

Interim Report Q2 2023

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.eu
Reporting period	01.01.2023-30.06.2023

Members of the Supervisory Board

Jan Andresoo, Chairman

Roberto de Silvestri

Triinu Bucheton

Raino Paron

Rain Rannu

Taavi Kotka

Erkki Raasuke

Members of the Management Board

Priit Põldoja, Chairman

Marko Varik

Margus Kastein

Maciej Pieczkowski

Ivar Kurvits

Piret Paulus

Erik Kaju

AS Inbank interim report for Q2 2023 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 Q2 of 2023 consisting of the management report and financial statements as at 30 June 2023 are correct and complete;
- this interim report gives a true and fair view of the financial position of the AS Inbank consolidation group as at 30 June 2023, its financial performance and cash flows for the 6 months period ended 30 June 2023;
- the accounting policies and procedures used in preparing the interim report comply with IAS 34;
- the interim report has been prepared using the policies and procedures of the financial statements for the year concluded on 31 December 2022.

AS Inbank is a going concern.

Tallinn, 2 August 2023

Priit Põldoja

Chairman of the Management Board

Management report

Once again Inbank sales results broke record levels, with the best-ever sales result in the Baltics and a strong recovery in Poland. We also started to see some early results from the Czech market. In combination with a growing credit portfolio and a slower increase in funding costs, Inbank also reached a record quarterly income of 14.9 million euros. After a rather challenging 18 months of rising rates and geopolitical instability, Inbank quarterly profit is on the rise again with a 2.7 million euro profit for Q2 2023. The quarterly return on equity was 10.2%.

Inbank gross merchandise value (GMV) during the second quarter was 183.6 million euros, which is 31% more than a year ago and nearly 30 million euros more than during Q1 2023. Our loan and subscription portfolio reached 937.4 million euros which is 30% more than a year ago. Sales results were strong in all markets and segments. Car finance continued to show very strong results with 41.9 million euros of GMV, which is 65% more than a year ago. Merchant solutions reported 74.1 million euros in sales, growing by 5% year on year. Green finance sales recovered strongly to 27.9 million euros which is a 135% increase from the low of Q2 2022. Both direct lending and subscription solutions also showed healthy growth during the quarter, with 24.7 million and 15 million euros respectively.

Inbank's main funding source is time deposits which reached 965.7 million euros at the end of Q2 2023. While euro deposit costs have continued to rise, we witnessed a drop in Polish zloty deposit costs for the first time in the last 6 quarters. As it takes a bit more time for euro interest rate rises to work through our deposit portfolio, we expect a slight increase in total funding cost to continue. At the same time, the Polish deposit portfolio, which makes up around 40% of total deposits, is likely to price down in upcoming quarters. During Q2 2023, the Inbank net interest margin continued to drop slightly to 4.90% compared to 4.95% at the end of Q1.

At the end of May, Inbank issued 11.1 million euros of Additional Tier 1 (AT1) bonds at a 12% interest rate. The issue was nearly twice oversubscribed from the original target by 55 individual and institutional investors. AT1 bonds strengthened the Inbank capital base and our total capital ratio at the end of the second quarter reached 15.1%.

Despite high inflation and increasingly challenging economic conditions, Inbank impairment losses on loans remained low. Impairment losses for Q2 2023 were 1.7% of the average loan and subscription portfolio. One of the main reasons for that is the low unemployment levels in all our markets. Inbank's impairment losses have remained below 2% for 10 consecutive quarters. With pressure on funding costs, it is critical to continue to manage our credit costs well.

In June 2023, Inbank signed an agreement to acquire an additional 12.7% stake in the full-service vehicle rental company Mobire Group. As a result, Inbank owns 65.7% of the company. Inbank made the acquisition of majority shares in Mobire 2.5 years ago and since then the car subscription business has more than doubled. Today, Mobire operates a fleet of nearly 4,000

vehicles and its car subscription portfolio reached 82.5 million euros at the end of Q2 2023. We believe that there will be profound changes in how cars will be sold and owned in the future. By increasing the stake in Mobire, Inbank is able to participate in these changes more directly, and therefore offer better products to our wide range of partners and customers.

The higher interest rate environment has been a headwind for Inbank financial performance over the last 18 months. Nevertheless, we have chosen to invest in our growth. We have successfully entered the Czech market and are launching a range of new products this year, including a subscription service for mobiles, tablets, laptops and e-bikes. We continue our 12th consecutive year as a profitable company while navigating severe market changes and unprecedented external events.

