2.2 Capital adequacy

A. Qualitative information

Capital ratios, represented by the ratio between Common Equity Tier 1 (CET1) and risk-weighted assets (CET 1 capital ratio), between Tier 1 capital and risk-weighted assets (Tier 1 capital ratio) and between all own funds and risk-weighted assets (Total Capital ratio) were recognised as 45.02% for the first and second indicators, since Tier 1 capital is the sole item found in Tier 1 assets, while the third ratio came to 45.02%. These figures are much higher than the regulatory established limits (4.5% for CET 1, 6% for Tier 1 and 8% for the Total Capital ratio). These figures must be integrated with the non-binding requirement of 2.50%, as capital conservation reserves, reaching a total requirement of 10.50%, which indicates a high level of capitalisation.

At 31 December 2023, existing risk assets showed the following capital absorption, determined using the methods dictated by the Supervisory Authorities:

- the weighted value at risk associated with credit risk amounted to € 39.0 million, absorbing 15.46% of total own funds;
- the weighted value at risk associated with market risk, generated by the portfolio of securities for trading, amounted to € 1.4 million, absorbing 0.25% of total own funds;
- operating risk (TSA method) came to € 8.98 million, absorbing 2.05 of the same aggregate.

As a consequence, total capital absorption due to lending and financial intermediation amounts to € 44.8 million, or 17.67% of total own funds, with excess capital of € 207.6 million with respect to the standard binding requirements, while also considering the capital conservation reserve, excess capital comes to € 193.3 million.

Excess capital must also be considered after applying the additional binding requirements determined after the supervisory review and evaluation (SREP) carried out by the Bank of Italy, which resulted in the addition of 1.10% to the total minimum capital ratio requirement (with intermediate additions of +0.60% to the CET 1 ratio and +0.80% to the Tier 1 ratio). After this recalculation, excess capital remains at € 201.5 million, with reference to the binding ratios, which falls to € 187.1 million when considering the remaining non-binding requirement. The values shown place the Bank in very comfortable situation, considering that the Total Capital ratio is over thirty percentage points higher than that held binding (9.10% including the effects of the SREP), with the excess amount also confirmed in regard to the total requirement (11.60%).

The amount of free capital is able to guarantee a wide basis for developing the company's core business, while keeping adequate room to respect capital ratio requirements.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/requirements	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
A. RISK ASSETS				
A.1 Credit and counterparty risk	2,012,465	1,972,312	488,056	482,722
1. Standardised methodology	2,011,141	1,970,984	486,732	481,394
2. Internal rating-based methodology			0	0
2.1 Basic				
2.2 Advanced				
3. Securitisations	1,324	1,328	1,324	1,328
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			39,044	38,618
B.2 Credit measurement adjustment risk			290	798
B.3 Adjustment risk				
B.4 Market risk			351	629
1. Standard methodology			351	629
2. Internal models				
3. Concentration risk				
B.5 Operating risk			5,180	8,978
1. Basic method			5,180	8,978
2. Standardised method				
3. Advanced method				
B.6 Other calculation elements				
B.7 Total prudential requirements			44,865	49,023
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			560,813	612,788
C.2 CET 1 / Risk-weighted assets (CET1 capital ratio)			45.03%	42.30%
C.3 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			45.03%	42.30%
C.4 Total own funds/Risk-weighted assets (Total Capital ratio)			45.03%	42.30%