

# Interim Report Q4 2022

AS Inbank

# AS Inbank General Information

Business name	AS Inbank
Address	Niine 11, 10414 Tallinn, Estonia
Registration date	05 October 2010
Registry code	12001988 (Commercial Register of the Republic of Estonia)
Legal entity identifier	2138005M92IEIQVEL297 (LEI-code)
Telephone	+372 640 8080
E-mail	info@inbank.ee
Website	www.inbank.ee
Reporting period	01.01.2022-31.12.2022

## Members of the Supervisory Board

Jan Andresoo, Chairman

Roberto de Silvestri

Triinu Bucheton

Raino Paron

Rain Rannu

Taavi Kotka

## Members of the Management Board

Priit Põldoja, Chairman

Marko Varik

Margus Kastein

Maciej Pieczkowski

Ivar Kurvits

Piret Paulus

Erik Kaju

AS Inbank interim report for Q4 2022 is unaudited.

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

# Declaration of the Management Board

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

- the data and information presented in this interim report for the Q4 of 2022 consisting of the management report and financial statements as at 31 December 2022 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 2022, its financial performance and cash flows for the 12 months period ended 31 December 2022;
- 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 2021.

AS Inbank is a going concern.

Tallinn, 28 February 2023

Priit Põldoja

*Chairman of the Management Board*

# Management report

While Inbank closes a strong 2022 with another solid quarter, we continue to navigate extraordinary circumstances. It's been almost a year since Russia's attack on Ukraine. Increasing inflationary pressures have resulted in sharp interest rises, first in Poland and then in the Eurozone. Rising interest rates have an increasing impact on Inbank's performance during the last few quarters.

With peaks in energy prices and a sharp rise in interest rates, we noticed a minor downward trend in consumer spending during the last months of 2022. Nevertheless, considering the challenges, both consumer spending and payment behavior have remained strong. In Q4, Inbank financed retail customers in the amount of 135 million euros, decreasing 4% compared to Q4 2021. In terms of products, the sales finance product line decreased 16% year-on-year, with sales volumes reaching 87.2 million euros in Q4. Car financing however showed very strong growth this last quarter, with sales growing 27.8% year-on-year to 26.9 million euros. The small loan product line also continued to grow very nicely, with sales volumes increasing 34.8% to 21.3 million.

Inbank's loan portfolio grew 25% year-on-year and reached 755 million euros by the end of Q4 2022. The deposit portfolio increased by 34% over the year to 829 million euros. At the end of the year Inbank's total assets exceeded 1 billion euros. The profit for Q4 was 2.1 million euros, which is 27% less than a year ago. The return on equity in Q4 was 8.4%.

Since Inbank funds itself through term deposits, the main challenge during 2022 has been the continued increase in funding costs in the Polish market and recently also the Eurozone. Compared to a year ago, Inbank's interest expense has increased by 31% per quarter and by 192% annually. Meanwhile, our interest income has grown by 13% and 47%, respectively. Even though we have been able to reprice our portfolio and new sales, higher interest rates have certainly put Inbank's margins under pressure. With an increased liquidity portfolio and higher deposit rates at the end of the year, Inbank's net interest margin dropped from 6.6% in 2021 to 5.6% in 2022.

Despite high inflation and decreasing consumer confidence, our credit portfolio has remained resilient. Our impairment losses on loans increased compared to the record low in 2021 by 68% to 11.2 million euros. However, the impairment loss to the average credit portfolio remained at the 1.6% level. In Q4, Inbank's impairment losses were 1.3% of the credit portfolio. This result is a testament to our strong credit underwriting capabilities.

In many respects, 2022 was an extraordinary year for Inbank. We made a record profit of 21.1 million euros, of which the 11.4 million euro extraordinary profit resulted from the sale of our 29.8% stake in Maksekeskus AS. Compared to the previous year, profit increased by 92%. Annual return on equity increased to 23.3%. We continued our international expansion by entering the Czech market. Our embedded finance platform continues to attract more partners and volumes with more than 80% of our 535 million euro annual sales originating through partner channels. By the end of the year our platform was serving more than 5,400 merchants.

We believe that our long-term opportunity in embedded finance is substantial, and we will continue to invest in new products as well as in international expansion. Nevertheless, with a challenging interest rate environment and uncertain economic prospects in Europe for 2023, we will need to remain attentive to external forces while pursuing our profitable growth strategy.

Priit Põldoja

*Chairman of the Management Board, Founder*

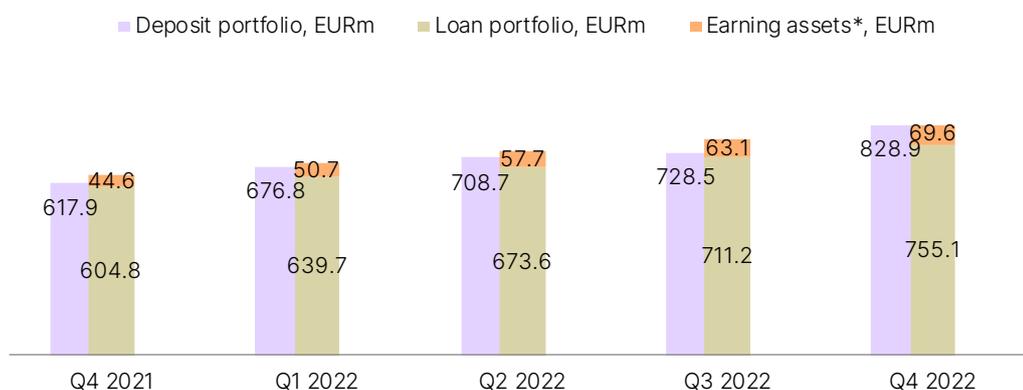
# Key financial indicators and ratios

## Key financial indicators

In millions of euros	31.12.2022	31.12.2021	% change	31.12.2020	% change
Total assets	1,020.5	787.0	29.7%	490.0	108.3%
Loan portfolio	755.1	604.8	24.8%	402.2	87.7%
Earning assets *	69.6	44.6	56.0%	0.0	-
Deposit portfolio	828.9	617.8	34.2%	391.3	111.8%
Equity	101.9	79.0	29.0%	61.2	66.5%

In millions of euros	12 months 2022	12 months 2021	% change	Q4 2022	Q4 2021	% change
Total net income	51.4	42.6	20.5%	13.3	12.1	10.0%
Net profit	21.1	11.0	92.4%	2.1	2.9	-27.3%

## Earning assets, loan and deposit portfolio development



\* Earning assets are income-producing investments that are owned by a business. These assets also have a base value and the ability to produce additional funds beyond the inherent value for the investment holder. Here earning assets include only vehicles owned by Mobire Group companies. Cars are both purchased and leased through capital lease or operating lease agreements. Other assets which generate income for group is disclosed separately and is not included under this earning asset category.

