



BASE PROSPECTUS

This Public Offering, Listing and Admission to Trading Base 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 35,000 bonds with the nominal value of EUR 1,000 (the **Bonds**) to institutional and retail investors in Estonia (the **Offering**). The Bonds will be offered in series during a period of 36 months whereas the issue of each series will be decided separately (the **Programme**).

The function of this Prospectus is to give information about the Company, the Programme and the Bonds. Each issue and offering of the Bonds will be decided and announced separately.

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.

This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**), as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **Prospectus Regulation**), on 29 November 2021 under registration number 4.3-4.9/5753. The EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and should not be considered as an endorsement of the Company and the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Investing into Bonds involves risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the material 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. Each decision to invest in the Bonds must be based on the Prospectus in its entirety. Therefore, we suggest you familiarise yourselves with the Prospectus thoroughly.

NOTICE TO ALL INVESTORS

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Bonds offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular in or into the Restricted Territories (as defined in Section 11 "Glossary") or the Excluded Territories (as defined in Section 11 "Glossary"). The Bonds have not been and will not be registered under the relevant laws of any state, province or territory other than Estonia and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than Estonia, except pursuant to an applicable exemption.

Distribution of copies of the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the offering of the Bonds requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Such documents should not be distributed, forwarded to or transmitted in or into the Restricted Territories or the Excluded Territories. No action has been taken by the Company in relation to the Bonds or rights thereto or possession or distribution of this Prospectus in any jurisdiction where action is required, other than in Estonia. The Company is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

INFORMATION FOR UNITED STATES INVESTORS

The Bonds have not been approved or disapproved by any United States' regulatory authority. The Bonds will not be, and are not required to be, registered with the SEC under the US Securities Act of 1933, as amended (the Securities Act) or on a United States securities exchange. The Company does not intend to take any action to facilitate a market for the Bonds in the United States. The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Prospectus is valid until 29 November 2022. The Company is obligated to update the Prospectus by publishing a supplement only in case new facts, material errors or inaccuracies occur, and such an obligation does not apply after the end of the validity period of the Prospectus.

The date of this Prospectus is 29 November 2021

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law

The Prospectus has been drawn up in accordance with the Prospectus Regulation and in accordance with the Delegated Regulation¹. The Prospectus comprises of a registration document of the Company drawn up in accordance with Annex 6 of the Delegated Regulation and a securities note of the Bonds drawn up in accordance with Annex 14 of the Delegated Regulation.

This Prospectus is governed by Estonian law. Any disputes arising in connection with the Offering shall be settled by Harju County Court (*Harju Maakohus*) in Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties. The investor may be required under national law to bear the costs of translating the Prospectus before being able to bring a claim to the court in relation to this Prospectus.

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

1.2. Persons Responsible

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.

AS Inbank
Jaanus Kõusaar

Member of the Management Board

[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 any series issued under this Prospectus, including any translation thereof, unless such summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where 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 Bonds.

¹ Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the **Delegated Regulation**).

1.3. Presentation of Information

Final Terms and Reading the Prospectus. The Bonds are issued in series and both the conditions and information in this Prospectus and the Final Terms of each series drawn up specifically for the respective series (the **Final Terms**) are applicable to the Bonds in each such series. The Prospectus should be read together with all supplements and in respect of each series of bonds with the Final Terms of such series. The Final Terms of each series will be published together with the summary drawn up for such series at <https://inbank.ee/en/investor/bonds>. The Final Terms and summary of the separate series are not approved by the EFSA or any other supervisory authority, but will be filed with the EFSA.

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 (as defined in Section 11 "Glossary") operate is based on the best assessment made by the Management (as defined in Section 11 "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 1.6 "Forward-Looking Statements" below).

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section 11 "Glossary", with the exception of such cases where the context evidently requires the contrary, whereas the singular shall include plural and *vice versa*. Other terms may be defined elsewhere in the Prospectus.

Hyperlinks to Websites. This Prospectus contains hyperlinks to websites. The information on the websites does not form part of the Prospectus and has not been scrutinised or approved by the EFSA, except for hyperlinks to information that is incorporated by reference.

1.4. Documents Available

In addition to this Prospectus, certain additional documents and information on the Group, such as the up to date Articles of Association and historical financial data of the Company and the Subsidiaries may be obtained from the website of the Company at <https://inbank.ee/en/investor>. 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.

1.5. Historical Financial Information and Accounting Standards

The following historical financial information has been incorporated into this Prospectus by reference:

- (i) the consolidated audited financial statements of and for the year ended 31 December 2020 (available at https://inbank.ee/documents/ee/en/pdf/reports/annual_report_2020.pdf, pages 35-111, auditor's report on pages 112-117),
- (ii) the consolidated audited financial statements of and for the year ended 31 December 2019 (available at https://inbank.ee/documents/ee/en/pdf/reports/annual_report_2019.pdf, pages 33-89, auditor's report on pages 90-95) ((i) and (ii) together the **Audited Financial Statements**),
- (iii) the consolidated unaudited interim financial statements for 9 months of 2021 ended on 30 September 2021 (available at https://inbank.ee/documents/ee/en/pdf/reports/interim_report_2021_q3.pdf, pages 3-28) (the **Unaudited Interim Financial Statements**).

The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union. The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standards (**IAS**) 34, Interim Financial Reporting.

All financial information included in the prospectus as at 30 September 2021 is derived from the Issuer's consolidated unaudited interim financial statements for 9 months of 2021 ended on 30 September 2021.

The Audited Financial Statements are audited by Aktsiaselts PricewaterhouseCoopers (address Pärnu mnt 15, 10141 Tallinn, Estonia). Aktsiaselts PricewaterhouseCoopers is a member of the Estonian Auditors' Association.

The financial year starts on 1 January and ends on 31 December, the amounts are presented in thousand euros unless otherwise indicated. The official language of the Financial Statements of the Company is Estonian. The Estonian version must be proceeded from in the event of a conflict with English or any other language.

1.6. Forward-Looking Statements

This Prospectus includes forward-looking statements (notably under Section 3 "Risk Factors", Section 9 "Business Overview" and Section 5 "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 Section 3 "Risk Factors" for a discussion of the risks which are identifiable and deemed material at the date hereof).

1.7. 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. The Prospectus is not published 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.

1.8. Approval of Prospectus

This Prospectus has been approved by the EFSA, as competent authority under the Prospectus Regulation, on 29 November 2021 under registration number 4.3-4.9/5753. The EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and should not be considered as an endorsement of the Company and the quality of the Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

1.9. Availability of Prospectus

This Prospectus will be published by means of a stock exchange release through the information system of Nasdaq Tallinn Stock Exchange. The Prospectus is also available as of 29 November 2021 in an electronic format on the website of the EFSA (<https://www.fi.ee>) and on the website of the Company (<https://inbank.ee/en/investor/bonds>). Any interested party may request delivery of an electronic copy of the Prospectus, the Terms and Conditions of the Bonds and the financial reports of the Company from the Company without charge. Paper copy of the Prospectus can be obtained at the premises of the Company (address Niine tn 11, Tallinn 10414, Estonia) by any interested party upon request. Delivery of the Prospectus is limited to the jurisdictions in which the offering to the public is being made, i.e. to Estonia.

2. A GENERAL DESCRIPTION OF THE OFFERING PROGRAMME

2.1. Type and Class of Bonds

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.

2.2. Volume of Programme

The Volume of the Programme is up to 35,000,000 euros, i.e. up to 35,000 Bonds can be issued under the Programme. The Bonds will be issued in series whereas the amount of Bonds issued, their final terms and the timing of the issue will be decided by the Company at its discretion and published separately through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (<https://inbank.ee/en/investor/announcements>). The Programme has been approved by a decision of the Supervisory Board of the Company of 31 October 2021. The Final Terms of the Bonds issued under the Programme will be decided by the Management Board of the Company separately for each series.

2.3. Form and Registration

The Bonds are in dematerialised book-entry form and are not numbered. The Bonds are registered in Nasdaq CSD, address Maakri 19/1, 10145 Tallinn.

2.4. 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.

Furthermore, any liability arising under the Bonds may be subject to the exercise of Bail-In Powers by the relevant Resolution Authority in cases where the Company or any Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met). Exercising the Bail-in Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds or the outstanding amounts of the Bonds are cancelled; and/or (d) the Bond Terms are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Therefore, if a Group company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-in Powers by the relevant Resolution Authority may result in material losses for the bondholders. 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 bondholders is not necessary for affecting bail-in measures by the relevant Resolution Authority.

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.

2.5. Currency

The Bonds are denominated in euros.

2.6. Interest and Yield

The Bonds carry an annual coupon interest at the rate provided in the Final Terms, calculated from the date of issue of the Bonds until the date of redemption. The frequency of the interest payments has been provided in the Final Terms. The interest on the Bonds is calculated based on the 30-day calendar month and 360-day calendar year (30/360).

2.7. Maturity of Bonds

The Bonds are issued with a maturity of 10 years.

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 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 EFSA has granted its consent to the early redemption. The EFSA may grant its consent for the early redemption of the Bonds as from the date when 5 years have passed from their issuance only if the conditions of Article 78(1) of the CRR², as amended by CRR II³ are met. The EFSA may grant its consent for the early redemption of the Bonds before the date when 5 years have passed from their issuance only if the conditions of Article 78(4) of the CRR, as amended by CRR II are met.⁴

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

² 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 (the **CRR**).

³ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (the **CRR II**).

⁴ Article 78 of the CRR, as amended by CRR II 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.

2.8. Rights Attached to Bonds

The rights attached to the Bonds have been established by the Terms of the Bonds, which are included in this Prospectus as Schedule 1. 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 0.025% 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 will be disclosed via the information system of the Nasdaq Tallinn Stock Exchange.

2.9. Transferability

The Bonds are freely transferable; however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such a transfer would not be qualified as requiring the publication of a prospectus in accordance with the applicable law. According to the Terms of the Bonds, ensuring that any offering of the Bonds does require the publication of a prospectus in accordance with the applicable law is the obligation and liability of the bondholder.

2.10. Applicable Law

The Bonds will be issued in accordance with and are governed by the laws of the Republic of Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties.

2.11. 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 specified in the Final Terms of the Bonds. 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. Should the Bonds not be listed and admitted to trading on the Nasdaq Tallinn Stock Exchange, it is likely that a secondary market for the Bonds will not develop, there will not be a public and independent market price for the Bonds, and an investor may not be able to follow their investment thesis as envisaged, including in particular in respect of sale of the Bonds.

2.12. Form of Final Terms

FINAL TERMS OF THE BONDS

[Date]

AS INBANK

Issue of EUR [Aggregate Nominal Amount of the Series] Tier 2 Subordinated Bonds

under the EUR 35,000,000 Bond Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Subordinated Bonds. This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with such Terms and with the base prospectus drawn up by the Company, dated 29 November 2021 (the "Prospectus"). Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Terms and the Prospectus. The Prospectus is available for viewing through the Company's website (<https://inbank.ee/en/investor/bonds>).

A summary of this series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Management Board of [date]. The Final Terms have been filed with the EFSA but are not subject to approval proceedings.

1.	Issuer	AS Inbank
2.	Number of series	[]
3.	Aggregate Nominal Amount of the Series	EUR [amount]. [The Aggregate Nominal Amount of the series may be increased by the Company up to EUR [amount] until the Issue Date]
4.	Issue currency	EUR
5.	Nominal Amount	EUR 1,000
6.	Issue Price	100% of the original Nominal Amount
7.	Issue Date and Interest Commencement Date	[date]
8.	Maturity Date	[date]
9.	Redemption/Payment Basis	Redemption at par
10.	Interest	
11.	i. Calculation basis	Fixed interest
12.	ii. Interest Payment Dates	[description]
	iii. Interest Rate	[number]% per annum
	iv. Interest calculation method	30/360

- | | | |
|-----|----------------------------------|--|
| | v. Rate of delay interest | 0.025% per day |
| 13. | Yield | [number]% <i>per annum</i> . Yield is calculated based on the Nominal Amount and on the Issue Date. Actual yield may differ depending on the price paid for a specific bond by an investor |
| 14. | Subscription Period | [<i>beginning and end times of period</i>] |
| 15. | ISIN code | [code] |
| 16. | Listing and admission to trading | Application will be made to the Nasdaq Tallinn Stock Exchange for the Bonds to be admitted to the Baltic Bond List of the Nasdaq Tallinn Stock Exchange |

Signed on behalf of AS Inbank

Date:

3. RISK FACTORS

3.1. 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 presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor. The most material risk factor in a category is presented first under that category, the assessment of materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact, disclosed by rating the relevant risk as low, medium or high. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Bonds. Each prospective investor 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.

3.2. Risks Related to the Company's Financial Situation

Counterparty Credit Risk. Counterparty credit risk is inherent to the core operations of the Group. Uncollateralised consumer lending to households is the Group's key activity, accounting for 99% of total loan portfolio as of 30 September 2021. The Group considers credit risk as the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. Credit risk affects cash and cash equivalents held with third parties (such as deposits with banks and other financial institutions), bonds, but mostly credit exposures to customers, including outstanding loans, as well as other receivables and commitments. The Group may also be exposed to credit risk through potential transactions with derivatives etc. The Group 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. As of 30 September 2021, the Group's gross loan portfolio was EUR 552 million, whereas impairment allowances constituted EUR 11 million. In addition, the recoverability of the credit provided to customers may be adversely affected by negative changes in the overall economic, political or regulatory environment (including the impacts of COVID-19), decrease in collateral values and other circumstances beyond the control of the Group. Materialisation of credit risk may have a material adverse effect on the Group's operations, financial

condition and results of operations. The Group's risk profile for counterparty credit risk is considered as high.

Geographical Markets Risk. The Group offers loans on four geographical markets – Estonia, Latvia, Lithuania and Poland. As of 30 September 2021, the Group's loan portfolio attributable to the Polish market was the highest accounting for 37% of the Group's total loan portfolio, followed by the Estonian market with 30%, the Lithuanian market with 26% and the Latvian market with 7%. Therefore, any adverse event or development especially in Poland and Estonia may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for geographical markets risk is considered as medium.

Concentration Risk. The Group considers concentration risk as part of counterparty credit risk, to which the Group is subject due to the operations of the Group. Concentration risk is a risk arising from a large risk exposure to one counterparty or related counterparties or multiple counterparties impacted by a single risk factor. The Group addresses assets associated with one counterparty, related counterparties and one industry, region or risk factor as part of concentration risk. As the Group's main business involves uncollateralised consumer lending to households, it makes the Group exposed to the changes in the solvency of households that are impacted by the unemployment rate, level of wages etc. Furthermore, as of 30 September 2021, the Group had no receivables that exceeded 10% of the Group's own funds. The materialisation of concentration risk may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for concentration risk is considered as low.

