

# Capital Adequacy Report

31 March 2021

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 the Inbank AS consolidated situation as at 31 March 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>	31.03.2021	31.12.2020
<b>Common Equity Tier 1: instruments and reserves</b>		
Capital instruments and the related share premium accounts	24,826	24,826
<i>of which: share capital</i>	961	961
Retained earnings	37,252	34,871
Accumulated other comprehensive income (and other reserves)	1,460	1,528
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>63,538</b>	<b>61,225</b>
<b>Common Equity Tier 1: regulatory adjustments</b>		
Intangible assets	-8,866	-8,923
Adjustments due to IFRS 9 transitional arrangements	3,377	4,167
<b>Total regulatory adjustments to Common Equity Tier 1 capital</b>	<b>-5,489</b>	<b>-4,756</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>58,049</b>	<b>56,469</b>
<b>Tier 1 capital</b>		
Additional Tier 1 (AT1) capital	3,150	3,150
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>61,199</b>	<b>59,619</b>
<b>Total capital</b>		
Tier 2 (T2) capital	14,503	14,503
<b>Total capital (TC = T1 + T2)</b>	<b>75,702</b>	<b>74,122</b>
<b>Total risk exposure amount</b>	<b>461,175</b>	<b>399,197</b>
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	12.59%	14.15%
Tier 1 (as a percentage of total risk exposure amount)	13.27%	14.93%
<b>Total capital (as a percentage of total risk exposure amount)</b>	<b>16.42%</b>	<b>18.57%</b>
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)	8.09%	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 first quarter of 2021 in the amount of 2387 thousand euros (31.12.2020: unaudited net profit earned in the fourth quarter of 2020 in the amount of 1714 thousand euros was included). Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 73,314 thousand euros (31.12.2019: to 72,408 thousand euros).

## Risk exposure amount and capital requirement

<i>In thousands of euros</i>	31.03.2021	31.12.2020
<b>Risk exposure amount</b>		
Credit risk according to standardised method	406,211	344,233
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	54,964	54,964
<b>Total risk exposure amount</b>	<b>461,175</b>	<b>399,197</b>
<b>Exposure amount for credit risk according to standardised method</b>		
Institutional exposure	4,312	4,323
Corporate exposure	11,699	11,444
Retail exposure	323,390	299,509
Exposures in default	1,660	2,198
Equity exposure	10,012	9,560
Other items	55,138	17,199
<b>Total credit risk according to standardised method</b>	<b>406,211</b>	<b>344,233</b>
<b>Market risk exposure amounts according to standardised method</b>		
Foreign exchange risk	0	0
<b>Total market risk according to standardised method</b>	<b>0</b>	<b>0</b>
<b>Minimum capital requirement</b>		
Credit risk according to standardised method	32,497	27,539
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	4,397	4,397
<b>Total minimum capital requirement</b>	<b>36,894</b>	<b>31,936</b>
<b>Leverage ratio</b>		
Tier 1 capital	57,822	55,452
Total leverage ratio exposure	574,775	483,520
<b>Leverage ratio</b>	<b>10.06%</b>	<b>11.47%</b>