

Interim Report Q4 2023

AS Inbank

AS Inbank General Information

Business name	AS Inbank
Address	Niine 11, 10414 Tallinn, Estonia
Registration date	05.10.2010
Registration code	12001988 (Commercial Register of the Republic of Estonia)
Legal entity identifier	2138005M92IEIQVEL297 (LEI-code)
Phone	+372 640 8080
Email	info@inbank.ee
Website	www.inbank.eu
Reporting period	01.01.2023 - 31.12.2023

Members of the Supervisory Board

Jan Andresoo, Chairman

Roberto de Silvestri

Triinu Bucheton

Raino Paron

Rain Rannu

Taavi Kotka

Erkki Raasuke

Members of the Management Board

Priit Põldoja, Chairman

Marko Varik

Margus Kastein

Maciej Pieczkowski

Ivar Kurvits

Piret Paulus

Erik Kaju

Evelin Lindvers

AS Inbank interim report for Q4 2023 is unaudited.

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

Management Board declaration

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

- the data and information presented in this interim report for the Q4 of 2023 consisting of the management report and financial statements as at 31 December 2023 are correct and complete;
- this interim report gives a true and fair view of the financial position of the AS Inbank consolidation group as at 31 December 2023, its financial performance and cash flows for the 12 months period ended 31 December 2023;
- the accounting policies and procedures used in preparing the interim report comply with IAS 34;
- the interim report has been prepared using the policies and procedures of the financial statements for the year concluded on 31 December 2022.

AS Inbank is a going concern.

Tallinn, 29 February 2024

Priit Põldoja

Chairman of the Management Board

Management report



Inbank ends a challenging year with a solid quarter. Despite facing ongoing headwinds from high interest rates and economic downturn, we achieved strong results. The profit for the fourth quarter was 2.8 million euros, which is 30% more than a year ago. The return on equity in Q4 2023 was 9.4%.

In Q4 2023, Inbank financed retail customers in the amount of 166.7 million euros, an increase of 14% compared to Q4 2022. In particular, car financing showed very strong growth in Q4, with sales growing 82% year-on-year to 39.7 million euros. Car financing is clearly becoming our second largest business line next to our merchant solutions. In terms of other product segments, rental services grew 54% to 15.5 million euros. Green finance sales were 21.4 million euros, which is a 12% increase compared to a year ago. At the same time, direct lending experienced a 4% decrease, totaling 19.1 million euros, while merchant solutions sales saw a 5% decline, amounting to 70.9 million euros.

Sales volumes also grew in all markets and product groups in 2023. Our Gross Merchandise Value (GMV) grew in 2023 by 19% to 687.7 million euros. Baltic GMV was up 12% to 429.6 million and CEE GMV was up by 33% to 258.1 million euros. With consumer confidence and retail sales weakening throughout the year we also noticed a slight slowdown in sales growth during Q4 2023.

At the end of the year, Inbank's loan and rental portfolio reached 1.03 billion euros growing 26% year-on-year. The deposit portfolio increased by 30% over the year to 1.08 billion euros.

During Q4 2023 our total net income grew by 21% to a record high of 16.2 million euros. At the same time our total expenses were up by 13% to 9.7 million euros. Our repricing efforts and stabilizing cost of funding together with cost containment efforts are starting to bear fruit.

Despite high interest rates and economic downturn our loan portfolio continued to perform well. The impairment loss to the average credit portfolio remained at the 1.6% level. In Q4, Inbank's impairment losses were 1.4% of the credit portfolio.

With market interest rates rising over the last 2 years, the Effective Interest Rate (EIR) of Inbank retail portfolio has increased from 9.4% in Q1 2022 to 10.9% in Q4 2023. Since the majority of the repricing impact occurred in the latter part of the year, our net interest margin decreased 0.81% to 5.14% in 2023. At the same time we saw margins stabilizing or even slightly improving during Q4.

During the last quarter, in addition to Estonia, we successfully launched our innovative rental service in Latvia and signed a cooperation agreement with Apple premium reseller iDeal. We expect the cooperation with Apple and other electronics retailers to roll out to other markets in 2024.

In order to sustain rapid growth and pursue new development opportunities, we consistently raise fresh capital. At the end of October, we issued 12 million euros worth of new shares to shareholders, employees and new investors. We ended the year issuing 8 million euros of subordinated bonds with an interest rate of 9%. The issue was oversubscribed 7.6 times, which once again confirms investor confidence in Inbank's business model and growth plans is strong. In 2023, we raised a total of 31 million euros of fresh capital to support Inbank's product focused international growth.

In summary, we are pleased with our performance in the last year and the fourth quarter of 2023. Despite facing some external headwinds, we grew our business, strengthened our capital base and expanded our product and technology team. We also launched a refreshed brand and laid a strong foundation for our business in Czechia. While market conditions remain challenging, we see some positive trends for Inbank emerging in 2024. We enter the year with cautious optimism and continue building our embedded finance platform while remaining focused on improving our profitability.

Priit Põldoja

Chairman of the Management Board

Inbank in numbers

892,000

Active customer contracts

5,400

Active retail partners

127,000+

New contracts quarterly

€1bn

Loan and rental portfolio

1.4%

Credit losses

9.4%

Return on equity

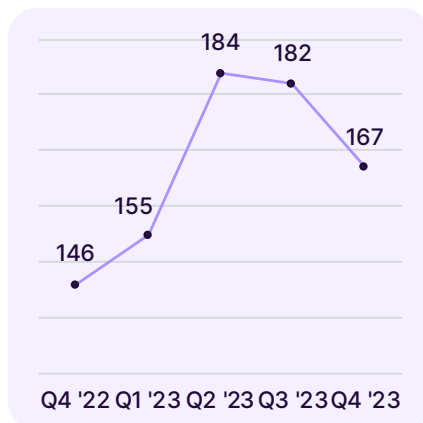
Key financials

(in millions of €)

Gross merchandise value

€167m

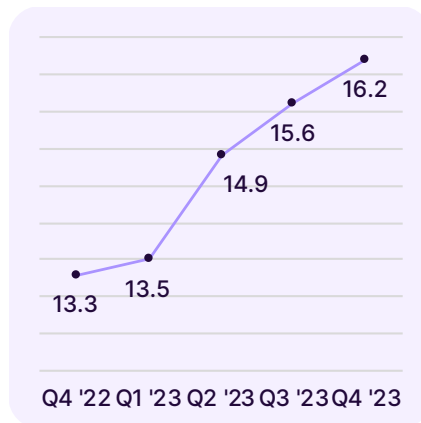
+14% year-to-year



Total net income

€16.2m

+21% year-to-year



Net profit

€2.8m

+30% year-to-year



Key financial indicators and ratios

Key financial indicators

In millions of euros	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	% change YoY
Total net income	13.3	13.5	14.9	15.6	16.2	21%
Net profit	2.1	1.9	2.7	2.9	2.8	30%
Total assets	1,021	1,050	1,174	1,236	1,321	29%
Equity	102	104	106	110	124	22%
Loan and rental portfolio	816	856	937	975	1,030	26%
Deposit portfolio	829	857	966	1,021	1,082	30%

Ratios

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Return on equity (ROE)	8.4%	7.3%	10.2%	10.6%	9.4%
Return on total assets	0.9%	0.7%	1.0%	1.0%	0.9%
Net interest margin	5.9%	5.3%	5.3%	5.1%	5.0%
Impairment losses to loan portfolio	1.3%	1.6%	1.7%	1.5%	1.4%
Cost/Income	64.4%	64.0%	62.5%	59.7%	59.9%
Equity to total assets	10.0%	9.9%	9.1%	8.9%	9.4%

Return on equity (ROE)

Profit for the period / total equity (average over the period)

Return on total assets

Profit for the period / total assets (average over the period)

Net interest margin

Net interest income / interest-bearing assets (average over the period)

Impairment losses to loan portfolio

Impairment losses on loans and advances / loans and advances (average over the period)

Total net income

Net interest income, fee, rental and other income and expenses

Cost/income ratio

Total operating expenses / total net income

Equity to total assets

Total equity / total assets

Loan and rental portfolio

Total of loans and advances to households and rental portfolio

Gross merchandise value (GMV)

Total value of merchandise financed via Inbank embedded finance and direct-to-customer platforms

