 1,000 (one thousand euros), totaling up to EUR 5,000,000 (five million euros), with a maturity at 28 September 2026 (jointly the "**Bonds**" and severally the "**Bond**") and with the Issuer having the right, in case of oversubscription, to increase the total nominal value of the Bonds to EUR 7,000,000 (seven million euros). This document provides for the terms and conditions of the Bonds (the "**Terms**")**.**

1. The Bonds

(1) The Bonds represent the Issuer's unsecured debt to the person that has acquired the Bonds (the "**Investor**").

(2) The Bonds are issued in an intangible form. The Bonds are not numbered.

(3) The Bonds represent subordinated bonds in the meaning of subsection 4 of this section 1.

(4) The claims arising from the Bonds are subordinated to all unsubordinated claims against the Issuer (for the purposes of clarity, the Bonds are not subordinated to claims that are subordinated to the Bonds or have the same ranking as the Bonds). Subordination of the Bonds means that in the event of liquidation or bankruptcy of the Issuer, all liabilities of the Issuer arising from the Bonds or the Terms (including but not limited to the claims for redemption and interest, claims for late payment interest, claims for contractual penalties and damages, and all other financial liabilities of the Issuer) become collectible and are settled after all the acknowledged unsubordinated claims against the Issuer have been fully settled pursuant to applicable legislation. Therefore, upon liquidation or bankruptcy of the Issuer, the Investors are not entitled to any payments arising from the Bonds or the Terms until the unsubordinated claims of other creditors of the Issuer have been fully settled. By subscribing to the Bonds, the Investor unconditionally and irrevocably agrees to such subordination of claims arising from the Bonds and the Terms. For the purpose of clarity, as long as the liquidation or bankruptcy proceedings of the Issuer have not been initiated or such proceedings have not otherwise started, the Issuer settles the claims arising from the Bonds and the Terms when they become collectible pursuant to the Terms. Notwithstanding any rights of the Investor under these Terms or law, by subscribing to the Bonds the Investor unconditionally and irrevocably relinquishes the right to demand premature redemption of any Bonds.

(5) The Bonds are registered in the Estonian Central Register of Securities (the "**Register**"), and assigned an ISIN code. The Bonds may be subscribed for only by such persons that have a securities account with the Register.

(6) The issue and subscription for the Bonds, payments related to the Bonds and registration of the Bonds in the Register are organised and the documents to be submitted pursuant to the Terms are collected by the Issuer.

(7) The Bonds are issued in one issue (the "**Issue**"). The issue volume is 5,000 Bonds, with the Issuer having the right, in case of over-subscription, to issue up to 7,000 Bonds.

(8) The nominal value of one Bond is EUR 1,000. The issue price of a Bond is EUR 1,000 per a Bond (the "**Issue Price**").

(9) The Bonds are issued on 28 September 2016 (the "**Issue Date**").

(10) The Bonds are redeemed on 28 September 2026 or in case of a premature redemption the date on which the premature redemption takes place in keeping with subsection 1 of the section 11 (the "**Maturity Date**").

(11) The amount of annual coupon interest payable on a Bond is set forth in subsection 2 of section 9.

(12) There will be a public offering of the Bonds (the "**Offering**") in accordance with the Public Offering, Listing and Admission to Trading Prospectus (the "**Prospectus**"). The Prospectus is registered with the Financial Supervision Authority on [date] 2016 and is available at https://www.inbank.ee/en/inside/investor/forinvestor/.

(13) In case of oversubscription, the Management Board of the Issuer shall decide on the allocation of the Bonds between Investors in accordance with the terms and conditions described in the Prospectus.

2. Issue

(1) All the Bonds issued in the course of the Issue bear the same rights and obligations.

(2) The provisions of the Terms apply to all the Bonds issued in the course of the Issue.

(3) The Bonds may be offered to persons upon primary distribution and on the secondary market only subject to such conditions that do not qualify the relevant offer as a public offer for the purposes of the Securities Market Act (*väärtpaberituru seadus*). Each Investor offering the Bonds for sale is individually responsible for offering the Bonds on the terms and conditions that exclude the offer from being qualified as a public offer for the purposes of the Securities Market Act.

3. Subscription of the Bonds

(1) The subscription of the Bonds shall be conducted in accordance with the terms and conditions described in the Prospectus

(2) According to the terms and conditions of the Offering up to 5,000 Bonds shall be issued. Upon over-subscription of the Bonds in the course of the Offering, the Company shall be entitled to increase the number of the Bonds to be issued to up to 7,000 Bonds and the total amount of the issue of the Bonds to EUR 7,000,000. The issue of the additional Bonds shall be decided by the Management Board of the Company in accordance with the terms and conditions of the Offering described in the Prospectus.

4. Representations and warranties of the Issuer

The Issuer represents and warrants to the Investors as at the date of approval of the Terms and on each interest payment day as well as over the entire period until full redemption of the Bonds that:

(a) The Issuer is a credit institution duly established and existing under Estonian law and licensed by the Estonian Financial Supervision Authority;

(b) The assets of the Issuer and each of its subsidiary are owned by the Issuer or subsidiary, respectively, under the right of ownership and the Issuer may organise its economic activities as it is done at the given moment;

(c) The obligations assumed by the issue of the Bonds are lawful, valid, binding on the Issuer, and enforceable;

(d) The issue of the Bonds and performance of related obligations by the Issuer are not contrary to any:

    (1) legislative act;
    (2) statutory documents of the Issuer; or
    (3) contract or agreement in effect in respect of the Issuer or its assets.

(e) The Issuer has the rights and powers to issue the Bonds and perform related obligations and the Issuer has fulfilled all formalities required to issue the Bonds and perform related obligations;

(f) All information disclosed to the Investors in connection with the issue of the Bonds is true, full and accurate as at the date of giving such information and is not misleading in any part;

(g) No court proceedings in a court of law, arbitration court or institution have been initiated or pending to be initiated against the Issuer or any of its subsidiaries (to the Issuer's knowledge) that have not been duly disclosed where an unfavorable outcome may be reasonably expected to have a material negative impact on the economic situation of the Issuer or its subsidiaries;

(h) The Issuer and all of its subsidiaries have fulfilled all obligations that have become due.

5. Listing of the Bonds

The Issuer shall submit, after conducting the Offering, an application for the listing of the Bonds in the Baltic Bond List of the Nasdaq Tallinn Stock Exchange (regulated market operated by NASDAQ Tallinn AS (register code 10359206).

6. Disclosure of information

If the Bonds are listed in accordance with the Prospectus, these Terms and the Nasdaq Tallinn Stock Exchange, the Issuer shall disclose information required of being disclosed in accordance with applicable law and the Rules of the Nasdaq Tallinn Stock Exchange (including the quarterly reports and annual reports of the Issuer) via the information system of the Nasdaq Tallinn Stock Exchange.

7. Register

(1) The Issuer organises the registration of the Bonds in the Register and their deletion from the Register upon their redemption.

(2) The Bonds shall be transferred to the securities accounts of the Investors under the terms and conditions stipulated in the Prospectus.

(3) Ownership of a Bond is deemed to have changed in respect of the Issuer as from the moment a relevant entry is made in the Register.

(4) The Registrar may temporarily block the Bonds on an Investor's securities account to ensure performance of corporate actions regarding the Bonds.

8. Payments

(1) The Issuer organises redemption and interest payments pursuant to these Terms.
(2) The Issuer is liable to the Investors for the timely transfer of redemption, interest payments and other amounts payable in connection with the Bonds. If the Issuer fails to transfer any amount payable to an Investor under these Terms (incl. amounts payable in connection with the Bonds) by the due date, the Issuer undertakes to pay a fine for delay to the Investor on the outstanding amount as from the payment deadline until actual payment at a rate of 0.05% (zero point zero five per cent) per day.
(3) The redemption and interest payments are made to persons that according to the Register are owners of the Bonds at 23.59 on the day preceding the payment day.
(4) All payments made by the Issuer in connection with the Bonds are calculated and paid without set-off or counter-claims (and without any deductions).
(5) By purchasing the Bonds, the Investor waives any rights of set-off in connection with claims arising from the Bonds.
(6) The Issuer pays all amounts payable by the Issuer in relation to the Bonds without withholding or deducting any taxes, except state taxes that are required to be withheld or deducted by law. Where under the law the Issuer is required to withhold or deduct state taxes on the interest payments in connection with the Bonds, the Issuer notifies the Investor and withholds and pays the required taxes according to the procedure and to the extent provided by law.

9. Interest

(1) Interest is calculated on the Bonds on the basis of the nominal value of the Bond as from the issue date until the Maturity Date.
(2) Interest is calculated at a rate of 7% (seven per cent) per year.
(3) Interest is payable annually on 28 March, 28 June, 28 September and 28 December from 2016 to 2026. Upon the redemption of the Bonds, the Issuer pays the interest accumulated and unpaid by the Maturity Date in addition to the redeemed principle of the Bonds.
(4) Interest is calculated daily based on a 30-day month (adding or subtracting days at the end of month as needed) and a 360-day year (30/360).
(5) Interest is calculated by the Issuer within the framework of its day-to-day activities and such calculation is deemed to be ultimate evidence in this relation unless an obvious error is detected.
(6) Where an interest payment date or the Maturity Date falls on a day that is not a banking day, the payment is made on the banking day directly following the relevant date.

10. Redemption on Maturity Date

The Issuer redeems (i.e., makes redemption payments) the issued Bonds in one part, paying 100% of the nominal value of redeemable Bonds plus all accumulated and unpaid interest on 28 September 2026.

11. Premature redemption of the Bonds

(1) The Issuer may redeem the Bonds in part or in full prematurely at any time after five (5) years have elapsed from the Issue Date, i.e., as from 28 September 2021, giving the Investors a prior notice of at least 30 days.
(2) If the regulatory classification of Bonds changes and the Issuer believes that the Bonds are not likely to qualify as regulatory capital of a credit institution, or the Issuer believes that a tax change that is introduced has a major impact on the Bonds and the Issuer could not have reasonably been expected to foresee such changes upon issue of the Bonds, the Issuer may redeem the Bonds in full prematurely, also before five (5) years have elapsed from the Issue Date (i.e., before 28 September 2021), by giving the Investors a prior notice of at least 30 days.
(3) Premature redemption of the Bonds as set forth in subsections 1 and 2 of this section is allowed only in the case where the Financial Supervision Authority has given its prior consent to such premature repayment.
(4) The Financial Supervision Authority may consent to premature redemption as from 28 September 2021 only if the provisions of Article 78 (1) of Regulation (EU) 575/2013 (the "**CRR**") are met, and to premature redemption before 28 September 2021 only if the provisions of Article 78 (4) of the CRR are met.
(5) An investor alone or the Investors jointly have no right to demand premature redemption of the Bonds.
(6) Upon redemption of the Bonds on the grounds set forth in this section 11, the Issuer pays to the Investors as the redemption payment the nominal value of the Bonds plus the interest accumulated and unpaid by the moment of redemption.

(7) Where the redemption payment date falls on a day that is not a banking day, the payment is made on the first banking day following the relevant date.

12. Notices and requests

(1) All notices submitted in connection with the Bonds must be submitted in Estonian by means that enable to produce a written record such as e-mail, post or fax, to the contact data specified in the Terms.

(2) The Issuer sends notices and requests to the Investors to the contact data of Investors specified in the securities accounts opened for Investors in the Register. Notices are deemed to have been received by the Investors after reasonable time has passed from their sending.

(3) Any notices, claims and other documents sent by Investors to the Issuer must be addressed to the Issuer at Niine 11, 10414 Tallinn, Estonia. A notice must include a reference to the Bonds.

13. Final provisions

(1) Issue of the Bonds and the related rights and obligations are governed by Estonian legislation.

(2) Any disputes in connection with the Bonds are attempted to be settled by negotiations. In case of failure to reach agreement in reasonable time, the disputes shall be settled by an Estonian court. Harju County Court shall serve as the court of first instance.

(3) Where a provision of the Terms is found to be void or is cancelled or declared inapplicable by competent authorities, it does not affect or change the validity, legitimacy or applicability of the remaining provisions and the Issuer undertakes to make every effort to replace such a provision with one that is the most similar to the intent of the parties as expressed by the replaced provision.

SCHEDULE 2

Audited consolidated financial statements for the year ending at

31 December 2015

Audited consolidated financial statements for 2015 have been signed in the Estonian version.

This is an unofficial translation into English.

Inbank AS

Consolidated annual report 2015

Inbank AS

General information

Business name	Inbank AS
Address	Niine 11, 10414 Tallinn
Date of registration	05.10.2010
Registry code	12001988
Legal entity identifier	2138005M92IEIQVEL297 (LEI-code)
VAT number	EE101400240
Telephone	+372 640 8080
E-mail	info@inbank.ee
Homepage	www.inbank.ee

Balance sheet date	31.12.2015
Reporting period	01.01.2015 - 31.12.2015

Reporting currency euro (EUR), units in thousands.

Inbank's consolidated annual results for 2015 are audited.
Annual report for 2015 is signed in Estonian version.
This is an unofficial translation into English.

Members of Supervisory Board:

Priit Põldoja,
Chairman of Supervisory Board

Roberto De Silvestri

Triinu Reinold

Reimo Hammerberg

Rain Rannu

Members of Management Board:

Jan Andresoo,
Chairman of Management Board

Liina Sadrak

Marko Varik

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Founders' statement

This is the first annual report we have prepared as a full-fledged bank. Inbank's roots actually go back to 2010, the year in which we founded the hire-purchase financing provider Cofi. In fact, we had a say in the development of the Estonian banking system already in the mid-1990s, when we had a hand in building the Estonian and Baltic retail banking sector. That experience, changes in the competition situation and technological environment have given us a great opportunity to establish a new kind of bank. Inbank evolved out of the idea that banking should be local and product-based and that success hinges on having a precise focus.

We realized right in the beginning that the banking of the future will have technology at its core. Another cornerstone in our strategy is a partner-based customer service network. In today's digital world, customers don't need to go to a bank in person to get service. Our goal is to offer customers financial products where they need them and to do this in cooperation with our partners.

Considering the banking landscape in post-recession Estonia and our strategy, we launched a new hire-purchase product in 2011. Only three years later, we are the market leaders in this field. As hire-purchase was ideal for implementing a technology- and partner-based business model, we have successfully broadened our partner-based cooperation model in the last five years of activity. Already in late 2011, in cooperation with ETK, the Estonian consumers' cooperative (now known as Coop), we introduced Säästukaart Pluss – the first payment/loyalty/credit card of its kind in Estonia.

Today Coop Finants has around 80,000 card holders, which makes up 20% of the credit cards in private hands in Estonia. A loan product – Sihtlaen – introduced in cooperation with Krediidipank in 2014 proved just as successful, and in late 2015, we partnered with Sanoma Baltics AS to offer the auto24 car loan.

Cofi made a first hire-purchase agreement

Cofi started issuing credit cards in cooperation with Coop, the biggest retail chain in Estonia (former ETK)

Coop Finants (former ETK Finants) started offering hire-purchase and small loan

Cofi launched a small loan product in cooperation with the fifth largest bank in Estonia

Cofi expanded its activities to Latvian consumer financing market

Cofi received a banking licence and started operating under the name of Inbank

Inbank started cooperating with the largest car sales portal auto24

We have enjoyed successful growth through investing into partnership and technology. But the primary guarantee of our success is the people who work for us. Ever since we were founded, we have considered it important to establish a company where we ourselves would like to work at for the rest of our lives and to create an environment that talented people find appealing. With the same idea in mind, we expanded to Latvia in 2014, our first foreign market. We believe that banking should be local and operated by local experts. The Latvian company founded on these principles made a current profit already in its first year of activity.

With our confidence bolstered by successes on the hire-purchase and consumer finance market, in 2014 we started considering applying for a banking licence. Every successful financial institution in the world relies on independent and sustainable financing. As we grew rapidly, we had to start thinking about accepting deposits. Although there were many ways in which last year was successful for us, our top achievement came on 10 April when we received the banking licence. Besides making long-term growth possible, the licence is undoubtedly also a mark of quality that will ensure we are seen as trustworthy by our partners and customers.

Having operated as a bank successfully for close to a year, it is now time to set goals for the more distant future. Although we have been growing rapidly for nearly five years, we see ourselves as just starting off on a long journey. We have realized some important truths – the product-based business model works, investments into technology confers advantages for our future in banking, and it is important to be attractive to talent. This allows a few hypotheses about Inbank's future:

We believe our advantage lies in clear focus and product-based approach. We intend on continuing this approach.

But successful banking is also implemented by people. Our success is ensured by our ability to draw on talent and motivate the talented. It's something we want to do in every new market we enter.

We believe that technology makes up 90% of banking. As a result, we want to develop technology and keep it front and centre in our organization.

Our experience is that the key to success lies in cooperation. We are prepared for partnership with other enterprises and talents so that we can establish new companies and business structures.

We know that the basis for long-term growth is our strong shareholder base and access to financing. A European Union banking licence gives us security for growth.

We have decided that it is better to grow by extending our existing products to new markets. In every market we expand to, we want to be innovation leaders.

Standing for these principles, we look boldly to 2016 and beyond. We have experienced that success is quiet in coming, a result of laying brick after brick, but we are motivated not by what we are today but where we want to go.

Priit Põldoja ja Jan Andresoo, founders of Inbank

Interview

On developments in 2015 with Inbank's Chief Executive Officer Jan Andresoo and Chairman of the Supervisory Board Priit Põldoja

You've had a busy year. Where was Inbank a year ago and what were your expectations in February 2015?

Priit: The event that defined 2015 was the banking licence. Obtaining the licence was a milestone because we went from being a financing company to a bank. Our company's growth prospects have improved appreciably, because we can now accept deposits from the market.

Jan: A second important achievement was that we entered the Latvian market in 2014, where we have managed to build an 8-million-euro portfolio over the year and developed a firm foothold in the automotive financing market in that country. We validated the effectiveness of the business model we developed for Estonia in Latvia as well. It is important to emphasize that the Latvian business model works as well as it does precisely because of the local team.

We thought it would take us several weeks to bring in 10 million but we reached that level in two days. This shows the high interest and trust customers had in us.

A year ago, a range of active preparations had to take place: a change in corporate identity, planning the launch of the deposit product, creating technical infrastructure... When did the preparations begin?

Priit: We made the decision to become a bank in December 2013 and we filed the application with the Financial Supervision Authority on 11 April 2014. It's an important fact that throughout the preparatory period, we developed our IT systems, worked on a deposit product development, dealt with creation and preparation for the launch of the new brand. As a result, we were prepared to enter the deposit and online banking market only 10 days after the approval of our licence.

You must have been very certain that you would receive the licence.

Jan: Let's say it was a calculated risk. The Financial Supervision Authority is extremely conservative in its positions and it isn't possible to get direct feedback as to whether you qualify for a banking licence or not. We analysed the situation from a common-sense perspective – if they continue asking us questions and the questions were new ones, that should mean all was well. And as events showed, that was the case.

Why is a banking licence so important for you?

Priit: The banking licence has two important implications – first our capitalization improved significantly, rising to 8.5 million euros by the end of the year, including profits. A second important issue is that the deposits at our bank are guaranteed by the Guarantee Fund. These factors did a great deal to improve our capability to accept the capital. On one hand, the licence means increased reporting burden, but on the other hand, the deposits are guaranteed and we have a much stronger balance sheet than we did a year ago.

Your goal at launch was to accept at least 10 million euros in deposits. Were you surprised that it went even faster than you expected?

Jan: Yes. Our main goal in becoming a bank was to start accepting deposits. That's why we prepared our campaign in advance – not a very broad-based campaign, to be sure, but we sent out a clear message. Our terms were clearly the best on the market. We thought it would take us several weeks to bring in 10 million but we reached that level in two days. This shows the high interest and trust customers had in us.

In May 2015, Inbank bought Desk Rock, whose team was connected with Inbank's financial technology development right from the start. When did you launch preparations for the purchase transaction?

Priit: We have always considered it very important for the bank to be close to information technology. By its nature, our bank is a synthesis of information technology and a contract. When we became a bank, Desk Rock's workload from us became so great that it was wise to join forces. And so Desk Rock became Inbank Technologies, which continues to be a separate company, providing services outside the group as well.

So the company Inbank Technologies is not just a donor – they also have business on the side?

Priit: The goal of Inbank Technologies is to develop a good banking information system for us. Why not consider offering the same system outside the group? Inbank Technologies doesn't support just Inbank's technological development; it could be a market leader in its own right in the field of banking technology. Actually, already today Inbank Technologies has been developing all the IT solutions for companies affiliated with us.

Let's talk about the services you offer depositors – how do you intend to motivate people to bring their money to Inbank?

Jan: We're able to offer good terms by showing that more money is better than less money. We've said that the goal of Inbank is to participate in fields where we can offer the best product. We try to be a focused service provider. Time has shown that we have won the market by offering the best products.

Investments led to a big leap in your cost base, which ate into your profit margin. Is improving the margin a clear goal in 2016?

Priit: Looking at our 2015 report, you'll see that our expenses grew 200 percent and income 100 percent. In reality, we laid a very strong base and that is how we are building growth. In 2015, many investments coincided in one period – the launch of the bank and setting up the Latvian subsidiary.

Jan: We operate on the presumption that our efficiency will improve. Our bank now has a higher state of readiness in terms of the basic functions, and that allows us to increase volumes. When volumes grow, efficacy and return on equity will also improve. We are in an investment phase – we will continue investing into information technology, hiring talent, looking toward developing new products and expanding into new markets.

Let's talk more about the Latvian branch, Inbank Lizings, which is already making a current profit after just one year. What was the basis for the quick success?

Priit: It is a very unique situation for Latvia to reach current profit in less than a year. It took longer in Estonia. Our business logic is that first we build the "machine" and then we start growing our portfolio. And at some point, the income from our loan portfolio starts covering the fixed costs.

Jan: One reason things went well for us in Latvia is that we found some very adept executives who brought on capable people and got the business to start growing. Second, we were able to adapt our technological edge to the market in four months. Third, we have central access to deposit financing.

This year you teamed up with auto24. Are new partnerships expected this year?

Jan: Yes. It's important to add that thanks to partnerships, we are engaged in very good cooperation. The entire hire-purchase business goes through partners and in the case of auto24, sales happen purely through partners. We also have two joint enterprises – Coop Finants and Krediidipank Finants, where we have provided IT solutions very successfully both to the bank and Estonia's largest retail chain. This is also part of flexibility – we don't think we're the best at doing everything ourselves. We are ready to form joint enterprises that give us access to much bigger clienteles and distribution networks.

> We are ready to form joint enterprises that give us access to much bigger clienteles and distribution networks.

Do you plan to launch any new products in 2016?

Priit: Yes, but I don't want to say what they are exactly yet. We've realized however that it is likely wiser to transfer our business model to new markets than to add new products on our existing market. We have to see how we can bring aboard talent better and how to even better integrate technology into the provision of financial products. We will definitely continue focusing on the partner-based business model and retain our place as the best bank for depositors.

The number of Inbank's employees is up 50% over the year. Do you have a very clear recruitment strategy in that you always find the right personnel?

Jan: We want talent. To put it plainly, a business leader's main job is to find good people. That for us is a daily; extremely important job. Making it a good, interesting, cool place for people to work. Talent has good personal traits to develop even further. Yet we're still a small organization, so when we hire someone, that person has to be completely on top of their line of work. At job interviews, we say that all of the members of the Inbank team have some special skill that the others lack. Then we ask: what do you do better than all of the other people in the room?

Looking back at the last five years, how satisfied are you with how far the company formerly known as Cofi has come?

Jan: The success of our business model has been proved in a number of contexts. While we signed a total of 45 contracts in the first quarter of 2011, we're currently at 7,000 a month.

Priit: It's been great to see the progress from five years ago, when Jan and I started assembling desks in an empty office, and today, now that we have developed a thriving company. Our organization, including affiliated companies, now consists of 65 people who are able to develop and grow our company on a daily basis. That creates significant synergy and creates prospects for continued growth.

The economic environment

As of the end of 2015, Inbank operated in two countries: Estonia and Latvia. Assets related to Estonia made up 80% of the balance sheet as of the end of the year. As a result, Inbank's performance at the end of the year depended most on how the Estonian economy fared. At the end of 2015, consumer loans issued in Estonia made up more than 55% of the balance sheet volume, so consumer confidence in the economy was a particularly important factor for Inbank.

Inbank was pleased to see that 2015 was a positive year for Estonian consumers. The employment rate reached 65.2% by the end of 2015, which is the highest level in the history of Estonia since restoration of independence (comparison: at the end of 2014, total employment stood at 63%). The unemployment rate fell from 7.4% at the end of 2014 to 6.2% in late 2015. The developments exerted a strong influence on income, which grew by close to 6% year-on-year.

While developments on the Estonian internal market boosted employment and incomes among private households, developments in the world economy helped keep consumer prices in check. Thanks to the rapid decrease in commodities prices, the consumer price index in Estonia remained pretty much unchanged, dropping 0.5%.

Rapidly growing incomes coupled with low inflation showed up in Estonian consumer confidence and were reflected in turn in saving and spending patterns. The deposit balance of private households continued to grow year-on-year, rising 7.4% in the year to reach almost 5.8 billion euros. A trend change took place as regards loan balance. While the balance of loans granted by credit institutions to households was in steady decline or stable ever since the global financial crisis up to 2013, the indicator turned to growth in 2015. The balance of loans granted to households grew to 4% in 2015; among other things the consumer loan balance increased by 5% last year.

Although the Estonian consumer could breathe easily in 2015, macroeconomically there were a number of noteworthy risks in the air in both Estonia and the rest of the world. The relatively weak 1.1% economic growth result also underscores this in Estonia's case.

Although the Estonian consumer could breathe easily in 2015, macroeconomically there were a number of noteworthy risks in the air in both Estonia and the rest of the world.

A key risk for the Estonian economy stems from the fact that the rapid wage growth has taken place due to increase in total employment, rather than additional value added by local companies. The rapid wage growth has taken place in a situation where real economic growth has been close to zero and companies' output per employee, investments and export have all fallen year-on-year. Companies' profitability has also dropped. Thus a problem that will need to be solved in the Estonian economy is how to increase efficiency and move to industries generating more added value and through that finance the growth in workforce expenses that have taken place in past years. Otherwise, our companies' competitiveness and sustainability of wage growth may suffer significantly.

As to the world economy, a key risk is uncertainty hanging in the air due to the monetary policy implemented by central banks recently. The government bond purchasing programs carried out so far have pushed interest rates down to record lows, but have not resulted in growth in the economy or consumer prices. One reason is the falling commodities prices, but also the fact that the money injected into the system has ended up in various asset classes like stock, bonds and real estate, raising their prices, rather than making it into the real economy. The foregoing leads to two possible dangers macroeconomically. First of all, the money pumped into the system could at some point end up in the real economy and, combined with the influence of the drop in commodities prices, result in unexpected levels of inflation. Second, the asset classes that raised the cash injection from the central banks and thus rose in value were occasionally pushed to untenable levels. Another major influence on the world's economy is the increased geopolitical risks, and also tensions in the Middle East and China's economy.

We can conclude that the world economic growth is fragile and potentially exposed to financial and political risks. On the backdrop of the world economic risks, we have to admit that Estonian economic growth has slowed down, but the economy is in financial balance and there are no bigger fundamental risks.

