2.2 Capital adequacy

A. Qualitative information

Capital ratios, represented by the ratio between Common Equity Tier 1 (CET 1) 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 21.93% for all three indicators, since the Tier 1 capital item is solely represented by primary elements. 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), also considering the capital conservation reserve required by prudential regulations, which raised the required minimum to 10.50%.

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 € 70.3 million, absorbing 31.76% of total own funds;
- the operating risk came to € 10.4 million, absorbing 4.70% of the same aggregate.

As a consequence, total capital absorption due to lending and financial intermediation amounts to € 80.7 million, or 36.47% of total own funds, with excess capital of € 140.6 million with respect to the standard binding requirements, while also considering the capital conservation reserve, excess capital comes to € 115.4 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 € 129.5 million, with reference to the binding ratios, whereas if the total requirement is considered, the figure amounted to € 104.2 million (11.60%). The values shown place the Bank in a very comfortable position, considering that the Total Capital ratio is considerably higher than what is held as binding (9.10%, including the effects of the SREP), and 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	2,291,294	2,429,106	879,100	891,791
1. Standardised methodology	2,267,329	2,401,512	878,991	891,688
2. Internal rating-based methodology				
2.1 Basic				
2.2 Advanced				
3. Securitisations	23,965	27,594	109	103
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			70,328	71,341
B.2 Credit measurement adjustment risk				
B.3 Adjustment risk				
B.4 Market risk				
1. Standard methodology				
2. Internal models				
3. Concentration risk				
B.5 Operating risk			10,421	7,692
1. Basic method			10,421	7,692
2. Standardised method				
3. Advanced method				
B.6 Other calculation elements				
B.7 Total prudential requirements			80,749	79,033
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			1,009,365	987,913
C.2 CET 1 / Risk-weighted assets (CET1 capital ratio)			21.93%	21.21%
C.3 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			21.93%	21.21%
C.4 Total own funds/Risk-weighted assets (Total Capital ratio)			21.93%	21.21%