Net profit

Profit for the period

Rental

Rental refers to Inbank's business line wherein clients rent different types of assets. Also referred to as rental services in the condensed financial statements

Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

In thousands of euros	Note	31.12.2023	31.12.2022*	31.12.2021*
Assets				
Cash and cash equivalents	9; 19	172,921	130,889	87,419
Mandatory reserves at central banks		21,020	14,446	7,904
Investments in debt securities	10; 19	33,581	8,415	7,684
Financial assets measured at fair value through profit or loss		79	37	0
Loans and advances	8; 19	942,056	755,100	604,848
Investments in associates	11	141	1,065	774
Assets classified as held for sale		0	0	4,203
Other financial assets	12; 19	5,268	3,387	2,151
Tangible assets		75,206	48,533	19,147
Right of use assets		26,716	23,247	25,231
Intangible assets		30,906	26,249	22,423
Other assets	12	8,185	5,961	2,769
Deferred tax assets		4,505	3,166	2,401
Total assets		1,320,584	1,020,495	786,954
Liabilities				
Customer deposits	13; 19	1,081,566	828,894	617,857
Financial liabilities measured at fair value through profit or loss		50	0	0
Other financial liabilities	15; 19	60,927	55,240	49,188
Current tax liability		311	0	284
Deferred tax liability		204	187	125
Other liabilities	15	3,691	3,680	3,296
Subordinated debt securities	14; 19	49,745	30,570	37,187
Total liabilities		1,196,494	918,571	707,937
Equity				
Share capital	17	1,086	1,026	997
Share premium	17	43,563	31,855	30,436
Statutory reserve	18	103	100	96
Other reserves	18	1,543	1,421	1,625
Retained earnings		77,795	67,522	45,863
Total equity		124,090	101,924	79,017
Total liabilities and equity		1,320,584	1,020,495	786,954

* Change in presentation of 31 December 2022 and 31 December 2021 cash and cash equivalents was made. For more details refer to Note 1.

Notes set out on pages 13 - 45 form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of profit and loss and other comprehensive income

In thousands of euros	Note	Q4 2023	12 months 2023	Q4 2022*	12 months 2022*
Interest income based on EIR	3; 4	27,249	98,723	20,300	68,204
Interest expense	3; 4	-12,841	-45,331	-7,583	-20,152
Net interest income	3; 4	14,408	53,392	12,717	48,052
Fee and commission income	3; 5	114	473	120	387
Fee and commission expenses	3; 5	-1,137	-4,199	-962	-3,275
Net fee and commission income/expenses	3; 5	-1,023	-3,726	-842	-2,888
Income from rental services	3	6,869	23,905	5,154	18,152
Sale of assets previously rented to customers	3	3,571	14,155	2,827	9,928
Other operating income	3; 6	220	769	122	541
Cost of rental services	3; 6	-4,808	-15,896	-4,112	-13,317
Cost of assets sold previously rented to customers	3	-3,303	-12,556	-2,558	-8,363
Net operating income/expenses		2,549	10,377	1,433	6,941
Net gains from financial assets measured at fair value	3	-90	-14	23	32
Foreign exchange rate gain/losses	3	341	128	1	-780
Net gain/losses from financial items		251	114	24	-748
Total net interest, fee and other income and expenses		16,185	60,157	13,332	51,357
Personnel expenses	3; 7	-4,476	-16,628	-3,801	-13,822
Marketing expenses	3; 7	-848	-3,266	-1,071	-3,350
Administrative expenses	3; 7	-2,960	-11,033	-2,549	-8,675
Depreciations, amortization		-1,406	-6,007	-1,186	-4,472
Total operating expenses		-9,690	-36,934	-8,607	-30,319
Share of profit from associates	11	-72	250	-11	11,419
Impairment losses on loans and advances	8	-3,235	-13,203	-2,460	-11,170
Profit before income tax		3,188	10,270	2,254	21,287
Income tax		-412	-68	-120	-196
Profit for the period		2,776	10,202	2,134	21,091
Other comprehensive income that may be reclassified subsequently to profit or loss					
Currency translation differences		-403	-415	-268	-2
Total comprehensive income for the period		2,373	9,787	1,866	21,089

* Change in presentation of 2022 was made. For more details refer to Note 1.

Notes set out on pages 13 - 45 form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

In thousands of euros	Q4 2023	12 months 2023	Q4 2022*	12 months 2022*
Cash flows from operating activities				
Interest received	30,665	97,106	19,113	63,291
Interest paid	-11,362	-37,694	-6,113	-16,024
Fees received	-1,098	473	325	729
Fees paid	-1,137	-4,199	-962	-3,275
Income from rental services	6,869	23,905	5,154	18,152
Cost of rental services	-1,384	-4,768	-1,836	-5,252
Sale of assets previously rented to customers	3,571	14,155	2,827	9,928
Other operating income received	220	769	122	541
Personnel expenses	-5,558	-21,338	-773	-13,844
Administrative and marketing expenses	5,381	-13,227	-7,908	-21,999
Income tax paid	-180	-818	-591	-2,108
Cash flows from operating activities before changes in the operating assets and liabilities	25,987	54,364	9,358	30,139
Changes in operating assets				
Loans and advances	-51,976	-199,046	-45,689	-156,851
Acquisition of tangible assets for rental business	-9,970	-36,423	-2,953	-27,182
Mandatory reserves at central banks	-2,428	-6,574	-370	-6,542
Other financial assets	-2,310	-1,881	-350	-1,236
Other assets	-762	-13,092	-9,118	-18,870
Changes of operating liabilities				
Customer deposits	58,985	245,077	98,978	206,795
Other financial liabilities	-7,192	8,527	7,139	19,509
Other liabilities	-1,605	474	789	4,309
Net cash from operating activities	8,729	51,426	57,784	50,071
Cash flows from investing activities				
Investments in debt securities	-7,944	-37,682	0	-4,133
Repayments of debt securities	5,618	13,020	1,136	3,342
Acquisition of tangible assets	-563	-1,009	-170	-535
Acquisition of intangible assets	-1,533	-4,698	-999	-3,245
Acquisition of associates	-76	-76	-44	-290
Sale of associates	76	1,250	1,061	15,577
Net cash used in/from investing activities	-4,422	-29,195	984	10,716

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In thousands of euros	Q4 2023	12 months 2023	Q4 2022*	12 months 2022*
Cash flows from financing activities				
Share capital contribution (including share premium)	12,039	12,039	203	1,448
Subordinated debt securities issued	8,033	19,133	0	0
Repayments of debt securities	0	0	0	-6,503
Acquisitions of non-controlling interests by redeeming put option	0	-1,930	0	0
Lease liability payments	-2,366	-9,423	-2,978	-11,473
Net cash used in/from financing activities	17,706	19,819	-2,775	-16,528
Effect of exchange rate changes	207	-18	-260	-789
Cash and cash equivalents at the beginning of the reporting period	150,701	130,889	75,156	87,419
Net increase/decrease in cash and cash equivalents	22,220	42,032	55,733	43,470
Cash and cash equivalents at the end of the reporting period	172,921	172,921	130,889	130,889

* Change in the presentation of 2022 was made. For more details refer to Note 1.

Cash and cash equivalents

In thousands of euros	Q4 2023	12 months 2023	Q4 2022*	12 months 2022*
Non-restricted current account with central banks	162,253	162,253	112,544	112,544
Due from other credit institutions within three months	10,668	10,668	18,345	18,345
Total cash and cash equivalents	172,921	172,921	130,889	130,889

Notes set out on pages 13 - 45 form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

In thousands of euros	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings/ accumulated loss	Total equity
Balance, 01.01.2022	997	30,436	96	1,625	45,863	79,017
Profit for the period	0	0	0	0	21,091	21,091
Other comprehensive income	0	0	0	-2	0	-2
Total comprehensive income	0	0	0	-2	21,091	21,089
Paid in share capital	29	1,419	0	0	0	1,448
Share-based payment reserve	0	0	0	-202	572	370
Transfer to statutory reserve capital	0	0	4	0	-4	0
Other movements	0	0	0	0	0	0
Balance, 31.12.2022	1,026	31,855	100	1,421	67,522	101,924
Balance, 01.01.2023	1,026	31,855	100	1,421	67,522	101,924
Profit for the period	0	0	0	0	10,202	10,202
Other comprehensive income	0	0	0	-415	0	-415
Total comprehensive income	0	0	0	-415	10,202	9,787
Paid in share capital	60	11,708	0	0	0	11,768
Share-based payment reserve	0	0	0	537	0	537
Transfer to statutory reserve capital	0	0	3	0	-3	0
Other movements	0	0	0	0	74	74
Balance, 31.12.2023	1,086	43,563	103	1,543	77,795	124,090

At 31 December 2023, Inbank's share capital consisted of 10,864 thousand authorized registered ordinary shares (2022: 10,262 thousand shares) with a nominal value of 0.10 euro each. All issued shares have been paid. For more details see also Notes 17 and 18.