Finding the right balance between profitability and growth has been the main challenge for Inbank's top management and it remains a key focus for the next few quarters. We have started to improve our margins in Poland and successfully navigated sharp interest rate changes through a systematic repricing of most of our products. The same work is underway in the Baltics, where funding cost changes will further need to be passed on to our partners and customers. This is a difficult task which we need to execute with great care. However, we remain confident that the superiority of our products and digital processes will be the most essential line of defence against less disciplined competitors. Judging by our record sales and gains in market share during the last 12 months, we feel that the strength of our embedded finance platform will enable Inbank not only to win in existing markets but also to challenge new European markets.

Priit Põldoja

Chairman of the Management Board, Founder

Inbank in numbers

Gross Merchandise Value

€184m

+31% year-on-year

Loan & subscription portfolio

€937m

+30% year-on-year

Deposit portfolio

€966m

+36% year-on-year

Active contracts

891,000

+8% year-on-year

New contracts quarterly

127,000

+4% year-on-year

Merchants

5,400

+6% year-on-year

Gross Merchandise Value

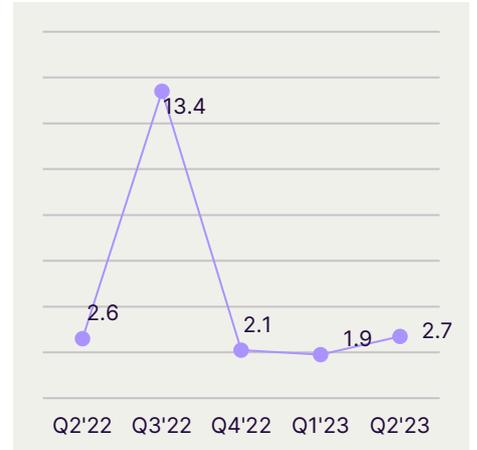
€184m

Total income

€14.9m

Net profit

€2.7m



(In millions of euros)

Key financial indicators and ratios

Key financial indicators

In millions of euros	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	% change YoY
Key financial indicators						
Total income	13.1	12.6	13.3	13.5	14.9	14%
Net profit	2.6	13.4	2.1	1.9	2.7	3%
Total assets	876	913	1,021	1,050	1,174	34%
Equity	85	100	102	104	107	26%
Loan and subscription portfolio	723	766	816	856	937	30%
Deposit portfolio	709	729	829	857	966	36%

Ratios

Ratios	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Return on equity (ROE)	12.5%	57.7%	8.4%	7.3%	10.2%
Return on total assets	1.2%	5.9%	0.9%	0.7%	1.0%
Net interest margin	5.8%	5.7%	5.5%	4.9%	4.9%
Impairment losses to loan portfolio	1.9%	1.7%	1.3%	1.6%	1.7%
Cost/Income	56.7%	60.8%	64.4%	64.0%	62.5%
Equity to total assets	9.7%	10.9%	10.0%	9.9%	9.1%

Return on equity (ROE)	Profit for the period / total equity (average over the period)
Return on total assets	Profit for the period / total assets (average over the period)
Net interest margin	Net interest income / interest-bearing assets (average over the period)
Impairment losses to loan portfolio	Impairment losses on loans and advances / loans and advances (average over the period)
Cost/income ratio	Total net interest income, fee and other income and expenses
Equity to total assets	Total equity / total assets
Total income	Total net interest income, fee and other income and expenses
Loan and subscription portfolio	Total of loans and advances to households and subscription portfolio of Mobire Group (vehicles owned by Mobire Group companies and subscribed to individuals and businesses)
Gross merchandised value (GMV)	Total value of merchandise financed via Inbank embedded finance and direct- to- customer platforms
Net profit	Profit for the period

Condensed consolidated interim financial statements

Condensed consolidated statement of financial position

In thousands of euros	Note	30.06.2023	31.12.2022	30.06.2022
Assets				
Due from central banks	9; 19	126,344	126,990	79,484
Due from credit institutions	9; 19	9,650	18,345	13,442
Investments in debt securities	10; 19	31,269	8,415	8,994
Financial assets designated at fair value through profit or loss		7	37	153
Loans and advances	8; 19	873,513	755,100	673,566
Investments in associates	11	209	1,065	816
Assets classified as held for sale		0	0	4,203
Other financial assets	12; 19	5,113	3,387	2,350
Tangible assets		62,536	48,533	34,368
Right of use assets		22,345	23,247	25,354
Intangible assets		28,318	26,249	24,265
Other assets	12	10,504	5,961	6,690
Deferred tax assets		3,973	3,166	2,764
Total assets		1,173,781	1,020,495	876,449
Liabilities				
Customer deposits	13; 19	965,692	828,894	708,727
Financial liabilities designated at fair value through profit or loss		4	0	0
Other financial liabilities	15; 19	56,114	55,240	49,417
Current tax liability		0	0	95
Deferred tax liability		103	187	73
Other liabilities	15	3,583	3,680	2,871
Subordinated debt securities	14; 19	41,799	30,570	30,540
Total liabilities		1,067,295	918,571	791,723
Equity				
Share capital	17	1,026	1,026	997
Share premium	17	31,855	31,855	30,436
Statutory reserve	18	103	100	100
Other reserves	18	1,384	1,421	1,782
Retained earnings		72,118	67,522	51,411
Total equity		106,486	101,924	84,726
Total liabilities and equity		1,173,781	1,020,495	876,449

