

Capital Adequacy and Risk Report

30 June 2021

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 Inbank AS consolidated situation as at 30 June 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>	30.06.2021	31.12.2020
Common Equity Tier 1: instruments and reserves		
Capital instruments and the related share premium accounts	24,826	24,826
<i>of which: share capital</i>	961	961
Retained earnings	39,216	34,871
Accumulated other comprehensive income (and other reserves)	1,715	1,528
Common Equity Tier 1 (CET1) capital before regulatory adjustments	65,757	61,225
Common Equity Tier 1: regulatory adjustments		
Intangible assets	-12,215	-8,923
Adjustments due to IFRS 9 transitional arrangements	4,223	4,167
Total regulatory adjustments to Common Equity Tier 1 capital	-7,992	-4,756
Common Equity Tier 1 (CET1) capital	57,765	56,469
Tier 1 capital		
Additional Tier 1 (AT1) capital	3,150	3,150
Tier 1 capital (T1 = CET1 + AT1)	60,915	59,619
Total capital		
Tier 2 (T2) capital	14,503	14,503
Total capital (TC = T1 + T2)	75,418	74,122
Total risk exposure amount	516,469	399,197
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.18%	14.15%
Tier 1 (as a percentage of total risk exposure amount)	11.79%	14.93%
Total capital (as a percentage of total risk exposure amount)	14.60%	18.57%
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)	6.68%	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 and second quarter of 2021 in the amount of 4,351 thousand euros (31.12.2020: unaudited net profit earned in the fourth quarter of 2020 in the amount of 1,714 thousand euros is included). Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 71,066 thousand euros (31.12.2020: to 72,408 thousand euros).

Risk exposure amount and capital requirement

<i>In thousands of euros</i>	30.06.2021	31.12.2020
Risk exposure amount		
Credit risk according to standardised method	461,505	344,233
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	54,964	54,964
Total risk exposure amount	516,469	399,197
Exposure amount for credit risk according to standardised method		
Institutional exposure	9,073	4,323
Corporate exposure	12,517	11,444
Retail exposure	368,963	299,509
Exposures in default	1,439	2,198
Items associated with particular high risk	0	0
Equity exposure	10,457	9,560
Other items	59,056	17,199
Total credit risk according to standardised method	461,505	344,233
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	36,920	27,539
Market risk according to standardised method	0	0
Operational risk according to basic indicator approach	4,397	4,397
Total minimum capital requirement	41,318	31,936
Leverage ratio		
Tier 1 capital - fully phased-in definition	66,844	55,452
Total leverage ratio exposure	641,200	483,520
Leverage ratio	10.42%	11.47%

Exposures subject to measures applied in response to the COVID-19 crisis

Disclosure according to EBA Guidelines EBA/GL/2020/07 Annex III

Template 1. Information on loans and advances subject to legislative and non-legislative moratoria

In thousands of euros

	a	b	c		d		e	f	g	h	i	j		k	l	m	n	o
	Gross carrying amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk								Gross carrying amount	
	Performing				Non performing				Performing				Non performing				Inflows to non-performing exposures	
	Of which: exposures with forbearance measures		Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures		Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures		Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures		Of which: Unlikely to pay that are not past-due or past-due <= 90 days			
Loans and advances subject																		
1 to moratorium	972	955	0	44	17	0	0	0	45	35	0	13	10	0	0	0	0	0
2 of which: Households	972	955	0	44	17	0	0	0	45	35	0	13	10	0	0	0	0	0

Template 2. Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

In thousands of euros

	a	b	c	d	Gross carrying amount					i			
					Number of obligors	Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
								<= 3 months	> 3 months <= 6 months		> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1 Loans and advances for which moratorium was offered	210	972	0	972	0	0	0	0	0	0			
2 Loans and advances subject to moratorium (granted)	210	972	0	972	0	0	0	0	0	0			
3 of which: Households	210	972	0	972	0	0	0	0	0	0			

Template 3. Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

In thousands of euros

	a	b	c		d	
			Gross carrying amount	Maximum amount of the guarantee that can be considered		Gross carrying amount
1 Newly originated loans and advances subject to public guarantee schemes	0	0	0	0	0	