

Interim Report Q2 2024

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	01.01.2024 - 30.06.2024

Members of the Supervisory Board

Jan Andresoo, Chairman

Roberto De Silvestri

Triinu Bucheton

Raino Paron

Erkki Raasuke

Members of the Management Board

Priit Põldoja, Chairman

Marko Varik

Margus Kastein

Maciej Pieczkowski

Piret Paulus

Erik Kaju

Evelin Lindvers

AS Inbank interim report for Q2 2024 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 Q2 of 2024 consisting of the management report and financial statements as at 30 June 2024 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 30 June 2024, its financial performance and cash flows for the 6 months period ended 30 June 2024;
- 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 2023.

AS Inbank is a going concern.

Tallinn, 07 August 2024

Priit Põldoja

Chairman of the Management Board

Management report



During the second quarter of 2024, Inbank's financial performance continued to improve steadily. On the back of declining funding costs and increasing portfolio yield, Inbank's net income grew by 29% compared to the same quarter a year ago, while operating expenses grew by 17% during the same period. As a result, Inbank's quarterly net profit was 3.8 million euros which is 41% higher than a year ago. The quarterly return on equity (ROE) was 11.6%. For the first 6 months of the year Inbank's net profit reached 7.7 million euros which is 71% higher than the same period a year ago. The ROE for the first 6 months was 12.1%.

Inbank's gross merchandise value (GMV) during the second quarter was 178 million euros, which is 3% less than a year ago, but 10% more than in the previous quarter. Sales results were stable in the Baltics and decreased slightly in Poland. Sales in Czechia have more than doubled compared to a year ago and quarterly GMV was above 10 million euros for the first time. In terms of segments, car finance continued to show very strong results with 56 million euros of GMV, which is 32% more than a year ago. All other product segments had either flat or slightly lower sales volumes than a year ago. Merchant solutions remained our largest segment, with a Q2 GMV of 65 million euros.

Considering our consistent repricing efforts in all markets over the last 18 months, we are very happy with our sales results, and this is a testament to our product superiority. Going forward we expect our new sales pricing to stabilize or slightly decline alongside the overall interest rate environment. At the same time, our new sales effective interest rate (EIR) still exceeds our portfolio EIR by more than 1%, so we expect our retail portfolio yield to continue to improve for the rest of the year. At the end of Q2, our retail portfolio EIR reached 11.17%, which is 0.19% higher than at the end of Q1.

For the second consecutive quarter, Inbank's funding cost continued to decline mainly driven by lower deposit rates in Poland. As of Q2, Inbank's total funding cost was 4.39%, which is 0.15% lower than at the end of Q1. As a result, our net interest margin and total income margin have continued to improve. Total income margin reached 5.54% in Q2, which is 0.37% higher than in Q1.

During Q2 2024, our total impairment losses increased to 1.7% of the loan portfolio. While this is slightly above our target, we have not noticed any meaningful deterioration in our portfolio. For the first 6 months of the year, Inbank's impairment loss ratio was 1.5%. We expect our credit cost to remain within our target of 1.6%, as employment has remained strong and inflation is pulling back in all our markets.

Over the last 10 quarters, Inbank has managed to navigate a challenging macro environment by demonstrating discipline in repricing our products and focusing on operational efficiency. Margins have started to improve, and the cost-income ratio is starting to move towards 50%. At the same time, we are investing in our growth in the Czech market and will continue to bring our innovative electronics rental product to all Inbank markets by the end of 2024. Managing this balancing act of delivering improving financial results while continuing to invest in our long-term competitiveness has been the focus of the Inbank management team over the last 18 months. While remaining cautious and disciplined, we are gearing up our organization to capture more growth opportunities in the second half of 2024 and beyond.

Priit Põldoja

Chairman of the Management Board

Inbank in numbers

895,000+

Active customer contracts

6,100

Active retail partners

123,000+

New contracts quarterly

€1.08bn

Loan and rental portfolio

1.7%

Credit losses

11.6%

Return on equity

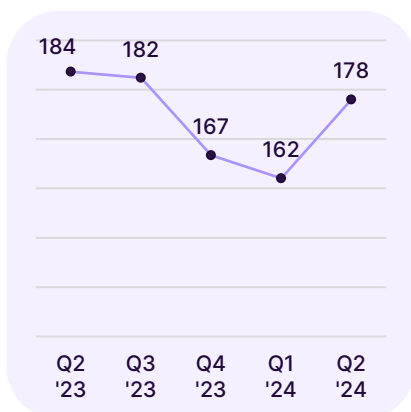
Key financials

(in millions of €)

Gross merchandise value

€178m

-3% year-to-year



Total net income

€19.1m

+29% year-to-year



Net profit

€3.8m

+41% year-to-year



Key financial indicators and ratios

Key financial indicators

In millions of euros	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	% change YoY
Total net income	14.9	15.6	16.2	17.6	19.1	29%
Net profit	2.7	2.9	2.8	4.0	3.8	41%
Total assets	1,174	1,236	1,321	1,345	1,425	21%
Loan and rental portfolio	937	975	1,030	1,050	1,080	15%
Deposit portfolio	966	1,021	1,082	1,106	1,176	22%
Equity	106	110	124	128	133	25%

Ratios

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Retail portfolio effective interest rate (EIR)*	10.8%	10.8%	10.8%	11.0%	11.2%
Funding cost*	4.5%	4.6%	4.6%	4.5%	4.4%
Net interest margin*	5.2%	5.1%	5.1%	5.0%	5.4%
Total income margin*	5.2%	5.2%	4.9%	5.2%	5.5%
Impairment losses to loan portfolio*	1.7%	1.5%	1.4%	1.4%	1.7%
Cost/Income ratio	62.5%	59.7%	59.9%	56.9%	56.6%
Return on equity (ROE)*	10.2%	10.6%	9.1%	12.6%	11.6%

Gross merchandise value (GMV)	Total value of merchandise financed via Inbank embedded finance and direct-to-customer platforms
Loan and rental portfolio	Total of loans and receivables to private persons and rental portfolio before impairments
Return on equity (ROE)	Profit for the period / total equity (average over the period*)
Retail portfolio effective interest rate (EIR)	Interest income based on EIR from retail portfolio / retail loans and receivables (average over the period*)
Funding cost	Interest expense / interest-bearing liabilities (average over the period*)
Net interest margin	Net interest income / interest-bearing assets (average over the period*)
Total income margin	Total net income and currency translation differences / total assets (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
Impairment losses to loan portfolio	Impairment losses on loans and receivables / loans and receivables (average over the period*)
Net profit	Profit for the period
Rental	Rental refers to Inbank's business line wherein clients rent different types of assets

* The methodology for calculating key financial indicators and ratios has been revised. Instead of the average of the period opening and closing balance, the average of each month's balance is now used. This adjustment has been applied retroactively across all historical periods, leading to modifications in previously reported ratios.

Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

In thousands of euros	Note	30.06.2024	31.12.2023	30.06.2023* restated
Assets				
Cash and cash equivalents	8; 18	234,457	172,921	117,593
Mandatory reserves at central banks		22,257	21,020	18,401
Investments in debt securities	9; 18	25,767	33,581	31,269
Financial assets measured at fair value through profit or loss		1,045	79	7
Loans and receivables	7; 18	988,939	942,056	873,513
Investments in associates	10	205	141	209
Other financial assets	11; 18	2,441	5,268	5,113
Tangible assets		81,001	75,206	62,536
Right of use assets		23,479	26,716	22,345
Intangible assets		31,915	30,906	28,318
Other assets	11	8,304	8,185	10,504
Deferred tax assets		4,747	4,505	3,973
Total assets		1,424,557	1,320,584	1,173,781
Liabilities				
Customer deposits	12; 18	1,175,569	1,081,566	965,692
Financial liabilities measured at fair value through profit or loss		31	50	4
Other financial liabilities	14; 18	58,870	60,927	56,114
Current tax liability		686	311	0
Deferred tax liability		374	204	103
Other liabilities	14	3,923	3,691	3,583
Subordinated debt securities	13; 18	52,010	49,745	41,799
Total liabilities		1,291,463	1,196,494	1,067,295
Equity				
Share capital	16	1,096	1,086	1,026
Share premium	16	44,804	43,563	31,855
Statutory reserve	17	103	103	103
Other reserves	17	1,250	1,543	1,384
Retained earnings		85,841	77,795	72,118
Total equity		133,094	124,090	106,486
Total liabilities and equity		1,424,557	1,320,584	1,173,781

* Change in presentation of 30 June 2023 cash and cash equivalents was made. For more details refer to Note 1.

Notes set out on pages 13 - 44 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	Q2 2024	6 months 2024	Q2 2023* restated	6 months 2023* restated
Interest income based on EIR	3; 4	29,308	58,076	23,957	45,460
Interest expense	3; 4	-13,072	-26,684	-10,947	-20,326
Net interest income	3; 4	16,236	31,392	13,010	25,134
Fee and commission income	3; 5	106	217	118	241
Fee and commission expenses	3; 5	-1,183	-2,369	-1,058	-1,996
Net fee and commission income/expenses	3; 5	-1,077	-2,152	-940	-1,755
Income from rental services	3	8,159	15,308	5,524	10,761
Sale of assets previously rented to customers	3	3,539	8,122	3,915	6,829
Other operating income	3	137	476	262	358
Cost of rental services	3	-5,337	-10,126	-3,517	-7,025
Cost of assets sold previously rented to customers	3	-3,386	-7,736	-3,611	-6,194
Net operating income/expenses		3,112	6,044	2,573	4,729
Net gains/losses from financial assets measured at fair value	3	305	1,195	23	-34
Foreign exchange rate gain/losses	3	557	218	205	288
Net gain/losses from financial items		862	1,413	228	254
Total net interest, fee and other income and expenses		19,133	36,697	14,871	28,362
Personnel expenses	3; 6	-4,922	-9,693	-4,134	-8,171
Marketing expenses	3; 6	-704	-1,337	-867	-1,665
Administrative expenses	3; 6	-3,187	-6,025	-2,711	-5,118
Depreciations, amortization		-2,018	-3,774	-1,578	-2,972
Total operating expenses		-10,831	-20,829	-9,290	-17,926
Share of profit from associates	10	0	0	361	394
Impairment losses on loans and receivables	7	-4,127	-7,326	-3,485	-6,614
Profit before income tax		4,175	8,542	2,457	4,216
Income tax		-398	-801	218	310
Profit for the period		3,777	7,741	2,675	4,526
Other comprehensive income that may be reclassified subsequently to profit or loss					
Currency translation differences		-277	-257	-291	-336
Total comprehensive income for the period		3,500	7,484	2,384	4,190

* Change in presentation of 2023 was made. For more details refer to Note 1.

Notes set out on pages 13 - 44 form an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

In thousands of euros	Q2 2024	6 months 2024	Q2 2023* restated	6 months 2023* restated
Cash flows from operating activities				
Interest received	28,534	56,815	21,633	41,826
Interest paid	-6,544	-18,294	-8,321	-15,924
Fees received	325	436	701	1,035
Fees paid	-1,229	-2,415	-1,117	-2,055
Income from rental services	8,159	15,308	5,524	10,761
Cost of rental services	-2,877	-4,228	-1,095	-2,119
Sale of assets previously rented to customers	3,539	8,122	3,915	6,829
Other operating income received	137	476	262	358
Personnel expenses paid	-3,550	-9,830	-5,375	-10,855
Administrative and marketing expenses paid	-2,560	-5,162	-1,139	-6,350
Income tax paid	-17	-309	-459	-716
Cash flows from operating activities before changes in the operating assets and liabilities	23,917	40,919	14,529	22,790
Changes in operating assets				
Loans and receivables	-34,613	-53,307	-80,955	-122,647
Acquisition of tangible assets for rental business	-6,481	-13,364	-10,434	-18,790
Mandatory reserves at central banks	600	-1,237	-1,651	-3,955
Other financial assets	1,361	2,827	-2,601	-1,726
Other assets	535	-1,946	-4,171	-5,667
Changes of operating liabilities				
Customer deposits	63,040	85,688	106,170	132,525
Other financial liabilities	5,238	2,044	787	2,518
Other liabilities	1,466	2,006	441	1,022
Net cash from operating activities	55,063	63,630	22,115	6,070
Cash flows from investing activities				
Investments in debt securities	0	0	-14,489	-29,737
Repayments of debt securities	5,583	8,000	6,598	7,402
Acquisition of tangible assets	-118	-447	0	-519
Acquisition of intangible assets	-6,406	-7,107	-1,116	-1,881
Acquisition of associates	0	-63	0	0
Sale of associates	0	0	1,250	1,250
Net cash used in/from investing activities	-941	383	-7,757	-23,485