Notes set out on pages 11 - 30 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	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Interest income based on EIR	3; 4	22,986	43,590	14,937	28,758
Interest expense	3; 4	-10,947	-20,326	-3,817	-6,764
Net interest income	3; 4	12,039	23,264	11,120	21,994
Fee and commission income	3; 5	1,205	2,328	826	1,531
Fee and commission expenses	3; 5	-1,174	-2,213	-789	-1,591
Net fee and commission income/expenses	3; 5	31	115	37	-60
Net gains from financial assets measured at fair value	3	23	-34	342	158
Foreign exchange rate losses	3	205	288	-226	-253
Net losses from financial items		228	254	116	-95
Other operating income	3; 6	9,701	17,948	6,746	12,643
Other operating expenses	3; 6	-7,128	-13,219	-4,923	-9,035
Total net interest, fee and other income and expenses		14,871	28,362	13,096	25,447
Personnel expenses	3; 7	-4,134	-8,171	-3,476	-6,748
Marketing expenses	3; 7	-867	-1,665	-783	-1,346
Administrative expenses	3; 7	-2,711	-5,118	-2,071	-3,859
Depreciations, amortisation	3	-1,578	-2,972	-1,094	-2,103
Total operating expenses		-9,290	-17,926	-7,424	-14,056
Profit before profit from associates and impairment losses on loans		5,581	10,436	5,672	11,391
Share of profit from associates	11	361	394	-82	-140
Impairment losses on loans and advances	8	-3,485	-6,614	-3,087	-5,660
Profit before income tax		2,457	4,216	2,503	5,591
Income tax		218	310	108	-39
Profit for the period		2,675	4,526	2,611	5,552
Other comprehensive income that may be reclassified subsequently to profit or loss					
Currency translation differences		-291	-336	-61	35
Total comprehensive income for the period		2,384	4,190	2,550	5,587

Notes set out on pages 11 - 30 form an integral part of the consolidated financial statements.

Condensed consolidated statement of cash flows

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Cash flows from operating activities				
Interest received	20,603	39,897	14,032	26,658
Interest paid	-8,321	-15,924	-2,680	-5,439
Fees received	1,788	3,122	826	1,531
Fees paid	-1,174	-2,213	-789	-1,591
Other operating income received	9,701	17,948	6,746	12,643
Other operating expense paid	-5,174	-9,606	-2,573	-5,389
Personnel expenses	-5,375	-10,855	-5,401	-9,180
Administrative and marketing expenses	-3,623	-6,350	-2,792	-5,206
Income tax paid	-459	-716	-568	-754
Cash flows from operating activities before changes in the operating assets and liabilities	7,966	15,303	6,801	13,273
Changes in operating assets				
Loans and advances	-80,955	-122,647	-32,394	-65,739
Mandatory reserve in central banks	-1,651	-3,955	-568	-4,639
Other financial assets	-2,601	-1,726	0	0
Other assets	-3,820	-4,392	-775	-4,483
Changes of operating liabilities				
Customer deposits	106,170	132,525	30,675	89,401
Other financial liabilities	5,112	6,843	0	0
Other liabilities	441	1,022	2,667	210
Net cash from operating activities	30,662	22,973	6,406	28,023
Cash flows from investing activities				
Investments in debt securities	-14,489	-29,737	-2,919	-2,919
Repayments of debt securities	6,598	7,402	0	0
Acquisition of tangible assets	-10,093	-18,968	-8,937	-19,401
Acquisition of intangible assets	-1,116	-1,881	0	0
Acquisition of subsidiaries	0	0	164	-181
Sale of associates	1,250	1,250	0	0
Net cash used in/from investing activities	-17,850	-41,934	-11,692	-22,501
Cash flows from financing activities				
Subordinated debt securities issued	11,100	11,100	0	0
Repayments of debt securities	0	0	-6,503	-6,503
Lease liability payments	-3,034	-5,387	-2,902	-5,802
Net cash used in/from financing activities	8,066	5,713	-9,405	-12,305
Effect of exchange rate changes	-86	-48	-225	-253
Cash and cash equivalents at the beginning of the reporting period	96,801	130,889	95,299	87,419
Net increase/decrease in cash and cash equivalents	20,792	-13,296	-14,916	-7,036
Cash and cash equivalents at the end of the reporting period	117,593	117,593	80,383	80,383