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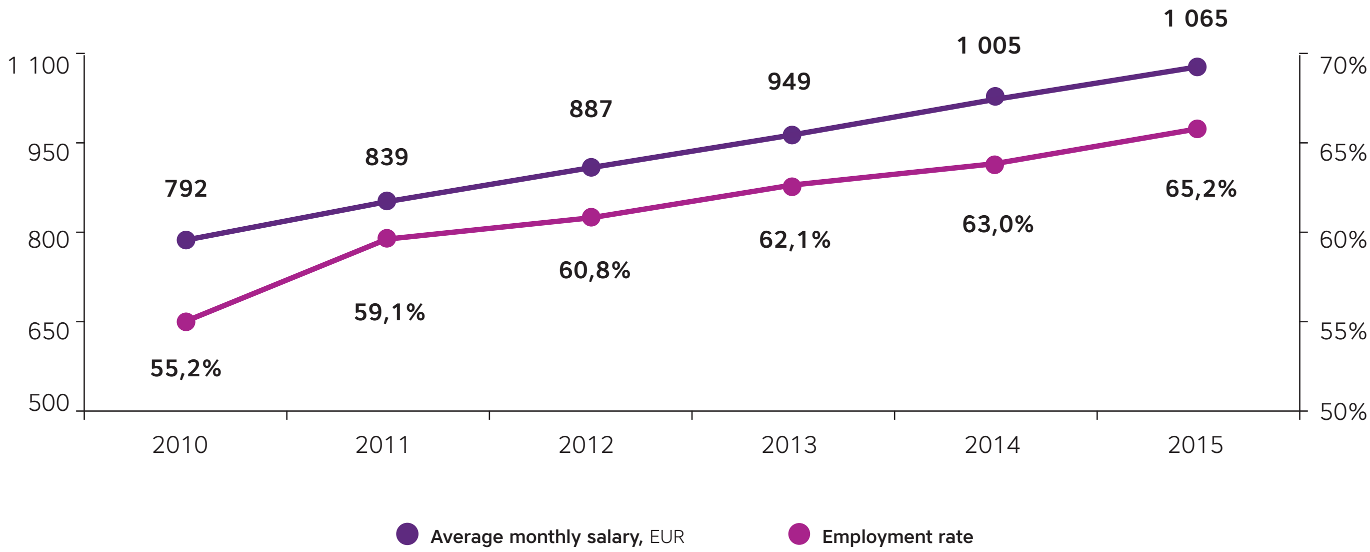
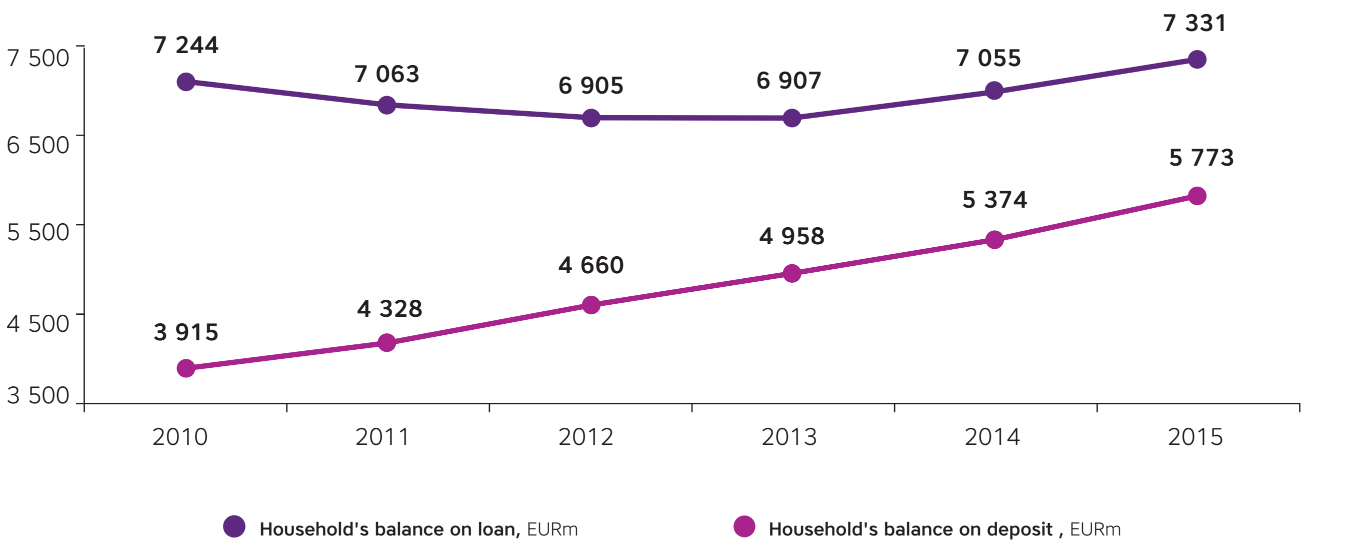
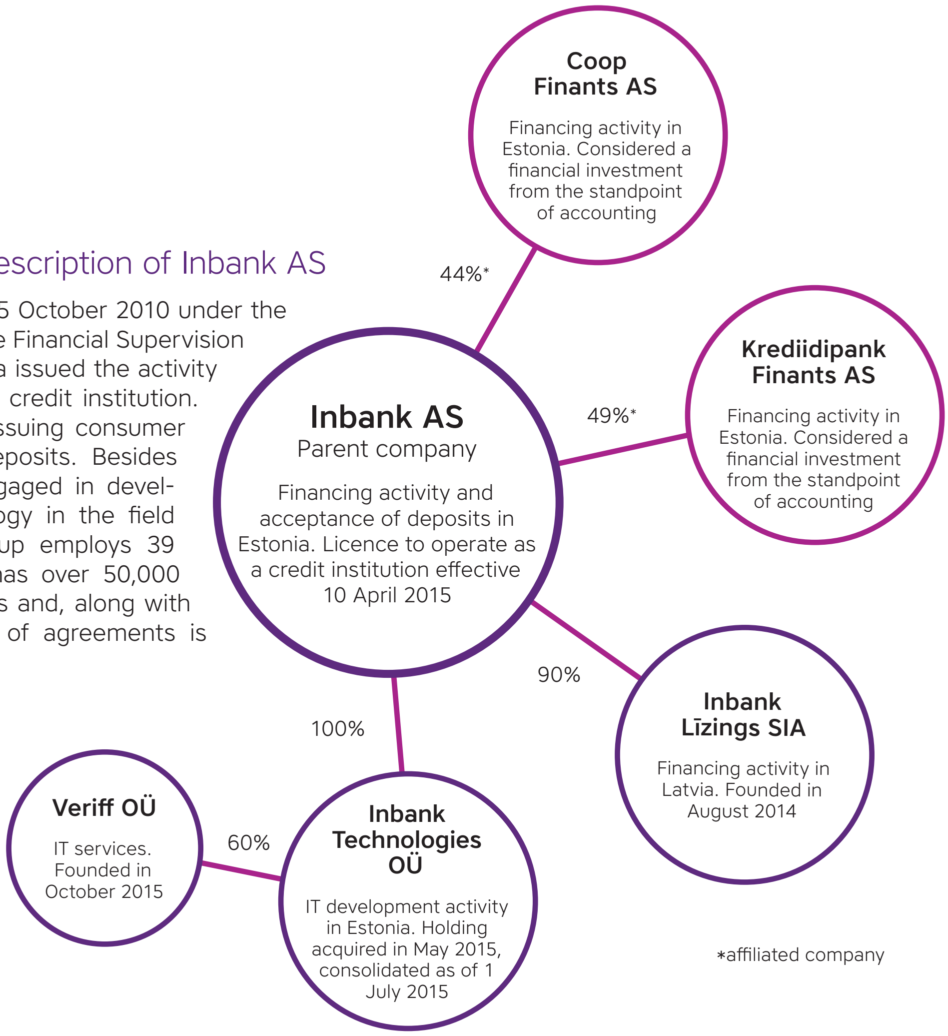




Management report

Legal structure and brief description of Inbank AS

Inbank was founded in Estonia on 5 October 2010 under the name Cofi AS. On 10 April 2015, the Financial Supervision Authority of the Republic of Estonia issued the activity licence allowing it to operate as a credit institution. The main focus of Inbank AS is issuing consumer credit products and collecting deposits. Besides its main focus, Inbank is also engaged in development of software and technology in the field of finance. The consolidated group employs 39 people. The consolidated group has over 50,000 active consumer credit agreements and, along with affiliated companies, the number of agreements is over 120,000.



April

10.04 – Cofi AS receives activity licence for a credit institution and changes its business name to Inbank AS

20.04 – Inbank holds first deposit campaign; as a result 11 million euros in deposits is accepted

Inbank repays 6.45 million euros in credit

May

28.05 – Inbank buys 100% of the technology company Desk Rock OÜ and changes that company's business name to Inbank Technologies OÜ

inbank tech

June

Inbank buys back 1.85 million euros in bonds

17.06 – Inbank becomes a member of the Estonian Banking Association

July

Beginning of a successful campaign that results in acceptance of 5 million euros in term deposits

August

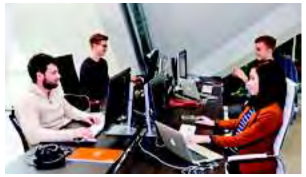
17.08 – Inbank introduces a loan product to market in cooperation with Sanoma Baltics AS – the auto24 loan

September

Inbank AS's Latvian subsidiary changes its business name to Inbank Lizings SIA

inbank līzings

October



Inbank Technologies OÜ establishes a subsidiary, Veriff OÜ

Beginning of a successful campaign that results in acceptance of 13 million euros in deposits

November

Priit Põldoja and Jan Andresoo are finalists in the 2015 Ernst & Young Entrepreneur of the Year competition

December

04.12 The Republic of Latvia extends the activity licence for Inbank Lizings SIA

Product-based discounting rates for the credit portfolio are updated

Developments in business activity

The company's main field of activity since 2011 has been providing hire-purchase service. Considering that Inbank AS had become the biggest provider of hire-purchase service in Estonia as of 2014, more modest growth was expected in 2015 compared to the previous year. Sales of hire-purchase products increased by 17.3% compared to 2014 and reached a level of 19.2 million euros (the figure for 2014 was 16.37 million euros). In 2014, hire-purchase made up nearly 100% of the company's income. The hire-purchase field continued to be important in 2015, but was joined by Inbank's expansion into consumer loan and deposit products.

> At the end of 2014, Inbank started activity in Latvia, with the founding of the subsidiary Inbank Lizings SIA.

The first product in Inbank's consumer loans segment was the car loan. In 2015, Inbank entered into a cooperation agreement with AS Sanoma Baltics and together an innovative car loan product was introduced – auto24 loan. The special feature of this loan is that it can be applied for online through an interface that was integrated into the auto24.ee sale environment. The new product was unveiled in September 2015. The market was very receptive to the new loan and the original forecasts were exceeded several times over. As of year's end, the car loan portfolio was 6 million euros, which was 17.2% of the bank's entire loan portfolio.

In April 2015, Inbank started accepting deposits from the public. In the field of deposits, Inbank's goal has been to offer an interest rate that is more attractive than that of competitors. The strategy proved successful and the deposits portfolio grew to 30 million euros over the year.

New markets

At the end of 2014, Inbank started activity in Latvia, with the founding of the subsidiary Inbank Lizings SIA (in which Inbank AS has a 90% holding). The company's main field of activity is provision of hire-purchase and financing products. While the main focus in 2014 lay on preparations for entering the market, 2015 was devoted to growing business volumes. The management considers the Latvian company's results to be excellent and business volumes have so far exceeded the planned growth rate. The success is mainly due to technological automation, which made it possible for partners to conclude agreements more conveniently and rapidly. The team in Latvia should be credited separately – they are typified by professionalism and extensive experience in their field. As of the end of the year, the organization in Latvia has 11 employees. The company reached current profit in 2015. As of the end of the year, the group had a loan portfolio of 8.3 million euros and the number of active contracts was 6,300.

> As the end result, Veriff's product is a video banking and video identification solution that can be marketed in Estonian and foreign markets.

Affiliated companies

Coop Finants AS (formerly known as ETK Finants AS). In 2011, AS ETK (new business name Coop Eesti Keskühistu) and Inbank AS founded the company ETK Finants AS (presently named as Coop Finants AS), the main goal of which was to provide various financial services to Coop clients: the payment card Säästukaart Pluss, consumer loans and hire-purchase. 2015 was a very successful year for Coop Finants AS – by the end of the year, the number of Säästukaart Pluss cards had risen from 60,000 to 77,000. The size of the company's financial portfolio at the end of 2015 was 14.6 million euros and the profit for the year was 843 thousand (2014: 473 thousand euros). 2014. The equity of Coop Finants AS as of the end of the year was 1.8 million euros. Inbank's holding in the company was 44% and the main objective of the investment was to achieve a growth in the long-term value.

Krediidipank Finants AS. n 2013, Krediidipank AS (51% holding) and Inbank AS (49% holding) founded a new company, the main goal of which was to provide unsecured consumer loans to individuals. The company started offering the loan product in January 2014. By the end of that year, the company's financing portfolio was 5.8 million euros and the

loss for that year was 121 thousand. The rapid growth in the company's business volumes continued in 2015. By the end of 2015, the company's financing portfolio was 11.3 million euros and the profit was 132 thousand euros. Shareholders invested a total 200 thousand into the company's equity.

Priorities for 2016

In 2015, Inbank defined its strategy for the next period. Considering the new reality brought by becoming a bank and the larger organization, the main focus is on growth of amount of business. The key question for Inbank will be how to enjoy continued growth. Analysing Inbank's strengths and organizational specifics, a decision was made to continue as a specialized bank mainly operating in the consumer financing area (hire-purchase, loan, credit cards). Specialization gives the organization the possibility to develop universal and standardized technological solutions that can be exported to other markets. The success of the Latvian business project was practical proof that the logic worked.

On the strength of the success, the bank concluded that it should export the practice to at least one other new country. There is also work on developing additional products that could be released on all target markets regardless of the country.

In 2015, a new company was founded – Veriff OÜ (Inbank's holding 60%), whose main goal is to develop a technical solution for video banking and identification. For customers, this project will lead to additional channels for communicating with the bank and increase satisfaction and ease of use of services. As the end result, Veriff's product is a video banking and video identification solution that can be marketed in Estonian and foreign markets.

Inbank's shareholders

As of the end of 2015, Inbank had two shareholders with a more than 10% share in the company.

Name of shareholder	Number of shares	Amount of holding
Pershing Hall Holding Limited	20 000	35,16%
Cofi Investeeringud OÜ	16 150	28,39%

The founders of Inbank and related persons held 16,450 shares as of 31 December 2015. This is 28.92% of all shares issued.

The management board and supervisory board members of Inbank and related persons held 42,075 shares as of 31 December 2015. This is 73.97% of all shares issued.

Hire-purchase is ideal for implementing a partner-based business model.

Financial results

Summary of the balance sheet

EURt	2013	2014	2015
Loans granted	8 420	14 322	34 825
incl. loans to households	8 210	13 583	31 509
Deposits accepted	0	0	29 711
Equity	**306**	**5 576**	**8 239**

Summary of the income statement

EURt	2013	2014	2015
Net interest income	890	1 932	3 532
Net revenue from service fees	205	324	465
Other net revenue from principal activity	36	94	689
Total net income	**1 131**	**2 350**	**4 686**
Labour costs	-243	-383	-1 505
Sales and marketing expenses	-126	-265	-687
Other expenses	-149	-317	-878
Total costs	**-518**	**-965**	**-3 070**
Operating profit	**613**	**1 385**	**1 616**
Gains/losses from the revaluation of loans	-239	-277	-846
Net profit for the accounting period before investments	**374**	**1 108**	**770**
Profit/loss from investments	-51	159	365
Deferred tax	0	0	45
Net profit	**323**	**1 267**	**1 180**
incl. the share attributable to the shareholders of the Parent company	323	1 275	1 207

Inbank's net profit before investments amounted at 770 thousand euros and the net profit at 1.2 million euros for 2015, which is 7% less than in 2014 (1.3 million euros). The decline in profit resulted from the increase in the total costs by 218% as compared to 2014, which was caused by becoming a bank. This increase in expenses was foreseen and it laid the basis for the rise of business volumes in the forthcoming years.

Net interest income and net revenue from service fees increased by 83% and 44%, respectively. Other net revenue from principal activity increased by 633%, i.e. to 689 thousand euros. The increase in other revenue results from the inclusion of the turnover of Inbank Technologies OÜ in the consolidation group, and from the growth of service fees attributable to affiliates. The volume of Inbank's loan portfolio as of the end of the year was 34.8 million euros, which means that the entire portfolio grew by approximately 143%. The majority of the loans granted (nearly 90%) have been issued to households. The main sources of growth were the sale of hire-purchase products and a new consumer loan product.

After the granting of a banking license, Inbank launched its first deposit product in April 2015. As of the end of the year, the volume of deposits in the Bank had increased to 29.7 euros million and the average deposit interest rate was 2.6%.

Labour costs, which were by 293% higher than the year before, accounted for the majority of total costs. The significant growth of labour costs resulted from the acquisition of the IT company, the launch of the subsidiary in Latvia and considerable expansion of operations in Estonia.

Ratios

Key financial indicators, EURt	**2013**	**2014**	**2015**
Balance sheet amount	8 977	15 708	43 277
Equity	306	5 576	8 239
Net profit/loss for the current period	323	1 267	1 180
Loan portfolio	8 420	14 343	34 825
Deposit portfolio	0	0	29 711
Ratios			
Net return on equity (ROE)	223,5%	43,1%	17,1%
Net return on total assets (ROA)	5,1%	10,3%	4,0%
Net interest margin	14,9%	16,7%	12,9%
Rate of credit losses to loan portfolio	4,0%	2,4%	3,4%
Cost/income ratio	45,8%	41,1%	64,6%
Ratio of equity in the balance sheet amout	3,4%	35,5%	19,0%

Explanation of ratios

Return on equity:	net profit / equity (average over the period)
Return on total assets:	net profit / total assets (average over the period)
Net interest margin:	net interest income / interest-bearing assets and liquid assets (average over the period)
Rate of credit losses to loan portfolio:	losses from the impairment of loans / loan portfolio (average over the period), annualised
Cost/income ratio:	total cost / total income
Ratio of equity in the balance sheet amout:	equity / total assets

Risk management

The objective of risk management is to identify, assess, monitor and control the risks that are related to the business operations of Inbank and its subsidiaries. Business and risk management departments are responsible for the daily management of risks. A broader objective of risk management is to ensure the stability and credible reputation of Inbank and the sustainable growth of the value of the company. Risk management is based on robust risk culture and has been built on the principle of the three lines of defence. The first line of defence, i.e. business divisions are responsible for risk taking and their daily management. The second line of defence, i.e. independent risk management department is responsible for the development of risk management methods and risk reporting. The third line of defence, i.e. internal audit exercises independent oversight of the entire organisation, including the risk management function. The processes and rules of risk management are reviewed on a regular basis and updated as applicable.

A detailed overview of the risks taken by Inbank has been presented in Note 3 to the financial statements.

Capital base, EURt	**31.12.2015**	**31.12.2014**
Paid-in share capital	569	500
Share premium	5 393	4 002
Statutory reserve capital	1 360	30
Retained profit	-279	-224
Intangible assets (substracted)	-760	-189
Profit for financial year*	1 207	1 275
Shares in affiliates**	-868	0
Total Tier 1 own funds	6 622	5 394
Subordinated liabilities	0	0
Total Tier 2 own funds	0	0
Net own funds for the calculation of capital adequacy	**6 622**	**5 394**
Risk-weighted assets		
Credit institutions, standardised approach	976	75
Non-financial customers, standardised approach	1 379	579
Claims secured by mortgage, standardised approach	1 148	0
Retail claims, standardised approach	23 486	10 049
Claims past due, standardised approach	195	92
Equity investments	0	1 112
Other assets, standardised approach	1 440	356
Total credit risk and counterparty credit risk	**28 624**	**12 263**
Operational risk, basic indicator approach	2 462	1 046
Total risk-weighted assets	**31 086**	**13 309**
Capital adequacy (%)	21,30%	40,53%
Tier 1 capital ratio (%)	21,30%	40,53%

* In accordance with EU regulation, audited and approved profit for the financial year may be included in retained earnings upon prior approval by competent agencies. The profit for the financial year was unaudited and unapproved in the calculations made in accordance with the EU regulation and such profit was not included in the capital base as submitting regulatory capital adequacy reporting.
** In accordance with EU regulation, shares in affiliates were included in the risk-weighted assets as of 31.12.2014.

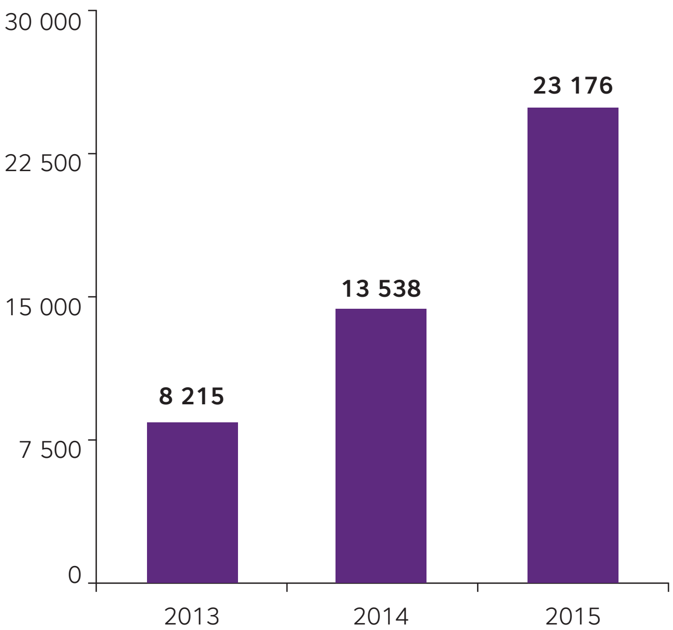
Overview of the subsidiaries and affiliates of Inbank in 2015

Estonia: Inbank AS

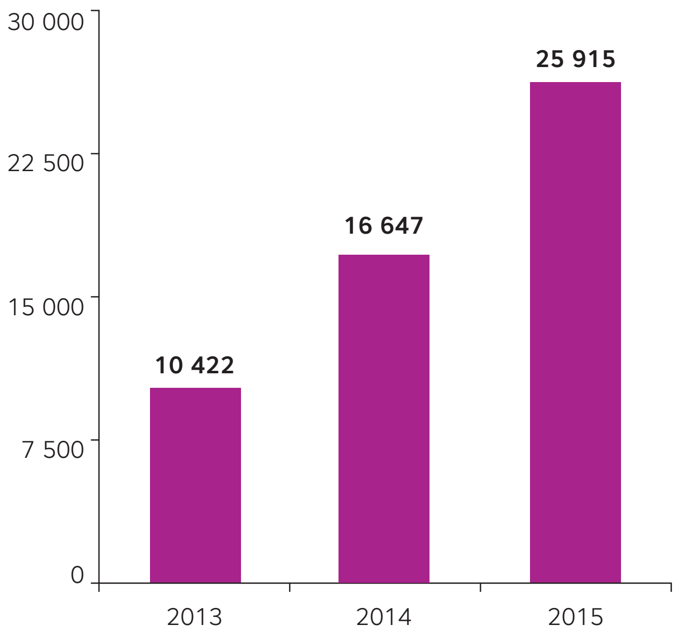
The average interest rate of new sales has declined in 2015 in connection with the new car loan product. This was mainly caused by the lower average interest rate of the auto24 loan (14.6%), whereas the average interest rate for hire-purchase offers is 22.5%. The provision of the auto24 loan is also the reason why the average value of contracts has increased. While the average value of contracts for hire-purchase is 400 euros and the duration is 20 months, the same figures for car loan are 4,000 euros and 36 months, respectively. Total new sales in 2015 amounted to 25.9 million euros and hire-purchase accounted for the majority of the total.

For 2016, it can be forecasted that in connection with the changing dynamics of the portfolio, the average interest rate will decline and the value of loan contracts will continue to increase. Also, the sales will primarily continue to grow on the account of car loans and the growth in the sale of hire-purchase will be steadier than in the previous years.

In April 2015, Inbank launched a new deposit product. As of the end of the year, the volume of deposits had grown to 29.7 million euros and Inbank had entered into 2,506 deposit contracts. The average value of deposit contracts stood at 12,147 euros and the average interest rate on deposits was 2.6%.



Portfolio volume, EURt



Volume of new sales, EURt

EURt	2013	2014	2015
Volume of new sales	10 422	16 647	25 915
New sales of product (items)	24 703	37 419	40 522
Average value of new sales contracts	422	445	640
Average interest rate of new sales	24,3%	23,5%	20,8%
Average period of new sales (months)	22	20	30
Volume of credit portfolio	8 215	13 538	23 176
Number of credit products in portfolio(items)	23 248	35 798	41 846
Average value of contracts in portfolio	353	378	554
Average interest rate of portfolio	21,8%	21,5%	20,4%
Share of portfolio in 90+ days overdue	0,6%	0,7%	0,4%
Share of portfolio in 180+ days overdueo	0,0%	0,0%	0,1%
The ratio of net loan losses to yearly average credit portfolio	4,1%	2,6%	3,0%
Attraction of deposits			
Volume of new deposit contracts entered into			30 769
Number of new deposit contracts entered into			2 533
Value of average deposit contract			12 147
Average interest rate of contracts entered into			2,5%
Average period of contracts entered into (months)			21
Volume of deposit portfolio			29 711
Number of deposit contracts			2 506
Average interest rate of portfolio			2,6%

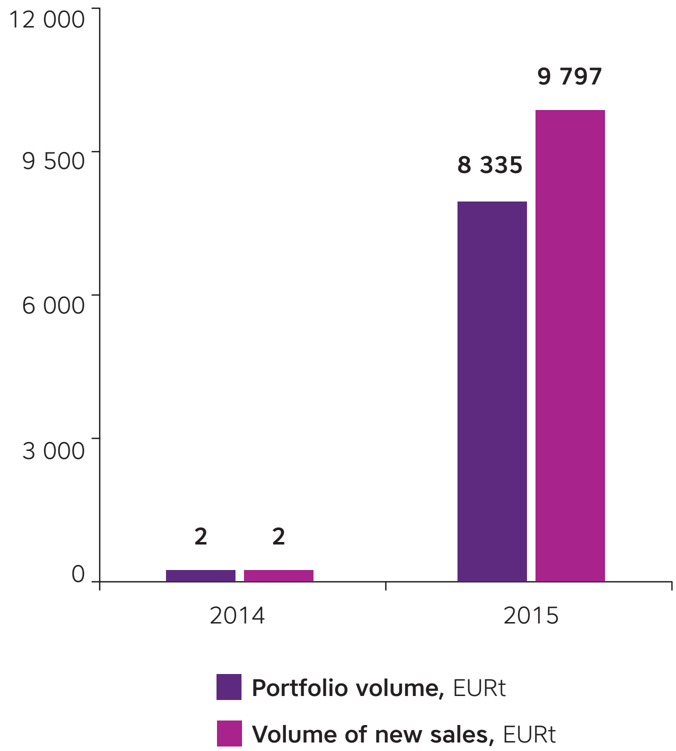
Latvia: Inbank Lizings SIA

The main products of the Latvian subsidiary of Inbank are car loan and hire-purchase products, whereas the sale of the former showed particularly good results. The average value of loan contracts in the Latvian subsidiary was thus over two times higher than in Estonia: 1,292 euros and 640 euros, respectively.

Another important aspect with regard to the Latvian market was the average interest rate, which was considerably higher than in Estonia. While the estimated interest rate of car loans in Estonia was 15%, the same on the Latvian market stood at 25%. And thus, the average interest rate of the Latvian subsidiary of Inbank amounted to ca. 22.5% in 2015.

In 2016, Inbank Lizings SIA will mainly focus on two aspects. First, to continue its strong growth on the car loan market and secondly, to seek new partners for the hire-purchase product in order to increase its presence in the segment.