Market Risk. Market risk arises primarily from the Group's mismatched interest rate exposures between loans and deposits and open foreign currency positions. Market risk is the risk of potential loss which may arise from unfavourable changes in interest rates or foreign exchange rates. The Group is naturally exposed to the interest rate risk due to changes in the maturities and interest rates of loans and/or deposits. Within the Group, 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. In order to mitigate the market risk, conservative limits have been established for open market risk and foreign currency exposures of the Group, but despite the measures taken by the Group, the market risk may have a material adverse effect on the Group's operations, financial condition and results of operations. Further description of the types of market risk is provided below. The Group's risk profile for market risk is considered as low.

Interest Rate Risk. The operations of the Group and foremost the operations of the Company are inherently exposed to interest rate risk. Interest rate risk arises due to the fluctuations of market interest rates over time, while the Group's business involves intermediation activity that produces exposures to both maturity mismatch (e.g. long-maturity assets funded by short-maturity liabilities) and rate mismatch (e.g. variable rate loans funded by fixed rate deposits). The Company is responsible for the management of interest rate risk of the Subsidiaries. The profitability of the 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 currently at a historic low and it should be expected that interest rates will at one point in time start to rise, whereas the timing of such change is not entirely predictable. 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. Therefore, interest rate risk may have a material adverse effect on the Group's operations, financial condition and results of operations. As of 30 September 2021, a 1 percentage point increase in market interest rates would raise the Group's economic value, i.e. equity, by EUR +1,708 thousand. At the same time, a decrease of 1 percentage point in market interest rates would affect the Group's economic value (equity) by EUR -478 thousand. An increase of 1 percentage point in interest rates would affect the Group's annual net interest income and profit by EUR +1,354 thousand while a decrease of 1 percentage point in interest rates would affect the Group's annual net interest income (profit) by EUR -639 thousand. The Group's risk profile for interest rate risk is considered as low.

Foreign Currency Risk. The Group operates in an international environment and, accordingly, is exposed to foreign currency risk. It arises from the Group's activities through the Inbank Poland branch by offering consumer financing and accepting public deposits denominated in Polish zloty. 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 a 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. Although the Group's foreign currency risk management is based on risk policies, limits and internal procedures, it may turn out to be inadequate and therefore, foreign currency risk may have a material adverse effect on the Group's operations, financial condition and results of operations. According to the scenario analysis, as of 30 September 2021, the impact of a 10% exchange rate change in an unfavourable direction on all the Group's foreign currency positions would be EUR 111 thousand. The Group's risk profile for foreign currency risk is considered as low.

Liquidity Risk and Dependence on Access to Funding Resources. Liquidity risk relates to the ability of the 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 Group (e.g. loans to its customers) tend to be longer than the maturity of its liabilities (e.g. term deposits). The Group'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 Group'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 Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity. The Group is fully compliant with the Basel III metrics – the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The aim of the LCR standard is to ensure that the Group has an adequate amount of unencumbered assets of high quality and liquidity that could be monetised without incurring material losses to meet a liquidity requirement in a 30-day stress scenario while NSFR ensures adequate stable funding sources to finance longer-term assets. The Group's LCR and NSFR as of 30 September 2021 were respectively 2140% and 127% while the regulatory minimum requirement for both metrics is set at 100%. The Company's outstanding Tier 2 subordinated bonds (ISIN EE3300110964) with a total volume of EUR 6.5 million are about to mature on 28 September 2026 and Tier 2 subordinated bonds (ISIN EE3300001544) with a total volume of EUR 8 million are about to mature on 19 December 2029. In order to meet its obligations before the holders of the bonds and to continue the growth and development in accordance with

current strategy and business plan, the Group needs to raise additional funding, which may turn out not to be successful. Materialisation of the risks related to liquidity and failure to obtain sufficient funding for operations or the increased costs or unfavourable terms of financing or refinancing could have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, the Group may encounter difficulties in financing its capital needs, which may prevent the realisation of its strategic plans and could result in the Group having to forgo opportunities that may arise in the future. This, in turn, could have a material adverse effect on the Group's competitive position. The Group's risk profile for liquidity risk is considered as medium.

3.3. Risks Related to the Company's and Subsidiaries' Business Activities and the Group's Industry

Strategic Risk. Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. For reasons of corporate growth, the Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage. The Group's strategic risk is mitigated through well-considered business plans and analyses, as well as engaging professionals with long-term experience in the banking sector and/or entrepreneurship as the members of management and supervisory boards of the Group companies. Further, entries into new markets and sectors are always preceded by an in-depth analysis and engaging experts in the particular field, where necessary. However, despite the measures taken by the Group, the materialisation of strategic risk may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for strategic risk is considered as high.

Operational Risk. Operational risk is a risk of potential loss caused by people, internal processes, system failures and external events. The definition includes legal and compliance risks, but excludes strategic and reputational risks. In addition, operational risk also embraces the risk of corporate fraud and misconduct. Risk of loss includes any actual or potential as well as direct or indirect loss caused by operational risk events. For the Group the realisation of such risks could lead to a disruption in provision of services, non-conformity with applicable requirements and financial losses. The prior is true especially due to the Group relying strongly on the effective functioning of its processes and systems. The Group manages operational risk based on an established operational risk policy. The Group's working procedures are reviewed periodically to ensure minimising human and process flaws, and the information systems and operations are monitored constantly in order to identify risks, flaws or fraud, to minimise the potential loss arising therefrom, however, the risk of such losses cannot be eliminated altogether. The Group may, despite its efforts, fail to mitigate all risks and the operational risk may have a material adverse effect on the Group's operations, financial condition and results of business operations. The actual risk profile of the Company's operational risk during 2020 has been in accordance with the risk appetite set by the Supervisory Board, the real losses from operational risk have remained low. In 2020, the real losses to own funds of the Group constituted 1.0% (0.6% in 2019). As of 30 September 2021, the Group's year-to-date operational risk losses accounted for 0.002% of the Group's own funds. The general Group's risk profile for operational risk is considered as medium.

Dependency on Information Technology Systems and Risk of Cyber-Attacks. The Group has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. The business model of the Group is specifically built upon providing its services with the help of innovative information technology solutions. 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 Group 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. Furthermore, should the Group 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 for the Group companies before its customers, counterparties and state authorities, as well as in a general decrease in the trustworthiness of the Group and consequently in the demand for its services. The Group 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 Group 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 Group's operations, financial condition and results of operations. The Group's risk profile for information technology systems risk is considered as medium.

Dependency on Qualified Staff. The results of operations of the Group depend highly on the ability to engage and retain qualified, skilled and experienced staff. Aside from the information technological systems, the existence of qualified, skilled and experienced staff is one of the other key factors enabling the Group companies to operate profitably and to grow further. In the highly competitive environment of the financial sector in which the Group companies compete and considering the Group's expansion targets, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. Regulatory restrictions applicable to the Company, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV⁵ and further developed in CRD V⁶, could adversely affect the Group's ability to attract new qualified personnel and retain and motivate existing employees. Each of the Group's employees has one's own responsibility area and speciality which only slightly overlap with other colleagues. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for dependency on qualified staff is considered as medium.

COVID-19 related Risks. The break-out of the COVID-19 (also known as SARS-CoV-2) pandemic and the global health and economic crisis that followed has had and is continuously having a material adverse effect on the global economy. Everyday business and the economy in general in the Group's main markets have also been and may continue to be negatively affected by the COVID-19 crisis, which contributed to a climate of macroeconomic uncertainty, disruption and significant volatility in the financial markets. The ongoing COVID-19 pandemic continues to evolve and, to date, has led to the implementation of significant measures by the Government of the Republic of Estonia and other competent authorities in the Group's target markets intended to control the outbreak, including lockdowns, restriction of human movement and social distancing, mandatory closures of businesses, quarantines and travel bans. In addition, the Group has also taken precautions, such as

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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (the **CRD IV**).

⁶ Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the **CRD V**).

requiring employees to work remotely where possible, promoting vaccination, adopting social distancing at workplaces, implementing precautionary hygiene measures and, as a result, the Group did not face closure of operations due to COVID-19. These governmental and managerial measures and precautions, and any future prevention and mitigation measures related to COVID-19 or other widespread public health concerns significantly reduced and may continue to reduce in the future economic activity, and caused an adverse impact on economic conditions and on business and consumer confidence and spending, both in Estonia and throughout the world which could materially adversely affect demand for the Group's products and services. Although COVID-19 vaccination programs are progressing, as at the date of this Prospectus such measures continue to impact economic activity. The COVID-19 pandemic could continue to adversely affect the Group's business, financial condition and results of operations in the future. Such future effects may be material, and include, but are not limited to temporarily amending terms and conditions of the products and services of the Group to avoid defaults by the clients of the Group. The extent to which the COVID-19 pandemic ultimately impacts the Group's business depends on future developments, including the duration, spread and intensity of the outbreak and the implementation of prevention and mitigation measures, which are uncertain and difficult to predict. There can also be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances will not lead to new funding uncertainty, resulting in increased volatility and widening credit spreads. If the COVID-19 pandemic becomes more pronounced, or if widespread public health concerns occur in the future, the Group's business, financial condition or results of operations could be materially and adversely affected. Considering that by the date of this Prospectus, the COVID-19 pandemic has not had a significant adverse effect on the Group's operations and results of operations, the Company considers the COVID-19 related risks medium.

Reputational Risk. Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation. In the banking sector, where the Group companies and most notably the Company operate, a good reputation is paramount. As the Company obtained a banking license and started operating under a new business name (Inbank) only six years ago, the development of a strong brand and good reputation is especially important for the Company, and thus the Company is more susceptible to reputational risk than older and well-established brands in the financial sector. The reputation affects the trustworthiness of the Company which is the principal basis for conducting the business in the sector. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. The Group mitigates the reputational risk by carrying out regular risk management trainings as well as by continually improving the Group-wide risk management framework, thus ensuring a strong risk culture. However, the measures taken by the Group may prove to be ineffective or insufficient and further, in addition to factors directly attributable to the Group companies and their employees, the reputation of the Group is affected by circumstances beyond the control of the Group, such as the conduct of its business partners, whom the Group has over 4,500, or information circulating in the media. Any deterioration of the Group's reputation in the eyes of customers, business partners, owners, employees, investors or supervisory authorities may have a material adverse effect on the Group's operations, financial condition and results of operations, including the Company's ability to attract deposits and secure funding on favourable terms. The Group's risk profile for reputational risk is considered as low.

Competitive Market. The Group operates in the four main geographical markets where the Group is present (i.e. Estonia, Latvia, Lithuania and Poland), which are all highly competitive markets. In addition to the licenced credit institutions and branches of foreign banks present in the geographical markets where the Group operates, there are market participants (financial institutions, e.g. creditors) who are not subject to regulatory and capital requirements as burdensome as the Group companies, and who therefore may have a competitive advantage over the Group companies 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 more conservative and traditional products and services offered by the Group. Often such alternative service providers are able to offer more favourable terms than the Group companies, which may result in price pressure on the products and services offered by the Group. If the Group fails to respond to the competitive environment in its highly competitive 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 Group. The Group's risk profile for the risk stemming from competitive market is considered as low.

Exposure to Conduct of Other Market Participants. The Group's access to financing, investment and derivative transactions may be adversely affected by market practices of other market participants. Unfettered access to the financial markets is needed to ensure that the Group is able to finance its 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 Group's access to capital resources. Further, the Group companies have exposure to many counterparties arising from clearing, funding or other relationships with them. Failure of such market participants to meet their obligations may result in the default of the Group companies before other counterparties and clients, which in turn may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for the risk arising from the conduct of other market participants is considered as low.

Subsidiaries and Affiliated Companies. As of 30 September 2021, the Company holds an indirect shareholding of 29,8% at Maksekeskus AS, a 34% direct shareholding in AS Aktiva Portfolio, a 53% indirect shareholding in Mobire Group OÜ and a 30% indirect shareholding in Paywerk AS. The operations of these joint ventures may be adversely affected by the other shareholders of the companies. Despite the shareholders' agreements, 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 fails to exercise its voting rights to adopt management decisions that in the view of the Company are necessary in the interest of those companies. Furthermore, the joint venture partners may understand the terms of the shareholders' agreements differently from the Company or fail to perform the shareholders' agreements. Although the Management considers the materialisation of the above-described risks unlikely and has high confidence and trust in its joint venture partners, such behaviour by 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 Group depend to an extent on the performance and the sound management of the subsidiaries and the affiliated companies, then this may have a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for the risk stemming from subsidiaries and affiliated companies is considered as low.

3.4. Legal and Regulatory Risks

Maintaining Capital Adequacy Ratios. Credit institutions and investment firms must adhere to strict capital adequacy requirements subject to frequent reforms and changes. Currently, the capital of banks and investment firms in the EU is subject to the legal framework of CRR & CRR II/CRD IV & CRD V. These requirements are largely based on the Basel III framework that was agreed in the Basel Committee on Banking Supervision with the objective to strengthen the resilience of the financial sector to economic shocks and thereby ensure the adequate and sustainable financing of the economy, and are still subject to transitional arrangements (phase-in of deductions and capital buffers and phase-out of capital elements). In addition, the Council of the European Union has still to adopt, among others, reforms for both the CRR II and CRD V to finalise implementation of the Basel III framework and certain changes foreseen under the CRR II and CRD V are still to be implemented as the relevant implementation deadlines were postponed to help the banks deal with the impacts of COVID-19. In addition to common capital requirements, the Group must maintain the capital conservation buffer at the level of 2.5%. Other additional capital buffers (systemic risk buffer and countercyclical capital buffer) were reduced to 0% when the COVID-19 crisis began and by the date of this Prospectus, there is no information on upcoming changes of these rates. So far, the Group 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 and the Group as a whole. This may result in the need to increase capital, reduce leverage and risk weighted assets, modify the Group's legal structure or even change the Group's business model. The Group's risk profile for the risk that stems from maintaining capital adequacy ratios is considered as medium.

Compliance and Regulatory Change Risks. The Group operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice. The regulatory framework that was introduced after the global financial and economic crises of 2007-2009 (CRR, CRR II, CRD IV, CRD V, BRRD⁷, BRRD II⁸, SRMR⁹, SRMR II¹⁰) is under constant revision. Certain requirements of CRD V and CRR II are still to be implemented and it is already known that a further revision of the capital requirements is required in order for the European Union legislative framework to comply with the Basel III standards which would likely further increase capital requirements. Although the Group does not offer products or services that are generally considered to entail high money laundering and terrorist financing risks, the recent and ongoing developments in this area are likely to place additional strain on the operating processes of the Group. As the business model of the Group is centred around automated IT

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 (the **BRRD**).

⁸ Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the **BRRD II**).

⁹ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the **SRMR**).

¹⁰ Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the **SRMR II**).

processes and is thus very dependent on data processing, the regulatory changes (e.g. GDPR¹¹ that came into effect in 2018) related to data processing have a significant impact on the activities of the Group. Therefore, the increased requirements and expectations, enhanced supervisory standards and uncertainty with regard to further changes may result in limitations of operating flexibility and certain lines of business, additional costs and liabilities, a necessity to change legal, capital or funding structures, and decisions to exit or not to engage in certain business activities. The Group's risk profile for compliance risk is considered as medium.