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In thousands of euros	Q2 2024	6 months 2024	Q2 2023* restated	6 months 2023* restated
Cash flows from financing activities				
Share capital contribution (including share premium)	1,251	1,251	0	0
Subordinated debt securities issued	2,190	2,190	11,100	11,100
Acquisitions of non-controlling interests by redeeming put option	0	0	-1,930	-1,930
Lease liability payments	-2,872	-5,881	-3,034	-5,387
Net cash used in/from financing activities	569	-2,440	6,136	3,783
Effect of exchange rate changes	-76	-37	298	336
Cash and cash equivalents at the beginning of the reporting period	179,842	172,921	96,801	130,889
Net increase/decrease in cash and cash equivalents	54,615	61,536	20,792	-13,296
Cash and cash equivalents at the end of the reporting period	234,457	234,457	117,593	117,593

Cash and cash equivalents

In thousands of euros	Q2 2024	6 months 2024	Q2 2023* restated	6 months 2023* restated
Non-restricted current account with central banks	216,500	216,500	107,943	107,943
Due from other credit institutions within three months	17,957	17,957	9,650	9,650
Total cash and cash equivalents	234,457	234,457	117,593	117,593

* Change in the presentation of 2023 was made. For more details refer to Note 1.

Notes set out on pages 13 - 44 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, 01.01.2023	1,026	31,855	100	1,421	67,522	101,924
Profit for the period	0	0	0	0	4,526	4,526
Other comprehensive income	0	0	0	-336	0	-336
Total comprehensive income	0	0	0	-336	4,526	4,190
Paid in share capital	0	0	0	0	0	0
Share-based payment reserve	0	0	0	299	0	299
Other movements	0	0	0	0	73	73
Balance, 30.06.2023	1,026	31,855	103	1,384	72,118	106,486
Balance, 01.01.2024	1,086	43,563	103	1,543	77,795	124,090
Profit for the period	0	0	0	0	7,741	7,741
Other comprehensive income	0	0	0	-257	0	-257
Total comprehensive income	0	0	0	-257	7,741	7,484
Paid in share capital	10	1,241	0	0	0	1,251
Share-based payment reserve	0	0	0	-36	305	269
Other movements	0	0	0	0	0	0
Balance, 30.06.2024	1,096	44,804	103	1,250	85,841	133,094

At 30 June 2024, Inbank's share capital consisted of 10,964 thousand authorized registered ordinary shares (30 June 2023: 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 16 and 17.

Notes set out on pages 13 - 44 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 2023, 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 2023, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

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

The companies listed below belong to the consolidation group of AS Inbank as at 30 June 2024:

Company name	Year of purchase/ founded	Location	Activity	30.06.2024		31.12.2023	
				Holding (%)	Cost (thou. EUR)	Holding (%)	Cost (thou. EUR)
SIA Inbank Latvia	2014	Latvia	Financing	100	519	100	519
Inbank Ventures 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	22	100	44
AS Inbank Rent	2023	Estonia	Rent	100	500	100	500
Inbank Rent SIA	2023	Latvia	Rent	100	3	100	3
Inbank Rent s.r.o	2024	Czechia	Rent	100			
Inbank Rent UAB	2024	Lithuania	Rent	100	1		
Mobire Group OÜ	2021	Estonia	Holding company	66	9,660	66	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 10.

Changes in presentation

For better presentation and compliance with IFRS Inbank changed presentation of condensed consolidated statements of financial position, condensed consolidated statement of profit and loss and other comprehensive income and condensed consolidated statement of cash flows.

Changes in presentation is disclosed in the tables below. More details about the change is presented in the annual report for the year ended 31 December 2023 which can be found in Inbank website.

Changes in presentation in condensed consolidated statement of financial position

In thousands of euros	30.06.2023	Change	31.12.2023* restated
Assets			
Due from central banks	126,344	-126,344	-
Due from credit institutions	9,650	-9,650	-
Cash and cash equivalents	-	117,593	117,593
Mandatory reserves at central banks	-	18,401	18,401
Total	135,994	0	135,994

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

In thousands of euros	Q2 2023	Change	Q2 2023* restated	6 months 2023	Change	6 months 2023* restated
Interest income based on EIR	22,986	971	23,957	43,590	1,870	45,460
Interest expense	-10,947	0	-10,947	-20,326	0	-20,326
Net interest income	12,039	971	13,010	23,264	1,870	25,134
Fee and commission income	1,205	-1,087	118	2,328	-2,087	241
Fee and commission expenses	-1,174	116	-1,058	-2,213	217	-1,996
Net fee and commission income/ expenses	31	-971	-940	115	-1,870	-1,755
Other operating income	9,701	-9,439	262	17,948	-17,590	358
Other operating expenses	-7,128	7,128	0	-13,219	13,219	0
Income from rental services	-	5,524	5,524	0	10,761	10,761
Sale of assets previously rented to customers	-	3,915	3,915	0	6,829	6,829
Cost of rental services	-	-3,517	-3,517	0	-7,025	-7,025
Cost of assets sold previously rented to customers	-	-3,611	-3,611	0	-6,194	-6,194
Net operating income/expenses	2,573	0	2,573	4,729	0	4,729