## Ratios

	<b>Q4 2022</b>	<b>12 months 2022</b>	<b>Q4 2021</b>	<b>12 months 2021</b>
Return on equity	8.4%	23.3%	15.6%	15.6%
Return on total assets	0.9%	2.3%	1.5%	1.7%
Net interest margin	5.5%	5.6%	6.2%	6.6%
Impairment losses to loan portfolio (risk expense)	1.3%	1.6%	1.2%	1.3%
Cost/income ratio	64.4%	59.0%	58.4%	56.8%

	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Equity to total assets	10.0%	10.0%	12.5%
Liquidity coverage ratio	1593.0%	1144.0%	2237.5%
Net stable funding ratio	123.7%	123.2%	126.7%

### Explanations (key ratios are annualized):

**Return on equity:** net profit attributable to owners of the parent / total equity attributable to owners of the parent (average over the period)

**Return on total assets:** net profit attributable to owners of the parent / total assets (average over the period)

**Net interest margin:** net interest income / interest-bearing assets (average over the period)

**Impairment losses to loan portfolio (risk expense):** impairment losses on loans / loan portfolio (average over the period)

**Cost/income ratio:** total operating expenses / total income

**Equity to total assets:** total equity attributable to shareholders of parent company / total assets

**Liquidity coverage ratio:** dividing a bank's high-quality liquid assets by its total net cash flows, over a 30-day stress period.

**Net stable funding ratio:** the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon.

# Condensed consolidated interim financial statements

## Condensed consolidated statement of financial position

In thousands of euros	Note	31.12.2022	31.12.2021	31.12.2020
<b>Assets</b>				
Due from central banks	9; 19	126,990	77,453	27,445
Due from credit institutions	9; 19	18,345	17,870	19,784
Financial assets designated at fair value through profit or loss		37	0	0
Investments in debt securities	10; 19	8,415	7,684	13,618
Loans and advances	8; 19	755,100	604,848	402,212
Investments in associates	11	1,065	774	4,026
Assets classified as held for sale	11	0	4,203	0
Other financial assets	12; 19	3,387	2,151	1,350
Tangible assets		48,533	19,147	833
Right of use assets		23,247	25,231	1,157
Intangible assets		26,249	22,423	16,139
Other assets	12	5,961	2,769	1,297
Deferred tax assets		3,166	2,401	2,170
<b>Total assets</b>		<b>1,020,495</b>	<b>786,954</b>	<b>490,031</b>
<b>Liabilities</b>				
Customer deposits	13; 19	828,894	617,857	391,341
Other financial liabilities	15; 19	55,240	49,188	12,218
Current tax liability		0	284	864
Deferred tax liability		187	125	0
Other liabilities	15	3,680	3,296	2,810
Debt securities issued		0	0	4,010
Subordinated debt securities	14; 19	30,570	37,187	17,563
<b>Total liabilities</b>		<b>918,571</b>	<b>707,937</b>	<b>428,806</b>
<b>Equity</b>				
Share capital	17	1,026	997	961
Share premium	17	31,855	30,436	23,865
Statutory reserve		100	96	90
Other reserves		1,421	1,625	1,438
Retained earnings		67,522	45,863	34,871
<b>Total equity</b>		<b>101,924</b>	<b>79,017</b>	<b>61,225</b>
<b>Total liabilities and equity</b>		<b>1,020,495</b>	<b>786,954</b>	<b>490,031</b>

Notes set out on pages 11 - 31 form an integral part of the consolidated financial statements.

# Condensed consolidated statement of profit and loss and other comprehensive income

In thousands of euros	Note	Q4 2022	12 months 2022	Q4 2021	12 months 2021
Interest income based on EIR	3; 4	19,436	65,392	13,179	48,038
Interest expense	3; 4	-7,583	-20,152	-2,598	-9,590
<b>Net interest income</b>	<b>3; 4</b>	<b>11,853</b>	<b>45,240</b>	<b>10,581</b>	<b>38,448</b>
Fee and commission income	3; 5	1,092	3,560	661	2,200
Fee and commission expenses	3; 5	-1,070	-3,636	-810	-3,117
<b>Net fee and commission income/expenses</b>	<b>3; 5</b>	<b>22</b>	<b>-76</b>	<b>-149</b>	<b>-917</b>
Net gains from financial assets measured at fair value	3	23	32	0	0
Foreign exchange rate losses	3	1	-780	-25	-23
<b>Net losses from financial items</b>		<b>24</b>	<b>-748</b>	<b>-25</b>	<b>-23</b>
Other operating income	3; 6	8,103	28,621	5,786	19,347
Other operating expenses	3; 6	-6,670	-21,680	-4,073	-14,251
<b>Total net interest, fee and other income and expenses</b>		<b>13,332</b>	<b>51,357</b>	<b>12,120</b>	<b>42,604</b>
Personnel expenses	3; 7	-3,801	-13,822	-3,093	-11,623
Marketing expenses	3; 7	-1,071	-3,350	-1,003	-2,829
Administrative expenses	3; 7	-2,549	-8,675	-2,059	-6,186
Depreciations, amortisation	3	-1,186	-4,472	-939	-3,360
<b>Total operating expenses</b>		<b>-8,607</b>	<b>-30,319</b>	<b>-7,094</b>	<b>-23,998</b>
<b>Profit before profit from associates and impairment losses on loans</b>		<b>4,725</b>	<b>21,038</b>	<b>5,026</b>	<b>18,606</b>
Share of profit from associates	11	-11	11,419	72	335
Impairment losses on loans and advances	8	-2,460	-11,170	-1,671	-6,668
<b>Profit before income tax</b>		<b>2,254</b>	<b>21,287</b>	<b>3,427</b>	<b>12,273</b>
Income tax		-120	-196	-490	-1,310
<b>Profit for the period</b>		<b>2,134</b>	<b>21,091</b>	<b>2,937</b>	<b>10,963</b>
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>					
Currency translation differences		-268	-2	42	-59
<b>Total comprehensive income for the period</b>		<b>1,866</b>	<b>21,089</b>	<b>2,979</b>	<b>10,904</b>

Notes set out on pages 11 - 31 form an integral part of the consolidated financial statements.