Notes set out on pages 13 - 45 form an integral part of the condensed consolidated interim financial statements.

Note 1 Accounting policies

The interim financial report has been prepared in accordance with the International Accounting Standard IAS 34 “Interim Financial Reporting”, as adopted by the EU, and consists of condensed financial statements and selected explanatory notes. The accounting policies used in the preparation of the interim report are the same as the accounting policies used in the annual report for the year ended 31 December 2022, which comply with the International Financial Reporting Standards, as adopted by the European Commission (IFRS EU).

The interim financial report is not audited and does not contain the entire range of information required for the preparation of complete financial statements. The interim financial report should be read in conjunction with the Annual Report prepared for the year ended 31 December 2022, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Inbank AS is registered and operating in Estonia with branches in Czechia, Lithuania and Poland.

The companies listed below belong to the consolidation group of Inbank AS as at 31 December 2023:

Company name	Year of purchase/ founded	Location	Activity	31.12.2023		31.12.2022	
				Holding (%)	Cost (thou. EUR)	Holding (%)	Cost (thou. EUR)
SIA Inbank Latvia	2014	Latvia	Financing	100	519	100	519
Inbank Ventures OÜ (formerly Maksekeskus Holding OÜ)	2016	Estonia	Holding activity and hardware rental	100	454	100	454
Inbank Payments OÜ	2019	Estonia	Holding company	100	3	100	3
AS Inbank Finance	2021	Estonia	Financing	100	3,100	100	3,100
IBF Polska sp. z.o.o	2022	Poland	Financing	100	44	100	44
AS Inbank Rent	2023	Estonia	Rent	100	500		
Inbank Rent SIA	2023	Latvia	Rent	100	3		
Mobire Group OÜ	2021	Estonia	Rent	66	9,660	53	9,660
Mobire Eesti AS	2021	Estonia	Rent	66		66	
Mobire Latvija SIA	2021	Latvia	Rent	66		66	
Mobire Lietuva UAB	2021	Lithuania	Rent	66		66	

Associated company Paywerk AS is accounted for using the equity method.

For more details refer to Note 11.

Changes in presentation

For better presentation and compliance with IFRS Inbank changed presentation of cash and cash equivalents in consolidated statements of financial position. Cash and cash equivalents are with original maturity of less than three months and insignificant credit risk. Mandatory reserves at central banks, which represent mandatory reserve deposits which are not available to finance day to day operations, so it should be excluded from cash and cash equivalents and presented separately.

Change in presentation is disclosed in the table below. More details about cash and cash equivalents is available in Note 11.

Changes in presentation in condensed consolidated statement of financial position

In thousands of euros	31.12.2022	Change	31.12.2022 reclassified
Assets			
Due from central banks	126,990	-126,990	-
Due from credit institutions	18,345	-18,345	-
Cash and cash equivalents	-	130,889	130,889
Mandatory reserves at central banks	-	14,446	14,446
Total	145,335	0	145,335

In thousands of euros	31.12.2021	Change	31.12.2021 reclassified
Assets			
Due from central banks	77,453	-77,453	-
Due from credit institutions	17,870	-17,870	-
Cash and cash equivalents	-	87,419	87,419
Mandatory reserves at central banks	-	7,904	7,904
Total	95,323	0	95,323

Inbank is growing in different directions and rental business is becoming a more significant part of Inbank financial performance and daily life. To present this business line more accurately management decided to revise presentation in a consolidated statement of profit and loss and other comprehensive income. In financial statements for the year ended 31 December 2022, other operating income and other operating expenses consisted of rental income and related costs and also income and cost of assets sold previously rented to customers.

For better presentation and compliance with IFRS, Inbank revised classification of loan administration fees and certain fee and commission expenses related to retail loans. After analysis, management concluded that the nature of the loan administration fees has changed over time and some part of these fees collected from the clients and some part of the fee and commission expenses are an integral part of the effective interest rate of retail loans issued to the customers. Therefore these fees were reclassified in the statement of profit and loss and other comprehensive income for the year ended 31 December 2022 from fee and commission income/expenses into interest income based on EIR.

Detail change of presentation presented in the table below.

Changes in presentation in condensed consolidated statement of profit and loss and other comprehensive income

In thousands of euros	12 months 2022	Change	12 months 2022 reclassified
Interest income based on EIR	65,392	2,812	68,204
Interest expense	-20,152	0	-20,152
Net interest income	45,240	2,812	48,052
Fee and commission income	3,560	-3,173	387
Fee and commission expenses	-3,636	361	-3,275
Net fee and commission income/expenses	-76	-2,812	-2,888
Other operating income	28,621	-28,080	541
Other operating expenses	-21,680	21,680	0
Income from rental services	0	18,152	18,152
Sale of assets previously rented to customers	0	9,928	9,928
Cost of rental services	0	-13,317	-13,317
Cost of assets sold previously rented to customers	0	-8,363	-8,363
Net operating income/expenses	6,941	0	6,941
In thousands of euros	Q4 2022	Change	Q4 2022 reclassified
Interest income based on EIR	19,436	864	20,300
Interest expense	-7,583	0	-7,583
Net interest income	11,853	864	12,717
Fee and commission income	1,092	-972	120
Fee and commission expenses	-1,070	108	-962
Net fee and commission income/expenses	22	-864	-842
Other operating income	8,103	-7,981	122
Other operating expenses	-6,670	6,670	0
Income from rental services	0	5,154	5,154
Sale of assets previously rented to customers	0	2,827	2,827
Cost of rental services	0	-4,112	-4,112
Cost of assets sold previously rented to customers	0	-2,558	-2,558
Net operating income/expenses	1,433	0	1,433

Changes in presentation in condensed consolidated statement of cash flows

In thousands of euros	12 months 2022	Change	12 months 2022 reclassified
Interest received	60,479	2,812	63,291
Interest paid	-16,024	0	-16,024
Fees received	3,902	-3,173	729
Fees paid	-3,636	361	-3,275
Income from rental services	0	18,152	18,152
Cost of rental services	0	-5,252	-5,252
Sale of assets previously rented to customers	0	9,928	9,928
Cost of assets sold previously rented to customers	0	0	0
Other operating income received	28,621	-28,080	541
Other operating income paid	-21,680	21,680	0
Personnel expenses	-13,844	0	-13,844
Administrative and marketing expenses	-13,934	-8,065	-21,999
Income tax paid	-2,108	0	-2,108
Cash flows from operating activities before changes in the operating assets and liabilities	21,776	8,363	30,139
Changes in operating assets			
Loans and advances	-156,851	0	-156,851
Acquisition of tangible assets for rental business	-27,182	0	-27,182
Mandatory reserves at central banks	-6,542	0	-6,542
Other financial assets	-1,236	0	-1,236
Other assets	-10,507	-8,363	-18,870
Changes of operating liabilities			
Loan from credit institution	0	0	0
Customer deposits	206,795	0	206,795
Other financial liabilities	19,509	0	19,509
Other liabilities	4,309	0	4,309
Net cash from operating activities	50,071	0	50,071

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In thousands of euros	Q4 2022	Change	Q4 2022 reclassified
Interest received	25,724	-6,611	19,113
Interest paid	-6,113	0	-6,113
Fees received	1,297	-972	325
Fees paid	-1,070	108	-962
Income from rental services	0	5,154	5,154
Cost of rental services	0	-1,836	-1,836
Sale of assets previously rented to customers	0	2,827	2,827
Cost of assets sold previously rented to customers	0	0	0
Other operating income received	8,103	-7,981	122
Other operating income paid	-6,149	6,149	0
Personnel expenses	-3,327	2,554	-773
Administrative and marketing expenses	-18,891	10,983	-7,908
Income tax paid	-641	50	-591
Cash flows from operating activities before changes in the operating assets and liabilities	-1,067	10,425	9,358
Changes in operating assets			
Loans and advances	-47,325	1,636	-45,689
Acquisition of tangible assets for rental business	0	-2,953	-2,953
Mandatory reserves at central banks	-370	0	-370
Other financial assets	-350	0	-350
Other assets	-10	-9,108	-9,118
Changes of operating liabilities			
Loan from credit institution	0	0	0
Customer deposits	98,978	0	98,978
Other financial liabilities	7,139	0	7,139
Other liabilities	789	0	789
Net cash from operating activities	57,784	0	57,784

Note 2 Significant accounting estimates and judgements

According to the IFRS, many of the financial indicators given in the report are based on strictly accounting-related management estimates and opinions, which have an impact on the value of the assets and liabilities presented in the financial statements as of the balance sheet date and on the income and expenses of the subsequent financial years. Although these estimates are based on the best knowledge of the management and conclusions from ongoing events, the actual result may not coincide with them in the end and may differ significantly from these estimates.