Changes in presentation in condensed consolidated statement of cash flows

In thousands of euros	6 months 2023	Change	6 months 2023* restated
Cash flows from operating activities			
Interest received	39,897	1,929	41,826
Interest paid	-15,924	0	-15,924
Fees received	3,122	-2,087	1,035
Fees paid	-2,213	158	-2,055
Income from rental services	-	10,761	10,761
Cost of rental services	-	-2,119	-2,119
Sale of assets previously rented to customers	-	6,829	6,829
Other operating income received	17,948	-17,590	358
Other operating expenses paid	-9,606	9,606	0
Personnel expenses paid	-10,855	0	-10,855
Administrative and marketing expenses paid	-6,350	0	-6,350
Income tax paid	-716	0	-716
Cash flows from operating activities before changes in the operating assets and liabilities	15,303	7,487	22,790
Changes in operating assets			
Loans and receivables	-122,647	0	-122,647
Acquisition of tangible assets for rental business	-	-18,790	-18,790
Mandatory reserves at central banks	-3,955	0	-3,955
Other financial assets	-1,726	0	-1,726
Other assets	-4,392	4,392	0
Changes of operating liabilities			
Customer deposits	132,525	0	132,525
Other financial liabilities	6,843	-4,325	2,518
Other liabilities	1,022	0	1,022
Net cash from operating activities	22,973	-16,903	6,070
Cash flows from investing activities			
Investments in debt securities	-29,737	0	-29,737
Repayments of debt securities	7,402	0	7,402
Acquisition of tangible assets	-18,968	18,449	-519
Acquisition of intangible assets	-1,881	0	-1,881
Sale of associates	1,250	0	1,250
Net cash used in/from investing activities	-41,934	18,449	-23,485

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In thousands of euros	6 months 2023	Change	6 months 2023* restated
Cash flows from financing activities			
Subordinated debt securities issued	11,100	0	11,100
Acquisitions of non-controlling interests by redeeming put option	-	-1,930	-1,930
Lease liability payments	-5,387	0	-5,387
Net cash used in/from financing activities	5,713	-1,930	3,783
Effect of exchange rate changes	-48	384	336
Cash and cash equivalents at the beginning of the reporting period	130,889	0	130,889
Net increase/decrease in cash and cash equivalents	-13,296	0	-13,296
Cash and cash equivalents at the end of the reporting period	117,593	0	117,593

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In thousands of euros	Q2 2023	Change	Q2 2023* restated
Cash flows from operating activities			
Interest received	20,603	1,030	21,633
Interest paid	-8,321	0	-8,321
Fees received	1,788	-1,087	701
Fees paid	-1,174	57	-1,117
Income from rental services	-	5,524	5,524
Cost of rental services	-	-1,095	-1,095
Sale of assets previously rented to customers	-	3,915	3,915
Other operating income received	9,701	-9,439	262
Other operating expense paid	-5,174	5,174	0
Personnel expenses paid	-5,375	0	-5,375
Administrative and marketing expenses paid	-3,623	2,484	-1,139
Income tax paid	-459	0	-459
Cash flows from operating activities before changes in the operating assets and liabilities	7,966	6,563	14,529
Changes in operating assets			
Loans and receivables	-80,955	0	-80,955
Acquisition of tangible assets for rental business	-	-10,434	-10,434
Mandatory reserves at central banks	-1,651	0	-1,651
Other financial assets	-2,601	0	-2,601
Other assets	-3,820	-351	-4,171
Changes of operating liabilities			
Customer deposits	106,170	0	106,170
Other financial liabilities	5,112	-4,325	787
Other liabilities	441	0	441
Net cash from operating activities	30,662	-8,547	22,115
Cash flows from investing activities			
Investments in debt securities	-14,489	0	-14,489
Repayments of debt securities	6,598	0	6,598
Acquisition of tangible assets	-10,093	10,093	0
Acquisition of intangible assets	-1,116	0	-1,116
Sale of associates	1,250	0	1,250
Net cash used in/from investing activities	-17,850	10,093	-7,757

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In thousands of euros	Q2 2023	Change	Q2 2023* restated
Cash flows from financing activities			
Share capital contribution (including share premium)	11,100	0	11,100
Acquisitions of non-controlling interests by redeeming put option	0	-1,930	-1,930
Lease liability payments	-3,034	0	-3,034
Net cash used in/from financing activities	8,066	-1,930	6,136
Effect of exchange rate changes	-86	384	298
Cash and cash equivalents at the beginning of the reporting period	96,801	0	96,801
Net increase/decrease in cash and cash equivalents	20,792	0	20,792
Cash and cash equivalents at the end of the reporting period	117,593	0	117,593

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: financing, rental, investments. The financing segment includes Inbank together with its branches in Lithuania, Poland and Czechia and subsidiaries Inbank Finance and Inbank Latvia. The rental segment includes Inbank Rent and Mobire's business area, which consolidates the rental service in Estonia, Latvia, Lithuania, Poland and Czechia. 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 financial results of business segments are regularly monitored by Inbank's board. Important financial indicators are profitability, income-cost ratio, income growth and loan portfolio quality.

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

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 rental 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. Net 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	Financing business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
6 months 2024									
Interest income based on EIR	28,866	5,578	11,217	24,557	588	18	97	-12,845	58,076
<i>incl. income from external customers</i>	16,793	5,578	11,217	23,928	542	18	0	0	58,076
<i>incl. income from internal customers</i>	12,073	0	0	629	46	0	97	-12,845	0
Fee and commission income	216	0	0	1	0	0	0	0	217
<i>incl. loan administration fees</i>	128	0	0	1	0	0	0	0	129
<i>incl. other fees</i>	88	0	0	0	0	0	0	0	88
Rental services	0	0	0	0	0	15,326	0	-18	15,308
Sale of assets previously rented to customers	0	0	0	0	0	8,122	0	0	8,122
Other operating income	6,636	47	92	46	0	66	477	-6,888	476
<i>incl. income from external customers</i>	244	28	92	46	0	66	0	0	476
<i>incl. income from internal customers</i>	6,392	19	0	0	0	0	477	-6,888	0
Total income	35,718	5,625	11,309	24,604	588	23,532	574	-19,751	82,199
Net gains from financial assets measured at fair value	1,187	0	0	8	0	0	0	0	1,195
Foreign exchange rate gains/losses	71	0	0	147	0	0	0	0	218
Interest expense	-16,680	-1,613	-3,361	-14,584	-396	-2,899	0	12,849	-26,684
Fee and commission expenses	-1,218	-140	-466	-491	-51	-3	0	0	-2,369
<i>incl. loan initiation fees</i>	-238	-74	-131	-332	-51	-1	0	0	-827
<i>incl. loan administration fees</i>	-758	-54	-295	-159	0	-2	0	0	-1,268
<i>incl. other fees</i>	-222	-12	-40	0	0	0	0	0	-274
Cost of rental services	0	0	0	0	0	-10,126	0	0	-10,126
Cost of assets sold previously rented to customers	0	0	0	0	0	-7,736	0	0	-7,736
Total expenses	-16,640	-1,753	-3,827	-14,920	-447	-20,764	0	12,849	-45,502
Operating expenses	-12,836	-2,055	-4,318	-4,572	-1,031	-2,484	-502	6,969	-20,829
<i>incl. depreciations, amortization</i>	-2,901	-122	-357	-93	-43	-140	-162	44	-3,774
Impairment losses on loans and receivables	-2,266	-1,058	-1,431	-2,434	-141	4	0	0	-7,326
Profit before income tax	3,976	759	1,733	2,678	-1,031	288	72	67	8,542
Income tax	0	-152	-262	-562	175	0	0	0	-801
Net profit/loss	3,976	607	1,471	2,116	-856	288	72	67	7,741