While the credit loss of 7% in the Table is correct calculation-wise, it is also somewhat misleading. The reason is that the Bank assigns a sales provision on new sales, which adds up as a credit loss. As the corresponding ratio of credit loss is calculated as a ratio to average portfolio, which was virtually nil in the beginning of the year, the rate of credit is seemingly high.

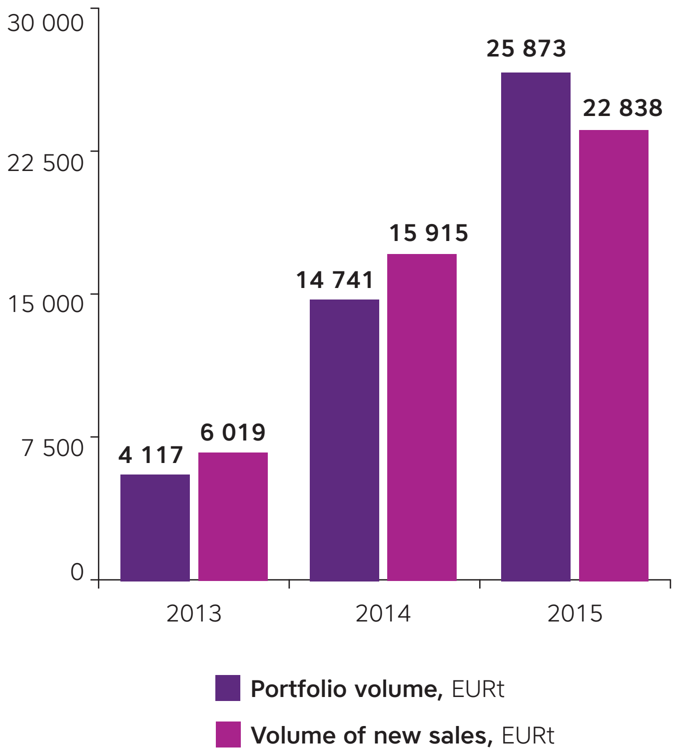


EURt	**2014**	**2015**
Volume of new sales	2	9 795
New sales of product(items)	5	7 581
Average value of new sales contracts	339	1 292
Average interest rate of new sales	22,9%	23,6%
Average period of new sales (months)	13	43
Volume of credit portfolio	2	8335
Number of credit products in portfolio(items)	5	6 289
Average value of contracts in portfolio	339	1 325
Average interest rate of portfolio	22,9%	22,5%
Share of portfolio in 90+ days overdue	0,0%	0,7%
Share of portfolio in 180+ days overdue	0,0%	0,1%
The ratio of net loan losses to yearly average credit portfolio	0,0%	7,0%

Affiliates: Coop Finants AS and Krediidipank Finants AS

Coop Finants AS and Krediidipank Finants AS (KPF) worked hard during the year and their sales volumes increased by 44% and the volume of their portfolio even as much as by 76% as compared to 2014. Cooperation with Coop and Krediidipank was particularly valuable for Inbank due to the fact that they have a strong base of existing customers to whom small loan product can be offered. In 2015, the main engine of sales growth was the increasing sale of small loans. The solid sale of small loans was also the main reason why the average value of sales contracts increased to 721 euros as compared to 587 euros in 2014. The sales of small loans also led to the increase in the average interest rate of sales contracts, which stood above 18% in 2015.

The credit losses of the affiliates increased in 2015 as projected, because the companies entered into the segment of consumer loan products that have a higher interest rate, but which also entail higher risks. The main reason behind the growth of credit losses was KPF's higher rate of general provisions.



EURt	2013	2014	2015
Volume of new sales	6 019	15 915	22 384
New sales of product (items)	23 189	27 090	31 693
Average value of new sales contracts	260	587	721
Average interest rate of new sales	12,5%	17,4%	18,2%
Average period of new sales (months)	35	39	39
Volume of credit portfolio	4 117	14 741	25 873
Number of credit products in portfolio(items)	41 783	65 021	87 610
Average value of contracts in portfolio	99	227	295
Average interest rate of portfolio	13,1%	16,9%	18,0%
Share of portfolio in 90+ days overdue	0,4%	0,9%	0,9%
Share of portfolio in 180+ days overdue	0,0%	0,1%	0,2%
The ratio of net loan losses to yearly average credit portfolio	1,9%	3,9%	5,3%

Corporate governance

Supervisory board

The supervisory board of Inbank AS has five members

Priit Põldoja
is the chairman of the supervisory board of Inbank

Rain Rannu
is a member of the supervisory board of Inbank

Roberto de Silvestri
is a member of the supervisory board of Inbank

Triinu Reinold
is a member of the supervisory board of Inbank

Reimo Hammerberg
is a member of the supervisory board of Inbank

Management board

The management board of Inbank AS has three members

Jan Andresoo
is chairman of the management board of Inbank

Liina Sadrak
is a member of the management board of Inbank

Marko Varik
is a member of the management board of Inbank

Description of general management principles

Inbank AS structures its activities on the principle of consolidation, meaning the governance bodies of Inbank make the most important management and strategic decisions for the companies in the consolidated group. Inbank's general meeting, supervisory board and, for some decisions related to credit, the Inbank credit committee, are thus involved in decision-making. This allows Inbank as a consolidated group to proceed from a unified set of objectives and operating principles.

Principles for remuneration

In remunerating its personnel, Inbank proceeds from the principles arising from the Credit Institutions Act and Inbank's recruitment and remuneration policy. The principles for remunerating personnel stimulate sustainable growth and customer satisfaction, and are relying on trustworthy and effective risk management. In remuneration, Inbank considers its employees' personal contribution and job performance as well as the company's economic results.

The structure of employee remuneration consists of two parts:

- basic salary (fixed);
- performance pay (decided separately for each employee).

Basic salary and performance pay are in reasonable balance and the basic salary makes up a sufficiently high share of total remuneration so to enable non-payment of the bonus if needed. The basis for determining performance pay is a combination of the results by employees and the unit and Inbank's overall results.

Outside consultants are not involved in determining remuneration principles.

In 2015, an employee stock option agreement concluded in 2012 was implemented as part of the performance pay framework, under which 600 shares were acquired. In addition, an option agreement was signed with one management board member for issuing 167 shares and this will be implemented on 31 December 2016.

Inbank proceeds from the provisions of the Credit Institutions Act in determining severance pay. No severance pay was paid in 2015.

Stock options

In 2015, a stock option agreement concluded in 2012 with an employee was realized. Under the agreement, the eligible employee had the option of receiving 600 shares at par value in exchange for a monetary contribution. Inbank's share capital was increased as a result. In addition, shareholders have entered into mutual option agreements under which, depending on performance, Inbank is obliged to issue up to 8,500 additional shares in 2017. Likewise, remuneration-related options for acquisition of a total 347 shares were issued; 167 of these were issued to management board members and 180 to supervisory board members. No additional stock option programmes were approved by the Inbank general meeting in 2015.

Corporate governance report

Inbank adheres to the Corporate Governance Code (hereinafter "Code"), a set of advisory guidelines adopted by the Financial Supervisory Authority. The Code is above all intended for publicly listed companies and is designed for companies with a wide ownership. Inbank has thus adapted the Code to its own specifics. The following is an overview of compliance with the Code and of the recommendations that Inbank does not fulfil, along with the reasons.

General meeting

The general meeting of shareholders is the highest management body of Inbank. The competence of the general meeting stems from legal acts. Each shareholder has the right to take part in the general meeting, speak at the general meeting on the topics on the agenda, and submit reasoned questions and make proposals. Under Inbank's articles of association, specific types of shares do not confer specific control or voting rights.

The general meeting is called by the management board. Ordinary general meetings are announced to shareholders at least three weeks before the general meeting is to take place, and extraordinary general meetings are announced at least one week before.

The notice regarding the general meeting is sent to shareholders by registered post to the address entered in the share register. The notice of general meeting may also be sent by ordinary mail, electronically or by fax, if accompanied a note regarding the obligation of immediately sending a confirmation of receipt of the document. Inbank also has the possibility of adopting decisions without calling a general meeting.

In 2015, one ordinary and three extraordinary general meetings of shareholders took place. The ordinary meeting approved the 2014 annual report and adopted a resolution to transfer retained earnings to reserve capital, selected an auditor (the new auditor was appointed at the extraordinary meeting as a result of receiving the activity licence) and approved the remuneration agreements with supervisory board members. At the extraordinary meetings, it was decided to amend the articles of association on two occasions, and on two occasions to increase the share capital and to remove and elect supervisory board members.

Inbank is not in compliance with clause 1.1.1 of the Code, which advises a company to include in the notice calling the general meeting the address or e-mail address to which the shareholders can send questions regarding agenda items. Nor is there compliance with clause 1.2.2 of the code, under which reasons and explanations are provided upon calling the general meeting on agenda items concerning material changes. In practice, interaction between Inbank and its shareholders takes place efficiently and directly, and this guarantees that any and all shareholder questions are answered and agenda items explained either directly to shareholders or at the general meeting.

Inbank does not comply with clauses 1.2.1, 1.2.3 and 1.2.4 of the Code, which recommend that information related to general meeting be disclosed on the website. This is because effective e-mail communication takes place with Inbank shareholders and all of the required information is made available to shareholders via e-mail. The invitation to general meeting is not published in a daily newspaper with national circulation, due to the small number of shareholders.

Inbank does not comply with clause 1.2.2 of the Code (information is to be presented to shareholders in Estonian) and 1.3.1 (the general meeting is to be conducted in Estonian). At Inbank, information is presented and the general meeting takes place above all in English, as some shareholders are from foreign countries and the local shareholders are willing to communicate in English. If the meeting or information is presented in Estonian, shareholders are given the opportunity for a translation into English.

In addition, Inbank is not in compliance with the recommendation in clause 1.3.1 of the Code that the chairman of the supervisory board cannot be elected as chair of the general meeting. As the supervisory board chairman is also a representative of a shareholder and, being the chairman of the supervisory board, is well informed regarding the activity of Inbank, it has not been deemed necessary, given Inbank's current organizational and shareholder structure to elect someone from outside the organization as chair of the general meeting. The chair of the general meeting has always been elected unanimously.

Inbank is in partial compliance with clause 1.3.2 of the Code, in accordance with which the management board members, supervisory board chairman and, if possible, the supervisory board members and at least one of the auditors shall take part in the general meeting. The participation of all of the management board members depends on the topics covered at the meeting. The chairman of the management board and the member of the management board responsible for financial affairs are always present at the meeting. It is not necessary for all of the supervisory board members to take part at the meeting, as the supervisory board is represented at the meeting by the chairman of the supervisory board. The auditor has not taken part in the meetings as the auditor's election took place at the last meeting and since the shareholders were up to date with the experiences and activities of the auditor association and the specific auditors, it was not deemed necessary to invite the auditor candidate to the meeting.

Inbank does not enable watching or participating in the general meeting (clause 1.3.3 of the Code) via telecommunication solutions as all shareholders have been represented at the general meetings and there has been no need for remote solutions.

Management board

The functions of Inbank's management board are governed by the articles of association, the Commercial Code and the Credit Institutions Act.

Inbank's management board consists of three members (three to seven members according to the articles of association) who are elected by the supervisory board for three years. The members of the management board are:

- Jan Andresoo – chairman of the management board;
- Liina Sadrak – member of the management board;
- Marko Varik – member of the management board

Liina Sadrak and Marko Varik were elected as members of the management board in 2015. Jan Andresoo's term was extended.

Inbank does not adhere to the recommendation in clause 2.2.7 of the Code that management board members' benefits and bonus schemes be published on the website, as the annual report discloses the total amount of benefits paid to the management board, and the fees payable to the board can be seen from this. This is also personal information that is not indispensably essential in order to assess the activity of Inbank. Total remuneration paid to the management board members in 2015 amounted to 189,000 euros. Inbank has not complied with clause 2.2.7 – which recommends that essential aspects of management board remuneration and changes in it be presented to the general meeting – as there were no changes in 2015 in relation to remuneration of the management board.

Once a year, board members file a declaration on economic interests and conflict of interest. Transactions executed with management board members are provided in Note 22 and are entered into on market terms. The management board members are not members of the management board or supervisory board in other companies, except for Marko Varik, who is a management board member in the Inbank subsidiary Inbank Līzings, SIA.

Management board members have not been paid severance pay as none of the members have left.

Supervisory board

Inbank's supervisory board plans the activities of Inbank, issues operating guidelines for the management board in organizing management of Inbank, performs oversight regarding the activities of Inbank and its management board, and takes decisions on matters set forth in legislation or the articles of association.

Inbank's supervisory board consists of five members (five to seven members according to the articles of association) who are elected by the general meeting for three years:

- Priit Põldoja – chairman of the supervisory board;
- Roberto de Silvestri – member of the supervisory board;
- Rain Rannu – member of the supervisory board;
- Triinu Reinold – member of the supervisory board;
- Reimo Hammerberg – member of the supervisory board.

All of the supervisory board members participated in at least half of the meetings in 2015.

Six meetings of the supervisory board took place in 2015 and on five occasions, the necessary decisions were taken without calling a meeting. At the meetings, the supervisory board received an overview of the financial results and activities of Inbank, its subsidiaries and affiliates. The supervisory board also approved strategic decisions of Inbank, including the acquisition of Desk Rock OÜ (now Inbank Technologies OÜ). Among other things, the supervisory board approved Inbank's internal rules along with the relevant annexes, approved a stock option programme for key personnel, set the agenda for general meetings and made proposals on agenda items, decided on pledging the shares of Coop Finants AS (formerly ETK Finants AS), elected the chairman of the supervisory board, new management board members, and extended the term of the chairman of the management board.

The audit committee has three members. The audit committee was formed to exercise oversight over the management board. The function of the committee is to verify and analyse the processing of financial information, efficiency of risk management and internal control, the process of auditing the financial statements and consolidated reports, and the independence of external auditor. The committee members are not paid. Information on the audit committee is not disclosed on the website (as urged by clause 3.1.3 of the Code) as Inbank AS does not consider this necessary for ensuring the work of the committee and shareholders' interests.

Of the supervisory board members, Priit Põldoja, Reimo Hammerberg and Triinu Reinold receive remuneration. Total remuneration paid to the supervisory board members in 2015 amounted to 102,000 euros. Inbank does not deem it necessary to publish the amount of remuneration of members of the supervisory board in detail as recommended in clause 3.2.5 of the Code, as the remuneration exerts an insignificant impact on the financial results of Inbank.

Once a year, the supervisory board members file a declaration on economic interests and economic conflicts of interest. The transactions entered into with supervisory board members are listed in Note 22 and were entered into at market conditions.

Inbank complies with the principle listed in clause 3.2.2 of the Code under which at least half of the members of the issuer's supervisory board shall be independent. As there is an odd number of supervisory board members, Inbank applies the second sentence of clause 3.2.2 of the Code, under which, in such a case, there may be one independent member less than the number of dependent members.

Cooperation between management board and supervisory board

The management board and supervisory board work together closely for the purpose of optimum protection of the interests of Inbank. The basis of the cooperation is open communication between the management board and the supervisory board as well as within the management board and supervisory board. The management board ensures the availability of the latest updated management information to the supervisory board. The management board and supervisory board jointly develop the activity objectives and strategy of Inbank. The management board shall proceed from the strategic guidelines issued by the supervisory board and discuss strategic management issues with the supervisory board at a set interval.

Disclosure of information

Inbank treats all shareholders equally and notifies all shareholders of material circumstances. Inbank relies above all on e-mail to notify shareholders. Inbank publishes reports on its website, which is also available in English (www.inbank.ee/en). The annual report for 2015 is originally published and audited in Estonian and translated into English. Interim reports for 2015 were not published in English (clause 5.2 of the Code recommends that published information also be made available in English) as the shareholders receive an overview of published information through the supervisory board and the general meeting. Inbank also arranges for shareholders to receive information in English when requested.

Inbank has not prepared a separate website for shareholders and does not disclose on the website the information listed in 5.2 and 5.3 of the Code (except for the report on Corporate Governance Recommendations and annual report, membership of the management board and supervisory board, and interim reports). The "financial calendar" (clause 5.2 of the Code), information in response to questions presented by analysts shareholders (clause 5.5 of the Code) and the dates of meetings with analysts, investors and the press (clause 5.6 of the Code) are not disclosed as these are not necessary considering Inbank's current activities and the substantial emphasis on keeping shareholders notified through other channels.

Financial reporting and auditing

Inbank prepares the annual report once a year. 2015 is the first year that Inbank is publishing the annual report on its website. Interim reports are published for three quarters (Inbank did not have an obligation to prepare or disclose the interim report for the first quarter of 2015, as it received the licence to operate as a credit institution in April 2015). The annual report is audited.

The general meeting has, as a result of a tender, appointed AS Deloitte Audit Eesti (register code 10687819) as the auditor for the financial year from 1 January 2015 to 31 December 2015.

Consolidated financial statements

Consolidated financial position

EURt	Note	31.12.2015	31.12.2014	01.01.2014
Assets				
Cash on hand		3	0	0
Due from central banks		499	0	0
Due from credit institutions		4 882	376	22
Loans and receivables	4	34 825	14 343	8 420
Investments in affiliates	7	868	444	285
Property, plant and equipment	8	95	30	16
Intangible assets	9	760	189	107
Income tax assets	5	45	0	0
Other assets	10	1 300	326	127
Total assets		**43 277**	**15 708**	**8 977**
Liabilities				
Loans	11	110	4 543	5 680
Deposits	12	29 711	0	0
Debt securities issued	13	3 114	4 770	2 086
Other liabilities	14	2 103	819	905
Total liabilities		**35 038**	**10 132**	**8 671**
Equity				
Share capital	15	569	500	300
Share premium		5 393	4 002	200
Other reserves	16	1 360	30	0
Accumulated loss		-279	-224	-194
Profit/loss for the financial year (+/-)		1 207	1 275	0
Total equity attributable to shareholders of the parent		**8 250**	**5 583**	**306**
Non-controlling interest		-11	-7	0
Total equity		**8 239**	**5 576**	**306**
Total liabilities and equity		**43 277**	**15 708**	**8 977**

Consolidated statement of comprehensive income

EURt	Note	2015	2014
Continuing operations			
Interest income	19	4 237	2 412
Interest expense	19	-705	-480
Net interest income		**3 532**	**1 932**
Fee and commission income	20	711	455
Fee and commission expense	20	-246	-131
Net fee and commission income		**465**	**324**
Other income related to operations		689	94
Net income from other operations		**689**	**94**
Total income		**4 686**	**2 350**
IT services purchased		-51	0
Personnel costs	21	-1 505	-383
Marketing expenses		-687	-265
Administrative expenses		-153	-68
Depreciation, amortisation and impairment	8; 9	-154	-27
Other income and expenses		-520	-221
Total operating expenses		**-3070**	**-964**
Operating profit		**1 616**	**1 386**
Loan losses	4	-846	-278
Net profit for financial year before investments		**770**	**1108**
Profit/loss from investments		365	159
Profit before income tax		**1 135**	**1 267**
Deferred income tax		45	0
Comprehensive income		**1 180**	**1 267**
Profit (loss) attributable to the parent company		1 207	1 275
Profit (loss) attributable to non-controlling interest		-27	-8
Total comprehensive income for the period		**1 180**	**1 267**

Consolidated statement of cash flows

EURt	Note	2015	2014
Cash flows from operating activities			
Profit from operating activities		**1 661**	**1 386**
Interest income	19	-4 237	-2 412
Interest expense	19	705	480
Loan losses		-846	-278
Depreciation, amortisation and impairment	8; 9	154	27
Cash flows from/used in operating activities before change in operating assets and liabilities		**-2 563**	**-797**
Net increase/decrease in operating assets:			
Loans and advances to customers		-20 482	-5 923
Other assets		-974	-199
Net increase/decrease in operating liabilities:			
Customer deposits		29 711	0
Other liabilities		1 284	-86
Change in assets and liabilities related to operating activities		**9 539**	**-6 208**
Adjustments to current assets and current liabilities			
Interest received		4 237	2 412
Interest paid		-705	-480
Other adjustments		-22	1
Net adjustments to current assets and current liabilities		**3 510**	**1 933**
Cash flows from investing activities			
Acquisition of non-current assets	8; 9	-790	-123
Investment in affiliates		-59	0
Net cash from / used in investing activities		**-849**	**-123**
Cash flows from financing activities			
Redemption of debt securities		-1 656	2 684
Loans received and repayments		-4 433	-1 137
Proceeds from issue of share capital		69	200
Proceeds from share premium		1 391	3 802
Net cash from / used in investing activities		**-4 629**	**5 549**
Net increase in cash and cash equivalents		**5 008**	**354**
Cash and cash equivalents at the beginning of the year		376	22
Cash and cash equivalents at the end of the year		**5 384**	**376**

Consolidated statement of changes in equity

EURt	Share capital	Share premium	Legal reserve	Voluntary reserve	Retained earnings (accumulated loss)	Total share attributable to the shareholders of the parent company	Non-controlling interest	Total equity
Balance as at 01.01.2014	**300**	**200**	**0**	**0**	**-194**	**306**	**0**	**306**
Share capital issued	200	3 802	0	0	0	4 002	0	4 002
Comprehensive income of the reporting period	0	0	0	0	1 275	1 275	-7	1 268
Legal reserve	0	0	30	0	-30	0	0	0
Balance as at 31.12.2014	**500**	**4 002**	**30**	**0**	**1 051**	**5 583**	**-7**	**5 576**
Balance as at 01.01.2015	**500**	**4 002**	**30**	**0**	**1 051**	**5 583**	**-7**	**5 576**
Share capital issued	69	1 391	0	0	0	1 460	0	1 460
Comprehensive income of the reporting period	0	0	0	0	1 207	965	-4	1 203
Voluntary reserve	0	0	0	1 330	-1 330	0	0	0
Balance as at 31.12.2015	**569**	**5 393**	**30**	**1 330**	**928**	**8 008**	**-11**	**8 239**

The profit for the year 2014 and the capital raise were approved on 09 April 2015.
See also Note 15.

Note 1
Accounting policies

General information

The consolidated financial statements of Inbank AS (hereinafter referred to as the parent company) for the financial year 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union and interpretations to such standards (IFRIC). International Financial Reporting Standards are applied for the first time in these consolidated financial statements for the year 2015.

The consolidated financial statements include the financial performance indicators of Inbank AS, its subsidiaries SIA Inbank Lizings and Inbank Technologies OÜ and affiliates Coop Finants OÜ and Krediidipank Finants OÜ.

The start of the financial year is 1 January and the end of the financial year is 31 December; numbers are presented in thousands of euros, unless otherwise indicated.

The consolidated financial statements of Inbank AS have been approved by the management board and will be submitted for approval to the shareholders on 22 April 2016.

Significant accounting policies

Presentation of the financial statements

The set of financial statements is comprised of the following:

- Consolidated statement of financial position as at the end of the financial period;
- Statement of comprehensive income for the financial period;
- Statement of changes in equity for the financial period;
- Statement of cash flows for the financial period;
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

The objective of the financial statements is to provide information to users on the financial position, financial results and cash flows necessary for making financial decisions.

Consolidated financial statements

The consolidated financial statements are comprised of the financial statements of the parent company and the subsidiaries controlled by the parent company. The criterion is that Inbank AS holds more than 50% of the voting rights in the subsidiary. Control also exists when the parent company owns half or less of the voting rights of the subsidiary when the parent company:

A. has actual control over more than half of the voting rights by virtue of an agreement with other investors;

B. controls the financial and operating policies of the entity under the articles of association or an agreement;

C. has the power to appoint or remove the majority of the members of the management and the highest governing body (e.g. the management board and the supervisory board of a business entity);

D. has the power to determine the decision making of the management and the highest directing body.

Intra-group receivables and liabilities, transactions between group entities and the resulting unrealised gains and losses have been eliminated. The share of the non-controlling interests in the profit or loss and equity of the subsidiaries is presented in the consolidated balance sheet within equity, separately from the equity attributable to the owners of the parent company, and as a separate line item in the consolidated statement of comprehensive income.

The acquisition of subsidiaries is accounted for using the purchase method from the day that control is established. According to the purchase method of accounting, the cost is allocated to the fair value of the subsidiary's assets acquired, liabilities and contingent liabilities assumed; the difference between the cost of the acquisition and the fair value of acquired net assets is recognised either as a positive or negative goodwill. From the date of acquisition, the assets of subsidiaries that are acquired, the liabilities and contingent liabilities that are assumed and the goodwill that is generated are included in the consolidated balance sheet and the share in the income and expenses of the acquired subsidiary is included in the consolidated income statement. Negative goodwill is immediately recognised as income of the period.

Affiliates are all entities in which Inbank AS has significant influence but not control. Significant influence is generally presumed to exist when the company owns between 20% and 50% of the voting rights. Investments in affiliates are included in the consolidated balance sheet using the equity method of accounting.

In case of transactions involving minority interest, any difference between the transaction price and the changed carrying amount of minority interest is recognised directly in equity. Unconsolidated financial statements of the parent company presented in the notes to the consolidated financial statements

The separate primary financial statements of the consolidating entity (parent company) are disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company the same accounting policies have been used as in preparing the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise short-term highly liquid investments (generally with a term of up to three months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in market value.

The indirect method has been used for the preparation of the cash flow statement whereby the profit for the financial year is adjusted by the effect of non-cash transactions, changes in the balances of assets and liabilities related to operating activities and income and expenses related to investing and financing activities.

Transactions and financial assets and liabilities denominated in foreign currency

The functional currency of the company is the euro, which is also the presentation currency of the financial statements. All other currencies are classified as foreign currencies.

Monetary assets and liabilities denominated in foreign currency are translated at balance sheet date into euros based on the official foreign exchange reference rates of the European Central Bank.

Foreign exchange gains and losses resulting from translation are recorded in the income statement of the reporting period, other currency-related gains and losses are recognised in financial income and expenses.

Loans and receivables

Loans and receivables are recognised in the balance sheet on the date that the bank provides the funds to the debtor until such funds are repaid or written off. After initial recognition, the bank measures loan receivable at amortised cost (less principal repayments and any potential impairment losses).

Impairments

If there is objective evidence that loans and receivables measured at amortised cost have been impaired, the amount of the impairment loss is measured as the difference of the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of an asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in the income statement.

The group first evaluates whether there is any objective evidence indicating impairment of assets involving such financial assets that are individually significant and collectively involving such financial assets that are not individually significant.

Potential credit loss allowances from homogeneous financial assets are made by grouping the assets into subcategories by product type, geographical location and historical credit performance and the relevant provisions are applied. For the financial assets that have been grouped, the amount of the impairment loss is the multiple of the carrying amount of the receivables in the group and the allowance rate. In order to determine the relevant allowance rates, the probability of default, loss given default and exposure at default have been determined.

In case the impairment loss on an asset previously written down is reduced the subsequent period and this reduction can objectively be attributed to an event that occurred after recording the impairment loss, the previously recognised impairment loss is reversed either directly or by way of adjustment to the allowance account. The amount of the reversal is recognised in the income statement.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are initially recognised at its cost, comprised of its purchase price and any expenditures directly attributable to the acquisition. The assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The straight-line method is used for depreciation of property, plant and equipment and amortisation of intangible assets with an estimated residual value of zero.

Property, plant and equipment is comprised of significant assets that have useful lives in excess of one year. Immaterial items and assets with a shorter useful life are expensed as incurred.

The intangible assets of the group have a specific useful life and it primarily encompasses capitalised computer software. Capitalised expenses include wages and salaries attributable to software development and outsourced development costs. All other expenses related to software, such as maintenance expenses, are recognised in the income statement of the reporting period. Capitalised expenses are amortised over the estimated useful life of the software but not for a period longer than ten years.