The management consistently reviews such decisions and estimates, including the ones that have an influence on the fair value of financial instruments, impairment of financial assets, non-controlling interests redemption liability and others.

The management relies on experience and the other factors it considers reasonable in the given situation when making these decisions and estimates.

Note 3 Operating segments

Operating segments are components that engage in business activities that may earn income or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM). The CODM allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the management board of Inbank.

Inbank divides its operating segments according to business lines and the geographical location of activities in Estonia, Latvia, Lithuania, Poland and Czechia.

The following business lines are separated: banking business, rental, investments. The banking business segment includes Inbank and its subsidiaries Inbank Finance and Latvia. Lithuania, Poland and Czechia present separate units acting in those countries. The rental segment presents the Mobire business line in Inbank and Inbank Rent business, which has consolidated this business in Estonian, Latvian and Lithuanian markets. Investments business segment include all remaining entities not mentioned before. Key activity for those companies is holding companies and hardware rental.

Deposits collected through partner platforms in Germany, Austria and Netherlands are presented under the Estonian business segment.

The business segments are Inbank companies with separate financial data, which is also the basis for the regular monitoring of business results by the management at Inbank. Inbank monitors profitability, cost/income ratio, growth, and quality for each operational segment.

The banking business offers credit products with the largest product group being hire purchase. Inbank Ventures, which is part of the investment segment, offers hardware rental to Inbank companies, Mobire offers car rent services, Inbank Rent offers IT equipment rent services.

The revenues of the reported segments contain revenues from transactions between the segments. Such transactions include loans given by Inbank and Inbank Finance, as well as services provided to the companies of the consolidation group by Inbank Ventures OÜ. The above transactions are accounted for at market prices.

Inbank does not have any customers whose income accounts for more than 10% of the respective type of Inbank consolidated income.

CODM is responsible for the allocation of funds and the assessment of the profitability of business activities. Total income and net profit/loss are the measures primarily used by chief operating decision maker. The development of segment total income and net profit/loss is presented below, in which significant segments are presented separately.

Income of reported segments and net profit structure

In thousands of euros	Banking business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
12 months 2023									
Interest income based on EIR	47,567	9,386	19,504	41,048	460	4	159	-19,405	98,723
<i>incl. income from external customers</i>	29,110	9,386	19,504	40,259	460	4	0	0	98,723
<i>incl. income from internal customers</i>	18,457	0	0	789	0	0	159	-19,405	0
Fee and commission income	473	0	0	0	0	0	0	0	473
<i>incl. loan administration fees</i>	311	0	0	0	0	0	0	0	311
<i>incl. other fees</i>	162	0	0	0	0	0	0	0	162
Rental services	0	0	0	0	0	23,905	0	0	23,905
Sale of assets previously rented to customers	0	0	0	0	0	14,155	0	0	14,155
Other operating income	12,909	77	155	77	0	604	997	-14,050	769
<i>incl. income from external customers</i>	432	48	136	93	0	604	9	-553	769
<i>incl. income from internal customers</i>	12,477	29	19	-16	0	0	988	-13,497	0
Total income	60,949	9,463	19,659	41,125	460	38,668	1,156	-33,455	138,025
Net gains from financial assets measured at fair value	40	0	0	-54	0	0	0	0	-14
Foreign exchange rate gains/losses	-294	0	0	423	-2	0	1	0	128
Interest expense	-23,091	-2,335	-5,116	-29,247	-418	-4,528	0	19,404	-45,331
Fee and commission expenses	-1,954	-252	-947	-972	-74	0	0	0	-4,199
<i>incl. loan initiation fees</i>	-313	-154	-266	-660	-70	0	0	0	-1,463
<i>incl. loan administration fees</i>	-1,219	-80	-573	-309	0	0	0	0	-2,181
<i>incl. other fees</i>	-422	-18	-108	-3	-4	0	0	0	-555
Cost of rental services	0	0	0	0	0	-15,896	0	0	-15,896
Cost of assets sold previously rented to customers	0	0	0	-1	0	-12,597	0	42	-12,556
Total expenses	-25,299	-2,587	-6,063	-29,851	-494	-33,021	1	19,446	-77,868
Operating expenses	-23,263	-4,033	-8,368	-8,725	-1,782	-3,316	-1,492	14,045	-36,934
<i>incl. depreciations, amortization</i>	-4,578	-178	-752	-173	-64	-20	-309	67	-6,007
Share of profit from associates	501	0	0	0	0	0	1	-252	250
Impairment losses on loans and advances	-4,228	-1,406	-2,347	-4,979	-243	0	0	0	-13,203
Profit before income tax	8,660	1,437	2,881	-2,430	-2,059	2,331	-334	-216	10,270
Income tax	0	-260	-468	332	328	0	0	0	-68
Net profit/loss	8,660	1,177	2,413	-2,098	-1,731	2,331	-334	-216	10,202
Capital expenditures	4,349	0	353	0	0	109	0	0	4,811
Deferred tax asset	0	0	0	4,061	444	0	0	0	4,505
Deferred tax liabilities	0	0	-204	0	0	0	0	0	-204
Total assets	1,084,803	91,846	204,009	479,099	11,856	106,898	17,954	-675,881	1,320,584
Total liabilities	995,689	84,374	181,374	486,162	14,388	91,617	7,083	-664,193	1,196,494
Total equity	89,114	7,472	22,635	-7,063	-2,532	15,281	10,871	-11,688	124,090
Full time employees	206	32	61	71	15	45	-	-	430

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In thousands of euros	Banking business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
Q4 2023									
Interest income based on EIR	13,626	2,582	5,384	11,435	189	2	158	-6,127	27,249
<i>incl. income from external customers</i>	7,308	2,582	5,384	11,186	189	2	0	598	27,249
<i>incl. income from internal customers</i>	6,318	0	0	249	0	0	158	-6,725	0
Fee and commission income	114	0	0	0	0	0	0	0	114
<i>incl. loan administration fees</i>	75	0	0	0	0	0	0	0	75
<i>incl. other fees</i>	39	0	0	0	0	0	0	0	39
Rental services	0	0	0	0	0	6,869	0	0	6,869
Sale of assets previously rented to customers	0	0	0	0	0	3,571	0	0	3,571
Other operating income	3,922	20	44	7	0	135	224	-4,132	220
<i>incl. income from external customers</i>	110	14	48	23	0	159	6	-140	220
<i>incl. income from internal customers</i>	3,812	6	-4	-16	0	-24	218	-3,992	0
Total income	17,662	2,602	5,428	11,442	189	10,577	382	-10,259	38,023
Net gains from financial assets measured at fair value	-77	0	0	-13	0	0	0	0	-90
Foreign exchange rate gains/losses	-44	0	0	384	0	0	1	0	341
Interest expense	-7,445	-740	-1,575	-7,669	-201	-1,338	0	6,127	-12,841
Fee and commission expenses	-569	-68	-238	-243	-19	0	0	0	-1,137
<i>incl. loan initiation fees</i>	-67	-39	-67	-159	-18	0	0	0	-350
<i>incl. loan administration fees</i>	-387	-23	-150	-84	0	0	0	0	-644
<i>incl. other fees</i>	-115	-6	-21	0	-1	0	0	0	-143
Cost of rental services	0	0	0	0	0	-4,808	0	0	-4,808
Cost of assets sold previously rented to customers	0	0	0	-1	0	-3,235	0	-67	-3,303
Total expenses	-8,135	-808	-1,813	-7,542	-220	-9,381	1	6,060	-21,838
Operating expenses	-6,860	-1,064	-2,288	-2,143	-505	-628	-396	4,194	-9,690
<i>incl. depreciations, amortization</i>	-1,283	-46	-195	-45	-22	247	-80	18	-1,406
Share of profit from associates	0	0	0	0	0	0	1	-73	-72
Impairment losses on loans and advances	-695	-424	-518	-1,482	-116	0	0	0	-3,235
Profit before income tax	1,972	306	809	275	-652	568	-12	-78	3,188
Income tax	0	-260	-149	-110	107	0	0	0	-412
Net profit/loss	1,972	46	660	165	-545	568	-12	-78	2,776
Capital expenditures	4,349	0	353	0	0	109	0	0	4,811
Deferred tax asset	0	0	0	4,061	444	0	0	0	4,505
Deferred tax liabilities	0	0	-204	0	0	0	0	0	-204
Total assets	1,084,803	91,846	204,009	479,099	11,856	106,898	17,954	-675,881	1,320,584
Total liabilities	995,689	84,374	181,374	486,162	14,388	91,617	7,083	-664,193	1,196,494
Total equity	89,114	7,472	22,635	-7,063	-2,532	15,281	10,871	-11,688	124,090
Full time employees	206	32	61	71	15	45	-	-	430

