

Capital Adequacy Report

30 June 2022

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 AS Inbank consolidated situation as at 30 June 2022, including the comparative periods.

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>	30.06.2022	31.12.2021	30.06.2021
Common Equity Tier 1: instruments and reserves			
Capital instruments and the related share premium accounts	31,433	31,434	24,826
<i>of which: share capital</i>	997	997	961
Retained earnings	51,411	45,862	39,216
Accumulated other comprehensive income (and other reserves)	1,882	1,722	1,715
Common Equity Tier 1 (CET1) capital before regulatory adjustments	84,726	79,018	65,757
Common Equity Tier 1: regulatory adjustments			
Intangible assets	-14,784	-13,523	-12,215
Adjustments due to IFRS 9 transitional arrangements	3,900	3,516	4,223
Total regulatory adjustments to Common Equity Tier 1 capital	-10,884	-10,007	-7,992
Common Equity Tier 1 (CET1) capital	73,842	69,011	57,765
Tier 1 capital			
Additional Tier 1 (AT1) capital	7,650	7,650	3,150
Tier 1 capital (T1 = CET1 + AT1)	81,492	76,661	60,915
Total capital			
Tier 2 (T2) capital	23,000	29,168	14,503
Total capital (TC = T1 + T2)	104,492	105,829	75,418
Total risk exposure amount	692,368	620,681	516,469
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	10.67%	11.12%	11.18%
Tier 1 (as a percentage of total risk exposure amount)	11.77%	12.35%	11.79%
Total capital (as a percentage of total risk exposure amount)	15.09%	17.05%	14.60%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	2.50%	2.50%	2.50%
<i>of which: capital conservation buffer requirement</i>	2.50%	2.50%	2.50%
<i>of which: countercyclical buffer requirement</i>	0.00%	0.00%	0.00%
<i>of which: systemic risk buffer</i>	0.00%	0.00%	0.00%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.17%	6.62%	6.68%

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 for 30 June 2022 include yet unaudited net profit earned in the second quarters of 2022 in the amount of 2,611 thousand euros. Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 101,882 thousand euros.

Risk exposure amount and capital requirement

<i>In thousands of euros</i>	30.06.2022	31.12.2021	30.06.2021
Risk exposure amount			
Credit risk according to standardised method	621,119	548,388	461,505
Market risk according to standardised method	143	2,750	0
Operational risk according to basic indicator approach	69,543	69,543	54,964
Total risk exposure amount	690,805	620,681	516,469
Exposure amount for credit risk according to standardised method			
Institutional exposure	3,392	3,897	9,073
Corporate exposure	14,557	14,999	12,517
Retail exposure	504,980	452,219	368,963
Exposures in default	2,000	1,392	1,439
Equity exposure	11,490	11,685	10,457
Other items	84,700	64,196	59,056
Total credit risk according to standardised method	621,119	548,388	461,505
Market risk exposure amounts according to standardised method			
Foreign exchange risk	143	2,750	0
Total market risk according to standardised method	143	2,750	0
Minimum capital requirement			
Credit risk according to standardised method	49,690	43,871	36,920
Market risk according to standardised method	11	220	0
Operational risk according to basic indicator approach	5,563	5,563	4,397
Total minimum capital requirement	55,264	49,654	41,318
Leverage ratio			
Tier 1 capital - fully phased-in definition	77,594	73,145	66,844
Total leverage ratio exposure	858,072	770,243	641,200
Leverage ratio	9.04%	9.50%	10.42%

Minimum requirement for own funds and eligible liabilities

Disclosure according to Commission Implementing Regulation (EU) 2021/763 Annex V

EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

In millions of euros

		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
Applicable requirement and level of application				
EU-1	Is the entity subject to a non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			N
EU-2	If EU-1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			n/a
EU-2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU-2b	If EU-2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			C
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	73,842	n/a	
EU-4	Eligible Additional Tier 1 capital	7,650	n/a	
EU-5	Eligible Tier 2 capital	23,000	n/a	
EU-6	Eligible own funds	104,492	n/a	
EU-7	Eligible liabilities	0	n/a	
EU-8	of which permitted guarantees	0		
EU-9a	(Adjustments)	0		
EU-9b	Own funds and eligible liabilities items after adjustments	104,492	n/a	
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	690,805	n/a	
EU-11	Total exposure measure (TEM)	858,072	n/a	
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities as a percentage of the TREA	15.13%	n/a	
EU-13	of which permitted guarantees	0.00%		
EU-14	Own funds and eligible liabilities as a percentage of the TEM	13.57%	n/a	
EU-15	of which permitted guarantees	0.00%		
EU-16	CET1 (as a percentage of the TREA) available after meeting the entity's requirements	2.97%	n/a	
EU-17	Institution-specific combined buffer requirement		n/a	
Requirements				
EU-18	Requirement expressed as a percentage of the TREA	14.73%	n/a	
EU-19	of which part of the requirement that may be met with a guarantee	0.00%		
EU-20	Requirement expressed as a percentage of the TEM	14.73%	n/a	
EU-21	of which part of the requirement that may be met with a guarantee	0.00%		
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013		n/a	