The useful life of goodwill is indefinite and its recoverable amount is tested on each balance sheet date.

The bank reviews property, plant and equipment and intangible assets for impairment losses on each balance sheet date when changes in circumstances indicate that the carrying amount may not be recoverable. Where an asset's carrying amount is greater than the two relevant indicators (higher of an asset's fair value less costs to sell and its value in use), such non-current asset is written down immediately to its recoverable amount, recognising an impairment loss in the statement of comprehensive income for the financial period.

Financial liabilities

Financial liabilities are initially recognised at cost which is the fair value of the consideration received for the financial liability. Financial liabilities are subsequently measured at amortised cost, adjusted by principal repayments and, where necessary, any write-down arising from impairment or uncollectibility. Such financial liabilities are typically funds received from customers and credit institutions. The interest expense incurred on financial liabilities is recognised on an accrual basis as an expense for the period on the income statement line "Financial income and expenses". A financial liability is derecognised when it is discharged, cancelled or it expires.

Fair value of financial instruments

Fair value is a price obtained upon sale of an asset or paid upon transfer of a liability on the date of valuation in a transaction between market participants. The fair value of assets and liabilities is determined under the assumption that market participants are guided by their own financial interest in the determination of the price of the asset or liability.

For the determination of fair value, the bank employs methods that are appropriate in the given circumstances and when sufficient information is available for being able to determine fair value.

More detailed information on the fair value of financial instruments is provided in Note 18.

Provisions and contingent liabilities

Provisions are recognised when the entity has a present legal or constructive obligation as a result of events that occurred before the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation. A provision is recognised in the balance sheet in the amount which according to the management is necessary as at the balance sheet date for the meeting of the obligation arising from the provision. If a provision is expected to be settled later than 12 months after the balance sheet date, it is recognised at the discounted value (at the present value of payments relating to the provision) unless the effect of discounting is immaterial. Other possible or existing obligations, the settlement of which is less than likely or the related expenditures of which cannot be determined with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Legal reserve

According to the articles of association of Inbank AS, during each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. The legal reserve may be used to cover a loss, or to increase share capital. Payments to shareholders from legal reserve are not allowed.

Voluntary reserve

The Inbank AS general meeting of shareholders may decide to allocate other amounts to reserves. The legal reserve may alternatively be used to increase share capital.

Revenue and expense recognition

Revenue is recognised when it is probable and can be measured reliably.

Interest income and expense is recognised on an accrual basis using the effective interest rate method for all interest-bearing financial assets and liabilities that are measured at amortised cost. The effective interest rate method is a method for the measurement of amortised cost of financial assets and liabilities and for the allocation of interest income and interest expense over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability in a manner that reflects a constant discount rate for the balance of the principal amount. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit impairment losses. The calculation includes all significant fees paid by parties to the contract that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income and interest expense are reported in the income statement on the line "Financial income and expenses".

Revenue from services rendered in the ordinary course of business is recognised at fair value of the fee received or receivable on an accrual basis.

Channel fees paid to merchants are paid in full upon entry into the contract and the amount is thereafter expensed over the contract term based on the effective interest rate methodology and reported in the income statement.

Income and expenses from other fees are recognised on an accrual basis at the time of rendering the service.

Dividend income is recognised when a right of claim is obtained with respect to the dividends.

Corporate income tax

According to the Income Tax Act of the Republic of Estonia, legal entities are not subject to income tax on profits earned. Corporate income tax is paid on fringe benefits, gifts, donations, costs of entertaining guests, dividends and payments not related to business operations. Thus, in Estonia there are no differences between the tax bases and the carrying amounts of assets which would give rise to deferred income tax.

Dividends are a distribution made from net profit or retained earnings from previous financial years on the basis of a resolution by the shareholders of Inbank AS and that are contingent on the dividend recipient's ownership interest in Inbank AS. Inbank pays income tax on dividends upon the distribution of such dividends in cash or in kind. Pursuant to the Income Tax Act currently in effect, profit distributed as dividends is taxed at the rate of 20/80 (the applicable income tax rate until 31 December 2014 was 21/79) on the amount paid out as net dividends. The corporate income tax arising from the payment of dividends is recognised as income tax expense in the income statement of the period in which dividends are declared, regardless of the period for which the dividends are declared or the actual payment date.

In accordance with the local income tax laws, the net profit of companies located in Latvia that has been adjusted for the permanent and temporary differences as stipulated by law is subject to corporate income tax. The main temporary differences arise from depreciation and tax loss carry-forwards. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry-forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry-forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Related parties

Related parties of the company are:

- Owners who are legal entities with a significant ownership stake and entities under their control or significant influence and their executives and senior management;
- Other entities in the same group of companies (e.g. fellow subsidiaries of the parent entity);
- Affiliates;
- Executives and senior management;
- Close family members of the aforementioned persons and companies controlled by them or under their significant influence.

Events after the balance sheet date

Material events that have an effect on the evaluation of assets and liabilities and that became evident between the balance sheet date and the date of authorising the financial statements for issue but that are related to transactions in the reporting period or earlier periods, are reported in the financial statements.

Events after the balance sheet date that have not been taken into account for evaluating assets and liabilities but have a material impact on the results of the next financial year are disclosed in the financial statements.

Significant management estimates and assumptions

The effect of management estimates is most significant in the case of loan loss allowances. The accounting policies for the valuation of loans are provided in further detail under the heading Impairments. The bank had no other significant investments or receivables that could or should be subject to management estimates.

The management estimate for the useful life of intangible assets included in the statement of financial position is 10 years. The intangible assets are measured based on the established amortisation rate that is disclosed in further detail in the subsection "Property, plant and equipment and intangible assets".

Judgments related to financial statements are continually reviewed based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

Adoption of new standards

The new or revised standards that are effective in the European Union for the first time for the financial year beginning on or after 1 January 2015 are not expected to have a material effect on the financial statements of the bank.

Certain new or revised standards have been issued that are mandatory for the bank's annual periods beginning on or after 1 January 2016 and thereafter.

IFRS 9 Financial Instruments
(effective for annual periods beginning on or after 1 January 2018 after approval by the European Union)

IFRS 9 replaces the standard IAS 39. The standard establishes a new framework for the measurement and classification of financial assets, the requirements of recognition for accounting purposes, the special rules for impairment of financial assets and hedge accounting. The application of the standard has an effect on the bank's accounting policies.

IFRS 15 — Revenue from Contracts with Customers
(effective for annual periods beginning on or after 1 January 2018 after approval by the European Union)

The IFRS 15 standard establishes a five-step model that will be applicable to revenue from contracts with customers without regard to the industry and type of revenue generated. The standard establishes stricter requirements with regard to disclosure. The bank estimates that the standard has an immaterial effect on fee-based revenue.

IFRS 16 Leases
(effective for annual periods beginning on or after 1 January 2019 after approval by the European Union)

The standard establishes a framework for the measurement, recognition and disclosure of rent. The standard provides a model, upon the application of which lessees must generally recognise in their balance sheet the leased asset and liability, except in cases when the lease term is less than 12 months or is immaterial. The application of the standard may have an effect on the bank›s accounting policies and information subject to disclosure and financial position and performance.

Certain new or revised standards and interpretations have been issued that are mandatory for the bank's annual periods beginning on or after January 2016 or subsequent periods, and which the bank has not early adopted and which are not expected to have a material effect on the bank›s financial statements:

Amendments to IAS 1 Presentation of Financial Statements: Disclosure initiative (effective for annual periods beginning on or after 1 January 2016 after approval by the European Union). The amendments clarify the IAS 1 standard in order to simplify the provision of estimates made regarding the presentation of financial statements. The bank has not evaluated the effect of the application of the standard.

Amendments to IAS 16 — Property, Plant and Equipment and IAS 38 — Intangible Assets: Clarification of acceptable methods of depreciation and amortisation.

Amendments to IAS 19 — Employee Benefits.

Note 2
Effect of transition to IFRS

EURt	IFRS 31.12.2014	Estonian GAAP 31.12.2014	IFRS 01.01.2014	Estonian GAAP 01.01.2014
Assets				
Due from credit institutions	376	376	22	22
Loans and receivables	14 343	14 343	8 420	8 420
Investments in affiliates and subsidiaries	444	654	285	653
Property, plant and equipment	30	30	16	16
Intangible assets	189	189	107	107
Other assets	326	326	127	127
Total assets	**15 708**	**15 918**	**8 977**	**9 345**
Liabilities				
Loans	4 543	4 543	5 680	5 680
Debt securities issued	4 770	4 770	2 086	2 086
Other liabilities	819	819	905	905
Total liabilities	10 132	10 132	8 671	8 671
Equity				
Share capital	500	500	300	300
Share premium	4 002	4 002	200	200
Retained earnings	-224	145	-194	174
Other reserves	30	30	0	0
Profit/loss for the financial year (+/-)	1 275	1 116	0	0
Total equity attributable to shareholders of the parent	**5 583**	**5 793**	**306**	**674**
Non-controlling interest	-7	-7	0	0
Total equity	**5 576**	**5 786**	**306**	**674**
Total liabilities and equity	**15 708**	**15 918**	**8 977**	**9 345**

The present financial statements prepared for the financial year ended 31 December 2015 are the first financial statements prepared by the group in accordance with the Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations to such standards (IFRIC). The financial statements of the group through 31 December 2014 were prepared in accordance with the accounting principles generally accepted in Estonia (Estonian GAAP). The generally accepted accounting principles of Estonia are accounting principles based on international accounting and reporting principles whose main requirements are prescribed by law and that are supplemented by the guidelines of the Accounting Standards Board.

Effective from the financial period ended 31 December 2015 and thereafter, the group prepares its financial statements in accordance with IFRS in conjunction with comparative information for the financial year ended 31 December 2014, as described in the summary of important accounting policies.

The data on the financial position from the start of the previous period as at 1 January 2014, deemed as the transition date to IFRS, were used as a basis for these financial statements.

This section describes the main changes made by the company in relation to the restatement of the statement of financial position prepared as at 1 January 2014 and of the restatement of financial statements for the financial year ended 31 December 2014 that were prepared according to local generally accepted accounting principles.

The change has an impact on the accounting for affiliates. According to the accounting principles generally accepted in Estonia, investments in affiliates were measured at cost. According to IFRS, affiliates are accounted for in the consolidated statement of financial position and statement of comprehensive income using the equity method of accounting. The change does not impact the statement of cash flows.

NOTE 3
RISK MANAGEMENT

Concept of risk and objective of risk management

Risk is defined as a potential negative deviation from expected financial results. Inbank encounters several risks in its day-to-day operations. The objective of risk management at the bank is to recognise the risks, to measure them appropriately and to manage them. More broadly, the aim of risk management is to increase the value of the company by minimising losses and reducing the volatility of results. Risk management is based upon a strong risk culture and is built on the principle of three lines of defence. The first line of defence or business segments are responsible for the assumption and management of risks on a day-to-day basis. The second line of defence, the independent risk management department, is responsible for the development of risk management methodologies and for the reporting of risks. The third line of defence, the internal audit, exercises independent oversight over the entire organisation, including the risk management function. Risk management principles, requirements and areas of responsibility are described in policies and procedures. In accordance with the capital management principles that the company has adopted, it must have adequate capital to support risks. The management board of Inbank AS estimates that the risk management systems that the company has adopted are adequate in view of the profile and strategy of Inbank.

Principles of risk management

The risk management system of Inbank is centralised, thus the same principles of risk management are used on the parent company level and on subsidiary level at Inbank. Risk management duties and control functions are carried out by risk department and various committees responsible for risk management at the parent company level.

- Risk management encompasses all activities aimed at the identification, measurement, assessment, monitoring and control of risks, as well as measures for the limitation and mitigation of consequences from the materialization of risks.
- Risk management is forward-looking, places emphasis on risk awareness and also involves personnel selection, awareness and training.
- The bank maintains a high level of risk management by employing relevant processes, techniques and methods as necessary in a cost-efficient manner. The process of risk management is deemed to be a natural component and cost of doing business.
- All risks are included in the process of planning, monitoring and resource allocation and are monitored by the supervisory board.

Risk management structure

The management board of Inbank is responsible for the management and control of the risks related to all activities of the bank, implementation of the risk management principles, processes and methods, and performance. According to the risk management policy and risk appetite statement as approved by the management board, the following departments and committees established at Inbank exercise the risk management and control function on a day-to-day basis:

- The supervisory board provides oversight that adequate risk assessment and management activities are functional in the bank, ensuring that the bank's credit organisation, credit monitoring organisation and risk management organisation have a relevant and effective structure and sufficient and independent resources for the adequate functioning of risk assessment and management.
- The main functions of the risk management department are the identification and evaluation of risks, performance of regular stress tests with respect to liquidity, credit and main market risks, as well as the preparation of the corresponding risk reports to the management board and supervisory board, development of risk management methodology, evaluation of the credit risk of major credit projects, as well as monitoring and analysis of the credit portfolio.
- The credit committee is the bank's highest operational body responsible for credit risk management. The credit committee is responsible for the development and maintenance of the credit risk policy. The credit committee, through its credit risk policy, will oversee that the bank's activities in issuing credit comply with the requirements set out in law, correspond to the bank's risk appetite statement and are profitable.
- The audit committee advises the supervisory board in matters related to risk management. For that purpose, the audit committee monitors and analyses the effectiveness of the risk management process.
- One of the objectives of internal audit is to provide assurances to the management board and supervisory board regarding the adequacy and effectiveness of the bank's internal control and risk management policy in managing risk and ensuring that the strategy and objectives of Inbank are implemented.
- The compliance function is responsible for the monitoring of compliance of risk assessment and ensuring the effective management of operational and legislative compliance risk and legal risk.

Management of own funds

The bank employs risk-based management of own funds, ensuring that all risks arising from the business activities of Inbank are at all times adequately backed with own funds.

Management of own funds takes place on the basis of balance sheet and profit forecasts that take into account the strategy, future expectations, risk profile and risk appetite of the bank. Own funds are considered to be comprised of Tier 1 capital and Tier 2 capital.

Capital base, EURt	31.12.2015	31.12.2014
Paid-in share capital	569	500
Share premium	5 393	4 002
Statutory reserve capital	1 360	30
Retained earnings	-279	-224
Intangible assets (subtracted)	-760	-189
Profit for financial year*	1 207	1 275
Shares in affiliates**	-868	0
Total Tier 1 capital	6 622	5 394
Subordinated debt	0	0
Total Tier 2 capital	0	0
Net own funds for capital adequacy calculation	**6 622**	**5 394**

* In accordance with EU regulation, audited and approved profit for the financial year may be included in retained earnings upon prior approval by competent agencies. The profit for the financial year was unaudited and unapproved in the calculations made in accordance with the EU regulation and such profit was not included in the capital base as submitting regulatory capital adequacy reporting.

** In accordance with EU regulation, shares in affiliates were included in the risk-weighted assets as of 31.12.2014.

The own funds of a credit institution must at all times be equal to or exceed the minimum amount of initial share capital prescribed in the Credit Institutions Act (5 million euros). At the start of the year 2014, the capital of banks and investment firms in the European Union became subject to a new legal framework (CRD IV/CRR), largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision. The objective of the new legal framework is to strengthen the resilience of the financial sector to adverse economic shocks and thereby ensure an adequate and sustainable financing of the economy. Significant changes implemented by the new requirements include the requirement for credit institutions to maintain a higher level and quality of capital than before and a unified framework for designing liquidity buffers. The new capital requirements directive also define measures for macro-financial supervision that member states can use to control the behaviour of credit institutions in amplifying the cycles and to alleviate risks arising from market structure.

The regulation, which is directly applicable in the member states, obligates all credit institutions operating in the European Union (including their consolidating holding companies) and investment firms to maintain 4.5% of common equity tier 1 (CET 1) and 6% of Tier 1 Capital against risk assets. The overall capital adequacy requirement (CAD), including both Tier 1 and Tier 2 capital, remains at the existing 8% level. In addition to the main requirements based on uniform rules, the directive defines the principles for forming capital buffers. In Estonia, in addition to the baseline capital requirements, credit institutions have been subjected to capital maintenance and systemic risk buffers, which are 2.5% (imposed by the Financial Supervisory Authority) and 2% (imposed by Eesti Pank), respectively. As the aforementioned buffers are incremental to the Tier 1 and the total baseline capital requirements, the minimum Tier 1 requirement in Estonia is 10.5% and the total capital requirement is 12.5%. The latter is also subject to the specific supplementary Pillar 2 requirement applicable to credit institutions. An overview of capital requirements is provided in the table below:

	Core Tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Baseline requirement	4,5%	6,0%	8,0%
Capital maintenance buffer	2,5%	2,5%	2,5%
Systemic risk buffer	2,0%	2,0%	2,0%
Minimum regulatory capital requirement	9,0%	10,5%	12,5%

As at 31 December 2015, Inbank meets all the regulatory capital requirements. The capital base in this report includes profit for the financial year, which has been audited and approved as of publication date of the annual report.

The internal capital adequacy assessment process (ICAAP) is a continuous process with the objective of evaluating the risk profile of the bank and the corresponding capital requirement. The bank ensures adequate capital coverage of aggregated risks at all times.

The management board of Inbank is responsible for the management of capital. ICAAP is the basis for the management of capital on a regular basis. The management and forecasting of the capital needs is carried out on the basis of regular calculation of capital adequacy, to which the capital requirements are added for covering additional risks that are not taken into account within the framework of regulatory capital requirements.

The risk profile of the bank is mainly assessed regarding the following risks: credit risk, market risk, concentration risk, liquidity risk, interest rate risk of the bank portfolio, operational risk and strategic risk.

The minimum desirable level of capital adequacy is the minimum required level of capital adequacy determined by the supervisory review and evaluation process assessment, to which a buffer necessary for the growth of operational volumes or other implementation of a strategic plan is added as required in accordance with the effective operational strategy and balance sheet forecasts of the bank. The bank's option to raise additional capital on the market is also taken into account in the capital management process, above all by way of new share issuance or subordinate debt issuance.

Capital needs are determined by way of forecasting balance sheet exposures by using changes in various risk-weighted assets and equity line items as a basis. In addition, the necessary equity buffer is determined in order to ensure the internally desired capital adequacy level for the materialisation of alternative and risk scenarios. The bank ensures adequate capital coverage of all risks at all times.

Credit risk

Credit risk reflects the probable loss that may be incurred as a result of failure by a counterparty to perform obligations that they have undertaken and, in the case of insolvency, the pledged collateral, guarantees issued and other methods of collection are insufficient to recover the bank's claims. Credit risk mainly arises from loans issued and funds due from credit institutions. In order to mitigate credit risk, Inbank analyses the financial performance and financial position of its counterparties. After a loan is issued, the compliance with contract terms on part of the counterparty is regularly monitored.

The responsibility for taking and managing of credit risk is on the level of the management board of the parent company and the credit committee. Subsidiaries and lines of business under the parent company make proposals to the credit committee of the parent company with regard to the adoption of policies and rules regarding credit risk that concern the business operations of a specific subsidiary or line of business. Decisions on the policies for assuming risk are made in the credit committee.

The management of credit risk is handled in accordance with the stipulations of the Credit Institutions Act, Law of Obligations Act, Creditors and Credit Intermediaries Act, the guidelines issued by the Financial Supervision Authority of Estonia titled "Responsible lending regulations", regulations of the President of Eesti Pank and local regulations applicable to business units domiciled in foreign countries, as well as the principles set forth in the bank's credit risk policy. Credit risk policy, loan analysis and lending principles are regularly reviewed and verified against the economic situation and actual payment history.

The following principles set forth in the risk appetite statement are an important part of the bank's credit policy and used by the bank in its management of credit risk:

- Diversification of the loan portfolio,
- Low average loan amount,
- Constant monitoring of the quality of the loan portfolio.

Distribution of credit risks

Maximum (net) credit risk exposure, EURt	**31.12.2015**	**31.12.2014**
Credit institutions	5 381	376
Households	31 509	13 583
Non-financial customers	774	200
Other financial customers	2 542	560
Total assets	**40 206**	**14 719**

Due from banks

Management estimates that the credit risk exposure from cash and cash equivalents held at the central bank and other correspondent banks has inherently low credit risk. All loans and advances to the central bank and credit institutions are current and none are overdue. The bank's risk management policy prefers credit institutions with higher equity levels and, where possible, strong credit ratings for the depositing of funds.

Due from households

The bank has been engaged in providing hire-purchase services in Estonia since the year 2011. In the year 2013, the bank also started to issue consumer loans in Estonia in small volumes through a partner company. At the end of 2014, Inbank also entered the consumer finance market in Latvia by providing a special-purpose consumer loan in that market, which is similar by nature to the hire-purchase product being offered in Estonia.

Distribution of receivables as at 31.12.2015, EURt	Estonia	Latvia	Total
Hire-purchase receivables	16 969	0	16 969
Special-purpose consumer loans receivable	6 000	8 335	14 335
Consumer loans receivable	205	0	205
Total receivables	**23 174**	**8 335**	**31 509**

Distribution of receivables as at 31.12.2014, EURt	Estonia	Latvia	Total
Hire-purchase receivables	13 201	0	13 201
Special-purpose consumer loans receivable	0	2	2
Consumer loans receivable	380	0	380
Total receivables	**13 582**	**2**	**13 583**

The core business of Inbank is to provide consumer loans to households. Due to the bank's focus on this area of activity, the loan portfolio is diversified and the average loan amount is low. The bank's portfolio is comprised of 48,000 contracts as at year-end 2015, which means the average amount contractually due is 655 euros.

The credit scoring model is being used to assess customers' creditworthiness. In addition to evaluating the customer's previous payment history, income and existing loans, the aforementioned model also takes into account other statistical parameters, which have previously been collected by types of customer and which have proved to have a strong link to customer payment performance. The bank's credit scoring model is continually changing over time and adjusted to reflect changes in the volume of information used to make credit decisions and in the economic environment.

As consumer loans provided to households are homogeneous loans, provisions for potential credit loss level is calculated based on historical performance of these homogeneous loans and applied to current portfolio at the balance sheet date. In order to determine the most accurate loan loss provisions, receivables are divided into subcategories by product type, geographical distribution, customer payment history and overdue days. For the receivables that have been grouped, the amount of the impairment loss is the multiple of the carrying amount of the receivables in the group and the percentage rate of impairment loss. The framework is based on the classic method of calculating the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

Distribution of receivables as at 31.12.2015, EURt	Due from households - gross basis	General provision	Special provision	Due from households - net basis	Provision coverage ratio
0-89 days overdue	31 817	-437	-27	31 353	1,5%
90-179 days overdue	296	0	-182	114	61,5%
180+ days overdue	422	0	-380	42	90,0%
Total receivables	**32 535**	**-437**	**-589**	**31 509**	**3,2%**

Distribution of receivables as at 31.12.2014, EURt	Due from households - gross basis	General provision	Special provision	Due from households - net basis	Provision coverage ratio
0-89 days overdue	13 491	0	0	13 491	0,0%
90-179 days overdue	189	0	-97	92	51,3%
180+ days overdue	198	0	-198	0	100,0%
Total receivables	**13 878**	**0**	**-295**	**13 583**	**2,1%**

Receivables from non-financial customers and other financial customers

The issuance of loans is regulated by the Inbank credit risk policy and other internal rules and regulations. The maximum limit of a loan issued to a single counterparty is 25% of net own funds.

Credit decisions for the issuance of loans to businesses are made on an individual basis in the credit committee. Business loans that are issued can be divided into three primary categories based upon their objective:

- Loans to the bank's business partners,
- Loans to affiliate companies,
- Loans to third parties.

Depending upon the objective of the loan, the following criteria are analysed when the credit decision is made:

- Financial strength of the counterparty,
- Security of the claim,
- Counterparty's business volume with the bank,
- Term of the contract being concluded,
- Scope of the contract being concluded,
- Rate of return of the contract being concluded.

Loan loss allowances on business loans are recognised at Inbank on an individual basis depending upon the non-performing status of the counterparty's loan, reasons therefor and its financial strength. As at 31 December 2015, Inbank had not recognised loan loss allowances on any business loans on an individual basis due to the absence of a loss event.

Concentration risk

Concentration risk is risk arising from a large risk exposure to one counterparty or related counterparty or multiple counterparties impacted by a single risk factor. The bank addresses assets associated with one counterparty, related counterparties and one industry, region or risk factor as part of concentration risk.

In its business operations Inbank avoids the assumption of concentration risk by focusing above all on medium-sized and smaller loans in order to prevent high risk concentration levels. However, the bank does not exclude the issuance of larger loan amounts in case of adequate collateral or if other required conditions are met. In the case of collateral requirements applicable to large loans, one exception is liquid funds deposited with credit institutions for a term of up to three months. In such cases the bank relies on information regarding the financial strength of the counterparty and credit ratings assigned by international credit rating agencies to the counterparty in its risk management.

As at 31 December 2015, the bank had five receivables that exceeded 10% of the bank's net own funds. Three of such receivables were from credit institutions.

Receivables exceeding 10% of net own funds	Total receivables EURt 2015	Total number of receivables 2015	Total receivables EURt 2014	Total number of receivables 2014
Credit institutions	4 882	3	0	0
Other financial businesses	2 476	2	560	1
Total	**7 358**	**5**	**560**	**1**

Market risk

Market risk is defined as risk arising from an adverse change in market prices. The bank's business is so far geographically limited to eurozone countries. All of the bank's assets and liabilities are denominated in euros. In addition, the bank does not have a portfolio of stocks or bonds that is traded on a market. As a result of this, interest rate risk is the only market risk that Inbank's business is exposed to.

Interest rate risk

Interest rate risk is defined as a risk of unexpected unfavourable changes in interest rates that might affect the revenue generated by the bank. The bank is exposed to interest rate risk if the maturities of its principal assets and liabilities are different or if the interest rates of assets and liabilities can be adjusted at different intervals of time.

Generally, management estimates that the effect of interest rate risk on the business of Inbank is low for the following reasons outlined below:

- Both the bank's assets and liabilities are almost entirely at fixed interest rates. The sole exception is an overdraft facility at the Latvian subsidiary, which is drawn in the amount of 110,000 euros as at the 31 December 2015 balance sheet date, accounting for 0.3% of the bank's total assets.
- Inbank has focused its business on the issuance of unsecured consumer loans. As a result, the bank's assets earn relatively high rates of return. This provides an adequate buffer to mitigate any change in interest rates both on the bank's liabilities side and assets side.
- The deposits portfolio of Inbank is fully comprised of term deposits that carry fixed rates of interest until the end of the deposit term.
- The assets and liabilities of Inbank have relatively similar and short maturities. This provides the bank an opportunity to react to changes in interest rates by adjusting interest rates on new sales.

The parent company is responsible for the management of interest rate risk at subsidiaries. Interest rate risk is generally managed by the bank's management board and directly by the Finance and Risk Manager. Interest rate risk is managed through impact assessment by forecasting how a shift in the interest rate curve would impact the net interest income of Inbank and thereby also the bank's economic value.

Liquidity risk

Liquidity risk is the risk of insufficient solvency on behalf of the bank to perform its contractual obligations on a timely basis, which means that the bank's companies are unable to timely and sustainably finance various assets, or to liquidate their positions in order to perform contractual obligations. The management of liquidity risk is based on liquidity risk strategy and the internal rules and regulations that address liquidity management. The objective of liquidity management in the bank is to guarantee, at any given moment, the timely and complete performance of the obligations assumed by the bank while optimising the liquidity risk in such a manner as to achieve maximum and stable profitability on investments with different maturities.

The long-term liquidity of the bank is managed by the management board and liquidity risk management is overseen by the management board. The Finance and Risk Manager is responsible for the day-to-day and short-term management of liquidity risk at Inbank.

