

## 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 assets and risk-weighted assets (Tier 1 capital ratio) and between all own funds and risk-weighted assets (Total capital ratio) were recognised as 42.30% for the first, second and third indicators, as capital is solely represented by primary elements. These figures are much higher than the regulatory established limits (specifically 4.5% for CET 1, 6% for Tier 1 and 8% for the total capital ratio). Current supervisory regulations stipulate a non-binding requirement of 2.50%, as a capital conservation reserve, reaching a total requirement of 10.50%. Also from the perspective of this additional item, a high level of capitalisation is noted.

At 31 December 2022, 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 € 38.6 million, absorbing 14.89% 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 0.55% of total own funds;
- the operating risk came to € 8.98 million, absorbing 3.46% of the same aggregate.

As a consequence, total capital absorption due to lending and financial intermediation amounts to € 49.0 million, or 18.9% of total own funds, with excess capital of € 210.1 million with respect to the standard binding requirements, while also considering the capital conservation reserve, excess capital comes to € 194.9 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 in 2020 and applicable at the date of these financial statements, which closed with a 0.90% add-on for the BPL Group to the total minimum capital ratio requirement (with intermediate add-ons of +0.50% to the CET 1 ratio and +0.70% to the Tier 1 ratio). After this recalculation, excess capital remains at € 204.6 million, with reference to the binding ratios, while if the remaining non-binding requirement is considered, the figures amounted to € 189.3 million. The values shown place the Bank in very comfortable position, considering that the Total Capital Ratio is considerably higher than what is held as binding (8.90%, including the effects of the SREP), with the excess amount also confirmed in regards to the total requirement (11.40%, including the requirement of the capital conservation reserve). These requirements are applicable at these financial statements' reference date. It is noted that in January

2023, the Bank of Italy sent notification that new prudential evaluation proceedings were being undertaken, with the assumption of an increase in the total minimum capital ratio requirement of 11.60% (previously set at 11.40%). The process would require 90 days from the Bank of Italy notification date, which would be on 15 March 2023.

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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
<b>A. RISK ASSETS</b>				
A.1 Credit and counterparty risk	1,972,312	1,517,851	482,722	547,039
1. Standardised methodology	1,970,984	1,515,205	481,394	542,161
2. Internal rating-based methodology				
2.1 Basic				
2.2 Advanced				
3. Securitisations	1,328	2,646	1,328	4,878
<b>B. REGULATORY CAPITAL REQUIREMENTS</b>				
B.1 Credit and counterparty risk			38,618	43,727
B.2 Credit measurement adjustment risk			798	1,039
B.3 Adjustment risk				
B.4 Market risk			629	1,715
1. Standard methodology			629	1,715
2. Internal models				
3. Concentration risk				
B.5 Operating risk			8,978	11,598
1. Basic method			8,978	11,598
2. Standardised method				
3. Advanced method				
B.6 Other calculation elements				
B.7 Total prudential requirements			49,023	58,079
<b>C. RISK ASSETS AND REGULATORY RATIOS</b>				
C.1 Risk-weighted assets			612,788	725,988
C.2 CET 1 / Risk-weighted assets (CET1 capital ratio)			42.30%	39.26%
C.3 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			42.30%	39.26%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			42.30%	39.26%