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In thousands of euros	Financing business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
Q2 2024									
Interest income based on EIR	14,610	2,827	5,768	12,401	331	10	48	-6,687	29,308
<i>incl. income from external customers</i>	8,388	2,827	5,768	12,019	296	10	0	0	29,308
<i>incl. income from internal customers</i>	6,222	0	0	382	35	0	48	-6,687	0
Fee and commission income	106	0	0	0	0	0	0	0	106
<i>incl. loan administration fees</i>	61	0	0	1	0	0	0	0	62
<i>incl. other fees</i>	45	0	0	-1	0	0	0	0	44
Rental services	0	0	0	0	0	8,177	0	-18	8,159
Sale of assets previously rented to customers	0	0	0	0	0	3,539	0	0	3,539
Other operating income	3,758	10	41	-37	-8	66	241	-3,934	137
<i>incl. income from external customers</i>	74	1	41	-37	-8	66	0	0	137
<i>incl. income from internal customers</i>	3,684	9	0	0	0	0	241	-3,934	0
Total income	18,474	2,837	5,809	12,364	323	11,792	289	-10,639	41,249
Net gains from financial assets measured at fair value	419	0	0	-114	0	0	0	0	305
Foreign exchange rate gains/losses	386	0	0	171	0	0	0	0	557
Interest expense	-8,836	-825	-1,739	-6,949	-209	-1,449	0	6,935	-13,072
Fee and commission expenses	-608	-77	-232	-234	-29	-3	0	0	-1,183
<i>incl. loan initiation fees</i>	-113	-40	-66	-160	-29	-1	0	0	-409
<i>incl. loan administration fees</i>	-392	-29	-146	-74	0	-2	0	0	-643
<i>incl. other fees</i>	-103	-8	-20	0	0	0	0	0	-131
Cost of rental services	0	0	0	0	0	-5,337	0	0	-5,337
Cost of assets sold previously rented to customers	0	0	0	0	0	-3,386	0	0	-3,386
Total expenses	-8,639	-902	-1,971	-7,126	-238	-10,175	0	6,935	-22,116
Operating expenses	-6,710	-1,022	-2,130	-2,585	-589	-1,533	-34	3,772	-10,831
<i>incl. depreciations, amortization</i>	-1,530	-58	-176	-46	-23	-128	-80	23	-2,018
Impairment losses on loans and receivables	-1,394	-714	-802	-1,132	-89	4	0	0	-4,127
Profit before income tax	1,731	199	906	1,521	-593	88	255	68	4,175
Income tax	0	-53	-134	-308	97	0	0	0	-398
Net profit/loss	1,731	146	772	1,213	-496	88	255	68	3,777

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In thousands of euros	Financing business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
6 months 2023									
Interest income based on EIR	21,089	4,332	9,110	18,695	104	1	1	-7,872	45,460
<i>incl. income from external customers</i>	13,911	4,332	9,110	18,380	104	1	0	-379	45,459
<i>incl. income from internal customers</i>	7,178	0	0	315	0	0	1	-7,493	1
Fee and commission income	241	0	0	0	0	0	0	0	241
<i>incl. loan administration fees</i>	4	0	0	0	0	0	0	0	4
<i>incl. other fees</i>	237	0	0	0	0	0	0	0	237
Rental services	0	0	0	0	0	10,761	0	0	10,761
Sale of assets previously rented to customers	0	0	0	0	0	6,829	0	0	6,829
Other operating income	5,837	39	67	46	0	361	501	-6,493	358
<i>incl. income from external customers</i>	211	25	58	46	0	345	0	-332	353
<i>incl. income from internal customers</i>	5,626	14	9	0	0	16	501	-6,161	5
Total income	27,408	4,371	9,177	18,741	104	17,952	502	-14,365	63,649
Net gains from financial assets measured at fair value	-2	0	0	-32	0	0	0	0	-34
Foreign exchange rate gains/losses	91	0	0	197	-1	0	1	0	288
Interest expense	-9,291	-928	-2,084	-13,856	-89	-1,950	0	7,872	-20,326
Fee and commission expenses	-879	-127	-474	-486	-30	0	0	0	-1,996
<i>incl. loan initiation fees</i>	-166	-84	-121	-337	-28	0	0	0	-736
<i>incl. loan administration fees</i>	-516	-35	-293	-146	0	0	0	0	-990
<i>incl. other fees</i>	-197	-8	-60	-3	-2	0			-270
Cost of rental services	0	0	0	0	0	-7,025	0	0	-7,025
Cost of assets sold previously rented to customers	0	0	0	0	0	-6,290	0	96	-6,194
Total expenses	-10,960	-1,182	-3,032	-14,663	-150	-15,265	1	7,968	-35,287
Operating expenses	-10,600	-1,966	-4,215	-4,159	-859	-1,790	-735	6,398	-17,926
<i>incl. depreciations, amortization</i>	-2,114	-89	-375	-85	-42	-152	-148	33	-2,972
Share of profit from associates	501	0	0	0	0	0	0	-107	394
Impairment losses on loans and receivables	-2,488	-562	-1,231	-2,269	-64	0	0	0	-6,614
Profit before income tax	4,499	788	1,173	-1,865	-939	900	-232	-108	4,216
Income tax	0	0	-180	325	165	0	0	0	310
Net profit/loss	4,499	788	993	-1,540	-774	900	-232	-108	4,526