# Condensed consolidated statement of cash flows

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Cash flows from operating activities</b>				
Interest received	25,724	67,954	12,926	47,450
Interest paid	-6,113	-16,024	-1,953	-7,465
Fees received	1,297	3,902	661	2,200
Fees paid	-1,070	-3,636	-810	-3,117
Other operating income received	8,103	28,621	5,786	19,347
Other operating expense paid	-6,149	-21,680	2,585	-7,593
Personnel expenses	-3,327	-13,642	-3,342	-11,503
Administrative and marketing expenses	-16,823	-21,163	-1,630	-7,619
Other non-cash items included in profit before tax	-1,286	372	0	0
Income tax paid	-641	-2,108	-827	-1,943
<b>Cash flows from operating activities before changes in the operating assets and liabilities</b>	<b>-285</b>	<b>22,596</b>	<b>13,396</b>	<b>29,757</b>
<b>Changes in operating assets</b>				
Loans and advances	-47,325	-156,851	-69,509	-210,218
Mandatory reserve in central banks	-370	-6,542	-3,846	-5,151
Other financial assets	-350	-1,236	873	873
Other assets	-10	-3,957	2,809	231
<b>Changes of operating liabilities</b>				
Customer deposits	98,978	206,795	18,693	224,505
Other financial liabilities	7,139	19,509	0	0
Other liabilities	789	4,309	7,806	10,156
<b>Net cash from operating activities</b>	<b>58,566</b>	<b>84,623</b>	<b>-29,778</b>	<b>50,153</b>
<b>Cash flows from investing activities</b>				
Investments in debt securities	-688	-4,819	-12,774	-6,279
Repayments of debt securities	-5,548	-3,342	12,236	12,236
Acquisition of tangible assets	3,931	-27,717	-2,034	-18,993
Acquisition of intangible assets	-17	-3,245	-283	-2,863
Acquisition of subsidiaries	-44	-290	246	-3,405
Sale of associates	1,061	15,577	0	0
<b>Net cash used in/from investing activities</b>	<b>-1,305</b>	<b>-23,836</b>	<b>-2,609</b>	<b>-19,304</b>
<b>Cash flows from financing activities</b>				
Share capital contribution (including share premium)	1,448	1,448	6,000	6,607
Subordinated debt securities issued	0	0	19,500	19,500
Repayments of debt securities	0	-6,503	0	-4,000
Lease liability payments	-2,978	-11,473	-9,990	-9,990
<b>Net cash used in/from financing activities</b>	<b>-1,530</b>	<b>-16,528</b>	<b>15,510</b>	<b>12,117</b>
Effect of exchange rate changes	2	-789	78	-23
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>75,156</b>	<b>87,419</b>	<b>104,218</b>	<b>44,476</b>
Net increase/decrease in cash and cash equivalents	55,733	43,470	-16,799	42,943
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>130,889</b>	<b>130,889</b>	<b>87,419</b>	<b>87,419</b>

## Cash and cash equivalents

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
Non-restricted current account with central banks	112,544	112,544	69,549	69,549
Due from other credit institutions within three months	18,345	18,345	17,870	17,870
<b>Total cash and cash equivalents</b>	<b>130,889</b>	<b>130,889</b>	<b>87,419</b>	<b>87,419</b>

Notes set out on pages 11 - 31 form an integral part of the consolidated 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
<b>Balance, 01.01.2021</b>	<b>961</b>	<b>23,865</b>	<b>90</b>	<b>1,438</b>	<b>34,871</b>	<b>61,225</b>
Paid in share capital	36	6,571	0	0	0	6,607
Share-based payment reserve	0	0	0	246	35	281
Statutory reserve	0	0	6	0	-6	0
Profit for the period	0	0	0	0	10,963	10,963
Other comprehensive income	0	0	0	-59	0	-59
<b>Balance, 31.12.2021</b>	<b>997</b>	<b>30,436</b>	<b>96</b>	<b>1,625</b>	<b>45,863</b>	<b>79,017</b>
<b>Balance, 01.01.2022</b>	<b>997</b>	<b>30,436</b>	<b>96</b>	<b>1,625</b>	<b>45,863</b>	<b>79,017</b>
Paid in share capital	29	1,419	0	0	0	1,448
Share-based payment reserve	0	0	0	-206	572	366
Statutory reserve	0	0	4	0	-4	0
Profit for the period	0	0	0	0	21,091	21,091
Other comprehensive income	0	0	0	2	0	2
<b>Balance, 31.12.2022</b>	<b>1,026</b>	<b>31,855</b>	<b>100</b>	<b>1,421</b>	<b>67,522</b>	<b>101,924</b>

Notes set out on pages 11 - 31 form an integral part of the consolidated 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 2021, 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 2021, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

To provide better overview, an adjustment was made in the 31.12.2021 report, which resulted in reclassification of the subsidiary's 100% buyout option expense which is now reflected in the same expense group as the subsidiary's other operating expense. In addition, due to the growth of Polish and Czech business and foreign currency transactions, foreign exchange gains and losses were reclassified from administrative expenses and are reported under "Foreign exchange rate revaluation losses/gains". The effect of the change on the report and the numerical indicators are presented in the table below:

In thousands of euros	31.12.2021	Reclassification	31.12.2021 restated
Foreign exchange rate losses	0	-23	-23
Other operating expenses	-13,833	-418	-14,251
Administrative expenses	-6,627	441	-6,186

According to the above mentioned change, 31.12.2021 is adjusted as follows:

In thousands of euros	12 months 2021	Reclassification	12 months 2021 restated
Foreign exchange rate losses	0	-23	-23
Other operating expenses	-13,833	-418	-14,251
Administrative expenses	-6,627	441	-6,186

In thousands of euros	Q4 2021	Reclassification	Q4 2021 restated
Foreign exchange rate losses	0	-25	-25
Other operating expenses	-3,839	-234	-4,073
Administrative expenses	-2,318	259	-2,059

In addition to AS Inbank, the Inbank consolidation group includes following companies:

<b>Company name</b>	<b>Year of purchase/ founded</b>	<b>Location</b>	<b>Activity</b>	<b>Holding (%)</b>	<b>Cost (thou. EUR)</b>
AS Inbank filialas	2019	Lithuania	Banking, branch		
AS Inbank Spółka Akcyjna Oddział w Polsce	2016	Poland	Banking, branch		
AS Inbank, odštěpný závod	2021	Czechia	Banking, branch		
SIA Inbank Latvia	2014	Latvia	Financing	100	519
Inbank Ventures OÜ	2016	Estonia	Holding activity and hardware rental	100	6,665
Inbank Payments OÜ	2019	Estonia	Holding company	100	3
AS Inbank Finance	2021	Estonia	Financing	100	33,135
IBF Polska sp. z.o.o	2022	Poland	Financing	100	44
Mobire Group OÜ	2021	Estonia	Full-service rent	53	9,660
Mobire Eesti AS	2021	Estonia	Full-service rent	53	
Mobire Latvija SIA	2021	Latvia	Full-service rent	53	
Mobire Lietuva UAB	2021	Lithuania	Full-service rent	53	
AS Aktiva Portfolio	2020	Estonia	Debt collection management	34	749
Paywerk AS	2021	Estonia	Payment services	29	316

Associated companies AS Aktiva Portfolio and Paywerk AS are accounted for using the equity method.

1 of July 2022 Inbank completed sale of 29.8% stake in Maksekeskus AS, for more details refer to Note 11.

27 of July 2022 Maksekeskus Holding OÜ acquired 100% of shares of Inbank Technologies OÜ. After the acquisition Inbank Technologies OÜ was merged in to Maksekeskus Holding OÜ. As a result of the merger, Inbank Technologies OÜ shall cease to exist and the Maksekeskus Holding OÜ shall receive, 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.

## Note 2 Significant accounting estimates

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, the write-down of impaired loans, impairment of tangible and intangible assets, deferred taxes and share-based payments.

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

# Note 3 Business segments

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

Inbank separates the following business lines: banking business, full service rent, investments. The banking business segment includes Inbank and its subsidiary Inbank Finance. Latvia, Lithuania, Poland and Czechia present separate units acting in those countries. The full service rent segment presents the Mobire business line in Inbank, which has consolidated this business in Estonian, Latvian and Lithuanian markets. Investments include companies that have investments in associates and subsidiaries.