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In thousands of euros	Banking business					Rent	Investments	Eliminations	Total
12 months 2022	Estonia	Latvia	Lithuania	Poland	Czechia				
Interest income based on EIR	30,717	6,800	15,600	23,956	3	4	0	-8,876	68,204
<i>incl. income from external customers</i>	21,841	6,800	15,600	23,956	3	4	0	0	68,204
<i>incl. income from internal customers</i>	8,876	0	0	0	0	0	0	-8,876	0
Fee and commission income	387	0	0	0	0	0	0	0	387
<i>incl. loan administration fees</i>	184	0	0	0	0	0	0	0	184
<i>incl. other fees</i>	203	0	0	0	0	0	0	0	203
Rental services	0	0	0	0	0	18,152	0	0	18,152
Sale of assets previously rented to customers	0	0	0	0	0	9,928	0	0	9,928
Other operating income	9,236	71	112	152	0	503	817	-10,350	541
<i>incl. income from external customers</i>	357	50	79	69	0	434	8	-456	541
<i>incl. income from internal customers</i>	8,879	21	33	83	0	69	809	-9,894	0
Total income	40,340	6,871	15,712	24,108	3	28,587	817	-19,226	97,212
Net gains from financial assets measured at fair value	-15	0	0	47	0	0	0	0	32
Foreign exchange rate gains/losses	359	0	0	-1,136	-3	0	0	0	-780
Interest expense	-12,258	-1,039	-3,005	-11,280	-21	-1,404	-10	8,865	-20,152
Fee and commission expenses	-1,506	-210	-825	-731	-3	0	0	0	-3,275
<i>incl. loan initiation fees</i>	-260	-130	-220	-524	-2	0	0	0	-1,136
<i>incl. loan administration fees</i>	-922	-58	-548	-200	-1	0	0	0	-1,729
<i>incl. other fees</i>	-324	-22	-57	-7	0	0	0	0	-410
Cost of rental services	0	0	0	0	0	-13,317	0	0	-13,317
Cost of assets sold previously rented to customers	0	0	0	-3	0	-7,169	-1	-1,190	-8,363
Total expenses	-13,420	-1,249	-3,830	-13,103	-27	-21,890	-11	7,675	-45,855
Operating expenses	-16,661	-3,259	-7,864	-7,138	-915	-3,464	-2,571	11,553	-30,319
<i>incl. depreciations, amortization</i>	-3,092	-180	-792	-146	-47	-18	-252	55	-4,472
Share of profit from associates	-3	0	0	0	0	0	12,381	-959	11,419
Impairment losses on loans and advances	-3,961	-1,217	-2,351	-3,640	-1	0	0	0	-11,170
Profit before income tax	6,295	1,146	1,667	227	-940	3,233	10,616	-957	21,287
Income tax	-2	0	-125	-194	125	0	0	0	-196
Net profit/loss	6,293	1,146	1,542	33	-815	3,233	10,616	-957	21,091
Capital expenditures	-3,503	0	-482	0	0	0	0	1	-3,984
Deferred tax asset	0	0	0	-3,037	-129	0	0	1	-3,165
Deferred tax liabilities	0	0	113	0	0	0	0	75	188
Total assets	913,985	71,830	174,357	329,822	890	75,774	25,930	-572,093	1,020,495
Total liabilities	815,707	65,535	154,135	334,302	1,761	63,416	8,513	-524,798	918,571
Total equity	98,278	6,295	20,222	-4,480	-871	12,358	17,417	-47,295	101,924
Full time employees	146	33	64	60	11	38	-	-	352

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In thousands of euros	Banking business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
Q4 2022									
Interest income based on EIR	8,691	1,968	4,389	7,831	3	2	0	-2,584	20,300
<i>incl. income from external customers</i>	6,107	1,968	4,389	7,831	3	2	0	0	20,300
<i>incl. income from internal customers</i>	2,584	0	0	0	0	0	0	-2,584	0
Fee and commission income	120	0	0	0	0	0	0	0	120
<i>incl. loan administration fees</i>	47	0	0	0	0	0	0	0	47
<i>incl. other fees</i>	73	0	0	0	0	0	0	0	73
Rental services	0	0	0	0	0	5,154	0	0	5,154
Sale of assets previously rented to customers	0	0	0	0	0	2,827	0	0	2,827
Other operating income	3,151	17	-5	40	0	153	551	-3,785	122
<i>incl. income from external customers</i>	90	11	-15	25	0	135	329	-453	122
<i>incl. income from internal customers</i>	3,061	6	10	15	0	18	222	-3,332	0
Total income	11,962	1,985	4,384	7,871	3	8,136	551	-6,369	28,523
Net gains from financial assets measured at fair value	0	0	0	23	0	0	0	0	23
Foreign exchange rate gains/losses	-208	0	0	211	-2	0	0	0	1
Interest expense	-3,724	-283	-767	-4,940	-18	-439	0	2,588	-7,583
Fee and commission expenses	-437	-67	-217	-238	-3	0	0	0	-962
<i>incl. loan initiation fees</i>	-71	-41	-59	-167	-2	0	0	0	-340
<i>incl. loan administration fees</i>	-273	-20	-142	-71	-1	0	0	0	-507
<i>incl. other fees</i>	-93	-6	-16	0	0	0	0	0	-115
Cost of rental services	0	0	0	0	0	-4,112	0	0	-4,112
Cost of assets sold previously rented to customers	0	0	0	-3	0	-1,972	606	-1,189	-2,558
Total expenses	-4,369	-350	-984	-4,947	-23	-6,523	606	1,399	-15,191
Operating expenses	-4,578	-998	-2,604	-2,045	-378	-1,057	-917	3,970	-8,607
<i>incl. depreciations, amortization</i>	-857	-44	-208	-38	-22	-3	-69	55	-1,186
Share of profit from associates	14	0	0	0	0	0	934	-959	-11
Impairment losses on loans and advances	-1,079	-357	-524	-499	-1	0	0	0	-2,460
Profit before income tax	1,950	280	272	380	-399	556	1,174	-1,959	2,254
Income tax	0	0	-157	8	29	0	0	0	-120
Net profit/loss	1,950	280	115	388	-370	556	1,174	-1,959	2,134
Capital expenditures	-3,503	0	-482	0	0	0	0	1	-3,984
Deferred tax asset	0	0	0	-3,037	-129	0	0	1	-3,165
Deferred tax liabilities	0	0	113	0	0	0	0	75	188
Total assets	913,985	71,830	174,357	329,822	890	75,774	25,930	-572,093	1,020,495
Total liabilities	815,707	65,535	154,135	334,302	1,761	63,416	8,513	-524,798	918,571
Total equity	98,278	6,295	20,222	-4,480	-871	12,358	17,417	-47,295	101,924
Full time employees	146	33	64	60	11	38	-	-	352

Note 4 Net interest income

Net interest income

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Interest income based on EIR				
Loans to households	25,363	92,334	19,690	67,032
Loans to corporates	171	775	23	117
Central banks, financial and credit institutions	1,715	5,614	587	1,055
Total interest income	27,249	98,723	20,300	68,204
Interest expense				
Deposits received	-11,604	-41,335	-6,928	-17,441
Debt securities sold	-853	-2,757	-485	-2,112
Lease liability	-384	-1,239	-170	-599
Total interest expense	-12,841	-45,331	-7,583	-20,152
Net interest income	14,408	53,392	12,717	48,052

More details about interest income and expense based on business disclosed in Note 3.

