

# Capital Adequacy Report

31 December 2020

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](http://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 Inbank AS and for the consolidated situation as of December 31, 2020, 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>	31.12.2020	31.12.2019
Common Equity Tier 1: instruments and reserves		
Capital instruments and the related share premium accounts	24,826	16,811
<i>of which: share capital</i>	961	903
Retained earnings	34,871	28,958
Accumulated other comprehensive income (and other reserves)	1,528	1,550
Common Equity Tier 1 (CET1) capital before regulatory adjustments	61,225	47,319
Common Equity Tier 1: regulatory adjustments		
Intangible assets	-8,923	-11,721
Adjustments due to IFRS 9 transitional arrangements	4,167	4,354
Total regulatory adjustments to Common Equity Tier 1 capital	-4,756	-7,367
Common Equity Tier 1 (CET1) capital	56,469	39,952
Tier 1 capital		
Additional Tier 1 (AT1) capital	3,150	3,150
Tier 1 capital (T1 = CET1 + AT1)	59,619	43,102
Total capital		
Tier 2 (T2) capital	14,503	14,503
Total capital (TC = T1 + T2)	74,122	57,605
Total risk exposure amount	399,197	317,487
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.15%	12.58%
Tier 1 (as a percentage of total risk exposure amount)	14.93%	13.58%
Total capital (as a percentage of total risk exposure amount)	18.57%	18.14%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	2.50%	3.24%
<i>of which: capital conservation buffer requirement</i>	2.50%	2.50%
<i>of which: countercyclical buffer requirement</i>	0.00%	0.29%
<i>of which: systemic risk buffer</i>	0.00%	0.45%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.65%	8.08%

In accordance with EU regulation, audited profit for the reporting period may be included in retained earnings upon prior approval by the competent authorities. The above calculations include the unaudited net profit earned in the fourth quarter of 2020 in the amount of EUR 1,714 thousand (31.12.2019: EUR 3,444 thousand). Should the unaudited profit earned in the fourth quarter of 2020 be excluded from Inbank's total capital, it would decrease the total capital to EUR 72,408 thousand (31.12.2019: to EUR 54,102 thousand).

## Risk exposure amount and capital requirement

<i>In thousands of euros</i>	31.12.2020	31.12.2019
Risk exposure amount		
Credit risk according to standardised method	344,233	277,401
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	54,964	40,086
Total risk exposure amount	399,197	317,487
Exposure amount for credit risk according to standardised method		
Institutional exposure	4,323	4,471
Corporate exposure	11,444	6,466
Retail exposure	299,509	245,451
Exposures in default	2,198	3,968
Equity exposure	9,560	8,188
Other items	17,199	8,857
Total credit risk according to standardised method	344,233	277,401
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	27,539	22,192
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	4,397	3,207
Total minimum capital requirement	31,936	25,399
Leverage ratio		
Tier 1 capital	55,452	43,102
Total leverage ratio exposure	483,520	450,594
Leverage ratio	11.47%	9.57%