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 and Mobire offers car full service 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. 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.

The development of segment revenue and net profit is presented below, in which significant segments are presented separately.

## Equity of major subsidiaries

<b>In thousands of euros</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
SIA Inbank Latvia	6,295	5,148	3,991
Mobire Group OÜ	12,358	9,097	-
AS Inbank Finance	43,486	36,446	-
Inbank Technologies OÜ *	-	7,112	3,642
Maksekeskus Holding OÜ *	-	5,542	1,692
Inbank Ventures OÜ *	17,415	-	-

\* More information has been disclosed in Note 1.

The development of segment revenue and net profit is presented below.

Income of reported segments and net profit structure

In thousands of euros									
12 months 2022	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	29,546	6,552	15,673	22,489	4	4	0	-8,876	65,392
incl. income from external customers	20,670	6,552	15,673	22,489	4	4	0	0	65,392
incl. income from internal customers	8,876	0	0	0	0	0	0	-8,876	0
Fee and commission income	1,640	289	-3	1,634	0	0	0	0	3,560
Net gains from financial assets measured at fair value	-15	0	0	47	0	0	0	0	32
Other operating income	9,236	71	112	152	0	28,583	358	-9,891	28,621
incl. income from external customers	357	50	79	69	0	28,514	-451	-10	28,608
incl. income from internal customers	8,879	21	33	83	0	69	809	-9,881	13
<b>Total income</b>	<b>40,407</b>	<b>6,912</b>	<b>15,782</b>	<b>24,322</b>	<b>4</b>	<b>28,587</b>	<b>358</b>	<b>-18,767</b>	<b>97,605</b>
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	-1,588	-250	-895	-899	-4	0	0	0	-3,636
Other operating expense	0	0	0	-3	0	20,486	-1,191	0	-21,680
<b>Total expenses</b>	<b>-13,487</b>	<b>-1,289</b>	<b>-3,900</b>	<b>-13,318</b>	<b>-28</b>	<b>-21,890</b>	<b>-1,201</b>	<b>8,865</b>	<b>-46,248</b>
<b>Total net interest, fee and commission income and other income</b>	<b>26,920</b>	<b>5,623</b>	<b>11,882</b>	<b>11,004</b>	<b>-24</b>	<b>6,697</b>	<b>-843</b>	<b>-9,902</b>	<b>51,357</b>
<b>Operating expenses</b>	<b>-16,661</b>	<b>-3,259</b>	<b>-7,864</b>	<b>-7,138</b>	<b>-915</b>	<b>-3,464</b>	<b>-2,675</b>	<b>11,657</b>	<b>-30,319</b>
incl. depreciations, amortisation	-3,092	-180	-792	-146	-47	-18	-252	55	-4,472
<b>Profit before profit from associates and impairment losses on loans</b>	<b>10,259</b>	<b>2,364</b>	<b>4,018</b>	<b>3,866</b>	<b>-939</b>	<b>3,233</b>	<b>-3,518</b>	<b>1,755</b>	<b>21,038</b>
Share of profit from associates	-3	0	0	0	0	0	11,422	0	11,419
Impairment losses on loans and advances	-3,961	-1,217	-2,351	-3,640	-1	0	0	0	-11,170
<b>Profit before income tax</b>	<b>6,295</b>	<b>1,147</b>	<b>1,667</b>	<b>226</b>	<b>-940</b>	<b>3,233</b>	<b>7,904</b>	<b>1,755</b>	<b>21,287</b>
Income tax	-2	0	-125	-194	125	0	0	0	-196
<b>Net profit/loss</b>	<b>6,293</b>	<b>1,147</b>	<b>1,542</b>	<b>32</b>	<b>-815</b>	<b>3,233</b>	<b>7,904</b>	<b>1,755</b>	<b>21,091</b>
<b>Total assets</b>	<b>913,985</b>	<b>71,830</b>	<b>174,357</b>	<b>329,822</b>	<b>890</b>	<b>75,774</b>	<b>-22,062</b>	<b>-524,101</b>	<b>1,020,495</b>
<b>Total liabilities</b>	<b>815,707</b>	<b>65,535</b>	<b>154,135</b>	<b>334,302</b>	<b>1,761</b>	<b>63,416</b>	<b>9,568</b>	<b>-525,853</b>	<b>918,571</b>
<b>Total equity</b>	<b>98,278</b>	<b>6,295</b>	<b>20,222</b>	<b>-4,480</b>	<b>-871</b>	<b>12,358</b>	<b>-31,630</b>	<b>1,752</b>	<b>101,924</b>

In thousands of euros

Q4 2022	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	8,352	1,888	4,405	7,370	4	1	0	-2,584	19,436
incl. income from external customers	5,768	1,888	4,405	7,370	4	1	0	0	19,436
incl. Income from internal customers	2,584	0	0	0	0	0	0	-2,584	0
Fee and commission income	481	93	3	515	0	0	0	0	1,092
Net gains from financial assets measured at fair value	0	0	0	23	0	0	0	0	23
Other operating income	3,151	17	-5	40	0	8,134	92	-3,326	8,103
incl. income from external customers	90	11	-15	25	0	8,116	-130	-1	8,096
incl. Income from internal customers	3,061	6	10	15	0	18	222	-3,325	7
<b>Total income</b>	<b>11,984</b>	<b>1,998</b>	<b>4,403</b>	<b>7,948</b>	<b>4</b>	<b>8,135</b>	<b>92</b>	<b>-5,910</b>	<b>28,654</b>
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	-458	-78	-237	-295	-3	0	0	1	-1,070
Other operating expense	0	0	0	-3	0	-6,084	-584	1	-6,670
<b>Total expenses</b>	<b>-4,390</b>	<b>-361</b>	<b>-1,004</b>	<b>-5,027</b>	<b>-23</b>	<b>-6,523</b>	<b>-584</b>	<b>2,590</b>	<b>-15,322</b>
<b>Total net interest, fee and commission income and other income</b>	<b>7,594</b>	<b>1,637</b>	<b>3,399</b>	<b>2,921</b>	<b>-19</b>	<b>1,612</b>	<b>-492</b>	<b>-3,320</b>	<b>13,332</b>
<b>Operating expenses</b>	<b>-4,578</b>	<b>-998</b>	<b>-2,604</b>	<b>-2,045</b>	<b>-378</b>	<b>-1,057</b>	<b>-1,021</b>	<b>4,074</b>	<b>-8,607</b>
incl. depreciations, amortisation	-857	-44	-208	-38	-22	-3	-69	55	-1,186
<b>Profit before profit from associates and impairment losses on loans</b>	<b>3,016</b>	<b>639</b>	<b>795</b>	<b>876</b>	<b>-397</b>	<b>555</b>	<b>-1,513</b>	<b>754</b>	<b>4,725</b>
Share of profit from associates	14	0	0	0	0	0	-25	0	-11
Impairment losses on loans and advances	-1,079	-357	-524	-499	-1	0	0	0	-2,460
<b>Profit before income tax</b>	<b>1,951</b>	<b>282</b>	<b>271</b>	<b>377</b>	<b>-398</b>	<b>555</b>	<b>-1,538</b>	<b>754</b>	<b>2,254</b>
Income tax	0	0	-157	8	29	0	0	0	-120
<b>Net profit/loss</b>	<b>1,951</b>	<b>282</b>	<b>114</b>	<b>385</b>	<b>-369</b>	<b>555</b>	<b>-1,538</b>	<b>754</b>	<b>2,134</b>

