

Capital Adequacy Report

30 June 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). 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 June 30, 2020, including the comparative period.

The following tables illustrate the composition of Inbank's regulatory 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>	30.06.2020 ¹	30.06.2020 ²	31.12.2019 ³	31.12.2019 ⁴
Common Equity Tier 1: instruments and reserves				
Capital instruments and the related share premium accounts	16 991	16 991	16 811	16 811
<i>of which: share capital</i>	909	909	903	903
Retained earnings	31 706	31 150	28 958	25 514
Accumulated other comprehensive income (and other reserves)	1 568	1 568	1 550	1 551
Common Equity Tier 1 (CET1) capital before regulatory adjustments	50 265	49 709	47 319	43 876
Common Equity Tier 1: regulatory adjustments				
Intangible assets	-14 109	-14 109	-11 721	-11 721
Adjustments due to IFRS 9 transitional arrangements	3 433	3 433	4 354	4 354
Additional value adjustments	0	0	0	-60
Total regulatory adjustments to Common Equity Tier 1 capital	-10 676	-10 676	-7 367	-7 427
Common Equity Tier 1 (CET1) capital	39 589	39 033	39 952	36 449
Tier 1 capital				
Additional Tier 1 (AT1) capital	3 150	3 150	3 150	3 150
Tier 1 capital (T1 = CET1 + AT1)	42 739	42 183	43 102	39 599
Total capital				
Tier 2 (T2) capital	14 503	14 503	14 503	14 503
Total capital (TC = T1 + T2)	57 242	56 686	57 605	54 102
Total risk exposure amount	331 609	332 927	317 487	318 541
Capital ratios and buffers				
Common Equity Tier 1 (as a percentage of total risk exposure amount)	11,94%	11,72%	12,58%	11,44%
Tier 1 (as a percentage of total risk exposure amount)	12,89%	12,67%	13,58%	12,43%
Total capital (as a percentage of total risk exposure amount)	17,26%	17,03%	18,14%	16,98%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	2,50%	2,50%	3,24%	3,23%
<i>of which: capital conservation buffer requirement</i>	2,50%	2,50%	2,50%	2,50%
<i>of which: countercyclical buffer requirement</i>	0,00%	0,00%	0,29%	0,29%
<i>of which: systemic risk buffer</i>	0,00%	0,00%	0,45%	0,44%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7,44%	7,22%	8,08%	6,94%

¹ After the competent authority has granted the permission for Q2 2020 profit inclusion.

² Before the competent authority has granted the permission for Q2 2020 profit inclusion.

³ After the competent authority granted the permission for Q4 2019 profit inclusion.

⁴ Before the competent authority granted the permission for Q4 2019 profit inclusion.

Risk exposure amount and capital requirement

<i>In thousands of euros</i>	30.06.2020 ¹	30.06.2020 ²	31.12.2019 ³	31.12.2019 ⁴
Risk exposure amount				
Credit risk according to standardised method	291 523	292 841	277 401	278 455
Market risk according to standardised method	0	0	0	0
Operational risk according to basic indicator approach	40 086	40 086	40 086	40 086
Total risk exposure amount	331 609	332 927	317 487	318 541
Exposure amount for credit risk according to standardised method				
Institutional exposure	4 833	4 833	4 471	4 471
Corporate exposure	8 518	8 518	6 466	6 466
Retail exposure	257 509	257 509	245 451	245 451
Exposures in default	3 620	3 620	3 968	3 968
Items associated with particular high risk	0	0	0	0
Equity exposure	8 730	8 730	8 188	8 039
Other items	8 313	9 631	8 857	10 060
Total credit risk according to standardised method	291 523	292 841	277 401	278 455
Market risk exposure amounts according to standardised method				
Foreign exchange risk	0	0	0	0
Total market risk according to standardised method	0	0	0	0
Minimum capital requirement				
Credit risk according to standardised method	23 322	23 427	22 192	22 276
Market risk according to standardised method	0	0	0	0
Operational risk according to basic indicator approach	3 207	3 207	3 207	3 207
Total minimum capital requirement	26 529	26 634	25 399	25 483
Leverage ratio				
Tier 1 capital	39 306	38 750	43 102	39 598
Total leverage ratio exposure	466 547	466 547	450 594	443 107
Leverage ratio	8,42%	8,31%	9,57%	8,94%

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