The primary measure employed for the management of the bank's liquidity exposure is an approach based on the maturity gap analysis of assets and liabilities. An overview of the division of assets and liabilities by maturity has been provided in the table. This model is also used for determining the main observable liquidity ratios and term proportions of assets and liabilities, as well as for conducting stress tests. Internal limits have been established for all major liquidity indicators.

Assets by contractual maturity dates, EURt	**0-90 days**	**91-365 days**	**1-5 years**	**5+ years**	**Total**
Loans and receivables	6 253	13 346	24 960	862	45 421
Cash and due from central banks	5 383	0	0	0	5 383
Other assets	110	0	0	0	110
Total assets	**11 746**	**13 346**	**24 960**	**862**	**50 914**

Liabilities by contractual maturity dates, EURt	**0-90 days**	**91-365 days**	**1-5 years**	**5+ years**	**Total**
Deposits/loans	367	13 875	16 769	0	31 011
Debt securities issued	54	550	2 906	0	3 510
Other liabilities	1 350	0	0	0	1 350
Total liabilities	**1 771**	**14 425**	**19 675**	**0**	**35 871**
Maturity gap from assets and liabilities	**9 975**	**-1 079**	**5 285**	**862**	**15 043**

Inbank has established a liquidity business continuity plan for conduct in a liquidity crisis, specifying the actions to be taken for covering a cash flow deficit even in extraordinary circumstances.

Due to the current business model of Inbank, the maturity gap of the bank in total for the period of up to 30 days, up to 90 days and up to 12 months is positive. This means that the bank has less liabilities compared to receivables in the period of up to 30 days, up to 90 days and up to 12 months. This is due to the fact that a very substantial portion of the bank's assets are consumer finance receivables that are of a short-term duration by nature. Liabilities, however, are almost entirely comprised of term deposits and the bank's pricing on deposits has been set in a manner that customers prefer periods longer than 12 months. The primary focus on term deposits also improves the bank's ability to forecast its cash flows.

Operational risk

Operational risk is risk arising from malfunctions or deficiencies in the bank's information systems, errors in personnel policy, negligence or wrongful behaviour of staff members, inadequate rules of procedure or external factors that cause damage to or disturb the bank's daily business activities. Operational risk encompasses information technology risk, control risk and management risk, model risk, procedural risk, personnel risk and legal risk and regulatory risk. The bank manages operational risk on the basis of established operational risk policy.

Operational risk is viewed at Inbank as a separate risk management area within the group, with the required resources allocated and an adequate amount of own funds provided for covering potential losses. The management of operational risk is integrated within the bank's day-to-day activities. The nature, impact and need to control the operational risk must be acknowledged by all employees within the bank.

The evaluation of operational risk is, above all, carried out qualitatively at Inbank, as the organisation is relatively small and simple and therefore seldom experiences actual loss events. The loss events are recorded in the operational risk database, specifying the amount of loss that was incurred. The bank monitors the dynamics of operational risk by analysing the main risk indicators on a quarterly basis. Reports are submitted to the management board on the loss events related to operational risk events and the main risk indicators on a regular basis at least once a quarter. The bank uses the basic indicator approach for the calculation of operational risk capital requirements.

Total risk exposure

The methods employed by the bank for the calculation of the total risk exposure and individual risk exposures are set forth in Regulation No. 575/2013 of the European Parliament and of the Council. The bank uses the standardised approach for the calculation of risk-weighted assets and risk exposure applicable to credit risk.

Risk-weighted assets, EURt	**31.12.2015**	**31.12.2014**
Credit institutions, standardised approach	976	75
Non-financial customers, standardised approach	1 379	579
Claims secured by mortgage, standardised approach	1 148	0
Retail claims, standardised approach	23 486	10 049
Claims past due, standardised approach	195	92
Equity investments	0	1 112
Other assets, standardised approach	1 440	356
Total credit risk and counterparty credit risk	**28 624**	**12 263**
Operational risk, basic Indicator Approach	2 462	1 046
Total risk-weighted assets	**31 086**	**13 309**
Capital adequacy (%)	21,30%	40,45%
Tier 1 Capital Ratio (%)	21,30%	40,45%

Note 4
Loans and receivables

Measurement category, financial assets EURt	31.12.2015	31.12.2014	01.01.2014
Loans to households	31 509	13 583	8 211
Loans to other financial businesses	2 542	560	50
Loans to non-financial businesses	774	200	159
Total	**34 825**	**14 343**	**8 420**

Loans and receivables by customer location:	31.12.2015	31.12.2014	01.01.2014
Estonia	26 452	14 341	8 420
Latvia	8 373	2	0
Total	**34 825**	**14 343**	**8 420**

Loans and receivables by due date: EURt	31.12.2015	0-90 days	91-365 days	1-5 years	5+ years
Loans to households	31 509	4 516	10 280	16 396	317
Loans to other financial businesses	2 542	1	3	2 038	500
Loans to non-financial businesses	774	53	128	593	0
Total	**34 825**	**4 570**	**10 411**	**19 027**	**817**

	31.12.2014	0-90 days	91-365 days	1-5 years	5+ years
Loans to households	13 583	160	8 826	4 597	0
Loans to other financial businesses	560	10	0	0	550
Loans to non-financial businesses	200	0	200	0	0
Total	**14 343**	**170**	**9 026**	**4 597**	**550**

Impairments

EURt

Allowance for doubtful receivables	31.12.2015	31.12.2014
Allowance for doubtful receivables at beginning of the period	-294	-200
Allowance for doubtful receivables	-846	-278
Write-off of doubtful receivables	-7	73
Doubtful receivables collected	121	110
Total	**-1 027**	**-294**

Note 5
Prepaid taxes and tax liabilities

	31.12.2015		31.12.2014		01.01.2014	
EURt	**Prepayment**	**Tax liability**	**Prepayment**	**Tax liability**	**Prepayment**	**Tax liability**
Value added tax		25		17		8
Personal income tax		30		6		5
Income tax on fringe benefits		0		1		0
Social tax		55		11		9
Mandatory funded pension		4		1		1
Unemployment insurance premiums		4		1		1
Prepayment account balance	2		5		0	
Deferred income tax	45		0		0	
Total	**47**	**118**	**5**	**37**	**0**	**24**

Tax authorities have the right to examine the company's tax accounting within a period of 3+2 years (+2 in case of suspicion) after the tax return is due to be filed and upon detecting errors, assess additional taxes, interest and fines. The group's management estimates that there are not any circumstances which might lead the tax authorities to assess additional significant taxes on the company. Deferred tax assets arise in Latvia and it is probable that it can be utilised.

Corporate income tax rates	**2015**	**2014**
Estonia	20 / 80	20 / 80
Latvia	15%	15%

See also Note 1 - Accounting Policies.

Note 6
Shares of subsidiaries

Shares of subsidiaries, general information, EURt

				Ownership interest %		
Commercial register number	**Company name**	**Domicile**	**Main activity**	**31.21.2015**	**31.12.2014**	**01.01.2014**
40103821436	Inbank Lizings SIA	Latvia	Finance activities in Latvia	90	90	0
12104213	Inbank Technologies OÜ	Estonia	Information technology development	100	0	0

Stakes acquired

Name of subsidiary	% stake acquired	Date of acquisition	Cost of the stake acquired
Inbank Lizings SIA	90	21.08.2014	499
Inbank Technologies OÜ	100	05.06.2015	454
Total			**953**

In 2014, AS Inbank formed its subsidiary, Inbank Lizings SIA, making a monetary contribution of 499 thousand euros in exchange for a 90% ownership interest and non-controlling interest made a monetary contribution of 1 thousand euros in exchange for a 10% ownership interest.

Inbank Technologies OÜ purchase price allocation, EURt

Name of acquired company	Inbank Technologies OÜ
Ownership interest %	100
Date of acquisition of acquiree	05.06.2015
Carrying amounts of acquired assets and assumed liabilities	216
Cost of the stake acquired	454
Goodwill	238

Due to the focus of its activities on providing flexible and modern consumer financing solutions, the business of Inbank AS is highly technology intensive. It is largely due to the fact that automated and efficient business processes are of a very high importance in order to achieve success in this market segment. Inbank AS had previously outsourced software development, however, as it posed a strategic risk for the company, it was decided in 2015 to establish a stronger link to a software development company, therefore a 100% ownership interest was acquired in Desk Rock OÜ. After the close of the acquisition, the company name was changed to Inbank Technologies OÜ.
This enabled to secure high quality IT development resources for the company. No material one-time transaction or event that would have significantly impacted acquired net assets occurred in the period between the acquisition date (05/06/2015) and the financial information date constituting the closest financial information with reliable data used as a basis for carrying out the purchase price allocation (30/06/2015). The goodwill generated as a result of the acquisition is the difference between the equity acquired and the present value of future cash flows.

The value in use test is based upon the following assumptions:
Average revenue growth of 10% per annum
Increase in expenses is estimated to be 21% in the next year and on average 10% per annum thereafter
The discount rate used for discounting cash flows is 15%.

As at 31 December 2015, an impairment test for goodwill was performed. The recoverable amount of the unit does not materially differ from its carrying amount, therefore no adjustments have been made in the balance sheet.

Note 7
Shares of affiliates

Shares of affiliates, general information, EURt

Commercial register number	Company name	Date of acquisition	Domicile	Main activity	Ownership interest % 31.12.2015	31.12.2014	01.01.2014
12087992	Coop Finants AS	30.04.2011	Estonia	Finance activities in Estonia	44	46	46
12546980	Krediidipank Finants AS	24.09.2013	Estonia	Finance activities in Estonia	49	49	49

Carrying amount of affiliates, EURt

Name of affiliate	31.12.2015	31.12.2014	01.01.2014
Coop Finants AS	783	425	206
Krediidipank Finants AS	85	19	79
Total	**868**	**444**	**285**

Affiliates have been accounted for using the equity method of accounting.
The ownership interest in Coop Finants AS has changed as a result of the exercise of an option issued to management.
The issue price was 10 euros per share.

Note 8
Property, plant and equipment

EURt	31.12.14			change				31.12.15		
	Cost	**Depreciation**	**Carrying amount**	**Acquisition**	**Sale/ retirement**	**Depreciation on sale/retirement**	**Depreciation in 2015**	**Cost**	**Depreciation**	**Carrying amount**
Computers and office equipment	50	-29	21	117	-49	49	-61	118	-41	77
Art	0	0	0	12	0	0	0	12	0	12
Vehicles	9	0	9	1	0	0	-4	10	-4	6
Total	**59**	**-29**	**30**	**130**	**-49**	**49**	**-65**	**140**	**-45**	**95**

	01.01.14			change				31.12.14		
	Cost	**Depreciation**	**Carrying amount**	**Acquisition**	**Disposals**	**Depreciation on sale**	**Depreciation in 2014**	**Cost**	**Depreciation**	**Carrying amount**
Computers and office equipment	36	-20	16	14	0	0	-9	50	-29	21
Vehicles	0	0	0	9	0	0	0	9	0	9
Total	**36**	**-20**	**16**	**23**	**0**	**0**	**-9**	**59**	**-29**	**30**

Note 9
Intangible assets

EURt	31.12.14			change				31.12.15		
	Cost	Depreciation	Carrying amount	Acquisition	Disposals	Depreciation on sale	Deprecia-tion in 2015	Cost	Depreciation	Carrying amount
Licences	2		1	166	0	0	-48	168	-49	119
Software	236	-48	188	256	0	0	-41	492	-89	403
Goodwill	0	0	0	238	0	0	0	238	0	238
Total	**238**	**-49**	**189**	**660**	**0**	**0**	**-89**	**898**	**-138**	**760**

	01.01.14			change				31.12.14		
	Cost	Depreciation	Carrying amount	Acquisition	Disposals	Depreciation on sale	Deprecia-tion in 2014	Cost	Depreciation	Carrying amount
Software	138	-31	107	98	0	0	-17	236	-48	188
Licences	0	0	0	2	0	0		2		1
Total	**138**	**-31**	**107**	**100**	**0**	**0**	**-18**	**238**	**-49**	**189**

See also Note 6.

Note 10
Other assets

EURt	Notes	31.12.2015	31.12.2014	01.01.2014
Channel fees paid to merchant	1	1 177	237	113
Accounts receivable		93	82	12
Resale costs		10	0	0
Prepaid taxes	5	2	5	0
Prepaid deposits		3	2	0
Other assets		15	0	2
Total		**1 300**	**326**	**127**

Note 11
Loans received

Measurement category, financial liabilities, EURt	31.12.15	Interest rate	Underlying currency	Maturity
Loan from credit institutions	110	6,93%	EUR	2016
Total	**110**			

The loan is secured by the following:
1. 9,000 shares of Inbank Lizings SIA
2. Assets of Inbank Lizings SIA in the amount of 4,550 thousand euros

Measurement category, financial liabilities, EURt	31.12.14	Interest rate	Underlying currency	Maturity
Overdraft from credit institutions	4 543	5%+6 month Euribor	EUR	2015
Total	**4 543**			

Measurement category, financial liabilities, EURt	01.01.14	Interest rate	Underlying currency	Maturity
Overdraft from credit institutions	5 680	5%+6 month Euribor	EUR	2014
Total	**5 680**			

Note 12
Deposits

Measurement category, financial liabilities, EURt	31.12.2015	31.12.2014	01.01.2014
Deposits from households	25 993	0	0
Deposits from non-financial businesses	3 178	0	0
Deposits from other financial businesses	540	0	0
Total	**29 711**	**0**	**0**

Measurement category, financial liabilities, EURt	31.12.2015	31.12.2014	01.01.2014
Estonia	29 711	0	0
Total	**29 711**	**0**	**0**

Note 13
Debt securities issued

Measurement category, financial liabilities, EURt	31.12.15	Interest rate	Maturity
Debt securities - households	130	7%	2018
Debt securities - companies	1 981	7%	2018
Debt securities - credit institutions	1 003	7%	2018
Total	**3 114**		

Measurement category, financial liabilities, EURt	31.12.14	Interest rate	Maturity
Debt securities - households	130	7%	2018
Debt securities - companies	3 637	7%	2018
Debt securities - credit institutions	1 003	7%	2018
Total	**4 770**		

Measurement category, financial liabilities, EURt	01.01.14	Interest rate	Maturity
Debt securities - companies	2 086	7%	2016
Total	**2 086**		

Debts securities issued by customer location:	31.12.2015	31.12.2014	01.01.2014
Estonia	2 111	3 767	0
Malta	0	0	2 086
Latvia	1 003	1 003	0
Total	**3 114**	**4 770**	**2 086**

Debt securities issued to households are secured by claims.
Conditions of the debt securities stipulate that the ratio of equity to assets does not fall below 20%. As at 31 December 2015, the ratio of equity to consolidated assets stood at 19% and the ratio of equity to company assets stood at 19.4%.

Note 14
Other liabilities

EURt	Notes	31.12.2015	31.12.2014	01.01.2014
Accounts payable		482	454	734
Customer prepayments		512	222	93
Deferred income		753	77	34
Tax liabilities	5	118	37	24
Payables to employees		227	26	10
Other liabilities		11	3	10
Total		**2 103**	**819**	**905**

Note 15
Share capital

EURt	31.12.2015	31.12.2014	01.01.2014
Share capital	569	500	300
Number of shares (pcs)	56 880	50 010	30 000
Nominal value of shares (EUR)	10	10	10

According to options agreements entered into by the company, the company is obligated to issue up to 8,847 additional shares during the years 2016 to 2018 at the nominal value of 10 euros per share, depending upon the performance of the company. As at 31 December 2015, the shares have been paid for in full.

Stock options
In 2015, a stock options agreement was exercised, which was entered into in 2012 and according to which the option holder had the right to acquire 600 shares in exchange for a monetary contribution corresponding to the nominal value of such shares. As a result, the share capital of Inbank was increased. In addition, shareholders have entered into mutual options agreements, according to which Inbank has the obligation to issue up to 8,500 additional shares in the year 2017, depending upon performance. Additionally, options related to remunerations have been issued for the acquisition of a total of 347 shares, of which 167 have been issued to a member of the management board and 180 to a member of the supervisory board. In 2015, the Inbank general meeting of shareholders did not approve any additional stock option programmes.

Note 16
Reserves

EURt	31.12.2015	31.12.2014	01.01.2014
Legal reserve	30	30	0
Voluntary reserve	1 330	0	0

The Inbank AS general meeting of shareholders may decide to allocate other amounts to reserves.
Legal reserve may alternatively be used to increase share capital.
Payments to shareholders from legal reserve are not allowed.

Note 17
Financial assets and liabilities by country

EURt

31.12.2015	Note	Estonia	Latvia	TOTAL
Cash on hand		3	0	3
Due from central banks		499	0	499
Due from credit institutions		4 437	445	4 882
Loans and receivables	4	26 452	8 373	34 825
Investments in affiliates	7	868	0	868
Total financial assets		**32 259**	**8 818**	**41 077**
Loans	11	0	110	110
Deposits	12	29 711	0	29 711
Debt securities issued	13	2 111	1 003	3 114
Accounts payable	14	423	59	482
Total financial liabilities		**32 245**	**1 172**	**33 417**

31.12.2014	Note	Estonia	Latvia	TOTAL
Due from central banks		0	0	0
Due from credit institutions		28	348	376
Loans and receivables	4	14 341	2	14 343
Investments in affiliates	7	444	0	444
Total financial assets		**14 813**	**350**	**15 163**
Loans	11	4 543	0	4 543
Debt securities issued	13	3 767	1 003	4 770
Accounts payable	14	449	5	454
Total financial liabilities		**8 759**	**1 008**	**9 767**

Note 18
Fair value of financial and non-financial instruments

EURt	31.12.2015			31.12.2014		
Assets	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**
Cash on hand and due from credit institutions	5 384	5 384	0	376	376	0
Loans and receivables	34 825	34 825	0	14 343	14 343	0
Investments in affiliates	868	868	0	444	444	0
Non-financial instruments	2 200	2 200	0	545	545	0
Total	**43 277**	**43 277**	**0**	**15 708**	**15 708**	**0**

	31.12.2015			31.12.2014		
Liabilities	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**
Deposits and loans received	29 828	29 828	0	4 542	4 542	0
Debt securities issued	3 109	3 114	-5	4 759	4 769	-10
Other financial liabilities	471	471	0	459	459	0
Non-financial instruments	1 625	1 625	0	362	362	0
Total	**35 038**	**35 038**	**-5**	**10 122**	**10 132**	**-10**

The comparison of carrying amount and fair value of the financial assets and liabilities of Inbank AS is provided in the table above. The carrying amounts and fair values are generally the same. The carrying amount of loans and deposits equals their fair value due to the fact that they have been issued at interest rates set on market terms.

Determination of the fair value of financial instruments
Various methods are employed for the fair value measurement of financial instruments, the fair value hierarchy is divided into three levels.
Level 1 includes financial instruments where fair value can be determined on the basis of prices quoted on an active market. At Inbank, financial instruments on this level are deposits.
Level 2 is made up of such financial instruments where valuation models based upon observable market inputs are used for the determination of fair value. Observable market inputs are market prices for financial instruments as similar as possible in actually executed transactions. Inbank does not have any such financial instruments.
Level 3 is comprised of financial instruments where fair value is determined through the use of valuation models based upon market inputs that are supplemented by the company's own estimates. Such financial instruments are issued securities and loans.

Fair value

Assets EURt	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Deposits	5 381	5 381	0	0
Loans and receivables	34 826	0	0	34 826
Non-financial assets	3 070	0	0	3 070
Total	**43 277**	**5 381**	**0**	**37 896**

Note 19
Net interest income

EURt

Interest income	**2015**	**2014**
Loans to households	3 685	2 302
Loans to businesses	552	110
Total	**4 237**	**2 412**
Interest expense		
Deposits received	-349	0
Debt securities issued	-265	-151
Loans	-91	-329
Total	**-705**	**-480**
Net interest income	**3 532**	**1 932**

Interest income by customer location:	**12 months 2015**	**12 months 2014**
Estonia	3 760	2 412
Latvia	477	0
Total	**4 237**	**2 412**

Note 20
Net fee and commission income

EURt

Fee and commission income	**2015**	**2014**
Loans to households	706	455
Loans to businesses	5	0
Total	**711**	**455**
Fee and commission expense		
Banking services	-164	-84
Register queries	-40	-38
Security brokerage	-42	-9
Total	**-246**	**-131**
Net fee and commission income	**465**	**324**

Fee and commission income by customer location:	**12 months 2015**	**12 months 2014**
Estonia	538	455
Latvia	173	0
Total	**711**	**455**

Note 21
Staff costs

EURt	**2015**	**2014**
Salaries and wages	1 505	228
incl. social tax	294	73
incl. unemployment insurance	5	2

Number of employees	**31.12.2015**	**31.12.2014**
	39	13

Note 22
Related parties

The group's related parties are the members of the management board, supervisory board and audit committee of AS Inbank, their family members and the entities related to them. Loans issued to related parties were issued on market terms.

Compensation and other significant benefits calculated to the management and senior management, EURt	2015	2014
Remuneration	291	56

Balances, EURt	2015	2014
Loans and receivables as at the year-end	**1 036**	**567**
Management	0	1
Shareholders, entities related to them and family members	1 036	566
Deposits and debt securities as at the year-end	**349**	**50**
Management	136	0
Shareholders, entities related to them and family members	213	50

Transactions, EURt	2015	2014
Loans granted	**800**	**0**
Management	0	0
Shareholders, entities related to them and family members	800	0
Loans	**0**	**7 483**
Management	0	0
Shareholders, entities related to them and family members	0	7 483
Deposits and debt securities issued	**190**	**50**
Management	136	0
Shareholders, entities related to them and family members	54	50
Accrued interest income	**24**	**18**
Management	0	0
Shareholders, entities related to them and family members	24	18
Accrued interest expense	**13**	**1**
Management	1	0
Shareholders, entities related to them and family members	12	1
Services purchased	**32**	**114**
Management	0	0
Shareholders, entities related to them and family members	32	114
Services sold	**233**	**105**
Management	0	0
Shareholders, entities related to them and family members	233	105

See Note 15 for information on stock options.

Note 23
Capital adequacy

EURt

Capital base	**31.12.2015**	**31.12.2014**
Paid-in share capital	569	500
Share premium	5 393	4 002
Statutory reserve capital	1 360	30
Retained earnings	-279	-224
Intangible assets (subtracted)	-760	-189
Profit for financial year *	1 207	1 275
Shares in affiliates**	-868	0
Total Tier 1 capital	**6 622**	**5 394**
Subordinated debt	0	0
Total Tier 2 capital	**0**	**0**
Net own funds for capital adequacy calculation	**6 622**	**5 394**
Risk-weighted assets		
Credit institutions, standardised approach	976	75
Non-financial customers, standardised approach	1 379	579
Claims secured by mortgage, standardised approach	1 148	0
Retail claims, standardised approach	23 486	10 049
Claims past due, standardised approach	195	92
Equity investments	0	1 112
Other assets, standardised approach	1 440	356
Total credit risk and counterparty credit risk	**28 624**	**12 263**
Operational risk, basic indicator approach	2 462	1 046
Total risk-weighted assets	**31 086**	**13 309**
Capital adequacy (%)	21,30%	40,53%
Tier 1 Capital Ratio (%)	21,30%	40,53%

* In accordance with EU regulation, audited and approved profit for the financial year may be included in retained earnings upon prior approval by competent agencies. The profit for the financial year was unaudited and unapproved in the calculations made in accordance with the EU regulation and such profit was not included in the capital base as submitting regulatory capital adequacy reporting.

** In accordance with EU regulation, shares in affiliates were included in the risk-weighted assets as of 31.12.2014

Note 24
Parent company's separate statement of financial position

Pursuant to the Accounting Act of Estonia, financial statements of the parent company are presented in the notes to consolidated financial statements

EURt	Notes	31.12.2015	31.12.2014	01.01.2014
Assets				
Due from central banks		499	0	0
Due from credit institutions		4 369	28	22
Loans and receivables		34 581	14 351	8 420
Investments in affiliates and subsidiaries	6; 7	1 817	943	285
Property, plant and equipment		59	16	16
Intangible assets		221	119	107
Other assets		1 032	321	127
Total assets		**42 578**	**15 778**	**8 977**
Liabilities				
Loans		0	4 542	5 680
Deposits		29 660	0	0
Debt securities issued	13	3 114	4 770	2 086
Other liabilities		1 282	814	905
Total liabilities		**34 056**	**10 126**	**8 671**
Equity				
Share capital	15	569	500	300
Share premium		5 393	4 002	200
Other reserves	16	1 360	30	0
Retained earnings		-210	-224	-194
Profit/loss for the financial year (+/-)		1 410	1 344	0
Total equity		**8 522**	**5 652**	**306**
Total liabilities and equity		**42 578**	**15 778**	**8 977**

Note 25
Parent company's separate statement of comprehensive income

EURt	2015	2014
Continuing operations		
Interest income	3 757	2 412
Interest expense	-694	-486
Net interest income	**3 063**	**1 926**
Fee and commission income	537	457
Fee and commission expense	-204	-129
Net fee and commission income	**333**	**328**
Other income related to operations	167	93
Net income from other operations	**167**	**93**
Total income	**3 563**	**2 347**
Other income and expenses	-340	-212
Personnel costs	-996	-334
Marketing expenses	-560	-265
Administrative expenses	-73	-48
Depreciation	-51	-25
Total operating expenses	**-2 020**	**-884**
Operating profit	**1 543**	**1 463**
Loan losses	-553	-278
Net profit for financial year before investments	**990**	**1185**
Profit/loss from investments	420	159
Net profit for financial year	**1 410**	**1 344**

Note 26
Parent company's separate statement of cash flows

EURt	2015	2014
Cash flows from operating activities		
Profit from operating activities	1 963	1 622
Interest received	-3 757	-2 412
Interest paid	694	486
Loan losses	-553	-278
Depreciation	51	25
Cash flows from/used in operating activities before change in operating assets and liabilities	**-1 602**	**-557**
Net increase/decrease in operating assets:		
Loans and advances to customers	-20 230	-5 931
Other assets	-711	-194
Net increase/decrease in operating liabilities:		
Customer deposits	29 660	0
Other liabilities	468	-91
Net cash used in / generated from operating activities	**9 187**	**-6 216**
Adjustments to current assets and current liabilities		
Interest received	3 757	2 412
Interest paid	-694	-486
Net adjustments to current assets and current liabilities	**3 063**	**1 926**
Cash flows from investing activities		
Acquisition of non-current assets	-196	-37
Disposal of non-current assets	0	0
Investments in affiliates and subsidiaries	-874	-658
Net cash from / used in investing activities	**-1 070**	**-695**
Cash flows from financing activities		
Debt securities sold	-1 656	2 684
Loans received and repayments	-4 542	-1 138
Proceeds from issue of share capital	69	200
Proceeds from share premium	1 391	3 802
Net cash generated from financing activities	**-4 738**	**5 548**
Net increase in cash and cash equivalents	**4 840**	**6**
Cash and cash equivalents at the beginning of the year	28	22
Cash and cash equivalents at the end of the year	**4 868**	**28**

Note 27
Parent company's separate statement of changes in equity

EURt	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (accumula-ted loss)	Total equity
Balance as at 01.01.2014	**300**	**200**	**0**	**0**	**-194**	**306**
Share capital issued	200	3 802	0	0	0	4 002
Profit for financial period	0	0	0	0	1 344	1 344
Legal reserve	0	0	30	0	-30	0
Balance as at 31.12.2014	**500**	**4 002**	**30**	**0**	**1 120**	**5 652**
Balance as at 01.01.2015	**500**	**4 002**	**30**	**0**	**1 120**	**5 652**
Share capital issued	69	1 391	0	0	0	1 460
Profit for financial period	0	0	0	0	1 410	1 410
Other reserves	0	0	0	1 330	-1 330	0
Legal reserve	0	0	0	0	0	0
Balance as at 31.12.2015	**569**	**5 393**	**30**	**1 330**	**1 200**	**8 522**
Carrying amount of holdings under control and significant influence					-1 605	-1 605
Value of holdings under control and significant influence under equity method					1 322	1 322
Adjusted unconsolidated equity 31.12.2015	**569**	**5 393**	**30**	**1 330**	**917**	**8 239**

Signatures of the Management Board to the Consolidated Annual Report

The Management Board has prepared the management report and the consolidated financial statements of Inbank AS for the financial year ended on 31 December 2015. The consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the bank.