In thousands of euros

12 months 2021	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total*
Interest income based on EIR	22,183	4,775	15,197	10,107	0	20	0	-4,244	48,038
incl. income from external customers	17,939	4,775	15,197	10,107	0	20	0	0	48,038
incl. income from internal customers	4,244	0	0	0	0	0	0	-4,244	0
Fee and commission income	1,313	214	19	654	0	0	0	0	2,200
Net gains from financial assets measured at fair value	0	0	0	0	0	0	0	0	0
Other operating income	5,936	51	220	146	0	19,397	647	-7,050	19,347
incl. income from external customers	321	41	146	24	0	19,397	5	-587	19,347
incl. income from internal customers	5,615	10	74	122	0	0	642	-6,463	0
<b>Total income</b>	<b>29,432</b>	<b>5,040</b>	<b>15,436</b>	<b>10,907</b>	<b>0</b>	<b>19,417</b>	<b>647</b>	<b>-11,294</b>	<b>69,585</b>
Foreign exchange rate gains/losses	0	0	0	-22	0	-1	0	0	-23
Interest expense	-7,622	-571	-2,220	-2,615	0	-796	-10	4,244	-9,590
Fee and commission expenses	-1,129	-184	-966	-838	0	0	0	0	-3,117
Other operating expense	0	0	0	0	0	-14,423	0	172	-14,251
<b>Total expenses</b>	<b>-8,751</b>	<b>-755</b>	<b>-3,186</b>	<b>-3,475</b>	<b>0</b>	<b>-15,220</b>	<b>-10</b>	<b>4,416</b>	<b>-26,981</b>
<b>Total net interest, fee and commission income and other income</b>	<b>20,681</b>	<b>4,285</b>	<b>12,250</b>	<b>7,432</b>	<b>0</b>	<b>4,197</b>	<b>637</b>	<b>-6,878</b>	<b>42,604</b>
<b>Operating expenses</b>	<b>-14,158</b>	<b>-2,652</b>	<b>-7,675</b>	<b>-3,269</b>	<b>-40</b>	<b>-1,998</b>	<b>-619</b>	<b>6,413</b>	<b>-23,998</b>
incl. depreciations, amortisation	-2,150	-195	-737	-90	0	-16	-196	24	-3,360
<b>Profit before profit from associates and impairment losses on loans</b>	<b>6,523</b>	<b>1,633</b>	<b>4,575</b>	<b>4,163</b>	<b>-40</b>	<b>2,199</b>	<b>18</b>	<b>-465</b>	<b>18,606</b>
Share of profit from associates	-150	0	0	0	0	2	483	0	335
Impairment losses on loans and advances	-2,758	-475	-1,483	-1,952	0	0	0	0	-6,668
<b>Profit before income tax</b>	<b>3,615</b>	<b>1,158</b>	<b>3,092</b>	<b>2,211</b>	<b>-40</b>	<b>2,201</b>	<b>501</b>	<b>-465</b>	<b>12,273</b>
Income tax	-143	0	-736	-457	0	0	26	0	-1,310
<b>Net profit/loss</b>	<b>3,472</b>	<b>1,158</b>	<b>2,356</b>	<b>1,754</b>	<b>-40</b>	<b>2,201</b>	<b>527</b>	<b>-465</b>	<b>10,963</b>
<b>Total assets</b>	<b>630,780</b>	<b>46,081</b>	<b>149,963</b>	<b>262,894</b>	<b>11</b>	<b>53,390</b>	<b>13,400</b>	<b>-369,565</b>	<b>786,954</b>
<b>Total liabilities</b>	<b>540,583</b>	<b>40,933</b>	<b>131,283</b>	<b>267,462</b>	<b>51</b>	<b>44,294</b>	<b>744</b>	<b>-317,413</b>	<b>707,937</b>
<b>Total equity</b>	<b>90,197</b>	<b>5,148</b>	<b>18,680</b>	<b>-4,568</b>	<b>-40</b>	<b>9,096</b>	<b>12,656</b>	<b>-52,152</b>	<b>79,017</b>

In thousands of euros

Q4 2021	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	6,328	1,333	3,832	3,407	0	2	0	-1,723	13,179
incl. income from external customers	4,605	1,333	3,832	3,407	0	2	0	0	13,179
incl. Income from internal customers	1,723	0	0	0	0	0	0	-1,723	0
Fee and commission income	357	54	19	231	0	0	0	0	661
Net gains from financial assets measured at fair value	0	0	0	0	0	0	0	0	0
Other operating income	2,508	8	61	27	0	5,661	644	-3,123	5,786
incl. income from external customers	76	9	43	7	0	6,238	0	-587	5,786
incl. Income from internal customers	2,432	-1	18	20	0	-577	644	-2,536	0
<b>Total income</b>	<b>9,193</b>	<b>1,395</b>	<b>3,912</b>	<b>3,665</b>	<b>0</b>	<b>5,663</b>	<b>644</b>	<b>-4,846</b>	<b>19,626</b>
Foreign exchange rate gains/losses	-2	0	0	-22	0	-1	0	0	-25
Interest expense	-2,444	-182	-625	-834	0	-233	-3	1,723	-2,598
Fee and commission expenses	-281	-49	-244	-236	0	0	0	0	-810
Other operating expense	0	0	0	0	0	-3,808	0	-265	-4,073
<b>Total expenses</b>	<b>-2,727</b>	<b>-231</b>	<b>-869</b>	<b>-1,092</b>	<b>0</b>	<b>-4,042</b>	<b>-3</b>	<b>1,458</b>	<b>-7,506</b>
<b>Total net interest, fee and commission income and other income</b>	<b>6,466</b>	<b>1,164</b>	<b>3,043</b>	<b>2,573</b>	<b>0</b>	<b>1,621</b>	<b>641</b>	<b>-3,388</b>	<b>12,120</b>
<b>Operating expenses</b>	<b>-4,518</b>	<b>-835</b>	<b>-2,316</b>	<b>-1,088</b>	<b>-40</b>	<b>-860</b>	<b>-159</b>	<b>2,722</b>	<b>-7,094</b>
incl. depreciations, amortisation	-624	-47	-198	-19	0	-6	-55	10	-939
<b>Profit before profit from associates and impairment losses on loans</b>	<b>1,948</b>	<b>329</b>	<b>727</b>	<b>1,485</b>	<b>-40</b>	<b>761</b>	<b>482</b>	<b>-666</b>	<b>5,026</b>
Share of profit from associates	-39	0	0	0	0	2	109	0	72
Impairment losses on loans and advances	-514	-159	-431	-567	0	0	0	0	-1,671
<b>Profit before income tax</b>	<b>1,395</b>	<b>170</b>	<b>296</b>	<b>918</b>	<b>-40</b>	<b>763</b>	<b>591</b>	<b>-666</b>	<b>3,427</b>
Income tax	-15	0	-204	-261	0	0	-10	0	-490
<b>Net profit/loss</b>	<b>1,380</b>	<b>170</b>	<b>92</b>	<b>657</b>	<b>-40</b>	<b>763</b>	<b>581</b>	<b>-666</b>	<b>2,937</b>

\* 2021 comparative figures were changed. For more details refer to Note 1, part "Change in classification".