Tax Regime Risks. 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 a material adverse effect on the Group's operations, financial condition and results of operations. The Group's risk profile for tax regime risk is considered as low.

Exposure to Regulatory Actions and Investigations. The Group offers 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, data protection, tax and other authorities regularly perform investigations, examinations, inspections and audits of companies acting in the same sector as the Group. Such proceedings include, but are not limited to topics like capital requirements, standards of consumer lending, anti-money laundering ("**AML**"), anti-bribery, payments, reporting, corporate governance, data protection, etc. Any determination by the authorities that the Company or any Group entities have not acted in compliance with all the applicable laws and regulations could have serious legal and reputational consequences for the Group, including exposure to fines, criminal and civil penalties and other damages, increased prudential requirements or even lead to business disruption in the respective fields. Any of these consequences may have a material adverse effect on the Company's operations, financial condition and results of operations. The Group's risk profile for the risk arising from regulatory actions and investigations is considered as medium.

*Exposure to Money Laundering and Terrorist Financing ("**ML/TF**") risks.* The recent discoveries of the vulnerability of banks with regard to ML/TF, the regulatory environment as well as the supervisory approach have become very strict and focused on ML/TF risks. The target customers, operating regions as well as the offered products and services of the Group include modest ML/TF risks compared to the majority in the banking sector. Nevertheless, a significant portion of attention has to be put on these risks by the Group in order to meet its low risk appetite for ML/TF risk. Therefore, the Group must put in significant effort to comply with AML requirements. Failure to do so would most likely lead to implementation of strict supervisory measures, reputational damage and could result in business disruption. The Group's risk profile for ML/TF risk is considered as low.

Contractual Risk. 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

¹¹ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (the "**GDPR**").

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 affected and agreements are entered into, which is primarily that of the Baltic states and Poland, 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 may turn out to be unenforceable, which in turn may have a 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. The Group's risk profile for contractual risk is considered as low.

Exposure to Civil Liability. 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 its business (provision of consumer credit) use of the 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 have 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. The Group's risk profile for the risk stemming from civil liability is considered as low.

3.5. Political and Economic Risks

Changes in Economic Environment. Each of the Group's operating segments is affected by general economic and geopolitical conditions and is not immune to the impacts of COVID-19. The general economic environment on the one hand affects the demand for the services, but on the other hand negative trends in the economy increase the credit risks. Similarly, adverse changes in the economic environment, especially of countries where the Group companies operate, could negatively affect the operations of the Group in several ways, including significantly increasing the credit risk stemming from the Group's loan portfolio and decreasing the demand for the Group's services. OECD Economic Outlook in July 2021 has stated that economic recovery is likely to remain uneven and dependent on the effectiveness of vaccination programmes and public health policies. Any deterioration in the economic environment of the countries where the Group operates could have a direct negative impact on the financial position and profitability of the Group. The Baltic region is a small open economy that is closely linked to the global economy and especially to the macroeconomic conditions in the Eurozone countries and Russia. 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. The Group's risk profile for the risk stemming from the changes in economic environment is considered as medium.

3.6. Risks Related to Bonds

Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. The Company's ability to meet its obligations arising from the Bonds and the ability of the bondholders 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*). The risk profile of the Bonds for credit risk is considered as medium.

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. The risk profile of the Bonds for subordination risk is considered as medium.

Bail-In Risk. Any liability arising under the Bonds may be subject to the exercise of Bail-In Powers by the relevant Resolution Authority in cases where a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met). Exercising the Bail-In Powers is subject to numerous preconditions and will only be used as a last resort; however, if the powers are exercised, it is possible that: (a) the amount outstanding of the Bonds is reduced, including to zero; (b) the Bonds are converted into shares, other securities or other instruments of the Company or another person; (c) the Bonds are cancelled; and/or (d) the terms of the Bonds are altered (e.g. the maturity date or interest rate of the Bonds could be changed). Therefore, if a Group company meets the conditions for the initiation of resolution proceedings, the exercising of the Bail-in Powers by the relevant Resolution Authority may result in material losses for the bondholders. 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 bondholders is not necessary for affecting bail-in measures by the Resolution Authority. The risk profile of the Bonds for bail-in risk is considered as medium.

Early Redemption Risk. According to the Terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Company, at any time after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds". Further, according to the Terms of the Bonds, the Bonds may be redeemed by the Company even earlier than after the lapse of 5 years as from the date of issue of the Bonds as described in Section 2.7 "Maturity of Bonds" if amendments are made to the tax regulation that cause the Company to bear increased tax liability in regards of the Bonds, or if the Bonds seize or are likely to seize to be included in the Company's Tier 2 capital. If any of these early redemption rights 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 EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. The decision on granting the consent involves a certain amount of discretion by the competent authority and the early redemption is therefore beyond the control of the Company. The risk profile of the Bonds for early redemption risk is considered as low.

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 Terms of the Bonds. 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. The risk profile of the Bonds for the risk stemming from not having ownership rights is considered as low.

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. The risk profile of the Bonds for tax regime risk is considered as low.

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 4.10 "Cancellation of Offering". The risk profile of the Bonds for the risk stemming from cancellation of Offering is considered as low.

3.7. Risks Related to Offering, Listing and Admission to Trading

Bond Price and Limited Liquidity of Bonds. The Company will apply for the listing of the Bonds on the Baltic 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, the Nasdaq Tallinn Stock Exchange is substantially less liquid and more volatile than established markets in other jurisdictions. The YTD turnover of bonds admitted to trading on Nasdaq Tallinn Stock Exchange is EUR 8.6 million with 1937 trades in total (as of 31 October 2021). The relatively small market capitalisation and low liquidity of the Nasdaq Tallinn Stock Exchange may impair the ability of the bondholders to sell their Bonds on the open market, use them as a collateral for other obligations or engage in other transactions requiring the existence of an active market, or could increase the volatility of the price of the Bonds. As the Bonds of each series will bear a different ISIN code, the respective Bonds will also be traded separately which will affect their liquidity on the market. The value of the Bonds can fluctuate on the securities market due to events and the materialisation of risks related to the Group, but also because of events outside the Group's control, such as economic, financial or political events, changes of interest rate levels or currency exchange rates, policy of central banks, changes in the demand or supply of securities of the same type in general or of the Bonds. For instance, if at any point a person holding a large block of Bonds decided to sell such Bonds, the demand on the Nasdaq Tallinn Stock Exchange may not be sufficient to accommodate such a sale or issue and any sale may take longer than originally expected or a sale may take place at a lower price than expected. The risk profile of the Bonds for the risk stemming from bond price and limited liquidity of Bonds is considered as medium.

Negative or Insufficient Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results

of its operations, as the Company has no influence on the analysts who prepare such reports. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of the Bonds. The risk profile of the Bonds for the risk stemming from negative or insufficient analyst coverage is considered as low.

4. TERMS AND CONDITIONS OF OFFERING

4.1. Offering

In the course of the Offering, up to 35,000 Bonds of the Programme may be offered to retail and institutional investors in Estonia (the **Retail Offering**). The Company may choose to offer the Bonds issued under the Programme to investors in and outside Estonia by private placement under exemptions from the obligation to draw up a prospectus or register such offer with the competent authorities available for the Company under law applicable to such offerings.

In addition to the Retail Offering the Bonds may be offered in or outside Estonia to qualified investors in accordance with Article 1(4)(a) and (b) of the Prospectus Regulation (the **Institutional Offering**); however, this Prospectus relates only to the Retail Offering.

Should Bonds of a series be offered both by way of Retail Offering as well as in the course of an Institutional Offering and/or private placement, the relevant Bonds of one series will be issued simultaneously or on dates close by and will be subject to one application to list and admit the Bonds to trading on the Nasdaq Stock Exchange.

The division of the Bonds between the private placement (if chosen to be done by the Company), the Institutional Offering and the Retail Offering has not been predetermined and will be determined by the Company in accordance with the principles described in Section 4.7 "Distribution and Allocation" below. The total amount of Bonds may decrease in case any part of the Offering is cancelled – please see the Section 4.10 "Cancellation of Offering" for further details.

4.2. Right to Participate in Offering

The Retail Offering is directed to all retail and institutional investors in Estonia.

4.3. Offer Price

The Offer Price will be determined in the Final Terms of the Bonds.

4.4. 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 4.5 "Subscription Undertakings" for further details) for the Bonds. The Offering Period for each series of Bonds will be separately published through the information system of Nasdaq Tallinn Stock Exchange and the website of the Company (<https://inbank.ee/en/investor>).

4.5. Subscription Undertakings

Submitting 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 euros. An investor shall bear all costs and fees charged by the respective

account operator of Nasdaq CSD 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 Nasdaq CSD Estonian settlement system. Such securities account may be opened through any account operator of Nasdaq CSD. A complete and up to date table of account operators of Nasdaq CSD can be found at the following address: <https://nasdaqcsd.com/list-of-account-operators/>.

Content of and Requirements for Subscription Undertakings

A Subscription Undertaking is deemed submitted from the moment Nasdaq CSD receives a duly completed transaction instruction from the account operator of the respective investor.

Submission of Subscription Undertakings through Nominee Accounts

An investor may submit a Subscription Undertaking through a nominee account only if such an investor authorises the owner of the nominee account to disclose the investor's identity, personal ID number or registration number, and address to the Company and Nasdaq CSD. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information will be disregarded.

Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offering Period. To do so, the investor must contact its/his/her account operator through whom the Subscription Undertaking in question has been made and carry out the procedures required by the account operator for amending or cancelling a Subscription Undertaking (such procedures may differ between different account operators). This may result in costs and fees charged by the account operator through which the Subscription Undertaking is submitted.

Legal Effect of Subscription Undertakings

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 in 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) 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 subscribed for (please see Section "Distribution and Allocation");

- (iv) undertakes to acquire and pay for any number of Bonds allocated to them in accordance with these terms and conditions, up to the Maximum Amount;
- (v) authorises and instructs the account operator through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on their behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;
- (vi) authorises the account operator through which the Subscription Undertaking is submitted, and Nasdaq CSD, to amend the information contained in the Subscription Undertaking to (a) specify the value date of the transaction, (b) specify the number of Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any;
- (vii) authorises the Company and Nasdaq CSD to process its personal data and information in the Subscription Undertaking during the Subscription Period and/or after the Subscription Period where necessary to participate in the Offering, to accept or reject the Subscription Undertaking and to fulfil the Terms and Conditions of the Bonds and the Company's obligations under the Terms and Conditions of the Bonds;
- (viii) 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 constitute the acceptance of an offer, and therefore does not in itself entitle the investor to acquire the Bonds, nor result in a contract for the sale of the Bonds between the Company and the investor.

4.6. 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 account operator) 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 Offer 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 Nasdaq CSD securities account or its/his/her securities account to cover the whole transaction amount for that particular Subscription Undertaking.

4.7. Distribution and Allocation

The Company will decide on the allocation of the Offer Bonds after the expiry of the Offering Period of the respective series of Bonds. The Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

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

- (ii) the Company shall be entitled to use different allocation principles between the groups of retail investors and institutional investors;
- (iii) the Company shall be entitled to use different allocation principles in groups of investors tiered based on the size of the Subscription Undertaking;
- (iv) the allocation shall be aimed to create a solid and reliable investor base for the Company;
- (v) the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering;
- (vi) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; and
- (vii) the Company shall be entitled to prefer the clients of the Company to other investors whereas preference may be given only to certain groups of clients;
- (viii) the Company shall be entitled to give preference to the employees, management and supervisory board members of companies belonging to the Group whereas such persons may use their investment vehicles in subscribing for the Bonds and shall in such case inform the Company of the usage of an investment vehicle and its name.

The list of existing shareholders, bondholders and clients of the Company shall be fixed as at the end of the business day immediately preceding the day of announcement of the public offering of the relevant series of Bonds.

The results of the allocation process of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://www.inbank.ee/en/investor/announcements>. The Company plans to announce the results of allocation of each series of the Bonds within three business days after the end of the Offering Period, but in any case, before the Bonds are transferred to the investors' securities accounts. Therefore, dealing with the Bonds on Nasdaq Tallinn Stock Exchange shall not begin before the results of the allocation have been announced.

4.8. Settlement and Trading

The Bonds allocated to investors will be transferred to their securities accounts on or about the settlement date provided in the Final Terms of the Bonds through the "delivery versus payment" method simultaneously with the transfer of payment for such Bonds. The title to the Bonds will pass to the relevant investors when the Bonds are transferred to their securities accounts. If an investor has submitted several Subscription Undertakings through several securities accounts, the Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary. Trading with the Bonds is expected to commence on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange on or about the date noted as such in the Final Terms of the Bonds.

4.9. 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 is less

than the amount of Bonds applied for, the funds blocked on the investor's cash account, or the excess part thereof (the amount in excess of payment for the allocated Bonds), will be released by the respective financial institution. Regardless of the reason for which funds are released, the Company shall never be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked (if any).

4.10. Cancellation of Offering

The Company has the right to cancel the Offering in full or in part in its sole discretion, at any time until the end of the Offering Period. In particular, the Company may decide to cancel the Offering in the part not subscribed for. Any cancellation of the Offering will be announced through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website <https://www.inbank.ee/en/investor/announcements>. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

4.11. 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.

5. 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 rapidly 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 launch of new products and increase the business volumes of the Group. During the first nine months of 2021 the risk weighted assets of the Company have increased by nearly 38% from EUR 399 million to EUR 553 million. Under the EU legislation applicable to credit institutions the increase in risk weighted assets needs to be covered by regulative capital.

There is no specific project that would be financed from the proceeds of the Offering.

The Company is looking to engage additional capital in the amount of up to EUR 35 million with the Programme. The total amount of costs related to the Offering is estimated to be up to EUR 100,000, which will be deducted from the proceeds of the Offering before using the proceeds as described in this Section. The net proceeds of the Offering would therefore be estimated to amount to EUR 34.9 million.

The Company plans to use up to EUR 6.503 million of proceeds from the Offering for the premature redemption of the existing unsecured subordinated bonds issued by the Group, provided that the Group is entitled to redeem such bonds prematurely in accordance with the applicable bond terms. The remainder of the net proceeds of the Offering, or in case the above subordinated bonds are not redeemed prematurely, the entire net proceeds of the Offering, will be used in line with the overall purpose of the Offering.

6. GENERAL CORPORATE INFORMATION AND ARTICLES OF ASSOCIATION

6.1. General Corporate Information

The business name of the Company is AS Inbank. The Company was registered in the Estonian Commercial Register on 5 October 2010 under the register code 12001988 and its legal entity identifier (LEI) code is 2138005M92IEIQVEL297. 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

Website: <https://www.inbank.ee>

The information on the website does not form part of the prospectus unless that information is incorporated by reference into the Prospectus.