30.03.2016

Jan Andresoo
Chairman of the
Management Board

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has not been signed/

Liina Sadrak
Member of the
Management Board

/English translation
has not been signed/

Marko Varik
Member of the
Management Board

/English translation
has not been signed/

Independent auditor’s report

AS Deloitte Audit Eesti
Roosikrantsi 2
10119 Tallinn
Estonia

Tel: +372 640 6500 Fax: +372 640 6503 www.deloitte.ee
Reg.no. 10687819

INDEPENDENT AUDITOR’S REPORT

To the shareholders of Inbank AS:

We have audited the accompanying consolidated financial statements (pages 26-63) of Inbank AS, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Board’s Responsibility for the Financial Statements

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Act of Estonia and International Financial Reporting Standards as adopted by the European Commission, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the certified auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Inbank AS as of 31 December 2015, its financial performance and cash flows for the financial year then ended in accordance with the Accounting Act of Estonia and International Financial Reporting Standards as adopted by the European Commission.

30 March 2016

/English translation has not been signed/
Veiko Hintsov
Certified Auditor No. 328

/English translation has not been signed/
Monika Peetson
Certified Auditor No. 555

AS Deloitte Audit Eesti
Licence No. 27

Profit allocation proposal

The Management Board of Inbank AS proposes to the general meeting of shareholders to allocate profit as follows:

- allocate 27 thousand euros to legal reserve,
- allocate 901 thousand euros to retained earnings.

Statement by the Supervisory Board

The Management Board has prepared the management report and the consolidated financial statements of Inbank AS for the financial year ended on 31 December 2015.

The Supervisory Board has reviewed the annual report which consists of the management report and the financial statements, the independent auditor's report and the profit allocation proposal, and approved it for presentation at the General Meeting of Shareholders. All members of the Supervisory Board have signed the annual report.

Priit Põldoja
Chairman of the
Supervisory Board
/English translation
has not been signed/

Roberto De Silvestri
Member of the
Supervisory Board
/English translation
has not been signed/

Triinu Reinold
Member of the
Supervisory Board
/English translation
has not been signed/

Reimo Hammerberg
Member of the
Supervisory Board
/English translation
has not been signed/

Rain Rannu
Member of the
Supervisory Board
/English translation
has not been signed/

Inbank AS

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SCHEDULE 3

Unaudited consolidated interim financial statements

for the six months ending at 30 June 2016

The unofficial translation into English of the unaudited consolidated interim financial statements has been made available at the Company's website.

INBANK AS VAHEARUANNE

6 kuud 2016

INBANK AS
ÜLDINE TEAVE

Ärinimi	Inbank AS
Aadress	Niine 11, 10414 Tallinn
Registreerimise kuupäev	05.10.2010
Registrikood	12001988 (EV äriregister)
Juriidilise isiku identifikaator	2138005M92IEIQVEL297 (LEI-kood)
Käibemaksukohustuslase number	EE101400240
Telefon	+372 640 8080
E-mail	info@inbank.ee
Interneti kodulehekülg	www.inbank.ee
Aruande bilansipäev	30.06.2016
Aruandeperiood	01.01.2016 - 30.06.2016

Nõukogu liikmed:

Priit Põldoja, nõukogu esimees
Roberto De Silvestri
Triinu Reinold
Raino Paron
Rain Rannu

Juhatuse liikmed:

Jan Andresoo, juhatuse esimees
Liina Sadrak
Marko Varik

Aruandevaluuta euro (EUR), ühikud tuhandetes.
Inbank AS-i 2016. aasta kuue kuu vahearuanne on auditeerimata.
Pangal puuduvad rahvusvaheliste reitinguagentuuride poolt antavad reitingud.

JUHATUSE DEKLARATSIOON

Inbank AS-i juhatus on seisukohal, et:

- käesolevas 2016. aasta kuue kuu vahearuandes, mis koosneb tegevusaruandest ja raamatupidamise aruandest seisuga 30.06.2016, esitatud andmed ja informatsioon on tõene ja terviklik;
- käesolev vahearuanne kajastab AS-i Inbank konsolideerimisgrupi finantsseisundit seisuga 30.06.2016, majandustulemust ja rahavoogusid 2016. aasta kuue kuu kohta õigesti ja õiglaselt;
- raamatupidamise vahearuande koostamisel rakendatud arvestuspõhimõtted on kooskõlas IAS 34-ga;
- vahearuanne on koostatud, kasutades olulises osas 31.12.2015 raamatupidamise aruande põhimõtteid.

Inbank AS on jätkuvalt tegutsev ettevõte.

Tallinn, 24.08.2016

Jan Andresoo Juhatuse esimees
Liina Sadrak Juhatuse liige
Marko Varik Juhatuse liige

TEGEVJUHI ARUANNE

2016. aasta teine kvartal kujunes Inbanki jaoks ootuspäraseks. Realiseerusid planeeritud tugev kasv laenuvaldkonnas ja mõõdukam kasvutempo järelmaksus.

Majandustegevus

Ärimahud

Eelmises kvartaliaruandes teatasime, et Inbank alustab väikelaenu toote pakkumist nii Eestis kui ka Lätis. Aprilli lõpus alustasime lisaks auto24 laenule ka tagatiseta väikelaenu müügiga eraisikutele ning juba esimeste kuude tulemused on paljulubavad: Eestis oli väljastatud väikelaenu maht 1,6 ja Lätis 3,5 EURm. Kokku müüsime teises kvartalis laenutooteid Eestis ja Lätis 18 EURm, mis aastases võrdluses tähendas 185% suurust müügikasvu.

Järelmaksu valdkonnas oli teine kvartal edukas. Häid müügitulemusi toetas kindlasti ka tavapärane kevadine järelmaksutoote kõrghooaeg. Inbanki tulemused Eesti järelmaksuturul kinnitavad, et meie strateegiline otsus jätkuvalt tugevalt panustada partnersuhete ja valdkonna arengusse on õige ja tagab tulemuslikkuse. Eriti rõõmustavaks peame asjaolu, et meie kõige esimene ja küpseim tooteliin on endiselt näitamas arvestatavat kasvutrendi: mais ületas järelmaksu uue müügi maht 2 EURm piiri.

Hoiuste valdkonnas oli meie eesmärgiks tagada portfellimahu suurenemine vastavalt väljastatavate laenumahtude kasvule. Teises kvartalis muutsime hoiuste pakkumise strateegiat ja keskendusime suurte kampaaniate asemel kitsamatele sihtgruppidele mõeldud pakkumistele. Samuti tegelesime aktiivselt hoiustamisvõimaluse üldisema tutvustamisega. Meie eesmärk on endiselt pakkuda Eesti parimat hoiuseintressi ja olla atraktiivseks alternatiiviks suurtele kommertspankadele. Teise kvartali lõpuks oli Inbanki hoiuseportfelli mahuks 49,7 EURm.

Riskijuhtimine

Poolaasta andmete põhjal viisime läbi regulaarse krediidiportfellide analüüsi eesmärgiga viia portfellide provisjoneeritus krediidikahjude osas kooskõlla oodatava kahjususega. Analüüs hõlmas kõiki pakutavaid jaetooteid nii Eestis kui ka Lätis.

Krediidikvaliteet Eestis on jätkuvalt väga hea ja eelmise aasta augustis turule toodud autolaenu puhul ületas tulemus krediidikvaliteedi osas ootusi. Läti portfelli riskisus oli aga oodatust suurem. Sellest tulenevalt defineerisime segmente, milles krediidiriskide juhtimine vajab põhjalikumat tähelepanu ning tegime vastavalt muudatusi ka laenuotsustusprotsessis. Tänu sisseviidud muudatustele on juba näha uue müügi riskitasemete alanemist. Ühtlasi suurendasime vahepealsel perioodil Lätis ehitatud krediidiportfelli võimalike laenukahjumite katteks juunis toimiva portfelli provisjoneeritust seniselt 1,9%-lt 4,2%-ni. Muudatus

Oleme esimesel poolaastal tegelenud aktiivselt ettevalmistustega tegevuse alustamiseks Poola turul. Tänaseks oleme löönud käed kogenud ja ambitsioonika juhtkonnaga, kes on peatselt valmis tööd alustama.

mõjutas Läti üksuse tulemust summas 401 EURt. Seni on Inbank kasutanud loogikat, kus üldprovisjonide statistiline ümberhindamine toimub iga kuue kuu tagant. Seetõttu kajastavad teise kvartali tulemused osaliselt ka eelnevate perioodide laenukahjumite mõju. Edaspidi kavatseme nimetatud hinnangut värskendada olulises osas kvartaalselt.

Teises kvartalis valmis esmakordselt ka Inbanki sisemise riskihindamise raport (ICAAP). Analüüs hõlmas panga kõiki riskifaktoreid ja hinnangut nende olulisuse osas. Alustava panga kohta oli Inbanki hindamistulemus rahuldav. Tuvastasime mõningaid täiustamist ja arendamist vajavaid valdkondi, eelkõige eesmärgiga tugevamalt siduda riski ning kapitali juhtimine.

Muu info

Teises kvartalis oli Inbanki peamine fookus endiselt suunatud strateegiliselt olulistele ja kasvu toetavatele arendusprojektidele. 2015. aasta lõpus otsustati panga rahvusvahelistumise strateegia. Varasem sisenemine Läti turule on andnud tunnistust, et tsentraalse tootearenduse, tehnoloogia ja finantseerimise ning kohalikke olusid tundva meeskonnaga on rahvusvahelisel laienemisel positiivset perspektiivi. Inbanki järgmiseks sihtturuks saab olema Poola, mis tarbimisfinantseerimise valdkonnas on atraktiivne ja võimalusterohke. 2016. aasta esimesel poolaastal tegime Poola turul tegevuse alustamiseks aktiivseid ettevalmistusi. Tänaseks oleme löönud käed kogenud ja ambitsioonika juhtkonnaga, kes on peatselt valmis tööd alustama.

2016. aasta aprillikuus asutas Inbank koostöös Fusion Varahalduse AS-iga tütarettevõtte Inbank Liising AS. Ettevõtte eesmärgiks on pakkuda äriklientidele täisteenusliisingut, mis hõlmab nii vara finantseerimist kui ka kindlustamist. Esimesed täisteenusliisingu lepingud on plaanis sõlmida 2016. aasta augustis. Inbanki osalus ettevõttes on 80%.

Innovatsiooni osas on oluline välja tuua, et juunis tutvustasime Inbanki tütarettevõtet Veriff, mille peamiseks tegevusvaldkonnaks on uudse ja kõrge turvalisusega virtuaalsete isikutuvastusteenuste pakkumine.

Lisaks eelpool mainitule on rõõm tõdeda, et Inbank on jätkuvalt ka atraktiivne tööandja. Teise kvartali jooksul liitus panga meeskonnaga mitmeid väga võimekaid ja talendikaid spetsialiste.

Sidusettevõtted

Coop Finants AS (Inbank AS-i osalus 44%)

Coop Finants AS-i peamiseks tegevusalaks on finantstoodete pakkumine. Ettevõtte põhilisteks toodeteks on makse- ja krediitkaart Säästukaart Pluss Coop Eesti püsiklientidele ja tagatiseta tarbimislaen eraisikutele. Ettevõtte aktiivsete klientide arv jõudis poolaasta lõpuks 95 tuhandeni. Laenuportfelli suurus teise kvartali lõpu seisuga oli 16,3 EURm (kasv YTD +14%), 6 kuu kasumiks kujunes 815 EURt.

Krediidipank Finants AS (Inbank AS-i osalus 49%)

Krediidipank Finants AS-i peamiseks tegevusalaks on tagatiseta tarbimislaenu pakkumine eraisikutele (www.sihtlaen.ee). Ettevõtte aktiivsete klientide arv ületas 9000 piiri. Laenuportfelli suurus teise kvartali lõpu seisuga oli 13,5 EURm (kasv YTD +20%). Ettevõtte 6 kuu kasumiks kujunes 123 EURt.

Kokkuvõte

Teine kvartal oli Inbanki jaoks kokkuvõttes väga sisukas ja töine. Tehti ära suur hulk ettevalmistusi, mis loovad head eeldused edasiseks planeeritud arenguks. Panga majandustulemused on endiselt tugevad ja vastavad seatud eesmärkidele. Kolmandas kvartalis ootavad Inbanki ees mitmed olulised projektid, millest tähtsaimateks on allutatud võlakirjade noteerimine börsil ja Poola turule sisenemise ettevalmistamine.

Jan Andresoo
juhatuse esimees

Foto: Veriffi lansseerimise pressikonverentsil rääkisid lahenduse kasutusvõimalustest e-residentsuse projektijuht Kaspar Korjus, Veriffi asutaja Kaarel Kotkas, Inbanki juhatuse esimees Jan Andresoo ja üks Mobi Solutionsi omanikest Rain Rannu.

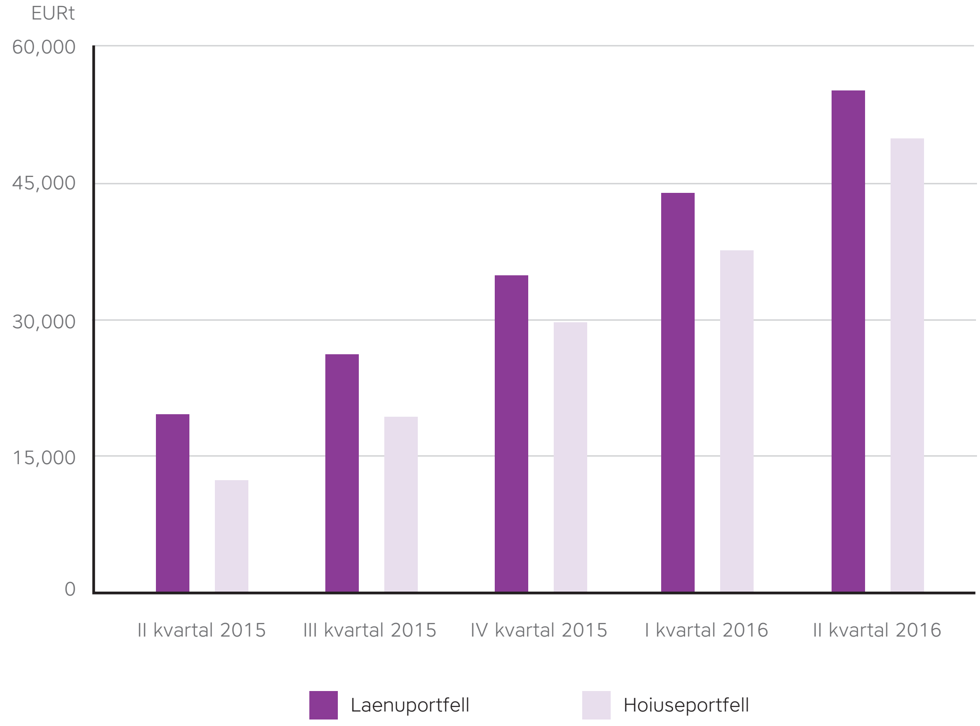
Olulised finantsnäitajad ja suhtarvud

EURt

Olulised finantsnäitajad	30.06.2016	30.06.2015	aastane muutus
Bilansimaht	63,033	23,546	167.7%
Omakapital	9,270	7,338	26.0%
Jooksva perioodi 6 kuu puhaskasum	1,020	294	246.9%
Laenuportfell	53,996	17,840	202.7%
Hoiuseportfell	49,702	12,442	305.3%
Suhtarvud			
Omakapitali puhastootlikkus	23.4%	9.2%	
Koguvarade puhastootlikkus	3.9%	3.0%	
Intressi netomarginaal	14.3%	15.1%	
Laenukahjumite osakaal laenuportfelli	6.9%	4.3%	
Kulu/tulu suhe	45.2%	67.6%	
Omakapitali osakaal bilansimahust	14.7%	31.2%	

Omakapitali puhastootlikkus	puhaskasum / omakapital (perioodi keskmine) annualiseeritult
Koguvarade puhastootlikkus	puhaskasum / bilansimaht (perioodi keskmine) annualiseeritult
Intressi netomarginal	neto intressitulu / intressi teenivad varad (perioodi keskmine) annualiseeritult
Laenukahjumite osakaal laenuportfelli	laenude allahindluse kulu / laenuportfell (perioodi keskmine) annualiseeritult
Kulu/tulu suhe	kogukulu / kogutulu
Omakapitali osakaal bilansimahust	omakapital / bilansimaht

Laenu- ja hoiuseportfelli maht



Konsolideeritud finantsseisundi aruanne

EURt	Lisa	30.06.2016	31.12.2015
Varad			
Sularaha		6	3
Nõuded keskpankadele, kohustuslik reserv	9	299	154
Nõuded keskpankadele	9	4,599	345
Nõuded krediidiasutustele	9	1,830	4,882
Laenud ja nõuded	4; 9; 13	53,996	35,188
Investeeringud sidusettevõtjatesse	9	1,173	868
Materiaalsed varad		121	95
Immateriaalsed varad		788	760
Muud varad	13	221	260
Varad kokku	**3**	**63,033**	**42,555**
Kohustised			
Saadud laenud		0	110
Hoiused	8; 9	49,702	29,711
Emiteeritud võlaväärtpaberid	7; 9	2,974	3,114
Muud kohustused	13	1,109	1,381
Kohustised kokku	**3**	**53,785**	**34,316**
Omakapital			
Aktsiakapital	11	569	569
Ülekurss	11	5,393	5,393
Jaotamata kasum/kahjum		901	-279
Reservid		1,387	1,360
Aruandeperioodi koondkasum		1,020	1,207
Emaettevõtte aktsionäridele kuuluv omakapital kokku		**9,270**	**8,250**
Mittekontrolliv osalus		-22	-11
Omakapital kokku		**9,248**	**8,239**
Kohustised ja omakapital kokku		**63,033**	**42,555**

Vaata ka lisa 13, mis kajastab arvestuspõhimõtete muudatusest tingitud korrigeerimist varasemates aruandeperioodides.
Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade arvestuspõhimõtted ja tulude arvestus.
Varasemalt oli tegu esitlusveaga.

Konsolideeritud koondkasumiaruanne

EURt	Lisa	II kv 2016	6 kuud 2016	II kv 2015	6 kuud 2015
Jätkuvad tegevused					
Intressitulu	5	2,345	4,161	861	1,603
Intressikulu	5	-301	-559	-155	-292
Neto intressitulu		**2,044**	**3,602**	**706**	**1,311**
Teenustasutulu	6	141	261	88	149
Teenustasukulu	6	-81	-153	-61	-110
Neto teenustasutulu		**60**	**108**	**27**	**39**
Muud põhitegevusega seotud tulud		142	313	82	292
Tulud kokku	**3**	**2,246**	**4,023**	**815**	**1,642**
Personalikulud		-580	-1,080	-325	-583
Turunduskulud		-143	-231	-89	-111
Halduskulud		-266	-417	-163	-348
Põhivara kulum		-47	-91	-35	-67
Tegevuskulud kokku		**-1,036**	**-1,819**	**-612**	**-1,109**
Ärikasum	**3**	**1,210**	**2,204**	**203**	**533**
Laenude allahindluse kulu		-1,073	-1,532	-98	-345
Aruandeperioodi puhaskasum enne investeeringuid		**137**	**672**	**105**	**188**
Kasum investeeringutelt		96	273	30	91
Aruandeperioodi koondkasum enne tulumaksu		**233**	**945**	**135**	**279**
Edasikantud tulumaks		41	43	0	0
Aruandeperioodi puhaskasum		**274**	**988**	**135**	**279**
Emaettevõtte osa kasumist		308	1,020	142	294
Vähemusosaluse osa kasumist		-34	-32	-7	-15
Aruandeperioodi koondkasum		**274**	**988**	**135**	**279**

Vaata ka lisa 14, mis kajastab arvestuspõhimõtete muudatusest tingitud korrigeerimist varasemates aruandeperioodides.
Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade arvestuspõhimõtted ja tulude arvestus.
Varasemalt oli tegu esitlusveaga.

Konsolideeritud rahavoogude aruanne

EURt	Lisa	6 kuud 2016	6 kuud 2015
Rahavood äritegevusest			
Ärikasum		2,204	533
Intressitulud	5	-4,161	-1,603
Intressikulud	5	559	292
Laenukahjud		-1,532	-345
Põhivara kulum		91	67
Rahavood äritegevusest enne äritegevusega seotud varade ja kohustuste muutust		**-2,839**	**-1,056**
Äritegevusega seotud varade muutus:			
Laenunõuded klientidele		-18,808	-5,096
Muud varad		59	-98
Äritegevusega seotud kohustuste muutus:			
Klientide hoiused		19,991	12,263
Muud kohustused		-272	472
Rahavood äritegevusest		**-1,869**	**6,485**
Käibevarade- ja kohustuste korrigeerimised			
Saadud intressid		4,161	1,603
Makstud intressid		-559	-292
Muud korrigeerimised		43	-2
Käibevarade- ja kohustuste korrigeerimised kokku		**3,645**	**1,309**
Neto rahavood äritegevusest		**1,776**	**7,794**
Rahavood investeerimistegevusest			
Ostetud põhivara		-145	-675
Investeering sidusettevõtetesse		-31	-57
Neto rahavood investeerimistegevusest		**-176**	**-732**

EURt	Lisa	6 kuud 2016	6 kuud 2015
Rahavood finantseerimistegevusest			
Müüdud võlakirjad	7	-140	-1,656
Saadud laenud ja nende tagasimaksed		-110	-4,543
Laekunud aktsiakapital		0	69
Laekunud ülekurss		0	1,391
Neto rahavood finantseerimistegevusest		**-250**	**-4,739**
Raha ja raha ekvivalentide muutus		**1,350**	**2,323**
Raha ja raha ekvivalendid aruandeperioodi alguses		5,384	376
Raha ja raha ekvivalendid aruandeperioodi lõpus		**6,734**	**2,699**

Konsolideeritud omakapitali aruanne

EURt	Aktsiakapital	Ülekurss	Kohustuslik reservkapital	Muud reservid	Jaotamata kasum/ kahjum	Emaettevõtte omanike osa kokku	Vähemusosalus	Omakapital kokku
Saldo seisuga 01.01.2015	**500**	**4,002**	**30**	**0**	**-278**	**4,254**	**-7**	**4,247**
Emiteeritud aktsiakapital	69	1,391	0	0	0	1,460		1,460
Perioodi kasum	0	0	0	0	294	294	-15	279
Reservkapital	0	0	0	1,330	0	1,330	0	1,330
Saldo seisuga 30.06.2015	**569**	**5,393**	**30**	**1,330**	**16**	**7,338**	**-22**	**7,316**
Saldo seisuga 01.01.2016	**569**	**5,393**	**30**	**1,330**	**928**	**8,250**	**-11**	**8,239**
Perioodi kasum	0	0	0	0	1,020	1,020	-11	1,009
Reservkapital	0	0	27	0	-27	0	0	0
Saldo seisuga 30.06.2016	**569**	**5,393**	**57**	**1,330**	**1,921**	**9,270**	**-22**	**9,248**

LISA 1
Raamatupidamise põhimõtted

Raamatupidamise vahearuanne on koostatud kooskõlas rahvusvahelise finantsaruandluse standardiga IAS34 „Vahefinantsaruandlus“ ning koosneb lühendatud finantsaruannetest ja valitud selgitavatest lisadest. Vahearuande koostamisel rakendatud arvestuspõhimõtted kattuvad olulises osas 31. detsembril 2015. aastal lõppenud majandusaasta aruandes kasutatud arvestuspõhimõtetega, mis on kooskõlas rahvusvaheliste finantsaruandluse standarditega (IFRS), nagu need on vastu võetud Euroopa Komisjoni poolt.

Raamatupidamise vahearuanne on auditeerimata ning ei sisalda kogu informatsiooni, mis on vajalik terviklikku raamatupidamise aastaaruande esitamiseks.

Inbank AS konsolideerimisgruppi kuulub lisaks Inbank AS-le ka Lätis asutatud finantsteenuseid pakkuv tütarfirma Inbank Lizings SIA (osalus 90%) ja Inbank Liising AS (osalus 80%), tarkvara arendusega tegelev tütarfirma Inbank Technologies OÜ (osalus 100%, soetatud) ning viimase tütarfirma Veriff OÜ (osalus 60%). Investeeringud sidusettevõtetes Coop Finants AS-i (osalus 44%, endise nimega ETK Finants AS) ja Krediidipank Finants AS-i (osalus 49%) on bilansis kajastatud real „Investeeringud sidusettevõtjatesse“.

Käesolevas vahearuandes on korrigeeritud aruande esitusviisi võrreldes 31.12.2015 aastaaruandega.

Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade arvestuspõhimõtted ja tulude arvestus.

Kooskõlas IAS 34 ja IAS 8-ga on korrigeeritud vastavaid aruanderidasid eelmiste vaheperioodide aruannetes. Korrigeeritavad summad on avalikustatud Lisa 13 ja Lisa 14-s.

LISA 2
Olulised raamatupidamislikud hinnangud ja prognoosid

Juhtkonnapoolsete hinnangute mõju on kõige olulisem laenude allahindluste puhul.

Kliendi maksevõime hindamiseks kasutatakse krediidikäitumise mudelit. Nimetatud mudel hindab lisaks kliendi varasemale maksekäitumisele ja sissetulekule ning olemasolevatele laenudele ka muid statistilisi parameetreid, mida varasemalt on kliendítüüpide lõikes kogutud ning mis on näidanud tugevat seost kliendi maksedistsipliiniga. Panga krediidikäitumise mudel on pidevalt ajas muutuv ning käib kaasas muutustega krediidiotsuse langetamiseks kasutatavas informatsiooni hulgas ning muutustega majanduskeskkonnas.

Kuna majapidamistele antud tarbimislaenud on homogeensed, siis võimalikud krediidikahjumitest tulenevad allahindlused arvutatakse nende homogeensete laenude ajaloolise maksekäitumise baasilt ning allahindlusmäära rakendatakse bilansipäeva portfellile.

Finantsaruandeid puudutavad otsused vaadatakse pidevalt üle, lähtudes mineviku kogemustest ja ootustest tuleviku sündmustele, mis hetke asjaolusid arvestades tunduvad põhjendatud.

LISA 3
Tegevussegmendid

Inbank jaotab oma äritegevuse segmentideks vastavalt juriidilisele struktuurile ja pakutavate toodete iseloomule (tarbija finantseerimine, IT teenused, liising). Tarbija finantseerimise segment koosneb järelmaksu ja väikelaenu toodetest. Raporteeritavate segmentide tulud sisaldavad segmentide omavahelisi tehinguid. Ärisegmendid on Inbank'i osad, millel on eraldiseisvad finantsandmed ning millede finantstulemusi vaadatakse regulaarselt üle Inbank'i juhatuse poolt.