Cash and cash equivalents

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Non-restricted current account with central banks	107,943	107,943	66,941	66,941
Due from other credit institutions within three months	9,650	9,650	13,442	13,442
Total cash and cash equivalents	117,593	117,593	80,383	80,383

Notes set out on pages 11 - 30 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
Balance, 01.01.2022	997	30,436	96	1,625	45,863	79,017
Share-based payment reserve	0	0	0	122	0	122
Statutory reserve	0	0	4	0	-4	0
Profit for the period	0	0	0	0	5,552	5,552
Other comprehensive income	0	0	0	35	0	35
Balance, 30.06.2022	997	30,436	100	1,782	51,411	84,726
Balance, 01.01.2023	1,026	31,855	100	1,421	67,522	101,924
Share-based payment reserve	0	0	0	299	70	369
Statutory reserve	0	0	3	0	0	3
Profit for the period	0	0	0	0	4,526	4,526
Other comprehensive income	0	0	0	-336	0	-336
Balance, 30.06.2023	1,026	31,855	103	1,384	72,118	106,486

Notes set out on pages 11 - 30 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 2022, which comply with the International Financial Reporting Standards, as adopted by the European Commission (IFRS EU).

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

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

Company name	Year of purchase/ founded	Location	Activity	Holding (%)	Cost (thou. EUR)
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	454
Inbank Payments OÜ	2019	Estonia	Holding company	100	3
AS Inbank Finance	2021	Estonia	Financing	100	3,100
IBF Polska sp. z.o.o	2022	Poland	Financing	100	44
AS Inbank Rent	2023	Estonia	Subscription	100	500
Mobire Group OÜ	2021	Estonia	Subscription	66	9,660
Mobire Eesti AS	2021	Estonia	Subscription	66	
Mobire Latvija SIA	2021	Latvia	Subscription	66	
Mobire Lietuva UAB	2021	Lithuania	Subscription	66	
Paywerk AS	2021	Estonia	Payment services	29	316

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

On 21 March 2023 Inbank established subsidiary AS Inbank Rent which main activity is subscription business. For more details refer to Note 11.

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.

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

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
SIA Inbank Latvia	7,082	6,295	5,463
Mobire Group OÜ	13,319	12,358	10,707
AS Inbank Finance	17,306	43,486	38,915
Inbank Technologies OÜ *	-	-	7,410
Maksekeskus Holding OÜ *	-	-	5,687
Inbank Ventures OÜ *	10,971	17,415	-
AS Inbank Rent *	500	-	-

* 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									
6 months 2023	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	20,447	4,146	9,152	17,612	103	1	1	-7,872	43,590
incl. income from external customers	13,269	4,146	9,152	17,297	103	1	0	-379	43,589
incl. income from internal customers	7,178	0	0	315	0	0	1	-7,493	1
Fee and commission income	932	211	-6	1,182	9	0	0	0	2,328
Net gains from financial assets measured at fair value	-2	0	0	-32	0	0	0	0	-34
Other operating income	5,837	39	67	46	0	17,953	501	-6,495	17,948
incl. income from external customers	211	25	58	46	0	17,937	0	-332	17,945
incl. income from internal customers	5,626	14	9	0	0	16	501	-6,163	3
Total income	27,214	4,396	9,213	18,808	112	17,954	502	-14,367	63,832
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	-928	-152	-510	-585	-38	0	0	0	-2,213
Other operating expense	0	0	0	-1	0	-13,314	0	96	-13,219
Total expenses	-10,128	-1,080	-2,594	-14,245	-128	-15,264	1	7,968	-35,470
Total net interest, fee and commission income and other income	17,086	3,316	6,619	4,563	-16	2,690	503	-6,399	28,362
Operating expenses	-10,600	-1,966	-4,215	-4,159	-859	-1,790	-735	6,398	-17,926
incl. depreciations, amortisation	-2,114	-89	-375	-85	-42	-152	-148	33	-2,972
Profit before profit from associates and impairment losses on loans	6,486	1,350	2,404	404	-875	900	-232	-1	10,436
Share of profit from associates	501	0	0	0	0	0	0	-107	394
Impairment losses on loans and advances	-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
Total assets	993,794	81,034	191,356	420,933	6,141	92,779	18,341	-630,597	1,173,781
Total liabilities	920,816	73,952	170,140	427,276	7,798	79,460	6,865	-619,012	1,067,295
Total equity	72,978	7,082	21,216	-6,343	-1,657	13,319	11,476	-11,585	106,486