According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2020, the field of activity of the Company was "credit institutions (banks)" (EMTAK¹² 64191).

¹² 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.

7. SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

7.1. Share Capital and Shares

The current registered and fully paid-in share capital of the Company is EUR 970,053, which is divided into 9,700,530 ordinary shares of the Company (the **Shares**) with the nominal value of EUR 0.10. The Shares are registered in the Estonian securities register (the **ERS**) under ISIN code EE3100109232. The Shares are not admitted to trading on any regulated market. The Company does not have any shares that would not have been fully paid up.

The Company is planning an additional issue of ordinary shares to fulfil its growing need for regulatory capital. It is planned that the general meeting to approve the share capital increase will be called on or about 9 December 2021 and will take place on or about 17 December 2021. The Company is planning to issue up to 300,000 additional ordinary shares for which up to EUR 6,000,000 will be paid to the Company. The increase of the share capital is planned to be entered into the Commercial Register at the latest on the first days of 2022.

Under the Estonian Commercial Code the main rights afforded to holders of ordinary shares are the right to participate in the general meeting of shareholders and in the distribution of profits and, upon dissolution, of the remaining assets of the public limited company, as well as other rights provided by law or prescribed by the articles of association.

For information on the management and employees share option program, please see Section 7.3 "Management and Key Employees Share Option Program".

7.2. Shareholders of Company

As at the date of this Prospectus, the Shareholders holding directly over 5% of all Shares in the Company are the following:

Name of Shareholder	Number of Shares	Proportion
Cofi Investeeringud OÜ	2,582,187	26,62%
Luciano Orsero	907,881	9.36%
Roberto de Silvestri	824,800	8.50%
Elio Tomaso Giovanni Cravero	714,900	7.37%
Andrea Agostinone	692,000	7.13%
SCI IN Holding 20	517,200	5.33%

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

In addition to the Management Board and Supervisory Board members, including the founders of the Company (Mr Jan Andresoo and Mr Priit Põldoja), and their related persons (please see section 8.7 for detailed information), the Company is owned by a number of foreign investors, of whom no one has an indirect qualifying holding in the Company.

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

There are no Shareholders' Agreements between the shareholders of the Company.

7.3. Management and Key Employees' Share Option Program

In order to successfully carry out its expansion plans and implement the strategy for 2019-2022, the Company'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 – 285,000;
- period for issuing of options and signing of option agreements – May 2019;
- issue price per option – options were issued for free;
- strike price per option (price for which shares of the Company would be purchased) – EUR 3.00 and EUR 6.75 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 the Company or its subsidiary at the date of exercise;
- the specific terms and conditions for exercise of options would be determined by the Management Board of the Company.

The Company's Supervisory Board has also decided to implement a new share option programme for a period of 2021-2023 addressing a larger number of the Company's senior and key individuals (approximately 50 individuals). The options have been issued as follows:

- total number of options issued in 2021 – 128,400;
- period for issuing of options and signing of option agreements – April and October 2021;
- issue price per option – options were issued for free;
- strike price per option (price for which shares of the Company would be purchased) – EUR 12.50 per share;
- time when options can be exercised – starting three years from the date of the issue of the option and during two months thereafter;
- condition of the right to exercise an option is continued employment/service agreement with the Company or its subsidiary at the date of exercise;
- specific terms and conditions for exercise of options would be determined by the Management Board of the Company and should comply with the terms and conditions of the Option Programme.

On 16 September 2021 the Company's Supervisory Board decided to issue 20,000 additional share options to the Head of the Czech business unit under the following terms:

- total number of options issued in October 2021: 20,000;
- issue price per option – options were issued for free;
- strike price per option (price for which shares of the Company would be purchased) – EUR 15.50 per share;
- time when options can be exercised – starting three years from the date of the issue of the option and during two months thereafter;

- condition of the right to exercise an option is continued employment/service agreement with the Company or its subsidiary at the date of exercise;
- specific terms and conditions for exercise of options would be determined by the Management Board of the Company and should comply with the terms and conditions of the Option Programme.

By the date of this Prospectus, the Company has granted options altogether to 433,400 shares.

8. MANAGEMENT

8.1. 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 members 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).

8.2. Management Board

Role. 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. Further, according to the Estonian Commercial Code, it is the obligation of the Management Board to draft the annual reports and submit the reports to the Supervisory Board for review and to the General Meeting for approval. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions.

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.

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 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.

Members of the Management Board. The Supervisory Board has appointed seven members to the Management Board – Mr Priit Põldoja (Chairman of the Management Board, the authorities remain valid until 12 April 2024), Ms Piret Paulus (the authorities remain valid until 4 May 2023), Mr Jaanus Kõusaar (the authorities remain valid until 11 August 2022), Mr Marko Varik (the authorities remain valid until 17 March 2024), Mr Benas Pavlauskas (the authorities remain valid until 19 October 2023), Mr Maciej Jerzy Pieczkowski (the authorities remain valid until 19 October 2023) and Mr Margus Kastein (the authorities remain valid until 19 October 2023).

Mr Priit Põldoja. Mr Põldoja is a chairman of the Management Board of the Company who is responsible for the strategic management of the company and implementation of the short- and

long-term plans. 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 additionally a chairman of the Supervisory Board of AS Inbank Finance, member of the Supervisory Board of Paywerk AS, AS SmartCap and Maksekeskus AS and member of the Management Board of Cofi Investeeringud OÜ, Lamu Investeeringud OÜ, Eesti Pangaliit and MTÜ FinanceEstonia.

Mr Marko Varik. Mr Varik is the CRO of the Company, responsible for 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. Within the Group, in addition to holding the position of member of the Management Board of the Company, Mr Varik is also a member of the Supervisory Board of AS Inbank Finance and Mobire Group OÜ.

Mr Jaanus Kõusaar. Mr Kõusaar is the CFO of the Company, responsible for financial management of the Company. Mr Kõusaar was born in 1976. Mr Kõusaar was awarded a diploma (equivalent to master's degree) in Economics from the Tallinn University of Technology in 1999, and an MBA degree from the Alliance Manchester Business School in 2006. Between 1997 and 2001 he worked for AS PricewaterhouseCoopers, between 2001 and 2004 for Estonian Television, between 2006 and 2011 for Alvarez & Marsal Europe LLP, between 2012 and 2016 for Saku Õlletehase AS and Aldaris A/S, and in 2017 for AS Eesti Meedia. Within the Group, in addition to holding the position of member of the Management Board of the Company, Mr Kõusaar is also a member of the Management Board of Inbank Payments OÜ, Inbank Technologies OÜ, Maksekeskus Holding OÜ and SIA Inbank Latvia. Mr Kõusaar is also a member of the Supervisory Board of AS Inbank Finance and Mobire Group OÜ.

Ms Piret Paulus. Ms Piret Paulus is the Head of Personal Loans and Cards in the Inbank Group. Ms Paulus was born in 1979. Ms Paulus was awarded a bachelor's degree in Mathematical Statistics and Economics from the University of Tartu in 2002. Between 2004 and 2010 she worked for Swedbank AS, between 2011 and 2016 for Coop Finants AS. Within the Group, in addition to holding the position of member of the Management Board of the Company, Ms Paulus is also a member of the Management Board of AS Inbank Finance.

Mr Benas Pavlauskas. Mr Pavlauskas is CEO of Inbank Lithuania branch and Head of Sales Finance in the Inbank Group. Mr Pavlauskas is responsible for the overall strategy of the product including the sales strategy and implementation, product development, improvement and expansion as well as overview of the Sales Finance business in the Baltics and managing the branch in Lithuania. Mr Pavlauskas was born in 1989. Mr Pavlauskas was awarded a bachelor's degree in Science (with Honours) in the field of Economics and Industrial Organisation from the University of Warwick in 2011. Between 2011 and 2014 he worked for PwC, between 2014 and 2020 for UAB Mokilizingas.

Mr Maciej Jerzy Pieczkowski. Mr Pieczkowski is Head of Poland Business and manages operations of the Inbank Poland branch. Mr Pieczkowski is responsible for developing and implementing business strategy of the branch in Poland. Mr Pieczkowski was born in 1974. Mr Pieczkowski was awarded a

master's degree in finance and Banking/Economy and PhD Studies/Economy from Cracow Academy of Economics. Between 2001 and 2003 he worked for bank Pekao S.A. (UniCredit Group), between 2003 and 2007 for Xelion Doradcy Finansowi Sp.z.o.o. (UniCredit Group), between 2007 and 2008 Partnerzy Inwesycyjni Sp. Z.o.o./Dom Maklerski BDM S.A. Group, between 2009 and 2016 BPH S.A./GE Capital bank.

Mr Margus Kastein. Mr Kastein is Head of the Car Financing Business Unit. Mr Kastein is responsible for the growth, efficiency and competitiveness of AS Inbank's partner-based (B2B) car financing business unit. Mr Kastein was born in 1971. Mr Kastein was awarded a bachelor's degree in Economy from University of Tartu. Between 2000 and 2008 he worked for AS Ingman Jäätised, between 2008 and 2011 for AS Saku Õlletehas, between 2011 and 2016 as the CEO of AS Saku Õlletehas and AS Aldaris. Within the Group, in addition to holding the position of member of the Management Board of the Company, Mr Kastein is also a member of the Management Board of AS Inbank Finance and a member of Supervisory Board of Mobire Group OÜ. Mr Kastein is additionally a member of the Management Board of MTÜ Tärkma Sadama Selts and MTÜ Parim Enne and a member of the Supervisory Board of Sihtasutus Hiiumaa Sadamad.

8.3. 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).

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 organised the supervision of the activities of the Company during the year. The tasks and responsibilities of the Supervisory Board are further regulated in the Articles of Association of the Company.

Members of the 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 organising the activities of the Supervisory Board. The roles of each member of the Supervisory Board are not specified within the Company and the Supervisory Board members perform their duties as Supervisory Board members in accordance with the Articles of Association and applicable legislation. 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 a 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 six members in the Supervisory Board - Mr Jan Andresoo (the Chairman of the Supervisory Board), Ms Triinu Bucheton, Mr Raino Paron, Mr Rain Rannu, Mr Roberto De Silvestri and Mr Taavi

Kotka. The authorities of all the above-mentioned persons as the members of the Supervisory Board will remain valid until 31 March 2024.

Mr Jan Andresoo. Mr Andresoo is the chairman of the Supervisory Board. 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. In addition to holding the position of the Chairman of the Supervisory Board of the Company, Mr Andresoo is additionally a member of the Management Board of Paywerk AS.

Mrs Triinu Bucheton. Ms Bucheton was born in 1985. Ms Bucheton was awarded in 2006 a bachelor's degree in Social Sciences (Law) and in 2009 a master's degree in Law from the University of Tartu. In addition, Ms Bucheton has been awarded in 2013 a Master of Business Administration (MBA) degree from the Estonian Business School. Between 2006 and 2009 she worked for Ernst & Young Baltic AS and from 2009 to 2012 for Raidla Lejins & Norcous Advokaadibüroo OÜ (currently Ellex Raidla Advokaadibüroo OÜ). Since 2012 she has been working for Colonna Varahaldus OÜ. Ms Bucheton is additionally a member of the Management Board of a number of Estonian holding companies managing real estate and other investments, and a member of the Supervisory Board of Stell Eesti AS and Sihtasutus Colonna Heategevusfond. In addition, Ms. Bucheton is a member of the Management Board of Kneiff S.A..

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 the World Bank and the IMF. Since 1995 he has been working in law firm Osaühing Advokaadibüroo Raidla & Partnerid (currently Ellex Raidla Advokaadibüroo OÜ) as the head of the banking and financing practice group. Mr Paron is also a member of the Management Board of MTÜ FinanceEstonia and a member of the Supervisory Board of AS Tallink Grupp and Paywerk AS. Mr Paron is also Chairman of the Arbitration Counsel of Nasdaq Tallinn.

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 of Garage 48 Foundation and member of the Supervisory Board of Sihtasutus Garage48 and Registat Pension AS. Mr Rannu is a management board member of Superangels OÜ and Superange1 GP OÜ, which are focused on making investments into start-up companies as well as management board member of Alarahastatud OÜ, Tallifornia OÜ, Tallifornia Erotstarbeline Kratt OÜ and Tallifornia Eriotstarbeline Massiivne Tellis OÜ.

Mr Roberto de Silvestri. Mr de Silvestri was born in 1977. Mr Silvestri was awarded a Law degree in 2002 from the Università di Giurisprudenza di Genova 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. Between 2009 and 2017 Mr de Silvestri was working for G&G Private Finance SAM. Since 2017 Mr. de Silvestri has been working for CGM Monaco SAM. Mr Silvestri is also a member of the Management Board of a number of Estonian holding companies

managing real estate and other investments, and a member of the Supervisory Board of Sihtasutus Colonna Heategevusfond. In addition, Mr. de Silvestri is a member of the Management Board of CGM Monaco SAM, Valdemara 8 SIA, Skanstes 12 Holding SIA, SCI Petite Maison 2013, SCI Cap d'Ail 2018, SCI Ile de France, Stabu 10 Holding SIA and Latvia Portfolio SIA.

Mr Taavi Kotka. Mr Kotka was born in 1979. Mr Kotka was awarded bachelor's degree in information technologies from University of Tartu and master's degree in e-governance technologies and services from Tallinn University of Technology. Between 1998 and 2000 he worked for AS Andmevara, between 2000 and 2004 for AS Webmedia, between 2005 and 2012 for AS Webmedia (today AS Nortal), between 2013 and 2017 for the Ministry of Economic Affairs and Communications. Mr Kotka is additionally a CEO of Jio research centre and Proud Engineers OÜ.

8.4. Audit Committee

Role and Duties. The Audit Committee is an advisory body to the Supervisory Board. The Audit Committee has been established to supervise the activities of the Management Board. The functions of the Audit Committee are as follows: (i) Audit committee appoints the members of internal audit unit, performs annual appraisals for head of internal audit; (ii) Audit Committee approves the annual audit plan for internal audit unit and controls fulfilment of this plan; (iii) Audit Committee meets at least once a quarter. The internal audit unit reports to the Audit Committee regarding results of internal audits performed, on status of recommendations and provides the overview of risks and controls. In case of high-risk cases, the internal audit unit informs the Audit Committee immediately; (iv) Audit Committee appoints the external audit provider and once a year receives the report from external audit regarding the financial statements and consolidated reports.

Members of the 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 Mr Raino Paron (chairman), Mr Jan Andresoo and Ms Triinu Bucheton.

8.5. 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 the Remuneration Committee. The Remuneration Committee comprises of three members. The members of the Remuneration Committee are elected for a term of 3 years by the Supervisory Board. Currently the members of the Remuneration Committee are Mr Jan Andresoo, Mr Rain Rannu and Mr Roberto de Silvestri.

8.6. 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 2020.

The total amount of remuneration and benefits paid to the members of the supervisory and management bodies of the Company during the financial year 2019 was EUR 954,000 (including applicable taxes) and for financial year 2020 this was EUR 897,000 (including applicable taxes). In addition to monetary remuneration, several members of the management bodies have been issued share options described in detail in Section 7.3 "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.