# Note 4 Net interest income

## Net interest income

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Interest income based on EIR</b>				
Loans to households	18,826	64,220	13,111	47,675
Loans to corporates	23	117	241	314
Due from central banks, financial and credit institutions	587	1,055	-173	49
<b>Total interest income</b>	<b>19,436</b>	<b>65,392</b>	<b>13,179</b>	<b>48,038</b>
<b>Interest expense</b>				
Deposits received	-6,928	-17,441	-2,049	-7,625
Debt securities sold	-485	-2,112	-400	-1,356
Lease liability	-170	-599	-149	-609
<b>Total interest expense</b>	<b>-7,583</b>	<b>-20,152</b>	<b>-2,598</b>	<b>-9,590</b>
<b>Net interest income</b>	<b>11,853</b>	<b>45,240</b>	<b>10,581</b>	<b>38,448</b>

# Note 5 Net fee and commission income

## Net fee and commission income

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Fee and commission income</b>				
Households	1,092	3,560	661	2,200
<b>Total fee and commission income</b>	<b>1,092</b>	<b>3,560</b>	<b>661</b>	<b>2,200</b>
<b>Fee and commission expenses</b>				
Loan administration expenses	-783	-2,658	-659	-2,330
Other fee expenses	-287	-978	-151	-787
<b>Total fee and commission expenses</b>	<b>-1,070</b>	<b>-3,636</b>	<b>-810</b>	<b>-3,117</b>
<b>Net fee and commission income/expenses</b>	<b>22</b>	<b>-76</b>	<b>-149</b>	<b>-917</b>

# Note 6 Other operating income and expenses

## Other operating income and expenses

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Other operating income</b>				
Income from full-service rent	7,981	28,080	5,614	18,713
Fines and penalties	112	525	484	484
Other income	10	16	-312	150
<b>Total other operating income</b>	<b>8,103</b>	<b>28,621</b>	<b>5,786</b>	<b>19,347</b>
<b>Other operating expense</b>				
Sales, cars	2,558	8,363	2,255	7,042
Depreciations, cars for rental	2,276	8,065	1,722	5,822
Other costs, full-service rent	1,836	5,252	96	1,387
<b>Total other operating expense</b>	<b>6,670</b>	<b>21,680</b>	<b>4,073</b>	<b>14,251</b>

Full service rent income is generated from cars rented to customers. Cars are both purchased and leased through financial lease or operating lease agreements. It is possible to sell cars rented through operating lease agreements back to the merchant. Financial lease agreements also include car repurchase obligations, where the company partly has additional agreements with car dealers.

# Note 7 Operating expenses

## Operating expenses

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Personnel expenses</b>				
Personnel expense	3,032	10,971	2,497	9,367
Social and other taxes	769	2,851	596	2,256
<b>Total personnel expenses</b>	<b>3,801</b>	<b>13,822</b>	<b>3,093</b>	<b>11,623</b>
<b>Marketing expenses</b>				
Advertising and marketing	826	2,625	761	2,255
Sales costs	245	725	242	574
<b>Total marketing expenses</b>	<b>1,071</b>	<b>3,350</b>	<b>1,003</b>	<b>2,829</b>
<b>Administrative expenses</b>				
IT expenses	595	2,244	501	1,819
Office maintenance and workplace expenses	354	1,269	281	779
Legal and recovery proceeding expenses	293	1,140	198	631
Employee related expenses	274	760	184	595
Supervision expenses	184	608	143	500
Training and business trip expenses	176	539	99	216
Outsourced services	76	354	114	368
Transportation expenses	68	262	63	185
Tax expenses	68	189	158	165
Fines	118	118	0	0
Other	343	1,192	318	928
<b>Total administrative expenses</b>	<b>2,549</b>	<b>8,675</b>	<b>2,059</b>	<b>6,186</b>

# Note 8 Loans and advances

## Distribution of receivables by customer sector

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Distribution of receivables by customer sector</b>			
Households	762,560	607,343	403,861
Corporates	8,731	8,848	11,593
<b>Loans and advances before impairment allowance</b>	<b>771,291</b>	<b>616,191</b>	<b>415,454</b>
Impairment allowance	-16,191	-11,343	-13,242
<b>Total loans and advances</b>	<b>755,100</b>	<b>604,848</b>	<b>402,212</b>

## Changes in impairments

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Changes in impairments</b>			
Impairment allowance balance in the beginning of the period	-11,343	-13,242	-8,295
Impairment provisions set up during reporting period	-19,215	12,690	-18,713
Written off from financial position during the period	14,367	-10,791	13,766
<b>Total impairment</b>	<b>-16,191</b>	<b>-11,343</b>	<b>-13,242</b>

## Impairment losses on loans and advances

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Impairment losses on loans and advances</b>				
Impairment losses of reporting period	-5,269	-19,215	-2,778	-12,690
Recoveries from written off from financial position	2,809	8,045	1,107	6,022
<b>Total impairment losses on loans and advances</b>	<b>-2,460</b>	<b>-11,170</b>	<b>-1,671</b>	<b>-6,668</b>

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). The difference between the sale price and the carrying amount of debt is recognised in the income statement and the total amount of debt is written off in the statement of financial position.

## Distribution of receivables from households

In thousands of euros

31.12.2022 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
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%
<b>Total receivables</b>	<b>762,560</b>	<b>-6,554</b>	<b>-2,579</b>	<b>-7,036</b>	<b>746,391</b>	<b>2.1%</b>

31.12.2021 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
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%
<b>Total receivables</b>	<b>607,343</b>	<b>-4,960</b>	<b>-1,641</b>	<b>-4,717</b>	<b>596,025</b>	<b>1.9%</b>

31.12.2020 Distribution of receivables	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
0-3 days	360,075	-3,286	-49	-126	356,614	1.0%
4-30 days	27,698	-1,722	-51	-124	25,801	6.8%
31-89 days	8,173	-5	-1,640	-201	6,327	22.6%
90-179 days	1,238	0	0	-711	527	57.4%
180+ days	6,677	0	0	-5,289	1,388	79.2%
<b>Total receivables</b>	<b>403,861</b>	<b>-5,013</b>	<b>-1,740</b>	<b>-6,451</b>	<b>390,657</b>	<b>3.3%</b>

## Distribution of receivables from corporates

In thousands of euros						
31.12.2022	Gross	Impairment allowance			Net	Impairment
Distribution of receivables	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
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%
<b>Total receivables</b>	<b>8,731</b>	<b>-22</b>	<b>0</b>	<b>0</b>	<b>8,709</b>	<b>0.3%</b>

31.12.2021						
Distribution of receivables	Gross	Impairment allowance			Net	Impairment
	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
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%
<b>Total receivables</b>	<b>8,848</b>	<b>-25</b>	<b>0</b>	<b>0</b>	<b>8,823</b>	<b>0.3%</b>

31.12.2020						
Distribution of receivables	Gross	Impairment allowance			Net	Impairment
	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
0-3 days	11,544	-33	0	0	11,511	0.3%
4-30 days	4	0	0	0	4	0.0%
31-89 days	1	0	0	0	1	0.0%
90-179 days	9	0	0	-2	7	22.2%
180+ days	35	0	0	-3	32	8.6%
<b>Total receivables</b>	<b>11,593</b>	<b>-33</b>	<b>0</b>	<b>-5</b>	<b>11,555</b>	<b>0.3%</b>

According to management's estimates, overdue up to 3 days do not objectively reflect the quality of customer receivables as overdue of that tenure are often the result of interbank payments processing rules.