In thousands of euros

Q2 2023	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Invest-ments	Elimina-tions	Total
Interest income based on EIR	10,608	2,126	4,713	9,664	75	1	1	-4,202	22,986
incl. income from external customers	7,100	2,126	4,713	9,349	75	1	0	-379	22,985
incl. Income from internal customers	3,508	0	0	315	0	0	1	-3,823	1
Fee and commission income	464	108	0	626	7	0	0	0	1,205
Net gains from financial assets measured at fair value	16	0	0	7	0	0	0	0	23
Other operating income	3,426	20	40	21	0	9,745	259	-3,810	9,701
incl. income from external customers	103	12	35	21	0	9,737	0	-210	9,698
incl. Income from internal customers	3,323	8	5	0	0	8	259	-3,600	3
Total income	14,514	2,254	4,753	10,318	82	9,746	260	-8,012	33,915
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	-517	-68	-246	-309	-34	0	0	0	-1,174
Other operating expense	0	0	0	0	0	-7,244	0	116	-7,128
Total expenses	-5,304	-596	-1,431	-7,625	-100	-8,305	1	4,316	-19,044
Total net interest, fee and commission income and other income	9,210	1,658	3,322	2,693	-18	1,441	261	-3,696	14,871
Operating expenses	-5,622	-1,015	-2,208	-2,360	-475	-947	-358	3,695	-9,290
incl. depreciations, amortisation	-1,114	-43	-183	-43	-23	-111	-76	15	-1,578
Profit before profit from associates and impairment losses on loans	3,588	643	1,114	333	-493	494	-97	-1	5,581
Share of profit from associates	433	0	0	0	0	0	0	-72	361
Impairment losses on loans and advances	-1,220	-298	-824	-1,095	-48	0	0	0	-3,485
Profit before income tax	2,801	345	290	-762	-541	494	-97	-73	2,457
Income tax	0	0	-40	146	112	0	0	0	218
Net profit/loss	2,801	345	250	-616	-429	494	-97	-73	2,675

In thousands of euros

6 months 2022	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	13,652	2,945	7,357	8,889	0	2	0	-4,087	28,758
incl. income from external customers	9,565	2,945	7,357	8,889	0	0	0	0	28,756
incl. income from internal customers	4,087	0	0	0	0	0	0	-4,087	0
Fee and commission income	746	119	-5	671	0	0	0	0	1,531
Net gains from financial assets measured at fair value	-2	0	0	160	0	0	0	0	158
Other operating income	4,738	36	98	69	0	12,564	163	-5,025	12,643
incl. income from external customers	180	27	75	24	0	12,535	-194	-4	12,643
incl. income from internal customers	4,558	9	23	45	0	29	357	-5,021	0
Total income	19,134	3,100	7,450	9,789	0	12,566	163	-9,112	43,090
Foreign exchange rate gains/losses	474	0	0	-725	-2	0	0	0	-253
Interest expense	-5,580	-487	-1,481	-2,690	-1	-592	-5	4,072	-6,764
Fee and commission expenses	-700	-118	-430	-343	0	0	0	0	-1,591
Other operating expense	0	0	0	0	0	-8,807	-228	0	-9,035
Total expenses	-5,806	-605	-1,911	-3,758	-3	-9,399	-233	4,072	-17,643
Total net interest, fee and commission income and other income	13,328	2,495	5,539	6,031	-3	3,167	-70	-5,040	25,447
Operating expenses	-8,404	-1,570	-3,995	-2,974	-242	-1,557	-355	5,041	-14,056
incl. depreciations, amortisation	-1,447	-92	-385	-67	-6	-10	-96	0	-2,103
Profit before profit from associates and impairment losses on loans	4,924	925	1,544	3,057	-245	1,610	-425	1	11,391
Share of profit from associates	19	0	0	0	0	0	-159	0	-140
Impairment losses on loans and advances	-1,935	-610	-923	-2,192	0	0	0	0	-5,660
Profit before income tax	3,008	315	621	865	-245	1,610	-584	1	5,591
Income tax	-2	0	118	-155	0	0	0	0	-39
Net profit/loss	3,006	315	739	710	-245	1,610	-584	1	5,552
Total assets	714,681	56,598	157,928	315,680	370	65,977	-33,617	-401,168	876,449
Total liabilities	621,355	51,134	138,510	319,462	655	55,270	6,461	-401,124	791,723
Total equity	93,326	5,464	19,418	-3,782	-286	10,707	-40,078	-44	84,725