8.7. Share Ownership

The Management Board members and their related persons held Shares and options as of the date of this Prospectus as follows:

Management Board Member	Number of Shares		Share Options
	Held by Member	Held by Related Persons ¹³	
Priit Põldoja	23,000	1,206,984 ¹⁴	30,000
Benas Pavlauskas	14,500	0	3,000
Jaanus Kõusaar	0	9,750 ¹⁵	22,500
Maciej Pieczkowski	81,000	0	3,500
Margus Kastein	30,000	1,750 ¹⁶	2,500
Marko Varik	0	119,570 ¹⁷	23,500
Piret Paulus	0	124,000 ¹⁸	23,500

¹³ Related persons include companies the shares of which are owned by the Management Board member, whereas the same percentage of the shares held by the related person in the Company is taken into account as is held by the Management Board member in the related person.

¹⁴ Lamu Investeeringud OÜ, Cofi Investeeringud OÜ.

¹⁵ Orbis OÜ.

¹⁶ Goldbaum OÜ.

¹⁷ Teeny OÜ, Canyon Invest OÜ.

¹⁸ Perlio Holding OÜ.

The Supervisory Board members and their related persons held Shares and options as of the date of this Prospectus as follows:

Supervisory Board Member	Number of Shares		Share Options
	Held by Member	Held by Related Persons ¹⁹	
Jan Andresoo	0	1,082,875 ²⁰	30,000
Rain Rannu	18,000	88,500 ²¹	3,000
Raino Paron	0	37,500 ²²	13,000
Roberto de Silvestri	824,800	0	18,000
Taavi Kotka	0	3,250 ²³	5,000
Triinu Bucheton	0	30,454 ²⁴	0

8.8. 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.

8.9. 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 EFSA. 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 2020.

8.10. Statutory 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 30 March 2021 appointed Aktsiaselts PricewaterhouseCoopers (registry code 10142876; having its registered address at Pärnu mnt 15, 10141 Tallinn, Estonia) to act as the statutory auditor of the Group for the financial years 2021–2023. Aktsiaselts PricewaterhouseCoopers has also previously been appointed as the statutory auditor of the Group for the financial years 2017-2020. Aktsiaselts PricewaterhouseCoopers is a member of the Estonian Auditors' Association.

¹⁹ Related persons include companies the shares of which are owned by the Supervisory Board member, whereas the same percentage of the shares held by the related person in the Company is taken into account as is held by the Supervisory Board member in the related person.

²⁰ OÜ JP Consult, Cofi Investeeringud OÜ.

²¹ Good Times Company OÜ.

²² OÜ PPG-Invest.

²³ Secure Consent OÜ.

²⁴ Quinn OÜ.

The Audited Financial Statements have also been audited by sworn auditors Tiit Raimla (sworn auditor number 287) and Evelin Lindvers (sworn auditor number 622) from the audit company Aktsiaselts PricewaterhouseCoopers.

9. BUSINESS OVERVIEW

9.1. 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 Management Board and as the Chairman of the Supervisory 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.

In 2014 the Company introduced a loan product – Target Loan (in Estonian: *Sihhtlaen*) – in cooperation with Krediidipank AS (now Coop Pank AS).

In 2014 the Company entered into its first foreign market – Latvia – by establishing Cofi Lizings (now known as Inbank Latvia).

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 EUR 11 million of deposits in three days.

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

In September 2016, the Company became public by listing its subordinated bonds on Nasdaq Tallinn Stock Exchange. A similar subordinated bond listing on Nasdaq Tallinn Stock Exchange took place also in December 2019.

In the end of 2016, the Company entered into its second foreign market – Poland – by establishing a Polish branch.

In the beginning of 2017, the Company and Coop purchased Krediidipank AS (now Coop Pank AS) and during 2017 the Company sold its shareholdings in Coop Finants AS and Krediidipank Finants AS to Krediidipank AS (now Coop Pank AS). As a result of those transactions, the Company acquired as a financial investment a 18% shareholding in Krediidipank AS (now Coop Pank AS).

In January 2018, the Company sold its shareholding in Veriff OÜ - a video banking and video identification solution provider it had founded in 2015.

In May 2018, the Company entered into its third foreign market – Lithuania – by acquiring 100% of Mokilizingas UAB (later transformed into Mokilizingas AB and in the end of 2019 ultimately to a branch of AS Inbank) which is a consumer finance provider in Lithuania.

In December 2018, the Company issued an innovative hybrid instrument for Estonian investors, AT1 or Additional Tier 1 bond, in order to strengthen its capital structure and support fast growth. This bond has the features of both a subordinated loan as well as equity, but it is part of Tier 1 capital in the Company's capital management. The Company was able to raise EUR 3.15 million of additional capital with the successful issue. A similar AT1 bond issue also took place in November 2021 when EUR 4.50 million was raised.

In November 2019, the Company established a branch in Lithuania and merged Mokilizingas AB's assets into its Lithuania branch by Q1, 2020. Inbank continues its operations in Lithuania under the business name AS Inbank Filialas.

In December 2019 Mokilizingas Latvian branch ceased activities in Latvia.

In December 2019, the Company increased shareholding to 30% in Maksekeskus AS, the largest payment services providers in Estonia, also operating in Latvia and Lithuania.

In December 2020, the Company signed an agreement to acquire 53% of the full-service vehicle lease in Mobire Group OÜ. The transaction was completed on 26 January 2021. The purpose of the transaction was to strengthen the Group's position in the car financing market and enter an innovative subscription-based business model.

In July 2020, Aktiva Portfolio AS, where the Company is holding 34% of shares, was established for more efficient management of the debt portfolio of the Company.

In October 2020, the Company launched its payment card and app InPay in Estonia.

In April 2021, the Company established Inbank Finance AS. As of 1 July 2021, the Estonian credit-issuing business i.e. sales finance, car finance and personal loans were moved under Inbank Finance AS. However, both legal entities continue to operate under the "Inbank" brand.

In September 2021, the Company acquired a 30% shareholding in Paywerk AS. Paywerk AS is a Payment Service Provider and multimarket Pay Later platform. Paywerk AS does not issue credit but creates an ecosystem that facilitates transactions between European e-merchants and financial institutions.

In October 2021 the Company decided to establish a branch in the Czech Republic. As at the date of this Prospectus the applications for registering the branch and obtaining a permission to provide financial services through the branch have been filed.

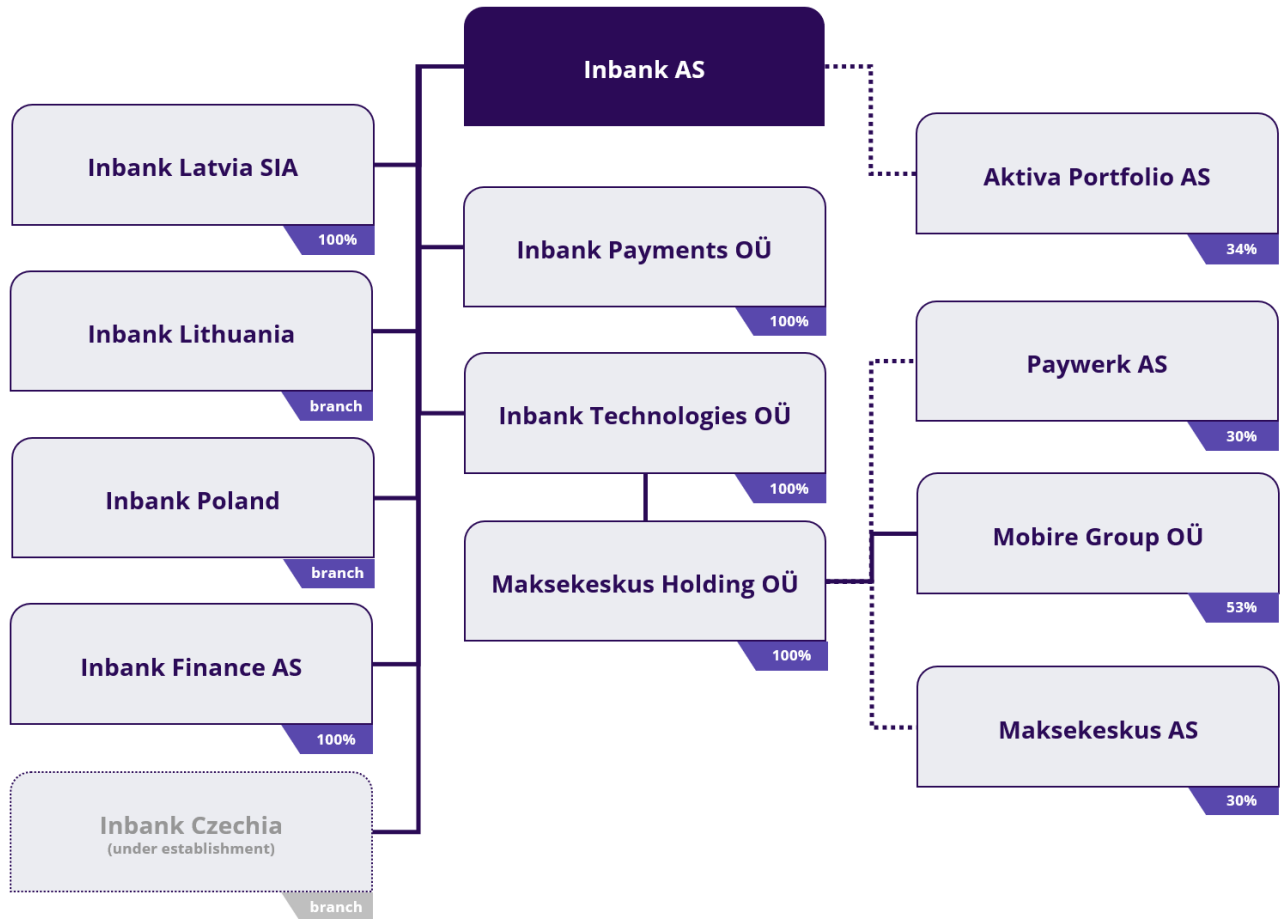
In the period of 2020-2021 the Group has launched two new products: Indivy – a sales finance and pay later platform, and InPay – a payment app and card designed for everyday purchases.

The Group gathers deposits to finance the consumer financing business in Group companies. Deposits are offered in euro in Estonia, Lithuania, Germany, Austria, Finland and the Netherlands and in Polish zloty in Poland. All deposits the Group receives are guaranteed by the Deposit Guarantee Sectoral Fund up to the amount of 100 thousand euros.

9.2. 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. Whereas the Lithuanian and Latvian credit portfolios are managed by Inbank branches, the Estonian and Latvian credit portfolios have been separated into fully owned subsidiaries. Inbank AS remains responsible for the deposit collection, Inpay card product, corporate loans, investments and centralised functions covering all markets.

Inbank Lithuania branch. Inbank Lithuania branch was established in November 2019. The main products of Inbank Lithuania branch are car loan, small loan, hire-purchase products and deposit collection.

Inbank Poland branch. Inbank Poland branch was established in January 2017. The main products of Inbank Poland branch are hire-purchase, car loan and small loan products and collecting deposits. In 2019, a next generation sales financing solution e-POS in Poland was launched.

Inbank Czechia branch. The Management Board decided to establish a branch in the Czech Republic on 26 October 2021. As at the date of this Prospectus the applications for registering the branch and obtaining a permission to provide financial services through the branch have been filed. It is likely that the branch will be registered within 2021 and it will gain permission to provide credit and deposit services in mid-2022. The Company is planning for the branch to start providing financial services in the second half of 2022.

AS Inbank Finance. AS Inbank Finance was established in April 2021. AS Inbank Finance is issuing consumer credit products i.e. sales finance, car finance and personal loans in Estonia. The reason for the establishment of Inbank Finance AS was to unify the Inbank legal structure across all markets by separating the Estonian business from the Group's in the same way it was already done in Latvia, Lithuania and Poland. Inbank Finance AS is the operating entity managing the credit portfolio in Estonia.

Inbank Latvia SIA. Inbank Latvia SIA was established in 2014. The main products of Inbank Latvia SIA are car loan, small loan, hire-purchase products.

Inbank Payments OÜ. Inbank Payments OÜ is a holding company which was established in September 2019. As at the date of this Prospectus it does not have any assets.

Mobire Group OÜ. Mobire Group OÜ offers full-service car rental, meaning that during the rental period the company provides vehicle related services, which are included in the rental price. Mobire Group OÜ is active in Estonia, Latvia and Lithuania.

Aktiva Portfolio AS. Aktiva Portfolio AS has been established for more efficient management of the debt portfolio.

Inbank Technologies OÜ. Inbank Technologies OÜ provides IT services to the Group.

Maksekeskus AS. Maksekeskus AS is an easy-to-use platform to collect e-commerce payments from Estonia, Latvia, Lithuania and Finland.

Maksekeskus Holding OÜ. Maksekeskus Holding OÜ is a holding company that focuses on investments in the finance sector and related financial technology companies. Maksekeskus Holding OÜ has a 29.8% shareholding in Maksekeskus AS, a 53% shareholding in Mobire Group OÜ and a 30% shareholding in Paywerk AS.

Paywerk AS. Paywerk AS is a Payment Service Provider and multimarket Pay Later platform. Paywerk AS does not issue credit but creates an ecosystem that facilitates transactions between European e-merchants and financial institutions.

Inbank AS is not dependent on any of its subsidiaries or associated companies, however certain technological services are provided to Inbank Group companies by Inbank Technologies OÜ.

9.3. 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 Company also has a number of strategic cooperation partnerships which enable the Company to sell its products by using the sale and marketing channels of those

partners. 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 30 September 2021 comprised of 99% of consumer lending and 1% of corporate lending.

9.4. Geographical Markets

As at the date of this Prospectus, the Group is operating in eight geographical markets, of which the three Baltic countries – Estonia, Latvia and Lithuania, and Poland are the most important. In Estonia, the Group is engaged in providing consumer financing and accepting public deposits. In Latvia the Group operates through a Latvian subsidiary of the Company which offers consumer financing services. In Poland and Lithuania, the Group operates through local branches which offer consumer financing and accept public deposits. In addition to the above-mentioned geographical markets and business segments, the Group accepts public deposits from Germany, Austria, the Netherlands and Finland but does not conduct any consumer financing activities in those markets.

9.5. Investments

The Group companies have made no significant investments since the date of the last published financial statements (Q3, 2021; Interim Financial Statements). The Interim Financial Statements are incorporated into this Prospectus.

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

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.

9.6. 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 being under an obligation or entitlement that is material to the Group company's ability to meet its obligations to bondholders in respect of the Bonds. 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.

Cooperation agreement with AllePal OÜ (formerly auto24 AS). In 2015 the Company and auto24 AS concluded a cooperation agreement with regard to offering auto24 car loan. The agreement has been updated from time to time by introducing new financing products and 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.