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In thousands of euros	Financing business					Rent	Investments	Eliminations	Total
	Estonia	Latvia	Lithuania	Poland	Czechia				
Q2 2023									
Interest income based on EIR	10,928	2,222	4,694	10,237	76	1	1	-4,202	23,957
<i>incl. income from external customers</i>	7,420	2,222	4,694	9,922	76	1	0	-379	23,956
<i>incl. income from internal customers</i>	3,508	0	0	315	0	0	1	-3,823	1
Fee and commission income	118	0	0	0	0	0	0	0	118
<i>incl. loan administration fees</i>	4	0	0	0	0	0	0	0	4
<i>incl. other fees</i>	114	0	0	0	0	0	0	0	114
Rental services	0	0	0	0	0	5,524	0	0	5,524
Sale of assets previously rented to customers	0	0	0	0	0	3,915	0	0	3,915
Other operating income	3,426	20	40	21	0	304	259	-3,808	262
<i>incl. income from external customers</i>	103	12	35	21	0	296	0	-210	257
<i>incl. income from internal customers</i>	3,323	8	5	0	0	8	259	-3,598	5
Total income	14,472	2,242	4,734	10,258	76	9,744	260	-8,010	33,776
Net gains from financial assets measured at fair value	16	0	0	7	0	0	0	0	23
Foreign exchange rate gains/losses	38	0	0	167	-1	0	1	0	205
Interest expense	-4,825	-528	-1,185	-7,483	-65	-1,061	0	4,200	-10,947
Fee and commission expenses	-491	-56	-227	-256	-28	0	0	0	-1,058
<i>incl. loan initiation fees</i>	-85	-37	-62	-180	-28	0	0	0	-392
<i>incl. loan administration fees</i>	-305	-16	-130	-75	2	0	0	0	-524
<i>incl. other fees</i>	-101	-3	-35	-1	-2	0	0	0	-142
Cost of rental services	0	0	0	0	0	-3,517	0	0	-3,517
Cost of assets sold previously rented to customers	0	0	0	0	0	-3,707	0	96	-3,611
Total expenses	-5,262	-584	-1,412	-7,565	-94	-8,285	1	4,296	-18,905
Operating expenses	-5,622	-1,015	-2,208	-2,360	-475	-947	-358	3,695	-9,290
<i>incl. depreciations, amortization</i>	-1,114	-43	-183	-43	-23	-111	-76	15	-1,578
Share of profit from associates	433	0	0	0	0	0	0	-72	361
Impairment losses on loans and receivables	-1,220	-298	-824	-1,095	-48	0	0	0	-3,485
Profit before income tax	2,801	345	290	-763	-541	515	-97	-93	2,457
Income tax	0	0	-40	146	112	0	0	0	218
Net profit/loss	2,801	345	250	-617	-429	515	-97	-93	2,675

Note 4 Net interest income

Net interest income

In thousands of euros	Q2 2024	6 months 2024	Q2 2023	6 months 2023
Interest income based on EIR				
Loans to private persons	27,094	53,232	22,478	42,739
Loans to corporates	140	322	172	338
Central banks, financial and credit institutions	2,074	4,522	1,307	2,383
Total interest income	29,308	58,076	23,957	45,460
Interest expense				
Deposits received	-11,640	-23,826	-10,063	-18,705
Debt securities issued	-1,069	-2,096	-600	-1,085
Lease liability	-363	-762	-284	-536
Total interest expense	-13,072	-26,684	-10,947	-20,326
Net interest income	16,236	31,392	13,010	25,134

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	Q2 2024	6 months 2024	Q2 2023	6 months 2023
Fee and commission income				
Private persons	106	217	118	239
<i>out of which recognised over time</i>	102	210	33	149
<i>out of which recognised point in time</i>	4	7	85	90
Corporates	0	0	0	2
<i>out of which recognised over time</i>	0	0	0	2
Total fee and commission income	106	217	118	241
Fee and commission expenses				
Loan initiation fees	-409	-827	-391	-736
Loan administration expenses	-642	-1,267	-525	-990
Other fee expenses	-132	-275	-142	-270
Total fee and commission expenses	-1,183	-2,369	-1,058	-1,996

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

Note 6 Operating expenses

Operating expenses

In thousands of euros	Q2 2024	6 months 2024	Q2 2023	6 months 2023
Personnel expenses				
Personnel expense	3,791	7,417	3,256	6,439
Social and other taxes	1,131	2,276	878	1,732
Total personnel expenses	4,922	9,693	4,134	8,171
Marketing expenses				
Advertising and marketing	626	1,085	712	1,370
Sales costs	78	252	155	295
Total marketing expenses	704	1,337	867	1,665
Administrative expenses				
IT expenses	1,000	1,847	672	1,241
Office maintenance and workplace expenses	532	1,021	371	769
Legal and recovery proceeding expenses	297	588	262	469
Employee related expenses	163	298	171	352
Contributions to guarantee fund	433	867	419	837
Supervision expenses	69	127	130	261
Training and business trip expenses	164	299	161	331
Outsourced services	50	106	106	194
Transportation expenses	88	186	84	154
Tax expenses	61	105	114	160
Other	330	581	221	350
Total administrative expenses	3,187	6,025	2,711	5,118

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

Note 7 Loans and receivables

Distribution of receivables by customer sector

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Distribution of receivables by customer sector			
Private persons	1,002,171	953,088	874,385
Corporates	10,913	10,930	18,742
Loans and receivables before impairment allowance	1,013,084	964,018	893,127
Impairment allowance	-24,145	-21,962	-19,614
Total loans and receivables	988,939	942,056	873,513

More details about loans and receivables disclosed in Note 18.

Changes in impairments

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Impairment allowance balance at the beginning of the period	-21,962	-16,191	-16,191
Impairment provisions set up during the reporting period	-12,906	-25,310	-12,345
Written off and sold out from financial position during the period	10,723	19,539	8,922
Total impairment	-24,145	-21,962	-19,614

Impairment losses on loans and receivables

In thousands of euros	Q2 2024	6 months 2024	Q2 2023	6 months 2023
Impairment losses during the reporting period	-6,455	-12,906	-6,617	-12,345
Recoveries from loans written off and sold out from financial position	2,328	5,580	3,132	5,731
Total impairment losses on loans and receivables	-4,127	-7,326	-3,485	-6,614

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 receivables. The total amount of debt is written off in the statement of financial position.