In thousands of euros

Q2 2022	Estonia	Latvia	Lithuania	Poland	Czechia	Mobire	Investments	Eliminations	Total
Interest income based on EIR	7,213	1,530	3,719	4,682	0	1	0	-2,208	14,937
incl. income from external customers	5,005	1,530	3,719	4,682	0	-1	0	0	14,935
incl. Income from internal customers	2,208	0	0	0	0	0	0	-2,208	0
Fee and commission income	385	63	2	376	0	0	0	0	826
Net gains from financial assets measured at fair value	-2	0	0	160	0	0	0	0	158
Other operating income	2,373	21	29	37	0	6,768	-21	-2,461	6,746
incl. income from external customers	109	20	17	14	0	6,783	-193	-4	6,746
incl. Income from internal customers	2,264	1	12	23	0	-15	172	-2,457	0
Total income	9,969	1,614	3,750	5,255	0	6,769	-21	-4,669	22,667
Foreign exchange rate gains/losses	476	0	0	-700	-2	0	0	0	-226
Interest expense	-2,893	-267	-787	-1,749	-1	-328	0	2,208	-3,817
Fee and commission expenses	-362	-60	-224	-143	0	0	0	0	-789
Other operating expense	0	0	0	0	0	-4,646	-228	-49	-4,923
Total expenses	-2,776	-327	-1,011	-2,411	-3	-4,974	-228	2,159	-9,571
Total net interest, fee and commission income and other income	7,193	1,287	2,739	2,844	-3	1,795	-249	-2,510	13,096
Operating expenses	-4,305	-809	-1,972	-1,537	-242	-895	-171	2,507	-7,424
incl. depreciations, amortisation	-762	-45	-190	-37	-6	-3	-39	-12	-1,094
Profit before profit from associates and impairment losses on loans	2,888	478	767	1,307	-245	900	-420	-3	5,672
Share of profit from associates	9	0	0	0	0	0	-91	0	-82
Impairment losses on loans and advances	-1,147	-409	-452	-1,079	0	0	0	0	-3,087
Profit before income tax	1,750	69	315	228	-245	900	-511	-3	2,503
Income tax	-17	0	108	17	0	0	0	0	108
Net profit/loss	1,733	69	423	245	-245	900	-511	-3	2,611

Note 4 Net interest income

Net interest income

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Interest income based on EIR				
Loans to households	21,507	40,869	14,773	28,482
Loans to corporates	172	338	-22	60
Due from central banks, financial and credit institutions	1,307	2,383	186	216
Total interest income	22,986	43,590	14,937	28,758
Interest expense				
Deposits received	-10,063	-18,705	-3,131	-5,334
Debt securities sold	-600	-1,085	-543	-1,135
Lease liability	-284	-536	-143	-295
Total interest expense	-10,947	-20,326	-3,817	-6,764
Net interest income	12,039	23,264	11,120	21,994

Note 5 Net fee and commission income

Net fee and commission income

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Fee and commission income				
Households	1,205	2,326	826	1,531
Corporates	0	2	0	0
Total fee and commission income	1,205	2,328	826	1,531
Fee and commission expenses				
Loan administration expenses	-861	-1,671	-593	-1,165
Other fee expenses	-313	-542	-196	-426
Total fee and commission expenses	-1,174	-2,213	-789	-1,591
Net fee and commission income/expenses	31	115	37	-60

Note 6 Other operating income and expenses

Other operating income and expenses

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Other operating income				
Income from subscription	9,525	17,595	6,619	12,363
Fines and penalties	167	339	125	273
Other income	9	14	2	7
Total other operating income	9,701	17,948	6,746	12,643
Other operating expense				
Sales, cars	-3,575	-6,058	-1,865	-3,440
Depreciations, cars for rental	-2,422	-4,906	-1,883	-3,645
Other costs, subscription	-1,131	-2,255	-1,175	-1,950
Total other operating expense	-7,128	-13,219	-4,923	-9,035

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	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Personnel expenses				
Personnel expense	3,256	6,439	2,767	5,358
Social and other taxes	878	1,732	709	1,390
Total personnel expenses	4,134	8,171	3,476	6,748
Marketing expenses				
Advertising and marketing	712	1,370	630	1,070
Sales costs	155	295	153	276
Total marketing expenses	867	1,665	783	1,346
Administrative expenses				
IT expenses	672	1,241	561	1,065
Office maintenance and workplace expenses	371	769	298	581
Legal and recovery proceeding expenses	262	469	273	449
Employee related expenses	171	352	173	284
Supervision expenses	549	1,098	130	273
Training and business trip expenses	161	331	119	235
Outsourced services	106	194	87	163
Transportation expenses	84	154	81	129
Tax expenses	114	160	44	86
Other	221	350	305	594
Total administrative expenses	2,711	5,118	2,071	3,859

