

Capital Adequacy Report

31 March 2023

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 March 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 | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|--|----------------|----------------|----------------|
| Common Equity Tier 1: instruments and reserves | | | |
| Capital instruments and the related share premium accounts | 32,881 | 32,881 | 31,433 |
| of which: share capital | 1,026 | 1,026 | 997 |
| Retained earnings | 69,447 | 67,522 | 48,800 |
| Accumulated other comprehensive income (and other reserves) | 1,629 | 1,521 | 1,873 |
| Common Equity Tier 1 (CET1) capital before regulatory adjustments | 103,957 | 101,924 | 82,106 |
| Common Equity Tier 1: regulatory adjustments | | | |
| Intangible assets | -18,360 | -17,445 | -14,115 |
| Adjustments due to IFRS 9 transitional arrangements | 2,429 | 4,242 | 3,025 |
| Total regulatory adjustments to Common Equity Tier 1 capital | -15,931 | -13,203 | -11,090 |
| Common Equity Tier 1 (CET1) capital | 88,026 | 88,721 | 71,016 |
| Tier 1 capital | | | |
| Additional Tier 1 (AT1) capital | 7,650 | 7,650 | 7,650 |
| Tier 1 capital (T1 = CET1 + AT1) | 95,676 | 96,371 | 78,666 |
| Total capital | | | |
| Tier 2 (T2) capital | 23,000 | 23,000 | 28,847 |
| Total capital (TC = T1 + T2) | 118,676 | 119,371 | 107,513 |
| Total risk exposure amount | 801,197 | 766,867 | 654,478 |
| Capital ratios and buffers | | | |
| Common Equity Tier 1 (as a percentage of total risk exposure amount) | 10.99% | 11.57% | 10.85% |
| Tier 1 (as a percentage of total risk exposure amount) | 11.94% | 12.57% | 12.02% |
| Total capital (as a percentage of total risk exposure amount) | 14.81% | 15.57% | 16.43% |
| Institution-specific buffer requirement (as a percentage of total risk exposure amount) | 2.85% | 2.85% | 2.50% |
| of which: capital conservation buffer requirement | 2.50% | 2.50% | 2.50% |
| of which: countercyclical buffer requirement | 0.35% | 0.35% | 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) | 6.49% | 7.07% | 6.35% |

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 March 2023 include yet unaudited net profit earned in the first quarter of 2023 in the amount of 1,851 thousand euros. Should the unaudited profit be excluded from Inbank's total capital, it would reduce the total capital to 118,676 thousand euros.

Risk exposure amount and capital requirement

| In thousands of euros | 31.03.2023 | 31.12.2022 | 31.03.2022 |
|---|----------------|----------------|----------------|
| Risk exposure amount | | | |
| Credit risk according to standardised method | 718,260 | 683,930 | 584,935 |
| Market risk according to standardised method | 0 | 0 | 0 |
| Operational risk according to basic indicator approach | 82,937 | 82,937 | 69,543 |
| Total risk exposure amount | 801,197 | 766,867 | 654,478 |
| Exposure amount for credit risk according to standardised method | | | |
| Institutional exposure | 1,427 | 4,076 | 3,937 |
| Corporate exposure | 15,300 | 12,529 | 14,073 |
| Retail exposure | 591,969 | 565,507 | 479,063 |
| Exposures in default | 3,821 | 2,973 | 1,413 |
| Equity exposure | 1,519 | 1,538 | 11,524 |
| Other items | 104,224 | 97,307 | 74,925 |
| Total credit risk according to standardised method | 718,260 | 683,930 | 584,935 |
| Market risk exposure amounts according to standardised method | | | |
| Foreign exchange risk | 0 | 0 | 0 |
| Total market risk according to standardised method | 0 | 0 | 0 |
| Minimum capital requirement | | | |
| Credit risk according to standardised method | 57,461 | 54,714 | 46,795 |
| Market risk according to standardised method | 0 | 0 | 0 |
| Operational risk according to basic indicator approach | 6,635 | 6,635 | 5,563 |
| Total minimum capital requirement | 64,096 | 61,349 | 52,358 |
| Leverage ratio | | | |
| Tier 1 capital | 93,246 | 92,130 | 75,641 |
| Total leverage ratio exposure | 1,026,147 | 1,000,057 | 828,401 |
| Leverage ratio | 9.09% | 9.21% | 9.13% |