## Note 9 Due from central banks and credit institutions

### Due from central banks and credit institutions

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
Due from central banks	112,544	69,549	24,692
Mandatory reserve in central banks	14,446	7,904	2,753
Due from credit institutions	18,345	17,870	19,784
<b>Total due from central banks and credit institutions</b>	<b>145,335</b>	<b>95,323</b>	<b>47,229</b>

Cash and cash equivalents in the statement of cash flows include cash in hand, receivables from central banks (excluding the statutory reserve) and short-term (up to 3 months) receivables from other credit institutions.

# Note 10 Investments in debt securities

## Investments in debt securities

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
Investments in debt securities	8,378	7,589	13,582
incl. investments in central government debt securities	0	0	10,009
incl. investments in corporate debt securities	8,379	7,589	3,537
Interest accruals	37	95	36
<b>Total investments in debt securities</b>	<b>8,415</b>	<b>7,684</b>	<b>13,618</b>

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%.

# Note 11 Business combinations and investments to associates

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

AS Aktiva Portfolio and Paywerk AS are associates of the Inbank consolidation group and the rest of the companies are subsidiaries.

Maksekeskus AS is one of the largest payment services providers in Estonia, also operating in Latvia and Lithuania. On 1 July 2022, Inbank successfully completed 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 in to 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.

On 5 August 2022 AS Inbank established it's 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 3 December 2021 Inbank established it's branch in Czechia under name of „AS Inbank, odštěpný závod“. 20 June 2022 Czech national bank granted a banking licence to operate in the Czech Republic as a bank. Licence is issued for an indefinite period. By end of 2022 branch in Czechia already had loan portfolio exceeding 280 thousand euros.

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

Paywerk AS is a start-up company that offers a cross-border "buy now, pay later" service.

These two investments are accounted for using the equity method. In 12 months of 2022, income from equity investments was calculated in the amount of EUR 44 thousand, (12 months 2021: profit EUR 335 thousand).

#### Acquisitions of associates

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
<b>Acquisitions</b>				
Equity contribution, financial assets at fair value through profit and loss	0	349	0	3,100
Equity contribution, associates	0	246	118	619
<b>Total contributions</b>	<b>0</b>	<b>595</b>	<b>118</b>	<b>3,719</b>

Inbank has not received dividends from its associates.

## Note 12 Other financial assets and other assets

#### Other financial assets and other assets

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Other financial assets</b>			
Prepaid guarantee amounts	358	295	149
Accrued receivables	3,029	1,856	1,201
<b>Total other financial assets</b>	<b>3,387</b>	<b>2,151</b>	<b>1,350</b>
<b>Other assets</b>			
Prepaid expenses	4,838	2,525	772
Prepaid taxes	576	6	182
Other assets	547	238	343
<b>Total other assets</b>	<b>5,961</b>	<b>2,769</b>	<b>1,297</b>

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

## Note 13 Customer deposits

#### Deposits

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Customer deposits</b>			
Deposits from households	814,057	607,597	377,757
Deposits from non-financial corporates	14,547	8,142	9,357
Deposits from financial corporates	290	2,118	4,227
<b>Total customer deposits</b>	<b>828,894</b>	<b>617,857</b>	<b>391,341</b>

## Deposits by clients' residency

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Deposits by clients' residency</b>			
Estonia	62,988	60,253	66,900
Germany	353,109	264,731	186,587
Poland	312,356	251,335	106,365
Austria	16,358	11,122	10,072
Netherlands	81,218	27,678	18,687
Lithuania	2,721	2,404	2,523
Other residence	144	334	207
<b>Total deposits by clients' residency</b>	<b>828,894</b>	<b>617,857</b>	<b>391,341</b>

## Deposits by contractual maturity

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Deposits by contractual maturity</b>			
On demand	4,719	29,611	8,616
1-90 days	317,622	135,444	33,683
91-365 days	270,127	222,863	160,755
1-5 years	236,426	229,939	188,287
<b>Total deposits by contractual maturity</b>	<b>828,894</b>	<b>617,857</b>	<b>391,341</b>

Deposits include accrued interest liabilities in the amount of EUR 11,945 thousand (31.12.2021: EUR 7,728 thousand).

# Note 14 Subordinated debt securities

## Subordinated debt securities

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
Subordinated debt securities issued	30,650	37,153	17,653
Interest accruals	-80	34	-90
<b>Total subordinated debt securities</b>	<b>30,570</b>	<b>37,187</b>	<b>17,563</b>

## Subordinated debt securities detailed information

Subordinated debt securities	Nominal price	Amount	Interest rate	Issue date	Maturity date
EE3300111590	10,000 EUR	315	8.5%	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

Inbank's subordinated bonds include Additional Tier 1 bonds included in Tier 1 capital. AT1 capital instrument is a perpetual subordinated financial instrument, for which Inbank is obliged to pay quarterly perpetual coupon payments. The coupon payments may be deferred or cancelled 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 amortised 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.

On 14 April 2022 AS Inbank announced its decision to redeem, pre-term, the subordinated bonds issued on 28 September 2016, registered under ISIN code EE3300110964. Bonds were redeemed and paid on 19 May 2022.