Note 5 Net fee and commission income

Net fee and commission income

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Fee and commission income				
Households	114	471	120	387
<i>out of which recognised over time</i>	63	278	165	165
<i>out of which recognised point in time</i>	51	193	222	222
Corporates	0	2	0	0
<i>out of which recognised over time</i>	0	2	0	0
Total fee and commission income	114	473	120	387
Fee and commission expenses				
Loan initiation fees	-350	-1,463	-340	-1,136
Loan administration expenses	-644	-2,181	-507	-1,729
Other fee expenses	-143	-555	-115	-410
Total fee and commission expenses	-1,137	-4,199	-962	-3,275

More details about fee and commission income and expense based on business segments disclosed in Note 3.

Note 6 Other operating income and cost of rental services

Other operating income

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Fines and penalties	195	718	112	525
Other income	25	51	10	16
Total other operating income	220	769	122	541

Cost of rental services

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Depreciations, asset for rent	-3,420	-11,124	-2,276	-8,065
Other costs, rent	-1,388	-4,772	-1,836	-5,252
Total cost of rental services	-4,808	-15,896	-4,112	-13,317

More details about other operating income and expenses based on business segments disclosed in Note 3.

Note 7 Operating expenses

Operating expenses

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Personnel expenses				
Personnel expense	3,448	12,900	3,032	10,971
Social and other taxes	1,028	3,728	769	2,851
Total personnel expenses	4,476	16,628	3,801	13,822
Marketing expenses				
Advertising and marketing	632	2,603	826	2,625
Sales costs	216	663	245	725
Total marketing expenses	848	3,266	1,071	3,350
Administrative expenses				
IT expenses	720	2,757	595	2,244
Office maintenance and workplace expenses	442	1,753	354	1,269
Legal and recovery proceeding expenses	261	953	293	1,140
Employee related expenses	233	775	274	760
Contributions to guarantee fund	542	2,157	141	472
Supervision expenses	217	419	43	136
Training and business trip expenses	153	642	176	539
Outsourced services	94	268	76	354
Transportation expenses	88	321	68	262
Tax expenses	-34	210	68	189
Fines	1	2	118	118
Other	243	776	343	1,192
Total administrative expenses	2,960	11,033	2,549	8,675

More details about operating expenses based on business segments disclosed in Note 3.

Note 8 Loans and advances

Distribution of receivables by customer sector

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Distribution of receivables by customer sector			
Households	953,088	762,560	607,343
Corporates	10,930	8,731	8,848
Loans and advances before impairment allowance	964,018	771,291	616,191
Impairment allowance	-21,962	-16,191	-11,343
Total loans and advances	942,056	755,100	604,848

More details about loans and advances disclosed in Note 19.

Changes in impairments

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Impairment allowance balance at the beginning of the period	-16,191	-11,343	-13,242
Impairment provisions set up during the reporting period	-25,310	-19,215	12,690
Written off and sold out from financial position during the period	19,539	14,367	-10,791
Total impairment	-21,962	-16,191	-11,343

Impairment losses on loans and advances

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Impairment losses during the reporting period	-6,690	-25,310	-5,269	-19,215
Recoveries from loans written off and sold out from financial position	3,455	12,107	2,809	8,045
Total impairment losses on loans and advances	-3,235	-13,203	-2,460	-11,170

Inbank regularly sells receivables that are more than 90 days overdue, with no obligation to repurchase (except in the case of fraud or the death of the customer, if these events have appeared before the sale transaction was completed). The difference between the sale price and the carrying amount of debt is recognised in the profit and loss and other comprehensive income under line impairment losses on loans and advances. The total amount of debt is written off in the statement of financial position.

More details about impairment losses on loans and advances based on business segments disclosed in Note 3.

Distribution of receivables from households

In thousands of euros

31.12.2023	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	898,068	-5,195	-72	-1,252	891,549	0.7%
4-30 days	25,255	-1,544	-64	-355	23,292	7.8%
31-89 days	14,751	0	-2,526	-780	11,445	22.4%
90-179 days	4,042	0	0	-2,199	1,843	54.4%
180+ days	10,972	0	0	-7,946	3,026	72.4%
Total receivables	953,088	-6,739	-2,662	-12,532	931,155	2.3%

31.12.2022	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	720,227	-4,953	-72	-419	714,783	0.8%
4-30 days	21,050	-1,601	-100	-154	19,195	8.8%
31-89 days	12,587	0	-2,407	-301	9,879	21.5%
90-179 days	2,626	0	0	-1,555	1,071	59.2%
180+ days	6,070	0	0	-4,607	1,463	75.9%
Total receivables	762,560	-6,554	-2,579	-7,036	746,391	2.1%

31.12.2021	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	580,325	-4,036	-113	-353	575,823	0.8%
4-30 days	13,606	-923	-116	-108	12,459	8.4%
31-89 days	8,201	-1	-1,412	-207	6,581	19.8%
90-179 days	1,341	0	0	-860	481	64.1%
180+ days	3,870	0	0	-3,189	681	82.4%
Total receivables	607,343	-4,960	-1,641	-4,717	596,025	1.9%

Distribution of receivables from corporates

In thousands of euros

31.12.2023	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	10,689	-26	0	0	10,663	0.2%
4-30 days	232	-1	-1	0	230	0.9%
31-89 days	7	0	0	0	7	0.0%
90-179 days	1	0	0	-1	0	100.0%
180+ days	1	0	0	0	1	0.0%
Total receivables	10,930	-27	-1	-1	10,901	0.3%

31.12.2022	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	8,250	-18	0	0	8,232	0.2%
4-30 days	480	-4	0	0	476	0.8%
31-89 days	1	0	0	0	1	0.0%
90-179 days	0	0	0	0	0	0.0%
180+ days	0	0	0	0	0	0.0%
Total receivables	8,731	-22	0	0	8,709	0.3%

31.12.2021	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	8,801	-25	0	0	8,776	0.3%
4-30 days	47	0	0	0	47	0.0%
31-89 days	0	0	0	0	0	0.0%
90-179 days	0	0	0	0	0	0.0%
180+ days	0	0	0	0	0	0.0%
Total receivables	8,848	-25	0	0	8,823	0.3%

Note 9 Cash and cash equivalents

Cash and cash equivalents

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Due from central banks	162,253	112,544	69,549
Due from credit institutions	10,668	18,345	17,870
Total cash and cash equivalents	172,921	130,889	87,419

All balances in table above are with original maturity of less than three months and insignificant credit risk but excludes mandatory reserves at central banks, which represent mandatory reserve deposits which are not available to finance day to day operations.

Cash and cash equivalents in the statement of cash flows include receivables from central banks (excluding the statutory reserve) and short-term (up to three months) receivables from other credit institutions.

Due to the short duration of the cash and cash equivalents (less than three months), the fair value approximates the carrying value.

Note 10 Investments in debt securities

Investments in debt securities

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Investments in debt securities	33,411	8,378	7,589
<i>incl. investments in central government debt securities</i>	32,018	0	0
<i>incl. investments in corporate debt securities</i>	1,393	8,378	7,589
Interest accruals	170	37	95
Total investments in debt securities	33,581	8,415	7,684

As of 31 December 2023, the bond portfolio includes debt securities of central governments and corporates with maturity dates between 28 March 2024 to 10 March 2027 and coupon rates from 0% to 8.5% and yields from 3.46% to 9%.

As of 31 December 2022, Inbank's debt securities portfolio consists of securities with different maturities between 1 December 2023 and 1 August 2029, with an coupon rate from 3% p.a. + 12 months Euribor to 11.5% and yield from 3% p.a. + 12 months Euribor to 14.5%.

As of 31 December 2021, Inbank's debt securities portfolio consists of long-term securities with different maturities between 29 September 2027 and 29 December 2028 with an interest rate of 3% p.a. + 12 months Euribor.

More details about investments in debt securities disclosed in Note 19.

