2.2 Capital adequacy

A. 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 22.58% 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 (specifically 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 and the new systemic risk reserve, which raised the required minimum to 11.00%.

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 € 68.2 million, absorbing 30.00% of total own funds;
- the operating risk came to € 12.3 million, absorbing 5.40% of the same aggregate.

As a consequence, total capital absorption due to lending and financial intermediation amounts to € 80.5 million, or 35.42% of total own funds, with excess capital of € 146.8 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 € 117.6 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 € 135.7 million, with reference to the binding ratios, whereas if the total requirement is considered, the figure amounted to € 106.5 million (12.10%). 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 SREP) and the total requirement (12.10% including the SREP).

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

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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
A. RISK ASSETS				
A.1 Credit and counterparty risk	2,440,861	2,291,294	853,333	879,100
1. Standardised methodology	2,440,854	2,267,329	853,244	878,991
2. Internal rating-based methodology				
2.1 Basic				
2.2 Advanced				
3. Securitisations	7	23,965	89	109
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			68,266	70,328
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			12,274	10,421
1. Basic method			12,274	10,421
2. Standardised method				
3. Advanced method				
B.6 Other calculation elements				
B.7 Total prudential requirements			80,540	80,749
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk-weighted assets			1,006,750	1,009,365
C.2 Common Equity Tier 1 (CET 1) / Risk-weighted assets (CET1 capital ratio)			22.59%	21.93%
C.3 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			22.59%	21.93%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			22.59%	21.93%

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 22.50%, well above the level of the prudential requirements.