

Capital Adequacy Report

30 September 2021

Capital adequacy

This information is presented on a quarterly basis in conjunction with the publication of Inbank's Interim Report on Inbank's website (www.inbank.ee). Inbank's regulatory capital requirements and capital buffers are set out in European Parliament and Council Regulation (EU) No 575/2013 (CRR) and European Parliament and Council Directive 2013/36/EU (CRD IV). The capital requirement consists of minimum capital requirements for credit, market and operational risk, internally assessed capital requirement and regulatory capital buffers. The information is presented for the Inbank AS consolidated situation as at 30 September 2021, including the comparative period.

The following tables illustrate the composition of Inbank's own funds, capital adequacy ratios and minimum requirements for bank-specific capital buffers, followed by the details of the composition of risk exposure amount, minimum capital requirement and leverage ratio.

Capital base for own funds calculation

<i>In thousands of euros</i>	30.09.2021	31.12.2020
Common Equity Tier 1: instruments and reserves		
Capital instruments and the related share premium accounts	25,433	24,826
<i>of which: share capital</i>	970	961
Retained earnings	42,891	34,871
Accumulated other comprehensive income (and other reserves)	1,635	1,528
Common Equity Tier 1 (CET1) capital before regulatory adjustments	69,959	61,225
Common Equity Tier 1: regulatory adjustments		
Intangible assets	-12,853	-8,923
Adjustments due to IFRS 9 transitional arrangements	3,647	4,167
Total regulatory adjustments to Common Equity Tier 1 capital	-9,206	-4,756
Common Equity Tier 1 (CET1) capital	60,753	56,469
Tier 1 capital		
Additional Tier 1 (AT1) capital	3,150	3,150
Tier 1 capital (T1 = CET1 + AT1)	63,903	59,619
Total capital		
Tier 2 (T2) capital	14,496	14,503
Total capital (TC = T1 + T2)	78,399	74,122
Total risk exposure amount	552,470	399,197
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.00%	14.15%
Tier 1 (as a percentage of total risk exposure amount)	11.57%	14.93%
Total capital (as a percentage of total risk exposure amount)	14.19%	18.57%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	2.50%	2.50%
<i>of which: capital conservation buffer requirement</i>	2.50%	2.50%
<i>of which: countercyclical buffer requirement</i>	0.00%	0.00%
<i>of which: systemic risk buffer</i>	0.00%	0.00%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.50%	9.65%

According to EU regulations, audited profit for the reporting period may be included in retained earnings upon prior approval of the competent authorities. The above calculations include unaudited net profit earned in the third quarter of 2021 in the amount of 3,675 thousand euros (31.12.2020: unaudited net profit earned in the fourth quarter of 2020 in the amount of 1,714 thousand euros is included). Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 74,724 thousand euros (31.12.2020: to 72,408 thousand euros).

Risk exposure amount and capital requirement

<i>In thousands of euros</i>	30.09.2021	31.12.2020
Risk exposure amount		
Credit risk according to standardised method	497,506	344,233
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	54,964	54,964
Total risk exposure amount	552,470	399,197
Exposure amount for credit risk according to standardised method		
Institutional exposure	2,488	4,323
Corporate exposure	13,922	11,444
Retail exposure	404,975	299,509
Exposures in default	1,739	2,198
Equity exposure	11,337	9,560
Other items	63,045	17,199
Total credit risk according to standardised method	497,506	344,233
Market risk exposure amounts according to standardised method		
Foreign exchange risk	0	0
Total market risk according to standardised method	0	0
Minimum capital requirement		
Credit risk according to standardised method	39,801	27,539
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	4,397	4,397
Total minimum capital requirement	44,198	31,936
Leverage ratio		
Tier 1 capital - fully phased-in definition	60,257	55,452
Total leverage ratio exposure	719,793	483,520
Leverage ratio	8.37%	11.47%