Note 11 Business combinations and investments in associates and subsidiaries

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

Investments in subsidiaries

Equity of major subsidiaries

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
SIA Inbank Latvia	7,471	6,295	5,148
Mobire Group OÜ	14,792	12,358	9,097
AS Inbank Finance	22,244	43,486	36,446
Inbank Ventures OÜ (formerly Maksekeskus Holding OÜ)	10,869	17,415	12,654
AS Inbank Rent	489	-	-
Inbank Rent SIA	3	-	-

On 20 June 2022, the Czechia national bank granted a banking license to operate in the Czech Republic as a bank. License is issued for an indefinite period. By the end of 2023, the branch in Czechia already had a loan portfolio exceeding 10 million euros (31 December 2022: 280 thousand euros).

On 5 August 2022, AS Inbank established its subsidiary IBF Polska Sp. z o.o. in Poland. This entity's key activities include but are not limited to: other financial service activities, other activities supporting financial services and data processing; website management (hosting) and similar activities among others.

On 21 March 2023 Inbank established its subsidiary in Estonia under the name of AS Inbank Rent. Key activity of the subsidiary is the rental business. On 8 November 2023 AS Inbank Rent established its subsidiary in Latvia under the name of Inbank Rent SIA to scale rental business outside Estonia.

20 June 2023 Inbank acquired additional 12.67% of Mobire Group OÜ shares. Total Inbank share into Mobire Group OÜ after acquisition was 66%. Acquisition of shares was made out of non-controlling interest redemption liability disclosed in Note 15.

Investments in associates

Maksekeskus AS is one of the largest payment services providers in Estonia, also operating in Latvia and Lithuania. As of 31 December 2021, the investment was classified as an asset held for sale and was reported as "Associates held for sale". On 1 July 2022, Inbank successfully completed the sale of a 29.8% stake in Maksekeskus AS.

On 27 July 2022, Maksekeskus Holding OÜ acquired 100% of the shares of Inbank Technologies OÜ. After the acquisition, Inbank Technologies OÜ was merged into Maksekeskus Holding OÜ. As a result of the merger, Inbank Technologies OÜ shall cease to exist and Maksekeskus Holding OÜ shall continue, as the legal successor of the association being acquired.

Upon the merger, Maksekeskus Holding OÜ shall continue to operate under the business name Inbank Ventures OÜ. The transaction took place in September 2022. The transaction does not affect Inbank's business.

Paywerk AS is a start-up company that offers a cross-border "pay later" service. On 31 August 2023 Inbank acquired additional 3.4% of Paywerk AS share capital for 76 thousand euros. Total Inbank share into Paywerk AS after acquisition was 27.1%. Investment is accounted for using the equity method.

AS Aktiva Portfolio has been established for more efficient management of debt portfolio. On 29 of June Inbank successfully completed sale of a 34% stake in AS Aktiva Portfolio. Before the sale transaction was completed investment was accounted for using the equity method.

Inbank has not received dividends from associates.

Note 12 Other financial assets and other assets

Other financial assets and other assets

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Other financial assets			
Prepaid guarantee amounts	516	358	295
Accrued receivables	3,714	3,029	1,856
Other financial assets	1,038	0	0
Total other financial assets	5,268	3,387	2,151
Other assets			
Prepaid expenses	4,327	3,303	2,229
Inventory	2,494	1,535	296
Prepaid taxes	679	576	6
Other assets	685	547	238
Total other assets	8,185	5,961	2,769

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

Other financial assets contain 1,038 thousand euros (31 December 2022 and 31 December 2021: 0 euro) receivables from commercial banks which are pledged and are therefore not available for general use by Inbank. The restricted cash relates to the pledge required under derivatives trading agreements.

More details about other financial assets and other assets disclosed in Note 19.

Note 13 Customer deposits

Deposits

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Customer deposits			
Deposits from households	1,069,810	814,057	607,597
Deposits from non-financial corporates	11,566	14,547	8,142
Deposits from financial corporates	190	290	2,118
Total customer deposits	1,081,566	828,894	617,857

Deposits by clients' residency

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Deposits by clients' residency			
Estonia	52,392	62,988	60,253
Germany	245,993	353,109	264,731
Poland	474,466	312,356	251,335
Austria	18,444	16,358	11,122
Netherlands	276,562	81,218	27,678
Lithuania	13,607	2,721	2,404
Other residence	102	144	334
Total deposits by clients' residency	1,081,566	828,894	617,857

Deposits also include an accrued interest liability in the amount of 19,540 thousand euros (31 December 2022: 11,945 thousand euros, 31 December 2021: 7,728 thousand euros).

More details about customer deposits disclosed in Note 19.

Note 14 Subordinated debt securities

Subordinated debt securities

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Subordinated debt securities issued	49,750	30,650	37,153
Interest accruals and other costs	-5	-80	34
Total subordinated debt securities	49,745	30,570	37,187

Subordinated debt securities detailed information

Subordinated debt securities	Nominal price	Amount	Interest rate	Issue date	Maturity date
EE3300111590	10,000 EUR	315	12.0%	19.12.2018	perpetual
EE3300001544	1,000 EUR	8,000	6.0%	19.12.2019	19.12.2029
EE3300002286	10,000 EUR	450	7.5%	01.11.2021	perpetual
EE3300002302	1,000 EUR	15,000	5.5%	16.12.2021	15.12.2031
EE3300003516	10,000 EUR	1,110	12.0%	06.06.2023	perpetual
EE3300003714	1,000 EUR	8,000	9.0%	13.12.2023	13.12.2033

Inbank's subordinated bonds include Additional Tier 1 bonds included in Tier 1 capital. AT1 capital instrument is a perpetual subordinated financial instrument, which bears interest on its Outstanding Nominal Value from and including their Issue Date to, but excluding, the date of any final redemption at the interest rate per annum specified in table above. The coupon payments may be deferred or canceled at the discretion of Inbank. The AT1 bond is accounted for as liability because in specific circumstances Inbank is obliged to pay back the debt instrument to investors.

The subordinated debt securities issued are recorded at amortized cost by using the effective interest rate method. In addition to coupon interest rate, the effective interest rate mainly depends on transaction costs, recognised as a change in nominal value of the debt securities and charged to interest expense over a term of five years.

Note 15 Other financial liabilities and other liabilities

Other financial liabilities and other liabilities

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Financial liabilities			
Accounts payable	25,452	29,933	21,292
Lease liability	26,159	13,923	19,768
Non-controlling interest redemption liability	7,054	8,480	6,726
Client prepayments	2,262	2,904	1,402
Total financial liabilities	60,927	55,240	49,188
Other liabilities			
Payables to employees	1,924	2,360	2,147
Payroll taxes	1,095	864	711
Other liabilities	672	456	438
Total other liabilities	3,691	3,680	3,296

The accounts payable includes liabilities to customers and partners - related loan granting activities and payments for operating expenses.

21 June 2023 Inbank Ventures OÜ acquired an additional 12% of Mobire Group OÜ shares. Amount paid was released from redemption liability and decreased price payable in final redemption after the end of 2025.

In addition to the purchase and sale agreement, Inbank signed an option agreement to acquire 100% of the shares of Mobire Group OÜ, therefore the non-controlling interest is recognized as a buyout obligation.

Non-controlling interest redemption liability was estimated at 7,054 thousand euros as at 31 December 2023 (31 December 2022: 8,480 thousand euros, 31 December 2021: 6,726 thousand euros) amount, which has been adjusted by future profit assumptions with post-tax discount rate 19.9% (2022: 20.8%, 2021: 11%). The discount rate is determined by considering interest rate, country and equity premiums.

More details about other financial liabilities and other liabilities disclosed in Note 19.

Note 16 Contingent liabilities

Contingent liabilities

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Revocable commitments			
Liability in contractual amount	4,649	4,986	5,485
<i>incl. unused credit card limits</i>	4,649	4,136	3,460
Expected credit loss (ECL)	23	30	22

In different countries where Inbank operates, the Tax authority has the right to inspect the company's tax records within 3 to 10 years after submitting the tax return and upon finding errors, impose additional taxes, interest and fines. The tax authorities have not performed any tax audits at Inbank during 2023 and 2022.

Inbank's management estimates that in 2023 there are no such circumstances that may lead the tax authorities to impose significant additional taxes on Inbank.

