

Company AS Inbank
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Attachments:

- Inbank-10004011661-en.pdf (<http://oam.fi.ee/en/download?id=4796>)
- Inbank-10004011663-et.pdf (<http://oam.fi.ee/en/download?id=4797>)

Currency

Title Inbank Unaudited Financial Results for Q2 and 6 Months 2020

In Q2 2020 Inbank earned a net profit of 556 thousand euros. The 2020 half-year net profit was 2.7 million euros. The return on equity in Q2 was 4,5%.

- * Q2 net profit decreased by 76% compared to Q2 2019, from 2.3 million euros to 556 thousand.
- * Profit before loan losses for the quarter increased by 10% and amounted to 4.3 million euros. Provisions for loan losses increased by 113% to 3.7 million euros.
- * Inbank loan portfolio increased 27% compared to Q2 2019 reaching 349 million euros while the deposit portfolio grew 47%, reaching 402 million euros at the end of Q2.
- * Total sales for Q2 was 60 million euros, showing a decrease of 19% compared to Q2 of the previous year. In terms of products, personal loan sales decreased by 72% and car financing products by 28% while the sales finance volumes increased by 12% compared to the previous year.
- * By the end of Q2, Inbank had 625,000 active contracts and the number of active merchant partners we are working with reached 3,200.

Jan Andresoo, Chairman of the Management Board, comments on the results:

"The first half of the year, and especially the second quarter was primarily affected by the state of emergency in our home markets that lasted until mid-May resulting in a sharp decline in sales in March and April across all product lines. Because of the conservative approach to credit underwriting, the personal loan sales volumes declined 72%. However, the sales finance product line grew 12% during the COVID-19 crisis and we are already seeing a rapid recovery in sales and demand.

The financial results were mainly affected by provisions for future loan losses, which increased by 113%. Despite the very difficult macroeconomic situation, the



second quarter did not show a significant change in customers' payment behavior. How real loan losses turn out depends significantly on the ability of companies to maintain jobs, because the unemployment rate and loan losses are directly correlated.

In the light of the new reality, we also reviewed our investment strategy and focused even more on partner-based business, i.e. consumer financing in merchant channels. In order to support the sales growth of our partners' e-channels, we focused our resources on the development of the Indivy new generation 'pay later' platform, which we launched in early May, right at the beginning of the crisis.

In order to foster international growth, we made a strategic decision in the second quarter to make the current country-specific organisation more product-centric. As of 1 July, the organisation focuses on three cross-border business units: Sales Finance, which is now managed by Benas Pavlauskas, Car Financing, which is led by Margus Kastein, and Consumer Loans and Cards, which is headed by Piret Paulus. As an exception, the fast-growing Polish business remained as is and continues to be managed by Maciej Pieczkowski.

Inbank has not laid off employees or reduced salaries. Instead, we saw an opportunity to strengthen our technology team during the crisis, and several skilled specialists joined our team.

Although sales volumes decreased and impairment loan losses increased significantly, Inbank's operations were profitable both quarterly and semi-annually. "

Key Financial Indicators 30.06.2020

Total assets EUR 485 million
Loan portfolio EUR 349 million
Deposit portfolio EUR 402 million
Net profit EUR 2.7 million
Total equity EUR 50 million
Return on equity 11%

Consolidated income statement (in thousands of euros)

	Q2 2020	Q2 2019	6 months 2020	6 months 2019
Interest income	10 393	8 974	21 280	17 129
Interest expense	-2 005	-1 396	-3 941	-2 786
Net interest income	8 388	7 578	17 339	14 343



Fee income	263	228	557	432
Fee expense	-512	-427	-1 002	-802
Net fee and commission income	-249	-199	-445	-370
Net gains from financial assets measured at fair value	0	266	0	266
Other operating income	222	308	362	553
Total net interest, fee and other income	8 361	7 953	17 256	14 792
Personnel expenses	-2 457	-2 041	-4 856	-3 897
Marketing expenses	-193	-778	-700	-1 169
Administrative expenses	-1 052	-931	-2 099	-1 730
Depreciations, amortisation	-542	-302	-1 021	-579
Total operating expenses	-4 244	-4 052	-8 676	-7 375
Profit before profit from associates and impairment losses on loans	4 117	3 901	8 580	7 417
Share of profit from associates	176	0	592	0
Impairment losses on loans and advances	-3 740	-1 752	-6 159	-2 947
Profit before income tax	553	2 149	3 013	4 470
Income tax	3	174	-276	-125
Profit for the period	556	2 323	2 737	4 345



incl. shareholders of parent company	556	2 323	2 737	4 345
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Other comprehensive income that may
be reclassified subsequently to
profit or loss

Currency translation differences	40	-50	-76	-51
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Total comprehensive income for the period	596	2 273	2 661	4 294
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incl. shareholders of parent company	596	2 273	2 661	4 294
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Consolidated statement of financial position (in thousands of euros)

30/06/2020	31/12/2019
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Assets

Due from central banks	70 319	83 080
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Due from credit institutions	22 209	20 655
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Investments in debt securities	20 043	0
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Loans and advances	348 977	338 157
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Investments in associates	3 492	3 276
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Tangible assets	879	840
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Right of use asset	567	773
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Intangible assets	14 109	11 721
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Other financial assets	1 378	1 692
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Other assets	969	588
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Deferred tax asset	1 881	1 985
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Total assets	484 823	462 767
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Liabilities

Customer deposits	401 589	377 518
Other financial liabilities	9 133	13 545
Other liabilities	2 282	2 837
Debt securities issued	4 010	4 010
Subordinated debt securities	17 544	17 537
Total liabilities	434 558	415 447

Equity

Share capital	909	903
Share premium	16 082	15 908
Statutory reserve capital	90	88
Other reserves	1 478	1 463
Retained earnings	31 706	28 958
Total equity	50 265	47 320

Total liabilities and equity	484 823	462 767
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Inbank is a consumer finance focused digital bank active in the Baltics and Poland with additional deposits accepted in Germany, Austria and the Netherlands. Inbank has over 3,200 active partners and 625,000 active contracts. Inbank bonds are listed on the Nasdaq Baltic Stock Exchange.

Additional information:

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