## Note 15 Other financial liabilities and other liabilities

Other financial liabilities and other liabilities

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Financial liabilities</b>			
Accounts payable	29,933	21,292	10,068
Lease liability	22,403	26,494	1,168
Client prepayments	2,904	1,402	982
<b>Total financial liabilities</b>	<b>55,240</b>	<b>49,188</b>	<b>12,218</b>
<b>Other liabilities</b>			
Payables to employees	2,360	2,147	1,964
Payroll taxes	864	711	480
Other liabilities	456	438	366
<b>Total other liabilities</b>	<b>3,680</b>	<b>3,296</b>	<b>2,810</b>

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

## Note 16 Contingent liabilities

Contingent liabilities

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
<b>Revocable commitments</b>			
Liability in contractual amount	4,986	5,485	7,448
incl. unused credit card limits	4,136	3,460	5,111

# Note 17 Share capital

## Share capital

	No of shares	Nominal value (thou. EUR)	Share premium (thou. EUR)	Total
<b>Balance, 01.01.2021</b>	<b>9,610,530</b>	<b>961</b>	<b>23,865</b>	<b>24,826</b>
Share based payment	90,000	9	598	607
Share issue	266,667	27	5,973	6,000
incl. transaction costs arising on share issues	0	0	165	165
<b>Balance, 31.12.2021</b>	<b>9,967,197</b>	<b>997</b>	<b>30,436</b>	<b>31,433</b>
<b>Balance, 01.01.2022</b>	<b>9,967,197</b>	<b>997</b>	<b>30,436</b>	<b>31,433</b>
Share based payment	295,000	29	1,419	1,448
<b>Balance, 31.12.2022</b>	<b>10,262,197</b>	<b>1,026</b>	<b>31,855</b>	<b>32,881</b>

## Biggest shareholders who hold more than 5% of company shares

Shareholder name	Holding amount 31.12.2022
Cofi Investeeringud OÜ	25.28%
Luciano Orsero	9.21%
Andrea Agostinone	8.05%
Elio Tomaso Giovanni Cravero	7.62%
Roberto de Silvestri	5.41%
SCI IN Holding	5.04%

Inbank's share capital consists of 10,262 thousand shares (2021: 9,967 thousand shares) with a nominal value of 0.10 euros. 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	31.12.2022	31.12.2021	31.12.2020
Statutory reserve	100	96	90
Voluntary reserve	1,329	1,330	1,330
Share based payments reserve	389	591	346
Other accumulated comprehensive income	-297	-296	-238
<b>Total reserves</b>	<b>1,521</b>	<b>1,721</b>	<b>1,528</b>

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

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.

# Note 19 Fair value of financial assets and liabilities

The financial instruments at each balance sheet date are summarized in the table below. For those measured at fair value, to provide an indication of the reliability of the inputs used in determining fair value, Inbank has classified its financial instruments in to the levels described below. All other financial instruments on the balance sheet meet the requirements of the contractual cash flow and characteristics test to be measured at amortized cost. Furthermore, the classification is based on the business model test.

## Fair value of financial assets and liabilities

In thousands of euros		31.12.2022			31.12.2021			31.12.2020		
	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level	
<b>Assets</b>										
Due from central banks	126,990	126,990	2	77,453	77,453	2	27,445	27,445	2	
Due from credit institutions	18,345	18,345	2	17,870	17,870	2	19,784	19,784	2	
Investments in debt securities	8,415	8,415	3	7,684	7,684	3	13,618	13,618	3	
Loans and advances	755,100	755,100	3	604,848	604,848	3	402,212	402,212	3	
Other financial assets	3,387	3,387	3	2,151	2,151	3	1,350	1,350	3	
<b>Total assets</b>	<b>912,237</b>	<b>912,237</b>		<b>710,006</b>	<b>710,006</b>		<b>464,409</b>	<b>464,409</b>		
<b>Liabilities</b>										
Customer deposits	798,444	828,894	3	617,857	617,857	2	391,341	391,341	2	
Debt securities issued	0	0	3	0	0	3	4,010	4,010	3	
Subordinated debt securities	20,216	22,952	2	30,382	29,524	2	14,954	14,476	2	
Subordinated debt securities (AT1)	6,858	7,618	3	7,663	7,663	3	3,087	3,087	3	
Other financial liabilities	55,240	55,240	3	49,188	49,188	3	12,218	12,218	3	
<b>Total liabilities</b>	<b>880,758</b>	<b>914,704</b>		<b>705,090</b>	<b>704,232</b>		<b>425,610</b>	<b>425,132</b>		

Instruments are classified as level 1 when the fair value of financial instruments traded in active markets is based on quoted active market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all the significant inputs required to fair value an instrument are directly or indirectly observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value in level 3 was estimated using the discounted cash flow valuation technique. The fair value of fixed rate instruments that are not quoted in an active market was estimated based on estimated future cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The investments in debt securities are either sufficiently short-term or use a floating interest rate mechanism. Therefore, in the management's opinion, their fair value does not significantly differ from the net book value. The investments in debt securities are classified as level 3.

The small loans and hire-purchase products granted to customers are mainly short-term. The effective interest rate of consumer loans granted by Inbank is comparable to the interest rates of comparable loan products offered on the market. The increase in benchmark interest rates that started in 2022 has not thus far had a significant impact on the new sales price levels of consumer finance products. In general, the market interest rate and the fair value of loans have not significantly changed. The carrying amount of loans does not therefore significantly differ from their fair value. Loans to customers are classified as level 3.

Loans granted to corporates are either sufficiently short-term or use a floating interest rate mechanism. Therefore, in the management's opinion, their fair value does not significantly differ from the net book value. Loans to corporates are classified as level 3.

Fixed-interest customer deposits. The fair value of term deposits accepted, and loans received by Inbank were estimated based on estimated future cash flows discounted at current interest rates for new instruments with a similar credit risk and remaining maturity. In the fair value hierarchy the given instruments were reclassified from level 2 to level 3.

Subordinated debt securities are listed on the Nasdaq Baltic Stock Exchange and their fair value can be determined based on the transaction history. The average transaction price for the last 12-months has been used to determine the fair value of the instruments. As a result, the debt security is classified as level 2 in the fair value hierarchy.

Subordinated debt securities (AT1) are not quoted in an active market. The fair value was estimated based on estimated future cash flows discounted at current interest rates for new instruments with a similar credit risk and remaining maturity. These are classified as level 3 in the fair value hierarchy.

## Note 20 Related parties

### Remuneration of the Management Board and Supervisory Board

In thousands of euros	Q4 2022	12 months 2022	Q4 2021	12 months 2021
Remuneration of the Management Board and Supervisory Board	219	1,036	157	1,189

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

- Shareholders with significant influence or control over Inbank,
- Members of the Management Board and legal entities controlled by them (hereinafter the management),
- Members of the Supervisory Board,
- 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	31.12.2022			31.12.2021		
	Management	Associates	Total	Management	Associates	Total
<b>Balances as of end of reporting period</b>						
Investments in debt securities	0	7,400	<b>7,400</b>	0	7,684	<b>7,684</b>
Loans and advances	106	0	<b>106</b>	84	0	<b>84</b>
Deposits and subordinated debt securities	1,100	0	<b>1,100</b>	1,100	0	<b>1,100</b>

## Transactions

In thousands of euros	12 months 2022			12 months 2021		
	Management	Associates	Total	Management	Associates	Total
<b>Transactions</b>						
Interest income	25	258	<b>283</b>	1	172	<b>173</b>
Interest expenses	82	0	<b>82</b>	80	0	<b>80</b>
Services purchased	97	0	<b>97</b>	434	0	<b>434</b>

The table provides an overview of the significant transactions and balances with related parties. Inbank finances its subsidiaries and branches with short- and long-term loans issued under market conditions. The interest rate of deposits received from related parties matches with the interest rate offered to customers at the time where deposit contract was concluded, interest rates are in between 1.86% and 3% (2021: 0.58% and 4%). Such loans are eliminated from the consolidated financial statements.

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