Raporteeritavate segmentide tulud sisaldavad tulusid segmentide vahelisitest tehingutest, milleks on Inbank'i poolt laenu andmine ning Inbank Technology's poolt IT-arenduste teostamine teisele grupi ettevõttele. Inbank'il ei ole selliseid kliente, kelle tulud moodustaksid üle 10% konsolideerimisgrupi vastavast tululiigist.

Inbank AS (Eesti) muude tulude all on kajastatud peamiselt sidusettevõttele esitatud konsultatsiooni teenuseid. Segmentide vahelistest tehingutest moodustab peamise osa tütarettevõttele antud laenuintressid. Nimetatud tehingud on kajastatud turuhinnas. Sama kehtib ka IT teenuste kohta.

EURt	I pa 2016						I pa 2015					
Raporteeritavate segmentide tulud	**Intressi-tulud**	**Teenus-tasu tulud**	**Intressikulud, teenustasu-kulud**	**Muud tulud**	**Segmentide vahelised tulud**	**Tulud välistelt klientidelt**	**Intressi-tulud**	**Teenus-tasu tulud**	**Intressikulud, teenustasu-kulud**	**Muud tulud**	**Segmentide vahelised tulud**	**Tulud välistelt klientidelt**
Inbank AS (Eesti)	2,991	185	-709	152	-385	2,234	1,548	125	-387	35	-7	1,314
Inbank Lizings SIA (Läti)	1,556	75	-3	0	0	1,628	62	24	-8	0	-7	71
Inbank Liising AS (Eesti)	0	0	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Eesti)	3	0	0	212	-54	161	0	0	0	257	0	257
Kokku	**4,550**	**260**	**-712**	**364**	**-439**	**4,023**	**1,610**	**149**	**-395**	**292**	**-14**	**1,642**

EURt	II kv 2016						II kv 2015					
Raporteeritavate segmentide tulud	**Intressi-tulud**	**Teenus-tasu tulud**	**Intressikulud, teenustasu-kulud**	**Muud tulud**	**Segmentide vahelised tulud**	**Tulud välistelt klientidelt**	**Intressi-tulud**	**Teenus-tasu tulud**	**Intressikulud, teenustasu-kulud**	**Muud tulud**	**Segmentide vahelised tulud**	**Tulud välistelt klientidelt**
Inbank AS (Eesti)	1,642	98	-382	81	-228	1,211	828	65	-203	82	-21	751
Inbank Lizings SIA (Läti)	931	43	0	0	0	974	54	23	-8	0	-5	64
Inbank Liising AS (Eesti)	0	0	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Eesti)	0		0	90	-29	61	0	0	0	0	0	0
Kokku	**2,573**	**141**	**-382**	**171**	**-257**	**2,246**	**882**	**88**	**-211**	**82**	**-26**	**815**

EURt			I pa 2016					I pa 2015		
Ärikasumi ja puhaskasumi kujunemine	**Ärikasum**	**Allahindlused**	**Kasum investeeringutelt**	**Edasilükkunud tulumaksu tulu**	**Puhaskasum**	**Ärikasum**	**Allahindlused**	**Edasilükkunud tulumaksu tulu**	**Kasum investeeringutelt**	**Puhaskasum**
Inbank AS (Eesti)	1,418	-416	273	0	1,275	628	-157	0	91	562
Inbank Lizings SIA (Läti)	856	-1,116	0	43	-217	-152	-188	0	0	-340
Inbank Liising AS (Eesti)	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Eesti)	-70	0	0	0	-70	57	0	0	0	57
Kokku	**2,204**	**-1,532**	**273**	**43**	**988**	**533**	**-345**	**0**	**91**	**279**

EURt			II kv 2016					II kv 2015		
Ärikasumi ja puhaskasumi kujunemine	**Ärikasum**	**Allahindlused**	**Kasum investeeringutelt**	**Edasilükkunud tulumaksu tulu**	**Puhaskasum**	**Ärikasum**	**Allahindlused**	**Edasilükkunud tulumaksu tulu**	**Kasum investeeringutelt**	**Puhaskasum**
Inbank AS (Eesti)	748	-212	96	0	632	214	-98	0	30	146
Inbank Lizings SIA (Läti)	503	-861	0	41	-317	-68	0	0	0	-68
Inbank Liising AS (Eesti)	0	0	0	0	0	0	0	0	0	0
Inbank Technologies OÜ (Eesti)	-41	0	0	0	-41	57	0	0	0	57
Kokku	**1,210**	**-1,073**	**96**	**41**	**274**	**203**	**-98**	**0**	**30**	**135**

EURt

30.06.2016	**Inbank AS (Eesti)**	**Inbank Lizings SIA (Läti)**	**Inbank Liising (Eesti)**	**Inbank Technologies OÜ (Eesti)**	**KOKKU**
Sularaha	3	0	0	3	**6**
Nõuded keskpankadele, kohustuslik reserv	299	0	0	0	**299**
Nõuded keskpankadele	4,599	0	0	0	**4,599**
Nõuded krediidiasutustele	1,063	591	100	76	**1,830**
Laenud ja nõuded	37,739	16,257	0	0	**53,996**
Investeeringud sidusettevõtetesse	1,172	0	0	1	**1,173**
Materiaalne põhivara	69	16	0	36	**121**
Immateriaalne põhivara	442	0	104	242	**788**
Muud nõuded	105	87	0	29	**221**
Varad kokku	**45,491**	**16,951**	**204**	**387**	**63,033**
Hoiused	49,702	0	0	0	**49,702**
Emiteeritud võlaväärtpaberid	2,974	0	0	0	**2,974**
Muud kohustused	878	165	0	66	**1,109**
Kohustised kokku	**53,554**	**165**	**0**	**66**	**53,785**

EURt

31.12.2015	**Inbank AS (Eesti)**	**Inbank Lizings SIA (Läti)**	**Inbank Liising (Eesti)**	**Inbank Technologies OÜ (Eesti)**	**KOKKU**
Sularaha	0	0	0	3	**3**
Nõuded keskpankadele, kohustuslik reserv	154	0	0	0	**154**
Nõuded keskpankadele	345	0	0	0	**345**
Nõuded krediidiasutustele	4,370	445	0	67	**4,882**
Laenud ja nõuded	26,687	8,435	0	66	**35,188**
Investeeringud sidusettevõtetesse	867	0	0	1	**868**
Materiaalne põhivara	59	16	0	20	**95**
Immateriaalne põhivara	451	71	0	238	**760**
Muud nõuded	190	36	0	34	**260**
Varad kokku	**33,123**	**9,003**	**0**	**429**	**42,555**
Saadud laenud	0	110	0	0	**110**
Hoiused	29,711	0	0	0	**29,711**
Emiteeritud võlaväärtpaberid	2,111	1,003	0	0	**3,114**
Muud kohustused	709	634	0	38	**1,381**
Kohustised kokku	**32,531**	**1,747**	**0**	**38**	**34,316**

LISA 4
Portfelli ajaline jaotus

EURt

Nõuete jaotus 30.06.2016	Bruto nõuded majapidamiste vastu	Üld-provisjon	Eri-provisjon	Neto nõuded majapidamiste vastu	Provisjonidega kaetus
Portfell makseviivituses 0-89 päeva	50,947	-1,124	-21	49,802	2.2%
Portfell makseviivituses 90-179 päeva	1,040	0	-662	378	63.7%
Portfell makseviivituses 180+ päeva	992	0	-804	188	81.1%
Nõuded kokku	**52,979**	**-1,124**	**-1,488**	**50,367**	**4.9%**

Nõuete jaotus 31.12.2015	Bruto nõuded majapidamiste vastu	Üld-provisjon	Eri-provisjon	Neto nõuded majapidamiste vastu	Provisjonidega kaetus
Portfell makseviivituses 0-89 päeva	32,181	-437	-27	31,717	1.4%
Portfell makseviivituses 90-179 päeva	296	0	-182	114	61.5%
Portfell makseviivituses 180+ päeva	422	0	-380	42	90.0%
Nõuded kokku	**32,535**	**-437**	**-589**	**31,873**	**3.2%**

Nõuete jaotus 30.06.2016	Ettevõtted	Üld-provisjon	Eri-provisjon	Neto nõuded ettevõtete vastu	Provisjonidega kaetus
Portfell makseviivituses 0-89 päeva	3,629	0	0	3,629	0.0%
Portfell makseviivituses 90-179 päeva	0	0	0	0	0.0%
Portfell makseviivituses 180+ päeva	0	0	0	0	0.0%
Nõuded kokku	**3,629**	**0**	**0**	**3,629**	**0.0%**

Nõuete jaotus 31.12.2015	Ettevõtted	Üld-provisjon	Eri-provisjon	Neto nõuded ettevõtete vastu	Provisjonidega kaetus
Portfell makseviivituses 0-89 päeva	3,315	0	0	3,315	0.0%
Portfell makseviivituses 90-179 päeva	0	0	0	0	0.0%
Portfell makseviivituses 180+ päeva	0	0	0	0	0.0%
Nõuded kokku	**3,315**	**0**	**0**	**3,315**	**0.0%**

Panga poolt pakutavad krediiditoodete portfellid on olulises osas väga noored, kuna toodete müük on alanud kas 2015. või 2016. aastal. Ainsaks erandiks on Eestis pakutav järelmaksutoode, mille pakkumine algas 2011. aastal. Sellest tulenevalt on portfellide maksekäitumist kirjeldav informatsioon osaliselt mittetäielik. Statistiline baas lepingute maksekäitumise kohta paraneb ümberarvutamisel järgnevatel perioodidel. Kohtades, kus 30.06.2016 seisuga informatsioon maksekäitumise kohta on puudulik on kasutatud turu informatsiooni, juhtkonna hinnanguid ning informatsiooni panga sarnastelt toodetelt.

LISA 5
Neto intressitulu

EURt

Intressitulu	II kv 2016	6 kuud 2016	II kv 2015	6 kuud 2015
Laenud majapidamistele	2,265	4,029	825	1,550
Laenud ettevõtetele	32	36	16	21
Nõuded krediidiasutustele	48	96	20	32
Kokku	**2,345**	**4,161**	**861**	**1,603**

Intressikulu				
Saadud hoiused	-248	-452	-62	-62
Müüdud võlakirjad	-51	-104	-74	-157
Saadud laenud	-2	-3	-19	-73
Kokku	**-301**	**-559**	**-155**	**-292**
Neto intressitulu	**2,044**	**3,602**	**706**	**1,311**

Intressitulu kliendi asukoha järgi:	II kv 2016	6 kuud 2016	II kv 2015	6 kuud 2015
Eesti	1,301	2,605	807	1,541
Läti	1,044	1,556	54	62
Kokku	**2,345**	**4,161**	**861**	**1,603**

LISA 6
Neto teenustasutulu

EURt

Teenustasutulu	II kv 2016	6 kuud 2016	II kv 2015	6 kuud 2015
Laenud majapidamistele	138	257	88	149
Laenud ettevõtetele	3	4	0	0
Kokku	**141**	**261**	**88**	**149**

Teenustasukulu				
Saadud laenud	-71	-132	-51	-90
Väärtpaberivahendus	-10	-21	-10	-20
Kokku	**-81**	**-153**	**-61**	**-110**

Neto teenustasutulu	**60**	**108**	**27**	**39**

Teenustasutulud kliendi asukoha järgi:	II kv 2016	6 kuud 2016	II kv 2015	6 kuud 2015
Eesti	97	186	75	136
Läti	44	75	13	13
Kokku	**141**	**261**	**88**	**149**

LISA 7
Emiteeritud võlaväärtpaberid

EURt

Võlakirjad	30.06.2016	Intressimäär	Lõpptähtaeg
Emiteeritud võlaväärtpaberid majapidamistele	130	7%	2016
Emiteeritud võlaväärtpaberid ettevõtetele	1,841	7%	2016
Emiteeritud võlaväärtpaberid krediidiasutustele	1,003	7%	2016
Kokku	**2,974**		

Võlakirjad	31.12.2015	Intressimäär	Lõpptähtaeg
Emiteeritud võlaväärtpaberid majapidamistele	130	7%	2018
Emiteeritud võlaväärtpaberid ettevõtetele	1,981	7%	2018
Emiteeritud võlaväärtpaberid krediidiasutustele	1,003	7%	2018
Kokku	**3,114**		

Emiteeritud võlakirjad on tagatud nõuetega majapidamistele.

Võlakirjade tingimused näevad ette, et omakapitali osakaal bilansimahust ei lange alla 20%. Seisuga 30.06.2016 oli omakapitali osakaal konsolideeritud bilansimahust 14,4% (31.12.2015: 19%).

Võlakirja omanikke teavitati täiendavalt tingimuste rikkumisest ning nende õigusest oma investeering ennetähtaegselt lõpetada 05.05.2016. Nimetatud asjaolu oli avalikustatud ka 2015. aasta aruandes. Sellist õigust ei ole vahearuande koostamise hetkeks kasutatud.

Vastavalt võlakirja tingimustele ei tohi eraisikule antud tagamata nõue ületada 10 EURt. 30.06.2016 seisuga on Inbank välja andnud kolm sellist nõuet (31.12.2015: mitte ühtegi).

6. juunil edastas pank investoritele teate võlakirjade ennetähtaegsest tagasiostmisest 15.09.2016 ning pangal on vahendid tagasiostu teostamiseks.

Jaanuaris 2016 osteti tagasi emiteeritud võlaväärtpabereid, kokku summas 140 EURt.

LISA 8
Hoiused

EURt

Hoiused	30.06.2016	31.12.2015
Hoiused majapidamistelt	38,463	25,993
Hoiused mittefinantsettevõtetelt	5,556	3,178
Hoiused muudelt finantsettevõtetelt	5,683	540
Kokku	**49,702**	**29,711**

Hoiused	30.06.2016	31.12.2015
Eesti	49,702	29,711
Kokku	**49,702**	**29,711**

LISA 9
Finants- ja mittefinantsinstrumentide õiglane väärtus

EURt		30.06.2016			31.12.2015	
Varad	**Õiglane väärtus**	**Bilansiline maksumus**	**Erinevus**	**Õiglane väärtus**	**Bilansiline maksumus**	**Erinevus**
Nõuded krediidiasutustele, sh keskpankadele	6,728	6,728	0	5,381	5,381	0
Laenud ja nõuded	53,996	53,996	0	35,188	35,188	0
Investeeringud sidusettevõtjatesse	1,173	1,173	0	868	868	0
Kokku	**61,897**	**61,897**	**0**	**41,437**	**41,437**	**0**
Mittefinantsinstrumendid	1,136	1,136	0	1,115	1,115	0
Kokku	**63,033**	**63,033**	**0**	**42,552**	**42,552**	**0**

		30.06.2016			31.12.2015	
Kohustused	**Õiglane väärtus**	**Bilansiline maksumus**	**Erinevus**	**Õiglane väärtus**	**Bilansiline maksumus**	**Erinevus**
Saadud hoiused ja laenud	49,702	49,702	0	29,828	29,821	7
Emiteeritud võlakirjad	2,989	2,974	15	3,109	3,114	-5
Muud finantskohustised	559	559	0	471	471	0
Kokku	**53,250**	**53,235**	**15**	**33,408**	**33,406**	**2**
Mittefinantsinstrumendid	550	550	0	883	910	-27
Kokku	**53,800**	**53,785**	**15**	**34,291**	**34,316**	**-25**

Inbank AS finantsvarade- ja kohustiste bilansilise maksumuse ja õiglase väärtuse võrdlus on toodud ülaolevas tabelis. Üldjuhul bilansiline maksumus ja õiglane väärtus kattuvad. Laenude ja hoiuste bilansiline maksumus võrdub nende õiglase väärtusega kuivõrd need on välja antud turutingimustel fikseeritud intressiga.

Finantsinstrumentide õiglase väärtuse määramine
Finantsinstrumentide õiglase väärtuse hindamisel kasutatakse erinevaid meetodeid, hindamise tasandid on jagatud kolmeks.
Esimesse tasemesse kuuluvad finantsinstrumendid, mille õiglast väärtust saab leida aktiivsel turul noteeritud hindade alusel. Sellise taseme finantsinstrumentideks on Inbanki deposiidid teistes krediidiasutustes ja klientidelt kaasatud hoiused.
Teise taseme moodustavad sellised finantsinstrumendid, mille õiglase väärtuse määramisel kasutatakse jälgitavatel turusisenditel põhinevaid hindamismudeleid. Jälgitavateks turusisenditeks on võimalikult sarnaste finantsinstrumentide turuhinnad tegelikult teostatud tehingutes. Selliseid finantsinstrumente Inbankil pole.
Kolmanda taseme moodustavad finantsinstrumendid, mille õiglane väärtus määratakse turusisenditel põhinevate hindamismudelite abil, millele lisaks kasutatakse ettevõtte enda hinnanguid. Sellisteks finantsinstrumentideks on emiteeritud väärtpaberid ja antud laenud.

Klientidele antud väikelaenud ning järelmaks on piisavalt lühiajalised ja väljastatud turutingimustel, seega ei muutu õiglane turuintress ja ka laenu õiglane väärtus oluliselt laenuperioodi jooksul. Väljastatud tarbimislaenude sisemine intressimäär on samal tasemel turul taolisele laenutootele pakutava intressimääraga ning võib öelda, et laenude bilansiline väärtus ei erine oluliselt nende õiglasest väärtusest.

Emiteeritud võlakirjade õiglase väärtuse leidmiseks on vaja määrata võrreldava instrumendi täna pakutav tootlus. Kuna võrreldav instrument turul regioonis puudub, on see määratud juhtkonna hinnanguga arvestades sarnaste turul pakutavate instrumendiga. Antud instrumendi tootlus jääb pankade poolt pakutava allutatud võlakirjade ning tähtajalise hoiuse intressi määra vahel. Eelnevast tulenevalt on õiglase väärtuse leidmiseks kasutatud aastase turuintressi määrana 4,5%.
Seisuga 30.06.2016 on tagatud võlakirja õiglane väärtus 15EURt (0,5%) kõrgem bilansilisest väärtusest.

Fikseeritud intressimääradega klientide hoiused ja saadud laenud on valdavas osas lühiajalised ja hoiuste hinnastamine toimub vastavalt turutingimustele.
Pakutava hoiusetoote hinnastamine ei ole senise 15 tegevuskuu jooksul oluliselt muutunud. Intressimäärad erinevad kampaania perioodidel ning kampaania välistel perioodidel. Kampaania perioodi intressid on senise 15 tegevuskuu jooksul olnud samas suurusjärgus. Sama kehtib ka kampaania välise perioodi intressimäärade kohta. Sellest tulenevalt tuleviku rahavoogude diskonteerimise tulemusena leitav hoiuste portfelli õiglane väärtus ei erine oluliselt nende bilansilisest väärtusest.

EURt

Õiglane väärtus	**Õiglane väärtus 30.06.2016**				**Õiglane väärtus 31.12.2015**			
Varad	**Bilansiline maksumus**	**Tase 1**	**Tase 2**	**Tase 3**	**Bilansiline maksumus**	**Tase 1**	**Tase 2**	**Tase 3**
Nõuded krediidiasutustele, sh keskpankadele	6,728	6,728	0	0	5,381	5,381	0	0
Laenud klientidele	53,966	0	0	53,966	35,188	0	0	34,826
Investeeringud sidusettevõtjatesse	1,173	0	0	1,173	868	0	0	868
Kokku	**61,867**	**6,728**	**0**	**55,139**	**41,437**	**5,381**	**0**	**35,694**

EURt

Õiglane väärtus	**Õiglane väärtus 30.06.2016**				**Õiglane väärtus 31.12.2015**			
Varad	**Bilansiline maksumus**	**Tase 1**	**Tase 2**	**Tase 3**	**Bilansiline maksumus**	**Tase 1**	**Tase 2**	**Tase 3**
Saadud hoiused ja laenud	49,702	49,702	0	0	29,821	29,828	0	0
Emiteeritud võlakirjad	2,974	0	0	2,989	3,114	0	0	3,109
Kokku	**52,676**	**49,702**	**0**	**2,989**	**32,935**	**29,828**	**0**	**3,109**

LISA 10
Kapitali adekvaatsus

EURt		
Kapitalibaas	**30.06.2016**	**31.12.2015**
Sissemakstud aktsiakapital	569	569
Ülekurss	5,393	5,393
Reservkapital	1,387	1,360
Eelmiste perioodide jaotamata kasum	901	-279
Immateriaalne põhivara (miinusega)	-788	-760
Aruandeperioodi kasum*	1,020	1,207
Sidusettevõtete aktsiad ja osad *	-1,173	-868
Esimese taseme omavahendid kokku	**7,309**	**6,622**
Allutatud kohustused	0	0
Teise taseme omavahendid kokku	**0**	**0**
Neto-omavahendid kapitali adekvaatsuse arvutamiseks	**7,309**	**6,622**
Riskiga kaalutud varad		
Krediidiasutused standardmeetodil	366	976
Äriühingud standardmeetodil	1,618	1,379
Kinnisvarale seatud hüpoteegiga tagatud nõuded standardmeetodil	1,148	1,148
Jaenõuded standardmeetodil	37,353	23,758
Makseviivituses olevad nõuded standardmeetodil	561	195
Muud varad standardmeetodil	342	355
Krediidirisk ja vastaspoole krediidirisk kokku	**41,388**	**27,811**
Operatsioonirisk baasmeetodil	4,396	2,462
Kokku riskiga kaalutud varad	**45,784**	**30,273**

Kapitali adekvaatsus (%) **	15.96%	21.87%
Regulatiivne kapitali adekvaatsus (%)	13.62%	18.13%
Tier 1 kapitali suhtarv (%)	15.96%	21.87%
Regulatiivne Tier 1 kapitali suhtarv (%)	13.62%	18.13%

* Kooskõlas EL regulatsiooniga võib pädevate asutuste eelneval nõusolekul võtta jaotamata kasumina arvesse aruandeperioodi audiitori poolt üle vaadatud kasumit.
EL määrusega kooskõlas tehtud arvutustes ei võetud arvesse 2016 I poolaastal teenitud kasumit summas 1 020 EURt (2015: 1207 EURt), sh sidusettevõtete kapitaliosaluse alusel kajastatud kasum summas 273 EURt (2015: 423 EURt), audiitorite poolt üle vaatamata ning seda kapitalibaasi koosseisu ei arvatud.
Regulaatorile esitatud aruandluse kohaselt on kapitali adekvaatsuse suhtarv 13,62% (31.12.2015: 18,13%) ning kapitalibaasist maha arvatav "Sidusettevõtete aktsiad ja osad" väärtus bilansis 900 EURt (31.12.2015: 868 EURt).

Kogu kapitalinõue, mis sisaldab nii esimese taseme kui ka teise taseme omavahendeid, on 8,0%.

** Kapitali adekvaatsuse arvutamisel on võetud arvesse ka kasumit, mille kaasamiseks 1. taseme omavahendite hulka ei olnud näidatud seisuga olemas pädeva asutuse luba.

Käesolevad 31.12.2015 Kapitali adekvaatsuse lisa on korrigeeritud võrreldes varasemaga, mille tulemusel muutusid allolevad aruanderead:

	31.12.2015 Korrigeeritud	31.12.2015	Korrigeerimine
Jaenõuded standardmeetodil	23,758	23,486	272
Muud varad standardmeetodil	355	1,440	-1,085

Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade arvestuspõhimõtted.

LISA 11
Aktsiakapital

Riskijuhtimine

Seisuga 31.12.2015 oli Inbank väljastanud tasustamisega seotud aktsiaoptsioone kokku 347 aktsia omandamiseks, millest 167 oli väljastatud juhatuse liikmele ning 180 nõukogu liikmele.

2016. aasta esimesel poolaastal otsustas Inbanki nõukogu tasustamisega seotult välja anda täiendavad optsioonid 2500 aktsia soetamiseks. 30.06.2016 seisuga on neist välja antud optsioone 2400 aktsia soetamiseks. Seal hulgas optsioonid 1000 aktsia soetamiseks on väljastatud juhatuse liikmetele ja 400 aktsia soetamiseks nõukogu liikmetele.

Lisaks on aktsionärid sõlminud omavahelisi optsioonilepinguid, mille alusel on Inbankil kohustus sõltuvalt ettevõtte tulemuslikkusest välja anda kuni 8500 täiendavat aktsiat hiljemalt 2017. aastal. Aktsiad nimetatud optsioonilepingu raames emiteeriti 2016 juulis aset leidnud aktsiakapitali laiendamisega.

2016. aastal töötajatele ning juhtorganite liikmetele välja antud optsioonid annavad õiguse soetada aktsiaid hinnaga 300 eurot aktsia kohta. Pank arvestab ühe aktsia väärtuseks seisuga 30.06.2016 163 eurot, võttes arvestuse aluseks omakapitali summa ühe aktsia kohta.

Aktsiakapitali suurendamine

Inbankil on 30.06.2016 seisuga 56 880 aktsiat, mille nimiväärtus on 10 eurot. 30.06.2016 otsustasid Inbanki aktsionärid suurendada aktsiakapitali 12 001 aktsia võrra. Aktsiakapitali suurendatakse seeläbi 120 010 euro ulatuses, tasutav ülekurss on 966 860 eurot. Aktsiaemissiooniga realiseeritakse aktsionäridele ja juhatuse liikmele väljastatud optsioone 8 667 aktsia omandamiseks.

Sissemaksed aktsiakapitali tehti 15. juuliks 2016. Aktsiakapitali suurendamine registreeriti Äriregistris 22.07.2016.

LISA 12
Potentsiaalsed kohustused

Grupp on sõlminud ühe juhatuse liikmega lepingu, milles on määratud lepingu lõpetamise korral lahkumishüvitis, mis võrdub kuuekordse kuutasuga. Ülejäänud juhatuse liikmetega on sõlmitud lepingud, milles ei ole lepingute lõpetamisel ette nähtud lahkumishüvitisi. Lepingus reguleerimata valdkondade vaidluse korral on seotud osapooled leppinud kokku lähtuda Eesti Vabariigis kehtivast seadusandlusest. Juhatus hindab sellise võimaliku kohustuse realiseerumist väga ebatõenäoliseks.

Eestis kehtiva tulumaksuseaduse kohaselt ei maksa juriidilised isikud teenitud kasumilt tulumaksu. Tulumaksu makstakse erisoodustustelt, kingitustelt, annetustelt, vastuvõtukuludelt, dividendidelt ja ettevõtlusega mitteseotud väljamaksetelt. Dividend on väljamakse, mida tehakse Inbank AS-i aktsionäride otsuse alusel puhaskasumist või eelmiste majandusaastate jaotamata kasumist ning mille aluseks on dividendi saaja osalus Inbank AS-is. Inbank maksab tulumaksu dividendidelt nende väljamaksmisel rahalises või mitterahalises vormis. Kehtiva tulumaksuseaduse kohaselt maksustatakse dividendidena jaotatavat kasumit määraga 20/80 netodividendina väljamakstud summast.

Dividendidelt arvestatud ettevõtte tulumaks kajastatakse tulumaksukuluna dividendide väljakuulutamise perioodi kasumiaruandes, sõltumata sellest, millise perioodi eest need on välja kuulutatud või millal dividendid välja makstakse.

Seisuga 30. juuni 2016 on panga jaotamata kasum 1 921 EURt (31.12.2015: kahjum 928 EURt), mille jaotamisel dividendidena kaasneks tulumaksukulu summas 480 EURt (31.12.2015: 232).

Pangal on potentsiaalseid laenuandmise kohustusi summas 108 EURt.

