

Capital Adequacy Report

30 September 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 September 2022, 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>	30.09.2022	31.12.2021	30.09.2021
Common Equity Tier 1: instruments and reserves			
Capital instruments and the related share premium accounts	32,678	31,434	25,433
<i>of which: share capital</i>	1,023	997	970
Retained earnings	64,816	45,862	42,891
Accumulated other comprehensive income (and other reserves)	2,188	1,722	1,635
Common Equity Tier 1 (CET1) capital before regulatory adjustments	99,682	79,018	69,959
Common Equity Tier 1: regulatory adjustments			
Intangible assets	-16,427	-13,523	-12,853
Adjustments due to IFRS 9 transitional arrangements	4,360	3,516	3,647
Total regulatory adjustments to Common Equity Tier 1 capital	-12,067	-10,007	-9,206
Common Equity Tier 1 (CET1) capital	87,615	69,011	60,753
Tier 1 capital			
Additional Tier 1 (AT1) capital	7,650	7,650	3,150
Tier 1 capital (T1 = CET1 + AT1)	95,265	76,661	63,903
Total capital			
Tier 2 (T2) capital	23,000	29,168	14,496
Total capital (TC = T1 + T2)	118,265	105,829	78,399
Total risk exposure amount	714,098	620,681	552,470
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	12.27%	11.12%	11.00%
Tier 1 (as a percentage of total risk exposure amount)	13.34%	12.35%	11.57%
Total capital (as a percentage of total risk exposure amount)	16.56%	17.05%	14.19%
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)	7.77%	6.62%	6.50%

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 September 2022 include yet unaudited net profit earned in the third quarter of 2022 in the amount of 1,790 thousand euros. Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 116,475 thousand euros.

Risk exposure amount and capital requirement

<i>In thousands of euros</i>	30.09.2022	31.12.2021	30.09.2021
Risk exposure amount			
Credit risk according to standardised method	644,555	548,388	497,506
Market risk according to standardised method	0	2,750	0
Operational risk according to basic indicator approach	69,543	69,543	54,964
Total risk exposure amount	714,098	620,681	552,470
Exposure amount for credit risk according to standardised method			
Institutional exposure	3,659	3,897	2,488
Corporate exposure	13,014	14,999	13,922
Retail exposure	533,291	452,219	404,975
Exposures in default	2,624	1,392	1,739
Equity exposure	1,587	11,685	11,337
Other items	90,380	64,196	63,045
Total credit risk according to standardised method	644,555	548,388	497,506
Market risk exposure amounts according to standardised method			
Foreign exchange risk	0	2,750	0
Total market risk according to standardised method	0	2,750	0
Minimum capital requirement			
Credit risk according to standardised method	51,564	43,871	39,801
Market risk according to standardised method	0	220	0
Operational risk according to basic indicator approach	5,563	5,563	4,397
Total minimum capital requirement	57,128	49,654	44,198
Leverage ratio			
Tier 1 capital - fully phased-in definition	90,906	73,145	60,257
Total leverage ratio exposure	894,689	770,243	719,793
Leverage ratio	10.16%	9.50%	8.37%