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

Distribution of receivables from private persons

In thousands of euros

30.06.2024	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
Distribution of receivables		Stage 1	Stage 2	Stage 3		
0-3 days	939,311	-5,244	-85	-1,167	932,815	0.7%
4-30 days	30,730	-1,554	-119	-384	28,673	6.7%
31-89 days	14,792	0	-2,498	-906	11,388	23.0%
90-179 days	3,852	0	0	-2,288	1,564	59.4%
180+ days	13,486	0	0	-9,878	3,608	73.2%
Total receivables	1,002,171	-6,798	-2,702	-14,623	978,048	2.4%

31.12.2023	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
Distribution of receivables		Stage 1	Stage 2	Stage 3		
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%

30.06.2023	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
Distribution of receivables		Stage 1	Stage 2	Stage 3		
0-3 days	823,086	-5,334	-106	-575	817,071	0.7%
4-30 days	27,271	-1,824	-134	-193	25,120	7.9%
31-89 days	11,719	0	-2,515	-415	8,789	25.0%
90-179 days	3,082	0	0	-1,809	1,273	58.7%
180+ days	9,227	0	0	-6,691	2,536	72.5%
Total receivables	874,385	-7,158	-2,755	-9,683	854,789	2.2%

Distribution of receivables from corporates

In thousands of euros

30.06.2024 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
0-3 days	10,904	-21	0	0	10,883	0.2%
4-30 days	8	0	0	0	8	0.0%
31-89 days	0	0	0	0	0	0.0%
90-179 days	1	0	0	-1	0	100.0%
180+ days	0	0	0	0	0	0.0%
Total receivables	10,913	-21	0	-1	10,891	0.2%

31.12.2023 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
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%

30.06.2023 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
0-3 days	18,737	-18	0	0	18,719	0.1%
4-30 days	2	0	0	0	2	0.0%
31-89 days	2	0	0	0	2	0.0%
90-179 days	0	0	0	0	0	0.0%
180+ days	1	0	0	0	1	0.0%
Total receivables	18,742	-18	0	0	18,724	0.1%

Note 8 Cash and cash equivalents

Cash and cash equivalents

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Due from central banks	216,500	162,253	107,943
Mandatory reserve in central banks	22,257	21,020	18,401
Due from credit institutions	17,957	10,668	9,650
Total cash and cash equivalents	234,457	172,921	117,593

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 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 9 Investments in debt securities

Investments in debt securities

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Investments in debt securities	25,424	33,411	30,864
<i>incl. investments in central government debt securities</i>	24,406	32,018	28,896
<i>incl. investments in corporate debt securities</i>	1,108	1,393	1,968
Interest accruals	343	170	405
Total investments in debt securities	25,767	33,581	31,269

As of 30 June 2024, the bond portfolio includes debt securities of central governments and corporates with maturity dates between 27 September 2024 to 10 March 2027 and coupon rates from 0% to 8.5% and yields from 3.46% to 9%.

More details about investments in debt securities disclosed in Note 18.

Note 10 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	30.06.2024	31.12.2023	30.06.2023
SIA Inbank Latvia	8,079	7,471	6,738
Mobire Group OÜ	16,018	14,792	12,794
AS Inbank Finance	27,382	22,244	45,603
Inbank Ventures OÜ	10,502	10,869	17,279
AS Inbank Rent	-74	489	500

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. Inbank Rent has established subsidiaries in Latvia, Lithuania, Chechia and Poland to scale rental business outside Estonia. Inbank Rent SIA was established on 8 November 2023, Inbank Rent s.r.o on 31 January 2024 and Inbank Rent UAB on 30 April 2024.

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 14.

Investments in associates

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 and on 27 March 2024 63 thousand euros, after transactions the total Inbank share into Paywerk AS was 20.58%. 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 2023 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 11 Other financial assets and other assets

Other financial assets and other assets

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Other financial assets			
Prepaid guarantee amounts	398	516	466
Accrued receivables	1,763	3,714	4,647
Other financial assets	280	1,038	0
Total other financial assets	2,441	5,268	5,113
Other assets			
Prepaid expenses	4,069	4,327	4,201
Assets held for sale	3,314	2,494	4,694
Prepaid taxes	488	679	710
Other assets	433	685	899
Total other assets	8,304	8,185	10,504

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

Other financial assets contain 280 thousand euros (31 December 2023: 1,038 thousand euros; 30 June 2023: 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 18.

Note 12 Customer deposits

Deposits

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Customer deposits			
Deposits from private persons	1,163,911	1,069,810	953,721
Deposits from non-financial corporates	9,436	11,566	11,705
Deposits from financial corporates	2,222	190	266
Total customer deposits	1,175,569	1,081,566	965,692

Deposits by clients' residency

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Deposits by clients' residency			
Estonia	50,826	52,392	58,816
Germany	264,272	245,993	308,474
Poland	513,108	474,466	412,230
Austria	18,025	18,444	18,312
Netherlands	307,616	276,562	163,969
Lithuania	12,455	13,607	3,853
Czechia	9,176	0	0
Other residence	91	102	38
Total deposits by clients' residency	1,175,569	1,081,566	965,692

Deposits also include an accrued interest liability in the amount of 22,183 thousand euros (31 December 2023: 19,540 thousand euros; 30 June 2023: 16,103 thousand euros).

More details about customer deposits disclosed in Note 18.

