

Capital Adequacy Report

31 December 2023

AS Inbank

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.eu). 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 of 31 December 2023, 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	31.12.2023	31.12.2022	31.12.2021
Common Equity Tier 1: instruments and reserves			
Capital instruments and the related share premium accounts	44,650	32,881	31,433
<i>of which: share capital</i>	1,086	1,026	997
Retained earnings	77,795	67,522	45,863
Accumulated other comprehensive income (and other reserves)	1,645	1,521	1,721
Common Equity Tier 1 (CET1) capital before regulatory adjustments	124,090	101,924	79,017
Common Equity Tier 1: regulatory adjustments			
Intangible assets	-19,561	-17,445	-13,523
Adjustments due to IFRS 9 transitional arrangements	2,573	4,242	3,517
Total regulatory adjustments to Common Equity Tier 1 capital	-16,988	-13,203	-10,006
Common Equity Tier 1 (CET1) capital	107,102	88,721	69,011
Tier 1 capital			
Additional Tier 1 (AT1) capital	18,750	7,650	7,650
Tier 1 capital (T1 = CET1 + AT1)	125,852	96,371	76,661
Total capital			
Tier 2 (T2) capital	31,000	23,000	29,168
Total capital (TC = T1 + T2)	156,852	119,371	105,829
Total risk exposure amount	956,058	766,867	620,681
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.20%	11.57%	11.12%
Tier 1 (as a percentage of total risk exposure amount)	13.16%	12.57%	12.35%
Total capital (as a percentage of total risk exposure amount)	16.41%	15.57%	17.05%
Institution-specific buffer requirement (as a percentage of total risk exposure amount)	3.19%	2.85%	2.50%
<i>of which: capital conservation buffer requirement</i>	2.50%	2.50%	2.50%
<i>of which: countercyclical buffer requirement</i>	0.69%	0.35%	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)	6.70%	7.07%	6.62%

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 2023 include yet unaudited net profit earned in the fourth quarter of 2023 in the amount of 2,776 thousand euros. Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 154,076 thousand euros.

Risk exposure amount and capital requirement

In thousands of euros	31.12.2023	31.12.2022	31.12.2021
Risk exposure amount			
Credit risk according to standardised method	857,733	683,930	548,388
Market risk according to standardised method	0	0	2,750
Operational risk according to basic indicator approach	98,325	82,937	69,543
Total risk exposure amount	956,058	766,867	620,681
Exposure amount for credit risk according to standardised method			
Institutional exposure	2,975	4,076	3,897
Corporate exposure	8,070	12,529	14,998
Retail exposure	700,000	565,507	452,219
Exposures in default	9,030	2,973	1,393
Equity exposure	352	1,538	11,685
Other items	137,306	97,307	64,196
Total credit risk according to standardised method	857,733	683,930	548,388
Market risk exposure amounts according to standardised method			
Foreign exchange risk	0	0	2,750
Total market risk according to standardised method	0	0	2,750
Minimum capital requirement			
Credit risk according to standardised method	68,619	54,714	43,871
Market risk according to standardised method	0	0	220
Operational risk according to basic indicator approach	7,866	6,635	5,563
Total minimum capital requirement	76,485	61,349	49,654
Leverage ratio			
Tier 1 capital	123,279	92,130	73,145
Total leverage ratio exposure	1,297,055	1,000,057	770,243
Leverage ratio	9.50%	9.21%	9.50%