LISA 13
Konsolideeritud korrigeeritud finantsseisundi aruanne

EURt

Varad	31.03.2016	31.12.2015
Sularaha	3	3
Nõuded keskpankadele, kohustuslik reserv	204	154
Nõuded keskpankadele	1,545	345
Nõuded krediidiasutustele	3,358	4,882
Laenud ja nõuded	43,428	35,188
Investeeringud sidusettevõtjatesse	1,045	868
Materiaalsed varad	108	95
Immateriaalsed varad	807	760
Muud varad	281	260
Varad kokku	**50,779**	**42,555**
Kohustised		
Saadud laenud	112	110
Hoiused	37,473	29,711
Emiteeritud võlaväärtpaberid	2,973	3,114
Muud kohustised	1,268	1,381
Kohustised kokku	**41,826**	**34,316**
Omakapital		
Aktsiakapital	569	569
Ülekurss	5,393	5,393
Jaotamata kasum/kahjum	928	-279
Muud reservid	1,360	1,360
Aruandeaasta kasum	712	1,207
Emaettevõtte aktsionäridele kuuluv omakapital kokku	**8,962**	**8,250**
Mittekontrolliv osalus	-9	-11
Omakapital kokku	**8,953**	**8,239**
Kohustised ja omakapital kokku	**50,779**	**42,555**

Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade arvestuspõhimõtted.
Korrigeerimine on vajalik kuna varasemalt oli informatsioon esitletud esitlusveaga.

Muudatuse sisu finantsvarade arvestuspõhimõtetes on järgnev:
1. Laenude ja nõuetega seotud müügikanali kulu, mis on tasutud kuid kooskõlas effektiivse intressimäära meetodiga kasumiaruandes kajastamata, liikus ''Muud varad'' realt ''Laenud ja nõuded'' reale;
2. Laenude ja nõuetega seotud teenustasu tulukomponendid, mis on kliendilt kätte saadud, kuid kooskõlas effektiivse intressimäära meetodiga kasumiaruandes kajastamata, liikusid ''Muud kohustused'' realt miinusmärgiga ''Laenud ja nõuded'' reale.

	31.03.2016 Korrigeeritud	**31.03.2016**	**Korrigeerimine**
Laenud ja nõuded	43,428	43,747	-319
Muud varad	281	1,636	-1,355
Muud kohustused	1,268	2,942	-1,674

	31.12.2015 Korrigeeritud	**31.12.2015**	**Korrigeerimne**
Laenud ja nõuded	35,188	34,825	363
Muud varad	260	1,345	-1,085
Muud kohustused	1,381	2,103	-722

LISA 14
Konsolideeritud korrigeeritud koondkasumiaruanne

EURt	Lisa	I kv 2016	3 kuud 2016	II kv 2015	I kv 2015	6 kuud 2015
Jätkuvad tegevused						
Intressitulu	5	1,816	1,816	861	742	1,603
Intressikulu	5	-258	-258	-155	-137	-292
Neto intressitulu		**1,558**	**1,558**	**706**	**605**	**1,311**
Teenustasutulu	6	120	120	88	61	149
Teenustasukulu	6	-72	-72	-61	-49	-110
Neto teenustasutulu		**48**	**48**	**27**	**12**	**39**
Muud põhitegevusega seotud tulud		171	171	82	210	292
Tulud kokku		**1,777**	**1,777**	**815**	**827**	**1,642**
Personalikulud		-500	-500	-325	-258	-583
Turunduskulud		-88	-88	-89	-22	-111
Halduskulud		-151	-151	-163	-185	-348
Põhivara kulum		-44	-44	-35	-32	-67
Tegevuskulud kokku		**-783**	**-783**	**-612**	**-497**	**-1,109**
Ärikasum		**994**	**994**	**203**	**330**	**533**
Laenude allahindluse kulu		-459	-459	-98	-247	-345
Aruandeperioodi puhaskasum enne investeeringuid		**535**	**535**	**105**	**83**	**188**
Kasum investeeringutelt		177	177	30	61	91
Aruandeperioodi koondkasum enne tulumaksu		**712**	**712**	**135**	**144**	**279**
Edasikantud tulumaks		2	2	0	0	0
Aruandeperioodi koondkasum		**714**	**714**	**135**	**144**	**279**
Emaettevõtte osa kasumist (kahjumist)		712	712	142	152	294
Vähemusosaluse osa kasumist (kahjumist)		2	2	-7	-8	-15
Aruandeperioodi koondkasum		**714**	**714**	**135**	**144**	**279**

Korrigeerimine on tehtud kooskõlas rahvusvahelise raamatupidamise standardiga (IFRS), et viia vastavusse finantsvarade tulude arvestus.
Korrigeerimine on vajalik kuna varasemalt oli informatsioon esitletud esitlusveaga.

Muudatuse sisu tulude arvestuspõhimõtetes on järgnev:
1. Laenude ja nõuetega seotud teenustasutulu liikus ''Teenustasutulu'' realt ''Intressitulu'' reale vastavalt effektiivse intressimäära meetodile;
2. Laenude ja nõuetega seotud müügikanali kulu liikus ''Turunduskulude'' realt miinusmärgiga ''Intressitulu'' reale vastavalt effektiivse intressimäära meetodile;
3. ''Muud põhitegevusega seotud tulud'' ja ''Personalikulud'' on korrigeeritud 2016 aasta esimeses kolmes kuus tulenevalt konsolideerimise veast.

Täiendavalt on korrigeerimine vajalik 2015 aasta kasumiaruande osas, kuna sisse on viidud Inbank Technologies (soetatud 2.kv. 2015) soetamisega Inbanki tulemuste hulka konsolideeritud kasumiaruande read. Sellest tulenevalt on korrigeerimised tehtud'' Intressikulu'', ''Muud põhitegevusega seotud tulud'', ''Personalikulud'', ''Halduskulud'' ja'' Põhivara kulum'' ridade osas 2015 aasta kolme ja kuue kuu konsolideeritud kasumiaruandes.

EURt	**3 kuud 2016 Korrigeeritud**	**3 kuud 2016**	**Korrigeerimine**
Intressitulu	1,816	1,871	-55
Teenustasutulu	120	302	-182
Muud põhitegevusega seotud tulud	173	204	-31
Personalikulud	-500	-531	31
Turunduskulud	-88	-325	237

EURt	**3 kuud 2015 Korrigeeritud**	**3 kuud 2015**	**Korrigeerimine**
Intressitulu	742	749	-7
Intressikulu	-137	-136	-1
Teenustasutulu	61	121	-60
Muud põhitegevusega seotud tulud	210	40	170
Personalikulud	-258	-176	-82
Turunduskulud	-22	-89	67
Halduskulud	-185	-116	-69
Põhivara kulum	-32	-14	-18

EURt	**6 kuud 2015 Korrigeeritud**	**6 kuud 2015**	**Korrigeerimine**
Intressitulu	1,603	1,619	-16
Teenustasutulu	149	274	-125
Muud põhitegevusega seotud tulud	292	302	-10
Personalikulud	-583	-630	47
Turunduskulud	-111	-252	141
Halduskulud	-348	-311	-37

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SCHEDULE 4

Articles of Association of the Company

1. ÄRINIMI JA ASUKOHT

1.1. Aktsiaseltsi ärinimi on AS Inbank (edaspidi Pank).

1.2. Panga asukohaks on Tallinn, Eesti Vabariik.

2. MAJANDUSAASTA

2.1. Panga majandusaasta on kalendriaasta (01. jaanuar – 31. detsember).

3. AKTSIAKAPITAL JA AKTSIAD

3.1. Panga miinimumaktsiakapital on viissada tuhat (500 000) eurot ja maksimumaktsiakapital on kaks miljonit (2 000 000) eurot.

3.2. Panga aktsia nimiväärtus on kümme (10) eurot ja iga aktsia annab üldkoosolekul ühe (1) hääle.

3.3. Pangal on vaid nimelised aktsiad. Aktsiad on ühte liiki ja annavad aktsionäridele ühesugused õigused.

3.4. Aktsiate eest tasumisel rahalise sissemaksega tuleb sissemakse tasuda kapitali suurendamise otsuses nimetatud pangakontole. Aktsiate eest võib muul viisil kui rahalise sissemaksega tasuda vaid seaduses sätestatud juhtudel.

3.5. Võimalike tulevaste kahjumite katmiseks moodustab Pank reservkapitali, mille suurus on minimaalselt üks kümnendik (1/10) aktsiakapitali suurusest. Reservkapitali kantakse igal majandusaastal vähemalt üks kahekümnendik (1/20) Panga puhaskasumist, kuni reservkapitali minimaalse suuruse saavutamiseni. Üldkoosolek võib otsustada, et reservkapitali kantakse ka muid summasid. Reservkapitali võib kasutada ka aktsiakapitali suurendamiseks.

3.6. Pank võib välja anda nimelisi vahetusvõlakirju, mille nimiväärtuste summa ei või olla suurem kui 1/10 aktsiakapitalist ning mille omanikul on õigus vahetada võlakiri aktsia vastu.

4. AKTSIONÄRI ÕIGUSED

4.1. Aktsia annab aktsionärile vastavalt tema omandis olevate aktsiate nimiväärtuste summale õiguse osaleda Panga juhtimises ja kasumi jaotamises ning õiguse Panga lõpetamisel saada vastav osa Panga varast.

4.2. Panga aktsiad on vabalt võõrandatavad.

5. ÜLDKOOSOLEK

5.1. Aktsionäride üldkoosolek on Panga kõrgeim juhtimisorgan.

5.2. Korraline üldkoosolek kutsutakse juhatuse poolt kokku hiljemalt kolme (3) kuu jooksul majandusaasta lõppemisest arvates.

Juhatuse liige

5.3. Juhatus kutsub erakorralise üldkoosoleku kokku seaduses sätestatud juhtudel. Korralisest üldkoosolekust tuleb teatada aktsionäridele vähemalt kolm (3) nädalat enne üldkoosolekut ja erakorralisest üldkoosolekust tuleb teatada aktsionäridele vähemalt üks (1) nädal enne üldkoosolekut. Teade peab olema saadetud selliselt, et see tavalise edastamise korral jõuaks adressaadini hiljemalt nimetatud tähtpäevadeks.

5.4. Teade üldkoosolekust saadetakse aktsionäridele tähitud kirjaga aktsiaraamatusse kantud aadressile.

5.5. Üldkoosoleku teate võib edastada ka lihtkirjana, elektrooniliselt või faksi teel, kui kirjale või faksile on lisatud teatis dokumendi kättesaamise kinnituse viivitamatu tagastamise kohustuse kohta. Teade loetakse lihtkirja või faksi teel või elektrooniliselt kätte toimetatuks, kui saaja tagastab juhatusele dokumendi kättesaamise kohta kinnituse omal valikul kirjalikult, faksiga või elektrooniliselt.

5.6. Kui Pangal on üle 50 aktsionäri, ei pea aktsionäridele teateid saatma, kuid üldkoosoleku toimumise teade tuleb avaldada vähemalt ühes üleriigilise levikuga päevalehes.

5.7. Panga üldkoosolekud toimuvad Eesti Vabariigis.

5.8. Üldkoosoleku reglement on järgmine:

(1) koostatakse koosolekul osalevate aktsionäride nimekiri, millesse kantakse koosolekul osalevate aktsionäride nimed ja nende aktsiatest tulenevate häälte arv, samuti aktsionäri esindaja nimi ja allkiri;

(2) koosoleku avab Panga nõukogu või juhatuse esimees;

(3) valitakse koosoleku juhataja ja protokollija;

(4) konstateeritakse koosoleku seaduslikkus ja otsustusvõime;

(5) kinnitatakse päevakord.

5.9. Korralisel üldkoosolekul:

(1) tutvutakse eelmise aasta majandusaasta aruandega, audiitori järeldusotsusega ja juhatuse kasumi jaotamise ettepanekuga

(2) kuulatakse ära nõukogu arvamus ja tutvutakse nõukogu aruandega;

(3) otsustatakse majandusaasta aruande kinnitamine;

(4) otsustatakse kasumi jaotamine või abinõude rakendamine, kui selleks annab põhjust auditeeritud majandusaasta aruandes toodud kahjum;

(5) otsustatakse vajadusel audiitorite ja nõukogu liikmete arv ja valimine (k.a. volituste pikendamine) ning nende tasustamine;

(6) otsustatakse ja arutatakse muud seaduses sätestatud või üldkoosoleku teates nimetatud küsimusi.

5.10. Üldkoosolek on otsustusvõimeline, kui sellel on esindatud üle kahe kolmandiku (2/3) kõikide aktsiatega määratud häältest. Kui

Juhatuse liige

üldkoosolekul ei ole esindatud küllaldane häälte arv, kutsub juhatus kokku uue üldkoosoleku sama päevakorraga. Uus üldkoosolek on otsustusvõimeline sõltumata üldkoosolekul esindatud häälte arvust.

5.11. Aktsionärid võivad üldkoosoleku päevakorras olevate punktide kohta koostatud otsuste eelnõusid hääletada elektrooniliste vahendite abil enne üldkoosolekut või üldkoosoleku kestel, kui see on tehniliselt turvalisel viisil võimalik. Elektroonilise hääletamise korra määrab juhatus.

5.12. Üldkoosoleku otsus on vastu võetud, kui selle poolt on antud üle kahe kolmandiku (2/3) üldkoosolekul esindatud häältest, kui seaduses või põhikirjaga ei ole sätestatud teisiti. Isiku valimisel loetakse üldkoosolekul valituks kandidaat, kes sai teistest enam hääli. Häälte võrdsel jagunemisel heidetakse liisku.

5.13. Protokollile kirjutavad alla koosoleku juhataja ja protokollija. Koosolekul osalevate aktsionäride nimekirjale kirjutavad alla juhataja ja protokollija ning iga üldkoosolekul osalenud aktsionär või tema esindaja.

5.14. Kui Pangal on üks aktsionär või kui lisaks temale on aktsionäriks vaid Pank ise, või kui aktsionäre on rohkem, kuid tingimusel, et nad kõik otsusega nõustuvad ja selle allkirjastavad, võib otsuseid vastu võtta, järgimata seaduses toodud nõudeid üldkoosoleku päevakorrale, kokkukutsumise teatele, kohale, läbiviimisele ja protokollile. Sel juhul tuleb otsus vormistada kirjalikult ja allkirjastada aktsionäride poolt ning selles tuleb märkida muu hulgas aktsionäride nimed ja häälte arv, samuti otsuse tegemise aeg.

6. NÕUKOGU

6.1. Nõukogu planeerib Panga tegevust, annab juhatusele tegevusjuhiseid Panga juhtimise korraldamisel ja teostab järelevalvet Panga ja Panga juhatuse tegevuse üle ning võtab vastu otsuseid seadusega või põhikirjaga sätestatud küsimustes. Nõukogu esitab üldkoosolekule aruande oma tegevusest aasta jooksul. Aruanne peab sisaldama hinnangut majandusaasta aruandele.

6.2. Nõukogu pädevusse ja kohustuste hulka kuuluvad muuhulgas:

(1) Panga strateegia ja tegevuse üldpõhimõtete kinnitamine;

(2) Panga krediidi- ja investeerimispoliitika kinnitamine;

(3) Panga juhatuse liikmete ja töötajate tasustamise põhimõtete kinnitamine ja nende rakendamise hindamine;

(4) Panga üldiste riskijuhtimise põhimõtete ja strateegia kinnitamine;

(5) Panga organisatsioonilise struktuuri ja selle põhimõtete kinnitamine;

(6) Panga tegevuse kontrollimise üldpõhimõtete kinnitamine;

Juhatuse liige

(7) Panga juhatuse liikmete, juhatuse esimehe, esimehe asendaja ja prokuristide valimine ning tagasikutsumine ja nende tasustamise otsustamine;

(8) Panga siseauditi üksuse põhimääruse kinnitamine, siseauditi üksuse juhi ametisse nimetamine ja vabastamine ning siseauditi üksuse juhi ettepanekul siseauditi üksuse töötajate ametisse nimetamine ja vabastamine;

(9) Panga eelarve ja investeeringute kava kinnitamine;

(10) välisriigis filiaalide asutamise ja sulgemise otsustamine;

(11) osaluste omandamine (k.a. suurendamine) ja võõrandamine (k.a. vähendamine) teistes ühingutes (k.a. ühingute asutamine ja likvideerimine), kui tehingu maht ületab 10 protsenti Panga omavahenditest või teise ühingu osa- või aktsiakapitalist või selle tehinguga saavutatakse vastav määr;

(12) krediidikomitee tegevuse üldpõhimõtete ja pädevuse kehtestamine;

(13) tehingute, mis väljuvad Panga igapäevase majandustegevuse raamidest, tegemise otsustamine;

(14) Panga juhatuse liikmetega tehingute tegemise otsustamine ja nendes tehingutes Panga esindaja määramine;

(15) Panga juhatuse liikme vastu nõude esitamine ja selles nõudes Panga esindaja määramine;

(16) üldkoosoleku päevakorra määramine (v.a. seaduses sätestatud juhtudel);

(17) muude seaduse ja põhikirjaga nõukogu pädevusse antud küsimuste otsustamine.

6.3. Nõukogus on viis (5) kuni seitse (7) liiget, kes valitakse üldkoosoleku poolt kolmeks (3) aastaks.

6.4. Nõukogu liikmed valivad endi hulgast esimehe, kes korraldab nõukogu tööd. Juhul kui nõukogu esimees ei saa täita oma ülesandeid, võivad nõukogu ülejäänud liikmed esimehe eemalviibimise ajaks valida konsensuse alusel endi hulgast nõukogu esimeest asendava liikme.

6.5. Nõukogu koosolekud toimuvad vastavalt vajadusele, kuid vähemalt üks (1) kord kolme (3) kuu jooksul. Nõukogu koosolek kutsutakse kokku, kui seda nõuab nõukogu liige, juhatuse liige, audiitor, siseauditi üksuse juht või revisjonikomisjoni esimees või aktsionärid, kelle aktsiad esindavad vähemalt ühte kümnendikku aktsiakapitalist või muud seaduses ettenähtud isikud.

6.6. Nõukogu koosoleku toimumisest ja selle päevakorrast tuleb ette teatada vähemalt üks (1) nädal enne koosolekut.

6.7. Nõukogu koosolekud toimuva nõukogu esimehe poolt määratud kohas Eesti Vabariigis või välismaal.

6.8. Nõukogu koosoleku kutsub kokku ja koosolekut juhatab nõukogu esimees või teda asendav nõukogu liige.

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Juhatuse liige

6.9. Nõukogu on otsustusvõimeline, kui sellest võtab osa üle poole nõukogu liikmetest. Nõukogu liige võib nõukogu koosolekul osaleda ja teostada oma õigusi elektrooniliste vahendite abil ilma koosolekul füüsiliselt kohal olemata, reaalajas toimuva kahesuunalise side abil või muul sellesarnasel elektroonilisel viisil, mis võimaldab nõukogu liikmel eemal viibides koosolekut jälgida ja sõna võtta ning otsuste vastuvõtmisel hääletada.

6.10. Nõukogu otsus on vastu võetud, kui selle poolt hääletas üle poole hääletamisel osalenud nõukogu liikmetest. Igal nõukogu liikmel on üks hääl. Nõukogu liige ei ole õigustatud volitama kedagi teist peale teise nõukogu liikme osalema ja hääletama nõukogu koosolekutel. Häälte võrdsel jagunemisel otsustab nõukogu esimehe või teda asendava liikme hääl. Nõukogu liikmel ei ole õigust hääletamisest keelduda ega erapooletuks jääda.

6.11. Kõik nõukogu koosolekud protokollitakse. Protokollile kirjutavad alla kõik koosolekul osalevad nõukogu liikmed ja protokollija.

6.12. Nõukogul on õigus võtta vastu otsuseid koosolekut kokku kutsumata. Reglement on järgmine:

(1) Nõukogu esimees saadab otsuse eelnõu kõigile nõukogu liikmetele ja teatab tähtaja, mille jooksul nõukogu liikmed peavad esitama selle kohta oma kirjaliku taasesitamist võimaldavas vormis seisukoha. Kui nõukogu liige ei teata tähtaegselt, kas ta on otsuse poolt või vastu, loetakse, et ta hääletab otsuse vastu;

(2) Otsus loetakse vastu võetuks, kui selle poolt on üle poole nõukogu liikmetest;

(3) Nõukogu esimees koostab hääletustulemuste kohta hääletusprotokolli ning saadab selle viivitamatult nõukogu liikmetele ja juhatusele.

6.13. Kui kõik nõukogu liikmed otsusega nõustuvad ja selle allkirjastavad, võib nõukogu otsuse vormistada ka etteteatamiseta ja hääletusprotokollita. Otsusesse tuleb märkida nõukogu liikmete nimed ja otsuse tegemise aeg.

6.14. Nõukogu liikmega tehingu tegemise otsustab ja tema tasu suuruse määrab üldkoosolek.

7. JUHATUS

7.1. Panka juhib seaduse ja põhikirja kohaselt ning üldkoosoleku ja nõukogu poolt antud pädevuse raames Panga juhatus. Juhatus töötab välja Panga strateegia ja eelarve, mis esitatakse nõukogule kinnitamiseks. Juhatus juhib Panga igapäevast tegevust, lähtudes nõukogu poolt kinnitatud strateegiast, eelarvest ning tegevuse üldistest põhimõtetest. Juhatus kontrollib Panga töötajate tegevust.

7.2. Juhatus esitab nõukogule vähemalt kord kolme kuu jooksul aruande oma tegevuse ning Panga majandustegevuse ja majandusliku olukorra

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kohta. Juhatus peab viivitamatult teavitama nõukogu liikmeid Panga majandusliku seisundi halvenemisest, selle ohust või usaldatavusnormatiividest kõrvalekaldumisest.

7.3. Juhatusse kuulub kolm (3) kuni seitse (7) liiget, kes valitakse nõukogu poolt kolmeks (3) aastaks.

7.4. Juhatuse esimees korraldab juhatuse tööd ning kutsub kokku ja juhatab juhatuse koosolekuid. Kui juhatuse esimees ei saa täita oma ülesandeid määrab nõukogu juhatuse liikmete hulgast talle asendaja.

7.5. Juhatuse esimees või teda asendav liige kutsub juhatuse kokku nii sageli, kui seda nõuavad Panga asjad. Juhatuse esimees või teda asendav liige peab kutsuma juhatuse koosoleku kokku juhatuse või nõukogu liikme nõudmisel. Otsused, millel on Panga seisukohalt oluline tähtsus tuleb vastu võtta juhatuse koosolekul.

7.6. Juhatuse koosolekud toimuvad juhatuse esimehe poolt määratud kohas Eesti Vabariigis või välismaal.

7.7. Juhatus on otsustusvõimeline, kui juhatuse koosolekust võtab osa üle poole juhatuse liikmetest. Juhatuse otsus on vastu võetud, kui selle poolt hääletavad kõik koosolekul osalenud juhatuse liikmed. Juhatuse liige ei ole õigustatud volitama kedagi teist peale teise juhatuse liikme osalema ja hääletama juhatuse koosolekutel. Juhatuse liikmel ei ole õigust hääletamisest keelduda ega erapooletuks jääda.

7.8. Kui kõik juhatuse liikmed otsusega nõustuvad ja selle allkirjastavad, võib juhatuse otsuse vormistada ilma koosolekut kokku kutsumata ja hääletusprotokollita. Otsusesse tuleb märkida juhatuse liikmete nimed ja otsuse tegemise aeg.

7.9. Panga nimel tegutsev isik ei või esindada Panka tehingute tegemisel ja õigusvaidluste pidamisel kolmanda isikuga, kelle suhtes Panga nimel tegutseval isikul või temaga samaväärset majanduslikku huvi omaval isikul on isiklikke majanduslikke huvisid.

8. KREDIIDIKOMITEE

8.1. Panga juhatus moodustab krediidikomitee, mis lähtub oma tegevuses nõukogu poolt kinnitatud tegevuspõhimõtetest. Krediidikomitee on aruandekohustuslik Panga juhatuse ees.

8.2. Krediidikomitee koosneb vähemalt viiest (5) liikmest. Täpse arvu määrab juhatus lähtudes Panga ja krediidikomitee vajadustest. Liikmed valivad endi hulgast esimehe, kes korraldab komitee tegevust. Krediidikomitee liikmeks on juhatuse esimees, kes ei tohi olla krediidikomitee esimees või juhtida krediidikomitee istungit.

8.3. Krediidikomitee istungid on kinnised. Krediidikomitee on otsustusvõimeline, kui sellest võtab osa üle poole komitee liikmetest. Krediidikomitee liikmel ei ole õigust hääletamisest keelduda ega erapooletuks jääda. Häälte võrdsel jagunemisel on otsustav komitee esimehe hääl.

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8.4. Krediidikomitee istungid protokollitakse. Protokollile kirjutavad alla kõik istungist osa võtnud komitee liikmed ja protokollija. Protokolli kantakse liikmete seisukohad ning liikmete eriarvamused.

8.5. Krediidikomiteel ei ole õigust otsustada Panga nõukogu poolt kehtestatud piirmäärast suurema laenu andmist ja pikendamist või muu erakordse laenu andmist ilma eelneva nõukogu otsuseta.

9. SISEAUDITI ÜKSUS

9.1. Panga sisekontrolli süsteemi osana tegutseb sõltumatu siseauditi üksus, mis jälgib Panga tegevust ning tegutseb Panga nõukogu poolt kinnitatud põhimääruses sätestatud korras.

9.2. Siseauditi üksus hindab Panga tavapärast majandustegevust ja sise-eeskirjade ja protseduurireeglite vastavust ja piisavust krediidiasutuse tegevusele ning kontrollib pidevalt nõukogu ja juhatuse kehtestatud eeskirjadest, protseduurireeglitest, limiitidest ja muudest normidest kinnipidamist ning jälgib Finantsinspektsiooni ettekirjutuste täitmist.

9.3. Siseauditi üksuse töötajatel on õigus tutvuda Panga kõikide dokumentidega, jälgida piiranguteta Panga tööd igas lõigus ning osaleda juhatuse ja Panga põhikirja alusel moodustatud komiteede koosolekutel.

9.4. Täpse arvu määrab nõukogu lähtudes Panga ja siseauditi üksuse vajadustest. Panga nõukogu nimetab ametisse ja vabastab ametist siseauditi üksuse töötajad ja juhi.

9.5. Siseauditi üksuse juht peab andma ülevaateid siseauditi üksuse tegevusest Panga nõukogule üks kord aastas ja juhatusele üks kord poolaastas.

10. AUDIITORKONTROLL

10.1. Panga raamatupidamise ja raamatupidamise aastaaruande kontrollimiseks valib üldkoosolek mitte kauemaks kui viieks aastaks audiitori.

10.2. Juhatus peab esitama majandusaasta aruande audiitori(te)le seaduses sätestatud korras. Audiitor(id) peavad juhatusele esitama järeldusotsuse ühe (1) kuu jooksul alates majandusaasta aruande saamisest.

11. KASUMI JAOTAMINE

11.1. Üldkoosolek otsustab kasumi jaotamise auditeeritud raamatupidamise aastaaruande, juhatuse kasumijaotamise ettepaneku ja nõukogu arvamuse alusel.

11.2. Dividendi maksmise viis, aeg ja kord määratakse üldkoosoleku otsusega.

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12. PANGA TEGEVUSE LÕPETAMINE

12.1. Pank lõpetatakse:

(1) Panga aktsionäride üldkoosoleku otsuse alusel (vabatahtlik lõpetamine), milleks tuleb taotleda Finantsinspektsioonilt luba;

(2) kohtumääruse või- otsusega;

(3) kui Panga tegevusluba on Finantsinspektsiooni poolt kehtetuks tunnistatud või lõppenud;

(4) maksejõuetuse korral vastavalt seadusele.

12.2. Panga tegevuse vabatahtliku lõpetamise otsustab üldkoosolek..

Panga põhikiri on kinnitatud 10. septembril 2015 vastu võetud aktsionäride üldkoosoleku otsusega.

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Juhatuse liige