Cooperation agreements with Bite Lietuva UAB and Bite Latvia SIA. In 2017 the Mokilizingas AB and Bite Lietuva UAB concluded a cooperation agreement with regard to purchasing Bite Lietuva UAB's claims which it has with its end-customers. The cooperation agreement was updated in 2020

whereby the Group companies concluded cooperation agreements with both Bite Lietuva UAB and SIA BITE Latvia. These agreements regulate the parties' obligations in connection with the cooperation, including developing obligations, compensation matters and includes confidentiality clauses. The Management finds that the agreements protect the interests of the Inbank Lithuania branch (formerly Mokilizingas AB) and SIA Inbank Latvia as they are detailed and the obligations of the parties are in balance.

Cooperation agreement with PayU (one of the biggest payment services providers in Poland). In 2019 the Company and PayU concluded a cooperation agreement with regard to offering financing to merchants through PayU payment solutions. 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.

Cooperation agreement with Columbus (one of the biggest Green Energy solutions providers in Poland, publicly listed on Warsaw Stock Exchange). In 2019 the Company and Columbus concluded a cooperation agreement with regard to offering financing of domestic photovoltaic installations. 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.

The above-described agreements have not been concluded between persons acting in concert.

In addition, the Group is currently in the process of selling its ownership in Maksekeskus AS.

9.7. Trend Information

There has been no material adverse change in the prospects of the Group since 31 December 2020.

There has been no significant change in the financial performance and financial position of the Group since 30 September 2021 to the date of the Prospectus.

There have been no material changes to the Group's borrowing and funding structure since 31 December 2020 except for the issue of an additional EUR 4.50 million of bonds qualifying as Additional Tier 1 capital in November 2021.

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year, save for the ongoing uncertainty related to the COVID-19 crisis.

9.8. 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 but one ongoing 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 EFSA 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 governmental, 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.

10. 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. Tax legislation of the investor's member state and of the Company's country of incorporation may have an impact on the income received from the Bonds. 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 realised 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 realised 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 Company 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 into the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Pension Investment Account. Individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pension*

investeerimiskonto), can also acquire the Bonds through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions.

11. GLOSSARY

Term	Definition
Aktiva Portfolio AS	shall mean Aktiva Portfolio AS, an Estonian public limited company, registered in the Estonian Commercial Register under register code 16013522, having its registered address at A. Weizenbergi tn 20, 10150 Tallinn, Estonia.
Audited Financial Statements	shall mean the audited consolidated financial statements of and for the year ended 31 December 2019, and the audited consolidated financial statements of and for the year ended 31 December 2020 of the Company.
Articles of Association	shall mean the Articles of Association of the Company effective as at the date of this Prospectus.
Bail-in Powers	shall mean any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (<i>finantskriisi ennetamise ja lahendamise seadus</i>) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Company or any other person (or suspended for a temporary period).
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 Narva mnt 4, 15014 Tallinn, Estonia.
Coop Pank AS	shall mean Coop Pank aktsiaselts, an Estonian public limited company, registered in the Estonian Commercial Register under register code 10237832, having its registered address at Narva mnt 4, 15014 Tallinn, Estonia.
COVID-19	shall mean the infectious disease caused by the SARS-CoV-2 virus.
ERS	shall mean the Estonian Register of Securities, operated by Nasdaq CSD SE Estonia branch, registered in the Estonian Commercial Register under register code 14306553, having its registered address at Maakri tn 19/1, 10145 Tallinn, Estonia.
EUR	shall mean the official currency of Eurozone countries, including Estonia, Latvia and Lithuania, the 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.
Excluded Territories	Australia, Canada, Hong Kong, Japan, South Africa and any other jurisdiction where the distribution of this Prospectus and/or the transfer of the Bonds would breach applicable law.
Financial Statements	shall mean the Audited Financial Statements and the Interim Financial Statements.

EFSA		shall mean the Estonian Financial Supervision and Resolution 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 and Resolution 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.
Inbank Latvia SIA		shall mean Inbank Latvia SIA, a Latvian limited liability company, registered in the Latvian Register of Enterprises under register code 40103821436, having its registered address at Akmeņu iela 14, Rīga, LV-1048, Latvia.
Inbank branch	Lithuania	shall mean AS Inbank filialas, registered in the Lithuanian Commercial Register under register code 305340173, having its registered address at Kareivių g. 11B, Vilnius, 09109 Lithuania.
Inbank OÜ	Payments	shall mean Inbank Payments OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 14790098, having its registered address at Niine 11, 10414 Tallinn, Estonia.
Inbank branch	Poland	shall mean AS Inbank Spółka Akcyjna Oddział w Polsce, registered in the Polish Commercial Register under register code 0000635086, having its registered address at Fabryczna 5A, Riverside Park, 00-446 Warsaw, Poland.
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.
Institutional Offering		shall mean the offering of the Bonds in or outside Estonia to qualified investors or by private placement in accordance with Article 1(4)(a) and (b) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Interim Financial Statements		shall mean the unaudited consolidated interim financial statements as of and for the period ended 30 September 2019, including the comparative financial information as of and for the nine months ended on 30 September 2018 of the Company.
Krediidipank AS	Finants	shall mean aktsiaselts Krediidipank Finants (later CP Vara AS), an Estonian public limited company, deleted from the Estonian Commercial Register on 14 August 2019.
Maksekeskus Holding OÜ		shall mean Maksekeskus Holding OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 12257075, having its registered address at Niine 11, 10414 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.
Mobire Group OÜ	shall mean Mobire Group OÜ, an Estonian private limited company, registered in the Estonian Commercial Register under register code 14792996, having its registered address at Mäealuse 2/3, 12618 Tallinn, Estonia.
Mokilizingas AB	shall mean Mokilizingas AB, a Lithuanian public limited company, which has been merged into Inbank Lithuania branch.
Nasdaq CSD	shall mean Nasdaq CSD SE Estonian branch, registered in the Estonian Commercial register under register code 14306553, having its registered address at Maakri 19/1, 10145 Tallinn, Estonia, acting as the operator of the ERS.
Nasdaq Tallinn Stock Exchange	shall mean the only regulated market operated by Nasdaq Tallinn AS (registry 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 and ending at times provided in the Final Terms of each series.
Paywerk AS	shall mean Paywerk AS, an Estonian public limited company, registered in the Estonian Commercial Register under register code 16218310, having its registered address at Niine 11, 10414 Tallinn, Estonia.
Prospectus	shall mean this document, including the registration document of the Company and the securities notes of the Bonds.
Restricted Territories	shall mean member states of the European Economic Area (excluding Estonia).
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 and Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Resolution Authority	shall mean the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.
Section	shall mean a section of this Prospectus.
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 Latvia SIA, Inbank Payments OÜ, Inbank Technologies OÜ, Maksekeskus Holding OÜ, Inbank Finance AS and Mobire Group OÜ.
Supervisory Board	shall mean the Supervisory Board of the Company.
Terms	Terms and Conditions of the Bonds.

12. INDEX OF SCHEDULES

Schedule 1: Terms and Conditions of Tier 2 Subordinated Bonds

Schedule 2: Articles of Association of the Company

COMPANY

Inbank AS

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



LEGAL COUNSEL TO COMPANY

Ellex Raidla Advokaadibüroo OÜ

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



AUDITORS

Aktsiaselts PricewaterhouseCoopers

(Pärnu mnt 15, Harju maakond, Tallinn 10141, Estonia)



SCHEDULE 1: TERMS AND CONDITIONS OF TIER 2 SUBORDINATED BONDS

*This document applicable to the Program (as defined below) contains the terms and conditions of the Tier 2 subordinated bonds (the “**Bonds**” and the “**Terms**”) which (subject to completion of the Final Terms (as defined below) for each Series (as defined below) of such Bonds) shall be incorporated by reference into each such Bond. The relevant Final Terms in relation to any Series of Bonds, as the case may be, will specify specific terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms, replace and modify the following Terms for the purposes of such Bonds. The relevant Final Terms will be attached to each such Bond.*

AS Inbank, a limited liability company established and holding a credit institution license in Estonia, (“**Inbank**” or the “**Company**”) has established a Bond program for the issue of up to EUR 35,000,000 in aggregate Nominal Amount of the Tier 2 subordinated bonds (the “**Bonds**”).

The Bonds are issued in separate series (each, a “**Series**”) and the Bonds of each Series will all be subject to identical terms whether as to currency, denomination, interest or maturity or otherwise. The Company may choose to issue additional Bonds of a certain Series after the Issue Date (as defined below). The Issue Price (as defined below) and Issue Date of such Bonds may or may not be identical in connection with further issues.

Each Series will be the subject to the final terms (the “**Final Terms**”) attached to each Bond, a copy of which will be available through the Company’s website (<https://inbank.ee/en/investor/bonds>) and in the case of a Series in relation to which application has been made for admission to the Bonds List of the Tallinn Stock Exchange, will be filed with Nasdaq Tallinn AS on or before the date of issue of the Bonds of such Series. The Final Terms of each series will be filed with the EFSA (as defined below).

References in these Terms to Bonds are to the Bonds of the relevant Series.

1. Interpretation

- (a) In these Terms the following expressions have the following meanings, whereas additional expressions have been defined in other parts of these Terms, where clearly marked so:

“**Applicable Banking Regulations**” means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy then in effect in Estonia including, without limitation to the generality of the foregoing, CRD IV and CRD V, BRRD, BRRD II and those regulations, requirements, guidelines and policies relating to capital adequacy adopted by the EFSA, as replaced or amended from time to time, and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Company or the Group).

“**Bail-in Powers**” means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Estonia, relating to (i) the transposition of the BRRD (including but not limited to the Financial Crisis Prevention and Resolution Act (*finantskriisi ennetamise ja lahendamise seadus*) and the BRRD II as amended or

replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Company (or any affiliate of the Company) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Company or any other person (or suspended for a temporary period).

"BRRD" means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time.

"BRRD II" means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, as the same may be amended or replaced from time to time.

"Business Day" means a day on which commercial banks and foreign exchange markets settle inter-bank payments in euro in Tallinn and which is a settlement day of the Register.

"Bonds" mean tier 2 (as defined by the Applicable Banking Regulations) subordinated bonds issued by the Company in accordance with these Terms and the Final Terms, representing unsecured debt obligation of the Company before the Bondholder.

"Bondholder" is the owner of the Bond registered as such in the Register.

"Capital Event" means the determination by the Company, after consultation with the EFSA, that the Outstanding Principal Amount of the relevant Series of Bonds ceases or would be likely to cease to be included in whole or in any part, or count in whole or in any part, towards the Tier 2 Capital of the Company in the essence of CRR and CRR II.

"Company" means AS Inbank, register code 12001988.

"CRD IV and CRD V" means the legislative package consisting of the CRD IV Directive, the CRD V Directive, the CRR, the CRR II and any CRD IV and CRD V Implementing Measures.

"CRD IV Directive" means Directive (EU) 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, as the same may be amended or replaced from time to time.

"CRD V Directive" means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as the same may be amended or replaced from time to time.

"CRD IV and CRD V Implementing Measures" means any regulatory capital rules or regulations, or other requirements, which are applicable to the Company or the Group and which prescribe (alone or in conjunction with any other rules or

regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Company or the Group (on a solo or consolidated basis, as the case may be) to the extent required by the CRD IV Directive, the CRD V Directive, the CRR or the CRR II, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof).

“**CRR**” means 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, as the same may be amended or replaced from time to time.

“**CRR II**” means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as the same may be amended or replaced from time to time.

“**EFSA**” means the Estonian Financial Supervision and Resolution Authority (*Finantsinspeksioon*) and any successor or replacement thereto or any other authority having primary responsibility for the prudential oversight and supervision of the Company.

“**Final Terms**” mean the set of additional terms and conditions of the particular series of Bonds, together with these Terms forming the full set of terms and conditions of the particular Series of the Bonds.

“**Group**” means the Company together with its subsidiaries.

“**Interest Commencement Date**” means the Issue Date of the Bonds (as specified in the relevant Final Terms).

“**Interest Payment Date**” means any date or dates specified as such in the relevant Final Terms.

“**Issue Date**” means the date specified in the relevant Final Terms.

“**Issue Price**” means the price payable for one Bond upon the issue thereof as determined in the relevant Final Terms.

“**Maturity Date**” means the date of ordinary redemption of the Bonds as determined in accordance with the relevant Final Terms.

“**Nominal Amount**” shall mean the stated value of a Bond as specified in the relevant Final Terms.

“**Outstanding Principal Amount**” means the principal amount of the Bond on the Issue Date as reduced by any partial redemption or repurchase from time to time.

“**Program**” means the issue of the Bonds in one or several Series in accordance with these Terms.

“**Rate of Interest**” means the rate (expressed as a percentage *per annum*) of interest payable in respect of the Bonds specified in the relevant Final Terms.

“Register” means Nasdaq Central Securities Depository (CSD) operated by Nasdaq CSD SE (register code 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia) Estonian branch.

“Relevant Amounts” means the Outstanding Principal Amount of the Bonds, together with any accrued but unpaid interest and additional amounts due on the Bonds. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Bail-in Powers in relation to the Company and/or the Group.

“Series” means one or several issues of the Bonds in accordance with these Terms but in each case the relevant Final Terms, which may vary in respect of different series.

“Tax Event” means:

- (i) any amendment to, or change in, the laws or treaties (or any regulations thereunder) of the Taxing Jurisdiction affecting taxation;
- (ii) any governmental action in the Taxing Jurisdiction; or
- (iii) any amendment to, or change in, the official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, irrespective of the manner in which such amendment, change, action, pronouncement, interpretation or decision is made known,

which amendment or change is effective or such governmental action, pronouncement, interpretation or decision is announced, on or after the Issue Date of the relevant Series of Bonds and as a result of which:

- (i) the Company is, or will be, subject to additional taxes, duties or other governmental charges with respect to such Bonds or is not, or will not be, entitled to claim a deduction in respect of payments in respect of such Bonds in computing its taxation liabilities (or the value of such deduction would be materially reduced); or
- (ii) the treatment of any of the Company’s items of income or expense with respect to such Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Company will not be respected by a taxing authority, which subjects the Company to additional taxes, duties or other governmental charges.

“Taxing Jurisdiction” means the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Company is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

“Terms” mean these terms and conditions of the Bonds as established by the management board of the Company, together with the relevant Final Terms forming an agreement between the Company and a Bondholder in respect of the issue and redemption of a Bond and rights and obligations arising from the Bond.

“Tier 2 Capital” means tier 2 capital for the purposes of the Applicable Banking Regulations.

- (b) In these Terms
 - (i) if an expression is stated in Condition 1(a) (Interpretation - Definitions) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “Not Applicable” then such expression is not applicable to the Bonds;
 - (ii) references to any act or other regulatory instrument or any provision of any act or other regulatory instrument shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

2. **Form, Denomination and Currency**

(a) ***Form***

The Bonds are issued in dematerialised book-entry form. The Bonds are not numbered.