Note 8 Loans and advances

Distribution of receivables by customer sector

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Distribution of receivables by customer sector			
Households	874,385	762,560	679,607
Corporates	18,742	8,731	8,554
Loans and advances before impairment allowance	893,127	771,291	688,161
Impairment allowance	-19,614	-16,191	-14,595
Total loans and advances	873,513	755,100	673,566

Changes in impairments

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Changes in impairments			
Impairment allowance balance in the beginning of the period	-16,191	-11,343	-11,343
Impairment provisions set up during reporting period	-12,345	-19,215	8,711
Written off from financial position during the period	8,922	14,367	-11,963
Total impairment	-19,614	-16,191	-14,595

Impairment losses on loans and advances

In thousands of euros	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Impairment losses on loans and advances				
Impairment losses of reporting period	-6,617	-12,345	-4,605	-8,711
Recoveries from written off from financial position	3,132	5,731	1,518	3,051
Total impairment losses on loans and advances	-3,485	-6,614	-3,087	-5,660

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

30.06.2023	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
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%

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

30.06.2022	Gross receivables	Impairment allowance			Net receivables	Impairment coverage
		Stage 1	Stage 2	Stage 3		
Distribution of receivables						
0-3 days	642,260	-4,808	-86	-341	637,025	0.8%
4-30 days	21,079	-1,674	-105	-135	19,165	9.1%
31-89 days	8,980	0	-1,990	-221	6,769	24.6%
90-179 days	2,054	0	0	-1,026	1,028	50.0%
180+ days	5,234	0	0	-4,186	1,048	80.0%
Total receivables	679,607	-6,482	-2,181	-5,909	665,035	2.1%

Distribution of receivables from corporates

In thousands of euros						
30.06.2023						
	Gross	Impairment allowance			Net	Impairment
Distribution of receivables	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
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%

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%
Total receivables	8,731	-22	0	0	8,709	0.3%

30.06.2022						
	Gross	Impairment allowance			Net	Impairment
Distribution of receivables	receivables	Stage 1	Stage 2	Stage 3	receivables	coverage
0-3 days	8,540	-23	0	0	8,517	0.3%
4-30 days	0	0	0	0	0	0.0%
31-89 days	7	0	0	0	7	0.0%
90-179 days	0	0	0	0	0	0.0%
180+ days	7	0	0	0	7	0.0%
Total receivables	8,554	-23	0	0	8,531	0.3%

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	30.06.2023	31.12.2022	30.06.2022
Due from central banks	107,943	112,544	66,941
Mandatory reserve in central banks	18,401	14,446	12,543
Due from credit institutions	9,650	18,345	13,442
Total due from central banks and credit institutions	135,994	145,335	92,926

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	30.06.2023	31.12.2022	30.06.2022
Investments in debt securities	30,864	8,378	8,962
incl. investments in central government debt securities	28,896	0	0
incl. investments in corporate debt securities	1,968	8,378	8,962
Interest accruals	405	37	32
Total investments in debt securities	31,269	8,415	8,994

Maturity and yield of debt securities

	Maturity from/to	Yield
Investments in debt securities		
investments in central government debt securities	04.08.2025	3.46% - 3.63%
investments in corporate debt securities	01.12.2023 / 01.08.2029	9% - 14.5%

Note 11 Business combinations and investments to associates

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

Paywerk AS is an associate 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 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.

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

On 21 March 2023 Inbank established its subsidiary in Estonia under name of AS Inbank Rent. Key activity of subsidiary is subscription business.

Paywerk AS is a start-up company that offers a cross-border "buy now, pay later" service. Investment is accounted for using the equity method.

In 6 months of 2023, income from equity investments was calculated in the amount of EUR 9 thousand (6 months 2022: profit EUR 140 thousand).

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

Changes in investments in associates

In thousands of euros				
Acquisitions	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Equity contribution, associates	68	68	181	181
Total contributions	68	68	181	181
Disposals				
Proceeds from disposals of associate	1,250	1,250	0	0
Total disposals	1,250	1,250	0	0

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			
	30.06.2023	31.12.2022	30.06.2022
Other financial assets			
Prepaid guarantee amounts	466	358	343
Accrued receivables	4,647	3,029	2,007
Total other financial assets	5,113	3,387	2,350
Other assets			
Prepaid expenses	8,895	4,838	5,614
Prepaid taxes	710	576	612
Other assets	899	547	464
Total other assets	10,504	5,961	6,690

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

Note 13 Customer deposits

Deposits

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Customer deposits			
Deposits from households	953,721	814,057	698,364
Deposits from non-financial corporates	11,705	14,547	10,249
Deposits from financial corporates	266	290	114
Total customer deposits	965,692	828,894	708,727

Deposits by clients' residency

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Deposits by clients' residency			
Estonia	58,816	62,988	56,821
Germany	308,474	353,109	319,844
Poland	412,230	312,356	286,626
Austria	18,312	16,358	12,214
Netherlands	163,969	81,218	30,591
Lithuania	3,853	2,721	2,346
Other residence	38	144	285
Total deposits by clients' residency	965,692	828,894	708,727

Deposits by contractual maturity

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Deposits by contractual maturity			
On demand	2,329	4,719	70,506
1-90 days	394,419	317,622	176,030
91-365 days	370,444	270,127	238,987
1-5 years	198,500	236,426	223,204
Total deposits by contractual maturity	965,692	828,894	708,727

Deposits include accrued interest liabilities in the amount of EUR 16,103 thousand (30.06.2022: EUR 9,343 thousand).

