

Capital Adequacy Report

31 December 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 31 December 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

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
Common Equity Tier 1: instruments and reserves			
Capital instruments and the related share premium accounts	32,881	31,433	24,826
of which: share capital	1,026	997	961
Retained earnings	67,522	45,863	34,871
Accumulated other comprehensive income (and other reserves)	1,521	1,721	1,528
Common Equity Tier 1 (CET1) capital before regulatory adjustments	101,924	79,017	61,225
Common Equity Tier 1: regulatory adjustments			
Intangible assets	-17,445	-13,523	-8,923
Adjustments due to IFRS 9 transitional arrangements	4,242	3,517	4,167
Total regulatory adjustments to Common Equity Tier 1 capital	-13,203	-10,006	-4,756
Common Equity Tier 1 (CET1) capital	88,721	69,011	56,469
Tier 1 capital			
Additional Tier 1 (AT1) capital	7,650	7,650	3,150
Tier 1 capital (T1 = CET1 + AT1)	96,371	76,661	59,619
Total capital			
Tier 2 (T2) capital	23,000	29,168	14,503
Total capital (TC = T1 + T2)	119,371	105,829	74,122
Total risk exposure amount	766,867	620,681	399,197
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.57%	11.12%	14.15%
Tier 1 (as a percentage of total risk exposure amount)	12.57%	12.35%	14.93%
Total capital (as a percentage of total risk exposure amount)	15.57%	17.05%	18.57%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	2.85%	2.50%	2.50%
of which: capital conservation buffer requirement	2.50%	2.50%	2.50%
of which: countercyclical buffer requirement	0.35%	0.00%	0.00%
of which: systemic risk buffer	0.00%	0.00%	0.00%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.07%	6.62%	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 for 31 December 2022 include yet unaudited net profit earned in the fourth quarter of 2022 in the amount of 1,225 thousand euros. Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 118,146 thousand euros.

Risk exposure amount and capital requirement

In thousands of euros	31.12.2022	31.12.2021	31.12.2020
Risk exposure amount			
Credit risk according to standardised method	683,930	548,388	344,233
Market risk according to standardised method	0	2,750	0
Operational risk according to basic indicator approach	82,937	69,543	54,964
Total risk exposure amount	766,867	620,681	399,197
Exposure amount for credit risk according to standardised method			
Institutional exposure	4,076	3,897	4,323
Corporate exposure	12,529	14,998	11,444
Retail exposure	565,507	452,219	299,509
Exposures in default	2,973	1,393	2,198
Equity exposure	1,538	11,685	9,560
Other items	97,307	64,196	17,199
Total credit risk according to standardised method	683,930	548,388	344,233
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	54,714	43,871	27,539
Market risk according to standardised method	0	220	0
Operational risk according to basic indicator approach	6,635	5,563	4,397
Total minimum capital requirement	61,349	49,654	31,936
Leverage ratio			
Tier 1 capital	92,130	73,145	55,452
Total leverage ratio exposure	1,000,057	770,243	483,520
Leverage ratio	9.21%	9.50%	11.47%

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		a	b	c
		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)	88,721	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	119,371	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	119,371	n/a	
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount (TREA)	766,867	n/a	
EU-11	Total exposure measure (TEM)	1,000,057	n/a	
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities as a percentage of the TREA	15.57%	n/a	
EU-13	of which permitted guarantees	0.00%		
EU-14	Own funds and eligible liabilities as a percentage of the TEM	11.94%	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	2.75%	n/a	
EU-17	Institution-specific combined buffer requirement		n/a	
Requirements				
EU-18	Requirement expressed as a percentage of the TREA	15.41%	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	15.41%	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	