(b) ***Denomination***

The Bonds will be issued in such denominations as may be specified in the relevant Final Terms.

(c) ***Currency***

The Bonds may be denominated in the euro.

3. **Title, Transfer, Delivery and Transferability**

(a) ***Title***

The title to the Bonds passes by the registration in the Register. References herein to the **“Bondholders”** signify the persons in whose names such Bonds are so registered.

(b) ***Transfer***

The Bonds can be transferred from one securities account to another by the registrar of the Register by way of debiting the first securities account and crediting the other securities account in the amount of the corresponding number of securities. Ownership of a Bond is deemed to have changed in respect of the Company as from the moment a relevant entry is made in the Register, i.e. when a Bond is transferred to the securities account of the respective Bondholder.

(c) ***Delivery***

The Company organises the registration of the Bonds in the Register and their deletion from the Register upon their redemption. Only persons who have securities accounts (whether directly or via a nominee structure) with the Register can subscribe for or purchase the Bonds.

(d) **Transferability**

The Bonds are freely transferrable; however, any Bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified an offering requiring the publication of a prospectus in the meaning of the applicable law. Ensuring that any offering of the Bonds does not require publication of a prospectus under the applicable law is the obligation and liability of the Bondholder.

The Register may temporarily block the Bonds on a Bondholder's securities account to ensure performance of corporate actions regarding the Bonds.

4. Status

The Bonds will be subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation (*likvideerimine*) or bankruptcy (*pankrot*) of the Company, all the claims arising from the Bonds shall fall due in accordance with these Terms 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 are not entitled to any payments due under the Bonds until the full and due satisfaction of all the unsubordinated claims against the Company. In case of bankruptcy of the Company the Bondholders are only entitled to payments after the full and due satisfaction of all recognised claims under the Company that do not derive from instruments that qualify as own funds' instruments under Articles 26-88 of the CRR, as amended by CRR II. By subscribing to the Bonds or acquiring the Bonds from a secondary market, the Bondholder unconditionally and irrecoverably agrees to such subordination of claims arising from any Bonds.

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 these Terms and the applicable law. Notwithstanding any rights of the Bondholder under these Terms or the law, by subscribing to Bonds or acquiring the Bonds from a secondary market the Bondholder unconditionally and irrevocably relinquishes the right to demand premature redemption of any Bonds.

No Bondholder shall be entitled to exercise any right of set-off (*tasaarvestus*) against moneys owed by the Company in respect of such Bonds.

5. Interest

The Bonds shall bear interest on its Outstanding Principal Amount from and including their Issue Date (as specified in the Final Terms) to, but excluding, the date of any final redemption at the rate *per annum* specified in the Final Terms. Such interest will be payable in arrear on each Interest Payment Date as is specified in the relevant Final Terms and on the date of any final redemption.

The determination by the Company of all amounts of interest for the purposes of this Condition 5 shall, in the absence of manifest error, be final and binding on all parties.

6. Redemption and Purchase

(a) **Redemption at Maturity**

Unless previously redeemed, or purchased and cancelled, the Bonds shall be redeemed at their principal amount on the Maturity Date.

(b) **Early Redemption as a result of Tax Event**

Upon the occurrence of a Tax Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) redeem all (but not some only) of the outstanding Bonds of the relevant Series at any time at a redemption amount equal to their Outstanding Principal Amount together with interest (if any) accrued up to but excluding the date of redemption.

(c) **Early Redemption as a result of Capital Event**

Upon the occurrence of a Capital Event, but subject to having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, at its option, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) at any time redeem all (but not some only) of the outstanding Bonds of the relevant Series at a redemption amount equal to their Outstanding Principal Amount, together with interest (if any) accrued up to but excluding the date of redemption.

(d) **Optional Early Redemption (Call)**

After 5 years have passed from the Issue Date of the Bonds of the relevant Series and having obtained the relevant EFSA permission if such permission is then required under the Applicable Banking Regulations, the Company may, having given not less than 30 days' notice to the Bondholders in accordance with Condition 10 (which notice shall be irrevocable) redeem fully or partially the Bonds at their Outstanding Principal Amount, together with accrued interest (if any) thereon.

The appropriate notice referred to in this Condition 6(d) is a notice given by the Company to the Bondholders, which notice shall be signed by a duly authorised officer of the Company and shall specify:

- (i) the Series of Bonds subject to redemption;
- (ii) whether the Bonds of such Series are to be redeemed in whole or in part only and, if in part only, the aggregate Outstanding Principal Amount of the Bonds which are to be redeemed;
- (iii) the due date for such redemption, which shall be not less than 30 days after the date on which such notice is validly given; and
- (iv) the amount at which such Bonds are to be redeemed, which shall be their Outstanding Principal Amount together with accrued interest thereon.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Company to make the redemption therein specified.

(e) **Partial Redemption**

If the Bonds of a Series are to be redeemed in part only on any date in accordance with Condition 6(d), the Bonds shall be redeemed *pro rata* to their Outstanding Principal Amount, subject always to compliance with all applicable laws, and the rules of the stock exchange on which the Bonds have then been admitted to trading.

(f) **Cancellation of Redeemed and Purchased Bonds**

All Bonds redeemed or purchased in accordance with this Condition 6 will be cancelled and may not be reissued or resold. References in this Condition 6(f) to the purchase of the Bonds by the Company shall not include the purchase of Bonds otherwise than as beneficial owner.

7. Taxation

- (a) Should any amounts payable in cash or in kind (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Bonds be subject to withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Estonia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Company shall be entitled to withhold or deduct the respective taxes or duties. For the avoidance of doubt, any such withholdings or deductions shall be made by the Company on the account of the Bondholder with the Company having no obligation to compensate the withheld or deducted tax amounts to the Bondholder.
- (b) Should an applicable treaty for the avoidance of double taxation set forth lower withholding rates than those otherwise applicable to the interest payment under Estonian domestic law, the respective Bondholder shall be requested to provide the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Bondholder) at least 15 (fifteen) days prior to the payment. If such documents are not presented to the Company, the Company shall be entitled to withhold tax at the rates set forth by the Estonian domestic legislation.
- (c) Individuals may postpone the taxation of their (interest) income from the Bonds by using an investment account (*investeerimiskonto*) for making transactions with the Bonds and notifying the Company in a form reproducible in writing at least 15 (fifteen) days prior to the payment that they are entitled to benefit from the investment account special tax regime. At the date of these Terms, individuals are entitled to benefit from the investment account special tax regime if they have acquired the Bonds on account of monetary means held at the respective Bondholder's investment account. If the relevant notice is not duly presented to the Company, the Company shall be entitled to withhold tax in accordance with the general withholding rules.
- (d) Any reference in these Terms to interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 or any undertaking given in addition thereto or in substitution therefor. For the avoidance of doubt, no additional amounts shall be payable by the Company in respect of payments of principal under the Bonds.

8. Payments

- (a) Payments of amounts (whether principal, interest or otherwise, including on the final redemption) due on the Bonds will be made to the Bondholders thereof, as appearing in the Register at the close of business on the Business Day preceding

the due date for such payment (the "**Record Date**"). Payment of amounts due on the final redemption of the Bonds will be made simultaneously with deletion of the Bonds, or, if so required by the Company, against delivery of the Bonds to the Company. If the due date for payment of the final redemption amount of the Bonds is not a Business Day, the Bondholder thereof will not be entitled to payment thereof until the next following Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms.

- (b) If the Company fails to transfer any amount payable to a Bondholder in connection with the Bond by the due date, the Company undertakes to pay delay interest to the Bondholder on the outstanding amount as from the payment deadline until actual payment at the rate specified in the Final Terms.

9. Limitation Period

Claims against the Company in respect of the Bonds will expire (*aeguvad*) unless made within 3 years after the due date for payment.

10. Notices

(a) To Bondholders

Notices to Bondholders will be deemed to be validly given published through the information system of the stock exchange in which they are listed (if applicable) or in case of unlisted Bonds if sent to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the fourth Business Day after the date of sending the notice by registered mail and on the next Business Day after sending the notice by e-mail.

(b) To Company

Notices to the Company will be deemed to be validly given if delivered to Niine 11, 10414 Tallinn, Estonia or it delivered by e-mail to investor@inbank.ee (or at such other addresses as may have been notified to the Holders of the Bonds in accordance with this Condition 10 or via the Company's website) and will be deemed to have been validly given at the opening of business on the next day on which the Company's principal office is open for business.

11. Further Issues

The Company may from time to time without the consent of the Bondholders of any Series create and issue further Bonds of that Series and other debt securities having terms and conditions the same as those of the Bonds of that Series or the same except for the amount of the first payment of interest (if any), which may be consolidated and form a single issue with and bear the same ISIN code as the outstanding Bonds of the respective Series.

12. Law and Jurisdiction

The Bonds and all non-contractual obligations arising out of or in connection with any of them are governed by Estonian law and subjected to the jurisdiction of the courts of Estonia.

13. Acknowledgement of Bail-in Powers

Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements or understanding between the Company and any Bondholder

(which, for the purposes of this Condition 13, includes each holder of a beneficial interest in the Bonds), by its acquisition of the Bonds, each Bondholder acknowledges and accepts that any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Bonds;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Bonds into shares, other securities or other obligations of the Company or another person, and the issue to or conferral on the Bondholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Bonds;
 - (iii) the cancellation of the Bonds or the Relevant Amounts in respect of the Bonds;
 - (iv) the amendment or alteration of the amount of interest payable on the Bonds, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Bonds, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Powers by the Relevant Resolution Authority.

FORM OF FINAL TERMS OF THE BONDS

FINAL TERMS OF THE BONDS

[Date]

AS INBANK

Issue of EUR [Aggregate Nominal Amount of the Series] Tier 2 Subordinated Bonds

under the EUR 35,000,000 Bond Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Subordinated Bonds. This document constitutes the Final Terms for the Bonds described herein and must be read in conjunction with such Terms and with the base prospectus drawn up by the Company, dated 29 November 2021 (the "Prospectus"). Full information on the Company and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the Terms and the Prospectus. The Prospectus is available for viewing through the Company's website (<https://inbank.ee/en/investor/bonds>).

A summary of this series has been appended to these Final Terms. The Final Terms have been approved by a decision of the Company's Management Board of [date]. The Final Terms have been filed with the EFSA, but are not subject to approval proceedings.

1.	Issuer	AS Inbank
2.	Number of series	[]
3.	Aggregate Nominal Amount of the Series	EUR [amount]. [The Aggregate Nominal Amount of the series may be increased by the Company up to EUR [amount] until the Issue Date]
4.	Issue currency	EUR
5.	Nominal Amount	EUR 1,000
6.	Issue Price	100% of the original Nominal Amount
7.	Issue Date and Interest Commencement Date	[date]
8.	Maturity Date	[date]
9.	Redemption/Payment Basis	Redemption at par
10.	Interest	
11.	i. Calculation basis	Fixed interest
12.	ii. Interest Payment Dates	[description]
	iii. Interest Rate	[number]% per annum

- iv. Interest calculation method 30/360
- v. Rate of delay interest 0.025% per day
- 13. Yield [number]% *per annum*. Yield is calculated based on the Nominal Amount and on the Issue Date. Actual yield may differ depending on the price paid for a specific bond by an investor
- 14. Subscription Period [*beginning and end times of period*]
- 15. ISIN code [code]
- 16. Listing and admission to trading Application will be made to the Nasdaq Tallinn Stock Exchange for the Bonds to be admitted to the Baltic Bond List of the Nasdaq Tallinn Stock Exchange

Signed on behalf of AS Inbank

Date:

SCHEDULE 2: ARTICLES OF ASSOCIATION OF THE COMPANY

1. BUSINESS NAME AND REGISTERED OFFICE

- 1.1. The business name of the Public Limited Company is AS Inbank (hereinafter the Bank).
- 1.2. The registered office of the Bank is Tallinn, the Republic of Estonia.

2. FINANCIAL YEAR

- 2.1. The financial year of the Bank is a calendar year (01 January to 31 December).

3. SHARE CAPITAL AND SHARES

- 3.1. The minimum share capital of the Bank is five hundred thousand (500,000) euros and the maximum capital is two million (2,000,000) euros.
- 3.2. The nominal value of a share of the Bank is 0.10 euros and each share grants one (1) vote at the General Meeting.
- 3.3. The Bank shall only have registered shares. The shares are of one class and grant their holders the same rights.
- 3.4. Upon payment for shares by a monetary contribution, the contribution shall be paid to the bank account specified in the resolution on increase of the capital. Shares may be paid for in another manner than by a monetary contribution only in the cases provided for by law.
- 3.5. In order to cover any possible future losses, the Bank shall form legal reserve, the minimum amount of which is one-tenth (1/10) of the amount of the share capital. Each financial year at least one-twentieth (1/20) of the net profit of the Bank shall be transferred to the legal reserve until the minimum amount of the legal reserve is reached. The General Meeting may decide that other amounts will also be transferred to the legal reserve. The legal reserve may also be used to increase the share capital.
- 3.6. The Bank may issue registered convertible bonds, the sum of the nominal values of which may not be more than 1/10 of the share capital and the holders of which have the right to convert their bonds to shares.

4. RIGHTS OF SHAREHOLDER

- 4.1. In accordance with the sum of the nominal values of the shares held by a shareholder, a share shall grant the shareholder the right to participate in the management and profit distribution of the Bank and, upon dissolution of the Bank, the right to receive a respective share of the assets of the Bank.
- 4.2. Shares of the Bank may be freely transferred.

5. GENERAL MEETING

- 5.1. The General Meeting of shareholders is the highest managing body of the Bank.
- 5.2. An annual General Meeting shall be called by the Management Board no later than within three (3) months of the end of the financial year.

- 5.3. A special General Meeting shall be called by the Management Board in the cases provided for by law. Shareholders shall be notified of an annual General Meeting at least three (3) weeks before the General Meeting and of a special General Meeting at least one (1) week before the General Meeting. The notice shall be sent in such a manner that, under normal conditions of delivery, it reaches the addressee no later than by the aforementioned due dates.
- 5.4. A notice of a General Meeting shall be sent to shareholders by registered letter to the address entered in the share register.
- 5.5. A notice of a General Meeting may also be sent by non-registered letter, fax or electronically if a notice concerning the obligation to immediately send acknowledgement of receipt of the document is appended to the letter or fax. A notice sent by non-registered letter, fax or electronically shall be deemed to have been delivered if the recipient sends the Management Board acknowledgement of receipt of the document in writing, by fax or electronically at the recipient's discretion.
- 5.6. If the Bank has more than 50 shareholders, notices need not be sent to shareholders; however, a notice of a General Meeting shall be published in at least one national daily newspaper.
- 5.7. General Meetings of the Bank shall be held in the Republic of Estonia.
- 5.8. The rules of procedure of a General Meeting shall be as follows:
 - (1) a list of shareholders who participate in the Meeting shall be prepared, which shall set out the names of the shareholders who participate in the Meeting and the number of votes attaching to their shares as well as the name and signature of the representative of the shareholder;
 - (2) the Meeting shall be opened by the chairperson of the Supervisory Board or Management Board of the Bank;
 - (3) the chairperson and the recording secretary of the Meeting shall be elected;
 - (4) the legality and quorum of the Meeting shall be recognised;
 - (5) the agenda shall be approved.
- 5.9. At an annual General Meeting:
 - (1) the annual report, auditor's report and profit distribution proposal made by the Management Board in respect of the previous year shall be examined;
 - (2) the opinion of the Supervisory Board shall be heard and the report of the Supervisory Board shall be examined;
 - (3) the approval of the annual report shall be decided;
 - (4) the distribution of profit or adoption of measures shall be decided if this is caused by a loss set out in the audited annual report;
 - (5) the number, election (incl. extension of authority) and remuneration of auditors and members of the Supervisory Board shall be decided, if necessary;
 - (6) other issues provided for by law or specified in the notice of the General Meeting shall be decided and discussed.