Note 14 Subordinated debt securities

Subordinated debt securities

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Subordinated debt securities issued	41,750	30,650	30,650
Interest accruals and other costs	49	-80	-110
Total subordinated debt securities	41,799	30,570	30,540

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
EE3300003516	10,000 EUR	1,100	12.0%	29.05.2023	perpetual

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.

Note 15 Other financial liabilities and other liabilities

Other financial liabilities and other liabilities

In thousands of euros	30.06.2023	31.12.2022	30.06.2022
Financial liabilities			
Accounts payable	31,486	29,933	22,613
Lease liability	21,555	22,403	24,448
Client prepayments	3,073	2,904	2,356
Total financial liabilities	56,114	55,240	49,417
Other liabilities			
Payables to employees	1,726	2,360	1,721
Payroll taxes	963	864	896
Other liabilities	894	456	254
Total other liabilities	3,583	3,680	2,871

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	30.06.2023	31.12.2022	30.06.2022
Revocable commitments			
Liability in contractual amount	4,565	4,986	5,660
incl. unused credit card limits	4,465	4,136	3,660

Note 17 Share capital

Share capital

	No of shares	Nominal value (thou. EUR)	Share premium (thou. EUR)	Total
Balance, 01.01.2022	9,967,197	997	30,436	31,433
Balance, 30.06.2022	9,967,197	997	30,436	31,433
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

Biggest shareholders who hold more than 5% of company shares

Shareholder name	Holding amount 30.06.2023
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 (30.06.2022: 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	30.06.2023	31.12.2022	30.06.2022
Statutory reserve	103	100	100
Voluntary reserve	1,330	1,329	1,330
Share based payments reserve	687	389	714
Other accumulated comprehensive income	-633	-297	-262
Total reserves	1,487	1,521	1,882

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		30.06.2023			31.12.2022			30.06.2022		
Assets	Note	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level	Fair value	Carrying amount	Level
Due from central banks	3; 11	126,344	126,344	2	126,990	126,990	2	79,484	79,484	2
Due from credit institutions	3; 11	9,650	9,650	2	18,345	18,345	2	13,442	13,442	2
Investments in debt securities	3; 12	31,269	31,269	3	8,415	8,415	3	8,994	8,994	3
Loans and advances	3; 9	873,513	873,513	3	755,100	755,100	3	673,566	673,566	3
Other financial assets	3; 17	5,113	5,113	3	3,387	3,387	3	2,350	2,350	3
Total assets		1,045,889	1,045,889		912,237	912,237		777,836	777,836	
Liabilities										
Customer deposits	18	939,913	965,692	3	798,444	828,894	2	708,727	708,727	2
Subordinated debt securities	19	21,981	22,960	2	20,216	22,952	2	23,361	22,938	2
Subordinated debt securities (AT1)	19	16,173	18,839	3	6,858	7,618	3	7,602	7,602	3
Other financial liabilities	20	56,114	56,114	3	55,240	55,240	3	49,417	49,417	3
Total liabilities		1,034,180	1,063,605		880,758	914,704		789,107	788,684	

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	Q2 2023	6 months 2023	Q2 2022	6 months 2022
Remuneration of the Management Board and Supervisory Board	295	705	162	470

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	30.06.2023			31.12.2022		
	Management	Associates	Total	Management	Associates	Total
Balances as of end of reporting period						
Investments in debt securities	0	0	0	0	8,994	8,994
Loans and advances	125	0	125	30	0	30
Deposits and subordinated debt securities	3,484	0	3,484	1,211	0	1,211

Transactions

In thousands of euros	6 months 2023			6 months 2022		
	Management	Associates	Total	Management	Associates	Total
Transactions						
Interest income	6	105	111	22	122	144
Interest expenses	50	0	50	42	0	42
Services purchased	122	0	122	67	0	67

Tables provide an overview of the significant transactions and balances with related parties. Inbank finances its subsidiaries and branches with short-term 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 1.8% and 8% (2022: 1.8% and 2.25%). Such loans are eliminated from the consolidated financial statements.

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