Note 13 Subordinated debt securities

Subordinated debt securities

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Subordinated debt securities issued	52,090	49,750	41,750
Interest accruals and other costs	-79	-5	49
Total subordinated debt securities	52,011	49,745	41,799

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
EE3300004381	10,000 EUR	234	10.0%	07.05.2024	perpetual

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 14 Other financial liabilities and other liabilities

Other financial liabilities and other liabilities

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Financial liabilities			
Accounts payable	27,026	25,452	24,687
Lease liability	22,573	26,159	21,555
Non-controlling interest redemption liability	7,516	7,054	6,799
Client prepayments	1,755	2,262	3,073
Total financial liabilities	58,870	60,927	56,114
Other liabilities			
Payables to employees	2,025	1,924	1,726
Payroll taxes	1,095	1,095	963
Other liabilities	803	672	894
Total other liabilities	3,923	3,691	3,583

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

In January 2021, Inbank acquired 53% of the shares in Mobire, a full-service rental company. 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 7,516 thousand euros as at 30 June 2024 (31 December 2023: 7,054 thousand euros; 30 June 2023: 6,799 thousand euros), which has been adjusted by future profit assumptions with post-tax discount rate 19.9% (2023: 19.9%). The discount rate is determined by considering interest rate, country and equity premiums.

21 June 2023 Inbank Ventures OÜ acquired an additional 12.67% of Mobire Group OÜ shares. Amount paid was released from redemption liability and decreased price payable in final redemption after the end of 2025.

More details about other financial liabilities and other liabilities disclosed in Note 18.

Note 15 Contingent liabilities

Contingent liabilities

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Revocable commitments			
Liability in contractual amount	4,297	4,649	4,565
<i>incl. unused credit card limits</i>	4,297	4,649	4,465
Expected credit loss (ECL)	22	23	21

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 2024.

Inbank's management estimates that in 2024 there are no such circumstances that may lead the tax authorities to impose significant additional taxes on Inbank.

Note 16 Share capital

Share capital

	No of shares	Share price (EUR)	Share capital (thou. EUR)	Share premium (thou. EUR)	Total
Balance, 01.01.2023	10,262,197		1,026	31,855	32,881
Balance, 30.06.2023	10,262,197		1,026	31,855	32,881
Balance, 01.01.2024	10,864,154		1,086	43,563	44,649
Paid in share capital	100,125	12.50	10	1,241	1,251
Balance, 30.06.2024	10,964,279		1,096	44,804	45,900

In June 2024, the share capital was increased with a monetary contribution in the amount of 1,252 thousand euros related to the exercising of employee share options.

Shareholders who hold more than 5% of company shares

Shareholder name	Holding amount 30.06.2024
Cofi Investeeringud OÜ	24.85%
Luciano Orsero	9.21%
Andrea Agostinone	7.62%
Elio Tomaso Giovanni Cravero	7.48%
Roberto De Silvestri	6.60%
Patrizia Salice	5.01%

Note 17 Reserves

Reserves

In thousands of euros	30.06.2024	31.12.2023	30.06.2023
Statutory reserve	103	103	103
Voluntary reserve	1,330	1,330	1,330
Share based payments reserve	889	926	687
Other accumulated comprehensive income	-726	-713	-633
Total reserves	1,596	1,646	1,487

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. In 2024, personnel costs and the reserve for share-based payment were calculated in the amount of 292 thousand euros (Q2 2024: 146 thousand euros; 6 months 2023; 311 thousand euros; Q2 2023: 150 thousand euros). Regarding options realized in June 2024, the share-based payment reserve and retained earnings were adjusted in the amount of 304 thousand euros (6 months 2023:0 euros).

Other accumulated comprehensive income is formed from unrealized exchange rate differences arising from the translation of financial indicators of foreign business units. 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 18 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	30.06.2024				31.12.2023			30.06.2023		
	Note	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level
Assets										
Cash and cash equivalents	8	234,457	234,457	2	172,921	172,921	2	117,593	117,593	2
Mandatory reserves at central banks	8	22,257	22,257	2	21,020	21,020	2	18,401	18,401	2
Investments in central government debt securities	9	24,142	24,723	2	31,928	32,119	2	29,204	29,204	3
Investments in corporate debt securities	9	1,076	1,044	3	1,458	1,462	3	2,065	2,065	3
Loans and receivables - private persons	7	959,747	978,047	3	920,394	931,155	3	854,789	854,789	3
Loans and receivables - corporates	7	10,892	10,892	3	10,901	10,901	3	18,724	18,724	3
Other financial assets	11	2,441	2,441	2	5,268	5,268	2	5,113	5,113	2
Total assets		1,255,012	1,273,861		1,163,890	1,174,846		1,045,889	1,045,889	
Liabilities										
Customer deposits	12	1,154,556	1,175,569	2	1,069,720	1,081,566	2	939,913	965,692	3
Subordinated debt securities	13	30,461	30,901	2	30,424	31,003	2	21,981	22,960	2
Subordinated debt securities (AT1)	13	20,487	21,109	3	18,110	18,742	3	16,173	18,839	3
Other financial liabilities	14	58,870	58,870	2	60,927	60,927	2	56,114	56,114	3
Total liabilities		1,264,374	1,286,449		1,179,181	1,192,238		1,034,180	1,063,605	

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 receivables, 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 14. For short term assets and liabilities fair value is set based on carrying value.

Note 19 Related parties

Members of the Management Board 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	Q2 2024	6 months 2024	Q2 2023	6 months 2023
Remuneration of the Management Board and Supervisory Board	374	825	295	705

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	30.06.2024			30.06.2023		
	Management	Associates	Total	Management	Associates	Total
Balances as of end of reporting period						
Loans and receivables	271	0	271	127	0	127
Impairment allowance	-3	0	-3	-2	0	-2
Deposits and subordinated debt securities	2,922	0	2,922	3,484	0	3,484

Transactions

In thousands of euros	6 months 2024			6 months 2023		
	Management	Associates	Total	Management	Associates	Total
Transactions						
Interest income	8	0	8	6	105	111
Interest expenses	256	0	256	50	0	50
Services purchased	331	0	331	122	0	122
Impairment expenses	0	0	0	2	0	2

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 3.3% and 5.8% (2023: 0% and 7.45%). 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% (2023: 5.9%-20%). No debt claims have been sold to the associated company in 2024 (debt claims sold to the associated company in 2023: 8,361 thousand euros). The interest rate of deposits received from related parties matches with the interest rate offered to customers, interest rates are between 1.8% and 3.3% (2023: 1.32 and 8%).

Note 20 Events after the reporting period

23 July 2024, Swedbank AB completed the 100% acquisition of Paywerk AS. As part of the transaction, Inbank AS subsidiary, Inbank Ventures OÜ, sold its 21% ownership interest in Paywerk AS to Swedbank AB.

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