Note 17 Share capital

Share capital

	No of shares	Nominal value (thou. EUR)	Share premium (thou. EUR)	Total
Balance, 01.01.2022	9,967,197	997	30,436	31,433
Share based payment	295,000	29	1,419	1,448
Balance, 31.12.2022	10,262,197	1,026	31,855	32,881
Balance, 01.01.2023	10,262,197	1,026	31,855	32,881
Share issue	601,957	60	11,708	11,768
Balance, 31.12.2023	10,864,154	1,086	43,563	44,649

Shareholders who hold more than 5% of company shares

Shareholder name	Holding amount 31.12.2023
Cofi Investeeringud OÜ	25.08%
Luciano Orsero	9.21%
Roberto de Silvestri	8.39%
Andrea Agostinone	7.80%
Elio Tomaso Giovanni Cravero	7.62%
Patrizia Salice	5.06%

Inbank's share capital consists of 10,864 thousand shares (2022: 10,262 thousand shares) with a nominal value of 0.10 euro. All issued shares have been paid. The share premium reflects the difference between the nominal value of the shares and the contributions received.

Note 18 Reserves

Reserves

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Statutory reserve	103	100	96
Voluntary reserve	1,330	1,329	1,330
Share based payments reserve	926	389	591
Other accumulated comprehensive income	-713	-297	-296
Total reserves	1,646	1,521	1,721

The statutory reserve is a mandatory capital reserve which is formed using annual net profit transfers to comply with the requirements of the Estonian Commercial Code. Each financial year, at least one-twentieth of net profit has to be transferred to the legal reserve, until the reserve reaches one-tenth of share capital. The legal reserve may be used to cover losses or to increase share capital. It may not be used to make distributions to shareholders.

The general meeting of AS Inbank has previously decided to increase the reserves through voluntary increase of reserves to support Inbank capital adequacy and growth possibilities. The voluntary reserve may also be used for increasing the share capital, but not for making payouts to shareholders.

Share based payments reserve is created based on motivation plans issued for employees. The fair value of share options issued to employees is recognised as a payroll expense over the term of the option programme, and in equity as share-based payments reserve. For more details refer to Note 23.

Other accumulated comprehensive income contains a currency translation reserve only. This reserve is created by consolidating Inbank entities whose functional currency is different from Inbank's functional currency.

The results and financial position of each group entity are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
- income and expenses are translated at average exchange rates for the respective reporting period;
- components of equity are translated at the historic rate; and
- all resulting exchange differences are recognised in other comprehensive income.

Note 19 Fair value of financial assets and liabilities

The financial instruments not measured at fair value through profit and loss at each statement of financial position date are summarized in the table below.

Fair value of financial assets and liabilities

In thousands of euros	31.12.2023				31.12.2022			31.12.2021		
	Note	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level
Assets										
Cash and cash equivalents	11	172,921	172,921	2	130,889	130,889	2	87,419	87,419	2
Mandatory reserves at central banks	11	21,020	21,020	2	14,446	14,446	2	7,904	7,904	2
Investments in central government debt securities	12	31,928	32,119	2	-	-	-	7,684	7,684	2
Investments in corporate debt securities	12	1,458	1,462	3	8,415	8,415	3	0	0	2
Loans and advances - households	9	920,394	931,155	3	746,391	746,391	3	604,848	604,848	3
Loans and advances - corporates	9	10,901	10,901	3	8,709	8,709	3	8,823	8,823	2
Other financial assets	17	5,268	5,268	2	3,387	3,387	2	2,151	2,151	2
Total assets		1,163,890	1,174,846		912,237	912,237		718,829	718,829	
Liabilities										
Customer deposits	18	1,069,720	1,081,566	2	798,444	828,894	2	617,857	617,857	2
Subordinated debt securities	19	30,424	31,003	2	20,216	22,952	2	30,382	29,524	2
Subordinated debt securities (AT1)	19	18,110	18,742	3	6,858	7,618	3	7,663	7,663	3
Redemption liability	20	7,054	7,054	3	8,480	8,480	3	7,663	6,726	3
Other financial liabilities	20	27,714	27,714	2	46,760	46,760	2	49,188	42,462	2
Total liabilities		1,153,022	1,166,079		880,758	914,704		705,090	704,232	

All financial assets and liabilities listed in table above are accounted for at amortized cost.

Inbank does not own financial assets or liabilities which valuation is done based on level 1 inputs. Valuations for these types of assets or liabilities are determined by reference to unadjusted quoted market prices for identical instruments in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial assets and liabilities all significant inputs to the valuation models are observable either directly or indirectly. Level 2 valuation techniques include using discounted cash flows, option pricing models, recent transactions and the price of another instrument that is substantially the same. Examples of observable inputs are foreign currency exchange rates (Polish zloty and Czech koruna), binding securities price quotations (Government bonds), market interest rates (Euribor, Pribor, Vilibor), volatilities implied from observable index prices for the same term and actual transactions with one or more external counterparts. An input can transfer from being observable to being unobservable during the holding period due to for example illiquidity of the instrument.

To estimate the unobservable price for level 3 instruments different methods are applied depending on the type of available data. Input to these methods are primarily prices, proxy prices, market indicators and company information. When valuation models are used to determine the fair value of financial instruments in level 3, the transaction price paid or received is assessed as the best evidence of fair value at initial recognition. If the fair value of financial instruments includes more than one unobservable input, the unobservable inputs are aggregated in order to determine the classification of the entire instrument. The level in the fair value hierarchy within which a financial instrument is classified is determined on the basis of the lowest level of input that is significant to the fair value in its entirety.

During valuation of level 3 instruments such as Investments in corporate debt securities, loans and advances, subordinated debt securities (AT1), lease liability Inbank uses discount rate calculated from Inbank's internal funding costs. Methods and valuation techniques for non-controlling interest redemption liability are disclosed in Note 20. For short term assets and liabilities fair value is set based on carrying value.

Note 20 Related parties

Members of the Management Board and are entitled for a fee of three calendar months remuneration in case of contract termination initiation by Inbank or when the board member's contract expires.

Remuneration of the Management Board and Supervisory Board

In thousands of euros	Q4 2023	12 months 2023	Q4 2022	12 months 2022
Remuneration of the Management Board and Supervisory Board	295	1,329	219	1,036

The following are considered to be Inbank's related parties:

- Shareholders with significant influence or control over Inbank,
- Members of the Management Board and Supervisory Board and legal entities controlled by them (hereinafter: the management),
- Associates,
- Close relatives of the persons mentioned above and the legal entities related to them.

Balances as of end of reporting period

In thousands of euros	31.12.2023			31.12.2022			31.12.2021		
Balances as of end of reporting period	Management	Associates	Total	Management	Associates	Total	Management	Associates	Total
Investments in debt securities	0	0	0	0	7,400	7,400	0	7,684	7,684
Loans and advances	282	0	282	106	0	106	84	0	84
Impairment allowance	-3	0	-3	-1	0	-1	-1	0	-1
Deposits and subordinated debt securities	3,052	0	3,052	1,100	0	1,100	1,100	0	1,100

Transactions

In thousands of euros	12 months 2023			12 months 2022			12 months 2021		
Transactions	Management	Associates	Total	Management	Associates	Total	Management	Associates	Total
Interest income	19	199	218	25	258	283	1	172	173
Interest expenses	211	0	211	82	0	82	80	0	80
Services purchased	462	0	462	97	0	97	434	0	434
Impairment expenses	2	0	2	1	0	1	1	0	1

Services purchased from management contain consultations and rent. Rent contract end date is August 2024 and consultation contracts can be canceled within 1 week notice. All conditions meet market prices and practices.

The table provides an overview of the significant transactions and balances with related parties. Inbank finances its subsidiaries and branches with loans issued under market conditions. Interest rates are between 0% and 9.99% (2022: 0% and 5.2%, 2021: 0% and 3.24%). Such loans are eliminated from the consolidated financial statements.

Loans given to management board members are issued on market terms, with an interest rate 5.9%-20% (2022: 5.9%-20%, 2021: 4%-20%). Debt claims in the amount of 8,361 thousand euros have been sold to the associated company in 2023 (2022: 12,481 thousand euros, 2021: 10,446 thousand euros). The interest rate of deposits received from related parties matches with the interest rate offered to customers, interest rates are between 1.32% and 8% (2022: 1.8 and 8%, 2021: 0.58% and 4%).

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