- 5.10. A General Meeting has a quorum if more than two-thirds (2/3) of the votes determined by all shares are represented at the meeting. If a sufficient number of votes is not represented at a General Meeting, the Management Board shall call a new General Meeting with the same agenda. The new General Meeting has a quorum regardless of the number of votes represented at the General Meeting.
- 5.11. Shareholders may vote on the draft resolutions prepared in respect of the items on the agenda of a General Meeting using electronic means prior to the General Meeting or during the General Meeting if this is possible in a technically secure manner. The procedure for electronic voting shall be determined by the Management Board.
- 5.12. A resolution of a General Meeting shall be adopted if more than two-thirds (2/3) of the votes represented at the General Meeting are in favour unless otherwise provided for by law or the Articles of Association. In the election of a person at a General Meeting, the candidate who receives more votes than the others shall be deemed to be elected. Upon an equal division of votes, lots shall be drawn.
- 5.13. The minutes shall be signed by the chairperson and the recording secretary of the Meeting. The list of shareholders who participate in the Meeting shall be signed by the chairperson and the recording secretary of the Meeting and each shareholder or the shareholder's representative who participated in the General Meeting.
- 5.14. If the Bank has one shareholder or if, in addition to such a shareholder, the only other shareholder is the Bank itself or if there are more shareholders provided that they all agree to and sign the resolution, resolutions may be adopted without observing the requirements for the agenda, notice, place, holding procedure and minutes of the General Meeting provided for by law. In such an event, a resolution shall be prepared in writing and signed by shareholders and such a resolution shall set forth, among other, the names of the shareholders, the number of votes and the time of the adoption of the resolution.

6. SUPERVISORY BOARD

- 6.1. The Supervisory Board shall plan the activities of the Bank, give instructions to the Management Board for the organisation of the management of the Bank and supervise the activities of the Bank and the activities of the Management Board of the Bank and adopt resolutions on issues provided for by law or the Articles of Association. The Supervisory Board shall present to the General Meeting a report on its activities during the year. The report shall contain an assessment of the annual report.
- 6.2. The authority and obligations of the Supervisory Board shall include, but not be limited to, the following:
- (1) approval of the strategy of the Bank and general principles of its activities;
 - (2) approval of the credit and investment policy of the Bank;
 - (3) approval of the principles of remuneration of members of the Management Board and employees of the Bank and assessment of implementation thereof;
 - (4) approval of the general risk management principles and strategy of the Bank;
 - (5) approval of the organisational structure of the Bank and principles thereof;
 - (6) approval of the general principles of monitoring the activities of the Bank;

- (7) election and removal of members of the Management Board of the Bank, chairperson and deputy chairperson of the Management Board and procurators and deciding on their remuneration;
 - (8) approval of the statutes of the Internal Audit Unit of the Bank, appointment and release from office of the head of the Internal Audit Unit and, on the proposal of the head of the Internal Audit Unit, appointment and release from office of employees of the Internal Audit Unit;
 - (9) approval of the budget and investment plan of the Bank;
 - (10) deciding on the foundation and closure of branches in foreign states;
 - (11) acquisition (incl. increase) and transfer (incl. reduction) of holdings in other companies (incl. foundation and liquidation of companies) if the volume of the transaction exceeds 10 percent of the Bank's own funds or of the share capital of the other company or such a rate is reached with this transaction;
 - (12) establishment of the general principles of activities and authority of the Credit Committee;
 - (13) deciding on the conclusion of transactions that are beyond the scope of the everyday economic activities of the Bank;
 - (14) deciding on the conclusion of transactions with members of the Management Board of the Bank and appointment of a representative of the Bank in such transactions;
 - (15) filing claims against members of the Management Board of the Bank and appointment of a representative of the Bank in such claims;
 - (16) determination of the agenda of the General Meeting (except in the cases provided for by law);
 - (17) deciding on other matters placed within the authority of the Supervisory Board by law and the Articles of Association.
- 6.3. The Supervisory Board has the right to increase the share capital by way of contributions within 3 (three) years as of the entry into force of this version of the articles of association. The Supervisory Board may increase share capital up to 1/10 of the share capital that was registered during the entry into force of this version of the articles of association."
- 6.4. The Supervisory Board shall consist of five (5) to seven (7) members who are elected by the General Meeting for three (3) years.
- 6.5. Members of the Supervisory Board shall elect a chairperson from among themselves, who shall organise the activities of the Supervisory Board. If the chairperson of the Supervisory Board cannot perform their duties, the remaining members of the Supervisory Board may elect, by consensus, from among themselves a member who shall substitute for the chairperson of the Supervisory Board during the absence of the chairperson.
- 6.6. Meetings of the Supervisory Board shall be held when necessary, but not less often than once (1) every three (3) months. A meeting of the Supervisory Board shall be called if this is demanded by a member of the Supervisory Board, a member of the

Management Board, an auditor, the head of the Internal Audit Unit or the chairperson of the Audit Committee, shareholders whose shares represent at least one-tenth of the share capital or other persons prescribed by law.

- 6.7. Advance notice of at least one (1) week shall be given of the holding of a meeting of the Supervisory Board and of its agenda.
- 6.8. Meetings of the Supervisory Board shall be held in the place determined by the chairperson of the Supervisory Board in the Republic of Estonia or abroad.
- 6.9. A meeting of the Supervisory Board shall be called and the meeting shall be chaired by the chairperson of the Supervisory Board or a member of the Supervisory Board substituting for the latter.
- 6.10. A meeting of the Supervisory Board has a quorum if more than one-half of the members of the Supervisory Board participate in the meeting. A member of the Supervisory Board may participate in a meeting of the Supervisory Board and exercise their rights using electronic means without physically attending the meeting, by means of real-time two-way communication or in another similar electronic way, which enables a member of the Supervisory Board to watch the meeting from a remote location and address the meeting, and to vote upon adoption of resolutions.
- 6.11. A resolution of the Supervisory Board shall be adopted if more than one-half of the members of the Supervisory Board who participate in voting vote in favour of the resolution. Each member of the Supervisory Board shall have one vote. A member of the Supervisory Board shall not be entitled to authorise other persons, except for another member of the Supervisory Board, to participate in and vote at meetings of the Supervisory Board. Upon an equal division of votes, the chairperson of the Supervisory Board or the member substituting for the latter shall have the deciding vote. A member of the Supervisory Board does not have the right to abstain from voting or to remain undecided.
- 6.12. Minutes shall be taken of all meetings of the Supervisory Board. The minutes shall be signed by all members of the Supervisory Board who participate in the meeting and by the recording secretary of the meeting.
- 6.13. The Supervisory Board has the right to adopt resolutions without calling a meeting. The rules of procedure shall be as follows:
 - (1) the chairperson of the Supervisory Board shall send a draft resolution to all members of the Supervisory Board and specify the term within which the members of the Supervisory Board have to submit their position on it in a format that can be reproduced in writing. If a member of the Supervisory Board does not notify in due course whether they are for or against the resolution, it shall be deemed that they vote against the resolution;
 - (2) a resolution shall be deemed adopted if more than one-half of members of the Supervisory Board are in favour thereof;
 - (3) the chairperson of the Supervisory Board shall prepare a record of vote on the results of voting and send it to members of the Supervisory Board and the Management Board without delay.

- 6.14. A resolution of the Supervisory Board may also be formalised without advance notice and a record of vote if all members of the Supervisory Board agree to and sign the resolution. A resolution shall set out the names of the members of the Supervisory Board and the time when the resolution was adopted.
- 6.15. The conclusion of a transaction with a member of the Supervisory Board shall be decided and the amount of the remuneration of the member shall be determined by the General Meeting.

7. MANAGEMENT BOARD

- 7.1. The Bank shall be managed by the Management Board of the Bank pursuant to law and the Articles of Association and within the authority granted by the General Meeting and the Supervisory Board. The Management Board shall develop the strategy and budget of the Bank, which shall be presented to the Supervisory Board for approval. The Management Board shall manage the everyday activities of the Bank pursuant to the strategy, budget and general principles of activities approved by the Supervisory Board. The Management Board shall monitor the activities of employees of the Bank.
- 7.2. The Management Board shall present a report on its activities as well as on the economic activities and economic situation of the Bank to the Supervisory Board at least once every three months. The Management Board shall inform members of the Supervisory Board without delay of any deterioration in the economic situation of the Bank, threat thereof or deviation from prudential ratios.
- 7.3. The Management Board shall consist of three (3) to seven (7) members who are elected by the Supervisory Board for three (3) years.
- 7.4. The chairperson of the Management Board shall organise the work of the Management Board and call and chair meetings of the Management Board. If the chairperson of the Management Board cannot perform their duties, the Supervisory Board shall determine a substitute for the latter from among members of the Management Board.
- 7.5. The chairperson of the Management Board or a member substituting for the latter shall call the Management Board as often as the issues of the Bank require. The chairperson of the Management Board or a member substituting for the latter must call a meeting of the Management Board at the request of a member of the Management Board or Supervisory Board. Resolutions of significant importance from the point of view of the Bank shall be adopted at a meeting of the Management Board.
- 7.6. Meetings of the Management Board shall be held in the place determined by the chairperson of the Management Board in the Republic of Estonia or abroad.
- 7.7. A meeting of the Management Board has a quorum if more than one-half of members of the Management Board participate in the meeting of the Management Board. A resolution of the Management Board shall be adopted if all the members of the Management Board who participated in the meeting vote in favour of the resolution. A member of the Management Board shall not be entitled to authorise other persons, except for another member of the Management Board, to participate in and vote at meetings of the Management Board. A member of the Management Board does not have the right to abstain from voting or to remain undecided.

- 7.8. A resolution of the Management Board may be formalised without calling a meeting and a record of vote if all members of the Management Board agree to and sign the resolution. A resolution shall set out the names of the members of the Management Board and the time when the resolution was adopted.
- 7.9. A person acting in the name of the Bank may not represent the Bank in concluding transactions or holding legal disputes with a third person with regard to whom the person acting in the name of the Bank or a person with an economic interest equivalent to that of such person has personal economic interests.

8. CREDIT COMMITTEE

- 8.1. The Management Board of the Bank shall form the Credit Committee that acts pursuant to the principles of action approved by the Supervisory Board. The Credit Committee shall report to the Management Board of the Bank.
- 8.2. The Credit Committee shall consist of at least five (5) members. The exact number shall be determined by the Management Board in accordance with the needs of the Bank and the Credit Committee. Members shall elect a chairperson from among themselves, who shall organise the activities of the Committee. A member of the Credit Committee is the chairperson of the Management Board, who may not be the chairperson of the Credit Committee or chair a session of the Credit Committee.
- 8.3. Sessions of the Credit Committee shall be closed. The Credit Committee has a quorum if more than one-half of the members of the Committee participate. A member of the Credit Committee does not have the right to abstain from voting or to remain undecided. Upon an equal division of votes, the chairperson of the Committee shall have the deciding vote.
- 8.4. Minutes shall be taken of sessions of the Credit Committee. The minutes shall be signed by all members of the Committee who participate in the session and by the recording secretary. The positions of members and dissenting opinions of members shall be recorded in the minutes.
- 8.5. The Credit Committee does not have the right to decide on granting and renewing a loan that exceeds the limit established by the Supervisory Board of the Bank or granting any other extraordinary loan without a prior resolution of the Supervisory Board.

9. INTERNAL AUDIT UNIT

- 9.1. An independent Internal Audit Unit shall operate as part of the internal control system of the Bank and the Internal Audit Unit shall monitor the activities of the Bank and operate in accordance with the procedure provided for in the statutes approved by the Supervisory Board of the Bank.
- 9.2. The Internal Audit Unit shall assess the ordinary business of the Bank and the suitability and adequacy of the internal rules and rules of procedure for the activities of the credit institution, regularly monitor compliance with the requirements, rules of procedure, limitations and other rules established by the Supervisory Board and the Management Board, and monitor compliance with precepts issued by the Financial Supervision Authority.

- 9.3. The employees of the Internal Audit Unit have the right to examine all documents of the Bank, monitor the work of the Bank at each stage without restrictions, and participate in the meetings of the Management Board and the committees formed on the basis of the Articles of Association of the Bank.
- 9.4. The exact number shall be determined by the Supervisory Board in accordance with the needs of the Bank and the Internal Audit Unit. The Supervisory Board of the Bank shall appoint and release from office employees and the head of the Internal Audit Unit.
- 9.5. The head of the Internal Audit Unit shall provide overviews of the activities of the Internal Audit Unit to the Supervisory Board of the Bank once a year and to the Management Board once a half year.

10. AUDIT

- 10.1. In order to audit the accounting and annual accounts of the Bank, the General Meeting shall elect an auditor for no longer than five years.
- 10.2. The Management Board shall present the annual report to the auditor(s) in accordance with the procedure provided for by law. The auditor(s) shall present the auditor's report to the Management Board within one (1) month of the receipt of the annual report.

11. DISTRIBUTION OF PROFIT

- 11.1. The General Meeting shall decide on the distribution of profit on the basis of the audited annual accounts, the profit distribution proposal of the Management Board and the opinion of the Supervisory Board.
- 11.2. The manner, time and procedure of disbursement of dividends shall be determined by a resolution of the General Meeting.

12. DISSOLUTION OF BANK

- 12.1. The Bank shall be dissolved:
 - (1) on the basis of a resolution of the General Meeting of shareholders of the Bank (voluntary dissolution) for which permission shall be applied from the Financial Supervision Authority;
 - (2) by a court ruling or judgment;
 - (3) if the authorisation of the Bank has been revoked by the Financial Supervision Authority or it has expired;
 - (4) in the case of insolvency pursuant to law.
- 12.2. The voluntary dissolution of the Bank shall be decided by the General Meeting.

The Articles of Association of the Bank were approved by a resolution of the General Meeting of shareholders of 30 March 2021.