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 51.81% for the first and second indicators, since class 1 capital is the sole item found in Tier 1 assets, while the third ratio came to 51.81%. 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). These figures must be integrated with the non-binding requirement of 3.00%, consisting of capital conservation reserves (2.50%) and a reserve for systemic risk of 0.5%, reaching a total requirement of 11.00%, which indicates a high level of capitalisation.

At 31 December 2024, 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 € 34.8 million, absorbing 13.16% of total own funds;
- the weighted value at risk associated with market risk, generated by the portfolio of securities for trading, amounted to € 1.2 million, absorbing 0.45% of total own funds;
- operating risk (TSA method) came to € 5.35 million, absorbing 1.23 of the same aggregate.

As a consequence, total capital absorption due to lending and financial intermediation amounts to € 40.9 million, or 15.44% of total own funds, with excess capital of € 224.1 million with respect to the standard binding requirements, while also considering the capital conservation reserve and the systemic risk reserve, the so-called surplus amounts, excess capital comes to € 209.3 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 € 218.4 million, with reference to the binding ratios, which falls to € 203.7 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 regards to the total requirement (12.10%).

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.

The new Supervisory Review and Evaluation Process (SREP) amount calculated by Bank of Italy for 2024 was modified with respect to 2023. The changes which apply as from 2024 are illustrated in the initial section of the Report on Operations.

B. Quantitative information

Categories/Amounts	Non-weighted amounts		Weighted amounts/requirements	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
A. RISK ASSETS				
A.1 Credit and counterparty risk	1,555,532	2,012,465	455,861	488,056
1. Standardised methodology	1,555,429	2,011,141	454569	486,732
2. Internal rating-based methodology				
2.1 Basic				
2.2 Advanced				
3. Securitisations	103	1,324	1,292	1,324
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			34,869	39,044
B.2 Credit measurement adjustment risk			91	290
B.3 Adjustment risk				
B.4 Market risk			596	351
1. Standard methodology			596	351
2. Internal models				
3. Concentration risk				
B.5 Operating risk			5,369	5,180
1. Basic method			5,369	5,180
2. Standardised method				
3. Advanced method				
B.6 Other calculation elements				
B.7 Total prudential requirements			40,925	44,865
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			511,563	560,813
C.2 Common Equity Tier 1 (CET 1) / Risk-weighted assets (CET1 capital ratio)			51.80%	45.03%
C.3 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			51.80%	45.03%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			51.80%	45.03%

Prudential ratios found in the table above include the effects of the sterilisation regime introduced by Regulation (EU) 1623/2024 (CRR3) through 31/12/2025, with respect to unrealised profits and losses accumulated as from 31 December 2019, on debt securities measured at fair value through other comprehensive income (FVOCI) issued by central governments, regional governments, local authorities and public sector entities. Net of these factors, the total capital ratio would be 50.23%, well above the level of the prudential requirements.